



OVERNIGHT & SINGAPORE WINDOW

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FLAT PRICE

Aug Brent futures flat price has seen a fairly unremarkable morning, trading in a range of \$79.85-80/bbl although continuing to see resistance at the now hallowed \$80/bbl marker. Nonetheless, the contract again edged close to \$80/bbl around 11:20 BST (time of writing). Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, criticised Goldman Sachs' bearish narrative on the oil market following OPEC+'s cuts and claimed that the bank used numbers "that are wrong". OPEC+ further tried to assure markets that the group can pause and even reverse production should it decide the market is not strong enough. Chinese customs data showcased that crude oil imports were little changed in the first five months of the year vs this time in 2023. Investment in major renewable energy projects in Australia retraced higher in Q1'24 compared to the previous year with a total of A\$1.1 billion (\$733.5 million) invested in large-scale renewable energy projects in Q1'24. Oil and gas prospects believe South Korea's eastern coast holds "great potential" following the discovery of a site around Pohang, where South Korean President Yoon Suk Yeol believes prospects could find up to 14 billion barrels of oil and gas. Finally, the front-month and six-month Brent futures spreads are currently at \$0.37/bbl and \$2.47/bbl, respectively.

CRUDE

Slow morning on Dated. Jul DFL began better offered, despite the screen seeing sticky buying around \$0.10/bbl. Once this was taken it, it was sold to lows of \$0.05/bbl, before turning much better bid trade \$0.20/bbl last with Sing and refiner buying. We saw buy-side interest in 10-14/6 1w trading -\$0.27/bbl whilst a refiner was buy-side of 8-12/7 v Cal Aug, paying up to \$0.25/bbl. 1-15/7 v 16-31/7 was lifted at flat having traded -\$0.07/bbl in the window yesterday, whilst Jul/Aug Dtd saw good buying up to \$0.25/bbl. Bal Jun/Jul DFL roll saw Tradehouse lifting -\$0.55/bbl whilst a refiner was sell side of 22/7-16/6 v 19-23/8 – trading \$0.17/bbl and bid on the follow with paper buyers showing interest.

FUEL

In HSFO, It was a quiet start to the last day of the week on HSFO. It was a fairly rangebound early part of the morning on 380 spreads. Jul/Aug 380 traded at \$6.50/mt heading into the window in decent size. The front 380 spread did trade down a tick to \$6.25/mt post-window as liquidity dried up. There was very little price action on the 380 crack, with Jul 380 crack trading at -\$6.30/bbl throughout the morning on periodic activity. It was similarly quiet on barge spreads, with little price movement. The Jul/Aug barges traded around \$3.50/mt throughout the morning. The barge crack was slightly volatile this morning, opening at -\$8.10/bbl before buying up to -\$7.80/bbl. However, it weakened as the morning went on, to finish the morning at -\$8/bbl. The 380 E/W was weaker this morning, opening at \$11.25/mt, before selling down to \$10/mt in decent size.

In VLSFO, It was a fragile morning on Sing 0.5. Sing cracks opened at \$8.40/bbl before selling down, in decent size, to \$8/bbl. We saw similar price action on Sing structure. Jul/Aug Sing sold down fairly quickly to \$3.75/mt on low liquidity from \$4.25/mt. Liquidity picked up heading into the window on the front spread, with it weakening further to \$3.50/mt. Another quiet morning on Euro 0.5. On Euro structure, there was more interest on deferred spreads and flies. There was no activity on front Euro spreads. The Euro crack was also weaker this morning on very thin liquidity. The Jul Euro crack sold down to \$1.60/bbl from highs of \$1.80/bbl on sporadic trading. It was also a quiet morning on 0.5 E/W, with Jul trading around \$40/mt.

DISTILLATES

ICE gasoil spreads saw the prompt rally, with Jun/Jul strengthening to -\$1.50/mt from -\$2/mt and the Jul/Aug rallied to -\$1.75/mt from -\$2.25/mt, while the Dec/Jun spread saw highs of \$10.50/mt, back at \$10.25/mt post-window. The crack similarly remained strong, rallying into the morning with the Jul crack higher at \$18.30/bbl and the Q4 crack up to \$19.90/bbl post-window. The jet diffs saw a quiet start to the morning. The prompt was lifted up to \$58/mt in Jul, with the Jul/Aug at \$0.50/mt, while the back end saw the Q4 stronger at \$57.50/mt and some Q2'25 interest with it trading at \$59.50/mt. The HOGOs remained strong into the morning, rallying on futures strength. The prompt Jul swap is at 5.30c/gal while the Q4 is at 8.90c/gal, both stronger than the close last night.

Sing gasoil spreads opened weaker than last night's close despite strong ICE gasoil spreads. The Jun/Jul spread weakened to -\$0.15/bbl, while the Jul/Aug spread was hit down to -\$0.18/bbl post-window, as the Aug/Sep also weakened to -\$0.18/bbl. The E/W also opened better offered, trading down from -\$21.50/mt to -\$23.75/mt in Jul, as the Q3 E/W weakened to -\$24/mt from -\$23/mt. The Q1'25 E/W continued to see buying interest at -\$21/mt. Regrade saw the prompt rally, getting lifted up to -\$1.10/bbl in Jul while the Balmo regrade rallied to -\$0.65/bbl from -\$0.71/bbl. The back end saw less interest relative to yesterday in the morning so far, while the Jul/Aug regrade roll weakened to -\$0.07/bbl from -\$0.06/bbl last night. Kero spreads opened strong, seeing buying interest return in Aug/Dec indicated around -\$0.30/bbl with some Oct/Mar interest seen this morning too, but nothing traded.

GASOLINE

This morning in Gasoline, we saw flat price trade at the end of the morning window equivalent to \$7.80/bbl on a crack basis in Jul 92. A rangebound morning for RBBRs, hanging at the \$20/bbl mark in Aug, with cracks in 92 seeing some buying in the Q3 strips, up from \$7.80/bbl to \$8/bbl in Jul. Front 92 spreads were unchanged, with some phys buyers of Jul/Aug between \$0.25/bbl and \$0.37/bbl. Sep/Dec 92 saw more buy-side interest, with Sep/Oct trading up to \$0.90/bbl and Nov/Dec to \$0.65/bbl. Buying of E/W came at -\$9.50/bbl in Jul up to -\$9.20/bbl. Arb rolls continued to be offered today, with Jul offered at 7.90c/gal and Q4 arbs bid at 3.20c/gal, real interest. Jul/Dec EBOB saw selling between \$102.75/mt and \$103/mt. Gasnaphs were quieter this morning, with sell side interest on Q4 92/MOPJ at the \$14.60/bbl range.

NAPHTHA

This morning in Naphtha we saw flat price valued at \$640.50/t in Jul24 MOPJ, on a -\$7.35/bbl crack equivalent with strong selling of spreads seen in both curves. Front spreads in MOPJ weakening with Jul/Aug trading down from \$4.50/mt to \$3.25/mt end window with Chinese selling, Jul/Dec MOPJ buying from trade providing some support but still trading down a dollar on the day at \$16.75/mt. E/W weakening from the open with MOPJ spreads well offered and a lack of buying interest, leading Jul to trade more than a dollar lower with it dipping into \$17/mt handles down to \$17.50/mt. Europe cracks opening offered with Q3 sellers stepping down to -\$9.20/bbl with the front trading at -\$9.35/bbl. Europe structure similarly showing weakness with Jul/Aug at \$3/mt and Aug/Dec seeing \$11.25/mt getting sold into with major on the buy-side.

NGLS

A well bid morning for international propane; Asian trade house buy-side interest kept FEI strong at the front of the curve early morning, July/Sep opened at \$1/mt and was bid up to \$2/mt post window but was hit at this level while Jul/Oct traded up to -\$3/mt. FEI/CP was rangebound as CP flat price was bid up in line with FEI with \$46/mt trading in Jul, although CP spreads were quiet over the morning compared to FEI. Arbs softened on international strength with the Q3/Q4 arb box trading at -\$8/mt while Jul LST/FEI traded down to -\$236/mt although saw buy-side interest at this level. The window saw a mix of bids; a trade house offered H1 Jul FEI at \$16.69/mt but the paper was nevertheless well bid up to \$606.50/mt handles in Jul FEI end window.

GLOBAL MACRO

U.S. payrolls at 1.30pm today could move the market significantly on an unexpected number. Consensus is +185K jobs, 3.9% unemployment rate and average hourly earnings 0.3% MoM, 3.9% YoY

German 10y yields jump by 5bps as The ECB cut rates by 25bps and concurrently raised their inflation estimates for 2024 and 2025. Bringing 10y German yields closer to US yields. US-German 10y yield spread drops to 174bps, lowest since Feb 2024. Lagarde said CB Not Pre-Committing to Particular Path but made a useful point that even as rates come down, they are still restrictive which will push inflation back toward target over time. It's critical that be kept in mind by the Fed and the other central banks to avoid causing unnecessary recessions.

ECB'S GUINDOS: INFLATION TO BE AROUND 2% NEXT YEAR ECB'S GUINDOS SEES 'HUGE' UNCERTAINTY ON THE ECONOMY

U.S. Jobless Claims rise once again into the 225-250K range and continuing claims reflect a more substantial softening of the labour market.

New all-time high for the S&P 500 Tech sector's price/sales ratio.

Big the difference between confidence and overconfidence. All-time highs yesterday in S&P. Among NYSE shares, 362 made fresh monthly highs yesterday; 700 made monthly lows. Rallies typically lose strength before they acquire weakness. GameStop surges up to 40% on the news 'Roaring Kitty' will be live streaming today for the first time in 3 years (as he closes in on making \$1 billion!) and Nvidia, Microsoft & Apple are now bigger than the Chinese stock market. But hey, nothing to see here, they're still good value!

Silver has recovered and trades just off recent highs, golds rallying too, while U.S. family offices have less than 1% of their portfolio in precious metals. There's still plenty of investors still to join this trend.

GERMAN APRIL INDUSTRIAL PRODUCTION FALLS 0.1% M/M; EST. +0.2% - BBG *GERMANY APRIL INDUSTRIAL PRODUCTION FALLS 3.9% Y/Y; EST. -3.0% The level remains 15% lower than the peak in 2017 Data today Euro area GDP & employment rate U.S. payrolls +185K expected, 3.9% unemployment rate and average hourly earning 0.3% MoM 3.9% YoY