



OVERNIGHT & SINGAPORE WINDOW

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FLAT PRICE

The Aug Brent Futures contract saw a fairly muted morning in terms of price action, where it opened at \$79.70/bbl and has failed to move much either way. After briefly breaking \$80.00/bbl and touching \$80.10/bbl at 09:04 BST, it has retraced and is now trading at \$79.75/bbl as of 11:15 BST (time of writing). In a surprising turn of events, we see a rise in political uncertainty in France following Emmanuel Macron's decision to call for a national snap election. While this was in response to a bruising loss in the European elections on Sunday, we will have to wait to see the outcome of Macron's unexpected move when the vote commences on June 30. China, the largest crude importer, saw imports decline of 1.05mbpd in May this year compared to May 2023. This appears to be in direct contrast with OPEC's monthly outlook for May, which expected stronger Chinese crude imports amid a recovering economy. In addition, while OPEC expected a better 2H'24 from China's crude oil imports, at current levels, this recovery would have to be exceptional to be on par with OPEC's expectations. Conversely, China saw a m-o-m increase in iron ore imports in May, although this is suggested to be added to their inventories instead of pumping steel production. The front-month and 6-month Brent spreads are \$0.28/bbl and \$2.14/bbl, respectively.

CRUDE

A quiet morning in Dated where we saw prompt rolls better offered. 17-21/6 1w was initially sold down to -\$0.31/bbl, at which point a touch better buying stepped in lifting -\$0.28/bbl, although offered over again. Bal Jun v 24-28/6 saw selling down to -\$0.35/bbl, with these lower levels now bringing paper buying interest. Prompt Jul rolls saw very little interest from the buy-side, with the 2w roll well offered until buying was found down at -\$0.11/bbl. DFL's saw a lack of activity this morning, with Jul remaining rangebound around \$0.03/bbl and the Jul/Aug DFL roll rangebound between -\$0.24/bbl and -\$0.22/bbl. 10-14/6 DBL saw sell side interest, trading -\$1.10/bbl.

FUEL

In HSFO, it was a quiet start to the week on 380 with it being the Dragon Boat festival in China today. It was a fairly rangebound morning on 380 structure, with Jul/Aug 380 trading at \$6.25/mt. It was very illiquid on the 380 cracks this morning, with no clear axe in the market. The Jul 380 crack traded at -\$5.85/bbl. The barge crack opened the morning stronger, buying up -\$7.40/bbl from -\$7.70/bbl prior to the window. Liquidity did dry up slightly post-window combined with the front barge crack weakening to -\$7.60/bbl. Barge spreads were also stronger this morning, with Jul/Aug barges buying up to \$4.25/mt from \$3.75/mt. There was outright buying on 380 E/W, with Jul 380 E/W buying up to \$10.25/mt from \$9/mt.

In VLSFO, there was a fair amount of interest on Sing 0.5 to start the week off. Sing structure continued the recovery we saw towards the end of last week. Jul/Aug Sing opened the morning at \$4/mt, trading in decent size up to \$4.25/mt, briefly trading at \$4.50/mt. We also saw early strength on the Sing crack. The Jul Sing crack bought up to \$8.70/bbl fairly quickly from \$8.40/bbl. The front Sing crack then traded between \$8.60/bbl and \$8.70/bbl for the rest of the morning. There was buy-side interest on the Q4 Sing Hi-5, at around \$106/mt. It was a very quiet start to the week on Euro 0.5. There was not much appetite for Euro structure, with the Jul Euro crack trading at \$2.15/mt on sporadic activity. The Jul 0.5 E/W was stronger, supported by Sing strength, buying up to \$41.25/mt from \$40.75/mt.



DISTILLATES

ICE gasoil spreads saw the Jun/Jul rally to -\$1.25/mt from -\$1.50/mt ahead of its expiry on Wednesday, while the Jun/Sep spread is at -\$5.50/mt from highs of -\$5.25/mt. The ICE gasoil cracks drifted downwards however and remained near lows post-window. The Jul crack is at \$18.40/bbl while the Q4 crack is at \$19.95/bbl. The Jet diffs saw the prompt strengthen further with the Jul diff trading at \$60.50/mt while the Balmo diff traded at \$57.50/mt. Back end flow was seen, with Summer'25 diffs trading at \$60.25/mt, while the Winter'25 also trading at \$60.25/mt. HOGOs gained into the morning, with the Jul swap stronger at 5.20c/gal while the back end remained stable as the Q4 swap is indicated at 8.70c/gal post-window.

Sing gasoil spreads saw a rangebound morning, with the Jul/Aug trading between -\$0.17/bbl and -\$0.16/bbl while the Aug/Sep traded between -\$0.18/bbl and -\$0.16/bbl, both stronger into the end of the window. At the front, the Balmo-ND E/W traded at -\$25.75/mt while the Jul swap was initially hit down from -\$24/mt to -\$24.50/mt before recovering to -\$23.50/mt post-window. The Q3 E/W similarly is off lows of -\$25/mt at -\$24.50/mt post-window. Regrade remained strong and rallied into the morning on strong Balmo buying, with the Balmo spread opening strong at \$0.45/bbl before the Jul regrade rallied to -\$0.77/bbl while the Balmo was lifted up to \$0.15/bbl post-window. The Q4/Q1'25 regrade roll was lifted up to -\$0.12/bbl, with the Q4 regrade trading at -\$0.50/bbl.

GASOLINE

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to \$8/bbl on a crack basis in Jul 92. A weaker morning for RBBRs, dipping below the \$20/bbl mark in Aug and trending downwards, with cracks in 92 seeing some buying in the Q3 and Q4 strips, trading up to \$7.85/bbl and \$6.75/bbl respectively. Front 92 spreads were unchanged, with some phys buyers of Jul/Aug at \$0.40/bbl with other spreads remaining illiquid. E/W opening bid with market makers on the buy side in Jul trading from -\$9.10/bbl to -\$8.60/bbl post window given crack buying interest by physical. Q3 92/MOPJ seeing real buying interest this morning, trading at \$15.40/bbl. Front EBOB spreads weakening with Q3 crack buying, Jul/Aug offered at \$5.50/mt with Aug/Oct trading at \$62.25/mt.

NAPHTHA

This morning in Naphtha we saw flat price valued at \$648/mt in Jul MOPJ, on a -\$6.60/bbl crack equivalent with cracks finding better buying in the front on thin liquidity. MOPJ spreads seeing little activity with Q4/Q4'25 seeing levels trade at \$32.75/mt. E/W remaining fairly supported continuing to trade at \$17.50/mt in Jul. Europe cracks opening bid with refiner buying in Jul at -\$8.55/bbl with Q3 seeing buying at -\$8.65/bbl. Front spreads firming with crack strength in Europe, Jul/Aug around \$4/mt and Aug/Sep at \$3.50/mt with major on the buy side of Jul/Dec at \$16.50/mt.

NGLS

A quiet early morning on NGLs with the DCE holiday; CP was the biggest mover as flat price was offered at the front and an NOC was sell side on spreads pressuring the front Jul/Aug CP spread down to \$11/mt from \$13/mt open. FEI/CP rallied off this CP weakness at the front as Jul was bid up to \$48/mt although this softened post window. FEI spreads were nevertheless rangebound with Nov/Dec trading at \$2.50/mt and Dec/Dec trading at \$65/mt the same level as Friday. Arbs strengthened at the front of the curve with August LST/FEI trading up to -\$227/mt. The window saw a mix of bids and offers with a trade house offering H1 July FEI at \$13.50/mt while a global trade was bidding H2 July at \$14/mt.



GLOBAL MACRO

Brent bullish bets at 10-year lows (this chart got a lot of attention over the weekend)

There was much chatter over the weekend about the birth/death estimates that affect the U.S. payroll numbers and the part-time increases versus full-time job losses. Quick recap US May Jobs Hiring increased by 272K, and the unemployment rate rose to 4%. 15K in downward revisions over the past few months translates to a total change in employment of 257K. Wages unexpectedly increased 0.4% m/m and 4.1% y/y. But... Full-time workers: -625K Part-time workers: +286K The number of people working multiple jobs in the US hit a near-record of 8.4 million in May 2024. That's a jump of 3million people since the pandemic low in 2020.

In just May, 414,000 immigrants (legal and illegal) gained a job. Meanwhile, 663,000 native-born Americans LOST their job.

Since pre-COVID, native-born workers have LOST 2 million jobs. All of the net job gains are immigrants.

Once again... immigrants (legal + illegal) are completely supporting the labour market. The border!

2-year US yields rose 16bp on Friday on the payrolls data. Plus, headlines that the PBOC has stopped gold purchases hit precious metals hard: Gold -3.5%, silver -6.8%.

Hedge fund bets against European government bonds rise to a 2-year high.

Chinese property construction continues to slide.

Turkey will Impose an Additional 40% Tariff on All Chinese vehicles (coming to a country near you!).

Data this week: Tuesday – UK employment Wednesday – U.S. CPI 7 FOMC Thursday – U.S. PPI Friday -BOJ meeting & U.S. Michigan consumer sentiment