



Long Nov'24 380 East/West

Trade Update

On Monday, the 14th, we recommended going long Nov 380 E/W at $-\$3/\text{mt}$ based on our expectation of increased flows into Europe in the coming months, which we anticipated would put pressure on 3.5% Nov/Dec barges. We also observed heightened buying interest in 380 cracks, supporting 380 spreads further along the curve.

Since then, we've witnessed increased selling pressure on the 3.5% barge crack, which has dropped from $-\$6.70/\text{bbl}$ to its current level of $-\$7.90/\text{bbl}$. This has also impacted the Nov/Dec 3.5% barge spreads, causing them to decline from $\$17.50/\text{mt}$ to $\$12.75/\text{mt}$. Simultaneously, there's been increased buying activity in Nov/Dec 380 spreads, pushing them from $\$7.50/\text{mt}$ to $\$9.50/\text{mt}$.

Meanwhile, increased buying of 380 cracks, mainly from European and Singaporean trade houses, has supported the 380 spreads down the curve. The Nov/Dec 380 spread has traded as high as $\$7.50/\text{mt}$, supporting the 380 E/W as 380 strengthened while 3.5% barges weakened. As a result, the Nov 380 E/W has rallied from $-\$12.50/\text{mt}$ to $-\$3.50/\text{mt}$.

These significant movements have contributed to heightened volatility in the 380 E/W contract, which surged to $\$5.50/\text{mt}$ this morning, exceeding our initial target of $\$3/\text{mt}$. Given the current volatility we recommend closing out the trade to lock in profits.

* $\$2$ trailing stop loss on each entry

Entry 1

$-\$3.00/\text{mt}$

Entry 2

$-\$1.00/\text{mt}$

Take profit

$\$3.00/\text{mt}$

PNL

$+\$50,000$

