



# FLUX INSIGHTS COT - DEEP DIVE

## DEC/JAN'26 C3 FEI

Strong buying has taken the soon-to-be-Bal FEI spread to new highs

1/12

# GOOD STRENGTH IN INTERNATIONAL PROPANE THIS WEEK

- There have been **strong bids in the FEI physical** window.
- South China suppliers haven't been offering spot volumes on low inventories. A Chinese-run refinery in Brunei also decided to hold back on spot sales.
- China is forecast to have a cold winter, which may also be helping

# M1/M2 PRICES ARE AT THEIR HIGHEST LEVEL SINCE MARCH



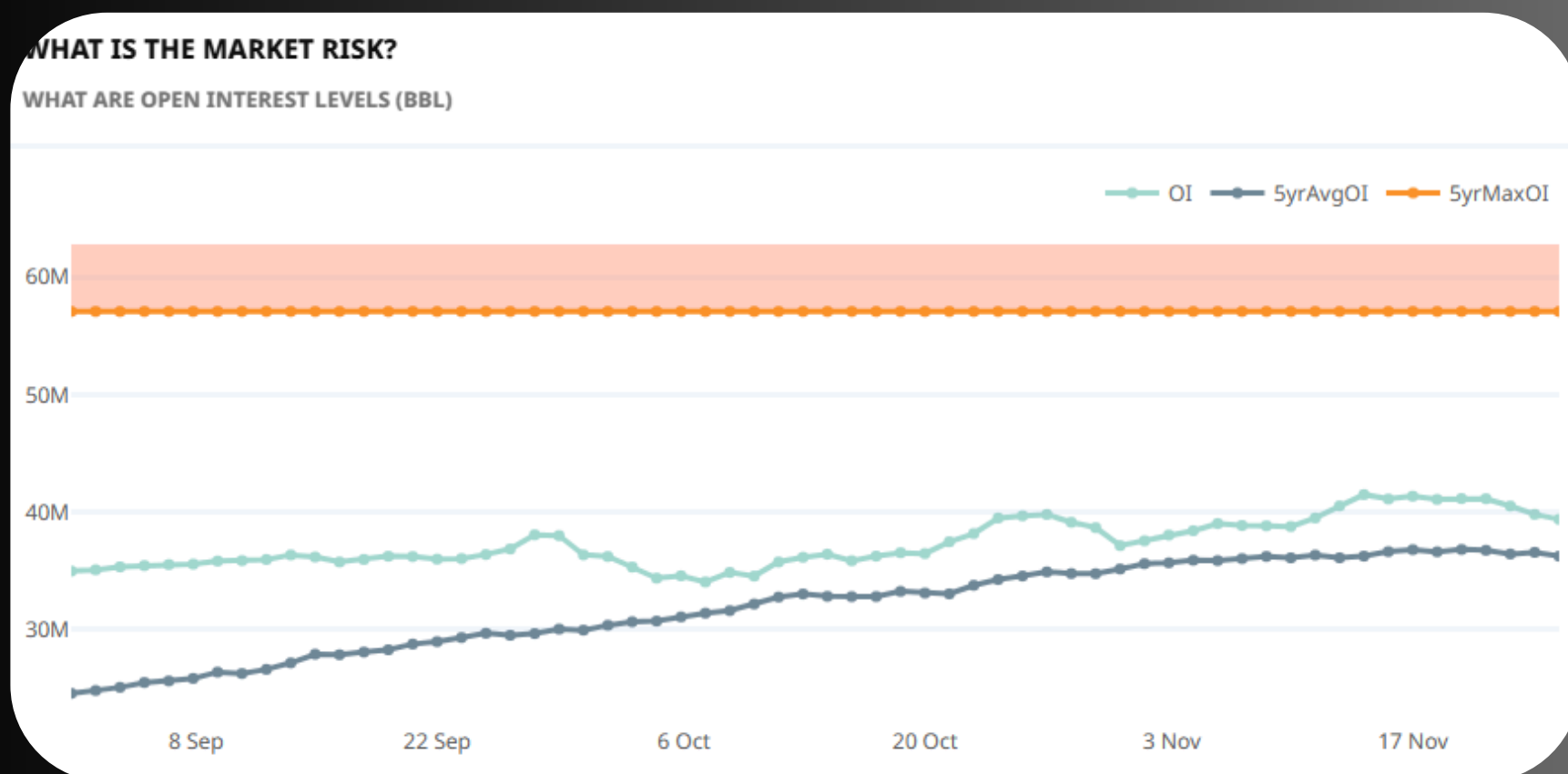
This week, the Dec/Jan'26 FEI spread rose from \$6.00/mt to \$17.00/mt.

# THE SPREAD IS VERY HIGH, SEASONALLY



Although the rolling spread was stronger in 2022, it is extremely high at \$14.00/mt higher than this time last year

# OPEN INTEREST IN THE OUTRIGHT DEC'25 FEI HAS SOFTENED



Open interest has been inconsistent in the Dec'25 outright contract.

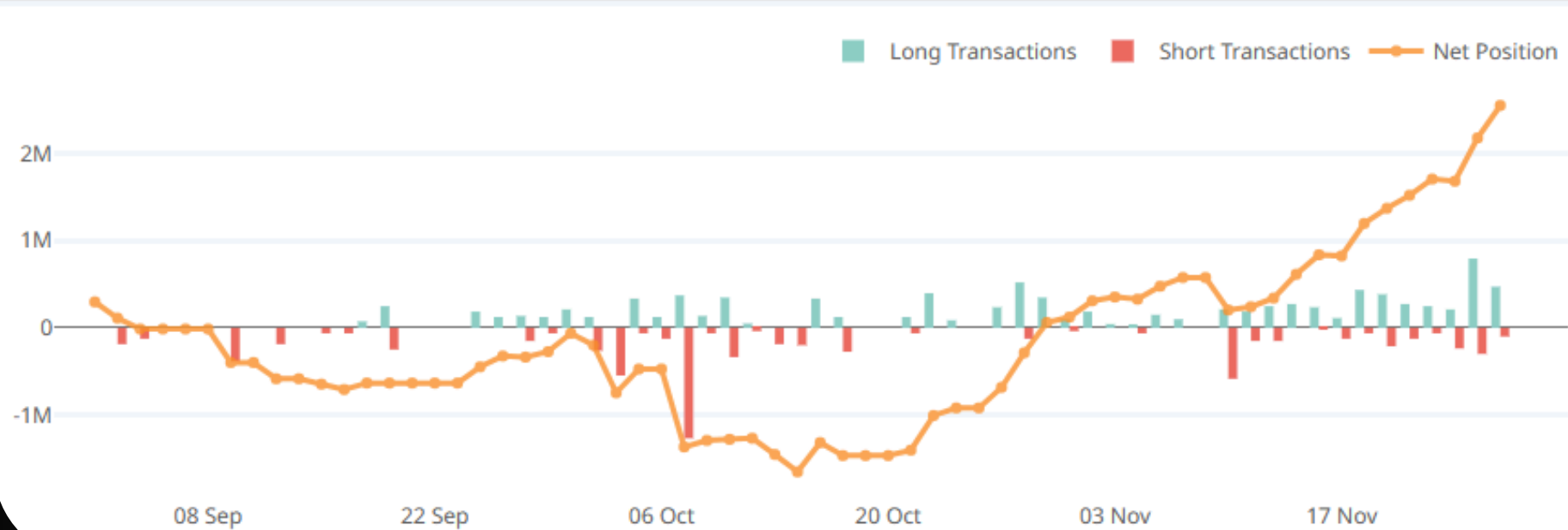
Although some of this may be due to players rolling over positions, 7- and 90-day shorts are out of the money, **which suggests short stop-outs.**

# NET POSITIONING SOARED

WHAT IS THE STATE OF THE MARKET?

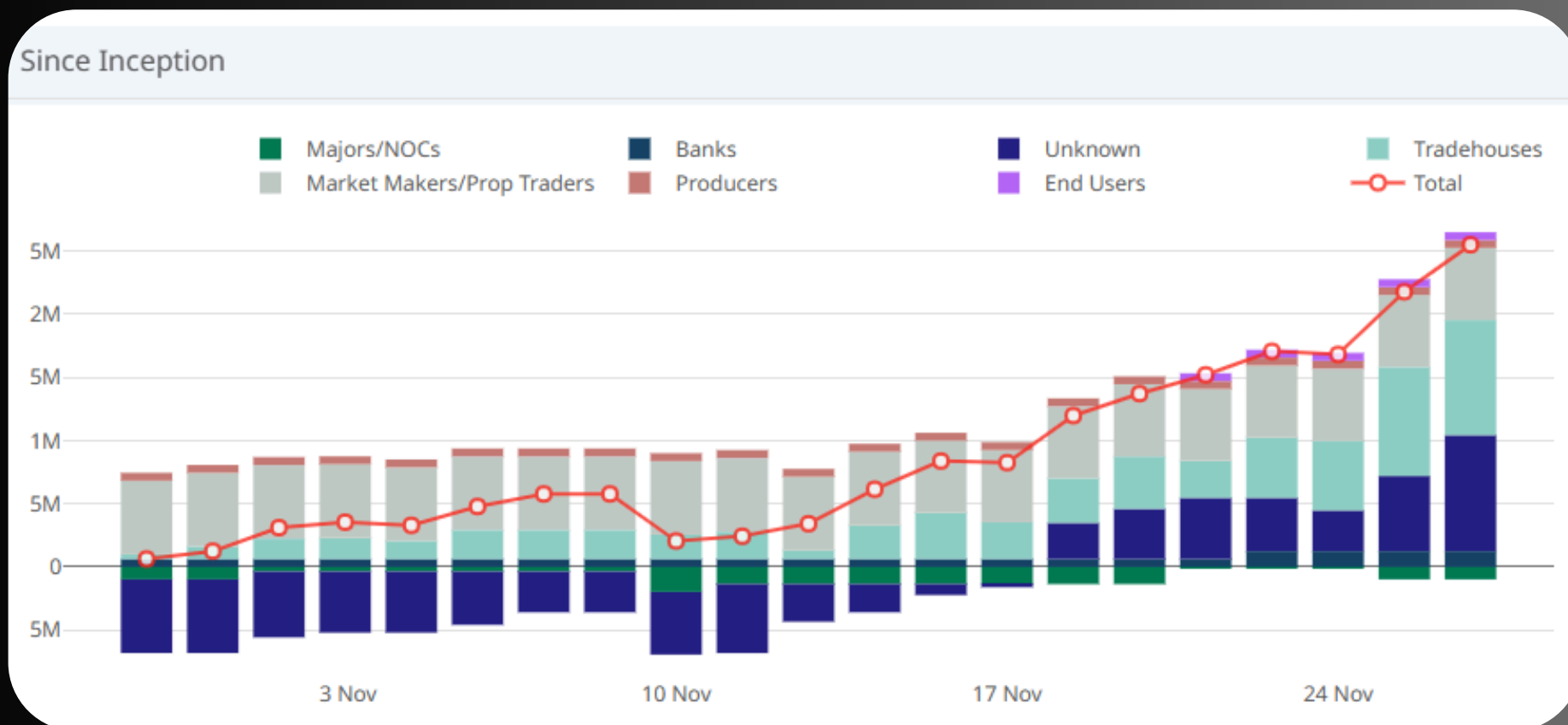
MARKET SPLIT LONG VS SHORT (BBL)

Since Inception



Net positioning against Onyx increased by around 2.3mb from 10-26 Nov.

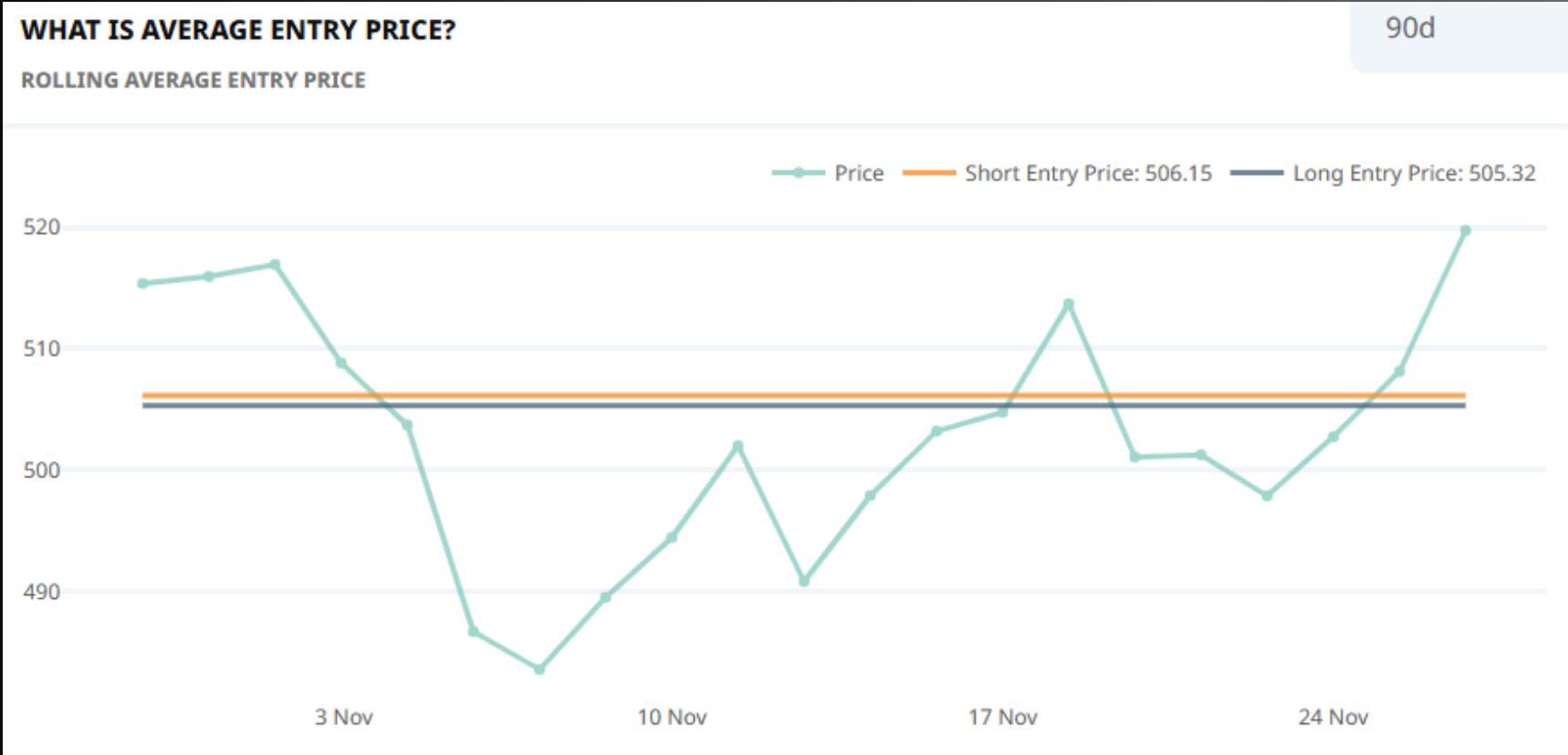
# SPEC AND HEDGING PLAYERS BUYING



**Trade houses bought a net of 874.5kb in the month**, this brings their total net position with Onyx to over +1.50mb

End users have also been net buyers. This **buy-side hedging** suggests anticipation of stronger prices.

# 90-DAY LONGS ARE IN THE MONEY



With an average entry price of \$506.15/mt, 90-day longs are roughly \$14.45 in the money.

Profit-taking flow may soften the rally.



# HOWEVER, SHORT-TERM LONGS ARE OUT OF THE MONEY



Longs from this week are now out of the money this week, which may make long players across the market apprehensive of their positioning.

Given falling prices and extremely high open interest, **longs may struggle to defend their position.**



**Technical view:** The spread is far above its long-term moving averages. It may be attractive to fill the gap down from \$22.00/mt from 31 Mar.

The fast stochastic line has crossed below the slow line in the overbought territory, signalling an overextended market. Multiple recent crossovers suggest strong momentum, but a trend that's becoming more fragile.

RSI is also overbought at 83.

# VIEW: BULLISH

- Technical indicators suggest the spread is overbought and primed for a correction. **However, the overall trend remains bullish, so we expect this to continue.**
- Fundamentally, we expect cold weather in China. Historically, La Niña winters have brought extreme cold to China.
- There has been strong buying from speculators and hedgers, which adds to the confidence in the bullish momentum.

**OVERALL, WE SEE UPSIDE FROM HERE, ALTHOUGH A SHORT-TERM TECHNICAL CORRECTION MAY BE IN STORE**

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