Trader Meeting Summary
16th November 2023

Da-Da-Da-Data

Prices seem to have consolidated this week in the low $80-handles in Brent with crude prices so far in 2023 averaging $80/bbl, representing a notable 20% decrease from the preceding year, a trend that persists despite a contraction in global crude inventories. It has been a year of supply and demand narratives and this week has been no different though it seems there is a lot of data for the market to digest and weigh up. The EIA report indicated a more significant than anticipated increase in U.S. crude inventories, which registered a 3.6 million barrel build, surpassing the forecasted 1.8 million barrel build. Concurrently, production data underscored a sustained output at a record 13.2mbbl/d adding another layer of bearishness. Data on Wednesday showed US producer prices fell at the fastest pace since April 2020 which has supported the view that interest rate hikes in the US have peaked. Meanwhile, in Europe, the latest economic indicators presented a subdued picture. The United Kingdom's consumer inflation rates fell short of all projections, while the Eurozone reported an inflation rate of 2.9% in October, marking its lowest level in over two years. These figures are lending credence to the expectation that the ECB may abstain from further rate increases. OPEC came out this week all guns geared at market speculators who they blamed for overexaggerating the doom and gloom demand situation with speculators reducing their bullish bets and piling into shorts in recent weeks. However, it seems sentiment may remain more risk off until it is more clear if OPEC+ will continue their voluntary cuts into 2024.

In **crude**, this week saw a correction in the physical from +158c to +91c, as selling was seen in WTI and Forties from refineries and producers. The CFD followed a similar pattern with market maker activity prompting strong selling interest and pure bearish sentiment as the physical weakened. Finally the DFL trended lower as well as the spread rolls were divided into negative levels again. Although some bidding was seen by refineries in the Mar/Apr DFL roll selling by market makers dropped the price down to -8c from -4c/bbl. Brent/Dubai had a week of two halves as initially, trade house selling in the Dec/Jan and Jan/Feb Brent/Dubai box helped to lift the prompt Brent/Dubai to -7c/bbl. There was then a drastic price reversal as the prompt was sold down to -30c/bbl on Nov 16 due to selling interest down the curve in outright Brent/Dubai and good buying in a range of boxes.

HSFO saw 3.5% barges initially coming under pressure from weak crude and deferred crack buying. As crude recovered, so did front buying in barge cracks lending support to the high sulphur barges. 380 spreads have been sold off mainly in Dec/March and Dec/Jun off of weak crude and deferred crack buying. The Balmo spread was pricing weakly but a step change in phys pricing suggests strengthening in both paper and physical markets. Finally, the Dec VISCO was trading at lows of $11.25/mt but with the only seller turning to the buy-side, prices shot up to $17.75/mt for Dec. **In VLSFO,** structure was supported by Sing trade house buying spreads. Sell-side interest from US hedgers was also absorbed by Sing trade houses buying deferred cracks. In Euro 0.5, there is less comparative strength in the front amid hedge selling of Euro 0.5 FP and cracks. However, Euro spreads appear more supported as they follow the strength gained by their Eastern counterparts.

In **distillates**, ICE Gasoil remained rangebound into the Nov expiry last Friday due to the Sing holiday with low trading volumes also seen on Monday. Spreads and cracks all rallied in the roll up post expiry with Dec/Jan at $19/mt and the front crack above $28/bbl. European refiners are more inclined to produce jet than diesel due to jet strength despite low ARA distillate stocks. In the Sing gasoil market, prices have come under pressure due to poor local demand and volatile arbitrage economics impacting exports from India. The EW has been rangebound albeit going better offered. Following a technical fault in Kuwait's Al Zour refinery, the Bal Euro jet contract went bid and soared to triple digits. In Regrade, Japan has started turning on the heating with temperatures falling below 30-year averages. Further bullish sentiment stems out of rumoured flight routes between China and the US. Finally, HOGO levels have been more supported amid tighter fundamentals and bullish stats.

Gasoline saw a strong performance across the board. American fundamentals strengthened as the EIA announced a 1.5mbbls draw in Gasoline stocks, prompting a swift market reaction with EBOB and 92 struggling to follow RBBR's rally. Dec/Jan EBOB weakened to $8.50/mt on Nov 14. Dec Sing 92 crack saw selling and went to lows of $7.35/bbl today. **Naphtha** this week saw strength again in the crack structure on the back of weaker crude and end-user hedging flows in Naphtha FP. Strong buying in cracks was exacerbated by selling in gasnaphs, leading to cracks breaking out to above -$11/bbls handles in Dec and Q1. E/W has been weaker, with the Arb open for some participants. Prompt spreads were finally well bid and pushed higher by profit-taking in Q1, with unsold cargoes starting to clear lending support. Overall, conditions are not quite bullish but far more optimistic.

In **NGLs**, this week was generally weaker, with the exception of LST increasing on a crude percentage despite announced stock builds and continued supply disruptions from the Panama canal. The Arb found some strength as a result as but was the correction was stifled due to expected rain in the Panama canal. The premium in FEI saw a decrease this week as local demand was was still seen to be low causing Dec FEI to trade below the $700/mt for the first time in 2 weeks. Butane Saw signs of growth because of physical bidding but appears to be artificially mounted.

Key Movers:

Contract	7-day Range	State	7-Day Price Target
Jan Brent Futures	$79.54-82.52/bbl	Bullish, Volatile	$79.00-80.00/bbl
Jan/Feb Brent Futures	$0.13-0.33/bbl	Sideways, Volatile	-$0.05-0.00/bbl
M1 Onyx European Ref Margin	$4.85-6.19/bbl	Bullish, Volatile	$6.25-6.35/bbl
Dec EBOB Crack	$7.78-9.16/bbl	Bullish, Volatile	$7.40-7.90/bbl
Dec Gasoil Crack	$23.89-27.23/bbl	Bullish, Volatile	$28.00-30.00/bbl

Trader Meeting Notes Crude - 16/11/2023

"Physical saw a downward correction out of triple digit land"

**Removal of buying flows in CFDs led to selling en masse*

Dubai saw a week of two halves, strength fading to weakness

Trader Notes and Views

North Sea - As the forward curve had been indicating, we are seeing a downward correction in the physical diff from +158c to +91c w-o-w. Better selling interests were seen in both WTI and Forties cargos with a producer and refinery offering. Although the three cargos were lifted by two trade houses, when another aggressor trade house joined the sell side on Wednesday, the print was dumped from +128c to +91c.

CFDs - At the beginning of the week there had been some aggressive refinery buying in 13-17Nov three weeks roll up to +175c with very thin sell-side liquidity in the Balmo. However, once the buying flows were taken out by a market maker, the market saw a dramatic reversal. People were rushing to sell everything in the prompt with producers selling the window, and the full bearish mode sustained with the weakening of the physical, although two trade houses were seen on the buy-side. In the window, we saw multiple hedgers selling CFD's, whereas market makers and trade houses were buying. Dec structure was also selling with the 4-8Dec one week roll hammered by a major and a refiner.

DFLs - In DFLs we continued to see a spreads driven performance but trending lower on a DFL basis. For instance, both Jan and Feb DTL were sold to -26c. Jan/Feb and Feb/Mar DFL rolls divided into negative levels again. Further down the curve, although there has been a refiner lifting good size of Mar/Apr DFL roll at -4c, once it was sold by market makers, it went softened gradually to -8c. Moreover, Q2/Q3 DFL trended lower despite bank buying.

Dubai - This week in Dubai saw Dec Brent/Dubai trading up by 8c to highs of -22c/bbl on Nov 14 over buying in Dec and Jan Brent/Dubai. The next day saw Dec and Jan Brent/Dubai trading up to 10c/bbl and 24c/bbl, respectively, amid weakness in Dubai. There was tradehouse selling in the Dec/Jan and Jan/Feb Brent/Dubai box at 33c/bbl and 16c/bbl, respectively. Dec Brent/Dubai eventually traded down to 24c/bbl on Nov 16 due to selling interest down the curve. We also saw buying interest in Feb/Apr and Mar/May Dubai spreads at 75c/bbl and 78c/bbl, respectively whilst the Jan/Feb box saw selling, trading all morning at -16c/bbl.

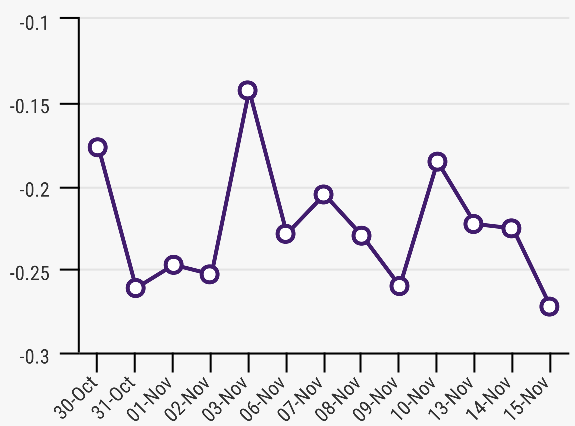
US Grades: Overall, we continue to see WTI Houston be supported with the physical bid up to +115c/bbl. Jan HTT firmed up around +120c/bbl, however the structure is still in backwardation with Q1'24 and H1'24 bid at +130c/bbl and +135c/bbl, respectively. Physical Mars strengthened to +70c/bbl, but activity is muted amid limited liquidity along the YV curve.

Price action and Positioning for Dec'23 Tenor:

	30-day Min Price	30-day Max Price	Current Price	Book Positioning
Dec DFL ($/bbl)	-0.06	1.37	0.04	Short and long term bear
Dec/Jan Dated ($/bbl)	0.18	1.25	0.27	Short and long term bear - with refinery margins picking up
Dec Brent/Dubai ($/bbl)	-0.66	-0.12	-0.41	Cautiously Bullish
Dec/Jan Dubai ($/bbl)	0.50	1.16	0.59	Neutral

Trade Idea

Long Jan Dated to Lead ($/bbl)



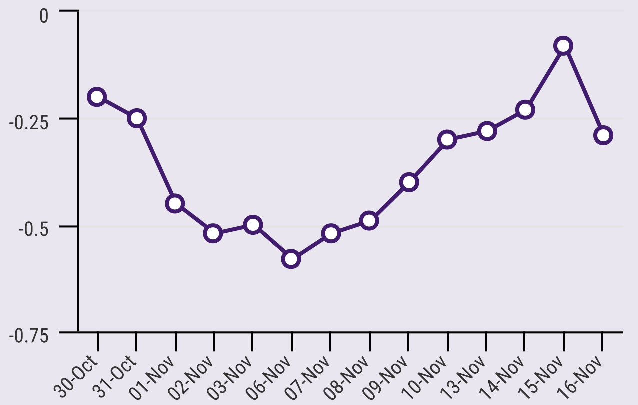
Previous Trades:

Short 20-24 Nov vs Cal Dec CFD - Took profit

Short 6-10 Nov CFD - Took profit

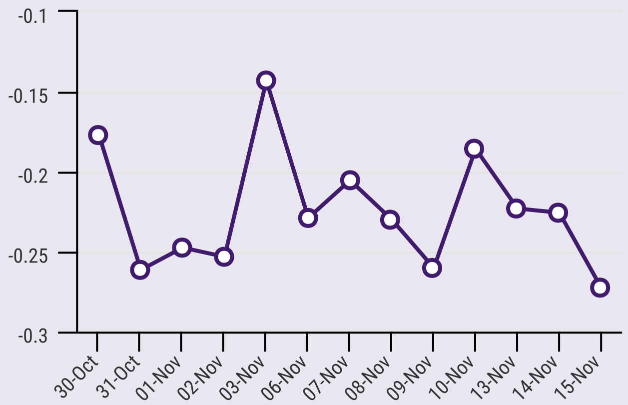
Long Dec Dated/Dubai - Exit

Chart of the week - Dec Brent/Dubai ($/bbl)



- The Brent/Dubai saw volatility this week with price action jumping to highs of -$0.80/bbl on Nov 15 before dropping to -$0.30/bbl handles the next day.
- Bearish price action was seen to be prompted by selling in the backend tenors, with concentrated selling in Q2 and Q3.

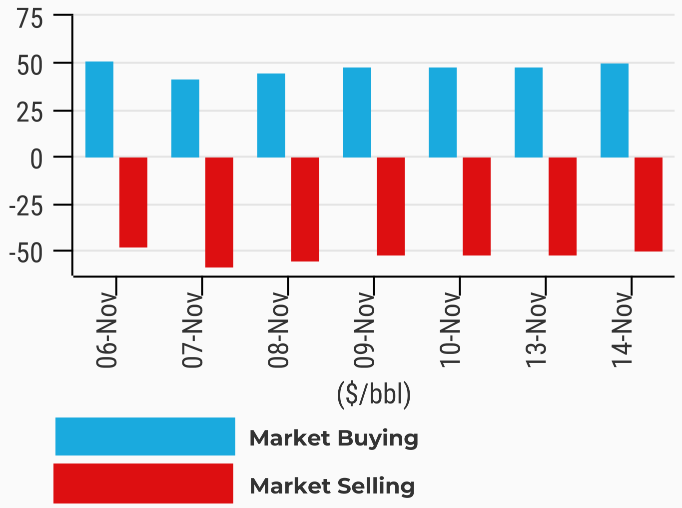
One to Watch - Jan Dated-To-Lead ($/bbl)



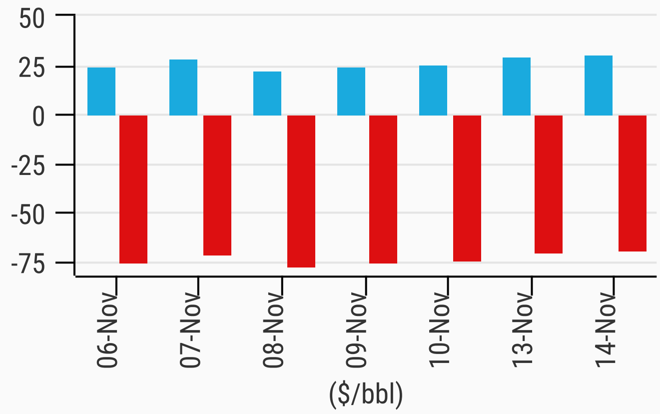
- This week saw both the Jan and Feb DTL sold down to -26c/bbl amid heavy DFL selling which sent Jan/Feb and Feb/Mar into contango.
- DFLs are now in the low end of the range and we've seen hedge buying come in in the deferred DFL rolls. We therefore see good upside in going long in the DTL.

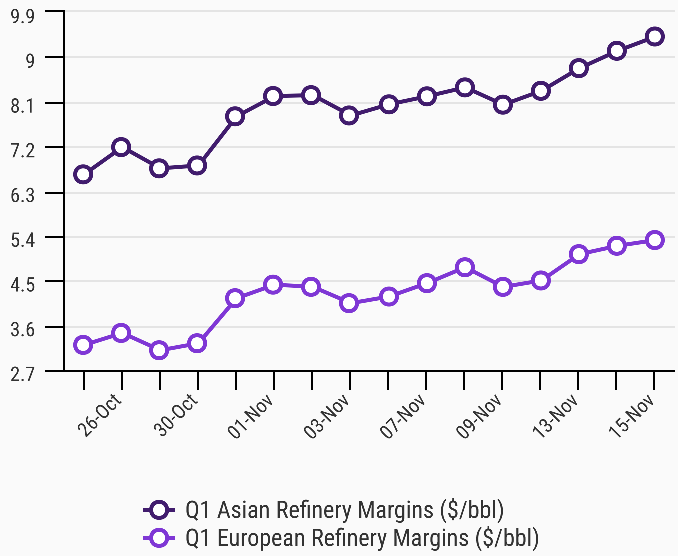
Buying and Selling Flows, and Deferred Refinery Margins

7-day Dec Brent/Dubai Long/Short



7-day Dec DFL Long/Short





Notable Flows

- In CFDs, we are seeing constant selling from a major and hedge selling from producer and majors
- Major selling the 04-08 Dec 1 week roll and 27-01 Dec 2 week.
- On the buyside of CFD, trade house for 04-08 Dec and 11-15 Dec.
- Good buying in 13-17 Nov, 3 week roll Nov into 04-08 Dec (CFD).

Trader Meeting Notes Fuel Oil - 16/11/2023

"It's VISCO's world and we're just living in it"

*****VISCO prices shoot up as main seller moves to the buy-side***

*****Structure in low sulphur was supported by Sing tradehouse bidding spreads down the curve***

Trader Notes and Views

HSFO

- 3.5% barges initially came under pressure from weak crude and deferred crack buying with market makers on the sell-side of spreads down the curve against no real buying. As crude began its recovery, we saw London tradehouse stepping in and scaling Q1/Q2 barges in good volume at -25c/mt. The tradehouse has also been buying Q3/Q4 barges, although not to the same extent, lending support to the structure.
- 380 spreads have primarily seen selling from Chinese funds and tradehouses mainly in Dec/March and Dec/June. Sing tradehouses aggressively scaled in on Dec/Jan between $4-4.5/mt with prices initially coming under pressure off of lower crude and deferred crack buying. More recently, we've seen Sing tradehouse amp their bids with Dec/Jan up to $8/mt. Both Euro and Sing tradehouses have been buying in deferred 380 mainly in Q3/Q4 around $13/mt. The Balmo spread was pricing weak but for the first time, we saw a step change in physical pricing today suggesting that the physical market is also strengthening alongside the paper. We've also seen Middle Eastern tradehouses, NOCs and Sing tradehouses buying 380 cracks down the curve.
- In 180, we saw Saudi NOC and Sing tradehouse aggressively sell VISCO and 180 FP in the window with the Dec VISCO trading as low as $11.50/mt. Since then, we've seen the main seller of VISCO turn buyer and with no real selling, prices went up to $17.75/mt for Dec amid thin liquidity. Target selling on deferred VISCO in Summer'24 and Cal'24 has lent added support for VISCO boxes down the curve.

VLSFO

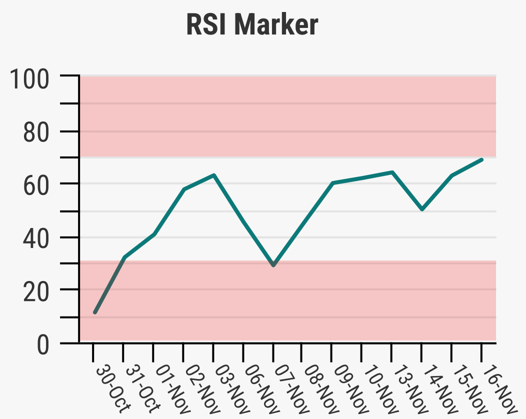
- In low sulphur, we saw structure being supported from Sing tradehouse bidding spreads down the curve. We saw axed buying in Mar/May Sing 0.5 at $9.75/mt and Jun/Sep Sing 0.5 at $14.25/mt, and have since seen tradehouses aggressively bidding up spec Dec/Feb as physical prices strengthen, with volatility being concentrated mostly in Dec/Feb. US hedgers have been seen on the sell-side of Sing 0.5 cracks in the front, but this was absorbed by Sing tradehouses buying deferred cracks mainly in Q3'24, Q4'24 and Cal'24. Cal'25 0.5 EW has seen targeted buying from Sing tradehouses from $29.50/mt down to $28.50/mt, and at these levels, we are starting to see buying interest in Cal'25 0.5 cracks from both regions.
- In Euro 0.5, there is less comparative strength in the front. Generally, in the afternoon, we have seen hedge selling of Euro 0.5 FP and cracks, with the EW trading up to $66/mt. With the strength in spreads being a product of crude weakness, crude recovery and subsequent deferred crack buying placed pressure down the curve, with weakness primarily concentrated in Q1'24 and Q2'24. However, we have since seen Euro spreads being better supported upon them following the strength gained by their Eastern counterparts.
- In 0.5 EW, quarterly EW flows have been skewed to the buyside with Sing and London tradehouses target buying on Q4'24 between $33/mt and $34/mt, and Q2'24 at $38.50/mt.

Price action and Positioning for Dec:

	30-day Min Price	30-day Max Price	Current Price	Book Positioning
3.5 Bgs Crack ($/bbl)	-17.15	-12.40	-12.40	Cautiously Bullish
3.5 Bgs Spread (Dec/Jan) ($/mt)	0.00	5.75	5.00	Cautiously Bullish
380 East/West ($/mt)	-7.25	17.25	11.50	Neutral
Sing 0.5 Crack ($/bbl)	8.91	14.75	14.75	Bullish
Euro 0.5 Crack ($/bbl)	0.88	4.30	4.10	Cautiously Bullish
0.5 East/West ($/mt)	49.95	68.26	67.63	Bullish

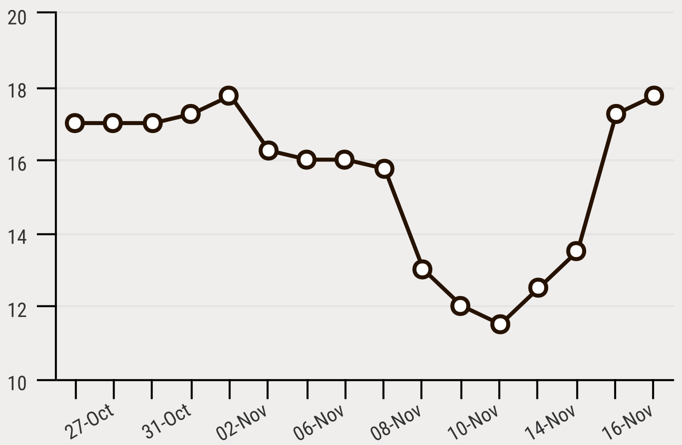
Trade Idea

Long 380 Mar/Jun - haven't traded yet as high as the front



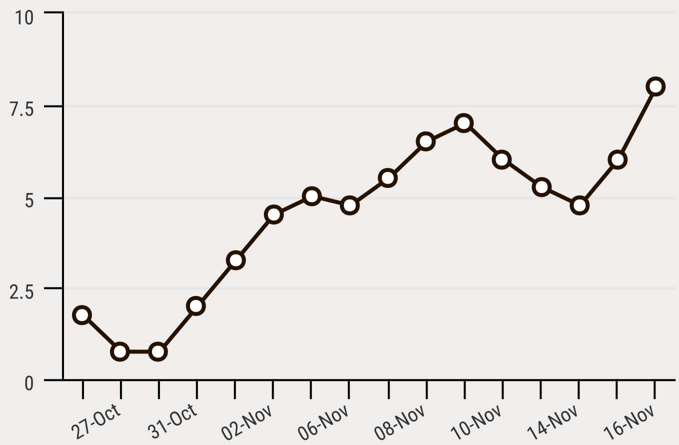
Previous trades:
Long - Mar/Apr/May Sing 0.5% Fly - Hold
Long Q2/Q3 3.5% Barges - Hold

Chart of the Week - Dec VISCO ($/mt)



- Support from 380 spreads has been far outperforming barge spreads causing EW boxes to be implied far higher.
- Very little volume selling in VISCO with most of the action on screen
- Further support added by considerable 380 buying by Chinese players on lower crude.

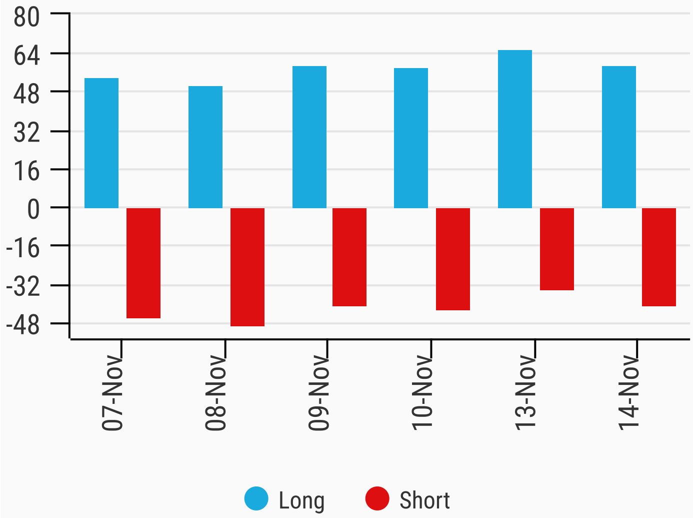
One to Watch - Dec/Jan 380 ($/mt)



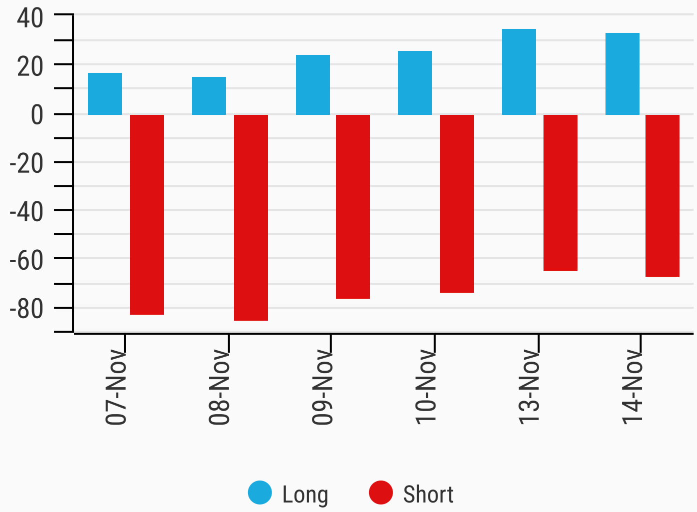
- We saw a rise volatility this week amid players fighting on both the buy and sell-sides.

7-Day Buying and Selling Flows

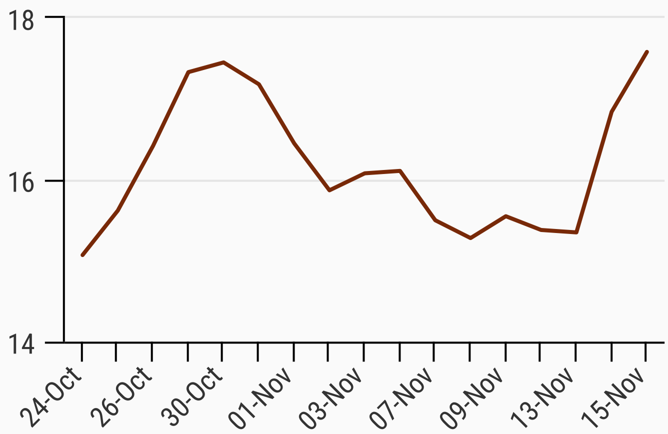
7-day Dec 3.5% Barge Crack Long:Short ratio



7-day Dec 380 East/West Long:Short ratio



Dec'23 TD3C Freight Price Action ($/mt)



Notable Flows

- Buying Dec/Mar 380
- Buying in Q1/Q2 3.5 Bgs
- Dec'23 and Jan'24 VISCO buying
- Euro 0.5% barges crack hedge selling
- 0.5 Sing buying in Dec/Jan

Trader Meeting Notes Distillates - 16/11/2023

"It's all about those sky high jet fuel prices right now"

*****Poor demand across Asia with ample stocks weighing on levels***
*****We saw Dec EFS buying and HOGO selling with players looking to lock in arb margins***

Trader Notes and Views

- **ICE Gasoil:** With Nov expiry last Friday, we saw levels come off and remain rangebound into the close with people taking it easy on account of the Sing holiday with Monday trading also quiet seeing volumes low and this continued into week. Spreads and cracks all rallied on account of the roll up effect after Nov expiry with Dec/Jan currently around $19/mt levels while the front crack is currently above $28/bbl levels. In Europe, refiners have less economic incentive to produce diesel and are instead prioritising jet production given those levels are stronger, despite stocks in the ARA being very low. The ARA Barges saw premium weaken mid-week after a strong open, with barges seeing buying interest from German wholesalers, with refineries still not fully back online from maintenance, and selling from majors and tradehouses.
- **Sing Gasoil:** It has been a interesting week in the Sing market. There has been poor demand across Asia and stocks still feel a bit bloated. Barrels from India that should have gone to Europe remain trapped in Asia due to volatile arbitrage economics and considering Sing stocks have seen big builds over the past few weeks and tepid demand, we have seen prices under pressure. The cash diff went into a discount -14c and highlights the overall lower demand. EFS buying however did support the Dec/Jan spread which is currently up at $1.15/bbl levels. The EW has been pretty rangebound going better offered in the morning with selling seen through the MOC while we saw strength in the afternoons. American units of tradehouses have been buying the EFS and selling the HOGO, locking in the arb to move product showing that Sing is better supplied. Recent stats announcement showed that levels in Europe and US are poor with diesel and HO stocks are at the lowest levels since 1982. There was a little bit of bank buying interest down the curve in Q1,Q2,Q3. At the front of the curve, there was tradehouse selling near highs while market makers were seen pushing levels lower on Wednesday morning through volume selling which again encountered real buying.
- **Euro Jet:** Following a technical fault that hit production, Kuwait's Al Zour refinery has restarted though jet remains supported on the back of tightness over the past month with airlines also buying ahead of the winter travel season in the northern hemisphere. The Balmo contract went bid and soared to triple digits on the back of improving demand in the front, currently sitting around $115/mt levels with the Nov/Dec jet diff roll up at $35/mt levels. In the backend though, thre was predominantly sell-side interest in the 2024 quarterly jet diffs with 2Q24 weakening while summer24 jet diff was better offered.
- **Regrade:** It was a pretty volatile week in the front of the curve. Japanese heating demand is increasing with temperatures starting to drop, falling below 30-year average after an extended period of warmer weather so we are beginning to see an uptick in demand for heating oil. There are rumours flight routes between China and the US will be reopened which should add to bullish sentiment. Also the fact that everything is tight is adding further support with strong sentiment in Europe also filtering into the eastern market. Dec regrade rallied to highs around -30c/bbl on the back of trade house buying before retracing to current levels around -55c/bbl. The Dec kero spread was offered into the beginning of the week while there was no real selling in the window in the balmo spread with little interest in the front of the curve until midweek when we saw kero spreads rally in line with regrade with the backend spreads also strengthening as the quarterly regrade remains better offered,
- **HOGOs:** The arb economy is good with people looking to lock in arb margins, buying EFS and selling HOGOs. Generally based on tighter fundamentals and bullish stats, levels are more supported though not as much as you would expect, with the Dec swap currently at 19.4c/gal while Q1'24 is around 16.9c/gal levels.

Price action and Positioning for Dec:

	30-day Min Price	30-day Max Price	Current Price	View
Gasoil Crack ($/bbl)	24.47	29.42	28.60	**Bullish - Still seeing tight supply in Europe and fundamentals unchanged from supply side with people looking to get cargos in from Europe though we're cautious of demand keeping a lid on moves.**
NWE Jet Diff ($/mt)	63.50	78	79	**Neutral - Considering levels are so high, we think this could be unsustainable.**
Gasoil E/W ($/mt)	-23.79	-18	-18	**Neutral - The arb economics are looking good with EFS buying keeping levels supported.**
Sing Regrade ($/bbl)	-1.80	0.20	-0.55	**Bearish - Although Japan has started buying and we saw jet-diff strength, we expect to see selling at current levels and not seeing much buying past this point.**
HOGO (c/gal)	17	20	19.4	**Bullish - Based on fundamentals being extremely tight in the US and continued falling stocks.**

Trade Idea

Short Dec Regrade - Hold

RSI Marker

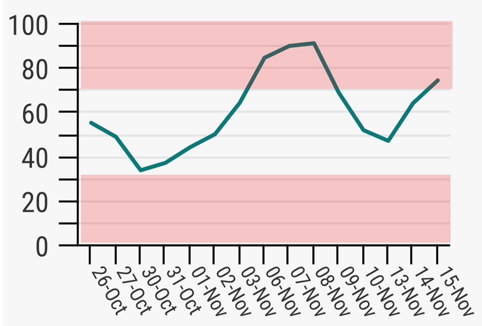
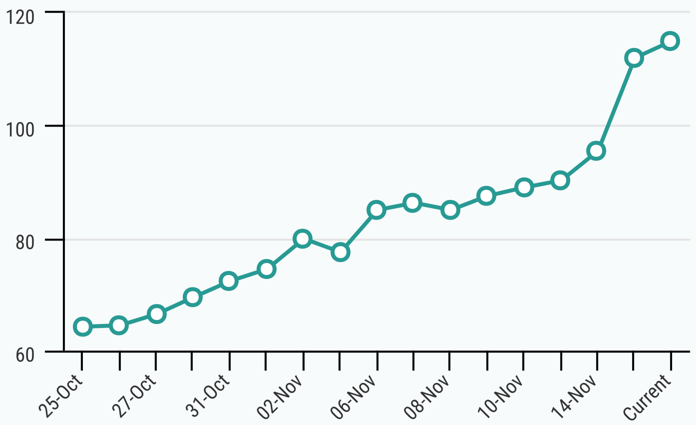
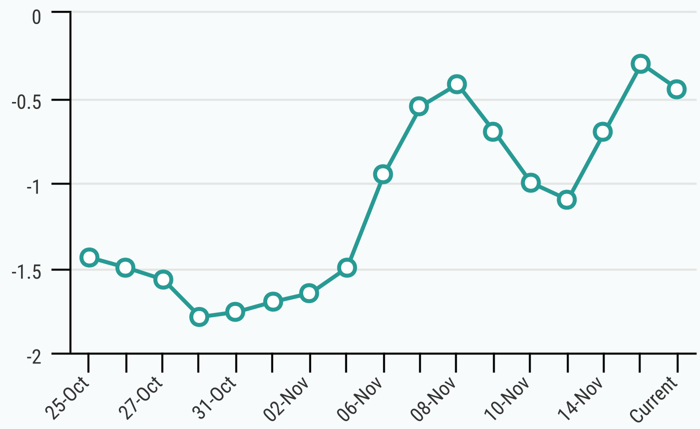


Chart of The Week - Bal-Nov Jet Diff ($/mt)



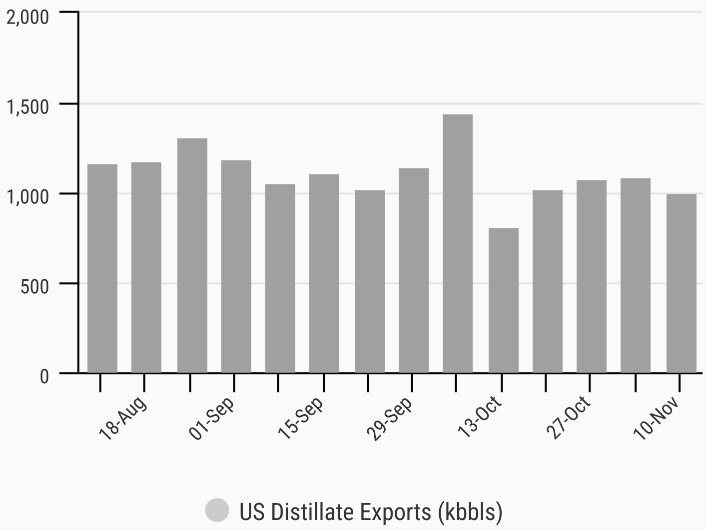
- Levels rallied sharply this week with prompt demand keeping levels supported with the Bal-Nov/Dec diff roll also strengthening in line with Balmo strength.

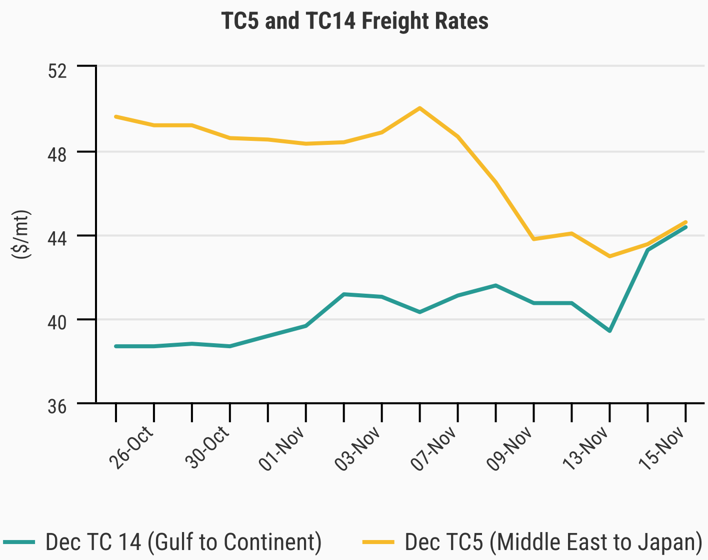
One to Watch - Dec Regrade ($/bbl)

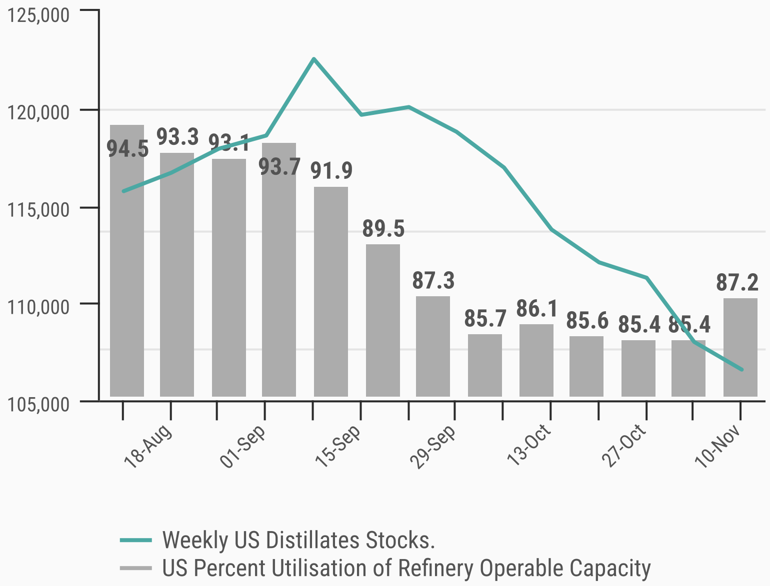


- Dec regrade saw fund buying on the back of stronger jet diffs which saw levels reach highs around -30c/bbl this week.

Stocks and Freight Rates







Freights, Margins, & Stocks

- Distillates saw a draw of 1.4mbbls compared to an expected 2mbbl build.
- Stocks are currently sitting 13% below the five-year average.
- API announcement saw a draw of 1.022 for distillates.
- Both TC5 and TC14 freight rates saw strength in the week, hovering in $44/mt levels.

Trader Meeting Notes Gasoline - 16/11/2023

"Battle of the Bulls: who will win?"

*****RBBR saw an initial rally on the back of weak Brent and strong fundamentals***
*****EBOB cracks were better offered, trading at $7.35/bbl***

Trader Notes and Views

- The end of last week and start of this one saw a continuously strong gasoline complex amid ongoing supply disruption in the US.
- Yet-to-be-resolved issues at the Baton Rouge refinery as well as delayed start of Bayway FCC and Trainer have supported US gasoline. European structure also became bid while the eastern structure was supported by buy-side flows until Tuesday. To a certain extent, profit-taking on spreads was then seen, dragging Dec/Jan EBOB from $9.75/mt on Nov 14 to $8.50/mt at the end of the day. American gasoline's continued strength led to RBBRs rallying, widening the Arb - especially with EBOB and 92 struggling to keep up with RBOB. Additionally, RBBR strength was further aided by weakness in Dated Brent. RBOB spreads were slightly better offered than RBBR. This lack of EBOB support led to the Arb being generally offered though levels recovered to current levels around 6.05c/gal handles. Nov 15 saw barges open weaker.
- Arb selling in Q2 was then noticed with market players taking off length in Q1 as well as speculators buying in deferred has helped the contango curve structure for European gasoline. RBBR coming under pressure led to selling in the swap curve. With weakness in swaps, Arbs have widened.
- EBOB has seen more selling into these higher levels with bearish sentiment only being slightly buoyed by strong EIA stats. Cracks were better offered later this week with Q1 notably trading from highs of $7.98/bbl seen today to $7.35/bbl seen later in the day. Market players are stepping down in good volumes.
- With crack selling at the opening of the European window and 92 selling from an NOC, there was a move down in the front of the curve for gasoline products, with Dec Sing 92 crack reaching daily lows of $7.18/bbl. Sell-off in the deferred contract prompted further weakness in the complex. Spreads moved further down highlighting relative weakness in the front. However, the selloffs were halted by the EIA's announcement of a 1.5mbbls draw in gasoline stocks (released on Nov 15), lending support to the complex.
- An Omani trade house was seen selling Sing 92 on an FP basis, rendering the contract well-offered.
- Finally, Naphtha strength narrowed Gasnaph price action, with the Dec contract slumping from $128.78/mt on Nov 14 to lows of 105.77/mt on Nov 16.

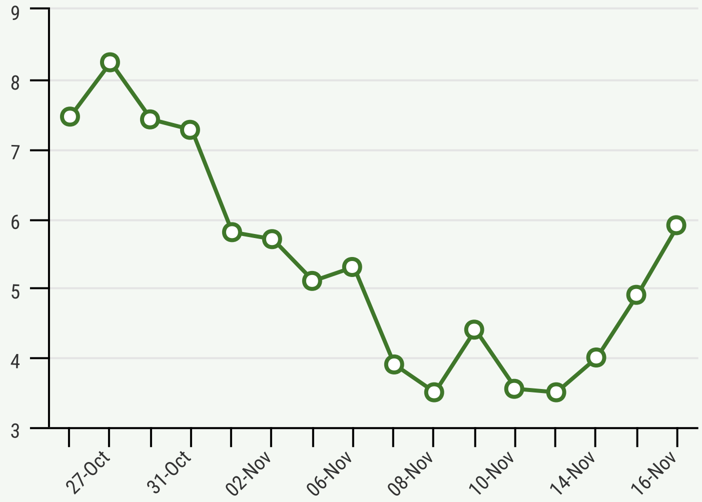
Price action and Book Positioning for Dec23 Tenors:

	30-day Min Price	30-day Max Price	Current Price	Book Positioning
EBOB Crack ($/bbl)	3.72	9.19	7.72	Neutral
Sing92 Crack ($/bbl)	3.53	8.24	6.97	Bearish
Sing 92 EW ($/bbl)	-1.00	0.05	-0.75	Bearish
TA Arb (c/gal)	3.40	9.30	5.90	Neutral/Bullish
Dec/Jan EBOB ($/mt)	1.75	9.50	6.00	Neutral
Dec/Jan 92 ($/bbl)	0.55	1.45	0.73	Neutral/Bearish

Previous Trades:

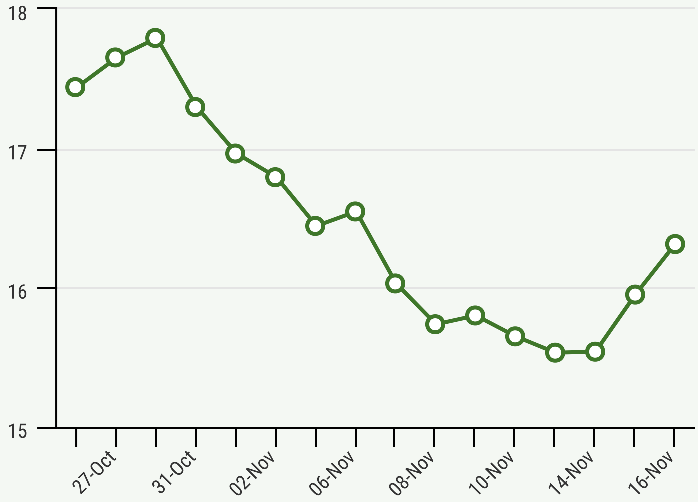
Long Mar/Jun RBBR Fut box - hold
Long Dec/Dec Arb Roll - Hold
Short Q1'24 Gasnaph - Hold
Long summer EBOB cracks - Hold
Long Jan/Feb Sing 92 - Hold

Chart of the Week: Dec Arb (c/gal)



- Dec Arb came down to lows of 3.10c/gal amid European being better bid and then rallied back up amid selling in EBOB.

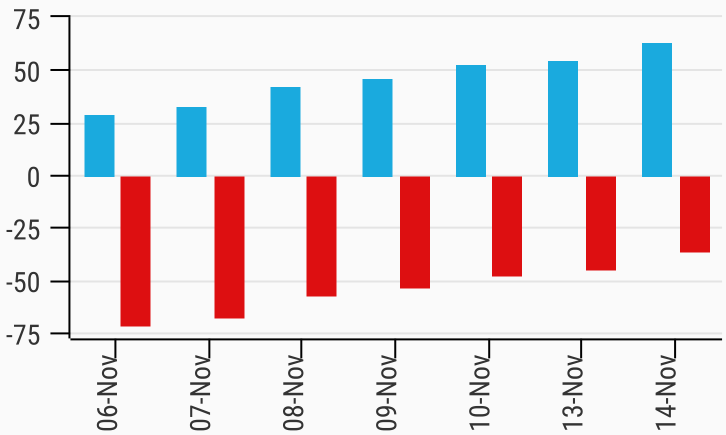
One to Watch: Q2 Arb (c/gal)



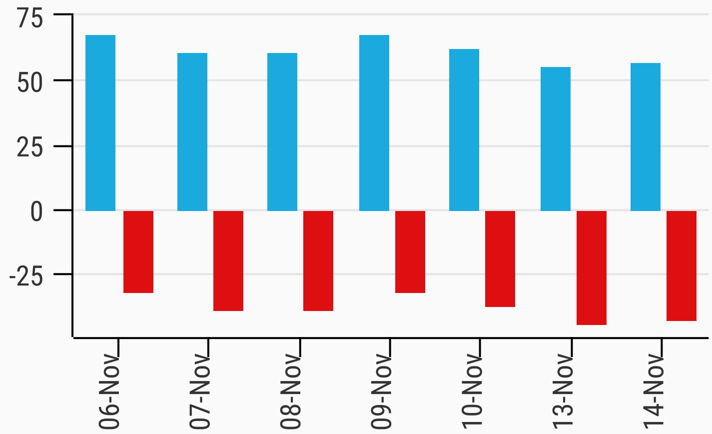
- The important sell-off in Gasnaph has also prompted the Arb to retrace back upwards as more sell-side interest pressured EBOB in the deferred

7-day Buying and Selling Flows (Dec23)

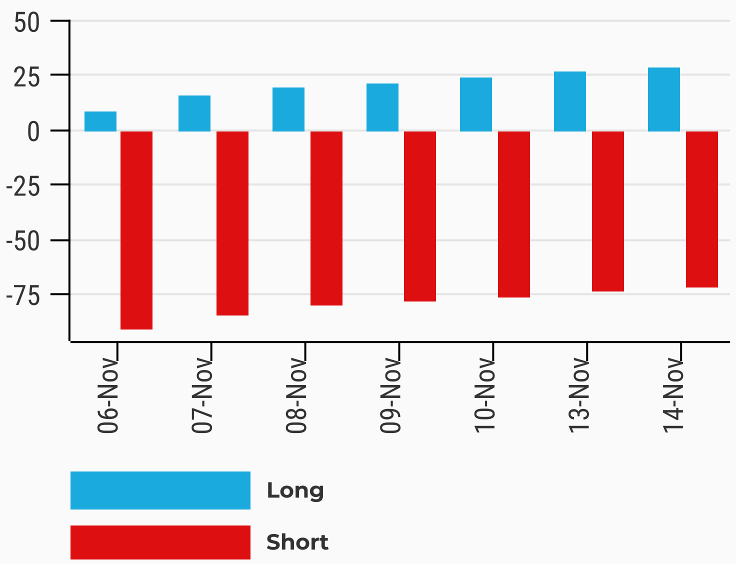
7-day EBOB Crack Long:Short Ratio



7-day Sing 92 Crack Long:Short Ratio



7-day EW Gasoline Long:Short Ratio



Notable Flows

- Profit taking in the Eastern structure earlier in the week
- Crack selling across the board in the last days

Trader Meeting Notes Naphtha- 16/11/2023

"Naphtha cracks well bid on back of weaker crude, with shorts flushed away."

***Unsold cargoes started clearing lending support to spreads.**
***East/West weaker with Arb open for some.**

Trader Notes and Views

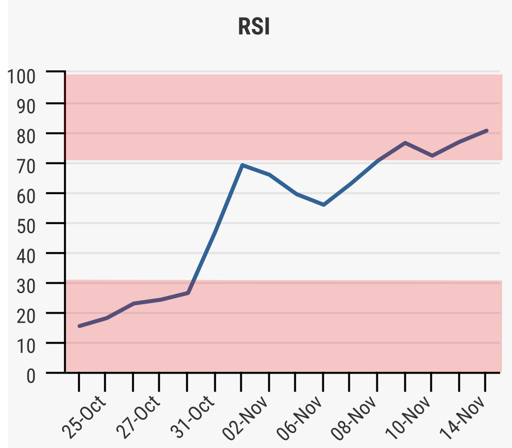
- **Cracks have been really well bid this week**, up $1.50/bbl w-o-w for the Dec contract, despite still being fundamentally poor in regards to cracking and blending. A weaker crude helped to support cracks, coinciding with buy tenders and end-users picking up weaker crude to act as hedging flows in Naphtha flat price. Crack shorts were flushed out, which in turn switched positioning from a little short to a little long across the structure and particularly in Dec. There was strong buying in cracks seen throughout the curve by trade houses and majors, with refiners and majors selling gasnaphs, pressuring price action down, with the prompt $20/mt lower and Q1 down $13/mt from $125/mt to $112/mt. In turn, this artificially pushed naphtha up, with cracks breaking above -$11/bbl handles to sit at -$10.30/bbl and -$10.70/bbl for Dec and Q1, respectively. Participants have adjusted to the higher pronap levels, with more people coming in to offer them this week, in turn pushing cracks higher with propane softening a touch, but still at very elevated levels. Quarterly cracks further deferred, Q2'24 into Q4'24 and Cal'24, have been pushed higher by C5 buying flows and deferred FEI/MOPJ selling flows.
- E/W has been weaker this week, as the Arb has opened for those who can send barrels to the East, despite heightened freight rates, hence, E/W boxes into Q4'24 were seen weakening.
- Unsold cargoes, which have been floating for the past month, have started clearing, and pushing up spreads. Open Spec Naphtha (OSN) jumped from -$2.00/mt to +$2.50/mt, now positive going into Q1 where people will likely look to be more bullish. Spreads, which have been poor for ages, were well bid, in particular Dec/Jan NWE and Jan/Mar MOPJ. Dec/Q1 spreads were pushed higher by profit-taking in Q1. Dec/Jan saw a major selling, but it will be interesting to see if this sets up a bullish Dec play in the near future. Dec/Feb MOPJ and NWE up to highs of $9.25/mt and $5.75/mt, respectively.
- **Overall, conditions are not quite bullish but there is far more optimism in the market.**

Price action and Positioning for Dec23 Tenors:

	30-day Min Price	30-day Max Price	Current Price	Book Positioning
Naphtha Crack ($/bbl)	-14.98	-10.55	-10.20	Neutral to Bearish. Very crude dependent.
MOPJ Crack ($/bbl)	-14.53	-9.70	-8.37	Neutral to Bearish. Be wary of bullish flows
EW Naphtha ($/mt)	3.25	20.25	16.25	Neutral to Bull. Arb is open for some
Gasnaph ($/mt)	79.40	128.32	108.20	Bearish. Serious hedging flows
Dec/Jan NWE Naphtha ($/mt)	-2.75	4.00	1.75	Cautiously Bearish
Dec/Jan MOPJ ($/mt)	0.00	5.50	4.00	Bullish

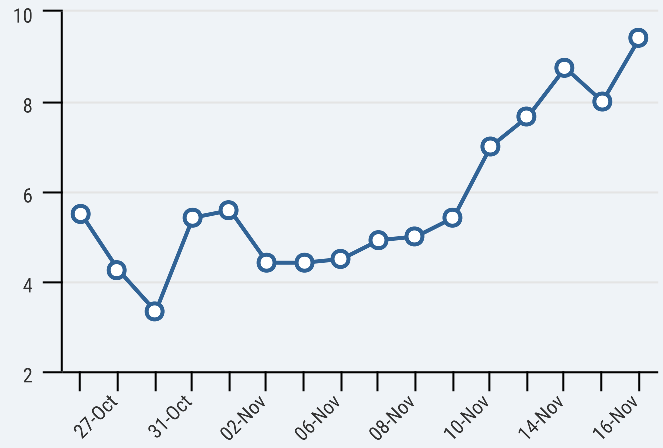
Trade Ideas

Short Q1 Crack (small size - catch correction)



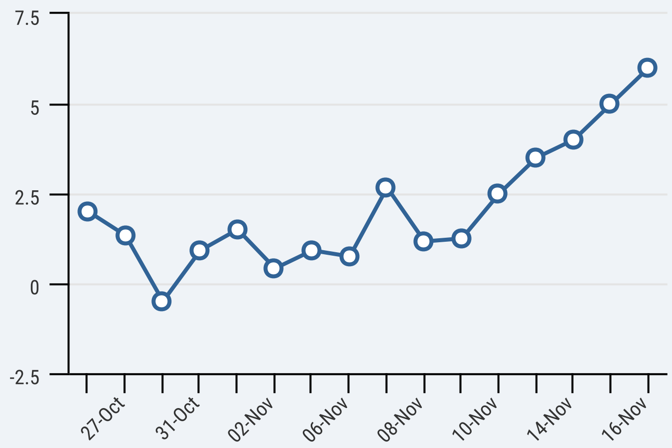
Long **Q1/Q3 NWE Naphtha** - Hold
Long **Jan/Q2** - Take Profit

Chart of the Week: Dec/Q1 MOPJ ($/mt)



- There was a real sentiment shift this week, due to unsold cargoes finally clearing and in turn more trade houses, majors and LPG physical players were seen buying these spreads.
- Pretty one way bullish sentiment in the front, with end-users buying at flat price.
- Flat price finally performing given crack buying on the back of weaker crude, pushing up front spreads.

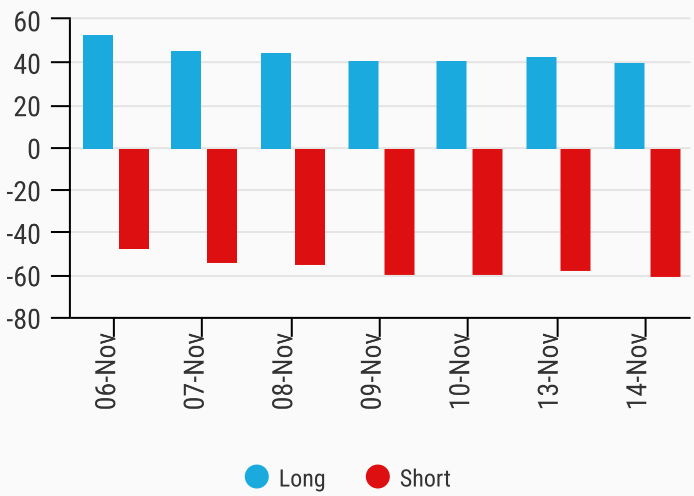
One to Watch: Dec/Q1 NWE ($/mt)



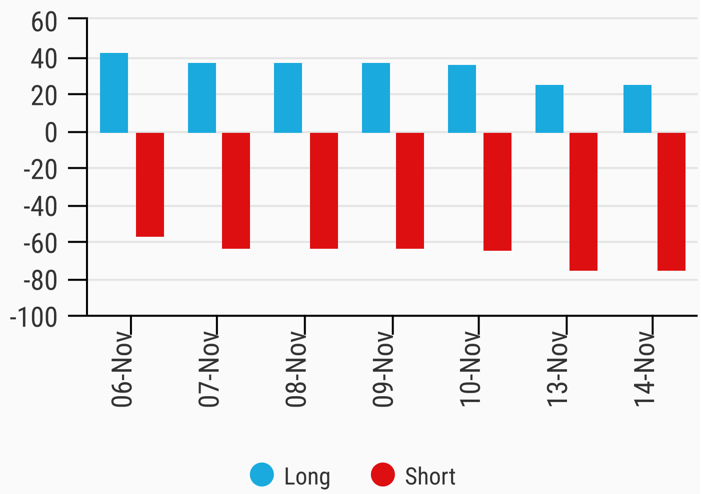
- Dec/Q1 spreads are real drivers of bullish momentum and helps to determine how long the buying momentum will last.
- The more it continues to increase, the greater the buying momentum in the market. However, in contrast, if it begins to decrease, expect a cool off in this bullish momentum.

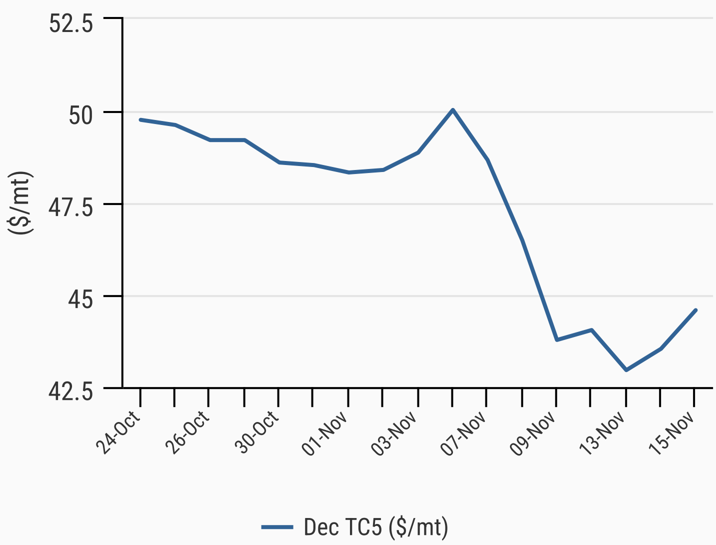
Prompt 7-day Buying and Selling Flows (Dec 23)

7-day Naphtha Crack Long:Short ratio



7-day Naphtha EW Long:Short ratio





Notable Flows

- Dec flat price buying in both regions.
- Scale back Q1 crack selling - still getting offers in these mixed price actions, profit taking still major and trade houses wanting to buy this.
- Dec E/W selling.
- Cal crack strong buying from trade houses out of US.
- Gasnaph aggressively selling in Dec.

Trader Meeting Notes NGLs - 16/11/2023

"Uncertainty amid weaker prices"

*****Decrease in FEI premiums this week due to lower demand***
*****Physical bidding by NOC strengthens C3/C4 CP***

Trader Notes and Views

- Weakness was seen in LPG this week. **LST** premiums increased on a crude parentage basis despite the supply disruptions caused by the Panama Canal restrictions and despite stats showing a 1.3Mbbls build in stock levels in the week to Nov 10. LST structure has been quite firm with Q1/Q2 LST trading at 0.625c/gal, and the Dec/Jan LST finding the most strength due to funds rolling their shorts into Dec thereby buying the spreads up to -0.25c/gal.

- The **Arb** found strength and retraced higher from recent lows despite freight being at similar levels to the beginning of the week with Dec LST/FEI trading at -$370/mt. The Arb could have retraced higher because of low levels, yet was subdued due to expectations of rain in Panama, as well as high offering in the physical window at a discount by physical importers.

- We saw a decrease in **FEI** premiums in the week, still due to poor local demand and low operating rates from Petrochemical producers who are reselling FEI in the market, adding to the bearish demand narrative. This caused Dec FEI to trade below $700/mt for the first time in 2 weeks and the E/W to break the $200/mt barrier, trading around $195/mt. Europe has outperformed FEI this week as the Arb remained on the downside since the Panama Canal news peaked. Importantly the European physical window saw stronger interest on the buyside with a major aggressively defending their position. The Dec/Jan Euro traded at -$1.50/mt while the Bal-Nov/Dec traded up to a premium.

- **CP** has been better supported than FEI on cheaper crude, despite NOC selling interest in the Dec CP. The Dec/Jan CP traded around $6/mt while the Dec FEI/CP traded below the $90/mt mark to $87/mt. Due to the Panama canal delays, the Asian market is looking to potentially turn to Saudi CP, diverting flows from Asia.

- While international **Butane** has found signs of strength with Dec C3/C4 CP finding some strength because of a physical bid by an NOC for the Dec C3 at flat and the C4 to +$20/mt which sent the Dec C3/C4 CP to trade up to -$12/mt handles. Butane was very strong in the US with Dec C4/C3 trading up to above 24c/gal.

Price action and Positioning for Dec Tenors:

	30-day Min Price	30-day Max Price	Current Price	Book Positioning
C3 LST (c/gal)	61.84	72.08	61.62	Bearish - Because of the inability of exporters to send product to the East, the Euro arb closed on top of weak local demand.
C3 FEI ($/mt)	637.17	731.80	686.30	Bullish - Because the Dec LST/FEI is currently $30/mt lower than when the delays were announced which is underpriced because any uptake in FEI will lead to a rally (especially bullish in Q1).
C3 CP ($/mt)	581.99	616.45	600.30	Bullish around the $600/mt levels.
LST/FEI ($/mt)	-386.74	-265.20	-365.00	Bearish - Because weak local demand in Europe and potential for a retrace of FEI.
FEI/CP ($/mt)	55.00	124.50	86.00	Neutral - Because heuristics dictate bearish price action but importers might come in and bid at these levels.
C3 East/West ($/mt)	95.50	240.00	195.5	Neutral

Trade Idea

Short Dec C4 ENT/C3 LST- This rally was unjustified by market fundamentals - was mostly prompted by strong gasoline blending demand

Entry: 25c/gal

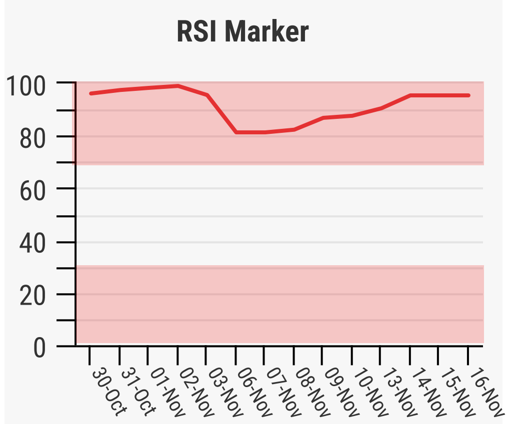
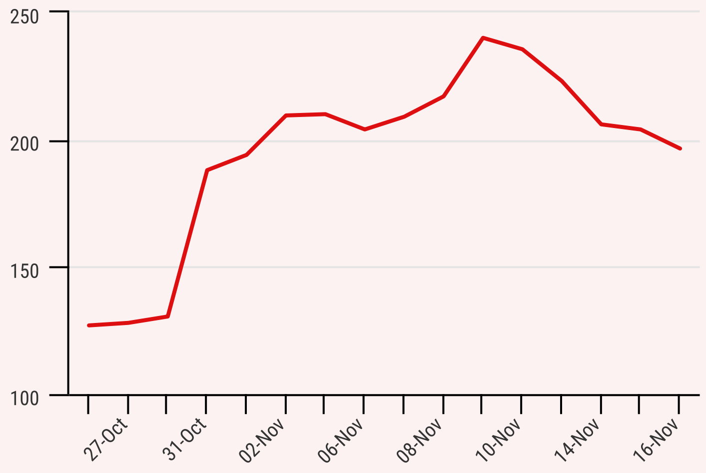
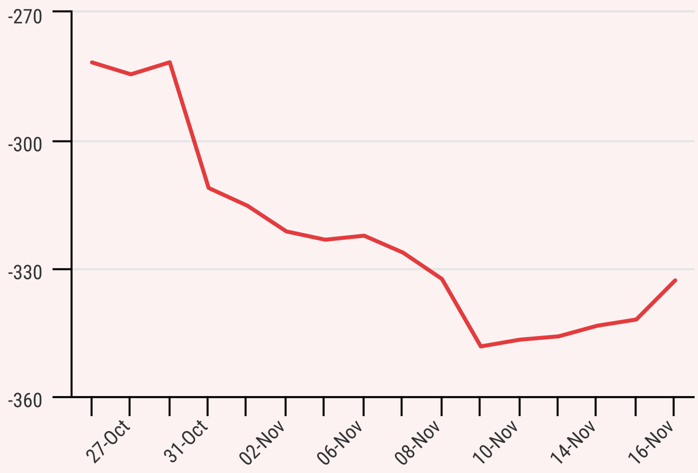


Chart of the week - Dec C3 E/W ($/mt)



- With last week's tightness in the East due to Panama Canal restrictions, and supply overhangs in Europe, the C3 E/W rallied to $235/mt on Nov 10, and corrected to $196/mt to Nov 15.
- This week saw a correction with European propane seeing aggressive bidding from a major.

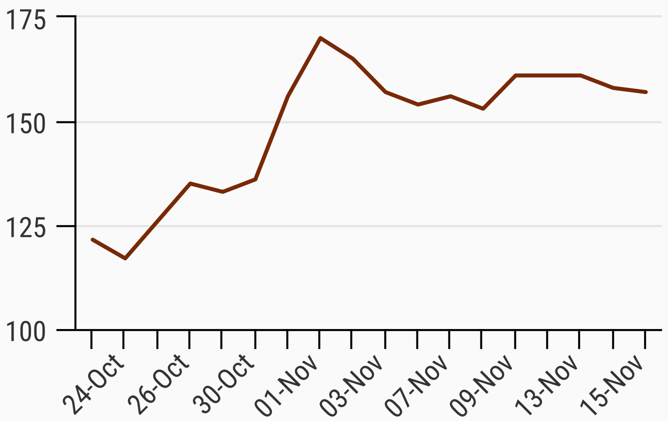
One to Watch - Q1 LST/FEI ($/mt)



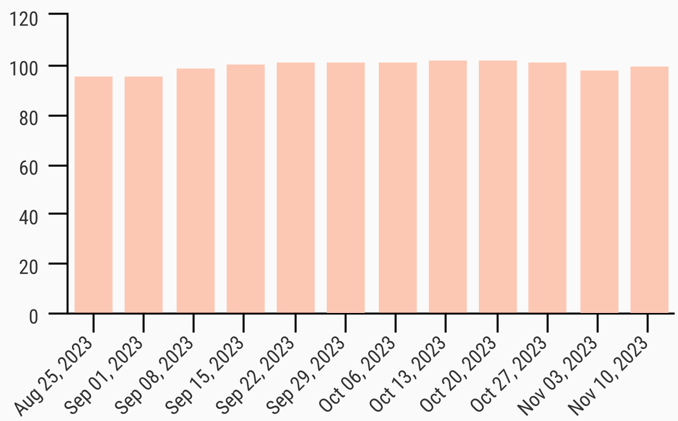
- The LST/FEI is $55/mt under the -$281/mt prices seen before the Panama Canal delays.
- As low Asian demand remedies in Q1, the Asian market is likely to draw its flow from the Middle East producers further reducing demand for FEI.

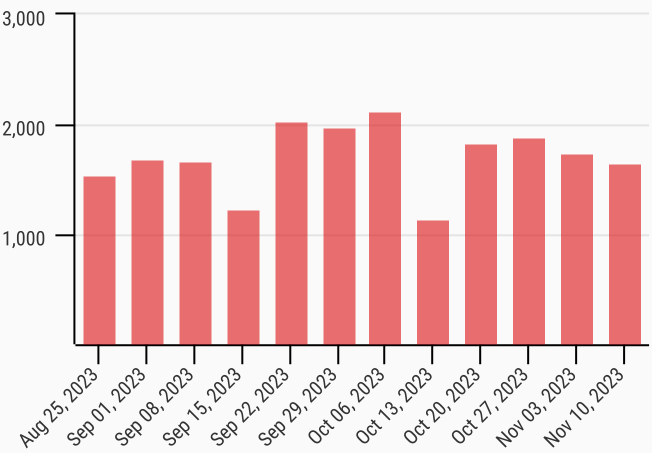
Stocks and Freight Rates

Dec'23 BLPG Freight Price Action ($/mt)



US Propane & Propylene Stocks (Mbbls)





US Propane and Propylene Exports (mbpd)

Notable Flows

- Dec/Jan LST buying from funds.
- Q1 pronap buying at -140/t levels.
- Propane stocks saw a 1.3mbbls build on the week to Nov 10.
- BLPG Freight prices stayed rangebound to around the $160/mt mark dropping slightly to $157/mt on Nov 15.