Overnight & Singapore Window

Flat Price

The Brent futures flat price for the prompt contract has seen a relatively weak morning. Price action initially found stability above the $83/bbl-mark, before coming off from $83.32/bbl at 08:00 GMT to $82.55/bbl at 09:50 GMT. A fire broke out at South Korean S-Oil's 580kbbls/d Onsan plant on Feb 23 at 14:44 local time, reportedly impacting the 250kbbls/d crude distillation unit. After closing in 2014, Iraq has reopened the 150kbbls/d North refinery in the Baiji complex. Moreover, the Federal Supreme Court of Iraq has ordered the Kurdistan Regional Government to hand over all oil and non-oil revenues to Baghdad. Nigerian economic growth surpassed expectations, with GDP growing by 3.46% in Q4 compared to median estimations of +2.4%. The front and 6-month Brent futures spreads are at $0.95/bbl and $3.83/bbl, respectively.

Crude

Better offered morning in Dated Brent despite thin liquidity, following on from a weaker physical yesterday. Mar DFL was offered down to lows of $0.99/bbl, where it found support from fund and trade buying, now trading a touch above $1/bbl handles with spreads higher. Mar/Apr Dtd was sold from $1.18/bbl to $1.07/bbl, whilst the DFL roll eventually found support at $0.43/bbl. There was trade selling interest in the prompt, whilst deferred rolls continued to be better supported by hedging flow with the 11-15/3 1w roll trading $0.21/bbl and 2-5/4 v Cal Apr bid well bid.

Fuel

In HSFO, 380 spreads were well offered, with Mar/May selling down from -$8.00/mt to -$9.00/mt and May/Jun trading down to flat on screen. 380 E/W collapsed in the window, with Mar gapping down from -$21.00/mt to -$23.00/mt. We saw 180 E/W buying interests post window, with Apr buying up to $7.75/mt which lent support on 380 E/W, rallying up to -$20.50/mt. 380 spreads turned to better bid post window, with Mar/May trading up to -$7.75/mt. 380 cracks were offered post window, with Apr trading at -$12.75/bbl. Barge cracks traded around -$11.00/bbl.

In VLSFO, Sing spreads were a touch softer in the early morning, with Mar/May trading at $16.75/mt. We saw Sing FP selling interests in the window, with Sing cracks selling down to $13.00/bbl in Mar. It rebounded immediately post window. Q3 Sing cracks bought at $9.70/bbl by trade houses which supported the front Sing cracks trading up to $13.35/bbl. Sing spreads were better bid down the curve, with Mar/May buying up to $17.25/mt and May/Jul trading at $16.50/mt. 0.5 E/W were supported, trading at $48.00/mt. Euro cracks traded at $5.75/bbl. The front Euro spreads were offered, with Mar/Apr selling down to $7.25/mt.

Distillates

ICE Prompt ICE gasoil spreads saw rangebound trading this morning, with the Mar/Jun spread trading between $59.00/mt and $55.75/mt ending the morning at $57.25/mt. Further down the curve we saw the Jun/Jul slightly stronger up to $7.75/mt. ICE gasoil cracks are stronger this morning, with the Mar crack up to $28.80/bbl and the Q2 crack up to $25.40/bbl. HOGOs remain unchanged this morning with the Mar HOGO at 5.70c/gal and the Q2 HOGO at 5.40c/gal. NWE jet diffs have rallied in the prompt this morning, with the Mar diff up to $56.00/mt and the Apr diff up to $61.00/mt. Q3 was also stronger, indicated around $63.50/mt.

Prompt Sing spreads were overall unchanged. The Mar/Apr spread went slightly better bid into the morning, seeing it trade up from $0.98/bbl to $1.05/bbl, before coming back off to end the morning trading at $0.99/bbl. Further down the curve we saw the Apr/May spread rangebound trading between $1.39/bbl and $1.41/bbl. In the deferred parts of the curve, we saw size buying on the Jun/Jul spread seeing it trade up from $0.80/bbl to $0.89/bbl. Mar E/W arbs went slightly better bid into the morning, seeing them trading up from -$39.75/mt to -$39.25/mt, seeing them rangebound into the window, before coming off slightly post-trading down to -$40.50/mt. Post window we also saw MM buying in the Apr arbs and Fund selling, seeing the arb trading up to -$26.50/mt. Further down the curve, we saw the Q2 slightly stronger at -$23.75/mt having traded up from -$24.00/mt. Prompt kero Spreads were rangebound this morning, trading at $0.50/bbl. Prompt regrades were better offered trading down from -$2.80/bbl to -$3.00/bbl, before we saw them getting lifted to -$2.85/bbl in the Mar diff. In the deferred parts, we saw the Q2 trading at -$2.08/bbl as part of a combo.

Gasoline

This morning in Gasoline, we saw flat price trade at the end of the morning window equivalent to $14/bbl on a crack basis in Mar 92. MOC was bid this morning, with the front E/W bid up to -$2.40/bbl levels from banks, before coming off to -$3.05/bbl. We saw some early buyside interest from refiners in Mar/Apr at $1/bbl and Apr/May at $1.45/bbl. The front crack had sell side interest at $14.25/bbl from banks. The Mar/Jun E/W box was bid at $4.75/bbl from trade. RBBRs were stronger this morning, trading up to $24.60/bbl handles, up from $23.60/bbl handles end-window. Arbs in Mar traded lower with strength in EBOB structure. Mar/Apr was bid up to -$30.50/mt and Jun/Sep bid at $50.75/mt. Banks had offers on Apr/Sep in the window. Deferred EBOB spreads saw bids with Sep/Dec trading up to $86.75/mt from phys players. Quarterly cracks in EBOB were bid this morning between $20.85/bbl and $21/bbl in Q2. Gasnaphs in Europe were bid up in Apr to $209.50/mt, before seeing offers from phys players at the $207.50/mt levels.

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Naphtha

A bid morning in Naphtha which saw flat price valued at $678.50/mt in Mar MOPJ, on a -$5.90/bbl crack equivalent with flat price and cracks seeing strong buying from a major, leading front NWE cracks to breach -$8/bbl handles. Front spreads were well bid in the morning by phys players, reaching $10.50/mt on Mar/Apr with Apr/May trading at $9/mt. E/W firmed with spreads bid, trading up to $18.25/mt in Mar but was met with strong selling as players stopped out of length resulting in the front implied around $17/mt post-window. Q3 E/W saw selling at $16.25/mt and Q3 MOPJ cracks saw major buying at -$7.45/bbl. NWE spreads continued their strength with Apr/May strongly bid by a trade at $9/mt with Mar/Apr trading up to $11.75/mt post-window. Deferred cracks continued to see bids with Q4 seeing bank buying at -$9/bbl with the front trading up to -$7.70/bbl post-window and refiner buying Q2/Q3 crack roll up to $0.50/bbl.

NGLs

Quiet morning on NGLs. DCE flows were mixed, with FP initially better bid in FEI. CP FP had good buying at $620/mt with FEI/CP left softer, $20/mt offered on Apr, and the Apr vs Mar FEI/CP cross arb trading -$24/mt. Into the window, the physical was offered, H2 Mar FEI offered at Mar FEI +$3.50/mt, which saw spreads come off, Mar/Apr trading down to $8.50/mt. Arbs were lifted, with -$162/mt trading in Apr.

Global Macro

Chinese home prices fall but at slower pace as support mounts, whilst the **Chinese** 30-year government bond reaches its highest ever level on continued concerns about the economy.

Mixed **US PMI** data, best manufacturing PMI since Sept 2022, weakest services PMI since Nov 2023. All while Leading Economic Indicators continue to fall. Typical mixed data at cycle turning point. Interestingly the most positive contributor to the LEI is equity prices.

UK manufacturing PMI (like Germany) continues to contract 47.1 (vs 47.5 expectation).

Data today:

Quiet data day today only German IFO business expectations at 9.00am.

To discuss any points mentioned in this report further please do not hesitate to contact us at:

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