

**Flat Price**

Having edged above the \$83/bbl handles in the day, the May Brent futures contract seems poised to end the afternoon lower, trading at \$82.10/bbl at 16.45 GMT. EIA stats released in the afternoon saw US crude inventories rise by over 4.2mbbls, surpassing analysts' expectations of a 2.74mbbl build though far below the API reported build of 8.4mbbls. Levels found further pressure from a stronger US dollar with US Fed officials cautioning against expecting interest rates to fall too quickly. The January U.S. personal consumption expenditures (PCE) price index is due on Thursday and will be a key inflationary indicator for the Fed and will filter into further decisions. Analysts forecast Saudi Aramco's median net income for Q4 to be estimated at \$26.7 billion. The May/Jun and May/Nov Brent futures spreads are currently sitting at \$0.67/bbl and \$3.64/bbl respectively.

**Crude**

Strong afternoon for Dated, with Mar DFL paid up to \$1.22/bbl by the end of the window, whilst Mar/Apr Dtd was similarly lifted at \$1.22/bbl. May rolls were well bid throughout the day, seeing 7-10/5 3w roll lifted at \$0.33/bbl. In the NS window, there were no bid/offer indications for cargoes, although the cash spread was well bid by trade and major, with the apr may brent spread rallying alongside. Apr rolls continued to perform, with 2-5/4 3w eventually sold at \$0.74/bbl with refiner buying, whilst backed Mar rolls were also strong, seeing 25-28/3 3w lifted at \$0.80/bbl. We continued to see size Apr/Nov Dtd selling, pressuring Apr DFL, and due to strong May roll buying, also May DFL. Both still firmed on the day as spreads firmed, with Apr DFL reaching highs of \$0.62/bbl, and May \$0.63/bbl. CFD activity was muted, with 11-1/3 CFD trading \$1.10/bbl, and 18-22/3 CFD \$0.83/bbl.

**Fuel Oil**

In HSFO, 380 e/w traded further up at noon, with Mar buying up to -\$16.00/mt. There were both Mar 380 fp buying and Apr 380 fp selling interests in decent size by a same major this afternoon. Chinese were buyers of Jan25 380 fp. Mar/Apr 380 traded at -\$5.75/mt and Apr/Jun traded at -\$2.75/mt. Barge cracks were strengthened, with mar trading from -\$12.20/bbl up to -\$12.10/bbl. Barge spreads were a touch firmer, with Mar/Apr trading at \$2.25/mt and Apr/May trading at -\$1.00/mt. Q3 barge cracks were better bid, buying at -\$10.90/bbl. Then we saw Mar 380 e/w selling interests by a tradehouse, gapping down to -\$17.00/mt in large size.

A quiet afternoon in VLSFO, Chinese were buyers of Sing fp in May and Jun. We saw sing cracks and fp selling on stronger crude which put the front sing cracks under pressure, with mar trading at \$14.80/bbl and Apr selling down to \$14.15/bbl. Sing spreads were a touch softer, with mar/apr trading between \$8.25/mt and \$8.50/mt and Apr/May trading at \$10.75/mt. 0.5 e/w and cross arb were better offered in the afternoon, with Mar trading at \$48.50/mt and Apr/Mar cross arb trading at \$40.00/mt. Euro cracks sold down to \$7.15/bbl due to moc hedging flows. Mar/Apr euro traded at \$8.50/mt in the window.

**Distillates**

Ice Gasoil spreads came off this afternoon, with the Apr/Jun spread trading down from \$29.75/mt around midday to \$25.75/mt post window. Further down the curve, the Jun/Jul spread weakened as well, trading down to \$6.75/mt. Ice Gasoil cracks were weaker as well, with the Mar crack much lower at \$26.3/bbl and the 2Q crack at \$23.8/bbl. Prompt HoGos saw a reversal into the afternoon, with the Mar HoGo weaker at 5.5c/gal and the 2Q unchanged around 6.1c/gal. NWE Jet diffs weakened in the prompt this afternoon, with the Mar diff down to \$46.00/mt. We saw the 2Q trading at \$60.00/mt, the 3Q at \$62.00/mt, and the 4Q at \$60.00/mt.

This afternoon in Distillates, we observed the prompt Sing Gasoil spreads softening slightly. The Mar/Apr spread experienced mostly rangebound trading into the afternoon, hovering around 0.69/bbl before going better offered and coming off to 0.55/bbl into the mid-afternoon. There was slightly better buying post-stats, pushing price up to 0.59/bbl before ending the day lower at 0.56/bbl. Further down the curve, the Apr/May spreads traded down from around 1.12/bbl at midday to 0.99/bbl post window. The Mar EW arbs were stronger this afternoon due to stronger ICE, trading up to -\$41.25/mt, ending the day indicated even higher at -\$40.75/mt. Further down the curve, there was buying interest in the 2Q and 3Q combo, with the 2Q trading up to -\$24.00/mt in the arb and -\$1.6 in the regrade diff, while the 3Q combo traded up to -\$24.75/mt and the 3Q regrade up to -\$1.00/mt.. Prompt Regrades were slightly weaker this afternoon before recovering into the window, with the Mar diff trading down to -\$1.90/bbl into the afternoon before recovering back up to -1.80/bbl and the Apr diff trading up from lows of -1.88/bbl to -\$1.75/bbl. Prompt Kero spreads came off slightly, with the Mar/Apr indicated lower at 0.55/bbl, and the Regrade rolls higher on the day in the prompt as well.

## Gasoline

This afternoon in Gasoline we saw cracks trade at the end of the afternoon window around \$17.40/bbl in Mar EBOB. With RBOB softening, arbs in Mar traded down to 18.40c/gal end Euro window, from 19.25c/gal in the morning. Arbs in Q2 were offered at 9c/gal levels, and at 3.80c/gal in Q4. Spreads went better bid in EBOB from real players, with Jun/Jul up to \$16.75/mt and Apr/May at \$11/mt. Mar/Apr traded down to -\$31/mt in the Euro window, bid from refiners. We saw offers on Q4 cracks at \$8/bbl and in Apr at \$21.75/bbl. Phys players had interest to sell Gasnaphs in Mar at \$163/mt and Apr at \$208/mt. We saw interest to sell deferred E/W again in the afternoon at -\$7.30/bbl, with Apr offered as well down to -\$8/bbl. Deferred 92 cracks had sellside interest in Q4 at \$7/bbl from tradehouses this afternoon, and the Apr/May 92 spread was offered down to \$1.40/bbl.

## Naphtha

This afternoon in Naphtha we saw NWE cracks continue their bullish momentum, trading up to highs of -6.40/bbl by end window with crude weakening and cracks seeing strong buying by trade. European structure strengthened alongside cracks with Mar/Apr seeing a major buying more than 2 dollars higher at 15.25/mt and Apr/May seeing buying at \$11.5/mt. Q2 cracks continued to see liquidity with strong buying at -8.05/bbl and Q2/Q3 spread reaching highs of \$22/mt. E/W saw weakness persist with the front trading as low as \$11.5/mt with a lack of buy-side interest and bank flow on the sellside. Deferred E/W seeing buying at lower levels with Q3 trading at \$15/mt and Q4 at \$14/mt. Chinese players were on the offer side of MOPJ spreads, leaving Mar/Apr trading at \$11.5/mt.

## NGLs

A listless afternoon on NGLs; initially with crude flat price well bid, American LPG flat price weakened on a crude percentage basis. Pronaps, however, were well bid which helped to keep firm international propane structure; FEI Mar/Apr traded up to \$9/mt up from \$8/mt this morning. EW strengthened off the back of this trading to \$73/mt in the prompt into the European window. LST spreads stayed firm through stats with a 3.4 million draw helping structure stay bid at the 2.875c/gal level in April/May and 3c/gal in March/April. ENT C3 was comparatively better offered helping the ENT/LST spread trade consistently at 0.25c/gal in the prompt. Arbs retraced back upwards throughout the afternoon with March LST/FEI trading up to -\$154/mt and April up to \$159.5. With physical players bidding at the end of the window, NWE firmed and \$18/mt traded in March/Q3.