

Flat Price

The Brent futures flat price for the prompt contract has seen a volatile morning. Price action initially strengthened from \$83.26/bbl handles at 07:45 GMT to reach highs of \$83.83/bbl at 09:25 GMT, however since then, price action has collapsed, falling to \$83.09/bbl at 10:05 GMT. In the headlines today, Iran has confiscated the American cargo of an oil tanker seized in April 2023. The \$50m oil shipment was taken by Iranian authorities in response to US sanctions, reportedly hindering the import of specialised medical supplies into Iran. In other news, operations at TC Energy's Keystone pipeline experienced partial suspension earlier today. This has led to limitations on a vital pathway for transporting Canadian crude to both the U.S. Midwest and Gulf Coast. The front and 6-month Brent futures spreads are at \$0.69/bbl and \$3.87/bbl, respectively.

Crude

Another softer morning in Dated, with little activity. We continued to see Apr DFL better offered down to \$0.61/bbl as spreads slipped lower, whilst May opened with some buying interest, trading \$0.71/bbl although also succumbed to weaker spreads to last trade \$0.65/bbl. Selling interest of the prompt continued, with 8-13/3 v cal Apr sold at \$1.57/bbl, refiner buying and MM selling. Apr rolls saw some buying interest, but happily sold into with 2-8/4 v Cal Apr trading \$0.32/bbl and offered over.

Fuel

In HSFO, we saw large size Bal-Mar/Apr 180 MOC selling interests, with Bal-Mar/Apr 180 trading down from -\$0.25/mt down to -\$3.00/mt in the window. 380 E/W were well bid this morning, with Apr trading from \$2.00/mt up to \$5.25/mt. We continued to see scaled back deferred 380 E/W selling, with Q2 trading at \$3.25/mt and Q3 trading at -\$0.25/mt. 380 spreads were stable, with Apr/Jun trading at \$4.00/mt.

Barge spreads came under pressure, with Apr/May selling down from -\$0.75/mt to -\$1.50/mt and May/Jun trading down to \$1.75/mt. Q3 barge cracks were offered by phys, trading at -\$10.25/bbl. The prompt barge cracks sold down from -\$10.95/bbl to -\$11.25/bbl.

A slow start in VLSFO, we continued to see Sing Hi5 selling interests by refiners, pushing down the front Sing cracks trading down from \$13.85/bbl to \$13.60/bbl. Apr Sing FP were offered at the end of the window in large size by trade houses, putting further pressure on the Sing cracks, down to \$13.50/bbl. We saw Q4 Sing cracks buying post window, trading at \$9.25/bbl which put pressure on Jun/Sep Sing spreads, with Jun/Jul trading at \$9.00/mt and Aug/Sep trading at \$8.75/mt. Apr/Jun Sing were a touch firmer, trading at \$15.75/mt. Q3 Euro cracks sold at \$4.25/bbl which implied the front Euro cracks around \$4.25/bbl.

Distillates

ICE gasoil spreads and cracks came off into the morning after a strong close. The Apr/May spread is at \$20.50/mt, off the morning's highs of \$21.00/mt, while the May/Jun is similarly off the highs at \$13.00/mt. The Apr crack weakened into the morning, currently at \$26.40/bbl post-window, while the Q4 crack is at \$24.05/bbl. The European jet diffs saw the prompt stable at \$46.50/mt in Apr, while it saw some Q2 interest at \$57.00/mt into the morning. There was buying interest seen further down the curve, with Q3 and Q4 bid at \$62.00/mt and \$61.00/mt respectively. HOGOs opened strong, with the front moving up in to the morning with Apr at 4.85c/gal and the Q4 swap also stronger at 10.75c/gal post-window.

Sing gasoil spreads rallied into the morning, with the Apr/May spread in particular seeing strong buying into the mid-morning, rallying from \$0.80/bbl to \$0.93/bbl, while the May/Jun strengthened to \$1.01/bbl, with the E/W roll lifted from -\$1.75/mt to -\$1.50/mt.

The Apr E/W was hit down to -\$35.25/mt before it rallied post-window on ICE spread weakness and strong E/W buying interest to -\$32.75/mt, while the back end also moved higher. The Q3 E/W rallied to -\$23.50/mt from -\$23.75/mt, and the Q1'25 E/W traded at -\$20.00/mt. Regrade saw the Apr get hit down to -\$2.20/bbl, before strengthening back into the post-window period and trade up to -\$1.90/bbl, back at -\$2.00/bbl mid-morning. Quarterly interest was seen in Q2'24 and Q3'24, as they traded at -\$1.78/bbl and -\$1.10/bbl respectively. Some Cal'25 interest was seen into the morning, as it traded at -\$0.25/bbl. Kero spreads also saw strength, with Apr/May trading up to \$0.72/bbl from \$0.65/bbl while the May/Jun was lifted at \$0.65/bbl on screen.

Gasoline

A thin morning in Gasoline, where we saw flat price trade at the end of the morning window equivalent to \$13/bbl on a crack basis in Apr 92. MOC was better bid in 92 this morning in Apr and May. Spreads in 92 saw interest from the buy-side with Apr/May/Jun fly bid at -\$0.45/bbl, but May/Jun was offered post-window at \$0.42/bbl. E/W was offered in Q2 at -\$7.90/bbl and in Apr bid -\$7.95/bbl post-window. We saw interest to sell deferred 92 cracks, with Q3 offered at \$9.75/bbl in the morning, but seeing bids at \$9.50/bbl post-window. Buying interest in arbs came in between 9.65c/gal and 9.50c/gal, with some bids in Q2 and selling in Q4 arbs coming in. EBOB went better bid this morning, with May/Sep trading up from \$64/mt to \$64.50/mt and Apr/May at \$8.50/mt. Deferred EBOB cracks saw little interest this morning.

Naphtha

A quiet morning in Naphtha where we saw flat price valued at \$691/mt in Apr MOPJ, on a -\$5.25/bbl crack equivalent with crude a touch higher and the pattern of Asian buying in the morning continuing. Front spreads remained supported from the close with the front fly trading at \$1.75/mt and May/Jun seeing buying at \$11/mt.

Deferred MOPJ spreads were well bid by trade with Q3/Q4 trading at \$14.50/mt. E/W again saw buying end window in Apr, trading at \$18.50/mt with the front box seeing buying at \$1/mt. NWE cracks were softer on the open, trading at -\$7.30/bbl in Apr but seeing better buying post-window, trading up to -\$7.05/bbl. Front NWE spreads moving up alongside cracks, Apr/May and May/Jun trading 50c higher at \$12.50/mt and \$10/mt respectively.

NGLs

A quiet morning on NGLs; CP continued to outperform FEI and FEI/CP was offered down to \$12/mt in April at the start of the morning. CP structure strengthened from the prompt as April/May spread traded from \$30/mt to \$31/mt and April/Jun firmed up a touch to \$51/mt. Deferred FEI/CP also softened a touch as Q3 traded at \$41/mt. FEI flat price was offered as a result along with the FEI/MOPJ pronap which traded at -\$69.50/mt in the June-July strip. Nevertheless, FEI structure stayed firm for the most part as \$8/mt consistently traded in the prompt April/May spread with trade houses on the bid side.

Global Macro

Key data today. U.S. payrolls at 1.30pm. Market expects +200k new jobs created, expects 3.7% unemployment rate and participation rate of 62.5% (last months payrolls +353k).

Could be a non event if data meets expectations, but a miss, especially is unemployment spikes will have a large impact on the bond market and therefore the dollar.