Overnight & Singapore Window

ONYX ADVISORY

Flat Price

The Brent futures flat price for the prompt contract has seen a relatively strong morning. Price action initially found stability in the mid $81/bbl-handles in the early hours, before finding some support and climbing to $82.42/bbl at 09:45 GMT. Looking at the CFTC data for the week to Mar 05, in Brent futures we saw a continuation of a more bearish sentiment. Bullish speculators removed over 19mbbls (-6%) of length, whilst their bearish counterparts increased their short positioning by 3mbbls (+4%). WTI speculators adopted a more risk off approach, with bulls and bears removing 7mbbls (-3%) of length and 15mbbls (30%) of shorts. Saudi Aramco has announced its second highest annual net earnings of $121.3bn in 2023, yet down 25% from 2022's record. Aramco also plans to fulfil its contractual crude oil volumes to most Asian buyers in April, but will look to reduce heavier oil supply to Chinese and Indian players as a consequence of oilfield maintenance. The front and 6-month Brent futures spreads are at $0.54/bbl and $3.54/bbl, respectively.

Crude

Another slow start for Dated, again seeing better selling with spreads a touch softer. In the prompt, we saw refiner selling interest out of Bal-week, with 11/3 v 18/3 trading $0.22/bbl whilst Balmo DFL was offered down to $0.50/bbl with a lack of real buy-side interest. Apr DFL saw better selling, slipping a few cents from $0.43/bbl to $0.38/bbl, whilst Apr/May Dtd traded around $0.45/bbl

Fuel

In HSFO, Chinese were buyers of May 380 cracks, buying up to -$10.20/bbl in the early morning. 380 spreads were better bid before the window, with Apr/May buying up to $0.50/mt and May/Jun trading at $2.50/mt. We saw buying interests of Bal Mar/Apr 380 in the window, trading up to -$2.50/mt. The front 380 E/W were supported before the window, with Apr trading from $6.50/mt up to $7.50/mt. 380 E/W sold down quickly post window, Apr gapping down to $5.50/mt. 380 spreads turned to be offered post window, Apr/May selling down to -$0.25/mt.

Barge cracks opened lower, at -$12.20/bbl in Apr, then traded up to -$12.00/bbl gradually. Apr/May/Jun barge fly traded at -$4.75/mt.

A weak start in VLSFO, the front Sing cracks came under pressure due to Sing FP selling by Chinese in the early morning, with Apr trading down to $13.50/bbl. Sing spreads were a touch softer, with Apr/May trading at $7.00/mt and May/Jun trading at $8.50/mt. Sing 0.5 MOC were well offered, Apr Sing cracks sold further down to $13.30/bbl at the end of the window. It rebounded immediately post window, trading up to $13.50/bbl. Euro spreads were bid in the front, with Apr/May and May/Jun buying at $7.50/mt and $7.25/mt respectively. We saw Q3 Euro cracks buying, trading at $4.00/bbl.

Distillates

ICE gasoil spreads and cracks came off into the morning window. The Apr/May spread saw lows of $16.75/mt before rallying back into the post-window period, currently at $16.75/mt after coming off into the late morning, while the May/Jun spread is similarly lower than the open at $10.25/mt. The Apr crack is at $24.95/bbl with the Q4 crack at $23.20/bbl, also weaker into the morning and seeing similar price action to the ICE Gasoil spreads. The European jet diffs saw a quiet start to the morning with May flat price trading at $842.50/mt, while the Apr diff is indicated at $45.00/mt, with the Q3 at $61.50/mt and the Q4 indicated at $60.50/mt. HOGO remained rangebound into the window but trended upwards into the mid-morning period. The Apr swap is at 4.70c/gal, while the Q4 swap is at 10.30c/gal.

The Sing gasoil spreads traded down this morning, as Apr/May got hit from $0.66/bbl to $0.60/bbl, before recovering post-window to $0.62/bbl. The May/Jun E/W box traded up from -$1.50/mt to -$1.00/mt, while the outright spread traded at $0.83/bbl, currently indicated a touch weaker at $0.81/bbl post-window.

The prompt E/W strengthened from -$32.75/mt before rallying to -$31.25/mt after the window, with the May stronger from -$23.25/mt to -$22.50/mt and the Jun also similarly up to -$21.50/mt from -$21.75/mt. Regrade saw the Apr trade up to -$1.80/bbl after initially seeing mainly offer-side interest, with Q2 buying interest also seen at -$1.70/bbl. The Apr/May kero spread rallied from lows of $0.55/bbl to $0.60/bbl, with the May/Jun spread getting hit down at $0.75/bbl. There was some back end kero spread interest also seen this morning, with the Oct/Nov and Nov/Dec trading at $0.60/bbl.

Gasoline

This morning in Gasoline, we saw flat price trade at the end of the morning window equivalent to $12.90/bbl on a crack basis in Apr 92. MOC saw better bids towards the end of the window in May, from refiners. Spreads in 92 saw thin interest this morning, aside from Apr/May which was bid between $0.85/bbl and $0.87/bbl, and Apr/Jun which traded at $2.25/bbl. E/W saw selling interest come in again from funds at -$7.20/bbl. Deferred crack saw real buyside interest in Sep 92, at the $8.50/bbl level. May RBBRs remained rangebound between $24/bbl and $24.30/bbl handles, and arbs saw buyside interest, at 9.25c/gal in April and 9c/gal in Q2. Q4 arbs came in offered this morning at 4c/gal. The Apr/Sep EBOB spread was bid up this morning from $72.50/mt up to $73.50/mt. Q2 EBOB cracks were bid from phys at $20.35/bbl. Gasnaphs in Europe were better bid this morning, seeing buying at $183/mt from refiners in April.

Naphtha

This morning in Naphtha we saw flat price valued at $690/mt in Apr MOPJ, on a -$4.10/bbl crack equivalent with Asian buying seen in the morning. Flat price saw petchem buying on lower crude with Apr trading from $684/mt up to $690/mt end window.

To discuss any points mentioned in this report further please do not hesitate to contact us at:
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Front spreads saw bids with major on the buyside, lifting $14.25/mt on Apr/May as well as lifting $2/mt on the Apr/Jun E/W box. E/W saw bids with Apr trading up to $18.50/mt but dipping below $18/mt handles post-window with crude trending up physical players were on the buyside of NWE cracks with the front supported at -$6.35/bbl. Q2/Q3 crack roll continuing its strength trading at $1/bbl with Q2 cracks seeing trade selling at -$7.15/bbl.

NGLs

A quiet morning on NGLs; initially FEI/CP was offered by market makers but when May FEI/CP traded at $8/mt, it seemed to have found its bottom level and it subsequently strengthened over the morning in the prompt; May firmed a touch to $9/mt, April traded from -$16/mt to -$14/mt and June traded at $27/mt. Spreads were quiet over the morning, Apr/May CP traded at $32/mt while April/May FEI traded at $8/mt. A physical bidding the window helped FEI flat price to go slightly better bid and so while arbs were quiet throughout the morning, there was a flurry of activity post window as they softened; April LST/CP traded -$198/mt, April ENT/NWE traded -$105/mt, and the cross arb April Vs May LST/FEI traded at -$175/mt.

Global Macro

Mixed payroll data, most notably the unemployment rate rose from 3.7% to 3.9% (still incredibly low) saw both bond yields fall, and equities fall. Nasdaq closed down 1.5%, but perhaps more interestingly last week saw the largest ever outflow from tech.

U.S. CPI data on Tuesday is the week’s main data point.
OIS is now pricing nearly 4 Fed cuts this year (96bp, first cut in June) as bond yields fall. ECB| 102bp this year and BOE 69bp.