15 Mar 2024

Overnight & Singapore Window

Flat Price

Brent crude flat price inched lower into Friday, pairing back from four-month highs, as some players look to take profit on their length, while a stronger dollar added some slight pressure. Currently sitting in the $84/bbl handles, prices are still on track to gain more than 4% this week with demand hopes buoyed by OPEC and IEA forecasts in separate reports. A series of fresh attacks by Ukraine on Russian refineries also bolstered prices this week, especially given the energy ministry said these attacks had led to a 1.5% decline in fuel exports in February. Russia is heading to the polls on Friday with the return of Vladimir Putin expected by a landslide with his approval rating at 86% according to the Levada Centre. The one-month and six-month Brent futures spreads are at $$0.58/bbl and $4.10/bbl respectively.

Crude

A weaker and quieter morning in Dated, seeing Apr DFL offered down from $0.61/bbl to $0.50/bbl with softer spreads. The front of the curve remained well offered, as 18-22/3 3w roll traded $-0.08/bbl with Balmo DFL sold to flat despite some bank buyside interest. We continued to see some buyside interest in May rolls, seeing May DFL better supported as spreads weakened, only selling off 3c to $0.68/bbl. Apr/May Dtd in turn sold off to $0.52/bbl, 11c lower than yesterdays close.

A somewhat lackluster morning in Dubai with BD hovering around levels seen yesterday. Apr BD started to move lower, trading down to -$0.10/bbl. We saw selling of the Apr/May and May/Jun box, trading down to -$0.30/bbl and -$0.18/bbl respectively with producer on the sell side of the Apr/May. There was Bank selling of Cal25 BD, trading at $0.78/bbl. Q4 BD traded at $0.74/bbl with refiner buying. The refiner selling of the Jun for Apr cross month EFS continued today, trading down from -$0.01/bbl to -$0.06/bbl. We saw CalMar/Apr Dubai refiner buying interest, trading at -$0.65/bbl.

Fuel

In HSFO, 380 spreads were better offered by Chinese in the early morning, with Apr/Jun selling down to $4/mt. Apr 380 cracks sold down to -$10.30/bbl. Apr Visco were better bid before the window, trading at $19.75/mt. We saw 180 MOC selling in large size, putting pressure on Apr Visco, trading down to $19/mt. 380 E/W also came under pressure, with Apr selling down to $5.75/mt at the end of the window before selling further down to $5.25/mt. Q3 380 cracks sold down from -$10.10/bbl to -$10.25/bbl which put further pressure on 380 spreads, with Apr/Jun trading down to $3.75/mt. Barge cracks traded around -$11.30/bbl in Apr.

In VLSFO, Sing spreads were well offered in the front, with Apr/May selling down from $5.50/mt to $4.50/mt and May/Jun selling down to $6.75/mt. We continued to see aggressive Sing FP selling in the window, pushing down the front Sing cracks down from $13.75/bbl to $13.45/bbl. Then Sing cracks collapsed due to aggressive Sing spreads selling, trading further down to $13.00/bbl. Euro cracks sold down to $6.45/bbl in Apr. 0.5 E/W came under pressure, dropping down to $42.50/mt. Euro spreads were weakened, with Apr/May trading down to $7.25/mt and May/Jun trading at $7.25/mt as well. 0.5 cracks rebounded when spreads selling interests gone, with Apr trading up to $13.40/bbl. Apr/May and May/Jun Sing traded up to $5.25/mt and $7.00/mt respectively.

Distillates

ICE Gasoil spreads remained weak following a weak close last night. The Apr/May spread is at $13.50/mt, while the May/Jun is at $11/mt, remaining rangebound at these levels into the morning. The ICE gasoil cracks similarly remained rangebound having come off into the close last night, with the Apr crack at $25.70/bbl and the Q4 crack at $24.50/bbl post-window. The European jet diffs again saw a quiet start to the morning, with the prompt indicated at $44/mt, while the Apr/May diff roll is at -$14.50/mt, with some back-end bid side interest with Q3 at $62/mt.

HOGOs rallied this morning through the curve with the ICE spreads remaining rangebound, with the prompt Apr swap higher at 5c/gal and the Q4 also stronger at 11.30c/gal.

Sing Gasoil spreads ticked upwards in the prompt, with the Apr/May spread trading up from $0.59/bbl to $0.64/bbl, while the May/Jun spread rallied from $0.65/bbl to $0.70/bbl while the E/W roll remains bid at -$2.75/mt. Early in the morning, the Jun/Jul spreads were also lifted at $0.65/bbl and $0.66/bbl, but the main interest remained in the E/W this morning. The Apr E/W was hit down to -$41/mt before rallying up to -$36.75/mt, with the May also similarly rallying up to -$31/mt this morning. There was size interest in back end E/Ws, with Q3 trading at -$29.50/mt after trading at -$30.25/mt earlier in the morning. Regrade was sold down at the front with Apr coming off to -$1.70/bbl before seeing large volume buying interest at that level, strengthening from those levels to -$1.68/bbl post-window. Q3 regrade traded at -$1.20/bbl, while buying interest in the May/Jun regrade roll was seen at -$0.15/bbl. The Jun/Dec Kero spreads traded at $3/bbl, also seeing a return of buy-side interest.

Gasoline

A strong morning in Gasoline, we saw FP trade at the end of the morning window equivalent to $13.10/bbl on a crack basis in Apr 92. MOC was well bid in Apr, and more offered in May. 92 was well bid this morning. Spreads in the front saw bids from phys from $0.65/bbl to $0.90/bbl post-window, and May/Jun bid up from $1.35/bbl to $1.50/bbl. E/W was bid from -$10.40/bbl to -$10.05/bbl in Apr. We saw refiners selling cracks end-window at $13.15/bbl in Apr, and Q3 cracks bid this morning at $10.40/bbl. 92/MOPJ saw better selling in Q3 at $18.20/bbl from ref and in Apr at $19.50/bbl. RBBRs remained strong this morning, up to $28/bbl handles in May. Arbs were bid in Apr from phys between 11.50c/gal and 11.70c/gal. Deferred arbs saw better selling post-window, with the May/Jun arb strip offered at 10.45c/gal.

We saw bids on the front EBOB spread, with Apr/May up to $9.50/mt. Crack rolls saw interest this morning from Majors, offered at $4.25/bbl in the Q2/Q3 and $9.60/bbl in the Q3/Q4. Gasnaphs in Europe saw selling at the $210/mt level in Apr from real players.

Naphtha

This morning in Naphtha we saw FP valued at $706.5/mt in Apr24 MOPJ, on a -$4.95/bbl crack equivalent as MOPJ FP saw better selling on higher crude, leaving the front NWE crack unchanged at -$6.70/bbl end window. Deferred cracks saw bank flow buying with Q4 trading at -$8.40/bbl on legs with the Q4/Cal25 trading in size at $0.60/bbl. MOPJ spreads remained supported despite FP offers with major and petchem on the buyside, Apr/May well bid at $13/mt and May/Jun at $12/mt. Front E/W continued weakness this morning with the front trading down from $15.75/mt down to $14.75/mt post-window. Deferred seeing buying at lower levels, Q3 at $14.25/mt and Q4 at $12.50/mt.

NGLs

A softer morning for internationals on NGLs; after a week of FEI structure strength building, spreads stopped rallying and retraced a touch. May/Jun traded from $5.50/mt to $5/mt while April/May was rangebound between $10/mt and $9.5/mt over the morning. CP spreads were also offered especially into Q3 with a major on the sell side; Jul/Aug traded at $2/mt and as a result FEI/CP weakened further down the curve with $47/mt trading in H2. Arbs strengthened this morning, -$198/mt traded in April LST/FEI with a -$197/mt bid following straight away; in Q3 -$190/mt traded and freight weakened in line with this as $71/mt got hit in April BLPG 1. E/W softened a touch with FEI as $92/mt traded in May.

Global Macro

A strong dollar day with U.S. yields higher. PPI came in above expectations at 1.6% YoY (vs 1.2% expected), not alarming levels but confirming inflation in the U.S. is sticky. Retail sales on the other hand were weak, the headline was higher 0.8% YoY, but after adjusting for higher prices the volumes were much lower, -2.3% YoY.

China house prices continue to fall. There are about 70 million vacant apartments and houses in China. Annual sales rate is below 10 million. If the government really want 5% growth and 3% inflation, they need to introduce more stimulus and/or let the currency weaken.