

Flat Price

The May Brent futures contract opened around low \$87/bbl levels this morning, and has corrected slightly lower since, settling around \$86.72/bbl at the time of writing (10:10 GMT). API data released yesterday evening indicates a draw of 1.5 mbbls in US crude inventories, as opposed to an expected increase of around 77 kbbls, ahead of EIA statistics today. In macro news, the yen has fallen to a four-month low on Tuesday after the Bank of Japan's decision to end its negative interest rate policy, while the dollar strengthened ahead of the Federal Reserve's latest outlook for rates. UK inflation data for February has emerged lower than expected at 3.4%, representing the lowest rate since September 2021 and raising expectations that the BoE may start cutting interest rates in the next few months. The front and 6-month Brent spreads are currently at \$0.70/bbl and \$4.26/bbl respectively.

Crude

A very slow start to the Dated market, where Apr DFL found better support on weaker spreads, only slipping down to \$0.56/bbl, with buying interest in both the DFL and Apr/May Dtd which also trading \$0.56/bbl. We saw the 2-5/4 1w roll trade flat, whilst May DFI trades a touch lower at \$0.73/bbl. We saw a touch of buying interest out of the prompt, with a small clip of balmo lifted at \$0.07/bbl, whilst a buyer looked out of 25-28/3, seeing 20-28/3 v 2-8/4 trade \$-0.02/bbl. Little else to report.

Rangebound morning in Dubai with Apr BD opening lower at -\$0.20/bbl before trading back up to -\$0.11/bbl with no real interest OTC. The interest was more skewed towards the backend with buyers of spreads in May/Aug, Aug/Sep, Sep/Oct and Jan/Apr with \$2.59/bbl and \$1.29/bbl trading in the May/Aug and Jan/Apr respectively. The Apr/May and May/Jun boxes traded up to -\$0.23/bbl and -\$0.16/bbl with Tradehouse buying from Major in the May/Jun. The Jun for Apr EFS remained offered this morning as well, trading at -\$0.09/bbl.

Fuel

In HSFO, 380 spreads were better bid before the window, with Apr/May trading from -\$1.75/mt to -\$1.50/mt and May/Jun buying up from \$1.75/mt up to \$2.25/mt. 380 E/W were supported with outright buying interests, with Apr buying from \$1.25/mt to \$1.75/mt in the window. Barge cracks were range bounded between -\$11.20/bbl and -\$11.10/bbl. 380 E/W gapped further up to \$2.75/mt post window. Barge spreads were stable, with Apr/May and May/Jun trading at-\$3.75/mt and \$1.50/mt respectively. 380 E/W box were supported, with May/Jun implying at \$0.75/mt. Viscos sold down to \$15.75/mt in Apr.

In VLSFO, we saw aggressive sing FP selling in the window in large size which put pressure on the front Sing cracks, with Apr trading down from \$12.95/bbl to \$12.50/bbl. Sing spreads were weakened, with Apr/May trading at \$4.25/mt and Jun/Sep trading at \$23.75/mt. Euro cracks came down in line with Sing, Apr trading down to \$5.85/bbl and may selling down to \$5.65/bbl. Euro spreads were better offered as well, with Apr/May trading down to \$6.25/mt and May/Jun trading down to \$6.50/mt. Apr 0.5 E/W implied at \$42.00/mt. Sing spreads kept selling down post window, with Apr/May and May/Jun trading further down to \$4.00/mt and \$6.25/mt respectively.

Distillates

ICE Gasoil spreads opened weak before continuing to come off into the window. The Apr/May spread sold off to \$11.50/mt before recovering to \$12.00/mt, while the May/Jun was more rangebound, remaining suppressed near the lows at \$11.25/mt post-window. The ICE gasoil cracks trended downwards this morning, near the lows post-window. The Apr swap is at \$25.75/mt and the Q4 swap is at \$24.80/mt, continuing to weaken into the mid-morning. The European jet diffs opened better offered, with Apr indicated down to \$38.00/mt while the May diff traded at \$54.75/mt. There was also interest further down seen, with Jul-Q3 roll trading at \$0.50/mt early on.

The HOGOs were downward trending, with lower volatility at the front of the curve. The Apr swap is at 3.9c/gal and the Q4 is at 10.2c/gal, weaker in the back end of the curve post-window.

Sing gasoil spreads continued their sell off at the front of the curve into this morning. The Apr/May spread sold off from highs of \$0.41/bbl to \$0.15/bbl, while the May/Jun similarly weakened from \$0.60/bbl to \$0.57/bbl, with spreads down the curve also weaker. The E/W curve got hit down this morning on screen, with Apr coming off from -\$43.00/mt to -\$45.50/mt before recovering post-window to -\$44.50/mt. Similarly, the May E/W saw selling pressure from -\$32.75/mt to -\$34.50/mt, with the back end seeing the Q2 trade down from -\$29.50/mt to -\$30.50/mt this morning. Regrade was rangebound in Apr trading between -\$1.95/bbl and -\$1.90/bbl in the morning before getting lifted up to highs of -\$1.75/bbl post-window. May was also similarly strong, seeing buy-side interest into the morning. The Kero spreads saw selling pressure on the back of Sing gasoil spread selling, with Apr/May getting hit down to \$0.30/bbl, while May/Jun was sold down to \$0.35/bbl as was Jun/Jul, but these spreads are indicated higher post-window as the ICE gasoil spreads recover into the mid-morning.

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 Apr 92. MOC was bid this morning in Apr and May. The front spreads in 92 saw bids from refiners and majors, with Apr/May bid up from \$1/bbl to \$1.15/bbl, and May/Jun bid firm at \$1.60/bbl. Apr/Sep saw buy-side interest at \$8.25/bbl. The Apr/May/Jun fly was offered at -\$0.50/bbl this morning from real. The front E/W saw Chinese selling at -\$9.80/bbl this morning, with Q4 E/W bid. Deferred cracks saw buying in 92, with Q4 bid at \$7.55/bbl and Q3 bid at \$10.50/bbl from majors and real. 92/MOPJ saw selling come in at \$21.20/bbl in Q2 this morning.

RBBRs ticked down through the morning, at \$27.70/bbl in the Sing window, and down to \$27.30/bbl handles post-window. Arbs in April saw some sticky buying at 10.70c/gal, and spreads in EBOB saw buy-side interest with Apr/May bid at \$9.25/mt and May/Sep bid at \$79.50/mt. Deferred EBOB cracks saw offers at \$18.65/bbl, and front cracks offered post-window at \$23.65/bbl. Gasnaphs in Europe saw sell-side interest in May this morning, at \$221/mt from ref.

Naphtha

This morning in Naphtha we saw flat price valued at \$710/mt in Apr MOPJ, on a -\$6.30/bbl crack equivalent with aggressive selling seen on MOPJ spreads and flat price highlighting weakness in Asian structure. Major was on the sell-side of spreads with May/Q4 opening trading much lower at \$37/mt, resulting in May/Jun trading a dollar lower at \$8.50/mt and Apr/May down to \$10.25/mt. End window saw major selling flat price in volume with Apr trading down to \$707.75/mt, putting pressure on front E/W which fell into \$10/mt handles. E/W box buying by trade providing some support to the front with Apr/May box trading at -\$3.50/mt. In Europe, Apr cracks remained relatively unch from yesterday's close, seeing ref buying at -\$7.40/bbl end window and returning to -\$7.60/bbl post-window. Europe structure softening alongside Asia, Apr/May at \$14/mt and May/Jun at \$8.50/mt.

NGLs

It was a quiet morning pre-window with limited DCE flows thanks to the 29th China LPG conference which is being held Taizhou City, Zhejiang province from 20 to 22 March. FEI structure did firm a touch as FEI/MOPJ pronaps were bid with April trading up to -\$101/mt helped by Naphtha weakness. While the FEI prompt spread April/May stayed rangebound between \$7.5/mt and \$8/mt, further out the April/Dec spread firmed to -\$6/mt. CP flat price kept pace with FEI as FEI/CP remained -\$10/mt in April; CP spreads improved a touch in the prompt trading to \$33/mt from \$31/mt in April/May. E/W was the biggest mover of the morning improving from \$84/mt to \$86/mt in April over the course of the window. NWE structure softened as a result; Q2/Q3 NWE traded down to -\$4/mt.

Global Macro

Bank of Japan hiked as expected, ended yield curve control and ETF buying but Governor Ueda remained resiliently dovish to prevent further rate hike expectations and pressure on BOJ who own over 50% of JGB's hence Yen actually sold off.

Today UK inflation came in slightly lower than expected at 3.4% YoY (from 4.0% and 3.5% expected).

The event of the day is the U.S. Fed at 6pm and Powell's press conference at 6.30pm. The OIS now pieces 74bp cuts, bang on the Fed last 'dot plot' prediction. The market is looking for any change in tone, inflation is stickier, but unemployment is now gradually rising. Watch for bond and dollar moves.