

Flat Price

The strength that was seen last week has continued, with May Brent futures starting the week in the \$84/bbl handles, representing a 2.3% increase week-on-week. At 10:30 (time of writing), the May contract softened to \$83.81/bbl. On Mar 03, OPEC+ members agreed to extend its voluntary oil output cuts of 2.2mpdd into Q2'24, falling in line with analyst expectations. This helped buoy prices into the start of this week. Saudi Arabia has notably decided to extend its voluntary cut of 1mbpd through to the end of June, leaving the nation's output at around 9mbpd. Other news supporting oil prices was the Yemeni Houthis announcing that attacks on ships in the Red Sea will continue, as they said British-linked vessels would continue to be targeted. The US Congress is discussing a deal that would prohibit Chinese companies from buying crude oil from the Strategic Petroleum Reserve (SPR). This is following the massive release of 180mbbls of crude oil from the SPR in 2022 to limit oil prices, during which 1mbbls was sold to Sinopec. However, the US now seems to be worried about not having enough supply as stocks decreased to a 40-year low in 2022. Coupled with an anti-Chinese sentiment being popular among Democrats and Republicans alike, this bill would be a 'two birds, one stone' opportunity. The front and 6-month Brent futures spreads are at \$0.97/bbl and \$4.53/bbl respectively.

Crude

Another strong morning in Dated Brent, with structure continuing to press upwards. Strength was focussed in the prompt, with bal week very strong off the back of a well bid physical on Friday, seeing the 4-8/3 v Cal Mar trading \$0.80/bbl and now bid at \$0.85/bbl. Balmo DFL was paid at \$2.30/bbl, whilst Bal Mar/Apr Dtd was lifted up to \$2.22/bbl and Apr/May Dtd \$1.02/bbl. 18-22/3 CFD traded 1.87/bbl. With strength in the prompt, there was less activity further down the curve, with Apr and May rolls yet to have traded.

Rangebound morning in Dubai, with Apr BD trading up to \$0.64/bbl before ending the morning at \$0.59/bbl, unchanged from close on Friday.

We saw buying interest in Q3 and Q4 BD, trading up to \$0.85/bbl and \$0.93/bbl respectively. Towards the end of the window, we saw selling in the front BDs, pushing us back down from the highs. With the back still supported, we saw boxes start to tick down, with the Apr/May box trading at -\$0.06/bbl; 5c down from the highs of Friday. Post window, we saw Bank selling of Bal-Mar/Apr, trading at \$0.65/bbl and Major selling of the Bal-Mar Brent/Dubai, trading at \$0.85/bbl.

Fuel

In HSFO, 380 spreads were better bid in the early morning by Chinese, with Apr/May trading at -\$1.00/mt and May/Jul trading up to \$5.75/mt. Then we saw ful-Mar 380 fp selling interests in large size on stronger crude which put pressure on 380 E/W, with Apr selling down from -\$7.00/mt to -\$10.00/mt post window and Q2 E/W trading at -\$8.00/mt. Barge spreads were well bid post window, with Apr/May buying from -\$0.25/mt up to \$0.75/mt and May/Jun trading up to \$3.00/mt. The front barge cracks were supported, buying from -\$11.50/bbl up to -\$10.85/bbl post window. 180 E/W were bid, with Apr trading at \$10.25/mt which lent support on viscos, with Apr trading at \$20.00/mt.

A strong morning in VLSFO, the front Sing cracks buying from \$14.10/bbl up to \$14.70/bbl in the window. Sing spreads were well bid down the curve, with Apr/May buying up to \$11.50/mt and May/Jun trading at \$10.50/mt. Sing cracks collapsed immediately post window due to outright selling interests in screen, trading down to \$14.40/bbl. Then recovered gradually, with Apr buying further up to \$15.00/bbl. May/jun sing bought at \$10.75/mt. European structures were bullish, with Apr euro cracks buying from \$6.20/bbl up to \$7.10/bbl post window. Apr/may Euro bought from \$8.50/mt to \$9.25/mt and May/Aug traded at \$24.75/mt.

Distillates

This morning in Distillates, we saw ICE gasoil spreads came off into the morning, seeing the Apr/Jun spread trading down from \$29.75/mt to \$27.75/mt, while we saw the Jun/Jul spread weaker as well down from \$8.00/mt to \$7.25/mt. ICE Gasoil cracks were weaker this morning, with the Apr crack down from \$25.70/bbl to \$25.20/bbl while the 2Q was also weaker down from \$24.80/bbl to \$24.40/bbl. HOGOs were unchanged this morning with the Apr HOGO around 5.30c/gal and the Q2 HOGO around 5.80c/gal. NWE Jet diffs came off sharply in the prompt, while structure also weakened, with the Apr diff indicated lower at \$47.50/mt, while Q2 traded down from \$55.50/mt to \$54.50/mt and Q3 was lower at \$58.50/mt down from \$59.50/mt earlier in the morning.

This morning in Distillates we saw the prompt Sing Gasoil spreads weaker. In the early morning we saw some real selling interest in the Mar/Apr Gasoil spread, going better offered into the window as no bids were shown, trading down from \$0.47/bbl to \$0.40/bbl. Further down the curve we saw the Apr/May spreads come off into the window as well, seeing the spread open trading at \$0.90/bbl coming off to \$0.83/bbl, before going well offered post-window coming off to lows of \$0.65/bbl. We then saw the spreads rebound back up to \$0.73/bbl. Further down the curve we saw some buying interest in the early morning in the May/Jun spreads as well as seeing some buying interest in the Jun/Sep spread return, seeing the May/Jun getting lifted at \$1.15/bbl before coming off into the window to end the morning trading at \$1.00/bbl. We also saw interest Dec/Jan, Jan/Feb, and Feb/Mar spreads seeing them trade at \$0.60/bbl, \$0.55/bbl, and \$0.50/bbl respectively.

The Apr E/W arbs opened trading lower this morning, at -\$31.00/mt, trading around this level into the window before we saw some better selling interest emerge seeing the arb hit down to -\$33.50/mt, seeing it end the morning trading higher as ICE was coming off at -\$32.00/mt. In the deferred parts of the curve we saw better selling interest in May into the window seeing bids getting hit, with the arb trading down from -\$22.25/mt to -\$22.75/mt. In the early morning we saw some buying interest in the Q3, seeing selling post-window seeing the Q3 trading at -\$24.50/mt. Prompt Regrades were overall weaker this morning with the Apr crack trading down from -\$2.10/bbl to -\$2.30/bbl. Prompt Kero spreads came off sharply as well, having opened indicated around \$0.70/bbl in the Apr/May spread, trading down from \$0.65/bbl to \$0.55/bbl into the window ending the morning indicated at \$0.45/bbl.

Gasoline

This morning in Gasoline, we saw flat price trade at the end of the morning window equivalent to \$13.10/bbl on a crack basis in Apr 92. We saw Apr MOC better bid this morning, but spreads saw better selling in the morning from Majors, with Apr/May offered at \$1.05/bbl. Spreads continued to see offers into the window, with Jun/Aug trading at \$3.30/bbl, offered by refiners, and Apr/May down to \$0.8/bbl.

Post-window, Apr/Jun 92 saw selling at \$2.30/bbl. The E/W in Apr was well bid up from -\$9.95/bbl to -\$9.55/bbl. The Apr/May E/W box saw bids from refiners at -\$0.40/bbl. Deferred E/W was offered this morning, with Q3 trading at -\$7.85/bbl from phys. We had some selling from refiners of Q3 92 cracks between \$10.40/bbl and \$10.55/bbl. RBBRs ticked down slightly this morning, and arbs saw more sellside interest in Apr between 9.10c/gal and 9.30c/gal, and in Q2 at 9.35c/gal from real. Late-morning, some bids came in at the 9.30c/gal level. EBOB this morning saw bids in Summer spreads, with Apr/May up to \$11.25/mt from trade and Apr/Jul up to \$44/mt. We had sellside interest in the front EBOB cracks at \$22.65/bbl levels, and also in June at \$20.90/bbl.

Naphtha

This morning in Naphtha we saw flat price valued at \$685.50/mt in Apr MOPJ, on a -\$5.90/bbl crack equivalent with NWE cracks up a touch amid trade buying interest and MOPJ seeing selling interest by phys on higher levels. Structure firmed with major on buy-side of spreads, Apr/May MOPJ trading up to \$12/mt and May/Jun seeing buying at \$10/mt.

The pricing spread saw strength, trading at \$11.5/mt in Asia with Europe seeing buying at \$20/mt. Deferred cracks saw bids with Q3 MOPJ cracks trading at -\$6.60/bbl and Q4 NWE seeing trade lifting -\$7.95/bbl. Front E/W weakened against Europe strength, opening at \$14/mt and moving down to \$12.5/mt post-window with mopj spread selling. Q2 E/W saw selling from bank at \$13.5/mt with the Q3/Q4 box saw levels trading at \$1/mt.

NGLs

An extremely quiet morning on NGLs this morning with the LPG International Seminar and Asia LPG forum taking place in Tokyo at the beginning of this week. Prompt flat price was bid by Chinese players trading from \$593.5/mt to \$600/mt by the end of the window as crude rallied, but this was higher even on a crude percentage basis. There was a flurry of deferred activity as a bank sold Q3 2025 FEI and Q3 2025 CP for \$539/mt and \$490/mt respectively. Dec/Dec FEI then traded at \$50/mt with good buying interest at this level.

Global Macro

- Gold made new all-time closing highs on Friday and broke just above the key quadruple top at \$2,080. Note on 4th December it briefly traded up to \$2,146 on an intra-day stop loss rout in the illiquid NZ session. As it grinds higher here, hedge funds & real money (non-leverage, long only) will likely add and as it gets more pressed, retail will become interested. Friday also saw bonds higher on weaker data, stocks higher (S&P 500, Nasdaq new all time highs) and crypto continues to surge \$64,100 (\$69,000 previous peak), the crypto ETFs have pulled in \$7.5 billion since Jan 10th approvals.
- U.S. consumer confidence fell for the fourth consecutive month to 106.7, well below the expectations of 115.0.

Key data this week:

- U.S. services PMI Tuesday. The service sector in the U.S. is three times the size of the manufacturing sector.
- U.S. payrolls on Friday
- Bank of Canada & ECB rate decisions
- China CPI