

## Flat Price

The May Brent futures has been strengthening throughout the start of the day well above the \$82/bbl mark. At 10:30 (time of writing), the contract was seen trading at \$82.68/bbl. Contrary to market expectations of a potential rollover, Saudi Aramco has surprised the Asian market by increasing most of its official selling price (OSP) differentials for April-bound crude oil. Traders surveyed by S&P Global Commodity Insights on March 6 noted the unexpected move. Notably, the April OSP differential for Arab Light crude rose to a premium of \$1.70/bbl to the Oman/Dubai average, marking a 20c/bbl increase from the previous month. All other Asia-bound grades experienced a hike ranging from 20c/bbl to 30c/bbl, except for Super Light. The number of Dubai crude oil futures contracts traded on the Tokyo Commodity Exchange increased by 1.47% in February to reach 125,550 lots, as per the most recent TOCOM data. Nevertheless, the traded volume was 22.81% lower compared to the same month in the previous year, according to the provided data. The largest Indian refiners are becoming increasingly cautious when contracting Russian crude oil. This is on the back of the US levying new sanctions against Russia last month. Out of the 500 targets of the new sanctions, Russian tanker operator Sovcomflot as well as more than a dozen of tankers have been included in the penalised. Indian refineries would be impacted by these sanctions as this could lead to heightened costs and reduced margins. The front and 6-month Brent futures spreads are at \$0.82/bbl and \$4.07/bbl respectively.

## Crude

A slow morning in Dated, finding support with stronger spreads. Despite trade selling of apr DFL, it continued to trade around \$0.88/bbl, whilst Apr/May DFL and Dtd rolls initially saw good buying interest, now finding resistance at \$0.09/bbl and \$0.81/bbl respectively. Despite a quiet start with minimal CFD rolls trading, we saw a Bal-week 1d roll 08/3 v 15/3 trade \$0.65/bbl, whilst rolls out of Mar are offered in line with where they traded yesterday.

We again saw some buying interest in Apr rolls, with 2-5/4 v Cal Apr trading \$0.54/bbl and bid on by a major.

The strength in Dubai continued with Apr BD trading down to \$0.26/bbl. Buyers of spreads came out in full force in the morning with spreads bid down to August and Boxes offered thereafter with the Apr/May and May/Jun trading at \$0.88/bbl and \$0.82/bbl. We saw backend selling of BD with \$0.75/bbl and \$0.84/bbl trading in Q3 and Q4 BD respectively. There also was Major buying interest of Dec/Jan Dubai at \$0.39/bbl. Cal 25 BD traded at \$0.84/bbl with selling interest from banks and a fund. The Apr/May/Jun/Jul and Apr/May/Jul/Aug condors both saw selling interest, trading at \$0.12/bbl and \$0.19/bbl respectively.

## Fuel

In HSFO, 380 E/W rallied, with Apr buying from -\$5.00/mt up to -\$3.00/mt in the window. 380 spreads were well bid down the curve, with Apr/May buying from \$0.25/mt up to \$0.75/mt and May/Jun buying from \$2.50/mt to \$3.00/mt. Viscos collapsed due to outright selling interests, with Apr gapping down to from \$16.50/mt to \$15.50/mt and selling further down to \$15.25/mt in the window. Barge cracks were supported by strong 380 structures, with Apr trading from -\$10.45/bbl up to -\$10.15/bbl. Barge spreads were a touch firmer, with Apr/May trading at \$0.50/mt and May/Jun trading at \$3.25/mt. 380 E/W then sold down to -\$5.25/mt post window in Apr. Apr barge cracks rallied up to -\$9.95/bbl due to outright buying interests on screen.

A weak start in VLSFO, with Apr/May Sing selling down to \$7.50/mt and May/Jun trading at \$9.00/mt. The prompt Sing cracks gapped down to \$13.65/bbl in the early morning. Spreads then turned to better bid, with Apr/May buying at \$7.75/mt and May/Jul buying from \$18.00/mt up to \$18.75/mt.

We saw Q3 Euro cracks selling interests, trading at \$4.40/bbl which supported the front Euro spreads, with Apr/May trading at \$8.50/mt and May/Jun buying at \$8.25/mt. Euro cracks traded up to \$6.90/bbl post window. 0.5 E/W were weakened, with Apr implying down to \$46.75/mt.

## Distillates

ICE Gasoil spreads trended downwards this morning, following yesterday's weak close. The prompt Mar/Apr spread came off from \$21.25/mt to \$20.00/mt, while the Apr/May is weaker at \$15.25/mt from \$16.00/mt. The prompt ICE Gasoil crack is also weaker, with the Apr crack down at \$23.80/bbl. In the back end, the Q4 crack is at \$22.80/bbl, similarly lower relative to the front crack. The European Jet Diffs continue their rally from last evening, with the prompt diff strengthening to \$49.00/mt, with the May diff also trading up to \$61.00/mt. Hogos were rangebound into the morning, still remaining overall weak, with the Apr swap at 4.65c/gal, with the Q4 swap at 10.62c/gal.

Sing gasoil spreads weakened this morning, with Apr/May getting hit down from \$0.70/mt to \$0.56/mt, the May/Jun traded at \$0.85/mt, while the deferred spreads saw real bid side interest at the low levels on the day, with Aug/Sep trading down to \$0.50/mt and Oct/Nov trading at \$0.60/mt pre-window. The prompt E/W saw early morning buying followed by selling interest through the window, with Apr trading down to -\$30.25/mt before rallying back post-window on ICE Spread weakness to -\$29.75/mt, remaining relatively rangebound this morning. In the back end, hedging interest was seen leading to buying on the Q4'24 E/W as it traded up to -\$23.00/mt, up \$1 from yesterday's levels. Regrade saw buying interest as well, trading up on screen from -\$1.80/bbl to -\$1.55/bbl, before coming back off post-window to -\$1.65/bbl. Back end buying interest saw the Jul-Dec strip trade stronger on screen, getting lifted from -\$0.75/bbl to -\$0.70/bbl while the Q4'24 traded between -\$0.40/bbl and -\$0.50/bbl, as H2 regrade traded -\$0.80/bbl.

Kero spreads also weakened at the front, with Apr/May trading down from \$0.55/bbl to \$0.50/bbl, with Jun/Dec kero seeing buying at \$2.70/bbl. Down the curve, the interest in Oct/Mar kero returned today but did not see any trades.

## Gasoline

A thin morning in Gasoline, where we saw flat price trade at the end of the morning window equivalent to \$12.40/bbl on a crack basis in Apr 92. MOC was slightly better in gasoline this morning in Apr, with spreads seeing bids in the Q2/Q3 part of the curve. Apr/May was bid at \$0.90/bbl from trade, with offers coming in at \$0.95/bbl post-window and Apr/Sep bid at \$7.30/bbl. We saw interest to buy E/W today, at the -\$8.40/bbl levels, from phys, and saw interest to sell Q4 E/W c. -\$0.85/bbl. We saw Q4 92 cracks lifted in the morning between \$6.60/bbl and \$6.75/bbl, and interest to buy Q3 at \$9.55/bbl. RBBRs ticked lower this morning, down to \$23.70/bbl handles end-window, and Majors on the buy side of Apr arbs at 9.25c/gal post-window. In EBOB, we saw refiners on the buy side of Q3 cracks at \$16.80/bbl post-window, and the Q2/Q3 crack roll bid at \$3.45/bbl. Spreads in EBOB saw bid side interest from phys as well, with Apr/Jun at \$24.50/mt, Apr/Sep at \$73.50/mt and Sep/Oct at up to \$52.75/mt. We had some early interest to buy Q2 gasnaphs at the \$192/mt level in Europe.

## Naphtha

This morning in Naphtha we saw flat price valued at \$676/mt in Apr MOPJ, on a -\$5.70/bbl crack equivalent with the East continuing to see support as spreads and flat price saw bids. Front spreads firmed with Apr/May trading up from \$11.25/mt to \$12/mt post-window and May/Jun seeing buying 50c higher at \$10/mt. Deferred saw petchem selling interest with the Q3/Q4 seeing levels at \$12.50/mt. E/W continuing its strength with spreads bid, deriv types lifting up to \$18/mt on the Apr E/W end window. NWE cracks softened with E/W buying, the front opening at -\$7.70/bbl but going better bid post-window with trade aggressing on Q3 NWE cracks at -\$8.35/bbl. Q3/Q4 crack seeing strong buying at -\$0.20/bbl.

## NGLs

An exceptionally quiet morning on NGL, with the first trade blocking up on ICE at 8:23am GMT & very little volumes trading throughout. FEI structure was supported, Apr/May traded \$9/mt, Apr/Jun traded up at \$14/mt. Flat price was supported thanks to FEI/MOPJ buying at -\$80/mt, and on this strength we saw arbs get hit at -\$170/mt. In the window, Mar/Apr FEI got sold \$10.50/mt; in Europe, the April/May NWE traded at \$8/mt while further out the Q2/Q3 NWE spread traded at \$2/mt.

## Global Macro

Weaker than expected ISM services data sent equities lower (Nasdaq -1.8%) & bond yields lower. Also, gold closed at a new all-time closing high & Bitcoin hit new all-time highs, before falling 14.3% and then bouncing again.

US FEB. ISM SERVICES PMI AT 52.6 VS. 53.4; EST. 53 - BBG

US FEB. ISM SERVICES PRICES PAID AT 58.6 VS 64

US FEB. ISM SERVICES EMPLOYMENT AT 48 VS 50.5

UK budget is expected today. But the focus is now squarely on Fridays U.S. employment data (payrolls), the main piece of data that could spike market volatility.

OIS market expecting 88bp cuts from the U.S. Fed this year. ECB 93bp (they have a meeting tomorrow), and BOE 64bp.