

Flat Price

The May Brent futures contract has experienced a correction downwards this morning, opening around \$86.50/bbl in the early hours of today before seeing selling pressure push the contract down to \$85.75/bbl at the time of writing (10:00 GMT). Russian seaborne crude exports have seen a slump of 730 kbbls/d, down to 2.97 mbbls/d in the week to Mar 17, according to BBG. On the shipping front, global bunker demand has risen by 100 kbbls/d to enable longer sailing distances in order to avoid traversing the Red Sea, with the total distance travelled by ships increasing 3% from before the Houthi attacks began. In other news, Sudan has declared a force majeure on crude exports following a major pipeline rupture in the war zone, allowing the country to skip contractual obligations. This represents a serious concern for South Sudan, whose economy is heavily reliant on revenues from the 150 kbbls/d it exports via its northern neighbour. The front and 6-month Brent futures spreads are at \$0.57/bbl and \$3.89/bbl respectively.

Crude

Weaker morning in Dated, with Apr DFL better offered from \$0.43/bbl to \$0.38/bbl, whilst May is relatively unchanged trading \$0.67/bbl last. We saw some more aggressive selling of prompt Apr rolls, with 8-12/4 v Cal Apr sold at -\$0.05/bbl and 2-5/4 1w roll sold at -\$0.06/bbl. Deferred Apr rolls were a touch better supported, with 15-26/4 v Cal May trading down 2c to \$0.38/bbl with a fund and major selling. We saw refiner selling interest in May into June rolls, with 13/5-7/6 v Cal Jun offered at \$0.49/bbl.

Another rangebound morning in Dubai with Apr BD trading down to -\$0.19/bbl before buying interest came out, pushing it up to -\$0.10/bbl. We saw spread selling from the offset from a trade house in Apr/May and May/Jun Dubai, trading down from \$1/bbl and \$0.89/bbl to \$0.94/bbl and \$0.84/bbl respectively. We saw selling interest in Q4 and Aug BD, trading at \$0.72/bbl and \$0.55/bbl. There was buying of the Apr/Jun box at -\$0.44/bbl and selling of the Apr/Jul box at -\$0.60/bbl. We saw Jun/Sep buying interest, trading at \$2.40/bbl.

Fuel

In HSFO, we saw mixed interests on 380 cracks, but mainly buying interests by majors, with May trading from -\$9.85/bbl to -\$9.70/bbl in the whole morning. Barge cracks were supported, with Apr trading at -\$11.25/bbl up to -\$11.05/bbl. Barge spreads were a touch firmer, with Apr/May trading at -\$4.00/mt and May/Jun trading at \$1.00/mt. 380 E/W came under pressure with stronger barge cracks, Apr trading down from \$3.50/mt to \$2.75/mt with thin volume. However, Q3 E/W were bid by trade houses, trading at -\$1/mt. 380 spreads were stable, with Apr/May and May/Jun trading at -\$1.75/mt and \$2.25/mt respectively.

In VLSFO, Sing cracks sold down in the window due to Sing FP selling by a trade houses, with Apr Sing crack selling down from \$12.35/bbl to \$12.15/bbl. Then Sing cracks rebounded immediately post window, rallying up to \$12.75/bbl. Sing spreads were better bid, with Apr/May buying from \$4/mt to \$4.75/mt and May/Jun trading at \$6.75/mt. Jun/Sep Sing bought up to \$23.50/mt. 0.5 E/W were supported, trading at \$42.25/mt in Apr. Euro cracks got lifted at \$5.95/bbl. Euro spreads were a touch firmer, with Apr/May and May/Jun at \$6.25/mt and \$6.50/mt respectively.

Distillates

ICE gasoil spreads trended upwards into the morning today, with Apr/May off lows of the morning at \$10.25/mt from \$9.50/mt while the May/Jun is stronger at \$9.25/mt from \$9/mt. Similarly, the ICE gasoil cracks saw a weak start to the morning but a recovery post-window. The Apr crack is at \$24.90/bbl and the Q4 crack is at \$24.20/bbl post-window. The European jet diffs saw a quiet start to the day. The Apr jet diff is indicated at \$40/mt, with the May at \$56/mt. The May/Jun diff is weaker into the morning, offered at -\$6.50/mt with the Q3/Q4 diff roll seeing buying interest at \$1/mt. The HOGOs were largely rangebound, coming off from end of window highs into the mid-morning, with the Apr swap at 4c/gal and the back end a touch weaker at 10.30c/gal.

Sing gasoil spreads weakened into the morning, picking up where it left off last night with largely sell side flow before the end of the window saw a reversal, with Apr/May trading down to lows -\$0.03/bbl before reversing and getting lifted up to \$0.10/bbl post-window. The May/Jun was similarly hit down to \$0.33/bbl before rallying to \$0.45/bbl, with the Aug/Sep spreads also seeing buying from \$0.60/bbl to \$0.63/bbl in the morning. The E/W at the front opened weaker, with Apr coming off to -\$43.75/mt before rallying to -\$41.50/mt, with quarterly E/Ws getting lifted on screen. The Q3 traded up to -\$28/mt and the Q4 was lifted up to -\$28.25/mt. There was combo buying seen through the curve, with Apr and Apr to Dec interest seen. Regrade was lifted up in the front of the curve this morning, trading up to -\$1.52/bbl in Apr and -\$1.56/bbl in May. The Apr/May kero spread sold down to \$0.10/bbl, indicated there post-window while the May/Jun traded at \$0.60/bbl.

Gasoline

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to \$14.40/bbl on a crack basis in Apr 92. MOC was bid this morning in Apr and May. The front 92 spreads saw May/Jun bid up from \$1.63/bbl to \$1.70/bbl, and Apr/May tending higher to \$1.20/bbl where offers came in from real players. The Jun/Sep 92 piece was offered this morning at \$5.40/bbl from phys. 92 cracks saw bids up from \$14.30/bbl to \$14.50/bbl, where trade houses started to offer. We saw E/W see bid side interest early morning, up from -\$9.80/bbl to -\$9.50/bbl, where we saw selling interest from trade houses. RBBRs stayed rangebound at the \$28/bbl level this morning, with arbs seeing some selling around 11c/gal in Apr. EBOB spreads saw bids on May/Jun at \$17/mt and Apr/May at \$9/mt. Gasnaphs saw sell side interest in both Europe and East. European gasnaphs saw selling from real players at \$214/mt in Apr, and 92/MOPJ saw selling at \$21.40/bbl from ref.

Naphtha

This morning in Naphtha we saw FP valued at \$707/mt in Apr MOPJ, on a -\$6.25/bbl crack equivalent with buying in flat price and spreads in the East, pushing up cracks with a less offered window. Front spreads strengthened in Asia with trade on the buy side, lifting Apr/May from \$10.50/mt up to \$11.25/mt post-window with May/Jul seeing bids up to \$17.75/mt. Apr MOPJ cracks saw selling from Chinese down to -\$6.25/bbl with Q4 seeing selling at -\$7/bbl. Front E/W was implied lower at \$9/mt with NWE bid as Apr/May E/W box saw good selling at -\$5/mt. Apr/May NWE strength continued, getting lifted up to \$16.25/mt post-window with major on the buy side as front crack followed alongside, trading up to -\$6.95/bbl on lower crude. Q3 cracks finding selling by trade at -\$8.80/bbl.

NGLs

Another quiet morning on NGLs initially with many Chinese players out of the market for an LPG conference. FEI/CP was offered by trade houses as prompt FEI/CP traded down to -\$15/mt. The Jul/Aug/Sep FEI/CP fly traded at -\$3/mt and FEI spreads were offered at the front of the curve; April/May FEI traded down a touch to \$7.50/mt but seemed supported at this level while May/Jun retraced back to \$4.50/mt. E/W diff started the morning up at \$88/mt in the prompt but fell over the morning as FEI softened down to \$85/mt last. The arb was quiet but traded higher than yesterday's close with April LST/FEI trading at -\$176/mt.

Global Macro

BA more dovish Fed than expected sent risk assets surging higher. S&P 500 new all-time highs, gold new all-time highs (Nasdaq +1.15%, Silver +2.7%). Bond yields lower (2 year -8bp) and subsequently US dollar lower.

Despite raising their inflation expectations, the Fed kept their 'Dot Plot' (expected rate path by the voting Fed members) at 75bp this year. The OIS market now prices 82bp cuts this year as bond yields moved lower.

Powell: Believe policy rate is likely at peak for cycle

Powell: Appropriate to begin easing at some point this year

Bizarrely as Powell was speaking (dovishly), some hawkish comments came across the news wires from Japan.

Bank Of Japan Weighing next rate hike in July

BOJ seen weighing next hike in July or October as Yen weakens

Lagarde: European central bank cannot commit to rate path even after first cut.

BOE today at midday, market now pricing 76bp cuts this year. The risk is a more dovish central bank, and the first cut is brought forward to May.

Swiss National Bank just unexpectedly cut rates, -25bp to 1.50%. Significant because after the Fed were more dovish than expected last night, now a major central bank is ready to act. All G7 bond yields are suddenly moving lower off this.