

Flat Price

The Jun Brent futures contract strengthened over the afternoon, climbing to \$86.40/bbl at 14:50 GMT, but retraced to \$85.90/bbl at 17:10 GMT. Russia's government has ordered companies to cut their oil output in Q2'24 to ensure they meet a production target of 9mbbls/day by the end of June in line with Russia's pledges to OPEC+. The Yemen-based Houthis have warned Saudi Arabia, stating that the kingdom will be targeted if it permits American fighter jets to use its territory or airspace whilst they strike the militant group. In Sudan, the main pipeline carrying oil from South Sudan through the rest of the country for export has been suffering stoppages for a month over concerns linked to the war between the Sudanese army and the Rapid Support Forces. In other news, PetroChina's net profit increased by 8.3% y-o-y in 2023 despite lower oil prices. Finally, the Jun/Jul and Jun/Dec Brent spreads are currently at \$0.72/bbl and \$4.24/bbl, respectively.

Crude

Mixed afternoon in dated, where we initially saw prompt structure continue to weaken, with Apr/May DFL roll sold to lows of -\$0.40/bbl, Apr to \$0.33/bbl. From mid-afternoon into the window spreads strengthened, and in tandem with the Physical well bid at the back of the strip for Forties by Chinese, we saw Apr/May go better bid, trading up to -\$0.38/bbl on the DFL roll. Some buying returned to the front of the curve alongside, albeit short lived, with 8-12/4 2w lifted at -\$0.14/bbl. We saw trade selling of 29-3/5 v Cal May throughout the day, initially trading around \$0.35/bbl, although now better bid post window. May DFL continued to find better support throughout the day, with May rolls also supported, with the DFL paid up to \$0.76/bbl at the end of the window, now a touch weaker on softer spreads.

Fuel Oil

In HSFO, mixed interests on 380 FP this afternoon with majors on the sell side in Apr in large size and Chinese on the buy side in May. 380 E/W came under pressure due to 380 FP selling, with Apr trading down from \$5.75/mt to \$4.75/mt. May 380 cracks traded down from -\$9.05/bbl to -\$9.40/bbl. Apr/May 380 were a touch softer, trading at -\$1.25/mt. Barge cracks were weakened as well, with Apr selling down from -\$10.85/bbl to -\$11.05/bbl before the window. We continued to see Apr/May barge crack roll buying in large size which equivalent to -\$3.50/mt. Then it sold down to -\$3.75/mt in the window.

A quiet afternoon in VLSFO, we saw Euro cracks buying interests by trade houses in the early afternoon, with Apr buying at \$6.65/bbl in good volume. May Euro cracks were offered at \$6.10/bbl. Then the front 0.5 cracks sold down gradually with lack of buying interests, with Apr Sing cracks trading down from \$12.90/bbl to \$12.65/bbl. The front Sing spreads were a touch softer, with Apr/May trading at \$4/mt and May/Jun trading at \$6.75/mt. Euro spreads were bid by trade houses, with Apr/May trading at \$7.75/mt in good size. Euro cracks traded down to \$6.60/bbl which implied 0.5 E/W at \$39/mt.

Distillates

The ICE gasoil spreads reached highs into the afternoon before coming off into the evening post-window. The Apr/May rallied to \$13.75/mt before coming off to \$13/mt into the evening, while the May/Jun spread weakened from \$10.25/mt to \$9.75/mt. The Apr ICE gasoil crack weakened steadily into the window, after initially hovering near the technical support. Post-window, it is at \$23.90/bbl while the Q4 crack is at \$23.60/bbl. European jet diffs saw the prompt trend down through the evening.

The Apr diff weakened to \$39.50/mt while the May also came off to \$55/mt, as the Apr/May diff roll weakened to -\$15/mt. In the quarterlies, the Q2 jet diff traded at \$52/mt, with the Q1 diff seeing some interest at -\$61.75/mt into the afternoon. HOGOs came off sharply into the evening window, with the Apr weaker at 3.50c/gal and the Q4 swap also weaker at 10c/gal.

Sing gasoil spreads saw rangebound trading for much of the afternoon, with Apr/May trading down to \$0.06/bbl before recovering to \$0.10/bbl, back at \$0.08/bbl post-window. The May/Jun spread traded down from \$0.39/bbl to \$0.35/bbl towards the end of the window on lower ICE gasoil spreads, with the spreads down the curve similarly indicated a touch weaker into the evening. The E/W curve at the front saw the Apr weakened to -\$42.25/mt before trading up to -\$41.75/mt post-window on the weaker ICE gasoil spreads, while the May E/W was hit down to -\$31.50/mt and the Jun traded down to -\$27.75/mt before recovering to -\$27.50/mt into the evening. In the quarterly tenors, the Q3 traded at -\$27.25/mt while the Q1 saw interest at -\$22.50/mt. Regrade saw the prompt trade down to -\$1.90/bbl before being better bid into the end of the window at -\$1.85/bbl, while the Q3 and Q4 regrades traded at -\$1.10/bbl and -\$0.68/bbl respectively. The Apr-Dec combo saw the regrade trade at -\$1.11/bbl. Kero spreads saw muted interest into the evening, but the Apr/May traded at -\$0.07/bbl earlier before seeing more sell-side interest.

Gasoline

This afternoon in gasoline, we saw cracks trade at the end of the afternoon window around \$23.85/bbl in Apr EBOB. RBBRs dipped below \$28/bbl briefly in the afternoon, before rebounding up to \$28.20/bbl on higher crude pre-window.

RBBRs came off at the end of the Euro window to just below \$28/bbl. In the afternoon, we ran into arb buying in Apr and May from phys, at 11.50c/gal and 9.90c/gal respectively. Spreads in EBOB saw some bid side interest this afternoon, with Apr/May bid up to \$8/mt from Major, and Jul/Sep seeing interest from the buy side at \$44/mt from refiners and trade houses. Deferred cracks saw deferred interest in Q3 and Q4, with refiners on the sell side at \$18.85/bbl and \$9.05/bbl respectively. Gasnaphs saw real players on the sell side of Apr gasnaphs at \$212.25/mt and on the buy side of deferred gasnaphs in Q3 between \$187/mt and \$188.5/mt. It was a thin afternoon in the East, with E/W offered at -\$9.05/bbl from trade house and some refiners with interest to buy deferred 92 cracks at \$11.05/bbl. Little activity in 92 spreads this afternoon.

Naphtha

A weak afternoon in Naphtha where we saw Apr NWE cracks offered into the window, settling down to -\$7.05/bbl end window off the back of stronger crude, trade selling and gasnaph buying. Spreads saw mixed interest with major and fund showing sell side interest and trade on the buy side of spreads with Apr/May trading at \$16.50/mt and May/Jun seeing bids up to \$11/mt end window. Deferred cracks saw bids with Q2 seeing bank buying at -\$7.90/bbl and Q4 at -\$8.50/bbl. Front E/W firmed with Europe better offered, trading at \$10.50/mt, further supported by fund buying Apr/May E/W box at -\$3.75/mt.

NGLs

A strong afternoon for American LPG products. Although LST spreads softened in the prompt with April/May trading 0.25c/gal by the end of the afternoon, flat price was well bid down the curve and as a result the arb strengthened albeit with less volume than last week - LST/FEI traded up to -\$168/mt in the prompt and further out Q4 traded at -\$178/mt. Butane was better bid than propane trading up to 100.75c/gal handles in the prompt. Butane spreads were also weak, however, as 1c/gal traded in the April/May. Internationally, FEI and CP structure was fairly stable as Jul/Aug FEI traded at -\$3/mt and H2 FEI/CP traded at \$42/mt. Into the window, European spreads were rangebound with April/May trading between \$5.50/mt and \$4.50/mt; as both NWE and FEI were fairly stable, however, E/W remained at \$84/mt in the prompt.