

## Flat Price

The Brent futures flat price for the prompt contract has seen a relatively volatile morning. Price action initially held just below the \$86/bbl mark, however, after reaching lows of \$85.55/bbl at 08:45 GMT, prices found support to climb to \$86.17/bbl come 09:40 GMT. Looking at the CFTC data for the week to Mar 19, in Brent futures we saw a flip of sentiment in managed by money players to adopt a strong bullish position. Bullish speculators added over 50mbbls (+16%) of length, the greatest weekly increase since Aug'18, whilst their bearish counterparts removed almost 8mbbls (-10%) of short positioning. WTI speculators followed a similar course increasing their length by 37.4mbbls (+19%), coupled with a decrease of 7.6mbbls (-20%) of short positions. Rosneft's Kuibyshev oil refinery in Russia has halted the CDU-5 refining unit, which has a production power of 70kbbls/d, after a drone attack suffered over the weekend. The Indian government has granted permission to ADNOC to all them to export crude oil stored in underground strategic storages located in Mangalore, which have a capacity of 1.5 million mt. The front and 6-month Brent futures spreads are at \$0.59/bbl and \$4.08/bbl, respectively.

## Crude

A sluggish start to the week in Dated, seeing Apr/May DFL trade good size at -\$0.28/bbl with trade buying, whilst outright DFL's were a touch better bid. Apr trades up 2c to 43c, and May up a touch at \$0.72/bbl. We saw 25-2/4 v Cal Apr sold at -\$0.18/bbl, and v Cal May at \$0.26/bbl. There was some early buying in Jun Dated/Dubai – equivalent to buying of Jun DFL around \$0.73/bbl and still bid there now. May/Jun DFL trades -\$0.02/bbl and bid on but otherwise little activity.

## Fuel

In HSFO, 180 MOC were offered which put pressure on Visco, with Apr selling down from \$19/mt to \$18/mt at the end of the window. Chinese players were sellers of 380 spreads in the early morning, with Apr/Jun trading down to \$1/mt.

Then 380 spreads turned to better bid in the window, with Apr/May and May/Jun buying up to -\$1/mt and \$2.75/mt respectively. 380 E/W were strengthened in the window, with Apr trading from \$4/mt up to \$5.25/mt on thin volatility. Barge cracks were supported due to FP and outright buying interests, with Apr buying from -\$11.05/bbl up to -\$10.80/bbl. Barge spreads were well bid in the front, with Apr/May barge crack rolls trading at -\$1.20/bbl which equivalent to -\$3.25/mt before selling down to -\$3.75/mt.

In VLSFO, 0.5 cracks were better bid in the front, with Apr trading from \$12.70/bbl up to \$13.05/bbl gradually in the morning. Sing spreads were supported except Apr/May, with May/Jun trading at \$6.75/mt and Jun/Jul buying at \$8.25/mt on screen. Apr/May Sing were range bounded between \$4.25/mt and \$4.50/mt. Euro spreads were bid down the curve, with Apr/May trading up \$7.75/mt in good volume and May/Jun at \$7.50/mt. The prompt Euro cracks traded around \$6.80/bbl which implied Apr 0.5 E/W at \$39.50/mt.

## Distillates

ICE gasoil spreads weakened at the front of the curve this morning, as the Apr/May came off from opening highs of \$13.75/mt to \$12.50/mt, currently at \$13/mt while the May/Jun spread saw lows of \$9.25/mt before strengthening to \$9.50/mt post-window. The ICE gasoil cracks were volatile this morning, coming off into the window but rebounding post-window. The Apr crack is at \$24.65/bbl and the Q4 crack is at \$23.90/bbl post-window. The European jet diff opened stable, with the Apr diff indicated at \$42.50/mt while the Jun diff traded at \$62.50/mt this morning, with the May/Jun diff roll trading unchanged at -\$6.50/mt. Some back end buying interest was seen, with the Sep jet diff bid at \$62/mt and the Q3 indicated at \$62.50/mt. The HOGOs opened stronger this morning, rallying as the ICE gasoil spreads came off. The Apr swap is at 4c/gal and the Q4 swap is at 10.40c/gal.

Sing gasoil spreads came off into the morning down the curve, with Apr/May trading down from \$0.15/bbl to \$0.06/bbl back up to \$0.10/bbl post-window, while the May/Jun spread also similarly weakened from \$0.45/bbl to \$0.38/bbl while the Jun/Jul was hit down from \$0.55/bbl to \$0.50/bbl. The E/W curve saw the prompt remain rangebound this morning, with Apr initially trading down from -\$41/mt to -\$42/mt, before seeing some support at this level and ending the window at -\$41.50/mt. The May E/W was also hit down to -\$31.25/mt while the Jun saw some support at -\$27/mt after trading down from -\$26.75/mt. Regrades also saw a muted morning of rangebound trading at the front, with Apr initially getting lifted at -\$1.80/bbl before being hit down to -\$1.85/bbl into the end of the window, while May regrade traded at -\$1.70/bbl. The Apr/May kero spread traded at \$0.05/bbl but is indicated lower post-window at -\$0.05/bbl with the Sing gasoil spreads getting hit down into the morning, with little interest further down the kero spread curve seen this morning.

## Gasoline

A thin morning in gasoline, where we saw flat price trade at the end of the morning window equivalent to \$15.35/bbl on a crack basis in Apr 92. MOC was bid this morning in Apr and May, with phys players mainly on the buy side. 92 spreads saw bid side interest early morning, with Apr/May getting lifted, however closer to window we saw more offer side interest at \$1.50/bbl in Apr/May from ref, and \$1.80/bbl in May/Jun. Apr/May/Jun was bid at -\$0.30/bbl from trade this morning. E/W saw offers from a trade house at -\$8.80/bbl, but less interest in deferred E/W this morning. Cracks in 92 saw majors on the buy side in Apr this morning at \$15.30/bbl, but trade on the sell side of Q2 cracks at \$14.35/bbl. Gasnaphs in the East saw offers in May at \$21.40/bbl from phys players. RBBRs hovered at the \$28.45/bbl level this morning in May, before coming off post-window to \$28/bbl post window. Trade houses were on the offer side of Apr arbs at 11.80c/gal this morning.

EBOB spreads saw less activity this morning, but Apr/May was sold down to \$8.50/mt from real players. Gasnaphs saw more sell side players come in this morning, with the Q2/Q3 gasnaph box offered at \$27.50/mt.

## Naphtha

This morning in Naphtha we saw flat price valued at \$707/mt in Apr MOPJ, on a -\$5.60/bbl crack equivalent with a well bid window which saw buying of spreads and cracks. MOC saw physical lifting at a premium of +5c and flat price saw buying post-window up to \$710.75/mt in Apr. Front MOPJ spreads saw buying 75c higher than previous close from trade with Apr/May trading consistently at \$12.50/mt and May/Jun up to \$10.75/mt post-window. Alongside this, we saw E/W firm with the front trading at \$10/mt with deriv players on the sell side. In Europe, we saw NWE cracks open in Apr at -\$6.95/bbl but with Asian strength, we saw the crack trade up to -\$6.50/bbl post-window. Spreads similarly saw good buying in Europe as Apr/May traded at \$16.75/mt and May/Jun at \$10.75/mt with the best spread offer on the curve being Q2/Q3 selling at \$27/mt.

## NGLs

A thin morning on NGLs; there was initially limited DCE flows although FEI flat price was offered at the front of the curve and structure softened in line with this as May/Jun FEI traded down to \$4/mt and April/August traded down to \$6.50/mt. FEI/CP fell as structure weakened with prompt FEI/CP trading down to -\$18/mt. CP strength outperformed FEI and spreads, although inactive, stayed firm with Jun/July trading at \$9/mt. FEI went better bid in the window and as a result E/W traded at \$84/mt in the prompt; arbs were quiet throughout the morning but implied stronger as FEI weakened overall.

## Global Macro

Intervention in China this morning to support the weakening currency after it hit 4-month lows. The economy needs a weaker currency, but the central bank wants to control the pace of the decline.

We also had verbal support for the Japanese Yen this morning.

Friday data also saw New Zealand slip into an unexpected recession with Q4'23 GDP -0.1%. Very backward-looking data but with the base rate at 5.50% it's somewhat surprising the OIS market isn't expecting a rate cut until August.

Key data this week:

U.S. Consumer confidence Tuesday

U.S. Q4 GDP Thursday

February PCE data Friday

OIS market pricing:

U.S 83bp cuts this year. EZ 94bp, GB 83bp. Last week we saw the market suddenly bringing forward rate cut expectations.

ECB's Scicluna: Can't exclude April rate cut

ECB's Scicluna: April is not impossible or even improbable.