Overnight & Singapore Window

ONYX ADVISORY

Flat Price

The June Brent futures contract has seen a strong morning, opening around $89/bbl levels before seeing a small correction down to $88.70/bbl at 08:45 BST before rebounding and rallying up to $89.30/bbl levels at 10:30 BST. Pemex, Mexico's state energy company, is halting crude exports to the tune of 436 kbbls/d over this month as it prepares for domestic oil processing at the new Dos Bocas refinery, according to Reuters. Meanwhile, Formosa Petrochemical's Taiwan refinery, producing 540 kbbls/d, has ceased operations at its Mailiao port following a 7.2 magnitude earthquake, with expectations to resume production on Wednesday afternoon. Market participants await today's OPEC+ panel, expected to maintain current oil output policies, along with U.S. EIA inventory data, following reports of a 2.3 million barrel crude inventory draw on Tuesday by the API. The Jun/Jul and Jun/Dec Brent spreads are at $0.99/bbl and $5.28/bbl, respectively.

Crude

A choppy morning in Dated, where Balmo DFL saw better selling to sell down from $1.10/bbl to $1/bbl as Apr into May rolls were offered. 15-26/4 v Cal May was hit at $0.90/bbl, then $0.85/bbl with trade selling interest, whilst 22-26/4 v Cal May also trades $0.85/bbl. We saw buying interest in 3-5/4 v 15-30/4 trading -$0.02/bbl then bid at $0.02/bbl, supporting Bal-week, and 8-12/4 3w roll trading $0.22/bbl. With spreads recovering, Balmo DFL saw some better buying to trade $1.05/bbl and Balmo-ND $1.08/bbl. May DFL ends the morning unchanged at $1.21/bbl, although found lows of $1.12/bbl with better selling earlier in the session.

Fuel

In HSFO, 380 spreads were better bid in the early morning, with May/Jun buying up to $0.75/mt on screen in decent volume and Jun/Jul trading at $3.50/mt. 180 E/W were well bid in large size, with may buying up to $22.25/mt. However, viscos were offered, with may trading at $17/mt. 380 E/W were supported, with May buying up from $3.50/mt up to $5/mt post window. European structures were weakened, with May/Jun were well offered, selling down from -$2/mt to -$3/mt and Jun/Jul trading down to $2.50/mt. May barge cracks sold down from -$11.95/bbl to -$12.35/bbl and Q3 traded at -$10.45/bbl. 380 spreads then were better offered in the window, with May/Jun selling down to flat post window.

A weak morning in VLSFO, the front Sing cracks collapsed, with May gapping down from $12/bbl to $11.50/bbl at the end of the window. Sing spreads were better offered for the whole morning, with May/Jun selling down from $4.50/mt to $3.50/mt and Jun/Sep selling down to $19.75/mt by trade houses. The front sing crack came under pressure on weakened spreads and stronger crude, with May trading further down to $11.20/bbl post window. Euro spreads were better bid by majors in decent volume, with May/Jun trading at $6.50/mt and Jun/Sep buying at $18.75/mt. Euro cracks sold down in line with Sing, with May trading down to $4.95/bbl. 0.5 E/W implied lower at $40/mt in May.

Distillates

ICE gasoil spreads continued their strength seen yesterday afternoon, with the May/Jun spread indicated at $9.50/mt after reaching lows of $4.50/mt earlier in the week. The Jun/Jul spread traded up to $6/mt from $5.50/mt earlier in the morning. ICE Gasoil cracks rallied this morning, with the May crack trading at $24.70/bbl, up from $24.10/bbl, and the June crack lifted up to $24.65/bbl. Interest in the May/Jun crack strip was observed, trading at $24.70/bbl. The European jet market remained rangebound, with the May diff trading between $53.50/mt and $54.50/mt, while the June regrade traded at $59.75/mt. The HOGOs remained rangebound this morning, with the Apr swap at 4.10c/gal and the Q4 swap at 10.50c/gal.

This morning, strength was seen in Sing gasoil structure, with the Bal Apr/May spread being lifted up to -$0.08/bbl from -$0.15/bbl, and the May/Jun spread trading at $0.32/bbl, up from an opening value of $0.25/bbl. A The Jun/Jul spread traded up to $0.49/bbl during the window, it has since come back off to $0.45/bbl. With the Sing gasoil structure firming, the E/W rallied this morning. The May E/W traded up to a daily high of -$32/mt from the open of -$35/mt but has come back off to -$33/mt, while the Jun E/W traded up to -$28.75/mt. Interest was noted in the deferred tenors, with Q3 trading at -$27.50/mt and Q4 at -$25.50/mt. Regrades strengthened throughout the morning, with the May regrade trading up to -$1.95/bbl after hitting a low of -$2.10/bbl earlier. The Jun regrade traded at -$1.60/bbl, and the Jun/Sep regrade roll traded at -$0.35, indicating the Sep regrade at -$1.35/bbl. In kerosene, interest was seen in the deferred Oct/Dec spread, which traded at $1.60/bbl.

Gasoline

An active morning in Gasoline, where we saw flat price trade at the end of the morning window equivalent to $12.55/bbl on a crack basis in May 92. MOC saw the Apr/May roll better offered. The dominant flow in 92 was eastern gasnaph selling this morning in May, from phys players, between $24/bbl and $23.80/bbl. E/W continued to see buying from funds and trade this morning, which trended lower between -$9.60/bbl and -$9.80/bbl. Cracks in 92 ran into selling from funds this morning, offered down from $13/bbl pre-window to $12.55/bbl post, and more deferred on the curve, we saw selling in Q3 at $10.05/bbl from real. Jun/Sep 92 was offered down to $5.25/bbl this morning from trade. RBBRs stayed rangebound at the $25.70/bbl level, but arbs saw strong selling again from trade houses and funds in May at 10.50c/gal and in Q4 down at 4.40c/gal. Sep arbs again saw follow interest from yesterday, seeing selling at -5.30c/gal. EBOB spreads saw selling from real players in Jun/Jul at $19.50/mt and May/Jun at $15/mt. May/Aug saw sell side interest post-window at $53/mt.

Early Overnight & Singapore Window

We saw trade and ref on the sell side of cracks in the morning window at $22.40/bbl in May EBOB, and sell side interest on Q3 cracks at $18.25/bbl. We saw some interest in Q3 gasnaphs from the sell side, and in May, however little activity in European gasnaphs this morning.

Naphtha

An active morning in Naphtha that saw NWE cracks continue their weakness following yesterday's strong move as various players continued stopping out of length, leaving flat price in May24 MOPJ valued at $688.50/mt, on a -$10.75/bbl crack equivalent. May NWE cracks opened at -$11.75/bbl and saw some speculative buying at these levels before falling as low as -$12.10/bbl post-window. MOPJ saw some support with 92vMOPJ continuing to be well offered by refiner along with bank buying of May MOPJ cracks at -$10.30/bbl in volume, leading front E/W to trade at $13.75/mt. Front MOPJ spreads were offered by trade with May/Jun and Jun/Jul trading 50c lower at $6.25/mt. Similar seen with Europe spreads, the pricing spread seeing trade and major selling down to $8.75/mt with May/Jun falling to $6.50/mt.

NGLs

On NGLs this morning, the aggressive move downwards in the Naphtha complex caused weakness in international LPGs. With pronaps at high levels, FEI bids were hit at the front of the curve; although there was some Chinese buy side interest, FEI flat price sold off quickly with prompt FEI trading from $616/mt to $610/mt pre window. CP, although quieter, was offered down with FEI but to a lesser extent helping FEI/CP to weaken to $21/mt in May and $47/mt in H2 2024. Structure sold off too especially at the front of the curve, as the Balmo FEI spread traded down to $10/mt and May/Jun traded consistently at $6/mt. Activity quietened into the window: when May FEI flat price was lifted at $611/mt, there was increased buyside interest helping the May/July FEI spread to firm a touch to $8/mt. Arbs although quiet were better bid on the overall FEI & international weakness with Jun LST/NWE trading at -$92/mt.

Global Macro

Another all-time high in gold and more weak European data. German PMI at a disastrous 41.9, and lower than expected inflation data, ECB should cut rates immediately, but they're nervous to cut unilaterally as it will send the Euro aggressively lower.
French CPI fell to 2.3% from 3.0% (expected 2.7%)
German CPI fell to 2.2% from 2.5%.

Tesla fell 4.8% on weaker sales, dragging equities slightly lower. And U.S. 2s10s yield curve is starting to steepen as favourite bond market trade, at -33bp its still inverted and has been for 21 months.

An interesting point. On Friday Bond market volatility and FX volatility were both at more than 2 years lows, and the VIX (S&P 500 volatility) was just above the 2 year low. This normally ends with a big move.