

Flat Price

The Brent futures flat price for the prompt contract has seen a relatively weaker morning. Price action was initially stable around the \$89.60/bbl mark in the early hours of the morning, however, since then prices have sold off slightly to \$89.17/bbl at 10:40 BST. Exxon has said that its Q1 earnings will be impacted by the decline in oil benchmarks, citing weaker gas prices and substantial losses from its fuel derivatives business, according to Reuters, referencing a securities filing. The operating result for Q1 2024 stands at \$6.65 billion, a decrease from the previous year's record of \$11.6 billion, as well as a decline from Q4 2023 at \$7.63 billion. In separate news, following multiple delays, cost overruns, and legal disputes, the expanded Trans Mountain oil pipeline is set to commence operations on May 1, after project work amounting to \$53 billion will be completed. The expansion will add 590 kbpd to the pipe's capacity, with production from the oil sands deposit expected to rise 375kbpd this year. The front-month and 6-month Brent futures spreads are at \$0.90/bbl and \$4.96/bbl, respectively.

Crude

This morning in dated we saw Balmo DFL well offered by Sing and major, sold from \$1.14/bbl to \$1.06/bbl. Bal Apr/May Dtd also saw better selling trading down 5c to \$0.80/bbl. May DFL was weaker with spreads selling off, last trading \$1.15/bbl with Jun following to now trade \$0.96/bbl, although the DFL roll remains rangebound around \$0.17/bbl. Buying of May rolls continued, with 20-31/5 v Cal Jun lifted at \$0.69/bbl, whilst 28-31/5 v Cal Jun trades \$0.57/bbl. Prompter May rolls saw less aggressive buying, with 7-13/5 v Cal Jun trading \$1.32/bbl. 8-12/4 3w trades \$0.15/bbl, lower than yesterday morning although 8-12/4 1w looks to have found a touch of support off the back of a strong physical yesterday, with the market -10/-5 after trading -\$0.09/bbl yesterday.

Dubai weakened this morning with buyers of BD and sellers of Dubai spreads pushing May BD up to -\$0.12/bbl. Spreads were offered from a number of players, with May/Jun and Jun/Jul trading down to \$1.02/bbl and \$0.98/bbl respectively, 5c down from close last night. There was refiner selling interest of the Q3/Q4 box, trading at -\$0.22/bbl. There was also refiner selling of the Jul for May cross month EFS, trading at -\$0.10/bbl.

Fuel

A quiet afternoon in HSFO, we saw scaled back buying interests on 380 E/W, with May buying up from \$7.50/mt to \$8.50/mt in large size and Jun trading up to \$5.25/mt. 380 spreads were weakened, May/Jun selling down from -\$0.25/mt to -\$0.75/mt on screen and Jun/Jul selling down to \$2/mt before covering to \$2.75/mt post window. Little movement on 380 crack which put pressure on barge cracks due to strengthened 380 E/W, with May barge cracks trading down to -\$13.25/bbl before recovering to -\$12.85/bbl post window. Barge spreads continued to be offered, with May/Jun trading down to -\$4.25/mt.

In VLSFO, Sing spreads were weakened, with May/Jun selling down from \$3.25/mt to \$1.50/mt and Jun/Jul selling down to \$4.25/mt. Jul/Sep Sing offered down to \$17.75/mt by trade houses before the window. The front Sing cracks collapsed, with May Sing crack gapping down from \$10.80/bbl to \$9.80/bbl. May Euro crack sold down to \$4/bbl on screen due to weakened Sing structures. Jun/Dec Euro got hit down as low as \$31.50/mt. Sing structures rebounded during the window. Sing cracks were better bid on screen, with May buying up to \$10.55/bbl quickly at the end of the window. Sing spreads recovered due to Q4 Sing crack selling, with May/Jun trading at \$2.75/mt and Jun/Jul trading at \$5/mt post window. The front Sing cracks traded further up to \$10.75/bbl before gapping down to \$10.30/bbl again post window.

Distillates

ICE Gasoil spreads saw rangebound trading this morning, with the May/Jun spread trading between \$8.25/mt and \$8.75/mt and the Jun/Jul spread remaining between \$4.75/mt and \$5.25/mt. ICE gasoil cracks rallied into the beginning of the window before coming back off. The May crack traded up to \$24.35/bbl but came off to \$24/bbl post window. Interest was seen down the curve with the Cal25 crack trading at \$23.65/bbl. The European jet market saw interest throughout the curve this morning, with the June regrade trading at \$60.75/mt and the May/Jun regrade roll at -\$5.75/bbl indicating the May regrade at \$55/bbl. In the deferred tenors Q1 25 and Q3 25 both traded at \$61.25/bbl. HOGOs in the prompt came off slightly into the morning with the May swap at 4c/gal while down the curve the Q4 was unchanged around 10.30c/gal.

A quiet morning was observed in Sing gasoil due to the Chinese holiday. However, there was weakness seen in Sing gasoil spreads with the prompt May/Jun spread coming off to \$0.27/bbl post window from \$0.32/bbl, while the Jun/Jul spread traded down to \$0.40/bbl. Interest was observed in the deferred spreads, with Sep/Oct trading at \$0.55/bbl. The E/W in the front remained rangebound this morning with the May E/W trading around -\$32/mt and the June E/W around -\$28.50/mt. Interest was seen down the curve with Cal25 trading at -\$18.75/mt and the Q4 trading up to -\$26.25/mt from -\$27.50/mt earlier in the morning. Regrades had a strong morning with significant buying interest in the window. The May regrade was lifted up to -\$1.75/bbl from -\$1.90/bbl in the window and it continued to strengthen, trading up to -\$1.65/bbl after the window. The June regrade was lifted up to -\$1.45/bbl during the window.

Gasoline

This morning in gasoline, where we saw flat price trade at the end of the morning window equivalent to \$11.75/bbl on a crack basis in May 92. MOC was slightly more offered this morning in May 92. We saw buy-side interest on the May E/W this morning again, with real players on the buy-side at -\$10.10/bbl. 92 spreads went better bid this morning, with Jun/Sep seeing buying at \$4.80/bbl, refiners on the buy-side of Jun/Jul at \$1.60/bbl and major buying May/Jun at \$1.43/bbl. Banks were on the sell side of cracks in May this morning at \$11.70/bbl, and we saw buy-side interest of deferred cracks, with Q3s trading between \$9.85/bbl and \$9.75/bbl. Gasnaphs in the East were well offered again in May, trading down to \$23.55/bbl, offered by phys players. RBBRs stayed around the \$25.10/bbl handles, ticking up to \$25.30/bbl post-window. We saw some selling of arbs this morning at 9.70c/gal in May and at 4.30c/gal in Q4 from phys. Spreads in EBOB saw refiners on the offer of Jun/Jul at \$18.50/mt, and phys on the buy-side of Aug/Sep at \$24/mt. We had selling of cracks in EBOB this morning, with Jun offered from trade houses at \$21.20/bbl.

Naphtha

This morning in naphtha we saw flat price valued at \$697/mt in May24 MOPJ, on a -\$11/bbl crack equivalent with strong selling of spreads in both curves by trade house and major. Front MOPJ spreads traded more than a dollar lower than previous close with May/Jun offered as low as \$4.75/mt post-window and Jun/Jul down to \$5/mt. Q3/Q4 saw levels trading at \$12.75/mt.

Front E/W softened with MOPJ spreads well offered, trading down from \$13.25/mt down to \$11.50/mt post-window with Chinese on the sell side. In Europe, we saw NWE cracks weaken off the back of Asian selling, opening at -\$12.15/bbl and seeing selling down to -\$12.50/bbl end window with trade aggressing on the sell side. NWE spreads lower on crack weakness with May/Jun down to \$5.50/mt and the pricing spread continuing to see offers, trading down to \$6/mt.

NGLs

A quiet but gappy morning on NGLs; with Chinese players celebrating the Qingming holiday there will be no DCE flows until next week. With no Chinese buy-side interest, and naphtha weakening again, FEI/CP went offered pre-window off the back of outright FEI softness. Singapore trade houses were offer side of FEI flat price at the front of the curve; a \$18/mt bid got hit on May FEI/CP and June FEI/CP opened lower at \$34/mt then weakened down to \$32/mt. FEI structure weakened too as \$5/mt traded in May/Jun while DEC/DEC spread traded at \$62/mt having traded up at \$66/mt yesterday. FEI went better bid in the window with the prompt trading at \$610/mt handles. The arb was quiet throughout the morning but implied better bid on FEI weakness.

Global Macro

After Mondays surprisingly strong monthly U.S. ISM manufacturing data, the shine was taken off yesterday with weaker than expected ISM services data (note the service sector is three times larger than the manufacturing sector). While still in expansion at 51.4 economists were quick to jump on the negatives, and this brought some weakness to the dollar.

US ISM Services Index Mar: 51.4 (est 52.8; prev 52.6)

* Weakest headline since December

* Back-to-back employment # under 50

* Lowest prices paid since March 2020

Silver now surging higher to join gold which is at another new ATH.

FT: Could the ECB cut rates before the Fed

Minor data today is U.S. weekly jobless claims at 1.30pm. But the focus is all on tomorrow's monthly payroll (employment) data.