08 Apr 2024

Overnight & Singapore Window

ONYX ADVISORY

Flat Price

The Brent futures flat price for the prompt contract initially saw a slight pull back and dipped to below the $89/bbl mark in the early hours. However with the prospect of war still very apparent, the contract has strengthened once again surpassing the $90/bbl mark at 08:45 BST and reaching highs of $90.67/bbl at 10:30 BST. Looking at the CFTC data for the week to Apr 02, in Brent futures we saw a continuation of bullish positioning for a third successive week. Bullish speculators added over 10mbbls (+2.9%) of length, taking open long contracts to its greatest level since Jul'21 at 374mbbls, whilst their bearish counterparts removed 1.2mbbls (-1.7%) of short positioning. WTI speculators followed a similar course increasing their length by almost 10mbbls (+3.8%), coupled with a decrease of only 0.4mbbls (-0.8%) of short positions. Iran are planning to reopen the Kirkuk-Ceyhan pipeline which has been shut for a decade and capable of sending 350kbbls/d to Turkey by month end. Independent refineries in China received a record 1.26 million mt of Sokol in Mar, however, with Sokol cargoes being offered at a price of flat to Brent crude for May delivery, imports are likely to fall to around 0.6 million mt. The front and 6-month Brent futures spreads are at $0.99/bbl and $5.31/bbl, respectively.

Crude

Quiet morning in dated, switching from bid to better offered – particularly in the prompt - with Balmo DFL trading up from $1.69/bbl to $1.75/bbl, before getting sold back down $1.60/bbl. May was rangebound, opening at $1.38/bbl, lifted up to $1.45/bbl and trading back down at $1.37/bbl last. There was good buying in May rolls, with 7-13/5 v Cal may trading good size at $0.39/bbl, and 28-31/5 v Cal Jun trading $0.62/bbl. April rolls still saw some strong buying, despite the pressure on Balmo, with 15-19/4 1w roll trading $0.12/bbl, and 22-26/4 v Cal May trading $1.34/bbl.

Fuel

In HSFO, Chinese were initially buyers of 380 FP, then flipped the directions in the early morning. 380 spreads were bid, with May/Jun trading at $0.25/mt and Jun/Jul buying at $3/mt. Barge cracks opened weaker, with May gapping down from -$12.30/bbl to $12.75/bbl post window. Barge spreads came under pressure, with May/Jun selling down to -$4/mt which supported May/Jun 380 E/W boxes, trading up to $4.25/mt. 380 E/W were strengthened due to weakened barge structures, with May buying up to $8/mt. Viscos were better bid post window, with may buying at $17.75/mt.

In VLSFO, Q4 Sing cracks were well offered in the morning, trading at $10.05/bbl in decent volume, but quickly absorbed by the markets. The front Sing crack came under pressure, with may Sing crack selling down from $10.60/bbl to $10.35/bbl at the end of the window. The front Sing spreads were a touch softer, with May/Jun trading at $3/mt and Jun/Jul trading at $5.25/mt. Jun 0.5 E/W bought at $41/mt in the window. Then the front Sing crack kept selling down post window, trading as low as $10.25/bbl. May Euro crack came down in line with Sing, selling at $4.35/bbl.

Distillates

ICE gasoil spreads strengthened this morning after opening down from Fridays close. The May/Jun spread opened $2/mt lower from Friday at $6.75/mt, but it strengthened throughout the morning, trading up to $7.75/mt. The Jun/Jul spread traded up to $5.50/mt from $5.00/mt at the open. Likewise, ICE gasoil cracks traded higher this morning after opening lower, with the May crack trading up to $23.70/bbl from $23.25/bbl. Interest was seen in the deferred tenors, with the Q4 crack trading at $24.65/bbl and the Q3/Q4 crack roll at -$0.30/bbl indicating the Q3 crack at $24.35/bbl. European jet diffs continued lower this morning, with the May diff trading down to $50.50/mt.

The May/Jun diff box traded at -$7.50/mt, indicating the June diff at $58/mt. Little activity was observed in the deferred tenors. The HOGOs trended lower this morning, with the May swap at 4.40c/gal and the Q4 swap at 9.40c/gal.

This morning we've seen Sing gasoil structure firm a touch throughout the morning with the prompt trading up to $0.41/bbl from $0.39/bbl at the open, and the Jun/Jul spread was lifted up to $0.47/bbl from $0.43/bbl. Interest was seen down the curve in Aug/Sep spread around the $0.46/bbl level. The E/W traded higher this morning, with the May E/W trading up to -$28.25/mt from -$30/mt. However, it has retraced back to -$29/mt post-window, while the Jun E/W traded up to -$26/mt. Interest was seen in the May/Sep roll around -$1/mt, indicating Sep E/W at -$28.00/mt. Further down the curve, the Q4 E/W trading higher at -$24.75/mt. A strong morning was observed in Regrades with the May regrade been lifted up to -$1.50/bbl from -$1.75/bbl at the open, but it has since come back off to -$1.60/bbl post window. Interest was seen down the curve, with the Jun regrade trading at -$1.30bbl and Q3 at -$1.15/bbl.

Gasoline

This morning in gasoline, where we saw flat price trade at the end of the morning window equivalent to $11.20/bbl on a crack basis in May 92. MOC was bid this morning in 92. We saw spread buying in 92 this morning, with summer spreads seeing bids from trade houses and phys players. Jul/Aug was bid at $1.50/bbl and Aug/Sep was bid at $1.50/bbl from funds. Post-window, Jun/Sep saw bid side interest at $4.40/bbl. We had refiners on the sell side of the Bal E/W this morning at -$10.40/bbl, and the Bal spread traded down from $1.10/bbl to $0.95/bbl, before rebounding post-window to $1.05/bbl. In deferred 92, we saw Q3 cracks see strong selling this morning on screen from Chinese players between $9.45/bbl and $9.55/bbl, and Q3 E/W was offered this morning at -$8.80/bbl.

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We again saw refiners on the buyside of deferred 92/Dubai cracks in Q3 tenors this morning. RBBRs stayed just below the $25/bbl mark in Jun this morning, with arbs seeing some selling at 10.20c/gal in May. We saw some early spread buying in EBOB, with May/Jun bid between $13.50/mt and $13.75/mt, and Jun/Jul at $18/mt. Bal-spread was well offered at $6.75/mt. Banks were on the sell side of front EBOB cracks this morning, down from $21.80/bbl to $21.65/bbl post-window.

Naphtha

This morning in Naphtha we saw flat price valued at $702/mt in May MOPJ, on a -$10.30/bbl crack equivalent as the East saw support with MOC bid and flat price buying. Front MOPJ spreads saw physical on the sell side with May/Jun and Jun/Jul offered at $5.50/mt. Front E/W firmed with Europe cracks seeing selling and MOPJ finding buying post-window with May E/W trading up to $14.50/mt. In Europe, we saw NWE cracks open higher at -11.75/bbl on lower crude but saw trade and fund selling in the front, pushing the crack down to -$11.95/bbl by end window. Europe spreads softening with crack weakness, May/Jun trading at $5.75/mt but found resistance with trade on the buyside of May/Q3 spreads.

NGLs

Very quiet morning on NGLs; on thin liquidity, initially FEI flat price was offered down and structure weakened with both market makers and a major on the sell side. MOC was well bid and May FEI traded down to $612/mt handles ahead of the window. Pronap levels were lower with naphtha firming a touch as May FEI/MOPJ traded at -$88/mt and Q4 pronap traded at -$109/mt. FEI structure weakened too with May/Jun FEI trading at $5/mt and Bal-April/May trading at $8/mt. CP activity was quiet however was comparatively better bid than FEI as May FEI/CP traded down to $19.50/mt. Flat price did go better bid in the window on higher crude with May FEI flat price ending the window at $615/mt.

Global Macro

Silver briefly limit up +7% this morning in Shanghai with gold up 3% at the time as the trends get more airplay, central banks transition towards gold and noise grows over U.S. Treasury market's sustainability.

- Since the end of 2019, the total U.S. Treasury market has increased by more than 60% to $27 trillion.
- It is now 6x larger than prior to the 2008 financial crisis.
- Total U.S. debt is currently rising at $1 trillion every 100 days.

This week key data
U.S. CPI Wednesday, PPI Thursday, and consumer sentiment Friday
ECB meeting Thursday

U.S. payrolls headline number came in above consensus +303k, (+214k expected) with the unemployment rate 3.8% and average hourly earnings 4.1% YoY coming in as expected. U.S. 2yr bond yields jumped 10bp (up another 2bp today) and 10yr closed 9bp higher (+3 more bp today). However, the composition of the jobs growth is less strong, all the growth was part-time workers, with U.S. full time employees actually falling 6k on the month at falling 1% YoY.

Car prices in China are falling at the fastest rate since 2002 (when records began!). This will be exported to car prices globally especially as Chinese EV make further inroad to global markets.

To discuss any points mentioned in this report further please do not hesitate to contact us at:
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