09 Apr 2024

Overnight & Singapore Window

Flat Price

The Brent Futures prompt contract has seen a volatile morning, opening around $90.60/bbl before oscillating from lows of $90.40/bbl up to highs of $90.93/bbl at 08:50 BST. In the news today, Mexico's state-owned energy company Pemex announced its intention to reduce crude oil exports by 330 kbpd next month. This reduction represents one-third of Mexico's total oil exports and the decision comes as the company redirects more supply to domestic refineries. Earlier this month, Pemex cut oil exports by 436 kbpd to support the increasing activity of Mexican refineries, including the newly operational Dos Bocas facility, which is expected to process around 179 kbpd this year. In a separate development, the New Zealand government is planning a ban on the import of internal combustion engine vehicles by 2040 as part of its efforts to achieve net-zero emissions. A draft document from the country's Climate Change Commission suggests that transitioning to electric vehicles is crucial for decarbonizing transport, aiming for nearly all vehicles entering the country to be electric by 2035. The prompt and 6-month Brent futures spreads are $0.99/bbl and $5.29/bbl, respectively.

Crude

Fairly slow start to Dated, with May DFL trading in line with spreads between $1.43/bbl and $1.47/bbl. We saw buying out of 22-26/4, with the 1w roll lifted at $0.50/bbl as Balmo was better bid due to strength in the prompt, trading $1.94/bbl last. 29-3 2w was better offered, sold down at $0.85/bbl whilst the outright was sold at $2.23/bbl – a touch softer than yesterday's window. Jun DFL also traded in line with spreads between $1.07/bbl and $1.11/bbl, whilst the May/Jun DFL and DTD roll are yet to trade.

Fuel

In HSFO, the front 380 spreads were better offered, with May/Jun selling at -$0.25/mt on screen and Jun/Jul trading at $2.50/mt. Barge cracks were weakened, with May trading down -$13.10/bbl.

We saw scaled back May 380 crack buying interests, trading from -$11.60/bbl to -$11.70/bbl with weakened barge cracks. 380 E/W were supported, with May trading at $8.75/mt and Jun buying up to $4.50/mt on screen. Q3 barge cracks bought at -$10.60/bbl which put pressure on barge spreads, with May/Jun and Jun/Jul implying down to -$4.75/mt and $1.25/mt respectively. Visco sold down to $17.25/mt in May at the end of the window due to 180 MOC selling interests.

In VLSFO, Sing spreads were well offered in the early morning, with May/Jun selling down from $2.75/mt to $2.25/mt and Jun/Sep selling down to $16.50/mt before the window. The front Sing cracks came under pressure, with May trading down from $10/bbl to $9.75/bbl. The front Sing cracks started to recover in the window, buying up to $10.05/bbl at the end of the window. Euro cracks were better bid post window, with May trading up to $5.30/bbl. Then Sing spreads recovered, with May/Sep trading up to $20.50/mt. We saw real buying interests on 0.5 E/W post window, with Jun trading at $40.50/mt which lent support on the front Sing cracks, with May trading further up to $10.30/bbl.

Distillates

ICE gasoil spreads traded rangebound this morning, with the May/Jun spread trading between $6.25/mt and $6.75/mt, and the Jun/Jul spread around the $4.50/mt level. ICE gasoil cracks traded slightly higher this morning with the May crack indicated at $22.95/bbl and the Jun crack at $23.05/bbl. Interest was seen in the deferred, with the Cal25 crack trading at $23.50/bbl. A quiet morning was observed in the European Jet diff market. The May diff came off a touch from yesterday, trading down to $47/mt. Little interest was seen down the curve. The HOGO's strengthened this morning with the May swap at 5c/gal and the Q4 swap at 10.10c/gal.

This morning in Sing gasoil, we saw the prompt spread trade rangebound between $0.35/bbl and $0.37/bbl. There was strong selling interest down the curve with both the Oct/Nov and Nov/Dec spreads trading down to $0.79/bbl in significant volume. In the backend, buying interest was seen in Mar/Apr'25 at $0.60/bbl. The prompt E/W came off a touch early in the morning, trading down to -$28/mt from -$27.25/mt. However, it was well supported at this level for the rest of the morning. The Jun E/W traded rangebound throughout the morning around the -$25.75/mt level while in the deferred tenors, Q3 traded at -$26.50/mt and Q4 at -$25/mt. Regrades came off into the window, with the May regrade trading down to -$1.75/bbl but it has rallied back up to -$1.65/bbl after the window. The Jun regrade traded lower at -$1.55/bbl and little activity was observed in the deferred tenors. In kero, the Jun/Jul spread traded in decent size at $0.28/bbl.

Gasoline

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to $10.85/bbl on a crack basis in May 92. MOC saw more bid side interest in May this morning. Early morning we saw Jun/Sep 92 offered down from $4.40/bbl to $4.20/bbl. Refiners were on the buyside of Aug/Sep at $1.45/bbl, but major was offered on the May/Jun/Jul fly at -$0.10/bbl. May/Jun saw bids up to $1.25/bbl this morning from phys. We saw cracks trending up in the morning until end window, seeing bids at $10.40/bbl in Jun from funds, but selling come in end-window at $10.80/bbl in May. E/W this morning in gasoline was well offered in May, between -$10.10/bbl and -$10/bbl, from funds and trade. Interest was there to sell deferred E/W this morning, particularly in Q3. 92/Dubai cracks were bid again from phys players down the curve, in Q2 and Q3 tenors. Eastern gasnaphs ran into some selling in May and Jun end window at $22.40/bbl and $21.80/bbl respectively. RBBRs opened weaker this morning ticking up to $24.10/bbl handles in Jun in the window, before rallying up to $24.30/bbl handles post-window.

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We saw EBOB structure weaken in the morning with spreads better offered from majors and refiners, with May/Sep down from $67.50/mt to $66.50/mt, May/Jun down to $10.75/mt and Jun/Jul down to $16.25/mt. Post-window, EBOB found some support with bids coming in at the lows, with May/Sep back up to $68/mt and Jun/Sep up to $57/mt. Selling of prompt cracks was seen in EBOB in the window from phys, at $20.85/bbl, but we saw buying in the deferred cracks at $18.15/bbl in Q3.

Naphtha

A weak morning in naphtha where we saw flat price valued at $701.50/mt in May MOPJ, on a -$10.95/bbl crack equivalent as the East opened with flat price and crack selling which was compounded with stronger crude. Front MOPJ spreads were well offered by physical players, pushing down May/Jun and Jun/Jul 75c down to $5.25/mt. Front E/W softened alongside this from $15.50/mt down to $14.25/mt end window where it found strong buying supporting this level. In Europe, we similarly saw NWE cracks weaken trading down to -$12.40/bbl end window with major and trade selling in the front. Europe spreads saw bank selling with Jun/Jul and Jul/Aug getting hit down to $5/mt but found resistance with trade on the buyside of May/Q3 spread. Deferred spreads saw good selling by major with Q3/Q4 trading at $14.50/mt and Aug/Dec at $19.25/mt.

NGLs

A weak morning for internationals on NGLs; DCE flows were again limited but FEI was offered down ahead of the window. Flat price traded from $613/mt to $610/mt In May FEI pre window despite crude edging higher; structure weakened alongside, especially at the front of the curve as May/Jun FEI traded down to $4/mt but also further out Jul/Nov weakened to -$23/mt. CP also weakened since May/Jun traded at $15/mt yet CP remained in line with FEI; the FEI/CP diff was quiet but the May/4Q FEI/CP box traded lower to -$22/mt. Pronaps were rangebound but softened a touch with May FEI/MOPJ trading between $90/mt and $92/mt despite naphtha weakening. The E/W diff came off with the FEI weakness as June E/W traded at $82/mt; deferred arbs, however, maintained buy-side interest with Q4 LST/FEI trading at $180/mt.

Global Macro

Two pieces of bullish news to start the day. German industry shows signs of life, industrial production rose for the second month +2.1% MoM, vs 0.5% expected and Chinese spending jumps over long holiday weekend, tops pre-COVID level.

Japanese Yen - leveraged funds and asset managers hold their biggest short Yen position in 17 years. Also, USDJPY 11-day range is only 0.77% of the current spot rate - the smallest over that duration since December 1994. An interesting situation with U.S. CPI Wednesday, and continued threats of BOJ intervention.

The U.S. Stock Market is the most concentrated it’s been since the Great Depression, and for now shows no signs of reversing.

To discuss any points mentioned in this report further please do not hesitate to contact us at:
insight@onyxcapitaladvisory.com