# Overnight & Singapore Window

ONYX ADVISORY

## Flat Price

The prompt Brent Futures contract saw a stable start to the morning, rangebound between $90.40/bbl and $90.90/bbl before seeing a strong correction downwards from 09:30 BST to settle at $90.06/bbl at 10:20 BST. In the headlines today, the US government has raised its forecast for U.S crude oil output, anticipating an increase of around 280 kbpd to 13.21 mbpd in 2024, up by 20 kbpd from an earlier forecast published by the EIA. The EIA has also stated that it anticipates Brent crude prices to average $88.55/bbl in 2024, up from a previous forecast of $87/bbl. In other news, Mexico's slashing of crude oil exports to increase availability for new domestic refineries has caused U.S. imports of the Mexican grade to slump to the lowest level on record, with EIA statistics highlighting a fall in weekly imports to 209 kbpd in the week to April 05. The prompt and 6-month Brent futures spreads are at $0.89/bbl and $4.97/bbl, respectively

## Crude

A weak morning for Dated, with May/Jun aggressively offered seeing the DFL roll trading last at $0.10/bbl and the DTD roll $1/bbl as spreads weaken. May saw the greatest weakness this morning, with the DFL offered down to $1.10/bbl, whilst Jun remains better supported trading $0.99/bbl last, with some good buying in Jun rolls as 6-12/6 v Cal Jun trades $0.25/bbl. 7-10/5 3w roll was very well offered, initially sold down at $0.65/bbl and now trading $0.58/bbl, whilst prompt Apr rolls rallied, with 15—19/4 1w roll trading $0.23/bbl. Balmo DFL also succumbed to the weakness, sold from $1.55/bbl to $1.37/bbl.

## Fuel

In HSFO, barge cracks were strengthened in the morning, with May gapping up from -$13.90/bbl up to -$13.70/bbl. It lent support on barge spreads, with May/Jun trading up to -$4.25/mt before coming down to -$4.75/mt post window and Jun/Jul trading at flat.

We saw 380 crack buying interests post window, with May trading at -$12.15/bbl which supported the front 380 E/W trading up from $9.50 to $10.25/mt. 380 spreads were a touch firmer, with May/Jun trading at -$0.25/mt. Barge crack traded further up to -$13.50/bbl post window. We continued to see 180 E/W buying interests, with May buying at $28.75/mt. May visco bought up to $19/mt before the window.

In VLSFO, the front Sing crack was well bid on screen go into the window, with May buying up from $9.60/bbl up to $10.10/bbl in decent size by a trade house. The Sing spreads were supported down the curve, with May/Jun trading from $2.25/mt to $2.75/mt and Jun/Sep buying up to $17.75/mt. We saw large size Jan Sing crack selling in the window by a major, trading at $9.75/bbl. The front Sing crack came down gradually after buying interests gone, with May Sing crack range bounding between $9.75/bbl and $9.95/bbl. Euro spreads were well bid in the front, with May/Jun trading up to $6.50/mt and Jun/Jul trading at $6/mt. Q3 0.5 E/W traded at $41.50/mt.

## Distillates

ICE gasoil spreads continued lower this morning after a rally into late yesterday. The May/Jun spread traded down to $2.75/mt from $4.50/mt at the open, likewise the Jun/Jul spread traded down to $2.75/mt, a dollar lower from the open. ICE gasoil cracks opened higher before coming off throughout the morning. The May crack came off from $22.50/bbl to $21.55/bbl while the Jun crack was hit down to $22.25/bbl from $22.90/bbl. Down the curve, interest was seen in the Q3 crack around $23.40/bbl. A quiet morning was observed in the European Jet Market. The May jet is indicated higher been bid at $50/mt and the Jun diff indicated at $56/mt. The prompt HOGO strengthened this morning with the May swap at 5c/gal while the down the curve the Q4 swap was unchanged at 9.40c/gal.

A mixed morning was seen in Sing gasoil spreads, with the prompt spread trading up to $0.35/bbl but has since come off a touch to $0.32/bbl post window. The Jun/Jul spread traded lower been hit down to $0.35/bbl from $0.38/bbl. Down the curve, interest was seen in the Oct/Nov and Nov/Dec spreads at $0.70/bbl. The prompt E/W was offered early in the morning and traded down to -$28/mt but found support there. It was well bid into the window and has since rallied up to -$26.75/mt. The Jun E/W came off a touch with it trading down to -$26.50/mt from -$26/mt. Interest was seen in Q3 E/W at -$27.25/mt. Regrades opened lower this morning with the prompt regrade trading down to -$1.75/bbl but has strengthened a touch trading up to -$1.71/bbl. The Jun Regrade traded up to -$1.52/bbl while no activity was seen in the deferred tenors. In kero, the May/Jun spread was hit down to $0.05/bbl.

## Gasoline

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to $12.15/bbl on a crack basis in May 92. We saw MOC go better bid in Bal Apr and May this morning. We saw strong spread buying in 92 this morning in the May/Aug region from phys players. May/Jun traded up to $1.50/bbl and Jun/Jul up to $1.60/bbl. Funds were on the offer side of E/W this morning between -$10.60/bbl and -$10.45/bbl, with Q3 E/W also going better offered at -$8.80/bbl. Deferred 92 saw bid side interest, with the 92/Dubai cracks bid again from refiners in Aug, Sep and Oct. RBBRs ticked up over the morning to $25.70/bbl handles in Jun. Arbs saw buying continue in the front of the curve from yesterday, with real players buying Jun arbs at 9.70c/gal. We saw buying on May/Jun and Jun/Jul EBOB this morning, up to $13.25/mt and $19.25/mt, with phys bids. Sep/Dec was bid at $94/mt. The May/Q3 crack roll saw buying today at $3.78/bbl and Q4 cracks go better offered at $9.40/bbl. Gasnaphs saw some interest from the offer side from real players, at $244/mt.

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## Naphtha

This morning in Naphtha we saw flat price valued at $705.75/mt in May MOPJ, on a -$10.40/bbl crack equivalent as the East firmed with flat price and spread buying by physical players. May/Jun MOPJ remained unch from yesterday's close trading at $5.50/mt with the Jun/Jul/Aug fly seeing strong trade buying at flat. Front E/W continued its strength seeing buying from Chinese up to $16.50/mt post-window with Europe cracks going better offered. May NWE cracks seeing buying in window up to -$12.20/bbl off the back of Asian strength but saw retracement post-window back to -$12.30/bbl, seeing mixed interest at this level. Deferred cracks seeing buying in Q3 and Q4 with Q3 trading at -$11.45/bbl and Q4 seeing buying at -$10.55/bbl.

## NGLs

A more active morning today on NGLs. FEI structure continued to weaken over the morning with May/Jun FEI trading down to $1/mt and May/Jul trading to flat with trade houses and some funds on the offer side. FEI/CP softened to $15/mt in the prompt and $43/mt traded in the second half. CP was also trading at low levels, however, with $590/mt handles trading in the prompt May contract and structure weakening a touch alongside with May/Dec CP trading at -$3/t. Pronaps were weak down the curve with -$100/mt trading in prompt May FEI/MOPJ as prompt Naphtha found support. Arbs were offered down to -$187/mt in Q3 LST/FEI & small US domestic product was even offered this morning with Jun ENT C4 offered at 95.50c/gal.

## Global Macro

Yesterday's CPI data saw a significant tightening in financial conditions with 2-year yields jumping 23.5 bps (up +4.9%), and the dollar index jumping 1.1%. The move in 5-year bonds was the biggest in 10 years.

To compound the move, we then had a catastrophic 10-year U.S. government bond auction with its 3rd biggest tail on record at 3.1bp. Even with this significant move higher in yields clearly investors still do not want bonds.

The OIS is now pricing the first full Fed cut in November and just 41bp of cuts this year (down from 65bp on Tuesday).
China CPI data over night was weak but Morgan Stanley and Goldman both revised up their China GDP forecasts to 4.8% and 5% for the year.

Annual CPI 0.1% [Est. 0.4% Prev. 0.7%]. Core CPI at -0.6% MoM was lowest level since records started in 2013.
Japan 2-year yield rises to highest level since 2009.
Today we have the ECB where the market was expecting Lagarde to prepare for a June cut, but this is trickier after yesterday data as a unilateral cut would send EURUSD aggressively lower.
But German bankruptcies and European inflation highlight the urgent need for ECB action.

US PPI today but far less important than CPI.

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