

Flat Price

The Brent futures flat price for the prompt contract has witnessed a weaker morning, falling from highs of \$90.64/bbl in the early hours to lows of \$89.23/bbl at 09:05 BST. Prices saw a slight uptick since, printing at \$89.69/bbl at 11:20 BST. Over the weekend, Iran launched a direct drone attack against Israel, however, it was met by an underwhelming response from the market due to its lack of damage. The market is awaiting a decision regarding Israel's response, with Israeli Prime Minister Benjamin Netanyahu's war cabinet reportedly favouring a retaliation against Iran, whilst President Biden urges Israel to take a measured approach. Looking at the CFTC data for the week to Apr 09, in Brent futures we witnessed a more risk on attitude. Bullish speculators added over 13mbbls (+3.6%) of length and their bearish counterparts also added 10.8mbbls (+15.2%) of short positioning, with net positioning at its highest level since September 2021. WTI speculators followed a similar course increasing their length by almost 10mbbls (+3.8%), coupled with an increase of 3.6mbbls (+8.1%) of short positions. The front and 6-month Brent futures spreads are at \$0.84/bbl and \$4.66/bbl, respectively.

Crude

A slow start to the week in dated, seeing May DFL a touch weaker as it was sold from \$1.07/bbl early in the morning to \$1.02/bbl last. Jun followed a similar price action, 5c down from the morning at \$0.92/bbl. 7-10/5 2w was offered down to \$0.38/bbl before real buying came in, continuing to trade there and bid on. May/Jun Dtd saw some Sing buying interest around \$0.92/bbl whilst the DFL roll trades between \$0.09/bbl and \$0.10/bbl. 15-19/4 DFL saw better buying from \$1.40/bbl back up to \$1.45/bbl where it last traded on Friday evening, whilst the 7-13/5 v Cal May continues to trade down at \$0.16/bbl.

Fuel

In HSFO, the Chinese also opened the week on the buy side of Sing 380 flat price down the curve, particularly Sep and Jan'25, with the high sulfur MOC fairly well bid in the window. There was mixed interest on the front 380 crack with May trading between -\$11.15/bbl and -\$11.05/bbl throughout the morning. There was a fair amount of activity on 380 spreads, market makers had legged themselves long spreads selling the Chinese deferred flat price resulting in the market makers selling the Jun/Sep 380 down to \$5.75/mt, before real buying was found. Following this, the levels remained pretty stable throughout the rest of the morning with May/Jun 380 trading between \$0.50/mt and \$0.75/mt and Jun/Jul trading at \$2.25/mt. The Barge crack saw real buying, trading up to -\$13.35/bbl. The buying put pressure on the 380 E/W which opened at \$17/mt before trading down to \$15/mt just after the window.

Starting off the week in VLSFO, there was flat price buying from the Chinese down the curve. There was also outright front Sing 0.5 crack buying, which traded up from \$10.20/bbl to \$10.40/bbl early in the morning before trading back down to \$10.20/bbl in the window. There was buying interest in the 0.5 E/W, with July bidding at \$42/bbl, which lent support to the front Sing crack with May recovering back to \$10.35/bbl post window. We also saw power utility buying in the Q3/Q4 Sing 0.5 crack roll at \$0.60/bbl. There was both buy side and sell side interest in May/Jun Sing 0.5 spreads which has resulted in the price trading sideways at \$2.75/mt. On the Euro 0.5, it was a very quiet morning with sporadic trading on the front crack and flat price towards the front of the curve. The front crack was better bid post window buying up to \$4.55/bbl.

Distillates

ICE Gasoil spreads were a touch weaker this morning, with the May/Jun spread trading down to \$2.50/mt from \$3/mt while the Jun/Jul spread was hit down to \$2.25/mt from \$2.75/mt.

A mixed morning was seen in ICE Gasoil cracks, with the May crack trading a touch higher at \$21.93/bbl from \$21.70/bbl, however it is currently indicated lower been offered on screen at \$21.50/bbl. The Jun crack traded higher earlier in the morning, trading up to \$22.40/bbl but has since come off \$22.00/bbl. Little activity was observed in the European Jet diff market. The May diff was hit down to \$52.50/mt and the Jun diff down to \$57.75/mt, while no activity was seen in the deferred. The HOGOs opened weaker this morning, with the May swap at 3.6c/gal and the Q4 swap at 8.7c/gal.

A weak morning was seen in Sing Gasoil spreads, with the May/Jun spread been hit down to \$0.23/bbl from \$0.30/bbl. The Jun/Jul spread was hit down to \$0.26/bbl but was better bid post the window at \$0.29/bbl. Down the curve, interest was seen in Dec/Mar spread at \$1.21/bbl. The prompt E/W initially traded lower this morning with freight higher, it traded down to -\$28.75/mt from -\$28/mt but was lifted on screen up to -\$28.25/mt post the window. Jun E/W traded slightly higher at -\$27.75/mt while in the deferred, interest was seen in Q3 at -\$28.50/mt and Q1'25 at -\$24/mt. Interest was seen in the Prompt regrade around the -\$1.60/bbl level and Jun regrade saw buy-side interest at -\$1.40/bbl. The Sep/Nov regrade roll saw interest on the sell side at -\$0.37/bbl.

Gasoline

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to \$13.20/bbl on a crack basis in May 92. We had a bid MOC this morning in 92, with phys and Chinese players on the buy-side. We saw spreads soften this morning in 92, with May/Sep trading down from \$6.95/bbl to \$6.85/bbl with trade scale back bids, and May/Jul at \$3.40/bbl. E/W saw offers on May between -\$10.35/bbl and -\$10.25/bbl, and Q4 E/W saw offer side interest from a trade house at -\$1.63/bbl. We had bids on deferred cracks this morning from real players, with H2 cracks bid at \$9.15/bbl.

RBBRs were weaker this morning, ticking down from \$26.30/bbl handles to \$26/bbl post-window. We saw arb selling this morning in May and Jun at 8.30c/gal and 8c/gal respectively, from real players. We saw offers on EBOB spreads with May/Jun at \$13.75/mt from ref and Aug/Sep at \$25.50/t. Deferred EBOB cracks were bid at \$9.50/bbl, but we saw the front cracks better offered around the \$23.50/bbl range. We had buying interest in deferred gasnaphs this morning at \$218/mt in Q3 from real players, as well as selling in the front 92/MOPJ at \$25.20/bbl earlier in the morning.

Naphtha

This morning in naphtha we saw flat price valued at \$695.50/mt in May MOPJ, on a -\$10.55/bbl crack equivalent as cracks in Europe opened well bid alongside good spread buying in both curves. Front spreads in MOPJ saw bank and LPG buying with May/Jun and Jun/Jul both seeing buying from \$6/mt to \$6.50/mt. Front E/W saw weakness from Friday's close on Europe strength and flat price selling in MOPJ, leading the front to trade at \$17/mt but with MOPJ spreads going better bid, we saw retracement to \$17.50/mt post-window. On potential cargo delay news, we saw the May NWE crack trade from -\$12.50/bbl up to -\$12.25/bbl with trade on the buy side of cracks with May/Jun well bid, trading up to \$7/mt. Backend naphtha saw sell side interest with Q4 trading up to -\$11.25/bbl end window.

NGLs

A quiet morning on LPGs despite expectation of busier activity following the geopolitical tension over the weekend. There was buy side interest from DCE players in the morning helping FEI structure to firm as May/Aug FEI traded up to -\$3.50/mt and the prompt May/June spread was bid up to \$3.50/mt. CP spreads also firmed out of the prompt as May/June CP traded up to \$19/mt while May/Dec traded to \$2/mt; to this extent, CP outperformed FEI helping FEI/CP to soften a touch trading to \$13/mt. Arbs were a touch softer over the morning with May LST/FEI trading at \$183/mt but there was good buy side interest at this level; front EW firmed with FEI while further out Cal'25 EW was bid and traded \$62.50/mt.

Global Macro

Risk assets rallying in relief after the weekend's events.

U.S. equities higher +0.5%.

The US yield curve +2-3bp.

USDJPY stretches to fresh 34-year high. Cross Yen up +0.6%.

Shanghai Composite Index (equity) closes up +1.3%

Aluminium jumps most since 1987.

Research expects gold to trade near \$2,500/oz and silver to move above \$31/oz by end of 2024.

India is the great retail buyer of gold, but March also saw record imports of silver.

Factories Around the World Are Slowly Cranking Into Gear Again – Bloomberg (Chart)

Data today – Eurozone industrial production at 10am. Will Europe follow the stronger U.S. and Chinese data higher.