

## Flat Price

The prompt Brent futures contract has seen a correction downwards this morning, sliding from \$90.77/bbl levels to just below the \$90/bbl mark, trading at \$89.91/bbl at 10:30 BST. According to Bloomberg reports, Claudia Sheinbaum, the leading candidate in Mexico's upcoming presidential elections, plans to allocate \$13.6 billion towards the development of new natural gas generation capacity and solar power. Additionally, the plan entails enhancing hydropower capabilities and extending Mexico's grid by constructing 3,850 km of transmission lines. Sheinbaum also aims to support the state-owned oil company Pemex in its efforts to increase domestic refinery production. Meanwhile, Reuters calculations indicate that Russia has efficiently restored several key oil refineries targeted by Ukrainian drones, this has reduced the percentage of idled capacity from the attacks to around 10%, down from nearly 14% at the close of March. Notable refineries include Rosneft's Ryazan plant, which has brought back CDU-4 and main CDU-6 oil refining units into operation, as well as the Kuibyshev refinery, where repairs have been made to CDU-4. The front and 6-month Brent futures spreads are at \$0.79/bbl and \$4.57/bbl, respectively.

## Crude

A weak morning for Dated, with prompt structure very well offered. 29-3/5 1w roll trades \$0.10/bbl, whilst 7-10/5 2w was sold from \$0.30/bbl to \$0.20/bbl. May/June sold off alongside, seeing the DFL roll down 10c on the day to trade -\$0.06/bbl, whilst some hedge buying interest of June rolls further back on the CFD curve continued. DFL's were weak, with Balmo hit on screen gapping down from \$0.85/bbl to \$0.65/bbl following the weakness in prompt rolls. 22-26/4 CFD was sold at \$0.55/bbl – 13c lower than the end of the window yesterday. May DFL now trades down at \$0.78/bbl after printing \$0.96/bbl this morning, whilst June is down 8c at \$0.84/bbl.

Rangebound morning in Dubai with May BD trading up to \$0.19/bbl before trading lower, down to \$0.13/bbl, amidst selling of the July for May cross month EFS at \$0.20/bbl then \$0.16/bbl. We saw producer spread buying interest and box selling interest with the June/Aug Dubai trading at \$1.78/bbl and the June/July and July/Aug boxes trading down to -\$0.16/bbl and -\$0.08/bbl. We also saw June for August cross month selling, trading at \$0.35/bbl.

## Fuel

In HSFO, The Chinese came out this morning buying 380 spreads down the curve resulting in all the levels being well supported with the May/June spread buying up to \$1.75/mt prior to the window before selling off down to \$1.25/mt after the window. It was fairly quiet on 380 cracks throughout morning with increased activity both in, and post the window. The May 380 crack remained rangebound between -\$10.30/bbl and -\$10.25/bbl after the window. The front Barge crack traded down to -\$12.65/bbl from -\$12.50/bbl earlier in the morning before rebounding to -\$12.30/bbl as the morning went on. We also saw buying interest on the Q3 barge crack, further supporting the front barge crack. The front spread traded between -\$4.25/mt and -\$4/mt throughout the morning. We saw significant volume of June/July barges being traded this morning, however the interest was mixed resulting in the price trading sideways at -\$0.50/mt. The barge crack rally put pressure on the 380 E/W which sold down to \$12.25/mt from \$13.75/mt earlier on in the morning. Early on we saw the visco being better, buying up to \$17.50/mt before selling down to \$17/mt.

In VLSFO, There was a fair amount of activity on the front Sing crack this morning, it opened higher at \$11/bbl, however the interest was mixed resulting in the May Sing crack trading between \$11/bbl and \$11.05/bbl prior to the window before trading up to \$11.45/bbl after the window. We also saw selling interest on the Jan Sing crack by the Chinese at \$10.20/bbl.

There was significant activity on Sing spreads down the curve, with June/September Sing buying up to \$19.50/mt from \$18.50/mt. The spread trading supported the May through September Sing spreads with May/June Sing trading up to \$4/mt from \$3.25/mt. Euro spreads saw a fair amount of activity down the curve with May/June Euro trading up to \$7.25/mt. We saw the May Euro crack trade up to \$5.25/bbl from \$4.95/bbl before giving some back selling back down to \$5.10/bbl. With the May Sing crack rally outperforming the Euro crack rally, there was support for the 0.5 E/W with it trading up to \$40/mt from \$38.50/mt.

## Distillates

ICE gasoil spreads came off this morning with the front of the curve in contango. The May/June spread traded down to -\$0.25/mt from \$1/mt at the open. The June/July spread came off a dollar to \$0.50/mt. ICE gasoil cracks traded lower this morning with the May crack been hit down to \$20.40/bbl from \$20.80/bbl. The June crack traded lower at \$21.05/bbl while in the deferred, interest was seen in the Q3 crack at \$22.20/bbl. The prompt European Jet diff was a touch higher this morning, trading up to \$52.25/mt while the June diff was indicated at \$57/mt. Little activity was observed down the curve. HOGOs were a touch higher this morning with IPE weaker. The May swap was at 4.4c/gal and the Q4 swap at 8.70c/gal.

This morning, we seen Sing gasoil structure soften with the May/June spread come off to \$0.15/bbl from \$0.21/bbl. The June/July spread traded down to \$0.21/bbl but was lifted up to \$0.24/bbl at the end of the window. However, it saw selling pressure and retraced back to \$0.21/bbl post the window. Interest was seen in the August/September spread around \$0.40/bbl. The prompt E/W continued higher this morning, trading up to -\$25.25/mt from -\$27/mt. Down the curve, the June E/W was lifted up to -\$26/mt from -\$27/mt. In the deferred, the Q1'25 E/W was higher at -\$23.50/mt.

Regrades trended higher this morning, with the May regrade trading up to -\$1.40/bbl and the Jun regrade trading up to -\$1.25/bbl from -\$1.30/bbl. In the deferred, the Q3 regrade was better offered at -\$0.95/bbl. In Kero, the May/Jun spread was hit down to -\$0.03/bbl at the end of the window.

## Gasoline

A thin morning in gasoline, we saw flat price trade at the end of the morning window equivalent to \$13.30/bbl on a crack basis in May 92. May/Jun 92 was rangebound between \$1.65/bbl and \$1.70/bbl, with the May/Jun/Jul fly well bid post-window at -\$0.03/bbl. Majors and trade were on the buy side of cracks in 92 this morning up to \$13.30/bbl in May, where offers came in. E/W was well bid this morning, in May between -\$10.60/bbl and -\$10.50/bbl from ref. RBBRs ticked higher over the morning, to \$26.20/bbl handles post-window. We had arb selling in May down to 7.10c/gal from Majors, and refiners bidding the Jun/Q4 arb roll at 3.65c/gal. We saw bid side interest on spreads in EBOB this morning with banks on the buy side of May/Jun up to \$15.25/mt, and refiners were on the buy side of Sep/Oct up to \$56/mt.

Banks were on the buy side of front EBOB cracks post-window at \$23.80/bbl levels, and refiners were buying Q3 cracks at \$19.40/bbl. Q3 gasnaphs saw buying again at \$213/mt from real players.

## Naphtha

A quiet morning in naphtha where we saw flat price valued at \$707/mt in May24 MOPJ, on a -\$9.95/bbl crack equivalent as cracks in Europe opened bid and MOPJ flat price saw selling. MOPJ spreads saw little interest, leaving them unchanged in the front but did see Q3/Q4 MOPJ buying interest lifting up to \$16.50/mt. E/W opened 50c lower today at \$17.50/mt where it found support with Major and Chinese buying with deferred E/W implied lower off the back of propane flows. NWE cracks opened in May24 at -\$12.10/bbl but with good Q4 buying from a trade house up to -\$10.85/bbl, we saw the front trade up to -\$11.80/bbl by end window. Post-window, we saw this buying momentum continue on thin volumes with the front trading as high as -\$11.4/bbl. May/Jun NWE continued to be the best bid in the curve, trading as high as \$8/mt with Jun/Jul buying improving to \$6/mt.

## NGLS

A stronger morning for LPG internationals, buoyed by a firmer naphtha complex. FEI structure firmed as spreads were bid both at the front of the curve, May/July traded up from \$3/mt to \$4/mt over the morning, and at the back of the curve as Q4/Q1 traded up at \$20/mt and Dec/Jan FEI traded at \$7/mt. FEI/CP firmed down the curve as FEI strength outpaced CP; prompt FEI/CP traded up to \$15/mt by the end of the window as CP spreads softened a touch, May/Jun CP down to \$19/mt. Arbs softened in line with the FEI strength as May and June LST/FEI traded to -\$186/mt and -\$183/mt respectively; the arbs, however, were well bid at these levels with Major buy side of the June arb in decent volumes. Physical types bidding the window helped support the FEI structure with Q4 FEI/MOPJ firming up to -\$46/mt post window.

## Global Macro

- Cracks are starting to show after the relentless rally in both U.S. yields (YTD highs in 10-year) and the dollar index, caused by back-to-back stronger than expected data, payrolls, CPI and then yesterday's retail sales +0.7% MoM (expected +0.4%).
- Momentum is beginning to break in U.S. equities, S&P -1.2% (4% off the ATH) and Nasdaq -1.65% breaking key support levels. And the VIX (S&P volatility index) has hit its highest level since October.
- Nikkei -2.1% today, KOSPI -2.4% Hang Seng -1.9% .....
- Indian rupee falls to all time low versus U.S. dollar and GBP, EUR and AUD at 4-month lows. A strong dollar is particularly painful for emerging markets (remember 1997 Asia crisis).
- Mixed Chinese data overnight. Strong GDP +5.3% (expected +4.8%) but weaker Industrial production +4.5% YoY (expected +6.0%), and weaker retail sales +3.1% YoY (expected 4.8%). However, China March steel production down -7.8% YoY and cement production down -22% YoY is not a positive signal.
- More join the gold party (better late than never!)..... Goldman raise their 2024 gold target to \$2700, and Citibank to \$3000 over the next 18 months.
- UK unemployment jumps from 3.9% to 4.2% (expected 4.0%)
- EM equities vs US equities at 50-year lows (chart)
- Today we have US industrial production, German ZEW survey, plus the IMF World Economic Outlook Report & Global Financial Stability Report.

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

[insight@onyxcapitaladvisory.com](mailto:insight@onyxcapitaladvisory.com)