

Flat Price

The prompt Brent futures contract has seen a retracement downwards this morning to \$86.35/bbl at 10:35 BST. In the headlines, China increased the pace at which it added crude to inventories in March as the world's biggest oil importer snapped up record imports from Western-sanctioned Russia. A total of 790 kbpd were added to China's commercial or strategic stockpiles in March, up from the 570 kbpd over the first two months of 2024, according to Reuters calculations based on official data. In other news, agencies have predicted even higher demand growth in 2025: the EIA forecast is 1.351 mbpd, Standard Chartered's forecast is 1.444 mbpd while the OPEC Secretariat has predicted a 1.847 mb/d increase in demand. The front and 6-month Brent futures spreads are at \$0.54/bbl and \$3.55/bbl, respectively.

Crude

This morning in dated opened with a sharp sell-off, seeing May quickly sold down from \$0.65/bbl to \$0.48/bbl, whilst Cal May v 20-24/5 was hit at flat then again at -\$0.05/bbl. May/Jun DFL was in turn offered down to -\$0.20/bbl although now a touch better bid at -\$0.18/bbl. 29-3/5 v Cal May was also better offered down to \$0.05/bbl as prompt may rolls sold off alongside Balmo hit at \$0.30/bbl and now offered at \$0.25/bbl. We continued to see strong buying in Jun rolls, with 3-7/6 v Cal Jun lifted at \$0.29/bbl and bid on.

Quiet morning in Dubai with May BD finishing the morning at flat, unchanged from last night. We saw buyers of spreads, namely Jun/Aug, Aug/Oct and Aug/Nov, trading at \$1.54, \$1.25/bbl and \$1.85/bbl respectfully. Q3 BD traded at \$0.40/bbl, again no move from close last night. the May/Jun/Jul fly traded at \$0.00/bbl and there was selling interest in the Jun/Jul/Aug/Sep condor, trading at \$0.14/bbl.

Fuel

In HSFO, the Chinese came out in the morning buying both 380 cracks and flat price further down the curve on lower crude levels, particularly on the Jun 380 crack, which opened at -\$8.70/bbl and then traded up to -\$8.30/bbl. The 380crack rally supported the 380 spreads combined with scaled back selling interest from funds, saw May/Jun 380 buy up to \$3.50/mt in the window from \$3/mt seen earlier on. Post window the front spread traded back down to \$3/mt. The 3.5 Barge crack opened the morning strongly quickly trading up to -\$11/bbl from -\$11.30/bbl seen at the open.

It continued to buy up to -\$10.85 as the morning went on, before giving back slightly to -\$10.90/bbl. We also saw buying interest on Q3 barge crack trading as high -\$9.40/bbl which further supported the front barge crack. The 3.5 barges opened stronger trading at -\$2.50/mt, however it then sold down to -\$3.50 as the morning progressed. The 380 E/W traded in the same pattern as the 380 trend, it opened up at \$16/mt before buying up to \$16.50/mt, however as with 380, it then traded back down to \$16/mt throughout the morning. Q3 380 E/W was well bid this morning, buying up to \$5.50/mt in decent size.

It was a busy morning on Sing 0.5. The front cracks were well bid, trading in good size up to \$12.25/bbl from \$11.15/bbl earlier in the morning, however, later on in the morning it gave a bit back and sold down to \$12/bbl. The spreads were very well bid as well as being supported by the Sing crack, which saw the May/Jun Sing spread trade up to \$5.75/mt from \$3.75/mt and Jun/Jul Sing buy up to \$7/mt. We did however see the May/Jun Sing spread sell down to \$5/mt as the morning progressed on the weaker crack and Jun/Jul drop to \$6.50/mt. We also saw a fair amount of volume going through on the May/Jun/Jul Sing 0.5 fly at -\$2/mt, before buying up to -\$1.50/mt due to the stronger crack. Well we saw a decent amount volume trading on the front Euro Crack, the interest was mixed resulting in the May Euro crack trading rangebound between \$5.30/bbl and \$5.35/bbl. It was a similar story on the Euro spreads, with May/Jun Euro trading at \$6.50/mt throughout the morning. The Sing 0.5 strength lent significant support to the 0.5 E/W, which traded earlier in the morning at \$40/mt, before trading up to \$43/mt later on.

Distillates

ICE gasoil spreads continued lower this morning with the front of the curve in contango. The May/Jun spread traded down to -\$2.25/mt from -\$1/mt. The Jun/Jul spread was hit down to -\$1.50/mt from -\$0.50/mt. Gasoil cracks came off this morning, with the May crack trading down to \$18.75/bbl from \$19.75/bbl at the close yesterday. The Jun crack traded lower at \$19.50/bbl while in the deferred the Q4 crack traded at \$21.75/bbl. The European Jet diff market was lower this morning, with the May diff trading down to \$51.75/mt from \$53/mt.

The June diff traded at \$56/mt and interest was seen in Q3 at \$61/mt. The HOGOs rallied this morning with ICE lower, with the May swap around 5.70c/gal while in the deferred the Q4 swap was at 8.30c/gal.

Another volatile morning was seen in Sing gasoil. The May/Jun spread initially traded down to -\$0.10/bbl from -\$0.05/bbl, however, it saw strong buying into the window with it been lifted on screen up to \$0.05/bbl but has since come back off to -\$0.10/bbl post window. The Jun/Jul spread traded down to -\$0.08/bbl from \$0.02/bbl. E/W structure came off early in the morning before rallying into the window. The prompt E/W traded down to -\$29/mt from -\$27.25/mt at the open but has since rallied up to -\$27.50/mt. Jun E/W came off to -\$29/mt before recovering to -\$28/mt while in the deferred Q1'25 traded at \$23.50/mt. Regrades rallied this morning with strong buying seen in Combos. The May regrade traded up to -\$1/bbl from -\$1.40/bbl but has come back off to -\$1.18/bbl post window. The Jun regrade was lifted up to -\$0.90/bbl from -\$1.18/bbl while down the curve, the Q3 regrade traded up to -\$0.70/bbl. In Kero, the May/Jun spread was lifted up to -\$0.05/bbl early in the morning before coming off to -\$0.20/bbl.

Gasoline

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to \$13.40/bbl on a crack basis in May 92. A bid window in 92, with MOC seeing buying from phys players. 92 spreads were rangebound between \$1.70/bbl and \$1.73/bbl in May/Jun, with more interest from buy-side from phys. May/Sep 92 was bid at \$6.85/bbl. We had sell side interest on 92 cracks in the morning at \$13.30/bbl, but funds were on the buy-side of cracks from \$13.25/bbl up to \$13.55/bbl post-window. E/W was offered this morning in May at -\$10.25/bbl. We saw buying of 92/MOPJ in May as well as in Q3 at \$20.40/bbl this morning. RBBRs stayed sub-\$26/bbl handles in the window, and ticked up slightly post-window. Arbs saw buy-side interest at 6.80c/gal in Jun this morning from trade, as well as spread buying in EBOB. May/Jun saw buying from refiners between \$15.25/mt and \$15/mt, and Jun/Sep saw buying at \$62.25/mt. Post-window, we had majors on the sell side of spreads, with Jun/Jul offered at \$19/mt.

Q3 cracks in EBOB saw buying between \$19/bbl and \$19.10/bbl, and we saw buyside interest on the front EBOB cracks post-window. Gasnaphs saw selling in May at \$245/mt from real.

Naphtha

This morning in naphtha we saw flat price valued at \$708.50/mt in May MOPJ, on a -\$8.90/bbl crack equivalent with flat price seeing strong buying in the East by petchem and Chinese players on lower crude as cracks continuing to see strength. Front spreads seeing buying in the East off the back of this, May/Jun seeing buying up to \$8.50/mt and Jun/Jul up to \$7.50/mt. Front E/W firmed with flat price buying with May trading from \$17.50/mt up to \$18.50/mt post-window. Backend E/W seeing offers with Q3 getting hit at \$15.50/mt and Q4 at \$12.50/mt. In Europe, cracks initially weakened with E/W strength, trading down to -\$10.90/bbl end window but finding buying with crude moving downwards, trading up to -\$10.65/bbl. In the deferred, we saw good crack selling in Q3 around -\$11/bbl in window.

NGLS

A strong morning on NGLs for international contracts; DCE players were bidding FEI flat price spreads strengthened early morning with May/Jun FEI trading up to \$6/mt and the Balmo spread up to \$9/mt. FEI/CP firmed off the back trading at \$42/mt in Q4. Pre window, however, sing trade houses were happy to sell spreads at the higher levels with May/Jun softening to \$5/mt.

In window consistent E/W bids, up to \$93/mt in the prompt and some bids in the physical kept FEI structure supported although CP flat price buying helped the FEI/CP contract soften at the front of the curve with Jun trading \$30/mt and May trading \$16/mt.

Global Macro

- Commodities saw their largest monthly allocation increase in history (BofA Global Research)..... While rotation out of bonds and tech is underway. Nasdaq -1.2% on the day and down -5.3% from the peak on 21st March. Fund managers are selling bonds at the fastest pace in more than 2 decades.
- More reasons below why the ECB need to cut immediately (21bp cuts priced for 6th June and only 79bp for the year). EURUSD will head towards parity driving the dollar higher with the systemic risks that brings.
- New car registrations fell 5.3% across European Union last month. Sales of electric vehicles fell 11.3%, and in Germany 28.9%.
- Minor data today, U.S. weekly jobless claims.
- This morning saw weaker Aussie employment data -6.6k jobs on month with the unemployment rate ticking up from 3.8% to 3.9%.