

Flat Price

Jun Brent futures flat price witnessed another bout of volatility overnight with price action rallying from below \$87/bbl at 01:25 BST to \$90.55/bbl at 03:45 BST before ultimately easing off to \$86.75/bbl come 11:10 BST (time of writing). The significant rally to \$90/bbl-handles likely stemmed from reports of explosions over an Iranian city allegedly due to an Israeli attack. However, Iran has referred to the incident as an attack by "infiltrators" rather than by Israel, and has thus reported no plans for retaliation against Israel at present. However, Japanese utilities have flagged "strong concerns" for fuel supply and prices over the rising tensions in the Middle East. In other news, the Biden administration has restricted oil and gas drilling and mining in Alaska, angering state officials who say the limitations will make the US more reliant on foreign oil. Finally, the front-month and six-month Brent spreads are currently at \$0.70/bbl and \$4.09/bbl, respectively

Crude

This morning in dated saw DFLs rangebound following the geopolitical news overnight, with May now trading between \$0.75/bbl and \$0.80/bbl after getting lifted at \$0.83/bbl early in the morning. May/Jun was a touch better bid paid at -\$0.03/bbl and bid on, whilst prompt May rolls saw some better buying. 7-10/5 2w was lifted \$0.15/bbl and again \$0.17/bbl, whilst 7-10/5 v Cal Jun was lifted at \$0.80/bbl. We saw some refiner selling interest of 20-24/5 CFD trading down from \$0.62/bbl to \$0.60/bbl, whilst Jun rolls continue to see buying interest.

Fuel

In HSFO, there was less interest this morning in the front 380 crack with more interest on the Jun 380 crack. The Jun 380 crack traded up to -\$8/bbl from -\$8.15/bbl. There was selling pressure on the 380 spreads, with the May/Jun 380 selling down to \$3.25/mt from \$4/mt. There was also interest in deferred 380 spreads, with Jun/Jul and Oct/Nov 380 trading down to \$4.50/mt and \$5/mt respectively.

The May Barge crack opened slightly stronger, trading at -\$10.50/bbl before selling down to -\$10.70/bbl as the morning progressed. We also saw the spreads a touch softer with the front barge crack selling down to -\$3.50/mt from -\$3.25/mt. The relative strength of the 380 crack supported the 380 E/W, which traded up to \$16.25/mt from \$15.75/mt.

In VLSFO, Sing 0.5 cracks were up and down this morning on jumpy crude, the May Sing 0.5 crack opened at \$12.25/bbl before selling down to \$11.70/bbl. The crack made a recovery to trade back up to \$12/bbl, before selling back down to \$11.65/bbl post window. The spreads opened stronger this morning down the curve, with May/Jun, Jun/Jul and Jul/Aug trading at \$6/mt, \$7/mt and \$6.75/mt, respectively. The spreads were offered quite aggressively throughout the morning with all the spreads selling down, with May/Jun Sing 0.5 selling down to \$4.75/mt. It was a quiet morning for Euro 0.5, the May Euro crack traded down to \$4.80/mt from \$5.10/mt on very thin volume. It was a similar story on the Euro spreads, with the May/Jun Euro spread trading down to \$5.75/mt from \$6/mt. 0.5 May E/W was offered, with May 0.5 E/W selling down to \$41.75/mt.

Distillates

ICE gasoil spreads are unchanged from yesterdays close after initially opening higher. The May/Jun spread opened at -\$1.50/mt before coming off to -\$2.25/mt in the window. The Jun/Jul spread traded down to -\$1.75/mt from -\$0.75/mt but has rallied back up to -\$1.25/mt. Gasoil cracks traded lower before rallying after the window. The May crack traded down to \$17.70/bbl before trading back up to \$18.15/bbl. The Jun crack was hit down to \$18.55/bbl in the window but has since traded back up to \$19/bbl. Little activity was seen in the European Jet market. The May diff was indicated at \$53/mt and the Jun diff was a touch lower trading down to \$55.75/mt. In the deferred, interest was seen in the Sep/Dec diff box at flat.

The HOGOs were unchanged this morning, with the May swap at 5.30c/gal and the Q4 swap at 8.10c/gal.

A mixed morning was observed in Sing gasoil. The prompt spread was initially lifted up to \$0.10/bbl on screen, however, it retraced back down to -\$0.08/bbl throughout the morning. The Jun/Jul spread traded around -\$0.09/bbl while interest on the buy-side was seen in the Jul/Sep spread around -\$0.12/bbl. The E/W strengthened this morning with freight lower. The prompt E/W initially traded lower at -\$29.50/mt but has since rallied back up to -\$26.50/mt. The Jun E/W traded up to -\$28/mt from -\$28.50/mt. Interest was seen down the curve, with the Q4 E/W trading up to -\$25.75/mt. A weak morning was seen in regrades with the May regrade trading down to -\$1.45/bbl from -\$1.35/bbl. The Jun regrade traded down to -\$1.15/bbl while interest was seen in Q3 at -\$0.70/bbl coming from Combo buying. In kero, the May/Jun spread continued lower, trading down to -\$0.40/bbl.

Gasoline

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to \$13.10/bbl on a crack basis in May 92. Another bid window in gasoline, with phys players on the buy-side of MOC. We saw spread buying in 92 this morning, with Jun/Sep bid at \$5.25/bbl and May/Jun seeing buying up to \$1.77/bbl. Sep/Oct saw buying at \$1.62/bbl from phys. E/W moved higher this morning, up to -\$9.65/bbl, with offers seen from trade houses and real players. We saw deferred cracks offered on screen this morning, but phys players on the buy-side of Q3 at \$10/bbl. Funds were buying May cracks this morning at \$13.20/bbl levels. With RBBRs still weaker this morning, at \$25.20/bbl mark in Jun, we saw arb buying up from 7c/gal in May to 7.20c/gal. We saw spread selling in EBOB of front spreads, with May/Jun down to \$14.25/mt and May/Jul seeing refiner selling at \$32.75/mt. Jun/Sep saw some buying in the morning at \$61/mt.

We saw EBOB cracks see offers from trade houses and funds at the \$23/bbl mark in May and \$21.90/bbl in Jun. We saw little activity on deferred EBOB or gasnaphs this morning.

Naphtha

This morning in naphtha we saw flat price valued at \$691/mt in May MOPJ, on a -\$8.90/bbl crack equivalent with spreads seeing stronger buying and E/W seeing strength. May/Jun MOPJ seeing buying from \$8.75/mt up to \$9.50/mt with the front fly strengthening from 25c to a dollar with trade on the buy side. E/W opened strong with Jun getting lifted at \$19/mt but saw offers coming into the window with petchem selling flat price, leading Jun to be implied a dollar lower with the front trading at \$19/mt but still retaining strength from previous close. Backend E/W continuing to see offers with Q4 at \$12.50/mt. In Europe, cracks saw better offers this morning with trade house on the offer, the crack offered down to -\$11.05/bbl but seeing support with weaker crude. Q3 cracks seeing bank buying at -\$11.25/bbl.

NGLS

An active morning on NGLs; DCE players were buying FEI structure with May/Jun well supported at \$6/mt.

Likely off the back of the Israel-Iran tensions overnight, the FEI/CP diff strengthened early morning trading up to \$20.50/mt in May and \$35/mt in June, outright FEI flat price buying off the back of this helped FEI structure firm across the curve as Jun/July traded up to \$2.50/mt and Q3/Q4 up to -\$13/mt. Activity quietened as crude sold off over the morning; into the window bids in the physical helped to keep FEI supported with deferred spreads Jun/Dec trading up to -\$15/mt and Dec/Dec at \$72/mt.

Arbs weakened to -\$194/mt in the May LST/FEI contract; end window, however, FEI bids were hit from \$602/mt to \$601/mt and post window spreads softened, FEI/CP weakened implied \$17/mt in May, and the arb retraced higher with -\$191/mt trading in May.

Global Macro

- 3 hawkish Fed speakers yesterday with the first mention of a possible Fed hike hence yields higher, equities lower.
- FED'S WILLIAMS: IF DATA CALLED FOR HIGHER RATES, THE FED WOULD HIKE.
- FED'S BOSTIC: I DON'T HAVE A RECESSION IN MY OUTLOOK
- KASHKARI: COULD POTENTIALLY WAIT UNTIL 2025 TO LOWER RATES
- UK March retail sales 0.0% vs +0.3% m/m expected.
- Japanese inflation slows below expectations CPI 2.7% (2.8% expected), core +2.6 (last +2.8%).
- US \$ continues to bring pain to EMG and Asia.
- VIETNAM STATE BANK SAYS READY TO INTERVENE IN FX MARKET, DONG RISES
- USDBRL +2.4% today and USDMEX +1.8%. TWSE closed -4.8% but in fairness it probably closed before the post Israel/Iran bounce.

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

insight@onyxcapitaladvisory.com