

Flat Price

The Brent futures flat price for the prompt contract has witnessed a mixed morning. Price action initially fell around \$1 to lows of \$85.81/bbl at 08:20 BST, before recovering to print at \$86.72/bbl at 10:55 BST. Russian oil refining has dipped to a near 11-month low, processing 5.22mbbls/d of crude from Apr 11-17. Severe weather and flooding has hindered operations and repairs to drone damaged plants have slowed. The Asian physical market has turned its attention to denser and more sulfurous oil as supply dwindles and HSFO crack margins rise whilst diesel falls. Lisbon-based Galp has completed its first exploration phase in the Mopane field, Namibia, with estimates that it could contain at least 10 billion barrels of oil equivalent. Looking at the CFTC data for the week to Apr 16, in Brent futures we witnessed a bullish attitude. Long speculators added over 20mbbls (+5.2%) to their length whilst their bearish counterparts removed 0.5mbbls (-0.6%) of their positions, driving net positioning to its highest level since March 2021. In contrast, WTI speculators established a bearish position for the first time in six weeks. Bullish speculators removed nearly 4mbbls of their long positions (-1.3%), whilst their bearish counterparts entered en-masse, increasing their short risk by 32.7mbbls (+66.5%). The front and 6-month Brent futures spreads are at \$0.82/bbl and \$4.29/bbl, respectively.

Crude

A strong morning in Dated, with May seeing good buying to trade from \$0.90/bbl to \$1/bbl as prompt May rolls were bid by European trade.

7-10/5 1w was lifted at \$0.13/bbl whilst 1-3/5 v 16-20/5 was lifted at \$0.29/bbl and bid over. May/Jun DFL roll saw some selling around \$0.09/bbl although was taken out and paid at \$0.10/bbl, whilst the Dtd roll was later lifted at \$0.90/bbl, equiv to \$0.12/bbl on the DFL roll. CFD's also saw better buying, with 20-24/5 CFD lifted at \$0.80/bbl and bid on, and 29-3/5 CFT paid at \$1.19/bbl and bid on. 1-15/5 v 16-31/5 was also lifted, trading \$0.30/bbl and offered at \$0.35/bbl on the follow.

Rangebound morning in Dubai with May BD trading up to \$0.08/bbl before trading down to lows of -\$0.02/bbl and consolidating at \$0.03/bbl. We saw early trade house spread selling, trading down to \$0.81/bbl before trading higher at \$0.85/bbl with the uptick in Brent spreads. This spread selling translated into box buying, with -\$0.26/bbl and -\$0.09/bbl trading in the May/Jul and May/Jun boxes respectively. We saw Dated/Dubai buying out of May from a major in decent size, trading at \$0.90/bbl.

Fuel

In HSFO, 380 started the week fairly well supported, with May/Jun 380 trading up to \$3.75/mt in decent size, there was also some activity on deferred spreads with Jun/Jul 380 trading at \$5/mt. It was a fairly quiet morning on the 380 crack, with the May 380 crack trading sporadically between -\$8.20/bbl and -\$8.15/bbl post window. 3.5 Barges opened weaker, selling down to -\$11.20/bbl from -\$10.90/bbl.

It was a quiet morning on Barge spreads, with May/Jun barges trading at -\$3.75/mt. The weak barge crack supported the 380 E/W, with May 380 trading up to \$19.75/mt from \$17/mt. We also 180 MOC being well offered in the morning, which put pressure on May Visco, selling down to \$15.50/mt at the end of the window.

In VLSFO, the Sing 0.5 crack started off the week well bid. Earlier in the morning we saw it trade up to \$11.50/bbl, before trading rangebound between \$11.50/bbl and \$11.55/bbl prior to the window. In the window it went bid on and bought up to \$11.70/bbl in decent size by the end of window. On the Sing spreads, it was a fairly illiquid morning before the window. Post window, there was more activity on the spreads, although the interest was mixed, with the May/Jun Sing trading at \$4.75/mt. It was a quiet morning on Euro 0.5, the May Euro crack traded at \$5.15/bbl on very thin liquidity. It was a similar story on the spreads, with May/Jun Euro trading at \$5.50/mt sporadically throughout the morning. The 0.5 E/W was better offered before the window, with May 0.5 E/W trading at \$41.50/mt, before turning better bid post window, trading up to \$41.75/mt

Distillates

ICE gasoil spreads initially traded lower, but recovered after the window. The May/Jun spread traded down to -\$3.25/bbl but has rallied back up to -\$2.50/bbl. The Jun/Jul spread traded up to -\$1.25/mt from -\$1.75/mt.

ICE gasoil cracks were stronger, with the May crack trading up to \$19.05/bbl from \$18.30/bbl. The Jun crack traded higher at \$19.90/bbl while down the curve interest was seen in the Sep crack around \$22.25/bbl. European Jet diffs opened lower this morning. The May diff traded down to \$51.50/mt but has rallied back up to \$52.50/mt. The Jun diff traded lower at \$56/mt while in the deferred, the Q3 diff traded down to \$59.75/mt from \$60.25/mt. The front HOGOs were a touch higher with the May swap at 5.70c/gal while in the deferred the Q4 swap was lower 7.50c/gal.

A rangebound morning was seen in Sing gasoil. The May/Jun spread traded between -\$0.04/bbl and \$0/bbl and the Jun/Jul spread traded around -\$0.05/bbl. Interest was seen in the Sep/Oct spread around \$0.20/bbl. The E/W traded higher this morning with ICE weaker. The prompt E/W traded up to -\$24.25/mt from -\$26.50/mt, however it came off into the window, trading back down to -\$25.25/mt. The Jun E/W traded up to -\$26/mt but has come off to -\$26.50/mt post the window. In the deferred, interest was seen in Q4 at -\$25/mt. Regrades came off this morning, with the prompt trading down to -\$1.80/bbl from -\$1.60/bbl. The Jun regrade traded down to -\$1.49/bbl but has rallied back up to -\$1.40/bbl post the window. Down the curve, interest was seen in the Q1'25 regrade at -\$0.40/bbl. In kero, the Jun/Jul spread was hit down to -\$0.39/bbl on screen.

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. 92 window was more offered this morning, with phys players looking to sell MOC. May/Jun 92 saw better buying at \$1.75/bbl from trade, along with Jun/Sep which was bid at \$5.30/bbl. We saw fund buying of front 92 cracks post-window, at the \$13.25/bbl level in May. Despite some buying of E/W up to -\$9.75/bbl, we saw refiners selling May E/W down to -\$10.10/bbl post-window. RBBRs stayed stuck around the \$25.50/bbl handles in Jun, with limited arb activity in the morning aside from some selling in May at 7.40c/gal. Aug/Sep and Sep/Oct saw selling from phys players at \$24.25/mt and \$54.50/mt respectively. We saw Dec cracks go better offered today, between \$7.75/bbl and \$7.80/bbl, as well as Q3 cracks better offered at \$19/bbl from real players. Gasnaphs traded around the \$233.50/mt value in Jun, and refiners were buying Sep gasnaphs at \$189.50/mt this morning.

Naphtha

This morning in naphtha we saw flat price valued at \$685.50/mt in May MOPJ, on a -\$8.20/bbl crack equivalent with cracks better bid out of the open and MOPJ flat price seeing buying on lower crude. Spreads saw mixed interest with front spreads softening as Europe went better offered, leading May/Jun see selling down to \$9.50/mt by fund, May/Dec seeing buying at \$47/mt and the front fly continuing to see buying at a dollar from trade.

E/W saw strengthening into the window with MOC well bid, the front E/W trading from \$20.25/mt up to 21.50/mt post-window with Q4 seeing selling down to \$13.25/mt. In Europe, cracks opened strongly seeing buying at -\$10.50/bbl in May but seeing resistance post-window with higher crude, leaving it last trading at -\$10.65/bbl. Jun/Dec NWE crack roll seeing trade selling at -\$0.45/bbl.

NGLS

A quieter morning on NGLs today; DCE players were buyers of FEI flat price out of the prompt and September in particular. Structure was static in the prompt and weakened down the curve, however, with May/June FEI down to at \$4.75/mt and Jun/July at \$1/mt while further out Jun/Dec traded weaker than Friday at -\$18/mt. Nevertheless, FEI still outperformed CP - CP spreads softened in the prompt with May/Sep trading at \$31/mt and May/July to \$33.50/mt; off the back of this May FEI/CP firmed to \$16.50/mt. E/W diff was weaker down the curve with Q3 trading at \$84/mt while arbs firmed on international weakness with -\$188/mt trading in Q3 LST/FEI.

Global Macro

- Equities have started a clear intermediate down trend. The Nasdaq was off 2% on Friday (its biggest daily loss for 17 months) and it was even worse below the headline.
- Nvidia the cycle leader was down exactly -10% on the day (and 21.8% off it's high), Super Micro Computer another recent darling was off 23.1% on the day and Tesla is 49.4% off it's high (briefly in Dec 2021 it had a market cap bigger than the next 10 biggest car companies in the world combined).
- Meanwhile Gold made a new ATH on Friday, though it's opened the week lower (and silvers off 3.3% today). COT data for Silver and Copper have reached 24- and 30-month highs. Also note China's central bank has increased its gold holdings for 17 straight months.
- The OIS prices just 39bp cuts this year by the US Fed but also expects a June 6th cut by the ECB (21bp priced).

Key events this week

- US data: Q1 GDP Thursday, PCE Inflation Friday.
- A big week for equity earnings, tech stocks take center stage.
- There is also a key test of US Treasuries this week. The market must absorb \$183 billion of 2, 5 and 7-year sales.