

Flat Price

The ICE Brent Futures contract has seen a slight correction down this morning, trading from \$88.60/bbl handles around 08:00 BST to \$88.10/bbl around 10:20 BST. In the headlines, Suncor Energy and other shippers including BP and Marathon Petroleum have expressed doubts, in a letter to the Canada Energy Regulator, that Canada's expanded Trans Mountain pipeline will start full service in May. The pipeline project, representing a \$23 billion investment from the Canadian government, aims to triple the capacity of the original pipeline to 890 kbpd, from 300 kbpd to carry crude from Alberta's oil sands to British Columbia on the Pacific Coast, but has experienced numerous legal challenges and delays throughout. In other news, Baker Hughes has released financial results for the first quarter of the year that exceeded forecasts, aligning with the strong performances of Halliburton and SLB in the oilfield services sector. Baker Hughes reported a net income of \$455 million for the first quarter, generated from revenues totaling \$6.4 billion, marking a notable 12% increase compared to the previous year. The front and 6-month Brent futures spreads are at \$1.02/bbl and \$4.75/bbl, respectively.

Crude

Slow morning for Dated, with May a touch weaker to trade \$1.10/bbl down from \$1.15/bbl. Jun DFL similarly trades \$0.88/bbl from \$0.95/bbl, whilst the May/Jun DFL roll trades \$0.22/bbl.

We saw buy-side interest on Bal-Apr/May Dtd, trading 74c although offered over on the follow, whilst Jun/Jul DFL was well offered on screen at \$0.07/bbl, with the Dated roll then sold at \$0.85/bbl. Majors looked to buy out of 20-24/5, although yet to trade, whilst prompt May rolls saw continued better buying. 7-10/5 1w roll trades \$0.20/bbl and likely bid over on the follow whilst 3-10/5 v Cal May was lifted at \$0.28/bbl and bid over by trade.

Quiet morning in Dubai with May BD trading in a range between \$0.04 - \$0.07/bbl. Early on, we saw buying trade house buying interest in May and Jun BD with the Jun BD trading up to \$0.16/bbl. There was buying interest in May/Jul and Jul/Sep Dubai, trading at \$1.89/bbl and \$1.72/bbl respectively before spreads starting to ease off. In the deferred, there was Major and trade house selling of the Oct/Nov and Nov/Dec box, trading at -\$0.03/bbl and -\$0.02/bbl respectively.

Fuel

In HSFO, there was a fair amount of interest on 380 spreads down the curve this morning, particularly on May/Jun, Jun/Jul and Jul/Aug 380. May/Jun 380 opening the morning well offered down to \$2.25/mt, before turning better bid, trading up to \$3.25/mt, albeit briefly, before giving some back and selling down to \$3/mt. Jun/Jul 380 traded up to \$5.25/mt. It was a quiet morning on 380 crack, with May 380 crack trading up to -\$9.05/bbl from -\$9.25 on very thin liquidity. There was a fair amount of interest on the Euro barge crack earlier on this morning.

With decent size trading on both the May and Jun barge crack. We saw May barge crack sell down to -\$12.10/bbl from -\$11.70/bbl on a fair amount of small volume trades. Some real buying entered the market and the price rallied to -\$11.80/bbl, before oscillating between -\$11.85/bbl and -\$11.70/bbl for the rest of the morning. There was mixed interest on the front barge spread, with May/Jun barges trading at -\$4.25/mt throughout the morning. There was outright selling on the 380 E/W, with May 380 E/W trading down to \$17.50/mt from \$18/mt in decent volume, before recovering slightly to \$17.75/mt.

In VLSFO, Sing 0.5 cracks opened higher this morning, with the May Sing crack trading in significant size at \$11.45/bbl, trading around this level until the window. The May Sing crack then turned better offered, selling down to \$11.10/bbl after the window. We saw a fair amount of sell side interest on the front two Sing spreads this morning, with May/Jun Sing selling down to \$4.75/mt from \$5.25/mt. On Euro 0.5, May/Jun Euro kicked off the morning trading at \$4.50/mt, quickly buying up to \$4.75/mt, then trading rangebound at this level for the rest of the morning. The front Euro crack saw very little activity in the morning, trading at \$4.25/bbl on thin liquidity. There was interest on the Q3 Euro crack, trading at \$4.30/bbl. The 0.5 E/W traded at \$43/mt sporadically throughout the morning. We also saw Q3 0.5 E/W better offered post window, selling down to \$41/mt.

Distillates

ICE Gasoil spreads remained rangebound this morning, with the May/Jun spread trading around -\$2.50/mt and the Jun/Jul spread around -\$1.50/mt. ICE Gasoil cracks opened higher before coming off a touch. The May crack traded down to \$18.20/bbl and the Jun crack around \$19.30/bbl. Further down the curve, interest was seen in the Sep crack at \$21.85/bbl. Little activity was seen in the European Jet diff market. The May diff was unchanged at \$53/mt and the Jun diff was indicated at \$56.50/mt. Interest was seen in the Jul diff at \$58.75/mt. The HOGOs were unchanged, with the May swap at 6.10c/gal and the Q4 swap at 8.90c/gal.

A quiet morning was observed in Sing gasoil, the May/Jun spread was lifted up to \$0.01/bbl from -\$0.04/bbl. The Jun/Jul spread traded at -\$0.03/bbl and down the curve interest was seen in the Jun/Dec spread around \$1.35/bbl. The prompt E/W remained rangebound this morning, with it trading around -\$25.00/mt. The Jun E/W traded around -\$26.75/mt while in the deferred, the Q1'25 E/W traded at -\$22.75/mt. Regrades firmed a touch, with the May regrade trading up to -\$1.95/bbl from -\$2.10/bbl. The Jun regrade was lifted up to -\$1.50/bbl from -\$1.66/bbl and interest was seen in the Jul regrade at -\$1.25/bbl.

Gasoline

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to \$12.65/bbl on a crack basis in May 92.

Spread and crack buying in 92 pushed it up this morning, with May/Jun seeing buying from ref at \$1.70/bbl, and Jun/Sep seeing ref buying up to \$5.20/bbl. Deferred cracks saw selling continue from last night, with Q4 offered at \$7.50/bbl from phys. Deferred E/W saw sticky bids this morning at -\$2,10/bbl in Q4. The Jun/Q3 E/W roll was well offered trading down to -\$1.20/bbl from trade. RBBRs were bid this morning, staying supported up at \$25.30/bbl handles in Jun. EBOB saw spread selling with Jun/Sep up to \$59.75/mt and Jun/Jul seeing ref selling at \$18.25/mt. We saw real bids on flies again today, especially May/Jun/Jul bid at -\$5.25/mt and Aug/Sep/Oct bid at -\$31/mt. Selling came in Q4 EBOB cracks at \$9.60/bbl. Arbs saw some selling in May at 8.45c/gal, and we had sell side interest on Q3 arbs at 2.75c/gal from phys. We saw smalls sell side interest from refs in Q3 gasnaphs at \$208/mt this morning.

Naphtha

This morning in naphtha we saw flat price valued at \$702/mt in May MOPJ, on a -\$8.50/bbl crack equivalent with strong spread buying and MOPJ flat price selling from physical players. MOC was well offered, offered down to -15c/bbl in May by trade with MOPJ FP above \$700/mt handles. May/Jun spreads continued their upward trend on major and trade buying – the MOPJ traded up to \$11.50/mt, NWE at \$11/mt. In the deferred we saw buying of Q4'24/Q4'25 MOPJ at \$47.50/mt with May/Dec bids up to \$50.50/mt.

Front NWE cracks strengthening with buying up to -\$10.40/bbl in May. Better offers in the deferred with Cal'25 seeing selling by major at -\$10.35/bbl, implying the Q4/Cal'25 at -10c/bbl. E/W continued moving downwards with refiner and trade selling May down to \$17.50/mt amidst MOPJ flat price selling with the front E/W box narrowing to +25c/mt.

NGLS

Volumes were thin and activity quiet for much of the morning on NGLs; CP flat price was bid ahead of the May settle announcement next week. CP spreads resultantly firmed up to \$25/mt in May/Jun and FEI/CP came off to \$14/mt in the prompt. Arbs firmed a touch when 2nd half LST/FEI traded at -\$196/mt in decent volume. Since pronap levels were low, however, with -\$177/mt bid in May, internationals went bid as May/June FEI firmed to \$6/mt and this helped arbs retrace down to the -\$193/mt level in June. \$14/mt was hit in May FEI/CP at the end of the window as was \$603.50/mt in May FEI. The E/W diff was rangebound trading at \$95/mt in May and \$84/mt in Q4.

Global Macro

- U.S. manufacturing PMI bucks the trend, weaker than expected and slipping into contraction 49.9 (expected 52.0). Also, services PMI weakened 50.9 (52.0 expected).
- Limited reaction from the markets, the dollar and US yields slipped but it now puts pressure on Thursday GDP data, any weakness there and the bond market will start to worry (yields lower). Also, the employment component of services PMI was particularly weak, highlighting concerns for next week's employment data.
- Gold trading is surging with Chinese retail traders (as well as Chinese government buying for 17 consecutive months). Personally, I think this is important, over 70% of Chinese investment is in property and that's been declining for over a year. This could be a huge retail flow.
- Tesla. A great lesson in being short an oversold market into an event. Going into earnings the stock was down 52.5% from its 2023 high, it had fallen 7 consecutive days (longest selling streak ever), and earnings were very poor. Missed on all metrics and NEGATIVE free cashflow \$2.5 Bn (expected POSITIVE \$653.6 Mn) and yet the company jumped 12% after hours on Musk's promise of new cheaper EVs in Q1 2025. Today's market should be volatile!
- *TESLA 1Q ADJ EPS 45C, EST. 52C
- *TESLA 1Q REV. \$21.30B, EST. \$22.3B
- *TESLA TO ACCELERATE LAUNCH OF NEW MODELS
- Strong Australian CPI, suddenly a few economists now raising the chance for another central bank hike instead of cuts. CPI YoY 3.6% (expected 3.4%). RBA's favourite metric is Trimmed Mean, that rose 1.0% QoQ (ex 0.8%).