

Flat Price

The prompt Brent Futures contract saw a mixed morning, rising to a high of \$88.48/bbl at 08:22 BST before seeing retracement and some consolidation around \$88/bbl levels at 10:00 BST. In the headlines, Mexico's state-run energy company Pemex has adjusted plans to curb oil exports as fires at two refineries have affected local demand. Earlier this month Pemex announced a sizeable cut in its rate of exports to feed local refinery expansion, with Reuters reporting the size of the cut at 436 kbpd and recording a cut of 330 kbpd in May. In other news, Equinor has reported consensus-beating earnings for Q1 2024 today, with the energy major booking an adjusted net income of \$2.84 billion for Q1, down by 27% on the year due to lower natural gas prices in Europe, but beating the company-provided analysis consensus forecast of \$2.04 billion. Equinor's production rose to 2.164 mbpd equivalent in the first quarter of 2024, up from 2.130 mbpd in the same quarter last year. The prompt and 6-month Brent Futures spreads are at \$0.98/bbl and \$4.44/bbl, respectively.

Crude

Slow morning for Dated, where we initially saw bids on May and June rolls getting hit, with Cal May v 20-24/5 sold at \$0.16/bbl by MM, whilst the 3-7/6 3w roll was hit at \$0.62/bbl then \$0.60/bbl. May DFL softened a touch from \$1/bbl to \$0.96/bbl, whilst May/Jun Dtd was sold from \$0.92/bbl to \$0.88/bbl where it found some support. We then saw better buying in rolls, with 7-10/5 1w trade \$0.20/bbl in good size before lifted at \$0.23/bbl.

There was refiner buy-side interest in 1-17/5 v 3-14/6, with an offer lifted at \$0.90/bbl and bid on, whilst 10-14/6 v cal Jun was lifted at \$0.10/bbl.

Another rangebound morning in Dubai with May BD still in the Range between \$0.03/bbl and \$0.09/bbl. Early on, we saw producer buying interest of May/Jul Dubai with this trading at \$1.75/bbl. Into the window, we saw fund buying of May BD, pushing this up to the highs of the day before getting sold into with bank and trade house selling interest, with May BD finishing the morning at \$0.03/bbl. There was refiner selling interest in the Aug for Jun cross month EFS, trading at \$0.20/bbl, equivalent to \$0.16/bbl in the Jun BD. In the deferred, the selling interest in the Dec/Jan box continued, trading at -\$0.02/bbl.

Fuel

In HSFO, it was a fairly strong morning for 380 spreads with a fair amount of activity on both the May/Jun and Jun/Jul 380. May/Jun 380 opened at \$3.25/mt before buying up to \$4/mt, with a similar trend on Jun/Jul 380 which traded up to \$6.50/mt. It was a quiet morning on 380 cracks with the May 380 crack trading at -\$7.70/bbl on very thin liquidity. It was a strong morning for the barge crack with the May barge crack opening at -\$11/bbl. The crack then progressively traded up throughout the morning eventually getting to -\$10.10/bbl. The Euro barge crack was supported by outright 380 flat price and crack buying interest as well as Q3 barge crack buying post window.

It was a fairly strong morning for barge spreads as well, with May/Jun 380 buying up to -\$2.25/mt from -\$2.75/mt. We saw some outright buying interest in the 380 E/W, buying up to \$17/mt from \$16/mt which supported the 380 crack.

In VLSFO, the May Sing crack opened the morning offered, trading down to \$10.30/bbl from \$10.50/bbl on decent size. The front Sing crack turned better bid heading into the window and buying continued post window trading up to \$10.70/bbl. There was also decent activity on the Jun Sing crack this morning as it gets closer to becoming the front month crack. There was mixed interest on Sing spreads early on the morning, with May/Jun Sing trading rangebound at \$4.25/mt before buying up to \$5/mt after the window before selling back down to \$4.50/mt. It was a mixed morning for Euro 0.5 cracks, the May Euro crack began trading at \$3.75/bbl, briefly touching \$3.80/bbl, before selling down slightly to \$3.70/bbl on thin liquidity as the morning progressed. May/Jun Euro was a touch softer this morning, trading down to \$4/mt from \$4.25/mt. Euro spreads were also better offered down the curve. We saw selling interest on the 0.5 E/W in the early morning, before turning better bid with May 0.5 E/W selling down to \$43/mt before turning better bid and buying up to \$43.25/mt. There was interest on the Q3 0.5 E/W trading between \$40/mt and \$40.25/mt.

Distillates

ICE gasoil spreads remained rangebound with the May/Jun spread trading in a range between -\$2.50/mt and -2/mt. The Jun/Jul spread traded around -\$1.25/mt. ICE gasoil cracks strengthened with the May crack trading up to \$18.50/bbl. The Jun crack traded higher at \$19.50/bbl while in the deferred, interest was seen in the Cal'25 crack around \$21.70/bbl. European Jet diffs were stronger this morning, with the May diff trading up to \$54/mt from \$52.50/mt. The Jun diff was higher at \$56.25/mt while down the curve, the Q3 diff traded at \$59/mt. The front HOGOs were a touch lower, with the May swap at 5.80c/gal while the Q4 swap was higher at 9c/gal.

A mixed morning was seen in Sing gasoil. The May/Jun spread traded up to \$0.05 from -\$0.02/bbl. The Jun/Jul spread traded rangebound around -\$0.03/bbl while down the Sep/Oct spread was better bid at \$0.24/bbl. A volatile morning was seen for the prompt E/W, with it trading down to -\$27/mt from -\$25.25/mt. It saw better buying interest into the window, trading back up to -\$25.75/mt. The Jun E/W traded down -\$28.25/mt from -\$26/mt but has since recovered to -\$27.50/mt. Down the curve interest was seen in Q3 around -\$28.75/mt. The prompt regrade trended higher, with it trading up to -\$1.88/bbl from -\$2/bbl. Further down the curve, interest was seen in the Jul regrade at -\$1.20/bbl and the Aug regrade at -\$0.90/bbl. In Kero, the May/Jun spread traded around -\$0.35/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. 92 spreads saw buying in the morning, with May/Jun lifted up to \$1.65/bbl, however we saw spread selling at this level post window. Oct/Nov/Dec 92 fly was bid at \$0.18/bbl this morning from majors. Cracks in 92 saw fund selling in May in the morning, at \$13.35/bbl levels. Deferred 92 cracks saw buy-side interest with Q4 on \$7.80/bbl and Q3 lifted on screen at \$10.50/bbl. E/W in the front saw bids at -\$10.30/bbl in May from real. RBBRs were strong this morning, trading up to \$26.10/bbl in Jun. Spreads were stronger in EBOB this morning, with May/Jun well bid up to \$14.75/mt, before retracing to \$14.25/mt post-window. The May/Q3 crack roll saw strong selling this morning in EBOB at \$4.10/bbl from ref. We saw arb buying with a stronger RBBR, from real players, between 8.30c/gal and 8.40c/gal. Gasnaphs continued to be offered in Q3 and Q4 this morning, at \$212/mt and \$128/mt respectively from phys. Gasnaphs in May saw buying from funds at \$235/mt post-window this morning.

Naphtha

A strong morning in naphtha where we saw flat price valued at \$701/mt in May24 MOPJ, on a -\$8.60/bbl crack equivalent with strong spread and crack buying. May/Jun spreads continued in strength with major and trade buying – the MOPJ traded up to \$11.50/mt, NWE at \$11.75/mt leaving the front box negative.

Deferred spreads saw buying from trade with Jun/Dec trading at \$38/mt. Front NWE cracks followed on from their strength from yesterday's close, opening trading at -\$10.35/bbl but bring pushed further post-window up to -\$9.80/bbl with a lack of offers showing and weaker Brent. Better offers in the deferred by major with Q3 trading at -\$10.90/bbl and -\$10.85/bbl. E/W remained supported at mid -\$16/mt handles this morning seeing better bids in the deferred, leading E/W boxes to narrow.

NGLS

Somewhat thin morning in NGLs. Flat price initially saw some DCE selling in Jun around \$596/mt and continued to trade around there for the afternoon. FEI flat price in the front was offered, trading around \$604/mt in the window however trading down to \$602/mt post window. May/Jun continued to trade around \$7/mt, Jun/Jul at \$2.50/mt. Q3/Q4 implied lower with Q4 FEI/MOPJ buying however little spreads traded beyond Jun/Jul. FEI/MOPJ saw little real buying in the prompt. May/Jun and Jun/Jul CP were well bid, trading at \$26/mt and \$12/mt respectively. Jul/Sep CP saw major selling down to -\$2/mt. Jun FEI/CP was bid, trading at \$35/mt, however volumes were thin. No E/W traded this morning. Arb buying in the prompt got sold into, trading at -\$200/mt in May.

Global Macro

- German IFO business sentiment improved to its highest level in a year.
- Meta's beat earnings expectations but the stock closed down -10% due to weaker spending forecast, coupled with slower sales growth than anticipated. Nasdaq is expected to open 1% lower on the back of this.
- Extreme U.S. equity positioning. Asset managers are more bullish of US stocks than any level seen over the last decade, with futures positioning now over 2 standard deviations above the historical average.
- The Indian economy has experienced high growth, as reflected in its manufacturing PMI, which just reached a 16-year high.
- In 2024, electricity demand across India has surged, approaching the upper bounds of historical fluctuations across the country, underscoring the economy's continuing strength. This pattern confirms the resilience and expanding capacity of the Indian economy, aligning with broader economic growth trends.
- Key data today U.S. Q1 GDP.