

Flat Price

The July Brent futures flat price has been well-supported this morning following a rangebound night and a subsequent drop. Between 01:00-06:00 BST prices hovered between \$87.00-\$87.20/bbl, after which a low of \$86.84/bbl was reached at 06:45 BST. Subsequently a rally to \$87.40/bbl handles has been seen at 10:55 BST (time of writing). The US just changed the OFAC regime and authorised transactions with Russian banks in entities that 'are related to energy', which includes oil, meaning as of November 1st 2024, many of Russia's largest banks will be again allowed to transact in global oil deals. In other news, a cargo of around 1mbbls of Iraqi Basrah crude has been delivered to ADNOC's Ruwais refinery complex for the first time, a key sign of the company's shift towards a heavier and more sour crude slate as part of their crude flexibility project (CFP). Poland's President Donald Tusk has ordered a probe into a \$370 million oil deal made by Orlen's Swiss subsidiary, Orlen Swiss Trading, in a crude oil supply deal. In addition, Kpler reported OPEC output rose by 123kbbbls/d to 26.8mbbls/d this month. The Jul/Aug and Jul/Jan'25 spreads were \$0.86/bbl and \$4.10/bbl respectively.

Crude

Another slow start to Dated, with expiry day unable to bring a significant increase in volume. In the first window we saw the cash spread go out 95/105 with a British major bid-side, whilst a trade and refiner were buyers of 7-10/5 1w, although sold by MM at \$0.17/bbl.

We also saw a buyer of the prompt 30-07/5 v Cal may, and 1-8/5 v Cal May, again quickly sold by trade and MM at \$0.44/bbl and \$0.34/bbl respectively. May/Jun Dtd saw a muted price action, trading \$0.96/bbl then \$0.97/bbl, with May DFL also only moving 1c to trade \$1.05/bl last. Jul DFL saw some better strength, continuing to pressure Jun/Jul, with Jul DFL paid at \$0.82/bbl and Jun trading \$0.84/bbl last.

Dubai finished the morning unchanged from yesterday with May and Jun BD trading at \$0.17/bbl and \$0.25/bbl. The buying in Q4 carried on today, trading up to \$0.70/bbl. There was selling interest in the Q1'25/Q2'25 and Q2'25/Q3'25 box, trading at \$0.00/bbl and \$0.03/bbl respectively. The May/Jul and Jun/Aug Dubai spreads traded at \$1.78/bbl and \$1.75/bbl respectively. In Dated/Dubai, May traded at \$1.18/bbl and Jul traded at \$1.31/bbl with interest coming from the buy-side.

Fuel

In HSFO, it was an eventful start to the last day of the month on 380. The Chinese were sellers of Sep 380 and cracks. 380 spreads opened the morning stronger, with the spreads well bid down the curve. May/Jun 380 traded up to \$5.50/mt from \$5/mt earlier on. The momentum continued, which saw the spread buy up to \$6.25/mt at the end of the window. Conversely, we saw less activity on 380 cracks, with May trading at -\$7/bbl and Jun trading around -\$6.65/bbl. Post window we saw buying interest on 380 cracks by trade houses, with Jun 380 crack buying up -\$6.50/bbl.

The barge cracks were better bid this morning, with interest on both the May and Jun cracks. The May barge crack bought up to -\$9.40/bbl from -\$10.10/bbl. We also saw strength on the barge spreads, with May/Jun barges trading up -\$2.25/mt from -\$2.50/mt. Interest on the Jun/Jul spread was high as it edges closer to becoming the front month spread, it traded up to \$2.75/mt from \$2.50/mt. The May 380 E/W traded up to \$20/mt at the end of window from \$19.25/mt. We saw the Q3 380 E/W trade up to \$6/mt from \$5.75/mt in decent size which supported the front.

In VLSFO, it was a busy start to the morning on Sing 0.5 cracks, with a fair amount of activity on the front crack as well as both the Jun and Q3 Sing crack. May Sing crack opened better offered trading around \$10.60/bbl throughout the morning. Sing 0.5 spreads began the day a touch softer, with May/Jun Sing selling down to \$5/mt from \$5.25/mt. The Euro crack traded on thin liquidity up to \$3.55/bbl from \$3.50/bbl. Similarly on the spreads, there was low liquidity trading this morning, although the Euro spreads were well offered. May/Jun Euro traded at \$3.25/mt sporadically in the morning. We saw outright buying on the 0.5 E/W, with May 0.5 E/W buying up to \$45.50/mt from \$44.50/mt. The fact Euro spreads were offered also supported the 0.5 E/W.

Distillates

ICE gasoil spreads continued sideways this morning. May/Jun traded in a range of -\$2.50/mt to -\$2/mt and Jun/Jul traded around -\$1.50/mt.

ICE gasoil cracks opened lower, with the May crack trading down to \$17.80/bbl. The Jun crack was hit down to \$18.50/bbl from \$18.70/bbl at the open and in the deferred, interest was seen in the Cal crack around \$21.25/bbl. A quiet morning was seen in the European Jet diff market. The May diff was indicated around \$52.50/mt and the Jun diff at \$53.50/mt. Interest was seen in the Q3 diff at \$55.50/mt. The HOGOs were a touch lower, with the May swap at 5.10c/gal and the Q4 swap at 8.50c/gal.

A weaker morning was seen for Sing gasoil spreads. The May/Jun spread was hit down to -\$0.12/bbl at the end of the window. It has since traded back up to -\$0.10/bbl. The Jun/Jul spread traded down to -\$0.10/bbl from -\$0.05/bbl. Interest on the buy side was seen in the Sep/Oct spread around \$0.19/bbl. The prompt E/W trended higher with it trading up to -\$27/mt from -\$28.25/mt. Jun E/W traded higher at -\$28/mt from -\$29/mt while in the deferred tenors, interest was seen in Q3 at -\$28.75/mt and Q4 at -\$26.50/mt. Regrades initially traded lower before rallying after the window. The May regrade was hit down to -\$1.85/bbl at the end of the window but has rallied back to -\$1.71/bbl. The Jun regrade traded down to -\$1.57/bbl before recovering to -\$1.45/bbl, while down the curve the Q3 regrade traded at -\$0.95/bbl. In Kero, May/Jun traded rangebound around -\$0.37/bbl.

Gasoline

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to \$13.15/bbl on a crack basis in May 92.

A bearish morning in 92, with E/W being sold down in the front to -\$10.70/bbl in Jun. We saw strong selling of 92 spreads this morning from trade houses and majors, May/Jun down from \$1.70/bbl to \$1.55/bbl. We had some early Q3 crack buying at \$10.60/bbl, however post window we saw trade houses with more sell side interest down at \$10.35/bbl. RBBRs ticked down this morning as did EBOB cracks, which saw funds selling in May down from \$24.05/bbl to \$23.70/bbl and selling of Q3 at \$19.65/bbl. We saw majors on the sell side of May/Jun EBOB this morning, down from \$14/mt to \$12.75/mt. Jun/Dec EBOB saw strong selling this morning between \$156/mt and \$157/mt. We saw phys players on the sell side of arbs this morning at 8.20c/gal in May along with small buying of Sep arbs at -7.30c/gal. Post window, we saw gasnaph selling in May down from \$231.50/mt to \$230/mt.

Naphtha

This morning in naphtha we saw flat price valued at \$705/mt in May24 MOPJ, on a -\$8.15/bbl crack equivalent as we saw slight retracement from yesterday's strength. Front MOPJ spreads opening well offered, May/Jun trading at \$11.5/mt with deferred cracks bid but saw strength in window with MOC well bid, leaving it to trade at \$12/mt with Jun/Jul seeing trade selling at \$9.75/mt.

E/W continued to narrow with May24 offered by various players down to \$11/mt with Jun trading at \$13.25/mt. In Europe, we saw May/Jun NWE soften into the window, trading as low as \$13.50/mt but rebounding to \$14.5/mt post-window with Jun24 crack better offered around -\$10.15/bbl. Q3 cracks found buying interest at -\$10.65/bbl with Jun/Dec crack roll continuing to see selling, trading down to \$0.06/bbl.

NGLs

An offered morning on NGLs; there was a flurry of early morning DCE flat price buying in FEI ahead of the Sing holiday tomorrow. Pre window, however, market-makers put selling pressure on prompt FEI spreads; when May/Jun was hit at \$6/mt the spread sold down to \$4.50/mt ahead of the window with trade houses joining offer side. Jun/Dec FEI came off to -\$18/mt further down the curve. CP, as yesterday, remained much less liquid but stayed firmer than FEI as FEI/CP softened to \$41/mt in June. C3/C4 CP saw a \$4/mt bid in Jun which helped prompt C4CP go offered and the C3/C4 CP diff to firm down the curve. Into the window, FEI went bid in the physical and the paper curve firmed as a result - when the May/Jun spread was lifted at \$4.50/mt it quickly retraced to \$5.50/mt and FEI May flat price was lifted from \$603/mt to \$605/mt end window quickly. Arbs were bid throughout the morning, Q3 LST/FEI traded at -\$196/mt.

Global Macro

- With U.S. bankruptcy cases rising quickly (chart 1) and small business hiring intentions falling fast (they create 60% of US jobs, chart 2) then any calls for a Fed hike seem a little stretched. Having said that Powell will likely need to more hawkish tone at tomorrow's Fed meeting. With 35bp cuts priced by the OIS this year we must be nearing levels to receive the OIS and buy bonds. Hikes seem a step too far.
- The U.S. national Federation of Independent Businesses hiring plans are falling.
- More mixed data from Australia after a week of strong data, today we had soft retail sales, down -0.4% in March. No need for a rate hike that the market is starting to price (1bp hikes by year end!).
- While copper prices hit 2-year highs, Cocoa prices plunged 15.7%, the largest one-day percentage (& absolute) price drop in 65 years. Silver also sits on key support at 26.67, stops below.
- And finally, global crypto funds just recorded 3 consecutive weeks of outflows for the first time ever.
- Data today, German unemployment (expected 5.9%), Eurozone inflation rate (expected 2.4%), no inflation worries here.