

## Flat Price

The July Brent futures flat price has had an action-packed afternoon. Having initially found resistance at \$85.30/bbl, prices dropped to \$84.80/bbl, before immediately rallying to the afternoon's high of \$85.80/bbl. Subsequently, from 15:30 BST onwards, the price collapsed below \$84/bbl and is hovering around \$83.75/bbl at 17:15 BST (time of writing). EIA inventory data released today at 15:30 BST revealed an enormous build in US crude inventories of 7.3mbbls up to 1,608mbbls, confounding the median estimate of a 2.5mbbls draw and sending physical markets into a bearish frenzy. Also in the announcement was news that US gasoline and distillates inventories have declined by 1.5mbbls and 2.2mbbls, respectively. OPEC production is reportedly steady, according to the producer group, with the increase in Libyan and Iraqi production being offset by Iran and Nigeria's production. Finally, the crude intake of Chinese refineries fell by 919kbbbls/d in February to 14.4mbbls/d, a 7-month low. The front and 6-month Brent futures spreads are \$0.61/bbl and \$3.54/bbl respectively.

## Crude

A weak day overall for Dated, with better selling seen throughout the day up until cargoes began to get lifted in the window. We saw rolls down the curve hammered, with DFL's also gapping down on thin liquidity. May DFL was sold down to \$0.47/bbl mid-window, now bid at \$0.55/bbl on screen as the

physical found support. 7-10/5 1w was sold to \$0.05/bbl, and 14-20/5 v 20-24/5 trades flat. May/Jun Dtd was sold from \$0.65/bbl to \$0.55/bbl, whilst the DFL roll was sold to -\$0.10/bbl with some strong selling of May/Jul by fund also seen earlier in the day. Jun/Jul was seen sold at \$0.59/bbl post window, with the DFL roll also trading in negative handles – last trading -\$0.03/bbl. In the physical, we saw a Geneva trade flip to the sellside, aggressively offering Midland and Forties, in turn cratering the physical diff. We then saw a French major lift the prompt Midland cargo offer 3 times- offered on each time before the Geneva trade finally pulled higher with the rest of their offers, in turn seeing the paper go better bid. CFDs then saw good buying with 13-17/5 CFD lifted from \$0.48/bbl to \$0.57/bbl.

## Fuel Oil

In VLSFO, Sing 0.5 spreads began the month a touch softer. The Jun/Jul spread opened the afternoon at \$5.25/mt, after which it briefly traded down to \$5/mt before rebounding back up to \$5.25/mt and trading there for the rest of the afternoon. The Sing crack went into the afternoon well offered, trading at \$10.70/bbl earlier on in, before selling down to \$10.45/bbl mid afternoon. The crack then traded horizontally for the rest of the afternoon between \$10.40/bbl and \$10.50/bbl. Euro spreads were well offered down the curve with Jun/Jul Euro trading down to \$3.25/mt from \$3.50/mt.

Euro cracks were also weaker this afternoon. The Jun Euro crack began the afternoon trading at \$3.80/bbl selling down to \$3.70/bbl prior to the window. The Euro crack then saw further selling interest in the window, being well offered at \$3.60/bbl. There was selling on the Q3 0.5 E/W, trading down to \$40/mt from \$40.25/mt.

In HSFO, It was a quiet day to start the month on 380 with both Singapore and China celebrating a bank holiday. The Barge crack traded at -\$7.75/bbl early on in the afternoon, before selling down to -\$8.25/bbl at the end of the window. MOC was well offered which put pressure on the barge crack towards the end of the window. Barge spreads were also under pressure, with May/Jun beginning the afternoon at -\$1.50/mt before selling down to -\$2.50/mt, with Jun/Jul experiencing similar pressure, trading down to \$3.25/mt from \$3.75/mt. We also saw some 380 E/W selling, with Jun 380 E/W trading around \$12.25/mt this afternoon.

## Distillates

A quiet day was observed in Sing Gasoil with the bank holiday. The May/Jun spread traded rangebound around -\$0.10/bbl while the Jun/Jul spread was hit down to -\$0.17/bbl. The Jul/Aug spread saw interest on the buy side around -\$0.18/bbl. May E/W was a touch higher with it trading up to -\$26.00/mt from -\$26.50/mt. Jun E/W traded around -\$27.50/mt and further

down the curve, interest was seen in Aug E/W at -\$27.75/mt. Regrades were lower today, with the May regrade trading down to -\$1.75/bbl from -\$1.70/bbl. The Jun regrade traded down to -\$1.50/bbl while in the deferred, the 4Q regrade traded at -\$0.55/bbl. In Kero, May/Jun was lifted up to -\$0.34/bbl.

ICE Gasoil spreads were lower this afternoon after a bearish stats report. The May/Jun spread traded down to -\$3.25/mt from -\$2.25/mt earlier in the morning. The Jun/Jul spread was hit down to -\$2.50/mt from -\$1.75/mt. ICE Gasoil cracks came off into the afternoon, with the Jun crack trading down to \$18.20/bbl from \$19.00/bbl. The Jul crack was hit down to \$19.15/bbl from \$19.75/bbl, while down the curve interest was seen in the Cal25 crack around \$21.40/bbl. European Jet diffs trended down to start the month. The Jun diff traded down to \$52.25/mt from \$53.25/mt. The May/Jun diff traded at -\$1.00/mt, indicating the May diff around \$51.25/mt. The HOGOs were unchanged today, with the Jun swap at 5.6c/gal and the 4Q swap 8.5c/gal.

## Gasoline

This afternoon in Gasoline, we saw cracks trade at the end of the afternoon window around \$21.50/bbl in Jun EBOB. RBBRs were weak today, up to \$25.40/bbl in Jul, but ticking down to

\$23.90/bbl handles post Euro window. EBOB was weaker in the afternoon, with Jun cracks offered down from \$22.35/bbl to \$21.50/bbl in the Euro window. We saw Jun/Sep EBOB see strong buying this afternoon, down from \$58.5/mt to \$56/mt. Jun/Dec saw buying around the \$148/mt levels. We saw buying of Q3 gasnaphs in the afternoon, at \$205/mt from refiners, however limited activity in the front. We had buying of deferred cracks with Q4 at \$9.05/bbl. In the East, we saw EW rally, and see scaleback selling up from -\$10.35/bbl to -\$10/bbl in Jun. We saw bidside interest on Q3 92/MOPJ as well, trading up to \$19.50/bbl in the Euro window.

## Naphtha

A bid afternoon in Naphtha with Jun'24 NWE cracks trading from -\$10.15/bbl at the open up to -\$9.95/bbl end window, supported by crude weakness and motivated physical crack buyers. Backend cracks saw buying by refiner types, with Q3 trading at -\$10.40/bbl, Q4 up to -\$10.15/bbl and Q1 up to -\$10/bbl. Spreads were fairly supported throughout the afternoon with Jun/Jul trading at \$8.50/mt and Jul/Aug at \$7/mt. The pricing spread was well bid this afternoon with May/Jun strengthening from \$13.75/mt to \$15.50/mt. Strong price action on E/W on thin liquidity with Jun opening trading a dollar higher at \$14.75/mt and seeing further buying into the afternoon, finishing at \$15.50/mt.

## NGLs

A weak afternoon on NGLs after thin liquidity this morning following the sing holiday; after initial bids were hit in the phys, US propane flat price was offered. For the first half of the afternoon, structure was somewhat supported with arbs bid further down the curve and Q3 LST/FEI trading -\$197/mt. When EIA stats were announced as a build of 0.2mbbls, US domestic LPG structure weakened; Q4/Q1 LST fell to 0.875c/gal trading down to 0.75c/gal post window. Butane stayed firmed than propane with 13c/gal trading in the Q4 C4/C3 and 12.875c/gal in Q1'25. Internationally, arbs fell over the afternoon with Jun LST/FEI trading at -\$195/mt and May bid -\$200/mt post window. Jun CP flat price saw buy-side interest throughout the afternoon but fell from \$552/mt to \$549/mt as crude fell over the afternoon. A quiet window saw no bids or offers in the phys and LST flat price went even better offered post window.

## Global Macro

- A bad day for the Fed in the lead up to their meeting today. Secondary data but more of the same, inflation ticking higher while the economy is slowing.
- Employment cost index +1.2% QoQ (ex 1.0%), up to 4.2% YoY.
- Consumer confidence falls to 97.0 (ex 104.0)
- Chicago PMI 37.9 (ex 45.0) a dreadful regional survey, & the fastest drop since Lehmans.
- Also, a bad day for real money accounts (non-leveraged, long only asset managers, pension funds, insurance companies etc). Bonds down (U.S. 2yr now over 5%), Equities down (Nasdaq -1.9%, S&P -1.6%) Commodities down (Gold -2.1% note a rise in Shanghai gold market margins to start the week, silver -3.1%, copper -2.4%). Bitcoin down (-7%).
- Also, a bad day for emerging market economies as the dollar rallies.
- So, a testing day for the Fed with CPI, PPI, PCE & now ECI all point to reaccelerating/sticky inflation with continued signs the economy is slowing. The meeting outcome is announced at 7pm BST and Powells press conference at 7.30pm. The options market is expecting the most volatile day of the year pricing a 0.97% move on the day.
- Meanwhile no inflation issues for the ECB. Eurozone CPI 2.4% YoY (ex 2.4%).
- Chinas household load/deposit ratio is falling rapidly, this is unprecedented and deflationary and China's non-manufacturing PMI for new orders is at a new, ex-pandemic low. This doesn't bode well for activity.
- While the bank of Korea considers buying more gold in mid- to long-term, central banks have doubled down on net gold demand by setting new first quarter record purchases of 290t in Q1. Broad based purchases with Turkey, China and India leading the way.
- 33% of all S&P 500 stock traders are now executed in the last 10 minutes of the trading session, up from 27% in 2021.
- Amazon's profit margin hits its record high there is relief to chocolate lovers, cocoa down -27% in 2 days.