

Flat Price

The July Brent Futures flat price has had a mixed afternoon. Between 12:00 BST and 13:30 BST it rose steadily to a high of \$84.30/bbl before reversing this trend and declining to a low of \$83.10/bbl at 15:45 BST. Since then it has slightly recovered to its current level of \$83.25/bbl at 17:15 (time of writing). Britain's oil and gas regulator awarded 31 new hydrocarbon exploration licenses as part of efforts to extend production in the North Sea basin, hoping to add around 545mbbls by 2050, angering environmental groups. Russian oil product exports have slumped by 360kbbbls/d m-o-m to a post-pandemic low as Ukrainian drone strikes have resumed, which have already left around 600kbbbls/d of refining capacity offline. Occidental Petroleum is exploring a sale of Permian assets worth an estimated \$1 billion, with this divestment linked to its broader plan to reduce its \$18.5 billion debt pile. A BP-Eni joint venture and Rhino Resources Namibia have signed an agreement for a 42.5% interest in the country's offshore Orange Basin, with Portugal's Galp Energia saying it had found at least 10 billion barrels in the largely unexplored area. Finally, ExxonMobil has completed its \$60 billion acquisition of Pioneer Natural Resources. The front and 6-month spreads are \$0.56/bbl and \$3.20/bbl, respectively.

Crude

Another choppy session for Dated. Balmo DFL hinted at turning better bid into the early afternoon, lifted at \$0.48/bbl, before again turning well offered into the window, trading \$0.29/bbl last, with the Bal-May/Jun DFL roll hit at -\$0.22/bbl. Jun DFL also weakened with strong selling from trade, sold to lows of \$0.50/bbl whilst also selling off on a dated-to-lead basis – now firmly negative. In turn, Jun/Jul came under pressure, reaching lows of -\$0.09/bbl on the DFL roll and despite some buy-side interest of Jun/Jul Dtd and Jun/Aug Dtd in the window, these were sold into at \$0.49/bbl and \$1.12/bbl respectively. Despite this, we saw better buying of prompt may rolls relative to backend, although ultimately still weakened to see 13-17/5 v Cal Jun sold at \$0.40/bbl. Jun rolls continued to be bid, with a British major a buyer of 10-14/6 3w at \$0.36/bbl. In the NS window, the same GVA continued to offer its three cargoes of Forties, smashing the physical diff lower again, whilst a French major attempted to give a touch of support bidding a similar strip but on a FOB basis. CFD's continued to trade lower again with 13-17/5 CFD and 20-24/5 CFD offered by refiner to trade \$0.20/bbl.

Fuel Oil

In HSFO, with the Chinese still out, the lack of the liquidity continued on 380. We saw low volume on both the 380 spreads and cracks. Jun/Jul 380 traded at \$6.50/mt.

There was no activity near the front on 380 cracks, however Q3 380 crack traded at -\$7.40/bbl. Jun/Jul barges was rangebound, trading at \$1.75/mt for the majority of the afternoon, before buying up \$2/mt after the window. The barge crack was bid earlier on the afternoon, buying up to -\$8.50/bbl from -\$8.70/bbl. There was a fair amount of MOC hedging at the end of the window which saw the crack offered, quickly selling down to -\$8.60/bbl. We saw some outright buying on the 380 E/W buying up to \$15.25/mt from \$14.25/mt.

In VLSFO, it was a quiet afternoon. Sing spreads saw very little activity down the curve this afternoon, with Jun/Jul Sing trading, stable, at \$5.50/mt. Sing cracks were a touch weaker this afternoon on a bit more liquidity. The Jun Sing crack sold down to \$10.50/bbl from \$10.65/bbl. It was a rangebound afternoon on Euro spreads, with interest mixed with Jun/Jul Euro trading at \$3.75/mt. Euro cracks were a touch weaker early on the afternoon with June Euro crack selling down to \$3.75/bbl from \$3.80/bbl on little activity. MOC hedgers came in at the end of the window resulting in the front Euro crack becoming well offered selling down to \$3.65/bbl at the end of the window. We saw some sporadic trading on Q3 and Jun 0.5 E/W at \$40/mt and \$43.25/mt respectively.

Distillates

ICE gasoil spreads were a tick higher, with the Jun/Jul spread trading around -\$3/mt and the Jul/Aug spread traded up to -\$2/mt. ICE gasoil cracks initially traded lower into the afternoon before rallying higher. The Jun crack traded down to \$17.60/bbl before rallying up to \$18.35/bbl. The Jul crack traded up to \$18.85/bbl from \$18.50/bbl, while in the deferred, interest was seen in Q3 around \$20/bbl. The European Jet diffs rallied this afternoon, with the Jun diff trading up to \$55.25/mt from \$53.25/mt. The Jun/Jul diff box traded at flat, indicating the Jul diff at \$55.25/mt. Down the curve, interest was seen in Cal diff around \$60.75/mt. The HOGOs were unchanged, with the Jun swap around 5.70c/gal and the Q4 swap around 8.50c/gal.

Sing gasoil spreads remained rangebound this afternoon, with the Jun/Jul spread trading around -\$0.30/bbl. The Jul/Aug spread traded at -\$0.31/bbl while the Balmo spread rallied after a weakish morning, with it trading up -\$0.19/bbl from -\$0.27/bbl. The prompt E/W continued higher, with it been lifted up to -\$26.25/mt from -\$27/mt. The Balmo E/W was well bid, with it trading up to -\$25.25/mt from -\$26.50/mt. Down the curve, interest was seen in Q3 around -\$26.75/mt. Regrades traded a touch higher into the afternoon, with the Jun regrade been lifted up to -\$1.55/bbl from -\$1.60/bbl. Further down the curve, the Sep regrade traded up to -\$0.76/bbl from -\$0.85/bbl earlier in the morning.

Gasoline

This afternoon in Gasoline, we saw cracks trade at the end of the afternoon window around \$20.80/bbl in Jun EBOB. RBBRs saw a strong sell off this afternoon, coming off more than a dollar from highs of \$24.45/bbl down to \$23/bbl in Jul with thin volumes trading. A lack of the usual trade and refiner buying interest on front EBOB spreads allowed them to fall with Jun/Jul a dollar lower at \$15/mt. Jul/Sep traded down to \$36.25/mt and Sep/Oct saw levels trading at \$53.25/mt. The TA Arb narrowed with EBOB still finding some support with fund buying in Q4 and Q3 gasnap bids at \$200/mt, leaving the front arb to trade down from 8.30c/gal to 7.15c/gal in window.

Naphtha

A quiet afternoon in Naphtha which saw Jun NWE cracks weaken on a thin market with a lack of buy-side interest leaving it trading at -\$10.20/bbl post-window, despite crude weakness. Naphtha structure firmed with Jun/Jul seeing buying by trade up to \$8.75/mt with the pricing spread showing signs of weakness falling from \$18/mt to \$15.50/mt post-window. Backend cracks seeing offers and weakening to lower levels with Q3 trading down to -\$10.60/bbl. E/W remaining supported in the \$15/mt handles in the front, seeing weakness with MOPJ flat price selling.

NGLs

Another weak afternoon for US domestic LPG products, although offers lifted in the physical helped LST structure find support into the 2nd half of the afternoon. At the US open, flat price was offered and gapped down on a crude percentage basis with US trade houses offer side. Arb bids were thin as June LST/FEI fell to -\$220/mt and funds and banks were offer side. Much of the LST weakness came out of Q3 LST as Q3/Q4 spread fell to -\$3.125/mt. Butane was well offered with propane with C4/C3 seeing limited bids over the afternoon and Jun/Jul butane softening to -0.25c/gal low. Approaching the European window, however, offers were lifted in the physical and spreads saw buy-side interest at the low levels with Aug/Sep trading up from -0.625c/gal to -0.375c/gal helping Q3/Q4 to quickly get bid up to -2.75c/gal. Arbs rose with this US propane better supported and retraced quickly to -\$211/mt in the prompt LST/FEI contract. Internationally, the window was extremely quiet with limited NWE trading although Jun/Jul firmed to -\$1.50/mt. FEI spreads softened a touch after their rise this morning with Sep/Oct trading at -\$6.50/mt. CP was quiet over the afternoon but saw buy-side flat price interest in Q3 from DCE players.