07 May 2024

European Window

ONYX ADVISORY

Flat Price

The July Brent Futures flat price has had a choppy afternoon, which it began in $83.00/bbl handles, before dipping twice to $82.55/bbl and $82.45/bbl at 14:05 BST and 15:45 BST, respectively. Following this, the price rallied to a high of $83.60/bbl at 17:15 BST, which it has since hovered around as of 17:40 BST (time of writing). Saudi Aramco's CFO has announced that global oil demand was up 2% in Q1 2024 y-o-y, with inventories at five-year lows, despite increases in supply. Evidencing the former statement, India has reported its April oil demand has risen 6.1% y-o-y to 19.9 million mt, with gasoline demand having risen 14.1% to 3.3 million mt, diesel demand by 1.4% to 7.9 million mt and naphtha demand by 3.9% to 1.2 million mt. However, Japan's February crude imports have fallen by 140kbbls/d (-5.4%) compared to the previous month, which also represents a fall of almost 360kbbls (-13%) compared to February 2023. Asian refiners are considering cuts to refined fuel output in the coming months after excess diesel supplies squeezed refining margins. Taiwan's Formosa Petrochemical Corp 6505 and South Korea's GS Caltex plan to cut output by 16kbbls/d and 25kbbls/d in May, respectively. Finally, PetroVietnam has announced new oil discoveries, with initially estimates of the reserves being around 100mbbls. The front and 6-month spreads are $0.46/bbl and $3.00/bbl, respectively.

Crude

US LPG complex initially opened offered but firmed over the afternoon while internationally FEI continued to outperform CP and NWE. Bids were hit in the physical as physical LST was trading a cent and a half under the paper market at the US open. Flat price weakened on a crude percentage basis and structure came off with Q3/Q4 trading down to -3c/gal and Q1'25/Q2'25 trading down to 4.75c/gal. Arbs weakened to a low of -$243/mt in the prompt LST/FEI but saw better bids in Q3 and prompt at these levels with trade houses and shipowners buyside; June retraced to -$239/mt last while Q3 traded up to -$231/mt. FEI flat price was well bid, in Sep tenor especially with DCE players buyside- the E/W diff firmed to $110/mt in June and $101/mt in Q3 at the end of the window. FEI/CP firmed albeit less aggressively as Jun traded up to $48/mt. Butane weakened in relation to propane although saw back end bids as Cal'25 C4/C3 diff traded at 11.75c/gal.

Fuel Oil

In VLSFO, the Chinese came out buying Sing 0.5 flat price this afternoon. The Sing crack was a touch softer at the start of the afternoon, with Jun Sing crack selling down to $11.25/bbl from $11.35/bbl early on. Liquidity did dry up as the afternoon went on, however, the front Sing crack did buy up to $11.40/bbl.

Euro spreads saw thin liquidity this afternoon, with Jun/Jul Euro buying to $4.75/mt from $4.50/mt. Euro cracks were a touch better bid earlier on this afternoon, buying up to $4.40/bbl in the window from $4.30/bbl earlier in the day. Euro 0.5 MOC was well bid this afternoon.

Similar to the VLSFO spreads, there was very little price action on 380 spreads. We saw Jun/Jul 380 trade at $7/mt for the whole afternoon. It was a quiet afternoon on 380 cracks, with the Jun 380 crack trading at -$5.45/bbl on this liquidity. We saw activity down the curve on barge spreads. Jun/Jul barges was better offered, selling down to $2/mt from $2.50/mt. We also saw mixed interest on the Aug/Sep barge spread, trading at $7.75/mt. The barge crack was a touch softer this afternoon, selling down to -$8/bbl from -$7.75/bbl. Q4 barge crack was a touch stronger this afternoon, buying up to -$10.20/bbl from -$10/35/bbl.

Distillates

ICE gasoil spreads initially traded lower before rallying into the afternoon. Jun/Jul traded down to -$3.75/mt before rallying up to -$2.75/mt. The Jul/Aug spread traded higher at -$2/mt from -$2.50/mt. Likewise, ICE gasoil cracks came off early in the afternoon before rallying. The Jun crack came off to $18.05/bbl from $18.60/bbl but has since rallied up to $18.95/bbl.

European Window

The Jul crack traded higher at $19.70/bbl and in the deferred tenors, interest was seen in Q3 at $20.60/bbl and Q4 at $21.55/bbl. A strong afternoon for European Jet diffs was seen, with the Jun diff trading up to $58/mt from $56/mt this morning. The Balmo diff traded up to $59/mt from $57/mt. In the deferred, interest was seen in Q1'25 and Q2'25 at $61/mt. The HOGOs remained unchanged this afternoon, with the Jun swap at 5.80c/gal and the Q4 swap at 8.70c/gal.

Another rangebound afternoon was observed in Sing gasoil. The Jun/Jul spread traded in a range between -$0.31/bbl to -$0.27/bbl. The Balmo spread traded lower, with it been hit down to -$0.25/bbl from -$0.20/bbl but has since traded back up to -$0.23/bbl while further down the curve, Jul/Aug traded around -$0.31/bbl. The prompt E/W remained rangebound, with it trading around -$26.50/mt and the Jul E/W around -$27/mt. In the deferred, Q3 E/W saw continued interest at -$27/mt. The prompt regrade continued higher, with it been lifted up to -$1.45/bbl from -$1.55/bbl. The Jul regraded traded up to -$1.18/bbl from -$1.30/bbl and further down the curve, interest was seen in the Sep regrade at -$0.80/bbl. In Kero, the Jul/Aug spread traded down to -$0.60/bbl from -$0.55/bbl.

Gasoline

This afternoon in gasoline, we saw cracks trade at the end of the afternoon window around $20/bbl in Jun EBOB. RBBRs were weaker this afternoon, trading down from $23.70/bbl handles in the morning to $22.70/bbl handles in the Euro window. Arbs traded up to 7.75c/gal but saw offers from majors. EBOB spreads sold off in the afternoon, with Jun/Jul trading down to $13.25/mt, where refiner bids came in. Sep/Oct EBOB withheld the downtrend, and saw sticky buying at $53/mt. Cracks in Q3 were well offered this afternoon at $17.50/bbl, along with majors on the sell side of Q3/Q4 crack rolls at $9.20/bbl. Offers came in on Jun gasnaphs between $212/mt and $213/mt, and we saw Q3 gasnaphs offered as well, both from refiners and phys players. In the East, we saw some spreads bids at $0.85/bbl in Jun/Jul, as well as the Jun/Sep E/W box bid through the afternoon. End Euro window, we saw offer side interest on Jun E/W at -$10.05/bbl from trade houses, trending up from -$10.30/bbl in the morning.

Naphtha

This afternoon in naphtha we saw Jun24 NWE cracks weaken into the window with trade sellers stepping down, leading the crack to trade down from -$10.15/bbl this morning to -$10.55/bbl end window. Nap structure weakening this afternoon as the front crack softened and with deferred cracks seeing refiner buying. Jun/Jul trading 75c lower by the afternoon at $7/mt and Jul/Aug seeing small volumes trade at $5.50/mt with Cal'25 seeing buying at -$10.60/bbl and Q3 at -$10.85/bbl. E/W saw strengthening in the front with Jun/Jul strongly bid at $8.50/mt despite Europe weakness, leading the front to trade from $15/mt up to $17/mt post-window in Jun24.

NGLs

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