

Flat Price

The July Brent Futures flat price had a rangebound start to the morning, ticking between \$83.30/bbl and \$83.60/bbl from 05:30 BST to 08:15 BST. Following this, it briefly dropped to \$83.15/bbl around 08:55 BST, before rapidly strengthening to reach a high of \$83.70/bbl at 09:35 BST. Subsequently it shed these gains just as quickly, dropping again to \$83.10/bbl handles, where it remains as of 11:10 BST (time of writing). The Israeli military has taken “operational control of the Gaza side of the Rafah crossing” between the Gaza Strip and Egypt, with its tanks having pushed into the town of Rafah overnight. This comes following Hamas’ statement that it has accepted an Egyptian-brokered truce that was later rejected by Israel as “far from meeting” its “core demands”. Oman’s crude oil output edged down for a fourth consecutive month to 757kbbls/d in April, the first month in which the country fully met its OPEC+ quota of 759kbbls/d in 2024. This news comes on the same day as reports have stated that OPEC+’s June 1 meeting will likely extend current production cuts. BP has missed its Q1 profit forecast, reporting an adjusted net profit of \$2.7 billion, down from last year’s figure of \$5.0 billion. In addition, Saudi Aramco has stuck to a \$31 billion dividend despite seeing a Q1 profit fall of 14.5% to \$27.3 billion due to the Kingdom’s ongoing production cuts. The front and 6-month spreads are \$0.46/bbl and \$2.95/bbl, respectively.

Crude

Another weak session for Dated with prompt rolls continuing to see strong selling. There was block selling of 13-17/5 v Cal Jun down at \$0.10/bbl, and 13-17/5 2w roll was sold at -\$0.02/bbl. We saw initial refiner sell side interest in 20-24/5 v 28-3/6, lifted at \$0.02/bbl before turning better offered with prompter rolls weakening, sold at -\$0.02/bbl last by block. Jun DFL was also well offered, trading \$0.38/bbl after opening the morning at \$0.49/bbl, whilst Jun/Jul DFL remains rangebound between -\$0.12/bbl and -\$0.10/bbl. There was buy-side interest in Cal May/Jun Dtd, although quickly sold into to trade \$0.24/bbl as Balmo DFL saw very limited volume, trading smalls down from \$0.15/bbl to flat.

Fuel

In HSFO, it was a strong start to the morning for 380 spreads. We also saw 380 MOC well bid, in particular Jun. Jun/Jul 380 opened at \$6.50/mt, being quite well bid in the market, it traded up to \$7/mt. We saw buying interest on deferred spreads as well, with Jul/Aug buying up to \$8/mt in decent size. There was a major selling 380 cracks. We saw initial weakness on the 380 crack, with Jun 380 crack selling down to -\$5.70/bbl from -\$5.60/bbl at the beginning of the window before turning better bid and buying back up to -\$5.40/bbl. It was a quiet start to the morning on barge spreads, with Jun/Jul barges trading rangebound at \$2.50/mt. We saw a fair amount of screen activity on the barge crack to kick the morning off, with the interest being buy side. The Jun barge crack bought up to -\$7.95/bbl prior to the window from -\$8.40/bbl.

The trend continued post window, with the front crack trading at -\$7.80/bbl later in the morning. We also saw outright activity on the 380 E/W, with the Jun 380 E/W buying up to \$16/mt from \$15/mt, however the barge strength put pressure on it, resulting in it trading back down to \$15.25/mt.

In VLSFO, we saw a fair amount of activity down the curve this morning on Sing 0.5 spreads. The majority of activity was in the front spread. Going into the window, the Jun/Jul Sing was better bid, buying up to \$7/mt from \$6.75/mt, before turning offered and selling back down to \$6.75/mt at the end of the window, where it saw out the morning. We saw similar price action on the Balmo spread, which traded up to \$6.75/mt at the beginning of the window from \$6.50/mt, before giving it back by the end of the window and selling back down to \$6.50/mt. It was a strong morning for the Sing crack, with Jun Sing crack opening at \$11.30/bbl before trading up to \$11.50/bbl prior to the window. The crack had a similar trend to the spreads, with the front crack going better offered in the window, selling down to \$11.35/bbl. Euro spreads were better bid by majors, with Jun/Jul buying up to \$4.50/mt and Jul/Sep \$9/mt in decent size. Euro cracks opening the morning a touch softer, selling down from \$4.40/bbl to \$4.25/bbl briefly, before recovering to \$4.40/bbl. The Jun 0.5 E/W was offered this morning, trading between \$44.50/mt and \$44.75/mt, before implying lower due to Euro crack strength.

Distillates

ICE gasoil spreads continued sideways, with the Jun/Jul spread trading around -\$3.25/mt and the Jul Aug spread around -\$2.25/mt. ICE gasoil cracks opened higher this morning, with the Jun crack trading up to \$18.80/bbl before coming off a touch to \$18.60/bbl. The Jul crack traded up to \$19.40/bbl and in the deferred, the Q3 crack traded higher at \$20.20/bbl from \$19.70/bbl yesterday. European Jet diffs trended higher with the Jun diff trading back up to \$56/mt. The Balmo diff traded up to \$57/mt from \$55.50/mt and down the curve, the Q3 diff traded at \$56/mt and Q4 at \$58.50/mt. The HOGOs were a touch higher this morning, with the Jun swap at 5.80c/gal and the Q4 swap at 8.70c/gal.

A rangebound morning was seen in Sing gasoil. Jun/Jul traded around -\$0.28/bbl and Jul/Aug around -\$0.30/bbl. The Balmo spread was lifted up to -\$0.17/bbl in the window from -\$0.20/bbl but has since retraced back to -\$0.20/bbl. The prompt E/W traded rangebound around -\$26.75/mt. The Jun/Jul roll traded at \$0.25/mt, indicating the Jul E/W at -\$27/mt. In the deferred, interest was seen in Q3 at -\$27.25/mt. Regrades traded higher this morning. The prompt regrade was lifted up to -\$1.55/bbl after the window from -\$1.67/bbl earlier. In the deferred tenors, the Q3 regrade traded down to -\$1.10/bbl and the Q4 at -\$0.60/bbl.

Gasoline

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to \$10.25/bbl

on a crack basis in Jun 92. The morning window was offered, with cracks in 92 trending down over the morning, from \$10.85/bbl in Jun to \$10.35/bbl, with majors on the sell side. We had buy-side interest on deferred 92 spreads (2025 tenors) this morning. Oct/Mar'25 saw phys buying at \$3.20/bbl and Apr'25/Sep'25 was well bid between \$3/bbl and \$3.05/bbl. Majors were buying Sep/Oct 92 at \$1.30/bbl. Jun/Sep E/W box was particularly bid today, at -\$3.50/bbl from phys. RBBRs ticked down over the morning \$0.30/bbl to \$23.40/bbl post-window, with arbs offered at 7.60c/gal in the front, but bid from majors in Q4 at 2.90c/gal. We saw buy-side interest again in Jun/Dec up to \$138/mt, however post-window we saw strong refiner and major sell-side interest in Aug/Sep at \$21.25/mt. Deferred cracks in EBOB were offered at \$18/bbl in Q3 and \$8.65/bbl in Q4.

Naphtha

This morning in naphtha we saw flat price valued at \$663.50/mt in Jun MOPJ, on a -\$8.50/bbl crack equivalent with cracks and spreads going better offered in the front. Jun/Jul trading down a dollar in both curves with Jun/Jul MOPJ at \$8.50/mt and Jun/Jul NWE at \$7.75/mt. MOC was well bid at \$5/mt in Jun and Jul tenors and we saw flat price buying by physical players at these levels. MOPJ cracks further supported the East with major on the buy-side at -\$8.50/bbl in window. Q3/Q4 spreads seeing buying with clip size of Sep/Oct being lifted at \$3.75/mt and Dec/Jan at \$4/mt.

Jun E/W trading in the \$15/mt handles throughout the morning with odd buying seen post-window at \$15.50/mt. In Europe, Jun cracks opened at -\$10.05/bbl but quickly saw offers down to -\$10.20/bbl end window, falling as low as -\$10.30/bbl in the front. Deferred cracks seeing offers with Q3 trading at -\$10.70/bbl and Q4 seeing offers at -\$10.55/bbl on screen with Q3/Q4 crack roll trading at -\$0.15/bbl.

NGLs

A very active morning on NGLs, FEI was extremely well bid out of the Balmo and prompt contracts off the back of news that a \$1mn fee had been paid in a Panama transit slot auction. Spreads firmed quickly at the front of the curve Jun/Sep traded up from -\$2.50/mt to flat while Jun/Dec traded up to -\$9.50/mt. CP spreads were also firming with Jun/July up at \$9/mt but nevertheless FEI outperformed CP and FEI/CP rallied resultantly with Jun FEI/CP bid up to \$47/mt. Arbs continued to gap down as Jun LST/FEI traded down to -\$238/mt and May LST/NWE traded at -\$131/mt in Jun; the E/W diff also rallied trading up to \$107/mt in June and \$98/mt in Q3. Bids in the window helped keep FEI supported and June FEI flat price traded at \$596/mt handles at end window.

Global Macro

- On the back of Fridays employment data, the OIS is now pricing 46bp cuts this year by the Fed (it was 34bp last Wednesday). Full time work is trending one way.
- U.S. inflation surprise index UP, economic surprise index DOWN. The Fed is desperately hoping next week's inflation data comes in weaker.
- Australian central bank has similar issue to the Fed. Inflation above target and heading back higher but real retail sales growth per capita falling at the fastest pace in over 40 years.
- Same daily story on gold, just different data. Global central banks have bought 2,100 tonnes of gold in the last 2 years.
- Chinese house prices are dropping faster than in Japan after its own bubble. Over 70% of Chinese wealth is in property.
- US Commercial Real Estate Prices are down the most on a year-over-year basis since the Great Financial Crisis. The impact of work from home.
- Euro Area March producer prices fall 7.8% Y/Y; EST. -7.7% - BBG
- Chinese equities up 10 consecutive days.
- And finally Bank of England policy meeting on Thursday, becoming more interesting with the committee split.