

## Flat Price

The July Brent futures flat price has had a mixed morning, first seeing a rapid uptick from \$83.50/bbl at 06:50 BST to \$83.85/bbl by 08:05 BST, before softening to \$83.15/bbl by 10:40 BST. After this, it has retraced upwards to \$83.30/bbl handles, where it currently resides as of 11:10 BST (time of writing). China has unveiled "historic" steps that seek to stabilize its crisis-hit property sector, allowing local governments to buy "some" apartments, relaxing mortgage rules and pledging to deliver unfinished homes, a significant step for the 'universe's most important sector' worth an estimates \$4.7 trillion annually, or 4.5% of global GDP. ADNOC is planning to set up a US trading desk and has held talks to recruit senior energy traders to oversee the expansion as part of its global growth plans according to an anonymous source working at the UAE-backed oil and gas producer. In geopolitical news, Russian air defenses and the Black Sea fleet intercepted a total of 102 Ukrainian drones and destroyed six unmanned surface vehicles (USVs) overnight. Russian Deputy Prime Minister Alexander Novak also announced Russia and China expect to sign a contract "in the near future" on the 2,600km Power of Siberia-2 gas pipeline, which will carry an estimate 50 billion cubic metres of natural gas a year from the Yamal region in northern Russian to China via Mongolia. The front and 6-month spreads are \$0.37/bbl and \$2.94/bbl, respectively.

## Crude

This morning in Dated we saw Jun DFL continue to go better offered, sold from \$0.19/bbl to \$0.08/bbl, whilst Jul DFL was better supported, trading \$0.45/bbl last. With structure also offered, Jun/Jul Dtd trades down at \$0.14/bbl last, with Cal Jun v 17-21/6 hit from -\$0.14/bbl to -\$0.16/bbl - following on from 7-13/6 v Cal Jul sold at \$0.15/bbl early in the morning and well offered over. Cal Jun v 24-28/6 was similarly sold at -\$0.18/bbl. We saw buy-side interest in outright CFD's, with 3-7/6's sold at \$0.24/bbl initially to last trade -\$0.27/bbl, whilst 28-31/5's trade -\$0.80/bbl. Little else to report however from a quiet session.

Active morning in Dubai with strength seen across the curve. The spread buying continued, with very strong trade house buying in Jun/Dec and Aug/Dec Dubai, both trading up to \$4.06/bbl and \$2.46/bbl respectively. Spread buying then continued post window with the Jun/Sep trading a number of times at \$2.19/bbl, buy-side interest again. The activity in Brent/Dubai was concentrated in the back, with the Q4 and Q1'25 BD trading down from \$0.50/bbl and \$0.67/bbl to \$0.44/bbl and \$0.60/bbl respectively amidst aggressive trade house selling. Late on, we also saw box interest, with the Dec/Jan and Feb/Mar boxes trading at -\$0.05/bbl and -\$0.02/bbl.

## Fuel

In HSFO, 380 spreads were well supported this morning, in particular the front spread. Jun/Jul 380 opened the morning at \$8/mt, trading in some decent size at that level.

The spread then bought up to \$8.25/mt. It was a rangebound morning on the 380 crack, with Jun 380 crack trading between -\$6.50/bbl and -\$6.40/bbl. There was some early buying on barge cracks this morning. Jun barge crack began the day trading at -\$10.70/bbl, before buying up to -\$10.45/bbl. Barge spreads were a touch softer, with Jun/Jul barges selling down to -\$3.50/mt from \$3/mt. It was a quiet morning on the 380 E/W, with Jun 380 E/W buying up to \$26/mt from \$25.75/mt.

In VLSFO, Sing 0.5 spreads and cracks collapsed overnight from levels seen at close of day yesterday. We then saw some volatility this morning on the Sing crack. The Jun Sing crack opened at \$10.30/bbl, and was fairly well bid going into the window, buying up to \$10.60/bbl at the end of the window. We did see the front Sing crack give some back post-window, trading back down to \$10.50/bbl. Sing structure was stable early on after the selloff overnight, with Jun/Jul trading around \$6.25/mt up until the window. The front spread then turned better bid in the window, and continued after the window, buying up to \$7.25/mt. It was a quiet morning on Euro cracks, with the front Euro crack having a fairly rangebound morning, trading between \$3.50/bbl and \$3.55/bbl. It was a similar trend on Euro spreads, with Jun/Jul Euro trading at \$4/mt on very thin liquidity. We saw some strength on the 0.5 E/W on the back of the Sing rally, with Jun buying up to \$44.50/mt.

## Distillates

ICE gasoil structure firmed a touch this morning on the back of drone strikes on the Tuapse refinery in Russia last night. The Jun/Jul spread traded higher a tick higher at -\$2/mt and likewise the Jul/Aug traded around -\$2/mt. ICE gasoil cracks opened higher and traded rangebound this morning. The Jun crack traded around \$19/bbl and the Jul crack around \$19.75/bbl. In the deferred, the Q3 crack traded at \$20.50/bbl. European Jet diffs were higher, with the Jun diff trading up to \$62/mt from \$60.50/mt. The Jul diff traded higher at \$62/mt and further down the curve, the Aug diff traded at \$60.50/mt. The HOGOs were a touch higher this morning with the Jun swap at 5c/gal and the Q4 swap at 8.60c/gal.

Sing gasoil spreads rallied this morning, with Jun/Jul trading higher at -\$0.10/bbl from -\$0.17/bbl at the close yesterday. The Jul/Aug spread traded up to -\$0.18/bbl and further down the curve, the Oct/Dec spread saw interest on the buy side at \$0.98/bbl. The prompt E/W traded lower at -\$28.50/mt from -\$28/mt but has rallied post window up to -\$27.50/mt. Jul E/W traded at -\$29/mt and in the deferred tenors, Q3 traded at -\$29.50/mt and Q4 at -\$27.75/mt. Regrades came off this morning. The Jun Regrade was hit down to -\$1.70/bbl from -\$1.45/bbl and the Jul regrade traded lower at -\$1.35/bbl. In the deferred, the Q4 regrade was hit down to -\$0.60/bbl. In kero, the Jun/Jul spread traded down to -\$0.45/bbl from -\$0.36/bbl.

## Gasoline

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to \$9.40/bbl on a crack basis in Jun 92. With RBBRs moving higher overnight and in the morning to \$23.50/bbl handles in Jul, following reports of storms in Houston, we saw cracks go better bid in the morning, and arbs offered down. We saw a more offered 92 MOC window today, and E/W saw selling in the front down to -\$11.65/bbl (from -\$10.50/bbl), driven by EBOB strength. Backend E/W saw sticky buying this morning between -\$9.25/bbl and -\$9.30/bbl in Q3. Jul/Sep 92 saw buying today from majors and phys players at \$1.95/bbl, and Jun/Jul bid up to \$0.55/bbl. Arbs saw selling down to 5.85c/gal. Spreads in EBOB were offered this morning, Jun/Aug trending higher to \$30/mt, and Jun/Sep up to \$52.25/mt. EBOB cracks went better bid post window, seeing buying from refiners up to \$21.60/bbl in Jun. Q3 gasnaphs were also bid, up to \$199/mt from phys.

## Naphtha

This morning in naphtha we saw flat price valued at \$670.50/mt in Jun MOPJ, on a -\$7.80/bbl crack equivalent with naphtha strengthening off the back of news of a fire at Tuapse refinery last night. Jun NWE cracks opening more than 50c higher amid the uncertainty at -\$9.65/bbl but finding trade selling down to -\$9.75/bbl end window. Post-window cracks further found strength in the front trading up to -\$9.50/bbl with Cal'25 now seeing buying up to -\$10.20/bbl and Q4 at -\$10.10/bbl. Structure firming with crack strength,

Jun/Jul NWE and Jun/Jul MOPJ opening trading at \$10/mt but seeing momentum wane leading NWE to trade back to \$9.25/mt and MOPJ down to \$9/mt post-window with physical selling. Q3/Q4 NWE crack roll seeing buying by trade now at -\$0.15/bbl. Jun E/W firming trading from \$16.50/mt up to \$17/mt with backend seeing strength with Q4 seeing buying at \$14.25/mt and Q1'25 at \$12/mt.

## NGLs

An extremely bid morning for FEI on NGLs as arbs continued to gap downwards; export difficulties out of the US with continued high Panama Canal transit slot auction fees were compounded by storms in Houston yesterday evening. Arb selling was aggressive by trade houses and market makers. The H2 arb traded at -\$239/mt while the Jun arb gapped down to a low of -\$257/mt (although retraced from here post window) and the arb boxes fell too as Q3/Q4 LST/FEI traded at -\$3/mt. There was significant buy side interest on prompt FEI spreads from Chinese DCE players early morning, Jun/July FEI was bid up to \$8.50/mt where it saw good selling while Aug/Sep traded up to -\$3.50/mt. Strength continued into the window as the E/W diff traded up to \$120/mt; FEI/CP was similarly well bid down the curve up to \$60/mt in the prompt contract and \$54/mt in Q4. Despite the FEI/CP strength there was still flat price buy side flows from importers in Jun CP as the Jun/July CP spread firmed up to \$20/mt.

## Global Macro

- Mixed China data overnight. Strong industrial growth but weak retail sales and house prices. Industrial growth +6.7% YoY (est 5.5%). Retail sales 2.3% YoY (est 3.8%).
- China home prices fell 0.94% in April, falling 30 out of last 33 months and existing homes having the largest one month fall on record.
- U.S. industrial production unchanged in April (est +0.1%) with factory output falling -0.3% (est +0.1%) and U.S. Conference Boards Leading Economic Index falling -13.1% from its peak.
- Fund managers are the most bullish on stocks since November 2021.
- FED'S WILLIAMS: WE NEED NOT WAIT UNTIL INFLATION IS EXACTLY AT 2% TO EASE POLICY.
- ECB'S CENTRAL SCENARIO IS TO CUT RATES IN JUNE: DE COS – BBG
- Today French unemployment and Eurozone final CPI.