

## Flat Price

The July Brent futures flat price has had a volatile afternoon, initially falling from \$83.85/bbl at 12:00 BST down to the afternoon's low of \$83.25/bbl at 14:05 BST, before rallying aggressively to a daily high of \$84.45/bbl at 15:05 BST. Following this, the prompt contract has retraced down to hit \$83.60/bbl levels, where it continues to reside as of 17:10 BST (time of writing). The International Criminal Court (ICC) has requested arrest warrants for Israeli Prime Minister Benjamin Netanyahu, his defence chief Yoav Gallant, and three Hamas leaders, including their global head Ismail Haniyeh and their leader in Gaza Yahya Sinwar. Jain Global, a new hedge fund thought to be managing around \$5 billion started by former co-CIO of Millennium Bobby Jain, will allocate 15-20% of its capital to commodities, announcing it will initially trade derivatives before moving into the physical market. Over 226,000 people are still without power in Texas after storms battered the Gulf coast over the weekend, with most of these being customers of CenterPoint Energy in the Houston area. US air travel, calculated as the TSA total traveller throughput, was 6.8% above 2019 levels last week, indicating unprecedented flight demand in the world's largest air market. The front and 6-month spreads are \$0.25/bbl and \$2.67/bbl, respectively.

## Crude

Weak afternoon in Dated. Jun and Jul DFL were well offered, last trading

-\$0.20/bbl and \$0.24/bbl respectively. Jul/Aug DFL saw better selling to trade -\$0.12/bbl last following buy-side interest in Aug post window around \$0.38/bbl, and strong selling of Jul Dtd v Aug ICE throughout the day, whilst Jun/Jul retraced the morning gains and more to trade -\$0.44/bbl on legs last. There was aggressive selling of 28-31/5 2w, trading -\$0.62/bbl with multiple sellers. With the physical opening up well offered in Forties from trade houses and majors, we saw bids in the paper get hit pre-window, with 20-24/5 v Cal Jun sold at -\$0.82/bbl, and 24-28/6 v Cal Jul sold at \$0.28/bbl. Balmo DFL saw small selling on screen down to -\$1.15/bbl. CFD's in the window were offered, with 10-14/6 trading -\$0.40/bbl and 3-7/6 \$-0.70/bbl, seeing trade houses, Chinese, refiners and majors on the sell side.

## Fuel Oil

In HSFO, Chinese arbers came out buying 380 cracks and flat price this afternoon, before changing direction later in the afternoon. It was a mostly rangebound afternoon on 380 spreads, with Jun/Jul 380 trading at \$10.25/mt. However, we did see some selling in the window, with the front spread selling down to \$10/mt, before recovering back up to \$10.25/mt post window. 380 cracks were bid down the curve earlier on in the afternoon, however we didn't see much price action until later in the afternoon.

The Jun 380 crack opened at -\$5/bbl where it is traded for some time, before selling down to -\$5.10/bbl later on in the afternoon by trade houses. However we did see a recovery towards the end of the window buying back up to -\$5/bbl. Barge cracks opened the afternoon trading between -\$9.60/bbl and -\$9.55/bbl, before selling down to -\$9.70/bbl heading into the window. There was a recovery to where it opened the afternoon towards the end of the window, buying up to -\$9.60/bbl. We saw similar rangebound price action on barge spreads, with Jun/Jul barges trading between -\$2.75/mt and \$2.50/mt, without a trend appearing. We saw some activity on the 380 E/W this afternoon, with Jun 380 E/W trading at \$29.50/mt and Q3 at \$11.75/mt.

In VLFSO, the stable trend on Sing structure we saw in the morning continued into the afternoon. We saw low liquidity on Sing spreads, with Jun/Jul Sing trading around \$7.50/mt throughout the afternoon. Sing cracks were a touch softer this afternoon. Jun Sing crack opened the afternoon at \$10.70/bbl before selling down to \$10.60/bbl just before the window. We did see a slight recovery on the front Sing crack heading into the window, trading back up to \$10.65/bbl. The low liquidity that was seen in the morning on Euro spreads continued in the afternoon, we did however see the Jun/Jul spread buy up to \$4/mt from \$3.50/mt.

It was a mostly rangebound afternoon on the Euro crack, with Jun Euro crack trading at \$3.60/bbl until post window, where it traded slightly higher at \$3.65/bbl. We saw interest on the front two 0.5 E/W, with Jun and Jul trading at \$44.75/bbl and \$41.25/bbl respectively.

### Distillates

ICE gasoil spreads were a tick higher with the Jun/Jul spread trading around -\$2/mt and the Jul/Aug spread traded a touch higher at -\$1.75/mt. ICE gasoil cracks rallied this afternoon. The Jun crack was lifted up to \$19.35/bbl from \$18.75/bbl post the morning window. The Jul crack traded up to \$20/bbl but has come off a touch to \$19.85/bbl. In the deferred tenors, the Q3 crack traded at \$20.80/bbl and Q4 at \$21.30/bbl. A strong afternoon for European Jet diffs, with the Jun diff trading higher at \$62.25/mt. The Jun/Jul diff traded at \$1/mt, indicating the Jul diff at \$61.25/mt. In the deferred, the Q3 diff traded up to \$60.75/mt from \$60.25/mt. The HOGOs were stronger, with the Jun swap indicated at 5.80c/gal and the Q4 swap higher at 9.10c/gal.

A rangebound afternoon was seen in Sing gasoil. The Jun/Jul spread traded between -\$0.18/bbl to -\$0.16/bbl while the Jul/Aug spread was a tick lower at -\$0.18/bbl. The prompt E/W was lower this afternoon, with it trading down to -\$28.75/mt from -\$28.25/mt.

The Jul E/W traded at -\$28.50/mt and in the deferred, Q1'25 saw interest around -\$24/mt. The Jun regrade was stronger, with it been lifted up to -\$1.60/bbl from -\$1.65/bbl. The Jul regrade traded around -\$1.38/bbl and down the curve, Q3 traded at -\$1.10/bbl. In Kero, Jun/Jul traded higher at -\$0.38/bbl.

### Gasoline

This afternoon in gasoline, we saw cracks trade at the end of the afternoon window around \$20.60/bbl in Jun EBOB. A weaker afternoon for gasoline with RBBRs trading at \$22.70/bbl handles end window, down from \$23.40/bbl handles in the morning. Arbs saw selling down to 5.80c/gal in Jun this afternoon. EBOB continued its weakness, with cracks trading down to \$20.55/bbl in Jun, from \$21.10/bbl in the morning. Q3 cracks saw selling earlier in the afternoon at \$18/20/bbl, however main selling in the window was in Jun. Spreads looked to hit a low of \$13/mt in Jun/Jul and \$13.50/mt in Jul/Aug, as we saw refiner and phys buying at these levels in the Euro window. E/W continued to see scale back offers, trading up to -\$11.20/bbl in Jun, trade houses on the sell side. Jul/Aug 92 saw interest this afternoon from the buy side at \$0.85/bbl, as well as Nov/Dec seeing major offers at \$0.88/bbl.

### Naphtha

This afternoon in naphtha we saw weakness in the Jun NWE crack as crude rallied with the front trading from -\$9.35/bbl this afternoon to settle at -\$9.50/bbl end window after reaching lows of -\$9.60/bbl. Backend cracks were well bid with a lack of offers leading Q4 to trade up to -\$10/bbl, H1 at -\$10.15/bbl and Cal'25 at -\$10.10/bbl. Structure firmed with stronger Brent spreads and major buying, Jun/Jul NWE trading up to \$9.75/mt before returning to \$9.25/mt post-window. Further dated spreads saw a lack of buyers stepping up with Aug/Dec at \$16/mt and Q4/Q1'25 crack roll buying at -\$0.02/bbl. Jun E/W remaining supported at \$17/mt given Europe weakness and deferred E/W boxes were bid with Q4/Q1'25 trading at \$2.25/mt.

### NGLs

A firmer afternoon for US LPG on NGLs today; US offers were lifted in the physical with post storm facility issues at terminals causing market participants to expect tightness. The paper LST flat price went better bid too firming over the afternoon on a crude percentage basis. Most of the strength was spread throughout the curve but Q3/Q4 LST briefly firmed to -2.25c/gal while Sep/Oct traded -1.25c/gal. Butane traded in line with propane for the most part and Jun/Jul butane was bid up to 0.125c/gal by banks and trade houses alike.

20 May 2024

# European Window



Internationally the arb firmed from -\$257/mt to -\$246/mt in Jun LST/FEI and then remained rangebound around -\$246/mt for most of the afternoon. CP spreads softened a touch with Jun/Sep trading to \$14/mt though in small volumes, the structure weakening helped FEI/CP retrace some ground to \$53/mt in Jul. The window was quiet though NWE flat price saw bids by real players at the front of the curve but spreads softened as Q3/Q4 traded down to -\$16.50/mt.

To discuss any points mentioned in this report further please do not hesitate to contact us at:

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