

### Flat Price

The July Brent futures flat price had a mixed afternoon, initially falling from \$82.50/bbl to the afternoon's low of \$82.10/bbl between 12:25 BST and 13:25 BST. Subsequently, Brent rallied to \$83.30/bbl by 16:10 BST, before retracing down back into mid-\$82/bbl handles, reaching \$82.40/bbl at 17:20 BST (time of writing). The US Department of Energy's Office of Petroleum Reserves announced a solicitation for the sale and liquidation of 1mmbbls of gasoline in the Northeast Gasoline Supply Reserve (NGSR), a strategic move timed and structured to maximise its downward impact on gasoline prices at the pump. Iraq's state-owned Somo issued its first gasoil export tender, likely due to the additional volumes coming from its new 140kbbbls/d Karbala refinery. Malaysia is to cut diesel subsidies, targeting 4 billion ringgit (\$852 million) in savings annually, according to its Prime Minister Anwar Ibrahim. Global carbon emissions pricing raised a record \$104 billion in 2023, a \$9 billion increase from the same figure in 2022. Finally, Saudi Arabian mining company Ma'aden has announced that it has successfully extracted lithium from seawater, although not at levels that are currently commercially viable. The front and 6-month spreads are \$0.16/bbl and \$2.30/bbl, respectively.

### Crude

A volatile afternoon for Dated. We saw aggressive selling of Jun DFL Down to -\$0.54/bbl early in the afternoon, with Jun rolls well offered and size selling of 17-28/6 DBL at -\$0.28/bbl. Into the window, Jun rolls went better bid, with 17-21/6 1w lifted at -\$0.15/bbl by major, whilst 3-7/6 1w trades -\$0.20/bbl, having been sold at -\$0.35/bbl earlier in the day. With this, Jun DFL was better supported, gapping back up to -\$0.27/bbl, whilst Jul saw better buying post window, lifted at \$0.15/bbl. With prompt Jun rolls well bid, backend Jul rolls saw better selling with Jun/Jul only a touch firmer at -\$0.07/bbl, seeing 24-28/6 v Cal Jul sold post window at \$0.18/bbl. Despite the better buying in the paper, the physical remained well offered, again seeing Forties offers pressure the diff lower. CFD's were better bid, with 3-7/6 CFD unchanged from yesterday at -\$0.70/bbl despite the sell off, whilst 10-14/6 CFD was lifted at -\$0.60/bbl by trade.

### Fuel Oil

In HSFO, 380 cracks had a mostly rangebound afternoon, trading between -\$3.95/bbl and -\$3.90/bbl. 380 spreads were a touch stronger this afternoon, with Jun/Jul 380 buying up to \$12.25/mt from \$12/mt. Barge crack opened the afternoon better offered, with Jun barge crack selling down to -\$9.25/bbl from -\$9/bbl prior to the window.

We did see some recovery in the window, combined with MOC hedging, buying up to -\$8.85/bbl, however it gave some back post window selling down to -\$9.10/bbl. It was a quiet afternoon on barge spreads, with Jun/Jul also having a rangebound afternoon, trading around -\$2.75/mt. We initially saw 380 E/W weakness, selling down to \$32.50/mt from \$33.50/mt. Post window we did see some recovery, buying back up to \$33/mt.

In VLSFO, the fragility we saw in the morning on Sing 0.5 continued into the afternoon, with selling on both cracks and spreads. Jun Sing crack sold down to \$9.80/bbl from \$10/bbl. Sing structure was also a touch softer this afternoon, with Jun/Jul Sing trading down to \$5.50/mt from \$5.75/mt. We saw a similar trend on Euro 0.5. Jun Euro crack opened the afternoon at \$3.15/bbl, selling down to \$2.90/bbl going into the window. We did see a slight recovery in the window, buying back up to \$3/bbl. It was a quiet afternoon on Euro spreads; however we did still see Euro structure offered, with Jun/Jul Euro selling down to \$3/mt from \$3.25/mt. We saw selling this afternoon both Euro and Sing Hi5's, with Jun Euro Hi5 trading at \$76.50/mt and Jun Sing Hi5 at \$87.5/mt.

### Distillates

ICE gasoil spreads were a tick lower this afternoon. The Jun/Jul spread traded down to -\$2.25/mt and the Jul/Aug down to -\$2.25/mt. ICE gasoil cracks remained rangebound. The Jun crack traded between \$19/bbl to \$19.20/bbl and the Jul crack traded around \$19.85/bbl. In the deferred, the Q4 crack traded at \$21.35/bbl. European Jet diffs continued its upward momentum, with the Jun diff trading up to \$64/mt from \$63.50/mt. The Jun/Jul diff traded at \$1.50/mt, indicating the Jul diff at \$62.50/mt. The HOGOs were stronger this afternoon, the Jun swap was indicated at 6c/gal and the Q4 swap was higher at 9.20c/gal.

Sing gasoil spreads continued lower this afternoon. The Jun/Jul spread was hit down to -\$0.24/bbl from -\$0.22/bbl and the Jul/Aug spread traded down to -\$0.24/bbl from -\$0.21/bbl. The front E/W traded back up to its opening level of -\$28.50/mt from -\$29/mt. In the deferred tenors, Q3 traded at -\$29.50/mt and Q4 at -\$27.75/mt. The prompt regrade remained rangebound this afternoon, with it trading around -\$1.40/bbl. Down the curve, the Aug and Q3 regrade both traded at -\$1.05/bbl. In kero, the Jun/Jul spread continued lower with it trading down to -\$0.42/bbl.

### Gasoline

This afternoon in gasoline, we saw cracks trade at the end of the afternoon window around \$19.80/bbl in Jun EBOB. RBBRs saw some volatile price action, offered down in the Euro window to \$22/bbl. Selling continued in arbs in Jun at 6.30c/gal and down to 6.10c/gal in the Euro window. Phys players continued to sell EBOB cracks, down at \$19.80/bbl in Jun. Spreads in EBOB saw some buying in the afternoon in Jun/Jul at \$11.75/mt, however with RBBRs weaker in the window, spreads went better offered, with Jul/Aug seeing selling at \$12.25/mt and Sep/Oct offered at \$53/mt. In the East, we saw selling of E/W in Jun down to -\$11.20/bbl, and in Q3 we saw selling from trade houses at -\$9.30/bbl.

### Naphtha

This afternoon in naphtha we saw Jun NWE crack continue its uptrend with the front trading from lows of -\$9.40/bbl this afternoon up to -\$9.10/bbl end window with strong gasnaph selling in Q3 and spreads seeing better buying. Post-window, we saw cracks breaching -\$9/bbl handles as crude weakened. Jun/Jul NWE again saw better buying in the afternoon by major, leaving the spread to trade from \$9/mt to \$9.50/mt at the end of the window with trade on the offer. Further dated spreads better bid as well with Aug/Dec trading from \$14.50/mt to \$15/mt. Backend cracks were well bid with a lack of offers with Q3

trading up to -\$9.85/bbl and Cal'25 well bid at -\$9.90/bbl. Jun E/W softening into the afternoon with MOPJ spreads unable to keep pace with Europe, leaving the front to trade down to \$15.50/mt from \$17/mt. Deferred E/W seeing buying with Q4 trading at \$14.25/mt and Cal'25 trading at \$12.75/mt.

### NGLs

Another supported afternoon for the US domestic LPG structure; bids consistently lifted in the physical along with real buyers of arbs helped keep LST supported and flat price was well bid, strengthening on a crude percentage basis at the US open. Q3/Q4 LST traded at -2.25c/gal while Q4/Q1'25 was bid as high as 0.625c/gal. Other US products strengthened in line with this as Jun/Jul Conway firmed to -0.75c/gal and Jun/Jul Butane ENT C4 strengthened to 0.25c/gal. Butane went better bid than propane as C4/C3 ENT/LST diff was well bid at 12.375c/gal in Jun while Q1'25 C4/C3 diff was lifted at 13.375c/gal. Internationally, the E/W diff softened a touch to \$115/mt in Jun while the arb firmed to -\$233/mt in LST/FEI Q4 before softening post window. Deferred FEI spreads saw some buy-side interest, however, with Dec/Dec trading up to \$68.50/mt.

21 May 2024

# European Window



The European window was once again quiet with good supply and muted demand keeping European propane prices cushioned although Jun/Jul NWE saw continued buy-side flows from trade houses at the  $-\$0.50/\text{mt}$  level.