

### Flat Price

The July Brent futures flat price has had a fairly unsettled afternoon, initially falling from \$82.50/bbl at 12:00 BST to \$81.70/bbl by 14:40 BST, before rising to the afternoon's high of \$82.55/bbl at 16:10 BST. Subsequently, the price again came off down to \$81.85/bbl at 17:05 before retracing up to \$82.30/bbl handles by 17:30 BST (time of writing). UK Prime Minister Rishi Sunak has announced a general election for July 04, stating he is doing 'what is right for our country, not what is easy'. EIA inventory data released today revealed that US crude inventories rose by 1.83mbbls in the past week, with the large build being a surprise given the 2mbbls draw that was anticipated. Tesla's sales in Europe have fallen to a 15-month low in April, with registrations dropping by 2.3% compared to the same month in 2023 to 13,951, a potential hammer blow to Tesla CEO Elon Musk who predicted Q2 would be 'a lot better'. China's total oil product demand rose 1.3mbbls m-o-m to 16.6mbbls in March, however this is over 150kbbls (-1.0%) lower than the same figure for March 2023. The front and 6-month spreads are \$0.23/bbl and \$2.48/bbl, respectively.

### Crude

Mixed day for Dated, initially seeing a strong morning. Prompt DFL's gapped higher, seeing Jun DFL paid to -\$0.10/bbl and Jul up to \$0.30/bbl. Jun/Jul DFL was lifted from -\$0.42/bbl to -\$0.36/bbl, and the Dtd roll to \$0.03/bbl. There was trade buying of Jun rolls with 24-28/6 1w paid to \$0.09/bbl, 17-21/6 1w lifted at -\$0.10/bbl, whilst the 3-7/6 3w was bid up to -\$0.46/bbl. Balmo saw better buying throughout the day, last lifted at -\$1.05/bbl having been paid at -\$1.12/bbl in the morning. After a quiet afternoon, we saw better selling into the window. 3-7/6 CFD was sold down to -\$0.68/bbl having been paid at -\$0.52/bbl earlier in the day, with Jun DFL sold to -\$0.23/bbl by the end of the window. We saw selling return in Jun rolls, with 10-14/6 1w sold back down to -\$0.22/bbl and offered over. Jun/Jul DFL was better offered alongside the weaker Jun rolls, trading -\$0.42/bbl last. The physical left the diff unchanged despite offers across Midland, Forties and Ekofisk, whilst CFD's were well offered by trade houses. Post window, with spreads rallying, we saw strong buying of Jul DFL, lifted back up to daily highs of \$0.30/bbl, and Jun DFL recovering back to trade -\$0.18/bbl last.

### Fuel Oil

In HSFO, Chinese arbers came out buying 380 flat price this afternoon, particularly Sep 380.

The 380 crack was weaker this afternoon, with Jun 380 crack opening the afternoon at -\$4.10/bbl, before selling down to -\$4.50/bbl. It was a fairly rangebound afternoon on 380 spreads, with Jun/Jul 380 trading at \$11.75/mt for the majority of the afternoon. The weakness continued on barge cracks, Jun barge crack began the afternoon at -\$9.15/bbl, before trading down to -\$9.60/bbl in decent size. Barge spreads were fairly stable, there was a slight sell off early on the Jun/Jul barges, selling down to -\$3.25/mt from -\$3/mt where it then traded for the rest of the afternoon. The 380 E/W had a fairly stable afternoon, with Jun 380 E/W trading around \$32.50/mt, except for a brief period prior to the window where it traded at \$32/mt.

In VLSFO, it was a quiet start to the day on Sing products, with it being a Singapore holiday. Sing cracks were softer this afternoon, a trend that started in the morning. The Jun Sing crack opened the afternoon \$9.35/bbl, before selling down steadily through the afternoon to \$8.95. It was a fairly quiet afternoon on Sing spreads, with Jun/Jul Sing trading around \$4.75/mt. Euro cracks were weaker this afternoon, selling down to \$2.25/bbl from \$2.70/bbl. It was a fairly illiquid afternoon on Euro spreads, with the front Euro spreads showing some volatility.

Jun/Jul Euro opened at \$2.50/mt, buying up to \$2.75/mt, before giving it back and more, selling down to \$2.25/mt. We saw some interest on the 0.5 E/W, which traded between \$42/mt and \$42.25/mt.

### Distillates

ICE gasoil spreads traded a touch lower. The Jun/Jul spread was a tick lower at -\$2.25/mt from -\$2/mt and likewise, the Jul/Aug spread traded down to -\$2.25/mt. ICE gasoil cracks came off with the Jun crack trading down to \$18.30/bbl from \$19.05/bbl and the Jul crack traded lower at \$19.10/bbl. In the deferred, the Q3 crack traded at \$19.90/bbl. The front European jet diff was unchanged with it trading around \$64/mt. The Jun/Jul diff box was stronger, with it trading higher at \$3/mt, indicating the Jul diff at \$61/mt. Down the curve, the Cal'26 diff traded at \$63/mt. The HOGOs were a touch higher, with the Jun swap at 6.10c/gal and the Q4 swap at 9.40c/gal.

A quiet day was observed in Sing gasoil, however, spreads were a touch weaker. The prompt spread was hit down to -\$0.26/bbl from -\$0.24/bbl and the Jul/Aug spread traded lower at -\$0.26/bbl. The prompt E/W remained rangebound with it trading around -\$28.75/mt.

Down the curve, Jul E/W traded at -\$29/mt and Q3 at -\$29.75/mt. The Jun regrade traded rangebound around -\$1.32/bbl. The Jul regrade traded higher at -\$1.23/bbl and in the deferred, Q3 traded at -\$1.05/bbl.

### Gasoline

This afternoon in gasoline, we saw cracks trade at the end of the afternoon window around \$19.20/bbl in Jun EBOB. We saw some volatile RBBRs screen action today, trading down to \$21.30/bbl handles in the afternoon, before we saw a rebound helped by EIA stats, trading up to \$22.30/bbl in the Euro window. Gasnaphs saw strong selling this afternoon in Jun and Q3. Jun traded down from \$189.75/mt to lows of \$185.75/mt, and Q3 saw sticky selling from phys players at \$178/mt (down from \$179.5/mt). Arbs saw stronger buying today, up to 7.70c/gal in Jun, from 6.875c/gal in the morning. We had real buying of Q3 cracks in EBOB up to \$17.20/bbl. EBOB spreads saw better buying in the morning, with Jul/Sep bid at \$28/mt, however towards the Euro window there was more selling with Jun/Jul between \$10.50/mt and \$11/mt, and Jul/Sep offered at \$30/mt. A quiet day for 92, with some Q3 EW buying, however little spread activity.

### Naphtha

This afternoon in naphtha we saw Jun NWE crack continue its uptrend with

the front trading from lows of -\$8.90/bbl up to -\$8.50/bbl end window with strong gasnaph selling in Jun and Q3 today. NWE spreads saw buy-side interest with Jun/Jul trading up from \$9/mt to \$10/mt, with refiner and trade house buy-side. We saw players stepping up on Jul/Aug to \$5.25/mt and Aug/Sep to \$4/mt. Backend cracks were well bid today, with Q4 cracks trading up to -\$9.05/bbl. We saw selling from phys of Q4/Q1'25 crack rolls this afternoon at \$0/bbl

### NGLs

Another supported afternoon for American LPG; despite a 2.2mn build announced in stats, bids lifted in the physical and real arb buying from importers helped keep LST supported. LST flat price was well bid at the front of the curve for most of the afternoon, strengthening on a crude percentage basis; spreads followed suit post European window, rising to -2c/gal in the Q3/Q4 spread and bid up to 6c/gal in the Q1'25/Q2'25 LST spread. Butane spreads were particularly well bid with Jun/July ENT C4 trading at 0.50c/gal while the C4/C3 diff firmed to 13c/gal in the prompt; spreads also strengthened further down the curve as Oct/Dec traded up to -1.375c/gal. Internationally FEI was still well bid in the afternoon with DCE players bidding Sep flat price in particular, spreads stayed rangebound although Jul/Aug firmed a touch to \$1.50/mt.

FEI/CP was thin but the European propane saw strength as Jun/Jul NWE strengthened to flat while the E/W diff was offered down to \$112/mt in Jun before getting lifted. Arbs opened at -\$246/mt in Jun LST/FEI but firmed up to -\$240/mt strengthening quickly post window with importers bid side while Cal'25 traded higher at -\$196/mt.

## Global Macro

- UK CPI falls to 2.3% YoY from 3.2% but markets were disappointed expecting 2.1%. June's 50% chance of a rate cut has been taken off the table by the OIS market.
- UK factory input prices fall -1.6% YoY (ex -1.5%).
- The VIX closed at 11.86, its lowest close since Nov 2019. Some would say complacency! Unrelated it's Nvidia earnings tonight.
- China property, with house prices having their largest ever fall last month -0.94% and falling 30 of the last 33 months the recent stimulus measures are fighting a strong trend.
- NZ with the OIS market pricing 2 cuts this year the market was caught pants down overnight as the central bank (RBNZ) said they were very close to tightening at today's meeting with inflation forecasts markedly above market expectations.

### Commodity prices YTD. Will this impact inflation?

- Gold: +16.7% YTD
- Silver: +33.6% YTD
- Copper: +31.4% YTD
- Aluminium: +14.2% YTD
- Nickel: +28.3% YTD
- Cocoa: +74.3% YTD
- Coffee: +15.5% YTD
- Orange Juice: +70% YTD
- Lean Hogs: +41.7% YTD
- Wheat: +11% YTD