

Flat Price

The July Brent futures flat price has completely shredded the gains it made this morning. Having begun the afternoon well-supported, the price rose from \$82.35/bbl at 12:55 BST to \$82.95/bbl at 14:30 BST, however it was then crushed down to \$81.30/bbl handles, where it currently sits as of 17:10 BST (time of writing). US forecasters say the 2024 Atlantic hurricane season is shaping up to be "extraordinary", where past experience with tropical storms cannot serve as a prologue; their prediction of an 85% chance for an above-average season is the highest the NOAA has ever issued in its May outlook. Texas' power demand is set to break the May record amid a heat wave on Friday, which it could subsequently top again over the Memorial Day weekend as homes and businesses dial up their air conditioners. Additionally, Belgium has approved a ban on exporting cheap, low-quality fuel from its ports to West Africa, bringing export quality standard on motor fuel exports in line with the European domestic market, in a move that could shift trade flows to alternative supply hubs. The front and 6-month spreads are \$0.21/bbl and \$2.42/bbl, respectively.

Crude

Extremely choppy afternoon in Dated. Into the window, we saw Jun DFL aggressively sold, finding lows of -\$0.48/bbl, having traded -\$0.07/bbl just two hours earlier. With Jul better supported, Jun/Jul DFL roll was sold to -\$0.73/bbl. Post window, we saw a slight recovery with Jun paid back up to -\$0.38/bbl, with trade house lifting good size at -\$0.40/bbl. Jun/Jul Dtd was paid at -\$0.25/bbl – equivalent to -67c on the DFL roll. CFD's were well offered in the window, with prompt Jun rolls implied significantly lower with the aggressive selling; 10-14/5 CFD was sold by European trade house to -\$0.75/bbl with 3-7/6 CFD hit at -\$1.15/bbl. As Jun recovered post window, 10-14/6 CFD was paid back up to -\$0.64/bbl. With Jun rolls implied much lower, some strength returned to 28-31 1w, lifted from -\$0.32/bbl to -\$0.30/bbl with the physical remaining relatively unchanged. Pre window, we saw 1-5/7 1w trade \$0.08/bbl, with 10-14/6 1w trading -\$0.30/bbl as structure began to sell off – lifted at -\$0.32/bbl last post-window.

Fuel Oil

In HSFO, there was interest down the curve on 380 structure this afternoon, however the interest was fairly mixed with no clear axe in the market. Jun/Jul 380 traded at \$10.25/mt throughout the afternoon. Chinese arbiters were sellers of 380 cracks this afternoon, with interest on Jun, Jul and Sep.

Jun 380 crack was fairly rangebound, trading between -\$5.70/bbl and -\$5.65/bbl. Barges rallied this afternoon. Barge structure was stronger, with Jun/Jul barges trading up to -\$2.25/bbl from -\$3.50/bbl. The crack saw a similar trend, with Jun barge crack opening the afternoon at -\$10/bbl, before buying up to -\$9.70/bbl. The 380 E/W came under pressure from both outright selling as well as barge strength. The Jun 380 E/W opened at \$27/mt, before selling down to \$25.50/mt.

In VLSFO, a very quiet afternoon on Sing structure. Consequently, we saw very little price action on spreads, with Jun/Jul Sing trading at \$4.50/mt the whole afternoon. The Sing crack saw some recovery this afternoon after this morning's sell off. The Jun Sing crack opened the afternoon at \$8.65/bbl, before steadily buying up to \$8.95/bbl. Euro spreads were fairly stable, with Jun/Jul Euro trading around \$1/mt prior to the window, before turning slightly better bid, trading up to \$1.25/mt. There was Sing Hi5 selling, with Jun Sing Hi5 trading around \$90/mt.

Distillates

ICE gasoil spreads remained rangebound, with the Jun/Jul spread trading between -\$2.50/mt to -\$2/mt and the Jul/Aug spread traded around -\$2.25/mt.

ICE gasoil cracks rallied into the afternoon, with the Jun crack trading up \$18.90/bbl from \$18.35/bbl. The Jul crack traded higher at \$19.50/bbl and Q3 traded around \$20.20/bbl. European Jet diffs rallied early in the afternoon before coming off back to opening levels. The Jun diff traded up to \$66.25/mt before retracing to \$64.25/mt. The Jun/Jul diff box traded at \$3/mt indicating the Jul diff around \$61.25/mt. The HOGOs continued higher with the Jun swap around 6.60c/gal and the Q4 swap at 9.80c/gal.

Sing gasoil spreads were a touch higher this afternoon. The Jun/Jul spread traded up to -\$0.18/bbl and Jul/Aug was a tick higher at -\$0.19/bbl. The Aug/Sep spread traded up to -\$0.14/bbl from -\$0.18/bbl this morning. The prompt E/W was higher, with it trading up to -\$27.50/mt from -\$28/mt. Down the curve, the Jul E/W traded around -\$28.50/mt and Q3 higher at -\$29/mt. Regrades retraced back down to the lows of this morning. The Jun regrade traded down to -\$1.46/bbl from -\$1.40/bbl. The Jul regrade traded lower at -\$1.35/bbl and in the deferred, Q4 traded at -\$0.65/bbl. In kero, the Jun/Jul spread traded rangebound around -\$0.30/bbl.

Gasoline

This afternoon in gasoline, we saw cracks trade at the end of the afternoon window around \$19.25/bbl in Jun EBOB. RBBRs hovered around the \$21.85/bbl level in the Euro window. Arbs saw better buying today, in Q4 at 3.70c/gal from trade houses, and in Jul especially at 7.70c/gal. We saw stronger crack buy-side in Q3 this afternoon at \$17.10/bbl, and phys were on the sell side of Q1'25 cracks at \$8.25/bbl. Jun/Jul EBOB was sold down to \$10.25/mt and continued to be offered, as well as sticky selling of Jul/Aug at \$12.50/mt. Gasnaphs found a bid in the Q3 region, trading around \$179/mt with refiner buying. A quieter afternoon for 92, with Jun/Jul seeing buying at \$0.34/bbl. Jun 92/RBOB saw stronger buy-side interest at -\$13.80/bbl from refiners.

Naphtha

This afternoon in naphtha we saw Jun NWE crack retrace lower after rallying higher in the morning, trading at -\$8.40/bbl end Euro window. Aug and Sep cracks continued to see buying in the -\$9.50/bbl range from majors, with deferred cracks in Q1'25 seeing more bids up to -\$9.15/bbl from trade houses. Jun/Jul NWE was rangebound between \$9.25/mt and \$10/mt, with the Jun/Jul E/W box trading lower. We saw trade house selling on the Q4/Q1'25 crack roll at \$0/bbl today.

Banks were seen selling deferred E/W, with Q1'25 offered at \$12.25/mt, and we saw strong deferred MOPJ FP buying from Chinese players, with Q4 FP at \$643/mt.

NGLs

Another supported afternoon on NGLs; although the arb initially came off under FEI buying pressure from DCE players, offers being lifted on the physical US market kept LST supported and over the course of the afternoon flat price increased on a crude percentage basis. LST spreads peaked at -1.875c/gal in Q3/Q4 as Sep/Oct firmed to -1 c/gal. Butane retained its strength from the last few days, ENT C4 was well bid in the prompt flat price and deferred C4/C3 diff firmed too trading up to 14c/gal in Q4. Internationally the arb fell having been well bid this morning trading at -\$237/mt in prompt LST/FEI. FEI spreads stayed well bid at the front of the curve with Jun/July bid up to \$9.50/mt. European spreads stayed bid alongside with a trade house lifting prompt spread offers in NWE helping E/W diff stay rangebound at \$111/mt in the prompt despite a quiet window.