

## Flat Price

The Aug Brent Futures flat price fell off a cliff this afternoon, dropping to levels not seen since early February. Having remained comfortably above \$81/bbl until 13:40 BST, the prompt contract collapsed over the following three hours to hit a low of \$78.25/bbl at 16:50 BST. Subsequently, it retraced up slightly to \$78.50/bbl handles as of 17:15 BST (time of writing). The Mexican peso has fallen as Claudia Sheinbaum and her allies won the Mexican Presidential election and near the two-thirds majority needed to change the constitution. Russia may declare a nationwide emergency by the end of this week due to frosts that have damaged crops, Agriculture Minister Oksana Lut stated today, with Russia's wheat crop slipping to 82.1 million mt this year, below a previous forecast of 85.7 million mt. Venezuela's oil exports increased 30% m-o-m in May, and 7% y-o-y to 709kbbbls/d, with a total of 50 vessels leaving Venezuelan waters. Finally, Nigel Farage has replaced Richard Tice as head of the Reform Party for the UK's upcoming General Election, in which he will also stand as an MP, a move that will likely further pressure the Conservative Party's vote share. The front and 6-month spreads are -\$0.15/bbl and \$1.64/bbl, respectively.

## Crude

Another weak and quiet afternoon in Dated, with selling of Jul/Aug and little buy-side interest seeing the DFL roll trading -\$0.32/bbl,

the Dtd roll sold at -\$0.06/bbl, with the outright DFLs found lows of -\$0.30/bbl and \$0.05/bbl – significantly weaker than spreads which also sold off throughout the afternoon. Jun/Jul saw a touch of buying heading into the window, paid at -\$0.44/bbl in good size on the Dtd roll, before weakening again as CFD's were well offered, sold at -\$0.50/bbl in the window, and better offered post. CFD's saw an Italian major and trade house sell side of 24-28/6, hitting down for -\$0.55/bbl to -\$0.59/bbl, whilst 10-14/6's were sold at \$1.18/bbl last. 17-21/6's continued better offered post window, initially sold at -\$0.79/bbl, last trading -\$0.92/bbl, again with trade and Italian major selling. Jul rolls were offered, with Cal Jul v 15-19/7 trading -\$0.05/bbl last and 22-26/7 1W sold at -\$0.03/bbl, whilst some buying of 3-14/6 v Aug ICE, lifted from -\$1.05/bbl to -\$1.02/bbl and 3-7/6 v Cal Jun helped to support the front of the curve a touch. In the physical, Chinese and major offered Forties, however remained about the curve implying a natural rollup of the diff, whilst the European trade buy-side aggressor of the cash roll on expiry remained quiet.

## Fuel Oil

In HSFO, 380 structure was stronger this afternoon. Jul/Aug 380 traded around \$7.75/mt, before ending the day better bid, buying up to \$8/mt. The 380 crack was better bid this afternoon. The Jul 380 crack opened at -\$4.90/bbl, before buying up to -\$4.35/bbl.

Barge crack was also stronger this afternoon, Jul barge crack began the afternoon at -\$7.70/bbl before buying up to -\$7.30/bbl, supported by MOC hedging. It was a rangebound afternoon on the barge spreads, with Jul/Aug barges trading around \$2/mt. Supported by 380 strength, the 380 E/W was stronger this afternoon, buying up to \$19.25/mt from \$17/mt in decent size.

In VLSFO, it was a fairly rangebound afternoon on Sing 0.5 cracks. Jul Sing crack traded around \$9.15/bbl for the majority of the afternoon, albeit briefly touching \$9.10/bbl. The front Sing crack did see a slight strengthening post-window, buying up to \$9.25/bbl. It was a quietish afternoon on the front Sing spread, with the majority of interest on Sing structure coming in Aug/Sep. Jul/Aug was a touch stronger this afternoon buying up to \$4.75/mt from \$4.50/mt. The Euro crack also experienced a fairly stable afternoon trading around \$2.70/bbl. It did sell down to \$2.60/bbl towards the end of the window through MOC hedging, but recovered to \$2.65/bbl fairly quickly post-window. A quiet afternoon on Euro Structure, with Jul/Aug Euro trading between \$2.50/mt and \$2.75/mt on thin liquidity.

## Distillates

On the US open, the ICE gasoil spreads weakened through the curve. The Jun/Jul spread is at -\$2.75/mt while the Jun/Sep spread came off to -\$9/mt post-window.

The ICE gasoil crack similarly trended downwards into the US open after a stronger afternoon performance from the morning's levels. The Jul crack is at \$18.10/bbl and the Q4 crack is at \$19.10/bbl into the evening. The Jet diffs saw further weakness into the afternoon. The Jul diff came off to \$51.50/mt while the Jun diff traded down to \$49.75/mt, while the Q3 diff traded at \$52.50/mt. The Q1/Q2'25 diff roll traded at \$0.00/mt, with the quarterlies trading at \$60 earlier in the day. The HOGOs also remained weak after the US led the weakness through the day, with futures selling off on US open. The Jul swap is at 4.70c/gal and the Q4 swap is at 8.70c/gal.

Sing gasoil spreads at the front of the curve weakened into the afternoon, with the Jun/Jul getting hit down from -\$0.08/bbl to -\$0.11/bbl, while the Jul/Aug weakened from -\$0.17/bbl to -\$0.20/bbl and the Aug/Sep was also indicated lower at -\$0.17/bbl. The E/W at the front saw the Jul trade up to -\$22.75/mt, while the Q3 saw combo buying lending it support as it rallied to -\$24.50/mt on the E/W. The regrade saw the prompt strengthen with Jun regrade buying up to -\$1/bbl, before going offered at -\$1.01/bbl and the Jul seeing strength, indicated at -\$1.32/bbl. The Q3 combo saw the regrade trade up to -\$1.20/bbl before coming off to -\$1.23/bbl, while the Q1, Q2 and Q3 2025 quarterlies traded at -\$0.40/bbl, -\$0.55/bbl and -\$0.45/bbl respectively.

The Kero spreads were muted, but the Dec/Feb was hit down to -\$0.03/bbl as the ICE spreads weakened into the afternoon.

### Gasoline

This afternoon in Gasoline, we saw cracks trade at the end of the afternoon window around \$16.45/bbl in Jul EBOB. A weaker afternoon in gasoline with RBBRs trending lower on weaker crude. In Aug, RBBRs reached lows of \$19.10/bbl handles, from the morning highs of \$20/bbl. Jun/Jul continued to be sold down to \$3.25/mt levels, and we saw buying of EBOB spreads as they trended down, at \$21/mt in Jul/Sep. Dec/Apr saw bids up to -\$49.50/mt this afternoon from refiners. Buying in Q3 cracks continued to the afternoon down to \$15.65/bbl. Arbs saw buybacks after the RBBR screen moved down, at 7.10c/gal handles in Jul. 92 spreads saw buyside interest, with Dec/Jan between \$0.35/bbl and \$0.40/bbl, and Sep/oct well bid at \$0.70/bbl. We saw buying come in on deferred 92 cracks, with Cal'25 well-bid at \$5.75/bbl, and funds on the buyside of Jul cracks at \$6.90/bbl. Post Euro window, we saw sell side interest on Q3 gasnaphs at \$161/mt.

### Naphtha

This afternoon in Naphtha we saw bullish price action for Jul24 NWE crack on weaker crude and gasnap selling, leading the front to trade from -\$8.70/bbl up to -\$8.25/bbl end window.

-\$8.70/bbl up to -\$8.25/bbl end window. Front spreads remained supported with Jul/Aug at \$4.25/mt but saw deferred spreads softening on lower brent spreads with Aug/Dec trading at \$13.50/mt. Deferred cracks seeing better buying with Q4 at -\$8.80/bbl and Cal'25 trading at -\$9.35/bbl. Jul E/W strengthening into the afternoon on weaker crude and flat price buying by refiner and petchem, leading it to trade 50c higher at \$19.50/mt. Q4 E/W seeing buying come in at \$15/mt with Q4/Q1'25 and Q1/Q2'25 spreads continuing to see buying at \$12/mt.

### NGLs

An afternoon with a familiar pattern to last week on NGLs as American LPG complex weakened quickly initially but then went better bid over the course of the afternoon. Bids hit in the physical down to 69c/gal in Jun LST caused the paper to go better offered and weaken on a crude percentage basis. Much of the weakness came out of the prompt months with Jun/Jul LST offered down to -0.875c/gal. Q3/Q4 gapped down to -3.125c/gal and Q4/Q1'25 came off to 0.125c/gal. Butane softened in line with LST as the C4/C3 diff traded at 13.375c/gal in Jun while the Jul/Jan butane spread softened to -5.50 c/gal. Internationally, spreads stayed rangebound with much of the LST weakness absorbed by the arb; Jun LST/FEI came off to -\$247/mt and Cal arb was offered down to -\$196/mt.

03 Jun 2024

# European Window



At this level, however, DCE buying of FEI flat price was limited and the arb retraced with importers and trade houses buy-side as the prompt LST/FEI came back to -\$240/mt end window. The window was quiet in the physical, deferred NWE spreads were bid with the Dec/Dec trading at \$40/mt; in the prompt however, NWE weakness led to the E/W diff rallying to \$102/mt in the prompt Jul contract.

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

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