Overnight & Singapore Window

Flat Price

The August Brent Futures flat price saw a rangebound morning trading in a tight range between $80.80/bbl and $81.50/bbl. As at 11:25 (time of writing) it is on a slight downward trend at $80.95/bbl. On Sunday, we saw OPEC+ meet and extend the 2.2 million bpd cuts until the end of September 2024 and extend their cuts of 3.66 million bpd until the end of 2025. These come as producers have seen oil prices trend lower through a lack of demand . However, as China's economy continues to improve, based on the latest PMI data which indicated manufacturing improved from 51.4 last month to 51.7 in May, we may see this oil demand tick up. Yesterday also saw a fire at Russia's Lukoil refinery, resulting in two deaths. However, this fire stemmed from a failure to comply with safety rules and was reportedly not a product of the Ukrainian drone attacks like previous such fires. The Aug/Sep and Aug/Feb Brent Futures spreads are $0.21/bbl and $1.93/bbl, respectively.

Crude

Slow morning on Dated following from a mixed expiry on Friday. We saw some buying of the prompt roll, 3-7/6 1w seeing 3-5/6 v 10-12/6 trading -$0.30/bbl alongside bids in 3-7/6 v Cal Jun and Jul. Jul rolls were supported this morning by hedge buying of 8-12/7 v Cal Jun Dubai and buying of 8-12/7 v Aug ICE, with the latter sold at -$0.16/bbl. DFL's saw limited activity, with Jul trading down to $0.01/bbl, Q3-24 trading $0.21/bbl and Q4 $0.28/bbl. Jun/Jul Dtd was supported through roll buying interest, trading -$0.34/bbl. Jun Dtd v Sep ICE trades -$0.35/bbl – equivalent to -$0.54/bbl on Jun DFL.

Fuel

In HSFO, Chinese arbers were sellers of 380 crack this morning. There was a fair amount of activity on 380 structure this morning, however interest seemed mixed, particularly on the front spread. Jul/Aug 380 traded at $7.75/mt, briefly touching $8/mt. 380 cracks were a touch stronger this morning, the Jul 380 crack started the day at -$5.25/bbl before trading up to -$5.05/bbl. Although fairly illiquid, barge spreads kicked off the month weaker than where the closed the end of the last week. Jul/Aug barges traded at $2.25/mt this morning, which is down from $3.25/mt last week. The barge crack was stronger earlier on in the morning, with Jul barge crack buying up to -$7.20/bbl from $-7.45/bbl. There was a sell off post-window, with the front crack selling back down to -$7.50/bbl. The 380 E/W was stronger on the back on barge weakness combined with 380 strength, with Jul 380 E/W traded up to $15.25/mt from $14.25/mt.

In VLSFO, it was a strong start to the month on Sing 0.5. The Jul Sing crack opened the day at $8.40/bbl, before steadily buying up to $9.10/bbl post-window. There was a fair amount of activity on Sing structure this morning, particularly on the front spread. Jul/Aug Sing began trading at $4.25/mt, where we saw mixed interest, with it trading at this level for most of the morning. The spread did tick up to $4.50/mt later on in the morning.

It was a quiet start to the month on Euro 0.5. There was very little activity on the Euro crack, with the Jul Euro crack trading at $2.75/bbl. It was similarly illiquid on Euro structure, with Jun/Jul Euro trading at $2.25/mt. The Jul 0.5 E/W had a quiet morning trading between $40.50/mt and $40.75/mt

Distillates

ICE Gasoil spreads also rallied into the morning before coming off into the post-window period. The Jun/Jul reached a high of -$2.00/mt before coming off to -$2.50/mt, while the Jun/Sep spread is at -$8/mt from highs of -$7.50/mt. The ICE Gasoil cracks rallied into the morning and remained strong but weakened a touch post-window. The Jul swap crack is at $18.05/bbl and the Q4 crack is at $19.80/bbl. Jet diffs were quiet this morning, with the curve opening stable from last Friday's levels. The Jun is at $52.50/bbl, while the Jul is at $54.25/bbl and the Q4 is seeing some buying interest at $56.25/bbl post-window. HOGOs were a touch weaker this morning, coming off with the futures into the window and remaining weak post-window. The Jul swap is at 4.9c/gal while the Q4 swap is at 8.3c/gal

Sing gasoil spreads opened stronger this morning before getting hit down into the window and continuing to come off post window in the absence of buying interest.

To discuss any points mentioned in this report further please do not hesitate to contact us at:
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The Jun/Jul spread traded to highs of $0.04/bbl before coming back off to -$0.03/bbl post-window, while the Jul/Aug gas was hit down to -$0.20/bbl into the mid-morning. The E/W curve also weakened, with the Jun E/W coming off from -$19.50/mt to -$21.75/mt, while the Jul weakened to -$24/mt after getting hit down from -$22.25/mt this morning. In the back end of the curve, the Q3 E/W weakened to -$25/mt while the Q3/Q4 E/W roll came off from $1/mt to $0.75/mt. The regrade saw a quieter start to the morning but the Jun and Jul regrades traded up to -$1.30/bbl on screen from -$1.40/bbl, with little back-end interest seen. The Jun/Jul kero spread are indicated stronger at $0.08/bbl while the Jul/Aug is at -$0.27/bbl with the Aug/Sep having traded at -$0.20/bbl into the morning.

Gasoline

This morning in Gasoline, we saw flat price trade at the end of the morning window equivalent to $7.10/bbl on a crack basis in Jul 92. Jun/Jul saw offers down to -$0.60/bbl this morning from phys players. Deferred spreads saw sell side interest, of Aug/Sep sticky at $0.48/bbl and Sep/Oct at $0.75/bbl from majors. Dec/Jan 92 saw buying today from refiners at $0.40/bbl. Selling on cracks in 92 were most liquid in Q3, at $7.15/bbl from trade. RBBRs were rangebound in the $19.80/bbl handles in Aug in the morning, ticking down post window to $19.75/bbl. Arbs were well offered at 7.70c/gal in Jul. EBOB pricing spreads traded between $5.50/mt and down to $4.75/mt this morning. Cracks in EBOB saw selling in Q3. A quieter morning for gasnaphs in Europe, however we saw Q4 92/MOPJ offered at $14.55/bbl from refiners.

Naphtha

This morning in Naphtha we saw flat price valued at $662/mt in Jul24 MOPJ, on a -$6.60/bbl crack equivalent with front cracks seeing better buying. MOC was well bid in the front trading up to +10 in Jul. MOPJ spreads seeing little liquidity with Jun/Jul trading at $7.50/mt and quarterly spreads well bid by physical with Q1/Q2 trading at $12.25/mt. Front E/W also seeing bids with $19/mt trading into the window. NWE cracks opening the morning bid, trading at -$8.55/bbl end window but with major offering, we saw Jul cracks sell down to -$8.70/bbl post-window. Quarterly crack rolls were bid with Q3/Q4 trading at $0.05/bbl and Q4/Q1 at $0.20/bbl.24.

NGLs

A better supported morning for internationals on NGLs; although early morning activity was low with DCE buying not as aggressive as previous weeks, approaching the window CP flat price went better bid in Jul and Aug tenors with importers and trade houses buyside as Jul traded up to $562/mt handles. FEI/CP initially weakened to $48/mt in the prompt Jul contract but FEI then firmed with CP as spreads went better bid; Jul/Aug FEI traded up to $1.50/mt with Jul/Sep bid up to -$3/mt. In the window the pricing spread Jun/Jul was bid up from $9/mt to $10/mt; physical bids in the window helped support the paper, H1 July was bid up to $17/mt premium to the paper while H2 was bid at $11/mt premium. Arbs sold off as a result of this international strength with Jul LST/FEI trading from -$236/mt to -$240/mt while the Jul/Aug LST/FEI arb box traded down to -$6/mt.

Global Macro

- A big week with US employment data on Friday, Bank of Canada expected to cut rates 25bp on Wednesday and ECB expected to cut 25bp on Thursday.
- Fridays data PCE came inline with expectations but Chicago PMI plummeted to it's third lowest level in 40 years (only GFC and covid were lower) and now at recessionary levels.
- HONG KONG RETAIL SALES YOY ACTUAL -14.7% (FORECAST -6.3%, PREVIOUS -7.0%)
- Indian stocks make new ATH as Modi wins the election conclusively.
- Better Chinese data today, China General Manufacturing PMI (Caixin analysis) rises 51.7 (from 51.4), and house prices rise 0.25% MoM according to China Index Academy.
- U.S. equity market breadth is the weakest since 2009. 40% of this years S&P 500 gains are all down to Nvidia.