



OVERNIGHT & SINGAPORE WINDOW

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FLAT PRICE

The Aug Brent Futures flat price has had a mixed morning, initially lingering around \$77.50/bbl until 08:15 BST and then ticking up to \$77.85/bbl at 09:05 BST. Following this, it fell to \$77.20/bbl at 10:10 BST, then rose to \$77.70/bbl by 10:50 BST, before falling to \$77.40/bbl handles, where it sits as of 11:10 BST (time of writing). A group of Democrat US House lawmakers asked the DOJ to probe allegations of antitrust behaviour among US oil producers and OPEC, stating that the two largest US oil companies, ExxonMobil and Chevron, have been conspiring to keep fuel prices high. Stockpiles of oil products at the UAE's Port of Fujairah have climbed 5.9% to 21.573mbbls, a six-week high, as of June 03 amid slow demand for fuel oil from the shipping sector and power plants. Taiwan's Formas Petrochemical Corp plans to cut run rates at its crude distillation units by 40kbbbls/d to 440kbbbls/d in June due to weak refinery margins, predominantly for gasoline and gasoil. The front and 6-month spreads are \$0.24/bbl and \$1.86/bbl, respectively.

CRUDE

A touch better bid this morning in Dated. Balmo DFL saw a choppy price action, lifted at -\$0.65/bbl before turning better offered, sold to -\$0.75/bbl, although bid on now. Jul saw better buying, paid at -\$0.13/bbl having seen size selling at -\$0.24/bbl last night and last trading -\$0.17/bbl. Jul/Aug Dtd remained rangebound, between -\$0.03/bbl and flat, whilst the DFL roll was volatile between -\$0.38/bbl and -\$0.31/bbl. Aug DFL was similarly firmer, last trading \$0.18/bbl having found highs of \$0.21/bbl. We saw buying of prompt rolls with the 1d roll 5/6 v 11/6 lifted at -\$0.45/bbl and bid on, 24-28/6 v Cal Aug lifted at -\$0.02/bbl, buying of the 17-21/6 CFD at -\$0.70/bbl and buying of 5-11/6 v Cal Jun at -\$0.35/bbl. Further down the curve, we saw buying of Cal Jul v 29-2/8, lifted at -\$0.05/bbl; 15-19/7 4w was paid at \$0.03/bbl, whilst prompt Jul rolls continue to see greater weakness with 1-5/7 3w trading -\$0.11/bbl.

FUEL

In HSFO, there was interest down the curve on the 380 cracks this morning. The front crack was softer this morning, opening the morning at -\$4.90/bbl, before selling down to -\$5.40/bbl. 380 spreads were well offered this morning. Jul/Aug 380 traded down to \$6.50/mt from \$7.25/mt in decent size. It was a slow start to the morning on Barge spreads, albeit we did see some strength on structure. Jul/Aug barges traded up to \$2.75/mt from \$2.50/mt. We saw some strength early on, on the barge crack, supported by outright 380 E/W selling. The Jul barge crack bought up to -\$7.30/bbl from -\$7.70/bbl. We did see a sell off post window, selling back down to the level it opened the morning at. Jul 380 E/W opened the morning at \$17.25/mt, before selling down to \$13/mt. The later barge weakness allowed the 380 E/W to recover somewhat, to \$15/mt.

In VSLFO, Sing cracks were fairly stable heading into the window, with Jul Sing crack trading between \$9.10/bbl and \$9.15/bbl. There was however a sell off in the window which continued post-window, with the front Sing crack selling down to \$8.70/bbl. We saw sell side interest on the front two spreads, with Jul/Aug Sing selling down to \$4.25/mt from \$4.75/mt. A quiet start to the morning on Euro 0.5. Euro cracks were a touch weaker, with Jul Euro crack opening the morning at \$2.65/bbl, before selling down to \$2.50/bbl. Euro structure was also a touch softer on very thin liquidity, with Jul/Aug Euro selling down to \$2/mt from \$2.25/mt. It was a fairly rangebound morning for 0.5 E/W, with Jul 0.5 E/W trading around \$40/mt.

DISTILLATES

ICE gasoil spreads saw a rangebound start to the morning in the front spread, with Jun/Jul between -\$2.50/mt and -\$2.25/mt while the Jun/Sep weakened to -\$8.25/mt from highs of -\$7.75/mt. Further down the curve, the Dec/Jan spread saw highs of \$7/mt before coming back off to \$6/mt post-window. The ICE gasoil cracks also similarly weakened into the late morning, with the Jul crack coming off to \$18.55/bbl and the Q4 crack weakening to \$19.55/bbl. The Jet diffs saw the prompt strengthen further, with Jul rallying to \$54.50/mt while the Balmo strengthened to \$52/mt this morning. The Q3 diff traded at \$54.50/mt, while the Jan'25 diff saw interest at \$59.75/mt into the early morning. The HOGOs remained rangebound but ticked down from opening highs. The Jul swap is at 4.50c/gal and the Q4 swap is at 8.40c/gal this morning.

Sing gasoil spreads opened strong this morning, getting lifted at -\$0.13/bbl before coming to -\$0.18/bbl into the post-window period, while the Balmo spread was lifted up to -\$0.08/bbl before it was hit down to -\$0.18/bbl for size. The E/W curve at the front was more rangebound this morning, with the Jul swap trading down to -\$22/mt from -\$21.50/mt before rallying to -\$20.75/mt into the window, currently at -\$21.25/mt post-window. In the deferred, the Q3 traded at -\$23.50/mt before rallying to -\$22.75/mt while the Q4 arb traded at -\$23.25/mt post-window. The regrades at the front saw buying interest take the Jul up to -\$1.32/bbl from -\$1.40/bbl. The Q1'25 buying interest returned, with it getting lifted at -\$0.35/bbl into the post-window period as the prompt saw buying as well. The Jul/Aug regrade roll traded at -\$0.10/bbl, while the Aug/Dec Kero saw buying at -\$0.65/bbl into the late morning period.

GASOLINE

This morning in Gasoline, flat price traded at the end of the window to \$8.65/bbl on a crack basis in Jul 92. It was a bid morning in 92, where we saw Jul MOC well bid from phys players. Jul cracks saw banks on the buy-side up to \$8.95/bbl in Jul. 92 spreads were well bid in the morning, with Aug/Sep lifted up to \$0.90/bbl and Sep/Oct up to \$0.90/bbl. E/W traded higher with cracks bid to -\$8.30/bbl in Jul, with trade houses scale back selling. RBBRs ticked down over the morning from \$20.20/bbl handles to \$19.60/bbl in the post-window. Jul/Aug EBOB saw offers down to \$6.75/mt, and Aug/Dec was offered from refiners between \$92.50/mt and \$93.50/mt. Aug/Sep EBOB remained bid at \$14.50/mt in the post window. Cracks strengthened on the buy-side in Q3 in EBOB at \$16/bbl. Deferred arbs remain bid, in Sep at -7.50c/gal and in Q4 around 3.60c/gal, real buying. A slow start for European gasnaphs, however we saw selling of Q3 92/MOPJ at \$15/bbl.

NAPHTHA

This morning in Naphtha we saw flat price valued at \$638.50/mt in Jul MOPJ, on a -\$5.70/bbl crack equivalent with spreads and cracks seeing better selling. Front MOPJ spreads seeing trade on the sell side with Jul/Aug trading from \$6/mt to \$5.75/mt and Aug/Sep at \$3.75/mt. Europe spreads finding better support with Jul/Aug trading at \$4/mt and Aug/Sep at \$3.25/mt. Front E/W firming this morning with trade on the buy-side in Jul trading up to \$20.75/mt. NWE cracks seeing buying in the front at -\$8/bbl into window with Q4 well offered to open at -\$8.10/bbl but seeing cracks soften with a lack of buying interest and flat price selling, leaving the Jul crack down to -\$8.30/bbl post-window. Deferred cracks still seeing good buying with Cal'25 trading -\$8.88/bbl and Q1'25 at -\$8.60/bbl.

NGLS

A volatile morning on NGLs; FEI structure was well bid from early morning, most of the strength came at the front of the curve as the Balmo spread firmed to \$14/mt and Jul/Aug firmed to \$4/mt. Deffered spreads were also well bid with Nov/Dec breaking the \$2/mt level and bid up to \$3/mt by trade houses. CP went better bid inline with FEI as the Jul/Aug CP contract traded up to \$10/mt although FEI outperformed CP as Q4 FEI/CP was bid up to \$43.50/mt. Into the 2nd half of the window, however, a trade house came out offering the H1 Jul in the phys 23kt at \$15.50/mt. 3 bids which had been present over the last week were then hit in the physical; this triggered aggressive selling in paper FEI flat price in the prompt Jul which traded down from \$602/mt to \$597/mt end window. FEI/CP softened as a result trading down to \$42/mt in Q4; E/W also softened offered down to \$103/mt in the prompt though \$79/mt traded in the Cal E/W.



GLOBAL MACRO

OLTS job openings data had its 4th sharpest decline since 2000. Job openings are collapsing; the Bloomberg, Citi, and GS economic surprises indices are all below zero; and the Atlanta Fed GDP model has cut its Q2 GDP growth estimate from over 4% in mid-May to 1.8% now. The OIS (Overnight Index Swap) prices 44bp cuts by the Fed this year, that will rise rapidly over the next few weeks as data continues to weaken.

Two-year inflation expectations in the US are back to lowest since the start of the year

U.S. housing inventory continues to rise rapidly

That's the next penny to drop, though it takes time to play out. What is more interesting this time is the amount of corporate ownership, "The city found that 64,372 of the 247,485 single family homes, or 26%, in Fort Worth were owned by a corporation or company".

Bank of Canada today, OIS prices 80% chance they cut 25bp, and 92% chance ECB cuts tomorrow. Central banks don't like to surprise markets, so I expect both cuts to happen. In fact, Bank of America expects the BOC to cut at EVERY meeting this year. Recession alarms are rising.

China's secondary Caixin Services PMI rises 54.0 (expected 52.5), at odds with the official PMI but a move in the right direction

Australian per capita GDP -0.4%qoq/-1.3%yoy. This is a fifth consecutive quarterly fall and the biggest annual slump since the early 1990s recession.

Data today – Bank of Canada 2.45pm & U.S. services PMI 3.00pm (added attention after weak Chicago PMI and weak ISM Manufacturing PMI)