



Market Summary

Oil Market = World of Pain

Dubai down \$4.40/bbl in 24 hours! Ooh wee! The bearish ride continues with severe losses expected across the gamut. Despite the occasional bouts of short covering, we have entered a bearish market. Expect negative narratives in the next few days as fundamentalists and commentators awaken to the new market. OPEC **was** over producing, and it has sort of officially sanctioned the practices. UAE and Iraq - and Russia to some degree - have operated as non-believers in the laws of gravity. Well...markets do obey the laws of physics, and this was evidenced by the sharp sell-off that started in America yesterday and continued overnight into Asia. Dubai crude prices plunged almost 5 per cent on the day, closing at \$77.88/bbl for the Singapore window. Mercuria still remains as the key buyers of Jul Dubai. Good luck with the pricing we say as Saudi Arabia is expected to whack the OSP differentials. July Brent swaps traded down to below \$78/bbl overnight pricing at \$77.17/bbl as at 09:30 BST, down 4.66 % in 24 hours.

The strong selling momentum comes as a belated reaction to a convoluted OPEC+ meeting, in which a pretence of existing cuts was extended. The group outlined a detailed unwinding schedule, indicating members frustration with stringent supply reduction. One hopes they are not too frustrated with the price drop.

Weak macro data out of the US and China have also driven bearish sentiment in markets, with manufacturing PMI's falling deeper into contractionary territory.

The sell off resulted in both WTI and Brent contracts trading at their lowest price since early February. A combination of both OPEC communications implying the potential for increased supply, coupled with weak demand signalling drove the sell off.

See 'In Detail' section overleaf.

Summary

Physical and Futures

		04-Jun-24	1-Day Change	7-Day Change
Brent Aug (fut)	(\$/bbl)	77.245	-3.955	-5.855
WTI Aug (fut)	(\$/bbl)	73.015	-3.775	-5.485
Dubai Aug (phys)	(\$/bbl)	77.880	-4.015	-4.400
Crude Swaps Jul				
Brent	(\$/bbl)	77.170	-3.750	-5.490
DFL	(\$/bbl)	-0.440	-0.530	-0.760
WTI	(\$/bbl)	72.895	-3.785	-5.445
Dubai	(\$/bbl)	77.510	-3.810	-5.430



In detail

Crude markets continue to sell off following the US markets opening on Monday. Oil markets plunged with Brent falling by \$3.75/bbl on the day in reaction to OPEC+ commentary, alongside a weak demand outlook. Jul Brent swaps continued to trend lower throughout the US and Asia sessions, down to \$77.17/bbl by 09:30 BST. Jul Dubai physical also collapsed by almost 5% on the day, closing at \$77.88/bbl in the Singapore window.

Despite the extension of deep cuts instated by OPEC+ in 2023, the UAE, amongst other members, displayed a distinct willingness to increase output. The group agreed to scale back the severity of cuts earlier than markets had expected, rendering oversupply risks to the upside.


On Monday the US DOE also announced the purchase of 3m bbls of crude for the Strategic Petroleum Reserve to be delivered in November, purchased from Macquarie, TOTSA and BP. The timing of these purchases coincided with the sell-off, enabling the DOE to refill the SPR at compelling prices.

On Monday US ISM manufacturing data for May unexpectedly declined on the month. The Purchasing Managers Index fell deeper into contractionary territory at 48.7, against expectations of 49.8, and further embedded fears of struggling US demand. In recent months the macro picture in China has also displayed considerable weakness. Indeed on Friday, China's NBS manufacturing PMI fell to a 3-month low of 49.5 in May.

Prompt Brent spreads have narrowed considerably to 18.5c/bbl, highlighting weakness in physical markets. Selling in Dated Brent on Monday was largely concentrated among majors and trade houses according to Onyx COT data. Gasoline flat price saw sell-side pressure from majors this morning, with 4/1 EBOB crack rolls selling at \$0.30/bbl. NWE Naphtha cracks also saw strong selling, with the Q4 crack trading at \$-8.2/bbl, whilst Singapore Gasoil spreads rallied throughout the morning after initially seeing selling flow. Regrade and Kerosene primarily saw interest at the back end. ICE Gasoil fared similarly, seeing buying flow throughout the morning.

The market is now poised for Saudi Arabia's announcement on monthly OSP's, which are expected to fall significantly, especially for lighter grades.


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Front month Outrights					
July Swaps			04-Jun-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)	77.170		-3.750	-5.490
WTI	(\$/bbl)	72.895		-3.785	-5.445
Dubai	(\$/bbl)	77.510		-3.810	-5.430
Distillates					
Gasoil 0.1 NWE	(\$/mt)	706.330		-29.510	-51.180
NWE Jet	(\$/mt)	757.830		-30.510	-59.430
Singapore 10ppm	(\$/bbl)	91.920		-3.760	-6.300
Sing Kero	(\$/bbl)	90.570		-3.680	-6.300
Gasoline					
RBOB	(c/gal)	229.970		-10.170	-17.430
EBOB	(\$/mt)	780.080		-33.130	-57.630
Singapore 92	(\$/bbl)	84.650		-3.270	-4.460
Singapore 95	(\$/bbl)	88.550		-3.270	-4.660
Naphtha					
US C5 ENT	(c/gal)	144.860		-6.070	-9.500
NWE Naphtha	(\$/mt)	618.280		-24.920	-39.540
MOPJ Naphtha	(\$/mt)	638.030		-24.170	-37.290
Fuel Oil					
3.5% barges	(\$/mt)	446.720		-21.080	-30.080
Singapore 380	(\$/mt)	467.790		-15.010	-23.260
Singapore 180	(\$/mt)	478.290		-15.510	-26.010
0.5% barges	(\$/mt)	509.780		-18.480	-29.230
Singapore 0.5%	(\$/mt)	552.770		-16.320	-24.580
NGLs					
US Propane LST	(c/gal)	67.840		-3.830	-7.730
NWE Propane	(\$/mt)	492.950		-17.950	-26.640
Saudi Propane CP	(\$/mt)	549.950		-11.450	-14.640
Asian Propane FEI	(\$/mt)	596.500		-13.900	-23.090
US Butane ENT	(c/gal)	80.980		-3.570	-7.090
Saudi Butane CP	(\$/mt)	539.050		-8.350	-20.540



Long Tenor Swaps			Balmo	M1	M2	M3	M4	Q3-24	Q4-24
Crude									
Brent	(\$/bbl)	77.225	77.170	76.985	76.735	76.485	76.735	76.020	
WTI	(\$/bbl)	72.980	72.895	72.685	72.425	72.130	72.425	71.580	
Dubai	(\$/bbl)	77.860	77.510	77.120	76.740	76.340	76.740	75.570	
Distillates									
Gasoil 0.1 NWE	(\$/mt)	703.590	706.330	709.760	713.040	713.680	710.960	709.825	
NWE Jet	(\$/mt)	753.090	757.830	762.260	766.540	768.180	765.460	764.320	
Singapore 10ppm	(\$/bbl)	91.790	91.920	92.120	92.320	92.380	92.310	92.250	
Sing Kero	(\$/bbl)	90.770	90.570	90.890	91.190	91.450	91.630	91.820	
Gasoline									
RBOB	(c/gal)	231.215	229.970	227.060	210.025	205.170	202.185	201.180	
EBOB	(\$/mt)	782.580	780.080	774.080	760.580	713.830	695.830	684.080	
Singapore 92	(\$/bbl)	84.100	84.650	84.500	84.000	83.310	82.610	82.060	
Singapore 95	(\$/bbl)	87.900	88.550	88.400	88.000	87.310	86.210	85.660	
Naphtha									
US C5 ENT	(c/gal)	145.240	144.860	144.610	144.360	143.980	143.480	142.980	
NWE Naphtha	(\$/mt)	624.530	618.280	613.780	610.530	607.780	604.530	601.030	
MOP-Japan Naphtha	(\$/mt)	646.030	638.030	631.780	627.780	624.030	620.030	616.030	
Fuel Oil									
3.5% barges	(\$/mt)	445.720	446.720	444.220	438.470	430.720	425.470	421.220	
Singapore 380	(\$/mt)	486.790	467.790	459.540	450.790	442.040	437.290	433.790	
Singapore 180	(\$/mt)	493.790	478.290	471.040	463.540	455.790	452.040	449.290	
0.5% barges	(\$/mt)	511.530	509.780	507.280	504.030	500.780	497.530	494.280	
Singapore 0.5%	(\$/mt)	560.020	552.770	547.270	542.770	539.270	535.770	532.520	
NGLs									
US Propane LST	(c/gal)	66.960	67.840	68.590	69.340	70.840	71.840	72.340	
NWE Propane	(\$/mt)	490.950	492.950	493.950	498.450	503.450	507.450	508.450	
Saudi Propane CP	(\$/mt)	549.950	549.950	541.950	546.950	556.950	564.450	570.450	
Asian Propane FEI	(\$/mt)	606.500	596.500	594.500	598.500	604.000	607.500	605.500	
US Butane ENT	(c/gal)	80.980	80.980	81.730	82.350	84.600	85.600	86.100	
Saudi Butane CP	(\$/mt)	539.050	539.050	535.050	542.050	553.050	560.550	566.550	



Front Month Spreads				
July/Aug		04-Jun-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.185	-0.175	-0.295
WTI	(\$/bbl)	0.210	-0.160	-0.360
Dubai	(\$/bbl)	0.390	-0.130	-0.270
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-3.430	-0.390	-1.070
NWE Jet	(\$/mt)	-4.430	+0.610	-2.570
Singapore 10ppm	(\$/bbl)	-0.200	-0.100	-0.110
Sing Kero	(\$/bbl)	-0.320	-0.080	-0.040
Gasoline				
RBOB	(c/gal)	2.910	-0.490	-1.280
EBOB	(\$/mt)	6.000	-2.250	-5.250
Singapore 92	(\$/bbl)	0.150	+0.050	-0.010
Singapore 95	(\$/bbl)	0.150	+0.050	-0.010
Naphtha				
US C5 ENT	(c/gal)	0.250	+0.000	-0.130
NWE Naphtha	(\$/mt)	4.500	+0.250	-0.500
MOP-Japan Naphtha	(\$/mt)	6.250	+0.000	+0.000
Fuel Oil				
3.5% barges	(\$/mt)	2.500	-0.750	+0.000
Singapore 380	(\$/mt)	8.250	+0.250	+1.000
Singapore 180	(\$/mt)	7.250	+0.250	+0.750
0.5% barges	(\$/mt)	2.500	-0.500	+0.000
Singapore 0.5%	(\$/mt)	5.500	+1.250	+2.000
NGLs				
US Propane LST	(c/gal)	-0.750	-0.130	-0.370
NWE Propane	(\$/mt)	-1.000	+0.000	+0.000
Saudi Propane CP	(\$/mt)	8.000	+1.000	+3.500
Asian Propane FEI	(\$/mt)	2.000	+0.500	+0.000
US Butane ENT	(c/gal)	-0.750	-0.130	-0.250
Saudi Butane CP	(\$/mt)	4.000	+2.500	-0.500



Front Month Cracks and Diffs			
July	04-Jun-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.340	+0.060	-0.060
WTI/Brent (\$/bbl)	-4.280	-0.040	+0.040
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	17.600	-0.250	-1.420
NWE Jet crack (\$/bbl)	18.960	-0.160	-2.090
NWE Jet Diff (\$/mt)	51.500	-1.000	-8.250
Gasoil E/W (\$/bbl)	-21.500	+1.500	+4.270
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.350	+0.080	+0.000
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	7.000	-0.700	-0.960
EBOB crack (\$/mt)	16.470	-0.230	-1.440
Singapore 92 crack (\$/bbl)	7.460	+0.460	+1.010
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-9.000	+0.700	+2.460
European Gasnaph (EBOB vs Naphtha) (\$/mt)	161.630	-8.380	-18.260
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	66.800	-3.370	-0.170
Naphtha			
US C5 ENT vs WTI Crack	-12.040	+1.250	+1.470
NWE Naphtha Crack (\$/bbl)	-7.700	+0.950	+1.050
MOPJ Naphtha Crack (\$/bbl)	-5.480	+1.040	+1.300
Naphtha E/W (NWE vs MOPJ) (\$/mt)	19.750	+0.750	+2.250
Fuel Oil			
3.5% barges crack (\$/bbl)	-6.830	+0.420	+0.740
Singapore 380 crack (\$/bbl)	-3.520	+1.370	+1.810
Singapore 180 crack (\$/bbl)	-1.870	+1.290	+1.370
Visco (180-380) (\$/mt)	10.500	-0.500	-2.750
HSFO E/W (380 vs 3.5% barges) (\$/mt)	21.000	+6.000	+6.750
0.5% barges crack (\$/bbl)	3.090	+0.820	+0.870
Singapore 0.5% crack (\$/bbl)	9.850	+1.150	+1.590
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	42.920	+2.090	+4.580
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	63.000	+2.540	+0.790
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	84.910	-1.380	-1.390
0.5% barges/gasoil (\$/mt)	-196.460	+11.120	+22.040
Sing 0.5% vs Sing 10ppm (\$/mt)	-131.990	+11.740	+22.400
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-139.500	-2.000	-13.630
US Propane LST vs Asian Propane FEI (\$/mt)	-243.000	-6.000	-17.130
Asian Propane FEI vs NWE Propane (\$/mt)	103.500	+4.000	+3.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	46.500	-2.500	-8.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-125.610	+6.690	+12.620
Asian Pronap (FEI vs MOPJ) (\$/mt)	-41.950	+9.850	+13.780



Inter-month Crack Spreads			
July/Aug	04-Jun-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.200	-0.040	-0.020
WTI/Brent (\$/bbl)	0.020	+0.010	-0.070
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.680	+0.090	+0.120
NWE Jet crack (\$/bbl)	-0.780	+0.220	-0.060
NWE Jet Diff (\$/mt)	-1.000	+1.000	-1.500
Gasoil E/W (\$/bbl)	2.160	-0.160	+0.460
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.120	+0.020	+0.070
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	1.190	+0.150	+0.210
EBOB crack (\$/mt)	0.520	-0.110	-0.360
Singapore 92 crack (\$/bbl)	-0.050	+0.210	+0.270
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.570	+0.320	+0.630
European Gasnaph (EBOB vs Naphtha) (\$/mt)	1.500	-2.500	-4.750
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	-5.000	+0.420	-0.090
Naphtha			
US C5 ENT vs WTI Crack	-0.110	+0.160	+0.300
NWE Naphtha Crack (\$/bbl)	0.310	+0.190	+0.230
MOPJ Naphtha Crack (\$/bbl)	0.490	+0.150	+0.270
Naphtha E/W (NWE vs MOPJ) (\$/mt)	1.750	-0.250	+0.500
Fuel Oil			
3.5% barges crack (\$/bbl)	0.190	+0.040	+0.270
Singapore 380 crack (\$/bbl)	1.100	+0.200	+0.440
Singapore 180 crack (\$/bbl)	0.940	+0.200	+0.390
Visco (180-380) (\$/mt)	-1.000	+0.000	-0.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	5.750	+1.000	+1.000
0.5% barges crack (\$/bbl)	0.200	+0.090	+0.290
Singapore 0.5% crack (\$/bbl)	0.670	+0.360	+0.600
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	3.000	+1.750	+2.000
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	0.000	+0.250	+0.000
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-2.750	+1.000	+1.000
0.5% barges/gasoil (\$/mt)	6.110	+0.070	+1.250
Sing 0.5% vs Sing 10ppm (\$/mt)	6.990	+2.000	+2.820
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-2.900	-0.670	-1.920
US Propane LST vs Asian Propane FEI (\$/mt)	-5.900	-1.170	-1.920
Asian Propane FEI vs NWE Propane (\$/mt)	3.000	+0.500	+0.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	-6.000	-0.500	-3.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-5.500	-0.250	+0.500