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EUROPEAN WINDOW

INSIGHT@ONYXCAPITALADVISORY.COM

ONYX CAPITAL ADVISORY

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FLAT PRICE

The August Brent futures contract had a relatively quiet afternoon, trading in a tight range of $77.1/bbl and $76.8/bbl. It has since seen some upside support, trading up to $77.5/bbl as at 17:20 BST (time of writing) yet it seems hesitant to make any major moves either way. Nigeria has seen a shutdown of the national grid alongside flights being disrupted nationwide due to an indefinite strike from the country's main labour unions. Following President Bola Tinubu's appointment to office last year, Nigeria has seen crippling bouts of inflation which have sparked a cost of living crisis, with the minimum wage failing to be adjusted. One of the prominent contributors was the removal of fuel subsidies. While electricity and aviation unions have directed members to withdraw services in compliance with the strike, Nigeria's oil regulator chief Gbenga Komolafe assured people that contingencies are in place to avoid output disruption. After being given the green light by South Korean President Yoon Suk Yeol to conduct exploratory drilling, we may see the tides turn for one of the largest energy importers globally. This is primarily in response to a study that suggested there is a high possibility of 14 billion barrels of oil and gas off the country's east coast. Since 1996 South Korea has only managed to tap gas reserves of 4.5 mbbls. The project which will commence at the end of the year may therefore see South Korea dramatically reduce its import dependence. The Aug/Sep and Aug/Feb Brent Futures spreads are $0.20/bbl and $1.71/bbl, respectively.

CRUDE

Strong afternoon in Dated, seeing Jul DFL recover above where it opened this morning, trading up to -$0.25/bbl last, while Jul/Aug DFl roll sees paper on both sides, remaining rangebound and trading -$0.36/bbl last. The dated roll bid up to -$0.05/bbl by the end of the window on stronger spreads, whilst we saw refiner buying of Jul24/Jan25 Dtd, lifting $1.30/bbl. Strength remained in 24-28/6 1w trading $0.03/bbl and $0.02/bbl, whilst Jul rolls continued to be well offered to see 8-12/7 1w sold at -$0.06/bbl. Balmo saw a volatile price action, paid at -$0.90/bbl and Balmo-ND at -$0.75/bbl in smalls on screen by the end of the window, with selling having dried up since early in the afternoon. CFDs were well bid, trading at similar levels to yesterday's windows despite this morning's aggressive selloff, with trade and a major paying up to -$0.80/bbl in 17-21/6, whilst a US major last lifted 24-28/6's at -$0.52/bbl. 10-14/6 saw a British major lifting -$1.15/bbl at the beginning of the window, paid at -$1.05/bbl by the end. The physical remained relatively unchanged, with offers for prompt Forties from a major and Chinese remaining outstanding - although not aggressive enough to lower the physical diff.

FUEL

In HSFO, 380 cracks were better offered this afternoon, with Jul 380 crack selling down to -$4.60/bbl from -$4.20/bbl. It was a quieter afternoon on 380 structure, combined with a fairly rangebound afternoon. Jul/Aug 380 traded at $7.75/mt on fairly low liquidity. Barge crack was better offered in the earlier part of the afternoon, with Jul barge crack selling down to -$7.70/bbl from -$7.40/bbl. Supported by MOC hedging there was a rally, with the front crack buying back up to -$7.50/bbl. There was mixed interest on barge structure this afternoon, with Jul/Aug barges trading at $2/mt in decent size.

In VLSFO, Sing cracks started the afternoon well offered, with Jul Sing crack trading down to $9/bbl from $9.35/bbl prior to the window in decent size. The liquidity dried up later in the afternoon, with the front Sing crack remaining around $9/bbl. Sing structure was also weaker this afternoon, with Jul/Aug Sing selling down to $4.50/mt from $5/mt. There was a slight recovery in the front spread, trading back up to $4.75/mt. There was a similar trend on Euro cracks this afternoon. Jul Euro crack opened the afternoon at $2.75/bbl, before selling down to $2.40/bbl heading into the window. Through MOC hedging, there was some support, with the front crack buying back up to $2.45/bbl.

DISTILLATES

Sing gasoil spreads strengthened into the afternoon as the futures rallied into the evening window. The Jul/Aug spread rallied to -$0.16/mt while the Aug/Sep was stronger, getting lifted at -$0.15/mt on screen with the Sep/Oct also trading up to $0.00/mt post-window. The EW at the front is indicated weaker at -$21.50/mt with Sep trading at -$25.50/mt and the 3Q trading at -$23.75/mt. Regrades were rangebound, with Jul remaining stable at -$1.40/bbl and the 3Q and 4Q 24 regrade trading at -$1.25/bbl and -$0.55/bbl into the evening. Kero spreads saw the Dec/Mar trade at -$0.15/bbl but are indicated higher post-window on stronger Sing gasoil and ICE gasoil spreads.

The ICE Gasoil spreads rallied into the evening after a weak start to the US open period. The Jun/Jul spread remained rangebound at -$2.50/mt while the Jul/Sep spread rallied to -$8.25/mt from lows of -$9.50/mt on the day. The strength was also seen across the cracks, as they rallied after a weak afternoon. The Jul crack is at $17.80/bbl and the 4Q crack is at $19.50/bbl, both off the highs of the rally post-window but stronger than afternoon's levels. The Jet diffs saw the prompt trade up, with Jul rallying to $53.50/mt, with some interest seen further down the curve too. The Cal26 and 1Q26 traded at $61.50/mt each, while the 2Q25 saw interest at $59.75/mt. The balmo diff traded at $51.13/mt towards the end of the window, stronger from the morning's levels. Hogos rallied on stronger futures, with the Jul swap at 4.5c/gal and the 4Q swap at 8.5c/gal post-window.

GASOLINE

This afternoon in Gasoline, we saw cracks trade at the end of the afternoon window around $16.90/bbl in Jul EBOB. RBBRs were volatile this afternoon, trading up to $20/bbl handles in Aug. Arbs continued to see buying, at 3.65/gal in Q4 and up to 7.70c/gal in Jul (up from 7.10c/gal in the morning). We saw buying on EBOB spreads, with Jul/Aug bid from $5.75/mt up to $7/mt, and Aug/Sep bid at $13.25/mt. Aug/Dec offers came in at $91.50/mt. Q3 EBOB cracks saw sell side interest at highs of $15.90/bbl handles from refiners, with selling from phys coming in Q3 gasnaphs in the $156/mt region. A volatile afternoon in 92, with cracks going well bid, with financials on the buyside up to $8.50/bbl in Jul. E/W was bid up on this move, to -$7.70/bbl in Q3 and -$8.15/bbl in Jul. 92 spreads saw bids in the afternoon, with Jul/Aug up to $0.40/bbl and Aug/Sep up to $0.80/bbl.

NAPHTHA

This afternoon in Naphtha we saw Jul24 NWE cracks weaken into the afternoon, coming off from highs of -$7.50/bbl to as low as -$8.30/bbl in window on higher crude and flat price selling by physical players. Front spreads weakening in line with cracks, Jul/Aug trading from $4.50/mt this morning down to $3.75/mt with major selling and the pricing spread saw offers, falling more than a dollar to $4.75/mt. Deferred cracks seeing better buying with Q4 at -$8.30/bbl and Cal'25 trading at -$9.05/bbl. Jul E/W firming into the afternoon seeing buying in the front up to $20.25/mt with MOPJ spreads still bid. Q4 E/W seeing buying at $15.50/mt and the Aug/Sep box saw trade offering down to $0.50/mt.

NGLS

A firmer afternoon for the US LPG complex; although bids were hit in the physical at the open, they were then lifted over the course of the afternoon and LST flat price firmed on a crude percentage basis. Spreads, however, were rangebound with Q3/Q4 trading at -3c/gal consistently although Nov/Jan firmed a touch to -0.75c/gal. Butane spreads came off in the deferred tenors with Q2/Q3'25 offered down to flat and Q3/Q4'25 trading down to -2.875c/gal. Arbs firmed as a result of the LST strength over the course of the afternoon with DCE players less aggressive buyers of FEI; July retraced back up to -$242/mt in the LST/FEI contract. NWE spreads continued to be bid in the window with Sep/Nov trading up to -$8/mt and July/Nov trading at -$14/mt.