



OVERNIGHT & SINGAPORE WINDOW

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04 JUN 2024

FLAT PRICE

The Aug Brent Futures flat price has continued its sickly streak, falling from \$77.85/bbl at 05:35 BST to a low of \$76.80/bbl at 10:30 BST. It marginally rebounded to \$77.20/bbl by 10:40 BST, but has since fallen back to \$76.80/bbl as of 11:15 BST (time of writing). Parts of the Rhine River in southern Germany around Maxau and Mannheim have remained closed to cargo shipping on Tuesday after heavy rain increased water levels and caused extensive flooding. According to the EIA, Latin American US refined products imports have fallen to pandemic lows, with the 77.6mbbls seen in March down 2% m-o-m and 18% y-o-y, additionally being the lowest volume recorded since April 2023. Equinor has sold a 19.5% stake in two North Sea production licences to Polish state-owned oil and gas company PGNiG, a move that will reduce the Norwegian major's stakes from 78.2% to 58.7%. Japan is set to push for more nuclear power in an energy policy update due next year, seeking stable electricity supply in face of growing demand and heightened geopolitical risks, an impactful move given the country's status as the world's second-biggest LNG importer and a major buyer of thermal coal. The front and 6-month spreads are \$0.08/bbl and \$1.15/bbl, respectively.

CRUDE

Initially, a very weak opening to Dated, seeing bids get hit in the Jul DFL down from -\$0.34/bbl to -\$0.51/bbl. At these lower levels, we saw buying step in with Jul DFL paid back up to -\$0.35/bbl, Balmo DFL paid at -\$1.04/bbl, and 17-21/6 CFD lifted at -\$1.00/bbl, before Balmo turned better offered again sold at -\$1.15/bbl. Aug DFL similarly came under pressure, finding lows of -\$0.11/bbl, whilst the Jul/Aug DFL roll saw better buying following Jul finding a floor, recovering back from -\$0.42/bbl to -\$0.35/bbl. 8-12/7 1W also saw buying emerge with the curve having corrected a touch lower, paid at -\$0.07/bbl whilst 1-12/7 v Cal Jul saw fund and trade selling down from -\$0.11/bbl and -\$0.13/bbl, in turn seeing the 8-12/7 1W sold again at -\$0.07/bbl. The 1d roll 14/6 v 21/6 was lifted at -\$0.28/bbl, whilst Bal Jun v 24-28/6 saw sell side interest, lifted at -\$0.40/bbl.

FUEL

In HSFO, 380 structure was well bid this morning, with Jul/Aug trading up to \$8.50/mt in decent size from \$8/mt heading into the window. Liquidity somewhat dried up post-window, with the front spread giving all the gains back plus some, selling down to \$7.75/mt. We saw a similar trend on the 380 crack, with the front crack stronger heading into the window, buying up to -\$3.40/bbl from -\$3.75/bbl. Liquidity completely dried up post-window, with the implied price of the Jul 380 crack dropping to -\$3.90/bbl. Likewise, there was early strength on the barge crack, with the Jul barge crack buying up to -\$6.80/bbl from -\$7.10/bbl. The crack did weaken post window, selling back down to the level it opened the morning at. Barge structure was defined by low liquidity and price action this morning, with Jul/Aug barges trading at \$2/mt. The 380 E/W had a similar trend to the 380 crack, with strength early on. Jul 380 E/W bought up to \$21/mt, before giving some back post window selling down to \$20.25/mt.

In VLSFO, There was activity down the curve into 2025 this morning on Sing Structure. Jun/Jul Sing had a busy morning, however interest was mixed with the front spread trading at \$5.50/mt until after the window. It did turn slightly offered towards the end of the morning, selling down to \$5.25/mt. The Sing crack was well bid this morning heading into the window, buying up to \$9.90/bbl from \$9.60/bbl. There was a reversal towards the end of the window, with the crack turning offered. The selling continued post-window, with the front crack ending the morning at \$9.45/bbl. It was another quiet morning on Euro 0.5. It was a rangebound morning on Euro spreads, with Jul/Aug Euro trading at \$2.25/mt. Euro cracks were a touch softer this morning, with Jul Euro crack opening at \$3/bbl, before selling down slightly to \$2.90/bbl. It was a stable morning on 0.5 E/W, with Jul 0.5 E/W trading at \$43/mt.

DISTILLATES

ICE Gasoil spreads saw the Jun/Jul trade up to -\$2.50/mt from -\$2.75/mt, while the Jun/Sep spread rallied from lows of -\$9.75/mt to -\$9.00/mt, currently at -\$9.25/mt post-window. The ICE gasoil cracks similarly rallied into the morning, remaining strong post-window. The Jul crack is at \$17.60/bbl while the Q4 crack is at \$19.25/bbl. The Jet diffs saw the Jun trade at \$49.50/mt, with the Jul indicated unchanged at \$51.50/mt, as the Q4 diffs saw trades at \$54.75/mt into the morning. The HOGOs also trended down this morning as the futures weakened from the highs of the window into the mid-morning. The Jul swap is at 4.20c/gal and the Q4 swap is at 8.70c/gal into the post-window period.

Sing gasoil spreads rallied into the morning after initially seeing selling flow. The Jul/Aug spread came off to -\$0.22/bbl before rallying to -\$0.19/bbl post-window, while the Aug/Sep spread was more rangebound, trading between -\$0.20/bbl and -\$0.18/bbl into the morning. The E/W at the front of the curve opened strong, rallying up to -\$21.00/mt in Jul before getting hit down to -\$22.25/mt, recovering to -\$21.25/mt post-window. Back-end buying persisted today, with Q4 and Q1'25 both remaining strong, rallying to highs of -\$24.00/mt and -\$20.75/mt, coming off a touch post-window. Regrade primarily saw interest in the back end through the combos, with Q1'25 getting lifted at -\$0.35/bbl while the Q3 regrade traded at -\$1.25/bbl, with interest in Summer 25 regrade seen at -\$0.49/bbl. Kero spreads also mainly saw deferred interest, with Dec/Feb getting hit down to -\$0.13/bbl while the Oct/Dec traded at -\$0.46/bbl.

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. We saw sell-side interest in Jul/Sep from majors in the morning at \$0.70/bbl, with better buying post-window up to \$0.20bbl in Jul/Aug and at \$0.70/bbl in Sep/Oct. Q3 92 cracks saw buying up to \$7.55/bbl, but Q3 EW saw strong sell-side interest between -\$8.35/bbl and -\$8.15/bbl. Post window we saw Q4 EW see selling at -\$1.20/bbl. RBBRs were rangebound at the \$19.30/bbl handles this morning, and arbs saw buying down the curve. Jul arbs saw buying at 7.10c/gal, and Q4 arbs saw phys buying at 3.60c/gal. We saw some buying of Jul/Aug up to \$6.25/mt, but selling post-window of Sep/Oct from refiners down to \$46.25/mt. Q4/Q1'25 EBOB crack rolls saw selling on-screen and OTC at \$0.30/bbl. Q3 gasnaphs saw selling this morning from refiners at \$156/mt.

NAPHTHA

This morning in Naphtha we saw flat price valued at \$638.5/mt in Jul24 MOPJ, on a -5.5/bbl crack equivalent with front cracks continuing to see stronger buying on weaker crude. MOC was well bid in the front trading up to +10 in Jul24. The pricing spread firming in MOPJ, trading from \$8/mt up to \$9/mt post-window but seeing structure softening in both curves on lower Brent spreads. Quarterly MOPJ spreads still seeing buying with Q1/Q2 being lifted at \$11/mt. Europe spreads seeing less support with Aug/Dec trading from \$13.25/mt down to \$12.75/mt. Front E/W remains supported at \$20/mt seeing both physical and derivs interest alike on the bid side with Q3 seeing buying at \$18.25/mt. NWE cracks opening the morning strongly bid on weaker crude, opening trading at -\$7.80/bbl, 45c higher than yesterday's close. Jul 24 NWE cracks settling at -\$7.70/bbl end window but pushed further up by gasnap selling up to -\$7.55/bbl post-window. Q4 cracks seeing the best selling at -\$8.20/bbl.

NGLS

A well-bid morning for FEI on NGLs; although there was limited DCE activity, approaching the window naphtha strength helped support FEI flat prices which were well-bid at the front of the curve. July/Aug FEI firmed to \$2/mt and Aug/Sep was pressured up to -\$3.75/mt with trade houses on the buy-side. In the window, continued bids in the physical 1H July kept structure supported and July flat price traded up to \$602/mt handles before being hit down at the end of the window. CP kept in line with FEI as July FEI/CP was rangebound between \$46/mt and \$48/mt- The Q3-Q1 CP strip traded at \$557/mt while post window a major lifted \$9/mt on July/Aug CP up from \$8/mt this morning. E/W firmed over the morning on FEI strength with \$104/mt trading in July. The arb weakened too as -\$196/mt traded in Cal LST/FEI and -\$238/mt in 2H LST/FEI.



GLOBAL MACRO

A very weak ISM Manufacturing at 48.7, (Exp. 49.6, Last 49.2) on the back of Chicago PMI saw yields fall aggressively. Particularly acute was the Manufacturing New Orders Index collapse to 45.4 in May- lowest since May 2023. Now GDP expectations are being revised sharply downwards. Atlanta Fed Q2 GDP estimate plunges to 1.8% from 2.7% on May 31, and from 4.1% two weeks ago.

Risk positions get hit overnight, Nifty & Sensex fall over 7%, silver breaks 30.10 support as the Goldman Sachs Commodities index has its worst 4-day stretch of the year.

Wednesdays ISM services and Friday's payrolls take added significance. Weakness there and the fickle market will start shouting 'Recession' again and yields will accelerate to the downside.

Hawkish Japan headlines this morning, Yen rallies 1% BOJ's Himino: It is inappropriate for monetary policy target the exchange rate BOJ IS SAID TO MULL REDUCING BOND BUYS AS EARLY AS JUNE MEETING

Minor data today – U.S. JOLTS job openings index.