



Market Summary

Oil Market

Morning trading in London was awful...if you were long. Otherwise you would be having the time of your life. But sadly, most traders have a little bit of length here and there, even the disciplined ones. Brent crude, the market bellwether, sold off hard in Europe as fears about OPEC overproduction were further cemented with Jul Brent futures plunging to as low as \$76.76/bbl before subsequently retracing some losses to close at \$77.50/bbl. Brent swaps moved accordingly. The market had the feeling of a dead cat bounce.

Traders noted the Brent structure was sold off hard but at the end of the day, a European major started to buy all the fronts. Some traders pointed to BP. Meanwhile, others said that a US entity wanted to keep American crude without it coming to Europe in a possible bookout. This would make the European market tighter leading to the end day buying of the front Brent.

Other sources sounding like long Dubai structure were looking at the weakening of the structure in the Asian market. 'China's Rongsheng' has bought American crude for its operations, widening its net and hence requiring less Middle Eastern crude.

Although selling momentum has slowed since Mondays repricing, sentiment remains starkly bearish. Despite this, price action in Brent seems uncertain.

The downward oil price correction hit oil company share prices, further spreading the gloom. Shell and BP fell close to 3% as the oil market traded significantly below the \$80/bbl mark.

See 'In Detail' section overleaf.

Summary

Physical and Futures

		04-Jun-24	1-Day Change	7-Day Change
Brent Aug (fut)	(\$/bbl)	77.330	-1.110	-6.390
WTI Aug (fut)	(\$/bbl)	73.155	-0.965	-5.985
Dubai Aug (phys)	(\$/bbl)	77.750	NA	NA
Crude Swaps Jul				
Brent	(\$/bbl)	77.140	-1.140	-6.130
DFL	(\$/bbl)	-0.300	-0.150	-0.590
WTI	(\$/bbl)	72.890	-1.140	-6.080
Dubai	(\$/bbl)	77.420	-1.270	-6.030



In detail

Jul Brent futures and swaps continued their bearish descent throughout the first half of the Euro trading window before July Brent futures met resistance at \$76.60/bbl. Price action was choppy throughout the remainder of the window. Bearish sentiment continues to dominate the commentary.


The narrative decidedly changed with more reports of overproduction suddenly coming out. The mood has turned bearish, so watch out despite the ongoing dead cat bounces.

Unrealised losses in the US banking system are also on the rise according to a report from the FDIC, with paper loss on the balance sheet totalling over \$500 billion, largely driven by residential real estate losses, further reinforcing a narrative of weak consumer demand.


Recent crude sell-offs have also weighed on majors' equity prices. BP was down by 3.7% and Shell has fallen by 2% as of 14:00 BST. The spillover to equity markets speaks to the expected persistence of bearish price action in crude markets.

Traders, as they turned bearish, were also focusing on weakening gasoline demand, noting 4 consecutive weeks of declines for the US. As further confirmation, in the European window, Jul RBOB swaps and Jul EBOB swaps both declined on the day to \$707.08/bbl and \$758.58/bbl respectively, although they faced increased buy-side interest later in the afternoon. Singapore gasoil spreads strengthened throughout the afternoon session, with the Jul/Aug spread rallying to -\$0.16/bbl. ICE gasoil spreads retraced after a weak start in the US open this afternoon, with the Jul/Sep spread rallying to -\$8.25/bbl.


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Front month Outrights				
July Swaps			04-Jun-24	1-Day Change 7-Day Change
Crude				
Brent	(\$/bbl)	77.140	-1.140	-6.130
WTI	(\$/bbl)	72.890	-1.140	-6.080
Dubai	(\$/bbl)	77.420	-1.270	-6.030
Distillates				
Gasoil 0.1 NWE	(\$/mt)	707.080	-6.250	-55.100
NWE Jet	(\$/mt)	758.580	-6.750	-63.350
Singapore 10ppm	(\$/bbl)	92.000	-0.700	-6.800
Sing Kero	(\$/bbl)	90.600	-0.750	-6.900
Gasoline				
RBOB	(c/gal)	231.590	-1.170	-17.080
EBOB	(\$/mt)	783.300	-5.840	-57.260
Singapore 92	(\$/bbl)	85.280	+0.130	-4.230
Singapore 95	(\$/bbl)	89.180	+0.130	-4.430
Naphtha				
US C5 ENT	(c/gal)	144.000	-1.940	-10.390
NWE Naphtha	(\$/mt)	614.370	-8.450	-43.320
MOPJ Naphtha	(\$/mt)	634.620	-7.700	-41.070
Fuel Oil				
3.5% barges	(\$/mt)	442.340	-7.110	-36.680
Singapore 380	(\$/mt)	461.090	-7.110	-31.430
Singapore 180	(\$/mt)	471.340	-7.360	-33.680
0.5% barges	(\$/mt)	505.210	-8.700	-37.350
Singapore 0.5%	(\$/mt)	546.990	-8.190	-34.230
NGLs				
US Propane LST	(c/gal)	68.210	-0.760	-6.920
NWE Propane	(\$/mt)	493.870	-4.460	-26.250
Saudi Propane CP	(\$/mt)	549.370	-4.460	-14.750
Asian Propane FEI	(\$/mt)	597.370	-2.960	-22.250
US Butane ENT	(c/gal)	81.330	-1.260	-6.790
Saudi Butane CP	(\$/mt)	538.370	-3.460	-19.750



Long Tenor Swaps								
		Balmo	M1	M2	M3	M4	Q3-24	Q4-24
Crude								
Brent	(\$/bbl)	77.315	77.140	76.875	76.555	76.235	76.555	75.675
WTI	(\$/bbl)	73.095	72.890	72.560	72.210	71.850	72.210	71.175
Dubai	(\$/bbl)	77.730	77.420	77.010	76.580	76.140	76.580	75.300
Distillates								
Gasoil 0.1 NWE	(\$/mt)	704.340	707.080	710.255	713.105	713.120	709.960	708.625
NWE Jet	(\$/mt)	753.840	758.580	762.760	766.600	767.620	764.460	763.120
Singapore 10ppm	(\$/bbl)	91.900	92.000	92.160	92.310	92.330	92.220	92.110
Sing Kero	(\$/bbl)	90.800	90.600	90.950	91.210	91.430	91.570	91.710
Gasoline								
RBOB	(c/gal)	233.425	231.590	228.255	210.690	205.610	202.535	201.390
EBOB	(\$/mt)	784.800	783.300	776.050	761.550	714.550	695.800	683.800
Singapore 92	(\$/bbl)	84.830	85.280	84.830	84.080	83.280	82.480	81.880
Singapore 95	(\$/bbl)	88.630	89.180	88.730	88.080	87.280	86.080	85.480
Naphtha								
US C5 ENT	(c/gal)	144.380	144.000	143.750	143.500	143.120	142.620	142.120
NWE Naphtha	(\$/mt)	619.370	614.370	610.620	607.870	605.120	601.870	598.370
MOP-Japan Naphtha	(\$/mt)	642.120	634.620	628.620	624.620	620.870	617.120	613.120
Fuel Oil								
3.5% barges	(\$/mt)	440.840	442.340	440.340	434.840	427.340	422.090	417.840
Singapore 380	(\$/mt)	478.090	461.090	453.340	445.090	436.840	432.090	428.590
Singapore 180	(\$/mt)	483.590	471.340	464.840	457.840	450.590	446.840	444.090
0.5% barges	(\$/mt)	506.710	505.210	502.960	499.960	496.960	493.960	490.960
Singapore 0.5%	(\$/mt)	552.990	546.990	542.240	538.240	534.990	531.740	528.740
NGLs								
US Propane LST	(c/gal)	67.210	68.210	68.960	69.710	71.210	72.210	72.590
NWE Propane	(\$/mt)	493.870	493.870	494.870	499.370	503.870	507.870	507.870
Saudi Propane CP	(\$/mt)	549.370	549.370	540.870	546.370	556.370	563.870	569.870
Asian Propane FEI	(\$/mt)	608.370	597.370	594.870	598.870	603.870	607.370	604.870
US Butane ENT	(c/gal)	81.330	81.330	81.950	82.700	84.950	85.950	86.450
Saudi Butane CP	(\$/mt)	538.370	538.370	534.370	541.870	552.870	560.370	566.370



Front Month Spreads				
July/Aug		04-Jun-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.265	+0.005	-0.245
WTI	(\$/bbl)	0.330	+0.020	-0.240
Dubai	(\$/bbl)	0.410	-0.060	-0.240
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-3.175	+0.255	-0.945
NWE Jet	(\$/mt)	-4.180	+0.250	-2.450
Singapore 10ppm	(\$/bbl)	-0.160	+0.040	-0.100
Sing Kero	(\$/bbl)	-0.350	-0.070	-0.150
Gasoline				
RBOB	(c/gal)	3.335	+0.265	-0.655
EBOB	(\$/mt)	7.250	+0.250	-3.250
Singapore 92	(\$/bbl)	0.450	+0.360	+0.400
Singapore 95	(\$/bbl)	0.450	+0.360	+0.400
Naphtha				
US C5 ENT	(c/gal)	0.250	+0.000	-0.130
NWE Naphtha	(\$/mt)	3.750	-0.500	-0.750
MOP-Japan Naphtha	(\$/mt)	6.000	-0.250	-0.250
Fuel Oil				
3.5% barges	(\$/mt)	2.000	+0.000	-0.500
Singapore 380	(\$/mt)	7.750	+0.000	+0.750
Singapore 180	(\$/mt)	6.500	-0.250	+0.250
0.5% barges	(\$/mt)	2.250	-0.250	-0.250
Singapore 0.5%	(\$/mt)	4.750	+0.250	+1.250
NGLs				
US Propane LST	(c/gal)	-0.750	+0.000	-0.250
NWE Propane	(\$/mt)	-1.000	+0.000	+0.500
Saudi Propane CP	(\$/mt)	8.500	+0.500	+3.500
Asian Propane FEI	(\$/mt)	2.500	+1.000	+0.500
US Butane ENT	(c/gal)	-0.620	+0.000	-0.120
Saudi Butane CP	(\$/mt)	4.000	+0.500	+0.000



Front Month Cracks and Diffs			
July	04-Jun-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.290	+0.120	-0.110
WTI/Brent (\$/bbl)	-4.260	-0.010	+0.040
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	17.750	+0.280	-1.290
NWE Jet crack (\$/bbl)	19.110	+0.270	-1.930
NWE Jet Diff (\$/mt)	51.500	-0.500	-8.250
Gasoil E/W (\$/bbl)	-21.650	+1.100	+4.470
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.400	-0.050	-0.100
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	7.700	+0.500	-0.710
EBOB crack (\$/mt)	16.890	+0.440	-0.750
Singapore 92 crack (\$/bbl)	8.140	+1.270	+1.900
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.750	+0.830	+2.650
European Gasnaph (EBOB vs Naphtha) (\$/mt)	168.900	+2.580	-13.970
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	75.750	+8.770	+5.820
Naphtha			
US C5 ENT vs WTI Crack	-12.400	+0.340	+1.730
NWE Naphtha Crack (\$/bbl)	-8.110	+0.190	+1.260
MOPJ Naphtha Crack (\$/bbl)	-5.840	+0.270	+1.510
Naphtha E/W (NWE vs MOPJ) (\$/mt)	20.250	+0.750	+2.250
Fuel Oil			
3.5% barges crack (\$/bbl)	-7.500	+0.000	+0.330
Singapore 380 crack (\$/bbl)	-4.550	+0.000	+1.160
Singapore 180 crack (\$/bbl)	-2.930	-0.040	+0.810
Visco (180-380) (\$/mt)	10.250	-0.250	-2.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	18.750	+0.000	+5.250
0.5% barges crack (\$/bbl)	2.400	-0.250	+0.230
Singapore 0.5% crack (\$/bbl)	9.000	-0.150	+0.740
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	41.910	+0.640	+3.250
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	62.860	-1.600	-0.680
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	86.020	-0.960	-2.680
0.5% barges/gasoil (\$/mt)	-201.920	-2.500	+17.700
Sing 0.5% vs Sing 10ppm (\$/mt)	-138.380	-2.950	+16.460
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-138.500	+0.500	-9.810
US Propane LST vs Asian Propane FEI (\$/mt)	-242.000	-1.000	-13.810
Asian Propane FEI vs NWE Propane (\$/mt)	103.500	+1.500	+4.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	48.000	+1.500	-7.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-120.690	+3.800	+16.880
Asian Pronap (FEI vs MOPJ) (\$/mt)	-37.440	+4.550	+18.630



Inter-month Crack Spreads			
July/Aug	04-Jun-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.130	+0.080	+0.010
WTI/Brent (\$/bbl)	0.040	-0.010	-0.020
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.700	+0.020	+0.110
NWE Jet crack (\$/bbl)	-0.800	+0.030	-0.070
NWE Jet Diff (\$/mt)	-1.000	+0.000	-1.500
Gasoil E/W (\$/bbl)	1.910	+0.000	+0.160
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.190	-0.110	-0.050
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	1.260	+0.190	+0.280
EBOB crack (\$/mt)	0.590	+0.010	-0.160
Singapore 92 crack (\$/bbl)	0.170	+0.340	+0.630
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.420	+0.330	+0.790
European Gasnaph (EBOB vs Naphtha) (\$/mt)	3.500	+0.750	-2.500
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	-2.250	+3.250	+3.580
Naphtha			
US C5 ENT vs WTI Crack	-0.220	-0.010	+0.190
NWE Naphtha Crack (\$/bbl)	0.140	-0.080	+0.140
MOPJ Naphtha Crack (\$/bbl)	0.390	-0.050	+0.200
Naphtha E/W (NWE vs MOPJ) (\$/mt)	2.250	+0.250	+0.500
Fuel Oil			
3.5% barges crack (\$/bbl)	0.030	-0.030	+0.140
Singapore 380 crack (\$/bbl)	0.940	-0.020	+0.350
Singapore 180 crack (\$/bbl)	0.750	-0.060	+0.280
Visco (180-380) (\$/mt)	-1.250	-0.250	-0.500
HSFO E/W (380 vs 3.5% barges) (\$/mt)	5.750	+0.000	+1.250
0.5% barges crack (\$/bbl)	0.070	-0.060	+0.190
Singapore 0.5% crack (\$/bbl)	0.470	+0.020	+0.430
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	2.500	+0.500	+1.500
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	0.250	-0.250	+0.250
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-3.000	+0.250	+0.500
0.5% barges/gasoil (\$/mt)	5.380	-0.550	+0.650
Sing 0.5% vs Sing 10ppm (\$/mt)	5.950	-0.040	+2.000
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-2.910	+0.000	-1.810
US Propane LST vs Asian Propane FEI (\$/mt)	-6.410	-1.000	-1.810
Asian Propane FEI vs NWE Propane (\$/mt)	3.500	+1.000	+0.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	-6.000	+0.500	-3.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-4.750	+0.500	+1.250