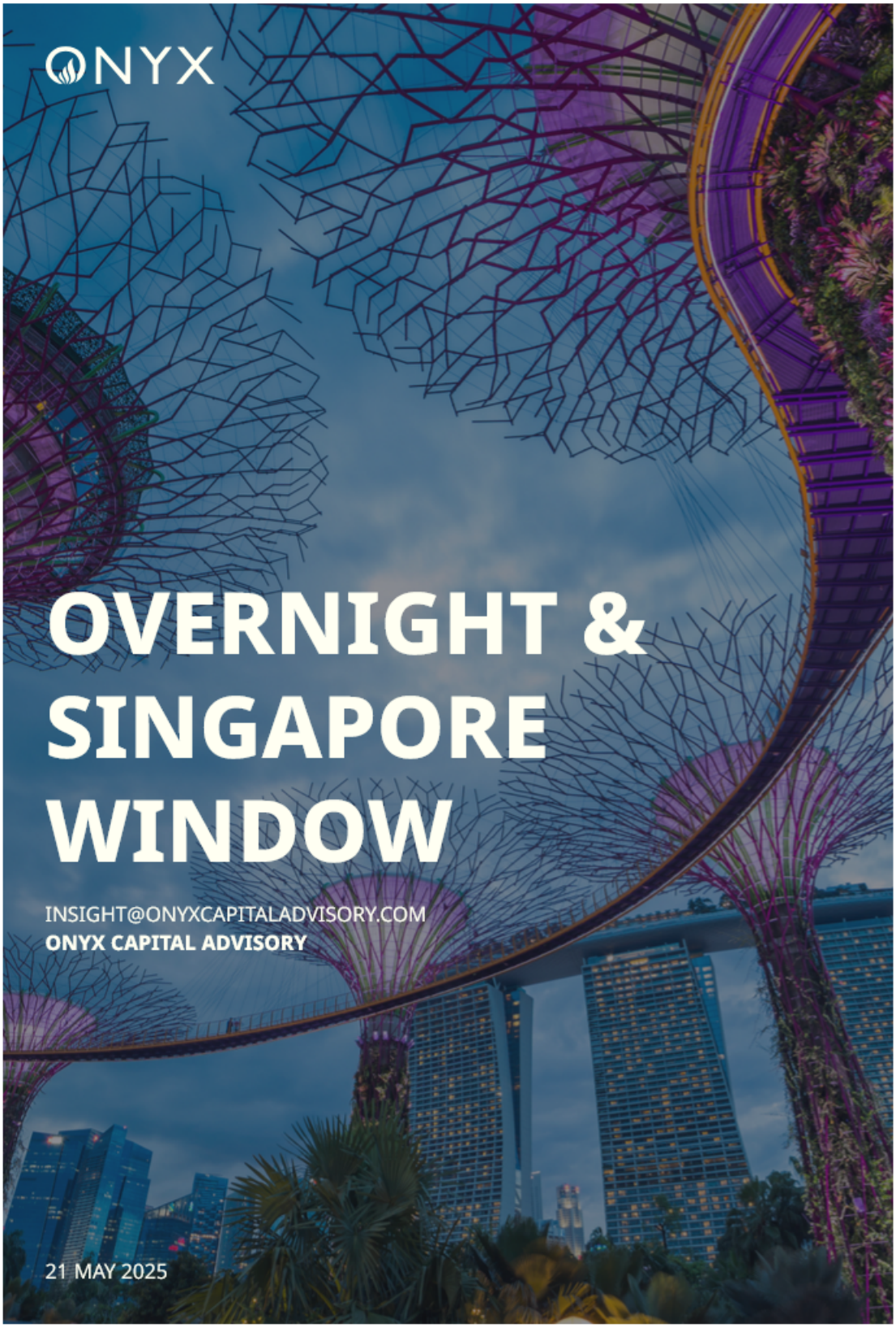

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FLAT PRICE

Jul'25 Brent futures jumped by $0.60/bbl last night following a CNN report that said Israel is considering a strike on Iranian nuclear facilities. These gains have been lost over the morning as the contract softened to $65.95/bbl at 11:40 BST (time of writing). In the news, Fuel dealers in Nigeria report ongoing gasoline shortages, despite government claims that the Port Harcourt and Warri refineries were ready six months ago. The facilities, operated by state-owned NNPC, remain largely non-operational, forcing continued reliance on imports and Dangote Refinery. Nigeria has spent over $25B in the last decade trying to revive its aging refineries. The Port Harcourt refinery, though declared partially functional in December 2024, had stopped producing gasoline by March 2025. In other news, India is set to import about 1.8mb/d of Russian crude in May, its highest in 10 months, driven by strong demand for light grades like ESPO, according to Kpler data. Refiners boosted purchases ahead of new EU/UK sanctions on Russia's shadow fleet. Ithaca Energy has raised its 2025 production forecast to 109–119 kb/d, up from 105–115 kb/d, after acquiring an additional 46.25% stake in the UK's largest gas field, Cygnus, from Centrica on May 20. The Aberdeen-based firm has rapidly expanded, including its 2024 purchase of Eni's UK assets. Finally the front-month Jul/Aug spread is at $0.62/bbl and the 6-month Jul/Jan'26 spread is at $1.72/bbl.

CRUDE

This afternoon in Dated, we saw selling in the front with the 2-6 Jun 3w offered at $0.58/bbl and the 9-13 Jun 1w offered down to $0.21/bbl. There was some buying in 9-13 Jun Cal Jun up to $0.14/bbl and buying in the 9-13 Jun 4w roll to $0.70/bbl. The Jun July DFL saw trade selling in the morning and continued to come off from $0.22/bbl to $0.18/bbl. We also saw the 2-6 Jun vs Jul ICE offered at $0.50/bbl, further pushing down the 2-6 Jun 1w roll.

This morning Brent/Dubai rallied, with Jun Brent/Dubai traded up from $0.53/bbl to highs of $0.68/bbl, retracing slightly and finishing the morning at $0.63/bbl. We saw Fund and Tradehouse buying in Jun and Jul Brent/Dubai. The move was accompanied by a selloff in the Dubai spreads, with Jun/Jul trading down from $0.5/bbl to $0.41/bbl. There was selling in boxes, with Jun vs Q3, Jun vs Q4 and Jun/Jul trading for $0.06/bbl, -$0.02/bbl and $0.08/bbl.

FUEL OIL

This morning in VLSFO, we initially saw some selling in front Sing Hi-5, but this did not weaken the front crack. We then saw better buying in front structure in Jun/Jul trading from $8.50/mt to $9/mt. The front crack was therefore supported, and as there was some outright buying, the front crack strengthen from $11.60/bbl to $11.85/bbl pre window. However, front crack softened post window, stabilising at $11.70/bbl, structure in Jun/Jul was also a touch weaker, trading down to $8.75/mt. In Euro, front crack was stronger this morning, trading from $5.70/bbl to $5.85/bbl, this was also supported by some buying in Q4 Euro crack. Euro structure in the front saw aggressive buying with Jun/Jul trading from $7.25/mt to $7.50/mt.

In HSFO, 380 structure in Jun/Jul was stronger at open, with bids at $19/mt. Front 380 crack also saw buyside interests around $3.95/bbl the whole morning which strengthened the front E/W from $27.25/mt to $25.50/mt. As a result, the front barge crack was also a touch stronger with some buyside interests trading from -$0.4/bbl to -$0.25/bbl. In barges, we also saw buyside interests in backend cracks, which further supported the front crack. Structure down the curve also saw better bids, with Jun/Jul trading at $9.75/mt. 380 crack in the front remained fairly stable post window, trading around $3.95/bbl handles, as we continue to see some buying in the market. Front structure in Jun/Jul softened to $18.75/mt post window.

DISTILLATES

This morning in distillates, there was continued weakness in the front Sing gasoil spreads, the Jun/Jul hit down on screen to $0.15/bbl before recovering slightly to $0.18/bbl post-window as the E/W remained rangebound, Jun trading between -$17.25/mt and -$17.00/mt. The prompt regrade was initially sold down to -$1.08/bbl before rallying back to -$0.94/bbl as there was selling by Chinese players in the Kero spreads, Jun/Dec trading at -$0.20/bbl.

ICE gasoil spreads remained rangebound for the morning, the Jun/Dec trading between $11.00/mt and $12.00/mt, as did the cracks, Jun trading at $17.30/bbl. European jet diffs were better offered at the front of the curve, the Jun sold down to $50.00/mt as there was buying in Q1 26 at $46.75/mt. Heating oil spreads opened higher and ticked off, as the HOGOs softened, Jun to 14.1c/gal.

GASOLINE

This morning in gasoline 92 flatprice traded end window at 74.55/bbl with moc a touch better bid. Front cracks were valued around $9.05/bbl towards the end of the window and the eastern curve was supported by Chinese buying cracks in Q3 up to $8.05/bbl post window, we saw front E/W lifted from lows of -$7.35/bbl to -$7.2/bbl by end window and spreads in the front still had buyside int with Jun/Jul trading up to $1.05/bbl in the morning. In Europe, there was also crack buying in Q3 at $14.6/bbl and in the front in the window at $16.25/bbl. Arbs in the morning traded around 17.55c/gal and RBBRs remained strong this morning closing the window at $23/bbl.

NAPHTHA

In naphtha, MOPJ MOC was bid again this morning with flatprice trading end window $570.75/mt. Front spreads firmed with Jun/Aug originally getting sold at $11.5/mt but supported up to $12/mt post window, E/W in the front remained firm with the backend bid with Jun trading at $22.5/mt this morning. In NWE, cracks strengthened in the window from -$4.2/bbl to -$4.05/bbl where there was good selling interest with the Q3 more balanced at -$4.4/bbl.

NGLS

This morning in NGLs, FEI was weaker along with structure in both the front and back of the curve. In prompt structure, we saw Jun/Jul and Jul/Aug trade down to $1.5/mt and -$1.5/mt respectively, whilst in the back we saw Dec/Dec trade down to $43/mt. Physical window was a lot busier with a mixture of markets being made. Bids were made for 2H Jun at Jun FEI plus $3/mt and 1H Jul at Jun FEI plus $1/mt whilst an offer was made for 2H Jul at Jun FEI plus $15/mt basis Port Yantai. Arbs gained strength in the front on FEI weakness with Jun trading up to -$135.5/mt; FEI/CP came off owing to the same ration with Jun and Q3 trading down to -$51/mt and -$10.5/mt respectively. CP structure in the front was slightly weaker with Jun/July trading down to $26/mt.

GLOBAL MACRO

- Business travel from Europe to the U.S. fell by over 25% in April y/y, signalling declining sentiment toward the US under Trump.
- San Francisco Fed President Mary Daly said policy can pause as the economy adjusts to Trump's tariffs. Atlanta Fed President Raphael Bostic warned that businesses may soon be forced into pricing and workforce changes due to diminishing flexibility around tariffs.
- Trump's approval dropped to 42%, matching the lowest point of his term, per a Reuters/Ipsos poll. Public sentiment on his economic leadership remains negative.
- Israel has reportedly moved air munitions and completed air drills, in a sign they may be gearing up to strike Iran. CNN reports deep US government disagreement over the issue.
- US-China tariff unwind is already having impact. Shipping rates from Shanghai to the U.S. West Coast surged to $9,100 per 40-foot container for mid-June shipments, up from $2,250 in early May, according to Yicai.
- Japan's exports rose 2.0% year-on-year in April, down from March's 4.0%. This was the seventh straight month of growth despite the slowest pace in the streak amid headwinds from rising US tariffs. Shipments to the US fell 1.8%.
- USD/JPY broke support levels, despite a recent bounce in US stocks.
- Yields on Japan's 30-year government bonds hit a record 3.204%, up 0.09 points, after yesterday's poor debt auction
- Investors are favouring Aussie. Australia's A$1.2 billion December 2035 bond sale saw solid demand across all metrics.
- Rising JGB yields may lead Japanese investors to repatriate funds, impacting U.S. stocks and bonds. We aren't quite back at "sell America" but longer dated bond futures are being sold and this is weighing on equities. This could get ugly, the spread between 30y JGBs and treasuries is now the narrowest since August 2022.
- U.K. inflation in April jumped to 3.5% compared to consensus of 3.3%. Bank of England forecasted 3.4%.
- Last MPC meeting saw committee members split, with 2 voting for a pause in easing, and 2 voting for outsized 50 bps cuts.
- Huw Pill (BoE chief economist) said yesterday that easing at the Bank has been "running a little too fast".

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