



EUROPEAN WINDOW

INSIGHT@ONYXCAPITALADVISORY.COM
ONYX CAPITAL ADVISORY

21 JAN 2025



FLAT PRICE

The Mar'25 Brent futures flat price clawed higher on Tuesday afternoon, rising from \$78.50/bbl at 14:00 GMT to nearly \$79.60/bbl by 16:45 GMT before falling to \$79.16/bbl by 17:40 GMT (time of writing). In the news, a rare winter storm across the U.S. South has disrupted natural gas and oil production, strained the Texas power grid, and halted LNG exports. Despite the Houthis' announced pullback, insurers remain reluctant to cover Red Sea transit due to ongoing security risks, delaying a full return to the Suez Canal route and keeping freight rates elevated, though a gradual decline is expected. Trump's tariff threats on Canadian oil have widened the gap between U.S. and Canadian energy stocks, with Toronto-listed names underperforming as investors shy away from policy uncertainty, while analysts warn of further downside if tariffs are implemented. Serica Energy remains committed to investing in the UK North Sea despite high taxes, seeing opportunities in the market, but emphasises the need for a more sustainable tax regime to support long-term oil and gas development. U.S. energy mergers may slow in 2025 as deal sizes shrink due to fewer available targets and regulatory delays, but smaller and mid-cap producers are still expected to pursue M&A for scale, with cost-saving measures like longer laterals helping to improve drilling economics. Finally, the front (Mar/Apr) and 6-month (Mar/Sep) Brent futures spreads are at \$0.81/bbl and \$4.05/bbl respectively.

CRUDE

Rangebound afternoon in Dated ahead of the window, with Feb Mar seeing a touch of buying, trading up to \$0.92/bbl. We saw size selling of Apr/Jun DFL roll down to \$0.15/bbl, whilst 27-31 Jan 1-week roll was sold down to \$0.20/bbl. In the window, we saw little activity in CFD's, with 10-14 Feb CFD bid by Geneva tradehouse, trading \$0.95/bbl, whilst 10-14 Feb vs Cal Feb was bid by another Geneva trade, paid at \$0.13/bbl. Feb/Mar Dated saw size buying up at \$0.98/bbl, whilst Feb found better support on a lack of selling of CFD's, trading up to highs of \$0.92/bbl.

This afternoon in Brent/Dubai we moved higher, with Feb Brent/Dubai trading up from -\$1.60/bbl to as high as -\$1.43/bbl before backing off and trading range bound, ending the afternoon at -\$1.50/bbl. The Feb/Apr Dubai spread backed off and traded down from \$3.21/bbl to \$3.14/bbl. In the boxes the most active tenors were the Feb/Mar, Apr/Jun and May/Jun which traded respectively traded up from -\$1.30/bbl to -\$1.20/bbl, -\$0.20/bbl to -\$0.19/bbl and -\$0.11/bbl to -\$0.09/bbl, tradehouse on the offer. There was also activity in Q2, Q3 and Q4, tradehouse and fund on the offer, which traded between \$0.2/bbl to \$0.24/bbl, \$0.44/bbl and \$0.50/bbl to \$0.53/bbl respectively.

FUEL

This afternoon in HSFO, 380 was weaker, we initially saw selling in Apr 380 crack at -\$3.70/bbl combined with Chinese arbiters selling flat price. Barge crack were a touch stronger, supported by deferred crack buying. This in combination with some outright buying caused it to trade from -\$5.80/bbl to the highs of -\$5.50/bbl. Therefore, 380 EW saw sellside pressure, and it weakened from \$21.25/mt to \$20/mt. 380 spreads were better offered with Feb/Mar trading at \$8/mt, but front barge spreads were better bid, with Feb/Mar trading from \$3/mt to \$3.50/mt. As a result, 380 EW further strengthened and closed the day at \$19.75/mt.

This afternoon in VLSFO, front Sing 0.5 crack was weak initially. Feb Sing crack traded from \$11.25/bbl to \$11.05/bbl as a result of some selling in Q2 0.5 EW at \$40.50/mt. As the afternoon progressed, we saw buy-side interests in front Sing spread, with Feb/Mar trading from \$7.75/mt to \$8.50/mt, and Mar/Apr from \$6.50/mt to \$7/mt. Heading into the window, we saw some outright buying in front Sing crack and it closed the day at \$11.30/bbl. In Euro, front Euro crack was a touch weaker initially, but saw some outright buying as the afternoon progressed up to \$4.90/bbl. Euro spreads were better bid closer to the window, with Feb/Mar from \$8.50/mt to \$8.75/mt.



DISTILLATES

This afternoon in distillates, the Sing gasoil spreads continued to see selling, with the Feb/Mar and Mar/Jun trading at lows of \$0.92 and \$2.05/bbl respectively. The prompt EW continued to rally on weaker ICE to -\$17.00/mt before retracing as IPE firmed up post-US open to -\$17.75/mt as the Cal 26 saw interest, trading at -\$14.50/mt. Regrade was rangebound, the Feb trading between -\$1.80 and -\$1.75 as the 1Q 26 traded at -\$0.25/bbl.

ICE gasoil spreads were rangebound for the afternoon, trading around \$28.00/mt as the cracks continued to tick lower, the Feb to \$19.70/bbl. The European jet diffs came back off after this morning's strength, the Feb to lows of \$41.00 as the 4Q came off to \$52.50/mt. Heating oil spreads continued to come off before rallying back post US-open as the hogos came off, the 1Q to 15c/gal.

GASOLINE

This afternoon in gasoline we saw flat price trade at the end of the window at \$8.8/bbl on a crack equivalent with matching mixed. The front crack traded at highs of \$9/bbl pre window and softened as arbs turned better bid, with deferred cracks seeing little interest in the window other than earlier interest in Q2'25 around \$15.15/bbl. Spreads were balanced with Feb/Mar trading at -\$5/mt in the window and Mar/Apr softening to -\$32.25/mt. The Feb arb peaked at 5.3c/gal going into the window and saw selling end window to trade at 5.2c/gal, RBBRs also started coming off into the window from highs of \$10.35/bbl to trade at \$10.15/bbl end window and continuing to see selling post down to \$9.85/bbl. East/West recovered from morning lows of -\$3.1/bbl to see buying up to -\$2.9/bbl in the afternoon while the Q2'25 E/W had buyers at -\$7.15/bbl, eastern cracks also saw more buying as ew recovered with the front crack trading at \$5.95/bbl during the window whereas there was still deferred selling by banks and funds in the afternoon with Q2'25 trading up to \$8/bbl. Spreads seemed to have hit their lows with Feb/Mar continuing to trade in a 1c range around \$0.34/bbl this afternoon and Mar/Apr supported at \$0.05/bbl, while the summer spreads were balanced with the Q2/Q3 crack roll seeing buying up to \$0.75/bbl.

NAPHTHA

This afternoon in naphtha we saw Feb NWE flat price valued at \$649.75/mt at the end of the window on a -\$5.55/bbl crack equivalent. Feb NWE cracks weakened on stronger crude from -\$5.05/bbl to -\$5.55/bbl in the window with Q2 cracks trading at -\$5.20/bbl. Feb/Mar NWE traded at \$5.50/mt throughout the afternoon before softening slightly to \$5.25/mt where more buying came in as Mar/Apr continued to be valued at \$6.50/mt. Feb EW continued to trade at \$17.25/mt as MOPJ cracks saw no trading activity; Feb/Mar MOPJ saw some selling at \$5.25/mt with other spreads quiet.

NGLS

This afternoon in NGL's, LST opened stronger on a crude percentage basis then came off slightly as we approached the European window, with structure weakening in both prompt and deferred. In prompt, we saw Feb/Mar and Mar/Apr trade down to 4.125c/gal and 4.75c/gal respectively; whilst in deferred, we saw Q2/Q3 trade down to 2.25c/gal. Arbs opened weak initially with Feb trading at -\$145/mt then gained strength quickly as the afternoon progressed, trading at -\$139/mt. As we approached the European window, arbs came off with Feb and Mar trading at -\$142/mt and -\$155/mt respectively. Butane weakened along with structure, with C4/C3 trading down to 21.25c/gal. In prompt spreads, we saw Feb/Mar and Mar/Apr trade at 7.5c/gal and 6c/gal respectively; whilst in deferred, we saw July/Sep trade down to -0.25c/gal. FEI/CP was broadly unchanged with Feb and Mar trading at -\$10/mt and -\$13/mt respectively; whilst EastWest was broadly unchanged with Mar trading at \$60/mt.



Disclaimer Notice: This report contains proprietary information and is solely intended for subscribed users in accordance with our terms and conditions. It is unlawful for you to forward this report to unauthorized persons or for them to otherwise access this report.

Any recommendation, prediction, or suggestion as to an investment strategy has been prepared by Onyx Capital Advisory Limited ("Onyx") in accordance with legal requirements designed to promote the independence of investment research ("Research"). This research is directed at, and therefore should only be relied upon by, clients who have professional experience in matters relating to investments. Onyx's Research is not directed at retail clients or those in a jurisdiction in which this distribution may be restricted by local regulation or law. Onyx's publications are prepared without taking into account your specific investment objectives and financial situation, therefore before acting on any information, you should consider its appropriateness. Onyx's Research should not be regarded as a substitute for obtaining independent professional advice, including investment, tax and legal advice. Onyx's policy is to only publish Research that is impartial, independent, clear, fair, and not misleading. Any views expressed are those of Onyx's at the time the Research was prepared. No assurances or guarantees are given as to the reliability, accuracy, or completeness of any such information or any matter contained in Onyx's Research and such Research may contain statements which are matters of judgement and which are subject to change at any time without notice. Onyx accepts no duty or liability, whatsoever, to any party in respect of its Research. Under no circumstances will Onyx be responsible for any losses incurred (whatever their nature) by its clients resulting directly or indirectly from the use or interpretation of any information contained in its Research. Such Research is solely produced and published by employees of Onyx and based on publicly available information. Past performance is not indicative of future performance. Analysts are required to ensure that they have a reasonable basis for their analysis, predictions, and recommendations. Onyx maintains strict regulatory controls to mitigate any conflicts of interest including information barriers and restrictions on the undertaking of personal transactions in financial instruments. Onyx is registered in England & Wales (company number 11472304) with its registered address at 95 Cromwell Road, Second Floor, London, United Kingdom, SW7 4DL. Onyx is authorised and regulated by the Financial Conduct Authority (FCA no. 822509).