



NAPHTHA

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05 NOV 2024



NAPHTHA MARKETS OVERVIEW

The naphtha market has been resilient and strong into the end of October with the dips bought into well and the strong gasnaph selling flows supporting the complex further. It will be interesting to see how this strength will be maintained in November. Fundamentally, we are seeing the focus on the crackers, which are due to start up in the New Year, but will this sustain buying for another month? There have been good spread bids into the end of October, but this has been less apparent in November.

The Dec'24 NWE naphtha crack rose from -\$2.90/bbl on Oct 22 to over -\$1.50/bbl on 31 Oct, then fell to -\$2.60/bbl on 5 Nov. There has been a great improvement in open interest in Dec'24. The 7-day trading split is now balanced, with the 3.8mb addition of interest in the fortnight, showing this better buying. Trade houses have been net sellers in the week, adding to their overall net short position in the prompt Euro crack.

The **naphtha East/West (MOPJ vs NWE naphtha)** saw net selling this fortnight. The Dec'24 East/West naphtha differential saw strong net selling from trade houses, peaking at 920kb on Oct 30, with their overall Dec'24 positioning at 1.9mb short. The prompt E/W differential fell from \$22.00/mt on Oct 24 to \$20.25/mt on 4 Nov, then rose to \$21.00/mt on Nov 5. **The rolling M1 E/W contract is currently at its highest level recorded for this time of year.** The Dec/Jan'25 MOPJ spread hit \$7.00/mt on 31 Oct, then fell to \$6.00/mt on 5 Nov. This fortnight, trade houses, net sellers hold a 2.6mb net long in Dec/Jan'25, with the largest net length for MOPJ spreads in Mar/Apr'25 at 3.6mb.

The M1 TC5 freight (from the Middle East to Asia) has seen huge, sustained pressure in the past two weeks. The M1 contract has fallen by over 15% in the past two weeks and over 6% over the past week to \$33.60/mt on 4 Nov. This has been seen down the curve and the weak freight worldwide is clear in the TC5 route as the spot price for the LR is now close to the Bal-Nov'24 contract for the FFA. We may see some relief in the freight structure, which may alleviate some pressure on the E/W, although the recent support in MOPJ MOC may support the differential if continued.

The Thai-invested Long Son Petrochemicals complex in southern Vietnam has suspended operation since mid-October, two weeks after its commercial launch. Launched on 30 Sep, the complex can produce 1.35 million mt of olefins and 1.4 million mt of polyolefin annually. SCG plans an additional \$700 million investment to use US-imported ethane for cost reduction. The facility aims for \$1.5 billion in annual revenue and will potentially generate 1,000 jobs, with contractors hiring an additional 800 workers, including locals.

Iran plans to invest over \$40 billion in petrochemicals as part of its eighth National Development Plan to expand and complete its value chain. Currently holding 2.8% of global and 28% of regional petrochemical capacity, Iran aims to increase its capacity to 103 million tons by March 2025. With 60 projects set for the seventh plan, capacity is expected to reach over 130 million mt by 2027, requiring \$7 billion annually in joint government and industry investment to meet these goals.

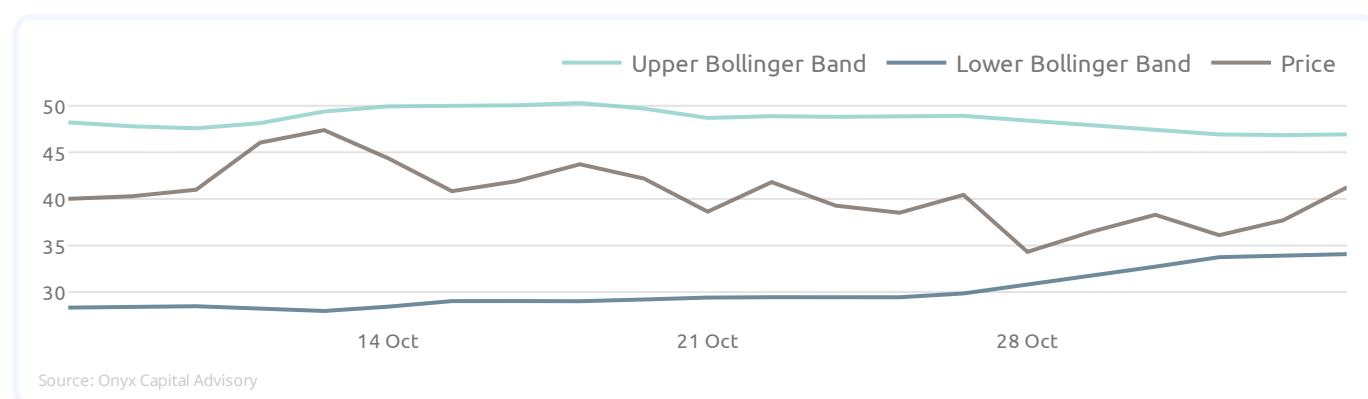
Q1'25 NWE and Asian refinery margins rose, driven by stronger gasoil prices, peaking at \$4.67/bbl and \$7.55/bbl on Oct 31 before correcting lower in early November. Gasoil cracks rallied due to prompt tightness and short covering, with futures spreads shifting from contango to backwardation. Both margins and naphtha cracks peaked on Oct 31 before declining, while HSFO cracks saw a rapid sell-off as participants unwound positions in 3.5% and 380 spreads.



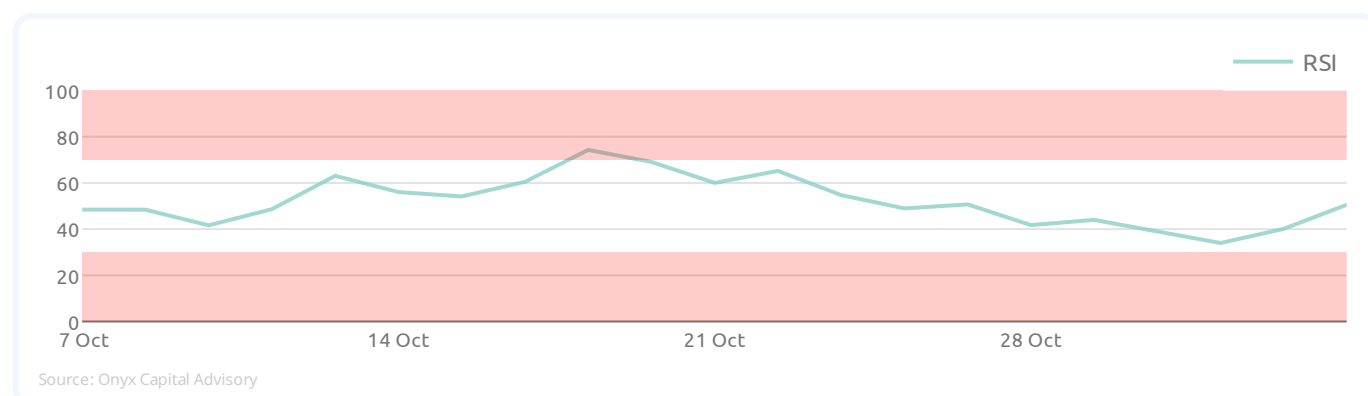
SHORT GASNAPH (\$/MT)

European gasnaph, (EBOB-NWE naphtha) appears to have found a floor around \$30.00/mt in Q1'25. The past month has been fairly rangebound in gasnaph, with the lack of a decent demand picture and sparse volumes in October. However, there has been more support in the gasnaph differential over the week as there has been some RBBR bidding. This US gasoline strength may be due to the potential development of tropical storm Rafael. This pricing in of hurricane risk may be causing this strength, although the strength and direction of the hurricane are still to become clear. Hurricane buying may be premature as water temperatures are cooler and the air is quite dry. This should mean the hurricane is far less powerful than those seen this year and may peter out by the time it hits refineries. If gasoline exports usually sent to the States to remain in Europe, we expect naphtha to stay strong, with some fund buying in flat price and refiner buying in the crack.

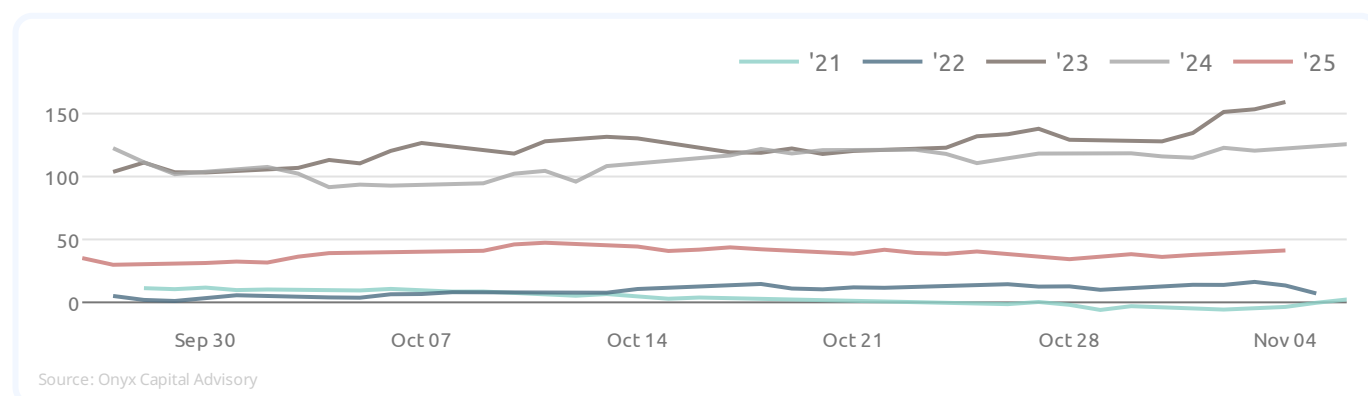
SHORT Q1'25 GASNAPH (\$/MT)



14D RSI MARKER



HISTORICAL Q1 GASNAPH (\$/MT)

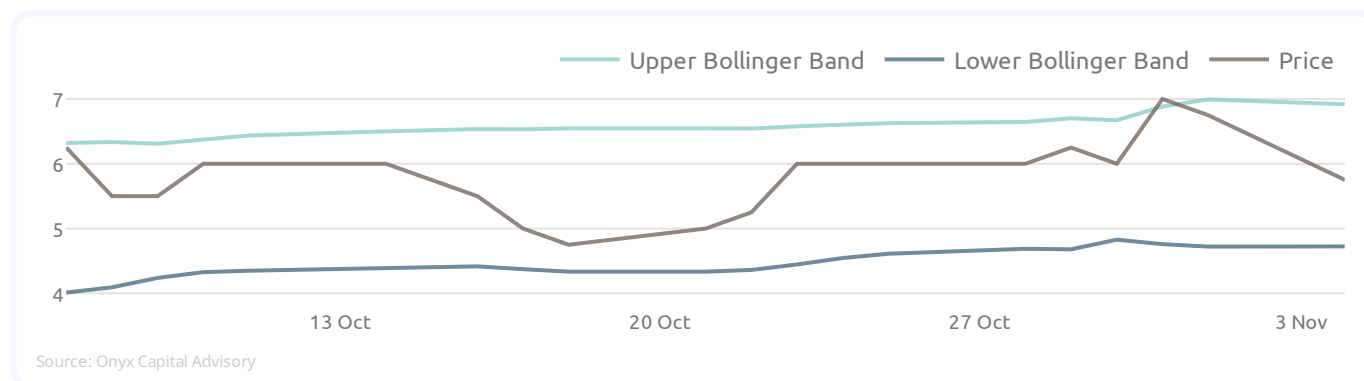




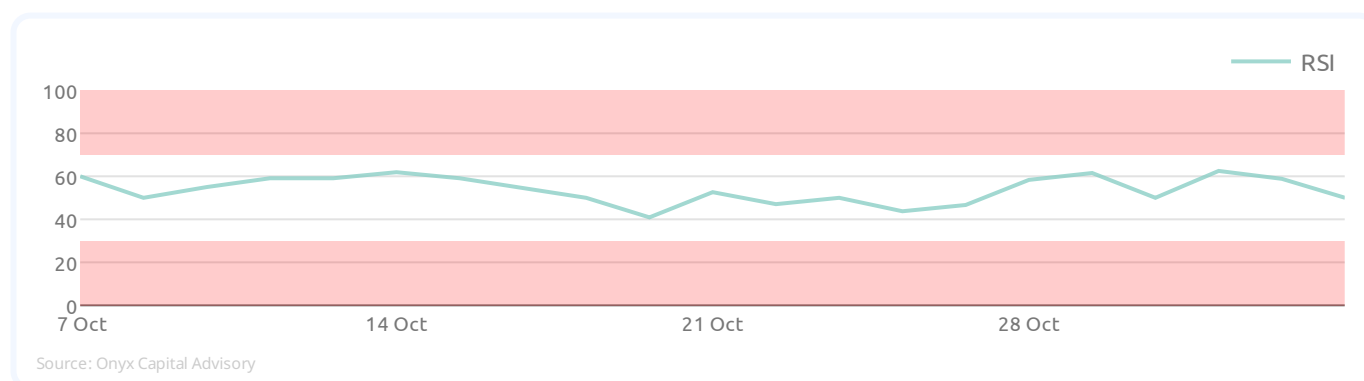
LONG DEC/JAN'25 MOPJ (\$/MT)

In our report on 22 Oct, we recommended buying the Dec/Jan'25 MOPJ Naphtha spread as we foresaw greater strength with a well-bid spread and MOC alongside 92 vs MOPJ buying. This trade performed well, rising from \$5.25/mt on 22 Oct to \$7.00/mt on 31 Oct, softening since.

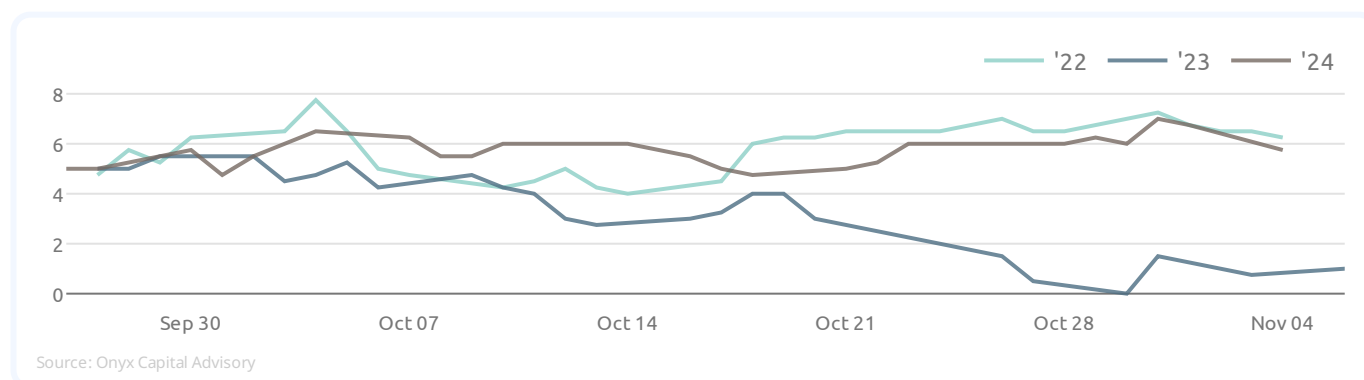
LONG DEC/JAN'25 NWE NAPHTHA (\$/MT)



14D RSI MARKER



HISTORICAL DEC/JAN NWE NAPHTHA (\$/MT)

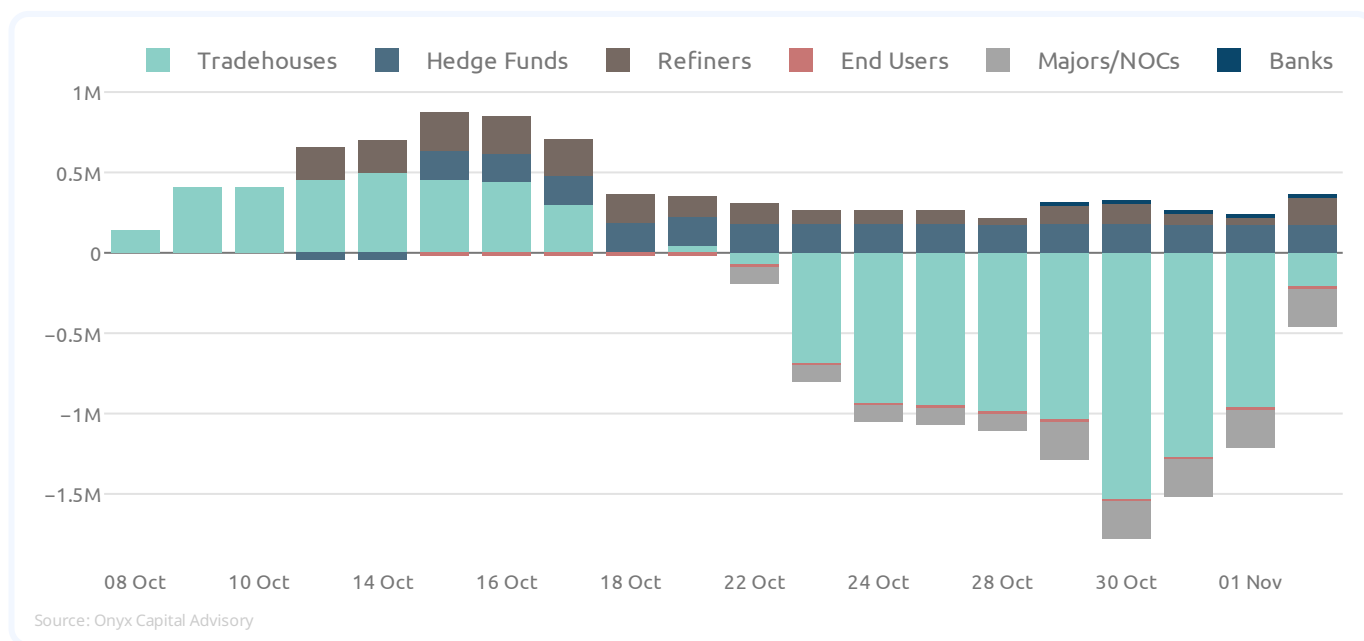




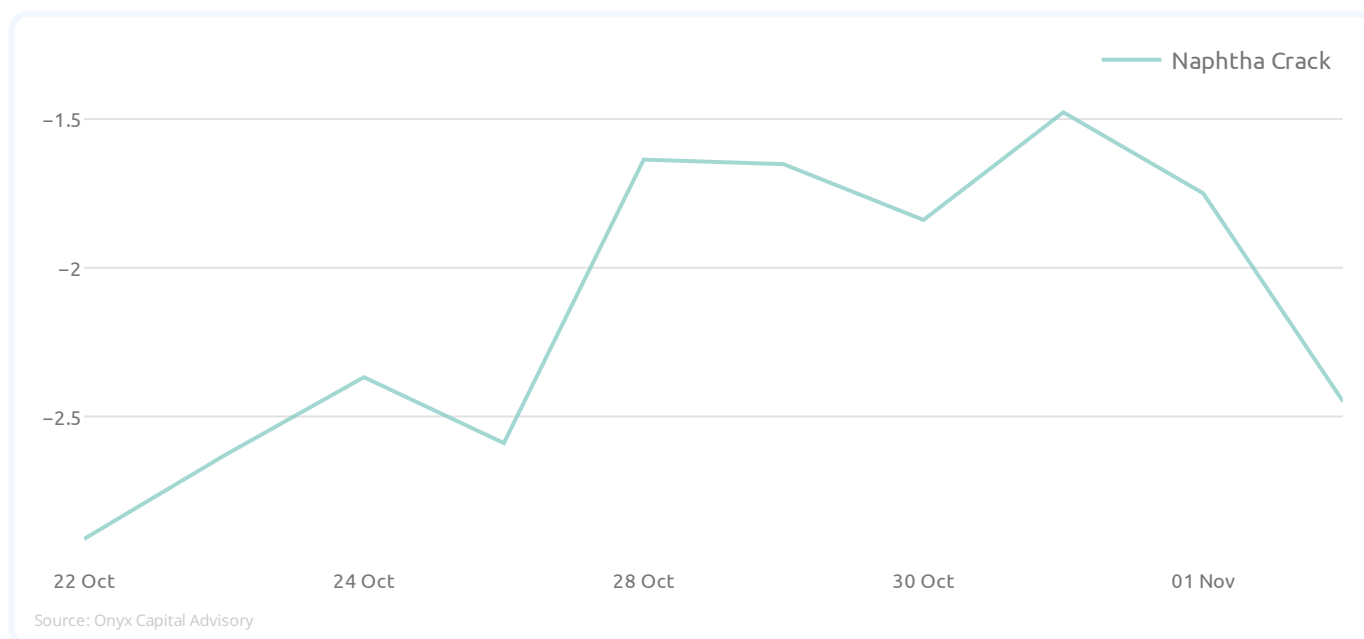
PRICE ACTION & POSITIONING

The Dec'24 NWE naphtha crack continued to rally this fortnight, from -\$2.90/bbl on 22 Oct to a high of over -\$1.50/bbl on 31 Oct before there was heavier pressure to -\$2.60/bbl on 5 Nov. The past two weeks have seen trade houses flip from net buyers in the month to net sellers, with a net selling position of over 1.5mb. Before they swiftly closed around 1.3mb of short positions in the crack 31-04 Nov. They remain net short, overall in the Dec'24 crack by around 955kb, although funds continue to hold their overall net length. There has been a great improvement in open interest in Dec'24, as the OI in the Bal-Nov'24 crack continues to make new highs. The 7-day trading split is now balanced, with the 3.8mb addition of interest in the fortnight, showing this better buying.

DEC24 NAPHTHA CRACK COUNTERPARTY NET POSITIONS (BBLs)



DEC24 NAPHTHA CRACK PRICE ACTION (\$/BBL)



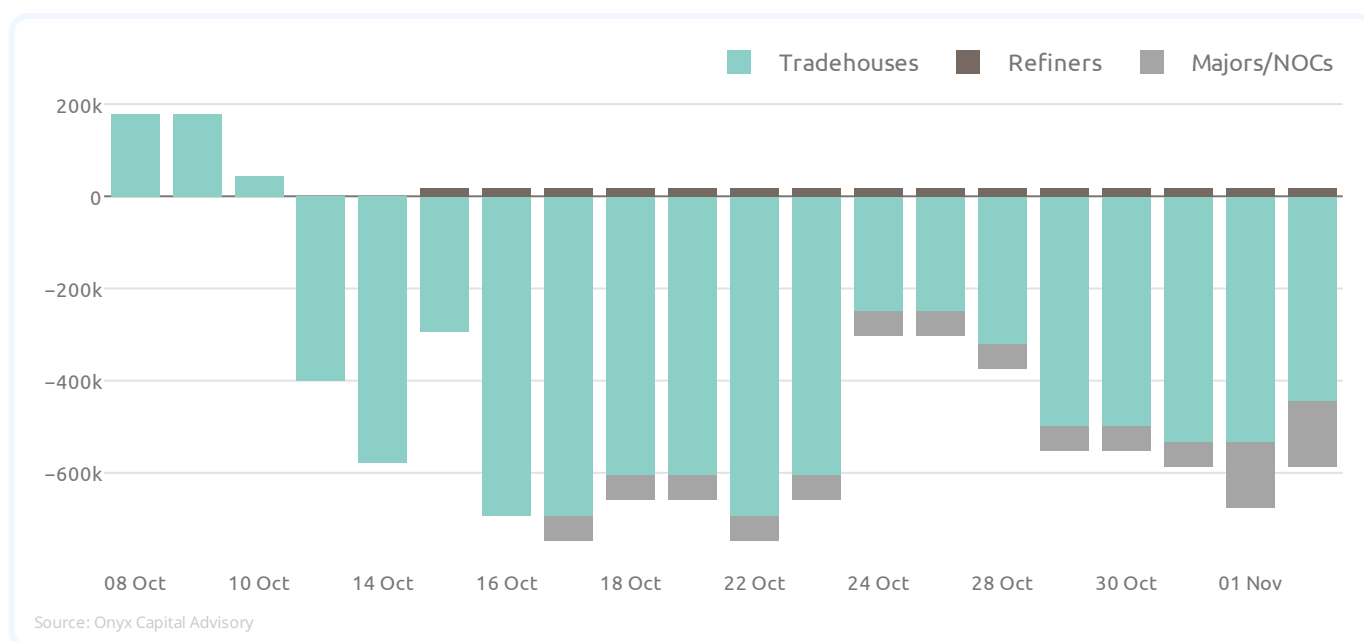


PRICE ACTION & POSITIONING

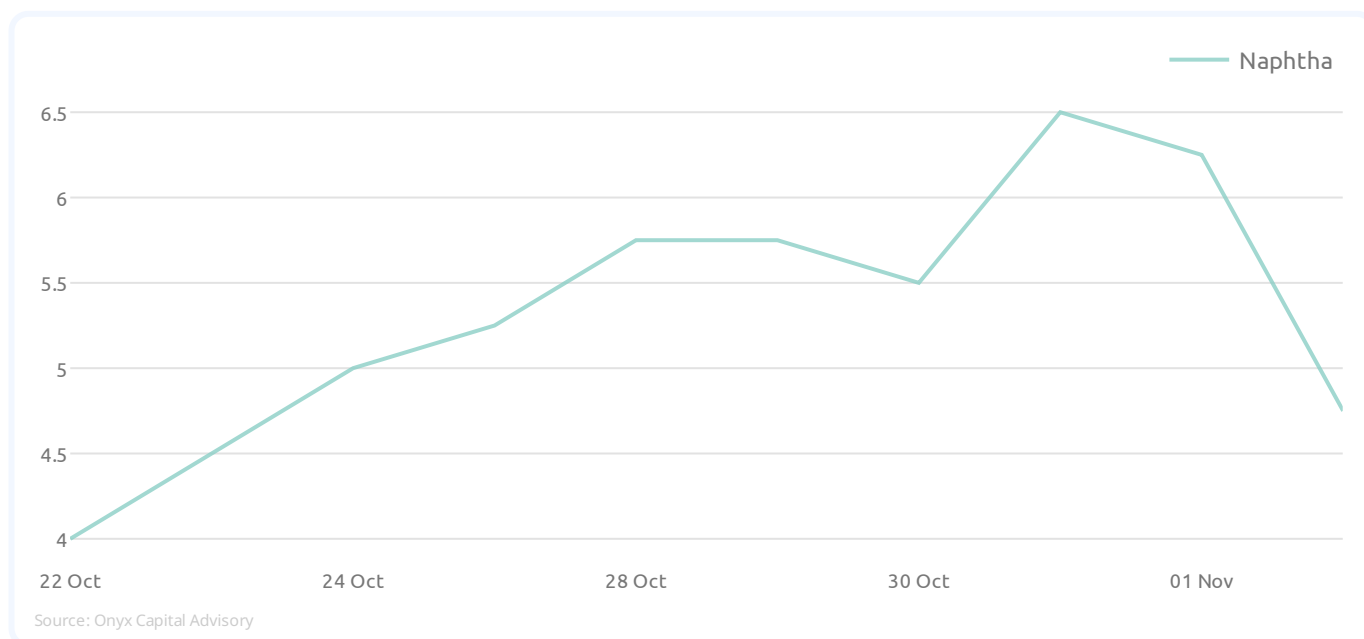
The front-month Dec/Jan'25 NWE naphtha spread failed to see a gradual flip into selling that the crack saw. Trade houses were net short for the fortnight, although they removed some of their short positions on 24 Oct. This selling flow was actually likely some profit-taking flow, as trade houses are overall net long with Onyx. By 4 Nov trade houses held 2.6mb of net length, overall in Dec/Jan'25,

This profit-taking flow may have helped push prices lower, as the front spread reached a fortnightly high of \$6.50/mt on 31 Oct and has been pressured to \$4.75/mt on 5 Nov, this level has proved a support level, from 25 Oct and has again failed to be breached on 5 Nov.

DEC24\JAN25 NWE NAPHTHA COUNTERPARTY NET POSITIONS (BBLs)



DEC24\JAN25 NWE NAPHTHA PRICE ACTION (\$/BBL)

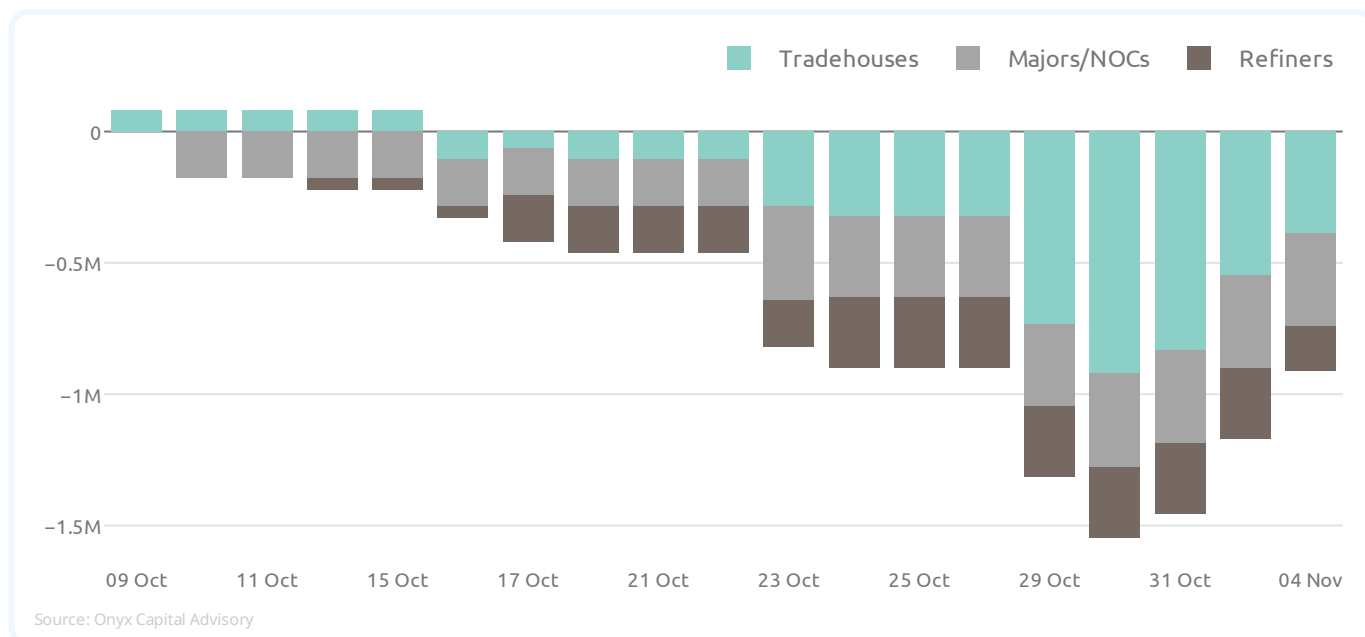




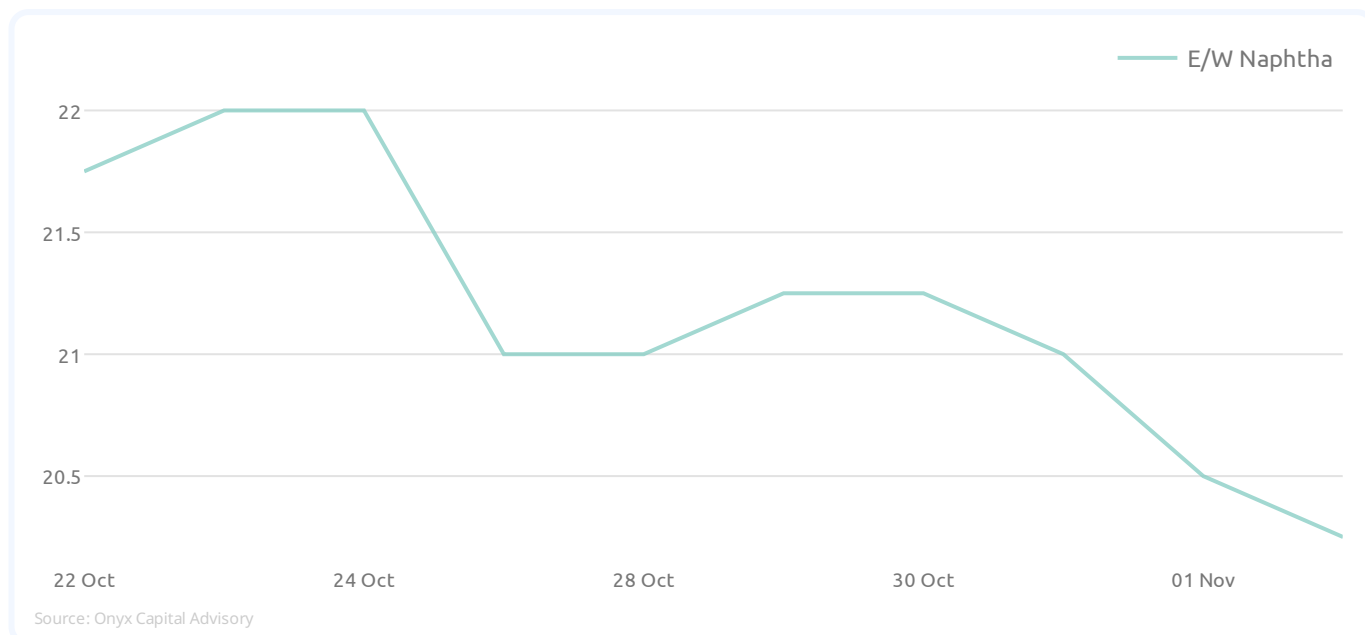
PRICE ACTION & POSITIONING

The Dec'24 differential between the Mean of Platts-Japan naphtha (MOPJ) and NWE naphtha (naphtha East/West or E/W) has seen net selling this fortnight, with the largest volume coming from trade houses. Trade house net selling peaked on 30 Oct, with a monthly net position of 920kb sold. Refiners also removed some short positions on 4 Nov. Both trade houses and refiners are very short overall in the Bal-Nov'24 and Dec'24, with the Dec'24 overall positioning at 1.9mb and 347kb short, respectively. The Dec'24 E/W has slumped in the fortnight, from \$22.00/mt on 24 Oct to a low of \$20.25/mt on 4 Nov, rising to \$21.00/mt on 5 Nov. The rolling M1 contract is currently at its highest level recorded for this time of year.

DEC24 NAPHTHA E/W COUNTERPARTY NET POSITIONS (BBLs)



DEC24 EAST/WEST PRICE ACTION (\$/MT)



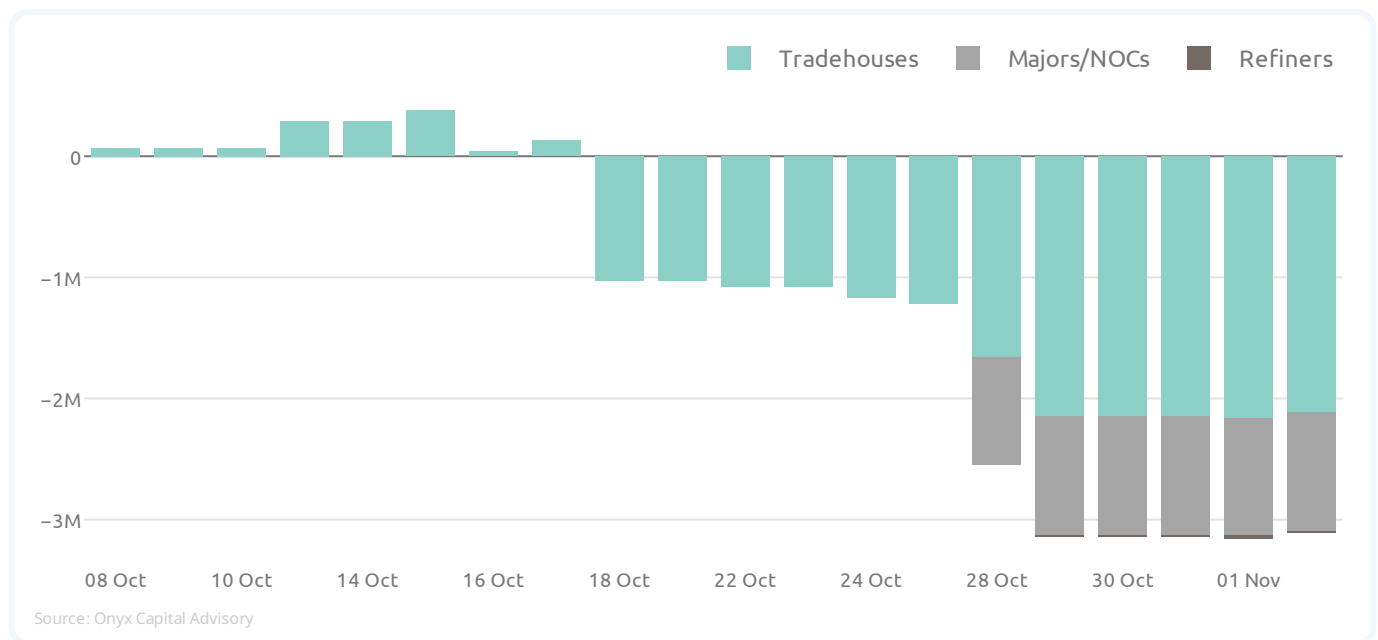


PRICE ACTION & POSITIONING

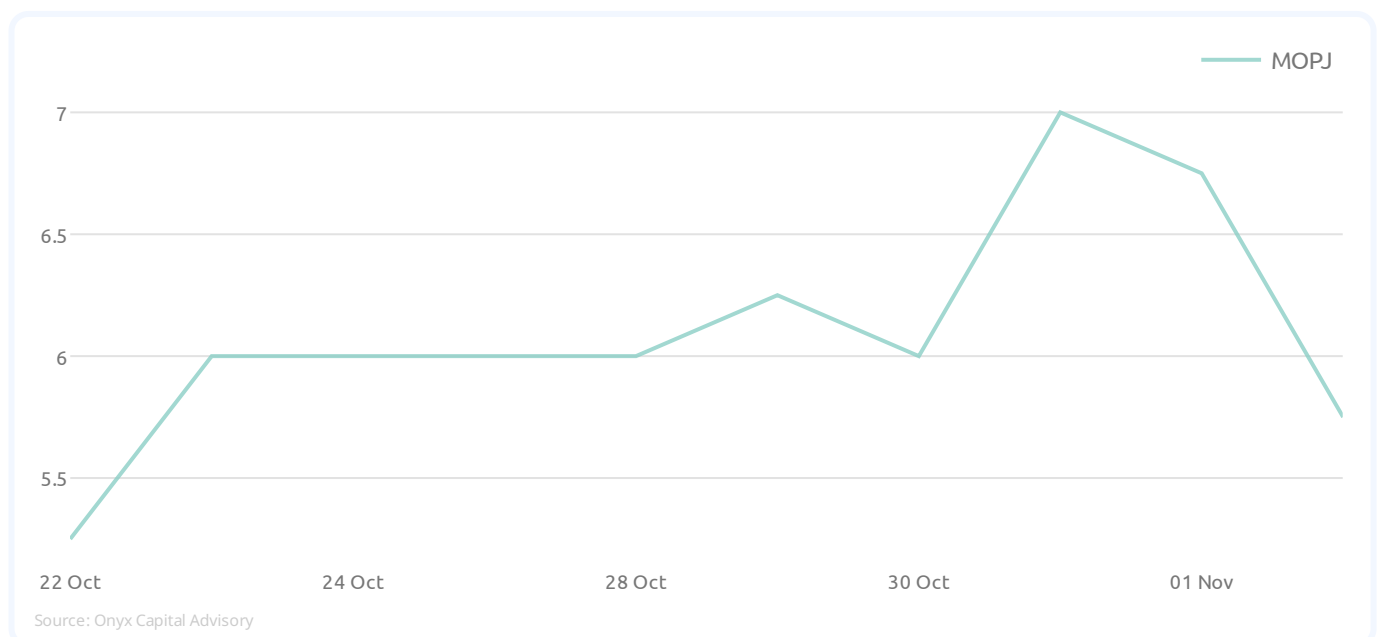
The Dec/Jan'25 MOPJ spread climbed to \$7.00/mt on 31 Oct before there was pressure in the spreads, as seen in Europe, and the MOPJ spread fell to \$6.00/mt on 5 Nov after reaching a \$5.75/mt support level on 5 Nov. MOC in MOPJ has been bid in November, even at softer prices, with the MOC for Dec'24 at bid at +5c on 5 Nov.

Trade houses were net selling this fortnight when seen on a monthly net basis. They hold an overall net long position of 2.6mb in Dec/Jan'25, with the selling likely representing profit-taking flow. Trade houses have an overall net length in the MOPJ spread until Aug/Sep'25. Interestingly, this is the largest in Mar/Apr'25 at 3.6mb long.

DEC24\JAN25 MOPJ COUNTERPARTY NET POSITIONS (BBLs)



DEC24\JAN25 MOPJ PRICE ACTION (\$/MT)

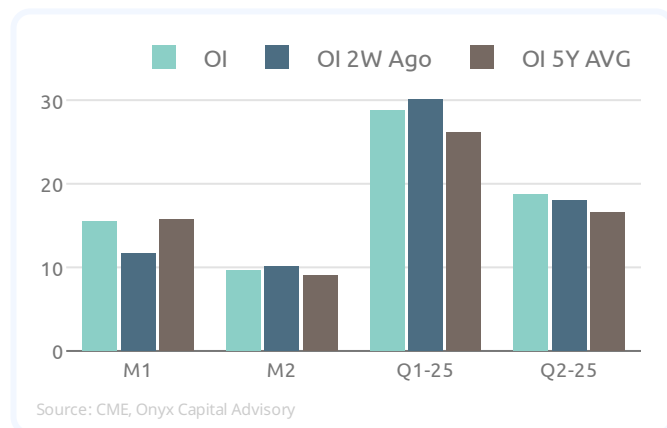




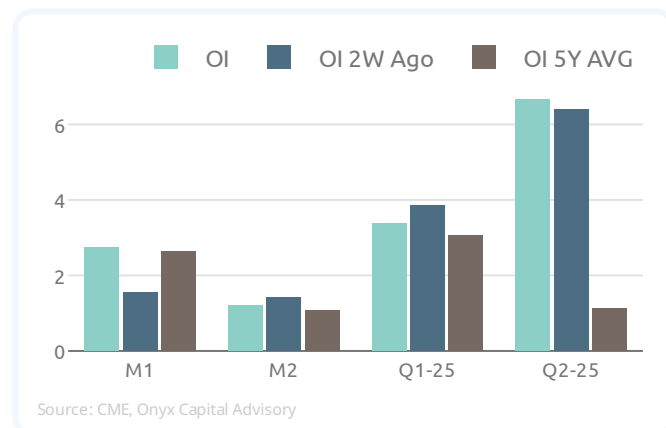
NAPHTHA COMPLEX

Open interest (OI) saw the most significant increase in the prompt in European gasnaph, which saw a 77% increase in OI in 2 weeks and now lies flat with the 5-year average. Interestingly, the open interest in the M2 and Q1'25 contracts have seen a reduction in the past two weeks, of 15% and 12%. This may be long-term shorts taking profit. The naphtha E/W saw OI increase down the curve, with all listed tenors now exceeding the 5-year average, M1 by 35% and Q2'25 by 18%.

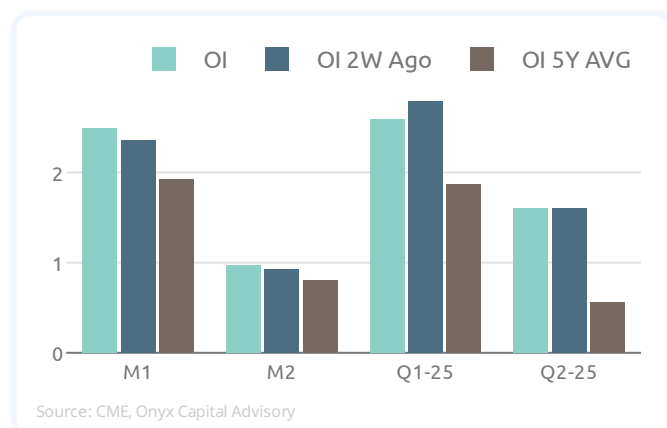
NAPHTHA CRACK (MB)



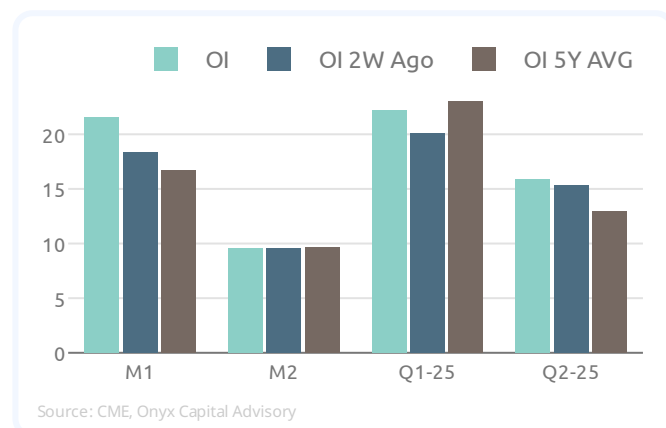
GASNAPH (MB)



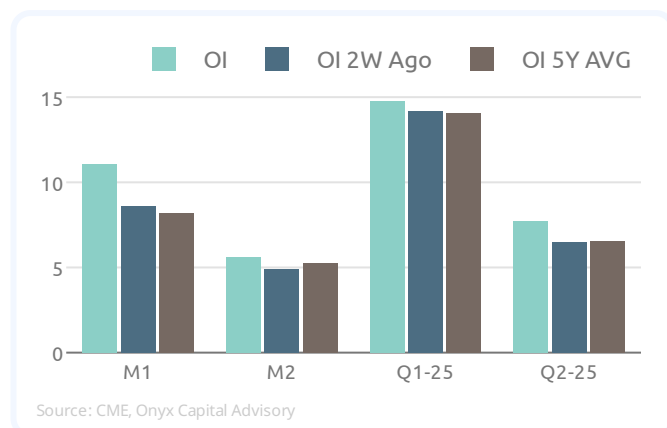
MOPJ CRACK (MB)



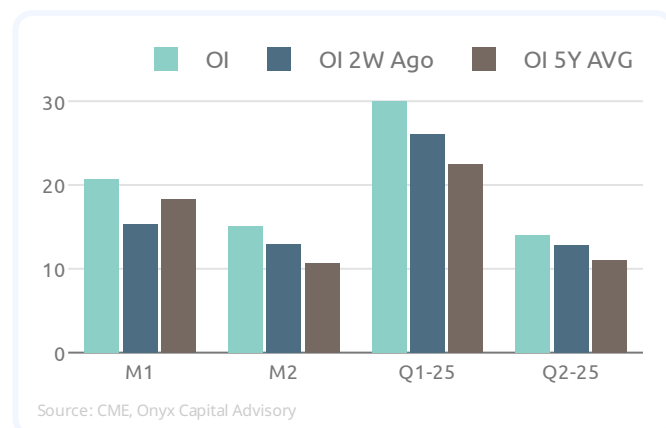
NWE NAPHTHA (MB)



E/W NAPHTHA (MB)



MOPJ (MB)

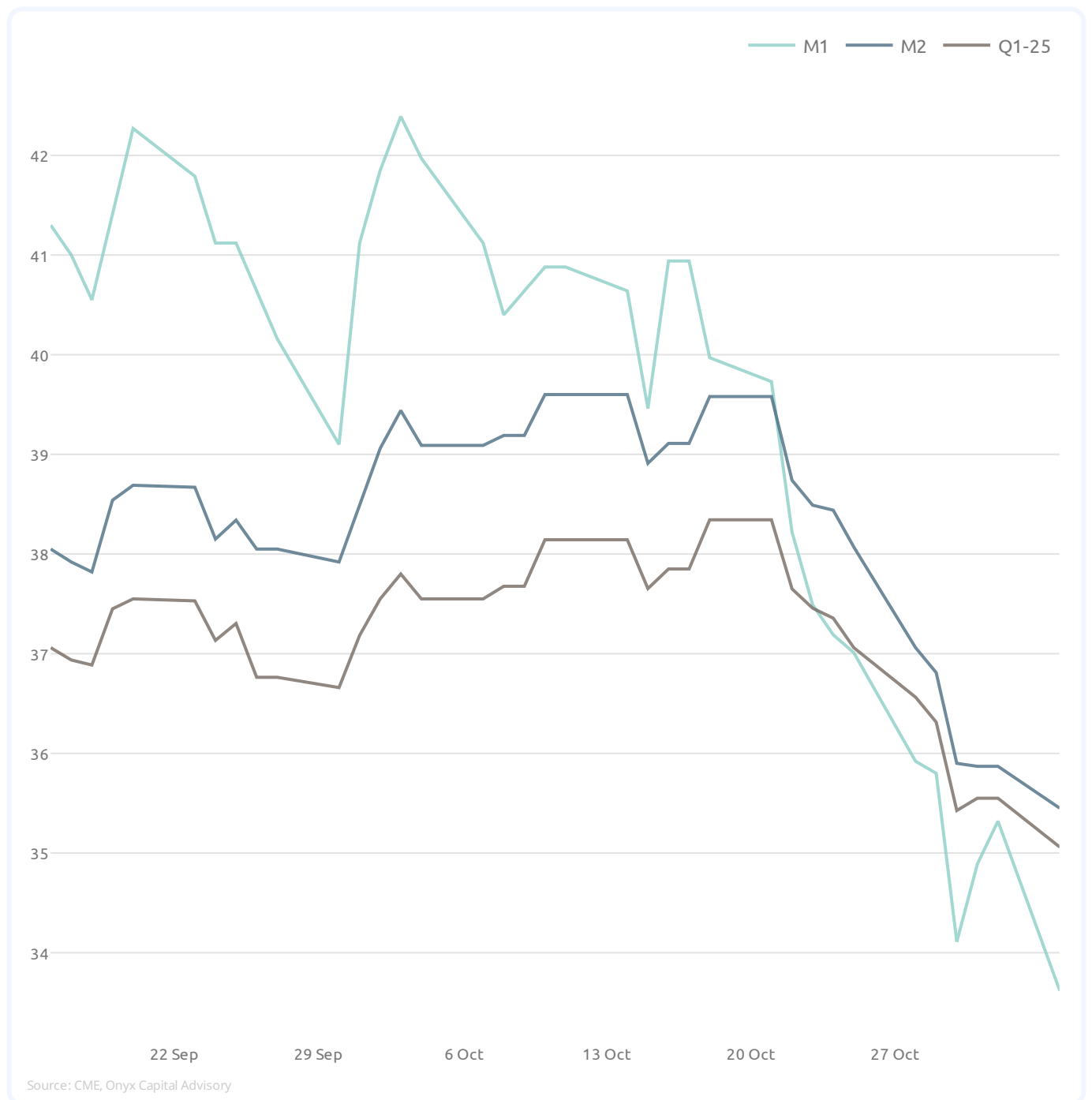




FREIGHT STRUCTURE

The TC5 freight (from the Middle East to Asia) dropped severely over the past fortnight; the M1 contract has fallen by over 15% in the past two weeks and over 6% over the past week to \$33.60/mt on 4 Nov. This pressure was felt down the curve, with the Q1'25 contract reducing by almost 9% in the two weeks. Average LR earnings have fallen below their August lows, allowing for the Bal-Nov'24 TC5 FFA to be reportedly flat.

TC5 MIDDLE EAST TO JAPAN (\$/MT)



CORRELATION ANALYSIS

10/16



30D CORRELATION MATRIX

	BRT	DUB	NAP EW	GASNAP	MOPJ CRK	NWE NAP CRK	WTI
BRT	1.00	0.00	0.00	0.00	0.00	0.00	0.00
DUB	-0.32	1.00	0.00	0.00	0.00	0.00	0.00
NAP EW	-0.12	-0.08	1.00	0.00	0.00	0.00	0.00
GASNAP	-0.25	0.28	-0.09	1.00	0.00	0.00	0.00
MOPJ CRK	0.02	-0.09	0.11	0.14	1.00	0.00	0.00
NWE NAP CRK	-0.20	-0.15	-0.07	-0.10	0.35	1.00	0.00
WTI	0.36	-0.06	0.24	-0.36	-0.33	-0.39	1.00
	BRT	DUB	NAP EW	GASNAP	MOPJ CRK	NWE NAP CRK	WTI

Source: Onyx Capital Advisory

PREVIOUS REPORT 30D CORRELATION MATRIX

	BRT	DUB	NAP EW	GASNAP	MOPJ CRK	NWE NAP CRK	WTI
BRT	1.00	0.00	0.00	0.00	0.00	0.00	0.00
DUB	0.07	1.00	0.00	0.00	0.00	0.00	0.00
NAP EW	-0.33	-0.14	1.00	0.00	0.00	0.00	0.00
GASNAP	-0.17	-0.21	0.20	1.00	0.00	0.00	0.00
MOPJ CRK	-0.07	0.28	0.27	-0.14	1.00	0.00	0.00
NWE NAP CRK	-0.25	0.02	0.22	0.09	0.11	1.00	0.00
WTI	0.14	0.45	-0.07	0.00	-0.03	-0.43	1.00
	BRT	DUB	NAP EW	GASNAP	MOPJ CRK	NWE NAP CRK	WTI

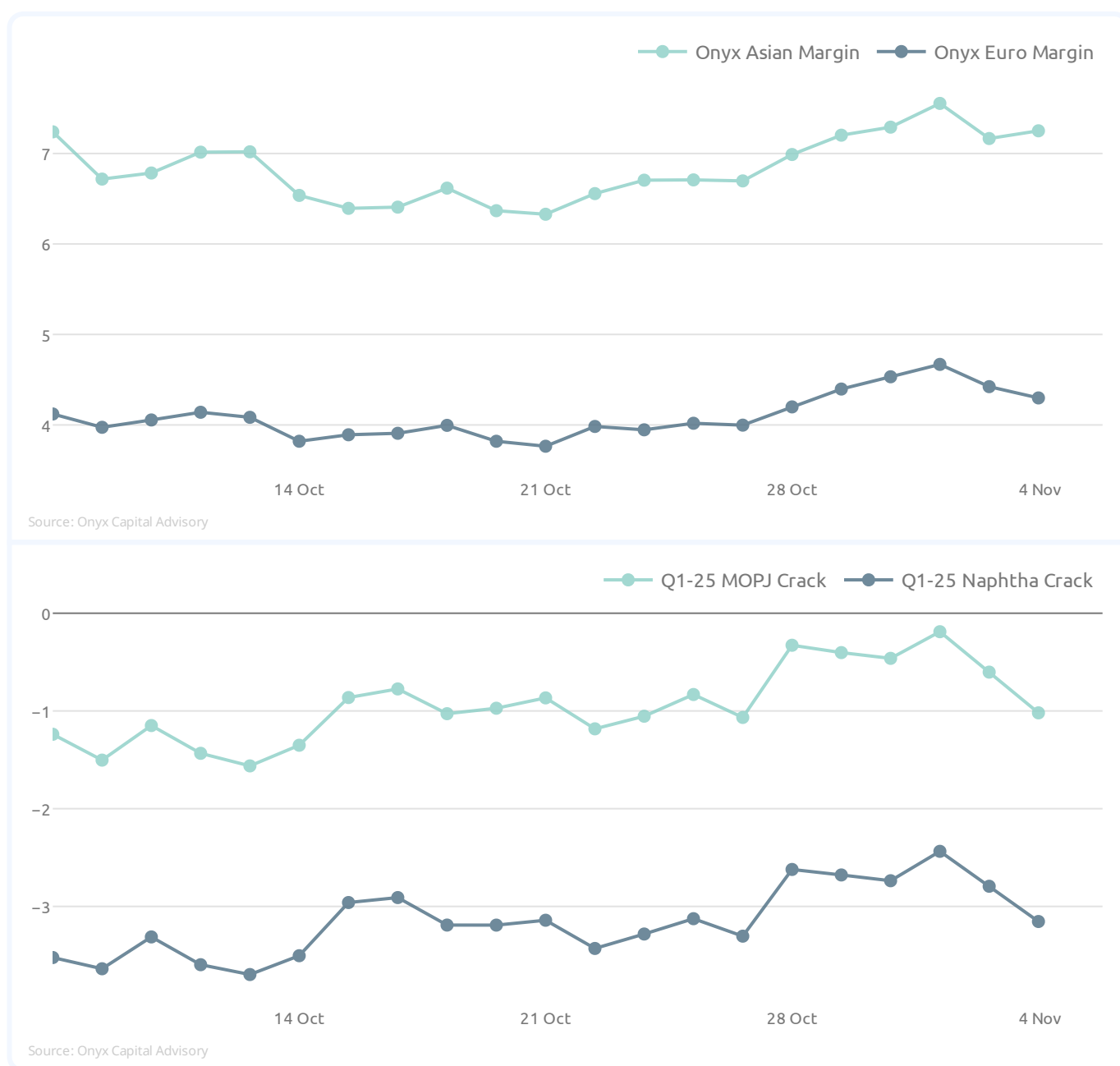
Source: Onyx Capital Advisory



ONYX MARGINS

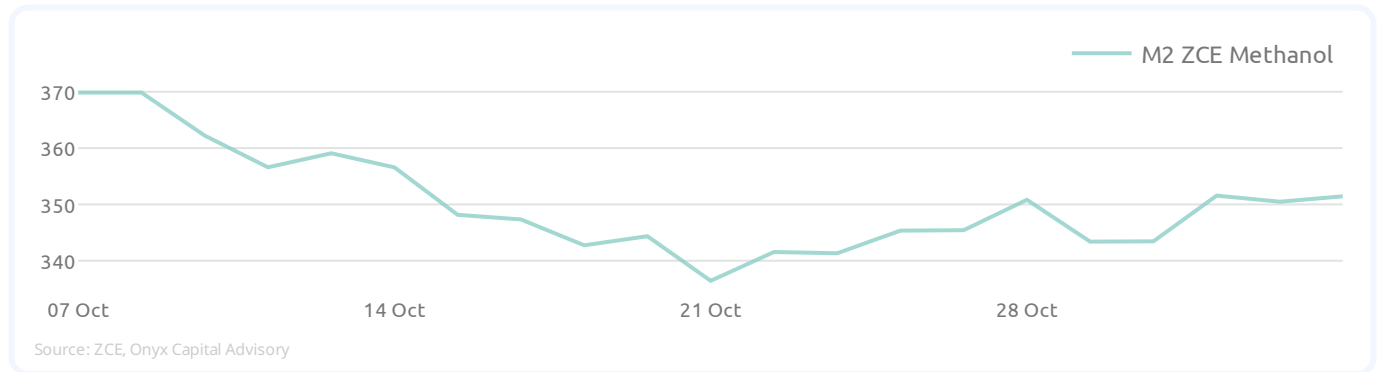
Q1'25 Northwest European and Asian refinery margins were stronger over the past fortnight, where strength was driven by stronger gasoil prices. The NWE and Asian margins rose to highs of \$4.67/bbl and \$7.55/bbl respectively on 31 Oct, before correcting lower into the start of November. Gasoil cracks have bottomed out, with its recent rally driven by prompt tightness and fuelled by short covering flows, and front futures spreads have flipped from contango to backwardation. Margins have also been on a similar trajectory to naphtha cracks, where both NWE and MOPJ peaked on 31 Oct before correcting lower in subsequent days and giving back their gains. Over this period, HSFO cracks saw a rapid sell-off as market participants unwound their length in both 3.5% and 380 spreads and cracks.

ASIA & EUROPE Q1-25 CRACKS & REFINERY MARGINS (\$/BBL)





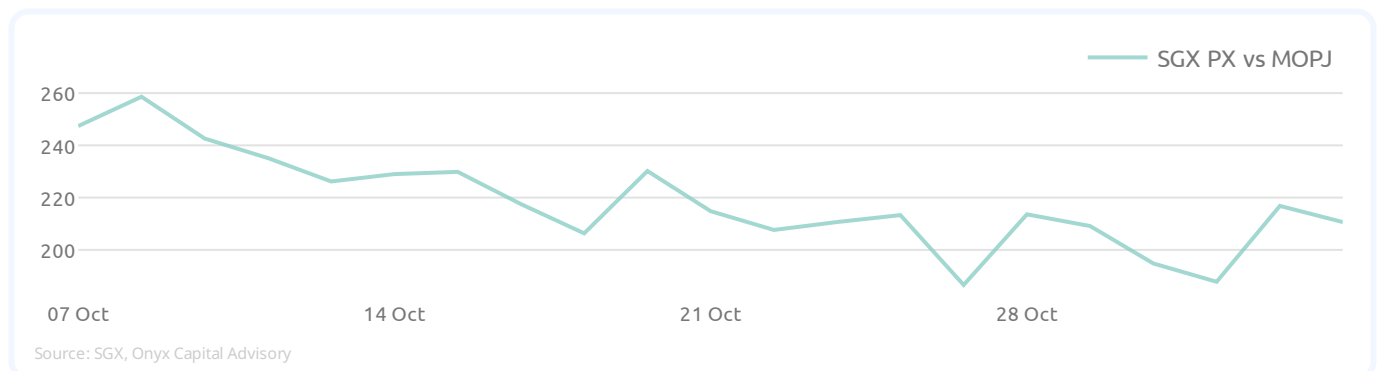
M2 ZCE METHANOL FUTURES (\$/MT)



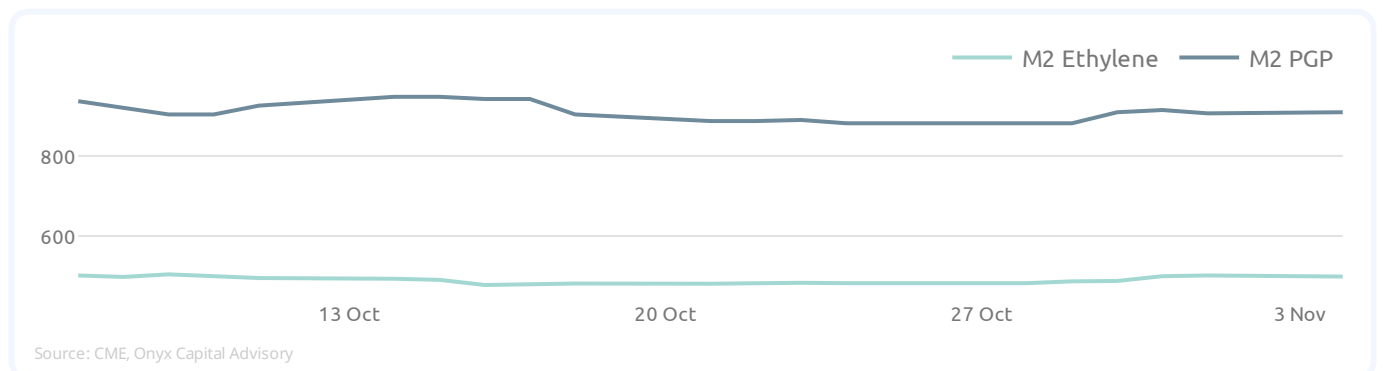
M2 DCE LLDPE FUTURES (CNY/MT)



M2 SGX PX FUTURES VS MOPJ (\$/MT)

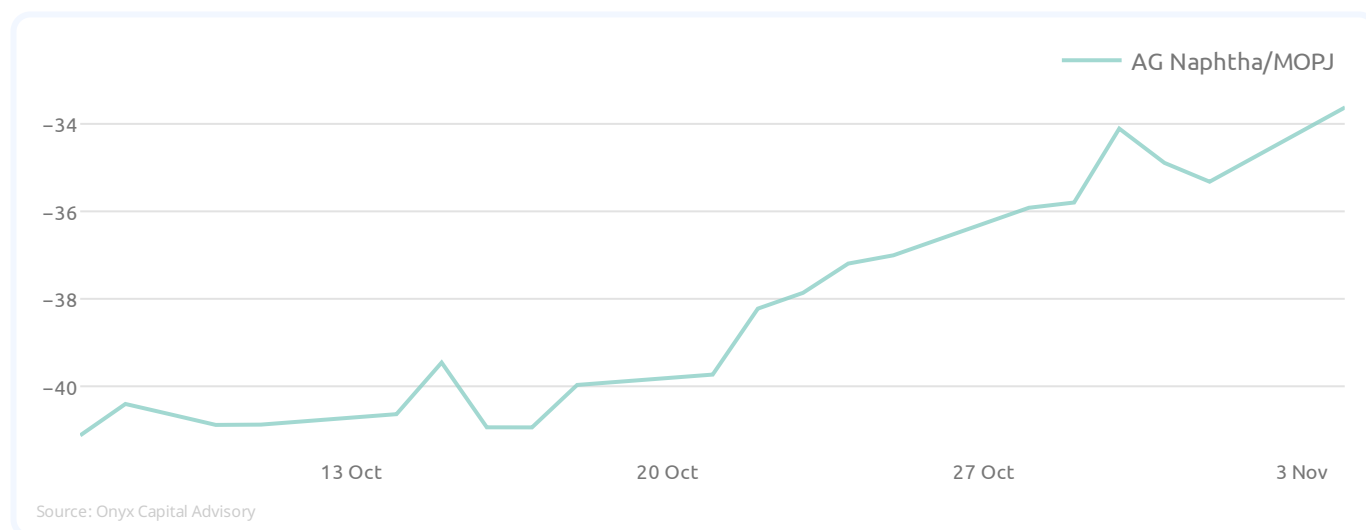


M2 MONT BELVIEU ETHYLENE AND PGP FUTURES (\$/MT)

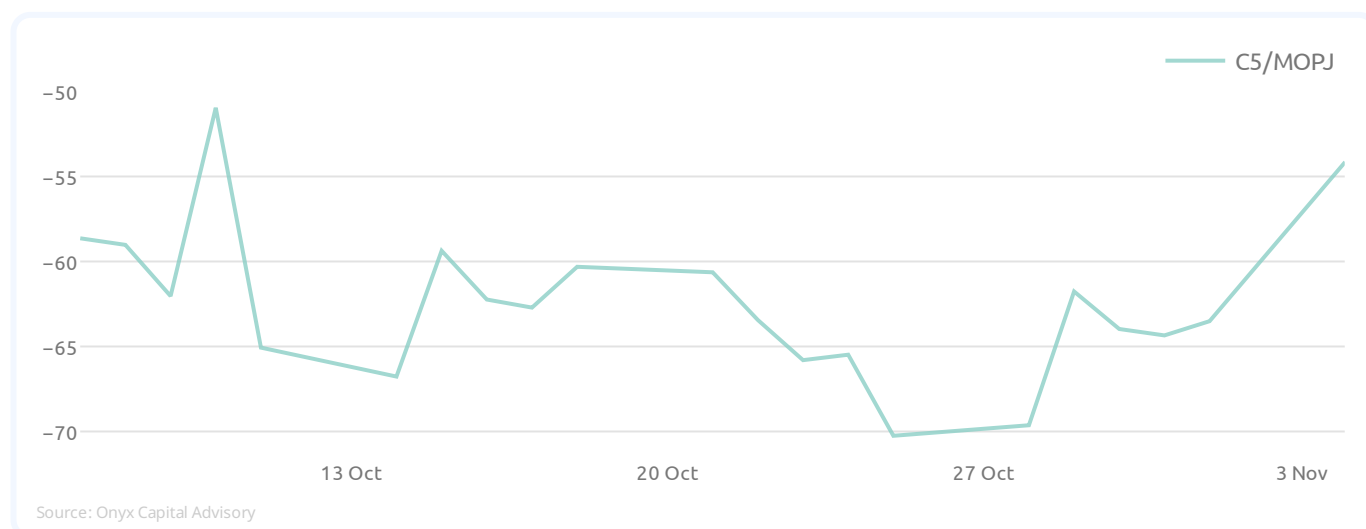




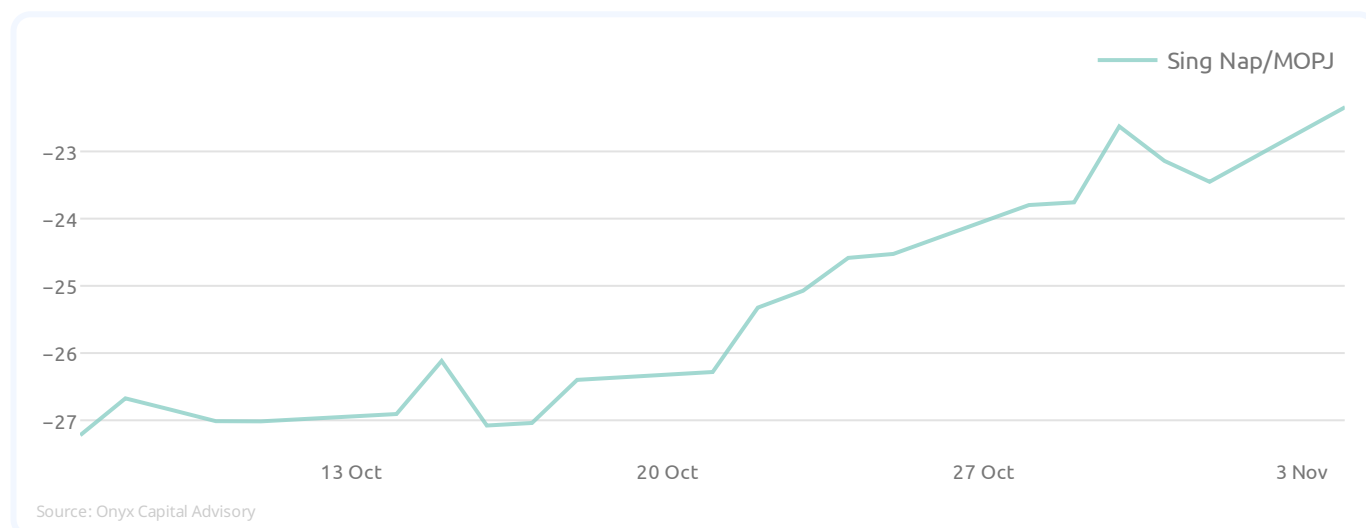
DEC24 AG NAPHTHA VS MOPJ (\$/MT)



DEC24 C5 VS MOPJ (\$/MT)

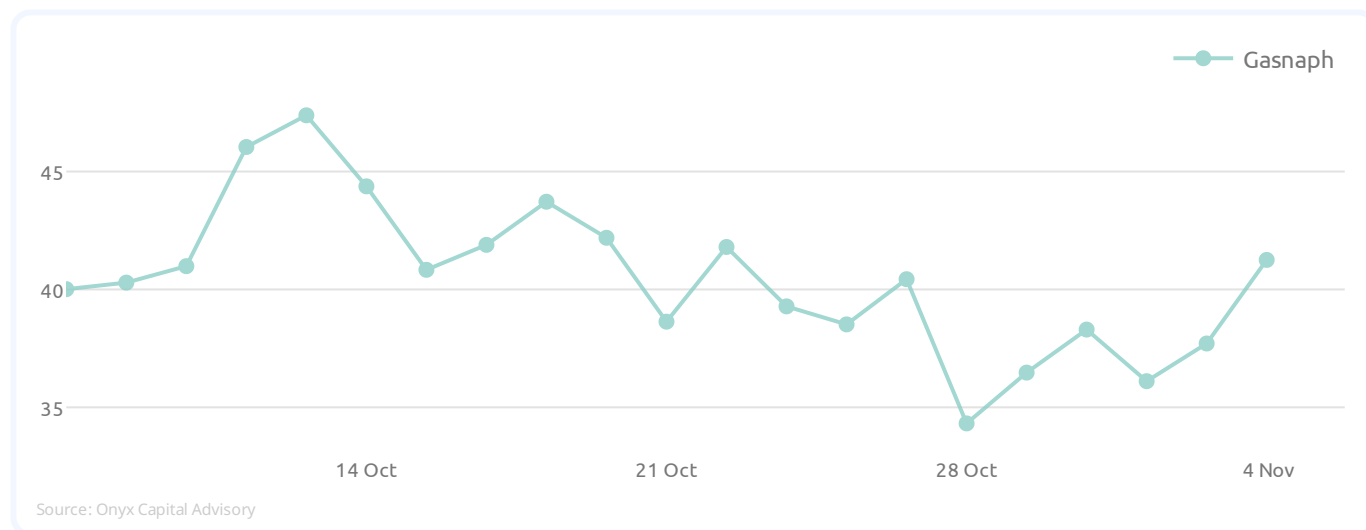


DEC24 SINGAPORE NAPHTHA VS MOPJ (\$/MT)

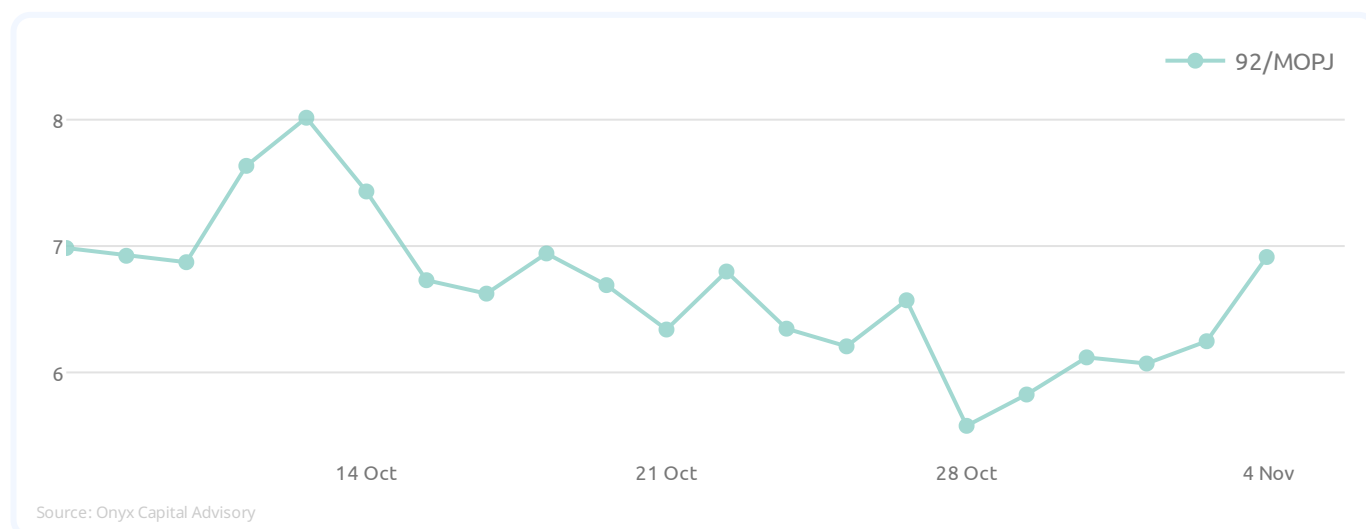




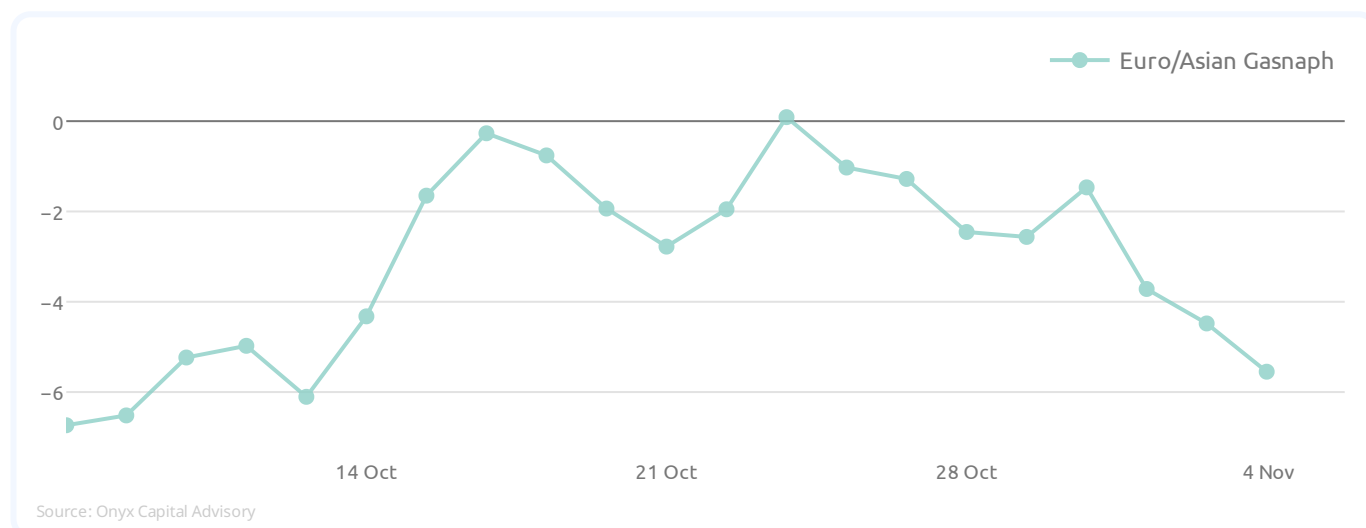
DEC24 EBOB VS NWE NAPHTHA (\$/MT)



DEC24 RON92 VS MOPJ (\$/BBL)

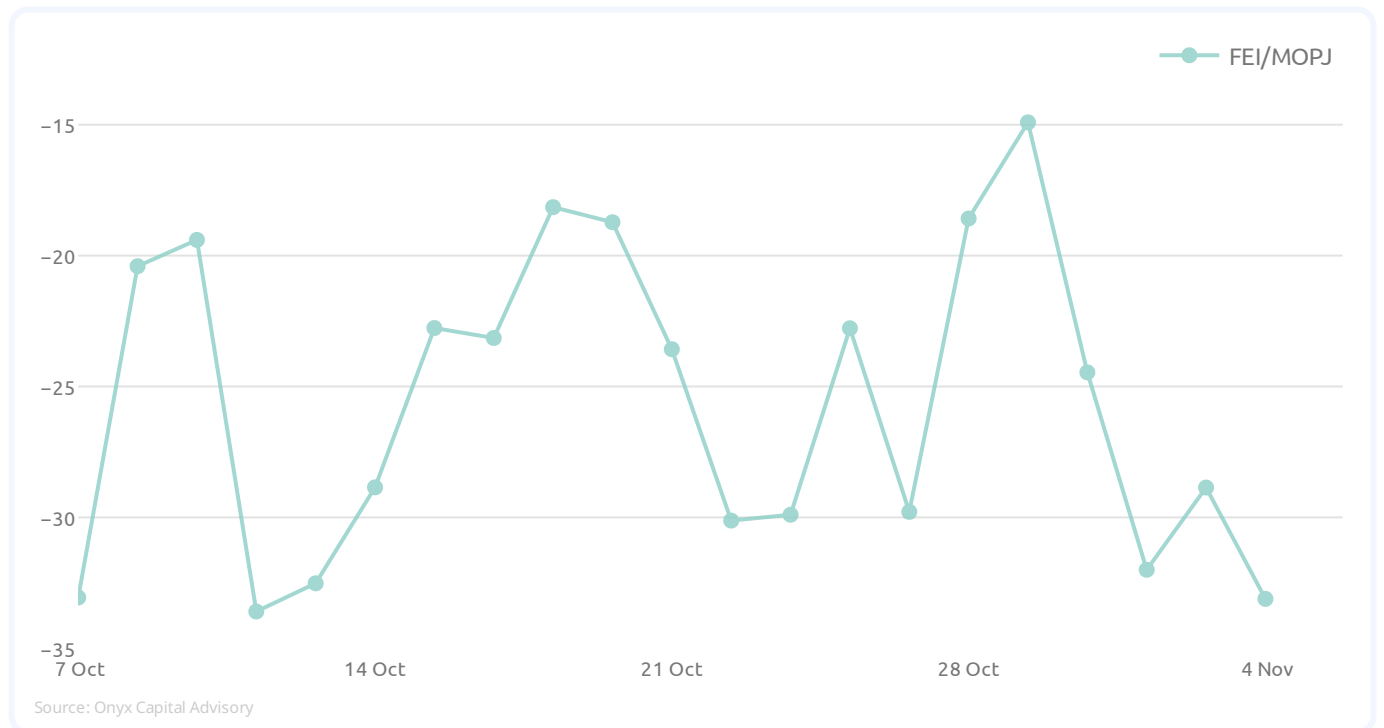


DEC24 EURO VS ASIA GASNAPH (\$/MT)

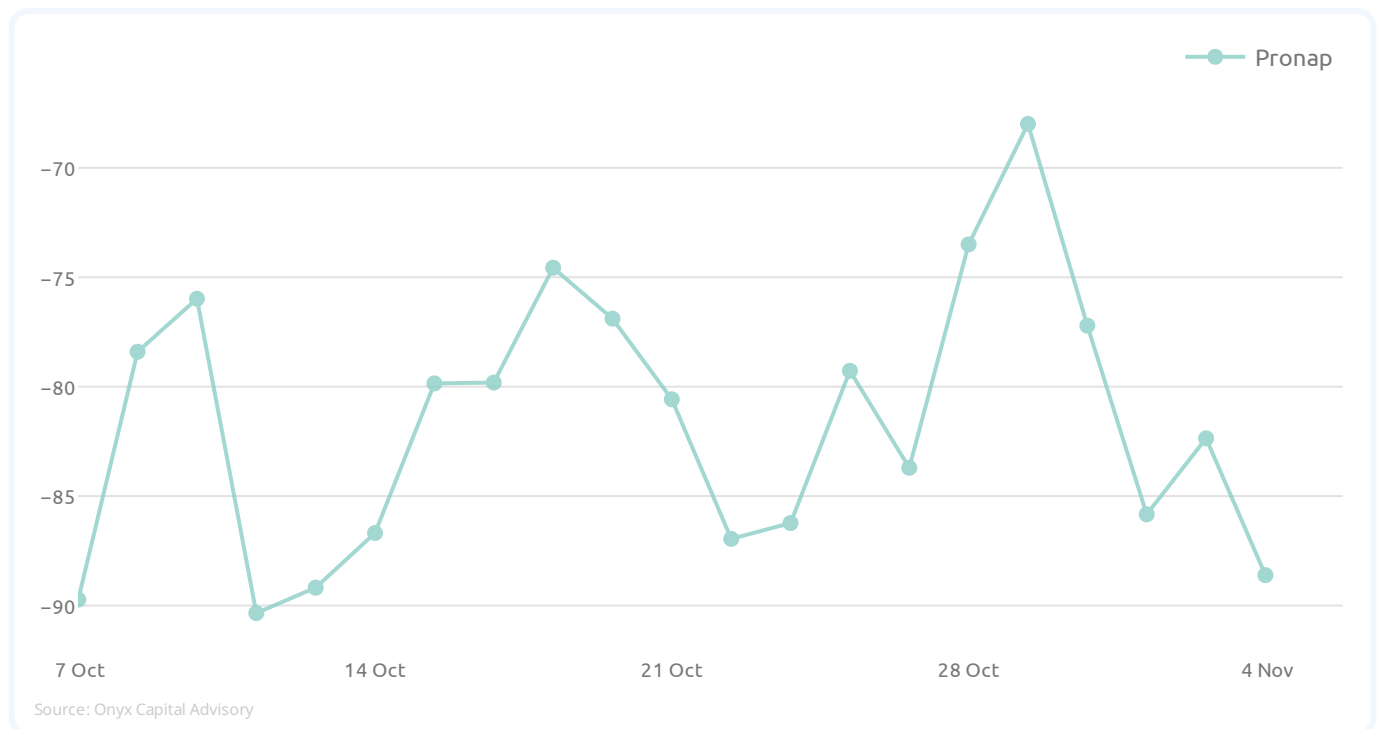




DEC24 FEI/MOPJ (\$/MT)



DEC24 EURO PRONAP (\$/MT)





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