



OVERNIGHT & SINGAPORE WINDOW

INSIGHT@ONYXCAPITALADVISORY.COM
ONYX CAPITAL ADVISORY

24 OCT 2024

FLAT PRICE

The Dec'24 Brent futures contract saw sustained strength this morning, trading at \$75.73/bbl at 07:00 BST and moving up to \$76.50/bbl at 11:10 BST (time of writing). Price was supported amid intensifying regional conflict in the Middle East and reports of North Korean troops ready to aid Russia in Ukraine. In the news today, Israel has launched strikes on the Syrian capital Damascus and a military site near the city of Homs, killing one soldier and injuring seven others, as per Reuters. Meanwhile, Russian President Putin said today that the Middle East is on the brink of a full-scale war, in a statement made at a meeting of the BRICS+ group in Russia. In other news, Transocean is in talks to merge with rival offshore drilling contractor Seadrill, looking to capitalize on the boom in deepwater oil exploration, according to Bloomberg. After the announcement, US shares of Seadrill jumped 10% while Transocean shares were up 3.7%. Finally, refiners on the US Gulf Coast have been increasingly turning to Latin American heavy crude, with Mexican state-owned Pemex and Valero Energy both buying Colombian grades, as per Bloomberg. This came as the Trans Mountain line diverted Canadian oil to Asia, with US refiners seeing their usual supply thinning. At the time of writing, the front-month (Dec/Jan'25) and six-month (Dec/Jun'25) Brent futures spreads are at \$0.45/bbl and \$1.86/bbl, respectively.

CRUDE

This morning in Dated, we saw things go bid with Nov DFL bid up to highs of \$0.31/bbl before being offered back down to \$0.26/bbl. Dec DFL reached highs of \$0.24/bbl and Nov/Dec DFL traded up to \$0.08/bbl. In structures, we saw trade house selling of the 28-1 1 week roll down to flat and selling of the Cal Nov 25-29 Nov at \$0.40//bbl. We also saw refiner trading for the 6-12 Cal Dec at \$0.12/bbl.

This morning in Dubai, we saw Brent/Dubai initially gap up but move lower subsequently. Nov BD and Dec BD traded in ranges of \$1.30/bbl to \$1.54/bbl and \$1.19/bbl to \$1.38/bbl, respectively, and are currently trading at \$1.33/bbl and \$1.20/bbl. There was strong selling interest in Brent/Dubai across the whole curve. Furthermore, we observed strong buying pressure on Dubai spreads, especially the Dec/Jan spread. The Nov/Dec Dubai spread and Dec/Jan Dubai spread traded in ranges of \$0.25/bbl to \$0.31/bbl and \$0.36/bbl to \$0.47/bbl, respectively, and are currently trading at \$0.36/bbl and \$0.47/bbl. BD boxes traded lower with the Nov/Dec BD box trading between \$0.12/bbl to \$0.17/bbl, currently trading at \$1.13/bbl, and the Dec/Jan BD box trading between -\$0.17/bbl to -\$0.07/bbl, currently trading at -\$0.15/bbl.

FUEL

In VLSFO, it was a stronger morning on Sing 0.5, with spreads fairly well bid down the curve. The Sing crack opened \$0.40/bbl higher this morning against where is closed yesterday, with the Nov Sing crack opening at \$14.90/bbl. The crack continued to trend upward into the window, getting to \$15.00/bbl before coming off a touch due to MOC hedging, closing the morning at \$14.90/bbl. As mentioned, structure was well bid, with Nov/Dec also supported by the Sing crack rally, trading up to \$15.25/mt. It was a quiet start to the morning on Euro 0.5, the bids on Euro structure we have seen in the last couple of days have decreased, resulting in a relatively stable morning, with Nov/Dec Euro trading at \$10.75/mt. The Euro crack didn't see much activity, with Nov having an implied price around \$5.85/bbl for most of the morning.

Another strong session on HSFO this morning. 380 structure was well bid down the curve to start the day, with Nov/Dec 380 trading up to \$13.50/mt from \$12.50/mt. Liquidity was fairly low on the 380 crack, with the Nov 380 crack trading around -\$4.60/bbl earlier in the morning. The barge crack saw buying again this morning, with Nov buying up to -\$3.95/bbl from -\$4.50/bbl. There was less interest on barge spreads this morning, however, they traded up a touch later on in the morning up to \$23.25/mt. The 380 E/W was weaker off the back of the barge crack strength, with Nov 380 E/W selling down to -\$3.25/mt from -\$2.25/mt.



DISTILLATES

This morning in distillates, the Sing gasoil spreads were rangebound, the Nov/Dec trading up a tick to \$0.40/mt before coming off to \$0.38/mt in the window as the Nov E/W rallied to -\$19.50/mt before trading back down to -\$20.25/mt. The prompt regrade rallied to \$1.05/bbl as the kero spreads similarly rallied, the Nov/Dec to highs of \$0.60/mt.

The Dec/Jun ICE gasoil spread rallied a tick to \$0.75/mt, as did the cracks initially rallied before coming off post-window to \$15.10/bbl. The front European jet diffs rallied, the Dec to \$55.00/mt as the Q2'25 traded at \$53.00/mt. Heating oil spreads were rangebound, as were the HOGOs, having rallied into the evening last night, the Q4'24 at 9.6 c/gal.

GASOLINE

This morning in gasoline, we saw 92 MOC valued at \$79.40/bbl with MOC mixed but better offered. Cracks weakened in the window from \$4.00/bbl down to \$3.85/bbl post-window where they found support. Spreads in 92 were initially seeing buying in the morning with Nov/Dec trading up to -\$0.07/bbl before coming off towards the end of the window down to -\$0.15/bbl value. E/W traded in the prompt up to -\$3.75/bbl during the window, and we saw buying in Q1'25 at -\$0.95/bbl. Arbs traded at 4.95 c/gal during the window and strengthened post window to trade up to 5.1 c/gal. RBBRs were offered in the window, trading down to \$9.15/bbl from \$9.30/bbl and continued to be weaker after the window. EBOB was also better offered this morning with the prompt crack trading at \$7.65/bbl during the window and prompt structure saw selling with Nov/Dec offered down from \$19/mt to trade at \$17/mt after the window.

NAPHTHA

This morning in naphtha, we saw Nov MOPJ flat price valued at \$674/mt at the end of the window on a \$0.10/bbl crack equivalent as MOC was bid at +5c/mt in Nov. Q1'25 MOPJ cracks were offered at -\$1.15/bbl as Dec cracks traded at -\$0.25/bbl. Nov/Dec MOPJ was valued at \$6/mt and Dec/Jan saw buying up to \$6.25/mt levels. E/W saw little activity trading at \$23/mt in Nov and \$18.25/mt in Q2'25 as Nov NWE cracks traded in small volume at -\$2.55/bbl. NWE spreads were bid as Nov/Dec strengthened from \$5/mt to \$5.25/mt and Dec/Jan saw buying up to \$5/mt.

NGLS

This morning in NGLs, FEI initially well bid, gaining on a crude percentage basis, while spreads rose slightly with Nov/Jan trading up to \$12/mt and Q1/Q2'25 at \$55.50/mt. However, FEI lost some of its crude basis gains at the end of the window as bids were hit with Nov trading down to \$651/mt. Spreads also weakened in the window as Dec/Jan traded down to \$8m/t, though Nov/Dec unchanged at \$3.50/mt. In the phys window, Asian cargoes were better offered with 1H Dec left at Dec FEI +3.5/+5.5 while 2H Nov was still offered at Nov +\$3/mt basis Yantai. E/W traded lower owing to FEI weakness with Nov at \$64/mt while Dec traded at \$70/mt. FEI/CP was slightly better bid trading at \$27/mt in Nov, owing to overall FEI recovery and higher crude. Prompt CP spreads weakening slightly with Nov/Dec trading at \$3.50/mt and Dec/Feb at \$11.50/mt. It was relatively quiet in arbs, with Nov LST/FEI implied slightly lower around -\$251.5/mt on FEI strength.



GLOBAL MACRO

- Huge drop in French INSEE manufacturing business climate. This was the largest and broadest decline in sentiment outside Covid since the GFC.
- France October flash services PMI 48.3 vs 49.9 expected.
- German flash PMI beats expectations but is still in deep contraction (it's a diffusion index, expansion above 50, contraction below).
- UK manufacturing flash PMI 51.4 (last 51.5).
- Existing-home sales hit a 14-year low in September, and on track for the worst year since 1995 per National Association of Realtors. Homes sales are down 3.5% y/y with lower rates, which are now heading back higher again.
- Fed Beige Book: On balance, economic activity was little changed in nearly all districts since early September, though two districts reported modest growth.
- Chinese carmakers have launched a wave of price cuts in the Thai market...The cuts underscore the increasing importance of overseas markets to Chinese automakers, as the protracted price war at home takes a toll on their profitability" Coming to a car market near you!
- Japn 40-year bond yield increases to 2.535%, the highest level since 2008.
- BoC cuts rates by 50bps, a sign of more easing to come.
- Precious metals bounce after last night's sell-off.

Key data today:

- Chicago PMI, jobless claims, new homes sales, flash PMIs.



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).