



OVERNIGHT & SINGAPORE WINDOW

INSIGHT@ONYXCAPITALADVISORY.COM
ONYX CAPITAL ADVISORY

06 NOV 2024



FLAT PRICE

The Jan'25 Brent futures contract strengthened this morning from \$74.30/bbl at 07:00 GMT up to \$74.58/bbl at 10:50 GMT (time of writing). Price action was choppy this morning as traders adjust their positions in light of US President Trump's victory in the US election. At the time of writing, Trump holds 277 of the 270 electoral votes required to win, while Harris holds a total of 224. In addition, prices were pressured by a much higher than expected 3.13mb build in US crude oil inventories, according to API data for the week to 01 Nov. In the news today, Iran's Revolutionary Guards deputy chief Ali Fadavi stated that Tehran is prepared for a confrontation with Israel and would not rule out a preemptive strike by the US and Israel following Trump's election win, according to the Times of Israel reposted in a note by Giovanni Staunovo. In other news, Iraq is expected to start delivering crude oil from Kurdistan to its state-owned company SOMO, with a \$16/bbl rate set for foreign oil companies operating in Iraqi Kurdistan, as per Reuters. Deliveries of Kurdish crude oil were previously suspended for over a year amid a dispute between the central Iraqi government and Turkey over authorization of the deliveries. At the time of writing, the Jan/Feb'25 and Jan/Jul'25 Brent futures spreads stand at \$0.38/bbl and \$1.48/bbl, respectively.

CRUDE

This morning in Dated, we saw early Balmo DFL buying in the US bid up from \$0.48/bbl to \$0.52/bbl, before being offered down by trade houses to lows of \$0.42/bbl. Dec DFL was also offered from \$0.31/bbl to \$0.28/bbl. In structures, we saw refiner buying of 26-02 Dec Cal Dec at \$0.33/bbl and trade house selling of 2-6 Dec Cal Dec at \$0.20/bbl. We also saw the 18-22 Nov Cal Dec roll offered from a London trade house down to \$0.48/bbl before being bid back up to \$0.50/bbl. The 11-15 Nov 2 week roll was also offered down to \$0.30/bbl and the 11-15 Nov 1 week roll traded at \$0.15/bbl.

This morning in Dubai, we saw the Brent/Dubai complex trade higher. Brent/Dubai initially gapped up and rallied early morning, retracing from the highs thereafter. Dec BD and Jan BD traded between \$0.68/bbl to \$0.80/bbl and \$0.96/bbl to \$1.03/bbl, respectively, and are currently trading at \$0.75/bbl and \$1.01/bbl. During the window and afterwards, we saw selling interest in BD outright and buying interest in Dubai spreads. BD boxes traded higher with the Dec/Jan BD box trading between -\$0.28/bbl and -\$0.23/bbl, which currently is trading at -\$0.26/bbl. Dubai spreads traded rangebound, with the Dec/Jan spread trading between \$0.55/bbl to \$0.60/bbl, currently trading at \$0.57/bbl, and the Jan/Feb spread trading between \$0.27/bbl to \$0.31/bbl, currently trading at \$0.30/bbl. We finally saw some selling interest in Bal-Nov Dubai.

FUEL

In what has become a trend this week, VLSFO opened stronger before settling down and trading fairly rangebound for the duration of the morning. The Dec Sing crack opened at \$12.75/bbl before trading around this level throughout the early part of the day. It was a similar story on Sing structure, with the front few spreads better bid to start the day out of the East. Dec/Jan Sing opened at \$9.50/mt, and trading there for the rest of the morning. There was little price action to report on Euro 0.5, which saw some liquidity this morning, the Dec Euro crack traded around \$4.80/bbl with Dec/Jan Euro at \$5.25/mt.

In HSFO, we saw some strength earlier on in the morning on 380, with spreads closer to the front better bid. Dec/Jan 380 traded up to \$6.50/mt with the front crack also trading up a touch to -\$7.40/bbl. The barge crack was initially stronger this morning, trading up to -\$8.50/bbl from -\$8.95/bbl, however, there was some 380 E/W buying which came into the market, resulting in the barge crack trading back down to -\$9.00/bbl. As mentioned, the 380 E/W was stronger later on in the morning, trading up to \$9.20/mt from \$7.50/mt. Barge structure was weaker as a result of the crack sell-off, with Dec/Jan 380 selling down to \$5.75/mt from \$6.25/mt.



DISTILLATES

This morning in distillates, the front Sing gasoil spreads initially rallied before coming back off post-window, the Balmo ND/Dec getting lifted to \$1.00/mt before coming off to \$0.85/mt as the Dec/Jan came off to \$0.46/mt. The Dec'24 E/W was rangebound, trading between -\$18.50/mt and -\$17.75/mt as the Q2'25 continued to see buying interest, trading up to -\$18.50/mt. Dec regrade rallied to highs of \$0.95/bbl on well bid MOC before coming back off post-window to \$0.75/bbl while the Dec/Jan kero rallied to \$0.80/bbl.

The ICE gasoil spreads came off, the Nov/Dec and Dec/Jan to \$0.25/mt and \$6.50/mt, respectively, as the cracks were rangebound, the Q4'24 at \$17.25/bbl. The European jet fuel opened lower and weakened through the morning, the Q1'25 to \$51.25/mt. Heating oil spreads were rangebound as the HOGOs came off, the Q4'24 to 9.6 c/gal.

GASOLINE

This morning in gasoline, we saw flat price trade at the end of the window equivalent to \$5.50/bbl on a crack basis in Dec 92 as MOC was offered. Dec 92 cracks saw buying in the window to \$5.60/bbl before coming off to last trade at \$5.30/bbl as Dec/Jan was offered from \$0.22/bbl to \$0.12/bbl and Jan/Feb valued at -\$0.10/bbl with Q1 92 cracks seeing selling at \$6/bbl. Dec E/W saw buying at -\$0.95/bbl levels before trading down to -\$1.05/bbl on weaker Eastern cracks with Q1'25 E/W valued at -\$0.90/bbl. EBOB cracks were offered with Dec cracks trading from \$6.55/bbl to \$6.25/bbl and Q1'25 weakening to \$6.75/bbl from \$6.85/bbl. Arbs saw strong selling interest as Dec arbs weakened from 7.8 c/gal to 7.5 c/gal and Q2'25 arbs were offered at 14.8 c/gal. Jan RBBRs softened from \$9.24/bbl to \$8.89/bbl where buying has since come in trading back to \$9.08/bbl.

NAPHTHA

This morning in naphtha, we saw MOPJ MOC mixed but slightly weaker today valued at \$655/mt. Initially, in the morning we saw strong cracks, with Q1'25 lifted at -\$0.70/bbl before they found selling with Dec weakening to trade at -\$0.10/bbl after the window from flat before. Flat price saw selling as crude strengthened into the morning putting pressure on the prompt crack. Spreads weakened down the curve with Dec/Jan trading at \$5.75/mt from \$6/mt as the prompt weakened and Jan/Feb fell from \$6.75/mt to trade at \$6.25/mt end of window. E/W was well bid through the window with Dec valued at \$21/mt and continuing to strengthen post window to \$21.25/mt before coming off on weaker MOPJ with Dec trading down to \$20.25/mt. NWE cracks traded range bound in the window between -\$2.60/bbl up to -\$2.40/bbl before coming off post-window to trade down to lows of -\$2.70/bbl, where they were supported due to gasnap selling in the front. Dec/Jan found value at \$4.75/mt, weaker on the day after the window and Mar/Apr had buy-side interest at \$5.50/mt.

NGLS

This morning in NGLs, FEI slightly weakened throughout the morning, with spreads strengthening. Dec/Jan and Jan/Mar traded to \$4.50/mt and \$32.50/mt, respectively, before Dec/Jan and Jan/Mar reverted to \$4/mt and \$32/mt, respectively, post-window. Deferred strengthened initially with Dec/Dec'25 trading to \$70/mt then offered on. In the physical window, a mixture of bids and offers were made including a bid for 1H Dec at Balmo Nov FEI minus \$1.50/mt, and an offer for 2H Dec at Dec FEI flat basis Chiba and 1H Dec at Dec'24 FEI minus \$1.00/mt. FEI/CP weakened with Dec trading at \$9/mt pre-window, then as FEI continued to come off, it traded at \$7/mt. Arbs were quiet in the morning with Dec implied lower at -\$217.50/mt owing to crude. E/W was relatively unchanged with Dec implied at \$67/mt.



GLOBAL MACRO

- Trump has claimed victory with 277 electoral votes at the time of writing.
- Markets are coming round to a Trump victory with an aggressive bear steepener in the Treasuries curve. 10-year yields gained 18.6 bps before retracing a little. Trump is about to spend, baby, spend. Committee for a Responsible Federal Budget expects the fiscal impact of Trump +\$7.75 trillion between 2026 and 2035 according to campaign plans, almost double their estimate for Harris.
- Yield decompositions have shifted. With market-based inflation expectations de-anchored from pre-election levels, 5-year breakevens have risen 14 bps. More spending means higher inflation.
- Ahead of the Fed meeting later this week, the OIS is pricing 23 bps of cuts.
- The DXY has rallied 1.6%. Equities also benefited with the SP500 emini futures up 2.8%, but keep an eye on the small caps. Russell 2000 futures were up 4.6%!
- Yesterday, US ISM Services PMIs for October printed at 56 far ahead of consensus of 53.8, up on last month 54.9. Services outperformance continues to be a theme (manufacturing PMIs last week plunged deeper into contraction at 46.5).
- French Industrial Production fell by 0.9% m/m in September, worse than market expectation of a 0.7% fall.
- Chinese data is finally surprising to the upside again on aggregate. The Citi economic surprise index has returned to positivity for the first time since June. China Caixin Services PMIs beat expectations at 52 for October, up from last month's 50.3.

Data Today:

- US mortgage applications
- Euro PMIs (Final)



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).