



OVERNIGHT & SINGAPORE WINDOW

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FLAT PRICE

The Feb'25 Brent futures flat price traded around the \$73.30/bbl level overnight Monday before falling by nearly 50c and below \$73/bbl within half an hour, trading \$72.94/bbl at 10:00 GMT. In the news, a second drone attack in a week targeted Russia's Oryol fuel depot on 22 Dec, causing a fire that was quickly extinguished, amid a series of Ukrainian strikes on strategic energy infrastructure. Russia's Druzhba pipeline resumed crude supply to Belarus on 21 Dec after a two-day halt due to a technical issue, with operations now reported as normal. China's CNOOC announced the start of production at its Suizhong 36-2 oilfield block development in Liaoning Bay, Bohai Sea, with plans for 21 wells and peak output projected at 9,700 barrels of oil equivalent per day by 2026. Methane emissions in the Permian Basin, the heart of US oil production, fell 26% in 2023 as producers responded to regulatory pressures, societal demands, and economic incentives, though concerns linger over the sustainability of progress under potential policy rollbacks. Finally, the front (Feb/Mar) and 6-month (Feb/Aug) Brent futures spreads are at \$0.37/bbl and \$1.79/bbl respectively.

CRUDE

Slow start in Dated. Front rolls continued their freefall, with -12c sold on 23-27 2w by Gevena trade house, whilst Jan DFL saw selling from 41c down to 37c/bbl. There was sellside interest in Jan rolls, with Cal Jan v 24-30/1 sold at \$0.18/bbl and offered over.

Uninteresting morning in Dubai as we approach Christmas. Jan BD opened at \$0.00/bbl, trading down to -\$0.02/bbl on the back of product crack selling interest before we saw American buying of Feb sw sw, trading at \$0.08/bbl, keeping the curve somewhat supported. There was Mar for Feb EFS selling interest, trading at \$0.46/bbl. Post window, we saw buying interest on the Q1/Q2 box, trading at -\$0.28/bbl with the Feb/May and Feb/Jun box trading at -\$0.31/bbl and -\$0.35/bbl respectively.

FUEL

This morning in HSFO, we saw initial selling in 380 cracks, as tradehouses were sellers of Jan around -\$3.85/bbl. 380 cracks traded rangebound between -\$4/bbl and -\$3.80/bbl this morning. EW this morning saw better selling in the front, with Feb EW trading down to \$7/mt, and implying Jan EW better offered between \$6.50/mt and \$7/mt. We saw buying in deferred EW, with Q2 bid between \$5.25/mt and \$5.50/mt, and Q3 bid at \$4.50/mt. Barge cracks were rangebound between -\$4.90/bbl and -\$5.10/bbl in Jan, and little interest in deferred cracks to start this morning. Jan/Feb saw some selling at \$5.25/mt this morning. 380 spreads were better supported this morning, as Jan/Feb saw buying at \$5.25/mt, and Jan/Mar at \$8.25/mt.

This morning in VLSFO, we saw Chinese arber buy-side of Sing 0.5 FP, supporting the Jan Sing crack to \$10.90/bbl handles. We saw some softening of the crack into the Sing window, trading ~\$10.70/bbl handles in the window. Sing spreads in the front saw some sellside interest from tradehouses, with Jan/Feb seeing selling at \$3.50/mt and Jan/Mar at \$7/mt. Chinese tradehouses were sellside of deferred Sing cracks, with Q2 seeing some offers in the \$9.90/bbl handle region. We saw some sellside interest in 0.5 EW this morning, in Jan around \$37.75/mt handles, and in Q2 around \$37.50/mt. A quieter start in Euro 0.5, with some selling on Mar Euro cracks at \$4.35/bbl.



DISTILLATES

This morning in distillates, the front Sing gasoil spreads were better offered with the Feb/Mar getting sold down to \$0.57/bbl post-window while the EW rangebound, the prompt trading at -\$13.50 in low volume while the 2Q was offered at -\$12.75/mt. The prompt regrade initially came off to -\$1.50 before retracing to -\$1.40/bbl post-window as the kero spreads were offered, the Jan/Feb trading to lows of \$0.26 as the Jan/Jun traded at \$1.35/bbl.

The ICE gasoil spreads were rangebound for the morning, the Jan/Jul coming off a tick to \$17.25/mt as the cracks rallied into the window before coming back off, the 1Q 25 to \$18.00/bbl. The prompt European jet diff ticked higher to \$34.75 as the Feb came off to \$40.25/mt. Heating oil spreads strengthened pre-window before coming back off, as did the HOGOs, the 1Q 25 to 8c/gal.

GASOLINE

This morning in gasoline, we saw Jan 92 flat price valued at \$80.25/bbl at the end of the window equivalent to \$7.65/bbl on a crack basis. Jan 92 cracks came off post-window to \$7.55/bbl before seeing physical buying back up to \$7.70/bbl with Feb cracks valued at \$7.70/bbl as spreads were offered; Jan/Feb weakened to \$0.25/bbl from \$0.32/bbl and Feb/Mar traded at \$0.27/bbl. Jan EW softened from -\$0.70/bbl to -\$0.80/bbl with Jan EBOB cracks valued at \$8.45/bbl and Q3 25 cracks saw buying at \$14.16/bbl. EBOB spreads saw little activity with Jan/Feb trading at -\$3.25/mt as Jan arbs traded at 2.90c/gal; Feb RBBRs rallied post-window from \$9.25/bbl to \$9.30/bbl.

NAPHTHA

This morning in naphtha we saw Jan MOPJ flat price valued at \$639.50/mt at the end of the window on a -\$0.80/bbl crack equivalent as MOC was bid at +5c/mt in Jan and offered in Feb at -5c/mt. Jan MOPJ cracks saw little trading activity trading at -\$0.85/bbl in the window. Jan/Feb MOPJ strengthened to \$6/mt from \$5.75/mt where selling came in as Feb/Mar traded at \$6.25/t. Jan EW valued at \$21.50/mt with Feb EW initially strengthening from \$20.75/mt but was well offered at \$21/mt as Jan NWE cracks came off post-window to -\$3.30/bbl from -\$3.25/bbl before going better bid on weaker crude. Front European spreads remained steady as Jan/Feb traded at \$5.50/mt and other spreads saw little action.

NGLS

This morning in NGL's, FEI was slightly weaker with spreads also weakening in the front and back of the curve. In the prompt, we saw Jan/Feb trade down and rangebound at \$3.25-\$3.5/mt levels with Feb/Mar also trading down to \$11.5/mt; whilst in deferred, we saw Q1/Q2 trade down significantly to \$30/mt. Physical window was quiet today. Arbs were also quiet with Jan implied slightly higher at -\$196/mt. EW weakened owing to FEI weakness with Jan trading down to \$53/mt, whilst FEI/CP also weakened significantly for the same ratio with Jan and Feb trading down to -\$30/mt and -\$14/mt respectively.



GLOBAL MACRO

- US Personal Consumption Expenditures (PCE), which is the Fed's preferred inflation measure printed softer than expected for November at 2.4% y/y. Gasoline and other Energy still providing deflationary offset, but the base effects are beginning to drop out, while services inflation remains sticky.
- Nevertheless, the cooler print reassured equity markets somewhat, following the post FOMC sell off. The SP500 and the Nasdaq both gained around 1% on Friday. Markets are still pricing fewer cuts from the Fed next year, with only 35 bps of cuts for the next 12 months priced by the OIS. As a result 10 year treasury yields remain elevated at 4.532%.
- Chinese institutional investors continue to pile into CGBs as the growth outlook in China shows little improvement. The yield on short tenor sovereign bonds dropped to levels last seen during the GFC, with the 1 year yield falling below 1%.
- In Europe, Consumer confidence flash printed weaker in December at -14.5, down from -13.7 in November, and missing expectations of -14. The measure fell to its lowest since April this year. GDP final estimates for Q3 showed UK growing at 0.9% y/y and Spain outperforming, growing at 3.3% y/y.



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