



OVERNIGHT & SINGAPORE WINDOW

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09 JAN 2025



FLAT PRICE

Mar25 Brent futures dropped overnight to a low of around \$75.70/bbl at 0140 GMT before it was slightly more supported to \$76.10/bbl at 1020 GMT (time of writing). Shell has deemed its oil discovery off Namibia's coast commercially unviable, leading to a projected \$400m (£325.52m) write-down, Reuters reports. This setback hinders Namibia's hopes of becoming an oil producer, with Shell stating that resources in offshore block PEL39 "cannot currently be confirmed for commercial development." Alaska is suing the Biden administration, claiming it violated a Trump-era law by limiting oil and gas drilling in the Arctic National Wildlife Refuge. The 2017 law required two lease sales by December 2024, but Alaska argues the administration's recent 400,000-acre lease, announced with restrictions, fails to meet the mandate. Oil companies declined to bid in a US government auction for Arctic National Wildlife Refuge drilling rights, reflecting waning industry interest in the crude-rich but challenging region. The Interior Department reported no bids ahead of Friday's unsealing, marking the second failed auction in 4 years. A 2021 sale under Trump drew just 11 bids, mostly from an Alaska development corporation. In Canada, Alberta's oil production reached a record 4.197 mb/d in November, surpassing the previous high of 4.187 mb/d set in December 2023, according to the Alberta Energy Regulator. The front (Mar/Apr) and 6-month (Mar/Sep) Brent futures spreads are at \$0.61/bbl and \$2.56/bbl respectively.

CRUDE

This morning in Dated, we saw Feb DFL offered down to lows of \$0.54/bbl from \$0.58/bbl and the 13-17 2w roll down to \$0.34/bbl. We then saw buying of the bal Jan/Feb DFL from \$0.15/bbl to \$0.18/bbl by a Geneva trade and the Feb DFL traded back up to \$0.59/bbl. We also saw the 27-31 Jan 1w roll trade at \$0.20/bbl and the 9-10 Jan vs 13-14 Jan at \$0.15/bbl

This morning was quieter in Brent/Dubai with two-way rangebound trading. Feb Brent/Dubai traded between \$0.05/bbl and \$0.15/bbl, ending the morning at the bottom of this range. We saw trade houses, funds and refiners on the offer in frontend Brent/Dubai, and some major and trade house selling of the quarterlies in the back. Q2, Q3 and Q4 traded between \$0.52/bbl to \$0.57/bbl, \$0.70/bbl to \$0.73/bbl and \$0.80/bbl to \$0.84/bbl. Trade houses and majors were also sellers of boxes all the way down the curve, with some of the most active ones being the Feb/Mar, Mar/Apr, Sep/Oct and Apr/Dec and trading at -\$0.19/bbl to -\$0.21/bbl, -\$0.16/bbl to -\$0.17/bbl, -\$0.04/bbl and -\$0.4/bbl respectively. During the window, there was also some Dubai spread buying, with trade house on the bid. The Aug/Sep and Sep/Oct traded at \$0.36/bbl to \$0.38/bbl and \$0.34/bbl respectively. Also, the bal Jan/Feb Dubai between \$0.81/bbl to \$0.84/bbl.

FUEL

Front 380 crack opened stronger at -\$5.95/bbl, as we saw buy-side interests in Q3 380 crack at -\$8.10/bbl to -\$7.80/bbl. Front 380 E/W saw outright buying and strengthened from \$12.25/mt (yesterday's close) to the highs of \$15.00/mt in the window, before softening to \$14.50/mt post window. This supported both 380 crack and structure, as we saw buying from Feb/Mar down to Jul/Aug. We then saw Q4 380 E/W bid to \$5.00/mt, which further supported the front E/W. Barges also opened a touch stronger, supported by the 380 strength. We saw Feb barge crack being a touch stronger at open, but remained rangebound around -\$7.80/bbl handles as the morning progressed, front barge structure was relatively stable in the window, with Feb/Mar trading at \$1/mt, but became offered to \$0.25/mt as we saw strength in 380 E/W.

In VLSFO, the front Sing crack opened stronger this morning at \$10.45/bbl as there was outright buying, this caused the front Sing crack to rally to \$10.80/bbl post window, and the buying in Q3 Sing crack at \$9.00/bbl further supported it. The strength in cracks supported the front spreads, as we saw Feb/Mar bid to \$4.75/mt from \$4.50/mt, and spreads down the curve saw buy-side interests as well. As a result, Feb Euro crack was also stronger following the strength in Sing 0.5, trading up to \$5/bbl. And we continued to see buying down the curve with Feb/Mar from \$5.75/mt to \$6.25/mt.



DISTILLATES

This morning in distillates, there was selling in the front gasoil spreads, the Feb/Mar getting hit down to \$0.41/bbl before getting lifted back to up highs of \$0.44/bbl in the window as the Sep/Dec was bid, trading at \$0.73/bbl. The prompt E/W opened lower at -\$17.00/mt and was sold down to -\$17.75/mt as there was continued selling in 2Q, trading down to -\$14.50/mt. The prompt regrade rallied to -\$1.10/bbl in the window before coming back off to lows of -\$1.17/bbl as the Feb/Jun kero was lifted on screen to \$1.10/bbl.

ICE gasoil spreads ticked higher, the Jan/Jun to \$16.50/mt as the cracks remained rangebound, the 1Q trading at \$17.75/bbl. European jet diffs were similarly rangebound, the Feb trading at \$36.50/mt as the 2Q saw selling at \$47.00/mt. The front heating oil spreads rallied for the morning as the HOGOs came off, the 1Q to 10.7 c/gal.

GASOLINE

This morning in gasoline we saw 92 MOC valued at \$82.35/bbl with MOC mixed. Cracks in the front were offered with Feb trading down from \$6.90/bbl to \$6.75/bbl post window as RBBRs came off during the window. Spreads were more balanced in the window with Feb/Mar trading at \$0.15/bbl and came off post window to trade down to lows of \$0.09/bbl but was supported at \$0.10/bbl. Barges traded weaker this morning and NWE came off pushing E/W to firm with the front trading up to -\$1.60/bbl from trading at -\$1.75/bbl during the window and the Q2/Q3 E/W box firm bid at -\$1.25/bbl supporting the summer 92 spreads. EBOB had sell-side interest mainly this morning; the Feb crack traded around \$8.45/bbl towards the end of the window, and post barges trading, we saw the Bal spread bids get hit down to -\$6/mt. There was still strong sell-side interest in Q2'25 arbs this morning, putting pressure on the front spreads, with Feb/Mar and Mar/Apr, respectively, trading post window at -\$7.50/mt and -\$36.50/mt. RBBRs were initially stronger in the morning with Mar RBBRs trading up to \$9.70/bbl before coming off to trade around \$9.55/bbl end window.

NAPHTHA

This morning in naphtha we saw Feb MOPJ flat price valued at \$656/mt at the end of the window on a -\$1.95/bbl crack equivalent as MOC was offered in Feb. MOPJ cracks saw no trading activity as Feb/Mar MOPJ saw buying at \$6/mt pre-window before trading down to \$5.75/mt and Mar/May was offered at \$12/mt implying Mar/Apr and Apr/May at \$6/mt. Feb E/W saw buyers step up to \$19.75/mt before softening to \$19.50/mt as Feb NWE cracks were offered from -\$4/bbl down to -\$4.15/bbl before strengthening back to -\$4/bbl as crude came off post-window. NWE spreads saw little trading with Mar/Apr seeing some buying at \$6.25/mt.

NGLS

This morning in NGLs, pre-window FEI was slightly stronger, then lost its strength during the window itself, with spreads also weakening. In the front of the curve, we saw Feb/Mar and Mar/Apr trade down to \$17/mt and \$16/mt respectively. The physical window was purely bid, with bids being made for 1H Feb at Feb'25 FEI plus \$10/mt and 2H Feb at Feb 25 FEI plus \$7/mt. Arbs pre-open were weaker with Euro Physicals buying Feb at -\$174/mt; after, we saw Feb implied higher at -\$172/mt. FEI/CP opened strong pre-window with Feb trading at -\$7.50/mt; during the window/post-window, we saw Feb weaken, trading down to -\$10/mt. E/W was implied higher pre-window, then returned to similar levels as yesterday, with Feb implied at \$55/mt.



GLOBAL MACRO

- GBP 10yr and 30yr yields open another 9bp higher. In a strong economy, higher yields support the currency, but when yields are going up on fiscal concerns, then everyone runs away from the currency as well as the bonds. GBP getting hit, GBP 1-month implied vol soars 10%, GBPJPY probably the standout sell, as USD is running out of steam, Trump will talk down the ccy to support trade/exports.
- Equities weak, key support for S&P500 5,831, and Nasdaq Composite 19,120. Volatility is coming back to markets, Q1 will be 'fun'/interesting.
- December ADP payrolls disappoint +122k m/m vs. +139k est. & +146k prior ... education and health services added most jobs (+57k) while manufacturing shed most (-11k)
- Housing is simply not working. Mortgage demand is crumbling. For the week ending January 3, mortgage loan applications for purchase sank 6.6%, the 4th decline in the last 5 weeks. The level of conventional purchase applications hit its lowest since 2011 and the 30Y fixed rate mortgage is back to 7%.
- Labor markets keep cooling. There is more signal from the quits rate (cycle low 3.3%, chart) than openings and the private sector quits rate hit a fresh cycle low, which implies cooling wage growth through the middle of this year.
- Consumer Revolving Credit just nosedived. Something you don't see outside a GFC or Covid event.
- Japan's Base Pay Rises Most in 32 Years, Helping Rate Hike Path – Bloomberg

Data today:

- jobless claims, EZ retail sales



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