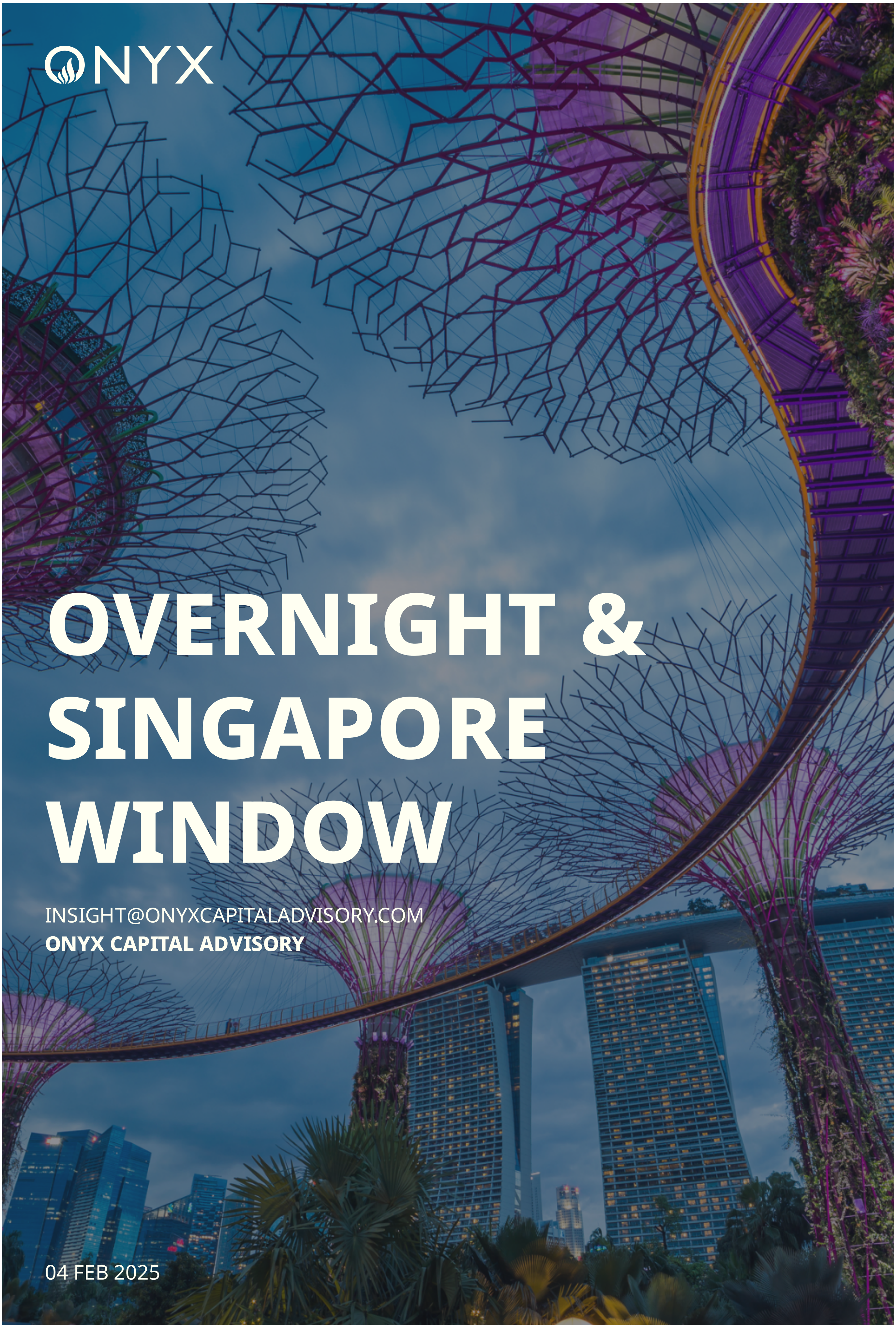

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FLAT PRICE

The Apr'25 Brent futures contract softened overnight, from $75.55/bbl at 0400 GMT to $75.05/bbl at 10:33 GMT (time of writing). China has retaliated against Trump's tariffs with a 15% levy on US liquefied natural gas and coal, a 10% tariff on crude oil, and export limits on key minerals like tungsten and molybdenum. Additional tariffs will also apply to US farm equipment and certain cars. OPEC's oil production fell by 70 kb/d in January to just over 27 mb/d, primarily due to a fire at Iraq's Rumaila oil field, which temporarily cut output by 300 kb/d. Despite this, Iraq's total production averaged over 4mb/d, aligning with its OPEC quota. Pakistan has signed a $1.2 billion oil import deferral agreement with the Saudi Fund for Development to ease its fiscal burden and ensure a stable petroleum supply. Saudi Arabia's non-oil business sector grew at its fastest pace in over a decade in January, driven by strong new orders and business activity. The Riyad Bank PMI rose to 60.5 from 58.4 in December, its highest level since September 2014. At the time of writing, the Apr/May'25 and Apr/Oct'25 Brent futures spreads stood at $0.63/bbl and $3.09/bbl, respectively.

CRUDE

This morning in Dated, spreads opened lower and continued to come off, with Bal Feb/Mar implied down to lows of -$0.24/bbl. The balmo DFL was offered aggressively down to $0.34/bbl and the March DFL down to lows of $0.58/bbl. We again saw sell-side interest in back-end Feb rolls with 17-21 cal March trading $0.45/bbl and cal Feb 24-28 Feb offered. The Mar/Apr DFL roll traded down to $0.07/bbl and Q2 was offered and traded down to -11c/bbl on a dated to lead.

This morning we saw Brent/Dubai trade higher again with Mar Brent/Dubai opening at -$0.45/bbl and trading up to -$0.13/bbl, ending the morning at the top of its range. The Mar/Apr Dubai spread was offered, trading from $0.91/bbl to $0.80/bbl, trade house on the offer. Behind this, there was more buyside interest in the Dubai spreads. The Apr/May and Apr/Jul traded $0.65/bbl to $0.71/bbl and $1.77/bbl to $1.78/bbl. This meant trade houses were sellers of prompt boxes, with the Mar/Apr box trading at -$0.19/bbl. There was also activity in the quarterlies, with the Q2, Q3 and Q4 trading $0.13/bbl to $0.16/bbl, $0.42/bbl to $0.46/bbl and $0.54/bbl, respectively, buy-side interest.

FUEL

This morning, front Sing 0.5 crack saw selling heading into the window from $11.45/bbl to $11.30/bbl. As a result, front Sing 0.5 structure was better offered with Mar/Apr trading from $6.00/mt to $5.75/mt and Apr/May from $5.50/mt to $5.25/mt. We also saw sell-side interests in Sing Hi-5, both prompt and deferred, which further put pressure on the front crack, trading down to the lows of $11.15/bbl. In Euro, front cracks followed the weakness in Sing cracks and softened from $5.40/bbl (yesterday's close) to $5.25/bbl. In structure, we saw some interest in the balmo spread trading at $14/mt. The front Euro crack gained some strength post-window as we saw buying up to $5.30/bbl.

380 structure was initially better offered pre-window, but the front structure turned bid heading into the window, with Mar/Apr trading from $10/mt to $10.50/mt. Post window, the front barge crack was well bid from -$5.50/bbl to -$4.90/bbl. This rally supported the front 380 crack, as we saw it trading from -$2.05/bbl to -$1.80/bbl. As a result, the front 380 E/W sold off from $21.25/mt to $20.25/mt due to the relative strength in barges against 380, and barge spreads saw buying in Mar/Apr up to $3.50/mt. As the morning progressed, prompt 380 structure saw buying in Mar/Apr up to $11/mt. This further supported the front 380 crack up to -$1.65/bbl, and front 380 E/W gained strength trading up to $21.50/mt due to the greater strength in 380 over barges.

DISTILLATES

This morning in distillates, the front Sing gasoil spreads initially sold off before rallying post-window, the Balmo/Mar and Mar/Apr hit on screen to $0.19/bbl and $0.50/bbl before trading back up to $0.27/bbl and $0.55/bbl. The prompt E/W was similarly rangebound, sold down to -$20.00/mt before getting bid back up to -$18.50/mt as the Q2 rallied to -$15.00/mt. The Mar regrade sold off to -$1.00/bbl, as did the front kero spreads the Balmo/Mar to $0.92/bbl.

ICE gasoil spreads opened lower, the Feb/Mar at $22.00/mt and traded down to $20.25/mt, as did the cracks, the Feb trading at $19.10/bbl. The Balmo European jet diff softened to $44.50/mt as the Q2/Q3 box saw interest, trading at $0.25/mt. Heating oil spreads were rangebound as the HOGOs opened lower and rallied, the Q2 to 11 c/gal.

GASOLINE

This morning in gasoline, we saw Mar 92 flat price valued at $83.20/bbl at the end of the window, equivalent to $8.60/bbl on a crack basis. 92 cracks were offered as they traded down to $8.60/bbl from $9.10/bbl with Q2 cracks seeing selling at $8.70/bbl. Mar/Apr was initially offered coming off from $0.56/bbl to $0.42/bbl before trading back at $0.50/bbl as Mar/Apr weakened to $0.52/bbl from $0.70/bbl. Mar EW saw selling in the window down to -$2.40/bbl before bids came in back up to -$2.25/bbl with Mar EBOB cracks valued at $11.05/bbl before rallying on stronger RBBRs to $11.20/bbl and Q3 cracks bid at $13.30/bbl. Mar/Apr EBOB was supported trading from -$29.75/mt to -$28.75/mt and Apr/May valued at $2.75/t as Mar arbs traded at 25c/gal and Q2 at 16.40c/gal; Apr rbbrs rallied trading from $20.75/bbl to $21.25/bbl.

NAPHTHA

This morning in naphtha we saw Mar MOPJ flat price valued at $646.25/mt at the end of the window on a -$2/bbl crack equivalent. Mar MOPJ cracks saw little trading activity with Mar/Apr and Apr/May both trading at $7.50/mt as Jun/Dec saw buying up to $26.50/mt. Mar E/W strengthened from $17.50/mt to $18/mt where selling came in as NWE Mar cracks initially traded down to -$4/bbl before going better bid to -$3.70/bbl as crude came off. Spreads saw little trading with Apr/May valued at $7.25/mt and Apr/Dec bid up to $37.75/mt.

NGLS

This morning in NGLs, FEI was supported with structure rangebound in the front and the back of the curve. In prompt, we saw Mar/Apr trade rangebound between $16.50/mt-$17/mt and May/June between $11.50/mt and $12/mt; whilst in deferred, we saw July/Sep trade at -$3.50/mt. The physical window continued to be primarily better bid with bids being made for 1H Mar at Balmo Feb FEI plus $3/mt and 1H Mar at fixed $635/mt; a trade also occurred for 2H Mar at Mar FEI plus $19/mt. FEI/MOPJs saw strength in prompt and deferred. In prompt, we saw Mar and May trade up to -$31.50/mt and -$48/mt, respectively; whilst in deferred, we saw Q2 and Q3 trade up to -$47/mt and -$46/mt, respectively. Arbs were quiet but weaker with Mar implied lower at -$164.25/mt; whilst E/W also weakened with Apr trading down to $70/mt. FEI/CP weakened in both prompt and deferred; in prompt, we saw Mar and Apr both trade down to -$15/mt, and in deferred, Q2 trading down to flat. CP structure weakened in both prompt and deferred; in prompt, we saw Mar/May trade down to $42.50/mt, and in deferred, we saw July/Dec trade down to -$13.50/mt.

GLOBAL MACRO

The Trump tariff show is driving markets. China retaliates. Alongside an antitrust probe into Google, Beijing also announced 15% levies on coal and liquefied natural gas and 10% on oil and agricultural equipment from the US. The offshore renminbi fell 0.1 per cent against the dollar to Rmb7.32. Hang Seng initially sold off but retraced.

US 5-year breakevens fell in reaction to China's retaliation but remain elevated. Very difficult landscape for the Fed to navigate, -40 bps priced in the OIS by year end, but curve in considerable flux. Fed Bostic - "I want to see what the 100 bps we did last year translates to in terms of the economy. Depending on what the data are, it might mean that we are waiting for a while"

In other macro news yesterday, ISM Manufacturing PMIs in the US printed hotter than expected at 50.9 in Jan; after 26 months of consecutive contraction, the US manufacturing sector is finally back in the positive. Key driver was new orders. Construction spending also up 0.5% m/m in December for the third consecutive positive print.

Euro Area inflation is hotter than expected at 2.5% in Jan for the Flash estimate (2.4% exp). Core inflation 2.7% (2.6% exp). Meanwhile European manufacturing PMIs confirmed contractionary in Jan (France 45.0; Italy 46.3; Germany 45; aggregate 46.6).

Today's Data: US Factory Orders, JOLTS

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