



OVERNIGHT & SINGAPORE WINDOW

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FLAT PRICE

The Apr'25 Brent futures flat price came off on Wednesday morning, falling from \$76.90/bbl at 07:15 GMT to the low \$76/bbl region, trading at \$76.30/bbl at 10:30 GMT (time of writing). Price action retreated as the macro environment weighed on sentiment, with Jerome Powell indicating that the Fed was not in a rush to lower rates, while the 9mb build in crude stocks as reported by the API weighed on sentiment. In the news, an oil tanker that loaded from Novorossiysk carrying 1mb of Urals crude from US-sanctioned Russian producer Surgutneftegas has been idling off India's west coast, as Indian authorities signal they will not accept cargoes loaded after the Jan. 10 sanctions deadline. Fuel oil stocks at the UAE's Port of Fujairah surged 25% in a week, driving total oil product inventories to an eight-month high, while ship fuel demand remained sluggish despite the end of the Chinese New Year holidays in China. TotalEnergies and Aker BP have initiated an independent review of their stakes in Equinor's Johan Sverdrup oilfield, aiming to increase their shares in the North Sea's largest producing field. Finally, the front (Apr/May) and 6-month (Apr/Oct) Brent futures spreads are at \$0.33/bbl and \$2.56/bbl respectively.

CRUDE

This morning in Dated, we saw spreads come off with the balmo DFL trading down to \$0.27/bbl and the March DFL down to \$0.28/bbl. We saw sell-side interest in the 1H vs 2H March Dated roll and traded at \$0.22/bbl and the 3-7 Mar 1-week roll down to \$0.10/bbl. There was also sell-side interest in the 24-28 Feb 2-week roll from \$0.24/bbl down to \$0.23/bbl and the 17-21 Feb 1-week roll traded down to \$0.06/bbl. As spreads continued to come off, we saw the Cal March 24-28 roll hit at \$0.12/bbl and sell-side interest in the 3-7 March vs Cal March.

This morning was quiet in Brent/Dubai, with Mar Brent/Dubai trading range bound between -\$0.37/bbl and -\$0.31/bbl. Dubai spreads moved down further with the Mar/Apr and Apr/May trading from \$0.69/bbl to \$0.64/bbl and \$0.70/bbl to \$0.64/bbl. We saw tradehouse box selling, with Mar/Apr, Mar/Jun and Apr/May trading -\$0.23/bbl to -\$0.24/bbl, -\$0.61/bbl to -\$0.63/bbl and -\$0.21/bbl to -\$0.22/bbl respectively. There was some May ICE Brent futures vs Mar Dubai sellside interest, with none trading. There was bank selling of Q3 which traded \$0.4/bbl to \$0.42/bbl.

FUEL

Front 380 crack saw aggressive selling pre window, trading from \$0.45/bbl to \$0.10/bbl, as a result, front 380 structure was well offered with Mar/Apr trading from \$14.75/mt to \$14.25/mt. As we entered the window, front crack gained some support from the outright buying, hence stabilising at \$0.20/bbl. Therefore, front structure turned better bid, with buying in Mar/Apr up to \$15/mt. We then saw some selling in backend barge cracks in Q3 and Q4, this put some pressure on the front barge crack trading from -\$3.80/bbl to -\$3.95/bbl. However, front barge spreads saw greater weakness compared to the cracks with Mar/Apr offered from \$4.25/mt to \$4/mt. The weakness in barges led to some buying in front 380 EW up to \$27/mt, before softening at \$26/mt as the morning progressed.

Front Sing crack was sold into the window from \$11.95/bbl to \$11.70/bbl. We then saw some buying in Q4 Sing crack, hence this supported the front crack at \$11.70/bbl for a short while. As the morning progressed, front Sing crack traded to the lows of \$11.45/bbl before seeing some support at \$11.65/bbl. Front structure followed the weakness in the front crack, as Mar/Apr was offered from \$6.25/mt to \$6/mt and Apr/May saw some selling at \$5.50/mt. But the interests in front spreads turned slightly better bid as the morning continued with Mar/Apr trading at \$6/mt. In Euro, front Euro crack followed the weakness in Sing crack trading from \$5.40/bbl to \$5.20/bbl. Euro structure was a touch better offered, with Mar/Apr trading from \$7/mt to \$6.75/mt.

DISTILLATES

This morning in distillates, the front Sing gasoil spreads initially sold off before getting bid back up post-window, the Mar/Apr and Apr/May to \$0.75 and \$0.82/bbl respectively. The prompt EW remained rangebound, trading between -\$21.25/mt and -\$20.5/mt as the 3Q was lifted on screen at -\$15.75/mt. The prompt regrade was sold down to -\$0.85/bbl as the Mar/Apr kero was offered at \$1.00/bbl.

ICE gasoil spreads opened lower and came off into the window before retracing post-window, the Mar/Jun to \$27.50/mt as the Mar crack rallied to \$20.70/bbl. Euro jet diffs softened in the prompt, the Mar to \$46.00/mt as the deferred was better bid, the May-Dec strip trading at \$50.00/mt. Heating oil spreads similarly opened lower and remained rangebound as the HOGOs initially rallied before coming back off post-window, the 2Q to 11/cgal.

GASOLINE

This morning in gasoline we saw flat price trade end window at \$85.8/bbl with moc offered. The front crack was implied around \$9.9/bbl end window and we saw flatprice buying end window. Spreads were balanced through the window with Mar/Apr trading at \$0.48/bbl but turned better bid post window with Mar/Apr valued at \$0.5/bbl and Apr/May at \$0.8/bbl. EW was balanced as well through the window but supported at -\$1.8/bbl and again saw better buying post window to trade up to -\$1.5/bbl in Mar as well as Q2 trading at -\$6/bbl. EBOB cracks traded at \$11.55/bbl end window but saw better offerside interest in the morning and in deferred we saw Cal26 selling down to \$8.4/bbl. Spreads softened post window with Mar/Apr trading initially at -\$29.5/mt but coming off post window to trade down to -\$30/mt as we also saw the Apr/Sep arb roll bid by refiners putting pressure on summer EBOB spreads with Apr/May trading at \$2.75/mt post window. Arbs saw little interest during the window but Apr arbs were valued at 18.9c/gal post window while we saw RBBRs rangebound through the window around \$22.75/bbl.

NAPHTHA

This morning in naphtha we saw flat price trade at the end of the window at \$668/mt with MOC better offered. Mar cracks traded at -\$1.1/bbl end window and we saw flat price buying end window. Spreads saw better buy-side interest this morning but Mar/Apr remained trading at \$8.75/mt and Apr/May at \$8/mt. EW was weaker this morning trading at lows of \$15.5/mt in the window where some buying came in to support the front to trade around \$16.5/mt. NWE cracks were better bid this morning with the front firming from -\$2.9/bbl to -\$2.8/bbl end window and continuing to strengthen to trade up to -\$2.6/bbl post window. Spreads saw little trading interest during the morning window but were generally better bid on a stronger front crack with Mar/Apr trading up to \$10/mt post window.

NGLS

This morning in NGLs, CP initially continued to be well offered pre-window with mar fei/cp trading up to \$8/mt and Mar/Apr CP trading down to \$4/mt. However, CP flattly saw some buying reemerge around \$605/mt in Mar, trading up to \$608/mt leading to Mar FEI/CP trading down around \$5.5/mt at the end of the window and Mar/Apr at \$8/mt. Other prompt CP spreads were also lower this morning like Apr/May trading at \$14/mt. Q2 and Q3 FEI/CP remained well bid, trading at \$9/mt and \$31.5/mt, respectively. FEI was better offered in the window again with Mar FEI getting hit at \$611/mt down to \$610.5/mt. FEI spreads were also weaker with Mar/Apr trading down from \$12.5/mt in the morning down to \$10/mt post-window but slightly better bid now at \$10.5/mt while Apr/May traded down from \$9.5 to \$9. EW touch weaker with Apr trading at \$65/mt. Arbs slightly weaker overnight, with Mar LST/FEI trading at -\$148/mt and Sep LST/CP trading at -\$128/mt. In FEI/MOPJs, Jun, Q2 and Q4 traded at -\$59/mt, -\$59/mt, and -\$27/mt, respectively.



GLOBAL MACRO

Powell made further hawkish comments in his speech to the Senate yesterday. He said the neutral rate has risen “meaningfully” since the pandemic. He also said QE will only be used when the policy rate is constrained at the zero lower bound, implying further QT to come. Yields climbed on the testimony, with the 2-year yield up 1.5bps. Steepeners remained essentially unchanged.

OIS currently pricing in about 33bps of cuts this year, with the first full 25bps cut priced for September, ahead of CPI today. Consensus is expecting no change in the headline at 2.9% but for core to ease 0.1pp to 3.1%.

Of the 143k jobs added in January 32k were government. Over the last 12 months on average the government added 36k jobs. But that could change. Trump ordered federal agencies to plan for ‘large-scale’ firings of government workers on Tuesday.

Yen continues to soften against the dollar, currently trading at 153.60, up from 152.50 at the close yesterday. BoJ Ueda noted upside risks food inflation impacts inflation expectations more broadly. Ueda reiterated that further hikes will depend on the economy and price developments. OIS pricing 32bps. JGB curve bear steepened with 10-year notes trading 3bps higher to peak at 1.347, a new cycle high.

Today's data: Italy industrial production, India industrial production, US MBA mortgage applications, US CPI, January budget statistics



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