



OVERNIGHT & SINGAPORE WINDOW

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FLAT PRICE

The Aug/25 Brent futures contract gapped up at open in a \$1.47/bbl move to \$64.12/bbl. Prices rallied all morning to \$65.09/bbl at 11:50 BST (time of writing). The move comes as OPEC+ confirmed it would raise output by \$411kb/d for July, despite rumours on 30 May of larger output hike. In the news, Goldman Sachs expects OPEC+ to implement one final 411kb/d production hike in August, citing tight oil fundamentals, strong global activity, and seasonal demand. SOCAR, Azerbaijan's state energy company, is set to sign new oil and gas exploration deals, including with ExxonMobil and BP, sources told Reuters. While details are scarce, the move supports Azerbaijan's goal to boost gas exports by 8 bcm by 2030. In 2024, Azerbaijan exported 25 bcm of natural gas. The country holds 7 billion barrels of proven oil reserves and 1.7 trillion cubic meters of gas. In other news, Russian and Ukrainian officials are meeting in Istanbul for their second direct peace talks since 2022, amid low expectations for a breakthrough. The talks follow Ukraine's recent strike on Russian nuclear-capable bombers and record-high drone attacks by Russia. Ukraine demands no territorial concessions and reparations, while Russia insists on Ukrainian troop withdrawal from occupied regions and abandoning NATO ambitions. Iran has stated it is still waiting for clarity on the US stance regarding sanctions relief, a key issue in ongoing nuclear negotiations. Foreign Ministry spokesperson Esmail Baghaei emphasized that any deal must ensure sanctions are lifted transparently to avoid repeating past failures. Despite limited progress after five rounds of talks in Rome, major disagreements remain unresolved. Finally, the front-month Aug/Sep and 6-month Aug/Feb spreads are at \$0.82/bbl and \$1.61/bbl respectively.

CRUDE

This afternoon in Dated, we saw rolls in the front go bid with strong refiner and trade Jun/Jul Dated buying up to \$1.33/bbl. The 9-13 Jun CFD was lifted up to \$1.56/bbl and the 2-6 Jun/Cal Jun up to \$1.66/bbl. We also saw strength out of back-end Jun rolls with 16-20 Jun/Cal Jul buying and a strong lift on the 23-27 Jun CFD up to \$0.95/bbl. We then started to see some Jun July dated selling from trades down to \$1.25/bbl with 2-6 Jun CFD offered.

This morning in Brent/Dubai we gapped lower following the OPEC overnight news, with Jun Brent/Dubai trading from \$0.78/bbl to lows of \$0.46/bbl, before bouncing during the MOC window and finishing at \$0.56/bbl. There was Tradehouse selling of Brent/Dubai mainly in Aug tenor. The spreads moved higher, with Jul/Aug trading up from \$0.45/bbl to \$0.59/bbl. The boxes all came off, but none traded OTC.

FUEL OIL

This morning in VLSFO, front Sing crack was better offered in Jul, trading from \$11.05/bbl at open to \$10.80/bbl post window. As a result, front structure in Bal Jun/Jul saw better sellside interests, trading from \$7/mt down to \$6.25/mt. We also saw some selling in 0.5 E/W in the front, as a result, the front Sing crack further weakened to \$10.65/bbl as the morning progressed. In Euro, Front crack was a touch weaker following the move in the front Sing crack, trading at \$5.80/bbl. Though structure in the front saw some buy-side interests with Jul/Aug trading from \$6.25/mt to \$6.50/mt.

In HSFO, front 380 crack saw outright selling this morning, with Jul trading from \$0.05/bbl down to the lows of -\$0.5/bbl. Backend cracks also saw sellside interests. We then saw aggressive selling in front structure with Jul/Aug trading from \$9/mt down to the lows of \$7/mt. As a result, structure down the curve also weakened. The weaker front 380 crack caused the front 380 E/W to sell off, with Jul trading from \$10.25/mt to \$9.50/mt. In barges, front crack was a touch weaker following the front 380 crack, though we saw small size buying from -\$1.80/bbl to -\$1.95/bbl. Though structure down the curve was a touch weaker, with Jul/Aug trading at \$8.75/mt.

DISTILLATES

This morning in distillates, Sing gasoil spreads opened stronger, Jun/Jul bid up to \$0.36/bbl before softening a touch post-window as the E/W was rangebound, Jul trading between -\$14.75/mt and -\$15.00/mt. Regrade was better offered down the curve with the Jun trading down to -\$1.47/bbl as there was tradehouse selling in Q3 at -\$1.00/bbl.

ICE gasoil spreads rallied for the morning, the Jun/Dec to \$16.50/mt as did the cracks, the Jun to \$17.30/bbl. Heating oil spreads similarly rallied, as did the HOGOs, Jun ticking up to 10.7c/gal.

GASOLINE

This morning in Gasoline we saw flat price valued at the end of the window equivalent to around \$9.95/bbl on a crack basis in Jul 92. MOC saw better buy-side interest and front spreads saw buying from refiner and trade with Jul/Aug trading up to \$1.35/bbl and Aug/Sep at \$1.2/bbl. Q4 92 cracks saw buying interest from \$6.6/bbl to \$6.8/bbl. Europe saw similar strength with Jul Arb selling at 13.6c/gal and Jul cracks trading up to \$15.9/bbl. EW saw selling interest at -\$5.8/bbl in Jul with Sep E/W trading at -\$5.2/bbl.

NAPHTHA

This morning in Naphtha, Jul MOPJ flatprice traded equivalent to -\$1.5/bbl crack level. NWE cracks were initially supported by tradehouses in the early morning, with Jul trading at -\$4.20/bbl. Balmo NWE spread was well offered, selling down from \$4.75/mt to \$3.50/mt. The front crack came under pressure due to weakened front NWE spreads, with Jul trading down to -\$4.60/bbl post window. Deferred MOPJ spreads were better bid, with Q3/Q4 trading at \$9.00/mt and Q4/Q1 trading at \$6.75/mt. We saw scaled back Q1 NWE crack buying, from -\$5.6/bbl to -\$5.7/bbl, putting further pressure on the front NWE spread, with Jul/Aug trading at \$4.00/mt.

NGLS

This morning in NGLs, FEI initially seemed better supported overnight with Jun/Jul trading up to \$8/mt, Jul/Aug at \$4/mt while Sep FEI/CP traded up to -\$12/mt and Jul at -\$41/mt. However, FEI went better offered towards the end of the window with bids getting hit, trading down from \$533/mt to \$532/mt and offered on despite crude strengthening, while front spreads also weakened with Jul/Sep trading at \$0.5/mt and implied lower post window and Jul/Dec trading at -\$9/mt in the window and implied down to -\$11/mt post-window. The Physical window was mixed, with 2H Jun bid up to +\$8/mt while 2h Jul was offered at +\$11/mt. FEI/CP initially higher overnight with -\$12/mt trading Sep FEI/CP and -\$41/mt as CP flattish didn't initially change with higher crude overnight. However, FEI/CP sold off with lack of buying as CP buying returned, with Jul CP trading up to \$580/mt post-window. CP spreads saw more sellside interest despite FEI/CP lower. E/W was weaker with FEI weakness while ProNaps saw some bids with -\$71/mt trading in Jun ProNap and -\$47/mt in Oct. FEI/MOPJs drifted lower with crude and FEI weakness with q3 trading down from -\$15/mt to -\$19/mt and Q4 trading down to -\$1/mt.



GLOBAL MACRO

Trump is ramping up tariffs again, announcing that US tariffs on steel and aluminum imports will double from 25% to 50% starting Wednesday. Commerce Secretary Howard Lutnick confirmed there are no plans to extend the pause on broader global tariffs, and reiterated that the court battle over the legitimacy of Trump's tariffs won't blunt the administration's leverage, as tension heats up again.

Bessent said the US "is never going to default" as the deadline for increasing the federal debt ceiling gets closer. JPMorgan chief executive Jamie Dimon disagrees, predicting that a crack in the bond market is "going to happen". It's clear which side the market is on, CDS spreads on US treasury notes are elevated relative to historical average.

Asset managers chopped net length in Treasury futures in the week ending 27 May according to CFTC data, with the unwind most aggressive in ultra long tenors. Hedge funds saw short covering down the curve, with a big short unwind seen in ultra-long bonds

The DXY is breaking lower this morning, trading below 99, down 0.5 points today. Morgan Stanley strategists are now predicting DXY to fall around 9% to 91 by next year, driven by interest rate cuts and slowing growth.

The euro, yen, and Swiss franc are expected to strengthen.

China's NBS Manufacturing PMI ticked higher to 49.5 in May in line with expectations, remaining in contractionary territory for the second month, albeit slowing from 49 in April.

Ukraine says it carried out its largest long-range drone strike of the war, hitting four Russian airbases and damaging 40 aircraft.



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