



OVERNIGHT & SINGAPORE WINDOW

INSIGHT@ONYXCAPITALADVISORY.COM
ONYX CAPITAL ADVISORY

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FLAT PRICE

The Aug'25 Brent futures contract saw a volatile morning, with prices between \$64.91/bbl and \$65.20/bbl. At 11:10 BST (time of writing), prices were at \$65.19/bbl. In the news, Trafigura reported a 3% rise in net profit to \$1.52B for the first half of its 2025 fiscal year, despite a 4% revenue drop to \$119.2B due to lower commodity prices. The gain comes after a sharp earnings decline in 2024, following a \$1.1B fraud and the end of a post-pandemic commodity boom. CEO Richard Holtum took over in January amid ongoing global market volatility. Oil and gas trading volumes held steady at 7.2mb/d, while metals and bulk minerals volumes fell as the firm shifted focus to profitability. In other news, Iraq's oil ministry has accused the Kurdish regional government (KRG) of illegally smuggling oil abroad and warned it will pursue legal action. Baghdad says the KRG's non-compliance with a 2022 federal court ruling is undermining exports and revenues, forcing Iraq to curb output elsewhere to meet OPEC quotas. Talks to restart Kurdish oil exports via Turkey remain stalled over payment and contract issues. MIT engineers have developed a revolutionary membrane-based method for separating crude oil into fuels, potentially cutting energy use by up to 90% compared to traditional distillation. The new polymer membrane filters oil components by molecular size rather than boiling point, eliminating the need for energy-intensive heating. The membrane is scalable using existing manufacturing techniques and could significantly reduce the carbon footprint of fuel production. Finally, the front-month Aug/Sep spread is at \$0.62/bbl and the 6-month Aug/Feb'26 spread is at \$1.41/bbl.

CRUDE

This morning in Dated, we saw Jul/Aug DFL selling down to \$0.24/bbl with offers coming in for the 7-11 Jul 3w roll at \$0.70/bbl and the 7-11 Jul vs 7-1 Aug dated roll at \$0.34/bbl. There was some buy-side interest out of the 7-11 Jul/Cal Jul roll at \$0.20/bbl. We then saw a gva trade aggressively offering the 23-27 Jun/Cal Jul roll down to lows of \$0.65/bbl before the size was taken out and we started to see some balmo buying up to \$1.30/bbl. We also saw the 16-20 Jun 1w roll trading at \$0.29/bbl and the 14-18 Jul 1w roll offered at \$0.20/bbl.

FUEL OIL

This morning in VLSFO, front Sing crack was better offered this morning, but the front crack did not move much trading around \$10.95/bbl the whole morning. Deferred structure continued to see bids in 1H 2026. And structure in the front saw small buy-side interests, with Jul/Aug trading at \$5.25/mt. It was very quiet in Euro 0.5, with the front crack trading at \$5.85/bbl and front structure Jul/Aug supported at \$7.50/mt.

In HSFO, 380 crack in the front saw better buy-side interest at open, trading up to the highs of \$0.6/bbl. Front structure in Jul/Aug was also bid, trading at \$11.50/mt. Post window, we saw sell-side interests in front structure with Jul/Aug trading down to \$10.75/mt, therefore structure down the curve was also a touch weaker. Backend 380 crack in Q3 and Q4 also saw better sell-side interests. As a result, front crack turned offered, trading down to \$0.1/bbl. This caused the 380 E/W to sell off from \$17.50/mt to \$16.25/mt. In barges, front structure was a touch stronger trading from \$7.75/mt (yesterday's close) to \$8/mt. Front barge crack was a little softer following the front 380 crack trailing down from -\$2.20/bbl to -\$2.45/bbl.

DISTILLATES

This morning in distillates, Sing gasoil spreads were better bid with Jul/Aug trading up to \$0.24/bbl as the E/W opened higher and rallied on softer ICE gasoil and bid MOC, Jul trading up to -\$15.00/mt. Regrade was rangebound in the prompt as there was continued selling in Q3, trading at -\$1.05/bbl.

ICE gasoil spreads opened lower and ticked up, the Jun/Dec to \$18.25/mt as the cracks rallied, Jun to \$17.60/bbl. Heating oil spreads similarly rallied as the HOGOs were rangebound, the Jun trading at 11c/gal.

GASOLINE

This morning in gasoline, 92 flatprice traded end window at \$73.52/bbl with MOC more offerside. Cracks in the front initially got hit down to \$9.1/bbl but recovered to trade around \$9.25/bbl in the window with the front better offered this morning and E/W was a touch softer this morning around -\$5.65/bbl. Spreads in the front softened with Jul/Aug trading at \$1.13/bbl end window but Aug/Sep still had buying at \$1.05/bbl. In Europe, cracks opened around \$14.6/bbl this morning and traded up to \$14.8/bbl in the window; there was better crack buying in Sep and Mar respectively at \$13/bbl and \$7.25/bbl. Spreads had better buyside int in the front with Jul/Sep lifted from \$21.25/mt to \$22.25/mt in the window and arbs still remained buyside this morning with Jul trading around 13.95c/gal; RBBRs firmed in the morning from opening around \$19.75/bbl to close the window around \$20.1/bbl with arbs only getting lifted up to 14c/gal.

NAPHTHA

In naphtha, MOPJ MOC was better bid this morning with flatprice trading end window at \$550.5/mt. There was E/W buying this morning in the front with Funds buying \$22.5/mt in Jul with Q3 E/W trading around \$22/mt; Jul/Aug traded at \$3.5/mt in the east a touch firmer. Pre window we saw NEW cracks hit down to -\$5.3/bbl in the front but traded around -\$5.05/bbl end window and there was buying again in Q4'26 at -\$7.4/bbl post window.

NGLS

This morning in NGLs, FEI pre-open was initially well bid with structure in the front stronger whilst the back was quiet. In the front, we saw Jul/Aug and Jul/Dec trade up to \$5/mt and -\$7/mt respectively; towards the end of the window/post window, FEI went softer along with structure in general. In the front, Jul/Aug and Jul/Dec traded down to \$4/mt and -\$10/mt respectively whilst in the back Dec/Dec and Q4/Q1 traded down to \$42/mt and \$8.25/mt respectively. Physical window saw a bid get hit for 1H Jul at Jul FEI plus \$11/mt, whilst a bid was made for 1H Aug at Aug FEI plus \$4.5/mt and an offer for 2H Jul at Jul FEI plus \$14/mt. Arbs pre-open weakened significantly with Jul and Aug trading down to -\$158/mt and -\$152/mt respectively on FEI strength, however during the window we saw a reversal as Jul and Aug traded up to -\$153/mt and -\$148/mt respectively on FEI weakness relative to the morning. FEI/CP weakened to a similar ration with Aug and Sep trading down to -\$39.5/mt and -\$25/mt respectively; E/W was quiet but implied lower on FEI weakness with Jul implied at \$67/mt.



GLOBAL MACRO

- US ISM Services PMI declined to 49.9 in May breaking into contractionary territory for the first time since June 2024. The print was far below market expectations of 52, and down markedly from last months 51.6 in April.
- Production flat lined (50 v 53.7) while new orders plummeted (46.4 v 52.3).
- Firms are drawing on inventories after massive builds (49.7 v 53.4), but backlogs of orders saw contraction accelerate (43.4 v 48).
- Price pressure intensified to the highest since November 2022 (68.7 v 65.1).
- To further worries, private sector businesses added 37k payrolls in May according to ADP, down from a downwardly revised 60k in April and disappointing forecasts of 115k. The ADP data is a relatively small sample, and has struggled to correlate with the more impactful Non-farm payrolls recently.
- Japan's 30-year JGB auction was poorly subscribed, with prices disappointing dealer expectations. The cover ratio (dollar value of bids versus the amount sold) fell to 2.92 from 3.07, and the tail extended to 0.49 from 0.3 (difference between average price paid and lowest price paid in the auction).
- USD/JPY strengthened yesterday, in part aided by dollar selling. The cross has since found support at 142.50 and retraced this morning. But a break lower below 142 could see focus turn to the 140 handle
- Japan April labour earnings were a little disappointing at 2.3% y/y compared to the 2.6% expected. Although there were revisions to the March print, which was bumped up to 2.3% y/y.
- Germany factory orders strong in April, rising 0.6% m/m against expectations for 1% m/m drop. Growth driven by demand for transport (aircraft, ships, trains), while demand for pharmaceuticals and electrical equipment fell sharply.
- China Caixin Services PMI printed in line with expectations at 51.1 for May, accelerating from April's 50.7.
- Equities have been mixed across the world: the Hang Seng is up 3.5% on the week, while the Nikkei 225 has declined slightly.
- US equities slightly stronger: S&P 500 up 1.2% and Nasdaq up 2.1% but markets have cooled from post-tariff pause rally. Dax hit new ATH yesterday.



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