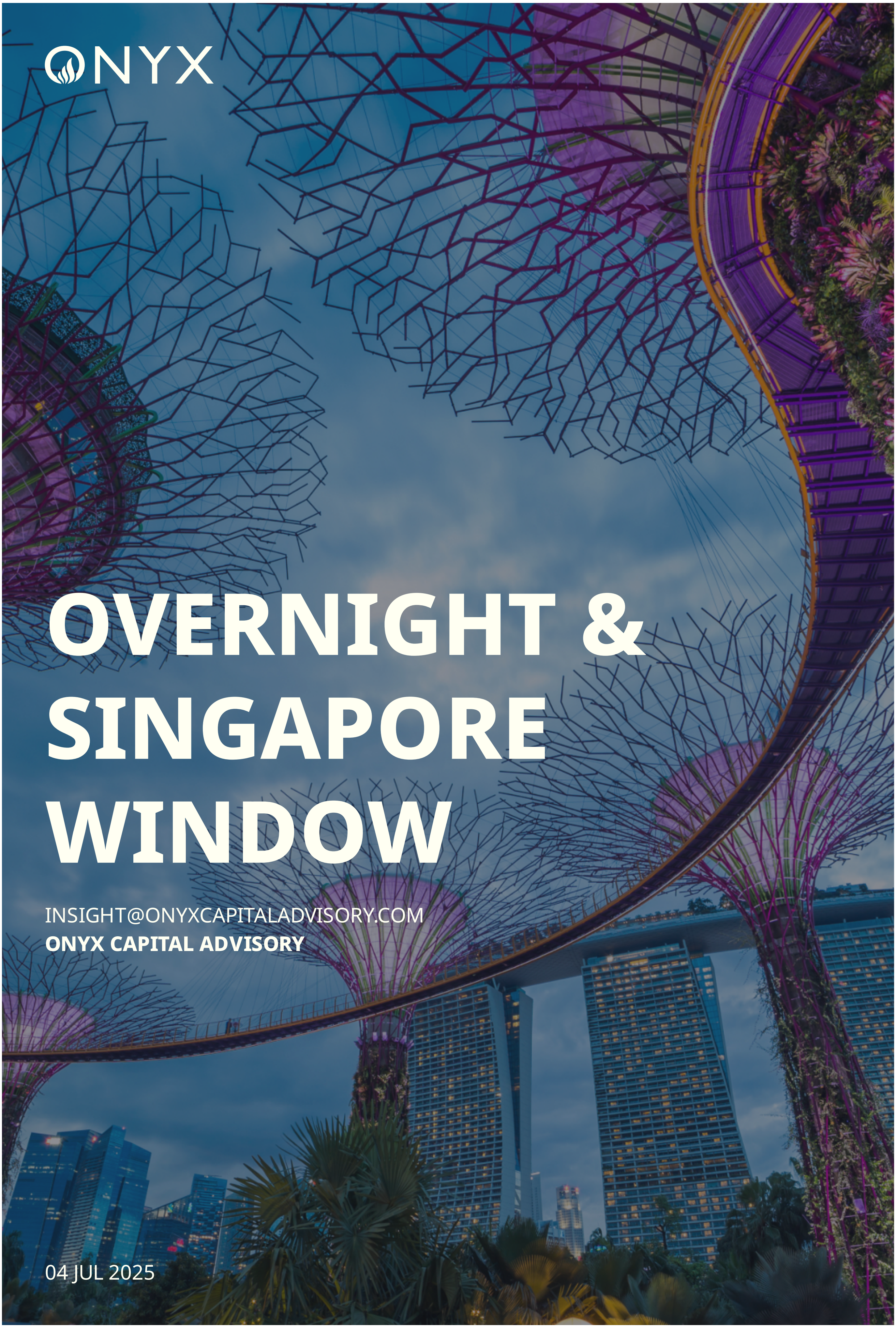

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FLAT PRICE

The front-month (Sep'25) Brent futures contract eased from $68.76/bbl at 08:55 BST to $67.85/bbl at 10:30 BST. Price action saw more support at this level and ticked up to $68.18/bbl at the time of writing (11:45 BST). Iran remains committed to the Nuclear Non-Proliferation Treaty, per Iranian Foreign Minister Abbas Araghchi. US news website Axios has since reported that the US was planning to meet with Iran next week to restart nuclear negotiations. Moreover, Saudi Arabian Defence Minister Prince Khalid Bin Salman reportedly met with US President Donald Trump, alongside other White House officials, to discuss de-escalation efforts in Iran. In other news, the market is largely expecting OPEC+ to announce a fourth consecutive accelerated hike of 411kb/d in production for August 2025 in its meeting on Saturday. Instead, uncertainty in the market arises over Saudi Arabia’s expected August official selling price (OSP) announcement, which is speculated to be announced this weekend, and the upcoming 9 July deadline for US trading partners to strike deals on tariffs. So far, the Trump administration has managed to strike deals with Britain and Vietnam. Finally, at the time of writing, the Sep/Oct’25 and Sep/Mar’26 Brent futures spreads stand at $1.05/bbl and $2.66/bbl, respectively.

CRUDE

This morning in Dated Brent, we saw spreads come off with the Aug DFL trading down to $1.43/bbl and the Aug/Sep DFL roll down to $0.50/bbl before we started to see some buying. The Balmo DFL was offered down to $1.90/bbl before trading back up to $1.97/bbl with buyers of the Balmo July/Aug DFL roll. There was better buying out of 7-11 Jul with the 1w bid and the 7-11 Jul vs Cal July trading up to $1.32/bbl

FUEL OIL

In VLSFO, the front Sing 0.5% crack was better bid at open, and traded rangebound for the rest of the morning between $11.50/bbl and $11.55/bbl. The buying in the front Sing crack supported structure down the curve, as a result, we saw some small buying in Aug/Sep Sing 0.5 spread at $6.50/mt. Front 0.5 E/W was slightly offered this morning, with Aug trading at $31.50/mt. This and some outright buying supported the front Euro 0.5% crack, trading up to the highs of $6.60/bbl before softening to $6.50/bbl as the morning progressed due to the selling in front Euro spreads. Front Euro 0.5% structure saw better offers this morning, with Aug/Sep trading at $8.50/mt.

In HSFO, Aug'25 Singapore 380 cst crack saw sellside interests at open, trading from -$1.75/bbl to -$1.85/bbl. This weakened structure in the front, with Aug/Sep trading from $3.50/mt to $3.25/mt. As the morning progressed, outright buying interests in Sep 380 crack entered the market, trading from -$1.50/bbl to -$1.40/bbl. This supported the front crack and the front 380 E/W, as we saw the front E/W strengthened from $6/mt to $6.50/mt. In 3.5% barges, the front crack was relatively stable, trading around -$2.55/bbl the whole morning. Barge structure saw little interest, with the front Aug/Sep implied at $9/mt.

DISTILLATES

This morning in distillates, the front Sing gasoil spreads were better offered. Bal/Aug and Aug/Sep sold to $1.20/bbl and $0.95/bbl as the E/W was rangebound. They sold down to -$30.00/mt before rallying back to -$28.25/mt post-window. The prompt regrade rallied after the window to -$1.49/bbl as the Q1'26 saw sell-side interest, trading at -$0.33/bbl.

ICE gasoil spreads were rangebound for the morning, Jul/Dec trading at $74.00/mt as the cracks drifted higher, Aug to $23.80/bbl. Heating oil spreads were rangebound, as were the HOGOs, Aug trading at 15.70c/gal.

GASOLINE

This morning in gasoline Singapore 92 flat price traded at $76.50/bbl at the end of the window, with MOC better bid. The East opened stronger and was bid throughout the morning with front spreads getting lifted: Aug/Sep traded up from $1.33/bbl to $1.39/bbl and Dec/Jun traded at $0.48/bbl, with E/W strengthening to -$5.70/bbl from -$6.05/bbl. Cracks firmed opening at $9.10/bbl and moved up to $9.40/bbl post window. Europe opened initially super bid with flat price buying but weakened throughout the morning with the crack coming off in the front trading down from $15.25/bbl to $15.10/bbl, as did spreads with Aug/Sep trading down from $15.25/t to $14.75/t end window. Arbs opened at 12.35c/gal but traded up slightly to 12.60c/gal with Europe coming off in window and RBBRs on an uptrend trading at $19.30/bbl at the end of the window.

NAPHTHA

This morning in naphtha, NWE flat price traded at $573/mt at the end of the window today, with MOC better bid. MOPJ was better bid today with spreads supported at $3.50/t in the front and flat price finding some buying on lower crude. Aug and Q1'26 cracks were bid at -$2.55/bbl and -$3.10/bbl respectively, as Aug naphtha E/W saw good size scaled back selling due to hedging flow, but this was absorbed quickly, firming from $27/t to $27.50/t. NWE cracks saw better sell-side interest but firmed from -$6/bbl to -$5.70/bbl as crude came off, with the front spread remaining stable at $1.50/t.

NGLS

This morning in NGLs, FEI was better bid pre-window and was supported throughout the window with structure across the curve also bid. In the front, we saw Aug/Sep and Sep/Oct trade up to -$4/mt, whilst in the back, we saw Nov/Feb and Dec/Jan trade up to $8/mt and $4/mt respectively. Physical window was very active with a similar theme of being better offered, although some bids were made, but at very low premiums. A market was made for 2H Aug at Aug FEI minus $7.50/mt at -$0.5/mt and bids for 1H Aug at Balmo July FEI minus $1.5/mt. FEI/CP strengthened on FEI strength with Aug and Q4 trading up to -$22/mt and -$12.5/mt respectively; Arbs were quiet but implied lower owing to the same ration with Aug implied at -$157/mt.

GLOBAL MACRO

- June non-farm payrolls rose 147k, beating expectations, with May revised up to 144k. However, half of the gains came from government jobs (+73k), mainly in state education, while private payrolls slowed sharply to 74k (vs. 105k expected), led by healthcare.
- US unemployment fell to 4.1% as the labour force shrank by 130k, pushing participation to 62.3% - a 1.5-year low. Trump's deportations forcing the Fed's hand in higher for longer?
- Markets initially surged: US 10-year yields jumped 10 bps and the dollar rallied with DXY peaking at 97.312, but the dollar pared its gains. Then, ISM Services PMI was surprised at 50.8, back in expansion, with strong business activity and new orders, but with a sharp drop in employment (47.2).
- The Fed's outlook is murky. Headline strength masks signs of labour market cooling, and inflation risks remain. Markets still pricing in rate cuts for October and December.
- Atlanta Fed President Bostic said trade tariffs may have slower, more lasting effects than expected, with no immediate need for policy changes. Goldman Sachs now forecasts rate cuts in September, October, and December, and has lowered year-end yield targets to 3.45% for 2-year and 4.20% for 10-year Treasuries.
- President Trump confirmed tariff letters will go out tomorrow, with full coverage by July 9. Tariffs will range from 10–70%, and will be imposed on August 1. Separately, his tax-cut bill cleared Congress, advancing his domestic agenda in a blow to US fiscal sustainability.
- In Japan, May household spending rose 4.7% y/y, far above expectations of 1.2% and the strongest since mid-2022. Taken with the strongest wage gains in 34 years, this supports expectations of continued upward pressure on long-term JGB yields and a firmer BOJ stance. Long-end JGB yields look primed to grind higher.
- Iron ore futures rose to near CNY 740/mtonne, a seven-week high, as China ramped up efforts to curb aggressive price-cutting and fight deflation. The Central Financial and Economic Affairs Commission called for tighter regulation to support the struggling steel sector, hit by low margins and overcapacity.
- Data today: Euro HCBO Construction PMI, Euro PPI

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