



Market Summary

Premia? The sky is the limit

Oil prices are reacting almost violently to the typical summer stock draw. Market are backwardated, signifying the chewing up of inventories which should accelerate as we go further into the Northern summer months. But the strength in flat prices and premia is taking even seasoned traders and analysts by surprise. Brent rose by 88c/bbl against the close of Asia yesterday. And Dubai physical premiums continue to drive higher, increasing to \$1.84/bbl, up 19c/bbl from yesterday. (Figure 1) The Dubai premium governs the premia for all the other crude oil including next month OSPs. So, what the Saudi hand giveth this month, will taketh away next month.

One Chinese refiner noted "I expected a rebound form last month's level, but not so strong". So why are we seeing such strength in Dubai physical in the window? The medium sour Johan Sversdrop is reportedly pricing at a \$6 premium over Dubai delivered to Asia. The arb is very expensive and the best alternative is Middle Eastern oil. This has already resulted in freight rates coming down, noted a trader. The window felt far more lively today. PetroChina came with their checkbook, perhaps answering to yesterday requests. Mets also came in on the buy side, picking up cargoes from Exxon. Ample partials traded at the close at around \$87.65/bbl.

ADNOC set August Murban OSPs at \$82.52/bbl, compared with \$83.93/bbl for July. Umm Lulu was set at a 15c/bbl premium to Murban, Das was set at a 75c/bbl discount, whilst Upper Zakum was set at parity. Total sold 3-mil bbls of Murban to IOC and BPCL so far this year. Some have also pointed to deterioration in the Red Sea for driving up prices. The Houthis confirmed 16 attacks on merchant shipping vessels in June, up from 4 attacks on vessels in May. Could this lead to further rerouting of ships around the Cape of Good Hope?

Labour won the UK election, and by a striking majority. After 611 seats had been counted, the opposition had claimed 65% of the seats, with only 34% of the votes, the widest disparity since 1945! A democratic quirk. The new government will also likely come with a change energy strategy, including elevated taxes on the oil and gas industry, whilst trying build energy independence from Russia. Good luck!

Summary					
Physical and Futures			05-Jul-24	1-Day Change	7-Day Change
Brent Sep (fut)	(\$/bbl)		87.520	+0.880	+1.650
WTI Sep (fut)	(\$/bbl)		83.190	+0.860	+1.700
Dubai Sep (phys)	(\$/bbl)		87.650	+0.860	+1.880
Crude Swaps Aug					
Brent	(\$/bbl)		86.570	+0.780	+1.545
DFL	(\$/bbl)		0.880	+0.130	+0.130
WTI	(\$/bbl)		82.845	+0.825	+1.665
Dubai	(\$/bbl)		86.650	+0.730	+1.400
Tenor			Sep-24	Oct-24	Nov-24
Crude Futures					
Brent (fut)	(\$/bbl)		87.520	86.600	85.810
WTI (fut)	(\$/bbl)		83.190	82.230	81.370



In detail

As at 09:30 BST, crude markets made further gains against the close of Asia yesterday. September Brent futures jumped up by \$0.88 to \$87.52/bbl, whilst September WTI futures posted a \$0.86 gain over the same period, at \$83.19/bbl. Our Dubai assessment of physical cargos for September increased by \$0.86/bbl, to close the window at \$87.65/bbl. Physical premiums for September Dubai jumped again, rising by 19c to remain elevated at \$1.84/bbl.

Chinese yields have plummeted this year, with the 10 year CGB ultimately bottoming at 2.18% earlier this week. Weak demand and a crumbling housing market have driven the influx of capital into the 'safe haven' assets. This could be problematic for the financial stability focused PBoC. Low yields could dissuade foreign capital inflow, endangering the yuan. The potential for a rapid market correction could also pose financial stability risks among Chinese rural commercial banks, running on thin margins. The PBoC's perception is that long dated yields remain too weak, given their expectation for growth and inflation to pick up.

The PBOC has historically held relatively little sovereign debt on balance sheet, compared to the Fed and BoE at least. It becomes difficult when you wish to sell bonds if you have none. But the PBOC is apparently ready, with "hundreds of billions" of yuan worth of the bonds at their fingertips. A new facility, agreed with several major financial institutions, will enable the central bank to borrow a mixture of medium and long dated bonds, and then sell them, depressing prices and supporting yields. This is pretty unconventional to say the least.

The PBOC is modernizing, opening policy to new ideas. There are even reports of China adopting a single short term policy rate. Will this modernization translate into better monetary and financial stability controls? Perhaps in the long run, but the measures will do very little to reverse the lethargy plaguing macro prints from the People's Republic in recent months.

Japan household spending continued to fall for May, falling 1.8% y-o-y. This came in far lower than market consensus of a 0.1% growth and prints a reversal of the 0.5% growth the month prior. But the yen has been strengthening against the dollar. This is of course reflective of a fall in the dollar, against euro and sterling the yen continues to slide.

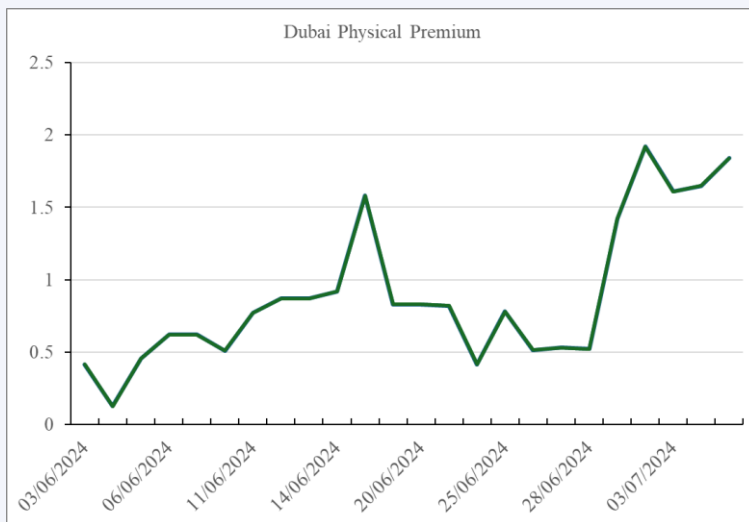

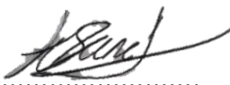


Figure 1: Dubai Physical Premium, Onyx Flux and authors calculations

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Front Month Outrights				
August Swaps			05-Jul-24	1-Day Change 7-Day Change
Crude				
Brent	(\$/bbl)	86.570	+0.780	+1.545
WTI	(\$/bbl)	82.845	+0.825	+1.665
Dubai	(\$/bbl)	86.650	+0.730	+1.400
Distillates				
Gasoil 0.1 NWE	(\$/mt)	802.970	+6.910	+6.030
NWE Jet	(\$/mt)	859.470	+8.910	+7.030
Singapore 10ppm	(\$/bbl)	103.920	+0.820	+0.390
Sing Kero	(\$/bbl)	102.870	+0.630	+0.670
Gasoline				
RBOB	(c/gal)	254.560	+1.500	+3.350
EBOB	(\$/mt)	853.520	+4.020	+12.820
Singapore 92	(\$/bbl)	93.360	-0.140	+1.280
Singapore 95	(\$/bbl)	97.660	-0.190	+1.080
Naphtha				
US C5 ENT	(c/gal)	161.830	+1.490	+3.360
NWE Naphtha	(\$/mt)	693.840	+5.780	+9.880
MOPJ Naphtha	(\$/mt)	710.430	+6.120	+9.970
Fuel Oil				
3.5% barges	(\$/mt)	494.350	+2.350	+8.140
Singapore 380	(\$/mt)	512.280	+5.780	+12.570
Singapore 180	(\$/mt)	517.100	+5.350	+10.390
0.5% barges	(\$/mt)	576.390	+4.380	+15.900
Singapore 0.5%	(\$/mt)	620.650	+6.100	+17.400
NGLs				
US Propane LST	(c/gal)	85.740	+0.750	+0.900
NWE Propane	(\$/mt)	575.710	+4.410	+13.420
Saudi Propane CP	(\$/mt)	591.210	-0.140	-2.080
Asian Propane FEI	(\$/mt)	648.210	+1.910	+8.420
US Butane ENT	(c/gal)	101.490	+0.750	+1.390
Saudi Butane CP	(\$/mt)	577.210	+0.910	-1.080



Long Tenor Swaps

		Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	87.465	86.570	85.770	85.080	84.465	84.483	82.932
WTI	(\$/bbl)	83.780	82.845	81.980	81.135	80.385	80.408	78.530
Dubai	(\$/bbl)	87.370	86.650	85.810	85.040	84.360	84.373	82.633
Distillates								
Gasoil 0.1 NWE	(\$/mt)	802.520	802.970	803.430	800.235	794.170	794.808	783.132
NWE Jet	(\$/mt)	857.020	859.470	859.930	857.650	852.040	852.697	843.620
Singapore 10ppm	(\$/bbl)	103.640	103.920	104.020	103.730	103.220	103.223	101.983
Sing Kero	(\$/bbl)	102.740	102.870	102.950	102.840	102.530	102.520	101.533
Gasoline								
RBOB	(c/gal)	258.165	254.560	235.300	229.145	224.985	225.760	230.540
EBOB	(\$/mt)	855.020	853.520	838.520	792.270	770.270	772.520	754.437
Singapore 92	(\$/bbl)	94.110	93.360	92.490	91.540	90.610	90.713	89.440
Singapore 95	(\$/bbl)	98.610	97.660	96.740	95.740	94.610	94.747	93.040
Naphtha								
US C5 ENT	(c/gal)	161.330	161.830	162.210	162.590	162.710	162.587	161.710
NWE Naphtha	(\$/mt)	706.840	693.840	686.090	681.590	676.590	676.507	661.673
MOP-Japan Naphtha	(\$/mt)	718.430	710.430	702.930	697.340	691.840	691.840	674.923
Fuel Oil								
3.5% barges	(\$/mt)	501.850	494.350	484.850	474.600	468.350	469.183	461.600
Singapore 380	(\$/mt)	523.030	512.280	495.780	482.410	475.410	476.493	466.743
Singapore 180	(\$/mt)	526.850	517.100	504.100	493.480	487.480	488.563	480.730
0.5% barges	(\$/mt)	579.890	576.390	570.890	565.140	559.770	559.933	547.723
Singapore 0.5%	(\$/mt)	626.900	620.650	612.650	605.900	600.400	600.650	587.233
NGLs								
US Propane LST	(c/gal)	84.740	85.740	86.360	87.360	87.860	87.653	85.823
NWE Propane	(\$/mt)	579.710	575.710	574.710	577.710	579.710	579.210	563.043
Saudi Propane CP	(\$/mt)	591.210	591.210	598.710	609.210	617.210	616.210	610.043
Asian Propane FEI	(\$/mt)	651.210	648.210	650.710	656.710	661.210	659.043	636.377
US Butane ENT	(c/gal)	100.490	101.490	101.870	103.250	103.750	103.500	100.630
Saudi Butane CP	(\$/mt)	577.210	577.210	592.210	603.710	612.710	611.377	602.543



Front Month Spreads				
Aug/Sep		05-Jul-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.800	+0.110	+0.135
WTI	(\$/bbl)	0.865	+0.085	+0.110
Dubai	(\$/bbl)	0.840	+0.060	+0.130
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-0.460	+0.705	-0.775
NWE Jet	(\$/mt)	-0.460	+1.700	-0.780
Singapore 10ppm	(\$/bbl)	-0.100	+0.050	-0.280
Sing Kero	(\$/bbl)	-0.080	+0.020	-0.150
Gasoline				
RBOB	(c/gal)	19.260	+0.090	-0.165
EBOB	(\$/mt)	15.000	+0.000	+1.000
Singapore 92	(\$/bbl)	0.870	-0.280	+0.020
Singapore 95	(\$/bbl)	0.920	-0.330	+0.020
Naphtha				
US C5 ENT	(c/gal)	-0.380	+0.000	+0.120
NWE Naphtha	(\$/mt)	7.750	+1.000	-1.000
MOP-Japan Naphtha	(\$/mt)	7.500	+0.750	-1.250
Fuel Oil				
3.5% barges	(\$/mt)	9.500	-1.000	+2.000
Singapore 380	(\$/mt)	16.500	+1.500	+5.250
Singapore 180	(\$/mt)	13.000	+1.000	+4.250
0.5% barges	(\$/mt)	5.500	-0.250	+1.880
Singapore 0.5%	(\$/mt)	8.000	+0.750	+1.750
NGLs				
US Propane LST	(c/gal)	-0.620	+0.000	-0.370
NWE Propane	(\$/mt)	1.000	+1.000	+0.500
Saudi Propane CP	(\$/mt)	-7.500	-2.000	-4.500
Asian Propane FEI	(\$/mt)	-2.500	+0.000	-0.500
US Butane ENT	(c/gal)	-0.380	+0.000	-0.500
Saudi Butane CP	(\$/mt)	-15.000	-1.500	-3.000



Front Month Cracks and Diffs			
August	05-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.080	+0.050	+0.150
WTI/Brent (\$/bbl)	-3.730	+0.050	+0.110
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	21.210	+0.150	-0.740
NWE Jet crack (\$/bbl)	22.500	+0.360	-0.660
NWE Jet Diff (\$/mt)	56.500	+2.000	+1.000
Gasoil E/W (\$/bbl)	-28.750	-0.750	-3.110
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.050	-0.190	+0.250
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	10.600	+0.350	-0.310
EBOB crack (\$/mt)	15.900	-0.280	+0.000
Singapore 92 crack (\$/bbl)	6.800	-0.900	-0.260
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-9.100	-0.620	-0.260
European Gasnaph (EBOB vs Naphtha) (\$/mt)	159.680	-1.700	+2.940
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	67.350	-7.100	+0.780
Naphtha			
US C5 ENT vs WTI Crack	-14.870	-0.190	-0.250
NWE Naphtha Crack (\$/bbl)	-8.600	-0.120	-0.430
MOPJ Naphtha Crack (\$/bbl)	-6.750	-0.100	-0.430
Naphtha E/W (NWE vs MOPJ) (\$/mt)	16.500	+0.250	+0.000
Fuel Oil			
3.5% barges crack (\$/bbl)	-8.730	-0.430	-0.280
Singapore 380 crack (\$/bbl)	-5.890	+0.130	+0.440
Singapore 180 crack (\$/bbl)	-5.150	+0.040	+0.070
Visco (180-380) (\$/mt)	4.750	-0.500	-2.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	18.000	+3.500	+4.500
0.5% barges crack (\$/bbl)	4.200	-0.100	+0.950
Singapore 0.5% crack (\$/bbl)	11.160	+0.160	+1.160
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	44.200	+1.660	+1.440
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	82.100	+2.090	+7.820
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	108.310	+0.260	+4.770
0.5% barges/gasoil (\$/mt)	-226.640	-2.290	+9.810
Sing 0.5% vs Sing 10ppm (\$/mt)	-153.720	+0.090	+14.100
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-129.000	-0.500	-8.730
US Propane LST vs Asian Propane FEI (\$/mt)	-201.500	+2.000	-3.730
Asian Propane FEI vs NWE Propane (\$/mt)	72.500	-2.500	-5.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	57.000	+2.000	+10.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-118.440	-1.810	+3.230
Asian Pronap (FEI vs MOPJ) (\$/mt)	-119.440	-6.560	-12.270



Long Tenor Cracks / Diffs

	Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.090	-0.080	-0.030	0.060	0.130	0.130	0.317
WTI/Brent (\$/bbl)	-3.680	-3.730	-3.800	-3.960	-4.090	-4.083	-4.397
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	20.26	21.21	22.06	22.32	22.11	22.19	22.19
NWE Jet crack (\$/bbl)	21.30	22.50	23.36	23.77	23.66	23.74	24.13
NWE Jet Diff (\$/mt)	54.50	56.50	56.50	57.50	58.00	58.00	60.50
Gasoil E/W (\$/bbl)	-30.40	-28.75	-28.48	-27.38	-25.08	-25.70	-23.35
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.90	-1.05	-1.07	-0.89	-0.69	-0.70	-0.45
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	13.770	10.600	-4.370	2.690	4.810	4.947	14.897
EBOB crack (\$/mt)	15.180	15.900	14.880	10.020	8.000	8.253	7.643
Singapore 92 crack (\$/bbl)	6.650	6.800	6.710	6.450	6.140	6.227	6.513
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.530	-9.100	-8.170	-3.570	-1.860	-2.027	-1.130
European Gasnaph (EBOB vs Naphtha) (\$/mt)	148.180	159.680	152.430	110.680	93.680	96.013	92.763
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	65.600	67.350	67.600	65.190	62.940	63.803	70.113
Naphtha							
US C5 ENT vs WTI Crack	-16.020	-14.870	-13.850	-12.850	-12.050	-12.123	-10.613
NWE Naphtha Crack (\$/bbl)	-8.020	-8.600	-8.670	-8.490	-8.430	-8.457	-8.573
MOPJ Naphtha Crack (\$/bbl)	-6.740	-6.750	-6.800	-6.730	-6.730	-6.743	-7.093
Naphtha E/W (NWE vs MOPJ) (\$/mt)	11.500	16.500	16.750	15.750	15.250	15.333	13.250
Fuel Oil							
3.5% bgs crack (\$/bbl)	-8.440	-8.730	-9.430	-10.350	-10.720	-10.600	-10.243
Singapore 380 crack (\$/bbl)	-5.080	-5.890	-7.690	-9.110	-9.600	-9.440	-9.420
Singapore 180 crack (\$/bbl)	-4.500	-5.150	-6.390	-7.390	-7.710	-7.557	-7.230
Visco (180-380) (\$/mt)	3.750	4.750	8.250	11.000	12.000	12.000	13.917
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	21.250	18.000	11.000	7.880	7.130	7.380	5.213
0.5% bgs crack (\$/bbl)	3.860	4.200	4.130	3.910	3.680	3.690	3.320
Singapore 0.5% crack (\$/bbl)	11.240	11.160	10.680	10.310	10.060	10.083	9.527
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	46.950	44.200	41.700	40.700	40.570	40.657	39.450
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	78.100	82.100	86.100	90.600	91.480	90.810	86.183
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	103.930	108.310	116.930	123.420	124.920	124.087	120.420
0.5% bgs/gasoil (\$/mt)	-222.720	-226.640	-232.600	-235.070	-234.250	-234.830	-235.453
Sing 0.5% vs Sing 10ppm (\$/mt)	-145.390	-153.720	-162.470	-167.060	-168.680	-168.533	-172.710
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-138.21	-129	-124.77	-122.56	-121.96	-122.533	-115.903
US Propane LST vs Asian Propane FEI (\$/mt)	-209.71	-201.5	-200.77	-201.56	-203.46	-202.367	-189.237
Asian Propane FEI vs NWE Propane (\$/mt)	71.5	72.5	76	79	81.5	79.833	73.333
Asian Propane FEI vs Saudi Propane CP (\$/mt)	60	57	52	47.5	44	42.833	26.333
European Pronap (\$/mt)	-127.44	-118.44	-111.69	-104.19	-97.19	-97.607	-98.94
Asian Pronap (FEI vs MOPJ) (\$/mt)	-127.44	-119.44	-104.44	-88.44	-74.94	-75.94	-65.19



Inter-month Crack Spreads			
Aug/Sep	05-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.050	+0.040	+0.000
WTI/Brent (\$/bbl)	0.070	-0.010	-0.030
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.850	+0.000	-0.230
NWE Jet crack (\$/bbl)	-0.860	+0.110	-0.240
NWE Jet Diff (\$/mt)	0.000	+1.000	+0.000
Gasoil E/W (\$/bbl)	-0.270	-0.280	-1.270
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	0.020	-0.030	+0.130
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	14.970	+0.100	-0.450
EBOB crack (\$/mt)	1.020	-0.080	+0.010
Singapore 92 crack (\$/bbl)	0.090	-0.370	-0.090
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.930	-0.280	-0.100
European Gasnaph (EBOB vs Naphtha) (\$/mt)	7.250	-1.000	+2.000
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	-0.250	-3.070	+1.420
Naphtha			
US C5 ENT vs WTI Crack	-1.020	-0.080	-0.050
NWE Naphtha Crack (\$/bbl)	0.070	+0.000	-0.240
MOPJ Naphtha Crack (\$/bbl)	0.050	-0.020	-0.260
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-0.250	-0.250	-0.250
Fuel Oil			
3.5% barges crack (\$/bbl)	0.700	-0.260	+0.190
Singapore 380 crack (\$/bbl)	1.800	+0.130	+0.700
Singapore 180 crack (\$/bbl)	1.240	+0.050	+0.530
Visco (180-380) (\$/mt)	-3.500	-0.500	-1.000
HSFO E/W (380 vs 3.5% barges) (\$/mt)	7.000	+2.500	+3.250
0.5% barges crack (\$/bbl)	0.070	-0.160	+0.170
Singapore 0.5% crack (\$/bbl)	0.480	+0.020	+0.160
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	2.500	+1.000	-0.130
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-4.000	+0.750	-0.120
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-8.620	-0.870	-3.620
0.5% barges/gasoil (\$/mt)	5.960	-0.960	+2.660
Sing 0.5% vs Sing 10ppm (\$/mt)	8.750	+0.380	+3.840
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-4.230	-1.000	-2.430
US Propane LST vs Asian Propane FEI (\$/mt)	-0.730	+0.000	-1.430
Asian Propane FEI vs NWE Propane (\$/mt)	-3.500	-1.000	-1.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	5.000	+2.000	+4.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-6.750	+0.000	+1.500