



Market Summary

North Sea, a Quiet Place

No trades in the North Sea window again today and no chained cargoes, but Equinor offered Johan Sverdrup at 95c/bbl over dated. Everyone quiet down and pretend this is normal, a hot couple of weeks looking for oil and then...nothing. We understand, the buyers are in a long weekend and were busy getting their fireworks and burgers ready for July 4 and beyond. Really? Please convince us this is normal.

Despite the silent north sea, oil markets continued to drive higher during European trading, with Brent futures well on their way to the \$90 handle many have been hoping for. 'They (whoever they is) are trying to bring the price up to 90 to sell it down again,' said an analyst. Should we believe him? The September Brent futures contract closed the window at \$87.83/bbl, 31c/bbl above yesterdays close. (Figure 1)

US Non-Farm payrolls rose 206k in June, less than the 218k May rise. May and April were revised down by 54k and 57k. So maybe all the data is wonky and useless, but we share as traders obsess about it. But job creation is cooling off. Looks like FED chair Powell was right, NFP figures have been 'overstated'. Average hourly earnings also came in lower at 0.3% m-o-m, compared with 0.4% last month. Easing labour markets help the case for monetary easing, implying greater policy headroom. Consequently, yields on the two year treasury fell around 8 bps, to levels not seen since the start of April, at 4.62%.

In the West, product structures showed broad base strength, with outright swaps front spreads gaining on the day with few exceptions. Gasoil futures structure was clinging onto a light contango as at 16:30 BST, as traders expect further downside will be limited. Other markets seem to be well on their way back to backwardation. Issues surrounding supply, closed arbs, and Beryl had propped up the market in recent weeks, but 'fears have been allayed'. Consequently, traders had reportedly seen profit taking flow and markets had corrected somewhat. But if structures drifted further into contango, it would incentivize restocking, and traders may play the carry trade, supporting prompt spreads.

Keep an eye on petchems and on shipping, one is bullish and the other bearish.

Summary

Physical and Futures		05-Jul-24	1-Day Change	7-Day Change
Brent Sep (fut)	(\$/bbl)	87.830	+0.310	+2.940
WTI Sep (fut)	(\$/bbl)	83.450	+0.260	+2.950
Dubai Sep (phys)	(\$/bbl)	87.960	+0.380	+3.180
Crude Swaps Aug				
Brent	(\$/bbl)	86.885	+0.315	+2.860
DFL	(\$/bbl)	0.860	-0.020	+0.080
WTI	(\$/bbl)	83.090	+0.245	+2.930
Dubai	(\$/bbl)	86.970	+0.320	+2.710
Tenor		Sep-24	Oct-24	Nov-24
Crude Futures				
Brent (fut)	(\$/bbl)	87.830	86.930	86.150
WTI (fut)	(\$/bbl)	83.450	82.490	81.630



In detail

As at 16:30 BST, September WTI and Brent futures closed higher at \$83.45 and \$87.83/bbl, respectively. Against the same time yesterday, the Brent front month futures contract increased by \$0.31/bbl, the WTI contracts rose by slightly less, gaining \$0.26/bbl over the last 24 hours. The M1/M2 spreads for Brent futures improved slightly, up 6c against yesterday at 90c/bbl.

Labour's entry to number 10 presents uncertainty for the oil and gas sector in the UK. With the first majority in the commons for a Labour government in 19 years, Labour has pledged to raise windfall taxes on oil and gas, and entirely remove any tax relief for investments from operators.


In 2022 the Tories imposed a higher windfall tax. This led to significant consolidation in north sea drilling, further restricting already tight supply dynamics. Consolidation improves tax efficiency, but can lead to heightened supply chain risk exposure. More tax will likely imply greater consolidation, which will only exacerbate the issue.

Higher taxes are implemented to motivate a shift towards renewable energy and less hydrocarbon dependence. But barriers to substitution remain elevated. The process of gaining permits for wind turbines is lengthy and faces a huge backlog. Current new capacity awaiting the go ahead stands at 500 GW across Europe. And this issue is particularly potent in the UK, where 100GW of capacity is waiting for approval. In 2023, a mere 18.3 GWs of capacity was installed across Europe. It looks like we'll be needing the hydrocarbons a lot longer after all. The higher taxes are only going to hurt the consumer.

As hurricane Beryl blasts through the Yucatan, wildfires in Alberta are disrupting oil sands production. Suncor have temporarily closed the 215kb/d Firebag project as 60 wildfires rage across Alberta. Close neighbours Kearl and Sunrise sites have not yet been affected. Alberta oil sands broke records in May, producing 3.68mb/d. Keep an eye on benzene as this market is very reactive to outages and Beryl is racing towards Corpus Christi area. PX should also jump.




Figure 1: September Brent futures, Onyx Flux

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Front Month Outrights				
August Swaps		05-Jul-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	86.885	+0.315	+2.860
WTI	(\$/bbl)	83.090	+0.245	+2.930
Dubai	(\$/bbl)	86.970	+0.320	+2.710
Distillates				
Gasoil 0.1 NWE	(\$/mt)	807.800	+4.830	+23.925
NWE Jet	(\$/mt)	864.300	+4.830	+25.920
Singapore 10ppm	(\$/bbl)	104.540	+0.620	+2.840
Sing Kero	(\$/bbl)	103.440	+0.570	+3.030
Gasoline				
RBOB	(c/gal)	257.955	+3.395	+10.250
EBOB	(\$/mt)	863.660	+10.140	+35.580
Singapore 92	(\$/bbl)	94.630	+1.270	+3.690
Singapore 95	(\$/bbl)	98.930	+1.270	+3.490
Naphtha				
US C5 ENT	(c/gal)	163.320	+1.490	+6.790
NWE Naphtha	(\$/mt)	699.540	+5.700	+23.650
MOPJ Naphtha	(\$/mt)	716.290	+5.860	+23.730
Fuel Oil				
3.5% barges	(\$/mt)	497.400	+3.050	+16.580
Singapore 380	(\$/mt)	515.650	+3.370	+21.830
Singapore 180	(\$/mt)	519.900	+2.800	+19.330
0.5% barges	(\$/mt)	579.750	+3.360	+23.450
Singapore 0.5%	(\$/mt)	622.930	+2.280	+23.300
NGLs				
US Propane LST	(c/gal)	85.950	+0.210	+1.410
NWE Propane	(\$/mt)	576.800	+1.090	+18.250
Saudi Propane CP	(\$/mt)	592.300	+1.090	+4.250
Asian Propane FEI	(\$/mt)	647.800	-0.410	+12.250
US Butane ENT	(c/gal)	101.700	+0.210	+1.910
Saudi Butane CP	(\$/mt)	578.300	+1.090	+7.250



Long Tenor Swaps

		Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	87.780	86.885	86.110	85.405	84.795	84.797	83.188
WTI	(\$/bbl)	84.020	83.090	82.235	81.390	80.640	80.655	78.738
Dubai	(\$/bbl)	87.720	86.970	86.120	85.350	84.650	84.660	82.870
Distillates								
Gasoil 0.1 NWE	(\$/mt)	807.625	807.800	808.105	804.860	798.710	794.520	791.280
NWE Jet	(\$/mt)	862.120	864.300	864.100	861.860	856.210	852.520	851.280
Singapore 10ppm	(\$/bbl)	104.270	104.540	104.630	104.330	103.810	103.310	102.940
Sing Kero	(\$/bbl)	103.220	103.440	103.540	103.420	103.100	102.760	102.470
Gasoline								
RBOB	(c/gal)	262.035	257.955	238.000	231.370	226.895	224.930	224.915
EBOB	(\$/mt)	865.660	863.660	847.660	800.410	776.910	759.910	757.410
Singapore 92	(\$/bbl)	95.350	94.630	93.630	92.630	91.580	90.780	90.380
Singapore 95	(\$/bbl)	99.850	98.930	97.880	96.830	95.580	94.680	94.180
Naphtha								
US C5 ENT	(c/gal)	162.820	163.320	163.700	164.080	164.200	163.950	164.200
NWE Naphtha	(\$/mt)	713.540	699.540	691.540	686.790	681.410	676.030	672.030
MOP-Japan Naphtha	(\$/mt)	724.290	716.290	708.540	702.790	697.290	691.540	686.040
Fuel Oil								
3.5% barges	(\$/mt)	505.400	497.400	487.650	477.150	470.900	467.150	465.150
Singapore 380	(\$/mt)	526.650	515.650	498.400	484.650	477.650	473.900	470.900
Singapore 180	(\$/mt)	529.150	519.900	505.650	494.900	489.150	486.400	483.900
0.5% barges	(\$/mt)	583.250	579.750	574.000	568.000	562.500	557.620	553.870
Singapore 0.5%	(\$/mt)	629.180	622.930	614.930	608.180	602.680	597.930	593.680
NGLs								
US Propane LST	(c/gal)	84.950	85.950	86.570	87.570	88.070	87.950	87.700
NWE Propane	(\$/mt)	580.800	576.800	574.300	577.300	579.300	579.800	576.300
Saudi Propane CP	(\$/mt)	592.300	592.300	600.800	610.800	618.800	623.800	623.300
Asian Propane FEI	(\$/mt)	650.300	647.800	650.800	656.800	661.300	659.300	653.300
US Butane ENT	(c/gal)	100.700	101.700	102.080	103.460	103.960	103.710	103.590
Saudi Butane CP	(\$/mt)	578.300	578.300	592.800	604.800	613.300	618.300	616.800



Front Month Spreads				
Aug/Sep		05-Jul-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.775	-0.025	+0.120
WTI	(\$/bbl)	0.855	-0.010	+0.115
Dubai	(\$/bbl)	0.850	+0.010	+0.150
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-0.305	+0.155	-0.000
NWE Jet	(\$/mt)	0.200	+0.660	+1.500
Singapore 10ppm	(\$/bbl)	-0.090	+0.010	-0.200
Sing Kero	(\$/bbl)	-0.100	-0.020	-0.130
Gasoline				
RBOB	(c/gal)	19.955	+0.695	+1.030
EBOB	(\$/mt)	16.000	+1.000	+2.750
Singapore 92	(\$/bbl)	1.000	+0.130	+0.150
Singapore 95	(\$/bbl)	1.050	+0.130	+0.150
Naphtha				
US C5 ENT	(c/gal)	-0.380	+0.000	+0.120
NWE Naphtha	(\$/mt)	8.000	+0.250	+0.000
MOP-Japan Naphtha	(\$/mt)	7.750	+0.250	-0.250
Fuel Oil				
3.5% barges	(\$/mt)	9.750	+0.250	+1.750
Singapore 380	(\$/mt)	17.250	+0.750	+5.750
Singapore 180	(\$/mt)	14.250	+1.250	+5.250
0.5% barges	(\$/mt)	5.750	+0.250	+2.250
Singapore 0.5%	(\$/mt)	8.000	+0.000	+1.250
NGLs				
US Propane LST	(c/gal)	-0.620	+0.000	-0.370
NWE Propane	(\$/mt)	2.500	+1.500	+2.500
Saudi Propane CP	(\$/mt)	-8.500	-1.000	-5.500
Asian Propane FEI	(\$/mt)	-3.000	-0.500	-0.500
US Butane ENT	(c/gal)	-0.380	+0.000	-0.500
Saudi Butane CP	(\$/mt)	-14.500	+0.500	-1.500



Front Month Cracks and Diffs			
August	05-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.070	+0.010	+0.190
WTI/Brent (\$/bbl)	-3.800	-0.070	+0.040
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	21.530	+0.320	-0.100
NWE Jet crack (\$/bbl)	22.770	+0.270	-0.180
NWE Jet Diff (\$/mt)	56.500	+0.000	+0.500
Gasoil E/W (\$/bbl)	-29.000	-0.250	-3.570
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.100	-0.050	+0.270
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	11.100	+0.500	+0.830
EBOB crack (\$/mt)	16.780	+0.880	+0.450
Singapore 92 crack (\$/bbl)	7.730	+0.930	+0.570
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-9.050	+0.050	+0.110
European Gasnaph (EBOB vs Naphtha) (\$/mt)	164.090	+4.410	+2.320
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	71.890	+4.540	+3.690
Naphtha			
US C5 ENT vs WTI Crack	-14.500	+0.370	+0.030
NWE Naphtha Crack (\$/bbl)	-8.300	+0.300	+0.010
MOPJ Naphtha Crack (\$/bbl)	-6.420	+0.330	-0.050
Naphtha E/W (NWE vs MOPJ) (\$/mt)	16.750	+0.250	-0.500
Fuel Oil			
3.5% barges crack (\$/bbl)	-8.570	+0.160	-0.040
Singapore 380 crack (\$/bbl)	-5.700	+0.190	+0.550
Singapore 180 crack (\$/bbl)	-5.030	+0.120	+0.030
Visco (180-380) (\$/mt)	4.250	-0.500	-3.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	18.250	+0.250	+3.750
0.5% barges crack (\$/bbl)	4.400	+0.200	+0.940
Singapore 0.5% crack (\$/bbl)	11.200	+0.040	+0.940
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	43.180	-1.020	+0.030
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	82.350	+0.250	+6.210
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	107.280	-1.030	+2.500
0.5% barges/gasoil (\$/mt)	-228.050	-1.410	+4.400
Sing 0.5% vs Sing 10ppm (\$/mt)	-155.890	-2.170	+7.720
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-129.000	+0.000	-10.730
US Propane LST vs Asian Propane FEI (\$/mt)	-200.000	+1.500	-4.230
Asian Propane FEI vs NWE Propane (\$/mt)	71.000	-1.500	-6.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	55.500	-1.500	+7.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-122.610	-4.170	-3.200
Asian Pronap (FEI vs MOPJ) (\$/mt)	-68.360	-5.920	+38.800



Long Tenor Cracks / Diffs

	Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.060	-0.070	-0.010	0.070	0.140	0.140	0.327
WTI/Brent (\$/bbl)	-3.760	-3.800	-3.880	-4.010	-4.160	-4.143	-4.453
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	20.63	21.53	22.34	22.60	22.39	22.48	22.47
NWE Jet crack (\$/bbl)	21.63	22.77	23.52	23.95	23.85	23.93	24.33
NWE Jet Diff (\$/mt)	54.50	56.50	56.00	57.00	57.50	57.50	60.00
Gasoil E/W (\$/bbl)	-30.81	-29.00	-28.61	-27.61	-25.31	-25.93	-23.58
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.05	-1.10	-1.09	-0.90	-0.70	-0.71	-0.46
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	14.610	11.100	-4.270	2.600	4.860	5.067	15.037
EBOB crack (\$/mt)	16.140	16.780	15.640	10.660	8.470	8.720	7.933
Singapore 92 crack (\$/bbl)	7.570	7.730	7.510	7.200	6.780	6.853	6.973
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.570	-9.050	-8.130	-3.460	-1.690	-1.867	-0.960
European Gasnaph (EBOB vs Naphtha) (\$/mt)	152.090	164.090	156.090	113.590	95.470	97.637	92.767
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	69.890	71.890	71.310	68.730	65.490	66.263	71.243
Naphtha							
US C5 ENT vs WTI Crack	-15.650	-14.500	-13.490	-12.490	-11.680	-11.750	-10.200
NWE Naphtha Crack (\$/bbl)	-7.610	-8.300	-8.420	-8.250	-8.240	-8.243	-8.320
MOPJ Naphtha Crack (\$/bbl)	-6.400	-6.420	-6.510	-6.450	-6.450	-6.467	-6.817
Naphtha E/W (NWE vs MOPJ) (\$/mt)	10.750	16.750	17.000	16.000	15.880	15.797	13.510
Fuel Oil							
3.5% bgs crack (\$/bbl)	-8.190	-8.570	-9.310	-10.280	-10.640	-10.510	-10.167
Singapore 380 crack (\$/bbl)	-4.840	-5.700	-7.630	-9.100	-9.580	-9.410	-9.333
Singapore 180 crack (\$/bbl)	-4.450	-5.030	-6.490	-7.480	-7.770	-7.613	-7.223
Visco (180-380) (\$/mt)	2.500	4.250	7.250	10.250	11.500	11.417	13.417
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	21.250	18.250	10.750	7.500	6.750	7.000	5.250
0.5% bgs crack (\$/bbl)	4.070	4.400	4.290	4.030	3.800	3.817	3.497
Singapore 0.5% crack (\$/bbl)	11.300	11.200	10.720	10.360	10.110	10.147	9.643
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	45.930	43.180	40.930	40.180	40.180	40.223	39.060
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	77.850	82.350	86.350	90.850	91.600	90.973	86.720
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	102.530	107.280	116.530	123.530	125.030	124.197	120.530
0.5% bgs/gasoil (\$/mt)	-224.370	-228.050	-234.180	-236.900	-236.210	-236.670	-236.900
Sing 0.5% vs Sing 10ppm (\$/mt)	-147.630	-155.890	-164.560	-169.000	-170.630	-170.427	-174.187
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-138.21	-129	-123.27	-121.06	-120.46	-121.033	-114.42
US Propane LST vs Asian Propane FEI (\$/mt)	-207.71	-200	-199.77	-200.56	-202.46	-201.367	-188.737
Asian Propane FEI vs NWE Propane (\$/mt)	69.5	71	76.5	79.5	82	80.333	74.333
Asian Propane FEI vs Saudi Propane CP (\$/mt)	58	55.5	50	46	42.5	41.333	25.333
European Pronap (\$/mt)	-132.61	-122.61	-117.11	-109.36	-101.98	-102.48	-103.6
Asian Pronap (FEI vs MOPJ) (\$/mt)	-131.86	-123.86	-107.61	-91.86	-78.36	-79.277	-68.11



Inter-month Crack Spreads			
Aug/Sep	05-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.060	-0.010	+0.000
WTI/Brent (\$/bbl)	0.080	+0.010	-0.010
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.810	+0.040	-0.210
NWE Jet crack (\$/bbl)	-0.750	+0.110	-0.150
NWE Jet Diff (\$/mt)	0.500	+0.500	+0.500
Gasoil E/W (\$/bbl)	-0.390	-0.120	-1.540
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.010	-0.030	+0.100
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	15.370	+0.400	+0.150
EBOB crack (\$/mt)	1.140	+0.120	+0.070
Singapore 92 crack (\$/bbl)	0.220	+0.130	+0.110
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.920	+0.010	+0.050
European Gasnaph (EBOB vs Naphtha) (\$/mt)	8.000	+0.750	+2.250
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	0.580	+0.830	+3.080
Naphtha			
US C5 ENT vs WTI Crack	-1.010	+0.010	-0.060
NWE Naphtha Crack (\$/bbl)	0.120	+0.050	-0.200
MOPJ Naphtha Crack (\$/bbl)	0.090	+0.040	-0.260
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-0.250	+0.000	-0.500
Fuel Oil			
3.5% barges crack (\$/bbl)	0.740	+0.040	+0.280
Singapore 380 crack (\$/bbl)	1.930	+0.130	+0.800
Singapore 180 crack (\$/bbl)	1.460	+0.220	+0.690
Visco (180-380) (\$/mt)	-3.000	+0.500	-0.750
HSFO E/W (380 vs 3.5% barges) (\$/mt)	7.500	+0.500	+3.250
0.5% barges crack (\$/bbl)	0.110	+0.040	+0.160
Singapore 0.5% crack (\$/bbl)	0.480	-0.000	+0.060
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	2.250	-0.250	-0.750
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-4.000	+0.000	-0.750
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-9.250	-0.630	-4.750
0.5% barges/gasoil (\$/mt)	6.130	+0.170	+2.770
Sing 0.5% vs Sing 10ppm (\$/mt)	8.670	-0.080	+3.480
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-5.730	-1.500	-4.430
US Propane LST vs Asian Propane FEI (\$/mt)	-0.230	+0.500	-1.430
Asian Propane FEI vs NWE Propane (\$/mt)	-5.500	-2.000	-3.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	5.500	+0.500	+4.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-5.500	+1.250	+3.000