



### Market Summary

#### Shipping costs sink and floodgates open to China

Oil continues to tumble, with prompt Brent down almost \$2.30/bbl since Friday's high. Dubai physical cargoes for September delivery also fell over \$2/bbl against Friday's close, although physical premiums remained elevated at \$1.66. July trading has been an unmitigated flat price disaster, despite the hurricane.

VLCC demand has been slipping, ton-miles have fallen, from 22.7 in the last week of March, to 19.2 last week, according to Vortexa. It has been a tough market for Asian shipping in recent months, fueled by weakness in China. Freight rates to Asia have fallen in excess of 20% since the end of May according to data from the Baltic exchange (Figure 1), and VLCC transits between the US and the east fell 10% m-o-m in June according to Kpler.

Saudi August crude exports to China will rebound to around 46 mbbls from 36mbbls in July. The allocation was made shortly after the Kingdom cut August OSPs. In June, Saudi exports to China plummeted to 1.12mb/d according to Kpler, the lowest since March 2020, and remained suppressed throughout July. The increase for August was driven by allocations to Unipet and Rongsheng Petrochina. The allocation comes as the State Owned Enterprises were asked to rapidly purchase crude for strategic reserves. Saudi sources noted that burning crude consumption at power plants has steadily dropped to nearly half of old records as the country focuses more on natural gas and fuel oil. Russia has been a steady exporter of fuel oil from the Black Sea.

Chinese refinery margins have been hit in recent months, leading to run cuts and a sluggish return to production after maintenance season. This led to a rotation in demand away from Middle Eastern slates towards Urals. Saudi OSPs and cheap shipping seem to have reopened the doors to the Middle East for the world's biggest importer of crude.

But it's certainly not plane sailing. Just today we heard reports of another Houthi attack in the Gulf of Aden. Not to mention, Saudi along with other OPEC countries are currently supposed to be adhering to production cuts. So where is this oil going to come from?

Summary				
Physical and Futures		09-Jul-24	1-Day Change	7-Day Change
Brent Sep (fut)	(\$/bbl)	85.400	-0.660	-1.480
WTI Sep (fut)	(\$/bbl)	81.180	-0.550	-1.390
Dubai Sep (phys)	(\$/bbl)	85.620	-0.570	-1.470
Crude Swaps Aug				
Brent	(\$/bbl)	84.640	-0.585	-1.285
DFL	(\$/bbl)	0.730	-0.080	-0.280
WTI	(\$/bbl)	80.890	-0.535	-1.310
Dubai	(\$/bbl)	84.710	-0.610	-1.240
Tenor		Sep-24	Oct-24	Nov-24
Crude Futures				
Brent (fut)	(\$/bbl)	85.400	84.670	84.000
WTI (fut)	(\$/bbl)	81.180	80.370	79.660



## In detail

As at 09:30 BST, crude markets continued to suffer on Tuesday against the close of Asia yesterday. September Brent futures dropped by \$0.66 to \$85.40/bbl, whilst September WTI futures losing \$0.55, at \$81.18/bbl. Our Dubai assessment of physical cargos for September fell by \$0.57/bbl, to close the window at \$85.62/bbl. Physical premiums for September Dubai remained elevated, easing by 1c at \$1.66/bbl.

Saudi Arabia have been heard increasing allocations to China for August crude deliveries, up 10mbbls from the 36mbbls that was heard for July. Allocations to other refiners were also high, but according to sources close to the issue, some did not receive full contractual volumes. It appears heightened allocations results from a combination of increased availability for Saudi grades and an increased relative attractiveness of Saudi crude following OSP cuts last week. Domestic demand for heavy crude at power plants has reduced from a reported 1mb/d to 500kb/d, hence the extra capacity to export more crude and give full allocations. Reportedly the domestic heavy crude has been substituted for natural gas and Russian fuel oil.

In the US, bankruptcy filings hit the highest level in 14 years. 346 bankruptcy filings in the year to date through June, the highest for this time of year since 2010. On the month in June there were 75 filings, surpassing COVID's highs. This will come as bad news to those who were wishing for a soft landing but will provide more support for a monetary easing regime from the Fed. Citi are now predicting 8 consecutive cuts starting in September through to summer 2025, a total of 200 bps. We await for Powells speech this afternoon.

With such a weak demand picture in the US, it raises concerns for driving season. And money managers agree. CFTC data shows short positioning in RBOB among managed money was the largest since 2017, risk on!

After hurricane Beryl passed through Texas it seems its impact will be limited. The Phillips 66 Sweeny refinery, which lay directly in the systems path, reported that units were back to normal after some limited flaring on Monday. The 265kb/d refinery produces around 140kb/d of gasoline.

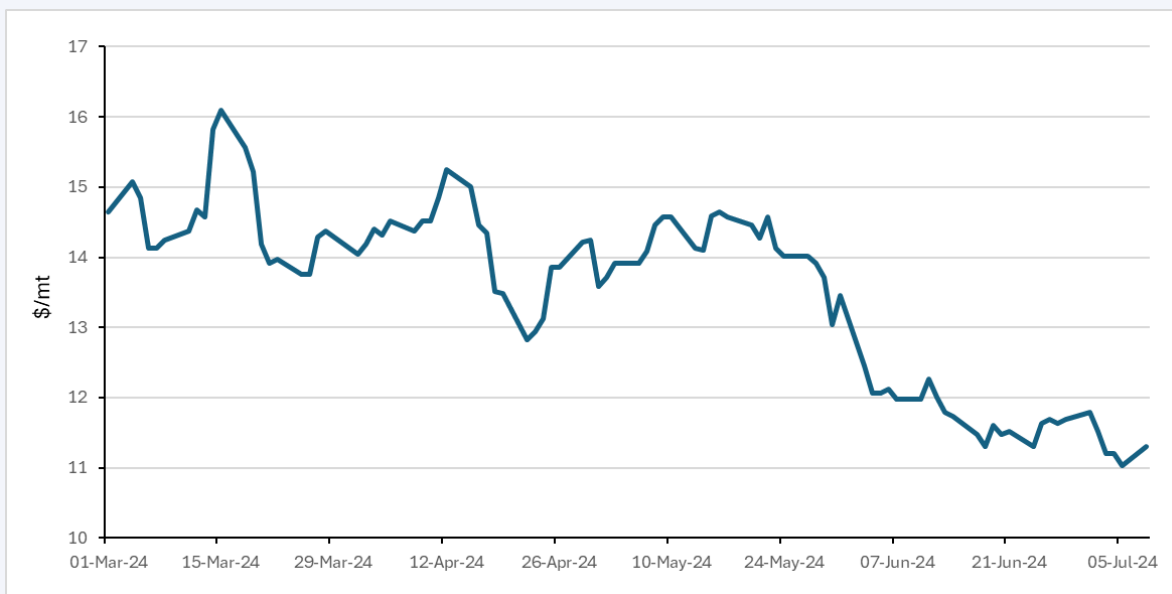



Figure 1: Baltic Exchange Freight costs from Red Sea to China

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<b>Front Month Outrights</b>				
<b>August Swaps</b>		09-Jul-24	1-Day Change	7-Day Change
<b>Crude</b>				
Brent	(\$/bbl)	84.640	-0.585	-1.285
WTI	(\$/bbl)	80.890	-0.535	-1.310
Dubai	(\$/bbl)	84.710	-0.610	-1.240
<b>Distillates</b>				
Gasoil 0.1 NWE	(\$/mt)	781.810	-7.000	-24.550
NWE Jet	(\$/mt)	836.310	-9.000	-23.050
Singapore 10ppm	(\$/bbl)	101.250	-0.870	-3.140
Sing Kero	(\$/bbl)	100.150	-0.740	-2.840
<b>Gasoline</b>				
RBOB	(c/gal)	249.595	-1.420	-5.495
EBOB	(\$/mt)	835.470	-7.060	-15.350
Singapore 92	(\$/bbl)	91.650	-0.890	-2.140
Singapore 95	(\$/bbl)	96.000	-0.840	-2.290
<b>Naphtha</b>				
US C5 ENT	(c/gal)	157.330	-2.730	-2.590
NWE Naphtha	(\$/mt)	679.430	-7.380	-12.810
MOPJ Naphtha	(\$/mt)	696.430	-6.880	-13.310
<b>Fuel Oil</b>				
3.5% barges	(\$/mt)	487.300	-3.360	-8.440
Singapore 380	(\$/mt)	503.550	-3.110	+0.810
Singapore 180	(\$/mt)	507.300	-3.610	-1.690
0.5% barges	(\$/mt)	562.550	-5.270	-10.350
Singapore 0.5%	(\$/mt)	605.090	-5.590	-12.260
<b>NGLs</b>				
US Propane LST	(c/gal)	83.640	-0.470	-2.270
NWE Propane	(\$/mt)	565.760	-4.010	-11.830
Saudi Propane CP	(\$/mt)	584.760	-2.010	-6.830
Asian Propane FEI	(\$/mt)	639.260	-3.950	-13.830
US Butane ENT	(c/gal)	99.640	-0.350	-2.020
Saudi Butane CP	(\$/mt)	569.760	-2.950	-6.830



## Long Tenor Swaps

		Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
<b>Crude</b>								
Brent	(\$/bbl)	85.370	84.640	83.980	83.395	82.875	82.882	81.557
WTI	(\$/bbl)	81.650	80.890	80.160	79.445	78.815	78.828	77.208
Dubai	(\$/bbl)	85.380	84.710	83.960	83.290	82.670	82.693	81.203
<b>Distillates</b>								
Gasoil 0.1 NWE	(\$/mt)	781.070	781.810	782.900	780.770	775.625	776.365	767.798
NWE Jet	(\$/mt)	834.570	836.310	838.400	837.270	832.620	833.363	826.300
Singapore 10ppm	(\$/bbl)	101.000	101.250	101.380	101.180	100.760	100.780	99.917
Sing Kero	(\$/bbl)	99.950	100.150	100.300	100.300	100.060	100.073	99.477
<b>Gasoline</b>								
RBOB	(c/gal)	252.890	249.595	230.625	224.735	220.895	221.652	226.913
EBOB	(\$/mt)	835.970	835.470	820.970	775.720	754.720	756.970	740.720
Singapore 92	(\$/bbl)	92.250	91.650	90.830	89.980	89.080	89.163	87.947
Singapore 95	(\$/bbl)	96.750	96.000	95.080	94.180	93.080	93.197	91.547
<b>Naphtha</b>								
US C5 ENT	(c/gal)	156.830	157.330	157.710	158.090	158.210	158.087	157.210
NWE Naphtha	(\$/mt)	691.930	679.430	671.930	667.930	663.430	663.347	650.013
MOP-Japan Naphtha	(\$/mt)	703.430	696.430	689.430	684.180	679.180	679.180	663.513
<b>Fuel Oil</b>								
3.5% barges	(\$/mt)	495.800	487.300	477.300	466.550	460.050	460.967	453.133
Singapore 380	(\$/mt)	513.550	503.550	487.550	474.800	468.050	469.050	459.633
Singapore 180	(\$/mt)	515.300	507.300	493.550	484.300	479.300	479.967	473.050
0.5% barges	(\$/mt)	565.050	562.550	557.300	551.800	546.550	546.800	535.383
Singapore 0.5%	(\$/mt)	611.090	605.090	598.340	592.590	587.590	587.797	575.293
<b>NGLs</b>								
US Propane LST	(c/gal)	82.640	83.640	84.390	85.390	85.770	85.643	84.150
NWE Propane	(\$/mt)	569.760	565.760	563.260	566.760	569.260	568.593	552.093
Saudi Propane CP	(\$/mt)	584.760	584.760	592.260	602.760	610.760	609.760	603.093
Asian Propane FEI	(\$/mt)	643.260	639.260	641.260	646.760	651.760	649.593	627.093
US Butane ENT	(c/gal)	98.640	99.640	100.140	101.390	101.770	101.603	99.030
Saudi Butane CP	(\$/mt)	569.760	569.760	584.260	596.760	605.260	604.093	595.093



<b>Front Month Spreads</b>				
<b>Aug/Sep</b>		<b>09-Jul-24</b>	<b>1-Day Change</b>	<b>7-Day Change</b>
<b>Crude</b>				
Brent	(\$/bbl)	0.660	-0.045	-0.115
WTI	(\$/bbl)	0.730	-0.040	-0.185
Dubai	(\$/bbl)	0.750	-0.050	-0.030
<b>Distillates</b>				
Gasoil 0.1 NWE	(\$/mt)	-1.090	-0.310	-1.630
NWE Jet	(\$/mt)	-2.090	-1.810	-1.130
Singapore 10ppm	(\$/bbl)	-0.130	-0.050	-0.250
Sing Kero	(\$/bbl)	-0.150	-0.040	-0.080
<b>Gasoline</b>				
RBOB	(c/gal)	18.970	-0.115	-0.980
EBOB	(\$/mt)	14.500	+0.000	+0.250
Singapore 92	(\$/bbl)	0.820	-0.080	-0.280
Singapore 95	(\$/bbl)	0.920	-0.030	-0.230
<b>Naphtha</b>				
US C5 ENT	(c/gal)	-0.380	+0.000	+0.000
NWE Naphtha	(\$/mt)	7.500	-1.000	-0.500
MOP-Japan Naphtha	(\$/mt)	7.000	-1.000	-1.500
<b>Fuel Oil</b>				
3.5% barges	(\$/mt)	10.000	+0.000	-0.500
Singapore 380	(\$/mt)	16.000	-1.500	+3.250
Singapore 180	(\$/mt)	13.750	-1.000	+4.000
0.5% barges	(\$/mt)	5.250	-0.500	+1.000
Singapore 0.5%	(\$/mt)	6.750	-0.500	-1.250
<b>NGLs</b>				
US Propane LST	(c/gal)	-0.750	+0.000	-0.250
NWE Propane	(\$/mt)	2.500	+0.000	+1.500
Saudi Propane CP	(\$/mt)	-7.500	+0.500	+1.500
Asian Propane FEI	(\$/mt)	-2.000	+0.000	+0.000
US Butane ENT	(c/gal)	-0.500	+0.000	-0.250
Saudi Butane CP	(\$/mt)	-14.500	-0.500	+1.500



<b>Front Month Cracks and Diffs</b>			
<b>August</b>	<b>09-Jul-24</b>	<b>1-Day Change</b>	<b>7-Day Change</b>
<b>Crude</b>			
Brent/Dubai (\$/bbl)	-0.070	+0.030	-0.050
WTI/Brent (\$/bbl)	-3.750	+0.050	-0.030
<b>Distillates</b>			
Gasoil 0.1 NWE crack (\$/bbl)	20.300	-0.360	-2.010
NWE Jet crack (\$/bbl)	21.490	-0.560	-1.640
NWE Jet Diff (\$/mt)	54.500	-2.000	+1.500
Gasoil E/W (\$/bbl)	-27.500	+0.500	+1.150
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.100	+0.130	+0.300
<b>Gasoline</b>			
TA Arb (RBOB vs EBOB) (c/gal)	10.800	+0.600	-1.100
EBOB crack (\$/mt)	15.660	-0.260	-0.530
Singapore 92 crack (\$/bbl)	7.010	-0.310	-0.850
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.650	-0.050	-0.300
European Gasnaph (EBOB vs Naphtha) (\$/mt)	156.040	+0.350	-2.540
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	67.010	-0.540	-4.520
<b>Naphtha</b>			
US C5 ENT vs WTI Crack	-14.820	-0.630	+0.210
NWE Naphtha Crack (\$/bbl)	-8.300	-0.250	-0.150
MOPJ Naphtha Crack (\$/bbl)	-6.390	-0.190	-0.210
Naphtha E/W (NWE vs MOPJ) (\$/mt)	17.000	+0.500	-0.500
<b>Fuel Oil</b>			
3.5% barges crack (\$/bbl)	-7.900	+0.050	-0.050
Singapore 380 crack (\$/bbl)	-5.340	+0.090	+1.410
Singapore 180 crack (\$/bbl)	-4.750	+0.010	+1.010
Visco (180-380) (\$/mt)	3.750	-0.500	-2.500
HSFO E/W (380 vs 3.5% barges) (\$/mt)	16.250	+0.250	+9.250
0.5% barges crack (\$/bbl)	3.950	-0.250	-0.350
Singapore 0.5% crack (\$/bbl)	10.650	-0.300	-0.650
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	42.540	-0.320	-1.910
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	75.250	-1.900	-1.910
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	101.540	-2.470	-13.070
0.5% barges/gasoil (\$/mt)	-219.260	+1.670	+14.120
Sing 0.5% vs Sing 10ppm (\$/mt)	-149.220	+0.830	+11.060
<b>NGLs</b>			
US Propane LST vs NWE Propane (\$/mt)	-130.000	+1.500	+0.000
US Propane LST vs Asian Propane FEI (\$/mt)	-203.500	+1.500	+2.000
Asian Propane FEI vs NWE Propane (\$/mt)	73.500	+0.000	-2.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	54.500	-2.000	-7.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-113.610	+3.580	+0.950
Asian Pronap (FEI vs MOPJ) (\$/mt)	-111.610	+5.080	+6.450



## Long Tenor Cracks / Diffs

	Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
<b>Crude</b>							
Brent/Dubai (\$/bbl)	-0.020	-0.070	0.020	0.110	0.190	0.187	0.360
WTI/Brent (\$/bbl)	-3.710	-3.750	-3.820	-3.950	-4.040	-4.050	-4.340
<b>Distillates</b>							
Gasoil 0.1 NWE crack (\$/bbl)	19.47	20.30	21.11	21.40	21.23	21.32	21.51
NWE Jet crack (\$/bbl)	20.55	21.49	22.42	22.85	22.79	22.87	23.31
NWE Jet Diff (\$/mt)	53.50	54.50	55.50	56.50	57.00	57.00	58.50
Gasoil E/W (\$/bbl)	-28.62	-27.50	-27.62	-26.97	-24.97	-25.55	-23.44
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.05	-1.10	-1.08	-0.88	-0.70	-0.71	-0.44
<b>Gasoline</b>							
TA Arb (RBOB vs EBOB) (c/gal)	13.950	10.800	-4.030	3.010	5.180	5.290	15.200
EBOB crack (\$/mt)	15.000	15.660	14.580	9.730	7.730	7.990	7.363
Singapore 92 crack (\$/bbl)	6.890	7.010	6.850	6.590	6.210	6.283	6.390
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.110	-8.650	-7.730	-3.140	-1.520	-1.707	-0.973
European Gasnaph (EBOB vs Naphtha) (\$/mt)	144.040	156.040	149.040	107.790	91.290	93.623	90.707
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	65.010	67.010	67.180	65.350	62.860	63.550	69.080
<b>Naphtha</b>							
US C5 ENT vs WTI Crack	-15.780	-14.820	-13.920	-13.040	-12.370	-12.430	-11.183
NWE Naphtha Crack (\$/bbl)	-7.620	-8.300	-8.480	-8.340	-8.330	-8.347	-8.523
MOPJ Naphtha Crack (\$/bbl)	-6.320	-6.390	-6.520	-6.520	-6.560	-6.570	-7.007
Naphtha E/W (NWE vs MOPJ) (\$/mt)	11.500	17.000	17.500	16.250	15.750	15.833	13.500
<b>Fuel Oil</b>							
3.5% bgs crack (\$/bbl)	-7.280	-7.900	-8.810	-9.920	-10.420	-10.287	-10.200
Singapore 380 crack (\$/bbl)	-4.490	-5.340	-7.200	-8.620	-9.150	-9.010	-9.177
Singapore 180 crack (\$/bbl)	-4.210	-4.750	-6.260	-7.120	-7.380	-7.290	-7.063
Visco (180-380) (\$/mt)	1.750	3.750	6.000	9.500	11.250	10.917	13.417
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	17.750	16.250	10.250	8.250	8.000	8.083	6.500
0.5% bgs crack (\$/bbl)	3.620	3.950	3.780	3.510	3.210	3.233	2.753
Singapore 0.5% crack (\$/bbl)	10.870	10.650	10.250	9.930	9.650	9.680	9.033
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	46.040	42.540	41.040	40.790	41.040	40.997	39.910
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	69.250	75.250	80.000	85.250	86.500	85.833	82.250
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	97.540	101.540	110.790	117.790	119.540	118.747	115.660
0.5% bgs/gasoil (\$/mt)	-216.020	-219.260	-225.600	-228.970	-229.070	-229.563	-232.417
Sing 0.5% vs Sing 10ppm (\$/mt)	-141.360	-149.220	-156.940	-161.200	-163.070	-163.013	-169.083
<b>NGLs</b>							
US Propane LST vs NWE Propane (\$/mt)	-139.21	-130	-123.6	-121.89	-122.41	-122.403	-113.677
US Propane LST vs Asian Propane FEI (\$/mt)	-212.71	-203.5	-201.6	-201.89	-204.91	-203.403	-188.677
Asian Propane FEI vs NWE Propane (\$/mt)	73.5	73.5	78	80	82.5	81	75
Asian Propane FEI vs Saudi Propane CP (\$/mt)	58.5	54.5	49	44	41	39.833	24
European Pronap (\$/mt)	-122.11	-113.61	-108.61	-101.11	-94.11	-94.693	-97.86
Asian Pronap (FEI vs MOPJ) (\$/mt)	-118.61	-111.61	-97.11	-81.36	-68.36	-69.36	-60.36





<b>Inter-month Crack Spreads</b>			
<b>Aug/Sep</b>	<b>09-Jul-24</b>	<b>1-Day Change</b>	<b>7-Day Change</b>
<b>Crude</b>			
Brent/Dubai (\$/bbl)	-0.090	+0.010	-0.080
WTI/Brent (\$/bbl)	0.070	+0.010	-0.080
<b>Distillates</b>			
Gasoil 0.1 NWE crack (\$/bbl)	-0.810	+0.000	-0.110
NWE Jet crack (\$/bbl)	-0.930	-0.190	-0.030
NWE Jet Diff (\$/mt)	-1.000	-1.500	+0.500
Gasoil E/W (\$/bbl)	0.120	-0.080	-0.240
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.020	+0.010	+0.170
<b>Gasoline</b>			
TA Arb (RBOB vs EBOB) (c/gal)	14.830	-0.140	-1.030
EBOB crack (\$/mt)	1.080	+0.040	+0.140
Singapore 92 crack (\$/bbl)	0.160	-0.040	-0.170
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.920	-0.080	-0.310
European Gasnaph (EBOB vs Naphtha) (\$/mt)	7.000	+1.000	+0.750
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	-0.170	+0.330	-0.830
<b>Naphtha</b>			
US C5 ENT vs WTI Crack	-0.900	+0.020	+0.160
NWE Naphtha Crack (\$/bbl)	0.180	-0.080	+0.050
MOPJ Naphtha Crack (\$/bbl)	0.130	-0.070	-0.060
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-0.500	+0.000	-0.910
<b>Fuel Oil</b>			
3.5% barges crack (\$/bbl)	0.910	+0.030	+0.040
Singapore 380 crack (\$/bbl)	1.860	-0.200	+0.630
Singapore 180 crack (\$/bbl)	1.510	-0.110	+0.750
Visco (180-380) (\$/mt)	-2.250	+0.500	+0.750
HSFO E/W (380 vs 3.5% barges) (\$/mt)	6.000	-1.500	+3.750
0.5% barges crack (\$/bbl)	0.170	-0.020	+0.280
Singapore 0.5% crack (\$/bbl)	0.400	-0.020	-0.080
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	1.500	+0.000	-2.250
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-4.750	-0.500	+1.500
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-9.250	+1.000	-4.500
0.5% barges/gasoil (\$/mt)	6.340	-0.030	+2.710
Sing 0.5% vs Sing 10ppm (\$/mt)	7.720	-0.130	+0.610
<b>NGLs</b>			
US Propane LST vs NWE Propane (\$/mt)	-6.400	+0.010	-2.790
US Propane LST vs Asian Propane FEI (\$/mt)	-1.900	+0.010	-1.290
Asian Propane FEI vs NWE Propane (\$/mt)	-4.500	+0.000	-1.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	5.500	-0.500	-1.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-5.000	+1.000	+2.000