



Market Summary

Spreads are buttering your toast... maybe?

Oil markets surfed the CPI wave in the morning with spreads leaping. But as PPI came out later this afternoon, seemingly in contradiction with its consumer focussed counterpart, markets took their foot off the pedal, with markets just sluggish for the rest of the day. Traders were vexed by the change of hearts with one saying, 'was it really the PPI numbers because the market only sold off about one hour later.' The selling continued post window with Brent touching \$85.18/bbl. Spreads also showed a little weakening. No fireworks in Dated Brent today with Mercuria bidding and Totsa offering for a bit, but then withdrew.

Throughout the afternoon, the focus across trading floors today has all been about the spreads. WTI prompt spreads were roofing, rising to the strongest level since October at over \$1.50 earlier in the afternoon. But why, flat price has made strong gains. But for such a bullish backwardation structure we would've expected more, what has been driving this?

If you look to Cushing stocks they have remained flat. (Figure 1) As we discussed recently, Dangote has been thirsty for WTI, extending a tender for 6mbbls for September, having 2mbbls for September and 3mbbls August. But US refineries are also running at break neck pace. Nowhere more so than PADD 3. Hurricane, what hurricane? Refinery input is at 5 year highs. So high demand at home and away for the light sweet grade. (Figure 2)

Russia's seaborne product are reportedly down by over 4% against the month prior. And versus May, Russia's offline refining capacity jumped by 7.9%. Ukrainian drone attacks have ramped up causing significant midstream disruption. Consequently, the Federal Antimonopoly Agency wishes to once again ban gasoline exports from August. As harvesting season begins in Russia, gasoline demand will increase, posing large upside risk to prices at the pump. Russia has previously prohibited exports of products in March in order to preemptively provision for domestic demand, amidst refining disruption.

Summary

Physical and Futures		12-Jul-24	1-Day Change	7-Day Change
Brent Sep (fut)	(\$/bbl)	85.830	+0.460	-1.990
WTI Sep (fut)	(\$/bbl)	81.770	+0.450	-1.670
Dubai Sep (phys)	(\$/bbl)	85.380	+0.110	-2.270
Crude Swaps Aug				
Brent	(\$/bbl)	84.735	+0.340	-2.150
DFL	(\$/bbl)	1.150	+0.120	+0.290
WTI	(\$/bbl)	81.345	+0.395	-1.745
Dubai	(\$/bbl)	84.360	+0.050	-2.610
Tenor		Sep-24	Oct-24	Nov-24
Crude Futures				
Brent (fut)	(\$/bbl)	85.830	84.770	83.900
WTI (fut)	(\$/bbl)	81.770	80.590	79.660



In detail

As at 16:30 BST, September WTI and Brent futures strengthened to \$81.77/bbl and \$85.83/bbl, respectively. Against the same yesterday, the Brent front month futures contract increased by \$0.46/bbl, the WTI contract rose by slightly less, up \$0.45/bbl over the same period. The M1/M2 spreads for Brent futures strengthened, up 12c against yesterday, at \$1.06/bbl.

In contrast to consumer prices, producer prices for final demand increased by 0.2% m-o-m in June, in line with the long run average. The release surprised market to the upside by 0.1%, and printed a reversal from last month's 0.2% fall.

The increase was led by services. The subindex rose by 0.6%, with the majority derived from a 1.9% increase in margins at wholesalers and retailers. Goods prices, which are more important for commodities, actually fell by 0.5%. PCE, the Fed's preferred gauge of inflation, extracts components from both CPI and PPI in construction of the measure, and those components were lower in June. Consequently a weak PCE print is looking likely. US consumer confidence also printed lower for the fourth straight month at 66 for July, far below consensus forecasts of 68.5. All data is seemingly pointing to a cooling economy ready to be released from the now excessively tight monetary policy. Good luck to a soft landing.

Despite IEA's recent optimism, the EV utopia still remains some way off. Tesla was set to unveil their new "robotaxi" venture in August, but delays to prototype testing are pushing the event back by at least 2 months, according to some sources. This is becoming a common theme for Tesla who faced backlash for delays relating to the cybertruck.

Markets have been optimistic about the autonomous, driverless taxi from Tesla. Despite slowing sales, and the supposedly automated driving still requiring close human supervision, 11 days of straight gains contributed over \$250bn to Tesla's market cap. But widespread adoption of driverless taxi's, for now, will remain in the pages of an 80's sci-fi novel. Big tech has been undoubtedly strong performing in recent years, but that might be changing. The SML 600, small cap index is up over 5.5% on the week, outperforming its big cap counterpart. On Thursday traders reportedly dumped big tech stocks and piled into small and mid-cap equities.

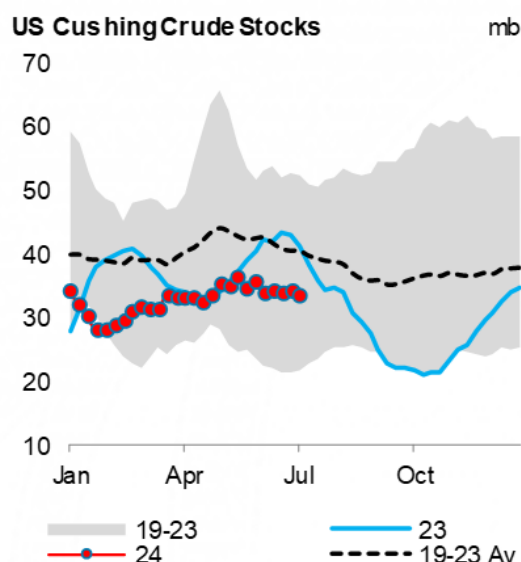


Figure 1: US Cushing stock, EIA, Authors calculations

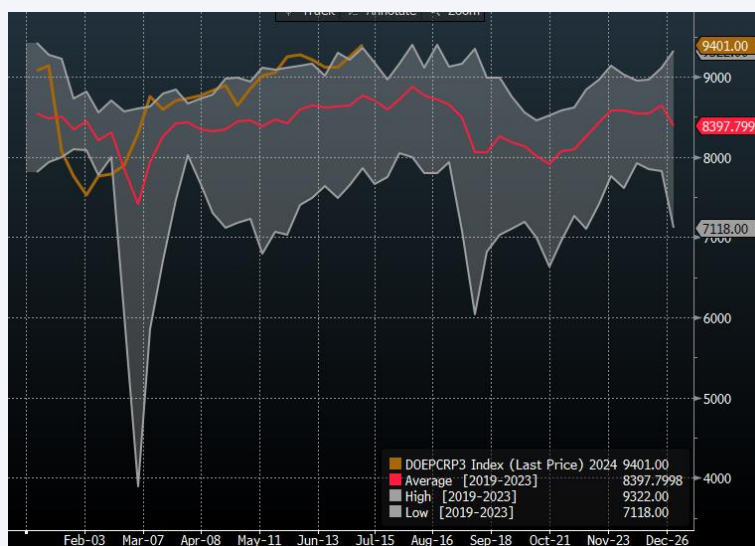



Figure 2: US PADD 3 refinery input, Bloomberg

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Front Month Outrights					
August Swaps			12-Jul-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)	84.735		+0.340	-2.150
WTI	(\$/bbl)	81.345		+0.395	-1.745
Dubai	(\$/bbl)	84.360		+0.050	-2.610
Distillates					
Gasoil 0.1 NWE	(\$/mt)	780.050		+1.830	-27.750
NWE Jet	(\$/mt)	831.050		-0.170	-33.250
Singapore 10ppm	(\$/bbl)	101.010		+0.240	-3.530
Sing Kero	(\$/bbl)	99.910		+0.110	-3.530
Gasoline					
RBOB	(c/gal)	249.235		+0.465	-8.720
EBOB	(\$/mt)	837.700		+3.390	-25.960
Singapore 92	(\$/bbl)	92.160		+0.550	-2.470
Singapore 95	(\$/bbl)	96.510		+0.560	-2.420
Naphtha					
US C5 ENT	(c/gal)	157.890		+0.790	-5.430
NWE Naphtha	(\$/mt)	680.670		+3.910	-18.870
MOPJ Naphtha	(\$/mt)	696.670		+3.250	-19.620
Fuel Oil					
3.5% barges	(\$/mt)	484.060		+3.810	-13.340
Singapore 380	(\$/mt)	503.310		+1.810	-12.340
Singapore 180	(\$/mt)	509.810		+1.310	-10.090
0.5% barges	(\$/mt)	563.180		+4.820	-16.570
Singapore 0.5%	(\$/mt)	605.660		+5.010	-17.270
NGLs					
US Propane LST	(c/gal)	81.540		+0.590	-4.410
NWE Propane	(\$/mt)	571.270		+0.520	-5.530
Saudi Propane CP	(\$/mt)	587.720		+0.920	-4.580
Asian Propane FEI	(\$/mt)	639.270		+2.420	-8.530
US Butane ENT	(c/gal)	98.150		+0.570	-3.550
Saudi Butane CP	(\$/mt)	571.770		+0.970	-6.530



Long Tenor Swaps

		Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	85.750	84.735	83.870	83.165	82.560	82.575	81.087
WTI	(\$/bbl)	82.485	81.345	80.310	79.430	78.680	78.705	76.867
Dubai	(\$/bbl)	85.110	84.360	83.560	82.820	82.170	82.187	80.617
Distillates								
Gasoil 0.1 NWE	(\$/mt)	779.875	780.050	780.590	777.830	772.420	773.130	763.660
NWE Jet	(\$/mt)	831.380	831.050	833.090	832.830	827.920	828.630	820.660
Singapore 10ppm	(\$/bbl)	100.860	101.010	101.060	100.800	100.350	100.350	99.420
Sing Kero	(\$/bbl)	99.610	99.910	100.100	99.990	99.680	99.687	98.930
Gasoline								
RBOB	(c/gal)	252.290	249.235	230.145	224.245	220.225	220.980	225.838
EBOB	(\$/mt)	840.700	837.700	822.950	776.950	754.450	756.700	738.367
Singapore 92	(\$/bbl)	92.560	92.160	90.910	89.790	88.740	88.857	87.490
Singapore 95	(\$/bbl)	97.060	96.510	95.160	93.990	92.740	92.890	91.090
Naphtha								
US C5 ENT	(c/gal)	157.390	157.890	158.270	158.650	158.770	158.647	158.020
NWE Naphtha	(\$/mt)	695.670	680.670	672.170	667.420	662.170	662.170	647.587
MOP-Japan Naphtha	(\$/mt)	703.170	696.670	689.170	683.420	677.670	677.837	661.337
Fuel Oil								
3.5% barges	(\$/mt)	490.310	484.060	475.060	464.310	457.560	458.477	450.143
Singapore 380	(\$/mt)	510.560	503.310	488.060	475.060	467.410	468.660	458.593
Singapore 180	(\$/mt)	515.810	509.810	495.810	485.310	478.660	479.827	471.593
0.5% barges	(\$/mt)	566.680	563.180	557.430	551.430	545.930	546.097	534.013
Singapore 0.5%	(\$/mt)	611.410	605.660	598.910	592.660	587.410	587.493	573.620
NGLs								
US Propane LST	(c/gal)	80.540	81.540	82.420	83.800	84.550	84.300	83.130
NWE Propane	(\$/mt)	576.770	571.270	568.270	567.270	566.270	566.603	548.103
Saudi Propane CP	(\$/mt)	587.720	587.720	591.220	600.720	609.220	608.053	601.887
Asian Propane FEI	(\$/mt)	644.270	639.270	640.270	644.770	648.770	646.603	623.770
US Butane ENT	(c/gal)	97.030	98.150	98.770	100.150	100.770	100.603	98.430
Saudi Butane CP	(\$/mt)	571.770	571.770	584.270	595.770	604.770	603.437	595.937



Front Month Spreads

Aug/Sep		12-Jul-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.865	+0.050	+0.090
WTI	(\$/bbl)	1.035	+0.100	+0.180
Dubai	(\$/bbl)	0.800	-0.020	-0.050
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-0.540	-0.080	-0.235
NWE Jet	(\$/mt)	-2.040	-0.580	-2.240
Singapore 10ppm	(\$/bbl)	-0.050	+0.050	+0.040
Sing Kero	(\$/bbl)	-0.190	-0.040	-0.090
Gasoline				
RBOB	(c/gal)	19.090	+0.210	-0.865
EBOB	(\$/mt)	14.750	+0.500	-1.250
Singapore 92	(\$/bbl)	1.250	+0.250	+0.250
Singapore 95	(\$/bbl)	1.350	+0.250	+0.300
Naphtha				
US C5 ENT	(c/gal)	-0.380	+0.000	+0.000
NWE Naphtha	(\$/mt)	8.500	+1.000	+0.500
MOP-Japan Naphtha	(\$/mt)	7.500	+1.000	-0.250
Fuel Oil				
3.5% barges	(\$/mt)	9.000	+0.750	-0.750
Singapore 380	(\$/mt)	15.250	-0.250	-2.000
Singapore 180	(\$/mt)	14.000	-0.500	-0.250
0.5% barges	(\$/mt)	5.750	+0.500	+0.000
Singapore 0.5%	(\$/mt)	6.750	+0.500	-1.250
NGLs				
US Propane LST	(c/gal)	-0.880	+0.000	-0.260
NWE Propane	(\$/mt)	3.000	-2.000	+0.500
Saudi Propane CP	(\$/mt)	-3.500	-2.000	+5.000
Asian Propane FEI	(\$/mt)	-1.000	-0.500	+2.000
US Butane ENT	(c/gal)	-0.620	+0.000	-0.240
Saudi Butane CP	(\$/mt)	-12.500	-1.000	+2.000



Front Month Cracks and Diffs			
August	12-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.370	+0.260	+0.440
WTI/Brent (\$/bbl)	-3.400	+0.060	+0.400
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	19.960	-0.010	-1.570
NWE Jet crack (\$/bbl)	20.730	-0.330	-2.040
NWE Jet Diff (\$/mt)	51.000	-2.000	-5.500
Gasoil E/W (\$/bbl)	-27.500	+0.000	+1.500
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.100	-0.130	+0.000
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	9.800	-0.450	-1.300
EBOB crack (\$/mt)	15.830	+0.090	-0.950
Singapore 92 crack (\$/bbl)	7.430	+0.250	-0.300
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.400	+0.150	+0.650
European Gasnaph (EBOB vs Naphtha) (\$/mt)	157.030	-0.560	-7.060
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	71.020	+1.340	-0.870
Naphtha			
US C5 ENT vs WTI Crack	-15.030	-0.040	-0.530
NWE Naphtha Crack (\$/bbl)	-8.250	+0.150	+0.050
MOPJ Naphtha Crack (\$/bbl)	-6.450	+0.070	-0.030
Naphtha E/W (NWE vs MOPJ) (\$/mt)	16.000	-0.750	-0.750
Fuel Oil			
3.5% barges crack (\$/bbl)	-8.500	+0.300	+0.070
Singapore 380 crack (\$/bbl)	-5.470	-0.020	+0.230
Singapore 180 crack (\$/bbl)	-4.440	-0.090	+0.590
Visco (180-380) (\$/mt)	6.500	-0.500	+2.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	19.250	-2.000	+1.000
0.5% barges crack (\$/bbl)	3.960	+0.460	-0.440
Singapore 0.5% crack (\$/bbl)	10.650	+0.500	-0.550
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	42.230	+0.000	-0.950
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	79.370	+1.270	-2.980
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	102.350	+3.270	-4.930
0.5% barges/gasoil (\$/mt)	-216.680	+2.990	+11.370
Sing 0.5% vs Sing 10ppm (\$/mt)	-146.920	+3.050	+8.970
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-146.500	+2.500	-17.500
US Propane LST vs Asian Propane FEI (\$/mt)	-214.500	+0.500	-14.500
Asian Propane FEI vs NWE Propane (\$/mt)	68.000	+2.000	-3.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	51.500	+1.500	-4.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-109.310	-3.230	+13.300
Asian Pronap (FEI vs MOPJ) (\$/mt)	-108.810	-1.980	+15.050



Long Tenor Cracks / Diffs

	Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.630	0.370	0.300	0.330	0.360	0.363	0.450
WTI/Brent (\$/bbl)	-3.270	-3.400	-3.550	-3.730	-3.860	-3.857	-4.223
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	18.93	19.96	20.91	21.25	21.12	21.20	21.42
NWE Jet crack (\$/bbl)	19.76	20.73	21.85	22.53	22.53	22.59	23.07
NWE Jet Diff (\$/mt)	51.50	51.00	52.50	55.00	55.50	55.50	57.00
Gasoil E/W (\$/bbl)	-28.47	-27.50	-27.69	-26.94	-24.99	-25.64	-23.09
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.25	-1.10	-0.96	-0.81	-0.66	-0.66	-0.48
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	12.000	9.800	-5.070	2.170	4.590	4.700	14.800
EBOB crack (\$/mt)	15.170	15.830	14.930	10.110	8.030	8.277	7.560
Singapore 92 crack (\$/bbl)	6.810	7.430	7.050	6.630	6.200	6.293	6.410
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.360	-8.400	-7.880	-3.480	-1.830	-1.983	-1.150
European Gasnaph (EBOB vs Naphtha) (\$/mt)	145.030	157.030	150.780	109.530	92.280	94.530	90.780
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	67.850	71.020	68.110	64.530	61.530	62.337	67.453
Naphtha							
US C5 ENT vs WTI Crack	-16.380	-15.030	-13.830	-12.790	-12.000	-12.070	-10.490
NWE Naphtha Crack (\$/bbl)	-7.580	-8.250	-8.340	-8.170	-8.140	-8.163	-8.317
MOPJ Naphtha Crack (\$/bbl)	-6.740	-6.450	-6.430	-6.370	-6.400	-6.403	-6.773
Naphtha E/W (NWE vs MOPJ) (\$/mt)	7.500	16.000	17.000	16.000	15.500	15.667	13.750
Fuel Oil							
3.5% bgs crack (\$/bbl)	-8.540	-8.500	-9.050	-10.040	-10.480	-10.357	-10.190
Singapore 380 crack (\$/bbl)	-5.350	-5.470	-7.000	-8.350	-8.930	-8.757	-8.860
Singapore 180 crack (\$/bbl)	-4.520	-4.440	-5.780	-6.730	-7.160	-6.997	-6.813
Visco (180-380) (\$/mt)	5.250	6.500	7.750	10.250	11.250	11.167	13.000
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	20.250	19.250	13.000	10.750	9.850	10.183	8.450
0.5% bgs crack (\$/bbl)	3.490	3.960	3.910	3.670	3.420	3.430	3.013
Singapore 0.5% crack (\$/bbl)	10.540	10.650	10.450	10.160	9.960	9.950	9.247
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	44.480	42.230	41.230	40.980	41.230	41.147	39.357
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	76.620	79.370	82.620	87.370	88.620	87.870	84.120
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	100.850	102.350	110.850	117.600	120.000	118.833	115.027
0.5% bgs/gasoil (\$/mt)	-213.010	-216.680	-222.890	-226.180	-226.300	-226.807	-229.403
Sing 0.5% vs Sing 10ppm (\$/mt)	-140.060	-146.920	-154.050	-158.360	-160.180	-160.123	-167.043
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-157.21	-146.5	-138.91	-130.72	-125.82	-127.453	-115.05
US Propane LST vs Asian Propane FEI (\$/mt)	-224.71	-214.5	-210.91	-208.22	-208.32	-207.453	-190.717
Asian Propane FEI vs NWE Propane (\$/mt)	67.5	68	72	77.5	82.5	80	75.667
Asian Propane FEI vs Saudi Propane CP (\$/mt)	56.5	51.5	49	44	39.5	38.5	21.833
European Pronap (\$/mt)	-118.81	-109.31	-103.81	-100.06	-95.81	-95.477	-99.393
Asian Pronap (FEI vs MOPJ) (\$/mt)	-115.31	-108.81	-97.81	-82.56	-68.31	-69.643	-59.31



Inter-month Crack Spreads				
Aug/Sep	12-Jul-24	1-Day Change	7-Day Change	
Crude				
Brent/Dubai (\$/bbl)	0.070	+0.070	+0.130	
WTI/Brent (\$/bbl)	0.150	+0.030	+0.070	
Distillates				
Gasoil 0.1 NWE crack (\$/bbl)	-0.950	-0.020	-0.140	
NWE Jet crack (\$/bbl)	-1.120	-0.110	-0.370	
NWE Jet Diff (\$/mt)	-1.500	-0.500	-2.000	
Gasoil E/W (\$/bbl)	0.190	+0.490	+0.580	
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.140	-0.090	-0.130	
Gasoline				
TA Arb (RBOB vs EBOB) (c/gal)	14.870	+0.060	-0.500	
EBOB crack (\$/mt)	0.900	-0.010	-0.240	
Singapore 92 crack (\$/bbl)	0.380	+0.190	+0.160	
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.520	+0.190	+0.400	
European Gasnaph (EBOB vs Naphtha) (\$/mt)	6.250	-0.500	-1.750	
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	2.910	+1.080	+2.330	
Naphtha				
US C5 ENT vs WTI Crack	-1.200	-0.100	-0.190	
NWE Naphtha Crack (\$/bbl)	0.090	+0.070	-0.030	
MOPJ Naphtha Crack (\$/bbl)	-0.020	+0.070	-0.110	
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-1.000	+0.000	-0.750	
Fuel Oil				
3.5% barges crack (\$/bbl)	0.550	+0.070	-0.190	
Singapore 380 crack (\$/bbl)	1.530	-0.100	-0.400	
Singapore 180 crack (\$/bbl)	1.340	-0.130	-0.120	
Visco (180-380) (\$/mt)	-1.250	-0.250	+1.750	
HSFO E/W (380 vs 3.5% barges) (\$/mt)	6.250	-1.000	-1.250	
0.5% barges crack (\$/bbl)	0.050	+0.040	-0.060	
Singapore 0.5% crack (\$/bbl)	0.200	+0.050	-0.280	
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	1.000	+0.000	-1.250	
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-3.250	-0.250	+0.750	
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-8.500	+0.750	+0.750	
0.5% barges/gasoil (\$/mt)	6.210	+0.260	+0.080	
Sing 0.5% vs Sing 10ppm (\$/mt)	7.130	+0.140	-1.540	
NGLs				
US Propane LST vs NWE Propane (\$/mt)	-7.590	+2.000	-1.860	
US Propane LST vs Asian Propane FEI (\$/mt)	-3.590	+0.500	-3.360	
Asian Propane FEI vs NWE Propane (\$/mt)	-4.000	+1.500	+1.500	
Asian Propane FEI vs Saudi Propane CP (\$/mt)	2.500	+1.500	-3.000	
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-5.500	-3.000	+0.000	