



Market Summary

85 is the magic number

Einstein's 'Spooky Effect' is in full display, with Brent fully entangled with the number 85. If Brent rises too much above or falls below it, the entanglement effect pulls Brent back in. And all the other numbers gravitate around it with Dubai just marginally below \$85/bbl as Asian refineries indulged in heavy buying. Sources have noted that Shandong refineries were operating at 47 pct rates but are now rising towards 60 pct, still well below capacity, but they are waking up and pulling in crude. Canadian sour TMX is a favorite, it seems, with deals heard at DEC ICE Brent minus \$6.00/bbl delivered. Rongsheng was heard buying four more TMX cargoes in a tender, as well as an Oman from Aramco. Several UZ have also been sold at premiums close to \$1.70/bbl into Unipecc. Due to the high dated Brent price, Asian refineries are shunning anything European and chewing on greener grasses in the Middle East, Canada, or the Southern Atlantic basin.

Talking about 'Basin,' the real action is in the Basin pipeline, which serves Cushing. We are trying to get our heads around it, but Cushing is pulling barrels in, as physicals are high as 30 cts premia over nearby locations due to strong inland refinery demand, a source in the know said. Front spreads are on fire. Backwardation is almost \$1.60, the highest since April, following yesterday's EIA crude draws. Total crude inventory draws have been 20.47mmbbls over the past three weeks. WTI is looking very tight again with backwardation, and premiums across markets are looking extremely spicy. Dubai closed the day at a premium of \$1.73/bbl.

But it's a tough market for refiners. As input costs soar, product demand remains very weak. Crude runs, but products lag. Consequently, the 321 crack spreads continue to descend, falling to under \$21.80/bbl. The oil structure is a highly intricate beast, and we share our detailed analysis overleaf.

However, oil is not the only market running. Watch out for gold, as over 80 percent of central banks are afraid of seizures of foreign reserves, according to recent surveys. Naturally, the role of gold in central bank unseizable reserves will continue to tilt towards gold. There are so many things to go long: WTI before expiration, gold forever, and US small caps for some time, looking for the peak in the Trumpian halo.

Summary					
Physical and Futures			18-Jul-24	1-Day Change	7-Day Change
Brent Sep (fut)	(\$/bbl)	85.380		+1.380	-0.160
WTI Sep (fut)	(\$/bbl)	81.840		+1.800	+0.350
Dubai Sep (phys)	(\$/bbl)	84.820		+1.120	-0.660
Crude Swaps Aug					
Brent	(\$/bbl)	84.140		+1.140	-0.455
DFL	(\$/bbl)	1.210		+0.200	+0.280
WTI	(\$/bbl)	81.310		+1.670	+0.200
Dubai	(\$/bbl)	83.780		+1.030	-0.750
Tenor			Sep-24	Oct-24	Nov-24
Crude Futures					
Brent (fut)	(\$/bbl)	85.380		84.180	83.270
WTI (fut)	(\$/bbl)	81.840		80.400	79.280



In detail

As of 09:30 BST, crude markets rebounded in a big way against the close of Asia yesterday. As of 09:30 BST, crude markets rebounded in a big way against the close of Asia yesterday. September Brent futures increased by \$1.38 to \$84/bbl. September WTI futures increased by \$1.80/bbl, at \$81.84/bbl. Our Dubai assessment of physical cargoes for September gained by \$1.12/bbl, to close the window at \$84.82/bbl. Physical premiums for September Dubai increased by 12c to \$1.85/bbl. In the window today, PetroChina were hitting almost any cargo that crossed their path, trying to crush the opportunistic sellers back down.

Thursday, Saudi Aramco announced the completion of \$6 bil bond issuance of three tranches of USD notes. The three tranches, \$2 bil each, offer maturities of 10, 30, and 40 years with coupons of 5.25%, 5.75%, and 5.875%, respectively. The offering far exceeded the target size of \$5 billion, benefitting from strong and diverse demand and Aramco's robust credit rating. This not only supports future investment by the energy giant but also indicates their continued desire to conduct business in greenback, despite continued concerns over de-dollarization.

In other commodities, gold is looking to extend its record-breaking surge to \$2500. The expectation of a Fed rate cut and rising geopolitical risks are driving the increased rotation into the precious metal. But gold has been largely unbothered by the ebbs and flows of US monetary policy. Hawks or doves alike, gold continues to advance. Central banks are buying a lot of gold, and investors too. This year, gold returned 9%, compared to 2.7% on treasuries.

In the equity markets, the outperformance of small-cap indices over and above the big caps is stark. The Russell 2000 small-cap index has returned over 9% in the last five days, while the Nasdaq returned -3.49%. Even at a 3-month horizon, the small-cap index offered better returns. In part, the underperformance of the flagship indices has been driven by a rotation away from tech, while SMEs benefit from the expectation of lower interest rates.

Chinese stocks have also enjoyed increased attention, driven by ETF flows. For the three months prior, Chinese equities had been of little interest to investors. Many opted to hold the safer sovereign debt, which recently prompted the creation of a new PBOC facility for yield curve controls as long-dated yields collapsed. But on Thursday, the Chinese stock market made a resurgence amidst inflows to passive investment vehicles topping up to three times typical levels.

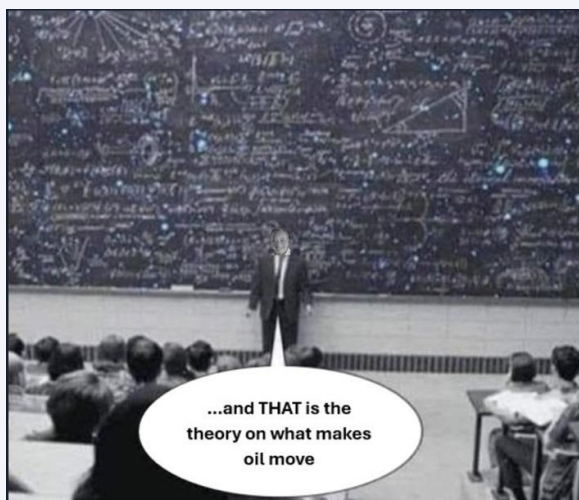
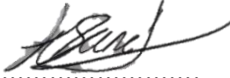



Figure 1: Analysis of oil drivers above, magnify at your own risk

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Front Month Outrights					
August Swaps			18-Jul-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)	84.140		+1.140	-0.455
WTI	(\$/bbl)	81.310		+1.670	+0.200
Dubai	(\$/bbl)	83.780		+1.030	-0.750
Distillates					
Gasoil 0.1 NWE	(\$/mt)	768.520		+10.000	-9.455
NWE Jet	(\$/mt)	820.020		+9.000	-11.040
Singapore 10ppm	(\$/bbl)	99.830		+1.370	-0.950
Sing Kero	(\$/bbl)	98.630		+1.250	-1.200
Gasoline					
RBOB	(c/gal)	247.260		+2.640	-1.270
EBOB	(\$/mt)	825.530		+8.190	-6.930
Singapore 92	(\$/bbl)	91.250		+1.080	+0.110
Singapore 95	(\$/bbl)	95.590		+1.060	+0.100
Naphtha					
US C5 ENT	(c/gal)	156.130		+2.060	-0.660
NWE Naphtha	(\$/mt)	680.140		+9.610	+3.120
MOPJ Naphtha	(\$/mt)	697.640		+8.020	+4.370
Fuel Oil					
3.5% barges	(\$/mt)	472.570		+0.450	-9.840
Singapore 380	(\$/mt)	495.130		+1.190	-9.430
Singapore 180	(\$/mt)	501.630		+1.190	-8.680
0.5% barges	(\$/mt)	558.990		+8.640	+0.380
Singapore 0.5%	(\$/mt)	598.610		+7.040	-3.310
NGLs					
US Propane LST	(c/gal)	79.148		-0.287	-3.212
NWE Propane	(\$/mt)	572.950		+6.640	+5.410
Saudi Propane CP	(\$/mt)	587.950		+4.640	+0.350
Asian Propane FEI	(\$/mt)	637.950		+4.640	-1.150
US Butane ENT	(c/gal)	98.040		+0.990	-0.940
Saudi Butane CP	(\$/mt)	575.950		+7.640	+3.850



Long Tenor Swaps

		Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	85.260	84.140	83.230	82.530	81.940	81.960	80.527
WTI	(\$/bbl)	82.310	81.310	80.050	79.000	78.170	78.207	76.340
Dubai	(\$/bbl)	84.680	83.780	82.970	82.220	81.560	81.580	80.050
Distillates								
Gasoil 0.1 NWE	(\$/mt)	767.500	768.520	770.240	768.220	763.330	764.040	755.507
NWE Jet	(\$/mt)	821.000	820.020	821.740	822.720	818.830	819.540	814.007
Singapore 10ppm	(\$/bbl)	99.660	99.830	99.940	99.790	99.370	99.387	98.590
Sing Kero	(\$/bbl)	98.430	98.630	98.890	98.960	98.750	98.763	98.140
Gasoline								
RBOB	(c/gal)	250.570	247.260	228.270	222.580	218.680	219.400	224.607
EBOB	(\$/mt)	828.530	825.530	812.780	768.530	747.780	749.947	733.363
Singapore 92	(\$/bbl)	91.850	91.250	90.150	89.150	88.270	88.380	87.260
Singapore 95	(\$/bbl)	96.340	95.590	94.390	93.340	92.260	92.403	90.850
Naphtha								
US C5 ENT	(c/gal)	155.380	156.130	156.750	157.130	157.250	157.210	156.500
NWE Naphtha	(\$/mt)	694.640	680.140	671.140	666.140	660.640	660.640	645.723
MOP-Japan Naphtha	(\$/mt)	703.640	697.640	689.390	683.390	677.390	677.473	660.223
Fuel Oil								
3.5% barges	(\$/mt)	477.570	472.570	467.320	458.570	452.070	452.987	445.487
Singapore 380	(\$/mt)	502.880	495.130	481.880	469.630	461.380	462.880	452.963
Singapore 180	(\$/mt)	508.130	501.630	489.880	479.630	472.380	473.797	465.963
0.5% barges	(\$/mt)	562.740	558.990	551.990	545.740	540.240	540.323	528.073
Singapore 0.5%	(\$/mt)	604.610	598.610	592.110	586.110	580.860	580.943	567.777
NGLs								
US Propane LST	(c/gal)	78.268	79.148	80.028	81.278	82.028	81.778	80.695
NWE Propane	(\$/mt)	578.450	572.950	567.450	565.450	564.450	564.753	545.360
Saudi Propane CP	(\$/mt)	587.950	587.950	590.450	599.450	607.450	606.450	598.950
Asian Propane FEI	(\$/mt)	641.450	637.950	639.450	643.950	647.950	645.950	622.617
US Butane ENT	(c/gal)	97.290	98.040	98.420	99.170	99.790	99.543	97.050
Saudi Butane CP	(\$/mt)	575.950	575.950	583.450	594.950	603.450	602.283	594.117



Front Month Spreads

Aug/Sep		18-Jul-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.910	+0.120	+0.090
WTI	(\$/bbl)	1.260	+0.310	+0.350
Dubai	(\$/bbl)	0.810	+0.030	-0.020
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-1.720	-0.310	-1.060
NWE Jet	(\$/mt)	-1.720	-0.310	+0.140
Singapore 10ppm	(\$/bbl)	-0.110	+0.020	-0.010
Sing Kero	(\$/bbl)	-0.260	+0.040	-0.130
Gasoline				
RBOB	(c/gal)	18.990	-0.090	+0.220
EBOB	(\$/mt)	12.750	-0.250	-1.250
Singapore 92	(\$/bbl)	1.100	-0.050	+0.300
Singapore 95	(\$/bbl)	1.200	-0.050	+0.300
Naphtha				
US C5 ENT	(c/gal)	-0.620	+0.000	-0.240
NWE Naphtha	(\$/mt)	9.000	+1.250	+2.000
MOP-Japan Naphtha	(\$/mt)	8.250	+0.500	+2.000
Fuel Oil				
3.5% barges	(\$/mt)	5.250	-1.500	-3.500
Singapore 380	(\$/mt)	13.250	-1.510	-3.000
Singapore 180	(\$/mt)	11.750	-1.510	-2.750
0.5% barges	(\$/mt)	7.000	+1.500	+2.250
Singapore 0.5%	(\$/mt)	6.500	+0.250	+0.250
NGLs				
US Propane LST	(c/gal)	-0.880	+0.000	+0.120
NWE Propane	(\$/mt)	5.500	+0.500	+1.500
Saudi Propane CP	(\$/mt)	-2.500	-0.500	+0.500
Asian Propane FEI	(\$/mt)	-1.500	-0.500	-0.500
US Butane ENT	(c/gal)	-0.380	+0.000	+0.240
Saudi Butane CP	(\$/mt)	-7.500	+1.500	+4.500



Front Month Cracks and Diffs			
August	18-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.350	+0.100	+0.280
WTI/Brent (\$/bbl)	-2.820	+0.530	+0.660
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	19.020	+0.220	-0.810
NWE Jet crack (\$/bbl)	19.930	+0.010	-0.920
NWE Jet Diff (\$/mt)	51.500	-1.000	-1.500
Gasoil E/W (\$/bbl)	-24.750	+0.250	+2.500
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.200	-0.120	-0.250
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	11.300	+0.300	+0.700
EBOB crack (\$/mt)	14.980	-0.150	-0.330
Singapore 92 crack (\$/bbl)	7.130	-0.040	+0.610
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-7.850	+0.100	+0.950
European Gasnaph (EBOB vs Naphtha) (\$/mt)	145.350	-1.660	-9.980
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	62.390	+0.730	-3.450
Naphtha			
US C5 ENT vs WTI Crack	-15.740	-0.820	-0.470
NWE Naphtha Crack (\$/bbl)	-7.700	-0.050	+0.850
MOPJ Naphtha Crack (\$/bbl)	-5.730	-0.210	+0.990
Naphtha E/W (NWE vs MOPJ) (\$/mt)	17.500	-1.500	+1.250
Fuel Oil			
3.5% barges crack (\$/bbl)	-9.700	-1.050	-1.050
Singapore 380 crack (\$/bbl)	-6.160	-0.930	-0.980
Singapore 180 crack (\$/bbl)	-5.130	-0.930	-0.870
Visco (180-380) (\$/mt)	6.500	+0.000	+0.750
HSFO E/W (380 vs 3.5% barges) (\$/mt)	22.500	+0.750	+0.350
0.5% barges crack (\$/bbl)	3.900	+0.250	+0.550
Singapore 0.5% crack (\$/bbl)	10.150	+0.010	+0.000
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	39.690	-1.530	-3.490
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	86.360	+8.260	+10.160
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	103.550	+5.980	+6.320
0.5% barges/gasoil (\$/mt)	-209.680	-1.580	+9.800
Sing 0.5% vs Sing 10ppm (\$/mt)	-145.240	-3.050	+3.800
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-160.500	-8.000	-22.000
US Propane LST vs Asian Propane FEI (\$/mt)	-225.500	-6.000	-15.500
Asian Propane FEI vs NWE Propane (\$/mt)	65.000	-2.000	-6.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	50.000	+0.000	-1.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-107.500	-3.020	+2.100
Asian Pronap (FEI vs MOPJ) (\$/mt)	-110.080	-3.600	-4.230



Long Tenor Cracks / Diffs

	Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.570	0.350	0.260	0.300	0.370	0.370	0.460
WTI/Brent (\$/bbl)	-2.950	-2.820	-3.180	-3.520	-3.760	-3.743	-4.183
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	17.76	19.02	20.16	20.59	20.52	20.60	20.88
NWE Jet crack (\$/bbl)	18.93	19.93	21.05	21.88	21.99	22.06	22.79
NWE Jet Diff (\$/mt)	53.50	51.50	51.50	54.50	55.50	55.50	58.50
Gasoil E/W (\$/bbl)	-25.03	-24.75	-25.69	-24.79	-23.04	-23.61	-20.99
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.23	-1.20	-1.05	-0.83	-0.62	-0.62	-0.45
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	13.760	11.300	-4.050	2.930	4.960	5.057	15.003
EBOB crack (\$/mt)	14.210	14.980	14.350	9.730	7.830	8.073	7.523
Singapore 92 crack (\$/bbl)	6.600	7.130	6.920	6.620	6.330	6.423	6.743
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-7.610	-7.850	-7.420	-3.110	-1.500	-1.650	-0.780
European Gasnaph (EBOB vs Naphtha) (\$/mt)	133.850	145.350	141.600	102.350	87.100	89.267	87.600
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	61.390	62.390	61.480	59.150	57.820	58.650	66.570
Naphtha							
US C5 ENT vs WTI Crack	-17.050	-15.740	-14.200	-13.000	-12.110	-12.167	-10.590
NWE Naphtha Crack (\$/bbl)	-7.190	-7.700	-7.810	-7.680	-7.710	-7.723	-7.953
MOPJ Naphtha Crack (\$/bbl)	-6.180	-5.730	-5.760	-5.720	-5.820	-5.820	-6.323
Naphtha E/W (NWE vs MOPJ) (\$/mt)	9.000	17.500	18.250	17.250	16.750	16.833	14.500
Fuel Oil							
3.5% bgs crack (\$/bbl)	-10.040	-9.700	-9.630	-10.300	-10.740	-10.610	-10.347
Singapore 380 crack (\$/bbl)	-6.050	-6.160	-7.340	-8.570	-9.280	-9.060	-9.183
Singapore 180 crack (\$/bbl)	-5.230	-5.130	-6.100	-7.010	-7.550	-7.350	-7.147
Visco (180-380) (\$/mt)	5.250	6.500	8.000	10.000	11.000	10.917	13.000
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	25.250	22.500	14.500	11.000	9.250	9.833	7.417
0.5% bgs crack (\$/bbl)	3.350	3.900	3.690	3.400	3.130	3.123	2.637
Singapore 0.5% crack (\$/bbl)	9.950	10.150	10.020	9.770	9.530	9.530	8.900
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	41.940	39.690	40.190	40.440	40.690	40.690	39.773
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	85.110	86.360	84.610	87.110	88.110	87.277	82.527
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	101.800	103.550	110.300	116.550	119.550	118.133	114.883
0.5% bgs/gasoil (\$/mt)	-204.570	-209.680	-218.250	-222.640	-223.400	-223.873	-227.380
Sing 0.5% vs Sing 10ppm (\$/mt)	-137.970	-145.240	-152.560	-157.590	-159.860	-159.777	-166.810
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-170.59	-160.5	-150.42	-141.9	-137	-138.633	-124.943
US Propane LST vs Asian Propane FEI (\$/mt)	-233.59	-225.5	-222.42	-220.4	-220.5	-219.8	-202.11
Asian Propane FEI vs NWE Propane (\$/mt)	63	65	72	78.5	83.5	81.167	77.167
Asian Propane FEI vs Saudi Propane CP (\$/mt)	53.5	50	49	44.5	40.5	39.5	23.667
European Pronap (\$/mt)	-116.5	-107.5	-104	-101	-96.5	-96.167	-100.583
Asian Pronap (FEI vs MOPJ) (\$/mt)	-116.08	-110.08	-99.33	-84.33	-70.33	-71.413	-61.663



Inter-month Crack Spreads			
Aug/Sep	18-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.090	+0.070	+0.100
WTI/Brent (\$/bbl)	0.360	+0.200	+0.260
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-1.140	-0.150	-0.230
NWE Jet crack (\$/bbl)	-1.120	-0.150	-0.090
NWE Jet Diff (\$/mt)	0.000	+0.000	+1.000
Gasoil E/W (\$/bbl)	0.940	+0.510	+1.030
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.150	+0.020	-0.120
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	15.350	-0.010	+0.580
EBOB crack (\$/mt)	0.630	-0.140	-0.240
Singapore 92 crack (\$/bbl)	0.210	-0.140	+0.220
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.430	-0.020	+0.460
European Gasnaph (EBOB vs Naphtha) (\$/mt)	3.750	-1.500	-3.250
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	0.910	-0.920	+0.500
Naphtha			
US C5 ENT vs WTI Crack	-1.540	-0.330	-0.470
NWE Naphtha Crack (\$/bbl)	0.110	+0.030	+0.140
MOPJ Naphtha Crack (\$/bbl)	0.030	-0.040	+0.140
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-0.750	-0.750	+0.000
Fuel Oil			
3.5% barges crack (\$/bbl)	-0.070	-0.340	-0.650
Singapore 380 crack (\$/bbl)	1.180	-0.340	-0.560
Singapore 180 crack (\$/bbl)	0.970	-0.330	-0.490
Visco (180-380) (\$/mt)	-1.500	+0.000	+0.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	8.000	-0.010	+0.500
0.5% barges crack (\$/bbl)	0.210	+0.140	+0.280
Singapore 0.5% crack (\$/bbl)	0.130	-0.060	-0.030
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	-0.500	-1.250	-2.000
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	1.750	+3.000	+5.750
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-6.750	+1.760	+3.250
0.5% barges/gasoil (\$/mt)	8.570	+1.660	+3.050
Sing 0.5% vs Sing 10ppm (\$/mt)	7.320	+0.100	+0.330
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-10.080	-0.490	-0.870
US Propane LST vs Asian Propane FEI (\$/mt)	-3.080	+0.510	+1.130
Asian Propane FEI vs NWE Propane (\$/mt)	-7.000	-1.000	-2.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	1.000	+0.000	-1.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-3.500	-0.750	-0.500