



Market Summary

Is Asia ready to wilt in the August sun?

Markets are complicated and understanding the data is even more so, as Captain Obvious would say. Take Dubai today. Physical went up by 67c day on day, but it actually fell significantly relative to Brent. And the knock was big. Dubai is retreating despite the herculean efforts by Petrochina to suck up available cargoes.

The Chinese dragon bought an additional three physical Upper Zakum cargoes today with Hengli, a refiner yes, to deliver a September cargo, with Vitol and Exxon the other two. This means 13 cargoes have been pulled out of the Asian partials market so far this month, with 9 cargoes this week!

PetroChina seems to be losing the battle as in the roughest of terms, flat price has gone down by over \$3.00/bbl in the past seven days. And the physical premium, the spread between the physical price and September swap, is down nearly 20 cts since yesterday to \$1.325. (Figure 1) And from another measure, Dubai is underperforming relative to Brent and fell to almost a dollar under Brent from just 64c, yesterday. So what's the reason for these big moves?

Sources have shared information on the preliminary Saudi September allocations to China, up by 8mbbls to 54mbbls from 46mbbls in August. If this hike is confirmed, the Asian market and its premiums will turn south next month. But again, things are complicated, and we expect a mega jump for the upcoming Saudi OSPs. Saudi OSPs will meg jump to about \$1.40/bbl for Arab light but it is not a sign of bullishness, rather a retrospective reflexion of a strong market during calendar July. Let's also not forget that China has been struggling with thin margins and facing run cuts while a new refinery in Shandong is expected to take its baby steps in September. ANZ research analysts said China's oil demand fell 8.1% on to 13.66 million barrels a day in June.

We hope this makes sense to you, otherwise call us!

Summary				
Physical and Futures		26-Jul-24	1-Day Change	7-Day Change
Brent Sep (fut)	(\$/bbl)	82.340	+1.030	-2.800
WTI Sep (fut)	(\$/bbl)	78.220	+1.040	-2.930
Dubai Sep (phys)	(\$/bbl)	81.345	+0.670	-3.150
Crude Swaps Aug				
Brent	(\$/bbl)	81.330	+0.940	-2.610
DFL	(\$/bbl)	0.890	+0.200	-0.420
WTI	(\$/bbl)	77.800	+0.980	-2.880
Dubai	(\$/bbl)	80.390	+0.770	-3.110
Tenor		Sep-24	Oct-24	Nov-24
Crude Futures				
Brent (fut)	(\$/bbl)	82.340	81.370	80.580
WTI (fut)	(\$/bbl)	78.220	77.070	76.200



In detail

Markets are trending down despite the big rise yesterday afternoon after Team America saved the day with a strong GDP Q2 growth print. Sept Brent and WTI both gained more than a buck against yesterday, up to \$82.34/bbl and \$78.22/bbl, respectively. Physical Dubai gained 67c, underperforming against Western counterparts to \$81.345/bbl. Physical premiums for Dubai eased by 19c to \$1.325/bbl, having lost 32.5c in the past two days alone. Sept Brent premium over Dubai jumped by 36c to 99.5c/bbl, which is a way of saying Dubai is sucking wind, an Americanism for horses running out of juice or dragons or whatever.

Further afield, Iraq said it will discontinue the use of Chinese yuan for financial transactions, following orders from the Federal Reserve, citing “irregularities and certain problems in transactions”. According to Moeen Al-Kadhimi, “Many decisions by the Central Bank of Iraq are imposed by the US Federal Reserve.” 3.5mb/d worth of Iraqi oil revenues are subsequently deposited into the Fed’s careful hands. The funds are then kept under lock and key; no money is transferred to the Iraqi central bank, but transfers to other pre-specified Iraqi organizations are directed and managed by the Central Bank of Iraq. However, the Fed must approve these transfers, and consequently, the Fed’s influence permeates and is justified on administrative, financial, and anti-terrorism grounds. If anything, this will only motivate further diversification by the Central Bank of Iraq, reducing dollar dependence. Was this moral suasion, strong-arm persuasion or even the offer of a knuckle sandwich? We will never know, but America has a dollar to protect. Someone needs to buy their debt and use whatever comes out of the printing presses.

Iraq has also boosted its crude export capacity, adding two new turbine pumping units, boosting the southern Gulf terminal’s capacity by 300kb/d, according to the oil ministry. It seems an interesting time to be boosting export capacity right when you are promising to cut aggressively, not to mention the additional 70-90kb/d compensation cuts. Will Iraq be able to control its urges to supply the masses? The temptation may just be too great as other OPEC+ members look to increase their allocations in the coming months.

Senior Nigerian politician Hon. Abbas Tajudeen has said that oil theft, vandalism and other forms of sabotage this year have amounted to around \$10 billion in lost revenue. Pipeline surveillance is now costing Nigeria over \$1.5 billion in efforts to curtail the lost revenue. This is no new issue for Nigeria, but it has dramatically escalated this year. \$46 billion in crude disappeared between 2009 and 2020. Dangote needs some domestic oil, we say 😊.

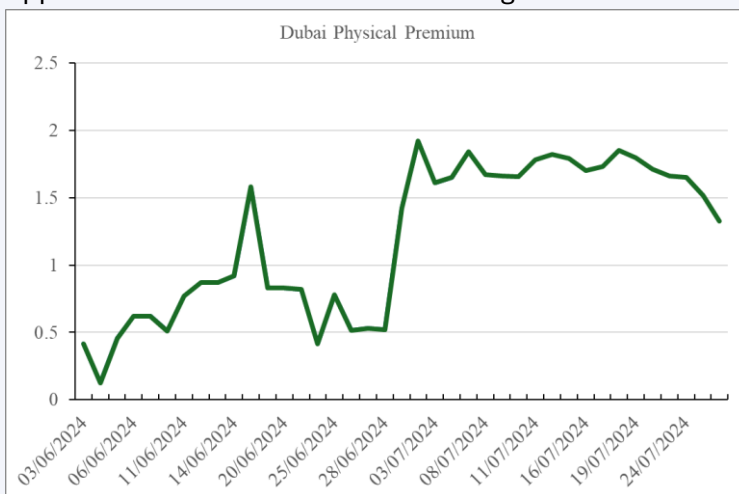



Figure 1: Dubai physical premium


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Front Month Outrights					
August Swaps			26-Jul-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)		81.330	+0.940	-2.610
WTI	(\$/bbl)		77.800	+0.980	-2.880
Dubai	(\$/bbl)		80.390	+0.770	-3.110
Distillates					
Gasoil 0.1 NWE	(\$/mt)		756.520	+8.340	-7.500
NWE Jet	(\$/mt)		808.520	+8.840	-7.000
Singapore 10ppm	(\$/bbl)		98.020	+1.080	-1.240
Sing Kero	(\$/bbl)		97.070	+1.130	-1.040
Gasoline					
RBOB	(c/gal)		243.460	+3.750	-4.300
EBOB	(\$/mt)		810.840	+13.260	-15.040
Singapore 92	(\$/bbl)		90.040	+1.340	-1.050
Singapore 95	(\$/bbl)		94.540	+1.340	-0.900
Naphtha					
US C5 ENT	(c/gal)		150.740	+2.080	-4.430
NWE Naphtha	(\$/mt)		665.100	+9.880	-11.480
MOPJ Naphtha	(\$/mt)		680.190	+8.470	-12.640
Fuel Oil					
3.5% barges	(\$/mt)		457.390	+5.140	-17.270
Singapore 380	(\$/mt)		480.890	+6.270	-14.090
Singapore 180	(\$/mt)		488.950	+7.700	-12.530
0.5% barges	(\$/mt)		542.420	+5.720	-15.550
Singapore 0.5%	(\$/mt)		584.710	+6.290	-13.270
NGLs					
US Propane LST	(c/gal)		78.038	+0.372	-0.528
NWE Propane	(\$/mt)		566.580	+6.530	-1.250
Saudi Propane CP	(\$/mt)		585.580	+1.530	+1.750
Asian Propane FEI	(\$/mt)		638.580	+6.030	+5.290
US Butane ENT	(c/gal)		97.420	+0.890	+0.240
Saudi Butane CP	(\$/mt)		578.080	+1.990	+5.290



Long Tenor Swaps

		Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	82.100	81.330	80.540	79.940	79.420	79.457	78.320
WTI	(\$/bbl)	78.220	77.800	76.800	75.990	75.340	75.370	73.910
Dubai	(\$/bbl)	81.240	80.390	80.020	79.430	78.870	78.897	77.657
Distillates								
Gasoil 0.1 NWE	(\$/mt)	755.500	756.520	757.620	754.870	749.500	750.263	741.757
NWE Jet	(\$/mt)	812.000	808.520	809.120	807.870	804.000	804.763	799.757
Singapore 10ppm	(\$/bbl)	97.720	98.020	98.120	97.970	97.530	97.533	96.680
Sing Kero	(\$/bbl)	96.820	97.070	97.170	97.160	96.860	96.873	96.113
Gasoline								
RBOB	(c/gal)	247.360	243.460	224.600	218.120	213.830	214.663	219.673
EBOB	(\$/mt)	813.840	810.840	796.840	750.840	730.340	732.507	716.590
Singapore 92	(\$/bbl)	90.990	90.040	88.560	87.310	86.360	86.477	85.277
Singapore 95	(\$/bbl)	95.490	94.540	93.010	91.610	90.560	90.610	88.877
Naphtha								
US C5 ENT	(c/gal)	149.860	150.740	151.360	151.860	151.980	151.940	151.480
NWE Naphtha	(\$/mt)	677.600	665.100	655.600	651.600	646.600	646.683	633.517
MOP-Japan Naphtha	(\$/mt)	686.190	680.190	673.940	668.440	662.940	663.023	647.607
Fuel Oil								
3.5% barges	(\$/mt)	460.890	457.390	451.640	442.890	436.390	437.140	429.223
Singapore 380	(\$/mt)	488.390	480.890	467.390	453.890	444.640	446.140	435.057
Singapore 180	(\$/mt)	495.200	488.950	476.200	464.200	455.700	457.200	448.367
0.5% barges	(\$/mt)	546.420	542.420	534.920	528.670	523.420	523.587	511.670
Singapore 0.5%	(\$/mt)	590.710	584.710	577.210	570.710	564.960	565.210	551.543
NGLs								
US Propane LST	(c/gal)	77.158	78.038	78.788	79.908	80.408	80.201	78.868
NWE Propane	(\$/mt)	572.080	566.580	561.080	555.580	554.080	554.247	532.413
Saudi Propane CP	(\$/mt)	585.580	585.580	588.080	596.080	602.580	601.747	590.747
Asian Propane FEI	(\$/mt)	643.580	638.580	636.580	638.080	639.580	638.247	611.913
US Butane ENT	(c/gal)	96.920	97.420	97.800	98.180	98.560	98.307	95.303
Saudi Butane CP	(\$/mt)	578.080	578.080	586.580	594.080	600.580	599.580	587.913



Front Month Spreads				
Aug/Sep		26-Jul-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.790	+0.070	-0.090
WTI	(\$/bbl)	1.000	+0.110	-0.090
Dubai	(\$/bbl)	0.370	-0.090	-0.430
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-1.100	+0.150	+0.620
NWE Jet	(\$/mt)	-0.600	+0.150	+0.120
Singapore 10ppm	(\$/bbl)	-0.100	+0.010	+0.050
Sing Kero	(\$/bbl)	-0.100	+0.070	+0.160
Gasoline				
RBOB	(c/gal)	18.860	+0.100	-0.360
EBOB	(\$/mt)	14.000	+0.750	+0.750
Singapore 92	(\$/bbl)	1.480	+0.130	+0.430
Singapore 95	(\$/bbl)	1.530	+0.130	+0.380
Naphtha				
US C5 ENT	(c/gal)	-0.620	+0.000	+0.000
NWE Naphtha	(\$/mt)	9.500	+0.750	+1.500
MOP-Japan Naphtha	(\$/mt)	6.250	-0.500	-0.500
Fuel Oil				
3.5% barges	(\$/mt)	5.750	+0.000	-0.750
Singapore 380	(\$/mt)	13.500	+0.500	+0.500
Singapore 180	(\$/mt)	12.750	+0.750	+1.250
0.5% barges	(\$/mt)	7.500	-0.500	+0.750
Singapore 0.5%	(\$/mt)	7.500	+0.250	+1.000
NGLs				
US Propane LST	(c/gal)	-0.750	+0.130	+0.130
NWE Propane	(\$/mt)	5.500	+1.500	+1.000
Saudi Propane CP	(\$/mt)	-2.500	-1.500	+0.500
Asian Propane FEI	(\$/mt)	2.000	+0.000	+3.500
US Butane ENT	(c/gal)	-0.380	+0.120	+0.120
Saudi Butane CP	(\$/mt)	-8.500	-1.500	-0.500



Front Month Cracks and Diffs			
August	26-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.940	+0.170	+0.510
WTI/Brent (\$/bbl)	-3.530	+0.050	-0.280
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	20.220	+0.170	+1.610
NWE Jet crack (\$/bbl)	21.270	+0.180	+1.720
NWE Jet Diff (\$/mt)	52.000	+0.500	+0.500
Gasoil E/W (\$/bbl)	-26.250	-0.250	-1.750
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.950	+0.050	+0.200
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	11.700	-0.050	+0.000
EBOB crack (\$/mt)	16.000	+0.630	+0.770
Singapore 92 crack (\$/bbl)	8.700	+0.380	+1.520
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-7.300	-0.250	+0.750
European Gasnaph (EBOB vs Naphtha) (\$/mt)	145.680	+3.320	-3.550
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	69.840	+2.870	+4.060
Naphtha			
US C5 ENT vs WTI Crack	-14.490	-0.100	+1.000
NWE Naphtha Crack (\$/bbl)	-6.600	+0.150	+1.300
MOPJ Naphtha Crack (\$/bbl)	-4.910	-0.010	+1.160
Naphtha E/W (NWE vs MOPJ) (\$/mt)	15.000	-1.500	-1.250
Fuel Oil			
3.5% barges crack (\$/bbl)	-9.300	-0.150	-0.150
Singapore 380 crack (\$/bbl)	-5.600	+0.050	+0.360
Singapore 180 crack (\$/bbl)	-4.340	+0.240	+0.600
Visco (180-380) (\$/mt)	8.000	+1.250	+1.500
HSFO E/W (380 vs 3.5% barges) (\$/mt)	23.500	+1.250	+3.250
0.5% barges crack (\$/bbl)	4.090	-0.060	+0.140
Singapore 0.5% crack (\$/bbl)	10.750	+0.030	+0.500
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	42.290	+0.570	+2.280
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	85.030	+0.580	+1.850
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	103.820	-0.100	+0.880
0.5% barges/gasoil (\$/mt)	-214.040	-2.560	-8.090
Sing 0.5% vs Sing 10ppm (\$/mt)	-145.540	-1.700	-4.120
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-160.000	-4.500	-1.500
US Propane LST vs Asian Propane FEI (\$/mt)	-232.000	-4.000	-8.000
Asian Propane FEI vs NWE Propane (\$/mt)	72.000	-0.500	+6.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	53.000	+4.500	+3.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-98.570	-3.580	+10.040
Asian Pronap (FEI vs MOPJ) (\$/mt)	-94.610	-7.030	+14.340



Long Tenor Cracks / Diffs

	Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.860	0.940	0.520	0.500	0.550	0.553	0.650
WTI/Brent (\$/bbl)	-3.880	-3.530	-3.740	-3.950	-4.080	-4.083	-4.410
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	19.31	20.22	21.14	21.38	21.18	21.25	21.24
NWE Jet crack (\$/bbl)	20.95	21.27	22.14	22.58	22.61	22.67	23.17
NWE Jet Diff (\$/mt)	56.50	52.00	51.50	53.00	54.50	54.50	58.00
Gasoil E/W (\$/bbl)	-27.49	-26.25	-26.63	-24.98	-22.88	-23.63	-21.48
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.90	-0.95	-0.95	-0.79	-0.63	-0.63	-0.52
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	14.730	11.700	-3.170	3.520	5.080	5.300	14.853
EBOB crack (\$/mt)	15.600	16.000	15.110	10.210	8.260	8.487	7.710
Singapore 92 crack (\$/bbl)	8.870	8.700	8.020	7.370	6.930	7.017	6.957
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-6.710	-7.300	-7.100	-2.830	-1.320	-1.463	-0.753
European Gasnaph (EBOB vs Naphtha) (\$/mt)	136.180	145.680	141.180	99.180	83.680	85.763	83.053
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	71.760	69.840	63.760	58.850	56.440	57.327	62.750
Naphtha							
US C5 ENT vs WTI Crack	-15.280	-14.490	-13.240	-12.210	-11.520	-11.560	-10.287
NWE Naphtha Crack (\$/bbl)	-5.970	-6.600	-6.880	-6.720	-6.760	-6.787	-7.137
MOPJ Naphtha Crack (\$/bbl)	-5.010	-4.910	-4.840	-4.840	-4.940	-4.967	-5.567
Naphtha E/W (NWE vs MOPJ) (\$/mt)	8.500	15.000	18.250	16.750	16.250	16.250	14.000
Fuel Oil							
3.5% bgs crack (\$/bbl)	-9.520	-9.300	-9.420	-10.180	-10.700	-10.610	-10.723
Singapore 380 crack (\$/bbl)	-5.190	-5.600	-6.950	-8.460	-9.400	-9.200	-9.807
Singapore 180 crack (\$/bbl)	-4.130	-4.340	-5.560	-6.850	-7.670	-7.470	-7.730
Visco (180-380) (\$/mt)	6.750	8.000	8.750	10.250	11.000	11.000	13.250
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	27.500	23.500	15.750	11.000	8.250	9.000	5.833
0.5% bgs crack (\$/bbl)	3.940	4.090	3.690	3.320	3.000	2.997	2.250
Singapore 0.5% crack (\$/bbl)	10.910	10.750	10.360	9.950	9.550	9.560	8.537
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	44.290	42.290	42.290	42.040	41.540	41.623	39.873
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	85.530	85.030	83.280	85.780	87.030	86.447	82.447
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	102.320	103.820	109.820	116.820	120.320	119.070	116.487
0.5% bgs/gasoil (\$/mt)	-209.020	-214.040	-222.790	-226.220	-226.020	-226.693	-229.970
Sing 0.5% vs Sing 10ppm (\$/mt)	-137.300	-145.540	-153.780	-159.090	-161.490	-161.337	-168.527
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-170.09	-160	-150.59	-139.26	-135.15	-136.397	-121.51
US Propane LST vs Asian Propane FEI (\$/mt)	-241.59	-232	-226.09	-221.76	-220.65	-220.397	-201.01
Asian Propane FEI vs NWE Propane (\$/mt)	71.5	72	75.5	82.5	85.5	84	79.5
Asian Propane FEI vs Saudi Propane CP (\$/mt)	58	53	48.5	42	37	36.5	21.167
European Pronap (\$/mt)	-105.57	-98.57	-94.57	-96.07	-92.57	-92.487	-101.153
Asian Pronap (FEI vs MOPJ) (\$/mt)	-100.61	-94.61	-85.86	-72.36	-60.36	-61.277	-56.86



Inter-month Crack Spreads			
Aug/Sep	26-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.420	+0.160	+0.330
WTI/Brent (\$/bbl)	0.210	+0.050	-0.020
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.920	-0.030	+0.190
NWE Jet crack (\$/bbl)	-0.870	-0.050	+0.100
NWE Jet Diff (\$/mt)	0.500	+0.000	-0.500
Gasoil E/W (\$/bbl)	0.380	-0.030	-0.260
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	0.000	+0.060	+0.110
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	14.870	-0.100	-0.560
EBOB crack (\$/mt)	0.890	+0.020	+0.160
Singapore 92 crack (\$/bbl)	0.680	+0.050	+0.500
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.200	+0.040	+0.340
European Gasnaph (EBOB vs Naphtha) (\$/mt)	4.500	+0.000	-0.750
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	6.080	+1.590	+4.090
Naphtha			
US C5 ENT vs WTI Crack	-1.250	-0.090	+0.100
NWE Naphtha Crack (\$/bbl)	0.280	+0.010	+0.250
MOPJ Naphtha Crack (\$/bbl)	-0.070	-0.100	+0.050
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-3.250	-1.250	-2.000
Fuel Oil			
3.5% barges crack (\$/bbl)	0.120	-0.090	-0.010
Singapore 380 crack (\$/bbl)	1.350	+0.020	+0.180
Singapore 180 crack (\$/bbl)	1.220	+0.050	+0.290
Visco (180-380) (\$/mt)	-0.750	+0.250	+0.750
HSFO E/W (380 vs 3.5% barges) (\$/mt)	7.750	+0.500	+1.250
0.5% barges crack (\$/bbl)	0.400	-0.140	+0.210
Singapore 0.5% crack (\$/bbl)	0.390	-0.030	+0.250
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	0.000	+0.750	+0.250
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	1.750	-0.500	+1.500
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-6.000	-0.250	+0.500
0.5% barges/gasoil (\$/mt)	8.750	-0.500	+0.120
Sing 0.5% vs Sing 10ppm (\$/mt)	8.240	+0.170	+0.620
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-9.410	-0.830	-0.330
US Propane LST vs Asian Propane FEI (\$/mt)	-5.910	+0.670	-2.830
Asian Propane FEI vs NWE Propane (\$/mt)	-3.500	-1.500	+2.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	4.500	+1.500	+3.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-4.000	+0.750	-0.500