



Market Summary

Geopolitical risk without the premium?



The bearish macros punched the geopolitics bulls in the face again! Markets retraced earlier gains fueled by the sparring if not outright knifing in the Middle East. But as the US data started coming in, markets sold off. The Americans do not look so convinced and took the market down. A pretty awful PMI print undermined any remaining bullish sentiment. Oct/Nov WTI spreads came in from 86c/bbl to 72c/bbl at 16:00 BST.

This is all very grim stuff. But no one takes it as seriously as the very Serious Fraud Office who have brought charges against five former Glencore employees in a bribery probe. Alex Beard, Andrew Gibson, Paul Hopkirk, Ramon Labiaga and Martin Wakefield are alleged to have conspired to make illicit payments to benefit Glencore's West African operations. Sources in the know had highlighted a few days ago that Mr Beard had resigned his directorship at Adaptogen and felt the government was about to charge Mr Beard.

Summary					
Physical and Futures			01-Aug-24	1-Day Change	7-Day Change
Brent Oct (fut)	(\$/bbl)	80.330		+0.060	-0.420
WTI Oct (fut)	(\$/bbl)	76.240		+0.060	-0.320
Dubai Oct (phys)	(\$/bbl)	80.550		+0.320	-0.465
Crude Swaps Sep					
Brent	(\$/bbl)	79.700		+0.000	-0.250
DFL	(\$/bbl)	0.290		+0.060	-0.390
WTI	(\$/bbl)	76.020		+0.060	-0.280
Dubai	(\$/bbl)	79.210		+0.000	-0.290
Tenor			Oct-24	Nov-24	Dec-24
Crude Futures					
Brent (fut)	(\$/bbl)	80.330		79.720	79.210
WTI (fut)	(\$/bbl)	76.240		75.500	74.910



In detail

Markets retraced prior gains as PMI data crushed hopes of easing declines in the US's industrial outlook but still managed to book a small increase. Brent peaked earlier in the day at \$81.76/bbl and then the macros took down to \$80.33/bbl, for a paltry 6 cts increase against yesterday. WTI booked the same gain to close the window at \$76.24/bbl. Back to square one. In the North Sea window BP, Trafigura and Total offered at between \$2.20 and \$2.40 over dated for the end of August. Equinor was bidding, 'above the curve again,' said a trader. Hedging industry, c'mon, help out those in need; trade copiously and don't quibble about the futures trading fees!

Macro prints continue to disappoint in the US. The ISM manufacturing PMI for June plunged deeper into contractionary territory in July, falling to 46.8 from 48.5. Markets expected a much shallower contraction and a relative improvement to 48.8. This prints the 20th decline in activity out of the last 21 periods. Goods demand is weak. New orders declined to 47.4; backlogs remained in steep contraction at 41.7 implicit surplus supply. Weakness in demand for productive capacity also drove the second consecutive month of contraction in employment, at 43.4 compared to 48.5. The data suggests, as Chair Powell put it so eloquently, that the labour market is 'moderating'; some might say it is collapsing. The NFP data for tomorrow should provide a little more clarity. To add insult to injury, input prices increased to 52.9 from 52.1.

Industrial weakness is mirrored elsewhere. In China, the Caixin manufacturing PMI printed a contraction for July, far below the market consensus of 51.5. According to the measure, this was the first fall in factory output since last October, driven by weakness in new orders. In the Euro Area, the story was mirrored. HCOB manufacturing PMIs printed a contraction of 45.8 in July, marking two years of consecutive contraction.

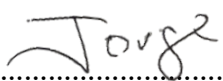
Of course, manufacturing is highly hydrocarbon-intensive at all stages of production. Weakness in the US industrial sector globally will continue to weigh on oil demand.

While demand looks pretty dire, the oil industry ploughs on, drilling deeper than ever before. Occidental Petroleum Corp. and Ecopetrol SA are set to drill a record-breaking off-shore well in Colombia. The 13,000ft or 3.9 km deep Komodo-1 well is hoped to be completed before the end of the year, dethroning the current record-holding Ondjaba-1 well in Angola. The exploration deal, originally signed in 2022, awarded a 40% stake to Ecopetrol and a 60% stake to Occidental.

Production from North American shale is expected to slow, which has motivated a shift back to deep water exploration. SLB, the world's largest oilfield service provider, estimates that off-shore oil will provide as much as a quarter of global oil output by the end of the decade.

Earlier in the year, Galp Energies reported a huge oil discovery off the coast of Namibia, which Petrobras is now looking to get involved with. If successful, Petrobras would be the operator for the 10 billion barrel Mopane oil and gas field. But competition is stiff; more than 12 others have expressed desires to bid for a 40% stake, including Shell.

Intercontinental Exchange (ICE) reported Q2 2024 net income of \$632M on \$2.3B revenues. GAAP diluted EPS were \$1.10, while adjusted net income was \$876M with adjusted EPS of \$1.52. Operating income was \$1.1B with a 46% margin, and adjusted operating income was \$1.4B with a 59% margin. ICE CFO highlighted record revenues and progress on 2023 Black Knight acquisition targets.

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Front Month Outrights				
September Swaps			01-Aug-24	1-Day Change 7-Day Change
Crude				
Brent	(\$/bbl)	79.700	+0.000	-0.250
WTI	(\$/bbl)	76.020	+0.060	-0.280
Dubai	(\$/bbl)	79.210	+0.000	-0.290
Distillates				
Gasoil 0.1 NWE	(\$/mt)	743.930	+0.190	-9.690
NWE Jet	(\$/mt)	791.430	+0.190	-13.190
Singapore 10ppm	(\$/bbl)	96.170	-0.150	-1.550
Sing Kero	(\$/bbl)	95.260	-0.150	-1.570
Gasoline				
RBOB	(c/gal)	223.550	-0.310	+1.760
EBOB	(\$/mt)	795.510	-1.120	+8.970
Singapore 92	(\$/bbl)	87.600	-0.470	+0.010
Singapore 95	(\$/bbl)	92.100	-0.420	+0.060
Naphtha				
US C5 ENT	(c/gal)	150.910	+0.340	+1.270
NWE Naphtha	(\$/mt)	652.370	+5.060	+3.540
MOPJ Naphtha	(\$/mt)	668.870	+4.310	+2.040
Fuel Oil				
3.5% barges	(\$/mt)	442.340	-3.480	-5.740
Singapore 380	(\$/mt)	458.590	-5.050	-4.990
Singapore 180	(\$/mt)	465.590	-5.610	-6.740
0.5% barges	(\$/mt)	527.680	-1.780	-3.110
Singapore 0.5%	(\$/mt)	570.610	-2.410	-1.960
NGLs				
US Propane LST	(c/gal)	77.702	-0.713	-0.664
NWE Propane	(\$/mt)	577.830	+10.520	+21.080
Saudi Propane CP	(\$/mt)	593.330	-2.480	+6.580
Asian Propane FEI	(\$/mt)	636.830	+0.520	+4.580
US Butane ENT	(c/gal)	96.950	-0.490	-0.050
Saudi Butane CP	(\$/mt)	584.740	-1.160	-0.010



Long Tenor Swaps

		Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	80.290	79.700	79.190	78.780	78.420	78.797	77.827
WTI	(\$/bbl)	76.860	76.020	75.340	74.780	74.300	74.807	73.553
Dubai	(\$/bbl)	79.360	79.210	78.600	78.140	77.720	78.153	77.133
Distillates								
Gasoil 0.1 NWE	(\$/mt)	742.120	743.930	741.890	737.250	734.570	737.903	730.677
NWE Jet	(\$/mt)	790.200	791.430	791.890	789.750	789.570	790.403	788.177
Singapore 10ppm	(\$/bbl)	95.870	96.170	96.150	95.850	95.550	95.850	95.310
Sing Kero	(\$/bbl)	94.930	95.260	95.360	95.190	95.070	95.207	94.773
Gasoline								
RBOB	(c/gal)	241.930	223.550	216.670	212.410	210.730	213.270	218.250
EBOB	(\$/mt)	810.510	795.510	747.760	725.910	711.160	728.277	711.993
Singapore 92	(\$/bbl)	88.650	87.600	86.700	85.850	85.280	85.943	84.897
Singapore 95	(\$/bbl)	93.150	92.100	91.150	90.150	89.480	90.260	88.730
Naphtha								
US C5 ENT	(c/gal)	150.290	150.910	151.530	151.530	151.280	151.447	151.073
NWE Naphtha	(\$/mt)	661.870	652.370	648.120	642.870	637.620	642.870	629.287
MOP-Japan Naphtha	(\$/mt)	670.370	668.870	664.370	659.370	654.370	659.370	644.037
Fuel Oil								
3.5% barges	(\$/mt)	449.840	442.340	433.840	427.340	423.590	428.257	420.590
Singapore 380	(\$/mt)	467.090	458.590	447.590	439.090	434.090	440.257	428.590
Singapore 180	(\$/mt)	473.590	465.590	456.590	448.840	444.590	450.007	440.507
0.5% barges	(\$/mt)	534.680	527.680	521.430	516.310	511.560	516.433	505.310
Singapore 0.5%	(\$/mt)	577.860	570.610	564.360	558.860	554.110	559.110	546.193
NGLs								
US Propane LST	(c/gal)	77.082	77.702	78.952	79.572	79.452	79.325	77.952
NWE Propane	(\$/mt)	591.330	577.830	567.830	562.830	558.830	563.163	538.663
Saudi Propane CP	(\$/mt)	593.330	593.330	598.330	603.330	607.330	602.997	591.497
Asian Propane FEI	(\$/mt)	640.830	636.830	637.830	638.830	636.330	637.663	611.163
US Butane ENT	(c/gal)	96.450	96.950	97.450	97.830	97.450	97.577	94.830
Saudi Butane CP	(\$/mt)	584.830	584.740	595.830	601.830	605.830	601.163	590.163



Front Month Spreads				
Sep/Oct		01-Aug-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.510	+0.050	-0.080
WTI	(\$/bbl)	0.680	+0.020	-0.150
Dubai	(\$/bbl)	0.610	+0.050	+0.020
Distillates				
Gasoil 0.1 NWE	(\$/mt)	2.040	+0.370	-0.710
NWE Jet	(\$/mt)	-0.460	-0.130	-1.710
Singapore 10ppm	(\$/bbl)	0.020	-0.020	-0.150
Sing Kero	(\$/bbl)	-0.100	+0.010	-0.120
Gasoline				
RBOB	(c/gal)	6.880	+0.160	+0.870
EBOB	(\$/mt)	47.750	-0.250	+2.750
Singapore 92	(\$/bbl)	0.900	-0.300	-0.250
Singapore 95	(\$/bbl)	0.950	-0.400	-0.350
Naphtha				
US C5 ENT	(c/gal)	-0.620	+0.000	-0.120
NWE Naphtha	(\$/mt)	4.250	+0.750	+0.000
MOP-Japan Naphtha	(\$/mt)	4.500	+0.250	-1.000
Fuel Oil				
3.5% barges	(\$/mt)	8.500	+0.000	-0.250
Singapore 380	(\$/mt)	11.000	-1.500	-1.750
Singapore 180	(\$/mt)	9.000	-1.750	-2.250
0.5% barges	(\$/mt)	6.250	+0.250	+0.000
Singapore 0.5%	(\$/mt)	6.250	-0.500	-0.250
NGLs				
US Propane LST	(c/gal)	-1.250	-0.250	-0.130
NWE Propane	(\$/mt)	10.000	+1.000	+5.500
Saudi Propane CP	(\$/mt)	-5.000	+0.000	+2.000
Asian Propane FEI	(\$/mt)	-1.000	-0.500	+1.000
US Butane ENT	(c/gal)	-0.500	-0.120	-0.120
Saudi Butane CP	(\$/mt)	-11.090	+0.910	-4.090



Front Month Cracks and Diffs			
September	01-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.490	-0.010	+0.050
WTI/Brent (\$/bbl)	-3.680	+0.050	-0.030
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	20.160	+0.030	-1.060
NWE Jet crack (\$/bbl)	20.740	+0.020	-1.430
NWE Jet Diff (\$/mt)	47.500	+0.000	-3.500
Gasoil E/W (\$/bbl)	-27.500	-1.340	-1.890
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.880	+0.030	+0.010
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-3.800	+0.010	-0.770
EBOB crack (\$/mt)	15.790	-0.140	+1.320
Singapore 92 crack (\$/bbl)	7.890	-0.470	+0.250
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-7.900	-0.320	-1.070
European Gasnaph (EBOB vs Naphtha) (\$/mt)	143.140	-6.320	+5.430
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	60.840	-8.220	-1.950
Naphtha			
US C5 ENT vs WTI Crack	-12.630	+0.100	+0.820
NWE Naphtha Crack (\$/bbl)	-6.400	+0.570	+0.660
MOPJ Naphtha Crack (\$/bbl)	-4.550	+0.490	+0.490
Naphtha E/W (NWE vs MOPJ) (\$/mt)	16.500	-0.750	-1.500
Fuel Oil			
3.5% barges crack (\$/bbl)	-10.050	-0.560	-0.660
Singapore 380 crack (\$/bbl)	-7.490	-0.790	-0.540
Singapore 180 crack (\$/bbl)	-6.390	-0.860	-0.820
Visco (180-380) (\$/mt)	7.000	-0.500	-1.750
HSFO E/W (380 vs 3.5% barges) (\$/mt)	16.250	-1.500	+0.750
0.5% barges crack (\$/bbl)	3.400	-0.250	-0.250
Singapore 0.5% crack (\$/bbl)	10.160	-0.350	-0.070
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	42.930	-0.640	+1.090
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	85.410	+1.910	+2.630
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	112.090	+2.770	+2.970
0.5% barges/gasoil (\$/mt)	-216.270	-1.740	+6.370
Sing 0.5% vs Sing 10ppm (\$/mt)	-145.690	-0.790	+9.250
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-173.000	-14.230	-24.580
US Propane LST vs Asian Propane FEI (\$/mt)	-232.000	-4.230	-8.080
Asian Propane FEI vs NWE Propane (\$/mt)	59.000	-10.000	-16.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	43.500	+3.000	-2.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-74.500	+5.720	+17.490
Asian Pronap (FEI vs MOPJ) (\$/mt)	-75.500	-6.530	+4.490



Long Tenor Cracks / Diffs

	Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.940	0.490	0.600	0.640	0.700	0.647	0.697
WTI/Brent (\$/bbl)	-3.430	-3.680	-3.880	-4.020	-4.120	-4.007	-4.290
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	19.32	20.16	20.39	20.16	20.17	20.24	20.25
NWE Jet crack (\$/bbl)	19.99	20.74	21.30	21.44	21.79	21.51	22.20
NWE Jet Diff (\$/mt)	48.00	47.50	50.00	52.50	55.00	52.50	57.50
Gasoil E/W (\$/bbl)	-27.89	-27.50	-25.57	-23.12	-22.77	-23.82	-20.80
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.91	-0.88	-0.76	-0.60	-0.44	-0.60	-0.49
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	10.310	-3.800	2.990	4.950	7.480	5.140	14.763
EBOB crack (\$/mt)	17.000	15.790	10.570	8.370	6.950	8.630	7.643
Singapore 92 crack (\$/bbl)	8.350	7.890	7.500	7.070	6.850	7.140	7.053
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.650	-7.900	-3.070	-1.300	-0.100	-1.490	-0.583
European Gasnaph (EBOB vs Naphtha) (\$/mt)	148.640	143.140	99.640	83.140	73.640	85.473	82.807
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	68.080	60.840	57.840	55.760	56.010	56.537	63.150
Naphtha							
US C5 ENT vs WTI Crack	-13.740	-12.630	-11.680	-11.120	-10.750	-11.183	-10.087
NWE Naphtha Crack (\$/bbl)	-5.920	-6.400	-6.370	-6.540	-6.770	-6.560	-7.110
MOPJ Naphtha Crack (\$/bbl)	-4.970	-4.550	-4.550	-4.700	-4.910	-4.720	-5.477
Naphtha E/W (NWE vs MOPJ) (\$/mt)	8.500	16.500	16.250	16.500	16.750	16.500	14.750
Fuel Oil							
3.5% bgs crack (\$/bbl)	-9.470	-10.050	-10.880	-11.490	-11.720	-11.363	-11.603
Singapore 380 crack (\$/bbl)	-6.750	-7.490	-8.720	-9.650	-10.080	-9.483	-10.350
Singapore 180 crack (\$/bbl)	-5.720	-6.390	-7.300	-8.120	-8.430	-7.950	-8.473
Visco (180-380) (\$/mt)	6.500	7.000	9.000	9.750	10.500	9.750	11.917
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	17.250	16.250	13.750	11.750	10.500	12.000	8.000
0.5% bgs crack (\$/bbl)	3.910	3.400	2.920	2.530	2.130	2.527	1.743
Singapore 0.5% crack (\$/bbl)	10.710	10.160	9.690	9.230	8.830	9.250	8.180
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	43.180	42.930	42.930	42.550	42.550	42.677	40.883
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	84.910	85.410	87.660	89.040	88.040	88.247	84.790
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	110.840	112.090	116.840	119.840	120.090	118.923	117.673
0.5% bgs/gasoil (\$/mt)	-207.390	-216.270	-220.410	-220.810	-223.040	-221.420	-225.487
Sing 0.5% vs Sing 10ppm (\$/mt)	-136.210	-145.690	-151.790	-154.840	-157.500	-154.710	-163.677
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-189.73	-173	-156.48	-148.25	-144.88	-149.87	-132.513
US Propane LST vs Asian Propane FEI (\$/mt)	-239.23	-232	-226.48	-224.25	-222.38	-224.37	-205.023
Asian Propane FEI vs NWE Propane (\$/mt)	49.5	59	70	76	77.5	74.5	72.5
Asian Propane FEI vs Saudi Propane CP (\$/mt)	47.5	43.5	39.5	35.5	29	34.667	19.667
European Pronap (\$/mt)	-70.5	-74.5	-80.25	-80	-78.75	-79.667	-90.583
Asian Pronap (FEI vs MOPJ) (\$/mt)	-77	-75.5	-66	-56	-47	-56.333	-52.5



Inter-month Crack Spreads			
Sep/Oct	01-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.110	-0.030	-0.110
WTI/Brent (\$/bbl)	0.200	+0.000	-0.040
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.230	+0.030	-0.010
NWE Jet crack (\$/bbl)	-0.560	-0.060	-0.140
NWE Jet Diff (\$/mt)	-2.500	-0.500	-1.000
Gasoil E/W (\$/bbl)	-1.930	-0.580	-0.430
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.120	+0.030	+0.030
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-6.790	+0.210	+0.070
EBOB crack (\$/mt)	5.220	-0.070	+0.410
Singapore 92 crack (\$/bbl)	0.390	-0.340	-0.170
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-4.830	-0.270	-0.580
European Gasnaph (EBOB vs Naphtha) (\$/mt)	43.500	-1.000	+2.750
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	3.000	-2.740	-1.070
Naphtha			
US C5 ENT vs WTI Crack	-0.950	-0.040	+0.090
NWE Naphtha Crack (\$/bbl)	-0.030	+0.030	+0.080
MOPJ Naphtha Crack (\$/bbl)	0.000	-0.020	-0.020
Naphtha E/W (NWE vs MOPJ) (\$/mt)	0.250	-0.500	-1.000
Fuel Oil			
3.5% barges crack (\$/bbl)	0.830	-0.050	+0.050
Singapore 380 crack (\$/bbl)	1.230	-0.270	-0.180
Singapore 180 crack (\$/bbl)	0.910	-0.310	-0.270
Visco (180-380) (\$/mt)	-2.000	-0.250	-0.500
HSFO E/W (380 vs 3.5% barges) (\$/mt)	2.500	-1.500	-1.500
0.5% barges crack (\$/bbl)	0.480	+0.000	+0.080
Singapore 0.5% crack (\$/bbl)	0.470	-0.120	+0.040
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	0.000	-0.750	-0.240
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-2.250	+0.250	+0.250
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-4.750	+1.000	+1.500
0.5% barges/gasoil (\$/mt)	4.140	-0.190	+0.450
Sing 0.5% vs Sing 10ppm (\$/mt)	6.100	-0.270	+0.640
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-16.520	-2.310	-6.180
US Propane LST vs Asian Propane FEI (\$/mt)	-5.520	-0.810	-1.680
Asian Propane FEI vs NWE Propane (\$/mt)	-11.000	-1.500	-4.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	4.000	-0.500	-1.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	5.750	+0.250	+5.500