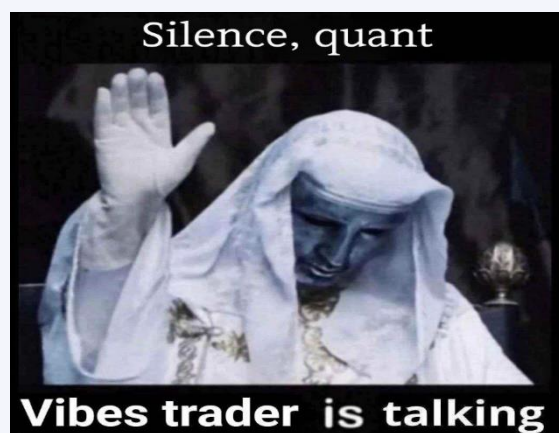
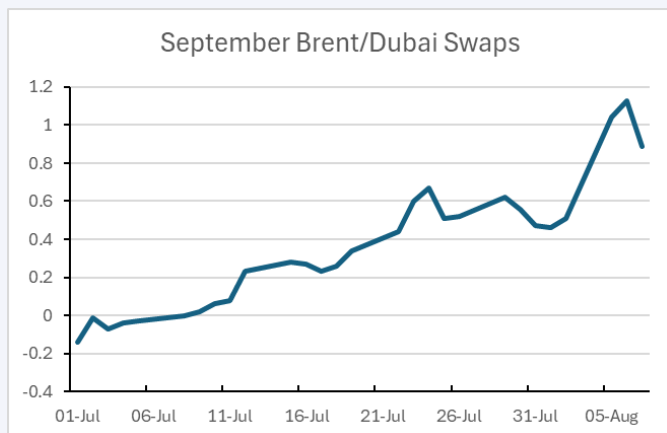




Which direction after the short covering and reloading?



Markets are never unidirectional and the early London mood was of short covering and reloading. Why? Market vibes, it seems. Prices had fallen hard, and critical spreads and differentials corrected significantly. And the weak, long hands were flushed out. 'It is kind of quiet, but people are buying anyway,' said a Brent swaps trader. And another highlighted the significant Sep Brent/Dubai swap where the spread finally narrowed. The change is large and belated, 'everybody just came in and bought the Dubai. The B/D spread narrowed from \$1.15 yesterday to around 82c.

Financial markets recovered almost as if Manic Monday was just a bad dream. But, in reality, the BoJ panicked after destroying the Nikkei Monday and said, Sumimasen, we are not increasing rates, we were just kidding. The Japanese stock traders had already gotten the hint and drove markets up yesterday, and today, they drove the yen down. Officials must contend between interest rate hikes, collapsing equity markets and weakening yen. Very tough, but the vibes trader says, go long equities and short the yen, again.

In Dubai partials, Gunvor joined the party, picking up 21 partials. PetroChina was almost sheepish in their sporadic, almost reluctant selling of only 2 partials. The physical premium moved up 19c to 67c.

Summary

Physical and Futures		07-Aug-24	1-Day Change	7-Day Change
Brent Oct (fut)	(\$/bbl)	76.880	+0.410	-2.730
WTI Oct (fut)	(\$/bbl)	72.690	+0.270	-2.740
Dubai Oct (phys)	(\$/bbl)	75.500	+0.460	-4.090
Crude Swaps Sep				
Brent	(\$/bbl)	76.300	+0.200	-2.740
DFL	(\$/bbl)	0.940	+0.920	+0.660
WTI	(\$/bbl)	72.490	+0.220	-2.730
Dubai	(\$/bbl)	75.420	+0.450	-3.150
Tenor		Oct-24	Nov-24	Dec-24
Crude Futures				
Brent (fut)	(\$/bbl)	76.880	76.310	75.830
WTI (fut)	(\$/bbl)	72.690	71.990	71.420



In detail

Markets continued to recover from the heavy losses earlier this week, rising against the close of Asia yesterday but remaining near 2-month lows. Nothing has changed; macro and fundamentals remain weak, but the manic selling is beginning to subside and turn into reloading, which, of course, will be resold in due time. 😊 APIs, released yesterday, showed a build of 180kbbbls in crude inventories, +1.07mbbbls of Cushing, +1.22mbbbls of diesel, and +3.31mbbbls of gasoline. Weren't the EIA just talking about a record driving season this year, revising gasoline demand estimates to the upside? We'll have to wait and see later today. Among serious analysts, we are talking about the unreliability of government data as the resulting analysis is flawed.

Brent October futures gained 41c against the close of Asia yesterday, but Dubai fared better rising by 46 cts. Dubai's physical premiums recovered slightly. The short covering and reloading resulted in Oct/Nov Brent strengthening to 57c from 35c. The Oct/Nov Dubai swaps also moved up by 16c to 46c. So, the short term vibe is bullish for lack of more reasoned arguments but...

The overall macro is bugging us quite a lot, and we are questioning heavily the Chinese GDP growth numbers. There is no way China will hit the forecasted 4.9% rate. Maybe somewhere in the multiverse, but in this one. Just no way. China's July total exports in dollars slumped to 7% y-o-y, missing expectations of a 9.7% y-o-y increase. However, imports beat expectations, rising by 7.2% y-o-y, narrowing China's trade surplus to \$84.65bn. The latter number has a negative impact on the GDP, by the way.

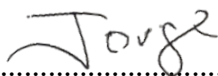
The slowing growth of Chinese exports is likely a symptom of faltering international demand. Slowing demand from Asia was a clear driver. Exports to Japan dropped by 5.9% on a y-o-y basis, and exports to the Philippines fell by 5% y-o-y. Exports to Russia, the UK, and Australia also fell. International trade had been a lifeline for China, but that now looks to be wavering. Exports to Japan will drop further as the new orders reflect the weaker yen.

But imports rebounded; wasn't domestic demand very weak? Much of the y-o-y increase in imports was fueled by semiconductor imports, as firms attempted to preemptively order equipment ahead of tighter US restrictions on chips. Coal imports climbed to the highest level this year, and iron ore imports also bolstered the headline figure.

Crude imports lagged, however. Oil imports from China slowed to the slowest pace since 2022, to 42.3 million tons in July, according to official customs data. Anybody foreseeing growth in demand close to 2mb/d is not smoking tobacco but something else. Some global demand forecasters base their numbers on official data, and now, between rosy expectations and revisions, the resulting end data could be corrupted. Analysts are even fighting about what global demand was in Q1! More on that later. And even Aramco is now foreseeing a growth of 1.6 mil. But we don't even agree with that.


Nevertheless, the Saudis are paying up, confirming they will issue dividends in excess of \$124 billion this year. They claim the market is underestimating oil demand and continues to surprise on the upside. The Saudis must have a very pessimistic baseline. Indices that measure the deviation from market consensus to outturn show the opposite. Participants surveyed are consistently surprised to the downside by macroeconomic prints. Citibank's global economic surprise index is currently -19.2, and similar indices from Bloomberg reach the same conclusion.

We don't know what data Aramco are looking at, but our calculations don't add up. Private forecasters expect global real GDP growth to be around 3.1%, slightly below the WEO's 3.2% estimate. Given consistent underperformance from China, we see downside risks to this figure.

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Front Month Outrights

September Swaps		07-Aug-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	76.300	+0.200	-2.740
WTI	(\$/bbl)	72.490	+0.220	-2.730
Dubai	(\$/bbl)	75.420	+0.450	-3.150
Distillates				
Gasoil 0.1 NWE	(\$/mt)	710.890	+0.840	-27.850
NWE Jet	(\$/mt)	757.240	+0.690	-30.500
Singapore 10ppm	(\$/bbl)	91.840	+0.090	-3.780
Sing Kero	(\$/bbl)	91.000	+0.060	-3.730
Gasoline				
RBOB	(c/gal)	213.450	-1.250	-7.090
EBOB	(\$/mt)	757.200	-2.310	-28.780
Singapore 92	(\$/bbl)	82.760	-0.570	-4.290
Singapore 95	(\$/bbl)	86.960	-0.560	-4.540
Naphtha				
US C5 ENT	(c/gal)	145.950	-0.370	-1.940
NWE Naphtha	(\$/mt)	630.300	-5.960	-12.580
MOPJ Naphtha	(\$/mt)	651.300	-6.210	-8.170
Fuel Oil				
3.5% barges	(\$/mt)	421.960	+2.730	-17.750
Singapore 380	(\$/mt)	438.460	+2.880	-20.000
Singapore 180	(\$/mt)	445.960	+3.570	-20.310
0.5% barges	(\$/mt)	507.620	+2.290	-18.460
Singapore 0.5%	(\$/mt)	550.860	+2.030	-18.930
NGLs				
US Propane LST	(c/gal)	73.480	+0.202	-5.249
NWE Propane	(\$/mt)	555.330	-5.450	-6.240
Saudi Propane CP	(\$/mt)	589.830	-2.450	-3.240
Asian Propane FEI	(\$/mt)	626.280	-3.500	-6.290
US Butane ENT	(c/gal)	90.850	-0.310	-7.010
Saudi Butane CP	(\$/mt)	579.780	-3.500	-3.290



Long Tenor Swaps

		Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	76.850	76.300	75.820	75.390	75.040	75.417	74.517
WTI	(\$/bbl)	73.220	72.490	71.820	71.280	70.830	71.310	70.147
Dubai	(\$/bbl)	75.470	75.420	74.830	74.370	73.990	74.397	73.527
Distillates								
Gasoil 0.1 NWE	(\$/mt)	709.000	710.890	709.490	705.170	702.880	705.847	699.933
NWE Jet	(\$/mt)	755.960	757.240	758.410	756.170	755.880	756.820	755.433
Singapore 10ppm	(\$/bbl)	91.600	91.840	91.890	91.670	91.460	91.673	91.397
Sing Kero	(\$/bbl)	90.550	91.000	91.130	91.090	91.060	91.093	90.957
Gasoline								
RBOB	(c/gal)	231.740	213.450	206.960	202.860	201.210	203.677	208.983
EBOB	(\$/mt)	767.200	757.200	713.950	692.700	679.200	695.283	680.783
Singapore 92	(\$/bbl)	83.160	82.760	82.300	81.800	81.540	81.880	81.267
Singapore 95	(\$/bbl)	87.360	86.960	86.450	86.050	85.690	86.063	85.100
Naphtha								
US C5 ENT	(c/gal)	144.950	145.950	146.570	146.570	146.320	146.487	146.113
NWE Naphtha	(\$/mt)	642.550	630.300	625.050	619.800	614.300	619.717	605.467
MOP-Japan Naphtha	(\$/mt)	656.800	651.300	644.800	638.800	632.800	638.800	621.467
Fuel Oil								
3.5% barges	(\$/mt)	428.710	421.960	414.210	407.960	404.210	408.793	401.627
Singapore 380	(\$/mt)	446.710	438.460	428.310	420.560	415.560	421.477	410.477
Singapore 180	(\$/mt)	451.960	445.960	438.060	431.060	426.560	431.893	422.893
0.5% barges	(\$/mt)	513.620	507.620	501.870	497.120	492.870	497.287	487.120
Singapore 0.5%	(\$/mt)	556.860	550.860	544.360	538.860	534.360	539.193	527.030
NGLs								
US Propane LST	(c/gal)	73.100	73.480	75.100	76.100	76.220	75.807	74.847
NWE Propane	(\$/mt)	571.330	555.330	547.330	542.830	538.830	542.997	518.830
Saudi Propane CP	(\$/mt)	589.830	589.830	588.330	591.330	594.830	591.497	578.663
Asian Propane FEI	(\$/mt)	630.780	626.280	624.780	624.280	621.280	623.447	596.447
US Butane ENT	(c/gal)	90.350	90.850	91.730	92.230	92.110	92.023	89.980
Saudi Butane CP	(\$/mt)	579.780	579.780	582.280	587.280	591.780	587.113	576.113



Front Month Spreads				
Sep/Oct		07-Aug-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.480	+0.120	+0.020
WTI	(\$/bbl)	0.670	+0.110	+0.020
Dubai	(\$/bbl)	0.590	+0.180	+0.050
Distillates				
Gasoil 0.1 NWE	(\$/mt)	1.400	+0.260	-0.270
NWE Jet	(\$/mt)	-1.170	+0.190	-1.840
Singapore 10ppm	(\$/bbl)	-0.050	+0.010	-0.120
Sing Kero	(\$/bbl)	-0.130	+0.010	-0.050
Gasoline				
RBOB	(c/gal)	6.490	-0.470	+0.090
EBOB	(\$/mt)	43.250	-0.250	-3.250
Singapore 92	(\$/bbl)	0.460	-0.090	-0.780
Singapore 95	(\$/bbl)	0.510	-0.090	-0.880
Naphtha				
US C5 ENT	(c/gal)	-0.620	+0.000	+0.000
NWE Naphtha	(\$/mt)	5.250	-0.500	+2.000
MOP-Japan Naphtha	(\$/mt)	6.500	-0.250	+2.750
Fuel Oil				
3.5% barges	(\$/mt)	7.750	+0.750	-0.500
Singapore 380	(\$/mt)	10.150	+0.400	-1.600
Singapore 180	(\$/mt)	7.900	+0.150	-2.100
0.5% barges	(\$/mt)	5.750	+0.250	-0.500
Singapore 0.5%	(\$/mt)	6.500	+0.250	-0.250
NGLs				
US Propane LST	(c/gal)	-1.620	-0.120	-0.620
NWE Propane	(\$/mt)	8.000	+0.000	-0.500
Saudi Propane CP	(\$/mt)	1.500	+1.500	+6.000
Asian Propane FEI	(\$/mt)	1.500	+1.500	+2.000
US Butane ENT	(c/gal)	-0.880	-0.130	-0.500
Saudi Butane CP	(\$/mt)	-2.500	+2.500	+9.500



Front Month Cracks and Diffs			
September	07-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.890	-0.240	+0.420
WTI/Brent (\$/bbl)	-3.810	+0.040	+0.000
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	19.100	-0.110	-1.020
NWE Jet crack (\$/bbl)	19.790	-0.120	-1.140
NWE Jet Diff (\$/mt)	46.500	+0.000	-2.500
Gasoil E/W (\$/bbl)	-26.500	+0.000	-0.130
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.840	-0.030	+0.050
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-3.000	-0.600	+1.120
EBOB crack (\$/mt)	14.630	-0.450	-0.710
Singapore 92 crack (\$/bbl)	6.480	-0.750	-1.530
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.150	-0.300	-0.840
European Gasnaph (EBOB vs Naphtha) (\$/mt)	127.120	+3.960	-16.050
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	38.270	+1.810	-27.480
Naphtha			
US C5 ENT vs WTI Crack	-11.170	-0.370	+1.930
NWE Naphtha Crack (\$/bbl)	-5.480	-0.880	+1.320
MOPJ Naphtha Crack (\$/bbl)	-3.120	-0.910	+1.820
Naphtha E/W (NWE vs MOPJ) (\$/mt)	21.000	-0.250	+4.500
Fuel Oil			
3.5% barges crack (\$/bbl)	-9.850	+0.200	-0.060
Singapore 380 crack (\$/bbl)	-7.250	+0.230	-0.410
Singapore 180 crack (\$/bbl)	-6.070	+0.340	-0.450
Visco (180-380) (\$/mt)	7.500	+0.750	-0.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	16.500	+0.150	-2.250
0.5% barges crack (\$/bbl)	3.640	+0.140	-0.170
Singapore 0.5% crack (\$/bbl)	10.450	+0.100	-0.240
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	43.250	-0.250	-0.510
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	85.660	-0.380	-0.650
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	112.410	-0.780	+1.080
0.5% barges/gasoil (\$/mt)	-203.060	+1.590	+9.600
Sing 0.5% vs Sing 10ppm (\$/mt)	-133.320	+1.260	+9.200
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-172.500	+6.500	-21.110
US Propane LST vs Asian Propane FEI (\$/mt)	-243.500	+4.500	-21.110
Asian Propane FEI vs NWE Propane (\$/mt)	71.000	+2.000	+0.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	36.500	-1.000	-3.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-74.880	+0.650	+6.610
Asian Pronap (FEI vs MOPJ) (\$/mt)	-61.380	+3.900	+5.110



Long Tenor Cracks / Diffs

	Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	1.390	0.890	0.990	1.030	1.040	1.020	1.000
WTI/Brent (\$/bbl)	-3.630	-3.810	-3.990	-4.100	-4.200	-4.097	-4.370
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	18.27	19.10	19.38	19.25	19.32	19.32	19.40
NWE Jet crack (\$/bbl)	19.05	19.79	20.40	20.57	20.88	20.62	21.33
NWE Jet Diff (\$/mt)	47.00	46.50	49.00	51.00	53.00	51.00	55.50
Gasoil E/W (\$/bbl)	-26.23	-26.50	-24.81	-22.23	-21.48	-22.84	-19.04
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.05	-0.84	-0.76	-0.58	-0.40	-0.58	-0.44
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	12.420	-3.000	2.860	4.860	7.050	4.923	14.357
EBOB crack (\$/mt)	15.280	14.630	9.920	7.790	6.520	8.077	7.237
Singapore 92 crack (\$/bbl)	6.330	6.480	6.500	6.430	6.520	6.483	6.767
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.950	-8.150	-3.420	-1.370	-0.010	-1.600	-0.473
European Gasnaph (EBOB vs Naphtha) (\$/mt)	124.870	127.120	89.120	73.120	65.120	75.787	75.537
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	36.100	38.270	40.940	42.770	46.610	43.440	55.663
Naphtha							
US C5 ENT vs WTI Crack	-12.320	-11.170	-10.250	-9.710	-9.360	-9.773	-8.763
NWE Naphtha Crack (\$/bbl)	-4.650	-5.480	-5.590	-5.750	-6.010	-5.783	-6.487
MOPJ Naphtha Crack (\$/bbl)	-3.050	-3.120	-3.370	-3.610	-3.930	-3.637	-4.690
Naphtha E/W (NWE vs MOPJ) (\$/mt)	14.250	21.000	19.750	19.000	18.500	19.083	16.000
Fuel Oil							
3.5% bgs crack (\$/bbl)	-9.340	-9.850	-10.590	-11.140	-11.380	-11.037	-11.270
Singapore 380 crack (\$/bbl)	-6.500	-7.250	-8.370	-9.160	-9.590	-9.040	-9.873
Singapore 180 crack (\$/bbl)	-5.680	-6.070	-6.830	-7.510	-7.860	-7.400	-7.920
Visco (180-380) (\$/mt)	5.250	7.500	9.750	10.500	11.000	10.417	12.417
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	18.000	16.500	14.100	12.600	11.350	12.683	8.850
0.5% bgs crack (\$/bbl)	4.030	3.640	3.210	2.900	2.590	2.900	2.197
Singapore 0.5% crack (\$/bbl)	10.850	10.450	9.910	9.470	9.120	9.500	8.480
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	43.250	43.250	42.500	41.750	41.500	41.917	39.920
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	84.910	85.660	87.660	89.160	88.660	88.493	85.493
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	110.160	112.410	116.060	118.310	118.810	117.727	116.563
0.5% bgs/gasoil (\$/mt)	-195.010	-203.060	-207.330	-208.010	-209.990	-208.443	-212.663
Sing 0.5% vs Sing 10ppm (\$/mt)	-125.530	-133.320	-140.190	-144.050	-147.210	-143.817	-153.740
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-190.48	-172.5	-156.06	-146.35	-141.72	-148.043	-128.877
US Propane LST vs Asian Propane FEI (\$/mt)	-249.98	-243.5	-233.56	-227.85	-224.22	-228.543	-206.543
Asian Propane FEI vs NWE Propane (\$/mt)	59.5	71	77.5	81.5	82.5	80.5	77.667
Asian Propane FEI vs Saudi Propane CP (\$/mt)	41	36.5	36.5	33	26.5	32	17.833
European Pronap (\$/mt)	-71.13	-74.88	-77.63	-76.88	-75.38	-76.63	-86.547
Asian Pronap (FEI vs MOPJ) (\$/mt)	-66.88	-61.38	-56.38	-47.38	-37.88	-47.213	-42.713



Inter-month Crack Spreads			
Sep/Oct	07-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.100	-0.050	-0.030
WTI/Brent (\$/bbl)	0.180	-0.020	-0.010
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.280	-0.070	-0.040
NWE Jet crack (\$/bbl)	-0.610	-0.080	-0.220
NWE Jet Diff (\$/mt)	-2.500	+0.000	-1.500
Gasoil E/W (\$/bbl)	-1.690	-0.120	-0.540
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.080	+0.000	+0.070
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-5.860	-0.390	+1.050
EBOB crack (\$/mt)	4.710	-0.160	-0.410
Singapore 92 crack (\$/bbl)	-0.020	-0.220	-0.780
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-4.730	-0.060	-0.380
European Gasnaph (EBOB vs Naphtha) (\$/mt)	38.000	+0.250	-5.250
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	-2.670	-0.510	-9.250
Naphtha			
US C5 ENT vs WTI Crack	-0.920	-0.100	-0.010
NWE Naphtha Crack (\$/bbl)	0.110	-0.180	+0.210
MOPJ Naphtha Crack (\$/bbl)	0.250	-0.150	+0.290
Naphtha E/W (NWE vs MOPJ) (\$/mt)	1.250	+0.250	+0.750
Fuel Oil			
3.5% barges crack (\$/bbl)	0.740	-0.010	-0.090
Singapore 380 crack (\$/bbl)	1.120	-0.060	-0.270
Singapore 180 crack (\$/bbl)	0.760	-0.110	-0.360
Visco (180-380) (\$/mt)	-2.250	-0.250	-0.500
HSFO E/W (380 vs 3.5% barges) (\$/mt)	2.400	-0.350	-1.100
0.5% barges crack (\$/bbl)	0.430	-0.090	-0.090
Singapore 0.5% crack (\$/bbl)	0.540	-0.090	-0.040
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	0.750	+0.000	+0.250
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-2.000	-0.500	+0.000
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-3.650	-0.150	+1.350
0.5% barges/gasoil (\$/mt)	4.270	-0.090	-0.310
Sing 0.5% vs Sing 10ppm (\$/mt)	6.870	+0.180	+0.640
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-16.440	-0.620	-2.730
US Propane LST vs Asian Propane FEI (\$/mt)	-9.940	-2.120	-5.230
Asian Propane FEI vs NWE Propane (\$/mt)	-6.500	+1.500	+2.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	0.000	+0.000	-4.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	2.750	+0.500	-2.500