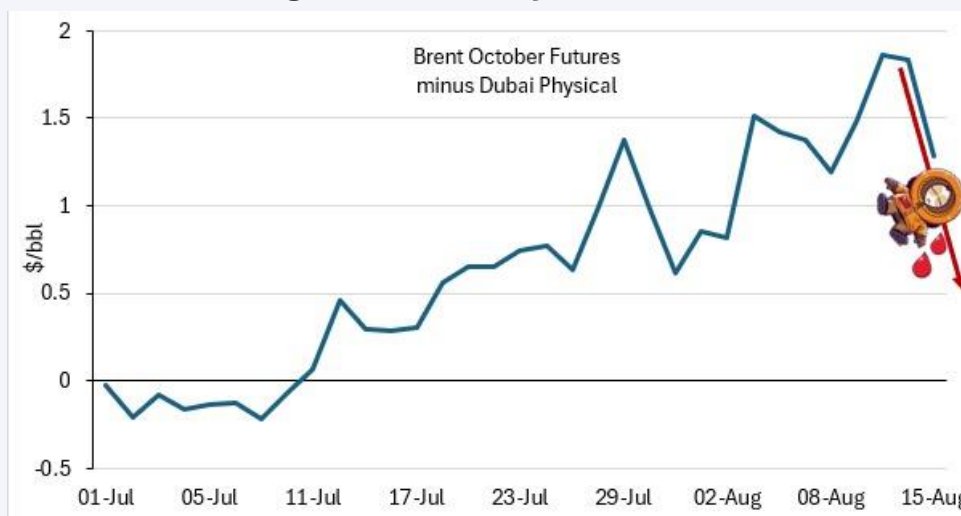




Forget the East at your own risk



And Brent minus Dubai gets crushed at long last. After peaking at \$1.86/bbl on Tuesday, Brent/Dubai Oct EFS has fallen to \$1.28/bbl. Vitol Asia must be feeling pretty smug, making up for the North Sea mess, and they brought Gunvor along for the ride. It seems like Vitol dies in Brent but is reborn in Dubai. Even Trafi and Mitsui couldn't hit it back down. Perhaps Trafi should've stuck by their best buddy.

China's industrial production increased by 5.1% on a y-o-y basis, slowing by 0.2% from last month and 0.1% below market expectations. It is clear that the once industrial global powerhouse is faltering. At the sectoral level, smelting and processing of ferrous metals were one of only two sectors that printed a y-o-y decline of -1.5% in a dramatic reversal from June's 3.3% y-o-y increase. Total steel output plunged by 9%, on both m-o-m and y-o-y.

Refinery output in China is looking bad and it's no surprise given the data we are seeing. China's refineries processed about 13.91mb/d according to data from the National Bureau of Statistics. A 6.1% decline from the same month last year, the lowest rate since October 2022. In July, crude imports reached 9.97mb/d, while domestic production was 4.22mb/d, providing a total of 14.19mb/d available to refineries. But the Shandong Yulong refinery is set to begin operations in September. They have been sourcing Russian ESPO and Sokol crude, along with an allocation from Saudi Arabia. As a result, expect increased product exports, especially with weaker demand for gasoline and diesel compared to the West. Watch out for the cracks!

Summary					
Physical and Futures			15-Aug-24	1-Day Change	7-Day Change
Brent Oct (fut)	(\$/bbl)	79.940		-1.090	+1.600
WTI Oct (fut)	(\$/bbl)	76.000		-1.140	+1.790
Dubai Oct (phys)	(\$/bbl)	78.660		-0.550	+1.515
Crude Swaps Sep					
Brent	(\$/bbl)	79.140		-1.070	+1.530
DFL	(\$/bbl)	0.650		+0.030	+0.190
WTI	(\$/bbl)	75.750		-1.120	+1.780
Dubai	(\$/bbl)	78.670		-0.620	+1.880
Tenor			Oct-24	Nov-24	Dec-24
Crude Futures					
Brent (fut)	(\$/bbl)	79.940		79.160	78.630
WTI (fut)	(\$/bbl)	76.000		75.140	74.470



In detail

Crude continued to sell off against the close of Asia yesterday. And it looks like Vitol's mighty efforts in yesterday's window are paying off. Dubai fared the best, falling by only 55c to \$78.66/bbl, whereas Brent fell by over a buck to below \$80/bbl. The usual suspects were active in the window, with Trafi, Exxon and Mitsui hitting bids from Vitol, Gunvor and Exxon. Vitol was much less active today, having put in the leg work yesterday. The Dubai physical premium increased by 12c, and the October Brent premium over Dubai physical narrowed by a massive 28c.

According to Chinese industrial production data, on a products basis, China's automobile industrial production contracted by 2.4% in July, driven by a 4.2% fall in Saloon cars. Conversely, growth in new energy vehicles accelerated a little, increasing by 2% y-o-y in July, up from 1.9% y-o-y in June. The rotation away from the internal combustion-equipped cars has been dramatic, as we discussed in yesterday Asia edition.

In other products, cement also fell by 12.4% y-o-y, printing a much faster decline than June's 10.7% contraction, as the property sector fails to show any semblance of recovery. Reportedly, the stock of unbuilt homes already sold remains elevated at 48 million units, greater than the entire housing stock in Germany in 2021. An ageing population is plaguing the sector. The average age of migrant labour was 43 in 2023, up from 38 in 2014. And non-completion is still elevated from 17% pre-2015 to 47% post-2015. Credit demand remains sanguine, to say the least.

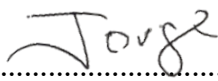
Fixed-asset investment is slowing too, increasing by 3.6% from January to July against the same period last year, compared with market estimates of 3.9%. Within that, investment in real estate contracted by an annual 10.2% between January and July. What first started as a slump in Chinese real estate, has since turned to purgatory.

Total Social Financing slumped in July to 770 CNY billion from 3300 CNY billion in June. Chinese loans to the real economy have contracted for the first time since 2005, according to data from the PBOC. Yuan-denominated bank loans, excluding those to financial institutions, decreased by 77 billion yuan (\$10.7 billion) in July, as repayments outpaced new borrowing. And all this weakness in China is, of course, passing through to refinery output.

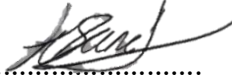
Weakness across Asia is pretty broad-based. Japan continues to look bleak, too. Private consumption gives the usually austere Japan a small reason to be pleased, given its rise by 1% on the back of major wage increases agreed in the spring, quite the spending spree. Elsewhere, though, the Yen remains very weak against the dollar, continuing to present issues for producers and imports. The underperforming industrial data in June amounted to a 7.9% yearly reduction, the biggest annualised loss since September 2020. Not to be swept under the carpet, given the world was labouring under the cloud of COVID-19 at that point.

Japan's preliminary 0.8% GDP rise in Q2 looks encouraging, but let's also not get carried away, people. June's flash data foresaw a 3.6% fall in industrial production month-on-month after May's 3.6% rise against April but vastly underestimated the actual 4.2% decline. The driver of the decrease was the car industry, falling by 8.9% month-over-month after May's 18.1% jump.


What's more, capacity utilisation in Japan has struggled throughout the first six months of 2024 and showed slight development in May but fell back towards its previous lacklustre levels in June and still waaay down on its 2017/2018 levels. These are all questions the new PM will have to respond to, but it seems an insurmountable task for now.

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Front Month Outrights					
September Swaps			15-Aug-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)	79.140		-1.070	+1.530
WTI	(\$/bbl)	75.750		-1.120	+1.780
Dubai	(\$/bbl)	78.670		-0.620	+1.880
Distillates					
Gasoil 0.1 NWE	(\$/mt)	730.450		-7.600	+8.210
NWE Jet	(\$/mt)	774.950		-9.100	+5.710
Singapore 10ppm	(\$/bbl)	94.690		-0.890	+1.400
Sing Kero	(\$/bbl)	93.760		-0.930	+1.270
Gasoline					
RBOB	(c/gal)	214.990		-5.850	-2.030
EBOB	(\$/mt)	764.620		-21.660	-5.140
Singapore 92	(\$/bbl)	84.540		-1.950	+0.080
Singapore 95	(\$/bbl)	88.540		-1.950	-0.030
Naphtha					
US C5 ENT	(c/gal)	151.150		-1.850	+1.740
NWE Naphtha	(\$/mt)	653.970		-8.460	+11.480
MOPJ Naphtha	(\$/mt)	671.720		-8.550	+8.820
Fuel Oil					
3.5% barges	(\$/mt)	439.360		-4.760	+8.260
Singapore 380	(\$/mt)	448.610		-4.820	-0.550
Singapore 180	(\$/mt)	457.860		-4.320	+0.700
0.5% barges	(\$/mt)	527.620		-7.680	+11.680
Singapore 0.5%	(\$/mt)	571.060		-7.110	+11.180
NGLs					
US Propane LST	(c/gal)	77.603		-1.151	+1.524
NWE Propane	(\$/mt)	565.310		-9.400	+2.340
Saudi Propane CP	(\$/mt)	592.810		-5.450	+1.340
Asian Propane FEI	(\$/mt)	632.810		-3.950	+1.890
US Butane ENT	(c/gal)	96.350		+1.110	+3.380
Saudi Butane CP	(\$/mt)	582.310		-5.950	+2.990



Long Tenor Swaps

		Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	79.870	79.140	78.610	78.200	77.840	78.217	77.273
WTI	(\$/bbl)	76.400	75.750	74.940	74.320	73.820	74.360	73.050
Dubai	(\$/bbl)	78.770	78.670	77.880	77.330	76.950	77.387	76.477
Distillates								
Gasoil 0.1 NWE	(\$/mt)	728.750	730.450	729.240	725.420	723.230	725.963	720.547
NWE Jet	(\$/mt)	773.250	774.950	776.240	774.920	775.230	775.463	775.047
Singapore 10ppm	(\$/bbl)	94.560	94.690	94.650	94.330	94.070	94.350	93.943
Sing Kero	(\$/bbl)	93.510	93.760	93.820	93.700	93.620	93.713	93.463
Gasoline								
RBOB	(c/gal)	231.830	214.990	210.430	207.450	206.410	208.097	214.333
EBOB	(\$/mt)	771.620	764.620	726.120	708.120	697.120	710.453	699.787
Singapore 92	(\$/bbl)	84.740	84.540	84.140	83.730	83.480	83.783	83.253
Singapore 95	(\$/bbl)	88.840	88.540	88.140	87.430	87.180	87.583	87.027
Naphtha								
US C5 ENT	(c/gal)	150.030	151.150	151.770	151.770	151.520	151.687	151.307
NWE Naphtha	(\$/mt)	663.470	653.970	648.470	642.470	636.970	642.637	628.387
MOP-Japan Naphtha	(\$/mt)	674.720	671.720	665.970	659.970	654.470	660.137	643.637
Fuel Oil								
3.5% barges	(\$/mt)	447.610	439.360	429.860	423.110	419.360	424.110	416.593
Singapore 380	(\$/mt)	454.610	448.610	439.360	432.110	427.610	433.027	423.527
Singapore 180	(\$/mt)	462.110	457.860	449.610	442.860	438.860	443.777	436.193
0.5% barges	(\$/mt)	533.870	527.620	520.870	515.620	511.120	515.870	505.203
Singapore 0.5%	(\$/mt)	576.810	571.060	563.810	557.810	552.810	558.143	545.223
NGLs								
US Propane LST	(c/gal)	77.223	77.603	78.723	79.223	79.223	79.056	77.563
NWE Propane	(\$/mt)	582.310	565.310	557.810	553.810	549.810	553.810	531.143
Saudi Propane CP	(\$/mt)	592.810	592.810	594.810	597.810	601.810	598.143	585.477
Asian Propane FEI	(\$/mt)	635.810	632.810	633.310	635.810	633.810	634.310	609.810
US Butane ENT	(c/gal)	95.850	96.350	96.600	96.850	96.470	96.640	93.597
Saudi Butane CP	(\$/mt)	582.310	582.310	585.810	590.810	596.810	591.143	581.810



Front Month Spreads				
Sep/Oct		15-Aug-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.530	-0.060	+0.000
WTI	(\$/bbl)	0.810	-0.110	+0.050
Dubai	(\$/bbl)	0.790	+0.050	+0.160
Distillates				
Gasoil 0.1 NWE	(\$/mt)	1.210	+0.070	-0.460
NWE Jet	(\$/mt)	-1.290	+0.070	-0.460
Singapore 10ppm	(\$/bbl)	0.040	+0.030	+0.080
Sing Kero	(\$/bbl)	-0.060	+0.000	+0.040
Gasoline				
RBOB	(c/gal)	4.560	-0.750	-2.140
EBOB	(\$/mt)	38.500	-4.000	-5.500
Singapore 92	(\$/bbl)	0.400	-0.100	-0.150
Singapore 95	(\$/bbl)	0.400	-0.100	-0.200
Naphtha				
US C5 ENT	(c/gal)	-0.620	+0.000	+0.000
NWE Naphtha	(\$/mt)	5.500	-0.250	-0.500
MOP-Japan Naphtha	(\$/mt)	5.750	+0.000	-1.250
Fuel Oil				
3.5% barges	(\$/mt)	9.500	+1.250	+1.000
Singapore 380	(\$/mt)	9.250	+0.750	-2.250
Singapore 180	(\$/mt)	8.250	+1.000	-1.750
0.5% barges	(\$/mt)	6.750	-0.250	+0.500
Singapore 0.5%	(\$/mt)	7.250	+0.000	+0.500
NGLs				
US Propane LST	(c/gal)	-1.120	+0.000	+0.380
NWE Propane	(\$/mt)	7.500	-1.000	-1.000
Saudi Propane CP	(\$/mt)	-2.000	+1.500	-1.500
Asian Propane FEI	(\$/mt)	-0.500	+1.500	-1.500
US Butane ENT	(c/gal)	-0.250	+0.750	+0.630
Saudi Butane CP	(\$/mt)	-3.500	+0.000	+1.000



Front Month Cracks and Diffs			
September	15-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.470	-0.460	-0.350
WTI/Brent (\$/bbl)	-3.400	-0.050	+0.240
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	18.850	+0.020	-0.480
NWE Jet crack (\$/bbl)	19.150	-0.120	-0.860
NWE Jet Diff (\$/mt)	44.500	-1.500	-2.500
Gasoil E/W (\$/bbl)	-24.900	+1.100	+2.350
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.900	-0.010	-0.100
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-3.550	+0.350	-0.550
EBOB crack (\$/mt)	12.650	-1.500	-2.180
Singapore 92 crack (\$/bbl)	5.400	-0.850	-1.490
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-7.250	+0.650	+0.700
European Gasnaph (EBOB vs Naphtha) (\$/mt)	110.520	-13.290	-17.230
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	32.410	-7.820	-8.590
Naphtha			
US C5 ENT vs WTI Crack	-12.260	+0.360	-1.020
NWE Naphtha Crack (\$/bbl)	-5.650	+0.150	-0.200
MOPJ Naphtha Crack (\$/bbl)	-3.660	+0.150	-0.510
Naphtha E/W (NWE vs MOPJ) (\$/mt)	17.750	+0.000	-2.750
Fuel Oil			
3.5% barges crack (\$/bbl)	-9.950	+0.350	-0.200
Singapore 380 crack (\$/bbl)	-8.490	+0.350	-1.570
Singapore 180 crack (\$/bbl)	-7.040	+0.430	-1.380
Visco (180-380) (\$/mt)	9.250	+0.500	+1.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	9.250	+0.000	-8.750
0.5% barges crack (\$/bbl)	3.950	-0.100	+0.350
Singapore 0.5% crack (\$/bbl)	10.800	+0.000	+0.280
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	43.500	+0.640	-0.440
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	88.270	-2.850	+3.500
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	122.520	-2.220	+11.800
0.5% barges/gasoil (\$/mt)	-202.830	-0.080	+3.730
Sing 0.5% vs Sing 10ppm (\$/mt)	-134.390	-0.500	+0.990
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-161.000	+3.500	+5.500
US Propane LST vs Asian Propane FEI (\$/mt)	-228.500	-2.000	+6.000
Asian Propane FEI vs NWE Propane (\$/mt)	67.500	+5.500	-0.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	40.000	+1.500	+0.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-88.750	-1.030	-9.220
Asian Pronap (FEI vs MOPJ) (\$/mt)	-79.000	+2.970	-7.470



Long Tenor Cracks / Diffs

	Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	1.110	0.470	0.740	0.870	0.900	0.837	0.803
WTI/Brent (\$/bbl)	-3.480	-3.400	-3.680	-3.890	-4.030	-3.867	-4.230
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	17.88	18.85	19.28	19.22	19.28	19.26	19.43
NWE Jet crack (\$/bbl)	18.19	19.15	19.90	20.18	20.58	20.22	21.07
NWE Jet Diff (\$/mt)	44.50	44.50	47.00	49.50	52.00	49.50	54.50
Gasoil E/W (\$/bbl)	-24.50	-24.90	-24.49	-22.84	-22.50	-23.28	-20.51
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.02	-0.90	-0.80	-0.63	-0.45	-0.63	-0.48
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	11.300	-3.550	2.890	5.050	7.140	5.027	14.323
EBOB crack (\$/mt)	12.760	12.650	8.550	6.810	5.850	7.070	6.727
Singapore 92 crack (\$/bbl)	4.870	5.400	5.530	5.530	5.640	5.567	5.983
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-7.900	-7.250	-3.030	-1.280	-0.210	-1.507	-0.757
European Gasnaph (EBOB vs Naphtha) (\$/mt)	108.020	110.520	77.520	65.520	60.020	67.687	71.270
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	31.070	32.410	34.830	37.410	40.830	37.690	49.773
Naphtha							
US C5 ENT vs WTI Crack	-13.390	-12.260	-11.200	-10.570	-10.170	-10.647	-9.500
NWE Naphtha Crack (\$/bbl)	-5.320	-5.650	-5.750	-6.000	-6.260	-6.003	-6.667
MOPJ Naphtha Crack (\$/bbl)	-4.060	-3.660	-3.780	-4.040	-4.290	-4.037	-4.950
Naphtha E/W (NWE vs MOPJ) (\$/mt)	11.250	17.750	17.500	17.500	17.500	17.500	15.250
Fuel Oil							
3.5% bgs crack (\$/bbl)	-9.390	-9.950	-10.930	-11.570	-11.800	-11.433	-11.677
Singapore 380 crack (\$/bbl)	-8.290	-8.490	-9.430	-10.150	-10.500	-10.027	-10.583
Singapore 180 crack (\$/bbl)	-7.110	-7.040	-7.820	-8.460	-8.730	-8.337	-8.587
Visco (180-380) (\$/mt)	7.500	9.250	10.250	10.750	11.250	10.750	12.667
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	7.000	9.250	9.500	9.000	8.250	8.917	6.933
0.5% bgs crack (\$/bbl)	4.190	3.950	3.410	3.000	2.650	3.020	2.280
Singapore 0.5% crack (\$/bbl)	10.970	10.800	10.180	9.650	9.230	9.687	8.593
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	43.000	43.500	43.000	42.250	41.750	42.333	40.080
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	86.270	88.270	91.020	92.520	91.770	91.770	88.620
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	122.270	122.520	124.520	125.770	125.270	125.187	121.767
0.5% bgs/gasoil (\$/mt)	-194.880	-202.830	-208.290	-209.800	-212.510	-210.200	-215.390
Sing 0.5% vs Sing 10ppm (\$/mt)	-127.680	-134.390	-141.350	-145.110	-148.170	-144.877	-154.793
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-179.98	-161	-147.66	-141.06	-137.06	-141.927	-127.037
US Propane LST vs Asian Propane FEI (\$/mt)	-233.48	-228.5	-223.16	-223.06	-221.06	-222.427	-205.703
Asian Propane FEI vs NWE Propane (\$/mt)	53.5	67.5	75.5	82	84	80.5	78.667
Asian Propane FEI vs Saudi Propane CP (\$/mt)	43	40	38.5	38	32	36.167	24.333
European Pronap (\$/mt)	-81.25	-88.75	-90.75	-88.75	-87.25	-88.917	-97.333
Asian Pronap (FEI vs MOPJ) (\$/mt)	-82	-79	-71.25	-62.25	-52.75	-62.083	-58.25



Inter-month Crack Spreads			
Sep/Oct	15-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.270	-0.120	-0.170
WTI/Brent (\$/bbl)	0.280	-0.050	+0.050
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.430	+0.010	-0.120
NWE Jet crack (\$/bbl)	-0.750	+0.010	-0.090
NWE Jet Diff (\$/mt)	-2.500	+0.000	+0.000
Gasoil E/W (\$/bbl)	-0.410	+0.470	+1.560
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.100	-0.030	-0.040
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-6.440	+0.380	-0.720
EBOB crack (\$/mt)	4.100	-0.420	-0.640
Singapore 92 crack (\$/bbl)	-0.130	-0.040	-0.150
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-4.220	+0.380	+0.510
European Gasnaph (EBOB vs Naphtha) (\$/mt)	33.000	-3.750	-5.000
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	-2.420	-0.840	+0.000
Naphtha			
US C5 ENT vs WTI Crack	-1.060	+0.120	-0.030
NWE Naphtha Crack (\$/bbl)	0.100	+0.040	-0.040
MOPJ Naphtha Crack (\$/bbl)	0.120	+0.070	-0.130
Naphtha E/W (NWE vs MOPJ) (\$/mt)	0.250	+0.250	-0.750
Fuel Oil			
3.5% barges crack (\$/bbl)	0.980	+0.270	+0.170
Singapore 380 crack (\$/bbl)	0.940	+0.190	-0.340
Singapore 180 crack (\$/bbl)	0.780	+0.230	-0.260
Visco (180-380) (\$/mt)	-1.000	+0.250	+0.500
HSFO E/W (380 vs 3.5% barges) (\$/mt)	-0.250	-0.500	-3.250
0.5% barges crack (\$/bbl)	0.540	+0.030	+0.090
Singapore 0.5% crack (\$/bbl)	0.620	+0.070	+0.090
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	0.500	+0.250	+0.000
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-2.750	-1.500	-0.500
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-2.000	-0.750	+2.750
0.5% barges/gasoil (\$/mt)	5.460	-0.520	+0.880
Sing 0.5% vs Sing 10ppm (\$/mt)	6.960	-0.210	-0.090
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-13.340	+1.000	+2.980
US Propane LST vs Asian Propane FEI (\$/mt)	-5.340	-1.500	+3.480
Asian Propane FEI vs NWE Propane (\$/mt)	-8.000	+2.500	-0.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	1.500	+0.000	+0.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	2.000	-0.750	-0.500