

Flat Price

The September Brent futures flat price has seen an uptick following a gradual softening earlier in the morning. Between 02:00 BST and 08:10 BST the price fell from \$84.90/bbl to graze \$84/bbl, but has subsequently risen back above \$84.85/bbl, where it sits as of 10:55 BST (time of writing). Saudi Aramco has started its first Dollar bond sale in three years and will sell bonds with 10, 30 and 40-year maturities as part of Saudi Arabia's quest to bring at least \$3 billion more cash to help refinance debt to fund its investment program. This comes after the Kingdom raised \$12.35 billion from selling a 0.64% stake in the NOC, or 1.545 billion shares, last month. Major ports near Houston are cleared for some daylight operations following a complete closure over the weekend due to Hurricane Beryl. Unfortunately, this didn't stop the city of Houston having a 154,000-gallon sewage spill following a power outage. Yemen's Houthis say they attacked the Maersk Sentosa ship in the Arabian sea with several ballistic missiles, as well as two other ships, including one in the Gulf of Aden. Deflationary data out of China (negative PPI, barely positive CPI) weighed on sentiment earlier in the session as it raised concerns over demand. The focus this afternoon will be turned to the release of weekly EIA data. Whilst crude data will be closely watched, the health of US gasoline demand will likely take centre stage, given how managed money players have been hedging their exposure to RBOB and increasing their gross short positions. Additionally, Fed chair Jerome Powell's remarks before the Senate Banking Committee were

skewed to dovish side, but he was careful not to signal the timing of any future policy change. At the time of writing, the front and 6-month spreads are \$0.84/bbl and \$3.63/bbl, respectively.

Crude

This morning Dated began better bid, with balmo DFL paid at \$0.80/bbl, whilst Aug saw buying up to \$0.83/bbl. We saw 15-19/7 1w trade at \$0.20/bbl, whilst size went through on Aug/Sep DTD at \$0.80/bbl, with trade selling and multiple buyers. We then saw the front go better offered again, with bids on balmo pulling as 22-26/7 v Cal Aug was sold at \$0.60/bbl and 29-2/8 v Cal Aug sold at \$0.45/bbl. We saw buying of Cal Sep v 7-11/10, sold at \$0.57/bbl as structure weakened, with the Aug DFL sold at \$0.78/bbl and offered over. 15-19/7 1w was then sold at \$0.19/bbl, 22-26/7 1w hit at \$0.15/bbl, and 22-26/7 v 31-6/8 sold at \$0.20/bbl.

Fuel

In HSF0, 380 was stronger this morning, off the back of a very strong 380 E/W. Aug/Sep 380 traded up to \$17.00/mt from \$16.50/mt. The 380 crack also saw support, with the Aug 380 crack buying up to -\$4.85/bbl from -\$5.10/bbl. As alluded to, the 380 E/W enjoyed a well-bid morning, buying up to \$22.00/mt from \$19.50/mt. Conversely, barges came under pressure from the strong 380 E/W. The Aug barge crack sold down to -\$8.25/bbl from -\$8.00/bbl. Aug/Sep barges traded down to \$9.00/mt, however there was a slight recovery towards the end of the

window, with buying back up to \$9.25/mt

In VLSFO, Sing cracks were a touch weaker heading into the window. With Aug Sing crack selling down to \$10.50/bbl from \$10.60/bbl. However, what seems to be becoming a trend, the Sing crack did rally towards the end of the window, with support coming from MOC hedging. The front Sing crack bought back up to \$10.60/bbl. Sing structure was a touch better bid this morning, with Aug/Sep Sing trading up to \$7.00/mt from \$6.75/mt. It was very quiet on Euro 0.5 this morning, with no activity on the front crack or structure. However, with 0.5 E/W having a fairly stable morning, the Euro crack and spreads were implying a value slightly lower, with Aug crack around \$3.80/bbl and Aug/Sep Euro around \$5.00/mt.

Distillates

ICE Gasoil spreads saw prompt strength into the morning, with the Jul/Aug rallying to \$1.25/mt while the Aug/Sep strengthened to -\$0.75/mt into the morning post-window. Similarly, the ICE Gasoil cracks rallied from the morning's lows into the post-window period but are now off the highs. The Aug crack is at \$19.85/bbl with the 4Q crack at \$21.05/bbl. The European jet diffs saw the Aug trade down to \$53.00/mt from \$53.50/mt this morning. The Jul/Aug diff roll also strengthened to flat as some deferred selling interest was seen in the Cal'25 diff at \$58.75/mt. Hogos continued their downward trend into this morning, further pushed lower by

strengthening ICE gasoil spreads and stable HO spreads. The Aug swap is at 6.80c/gal while the 4Q swap is at 9.30c/gal post-window.

Sing gasoil spreads saw a rally this morning, with Aug/Sep trading up to -\$0.11/mt from -\$0.12/mt, the Sep/Oct strengthening to \$0.18/mt from \$0.17/mt, while the Oct/Nov and Nov/Dec gas saw buying interest from \$0.34/mt to \$0.39/mt and \$0.34/mt to \$0.40/mt respectively. The prompt E/W initially traded up to -\$26.50/mt before coming back off to -\$27.00/mt post-window, with the 4Q E/W seeing interest at -\$25.50/mt. Regrade saw strength in the prompt, as Aug rallied to -\$0.88/bbl from -\$0.92/bbl before recovering to -\$0.90/bbl, with 4Q regrade buying interest seen at -\$0.70/bbl this morning. The 1Q regrade was hit down to -\$0.53/bbl. The Aug/Sep Kero saw buying interest at -\$0.15/bbl where it last traded, while the Sep/Dec Kero saw selling flow.

Gasoline

This morning in Gasoline, we saw flat price trade at the end of the morning window equivalent to \$6.75/bbl on a crack basis in Aug 92. RBBRs opened weaker from last nights close (down \$0.20/bbl) and continued a downtrend to \$19.40/bbl in Sep. 92 cracks saw selling in Sep ~ \$6.65/bbl and in Q4 (particularly on screen) between \$6.48/bbl and \$6.35/bbl. 92 spreads weakened, trading at \$3/bbl in Aug/Dec (vs \$3.25/bbl last night), offered from refiners. Nov/Dec saw strong selling from majors and

trade houses at \$0.55/bbl today. Q4 EW saw buying up at -\$1.75/bbl today, as well as scale-back buying in Aug down to -\$9.05/bbl. Arbs saw some buying at 11c/gal in Aug, with the Aug/Q4 roll bid again, as Q4 arbs offered at 5c/gal from refiners. EBOB spreads saw a quieter start, with the Aug/Sep/Oct offered from phys. Sep/Oct saw scaleback buying to \$44.50/mt. Gasnaphs in Europe saw little interest, but Q1 eastern gasnaphs saw sellside interest at \$14.25/bbl.

Naphtha

This morning in Naphtha we saw flat price valued at \$685.25/mt in Aug'24 MOPJ, on a -\$6.73/bbl crack equivalent with cracks initially opening bid but quickly seeing a strong reversal with cracks and spreads well offered. Europe cracks pushed up to -\$8.20/bbl at the open by market makers with MOPJ flat price well bid on lower crude but with major selling flows, the crack was offered down to -\$8.60/bbl end window. Front spreads continue to see better offers with Aug/Sep MOPJ seeing Chinese selling down to \$5.50/mt and Sep/Oct down to \$4.75/mt. Europe structure lower with Aug/Dec NWE seeing trade selling at \$18.50/mt and Aug/Sep NWE down to \$6/mt. Little on deferred cracks with Q4 cracks getting sold into at -\$8.35/bbl. E/W remains supported trading at \$16.50/mt in Aug with Q4 getting lifted at \$16/mt.

NGLs

This morning in NGLs, FEI flat price strengthened on the back of higher crude. FEI spreads were also

bid higher, with Aug/Sep trading -\$0.50/mt, Sep/Oct at -\$5/mt, Oct/Nov trading -\$4/mt, Nov/Dec at -\$2/mt and Dec/Dec'25 trading at \$76/mt. FEI/CP weakened slightly post-window from \$52/mt to \$51.5/mt. In E/W, Dec E/W traded higher at \$82.50/mt, while Aug E/W continued to trade at \$75/mt. In CP spreads, Aug/Sep implied higher with Aug/Dec trading at -\$26/mt and Aug/Jan trading at -\$24/mt. In NWE, despite not trading, prompt spreads were bid higher. In arbs, LST/FEI remained well-bid by physical trade houses, though traded at slightly lower levels than yesterday. FEI/MOPJ also saw buying in Aug by trade houses, around -\$50/mt levels.

Global Macro

China CPI teeters with deflation +0.2% YOY (estimated +0.4%), PPI -0.8% YoY (est -8.8%).

S&P, Nasdaq, Nikkei, (and Coffee!) soar to price all-time highs.

British retail consortium showed retail sales in UK fell 0.2% in June, and they blamed the weather!

Fed Chair Powell Most Recent Labour Data Sends Signal Of Cooling, Labour Market Appears To Be Fully Back In Balance

- No Longer A Heated Economy
- 'We Are Well Aware' We Face Two-Sided Risks

POWELL: 'MORE GOOD DATA' WOULD BOOST CONFIDENCE ON INFLATION - BBG

- POWELL: EASING TOO LITTLE, LATE COULD UNDULY WEAKEN ECONOMY
- POWELL: GDP GROWTH APPEARS TO HAVE MODERATED IN FIRST HALF '24 PROGRESS *POWELL:
RESTRICTIVE RATES ARE HELPING TO BALANCE DEMAND, SUPPLY

With the S&P up 17.5% this year here's a good chart highlighting how narrow the market is.

No key data today – U.S. mortgage applications (secondary)