



Market Summary

If you torture the data, it will converge...Maybe

The differences between data issuers are becoming more marked as we enter the second half of the year. OPEC and the EIA released monthly outlooks this week. OPEC remains as optimistic as ever; yes they are producers, holding to a 2.2mb/d forecast demand growth for 2024. The EIA, presumably the US wants to low gasoline prices, minorly increased its growth forecast to 1.11mb/d, from 1.08mb/d last month. And don't forget the IEA and the plethora of analysts all torturing the data, if not us in the process, are all coming up with other numbers. Are the institutions really doing a proper job or are their own needs colouring the results? Please make it confess, we want to believe in numbers.

As the battle of the forecasters rages on, EIA inventories printed stock draws in the week to July 5. Crude inventories fell by 3.4mbbls below consensus of a 3mbbl draw. Gasoline inventories fell by 2mbbls, whilst refinery utilization increased by 1.9%. However, distillates printed a sizeable build of 4.9mbbls. Prices initially yawned and we were surprised as the 2 week crude draw amounted to 15.6mbbls. But admittedly US total inventories as compared to same time last year are almost 20 million bbls higher.

Prompt time spreads rallied to 90c/bbl shortly after the release according to traders, pushing Brent further towards a bullish backwardation structure. Flat price followed suit, albeit sluggishly and with significant reluctance. September WTI futures gained 62c/bbl against yesterday. Gasoline was "dry as a bone" according to another trader but the price was initially catatonic. Weird all around.

Meanwhile in the North Sea window today, Gunvor came back to bid. After selling two Midlands cargo yesterday at +\$1.90/bbl and +\$2/bbl, they came back to spend the fruits of their labor, picking up a Midlands from Exxon at +\$2.20/bbl. Weird too. Two Forties were chained for end August by Eni and Repsol.

Oil price action has been boring. The implied volatility in Brent futures hasn't been so low since 2017. (Figure 1) If a tornado in the Gulf of Mexico, raging wildfires in Alberta and mounting instability in the Red Sea are unable to stimulate a market reaction, the blasé reaction to this week's inventory stats is no surprise.

Summary

Physical and Futures

		10-Jul-24	1-Day Change	7-Day Change
Brent Sep (fut)	(\$/bbl)	85.450	+0.520	-0.920
WTI Sep (fut)	(\$/bbl)	81.380	+0.620	-0.660
Dubai Sep (phys)	(\$/bbl)	85.345	+0.255	-1.155

Crude Swaps Aug

Brent	(\$/bbl)	84.515	+0.360	-1.060
DFL	(\$/bbl)	0.890	+0.150	+0.120
WTI	(\$/bbl)	81.045	+0.595	-0.700
Dubai	(\$/bbl)	84.470	+0.290	-1.180

Tenor

		Sep-24	Oct-24	Nov-24
Crude Futures				
Brent (fut)	(\$/bbl)	85.450	84.550	83.780
WTI (fut)	(\$/bbl)	81.380	80.420	79.570



In detail

As at 16:30 BST, September WTI and Brent futures closed stronger at \$81.38/bbl and \$85.45/bbl, respectively. Against the same yesterday, the Brent front month futures contract increased by \$0.52/bbl, the WTI contract gained by slightly less, up \$0.62/bbl over the same period. The M1/M2 spreads for Brent futures strengthened, up 17c against yesterday, at 90c/bbl.

The EIA and OPEC kept projections in line with the month prior, of a respective 1.1mb/d and 2.2mb/d in oil demand growth for 2024. But, it still remains difficult to justify high demand growth in 2024. In the US, gasoline prices at the pump have been creeping up, but only marginally. Regular gasoline prices, on average, rose by less than 3% against a month ago. Looks like the AAA's forecast for a record 60.6 million drivers over the July 4 holiday might have been excessive. And this comes as no shock. Macro data prints are consistently weak. Although NFP's surprised to the upside in April and May, they were later revised down. Retail remains weak, manufacturing PMI's remain contractionary. Not supportive conditions for discretionary spending on travel. Bad data all around.

Russia have been a consistent overproducer. Good job sanctions. Although Russian crude output fell last month to 9.14mb/d, this still sits far above their self-imposed limit of 8.98mb/d, and further cuts will be required if Russia is to do as they say, and compensate for overproduction. Russia has been developing ties across Asia, chumming up with Modi and Putin's "old friend" Xi Jinping in recent weeks. Both are thirsty for cheap Russian crude. Putin will likely oblige as war can be very expensive.

It's clear OPEC have a dwindling patience for output cuts. So how would you justify the reduction in cuts? Maybe, forecast a boatload of demand, cross your fingers, and overproduce anyway. But time is already running out. Between Q2 and Q3 in 2024, OPEC forecast China's oil demand to grow by 400kb/d. The EIA also attribute most of their expected demand growth is from non-OECD countries, predominately China. But just yesterday China printed the second straight m-o-m of deflation for June. Chinese car sales were also down by 2.6% on a y-o-y basis. Doesn't sound like a booming economy, guzzling oil to us.

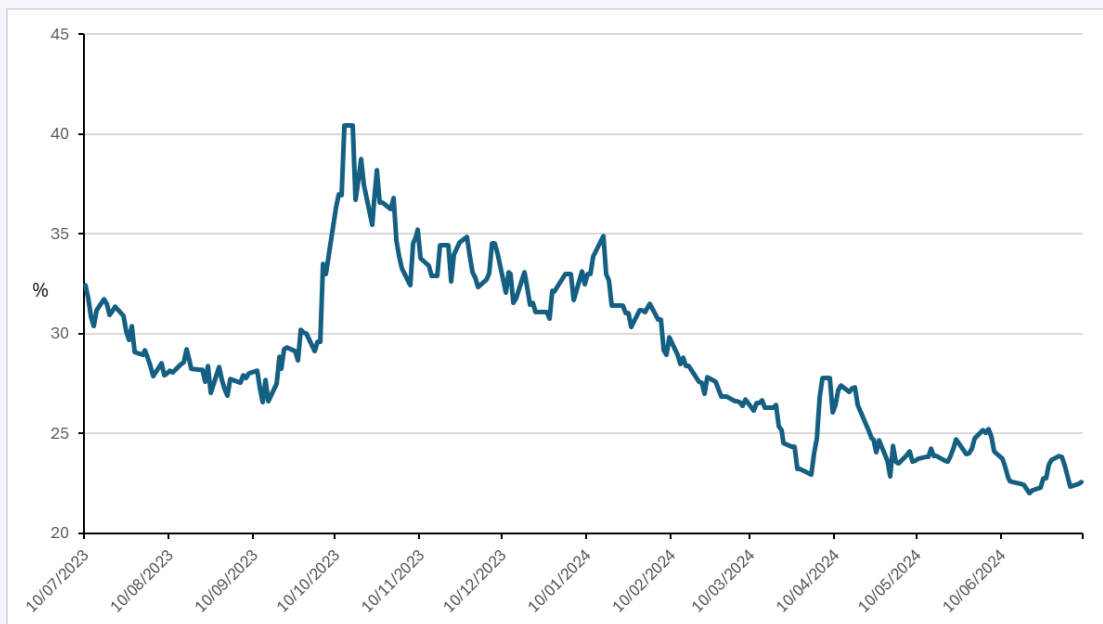

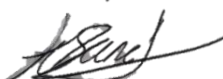


Figure 1: Brent futures implied volatility, Bloomberg

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Front Month Outrights				
August Swaps		10-Jul-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	84.515	+0.360	-1.060
WTI	(\$/bbl)	81.045	+0.595	-0.700
Dubai	(\$/bbl)	84.470	+0.290	-1.180
Distillates				
Gasoil 0.1 NWE	(\$/mt)	776.480	+0.500	-20.160
NWE Jet	(\$/mt)	829.480	-0.500	-20.160
Singapore 10ppm	(\$/bbl)	100.670	+0.140	-2.570
Sing Kero	(\$/bbl)	99.720	+0.140	-2.370
Gasoline				
RBOB	(c/gal)	249.415	-0.370	-2.315
EBOB	(\$/mt)	834.490	-1.260	-9.720
Singapore 92	(\$/bbl)	91.180	-0.240	-2.220
Singapore 95	(\$/bbl)	95.540	-0.220	-2.210
Naphtha				
US C5 ENT	(c/gal)	155.800	-0.390	-3.920
NWE Naphtha	(\$/mt)	672.840	-0.710	-12.370
MOPJ Naphtha	(\$/mt)	689.340	-1.460	-12.620
Fuel Oil				
3.5% barges	(\$/mt)	483.550	-0.760	-10.350
Singapore 380	(\$/mt)	505.050	+3.920	-0.100
Singapore 180	(\$/mt)	510.050	+4.670	-0.850
0.5% barges	(\$/mt)	559.120	+0.130	-11.940
Singapore 0.5%	(\$/mt)	602.930	+1.080	-10.290
NGLs				
US Propane LST	(c/gal)	82.660	-0.070	-1.970
NWE Propane	(\$/mt)	566.160	+5.080	-5.760
Saudi Propane CP	(\$/mt)	585.160	+4.080	-6.260
Asian Propane FEI	(\$/mt)	636.660	+1.580	-12.760
US Butane ENT	(c/gal)	99.040	+0.050	-1.470
Saudi Butane CP	(\$/mt)	570.160	+4.080	-6.260



Long Tenor Swaps

		Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	85.395	84.515	83.750	83.085	82.510	82.533	81.153
WTI	(\$/bbl)	81.950	81.045	80.170	79.330	78.610	78.630	76.880
Dubai	(\$/bbl)	85.190	84.470	83.690	82.980	82.340	82.367	80.817
Distillates								
Gasoil 0.1 NWE	(\$/mt)	775.875	776.480	777.650	775.690	770.960	771.617	763.285
NWE Jet	(\$/mt)	828.880	829.480	831.650	830.690	826.460	827.117	820.287
Singapore 10ppm	(\$/bbl)	100.510	100.670	100.780	100.580	100.180	100.187	99.367
Sing Kero	(\$/bbl)	99.520	99.720	99.870	99.790	99.530	99.540	98.867
Gasoline								
RBOB	(c/gal)	252.795	249.415	230.370	224.310	220.295	221.087	226.143
EBOB	(\$/mt)	837.490	834.490	820.240	775.490	753.740	755.907	738.740
Singapore 92	(\$/bbl)	91.580	91.180	90.420	89.620	88.820	88.897	87.787
Singapore 95	(\$/bbl)	96.090	95.540	94.680	93.830	92.830	92.940	91.397
Naphtha								
US C5 ENT	(c/gal)	155.300	155.800	156.180	156.560	156.680	156.557	155.680
NWE Naphtha	(\$/mt)	683.590	672.840	667.090	663.340	659.090	659.007	646.673
MOP-Japan Naphtha	(\$/mt)	694.340	689.340	684.090	679.590	674.840	674.840	660.173
Fuel Oil								
3.5% barges	(\$/mt)	492.300	483.550	474.300	464.050	457.550	458.383	450.717
Singapore 380	(\$/mt)	513.800	505.050	487.800	474.150	466.800	467.917	457.967
Singapore 180	(\$/mt)	518.050	510.050	495.050	484.400	478.300	479.250	471.217
0.5% barges	(\$/mt)	561.370	559.120	554.370	548.870	543.620	543.787	532.287
Singapore 0.5%	(\$/mt)	608.930	602.930	596.180	590.180	585.180	585.263	572.597
NGLs								
US Propane LST	(c/gal)	81.660	82.660	83.540	84.660	85.160	84.993	83.537
NWE Propane	(\$/mt)	571.660	566.160	562.160	563.160	564.660	564.160	546.493
Saudi Propane CP	(\$/mt)	585.160	585.160	588.660	598.660	606.660	605.493	599.827
Asian Propane FEI	(\$/mt)	641.660	636.660	637.660	642.660	646.660	644.660	622.327
US Butane ENT	(c/gal)	98.290	99.040	99.660	101.040	101.540	101.333	98.840
Saudi Butane CP	(\$/mt)	570.160	570.160	582.160	593.160	601.660	600.327	593.327



Front Month Spreads				
Aug/Sep		10-Jul-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.765	+0.110	+0.080
WTI	(\$/bbl)	0.875	+0.155	+0.105
Dubai	(\$/bbl)	0.780	+0.030	+0.020
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-1.170	-0.160	-0.320
NWE Jet	(\$/mt)	-2.170	-0.160	-0.320
Singapore 10ppm	(\$/bbl)	-0.110	-0.010	-0.100
Sing Kero	(\$/bbl)	-0.150	-0.050	-0.090
Gasoline				
RBOB	(c/gal)	19.045	-0.435	-0.025
EBOB	(\$/mt)	14.250	-1.000	-0.250
Singapore 92	(\$/bbl)	0.760	-0.070	-0.440
Singapore 95	(\$/bbl)	0.860	-0.070	-0.440
Naphtha				
US C5 ENT	(c/gal)	-0.380	+0.000	+0.000
NWE Naphtha	(\$/mt)	5.750	-0.750	-0.750
MOP-Japan Naphtha	(\$/mt)	5.250	-1.250	-1.500
Fuel Oil				
3.5% barges	(\$/mt)	9.250	-0.500	-2.000
Singapore 380	(\$/mt)	17.250	+1.000	+2.750
Singapore 180	(\$/mt)	15.000	+1.250	+3.750
0.5% barges	(\$/mt)	4.750	-0.500	-0.750
Singapore 0.5%	(\$/mt)	6.750	-0.250	-0.370
NGLs				
US Propane LST	(c/gal)	-0.880	+0.000	-0.260
NWE Propane	(\$/mt)	4.000	+1.500	+2.500
Saudi Propane CP	(\$/mt)	-3.500	+3.000	+3.500
Asian Propane FEI	(\$/mt)	-1.000	+0.500	+0.500
US Butane ENT	(c/gal)	-0.620	+0.000	-0.370
Saudi Butane CP	(\$/mt)	-12.000	+1.500	+2.000



Front Month Cracks and Diffs			
August	10-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.050	+0.070	+0.140
WTI/Brent (\$/bbl)	-3.480	+0.220	+0.360
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	19.710	-0.290	-1.640
NWE Jet crack (\$/bbl)	20.740	-0.430	-1.500
NWE Jet Diff (\$/mt)	53.000	-1.000	+0.000
Gasoil E/W (\$/bbl)	-26.500	+0.500	+1.000
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.950	+0.000	+0.200
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	10.900	+0.000	+0.500
EBOB crack (\$/mt)	15.660	-0.510	-0.120
Singapore 92 crack (\$/bbl)	6.640	-0.630	-1.200
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-9.000	-0.100	-1.050
European Gasnaph (EBOB vs Naphtha) (\$/mt)	161.820	-0.040	+3.000
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	70.360	-0.100	-5.620
Naphtha			
US C5 ENT vs WTI Crack	-15.620	-0.790	-0.960
NWE Naphtha Crack (\$/bbl)	-8.940	-0.490	-0.370
MOPJ Naphtha Crack (\$/bbl)	-7.090	-0.580	-0.400
Naphtha E/W (NWE vs MOPJ) (\$/mt)	16.500	-0.750	-0.250
Fuel Oil			
3.5% barges crack (\$/bbl)	-8.400	-0.550	-0.600
Singapore 380 crack (\$/bbl)	-5.010	+0.200	+1.020
Singapore 180 crack (\$/bbl)	-4.230	+0.310	+0.890
Visco (180-380) (\$/mt)	5.000	+0.750	-0.750
HSFO E/W (380 vs 3.5% barges) (\$/mt)	21.500	+4.750	+10.250
0.5% barges crack (\$/bbl)	3.500	-0.400	-0.850
Singapore 0.5% crack (\$/bbl)	10.400	-0.250	-0.590
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	43.810	+0.950	+1.650
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	75.570	+0.960	-1.590
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	97.880	-2.840	-10.180
0.5% barges/gasoil (\$/mt)	-217.440	-0.620	+8.270
Sing 0.5% vs Sing 10ppm (\$/mt)	-147.140	-0.260	+8.910
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-135.500	-5.500	-4.500
US Propane LST vs Asian Propane FEI (\$/mt)	-206.000	-2.000	+2.500
Asian Propane FEI vs NWE Propane (\$/mt)	70.500	-3.500	-7.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	51.500	-2.500	-6.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-106.770	+5.790	+6.700
Asian Pronap (FEI vs MOPJ) (\$/mt)	-104.270	+5.540	+6.270



Long Tenor Cracks / Diffs							
	Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.210	0.050	0.060	0.100	0.160	0.160	0.330
WTI/Brent (\$/bbl)	-3.450	-3.480	-3.580	-3.760	-3.890	-3.897	-4.263
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	18.74	19.71	20.63	21.04	20.97	21.04	21.30
NWE Jet crack (\$/bbl)	19.80	20.74	21.80	22.34	22.38	22.44	22.95
NWE Jet Diff (\$/mt)	53.00	53.00	54.00	55.00	55.50	55.50	57.00
Gasoil E/W (\$/bbl)	-27.08	-26.50	-26.84	-26.34	-24.59	-25.21	-22.99
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.99	-0.95	-0.91	-0.79	-0.65	-0.65	-0.50
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	13.410	10.900	-4.080	2.650	4.860	5.027	14.983
EBOB crack (\$/mt)	15.130	15.660	14.710	10.000	7.970	8.203	7.530
Singapore 92 crack (\$/bbl)	6.160	6.640	6.660	6.520	6.300	6.350	6.617
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.960	-9.000	-8.050	-3.470	-1.660	-1.843	-0.893
European Gasnaph (EBOB vs Naphtha) (\$/mt)	154.070	161.820	153.320	112.320	94.820	97.070	92.237
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	68.690	70.360	69.280	67.110	65.200	65.837	71.253
Naphtha							
US C5 ENT vs WTI Crack	-16.750	-15.620	-14.600	-13.600	-12.830	-12.900	-11.520
NWE Naphtha Crack (\$/bbl)	-8.600	-8.940	-8.820	-8.570	-8.470	-8.500	-8.503
MOPJ Naphtha Crack (\$/bbl)	-7.390	-7.090	-6.910	-6.740	-6.710	-6.723	-6.983
Naphtha E/W (NWE vs MOPJ) (\$/mt)	10.750	16.500	17.000	16.250	15.750	15.833	13.500
Fuel Oil							
3.5% bgs crack (\$/bbl)	-7.890	-8.400	-9.090	-10.030	-10.480	-10.367	-10.197
Singapore 380 crack (\$/bbl)	-4.510	-5.010	-6.960	-8.440	-9.030	-8.870	-9.053
Singapore 180 crack (\$/bbl)	-3.840	-4.230	-5.820	-6.830	-7.220	-7.087	-6.967
Visco (180-380) (\$/mt)	4.250	5.000	7.250	10.250	11.500	11.333	13.250
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	21.500	21.500	13.500	10.100	9.250	9.533	7.250
0.5% bgs crack (\$/bbl)	2.980	3.500	3.520	3.330	3.070	3.080	2.653
Singapore 0.5% crack (\$/bbl)	10.470	10.400	10.110	9.830	9.610	9.610	9.003
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	47.560	43.810	41.810	41.310	41.560	41.477	40.310
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	69.070	75.570	80.070	84.820	86.070	85.403	81.570
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	95.130	97.880	108.380	116.030	118.380	117.347	114.630
0.5% bgs/gasoil (\$/mt)	-214.750	-217.440	-223.280	-226.990	-227.590	-228.027	-231.187
Sing 0.5% vs Sing 10ppm (\$/mt)	-139.940	-147.140	-154.710	-159.440	-161.530	-161.423	-167.957
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-146.21	-135.5	-126.92	-122.08	-120.98	-121.347	-111.267
US Propane LST vs Asian Propane FEI (\$/mt)	-216.21	-206	-202.42	-201.58	-202.98	-201.847	-187.1
Asian Propane FEI vs NWE Propane (\$/mt)	70	70.5	75.5	79.5	82	80.5	75.833
Asian Propane FEI vs Saudi Propane CP (\$/mt)	56.5	51.5	49	44	40	39.167	22.5
European Pronap (\$/mt)	-112.02	-106.77	-105.02	-100.27	-94.52	-94.937	-100.27
Asian Pronap (FEI vs MOPJ) (\$/mt)	-109.27	-104.27	-95.52	-81.02	-68.27	-69.437	-60.437



Inter-month Crack Spreads			
Aug/Sep	10-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.010	+0.090	+0.070
WTI/Brent (\$/bbl)	0.100	+0.020	+0.020
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.920	-0.130	-0.100
NWE Jet crack (\$/bbl)	-1.060	-0.150	-0.120
NWE Jet Diff (\$/mt)	-1.000	+0.000	+0.000
Gasoil E/W (\$/bbl)	0.340	+0.040	-0.440
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.040	-0.040	+0.010
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	14.980	-0.120	+0.050
EBOB crack (\$/mt)	0.950	-0.220	-0.110
Singapore 92 crack (\$/bbl)	-0.020	-0.190	-0.530
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.950	+0.050	-0.410
European Gasnaph (EBOB vs Naphtha) (\$/mt)	8.500	-0.250	+0.500
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	1.080	+0.660	-2.170
Naphtha			
US C5 ENT vs WTI Crack	-1.020	-0.140	-0.090
NWE Naphtha Crack (\$/bbl)	-0.120	-0.200	-0.170
MOPJ Naphtha Crack (\$/bbl)	-0.180	-0.260	-0.250
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-0.500	-0.500	-0.750
Fuel Oil			
3.5% barges crack (\$/bbl)	0.690	-0.200	-0.390
Singapore 380 crack (\$/bbl)	1.950	+0.040	+0.350
Singapore 180 crack (\$/bbl)	1.590	+0.070	+0.510
Visco (180-380) (\$/mt)	-2.250	+0.250	+1.000
HSFO E/W (380 vs 3.5% barges) (\$/mt)	8.000	+1.500	+4.750
0.5% barges crack (\$/bbl)	-0.020	-0.200	-0.200
Singapore 0.5% crack (\$/bbl)	0.290	-0.160	-0.140
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	2.000	+0.250	+0.380
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-4.500	+0.000	+1.250
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-10.500	-1.250	-3.120
0.5% barges/gasoil (\$/mt)	5.840	-0.340	-0.510
Sing 0.5% vs Sing 10ppm (\$/mt)	7.570	-0.170	+0.380
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-8.580	-1.500	-3.850
US Propane LST vs Asian Propane FEI (\$/mt)	-3.580	-0.500	-1.850
Asian Propane FEI vs NWE Propane (\$/mt)	-5.000	-1.000	-2.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	2.500	-2.500	-3.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-1.750	+2.250	+3.250