



Market Summary

Market is going up, go with the flow

Flat price jumped, with spreads, cracks and physical premiums soaring. 'Everything is being bought,' said a trader, adding yesterday's bullish wave was gathering strength. 'There is a rotation,' said another, triggered by the cooling of US inflation which is regarded a proxy for inflation worldwide. To be fair, the cooling started in China, but markets are US sensitive. As inflation cools, two interest rates cuts of 0.25-0.50 come, and then of course we will have a party. Commodities go up -read oil-, dollar weakens and small caps -don't forget to buy them, tech is done- will recover as the guts of the economy look better.

'Banks and funds are coming in,' said a Dubai trader as spreads and premiums soared. Asian traders, who were looking at weak regional macros, grew concerned that Saudi OSPs will rise \$0.50-1.00/bbl. We are on the top side expecting even more. It is early in the cycle, but OSPs will spiral up. As the Brent/Dubai spread widens on Brent strength, spot Middle Eastern crude is cheap and premiums are stubbornly close to \$2.00/bbl for Dubai. The backwardation strength is across markets from WTI to Dubai. And Dated Brent CFDs are signalling further strength with the Dated premium likely to exceed \$1.25/bbl, early to say but the hallmarks are there. This makes spot Dubai cheap in comparison. Products are, of course, rising with the overall complex.

In the US, Biden supporters winced in horror as the president welcomed a reincarnation of Putin into war weary Zelinsky, who took it like a champ, or for the NATO team, whatever. And this was the warming exercise for the transition of poor old Kamala into archenemy Trump. As things work, people will not remember the overall performance, now that our expectations are so low, but the two gaffes.

As we previously discussed, a Trump government will be more pro-oil, but also will likely levy large, inflationary, duties on imports, especially from China. For now, Chinese exports remain robust, fueled by a competitive yuan, rising by 8.6% y-o-y in June, following a 7.6% y-o-y the previous month. But imports remain weak, falling by 2.3% against the same time last year. Since January 2023, the yuan has been weakening against the dollar. Weaker yuan helps increase exports but makes imports more costly. So, all makes sense and oil imports are down both a m-o-m and y-o-y basis, iron ore imports also fell below 100 million tons.

Summary				
Physical and Futures		12-Jul-24	1-Day Change	7-Day Change
Brent Sep (fut)	(\$/bbl)	86.110	+0.560	-1.400
WTI Sep (fut)	(\$/bbl)	82.050	+0.560	-1.130
Dubai Sep (phys)	(\$/bbl)	85.650	+0.170	-2.000
Crude Swaps Aug				
Brent	(\$/bbl)	84.940	+0.345	-1.630
DFL	(\$/bbl)	1.270	+0.340	+0.390
WTI	(\$/bbl)	81.610	+0.500	-1.235
Dubai	(\$/bbl)	84.680	+0.150	-1.970
Tenor		Sep-24	Oct-24	Nov-24
Crude Futures				
Brent (fut)	(\$/bbl)	86.110	84.990	84.090
WTI (fut)	(\$/bbl)	82.050	80.830	79.870



In detail

As at 09:30 BST, following a fall in US CPI, crude markets rose against the close of Asia yesterday. September Brent futures increased by \$0.56 to \$86.11/bbl. September WTI futures gained the same amount, at \$82.405/bbl. Our Dubai assessment of physical cargoes for September rose by \$0.17/bbl, to close the window at \$85.65/bbl. Physical premiums for September Dubai increased by 4c to an elevated \$1.82/bbl.

Is the BoJ restarting the printing machine? The Bank of Japan has been calling up traders and conducting exchange rate checks, sending jitters throughout FX trading desks. USD/JPY fell 2.5%, before retracing some losses. Masato Kanda, Japan's top currency official, said he was unable to confirm nor deny whether the move was intervention. The last time it cost the BOJ about \$60 billion. We laugh of course and there goes more USD down the tubes. Later he clarified that speculation was likely behind the move, given the gap in yield between US and Japan.

As opposed to the US, Japanese Inflation is picking up as the cost of currency erosion takes hold. Annual inflation in Japan was 2.8% in May, up from 2.5% in April. But weak currency is proving a double edged sword. Import prices are up by 9.5%, but weaker yen also renders Japan highly attractive as a holiday destination, as foreign purchasing power is elevated. More travelers means more flights, and more jet fuel demand. As we discussed recently, new legislation on overtime for truck drivers has led to significant supply chain tightness in kerosene procurement. The boost to demand will only exacerbate the issue.

To add fuel to the fire, the total refining rate in Japan is estimated to be at 56.4%, down 20% from a year ago. So they must look elsewhere for refined products. A typical Boeing 747 might burn 4 liters of jet fuel per second. Over the course of a 13 hour flight from London to Tokyo, fuel burnt would be around 150 tons and a typical jet kerosene transport vessel carries between 35k and 80k tons of jet fuel. Narita airport has already accepted imported jet fuel and others are likely to follow. The kerosene delivery will be unloaded through an oil terminal, owned by Narita close to Chiba city.

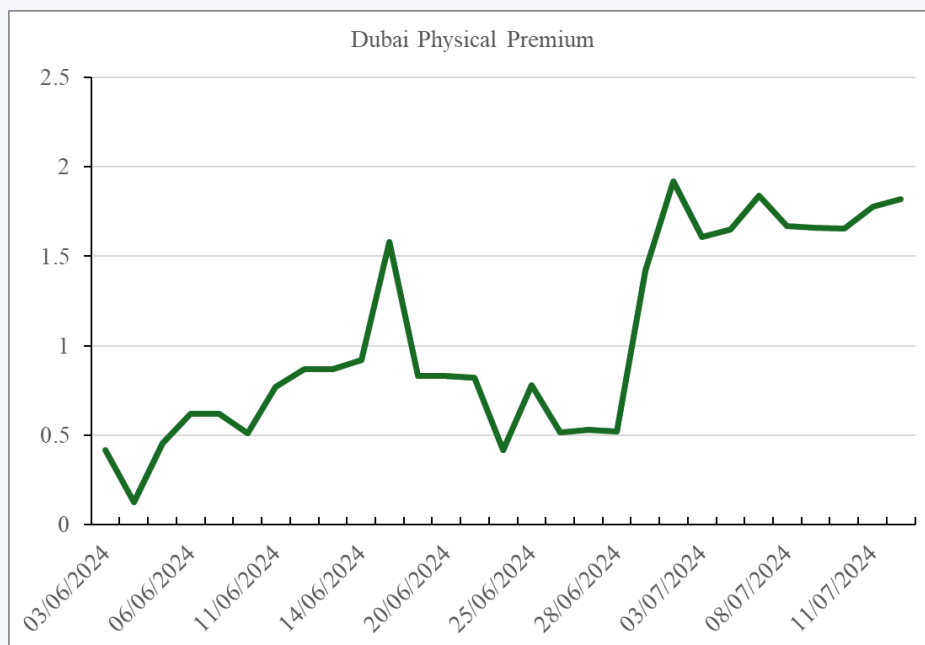





Figure 1: Dubai physical premium, Onyx Flux and authors calculations

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Front Month Outrights				
August Swaps			12-Jul-24	1-Day Change 7-Day Change
Crude				
Brent	(\$/bbl)	84.940	+0.345	-1.630
WTI	(\$/bbl)	81.610	+0.500	-1.235
Dubai	(\$/bbl)	84.680	+0.150	-1.970
Distillates				
Gasoil 0.1 NWE	(\$/mt)	780.950	+2.975	-22.020
NWE Jet	(\$/mt)	833.950	+2.890	-25.520
Singapore 10ppm	(\$/bbl)	101.070	+0.290	-2.850
Sing Kero	(\$/bbl)	99.920	+0.090	-2.950
Gasoline				
RBOB	(c/gal)	249.950	+1.420	-4.610
EBOB	(\$/mt)	839.590	+7.130	-13.930
Singapore 92	(\$/bbl)	92.290	+1.150	-1.070
Singapore 95	(\$/bbl)	96.640	+1.150	-1.020
Naphtha				
US C5 ENT	(c/gal)	158.170	+1.380	-3.660
NWE Naphtha	(\$/mt)	680.940	+3.920	-12.900
MOPJ Naphtha	(\$/mt)	697.690	+4.420	-12.740
Fuel Oil				
3.5% barges	(\$/mt)	484.060	+1.650	-10.290
Singapore 380	(\$/mt)	505.310	+0.750	-6.970
Singapore 180	(\$/mt)	512.310	+2.000	-4.790
0.5% barges	(\$/mt)	562.170	+3.560	-14.220
Singapore 0.5%	(\$/mt)	604.390	+2.470	-16.260
NGLs				
US Propane LST	(c/gal)	81.810	-0.550	-3.930
NWE Propane	(\$/mt)	574.230	+6.690	-1.480
Saudi Propane CP	(\$/mt)	590.280	+2.680	-0.930
Asian Propane FEI	(\$/mt)	640.230	+1.130	-7.980
US Butane ENT	(c/gal)	98.430	-0.550	-3.060
Saudi Butane CP	(\$/mt)	574.230	+2.130	-2.980



Long Tenor Swaps			Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude									
Brent	(\$/bbl)	86.030	84.940	84.055	83.330	82.695	82.715	81.188	
WTI	(\$/bbl)	82.765	81.610	80.550	79.635	78.875	78.888	76.992	
Dubai	(\$/bbl)	85.560	84.680	83.830	83.070	82.400	82.413	80.760	
Distillates									
Gasoil 0.1 NWE	(\$/mt)	781.125	780.950	781.180	778.590	773.375	773.982	764.337	
NWE Jet	(\$/mt)	834.120	833.950	835.180	834.590	829.880	830.483	822.333	
Singapore 10ppm	(\$/bbl)	100.920	101.070	101.170	100.960	100.510	100.507	99.547	
Sing Kero	(\$/bbl)	99.620	99.920	100.150	100.090	99.790	99.787	99.007	
Gasoline									
RBOB	(c/gal)	253.075	249.950	230.750	224.795	220.830	221.593	226.500	
EBOB	(\$/mt)	842.590	839.590	824.340	777.840	755.220	757.387	739.267	
Singapore 92	(\$/bbl)	92.690	92.290	91.040	89.840	88.690	88.823	87.390	
Singapore 95	(\$/bbl)	97.190	96.640	95.290	94.040	92.690	92.857	90.990	
Naphtha									
US C5 ENT	(c/gal)	157.670	158.170	158.550	158.930	159.050	158.927	158.300	
NWE Naphtha	(\$/mt)	692.940	680.940	672.940	668.190	662.940	662.940	648.690	
MOP-Japan Naphtha	(\$/mt)	703.190	697.690	690.690	684.940	679.190	679.273	662.773	
Fuel Oil									
3.5% barges	(\$/mt)	491.560	484.060	475.560	465.060	458.310	459.227	451.143	
Singapore 380	(\$/mt)	513.310	505.310	489.810	476.810	469.310	470.527	460.627	
Singapore 180	(\$/mt)	519.560	512.310	498.060	487.810	481.310	482.443	474.377	
0.5% barges	(\$/mt)	564.920	562.170	556.920	551.170	545.920	546.003	534.003	
Singapore 0.5%	(\$/mt)	609.890	604.390	598.140	592.140	586.890	586.973	573.437	
NGLs									
US Propane LST	(c/gal)	80.810	81.810	82.690	83.940	84.690	84.480	83.393	
NWE Propane	(\$/mt)	579.730	574.230	569.230	567.730	568.230	568.063	550.063	
Saudi Propane CP	(\$/mt)	590.280	590.280	591.780	601.280	609.780	608.447	602.447	
Asian Propane FEI	(\$/mt)	645.230	640.230	640.980	645.730	649.730	647.563	624.730	
US Butane ENT	(c/gal)	97.680	98.430	99.050	100.430	101.050	100.883	98.670	
Saudi Butane CP	(\$/mt)	574.230	574.230	585.730	596.230	605.230	603.730	596.397	



Front Month Spreads				
Aug/Sep		12-Jul-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.885	+0.065	+0.085
WTI	(\$/bbl)	1.060	+0.150	+0.195
Dubai	(\$/bbl)	0.850	+0.020	+0.010
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-0.230	+0.430	+0.230
NWE Jet	(\$/mt)	-1.230	+0.630	-0.770
Singapore 10ppm	(\$/bbl)	-0.100	+0.000	+0.000
Sing Kero	(\$/bbl)	-0.230	-0.100	-0.150
Gasoline				
RBOB	(c/gal)	19.200	+0.430	-0.060
EBOB	(\$/mt)	15.250	+1.250	+0.250
Singapore 92	(\$/bbl)	1.250	+0.450	+0.380
Singapore 95	(\$/bbl)	1.350	+0.450	+0.430
Naphtha				
US C5 ENT	(c/gal)	-0.380	+0.000	+0.000
NWE Naphtha	(\$/mt)	8.000	+1.000	+0.250
MOP-Japan Naphtha	(\$/mt)	7.000	+0.750	-0.500
Fuel Oil				
3.5% barges	(\$/mt)	8.500	-0.250	-1.000
Singapore 380	(\$/mt)	15.500	-0.750	-1.000
Singapore 180	(\$/mt)	14.250	-0.250	+1.250
0.5% barges	(\$/mt)	5.250	+0.500	-0.250
Singapore 0.5%	(\$/mt)	6.250	+0.000	-1.750
NGLs				
US Propane LST	(c/gal)	-0.880	+0.120	-0.260
NWE Propane	(\$/mt)	5.000	+1.000	+4.000
Saudi Propane CP	(\$/mt)	-1.500	+1.500	+6.000
Asian Propane FEI	(\$/mt)	-0.750	+0.250	+1.750
US Butane ENT	(c/gal)	-0.620	+0.000	-0.240
Saudi Butane CP	(\$/mt)	-11.500	+0.500	+3.500



Front Month Cracks and Diffs			
August	12-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.260	+0.190	+0.340
WTI/Brent (\$/bbl)	-3.330	+0.150	+0.400
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	19.890	+0.060	-1.320
NWE Jet crack (\$/bbl)	20.890	+0.040	-1.610
NWE Jet Diff (\$/mt)	53.000	+0.000	-3.500
Gasoil E/W (\$/bbl)	-28.000	-0.750	+0.750
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.150	-0.200	-0.100
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	10.000	-0.600	-0.600
EBOB crack (\$/mt)	15.820	+0.510	-0.080
Singapore 92 crack (\$/bbl)	7.340	+0.820	+0.540
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.500	+0.300	+0.600
European Gasnaph (EBOB vs Naphtha) (\$/mt)	158.650	+3.320	-1.030
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	71.090	+5.250	+3.740
Naphtha			
US C5 ENT vs WTI Crack	-15.210	+0.060	-0.340
NWE Naphtha Crack (\$/bbl)	-8.450	+0.100	+0.150
MOPJ Naphtha Crack (\$/bbl)	-6.570	+0.150	+0.180
Naphtha E/W (NWE vs MOPJ) (\$/mt)	16.750	+0.500	+0.250
Fuel Oil			
3.5% barges crack (\$/bbl)	-8.750	-0.100	-0.020
Singapore 380 crack (\$/bbl)	-5.400	-0.220	+0.490
Singapore 180 crack (\$/bbl)	-4.300	-0.040	+0.850
Visco (180-380) (\$/mt)	7.000	+1.250	+2.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	21.250	-0.900	+3.250
0.5% barges crack (\$/bbl)	3.550	+0.200	-0.650
Singapore 0.5% crack (\$/bbl)	10.200	+0.050	-0.960
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	42.220	-0.960	-1.980
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	78.110	+1.910	-3.990
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	99.080	+1.850	-9.230
0.5% barges/gasoil (\$/mt)	-218.930	+0.550	+7.710
Sing 0.5% vs Sing 10ppm (\$/mt)	-148.720	+0.320	+5.000
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-148.000	-9.500	-19.000
US Propane LST vs Asian Propane FEI (\$/mt)	-214.000	-4.000	-12.500
Asian Propane FEI vs NWE Propane (\$/mt)	66.000	-5.500	-6.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	50.000	-1.500	-7.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-106.890	+2.710	+11.550
Asian Pronap (FEI vs MOPJ) (\$/mt)	-107.640	-1.790	+11.800



Long Tenor Cracks / Diffs

	Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.470	0.260	0.230	0.260	0.300	0.303	0.427
WTI/Brent (\$/bbl)	-3.270	-3.330	-3.510	-3.690	-3.820	-3.823	-4.193
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	18.82	19.89	20.80	21.18	21.11	21.17	21.41
NWE Jet crack (\$/bbl)	19.83	20.89	21.93	22.58	22.61	22.67	23.17
NWE Jet Diff (\$/mt)	53.00	53.00	54.00	56.00	56.50	56.50	58.00
Gasoil E/W (\$/bbl)	-29.27	-28.00	-27.46	-26.46	-24.61	-25.23	-22.71
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.30	-1.15	-1.02	-0.87	-0.72	-0.72	-0.54
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	12.260	10.000	-4.840	2.510	5.000	5.150	15.233
EBOB crack (\$/mt)	15.100	15.820	14.890	10.040	7.950	8.197	7.540
Singapore 92 crack (\$/bbl)	6.650	7.340	6.980	6.500	5.990	6.097	6.183
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.460	-8.500	-7.920	-3.540	-1.970	-2.100	-1.360
European Gasnaph (EBOB vs Naphtha) (\$/mt)	149.650	158.650	151.400	109.650	92.280	94.447	90.577
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	68.920	71.090	67.670	63.430	59.600	60.627	65.187
Naphtha							
US C5 ENT vs WTI Crack	-16.570	-15.210	-13.970	-12.910	-12.100	-12.163	-10.517
NWE Naphtha Crack (\$/bbl)	-8.190	-8.450	-8.470	-8.260	-8.230	-8.250	-8.330
MOPJ Naphtha Crack (\$/bbl)	-7.040	-6.570	-6.470	-6.390	-6.410	-6.413	-6.737
Naphtha E/W (NWE vs MOPJ) (\$/mt)	10.250	16.750	17.750	16.750	16.250	16.333	14.083
Fuel Oil							
3.5% bgs crack (\$/bbl)	-8.650	-8.750	-9.210	-10.120	-10.560	-10.433	-10.180
Singapore 380 crack (\$/bbl)	-5.220	-5.400	-6.950	-8.270	-8.810	-8.640	-8.680
Singapore 180 crack (\$/bbl)	-4.240	-4.300	-5.660	-6.540	-6.920	-6.763	-6.523
Visco (180-380) (\$/mt)	6.250	7.000	8.250	11.000	12.000	11.917	13.750
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	21.750	21.250	14.250	11.750	11.000	11.300	9.483
0.5% bgs crack (\$/bbl)	2.900	3.550	3.610	3.440	3.250	3.243	2.867
Singapore 0.5% crack (\$/bbl)	9.990	10.200	10.110	9.890	9.700	9.690	9.080
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	44.970	42.220	41.220	40.970	40.970	40.970	39.433
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	73.360	78.110	81.360	86.110	87.610	86.777	82.860
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	96.580	99.080	108.330	115.330	117.580	116.447	112.810
0.5% bgs/gasoil (\$/mt)	-216.530	-218.930	-224.330	-227.490	-227.530	-228.103	-230.587
Sing 0.5% vs Sing 10ppm (\$/mt)	-142.100	-148.720	-155.710	-160.150	-162.040	-161.987	-168.520
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-158.71	-148	-138.42	-130.4	-127	-127.923	-115.583
US Propane LST vs Asian Propane FEI (\$/mt)	-224.21	-214	-210.17	-208.4	-208.5	-207.423	-190.25
Asian Propane FEI vs NWE Propane (\$/mt)	65.5	66	71.75	78	81.5	79.5	74.667
Asian Propane FEI vs Saudi Propane CP (\$/mt)	55	50	49.25	44.5	40	39.167	22.333
European Pronap (\$/mt)	-113.39	-106.89	-103.89	-100.64	-94.89	-95.057	-98.807
Asian Pronap (FEI vs MOPJ) (\$/mt)	-113.14	-107.64	-99.14	-83.89	-69.64	-71.057	-60.557



Inter-month Crack Spreads			
Aug/Sep	12-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.030	+0.040	+0.080
WTI/Brent (\$/bbl)	0.180	+0.080	+0.110
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.910	+0.000	-0.060
NWE Jet crack (\$/bbl)	-1.040	-0.010	-0.180
NWE Jet Diff (\$/mt)	-1.000	+0.000	-1.000
Gasoil E/W (\$/bbl)	-0.540	-0.450	-0.270
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.130	-0.100	-0.150
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	14.840	+0.070	-0.130
EBOB crack (\$/mt)	0.930	+0.060	-0.090
Singapore 92 crack (\$/bbl)	0.360	+0.370	+0.270
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.580	+0.310	+0.350
European Gasnaph (EBOB vs Naphtha) (\$/mt)	7.250	+0.250	+0.000
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	3.420	+3.010	+3.670
Naphtha			
US C5 ENT vs WTI Crack	-1.240	-0.170	-0.220
NWE Naphtha Crack (\$/bbl)	0.020	+0.050	-0.050
MOPJ Naphtha Crack (\$/bbl)	-0.100	+0.010	-0.150
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-1.000	-0.250	-0.750
Fuel Oil			
3.5% barges crack (\$/bbl)	0.460	-0.120	-0.240
Singapore 380 crack (\$/bbl)	1.550	-0.190	-0.250
Singapore 180 crack (\$/bbl)	1.360	-0.100	+0.120
Visco (180-380) (\$/mt)	-1.250	+0.500	+2.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	7.000	-0.500	+0.000
0.5% barges crack (\$/bbl)	-0.060	+0.010	-0.130
Singapore 0.5% crack (\$/bbl)	0.090	-0.070	-0.390
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	1.000	-0.500	-1.500
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-3.250	+0.750	+0.750
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-9.250	+0.750	-0.630
0.5% barges/gasoil (\$/mt)	5.400	-0.120	-0.560
Sing 0.5% vs Sing 10ppm (\$/mt)	6.990	+0.000	-1.760
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-9.580	-0.370	-5.350
US Propane LST vs Asian Propane FEI (\$/mt)	-3.830	+0.380	-3.100
Asian Propane FEI vs NWE Propane (\$/mt)	-5.750	-0.750	-2.250
Asian Propane FEI vs Saudi Propane CP (\$/mt)	0.750	-1.250	-4.250
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-3.000	+0.000	+3.750