



Market Summary

Oil falls...is it China, APIs, demand, economy, what?

Broader economic signals have been bearish for a while, and OPEC stand to return to producing more, casting a further bearish tint on the market. We have been surprised by the price resilience, where any negative reports are either dismissed, or the market rapidly picks itself up, à la Trump, and keeps going. But the weight is there, shaving off a few pennies here and there. WTI's \$80/bbl defense line looks tattered, while Brent closed at \$84/bbl flat. Sept Dubai lost 14c, but premiums widened to \$1.73. (Fig.1) The big hitter in the window was Exxon, filling almost any bid, dumping 16 Sept Dubai partials in the \$83.65-83.71/bbl range.

Exxon has been a seller for two months. They know something for sure, from production in Guyana to US retail sales. But there are always buyers. PetroChina, BP and Sietco were on the buy side, happily scooping up cargoes as prices slide. Exxon also declared one Upper Zakum to Shell and another to PetroChina.

Diesel continued to build in the US, API's showed. This weakness in gasoil markets was mirrored in China, who printed a 7.5% decline y-o-y in diesel production. But refineries continue to bid for crude. Does this imply a strong resurgence in Chinese demand for the second half, as expected by the IMF, OPEC and the IEA? Or state inventory replenishment? Meanwhile, we wait for the DOEs.

Third Plenum started with officials laying out the long-term strategic agenda for China's modernization. Although major changes in direction are unlikely in this meeting, small nudges to pre-existing policy could have considerable effects in commodity markets. Key themes are likely to involve the continued development of renewable energy infrastructure, and regional unification, as geographical disparities grow.

China has been a front runner in solar energy, but due to grid bottlenecks and stiff competition, y-o-y generation weakened. For the period Jan – April, in 2024 solar power generation has fallen by over 11% compared to the previous year.

Unification of China's fragmented grid infrastructure would enable the further deployment of renewable infrastructure. But the road to utopia will not be smooth, as the world's largest commodity importer remains paralyzed by a collapsing housing market, mounting regional debt and weak manufacturing.

Summary		17-Jul-24	1-Day Change	7-Day Change
Physical and Futures				
Brent Sep (fut)	(\$/bbl)	84.000	-0.120	-0.510
WTI Sep (fut)	(\$/bbl)	80.040	-0.050	-0.390
Dubai Sep (phys)	(\$/bbl)	83.700	-0.140	-0.885
Crude Swaps Aug				
Brent	(\$/bbl)	83.000	-0.180	-0.685
DFL	(\$/bbl)	1.010	+0.010	+0.240
WTI	(\$/bbl)	79.640	+0.800	-0.475
Dubai	(\$/bbl)	82.750	-0.140	-0.940
Tenor		Sep-24	Oct-24	Nov-24
Crude Futures				
Brent (fut)	(\$/bbl)	84.000	83.000	82.240
WTI (fut)	(\$/bbl)	80.040	78.950	78.080



In detail

As at 09:30 BST, crude markets fell against the close of Asia yesterday. September Brent futures dropped by \$0.12 to \$84/bbl. September WTI futures lost \$0.05/bbl, at \$80.04/bbl. Our Dubai assessment of physical cargoes for September fell by \$0.14/bbl, to close the window at \$83.70/bbl. Physical premiums for September Dubai increased by 3c to \$1.73/bbl.

Ahead of the Third Plenum, sentiment surrounding China remains one of pessimism. And this pessimism is justified. In June, total crude available to refineries was 15.67mb/d. Only 4.37mb/d were procured through domestic production, the other 11.3mb/d were imported.

But, in June, refinery throughput stood at only 14.19mb/d according to official data, 3.7% below the same month the year prior. The excess supply has been a consistent theme this year. Throughout this year so far, available crude barrels averaged 15.34mb/d whilst refineries only processed 14.44mb/d, leaving a 900kb/d surplus.

The run cuts are hardly surprising, especially for teapots, where refining margins are sitting at 5-year lows. And it doesn't look like business for China's independent refiners will become easier. In the interest of fiscal responsibility, Beijing may be considering changes to tax legislation during meetings this week. Teapots would be a likely casualty. According to CNPC, around 40% of all gasoline and diesel produced by these refiners was taxed improperly in 2023. Several refiners are testing further Canadian TMX cargoes. Long term the oil is going there!

China's weak commodity outlook goes beyond oil. SHFE copper inventories have ballooned to 319.5k tons for the week ending June 28, drastically elevated above the 68.3k the same time last year. Two copper smelters have already announced intentions to cut production next year, in anticipation of continued supply – demand mismatch. Watch out Andurand and fellow happy go lucky longs. We think housing starts in the US are also awful.

Weakness in Asia is also apparent in Singapore, where exports disappointed consensus forecasts in June by a large margin. Exports declined by 8.7% against the same time last year, far below market expectations of a 1.3% fall. Singapore's economy is driven by exports, but out of the six months so far this year, five prints have been contractionary.

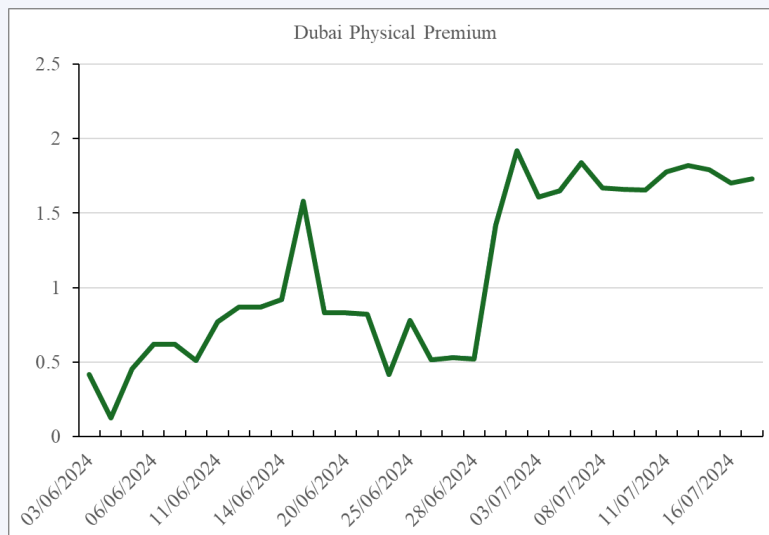




Figure 1: Dubai physical premium, Onyx Flux and authors calculations

Jorge Montepeque: 


Managing Director for Benchmarking

jmontepeque@onyxcapitalgroup.com

Harinder Sandhu: 

Quantitative Research Analyst

hsandhu@onyxcapitaladvisory.com

Will Cunliffe: 

Research Analyst

wcunliffe@onyxcapitaladvisory.com



Front Month Outrights					
August Swaps			17-Jul-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)	83.000	-0.180	-0.685	
WTI	(\$/bbl)	79.640	+0.800	-0.475	
Dubai	(\$/bbl)	82.750	-0.140	-0.940	
Distillates					
Gasoil 0.1 NWE	(\$/mt)	758.520	-9.290	-11.790	
NWE Jet	(\$/mt)	811.020	-8.160	-13.290	
Singapore 10ppm	(\$/bbl)	98.460	-0.960	-1.350	
Sing Kero	(\$/bbl)	97.380	-1.010	-1.510	
Gasoline					
RBOB	(c/gal)	244.620	+18.830	-2.855	
EBOB	(\$/mt)	817.340	-1.790	-10.360	
Singapore 92	(\$/bbl)	90.170	-0.110	-0.290	
Singapore 95	(\$/bbl)	94.530	-0.100	-0.290	
Naphtha					
US C5 ENT	(c/gal)	154.070	-1.330	-0.810	
NWE Naphtha	(\$/mt)	670.530	-0.800	+1.610	
MOPJ Naphtha	(\$/mt)	689.620	-0.210	+3.950	
Fuel Oil					
3.5% barges	(\$/mt)	472.120	-4.130	-7.940	
Singapore 380	(\$/mt)	493.940	-1.310	-6.870	
Singapore 180	(\$/mt)	500.440	-1.310	-5.120	
0.5% barges	(\$/mt)	550.350	-1.020	-5.340	
Singapore 0.5%	(\$/mt)	591.570	-1.390	-7.230	
NGLs					
US Propane LST	(c/gal)	79.435	-0.692	-3.285	
NWE Propane	(\$/mt)	566.310	+0.850	+5.340	
Saudi Propane CP	(\$/mt)	583.310	+0.350	-0.660	
Asian Propane FEI	(\$/mt)	633.310	+0.850	-2.660	
US Butane ENT	(c/gal)	97.050	+0.040	-1.920	
Saudi Butane CP	(\$/mt)	568.310	+0.350	-0.660	



Long Tenor Swaps

		Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	83.910	83.000	82.210	81.560	81.010	81.030	79.683
WTI	(\$/bbl)	80.430	79.640	78.690	77.860	77.160	77.183	75.500
Dubai	(\$/bbl)	83.650	82.750	81.970	81.280	80.690	80.700	79.257
Distillates								
Gasoil 0.1 NWE	(\$/mt)	757.500	758.520	759.930	758.070	753.330	753.990	746.517
NWE Jet	(\$/mt)	812.000	811.020	812.430	812.570	808.830	809.490	804.017
Singapore 10ppm	(\$/bbl)	98.310	98.460	98.590	98.450	98.050	98.060	97.373
Sing Kero	(\$/bbl)	97.180	97.380	97.680	97.720	97.500	97.507	96.983
Gasoline								
RBOB	(c/gal)	247.620	244.620	225.540	219.860	216.140	216.850	222.497
EBOB	(\$/mt)	820.340	817.340	804.340	760.340	739.590	741.840	725.840
Singapore 92	(\$/bbl)	90.970	90.170	89.020	87.940	87.060	87.170	86.050
Singapore 95	(\$/bbl)	95.480	94.530	93.280	92.150	91.070	91.213	89.660
Naphtha								
US C5 ENT	(c/gal)	153.320	154.070	154.690	154.940	155.060	155.020	154.310
NWE Naphtha	(\$/mt)	684.030	670.530	662.780	658.160	653.040	652.997	638.873
MOP-Japan Naphtha	(\$/mt)	695.620	689.620	681.870	676.120	670.370	670.453	653.953
Fuel Oil								
3.5% barges	(\$/mt)	477.370	472.120	465.370	455.620	448.620	449.620	441.787
Singapore 380	(\$/mt)	501.940	493.940	479.180	466.430	457.930	459.347	449.013
Singapore 180	(\$/mt)	507.690	500.440	487.180	476.430	468.930	470.263	462.013
0.5% barges	(\$/mt)	554.100	550.350	544.850	539.100	533.850	534.017	522.183
Singapore 0.5%	(\$/mt)	597.320	591.570	585.320	579.570	574.320	574.487	561.487
NGLs								
US Propane LST	(c/gal)	78.555	79.435	80.315	81.565	82.315	82.065	80.855
NWE Propane	(\$/mt)	570.310	566.310	561.310	559.810	559.310	559.477	540.810
Saudi Propane CP	(\$/mt)	583.310	583.310	585.310	593.810	602.310	600.977	593.810
Asian Propane FEI	(\$/mt)	637.810	633.310	634.310	638.310	642.310	640.143	617.310
US Butane ENT	(c/gal)	96.300	97.050	97.430	98.430	99.180	98.930	96.680
Saudi Butane CP	(\$/mt)	568.310	568.310	577.310	588.810	597.810	596.310	588.477



Front Month Spreads				
Aug/Sep		17-Jul-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.790	+0.020	-0.680
WTI	(\$/bbl)	0.950	+0.140	-0.640
Dubai	(\$/bbl)	0.780	+0.030	-0.730
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-1.410	-4.000	-2.760
NWE Jet	(\$/mt)	-1.410	+0.220	+2.460
Singapore 10ppm	(\$/bbl)	-0.130	-0.060	+0.060
Sing Kero	(\$/bbl)	-0.300	-0.070	+0.080
Gasoline				
RBOB	(c/gal)	19.080	+13.560	-5.600
EBOB	(\$/mt)	13.000	+0.000	-14.250
Singapore 92	(\$/bbl)	1.150	+0.000	-0.790
Singapore 95	(\$/bbl)	1.250	+0.000	-0.890
Naphtha				
US C5 ENT	(c/gal)	-0.620	-0.120	+0.260
NWE Naphtha	(\$/mt)	7.750	+0.000	-6.250
MOP-Japan Naphtha	(\$/mt)	7.750	-0.250	-6.000
Fuel Oil				
3.5% barges	(\$/mt)	6.750	-1.750	-10.750
Singapore 380	(\$/mt)	14.760	-0.740	-17.490
Singapore 180	(\$/mt)	13.260	-0.990	-15.490
0.5% barges	(\$/mt)	5.500	+0.000	-5.000
Singapore 0.5%	(\$/mt)	6.250	+0.000	-7.000
NGLs				
US Propane LST	(c/gal)	-0.880	+0.000	+0.750
NWE Propane	(\$/mt)	5.000	+1.000	-2.500
Saudi Propane CP	(\$/mt)	-2.000	+1.000	+4.500
Asian Propane FEI	(\$/mt)	-1.000	+0.500	+1.000
US Butane ENT	(c/gal)	-0.380	+0.120	+0.620
Saudi Butane CP	(\$/mt)	-9.000	+2.000	+13.000



Front Month Cracks and Diffs			
August	17-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.250	-0.040	+0.250
WTI/Brent (\$/bbl)	-3.350	+0.090	+0.210
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	18.800	-1.000	-0.920
NWE Jet crack (\$/bbl)	19.920	-0.860	-1.010
NWE Jet Diff (\$/mt)	52.500	+0.500	-1.500
Gasoil E/W (\$/bbl)	-25.000	+1.500	+1.750
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.080	-0.050	-0.160
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	11.000	+0.750	+0.100
EBOB crack (\$/mt)	15.130	-0.020	-0.530
Singapore 92 crack (\$/bbl)	7.170	+0.070	+0.410
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-7.950	+0.100	+0.950
European Gasnaph (EBOB vs Naphtha) (\$/mt)	147.010	-0.790	-11.940
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	61.660	-0.540	-6.280
Naphtha			
US C5 ENT vs WTI Crack	-14.920	-0.470	+0.180
NWE Naphtha Crack (\$/bbl)	-7.650	+0.100	+0.900
MOPJ Naphtha Crack (\$/bbl)	-5.520	+0.150	+1.150
Naphtha E/W (NWE vs MOPJ) (\$/mt)	19.000	+0.500	+2.250
Fuel Oil			
3.5% barges crack (\$/bbl)	-8.650	-0.470	-0.550
Singapore 380 crack (\$/bbl)	-5.230	-0.040	-0.400
Singapore 180 crack (\$/bbl)	-4.200	-0.040	-0.120
Visco (180-380) (\$/mt)	6.500	+0.000	+1.750
HSFO E/W (380 vs 3.5% barges) (\$/mt)	21.750	+2.750	+1.000
0.5% barges crack (\$/bbl)	3.650	+0.000	-0.160
Singapore 0.5% crack (\$/bbl)	10.140	-0.060	-0.460
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	41.220	-0.370	-1.890
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	78.100	+2.980	+2.480
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	97.570	-0.140	-0.420
0.5% barges/gasoil (\$/mt)	-208.100	+7.370	+6.840
Sing 0.5% vs Sing 10ppm (\$/mt)	-142.190	+5.160	+2.880
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-152.500	-4.500	-22.500
US Propane LST vs Asian Propane FEI (\$/mt)	-219.500	-4.500	-14.500
Asian Propane FEI vs NWE Propane (\$/mt)	67.000	+0.000	-8.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	50.000	+0.500	-2.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-104.480	+1.300	+3.260
Asian Pronap (FEI vs MOPJ) (\$/mt)	-106.480	+0.300	-4.900



Long Tenor Cracks / Diffs

	Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.250	0.250	0.230	0.290	0.340	0.343	0.440
WTI/Brent (\$/bbl)	-3.480	-3.350	-3.510	-3.700	-3.860	-3.847	-4.187
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	17.77	18.80	19.79	20.19	20.10	20.17	20.52
NWE Jet crack (\$/bbl)	19.14	19.92	20.89	21.54	21.62	21.69	22.35
NWE Jet Diff (\$/mt)	54.50	52.50	52.50	54.50	55.50	55.50	57.50
Gasoil E/W (\$/bbl)	-25.09	-25.00	-25.43	-24.63	-22.88	-23.46	-21.08
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.13	-1.08	-0.91	-0.73	-0.55	-0.55	-0.39
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	13.140	11.000	-4.360	2.530	4.740	4.810	15.033
EBOB crack (\$/mt)	14.580	15.130	14.360	9.720	7.780	8.033	7.467
Singapore 92 crack (\$/bbl)	7.080	7.170	6.820	6.380	6.060	6.143	6.373
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-7.510	-7.950	-7.540	-3.340	-1.730	-1.890	-1.090
European Gasnaph (EBOB vs Naphtha) (\$/mt)	136.510	147.010	141.760	102.380	86.750	89.043	87.167
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	62.330	61.660	59.830	56.590	55.010	55.840	63.010
Naphtha							
US C5 ENT vs WTI Crack	-16.020	-14.920	-13.710	-12.770	-12.030	-12.067	-10.680
NWE Naphtha Crack (\$/bbl)	-7.040	-7.650	-7.730	-7.600	-7.620	-7.653	-7.883
MOPJ Naphtha Crack (\$/bbl)	-5.750	-5.520	-5.590	-5.590	-5.690	-5.697	-6.200
Naphtha E/W (NWE vs MOPJ) (\$/mt)	11.500	19.000	19.000	17.870	17.240	17.367	14.990
Fuel Oil							
3.5% bgs crack (\$/bbl)	-8.730	-8.650	-8.920	-9.810	-10.360	-10.220	-10.100
Singapore 380 crack (\$/bbl)	-4.870	-5.230	-6.750	-8.120	-8.910	-8.707	-8.967
Singapore 180 crack (\$/bbl)	-3.970	-4.200	-5.500	-6.540	-7.180	-6.983	-6.937
Visco (180-380) (\$/mt)	5.750	6.500	8.000	10.000	11.000	10.917	13.000
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	24.500	21.750	13.740	10.740	9.240	9.657	7.157
0.5% bgs crack (\$/bbl)	3.340	3.650	3.580	3.310	3.040	3.040	2.537
Singapore 0.5% crack (\$/bbl)	10.140	10.140	9.950	9.690	9.410	9.420	8.733
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	43.220	41.220	40.470	40.470	40.470	40.470	39.303
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	76.600	78.100	79.350	83.350	85.100	84.267	80.267
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	95.320	97.570	106.080	113.080	116.330	115.080	112.413
0.5% bgs/gasoil (\$/mt)	-203.330	-208.100	-215.010	-218.900	-219.750	-220.080	-224.320
Sing 0.5% vs Sing 10ppm (\$/mt)	-135.330	-142.190	-149.410	-153.820	-156.390	-156.247	-164.110
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-161.08	-152.5	-142.91	-134.9	-130.49	-131.96	-119.597
US Propane LST vs Asian Propane FEI (\$/mt)	-228.58	-219.5	-215.91	-213.4	-213.49	-212.627	-196.097
Asian Propane FEI vs NWE Propane (\$/mt)	67.5	67	73	78.5	83	80.667	76.5
Asian Propane FEI vs Saudi Propane CP (\$/mt)	54.5	50	49	44.5	40	39.167	23.5
European Pronap (\$/mt)	-113.98	-104.48	-101.73	-98.61	-93.99	-93.78	-98.323
Asian Pronap (FEI vs MOPJ) (\$/mt)	-112.48	-106.48	-96.73	-82.48	-68.23	-69.647	-60.313



Inter-month Crack Spreads			
Aug/Sep	17-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.020	+0.000	+0.080
WTI/Brent (\$/bbl)	0.160	+0.040	+0.080
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.990	-0.150	-0.130
NWE Jet crack (\$/bbl)	-0.970	+0.000	+0.010
NWE Jet Diff (\$/mt)	0.000	+1.000	+1.000
Gasoil E/W (\$/bbl)	0.430	+0.320	+0.110
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.170	-0.010	-0.140
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	15.360	+0.510	+0.270
EBOB crack (\$/mt)	0.770	-0.030	-0.240
Singapore 92 crack (\$/bbl)	0.350	-0.040	+0.260
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.410	+0.000	+0.520
European Gasnaph (EBOB vs Naphtha) (\$/mt)	5.250	+0.000	-2.750
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	1.830	+0.250	+1.000
Naphtha			
US C5 ENT vs WTI Crack	-1.210	-0.110	-0.270
NWE Naphtha Crack (\$/bbl)	0.080	-0.030	+0.080
MOPJ Naphtha Crack (\$/bbl)	0.070	-0.060	+0.140
Naphtha E/W (NWE vs MOPJ) (\$/mt)	0.000	-0.250	+0.500
Fuel Oil			
3.5% barges crack (\$/bbl)	0.270	-0.300	-0.440
Singapore 380 crack (\$/bbl)	1.520	-0.150	-0.420
Singapore 180 crack (\$/bbl)	1.300	-0.180	-0.290
Visco (180-380) (\$/mt)	-1.500	-0.250	+0.750
HSFO E/W (380 vs 3.5% barges) (\$/mt)	8.010	+1.010	+0.260
0.5% barges crack (\$/bbl)	0.070	-0.030	-0.020
Singapore 0.5% crack (\$/bbl)	0.190	-0.020	-0.210
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	0.750	+0.000	-1.250
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-1.250	+1.750	+2.750
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-8.510	+0.740	+1.240
0.5% barges/gasoil (\$/mt)	6.910	+0.630	+0.820
Sing 0.5% vs Sing 10ppm (\$/mt)	7.220	+0.450	-0.670
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-9.590	-1.000	-2.180
US Propane LST vs Asian Propane FEI (\$/mt)	-3.590	-0.500	-0.180
Asian Propane FEI vs NWE Propane (\$/mt)	-6.000	-0.500	-2.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	1.000	-0.500	-2.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-2.750	+1.000	+0.000