



Market Summary

Crude rallies, but focus on the cracks

The Americans wake up, and the markets go up. The Chinese and the Europeans sold oil earlier, but never mind, the Yankees are an optimistic bunch! September Brent futures had drifted too far from the comfort zone, at the \$85/bbl handle, and snapped right back throughout the afternoon, almost like a rubber band, pulling it back up. Just as we were starting to think there was a return to rational, fundamental-driven price discovery. Yes, the EIA printed a draw in crude of 4.87mbbls, which added fuel to the fire, but the rally started before that. Since 11:00 BST, front month Brent gained \$1.15/bbl to close the window at \$84.75/bbl.

But downstream, consumer demand is not there. Gasoline stocks jumped by 3.328mbbls, far above the market's expectations of a 1.7mbbl draw. Consequently, RBOB cracks weakened further. (Figure 2) Driving season is disappointing in a big way. Gasoline is not behaving as hoped for, and maybe another rubber band is developing, pulling the other way. Refiners do not make summer products to store them in tanks.

There may also be trouble on the horizon for petchems. High global interest rates depress households' appetites for homeownership. US mortgage rates remain high at nearly 7%, so it's understandable why people hold off. Although housing starts increased by 3% on the month in June, they remain 7.7% below the same month in 2023 and 26% below their April 2022 peak, as the higher for longer interest rate narrative takes effect. Mortgage applications increased by 3.9%, mainly driven by refinancing applications, which soared by 15% to the highest levels in two years. According to the Mortgage Bankers Association, new home applications fell by 3% and remain almost 60% below their January 2021 peak. (Figure 1)

Petchems are vital inputs for construction. Polystyrene is used for insulation, polypropylene is used in weatherproofing, PVC is used for infrastructure such as water pipes, and polyethylene is used on the sleeves of electrical wiring. Therefore, upside risks to the derived demand for petrochemicals are mounting.

Summary					
Physical and Futures			17-Jul-24	1-Day Change	7-Day Change
Brent Sep (fut)	(\$/bbl)	84.750	+0.660	-0.700	
WTI Sep (fut)	(\$/bbl)	81.030	+1.030	-0.350	
Dubai Sep (phys)	(\$/bbl)	84.320	+0.510	-1.025	
Crude Swaps Aug					
Brent	(\$/bbl)	83.680	+0.580	-0.835	
DFL	(\$/bbl)	1.090	+0.090	+0.200	
WTI	(\$/bbl)	80.590	+0.960	-0.455	
Dubai	(\$/bbl)	83.380	+0.510	-1.090	
Tenor			Sep-24	Oct-24	Nov-24
Crude Futures					
Brent (fut)	(\$/bbl)	84.750	83.710	82.880	
WTI (fut)	(\$/bbl)	81.030	79.790	78.820	



In detail

As at 16:30 BST, September WTI and Brent futures bounced back to \$81.03/bbl and \$84.75/bbl, respectively. Against the same time yesterday, the Brent front-month futures contract rose by \$0.66/bbl, while the WTI contract leaped by \$1.03/bbl over the same period. The M1/M2 spreads for Brent futures also increased by 10c to an elevated \$1.04/bbl. Dated Brent was a yawner, but don't sleep yourself, as some rudeness will wake you. JP Morgan is coming in bearish on oil prices, but hey, banks have all kinds of opinions. But gasoline is bad globally, really bad.

This morning, consumer prices in the UK crept up by 0.1% against the same time the month prior, with the headline annualized rate remaining at 2%, in line with the MPC's target but above the market consensus forecast of 1.9%. Services inflation remains a crucial source of domestic inflationary pressure, steady at 5.7%, also missing forecasts by 0.1% to the upside. The Bank of England, in their most recent MPR, had expected services inflation to have eased to 5.1% by now.

Markets now assign only a 30% chance of an August cut, compared to almost 50% yesterday. Consequently, sterling gained on the print, trading at \$1.30, the strongest in over a year.

Despite markets pricing down expectations of cuts, the committee remains split on the importance of price pressure concentrated in the services sector. In the last meeting, two members pushed for a rate cut. Will further members swing? All will be decided on August 1.

Today, the first King's speech under the new government detailed an elaborate agenda, mentioning 39 bills in total, only surpassed by Blair's 2005 agenda. The new policies spanned planning and infrastructure to public transport. The new government also proposed the so called 'Great British Energy Bill', which details a new state-owned energy company, capitalized by £8.3 billion in taxpayer money. It will, of course, be focused on renewables. If history is a guide, such money will be lost, like tears in the rain.

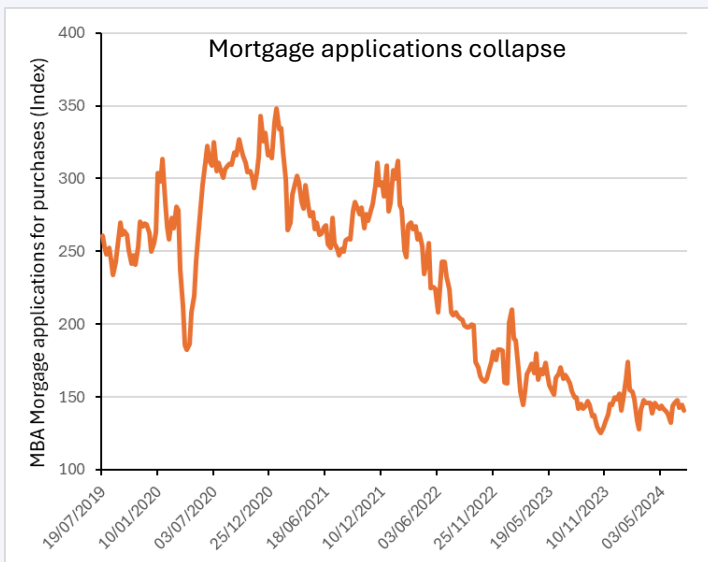


Figure 1: MBA mortgage applications for purchases, Bloomberg

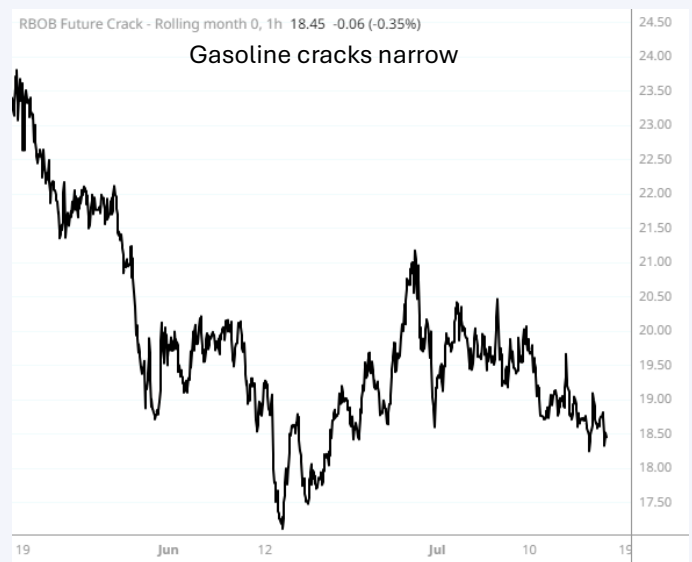
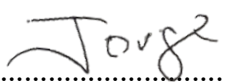




Figure 2: RBOB crack, Onyx Flux

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Front Month Outrights				
August Swaps		17-Jul-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	83.680	+0.580	-0.835
WTI	(\$/bbl)	80.590	+0.960	-0.455
Dubai	(\$/bbl)	83.380	+0.510	-1.090
Distillates				
Gasoil 0.1 NWE	(\$/mt)	763.020	+1.670	-13.460
NWE Jet	(\$/mt)	814.020	+0.170	-15.460
Singapore 10ppm	(\$/bbl)	99.030	+0.330	-1.640
Sing Kero	(\$/bbl)	97.860	+0.270	-1.860
Gasoline				
RBOB	(c/gal)	245.830	+1.640	-3.585
EBOB	(\$/mt)	819.830	+3.890	-14.660
Singapore 92	(\$/bbl)	90.620	+0.280	-0.560
Singapore 95	(\$/bbl)	94.970	+0.280	-0.570
Naphtha				
US C5 ENT	(c/gal)	155.470	+0.780	-0.330
NWE Naphtha	(\$/mt)	677.110	+5.600	+4.270
MOPJ Naphtha	(\$/mt)	695.110	+5.180	+5.770
Fuel Oil				
3.5% barges	(\$/mt)	472.310	+0.120	-11.240
Singapore 380	(\$/mt)	494.560	+1.440	-10.490
Singapore 180	(\$/mt)	501.060	+1.370	-8.990
0.5% barges	(\$/mt)	556.450	+7.810	-2.670
Singapore 0.5%	(\$/mt)	596.460	+5.590	-6.470
NGLs				
US Propane LST	(c/gal)	78.876	-0.637	-3.784
NWE Propane	(\$/mt)	570.940	+5.180	+4.780
Saudi Propane CP	(\$/mt)	587.440	+4.680	+2.280
Asian Propane FEI	(\$/mt)	637.440	+5.180	+0.780
US Butane ENT	(c/gal)	97.380	+0.370	-1.660
Saudi Butane CP	(\$/mt)	575.490	+7.730	+5.330



Long Tenor Swaps

		Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	84.660	83.680	82.850	82.190	81.620	81.640	80.247
WTI	(\$/bbl)	81.530	80.590	79.510	78.600	77.860	77.890	76.130
Dubai	(\$/bbl)	84.280	83.380	82.590	81.880	81.270	81.283	79.840
Distillates								
Gasoil 0.1 NWE	(\$/mt)	762.000	763.020	764.430	762.570	758.170	758.667	750.653
NWE Jet	(\$/mt)	815.000	814.020	815.430	816.570	813.170	813.667	808.653
Singapore 10ppm	(\$/bbl)	98.860	99.030	99.170	99.030	98.680	98.667	97.940
Sing Kero	(\$/bbl)	97.660	97.860	98.120	98.190	98.040	98.020	97.470
Gasoline								
RBOB	(c/gal)	249.050	245.830	226.860	221.240	217.500	218.190	223.667
EBOB	(\$/mt)	822.830	819.830	807.830	764.330	744.080	746.163	730.247
Singapore 92	(\$/bbl)	91.220	90.620	89.570	88.570	87.740	87.840	86.740
Singapore 95	(\$/bbl)	95.720	94.970	93.820	92.770	91.740	91.873	90.340
Naphtha								
US C5 ENT	(c/gal)	154.720	155.470	156.090	156.470	156.590	156.550	155.840
NWE Naphtha	(\$/mt)	691.610	677.110	668.610	663.610	658.110	658.110	643.193
MOP-Japan Naphtha	(\$/mt)	701.110	695.110	687.110	681.110	675.110	675.193	657.943
Fuel Oil								
3.5% barges	(\$/mt)	477.310	472.310	466.310	457.310	450.810	451.727	444.227
Singapore 380	(\$/mt)	502.810	494.560	480.810	468.460	460.210	461.627	451.543
Singapore 180	(\$/mt)	507.810	501.060	488.810	478.460	471.210	472.543	464.543
0.5% barges	(\$/mt)	560.200	556.450	549.950	543.950	538.330	538.497	526.293
Singapore 0.5%	(\$/mt)	602.460	596.460	590.210	584.210	578.960	579.043	565.877
NGLs								
US Propane LST	(c/gal)	77.996	78.876	79.756	81.006	81.756	81.506	80.583
NWE Propane	(\$/mt)	576.440	570.940	565.440	563.440	562.440	562.607	542.940
Saudi Propane CP	(\$/mt)	587.440	587.440	588.940	597.440	605.440	604.273	596.440
Asian Propane FEI	(\$/mt)	641.940	637.440	638.440	642.440	645.940	643.940	620.107
US Butane ENT	(c/gal)	96.630	97.380	97.760	98.760	99.510	99.260	97.010
Saudi Butane CP	(\$/mt)	575.490	575.490	581.990	592.990	601.490	600.157	591.657



Front Month Spreads				
Aug/Sep		17-Jul-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.830	+0.060	+0.065
WTI	(\$/bbl)	1.080	+0.170	+0.205
Dubai	(\$/bbl)	0.790	+0.030	+0.010
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-1.410	-0.240	-0.240
NWE Jet	(\$/mt)	-1.410	-0.240	+0.760
Singapore 10ppm	(\$/bbl)	-0.140	+0.010	-0.030
Sing Kero	(\$/bbl)	-0.260	+0.010	-0.110
Gasoline				
RBOB	(c/gal)	18.970	+0.220	-0.075
EBOB	(\$/mt)	12.000	-0.500	-2.250
Singapore 92	(\$/bbl)	1.050	-0.080	+0.290
Singapore 95	(\$/bbl)	1.150	-0.080	+0.290
Naphtha				
US C5 ENT	(c/gal)	-0.620	+0.000	-0.240
NWE Naphtha	(\$/mt)	8.500	+0.500	+2.750
MOP-Japan Naphtha	(\$/mt)	8.000	+0.000	+2.750
Fuel Oil				
3.5% barges	(\$/mt)	6.000	-0.750	-3.250
Singapore 380	(\$/mt)	13.750	-1.000	-3.500
Singapore 180	(\$/mt)	12.250	-1.000	-2.750
0.5% barges	(\$/mt)	6.500	+1.250	+1.750
Singapore 0.5%	(\$/mt)	6.250	+0.250	-0.500
NGLs				
US Propane LST	(c/gal)	-0.880	+0.000	+0.000
NWE Propane	(\$/mt)	5.500	+1.000	+1.500
Saudi Propane CP	(\$/mt)	-1.500	+1.000	+2.000
Asian Propane FEI	(\$/mt)	-1.000	+0.500	+0.000
US Butane ENT	(c/gal)	-0.380	+0.120	+0.240
Saudi Butane CP	(\$/mt)	-6.500	+4.000	+5.500



Front Month Cracks and Diffs			
August	17-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.300	+0.050	+0.250
WTI/Brent (\$/bbl)	-3.090	+0.390	+0.390
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	18.740	-0.330	-0.970
NWE Jet crack (\$/bbl)	19.620	-0.530	-1.120
NWE Jet Diff (\$/mt)	51.000	-1.500	-2.000
Gasoil E/W (\$/bbl)	-25.250	+0.750	+1.250
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.170	-0.060	-0.220
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	11.500	+0.500	+0.600
EBOB crack (\$/mt)	14.740	-0.100	-0.920
Singapore 92 crack (\$/bbl)	6.940	-0.290	+0.300
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-7.800	-0.180	+1.200
European Gasnaph (EBOB vs Naphtha) (\$/mt)	142.720	-1.780	-19.100
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	59.840	-2.850	-10.520
Naphtha			
US C5 ENT vs WTI Crack	-15.280	-0.600	+0.340
NWE Naphtha Crack (\$/bbl)	-7.600	+0.050	+1.340
MOPJ Naphtha Crack (\$/bbl)	-5.580	+0.020	+1.510
Naphtha E/W (NWE vs MOPJ) (\$/mt)	18.000	-0.250	+1.500
Fuel Oil			
3.5% barges crack (\$/bbl)	-9.300	-0.550	-0.900
Singapore 380 crack (\$/bbl)	-5.800	-0.360	-0.790
Singapore 180 crack (\$/bbl)	-4.770	-0.350	-0.540
Visco (180-380) (\$/mt)	6.500	+0.000	+1.500
HSFO E/W (380 vs 3.5% barges) (\$/mt)	22.250	+1.250	+0.750
0.5% barges crack (\$/bbl)	3.950	+0.650	+0.450
Singapore 0.5% crack (\$/bbl)	10.250	+0.300	-0.150
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	40.010	-2.220	-3.800
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	84.140	+7.620	+8.570
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	101.890	+4.140	+4.010
0.5% barges/gasoil (\$/mt)	-206.440	+6.000	+11.000
Sing 0.5% vs Sing 10ppm (\$/mt)	-141.190	+3.180	+5.950
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-160.000	-8.500	-24.500
US Propane LST vs Asian Propane FEI (\$/mt)	-226.500	-8.500	-20.500
Asian Propane FEI vs NWE Propane (\$/mt)	66.500	+0.000	-4.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	50.000	+0.500	-1.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-105.990	-0.330	+0.780
Asian Pronap (FEI vs MOPJ) (\$/mt)	-107.670	-0.710	-3.400



Long Tenor Cracks / Diffs

	Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.390	0.300	0.270	0.310	0.350	0.357	0.420
WTI/Brent (\$/bbl)	-3.150	-3.090	-3.350	-3.590	-3.760	-3.753	-4.120
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	17.62	18.74	19.76	20.17	20.15	20.20	20.51
NWE Jet crack (\$/bbl)	18.76	19.62	20.62	21.44	21.57	21.62	22.37
NWE Jet Diff (\$/mt)	53.00	51.00	51.00	54.00	55.00	55.00	58.00
Gasoil E/W (\$/bbl)	-25.49	-25.25	-25.61	-24.76	-23.01	-23.59	-21.01
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.20	-1.17	-1.05	-0.84	-0.64	-0.65	-0.47
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	13.860	11.500	-4.050	2.760	4.810	4.910	14.950
EBOB crack (\$/mt)	14.130	14.740	14.130	9.580	7.710	7.943	7.417
Singapore 92 crack (\$/bbl)	6.550	6.940	6.710	6.380	6.120	6.203	6.493
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-7.560	-7.800	-7.410	-3.190	-1.590	-1.737	-0.920
European Gasnaph (EBOB vs Naphtha) (\$/mt)	131.220	142.720	139.220	100.720	85.970	88.053	87.053
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	58.840	59.840	59.100	56.770	55.850	56.603	64.687
Naphtha							
US C5 ENT vs WTI Crack	-16.540	-15.280	-13.940	-12.870	-12.080	-12.127	-10.663
NWE Naphtha Crack (\$/bbl)	-6.960	-7.600	-7.750	-7.630	-7.680	-7.693	-7.977
MOPJ Naphtha Crack (\$/bbl)	-5.890	-5.580	-5.670	-5.660	-5.760	-5.770	-6.323
Naphtha E/W (NWE vs MOPJ) (\$/mt)	9.500	18.000	18.500	17.500	17.000	17.083	14.750
Fuel Oil							
3.5% bgs crack (\$/bbl)	-9.500	-9.300	-9.440	-10.160	-10.630	-10.500	-10.290
Singapore 380 crack (\$/bbl)	-5.490	-5.800	-7.140	-8.420	-9.150	-8.947	-9.137
Singapore 180 crack (\$/bbl)	-4.700	-4.770	-5.880	-6.840	-7.410	-7.223	-7.090
Visco (180-380) (\$/mt)	5.000	6.500	8.000	10.000	11.000	10.917	13.000
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	25.500	22.250	14.500	11.150	9.400	9.900	7.317
0.5% bgs crack (\$/bbl)	3.550	3.950	3.750	3.470	3.160	3.163	2.630
Singapore 0.5% crack (\$/bbl)	10.210	10.250	10.090	9.810	9.550	9.543	8.863
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	42.260	40.010	40.260	40.260	40.630	40.547	39.583
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	82.890	84.140	83.640	86.640	87.520	86.770	82.067
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	99.640	101.890	109.390	115.740	118.740	117.407	114.323
0.5% bgs/gasoil (\$/mt)	-201.670	-206.440	-214.500	-218.560	-219.710	-220.063	-224.230
Sing 0.5% vs Sing 10ppm (\$/mt)	-133.930	-141.190	-148.490	-153.370	-155.940	-155.830	-163.530
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-170.09	-160	-149.92	-141.4	-136.5	-137.967	-123.107
US Propane LST vs Asian Propane FEI (\$/mt)	-235.59	-226.5	-222.92	-220.4	-220	-219.3	-200.273
Asian Propane FEI vs NWE Propane (\$/mt)	65.5	66.5	73	79	83.5	81.333	77.167
Asian Propane FEI vs Saudi Propane CP (\$/mt)	54.5	50	49.5	45	40.5	39.667	23.667
European Pronap (\$/mt)	-114.99	-105.99	-102.99	-99.99	-95.49	-95.323	-100.073
Asian Pronap (FEI vs MOPJ) (\$/mt)	-113.67	-107.67	-98.17	-83.67	-69.67	-70.92	-61.503



Inter-month Crack Spreads			
Aug/Sep	17-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.030	+0.020	+0.040
WTI/Brent (\$/bbl)	0.260	+0.130	+0.160
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-1.020	-0.080	-0.100
NWE Jet crack (\$/bbl)	-1.000	-0.070	+0.060
NWE Jet Diff (\$/mt)	0.000	+0.000	+1.000
Gasoil E/W (\$/bbl)	0.360	+0.270	+0.020
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.120	+0.000	-0.080
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	15.550	+0.380	+0.570
EBOB crack (\$/mt)	0.610	-0.110	-0.340
Singapore 92 crack (\$/bbl)	0.230	-0.130	+0.250
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.390	-0.020	+0.560
European Gasnaph (EBOB vs Naphtha) (\$/mt)	3.500	-1.000	-5.000
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	0.740	-0.670	-0.340
Naphtha			
US C5 ENT vs WTI Crack	-1.340	-0.170	-0.320
NWE Naphtha Crack (\$/bbl)	0.150	+0.030	+0.270
MOPJ Naphtha Crack (\$/bbl)	0.090	-0.030	+0.270
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-0.500	-0.500	+0.000
Fuel Oil			
3.5% barges crack (\$/bbl)	0.140	-0.140	-0.550
Singapore 380 crack (\$/bbl)	1.340	-0.220	-0.610
Singapore 180 crack (\$/bbl)	1.110	-0.210	-0.480
Visco (180-380) (\$/mt)	-1.500	+0.000	+0.750
HSFO E/W (380 vs 3.5% barges) (\$/mt)	7.750	-0.250	-0.250
0.5% barges crack (\$/bbl)	0.200	+0.150	+0.220
Singapore 0.5% crack (\$/bbl)	0.160	-0.020	-0.130
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	-0.250	-1.000	-2.250
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	0.500	+2.000	+5.000
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-7.500	+1.250	+3.000
0.5% barges/gasoil (\$/mt)	8.060	+1.400	+2.220
Sing 0.5% vs Sing 10ppm (\$/mt)	7.300	+0.190	-0.270
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-10.080	-0.990	-1.500
US Propane LST vs Asian Propane FEI (\$/mt)	-3.580	-0.490	+0.000
Asian Propane FEI vs NWE Propane (\$/mt)	-6.500	-0.500	-1.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	0.500	-0.500	-2.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-3.000	+0.500	-1.250