



Brent takes a tumble

Front spreads remain robust, with the bullish backwardation structure testing our eyesight. WTI front spreads remain around \$1.60/bbl, while Brent spreads closed at the \$1 mark. But the Brent flat price was far from bullish, continuing to fall into the close of European trading. After a little resistance at 15:30 BST, the macro-outlookers said, “No, you don’t,” and the flat price was slammed back down to a little above \$82/bbl. An opportunity is developing here for those with a contrarian view and wish to smack the backwardated spreads. Do you want to be one of those, or should you ask a major like Chevron what’s going on? The company has been picking up benchmark grades for a while, and today was no exception.

In the window today, Unipet aggressively offered a Midland cargo for early August, which was picked up by Chevron at Dated +\$1.40 - cheap, actually. Vitol put one Midland cargo for late August into chains, kept by Chevron. Two Midland cargoes in a day! Equinor bid for later dates at Dated +\$2.05 but withdrew. What does Chevron know?

Ukrainian drones hit Russia’s Krasnodar Tuapse refinery. The refinery has a 240 kb/d capacity, the largest on the Black Sea. But on a world basis, it is a tiny one. Ukraine said the attack had caused a fire, while Russia claimed the fire was a result of shot-down debris, but of course! The refinery exports products to China, Singapore, Malaysia, and Turkey. Russian product exports will likely slow more as the country enters the harvest season soon. The Kremlin is reportedly considering re-instating the ban on gasoline exports, originally implemented in March but suspended from May until the end of July.

Hungary and Slovakia were caught in the crossfire. Ukraine has prohibited transit to Eastern Europe for one of Russia’s biggest oil exporters, Lukoil PJSC. Reportedly, the EU and Ukraine have entered talks with Azerbaijan about continuing transit. Azerbaijan’s president, Aliyev, maintains they “are a facilitator, no more than that.”

Meanwhile, in the US, Biden enters his pre-retirement period. He needed it. But all the traders are thinking about the impact, from forex to tariffs to green initiatives.

Summary

Physical and Futures

		22-Jul-24	1-Day Change	7-Day Change
Brent Sep (fut)	(\$/bbl)	82.030	-1.990	-2.880
WTI Sep (fut)	(\$/bbl)	78.020	-2.020	-2.850
Dubai Sep (phys)	(\$/bbl)	81.560	-1.965	-3.080

Crude Swaps Aug

Brent	(\$/bbl)	81.010	-1.860	-2.925
DFL	(\$/bbl)	0.930	-0.220	-0.100
WTI	(\$/bbl)	77.610	-1.980	-2.870
Dubai	(\$/bbl)	80.470	-2.010	-3.120

Tenor

		Sep-24	Oct-24	Nov-24
Crude Futures				
Brent (fut)	(\$/bbl)	82.030	81.040	80.290
WTI (fut)	(\$/bbl)	78.020	76.910	76.070



In detail

Wildfires threaten Canadian oil sands, with some 500kb/d of production within 10km of an uncontrolled blaze. Over 150 wildfires are raging around Alberta, and around a third are uncontrolled. The effects are already of note. Suncor Energy have already been forced to reduce output at their Firebag site, which produced over 230kb/d in May. Cenovus Energy has evacuated some workers from the Sunrise facility. Greenfire Resources had reduced production earlier in the month but has since been restoring output. Imperial Oil and MEG have started removing non-essential personnel from their facilities. Increasingly arid conditions have worsened fire risks, with temperatures commonly exceeding 30°C in the last week in Fort McMurray.

One could argue that between the temporary cut in Alberta production and the steady flow of TMX to China, Canadian exports to the US have effectively been reduced by 200-300 kb/d.

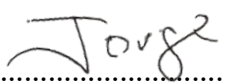
Crude continues to tumble, with front-month Brent headed to \$82/bbl at the close of European trading. Sept WTI and Brent closed at \$78.02/bbl and \$82.03/bbl, down \$2.02 /bbl, and \$1.99/bbl, respectively, against Friday. The M1/M2 spreads for Brent futures also eased by 12c to an elevated \$0.99/bbl. But all spreads look overly juicy.

But wildfires aren't the only threat facing Canada. Businesses are increasingly concerned about rising taxes. In April, Canada announced increased capital gains tax on businesses to fund Canada's new budget, targeting the younger voters who have been increasingly disillusioned by rising costs of living. Higher taxes will only further inhibit the stagnant capital investment in Canada. The stock of machinery and equipment per capita has fallen markedly in the last decade, down almost 15% since 2014, and the total capital stock of machinery has declined in seven out of the past eight years.

The continued tax hikes will only exacerbate Canada's declining productivity. The collapse of oil prices in 2014 and 2015 led to rapid divestment from oil sands operations, where margins are notoriously thin. If this wildfire season proves to be as potent as some suggest, damages to capital stock deployed on oil sands operations, in combination with the high taxes levied on firms, could offer a devastating blow to an already struggling industry.




Figure 1: September Brent futures price, Onyx Flux

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Front Month Outrights					
August Swaps			22-Jul-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)	81.010		-1.860	-2.925
WTI	(\$/bbl)	77.610		-1.980	-2.870
Dubai	(\$/bbl)	80.470		-2.010	-3.120
Distillates					
Gasoil 0.1 NWE	(\$/mt)	745.020		-10.840	-28.605
NWE Jet	(\$/mt)	795.020		-10.840	-30.100
Singapore 10ppm	(\$/bbl)	96.650		-1.490	-3.600
Sing Kero	(\$/bbl)	95.550		-1.440	-3.710
Gasoline					
RBOB	(c/gal)	239.880		-5.190	-6.485
EBOB	(\$/mt)	800.060		-16.580	-27.850
Singapore 92	(\$/bbl)	88.700		-1.390	-2.480
Singapore 95	(\$/bbl)	93.200		-1.250	-2.340
Naphtha					
US C5 ENT	(c/gal)	149.670		-3.680	-7.100
NWE Naphtha	(\$/mt)	658.690		-11.390	-18.510
MOPJ Naphtha	(\$/mt)	673.940		-11.640	-20.260
Fuel Oil					
3.5% barges	(\$/mt)	455.680		-10.660	-24.630
Singapore 380	(\$/mt)	474.180		-11.660	-24.630
Singapore 180	(\$/mt)	480.680		-11.660	-24.630
0.5% barges	(\$/mt)	538.860		-12.190	-18.610
Singapore 0.5%	(\$/mt)	579.820		-11.870	-19.240
NGLs					
US Propane LST	(c/gal)	77.371		-0.762	-3.529
NWE Propane	(\$/mt)	558.100		-5.970	-10.890
Saudi Propane CP	(\$/mt)	575.100		-2.970	-9.890
Asian Propane FEI	(\$/mt)	622.100		-4.970	-14.390
US Butane ENT	(c/gal)	96.490		-0.390	-1.160
Saudi Butane CP	(\$/mt)	565.100		-1.970	-4.890



Long Tenor Swaps

		Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	81.920	81.010	80.260	79.700	79.220	79.243	78.113
WTI	(\$/bbl)	78.220	77.610	76.650	75.850	75.190	75.227	73.760
Dubai	(\$/bbl)	81.320	80.470	79.850	79.240	78.700	78.717	77.527
Distillates								
Gasoil 0.1 NWE	(\$/mt)	744.000	745.020	746.430	744.740	740.920	741.410	734.760
NWE Jet	(\$/mt)	798.500	795.020	796.430	797.070	794.830	795.323	792.260
Singapore 10ppm	(\$/bbl)	96.450	96.650	96.780	96.650	96.350	96.350	95.843
Sing Kero	(\$/bbl)	95.350	95.550	95.810	95.900	95.790	95.780	95.397
Gasoline								
RBOB	(c/gal)	243.600	239.880	221.080	215.440	211.620	212.367	218.037
EBOB	(\$/mt)	803.060	800.060	787.310	742.810	723.060	725.143	710.977
Singapore 92	(\$/bbl)	89.900	88.700	87.420	86.320	85.470	85.587	84.587
Singapore 95	(\$/bbl)	94.400	93.200	91.870	90.620	89.670	89.720	88.187
Naphtha								
US C5 ENT	(c/gal)	148.790	149.670	150.290	150.790	150.910	150.870	150.160
NWE Naphtha	(\$/mt)	672.190	658.690	649.940	645.440	640.440	640.440	626.773
MOP-Japan Naphtha	(\$/mt)	679.940	673.940	667.190	661.690	656.190	656.357	640.773
Fuel Oil								
3.5% barges	(\$/mt)	459.180	455.680	450.180	441.180	434.430	435.347	427.597
Singapore 380	(\$/mt)	479.930	474.180	462.680	451.430	442.930	444.430	434.263
Singapore 180	(\$/mt)	485.180	480.680	470.680	461.430	453.930	455.347	447.263
0.5% barges	(\$/mt)	542.360	538.860	531.610	525.610	520.360	520.443	508.697
Singapore 0.5%	(\$/mt)	586.070	579.820	573.570	567.820	562.820	562.903	550.153
NGLs								
US Propane LST	(c/gal)	76.491	77.371	78.251	79.371	80.121	79.831	78.418
NWE Propane	(\$/mt)	563.600	558.100	553.600	550.600	549.600	549.767	529.267
Saudi Propane CP	(\$/mt)	575.100	575.100	576.600	584.600	592.100	591.100	581.933
Asian Propane FEI	(\$/mt)	626.100	622.100	622.600	626.100	629.600	627.767	604.267
US Butane ENT	(c/gal)	95.990	96.490	96.990	97.490	97.870	97.660	94.790
Saudi Butane CP	(\$/mt)	565.100	565.100	571.600	581.100	589.100	587.933	578.767



Front Month Spreads				
Aug/Sep		22-Jul-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.750	-0.080	-0.035
WTI	(\$/bbl)	0.960	-0.110	+0.030
Dubai	(\$/bbl)	0.620	-0.130	-0.120
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-1.410	+0.470	-0.945
NWE Jet	(\$/mt)	-1.410	+0.470	+0.060
Singapore 10ppm	(\$/bbl)	-0.130	+0.020	-0.060
Sing Kero	(\$/bbl)	-0.260	+0.000	-0.030
Gasoline				
RBOB	(c/gal)	18.800	-0.310	+0.440
EBOB	(\$/mt)	12.750	-0.250	-1.000
Singapore 92	(\$/bbl)	1.280	+0.130	+0.080
Singapore 95	(\$/bbl)	1.330	+0.080	+0.030
Naphtha				
US C5 ENT	(c/gal)	-0.620	+0.000	-0.240
NWE Naphtha	(\$/mt)	8.750	+0.250	+1.250
MOP-Japan Naphtha	(\$/mt)	6.750	+0.250	-0.750
Fuel Oil				
3.5% barges	(\$/mt)	5.500	-0.500	-3.000
Singapore 380	(\$/mt)	11.500	-0.500	-3.500
Singapore 180	(\$/mt)	10.000	-0.500	-3.750
0.5% barges	(\$/mt)	7.250	+0.250	+1.750
Singapore 0.5%	(\$/mt)	6.250	-0.250	-0.250
NGLs				
US Propane LST	(c/gal)	-0.880	+0.000	+0.000
NWE Propane	(\$/mt)	4.500	+0.000	+0.500
Saudi Propane CP	(\$/mt)	-1.500	+1.500	+2.000
Asian Propane FEI	(\$/mt)	-0.500	+1.000	+0.500
US Butane ENT	(c/gal)	-0.500	+0.000	+0.000
Saudi Butane CP	(\$/mt)	-6.500	+1.500	+5.000



Front Month Cracks and Diffs			
August	22-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.540	+0.140	+0.190
WTI/Brent (\$/bbl)	-3.390	-0.110	+0.070
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	18.990	+0.400	-0.910
NWE Jet crack (\$/bbl)	19.880	+0.480	-0.890
NWE Jet Diff (\$/mt)	50.000	+0.000	-1.500
Gasoil E/W (\$/bbl)	-25.000	-0.250	+1.750
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.100	+0.050	-0.100
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	11.200	-0.450	+1.500
EBOB crack (\$/mt)	15.040	-0.140	-0.420
Singapore 92 crack (\$/bbl)	7.690	+0.460	+0.440
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-7.350	+0.600	+0.850
European Gasnaph (EBOB vs Naphtha) (\$/mt)	141.370	-5.420	-9.270
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	64.930	-0.190	-0.480
Naphtha			
US C5 ENT vs WTI Crack	-14.750	+0.450	-0.110
NWE Naphtha Crack (\$/bbl)	-7.000	+0.590	+0.850
MOPJ Naphtha Crack (\$/bbl)	-5.290	+0.560	+0.650
Naphtha E/W (NWE vs MOPJ) (\$/mt)	15.250	-0.250	-1.750
Fuel Oil			
3.5% barges crack (\$/bbl)	-9.250	+0.190	-0.950
Singapore 380 crack (\$/bbl)	-6.340	+0.030	-0.950
Singapore 180 crack (\$/bbl)	-5.310	+0.040	-0.950
Visco (180-380) (\$/mt)	6.500	+0.000	+0.000
HSFO E/W (380 vs 3.5% barges) (\$/mt)	18.500	-1.000	+0.000
0.5% barges crack (\$/bbl)	3.850	-0.050	+0.000
Singapore 0.5% crack (\$/bbl)	10.300	+0.000	-0.100
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	40.960	+0.320	-0.630
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	83.180	-1.530	+6.020
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	105.640	-0.210	+5.390
0.5% barges/gasoil (\$/mt)	-206.160	-1.480	+9.990
Sing 0.5% vs Sing 10ppm (\$/mt)	-140.220	-0.900	+7.640
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-155.000	+2.000	-7.500
US Propane LST vs Asian Propane FEI (\$/mt)	-219.000	+1.000	-4.000
Asian Propane FEI vs NWE Propane (\$/mt)	64.000	+1.000	-3.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	47.000	-2.000	-4.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-100.590	+5.420	+7.620
Asian Pronap (FEI vs MOPJ) (\$/mt)	-98.840	+8.670	+10.370



Long Tenor Cracks / Diffs

	Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.600	0.540	0.420	0.460	0.520	0.520	0.583
WTI/Brent (\$/bbl)	-3.700	-3.390	-3.610	-3.850	-4.030	-4.010	-4.340
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	17.95	18.99	19.93	20.24	20.22	20.26	20.51
NWE Jet crack (\$/bbl)	19.41	19.88	20.80	21.45	21.64	21.69	22.43
NWE Jet Diff (\$/mt)	54.50	50.00	50.00	52.50	54.00	54.00	57.50
Gasoil E/W (\$/bbl)	-25.45	-25.00	-25.42	-24.52	-23.02	-23.52	-20.70
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.10	-1.10	-0.97	-0.77	-0.57	-0.58	-0.45
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	14.050	11.200	-3.960	3.120	4.930	5.087	14.803
EBOB crack (\$/mt)	14.490	15.040	14.250	9.470	7.580	7.810	7.243
Singapore 92 crack (\$/bbl)	7.980	7.690	7.150	6.620	6.240	6.343	6.480
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-6.510	-7.350	-7.100	-2.850	-1.330	-1.463	-0.763
European Gasnaph (EBOB vs Naphtha) (\$/mt)	130.870	141.370	137.370	97.370	82.620	84.703	84.203
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	68.930	64.930	61.020	57.360	55.780	56.583	63.833
Naphtha							
US C5 ENT vs WTI Crack	-15.730	-14.750	-13.530	-12.520	-11.810	-11.863	-10.693
NWE Naphtha Crack (\$/bbl)	-6.380	-7.000	-7.230	-7.180	-7.260	-7.277	-7.687
MOPJ Naphtha Crack (\$/bbl)	-5.500	-5.290	-5.290	-5.350	-5.490	-5.487	-6.107
Naphtha E/W (NWE vs MOPJ) (\$/mt)	7.750	15.250	17.250	16.250	15.750	15.917	14.000
Fuel Oil							
3.5% bgs crack (\$/bbl)	-9.590	-9.250	-9.360	-10.220	-10.810	-10.680	-10.770
Singapore 380 crack (\$/bbl)	-6.330	-6.340	-7.390	-8.610	-9.470	-9.250	-9.717
Singapore 180 crack (\$/bbl)	-5.490	-5.310	-6.130	-7.030	-7.730	-7.527	-7.673
Visco (180-380) (\$/mt)	5.250	6.500	8.000	10.000	11.000	10.917	13.000
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	20.750	18.500	12.500	10.250	8.500	9.083	6.667
0.5% bgs crack (\$/bbl)	3.500	3.850	3.470	3.070	2.720	2.717	1.993
Singapore 0.5% crack (\$/bbl)	10.380	10.300	10.080	9.720	9.410	9.410	8.533
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	43.710	40.960	41.960	42.210	42.460	42.460	41.457
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	83.180	83.180	81.430	84.430	85.930	85.097	81.100
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	106.140	105.640	110.890	116.390	119.890	118.473	115.890
0.5% bgs/gasoil (\$/mt)	-201.640	-206.160	-214.820	-219.300	-220.640	-221.050	-226.063
Sing 0.5% vs Sing 10ppm (\$/mt)	-132.480	-140.220	-147.440	-152.590	-155.140	-155.077	-163.880
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-165.08	-155	-145.91	-137.08	-132.17	-133.847	-120.71
US Propane LST vs Asian Propane FEI (\$/mt)	-227.58	-219	-214.91	-212.58	-212.17	-211.847	-195.71
Asian Propane FEI vs NWE Propane (\$/mt)	62.5	64	69	75.5	80	78	75
Asian Propane FEI vs Saudi Propane CP (\$/mt)	51	47	46	41.5	37.5	36.667	22.333
European Pronap (\$/mt)	-108.59	-100.59	-96.34	-94.84	-90.84	-90.673	-97.507
Asian Pronap (FEI vs MOPJ) (\$/mt)	-104.84	-98.84	-90.59	-77.09	-64.09	-65.257	-58.84



Inter-month Crack Spreads			
Aug/Sep	22-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.120	+0.040	+0.060
WTI/Brent (\$/bbl)	0.220	-0.020	+0.080
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.940	+0.140	-0.090
NWE Jet crack (\$/bbl)	-0.920	+0.150	+0.060
NWE Jet Diff (\$/mt)	0.000	+0.000	+1.000
Gasoil E/W (\$/bbl)	0.420	-0.310	+0.460
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.130	-0.020	+0.030
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	15.160	-0.220	+0.730
EBOB crack (\$/mt)	0.790	+0.060	-0.070
Singapore 92 crack (\$/bbl)	0.540	+0.210	+0.140
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.250	+0.160	+0.200
European Gasnaph (EBOB vs Naphtha) (\$/mt)	4.000	-0.500	-2.250
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	3.910	+0.830	+1.420
Naphtha			
US C5 ENT vs WTI Crack	-1.220	+0.110	-0.130
NWE Naphtha Crack (\$/bbl)	0.230	+0.100	+0.190
MOPJ Naphtha Crack (\$/bbl)	0.000	+0.100	-0.040
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-2.000	+0.000	-2.000
Fuel Oil			
3.5% barges crack (\$/bbl)	0.110	+0.000	-0.430
Singapore 380 crack (\$/bbl)	1.050	-0.010	-0.510
Singapore 180 crack (\$/bbl)	0.820	+0.000	-0.550
Visco (180-380) (\$/mt)	-1.500	+0.000	-0.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	6.000	+0.000	-0.500
0.5% barges crack (\$/bbl)	0.380	+0.100	+0.310
Singapore 0.5% crack (\$/bbl)	0.220	+0.020	-0.010
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	-1.000	-0.500	-2.000
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	1.750	+0.750	+4.750
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-5.250	+0.250	+3.250
0.5% barges/gasoil (\$/mt)	8.660	-0.220	+2.690
Sing 0.5% vs Sing 10ppm (\$/mt)	7.220	-0.400	+0.200
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-9.090	+0.000	-0.510
US Propane LST vs Asian Propane FEI (\$/mt)	-4.090	-1.000	-0.510
Asian Propane FEI vs NWE Propane (\$/mt)	-5.000	+1.000	+0.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	1.000	-0.500	-1.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-4.250	-0.250	-0.750