



Market Summary

The Bigger Barf...Dubai

The Brent/Dubai is spiking, meaning Brent is up, and Dubai is down. Many people we know got caught in the B/D spread widening/massive underperforming of the Dubai leg. Rumors fly fast with questions like, what is Aramco doing? Vitol? How come PetroChina looks so worried? Yes, sources are talking about the traders in Singapore. We are trying to piece together why Dubai underperformed. PetroChina is on a bull play and picked up two additional sour cargoes from the Dubai window. But, as you go into the details, the sellers continue to be majors and Chinese refiners. We asked PetroChina if they got caught in the spread, and we will wait for their answer. 😊 As we look at the numbers, Dubai physical fell by a minor 9c more than Brent, but that was enough to send everyone into a frenzy. Note that the Brent/Dubai has widened from \$0.65/bbl to \$0.74/bbl in two days. (Figure 1) Murban is also being sold off as people are expecting OPEC members to release more crude come October.

As expected, WTI front spreads have dropped substantially, falling by over 50c since yesterday to \$1.12/bbl. The fall in flat price could be supportive for refiners. Cushing 321 cracks have started to reverse, gaining \$1.67/bbl since July 17. Continued strengthening of margins could offer some support to crude structures. Brent intermonth spreads will be the next to correct hard. It is almost as if markets are taking turns. Markets are busier than normal!

In India, Modi presented his annual budget with \$24 billion allocated to employment, upskilling workers, and defending small businesses and the middle class. The budget also details intentions, fiscal consolidation, and better debt controls, bringing the fiscal deficit to 4.9% of GDP for the current financial year and below 4.5% of GDP for next year. India's 10-year bond yield fell to the lowest since April 2022. Corporate tax on foreign companies has also been cut by 5% to 35%. Good. But capital gains taxes have been increased. Bad.

Markets were also abuzz with rumors regarding Biden's health as he has not been seen for several days, and he cancelled a meeting with Israel's leader. We hope he makes a swift recovery.

Summary				
Physical and Futures		23-Jul-24	1-Day Change	7-Day Change
Brent Sep (fut)	(\$/bbl)	82.690	-0.340	-1.430
WTI Sep (fut)	(\$/bbl)	78.620	-0.320	-1.460
Dubai Sep (phys)	(\$/bbl)	81.950	-0.430	-1.890
Crude Swaps Aug				
Brent	(\$/bbl)	81.660	-0.270	-1.510
DFL	(\$/bbl)	0.920	-0.180	-0.080
WTI	(\$/bbl)	78.230	-0.300	-1.500
Dubai	(\$/bbl)	80.890	-0.480	-2.000
Tenor		Sep-24	Oct-24	Nov-24
Crude Futures				
Brent (fut)	(\$/bbl)	82.690	81.690	80.910
WTI (fut)	(\$/bbl)	78.620	77.530	76.670



In detail

Trading activity remained high in the Asian window this morning after traders grappled with weakening structures in WTI and further moderation in flat price. And, of course, the strengthening in the Brent/Dubai curve.

September Brent and WTI continued to fall by over 30c each to \$82.69/bbl and \$78.62/bbl, respectively. Physical Dubai collapsed likewise to \$81.95/bbl. Physical premiums for September Dubai eased by 5c to \$1.66/bbl. PetroChina continued its buying frenzy in the window, with Exxon seen selling again more partials. But they are not the only ones; others are selling and converging. Two convergences were declared to PetroChina, one of Upper Zakum from P66 and another of Al-Shaheen from Hengli.

Deflation and an uninspiring manufacturing sector provide little hope for the macro-outlook in China. However, flights have shown a strong resurgence, offering hope amidst a gloomy oil demand picture. 7 day average miles flown including both domestic and international flights were 13.6% above their pre-covid, 2019 level as of July 21, according to data from Airportia. A disproportionately large number of these miles flown were domestic travel.

The CCP continues to develop its high-speed rail infrastructure, offering domestic travellers a more cost-effective substitute for domestic flights. In 2023, an additional 3000km of rail was added, and the CCP is aiming to expand the 45000 km network by a further 25000km before 2035. The expansion could offset some jet fuel demand in the long run. Planes are also getting increasingly efficient, requiring less kerosene per mile flown. Jet demand may have a limited future as the glimmer of hope for China's oil demand.

Two tropical storms are currently on track to hit China. Tropical cyclone Prapiroon is projected to make landfall near China's western border with Vietnam. Gaemi, the second system, has already led to flight cancellations in the Philippines and is on course to blast Taiwan. China has been facing increasingly severe flooding, with at least 26 fatalities across the country following severe flooding and a bridge collapse.

According to China's National Mine Safety Administration, the severe weather poses risks to coal mines and offshore oil platforms. Currently, neither system looks on track to hit major oil infrastructure.

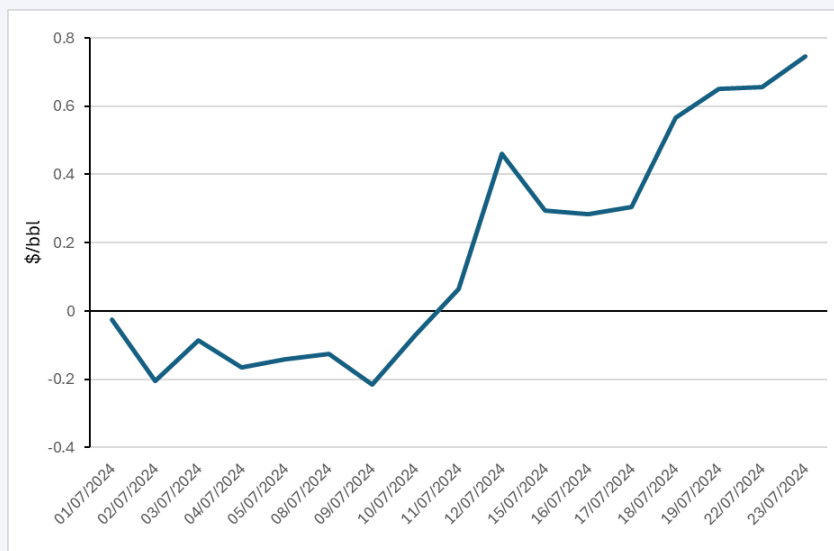




Figure 1: September Brent futures versus Dubai Physical, Onyx Flux and author's calculations

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Front Month Outrights					
August Swaps			23-Jul-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)	81.660		-0.270	-1.510
WTI	(\$/bbl)	78.230		-0.300	-1.500
Dubai	(\$/bbl)	80.890		-0.480	-2.000
Distillates					
Gasoil 0.1 NWE	(\$/mt)	752.020		+4.160	-14.990
NWE Jet	(\$/mt)	801.520		+3.160	-17.660
Singapore 10ppm	(\$/bbl)	97.520		+0.460	-1.900
Sing Kero	(\$/bbl)	96.420		+0.500	-1.970
Gasoline					
RBOB	(c/gal)	242.560		+0.420	-1.810
EBOB	(\$/mt)	806.990		-1.080	-12.140
Singapore 92	(\$/bbl)	89.590		+0.160	-0.690
Singapore 95	(\$/bbl)	94.090		+0.160	-0.540
Naphtha					
US C5 ENT	(c/gal)	151.490		-0.320	-3.910
NWE Naphtha	(\$/mt)	664.830		+0.890	-6.500
MOPJ Naphtha	(\$/mt)	680.990		+1.550	-8.840
Fuel Oil					
3.5% barges	(\$/mt)	460.760		+1.340	-15.490
Singapore 380	(\$/mt)	480.510		+3.340	-14.740
Singapore 180	(\$/mt)	486.880		+3.210	-14.870
0.5% barges	(\$/mt)	544.000		-0.700	-7.370
Singapore 0.5%	(\$/mt)	585.090		+0.700	-7.870
NGLs					
US Propane LST	(c/gal)	78.279		-0.040	-1.848
NWE Propane	(\$/mt)	562.830		+0.790	-2.630
Saudi Propane CP	(\$/mt)	581.830		+1.790	-1.130
Asian Propane FEI	(\$/mt)	631.250		+5.210	-1.210
US Butane ENT	(c/gal)	97.140		+0.200	+0.130
Saudi Butane CP	(\$/mt)	572.750		+2.710	+4.790



Long Tenor Swaps

		Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	82.560	81.660	80.890	80.320	79.830	79.850	78.703
WTI	(\$/bbl)	78.620	78.230	77.280	76.450	75.790	75.817	74.310
Dubai	(\$/bbl)	81.740	80.890	80.290	79.690	79.150	79.167	77.987
Distillates								
Gasoil 0.1 NWE	(\$/mt)	751.000	752.020	753.430	751.220	746.830	747.407	739.930
NWE Jet	(\$/mt)	805.000	801.520	802.930	803.390	800.420	800.993	797.430
Singapore 10ppm	(\$/bbl)	97.320	97.520	97.640	97.510	97.120	97.133	96.510
Sing Kero	(\$/bbl)	96.220	96.420	96.670	96.740	96.540	96.547	96.037
Gasoline								
RBOB	(c/gal)	246.580	242.560	223.440	217.440	213.360	214.153	219.520
EBOB	(\$/mt)	809.990	806.990	793.740	748.990	728.990	731.073	716.157
Singapore 92	(\$/bbl)	90.790	89.590	88.270	87.130	86.230	86.347	85.233
Singapore 95	(\$/bbl)	95.290	94.090	92.720	91.430	90.430	90.480	88.833
Naphtha								
US C5 ENT	(c/gal)	150.610	151.490	152.110	152.610	152.730	152.690	151.980
NWE Naphtha	(\$/mt)	678.330	664.830	655.830	651.330	646.330	646.247	632.413
MOP-Japan Naphtha	(\$/mt)	686.990	680.990	673.490	667.740	662.240	662.323	646.573
Fuel Oil								
3.5% barges	(\$/mt)	464.260	460.760	454.760	445.510	438.760	439.677	431.927
Singapore 380	(\$/mt)	486.260	480.510	468.010	456.010	447.160	448.693	438.243
Singapore 180	(\$/mt)	491.380	486.880	475.880	465.880	458.030	459.480	451.113
0.5% barges	(\$/mt)	547.500	544.000	537.000	531.000	525.750	525.833	513.750
Singapore 0.5%	(\$/mt)	591.090	585.090	578.340	572.340	567.090	567.257	554.090
NGLs								
US Propane LST	(c/gal)	77.399	78.279	79.159	80.279	80.899	80.652	79.196
NWE Propane	(\$/mt)	568.330	562.830	558.830	555.830	554.830	554.997	534.497
Saudi Propane CP	(\$/mt)	581.830	581.830	583.330	591.330	598.830	597.830	588.663
Asian Propane FEI	(\$/mt)	635.250	631.250	630.750	634.000	636.750	635.000	610.583
US Butane ENT	(c/gal)	96.640	97.140	97.640	98.020	98.400	98.190	95.320
Saudi Butane CP	(\$/mt)	572.750	572.750	579.250	588.250	595.750	594.750	585.417



Front Month Spreads				
Aug/Sep		23-Jul-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.770	-0.040	+0.020
WTI	(\$/bbl)	0.950	-0.020	+0.080
Dubai	(\$/bbl)	0.600	-0.100	-0.150
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-1.410	+0.470	-0.710
NWE Jet	(\$/mt)	-1.410	+0.470	+0.220
Singapore 10ppm	(\$/bbl)	-0.120	+0.020	-0.050
Sing Kero	(\$/bbl)	-0.250	+0.010	-0.020
Gasoline				
RBOB	(c/gal)	19.120	+0.080	+0.540
EBOB	(\$/mt)	13.250	+0.250	+0.250
Singapore 92	(\$/bbl)	1.320	+0.050	+0.170
Singapore 95	(\$/bbl)	1.370	+0.050	+0.120
Naphtha				
US C5 ENT	(c/gal)	-0.620	+0.000	-0.120
NWE Naphtha	(\$/mt)	9.000	+0.250	+1.250
MOP-Japan Naphtha	(\$/mt)	7.500	+0.500	-0.500
Fuel Oil				
3.5% barges	(\$/mt)	6.000	+0.500	-2.500
Singapore 380	(\$/mt)	12.500	+1.500	-3.000
Singapore 180	(\$/mt)	11.000	+1.500	-3.250
0.5% barges	(\$/mt)	7.000	+0.250	+1.500
Singapore 0.5%	(\$/mt)	6.750	+0.750	+0.500
NGLs				
US Propane LST	(c/gal)	-0.880	+0.000	+0.000
NWE Propane	(\$/mt)	4.000	-0.500	+0.000
Saudi Propane CP	(\$/mt)	-1.500	+0.000	+1.500
Asian Propane FEI	(\$/mt)	0.500	+1.000	+2.000
US Butane ENT	(c/gal)	-0.500	+0.000	+0.000
Saudi Butane CP	(\$/mt)	-6.500	+0.000	+4.500



Front Month Cracks and Diffs			
August	23-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.770	+0.220	+0.480
WTI/Brent (\$/bbl)	-3.430	-0.040	+0.010
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	19.280	+0.830	-0.520
NWE Jet crack (\$/bbl)	20.060	+0.670	-0.720
NWE Jet Diff (\$/mt)	49.500	-1.000	-2.500
Gasoil E/W (\$/bbl)	-25.500	-0.750	+1.000
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.100	+0.040	-0.070
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	11.900	+0.700	+1.650
EBOB crack (\$/mt)	15.230	+0.150	+0.080
Singapore 92 crack (\$/bbl)	7.930	+0.430	+0.830
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-7.290	+0.290	+0.760
European Gasnaph (EBOB vs Naphtha) (\$/mt)	142.070	-1.920	-5.730
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	65.110	-0.220	+2.910
Naphtha			
US C5 ENT vs WTI Crack	-14.610	+0.160	-0.160
NWE Naphtha Crack (\$/bbl)	-6.950	+0.370	+0.800
MOPJ Naphtha Crack (\$/bbl)	-5.120	+0.460	+0.550
Naphtha E/W (NWE vs MOPJ) (\$/mt)	16.250	+0.750	-2.250
Fuel Oil			
3.5% barges crack (\$/bbl)	-9.080	+0.490	-0.900
Singapore 380 crack (\$/bbl)	-5.970	+0.810	-0.780
Singapore 180 crack (\$/bbl)	-4.950	+0.800	-0.790
Visco (180-380) (\$/mt)	6.500	+0.000	+0.000
HSFO E/W (380 vs 3.5% barges) (\$/mt)	19.750	+2.000	+0.750
0.5% barges crack (\$/bbl)	4.050	+0.200	+0.400
Singapore 0.5% crack (\$/bbl)	10.500	+0.400	+0.300
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	40.960	+1.270	-0.630
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	83.380	-1.840	+8.260
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	104.580	-2.570	+6.870
0.5% barges/gasoil (\$/mt)	-207.800	-4.640	+7.670
Sing 0.5% vs Sing 10ppm (\$/mt)	-141.190	-2.420	+6.160
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-155.000	-1.000	-7.000
US Propane LST vs Asian Propane FEI (\$/mt)	-223.500	-5.500	-8.500
Asian Propane FEI vs NWE Propane (\$/mt)	68.500	+4.500	+1.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	49.500	+3.500	+0.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-101.810	+0.090	+3.970
Asian Pronap (FEI vs MOPJ) (\$/mt)	-99.020	+0.420	+7.760



Long Tenor Cracks / Diffs

	Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.820	0.770	0.600	0.630	0.690	0.687	0.717
WTI/Brent (\$/bbl)	-3.940	-3.430	-3.610	-3.870	-4.050	-4.037	-4.393
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	18.25	19.28	20.24	20.51	20.41	20.47	20.62
NWE Jet crack (\$/bbl)	19.60	20.06	21.00	21.61	21.72	21.78	22.49
NWE Jet Diff (\$/mt)	54.00	49.50	49.50	52.00	53.50	53.50	57.50
Gasoil E/W (\$/bbl)	-25.97	-25.50	-26.01	-24.76	-23.26	-23.76	-20.94
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-1.10	-1.10	-0.97	-0.77	-0.58	-0.59	-0.47
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	15.060	11.900	-3.440	3.340	4.970	5.177	14.800
EBOB crack (\$/mt)	14.700	15.230	14.400	9.590	7.670	7.907	7.263
Singapore 92 crack (\$/bbl)	8.230	7.930	7.380	6.810	6.390	6.493	6.530
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-6.450	-7.290	-7.020	-2.780	-1.280	-1.413	-0.737
European Gasnaph (EBOB vs Naphtha) (\$/mt)	131.570	142.070	137.820	97.570	82.570	84.737	83.653
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	69.110	65.110	61.620	57.870	55.880	56.763	63.240
Naphtha							
US C5 ENT vs WTI Crack	-15.380	-14.610	-13.390	-12.360	-11.640	-11.687	-10.480
NWE Naphtha Crack (\$/bbl)	-6.330	-6.950	-7.180	-7.130	-7.200	-7.230	-7.637
MOPJ Naphtha Crack (\$/bbl)	-5.360	-5.120	-5.200	-5.280	-5.410	-5.420	-6.047
Naphtha E/W (NWE vs MOPJ) (\$/mt)	8.750	16.250	17.750	16.500	16.000	16.167	14.250
Fuel Oil							
3.5% bgs crack (\$/bbl)	-9.430	-9.080	-9.260	-10.160	-10.730	-10.607	-10.683
Singapore 380 crack (\$/bbl)	-5.960	-5.970	-7.180	-8.510	-9.410	-9.190	-9.687
Singapore 180 crack (\$/bbl)	-5.150	-4.950	-5.920	-6.930	-7.690	-7.477	-7.643
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)	22.000	19.750	13.250	10.500	8.400	9.017	6.317
0.5% bgs crack (\$/bbl)	3.700	4.050	3.720	3.340	3.010	3.000	2.247
Singapore 0.5% crack (\$/bbl)	10.540	10.500	10.200	9.810	9.470	9.483	8.563
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	43.460	40.960	41.210	41.210	41.210	41.293	40.210
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	83.380	83.380	82.380	85.630	87.130	86.297	81.963
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	104.830	104.580	110.330	116.330	119.930	118.563	115.847
0.5% bgs/gasoil (\$/mt)	-203.620	-207.800	-216.050	-220.190	-221.040	-221.557	-226.070
Sing 0.5% vs Sing 10ppm (\$/mt)	-133.700	-141.190	-148.840	-154.240	-156.580	-156.517	-164.967
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-165.09	-155	-146.42	-137.58	-133.35	-134.803	-121.893
US Propane LST vs Asian Propane FEI (\$/mt)	-232.09	-223.5	-218.42	-215.83	-215.35	-214.887	-198.06
Asian Propane FEI vs NWE Propane (\$/mt)	67	68.5	72	78.25	82	80.083	76.167
Asian Propane FEI vs Saudi Propane CP (\$/mt)	53.5	49.5	47.5	42.75	37.96	37.237	22
European Pronap (\$/mt)	-109.81	-101.81	-96.81	-95.31	-91.31	-91.06	-97.727
Asian Pronap (FEI vs MOPJ) (\$/mt)	-105.02	-99.02	-90.02	-76.27	-63.27	-64.353	-57.77



Inter-month Crack Spreads			
Aug/Sep	23-Jul-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.170	+0.060	+0.150
WTI/Brent (\$/bbl)	0.180	+0.010	+0.060
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.960	+0.110	-0.120
NWE Jet crack (\$/bbl)	-0.940	+0.100	+0.030
NWE Jet Diff (\$/mt)	0.000	+0.000	+1.000
Gasoil E/W (\$/bbl)	0.510	-0.340	+0.400
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.130	-0.010	+0.030
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	15.340	+0.010	+0.490
EBOB crack (\$/mt)	0.830	+0.060	+0.030
Singapore 92 crack (\$/bbl)	0.550	+0.080	+0.160
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.270	+0.020	+0.140
European Gasnaph (EBOB vs Naphtha) (\$/mt)	4.250	+0.000	-1.000
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	3.490	-0.090	+1.910
Naphtha			
US C5 ENT vs WTI Crack	-1.220	+0.010	-0.120
NWE Naphtha Crack (\$/bbl)	0.230	+0.060	+0.120
MOPJ Naphtha Crack (\$/bbl)	0.080	+0.110	-0.050
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-1.500	+0.250	-1.750
Fuel Oil			
3.5% barges crack (\$/bbl)	0.180	+0.120	-0.390
Singapore 380 crack (\$/bbl)	1.210	+0.290	-0.460
Singapore 180 crack (\$/bbl)	0.970	+0.290	-0.510
Visco (180-380) (\$/mt)	-1.500	+0.000	-0.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	6.500	+1.000	-0.500
0.5% barges crack (\$/bbl)	0.330	+0.070	+0.230
Singapore 0.5% crack (\$/bbl)	0.300	+0.160	+0.090
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	-0.250	+0.500	-1.000
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	1.000	-0.250	+4.000
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-5.750	-0.750	+3.500
0.5% barges/gasoil (\$/mt)	8.250	-0.690	+1.970
Sing 0.5% vs Sing 10ppm (\$/mt)	7.650	+0.610	+0.880
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-8.580	+0.510	+0.010
US Propane LST vs Asian Propane FEI (\$/mt)	-5.080	-0.990	-1.990
Asian Propane FEI vs NWE Propane (\$/mt)	-3.500	+1.500	+2.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	2.000	+1.000	+0.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-5.000	-0.750	-1.250