



Geopolitics vs economics



Red pill or a green pill? Geopolitics are winning and rescuing the longs from the crushing macros. Brent, a proxy for all oil, has jumped massively from the lows registered on the day of the assassination of the Hamas leader. Prices are up \$3.30/bbl in roughly two days. This is at a time when the bottom seemed to be falling out of the crude market as traders were waking up to the realities of worsening macros from China to Germany. But markets are erratic, and at the moment, the bulls are in charge!

Asian focus is on upcoming OSPs and the consensus is on an increased around 50c, plus or minus. Mathematically, the Saudis should increase diffs by close to 70c, but the weakening seen at the end of the month may temper their wilder desires. Some refiners wish for 30c, but we say, keep on wishing!

Meanwhile, OPEC slides into another JMCC meeting, which will yield nothing of substance at all. Yawn!

Summary		01-Aug-24	1-Day Change	7-Day Change
Physical and Futures				
Brent Oct (fut)	(\$/bbl)	81.400	+1.790	+0.990
WTI Oct (fut)	(\$/bbl)	77.320	+1.890	+1.160
Dubai Oct (phys)	(\$/bbl)	80.550	+0.960	-0.125
Crude Swaps Sep				
Brent	(\$/bbl)	80.680	+1.640	+1.010
DFL	(\$/bbl)	0.320	+0.040	-0.220
WTI	(\$/bbl)	77.060	+1.840	+1.130
Dubai	(\$/bbl)	80.210	+1.640	+1.050
Tenor		Oct-24	Nov-24	Dec-24
Crude Futures				
Brent (fut)	(\$/bbl)	81.400	80.710	80.140
WTI (fut)	(\$/bbl)	77.320	76.480	75.820



In detail

Markets jumped, excited to put last month's losses behind them. All major crudes gained, and WTI fared best, up \$1.89/bbl. Brent wasn't far behind. Dubai underperformed, gaining less than a dollar. Vitol's spirited buying helped a little, picking up 9 of the 12 traded partials. Don't tell me they are coming with a play. 😊 Trusty Trafigura were on the sell side. PetroChina, where art thou? We were expecting the mighty Chinese to play short this month. Were we wrong? Dubai physical premiums were little changed from expiration day, weakening slightly by 4c to 98c.

But inter-month Brent spreads were bullish, and in the West, BP was mentioned as one of the key buyers. 'Buying is coming in,' said one trader. Signs point to a further squeezing into the Brent market for next week. Equinor has been featured as a strong buyer of benchmark grades loading in August when maintenance has reduced output and even deferred cargoes into September. On Wednesday, more than 300,000 lots of Brent call options traded, the largest single-day volume since the last bout of Middle East mess in April. The volume was concentrated in call spreads. Option skews have reversed and are biased towards calls. Implied volatility has also risen.


The Fed, as expected, voted to hold interest rates at 5.25-5.5%, the 8th meeting at the highest rate in over two decades. According to the FOMC statement, "the committee is attentive to the risks to both sides of its dual mandate". We wish we understood what that means, but the FED speaks funny and maybe even on purpose. Our take is that they know there is too much debt to sell as it crosses the \$35 trillion mark. If the US pays too little, it won't be able to sell all the debt that matures. Having also highlighted that labour markets have "moderated" compared with "remained strong" in the previous statement, it is clear the focus at the Fed is beginning to shift.

According to Chair Powell, if data prints and outlooks are consistent with improving "confidence on inflation", then a cut could be "on the table as soon as the next meeting in September". Powell confirmed half point cuts are "not something we're thinking about." I guess they think of a little sliver, maybe 0.25 cut. We need the break, please.

The Fed also signalled that it would continue reducing holdings of Treasury securities, agency debt, and agency MBS. Two-year treasury yields and the dollar drifted lower. According to the OIS, 25 bps of cuts remain firmly priced for September and three quarter-point cuts by the end of the year. US equities jumped. Pelosi bought 10,000 shares in Nvidia last week. Is it time to pile in? Check how Nvidia stock reacted to Pelosi's golden touch. A stock trading, shadowboxing Pelosi would be a great cartoon, but maybe next time.

The Yen continued to strengthen to a low of 148.57 against the dollar, the strongest since March 2024. Many have seized the opportunity to book holidays in Japan whilst the Yen remained weak. Elsewhere, people are flying more, too. Heightened demand for air travel showed broad-based strength across all regions, led by the Asia-Pacific region, which increased by 22.6% in June against the same time last year, according to revenue passenger kilometres (RPK) data from the International Air Transport Association. Heightened summer demand has provided some support for Asian kerosene prices, with cracks rising 42.6% since 24 April lows.

Ayatollah Ali Khamenei, Iran's leader, has given the order to launch strikes against Israel in retaliation for the killing of the Hamas leader on Iranian soil, reports said, but we are not expecting anything dramatic. They know it is a trap. Iran's leader said they have a 'duty to seek vengeance' and called for 'severe punishment'. Markets now remain concerned about further escalation between Israel and Iran. Tehran-backed proxies, such as the Houthis, may expand operations, potentially disrupting crude supplies. Iran is believed to have produced 3mb/d in July, up 91kb/d from the same month the year prior.

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Front Month Outrights					
September Swaps			01-Aug-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)	80.680		+1.640	+1.010
WTI	(\$/bbl)	77.060		+1.840	+1.130
Dubai	(\$/bbl)	80.210		+1.640	+1.050
Distillates					
Gasoil 0.1 NWE	(\$/mt)	752.930		+14.190	+3.500
NWE Jet	(\$/mt)	800.430		+12.690	+0.000
Singapore 10ppm	(\$/bbl)	97.370		+1.750	+0.320
Sing Kero	(\$/bbl)	96.490		+1.760	+0.380
Gasoline					
RBOB	(c/gal)	225.930		+5.390	+4.980
EBOB	(\$/mt)	801.600		+15.620	+17.270
Singapore 92	(\$/bbl)	88.420		+1.370	+1.070
Singapore 95	(\$/bbl)	92.920		+1.420	+1.120
Naphtha					
US C5 ENT	(c/gal)	153.150		+5.260	+3.870
NWE Naphtha	(\$/mt)	658.690		+15.810	+12.220
MOPJ Naphtha	(\$/mt)	674.780		+15.310	+9.810
Fuel Oil					
3.5% barges	(\$/mt)	448.060		+8.350	+1.560
Singapore 380	(\$/mt)	463.560		+5.100	+1.940
Singapore 180	(\$/mt)	471.060		+4.790	+1.810
0.5% barges	(\$/mt)	533.460		+7.380	+4.760
Singapore 0.5%	(\$/mt)	576.330		+6.540	+5.160
NGLs					
US Propane LST	(c/gal)	79.497		+0.768	+0.951
NWE Propane	(\$/mt)	575.680		+14.110	+19.630
Saudi Propane CP	(\$/mt)	596.180		+3.110	+11.130
Asian Propane FEI	(\$/mt)	643.180		+10.610	+12.630
US Butane ENT	(c/gal)	98.620		+0.760	+1.590
Saudi Butane CP	(\$/mt)	587.180		+4.110	+4.090



Long Tenor Swaps

		Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	81.370	80.680	80.120	79.660	79.250	79.677	78.580
WTI	(\$/bbl)	78.050	77.060	76.270	75.640	75.110	75.673	74.267
Dubai	(\$/bbl)	80.430	80.210	79.570	79.060	78.600	79.077	77.903
Distillates								
Gasoil 0.1 NWE	(\$/mt)	751.280	752.930	751.070	746.330	743.570	746.990	739.210
NWE Jet	(\$/mt)	799.780	800.430	800.570	798.330	798.070	798.990	796.210
Singapore 10ppm	(\$/bbl)	97.100	97.370	97.330	97.000	96.650	96.993	96.313
Sing Kero	(\$/bbl)	96.240	96.490	96.570	96.440	96.270	96.427	95.853
Gasoline								
RBOB	(c/gal)	244.420	225.930	219.100	214.860	213.190	215.717	220.660
EBOB	(\$/mt)	815.600	801.600	754.850	733.100	718.600	735.517	718.933
Singapore 92	(\$/bbl)	89.370	88.420	87.470	86.670	86.120	86.753	85.673
Singapore 95	(\$/bbl)	93.870	92.920	91.920	90.970	90.320	91.070	89.507
Naphtha								
US C5 ENT	(c/gal)	152.530	153.150	153.770	153.770	153.520	153.687	153.313
NWE Naphtha	(\$/mt)	666.940	658.690	654.440	649.440	644.440	649.440	636.523
MOP-Japan Naphtha	(\$/mt)	675.780	674.780	670.530	665.780	661.030	665.780	651.113
Fuel Oil								
3.5% barges	(\$/mt)	454.810	448.060	440.060	433.560	429.810	434.477	426.810
Singapore 380	(\$/mt)	472.060	463.560	453.060	444.810	439.810	445.893	434.310
Singapore 180	(\$/mt)	479.310	471.060	462.310	454.810	450.560	455.893	446.477
0.5% barges	(\$/mt)	540.710	533.460	527.210	521.960	517.210	522.127	510.960
Singapore 0.5%	(\$/mt)	583.080	576.330	570.080	564.580	559.580	564.747	551.663
NGLs								
US Propane LST	(c/gal)	78.747	79.497	80.617	81.117	80.997	80.910	79.457
NWE Propane	(\$/mt)	586.680	575.680	565.680	561.180	557.680	561.513	537.180
Saudi Propane CP	(\$/mt)	596.180	596.180	601.680	606.680	610.680	606.347	595.180
Asian Propane FEI	(\$/mt)	647.680	643.180	643.680	644.180	641.180	643.013	616.180
US Butane ENT	(c/gal)	98.120	98.620	99.000	99.380	99.000	99.127	96.210
Saudi Butane CP	(\$/mt)	587.180	587.180	598.680	604.680	608.680	604.013	593.347



Front Month Spreads				
Sep/Oct		01-Aug-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.560	+0.100	-0.010
WTI	(\$/bbl)	0.790	+0.140	+0.040
Dubai	(\$/bbl)	0.640	+0.100	+0.060
Distillates				
Gasoil 0.1 NWE	(\$/mt)	1.860	+0.190	-0.700
NWE Jet	(\$/mt)	-0.140	-0.810	-1.200
Singapore 10ppm	(\$/bbl)	0.040	-0.030	-0.080
Sing Kero	(\$/bbl)	-0.080	+0.000	-0.050
Gasoline				
RBOB	(c/gal)	6.830	+0.430	+0.750
EBOB	(\$/mt)	46.750	+0.250	+1.500
Singapore 92	(\$/bbl)	0.950	-0.290	-0.220
Singapore 95	(\$/bbl)	1.000	-0.390	-0.320
Naphtha				
US C5 ENT	(c/gal)	-0.620	+0.000	-0.120
NWE Naphtha	(\$/mt)	4.250	+1.000	+0.250
MOP-Japan Naphtha	(\$/mt)	4.250	+0.500	-1.250
Fuel Oil				
3.5% barges	(\$/mt)	8.000	-0.250	-0.750
Singapore 380	(\$/mt)	10.500	-1.250	-2.000
Singapore 180	(\$/mt)	8.750	-1.250	-1.750
0.5% barges	(\$/mt)	6.250	+0.000	+0.250
Singapore 0.5%	(\$/mt)	6.250	-0.500	+0.000
NGLs				
US Propane LST	(c/gal)	-1.120	-0.120	+0.000
NWE Propane	(\$/mt)	10.000	+1.500	+5.000
Saudi Propane CP	(\$/mt)	-5.500	-1.000	+1.000
Asian Propane FEI	(\$/mt)	-0.500	+0.000	+1.500
US Butane ENT	(c/gal)	-0.380	+0.000	-0.130
Saudi Butane CP	(\$/mt)	-11.500	+0.500	-5.000



Front Month Cracks and Diffs			
September	01-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.460	-0.010	-0.050
WTI/Brent (\$/bbl)	-3.610	+0.200	+0.130
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	20.380	+0.260	-0.560
NWE Jet crack (\$/bbl)	20.910	-0.020	-1.000
NWE Jet Diff (\$/mt)	47.500	-1.500	-3.500
Gasoil E/W (\$/bbl)	-27.500	-1.130	-1.090
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.880	+0.010	+0.060
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-3.200	+0.920	+0.020
EBOB crack (\$/mt)	15.560	+0.220	+1.060
Singapore 92 crack (\$/bbl)	7.760	-0.250	+0.070
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-7.800	-0.490	-0.990
European Gasnaph (EBOB vs Naphtha) (\$/mt)	142.750	-0.420	+4.890
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	61.760	-3.990	-0.720
Naphtha			
US C5 ENT vs WTI Crack	-12.740	+0.360	+0.490
NWE Naphtha Crack (\$/bbl)	-6.650	+0.150	+0.370
MOPJ Naphtha Crack (\$/bbl)	-4.850	+0.090	+0.080
Naphtha E/W (NWE vs MOPJ) (\$/mt)	16.000	-0.500	-2.500
Fuel Oil			
3.5% barges crack (\$/bbl)	-10.100	-0.310	-0.740
Singapore 380 crack (\$/bbl)	-7.660	-0.820	-0.680
Singapore 180 crack (\$/bbl)	-6.480	-0.860	-0.730
Visco (180-380) (\$/mt)	7.500	-0.250	-0.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	15.500	-3.250	+0.500
0.5% barges crack (\$/bbl)	3.350	-0.460	-0.260
Singapore 0.5% crack (\$/bbl)	10.100	-0.590	-0.200
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	42.860	-0.900	+0.390
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	85.410	-0.900	+3.210
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	112.770	+1.440	+3.100
0.5% barges/gasoil (\$/mt)	-219.400	-6.740	+1.330
Sing 0.5% vs Sing 10ppm (\$/mt)	-149.020	-6.500	+2.890
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-161.500	-10.110	-14.580
US Propane LST vs Asian Propane FEI (\$/mt)	-229.000	-6.610	-7.580
Asian Propane FEI vs NWE Propane (\$/mt)	67.500	-3.500	-7.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	47.000	+7.500	+1.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-83.100	-1.610	+7.140
Asian Pronap (FEI vs MOPJ) (\$/mt)	-78.510	-12.020	+1.320



Long Tenor Cracks / Diffs

	Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.930	0.460	0.540	0.590	0.640	0.590	0.653
WTI/Brent (\$/bbl)	-3.320	-3.610	-3.840	-4.000	-4.140	-3.993	-4.313
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	19.47	20.38	20.69	20.52	20.56	20.59	20.64
NWE Jet crack (\$/bbl)	20.14	20.91	21.48	21.65	22.03	21.72	22.48
NWE Jet Diff (\$/mt)	48.50	47.50	49.50	52.00	54.50	52.00	57.00
Gasoil E/W (\$/bbl)	-27.89	-27.50	-25.96	-23.71	-23.51	-24.39	-21.69
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.86	-0.88	-0.76	-0.56	-0.38	-0.57	-0.46
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	11.310	-3.200	3.330	5.310	7.780	5.473	15.160
EBOB crack (\$/mt)	16.560	15.560	10.510	8.360	7.030	8.633	7.743
Singapore 92 crack (\$/bbl)	8.030	7.760	7.360	7.020	6.880	7.087	7.113
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.530	-7.800	-3.130	-1.320	-0.130	-1.527	-0.617
European Gasnaph (EBOB vs Naphtha) (\$/mt)	148.500	142.750	100.250	83.500	74.000	85.917	82.250
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	68.670	61.760	58.100	56.180	56.350	56.877	62.543
Naphtha							
US C5 ENT vs WTI Crack	-13.980	-12.740	-11.680	-11.060	-10.640	-11.127	-9.877
NWE Naphtha Crack (\$/bbl)	-6.390	-6.650	-6.580	-6.660	-6.830	-6.690	-7.023
MOPJ Naphtha Crack (\$/bbl)	-5.410	-4.850	-4.780	-4.830	-4.980	-4.863	-5.393
Naphtha E/W (NWE vs MOPJ) (\$/mt)	8.750	16.000	16.000	16.250	16.500	16.250	14.500
Fuel Oil							
3.5% bgs crack (\$/bbl)	-9.710	-10.100	-10.800	-11.360	-11.540	-11.233	-11.347
Singapore 380 crack (\$/bbl)	-6.990	-7.660	-8.750	-9.590	-9.970	-9.437	-10.163
Singapore 180 crack (\$/bbl)	-5.850	-6.480	-7.300	-8.020	-8.280	-7.867	-8.247
Visco (180-380) (\$/mt)	7.250	7.500	9.250	10.000	10.750	10.000	12.167
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	17.250	15.500	13.000	11.250	10.000	11.417	7.500
0.5% bgs crack (\$/bbl)	3.810	3.350	2.920	2.550	2.200	2.557	1.900
Singapore 0.5% crack (\$/bbl)	10.480	10.100	9.670	9.260	8.870	9.267	8.307
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	42.360	42.860	42.860	42.610	42.360	42.610	40.693
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	85.910	85.410	87.160	88.410	87.410	87.660	84.160
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	111.020	112.770	117.020	119.770	119.770	118.853	117.353
0.5% bgs/gasoil (\$/mt)	-210.500	-219.400	-223.790	-224.300	-226.290	-224.793	-228.310
Sing 0.5% vs Sing 10ppm (\$/mt)	-140.250	-149.020	-154.970	-158.010	-160.400	-157.793	-165.810
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-176.41	-161.5	-145.67	-138.56	-135.69	-139.973	-123.21
US Propane LST vs Asian Propane FEI (\$/mt)	-237.41	-229	-223.67	-221.56	-219.19	-221.473	-202.21
Asian Propane FEI vs NWE Propane (\$/mt)	61	67.5	78	83	83.5	81.5	79
Asian Propane FEI vs Saudi Propane CP (\$/mt)	51.5	47	42	37.5	30.5	36.667	21
European Pronap (\$/mt)	-80.35	-83.1	-88.85	-88.35	-86.85	-88.017	-99.433
Asian Pronap (FEI vs MOPJ) (\$/mt)	-79.51	-78.51	-68.76	-59.01	-50.26	-59.343	-55.843



Inter-month Crack Spreads			
Sep/Oct	01-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.080	-0.010	-0.070
WTI/Brent (\$/bbl)	0.230	+0.040	+0.050
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.310	-0.070	-0.110
NWE Jet crack (\$/bbl)	-0.570	-0.180	-0.150
NWE Jet Diff (\$/mt)	-2.000	-1.000	-0.500
Gasoil E/W (\$/bbl)	-1.540	-0.390	+0.160
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.120	+0.030	+0.030
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-6.530	+0.380	+0.320
EBOB crack (\$/mt)	5.050	-0.070	+0.190
Singapore 92 crack (\$/bbl)	0.400	-0.360	-0.220
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-4.670	-0.320	-0.410
European Gasnaph (EBOB vs Naphtha) (\$/mt)	42.500	-0.750	+1.250
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	3.660	-2.920	-0.590
Naphtha			
US C5 ENT vs WTI Crack	-1.060	-0.150	-0.100
NWE Naphtha Crack (\$/bbl)	-0.070	+0.030	+0.040
MOPJ Naphtha Crack (\$/bbl)	-0.070	-0.030	-0.140
Naphtha E/W (NWE vs MOPJ) (\$/mt)	0.000	-0.500	-1.500
Fuel Oil			
3.5% barges crack (\$/bbl)	0.700	-0.130	-0.100
Singapore 380 crack (\$/bbl)	1.090	-0.300	-0.320
Singapore 180 crack (\$/bbl)	0.820	-0.300	-0.280
Visco (180-380) (\$/mt)	-1.750	+0.000	+0.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	2.500	-1.000	-1.250
0.5% barges crack (\$/bbl)	0.430	-0.090	+0.030
Singapore 0.5% crack (\$/bbl)	0.430	-0.150	-0.020
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	0.000	-0.500	-0.250
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-1.750	+0.250	+1.000
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-4.250	+0.750	+2.000
0.5% barges/gasoil (\$/mt)	4.390	-0.190	+0.950
Sing 0.5% vs Sing 10ppm (\$/mt)	5.950	-0.280	+0.590
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-15.830	-2.120	-4.990
US Propane LST vs Asian Propane FEI (\$/mt)	-5.330	-0.620	-1.490
Asian Propane FEI vs NWE Propane (\$/mt)	-10.500	-1.500	-3.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	5.000	+1.000	+0.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	5.750	+0.500	+4.750