



Futures flies, Forties follows



Just like that, the market is bullish again. And really bullish! What's driving it? We are frank and all we have are theories, some say it is fears of an impending Iranian retaliation. The longer they wait the less impactful it will be as F22s are on their way to the theater of operations, and theater it is. Others say that it is just a low flat price which triggered Chinese demand. And others also say that the teapots are asking for extra crude imports. If they are then margins will get hit again.

And in the North Sea, the volatility went off the charts. Vitol, the market driver du jour, is buying Dubai partials and rumors of B/D swaps as well. But the main impact was on dated Brent where Vitol bought an end August Midland at dated plus \$2.50/bbl! You heard right, \$2.50 versus offers two days by Totsa at 70 cts. It must hurt, we are sure. And even Exxon was bidding +\$2.20. Equinor was also back bidding similar numbers. And yes, the Chinese were prowling and bought an early Sep Fob Forties cargo from Shell versus early week offers at +40. Note Unipecc was playing it the other way in Asia selling Dubai.

Backwardation is back. Only three days ago, CFDs were in a steep contango. What's driven the shift? CTA followers say models had been short and, well, short circuited leading to avid position covering. In other events, another tanker is on fire, this time off Bali. Ukraine has gone on the attack, crossing the northern border into Russia. Is it time to be bullish? Or do we have another correction with \$80 on the horizon?

Summary					
Physical and Futures			08-Aug-24	1-Day Change	7-Day Change
Brent Sep (fut)	(\$/bbl)	78.870	+0.070	-1.460	
WTI Sep (fut)	(\$/bbl)	74.830	+0.190	-1.410	
Dubai Sep (phys)	(\$/bbl)	77.705	+0.425	-2.845	
Crude Swaps Aug					
Brent	(\$/bbl)	78.110	+0.030	-1.590	
DFL	(\$/bbl)	0.580	+0.220	+0.290	
WTI	(\$/bbl)	74.570	+0.170	-1.450	
Dubai	(\$/bbl)	77.370	+0.140	-1.840	
Tenor			Sep-24	Oct-24	Nov-24
Crude Futures					
Brent (fut)	(\$/bbl)	78.870	78.145	77.575	
WTI (fut)	(\$/bbl)	74.830	73.960	73.285	



In detail

Brent was little changed against the close yesterday, gaining a measly 7c to \$78.87/bbl. Oct WTI gained a little more, up 19c to \$74.83/bbl. The front spreads for Brent strengthened further to 73c, up 5c since yesterday. But again, very little has changed fundamentally. The real action is the North Sea benchmark diffs. What a show! A Midland cargo done at plus \$2.50/bbl. By early evening in London, Brent was trading over \$79/bbl.

The war in Ukraine continues to have a dramatic effect globally. British Airways have recently announced they will be suspending flights between London and Beijing in October as closed Russian airspace combined with weak demand from Asia bite. British Airways had previously highlighted plans to double their Chinese speaking cabin crew. Virgin Atlantic and Qantas Airways, faced with similar headwinds, have also planned to axe flights into China. Sir Richard Branson's airline has ended flights to Hong Kong and Tokyo. Don't forget the Asian macros. Ignore at your own risk.

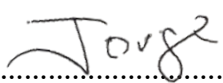
Following COVID, fleets were upgraded, and fuel efficiency improved; now, with international flights being cut back, the outlook for kerosene demand looks weak. Global airline stocks are doing poorly as demand disappoints. Airline index is at a 2023 low.

And the war in Ukraine shows no signs of slowing. Elements of two Ukrainian army brigades are reported to have seized the opportunity presented by a lapse in Russian defences, to breach the Russian-Ukraine border in the Kursk Oblast region. Hundreds of Ukrainian troupes have since gained Russian ground. Brigades in the East are struggling to retain ground, so why Ukraine are pushing additional manpower and resources into their excursion to Kursk is a little perplexing.

Some speculate that this was a strategic move from Ukraine, trying to draw Russian forces away from the eastern front lines, which have become under increasing pressure. Potentially, four brigades have become involved in the conflict in the north.


In the US, Jobless claims printed lower than expectations at 233k. This will come as light relief to the Fed after Friday's disappointing jobs report. But continued claims printed a little higher than expectations at 1.875 million. The Fed will be paying very close attention to labour market indicators, as they shift focus towards their full employment mandate, alongside inflation targets. Robust labour market will bide the fed time, limiting the likelihood of aggressive 50bps cuts some analysts have been hoping for.

But, wholesale inventories increased again for the third consecutive month in June, albeit at a slower pace, rising by 0.2%. Inventories of non-durable goods increased by 0.7%, following May's 0.9% increase. This was driven by a 3.8% increase in petroleum inventories. Durable goods inventories eased marginally by 0.1%. increased inventories often mean businesses are facing difficulties shifting their products, and further reinforces a narrative of weak end user demand in the US.

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Front Month Outrights					
August Swaps			08-Aug-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)	78.110	+0.030	-1.590	
WTI	(\$/bbl)	74.570	+0.170	-1.450	
Dubai	(\$/bbl)	77.370	+0.140	-1.840	
Distillates					
Gasoil 0.1 NWE	(\$/mt)	725.050	-3.380	-18.880	
NWE Jet	(\$/mt)	771.550	-4.380	-19.880	
Singapore 10ppm	(\$/bbl)	93.730	-0.420	-2.440	
Sing Kero	(\$/bbl)	92.910	-0.400	-2.350	
Gasoline					
RBOB	(c/gal)	219.570	+0.910	-3.980	
EBOB	(\$/mt)	779.770	+3.570	-15.740	
Singapore 92	(\$/bbl)	85.410	+0.330	-2.190	
Singapore 95	(\$/bbl)	89.510	+0.230	-2.590	
Naphtha					
US C5 ENT	(c/gal)	148.680	-1.690	-2.230	
NWE Naphtha	(\$/mt)	642.400	-3.650	-9.970	
MOPJ Naphtha	(\$/mt)	661.900	-4.900	-6.970	
Fuel Oil					
3.5% barges	(\$/mt)	431.360	-2.600	-10.980	
Singapore 380	(\$/mt)	448.670	-1.790	-9.920	
Singapore 180	(\$/mt)	456.800	-1.660	-8.790	
0.5% barges	(\$/mt)	520.130	+1.080	-7.550	
Singapore 0.5%	(\$/mt)	563.630	+0.450	-6.980	
NGLs					
US Propane LST	(c/gal)	77.184	+0.504	-0.518	
NWE Propane	(\$/mt)	565.130	+0.670	-12.700	
Saudi Propane CP	(\$/mt)	589.130	-6.830	-4.200	
Asian Propane FEI	(\$/mt)	628.130	-5.780	-8.700	
US Butane ENT	(c/gal)	93.930	+0.270	-3.020	
Saudi Butane CP	(\$/mt)	577.030	-6.880	-7.710	



Long Tenor Swaps

		Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	78.820	78.110	77.540	77.060	76.660	77.087	76.030
WTI	(\$/bbl)	75.490	74.570	73.750	73.120	72.590	73.153	71.770
Dubai	(\$/bbl)	77.470	77.370	76.720	76.210	75.770	76.233	75.183
Distillates								
Gasoil 0.1 NWE	(\$/mt)	723.210	725.050	723.570	719.330	716.980	719.960	713.480
NWE Jet	(\$/mt)	769.710	771.550	772.570	770.330	769.980	770.960	768.980
Singapore 10ppm	(\$/bbl)	93.510	93.730	93.750	93.500	93.270	93.507	93.043
Sing Kero	(\$/bbl)	92.560	92.910	93.030	92.960	92.910	92.967	92.627
Gasoline								
RBOB	(c/gal)	238.880	219.570	212.540	208.060	206.190	208.930	213.467
EBOB	(\$/mt)	792.770	779.770	734.020	711.770	697.270	714.353	697.437
Singapore 92	(\$/bbl)	85.710	85.410	84.710	84.030	83.580	84.107	83.063
Singapore 95	(\$/bbl)	89.810	89.510	88.760	88.180	87.730	88.223	86.897
Naphtha								
US C5 ENT	(c/gal)	147.680	148.680	149.300	149.300	149.050	149.217	148.597
NWE Naphtha	(\$/mt)	652.400	642.400	636.900	631.490	625.990	631.460	616.907
MOP-Japan Naphtha	(\$/mt)	667.900	661.900	655.650	649.650	643.900	649.733	632.567
Fuel Oil								
3.5% barges	(\$/mt)	438.110	431.360	423.860	417.610	413.610	418.360	410.777
Singapore 380	(\$/mt)	456.670	448.670	437.670	428.920	423.920	430.170	418.587
Singapore 180	(\$/mt)	462.800	456.800	447.300	439.550	435.300	440.717	431.383
0.5% barges	(\$/mt)	527.130	520.130	514.130	509.130	504.880	509.380	499.047
Singapore 0.5%	(\$/mt)	569.880	563.630	556.880	551.510	547.010	551.800	539.343
NGLs								
US Propane LST	(c/gal)	76.684	77.184	78.684	79.564	79.564	79.271	78.024
NWE Propane	(\$/mt)	581.130	565.130	556.130	551.630	547.630	551.797	527.630
Saudi Propane CP	(\$/mt)	589.130	589.130	590.630	594.630	598.630	594.630	582.797
Asian Propane FEI	(\$/mt)	633.130	628.130	627.630	628.380	625.880	627.297	602.547
US Butane ENT	(c/gal)	93.430	93.930	94.930	95.550	95.430	95.303	93.017
Saudi Butane CP	(\$/mt)	577.030	577.030	579.030	586.030	593.030	586.030	578.697



Front Month Spreads				
Aug/Sep		08-Aug-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.570	+0.040	+0.060
WTI	(\$/bbl)	0.820	+0.060	+0.140
Dubai	(\$/bbl)	0.650	+0.030	+0.040
Distillates				
Gasoil 0.1 NWE	(\$/mt)	1.480	-0.380	-0.560
NWE Jet	(\$/mt)	-1.020	-0.380	-0.560
Singapore 10ppm	(\$/bbl)	-0.020	+0.010	-0.040
Sing Kero	(\$/bbl)	-0.120	+0.010	-0.020
Gasoline				
RBOB	(c/gal)	7.030	+0.300	+0.150
EBOB	(\$/mt)	45.750	+2.500	-2.000
Singapore 92	(\$/bbl)	0.700	+0.190	-0.200
Singapore 95	(\$/bbl)	0.750	+0.190	-0.200
Naphtha				
US C5 ENT	(c/gal)	-0.620	+0.000	+0.000
NWE Naphtha	(\$/mt)	5.500	-0.250	+1.250
MOP-Japan Naphtha	(\$/mt)	6.250	-0.500	+1.750
Fuel Oil				
3.5% barges	(\$/mt)	7.500	-1.000	-1.000
Singapore 380	(\$/mt)	11.000	-0.250	+0.000
Singapore 180	(\$/mt)	9.500	+0.000	+0.500
0.5% barges	(\$/mt)	6.000	+0.120	-0.250
Singapore 0.5%	(\$/mt)	6.750	+0.250	+0.500
NGLs				
US Propane LST	(c/gal)	-1.500	-0.120	-0.250
NWE Propane	(\$/mt)	9.000	+0.540	-1.000
Saudi Propane CP	(\$/mt)	-1.500	-0.500	+3.500
Asian Propane FEI	(\$/mt)	0.500	+0.000	+1.500
US Butane ENT	(c/gal)	-1.000	-0.250	-0.500
Saudi Butane CP	(\$/mt)	-2.000	+1.500	+9.090



Front Month Cracks and Diffs			
August	08-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.740	-0.110	+0.250
WTI/Brent (\$/bbl)	-3.540	+0.150	+0.140
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	19.230	-0.450	-0.930
NWE Jet crack (\$/bbl)	19.820	-0.550	-0.920
NWE Jet Diff (\$/mt)	46.500	-1.000	-1.000
Gasoil E/W (\$/bbl)	-26.750	+0.250	+0.750
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.820	+0.010	+0.060
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-3.300	-0.100	+0.500
EBOB crack (\$/mt)	15.510	+0.410	-0.280
Singapore 92 crack (\$/bbl)	7.310	+0.310	-0.580
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-8.200	-0.100	-0.300
European Gasnaph (EBOB vs Naphtha) (\$/mt)	137.270	+7.070	-5.870
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	49.450	+7.460	-11.390
Naphtha			
US C5 ENT vs WTI Crack	-12.110	-0.870	+0.520
NWE Naphtha Crack (\$/bbl)	-5.900	-0.400	+0.500
MOPJ Naphtha Crack (\$/bbl)	-3.710	-0.540	+0.840
Naphtha E/W (NWE vs MOPJ) (\$/mt)	19.500	-1.250	+3.000
Fuel Oil			
3.5% barges crack (\$/bbl)	-10.150	-0.400	-0.100
Singapore 380 crack (\$/bbl)	-7.430	-0.280	+0.060
Singapore 180 crack (\$/bbl)	-6.170	-0.280	+0.220
Visco (180-380) (\$/mt)	8.000	+0.000	+1.000
HSFO E/W (380 vs 3.5% barges) (\$/mt)	17.250	+0.750	+1.000
0.5% barges crack (\$/bbl)	3.800	+0.150	+0.400
Singapore 0.5% crack (\$/bbl)	10.650	+0.070	+0.490
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	43.490	-0.510	+0.560
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	88.590	+3.500	+3.180
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	114.830	+2.240	+2.740
0.5% barges/gasoil (\$/mt)	-205.100	+4.280	+11.170
Sing 0.5% vs Sing 10ppm (\$/mt)	-134.660	+3.710	+11.030
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-163.000	+2.000	+10.000
US Propane LST vs Asian Propane FEI (\$/mt)	-226.000	+8.500	+6.000
Asian Propane FEI vs NWE Propane (\$/mt)	63.000	-6.500	+4.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	39.000	+1.000	-4.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-77.450	+4.190	-2.950
Asian Pronap (FEI vs MOPJ) (\$/mt)	-72.950	-2.060	+2.550



Long Tenor Cracks / Diffs

	Balmo	Aug-24	Sep-24	Oct-24	Nov-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	1.370	0.740	0.830	0.870	0.880	0.860	0.850
WTI/Brent (\$/bbl)	-3.340	-3.540	-3.790	-3.960	-4.070	-3.940	-4.270
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	18.22	19.23	19.61	19.50	19.56	19.56	19.74
NWE Jet crack (\$/bbl)	18.83	19.82	20.53	20.70	21.03	20.75	21.55
NWE Jet Diff (\$/mt)	46.50	46.50	49.00	51.00	53.00	51.00	55.50
Gasoil E/W (\$/bbl)	-26.61	-26.75	-25.30	-22.76	-22.11	-23.39	-20.32
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.95	-0.82	-0.72	-0.54	-0.36	-0.54	-0.42
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	12.300	-3.300	2.760	4.640	6.890	4.763	14.133
EBOB crack (\$/mt)	16.360	15.510	10.580	8.390	7.060	8.677	7.697
Singapore 92 crack (\$/bbl)	6.890	7.310	7.170	6.970	6.930	7.023	7.037
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-9.460	-8.200	-3.410	-1.410	-0.120	-1.647	-0.657
European Gasnaph (EBOB vs Naphtha) (\$/mt)	140.270	137.270	97.020	80.270	71.270	82.853	80.520
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	45.950	49.450	49.870	50.200	52.200	50.757	59.233
Naphtha							
US C5 ENT vs WTI Crack	-13.450	-12.110	-11.040	-10.400	-9.970	-10.470	-9.340
NWE Naphtha Crack (\$/bbl)	-5.510	-5.900	-5.970	-6.110	-6.300	-6.127	-6.700
MOPJ Naphtha Crack (\$/bbl)	-3.760	-3.710	-3.860	-4.060	-4.280	-4.067	-4.933
Naphtha E/W (NWE vs MOPJ) (\$/mt)	15.500	19.500	18.750	18.250	18.000	18.333	15.750
Fuel Oil							
3.5% bgs crack (\$/bbl)	-9.820	-10.150	-10.780	-11.280	-11.500	-11.187	-11.320
Singapore 380 crack (\$/bbl)	-6.900	-7.430	-8.620	-9.510	-9.880	-9.337	-10.100
Singapore 180 crack (\$/bbl)	-5.960	-6.170	-7.120	-7.860	-8.110	-7.697	-8.103
Visco (180-380) (\$/mt)	6.000	8.000	9.500	10.500	11.250	10.417	12.667
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	18.500	17.250	13.750	11.250	10.250	11.750	7.750
0.5% bgs crack (\$/bbl)	4.170	3.800	3.410	3.100	2.850	3.120	2.553
Singapore 0.5% crack (\$/bbl)	10.900	10.650	10.140	9.770	9.480	9.797	8.897
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	42.740	43.490	42.740	42.370	42.120	42.410	40.287
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	88.840	88.590	90.090	91.340	91.090	90.840	88.090
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	113.080	114.830	119.080	122.460	122.960	121.500	120.627
0.5% bgs/gasoil (\$/mt)	-196.000	-205.100	-209.440	-210.370	-212.060	-210.623	-214.303
Sing 0.5% vs Sing 10ppm (\$/mt)	-126.770	-134.660	-141.560	-145.210	-147.810	-144.860	-153.750
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-181.61	-163	-146.19	-137.1	-133.1	-138.797	-121.123
US Propane LST vs Asian Propane FEI (\$/mt)	-233.6	-226	-217.68	-213.85	-211.35	-214.293	-196.04
Asian Propane FEI vs NWE Propane (\$/mt)	52	63	71.5	76.75	78.25	75.5	74.917
Asian Propane FEI vs Saudi Propane CP (\$/mt)	44	39	37	33.75	27.25	32.667	19.75
European Pronap (\$/mt)	-71.45	-77.45	-81.09	-80.09	-78.45	-79.877	-89.413
Asian Pronap (FEI vs MOPJ) (\$/mt)	-78.95	-72.95	-65.2	-55.2	-45.45	-55.283	-50.043



Inter-month Crack Spreads			
Aug/Sep	08-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.090	+0.000	+0.020
WTI/Brent (\$/bbl)	0.250	+0.030	+0.050
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.380	-0.090	-0.150
NWE Jet crack (\$/bbl)	-0.710	-0.090	-0.150
NWE Jet Diff (\$/mt)	-2.500	+0.000	+0.000
Gasoil E/W (\$/bbl)	-1.450	+0.620	+0.480
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.100	+0.000	+0.020
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-6.060	-0.420	+0.730
EBOB crack (\$/mt)	4.930	+0.270	-0.290
Singapore 92 crack (\$/bbl)	0.140	+0.170	-0.250
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-4.790	-0.110	+0.040
European Gasnaph (EBOB vs Naphtha) (\$/mt)	40.250	+2.750	-3.250
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	-0.420	+2.080	-3.420
Naphtha			
US C5 ENT vs WTI Crack	-1.070	-0.060	-0.120
NWE Naphtha Crack (\$/bbl)	0.070	-0.040	+0.100
MOPJ Naphtha Crack (\$/bbl)	0.150	-0.070	+0.150
Naphtha E/W (NWE vs MOPJ) (\$/mt)	0.750	-0.250	+0.500
Fuel Oil			
3.5% barges crack (\$/bbl)	0.630	-0.170	-0.200
Singapore 380 crack (\$/bbl)	1.190	-0.040	-0.040
Singapore 180 crack (\$/bbl)	0.950	-0.010	+0.040
Visco (180-380) (\$/mt)	-1.500	+0.250	+0.500
HSFO E/W (380 vs 3.5% barges) (\$/mt)	3.500	+0.750	+1.000
0.5% barges crack (\$/bbl)	0.390	+0.000	-0.090
Singapore 0.5% crack (\$/bbl)	0.510	+0.030	+0.040
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	0.750	+0.130	+0.750
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-1.500	+1.120	+0.750
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-4.250	+0.500	+0.500
0.5% barges/gasoil (\$/mt)	4.340	+0.320	+0.200
Sing 0.5% vs Sing 10ppm (\$/mt)	6.900	+0.180	+0.800
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-16.810	-1.120	-0.290
US Propane LST vs Asian Propane FEI (\$/mt)	-8.320	-0.630	-2.800
Asian Propane FEI vs NWE Propane (\$/mt)	-8.500	-0.500	+2.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	2.000	+0.500	-2.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	3.640	+0.890	-2.110