



Capitano Americano drags Kennie from the depths



As the risk premium fades, the flat price falls, and traders wonder if there will even be any boom boom at all in the Middle East. Well, the market certainly is cooling its heels and positions are being shed as suddenly it is safer to be flat or even to be short ahead of the weekend. What has a greater possibility, bombs falling about while peace negotiations are conducted or a period of quietness, even bonhomie this Saturday and Sunday? We realize bonhomie is a stretch in a Middle Eastern war context but, hey, even Israelis and Palestinian negotiators will need to sit down and break bread. Brent dumped throughout the morning to a low of \$78.64/bbl before Team America woke up just in time to save the day... again, plucking flat price out of free fall to close the window at \$79.80/bbl. Kennie gets to live another day.

In the North Sea, only the French showed to the party. Total came out bidding for a ripe Sep 5-9 Midland cargo at Dated +\$2.65/bbl and also bid for a slightly later loading Sep 10-15 cargo at \$2.65/bbl. But, again, found no one willing. Only yesterday they were bidding +\$2.85 over Dated. Still very expensive, CFDs remain very backwardated, as do front spreads. A round of spicy croissants before we all join the Can Can.

Technically and we did hear some bullish gobbledygook, and best not look at the fundamentals... But in reality, the time of the bullishness, again, points to the Americans coming in and buying. And we are not forgetting about Russia where the situation is hotter this week than last.

Summary		16-Aug-24	1-Day Change	7-Day Change
Physical and Futures				
Brent Oct (fut)	(\$/bbl)	79.800	-1.580	+0.340
WTI Oct (fut)	(\$/bbl)	75.670	-1.665	+0.325
Dubai Oct (phys)	(\$/bbl)	78.330	-1.000	+0.625
Crude Swaps Sep				
Brent	(\$/bbl)	78.980	-1.500	+0.290
DFL	(\$/bbl)	0.760	-0.080	+0.200
WTI	(\$/bbl)	75.400	-1.650	+0.310
Dubai	(\$/bbl)	78.350	-1.470	+0.450
Tenor		Oct-24	Nov-24	Dec-24
Crude Futures				
Brent (fut)	(\$/bbl)	79.800	79.000	78.450
WTI (fut)	(\$/bbl)	75.670	74.810	74.170



In detail

Brent tanked in the morning to a low of \$78.63/bbl at 12:34 BST but rebounded to close at \$79.80/bbl, producing a \$1.58/bbl drop. Oct WTI came off slightly worse, dropping by \$1.66/bbl to \$75.67/bbl. Brent's front month spreads fell to 43c, exactly halving yesterday's figure. Maybe we were right about that dead cat bounce.

The sanctions intended to cut off Moscow from international trade and hit it where it hurts, its pockets, haven't really worked as they find workarounds and willing partners. Even today, Kazakhstan's deputy prime minister proclaimed that his country wouldn't "blindly follow" sanctions imposed upon its neighbour in the interests of protecting its own economy. The Centre for Research on Energy and Clean Air (CREA) calculated that the Russian budget increased by 50% y-o-y, attributing large responsibility for this to the Mineral Extraction Tax on crude oil exports. Given the revenue brought to the Russian state by these exports, quelle surprise that Russia's 'shadow fleet' of ships is continuing to transport its oil and product to destinations bypassing sanctions. The Centre for Research on Energy and Clean Air found that, in terms of revenue, from the imposition of sanctions up to the end of July 2024, China and India were the major importers of crude oil – but the EU was still in third place! The bloc supposedly sanctioning Russia has still been feeding off its exports... And let's not forget the re-exports of refined products made out of Russian oil back into Europe. Oh, the smoke from the ships going back and forth.

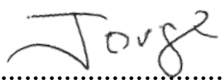
In April this year, seaborne crude oil exports were at a comparable level to March 2022, so whatever Europe's plan is, it isn't working as well as could be hoped. The areas Russia has really felt the squeeze are in pipeline gas, of which Europe was a huge consumer before the invasion of Ukraine, and LNG exports.

Whilst Russian crude supply continues to leak into the world, global demand indicators, particularly in the construction and industrials sectors remains very weak. US building permits fell by 58k to 1.396 million in July, a 4% decrease on a m-o-m basis. Housing starts also fell by 6.8% month on month, to their lowest level since May 2020. Single family starts mirrored this weak performance, falling to their lowest level since April 2020. Both building permits and housing starts surprised the consensus to the downside; all economists surveyed by Bloomberg were disappointed. The housing market has been hit from both sides; households have been deterred from buying by both high mortgage rates and high house prices, as wages lagged behind inflation and the Fed maintained higher interest rates for longer.

So US industrial production was down yesterday, and construction as measured by housing starts, is down today. Watch out for diesel underperformance. But we are keeping an eye on Italy's Mount Etna spewing sulphurous clouds which could in time lead to a slightly colder winter if the eruption does not abate. Iceland also has its own shows.


But following yesterday's retail sales, Michigan Consumer Sentiment also increased to 67.8 in August, up from 66.4 in July, and better than forecasts of 66.9. The first increase in five months, but still some way from March's 79.4 level. The increase in the headline series was driven by expectation index, which rose to 72.1 from 68.8. The current economic conditions, however, worsened, falling to 60.9 in August, down from 62.7. Expectations about future economic conditions can be influenced by "election developments." Many respondents added that their future economic expectations would be entirely different if their preferred candidate were not elected. So perhaps things aren't so rosy after all.

Closer to home, refinery margins continue to worsen. And we know what that means for the price of crude. The ICE Brent first month 3-2-1 crack is down from a peak of \$30.486/bbl in February to just \$13.282/bbl at time of writing.

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Front Month Outrights					
September Swaps			16-Aug-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)	78.980		-1.500	+0.290
WTI	(\$/bbl)	75.400		-1.650	+0.310
Dubai	(\$/bbl)	78.350		-1.470	+0.450
Distillates					
Gasoil 0.1 NWE	(\$/mt)	720.610		-18.590	-3.750
NWE Jet	(\$/mt)	762.950		-20.750	-6.410
Singapore 10ppm	(\$/bbl)	93.550		-2.380	-0.160
Sing Kero	(\$/bbl)	92.750		-2.280	-0.140
Gasoline					
RBOB	(c/gal)	215.020		-4.800	-5.500
EBOB	(\$/mt)	765.910		-15.050	-18.970
Singapore 92	(\$/bbl)	85.400		-1.100	-0.930
Singapore 95	(\$/bbl)	89.400		-1.100	-1.030
Naphtha					
US C5 ENT	(c/gal)	150.540		-2.890	+1.180
NWE Naphtha	(\$/mt)	647.740		-12.910	+2.310
MOPJ Naphtha	(\$/mt)	667.310		-11.090	+3.630
Fuel Oil					
3.5% barges	(\$/mt)	439.860		-7.690	+2.790
Singapore 380	(\$/mt)	446.860		-8.690	-6.270
Singapore 180	(\$/mt)	455.610		-9.000	-5.270
0.5% barges	(\$/mt)	526.860		-8.380	+2.100
Singapore 0.5%	(\$/mt)	571.940		-7.180	+3.930
NGLs					
US Propane LST	(c/gal)	76.804		-1.065	+0.273
NWE Propane	(\$/mt)	571.650		-2.590	+6.420
Saudi Propane CP	(\$/mt)	597.150		-2.590	+4.920
Asian Propane FEI	(\$/mt)	638.150		-3.590	+6.420
US Butane ENT	(c/gal)	99.050		-0.340	+6.020
Saudi Butane CP	(\$/mt)	586.650		-3.140	+6.420



		Long Tenor Swaps						
		Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	79.740	78.980	78.430	78.000	77.640	78.023	77.063
WTI	(\$/bbl)	75.960	75.400	74.610	74.010	73.530	74.050	72.777
Dubai	(\$/bbl)	78.280	78.350	77.560	77.030	76.630	77.073	76.140
Distillates								
Gasoil 0.1 NWE	(\$/mt)	718.750	720.610	720.710	717.750	716.350	718.270	714.380
NWE Jet	(\$/mt)	757.250	762.950	766.130	765.920	766.790	766.280	767.777
Singapore 10ppm	(\$/bbl)	93.390	93.550	93.540	93.380	93.150	93.357	93.113
Sing Kero	(\$/bbl)	92.500	92.750	92.730	92.780	92.760	92.757	92.673
Gasoline								
RBOB	(c/gal)	232.320	215.020	210.570	207.710	206.650	208.310	214.230
EBOB	(\$/mt)	770.910	765.910	726.660	708.660	697.660	710.993	699.743
Singapore 92	(\$/bbl)	85.600	85.400	84.730	84.080	83.680	84.163	83.367
Singapore 95	(\$/bbl)	89.700	89.400	88.630	87.780	87.380	87.930	87.133
Naphtha								
US C5 ENT	(c/gal)	149.540	150.540	151.040	150.920	150.670	150.877	150.457
NWE Naphtha	(\$/mt)	653.240	647.740	643.740	638.490	633.740	638.657	625.907
MOP-Japan Naphtha	(\$/mt)	669.560	667.310	661.810	656.310	651.310	656.477	641.227
Fuel Oil								
3.5% barges	(\$/mt)	449.360	439.860	429.610	422.860	418.860	423.777	416.077
Singapore 380	(\$/mt)	451.860	446.860	438.110	431.110	426.860	432.027	422.943
Singapore 180	(\$/mt)	459.610	455.610	448.110	441.610	437.860	442.527	435.360
0.5% barges	(\$/mt)	531.860	526.860	520.110	514.860	510.360	515.110	504.443
Singapore 0.5%	(\$/mt)	578.440	571.940	564.190	557.690	552.440	558.107	544.940
NGLs								
US Propane LST	(c/gal)	76.424	76.804	77.924	78.424	78.544	78.297	76.841
NWE Propane	(\$/mt)	591.650	571.650	560.650	556.650	552.650	556.650	532.817
Saudi Propane CP	(\$/mt)	597.150	597.150	597.150	600.150	604.150	600.483	588.150
Asian Propane FEI	(\$/mt)	640.650	638.150	638.150	639.150	636.650	637.983	612.317
US Butane ENT	(c/gal)	99.050	99.050	99.050	99.050	98.670	98.923	95.127
Saudi Butane CP	(\$/mt)	586.650	586.650	588.650	593.650	599.650	593.983	585.150



Front Month Spreads				
Sep/Oct		16-Aug-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.550	-0.030	+0.010
WTI	(\$/bbl)	0.790	-0.080	+0.030
Dubai	(\$/bbl)	0.790	-0.010	+0.170
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-0.100	-0.960	-1.050
NWE Jet	(\$/mt)	-3.180	-1.540	-1.630
Singapore 10ppm	(\$/bbl)	0.010	-0.030	+0.060
Sing Kero	(\$/bbl)	0.020	+0.060	+0.160
Gasoline				
RBOB	(c/gal)	4.450	-0.500	-2.230
EBOB	(\$/mt)	39.250	-1.000	-5.750
Singapore 92	(\$/bbl)	0.670	+0.120	-0.130
Singapore 95	(\$/bbl)	0.770	+0.220	-0.080
Naphtha				
US C5 ENT	(c/gal)	-0.500	+0.000	+0.120
NWE Naphtha	(\$/mt)	4.000	-1.000	-1.000
MOP-Japan Naphtha	(\$/mt)	5.500	+0.250	-0.250
Fuel Oil				
3.5% barges	(\$/mt)	10.250	+0.500	+1.750
Singapore 380	(\$/mt)	8.750	-0.250	-2.250
Singapore 180	(\$/mt)	7.500	-0.250	-1.750
0.5% barges	(\$/mt)	6.750	+0.000	+0.500
Singapore 0.5%	(\$/mt)	7.750	+0.500	+0.750
NGLs				
US Propane LST	(c/gal)	-1.120	+0.000	+0.380
NWE Propane	(\$/mt)	11.000	+1.960	+2.500
Saudi Propane CP	(\$/mt)	0.000	+1.500	+2.000
Asian Propane FEI	(\$/mt)	0.000	+0.000	-0.500
US Butane ENT	(c/gal)	0.000	+0.000	+1.120
Saudi Butane CP	(\$/mt)	-2.000	+1.000	+0.500



Front Month Cracks and Diffs			
September	16-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.630	-0.040	-0.140
WTI/Brent (\$/bbl)	-3.560	-0.130	+0.030
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	17.750	-0.980	-0.820
NWE Jet crack (\$/bbl)	17.860	-1.110	-1.110
NWE Jet Diff (\$/mt)	42.500	-2.000	-2.500
Gasoil E/W (\$/bbl)	-23.500	+1.000	+2.750
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.800	+0.100	+0.020
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-3.900	-0.500	-0.100
EBOB crack (\$/mt)	12.980	-0.260	-2.530
Singapore 92 crack (\$/bbl)	6.420	+0.430	-1.210
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-6.550	+0.700	+1.350
European Gasnaph (EBOB vs Naphtha) (\$/mt)	118.200	-1.820	-20.810
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	43.890	+2.010	-11.070
Naphtha			
US C5 ENT vs WTI Crack	-12.180	+0.430	+0.180
NWE Naphtha Crack (\$/bbl)	-6.200	+0.050	-0.050
MOPJ Naphtha Crack (\$/bbl)	-3.980	+0.280	+0.120
Naphtha E/W (NWE vs MOPJ) (\$/mt)	19.750	+2.000	+1.500
Fuel Oil			
3.5% barges crack (\$/bbl)	-9.700	+0.300	+0.150
Singapore 380 crack (\$/bbl)	-8.600	+0.140	-1.270
Singapore 180 crack (\$/bbl)	-7.220	+0.100	-1.110
Visco (180-380) (\$/mt)	8.750	-0.250	+1.000
HSFO E/W (380 vs 3.5% barges) (\$/mt)	7.000	-1.000	-9.000
0.5% barges crack (\$/bbl)	4.000	+0.200	+0.050
Singapore 0.5% crack (\$/bbl)	11.100	+0.380	+0.340
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	45.080	+1.140	+1.830
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	87.000	-0.630	-0.630
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	125.080	+1.510	+10.200
0.5% barges/gasoil (\$/mt)	-193.690	+10.310	+6.030
Sing 0.5% vs Sing 10ppm (\$/mt)	-124.780	+10.800	+5.480
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-171.500	-3.000	-5.000
US Propane LST vs Asian Propane FEI (\$/mt)	-235.000	+1.000	-2.000
Asian Propane FEI vs NWE Propane (\$/mt)	67.000	-0.500	+0.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	42.000	+0.000	+2.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-86.500	+0.000	-6.160
Asian Pronap (FEI vs MOPJ) (\$/mt)	-79.500	-0.750	-7.910



Long Tenor Cracks / Diffs

	Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	1.460	0.630	0.870	0.970	0.990	0.943	0.917
WTI/Brent (\$/bbl)	-3.760	-3.560	-3.810	-3.970	-4.110	-3.963	-4.273
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	16.72	17.75	18.29	18.35	18.49	18.38	18.82
NWE Jet crack (\$/bbl)	16.34	17.86	18.78	19.18	19.66	19.21	20.37
NWE Jet Diff (\$/mt)	38.50	42.50	45.50	48.00	50.50	48.00	53.50
Gasoil E/W (\$/bbl)	-22.99	-23.50	-23.76	-22.24	-22.31	-22.77	-20.59
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.89	-0.80	-0.81	-0.60	-0.39	-0.60	-0.44
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	11.970	-3.900	2.880	5.150	7.240	5.090	14.217
EBOB crack (\$/mt)	12.810	12.980	8.810	7.080	6.130	7.340	6.950
Singapore 92 crack (\$/bbl)	5.870	6.420	6.300	6.080	6.050	6.143	6.307
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-6.950	-6.550	-2.510	-1.000	-0.080	-1.197	-0.643
European Gasnaph (EBOB vs Naphtha) (\$/mt)	117.700	118.200	82.950	70.200	63.950	72.367	73.867
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	43.310	43.890	43.810	43.900	45.560	44.423	53.040
Naphtha							
US C5 ENT vs WTI Crack	-13.150	-12.180	-11.180	-10.630	-10.240	-10.683	-9.587
NWE Naphtha Crack (\$/bbl)	-6.340	-6.200	-6.110	-6.260	-6.430	-6.267	-6.733
MOPJ Naphtha Crack (\$/bbl)	-4.490	-3.980	-4.060	-4.240	-4.440	-4.247	-4.990
Naphtha E/W (NWE vs MOPJ) (\$/mt)	16.500	19.750	18.250	18.000	17.750	18.000	15.500
Fuel Oil							
3.5% bgs crack (\$/bbl)	-8.960	-9.700	-10.770	-11.400	-11.670	-11.280	-11.527
Singapore 380 crack (\$/bbl)	-8.570	-8.600	-9.440	-10.100	-10.410	-9.983	-10.447
Singapore 180 crack (\$/bbl)	-7.350	-7.220	-7.860	-8.450	-8.670	-8.327	-8.490
Visco (180-380) (\$/mt)	7.750	8.750	10.000	10.500	11.000	10.500	12.417
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	2.500	7.000	8.500	8.250	8.000	8.250	6.867
0.5% bgs crack (\$/bbl)	4.030	4.000	3.480	3.090	2.740	3.103	2.390
Singapore 0.5% crack (\$/bbl)	11.360	11.100	10.420	9.840	9.370	9.877	8.770
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	46.580	45.080	44.080	42.830	42.080	42.997	40.497
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	82.500	87.000	90.500	92.000	91.500	91.333	88.367
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	126.580	125.080	126.080	126.580	125.580	126.080	121.997
0.5% bgs/gasoil (\$/mt)	-186.830	-193.690	-200.460	-202.830	-205.930	-203.073	-209.793
Sing 0.5% vs Sing 10ppm (\$/mt)	-117.390	-124.780	-132.460	-137.700	-141.460	-137.207	-148.707
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-193.48	-171.5	-154.67	-148.06	-143.44	-148.723	-132.477
US Propane LST vs Asian Propane FEI (\$/mt)	-238.98	-235	-229.66	-229.06	-225.56	-228.43	-211.1
Asian Propane FEI vs NWE Propane (\$/mt)	49	67	77	83	84.5	81.5	79.5
Asian Propane FEI vs Saudi Propane CP (\$/mt)	44	42	41	39	32	37.33	23.67
European Pronap (\$/mt)	-73.54	-86.5	-91	-89.25	-88.04	-89.43	-99.01
Asian Pronap (FEI vs MOPJ) (\$/mt)	-82.5	-79.5	-72.75	-62.75	-53	-62.83	-58.42



Inter-month Crack Spreads			
Sep/Oct	16-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.240	-0.020	-0.170
WTI/Brent (\$/bbl)	0.250	-0.040	+0.020
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.540	-0.050	-0.120
NWE Jet crack (\$/bbl)	-0.920	-0.120	-0.170
NWE Jet Diff (\$/mt)	-3.000	-0.500	-0.500
Gasoil E/W (\$/bbl)	0.260	+0.580	+1.400
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	0.010	+0.090	+0.100
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-6.780	-0.210	-0.610
EBOB crack (\$/mt)	4.170	-0.080	-0.660
Singapore 92 crack (\$/bbl)	0.120	+0.150	-0.130
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-4.040	+0.240	+0.560
European Gasnaph (EBOB vs Naphtha) (\$/mt)	35.250	+0.000	-4.750
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	0.080	+0.750	-0.830
Naphtha			
US C5 ENT vs WTI Crack	-1.000	+0.080	+0.040
NWE Naphtha Crack (\$/bbl)	-0.090	-0.060	-0.120
MOPJ Naphtha Crack (\$/bbl)	0.080	+0.090	-0.040
Naphtha E/W (NWE vs MOPJ) (\$/mt)	1.500	+1.250	+0.750
Fuel Oil			
3.5% barges crack (\$/bbl)	1.070	+0.120	+0.260
Singapore 380 crack (\$/bbl)	0.840	+0.010	-0.360
Singapore 180 crack (\$/bbl)	0.640	+0.010	-0.290
Visco (180-380) (\$/mt)	-1.250	+0.000	+0.500
HSFO E/W (380 vs 3.5% barges) (\$/mt)	-1.500	-0.750	-4.000
0.5% barges crack (\$/bbl)	0.520	+0.050	+0.070
Singapore 0.5% crack (\$/bbl)	0.680	+0.130	+0.110
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	1.000	+0.500	+0.250
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-3.500	-0.500	-1.250
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-1.000	+0.750	+2.990
0.5% barges/gasoil (\$/mt)	6.770	+0.810	+1.240
Sing 0.5% vs Sing 10ppm (\$/mt)	7.680	+0.730	+0.310
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-16.830	-2.000	-0.510
US Propane LST vs Asian Propane FEI (\$/mt)	-5.340	+0.490	+2.980
Asian Propane FEI vs NWE Propane (\$/mt)	-10.000	-1.000	-2.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	1.000	-0.500	-1.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	4.500	+0.500	+1.000