



Peaceful weekend, all longs killed



Kennie the long trader, RIP

Oil markets collapsed across the board, from gasoline to Brent, from flat price to spreads, everything was down. It was a blood bath on Oil Street. The rout started Friday afternoon when the smart longs decided they had enough and closed long positions. Why? Because the warmongers were having second thoughts about starting WW3 and were having a nice get together to avoid global mayhem. And the likelihood of any attack by either party during the meeting was nil.

Team America smelled the coffee today and decided it was better to push up daises and summarily gave up the ghost. Front month Brent futures collapsed immediately post-window shedding almost 2 bucks and falling to the lowest price since 7 Aug. But WTI fared even worse, shedding \$2.10/bbl. Brent front spreads suffered a similar fate, shedding 19c from the close and down 25c from yesterday's close. Notably, Oct Brent pierced the \$78 defense line. \$75 is not out of the question as the enormity of the Chinese crash becomes more evident. But when the CEO of a cosmetics company -Estee Lauder- can't keep a good face forward and blames China for bad results and sort of resigns, you know the Chinese makeup is running. Note that China has recently issued gold permits and the yellow metal has duly solidly jumped above \$2500 to \$2541. And while the overall picture is awful, stock markets jumped and have generally regained their tsunami losses as financiers focus on an upcoming interest rate cut

But squeezers in the North Sea keep on taking turns whacking the good old Dated Brent piñata. Today Totsa and Mercuria had their chance at the bat. Totsa bid for a mid-Sep Midland at Dated +\$3.25, while Mercuria were after a Forties at Dated +\$2.30, and a Ekofisk at Dated +\$3.30, around +\$2.00 after quality premium.

Summary					
Physical and Futures			19-Aug-24	1-Day Change	7-Day Change
Brent Oct (fut)	(\$/bbl)	79.390	-0.400	-1.470	
WTI Oct (fut)	(\$/bbl)	75.340	-0.320	-1.620	
Dubai Oct (phys)	(\$/bbl)	78.020	-0.310	-1.210	
Crude Swaps Sep					
Brent	(\$/bbl)	78.630	-0.350	-1.360	
DFL	(\$/bbl)	0.610	-0.150	-0.030	
WTI	(\$/bbl)	75.100	-0.300	-1.570	
Dubai	(\$/bbl)	78.040	-0.310	-1.120	
Tenor			Oct-24	Nov-24	Dec-24
Crude Futures					
Brent (fut)	(\$/bbl)	79.390	78.650	78.160	
WTI (fut)	(\$/bbl)	75.340	74.540	73.925	



In detail

The real action was just after the window. Everything plummeted, with Brent losing \$1.78/bbl by 19:30BST, but the big loser was across the pond: WTI lost a huge \$2.10/bbl. At the close of Europe WTI and Brent both fell against Friday. Brent shed the most, falling 40c to \$79.39/bbl, whilst WTI lost a little less falling 32c to \$79.39/bbl. Brent front month spreads eased off a little to 74c, down from 80c at the close of Europe on Friday, but Brent remained in a robust backwardation structure. The sell-off that followed the close was dramatic, and Brent spreads suffered the consequences, falling to 57c at 18:30 BST.

Refinery margins have been feeling the squeeze as the 3-2-1 crack tightens to under \$13 since February 2021, way down from the absolute peak of \$52.43 in June 2022 and the value of around \$20/bbl during July this year. Obviously, if you've been reading The Officials, you'll know by now that refineries around the world have been cutting their outputs, citing tighter margins. China has been a particularly notable case, deeply cutting for months.

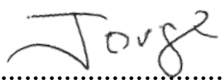
BP's data shows North West Europe and the Mediterranean as the tightest, quoting its margins at \$15.50/bbl and \$16.7/bbl respectively in 3Q2024 to August 14, while US margins remain relatively elevated at just over \$21/bbl. Similarly, the IEA August monthly report shows the Singapore Gasoline Crack at around its level at the same time in 2022, but, in the two weeks since, it has dropped significantly; it has fallen by \$2.11/bbl in the last week. The reality is worse than any study will tell you because they all look back and construct a future on data that at best is dodgy. China is in a hole and hence so is the rest of the world.

Margins will likely be squeezed further by the arrival of diesel refined in Middle Eastern refineries; Braemar Plc reported 6 VLCCs booked to transport refined products to Europe, alongside 27 Suezmax ships. The US doesn't want to miss the party and is adding fuel to the fire, sending over half a mb/d to Europe, the product dump site for the world.

Brent is at lows not seen since 7 Aug, while WTI fell to a 2 week low. But also focus on gasoline and gasoil, RBOB cracks have fallen by \$18 since March's highs to \$10.30/bbl. The fall in products is steeper than crude and therefore margins are getting killed. If you feel pain for a crude trader, the real pain is in the products side. Short is the way to be, babe. You've got to feel for those refiners who were used to margins as wide as a student trying to fill up pages in an essay and are now squeezing every drop they can out of tight margins.


Nigerian National Petroleum Corp (NNPC) has announced huge growth in full-year profits, up 29% against the year prior. NNPC reported 3.3tn naira, or about \$2.1 billion in profits for the 12 months through December, up from 2.55tn naira the year prior. The NNPC recently divested its stake in the Dangote refinery, from 20% to 7.2%, and they might be counting themselves lucky for doing so. As we reported previously, technical issues with their CDU towards the end of July led to Dangote reoffering WTI Midland cargoes, Nigerian Escravos, and Forcados. When fully operational, the refinery is expected to have a maximum capacity of 650kb/d, but since distillation began in January, they have struggled to meet half of their output goals.

Dangote said last month that the plant would begin producing Gasoline in August, but some of the issues with units and delays are likely to push this date back. Nigeria currently produces 1.75mb/d of crude and condensate. If the Dangote refinery manages to ramp up to full capacity, production will rival some of the largest refineries in the US and far outpace Europe's largest offerings. But this seems a long way off. The combination of output setbacks, weakening Naira, and credit rating downgrades (remember debt becomes more expensive when your rating gets cut) don't bode well for the ramp up.

Jorge Montepeque: 


Managing Director for Benchmarking

jmontepeque@onyxcapitalgroup.com

Harinder Sandhu: 

Quantitative Research Analyst

hsandhu@onyxcapitaladvisory.com

Will Cunliffe: 

Research Analyst

wcunliffe@onyxcapitaladvisory.com



Front Month Outrights					
September Swaps			19-Aug-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)	78.630		-0.350	-1.360
WTI	(\$/bbl)	75.100		-0.300	-1.570
Dubai	(\$/bbl)	78.040		-0.310	-1.120
Distillates					
Gasoil 0.1 NWE	(\$/mt)	711.570		-9.040	-21.290
NWE Jet	(\$/mt)	752.570		-10.380	-25.290
Singapore 10ppm	(\$/bbl)	92.490		-1.060	-2.320
Sing Kero	(\$/bbl)	91.750		-1.000	-2.170
Gasoline					
RBOB	(c/gal)	213.150		-1.870	-9.680
EBOB	(\$/mt)	759.270		-6.640	-34.670
Singapore 92	(\$/bbl)	84.700		-0.700	-2.410
Singapore 95	(\$/bbl)	88.690		-0.710	-2.510
Naphtha					
US C5 ENT	(c/gal)	149.330		-1.210	-3.170
NWE Naphtha	(\$/mt)	646.590		-1.150	-10.590
MOPJ Naphtha	(\$/mt)	666.590		-0.720	-9.410
Fuel Oil					
3.5% barges	(\$/mt)	439.420		-0.440	-4.250
Singapore 380	(\$/mt)	444.170		-2.690	-13.750
Singapore 180	(\$/mt)	451.760		-3.850	-13.660
0.5% barges	(\$/mt)	525.400		-1.460	-7.490
Singapore 0.5%	(\$/mt)	572.070		+0.130	-4.320
NGLs					
US Propane LST	(c/gal)	78.124		+1.320	+0.331
NWE Propane	(\$/mt)	571.570		-0.080	-1.730
Saudi Propane CP	(\$/mt)	597.070		-0.080	-0.230
Asian Propane FEI	(\$/mt)	636.570		-1.580	-1.770
US Butane ENT	(c/gal)	99.880		+0.830	+5.830
Saudi Butane CP	(\$/mt)	586.620		-0.030	+1.230



		Long Tenor Swaps						
		Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	79.320	78.630	78.130	77.720	77.370	77.740	76.833
WTI	(\$/bbl)	75.550	75.100	74.350	73.780	73.330	73.820	72.623
Dubai	(\$/bbl)	78.040	78.040	77.240	76.720	76.360	76.773	75.877
Distillates								
Gasoil 0.1 NWE	(\$/mt)	709.250	711.570	712.480	710.250	709.560	710.763	708.867
NWE Jet	(\$/mt)	746.750	752.570	756.480	756.250	757.560	756.763	759.867
Singapore 10ppm	(\$/bbl)	92.330	92.490	92.580	92.460	92.410	92.483	92.497
Sing Kero	(\$/bbl)	91.500	91.750	91.840	91.900	92.030	91.923	92.087
Gasoline								
RBOB	(c/gal)	230.010	213.150	209.050	206.190	205.140	206.793	212.807
EBOB	(\$/mt)	764.270	759.270	720.770	703.520	692.770	705.687	695.103
Singapore 92	(\$/bbl)	84.900	84.700	84.080	83.460	83.090	83.543	82.950
Singapore 95	(\$/bbl)	88.990	88.690	87.970	87.150	86.780	87.300	86.707
Naphtha								
US C5 ENT	(c/gal)	148.330	149.330	149.950	149.830	149.580	149.787	149.367
NWE Naphtha	(\$/mt)	651.840	646.590	643.090	637.840	633.090	638.007	625.507
MOP-Japan Naphtha	(\$/mt)	668.840	666.590	661.340	656.090	651.090	656.173	641.257
Fuel Oil								
3.5% barges	(\$/mt)	451.670	439.420	428.170	420.920	416.670	421.920	414.087
Singapore 380	(\$/mt)	448.170	444.170	436.170	429.670	425.670	430.503	422.003
Singapore 180	(\$/mt)	455.260	451.760	445.110	439.360	435.860	440.110	433.610
0.5% barges	(\$/mt)	530.400	525.400	518.400	512.900	508.150	513.150	502.233
Singapore 0.5%	(\$/mt)	578.570	572.070	563.320	556.570	550.820	556.903	542.903
NGLs								
US Propane LST	(c/gal)	77.744	78.124	79.244	79.624	79.624	79.497	77.797
NWE Propane	(\$/mt)	590.570	571.570	560.570	556.570	552.570	556.570	533.403
Saudi Propane CP	(\$/mt)	597.070	597.070	597.070	600.570	604.570	600.737	589.237
Asian Propane FEI	(\$/mt)	639.070	636.570	637.570	639.070	637.070	637.903	612.903
US Butane ENT	(c/gal)	99.880	99.880	100.000	100.000	99.620	99.873	95.957
Saudi Butane CP	(\$/mt)	586.620	586.620	588.620	594.120	600.120	594.287	586.287



Front Month Spreads				
Sep/Oct		19-Aug-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.500	-0.050	-0.100
WTI	(\$/bbl)	0.750	-0.040	-0.170
Dubai	(\$/bbl)	0.800	+0.010	+0.120
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-0.910	-0.810	-1.510
NWE Jet	(\$/mt)	-3.910	-0.730	-2.010
Singapore 10ppm	(\$/bbl)	-0.090	-0.100	-0.030
Sing Kero	(\$/bbl)	-0.090	-0.110	+0.080
Gasoline				
RBOB	(c/gal)	4.100	-0.350	-2.050
EBOB	(\$/mt)	38.500	-0.750	-6.750
Singapore 92	(\$/bbl)	0.620	-0.050	-0.060
Singapore 95	(\$/bbl)	0.720	-0.050	-0.010
Naphtha				
US C5 ENT	(c/gal)	-0.620	-0.120	+0.000
NWE Naphtha	(\$/mt)	3.500	-0.500	-2.250
MOP-Japan Naphtha	(\$/mt)	5.250	-0.250	-1.250
Fuel Oil				
3.5% barges	(\$/mt)	11.250	+1.000	+2.250
Singapore 380	(\$/mt)	8.000	-0.750	-2.500
Singapore 180	(\$/mt)	6.650	-0.850	-2.100
0.5% barges	(\$/mt)	7.000	+0.250	+0.500
Singapore 0.5%	(\$/mt)	8.750	+1.000	+1.500
NGLs				
US Propane LST	(c/gal)	-1.120	+0.000	+0.130
NWE Propane	(\$/mt)	11.000	+0.000	+2.500
Saudi Propane CP	(\$/mt)	0.000	+0.000	+2.000
Asian Propane FEI	(\$/mt)	-1.000	-1.000	-1.000
US Butane ENT	(c/gal)	-0.120	-0.120	+1.130
Saudi Butane CP	(\$/mt)	-2.000	+0.000	+0.500



Front Month Cracks and Diffs			
September	19-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.580	-0.050	-0.250
WTI/Brent (\$/bbl)	-3.530	+0.030	-0.210
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	16.880	-0.870	-1.490
NWE Jet crack (\$/bbl)	16.870	-0.990	-1.840
NWE Jet Diff (\$/mt)	41.000	-1.500	-4.000
Gasoil E/W (\$/bbl)	-22.500	+1.000	+4.000
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.740	+0.060	+0.150
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-3.900	+0.000	+0.200
EBOB crack (\$/mt)	12.510	-0.470	-2.810
Singapore 92 crack (\$/bbl)	6.060	-0.360	-1.070
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-6.450	+0.100	+1.750
European Gasnaph (EBOB vs Naphtha) (\$/mt)	112.330	-5.870	-24.440
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	38.700	-5.190	-10.740
Naphtha			
US C5 ENT vs WTI Crack	-12.350	-0.170	+0.270
NWE Naphtha Crack (\$/bbl)	-5.950	+0.250	+0.200
MOPJ Naphtha Crack (\$/bbl)	-3.700	+0.280	+0.310
Naphtha E/W (NWE vs MOPJ) (\$/mt)	20.000	+0.250	+1.000
Fuel Oil			
3.5% barges crack (\$/bbl)	-9.400	+0.300	+0.700
Singapore 380 crack (\$/bbl)	-8.650	-0.050	-0.790
Singapore 180 crack (\$/bbl)	-7.450	-0.230	-0.770
Visco (180-380) (\$/mt)	7.650	-1.100	+0.150
HSFO E/W (380 vs 3.5% barges) (\$/mt)	4.750	-2.250	-9.500
0.5% barges crack (\$/bbl)	4.150	+0.150	+0.200
Singapore 0.5% crack (\$/bbl)	11.500	+0.400	+0.700
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	46.670	+1.590	+3.170
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	86.040	-0.960	-3.180
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	127.970	+2.890	+9.500
0.5% barges/gasoil (\$/mt)	-185.920	+7.770	+13.860
Sing 0.5% vs Sing 10ppm (\$/mt)	-116.720	+8.060	+13.030
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-164.500	+7.000	+3.500
US Propane LST vs Asian Propane FEI (\$/mt)	-229.500	+5.500	+3.500
Asian Propane FEI vs NWE Propane (\$/mt)	65.000	-2.000	+0.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	39.500	-2.500	-1.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-75.140	+11.360	+8.740
Asian Pronap (FEI vs MOPJ) (\$/mt)	-69.640	+9.860	+9.290



Long Tenor Cracks / Diffs

	Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	1.270	0.580	0.870	0.980	1.010	0.953	0.950
WTI/Brent (\$/bbl)	-3.760	-3.530	-3.780	-3.940	-4.040	-3.920	-4.203
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	15.85	16.88	17.50	17.62	17.84	17.65	18.31
NWE Jet crack (\$/bbl)	15.41	16.87	17.83	18.25	18.74	18.27	19.59
NWE Jet Diff (\$/mt)	37.50	41.00	44.00	46.00	48.00	46.00	51.00
Gasoil E/W (\$/bbl)	-21.67	-22.50	-22.61	-21.40	-21.08	-21.70	-19.74
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.83	-0.74	-0.74	-0.56	-0.38	-0.56	-0.41
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	11.520	-3.900	3.010	5.110	7.130	5.083	14.143
EBOB crack (\$/mt)	12.440	12.510	8.390	6.740	5.800	6.977	6.630
Singapore 92 crack (\$/bbl)	5.590	6.060	5.940	5.750	5.720	5.803	6.127
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-6.850	-6.450	-2.450	-1.000	-0.080	-1.177	-0.500
European Gasnaph (EBOB vs Naphtha) (\$/mt)	112.080	112.330	77.330	65.330	59.330	67.330	69.247
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	38.120	38.700	38.790	38.870	40.790	39.483	49.457
Naphtha							
US C5 ENT vs WTI Crack	-13.230	-12.350	-11.340	-10.830	-10.480	-10.883	-9.863
NWE Naphtha Crack (\$/bbl)	-6.050	-5.950	-5.840	-6.020	-6.210	-6.023	-6.513
MOPJ Naphtha Crack (\$/bbl)	-4.140	-3.700	-3.790	-3.970	-4.180	-3.980	-4.747
Naphtha E/W (NWE vs MOPJ) (\$/mt)	17.000	20.000	18.250	18.250	18.000	18.167	15.750
Fuel Oil							
3.5% bgs crack (\$/bbl)	-8.160	-9.400	-10.670	-11.400	-11.720	-11.263	-11.590
Singapore 380 crack (\$/bbl)	-8.710	-8.650	-9.410	-10.030	-10.310	-9.917	-10.343
Singapore 180 crack (\$/bbl)	-7.590	-7.450	-7.990	-8.490	-8.690	-8.390	-8.503
Visco (180-380) (\$/mt)	7.150	7.650	9.000	9.750	10.250	9.667	11.667
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	-3.500	4.750	8.000	8.750	9.000	8.583	7.917
0.5% bgs crack (\$/bbl)	4.250	4.150	3.550	3.090	2.690	3.110	2.303
Singapore 0.5% crack (\$/bbl)	11.830	11.500	10.620	9.970	9.410	10.000	8.710
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	48.170	46.670	44.920	43.670	42.670	43.753	40.670
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	78.790	86.040	90.290	92.040	91.540	91.290	88.207
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	130.470	127.970	127.220	126.970	125.220	126.470	120.970
0.5% bgs/gasoil (\$/mt)	-178.600	-185.920	-193.830	-197.100	-201.160	-197.363	-206.383
Sing 0.5% vs Sing 10ppm (\$/mt)	-109.030	-116.720	-126.140	-132.290	-137.080	-131.837	-145.960
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-185.48	-164.5	-147.67	-141.69	-137.69	-142.35	-128.037
US Propane LST vs Asian Propane FEI (\$/mt)	-233.98	-229.5	-224.67	-224.19	-222.19	-223.683	-207.537
Asian Propane FEI vs NWE Propane (\$/mt)	48.5	65	77	82.5	84.5	81.333	79.5
Asian Propane FEI vs Saudi Propane CP (\$/mt)	42	39.5	40.5	38.5	32.5	37.167	23.667
European Pronap (\$/mt)	-61.43	-75.14	-82.64	-81.39	-80.64	-81.557	-92.223
Asian Pronap (FEI vs MOPJ) (\$/mt)	-71.84	-69.64	-64.39	-55.64	-46.64	-55.557	-52.14



Inter-month Crack Spreads			
Sep/Oct	19-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.240	-0.050	-0.220
WTI/Brent (\$/bbl)	0.250	+0.000	-0.060
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.540	-0.080	-0.100
NWE Jet crack (\$/bbl)	-0.920	-0.040	-0.120
NWE Jet Diff (\$/mt)	-3.000	+0.000	-0.500
Gasoil E/W (\$/bbl)	0.260	-0.150	+1.130
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	0.010	-0.010	+0.110
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-6.780	-0.130	-0.140
EBOB crack (\$/mt)	4.170	-0.050	-0.700
Singapore 92 crack (\$/bbl)	0.120	-0.000	+0.040
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-4.040	+0.040	+0.750
European Gasnaph (EBOB vs Naphtha) (\$/mt)	35.250	-0.250	-4.500
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	0.080	-0.170	+0.750
Naphtha			
US C5 ENT vs WTI Crack	-1.000	-0.010	+0.170
NWE Naphtha Crack (\$/bbl)	-0.090	-0.020	-0.160
MOPJ Naphtha Crack (\$/bbl)	0.080	+0.010	-0.040
Naphtha E/W (NWE vs MOPJ) (\$/mt)	1.500	+0.250	+1.000
Fuel Oil			
3.5% barges crack (\$/bbl)	1.070	+0.200	+0.450
Singapore 380 crack (\$/bbl)	0.840	-0.080	-0.290
Singapore 180 crack (\$/bbl)	0.640	-0.100	-0.230
Visco (180-380) (\$/mt)	-1.250	-0.100	+0.400
HSFO E/W (380 vs 3.5% barges) (\$/mt)	-1.500	-1.750	-4.750
0.5% barges crack (\$/bbl)	0.520	+0.080	+0.180
Singapore 0.5% crack (\$/bbl)	0.680	+0.200	+0.340
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	1.000	+0.750	+1.000
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-3.500	-0.750	-1.750
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-1.000	+1.750	+4.000
0.5% barges/gasoil (\$/mt)	6.770	+1.140	+2.010
Sing 0.5% vs Sing 10ppm (\$/mt)	7.680	+1.740	+1.720
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-16.830	+0.000	-1.810
US Propane LST vs Asian Propane FEI (\$/mt)	-4.830	+0.510	+1.690
Asian Propane FEI vs NWE Propane (\$/mt)	-12.000	-2.000	-3.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	-1.000	-2.000	-3.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	7.500	+3.000	+4.750