



Brent and everything else rises from the ashes



Oh, what good weekends are made of! Gold, money or oil, or stock markets everywhere!!! All went up. The power of the FED. Power Powell, we mere mortals, dare we christen you as Midas? We genuflect in awe at the power to create wealth at the mere utterance of sweet nothings at the podium in Jackson Hole. The power to electrify anything that requires cheap money. Yes, seriously, a mere sentence or two and wealth is created, BOOM! 'The time has come for policy to adjust. The direction of travel is clear, and the timing and pace of rate cuts will depend on incoming data, the evolving outlook, and the balance of risks.' Hey, free travel if my stocks keep on going up 😊. But there is no free lunch, even in Jackson Hole. More about that.

Oil went up over 2 pct and was testing the \$79/bbl after hitting lows of \$75.66/bbl earlier in the week. Brent spreads went further into backwardation with Oct/Nov at 82c from 66c yesterday. Gold went up 1.22%, pound went up 0.94% and the US small cap went up 3.07%. A party everywhere.

So, who is paying for lunch? The USD for one and enjoy the index shown overleaf and inflation as one should not reduce interest rates if the budget deficit is actually increasing. As foreigners buy fewer US treasuries, the demand for dollars drops harming the currency. Then the treasury needs to print and inflation is back!

Lest we forget, Dated Brent is strong, Total bought another Midland Sep 23-27 cargo at Dated plus \$2.90. Europe is hungry they say. But then we find out many of those cargoes are not for Europe. So, some of us simple human beings ask, why are the cargoes trading or almost pretending to be for CIF Europe?

Summary

Physical and Futures

		23-Aug-24	1-Day Change	7-Day Change
Brent Oct (fut)	(\$/bbl)	78.830	+1.530	-0.960
WTI Oct (fut)	(\$/bbl)	74.660	+1.520	-1.000
Dubai Oct (phys)	(\$/bbl)	77.860	+1.560	-0.470

Crude Swaps Sep

Brent	(\$/bbl)	77.980	+1.360	-1.000
DFL	(\$/bbl)	0.870	+0.220	+0.110
WTI	(\$/bbl)	74.400	+1.490	-1.000
Dubai	(\$/bbl)	77.680	+1.410	-0.670

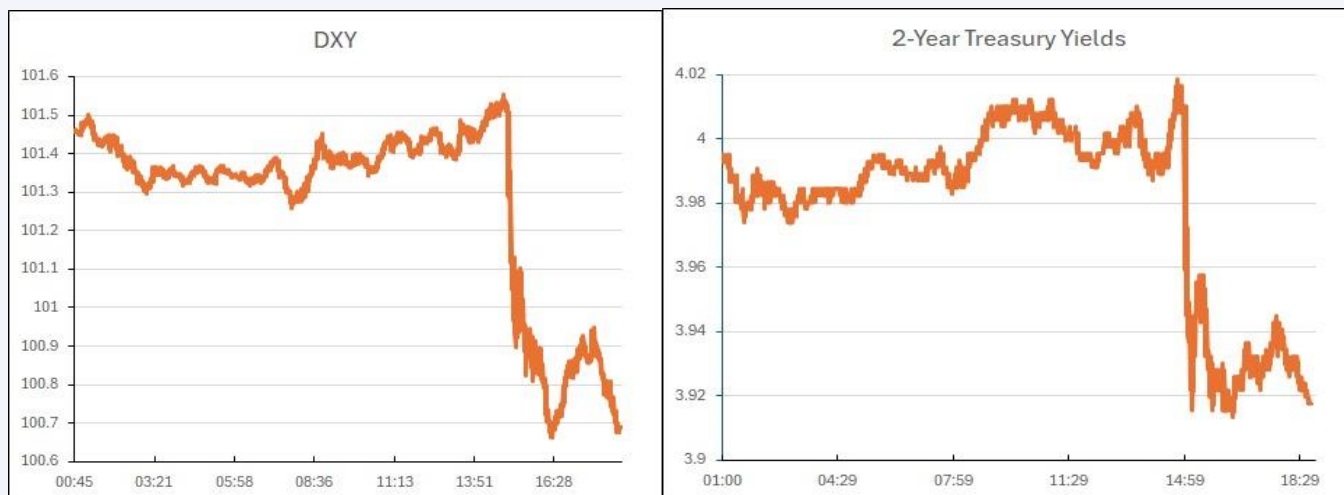
Tenor

		Oct-24	Nov-24	Dec-24
Crude Futures				
Brent (fut)	(\$/bbl)	78.830	78.010	77.410
WTI (fut)	(\$/bbl)	74.660	73.810	73.130



In detail


The result of Jackson Hole, a weaker dollar, and lower yields. As the dollar is devalued, costs for the US households will increase for many things including your friendly Brent and WTI. Interest rates are falling though, right? Cheap credit for everyone? This does in fact put the US treasury in difficult position as portfolio weightings assigned to treasuries fall, since they return less. Who might have to pick up those excess bonds to keep yields low? Most likely our good friend the Federal Reserve. More money printing it is.



The immediate cost of the Fed interest rate decrease is a knock on the head of the US dollar. The other is that the budget deficit will have a harder time being financed with the foreign buying sector contracting further. “The time has come for policy to adjust... the direction of travel is clear” said Jerome Powell on Friday during his speech in Jackson Hole, hopefully referencing the economy rather than his SatNav. This constitutes the first public acknowledgement from the Fed’s chair that a pivot in monetary stance would be appropriate, given the pivot in risks posed to the Fed’s dual mandate. “We do not seek nor welcome any further cooling of labor market conditions”. As we have mentioned before, the Fed’s so called dual mandate means that their remit consists of both a duty to target inflation, 2% in PCE terms, but also full employment. You will have seen in previous Officials reports that the risks are shifting: inflation is falling towards target, while the labour market is showing signs of weakness. Earlier in the month we had a very disappointing NFP print, and then this week we had the largest annual revision to US payroll since the Global Financial Crisis. While some call for a 50 bps reduction, in our opinion, on the balance a 25 bps cut remains most likely as things stand.

In oil, markets continued to regain momentum throughout the day, with Oct Brent futures climbing consistently to reach \$78.83/bbl by market close, a \$1.53/bbl gain from yesterday’s close. Oct WTI futures followed closely behind its brother from another mother to \$74.66/bbl, gaining \$1.52/bbl on the day – still just lagging behind Brent by 1c in this respect. There was a significant rally in Brent front spreads, which rose by 16c to hit 82c by the end of today. WTI’s front month spreads also gained, but more gradually, achieving an 11c rise to end at 85c.

In other news, Ukraine has been attacking Russian oil depots and facilities with increasing vigour: the massive fire blazing at the Proletarsk depot since Sunday has been keeping the locals slightly more than toasty warm. Incredibly, even fire engines blessed by Russian priests have been unable to extinguish the blaze. Now Ukraine has attacked, and destroyed, a ferry in Kerch (on the eastern tip of Crimea) used by the Russians to transport fuel and other supplies into the annexed peninsula. By continuing to attack Russian fuel logistics, Ukraine is placing oil front and centre of the conflict, emphasising its strategic significance.

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Front Month Outrights					
September Swaps			23-Aug-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)		77.980	+1.360	-1.000
WTI	(\$/bbl)		74.400	+1.490	-1.000
Dubai	(\$/bbl)		77.680	+1.410	-0.670
Distillates					
Gasoil 0.1 NWE	(\$/mt)		710.510	+11.060	-10.100
NWE Jet	(\$/mt)		754.510	+10.560	-8.440
Singapore 10ppm	(\$/bbl)		91.880	+1.480	-1.670
Sing Kero	(\$/bbl)		91.490	+1.460	-1.260
Gasoline					
RBOB	(c/gal)		211.300	+3.870	-3.720
EBOB	(\$/mt)		745.380	+12.420	-20.530
Singapore 92	(\$/bbl)		83.980	+1.140	-1.420
Singapore 95	(\$/bbl)		87.980	+1.140	-1.420
Naphtha					
US C5 ENT	(c/gal)		150.270	+2.750	-0.270
NWE Naphtha	(\$/mt)		650.320	+9.790	+2.580
MOPJ Naphtha	(\$/mt)		672.320	+10.040	+5.010
Fuel Oil					
3.5% barges	(\$/mt)		433.900	+8.890	-5.960
Singapore 380	(\$/mt)		440.900	+6.640	-5.960
Singapore 180	(\$/mt)		447.400	+6.770	-8.210
0.5% barges	(\$/mt)		528.510	+7.750	+1.650
Singapore 0.5%	(\$/mt)		584.140	+6.730	+12.200
NGLs					
US Propane LST	(c/gal)		78.672	+0.683	+1.868
NWE Propane	(\$/mt)		580.920	+4.100	+9.270
Saudi Propane CP	(\$/mt)		601.880	+5.060	+4.730
Asian Propane FEI	(\$/mt)		647.880	+5.060	+9.730
US Butane ENT	(c/gal)		100.920	+0.930	+1.870
Saudi Butane CP	(\$/mt)		589.880	+3.060	+3.230



Long Tenor Swaps

		Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	78.680	77.980	77.370	76.890	76.500	76.920	75.967
WTI	(\$/bbl)	74.660	74.400	73.600	72.960	72.460	73.007	71.740
Dubai	(\$/bbl)	77.930	77.680	76.740	76.160	75.700	76.200	75.130
Distillates								
Gasoil 0.1 NWE	(\$/mt)	708.500	710.510	710.210	707.580	705.940	707.910	704.477
NWE Jet	(\$/mt)	749.000	754.510	757.210	756.080	756.440	756.577	758.003
Singapore 10ppm	(\$/bbl)	91.630	91.880	92.030	91.850	91.750	91.877	91.937
Sing Kero	(\$/bbl)	91.350	91.490	91.350	91.350	91.430	91.377	91.560
Gasoline								
RBOB	(c/gal)	227.130	211.300	207.250	204.020	202.730	204.667	210.513
EBOB	(\$/mt)	751.380	745.380	708.130	692.880	683.130	694.713	684.963
Singapore 92	(\$/bbl)	84.180	83.980	83.130	82.490	82.170	82.597	82.113
Singapore 95	(\$/bbl)	88.280	87.980	86.830	85.990	85.670	86.163	85.680
Naphtha								
US C5 ENT	(c/gal)	149.150	150.270	150.650	150.530	150.410	150.530	150.077
NWE Naphtha	(\$/mt)	657.820	650.320	645.570	638.820	633.070	639.153	624.570
MOP-Japan Naphtha	(\$/mt)	676.820	672.320	665.320	658.570	652.570	658.820	641.570
Fuel Oil								
3.5% barges	(\$/mt)	442.900	433.900	422.400	414.900	410.650	415.983	408.567
Singapore 380	(\$/mt)	445.150	440.900	430.150	422.650	418.400	423.733	415.567
Singapore 180	(\$/mt)	450.650	447.400	438.900	432.650	429.150	433.567	427.817
0.5% barges	(\$/mt)	532.510	528.510	519.010	511.760	506.260	512.343	500.093
Singapore 0.5%	(\$/mt)	594.140	584.140	568.140	558.640	551.890	559.557	542.973
NGLs								
US Propane LST	(c/gal)	77.672	78.672	79.922	80.422	80.422	80.255	78.375
NWE Propane	(\$/mt)	599.920	580.920	567.420	560.920	555.920	561.420	536.087
Saudi Propane CP	(\$/mt)	601.880	601.880	603.880	605.380	608.880	606.047	594.713
Asian Propane FEI	(\$/mt)	652.380	647.880	645.130	643.880	640.880	643.297	616.213
US Butane ENT	(c/gal)	100.170	100.920	101.420	101.170	100.670	101.087	96.753
Saudi Butane CP	(\$/mt)	589.880	589.880	594.880	599.380	604.880	599.713	591.213



Front Month Spreads				
Sep/Oct		23-Aug-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.610	+0.110	+0.060
WTI	(\$/bbl)	0.800	+0.110	+0.010
Dubai	(\$/bbl)	0.940	+0.100	+0.150
Distillates				
Gasoil 0.1 NWE	(\$/mt)	0.300	+0.480	+0.400
NWE Jet	(\$/mt)	-2.700	-0.020	+0.480
Singapore 10ppm	(\$/bbl)	-0.150	+0.030	-0.160
Sing Kero	(\$/bbl)	0.140	+0.040	+0.120
Gasoline				
RBOB	(c/gal)	4.050	+0.040	-0.400
EBOB	(\$/mt)	37.250	+0.750	-2.000
Singapore 92	(\$/bbl)	0.850	+0.080	+0.180
Singapore 95	(\$/bbl)	1.150	+0.080	+0.380
Naphtha				
US C5 ENT	(c/gal)	-0.380	+0.000	+0.120
NWE Naphtha	(\$/mt)	4.750	+0.500	+0.750
MOP-Japan Naphtha	(\$/mt)	7.000	+0.590	+1.500
Fuel Oil				
3.5% barges	(\$/mt)	11.500	+1.750	+1.250
Singapore 380	(\$/mt)	10.750	+1.000	+2.000
Singapore 180	(\$/mt)	8.500	+1.250	+1.000
0.5% barges	(\$/mt)	9.500	+0.380	+2.750
Singapore 0.5%	(\$/mt)	16.000	+0.250	+8.250
NGLs				
US Propane LST	(c/gal)	-1.250	+0.000	-0.130
NWE Propane	(\$/mt)	13.500	+0.000	+2.500
Saudi Propane CP	(\$/mt)	-2.000	+0.500	-2.000
Asian Propane FEI	(\$/mt)	2.750	+1.000	+2.750
US Butane ENT	(c/gal)	-0.500	-0.120	-0.500
Saudi Butane CP	(\$/mt)	-5.000	-0.500	-3.000



Front Month Cracks and Diffs			
September	23-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.300	-0.050	-0.330
WTI/Brent (\$/bbl)	-3.560	+0.140	+0.000
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	17.370	+0.090	-0.380
NWE Jet crack (\$/bbl)	17.750	-0.050	-0.110
NWE Jet Diff (\$/mt)	44.000	-0.500	+1.500
Gasoil E/W (\$/bbl)	-26.000	+0.000	-2.500
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.380	-0.010	+0.420
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-1.750	+0.350	+2.150
EBOB crack (\$/mt)	11.500	+0.110	-1.480
Singapore 92 crack (\$/bbl)	6.000	-0.240	-0.420
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-5.500	-0.350	+1.050
European Gasnaph (EBOB vs Naphtha) (\$/mt)	94.970	+2.490	-23.230
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	27.140	-0.800	-16.750
Naphtha			
US C5 ENT vs WTI Crack	-11.300	-0.320	+0.880
NWE Naphtha Crack (\$/bbl)	-4.900	-0.250	+1.300
MOPJ Naphtha Crack (\$/bbl)	-2.430	-0.220	+1.550
Naphtha E/W (NWE vs MOPJ) (\$/mt)	22.000	+0.250	+2.250
Fuel Oil			
3.5% barges crack (\$/bbl)	-9.650	+0.050	+0.050
Singapore 380 crack (\$/bbl)	-8.500	-0.260	+0.100
Singapore 180 crack (\$/bbl)	-7.470	-0.250	-0.250
Visco (180-380) (\$/mt)	6.500	+0.000	-2.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	7.000	-2.250	+0.000
0.5% barges crack (\$/bbl)	5.250	-0.150	+1.250
Singapore 0.5% crack (\$/bbl)	14.000	-0.300	+2.900
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	55.560	-0.960	+10.480
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	94.300	-1.580	+7.300
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	142.860	-0.290	+17.780
0.5% barges/gasoil (\$/mt)	-181.850	-2.980	+11.840
Sing 0.5% vs Sing 10ppm (\$/mt)	-100.290	-3.920	+24.490
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-171.000	-0.500	+0.500
US Propane LST vs Asian Propane FEI (\$/mt)	-238.000	-1.500	+0.000
Asian Propane FEI vs NWE Propane (\$/mt)	67.000	+1.000	+0.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	46.000	+0.000	+5.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-69.530	-5.820	+6.560
Asian Pronap (FEI vs MOPJ) (\$/mt)	-70.530	-5.070	-0.190



Long Tenor Cracks / Diffs

	Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.760	0.300	0.650	0.740	0.810	0.733	0.833
WTI/Brent (\$/bbl)	-4.010	-3.560	-3.780	-3.920	-4.040	-3.913	-4.237
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	16.40	17.37	17.98	18.10	18.27	18.12	18.59
NWE Jet crack (\$/bbl)	16.35	17.75	18.68	19.07	19.51	19.09	20.22
NWE Jet Diff (\$/mt)	40.50	44.00	46.50	48.50	50.50	48.50	53.50
Gasoil E/W (\$/bbl)	-26.01	-26.00	-25.19	-23.29	-22.54	-23.67	-19.61
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.28	-0.38	-0.67	-0.50	-0.32	-0.50	-0.38
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	12.360	-1.750	4.840	5.980	7.470	6.097	14.713
EBOB crack (\$/mt)	11.520	11.500	7.630	6.290	5.490	6.470	6.260
Singapore 92 crack (\$/bbl)	5.500	6.000	5.750	5.590	5.660	5.667	6.143
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-6.020	-5.500	-1.880	-0.690	0.160	-0.803	-0.117
European Gasnaph (EBOB vs Naphtha) (\$/mt)	93.470	94.970	62.470	53.970	49.970	55.470	60.303
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	24.310	27.140	27.060	28.480	31.820	29.120	42.343
Naphtha							
US C5 ENT vs WTI Crack	-12.020	-11.300	-10.330	-9.740	-9.290	-9.787	-8.707
NWE Naphtha Crack (\$/bbl)	-4.770	-4.900	-4.830	-5.110	-5.380	-5.107	-5.797
MOPJ Naphtha Crack (\$/bbl)	-2.630	-2.430	-2.610	-2.890	-3.190	-2.897	-3.887
Naphtha E/W (NWE vs MOPJ) (\$/mt)	19.000	22.000	19.750	19.750	19.500	19.667	17.000
Fuel Oil							
3.5% bgs crack (\$/bbl)	-8.890	-9.650	-10.810	-11.510	-11.800	-11.373	-11.597
Singapore 380 crack (\$/bbl)	-8.540	-8.500	-9.590	-10.290	-10.580	-10.153	-10.490
Singapore 180 crack (\$/bbl)	-7.670	-7.470	-8.210	-8.720	-8.890	-8.607	-8.560
Visco (180-380) (\$/mt)	5.500	6.500	8.750	10.000	10.750	9.833	12.250
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	2.250	7.000	7.750	7.750	7.750	7.750	7.000
0.5% bgs crack (\$/bbl)	5.170	5.250	4.350	3.690	3.210	3.750	2.770
Singapore 0.5% crack (\$/bbl)	14.870	14.000	12.080	11.060	10.380	11.173	9.510
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	61.560	55.560	49.060	46.810	45.560	47.143	42.810
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	89.300	94.300	96.300	96.550	95.300	96.050	91.217
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	148.610	142.860	137.610	135.610	133.110	135.443	127.027
0.5% bgs/gasoil (\$/mt)	-175.990	-181.850	-191.390	-195.910	-200.030	-195.777	-204.513
Sing 0.5% vs Sing 10ppm (\$/mt)	-88.420	-100.290	-117.400	-125.790	-131.940	-125.043	-142.127
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-195.21	-171	-150.98	-141.88	-136.88	-143.247	-127.71
US Propane LST vs Asian Propane FEI (\$/mt)	-247.71	-238	-228.73	-224.88	-221.88	-225.163	-207.877
Asian Propane FEI vs NWE Propane (\$/mt)	52.5	67	77.75	83	85	81.917	80.167
Asian Propane FEI vs Saudi Propane CP (\$/mt)	50.5	46	41.25	38.5	32	37.25	21.5
European Pronap (\$/mt)	-58.03	-69.53	-78.28	-78.03	-77.28	-77.863	-88.613
Asian Pronap (FEI vs MOPJ) (\$/mt)	-75.03	-70.53	-61.53	-53.28	-43.78	-52.863	-46.947



Inter-month Crack Spreads			
Sep/Oct	23-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.350	-0.020	-0.110
WTI/Brent (\$/bbl)	0.220	+0.030	-0.030
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.610	-0.080	-0.070
NWE Jet crack (\$/bbl)	-0.930	-0.080	-0.010
NWE Jet Diff (\$/mt)	-2.500	+0.000	+0.500
Gasoil E/W (\$/bbl)	-0.810	+0.530	-1.070
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	0.290	+0.010	+0.280
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-6.590	-0.200	+0.190
EBOB crack (\$/mt)	3.870	-0.010	-0.300
Singapore 92 crack (\$/bbl)	0.250	-0.020	+0.130
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-3.620	-0.010	+0.420
European Gasnaph (EBOB vs Naphtha) (\$/mt)	32.500	+0.200	-2.750
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	0.080	+0.160	+0.000
Naphtha			
US C5 ENT vs WTI Crack	-0.970	-0.100	+0.030
NWE Naphtha Crack (\$/bbl)	-0.070	-0.050	+0.020
MOPJ Naphtha Crack (\$/bbl)	0.180	-0.050	+0.100
Naphtha E/W (NWE vs MOPJ) (\$/mt)	2.250	+0.000	+0.750
Fuel Oil			
3.5% barges crack (\$/bbl)	1.160	+0.130	+0.090
Singapore 380 crack (\$/bbl)	1.090	+0.050	+0.250
Singapore 180 crack (\$/bbl)	0.740	+0.100	+0.100
Visco (180-380) (\$/mt)	-2.250	+0.250	-1.000
HSFO E/W (380 vs 3.5% barges) (\$/mt)	-0.750	-0.750	+0.750
0.5% barges crack (\$/bbl)	0.900	-0.060	+0.380
Singapore 0.5% crack (\$/bbl)	1.920	-0.060	+1.240
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	6.500	+0.000	+5.500
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-2.000	-1.500	+1.500
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	5.250	-0.750	+6.250
0.5% barges/gasoil (\$/mt)	9.540	+0.270	+2.770
Sing 0.5% vs Sing 10ppm (\$/mt)	17.110	+0.020	+9.430
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-20.020	+0.000	-3.190
US Propane LST vs Asian Propane FEI (\$/mt)	-9.270	-1.000	-3.440
Asian Propane FEI vs NWE Propane (\$/mt)	-10.750	+1.000	+0.250
Asian Propane FEI vs Saudi Propane CP (\$/mt)	4.750	+0.500	+4.750
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	8.750	-0.500	+1.750