



What goes up must come down, just ask Vinnie



Having surged upwards yesterday morning on the weekend's bullish geopolitical news, Brent stagnated around the \$81/bbl mark today before sliding to around \$79.60/bbl by 18:00 BST in a sell-off after market close. "They're keeping the diff elevated" said a trader, as Totsa lifted the Oseberg across the curve at Dated +\$3.45, with quality premiums at \$1.43. We wonder who 'they' is. 🤪 Midland was offered by Aramco at Dated +\$3.05, while an opportunistic BP bid +\$2.25 for an end Sep Midland.

We don't like to be all doom and gloom, but today's figures make for grim reading, both in the US and Europe. It's all down, down, down. Almost all the numbers from the US are down. Although US house prices rose in Q2 by 5.7% y/y, the most recent data showed them cooling in June, falling by -0.1% against the previous month. In fact, Q2 showed the third consecutive quarterly growth slowdown. When rates are high, fixing can be pricey, so mortgage rates and house prices typically have an inverse relationship. We all know that demand for real estate falls when interest rates are high. The only thing that isn't down, yet, are the Fed's rates, although they're universally expected to begin easing in September. Markets have already started pricing this: 10-year treasury yields have already fallen to 3.846%; 30-year fixed mortgages, partially derived from treasury yields, have also come down.

Predictably, the expanding conflict between Russia and Ukraine have each battered the other's infrastructure and energy plants. Russia continued the bludgeoning of its neighbour for the second day with major missile and drone attacks, including on Kyiv Hydroelectric Power Plant. The Russians claimed that they had hit electricity substations in nine regions and gas compressor stations in three. It's like a massive game of Battleships where the person firing reports the hits and misses. The International Atomic Energy Agency's Director General warned that the Kursk nuclear power station is in danger due to the proximity of the fighting, citing its lack of protective dome as the key issue, rather than any actual attacks.

Summary

Physical and Futures

		27-Aug-24	1-Day Change	7-Day Change
Brent Oct (fut)	(\$/bbl)	80.170	+1.340	+2.950
WTI Oct (fut)	(\$/bbl)	76.170	+1.510	+2.960
Dubai Oct (phys)	(\$/bbl)	78.420	+0.560	+2.310

Crude Swaps Sep

Brent	(\$/bbl)	79.150	+1.170	+2.550
DFL	(\$/bbl)	1.200	+0.330	+0.710
WTI	(\$/bbl)	75.830	+1.430	+2.830
Dubai	(\$/bbl)	78.380	+0.700	+2.270

Tenor

Crude Futures

		Oct-24	Nov-24	Dec-24
Brent (fut)	(\$/bbl)	80.170	79.170	78.370
WTI (fut)	(\$/bbl)	76.170	75.010	74.090



In detail

Brent rebounded slightly from \$79.87/bbl at 16:17 BST to \$80.17/bbl at close, maintaining a \$1.34/bbl gain since Friday's close. Shortly post-window, flat price sold off to fall back below \$80/bbl. WTI profited from the weekend's volatility to rise by \$1.51/bbl since market close on Friday, reaching \$76.17/bbl at Europe's close today. The Brent front month spreads stand at exactly \$1, up from 82c on Friday, down from a peak of \$1.15 early this morning. WTI's front spread closed at \$1.16, having jumped by 31c since Friday.

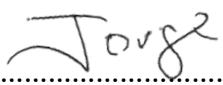
While the property sector in the US shows some signs of weakness, the relaxing of monetary policy can only be good for the property market. People who've been stubbornly deferring taking that next step on the property ladder in hopes of lower rates may soon be able to justify it. They must be the most patient people in the world! Some measures are already starting to see strengthening. According to the Dodge Construction Network, total construction starts rose 17% in July.

Sterling has also benefitted a lot from the expected FOMC easing, with dollar spots rising to their strongest in over 2 years at 1.3244. The Canadian dollar has also strengthened, aided by a weakening USD, even despite shorts rising to their highest concentration and reaching their most bearish since CFTC started collating data. If your revenue is generated in USD, but you pay your staff and marginal cost in CAD, then a relative strengthening of CAD would erode margins. In other words, it's not such good news for exporting TMX, on thin shale margins.

Germany looks fragile, real fragile. The former industrial powerhouse showed weak economic results yet again, with consumer confidence for September coming in at -22, down from -18.6 last month and still well down on its pre-pandemic levels, which had bounded around 10. This data shows particular weakness in income expectations, down to 3.5 in September from their level at 19.7 in August, and in economic prospects, which fell from 9.8 in August to 2.0 in September. The head honcho of the European economy also saw its GDP finalised at -0.1% in Q2. To be honest though, Germany's lacklustre economic data has been coming in as predictably as the Berlin-Munich high speed trains, so we're hardly surprised at this dour outlook.


Adding to the gloominess, the Russian attacks on Ukrainian infrastructure put to bed any notion of an agreement to end attacks on infrastructure rumoured before the Kursk incursion – which the Ukrainians claim is still gaining some territory. Ukraine's citizens, however, are likely more concerned by the fact they've all got to get early nights because their lights won't turn on after the Russian bombardments. Meanwhile, the Rostov oil depot continues to blaze, over a week since its ignition by a Ukrainian attack, and some reports suggest it has spread to engulf further stores. Clearly those priests didn't pray hard enough while blessing the firefighters tackling the fire.

If you've been an avid reader of The Officials – at least since last week – you'll have read that Norway's crude production is expected to peak in 2025 and then begin to decline into the next decade. As we reported in Euro 1.57, last Wednesday, the Norwegian government would be loath to let its cash cow slip now it has a captive market in Europe given the exclusion of Russian-sourced supply. It should be a big relief, then, that Equinor has announced a major investment plan, intending to contribute up to \$6.6 billion per year towards offshore oil and gas projects up to 2035. The giant intends to drill 20-30 new exploration wells every year throughout this period, in line with its 26 well effort in 2023. This, however, looks like little more than damage limitation: Equinor is expecting to produce around 1.2 mb/d of oil equivalent in 2035, down on its 1.4 mb/d figure in 2023.

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Front Month Outrights					
September Swaps			27-Aug-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)		79.150	+1.170	+2.550
WTI	(\$/bbl)		75.830	+1.430	+2.830
Dubai	(\$/bbl)		78.380	+0.700	+2.270
Distillates					
Gasoil 0.1 NWE	(\$/mt)		711.070	+0.560	+17.000
NWE Jet	(\$/mt)		754.480	-0.030	+16.910
Singapore 10ppm	(\$/bbl)		91.680	-0.200	+1.530
Sing Kero	(\$/bbl)		91.320	-0.170	+1.730
Gasoline					
RBOB	(c/gal)		210.120	-1.180	+2.450
EBOB	(\$/mt)		741.420	-3.960	+3.320
Singapore 92	(\$/bbl)		84.380	+0.400	+1.720
Singapore 95	(\$/bbl)		88.380	+0.400	+1.720
Naphtha					
US C5 ENT	(c/gal)		152.350	+2.080	+5.410
NWE Naphtha	(\$/mt)		658.330	+8.010	+22.780
MOPJ Naphtha	(\$/mt)		678.080	+5.760	+21.940
Fuel Oil					
3.5% barges	(\$/mt)		437.640	+3.740	+13.330
Singapore 380	(\$/mt)		447.520	+6.620	+14.210
Singapore 180	(\$/mt)		452.770	+5.370	+12.780
0.5% barges	(\$/mt)		537.400	+8.890	+19.490
Singapore 0.5%	(\$/mt)		594.550	+10.410	+27.110
NGLs					
US Propane LST	(c/gal)		78.674	+0.002	+0.227
NWE Propane	(\$/mt)		592.390	+11.470	+26.680
Saudi Propane CP	(\$/mt)		604.890	+3.010	+12.680
Asian Propane FEI	(\$/mt)		658.480	+10.600	+26.770
US Butane ENT	(c/gal)		102.570	+1.650	+2.760
Saudi Butane CP	(\$/mt)		594.980	+5.100	+12.860



		Long Tenor Swaps						
		Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	79.920	79.150	78.340	77.750	77.330	77.807	76.727
WTI	(\$/bbl)	76.180	75.830	74.730	73.900	73.270	73.967	72.443
Dubai	(\$/bbl)	78.440	78.380	77.290	76.670	76.210	76.723	75.653
Distillates								
Gasoil 0.1 NWE	(\$/mt)	708.750	711.070	711.980	709.920	709.000	710.300	707.743
NWE Jet	(\$/mt)	748.500	754.480	757.800	757.670	758.750	758.073	760.720
Singapore 10ppm	(\$/bbl)	91.430	91.680	91.980	91.910	91.930	91.940	92.207
Sing Kero	(\$/bbl)	91.170	91.320	91.320	91.410	91.590	91.440	91.820
Gasoline								
RBOB	(c/gal)	223.720	210.120	207.080	204.500	203.390	204.990	211.323
EBOB	(\$/mt)	744.420	741.420	708.420	694.420	685.170	696.003	687.670
Singapore 92	(\$/bbl)	84.580	84.380	83.430	82.830	82.530	82.930	82.460
Singapore 95	(\$/bbl)	88.680	88.380	87.080	86.280	85.980	86.447	86.027
Naphtha								
US C5 ENT	(c/gal)	151.230	152.350	152.730	152.610	152.490	152.610	152.157
NWE Naphtha	(\$/mt)	665.830	658.330	653.580	646.830	641.080	647.163	632.163
MOP-Japan Naphtha	(\$/mt)	683.080	678.080	671.830	665.330	659.580	665.580	648.163
Fuel Oil								
3.5% barges	(\$/mt)	446.640	437.640	426.390	418.890	414.640	419.973	412.557
Singapore 380	(\$/mt)	450.020	447.520	434.520	426.270	422.020	427.603	418.687
Singapore 180	(\$/mt)	454.520	452.770	442.270	435.520	432.520	436.770	430.520
0.5% barges	(\$/mt)	541.900	537.400	525.900	517.650	511.650	518.400	504.150
Singapore 0.5%	(\$/mt)	605.550	594.550	576.050	564.550	556.550	565.717	546.467
NGLs								
US Propane LST	(c/gal)	77.674	78.674	80.554	81.054	81.174	80.927	79.344
NWE Propane	(\$/mt)	611.390	592.390	577.890	571.390	566.390	571.890	546.390
Saudi Propane CP	(\$/mt)	604.890	604.890	610.890	612.390	616.390	613.223	602.557
Asian Propane FEI	(\$/mt)	662.980	658.480	655.730	654.230	651.230	653.730	625.730
US Butane ENT	(c/gal)	101.320	102.570	103.070	102.570	102.070	102.570	97.950
Saudi Butane CP	(\$/mt)	594.980	594.980	599.480	606.480	612.480	606.147	598.813



Front Month Spreads				
Sep/Oct		27-Aug-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.810	+0.200	+0.350
WTI	(\$/bbl)	1.100	+0.300	+0.420
Dubai	(\$/bbl)	1.090	+0.150	+0.300
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-0.910	-1.210	-0.180
NWE Jet	(\$/mt)	-3.320	-0.620	-0.090
Singapore 10ppm	(\$/bbl)	-0.300	-0.150	-0.180
Sing Kero	(\$/bbl)	0.000	-0.140	+0.050
Gasoline				
RBOB	(c/gal)	3.040	-1.010	-0.990
EBOB	(\$/mt)	33.000	-4.250	-4.750
Singapore 92	(\$/bbl)	0.950	+0.100	+0.240
Singapore 95	(\$/bbl)	1.300	+0.150	+0.290
Naphtha				
US C5 ENT	(c/gal)	-0.380	+0.000	+0.120
NWE Naphtha	(\$/mt)	4.750	+0.000	+0.750
MOP-Japan Naphtha	(\$/mt)	6.250	-0.750	+0.500
Fuel Oil				
3.5% barges	(\$/mt)	11.250	-0.250	+1.250
Singapore 380	(\$/mt)	13.000	+2.250	+4.000
Singapore 180	(\$/mt)	10.500	+2.000	+3.500
0.5% barges	(\$/mt)	11.500	+2.000	+2.750
Singapore 0.5%	(\$/mt)	18.500	+2.500	+7.000
NGLs				
US Propane LST	(c/gal)	-1.880	-0.630	-0.760
NWE Propane	(\$/mt)	14.500	+1.000	+4.000
Saudi Propane CP	(\$/mt)	-6.000	-4.000	-5.000
Asian Propane FEI	(\$/mt)	2.750	+0.000	+3.250
US Butane ENT	(c/gal)	-0.500	+0.000	-0.380
Saudi Butane CP	(\$/mt)	-4.500	+0.500	-1.500



Front Month Cracks and Diffs			
September	27-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.750	+0.450	+0.270
WTI/Brent (\$/bbl)	-3.300	+0.260	+0.300
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	16.300	-1.070	-0.260
NWE Jet crack (\$/bbl)	16.570	-1.180	-0.430
NWE Jet Diff (\$/mt)	43.500	-0.500	+0.000
Gasoil E/W (\$/bbl)	-28.000	-2.000	-5.500
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.360	+0.020	+0.200
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-1.800	-0.050	+1.500
EBOB crack (\$/mt)	9.850	-1.650	-2.150
Singapore 92 crack (\$/bbl)	5.190	-0.810	-0.870
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-4.650	+0.850	+1.300
European Gasnaph (EBOB vs Naphtha) (\$/mt)	82.720	-12.250	-19.900
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	24.220	-2.920	-8.370
Naphtha			
US C5 ENT vs WTI Crack	-11.820	-0.520	-0.530
NWE Naphtha Crack (\$/bbl)	-5.150	-0.250	+0.050
MOPJ Naphtha Crack (\$/bbl)	-2.930	-0.500	-0.030
Naphtha E/W (NWE vs MOPJ) (\$/mt)	19.750	-2.250	-0.750
Fuel Oil			
3.5% barges crack (\$/bbl)	-10.200	-0.550	-0.400
Singapore 380 crack (\$/bbl)	-8.660	-0.160	-0.280
Singapore 180 crack (\$/bbl)	-7.840	-0.370	-0.520
Visco (180-380) (\$/mt)	5.250	-1.250	-1.500
HSFO E/W (380 vs 3.5% barges) (\$/mt)	9.750	+2.750	+0.750
0.5% barges crack (\$/bbl)	5.500	+0.250	+0.550
Singapore 0.5% crack (\$/bbl)	14.500	+0.500	+1.750
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	57.150	+1.590	+7.620
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	99.690	+5.390	+6.030
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	147.090	+4.230	+12.900
0.5% barges/gasoil (\$/mt)	-173.580	+8.270	+2.620
Sing 0.5% vs Sing 10ppm (\$/mt)	-88.470	+11.820	+15.710
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-182.500	-11.500	-25.500
US Propane LST vs Asian Propane FEI (\$/mt)	-248.500	-10.500	-25.500
Asian Propane FEI vs NWE Propane (\$/mt)	66.000	-1.000	+0.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	53.500	+7.500	+14.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-66.030	+3.500	+3.810
Asian Pronap (FEI vs MOPJ) (\$/mt)	-73.280	-2.750	-9.440



Long Tenor Cracks / Diffs

	Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	1.480	0.750	1.040	1.080	1.110	1.077	1.083
WTI/Brent (\$/bbl)	-3.750	-3.300	-3.600	-3.850	-4.040	-3.830	-4.280
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	15.15	16.30	17.19	17.54	17.82	17.52	18.25
NWE Jet crack (\$/bbl)	15.04	16.57	17.82	18.43	18.97	18.41	19.80
NWE Jet Diff (\$/mt)	40.00	43.50	46.00	48.00	50.00	48.00	53.00
Gasoil E/W (\$/bbl)	-27.35	-28.00	-26.38	-24.95	-23.87	-25.07	-20.78
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.26	-0.36	-0.66	-0.50	-0.34	-0.50	-0.39
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	10.910	-1.800	4.620	6.030	7.580	6.077	14.807
EBOB crack (\$/mt)	9.400	9.850	6.680	5.560	4.880	5.707	5.777
Singapore 92 crack (\$/bbl)	4.590	5.190	5.030	5.030	5.140	5.067	5.667
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-4.810	-4.650	-1.640	-0.550	0.260	-0.643	-0.110
European Gasnaph (EBOB vs Naphtha) (\$/mt)	78.220	82.720	54.470	47.220	43.720	48.470	55.137
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	20.880	24.220	22.550	24.050	27.310	24.637	38.140
Naphtha							
US C5 ENT vs WTI Crack	-12.640	-11.820	-10.570	-9.800	-9.220	-9.863	-8.537
NWE Naphtha Crack (\$/bbl)	-5.100	-5.150	-4.880	-5.060	-5.270	-5.070	-5.687
MOPJ Naphtha Crack (\$/bbl)	-3.160	-2.930	-2.830	-2.980	-3.190	-3.000	-3.890
Naphtha E/W (NWE vs MOPJ) (\$/mt)	17.250	19.750	18.250	18.500	18.500	18.417	16.000
Fuel Oil							
3.5% bgs crack (\$/bbl)	-9.570	-10.200	-11.170	-11.770	-12.000	-11.647	-11.750
Singapore 380 crack (\$/bbl)	-9.060	-8.660	-9.910	-10.630	-10.870	-10.470	-10.800
Singapore 180 crack (\$/bbl)	-8.350	-7.840	-8.690	-9.170	-9.220	-9.027	-8.937
Visco (180-380) (\$/mt)	4.500	5.250	7.750	9.250	10.500	9.167	11.833
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	3.250	9.750	8.000	7.250	7.250	7.500	6.000
0.5% bgs crack (\$/bbl)	5.420	5.500	4.490	3.770	3.250	3.837	2.667
Singapore 0.5% crack (\$/bbl)	15.440	14.500	12.390	11.160	10.330	11.293	9.330
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	63.650	57.150	50.150	46.900	44.900	47.317	42.317
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	95.190	99.690	99.440	98.690	96.940	98.357	91.523
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	155.590	147.090	141.590	138.340	134.590	138.173	127.840
0.5% bgs/gasoil (\$/mt)	-166.600	-173.580	-185.730	-191.930	-197.100	-191.587	-203.500
Sing 0.5% vs Sing 10ppm (\$/mt)	-75.600	-88.470	-109.200	-120.180	-128.330	-119.237	-140.447
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-206.71	-182.5	-158.2	-149.1	-143.47	-150.257	-133.01
US Propane LST vs Asian Propane FEI (\$/mt)	-258.21	-248.5	-235.95	-231.85	-228.22	-232.007	-212.26
Asian Propane FEI vs NWE Propane (\$/mt)	51.5	66	77.75	82.75	84.75	81.75	79.25
Asian Propane FEI vs Saudi Propane CP (\$/mt)	58	53.5	44.75	41.75	34.75	40.417	23.083
European Pronap (\$/mt)	-54.53	-66.03	-75.78	-75.53	-74.78	-75.363	-85.863
Asian Pronap (FEI vs MOPJ) (\$/mt)	-78.28	-73.28	-61.03	-53.03	-43.28	-52.447	-45.697



Inter-month Crack Spreads			
Sep/Oct	27-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.290	+0.060	+0.050
WTI/Brent (\$/bbl)	0.300	+0.080	+0.070
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.890	-0.280	-0.360
NWE Jet crack (\$/bbl)	-1.250	-0.320	-0.410
NWE Jet Diff (\$/mt)	-2.500	+0.000	+0.000
Gasoil E/W (\$/bbl)	-1.620	-0.810	-1.410
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	0.300	+0.010	+0.230
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-6.420	+0.170	+0.330
EBOB crack (\$/mt)	3.170	-0.700	-0.900
Singapore 92 crack (\$/bbl)	0.160	-0.090	-0.110
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-3.010	+0.610	+0.810
European Gasnaph (EBOB vs Naphtha) (\$/mt)	28.250	-4.250	-5.410
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	1.670	+1.590	+1.510
Naphtha			
US C5 ENT vs WTI Crack	-1.250	-0.280	-0.380
NWE Naphtha Crack (\$/bbl)	-0.270	-0.200	-0.270
MOPJ Naphtha Crack (\$/bbl)	-0.100	-0.280	-0.290
Naphtha E/W (NWE vs MOPJ) (\$/mt)	1.500	-0.750	-0.250
Fuel Oil			
3.5% barges crack (\$/bbl)	0.970	-0.190	-0.160
Singapore 380 crack (\$/bbl)	1.250	+0.160	+0.280
Singapore 180 crack (\$/bbl)	0.850	+0.110	+0.200
Visco (180-380) (\$/mt)	-2.500	-0.250	-0.500
HSFO E/W (380 vs 3.5% barges) (\$/mt)	1.750	+2.500	+2.750
0.5% barges crack (\$/bbl)	1.010	+0.110	+0.080
Singapore 0.5% crack (\$/bbl)	2.110	+0.190	+0.750
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	7.000	+0.500	+4.250
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	0.250	+2.250	+1.500
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	5.500	+0.250	+3.000
0.5% barges/gasoil (\$/mt)	12.150	+2.610	+2.710
Sing 0.5% vs Sing 10ppm (\$/mt)	20.730	+3.620	+8.340
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-24.300	-4.280	-7.960
US Propane LST vs Asian Propane FEI (\$/mt)	-12.550	-3.280	-7.210
Asian Propane FEI vs NWE Propane (\$/mt)	-11.750	-1.000	-0.750
Asian Propane FEI vs Saudi Propane CP (\$/mt)	8.750	+4.000	+8.250
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	9.750	+1.000	+3.250