The Officials

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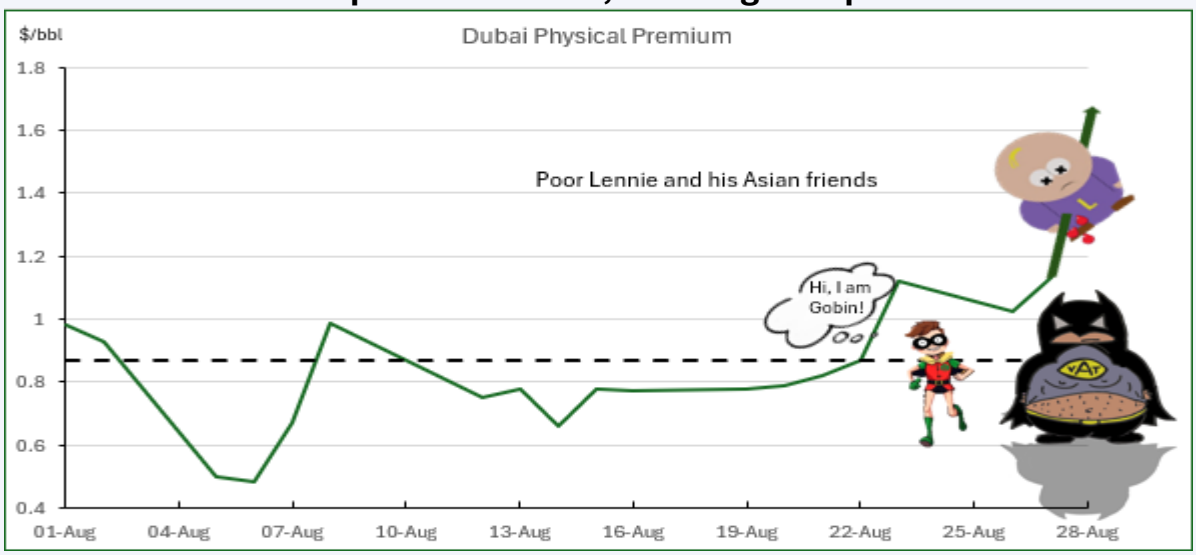
Dubai premiums soar, Shorts get impaled



The sucker went down. We are talking about the flat price, as Brent flat price shed almost $2.50/bbl against yesterday. But in Dubai is a completely different story. The longs are winning on a premium basis.

Dubai physical premiums skyrocketed by over 50 cts reflecting hungry buying by Vitol and Gunvor. Dubai physical (Oct) closed at $77.70/bbl compared with December at $76.05/bbl. Trafigura tried to quell the fire by selling into the dynamic duo's bids. But the buyers had the appetite and absorbed anything Trafigura could throw at them. The premium rise comes at a time that Saudi Arabia reviews market performance to then set next month's OSPs. Asian end users will be impaled alongside poor Lennie.

The heady, romantic month shared by Vatman and Gobin, Dubai's dynamic duo, has been paying off, at least for them. Dubai's premiums jumped faster than their heart rates, surging by more than half a buck to reach $1.65/bbl, the strongest physical premium since 24 July. The dream team have managed to push the month's average premium up by 10c in just the last four trading days. The average premium for August now stands at 86c. Each were also rewarded with an Upper Zakum from Trafi today. That makes 15 convergences for a bloated Vitol so far this month, comprising Dubai, Al Shaheen, Oman and Upper Zakum. Gunvor has been trying its hardest to keep up with its beloved, collecting 8 convergences of its own.

But we are also noticing trading floors are facing increased scrutiny. Totsa, Trafi, Vitol, Glencore... and now CNPC? We are seriously struggling to keep track of the growing collection of fines and investigations being dished out by regulators for alleged wide-ranging transgression in the oil market. *Details follow overleaf:*

Summary

Physical and Futures		28-Aug-24	1-Day Change	7-Day Change
Brent Oct (fut)	($/bbl)	78.610	-2.440	+1.400
WTI Oct (fut)	($/bbl)	74.560	-2.370	+1.450
Dubai Oct (phys)	($/bbl)	77.700	-1.500	+2.020
Crude Swaps Sep				
Brent	($/bbl)	77.680	-2.220	+1.090
DFL	($/bbl)	1.180	+0.000	+0.700
WTI	($/bbl)	74.250	-2.320	+1.350
Dubai	($/bbl)	77.140	-2.030	+1.000
Tenor		**Oct-24**	**Nov-24**	**Dec-24**
Crude Futures				
Brent (fut)	($/bbl)	78.610	77.720	77.020
WTI (fut)	($/bbl)	74.560	73.580	72.790

In detail

And we crash back down to earth. After the recent surges, Dubai, WTI and Brent all fell back considerably today. Oct Brent futures tumbled $2.44/bbl to erase the weekend's gains and fall to $78.61/bbl at Asia's close. Oct WTI futures followed a similar trajectory back down to $74.56/bbl, a drop of $2.37/bbl at the close. Just as it gained the least yesterday, Dubai lost the least today with a comparatively minor $1.50/bbl slip to $77.70/bbl. The physical Dubai premiums surged upwards by 52c, reaching $1.65/bbl, a massive payoff for Vatman and Gobin.

The CFTC marches on: Totsa were slapped with a $48 million fine in the latest wave. The CFTC statement said, "TOTSA traders were willing to accept less revenue from the company's sales of physical EBOB, in an attempt to depress the reported price of EBOB", effectively accepting a big drawdown on their physical contracts and loading up on shorts in the paper: "TOTSA attempted to manipulate this market". We didn't say the M word, they did.

Earlier this year Trafigura settled allegations for fuel oil manipulation with the CTFC for $55 million, Glencore were also fined by regulators earlier this year and Vitol received a $500k slap on the wrist a couple of weeks ago. And not to forget the Dutch investigation regarding Kazakhstan. Meanwhile, elsewhere in the naughty news, the Chinese authorities are investigating Wang Yilin from CNPC for suspicion of taking bribes, Xinhua said. He was earlier expelled from the Chinese communist party.

Despite this, it's not all bad news for the Chinese oil industry. National behemoths PetroChina and Cnooc have both reported booming profits for the first half of 2024 despite the weak domestic demand we've been banging on about. Cnooc logged a net profit of 79.7 billion yuan in the first six months of 2024, up from 63.8 billion yuan in the same period last year. Meanwhile, PetroChina reported its own net profits at 88.61 billion yuan, up by 3.9% for the first quarter y/y. PetroChina's record-breaking dough came in spite of weak domestic fuel demand. Let's see what happens to those profits should Brent descend from its lofty heights…

One of the concerning areas for China's economy is the North American EV market, where Chinese-built vehicles were spanked with 100% tariffs by both Canada and the US. In response, SK Hyundai is revving up its sales targets for the remainder of the 2020s, increasing its goal to 5.5 million vehicle sales per year by 2030. They are friends we guess. And they showed further friendship by making some charges against Telegram's CEO à la Macron.

You'd think that the Korean-manufactured brand is targeting its biggest customers in the US and Canada given the two countries have recently announced 100% tariffs on Chinese-made EVs and that seems to have already been bearing fruit this year. While overall EV sales in the US stalled in 2Q2024 y/y – just when those brutal tariffs came into force – this was largely due to a disproportionate drop in Tesla sales, while other brands have hit the gas. In fact, Hyundai's sales boomed, up 56% in 1Q2024 from 1Q2023. Their hybrid bet seems in line with the market's trend this year: where electric and hybrid sales were closely correlated in the last few years, the latter has pulled away in 2024. Watch this space for its effect on gasoil and broader fuel demand.

As fingers are poised on the sell/buy button awaiting Nvidia's earnings call later today, many are hopeful for a big upside surprise, but with such high index concentration, a miss could have dramatic effects for the broader stock market, not to mention is position as chief indicator of the AI boom. With Nvidia currently contributing about 7% of the S&P500 index, the VIX, which has tamed somewhat since Meltdown-Monday, might be about to throw another hissy fit. Thin August liquidity and a bombshell earnings call from Walls Street's silicone poster boy are paving the way for volatile markets. But the oil market seems bloated regardless.

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Front Month Outrights

September Swaps		28-Aug-24	1-Day Change	7-Day Change
Crude				
Brent	($/bbl)	**77.680**	-2.220	+1.090
WTI	($/bbl)	**74.250**	-2.320	+1.350
Dubai	($/bbl)	**77.140**	-2.030	+1.000
Distillates				
Gasoil 0.1 NWE	($/mt)	**695.480**	-28.940	-4.970
NWE Jet	($/mt)	**738.480**	-30.130	-5.470
Singapore 10ppm	($/bbl)	**89.480**	-3.820	-1.220
Sing Kero	($/bbl)	**89.290**	-3.630	-0.920
Gasoline				
RBOB	(c/gal)	**206.220**	-7.570	-1.670
EBOB	($/mt)	**727.460**	-26.450	-9.830
Singapore 92	($/bbl)	**82.380**	-3.180	-0.430
Singapore 95	($/bbl)	**86.380**	-3.170	-0.420
Naphtha				
US C5 ENT	(c/gal)	**149.730**	-4.600	+1.550
NWE Naphtha	($/mt)	**648.010**	-18.160	+7.030
MOPJ Naphtha	($/mt)	**667.760**	-18.240	+5.780
Fuel Oil				
3.5% barges	($/mt)	**428.690**	-16.190	+4.070
Singapore 380	($/mt)	**437.500**	-13.750	+3.880
Singapore 180	($/mt)	**443.000**	-14.000	+2.630
0.5% barges	($/mt)	**528.450**	-11.550	+10.800
Singapore 0.5%	($/mt)	**585.220**	-10.090	+17.720
NGLs				
US Propane LST	(c/gal)	**77.393**	-2.553	-1.614
NWE Propane	($/mt)	**586.670**	-6.400	+16.140
Saudi Propane CP	($/mt)	**608.170**	+0.600	+12.640
Asian Propane FEI	($/mt)	**650.670**	-10.350	+13.140
US Butane ENT	(c/gal)	**101.260**	-1.440	+0.770
Saudi Butane CP	($/mt)	**596.720**	-0.890	+11.190

Long Tenor Swaps

		Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude								
Brent	($/bbl)	78.300	77.680	76.990	76.450	76.080	76.507	75.570
WTI	($/bbl)	74.550	74.250	73.320	72.610	72.070	72.667	71.327
Dubai	($/bbl)	77.340	77.140	76.050	75.430	75.010	75.497	74.520
Distillates								
Gasoil 0.1 NWE	($/mt)	693.000	695.480	697.170	696.420	696.150	696.580	695.640
NWE Jet	($/mt)	732.500	738.480	743.170	744.420	746.150	744.580	748.640
Singapore 10ppm	($/bbl)	89.230	89.480	89.900	90.080	90.180	90.053	90.523
Sing Kero	($/bbl)	89.140	89.290	89.340	89.640	89.890	89.623	90.203
Gasoline								
RBOB	(c/gal)	220.100	206.220	203.360	200.890	199.850	201.367	207.743
EBOB	($/mt)	730.460	727.460	694.460	680.960	672.210	682.543	675.460
Singapore 92	($/bbl)	82.580	82.380	81.580	81.130	80.930	81.213	80.980
Singapore 95	($/bbl)	86.680	86.380	85.230	84.580	84.380	84.730	84.547
Naphtha								
US C5 ENT	(c/gal)	148.610	149.730	150.110	149.990	149.870	149.990	149.537
NWE Naphtha	($/mt)	655.510	648.010	643.760	637.260	631.510	637.510	622.927
MOP-Japan Naphtha	($/mt)	672.760	667.760	662.010	655.760	650.260	656.010	639.177
Fuel Oil								
3.5% barges	($/mt)	437.690	428.690	417.440	410.190	405.940	411.190	403.857
Singapore 380	($/mt)	440.000	437.500	425.500	418.000	414.000	419.167	410.917
Singapore 180	($/mt)	444.500	443.000	433.250	427.250	424.500	428.333	422.750
0.5% barges	($/mt)	532.880	528.450	516.700	508.380	502.450	509.177	494.880
Singapore 0.5%	($/mt)	596.220	585.220	566.970	555.470	547.720	556.720	537.470
NGLs								
US Propane LST	(c/gal)	76.393	77.393	79.134	79.643	79.763	79.513	77.930
NWE Propane	($/mt)	605.670	586.670	571.670	565.170	559.670	565.503	539.670
Saudi Propane CP	($/mt)	608.170	608.170	608.170	609.170	613.170	610.170	599.337
Asian Propane FEI	($/mt)	655.170	650.670	648.170	647.170	644.670	646.670	619.170
US Butane ENT	(c/gal)	100.010	101.260	101.760	101.260	100.760	101.260	96.680
Saudi Butane CP	($/mt)	596.720	596.720	596.720	603.220	609.220	603.053	595.553

Front Month Spreads

Sep/Oct		28-Aug-24	1-Day Change	7-Day Change
Crude				
Brent	($/bbl)	0.690	-0.120	+0.220
WTI	($/bbl)	0.930	-0.180	+0.280
Dubai	($/bbl)	1.090	-0.010	+0.280
Distillates				
Gasoil 0.1 NWE	($/mt)	-1.690	-1.580	-1.510
NWE Jet	($/mt)	-4.690	-2.090	-2.010
Singapore 10ppm	($/bbl)	-0.420	-0.190	-0.280
Sing Kero	($/bbl)	-0.050	-0.090	-0.020
Gasoline				
RBOB	(c/gal)	2.860	-0.610	-1.080
EBOB	($/mt)	33.000	-1.750	-4.070
Singapore 92	($/bbl)	0.800	-0.370	+0.040
Singapore 95	($/bbl)	1.150	-0.370	+0.090
Naphtha				
US C5 ENT	(c/gal)	-0.380	+0.000	+0.000
NWE Naphtha	($/mt)	4.250	-1.000	-0.250
MOP-Japan Naphtha	($/mt)	5.750	-0.750	-0.750
Fuel Oil				
3.5% barges	($/mt)	11.250	-0.750	+1.500
Singapore 380	($/mt)	12.000	+0.500	+3.000
Singapore 180	($/mt)	9.750	+1.250	+2.750
0.5% barges	($/mt)	11.750	+1.500	+3.000
Singapore 0.5%	($/mt)	18.250	+1.250	+6.750
NGLs				
US Propane LST	(c/gal)	-1.741	-0.241	-0.621
NWE Propane	($/mt)	15.000	+1.500	+3.500
Saudi Propane CP	($/mt)	0.000	+6.000	+2.000
Asian Propane FEI	($/mt)	2.500	-0.500	+1.750
US Butane ENT	(c/gal)	-0.500	+0.000	-0.380
Saudi Butane CP	($/mt)	0.000	+5.500	+4.000

Front Month Cracks and Diffs

September	28-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai ($/bbl)	0.530	-0.190	+0.090
WTI/Brent ($/bbl)	-3.420	-0.090	+0.250
Distillates			
Gasoil 0.1 NWE crack ($/bbl)	15.720	-1.590	-1.730
NWE Jet crack ($/bbl)	16.080	-1.500	-1.750
NWE Jet Diff ($/mt)	43.000	-1.000	-0.500
Gasoil E/W ($/bbl)	-29.000	+0.500	-4.250
Regrade (Sing Kero vs Sing 10ppm) ($/bbl)	-0.180	+0.200	+0.320
Gasoline			
TA Arb (RBOB vs EBOB)(c/gal)	-1.700	+0.000	+1.150
EBOB crack ($/mt)	9.670	-0.940	-2.250
Singapore 92 crack ($/bbl)	4.720	-0.920	-1.480
Gasoline E/W (Sing 92 vs EBOB) ($/bbl)	-4.950	+0.000	+0.770
European Gasnaph (EBOB vs Naphtha) ($/mt)	79.450	-8.190	-17.110
Asian Gasnaph (Sing 92 vs MOPJ) ($/mt)	18.440	-8.270	-9.470
Naphtha			
US C5 ENT vs WTI Crack	-11.350	+0.420	-0.630
NWE Naphtha Crack ($/bbl)	-4.850	+0.200	-0.250
MOPJ Naphtha Crack ($/bbl)	-2.630	+0.200	-0.390
Naphtha E/W (NWE vs MOPJ) ($/mt)	19.750	+0.000	-1.250
Fuel Oil			
3.5% barges crack ($/bbl)	-10.150	-0.300	-0.400
Singapore 380 crack ($/bbl)	-8.770	+0.060	-0.440
Singapore 180 crack ($/bbl)	-7.910	+0.010	-0.640
Visco (180-380) ($/mt)	5.500	-0.250	-1.250
HSFO E/W (380 vs 3.5% barges) ($/mt)	8.750	+2.250	-0.250
0.5% barges crack ($/bbl)	5.550	+0.400	+0.650
Singapore 0.5% crack ($/bbl)	14.500	+0.650	+1.750
VLSFO E/W (Sing 0.5% vs 0.5% barges) ($/mt)	56.830	+1.580	+6.980
European Hi5 (0.5% barges vs 3.5% barges) ($/mt)	99.690	+4.440	+6.660
Asian Hi5 (Sing 0.5% vs 380) ($/mt)	147.530	+3.530	+13.650
0.5% barges/gasoil ($/mt)	-167.180	+17.300	+15.970
Sing 0.5% vs Sing 10ppm ($/mt)	-81.440	+18.470	+27.070
NGLs			
US Propane LST vs NWE Propane ($/mt)	-183.500	-7.000	-24.500
US Propane LST vs Asian Propane FEI ($/mt)	-247.500	-3.000	-21.500
Asian Propane FEI vs NWE Propane ($/mt)	64.000	-4.000	-3.000
Asian Propane FEI vs Saudi Propane CP ($/mt)	42.500	-11.000	+0.500
European Pronap (NWE Propane vs NWE Naphtha) ($/mt)	-61.290	+11.770	+8.980
Asian Pronap (FEI vs MOPJ) ($/mt)	-59.540	+18.770	+6.730

Long Tenor Cracks / Diffs

	Balmo	Sep-24	Oct-24	Nov-24	Dec-24	Q4-24	Q1-25
Crude							
Brent/Dubai ($/bbl)	0.950	0.530	0.920	1.010	1.050	0.993	1.033
WTI/Brent ($/bbl)	-3.750	-3.420	-3.660	-3.840	-4.010	-3.837	-4.240
Distillates							
Gasoil 0.1 NWE crack ($/bbl)	14.75	15.72	16.64	17.00	17.33	16.99	17.81
NWE Jet crack ($/bbl)	14.68	16.08	17.36	17.99	18.58	17.98	19.43
NWE Jet Diff ($/mt)	39.50	43.00	46.00	48.00	50.00	48.00	53.00
Gasoil E/W ($/bbl)	-28.22	-29.00	-27.62	-25.12	-24.19	-25.64	-21.15
Regrade (Sing Kero vs Sing 10ppm) ($/bbl)	-0.08	-0.18	-0.55	-0.41	-0.26	-0.41	-0.32
Gasoline							
TA Arb (RBOB vs EBOB)(c/gal)	11.310	-1.700	4.850	6.250	7.720	6.273	14.653
EBOB crack ($/mt)	9.410	9.670	6.400	5.310	4.640	5.450	5.543
Singapore 92 crack ($/bbl)	4.300	4.720	4.610	4.690	4.870	4.723	5.440
Gasoline E/W (Sing 92 vs EBOB) ($/bbl)	-5.110	-4.950	-1.780	-0.610	0.240	-0.717	-0.100
European Gasnaph (EBOB vs Naphtha) ($/mt)	74.950	79.450	50.700	43.700	40.700	45.033	52.533
Asian Gasnaph (Sing 92 vs MOPJ) ($/mt)	15.100	18.440	17.520	20.020	23.860	20.467	35.357
Naphtha							
US C5 ENT vs WTI Crack	-12.120	-11.350	-10.260	-9.600	-9.100	-9.653	-8.497
NWE Naphtha Crack ($/bbl)	-4.630	-4.850	-4.640	-4.830	-5.100	-4.857	-5.550
MOPJ Naphtha Crack ($/bbl)	-2.690	-2.630	-2.590	-2.750	-3.000	-2.780	-3.723
Naphtha E/W (NWE vs MOPJ) ($/mt)	17.250	19.750	18.250	18.500	18.750	18.500	16.250
Fuel Oil							
3.5% bgs crack ($/bbl)	-9.350	-10.150	-11.230	-11.830	-12.130	-11.730	-11.943
Singapore 380 crack ($/bbl)	-9.000	-8.770	-9.970	-10.610	-10.860	-10.480	-10.823
Singapore 180 crack ($/bbl)	-8.290	-7.910	-8.750	-9.160	-9.210	-9.040	-8.960
Visco (180-380) ($/mt)	4.500	5.500	7.750	9.250	10.500	9.167	11.833
HSFO E/W (380 vs 3.5% bgs) ($/mt)	2.500	8.750	8.250	8.000	8.250	8.167	7.250
0.5% bgs crack ($/bbl)	5.640	5.550	4.390	3.630	3.060	3.693	2.393
Singapore 0.5% crack ($/bbl)	15.610	14.500	12.320	11.040	10.190	11.183	9.100
VLSFO E/W (Sing 0.5% vs 0.5% bgs) ($/mt)	63.330	56.830	50.330	47.080	45.330	47.580	42.580
European Hi5 (0.5% bgs vs 3.5% bgs) ($/mt)	95.190	99.690	99.190	98.190	96.440	97.940	91.023
Asian Hi5 (Sing 0.5% vs 380) ($/mt)	156.030	147.530	141.280	137.280	133.530	137.363	126.363
0.5% bgs/gasoil ($/mt)	-160.050	-167.180	-180.740	-187.820	-193.390	-187.317	-200.613
Sing 0.5% vs Sing 10ppm ($/mt)	-68.580	-81.440	-102.820	-115.790	-123.930	-114.180	-136.900
NGLs							
US Propane LST vs NWE Propane ($/mt)	-207.71	-183.5	-159.38	-150.28	-144.15	-151.27	-133.683
US Propane LST vs Asian Propane FEI ($/mt)	-257.21	-247.5	-235.88	-232.28	-229.15	-232.437	-213.183
Asian Propane FEI vs NWE Propane ($/mt)	49.5	64	76.5	82	85	81.167	79.5
Asian Propane FEI vs Saudi Propane CP ($/mt)	47	42.5	40	38	31.5	36.5	19.833
European Pronap ($/mt)	-49.79	-61.29	-72	-72	-71.79	-71.93	-83.193
Asian Pronap (FEI vs MOPJ) ($/mt)	-64.54	-59.54	-53.79	-46.54	-37.04	-45.79	-39.79

Inter-month Crack Spreads

Sep/Oct	28-Aug-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai ($/bbl)	-0.390	-0.120	-0.050
WTI/Brent ($/bbl)	0.240	-0.060	+0.040
Distillates			
Gasoil 0.1 NWE crack ($/bbl)	-0.920	-0.040	-0.430
NWE Jet crack ($/bbl)	-1.280	-0.080	-0.470
NWE Jet Diff ($/mt)	-3.000	-0.500	-0.500
Gasoil E/W ($/bbl)	-1.380	+0.230	-0.450
Regrade (Sing Kero vs Sing 10ppm) ($/bbl)	0.370	+0.100	+0.260
Gasoline			
TA Arb (RBOB vs EBOB)(c/gal)	-6.550	-0.090	+0.140
EBOB crack ($/mt)	3.270	-0.090	-0.740
Singapore 92 crack ($/bbl)	0.110	-0.240	-0.180
Gasoline E/W (Sing 92 vs EBOB) ($/bbl)	-3.170	-0.170	+0.540
European Gasnaph (EBOB vs Naphtha) ($/mt)	28.750	-0.750	-4.000
Asian Gasnaph (Sing 92 vs MOPJ) ($/mt)	0.920	-2.320	+1.090
Naphtha			
US C5 ENT vs WTI Crack	-1.090	+0.190	-0.270
NWE Naphtha Crack ($/bbl)	-0.210	+0.010	-0.250
MOPJ Naphtha Crack ($/bbl)	-0.040	+0.040	-0.300
Naphtha E/W (NWE vs MOPJ) ($/mt)	1.500	+0.250	-0.500
Fuel Oil			
3.5% barges crack ($/bbl)	1.080	+0.000	+0.010
Singapore 380 crack ($/bbl)	1.200	+0.200	+0.250
Singapore 180 crack ($/bbl)	0.840	+0.310	+0.210
Visco (180-380) ($/mt)	-2.250	+0.750	-0.250
HSFO E/W (380 vs 3.5% barges) ($/mt)	0.500	+1.000	+1.250
0.5% barges crack ($/bbl)	1.160	+0.360	+0.250
Singapore 0.5% crack ($/bbl)	2.180	+0.310	+0.840
VLSFO E/W (Sing 0.5% vs 0.5% barges) ($/mt)	6.500	-0.250	+3.750
European Hi5 (0.5% barges vs 3.5% barges) ($/mt)	0.500	+2.250	+1.500
Asian Hi5 (Sing 0.5% vs 380) ($/mt)	6.250	+0.750	+3.750
0.5% barges/gasoil ($/mt)	13.560	+3.080	+4.730
Sing 0.5% vs Sing 10ppm ($/mt)	21.380	+2.670	+8.830
NGLs			
US Propane LST vs NWE Propane ($/mt)	-24.120	-2.810	-6.790
US Propane LST vs Asian Propane FEI ($/mt)	-11.620	-0.810	-5.040
Asian Propane FEI vs NWE Propane ($/mt)	-12.500	-2.000	-1.750
Asian Propane FEI vs Saudi Propane CP ($/mt)	2.500	-6.500	-0.250
European Pronap (NWE Propane vs NWE Naphtha) ($/mt)	10.710	+2.460	+3.710