



Brent < \$75



We said yesterday that the market really wanted to go up, regardless of fundamentals. Seems like bulls were too attached to Libya or to some fluffy nonsense as Libyans really need the money and so they'll find a way to accommodate and keep the cash flowing. Remember technicals are noise but macros always win in the end and macros are super bearish - we say this with in situ reporting from China.

The news Libya may be back in business sparked a precipitous pummeling of Brent flat price: as the news broke, the price stood at \$75.96/bbl and toppled to \$74.97/bbl within 20 minutes. It didn't even stop there and plunged further, breaking the \$74/bbl mark by 15:30 BST after the feeble US manufacturing PMI data came in and kept prices bouncing around the low \$74/bbl range until close. One trader says news of the emerging Libyan deal demolished the bullish narrative and now the bears have piled in and are testing OPEC. He added "they want to know at what price OPEC will shut in production" and "demand is much less than what people were forecasting with the only bright spot being Jet fuel but even that had a small growth."

So now what for OPEC? You know the saying 'stuck between a rock and a hard place'? Well, the rock is the tumbling price, while the hard place is the risk of losing even more market share by refusing to unwind its voluntary production cuts while other producers like Guyana boom. We pity Kennie, the long trader, but the bears are rampaging. Relative to flat price, products held up well and margins eased to give refiners more breathing room. European refinery margins surged from \$3.84/bbl at 14:00 BST to reach \$4.53/bbl at the 16:30 BST close.

It was a Midland sale bonanza in the North Sea: BP, Trafigura, Glencore, Unipet and Chevron each offering a range of late Sep/early Oct between Dated +\$2.15 and +\$2.80. Shell cut its 2-4 Oct Ekofisk offer from +\$3.15 down to +\$2.55.

Summary

Physical and Futures

		03-Sep-24	1-Day Change	7-Day Change
Brent Nov (fut)	(\$/bbl)	73.990	-2.780	-5.180
WTI Nov (fut)	(\$/bbl)	69.800	-2.720	-5.210
Dubai Nov (phys)	(\$/bbl)	74.040	-2.430	-4.380
OBI Continuous	(\$/bbl)	73.990	-2.780	-5.180

Crude Swaps Oct

Brent	(\$/bbl)	73.490	-2.540	-4.850
DFL	(\$/bbl)	0.050	-0.340	-0.480
WTI	(\$/bbl)	69.630	-2.670	-5.100
Dubai	(\$/bbl)	72.590	-2.490	-4.700

Tenor

		Nov-24	Dec-24	Jan-25
Crude Futures				
Brent (fut)	(\$/bbl)	73.990	73.520	73.130
WTI (fut)	(\$/bbl)	69.800	69.240	68.830



In detail

We've been saying that the action has often been coming after the window rather than before close. Today was the opposite; flat price was torpedoed by the news that Libyan supply might be about to storm back into the market, then was depth charged by weak Manufacturing PMIs from the US. Nov Brent futures tumbled by \$2.78/bbl and closed just below the \$74/bbl level, at \$73.99/bbl. Nov WTI also collapsed below even \$70/bbl to \$69.80/bbl, a fall of \$2.72/bbl. The Nov/Dec Brent spreads felt the burn and closed at 56c, well down from 72c yesterday.

We have not seen WTI close below \$70 since 13 December 2023. On Brent, the market peaked at \$91.84/bbl in April earlier this year and at current levels, which means it has dropped by \$17.85/bbl. This implies a huge loss of revenue for the OPEC members at a time that, among others, Nigeria's NNPC is on the verge of imploding, as it says it has no money to buy gasoline. Let's hope Dangote is not unhedged, otherwise it's goodbye Charlie time.

I'm exhausted running around after Libya's oil news. It seems to change moment to moment. Yesterday morning we were saying they had to get it resolved soon for the whole country's sake, but then they were declaring force majeure on El-Feel by the end of the day. Now the central bank chairman, whose position kicked off this most recent fiasco, has said he sees a potential agreement to end the predicament. He is ready to resume his duties, provided the negotiations reach an agreement. Hang on, wasn't his involvement the whole problem to begin with?

We can hope Guyana manages its newly oil-dependent economy and wealth better than the debt-riddled Angola and politically divided Libya we've been reporting on recently. Maybe evading the OPEC touch of death will allow Guyana to develop its oil industry free of those keen to get their grubby mitts on the 645 kb/d the small country is producing.

Being independent of OPEC's grasping hands definitely hasn't hindered Guyana's meteoric production growth. EIA data shows that Guyana's crude oil production rose by an average of 98 kb/d each year from 2020-2023, making it the third fastest growth of all non-OPEC countries, behind just Brazil and the US itself. It's no secret that the massive oil developments going on in Guyana have the capacity to send the country's economy through the roof. The only question is by how much. The IMF figures project a 33.9% growth in GDP y/y, while the Guyanese government has boosted its projection for GDP growth this year up to a monumental 42.3%!

It definitely won't all be easy as pie for the Guyanese, especially if their western neighbour Venezuela has anything to say about it. Venezuelan president, Nicolas Maduro, still asserts its rights of ownership over the border region of Essequibo, which happens, rather conveniently, to include the massive oil fields discovered off the coast, estimated to hold upwards of 11 billion barrels (of extractable oil and gas).

The Venezuelan head honcho has come under renewed fire from the US after his bungling of the July elections. Maduro ordered the arrest of opposition leader Edmundo González on a plethora of allegations, including conspiracy and association against the Venezuelan state, which could have the latter thrown in prison for the remainder of his life. Meanwhile, the US seized his personal luxury jet in the Dominican Republic. A worthwhile trade?

Maybe the US needs to nick stuff because it can't make anything. The ISM manufacturing PMI for August came in at 47.2, up from last month's 46.8 but below the expectation of 47.5. The undercurrents here are especially worrying. New orders fell to 44.6 from 47.4, suggesting weaker industrial demand – more bad news for ailing crude demand.

The Fed's also going to be concerned that the ISM employment figures came in at 46, below its 1950-2024 average of 50.15. Although that's an improvement on last month's figure of 43.4, it's still far from what Power Powell would have been hoping to see. All eyes on the non-farm payrolls on Friday then...

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Front Month Outrights					
October Swaps			03-Sep-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)		73.490	-2.540	-4.850
WTI	(\$/bbl)		69.630	-2.670	-5.100
Dubai	(\$/bbl)		72.590	-2.490	-4.700
Distillates					
Gasoil 0.1 NWE	(\$/mt)		678.680	-17.350	-33.300
NWE Jet	(\$/mt)		724.180	-17.850	-33.620
Singapore 10ppm	(\$/bbl)		87.380	-2.020	-4.600
Sing Kero	(\$/bbl)		87.030	-2.040	-4.290
Gasoline					
RBOB	(c/gal)		196.770	-6.110	-10.310
EBOB	(\$/mt)		668.480	-18.920	-39.940
Singapore 92	(\$/bbl)		79.010	-2.110	-4.420
Singapore 95	(\$/bbl)		82.400	-2.370	-4.680
Naphtha					
US C5 ENT	(c/gal)		146.040	-3.380	-6.690
NWE Naphtha	(\$/mt)		624.250	-12.190	-29.330
MOPJ Naphtha	(\$/mt)		644.750	-13.440	-27.080
Fuel Oil					
3.5% barges	(\$/mt)		385.000	-12.260	-41.390
Singapore 380	(\$/mt)		394.190	-12.690	-40.330
Singapore 180	(\$/mt)		402.250	-12.570	-40.020
0.5% barges	(\$/mt)		497.460	-10.350	-28.440
Singapore 0.5%	(\$/mt)		551.690	-7.740	-24.360
NGLs					
US Propane LST	(c/gal)		74.712	-2.154	-5.842
NWE Propane	(\$/mt)		556.250	-7.720	-21.640
Saudi Propane CP	(\$/mt)		598.750	-5.220	-12.140
Asian Propane FEI	(\$/mt)		638.250	-10.720	-17.480
US Butane ENT	(c/gal)		99.590	-1.900	-3.480
Saudi Butane CP	(\$/mt)		588.750	-3.720	-10.730



		Long Tenor Swaps						
		Balmo	Oct-24	Nov-24	Dec-24	Jan-25	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	73.960	73.490	73.120	72.820	72.630	73.143	72.453
WTI	(\$/bbl)	70.310	69.630	69.130	68.730	68.420	69.163	68.197
Dubai	(\$/bbl)	73.840	72.590	72.030	71.660	71.420	72.093	71.273
Distillates								
Gasoil 0.1 NWE	(\$/mt)	679.460	678.680	676.170	675.100	674.820	676.650	673.673
NWE Jet	(\$/mt)	722.960	724.180	723.670	724.600	727.320	724.150	726.173
Singapore 10ppm	(\$/bbl)	86.930	87.380	87.530	87.560	87.590	87.490	87.627
Sing Kero	(\$/bbl)	86.830	87.030	87.190	87.300	87.320	87.173	87.327
Gasoline								
RBOB	(c/gal)	199.530	196.770	194.030	192.840	193.330	194.547	200.713
EBOB	(\$/mt)	693.980	668.480	656.980	649.480	649.730	658.313	653.647
Singapore 92	(\$/bbl)	80.010	79.010	78.410	78.160	78.210	78.527	78.377
Singapore 95	(\$/bbl)	83.800	82.400	81.600	81.200	81.700	81.733	81.933
Naphtha								
US C5 ENT	(c/gal)	145.540	146.040	145.920	145.800	146.300	145.920	145.467
NWE Naphtha	(\$/mt)	626.250	624.250	618.250	612.250	608.500	618.250	603.917
MOP-Japan Naphtha	(\$/mt)	649.500	644.750	639.250	633.750	628.250	639.250	622.750
Fuel Oil								
3.5% barges	(\$/mt)	395.000	385.000	380.250	377.750	378.250	381.000	379.583
Singapore 380	(\$/mt)	408.690	394.190	389.690	388.190	387.690	390.690	388.357
Singapore 180	(\$/mt)	413.750	402.250	399.750	399.250	399.500	400.417	400.667
0.5% barges	(\$/mt)	512.210	497.460	487.210	480.710	477.210	488.460	474.960
Singapore 0.5%	(\$/mt)	577.690	551.690	536.440	528.190	522.190	538.773	518.440
NGLs								
US Propane LST	(c/gal)	72.832	74.712	75.592	75.842	75.842	75.382	74.589
NWE Propane	(\$/mt)	566.250	556.250	549.750	545.250	540.250	550.417	525.250
Saudi Propane CP	(\$/mt)	598.750	598.750	598.750	601.750	598.250	599.750	586.583
Asian Propane FEI	(\$/mt)	641.750	638.250	636.500	633.750	625.250	636.167	607.583
US Butane ENT	(c/gal)	98.970	99.590	99.210	98.710	98.330	99.170	95.080
Saudi Butane CP	(\$/mt)	588.750	588.750	592.750	599.250	597.750	593.583	584.250



Front Month Spreads				
Oct/Nov		03-Sep-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.370	-0.150	-0.220
WTI	(\$/bbl)	0.500	-0.220	-0.330
Dubai	(\$/bbl)	0.560	-0.100	-0.060
Distillates				
Gasoil 0.1 NWE	(\$/mt)	2.510	-0.350	+0.450
NWE Jet	(\$/mt)	0.510	-0.350	+0.380
Singapore 10ppm	(\$/bbl)	-0.150	+0.080	-0.220
Sing Kero	(\$/bbl)	-0.160	+0.050	-0.070
Gasoline				
RBOB	(c/gal)	2.740	-0.050	+0.160
EBOB	(\$/mt)	11.500	+0.250	-2.500
Singapore 92	(\$/bbl)	0.600	+0.000	+0.000
Singapore 95	(\$/bbl)	0.800	+0.000	+0.000
Naphtha				
US C5 ENT	(c/gal)	0.120	+0.000	+0.000
NWE Naphtha	(\$/mt)	6.000	+1.000	-0.750
MOP-Japan Naphtha	(\$/mt)	5.500	-0.250	-1.000
Fuel Oil				
3.5% barges	(\$/mt)	4.750	+0.000	-2.750
Singapore 380	(\$/mt)	4.500	-0.250	-3.750
Singapore 180	(\$/mt)	2.500	-0.250	-4.250
0.5% barges	(\$/mt)	10.250	+1.690	+2.000
Singapore 0.5%	(\$/mt)	15.250	+3.000	+3.750
NGLs				
US Propane LST	(c/gal)	-0.880	-0.130	-0.380
NWE Propane	(\$/mt)	6.500	+1.500	+0.000
Saudi Propane CP	(\$/mt)	0.000	+1.000	+1.500
Asian Propane FEI	(\$/mt)	1.750	+0.250	+0.250
US Butane ENT	(c/gal)	0.380	-0.120	-0.120
Saudi Butane CP	(\$/mt)	-4.000	+2.500	+3.000



Front Month Cracks and Diffs			
October	03-Sep-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.900	-0.070	-0.140
WTI/Brent (\$/bbl)	-3.860	-0.120	-0.260
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	17.630	+0.350	+0.440
NWE Jet crack (\$/bbl)	18.430	+0.410	+0.610
NWE Jet Diff (\$/mt)	45.500	-0.500	-0.500
Gasoil E/W (\$/bbl)	-27.750	+2.250	-1.370
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.350	-0.020	+0.310
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	5.700	-0.700	+1.080
EBOB crack (\$/bbl)	6.770	+0.330	+0.090
Singapore 92 crack (\$/bbl)	5.510	+0.470	+0.480
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-1.250	+0.150	+0.390
European Gasnaph (EBOB vs Naphtha) (\$/mt)	44.270	-6.490	-10.200
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	13.310	-4.040	-9.240
Naphtha			
US C5 ENT vs WTI Crack	-8.300	+1.260	+2.270
NWE Naphtha Crack (\$/bbl)	-3.350	+1.200	+1.530
MOPJ Naphtha Crack (\$/bbl)	-1.050	+1.060	+1.780
Naphtha E/W (NWE vs MOPJ) (\$/mt)	20.500	-1.250	+2.250
Fuel Oil			
3.5% barges crack (\$/bbl)	-12.860	+0.640	-1.690
Singapore 380 crack (\$/bbl)	-11.400	+0.600	-1.490
Singapore 180 crack (\$/bbl)	-10.140	+0.600	-1.450
Visco (180-380) (\$/mt)	8.000	+0.000	+0.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	9.250	-0.250	+1.250
0.5% barges crack (\$/bbl)	4.850	+0.950	+0.360
Singapore 0.5% crack (\$/bbl)	13.400	+1.400	+1.010
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	54.290	+2.860	+4.140
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	112.460	+1.970	+13.020
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	157.500	+5.080	+15.910
0.5% barges/gasoil (\$/mt)	-181.210	+6.530	+4.520
Sing 0.5% vs Sing 10ppm (\$/mt)	-99.140	+7.710	+10.060
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-167.000	-3.500	-8.800
US Propane LST vs Asian Propane FEI (\$/mt)	-249.000	-0.500	-13.050
Asian Propane FEI vs NWE Propane (\$/mt)	82.000	-3.000	+4.250
Asian Propane FEI vs Saudi Propane CP (\$/mt)	39.500	-5.500	-5.250
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-67.820	+4.840	+7.960
Asian Pronap (FEI vs MOPJ) (\$/mt)	-45.820	+8.590	+15.210



Long Tenor Cracks / Diffs

	Balmo	Oct-24	Nov-24	Dec-24	Jan-25	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.120	0.900	1.080	1.160	1.210	1.047	1.180
WTI/Brent (\$/bbl)	-3.650	-3.860	-3.990	-4.090	-4.210	-3.980	-4.257
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	17.22	17.63	17.64	17.80	17.95	17.69	17.98
NWE Jet crack (\$/bbl)	17.77	18.43	18.72	19.13	19.67	18.76	19.71
NWE Jet Diff (\$/mt)	43.50	45.50	47.50	49.50	52.50	47.50	52.50
Gasoil E/W (\$/bbl)	-31.83	-27.75	-24.02	-22.80	-22.30	-24.86	-20.86
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.10	-0.35	-0.34	-0.26	-0.27	-0.32	-0.30
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	1.150	5.700	6.240	7.180	7.620	6.373	13.877
EBOB crack (\$/bbl)	9.350	6.770	5.760	5.150	5.400	5.893	6.030
Singapore 92 crack (\$/bbl)	6.040	5.510	5.290	5.330	5.570	5.377	5.913
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-3.310	-1.250	-0.470	0.180	0.200	-0.513	-0.103
European Gasnaph (EBOB vs Naphtha) (\$/mt)	67.770	44.270	38.770	37.270	41.270	40.103	49.770
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	16.890	13.310	13.820	17.230	23.150	14.787	30.037
Naphtha							
US C5 ENT vs WTI Crack	-9.180	-8.300	-7.840	-7.500	-6.970	-7.880	-7.100
NWE Naphtha Crack (\$/bbl)	-3.600	-3.350	-3.650	-4.030	-4.260	-3.677	-4.597
MOPJ Naphtha Crack (\$/bbl)	-0.990	-1.050	-1.290	-1.610	-2.040	-1.317	-2.483
Naphtha E/W (NWE vs MOPJ) (\$/mt)	23.250	20.500	21.000	21.500	19.750	21.000	18.833
Fuel Oil							
3.5% bgs crack (\$/bbl)	-11.770	-12.860	-13.240	-13.330	-13.060	-13.143	-12.677
Singapore 380 crack (\$/bbl)	-9.600	-11.400	-11.740	-11.680	-11.570	-11.607	-11.287
Singapore 180 crack (\$/bbl)	-8.810	-10.140	-10.170	-9.950	-9.720	-10.087	-9.357
Visco (180-380) (\$/mt)	5.000	8.000	10.000	11.000	11.750	9.667	12.250
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	13.750	9.250	9.500	10.500	9.500	9.750	8.833
0.5% bgs crack (\$/bbl)	6.690	4.850	3.610	2.880	2.520	3.780	2.343
Singapore 0.5% crack (\$/bbl)	17.010	13.400	11.370	10.370	9.610	11.713	9.197
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	65.540	54.290	49.290	47.540	45.040	50.373	43.540
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	117.210	112.460	106.960	102.960	98.960	107.460	95.377
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	169.000	157.500	146.750	140.000	134.500	148.083	130.083
0.5% bgs/gasoil (\$/mt)	-167.210	-181.210	-188.850	-194.040	-197.240	-188.033	-198.513
Sing 0.5% vs Sing 10ppm (\$/mt)	-69.790	-99.140	-115.510	-123.680	-129.910	-112.777	-133.907
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-186.8	-167	-155.92	-150.11	-145.11	-157.677	-136.64
US Propane LST vs Asian Propane FEI (\$/mt)	-262.3	-249	-242.67	-238.61	-230.11	-243.427	-218.973
Asian Propane FEI vs NWE Propane (\$/mt)	75.5	82	86.75	88.5	85	85.75	82.333
Asian Propane FEI vs Saudi Propane CP (\$/mt)	43	39.5	37.75	32	27	36.417	21
European Pronap (\$/mt)	-59.82	-67.82	-68.32	-66.82	-68.07	-67.653	-78.487
Asian Pronap (FEI vs MOPJ) (\$/mt)	-50.57	-45.82	-40.32	-31.82	-29.82	-39.32	-35.987



Inter-month Crack Spreads			
Oct/Nov	03-Sep-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.180	-0.040	-0.140
WTI/Brent (\$/bbl)	0.130	-0.070	-0.120
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.010	+0.160	+0.340
NWE Jet crack (\$/bbl)	-0.290	+0.160	+0.320
NWE Jet Diff (\$/mt)	-2.000	+0.000	+0.000
Gasoil E/W (\$/bbl)	-3.730	+0.590	-2.300
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.010	-0.030	+0.150
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-0.540	-0.100	+0.870
EBOB crack (\$/bbl)	1.010	+0.200	-0.110
Singapore 92 crack (\$/bbl)	0.220	+0.160	+0.220
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.780	-0.030	+0.310
European Gasnaph (EBOB vs Naphtha) (\$/mt)	5.500	-0.750	-1.750
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	-0.510	+0.240	+0.990
Naphtha			
US C5 ENT vs WTI Crack	-0.460	+0.200	+0.310
NWE Naphtha Crack (\$/bbl)	0.300	+0.260	+0.120
MOPJ Naphtha Crack (\$/bbl)	0.240	+0.120	+0.090
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-0.500	-1.250	-0.250
Fuel Oil			
3.5% barges crack (\$/bbl)	0.380	+0.150	-0.220
Singapore 380 crack (\$/bbl)	0.340	+0.110	-0.380
Singapore 180 crack (\$/bbl)	0.030	+0.110	-0.450
Visco (180-380) (\$/mt)	-2.000	+0.000	-0.500
HSFO E/W (380 vs 3.5% barges) (\$/mt)	-0.250	-0.250	-1.000
0.5% barges crack (\$/bbl)	1.240	+0.370	+0.520
Singapore 0.5% crack (\$/bbl)	2.030	+0.620	+0.800
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	5.000	+1.500	+1.750
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	5.500	+1.500	+4.750
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	10.750	+3.250	+7.500
0.5% barges/gasoil (\$/mt)	7.640	+1.400	+1.440
Sing 0.5% vs Sing 10ppm (\$/mt)	16.370	+2.410	+5.390
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-11.080	-2.170	-1.980
US Propane LST vs Asian Propane FEI (\$/mt)	-6.330	-0.920	-2.230
Asian Propane FEI vs NWE Propane (\$/mt)	-4.750	-1.250	+0.250
Asian Propane FEI vs Saudi Propane CP (\$/mt)	1.750	-0.750	-1.250
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	0.500	+0.500	+0.750