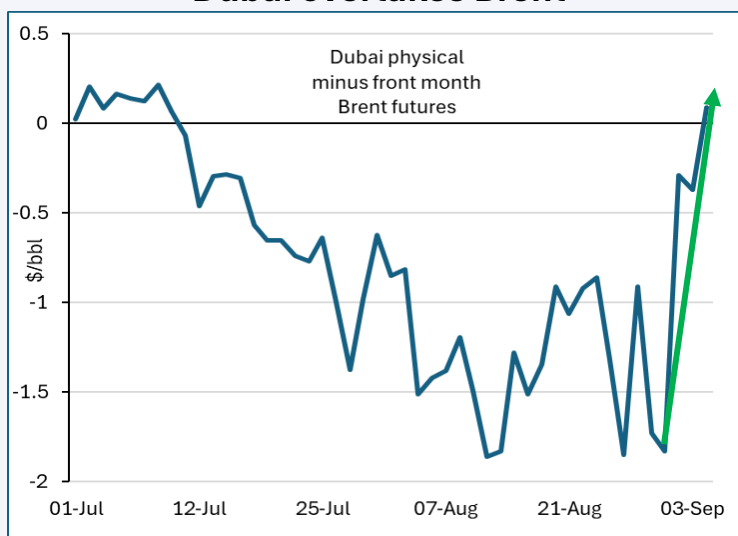




Dubai overtakes Brent



Dubai's surge relative to Brent marches onward. Dubai partials minus front month Brent futures inverted, going positive for the first time since 10 July, at 9c by the close of Asia today, while on a physical premium basis, Dubai remains elevated at 2 bucks. While Brent futures spreads and CFDs get hammered in Europe, Dubai's prompt structure remains strong, and Dubai continues to outperform. The window was quiet, and traders were tentative following the overall downward flat price correction. But Vitol and Mets still picked up some partials from PC and Exxon. Anybody with a sense of end-user demand should sell, of course.

The sell-off continues, and the longs are getting whacked. The market that was looking for any reason to buy has decided it's time to sell. Buckle your seatbelts; we could have a bumpy ride into crucial US jobs market data on Friday. In the aftermath of Libya, OPEC has decided to signal delays to planned output hikes in October. Talk is cheap, of course. The move would be unpopular among the group - they need money, lots of it. The Saudis need to fund their vision, and Russia needs to fund its war. OPEC still looks set to release more barrels, maybe not by October, but later in the year. If the product sell-off continues, as the macro picture suggests, refineries seem likely to cut runs into the year's final months. The outlook for crude is unsurprisingly bearish, and further flattening of structures remains very much on the anvil, ripe for a hammering.

The bear rampaged across markets and into equities. The S&P500 took a tumble of just over 2% in yesterday's trading hours, and Nvidia got boinked on the head harder than most, dropping by a further 9.5% after its battering post-earnings last week. Waking up in Japan this morning must have been harrowing, and the Nikkei 225 has slid downwards by over 4% by 11:30 BST (time of writing). It is our opinion, and we are strong on this one, that the bear will continue rampaging until the Fed acts decisively and cuts A MINIMUM of 50 points!

Summary

Physical and Futures		04-Sep-24	1-Day Change	7-Day Change
Brent Nov (fut)	(\$/bbl)	73.290	-3.720	-4.430
WTI Nov (fut)	(\$/bbl)	69.150	-3.590	-4.420
Dubai Nov (phys)	(\$/bbl)	73.380	-3.260	-4.320
OBI Continuous	(\$/bbl)	73.290	-3.720	-4.430
Crude Swaps Oct				
Brent	(\$/bbl)	72.860	-3.410	-4.130
DFL	(\$/bbl)	0.110	-0.360	-0.290
WTI	(\$/bbl)	69.000	-3.500	-4.320
Dubai	(\$/bbl)	71.930	-3.380	-4.120
Tenor		Nov-24	Dec-24	Jan-25
Crude Futures				
Brent (fut)	(\$/bbl)	73.290	72.880	72.510
WTI (fut)	(\$/bbl)	69.150	68.640	68.270



In detail

All the longs got hosed, and crude continued to drown through the Asian window as technical fluff dissipated and demand/supply concerns came to the fore. Technicals can make you rich, but fundamentals can kill you if you don't pay attention.

Dubai physical cargoes for November closed the window at \$73.38/bbl, down \$3.26 against yesterday's assessment. Front-month Brent futures traded down to lows of \$72.64/bbl before retracing a little to close the window at \$73.29/bbl, booking a \$3.72/bbl loss against the close of Asia yesterday. The picture was similarly brutal in Nov WTI, which shed \$3.59/bbl over the day to close at \$69.15/bbl. Structures in Brent and WTI both suffered, with Brent front spreads easing to 41c. The market is looking to create room for the OPEC extra supply, and it needs low prices AND contango. One is in progress, and the other may be too. Dubai fared far better on a front spreads (physical minus M1 swap) basis, but this was all physically driven. Front spreads jumped up to \$1.45/bbl, deeper into a backwardation structure. Forward paper has been hit hard down, of course.

China's Caixin Services PMI, a private survey, cooled off, expanding by less than expected at 51.6 in August, down from 52.1 in the month prior, while economists had expected a result of 51.8. Businesses were forced to boost sales through price cuts in order to remain competitive. It seems refineries aren't the only enterprise running on thin margins in China. Service companies surveyed also reported caution when hiring to save costs.

Ever the realists, the CCP has grand plans for the sector as it looks to modernize China's growth model. They seek sustainable "high-quality growth" as opposed to the more manufacturing and industry-driven economy we are used to. The CCP is targeting consumer spending, as unveiled in their 20-step plan last month. They will have a lot of work to do; services still make up a disproportionately small percentage of the \$17 trillion economy, compared to developed economies at least. And manufacturing in China is weak – hardly a good sign for such an industry-based economy... The CCP is fiscally constrained, having promised responsible government budget management at the third plenum. The orchestration of this structural reset will be very challenging, to say the least, and this year's growth target of 5% looks like a pipe dream. Iron ore in China suffered the worst single-day price drop in almost two years on Monday, with contracts on the Dalian exchange falling like a brick by over 4.8% from the previous close. Futures on the Singapore Exchange suffered a similar fate, down 2.13%.

China's big Asian rival, India, has also been slowing, but who can blame them after recent GDP prints in excess of 7%? It's tough to keep hitting that mark, especially during monsoon season. Pockets of downside risks persist in sectors such as the automotive sector, where inventories are climbing. Comparatively speaking, though, when put back-to-back with China, it's hard to argue that India doesn't look strong. Granted, that is a pretty low benchmark.

So why not build some more refinery capacity? Total Indian refining capacity is expected to expand by 22% over the next 5 years and India's Oil and Natural Gas Corp. (ONGC) is assessing possibilities for building its own multi-billion-dollar refinery and petchem plant. India's total refinery capacity is thought to be about 245 million mt per year. ONGC's new refinery, if it comes to fruition, would bolster that by around 9 million mt per year.

ONGC isn't the only Indian refiner interested in expanding; Bharat Petroleum Corporation Ltd. (BPCL) has reportedly been in talks with local banks in the hopes of securing \$3.8bn in financing for expanding capacity at one of its refineries. BPCL's chairman expects Indian fuel demand to grow by 4-5% per year. No wonder they're looking to expand refining capacity. If India can maintain growth and doesn't suffer the same fate as China, BPLC may very well be right, but it's a big if.

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Front Month Outrights					
October Swaps			04-Sep-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)	72.860		-3.410	-4.130
WTI	(\$/bbl)	69.000		-3.500	-4.320
Dubai	(\$/bbl)	71.930		-3.380	-4.120
Distillates					
Gasoil 0.1 NWE	(\$/mt)	673.360		-26.070	-23.810
NWE Jet	(\$/mt)	718.860		-26.820	-24.310
Singapore 10ppm	(\$/bbl)	86.540		-3.520	-3.360
Sing Kero	(\$/bbl)	86.220		-3.520	-3.120
Gasoline					
RBOB	(c/gal)	194.370		-9.220	-8.990
EBOB	(\$/mt)	657.630		-33.660	-36.830
Singapore 92	(\$/bbl)	77.300		-4.890	-4.280
Singapore 95	(\$/bbl)	80.700		-4.690	-4.530
Naphtha					
US C5 ENT	(c/gal)	145.560		-4.480	-4.550
NWE Naphtha	(\$/mt)	623.090		-15.930	-20.670
MOPJ Naphtha	(\$/mt)	642.840		-17.930	-19.170
Fuel Oil					
3.5% barges	(\$/mt)	382.970		-17.710	-34.470
Singapore 380	(\$/mt)	391.220		-16.960	-34.280
Singapore 180	(\$/mt)	399.220		-17.030	-34.030
0.5% barges	(\$/mt)	493.200		-20.260	-23.500
Singapore 0.5%	(\$/mt)	547.310		-18.860	-19.660
NGLs					
US Propane LST	(c/gal)	74.983		-2.645	-4.151
NWE Propane	(\$/mt)	556.610		-7.830	-15.060
Saudi Propane CP	(\$/mt)	601.570		-3.370	-6.600
Asian Propane FEI	(\$/mt)	638.570		-8.820	-9.600
US Butane ENT	(c/gal)	99.970		-2.150	-1.790
Saudi Butane CP	(\$/mt)	591.610		-3.280	-5.110



Long Tenor Swaps

		Balmo	Oct-24	Nov-24	Dec-24	Jan-25	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	73.270	72.860	72.500	72.220	72.010	72.527	71.857
WTI	(\$/bbl)	69.620	69.000	68.530	68.170	67.870	68.567	67.667
Dubai	(\$/bbl)	73.230	71.930	71.380	71.010	70.760	71.440	70.613
Distillates								
Gasoil 0.1 NWE	(\$/mt)	673.880	673.360	670.420	668.940	668.930	670.907	668.093
NWE Jet	(\$/mt)	717.380	718.860	717.920	718.440	721.430	718.407	720.593
Singapore 10ppm	(\$/bbl)	85.990	86.540	86.700	86.730	86.770	86.657	86.833
Sing Kero	(\$/bbl)	85.990	86.220	86.380	86.440	86.460	86.347	86.490
Gasoline								
RBOB	(c/gal)	196.780	194.370	191.880	190.840	191.440	192.363	198.923
EBOB	(\$/mt)	679.880	657.630	648.130	641.630	641.880	649.130	646.213
Singapore 92	(\$/bbl)	77.950	77.300	77.000	77.000	77.100	77.100	77.300
Singapore 95	(\$/bbl)	81.760	80.700	80.200	80.050	80.610	80.317	80.870
Naphtha								
US C5 ENT	(c/gal)	145.060	145.560	145.440	145.320	145.820	145.440	144.987
NWE Naphtha	(\$/mt)	625.590	623.090	616.840	610.840	607.090	616.923	602.507
MOP-Japan Naphtha	(\$/mt)	647.340	642.840	637.590	632.090	626.590	637.507	621.007
Fuel Oil								
3.5% barges	(\$/mt)	393.470	382.970	377.970	375.470	375.970	378.803	377.387
Singapore 380	(\$/mt)	405.720	391.220	386.720	385.220	384.970	387.720	385.720
Singapore 180	(\$/mt)	410.720	399.220	396.720	396.220	396.720	397.387	397.970
0.5% barges	(\$/mt)	508.200	493.200	483.200	477.200	473.700	484.533	471.617
Singapore 0.5%	(\$/mt)	573.310	547.310	532.310	524.310	518.560	534.643	514.893
NGLs								
US Propane LST	(c/gal)	72.983	74.983	75.863	76.113	76.113	75.653	74.860
NWE Propane	(\$/mt)	566.610	556.610	550.110	545.610	540.610	550.777	525.943
Saudi Propane CP	(\$/mt)	601.570	601.570	601.070	603.070	599.070	601.903	587.403
Asian Propane FEI	(\$/mt)	642.070	638.570	637.070	634.570	626.070	636.737	608.737
US Butane ENT	(c/gal)	99.350	99.970	99.590	99.210	98.960	99.590	95.663
Saudi Butane CP	(\$/mt)	591.610	591.610	595.110	600.610	598.610	595.777	585.110



Front Month Spreads

Oct/Nov		04-Sep-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.360	-0.180	-0.180
WTI	(\$/bbl)	0.470	-0.250	-0.240
Dubai	(\$/bbl)	0.550	-0.130	-0.070
Distillates				
Gasoil 0.1 NWE	(\$/mt)	2.940	-0.070	+2.190
NWE Jet	(\$/mt)	0.940	-0.410	+2.190
Singapore 10ppm	(\$/bbl)	-0.160	+0.010	+0.020
Sing Kero	(\$/bbl)	-0.160	+0.020	+0.140
Gasoline				
RBOB	(c/gal)	2.490	-0.420	+0.020
EBOB	(\$/mt)	9.500	-1.500	-4.000
Singapore 92	(\$/bbl)	0.300	-0.450	-0.150
Singapore 95	(\$/bbl)	0.500	-0.300	-0.150
Naphtha				
US C5 ENT	(c/gal)	0.120	+0.000	+0.000
NWE Naphtha	(\$/mt)	6.250	+0.750	-0.250
MOP-Japan Naphtha	(\$/mt)	5.250	-0.500	-1.000
Fuel Oil				
3.5% barges	(\$/mt)	5.000	-0.500	-2.250
Singapore 380	(\$/mt)	4.500	+0.000	-3.000
Singapore 180	(\$/mt)	2.500	+0.000	-3.500
0.5% barges	(\$/mt)	10.000	+0.500	+1.680
Singapore 0.5%	(\$/mt)	15.000	+1.250	+3.500
NGLs				
US Propane LST	(c/gal)	-0.880	-0.130	-0.371
NWE Propane	(\$/mt)	6.500	+1.500	+0.000
Saudi Propane CP	(\$/mt)	0.500	+1.500	+1.500
Asian Propane FEI	(\$/mt)	1.500	+0.500	+0.500
US Butane ENT	(c/gal)	0.380	-0.120	-0.120
Saudi Butane CP	(\$/mt)	-3.500	+1.500	+3.000



Front Month Cracks and Diffs			
October	04-Sep-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.920	-0.020	+0.000
WTI/Brent (\$/bbl)	-3.860	-0.100	-0.200
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	17.510	-0.090	+0.870
NWE Jet crack (\$/bbl)	18.350	+0.030	+0.990
NWE Jet Diff (\$/mt)	45.500	-0.500	-0.500
Gasoil E/W (\$/bbl)	-28.250	+0.500	-0.630
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.330	-0.010	+0.220
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	6.400	+0.400	+1.550
EBOB crack (\$/bbl)	6.140	-0.570	-0.260
Singapore 92 crack (\$/bbl)	4.470	-1.440	-0.140
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-1.650	-0.850	+0.130
European Gasnaph (EBOB vs Naphtha) (\$/mt)	34.380	-17.670	-16.320
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	0.960	-22.640	-16.560
Naphtha			
US C5 ENT vs WTI Crack	-7.830	+1.630	+2.430
NWE Naphtha Crack (\$/bbl)	-2.800	+1.650	+1.840
MOPJ Naphtha Crack (\$/bbl)	-0.580	+1.430	+2.010
Naphtha E/W (NWE vs MOPJ) (\$/mt)	19.750	-2.000	+1.500
Fuel Oil			
3.5% barges crack (\$/bbl)	-12.500	+0.650	-1.270
Singapore 380 crack (\$/bbl)	-11.200	+0.770	-1.230
Singapore 180 crack (\$/bbl)	-9.940	+0.770	-1.190
Visco (180-380) (\$/mt)	8.000	+0.000	+0.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	8.250	+0.750	+0.000
0.5% barges crack (\$/bbl)	4.850	+0.250	+0.460
Singapore 0.5% crack (\$/bbl)	13.400	+0.500	+1.080
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	54.290	+1.580	+3.960
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	110.170	-2.540	+10.980
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	156.220	-1.700	+14.940
0.5% barges/gasoil (\$/mt)	-179.790	+6.070	+0.950
Sing 0.5% vs Sing 10ppm (\$/mt)	-97.220	+7.140	+5.600
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-166.000	-6.000	-6.620
US Propane LST vs Asian Propane FEI (\$/mt)	-248.000	-5.000	-12.120
Asian Propane FEI vs NWE Propane (\$/mt)	82.000	-1.000	+5.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	37.000	-5.500	-3.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-66.340	+8.420	+5.660
Asian Pronap (FEI vs MOPJ) (\$/mt)	-41.090	+14.920	+12.700



Long Tenor Cracks / Diffs

	Balmo	Oct-24	Nov-24	Dec-24	Jan-25	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	0.030	0.920	1.120	1.200	1.250	1.080	1.230
WTI/Brent (\$/bbl)	-3.660	-3.860	-3.970	-4.050	-4.150	-3.960	-4.197
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	17.16	17.51	17.48	17.60	17.76	17.53	17.81
NWE Jet crack (\$/bbl)	17.75	18.35	18.60	18.98	19.53	18.64	19.58
NWE Jet Diff (\$/mt)	43.50	45.50	47.50	49.50	52.50	47.50	52.50
Gasoil E/W (\$/bbl)	-33.08	-28.25	-24.34	-22.81	-22.34	-25.13	-21.03
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.01	-0.33	-0.33	-0.26	-0.28	-0.31	-0.32
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	2.450	6.400	6.620	7.430	7.960	6.817	14.207
EBOB crack (\$/bbl)	8.390	6.140	5.340	4.850	5.070	5.443	5.760
Singapore 92 crack (\$/bbl)	4.720	4.470	4.530	4.820	5.110	4.607	5.473
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-3.670	-1.650	-0.810	-0.030	0.040	-0.830	-0.280
European Gasnaph (EBOB vs Naphtha) (\$/mt)	54.130	34.380	31.130	30.630	34.630	32.047	43.547
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	1.870	0.960	3.710	9.210	15.540	4.627	22.790
Naphtha							
US C5 ENT vs WTI Crack	-8.650	-7.830	-7.410	-7.100	-6.590	-7.447	-6.730
NWE Naphtha Crack (\$/bbl)	-2.920	-2.800	-3.150	-3.530	-3.760	-3.160	-4.110
MOPJ Naphtha Crack (\$/bbl)	-0.480	-0.580	-0.820	-1.140	-1.570	-0.847	-2.030
Naphtha E/W (NWE vs MOPJ) (\$/mt)	21.750	19.750	20.750	21.250	19.500	20.583	18.500
Fuel Oil							
3.5% bgs crack (\$/bbl)	-11.250	-12.500	-12.940	-13.040	-12.760	-12.827	-12.377
Singapore 380 crack (\$/bbl)	-9.330	-11.200	-11.550	-11.510	-11.350	-11.420	-11.067
Singapore 180 crack (\$/bbl)	-8.540	-9.940	-9.970	-9.770	-9.500	-9.893	-9.140
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)	12.250	8.250	8.750	9.750	9.000	8.917	8.333
0.5% bgs crack (\$/bbl)	6.800	4.850	3.640	2.970	2.620	3.820	2.453
Singapore 0.5% crack (\$/bbl)	17.080	13.400	11.400	10.420	9.710	11.740	9.293
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	65.290	54.290	49.290	47.290	45.040	50.290	43.457
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	114.670	110.170	105.170	101.670	97.670	105.670	94.170
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	167.720	156.220	145.720	139.220	133.720	147.053	129.303
0.5% bgs/gasoil (\$/mt)	-165.410	-179.790	-186.780	-191.550	-195.040	-186.040	-196.230
Sing 0.5% vs Sing 10ppm (\$/mt)	-67.120	-97.220	-113.410	-121.410	-127.680	-110.680	-131.747
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-186.42	-166	-154.92	-149.11	-144.11	-156.677	-135.973
US Propane LST vs Asian Propane FEI (\$/mt)	-261.92	-248	-241.92	-238.11	-229.61	-242.677	-218.807
Asian Propane FEI vs NWE Propane (\$/mt)	75.5	82	87	89	85.5	86	82.833
Asian Propane FEI vs Saudi Propane CP (\$/mt)	40.5	37	36	31.5	27	34.833	21.333
European Pronap (\$/mt)	-58.84	-66.34	-66.59	-65.09	-66.34	-66.007	-76.423
Asian Pronap (FEI vs MOPJ) (\$/mt)	-45.59	-41.09	-36.34	-28.84	-27.34	-35.423	-33.423



Inter-month Crack Spreads			
Oct/Nov	04-Sep-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.200	-0.060	-0.110
WTI/Brent (\$/bbl)	0.110	-0.080	-0.070
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	0.030	+0.160	+0.390
NWE Jet crack (\$/bbl)	-0.250	+0.150	+0.380
NWE Jet Diff (\$/mt)	-2.000	+0.000	+0.000
Gasoil E/W (\$/bbl)	-3.910	+0.530	-1.410
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	0.000	+0.010	+0.140
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-0.220	+0.000	+1.180
EBOB crack (\$/bbl)	0.800	+0.010	-0.290
Singapore 92 crack (\$/bbl)	-0.060	-0.270	+0.020
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.840	-0.270	+0.330
European Gasnaph (EBOB vs Naphtha) (\$/mt)	3.250	-2.250	-3.750
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	-2.750	-3.250	-0.250
Naphtha			
US C5 ENT vs WTI Crack	-0.420	+0.240	+0.240
NWE Naphtha Crack (\$/bbl)	0.350	+0.270	+0.160
MOPJ Naphtha Crack (\$/bbl)	0.240	+0.140	+0.080
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-1.000	-1.250	-0.750
Fuel Oil			
3.5% barges crack (\$/bbl)	0.440	+0.110	-0.160
Singapore 380 crack (\$/bbl)	0.350	+0.180	-0.290
Singapore 180 crack (\$/bbl)	0.030	+0.180	-0.380
Visco (180-380) (\$/mt)	-2.000	+0.000	-0.500
HSFO E/W (380 vs 3.5% barges) (\$/mt)	-0.500	+0.500	-0.750
0.5% barges crack (\$/bbl)	1.210	+0.250	+0.450
Singapore 0.5% crack (\$/bbl)	2.000	+0.380	+0.720
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	5.000	+0.750	+1.750
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	5.000	+1.000	+4.000
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	10.500	+1.250	+6.500
0.5% barges/gasoil (\$/mt)	6.990	+0.390	-0.090
Sing 0.5% vs Sing 10ppm (\$/mt)	16.190	+1.170	+3.220
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-11.080	-2.170	-1.980
US Propane LST vs Asian Propane FEI (\$/mt)	-6.080	-1.170	-2.480
Asian Propane FEI vs NWE Propane (\$/mt)	-5.000	-1.000	+0.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	1.000	-1.000	-1.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	0.250	+0.750	+0.250