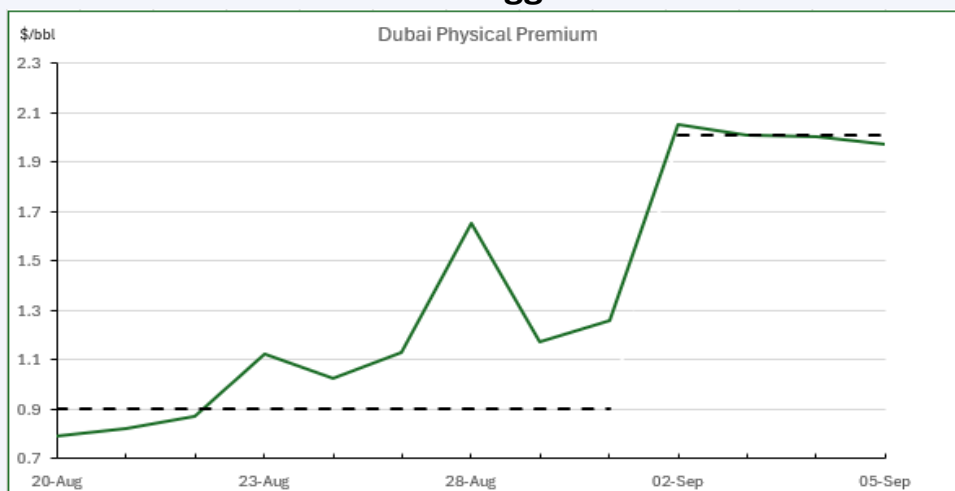




Saudi struggles on



Dubai's physical premium has averaged \$2.01/bbl so far in September, compared to the 90c in the full month of August. On a flat price basis, the market flatlined today. There's still a lot of danger for the longs if the right noises are not made by OPEC and friends. OPEC's life support isn't working, with Dubai partials gaining 2c and front-month Brent futures losing the same, down at near 14-month lows. Despite some chaotic news announcements about OPEC quotas, Kennie and other long trades have never woken up from their comatose state. But the structures in Dubai strengthened a bit with "a myriad of tradehouses and majors" bidding up Dec/Jun Dubai according to traders. But the physical window was sparse, it looks like Vitol have taken a well-earned break, leaving the traded partials to Mitsui and North Petroleum. North Petroleum is owned by ZhenHua – a Chinese state company. This leads to speculation of state reserve buying.

The Saudis are really feeling the pinch from these developments and the IMF has said that Saudi Arabia's current account balance is likely in deficit, as its beloved oil prices decline and imports rise. The Saudis have been importing more and more as they embark on increasingly extravagant development projects. The IMF expects a deficit of 0.1% of GDP in 2024, which will widen in 2025 to 1.1%. The IMF then forecasts an average deficit of 2.9% between 2026 and 2029. They're digging a financial hole faster than the Saudi Public Investment Fund can in its mines.

The Indians have become big fans of corn as we are, but we like to eat it - corn on the cob is best! But the Indian government do gooders are burning the corn in cars, increasing ethanol content in gasoline. Good, sad or dumb depending on your point of view. We think corn is for eating. :(Indian corn exports fell by 13.84% y/y in June, while imports jumped up 8.4% at the same time. What a mess! Facing weak international prices and high domestic prices, who can blame the suppliers for wanting to milk their cash cow?

Summary				
Physical and Futures		05-Sep-24	1-Day Change	7-Day Change
Brent Nov (fut)	(\$/bbl)	73.260	-0.020	-4.030
WTI Nov (fut)	(\$/bbl)	69.000	-0.150	-4.190
Dubai Nov (phys)	(\$/bbl)	73.400	+0.020	-3.260
OBI Continuous	(\$/bbl)	73.260	-0.020	-4.030
Crude Swaps Oct				
Brent	(\$/bbl)	72.780	-0.080	-3.700
DFL	(\$/bbl)	0.200	+0.090	-0.300
WTI	(\$/bbl)	68.850	-0.150	-4.060
Dubai	(\$/bbl)	72.010	+0.080	-3.480
Tenor		Nov-24	Dec-24	Jan-25
Crude Futures				
Brent (fut)	(\$/bbl)	73.260	72.800	72.430
WTI (fut)	(\$/bbl)	69.000	68.530	68.190



In detail

Dubai held up well today, but it is almost like holding on to a window ledge. Dubai gained a miserable 2c to close at \$73.40/bbl, retaining bragging rights as the highest priced of the benchmarks. In fact, Nov Brent fell by the same 2c amount and closed at \$74.26/bbl, just over \$4/bbl down on its position 7 days ago. Nov WTI remained below the two European and Asian amigos, sliding down another 15c to precisely to an exciting \$69/bbl even! Front month Brent spreads recovered by 5c to reach 46c.

In 2022, with crude prices bolstered by Russia's invasion of Ukraine, the Saudis maintained a current account surplus at 14%. Today the picture is very different; after adjusting for inflation, Brent oil prices are now at similar levels to 20 years ago. The pressure on OPEC purchasing power will be weighing on development projects for many OPEC members who might struggle to find other sources of funding. Being a petrostate is a double-edged sword...

The IMF said Saudi Arabia's economic outlook remains largely robust, thanks to stronger non-oil derived aggregate output. Unemployment remains low and inflation moderate at 1.6% y/y in May. The financial system is on a strong footing. Or is it? Stress testing has shown "banks and non-financial corporates are resilient to shocks." No wonder sovereign debt issuance usually turns out favourably for KSA. But it wasn't enough to avoid contraction in 2023.

The IMF estimates that Saudi contracted by 0.8% in the last year, mainly driven by weaker revenues from oil production. But many countries are contracting anyway. In fact, the IMF mentioned that non-oil revenue increased by 3.8%, with private consumption and non-oil investment key factors in this. This year, the IMF expects healthier GDP growth of 1.7%, which should pick up quickly to 4.7% in 2025, "assuming oil production cuts are gradually phased out." Everybody dreams, we guess. OPEC cuts and weak external demand drove the kingdom into a technical recession in 2023, according to IMF calculations. The loudest voice in OPEC will not be fond of extending cuts. As we keep saying, they need the money.

Despite Saudi's best efforts to pivot away from oil production into other sectors, including tourism and other services, oil remains the driver of their trade balance, and of the broader economy. Supply cuts have largely failed to generate the price response they desired and remain a considerable sunk cost in the desert's quicksand.

The rest of OPEC have also been forced to resort to new cashflows. Reportedly, ADNOC are planning to issue its first ever bond offering. On Wednesday, the UAE's state oil company was also lured by favourable global borrowing costs, and issued a three-tranche dollar denominated debt offering, with maturities at 5, 10 and 30 years. It is believed that ADNOC will be seeking 105bps, 115bps and 145bps premiums over equal maturity treasuries. Fitch expects the issuance to raise up to \$10 billion in the next four years. ADNOC will be hoping to replicate Aramco's successful earlier issuance, which attracted \$31 billion: the initial offering was worth \$6 billion.

India's government has also been giving handouts, in terms of concessions on corn import duties. Importers have been offered an olive branch with import duty slashed from 50% to a concessionary 15%. Tumbling global corn prices – corn futures have dropped over 11% year-to-date – make Indian corn exports less competitive. Meanwhile, in India, maize feed futures have surged from a low around 2050 rupees in May to a flirt with a monumental 2560 rupees at close yesterday. So, there's less incentive to export. But there's more to it than simple economics.

You've got to wonder why the Indians need so much corn. Maybe they're just really peckish, but it seems more likely because they're planning to use this mountain of corn to increase ethanol content in gasoline to help reduce emissions. In April 2022 they rolled out 10% ethanol fuel and quickly upped that to 20% in April 2023, with the target of achieving this figure by 2025/6, according to the IEA. Silky stuff really.

Jorge Montepeque:

Managing Director for
Benchmarking

Will Cunliffe:

Research Analyst

Ed Hayden-Briffett:

Research Analyst

jmontepeque@onyxcapitalgroup.com wcunliffe@onyxcapitaladvisory.com ehayden-briffett@onyxcapitaladvisory.com



Front Month Outrights					
October Swaps			05-Sep-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)		72.780	-0.080	-3.700
WTI	(\$/bbl)		68.850	-0.150	-4.060
Dubai	(\$/bbl)		72.010	+0.080	-3.480
Distillates					
Gasoil 0.1 NWE	(\$/mt)		666.710	-6.650	-24.960
NWE Jet	(\$/mt)		712.210	-6.650	-25.460
Singapore 10ppm	(\$/bbl)		86.000	-0.540	-3.200
Sing Kero	(\$/bbl)		85.850	-0.370	-3.050
Gasoline					
RBOB	(c/gal)		194.050	-0.320	-8.650
EBOB	(\$/mt)		656.340	-1.290	-31.750
Singapore 92	(\$/bbl)		76.880	-0.420	-3.850
Singapore 95	(\$/bbl)		80.280	-0.420	-4.100
Naphtha					
US C5 ENT	(c/gal)		144.900	-0.660	-3.900
NWE Naphtha	(\$/mt)		619.710	-3.380	-18.890
MOPJ Naphtha	(\$/mt)		640.120	-2.720	-17.230
Fuel Oil					
3.5% barges	(\$/mt)		380.300	-2.670	-32.570
Singapore 380	(\$/mt)		387.430	-3.790	-34.250
Singapore 180	(\$/mt)		395.680	-3.540	-34.000
0.5% barges	(\$/mt)		496.000	+2.800	-13.850
Singapore 0.5%	(\$/mt)		554.100	+6.790	-5.680
NGLs					
US Propane LST	(c/gal)		75.127	+0.144	-3.787
NWE Propane	(\$/mt)		557.410	+0.800	-10.610
Saudi Propane CP	(\$/mt)		605.910	+4.340	-3.610
Asian Propane FEI	(\$/mt)		642.410	+3.840	-8.660
US Butane ENT	(c/gal)		100.630	+0.660	-1.920
Saudi Butane CP	(\$/mt)		598.910	+7.300	+0.340



Long Tenor Swaps

		Balmo	Oct-24	Nov-24	Dec-24	Jan-25	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	73.220	72.780	72.410	72.140	71.960	72.443	71.813
WTI	(\$/bbl)	69.460	68.850	68.420	68.080	67.810	68.450	67.620
Dubai	(\$/bbl)	73.280	72.010	71.430	71.060	70.800	71.500	70.673
Distillates								
Gasoil 0.1 NWE	(\$/mt)	666.850	666.710	665.080	664.650	664.750	665.480	664.337
NWE Jet	(\$/mt)	710.350	712.210	712.580	714.150	716.750	712.980	716.337
Singapore 10ppm	(\$/bbl)	85.470	86.000	86.120	86.180	86.280	86.100	86.403
Sing Kero	(\$/bbl)	85.700	85.850	85.930	85.990	86.100	85.923	86.200
Gasoline								
RBOB	(c/gal)	196.380	194.050	191.670	190.660	191.310	192.127	198.617
EBOB	(\$/mt)	675.340	656.340	647.840	641.340	641.590	648.507	645.507
Singapore 92	(\$/bbl)	77.380	76.880	76.730	76.830	77.050	76.813	77.300
Singapore 95	(\$/bbl)	81.180	80.280	79.930	79.880	80.550	80.030	80.867
Naphtha								
US C5 ENT	(c/gal)	144.400	144.900	144.780	144.660	145.160	144.780	144.327
NWE Naphtha	(\$/mt)	622.960	619.710	614.210	609.210	605.960	614.377	601.460
MOP-Japan Naphtha	(\$/mt)	643.870	640.120	635.120	630.370	625.370	635.203	620.120
Fuel Oil								
3.5% barges	(\$/mt)	391.550	380.300	375.450	373.200	373.700	376.317	375.783
Singapore 380	(\$/mt)	400.680	387.430	383.430	382.430	382.430	384.430	384.013
Singapore 180	(\$/mt)	405.430	395.680	393.550	393.550	394.050	394.260	396.133
0.5% barges	(\$/mt)	511.500	496.000	484.500	478.000	474.000	486.167	471.833
Singapore 0.5%	(\$/mt)	583.600	554.100	535.850	525.850	518.350	538.600	514.100
NGLs								
US Propane LST	(c/gal)	72.627	75.127	76.127	76.377	76.377	75.877	75.124
NWE Propane	(\$/mt)	566.410	557.410	551.410	547.410	542.410	552.077	528.410
Saudi Propane CP	(\$/mt)	605.910	605.910	603.910	606.410	602.910	605.410	591.077
Asian Propane FEI	(\$/mt)	646.410	642.410	639.910	637.410	628.910	639.910	611.743
US Butane ENT	(c/gal)	100.010	100.630	100.130	99.630	99.380	100.130	96.087
Saudi Butane CP	(\$/mt)	598.910	598.910	600.910	604.910	601.910	601.577	588.243



Front Month Spreads				
Oct/Nov		05-Sep-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.370	+0.010	-0.200
WTI	(\$/bbl)	0.430	-0.040	-0.360
Dubai	(\$/bbl)	0.580	+0.030	-0.040
Distillates				
Gasoil 0.1 NWE	(\$/mt)	1.630	-1.310	+0.880
NWE Jet	(\$/mt)	-0.370	-1.310	+0.880
Singapore 10ppm	(\$/bbl)	-0.120	+0.040	+0.140
Sing Kero	(\$/bbl)	-0.080	+0.080	+0.240
Gasoline				
RBOB	(c/gal)	2.380	-0.110	-0.250
EBOB	(\$/mt)	8.500	-1.000	-2.500
Singapore 92	(\$/bbl)	0.150	-0.150	-0.230
Singapore 95	(\$/bbl)	0.350	-0.150	-0.230
Naphtha				
US C5 ENT	(c/gal)	0.120	+0.000	+0.000
NWE Naphtha	(\$/mt)	5.500	-0.750	+0.000
MOP-Japan Naphtha	(\$/mt)	5.000	-0.250	-0.250
Fuel Oil				
3.5% barges	(\$/mt)	4.850	-0.150	-2.150
Singapore 380	(\$/mt)	4.000	-0.500	-3.250
Singapore 180	(\$/mt)	2.130	-0.370	-3.370
0.5% barges	(\$/mt)	11.500	+1.500	+3.500
Singapore 0.5%	(\$/mt)	18.250	+3.250	+7.750
NGLs				
US Propane LST	(c/gal)	-1.000	-0.120	-0.500
NWE Propane	(\$/mt)	6.000	-0.500	-0.500
Saudi Propane CP	(\$/mt)	2.000	+1.500	+3.000
Asian Propane FEI	(\$/mt)	2.500	+1.000	+1.000
US Butane ENT	(c/gal)	0.500	+0.120	+0.000
Saudi Butane CP	(\$/mt)	-2.000	+1.500	+4.000



Front Month Cracks and Diffs			
October	05-Sep-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.770	-0.150	-0.210
WTI/Brent (\$/bbl)	-3.930	-0.070	-0.380
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	16.690	-0.820	+0.330
NWE Jet crack (\$/bbl)	17.580	-0.770	+0.450
NWE Jet Diff (\$/mt)	45.500	+0.000	-0.500
Gasoil E/W (\$/bbl)	-26.000	+2.250	+0.920
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.170	+0.160	+0.130
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	6.450	+0.050	+0.430
EBOB crack (\$/bbl)	6.020	-0.120	-0.110
Singapore 92 crack (\$/bbl)	4.110	-0.360	-0.140
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-1.900	-0.250	-0.020
European Gasnaph (EBOB vs Naphtha) (\$/mt)	36.520	+2.140	-12.860
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	0.100	-0.860	-14.850
Naphtha			
US C5 ENT vs WTI Crack	-7.970	-0.140	+2.460
NWE Naphtha Crack (\$/bbl)	-3.130	-0.330	+1.580
MOPJ Naphtha Crack (\$/bbl)	-0.830	-0.250	+1.770
Naphtha E/W (NWE vs MOPJ) (\$/mt)	20.500	+0.750	+1.750
Fuel Oil			
3.5% barges crack (\$/bbl)	-12.850	-0.350	-1.410
Singapore 380 crack (\$/bbl)	-11.750	-0.550	-1.690
Singapore 180 crack (\$/bbl)	-10.450	-0.510	-1.650
Visco (180-380) (\$/mt)	8.250	+0.250	+0.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	7.000	-1.250	-1.750
0.5% barges crack (\$/bbl)	5.350	+0.500	+1.530
Singapore 0.5% crack (\$/bbl)	14.500	+1.100	+2.810
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	58.100	+3.810	+8.160
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	115.570	+5.400	+18.650
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	166.670	+10.450	+28.570
0.5% barges/gasoil (\$/mt)	-170.420	+9.370	+11.470
Sing 0.5% vs Sing 10ppm (\$/mt)	-86.400	+10.820	+18.440
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-166.000	+0.000	-9.120
US Propane LST vs Asian Propane FEI (\$/mt)	-251.000	-3.000	-11.120
Asian Propane FEI vs NWE Propane (\$/mt)	85.000	+3.000	+2.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	36.500	-0.500	-5.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-62.030	+4.310	+8.590
Asian Pronap (FEI vs MOPJ) (\$/mt)	-34.030	+7.060	+13.840



Long Tenor Cracks / Diffs

	Balmo	Oct-24	Nov-24	Dec-24	Jan-25	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	-0.050	0.770	0.980	1.060	1.140	0.937	1.137
WTI/Brent (\$/bbl)	-3.760	-3.930	-3.990	-4.030	-4.140	-3.983	-4.187
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	16.23	16.69	16.83	17.08	17.29	16.87	17.35
NWE Jet crack (\$/bbl)	16.87	17.58	17.98	18.50	19.02	18.02	19.08
NWE Jet Diff (\$/mt)	43.50	45.50	47.50	49.50	52.00	47.50	52.00
Gasoil E/W (\$/bbl)	-29.82	-26.00	-23.48	-22.58	-21.95	-24.02	-20.63
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	0.21	-0.17	-0.21	-0.18	-0.18	-0.19	-0.20
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	3.360	6.450	6.500	7.350	7.940	6.767	14.110
EBOB crack (\$/bbl)	7.840	6.020	5.350	4.870	5.060	5.413	5.680
Singapore 92 crack (\$/bbl)	4.160	4.110	4.340	4.720	5.110	4.390	5.500
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-3.680	-1.900	-1.030	-0.150	0.040	-1.027	-0.180
European Gasnaph (EBOB vs Naphtha) (\$/mt)	52.270	36.520	33.520	32.020	35.520	34.020	43.937
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	0.520	0.100	3.850	9.440	16.270	4.463	23.600
Naphtha							
US C5 ENT vs WTI Crack	-8.800	-7.970	-7.590	-7.310	-6.830	-7.623	-6.990
NWE Naphtha Crack (\$/bbl)	-3.200	-3.130	-3.390	-3.650	-3.850	-3.390	-4.217
MOPJ Naphtha Crack (\$/bbl)	-0.840	-0.830	-1.030	-1.260	-1.660	-1.040	-2.107
Naphtha E/W (NWE vs MOPJ) (\$/mt)	21.000	20.500	21.000	21.250	19.500	20.917	18.750
Fuel Oil							
3.5% bgs crack (\$/bbl)	-11.520	-12.850	-13.240	-13.310	-13.080	-13.133	-12.603
Singapore 380 crack (\$/bbl)	-10.100	-11.750	-12.010	-11.870	-11.720	-11.877	-11.327
Singapore 180 crack (\$/bbl)	-9.350	-10.450	-10.390	-10.100	-9.870	-10.313	-9.400
Visco (180-380) (\$/mt)	4.750	8.250	10.250	11.250	11.750	9.917	12.250
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	9.000	7.000	7.850	9.100	8.600	7.983	8.100
0.5% bgs crack (\$/bbl)	7.350	5.350	3.910	3.180	2.700	4.147	2.503
Singapore 0.5% crack (\$/bbl)	18.710	14.500	12.000	10.710	9.680	12.403	9.157
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	72.100	58.100	51.350	47.850	44.350	52.433	42.267
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	119.820	115.570	108.920	104.670	100.170	109.720	95.920
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	182.920	166.670	152.420	143.420	135.920	154.170	130.087
0.5% bgs/gasoil (\$/mt)	-154.680	-170.420	-180.330	-186.400	-190.570	-179.050	-192.357
Sing 0.5% vs Sing 10ppm (\$/mt)	-52.890	-86.400	-105.550	-115.840	-124.240	-102.597	-129.293
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-188.02	-166	-154.79	-149.49	-144.48	-156.76	-137.01
US Propane LST vs Asian Propane FEI (\$/mt)	-268.02	-251	-243.29	-239.49	-230.99	-244.593	-220.353
Asian Propane FEI vs NWE Propane (\$/mt)	80	85	88.5	90	86.5	87.833	83.333
Asian Propane FEI vs Saudi Propane CP (\$/mt)	40.5	36.5	36	31	26	34.5	20.667
European Pronap (\$/mt)	-56.37	-62.03	-62.62	-61.53	-63.28	-62.06	-72.78
Asian Pronap (FEI vs MOPJ) (\$/mt)	-37.78	-34.03	-31.03	-23.78	-22.28	-29.613	-28.863



Inter-month Crack Spreads			
Oct/Nov	05-Sep-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.210	-0.010	-0.160
WTI/Brent (\$/bbl)	0.060	-0.050	-0.160
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.140	-0.170	+0.330
NWE Jet crack (\$/bbl)	-0.400	-0.150	+0.330
NWE Jet Diff (\$/mt)	-2.000	+0.000	+0.000
Gasoil E/W (\$/bbl)	-2.520	+1.390	-0.020
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	0.040	+0.040	+0.100
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-0.050	+0.170	+0.450
EBOB crack (\$/bbl)	0.670	-0.130	-0.080
Singapore 92 crack (\$/bbl)	-0.230	-0.170	-0.040
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-0.870	-0.030	+0.070
European Gasnaph (EBOB vs Naphtha) (\$/mt)	3.000	-0.250	-2.500
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	-3.750	-1.000	-1.660
Naphtha			
US C5 ENT vs WTI Crack	-0.380	+0.040	+0.370
NWE Naphtha Crack (\$/bbl)	0.260	-0.090	+0.220
MOPJ Naphtha Crack (\$/bbl)	0.200	-0.040	+0.180
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-0.500	+0.500	-0.250
Fuel Oil			
3.5% barges crack (\$/bbl)	0.390	-0.050	-0.140
Singapore 380 crack (\$/bbl)	0.260	-0.090	-0.320
Singapore 180 crack (\$/bbl)	-0.060	-0.090	-0.360
Visco (180-380) (\$/mt)	-2.000	+0.000	-0.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	-0.850	-0.350	-1.100
0.5% barges crack (\$/bbl)	1.440	+0.230	+0.750
Singapore 0.5% crack (\$/bbl)	2.500	+0.500	+1.410
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	6.750	+1.750	+4.250
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	6.650	+1.650	+5.650
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	14.250	+3.750	+11.000
0.5% barges/gasoil (\$/mt)	9.910	+2.920	+2.790
Sing 0.5% vs Sing 10ppm (\$/mt)	19.150	+2.960	+6.860
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-11.210	-0.130	-2.110
US Propane LST vs Asian Propane FEI (\$/mt)	-7.710	-1.630	-3.610
Asian Propane FEI vs NWE Propane (\$/mt)	-3.500	+1.500	+1.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	0.500	-0.500	-2.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	0.590	+0.340	-0.410