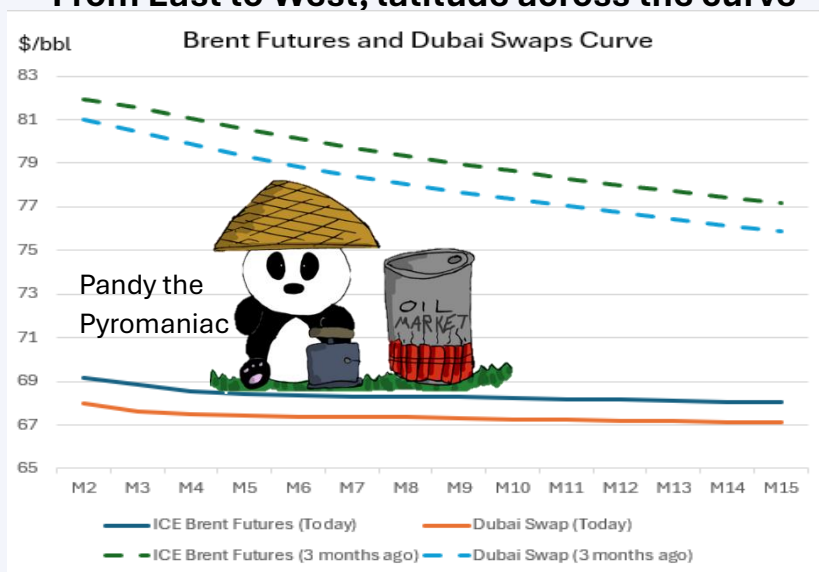




From East to West, latitude across the curve



The signals for emerging surplus are coming in. Everywhere you look the curve has flattened. From Dubai to the North Sea, benchmark grades are struggling to muster even the slightest backwardation. The flattening has been particularly acute in Brent. Yesterday time spreads down the curve dipped their toes into a bearish contango. At 76c, Dec/Dec spreads closed the weakest in over 3 years. Compared to three months ago structures are starkly different. This morning there has been a little more support down the Brent curve on spreads basis according to traders but expect this weakness to persist; as long as big economies continue to print big macroeconomic disappointments the demand picture will remain bleak. It will be a long, cold, dark winter for oil markets.

The Dated Donkey continues to misbehave with EFPs and differentials not making much sense... something needs to change. 'Why the **** is this differential market still backwardated,' said a player. 'Something is very wrong, because if the market is backwardated as the dated diffs are, why are we cutting runs,' he said.

There were no soft punches in the highly anticipated US presidential debate last night, with the two candidates knocking the bejezzus out of each other over the course of an hour and a half. Harris took a blunt and direct approach to Trump's bravado and bluster, pointing out his bizarre digressions about pet-eating immigrants because he's "seen people on television" talking about it. Felt like a fever dream to me...

Oh, before we forget! Remember Libya? That 1+ mb/d oil producer in North Africa whose disruption propped up oil prices for a bit and caused panic that over a million barrels could be taken from the global market. Turns out they've still not come to an agreement on the question of the central bank governor. Clock's ticking guys!

Summary					
Physical and Futures			11-Sep-24	1-Day Change	7-Day Change
Brent Nov (fut)	(\$/bbl)	70.440	-1.090	-2.840	
WTI Nov (fut)	(\$/bbl)	66.400	-1.180	-2.750	
Dubai Nov (phys)	(\$/bbl)	70.840	-1.060	-2.540	
OBI Continuous	(\$/bbl)	70.440	-1.090	-2.840	
Crude Swaps Oct					
Brent	(\$/bbl)	70.020	-1.010	-2.840	
DFL	(\$/bbl)	0.050	-0.080	-0.060	
WTI	(\$/bbl)	66.240	-1.150	-2.760	
Dubai	(\$/bbl)	69.550	-0.940	-2.380	
Tenor			Nov-24	Dec-24	Jan-25
Crude Futures					
Brent (fut)	(\$/bbl)	70.440	70.020	69.700	
WTI (fut)	(\$/bbl)	66.400	65.905	65.590	



In detail

The prototypical dead cat bounce is in progress. After yesterday's monumental afternoon dump, prices have rebuilt themselves slightly but remain far below their levels in Asia close yesterday. Each benchmark fell by over a dollar: Dubai down by \$1.06/bbl, to \$70.84/bbl, while Nov Brent fell \$1.09/bbl, down to \$70.44/bbl – clinging on to the \$70 mark! WTI lost more than both, having lost some of the risk premium afforded by Hurricane Francine on the news it likely won't reach cat 2 status. It slid to \$66.40/bbl, down by \$1.18/bbl. The Dubai physical premiums dropped slightly again, down by a few cents to \$1.97, still within the elevated range established throughout September. Brent's move occurred with no visible changes in fundamentals as risk aversion seized control of the markets – gold moved higher and bond yields declined significantly yesterday.

Exxon continued its partials bonanza, selling to whoever wanted and at whatever price. No one else even got a look-in at the chance to be seller. Vitol and Mitsui were, again, primary buyers, leaving the scraps for Gunvor. Lower flows are being seen in the market due to APPEC too – will hell break loose next week?

In the presidential debate, one of Trump's main attack strategies was on the rampant inflation seen during the Biden/Harris administration. He boasted about the economic recovery from the pandemic and that the stock market finished his tenure higher than it had ever been before. Hardly surprising when you've just held your finger down on the money printer button. Hmmm I wonder what caused all that inflation he was just moaning about...

Guess we'll find out later today if this attack bears any fruit for him, as US inflation data comes out. If it's a good number for the Fed, this could afford them a little more policy headroom, although inflation is now taking a backseat in driving policy adjustment at the Fed. The OIS is now pricing 115 bps of cuts from the Fed by the end of this year. Across the Pacific, BoJ policymaker Nakagawa said that the bank would continue to move in the opposite direction to the US trajectory by raising interest rates, if inflation grows as forecast.

Over in China, there is no more bad news. We really wish we could report on anything positive, but we're slowly losing hopes at this point. The Chinese Association of Automobile Manufacturers reported a 5% drop, year over year, in vehicle sales in August to about 2.4 million units, including exports. But domestic sales slumped 10%. China's decrepit housing market, and the ripples that started with the failure of Evergrande, continue to weigh on generational wealth, and hence consumer spending in Chinese domestic markets.

According to the release, new energy vehicle demand again showed strong growth, surging 30% against a year ago. Total automobile exports increased by 25% y/y up to 511k, as global production struggles to compete with highly subsidised Chinese production lines, despite aggressive Western export tariffs. Between 2009 and 2023 Chinese EV makers are thought to have received over \$230 billion in support, according to research. Half of which was tax exemptions, the rest comprised of nationally approved buyer rebates, direct government funding for chargers and other infrastructure, the government's own purchases of EVs, alongside R&D boosting programs. These estimates are likely on the conservative side; true government support will be far larger. This level of state allowances is, of course, unsustainable, especially as the CCP emphasises its move towards fiscal responsibility.

Weakening sentiment surrounding domestic demand has had a significant impact on the capital account. Chinese banks have been increasingly selling foreign exchange to their clients as investors lose faith in yuan denominated securities and look abroad. One key metric is capital outflow relative to direct investment, which hit a record low earlier Q2. Foreign direct investment has all but collapsed, partly explained by higher interest rates in other economies, but also China's weak outlook weighing on expected returns. Unsurprisingly the expected risk adjusted return in China is not there.

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Front Month Outrights					
October Swaps			11-Sep-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)		70.020	-1.010	-2.840
WTI	(\$/bbl)		66.240	-1.150	-2.760
Dubai	(\$/bbl)		69.550	-0.940	-2.380
Distillates					
Gasoil 0.1 NWE	(\$/mt)		638.300	-13.080	-35.060
NWE Jet	(\$/mt)		682.550	-13.660	-36.310
Singapore 10ppm	(\$/bbl)		82.060	-1.570	-4.480
Sing Kero	(\$/bbl)		82.000	-1.530	-4.220
Gasoline					
RBOB	(c/gal)		187.550	-1.890	-6.820
EBOB	(\$/mt)		643.040	-5.150	-14.590
Singapore 92	(\$/bbl)		75.050	-0.670	-2.250
Singapore 95	(\$/bbl)		78.460	-0.660	-2.240
Naphtha					
US C5 ENT	(c/gal)		138.600	-2.050	-6.960
NWE Naphtha	(\$/mt)		596.030	-6.950	-27.060
MOPJ Naphtha	(\$/mt)		618.030	-5.450	-24.810
Fuel Oil					
3.5% barges	(\$/mt)		372.940	+2.040	-10.030
Singapore 380	(\$/mt)		386.870	+2.030	-4.350
Singapore 180	(\$/mt)		397.940	+2.540	-1.280
0.5% barges	(\$/mt)		468.760	-3.930	-24.440
Singapore 0.5%	(\$/mt)		520.260	-6.410	-27.050
NGLs					
US Propane LST	(c/gal)		67.675	+0.299	-7.308
NWE Propane	(\$/mt)		537.590	-6.940	-19.020
Saudi Propane CP	(\$/mt)		596.590	-5.940	-4.980
Asian Propane FEI	(\$/mt)		620.540	-13.490	-18.030
US Butane ENT	(c/gal)		91.920	+0.040	-8.050
Saudi Butane CP	(\$/mt)		599.540	-4.990	+7.930



Long Tenor Swaps

		Balmo	Oct-24	Nov-24	Dec-24	Jan-25	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	70.410	70.020	69.690	69.500	69.420	69.737	69.357
WTI	(\$/bbl)	66.790	66.240	65.810	65.520	65.320	65.857	65.197
Dubai	(\$/bbl)	70.890	69.550	68.970	68.630	68.410	69.050	68.327
Distillates								
Gasoil 0.1 NWE	(\$/mt)	638.710	638.300	636.830	637.180	638.110	637.437	638.230
NWE Jet	(\$/mt)	680.960	682.550	682.920	685.180	688.110	683.550	688.230
Singapore 10ppm	(\$/bbl)	81.660	82.060	82.200	82.340	82.500	82.200	82.723
Sing Kero	(\$/bbl)	81.950	82.000	82.150	82.240	82.370	82.130	82.553
Gasoline								
RBOB	(c/gal)	190.530	187.550	185.210	184.260	185.100	185.673	192.297
EBOB	(\$/mt)	663.040	643.040	628.540	619.540	620.540	630.373	625.373
Singapore 92	(\$/bbl)	75.450	75.050	74.470	74.360	74.530	74.627	74.803
Singapore 95	(\$/bbl)	79.110	78.460	77.680	77.420	78.040	77.853	78.380
Naphtha								
US C5 ENT	(c/gal)	138.100	138.600	138.480	138.360	138.860	138.480	138.027
NWE Naphtha	(\$/mt)	597.030	596.030	591.780	587.530	584.530	591.780	580.780
MOP-Japan Naphtha	(\$/mt)	622.030	618.030	613.530	609.030	604.530	613.530	600.030
Fuel Oil								
3.5% barges	(\$/mt)	380.440	372.940	367.690	365.190	365.190	368.607	367.607
Singapore 380	(\$/mt)	400.870	386.870	379.190	376.690	376.190	380.917	378.023
Singapore 180	(\$/mt)	406.190	397.940	390.440	388.440	388.690	392.273	391.023
0.5% barges	(\$/mt)	475.760	468.760	461.760	457.760	455.260	462.760	453.760
Singapore 0.5%	(\$/mt)	540.760	520.260	508.760	502.510	497.760	510.510	494.677
NGLs								
US Propane LST	(c/gal)	62.786	67.675	69.175	69.786	69.906	68.879	69.033
NWE Propane	(\$/mt)	540.590	537.590	532.590	527.590	522.590	532.590	508.923
Saudi Propane CP	(\$/mt)	596.590	596.590	594.590	593.090	589.090	594.757	577.090
Asian Propane FEI	(\$/mt)	625.540	620.540	616.540	613.040	605.040	616.707	588.873
US Butane ENT	(c/gal)	91.040	91.920	91.670	91.420	91.170	91.670	88.463
Saudi Butane CP	(\$/mt)	599.540	599.540	596.040	595.540	591.540	597.040	577.373



Front Month Spreads				
Oct/Nov		11-Sep-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.330	-0.020	-0.030
WTI	(\$/bbl)	0.430	-0.110	-0.040
Dubai	(\$/bbl)	0.580	-0.010	+0.030
Distillates				
Gasoil 0.1 NWE	(\$/mt)	1.470	-0.410	-1.470
NWE Jet	(\$/mt)	-0.370	+0.000	-1.310
Singapore 10ppm	(\$/bbl)	-0.140	+0.030	+0.020
Sing Kero	(\$/bbl)	-0.150	-0.010	+0.010
Gasoline				
RBOB	(c/gal)	2.340	+0.210	-0.150
EBOB	(\$/mt)	14.500	+1.500	+5.000
Singapore 92	(\$/bbl)	0.580	+0.230	+0.280
Singapore 95	(\$/bbl)	0.780	+0.230	+0.280
Naphtha				
US C5 ENT	(c/gal)	0.120	+0.000	+0.000
NWE Naphtha	(\$/mt)	4.250	-0.750	-2.000
MOP-Japan Naphtha	(\$/mt)	4.500	+0.000	-0.750
Fuel Oil				
3.5% barges	(\$/mt)	5.250	+1.250	+0.250
Singapore 380	(\$/mt)	7.680	+0.180	+3.180
Singapore 180	(\$/mt)	7.500	+1.000	+5.000
0.5% barges	(\$/mt)	7.000	+0.250	-3.000
Singapore 0.5%	(\$/mt)	11.500	+0.000	-3.500
NGLs				
US Propane LST	(c/gal)	-1.500	+0.000	-0.620
NWE Propane	(\$/mt)	5.000	+0.000	-1.500
Saudi Propane CP	(\$/mt)	2.000	-0.500	+1.500
Asian Propane FEI	(\$/mt)	4.000	-0.500	+2.500
US Butane ENT	(c/gal)	0.250	+0.130	-0.130
Saudi Butane CP	(\$/mt)	3.500	-0.500	+7.000



Front Month Cracks and Diffs			
October	11-Sep-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.470	-0.070	-0.450
WTI/Brent (\$/bbl)	-3.770	-0.130	+0.090
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	15.660	-0.740	-1.850
NWE Jet crack (\$/bbl)	16.560	-0.780	-1.790
NWE Jet Diff (\$/mt)	44.000	-1.000	-1.500
Gasoil E/W (\$/bbl)	-27.000	+1.250	+1.250
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.090	+0.010	+0.240
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	3.750	-0.450	-2.650
EBOB crack (\$/bbl)	7.150	+0.370	+1.010
Singapore 92 crack (\$/bbl)	5.000	+0.320	+0.530
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-2.150	-0.050	-0.500
European Gasnaph (EBOB vs Naphtha) (\$/mt)	47.280	+1.930	+12.900
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	7.340	-0.020	+6.380
Naphtha			
US C5 ENT vs WTI Crack	-8.070	+0.250	-0.240
NWE Naphtha Crack (\$/bbl)	-3.100	+0.200	-0.300
MOPJ Naphtha Crack (\$/bbl)	-0.630	+0.370	-0.050
Naphtha E/W (NWE vs MOPJ) (\$/mt)	22.000	+1.500	+2.250
Fuel Oil			
3.5% barges crack (\$/bbl)	-11.350	+1.280	+1.150
Singapore 380 crack (\$/bbl)	-9.140	+1.290	+2.060
Singapore 180 crack (\$/bbl)	-7.410	+1.360	+2.530
Visco (180-380) (\$/mt)	11.000	+0.500	+3.000
HSFO E/W (380 vs 3.5% barges) (\$/mt)	14.000	+0.000	+5.750
0.5% barges crack (\$/bbl)	3.750	+0.350	-1.100
Singapore 0.5% crack (\$/bbl)	11.850	-0.050	-1.550
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	51.430	-2.550	-2.860
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	95.890	-5.900	-14.280
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	133.320	-8.450	-22.900
0.5% barges/gasoil (\$/mt)	-169.820	+8.930	+9.970
Sing 0.5% vs Sing 10ppm (\$/mt)	-91.370	+5.140	+5.850
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-185.000	+8.500	-19.000
US Propane LST vs Asian Propane FEI (\$/mt)	-269.000	+14.000	-21.000
Asian Propane FEI vs NWE Propane (\$/mt)	83.000	-6.500	+1.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	23.000	-8.500	-14.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-58.410	-0.090	+7.930
Asian Pronap (FEI vs MOPJ) (\$/mt)	-20.410	+0.410	+20.680



Long Tenor Cracks / Diffs

	Balmo	Oct-24	Nov-24	Dec-24	Jan-25	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	-0.480	0.470	0.720	0.880	1.000	0.690	1.020
WTI/Brent (\$/bbl)	-3.620	-3.770	-3.880	-3.990	-4.100	-3.880	-4.157
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	15.33	15.66	15.79	16.00	16.22	15.82	16.31
NWE Jet crack (\$/bbl)	15.98	16.56	16.96	17.42	17.90	16.98	17.98
NWE Jet Diff (\$/mt)	42.00	44.00	46.00	48.00	50.00	46.00	50.00
Gasoil E/W (\$/bbl)	-30.57	-27.00	-24.66	-23.91	-23.68	-25.19	-22.04
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	0.26	-0.09	-0.08	-0.08	-0.10	-0.08	-0.14
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	1.010	3.750	5.570	7.210	7.750	5.510	13.563
EBOB crack (\$/bbl)	9.150	7.150	5.730	4.830	5.040	5.903	5.683
Singapore 92 crack (\$/bbl)	5.010	5.000	4.740	4.820	5.080	4.853	5.417
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-4.150	-2.150	-0.990	-0.020	0.030	-1.053	-0.277
European Gasnaph (EBOB vs Naphtha) (\$/mt)	66.280	47.280	37.030	32.280	36.280	38.863	44.863
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	6.670	7.340	7.010	10.590	16.510	8.313	23.283
Naphtha							
US C5 ENT vs WTI Crack	-8.820	-8.070	-7.680	-7.440	-7.030	-7.730	-7.260
NWE Naphtha Crack (\$/bbl)	-3.390	-3.100	-3.260	-3.560	-3.800	-3.307	-4.157
MOPJ Naphtha Crack (\$/bbl)	-0.580	-0.630	-0.810	-1.140	-1.550	-0.860	-1.997
Naphtha E/W (NWE vs MOPJ) (\$/mt)	25.000	22.000	21.750	21.500	20.000	21.750	19.250
Fuel Oil							
3.5% bgs crack (\$/bbl)	-10.570	-11.350	-11.860	-12.070	-11.980	-11.760	-11.537
Singapore 380 crack (\$/bbl)	-7.330	-9.140	-10.050	-10.250	-10.250	-9.813	-9.893
Singapore 180 crack (\$/bbl)	-6.500	-7.410	-8.270	-8.400	-8.280	-8.027	-7.843
Visco (180-380) (\$/mt)	5.250	11.000	11.250	11.750	12.500	11.333	13.000
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	20.500	14.000	11.500	11.500	11.000	12.333	10.417
0.5% bgs crack (\$/bbl)	4.460	3.750	2.980	2.530	2.210	3.087	2.043
Singapore 0.5% crack (\$/bbl)	14.690	11.850	10.370	9.570	8.900	10.597	8.477
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	64.930	51.430	46.930	44.680	42.430	47.680	40.847
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	95.390	95.890	94.140	92.640	90.140	94.223	86.223
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	139.820	133.320	129.570	125.820	121.570	129.570	116.653
0.5% bgs/gasoil (\$/mt)	-163.400	-169.820	-175.440	-179.560	-183.170	-174.940	-184.740
Sing 0.5% vs Sing 10ppm (\$/mt)	-67.890	-91.370	-103.920	-110.690	-117.450	-101.993	-121.873
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-213.43	-185	-172.19	-163.96	-158.33	-173.717	-149.213
US Propane LST vs Asian Propane FEI (\$/mt)	-299.43	-269	-257.19	-250.46	-241.83	-258.883	-230.213
Asian Propane FEI vs NWE Propane (\$/mt)	86	83	85	86.5	83.5	84.833	81
Asian Propane FEI vs Saudi Propane CP (\$/mt)	29	23	22	20	16	21.667	11.833
European Pronap (\$/mt)	-56.41	-58.41	-59.16	-59.91	-61.91	-59.16	-71.827
Asian Pronap (FEI vs MOPJ) (\$/mt)	-24.41	-20.41	-17.91	-14.91	-14.41	-17.743	-21.91



Inter-month Crack Spreads			
Oct/Nov	11-Sep-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.250	-0.020	-0.050
WTI/Brent (\$/bbl)	0.110	-0.080	+0.000
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.130	-0.020	-0.160
NWE Jet crack (\$/bbl)	-0.400	-0.020	-0.150
NWE Jet Diff (\$/mt)	-2.000	+0.000	+0.000
Gasoil E/W (\$/bbl)	-2.340	+0.790	+1.570
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.010	-0.040	-0.010
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-1.820	-0.240	-1.600
EBOB crack (\$/bbl)	1.420	+0.220	+0.620
Singapore 92 crack (\$/bbl)	0.260	+0.270	+0.320
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-1.160	+0.050	-0.320
European Gasnaph (EBOB vs Naphtha) (\$/mt)	10.250	+2.250	+7.000
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	0.330	+1.920	+3.080
Naphtha			
US C5 ENT vs WTI Crack	-0.390	+0.120	+0.030
NWE Naphtha Crack (\$/bbl)	0.160	-0.040	-0.190
MOPJ Naphtha Crack (\$/bbl)	0.180	+0.040	-0.060
Naphtha E/W (NWE vs MOPJ) (\$/mt)	0.250	+0.750	+1.250
Fuel Oil			
3.5% barges crack (\$/bbl)	0.510	+0.240	+0.070
Singapore 380 crack (\$/bbl)	0.910	+0.090	+0.560
Singapore 180 crack (\$/bbl)	0.860	+0.190	+0.830
Visco (180-380) (\$/mt)	-0.250	+0.750	+1.750
HSFO E/W (380 vs 3.5% barges) (\$/mt)	2.500	-1.000	+3.000
0.5% barges crack (\$/bbl)	0.770	+0.070	-0.440
Singapore 0.5% crack (\$/bbl)	1.480	+0.030	-0.520
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	4.500	-0.250	-0.500
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	1.750	-1.000	-3.250
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	3.750	-0.250	-6.750
0.5% barges/gasoil (\$/mt)	5.620	+0.750	-1.370
Sing 0.5% vs Sing 10ppm (\$/mt)	12.550	-0.210	-3.640
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-12.810	+0.010	-1.730
US Propane LST vs Asian Propane FEI (\$/mt)	-11.810	+0.510	-5.730
Asian Propane FEI vs NWE Propane (\$/mt)	-2.000	-1.500	+3.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	1.000	-1.000	+0.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	0.750	+0.750	+0.500