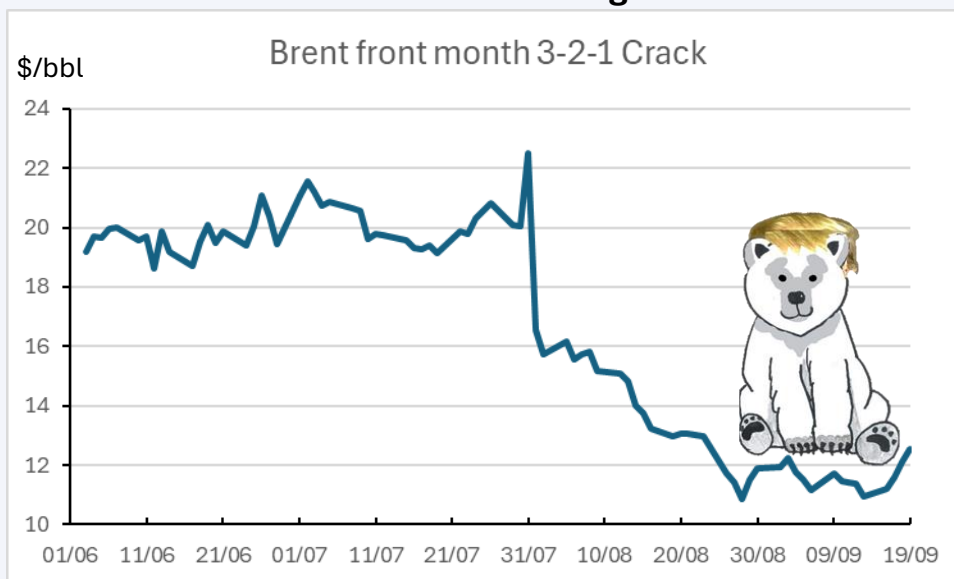




Winter is coming



Flat price has surged back over \$75/bbl for the first time since 3 September. Hip, hip, Hurrah. 🏆 Everything was up in the window, Brent front spreads up 10c and physical diffs remained elevated around \$1.50. Chinese are in buying. We are all titillated. Petroineos were bidding across grades in the window today, Midland, Forties and Ekofisk, they weren't picky. The aggressive bidding builds on a rebounding market buoyed by Fed rate cuts and geopolitical premium. But how long can this last given the difficulties facing refineries and lacklustre demand growth? Refiners are selling back crude, reportedly cutting runs and some even face insolvency. In the window Exxon, the opportunist, offered Forties at Dated +\$1.

The arrival of maintenance season could see product availability tighten up, which may grant the 3-2-1 crack a chance to bounce back from the downturn that's been hounding it since early this year. It could have bottomed out. While winter is expected to be unusually cold, the Middle East seems to be heating up. Israel's explosive pager operation preceded bombardments of southern Lebanon this afternoon which have reignited fears of an expanded regional conflict and has raised questions of Iran's reaction to the operations against Hezbollah.

The Fed isn't the only central bank reviewing its rates at the moment, it's an interest rate bonanza! As expected, the Bank of England decided to leave the base rate unchanged at 5%. Pound should go up further. On this one, we have an inherent position, so our views may be clouded by money money money. No surprise there given UK core inflation ticked up to 3.6% and sticky service inflation remains a key focus of the debate. The boredom doesn't look set to stop at Threadneedle street; the BoJ is widely expected to hold rates tomorrow too.

Summary

Physical and Futures		19-Sep-24	1-Day Change	7-Day Change
Brent Nov (fut)	(\$/bbl)	74.880	+1.320	+2.100
WTI Nov (fut)	(\$/bbl)	71.160	+1.250	+2.310
Dubai Nov (phys)	(\$/bbl)	75.240	+1.250	+2.150
OBI Continuous	(\$/bbl)	74.880	+1.320	+2.100
Crude Swaps Oct				
Brent	(\$/bbl)	74.050	+1.280	+1.910
DFL	(\$/bbl)	0.670	+0.080	+0.260
WTI	(\$/bbl)	70.910	+1.240	+2.280
Dubai	(\$/bbl)	73.790	+1.300	+2.030
Tenor		Nov-24	Dec-24	Jan-25
Crude Futures				
Brent (fut)	(\$/bbl)	74.880	74.060	73.550
WTI (fut)	(\$/bbl)	71.160	70.300	69.760



In detail

\$75 was a mark and it was easily reached, and now comes the hard part, climbing the other five. But never mind, we all are giddy feeling wealthy and in the early stages of the Argentinian syndrome. Note that the not quite banana republic got its name from the word argentum and then turned the silver into lead or worse by spending beyond their means. But hey all commodities should go up for a bit. Through the day, the markets retained most of their overnight gains and grew again in the 45 minutes leading into the window and beyond. Brent and WTI both jumped upwards by well over a dollar. Nov Brent saw the bigger gains of the two, with a \$1.32/bbl surge, while Nov WTI struggled to keep up, gaining \$1.25/bbl. This puts the two benchmarks at \$74.88/bbl and \$71.16/bbl, respectively. Brent even surpassed \$75/bbl by 16:34 BST. The \$60s feel like a long time ago already! The front end of Brent's curve looks like a cliff face it's so steep: the front month spread is at a massive 82c.

In the wake of recent controversies about the passage of Russian oil and gas via pipelines passing through Ukrainian territory, the latter may agree to allow Azerbaijani gas to pass on its way to Europe. Or not, as it is all about leverage and Europe as at the short end of the stick. Once the existing contract with Gazprom expires at the end of this year, this agreement with Azerbaijan will come into effect. This is, however, intended as a temporary solution to the dilemma.

Ukraine's gassy problems aren't limited to its transit, however. The IEA has assessed the country probably needs to import 0.6 bcm of gas before the end of October in order to hit its target for gas storage in advance of the winter, for which the IEA thinks Ukraine will need Western support. Tit for tat. Expectations for a particularly cold winter make this requirement especially pressing. Despite this forecast, Ukraine's 13.2 bcm storage target is 1.5 bcm below last year's goal, so they might need to break out the woolly hats and mittens.

As we've been reporting, refineries worldwide have been cutting runs and feeling the strain under ever tighter margins squeezing their profitability. Consequently, product production may fall, and this would likely push up prices. This will probably also see a decline in crude demand, as refineries require less. We're already seeing refineries offering barrels back to the market in both Dubai and Europe. But the technical guys are winning. We're starting to see repercussions of the weak macro conditions we've been talking about for weeks and it doesn't look pretty for crude demand.

However, we have seen some recovery in certain product cracks in the last few days: today, the highly indicative 3-2-1 crack reached its highest point in 2 weeks. The prompt EBOB crack has also climbed back up significantly from its gloomy lows of \$4.77/bbl on the 5th of September to reach \$9.30/bbl by this afternoon. RBOB has followed a similar trajectory, albeit from a significantly higher 5th of September low at \$6.72/bbl, recovering to \$9.50/bbl this afternoon. The gasoil crack, however, continues to show its progression on a large downward trend since early July. Heating oil has followed a very similar trajectory and stands below \$18/bbl. With that cold winter bearing down on us, we are likely to see a boom in demand.

As well as holding its rates steady, the Bank of England will maintain its balance sheet run off at £100 billion per year. In other words, letting gilts on the balance sheet mature without replacing them. This has been consistent across many central banks. The big balance sheets need to go, in favour of shorter-term repos. But who will buy these bonds, especially with interest rates falling? Interest payments on US national debt have reached \$3 billion per day. Is the risk-free benchmark even risk free anymore? The Fed maintains that balance sheet run off can coexist with easing interest rates, but these act in conflict and undermine each other. Balance sheet run off would pressure yields to the upside, whilst easing policy rates pressure yields to the downside. One must not be true!

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Front Month Outrights					
October Swaps			19-Sep-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)	74.050		+1.280	+1.910
WTI	(\$/bbl)	70.910		+1.240	+2.280
Dubai	(\$/bbl)	73.790		+1.300	+2.030
Distillates					
Gasoil 0.1 NWE	(\$/mt)	667.340		+10.330	+10.060
NWE Jet	(\$/mt)	708.340		+10.580	+9.630
Singapore 10ppm	(\$/bbl)	85.880		+1.110	+1.320
Sing Kero	(\$/bbl)	85.730		+0.940	+1.500
Gasoline					
RBOB	(c/gal)	202.730		+4.850	+10.410
EBOB	(\$/mt)	695.980		+18.020	+37.650
Singapore 92	(\$/bbl)	81.000		+1.560	+4.270
Singapore 95	(\$/bbl)	85.250		+1.560	+5.120
Naphtha					
US C5 ENT	(c/gal)	149.360		+1.940	+5.200
NWE Naphtha	(\$/mt)	641.690		+7.210	+19.940
MOPJ Naphtha	(\$/mt)	658.690		+6.710	+15.770
Fuel Oil					
3.5% barges	(\$/mt)	412.180		+11.560	+27.430
Singapore 380	(\$/mt)	417.930		+12.810	+18.810
Singapore 180	(\$/mt)	430.430		+13.060	+20.620
0.5% barges	(\$/mt)	495.300		+12.190	+15.240
Singapore 0.5%	(\$/mt)	545.780		+15.870	+18.670
NGLs					
US Propane LST	(c/gal)	72.588		+1.092	+3.731
NWE Propane	(\$/mt)	580.180		+4.190	+22.440
Saudi Propane CP	(\$/mt)	612.680		+0.690	+5.980
Asian Propane FEI	(\$/mt)	640.180		-2.810	+5.480
US Butane ENT	(c/gal)	102.090		+1.340	+8.480
Saudi Butane CP	(\$/mt)	617.680		-1.310	+6.940



Long Tenor Swaps

		Balmo	Oct-24	Nov-24	Dec-24	Jan-25	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	74.780	74.050	73.550	73.240	73.070	73.613	72.947
WTI	(\$/bbl)	71.400	70.910	70.140	69.640	69.300	70.230	69.097
Dubai	(\$/bbl)	75.240	73.790	72.940	72.490	72.150	73.073	71.980
Distillates								
Gasoil 0.1 NWE	(\$/mt)	669.250	667.340	664.170	663.460	663.750	664.990	663.720
NWE Jet	(\$/mt)	705.000	708.340	707.670	709.710	712.750	708.573	712.720
Singapore 10ppm	(\$/bbl)	85.580	85.880	85.870	85.870	85.970	85.873	86.133
Sing Kero	(\$/bbl)	85.480	85.730	85.740	85.760	85.760	85.743	85.810
Gasoline								
RBOB	(c/gal)	205.600	202.730	199.400	197.800	197.920	199.977	204.593
EBOB	(\$/mt)	715.980	695.980	676.230	662.730	661.230	678.313	665.397
Singapore 92	(\$/bbl)	81.500	81.000	79.750	79.180	78.980	79.977	79.147
Singapore 95	(\$/bbl)	85.150	85.250	83.650	82.880	82.680	83.927	82.913
Naphtha								
US C5 ENT	(c/gal)	148.610	149.360	149.110	148.860	149.360	149.110	148.360
NWE Naphtha	(\$/mt)	648.190	641.690	634.690	628.940	624.940	635.107	620.190
MOP-Japan Naphtha	(\$/mt)	662.190	658.690	653.190	647.440	641.940	653.107	636.690
Fuel Oil								
3.5% barges	(\$/mt)	427.180	412.180	397.680	390.680	389.430	400.180	390.680
Singapore 380	(\$/mt)	432.680	417.930	406.680	401.930	400.430	408.847	401.180
Singapore 180	(\$/mt)	442.680	430.430	418.430	413.930	412.930	420.930	413.930
0.5% barges	(\$/mt)	502.050	495.300	486.050	480.550	477.300	487.300	475.883
Singapore 0.5%	(\$/mt)	561.030	545.780	534.780	527.780	522.280	536.113	518.697
NGLs								
US Propane LST	(c/gal)	68.338	72.588	74.338	75.088	75.468	74.005	74.595
NWE Propane	(\$/mt)	583.180	580.180	571.680	563.680	557.180	571.847	542.847
Saudi Propane CP	(\$/mt)	612.680	612.680	611.680	612.680	609.680	612.347	598.347
Asian Propane FEI	(\$/mt)	642.680	640.180	637.680	635.180	627.680	637.680	611.513
US Butane ENT	(c/gal)	101.590	102.090	101.090	100.090	99.590	101.090	96.427
Saudi Butane CP	(\$/mt)	617.680	617.680	616.680	619.180	616.180	617.847	602.180



Front Month Spreads				
Oct/Nov		19-Sep-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.500	+0.070	+0.090
WTI	(\$/bbl)	0.770	+0.040	+0.160
Dubai	(\$/bbl)	0.850	+0.090	+0.180
Distillates				
Gasoil 0.1 NWE	(\$/mt)	3.170	+0.910	+1.140
NWE Jet	(\$/mt)	0.670	+1.410	+1.040
Singapore 10ppm	(\$/bbl)	0.010	+0.020	+0.080
Sing Kero	(\$/bbl)	-0.010	-0.010	+0.130
Gasoline				
RBOB	(c/gal)	3.330	+0.470	+1.140
EBOB	(\$/mt)	19.750	+2.750	+5.750
Singapore 92	(\$/bbl)	1.250	+0.050	+0.800
Singapore 95	(\$/bbl)	1.600	+0.050	+0.950
Naphtha				
US C5 ENT	(c/gal)	0.250	+0.000	+0.130
NWE Naphtha	(\$/mt)	7.000	+0.000	+1.000
MOP-Japan Naphtha	(\$/mt)	5.500	-0.250	-0.250
Fuel Oil				
3.5% barges	(\$/mt)	14.500	+1.500	+9.120
Singapore 380	(\$/mt)	11.250	+1.750	+3.500
Singapore 180	(\$/mt)	12.000	+2.000	+4.500
0.5% barges	(\$/mt)	9.250	+1.250	+1.750
Singapore 0.5%	(\$/mt)	11.000	+2.250	+1.750
NGLs				
US Propane LST	(c/gal)	-1.750	-0.370	-0.130
NWE Propane	(\$/mt)	8.500	-1.500	+1.000
Saudi Propane CP	(\$/mt)	1.000	-0.500	+1.000
Asian Propane FEI	(\$/mt)	2.500	-1.500	-1.250
US Butane ENT	(c/gal)	1.000	+0.120	+0.750
Saudi Butane CP	(\$/mt)	1.000	-2.500	-0.500



Front Month Cracks and Diffs			
October	19-Sep-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.260	-0.060	-0.120
WTI/Brent (\$/bbl)	-3.150	-0.020	+0.370
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	15.490	+0.120	-0.640
NWE Jet crack (\$/bbl)	15.810	+0.080	-0.770
NWE Jet Diff (\$/mt)	41.000	+0.250	-0.500
Gasoil E/W (\$/bbl)	-27.500	-2.000	-0.250
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.150	-0.170	+0.180
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	3.800	-0.300	-0.350
EBOB crack (\$/bbl)	9.510	+0.930	+2.620
Singapore 92 crack (\$/bbl)	6.960	+0.330	+2.380
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-2.550	-0.600	-0.250
European Gasnaph (EBOB vs Naphtha) (\$/mt)	54.420	+11.060	+17.770
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	16.140	+6.540	+19.910
Naphtha			
US C5 ENT vs WTI Crack	-8.170	-0.430	-0.080
NWE Naphtha Crack (\$/bbl)	-1.950	-0.450	+0.340
MOPJ Naphtha Crack (\$/bbl)	-0.040	-0.510	-0.140
Naphtha E/W (NWE vs MOPJ) (\$/mt)	17.000	-0.500	-4.250
Fuel Oil			
3.5% barges crack (\$/bbl)	-9.140	+0.560	+2.410
Singapore 380 crack (\$/bbl)	-8.240	+0.700	+1.120
Singapore 180 crack (\$/bbl)	-6.270	+0.790	+1.390
Visco (180-380) (\$/mt)	12.500	+0.250	+1.750
HSFO E/W (380 vs 3.5% barges) (\$/mt)	5.750	+1.250	-8.500
0.5% barges crack (\$/bbl)	3.950	+0.660	+0.500
Singapore 0.5% crack (\$/bbl)	11.900	+1.250	+1.050
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	50.480	+3.740	+3.490
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	83.120	+0.950	-12.450
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	127.860	+3.450	-0.450
0.5% barges/gasoil (\$/mt)	-171.710	+2.070	+5.650
Sing 0.5% vs Sing 10ppm (\$/mt)	-93.720	+7.700	+9.680
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-202.000	+1.500	-3.000
US Propane LST vs Asian Propane FEI (\$/mt)	-262.100	+8.400	+13.900
Asian Propane FEI vs NWE Propane (\$/mt)	60.000	-7.000	-17.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	27.500	-3.500	-0.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-61.420	-3.020	+2.720
Asian Pronap (FEI vs MOPJ) (\$/mt)	-45.920	-5.930	-9.530



Long Tenor Cracks / Diffs

	Balmo	Oct-24	Nov-24	Dec-24	Jan-25	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	-0.470	0.260	0.620	0.760	0.920	0.547	0.967
WTI/Brent (\$/bbl)	-3.380	-3.150	-3.410	-3.610	-3.770	-3.390	-3.843
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	15.10	15.49	15.59	15.77	15.98	15.62	16.12
NWE Jet crack (\$/bbl)	14.74	15.81	16.27	16.80	17.35	16.29	17.49
NWE Jet Diff (\$/mt)	35.75	41.00	43.50	46.25	49.00	43.58	49.00
Gasoil E/W (\$/bbl)	-32.20	-27.50	-24.93	-23.76	-23.30	-25.40	-22.02
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.10	-0.15	-0.13	-0.11	-0.21	-0.13	-0.32
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	0.950	3.800	6.120	8.390	8.930	6.103	14.410
EBOB crack (\$/bbl)	11.190	9.510	7.630	6.330	6.300	7.823	6.927
Singapore 92 crack (\$/bbl)	6.750	6.960	6.200	5.940	5.900	6.367	6.190
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-4.460	-2.550	-1.430	-0.380	-0.400	-1.453	-0.733
European Gasnaph (EBOB vs Naphtha) (\$/mt)	67.920	54.420	41.670	33.920	36.420	43.337	45.337
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	16.830	16.140	11.230	12.230	16.070	13.200	22.707
Naphtha							
US C5 ENT vs WTI Crack	-8.970	-8.170	-7.510	-7.130	-6.600	-7.603	-6.813
NWE Naphtha Crack (\$/bbl)	-1.940	-1.950	-2.250	-2.590	-2.870	-2.263	-3.283
MOPJ Naphtha Crack (\$/bbl)	-0.370	-0.040	-0.170	-0.510	-0.960	-0.240	-1.427
Naphtha E/W (NWE vs MOPJ) (\$/mt)	14.000	17.000	18.500	18.500	17.000	18.000	16.500
Fuel Oil							
3.5% bgs crack (\$/bbl)	-7.500	-9.140	-10.930	-11.740	-11.760	-10.603	-11.443
Singapore 380 crack (\$/bbl)	-6.630	-8.240	-9.520	-9.960	-10.030	-9.240	-9.790
Singapore 180 crack (\$/bbl)	-5.060	-6.270	-7.670	-8.080	-8.060	-7.340	-7.780
Visco (180-380) (\$/mt)	10.000	12.500	11.750	12.000	12.500	12.083	12.750
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	5.500	5.750	9.000	11.250	11.000	8.667	10.500
0.5% bgs crack (\$/bbl)	4.290	3.950	2.980	2.420	2.080	3.117	1.977
Singapore 0.5% crack (\$/bbl)	13.580	11.900	10.660	9.860	9.160	10.807	8.720
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	58.980	50.480	48.730	47.230	44.980	48.813	42.813
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	74.870	83.120	88.370	89.870	87.870	87.120	85.203
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	128.360	127.860	128.110	125.860	121.850	127.277	117.520
0.5% bgs/gasoil (\$/mt)	-167.390	-171.710	-178.060	-182.640	-186.250	-177.470	-187.857
Sing 0.5% vs Sing 10ppm (\$/mt)	-76.240	-93.720	-104.650	-111.840	-118.290	-103.403	-123.050
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-227.15	-202	-184.39	-172.48	-164	-186.29	-154.217
US Propane LST vs Asian Propane FEI (\$/mt)	-286.74	-262.1	-250.48	-244.07	-234.59	-252.217	-222.973
Asian Propane FEI vs NWE Propane (\$/mt)	59.5	60	66	71.5	70.5	65.833	68.667
Asian Propane FEI vs Saudi Propane CP (\$/mt)	30	27.5	26	22.5	18	25.333	13.167
European Pronap (\$/mt)	-64.92	-61.42	-62.92	-65.17	-67.67	-63.17	-77.253
Asian Pronap (FEI vs MOPJ) (\$/mt)	-49.42	-45.92	-41.42	-34.67	-32.17	-40.67	-38.253



Inter-month Crack Spreads			
Oct/Nov	19-Sep-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.360	-0.040	-0.110
WTI/Brent (\$/bbl)	0.260	-0.030	+0.080
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.100	+0.050	+0.000
NWE Jet crack (\$/bbl)	-0.460	+0.090	-0.030
NWE Jet Diff (\$/mt)	-2.500	+0.500	+0.000
Gasoil E/W (\$/bbl)	-2.570	-0.400	+0.340
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.020	-0.030	+0.050
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-2.320	-0.310	-0.510
EBOB crack (\$/bbl)	1.880	+0.280	+0.610
Singapore 92 crack (\$/bbl)	0.760	+0.000	+0.730
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-1.120	-0.280	+0.110
European Gasnaph (EBOB vs Naphtha) (\$/mt)	12.750	+2.750	+4.750
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	4.910	+0.670	+6.910
Naphtha			
US C5 ENT vs WTI Crack	-0.660	-0.040	-0.100
NWE Naphtha Crack (\$/bbl)	0.300	-0.050	+0.050
MOPJ Naphtha Crack (\$/bbl)	0.130	-0.080	-0.100
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-1.500	-0.250	-1.250
Fuel Oil			
3.5% barges crack (\$/bbl)	1.790	+0.230	+1.290
Singapore 380 crack (\$/bbl)	1.280	+0.220	+0.480
Singapore 180 crack (\$/bbl)	1.400	+0.270	+0.640
Visco (180-380) (\$/mt)	0.750	+0.250	+1.000
HSFO E/W (380 vs 3.5% barges) (\$/mt)	-3.250	+0.250	-5.500
0.5% barges crack (\$/bbl)	0.970	+0.140	+0.210
Singapore 0.5% crack (\$/bbl)	1.240	+0.290	+0.200
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	1.750	+1.000	+0.000
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-5.250	-0.250	-7.250
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	-0.250	+0.500	-1.750
0.5% barges/gasoil (\$/mt)	6.350	+0.440	+0.960
Sing 0.5% vs Sing 10ppm (\$/mt)	10.930	+2.100	+1.160
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-17.610	-0.420	-1.670
US Propane LST vs Asian Propane FEI (\$/mt)	-11.620	-0.430	+0.570
Asian Propane FEI vs NWE Propane (\$/mt)	-6.000	+0.000	-2.250
Asian Propane FEI vs Saudi Propane CP (\$/mt)	1.500	-1.000	-2.250
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	1.500	-1.590	+0.000