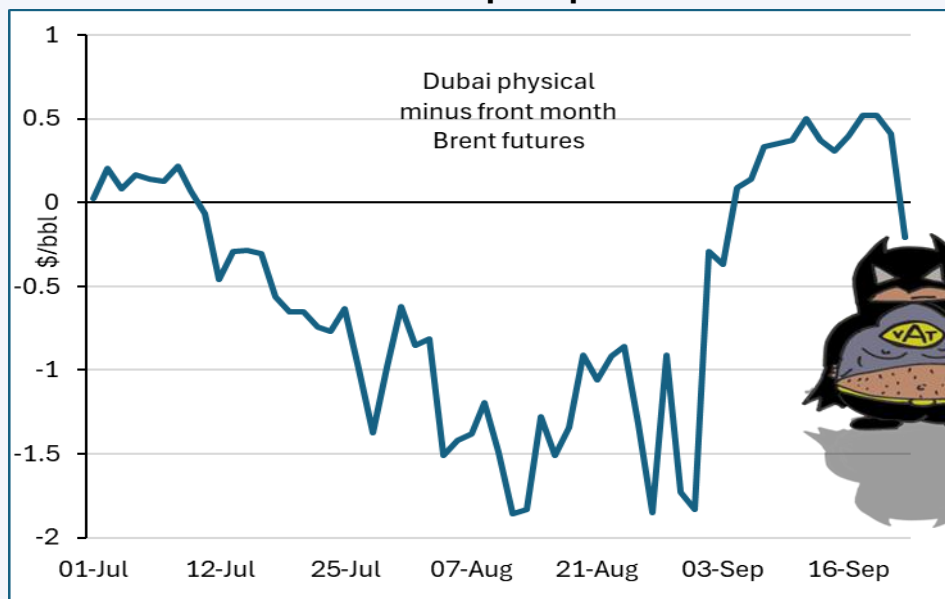




Dubai cedes pole position



Well, it looks like Dubai couldn't hold on much longer after all. Physical premiums shed 42c in just 1 day. And Dubai's premium over November Brent futures flipped back into negativity. Brent futures are back in top spot, closing 21c above Dubai partials. Dubai front spreads dumped 33c from \$1.44 yesterday to \$1.11 today. Despite this, Dubai's structure is still strongly backwardated, with strength down the curve. But to us, as Powell likes to say, "the direction of travel is clear". 🚩

Alongside Dubai's slide below Brent, its physical premium has hit some turbulence and tumbled back down towards the earth. At \$1.88, it is still far higher than it was throughout August but has reached its lowest point in September. Just a correction, or a sign of things to come? Dubai still looks solid but has come down from its extreme strength.

We like a bit of variety; it keeps things interesting. Consequently, we were happy to see some different parties involved in the Dubai window; it wasn't just 'Exxon sells to Mitsui' repeated dozens of times. Mitsui kept buying but from a larger range of sellers. Trafigura came in as a big seller, while, on the buy side, Vitol and North Petroleum kept chipping away. Vitol's work was rewarded with a Murban cargo from Reliance today, following on from North Petroleum's convergence with Exxon yesterday.

And before we forget, is flat price heading into turbulence and a correction down? You show us 🤪

Summary

Physical and Futures

		20-Sep-24	1-Day Change	7-Day Change
Brent Nov (fut)	(\$/bbl)	74.410	-0.030	+1.930
WTI Nov (fut)	(\$/bbl)	70.730	+0.000	+2.130
Dubai Nov (phys)	(\$/bbl)	74.200	-0.650	+1.310
OBI Continuous	(\$/bbl)	74.410	-0.030	+1.930

Crude Swaps Oct

Brent	(\$/bbl)	73.530	-0.140	+1.710
DFL	(\$/bbl)	0.650	+0.060	+0.260
WTI	(\$/bbl)	70.470	-0.030	+2.080
Dubai	(\$/bbl)	73.090	-0.320	+1.560

Tenor

		Nov-24	Dec-24	Jan-25
Crude Futures				
Brent (fut)	(\$/bbl)	74.410	73.550	73.050
WTI (fut)	(\$/bbl)	70.730	69.840	69.260



In detail

For Brent and WTI it was a less eventful day to end the big week of recovery in terms of price action. It was a different story for Dubai, however, which slid significantly, down by 65c/bbl to close at \$74.20/bbl. But it's clear that the upward frothiness is settling back. Nothing goes up forever. The most interesting aspect of this decline is the dumping of the physical premium: from \$2.30 yesterday it's down to just \$1.88, the lowest it's been throughout September! From its month's high to its low in just one day. It was way overdone anyway. Vatman has done a good job alongside Pandy Panda Nov WTI saw no change from yesterday and remains at \$70.73/bbl, statistically weird but these things happen. Meanwhile Nov Brent dropped 3c to finish the Asian week at \$74.41/bbl. Both have recovered around \$2 since last Friday and Dubai would have been in the same ballpark had it held firm today.

We have to ask: what is going on with China? Refiners keep buying cargoes but there's ever more signs of weak domestic demand and growth, so what are they planning on doing with it all? Despite its weak growth and decelerating demand, crude to the country is certainly not in short supply: Saudi allocations to China increased by around 2.5 mb for October, reaching 45.5 mb. The recently active TMX pipeline has been allowing China access to Canadian crude and diverting this from the US Gulf Coast (also, don't forget the effect on dwindling Cushing crude stocks). The transport of Canadian TMX crude across the Pacific takes only 16 days, while the inverse direction takes easily twice as long or more.

Meanwhile, Mitsui has been bidding in the North Sea as well as their buying frenzy in Dubai. Although quieter today, they still netted another cargo from Exxon after going all out yesterday. Equally, North Petroleum is still buying sporadically in Dubai, having recently got the first convergence for a cargo. So, China still seems thirsty. But the question is: why? The lacklustre domestic demand does not suggest it is required for domestic use – refer to universal downward revisions of growth forecasts for China. The recent opening of the 400 kb/d Shandong Yulong refinery has boosted the country's refining capacity, so there is certainly the scope for China to raise its production of oil derived products for export. If there's no domestic demand for these products it is still pumping out (especially as EVs conquer the streets), they will have to be sent out into the global market.

In probably its final export quota announcement of this year, China has cut quotas from its previous two batches that came earlier this year. But, cumulatively, this year's export quotas are up by 1 million mt on last year. Naturally, Sinopec and PetroChina have been assigned the majority of the quotas, with the likes of Sinochem, CNOOC, and ZPC picking up the scraps. Having opened the year with a quota for 19 million mt of products, China followed up with a second quota for 14 million mt and has reduced that further today to 8 million mt. These numbers bring the total for 2024 to 41 million mt, higher than the last three years, despite today's relatively low figure.

The exact allocation of these quotas by product is not clear, but China has also issued a quota for just 1 million mt of low-sulphur fuel oil. This is down from the first quota announcement this year which stipulated 8 million mt, and continues the rapid downward trend begun by the second quota of 4 million mt. Sinopec has also seen 800 kt of LSFO quotas converted to quotas for clean products.

Additional refinery capacity around the world this year is also creating some concerns about profitability, as (if) the massive Dangote refinery finally fires up its engine, and others like Al Zour and Dos Bocas in Kuwait and Mexico, respectively, also boost global refining capacity. If China's excess products join forces with these new players on the world stage, we could see a significant supply excess.

In finance, the Bank of Japan held interest rates at 0.25%. With the Fed's aggressive easing, this is supporting the dollar/yen cross. Japanese inflation, excluding food and energy printed at 2% y/y. No cause for concern here.

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Front Month Outrights					
October Swaps			20-Sep-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)	73.530	-0.140	+1.710	
WTI	(\$/bbl)	70.470	-0.030	+2.080	
Dubai	(\$/bbl)	73.090	-0.320	+1.560	
Distillates					
Gasoil 0.1 NWE	(\$/mt)	661.090	-2.170	+10.210	
NWE Jet	(\$/mt)	702.090	-2.170	+7.880	
Singapore 10ppm	(\$/bbl)	84.880	-0.610	+1.140	
Sing Kero	(\$/bbl)	84.630	-0.710	+1.170	
Gasoline					
RBOB	(c/gal)	201.180	+0.230	+9.640	
EBOB	(\$/mt)	689.330	-1.820	+35.130	
Singapore 92	(\$/bbl)	80.000	-0.770	+4.040	
Singapore 95	(\$/bbl)	84.250	-0.770	+4.890	
Naphtha					
US C5 ENT	(c/gal)	147.220	-0.960	+3.780	
NWE Naphtha	(\$/mt)	633.410	-6.320	+13.440	
MOPJ Naphtha	(\$/mt)	650.160	-5.820	+10.020	
Fuel Oil					
3.5% barges	(\$/mt)	411.920	+5.330	+28.570	
Singapore 380	(\$/mt)	418.170	+6.710	+21.320	
Singapore 180	(\$/mt)	431.240	+7.530	+23.580	
0.5% barges	(\$/mt)	497.710	+6.470	+18.290	
Singapore 0.5%	(\$/mt)	554.860	+15.170	+27.870	
NGLs					
US Propane LST	(c/gal)	71.366	-1.604	+2.644	
NWE Propane	(\$/mt)	575.450	-4.220	+17.910	
Saudi Propane CP	(\$/mt)	608.950	-3.720	+5.410	
Asian Propane FEI	(\$/mt)	632.950	-10.720	-0.090	
US Butane ENT	(c/gal)	101.510	-0.460	+7.690	
Saudi Butane CP	(\$/mt)	611.950	-7.720	+4.460	



Long Tenor Swaps

		Balmo	Oct-24	Nov-24	Dec-24	Jan-25	Q4-24	Q1-25
Crude								
Brent	(\$/bbl)	74.290	73.530	73.040	72.730	72.550	73.100	72.433
WTI	(\$/bbl)	70.860	70.470	69.670	69.130	68.790	69.757	68.587
Dubai	(\$/bbl)	74.440	73.090	72.320	71.890	71.580	72.433	71.443
Distillates								
Gasoil 0.1 NWE	(\$/mt)	663.000	661.090	658.080	657.460	658.300	658.877	658.460
NWE Jet	(\$/mt)	698.750	702.090	701.580	703.710	707.300	702.460	707.460
Singapore 10ppm	(\$/bbl)	84.580	84.880	84.910	84.980	85.160	84.923	85.333
Sing Kero	(\$/bbl)	84.380	84.630	84.680	84.780	84.880	84.697	84.953
Gasoline								
RBOB	(c/gal)	204.150	201.180	197.810	196.260	196.500	198.417	203.120
EBOB	(\$/mt)	709.330	689.330	670.080	657.330	655.830	672.247	659.830
Singapore 92	(\$/bbl)	80.500	80.000	78.750	78.250	78.150	79.000	78.367
Singapore 95	(\$/bbl)	84.150	84.250	82.650	81.950	81.850	82.950	82.133
Naphtha								
US C5 ENT	(c/gal)	146.470	147.220	146.970	146.720	147.220	146.970	146.220
NWE Naphtha	(\$/mt)	639.910	633.410	626.910	621.410	617.910	627.243	613.577
MOP-Japan Naphtha	(\$/mt)	653.660	650.160	645.160	639.910	634.660	645.077	629.827
Fuel Oil								
3.5% barges	(\$/mt)	425.920	411.920	395.920	388.670	387.170	398.837	388.253
Singapore 380	(\$/mt)	433.170	418.170	406.170	400.670	398.670	408.337	399.420
Singapore 180	(\$/mt)	444.740	431.240	418.240	412.990	411.490	420.823	412.490
0.5% barges	(\$/mt)	504.460	497.710	486.460	479.960	475.710	488.043	473.793
Singapore 0.5%	(\$/mt)	570.110	554.860	539.610	529.610	522.110	541.360	517.693
NGLs								
US Propane LST	(c/gal)	67.116	71.366	73.246	74.126	74.626	72.913	73.839
NWE Propane	(\$/mt)	578.450	575.450	567.450	559.950	553.450	567.617	538.950
Saudi Propane CP	(\$/mt)	608.950	608.950	606.950	606.950	603.950	607.617	592.617
Asian Propane FEI	(\$/mt)	635.450	632.950	630.950	628.450	621.450	630.783	605.617
US Butane ENT	(c/gal)	101.010	101.510	100.390	99.140	98.760	100.347	95.597
Saudi Butane CP	(\$/mt)	611.950	611.950	611.950	613.450	610.450	612.450	596.450



Front Month Spreads				
Oct/Nov		20-Sep-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.490	+0.000	+0.080
WTI	(\$/bbl)	0.800	+0.060	+0.190
Dubai	(\$/bbl)	0.770	-0.090	+0.090
Distillates				
Gasoil 0.1 NWE	(\$/mt)	3.010	+0.250	+1.130
NWE Jet	(\$/mt)	0.510	+0.250	+1.050
Singapore 10ppm	(\$/bbl)	-0.030	-0.060	+0.100
Sing Kero	(\$/bbl)	-0.050	-0.030	+0.100
Gasoline				
RBOB	(c/gal)	3.370	+0.260	+1.260
EBOB	(\$/mt)	19.250	-1.000	+5.750
Singapore 92	(\$/bbl)	1.250	-0.250	+0.950
Singapore 95	(\$/bbl)	1.600	-0.250	+1.100
Naphtha				
US C5 ENT	(c/gal)	0.250	+0.000	+0.130
NWE Naphtha	(\$/mt)	6.500	-0.750	+0.500
MOP-Japan Naphtha	(\$/mt)	5.000	-0.250	-0.750
Fuel Oil				
3.5% barges	(\$/mt)	16.000	+2.500	+10.500
Singapore 380	(\$/mt)	12.000	+1.750	+4.500
Singapore 180	(\$/mt)	13.000	+2.250	+5.750
0.5% barges	(\$/mt)	11.250	+2.750	+3.500
Singapore 0.5%	(\$/mt)	15.250	+5.750	+6.250
NGLs				
US Propane LST	(c/gal)	-1.880	-0.500	-0.260
NWE Propane	(\$/mt)	8.000	-2.000	+1.000
Saudi Propane CP	(\$/mt)	2.000	+1.000	+1.500
Asian Propane FEI	(\$/mt)	2.000	-1.750	-1.590
US Butane ENT	(c/gal)	1.120	+0.120	+0.870
Saudi Butane CP	(\$/mt)	0.000	-3.000	-2.000



Front Month Cracks and Diffs			
October	20-Sep-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.440	+0.170	+0.130
WTI/Brent (\$/bbl)	-3.070	+0.120	+0.360
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	15.150	-0.160	-0.360
NWE Jet crack (\$/bbl)	15.520	-0.140	-0.680
NWE Jet Diff (\$/mt)	41.000	+0.000	-2.000
Gasoil E/W (\$/bbl)	-28.750	-2.250	-1.750
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.250	-0.100	+0.050
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	4.150	+0.750	-0.400
EBOB crack (\$/bbl)	9.160	-0.120	+2.460
Singapore 92 crack (\$/bbl)	6.410	-0.670	+2.260
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-2.750	-0.550	-0.200
European Gasnaph (EBOB vs Naphtha) (\$/mt)	55.760	+4.450	+21.740
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	16.260	-0.410	+23.730
Naphtha			
US C5 ENT vs WTI Crack	-8.680	-0.430	-0.550
NWE Naphtha Crack (\$/bbl)	-2.400	-0.600	-0.250
MOPJ Naphtha Crack (\$/bbl)	-0.530	-0.560	-0.650
Naphtha E/W (NWE vs MOPJ) (\$/mt)	16.750	+0.500	-3.500
Fuel Oil			
3.5% barges crack (\$/bbl)	-8.700	+0.950	+2.730
Singapore 380 crack (\$/bbl)	-7.730	+1.130	+1.570
Singapore 180 crack (\$/bbl)	-5.670	+1.260	+1.940
Visco (180-380) (\$/mt)	13.000	+0.750	+2.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	6.250	+1.250	-7.250
0.5% barges crack (\$/bbl)	4.800	+1.100	+1.100
Singapore 0.5% crack (\$/bbl)	13.800	+2.470	+2.600
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	57.150	+8.700	+9.520
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	85.730	+0.960	-10.340
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	136.630	+8.410	+6.430
0.5% barges/gasoil (\$/mt)	-163.260	+8.370	+8.030
Sing 0.5% vs Sing 10ppm (\$/mt)	-77.620	+19.020	+19.060
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-203.500	-4.000	-4.000
US Propane LST vs Asian Propane FEI (\$/mt)	-261.000	+2.500	+14.000
Asian Propane FEI vs NWE Propane (\$/mt)	57.500	-6.500	-18.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	24.000	-7.000	-5.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-58.140	+1.830	+4.290
Asian Pronap (FEI vs MOPJ) (\$/mt)	-41.480	+1.740	-4.800



Long Tenor Cracks / Diffs

	Balmo	Oct-24	Nov-24	Dec-24	Jan-25	Q4-24	Q1-25
Crude							
Brent/Dubai (\$/bbl)	-0.150	0.440	0.710	0.830	0.970	0.660	0.990
WTI/Brent (\$/bbl)	-3.440	-3.070	-3.370	-3.590	-3.770	-3.343	-3.853
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	14.63	15.15	15.30	15.53	15.75	15.33	15.91
NWE Jet crack (\$/bbl)	14.31	15.52	16.00	16.59	17.18	16.04	17.31
NWE Jet Diff (\$/mt)	35.75	41.00	43.50	46.25	49.00	43.58	49.00
Gasoil E/W (\$/bbl)	-32.75	-28.75	-25.96	-24.33	-23.83	-26.35	-22.72
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.20	-0.25	-0.23	-0.20	-0.28	-0.23	-0.38
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	1.380	4.150	6.300	8.390	9.060	6.280	14.540
EBOB crack (\$/bbl)	10.800	9.160	7.350	6.140	6.140	7.550	6.737
Singapore 92 crack (\$/bbl)	6.150	6.410	5.660	5.470	5.560	5.847	5.887
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-4.650	-2.750	-1.690	-0.660	-0.580	-1.700	-0.843
European Gasnaph (EBOB vs Naphtha) (\$/mt)	69.260	55.760	43.010	35.850	37.920	44.873	46.253
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	16.840	16.260	10.760	11.850	16.350	12.957	22.983
Naphtha							
US C5 ENT vs WTI Crack	-9.380	-8.680	-7.980	-7.550	-6.990	-8.070	-7.207
NWE Naphtha Crack (\$/bbl)	-2.440	-2.400	-2.640	-2.950	-3.160	-2.663	-3.530
MOPJ Naphtha Crack (\$/bbl)	-0.890	-0.530	-0.590	-0.870	-1.280	-0.663	-1.703
Naphtha E/W (NWE vs MOPJ) (\$/mt)	13.750	16.750	18.250	18.500	16.750	17.833	16.250
Fuel Oil							
3.5% bgs crack (\$/bbl)	-7.270	-8.700	-10.720	-11.560	-11.620	-10.327	-11.327
Singapore 380 crack (\$/bbl)	-6.120	-7.730	-9.110	-9.670	-9.810	-8.837	-9.573
Singapore 180 crack (\$/bbl)	-4.310	-5.670	-7.230	-7.740	-7.800	-6.880	-7.527
Visco (180-380) (\$/mt)	11.500	13.000	12.000	12.250	12.750	12.417	13.000
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	7.250	6.250	10.250	12.000	11.500	9.500	11.167
0.5% bgs crack (\$/bbl)	5.070	4.800	3.530	2.810	2.320	3.713	2.133
Singapore 0.5% crack (\$/bbl)	15.410	13.800	11.900	10.630	9.630	12.110	9.047
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	65.650	57.150	53.150	49.650	46.400	53.317	43.900
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	78.480	85.730	90.480	91.230	88.480	89.147	85.480
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	136.880	136.630	133.380	128.880	123.380	132.963	118.213
0.5% bgs/gasoil (\$/mt)	-158.600	-163.260	-171.960	-177.910	-182.710	-171.043	-184.773
Sing 0.5% vs Sing 10ppm (\$/mt)	-59.950	-77.620	-92.910	-103.770	-112.240	-91.433	-118.110
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-228.65	-203.5	-185.71	-173.62	-164.52	-187.61	-154.113
US Propane LST vs Asian Propane FEI (\$/mt)	-285.64	-261	-249.2	-242.12	-232.51	-250.773	-220.777
Asian Propane FEI vs NWE Propane (\$/mt)	57	57.5	63.5	68.5	68	63.167	66.667
Asian Propane FEI vs Saudi Propane CP (\$/mt)	26.5	24	24	21.5	17.5	23.167	13
European Pronap (\$/mt)	-61.64	-58.14	-59.64	-61.68	-64.64	-59.82	-74.807
Asian Pronap (FEI vs MOPJ) (\$/mt)	-44.98	-41.48	-38.48	-33.23	-30.98	-37.73	-37.48



Inter-month Crack Spreads			
Oct/Nov	20-Sep-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	-0.270	+0.100	-0.020
WTI/Brent (\$/bbl)	0.300	+0.050	+0.100
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.150	-0.060	+0.010
NWE Jet crack (\$/bbl)	-0.480	-0.050	+0.000
NWE Jet Diff (\$/mt)	-2.500	+0.000	+0.000
Gasoil E/W (\$/bbl)	-2.790	-0.230	-0.130
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	-0.020	+0.030	+0.050
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-2.150	+0.520	-0.390
EBOB crack (\$/bbl)	1.810	-0.150	+0.610
Singapore 92 crack (\$/bbl)	0.750	-0.270	+0.870
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-1.060	-0.130	+0.270
European Gasnaph (EBOB vs Naphtha) (\$/mt)	12.750	-0.250	+5.250
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	5.500	-1.750	+8.750
Naphtha			
US C5 ENT vs WTI Crack	-0.700	-0.080	-0.130
NWE Naphtha Crack (\$/bbl)	0.240	-0.100	-0.010
MOPJ Naphtha Crack (\$/bbl)	0.060	-0.060	-0.160
Naphtha E/W (NWE vs MOPJ) (\$/mt)	-1.500	+0.500	-1.250
Fuel Oil			
3.5% barges crack (\$/bbl)	2.020	+0.360	+1.570
Singapore 380 crack (\$/bbl)	1.380	+0.230	+0.610
Singapore 180 crack (\$/bbl)	1.560	+0.330	+0.840
Visco (180-380) (\$/mt)	1.000	+0.500	+1.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	-4.000	-0.750	-6.000
0.5% barges crack (\$/bbl)	1.270	+0.400	+0.470
Singapore 0.5% crack (\$/bbl)	1.900	+0.870	+0.900
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	4.000	+3.000	+2.750
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-4.750	+0.250	-7.000
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	3.250	+4.000	+1.750
0.5% barges/gasoil (\$/mt)	8.700	+3.020	+2.740
Sing 0.5% vs Sing 10ppm (\$/mt)	15.290	+6.010	+5.700
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-17.790	-0.600	-2.350
US Propane LST vs Asian Propane FEI (\$/mt)	-11.800	-0.860	+0.140
Asian Propane FEI vs NWE Propane (\$/mt)	-6.000	+0.250	-2.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	0.000	-2.750	-3.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	1.500	-1.290	+0.500