

The Officials

The Benchmark Publication

Europe Edition (16:30 BST)

23-October-2024, Volume 1, Issue 101 (Europe)

Flat price can't make its mind up



A steady morning selloff was reversed when the US came in and started buying at lunchtime, sending Brent back upwards. It peaked at \$75.70/bbl but fell back down after the unexpectedly large 5.47 mb build in EIA inventories surprised markets and triggered a quick sell off. It finally closed at \$74.92/bbl. The EIA's weekly inventories data showed a far bigger build than their API counterpart last night. Gasoline stocks also grew, by 878 kb. But keep an eye on Cushing, which saw a draw in its stocks of 350 kb.

We finally saw a breakthrough in the North Sea deadlock. After everyone kept their cards close to their chest yesterday, Vitol hit a bid from Petroineos, granting them a Midland for 16-20 Nov at Dated +\$1.65. Glencore entered the game too, first offering a Forties cargo at Dated +30c. But it couldn't find a buyer, not even after repeatedly lowering its offer all the way down to +10c. But diffs were unchanged at around 14c. Traders noted it was yet another quiet window. But who knows what could be brewing on the horizon?

In this uncertain context, traders are sitting on options contracts like a nervous chicken waiting for its eggs to hatch. Collectively, open interest in Brent is now over 4 million options contracts, the highest ever. It's important to have an insurance policy in troubled times.

BRICS attendees reiterated their prioritisation of a new international banking system and the move away from dependence on USD towards their individual national currencies, or even digital currencies. Or at least towards a less costly system, in the case of the more moderate delegations, led by Brazil.

Summary

Physical and Futures

		23-Oct-24	1-Day Change	7-Day Change
Brent Dec (fut)	(\$/bbl)	74.920	-1.020	+0.940
WTI Dec (fut)	(\$/bbl)	70.660	-1.110	+1.020
Dubai Dec (phys)	(\$/bbl)	74.370	-1.170	+0.660
OBI Continuous	(\$/bbl)	74.920	-1.020	+0.940
Crude Swaps Oct				
Brent	(\$/bbl)	74.510	-1.020	+0.980
DFL	(\$/bbl)	0.150	-0.010	-0.030
WTI	(\$/bbl)	70.550	-1.070	+1.040
Dubai	(\$/bbl)	73.080	-1.180	+0.490

Tenor

Crude Futures

		Dec-24	Jan-25	Feb-25
Brent (fut)	(\$/bbl)	74.920	74.540	74.140
WTI (fut)	(\$/bbl)	70.660	70.260	69.900



In detail

We were up. Then we were down. It was an exhausting day trying to keep up with the market's whims and fancies in terms of flat price. After all was said and done, Brent closed at \$74.92/bbl, \$1.02/bbl down from yesterday. WTI bounced around in a similar pattern, eventually losing \$1.11/bbl to close at \$70.66/bbl. Front month Brent spreads weakened slightly from yesterday to end the day at 38c.

American inventories aren't the only place filling with crude at the moment. Suriname is following in its Guyanese neighbour's footsteps with major discoveries of oil reserves holding upwards of 2.4 billion barrels. The expected boom in growth once this can be brought online, as well as reducing public debt, saw Moody's give Suriname a double rating upgrade to Caa1 on Tuesday, with a 'positive' outlook due to "favourable investment prospects". That understates it... Total Energies estimates investment at \$10.5 billion and hopes to extract the first barrel of oil in 2028. Suriname's fiscal strategy against debt in the last few years has paid dividends. Since reaching over 146% of GDP in 2020, government debt has fallen to just under 86%, according to the IMF. See, governments, you can escape the debt-driven rat race.

Talking of tackling debt, where better to look than Milei's Argentina. His cuts to state spending make a hyperactive lumberjack look calm. But it appears to be bringing down public debt and inflation. Government debt has fallen from above 155% of GDP last year to 91.5% now, according to IMF data. It's also attracting business back to the country; Brazilian bank Nubank is considering resuming operations in Argentina as the economy stabilises, according to its CEO.

Argentina can also lean on its abundant natural resources. According to the EIA, crude oil production stood at 661 kb/d in June. Although that's the lowest it's been since October 2023, it is still far ahead of the around 500 kb/d produced between 2015 and 2020. The lithium-rich South American country will also be licking its lips at the potential for elevated battery demand as EVs take over from internal combustion vehicles. Currently, Argentina is the fourth largest lithium producer and its Mining Secretary has big plans. He said exports should reach 200 kt around the start of 2026, from less than 140 kt at present. He ultimately wants to see this reach 250 kt.

Not to worry about other countries with spiralling debt. The IMF is here to save the day! Today we got another great read from the IMF: their fiscal monitor titled "putting a lid on public debt". It's fair to they share similar concerns to many of us: debt is too high, and absent from appropriate fiscal adjustment, debt vulnerabilities will rapidly turn into distress. "Kicking the can down the road will not do, the time to act is now" said Vitor Gaspar, IMF director for fiscal affairs. As we see interest rates come down and monetary policy move towards neutrality, the IMF argues a medium to long term view is appropriate. After all, a key remnant of COVID was a serious debt hangover, now it's time to pop a painkiller and sort that fiscal imbalance.

But the IMF noted while global public debt is set to exceed \$100 trillion this year, the picture is not homogenous and the optimal path towards debt sustainability differs across economies. One third of countries studied are expected to see acceleration in public debt accumulation, and concerningly these countries comprise around 70% of global GDP. But, if you take out China and the US, global public debt-to-GDP would be 20% lower. Something needs to change. Fast. It isn't rocket science; there needs to be less spending, and the role of the state must reduce. Organic, market-driven growth must be cultivated, not stamped out by further fiscal expansion and elevated taxation.

Even so, markets might be preparing for the worst, with more inflation and ballooning national debt weighing on global fixed income markets. In the US, 10-year yields have rallied by over 60 bps since mid-September. This is already hurting the property sector; US mortgage applications fell by 6.7% w/w for the week ending 18 October. Interest rates on the 30-year benchmark remained at 6.52%, above the level before the first Fed cut. August's recessionary fears seem to be a distant dream, and markets are now pricing in a much slower easing cycle from the Fed. The OIS is currently pricing less than 22 bps of cuts at the next FOMC, and only 38 bps in total by the end of the year.

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Front Month Outrights					
November Swaps			23-Oct-24	1-Day Change	7-Day Change
Crude					
Brent	(\$/bbl)		74.510	-1.020	+0.980
WTI	(\$/bbl)		70.550	-1.070	+1.040
Dubai	(\$/bbl)		73.080	-1.180	+0.490
Distillates					
Gasoil 0.1 NWE	(\$/mt)		668.500	-5.080	+12.580
NWE Jet	(\$/mt)		718.830	-1.170	+19.660
Singapore 10ppm	(\$/bbl)		87.110	-0.470	+2.130
Sing Kero	(\$/bbl)		87.760	-0.220	+2.510
Gasoline					
RBOB	(c/gal)		199.930	-3.410	+0.030
EBOB	(\$/mt)		683.030	-12.460	+0.450
Singapore 92	(\$/bbl)		78.240	-2.000	-0.110
Singapore 95	(\$/bbl)		83.040	-2.200	-0.460
Naphtha					
US C5 ENT	(c/gal)		149.520	-1.580	+1.310
NWE Naphtha	(\$/mt)		641.330	-5.790	+4.980
MOPJ Naphtha	(\$/mt)		664.330	-5.290	+7.410
Fuel Oil					
3.5% barges	(\$/mt)		447.420	-10.990	+31.300
Singapore 380	(\$/mt)		443.360	-7.050	+19.740
Singapore 180	(\$/mt)		457.360	-7.230	+19.180
0.5% barges	(\$/mt)		508.630	-8.770	+9.270
Singapore 0.5%	(\$/mt)		563.820	-4.950	+15.560
NGLs					
US Propane LST	(c/gal)		76.254	+1.289	+1.908
NWE Propane	(\$/mt)		581.280	-6.080	-3.060
Saudi Propane CP	(\$/mt)		622.280	-4.330	-2.060
Asian Propane FEI	(\$/mt)		646.280	-7.330	-9.060
US Butane ENT	(c/gal)		108.500	+2.530	-0.600
Saudi Butane CP	(\$/mt)		615.740	-4.870	+0.350



Long Tenor Swaps

		Balmo	Nov-24	Dec-24	Jan-25	Feb-25	Q1-25	Q2-25
Crude								
Brent	(\$/bbl)	74.860	74.510	74.100	73.820	73.610	73.617	73.087
WTI	(\$/bbl)	70.670	70.550	70.140	69.790	69.540	69.550	68.913
Dubai	(\$/bbl)	74.370	73.080	72.820	72.450	72.200	72.233	71.820
Distillates								
Gasoil 0.1 NWE	(\$/mt)	669.000	668.500	668.560	669.480	670.560	670.013	668.650
NWE Jet	(\$/mt)	714.500	718.830	721.250	722.340	723.240	722.803	721.567
Singapore 10ppm	(\$/bbl)	87.560	87.110	86.710	86.590	86.730	86.720	86.997
Sing Kero	(\$/bbl)	88.310	87.760	87.280	86.900	86.800	86.793	86.657
Gasoline								
RBOB	(c/gal)	203.330	199.930	198.170	198.690	200.470	205.847	216.873
EBOB	(\$/mt)	710.030	683.030	664.530	661.780	663.780	664.780	705.113
Singapore 92	(\$/bbl)	78.740	78.240	78.410	78.580	78.850	78.850	78.823
Singapore 95	(\$/bbl)	82.390	83.040	82.610	82.380	82.600	82.650	82.590
Naphtha								
US C5 ENT	(c/gal)	149.140	149.520	149.520	150.270	149.650	149.440	144.817
NWE Naphtha	(\$/mt)	642.580	641.330	636.580	632.330	626.830	626.913	612.247
MOP-Japan Naphtha	(\$/mt)	667.830	664.330	658.830	653.080	646.830	646.997	630.497
Fuel Oil								
3.5% barges	(\$/mt)	470.420	447.420	424.420	416.420	411.670	412.837	407.253
Singapore 380	(\$/mt)	450.860	443.360	431.110	422.610	417.610	418.860	413.193
Singapore 180	(\$/mt)	465.610	457.360	442.360	433.860	429.110	430.360	425.693
0.5% barges	(\$/mt)	523.630	508.630	498.130	492.630	488.130	488.547	479.630
Singapore 0.5%	(\$/mt)	572.070	563.820	550.070	541.070	535.320	535.737	522.820
NGLs								
US Propane LST	(c/gal)	71.254	76.254	77.754	78.754	78.504	77.837	73.046
NWE Propane	(\$/mt)	588.280	581.280	572.280	558.530	544.030	541.697	490.197
Saudi Propane CP	(\$/mt)	622.280	622.280	618.780	613.780	605.780	603.113	543.947
Asian Propane FEI	(\$/mt)	649.280	646.280	642.280	633.780	620.780	617.613	563.530
US Butane ENT	(c/gal)	113.000	108.500	106.500	104.500	102.120	100.747	89.823
Saudi Butane CP	(\$/mt)	615.740	615.740	610.740	605.740	598.240	595.240	540.240



Front Month Spreads				
Nov/Dec		23-Oct-24	1-Day Change	7-Day Change
Crude				
Brent	(\$/bbl)	0.410	-0.020	+0.050
WTI	(\$/bbl)	0.410	-0.040	+0.020
Dubai	(\$/bbl)	0.260	-0.080	-0.200
Distillates				
Gasoil 0.1 NWE	(\$/mt)	-0.060	+0.010	+0.230
NWE Jet	(\$/mt)	-2.420	+0.480	+0.870
Singapore 10ppm	(\$/bbl)	0.400	+0.020	+0.200
Sing Kero	(\$/bbl)	0.480	+0.130	+0.300
Gasoline				
RBOB	(c/gal)	1.760	-0.120	-0.180
EBOB	(\$/mt)	18.500	-1.750	-2.000
Singapore 92	(\$/bbl)	-0.170	-0.350	-0.270
Singapore 95	(\$/bbl)	0.430	-0.400	-0.420
Naphtha				
US C5 ENT	(c/gal)	0.000	+0.000	+0.250
NWE Naphtha	(\$/mt)	4.750	+0.250	-0.680
MOP-Japan Naphtha	(\$/mt)	5.500	+0.250	+0.250
Fuel Oil				
3.5% barges	(\$/mt)	23.000	-2.000	+10.500
Singapore 380	(\$/mt)	12.250	+0.500	+2.500
Singapore 180	(\$/mt)	15.000	-0.750	+2.250
0.5% barges	(\$/mt)	10.500	+0.000	+2.000
Singapore 0.5%	(\$/mt)	13.750	+1.500	+4.500
NGLs				
US Propane LST	(c/gal)	-1.500	+0.000	+0.000
NWE Propane	(\$/mt)	9.000	-1.000	+0.000
Saudi Propane CP	(\$/mt)	3.500	+0.500	-1.000
Asian Propane FEI	(\$/mt)	4.000	-0.250	-1.500
US Butane ENT	(c/gal)	2.000	+0.380	-0.750
Saudi Butane CP	(\$/mt)	5.000	-1.000	+3.000



Front Month Cracks and Diffs			
November	23-Oct-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	1.430	+0.170	+0.490
WTI/Brent (\$/bbl)	-3.990	-0.080	+0.040
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	15.210	+0.340	+0.750
NWE Jet crack (\$/bbl)	16.630	+0.850	+1.490
NWE Jet Diff (\$/mt)	50.000	+4.000	+6.750
Gasoil E/W (\$/bbl)	-19.850	+1.150	+2.950
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	0.650	+0.250	+0.350
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	4.700	+0.150	-0.100
EBOB crack (\$/bbl)	7.480	-0.470	-0.900
Singapore 92 crack (\$/bbl)	3.730	-0.970	-1.070
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-3.750	-0.500	-0.150
European Gasnaph (EBOB vs Naphtha) (\$/mt)	42.080	-6.250	-4.080
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	-12.170	-10.950	-7.750
Naphtha			
US C5 ENT vs WTI Crack	-7.780	+0.400	-0.500
NWE Naphtha Crack (\$/bbl)	-2.450	+0.380	-0.400
MOPJ Naphtha Crack (\$/bbl)	0.080	+0.380	-0.200
Naphtha E/W (NWE vs MOPJ) (\$/mt)	23.000	+0.500	+2.250
Fuel Oil			
3.5% barges crack (\$/bbl)	-4.050	-0.700	+3.950
Singapore 380 crack (\$/bbl)	-4.680	-0.070	+2.190
Singapore 180 crack (\$/bbl)	-2.480	-0.110	+2.110
Visco (180-380) (\$/mt)	14.000	-0.250	-0.500
HSFO E/W (380 vs 3.5% barges) (\$/mt)	-4.000	+4.000	-11.500
0.5% barges crack (\$/bbl)	5.600	-0.350	+0.500
Singapore 0.5% crack (\$/bbl)	14.300	+0.250	+1.500
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	55.240	+3.800	+6.340
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	61.280	+2.230	-21.900
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	120.520	+2.030	-4.060
0.5% barges/gasoil (\$/mt)	-159.740	-3.560	-3.620
Sing 0.5% vs Sing 10ppm (\$/mt)	-84.660	-0.940	-0.210
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-184.000	+12.750	+13.000
US Propane LST vs Asian Propane FEI (\$/mt)	-249.040	+13.960	+18.960
Asian Propane FEI vs NWE Propane (\$/mt)	65.000	-1.250	-6.000
Asian Propane FEI vs Saudi Propane CP (\$/mt)	24.000	-3.000	-7.000
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	-59.740	-0.120	-7.960
Asian Pronap (FEI vs MOPJ) (\$/mt)	-41.740	+1.130	-9.120



Long Tenor Cracks / Diffs

	Balmo	Nov-24	Dec-24	Jan-25	Feb-25	Q1-25	Q2-25
Crude							
Brent/Dubai (\$/bbl)	0.480	1.430	1.280	1.380	1.400	1.380	1.260
WTI/Brent (\$/bbl)	-4.210	-3.990	-3.970	-4.040	-4.060	-4.067	-4.177
Distillates							
Gasoil 0.1 NWE crack (\$/bbl)	14.97	15.21	15.61	16.03	16.40	16.32	16.68
NWE Jet crack (\$/bbl)	15.78	16.63	17.41	17.82	18.18	18.11	18.48
NWE Jet Diff (\$/mt)	45.00	50.00	52.75	52.75	52.75	52.75	52.75
Gasoil E/W (\$/bbl)	-17.30	-19.85	-22.53	-24.48	-24.48	-24.06	-20.87
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	0.75	0.65	0.57	0.31	0.07	0.07	-0.34
Gasoline							
TA Arb (RBOB vs EBOB) (c/gal)	0.370	4.700	8.240	9.540	10.720	15.827	15.320
EBOB crack (\$/bbl)	10.370	7.480	5.670	5.620	6.080	6.190	11.567
Singapore 92 crack (\$/bbl)	3.880	3.730	4.310	4.760	5.260	5.243	5.750
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-6.490	-3.750	-1.360	-0.860	-0.830	-0.950	-5.817
European Gasnaph (EBOB vs Naphtha) (\$/mt)	67.830	42.080	28.330	29.830	37.330	38.247	93.247
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	-11.510	-12.170	-5.250	1.910	10.410	10.243	26.520
Naphtha							
US C5 ENT vs WTI Crack	-8.060	-7.780	-7.380	-6.720	-6.720	-6.820	-8.123
NWE Naphtha Crack (\$/bbl)	-2.700	-2.450	-2.620	-2.810	-3.230	-3.220	-4.333
MOPJ Naphtha Crack (\$/bbl)	0.140	0.080	-0.120	-0.480	-0.980	-0.963	-2.280
Naphtha E/W (NWE vs MOPJ) (\$/mt)	25.250	23.000	22.250	20.750	20.000	20.083	18.250
Fuel Oil							
3.5% bgs crack (\$/bbl)	-0.770	-4.050	-7.260	-8.230	-8.780	-8.597	-8.940
Singapore 380 crack (\$/bbl)	-3.840	-4.680	-6.200	-7.250	-7.840	-7.640	-8.000
Singapore 180 crack (\$/bbl)	-1.520	-2.480	-4.430	-5.480	-6.020	-5.827	-6.030
Visco (180-380) (\$/mt)	14.750	14.000	11.250	11.250	11.500	11.500	12.500
HSFO E/W (380 vs 3.5% bgs) (\$/mt)	-19.500	-4.000	6.750	6.250	6.000	6.083	6.000
0.5% bgs crack (\$/bbl)	7.620	5.600	4.360	3.780	3.280	3.340	2.467
Singapore 0.5% crack (\$/bbl)	15.250	14.300	12.540	11.420	10.710	10.777	9.273
VLSFO E/W (Sing 0.5% vs 0.5% bgs) (\$/mt)	48.490	55.240	51.990	48.490	47.240	47.240	43.240
European Hi5 (0.5% bgs vs 3.5% bgs) (\$/mt)	53.280	61.280	73.780	76.280	76.530	75.780	72.447
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	121.270	120.520	119.020	118.520	117.770	116.937	109.687
0.5% bgs/gasoil (\$/mt)	-145.610	-159.740	-170.170	-176.820	-182.290	-181.413	-189.003
Sing 0.5% vs Sing 10ppm (\$/mt)	-79.760	-84.660	-95.430	-103.650	-110.660	-110.047	-125.007
NGLs							
US Propane LST vs NWE Propane (\$/mt)	-217.05	-184	-167.23	-148.23	-135.03	-136.17	-109.633
US Propane LST vs Asian Propane FEI (\$/mt)	-278.09	-249.04	-237.23	-223.52	-211.82	-212.127	-183.01
Asian Propane FEI vs NWE Propane (\$/mt)	61	65	70	75.25	76.75	75.917	73.333
Asian Propane FEI vs Saudi Propane CP (\$/mt)	27	24	23.5	20	15	14.5	19.583
European Pronap (\$/mt)	-53.99	-59.74	-63.81	-73.49	-82.31	-84.787	-121.68
Asian Pronap (FEI vs MOPJ) (\$/mt)	-45.24	-41.74	-39.74	-38.99	-40.74	-43.573	-86.24



Inter-month Crack Spreads			
Nov/Dec	23-Oct-24	1-Day Change	7-Day Change
Crude			
Brent/Dubai (\$/bbl)	0.150	+0.060	+0.240
WTI/Brent (\$/bbl)	-0.020	-0.040	-0.040
Distillates			
Gasoil 0.1 NWE crack (\$/bbl)	-0.400	+0.040	+0.040
NWE Jet crack (\$/bbl)	-0.780	+0.040	+0.040
NWE Jet Diff (\$/mt)	-2.750	+0.250	+0.250
Gasoil E/W (\$/bbl)	2.680	-0.170	+0.620
Regrade (Sing Kero vs Sing 10ppm) (\$/bbl)	0.080	+0.110	+0.100
Gasoline			
TA Arb (RBOB vs EBOB) (c/gal)	-3.540	+0.380	+0.380
EBOB crack (\$/bbl)	1.810	-0.180	-0.280
Singapore 92 crack (\$/bbl)	-0.580	-0.320	-0.320
Gasoline E/W (Sing 92 vs EBOB) (\$/bbl)	-2.390	-0.140	-0.020
European Gasnaph (EBOB vs Naphtha) (\$/mt)	13.750	-2.000	-1.500
Asian Gasnaph (Sing 92 vs MOPJ) (\$/mt)	-6.920	-3.170	-2.510
Naphtha			
US C5 ENT vs WTI Crack	-0.400	+0.070	+0.090
NWE Naphtha Crack (\$/bbl)	0.170	+0.090	-0.070
MOPJ Naphtha Crack (\$/bbl)	0.200	+0.050	-0.040
Naphtha E/W (NWE vs MOPJ) (\$/mt)	0.750	+0.000	+0.750
Fuel Oil			
3.5% barges crack (\$/bbl)	3.210	-0.300	+1.600
Singapore 380 crack (\$/bbl)	1.520	+0.110	+0.400
Singapore 180 crack (\$/bbl)	1.950	-0.090	+0.360
Visco (180-380) (\$/mt)	2.750	-1.250	-0.250
HSFO E/W (380 vs 3.5% barges) (\$/mt)	-10.750	+2.500	-8.000
0.5% barges crack (\$/bbl)	1.240	+0.030	+0.260
Singapore 0.5% crack (\$/bbl)	1.760	+0.270	+0.660
VLSFO E/W (Sing 0.5% vs 0.5% barges) (\$/mt)	3.250	+1.500	+2.500
European Hi5 (0.5% barges vs 3.5% barges) (\$/mt)	-12.500	+2.000	-8.500
Asian Hi5 (Sing 0.5% vs 380) (\$/mt)	1.500	+1.000	+2.000
0.5% barges/gasoil (\$/mt)	10.430	-0.200	+1.270
Sing 0.5% vs Sing 10ppm (\$/mt)	10.770	+1.360	+3.010
NGLs			
US Propane LST vs NWE Propane (\$/mt)	-16.770	+1.050	+0.040
US Propane LST vs Asian Propane FEI (\$/mt)	-11.810	+0.260	+1.500
Asian Propane FEI vs NWE Propane (\$/mt)	-5.000	+0.750	-1.500
Asian Propane FEI vs Saudi Propane CP (\$/mt)	0.500	-0.750	-0.500
European Pronap (NWE Propane vs NWE Naphtha) (\$/mt)	4.070	-1.430	+0.230