Overnight & Singapore Window

ONYX ADVISORY

Flat Price

The September Brent futures flat price has been well-supported this morning following an earlier decline. From 08:00 BST to 09:15 BST, the price ticked down from $84.75/bbl to $84.35/bbl, however, it has subsequently rallied to $84.95/bbl, where it sits as of 10:55 BST (time of writing). The long-stalled Iraq-Jordan export pipeline is taking tentative steps forward with a $5 billion federal budget financing provision and a recent equipment tender. The project would expand and diversify Iraq's oil export routes, enabling oil from southern Iraq to be pumped to Turkey and feed domestic refineries along the route. PetroChina is to pay a $14.5 million fine for US export violations after the DoJ found evidence the company had reported inaccurate information in a database used to declare international exports from the US. Peru's state-run Petroperu has reported a crude leak in the North Peruvian Oil Pipeline (ONP) that has stemmed from an illegal hook-up, but have thus far failed to specify the size of the leak. Finally, Lukoil's NORSI refinery, which can process a total of 340kb/d (11% of Russia's gasoline), has restarted its CDU-6 unit following a drone attack in March, with the move likely to ease worries over possible gasoline shortages. At the time of writing, the Sep/Oct and Sep/Mar'25 spreads are $0.62/bbl and $3.16/bbl, respectively.

Crude

Mixed morning in Dated, with rolls initially well offered and DFLs also selling off. Jul/Aug came under pressure with strong selling of 15-19/7 v cal Aug down to $0.41/bbl, whilst there was trade selling of 1-5/7 v Cal Aug at $1.14/bbl. One this was taken out, we saw strength out of 1-5/7 with backend Jul rolls continuing to be well offered and Jul/Aug DFL finding support around at -$0.02/bbl. Aug/Sep and Sep/Oct equally were better offered, sold at $0.03/bbl and flat respectively although now better bid. We saw buying of 8-12/7 v Cal Jul once structure had found support, swiftly lifted from $0.10/bbl up to $0.13/bbl, whilst Cal Jul v 22-26/7 was paid at $0.29/bbl with 1-5/7 now well supported. Jul DFL was sold to $0.49/bbl with spreads weakening, recovering back to $0.55/bbl last, whilst Aug followed a similar price action. There was buying of the outright 12-16/8 CFD, trading $0.43/bbl last, whilst 29-2/8 v Cal Aug was sold at $0.26/bbl.

Dubai remained rangebound in the front while we saw the backend BD get offered lower and lower this morning, There was fund and Tradehouse selling of Q4 BD, trading down from $0.14/bbl to $0.02/bbl, alongside this, we saw Tradehouse selling of Sep BD, trading at -$0.17/bbl. The front remained quiet with Jul BD trading down to -$0.24/bbl initially before inching back up to -$0.18/bbl, 1c higher than close yesterday. Spreads saw selling interest, with the Aug/Oct and Sep/Dec trading at $1.25/bbl and $1.76/bbl respectively. Naturally, with Dubai spreads offered and selling of backend BD, the Jul/Aug and Aug/Sep boxes traded 4c higher at $0.03/bbl and -$0.04/bbl respectively.

Fuel

In HSFO, 380 structure opened the morning better offered. We saw outright selling on the front spread, with Jul/Aug 380 selling down to $7.00/mt from $7.50/mt heading into the window. The spread ran into real buying at $7.00/mt, and was bought back up to $7.50/mt post-window. The 380 crack was under pressure from the early spread weakness, selling down to -$5.85/bbl from -$5.75/bbl. The barge crack was weaker this morning, with the Jul barge crack selling down to -$9.00/bbl from -$8.70/bbl. The crack selloff put pressure on barge structure, with Jul/Aug barges selling down to $2.25/mt from $2.75/mt. The 380 E/W saw outright buying this morning placing further pressure on barges, with Jul 380 E/W buying up to $20.75/mt from $18.50/mt.

In VLSFO, Sing structure opened the morning a touch better offered. However, the spreads turned better bid as the morning progressed, with Jul/Aug Sing buying up to $7.50/mt from $7.25/mt. Sing cracks were well bid this morning, buying up to $10.65/bbl from $10.50/bbl. There was a Sing Hi5 seller in the market this morning, with Jul Sing Hi5 trading between $103.25/mt and $103.50/mt. A fairly quiet start to the day on Euro cracks. The Jul Euro crack was supported by the Sing crack rally, with the front Euro crack buying up to $3.25/mt from $3.10/bbl. There was support for Euro spreads from the crack strength, with Jul/Aug Euro a touch stronger, trading up to $2.75/mt from $2.50/mt. The Jul 0.5 E/W traded

between $47.25/mt and $47.50/mt.

Distillates

ICE Gasoil spreads remained rangebound through the window. The Jul/Aug spread is at $2.00/mt while the Aug/Sep spread is at $0.50/mt, rallying back post-window from the lows of the morning. The ICE Gasoil cracks also rallied into the post-window period after coming off into the window. The Jul crack is at $20.85/bbl while the 4Q crack is at $21.85/bbl. The European jet diff curve saw early interest in the 3Q'24 diff, trading at $56.75/mt, with the Jul diff indicated at $56.50/mt. Hogos ticked up in the morning but largely remained rangebound at the front of the curve. The Jul swap is at 3.4c/gal while the 4Q swap is at 7.9c/gal.

Sing gasoil spreads weakened into the morning, with Jul/Aug coming off from -$0.08/mt to -$0.10/mt while the Aug/Sep traded between $0.07/mt and $0.08/mt as the futures weakened into the end of the window. The E/W at the front of the curve opened with selling interest pushing it down to -$28.00/mt before rallying to -$27.50/mt in Jul. The Aug E/W traded up from -$26.50/mt to -$26.00/mt, with little deferred or quarterly interest this morning. The regrade opened weaker at the front of the curve, with Jul getting hit down to -$1.50/bbl before it traded there for a few more clips, coming off to -$1.55/bbl into the window. The Aug regrade was lifted along with the Jul regrade at -$1.39/bbl and -$1.47/bbl post-window, while the Sep/Oct regrade roll traded at -$0.26/bbl.

Gasoline

This morning in Gasoline, we saw flat price trade at the end of the morning window equivalent to $5.45/bbl on a crack basis in Jul 92. We saw signs of a better-offered structure in the morning, with spreads trading down to -$0.02/bbl in Jul/Aug and Sep/Nov trading down from $1.60/bbl to $1.50/bbl. 92 spreads found a floor at $0.55/bbl in Aug/Sep and $0.75/bbl in Oct/Nov, from refiners and trade houses. The Jul/Q4 E/W box was offered today, with Majors offering Jul E/W between -$8.90/bbl and-$9.20/bbl, and Q4 was well bid at -$1.95/bbl. RBBRs hung around the $19.80/bbl handle, in the window, Arbs were bid again in Jul, up to 13c/gal. Jul/Sep EBOB saw strong refiner selling down to $14.25/mt, before seeing better buying to $16/mt post-window, with Sep/Oct also seeing better buying to $44.25/mt post-window. Deferred gasnaphs saw offerside interest at $100/mt from refiners this morning.

Naphtha

A bid morning in Naphtha where we saw flat price valued at $698/mt in Jul'24 MOPJ, on a -$6/bbl crack equivalent with cracks opening strong after crude weakness leading to good flat price buying in the East. Cash premiums for tender are pricing strongly at +$12. Europe cracks opening in Jul at -$8.05/bbl and moving up to -$7.80/bbl in the window before seeing momentum reverse with Q4 crack seller stepping down to -$8.70/bbl.

With crude recovering post-window, we saw flat price selling push the crack down to -$8.05/bbl in Jul'24. Bank buying of cracks in Q1 supporting cracks, lifting up to -$8.80/bbl and Cal'25 crack seeing buying today up to -$9.10/bbl. Front spreads firming with Jul/Aug MOPJ well bid at $9.50/mt and NWE trading at $10/mt with major on the sell-side and trade buying. Q4/Q1'25 MOPJ seeing major buying at $15.25/mt. E/W firming this morning with MOPJ spreads bid, Jul'24 trading 25c higher at $17.50/mt.

NGLs

A weak morning for internationals on NGLs; the prompt spread was offered overnight with DCE sellers pressuring it down to $1.50/mt in Jul/Aug FEI, this continued to come off over the morning to $0.50/mt post window. Arbs were bid with -$204.50/mt trading in Q4, while the prompt arb was also bid by real players from $215/mt to $211/mt in Jul. CP stayed better supported at the front as Aug FEI/CP weakened to $48.50/mt and Jul/Aug CP traded at $5/mt, pressured up from its opening level at $3/mt. NWE was once again strong as Jul/Dec NWE traded at -$2.50/mt and the E/W diff came off with Q3/Q4 arb box trading at -$4/mt. The window saw fewer bids in the physical than previous weeks; although 1H Aug FEI was bid at $1/mt and an offer was seen at $6/mt for the same tenor.

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Global Macro

Australian CPI increased by 4.0% (ex. 3.8%; prev. 3.6%), the highest level since November 2023 and above expectations. Inflation remains outside the RBA's target range of 2-3%, increasing the likelihood of a rate rise.

- AUD/USD traded up 0.6% on the news
- AUD 3-year yield spiked as much as 18bps
- ASX 200 index dropped by almost 1%

ECB Governing Council Member Olli Rehn sees bets for 2 more cuts in 2024 as reasonable

- Deposit rate could be reduced to as low as 2.25% next year

China's 10-year bond yield falls to 22-year low on growth worries

- Yield slipped to 2.22%; yields on the 20 and 50-year bonds have been trading at their historic lows for months
- As an example of diminishing growth, Chinese commercial real estate investment peaked in 2021.

Germany - GfK Consumer Climate Indicator for Germany unexpectedly dropped to -21.8 (exp. -18.9), marking the first decline in five months. Both income expectations (8.2 vs 12.5 in June) and economic prospects (2.5 vs 9.8) were notably lower.

- Slightly higher inflation rate in May caused more uncertainty among consumers

France – Consumer confidence fell to 89 in June 2024, edging down from 90 in May. Consumers' sentiments were more pessimistic about the outlook on the standard of living -50 (prev. -46).

Finally - Denmark is moving ahead with the world's first carbon tax on agriculture, which will amount to an effective tax rate of €16 per tonne of carbon dioxide equivalent emission from livestock, including cows and pigs

- This would essentially mean a €100 per year tax per cow.