

# OPIS Europe Jet, Diesel & Gasoil Report

Essential Intelligence on Europe's Distillates Market

OPIS A DOW JONES COMPANY

31 July 2024

## Jet Fuel Prices (\$/mt)

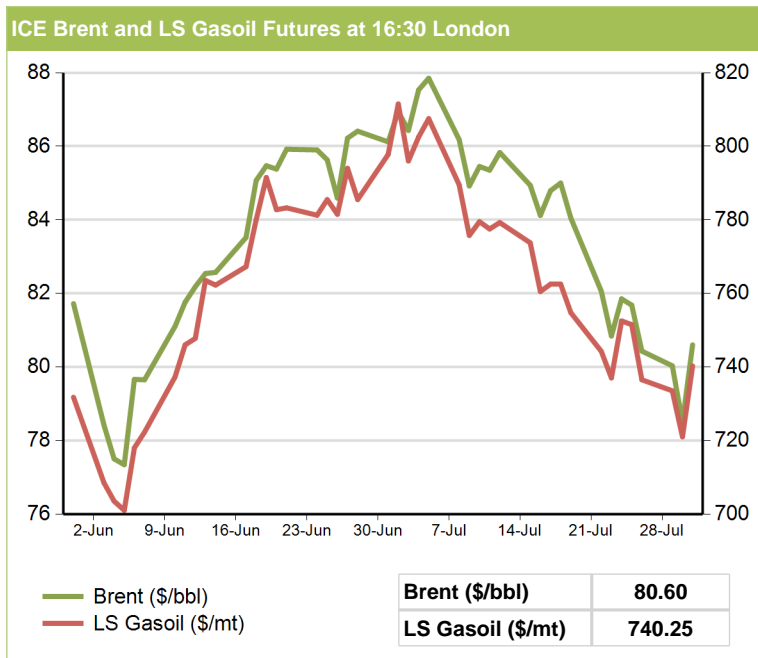
Location	Spot Diff (LS Gasoil)	Change	Outright	Change	Low	High	Current Cal Month Avg	Prior Cal Month Avg
FOB FARAG Barge	47.25	1.00	787.500	20.25	787.00	788.00	816.228	805.225
CIF NWE Cargo	50.25	1.00	790.500	20.25	790.00	791.00	819.717	811.500
FOB Med Cargo	27.78	2.93	768.030	22.18	767.53	768.53	792.865	787.393

## Diesel (ULSD) Prices (\$/mt)

Location	Spot Diff (LS Gasoil)	Change	Outright	Change	Low	High	Current Cal Month Avg	Prior Cal Month Avg
FOB ARA Barge	-2.30	0.27	737.950	19.52	737.45	738.45	766.780	759.132
CIF NWE Cargo	10.75	1.25	751.000	20.50	750.50	751.50	777.380	770.938
CIF Med Cargo	10.25	0.00	750.500	19.25	750.00	751.00	779.000	772.463

## Gasoil Prices (\$/mt)

Location	Spot Diff (LS Gasoil)	Change	Outright	Change	Low	High	Current Cal Month Avg	Prior Cal Month Avg
FOB ARA 0.1% Barge	-26.00	2.50	714.250	21.75	713.75	714.75	746.446	745.375
CIF NWE Cargo	-5.75	0.25	734.500	19.50	734.00	735.00	763.283	759.138
CIF Med Cargo	-10.50	0.25	729.750	19.50	729.25	730.25	755.783	750.550
FOB ARA 50ppm Barge	-6.50	4.50	733.750	23.75	733.25	734.25	759.370	755.800



## NWE Jet Fuel Premiums Fell in July on Month

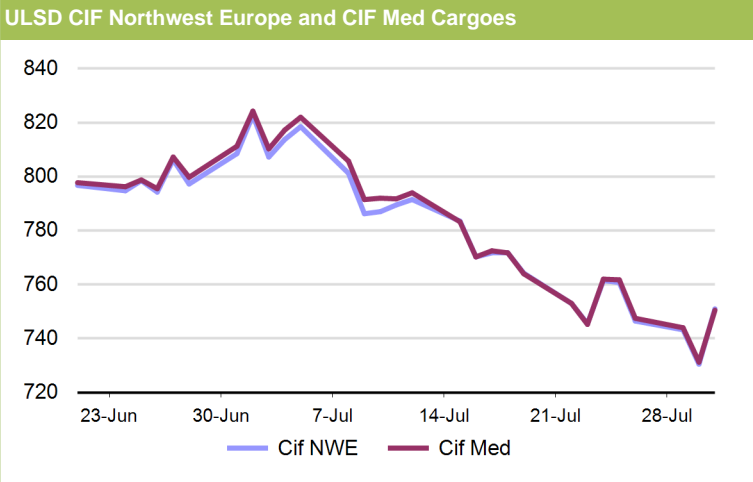
- US jet fuel stocks hit multi-year highs
- Global air traffic up 9% in June
- 2024 jet fuel demand misses expectations

Differentials for physical deliveries of middle distillates in Northwest Europe (NWE) strengthened across the board on Wednesday. CIF premiums for jet fuel cargoes delivered to NWE ports were pegged at \$50.25/metric ton.

Differentials for jet fuel cargoes in NWE have averaged \$52/mt this month, down from \$54/mt in June and \$57/mt in July 2023. At \$19.52/bbl, the spot jet fuel crack in NWE is significantly lower compared with a year ago.

Outright prices jumped on Wednesday, in line with Low Sulfur Gasoil (LSG) futures, as Brent crude surged \$2.10/barrel higher. "Two airstrikes during the past twenty-four hours have brought geopolitical risks back to the market's focus. A drone attack in Beirut yesterday and an

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airstrike in Tehran which killed Ismael Haniyeh, Hamas' political leader," Arctic Securities said.

On Wednesday, the U.S. Energy Information Administration (EIA) reported that the country's jet fuel inventories built a further 0.3 million barrels last week, reaching 47.2 million bbl – the highest since October 2018 (see story below).

Goldman Sachs estimates that global jet fuel demand growth will average 0.5 million barrels/day in January-September, down from the bank's previous expectations of 0.6 mb/d. Increased geopolitical tensions are weighing on international flight volumes, particularly in China and Russia, while continuing improvements in aircraft fuel efficiency reduce jet consumption per mile and seat, Goldman Sachs said.

Still, global air passenger demand increased by 9.1% in June, with overall capacity 8.5% higher year-on-year, according to IATA (see story below).

In diesel market news, the IRU forecast that road freight volumes in the European Union will grow by 1.6% next year, accelerating from 0.4% in 2024 (see story below).

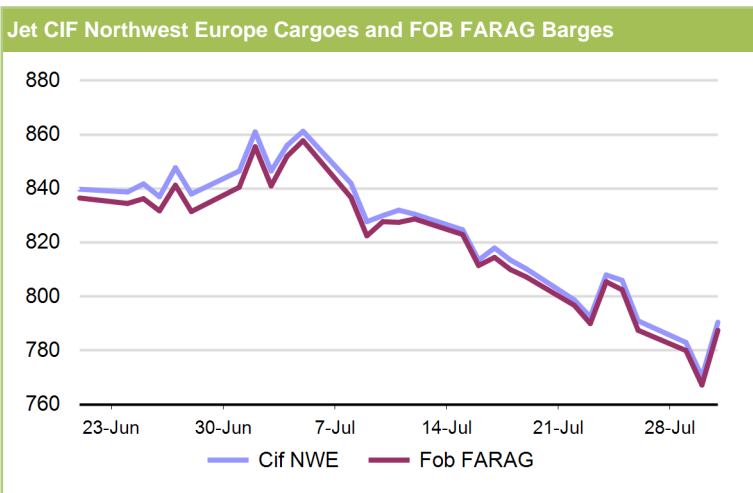
Meanwhile, U.S. distillate stocks increased by 1.5 million bbl in the week ended July 26, as exports fell to an average of 1.18 million b/d, according to the EIA.

Differentials for FOB ULSD barges loading in Amsterdam, Rotterdam and Antwerp (ARA) were pegged at minus \$2.30/mt on Wednesday. LSG futures remained in contango at the front of the curve.

EU Freight Road Demand Growth Expected to Accelerate to 1.6% in 2025

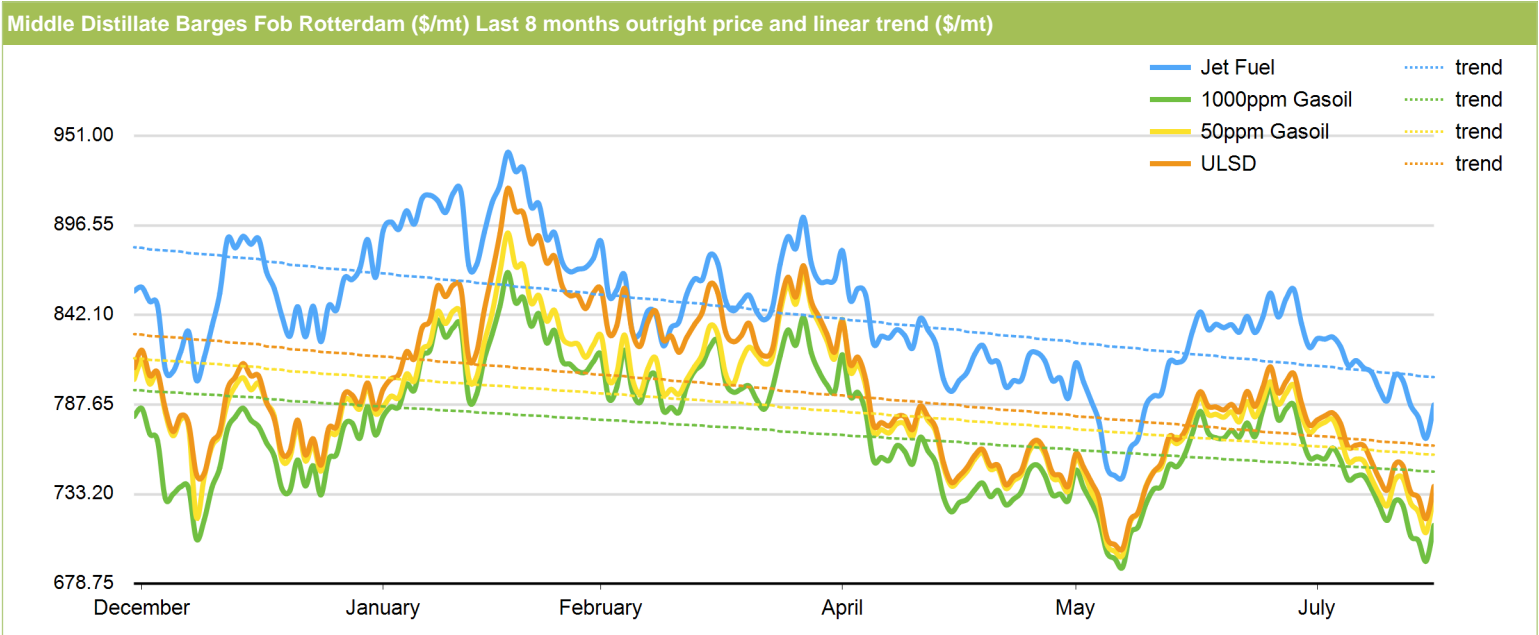
The International Road Transport Union (IRU) expects demand for road freight in the European Union to grow

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**OPIS Freight Assessment \$/mt**

<b>Augusta - Amsterdam (30kt)</b>	<b>22.47</b>
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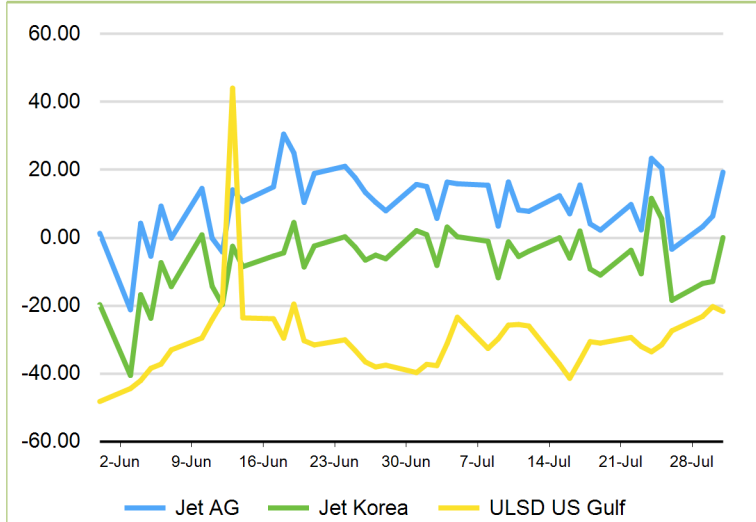


## 10ppm Gasoil vs ICE LS Gasoil Futures (EFS)

(Continued from Page 2)

	FOB Sing Gasoil	LS Gasoil M+1	Difference	Change	30-day average
Aug	711.10	737.75	-26.65	-0.03	-27.337
Sep	712.59	739.75	-27.16	0.17	-16.193

## Jet and Diesel Indicative Arbitrage to NWE



From	Fob value	Freight (last done)	Forward Value NWE	Spread	Time Stamp
Jet Fob AG (LR2)	721.15	49.65	790.13	19.33	09:30
Jet Korea (LR2)	737.95	54.11	792.14	0.08	09:30
ULSD US Gulf (MR)	737.59	35.08	751.00	-21.67	16:30

faster in 2025 after having stagnated over the last couple of years.

In a report published Wednesday, IRU forecast that EU road freight volume will improve by just 0.4% this year, reaching 1.91 trillion tonne-kilometers (Tkm), reflecting a limited recovery in private consumption.

In 2025, volumes are expected to grow by 1.6% to 1.94 trillion Tkm, as lower inflation and interest rates support private consumption and global merchandise trade improves.

Still, IRU cautioned that the outlook remains uncertain, particularly because of heightened geopolitical tensions.

Road freight is the most important component of diesel consumption, and therefore the ongoing recession in the European industrial sector has caused demand to fall in the continent.

According to the International Energy Agency (IEA), diesel and gasoil demand fell by 180,000 b/d in the second quarter, to 5.9 million b/d. This was comfortably below 2020 levels, when most of Europe was subject to pandemic-related mobility restrictions.

In addition to weak manufacturing activity, a shift away from diesel passenger cars into gasoline and hybrid vehicles is structurally reducing demand for diesel in the region.

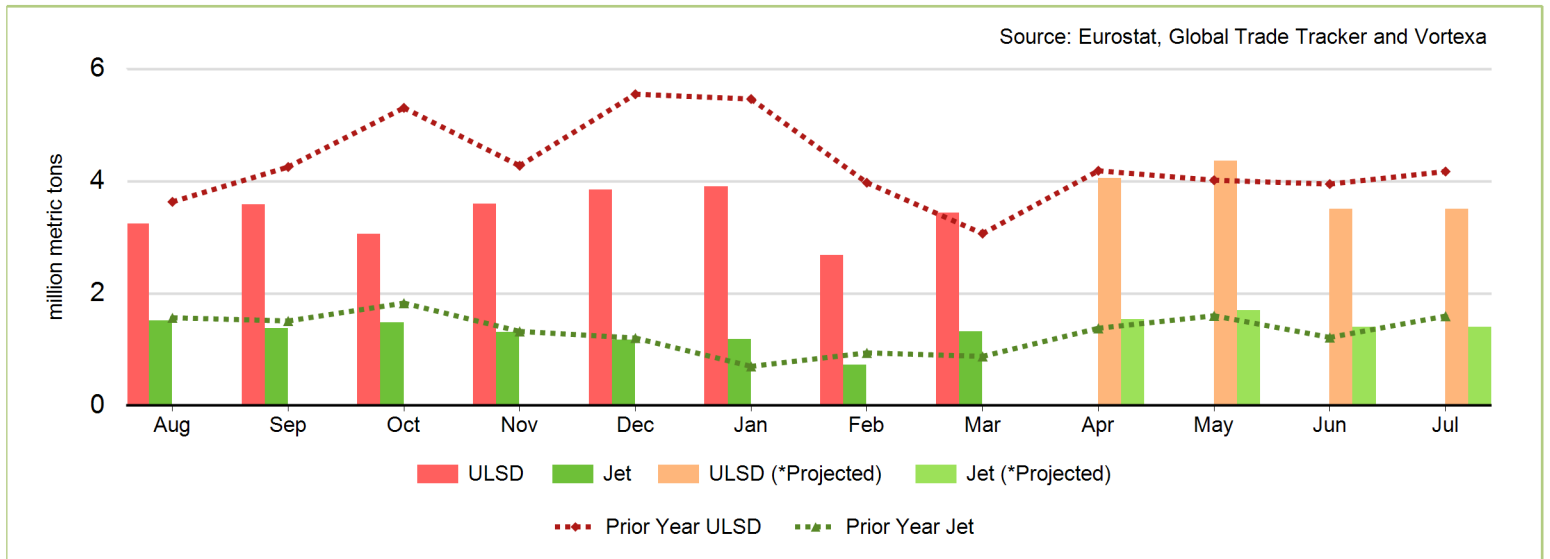
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## BP Expects Less Refinery Turnarounds From 2025

U.K. oil major BP said Tuesday that it expects to perform less refinery turnarounds from 2025, following a period of brisk

(Continued on Page 4)

## Historical and Projected Jet and ULSD Imports into EU (million metric tons)



Month	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr*	May*	Jun*	Jul*
ULSD	3.244	3.588	3.054	3.592	3.845	3.907	2.686	3.431	4.051	4.367	3.500	3.500
Jet	1.517	1.379	1.478	1.307	1.174	1.180	0.725	1.317	1.533	1.699	1.400	1.400

## OPIS Worldwide Outright Jet and ULSD Prices (\$/mt)

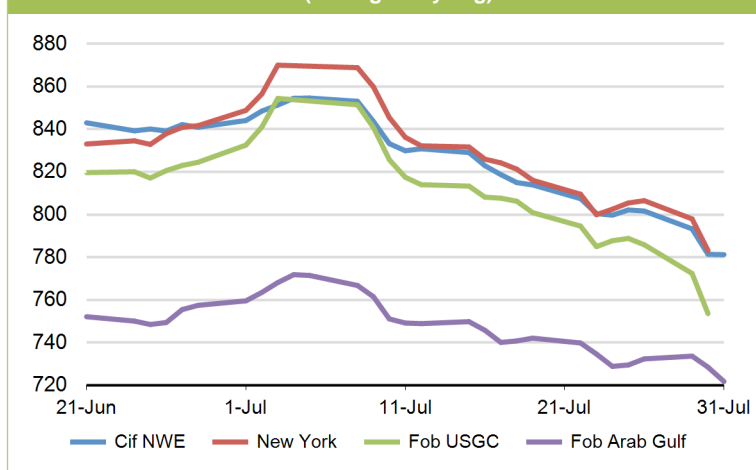
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Location	Outright	Change	Date and London Time	3-day avg
Jet Cif NWE	790.50	20.25	31 Jul 16:30	781.250
Jet Fob Med	768.03	22.18	31 Jul 16:30	756.854
Jet Fob AG (LR1)	720.36	5.21	31 Jul 09:30	721.856
Jet Fob Singapore	745.45	5.05	31 Jul 09:30	747.051
Jet Fob Korea	737.95	5.05	31 Jul 09:30	739.582
Jet GC Close	737.78	-13.99	30 Jul 22:15	753.627
ULSD Cif NWE	751.00	20.50	31 Jul 16:30	741.583
ULSD Cif Med	750.50	19.25	31 Jul 16:30	741.917
ULSD GC Close	717.75	-10.82	30 Jul 22:15	730.014
Gasoil 10ppm Sing	709.17	4.32	31 Jul 09:30	711.028

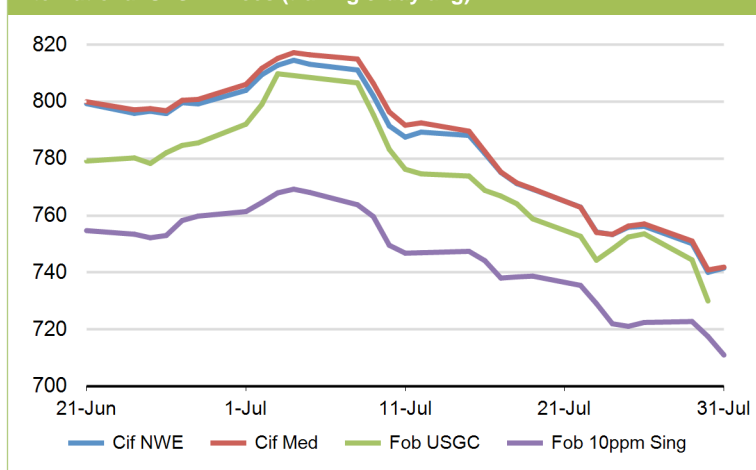
## OPIS Ticking Price Derived

Location	Outright	Change	Net CIF NWE	Date and London Time	3-day avg
Jet NYH Ticker	790.57	18.89	0.07	31 Jul 16:30	782.697
Jet GC Ticker	762.27	22.20	-28.23	31 Jul 16:30	753.768
ULSD GC Ticker	736.82	20.81	-14.18	31 Jul 16:30	728.108

## International Jet Fuel Prices (trailing 3-day avg)



## International ULSD Prices (trailing 3-day avg)



maintenance activity since 2022.

"We expect refining TARs (turnarounds) to decrease in intensity from 2025 onwards because we've had a heavy dose of TARs in 2022, 2023 and 2024 as we caught up from the Covid period - when it was impossible to mobilize individuals," Chief Executive Murray Auchincloss told analysts in an earnings call.

The company reported a refinery utilization rate of 96.4% for the second quarter, up from 90.4% in the first quarter -- when its 440,000 b/d Whiting facility in Indiana was shut due to a power outage. However, BP warned that it will see a higher level of refinery maintenance in the second half of 2024, particularly in the fourth quarter.

For the second quarter, BP reported an adjusted loss of \$133 million for its customers & products division, reflecting a financial impairment of its 280,000 b/d Gelsenkirchen refinery in Germany. The company said earlier this year that it will reduce the production capacity of the facility by a third from 2025.

Meanwhile, BP said that its realized refining margins were significantly lower in the second quarter compared with the immediately prior period. The company's refineries are skewed towards middle distillate production, and diesel margins narrowed significantly in April-June.

"Right now, diesel is slightly oversupplied, gasoline is about average. Let's see what happens during the driving season. Generally, you deplete these stocks as we move through the driving season. And [...] we have not seen any weather events yet in North America or Europe that would impact the refineries," Mr. Auchincloss said.

In addition to Whiting and Gelsenkirchen, BP also owns the 394,000 b/d Rotterdam complex in the Netherlands, the 251,000 b/d Cherry Point refinery in the U.S. North West, the 110,000 b/d Castellon plant in Spain and the 97,000 b/d Lingen facility in Germany.

BP booked a net loss of \$129 million for the second quarter, swinging from a \$2.26 billion profit in the first quarter. -- Reporting by Jaime Llinares Taboada, [jlinares@opisnet.com](mailto:jlinares@opisnet.com); Editing by Yazdi Merchant, [ymerchant@opisnet.com](mailto:ymerchant@opisnet.com)

## June Air Passenger Demand Rises 9.1%, Driven by International Travel: IATA

The International Air Transport Association released data Wednesday morning showing a 9.1% increase in overall air passenger demand in June, driven by a big jump in international travel.

IATA said air passenger demand in June increased 9.1% over the same month a year prior, as measured by revenue passenger kilometers, with overall capacity (as measured by available seat kilometers) also rising 8.5% year to year.

Much of the overall demand increase was due to a spike in international travel, or flights that leave a country's borders. As reported by IATA, June international travel was up 12.3% year to year, with capacity rising 12.7%.

Asia-Pacific travel continued to see big jumps in demand, with international travel in the region up 22.6% in June from the same month last year, and accounting for 31% of all air

(Continued on Page 5)

## Distillate differential and outright swaps at 16:30

Location	Jet NWE Cargo Swap	Jet NWE Cargo Forward	Jet Barge Swap	Jet Barge Forward	ULSD NWE Cargo Swap	ULSD NWE Cargo Forward	ULSD Barge Swap	ULSD Barge Forward
August	48.00	790.13	-3.00	787.12	10.00	752.13	-2.25	739.87
September	47.75	792.14	-3.00	789.14	10.00	754.39	-1.00	743.39
Quarter 4	52.00	787.80	-2.50	785.30	12.00	747.80	2.50	738.30
Quarter 1	56.75	784.96	-1.75	783.21	11.50	739.71	1.75	729.96

Location	Gasoil NWE Cargo Swap	Gasoil NWE Cargo Forward	Gasoil Barge Swap	Gasoil Barge Forward	Gasoil Med Cargo Swap	Gasoil Med Cargo Forward	ULSD Med Cargo Swap	ULSD Med Cargo Forward
August	-6.00	736.12	-24.00	718.13	-10.00	732.12	9.25	751.38
September	-5.00	739.39	-21.00	723.39	-7.50	736.89	8.50	752.89
Quarter 4	-4.00	731.80	-17.00	718.80	-7.00	728.80	10.75	746.55
Quarter 1	-3.00	725.21	-13.00	715.21	-3.00	725.21	9.00	737.21

## ICE Brent and LS Gasoil (ULSD) Futures at 16:30

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Product	Aug	Sep	Oct	Nov
<b>Brent (\$/bbl)</b>	-- --	<b>80.60</b>	<b>80.29</b>	<b>79.76</b>
Spread	-- --	-- --	-0.31	-0.53
Change	-- --	2.10	2.25	2.21
<b>LS Gasoil (\$/mt)</b>	<b>740.25</b>	<b>743.00</b>	<b>745.25</b>	<b>741.50</b>
Spread	-- --	2.75	2.25	-3.75
Change	19.25	19.25	19.25	19.25

## Analyst Forecasts for Future Brent Crude Prices

Analyst	Brent /bbl	Period	Stamp*
UBS	91.00	Sep 2024	July
Morgan Stanley	88.75	2H 2024	May
Bank of America	86.50	2024	July
Jefferies	84.06	2024	July
EIA	86.00	2024	July
RBC	83.10	2024	July

travel.

European international travel was up 9.1%, with European flights accounting for 27.1% of worldwide air travel. North American international travel was also on the rise, jumping 6.6% year to year in June, and accounting for 24.2% of all air travel.

Domestic travel demand year to year increases in June lagged those in the international travel sector. Intracountry travel rose just 4.3% year to year, with overall domestic capacity up 2.1% -- which could be a signal that domestic travel is at or nearing pre-pandemic figures.

Domestic travel within China was up 5.5% year to year, while domestic U.S. travel rose 5.1% in June over the same period the year before. Japanese domestic air travel was nearly even year to year, with June down 0.2%, while Australian travel in June was down 1% year to year.

In comparison, year-to-year demand for jet fuel in the U.S. in June, as measured by the Energy Information Administration, was 1.7295 million b/d on average. That's a 1.3% increase from June 2023's average of about 1.752 million b/d. Passenger demand outpacing jet fuel demand in the U.S. typically signals more efficient flights and a higher percentage of seats filled on each flight.

--Reporting by Cory Wilchek, cwilchek@opisnet.com; Editing

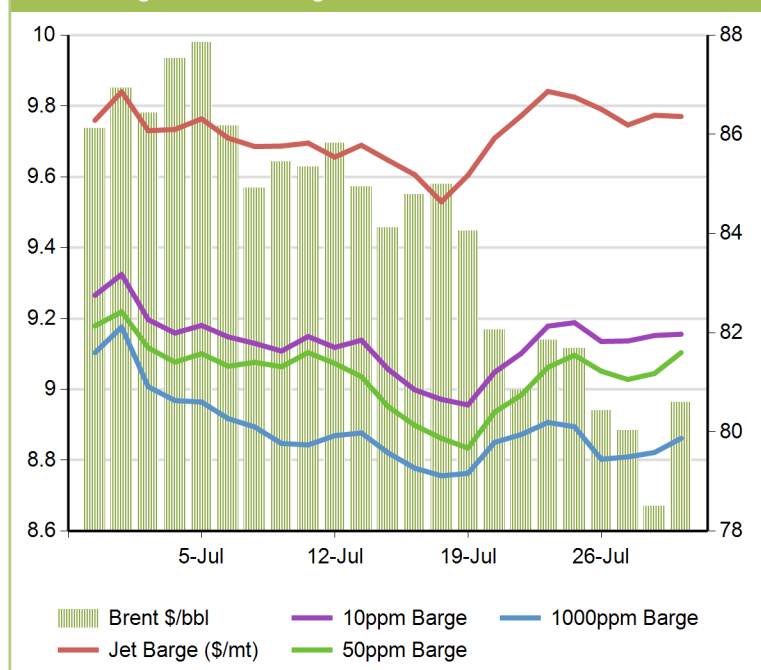
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## Clean jet prices and carbon futures \$/mt

Location	Clean spread	Outright Clean Jet	Change	Stamp
Cif NWE	235.92	1026.42	20.25	31 Jul
Fob Med	235.92	1003.95	22.18	31 Jul

ICE Carbon Futures (/mt)	Price €	Change	Price \$	Clean Spread
EUA Dec 2024	69.21	0.57	74.89	235.92

Ratio of Barge Price to Rolling Brent Crude at 16:30 London



## OPIS Europe Jet, Diesel and Gasoil Report

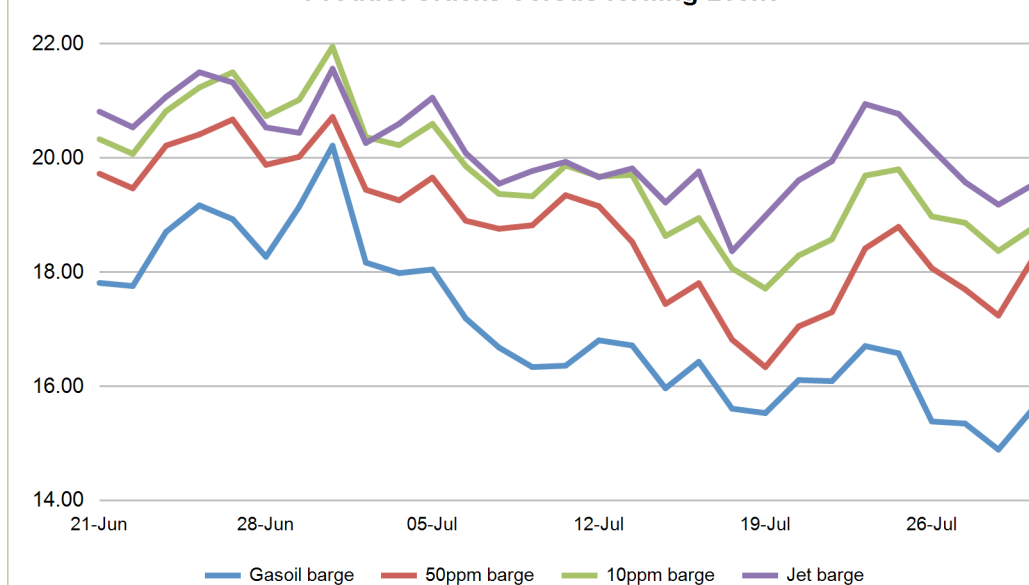
**Methodology:** OPIS assesses trades and market deals over a full trading day from 9.30am to 4.30pm. A complete summary of OPIS pricing methodology is found at: [www.opisnet.com/about/methodology](http://www.opisnet.com/about/methodology)

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Exchange Rate and prices in Euros	Change
Dollars per Euro	1.0821 0.0019
Jet Barge Fob	727.72 17.47
NWE Jet Cargo Cif	730.50 17.47
Med Jet Cargo Fob	709.73 19.29
ULSD Barge Fob	681.94 16.88
NWE ULSD Cargo Cif	694.00 17.76
Med ULSD Cargo Cif	693.53 16.61
50ppm Barge Fob	678.05 20.80

Product Cracks Versus Rolling Brent



Product \$/bbl	Price	Change
Gasoil barge	15.58	0.69
50ppm barge	18.20	0.96
10ppm barge	18.76	0.39
Jet barge	19.52	0.34
Rolling Brent	80.29	2.23

\* The Rolling Brent assessment smooths out the curve between front and second month ICE Brent contracts on expiry. Each new trading day, Rolling Brent takes proportionally less account of the front month and more of the second month.

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by Michael Kelly, mkelly@opisnet.com

Jet Fuel Demand, Production Down While Stocks Highest in Years: EIA

Demand and production of jet fuel in the U.S. was down for the week ending Friday, while inventories of jet fuel jumped to the highest point in over five years, according to Energy Information Administration data released Wednesday.

Jet fuel demand was off 54,000 b/d from the week prior to 1.704 million b/d, according to Wednesday's EIA release. That is 27,000 b/d lower than the same week in 2023, with the CrowdStrike issue from mid-July still impacting demand. However, even with the issues impacting air travel, the four-week average jet fuel demand figure is still 1.2% higher than the same four weeks last year.

Domestic production of jet fuel also fell, dropping 145,000 b/d to 1.816 million b/d for the week. That is the first time below the 1.9-million-b/d mark in the last four weeks and the lowest jet fuel production figure since mid-May.

Regionally, most of the drop stemmed from the West Coast (PADD 5), where production dropped 112,000 b/d to 436,000 b/d - a 20.44% drop week to week.

Other areas in the U.S. didn't see as big a drop, though. Gulf Coast (PADD 3) jet fuel production was down 23,000 b/d to 932,000 b/d, with Midwest (PADD 2) jet fuel output down 7,000 b/d to 322,000 b/d. East Coast (PADD 1) was the only region to see an increase, bumping up by just 8,000 b/d to 99,000 b/d.

Even with lower production, jet fuel stockpiles in the U.S. rose for the week, building 305,000 b/d to 47.18 million bbl - a third week above the 45-million-bbl mark and the highest jet fuel inventory since the week ending Oct. 5, 2018.

Gulf Coast jet fuel inventory was the main driver of the increase this week, with a regional increase of 1.173 million bbl to 15.964 million bbl. That's the highest stockpile of jet fuel in the area since mid-August 2021 and only the fifth time since then when stocks have topped the 15-million-bbl mark.

However, much of that build was mitigated by a huge drop on the East Coast, where jet fuel stocks were down 1.129 million bbl to 11.313 million bbl - the lowest inventory in four weeks.

West Coast jet fuel stocks were up 450,000 bbl to just over 12 million bbl, while Midwest jet fuel inventories shrank 137,000 bbl to 7.172 million bbl.

--Reporting by Cory Wilchek, cwilchek@opisnet.com; Editing by Michael Kelly, mkelly@opisnet.com