Crude oil comment

08 September 2026

Dated Brent and Oman crude are showing the way higher

Dated Brent and Oman crude are showing the way higher. The Brent crude M1 contract (October) gained another 0.75% yesterday. It traded in a range of $95.97-95.06/b and closed at $97.0/b. This morning it gains another 1.4% to $98.4/b. The Dubai M1 contract which is settled in November is showing the way at $105/b while Dated Brent settled ydy at $106.8/b. Brent crude M1 is now well above both the 50dma, 100dma and 200dma and is heading towards the 61.8% Fibo level of $100.55/b with $110.44/b next in line technical level thereafter.

Tight oil product markets are helping to drive crude oil prices higher as well. The strong push upwards for the Dated Brent price with ydy price reaching $106.8/b. Behind that drive upwards it very tight oil product markets with balance of month diesel refining margins in ARA now close to $90/b and gasoil cracks have been reported to top $100/b for the first time ever. That means extreme profitability for refineries. In response refineries here, there and everywhere want to get their hands on physical crude as quickly as possible. Convert it to oil products and sell the products into the ultra-tight spot oil product markets. Especially the diesel segment (Jet, diesel, gasoil). The economic incentive is huge for refineries.

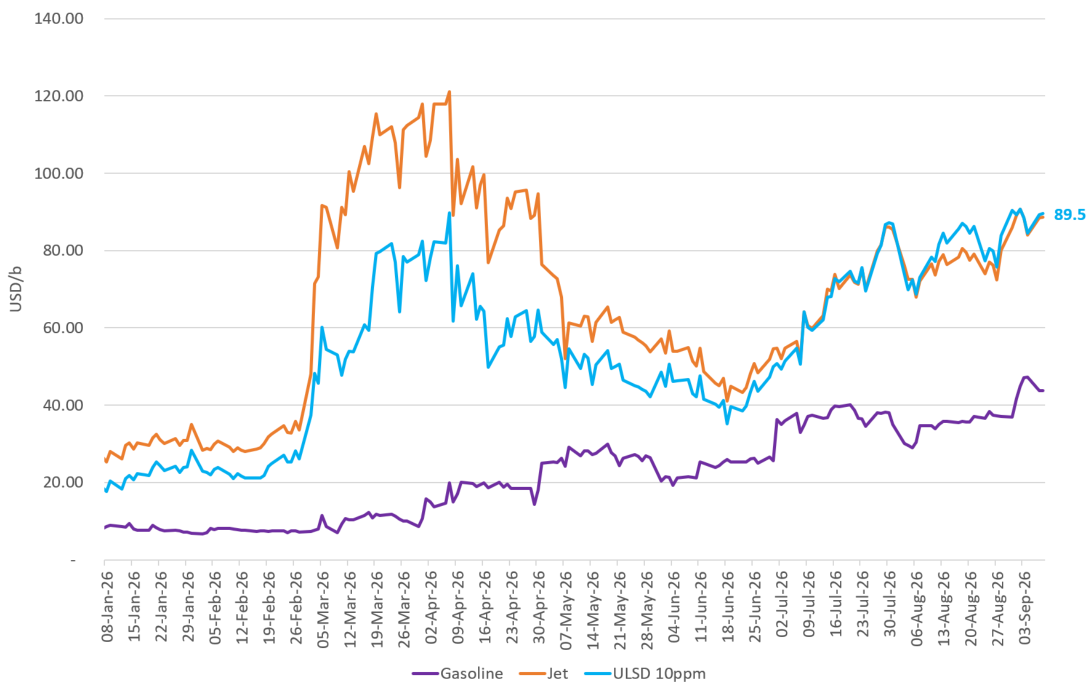
This drive by refineries to process more crude in response to high refining margins, usually kicks in at much lower levels. Thereby normally transferring tightness from the oil product market over to the crude oil market. That normal mechanism hasn't really worked properly in this crisis so far since there hasn't been all that much spare refining capacity left as Ukraine is constantly damaging Russian refineries while the semi-closure of the SoH has sharply reduced oil product exports.

Stronger Chinese crude oil imports but higher oil product exports as well. Chines crude imports rose 6.2% MoM in August to 9.21 mb/d. That was still 2.9 mb/d below the 2025 average of 12.1 mb/d. But China's net oil product exports rose to 0.91 mb/d in August which is the highest level since February 2023. As a result, Chinese imports of crude and oil products was still 3.5 mb/d below the 2025 average versus 3.6 mb/d in July. That is a strengthening of net imports of only 0.1 mb/d. Not much change in total. But it shows that Chinese refineries, probably with the blessing of government, are importing more crude and re-export these as oil products. That helps to transfer oil product tightness to crude oil tightness. India is doing the same. In July it exported about 1.4 mb/d of oil products and the highest since September.

The Iran-Oman deal on the SoH will give China a forceful political option. The Iran-Oman agreement over how to operate the SoH is just days away from finalization says Iran. The IMO and the US is said to have been involved in the process. Once it is agreed and published, China will have the option to sail a Chinese flagged VLCC through the SoH according to the new, official regulation of the SoH, load oil at Kharg Island and take it back to China. That is a very forceful option for China.

Oil and the SoH will for sure be a hot topic when Trump and Xi Jinping meets in the US on 25 September. And **China will have some forceful bargaining chips to play versus Donald Trump regarding the SoH and oil.**

ARA balance of month refining margins at close to $90/b giving refineries strong incentives to run hard converting crude to products = stronger refinery crude oil demand

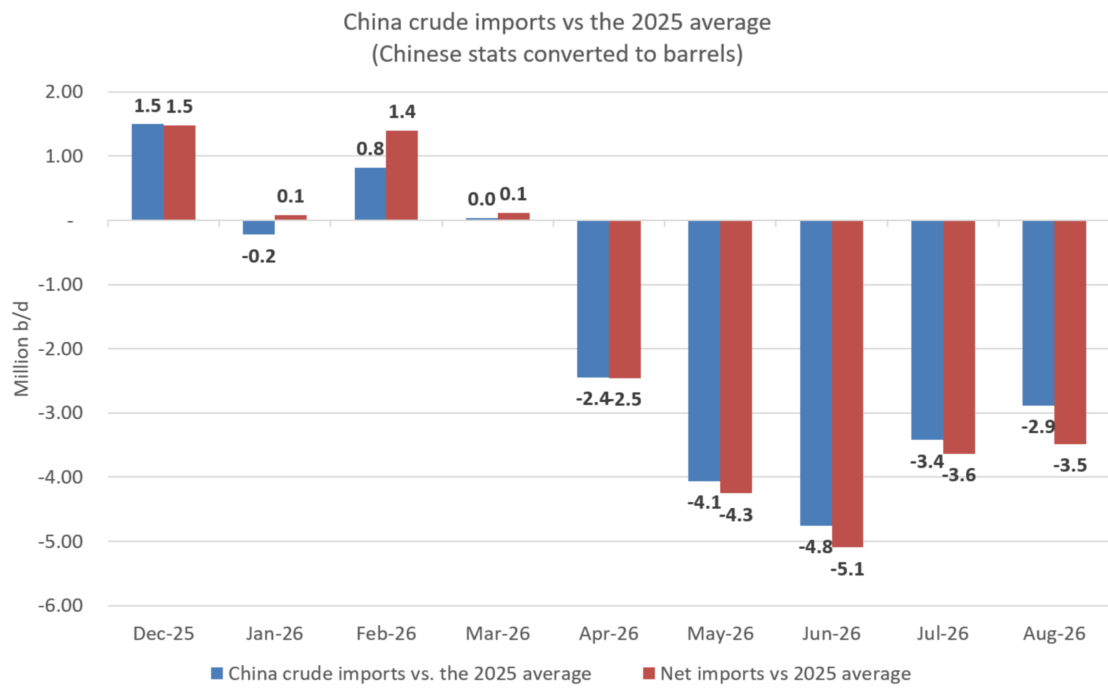


Source: SEB graph, Bloomberg

Dated Brent and Oman crude (settled outside of the Persian Gulf) are showing the way upwards

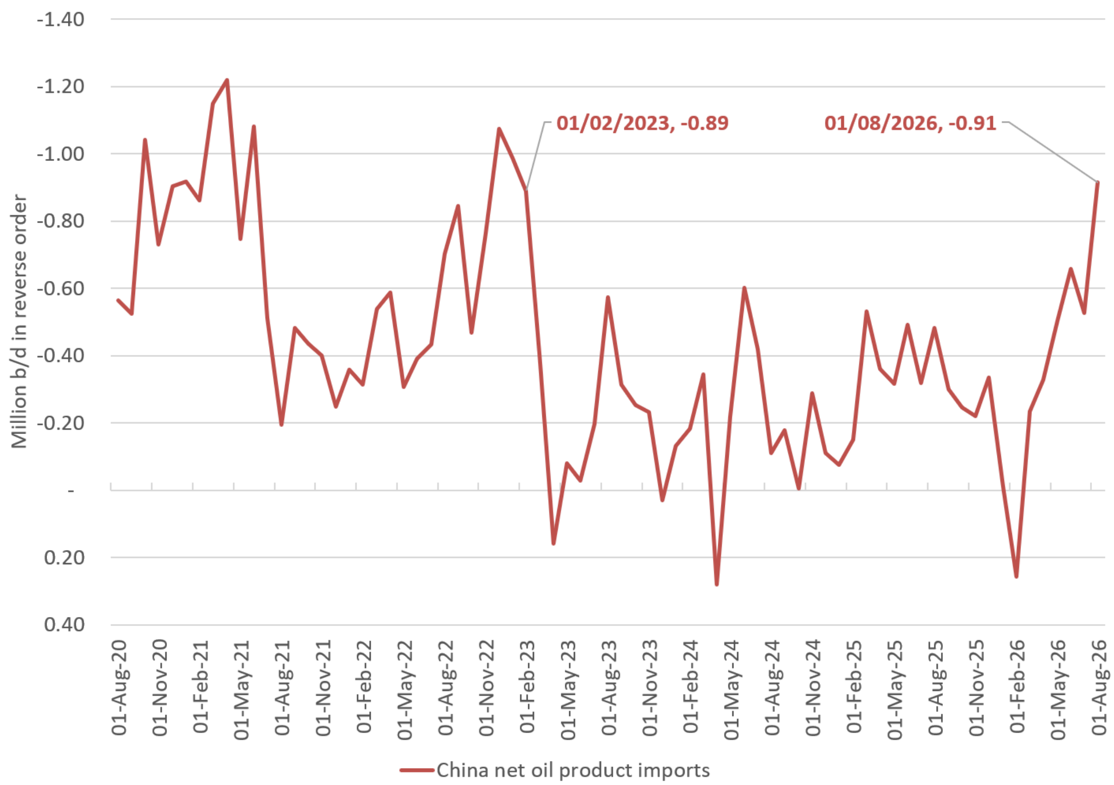
Source: SEB graph, Bloomberg data

Chinese crude (crude) and net crude and oil product imports (red) versus the 2025 average. Net crude and oil product imports was 3.5 mb/d below the 2025 average in August and 3.6 mb/d below in July. Almost the same. Stronger crude imports but also higher oil product exports



Source: SEB graph, Bloomberg data

Chinese oil product exports rose to 0.91 mb/d in August and highest since Feb 2023. (numbers in reverse)



Source: SEB graph, Bloomberg

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