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Top News - Oil

Russia's Rosneft appoints new boss of flagship Vostok Oil project

Russia's Rosneft has appointed a new head of its flagship Vostok Oil project that is expected to produce up to 2 million barrels per day (bpd) by 2030, mostly for export to Asia. Rosneft, Russia's biggest oil producer, named Andrei Lazeyev, former boss of Rosneft refining unit Bashneft, to lead Vostok Oil, according to the state registry. He will replace Vladimir Chernov as they swap places. Chernov was appointed to lead Bashneft last month. The change in management is aimed at spurring faster development at the oilfields, the Kommersant newspaper reported last month.

Some analysts, including from BCS brokerage in Moscow, have expressed doubts that the project can meet a goal to start production this year. They have predicted a delay of at least a year, citing the OPEC+ oil supply cuts deal to support prices. Rosneft did not immediately reply to a request for comment on the management reshuffle and the implementation of the project.

Lazeyev, who worked at Russo-British oil producer TNK-BP, moved to Rosneft as chief geologist in 2013 following its acquisition of TNK-BP. He joined the management board of Rosneft in 2022 and took the top job at Bashneft, the Kommersant reported. Global commodity traders Trafigura Vitol and Mercantile joined the project in 2020-2021, but left it after Moscow sent its troops into Ukraine in 2022. Rosneft had held talks with Chinese, Indian and Japanese companies about them joining the project, but the talks have yet to produce an outcome.

If realised, the output expected from Vostok Oil would roughly equate to the entire North Sea oil market of between 1.8 million and 2 million bpd.

It would also be on a par with production realised at the Samotlor West Siberian oilfield in the 1970s and 1980s.

Vostok Oil's loading terminal, the Bukhta Sever, in the Yenisei Bay on the Taymyr Peninsula is expected to handle 600,000 bpd when finished this year, or around 15% of Russia's total and equal to current loadings from Primorsk, Russia's largest Baltic sea port.

Rosneft said in March it started construction of the country's largest oil loading pier at Bukhta Sever, where harsh Arctic weather is one of the many challenges to the project.

The company is also constructing a 770-km long (479 miles) oil pipeline to the terminal. Rosneft said in its financial report, that, as of the end of March, more than 250 kilometres of the pipeline has been welded.

Nigeria's Dangote refinery boosts gasoil exports to W. African market

Nigeria's new Dangote oil refinery is increasing gasoil exports to West Africa, taking market share from European refiners, according to traders and shipping data.

The $20 billion refinery, built by Africa's richest man Aliko Dangote on the outskirts of Lagos, is producing a lower grade of gasoil than expected as it awaits the restart of units needed to produce cleaner fuels, prompting the plant to seek buyers in neighbouring markets.

Exports of gasoil from the refinery hit nearly 100,000 barrels per day (bpd) in May, nearly doubling April's levels, data from analytics firm Kpler showed. The bulk of the exports went to other West African countries, but one cargo was shipped to Spain.

Preliminary June gasoil volumes have fallen sharply, though overall oil product exports including fuel oil, naphtha and jet fuel remained relatively elevated at 225,000 bpd, the data showed.

The refinery "changed the balances in West Africa", affecting European markets as a result, a European distillates trading source said.

EU and UK gasoil exports to West Africa fell to a four year low of 29,000 bpd in May, Kpler data showed, while Russian exports to the region fell to an 8-month low of 87,000 bpd in May.

Dangote has also been selling some high-sulphur gasoil to the Nigerian market as well but finds itself caught in a dispute with local fuel retailers over who is selling the dirtier fuel.

Nigeria's oil law passed in 2021 mandated a 50 parts per million (ppm) sulphur content, in keeping with the sub-regional ECOWAS standards adopted in 2020. However, the regulator had allowed gasoil above 200 ppm to be sold locally since the beginning of the year until June to allow local refineries and importers more time to comply with the new standard.

As European countries, including major hubs Belgium and the Netherlands, tighten rules on high-sulphur gasoil exports, cargoes from the Dangote refinery have found home in regions with lax motor fuel standards.

A trading source with knowledge of the specifications said the refinery has been producing and exporting gasoil with 800-1,300 ppm gasoil, well above the 200ppm limit. However, the company said it was on course to achieve 10ppm gasoil soon.

"We have commissioned the equipment and it would be done within two weeks," said Davakumar Edwin, an executive at the Dangote Refinery. In a statement last week, Dangote said that they are working gradually towards meeting the new standard.

Top News - Agriculture

China poised for record July soybean imports on low prices, Trump trade fears

China is likely to import record volumes of soybeans in July, drawn by lower prices and the prospect of Donald Trump returning as president and reigniting trade tensions between Beijing and the U.S., which was once China's top supplier of the oilseed.

The world's biggest soybean importer has booked higher volumes in recent weeks, traders and analysts said.

"Chinese soybean importers are buying larger volumes as they are trying to protect themselves as much as they can from a possible increase in U.S. tariffs if there is a trade war after U.S. elections," said Vitor Pistoia, an analyst at Rabobank in Sydney.

However, the impact of any trade escalation is likely to be muted for Chinese soybean buyers given the plunge in market share for U.S. beans that was triggered during Trump's presidency.

Trump administration tariffs on Chinese goods provoked retaliation from Beijing including a 25% duty on U.S. beans, which forced oilseed processors to seek alternative South American cargoes, slashing U.S. soybean exports to China to 16.6 million metric tons in 2018, from 32.9 million tons in 2017.

While the U.S. and China signed a deal in January 2020 in which Beijing committed to buying more U.S. agricultural products including soybeans, the U.S. has ceded market share as ample supplies of cheaper Brazilian beans became entrenched in China.

Last year, Brazil accounted for 70% of China's soybean imports, while the U.S. share was 24%, even though U.S. beans are no longer subject to additional duty.

DEMAND SCENARIO

Chinese buyers have booked around 12 million-13 million tons of soybeans for July arrival, according to two Singapore-based traders and two analysts in China, compared with 9.73 million tons shipped in the same month a year ago.

China's soybean imports hit a monthly all-time high of 12.02 million tons in May 2023.

"Just looking at the demand in China, purchases for July would have been 10 million tons if there was no fear of trade war," said one of the traders, declining to be named because he was not authorised to speak to media.

Soybeans are crushed to make soymeal, a protein-rich ingredient for feeding animals, and soyoil, used in cooking.

China's soybean crush margins are negative in the spot market but are likely to recover in the coming months with expectations of ample animal feed demand, traders said.

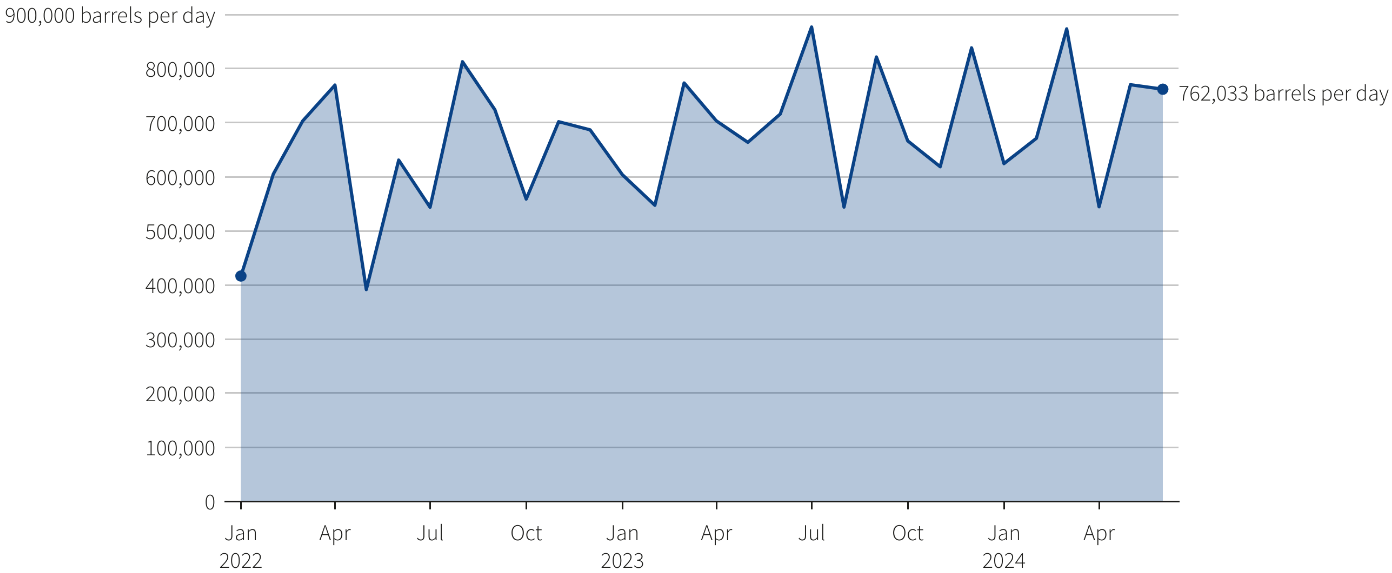
For now, oilseed crushers in the processing hub of Rizhao are losing 198.37 yuan ($27.29) per ton.

Low prices are a key driver of China's purchases, with benchmark Chicago soybean futures dropping to their lowest level since 2020 on Monday on expectations of

Chart of the Day

Venezuela's oil exports stable as US licenses support half of cargoes

Crude and fuel exports from Venezuelan ports fell slightly in June as PDVSA's joint venture partners including Chevron, Repsol and Eni had robust shipments to their refineries in the United States and Europe.



Figures in barrels per day (bpd)
Source: PDVSA's loading schedules, tanker tracking data, LSEG's Eikon

plentiful world supplies. Global soybean production is expected to hit an all-time high of 422.26 million metric tons in 2024/25, up from 395.91 million tons produced in the current marketing year, according to U.S. Department of Agriculture estimates. The bulk of China's buying is from Brazil. "Brazilian beans are cheaper and the demand from Chinese buyers is strong," said Rosa Wang, analyst at Shanghai-based agro-consultancy JCI.
Luiz Fernando Roque, an analyst at Safras & Mercado in Brazil, said a weaker Brazilian currency against the dollar incentivises soybean exports, and he did not see the prospect of Trump returning to office playing a factor for now in the Brazilian market.
Still, he said, "Trump's victory increasingly seems imminent, and this brings risk to China, given what has already happened in his first term."

US corn ratings tick lower after Midwest floods, soy steady
The condition of the U.S. corn crop deteriorated in the latest week while national soybean ratings held steady after floods swamped portions of the northwestern Midwest, U.S. government data released on Monday showed. The ratings for both corn and soybeans remained the highest for this time of year since 2020, and corn and soy futures fell sharply in June on oversupply concerns.
The U.S. Department of Agriculture (USDA) rated 67% of the corn crop as good to excellent in its weekly crop progress report, down 2 percentage points from a week ago; analysts surveyed by Reuters on average had expected a 1-point decline.
The U.S. is the world's top exporter of corn, used primarily for animal feed and ethanol fuel, and the No. 2 global soybean exporter, after Brazil. The USDA last week raised its estimate of U.S. corn planted acreage and trimmed its U.S. soybean plantings estimate.
For soybeans, the USDA rated 67% of the crop as good to excellent, unchanged from last week, while analysts on average had expected a 1-point decline.
Ratings for both corn and soybeans declined in Iowa and Minnesota but improved in South Dakota. Portions of those states were flooded after stormson June 20-22 dumped 5 to 10 inches (125 to 250 millimeters) of rain in the area where the three states meet.
In the eastern Midwest, corn and soy ratings improved in Illinois, Indiana and Ohio.
Condition ratings improved for spring wheat, grown in the northern Plains. The USDA rated 72% of the U.S. spring wheat crop as good to excellent, up from 71% last week, while analysts on average had expected a 1-point decline
Meanwhile, the harvest of the U.S. winter wheat crop continued to progress ahead of the average pace. The USDA said the winter wheat harvest was 54% complete, up from 40% a week ago and ahead of the five-year average of 39%.

Top News - Metals

Rio Tinto in talks to avert strike at Mongolian copper mine
Global miner Rio Tinto is negotiating with workers at its Oyu Tolgoi copper operations in Mongolia to avert further industrial action over a sharp drop in wages that triggered an earlier strike in May.
Rio Tinto moved underground at Oyu Tolgoi, one of the world's largest copper-gold deposits, in March last year and is ramping up to produce around 500,000 tons of copper a year from 2028 onwards.
The copper production would be worth some $5 billion annually at current prices, which have retreated below $10,000 a ton from a record near $11,000 a ton in May.
Changes in Mongolia's Labor Law, which came into effect at the start of 2022, prompted Rio Tinto to recalculate employee allowances.
Wages have dropped by as much as 80%, according to non-governmental organisation OT Watch, which is in contact with the mine workers.
"A request to start negotiations was sent and OT is to reply by July 5, 2024. Another strike is possible if 70% of key demands on wages and 50% of other demands are not met," OT Watch Director Sukhgerel Dugersuren told Reuters via email.
"The key demand of workers is to bring wages to similar levels paid for the same type of work performed in other Rio Tinto mines," OT Watch said in a briefing note shared with Reuters, adding that workers were being paid a "miserable $1,596 per month for work far from home".
In comparison, an average Australian monthly mining salary sits at A$10,413 ($6,919), according to government data During the May 10-17 strike, according to the workers all open pit and underground mining was stopped, which may have led to some structural issues underground, OT Watch said.
"The stand-down did not affect mine operations and there was no material impact to mine production," Rio Tinto said, adding that the strike was limited to a "small group of employees" who was "seeking to understand the impact of changes to the average salary components".
"The talks are ongoing and a new collective agreement is expected to be negotiated in the future," the miner added.

Russian diamond producer Alrosa buys big gold deposit from Polyus
Russian diamond producer Alrosa has bought a gold deposit in Russia's Far East from miner Polyus, the two companies, both under Western sanctions, said on Monday.
For Alrosa, the world's biggest diamond producer, the move marks a deeper push into gold which it said would fit with the rest of its business and strengthen it financially while not significantly changing its strategy.
"The development of the gold deposit will provide an additional synergistic effect for Alrosa’s business and will help increase its financial stability in the long term," Alrosa boss Pavel Marinychev said in a statement.
Alrosa plans to invest 24 billion roubles ($276 million) initially to develop the Degdekan deposit, it said, and estimated annual gold production at full capacity from 2030 of 3.3 tons.
Alrosa has mined gold as a sideline to its diamond

business for years and the uit which is buying the licence is currently producing about 180 kg of gold a year.
Polyus said it was selling the Degdekan deposit in order to optimise its exploration portfolio as it prepares to begin development of the vast Sukhoi Log gold deposit in Siberia.
The two companies did not disclose the value of the deal.
Akhmed Aliev, an analyst at Moscow-based investment company BKS, estimated the purchase price at $50-100 million, or up to a quarter of Alrosa's free cashflow.
Once production is up and running, he estimated the boost to Alrosa's EBITDA at about 10%, based on current gold prices.
Polyus had held the licence to develop Degdekan, in the Magadan region of Russia's Far East, since 2005. Alrosa said it aims to develop the site until 2046.
"Alrosa's strategy does not change in any way and continues to concentrate on the diamond business. At the same time, we always consider the possibility of participating in projects where we can use our competencies in mining," a company representative told Reuters.
The attractiveness of the Degdekan deposit was partly based on its proximity to transport and energy infrastructure, the representative said.
For 2023, Alrosa reported net profit of 85.18 billion roubles ($925 million), down 15.2% from the previous year.
As part of sanctions against Russia over Moscow's actions in Ukraine, Group of Seven leaders agreed in December to ban non-industrial diamonds from Russia by January, and Russian diamonds sold by third countries from March. The European Union added Alrosa to its sanctions list in January.

Top News - Carbon & Power

Hydrogen sector asks EU to help local firms compete with China
European manufacturers of hydrogen equipment have urged the European Union to step in to help the industry compete with cheaper Chinese producers, in a letter seen by Reuters on Monday.
The companies, among them Thyssenkrupp Nucera, Siemens Energy, and Nel Hydrogen, want Brussels to do more to ensure Europe-made equipment powers the EU's plan by 2030 to produce 10 million tonnes of renewable hydrogen using electrolysers, machines that use electricity to split water to produce the green fuel.
China is rapidly expanding its production of hydrogen equipment and is now home to 40% of the world's electrolyser manufacturing capacity, up from 10% last year, the letter said, adding that state subsidies were giving Chinese firms an edge.
"This skewed playing-field creates unfair competition and puts European electrolyser manufacturers at a significant disadvantage," said the letter to European Commission President Ursula von der Leyen.
"Once a technology or its supply chain is lost, it is

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$83.54 / bbl	0.19%	16.59%
NYMEX RBOB Gasoline	$2.54 / gallon	0.16%	20.69%
ICE Gas Oil	$806.00 / tonne	1.03%	7.36%
NYMEX Natural Gas	$2.48 / mmBtu	-0.12%	-1.55%
Spot Gold	$2,330.20 / ounce	-0.06%	12.97%
TRPC coal API 2 / Dec, 24	$112.75 / tonne	-0.88%	16.24%
Carbon ECX EUA	€68.70 / tonne	0.96%	-14.52%
Dutch gas day-ahead (Pre. close)	€33.00 / Mwh	-2.51%	3.61%
CBOT Corn	$4.07 / bushel	0.00%	-15.91%
CBOT Wheat	$5.86 / bushel	-0.68%	-8.33%
Malaysia Palm Oil (3M)	RM4,056 / tonne	1.94%	9.00%
Index	**Close 01 Jul**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	342.25	0.42%	13.55%
Rogers International	28.99	-0.16%	10.10%
U.S. Stocks - Dow	39,169.52	0.13%	3.93%
U.S. Dollar Index	105.92	0.01%	4.52%
U.S. Bond Index (DJ)	426.06	-0.49%	-1.08%

impossible to bring it back," said the letter, which was dated on Monday and first reported by the Financial Times.
Siemens Energy declined to comment beyond the contents of the letter.
The European firms asked Brussels to introduce "resilience criteria" that would favour local firms in upcoming auctions from the bloc's Hydrogen Bank funding scheme, and ensure certain parts of the production process are located in Europe.
"It is not about closing the European market, it is about ensuring fair competition in the European market and building up resilient value chains," Christoph Noeres, the head of green hydrogen at Thyssenkrupp Nucera, told Reuters.
The EU hydrogen bank awarded 720 million euros to seven EU projects in April. Industry sources have said the low-priced bids from some successful projects indicated that they would be using cheaper Chinese equipment.
The EU is toughening its stance against China on green technologies, to attempt to ensure European industries can compete globally and avoid deepening Europe's reliance on Beijing for key building blocks of the clean energy transition.
Brussels last month announced tariffs on imported Chinese electric cars, and is investigating Chinese subsidies for wind and solar suppliers.

US judge halts Biden administration's pause on LNG permits
A federal judge on Monday dealt President Joe Biden's climate agenda a setback by blocking the Democrat's administration from continuing to pause the approval of applications to export liquefied natural gas (LNG).
U.S. District Judge James Cain in Lake Charles, Louisiana, sided with 16 Republican-led states in holding that the U.S. Department of Energy's freeze on approvals of LNG exports was "completely without reason or logic."
Cain, an appointee of Republican former President Donald Trump, said the states were likely to succeed in showing the pause contravened the Natural Gas Act and was arbitrary, capricious, and unconstitutional.
Cain said the department's actions were "above and beyond its scope of authority." He said he had "reviewed the voluminous studies attached as exhibits, all of which boast of both the economic and environmental benefits of exporting natural gas."
An Energy Department spokesperson said it disagreed with the ruling and is evaluating next steps.
The Biden administration announced the pause in January, which it said would allow officials to review the process for analyzing economic and environmental impacts of projects seeking approval to export LNG to Europe and Asia where the fuel is in high demand.
The January move was cheered by climate activists, an important part of Biden's base, and could have delayed decisions on new plants until after the Nov. 5 presidential election, when Biden will face off against Trump.
Republican-led states including Texas, Louisiana and Florida, sued in March, arguing the policy would harm the economy and undermine efforts to supply foreign allies in Europe with steady supplies of LNG as the region seeks to wean itself off piped gas from Russia.
The states argued that the pause on new approvals for LNG exports oversteps the DOE's authority under the Natural Gas Act, which they said requires the agency to affirmatively show projects are inconsistent with the public interest before denying applications.
The states also argued the ban jeopardizes billions of dollars in investments planned to build export facilities.

Top News - Dry Freight

Mexico to drop plan to cut yellow corn imports, new agriculture minister says
Mexico's incoming government will discard a core goal of outgoing President Andres Manuel Lopez Obrador to reduce imports of yellow corn and achieve self-sufficiency in production of the grain, according to the incoming agriculture minister.
Julio Berdegue, named to President-elect Claudia Sheinbaum's cabinet, told Reuters Mexico will focus on maintaining self-sufficiency in white corn, which is commonly used in the country's staple tortilla.
Sheinbaum also has an "aspirational goal" to reduce deforestation linked to the agriculture sector by half by the end of her six-year term, Berdegue said in an interview on Friday.
"It is a very ambitious goal, but I believe that we can (do it)," he said, citing estimates that deforestation, which is commonly caused by land clearing for lucrative avocado and livestock production, is wiping out an average of about 200,000 hectares per year.
Under the administration of Lopez Obrador, Sheinbaum's mentor, Mexico aimed to dramatically reduce imports of yellow corn, most often originating from the U.S., in favor of boosting local production. The government, however, failed to reduce about $6 billion in yellow corn imports annually during his tenure.
The policy originated from Lopez Obrador's attempts to limit the use of genetically-modified (GM) corn, a position that sparked an ongoing trade dispute with the U.S., by far Mexico's largest commercial partner. Most imported yellow corn is GM and used as fodder for Mexico's livestock sector.
Lopez Obrador's government had already walked back its GM-corn ban to restrict it only for human consumption.
Sheinbaum, set to take office in October, will leave behind the ambition to replace yellow corn imports with local production, Berdegue said, underscoring a rare divergence from Lopez Obrador's established policies."Our objective is not to reduce imports, our objective is to produce more," Berdegue said.
"Our goal is not self-sufficiency in yellow corn... not in this six-year term," he added.
Mexico will likely have to continue importing large amounts of yellow corn, said Berdegue, due to the increased demand in the livestock sector as Mexicans' appetite for meat products grows.
A trade panel of the USMCA trade pact is expected to issue a formal ruling in the dispute with Mexico over its GM corn policy by the end of the year.
The U.S. has said Mexico's plan to limit GM corn is not

based in science and violates its commitments under the trade pact. Mexico, meanwhile, argues that its policy has no impact on its commercial relationship with the U.S.

Russian wheat export prices declined for the fourth week in a row

Russian wheat export prices have declined for the fourth week in a row, tracking global markets amid good news about the new harvest.

The price of 12.5% protein Russian new crop wheat scheduled free-on-board (FOB) with delivery in late July was $226 per metric ton at the end of last week, $5 lower than the price a week earlier, according to the IKAR consultancy.

Sovecon determined the price of wheat with a protein content of 12.5% with the nearest delivery at $227-229 a ton at the end of last week, down from $234-$236 a ton FOB.

Last week's Egyptian GASC tender also showed a significant decrease in the bid price for Russian wheat. For the first time after several tenders, GASC bought 180,000 tons of wheat from Russia at $227 per ton FOB for delivery in late August/early September.

"The free competition among Russian suppliers was of interest. For many tenders, the Russian AgMin has been manually setting prices, often leading to limited sales. This could be a temporary measure aimed at pleasing GASC ... Alternatively, it could be a longer-term policy aimed at helping exports amid the Turkish ban," Sovecon said in a weekly note.

Turkey has imposed a ban on wheat imports from 21 June to mid-October this year to protect Turkish farmers from lower prices and other negative effects during the new harvest. The price floor has been implemented by Russia since last year in an effort to slow Russian wheat exports and cool domestic flour and bread prices.

Russia is the world's largest wheat exporter. Its exports decreased to 0.79 million tons of grain last week from 0.83 million in the previous week. Exports included 0.68 million tons of wheat, down from 0.77 million tons a week earlier, Sovecon wrote, citing port data.

Sovecon kept unchanged its wheat exports export forecast in June - a record 4.0 million tons for this month, compared to 3.6 million tons in June 2023.

Last week Sovecon cut its 2024/25 Russian wheat export forecast to 46.1 million tons from 47.8 million tons, reflecting a smaller expected crop. For the 2023/24 season, which closed at end-June, wheat exports are estimated at 52.2 million tons.

Sovecon said it expects the current year's overall grain harvest to be 127.4 million tons, well down on the previous season's 144.9 million tons.

Russia has almost completed its sowing campaign and started harvesting the new crop in the southern regions of the country.

"Russian southern regions continue to report relatively high yields. Krasnodar and Stavropol yields remain noticeably above the previous year, which is surprising, especially for the latter. Rostov yields are substantially below last year, but this aligns with our expectations", Sovecon noted.

The Ministry of Agriculture reported on June 26 that harvesting has started in 16 regions. Despite difficult weather conditions, initial results exceed last year's and 6.2 million tonnes of grain have been threshed.

As of June 21, farmers had seeded 28.5 million hectares of grains, compared to 30.5 million hectares in the same period in 2023. That included 12.6 million hectares of spring wheat, compared to 13.8 million last year, Sovecon wrote. Weather is neutral for the new crop, the agency said. The hot weather may have a negative impact on spring wheat yields in the Centre and Volga region, IKAR head Dmitry Rylko said. But the agency maintains the existing crop forecasts.

Picture of the Day

A boy swims to cool off amid high temperatures near Nahr Bin Umar oil field, in Basra, Iraq June 30. REUTERS/Mohammed Aty

(Inside Commodities is compiled by Jerin Tom Joshy in Bengaluru)

For questions or comments about this report, contact: **commodity.briefs@thomsonreuters.com**

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