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Top News - Oil

OPEC oil output rises for second month in June, Reuters survey finds

OPEC oil output rose in June for a second consecutive month, a Reuters survey found on Tuesday, as higher supply from Nigeria and Iran offset the impact of voluntary supply cuts by other members and the wider OPEC+ alliance.

The Organization of the Petroleum Exporting Countries pumped 26.70 million barrels per day (bpd) last month, up 70,000 bpd from May, according to the survey based on shipping data and information from industry sources.

The increase comes despite OPEC+, which comprises OPEC and allies such Russia, deciding last month to extend most of its output cuts until the end of 2025 to bolster the market in the face of tepid demand growth, high interest rates and rising U.S. production.

Nigeria raised output by 50,000 bpd and there were smaller increases from Iran and Algeria as oilfield maintenance was completed. The largest drop, of 50,000 bpd, was in Iraq, though the country is still exceeding its OPEC+ target.

OPEC pumped about 280,000 bpd more than the implied target for the nine members covered by supply cut agreements, with Iraq still accounting for the bulk of the excess, the survey found.

Among those not required to cut output, Iranian output reached 3.2 million bpd. That matched a rate posted in November 2023, which was the highest since 2018, according to Reuters surveys.

Iran is selling crude oil to 17 countries, Oil Minister Javad Owji was quoted as saying by the semi-official Mehr News Agency on Tuesday, indicating that some states may not be honouring U.S. sanctions that remain in place.

The Reuters survey aims to track supply to the market and is based on shipping data provided by external sources, LSEG flows data, information from companies that track flows - such as Petro-Logistics and Kpler - and information provided by sources at oil companies, OPEC and consultants.

Oil majors show interest in Galp's Namibia oil prospect, sources say

More than 12 oil companies, including Exxon, Shell and Brazil's national oil company, have expressed interest in buying a 40% stake in Galp Energia's major oil discovery offshore Namibia, sources close to the sale process said.

Galp's Mopane discovery, which is estimated to hold at least 10 billion barrels of oil and gas equivalent, could be valued at over $10 billion, according to some estimates.

In April, Galp launched the sale process for half of its 80% stake in Petroleum Exploration Licence 83 (PEL 83) as well as the right to become its operator.

Over a dozen companies including Exxon Mobil, Chevron, Shell, TotalEnergies, Brazil's Petrobras, Australia's Woodside Energy and U.S. producer Apache Energy have signed agreements to access geological data of the field, four sources said.

A number of companies also placed indicative, non-binding offers for the stake late last month, they said. The identities of the bidders and their offers were unclear.

Most firms were expected to offer an upfront cash payment to Galp and to cover the Lisbon-listed firm's share in the field's development, the sources said.

A decision on the development of the field is contingent on further exploration and appraisal work, they added.

Galp, Chevron, Shell, TotalEnergies and Apache declined to comment. Exxon, Woodside did not immediately respond to requests for comment.

Petrobras declined to comment on the bidding process but said it was "evaluating opportunities to expand oil reserves, including offshore of Africa."

Namibia's national oil and gas company Namcor, which runs the petroleum data centre on behalf of the government, declined to comment.

Namibia, which has no oil and gas production, has attracted huge interest from international energy companies in recent years following a string of discoveries by TotalEnergies, Shell and Galp.

No company has decided to go ahead yet with a field development, although TotalEnergies said it expects to make a decision by the end of the year.

The strong interest in developing a new basin highlights the sector's expectations for oil and gas demand to remain strong for years even as the world seeks to reduce its dependency on fossil fuels.

Top News - Agriculture

Brazil 2023/2024 second-corn crop forecast raised to 100.5 million T, Agroconsult says

Brazilian second-corn farmers are expected to reap 100.5 million metric tons of the cereal in the 2023/24 cycle, 9.9% less than the last season but more than initially projected by consultancy Agroconsult ahead of a field expedition.

Brazil's second corn, which is being harvested, represents about three-fourths of the total annual output and is planted after soybeans are reaped in the same fields.

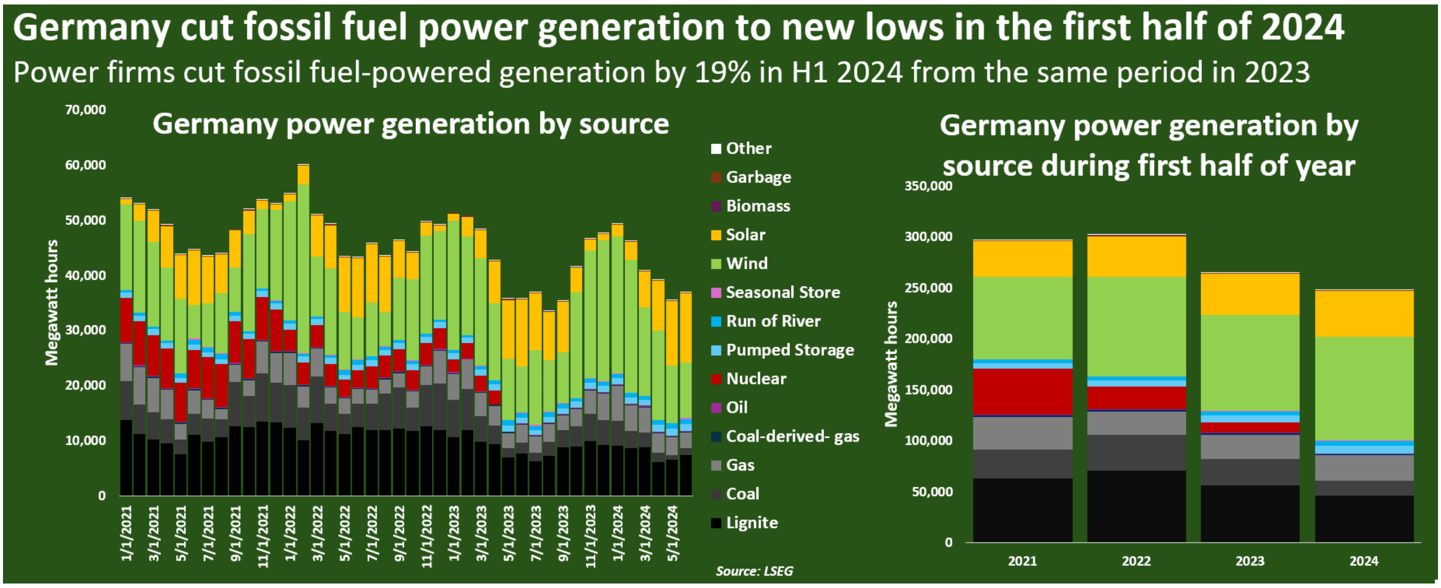
In May, before visiting farms, Agroconsult had predicted 96.7 million tons of second-corn output, 13.3% less than last year's record 111.5 million tons.

The new forecast also reflects expectations that the second corn area would be reduced less than thought earlier this year, Agroconsult said, citing a new methodology adopted for more accuracy.

The consultancy now says farmers sowed second corn on 16.3 million hectares (2.471 million acres) this season, 400,000 hectares more than the previous estimate.
Still, the new second corn area is nearly 7% smaller than the last season's as farmers planted less second corn due to low prices and climate risk, the data showed.
Next year, Agroconsult forecasts "stability or a small reduction of the first corn area," President Andre Pessoa said, citing climate risk in southern Brazil, where the La Nina weather pattern could reduce rains.
For second corn in 2025, the area is expected to stay stable or grow moderately, he said.
Agroconsult has also predicted Brazilian corn exports falling in the present cycle, reflecting weaker demand from China and competition from rival suppliers like Argentina and Ukraine.
Brazilian farmers will export an estimated 42.1 million tons in the present cycle, 23% less than in the previous year, Agroconsult said.
Brazil's second corn is mainly exported in the second half, when it also competes with U.S. supplies in global markets.
Total corn production for the season will total 126.5 million tons, Agroconsult said in its update.

India's June palm oil imports rise to 6-month high on lower prices
India's palm oil imports rose by 3% in June from the previous month to reach the highest level in six months on robust demand from refiners for upcoming festivals and as the oil traded at a discount to rival oils, five dealers told Reuters.
Higher palm oil purchases by India, the world's biggest importer of vegetable oils, could support the benchmark Malaysian palm oil futures that are trading near their highest level in more than two months.
Palm oil imports in June jumped to 788,000 metric tons, the highest since December, according to estimates from dealers.
"Buyers made purchases anticipating demand from the upcoming festival season. Additionally, palm oil was nearly $80 per ton cheaper than other oils, which made it attractive," said Sandeep Bajoria, CEO of Sunvin Group, a vegetable oil brokerage.
Palm oil imports could rise to 850,000 tons in July, Bajoria added.
Crude palm oil's (CPO) imports are offered at about $985 a metric ton, including cost, insurance and freight (CIF), in India for August delivery, while soyoil and sunflower oil are offered around $1,065 and $1,050 a ton, respectively, dealers said.
India's sunflower oil imports in June jumped 14% from a month earlier to a record 467,000 tons, dealers said.
Sunflower oil imports could have exceeded 500,000 tons in June, but a few vessels were unable to berth at the ports before the month's end, said Rajesh Patel, managing partner at edible oil trader and broker GGN Research.
Soyoil imports fell 16% in June to 273,000 tons, dealers said.
Industry body the Solvent Extractors' Association of India (SEA) is likely to publish its data on June imports by mid-July. Higher imports of palm oil and sunflower oil lifted the country's edible oil imports by 2% to 1.53 million tons, the highest in 10 months, they said.
India buys palm oil mainly from Indonesia, Malaysia and Thailand, while it imports soyoil and sunflower oil from Argentina, Brazil, Russia and Ukraine.

Chart of the Day



Top News - Metals

Freeport McMoran sees lower sales in Q2 on Indonesian permit delays
U.S. copper and gold miner Freeport McMoran on Tuesday said it expects its consolidated sales of copper and gold for the second quarter to be below its April 2024 forecast due to a delay in obtaining an export license for its Indonesian subsidiary.
The company expects copper sales to be 5% below April 2024 guidance of 975 million pounds, while gold sales would be nearly 30% below guidance of 500,000 ounces.
The Phoenix, Arizona-based miner expects a portion of its second quarter sales to be shipped in future periods.
Freeport's Indonesian subsidiary's last export permit was valid until May 31, and its new targets must be approved by the country's mining ministry.
Indonesia banned shipments of all raw minerals from June 2023 to boost investment in its metals processing industry. However, Freeport Indonesia and rival copper miner Amman Mineral Internasional were given a year-long exemption to complete the construction of their copper smelters.
Shipment delays are also expected to weigh on the unit net cash costs for the quarter, now forecast at $1.77 per pound of copper, up from the earlier estimate of $1.57.

Brazil's Vale pledges to quickly replace outgoing board members
Brazilian miner Vale on Tuesday pledged to "proceed swiftly" to replace two independent board members who have resigned in the last few months, one citing allegations of political influence in the CEO succession plan.
The departure of Vera Marie Inkster on Monday, which followed the resignation of Jose Penido in March, left Vale's board with six independent members, below the seven required by the firm's by laws.
It was not immediately clear if failure to meet the bylaw requirement could prevent the board to function normally.
The new members to be appointed will serve until the next extraordinary shareholder meeting, which will be convened later, Vale said in a securities filing. They will be selected with assistance from consultancy firm Korn Ferry.
Without Penido and Marie Inkster, Vale's board now has 11 members.
Their resignations came at an important time for the mining giant, as the board plans the succession process for the company's chief executive, Eduardo Bartolomeo, whose term ends later this year.
Inkster left after disagreements within the board in a meeting on Friday, during which the members were presented with conclusions of an independent investigation into procedures taken during the ongoing succession plan, according to a source.
On Friday, Vale had announced in a securities filing that law firm TozziniFreire had concluded Vale's governance process regarding Bartolomeo's succession did comply with the firm's bylaws.
Upon leaving the company, board member Penido sent a letter to Vale's chairman harshly criticizing the succession process, citing allegations of political influence in decisions, according to the document seen by Reuters.
Vale did not provide the reasons for Inkster's departure when it announced her resignation on Monday.

Top News - Carbon & Power

EXCLUSIVE-Constellation talking to Pennsylvania on Three Mile Island restart, sources say
Constellation Energy is in talks with the Pennsylvania governor's office and state lawmakers to help fund a possible restart of part of its Three Mile Island power facility, the site of a nuclear meltdown in the 1970s, three sources familiar with the discussions said on Tuesday.
The conversations, which two sources described as "beyond preliminary," signal that Constellation is advancing plans to revive part of the southern Pennsylvania nuclear generation site, which operated from 1974 to 2019. The nuclear unit Constellation is considering restarting is separate from the one that melted down.
No U.S. nuclear power plant has been reopened after shutting. A restart is expected to be costly, logistically challenging and met with public and political opposition over safety and environmental concerns.
Still, as the United States faces a sudden rebound in power demand from industries like technology, the virtually carbon-free electricity source has received fresh support.
The sources said that a shut Michigan nuclear plant, which was recently awarded a $1.5 billion conditional loan to restart from the administration of U.S. President Joe Biden, could serve as a private-public sector blueprint for Three Mile Island.
The sources asked not to be named due to the sensitivity of the discussions.
"Though we have determined it would be technically feasible to restart the unit, we have not made any decision on a restart as there are many economic, commercial, operational and regulatory considerations remaining," Constellation spokesperson Dave Snyder said in an email. Snyder did not comment on the specifics of discussions about reopening the Pennsylvania site.
Shares of Constellation, which is based in Baltimore, Maryland, have risen roughly 80% this year on the prospect of the company cashing in on big tech's voracious demand for carbon-free electricity to power a rapid expansion of technologies such as generative artificial intelligence.
Last month, Constellation told Reuters that it had cleared an engineering study of Three Mile Island, though it was unknown if the Baltimore, Maryland-based energy company would move forward with plans to reopen the site.
Constellation also said that given the current premium

placed on nuclear energy, acquiring other sites was generally off the table and the company would instead look to expand its existing fleet.
The Three Mile Island unit that could be restarted is different to the site's unit 2, which experienced a partial meltdown in 1979 in the most famous commercial nuclear accident in U.S. history.

TotalEnergies to exit gas field offshore South Africa in blow to country
French oil major TotalEnergies has notified South Africa's petroleum regulator that it intends to withdraw from its 11B/12B offshore gas field but has yet to submit a formal request to do so, a source at Petroleum Agency SA said.
TotalEnergies discovered the first of two large mainly gas finds in Block 11B/12B offshore the southern coast in 2019, and the withdrawal is a setback for South Africa which was banking on the gas potentially supplying an idle national gas-to-liquid refinery at Mossel Bay.
Talks over the gas price have stalled for years, while TotalEnergies has invested heavily to explore neighbouring Namibia, a global exploration hotspot since TotalEnergies, Shell and Galp hit new finds.
"The main reason (for the withdrawal) is the inability to secure a market for the gas," the source told Reuters on Tuesday. "They have not withdrawn their production right application (to 11B/12B)," added the source, who was not authorised to speak to the media.
TotalEnergies did not respond immediately to a request for comment.
Bloomberg reported the news earlier on Tuesday.
TotalEnergies partnered with QatarEnergy in March to buy a stake in a licence seeking oil and gas on the west coast of South Africa as part of plans to develop the Orange Basin in Namibia.
The prolific Orange Basin, where most of Namibia's petroleum finds have been made, extends southwards into South African waters.

Top News - Dry Freight

South Korea’s NOFI buys up to 60,000 T soymeal, traders say
Leading South Korean animal feed maker Nonghyup Feed Inc. (NOFI) purchased up to 60,000 metric tons of soymeal on Tuesday, European traders said.
If sourced from the United States or South America then 60,000 tons should be supplied or 50,000 tons if sourced from China, they said.
It was bought at an estimated outright price of $434.93 a ton c&f including a surcharge for additional port unloading.
Seller was believed to be trading house Cofco.
The soymeal was for arrival in South Korea around Dec. 20.
Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.

MARKET MONITOR as of 06:40 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$83.19 / bbl	0.46%	16.11%
NYMEX RBOB Gasoline	$2.54 / gallon	0.07%	20.46%
ICE Gas Oil	$806.50 / tonne	-0.62%	7.43%
NYMEX Natural Gas	$2.44 / mmBtu	0.21%	-2.94%
Spot Gold	$2,334.80 / ounce	0.24%	13.20%
TRPC coal API 2 / Dec, 24	$112.5 / tonne	-0.22%	15.98%
Carbon ECX EUA	€71.29 / tonne	0.88%	-11.30%
Dutch gas day-ahead (Pre. close)	€33.25 / Mwh	0.76%	4.40%
CBOT Corn	$4.08 / bushel	-0.06%	-15.75%
CBOT Wheat	$5.86 / bushel	0.90%	-8.33%
Malaysia Palm Oil (3M)	RM4,058 / tonne	-0.76%	9.06%
Index	**Close 02 Jul**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	343.21	0.28%	13.87%
Rogers International	29.08	0.31%	10.45%
U.S. Stocks - Dow	39,331.85	0.41%	4.36%
U.S. Dollar Index	105.79	0.06%	4.40%
U.S. Bond Index (DJ)	423.97	0.41%	-1.57%

Jordan made no purchase in tender for 120,000 T wheat, traders say

Jordan's state grain buyer is believed to have made no purchase in an international tender to buy 120,000 metric tons of milling wheat which closed on Tuesday, European traders said.

Offers were regarded as too high. Participants were believed to be Cargill, CHS, Viterra, Al Dahra, Ameropa and Buildcom, they said.

A new tender is expected to be issued in coming days closing on July 9, they said. The new tender is expected to seek the same shipment periods between Aug. 16-31, Sept. 1-15 and Sept. 16-30.

Picture of the Day

Agricultural workers operate combines during wheat harvesting in a field, amid Russia's attack on Ukraine, in Zaporizhzhia region, Ukraine June 29, 2024. REUTERS/Stringer

(Inside Commodities is compiled by Mohammed Nihaal T S in Bengaluru)

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

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