Oil | Agriculture | Metals | Carbon & Power | Dry Freight
Click on headers to go to that section

Top News - Oil

EXCLUSIVE-Rosneft, Lukoil to cut oil exports from Black Sea's Novo, sources say

Russia's oil producers Rosneft and Lukoil will sharply cut oil exports from the Black Sea port of Novorossiisk in July, two sources familiar with a loading plan said, as the companies resumed operations at their refineries.
Combined Novorossiisk oil loadings by Rosneft and Lukoil in July will fall by some 220,000 barrels per day (bpd) compared to last month, Reuters calculations based on market data showed.
Last week Russian government decided to continue with unrestricted gasoline exports in July, extending the waiver for a partial ban on overseas fuel sales, as Russia's domestic oil plants produce enough oil products to meet peak seasonal demand despite a spate of Ukrainian drone attacks on refineries.
Rosneft oil exports from Novorossiisk are set to fall to 0.62 million metric tons in July from 1.06 million tons in June, while its Tuapse refinery is set to resume crude runs this month.
Lukoil's exports from the port will fall to 0.19 million tons in July from 0.58 million tons last month, sources said.
Lukoil restarted a key piece of equipment for oil processing, the CDU-6 crude distillation unit, at its NORSI refinery, Russia's fourth-largest, following a drone attack in March. Rosneft and Lukoil did not reply to Reuters requests for comments.
Novorossiisk total oil loadings in July were set at 1.8 million tons, down from 2.9 million tons in June. Russia's overall oil exports and transit from its western ports in July are expected to decline from June amid higher refinery runs and Moscow's pledge to stick to OPEC+ output cuts.

Saudi Arabia cuts August Arab Light crude price to Asia

Top oil exporter Saudi Arabia has cut the price for the flagship Arab light crude it sells to Asia in August to $1.80 a barrel above the Oman/Dubai average, Saudi Aramco said in a statement on Thursday.
That is down 60 cents from the July price of Oman/Dubai plus $2.40 a barrel. The drop is broadly in line with expectations, as sources at Asian refineries had said the price may fall by 60 cents to 80 cents.
The price reduction for Asia, which accounts for about 80% of Saudi's oil exports, underscores the pressure faced by OPEC producers as non-OPEC supply continues to grow while the global economy faces headwinds.
Aramco sets its crude prices based on recommendations from customers and after calculating the change in the value of its oil over the past month, based on yields and product prices.
Saudi crude OSPs set the trend for Iranian, Kuwaiti and Iraqi prices, affecting about 9 million barrels per day (bpd) of crude bound for Asia.

Top News - Agriculture

Argentina's soybean harvest ends at five-year record

The Argentine 2023/24 soybean season ended with a final harvest of 50.5 million tons, the highest volume recorded in the last five years, the Buenos Aires Grain Exchange said on Thursday, even after a severe summer heat wave dried crops.
The exchange had initially anticipated a crop of 52.5 million tons.
"The soybean harvest is considered finished," the exchange said in a weekly report, adding that the average yield hit 29.9 quintals (2.99 tons) per hectare, representing the second-highest level in the last five seasons.
According to official data, Argentine farmers sold 44.3% of their grain production as of June 26. The government estimates the season's soybean harvest at 49.7 million tons. The South American country is a top exporter of soybean oil and meal. Regarding corn, the exchange said farmers have now harvested some 62.9% of the planted area and that it expects the season to yield some 46.5 million tons. In recent days, it added, the core agricultural province of Cordoba has recorded higher yields than expected.
Farmers have meanwhile sown 85.3% of the 6.3 million hectares forecast for the 2024/25 wheat season, the report added.

Tunisia offers bilateral grain purchase deal to Russia, Agroexport says

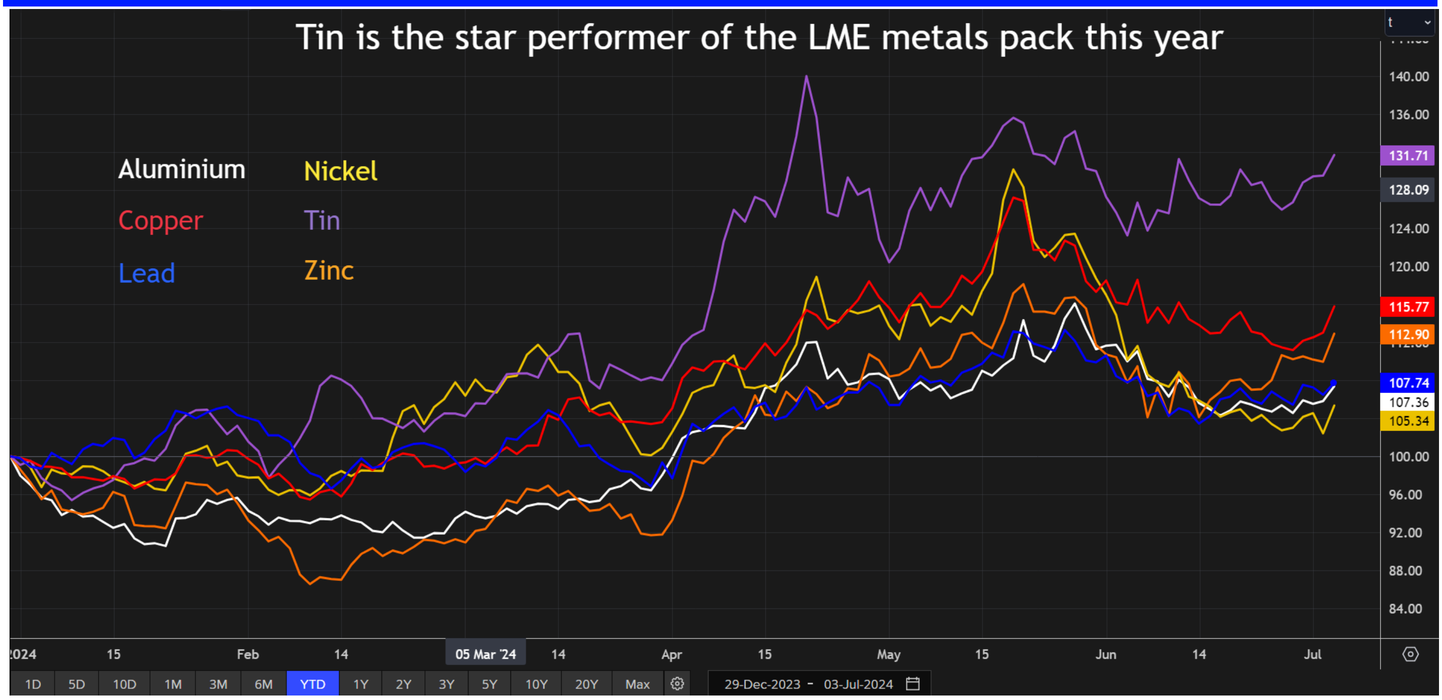
Tunisia has offered Russia a bilateral grain purchase agreement with a fixed price range and volume, Russian state agricultural export agency Agroexport said.
Agroexport stated that the proposal was made during a meeting between Russian exporters and Salwa Benhadid

Zouari, the head of Tunisia's state agency, the Office des Céréales.
Tunisian officials and importers expressed interest in expanding purchases of hard and soft wheat, barley, corn, oats, legumes, as well as vegetable oils and meal from Russia, Agroexport said.
Tunisia usually buys grains through state tenders but long-term over-the-counter sales may help to ensure supply stability.
Tunisia meets about 70% of its total grain needs through domestic production, but its harvest varies from year to year due to weather factors, Agroexport said, citing Tunisia's Office des Cereals.
In 2023, Russia supplied 39% of Tunisia's wheat imports.
At the end of the 2023/24 season, 22.6% of Russian grain exports went to North African countries, with 1.1 million tons delivered to Tunisia alone, three times more than in the previous season, Agroexport said, quoting Eduard Zernin, head of the Rusgrain Union.
Agroexport quoted Zernin saying that in addition to wheat, corn, and barley, there are prospects for the development of shipments to Tunisia of legumes, including yellow peas, the production of which is actively growing in Russia.

Top News - Metals

Canada approves Glencore takeover of Teck coal unit, with conditions
The Canadian government has approved Glencore's $6.93 billion acquisition of miner Teck Resources' steelmaking coal unit with strict conditions to preserve jobs, the country's industry minister said on Thursday.
To secure the approval, Glencore has agreed to maintain Canadian headquarters for Elk Valley Resources (EVR) for at least 10 years, ensure a majority of the directors of EVR are Canadians, and maintain significant employment levels at EVR for no less than five years, the ministry said.
"Today I approved under strict conditions a much narrower transaction whereby Glencore will acquire Teck Resources metallurgical coal business," Industry Minister Francois-Philippe Champagne said in a statement.
He flagged that going forward Canada will set a high bar on net-benefit reviews when assessing mergers and acquisitions of important Canadian companies in the critical minerals space.
"Henceforth, such transactions will only be found of net benefit in the most exceptional of circumstances," Champagne said. Glencore and Teck did not immediately respond to email queries from Reuters.
In November, a Glencore-led consortium sealed one of the mining sector's biggest deals, agreeing to acquire Teck Resources steelmaking coal unit for $9 billion.
Swiss miner Glencore will get 77% of the business in a $6.9 billion cash deal, while 20% will go to Japan's Nippon Steel, which already holds a 2.5% stake.
South Korea's POSCO will swap a stake in two of Teck's coal operations for 3% in the steelmaking coal business Elk Valley Resources.

Chart of the Day



BHP cuts employee incentives after missing its performance goals, AFR reports

BHP Group has notified tens of thousands of its workers across the globe that it was cutting their incentive pay after the miner failed to meet its performance goals, the Australian Financial Review reported on Thursday.

The world's largest listed miner will only pay 80% of short-term incentives that were on offer in 2023-24, the AFR reported, citing BHP's employees.

"The docking of incentives has upset some BHP employees who contacted the Australian Financial Review pointing to hiring freezes in some divisions that impacted the ability to hit targets and what they see as unrealistic internal goals," the report said.

These incentives apply to all of BHP's workers and can add up to about 15% of their salaries, according to the report.

The company's leadership cited misses on cost and production targets across some of its divisions, as well as the death of a worker at its Saraji coal mine in Queensland in January as the reason behind the incentive cuts, the AFR reported.

Moreover, workers at BHP's Queensland coal division will receive only 70% of their incentives, the report added, following two production forecast downgrades and the fatality. This incentive cut comes at a time when Australia's Mining and Energy Union has filed for "same job same pay" orders covering labour-hire workers at BHP's Queensland coal mines, which, if successful, would further weigh on its expenses.

The miner reported in February that its first-half profit was hit by an impairment charge worth $2.5 billion related to its Western Australia nickel business. It also said some global corporate teams were being disbanded in an effort to cut costs.

The company has also failed to meet its target of 3% year-on-year growth in the number of female employees to meet its goal of gender balance by 2025, according to the AFR.

However, BHP said in February it became the first miner in Chile to cross 40% female representation, more than doubling the national industry average.

BHP did not immediately respond to a Reuters request for comment.

Top News - Carbon & Power

Australian regulator warns east coast to face gas shortage by 2027

Australia's east coast could face gas shortages from 2027, a year earlier than initially forecast, the country's competition regulator said on Friday, as it called for an urgent need to develop new sources of production and supply.

The Australian Competition and Consumer Commission (ACCC) said in an interim update that the warning reflects potential lower supply due to delays in approvals for new projects.

The ACCC warning came in two weeks after Australia's energy market operator said the east was facing an immediate gas shortage following a cold snap that drove up demand for heating. Meanwhile, supply dipped due to an extended outage at the region's main gas plant.

Australia produces more gas than it needs to meet its domestic demands, but most supply is contracted for export.

The decision to extend the closure of Origin Energy's Eraring coal-fired power plant, the country's largest, by two years until 2027 improved the energy outlook but it did not change "the fundamental trajectory of supply," the ACCC report said.

The southern states may have to rely on gas from Queensland state, where Shell, Origin Energy and Santos operate gas fields, unless new sources of supply are made available and demand remains the same. But from 2029, Queensland will also require new sources of supply, the regulator said. Australia considers gas a critical element in its transition to cleaner energy as the country moves rapidly away from its dependence on coal-fired power stations. The Labor government in May backed long-term gas drilling despite its plans to reach net-zero carbon emissions by 2050.

Governments should not ignore ACCC's warning and must fast-track new gas projects to prevent any shortfall, Australian Energy Producers Chief Executive Samantha McCulloch said.

"Without immediate government action to address the looming gas supply crisis, millions of Australians face higher energy prices and the real risk of blackouts," McCulloch said.

Germany could import up to 100 TWh of green hydrogen via pipelines by 2035, study shows

Germany could cover up to 100 terawatt-hours (TWh) of its annual energy needs with imports of green hydrogen via pipelines from neighbouring countries by the mid-2030s, covering a significant share of its projected demand, a study showed on Thursday.

Berlin is seeking to expand the use of hydrogen as an energy source to cut greenhouse emissions for highly polluting industrial sectors that cannot be electrified, such as steel and chemicals, and cut dependency on imported fossil fuel.

Produced using solar and wind power, green hydrogen is a pillar of Germany's planned energy transition, The study

by Berlin-based Agora Energiewende and Agora Industry think tanks said that by 2035 hydrogen could cover 11.2% of the country's projected 894 TWh total energy demand. But Germany will need to import around 50% to 70% of its hydrogen due to its limited renewable energy resources.
Currently, Germany uses around 55-60 TWh of hydrogen per year but it is produced almost exclusively from fossil fuels, data by the economy ministry showed.
The study said that by 2030 Germany could produce 11 TWh of hydrogen and import about 17 TWh of green and some 15 TWh of blue hydrogen, produced from natural gas, via pipelines. That would cover less than half of Germany's total hydrogen demand projected to reach 95 TWh to 130 TWh by the end of the decade.
However, by leveraging existing natural gas infrastructure in Europe, Germany could boost pipeline imports to between 60 TWh and 100 TWh by 2035, the study said.
"To achieve climate neutrality, Germany needs a secure and cost-effective supply of renewable hydrogen. Pipeline imports from Europe play a crucial role in this," Simon Mueller, Agora Energiewende director, said in statement.
To reach this imports potential, Germany will need a financing model and will have to move quickly with agreements on cost-sharing among involved countries, Mueller said.
"This is the only way the equired quantities of green hydrogen can be delivered in the first half of the next decade," he said.
Hydrogen producers and pipeline operators will also need assurances about future hydrogen demand from Germany, Mueller added.
The study examined five potential hydrogen pipeline corridors to Germany, considering factors such as production potential, political support, and technical complexity.
Promising corridors include imports from Denmark and Norway via the North Sea, and potentially from Sweden and Finland via the Baltic Sea in a later stage due to the distance and technical complexity, it added.
In the long term, pipelines from Southern Europe and North Africa, especially Spain and Tunisia, can play a significant role, in addition to possible imports from the United Kingdom, Portugal, Algeria, Greece, and Ukraine.

MARKET MONITOR as of 07:00 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$83.72 / bbl	-0.19%	16.85%
NYMEX RBOB Gasoline	$2.54 / gallon	-0.83%	20.63%
ICE Gas Oil	$798.00 / tonne	-0.56%	6.29%
NYMEX Natural Gas	$2.36 / mmBtu	-2.32%	-6.05%
Spot Gold	$2,363.27 / ounce	0.30%	14.58%
TRPC coal API 2 / Dec, 24	$116.88 / tonne	3.89%	20.49%
Carbon ECX EUA	€70.62 / tonne	0.78%	-12.13%
Dutch gas day-ahead (Pre. close)	€32.95 / Mwh	1.70%	3.45%
CBOT Corn	-	-	-
CBOT Wheat	-	-	-
Malaysia Palm Oil (3M)	RM4,054 / tonne	-0.32%	8.95%
Index	**Close 04 Jul**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	-	-	-
Rogers International	29.03	0.17%	10.26%
U.S. Stocks - Dow	-	-	-
U.S. Dollar Index	105.02	-0.10%	3.64%
U.S. Bond Index (DJ)	-	-	-

Top News - Dry Freight

Tunisia buys 100,000 T soft wheat, 50,000 T durum, traders say

Tunisia's state grains agency is believed to have purchased about 100,000 metric tons of soft wheat and about 50,000 tons of durum in an international tender for the same volume on Thursday, European traders said.

Traders said the wheat was bought in four 25,000 ton consignments. Trading house Buildcom was believed to have sold two consignments both at $244.77 per ton cost and freight (c&f) included, Viterra sold one consignment at $247.94 a ton c&f and Promising International one at $248.50 a ton c&f.

Traders said the durum was bought in two 25,000 ton consignments, both from trading house Casillo at $329.67 and $331.49 a ton c&f.

Wheat shipment was sought between July 25 and Aug. 30, depending on origin selected for supply, they said.

Durum shipment was between July 25 and Sept. 15, also depending on origins supplied.

Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.

Ukrainian ports cargo shipments up 68% in Jan-June, lawmaker says

Cargo shipments at Ukraine's Black Sea and Danube ports were 68% higher in January to June than in the same period of last year, a senior lawmaker said on Thursday.

Six functioning ports processed 52.7 million tons of cargo compared with 31.3 million tons last year, Danylo Hetmantsev, head of the parliamentary finance committee, said on the Telegram messenger.

More than 63% of total shipments constitute agricultural products, he said.

In the first half of 2023, shipments were carried out under the wartime food export deal brokered by the United Nations.

After Moscow pulled out of the deal in July 2023, Kyiv managed to establish an alternative shipping corridor.

Hetmantsev said the deal had only envisaged agricultural exports from three Black Sea ports. This year, he said, 36% of total shipments accounted for other goods, including from the metals and mining industry.

Ukraine's economy is export-led and access to external markets is key to supporting a recovery after gross domestic product fell by about a third in the first year of the full-scale Russian invasion.

GDP is expected to grow by about 3% this year after a 5.3% rise in 2023.

Picture of the Day

People buy vegetables at a market in downtown Havana, Cuba, July 3. 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**

To subscribe to Inside Commodities newsletter, **click here**.

LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

Please visit: **LSEG** for more information

Privacy statement