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Top News - Oil

Largest Texas ports close as Hurricane Beryl nears

The largest ports in Texas closed operations and vessel traffic on Sunday as Hurricane Beryl intensified as it approached the Texas coast near Houston.

Beryl, which left a trail of destruction this week in the Caribbean, killing at least 11 people, was now a category 1 hurricane and may strengthen into a category 2 by landfall on Monday, the U.S. National Hurricane Center (NHC) said.

The ports of Corpus Christi, Houston, Galveston, Freeport and Texas City said they closed after condition "Zulu" was set by Coast Guard captains on Sunday. All vessel movement and cargo operations are restricted as gale force winds are expected within 12 hours.

Corpus Christi, about 200 miles (322 km) from Houston, is the top crude oil export hub in the United States. Texas City, and Freeport also are major oil and refined products shipping hubs on the U.S. Gulf Coast.

Port closures could bring a temporary halt to crude exports, oil shipments to refineries, and motor fuels from those plants.

The 52-mile (83 kms) Houston ship channel, which on Sunday operated under transit restrictions before halting all traffic, allows access to 8 public facilities and some 200 private terminals.

The NHC in its 11 p.m. CDT (0400 GMT) advisory said reports from an Air Force Reserve Hurricane Hunter aircraft indicate that Beryl's maximum sustained winds have increased to near 75 mph (120 kmh).

Additional strengthening is expected before landfall on the Texas coast, the NHC said on late Sunday.

Almost 14,000 customers in Texas had lost electricity on Sunday evening, according to PowerOutage.us. Power provider Centerpoint Energy said it was monitoring the storm and making preparations.

Acting Texas Governor Dan Patrick urged people who were on vacation in coastal areas to leave before the storm arrival.

"It's a serious storm and you must take it seriously and be prepared," he said in a meeting with officials in Austin.

PREPARED

Energy infrastructure company Kinder Morgan said on Sunday it shut its West Clear Lake and Dayton natural gas storage facilities, and its Texas City natural gas processing facility ahead of the storm.

"We expect this to have minimal impact on our pipeline operations," it said. All the company's other facilities in the

storm's path remain operational.

Some energy facilities in Texas had to shut or slow down operations because of wind storms linked to Beryl.

Freeport LNG's liquefaction trains 1, 2 and 3 and a pre-treatment facility were proactively shutdown due to impacts associated with Beryl. Plant operators later restarted them "as efficiently as possible to minimize flaring," according to a filing with The Texas Commission on Environmental Quality.

Freeport said on Sunday that it had ramped down production at its liquefaction facility and intends to resume operations once it is safe to do so after the weather event.

Liquefied natural gas producer Cheniere Energy said on Sunday its Corpus Christi facility was operating without interruptions, but all nonessential personnel were released.

"Our Gulf Coast assets have robust and proven severe-weather preparedness," it said in a release.

Chemical maker Chemours Co, which has a production facility near Corpus Christi, said on Sunday it escalated its hurricane preparedness plans "to include planning for safe and adequate staffing during and after the storm and securing equipment and assets, should the storm make landfall near our site."

Enbridge Inc, which operates large crude export facilities near Corpus Christi, said all U.S. Gulf assets were operational, adding that they had activated emergency plans. Gibson Energy, which also operates an export facility in the area, said on Sunday all Gateway and Houston based employees were safe, and facilities and docks were secured after the port of Corpus Christi closure. Citgo Petroleum Corp was cutting production at its 165,000 barrel-per-day Corpus Christi refinery on Saturday, sources said. The refiner plans to keep the plant in operation at minimum during Beryl's passage. Some oil producers, including and, had also shut in production or evacuated personnel from their Gulf of Mexico offshore platforms.

North Sea oil producers urge Labour's Starmer for tax clarity

North Sea oil and gas producers urged Britain's incoming Prime Minister Keir Starmer to provide clarity on his election promise to increase tax on the sector, warning it could lead to a rapid decline in output and revenue.

Starmer's Labour Party swept to power in a parliamentary

The average protein content - a key quality requirement - in this year's soft wheat crop was pegged at 11.6%, stable versus 2023.

The crop year was marked by regular and continuous rains from sowing until harvest, amounting to +40% on average in France compared to the last 20 years, by strong pressure from weeds and diseases, and low sunshine in a large part of the territory

"We are paying a heavy price for the torrential rains of the last eight months. It is undeniably a year from which we will have difficulty recovering if nothing is done to strengthen our resilience at all levels," Eric Thirouin, head of French wheat growers group AGPB, said after the data release.

Despite a low expected crop, Intercereales Chairman Jean-François Loiseau said hefty stocks from the previous season should allow the French cereal industry to supply both the French and foreign markets. French soft wheat stocks in the 2023/24 season that ended on June 30 are estimated at a 19-year high, more than 50% above the previous year, due to a large harvest, lower demand from starch makers and competition from Black Sea origins within the EU.

Philippines wants to boost rice cooperation with Vietnam to ensure food security

The Philippines wants to boost cooperation on rice with Vietnam to ensure its food security, Philippine Agriculture Secretary Francisco Tiu Laurel said during a visit to Vietnam over the weekend.

Laurel visited Vietnam's Mekong Delta province of An Giang, one of the key rice-producing areas of the Southeast Asian country, the province's People's Committee said in a statement on Monday. Vietnam is the world's third-largest exporter of rice, and the Philippines has been its largest buyer in recent years. Vietnam's exports to the Philippines accounted for 45.4% of its total rice shipments in the first five months of this year.

"The Philippines population grows 1.5% annually, driving up its demand for rice, while domestic supplies haven't been able to match, and therefore (it) has to increase imports," Laurel said at a meeting with Vietnamese authorities during the visit, according to the statement. Laurel also said he wanted Vietnamese rice companies to consider investing in the Philippines, the statement said. Vietnam and the Philippines sealed agreements covering rice trade and agriculture cooperation during a state visit to Hanoi by President Ferdinand Marcos Jr. in January. To manage inflation pressures, the Philippines has recently lowered its tariff on rice to 15% from 35%.

Top News - Metals

Panic short-covering ignites Comex copper as shipments fail to arrive

Comex copper futures surged on Friday as some players bought back bearish, or short, positions to reduce their exposure due to expected shipments of copper failing to arrive in the United States, traders and analysts said.

A frenzied rally based on speculative buying sent copper futures on both Comex and the London Metal Exchange (LME) to record peaks in May, partly due to a short squeeze on Comex.

Since then copper prices have slid, partly due to expectations that shipments of material would arrive in the United States allowing the cover of exposed short positions. Short positions can be bets on lower prices or producers hedging their output. A short squeeze occurs when parties holding such positions are forced to buy them back at a loss or deliver physical copper to close them out.

"Some participants cannot stomach the volatility and there is certainly some panic covering to avoid the moves we saw last time around," a trader said.

"But if anything the situation could potentially be more volatile due to the lack of usual participants."

The Comex buying has led to a wide spread or arbitrage between prices on the two exchanges, with the Comex premium doubling to more than \$300 a metric ton over the past two days.

August futures on Comex Friday climbed to a five-week high of \$4.6965 a pound or \$10,354 a metric ton and was up 2.5% at 1500 GMT. The market hit a record of \$5.1015 a pound on May 21.

That compares to an intraday peak of LME three month copper of \$10,000 and a gain of 0.7%.

"Inventory that was supposed to come to the U.S. clearly hasn't arrived," said Dan Smith, head of research at Amalgamated Metal Trading.

It was unclear what was causing the delay in shipments to the United States.

The lack of shipments is evident in copper inventories in CME warehouses, which have tumbled 71% since late March to 8,947 tons, the lowest since 2008, data shows.

"People have already been burned on this once, so they're much more cautious now, but we're all a bit nervous it's going to blow out again," Smith added.

During the May short squeeze commodity traders Trafigura and IXM were looking to buy physical copper to deliver against large short positions, but it was unclear which participants were covering positions at the moment. Comex is owned by the CME Group while the LME is owned by owned by Hong Kong Exchanges and Clearing Ltd.

MMG halts zinc concentrate output at Dugald River mine

China's MMG Ltd has halted operations at a mill at its Dugald River zinc mine in Australia for about two months of repair work, it said on Friday.

Concentrate output has stopped, but mine operations will continue and it will build up ore stockpiles, MMG told Reuters in an email.

"Dugald River's SAG Mill is currently undergoing unscheduled maintenance," MMG said. "At this stage we are assessing the duration of likely repairs. However, we expect that production of concentrate will resume mid-August."

The Dugald River mine in Queensland is one of the

world's 10 biggest zinc mines and produced 44,760 metric tons of zinc in concentrate in the first quarter of 2024, MMG's website says.
The zinc concentrates market is already tight and the

Dugald closure is expected to create further shortages, one trader said.
MMG said the mill stoppage was expected to have minimal impact on overall 2024 production.

Top News - Carbon & Power

ADNOC's Ruwais LNG to earmark 40% stake to Shell, Total, BP, Mitsui, sources say

Abu Dhabi National Oil Company (ADNOC) has earmarked a 40% stake in its Ruwais liquefied natural gas (LNG) project to four energy majors Shell, TotalEnergies, BP, and Japan's Mitsui, sources told Reuters.

The four companies are expected to get a stake of 10% each in the project which will more than double UAE's output of the sea-borne fuel and is expected to produce about 9.6 million metric tons per annum (mtpa) by late 2028, the sources said.

One source said ADNOC plans to assign another 5% stake to another partner, without giving details.

ADNOC has also allocated 2 mtpa to shareholders, another source said, speaking like others on condition of anonymity Due to sensitivity of the talks.

The companies are expected to get the offtake at a lower price compared to the market, but with less flexibility, the source said.

ADNOC, Shell and BP and TotalEnergies declined to comment. Mitsui did not immediately respond to request for comment.

The project, which has received final investment decision for in June, is expected to be key for Shell and TotalEnergie's Middle East-Asia LNG trade.

The state oil giant has big ambitions in gas and LNG, which along with renewable energy and petrochemicals it sees as pillars for its future growth. It currently produces around 6 mtpa of LNG and aims to lift its capacity to 15 mtpa. As demand for natural gas spiked following Russia's invasion of Ukraine, several Gulf countries have looked to capitalise. Qatar this year announced a further expansion of its North Field project that will cement it as one of the world's top LNG exporters.

ADNOC has already signed supply deals with Germany's and Securing Energy for Europe (SEFE), as well as China's ENN Natural Gas.

The project is expected to be the region's first LNG export facility to run on clean power.

Hydropower recovery, higher prices set to cap China summer LNG demand

China's liquefied natural gas (LNG) use over the peak demand summer months is likely to be capped by increased hydropower generation in the country's south

MARKET MONITOR as of 06:47 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$82.80 / bbl	-0.43%	15.56%
NYMEX RBOB Gasoline	\$2.51 / gallon	-0.33%	19.39%
ICE Gas Oil	\$792.00 / tonne	-1.92%	5.49%
NYMEX Natural Gas	\$2.33 / mmBtu	0.56%	-7.24%
Spot Gold	\$2,381.83 / ounce	-0.40%	15.48%
TRPC coal API 2 / Dec, 24	\$115.75 / tonne	-0.97%	19.33%
Carbon ECX EUA	€71.04 / tonne	0.97%	-11.61%
Dutch gas day-ahead (Pre. close	€32.73 / Mwh	-0.67%	2.76%
CBOT Corn	\$4.08 / bushel	-0.61%	-15.70%
CBOT Wheat	\$5.85 / bushel	-1.02%	-99.09%
Malaysia Palm Oil (3M)	-	-	-
Index	Last	Change	YTD
Thomson Reuters/Jefferies CRB	344.63	-0.17%	14.34%
Rogers International	29.12	0.33%	10.62%
U.S. Stocks - Dow	39,375.87	0.17%	4.47%
U.S. Dollar Index	104.92	0.04%	3.54%
U.S. Bond Index (DJ)	428.87	0.44%	-0.43%

and as rising spot LNG prices prompt cost-sensitive consumers to turn to coal, analysts say. The world's biggest importer of the fuel in June saw heavy rains in the south and heatwaves in the north and east.

Any heatwaves will drive up electricity demand, but China's ability to switch to other power-generating resources could limit LNG imports and help to cap price gains across Asia.

"In recent weeks, it seems that hydro has been performing better than last year so that probably will limit the upside for LNG demand in Guangdong province," Miaoru Huang, a research director at consultancy Wood Mackenzie, said.

Compared with a year ago, in May China's hydropower generation was 38.6% higher and had increased by 14.9% since the start of the year, Citi analysts said in a note, although that was from a reduced level. Hydropower generation fell sharply last year because of a drought. In contrast, thermal power contracted by 4.3% in May, posting just a 3.6% rise in the first five months despite overall power generation rising 5.5%, they added.

"The rainy season in the main hydropower catchment regions in Southern China starts in May and needs to be tracked for signs for higher-than-normal thermal power generation in 2H'24," Citi analysts said.

A high chance of average temperatures from late June through August will reduce the likelihood of higher cooling

demand. In addition, reduced industrial activity, rising spot prices and a ramp-up of domestic gas production will put downward pressure on LNG imports in coming months, said Xu Fei, senior analyst at consultancy ICIS. State planners' data shows high coal inventories at coal-fired power plants, reducing the need for gas-fired generation, Xu added.

Asia spot LNG prices slid to a near three-year low in February, but have since gained 50% to \$12.50 per million British thermal units (mmBtu) as heatwaves across the region spur demand.

"If prices stay at this elevated level, we think that the east coast of China will probably rely more on coal-fired power to meet any shortfall for summer electricity peak demand," WoodMac's Huang said, adding that LNG spot prices of \$8-9/mmBtu would be more attractive for Chinese importers.

While China continued to add terminals and LNG storage tanks, boosting imports of the super-chilled fuel in the first half, Huang expects higher spot prices to slow growth in the second half.

The country's LNG import capacity is expected to rise by 35 million metric tons this year to 172 million tons, she said, adding that imports could rise to 79 million tons this year and 86 million tons in 2025.

This compares with China's record imports of 78.9 million tons in 2021, and 71.2 million tons last year, according to customs data.

Top News - Dry Freight

Algeria tenders to buy soft wheat for shipment to 2 ports only, traders say

Algeria's state grains agency OAIC has issued an international tender to buy soft milling wheat for shipment to two ports only, European traders said on Sunday. The tender sought a nominal 50,000 metric tons but the shipment to two ports generally indicates a small purchase is planned, traders said.

The deadline for submission of price offers in the tender is Tuesday, July 9, with offers having to remain valid until Wednesday, July 10.

The wheat is sought for shipment in several periods from the main supply regions including Europe: Sept. 1-15, Sept. 16-30, Oct. 1-15 and Oct. 16-31. If sourced from South America or Australia, shipment is one month earlier.

The wheat should be unloaded in the ports of Mostaganem and/or Tenes. Algeria is a vital customer for wheat from the European Union, especially France.

Ukraine's 2024/25 grain exports reach 718,000 T, ministry says

Ukraine's grain exports in the 2024/25 marketing season rose to 718,000 metric tons by July 5, against 276,000 tons a year earlier, agriculture ministry data showed on Friday.

Overall exports included 245,000 tons of wheat, 468,000 tons of corn and 3,000 tons of barley.

The ministry has said that the 2024 combined grain and oilseed crop could fall to 77 million tons, including 56 million tons of grain.

Picture of the Day

A woman walks in a lavender field under the sun in Valensole, South of France, July 3, 2024. REUTERS/Manon Cruz

(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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