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Top News - Oil

Russia ships surplus diesel to storage in Singapore and Africa

Russia has sent ultra-low sulphur diesel from its ports for storage in the regional hub of Singapore and in West Africa, traders and shipping data show, as ample supply has slowed demand.

Since the full EU embargo on importing Russian oil products took effect in February 2023, Russia has diverted its diesel exports from Europe to Brazil, Turkey, and various parts of Africa and Asia.

According to shipping data from Vortexa and Kpler, the Aether loaded about 100,000 metric tons of diesel in May in the Russian Baltic port of Primorsk and reached Singapore last week, where it is discharging at the Universal terminal.

Two other vessels - the Advantage Portofino and the Minerva Aries - were loaded in June in the Baltic ports of Primorsk and Saint Petersburg with 167,000-169,000 tons of diesel in total. They are heading to Singapore or Malaysia.

The Advantage Portofino chose the long route around Africa instead of the Suez Canal, LSEG data shows.

Another vessel - the Advantage Life loaded about 93,000 tons of diesel in Primorsk in July, and is also bound for Singapore, the data showed.

Singapore is the oil products storage hub for southeast Asia and the volumes from Russia would probably be distributed throughout the region following a lack of demand in some markets west of Suez, traders said.

Reuters spoke to five traders, who spoke on condition of anonymity.

They cited lower demand in Turkey, after its purchases of Urals crude increased to a record in May.

A lack of demand in west of Suez markets probably also encouraged the flow from Russia to Asia, one Singapore-based source said.

Russia increased diesel supplies to Togo in West Africa to about 270,000 tons in June from 40,000 tons in May.

About 66,000 tons have already been loaded onto the VLCC the Monaco Loyalty, which is being used for regional storage off Togo, LSEG data shows.

Demand for the stored diesel could increase in August when Indian refineries begin their maintenance season. Togo typically imports from India 140,000-300,000 tons of ultra-low sulphur diesel per month, LSEG shows.

Yemen's Houthis target three vessels, including oil tanker, in Red, Mediterranean seas

Yemen's Houthis targeted three vessels, including an oil tanker, in the Red and Mediterranean seas with ballistic missiles, drones and booby-trapped boats, they said on Monday.

Houthi military spokesperson Yahya Saree said the latest Houthi military operations were a response to the Israeli airstrike on the southern Gaza Strip city of Khan Younis on Saturday, an attack that killed at least 90 Palestinians and wounded 300 other s, according to the Gaza Health Ministry.

In dozens of attacks since November, the Houthis have sunk two vessels and seized another, killed at least three sailors and upended global trade by forcing ship owners to avoid the popular Suez Canal trade shortcut.

It recently has become more effective at damaging ships - largely through using unmanned, armed watercraft that damage a vessel's vulnerable waterline.

In a televised speech, Saree said the Houthis have targeted the Bentley I refined products carrier and the Chios Lion oil tanker in the Red Sea. U.S. Central Command late on Monday confirmed those attacks and said no damage or injuries had been reported.

The Houthis said it also joined the Iraqi Islamic Resistance in targeting the Olvia in the Mediterranean Sea. Reuters could not independently verify that attack.

Managers of the Panama-flagged Bentley I, Liberia-flagged Chios Lion and Cyprus-flagged Olvia could not be immediately reached for comment.

Earlier on Monday, the United Kingdom Maritime Trade Operations (UKMTO) said that two vessels came under attack in the Red Sea off Yemen's port city of Hodeidah, with one ship reporting it had sustained some damage.

A vessel 97 nautical miles northwest of Hodeidah was attacked by an uncrewed drone boat that hit its port side, causing some damage and light smoke.

Another merchant vessel, 70 nautical miles southwest of Hodeidah, came under attack by three small watercraft, UKMTO and security firm Ambrey said separately.

The Master of that ship reported being attacked by three small craft. One of those watercraft was unmanned and twice collided with the ship as passengers on the other two boats fired on the ship. The vessel conducted "self-protection measures" and after 15 minutes the small craft aborted the attack, UKMTO said.

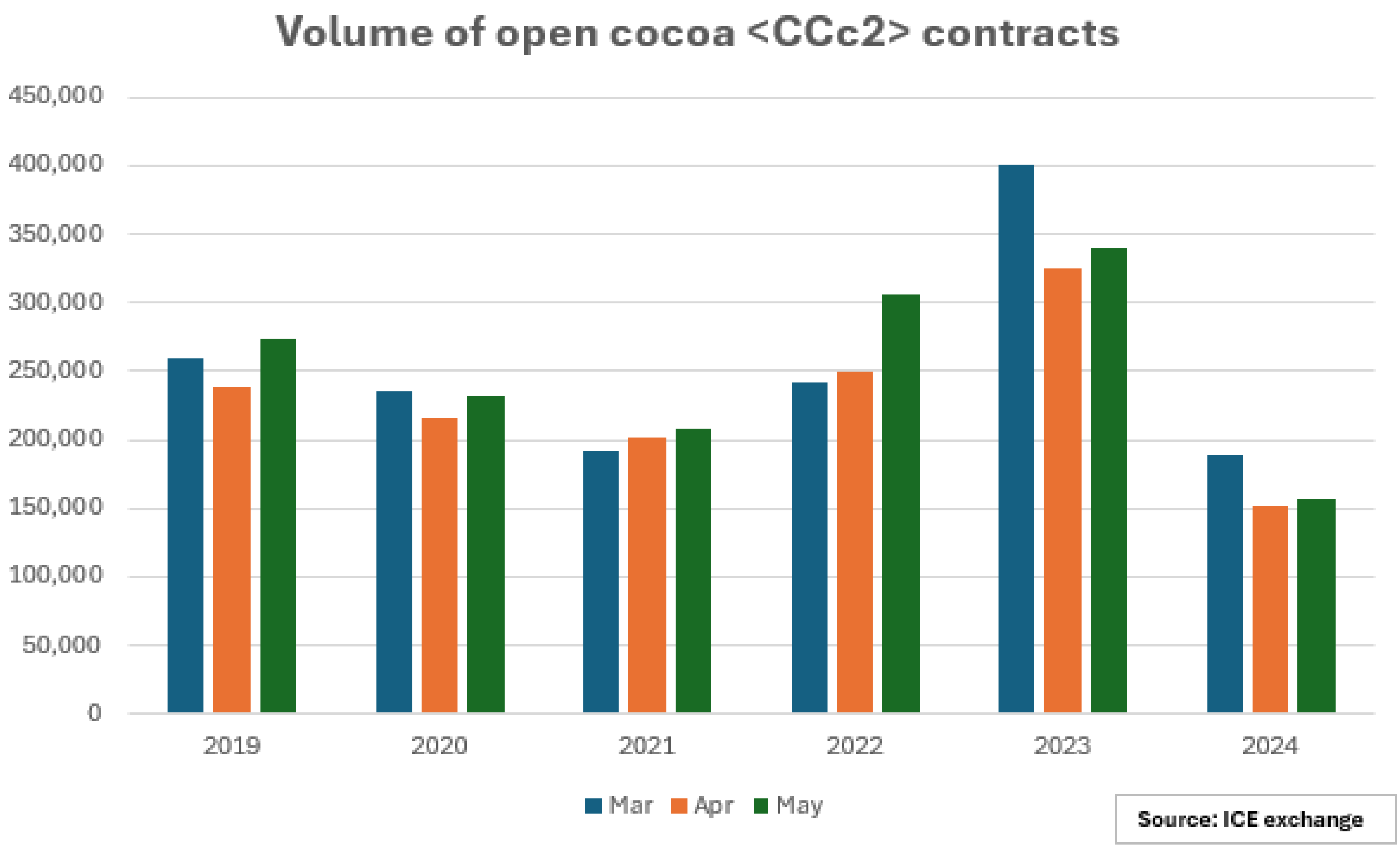
Later in what appeared to be two separate attacks, the

Master reported four projectiles exploding near the vessel.
Both the vessel and crew were reported as safe and proceeding to the next port of call, Ambrey said.
Since November, Houthi militants in Yemen have launched drone and missile strikes in shipping lanes in the Red Sea and Gulf of Aden. The group says these actions are in solidarity with Palestinians affected by Israel's war in Gaza.
U.S. and British have conducted retaliatory strikes since February - shooting down drones and bombing attack sites in Yemen.
At least 65 countries and major energy and shipping companies have been affected by Houthi attacks, according to a report by the U.S. Defense Intelligence Agency.

Top News - Agriculture

EXCLUSIVE-Traders face $1 bln loss on faltering Ghana cocoa supply, sources say
Trading houses face losses of at least $1 billion on cocoa derivatives after major producer Ghana failed to deliver beans this year, forcing traders to liquidate short positions in a rallying market, six industry sources told Reuters.
Global cocoa prices soared this year after bad weather, bean disease, smuggling and illegal gold mining reduced production and the volume of beans available in Ghana, the world's No.2 producer.
Chocolate prices also rose globally and chocolate makers have reduced the size of products such as bars as a result of the huge cocoa price increase.
Ghanaian authorities, who sell all of the country's beans, want to delay delivery of up to 350,000 metric tons this season - nearly half of the cocoa beans they sold - due to Ghana's devastated crop, five sources told Reuters last month. Ghana's cocoa regulator said the country was looking to roll over "some volumes, but not in those quantities".
A delay of 350,000 tons means cocoa traders and processors could face losses of about $4,000 per ton on cocoa futures they had bought to hedge their physical bean purchases, or around $1.4 billion combined, the sources said.
Trade houses like Cargill, Olam and Barry Callebaut use the futures market to hedge or lock in a price for cocoa they have not yet sold on to chocolate makers.
"We're sitting staring at our screens, barely trading," said the head cocoa trader at a global trading house specialising in agricultural commodities, speaking on condition of anonymity because he was not authorised to talk to the media.
He said trading in the global cocoa physical and futures market has just about ground to a halt as a result of the deep losses and uncertainty.

Chart of the Day



Much of Ghana's cocoa is bought by large, diversified trade houses with deep pockets, including Sucden, Olam, Barry Callebaut, Cargill, Touton and Ecom.
Traders typically sign deals to buy beans - like any other commodity - months in advance in the hope of reselling later at a profit. By doing so they take a so called long position in the physical market.
As they wait for the physical commodity to be delivered for weeks or months they need to protect themselves against possible price falls. They typically do this by taking short positions in the futures market to protect against losses on a long position.
Short trading bets on price falls so when the physical commodity arrives, long and short positions cancel each other out, guaranteeing a fixed price.
The strategy unravels, however, if physical delivery - in this case cocoa beans - is delayed in a rallying market. If this happens, traders are forced to liquidate short positions for the month they had expected the commodity to arrive and take a new short position for the month of a new expected delivery.
Doing so in April 2024 - after the market realised Ghana would delay bean delivery to 2025 - would have been costly, according to the traders.
The six sources said last year traders who bought physical beans for May 2024 delivery would have taken equivalent short positions in May 2024 futures at around $3,000 a ton.
With the market rallying in April 2024, those traders had to liquidate May 2024 shorts - or buy the futures back - at $11,000 a ton, facing losses of $8,000 a ton.
As traders still hope to get the cocoa and need to protect themselves in the physical market, they had to take on new short positions for May 2025 delivery, which in April 2024 traded around $7,000 a ton.
That means that if and when traders get their physical cocoa next May at $3,000 a ton, they will still face an aggregate loss of $4,000 per ton.
The cocoa market is facing a third successive year of deficit and prices have roughly doubled this year.
Traders will try to recoup at least some of their losses by charging chocolate makers like Hershey and Mondelez higher prices for products like cocoa powder and butter, said a top trader at a global agri-commodity trade house.
Chocolate firms will likely struggle to pass on these costs to cash-strapped consumers who are already buying less chocolate in response to price rises.
Market liquidity has also decreased because of exchanges asking traders to post more cash as collateral to cover their hedges, one of the traders said. This liquidity crunch has fuelled price fluctuations or volatility, he added. The collateral, known as a margin call, is set by the futures exchange as a down payment that covers a portion of the potential losses traders might face on their futures position. The higher the futures price, the higher the margin calls.

US, Colorado probe additional H5N1 bird flu cases in poultry farm

Federal and state investigators in Colorado are investigating an outbreak of H5N1 bird flu on a poultry farm that has resulted in four confirmed human cases and a suspected case.
The infections are the first reported cases in poultry workers in the United States since 2022. They follow an outbreak of H5N1 bird flu in U.S. dairy cattle that has infected an additional four farm workers since March.
The poultry workers were culling chickens at a commercial egg facility with a bird flu outbreak in northeast Colorado, the state said, without naming the facility.
The cases are part of an outbreak of H5N1 bird flu that has been spreading globally in wild birds, infecting poultry and various species of mammals.
The U.S. Centers for Disease Control and Prevention said in a July 14 statement it deployed a nine-member field team comprised of epidemiologists, veterinarians, clinicians and an industrial hygienist was working to support Colorado's assessment of the outbreak and the human cases.
The CDC said the risk to the general public remains low, but noted that could change.
Genetic sequencing of the virus is underway looking for mutations that could signal the virus is adapting to humans.
The CDC said the workers reported symptoms after being exposed to H5N1 virus-infected poultry. All those who tested positive reported mild illness, including conjunctivitis and eye tearing, as well as more typical flu symptoms of fever, chills, coughing and sore throat/runny nose.
Additional cases may be reported and subsequently confirmed as monitoring and testing is ongoing, CDC said.
Bird flu experts said the cases among poultry workers were somewhat less concerning than the outbreak in dairy cows.
Andrew Pekosz, an influenza expert at Johns Hopkins University, said the five new human cases all appear to be linked with the culling and cleaning of a poultry farm that had an outbreak of H5N1 - one of the more common ways that humans have been infected with H5N1 in the past.
"Because this is most likely direct avian-to-human transmission, it’s a little less concerning to me than dairy cow-to-human transmission, because the latter involves transmission between mammals of a virus that has been replicating in mammals for a longer time," he said.
Pekosz said it will be important for investigators to collect DNA from the virus from the infected poultry workers and birds on the farm, and look to see how closely related it is to the viruses infecting dairy cows.
Dr. Michael Osterholm, an infectious disease expert at the University of Minnesota, said he was not surprised by the cases.
"Depopulation by its very definition is a dirty business," he said, noting that the virus gets kicked up in dust and becomes easy to inhale.
He said workers need to be wearing tight fitting face protection, including over the eyes.
"Conjunctivitis is just when you get the virus in the eye, and that's not hard to do in an environment like that," he said.

Top News - Metals

Rio Tinto's iron ore shipments miss estimates due to May train derailment

Global mining giant Rio Tinto, reported second-quarter iron ore shipments below analyst estimates on Tuesday, reflecting impacts to production from a train derailment in mid-May.

The world's largest producer of iron ore shipped 80.3 million tons (Mt) of the steel-making commodity from its Pilbara operations in the three months ended June 30.

This was 3% higher than the previous quarter's 78 Mt but below the Visible Alpha consensus estimate of 82.1 Mt.

Rio's Australia shares fell as much as 2.6% to A$116.75 in early trade, hitting their lowest since March 18. The stock was last down 1.8% at A$117.64.

Rio said in May that a train had derailed at its Western Australia iron ore operations, leading to around six days of lost rail capacity.

The firm's report comes as hopes for more stimulus in China have helped iron ore prices rebound recently after weak demand from the country's construction sector led to a dull first half.

"The (Chinese) government has provided additional measures for the property market to destock the large inventory overhang," Rio said on Tuesday.

China's steel exports in the first half of the year jumped 24% from a year earlier, pointing to a faltering construction sector, which is a heavy user of the metal.

Jefferies analysts do not expect Chinese steel exports to remain at multi-year highs. However, they expect Chinese steel production to remain resilient, which could bode well for Rio's shipments and production in the coming quarters.

Rio Tinto reaffirmed its annual iron ore shipments forecast of between 323 and 338 Mt.

The miner said economic conditions in top iron ore consumer China are still being supported by a recovery in manufacturing operations and more resilient exports. It, however, said that housing activity in Asia's largest economy remains weak.

The company flagged possible delays at its greater Nammuldi iron ore project, part of its next tranche of mine replacements.

Mined copper production on a consolidated basis came in at 171 thousand tons (Kt) for the quarter, up 10% from the prior quarter as the company continued to ramp up operations at its Oyu Tolgoi underground mine in Mongolia.

The company, however, lowered its annual alumina production estimates to a range of 7.0-7.3 Mt from 7.6-7.9 Mt, reflecting reduced operation rates at its Gladstone operations in Queensland.

Separately, the miner said its iron ore project in Simandou, Guinea had received all regulatory approvals from the local and Chinese governments.

MARKET MONITOR as of 06:40 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$81.32 / bbl	-0.72%	13.50%
NYMEX RBOB Gasoline	$2.45 / gallon	-0.48%	16.45%
ICE Gas Oil	$769.00 / tonne	-0.61%	2.43%
NYMEX Natural Gas	$2.17 / mmBtu	0.46%	-13.76%
Spot Gold	$2,431.84 / ounce	0.40%	17.90%
TRPC coal API 2 / Dec, 24	$110 / tonne	1.38%	13.40%
Carbon ECX EUA	€67.79 / tonne	0.22%	-15.65%
Dutch gas day-ahead (Pre. close)	€31.04 / Mwh	-1.15%	-2.54%
CBOT Corn	$4.05 / bushel	0.19%	-16.32%
CBOT Wheat	$5.55 / bushel	-0.36%	-99.13%
Malaysia Palm Oil (3M)	RM3,920 / tonne	0.13%	5.35%
Index	**Last**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	339.21	-0.66%	12.54%
Rogers International	28.22	-0.48%	7.18%
U.S. Stocks - Dow	40,211.72	0.53%	6.69%
U.S. Dollar Index	104.39	0.20%	3.02%
U.S. Bond Index (DJ)	433.48	-0.25%	0.64%

EXCLUSIVE-India's four-week platinum imports surpass 2023 total as gold shown as platinum
India's four-week platinum imports from mid June eclipsed 2023's total as bullion dealers exploited a loophole by registering alloys containing around 90% gold as platinum to avoid higher duties, government and industry officials told Reuters.
In that time frame dealers cleared 13 metric tons of these metal consignments valued at around $1 billion from customs, compared to total platinum imports of 9.97 metric tons in 2023, said a government official who declined to be named as he wasn't authorised to speak to media.
This masking was possible because of a government rule on classifying platinum which states that "an alloy containing 2% or more, by weight, of platinum is to be treated as an alloy of platinum," the official said.
Since April 1, dealers pay only 5% import duty on platinum against 15% on gold under the Comprehensive Economic Partnership Agreement signed between India and major bullion trading hub the UAE in 2022, said Nitin Kedia, national general secretary at the All India Jewellers and Goldsmith Federation.
"Because bullion dealers pay 10% less import duty on what they claim is platinum, they can offer discounts of up to 2% when selling refined gold. This puts those who import gold legitimately, paying the full 15% duty, at a competitive disadvantage," he said.
India is the world's second biggest consumer of gold and relies on imports to fulfil most of its requirement. It is also among the top five global consumers of platinum.
The recent shipments have resulted in New Delhi losing tax revenue.
Additionally, importers are taking advantage of the lower duty to sell this imported metal at a discount, distorting prices in the local market.
Gold discounts in India widened on Monday to $34 an ounce over official domestic prices, the highest in nearly 3-1/2 months and up sharply from a discount of $9 a fortnight back.
The government established the current platinum import rule when platinum prices significantly exceeded gold prices, said a Mumbai-based bullion dealer with a private bank.
"With platinum now trading at a discount and attracting a lower import duty under CEPA, a revision of the definition is necessary."
Value-added products were eligible for lower Indian import duty under CEPA. However in Dubai, traders are just mixing small amounts of platinum and copper into gold bars and presenting it as value addition while exporting them to India, the bullion dealer said.

Top News - Carbon & Power

Freeport LNG in Texas to restart one train this week after Hurricane Beryl
Freeport LNG plans to restart one of three liquefied natural gas trains this week at its Texas facility after the company repairs some damage from Hurricane Beryl, it said on Monday.
The plant, in Freeport, Texas, south of Houston, halted operations on July 7 before Beryl hit the coast, causing widespread power outages and wind damage.
The LNG exporter plans to restart the remaining two trains shortly after the first resumes operation, but production will be reduced while it continues repairs.
The second-largest U.S. LNG exporter said in a statement that output would "steadily ramp up to full rates as these repairs are completed."
Each of Freeport's three liquefaction trains can turn about 0.7 bcfd of gas into LNG. One billion cubic feet is enough gas to supply about 5 million U.S. homes for a day.
Freeport is one of the most-watched U.S. LNG export plants because it has a history of hitting global gas prices when it shuts due to the decreased demand.
Since Freeport shut, U.S. gas futures NGc1 have declined by about 2% to a two-month low of $2.26 per million British thermal units (mmBtu).
The amount of natural gas flowing to Freeport was on track to reach about 0.1 billion cubic feet per day (bcfd) on Monday, up from near zero July 7-14, according to LSEG data. Energy traders, however, noted that Freeport was also on track to pull in similar amounts of gas late last week but ended up actually accepted almost no gas.
In the week before Freeport shut, the 2.1-bcfd plant was pulling in an average 1.7 bcfd of gas, according to LSEG data.
The Brazos Pilots Association, which services ships in the port, said the Freeport LNG terminal was still closed and there were draft restrictions in place.

China plans low-carbon upgrades for coal power sector
China aims to cut carbon emission from its coal-fired power industry by launching low-carbon upgrades and applying new power generation technologies, according to a government plan.
China, the world's top energy consumer, relies largely on coal which is the most carbon-intensive source of energy.
In an action plan jointly issued by the National Development and Reform Commission (NDRC) and the National Energy Administration on Monday, the authorities set the carbon emission level from power generated from natural gas as the benchmark for the coal power sector.
It also listed three low-carbon power generation technologies that it planned to apply: biomass blending, green ammonia blending and carbon capture, utilisation and storage.
By 2025, the first low-carbon projects will start operating using some of the low-carbon power generation technologies. Average emission by those projects will be 20% lower compared to their 2023 level, the plan said.
By 2027, China aims to expand low-carbon projects and lower their operating costs, as well as cut their average carbon emissions by 50% from 2023 levels.
The plan also encouraged local government to support and subsidise the launch of those low-carbon projects.
However, due to the instability of renewable energy, coal power will remain a mainstay for energy security, a spokesperson from NDRC told in a Q&A session on Tuesday.

Top News - Dry Freight

Asian wheat importers snap up cargoes as global prices tumble
Asian wheat buyers have stepped up purchases in recent weeks, taking cargoes from the Black Sea region as they returned to the market after a long gap, drawn by a fall in global prices to their lowest in four months.
Regional millers producing flour and animal feed have signed deals to buy close to one million metric tons of wheat to be shipped from Bulgaria, Russia, Romania and Ukraine, during August to September, according to two Singapore-based traders.
"Millers have been active, we have seen good demand as prices have dropped significantly," said one of the traders. "Black Sea wheat is in good demand for milling, as well as animal feed."
Wheat buyers had cut purchases and were running on thin supplies after global prices rallied earlier this year.
Global wheat prices jumped in April with expectations of lower output in Russia, the world's No. 1 exporter, following fears of crop damage from frost and dryness in key growing months.
While grain processors in Bangladesh and Indonesia are taking Black Sea wheat largely for milling into flour, importers in the Philippines, Thailand and Vietnam have been booking feed wheat cargoes, traders say.
China, the world's biggest wheat importer, has been buying larger volumes during much of this year, but it typically sources the grain from Australia, Canada and Europe.

LOWER PRICES
Higher quality Black Sea wheat with 11.5% protein content for making flour traded around $265 to $270 per metric ton, compared with around $300 to $310 quoted in May.
Animal feed wheat is being traded at around $255 to $260 a ton, the traders said.
"The wheat market has come down as fast as it went up," said the second trader in Singapore. "Most of the big importers in Asia bought and covered their requirements until the third quarter."
In the latest deals, Bangladesh bought four panamax cargoes, or about 200,000 metric tons, of Russian wheat this month for shipment in August and September.
Asia is a net importer of wheat, accounting for about 30% of the grain shipped worldwide, data from the U.S. Department of Agriculture shows.
In June, the market gave up much of its gains from the earlier rally as better-than-expected yields in Russia and higher production in the United States weighed on prices.
Chicago wheat futures have dropped by more than a fifth since the beginning of June, wiping out almost all their gains of April and May.

Russian wheat export prices have halted decline, shipment volumes fell
Russian wheat export prices have halted their over one-month fall and shipment volumes are down, but farmers are not ready to sell at even lower prices despite active harvesting the new crop, analysts say.
The price of 12.5% protein Russian new crop wheat scheduled free-on-board (FOB) with delivery in late August was $219 per metric ton at the end of last week, $3 higher than a week earlier, according to the IKAR consultancy.
"Still, there is some resistance on the part of farmers, which exporters have to reckon with," IKAR head Dmitry Rylko told Reuters.
Sovecon put the price of wheat with a protein content of 12.5% for the nearest delivery at $219-222 per ton at the end of last week, down from $221-$224 per ton FOB.
"Russian FOB remains mostly flat. Exporters might offer slightly lower prices if needed, but low traders' margins suggest a relatively small supply," Sovecon said.
Russia started harvesting several weeks early due to weather conditions. As of July 9 Russian farmers had harvested 27.5 million tons of grain against 7.5 million tons a year earlier, from 7 million hectares, up from a previous 2 million hectares.
The average yield was 3.95 tons per hectare, up from 3.69 tons a hectare the year before.
The wheat harvest totalled 22.2 million tons, up from 4 million tons, from 5.4 million hectares, against 1 million hectares, with an average yield of 4.13 tons per hectare, versus 3.88 tons.
This week temperatures are expected to be hotter than normal in all regions except parts of the Volga Valley and the Urals. This could negatively impact some spring wheat, corn, and sunflower crops, Sovecon noted
IKAR today has raised its forecast for the country's wheat crop to 83.2 million metric tons from 82 million tons, mostly due to higher yield prospects in Volga regions.
Russia is the world's largest wheat exporter. Its exports shrunk to 0.60 million tons of grain last week from 0.84 million the week before.
Shipments included 0.51 million tons of wheat, down from 0.70 million tons a week earlier, Sovecon wrote, citing port data.
Sovecon lowered its wheat export forecast for July by 0.4 million tons compared to last week to 2.8 million tons pared to a record 4.5 million tons a year ago.

Picture of the Day

A woman buys fruits and vegetables at the local market in Brighton, Britain, June 28, 2024. REUTERS/Carlos Jasso

(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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