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Top News - Oil

TotalEnergies says oil production to hit high end of Q2 guidance

French oil major TotalEnergies said on Tuesday its second-quarter hydrocarbon production levels will hit the top end of its guidance range, while pressure on refining margins will be partly alleviated by higher refinery utilisation.

WHY IT'S IMPORTANT

TotalEnergies quarterly earnings are due on July 25, and investors are closely watching the company and its peers as refining margins are dragged down by softening gasoline demand. London-listed BP earlier this month released a profit warning.

BY THE NUMBERS

Total expects fossil fuel production to reach the high end of a previously announced range, at close to 2.45 mboe (million barrels of oil equivalent) per day.
Its Integrated Power business is expected to post earnings of around $500 million, with quarterly cash flow seen in line with $2.5 billion to $3 billion guidance. LNG results are seen broadly in line with the first quarter.

MARKET REACTION

TotalEnergies shares were down by around 0.8% in early trade on Tuesday, in line with the broader market.
"TTE's trading update looks overall inline and should trigger limited changes to consensus earnings," Jefferies analyst Giacomo Romeo said in a research note.

COLUMN-China's oil sector is weak, with rising crude inventories: Russell

China's crude oil market is unambiguously weak.
Not only has the world's biggest importer seen a fall in arrivals in the first half of the year, it has also been boosting the volumes being added to stockpiles.
China added 1.48 million barrels per day (bpd) to either commercial or strategic oil stockpiles in June as lower refinery throughput outweighed soft crude imports.
For the first half of 2024, China put about 900,000 bpd into storage tanks, and this amount has been accelerating in recent months.
The tepid imports and the increasing volume of inventory builds undermine the still bullish demand 2024 forecasts from industry groups such as the Organization of the Petroleum Exporting Countries (OPEC) and the International Energy Agency (IEA).
China doesn't disclose the volumes of crude flowing into or out of strategic and commercial stockpiles, but an estimate can be made by deducting the amount of crude processed from the total of crude available from imports and domestic output.
The total crude available to refiners in June was 15.67 million bpd, consisting of imports of 11.30 million bpd and domestic output of 4.37 million bpd.
The volume of oil processed by refiners was 14.19 million bpd, down 3.7% from June 2023, according to official data released on Monday.
For the first half of 2024, the total volume of crude available was 15.34 million bpd, while refinery throughput was 14.44 million bpd.
This means that refiners processed 900,000 bpd less crude than what was available to them, which is up from the 790,000 bpd for the first five months of 2024.
The overall picture that emerges from China oil sector is one of weakness, with no evidence of accelerating demand.
Crude oil imports were 11.05 million bpd in the first half of the year, down 2.9% from the 11.38 million bpd recorded over the same period in 2023.
Refinery processing was also down 0.4% for the first half, and the volume of crude flowing into stockpiles has been accelerating over the first six months of the year, with June's 1.48 million bpd being the highest since June 2023.
If there is a sign of strength in China's oil sector, it's domestic production, which at 4.37 million bpd in June was highest daily output since June 2015.
Domestic output was 4.39 million bpd in the first six months of the year, up 1.9% from the same period last year.
But in some ways higher domestic output is a bearish factor, given that it lowers the need for imports, and it is import demand that largely factors into global crude prices.

SECOND-HALF REBOUND?

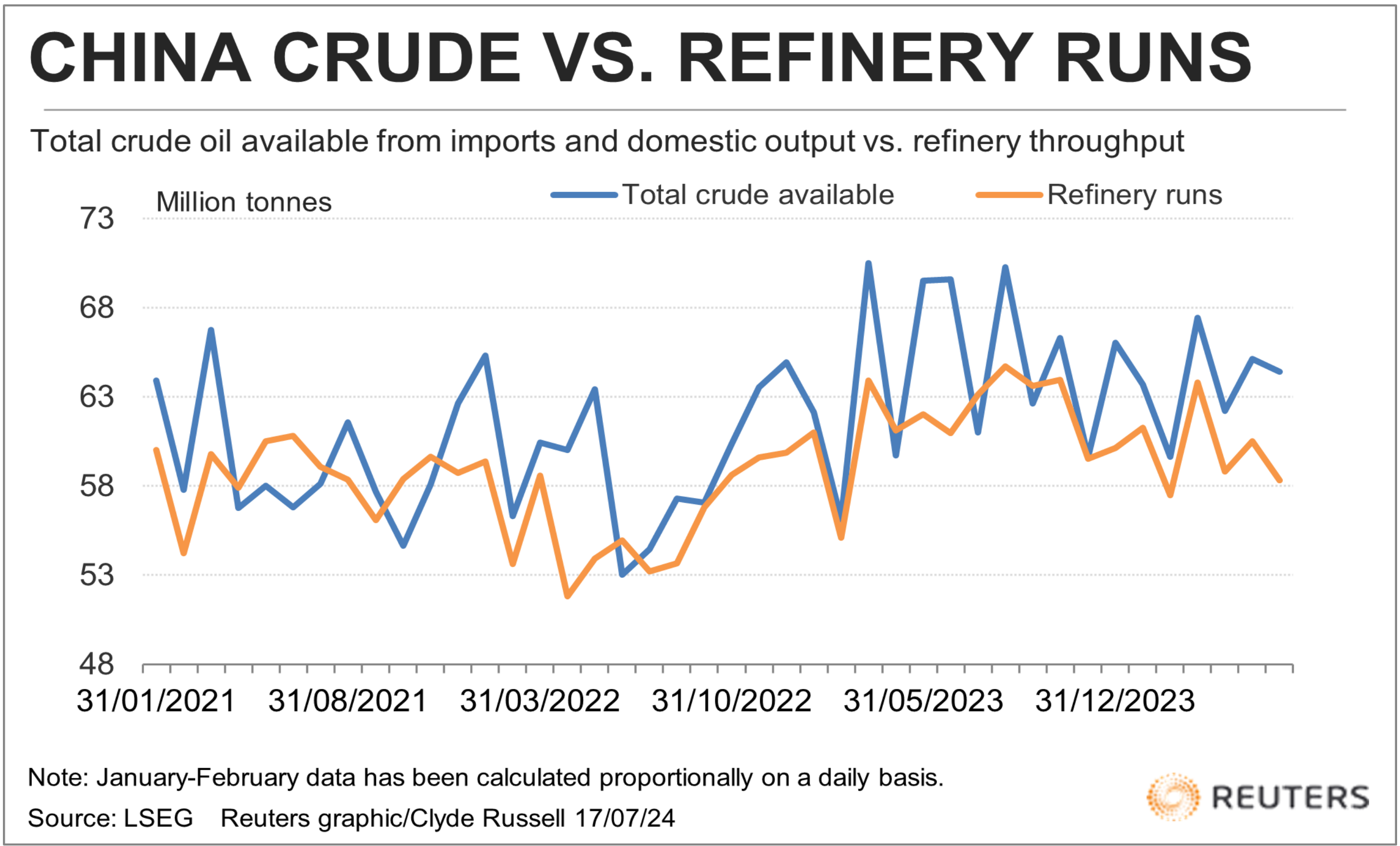
With China's first-half crude imports and refinery processing being weak, the question is where does that leave expectations that 2024 is going to see global oil demand being led by the world's second-biggest economy?
Basically, it means that China is going to have to have an

exceptionally strong second half, which in turn implies a robust recovery in economic growth, signs of which remain elusive so far.
OPEC still expects China's oil demand growth to rise sharply over 2024 as a whole, with the producer group's July monthly report forecasting an increase of 760,000 bpd for the year as a whole, which was actually up from the June report estimate of 720,000 bpd.
The IEA is more modest in its forecast for China, expecting an increase in demand of 500,000 bpd for 2024.
But both of these forecasts appear highly optimistic in the light of the weak import and refinery performance in the first half.

Top News - Agriculture

Russian farmers fight to salvage harvest as major region cuts forecast
Under the sweltering sun and in temperatures of 50 degrees Celsius, farmers in the Rostov region, Russia's breadbasket, toil to salvage a harvest battered by heatwave, frosts and floods.
Accounting for 11% of Russia's total grain harvest last year, Rostov is one of the key regions that Russia's agriculture ministry has said it is monitoring to make further adjustments to an already soft 2024 crop forecast.
The ministry's most recent estimate, made in April and maintained into last week, is for the Russian grain harvest to reach 132 million tonnes in 2024 - down 9% from 145 million in 2023, and 16% from a record 158 million in 2022.
Last week Rostov said it was expecting its grain harvest to decline 38% this year to 10 million tonnes, as a blistering heatwave followed spring frosts.
"The wheat came out of winter in good condition, and the prospects for the harvest were excellent, but now we are harvesting what is left for us," said Sergey Sasunov, chief agronomist of the Rassvet farm in the Rostov region.
Sasunov estimated that his farm has harvested only half the volume of last year.
Russia has become the world's leading wheat exporter under President Vladimir Putin, thanks to massive state support and despite Western sanctions on technology and equipment dating back to Russia's annexation of Crimea in 2014.
Its agricultural boom has transformed many southern regions like Rostov, with cultivated fields now dominating the landscape. It has also improved the regions' living standards.
Global warming has opened up new northern areas in Russia for agriculture, but extreme weather patterns have made harvests volatile in southern regions like Rostov.
Fears of lower Russian output helped global wheat prices rally in April, but they had given up much of those gains

Chart of the Day



by June on hopes of better-than-expected Russian yields and higher U.S. production. Those hopes might be premature.

'CLIMATE CATACLYSMS'

Russia's agriculture minister Oksana Lut has singled out drought as the main factor that could force the government to revise its grain harvest forecast this year.
Sasunov said he had seen hardly any rainfall in his area since March. Many farmers in the Rostov region also blame frosts, which killed developing sprouts in early spring, for lower harvests.
At the Kirovsk Horse Farm, temperatures fell to minus 4-5 Celsius in early May. "Indicators were excellent, but then climatic cataclysms began," said the farm's deputy head Nikolai Cherkezov.
"Corn is really suffering at the moment. Sunflower has been reseeded; all spring harvests are really suppressed now," said Cherkezov, referring to damage done by both frost and heat.
A poorer-than-expected crop will fuel Russian inflation, which is already running at 8.6%, amid high state spending and wage growth in an economy showing signs of overheating.
Steppe, one of Russia's largest agricultural companies, which owns lands in Rostov and two other key agricultural regions Stavropol and Krasnodar, said it expects its grain harvest to be 10% lower compared to last year.
Agriculture consultancy Sovecon said that temperatures in key grain-producing regions will stay 2-6 degrees above normal in the coming weeks.
Russia's chief meteorologist Roman Vilfand said that periods of extreme heat across Russia will become longer in the coming years, and floods and hurricanes will become more frequent.
"Agriculture is an open-air workshop. We cannot break records every year," said Cherkezov.

Colorado workers with bird flu toiled in heat, without effective protective gear

Colorado workers who contracted bird flu were working during extreme heat and under large fans, factors that made wearing protective equipment difficult and potentially contributed to their infections, the U.S. Centers for Disease Control and Prevention said on Tuesday.
The CDC had previously confirmed four cases and a fifth presumptive positive case of bird flu among Colorado farm workers who were killing and disposing of chickens that had contracted the virus.
Four other farm workers have contracted avian flu this year from infected dairy cows in Michigan, Texas and Colorado.
The risk to the general public from bird flu remains low, Nirav Shah, principal deputy director of the CDC, said on a call with reporters.
When workers were killing the infected chickens, it was 104 degrees Fahrenheit (40 degrees Celsius) in Colorado, and strong industrial fans made it hard for workers to keep protective gear on their faces, Shah said.
"PPE use was not optimal, particularly the masks and eye protection," Shah said, referring to personal protective equipment.
There have been about 160 people responding to the poultry farm outbreak, including staff from the U.S. Department of Agriculture and contractors killing and disposing of animals, Julie Gauthier, an official at USDA's Animal and Plant Health Inspection Service, said on the call.
About 60 workers at the farm developed symptoms and were tested, Shah said. Those who tested positive for bird flu had a mix of mild symptoms including conjunctivitis, or pink eye, and mild respiratory symptoms.
Initial analysis of the virus does not show worrisome changes to the virus making it easier to spread among people, and there is no evidence of person-to-person transmission, Shah said. The CDC is not recommending that livestock workers be vaccinated against bird flu, Shah added.
The infected chicken farm is in a county where cows have tested positive for bird flu, Eric Deeble, a U.S. Department of Agriculture official, said on the press call.
More than 150 dairy herds across 13 states have been infected with the virus since March, according to the USDA.
An analysis of DNA from an infected worker indicates that the infections at the chicken farm are "largely the same" as those in some of the dairy herds, suggesting that this outbreak may be related to dairy outbreaks in Colorado and other states, Shah said. A CDC investigation into the origin of the outbreak is ongoing, Shah added.

Top News - Metals

BHP posts second straight year of record iron ore production, beats estimates

BHP Group on Wednesday reported record annual iron ore production for a second consecutive year, helped by improved weather conditions and higher contribution from its South Flank operations in Western Australia.
The world's largest listed miner beat analyst expectations for both its quarterly iron ore and copper production in its production report.
BHP has eked out consistent gains from a project to debottleneck its Western Australian iron ore operations, while also benefiting from higher throughput at its Escondida mine in Chile.
The upbeat performance comes after BHP said last week it was suspending its Western Australia nickel operations from October, citing plunge in the metal's prices and an oversupply in the global market.
For the full year ended June 30, BHP produced 287.0 million metric tons (Mt) of iron ore.
It expects to produce between 282 Mt and 294 Mt for fiscal 2025, as it progresses towards its medium-term target beyond 305 Mt.
BHP finished fiscal 2024 with a strong June-quarter production performance, beating Citi's quarterly production expectations across all key divisions, the brokerage said.
BHP's South Flank operations ramped up to full operational capacity of 80 Mt during the quarter.
Iron ore output from Western Australia on a 100% basis was 76.8 Mt in the three months to June 30, beating a

Visible Alpha consensus estimate of 75.4 Mt compiled by Macquarie.
The global miner had recorded Western Australia iron ore output of 72.7 Mt last year.
Copper production during the quarter increased 6%, compared with the prior year to 504.9 kilo tons (kt), helped by higher concentrator grade and throughput at Escondida, BHP said. That beat a Vuma consensus of 469.2 kt.
In late May, BHP walked away from a $49 billion takeover offer for rival Anglo American, a plan which was at the time aimed at securing Anglo's prized copper assets in Latin America and increase BHP's access to copper.
Energy coal output fell partly due to unfavourable weather and maintenance works brought forward while metallurgical coal production fell 18% during the quarter following the divestment of its Blackwater and Daunia mines in Queensland to Whitehaven Coal.
Shares of the miner fell 0.1% to A$43.02 per share at 0051 GMT, in a mixed market for iron ore producers.
BHP will report its full-year results on Aug. 27.

Some Japanese buyers agree to pay Q3 aluminium premium of $172/T, up 16%-19% from Q2

Some Japanese aluminium buyers have agreed to pay two global producers a premium of $172 per metric ton over the benchmark price for shipments in July to September, up 16%-19% from the previous quarter, four sources involved in the pricing talks said.
The figure is higher than the $145-$148 per ton paid in the April-June quarter but lower than the initial offers of $175-$190 per ton made by producers.
Japan is a major Asian importer of the light metal and the premiums for primary metal shipments it agrees to pay each quarter over the benchmark London Metal Exchange (LME) cash price set the benchmark for the region.
The increase from the previous quarter reflected tighter supplies in the region as some metals were diverted to Europe where premiums were higher and demand was stronger, a source at a Japanese trading house told Reuters.
The negotiations are continuing, another source at a producer said.
The sources declined to be identified because of the sensitivity of the discussions.
The quarterly pricing talks began in late May between Japanese buyers and global suppliers including Rio Tinto and South32.
One producer lowered its offer to $172 per ton late last week after raising it once to $185 from the initial proposal of $175, as the talks were dragging longer than usual, a third source at a Japanese end-user said. The negotiations usually end before the new quarter begins.
Another supplier also brought down its offer this week to $172 per ton from its initial level of $190, the third source said.

MARKET MONITOR as of 06:40 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$80.50 / bbl	-0.32%	12.35%
NYMEX RBOB Gasoline	$2.43 / gallon	-0.71%	15.29%
ICE Gas Oil	$755.50 / tonne	-0.66%	0.63%
NYMEX Natural Gas	$2.19 / mmBtu	-0.09%	-13.05%
Spot Gold	$2,466.38 / ounce	-0.09%	19.58%
TRPC coal API 2 / Dec, 24	$114 / tonne	3.64%	17.53%
Carbon ECX EUA	€68.03 / tonne	0.01%	-15.35%
Dutch gas day-ahead (Pre. close)	€32.53 / Mwh	4.80%	2.14%
CBOT Corn	$4.10 / bushel	0.37%	-15.24%
CBOT Wheat	$5.57 / bushel	0.32%	-99.13%
Malaysia Palm Oil (3M)	RM3,935 / tonne	0.25%	5.75%
Index	**Last**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	336.21	-0.89%	11.55%
Rogers International	27.99	-0.80%	6.32%
U.S. Stocks - Dow	40,954.48	1.85%	8.66%
U.S. Dollar Index	104.19	-0.08%	2.82%
U.S. Bond Index (DJ)	435.27	0.41%	1.06%

Top News - Carbon & Power

Freeport LNG in Texas set to pull in more natgas after Hurricane Beryl

U.S. liquefied natural gas (LNG) export company Freeport LNG's export plant in Texas was on track to pull in more natural gas on Tuesday after shutting on July 7 before Hurricane Beryl hit the Texas coast, according to data from financial firm LSEG.

Freeport is one of the most-watched U.S. LNG export plants in the world because it has a history of swaying global gas prices when it shuts.

On Monday, U.S. gas futures dropped about 7% to a 10-week low after it became clear to the market that Freeport would likely continue to operate at less than full power for several more days.

Freeport said on Monday that it would restart one of the plant's three liquefaction trains this week and the other two shortly after repairing damage sustained in the hurricane.

That is a later return to full power than many market watchers were expecting. Energy traders said U.S. gas demand and prices would remain reduced until all of the trains at Freeport return to service.

The amount of gas flowing to Freeport was on track to reach about 0.4 billion cubic feet per day (bcfd) on Tuesday, up from near zero from July 7-15, according to LSEG data. Beryl hit the Texas coast on July 8.

Officials at Freeport had no comment on the latest expected increase in feedgas.

In the week before Freeport shut, the 2.1-bcfd plant was pulling in an average of 1.7 bcfd of gas, according to LSEG data. But with Freeport starting to take in more gas, feedgas to the seven big U.S. LNG export plants, including Freeport, was on track to rise to a 10-day high of 11.5 bcfd on Tuesday, up from 11.2 bcfd on Monday and an average of 11.3 bcfd over the prior seven days.

Freeport is the nation's third-biggest LNG export plant behind Cheniere Energy's 4.5-bcfd Sabine Pass in Louisiana and 2.4-bcfd Corpus Christi in Texas.

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 five million U.S. homes for a day.

US court orders federal regulators to assess emissions of Louisiana LNG project

A U.S. court on Tuesday ordered federal regulators to reassess the impact of greenhouse gas emissions from Commonwealth LNG's Louisiana liquefied natural gas project, potentially slowing full approvals for the venture.

The U.S. Court of Appeals for the District of Columbia did not overturn the Federal Energy Regulatory Commission's 2022 approval of the project as it ordered the agency to reconsider the emissions after environmental groups had sued saying they were not taken seriously.

"We think it 'reasonably likely' that on remand, the Commission can redress the defects in its (greenhouse gas) emissions and cumulative-effects analysis and still authorize the Project," the court said in its decision.

Five environmental groups including the Natural Resources Defense Council sued FERC over the approval, saying it did not take climate and air pollution risks seriously when it approved the project in November 2022. Commonwealth has not made a final investment decision (FID) yet.

If developed, the project is expected to begin shipping 9.5 million tonnes a year of LNG from Cameron, Louisiana, in 2028.

Lyle Hanna, a Commonwealth spokesperson, said the company will work with FERC during the reassessment and that it expects a FID in the first half of 2025.

Private equity firm Kimmeridge, through its subsidiary Kimmeridge Texas Gas, acquired a 90% stake in Commonwealth LNG, it said in June.

In the 2022 approval, Democratic members of FERC had listed concerns about the impact of emissions linked to warming the planet and on communities frequently exposed to other types of pollution, saying the terminal would produce the equivalent of about 3.5 million tonnes of carbon emissions annually.

But they approved the project, saying federal natural gas law requires FERC to approve facilities unless they are contrary to the public interest.

The NRDC said the ruling will help ensure an "honest" assessment by FERC.

"This ruling underscores what we have said for years: FERC continues to violate bedrock national environmental legal obligations to assess the community and climate impacts of LNG projects," said Caroline Reiser, a lawyer at the nonprofit.

It was unclear whether the decision could delay any start of the project, but it could delay another necessary approval. ClearView Energy Partners, a nonpartisan research group, said the Department of Energy, which has the power to approve exports to major global markets from the Commonwealth project, may not act while FERC is reconsidering the emissions impact.

Top News - Dry Freight

Egypt makes hefty wheat purchase amid lower Russian prices

Egypt's state grains buyer bought 770,000 metric tons of mostly Russian wheat in an international tender, marking its biggest single purchase since 2022 following a dip in Russian prices.

The purchase comprised 50,000 metric tons of Bulgarian wheat and 720,000 metric tons of Russian wheat, the General Authority for Supply Commodities (GASC) said.

Russian wheat had the lowest price in the tender as traders believe that Russia's unofficial minimum export price floor was not implemented.

The price floor had been enforced since last year in an effort to slow Russian wheat exports and cool domestic flour and bread prices.

The purchase is believed to be GASC's biggest in a single tender since June 2022, Reuters data showed.

Two sources have told Reuters that the GASC Vice Chair

Hossam El Garahy had met with Russian officials last month to urge for a relaxation of the price floor to allow for more price negotiations. Egypt, often the world's biggest wheat importer, is usually heavily reliant on competitive Russian wheat imports. The North African country had been grappling with a shortage of foreign currency over the last two years. It secured a windfall of funding since late February from the IMF, the UAE and other entities. GASC had recently bought wheat from cheaper origins over the past couple of months.
"It seems the Russian government's very deniable decision to end the price floor was a welcome move in Egypt's financial crisis," said one trader. "The relaxation of the price floor enabled negotiations we have not seen in an Egyptian tender for a long time"

Jordan buys estimated 60,000 T wheat in tender - traders

Jordan's state grains buyer purchased about 60,000 metric tons of hard milling wheat to be sourced from optional origins in an international tender on Tuesday, traders said.
It was believed to have been bought from trading house Buildcom at an estimated $255.00 a ton cost and freight (c&f) included for shipment in the second half of August, they said.
Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.
Traders reported these estimated offers in the tender from other trading houses in the tender all per ton c&f: Cargill $264.70, CHS $259.50, Viterra $266.00 and $266.50, Al Dahra $265.50, Ameropa $264.24, The Andersons $258.00, Farm Sense $262.00 and Solaris $262.65.
A new tender for 120,000 tons of wheat is expected to be issued in coming days closing on July 23 and seeking shipment in September and the first half of October, traders said.
A separate tender from Jordan seeking 120,000 tons of animal feed barley closes on Wednesday.

Picture of the Day

A drone view shows brine transport pipes at the Eramet's lithium production plant at Salar Centenario in Salta, Argentina July 4. REUTERS/Matias Baglietto

(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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