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Top News - Oil

China imports record Russian crude volumes in June despite narrowing discount
China's imports of crude oil from Russia hit an all-time high in June, Chinese government data showed on Thursday, with refiners continuing to snap up Russian ESPO even as discounts against international benchmarks narrow.
Arrivals from Russia totalled 10.50 million metric tons in June, or 2.56 million barrels per day (bpd). Cargo volumes were up 44% from the same month last year, according to data from the General Administration of Customs.
Russian arrivals for the first half totalled 52.61 million metric tons, up 22% on the same period last year.
Shipments from Saudi Arabia totalled 7.92 million metric tons last month, equivalent to 1.93 million bpd, up 12% from the previous month. The figure represented a roughly 57% increase on the volume shipped from Saudi in June last year.
Saudi shipments to China in June had been expected to fall, as narrowing refining margins led Chinese refiners to look for cheaper crude from Russia and other suppliers, even after Riyadh cut the official selling price for June-loading Arab Light crude by 25 cents in May.
While Western sanctions and a price cap continue to ensure that Russian crude trades at a discount to global benchmarks, the discount has narrowed in recent months due to increasing ESPO demand from Chinese buyers and extensive purchases of Russian Urals grade by Indian refiners.
June-delivery ESPO shipments were priced at a $5.50 per barrel discount to the ICE Brent benchmark, versus $8.50 against ICE Brent for shipments delivered back in March.
Chinese refiners use intermediary traders to handle shipping and insurance of Russian crude to avoid violating Western sanctions.
Customs data also showed that imports from Malaysia were 1.51 million bpd in June, up 133% from the same period last year. Malaysia is often used as an intermediary point for sanctioned cargoes from Iran and Venezuela.
U.S. exports to China were up 354% on last year despite geopolitical tensions, as U.S. grades maintained last month's pricing advantage over Middle Eastern producers following the OPEC+ supply cuts.
Chinese refiners are expected to lean increasingly on alternative suppliers such as Brazil in the third quarter, as Russia and Saudi Arabia have pledged to cut production.

Venezuela's PDVSA signs new petcoke export contracts amid market turmoil, documents show
Venezuela's state oil firm PDVSA this month signed two new contracts to export up to 1.6 million metric tons of petroleum coke this year, internal company documents showed, deals which will help ease a backlog that has roiled the market.
One contract signed with Turkish company Latif Petrol calls for 1 million tons to be shipped during the second half of the year. The other contract is with Reussi Trading, a St. Vincent and the Grenadines-based firm, with deliveries slated through September, according to the documents which were seen by Reuters.
The deals would replace about 70% of exports that had been due to be shipped by Maroil Trading this year before a contract with the Geneva-based firm was suspended last month.
They are PDVSA's first non-spot deals signed since the suspension and could help calm a market where many customers are fretting about undelivered cargoes.
Petcoke prices have also moved higher after declines in the first half of the year.
PDVSA did not reply to a request for comment. Reuters was unable to contact Reussi Trading and Latif Petrol, whose web pages were under construction.
Last month, PDVSA suspended its 2017 contract with Maroil, owned by shipping tycoon Wilmer Ruperti, after disagreements over accounts receivable and the validity of the deal. A general audit at PDVSA earlier this year had found more than $21 billion in accounts receivable, including some $424 million allegedly owed by Maroil.
The dispute has sent Venezuela's petcoke exports tumbling, and a swirl of vessels are waiting to load near the OPEC-member country's main port.
Before the suspension, Venezuela was exporting about 500,000 metric tons per month of petcoke, a remarkable increase from the 486,000 tons shipped in all of 2021, according to internal PDVSA figures and shipping data. The cargoes were mostly traded by Maroil.
Fuel-grade petcoke like Venezuela's is a very high heating value product that leaves virtually no ash when burned and is used in power plants and cement kilns. It represents the largest portion of a global petcoke market which - including bitumen- has surpassed $22 billion in recent years, according to data from the Observatory of Economic Complexity.
Ahead of the Maroil contract suspension, PDVSA had

sold spot petcoke cargoes to new customers in the second quarter.
The contract with Maroil made it responsible for most of the country's exports of petcoke during years when prices surpassed $200 per ton. Venezuela's petcoke delivered in Asia has recently traded around $105 per ton.
The contract also required Maroil to invest at least $138 million in infrastructure repairs in exchange for rights to sell some 12 million metric tons of PDVSA petcoke, then valued at $11.50 per ton, the company has said.

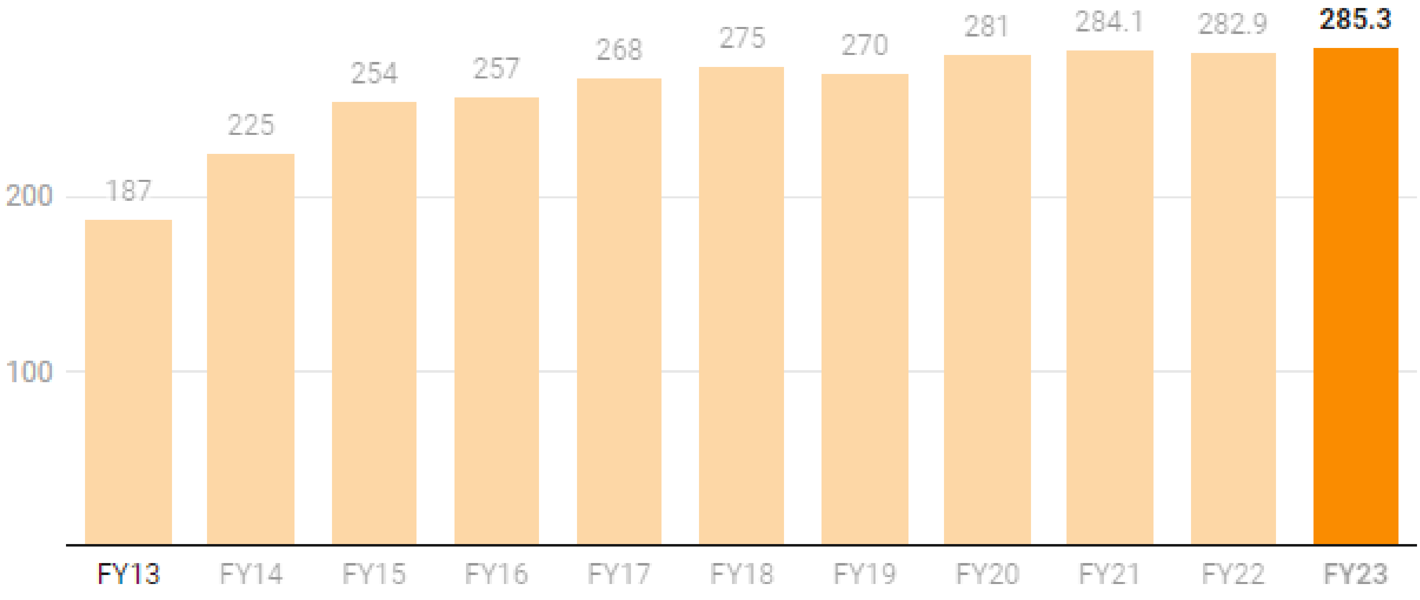
Top News - Agriculture

Top buyer India's sunoil imports to fall as Black Sea grain deal expires
India's imports of sunflower oil are likely to fall in the coming months as it becomes uncompetitive against rival oils due to rising prices after Russia withdrew from the Black Sea grain deal, industry officials told Reuters.
The drop in sunflower oil imports would force the world's biggest buyer of vegetable oils to increase purchases of palm oil and soyoil to compensate.
A year-long deal allowing the safe Black Sea export of Ukraine's grain expired on Monday after Russia quit and warned it could not guarantee the safety of ships, in a move the United Nations said would "strike a blow to people in need everywhere".
Sunflower oil shipments to India could fall by around 30% from current levels, said Pradeep Chowdhry, managing director of Gemini Edibles and Fats India Pvt. Ltd, a leading Indian importer.
The Black Sea region accounts for 60% of world sunflower oil output and 76% of exports.
Spot prices have risen from $850 to $965 per metric ton in the past five weeks on expectations that the grains deal would lapse and on a rally in rival oils.
India typically imports around 250,000 metric tons of sunflower oil per month, mainly from Russia, Ukraine, Argentina and Turkey.
Earlier this year, Black Sea exporters were aggressively selling sunflower oil at competitive prices, which helped bring down inventories, said Rajesh Patel, managing partner at GGN Research, an edible oil trader and broker.
India could import around 275,000 tons of sunflower oil in July but from August imports could fall to around 200,000 tons, Patel said.
Ukraine traditionally accounted for more than half of India's sunflower oil imports, but Russia has been its biggest supplier in the marketing year ending on Oct. 31,

Chart of the Day

BHP Posts Record Iron Ore Production For FY23

Iron ore production from Western Australia on a 100% basis jumps 1.4 % to 72.7 Mt for Q4



All figures in million tonnes (Mt)

Chart: Upasana Singh • Source: BHP Group • Get the data • Created with Datawrapper

Solvent Extractors' Association of India data shows.
Loading of big vessels at Ukrainian ports is not possible without the grain deal, said Sandeep Bajoria, CEO of Sunvin Group, a vegetable oil brokerage and consultancy.
"The deal's expiry would force Ukrainians to ship sunoil from Romania, Bulgaria and other European countries but re-routing would bring down the volume," Bajoria said.
Ukraine has in recent months been selling sunflower seeds to Romania and Bulgaria, where they are processed into oil that is exported to India, said a New Delhi-based dealer with a global trading house.
"The uncertainty in the sunoil market would force some refiners to switch to palm oil and soyoil, which are also available at competitive prices," the dealer said.
India imports palm oil mainly from Indonesia, Malaysia and Thailand, while sourcing soyoil mainly from Argentina, Brazil and the United States.

Asian wheat buyers to seek alternative supplies after attacks on Ukraine ports

Asian millers, which have bought more than 1 million metric tons of Black Sea wheat for shipment in coming months, will seek alternatives as attacks on Ukrainian ports after the collapse of a safe passage deal spark longer-term supply risks, traders and analysts said.
Supply constraints from the key Black Sea region add further uncertainty amid the prospect of dry El Nino weather threatening crops across Asia, exacerbating worries over food inflation.
Chicago wheat futures climbed more than 2% to hit a three-week high on Thursday as infrastructure damage following Russia's attacks on Ukrainian ports buoyed prices.
"Traders and mills will be looking for alternative sources of supply," said one Singapore-based trader at an international trading company.
"They are going to be potentially looking at Europe and cargoes from other Black Sea exporters like Romania and Bulgaria. Australia still has wheat to sell from its harvest last year."
Russian strikes on Ukrainian port areas continued on Thursday, local authorities said, after Moscow warned that ships heading to Ukraine's Black Sea ports could be considered military targets.
Russia attacked the Odesa region on Monday and Tuesday nights. The attack on the southern Ukrainian port of Chornomorsk damaged grain export infrastructure and destroyed thousands of tons of stored grain.
"The market was hopeful that navies of other countries might escort shipment of goods in and out of Ukraine regardless of Russia not renewing the grain corridor," said Rabobank senior grains analyst Dennis Voznesenski.
"But the attack on Odesa port and subsequent statement from Russia that any ship sailing to Ukraine's Black Sea ports would be seen as carrying military cargoes has made that very unlikely," he said.
Millers in the Middle East, Africa and Asia, which are heavily reliant on Black Sea supplies, have bought millions of metric tons of wheat and corn from the region, which is entering its peak export season with freshly harvested crops reaching the market.
"It is hard to put an exact number as traders have signed private deals but mills in Asia have easily booked more than one million tonnes of Black Sea wheat for shipment in July, August and September," said a second trader in Singapore.
Indonesia, the world's second-largest wheat importer, Malaysia and Vietnam have bought Black Sea cargoes for milling into flour for making products such as noodles and bread. South Korea, Thailand and the Philippines take Ukrainian wheat mainly for animal feed.
Prices of Black Sea wheat offered in Asia are expected to rise as supplies tighten, traders said.
"As of now not many exporters are quoting prices but before the attacks, mills in Indonesia bought Black Sea wheat at around $275 a ton, including cost and freight," the first Singapore trader said.

Top News - Metals

PREVIEW-Copper miners squeezed by lower prices, higher labor costs

Major North American copper miners are likely to report a fall in second-quarter profits, as global growth concerns dented realized prices for the red metal and labor costs remained high.
Freeport-McMoRan, Southern Copper and Teck Resources are estimated to post a combined adjusted profit of $1.53 billion for the April-June quarter, according to data from Refinitiv, compared with $2.63 billion a year earlier.
The average copper price fell about 11% to $3.85 per pound during the period, as per CFRA Research.
"Copper prices fell considerably in the first part of second-quarter before finding a bottom in late May, at which point it was able to regain some lost ground," said Steve Schoffstall of Sprott Asset Management.
He blamed fears of slowing global growth, particularly in top consumer China, for the decline in prices.
The drop knocked Freeport-McMoRan's earnings before

interest, taxes, depreciation, and amortization (EBITDA) by about $110 million, Wolfe Research said in a research note.
Freeport, which operates the low-cost, high-grade Grasberg mine in Indonesia, is also awaiting an export permit after the Southeast Asian nation banned raw mineral exports. The company has not shipped its materials since June 10 following the expiry of its export permit.
Bernstein sees labor costs, which account for 28% of site production costs, further decreasing margins for Freeport.
Southern Copper, on the other hand, may have the best chance to post a year-on-year rise in adjusted earnings, said Matthew Miller, analyst at CFRA Research, on higher production.
Freeport-McMoRan is set to launch the second-quarter earnings season for miners on Thursday, with Southern Copper, First Quantum and Teck scheduled to report next week.

BHP posts record full-year iron ore output, flags rising costs

BHP Group on Thursday reported its highest ever annual iron ore production, helped by the continued ramp up at its South Flank operations in Western Australia but flagged it faces rising costs.
The world's largest listed miner said unit costs at its Western Australia iron ore operations and Chilean copper mine Escondida are expected to be towards the upper end of forecast ranges, but said capital and exploration spending would be below annual guidance, partly due to foreign exchange movements.
BHP's iron ore production in Western Australia was aided by improved rail performance at the mines, but production was partially hit by unfavourable impacts from tropical Cyclone Ilsa in the quarter.
It said iron ore production from Western Australia, on a 100% basis, was 72.7 million tonnes (Mt) in the three months to June 30, a touch lower than Visible Alpha estimates of 73 Mt, according to UBS.
The company expects fiscal 2024 output for Western Australia iron ore between 282 million and 294 million metric tons, the mid-point of which is 0.9% higher than annual production of 285.3 million metric tons for fiscal 2023.
BHP, which completed the $6.4 billion takeover of OZ Minerals in May, said copper production rose 9% to 1,716.5 thousand metric tons in the fiscal.
It also forecast total copper production for the 2024 fiscal year to be between 1,720 and 1,910 thousand metric tons, helped by long anticipated higher grades at the world's top copper mine and integration of Oz Minerals

MARKET MONITOR as of 06:43 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$75.36 / bbl	0.01%	-6.11%
NYMEX RBOB Gasoline	$2.67 / gallon	0.08%	7.84%
ICE Gas Oil	$768.50 / tonne	-1.00%	-16.56%
NYMEX Natural Gas	$2.64 / mmBtu	1.27%	-41.09%
Spot Gold	$1,980.39 / ounce	0.16%	8.55%
TRPC coal API 2 / Dec, 23	$107.75 / tonne	3.11%	-41.68%
Carbon ECX EUA / Dec, 23	€89.09 / tonne	-0.10%	6.10%
Dutch gas day-ahead (Pre. close)	€27.10 / Mwh	0.37%	-64.14%
CBOT Corn	$5.57 / bushel	0.63%	-17.92%
CBOT Wheat	$7.54 / bushel	1.17%	-6.67%
Malaysia Palm Oil (3M)	RM4,000 / tonne	2.70%	-4.17%
Index (Total Return)	**Close 19 Jul**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	304.55	0.47%	1.07%
Rogers International	26.83	1.63%	-6.42%
U.S. Stocks - Dow	35,061.21	0.31%	5.77%
U.S. Dollar Index	100.28	0.34%	-3.14%
U.S. Bond Index (DJ)	413.27	0.54%	4.74%

into its South Australian business.
It reaffirmed that production at South Flank would reach full capacity of 80 million metric tons per annum, on a 100% basis, by the end of fiscal 2024.

BHP said it has begun accepting more feed from third parties for its Nickel West operations which supply the electric vehicle battery industry, after rejecting feed from Mincor Resources with high arsenic levels.

Top News - Carbon & Power

China's June Australian coal imports ease but demand remains strong

China's coal imports from Australia eased in June from May's 33-month-high but remained supported by attractive prices and strong demand from utilities for high-quality thermal coal amid a scorching summer.

June imports totalled 4.83 million metric tons, of which 4.61 million metric tons was thermal coal and 217,275 metric tons was coking coal, data from the General Administration of Customs showed on Thursday.

June's volume was lower than the 5.42 million metric tons in May, a level last seen in August 2020.

China's power plants favour Australian coal for its high-energy content, which allows utilities to produce more electricity than the same amount of low quality coal.

The persistent heat across China since June has driven up power demand for cooling, driving the maximum daily power load for several regions to record highs.

Prices of Australian coal fell amid tepid demand in Europe and other Asian countries, making it more competitive against China's domestic supplies.

Arrivals of Australian coal to China are likely to reach more than 7.2 million metric tons in July, according to shipping data from Refinitiv and Kpler, as power demand peaks in the summer.

China's imports of Russian coal touched a record high of 10.65 million metric tons in June, customs data showed on Thursday.

Despite solid demand for imported coal, shipments from Indonesia, China's biggest coal supplier, fell for a third consecutive month in June to 16.32 million metric tons of mostly low-energy content thermal coal.

Customs data also showed coal imports from Mongolia at 5.24 million metric tons in June, up from 4.54 million metric tons in the prior month.

Green groups demand US end talks on natural gas certification

A group of nearly 150 environmental justice groups urged the Biden administration on Wednesday to abandon talks with global energy companies on standards for certified natural gas, a form of the fuel that producers market as climate friendly, but that critics say undermines the transition from fossil fuels.

The United States has held talks with energy companies and foreign officials on gas certification as it ships large amounts of liquefied natural gas, or LNG, to Europe to displace Russian gas amid the ongoing war in Ukraine.

The Natural Resources Defense Council, Sierra Club, Gas Leaks and other green groups argued the discussions are a diversion from President Joe Biden's pledge to move toward cleaner energy sources and endanger public health.

"While we strongly support robust and well-enforced regulations to cut methane leaks from the oil and gas sector, we oppose efforts that aim to provide 'extra credit' which the gas industry uses to promote growth in the production, trade and consumption of methane gas," they wrote in a letter to U.S. Energy Secretary Jennifer Granholm.

A Department of Energy spokesperson said the agency "is not introducing or endorsing any natural gas certification measures or standards." It is working with gas importing and exporting countries to develop an approach to measurement, monitoring, reporting and verification of emissions that "provides consistency and accountability," and aligns with the administration's plan on methane emissions, the spokesperson added.

While gas burns cleaner than other fossil fuels, its main component is the powerful greenhouse gas methane, which can leak into the atmosphere -- a top complaint from environmentalists, whose support is key as Biden ramps up his 2024 re-election campaign.

Gas producers have attempted to market certified gas at a premium for years, using third-party certifiers to prove the fuel was produced and transported in ways that minimize emissions.

But a lack of unified standards on measuring and verifying emissions across the supply chain has limited low-carbon gas markets. Certifiers rely on competing measurement technologies and differing methodologies on interpreting the data.

Brad Crabtree, a Department of Energy official, met privately with companies on the issue in March and told Reuters standards are needed because the "downside of all the innovation and creativity is that it also is very chaotic." The Differentiated Gas Coordinating Council, an industry group seeking to make certified gas an option for meeting climate goals, did not immediately respond to a request for comment.

Scientists have long warned that climate change, caused by greenhouse gas emissions mainly from burning fossil fuels, will make heat waves more frequent, severe and deadly. They say governments need to drastically reduce emissions to prevent climate catastrophe.

Top News - Dry Freight

Russia warns against any ships traveling to Ukraine from Thursday

Russia warned that from Thursday any ships traveling to Ukraine's Black Sea ports will be seen as possibly carrying military cargoes, after Ukraine said it was setting up a temporary shipping route to try and continue its grain exports.

The moves by both countries on Wednesday came just days after Russia quit a deal - brokered by the United Nations and Turkey - that allowed the safe Black Sea export of Ukraine grain for the past year, and revoked guarantees of safe navigation.

Ukraine has made clear that it wants to try and continue its Black Sea grain shipments and told the U.N. shipping agency, the International Maritime Organization (IMO), that it had "decided to establish on a temporary basis a recommended maritime route."

But Russia's Defence Ministry then said it would deem all ships travelling to Ukraine to be potentially carrying military cargo and "the flag countries of such ships will be considered parties to the Ukrainian conflict".

In a statement on the Telegram messaging app, it said the move would start at midnight Moscow time (2100 GMT Wednesday).

The Defence Ministry did not say what actions it might take.

Russia was also declaring southeastern and northwestern parts of the Black Sea's international waters to be temporarily unsafe for navigation, the ministry said, without giving details about the parts of the sea which would be affected.

"It underscores that we're trying to work and continue to work in what is effectively a warzone," U.N. spokesperson Stephane Dujarric said on Wednesday when asked about the Russian warning.

Ukraine accused Russia on Wednesday of damaging grain export infrastructure in "hellish" overnight strikes focused on two of its Black Sea ports.

"In the ports that were attacked today, there was about a million tonnes of food stored. It is precisely that amount that should already have been delivered to consumer countries in Africa and Asia," Ukrainian President Volodymyr Zelenskiy said in his nightly video address on Wednesday.

He said the terminal damaged the most held 60,000 tonnes of agricultural products intended for shipment to China.

Russian President Vladimir Putin on Wednesday accused Western countries of perverting the Black Sea grain deal for their own means, but said Russia would immediately return to the agreement if all its demands regarding its own exports were met.

'GLOBAL HUNGER'

Insurers were already reviewing their appetite for covering ships into Ukraine.

A cargo insurance facility providing cover for Ukraine grain shipments traveling under the Black Sea deal has been suspended, the policy's broker told Reuters on Tuesday. The marine cargo and war facility provided cover of up to $50 million per cargo.

Norwegian shipping insurance group DNK, which provides war risk policies, told Reuters on Wednesday it was currently unable to provide cover for Ukraine.

The U.N. said on Tuesday there are a "number of ideas being floated" to help get Ukrainian and Russian grain and fertilizer to global markets after Moscow quit the Black Sea deal.

The Black Sea pact was brokered to combat a global food crisis worsened by Russia's February 2022 invasion of Ukraine. Ukraine and Russia are among the world's top grain exporters.

Russia's withdrawal on Monday also effectively ended a pact between the U.N. and Moscow in which U.N. officials agreed to help Russian food and fertilizer exports reach world markets. Under that agreement, the U.N. has said Moscow was no longer fulfilling a pledge to "facilitate the unimpeded export of food, sunflower oil, and fertilizers" from Ukrainian Black Sea Ports.

Moscow quit the deal because it said its own grain and fertilizer exports still faced obstacles and complained not enough Ukrainian grain was reaching poor countries under the arrangement.

But the U.N. argued the deal has benefited those states by helping lower food prices more than 20% globally.

Ukraine has also been a key supplier of grain for the U.N. World Food Programme's efforts to fight hunger.

U.N. Secretary-General Antonio Guterres "will continue whatever he can do to ensure that global markets have access to Ukrainian and Russian food as well as fertilizer," Dujarric said. "This is just too important for our fight against global hunger."

Algeria bought South American corn in tender, volume unclear

Algerian state agency ONAB is believed to have bought an unknown volume of animal feed corn expected to be sourced from Argentina or Brazil in an international tender for up to 240,000 metric tons which closed on Tuesday, European traders said on Wednesday.

Initial estimates put the volume bought at between 40,000 to 80,000 metric tons.

It was believed to have been bought at around $250 a metric ton c&f with the purchase believed to involve one or two consignments for spot shipment positions in July and August.

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

The corn was sought in six 40,000 metric ton consignments sourced only from Argentina or Brazil.

But prices offered were regarded as high following a sharp rise in Chicago corn futures this week after Russia withdrew from Ukraine's safe shipping agreement with air strikes made on the Ukrainian grain port of Odesa. Only a relatively small purchase was believed to have been made, traders said.

Two consignments were sought for prompt shipment, one between July 20-Aug. 5 and one between July 25-Aug. 10. The others were sought for shipment between Aug. 1-15, Aug. 5-20, Aug. 10-25 and Aug. 15-31.

In its last reported corn tender on June 23, ONAB was believed to have bought an unknown volume expected to be sourced from Argentina after seeking offers for up to 120,000 metric tons.

Picture of the Day

A combine harvests wheat in a field in the course of Russia-Ukraine conflict near the settlement of Nikolske in the Donetsk Region, Russian-controlled Ukraine, July 19, 2023. REUTERS/Alexander Ermochenko

(Inside Commodities is compiled by Kishan Nair in Bengaluru)

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