

[Oil](#) | [Agriculture](#) | [Metals](#) | [Carbon & Power](#) | [Dry Freight](#)

Click on headers to go to that section

Top News - Oil

Biden's tough sell in Pennsylvania: green energy to union workers

President Joe Biden traveled on Thursday to Philadelphia to pitch the promise of a green economy to union workers skeptical that the solar, wind and electric vehicle industries can deliver the same economic punch for organized labor as fossil fuel-powered refineries and power plants.

Biden is trying to reshape the U.S. economy by investing billions of taxpayer dollars in green technology, while forcing companies that want lucrative subsidies being offered to help the push do more of their manufacturing in the U.S.

Biden took a small tour of Philadelphia's shipyard and praised the upcoming construction of the Acadia, a union-built vessel that will support hundreds of jobs and be used to help build offshore wind farms.

"When I think climate, I think jobs, union jobs," Biden said, adding that the ships blades, hull and other parts - some the size of city skyscrapers - will be built by nine unions across the country.

Biden is betting that union workers whose jobs are threatened by the energy transition will eventually find a place in the green economy, but that's a hard sell in union-friendly Philadelphia.

About a dozen union workers in the Philadelphia region Reuters spoke to questioned whether the new industries can produce a similar number of jobs at the same high wage scale. They may have good reason to worry.

Roughly 80% of the more than 50 EV battery, solar panel and other factories announced since passage of the Inflation Reduction Act in August are in states with laws that make it harder for workers to unionize, a Reuters analysis published this year found.

Nancy Minor, 57, worked as a union operator at a Philadelphia's largest and oldest refinery for nearly three decades before it shut after a 2019 explosion. Now a refinery safety consultant, she made enough money to buy a house, raise her kids as a single mother and send them to private school.

She worries clean energy projects like solar and wind farms, along with hydrogen pipelines, oversell and under deliver when it comes to long-term, full-time employment.

"The initial promise of jobs is spectacular but after the equipment is built they can run it with a fraction of the people," Minor said.

'HOW MANY JOBS?'

Overall energy jobs in the U.S. grew 3.8% in 2022, to more than 8.1 million, led by fast growth in clean energy jobs, the Department of Energy said in June. Clean

energy jobs, a wide category including wind and solar power, nuclear, and grid technologies and battery storage, made up 3.1 million of those.

Ali Zaidi, Biden's national climate adviser, says the president is pushing to make sure unions are part of the energy transition, and to get unions and companies working together.

Unions will benefit from an expanded power grid, a boom in manufacturing from clean energy supply chains and new industries like hydrogen, Zaidi said, noting Danish renewable energy group Ørsted's recent partnership with North America's Building Trades Unions.

Biden's union push comes as business and labor are divided over who will benefit from the changing economy, the Screen Actors Guild is on strike and the Auto Workers are bracing for a possible labor shortages unless there are new union protections for EV battery plants.

A potential economically-damaging strike by Teamster-represented UPS workers looms next month.

Pat Eiding, long-time president and current treasurer of Philadelphia AFL-CIO Council, said a rash of refinery closures in the region over the past two decades crushed some local unions. Many of those laid off workers struggled to find similar paying jobs and he fears the same for any worker hurt by the energy transition.

Eiding also believes the green economy will struggle to replicate the employment from refineries and power plants, which require 24-hour, 365-day staffing and significant annual maintenance.

"I believe Biden when he says that green energy jobs will be union, the question is just how many jobs will there be," Eiding said.

Seth Harris, who previously served as Biden's top labor policy adviser at the White House, said unions have made progress in some green industries, like agreeing contracts for wind farms, but are still struggling to get a foothold in a solar industry dominated by China.

The Biden administration has pushed new funds to help workers like coal miners find new jobs, but more can be done, Harris said, including increased investment in community colleges and apprenticeship programs.

"The labor movement has legitimate cause for concern and they are aggressively in discussions with Congress and with the White House about how to make certain that current members have the opportunity to be represented by a union and to have good quality jobs as a result," Harris said.

John Hirschfeld, 50, a shipyard security worker with the local electrician's union who was in the audience, said Biden's message Thursday made sense. The shipyard was down to just a handful of union employees not long

ago, he said, but new wind farm and other projects have breathed life into the facility and made him hopeful. "This is a big deal for me, as a father, as a husband," Hirschfeld said. "It helps me sleep at night knowing I can take care of my family."

COLUMN-Depleted US diesel stocks attract hedge funds: Kemp

U.S. inventories of diesel and other distillate fuel oils have failed to replenish significantly despite a downturn in manufacturing and freight activity that has so far lasted eight months.

Distillate fuel oil inventories amounted to just 118 million barrels on July 14, according to data from the U.S. Energy Information Administration ("Weekly petroleum status report", EIA, July 19).

Stocks were 21 million barrels (-15% or -1.15 standard deviations) below the prior 10-year seasonal average and the deficit had narrowed only modestly from 27 million barrels (-19% or -1.65 standard deviations) a year ago. Distillate stocks have increased slightly from last year when they were just 113 million barrels, but otherwise they are at the lowest level for the time of year since 2004.

There is not much scope for rebuilding depleted diesel stocks by running refineries harder, shifting them away from producing gasoline, or drawing down diesel inventories in other regions of the world:

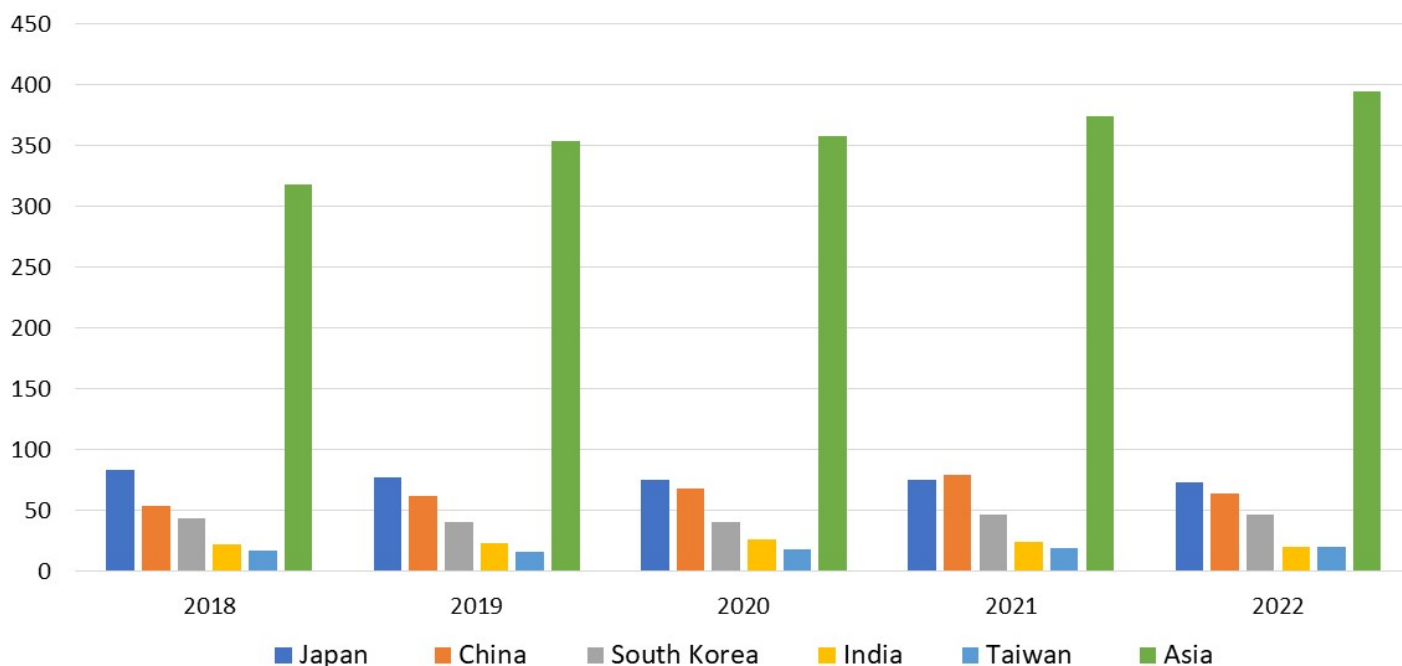
- U.S. refineries were running at 94.3% of their maximum capacity in the week ended July 14, which was 2.2 percentage points above the 10-year average and the highest rate since 2015.
 - U.S. gasoline stocks are also depleted at almost 13 million barrels (-5% or -1.31 standard deviations) below the prior 10-year seasonal average, making it difficult to boost diesel yields at their expense.
- In Europe, distillate inventories are 30 million barrels (-7% or -0.90 standard deviations) below the seasonal average while the deficit in Singapore is 3 million barrels (-27% or -2.52 standard deviations).
- U.S. distillate consumption and inventories are both closely geared to the business cycle since more than three-quarters of distillate fuel oil is consumed by trucking firms, railroads and manufacturers.
- In recent decades, inventories have normally been reset after a period of depletion by a mid-cycle slowdown or a cycle-ending recession, but so far the slowdown has not been deep enough to rebuild them.
- If the U.S. economy avoids a recession and industrial activity starts to rise, inventory depletion will resume and stocks will quickly fall to critically low levels, putting upward pressure on fuel prices and inflation.

PRICES RISE

Distillate prices and refining margins have already

Chart of the Day

Asia LNG import volumes from 2018-2022 (million tons)



Source: Kpler

strengthened over the last three months as inventories have remained lower than expected. Futures prices for diesel delivered in September 2023 have risen by more than \$16 per barrel from their recent low near the end of April. Prices for diesel have been rising faster than crude with the gross refining margin (the "crack spread") widening by \$10 per barrel over the same period. The actual and prospective tightness of diesel supplies has started to draw interest from hedge funds and other investors. Money managers have increased their combined position in futures and options linked to middle distillates in eight of the most recent 10 weeks by a total of 76 million barrels since May 2. There have been increases in both U.S. diesel (+27

million barrels) and European gas oil (+49 million barrels) over the period. As a result, the combined position is now in the 43rd percentile for all weeks since 2013, up from just the 6th percentile at the start of May. If the U.S. economy avoids recession, this position-building will likely anticipate, accelerate and amplify the rise in distillate margins and prices. Adjusted for inflation, U.S. heating oil prices were close to the long-term average in June (48th percentile for all months since 1990). So far, positions and prices reflect a delicate balance between upside risks from depleted inventories and downside risks from a faltering global economy. But if the economy avoids a recession, diesel prices could escalate relatively rapidly.

Top News - Agriculture

Grain buyers refuse to panic as Ukraine corridor closes

Major grain importers in the Middle East and North Africa have reacted calmly to the end of the safe shipping corridor for Ukraine's exports through the Black Sea this week, European commodity traders said on Thursday.

"There has not been panic buying by importers this time around on the scale as we saw last year when prices skyrocketed after the Russian invasion of Ukraine," one European grain trader said. "Buyers want to watch a few days and assess the situation, nobody seems to be rushing or panicking."

U.S. wheat futures jumped 8.5% on Wednesday, their biggest daily gain since the days after the February 2022 invasion, after Russia withdrew from the deal for Ukraine's safe shipping channel for grains exports and attacked Ukrainian ports.

But wheat is still only about half the record high price of \$13.63-1/2 per bushel hit in March 2022 and is only at modest three-week highs.

The Middle East North Africa region (MENA) includes some of the world's top importers such as Egypt, Algeria and Morocco.

Traders say they have not seen the huge rise in buying this week by importers as seen in early 2022.

Large grain supplies, especially of wheat from Russia and other Black Sea producers including Romania, mean stocks can be bought while harvests are underway in the European Union, so buyers will have large supplies available, traders said.

Usually, international grains import demand is shown by new purchase tenders issued to grain traders by importers. No major new tenders for food wheat have been reported by the main Middle Eastern and North African importers this week although there has been a minor purchase tender for vegetable oils from Egypt. Iran tendered for 180,000 metric tons of animal feed corn on Monday – saying it would accept offers from Ukraine – but then reportedly rejected offers as too expensive.

"There is no queue of buyers as far as I can see," another trader said. "The importers lack money and had anyway not been dependent on Ukrainian shipments by sea."

Traders said shipments through Ukraine's shipping channel had been small in past months, with only one or two ships sailing on many days in past weeks. Importers had already started diverting Ukrainian purchases to overland deliveries via Romanian and Bulgarian ports or via shipment along the Danube to west EU ports.

"There are estimates Ukraine can export well over 1 million (metric) tons of grains a month on the EU routes," another trader said. "Some estimates are well over 2 million (metric) tons, these are large volumes."

Several importing countries have economic difficulties resulting in shortages of foreign exchange, especially Egypt, so are unwilling to pay high prices unless urgently needed.

"Russian is pouring a lot of wheat into the world market and new harvest from the EU from countries like France and Germany in coming weeks mean buyers have a lot to choose from," another trader said. "I see no supply crisis."

India imposes major rice export ban, triggering inflation fears

India on Thursday ordered a halt to its largest rice export category in a move that will roughly halve shipments by the world's largest exporter of the grain, triggering fears of further inflation on global food markets.

The government said it was imposing a ban on non-basmati white rice after retail rice prices climbed 3% in a month after late but heavy monsoon rains caused significant damage to crops.

India accounts for more than 40% of world rice exports, and low inventories with other exporters mean any cut in shipments could inflate food prices already driven up by Russia's invasion of Ukraine last year and erratic weather.

"In order to ensure adequate availability of non-basmati white rice in the Indian market and to allay the rise in prices in the domestic market, the government of India has amended the export policy," the food ministry said in a statement that cited a 11.5% increase in retail prices over 12 months.

The category impacted, non-basmati white and broken rice, accounted for around 10 million tons of a total of 22 million tons of Indian rice exports last year.

The government clarified late on Thursday that parboiled rice, which represented 7.4 million tons of exports in 2022, was not included in the ban.

The move demonstrates the sensitivity of the government of Prime Minister Narendra Modi to food inflation ahead of a general election nearly next year.

His administration has extended a ban on wheat exports after curbing rice shipments in September 2022. It also capped sugar exports this year as cane yields dropped.

"India would disrupt the global rice market with far greater velocity than Ukraine did in the wheat market with Russia's invasion," B.V. Krishna Rao, president of the Rice Exporters Association told Reuters.

Rice is a staple for more than 3 billion people, and nearly 90% of the water-intensive crop is produced in Asia, where the El Nino weather pattern usually brings lower rainfall. Global prices are already hovering at their highest level in 11 years.

"The sudden ban on exports would be very painful for the buyers, who can't replace the shipments from any other

country," Rao said.

While Thailand and Vietnam don't have enough inventories to plug the shortfall, African buyers would be most affected by India's decision, Rao said, adding that many countries will urge New Delhi to resume shipments. Other top buyers of Indian rice include Benin, Senegal, Ivory Coast, Togo, Guinea, Bangladesh and Nepal. The ban would be effective from July 20, but vessel under loading would be allowed for exports.

WEATHER DAMAGE

Heavy rain in northern parts of India over the last few weeks has damaged newly planted crops in states including Punjab and Haryana, and many farmers have had to replant.

Rice paddy fields in northern states have been submerged for over a week, destroying newly planted seedlings, and forcing farmers to wait for waters to recede so they can replant.

In other major rice-growing states, farmers have prepared paddy nurseries but have been unable to transplant the seedlings due to inadequate rainfall.

The area under rice cultivation had been expected to increase after New Delhi raised the rice purchase price, but farmers so far have planted rice paddy on an area 6% smaller than in 2022.

This week, prices of rice exported from Vietnam, the world's third-largest exporter after India and Thailand, soared to their highest in more than a decade on growing supply concerns due to El Nino.

MARKET MONITOR as of 06:45 GMT			
Contract	Last	Change	YTD
NYMEX Light Crude	\$76.36 / bbl	0.97%	-4.86%
NYMEX RBOB Gasoline	\$2.71 / gallon	0.63%	9.50%
ICE Gas Oil	\$783.00 / tonne	1.85%	-14.98%
NYMEX Natural Gas	\$2.74 / mmBtu	-0.54%	-38.73%
Spot Gold	\$1,971.20 / ounce	0.08%	8.05%
TRPC coal API 2 / Dec, 23	\$114 / tonne	5.80%	-38.29%
Carbon ECX EUA / Dec, 23	€91.13 / tonne	0.67%	8.53%
Dutch gas day-ahead (Pre. close)	€27.08 / Mwh	-0.07%	-64.17%
CBOT Corn	\$5.37 / bushel	-1.78%	-20.87%
CBOT Wheat	\$7.38 / bushel	-1.07%	-6.57%
Malaysia Palm Oil (3M)	RM4,035 / tonne	-0.27%	-3.33%
Index (Total Return)	Close 20 Jul	Change	YTD Change
Thomson Reuters/Jefferies CRB	306.39	0.61%	1.68%
Rogers International	26.84	0.04%	-6.38%
U.S. Stocks - Dow	35,225.18	0.47%	6.27%
U.S. Dollar Index	100.88	0.60%	-2.55%
U.S. Bond Index (DJ)	410.42	-0.69%	5.30%

Vietnam's 5% broken rice was offered at \$515-\$525 per metric ton - its highest since 2011. India's 5% broken parboiled variety hovered near a five-year peak at \$421-\$428 per metric ton. Buyers may move to Thailand and Vietnam, but their 5%

broken rice could cost \$600 per metric ton, said one European trader. China and the Philippines, who generally buy Vietnamese and Thai rice, will be forced to pay substantially higher prices, another European dealer said.

Top News - Metals

LME expects more fast-track listings after approval of new nickel brand

The London Metal Exchange (LME) said on Thursday it had approved nickel produced by Quzhou Huayou Cobalt New Material, a subsidiary of China's Zhejiang Huayou Cobalt, as a list brand and expects more brand applications in coming months.

It is the first new approved brand for delivery against the LME nickel contract since the exchange cut the waiting time for listing as part of its programme to revive nickel trade volumes after a 2022 crisis.

The volumes slumped after LME prices doubled in a matter of hours in disorderly trade on March 8, 2022, prompting the world's largest and oldest metals forum to suspend its nickel market for the first time since 1988 and cancel all nickel trades on that day.

The volumes have revived since then as some market players returned to the contract but the timing of the full recovery is still uncertain.

"We expect to see more fast-track applications come through in the coming months," the LME, owned by Hong Kong Exchanges and Clearing, said.

Industry sources have said that the fast-track applications could help to boost LME nickel liquidity, though it would take more than one new brand to address the issue of nickel inventories in the LME-registered warehouses which are at their lowest since 2007.

So-called Class 1 metal - that can be delivered against the LME contract - amounts to only around 18% of global supplies estimated at around 3.3 million tonnes this year.

"Given the expected growth in Nickel Class 1 production from new sources, the LME's fast-track approach and fee waiver for new LME Nickel brands aims to encourage more stock and liquidity to the contract, without relaxing our metallurgical or responsible sourcing requirements," LME said.

How Chile's progressive new plan to mine lithium faces Indigenous hurdles

Chile's millennial president, Gabriel Boric, promised to mine differently. He would turn the world's largest copper producer and second largest lithium miner into a country that focused on environmental and social responsibility. When Boric announced his ambitious plan in April to take state control over the country's lithium industry and expand extraction of this essential component of electric car batteries, he pledged to do so with pioneering environmentally-friendly technology, and personally talk with local Indigenous communities.

But communities living on or around northern Chile's lithium salt flats, once tightly grouped under a regional council and now often at loggerheads, are skeptical and may prove harder to work with than the government in distant Santiago had planned on. In interviews with Reuters, some community leaders said they would demand more profits be channeled their way, while others said they would resist any new lithium mining at all.

"We're in the most arid desert and to exchange what we have in water and vegetation for a lithium battery is going to leave us with nothing," said Francisco Mondaca, a civil engineer and head of the environmental unit of the Atacama Indigenous Council.

"You can't sacrifice one zone to satisfy another." Chile holds the world's largest lithium reserves, 90% of which are in the Atacama desert. It is looking to capitalize on booming demand for the battery metal coveted by carmakers including Tesla and BMW, as well as renewable energy companies.

But other countries have made quicker progress in expanding output of lithium in recent years. Currently, just two companies - domestic producer SQM and U.S. firm Albemarle - extract lithium from Chile's salt flats.

Boric's plan envisions expanding mining with public-private partnerships controlled by a new state lithium company. The government has already started to negotiate state control with SQM and plans to do so with Albemarle before its contract expires in 2043.

Lithium is extracted through massive brine evaporation ponds that locals and environmentalists say alter the water table and hurt flamingo populations and other wildlife.

The new plan seeks to employ direct lithium extraction (DLE) - a technology that promises to be more sustainable by reinjecting the brine back into the ground once the mineral is extracted.

But DLE is as yet commercially unproven and locals are unconvinced.

"What bothers me is that a product is being sold as a sustainable solution for the world when it's not," Mondaca said.

INTERNAL DIVISIONS

The Atacama's rocky, hostile terrain that NASA uses to simulate Mars has been inhabited by the Lickan Antay people for at least 1,500 years.

Their communities sprouted up along turquoise oases brimming with lithium below. One of them, the Tara salt flat, is in a biodiverse area covered in ancient

arrowheads, ceramics and other archeological remains and forms part of Los Flamencos National Reserve. Cristian Espindola, who oversees patrols and security on the Tara flat for the local Toconao community, said he did not see much difference between the current and previous governments, criticizing the Boric administration for announcing its plan before consulting with locals. "The Chilean government starts selling this lithium without asking us native people, the people who live here, the homeowners, the Lickan Antay people," Espindola said, calling the move "irresponsible" and a continuation of previous policy. "This method of the Chilean state dealing with native communities never changes," Espindola said. "When they want to install new mining operations, they roll over communities."

While the Atacama has state-of-the-art mining facilities, observatories, and tourist centers with restaurants and craft shops, many neighboring Indigenous towns have only rugged dirt roads, unfinished buildings and poor infrastructure.

"In Toconao there's no drinking water or health center, we have power blackouts," said Espindola. "Where are the benefits for the Indigenous community?"

Espindola said the Indigenous communities in the Atacama lived and governed themselves differently from the federal government and had a different set of priorities focused on the environment, culture, and preserving their way of life.

"I think this lithium policy is going to run into Indigenous policy and that's where the clash is going to be," he said. Both Espindola and Mondaca said a majority of community members oppose expanded lithium mining in the region. When asked if the government would continue with planned expansion if communities opposed it, the mining ministry declined comment. It said it takes relationships with Indigenous communities seriously and that is why Boric met with them in person.

At a press conference following a first meeting with Indigenous representatives on June 30, Boric said he was "optimistic" and had agreed that "development should be integral, sustainable, and done with respect for the environment and communities." The president said the government would address issues like the lack of electricity and drinking water in the region and said the mining ministry would continue talks with communities.

BECOMING A STATE PARTNER

Some Indigenous leaders said they were open to

supporting lithium extraction at a fair price.

Yermin Basques, president of Toconao, said he was pushing for the community to receive a greater share of the profits and be a "strategic partner" in the state lithium company.

"We want to have earnings, shared earnings as strategic partners because we own the territory," he said. Basques said he wants Indigenous communities to be involved in decision-making and to promote investments in agriculture, tourism and other projects that will provide benefits to the community after the lithium boom dies down.

That proposal is supported by some on the Atacama Indigenous Council, a grouping of communities formed in 1995 where decisions are made by a simple majority vote.

Since 2017, Albemarle has given 3.5% of its sales each year to the council, divided evenly among the 18 member communities. That has led to disagreements, said Alonso Barros, a lawyer who helped negotiate the deal. "There are communities with ten people who get \$2 million and communities with 3,000 who get the same."

Some communities are now planning on holding individual negotiations with the government, bypassing the council altogether. This follows the model SQM has taken, striking individual deals with communities closest to its operation.

Rolando Humire, a former council president who rallied the communities together to sign the Albemarle deal, said it took him nearly five years to get them all on board.

"It was a slow process, years of dialogue, years of conversation without even bringing up how much we were going to ask for," Humire said. Communities had learned that they can legally delay projects until their demands are met, he said.

"I don't think (the government) is going to implement what they want in the Atacama," Humire said. "The communities have power, they can form an opposition, they have resources, they can hire lawyers. A project that goes to court here can be delayed for years."

Mauricio Lorca, a researcher at the University of Atacama who specializes in mining and Indigenous communities, said he expects negotiations to be "incredibly complex" and that Boric's plan showed a lack of understanding of the reality on the ground.

"What Boric tried to do in my opinion wasn't a strategy, but wanting to leave everyone happy," he said. "And in the end, he left very few people happy."

Top News - Carbon & Power

Wary of 2022 crisis, Asian buyers to build strategic gas reserves

Governments across Asia are formulating strategic natural gas reserve policies, building new terminals and storage tanks as buffers against supply disruptions following last year's energy crisis that sent global prices

soaring to a record.

The push to develop storage illustrates that Asian gas consuming nations are taking steps to avoid repeating the pitfalls that arose from last year's crisis, which left buyers flatfooted in their response to the surging prices.

Liquefied natural gas (LNG) in Asia climbed to a record

\$70 per million British thermal units (mmBtu) in August as Russian cuts in pipeline gas to Western Europe after its Ukraine invasion caused a spike in European LNG imports. As a result, Asian countries turned to coal and oil to generate power instead of gas.

With the pain still fresh and as prices have slipped to \$10/mmBtu, countries including Japan and India indicated this week that they will build strategic gas reserves for energy security.

Japanese Industry Minister Yasutoshi Nishimura said on Tuesday the world's biggest LNG importer will launch an LNG reserve system this year to secure gas resources for "unexpected situations."

The reserve would be similar to Japan's Strategic Petroleum Reserve, which is among the world's largest. Japan's Ministry of Economy, Trade and Industry (METI) is currently selecting companies which would buy and store LNG - with volumes equivalent to at least one tanker a month - from December to February, when heating demand typically increases, a ministry official told Reuters.

An LNG tanker can carry about 70,000 metric tons of LNG.

In the event of a supply disruption, METI will direct the companies to sell the stored gas to local utilities, he added.

In the longer run, Japan aims to keep about one LNG cargo per month, or 12 cargoes a year, as reserve via a term contract, the official said.

In India, the chairman of the Petroleum and Natural Gas Regulatory Board said earlier this month that the country should build natural gas storage so suppliers can accumulate stocks when prices are low.

This would help meet industrial demand, boost gas usage and hedge against global price volatility.

India is studying various options including the use of abandoned gas wells and underground storage, oil secretary Pankaj Jain said on Tuesday. India has also reached out to a few firms to help build its gas storage, he added.

Asian countries might have been considering gas or LNG storage for some time and while South Korea has built ample LNG storage, Japan has not, "so the gas crisis last year really brought the matter of total LNG storage capacity into the picture," said Alex Siow, lead Asia gas and LNG analyst at pricing agency ICIS.

MORE FACILITIES

In early July, China's state-owned CNOOC completed the construction of storage tanks for phase two of a planned 10-billion-cubic-metres (bcm) gas storage facility in Guangdong province, according to state-backed media Global Times.

China's state planner also announced in March last year a target to more than double its gas and LNG storage capacity to 55-60 bcm by 2025, or 13% of total gas consumption.

South Korea and Taiwan, respectively the world's No. 3 and 4 LNG importers, are building new terminals and storage facilities to boost stockpiles.

State energy firm CPC Corp currently holds about 11 days of Taiwan's gas consumption in stocks. This will be increased to at least 14 days in 2027, the Ministry of Economic Affairs said on Friday. It added that the government was "continuing to plan the construction" of receiving stations and storage tanks.

Taiwan is expected to complete constructing a third LNG terminal off the coast of Taoyuan in mid-2025, and has proposed a fourth one for Keelung, a port city north of Taipei, which is undergoing an environmental assessment.

South Korea is building a sixth LNG storage facility in the western port city of Dangjin.

The country maintains nine days worth of LNG winter usage as emergency reserves, and keeps an undisclosed "large amount" of gas in storage in addition to the reserves, said a South Korean official with direct knowledge of the matter.

EXCLUSIVE-India aims to trade electricity with Southeast Asia -sources

India is considering trading power with Southeast Asian countries through Myanmar and Thailand, five sources briefed on the matter said, as New Delhi looks to use its growing renewables capacity to boost regional diplomatic engagement.

The grid linkages, which an industry official said could take at least four years to complete, follow India's effort to begin trading power with Middle Eastern countries such as the United Arab Emirates.

The sources, who also include four power ministry officials, declined to be identified as the previously unreported plan has not been made public. India's federal power ministry did not immediately respond to a request for comment.

Indian Prime Minister Narendra Modi's government has been trying to promote closer political and economic ties with its neighbours, pushing back against China's growing regional influence.

Indian energy officials are holding separate and group discussions with some countries on advancing regional power grid interconnections at ongoing Group of 20 (G20) ministerial meetings in the Indian state of Goa, the power ministry officials said.

Support from G20 members is seen as key to winning backing from bankers and developers in making investment decisions, one of the ministry officials said. India has engaged France's EDF to prepare a regulatory framework that would address key challenges including pricing, the industry official said. EDF is expected to complete the report by the end of this year, the official added. EDF did not immediately respond to a request for comment.

"Once we are able to connect India's national grid to

Burma (Myanmar), we should be able to strengthen the grid there and further transmit to Thailand and even Asia's east," the industry official said.

While cross-border grid linkages have drawn investment and government interest in regions from Europe to Southeast Asia, the rising cost of building subsea cables, surging prices of raw materials needed to upgrade grids and geopolitical tensions have raised questions about the viability of such projects.

Members of the Association of Southeast Asian Nations (ASEAN) have been trying for decades to form a regional grid to facilitate multilateral power trade, but progress has been limited to bilateral deals between countries.

India plans to boost its renewable and big hydropower capacity to 500 gigawatts (GW) by 2030, from 177 GW

currently. Solar parks are expected to account for much of the new capacity.

The effort could help ease fossil fuel dependence by making solar power available for more hours of the day, the ministry officials said.

Transmission charges on power supplied using an interconnected regional network is a key challenge, the second of the ministry officials said.

Interconnections would be both under the sea and on land, with integration of renewable energy boosted by pooling resources from across the region, the same official added.

India already exports some power to Bangladesh, Nepal and Bhutan along with very small amounts to Myanmar that would be stepped up massively under the new plan.

Top News - Dry Freight

Japan buys 106,366 metric tons of food wheat via tender

Japan's Ministry of Agriculture, Forestry and Fisheries bought a total of 106,366 metric tons of food-quality wheat from the United States, Canada and Australia in a regular tender that closed on Thursday.

Japan, the world's sixth-biggest wheat importer, keeps a tight grip on imports of its second-most important staple after rice, buying a majority of the grain for milling via tenders typically issued three times a month.

Iran's SLAL believed to have passed in tender for 180,000 T corn - traders

Iranian state-owned animal feed importer SLAL is believed to have rejected all offers and made no purchase in an international tender to buy up to 180,000 metric tons of animal feed corn, European traders said on Thursday. Prices were regarded as too high following a rise in corn futures this week after Ukraine's safe export shipping channel ended coupled with concern about dryness in U.S. crop regions.

Ukrainian supplies still be offered in SLAL's tender on Wednesday along with the other sources Brazil, Europe, the Black Sea region or Russia or Ukraine with shipment in August and September requested.

Picture of the Day



A French farmer irrigates his potato field during sunset, in Epinoy, France, July 20, 2023. REUTERS/Pascal Rossignol

(Inside Commodities is compiled by Kishan Nair in Bengaluru)

For questions or comments about this report, contact: commodity.briefs@thomsonreuters.com

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