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## Top News - Oil

**China's first-half 2024 fuel oil imports slide 11% y/y**
China's total fuel oil imports slipped 11% in the first half of 2024, data showed on Saturday, amid a backdrop of weak refining margins and poor fuel demand.
The imports totalled 11.95 million metric tons, or about 75.88 million barrels, data from the General Administration of Customs showed.
Chinese refiners typically purchase fuel oil as a refining feedstock, with imports surging to a decade high in 2023 after independent refineries boosted purchases of discounted oil blended from Russian barrels.
Buying has cooled off this year, however, with monthly imports sliding towards the end of the second quarter.
June imports totalled 1.49 million metric tons, 31% lower than May and 45% down from a year earlier, according to General Administration of Customs data.
Higher crude prices and weaker refined fuel demand have weighed on refining margins and dampened appetite for feedstocks.
The import volumes included purchases under ordinary trade, which are subject to import duty and consumption tax, as well as imports into bonded storage.
Meanwhile, fuel oil export volumes for bunkering totalled 9.05 million tons in the first half of 2024, down 8.3% from the same period in 2023.
The decline in exports emerged despite a global uptrend in marine fuel demand following shipping disruptions in the Red Sea.
The exports are measured mostly by sales from bonded storage for vessels plying international routes.

**Oilfield services firms SLB, Halliburton post profit gains on global demand**
Top U.S. oilfield service firms SLB and Halliburton posted higher quarterly profits on Friday helped by strong global demand, but warned of softer activity in North America for the second half of this year.
Oilfield service providers have in recent quarters bet on growth overseas, as well as on deepwater projects, to offset weak demand in North America, which has seen a wave of mergers among producers and lukewarm natural gas demand. SLB, which gets about 82% of its revenue from international markets, said it expects strong activity particularly in countries like Saudi Arabia and United Arab Emirates, while North America growth would be lower than expected.
"Investments will increasingly be targeted to in the most resilient out of the market, including key international markets such as the Middle East and Asia and in offshore globally," SLB CEO Olivier Le Peuch said.
SLB, the largest oilfield service company, forecast full year growth in adjusted earning before interest, tax, depreciation and amortization between 14% and 15%, with margins at or above 25%.
Halliburton, which has about 42% exposure to North America markets, said it now expects its full year revenues from the region to decline by 6% to 8% due to lower activity. SLB shares were up 3.4% as investor preferred its international exposure, while Halliburton shares were down 4.9% after it cautioned of weakness in North America. "Investor focus on Halliburton will remain on its North American business," said Peter McNally, global sector lead at advising firm Third Bridge. "Customer consolidation and capital discipline have reduced drilling activity, although Halliburton has found ways to manage costs effectively." For SLB, Third Bridge experts are focusing on international opportunities, where results continue to impress, McNally added.

DOMESTIC VS INTERNATIONAL
Halliburton expects an increase in drilling and completions demand in 2025 after a major wave of consolidations among top U.S. producers and on the back of an expected recovery in natural gas activity. Delays with liquefied natural gas projects have hurt gas demand and drilling for the fuel.
"I expect that the second half of 2024 will be near the low point of activity levels (in North America) this cycle," Halliburton CEO Jeff Miller said. SLB reported a 6% drop in North America second-quarter revenue, while Halliburton's revenue eased 8% from the region. SLB's revenue from its international segment rose 18%, from a year earlier, while Halliburton's grew about 8%.
Halliburton said it expects the international business to deliver about 10% revenue growth for the full year.
The company's profits rose 16.2% to $709 million, or 80 cents per share, in line with estimates.
SLB, formerly Schlumberger, said net income, excluding credits and charges, rose 19% to $1.2 billion, or 85 cents, in the three months to June 30, beating analysts consensus estimate by 2 cents, according to LSEG data.
SLB's revenues climbed 13% to $9.1 billion, beating estimates, while Halliburton's rose 0.6% to $5.83 billion, missing consensus views.

# Top News - Agriculture

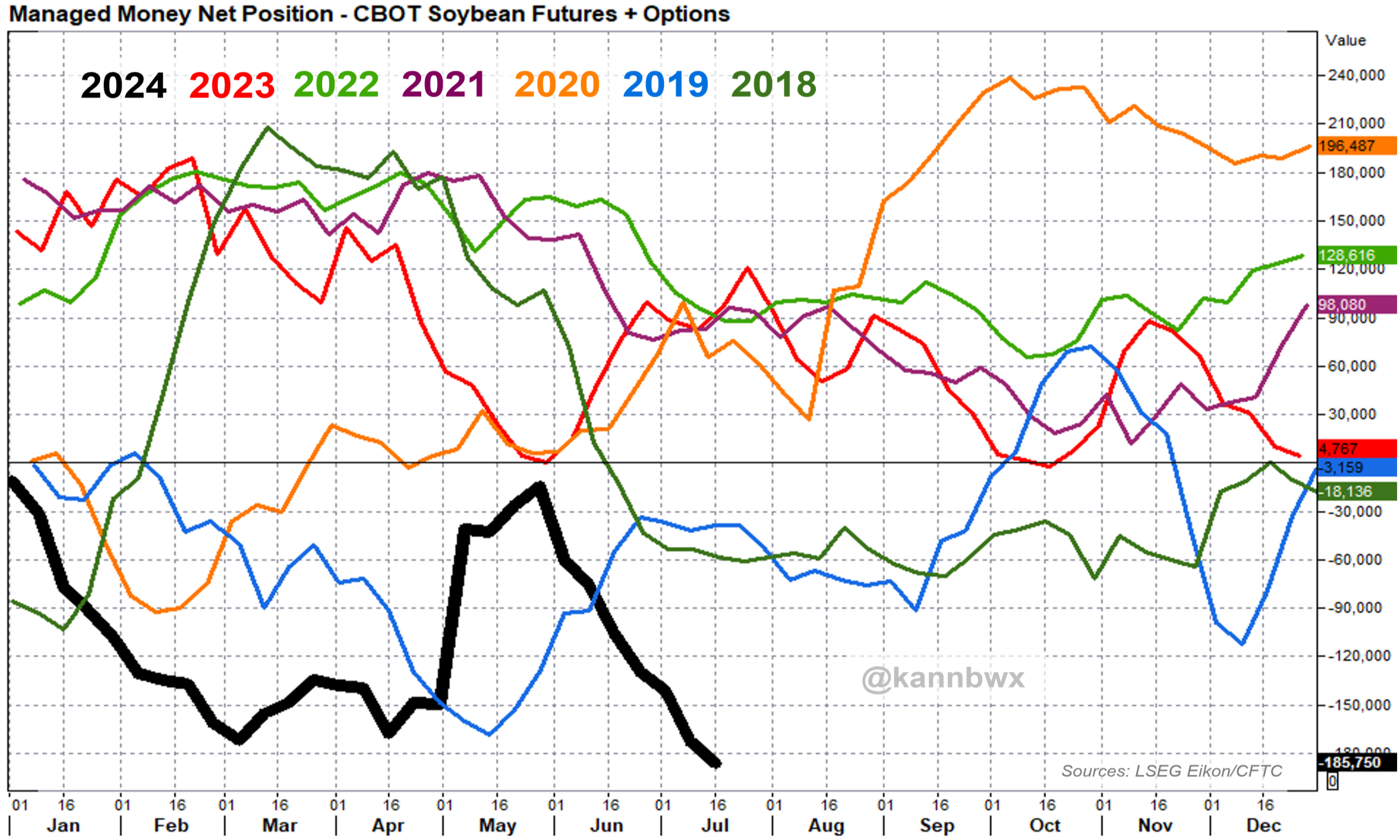
**China June soy imports from Brazil rise 2%, customs data show**

China's soybean imports from Brazil rose 2.2% in June from a year earlier, data showed on Saturday, as Chinese buyers scooped up lower-priced South American beans.
The world's biggest soybean buyer imported 9.72 million metric tons of the oilseed from Brazil last month, compared with 9.51 million tons a year earlier, data from the General Administration of Customs showed.
June arrivals from the United states reached 1.31 million tons, up more than four times from a year ago, although only about 12% of the total for the month.
Total soybean arrivals into China in June reached 11.11 million tons.
China is facing an oversupply of soybeans as record purchases boost inventories amid weak demand for animal feed, with prices for products such as soyoil and soymeal set to sink.
The surplus also threatens to curb China's appetite for imports in the September-December period, the peak marketing season for U.S. soybeans.
Despite the surging arrivals in June, sales of U.S soybeans to China have been sluggish for the 2024/25 new crop that will be harvested in the coming North American autumn.
China booked its first purchase of U.S soybeans for the 2024/25 marketing year this month, buying just 132,000 tons, U.S. Department of Agriculture data showed. Last year at this time, China had already booked 1.72 million tons of U.S. new-crop soybeans.
Brazil has grown its share of the global oilseed market as its soybean production has roughly doubled in the last decade.
Brazil's 2024/25 soybean crop, which farmers will begin to sow in September across an area likely larger than last season's, could grow by 13% and reach 171.54 million tons, consultancy Safras & Mercado said last week.
For January-June, China's imports from Brazil totalled 34.43 million tons, up 16% compared with the same period last year.
Total arrivals from the U.S. in the first half of the year came to 12.2 million tons, down 27% on the prior year, the data showed.

**COLUMN-Funds expand all-time bearish soy view and stage record meal sell-off -Braun**

Speculators last week established another record net short in Chicago-traded soybeans as strong U.S. crop prospects and an oversupply of beans in China have dragged futures to near four-year lows.
In the week ended July 16, money managers expanded their net short in CBOT soybean futures and options to a new high of 185,750 contracts from 172,605 a week earlier, and this was predominantly the result of new gross shorts.
Funds since late May have sold more than 170,000 soy futures and options contracts, equivalent to more than 850 million bushels. Such a selling streak has been

# Chart of the Day



observed only a handful of times, including in mid-2018 when the U.S.-China trade war was heating up.
Most-active CBOT soybeans fell more than 3% in the week ended July 16, settling about 25% lower than on the same date last year. November futures have declined 14% since late May, comparable to years like 2014, 2018 and 2022, though prices had been substantially higher in 2022.
Slumping feed demand in China has also weighed heavily on soybean meal, and both Chinese and U.S. soybean meal futures have declined 8% in the last three weeks.
In the week ended July 16, CBOT soymeal was down nearly 3% and money managers slashed their net long to 26,926 futures and options contracts from 60,693 a week earlier, marking their biggest-ever weekly sell-off in CBOT meal.
Money managers in early July embarked on a record net-buying streak in CBOT soybean oil, but that paused last week as they trimmed their net short by 380 to 16,638 futures and options contracts despite futures tumbling 3%.
Most-active soybeans and soymeal eased fractionally last week and settled on Friday at $10.36 per bushel and $307.50 per short ton, respectively, and the latter represented an all-time low close for the December contract.
November beans remain within striking distance of their contract lows, and Thursday's huge daily export sale of 510,000 metric tons of U.S. soybeans to unknown destinations did little to stop the bearish momentum.
CBOT December corn is also within a few cents of its low, but futures were basically unchanged in the week ended July 16. Money managers trimmed their net short to 343,396 corn futures and options contracts from the previous week's all-time high of 353,983, and short covering was the theme.
CBOT September wheat plunged more than 7% in the week ended July 16, setting a new contract low of $5.25-1/4 per bushel on July 16. Money managers extended their net short in CBOT wheat futures and options to a 12-week high of 75,886 contracts from 69,137 a week earlier.
Crop estimates for top wheat exporter Russia have bounced from recent lows but remain around 10 million tons (11%) off early-year ideas, and shipments are seen easing over the next year as a result.
Soft wheat conditions in France, the European Union's largest wheat grower, have fallen to eight-year lows amid excessively wet weather, and the harvest pace is well behind normal. This contributed to late-week strength in CBOT wheat futures, which rose 2.3% over the last three sessions.
However, December corn slid 1% during that period as a non-threatening weather forecast bolsters ideas for big U.S. crop yields.

## Top News - Metals

**Nations gather to negotiate deep sea mining code as opposition mounts**
The United Nations' International Seabed Authority (ISA) will meet on Monday to consider new rules allowing firms to extract minerals from the ocean floor, despite mounting concerns about the economic and environmental risks.
Supporters say deep sea mining will help boost supplies of raw materials like cobalt and nickel, which are needed for the global energy transition, but critics say it could destroy ecosystems and disrupt migratory routes.
As many as 27 countries are calling for at least a temporary halt of activities, and Hawaii last week became the fourth Pacific U.S. state to issue a comprehensive ban.
Meeting in Kingston, Jamaica, until July 26, the 36-member ISA council will negotiate the latest draft of a long-awaited "mining code", designed to regulate the exploration and extraction of "polymetallic nodules" and other deposits on the ocean floor.
"I think it will become very clear at this session that there is still a long way to go," said Pradeep Singh, an ocean governance specialist at the Research Institute for Sustainability in Potsdam, Germany, saying that countries were still divided over the final text.
Many are concerned the code is being rushed through without proper scrutiny and want to slow the process down, Singh said.
While many are concerned about environmental risks, others are also looking for clarity about how proceeds from deep sea mining will eventually be shared.
The rush to complete the mining code was triggered by the Pacific island state of Nauru, which is expected to submit a mining license application on behalf of Canada's The Metals Company (TMC) later this year, regardless of whether or not regulations are complete.
"A growing number of states are saying no, we will not allow that to happen," said Singh. "Those states calling for a pause remain committed to negotiating the regulations, so it is not as if they are saying they don't want deep sea mining to happen."
After the council session, the ISA's 168-member Assembly will also meet on July 29 to elect a secretary-general, with Brazil's Leticia Carvalho standing against the incumbent, Michael Lodge.
Nine countries - including Chile and France - will also call on the Assembly to discuss specific policies to safeguard the marine environment if and when mining is allowed to start.
China blocked a similar proposal last year.
TMC has acknowledged that deep sea mining will have an environmental impact, but it is less damaging than terrestrial mining, and trade-offs are required to guarantee transition mineral supplies.
But apart from the environmental risks, no one has yet been able to establish the economic and technical case for operating heavy industrial machinery in the depths of the ocean, especially as costs rise, said Victor Vescovo, a U.S. investor and deep sea explorer.
"It is a poor business case that is only getting worse," he said.

**China to review anti-dumping measures on some stainless steel imports**

China's Ministry of Commerce said on Monday it will conduct a final review of anti-dumping measures on imports of stainless steel billets and hot-rolled stainless steel plates from the European Union (EU), Britain, South Korea and Indonesia.

The review, which starts on Tuesday, will examine whether lifting the anti-dumping measures will lead to the resumption of activities that harm the domestic steel industry, the ministry said in a statement.

China, the world's largest stainless steel producer and consumer, accounts for around 60% of global supply and demand.

The review, which is set to end after a year, was made in response to a request in April from some Chinese stainless steel mills including the state-owned Shanxi Taigang Stainless Steel, who want to keep the current measures for another five years, the ministry said.

Beijing imposed anti-dumping duties ranging from 18.1% to 103.1% on the stainless steel products from the EU, Japan, South Korea and Indonesia from July 23, 2019 for a five-year period.

The ministry said it would maintain the existing anti-dumping measures for relevant stainless steel products from the EU, the UK, South Korea and Indonesia while it was conducting the review.

Anti-dumping duties on stainless steel imports from Japan, at between 18.1% and 29%, will be lifted on Tuesday given that there is no request for a review of these duties, it added.

Stainless steel billets and hot-rolled stainless steel plates are mainly used to make cold-rolled stainless steel products and in shipbuilding, containers, rail, power and other industries.

China manufactured 36.68 million metric tons of stainless crude steel products in 2023, up 12.6% from a year earlier, data from Stainless Steel Council of China Iron and Steel Association showed.

**MARKET MONITOR as of 07:00 GMT**

| Contract | Last | Change | YTD |
|---|---|---|---|
| NYMEX Light Crude | $80.47 / bbl | 0.42% | 12.31% |
| NYMEX RBOB Gasoline | $2.42 / gallon | 0.18% | 14.83% |
| ICE Gas Oil | $745.75 / tonne | -1.19% | -0.67% |
| NYMEX Natural Gas | $2.16 / mmBtu | 1.46% | -14.12% |
| Spot Gold | $2,402.03 / ounce | 0.05% | 16.46% |
| TRPC coal API 2 / Dec, 24 | $112.25 / tonne | -1.10% | 15.72% |
| Carbon ECX EUA | €66.20 / tonne | -0.15% | -17.63% |
| Dutch gas day-ahead (Pre. close) | €31.63 / Mwh | -1.68% | -0.69% |
| CBOT Corn | $4.10 / bushel | 1.30% | -15.29% |
| CBOT Wheat | $5.73 / bushel | 0.79% | -99.10% |
| Malaysia Palm Oil (3M) | RM3,991 / tonne | 0.76% | 7.26% |
| **Index** | **Last** | **Change** | **YTD** |
| Thomson Reuters/Jefferies CRB | 329.96 | -1.82% | 9.47% |
| Rogers International | 27.75 | -0.57% | 5.41% |
| U.S. Stocks - Dow | 40,287.53 | -0.93% | 6.89% |
| U.S. Dollar Index | 104.26 | -0.13% | 2.89% |
| U.S. Bond Index (DJ) | 432.34 | -0.28% | 0.38% |

# Top News - Carbon & Power

**Australia's Woodside Energy to buy US LNG developer Tellurian for $1.2 bln**

Australia's Woodside Energy said on Monday it had agreed to buy U.S. liquefied natural gas developer Tellurian, including its U.S. Gulf Coast Driftwood LNG export project, for $1.2 billion including debt.

The agreement could strengthen the United States' position as the world's largest producer of the superchilled gas by securing the completion of Tellurian's 27.6 million metric ton per annum facility in Lake Charles, Louisiana.

The transaction includes the $900 million cash purchase of outstanding Tellurian common stock at $1 per share, Woodside said in a statement, representing a more than 75% premium to Tellurian's last closing price.

The deal gives the Australian firm access to a fully authorised project in the U.S. amid difficulties for other LNG developers to advance proposals due to President Joe Biden administration's pause on approvals for new LNG exports to countries that do not have free trade agreements with the U.S.

The acquisition "positions Woodside to be a global LNG powerhouse," said the company's CEO, Meg O'Neill.

The transaction adds a scalable U.S. LNG development opportunity to Woodside's existing 10 million metric tons a year of equity LNG in Australia, she added.

The agreement will also help solve Tellurian's financial woes. The U.S. company has been searching for financial partners to fund the Driftwood LNG facility. In May, it said it would sell its upstream assets to pay off some of its debt.

The Driftwood LNG project has had many setbacks, including the cancellation of some LNG supply deals amid concerns over the company's ability to finish the project.

In a letter on Sunday urging shareholders to accept the offer, Tellurian Executive Chairman Martin Houston said the deal was in the company's best interests because it would be difficult to raise the billions required to build the plant without a commitment from long-term customers for all of the project's output.

"Equity providers are now less inclined to take risk ahead of projects being fully contracted," Houston told shareholders.

Tellurian's ability to get immediate cash from the sale was also a reason he gave for supporting the offer.

Houston said the Board's decision to recommend the sale of the Driftwood project was unanimous as it was felt that cash in hand was better than the uncertainty of the project.

Woodside said it was aiming for the project to be ready for a final investment decision for phase 1 from the first quarter of 2025.

"Woodside expects to leverage its global LNG expertise to unlock this fully permitted development and expand its relationship with Bechtel, which is the EPC (engineering, procurement and construction) contractor for both Driftwood LNG and our Pluto Train 2 project in Australia," Woodside said.

Saul Kavonic, an energy analyst at MST Marquee, said this is the right kind of acquisition that Woodside should be pursuing, versus an earlier attempted deal to merge with Australian firm Santos.

"It is leveraging Woodside's LNG expertise to access financially distressed yet otherwise advantaged LNG assets at good price, which Woodside can add real value to," he said, adding Woodside can bring Driftwood forward better than Tellurian.

"Woodside can remedy marketing relationships, funding, and operator capability deficits Tellurian suffered from to add value here. A lot of potential LNG buyers and acquirers of Tellurian were put off engaging due to former Tellurian management history. Woodside owning the asset it will remedy this."

At the start of the year, Woodside and Santos had been in merger talks but discussions fell apart as the two companies could not agree on a valuation level.

**Pakistan to push Chinese utilities in Pakistan to switch to domestic coal**

Pakistan this month will ask Chinese power plants operating in the country to shift to using coal from Pakistan's Thar region rather than imported coal, the power minister said on Sunday.

Islamabad may also begin talks on re-profiling Pakistan's energy sector debt during the visit to Beijing, Awais Leghari, head of the energy ministry's Power Division, told Reuters.

Leghari will be part of the delegation to discuss structural reforms to the power sector suggested by the International Monetary Fund (IMF), which last week agreed on a $7 billion bailout for the heavily indebted South Asian nation.

Neighbouring China has set up over $20 billion worth of energy projects in Pakistan.

"One of the key purposes of going along is the conversion of our imported coal units to the local coal. That would have a huge impact on the cost of energy, of power in the near future. So that is one of the biggest (items on the) agenda," Leghari said in an interview.

Such a transition would benefit the Chinese-owned plants in Pakistan by reducing pressure on Islamabad's foreign exchange reserves, he said, making it easier to repatriate dividends and offering a better return in dollar terms.

The transition could save Pakistan more than 200 billion Pakistani rupees ($700 million) a year in imports, translating to a decrease of as much as 2.5 Pakistani rupees per unit in the price of electricity, Leghari said.

In April a subsidiary of conglomerate Engro agreed to sell all of its thermal assets, including Pakistan’s leading coal producer, Sindh Engro Coal Mining to Pakistan's Liberty Power. Liberty said the decision stemmed from Pakistan's foreign exchange crunch and its indigenous coal reserve potential. The minister declined to elaborate on the possible talks with China over re-profiling energy debt.

Pakistan's power sector has been plagued by high rates of power theft and distribution losses, resulting in accumulating debt across the production chain - a concern raised by the IMF.

The government is implementing structural reforms to reduce "circular debt" - public liabilities that build up in the power sector due to subsidies and unpaid bills - by 100 billion Pakistani rupees ($360 million) a year, Leghari said.

Poor and middle-class households have been affected by a previous IMF bailout reached last year, which included raising power tariffs as part of the funding programme that ended in April.
Annual power use in Pakistan is expected to fall consecutively for the first time in 16 years as higher tariffs curb household consumption, despite summer temperatures surging to near records, which typically boosts air conditioning and fan use.
"We have seen a shrinking demand trend in the past year or year and a half, and we are expecting this to continue unless we rationalise the price of power," Leghari said, adding that the government's major challenge was get demand to stop shrinking.
He said that since the per-unit tariff for power is more expensive, both urban and rural households are moving towards alternatives such as solar.
"Right now we have close to 1,000 megawatts that are on the grid itself in the form of net metering systems and others. It's a very conservative estimate that (solar) could be five to six times more than that on the grid right now," Leghari said.

## Top News - Dry Freight

**Brazil sugar exports up 50% in the first half, shows shipping data**
Brazilian sugar exports increased by 50% in the first half of 2024 to 15.15 million metric tons, with Indonesia leading among the main destinations, according to data released on Friday by shipping company Cargonave.
Singapore-based commodities trader Wilmar International was the main bulk sugar charterer among companies exporting from Brazil with 16% of the trade, followed closely by Alvean with 15% and Sucden with 14%, the data showed.
Indonesia was the destination for 12% of the raw sugar exported in the first half, with India receiving 9% and the United Arab Emirates 8%.
India is the world's second largest sugar producer, but some of its refineries located on the coast usually import Brazilian sugar to re-export as refined product.
China, normally the largest importer of Brazilian sugar, was a distant 11th among the main destinations in the first semester, with only 588,000 tons.
Brazil will produce less sugar in 2024 than it did in 2023, according to analysts, but the country had large stocks from last year available to keep shipments strong in the early months of 2024, which is traditionally a quieter period for sugar loadings.
Another reason behind the higher volumes in the first half was the quick start to the harvest and processing of the new crop due to drier-than-normal weather.

**Indonesia may import up to 4.3 mln tons of rice in 2024, official says**
Indonesia could import up to 4.3 million tons of rice this year if the domestic harvest is insufficient, Sarwo Edhy, the secretary of the National Food Agency, said on Monday.
Indonesia, which imported 2.22 million tons of rice between January and May, currently plans to import 3.6 million tons of rice this year.
Any additional imports would only be needed if harvests were disrupted by drought, flood or pests, Sarwo said in a livestreamed briefing.
Indonesia's statistics agency has estimated that rice output for January to August will be 9.52% lower than the same period in 2023.
A staple for most of Indonesia's 270 million people, the domestic price of rice was almost 12% higher in June from a year earlier after crops were reduced by adverse weather.

## Picture of the Day

*A drone view shows combines harvesting wheat in a field in the Rostov Region, Russia July 9, 2024. REUTERS/Sergey Pivovarov*

(Inside Commodities is compiled by Mohammed Nihaal T S in Bengaluru)

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