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Top News - Oil

G20 bloc fails to reach agreement on cutting fossil fuels

The Group of 20 (G20) major economies meeting in India failed on Saturday to reach consensus on phasing down fossil fuels following objections by some producer nations.
Scientists and campaigners are exasperated by international bodies' foot-dragging on action to curb global warming even as extreme weather from China to the United States underlines the climate crisis facing the world.
The G20 member countries together account for over three-quarters of global emissions and gross domestic product, and a cumulative effort by the group to decarbonise is crucial in the global fight against climate change.
However, disagreements including the intended tripling of renewable energy capacities by 2030 resulted in officials issuing an outcome statement and a chair summary instead of a joint communique at the end of their four-day meeting in Bambolim, in the Indian coastal state of Goa.
A joint communique is issued when there is complete agreement between member nations on all issues.
"We had a complete agreement on 22 out of 29 paragraphs, and seven paragraphs constitute the Chair summary," Indian Power Minister R.K. Singh said.
Sections urging developed countries to deliver on the goal of jointly mobilising $100 billion per year for climate action in developing economies from 2020-2025, and description of the war in Ukraine, also eluded consensus.
Fossil fuel use became a lightning rod in day-long discussions, but officials failed to reach consensus over curbing "unabated" use and argued over the language to describe the pathway to cut emissions, two sources familiar with the matter said.
A draft late on Friday reviewed by Reuters read: "The importance of making efforts towards phase down of unabated fossil fuels, in line with different national circumstances, was emphasized."
However, the chair statement released on Saturday evening included concerns from some member nations which were missing in the Friday draft, noting that "others had different views on the matter that abatement and removal technologies will address such concerns".
Singh, in a press briefing after the conference, said some countries wanted to use carbon capture instead of a phase down of fossil fuels. He did not name the countries.
Major fossil fuel producers Saudi Arabia, Russia, China, South Africa and Indonesia are all known to oppose the goal of tripling renewable energy capacity this decade.

Asia buys near-record volumes of US crude, replaces MidEast oil – sources

Asian refiners have booked near-record volumes of U.S. crude to be shipped in August, replacing Middle Eastern oil, as competitive prices and ample supplies attracted heavy buying, according to trade sources.
The jump in U.S. imports comes on the back of strong Chinese demand for Brazilian oil in the third quarter as Asia boosts its light oil purchases from the Americas, reducing demand for similar quality grades from the United Arab Emirates.
About 1.5 million to 1.9 million barrels per day (bpd) of U.S. crude, mostly West Texas Intermediate (WTI) Midland, will be bound for Asia next month, traders said. That would be shy of the record 2.2 million bpd loaded in April, according to shiptracking data from Kpler.
"U.S. crude is being pushed aggressively to Asia recently," said a Singapore-based trade source.
The large flow of U.S. crude to Asia is aided by steep discounts for WTI against Middle East benchmark Dubai, which make hauling oil from the U.S. more economical for Asian buyers.
The average discount for WTI futures to Dubai swaps was at $5.40 a barrel, as of July 20, slightly narrower than $6.08 a barrel last month but wider than $3.93 seen in May. The costs of chartering a very large crude carrier (VLCC) to China from the United States touched a two-month low of $7.4 million last week, down $2.8 million from a month-ago levels, Simpson Spence Young data on Refinitiv Eikon showed.
The costs have led WTI Midland to trade at about $3 a barrel over Dubai quotes delivered to North Asia in October, slightly cheaper than Abu Dhabi's flagship Murban, which has a higher sulphur content. Sweet or low-sulphur oil is typically more expensive than sour crude.
Stronger interest in U.S. crude also comes as Asian refiners, especially in China, look to replace more expensive Saudi Arabian crude after state giant Saudi Aramco hiked its official selling prices (OSPs) for two straight months.
"China requested less term supply from Saudi in recent months and is seizing crude from everywhere to fill in the supply gap," said another Singapore-based trader.
China, the world's largest crude importer, has increased its procurement of U.S. crude this year apart from record purchases of Russian and Saudi oil due to favourable prices and robust refining demand.
China's U.S. crude imports reached 3.05 million metric tons, or 742,824 bpd, in June, the highest level since

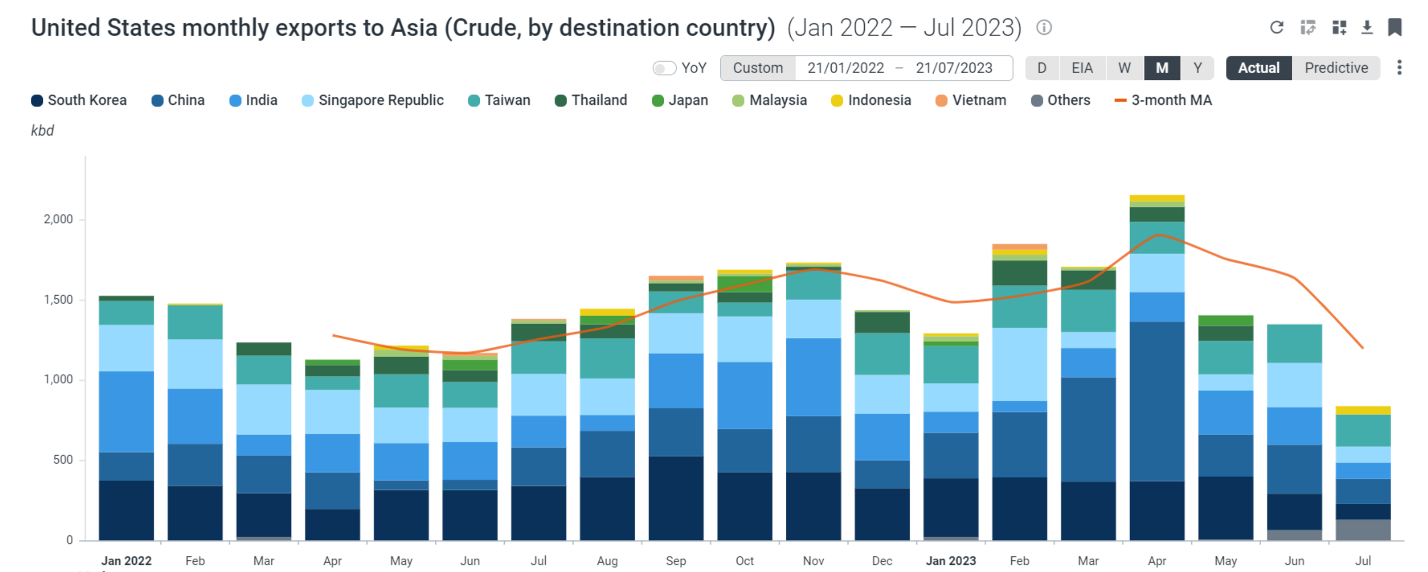
December 2020, according to customs data.
"We forecast U.S. exports to Asia will increase quarter-on-quarter in Q3 23, with China and even Japan purchasing Midland cargoes in size," said analysts from consultancy Energy Aspects.
Japan sources more than 95% of its crude oil from Middle Eastern countries and is the top buyer of Abu Dhabi light grades such as Murban, Das and Umm Lulu. Japanese refineries, however, have been slow to take UAE light crude so far this month, partly because of outages at Japan's top refiner Eneos and fellow refiner Cosmo Oil, traders said.

Top News - Agriculture

Russia's Putin: Black Sea grain deal became meaningless
Russia withdrew from the Black Sea grain deal that ensured the safe export of Ukrainian grains because the agreement lost its meaning, President Vladimir Putin wrote in an article published early on Monday.
"The continuation of the 'grain deal' - which did not justify its humanitarian purpose - has lost its meaning," Putin said, according to the article on the Kremlin's website.
Saying that Russia's conditions for the extension had been ignored, Moscow last week quit the deal which had allowed Ukraine a year ago to export grain from its Black Sea ports, despite the war, to alleviate a global food crisis.
The key demands Putin presented last week for Moscow to return to the deal, however, did not directly refer to humanitarian purposes.
After quitting the deal, Russia has been pounding Ukrainian food-exporting ports nearly on a daily basis. An attack on Sunday on the southern port of Odesa killed one person and injured scores more.
Writing ahead of the second Russia-Africa summit that will take place in St. Petersburg on Thursday and Friday, Putin said that Russia expects a record harvest this year.
"I want to assure that our country is able to replace Ukrainian grain both commercially and free of charge, especially since we again expect a record harvest this year," Putin said.
Russia and the West have been increasingly vying for influence in Africa. Although Moscow has so far invested very little there, according to data from the United Nations, Russia has been on a diplomatic push to win the continent's support. During a U.N. vote in March 2022 to condemn Russia's invasion of Ukraine, 28 African nations voted in favour of the resolution, but 25 either voted to abstain or did not vote at all.
"Russia will continue to vigorously work on organising the supply of grain, food, fertilizers and more to Africa: we highly value and continue to dynamically develop the entire range of economic ties with Africa," Putin wrote.

India's rice export curbs put contracts for 2 mln tons at risk – trade
India's decision to ban non-basmati white rice exports will spur traders to cancel contracts to sell around 2 million metric tons of the grain, worth $1 billion, on the world market, dealers said on Friday.
India, which accounts for 40% of world rice exports, on Thursday ordered a halt to its largest rice export category to calm domestic prices, which climbed to multi-year highs in recent weeks as erratic weather threatens production.

Chart of the Day



source: Kpler

Anticipating that the government would impose restrictions on rice exports, traders have obtained letters of credit (LCs), or payment guarantees, over the past few days, said a Mumbai-based dealer with a global trade house.
"But the trade wasn't expecting the government to impose restrictions so soon. It was expecting them to come into effect in August or September. As a result, these traders have no choice but to use the force majeure clause to cancel the contract," he said.
Force majeure refers to unexpected external circumstances that prevent a party to a contract from meeting their obligations. Four dealers confirmed that export contracts of around 2 million metric tons of rice, worth $1 billion, are at the risk of being cancelled.
On Thursday, the government said the ban would be effective from July 20, and only vessels currently loading would be allowed to export, not future shipments backed by LCs. "Traders typically sign contracts in advance, so the contracts signed for the next few months cannot be executed now," Nitin Gupta, senior vice president of Olam Agri India Ltd told Reuters.
Before the export ban, India used to sell around 500,000 tons of non-basmati white rice every month, Gupta said.
Around 200,000 tons of rice is being loaded at various Indian ports, and this quantity would be allowed to move out, said B.V. Krishna Rao, president of the Rice Exporters Association.
But the government should also allow exporters with valid LCs to ship out their cargoes, Rao said.
Two traders and one government official said India was unlikely to allow any such exemption.
Some exporters bought rice from mills at higher prices as global buyers, in a rush to secure supplies, were willing to pay a premium. Now, prices are likely to drop, and the traders are likely to suffer losses, said a New-Delhi-based dealer with a global trade house.
Traders say while global prices will go up because of India's export ban, local rates are likely to drop.
Top buyers of Indian non-basmati rice include Benin, Senegal, Ivory Coast, Togo, Guinea, Bangladesh and Nepal. 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.

Top News - Metals

Hydro says Russian metal threatens LME benchmark, Rusal hits back

The London Metal Exchange should reconsider a decision not to ban Russian aluminium from its warehouse network as large volumes are jeopardising the benchmark status of its contract, producer Norsk Hydro said in a letter this week.
Top Russian producer Rusal hit back on Friday, saying rival Hydro was aiming to destabilise the market for its own benefit.
Russian aluminium amounted to 80% of available aluminium inventories in LME-registered warehouses in June, compared with 68% in May, 41% in January and less than 18% last October.
While there are no international sanctions on Russian metal, many consumers are shunning aluminium produced by Rusal, which accounts for 6% of global supplies. U.S. import tariffs on Russian aluminium and products are also prompting some consumers to "self-sanction".
Some analysts estimate the discount for Russian aluminium at $100-$300 per metric ton, Norsk Hydro said.
In the letter, seen by Reuters, the Norwegian aluminium producer asked the world's largest forum for trading metals to reconsider its decision last November to keep Russian aluminium in the LME system.
The LME said that it would continue to reflect all relevant government sanctions and tariffs, and monitor for any market orderliness concerns in respect of Russian metal.
"We note that all metals of Russian origin continue to be consumed by a broad section of the market, and we will remain vigilant in respect of this matter," the LME said in an emailed comment.

DESTABILISING?

Removing Russian metal from the supply chain would be "highly destructive" to market structure in terms of market liquidity, Rusal said in a statement.
"Rusal considers these comments to be aimed at destabilising the market and driving anti-competitive behaviour... hence to the benefit of the competitor."
It said it "continues to witness a broad acceptance of its low-carbon aluminium to a wide range of global consumers from across the world."
Hydro asked in its letter if the exchange had consulted or obtained any guidance from Britain's Financial Conduct Authority (FCA) on the risks to the "orderly functioning" of the market from Russian aluminium.
"We continue to engage with the London Metal Exchange on its controls to ensure it meets its obligations to maintain fair and orderly markets, including in the LME aluminium market," the FCA said in a statement.
"We expect the LME to utilise necessary controls to meet its regulatory obligations."
As LME aluminium prices are referenced in contracts between consumers, producers and traders, the dominance of Russian aluminium in the system is a problem, said Norsk Hydro's Chief Financial Officer Paal Kildemo. "If you are a consumer looking to hedge exposure on LME and if 80% of it is Russian aluminium then you might consider using another market," Kildemo told Reuters.

"There is still a risk that even more Russian aluminium will be delivered to LME further weighing on the reference price."
Aluminium is listed on the Shanghai Futures Exchange (ShFE), but it is not easily traded due to currency and capital controls and restrictions on foreigners, who need to be affiliated with a Chinese company.
Aluminium trading volumes on the CME have been rising for more than a year. They climbed more than 150% year-on-year in May, according to CME data. In October 2022, the head of metals at exchange operator CME Group said it would not block Russian metal unless government rules made it do so.

Australia blocks acquisition of lithium mine by China-linked firm

Australia has barred the takeover of financially stricken lithium miner Alita Resources Ltd by a China-linked company after advice from its Foreign Investment Review Board (FIRB), a spokesperson for Treasurer Jim Chalmers said on Friday.
Australia supplies around half of the world's lithium as well as other minerals including rare earths used in batteries for electric cars and defence. It is seeking to boost trade with the U.S. and its allies amid a global push to diversify supply chains away from dominant producer China. It is the second decision by the board to block a Chinese investment in critical minerals this year.
Chalmers issued a prohibition order stopping Austroid Corporation from acquiring an additional 90.10% of lithium miner Alita Resources, which would bring its stake to 100%.
Austroid Australia, the local subsidiary of the U.S. based Austroid, is also barred from a proposal to wholly acquire Alita, a prohibition notice shows.
The director of Austroid Australia is a Chinese national with experience in the Chinese mining industry, company filings show.
Alita has been under administration since 2019. Austroid said in a statement it was "shocked and disappointed" by the decision to block the takeover deal which would convert debt to equity, and said it was yet to fully understand the implications for the operation of the Bald Hill lithium mine, which exports to China.
Austroid said it had invested significant funding in Bald Hill to allow it to restart operations in 2022 after administrators were appointed in 2019.
Alita's administrators, McGrath Nicol, said in a notice to shareholders on Wednesday that Austroid had said it had withdrawn an application to the FIRB Board and intended to make a new application.
Chalmer's office declined to say whether the acquisition had been blocked on national interest grounds.
Austroid Corporation's director is Mike Que, filings show. He is the son of China's Que Wenbin who has a major interest in Chinese lithium battery maker Sichuan Western Resource.

MARKET MONITOR as of 06:31 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$76.74 / bbl	-0.43%	-4.39%
NYMEX RBOB Gasoline	$2.76 / gallon	-0.03%	11.21%
ICE Gas Oil	$803.00 / tonne	1.01%	-12.81%
NYMEX Natural Gas	$2.69 / mmBtu	-0.81%	-39.87%
Spot Gold	$1,960.26 / ounce	0.00%	7.45%
TRPC coal API 2 / Dec, 23	$118.25 / tonne	3.73%	-35.99%
Carbon ECX EUA / Dec, 23	€91.68 / tonne	0.27%	9.18%
Dutch gas day-ahead (Pre. close)	€28.50 / Mwh	5.24%	-62.29%
CBOT Corn	$5.43 / bushel	1.17%	-19.99%
CBOT Wheat	$7.35 / bushel	2.40%	-10.14%
Malaysia Palm Oil (3M)	RM3,987 / tonne	-1.19%	-4.48%
Index (Total Return)	**Close 21 Jul**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	308.41	0.66%	2.35%
Rogers International	27.05	0.78%	-5.65%
U.S. Stocks - Dow	35,227.69	0.01%	6.28%
U.S. Dollar Index	101.07	0.19%	-2.37%
U.S. Bond Index (DJ)	410.68	0.06%	4.58%

Mike Que was also sole director at China Hydrogen Energy Limited (CHEL), a Cayman Islands company, which was unable to get FIRB approval for a 2019 takeover attempt of Alita, company filings show.
Beijing has previously criticised Australia for blocking Chinese investment on national security grounds. China's top diplomat, Wang Yi, said last week after meeting Australian Foreign Minister Penny Wong that Australia should provide a "non-discriminatory business environment for Chinese enterprises to invest" in Australia.
China dropped out of the top 10 sources of foreign investment in Australia in the first quarter of 2023, a Treasury report showed in July.
Chalmers this week called for more progress in China lifting trade restrictions on Australian exports before a visit to Beijing by Prime Minister Anthony Albanese is scheduled.

Top News - Carbon & Power

GLOBAL LNG-Asia spot LNG prices remain flat on limited demand for summer supply
Asian spot liquefied natural gas (LNG) prices were flat this week, as buyers continue to focus on early winter deliveries with limited need for late summer supply, while high inventories in Europe are putting pressure on prices.
The average LNG price for September delivery into northeast Asia LNG-AS remained stable at $10.80 per million British thermal units (mmBtu), unchanged from the previous week, industry sources estimated.
"Asian markets remain weak, most of the summer heating demand has been covered and general speculative demand is sitting on the sidelines looking for a floor," said Toby Copson, global head of trading at Trident LNG.
"There is demand coming from India and Thailand looking to cover at these lower prices before we move into (the) winter demand cycle," he added.
Samuel Good, head of LNG pricing at commodity pricing agency Argus, said Asian buyers continue to eye the potential for any late-season cooling power demand, that could lift power sector gas burn considerably and weigh on terminal stocks heading into winter.
He added that above-average temperatures in Japan and South Korea are forecast to continue well into August.
"Both countries have seen an increase in available nuclear generation capacity, which is squeezing thermal generation in their respective baseload generation mixes, limiting the impact of greater cooling demand on gas burn," Good said.
Dominic Gallagher, head of LNG broking at Tullett Prebon, said that while Japanese storage sits at 2.10 million tonnes (MT), slightly above the fie-year average, it remains below its level at this point in both 2021 and 2022, which could trigger consistent demand in the near future.
In Europe, hot weather demand in Europe is stymied by stable LNG and recently recovered Norwegian supplies.

ON TRACK
Europe's gas storage sites were 82.5% full, according to Gas Infrastructure Europe, meaning the bloc is well on track to meet a target to have stores 90% full by Nov. 1.
S&P Global Commodity Insights assessed its daily northwest Europe LNG Marker (NWM) price benchmark for cargoes delivered in September on an ex-ship (DES) basis at $9.691/mmBtu on July 20, a $0.05/mmBtu discount to the September gas price at the Dutch TTF hub, according to Allen Reed, managing editor of Atlantic LNG.
Argus assessed the northwest Europe DES price at $9.40/mmBtu, while Spark Commodities estimated the price at $9.254/mmBtu.
"The arbitrage for U.S. cargos to voyages to Asia remains open via the Panama (canal) and the Cape of Good Hope, forcing European buyers to bid higher to compete for cargos. Most European regasification is now unprofitable and slots may go unutilised," said Henry Bennett, global head of pricing at Spark Commodities.
Spot LNG freight remained range-bound this week with Atlantic spot rates estimated at $71,250/day on Friday, and Pacific rates at $69,750/day, Bennett said.
Argus' Good said prompt activity in the LNG freight market remains particularly thin, with few vessel requirements being largely countered by weak availability, while charterers consider their shipping needs to take advantage of the fourth quarter’s temporal price spreads.

Venezuela expects to sign gas licenses by year-end, oil minister says
Venezuelan expects to sign licenses by year-end for developing the nation's vast natural gas reserves, oil minister Pedro Tellechea said on Friday, even amid U.S. sanctions.
Most of the South American country's gas reserves remain undeveloped after decades of insufficient investment, contract changes and - in recent years - U.S. sanctions to oust President Nicolas Maduro.
But new officials running the oil ministry and PDVSA want to encourage new investment and unfreeze projects.
Tellechea said talks between state oil company PDVSA and companies including Italy's Eni, Spain's Repsol and France's Maurel & Prom had progressed, but there was still a need to agree to some terms in order to get licenses ultimately issued.
"We must turn into a gas exporter," he said during a conference in Caracas. "We are making the first steps."
Deals for exporting gas from the country would need to receive green light from the United States, in compliance with the sanctions framework.
Following a U.S. license in January, Trinidad and Tobago

has held several discussions with Venezuela about the joint development of a promising offshore gas field near the maritime border between the two countries.
Oil major Shell Plc, which produces in Trinidad, could operate the Dragon gas field in Venezuela if Maduro's government extends it a license, Trinidad officials have said.
Venezuela is producing 831,000 barrels of crude per day (bpd) this month and expects to increase to 1 million bpd by year-end. The country aims to reach 1.76 million bpd of output in 2024, Tellechea said.
The minister also said that debt payment agreements with China remain unchanged, under a grace period negotiated by the parties years ago due to sanctions. Venezuela has paid debt service in recent years by shipping crude to that country.

Top News - Dry Freight

Canada's port workers union leadership backs new contract deal
Leaders of a dock workers union in Canada's Pacific region on Friday backed a tentative contract deal with employers and will soon recommend ratification to members, likely ending a standoff that led to a crippling 13-day strike.
On Tuesday, "there will be a stop work meeting ... to recommend the Terms of Settlement to the membership," the International Longshore and Warehouse Union (ILWU) said in a statement.
Leadership had been due to vote on Friday on whether to recommend ratification. No details about the tentative deal were provided. Some 7,500 dock workers walked off the job for 13 days earlier this month. That strike ended last week with a tentative deal that was rejected by union leadership on Tuesday.The walkout is estimated to have disrupted C$6.5 billion ($4.9 billion) of cargo movement at the ports, based on the industry body Canadian Manufacturers & Exporters' calculation of about C$500 million in disrupted trade each day.
The strike has upended operations at Vancouver and Prince Rupert, two of Canada's three busiest ports, which are key gateways for exporting natural resources and commodities and bringing in raw materials.
Canadian Labour Minister Seamus O'Regan thanked the union leadership for recommending the deal.
"Right now, British Columbia ports are operating, but we need long-term stability," he tweeted.
The ILWU initially told its members to return to the picket line, but then retracted when a federal watchdog said it had not provided 72-hours notice. It then gave notice for the strike to restart on Saturday, prompting calls for the federal government to recall parliament to pass back-to-work legislation. But the ILWU then withdrew its strike notice on Wednesday, leaving the talks in what the British Columbia Maritime Employers Association (BCMEA) said was a "fluid and unpredictable situation."

Taiwan tenders for 108,000 metric tons wheat of U.S.-origin
The Taiwan Flour Millers' Association has issued an international tender to purchase an estimated 108,000 metric tons of grade 1 milling wheat to be sourced from the United States, European traders said on Friday.
The deadline for submission of price offers in the tender is July 27.
The tender seeks two consignments both involving a range of different wheat types for shipment from the U.S. Pacific Northwest coast.
The first consignment of 56,000 metric tons is sought for shipment for Sept. 6-20 and the second of 52,000 metric tons for Sept. 22-Oct. 6.
Wheat types sought include dark northern spring, hard red winter and soft white wheat.
The association’s tenders traditionally provide an accurate snapshot of U.S. wheat export prices in Asian markets.

Picture of the Day

A truck loads concentrated brine at SQM lithium mine at the Atacama salt flat, in Antofagasta region, Chile, May 3, 2023. REUTERS/Ivan Alvarado

(Inside Commodities is compiled by Archak Sengupta in Bengaluru)

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