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Top News - Oil

Equinor Q2 profit down, but beats forecast
Equinor's second-quarter profits declined by 4% year on year as natural gas prices fell, the energy company reported on Wednesday, although the results still outperformed analysts' expectations.
The Norwegian oil and gas producer's adjusted earnings before tax for April-June eased to $7.48 billion from $7.80 billion a year earlier, beating the $6.96 billion predicted in a poll of 22 analysts compiled by Equinor.
"Our operational performance continued to be strong through the quarter," CEO Anders Opedal said in a statement.
Compared to the same quarter last year, the realised European piped gas price decreased due to mild temperatures and lower market prices driven by high storage levels and reduced demand, Equinor said.
The Dutch TTF front-month gas contract, Europe's benchmark, averaged 31.76 euros per megawatt hour (MWh), or $10.02 per mmbtu, in the second quarter, down from 34.86 euros/MWh, or $11.13 per mmbtu a year earlier.
Equinor lowered its renewable energy production growth forecast for 2024 to 70% from a forecast doubling previously, amid a delay to the start-up of the 1.2 GW Dogger Bank A offshore wind farm in the UK to 2025 from late 2024.
The group maintained a projection that its oil and gas output would be unchanged in 2024 from 2023 and kept a forecast for capital expenditure of $13 billion this year.
Equinor in the second quarter pumped 2.05 million barrels of oil equivalent per day (mboed), slightly above expectations in the analyst poll for 2.03 mboed and up from 1.99 mboed a year ago.
The company in 2022 overtook Russia's Gazprom as Europe's biggest supplier of natural gas when Moscow's invasion of Ukraine upended decades-long energy ties.
Equinor's share price has declined by 10.4% so far this year, lagging a 1% rise in the wider index of major European energy stocks.

Black Sea CPC Blend oil exports to fall 9% in August
Black Sea CPC Blend oil exports via the Caspian Pipeline Consortium (CPC) pipeline system are set to fall to about 4.9 million metric tons in August from the 5.4 million planned for July, two sources familiar with the plan said on Tuesday.
On a daily basis CPC Blend oil exports will decline by 9.3% in August from July plan, Reuters calculations showed.
Chevron-led Tengizchevroil plans maintenance on its giant Tengiz oil field next month, which will lead to lower output and a drop in supplies to the CPC system.
TCO is the largest oil exporter via the CPC pipeline system.
CPC does not comment on export plans via its system.
Chevron holds a 50% stake in TCO, Exxon Mobil owns 25%, Kazakh state firm Kazmunaigas holds 20% and 5% belongs to Russia's Lukoil.

Top News - Agriculture

US spring wheat tour forecasts record yields for southern North Dakota
Scouts on the first day of an annual U.S. crop tour on Tuesday projected spring wheat in southern and east-central North Dakota will produce the highest yields in tour records dating to 1994.
The Wheat Quality Council tour said participants estimated an average hard red spring wheat yield of 52.5 bushels per acre, compared to the tour's day-one findings in 2023 of 48.1 bushels. The five-year average is about 42.2 bushels, excluding 2020 when no tour was held because of the COVID-19 pandemic.
A strong spring wheat crop from the United States, the No. 4 exporter, could help resupply global stocks of the grain that the U.S. Department of Agriculture (USDA) expects to tighten to a nine-year low.
North Dakota is the largest producer of U.S. spring wheat, the smaller of two annual harvests in the United States.
"It's very nice, everything looks very green, and North Dakota looks beautiful," Brian Walker, member of the Wheat Quality Council, said.
Nearly all scouting groups noted some fields had been stricken by fusarium head blight, also known as scab, which can decimate yields and cause vomiting if consumed by animals or humans.
USDA on Monday rated 77% of the total U.S. spring wheat crop as good to excellent, unchanged from the previous week.
The tour will assess fields in northern North Dakota on Wednesday before releasing a final yield estimate on Thursday.

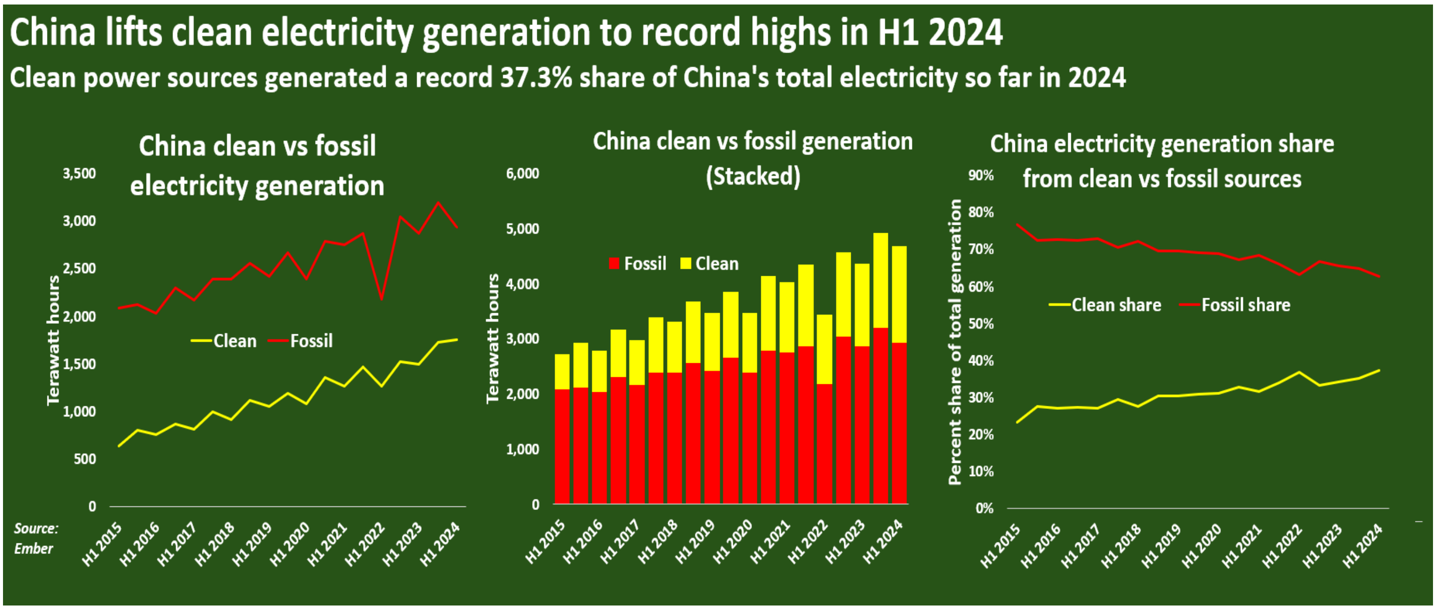
EU 2024/25 soft wheat exports down 35% but French data still lacking
Soft wheat exports from the European Union since the start of the 2024/25 season in July had reached 1.44 million metric tons by July 21, down 35% from 2.21 million tons a year earlier, data published by the

European Commission showed on Tuesday.
EU barley exports for the first three weeks of 2024/25 totalled 533,177 tons, down 42% from 919,333 tons in the corresponding period in 2023/24.
However, the Commission said export figures for France, the EU's largest wheat and barley exporter, have been incomplete since the beginning of the 2024 calendar year.
At the same time, the Commission had removed a previous warning about export and import data for Bulgaria and Ireland being incomplete since the beginning of 2023/24.
EU maize imports so far in 2024/25 were put at 1.42 million tons, up 39% from 1.02 million tons a year earlier.
A breakdown of this season's volume showed Romania was the leading EU wheat exporter with 643,815 tons so far, followed by Germany (187,623 tons), France (132,770 tons), Poland (124,455 tons) and Bulgaria (122,163 tons).
In imports, Spain remained the biggest maize importer in the EU at the start of 2024/25 at 598,414 tons.
Spain also led early season EU wheat imports, with 233,499 out of a total 368,142 tons, which was up 10% from a year ago.
Ukraine was the largest maize and wheat supplier to the EU over July 1-21, with 902,832 and 241,853 tons respectively.
The United States remained the second-largest maize supplier at 269,424 tons so far in 2024/25, already surpassing the volume it shipped to the EU over the whole of last season.

Top News - Metals

Citi delivers lead to LME warehouses for lucrative rent deals
Citi delivered large amounts of lead to London Metal Exchange (LME) approved warehouses in Singapore on Monday for profitable financial deals, three sources familiar with the matter said, taking total LME stocks of the battery metal to their highest since early May.
The sources said the lead deliveries by U.S.-based Citi are for so-called rent deals where LME-approved warehouses share fees with banks and commodity traders that deliver metal to them. It is not known exactly how much lead was delivered by Citi to LME warehouses on Monday.
Citi declined to comment.
Companies that deliver metal for rent deals do not have to retain ownership of the metal, but can get a share of the rent, paid by the new owners, for as long as the metal stays in that warehouse.
Lead inventories jumped 44,475 metric tons on Monday to 253,550 tons, up 40% since June 4, daily LME data showed on Tuesday. A breakdown showed 45,725 tons were delivered to LME warehouses in Singapore and 1,250 tons were removed.
Rent for metal on LME warrant, a title document conferring ownership, is often five time higher than metal in storage that is not deliverable to LME warehouses.
LME warehouse daily rents for lead average around 51 U.S. cents a ton, which for 45,725 tons would amount to more than $23,000 a day.
These deals are possible because companies are able to buy cheaper nearby lead contracts and sell higher priced contracts further along the maturity curve.
The discount for the cash against the three-month lead contract climbed above $60 a ton on July 11, the highest since early June. It was last around $42 a ton.

Chart of the Day



COLUMN-In search of the elusive green nickel premium: Andy Home

BHP Group's ambition to create a green nickel hub in Western Australia is on hold after the world's largest listed miner announced the entire division will go on care and maintenance later this year.
The company has invested $3 billion since 2020 to turn Nickel West into a major supplier of nickel sulphate for use in electric vehicle (EV) batteries.
A supply deal with Tesla Inc.was signed in 2021 for what BHP pronounced was "one of the most sustainable and lowest carbon emission" brands of nickel in the world.
Since then, low prices have trumped green credentials, a pattern seen in other battery metals, such as lithium and cobalt.
Just about every Western producer will tell you metal produced to higher environmental and social standards should command a premium.
The problem is right now it does not, and defining green is part of the challenge.

DIRTY NICKEL

China is the determining factor in the West's battery metals dilemma. The country's investment in its own EV supply chain has led to global excess production and low prices.
Indonesia was the single largest recipient of China's Belt and Road Initiative last year, receiving $7.3 billion in investment, according to U.S. think-tank The Center for Strategic and International Studies (CSIS).
Much of that money has gone into developing Indonesia's huge nickel deposits. The country's production has leapt to more than 2 million metric tons from 600,000 in the space of five years.
Ten years ago the country had just two smelters. At the latest count there are 43 plants with another 28 under construction, according to CSIS.
The expansion has had a heavy ecological and social cost. Environmental groups such as Mongabay have highlighted land rights violations, deforestation, pollution and poor work practices in the sector.
Safety procedure violations are believed to have caused the fatal fire at a smelter last December that killed 21 workers.
Indonesia's nickel also has a high carbon footprint since much of the new processing capacity is powered by coal, often in the form of captive plants.

HOW GREEN IS YOUR NICKEL?

Not every Indonesian nickel producer is a dirty producer.
PT Vale, for example, has been operating in the country for 56 years and cites the pristine water of Lake Matano as an example of its stewardship of mine waste.
At the other end of the spectrum, the country's nickel output ticks all the wrong boxes for environmental, social and governance (ESG) standards.
The problem is compounded by a lack of transparency around many operations, particularly those that have sprung up in the Chinese nickel rush.
Benchmark Mineral Intelligence (BMI), which specialises in battery metals research and has just launched green price assessments, estimates less than a third of global nickel production comes from operators committed to ESG transparency.
Given that Indonesia accounts for over half of the world's production, many of its Chinese producers are clearly in that non-disclosure category.
This makes it all but impossible to determine how green the nickel is in an EV battery that has been manufactured in China or contains nickel sulphate from either China or Indonesia.

CARBON STARTER

BMI has identified 79 criteria by which to judge a company's ESG performance, from its carbon footprint to forest management.
Such is the spectrum of ESG non-compliance in Indonesia's nickel industry, it's hard to how to start defining what constitutes ethically sound metal.
"There is an absence of consensus around standards on what genuinely constitutes green material," according to Robin Martin, head of market development at the London Metal Exchange (LME), which has been lobbied by Western producers to launch a green nickel contract.
There is too little nickel produced to transparently high ESG standards to form a liquidity base for a futures contract, Martin told last month's LME's Asia Metals Seminar.
The starting point should be carbon footprint, he said, because there are widely-accepted standards in determining emissions in the nickel sector.
The LME has partnered with German digital trading company Metalshub to offer a low-carbon nickel option on its platform.
After registering just four tons of low-carbon transactions in the prior three months, volumes jumped to 144 tons out of a total 1,847 tons transacted in May.
The idea is that if volumes build, it would facilitate the generation of a low-carbon nickel price index, which could ultimately be the basis of a futures contract.
But it will take time, which is one thing Western nickel producers do not have. Also it would not tell you whether your nickel has been extracted at the price of contaminated water or loss of tree cover.

SUPPLY-CHAIN TRANSPARENCY

Nickel is an ESG laggard among the battery metals because Indonesia's mining and processing capacity has grown so big so fast.
Cobalt, another battery input, has already been forced to embrace supply-chain transparency to assuage buyer concern that metal may have come from unregulated artisanal mining in the Democratic Republic of Congo.
One junior nickel miner, Talon Metals, is proposing to do the same with production from its planned Tamarack mine in Minnesota.
It has partnered with Circulor, already active in tracing material flows in the cobalt market, to ensure its nickel and carbon footprint can be tracked from mine to battery and eventual recycling.
That doesn't mean an automotive company will pay more for it, but it at least offers a clear choice between clean and uncertain provenance.
Car-makers should take note because if they are ultimately sourcing the nickel in their batteries from Indonesia, they risk reputational damage and being

unprepared for government regulation.
In 2027, the EU Battery Passport is coming. It will require detailed information on carbon footprint, environmental impact and full supply-chain transparency of inputs such as cobalt and nickel all the way back to the mine-site.
No passport, no entry to the European Union.
As Indonesian nickel supply continues to grow, crushing prices and forcing higher-standard operators out of business, automotive companies and their battery suppliers could be in for a rude awakening.
If they are not yet prepared to pay a premium for ethically sourced metal, they should at least ensure they can identify what is not clean, green nickel.
The opinions expressed here are those of the author, a columnist for Reuters.

Top News - Carbon & Power

Analysts forecast EU carbon price rise, but say supply could swell
Analysts have increased their price forecasts for European Union carbon permits for 2024 to 2026, but said there was a downside risk from possible increases to supply if the European Commission needed to raise cash through permit sales.
EU Allowances (EUAs) are forecast on average at 67.25 euros a metric ton this year and 76.75 euros in 2025, a Reuters survey of nine analysts showed, up 5.1% and 3.7% respectively from forecasts made in April.
The average price forecast for 2026 was 93.46 euros a ton, up 1.1 % from the April forecast of 100.13 euros a ton.
Analysts sharply reduced their forecasts in April after data showed a surge in renewable power use had led to a record fall in emissions covered by Europe's carbon market last year.
The EU's Emissions Trading System (ETS) forces manufacturers, power companies and airlines to pay for each ton of carbon dioxide they emit by surrendering carbon allowances as part of Europe's efforts to meet its climate targets.
To help wean the bloc off Russian fuels following Russia's invasion of Ukraine and to reach its climate goals, the European Commission launched its REPowerEU plan that includes raising 20 billion euros through the auction of EUAs over the next few years.
The timing and size of these sales will have a significant impact on prices, the analysts said.
"With an average 2024 price of 63 euros/ton, far below the 75 euros/ton initially budgeted by the European Commission, there is revenue gap that will have to be filled by additional auction volumes," Haege Fjellheim, head of carbon analysis at Veyt said.
The benchmark EU carbon contract trades around 65

MARKET MONITOR as of 06:40 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$77.36 / bbl	0.52%	7.97%
NYMEX RBOB Gasoline	$2.39 / gallon	0.70%	13.58%
ICE Gas Oil	$745.00 / tonne	1.09%	-0.77%
NYMEX Natural Gas	$2.14 / mmBtu	-2.10%	-14.84%
Spot Gold	$2,415.62 / ounce	0.27%	17.12%
TRPC coal API 2 / Dec, 24	$111.95 / tonne	-0.27%	15.41%
Carbon ECX EUA	€65.95 / tonne	0.33%	-17.94%
Dutch gas day-ahead (Pre. close)	€31.30 / Mwh	-1.42%	-1.73%
CBOT Corn	$4.16 / bushel	-0.24%	-14.00%
CBOT Wheat	$5.67 / bushel	-0.22%	-99.11%
Malaysia Palm Oil (3M)	RM3,955 / tonne	-0.35%	6.29%
Index	**Last**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	330.24	-0.92%	9.57%
Rogers International	27.69	-0.66%	5.19%
U.S. Stocks - Dow	40,358.09	-0.14%	7.08%
U.S. Dollar Index	104.44	-0.01%	3.06%
U.S. Bond Index (DJ)	432.24	-0.07%	0.35%

euros a ton and has only reached 75 euros or more on a handful of days this year, meaning more permits could be sold to reach the monetary target if prices do not rise. Fjellheim said she did not think additional volumes would be added to auctions this year but that uncertainty hangs over the market.

COLUMN-China cuts coal's share of electricity output in H1 2024: Maguire

Coal-fired power plants generated 59.6% of China's total electricity output during the opening half of 2024, the first time on record that coal produced less than 60% of the country's total electricity during that period.

China's coal-fired generation from January to June was 2,793.5 terawatt hours (TWh), which was up 2.4% from the same months in 2023 and the highest tally for the opening half of the year since at least 2015, data from energy think tank Ember shows.

However, coal's share of China's total generation mix declined to new lows during the opening six months of 2024 as output from clean power sources scaled new highs.

Total clean electricity generation was 1,751.4 TWh during the first half of 2024, nearly 17% more than in the first half of 2023. Clean power sources generated a record 37.3% share of China's total electricity during the opening half of the year.

Sharply higher output from clean sources allowed China's power producers to curtail electricity output from fossil fuels so far in 2024 while lifting total electricity supplies to a record during the opening half of the year.

CLEAN DRIVERS

Double-digit growth in electricity generation by hydro dams, solar parks and wind farms were the main catalysts behind the surge in clean generation this year.

Hydro dams were the largest single source of clean electricity, generating 558.1 TWh, Ember data shows. That tally was nearly 22% more than during the opening half of 2023, and the highest during the first half of a year since at least 2015.

Wind output also hit a record for January through June, generating 525.3 TWh and 10.4% more than the same months a year ago.

Solar output during the opening half of 2024 jumped 39.4% from the same months a year ago to 378.4 TWh, Ember data shows.

Output from China's nuclear plants during the opening six months of 2024 was 212.26 TWh, largely flat from a year ago, while production from bioenergy facilities was down by 6.2% to 77.3 TWh.

FOSSIL CUTS

While coal-fired output during the first half was up from the opening half of 2023, it was down notably from the second half of 2023 due to reduced demand for heating and sluggish industrial electricity consumption so far this year.

Coal-fired generation was 8% down from the latter half of 2023, while natural gas-fired generation was down 10.6%.

The share of China's total electricity generation from fossil fuels was 62.7% during the opening half of 2024, compared to a 65% share during the latter half of 2023 and 65.7% during the first half of 2023.

With generation capacity from renewable energy sources set to continue to expand over the latter months of 2024, the share of clean power generation in China's electricity mix looks set to grow further this year.

Between 2018 and 2023, total clean electricity generation capacity in China increased by 104%, compared to a 21% rise in fossil fuel generation capacity over the same period, Ember data shows.

Solar generation capacity has expanded by an average annual rate of 30% from 2018 through 2023, while wind generation capacity has grown by an average rate of 18% a year over that period.

Those capacity increases have yielded similar rises in generation, which if matched in 2024 would push both solar and wind output to fresh records for the year and would further lift clean power's share of the electricity generation mix.

EMISSIONS TOLL

As a result of greater clean electricity generation and slowing growth in output from fossil fuel power plants, the rate of growth in China's power sector emissions has slowed.

Total power sector emissions from the use of fossil fuels was 2.826 billion metric tons of carbon dioxide (CO_2) and equivalent gases during the opening half of 2024.

That is up 2.4% from the same months in 2023, but is down from the 4% average annual pace of emissions growth seen during the past five years.

If power producers continue to roll out additional clean power over the remainder of 2024, total emissions growth for the year as a whole could clock in at well below 4%, and set the stage for a steady reduction in China's power emissions by the end of the decade.

The opinions expressed here are those of the author, a columnist for Reuters.

Top News - Dry Freight

Brazil soymeal exports seen reaching record high in July

Brazil's soybean meal exports are estimated to reach 2.40 million metric tons in July, which would mean a monthly record high if the volume is confirmed by the end of the month, data from grains exporter association Anec showed on Tuesday.
Anec revised its July soymeal forecast up from the 2.23 million tons expected a week ago. Brazil, Latin America's largest economy, has been among the main global exporters of soybean meal, alongside Argentina.
The last monthly high for Brazilian soybean meal exports was recorded in May 2023, when 2.27 million tons were shipped, according to Anec.
Anec said the climate favored the shipping of products through ports, while in the domestic market soymeal demand remained stable. The association noted final exports figures can vary reflecting changes in shipping schedules.
The total exports of 2.4 million tons, if confirmed at the end of July, would mean growth of around 11% compared to the same month a year earlier. The volume exported would also have increased by more than 400,000 tons compared to June.
Anec expects Brazil's soybean exports to reach 10.43 million tons in July, slightly below the 10.71 million forecast last week, it said earlier on Tuesday.
Corn exports are seen reaching 4.56 million tons in July, up from 4.51 million projected the previous week. Still, that result would fall short of the 5.9 million tons shipped in the same period last year, when Brazil harvested a record corn crop.

Houthi threat to Red Sea shipping is growing, says UN envoy to Yemen

Recent developments in the Red Sea and surrounding waterways suggest that the threat to international shipping from Yemen's Houthis is growing, U.N. Special Envoy to Yemen Hans Grundberg told the U.N. Security Council on Tuesday.
In a briefing on the situation in Yemen, Grundberg warned of a real danger of a devastating regional escalation following new Houthi attacks on commercial shipping and the first Israeli air strikes on Yemen in retaliation for Houthi drone and missile attacks on Israel.
"I remain deeply concerned about the continued targeting of international navigation in the Red Sea and its surrounding waterways," Grundberg said. "Recent developments suggest that the threat against international shipping is increasing in scope and precision."
The Houthi attacks on Israel and July 20 Israeli retaliatory strikes on Yemen's port of Hodeidah and its oil and power facilities represent "a new and dangerous level" of violence, he said.
Commercial ships have been sunk and damaged, disrupting trade, civilians have died, the Houthis still detain the crew of the Galaxy Leader, a cargo ship they hijacked in November, and the United States and Britain continue airstrikes on military targets in Houthi-controlled areas of Yemen, he said.
"It is alarming that there are no signs of de-escalation, let alone a solution," Grundberg continued.
The Houthis have launched missiles and drones at Israel and disrupted global trade through the Red Sea in response to Israel's assault on Gaza.
Israel says the Iran-backed Houthis have launched 200 attacks against it since the war began, many of them intercepted and most of them not deadly.
But a rare Houthi drone strike last Friday hit Tel Aviv, killing one person and prompting Israel to announce its first strikes against the group on Saturday. The airstrikes hit near the Hodeidah and killed six people, local medics said.
Israel said it shot down a missile launched by the Houthis on Sunday.

Picture of the Day

A worker places an iron rod inside a vessel that is used to store petrochemicals inside an industrial manufacturing unit on the outskirts of Ahmedabad, India, July 23, 2024. REUTERS/Amit Dave

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

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