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Top News - Oil

OPEC+ likely to stick to output policy at Aug 1 JMMC meeting
An OPEC+ panel is unlikely this week to make any changes to its current deal to cut production and to start unwinding some cuts from October, despite recent sharp declines in oil prices, five sources from the producer group told Reuters.
Top ministers from the Organization of the Petroleum Exporting Countries and allies led by Russia, or OPEC+ as the group is known, will hold an online joint ministerial monitoring committee meeting (JMMC) on Thursday at 10:00 GMT.
"I think it is unlikely that we will see a new change or development in Thursday's meeting, especially to limit more OPEC+ production," one of the sources said, declining to be identified.
Oil LCOc1 has fallen about 9% so far this month, trading below $80 a barrel on Tuesday, waning on dissipating geopolitical risks and concern about the strength of Chinese demand.
The Saudi government's communications office did not immediately return a request for comment. OPEC's headquarters in Vienna did not immediately respond to a request for comment.
OPEC+ is currently cutting output by a total of 5.86 million barrels per day (bpd), or about 5.7% of global demand, in a series of steps agreed since late 2022.
At its last meeting in June, the group agreed to extend cuts of 3.66 million bpd by a year until the end of 2025 and to prolong the most recent layer of cuts - a 2.2 million bpd cut by eight members - by three months until the end of September 2024.
OPEC+ plans to gradually phase out the cuts of 2.2 million bpd over the course of a year from October 2024 to September 2025.
The JMMC, which groups the oil ministers from Saudi Arabia, Russia and other leading producers, usually meets every two months and can make recommendations to change policy.

BP raises dividend as $2.8 bln quarterly profit beats forecasts
BP increased its dividend and extended its share repurchasing programme on Tuesday as it reported a forecast beating second-quarter profit of nearly $2.8 billion, with weak refining offset by stronger oil prices and retail earnings.
The result, which topped analysts' estimates by 9%, is likely to ease pressure on CEO Murray Auchincloss after BP fell short of profit expectations in the previous two quarters.
The 53-year-old Canadian, who took office in January, has vowed to revamp BP's operations and focus on the most profitable ones, mostly in oil and gas.
In a sign of change from his predecessor Bernard Looney's strategy to grow renewables and reduce fossil fuel output, BP said it had given a green light to the development of the Kaskida oilfield in the U.S. Gulf of Mexico, a highly complex project in deep geological formations.
The field is expected to start production in 2029 and have a capacity of 80,000 barrels of oil per day (bpd).
The company also announced it would go ahead with the development of a low-carbon hydrogen project at its Castellon refinery in Spain.
BP shares closed 0.3% down, after being up most of the day, compared with a flat performance for the broader European energy index.
The stock has underperformed rivals this year amid investor concern over the British company's energy transition strategy and doubts that it will meet its 2025 earnings targets.
BP is working to exceed its target to reduce annual costs by $2 billion by the end of 2026, Auchincloss said in an analyst presentation posted online. Reuters reported in June that the company had imposed a hiring freeze and suspended investments in new offshore wind projects.
"We are driving focus across the business and reducing costs, all while building momentum in our drive to 2025," Auchincloss said in a statement.

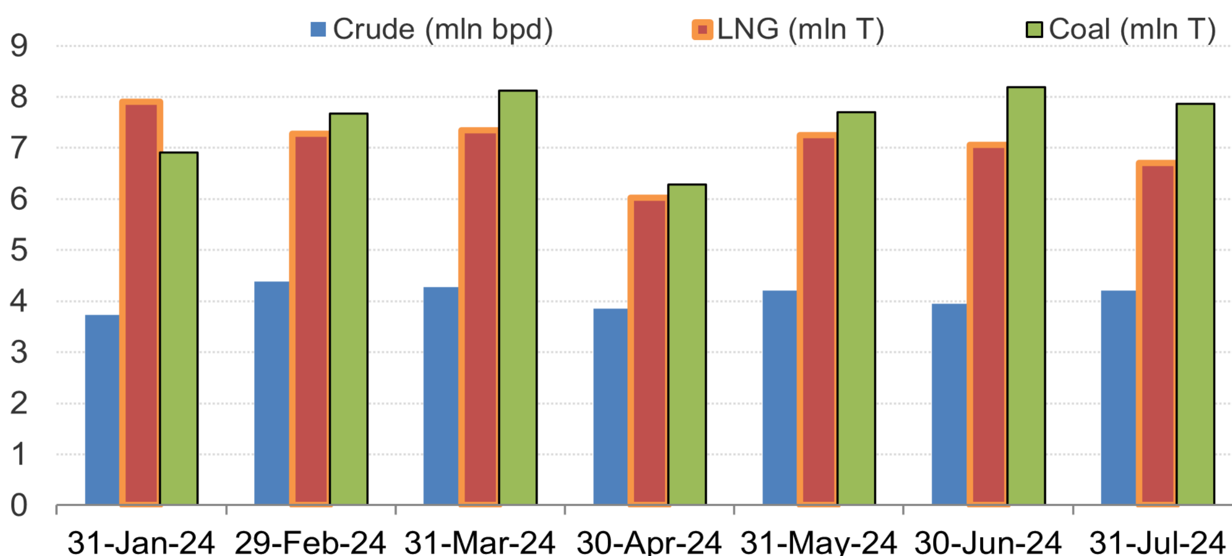
WEAK REFINING
BP lifted its dividend by 10% to 8 cents per share from 7.27 cents, in line with analysts' expectations, based on LSEG data.
It also maintained the rate of its share buyback programme at $1.75 billion over the next three months and said it remains committed to buying a total of $14 billion of shares this year and next.
Underlying replacement cost profit, the company's definition of net income, reached $2.76 billion in the three months to June, exceeding a forecast of $2.54 billion in a company-provided survey of analysts.
That compared with a $2.7 billion profit in the previous

quarter and $2.6 billion a year earlier.
Weaker refining margins due to lower diesel demand and a higher level of refinery maintenance weighed on the result, but were offset by higher oil prices in the quarter, strong retail margins and a lower than expected tax rate.
BP's oil trading contribution was weak following a strong showing in the previous quarter, it said.
Auchincloss told Reuters that global demand for gasoline and diesel was weak but that inventories were expected to come down during the summer driving season, supporting refining margins.
Last week, France's TotalEnergies reported a 6% drop in second quarter profit, also hurt by a tumble in European refining margins.
BP will maintain capital expenditure at $16 billion per year in 2024 and 2025.
The company also took a $1.3 billion impairment charge in the quarter, mainly related to capacity reduction at its Gelsenkirchen refinery in Germany.
BP's net debt decreased by $1.4 billion in the quarter to $22.6 billion and its debt-to-equity ratio, known as gearing, fell to 21.6% from 22% at the end of March.

Top News - Agriculture

Rain-hit French wheat crop could plunge to 26 mln T, producers say
France's main wheat crop may only reach 26 million metric tons this year, a level not seen since the 1980s, as harvest results confirm a plunge in yields following months of heavy rain, producers group AGPB said on Tuesday.
A poor harvest in France, the European Union's biggest grain producer, has been widely anticipated after the wet weather cut autumn planting before hampering crop development.
Since the agriculture ministry gave an initial forecast of 29.7 million tons for the soft wheat harvest in early July, traders and analysts have been cutting their projections, with some expecting output to fall below a 29-year low of 27.6 million tons from 2016.
"All the figures we are getting from the fields support the warnings we have given over the past three weeks - the harvest decline is disastrous for growers," the AGPB said in a statement.
The prospect of production falling as low as 26 million tons from 36 million tons on average in recent years, along with a drop in market prices, could cost growers 1.6 billion euros ($1.73 billion) in income this year, the AGPB said, calling on the government to provide emergency aid to grain farms.
The statement followed a visit by Agriculture Minister Marc Fesneau to a crop farm on Monday during which he

Chart of the Day



promised financial support once the harvest was complete.
French farmers are midway through harvesting soft wheat, the country's most produced cereal, with field work delayed by frequent showers so far this summer.
Traders said field reports suggested that rain-affected yields remained disappointing as harvesting reached major northern crop belts, with many market estimates putting the crop below the 2016 level and some projecting it at 25-26 million tons.

ADM misses profit estimates on US demand dip and lower crush margins
Global grains merchant Archer-Daniels-Midland Co shares dropped 2% on Tuesday after the company missed Wall Street expectations for second-quarter profit, which were hit by lower soy crush margins and waning demand for U.S. crops.
Such lower profits reflect the challenge global grain merchants and oilseed processors now face, as crop prices hover at nearly four-year lows due to a hefty global stockpiles of corn and soybeans.
The company reported adjusted profit of $1.03 per share for the three months to June 30, against analyst expectations of $1.22 per share, LSEG data shows.
Executives maintained their full-year guidance, but cautioned supply-demand pressures could weigh on its largest business unit in the coming months.
The company's Ag Services and Oilseeds arm suffered a 56% year-on-year plunge in quarterly operating profit due to a slew of challenges, from South American farmers slow to sell their crops amid rising export buyer demand, to global soybean crush margins getting squeezed and biodiesel margins tightening.
Sales of U.S. soybeans have lagged. China, the world's largest soy buyer, has stepped up its purchases in recent weeks, but traders believe that most of the deals have involved low-priced Brazilian supplies.
As buyers turned to South America, that shift weighed on the company's North American business, ADM said.
"We expect these dynamics to continue to pressure margins in our third quarter," ADM's chief executive officer Juan Luciano told analysts on an earnings call.
ADM's global soybean crush margins also were squeezed. Crushing plants produce high-protein soymeal feed for livestock and soyoil for food and fuel.
ADM and other U.S. soy processors have faced pressure as biofuel producers cut back on their use of soyoil, turning instead to cheaper alternatives like imported used cooking oil.
Luciano said ADM expected its crush and ethanol business fundamentals to improve going into the second half of the year. He also noted that ADM was "reducing our footprint to match supply and demand around the globe."
Carbohydrate Solutions segment, which includes ethanol and sweeteners, saw operating profits up 12% compared to the prior year period on higher starches and sweetener volumes and better margins.
The Nutrition segment posted a 36% drop in its quarterly operating profit, due in part to higher manufacturing costs and continued downtime at its Decatur East soy processing plant.
The company did not comment on the multiple ongoing U.S. government investigations related to accounting irregularities. Manufacturing giant 3M's Monish Patolawala is set to start later this week as ADM's new chief financial officer.

Top News - Metals

Slump in jewellery consumption hits gold demand in Q2, says industry body
Global gold demand excluding over-the-counter (OTC) trading fell 6% year-on-year to 929 metric tons in the second quarter as jewellery consumption tumbled 19% amid high prices, the World Gold Council (WGC) said on Tuesday.
Spot gold prices are up 15% so far this year after hitting a record high of $2,483.60 on July 17 amid increased market expectations that the U.S. Federal Reserve will cut interest rates in September.
The second quarter "saw price sensitivity bite into jewellery demand and it may be a while before consumers fully adjust to higher prices", said the WGC, an industry body whose members are global gold miners.
Gold jewellery consumption in April-June saw its weakest second quarter since 2020, when demand was feeling the worst impact of the COVID-19 pandemic, the WGC said.
However, total demand including the opaque OTC trading rose 4% to 1,258 tons, marking the strongest second quarter in the WGC's data series going back to 2000.
The WGC estimates the OTC flows - investment from institutional, high-net-worth investors and family offices - at 329 tons, the strongest since final quarter of 2020.
"Demand from this sector has been in response to concern over the U.S. debt burden, geopolitical risks and attraction to the strong price rise," it said.
Global central banks, which actively bought gold in 2022-2023, increased purchases for their reserves by 6% to 183 tons in the second quarter. They are on track to slow buying in full-2024 by 150 tons from 2023 but to keep them above the pre-2022 level.
Physically-backed gold exchange traded funds (ETFs) saw modest outflows in the second quarter and were heading for the third consecutive month of net inflows in July.
Bar and coin investment fell 5%, while demand for gold in technology rose 11% "driven by the AI boom in the electronics sector", the WGC said.
On the supply side, mine production increased by 3% to the second-quarter record, while recycling rose by 4% to the highest for a second quarter since 2012.

Rio Tinto open to big copper buys but cautious of overheated market
Rio Tinto may consider a large acquisition but it would have to provide value that is hard to find amid a copper market that is running hot, CEO Jakob Stausholm said on Wednesday while discussing its first-half results.
Rio derives most of its profits from iron ore but is increasingly focused on copper growth where itexpects growth of 3% a year from 2024 onward. That will come

from existing projects, mainly the underground Oyu Tolgoi mine in Mongolia but also ventures with Codelco in Chile and First Quantum in Peru.
Speculation over large scale mergers in the mining sector has ramped up since BHP walked away from a $49 billion plan to take over rival Anglo American in May. Anglo said the offer did not adequately value its long-term copper holdings.
Future copper demand is expected to surge to meet electrification needs as part of the transition to renewable energy sources and electric vehicles. Copper prices climbed to a record of over $11,000 a metric ton in May but have since declined.
"There's definitely the opportunity to grow further ... We are constantly looking for other opportunities," Stausholm said on a media call for its earnings release, referring to the outlook for its copper business.
"On the other hand, it is a bit of a heated market, so that's not an easy market to just buy yourself into. While we are looking we are also saying, we are not prepared to pay those prices."
Analysts at Macquarie previously said they expect Rio's copper and lithium growth to become "an emerging strategic focus" for investors. Rio's takeover list includes Canada's Teck Resources, but a bid was not imminent, a source told Reuters earlier this month.
Earlier on Wednesday, Rio reported half-year underlying earnings growth in line with market estimates as gains in its copper and aluminium businesses were offset by lower prices for iron ore. Shares were up 0.6% at A$115.39 ($74.97).
Iron ore prices tumbled about 15% in the first-half because of the Chinese property crisis but Rio Tinto said the outlook there should support solid commodities demand.
"We see the Chinese economy growing plus or minus 5% and that is very good for commodity markets. You also see the U.S. growing. Not fantastic, but absolutely underpinning good markets and good demand for our products," Stausholm said.
The world's largest iron ore producer reported underlying earnings of $5.8 billion for the six months ended June 30, compared with $5.7 billion a year ago and in line with a Visible Alpha consensus of $5.8 billion.
Stausholm cited the "enormous" impact of China's green transition on steel demand, for solar cells and the expansion of wind power and electric vehicles, which he also expects to feed into higher consumption of high-grade iron ore.
That will benefit customers as its high-grade iron ore Simandou project in Guinea starts production late next year, Stausholm said.
The miner declared an interim dividend of $1.77 per share, in line with last year's payout, and below consensus estimates of $1.81 apiece.
Rio Tinto's net debt was $5.1 billion, around the higher end of analyst estimates, while its free cash flow was in line at $2.8 billion.
It expects capital investment at Simandou to accelerate in the second half from $3.7 billion in the first half.

MARKET MONITOR as of 06:40 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$76.20 / bbl	1.97%	6.35%
NYMEX RBOB Gasoline	$2.38 / gallon	1.66%	13.14%
ICE Gas Oil	$732.75 / tonne	1.63%	-2.40%
NYMEX Natural Gas	$2.14 / mmBtu	0.85%	-14.72%
Spot Gold	$2,421.55 / ounce	0.54%	17.40%
TRPC coal API 2 / Dec, 24	$117.5 / tonne	-0.42%	21.13%
Carbon ECX EUA	€69.00 / tonne	0.52%	-14.15%
Dutch gas day-ahead (Pre. close)	€34.20 / Mwh	1.79%	7.38%
CBOT Corn	$4.06 / bushel	0.12%	-16.22%
CBOT Wheat	$5.46 / bushel	-0.50%	-99.15%
Malaysia Palm Oil (3M)	RM3,898 / tonne	-0.43%	4.76%
Index	**Last**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	323.87	-0.06%	7.45%
Rogers International	26.92	-0.24%	2.24%
U.S. Stocks - Dow	40,743.33	0.50%	8.10%
U.S. Dollar Index	104.45	-0.10%	3.07%
U.S. Bond Index (DJ)	433.72	0.11%	0.70%

Top News - Carbon & Power

US oil and gas mergers continue at furious pace in Q2, says Enverus

U.S. oil and gas patch deals continued to run hot in the second quarter, topping $30 billion with big dollar tie-ups pushing values higher, according to data released on Tuesday by energy researcher Enverus.

Blockbuster mergers, such as ConocoPhillips' $22.5 billion offer for Marathon Oil, remain a mainstay even as U.S. lawmakers call on regulators to "pump the brakes" on merger approvals.

The latest round of deals kicked off last autumn with Exxon Mobil's $60 billion offer for Pioneer Natural and has spread through the U.S. energy industry, moving across Texas and North Dakota oil and gas producers to energy pipeline operators.

There were 18 oil and gas production tie-ups with disclosed prices totaling $30.29 billion, up from 25 deals valued at $24.4 billion in the same quarter a year ago, said Andrew Dittmar, Enverus' head of M&A research.

"Pressure built on companies like ConocoPhillips and Devon Energy, that has previously stayed out of the market, to keep pace with peers and grow in scale," said Dittmar.

The value of deals, however, slipped from a record $51 billion in the first quarter, according to Enverus data. Conoco's proposed acquisition of Marathon Oil represented most of last quarter's deal total. Devon Energy this month has reinforced the pace with its $5 billion bid for shale oil producer Grayson Mills.

The average price per undeveloped drilling location in this year's oil production combinations climbed to $3.2 million, from an average of $1.9 million in 2023, Enverus data showed.

Oil and gas deals priced at less than $1 billion have been squeezed by a lack of capital and shifting investment goals by private-equity investors, according to M&A advisory firm Petrie Partners.

Among second-quarter deals: SM Energy agreed to buy XCL Resources for $2.55 billion, Crescent Energy bid $2.1 billion for SilverBow Resources, and Matador Resources offered $1.9 billion for Ameredev II.

The Federal Trade Commission has not stopped any recent oil mergers but is reviewing ConocoPhillips, Chevron, Occidental Petroleum, Chesapeake Energy, and Diamondback Energy deals.

COLUMN-Commodity flows at risk should Trump spark tit-for-tat trade war: Russell

Much of the debate surrounding the implications of a possible second U.S. presidential term for Republican Donald Trump has focused on what may happen to the U.S. and global economies.

Trump's plan to impose tariffs of 10% on virtually all imports into the United States, and as much as 50% on those from top trading partner China, have raised the spectre of higher inflation and interest rates, and a less competitive market. But for commodities, the bigger risk of a Trump return to the White House is the response the rest of the world is likely to have to the imposition of U.S. trade tariffs. Political leaders across the globe will be unable to sit idly by if Trump places barriers on their exports to the United States.

Any unilateral action by Trump is thus likely to be met by retaliation from U.S. trading partners, even if they are erstwhile political allies, such as countries in Europe and some in Asia, such as Japan, South Korea and even India.

If it's inevitable that U.S. trading partners respond to Trump's proposed actions by putting tariffs on imports from the United States, the main question is then what form will they take?

While major U.S. exporting companies such as airplane maker Boeing will have cause for concern, a far easier target for retaliation is likely to be U.S. commodity exports.

The United States is the world's biggest exporter of liquefied natural gas (LNG), and ranks fourth globally for exports of crude oil and all grades of coal.

A major buyer of U.S. commodities is China. If Trump were to impose tariffs of 50% on its exports, Beijing could effectively ban all commodity imports from the United States, either formally or informally.

U.S. exports of crude oil to China were 10 million barrels in July, according to commodity analysts Kpler, and that figure is expected to rise to 16.58 million barrels in August, which would be the most since April 2023.

For the first eight months of this year U.S. crude exports to China are tracking at about 309,000 barrels per day (bpd), which represents only about 3% of China's total imports, but accounts for about 7.5% of total U.S. shipments.

In other words, it would likely be fairly easy for China to stop buying U.S. crude and find alternative suppliers, such as Angola and Brazil.

But how easy would it be for U.S. oil producers to replace the loss of Chinese buyers?

Much will depend on whether other countries place tariffs on U.S. commodity exports.

Imagine if the European Union, Japan and South Korea all put a 10% tariff on U.S. crude in retaliation for Trump putting a similar impost on their exports to the United States.

The European Union, Japan and South Korea typically account for about 60% of U.S. crude exports.

By putting tariffs on U.S. crude, LNG and coal, the rest of the world could keep U.S. energy exports in the market, but force U.S. companies to either offer discounts to keep their prices competitive or lower output.

US LNG EXPOSED

U.S. LNG exporters may be more vulnerable than crude producers, given they have no alternative markets other than exports.

For China, replacing U.S. LNG would be more challenging than replacing U.S. crude, but still likely doable, given the fairly small proportion of U.S. LNG in its total imports.

In July, China's imports of U.S. LNG were 670,000 metric tons, or about 10.5% of the monthly total of 6.39 million.

For the United States, exports to China represent only about 8% of its total LNG shipments. But if Japan and South Korea are added in as well, then exports to the three main Asian buyers rise to about a quarter of the total, based on U.S. shipments in June of this year.

If tariffs were placed on U.S. LNG by the North Asian importers, it would put pressure on U.S. companies to lower prices to compensate.
U.S. coal exports have averaged about 7.5 million tons a month for the first seven months of the year, but there is no dominant buyer. Rather there is a broad range of importers that all purchase relatively small volumes.
This means that buyers of U.S. coal could probably find alternative suppliers for the small volumes involved, but U.S. exporters may struggle to find new markets should a majority of its existing buyers impose retaliatory tariffs.
Overall, the picture that emerges is one of significant vulnerability for U.S. energy exporters if we do see another trade war, given how countries could respond to the tariffs currently being proposed by the former president's camp.
Of course, Trump still has to overcome likely Democratic candidate and current vice president, Kamala Harris, in the November election, and then actually follow through on what is likely to be a widely-criticised trade policy.
But the risk remains meaningful. In 2022, Russia's invasion of Ukraine showed us what can happen when a political event roils energy markets.
If Trump is elected and does embark on a trade war, the disruption may not be quite on that scale. But commodity flows - and thus a large part of the global economy - could be impacted if the market has to adapt to an unpredictable political dynamic once again.
The opinions expressed here are those of the author, a columnist for Reuters.

Top News - Dry Freight

Tunisia buys 125,000 T soft wheat and 50,000 T durum wheat, traders say
Tunisia's state grains agency is believed to have purchased about 125,000 metric tons of soft milling wheat and about 50,000 tons of durum in an international tender on Tuesday, European traders said.
The volumes of soft wheat and durum matched those sought in the tender.
Traders said the soft wheat was bought in five 25,000 ton consignments.
One consignment was sold by trading house Amber for $243.99 per ton, cost and freight (c&f) included, two by Farm Sense at $245.00 per ton c&f and $246.00 per ton c&f, respectively, and two by Buildcom, both at $245.77 per ton c&f, traders said.
For the durum, Tunisia booked 25,000 tons from Amber at $322.89 per ton c&f and 25,000 tons from Casillo at $326.29 a ton c&f, the traders said.
The origin of the wheat is at the seller's option and shipment is sought in various periods between August and October depending on origin supplied.

Jordan buys 50,000 T wheat in tender, traders say
Jordan's state grains buyer purchased about 50,000 metric tons of hard milling wheat to be sourced from optional origins in an international tender on Tuesday, traders said.
The wheat was believed to have been bought from trading house Buildcom at an estimated $256.25 a ton cost and freight included (c&f) for shipment in the first half of October.
Reports reflect assessments from traders and further estimates of prices and volumes are possible later.
Traders reported these estimated offers from other trading houses participating in the tender, all per ton c&f: Ameropa $262.85, Farm Sense $265, Viterra $264, Cargill $270, CHS $263 and Al Dahra $262.
A new tender for 120,000 tons of wheat is expected to be issued in the coming days, closing on Aug. 6 and seeking shipment in various combinations in September and October.

Picture of the Day

A farm labourer holds rice sapling as he prepares to plant them in a field on the outskirts of Ahmedabad, India, July 22, 2024. REUTERS/Amit Dave

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

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

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