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Top News - Oil

OPEC+ sticks to oil policy, repeats could pause Oct hike

A meeting of top OPEC+ ministers has kept oil output policy unchanged including a plan to start unwinding one layer of output cuts from October, and repeated that the hike could be paused or reversed if needed.

Several ministers from the Organization of the Petroleum Exporting Countries and allies led by Russia, or OPEC+ as the group is known, held an online joint ministerial monitoring committee meeting (JMMC) on Thursday.

OPEC+ is currently cutting output by a total of 5.86 million barrels per day, or about 5.7% of global demand, in a series of steps agreed since 2022 to bolster the market amid uncertainty over global demand and rising supply outside the group.

In a statement after Thursday's meeting, OPEC+ said the members making the most recent layer of cuts - a 2.2 million bpd voluntary cut until September - reiterated that its gradual phase-out could be paused or reversed, depending on market conditions.

Oil prices have fallen from a 2024 high above $92 a barrel in April to below $81, pressured by concern about the strength of demand but finding support this week from increasing tensions in the Middle East.

Russian Deputy Prime Minister Alexander Novak said on Thursday the current level of oil prices was comfortable for Russia, its budget, and other participants in the market. Supply and demand remained in balance, he added.

"Starting from the fourth quarter, if the balance of supply and demand is positive, a partial increase in production is possible," Novak said.

OPEC+ still has some weeks before it needs to decide whether to proceed with the output hike from October, a source close to the group said.

DEMAND UPWARD TREND

Algeria's Energy Minister Mohamed Arkab said uncertainties affecting oil markets were unlikely to continue for much longer, as long as the market remains adequately supplied.

Oil demand, he added, was expected to follow a sustained upward trend in the coming weeks.

OPEC+ agreed at its last meeting in June to phase out the 2.2 million bpd cut over the course of a year from October 2024 until September 2025. It also agreed then to extend earlier cuts of 3.66 million bpd until end-2025.

Soon after that, Saudi Arabian Energy Minister Prince Abdulaziz bin Salman said OPEC+ could pause or reverse the production hikes if it decided the market is not strong enough.

Thursday's meeting also noted assurances from Iraq, Kazakhstan and Russia made during the meeting to achieve full conformity with pledged output cuts, the statement said. Those countries had earlier delivered plans to compensate for past overproduction.

An OPEC+ source said the chair of the meeting was insisting that members show commitment to the compensation plan.

The JMMC, which groups the oil ministers of Saudi Arabia, Russia and other leading producers, usually meets every two months and can make recommendations to the wider OPEC+ group.

The JMMC will hold its next meeting on Oct. 2.

China's weak diesel consumption squeezes outlook for oil demand

China's slumping consumption of diesel, as use of LNG-powered trucks grows, is weighing on domestic fuel demand, with forecasters warning of further risks from a sluggish economy hobbled by a prolonged crisis in the property sector.

While the world's second largest economy was long the growth engine for global oil demand, its peaking appetite for transport fuel, as an energy transition gathers pace in a sputtering economy, is now dampening world markets.

In the second quarter, global oil demand growth was its slowest since late 2022, driven by a contraction in Chinese consumption, the IEA's July oil market report showed.

Weak demand from manufacturing and construction is expected to persist in the second half as the world's top importer of oil grapples with a listless real estate sector that ties up about 70% of its household wealth, while external risks grow.

"China's manufacturing sector is starting to slow down - going by PMI figures - especially as its 'export-led' growth model is no longer tenable," said Zameer Yusof, principal middle distillates analyst at analytics firm Kpler.

"This is a function of both relatively slow worldwide economic growth, and also ongoing U.S. tariffs on Chinese goods." As gasoline use plateaus, oil demand growth in the world's second-largest consumer is set to slow to just under 3% in 2024, analysts say, off the previous decade's average of 4.6% and last year's rebound of 11.7% from three years of COVID-19 curbs.

Four of five analysts in a Reuters survey said they expected second-half diesel demand to fall, between 2% and 7% on an annual basis, to range from 3.81 million to 4.67 million barrels per day (bpd).

The finding comes after China's oil consumption contracted in the second quarter, pushing its refiners to cut fuel output and imports of crude.

"Diesel demand is the most sluggish sector within oil demand in the second half, with significant displacement ... in the trucking sector," said consultant Xia Shiqing of Wood Mackenzie, which expects China's second-half diesel demand to fall about 2% to 3.93 million bpd.

As increasing numbers of LNG-powered trucks erode demand for diesel, accelerating sales of electric vehicles suggest China's demand for transport fuel is nearing its peak. Gasoline and diesel make up more than 40% of the country's oil demand.

The International Energy Agency has been revising down its 2024 oil product demand forecast for China every month since January, while consultancies such as FGE and Kpler have also trimmed some of their demand forecasts.

Kpler expects second-half diesel demand to grow by 4% annually, a downgrade from its previous forecast, adding that it may further cut its forecast in future.

In a note to clients, FGE analysts said, "Despite the end of peak refinery maintenance, persistently weak diesel demand and a slowdown in gasoline consumption provided little incentive for refiners to ramp up."

They added, "There is no pressing need for more supplies (of the fuels) in the domestic market."

FGE adjusted its diesel demand forecast downwards to a year on year decline of 5% in the second half, versus a drop of 1.2% earlier.

SHIFT TO LNG

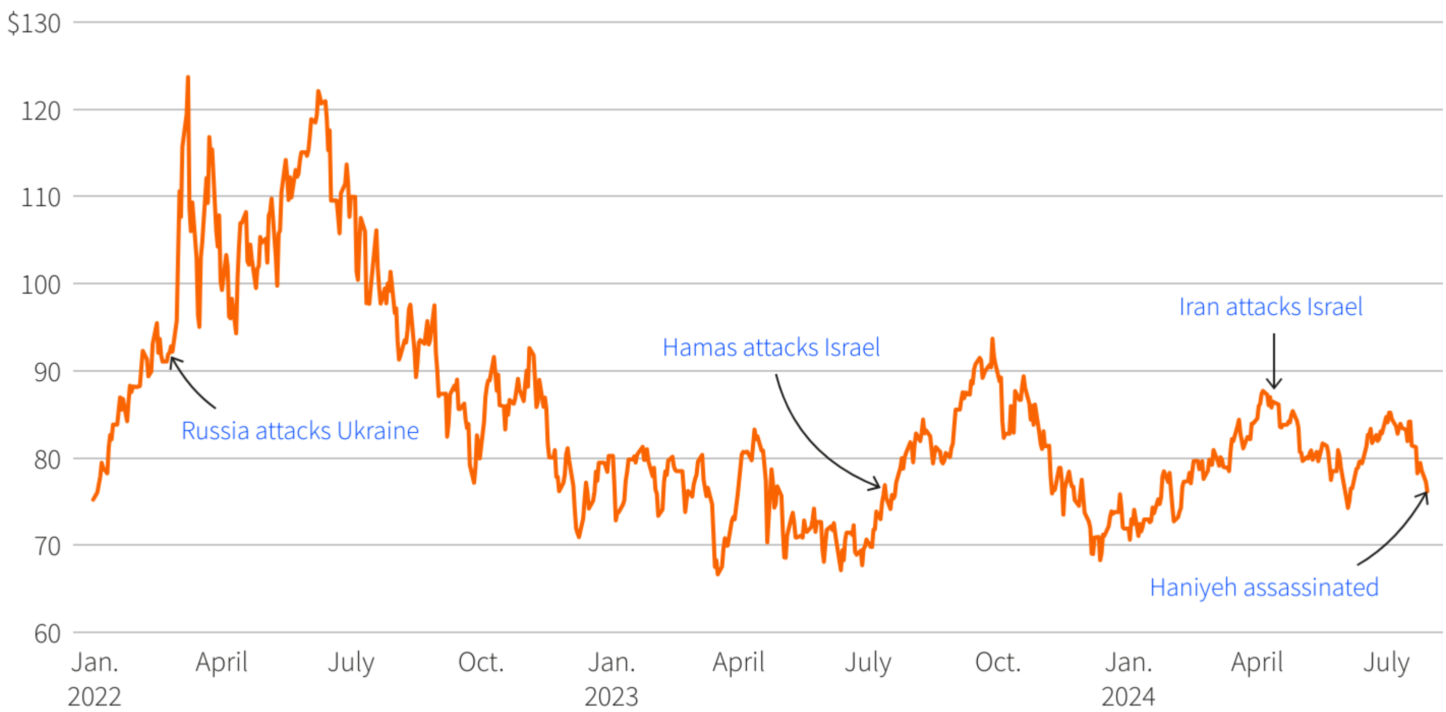
Conventional fuel use is slowing as sales of trucks running on LNG soared 307% to 152,000 last year, data from Chinese information provider CV World showed.

An LNG-fueled truck costs about 80,000 yuan ($11,021) more than a similarly-powered diesel truck, but fuel savings allow the expense to be recouped in about 190 days, research firm Horizon Insights said.

Woodmac estimates fuel for an LNG heavy-duty truck costs about 1.7 yuan a km, less than diesel's cost of 2.8

Chart of the Day

Middle East tensions have not yet sent oil prices soaring



Note: Crude Oil-West Texas Intermediate Spot Cushing USD per barrel
Source: LSEG Datastream | A. F. Alias | Breakingviews | July 31, 2024

yuan. Each LNG truck displaces 13 metric tons (97 barrels) of annual diesel demand, the consultancy said.

Kpler estimates LNG will displace 140,000 bpd of diesel in the period from May to December, while FGE forecasts 110,000 bpd to 120,000 bpd of diesel displacement from LNG in both 2024 and 2025. LNG-based trucks could make up nearly a tenth of the heavy-duty truck fleet by 2025, say analysts at data intelligence firm ICIS.

GASOLINE, JET FUEL

Gasoline demand, which accounts for a fifth of China's oil consumption, is expected to expand marginally in the second half, forecasts say, as EV sales continue to grow.

Rystad and Woodmac expect annual growth of 1.2% and 1% respectively, to 3.45 million bpd and 3.97 million bpd, in the second half, while FGE expects demand to stay flat.

Longzhong expects second-half demand to shrink 3.52% on the year to 3.87 million bpd, as EVs accounted for nearly 40% of car sales in the second quarter.

"Gasoline demand is now at the last leg of growth and upside is limited from next year," said Mia Geng, FGE's head of China oil analysis, who forecasts consumption to plateau within 12 to 18 months.

Aviation fuel is the main growth sector for China's refined fuel use, thanks to pent-up travel demand, with analysts forecasting on-year growth of 8% to 15%, to between 870,000 bpd to 1.04 million bpd, in the second half.

The number of domestic flights is already 10% higher than before the pandemic, while international flights have recovered to 75%, WoodMac's Xia said, adding that second-half demand should close 30,000 bpd higher than in the same 2019 period.

Although China has rolled out a raft of visa-free measures since December to further stimulate inbound travel demand, foreign arrivals stood at just 14.6 million in the first half, online travel agency Trip.com said.

That implies bookings must more than double in the second half to match 2019's figure of 49.1 million overseas visitors.

Reflecting weak demand, Chinese refinery throughput in the first half was down 0.4% on the year at 360.09 million metric tons (14.44 million bpd), official data showed, with Sinopec, Asia's largest refiner, cutting diesel output 8.8% as domestic sales of refined fuel fell 2.5%.

FGE expects refinery runs to drop 200,000 bpd annually in the second half to 14.7 million bpd, while Kpler forecasts crude intake averaging 15.9 million bpd from July to December, little changed from 15.81 million bpd a year earlier.

MARKET MONITOR as of 06:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$76.88 / bbl	0.75%	7.30%
NYMEX RBOB Gasoline	$2.23 / gallon	0.56%	5.96%
ICE Gas Oil	$740.00 / tonne	-0.10%	-1.43%
NYMEX Natural Gas	$1.97 / mmBtu	0.10%	-21.64%
Spot Gold	$2,466.56 / ounce	0.86%	19.59%
TRPC coal API 2 / Dec, 24	$120.5 / tonne	2.55%	24.23%
Carbon ECX EUA	€71.01 / tonne	-0.24%	-11.65%
Dutch gas day-ahead (Pre. close)	€36.40 / Mwh	4.12%	14.29%
CBOT Corn	$4.00 / bushel	0.44%	-17.30%
CBOT Wheat	$5.60 / bushel	0.54%	-99.12%
Malaysia Palm Oil (3M)	RM3,901 / tonne	0.80%	4.84%
Index	**Last**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	322.61	-1.61%	7.03%
Rogers International	27.31	0.15%	3.72%
U.S. Stocks - Dow	40,347.97	-1.21%	7.05%
U.S. Dollar Index	104.21	-0.20%	2.84%
U.S. Bond Index (DJ)	436.90	0.22%	1.44%

Top News - Agriculture

Russia maintains grain harvest forecast despite bad weather

Russia has maintained its official grain harvest forecast for this year at 132 million metric tons despite adverse weather conditions across many grain-producing regions, said Deputy Prime Minister Dmitry Patrushev, who oversees the agriculture sector.

Extreme weather events such as early spring frosts, floods, and summer heat have affected this year's harvest outlook in some key producing areas of Russia, the world's biggest wheat exporter.

"Despite the extremely challenging climatic conditions of 2024, the grain harvest forecast remains at 132 million tons," Patrushev told an industry meeting. This is down from a record 158 million tons in 2022 and 145 million tons last year.

The agriculture ministry officials have said earlier that the current forecast can be revised depending on the progress of the harvest.

Patrushev said farmers in 55 regions of Russia have begun harvesting the new crop, and the pace of harvesting is twice as fast as last year, with 40% of the grain and legume fields already harvested and almost 64 million tons collected.

Moderate rains likely to boost Argentina's wheat crop in coming days

Moderate rains in Argentina's farming heartland over the next few days are expected to benefit the 2024/25 wheat crop, which has suffered from dry and cold conditions, the Buenos Aires grain exchange (BdeC) said Thursday.

Argentina is a major global wheat exporter and, according to the grains exchange, planting for the current agricultural campaign was completed last week, covering 6.3 million hectares nationwide. "During the next few days, some moderate rains are forecast on the eastern edge of the agricultural area," the exchange said in its weekly crop report, stating that the rains "would have a favorable impact on the condition of the crop and allow fertilization work to resume."

According to the exchange, the share of the planted wheat area in fair to poor condition rose 10 percentage points to 16% of the total area in the last week. While 53% of wheat is in normal condition and 31% is in excellent to good condition. Regarding 2023/24 corn, dry conditions in recent weeks have allowed the grain's harvest to progress without difficulties, and harvesting tasks have been completed in 92% of the planted area nationwide, the BdeC said. According to the entity, the 2023/24 corn harvest is likely to reach 46.5 million tons.

Top News - Metals

Indonesia says Jiangsu Delong debt woes not affecting local operation

Chinese stainless steelmaker Jiangsu Delong Nickel Industry assured Indonesia said its potential bankruptcy reorganisation has had no impact on its Indonesia operation so far and the firm will prioritise business stability, a government official told Reuters on Thursday.

A court in China is considering whether to proceed with bankruptcy reorganisation for Jiangsu Delong, China's third-largest stainless steel producer.

In Indonesia, Delong controls PT Virtue Dragon Nickel Industry (VDNI), which has an annual production capacity of 1 million metric tons of ferronickel, and Gunbuster Nickel Industry (GNI) with 1.9 million tons of nickel pig iron annual capacity.

Delong has communicated the company's financial issue with the Indonesian government and ensured authorities that the issue has no direct impact on their Indonesian operation so far, Industry Ministry senior official Putu Juli Ardika said, adding that they are working with the government to prevent a spillover.

"First, they will ensure the continuity of nickel production and exports, by prioritising the company's operational stability," he said.

"Second, they will review and, if necessary, adjust investment strategies to maintain the competitiveness and sustainability of nickel downstream projects in Indonesia."

Delong was among the first foreign investors into Indonesian nickel processing industry as the world's biggest exporter of the metal moved to restrict exports ore to prioritise domestic refining.

VDNI and GNI currently employ over 20,000 workers, mainly in their operations on Sulawesi island, Putu said.

VDNI and GNI offices could not be reached for comments.

COLUMN:New horizons but same old problems for LME warehousing: Home

The London Metal Exchange (LME) has just listed the Saudi Arabian port of Jeddah as a good delivery location for copper and zinc.

This addition to the LME's global delivery network, which becomes effective three months after the approval of the first warehouse, is the first new listing since Amsterdam in 2018.

The exchange is also exploring the possibility of adding Hong Kong to the list, no doubt hoping that its owner Hong Kong Exchanges and Clearing (HKEx) can help overcome the Chinese authorities' historical resistance to LME warehouses.

New locations may provide a booster for a warehouse network that has seen capacity contract and the number of operators decline over the last 10 years.

However, old problems persist. There was a 253-day queue to load aluminium out of LME warehouses in Malaysia's Port Klang at the end of June, the longest waiting time since November 2016.

The LME storage business also remains highly concentrated with four dominant operators, a potential problem when one of them is facing an uncertain future.

SHRINKING SPACE

Total LME registered storage capacity at the end of June was 3.3 million square metres, down from 4.3 million three years ago.

The pace of net shrinkage slowed to 44,000 square metres over the last year and the downtrend shows signs of bottoming out. The number of registered warehouses grew by 15 units to 468 after falling to a multi-year low in June 2023.

The three-year decline in registered capacity reflected a period of low exchange stocks as combined warranted and shadow off-warrant inventory fell below one million metric tons over the second half of 2022. Stocks have since risen to 2.3 million as of the end of May, although inflows have been tightly concentrated on just a handful of locations.

Russian aluminium has accumulated in the South Korean port of Gwangyang, while non-Russian aluminium has been dumped in Port Klang. This year's heavy inflows of both lead and zinc have mostly ended up at Singapore warehouses.

All three locations have bucked the trend of declining storage capacity over the last year and ISTIM UK Ltd's additional 11 warehouse units at Port Klang were the single biggest component of the broader year-on-year increase.

JOIN THE QUEUE

Rent-sharing is the common denominator behind this year's big deliveries of metal into the LME system. Such deals allow the entity that warrants the metal to earn a slice of the future rental revenue.

The buyer of that metal may be understandably reluctant to pay rent to a potential competitor but the only way to escape the contract is to physically load the metal out and deliver it to another warehouse company.

The larger the original warranting, the greater the potential for a queue. ISTIM warehouses in Port Klang received 652,525 tons of aluminium in May.

The cancellations began almost immediately as buyers looked to move their metal. ISTIM had 505,050 tons awaiting physical load-out by the end of June.

It's an echo of the 2010s, when the LME's load-out problems caused user outrage and drew the unwelcome attention of U.S. regulators, who wanted to know why it would take 702 days to take physical delivery from LME warehouses in Detroit.

Subsequent reforms to the LME system mean that such self-perpetuating super-queues are no longer possible. What we get now are what the exchange calls "operational" queues. Which may not be much comfort for those late to the aluminium logjam in Malaysia. They're unlikely to see their metal until this time next year.

DOMINANT FOUR

ISTIM's ability to attract such huge tonnages to its warehouses has made it a dominant presence in the LME delivery system. The company was storing 55% of all warranted LME stocks at the end of June.

The other three major players are Access World, C. Steinweg and the Pacorini Group. Between them they were storing 92% of total inventory at the end of June and they currently account for 344 of the total 468 units listed globally.

This is also a throw-back to the last decade, when Metro International, then owned by Goldman Sachs, industrialised the queue model and built a dominant LME storage position in Detroit.

Access World, acquired by Glencore in 2010, did the same in the Dutch port of Vlissingen, generating a load-out queue of 771 days at one stage.

Smaller operators struggled to compete then, and clearly they still do. Many who joined the LME warehouse business in hope of getting a slice of the queue action in the 2010s have since withdrawn.

The number of LME-registered warehouse operators has declined from 36 to 25 over the last five years and that includes nine that offer LME services in a single location.

WAREHOUSE FOR (RE)SALE

The uncertain status of Access World highlights the problems that can be caused when LME stocks are concentrated in such a small pool of warehouse operators. Glencore thought it had sold the company to Global Capital Merchants (GCM), a company registered in the British Virgin Islands, in 2022.

However, Access World is back on the sales block after the buyers failed to make full payment and Glencore is reportedly scouting for new potential owners.

Access World warehouses held almost 12% of LME on-warrant stocks at the end of June.

A DECADE OF REFORM

The LME, to its credit, has spent a lot of time and effort trying to smooth out the many wrinkles in its delivery system, which - like everything else on the 147-year-old exchange - is quite distinct from what you would find in any other futures market.

The queues have never really gone away but multiple tweaks of the rule-book have at least constrained them and the amount of money that can be made from them.

The exchange has also massively enhanced transparency around its delivery network. A daily registered stocks report has been supplemented with monthly updates on off-warrant stocks, stocks by warehouse operator and, of course, queue length. This column has drawn heavily on all of them.

Yet, just how much more efficient is the LME's delivery network after a decade of reform?

A limited number of operators still seem to dominate the on-warrant storage business and 253 days is still a long time to wait to get your metal.

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

Top News - Carbon & Power

US LNG exports fall again in July on Freeport LNG's slow restart

U.S. LNG exports plunged in July to the second-lowest level of this year, LSEG ship tracking data showed, as Freeport LNG shut for eight days after suffering damage from Hurricane Beryl.

Texas-based Freeport LNG is the country's second-largest LNG export facility, and its production woes in the last few years have played a crucial role in swings in U.S. natural gas and global LNG prices.

The U.S. exported 6.69 million metric tons (MT) of LNG in July, compared to 7.11 MT in June and 7.60 MT in May, preliminary data from LSEG showed.

The 6.69 MT is the second-lowest reading in 2024 and is only higher than the 6.19 MT in April, when shipments were also affected by mechanical problems at Freeport LNG.

Freeport LNG halted operations on July 7, ahead of Hurricane Beryl, which hit the Texas coast near Freeport as a Category 1 hurricane. The plant remained down for eight days and resumed operations on a phased basis. The company said the storm damaged the plant's fin fan air coolers, which dissipate heat during processing.

Cheniere Energy's LNG facility in Corpus Christi, Texas, also had 30% lower feedgas flows from July 16-22 due to planned maintenance work on its compressor station, which reduced U.S. exports, researcher Rystad Energy said in a market note on Monday.

While LNG exports were lower in July than June, the trend of increased exports to Asia continued and for the first time this year surpassed those to Europe, LSEG data showed.

Asia last month received 2.9 MT, or 43% of total exports, up 1% from June as an ongoing heat wave in the region drove demand, according to Masanori Odaka, a senior analyst at Rystad.

"The region imported around 68 MT of LNG in the second quarter of 2024, which is 14% and 10% higher compared to the same period in 2022 and 2023, respectively," Odaka wrote.

Sales to Europe fell in July to 2.41 MT, or 36% of total exports, compared to 2.99 MT, or 42% in June, according to LSEG data.

Latin American and Caribbean countries accounted for 0.72 MT, or almost 11% of total LNG exports, slightly down from the 12% in June, LSEG data showed.

There were also exports to two African countries in July, with Egypt buying three cargoes totaling 0.22 MT and Namibia one cargo from Cheniere's Sabine Pass facility totaling 0.07 MT, according to LSEG data.

There were also five cargoes for a combined volume of 0.37 MT that left U.S. LNG facilities and were out for orders, LSEG data showed.

North Sea oil and gas producers say UK windfall tax is a 'wrecking ball'

Britain's decision to increase a windfall tax on oil and gas producers to help pay for its push to grow renewables will lead to a sharp drop in revenue and accelerate the ageing basin's decline, North Sea drillers said.

The new Labour government announced on Monday it will increase the Energy Profits Levy (EPL) by 3% to 38% starting Nov. 1, bringing the headline rate of tax on oil and gas activities to 78%, among the highest in the world.

It will also scrap the levy's 29% investment allowance, which allows companies to offset tax from capital that is re-invested. Its duration was also extended to March 2030. The exact details of the changes are expected to be announced with the next budget, likely in October.

The measures will "ensure oil and gas companies contribute more towards our clean energy transition," a Treasury spokesperson told Reuters. The government has set up a state-backed power company GB Energy to help to sharply grow its renewables capacity and decarbonise the power sector by 2030.

Francesco Mazzagatti, CEO of oil producer Viaro Energy, said that the new proposal are not conducive to the stated net-zero goals.

"Industry reports overwhelmingly prove that a reliance on oil and gas will be required in the decades to come, and the imports are significantly more emissions-intensive than the local supply," Mazzagatti said.

Consultancy Wood Mackenzie said the EPL could raise 1.2 billion pounds ($1.54 billion) per year, or 6 billion pounds over the next parliament, but warned it would also lead to a "premature slowdown of investments" in the sector. Company executives said the measures will dry up investment in the basin.

"I hope the government do something sensible rather than cast a wrecking ball across the North Sea," David Latin, chairman of North Sea producer Serica Energy, told Reuters.

"The risk is that they will try to reduce capital allowance and that will mean we won't invest. As the basin stops investing, output starts declining much faster and revenue drops," Latin said.

The first 25% windfall tax was imposed in 2022 after a surge in energy prices that followed Russia's invasion of Ukraine. It was later raised to 35%.

The windfall levy wiped out most profit for producers last year. Producers, including Serica, Ithaca Energy and Harbour Energy, the basin's largest producer, are also seeking to shift operations overseas.

Britain's North Sea output stands at about 1.3 million barrels of oil equivalent per day (boed), according to the North Sea Transition Authority (NSTA) regulator.

That is down from about 4.4 million boed - more than OPEC heavyweight Iraq - at the start of the millennium. Output is projected to decline to less than 200,000 boed by 2050, the NSTA says.

The new government measures will increase Britain's reliance on imports of oil and gas, Mazzagatti added.

"Sooner or later, the government will be forced to address the very serious concern for the energy security of the UK, as they do not appear to be factoring in the energy risks they are exposing the country to," Mazzagatti said in a statement to Reuters.

Viaro announced on Tuesday it would buy oilfields and assets in the southern North Sea from Shell and Exxon Mobil.

Shell CEO Wael Sawan said that fiscal stability was crucial for the government to meet its energy transition targets.

Consultancy Welligence said that the government was likely to halt future oil and gas exploration licensing rounds.

"Prematurely ceasing licensing and new developments has the triple effect of the reducing UK's energy security, challenging its ability to meet net zero targets and placing impossible expectations on new energies to deliver," Welligence analyst David Moseley said in a note.

Top News - Dry Freight

Taiwan buys estimated 105,650 T wheat of U.S.-origin, traders say

The Taiwan Flour Millers' Association purchased an estimated 105,650 metric tons of milling wheat to be sourced from the United States in a tender on Thursday, European traders said.

The purchase involved various wheat types for shipment from the U.S. Pacific Northwest coast in two consignments, the first between Sept. 30 and Oct. 14 and the second between Oct. 18 and Nov. 1.

The first consignment of 53,175 tons involved U.S. dark northern spring wheat with a minimum 14.5% protein content bought at an estimated $296.05 a ton free on board (fob) equating to $335.06 a ton cost and freight (c&f) including ocean shipping costs to Taiwan, they said.

It also involved hard red winter wheat with a minimum 12.5% protein content bought at $285.50 a ton fob/ $324.51 a ton c&f and soft white wheat of a minimum 8.5% and maximum 10% protein bought at $233.22 a ton fob/$272.23 c&f. The dark northern and soft white in the first consignment was sold by trading house Viterra while the hard red was sold by CHS, traders said.

The second consignment of 52,475 tons involved dark northern spring wheat with a minimum 14.5% protein content bought at an estimated $297.88 a ton fob/ $338.22 a ton c&f, they said.

It also involved hard red winter wheat with a minimum 12.5% protein content bought at $287.33 a ton fob/ $327.67 c&f and soft white wheat with a minimum 8.5% and maximum 10% protein bought at $240.30 a ton fob/ $280.64 c&f. United Grain Corporation sold the dark northern spring in the second consignment and CHS sold the soft red winter and soft white.

The association’s tenders traditionally provide an accurate snapshot of U.S. wheat export prices in Asian markets.

Argentina's grain export revenue up 36% in July

Argentina's grain exporters brought in a total $2.616 billion in July, a 35.8% increase compared to the previous year, the CIARA-CEC chamber of oilseed producers and grains exporters said on Thursday.

CIARA-CEC said revenues from the sector's companies rose 32.3% compared to June. In the January-July period, the chamber added, there was a 5.2% increase.

"July was the best month of the year for agro-export revenues," CIARA-CEC said in a statement, noting that international grain prices as well as the farmers' terms of trade were among the reasons for the hgiher revenues.

The chamber mentioned the new foreign-exchange regime for exports in place since December 2023, when libertarian President Javier Milei took office pledging to improve the outlook for farmers, and the impact of weather on the pace of corn and soybean harvests.

Argentina is one of the world's top two exporters of processed soy oil and meal, the No. 3 for corn, and a major producer of wheat. Soybean meal is the country's top export, accounting for 12% of the total.

CIARA-CEC noted that despite higher revenues, grain exports and the soy oil industry continue with high levels of idle capacity, suffering from "permanent negative margins".

Picture of the Day

A tractor plows to make a barrier to stop wildfire near Guganci North Macedonia, August 1. REUTERS/Ognen Teofilovski

(Inside Commodities is compiled by Kishan Nair in Bengaluru)

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