

[Oil](#) | [Agriculture](#) | [Metals](#) | [Carbon & Power](#) | [Dry Freight](#)

Click on headers to go to that section

Top News - Oil

Large revisions to US energy data leave traders and analysts befuddled

A string of dramatic revisions to official U.S. oil consumption data have unnerved market participants who rely on the figures to trade.

Traders and analysts watch weekly and monthly supply and demand data from the U.S. Department of Energy's statistical arm, which given the U.S. is the top producer and consumer of crude and fuel can influence decisions affecting billions of dollars of energy flows.

The releases also inform everything from policy decisions in Washington to how much OPEC+ members will produce.

The statistical arm of the Department of Energy, the U.S. Energy Information Administration, published a monthly update last week that showed U.S. oil consumption at a seasonal record in May as motorists burnt more gasoline than even before the pandemic.

That data conflicted with weekly updates published that month showing oil and fuel demand struggling to even match last year's levels.

It is not unusual for monthly data - which is released with a two-month lag - to differ from preliminary weekly data by around 100,000 to 200,000 barrels per day (bpd), relatively marginal changes in a market that consumes 20 million bpd.

However, recent revisions have painted two starkly different demand pictures.

May's weekly data, for example, suggested U.S. gasoline consumption was just over 9 million bpd in May, compared with over 9.1 million last year - which traders took as a sign that electric vehicles, hybrids and more efficient engines were curbing motor fuel use.

Separately, the Petroleum Supply Monthly update published last week, however, showed U.S. gasoline consumption in May was nearly 400,000 bpd higher than that, and topped 2019 levels despite higher fuel costs.

That, and revisions to other products, flipped the tally of U.S. oil demand to a seasonal record of 20.8 million bpd in May, 800,000 bpd higher than the weekly estimates. Similarly in April, oil demand was revised higher by 400,000 bpd from the weekly estimates.

The EIA says the weekly figures for May were off because preliminary readings overestimated gasoline output and undercounted exports. The agency does not expect weekly estimates to be as accurate as monthly data, but to be consistent in showing general trends.

The EIA is always working to align its weekly and monthly data more closely and has made several changes to both in an effort to better reflect the petroleum market, a spokesperson said.

'A LITTLE CONCERNING'

Despite those efforts, however, the large revisions in recent months are eroding the market's confidence in the reliability of the data, long-time markets observers said.

"It makes you wonder why anyone is paying attention to the weekly numbers," said Tom Kloza, head of energy analysis at Oil Price Information Service (OPIS). Many fuel marketers have expressed disbelief over the revisions the EIA made to its numbers in May, he added. OPIS publishes its own estimates of gasoline demand using data from around a quarter of the more than 150,000 retail fuel distribution sites in service across the country. That data has consistently showed year-on-year demand deteriorating, aligning more closely with the EIA's original estimates for May.

Data from GasBuddy.com, a widely used fuel price tracking service, also aligns more closely with the earlier weekly estimates. GasBuddy's data for May pegs gasoline demand at 8.87 million bpd, close to the EIA's weekly estimates from the time.

A trader at one of the largest commodities distribution firms said the revisions left them befuddled, and warned such changes could ultimately hurt consumers as decisions on how much fuel to import are influenced by the EIA data.

To be sure, traders subscribe to dozens, if not hundreds, of private data feeds in addition to government data. Some even charter their own helicopters to fly over storage tanks and estimate how much oil has moved in and out of them across trading hubs.

The U.S. EIA is the only government agency that issues such granular and periodical updates on consumption. While the revisions raise questions around reliability, most market observers say they consider the EIA's data an unbiased overview of the market at a time that the other two large energy reporting agencies - OPEC and IEA - are further apart than ever on the direction of oil markets.

"It's a trend that's a little concerning to me," GasBuddy analyst Patrick De Haan says.

"The EIA has been the bedrock for analysts, but skeptics may be gaining more validity to arguments that the EIA numbers aren't jiving to the real world."

Venezuela oil exports fall in July on processing outages, cargo delays

Venezuela's oil exports fell in July as crude processing units were hit by outages, reducing stocks available from the country's main producing region and increasing delays to load cargoes, according to documents and vessel monitoring data.

The OPEC country's exports had recovered in previous months helped by U.S. licenses and authorizations to partners of state oil company PDVSA, but domestic operational issues knocked down the volume of crude and fuel shipped to the second lowest monthly level this year.

A total of 38 cargoes departed from Venezuela's waters last month carrying an average of 585,600 barrels per day (bpd) of crude and fuel, and 266,000 metric tons of oil byproducts and petrochemicals, the documents and data from LSEG showed.

Oil exports were 26% lower than the previous month, and 33% below the same month of 2023. Shipments of byproducts and petrochemicals including petroleum coke and methanol declined 26% from June.

The data showed the U.S received some 281,260 bpd, the main destination of Venezuela's oil exports for the first time since Washington began imposing energy sanctions on the country in 2019. It was followed by China with 231,400 bpd.

U.S. producer Chevron reached its second highest monthly export level this year, shipping some 238,000 bpd to U.S. ports. Spain's Repsol, which in July began selling Venezuelan crude to U.S. customers, shipped 102,000 bpd to the U.S. and Europe.

Upgraders and blending stations that process the extra heavy oil produced at Venezuela's vast Orinoco Belt did not work near full capacity in July, an internal PDVSA document showed.

Projects Petrolera Sinovensa and Petrocedeno had brief operational interruptions due to equipment malfunctioning, while an outage left a third project's upgrader, Petromonagas, out of service since early July.

Low inventories of fuel oil and some crude grades from the Orinoco Belt, including diluted crude oil (DCO), and the need of loading cargoes through ship-to-ship transfers increased shipping delays PDVSA has been facing since early this year.

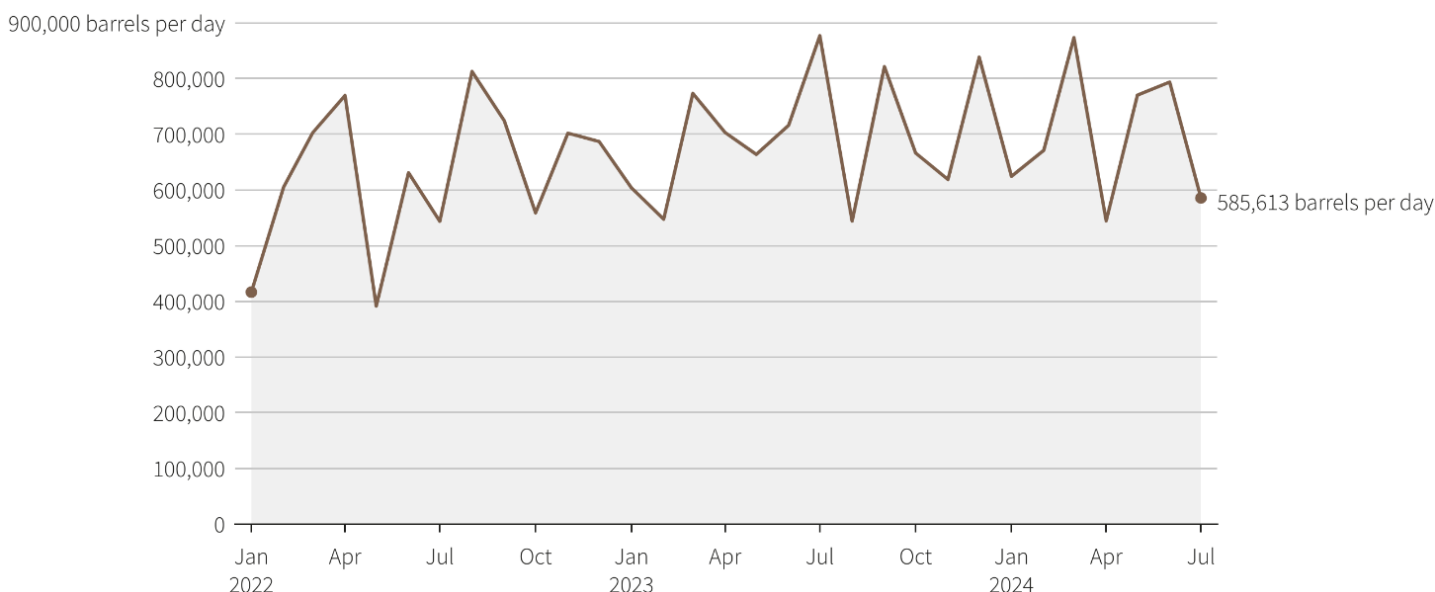
A disputed election in Venezuela in which both incumbent President Nicolas Maduro and the opposition coalition's candidate, Edmundo Gonzalez, claimed victory has slowed down economic activity in recent days while triggering widespread protests and arrests.

But PDVSA's main operations, including crude production and refining, have been working without major interruptions.

Chart of the Day

Venezuela's exports fell as oil processing fell, loading delays rose

Crude and fuel exports from Venezuelan ports fell in July to the second-lowest monthly level this year as outages hit oil processing facilities operated by PDVSA, impacting inventories.



Figures in barrels per day (bpd)
Source: PDVSA's loading schedules, tanker tracking data, LSEG's Eikon

Top News - Agriculture

Heatwave could cut Ukraine corn harvest by 6 mln tons, producers say

A record heatwave in July across most Ukrainian regions may reduce the 2024 corn harvest by about 6 million metric tons from last year's level, Ukrainian producers' group the Ukrainian Agrarian Council (UAC) has warned. It gave no forecast for the resultant harvest total but its prediction is in line with a forecast last week from the Ukrainian grain traders union UGA, which foresaw a 2024 corn harvest of 23.4 million tons compared with 29.6 million in 2023.

Denys Marchuk, deputy head of the UAC, said over the weekend that the corn yield in many regions may fall by about 30% due to the poor weather, although the government is less pessimistic. The acting farm minister said last month the late crop yield might drop up to 15% in most regions.

Separately, analyst group APK-Inform said on Monday that temperatures decreased slightly in the last days of July, but overall conditions remained unfavourable.

"The agrometeorological conditions slightly softened, but remained at the level of unfavourable for the formation of yield of late crops," the consultancy quoted Ukrainian state weather forecasters as saying.

Forecasters said that the prolonged period of high air and soil temperatures combined with a lack of precipitation led to the intensification and spread of drought conditions,

which negatively affected the growth and development of late crops.

"In southern, central and eastern regions, corn, sunflower, buckwheat and soybean showed premature drying of lower-tier leaves and twisting of upper-tier leaves, in some places complete drying and sometimes death of plants," they said.

ANALYSIS-Bunge, ADM to benefit as US farmers sell cheap crops in 'haul of shame'

A spike in bargain-basement crop sales by U.S. farmers needing to make room in storage bins for autumn harvests could boost profitability at grain handlers such as Archer-Daniels-Midland and Bunge Global.

Both companies, which trade and process soybeans and corn and benefit from geographic differences in supply, recently flagged slow farmer selling as a drag on second-quarter earnings.

Eight farmers in the key Midwestern crop-growing states of Iowa, Indiana, Illinois and Ohio told Reuters they are emptying storage bins of corn and soybeans harvested in 2023 after holding tight to supplies all year, as favorable weather for crop development finally dashes their hopes for higher prices.

Farmers earlier resisted sales as corn and soy futures prices sank to 2020 lows this year under pressure from

MARKET MONITOR as of 06:53 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$73.85 / bbl	1.25%	3.07%
NYMEX RBOB Gasoline	\$2.17 / gallon	1.01%	2.79%
ICE Gas Oil	\$711.00 / tonne	0.92%	-5.29%
NYMEX Natural Gas	\$1.95 / mmBtu	0.41%	-22.43%
Spot Gold	\$2,405.37 / ounce	-0.09%	16.62%
TRPC coal API 2 / Dec, 24	\$120.5 / tonne	2.55%	24.23%
Carbon ECX EUA	€69.86 / tonne	1.64%	-13.08%
Dutch gas day-ahead (Pre. close)	€34.91 / Mwh	-4.09%	9.61%
CBOT Corn	\$4.03 / bushel	-1.04%	-16.79%
CBOT Wheat	\$5.59 / bushel	-0.80%	-12.63%
Malaysia Palm Oil (3M)	RM3,750 / tonne	-0.98%	0.78%
Index	Close 05 Aug	Change	YTD
Thomson Reuters/Jefferies CRB	317.13	-0.45%	5.22%
Rogers International	26.13	-1.32%	-0.74%
U.S. Stocks - Dow	38,703.27	-2.60%	2.69%
U.S. Dollar Index	102.97	0.27%	1.61%
U.S. Bond Index (DJ)	441.48	-0.10%	2.50%

large supplies. Low prices are also driving some to use less crop chemicals, which could create a short-term pinch for agribusinesses like Corteva Inc and Syngenta, analysts said.

Increased sales should result in cheaper soybean ownership for ADM and Bunge, which process the crop into soybean oil and meal used for livestock feed, said Heather Jones, founder of Heather Jones Research.

More farmer selling also helps ADM and Bunge obtain supplies to use any excess manufacturing capacity, said Arun Sundaram, senior equity analyst at CFRA Research.

"Agribusinesses operate with a lot of overhead and have high fixed costs, so running manufacturing plants at or near capacity is key to preserving efficiencies and margins," he said.

'HAUL OF SHAME'

Growers, who are projected to suffer the largest ever year-to-year dollar drop in farm income in 2024, previously hoped that poor weather or geopolitical disruption would spark a rally.

"I'm throwing in the towel and making room for the new crop," said Ron Heck, a farmer in Perry, Iowa. Farmers start harvesting what the U.S. government expects to be the third largest corn crop and second largest soybean crop in September.

Heck said he recently hauled corn as fast as he could to a local plant owned by POET LLC, the world's largest ethanol producer, that offered to pay cash prices 42 cents per bushel, or about 10%, higher than futures.

Selling accelerated in the Midwest in late July as forecasts for hot, dry weather lifted futures to two-week highs, grain dealers said.

The gains were short lived, as markets again collapsed to 2020 lows last week.

"We didn't get the hot, dry predicted weather, and there was no point in waiting for a weather rally," Heck said.

One grower in Illinois described farmers taking grain to local facilities for sale as the "haul of shame" because they should have sold earlier when prices were higher.

SELLING AT A LOSS

Justin Campbell, who farms outside Terre Haute, Indiana,

is among those who booked sales last week as corn prices declined.

"I thought, 'We haven't found a bottom yet in prices,' so I wanted to get some of it priced," Campbell said.

Another Indiana farmer, who requested anonymity because he does not want neighbors to know about his sales, said he recently finished selling last year's corn to an ADM elevator for \$3.54 per bushel, below his cost of production. He needed cash to make a payment that was coming due on an equipment loan.

Bunge, the world's largest oilseed processor, expects more farmer sales after its profit margins suffered in the April-June quarter from slow selling in North and South America, CEO Greg Heckman said last week. Bunge raised its full-year outlook, citing improving processing margins, following a 56% decline in adjusted second-quarter agribusiness earnings from a year earlier.

"The weather, it looks good," Heckman told analysts on an earnings call. "I think as you see that North American crop develop, we'll see some more marketing there."

Without making much money from farming, some growers said they are buying less fungicide, insecticide, fertilizer and equipment.

Chris Gibbs, who farms about 375 acres in Ohio, said he was not going to buy and pay for fungicide to be applied across all his fields to prevent plant disease as he normally does.

"I'm going back to walking the beans and corn rows, looking for problems in the field and only treating areas that absolutely need the help," Gibbs said.

Illinois farmer Dave Kestel said he is spraying fungicide on less than half his corn fields, cutting his use of a Corteva product called Approach. Corteva on Wednesday cut its annual sales and operating earnings forecasts due to tighter farmer margins.

Still, farmers tend to pay up for seeds that promise to produce hefty yields, said Seth Goldstein, strategist at Morningstar Research Services. And deciding to cut back on chemicals can be tricky because growers want to produce big harvests to make the most money they can at low prices.

"Even in a down market, you still have to protect the crop," said Kristen Owen, executive director of equity research at Oppenheimer & Co.

Top News - Metals

China's CMOC and other miners of Congolese copper seek LME listing

China's CMOC and other miners have applied for copper from Democratic Republic of Congo (DRC) to be registered for delivery against London Metal Exchange contracts, four sources with knowledge of the matter said. If they succeed, large amounts of copper from DRC, the world's second biggest copper producer, could arrive in LME-approved warehouses as soon as next year, the

sources said, taking account of the time required to process the applications.

For producers, LME brand status opens up financing opportunities in an oversupplied market. For an exchange that has been unable to accept new Russian metal since April because of sanctions, it provides income from registration and warranting fees.

CMOC's Tenke Fungurume (TFM), one of the rapidly expanding copper producers in the DRC with annual

capacity of 450,000 metric tons, is having its copper tested at rod mills to ensure it meets LME requirements, the sources said.

One said a lot of paperwork needed to be done to meet LME standards, while another said other "brands of DRC-origin" were also being tested but refused to name them because their applications had not yet been filed.

None of the sources could be named because they were not authorised to speak to the press. The detail they disclosed has not been previously reported by media.

An LME spokesperson said the LME welcomed applications from the world over to help ensure the price of LME copper futures reflects the diversity of supplies.

"A brand list representing global production is a crucial component in ensuring globally relevant pricing for LME contracts," an LME spokesperson told Reuters, adding two new African copper brands had been listed since January last year without naming them.

DRC last year produced 2.7 million tonnes of copper, or 12% of global supplies, data from the International Copper Study Group (ICSG) showed.

But on a list of more than 100 LME-registered copper brands, only one is from DRC - SCM, produced by a joint venture between China Railway, Sinohydro Group and DRC mining authority.

It has yet to deposit any of its DRC copper, according to public records on LME stocks for the end of June, when LME stocks available to the market stood at 163,025 metric tons.

Russian copper deposited before April, when sanctions took effect, accounts for a quarter of the amount, compared to a peak of 95% in 2021.

WEAK MARKET BACKDROP

Copper prices hit a record in May, driven by speculative fund-buying. A quick reversal followed as funds took profit and consumers scaled back orders.

Longer term, demand is growing as the highly conductive metal is essential in electrification to shift the world to a less carbon intensive economy, even if for now the copper market is oversupplied.

That is largely because the world's biggest commodity consumer China is grappling with a weak economy, and local producers sold a record amount of copper overseas in June.

Much of that has been delivered into the LME's registered warehouses in Asia over the last two months.

LME-listed copper, is easier to finance than non-registered brands.

The LME is the market of last resort and copper listed for storage in its warehouses can be delivered against copper futures traded on the exchange when their contracts expire.

In its 2023 annual report, CMOC said it was aiming for LME delivery for copper produced at TFM and its Kisanfu (KFM) mines.

ETHICAL QUESTIONS

Planned output increases could boost CMOC's copper production to between 800,000 tons and 1 million tons by 2028 from an expected 570,000 tons this year.

As DRC's prominence grows, some environmental, social and governance (ESG) investors have raised concerns about its place in the supply chain.

The biggest issue is informal mining or artisanal mining (ASM) that involves people digging by hand using simple tools, a practice that has been associated with child labour and illicit trade.

The unregulated mining often takes place next to major mines where reserves are known to be established.

Troops were sent to DRC mines including the TFM concession to evict illegal miners in 2019.

To address ESG concerns, including informal mining, The Copper Mark, was set up as an independent body with backing from major consumer companies, as a voluntary scheme to endorse copper that has been produced sustainably.

In June, TFM became the first African operation to receive Copper Mark certification.

A CMOC spokesperson said then the label would be "conducive to the recognition of products on exchanges like LME, potentially leading to premiums".

A Copper Mark report in June showed TFM had met 16 out of the 32 criterion assessed by the scheme's audit team.

In an emailed statement, CMOC said "it was clearly stated in the...audit report that TFM does not purchase or utilise ASM produced material in any of TFM's operation and processes".

"At TFM's concession...ASM activities are illegal," CMOC said.

The Copper Mark status of TFM does not mean an absence of artisanal mining, the organisation told Reuters in an emailed statement.

Its report found an estimated 10,000 artisanal miners in the area of the TFM mine.

The organisation told Reuters it granted the Copper Mark to TFM on the condition it would work to improve the working conditions of the artisanal miners in the area.

Copper producer Aurubis slides after Q3 earnings miss

Shares in Aurubis fell as much as 8.8% on Monday after third-quarter earnings at Europe's largest copper producer missed expectations.

The group's quarterly earnings before tax (EBT) rose five-fold to 90 million euros (\$98 million) from the same period

last year, which was affected by a major metals theft at its smelting business. But that missed analysts' average forecast of 99 million euros in a company-provided poll. Compared to two years ago, earnings were down 13%.

Third-quarter EBT at Aurubis's custom smelting and products business was 82 million euros, also down 13% from fiscal 2021-22, the last comparable year after the company revised down last year's results for the segment. Revenue for the smelting business was down 7% on the same time in 2021-22.

One trader said the results left analysts' EBT expectations for the year of 467 million euros looking "rather optimistic".

"Good metal prices should have compensated for the big maintenance shutdown in Hamburg," he said, referring to planned maintenance that concluded in July.

Copper prices have fallen about 18% from a record achieved in May but are still high by historical standards. Recent weak U.S. jobs and Chinese factory data has depressed prices.

Metzler analyst Thomas Schulte-Vorwick said the earnings miss was probably due to higher than expected costs related to the Hamburg shutdown and to a new plant being opened in the United States.

Aurubis' share price was likely to depend in the coming months on copper prices, with seemingly weak production in the U.S. and China "posing the greatest risk", he added.

Aurubis, which also deals in metals such as gold and platinum, reiterated its full-year guidance for EBT of 380-480 million euros and pointed out that its quarterly result was the best ever with a major plant shutdown.

Top News - Carbon & Power

Quantum Capital to buy Cogentrix for \$3 bln in bets on rising US power demand

Private equity firm Quantum Capital Group will buy U.S. independent power producer Cogentrix Energy for about \$3 billion from funds managed by the Carlyle Group, the companies said on Monday.

Utilities are attracting increased investor interest as technological innovations, including artificial intelligence and data centers, bolster power demand.

In May, investment firms Global Infrastructure Partners and CPP Investments agreed to take U.S. utility Allele private in a \$6.2 billion deal.

Power use from the thousands of giant computing warehouses that comprise data centers is expected to triple globally to 46 terawatt-hours (TWh) this year from less than 15 TWh in 2023, according to Morgan Stanley research.

"We are at a critical juncture in the evolution of the domestic power market...Now more than ever, we need reliable and efficient power infrastructure," Wil VanLoh, founder and CEO of Quantum, said in a statement.

Cogentrix, which was bought by Carlyle from Goldman Sachs in 2012, consists of 5.3 gigawatts (GW) of natural gas-fired power plants, located throughout the Pennsylvania-New Jersey-Maryland (PJM), Texas, and New England regional transmission areas.

The deal is expected to close between the fourth quarter of 2024 and the first quarter of 2025, and Cogentrix will continue to be led by current CEO John Ragan and the existing management team.

Houston-based Quantum, which has managed more than \$27 billion in equity commitments since its inception in 1998, provides equity, credit, and venture capital to the global energy industry.

Brazil's Petrobras confirms gas discovery off Colombia

Brazilian state-run oil firm Petrobras confirmed on Monday a natural gas discovery off Colombia's coast, an area where it believes it could find enough gas to supply the Andean country and for exports.

The discovery was made during the fourth drilling phase of the deepwater Uchuva-2 well in the Tayrona block, according to Petrobras, which had already found gas at the nearby Uchuva-1 well, drilled in 2022.

"This well adds relevant information for the development of a new area of exploration and production in Colombia, reinforcing the volumetric potential for gas in the region," the oil giant said in a securities filing.

The Brazilian firm has been expanding into new regions including the Equatorial Margin, Colombia and Africa as oil production in Brazil's prolific presalt region is set to plateau in coming years.

In March, a Petrobras executive said the promising area off Colombia's coast could justify a large project to supply natural gas to the country and for exports, noting there could be more gas there than Colombia needs.

Petrobras has a 44.4% stake and operates the asset located 31 km (19 miles) off Colombia's coast. Local oil firm Ecopetrol owns the other 55.6% stake.

The companies will maintain operations to complete drilling at the Uchuva-2 well and expect to carry out a formation test by the end of 2024, Petrobras said.

In a separate statement, Ecopetrol said the discovery confirms Colombia has an "important" gas area to provide the country with energy security, as it intensifies its work to "consolidate a robust portfolio of offshore projects".

Top News - Dry Freight

Indonesia bought about 320,000 T rice in tender, traders say

Indonesian state purchasing agency Bulog is believed to have purchased about 320,000 metric tons of rice in an international tender late last week, European traders said on Monday.

Traders said 185,000 tons of rice is expected to be sourced from Vietnam and 135,000 tons from Myanmar, and all of it is thought to have been purchased at an estimated at \$563 a ton cost and freight free out.

Reports reflect assessments from traders and changes in price and volume estimates are still possible later.

The deadline for submissions of price offers in the tender was July 31. Bulog traditionally starts price negotiations after initial offer submissions which usually last several days, traders said.

Bulog sought white rice of 5% broken grade from the 2024 crop year milled not longer than six months ago, traders said.

The rice could be offered from Vietnam, Thailand, Myanmar, Cambodia and Pakistan with arrival in Indonesia between August and September.

The tender follows a series of large international purchases by Indonesia's government in the first half of this year as part of efforts to boost rice imports to cool prices after a poor local crop.

Indonesia could import up to 4.3 million tons of rice this year if the domestic harvest is insufficient, the country's National Food Agency said on July 22. The country, which imported 2.22 million tons of rice between January and May, currently plans to import 3.6 million tons of rice this year.

Indonesia's statistics agency has estimated that rice output for January to August will be 9.52% lower than the same period in 2023.

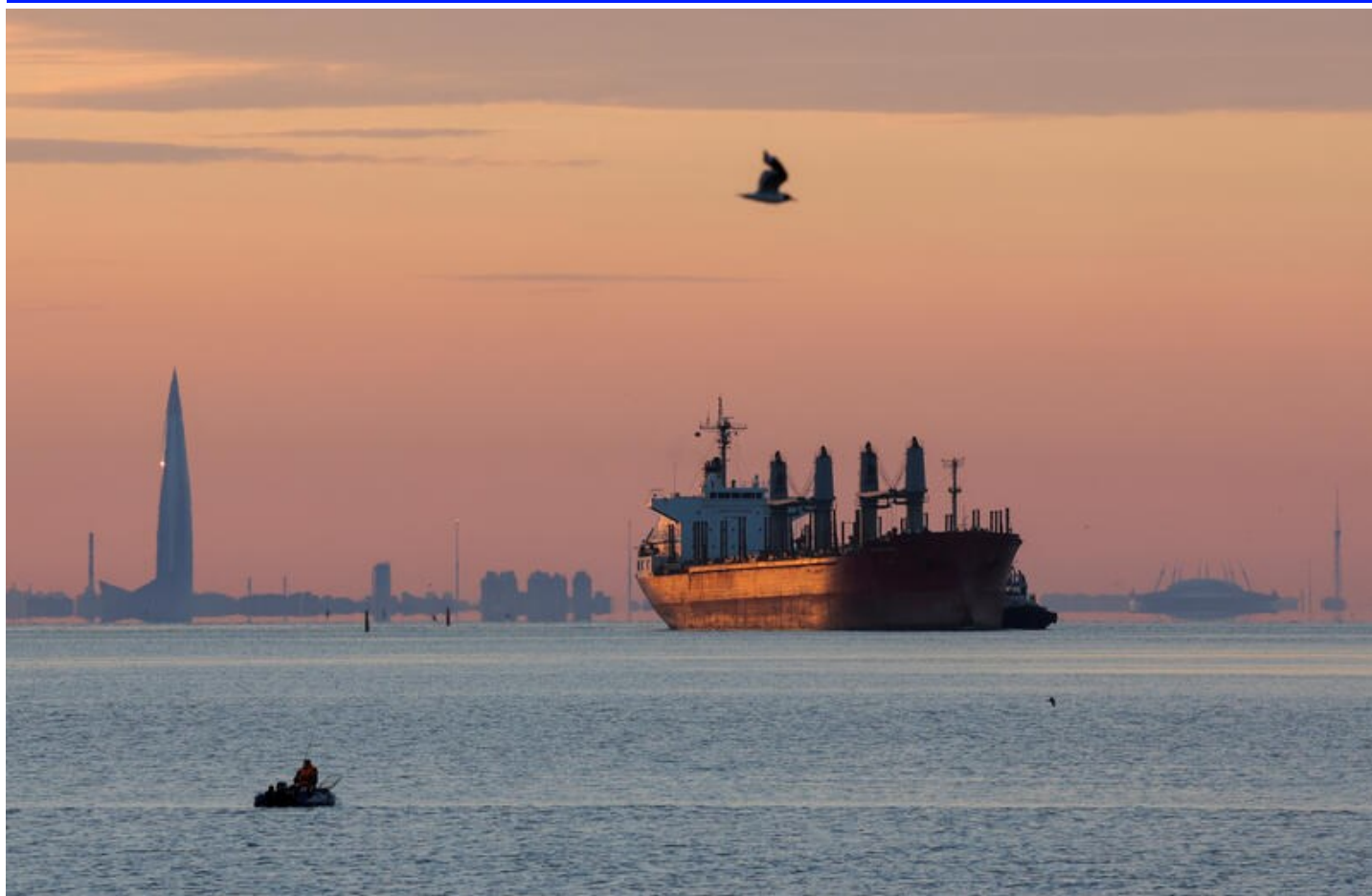
Domestic prices of the staple for the country's 270 million people were almost 12% higher in June from a year earlier after crops were hit by adverse weather.

Jordan issues tender to buy 120,000 metric tons wheat, traders say

Jordan's state grain buyer has issued an international tender to buy 120,000 metric tons of milling wheat which can be sourced from optional origins, European traders said on Monday.

The deadline for submission of price offers in the tender is Tuesday, Aug. 6. A new announcement had been expected by traders after Jordan bought 50,000 tons in its previous tender for 120,000 tons of wheat on July 30.

Shipment in the new tender is sought in a series of possible combinations in 50,000 to 60,000 ton consignments. Possible shipment combinations are Sept. 1-15, Sept. 16-30, Oct. 1-15 and Oct. 16-31.

Picture of the Day

A cargo ship is towed towards a port in the Gulf of Finland during sunrise in Saint Petersburg, Russia July 16. REUTERS/Anton Vaganov

(Inside Commodities is compiled by Haritha K P in Bengaluru)

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

To subscribe to Inside Commodities newsletter, [click here](#).

© 2024 London Stock Exchange Group plc. All rights reserved.

LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

Please visit: [LSEG](#) for more information

[Privacy statement](#)