

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

*Click on headers to go to that section*

## Top News - Oil

### China's crude oil imports lowest since Sept 2022 amid dampened fuel demand

China's daily crude oil imports in July fell to their lowest since September 2022, Reuters records of customs data show, as weak processing margins and low fuel demand curbed operations at state-run and independent refineries.

The world's largest crude oil buyer brought in 42.34 million metric tons in July, or about 9.97 million barrels per day (bpd), data from the General Administration of Customs showed.

Imports fell nearly 12% from the previous month and were 3% below the year-ago amount, according to Reuters' records of customs figures. Higher crude oil prices and weaker-than-expected domestic consumption of gasoline and diesel are squeezing refining profits.

Chinese consultancy Oilchem estimated independent refiners operated at 56.11% of capacity in July, which is the lowest in three years and down 7.3 percentage points versus a year earlier. "There was little improvement in gasoline or diesel demand and the refining margins were lower than a year earlier," Oilchem said in a research note on July 26.

Some refiners were incurring heavy losses. Two plants owned by state group Sinochem were shut "indefinitely" for maintenance to stem losses, Reuters has reported. Faltering demand, particularly for diesel fuel, also capped state refiners' throughput. Refining giant Sinopec Corp posted only 0.1% year-on-year growth in crude processing but a nearly 9% fall in diesel output during the first six months.

For the first seven months, crude oil imports totalled 317.8 million tons, or 10.89 million bpd, down 2.4% on the year in one of the few annual declines and the steepest fall since early 2023.

Traders said there was some additional crude oil buying in July destined for an east China storage base under a government mandate to stockpile for state reserves, but the volume was small.

Wednesday's customs data also showed China's natural gas imports rose last month to 10.86 million tons, bringing the year-to-date amount to 75.44 million tons, or 12.9% above the year-earlier levels.

Exports of refined oil products, which include diesel, gasoline, aviation fuel and marine fuel, were at 4.98 million tons for July, down from June's 5.37 million tons. Exports for the January-July period fell 4.1% on the year to 35.08 million tons.

### EIA sees tighter US oil market for 2024, lowers price outlook

The U.S. Energy Information Administration on Tuesday forecast tighter supply and demand balances for U.S. oil markets this year, while also lowering its outlook for crude prices, according to its Short-Term Energy Outlook.

The EIA lifted its forecast for 2024 U.S. oil demand by 100,000 bpd to 20.5 million bpd. It left its 2024 world oil demand growth forecast unchanged, with consumption increasing year-over-year by 1.1 million bpd to 102.9 million bpd.

U.S. oil production, meanwhile, will grow by 300,000 bpd this year to a record 13.23 million bpd, the EIA said, slightly lower than its last forecast which saw production up by 320,000 bpd this year. In the Permian basin, the largest U.S. oilfield, production is set to grow by 10,000 bpd this month to 6.39 million bpd.

Even with a tighter market, the EIA lowered its outlook for West Texas Intermediate crude prices for the year to \$80.21 a barrel, down 2.2% from its prior forecast of \$82.03 a barrel. That follows recent sell-offs sparked by concerns about the economy, the agency said.

Oil markets this week fell to their lowest level since January amid concerns about a recession. They were up slightly on Tuesday, with Brent trading around \$76.63 a barrel and WTI trading at 73.27 a barrel.

Despite the cut to the average annual price forecasts, the agency expects Brent futures to rise in the months ahead and range between \$85 and \$90 by the end of the year, largely on production cuts by the OPEC+ group pushing inventories lower.

UBS analyst Givoanni Staunovo said the EIA update was a modestly bullish revision due to the slightly larger deficits expected through this year and next.

The agency lowered its forecast for 2025 world oil demand to 104.5 million bpd, versus a previous forecast of 104.7 million bpd.

Majority of that reduction is due to slowing economic growth in China, the EIA said in its report. The EIA also cut its forecast for 2024 U.S. natural gas production to 103.3 billion cubic feet per day, down from 103.5 bcfd previously. It anticipates 2025 production at 104.6 bcfd, compared with a forecast of 105.2 bcfd in its previous outlook. U.S. gas prices have fallen sharply over the past two months.

Henry Hub futures were trading around \$2.016 million British thermal units on Tuesday.

## Top News - Agriculture

### Egypt bets big with historic 3.8 million metric ton wheat tender

Egypt's state grains buyer, the General Authority for Supply Commodities, announced on Tuesday a massive tender for 3.8 million metric tons of wheat to cover imports between October 2024 and April 2025, its largest ever according to traders.

Egypt has been one of the world's largest wheat importers, mainly to provide subsidised bread for tens of millions of its people. GASC alone imports some 5.5 million metric tons of wheat annually for bread subsidies.

GASC is seeking the wheat for shipment periods spanning 1-15 and/or 16-30 of each month starting in October until April, with the shipment date in February to be 16-28. Egypt is seeking the cargoes on a free-on-board basis and will purchase using 270-day letters of credit.

GASC is requesting that traders submit bids for at least three months' shipments. The deadline for offers is Aug 12.

"This is a very strange tender," said one trader.

"We usually submit bids for shipping a month or two in advance. It would be very difficult to submit a freight offer six or seven months in advance," he added.

Traders told Reuters that the latest tender is an enormous change to GASC's whole purchasing strategy and could be a win-all or lose-all situation for the North African country, which is working to keep its economy afloat with

the support of the International Monetary Fund and friendly Gulf countries who have injected billions of dollars in loans and investments in 2024 alone.

Speaking at a press conference on Tuesday, Egypt's Finance Minister Ahmed Kouchouk said that not all repercussions of the global sell-off wave are negative, as commodity prices are now at an almost four-year low. Shortly after GASC's announcement, European wheat futures rose on Tuesday.

"My colleagues (at the government) are seizing this opportunity to buy what we need amid the current situation in the global market," Kouchouk said.

However, traders are sceptical about Egypt's ability to fulfill its ambition.

"I doubt if they will be able to get the full volume," said another trader. He said the 270-day payment is very off-putting.

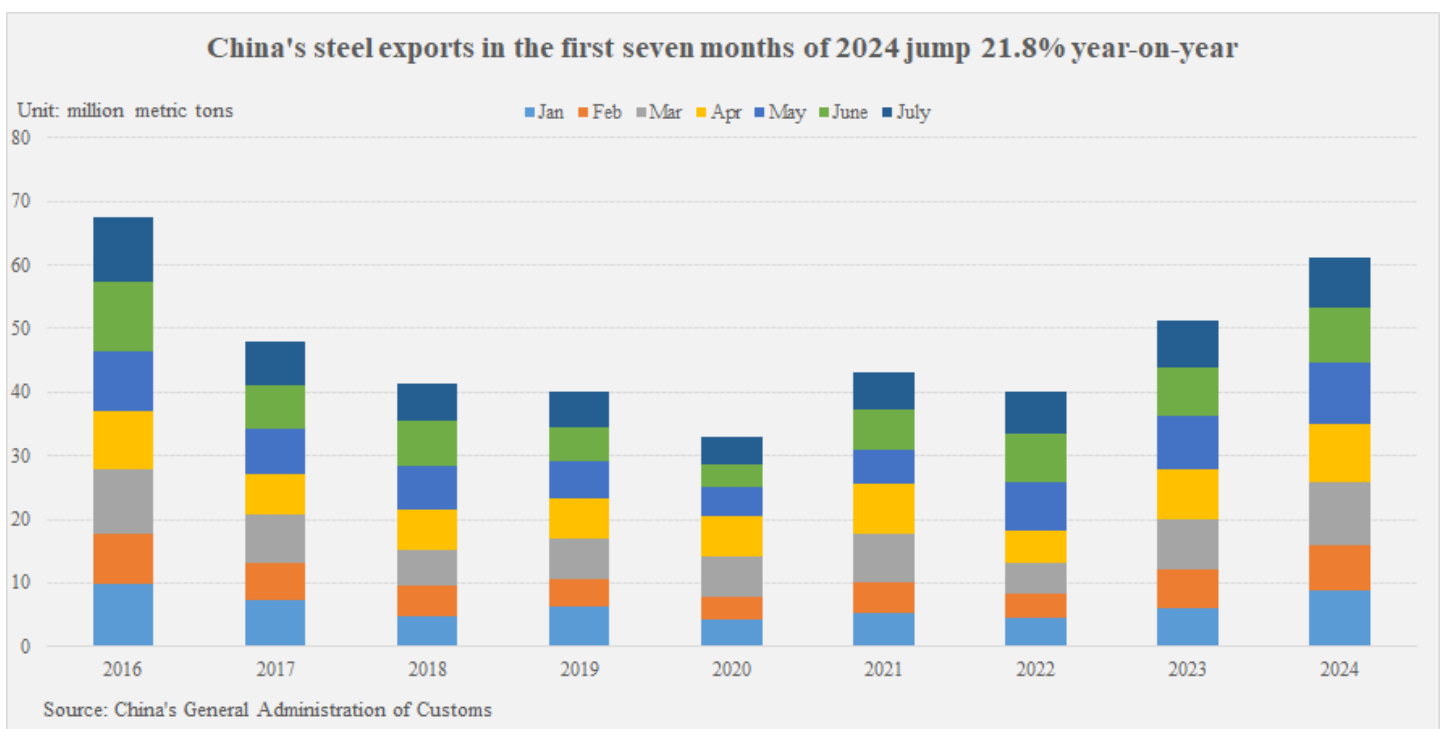
However, a third trader said trading houses will want the business and will just add the banking costs of the 270-day payment delay to their price offers.

GASC said it aims to maintain a wheat reserve sufficient to meet nine months of demand.

As of July, wheat Egypt's strategic reserves of wheat were estimated to be sufficient for 6.9 months.

"It appears that Egypt wants to get big supplies in storage or at least in its books. This could be due both to Egypt's financial problems or the threat of greater war in the Middle East," a European trader told Reuters.

## Chart of the Day



“They could shoot themselves in the foot by buying in advance but then having to regret if prices fall later.”

### **China July soybean imports rise 2.9% on-year, customs data show**

China's soybean imports rose 2.9% in July from a year earlier, spurred by lower prices and fears of heightened trade tensions between Beijing and the U.S. if Donald Trump returns as president.

The world's top soybean buyer imported 9.85 million metric tons in July, customs data showed on Wednesday, less than traders' expectations that arrivals would reach 12 million-13 million tons.

That brought shipments for the first seven months of the year to 58.33 million tons, down 1.3% year-on-year, the General Administration of Customs data showed.

The slight decline in year-to-date imports came as the country is facing an oversupply of beans amid subdued animal feed demand.

The situation may curb China's appetite during the fourth quarter, the peak marketing season for U.S beans.

Soybeans are crushed into protein-rich meal to feed

China's livestock herds and to make oil for cooking.

Crush margins in China have been negative since end of May, with crushers in the key processing hub of Rizhao losing more than 500 yuan (\$69.59) for each ton of soybean processed.

Demand for pork and other protein has weakened as Chinese consumers tighten their belts amid a sputtering economic recovery, prompting breeders to reduce the size of their herds.

Chicago soy futures have been trading near their lowest since October 2020 amid expectations of more favourable weather for crops in the United States and concerns over a possible slowdown of the economy.

Farmers in the key Midwestern crop-growing states of Iowa, Indiana, Illinois and Ohio are emptying storage bins of soybeans harvested in 2023 after holding tight to supplies all year, as the improving weather has reduced their hopes for higher prices.

In top grower Brazil, the acreage where soybeans are cultivated will increase at a slower rate for the 2024/25 season than in previous ones as futures prices for the oilseed are near a four-year low, farmers group Aprosoja Brasil, said on Monday.

## **Top News - Metals**

### **China July copper imports decline on weak demand; Jan-July up**

China's unwrought copper imports slid in July from a year earlier, customs data showed on Wednesday, amid subdued demand and high stocks of the metal.

Imports of unwrought copper and products were 438,000 metric tons last month, down 2.9% from 451,159 tons a year earlier, data from the General Administration of Customs showed.

The data includes anode, refined, alloy and semi-finished copper products.

The lower imports come amid stubbornly weak demand in the world's top consumer of the metal used in power and construction sectors.

Amid a protracted property crisis, China's manufacturing activity slipped to a five-month low in July, with retail sales, capital market services and real estate service industries all shrinking.

State-backed research house Antaika expects China's refined copper consumption growth to slow down to about 2.5% this year, from 5.3% in 2023.

Lacklustre demand and strong domestic production resulted in a higher-than-usual rise in inventories this year.

Deliverable copper stocks in the warehouses of Shanghai Futures Exchange have been elevated at around 300,000 tons since April, a four-year high.

For the first seven months of the year, copper imports were up 5.4% at 3.2 million tons, the data showed.

The year-to-date increase was mainly because of more buying earlier this year when participants held an optimistic view on China demand, said He Tianyu, a Shanghai-based copper analyst at commodity research house CRU.

Copper prices have dropped about 20% since an all-time peak hit in late May. The price falls triggered some more buying, with traders seeing more opportunities to import. Imports are likely to grow as a result of falling prices and demand recovery, He said.

The Yangshan copper premium, a closely watched indicator of China's spot import appetite, dropped into negative territory in May and June but rallied last month and hit a more than four-month high of \$48 per ton this week.

Amid global supply shortages of mined copper, imports of copper concentrate were 2.17 million tons for July, their lowest since July last year, but still up 9.6% from a low base of 1.98 million tons imported then, customs data showed.

Copper concentrate imports totalled 16.06 million tons for the first seven months, up 4.5% from a year earlier.

### **Australia's lithium industry seen bearing brunt of supply cuts**

Arcadium Lithium on Wednesday joined a growing list of producers reviewing lithium operations in Australia amid a rout in prices for the battery raw material that is expected to result in more production cuts.

The lithium market is reeling from rapid supply growth

that has outpaced strong projections for demand from several years ago as uptake of electric vehicles has been slower than expected.

Arcadium is reassessing its Mount Cattlin operations in Western Australia given high costs and falling prices of raw material spodumene, CEO Paul Graves said on Wednesday as the miner announced a round of cost cuts to its global business. That comes a week after top lithium producer Albemarle announced job cuts at its lithium hydroxide plant in the state, where it paused an expansion as part of a "comprehensive review" of its global cost and operating structure.

Reflecting compressed margins for producers, spot prices for spodumene in top consumer China are hovering around \$940 a metric ton, the lowest in almost three years. Goldman Sachs expects spodumene prices to average \$800 over the next year.

Australia which supplies a little less than half of the world's lithium, and is higher cost than South American brine producers, is likely to bear the brunt of the next round of production cuts, analysts said.

In places like China and Africa, high cost supply has already closed, except for integrated mines owned by chemical or battery producers that have been able to turn profits elsewhere in their business.

That leaves Australia where mines are not fully integrated, which means their owners are more exposed to a downturn in prices, said analyst Glyn Lawcock of investment bank Barrenjoey.

"If we don't get any more announcements, no more closures, and the ramp ups that are underway continue, then it does feel like there's probably a few quarters of tough footy for the lithium space," he said.

## Top News - Carbon & Power

### EIA forecasts larger decline in US natural gas output for 2024

The U.S. Energy Information Administration on Tuesday forecast a larger decline in natural gas output this year compared with earlier estimates, citing record-low prices earlier in 2024 that forced producers to curtail gas production. U.S. natural gas output will average around 103.3 billion cubic feet per day (bcfd) this year, the EIA said in its August edition of the short-term energy outlook

report. That compares with 103.8 bcfd produced last year, and is a slight downgrade from a forecast of 103.5 bcfd in the July edition of the report.

Gas consumption is now expected to average 89.8 bcfd this year, up from the prior forecast of 89.4 bcfd.

For next year, the agency is forecasting production of 104.6 bcfd, down from its prior forecast of 105.2 bcfd. Consumption forecast for next year was unchanged at around 89.2 bcfd.

## MARKET MONITOR as of 07:01 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$73.31 / bbl	0.15%	2.32%
NYMEX RBOB Gasoline	\$2.13 / gallon	-0.57%	1.06%
ICE Gas Oil	\$704.00 / tonne	0.21%	-6.23%
NYMEX Natural Gas	\$2.04 / mmBtu	1.34%	-18.97%
Spot Gold	\$2,393.61 / ounce	0.18%	16.05%
TRPC coal API 2 / Dec, 24	\$120.5 / tonne	2.55%	24.23%
Carbon ECX EUA	€69.64 / tonne	-0.46%	-13.35%
Dutch gas day-ahead (Pre. close)	€36.05 / Mwh	3.27%	13.19%
CBOT Corn	\$4.02 / bushel	-0.80%	-16.94%
CBOT Wheat	\$5.66 / bushel	-0.09%	-11.49%
Malaysia Palm Oil (3M)	RM3,706 / tonne	0.03%	-0.40%
Index	Close 06 Aug	Change	YTD
Thomson Reuters/Jefferies CRB	318.78	0.52%	5.76%
Rogers International	26.36	0.86%	0.11%
U.S. Stocks - Dow	38,997.66	0.76%	3.47%
U.S. Dollar Index	103.25	0.27%	1.89%
U.S. Bond Index (DJ)	441.48	-0.82%	2.50%

### **Around a third of carbon credits fail new benchmark test**

Around a third of existing carbon credits have failed to meet criteria for a new standard that aims to serve as the global benchmark for the voluntary carbon market, its board said on Tuesday.

In the voluntary market, companies can buy credits from projects such as wind farms or reforestation schemes across the world and use them to meet their internal carbon-cutting targets. All the credits that fell short of the benchmark in the latest assessment were linked to renewable energy.

Demand for offsets stalled last year following widespread doubts that credits served to reduce emissions.

The Integrity Council for the Voluntary Carbon Market (ICVCM), an independent governance body, has sought to address integrity concerns by launching Core Carbon Principle (CCP) standards and is assessing the validity of projects.

The ICVCM said eight renewable power methodologies, which cover around 236 million unretired, or unused carbon credits making up 32% of the market, had failed to

meet the requirements of its standard on additionality grounds.

Additionality is a measure of whether the project needed revenue from carbon credits sales to go ahead. If the project would have gone ahead regardless, then the argument that it has led emissions to be avoided, and should therefore be credited, is undermined.

Amy Merrill, CEO of the ICVCM said renewable projects could still be part of the voluntary carbon market and that new methodologies can be submitted for consideration.

"There are still places in the world where barriers to deployment mean projects could be additional," she said in an interview with Reuters.

The price of renewable energy offsets fell by 69% last year to an average of \$3.88 per metric ton, a report by non-profit Ecosystems Marketplace said in May.

Analysts have said failure to meet the CCP standard could lead renewable offset prices to fall further this year.

"We don't speculate about the price, we are trying to put an integrity threshold into the market. We have consistently said we don't expect everything to pass," Merrill said.

## **Top News - Dry Freight**

### **China's July iron ore imports jump to 6-month high, steel exports fall**

China's iron ore imports jumped 5.3% in July from a month earlier to a six-month high as miners rushed to meet quarterly shipment targets and improving margins for steelmakers boosted demand.

The world's largest iron ore consumer brought in 102.81 million metric tons of the key steelmaking ingredient last month, data from the General Administration of Customs showed. That represents a 10% gain from a year earlier.

Even so, the increase fell somewhat short of expectations for a rise of between 103 million and 110 million tons.

"Some miners ramped up shipments in June to meet quarterly targets, contributing to higher imports in July," said Jiang Mengtian, a Shanghai-based analyst at consultancy Horizon Insights.

Some steelmakers showed more interest in booking cargoes after margins widened somewhat in June thanks to lower raw material prices, added Cai Yongzheng, a Nanjing-based director of Jiangsu Fushi Data Research Institute.

But a 7% decline in iron ore prices in July after scorching heat and heavy rain hindered Chinese construction activity likely dampened interest on the part of some smaller suppliers, analysts said, adding that this accounts for imports coming in under forecasts.

For the year to date, China has imported about 714 million tons of iron ore, up 6.7% from the same period a year earlier.

Analysts view for the month ahead are mixed. Some see August volumes climbing from July, saying steelmakers will book more cargoes in anticipation of improved demand in September when the weather is more favourable for construction.

Others, however, expected August volumes to decline, noting the slower shipments from some suppliers last month.

### **STEEL TRADE**

China's exports of steel products in July fell for a second straight month, dropping 10.5% to 7.83 million tons although they were up 7.1% from a year earlier, the customs data showed.

Exports in the first seven months of the year surged 21.8% to 61.23 million tons, an eight-year high for the period.

"Steel exports in the second half of the year will fall compared to volumes seen in the first half amid the investigation on the tax evasion in exports, growing trade protectionism and steel capacity outside China," said Jiang Zhenzhen, a Beijing-based analyst at consultancy CRU Group.

"Therefore, we believe the overall annual export volume will be at a similar level seen in 2023. However, upside risks remain if the domestic steel margin stays low as it would continue to motivate mills to export."

China imported 505,000 tons of steel products last month, down 12.2% from June and 25.7% year on year. January-July imports came in at 4.12 million tons, a 6.7% decline.

**Processed soybean workers in Argentina launch strike over wage dispute**

Two unions representing soybean oil factory workers in Argentina announced a strike over wages on Tuesday, halting activity in one of the world's largest exporting hubs for processed soybeans.

Agricultural powerhouse Argentina is a top global supplier of the oilseed derivative, widely used across industries for products ranging from foods to biodiesel.

"A joint strike has been initiated at all soybean oil plants in the country... due to the lack of agreement in collective bargaining over wages," the SOEA and the Federation of Oilseed Industry Workers said in the statement.

The two unions launched the strike early on Tuesday after meeting with sector companies, including oilseed industry chamber CIARA, to demand higher salaries for

their workers. But the parties were not able to reach an agreement.

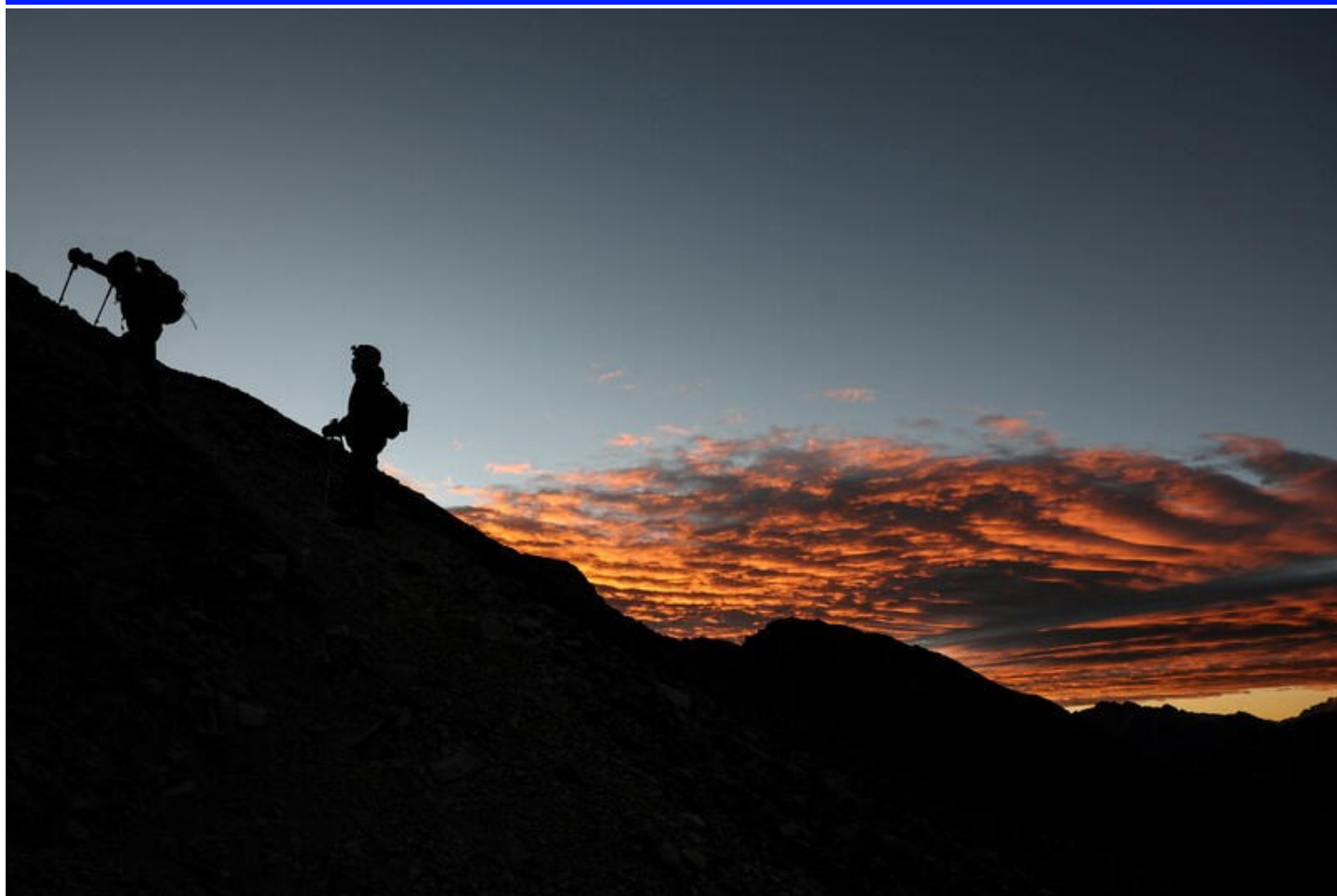
Later in the day, SOEA secretary Martin Morales told Reuters that the workers would continue the strike on Wednesday and discuss whether to prolong it later.

"We have not had any contact with the companies and we are maintaining the measure," Morales said.

Although triple-digit inflation has been slowing in Argentina as the country grapples with a prolonged economic crisis, official data shows that consumer prices still rose 80% in just the first half of this year.

The head of CIARA, Gustavo Idigoras, said in an interview that the strike has paralyzed activity at all soybean processing plants in the South American country.

## Picture of the Day



*Mountaineers ascend to arrive at the Iver glacier area at the El Plomo mountain, in the Andes mountain range, in the Santiago Metropolitan Region, Chile, April 4, 2024. REUTERS/Ivan Alvarado*

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

For questions or comments about this report, contact: [commodity.briefs@thomsonreuters.com](mailto: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](#)