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Top News - Oil

China's July crude imports drop to lowest since January

China's crude oil imports in July fell 18.8% from the previous month to the lowest daily rate since January, customs data showed on Tuesday, as major exporters cut back overseas shipments and domestic stocks continued to build.

Crude shipments into the world's biggest oil importer in July totalled 43.69 million metric tons, or 10.29 million barrels per day (bpd), the data from the General Administration of Customs showed.

June's 12.67 million bpd of imports were the second-highest on record. Still, oil imports were 17% higher than the 8.79 million bpd brought in a year earlier, a period when China's economy was hammered by widespread COVID outbreaks and extensive lockdowns. "The (month-on-month) decline was led by lower imports from the big-3 crude exporters, namely the U.S., Saudi Arabia and Russia, which have cut exports amid reduced production targets and/or higher domestic demand," said Emma Li, a China crude oil analyst at Vortexa in Singapore.

Li noted that China's onshore crude oil inventories were over 1.02 billion barrels at the end of July and the consistent rise in those stockpiles could allow Chinese refiners to slow their purchases in the coming months.

Despite the lower overall imports, state-owned refineries raised their processing rates in July to an average of 78%-82%, up 2-3 percentage points from June, data from consultancy Zhuochuang showed. Gasoline consumption had been expected to rise amid summer travel demand.

Domestic gasoline inventories fell around 3% between mid-June and mid-July, while diesel inventories rose roughly 2% as weak merchandise export volumes and a slowdown in the property sector continued to dent demand, according to data from the Longzhong consultancy. Higher profit margins for fuels in Asia pushed Chinese oil product exports higher in July and supported the higher processing rates.

Refined fuel exports last month rose 55.8% to 5.31 million metric tons from 3.41 million a year earlier, up from the previous month's 4.51 million metric tons. China imported 10.31 million metric tons of natural gas in July, up 18.5% from 8.7 million a year ago when importers cut spot purchases amid high global liquefied natural gas prices.

Aramco boosts dividend as Q2 profit drops 38% to $30.1 bln

Saudi state oil giant Aramco on Monday announced an additional near $10 billion dividend, most of which will go to the government, the first of several extra payouts on top of its expected $153 billion base dividend for 2022 and 2023.

Aramco will begin paying performance-linked dividends with a $9.87 billion payout in the third quarter, based on its full-year 2022 and first-half 2023 results, it said.

That is on top of a base dividend of about $19.5 billion for the second quarter, in line with the first quarter, which is paid regardless of performance - uncommon among listed companies.

The additional dividend, announced last quarter, will be paid over six quarters and is calculated based on 70% of Aramco's free cash flow for 2022 and 2023, net of the base dividend and other amounts.

Aramco had said the performance-linked dividend would be equivalent to 50-70% of free cash flow.

The group's shares, which have risen about 12% this year to 32.65 riyals, were up 1.1% at 1420 GMT on Monday.

The Saudi state remains overwhelmingly Aramco's biggest shareholder. The government directly holds 90.19%, the sovereign Public Investment Fund (PIF), 4% and PIF subsidiary Sanabil another 4%, according to Refinitiv data.

Saudi Arabia posted a budget deficit of 8.2 billion riyals in the first half of 2023, raising the possibility of a full-year deficit after it notched its first surplus in nearly a decade last year.

The PIF, which sometimes receives government injections, spent 120 billion riyals domestically last year as it pushed to deliver an ambitious economic agenda to wean the economy off oil by building new industries.

The plan, known as Vision 2030 and the brainchild of Crown Prince Mohammed bin Salman, the kingdom's de facto ruler, includes building a $500 billion car-free city in the desert.

Aramco's net profit fell to 112.81 billion riyals for the quarter to June 30, down 38% from 181.64 billion riyals a year earlier, amid weaker oil prices and thinner refining and chemicals margins.

A company-provided median estimate from 15 analysts had forecast $29.8 billion in profit.

Most oil majors reported strong or record-breaking earnings in the second quarter after Western sanctions against major exporter Russia squeezed an already undersupplied global market, causing a surge in crude and natural gas prices. Brent has dropped from $113 a barrel a year ago, hit by concerns over an economic slowdown and ample supplies. Moscow and Riyadh have been trying to prop up prices.

Oil futures are now at their highest since mid-April after Saudi Arabia and Russia pledged last week to keep supplies down for another month to tighten global markets further. Brent was trading at just above $85 a barrel on Monday.

OPEC+, which groups the de facto Saudi-led Organization of the Petroleum Exporting Countries and allies led by Russia, pumps around 40% of the world's crude. The group has been limiting supply since late last year to bolster the market.

"At Aramco, our mid to long-term view remains unchanged. With a recovery anticipated in the broader global economy, along with increased activity in the aviation sector, ongoing investments in energy projects will be necessary to safeguard energy security," CEO Amin Nasser said in a statement.

The firm still sees capital expenditure at between $45 billion and $55 billion this year, Nasser said on a media call.

He expected Chinese demand to continue growing and said its chemicals sector was growing at a substantial pace, adding Aramco has a number of investments there in the pipeline and would announce them in due course.

Top News - Agriculture

Global sugar production outlook weakens; larger supply deficit seen

Global sugar production will be smaller than the expected consumption for a second straight season in 2023/24 (October-September) as near-record Brazilian output will not be enough to offset reductions in other regions, analysts said on Monday.

Sugar consulting firm CovrigAnalytics said in a report that it expects a global supply deficit of 2.2 million metric tons (MMT) in 2023/24, while broker and supply chain services provider Czarnikow sees a deficit of 900,000 tons.

CovrigAnalytics updated its production estimates with cuts in Thailand (-2.52 million tons), India (-1.1 million tons), Pakistan (-505,000 tons), China (-304,350 tons), the Philippines (-225,000 tons), Mexico (-215,000 tons), the European Union (-250,000 tons).

"These cuts in output expectations are mainly due to dry weather impacting the crops and to lower acreage (in some regions).

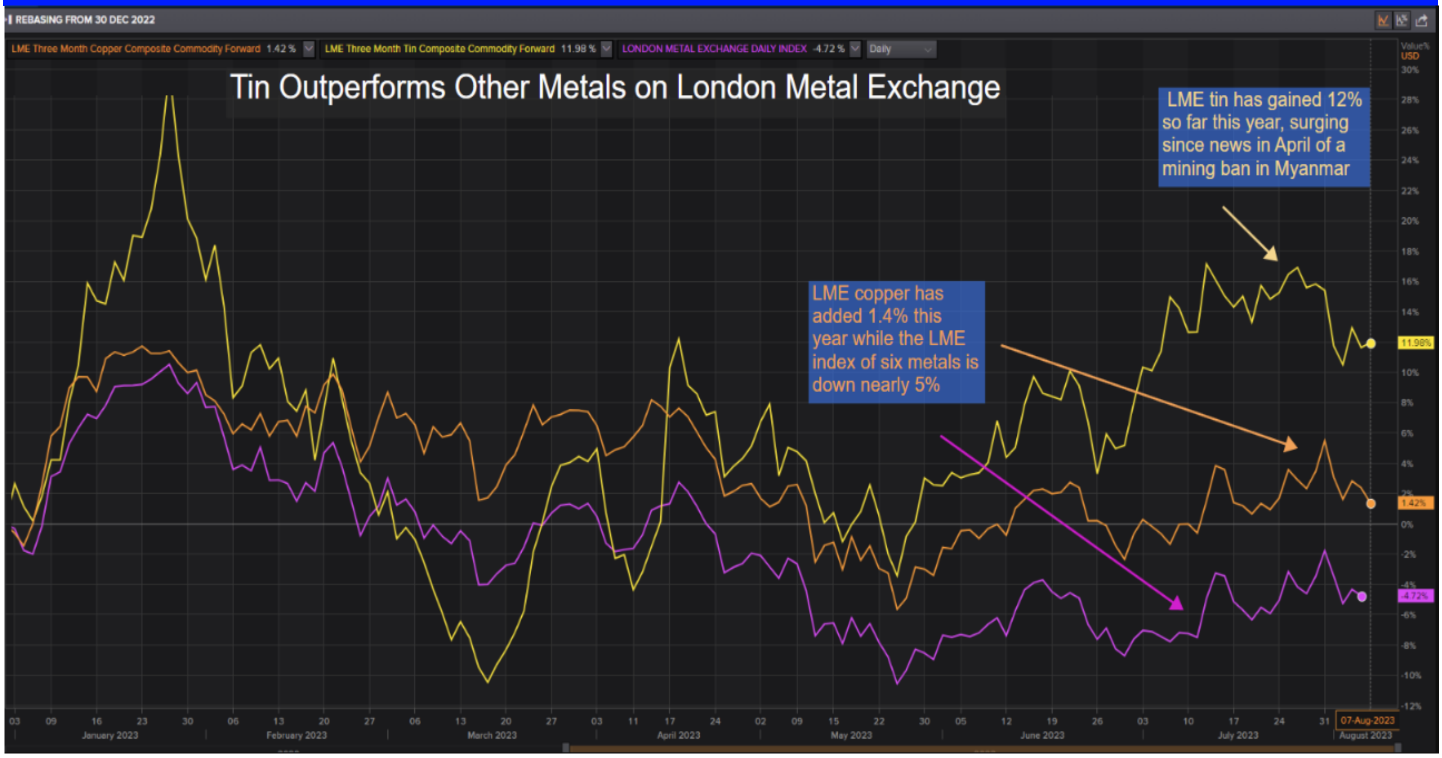
The El Nino phenomenon might further hamper the development and harvesting of these crops in August-April," the company said in a report.

Brazil's center-south crop was raised to 38.7 million tons from 33.8 million tons in the previous season as mills are earmarking as much sugarcane as possible to sugar production and the weather has been favorable.

CovrigAnalytics said that mills in Brazil are investing in more sugar production capacity to be able to use as much as 55% of sugarcane to produce sugar in a few years. Czarnikow said that production in Thailand will be the lowest in a decade at only 7.4 million tons versus 10.8 million tons in the previous season.

"This is driven by a combination of hot, dry, weather hindering cane development, and a large move by smaller farmers to planting cassava instead of sugarcane," the broker said in an update to its global sugar estimates. Czarnikow said the world will consume a record amount of sugar in 2023/24, at just over 179 million tons, due mostly to population growth that requires 2 million tons of additional volume every season.

Chart of the Day



REFINITIV
An LSEG Business

Brazil robusta exports grow as price gap to Vietnam remains high -analyst

Brazil robusta coffee export deals are growing quickly as coffee traders take advantage of the South American's country's significant discount to Vietnam and Indonesia, according to an analyst.
In a weekly note for Brazilian risk advisory firm Archer Consulting, coffee analyst Marcelo Fraga Moreira said that international traders that sold robusta coffee to European processors in contracts that include "option for origin" are shifting from sourcing that coffee in Asia toward getting it in Brazil.
Moreira said that while Vietnam robustas are currently quoted at a premium of around $350 per metric ton over London futures, Brazilian robustas are priced at $270 per ton over futures.
The analyst believes that at current selling pace, Brazil could export as much as 6 million bags of robusta beans in the season. A trader at an international house operating in Brazil, who asked not to be named, said that the number of deals for Brazilian robustas increased "exponentially" in recent weeks.
According to him, some large coffee trading houses that sold Vietnam beans forward are negotiating with their clients, mostly European roasters, to provide Brazilian robustas instead, trying to reduce their potential losses since prices for robusta from Asia skyrocketed.
"Roasters are not going to accept Brazil in place of Vietnam easily. They will demand discounts," the trader said.
Sometimes there is already a discount defined in a contract that includes "option of origin", Moreira said.
He believes that over time that window of opportunity for Brazilian robustas, regarding prices, will close as the market adjusts.
Brazil is usually the No.1 exporter of milder arabica coffee beans, and it has increased production of robusta - a type widely used to make instant coffee - in recent years.

Top News - Metals

GRAPHIC-Healthy tin inventories, soft demand caps upside from Myanmar ban

A surge in tin inventories, weak demandand the risk of speculators selling bullish positions are likely to constrain tin prices rallying further following a mining ban in the world's third biggest tin mining nation Myanmar.
Tin is the strongest performing metal on the London Metal Exchange (LME) this year, rising by 12% so far compared to a 1.4% gain for the next best performer, copper.
The LME tin cash contract is expected to average $25,000 a metric ton in the fourth quarter, down 10% from Monday's close, according to a median forecast of 14 analysts polled by Reuters last month.
Gains were spurred by an announcement in April by Myanmar's ethnic minority Wa militia of a suspension of all work at mines in areas it controls from Aug. 1.
"It's hard to get too excited about the price upside. The fact that it's been well-flagged means there's been opportunity for people to prepare," said Citi analyst Tom Mulqueen.
The Wa militia earns significant revenue from mining so it would be surprising if the ban lasted for more than a few months, he added.
"Our view is that the inventory levels are relatively strong and even if you get a couple months of disruption, the market should be able to absorb that."
The run-up in prices was fuelled by speculative buying, with long positions held by investment funds on the LME more than doubling since April, but moves to lock in profits could weigh on the market, analysts said.
The Myanmar mining ban may dampen Chinese smelter output in the second half of 2023, but analysts note that tin production elsewhere is healthy, having rebounded since January due to gains from Indonesia, Peru and Bolivia.
The world's biggest tin producing company, Indonesia's PT Timah, aims to boost refined tin output by a third this year.
Another factor that may weigh on tin prices is weak global demand since more than half of global tin supply is used as solder for circuit boards for the semiconductor industry.
The world's largest contract chipmaker TSMC recently forecast a drop of around 10% in 2023 sales.
"We suspect this ban n mining will take the sting out of the drag on prices we expect later this year from weakening global electronics demand," Kieran Tompkins, commodities economist at Capital Economics, said in a note.

China's July iron ore imports dip as sintering curbs dent demand

China's imports of iron ore in July slipped 2% from the previous month, customs data showed on Tuesday, as sintering curbs in major steel production hub Tangshan dampened demand for the key steelmaking ingredient.
The world's largest iron ore consumer brought in 93.48 million metric tons of iron ore in July, up 2.5% from the same month a year earlier, data from the country's General Administration of Customs showed.
The volume was down from 95.52 million metric tons imported in June. Mills in the northern Chinese city of Tangshan were required by local authorities to cut their sintering production by between 30% and 50% in July to improve local air quality.
A few mills in Tangshan were asked to suspend operation of one blast furnace until the end of July, consultancy Mysteel said in a report. The blast furnace capacity utilisation rate among 247 mills surveyed slipped to 89.82% in late July from 91.98% by the end of June, Mysteel data showed.

"The month-on-month fall in imported (iron ore) volume in July is totally in line with our expectation as overseas shipments fell in the month," Cai Yongzheng, a Nanjing-based director of Jiangsu Fushi Data Research Institute. "Also, the environmental restrictions (in Tangshan) hampered demand. Moreover, mills remained cautious about purchasing volumes as margins only mildly improved last month."
For the first seven months of 2023, China imported 669.46 million metric tons of iron ore, 6.9% more than in the same period a year earlier, the customs data showed.
Concerns over iron ore demand in the comings months have lingered after some mills received verbal instructions to keep this year's output no higher than 2022. China has mandated zero output growth in its steel sector for the last two years as it seeks to limit carbon emissions from one of its most polluting industries.

Iron ore imports in August will possibly fall as shipments from major miners declined in July following a ramp-up in June to achieve quarterly targets, said Pei Hao, a Shanghai-based senior analyst at international brokerage FIS.

STEEL TRADE
China's exports of steel products in July grew 9.6% from the previous year to 7.31 million metric tons, extending a decline to two consecutive months, data showed. The country shipped 50.89 million metric tons of steel products in the first seven months of the year, a 27.9% year-on-year rise, according to customs.
China imported 678,000 million metric tons of steel products last month, down from 790,000 metric tons in July 2022, with the January to July total at 4.42 million metric tons, a 32.6% decline on the year.

Top News - Carbon & Power

China's July coal imports surge as heatwaves drive power use
China's coal imports remained at elevated levels in July after overseas purchases nearly doubled in the first half of 2023, as utilities continued to bring in cheaper supplies to meet peak summer power demand, data showed on Tuesday.
The world's top coal consumer imported 39.26 million metric tons of coal last month, a touch below the 39.87 million metric tons in June and compared with average monthly amounts of 37 million metric tons between January and June, data from the General Administration of Customs showed. The July purchases soared 67% from 23.52 million metric tons a year earlier. China's monthly coal import record was 43.56 million metric tons in January 2020. Power loads have surged and hit new peaks since mid-June as large swathes of the country experienced periods of abnormally high temperatures.

MARKET MONITOR as of 06:32 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$81.78 / bbl	-0.20%	1.89%
NYMEX RBOB Gasoline	$2.56 / gallon	-0.07%	3.44%
ICE Gas Oil	$874.25 / tonne	-1.66%	-5.08%
NYMEX Natural Gas	$2.71 / mmBtu	-0.73%	-39.55%
Spot Gold	$1,933.83 / ounce	-0.13%	6.00%
TRPC coal API 2 / Dec, 23	$123 / tonne	2.50%	-33.42%
Carbon ECX EUA / Dec, 23	€82.84 / tonne	-0.97%	-1.35%
Dutch gas day-ahead (Pre. close)	€29.55 / Mwh	3.87%	-60.90%
CBOT Corn	$4.93 / bushel	-0.61%	-27.32%
CBOT Wheat	$6.71 / bushel	-1.43%	-14.74%
Malaysia Palm Oil (3M)	RM3,735 / tonne	-0.98%	-10.52%
Index (Total Return)	**Close 07 Aug**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	312.21	-0.05%	3.61%
Rogers International	27.59	0.16%	-3.77%
U.S. Stocks - Dow	35,473.13	1.16%	7.02%
U.S. Dollar Index	102.05	0.03%	-1.42%
U.S. Bond Index (DJ)	403.86	-0.26%	3.17%

The delivered cost of 3,800-kilocalorie coal from Indonesia and South Africa, as well as higher quality 5,500-kilocalorie fuel from Australia, was lower than the price of domestic supplies in China.
Australian coal for late August and early September deliveries was last pegged at about 800 yuan ($111.3) per metric ton, about 40 yuan below the prevailing wholesale prices in northern coal hub Qinhuangdao, a Singapore-based trader said.
Coal imports during the first seven months totalled 261 million metric tons, 88.6% above year-ago levels, customs data showed.
The bumper imports contributed to record coal inventories at key power plants, last standing at nearly 200 million metric tons by the end of June.

Australia's Woodside to sell 10% stake in Scarborough to LNG Japan for $500 mln
Woodside Energy Group said on Tuesday it had entered a deal with LNG Japan to sell a 10% participating interest in its $12 billion Scarborough liquefied natural gas (LNG) project in Australia for $500 million.
Australia's No.1 independent oil and gas producer, which owns 100% of the project since merging with BHP in 2022, has long flagged its interest to sell down its stake in the venture.
Woodside will hold a 90% interest in the venture and remain its operator after the deal's completion, which is expected in the first quarter of 2024.
"The support of LNG Japan is testament to the quality of the Scarborough project. It also underscores the ongoing demand from Japanese buyers for new supplies of gas and the role of gas in supporting Japan's energy security," Woodside CEO Meg O'Neill said.
Gas from Scarborough will feed Woodside's Pluto LNG plant, and the first LNG cargo is targeted for 2026. The Scarborough gas field development and Pluto LNG plant expansion together make up Woodside's biggest growth project.
The Scarborough development was 38% complete at June-end, with Pluto Train 2 module fabrication ramping up, according to Woodside.
Woodside and LNG Japan also entered an agreement for the sale and purchase of 12 LNG cargoes per year for 10 years starting 2026. LNG Japan is a 50:50 joint venture between Sumitomo Corp and Sojitz Corp.
Woodside also entered into deals with Sumitomo and Sojitz to collaborate on global opportunities in new energy, which could include ammonia, hydrogen, carbon capture and storage.
"We view this as a positive announcement because the consideration is at a premium to our valuation," analysts at RBC said in a note.
"We also like the fact this helps to de-risk Woodside's exposure to its high level of equity in Scarborough by reducing future development expenditure and technical risk." Woodside shares were up 0.7% at 0420 GMT, while the broader market was 0.1% higher.

Top News - Dry Freight

Kazakhstan in talks with Abu Dhabi Ports on agricultural exports
Kazakhstan is in talks with Abu Dhabi Ports to set up a joint venture that would help ship Kazakh agricultural exports via Iran and then Gulf ports, the Central Asian nation's government said on Monday.
Kazakhstan, a significant exporter of agricultural commodities such as grains and oilseeds, wants to ship cargoes to Iran via the Caspian Sea and have them delivered to Iranian Gulf ports such as Amirabad and Bandar Abbas and then further to other destinations in the Gulf, Asia and Africa, it said.
Kazakh Deputy Prime Minister Serik Zhumangarin discussed the project with Davood Tafti, the chief executive of Simatech Shipping and Forwarding, which the Kazakh government said was a subsidiary of AD Ports Group. Landlocked Kazakhstan has traditionally exported its grains and oilseeds mostly to neighbouring Central Asian countries and China, and also shipped some to Black Sea ports via Russia.

Egypt's GASC seeks wheat in international tender
Egypt's state grains buyer, the General Authority for Supply Commodities, is seeking wheat in an international tender for shipment Sept. 15-30 and/or Oct. 1-15, 2023. GASC said the deadline for submitting offers was Aug. 8 at GASC's offices in the New Administrative Capital. Suppliers should submit offers on a free-on-board basis for payment via 180-day letters of credit and 270-day letters of credit. GASC will choose between both offers.

Picture of the Day

Brazil's indigenous chief Raoni Metuktire poses for a photo during an interview before a summit of Amazon rainforest nations at the Igarape Park, in Belem, Para state, Brazil August 5, 2023. REUTERS/Ueslei Marcelino

(Inside Commodities is compiled by Dhanya Hegade in Bengaluru)

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