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Top News - Oil

Venezuela appeals to US Supreme Court in last ditch move to limit Citgo auction

Venezuela is making a last ditch attempt to limit the number of companies that could participate in a court-ordered auction of shares in a parent of oil refiner Citgo Petroleum, appealing to the U.S. Supreme Court to overturn a lower court's ruling.
About two dozen companies including ConocoPhillips, Exxon Mobil and Tenaris SA are seeking to have claims against Venezuela or state-owned oil firm PDVSA satisfied by the sale of shares in PDV Holding, one of Citgo's parent companies. About $20 billion in claims are pending.
The lower court's finding that PDVSA is the "alter ego" of Venezuela "creates a very real risk that petitioner PDVSA's principal asset in the United States — the shares through which it indirectly owns 100% of CITGO Petroleum Corporation — will be sold off by next summer," said the petition filed on Wednesday.
Venezuela's petition is asking the Supreme Court to find the lower court's "alter ego" decision was faulty. The Third Circuit last month upheld a ruling that paved way for six companies to attach claims totaling $3.4 billion to an ongoing suit.
The petition is a long shot with about 90% of such requests denied by the court. It does not affect the case against Venezuela filed by miner Crystallex International, whose $970 million claim led to the proposed auction of shares.
The petition seeks to have briefs filed by September 15 - just ahead of the start of the proposed auction.
Citgo is the seventh-largest U.S. oil refiner with a retail network of over 4,400 outlets and processing plants in Illinois, Louisiana and Texas. A Delaware court judge has set Oct. 23 as the start date for the auction.
The Houston-based firm split from PDVSA in 2019 after the U.S. imposed sanctions intended to oust President Nicolas Maduro, and has been under the control of a supervisory board appointed to look after the country's foreign assets.

COLUMN-Oil market to tighten modestly in late 2023: Kemp

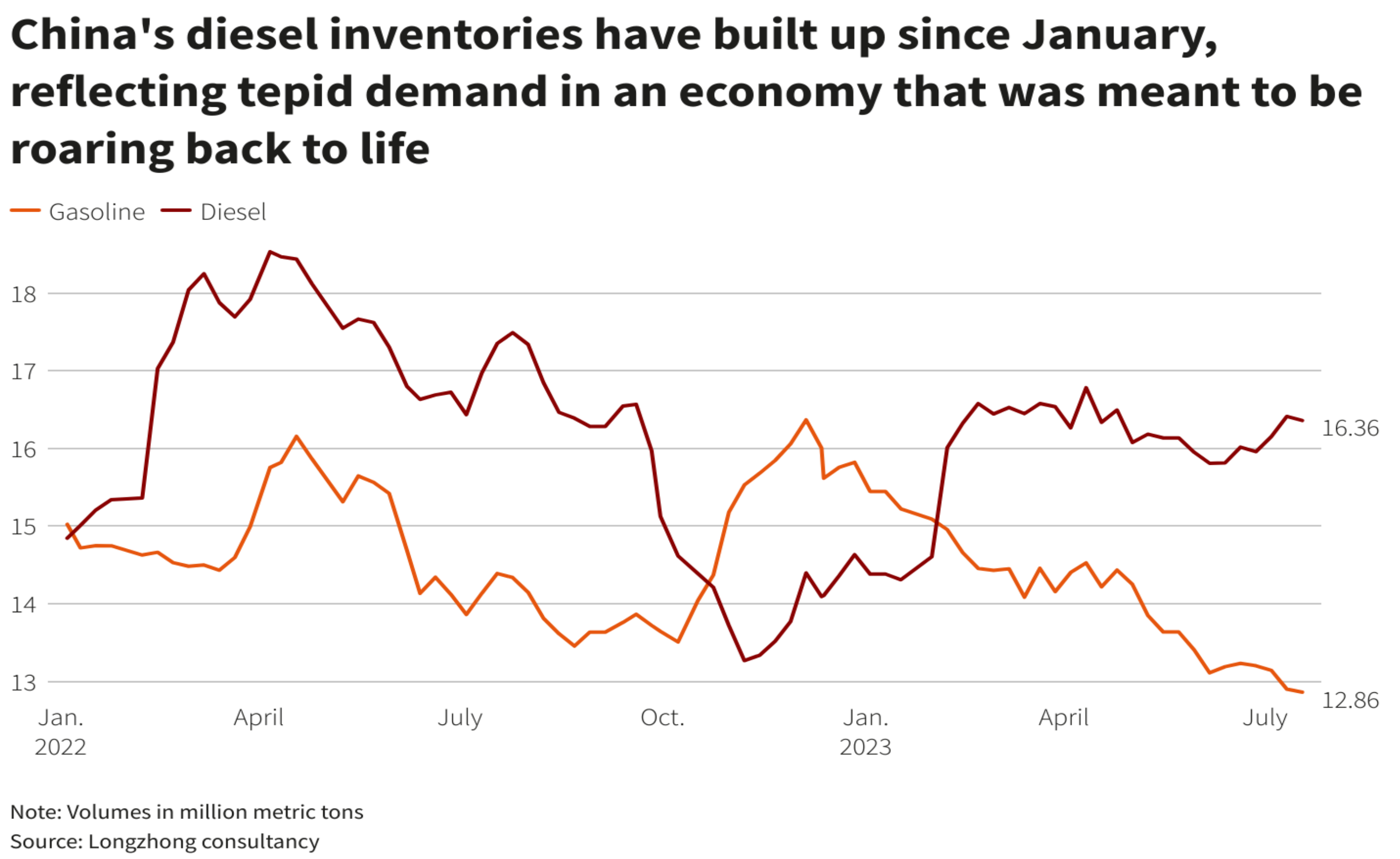
Production cuts announced by Saudi Arabia and its OPEC+ allies are expected to tighten the global petroleum market moderately over the remainder of 2023 and into the first quarter of 2024.
Commercial inventories of crude oil and refined products in the OECD advanced economies were around 2,821 million barrels at the end of June, according to the U.S. Energy Information Administration (EIA).
Commercial inventories were just -45 million barrels (-2% or -0.25 standard deviations) below the prior 10-year seasonal average ("Short-term energy outlook", EIA, August 8).
Since then, additional production cuts announced by Saudi Arabia will remove an extra 90 million barrels from the market between July and September.
Russia has also announced extra cuts amounting to 25 million barrels in August and September, assuming they are implemented in full.
On the consumption side, traders have become increasingly optimistic about the likelihood the U.S. economy will see a "soft landing," a scenario in which inflation falls, unemployment remains relatively low and a recession is avoided.
Refined fuel inventories remain well below the long-term average, especially for distillate fuel oils, which should support strong demand from refiners for crude.
But Europe's manufacturing sector is showing little sign of recovering and China's manufacturing activity has fallen steadily.
China's economy was expected to recover strongly over the course of 2023 after the exit wave of the coronavirus pandemic and the lifting of restrictions on movement. Instead, the recovery has been repeatedly delayed, and now the economy appears to be losing momentum and possibly sliding into a recession.
The net result of output cuts by OPEC+, a group comprising the Organization of the Petroleum Exporting Countries and allies including Russia, a soft U.S. economic landing, a struggling European economy, and an increasingly probability of recession in China is that the expected market balance has tightened only modestly since June.
Front-month Brent futures prices have averaged just under $86 per barrel so far in August (69th percentile for all months since the turn of the century, once adjusted for inflation). Front-month prices have climbed from an inflation-adjusted average of $75 per barrel in June (60th percentile) which is a relatively modest increase.
Brent's six-month calendar spread has tightened to an average backwardation of $2.72 (78th percentile) so far in August, up from $1.33 (54th percentile) in June.
Much of the impact of Saudi Arabia's production cuts has been offset, for now, by a deterioration in the global economy outside the United States, with any cyclical recovery postponed until 2024. Saudi Arabia and its OPEC+ allies will likely have to continue with current production cuts through at least the end of the year to protect prices unless there is a significant improvement in the economy in Europe and Asia.

Top News - Agriculture

IGC boosts forecast for 2023/24 world corn crop
The International Grains Council (IGC) on Thursday raised its forecast for 2023/24 global corn production, with an improved outlook for Ukraine's crop only partially offset by a downward revision for China.
The inter-governmental body, in a monthly report, put global corn production at 1.221 billion metric tons, up from a previous forecast of 1.220 billion and the prior season's 1.160 billion.
Ukraine's corn output was seen at 27 million tons, up from a previous projection of 24 million but still marginally below the prior season's 27.7 million.
The country had produced 42.1 million tons in 2021/22, but the war with Russia has led to a sharp decline in planted area and made exports both difficult and expensive.
Ukraine's corn exports in 2023/24 were still seen at 18 million tons despite the improved crop outlook and remain well below the prior season's 29.2 million tons.
Russia's decision to abandon the Black Sea shipping deal and launch air strikes on Ukrainian grain facilities on the Danube has made it increasing difficult to export supplies.
China's corn production in 2023/24 was cut to 277.4 million tons from the 279.4 million seen previously.
Recent floods in the grain-producing northeast region have raised concerns about diseases and infestations.
The IGC also maintained its 2023/24 world wheat crop outlook at 784 million metric tons.

El Nino could delay rains in Argentina until October, hitting corn and wheat
Heavy rainfall linked to the weather phenomenon known as El Nino likely will kick off in Argentina in October, experts said on Thursday, which could affect the corn planting season in some parts of the country.
Water is needed in many main corn growing areas where soil moisture levels are low, following a crippling drought that curtailed agricultural production during the 2022/23 season.
Farmers are expected to start planting corn for the 2023/24 cycle in September.
"We still have to spend August and the entire month of September with a situation that doesn't seem to be the best," said German Heinzenknecht, a meteorologist at climate consultancy CCA, who forecasts rains in October.
The Rosario Stock Exchange (BCR) said in a statement that current weather forecasts call for a more moderate El Nino, after stronger effects were previously seen, while also agreeing that rains will most likely pick up from October.

Chart of the Day



In a pre-season estimate, the BCR calculated the 2023/24 corn harvest at 56 million metric tons, adding that many farmers will delay their sowing or directly abandon their plans to sow the cereal if there is not enough rain.
"The possibility of adding 300,000 hectares (741,316 acres)of corn planting seems more and more remote due to the lack of water," according to the BCR, which has estimated the 2023/24 corn area at 8.5 million hectares.
The Buenos Aires grains exchange said in a separate report that poor rainfall is affecting wheat crops for the 2023/24 season, causing "restrictive humidity conditions" over the center and north of Argentina's agricultural area.
"Alternating temperatures continue to cause drops in the crop condition and loss of reproductive structures," the exchange said in its weekly report, adding it maintained its wheat harvest forecast at 15.6 million tons, over a total planted area of 5.4 million hectares.
Argentina's core agricultural area has registered "light" rains over the last 24 hours, according to the National Meteorological Service.

Top News - Metals

U.S. Steel says union cannot block company's sale
U.S. Steel said on Thursday that its labor agreement with United Steel Workers (USW) does not afford the union the right to veto a sale of the company that may arise from its recently announced strategic review.
U.S. Steel's statement came after USW said this week it would only back Cleveland-Cliffs Inc as a suitor for the company. The union said that "over the years, Cliffs has shown itself to be an outstanding employer to all of its workers."
U.S. Steel, which rejected Cliffs' $7.8 billion cash-and-stock offer as inadequate, has said it is exploring "multiple unsolicited proposals". It has attracted a $7.8 billion all-cash offer from Esmark Inc and as well as potential acquisition interest from ArcelorMittal SA. In a regulatory filing, U.S. Steel said its agreement with the union gives the latter the right to counter with its own acquisition offer for assets covered under their bargaining agreement. If the union does not make an offer its board deems superior, U.S. Steel can sell itself to the bidder of its choosing.
USW representatives did not immediately respond to a request for comment.
The union has transferred its right to counterbid for U.S. Steel assets to Cliffs, which disclosed the arrangement on Thursday in a statement. It was not immediately clear whether this would have any impact on the outcome of the bidding process, given that Cliffs was already participating in it.
In a presentation on its website, Cliffs had said that the union's labor agreement with U.S. Steel constituted "a practical right to veto" a deal. It pointed to a requirement for the acquirer to reach a labor agreement with the union before a transaction is completed as a means for the union to stop a company sale.
Cliffs also said on Thursday it agreed to keep in place all arrangements between U.S. Steel and union workers, should its bid prevail.

US to impose tariffs on tin mill steel from Canada, China, Germany
The U.S. Commerce Department on Thursday said it will impose preliminary anti-dumping duties on tin-plated steel imports from Canada, Germany and China, sparing five other countries in a decision that drew some relief from food can manufacturers that had feared higher tariffs.
The department said the highest preliminary anti-dumping duties of 122.5% will be imposed on tin mill steel imported from China, including the country's largest producer, Baoshan Iron and Steel.
The department will impose preliminary duties of 7.02% on tin mill imports from German producers, including Thyssenkrupp and 5.29% on imports from Canadian producers, including ArcelorMittal DOFASCO.
No duties will be imposed on the shiny silver metal - widely used in cans for food, paint, aerosol products and other containers - imported from Britain, the Netherlands, South Korea, Taiwan and Turkey, the Commerce Department added.
A Commerce Department official told reporters that producers in Canada, Germany and China were found to be selling tin mill steel at prices below those in their home markets. China's rates were higher because a lack of cooperation from a major producer in the investigation led to an "adverse inference" determination, while other respondents could not prove that they were independent of the Chinese government, the official added.
The closely watched case was initiated in February after a petition from a single U.S. steelmaker, Cleveland-Cliffs, alleged foreign dumping in the tin-plate sector, which has seen several U.S. production facilities close in recent years.
The Commerce Department in June announced preliminary anti-subsidy duties of 543% on tin mill imports from Baoshan Iron and Steel and 89% on those from all other Chinese producers as part of a separate, parallel investigation.
The other countries cited in Thursday's decision were not subject to anti-subsidy investigations.

HIGHER COSTS?
The Can Manufacturers Institute, a trade group, argued prior to the decision that because U.S. steelmakers currently produce less than half of the tinplate needed for domestic can manufacturing, any new import duties will lead to higher material costs and food prices at a time when inflation remains elevated.
A bipartisan letter from members of Congress in June also argued that high anti-dumping duties would raise costs for canned packaging for food and aerosol products

and could help Chinese producers of canned goods, leading to increased canned food imports from China.
But the duties were significantly less than initially feared. In its initial petition, Cleveland-Cliffs asked the Commerce Department to imposed anti-dumping duties of 79.6% on imports from Canada, 70.2% on Germany, 111.92% on Britain, up to 110.5% on South Korea, up to 296% on the Netherlands, up to 60% on Taiwan and up to 97.2% on Turkey.
In a statement, the Can Manufacturers Institute said it was "thankful" that most of the high duties requested by Cleveland-Cliffs were not imposed.
"We are hopeful the final Commerce determination will eliminate the proposed duties on Canadian and German tin mill steel," said Robert Budway, the group's president. "U.S. tin plate prices already remain the highest in the world due to the 232 tariffs, placing domestic can makers at a competitive disadvantage to foreign imports of unfilled steel cans and foreign filled food products," Budway said, referring to the "Section 232" tariffs on global steel and aluminum imports first imposed by the Trump administration.
The five countries that escaped duties account for about half of U.S. tin mill steel imports, while China accounts for about 14% and Canada and Germany account for about 30%, the Commerce Department official said.
The tariffs decision was announced less than a week after Cleveland-Cliffs announced a buyout offer of its major competitor in the tin-plate sector, U.S. Steel, an acquisition that would accelerate consolidation among American steel producers.
Cleveland-Cliffs Chairman Lourenco Goncalves has repeatedly argued in favor of the need to maintain the 25% "Section 232" national security tariffs on imported steel imposed by the Trump administration.
Cleveland-Cliffs in 2020 acquired AK Steel and ArcelorMittal's U.S. assets, making it the largest U.S. producer of blast-furnace steel made from iron ore.

MARKET MONITOR as of 06:32 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$80.61 / bbl	0.27%	0.44%
NYMEX RBOB Gasoline	$2.61 / gallon	0.15%	5.21%
ICE Gas Oil	$908.50 / tonne	0.83%	-1.36%
NYMEX Natural Gas	$2.64 / mmBtu	0.53%	-41.12%
Spot Gold	$1,891.99 / ounce	0.16%	3.70%
TRPC coal API 2 / Dec, 23	$127 / tonne	-0.78%	-31.26%
Carbon ECX EUA / Dec, 23	€88.79 / tonne	-0.06%	5.74%
Dutch gas day-ahead (Pre. close)	€33.40 / Mwh	-5.11%	-55.80%
CBOT Corn	$4.88 / bushel	0.41%	-28.06%
CBOT Wheat	$6.23 / bushel	1.30%	-22.97%
Malaysia Palm Oil (3M)	RM3,924 / tonne	0.03%	-5.99%
Index (Total Return)	**Close 17 Aug**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	307.31	0.36%	1.98%
Rogers International	27.50	0.20%	-4.06%
U.S. Stocks - Dow	34,474.83	-0.84%	4.01%
U.S. Dollar Index	103.57	0.14%	0.05%
U.S. Bond Index (DJ)	397.74	-0.28%	1.64%

Top News - Carbon & Power

Workers begin strike vote at Chevron's LNG facilities in Australia

Chevron faces the prospect of work stoppages or even an all-out strike at Australia's second largest liquefied natural gas (LNG) plant at Gorgon and at its Wheatstone operations after voting opened on Friday for a union ballot.

Australia is one of the largest exporters of LNG to the world along with Qatar and the United States, and concerns about a strike have spurred volatility in European gas prices over fears the move would fuel competition between Asian and European buyers for cargoes. China and Japan are the top lifters of Australian LNG, followed by South Korea and Taiwan.

Australia's labour regulator last week cleared the way for unions to conduct a "protected action ballot" that gives employees the chance to secretly vote, fuelling worries any potential strike could slow the country's LNG exports.

In an order issued on Aug. 10, Australia's Fair Work Commission gave a union alliance up to 10 working days to complete the voting for employees at Chevron's Wheatstone downstream and Gorgon facilities.

The Offshore Alliance, which combines the Maritime Union of Australia and Australian Workers' Union, did not immediately respond to a request for comment on the ballot's closing date. If successful, the union can decide whether to go ahead with action that must take place within 30 days and could range from a mix of short work stoppages and bans on certain tasks to an all-out strike. Employers are given notice beforehand. "It's game on in pushing back against Chevron's sub-standard employment standards," said the Offshore Alliance, which urged workers to vote for all of the demands on the ballot.

The unions are seeking higher wages and improved working conditions. Chevron was continuing negotiations with employees, a company spokesperson said.

After the decision by the labour regulator last week, Chevron said it was taking steps to ensure reliable operations could be maintained if any disruption occurred.

Woodside Energy Group, which operates Australia's biggest LNG plant at North West Shelf, and Chevron have been holding talks with unions to avert threatened strikes at their facilities that together supply about 10% of the global LNG market. North West Shelf has an export capacity of 16.9 million metric tons a year, while Gorgon has an annual capacity of 15.6 million tons and Wheatstone 8.9 million tons. About 99% of workers at offshore platforms that feed gas to North West Shelf have already backed industrial action, but the unions have not yet called for action there. A two-month fight last year against Shell at its Prelude floating LNG site off northwest Australia cost the company about $1 billion in lost exports until it reached a pay deal.

Texas grid operator issues voluntary power conservation call due to heatwave

The main grid operator in Texas said on Thursday it had engaged its emergency system after electricity reserves dropped below the critical 3,000 MW level due to increased power usage amid a heatwave.

The Electric Reliability Council Of Texas (ERCOT), which operates the grid for more than 26 million customers which use about 90% of the state's power load, said it had operating reserves of 2,929 MW as of 8:37 p.m. CDT.

Power usage was projected to hit 87,083 MW on Friday, a new record high as demand has surged over the summer.

Temperatures in Houston, the most populous city in Texas, reached as high as 102.2 degrees Fahrenheit (39° Celsius) on Thursday, according to AccuWeather.

Extreme weather in Texas has been in focus since a deadly storm in February 2021 left millions without power, water and heat for days as ERCOT struggled to avoid a grid collapse.

The Emergency Response Service (ERS) helps decrease the likelihood of system-wide load shedding by paying qualified entities to make arrangements with residential, commercial and industrial participants to either reduce consumption or increase generation across the grid.

"ERCOT is requesting Transmission Operators to implement distribution voltage reduction measures if available," it said in a notice. ERCOT said it also expected lower power reserves due to reduced wind generation.

Real-time power prices rose above $5,000 in most of ERCOT Texas hubs, according to the ERCOT website.

The grid operator had earlier urged consumers to conserve power between 3 p.m. CDT (2000 GMT) and 8 p.m. CDT on Thursday as demand surged. Discount Power, a unit of NRG Energy, the largest U.S. retail electricity provider, had also requested that its Texas customers conserve electricity between 2 p.m. and 7 p.m. CDT.

Top News - Dry Freight

India considers wheat imports from Russia at discount to calm prices-sources

India is in talks with Russia to import wheat at a discount to surging global prices in a rare move to boost supplies and curb food inflation ahead of state and national elections next year, according to four sources.

The imports would allow New Delhi to intervene more effectively in the market to drive down wheat prices that

stoked inflation to a 15-month high in July.
"The government is exploring the possibility of imports through private trade and government-to-government deals. The decision will be made cautiously," one of the sources told Reuters, when asked about wheat imports from Russia.
India has not imported wheat through diplomatic deals in years. The last time India imported a significant amount of wheat was in 2017, when private traders shipped in 5.3 million metric tons.
The government's plan to import Russian wheat is one of the supply-side measures being considered to bring down prices of key commodities like fuel, cereals and pulse along with an extension of rural schemes to ease the impact of inflation on the poor, two of the sources with knowledge of the matter said.
Sources did not want to be named as the discussions are private and the final decision might be weeks away.
India's finance, trade and government spokespersons did not reply to emails and messages seeking comment.
Last month, Sanjeev Chopra, the most senior civil servant at the federal food ministry, said there was no proposal to import wheat from Russia.

LOW WHEAT STOCKS
Although India needs only 3 million to 4 million metric tons of wheat to plug the shortfall, New Delhi might consider importing 8 million to 9 million tons of wheat from Russia to have a far bigger impact on prices, another source said.
Since the war in Ukraine last year, Russia has become India's second biggest seller of goods mainly on account of discounted oil purchases by New Delhi.
"Russia has indicated its willingness to offer a discount on prevailing market prices. There are no restrictions on the export of food commodities from Russia," one official said.
India is also importing sunflower oil from Russia and settling payments in U.S. dollars and is planning to use the same approach, the official added.
"India can easily secure a discount of $25 to $40 per ton from Russia. This will ensure that the landed cost of wheat remains significantly below local prices," said a dealer based in Mumbai with a global trade house.
Wholesale wheat prices in India surged around 10% over two months to a seven-month high in August on limited supplies.
Wheat stocks at government warehouses were at 28.3 million tons on Aug. 1, 20% below the 10-year average.
Last year, India banned wheat exports due to lower output, and this year's crop is also expected to be at least 10% lower than the government's estimate.

Ukraine's August grain exports via Danube at 820,000 T so far -analyst
Ukraine in the first half of August exported 820,000 metric tons of grain via its ports on the Danube River, which is currently its main export route, the APK-Inform consultancy said late on Wednesday.
APK-Inform gave no comparative figures.
Ukraine traditionally exports most of its grain using its deep-water Black Sea ports of Odesa and Mykolaiv, but it was forced to switch to the Danube after Russia pulled out of a UN-brokered Black Sea grain deal in mid-July.
Denys Marchuk, deputy head of the Ukrainian Agrarian Council, the country's largest agribusiness organisation, told national television than Ukrainian Danube ports could export around 2.5 million tons of grain per month.
However, exports via the Danube could be affected by the recent Russian attacks on port infrastructure.
"The most important challenge is of course the strikes on port infrastructure," Marchuk said.
"Because of the strikes, exports have slowed down. We realise that freight prices have gone up... some of shipowners are refusing to go due to the dangerous situation," he added.
Kyiv said on Wednesday that Russian drone strikes damaged grain silos and warehouses at the river port of Reni on the Danube. Earlier this month, Russia attacked the Danube port of Izmail.
Ukraine's First Deputy Farm Minister Taras Vysotskiy told the national television broadcaster that up to 5,000 tons of grain was destroyed in the attack on Reni.
The agriculture ministry said this week that Ukraine's grain exports had totalled 3.3 million metric tons in the 2023/24 July-June season as of Aug. 16.

Picture of the Day

A long exposure shows star trails behind the Lopez Mountain during the annual Perseid meteor shower period near the town of Bariloche, at the Patagonia Region, Argentina, August 11, 2023. REUTERS/Carlos Barria

(Inside Commodities is compiled by Dhanya Hegade in Bengaluru)

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