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Top News - Oil

India's July Russian oil imports dip; Saudi import down to 2-1/2-yr low -trade

India's July crude oil imports from Russia dipped for the first time in nine months, while inbound shipments from Saudi Arabia tumbled to their lowest in 2-1/2 years following OPEC+ cuts, tanker data from trade and industry sources showed.

Both China and India, the world's biggest and third-biggest oil importers, cut imports from Russia and Saudi Arabia in July after prices rose and as the two oil producers reduced output and crude oil shipments.

Saudi Arabia volunteered to cut output by another 1 million barrels per day (bpd) from July through September, and Russia will reduce exports in August by 500,000 bpd, part of a deal among members of the Organization of the Petroleum Exporting Countries and its allies, a grouping know as OPEC+, to curb supplies and support prices.

India's overall imports also declined 5.2% from June to 4.4 million bpd oil in July, the data showed, as several refining plants are shut for maintenance during monsoon season.

Russian oil imports declined 5.7% to 1.85 million bpd and Saudi shipments fell by 26% to 470,000 bpd, the data showed.

India imports more than 80% of its overall oil needs.

Indian refiners that have been diversifying their oil import sources to cut costs began snapping up Russian oil at a discount as some Western companies stopped purchasing from Moscow following its invasion of Ukraine in February 2022.

India's import of Russian oil may now decline further in August and September, however, as refiners plan maintenance at their plants and as Russian crude prices are above the $60-a-barrel ceiling imposed by the European Union and G7 economies after spot discounts shrank, sources said.

Russia was still the top oil supplier to India in July, though, followed by Iraq and Saudi Arabia.

Despite a cut in imports from Saudi Arabia, the share of OPEC oil in India's July crude diet rose to its highest since March on higher intake of oil from Iraq, the United Arab Emirates and Nigeria, the data showed.

In April-July, the first four months of this fiscal year, OPEC's percentage share of India's imports held at its lowest for at least the last 22 years.

US energy firm payouts to oil investors top exploration spending for first time

Top U.S. energy companies last year paid out more of their earnings to shareholders than they invested in new oil and gas fields for the first time, according to a report released on Tuesday.

The outlook for stronger energy prices has not changed the focus on investor returns from the U.S. industry, according to the report's authors, Ernst & Young LLP.

U.S. energy companies have been focused on regaining favor with investors after years of overspending on production growth hurt returns and put them in the doghouse.

The returns focus has lifted the energy sector to about 4.5% of the S&P 500's market valuation, a doubling of its weighting since 2020, but well below its 8% average.

Spending on dividends and share buybacks by the top 50 U.S. independent oil and gas producers hit $58.8 billion last year, topping the $55.1 billion allocated to exploration and development, according to the EY research.

Combined profits of the group, which includes shale stars such as DiamondBack Energy, Pioneer Natural Resources, and ConocoPhillips, topped $333 billion last year, a third more than the $217 billion in 2014, when U.S. spot oil prices averaged $93 per barrel.

Last year's investor payouts were up substantially - 214% over 2021 and more than sevenfold over 2020 levels, the report said. Money spent on finding and tapping oil and gas also rose, but as a much slower pace.

"We expect this will continue even in a high interest rate environment or a high oil price environment," said Bruce On, a principal in EY's strategy and transactions group.

One new outlet for the cash is acquisitions, which have risen this year and could continue next, he said.

Returns benefited from strong oil and gas pricing and a cost-consciousness that emerged after energy prices collapsed three years ago. Profit per barrel last year hit $32 compared to about $10 in 2014, when energy prices were about the same level as today, EY said.

Energy's market weight as a percentage of the S&P 500 remains below its historical average of about 8% even after doubling from three years ago.

Top News - Agriculture

Chinese soy buyers see imports peaking at 100 mln tns for coming years

Chinese soybean buyers attending a large U.S. soy export conference believe imports for 2023 will be a bit larger than some projections, but they don't see import volumes growing much more in the coming years.
Sun Lige, vice-president of China's Wellhope Foods Company Ltd, said on the sidelines of Soy Connext conference that the Asian country will probably import 100 million metric tons of soybeans in 2023, more than the 98 million tons projected by the United States Department of Agriculture (USDA).
He said, however, that imports for the next five years will hover around that 100-million-ton level, as demand for the ingredient that is mostly used to make animal feed is set to stabilize.
Lige said through a translator that the main factors for China's demand for soy to peak soon are an ageing population and the fact that young Chinese prefer chicken meat more than pork.
"I'm not very positive about soy demand going forward," he said, explaining that price is also a consideration for young people that are opting for poultry and not pork, as well as health concerns.
The protein conversion ratio, or the amount of grain an animal needs to eat to gain weight, is higher in poultry, so there wont be the need to import the same amount of soybeans if pork consumption falls.
Li Ying, procurement manager for Sichuan Tequ Investment Group Co., Ltd, said that China will buy the soy it needs either from the U.S. or South America, looking mostly at price, regardless of quality.
"This is a price sensitive market," he said.
China usually alternates its buying between Brazil and the U.S., depending on the period of the year, as the two largest producers have their harvests in opposite windows.
Ying said Brazilian soybeans have more moisture and are not as good to be stored, while U.S. soy can be stored for longer and has higher protein content.

New technology to boost US crops in coming seasons; labor shortage a challenge, farmers say

U.S. farmers see the flow of new technologies coming to farms boosting production in coming years, but worry about labor availability, according to comments by participants at a soybean conference on Tuesday.
Farmers said technological developments, including new soy and corn seeds and equipment to sample soil, will drive higher agricultural yields in coming seasons as they allow for a better understanding of what is needed to boost output.
"We have the coolest toys these days," said Lance Rezac, a Kansas farmer, during a panel at the Soy Connext conference organized by the United States Soybean Export Council (USSEC).
Rezac said extensive sampling of the fields provides farmers with a lot of data to be analyzed, giving more precise indications of how much fertilizer and other inputs each plot needs.
Improvements to the machines are also increasing efficiency, the farmers said.
Rezac said he avoided seed losses by as much as 10% with new precision planting equipment.
"With some of the improvements in the genetics side that we've seen, there is no doubt yields are going up," said Jeff Jorgenson, a farmer from Iowa.
Seed producers have been developing new hybrids in an effort to address a changing climate, generally warmer and dryer.
Farmers were mostly upbeat on market prospects despite difficulties with the weather this year.
A growing global demand for protein and increasing use of biofuels will keep prices at good levels, they said.
"It is a fun time to be involved with soybeans," said farmer Janna Fritz from Michigan.
She cautioned that more people will be needed as farmers retire and the transition among generations has not been enough to fill the labor void.
Reggie Strickland, who in addition to corn and soy also cultivates vegetables in North Carolina, said the labor shortage for that kind of production, which requires hand harvesting, is even worse.

Top News - Metals

ANALYSIS-Lithium buyers eye cheaper early-stage deals in Australia

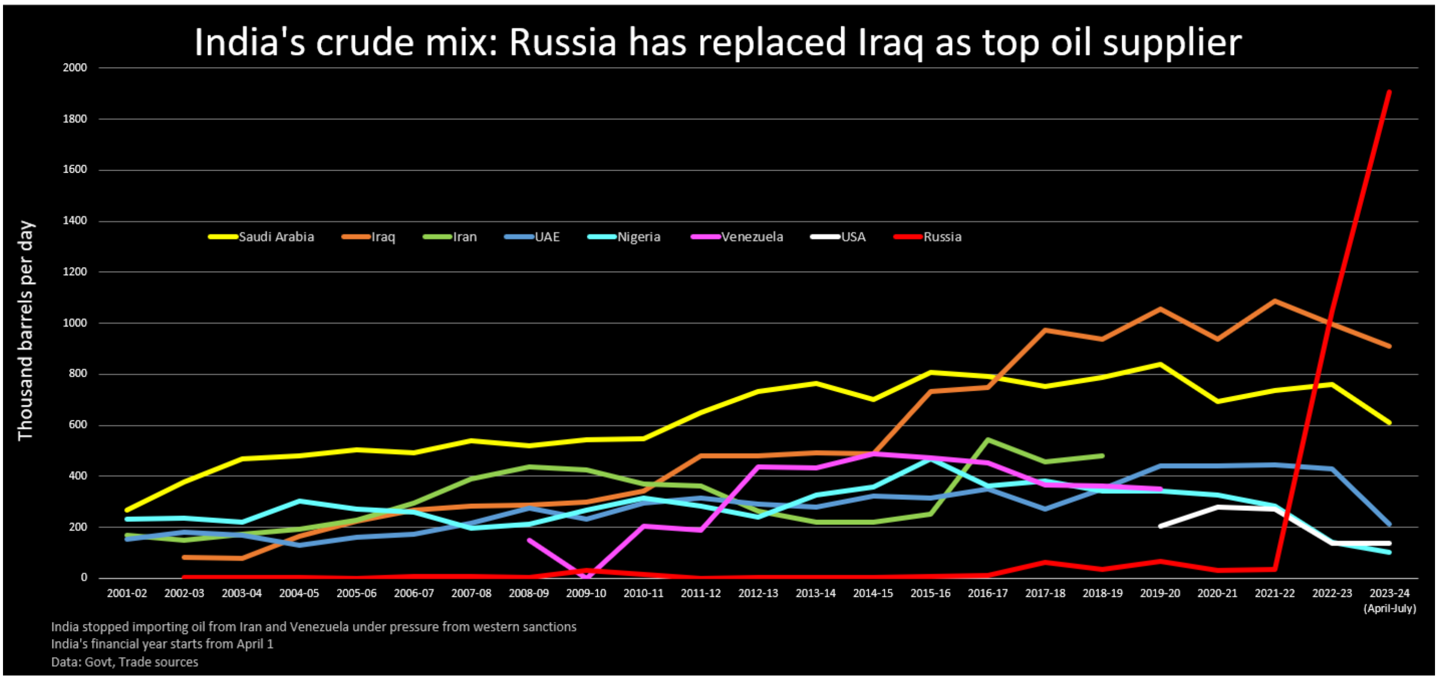
Emerging Australian lithium companies are witnessing a surge in buyouts as their lower valuations and cash needs attract some of the world's top producers of the battery material and other suitors who are racing to secure supplies.
Driven by receding prices of lithium and by major producer Chile nationalising the industry earlier this year, companies such as Albemarle Corp, the world's biggest lithium producer, have been sniffing around for buys in Australia, which makes the most lithium in the world and has more than 80 lithium-related companies listed on its main stock exchange.

However, they are reluctant to pay up for listed producers whose market valuations have sky-rocketed on the back of booming prices, while offers have been rebuffed on the promise of soaring demand to come from sales of electric vehicles and the lithium-loaded batteries that power them.
That is forcing acquirers to shift their hunt to earlier stage lithium developers, including some who are drilling to quantify reserves, according to bankers, lawyers and mining analysts. Many of these firms are less pricey and are hungry for funds as they ramp up their activities.
"It seems like the cheapest way to get lithium units is via the drill bit," said analyst Kaan Peker of RBC in Sydney. "We'll see a lot of the exploration companies looking to increase their resources and reserves, so that usually puts them front of mind with the producers which are cashed up. So I think there's going to be some opportunistic acquisitions."
There is already evidence of frenzied deal activity involving pre-producing companies. Develop Global, a base metals explorer backed by diversified miner Mineral Resources, last month proposed to acquire lithium developer Essential Metals for A$152.6 million ($97.98 million). Essential Metals aims to ship ore by 2025.
And Chile's SQM, the world's second-biggest lithium producer, made an offer last month for Azure Minerals after buying a 19.95% stake in it for A$20 million in March.
Azure, which is developing the Andover lithium project and has ambitions to be in production by 2030, said last week it had rebuffed the offer.
Albemarle's $3.7 billion bid earlier in 2023 for Liontown Resources before it starts producing the material next year was also rejected.
The deals mania comes as Australia is implementing a critical minerals strategy that envisages significant collaborations with investors and international partners in order to become a renewables superpower.
The country, which supplies around half of the world's lithium, needs A$100 billion of strategic national interest capital to attract A$200 billion-A$300 billion of private investment to turn the country into a clean energy powerhouse, according to Australian think-tank Climate Capital Forum.
Consultancy WoodMackenzie expects global demand for EV battery materials to grow five-fold by 2030.
"Even though battery chemistry is evolving and impacting certain metals, lithium is a mainstay and the demand story remains robust. The battery metals landscape, and lithium in particular, looks poised for further M&A activity," said Gavi Friedland, head of metals and mining at Goldman Sachs in Australia & New Zealand.

TACTICAL BUYERS

Consolidation of the industry is also being driven by companies expanding activities across the value chain.
Mineral Resources is deciding whether to build an Australian lithium battery chemical plant, while Albemarle is expanding production at its Kemerton hydroxide plant and SQM is also building a lithium hydroxide plant.
"Downstream facilities need product, so that continues to drive M&A," said Guy Alexander, head of M&A at law firm Allens.

Chart of the Day



Buyers want to put their foot on supply early ahead of a supply gap that will widen from around 2030, he said.
"I think there's still going to be more in this for the next couple of years."
Tactical buyers from major automobile producing nations could also step up their M&A deals.
Japan's Idemitsu raised its stake in developer Delta Lithium to 15% in June. Delta plans to start mining at its Mt Ida lithium project later this year.
“The inbound investment trend will continue,” said Tony Chong, a partner at law firm Squire Patton Boggs in Perth, adding that he expected to see more Japanese interest in Australian projects.
China's critical minerals interest, however, could be limited by national security concerns as Australia has been vocal in prioritising investment from its allies and blocked the acquisition of the Bald Hill lithium mine last month by a China-linked firm.
Australian projects also face increasing competition for suitors from Canadian ones, partly because of Canada's proximity to the U.S., the world's second-largest auto market.
Rio Tinto is looking at "a number of possible lithium opportunities" in a "pretty hot market" but any purchases require discipline, CEO Jakob Stausholm said earlier this month.
The world's second-biggest miner would not mind a lithium asset in Canada, Stausholm said.
And, Albemarle this month took a 5% stake in Patriot Metals, whose Corvette project in Quebec is not expected to be in production until the end of the decade.
But the Australians are not too worried.
"I guess Canada as a region,...is probably not as quick as Australia in terms of approvals and development timelines," Dale Henderson, CEO of independent lithium miner Pilbara Minerals whose market capitalisation has zoomed to A$14.5 billion now from around A$40 million in early 2020, told Reuters last month.
"I also see moves afoot to try to accelerate that. It will be interesting to see how that (industry) develops."

COLUMN- Copper trapped between old and new super-cycles: Andy Home
Copper may be poised to embark on a new energy transition super-cycle but it is currently struggling to escape the gravitational pull of the old Chinese super-cycle.
China has been the core driver of copper pricing over the last two decades as the country built new cities and rolled out the infrastructure needed to power them.
Booming domestic demand for industrial metals was coupled with rising exports of manufactured products as China became the world's workshop.
The twin engines of China's previous spectacular growth are now stuttering as a property bubble deflates at home and high inflation weakens demand for its products abroad.
The London Metal Exchange (LME) three-month copper price has been oscillating in a $7,800-8,870 per metric ton range since May as old and new price drivers compete.
Fund positioning on both the LME and the CME is equally caught between a waning China-centric super-cycle and the nascent green super-cycle.

CHOP AND CHURN
Money managers flipped back to net short of the CME copper contract at the start of this month in a continuation of the positioning chop that has characterised the market since March.
The gyration in net positioning is partly a reflection of copper's own choppy range-trading with many black box funds configured to react to changes in directional momentum.
It is also down to the ebb and flow of the Chinese recovery narrative.
Early-year optimism that the country would rebound strongly from last year's zero-COVID restrictions was dispelled by the end of the first quarter.
Since when copper and the rest of the industrial metals pack have been trading the prospect of renewed stimulus by Beijing policy-makers.
Support measures have so far failed to match bullish expectations even as the rumblings from a distressed property sector grow ever louder.
Money managers have lifted outright short positions on CME copper to 69,707 contracts, the largest collective bear bet on lower prices since early 2020.
Long positions slipped to 51,580 contracts over the week to Aug. 15 but only after hitting a six-month peak of 63,957 the previous week.
The net short position of 18,127 contracts is a sign the bears are in the ascendancy.

BULLISH AND BEARISH
In London it's the bulls who have the upper hand, investment funds net long of the London copper market to the tune of 14,143 contracts as of the close of Aug. 11.
However, there is equal confusion as to copper's next major directional move with money managers ramping up both bullish and bearish bets.
Outright short positions held by investment funds reached 47,541 contracts on Aug. 11, the heaviest bear commitment since the LME first started publishing its Commitments of Trading Report in 2018.
However, bullish bets also hit a fresh high of 67,583 contracts the week earlier before easing back to 61,724 in the last reported week.

Fund managers of different complexions have been simultaneously peak bullish and peak bearish over the first part of the month.
"Other financial" players, which includes index operators and insurance companies, are caught somewhere in the middle, holding a marginal net long position of 3,911 contracts.

WAITING FOR LIFT-OFF OR BREAK-DOWN?
The key takeaway from speculative positioning on both U.S. and London markets is that fund players are betting bigger on copper.
The recent accumulation of both short and long positions suggests funds are positioning themselves ahead of some sort of break-out from the recent trading range.
It's just that there is no consensus as to whether the copper price will break upwards or downwards.
Which is more important? Old cycle or new cycle?
China's property woes are piling up with developer Country Garden in financial difficulty and missed payments on investment products by Zhongrong International Trust Co highlighting the risk of contagion to China's $3 trillion shadow banking sector.
The bullish counterpoint comes in the form of rising copper usage in energy transition applications as both the United States and Europe turbo-charge electric vehicle sales and the renewable energy network needed to support the pivot away from fossil fuels.
Doctor Copper appears undecided as to which super-cycle is currently strongest.
Fund managers are too.
The opinions expressed here are those of the author, a columnist for Reuters

Top News - Carbon & Power

Asian buyers may seek U.S. LNG if Australia worker disputes worsen, analysts say
Major Asian buyers of liquefied natural gas (LNG) could seek U.S. cargoes in the coming weeks if worker-related disputes at key LNG facilities in Australia escalate, analysts said, as electricity demand continues surge due to warm weather.
Uncertainty over labour disputes at western Australian facilities run by Woodside Energy Group and U.S. major Chevron have spurred Asian LNG prices to their highest in five months, and analysts say they could rise further.
As many as 700 workers at the Australian facilities could potentially down tools over pay and job security, the first of them as early as Sept. 2, and stall output at four facilities that produce more than a tenth of the world's LNG.
Prolonged strikes at all three plants could push Asian buyers, Chevron and Woodside to look for alternatives to meet their commitments, resulting in more competition for spot LNG cargoes, said Massimo Di Odoardo, vice president, gas and LNG research at consultancy Wood Mackenzie.
"Some LNG scheduled to go to Europe could likely be diverted to Asia, mainly from the U.S. and Qatar," he said.
U.S. LNG exports to Asia snapped an eight-year growth streak and plunged 44% in 2022, data from analytics firm Kpler showed, as European buyers paid a premium for Atlantic LNG to make up for lost imports from Russia, its main gas supplier.
"If the Australian industrial actions materialise in the next few weeks, we think the major Asian markets may increase exports from other places, and eventually increase calls on U.S. cargoes," said Min Na, head of Asia LNG at Energy Aspects.
While a simultaneous, prolonged strike seems unlikely for now, a recent surge in Japanese electricity demand has added to concerns over inventories, analysts at Rystad and ANZ said.
"With Japan's summer cooling demand expected to continue into September, LNG consumption is likely to remain strong," ANZ said in a note last week, adding that postponement of a restart of two nuclear reactors and maintenance work at another was also adding to supply pressure.

TIGHT MARKETS
Top importer Japan is most vulnerable to any near-term strike-related disruptions, analysts say, with ANZ estimating supplies from the strife-hit facilities to account for more than a quarter of its annual LNG imports.
Unions at Woodside's North West Shelf offshore platform on Sunday announced plans to strike as soon as Sept. 2, while workers at Chevron last week began voting on whether to grant unions permission to call for strike action.
Another potential disruption is scheduled maintenance of one of five trains in the North West Shelf from Aug. 25 until Sept. 23, said Laura Page, Kpler's principal LNG analyst.
"Should this go ahead as planned, we expect exports to dip from the plant later this week," she said.
"We see the potential for 1 million tonnes of lost Australian LNG production versus capacity in week commencing Sept. 2, on the back of planned maintenances, and if all affected plants go offline due to strike action," Page said.

Woodside Energy Chief Executive Meg O'Neill said on Tuesday that the market is going to be "pretty tightly balanced for the next few years," as Europe works through the impact of reduced Russian supply.
"Markets are still quite fragile and we saw that a few weeks ago when just the rumour of industrial action in Australia cause gas prices in Europe to spike by 40%," she said on a call with investors.

Woodside, unions to meet for key talks as strike threats loom over Australia LNG facilities
Woodside Energy and unions will meet for a key round of talks on Wednesday in a bid to avoid strikes at Australia's largest liquefied natural gas (LNG) facility as disputes over wages and conditions remained unresolved.
Any disruption to work could slow the exports of the super -chilled fuel from Australia, the world's biggest LNG exporter, which would force Asian buyers to outbid European buyers to attract cargoes.
Unions representing the offshore platform workers at Woodside's North West Shelf operations have threatened to strike as early as Sept. 2 if their terms are not met.
About 99% workers there have already backed industrial action, but the unions have not yet called for a strike.
Unions in Australia are required by law to give companies seven working days' notice before any industrial action, which could range from short work stoppages and bans on certain tasks to an all-out strike. But the union can also elect to call off any action before then.
Woodside on Tuesday said it had "constructively addressed" several concerns of workers but said it also had a duty to shareholders to be able to run the business.
Analysts see global prices remaining stable at least for a month if any strikes happen as risks of production stoppages have been mostly priced in and also as LNG storage levels are high in Asia and Europe.
The talks with Woodside come a day before the close of ballot at U.S. major Chevron's LNG plant at Gorgon and at its Wheatstone operations where workers will be voting to decide whether to allow their unions to call strikes at the two facilities.
North West Shelf, along with the Gorgon and Wheatstone facilities, supply about one-tenth of the global LNG market.

Top News - Dry Freight

Kyiv says EU transport subsidies to help Ukrainian grain export
The European Commission's decision to compensate for the costs of delivering Ukrainian grain to European seaports will improve the ability to export Ukrainian food without interruption, a senior Ukrainian official said on Tuesday.
Ukraine is a major grain grower and exporter and normally ships millions of metric tons of food from its deep-water Black Sea ports of Odesa and Mykolaiv. However, it has had to rely on river ports and railways after Russia pulled out last month of an U.N.-brokered deal to secure global grain supplies while top exporters Ukraine and Russia remain at war.
Ukraine has said it can supply grain to seaports of Germany, Italy, Latvia, Lithuania, Croatia, Slovenia and the Netherlands for further export to final destinations across the world.
"It is impossible to guarantee global food security without Ukrainian grain," Taras Vysotskiy, the first deputy Ukrainian agriculture minister said in a statement.
He said that due to the blocked Black Sea ports, transporting Ukrainian grain to distant European ports had become very expensive for farmers.
"The Ministry of Agrarian Policy and the Government have appealed to the European Commission to compensate Ukrainian farmers for the cost of logistics in the amount of 30 euro ($32.55)per tonne," he said.
Such subsidies will be paid only for deliveries to distant European ports, he noted.
Sources told Reuters that the European Commission had no immediate funds in the budget and no clear way to help finance the extra transport costs Ukrainian grain exports will face with the end of the Black Sea deal.
Ukraine's grain exports have totalled 3.6 million metric tons so far in the 2023/24 July-June season as of Aug. 21.
Exports have been affected since Russia quit the grain deal but the ministry's data did not give a breakdown on exports since the deal collapsed.

Egypt's GASC buys 60,000 tons of wheat in tender
Egypt's state grains buyer, the General Authority for Supply Commodities (GASC), has bought 60,000 metric tons of Romanian wheat in an international tender, it said on Tuesday.
The cargo will be shipped between Oct. 5-20.
GASC was seeking wheat in an international purchasing tender for shipment Oct. 5-20 and/or Oct. 25 to Nov. 10 and/or Nov. 15-30.
It asked suppliers to submit offers on a free-on-board basis, with payment to be made at sight using funding

from the International Islamic Trade Finance Corporation (ITFC).

Romanian wheat was offered lowest at the tender, with traders saying the unofficial price floor set by Russia was making Russian wheat less competitive.

"The Russian unofficial minimum export price looks to be holding back Russian offers to GASC today, with $270 FOB offered by different companies for Russian wheat, enabling Romanian and Bulgarian origin to be offered more cheaply," one German trader said.

MARKET MONITOR as of 06:33 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$79.68 / bbl	-0.83%	-0.72%
NYMEX RBOB Gasoline	$2.56 / gallon	-0.60%	3.18%
ICE Gas Oil	$911.25 / tonne	-0.33%	-1.06%
NYMEX Natural Gas	$2.57 / mmBtu	0.20%	-42.68%
Spot Gold	$1,903.10 / ounce	0.30%	4.31%
TRPC coal API 2 / Dec, 23	$134 / tonne	3.08%	-27.47%
Carbon ECX EUA / Dec, 23	€89.75 / tonne	-0.13%	6.88%
Dutch gas day-ahead (Pre. close)	€43.20 / Mwh	9.51%	-42.83%
CBOT Corn	$4.82 / bushel	0.52%	-28.91%
CBOT Wheat	$6.31 / bushel	0.56%	-21.44%
Malaysia Palm Oil (3M)	RM3,846 / tonne	-0.52%	-7.86%
Index (Total Return)	**Close 22 Aug**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	307.09	-0.26%	1.91%
Rogers International	27.56	-0.36%	-3.87%
U.S. Stocks - Dow	34,288.83	-0.51%	3.44%
U.S. Dollar Index	103.56	0.25%	0.04%
U.S. Bond Index (DJ)	397.82	0.34%	1.02%

Picture of the Day

Workers install lanterns under awnings that cover the pedestrians from the sun on a shopping street, in preparation for the Ronda fair, amid the fourth heatwave of the summer, in Ronda, Spain, August 22, 2023. REUTERS/Jon Nazca

The Financial and Risk business of Thomson Reuters is now Refinitiv.

(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

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