

[Oil](#) | [Agriculture](#) | [Metals](#) | [Carbon & Power](#) | [Dry Freight](#)*Click on headers to go to that section***Top News - Oil****Energy bonanza drives shareholder payouts to new record**

Energy companies reaping record profits from soaring oil and gas prices have helped global dividend payments to shareholders soar above pre-pandemic levels and to a record quarterly high, data showed on Wednesday.

Oil and gas firms, including state-controlled giants in Latin America, accounted for more than two-fifths of the growth in dividend payments in the three months to end-June, according to fund manager Janus Henderson's latest global dividend report.

Banks freed from pandemic-era restrictions on dividends were behind a similar share of the growth in payouts, while consumer firms such as automotive manufacturers also shelled out more.

In total, global dividend payments reached \$544.8 billion in the second quarter, Janus Henderson calculated, up 11.3% on a headline basis year-on-year after companies slashed dividends during the COVID-19 pandemic.

The payouts highlight how stellar a year companies enjoyed in 2021 as economies recovered, and how well corporate profitability has held up this year even as households are plunged into a cost-of-living crisis as inflation soars and fears of a global recession mount.

For the year, Janus Henderson forecasts global dividend payments will reach a record \$1.56 trillion, a 5.8% increase year-on-year.

"What we've seen is companies have generally come back to paying dividends much more quickly perhaps than some commentators thought they would, because earnings have been better," said Ben Lofthouse, Janus Henderson's head of global equity income.

The jump in dividends is good news for shareholders such as pension funds, he added, especially in light of the plunge in markets this year.

While the post-pandemic rebound in dividends has been faster than expected, the outlook is not as rosy as economies slow and corporate margins are slashed.

EMERGING MARKET BOOM

Cash-rich oil producers, notably Brazil's Petrobras and Colombia's Ecopetrol, fuelled the jump in shareholder payouts.

State-controlled Petrobras topped the list of the world's biggest dividend payers in the quarter.

UK dividends leapt 29.3% year-on-year in the second quarter as payouts from commodity producers and banks surged, while high commodity prices drove emerging markets dividends 22.5% higher to a new record.

Emerging markets beat all other regions for the first time since 2015.

Despite energy companies reporting soaring profits, their dividend payouts have been higher in previous commodity booms, and the Janus Henderson data does not capture money handed to shareholders through stock buybacks.

With major economies now heading for significant slowdowns, there are concerns about investors' reliance on energy industries for dividend growth.

Dan Kemp, global chief investment officer at Morningstar's Investment Management group, said dividend funds could become "more and more dependent on what is essentially a very cyclical industry."

The scale of recent dividend payouts could also trigger more calls for windfall taxes on oil and gas profits, although analysts say that bigger dividend payments are a boost to the many pension funds that own energy shares.

"We would say that companies paying out dividends to shareholders is preferable from an environmental sustainability view than reinvesting into new oil and gas production that contributes to yet further global warming," said Mike Coffin at Carbon Tracker, a financial think-tank.

Peru's \$4.5 bln lawsuit against Repsol over oil spill to go to court

A Peruvian judge on Tuesday admitted a \$4.5 billion lawsuit against Spanish oil firm Repsol SA, eight months after an underwater oil pipeline owned by the company caused a spill of over 10,000 barrels into the Pacific Ocean.

The civil lawsuit seeking \$3 billion for environmental damage and \$1.5 billion for damages to locals and consumers was filed by Peru's consumer protection agency Indecopi.

Repsol has said the lawsuit is meritless, the sum demanded is arbitrary, and that the spill was not its fault. The proceedings, however, add to Repsol's legal troubles. The company is also facing a criminal investigation over the spill and prosecutors have barred four top executives from leaving the country for 18 months.

Peru has called the incident the country's worst environmental disaster in recent memory.

Repsol said in May that cleanup of the spill would cost it \$150 million.

Indecopi has alleged that environmental damage is continuing to affect beaches and fishermen.

"We are looking to get compensation for the affected population...that lives within 150 kilometers of contaminated coast," said Julian Palacin, the head of Indecopi, in a statement.

The spill took place in January at Repsol's La Pampilla refinery, located an hour north of capital Lima. Repsol initially blamed the incident on anomalous waves triggered by an underwater volcanic eruption near the

island of Tonga, but has since shifted blame to an oil tanker. Others named in the suit include insurer Mapfre Global Risks and Italian firm Fratelli D'Amico Armatori S.P.A, which owns the crude tanker from which the oil spilled.

Top News - Agriculture

Nebraska corn, soy prospects below 3-year averages - crop tour

Nebraska corn yield prospects and soybean pod counts are lower than last year and below their three-year averages, scouts on an annual tour of top U.S. production states found on Tuesday.

Nebraska's corn yield was projected at 158.53 bushels per acre (bpa), the Pro Farmer Midwest Crop Tour said on Tuesday evening, well below the 2021 crop tour average of 182.35 bpa and the tour's three-year average of 176.68 bpa.

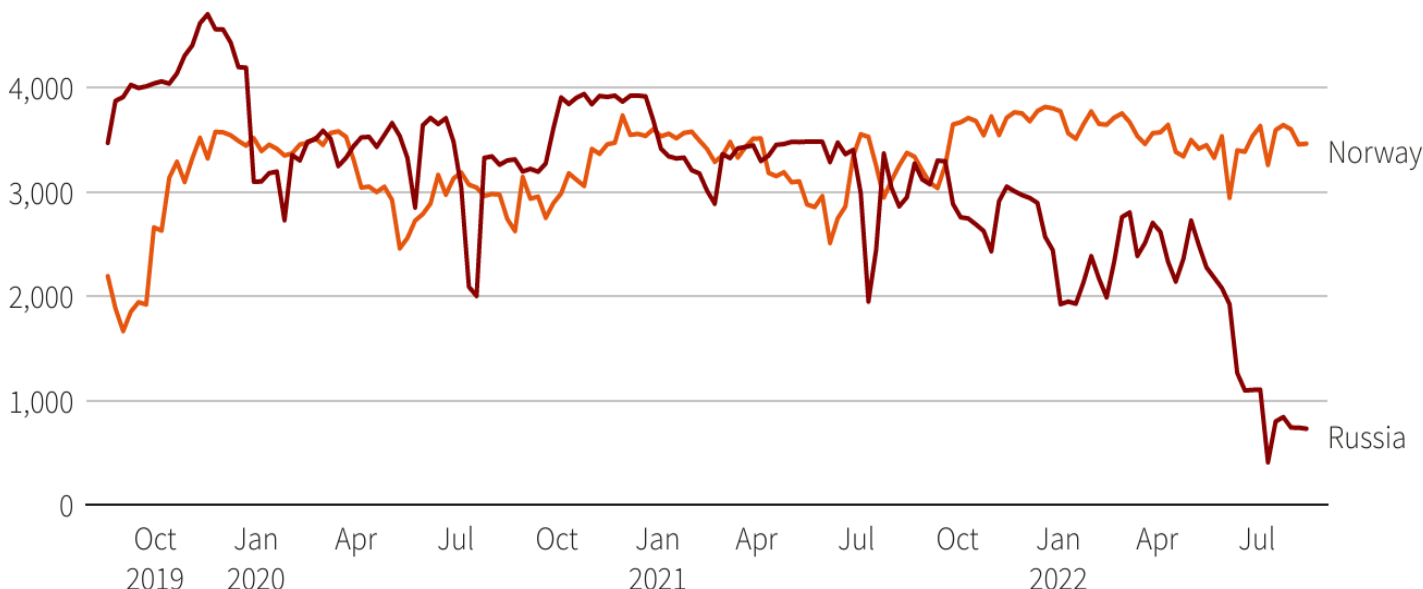
The tour is being closely watched by farmers and commodity traders, at a time when bumper U.S. crops are

needed to offset low global grain supplies - even as extreme heat and drought in the western Corn Belt has caused concern over weather impacts on crop yields. The four-day crop tour, which does not project soybean yields, estimated the amount of soybean pods in a 3-by-3-foot square in Nebraska at an average of 1,063.72 pods, down from last year's average of 1,226.43 pods and the three-year average of 1,245.06 pods. Crops in Nebraska, projected by the U.S. Department of Agriculture as the No. 3 U.S. corn producer and No. 5 soy state in 2022, struggled with dry conditions and frequent stretches of hot weather this summer. The tour's projected Nebraska corn yield was its lowest since 2013

Chart of the Day

Pipeline gas supplies to Europe

GWh/day



Note: Covers Russian flows via Poland and Ukraine, and Nord Stream 1 to Germany.

Source: Refinitiv

and this year's pod count was its lowest for the state since 2012.

About three-quarters of Nebraska was in a "moderate" drought as of Aug. 16 and 49% of the state was in "severe" drought, according to the latest weekly U.S. Drought Monitor report, conditions that continue to threaten crops.

"(Soybean) pod counts were there, but they're not gonna make it. I can't see the beans being very good. [The pods] are not filling," said Brent Judisch, a farmer from Cedar Falls, Iowa, who is on the tour.

The western leg of the tour will assess crops in western Iowa on Wednesday before wrapping up on Thursday in Rochester, Minnesota.

Brazil's next crop will not be hurt by fall in fertilizer deliveries -expert

Brazil is poised to produce more than 300 million tonnes of grains in 2022/2023 even as some farmers may cut fertilizer applications, Andre Pessoa, head of agribusiness consultancy Agroconsult, said on Tuesday. Brazil will start planting soybeans and summer corn next month in the center west, and crop conditions will likely be excellent barring unforeseen weather issues, he said. This season, Brazilian farmers will reap an estimated 271.4 million tonnes of grains overall, according to government data. That includes wheat which is being planted now in the country's south.

Speaking at a fertilizer industry event, Pessoa noted logistical bottlenecks may delay fertilizer deliveries to some farmers this year, as large volumes were imported in the first half of 2022 but storage and distribution capabilities have yet to be expanded.

Still, Pessoa said, crop yields will not suffer because there are nutrients still trapped in the soil after years of steady applications that will guarantee healthy plants, especially in soy and corn areas.

Brazil imports about 85% of the fertilizers it needs, according to fertilizer trade group Anda. Suppliers include Russia, Morocco, China and Canada, among others. Agroconsult forecasts Brazilian farmers will expand planted area by 2.5 million hectares (6.177 million acres) in the 2022/2023 cycle. Most of the area expansion will come from soy fields.

"Even in the face of an expected fall in fertilizer deliveries, farmers will have enough to produce a spectacular crop," Pessoa said.

Deliveries of crop nutrients to Brazilian farmers will be around 45 million tonnes this year, slightly below the 45.8 million tonnes for 2021, according to Agroconsult projections and Anda data.

Brazil will likely import less fertilizer overall this season, Pessoa said.

Agroconsult projects imports at 36.9 million tonnes in 2022, compared with 39.2 million tonnes in 2021.

Top News - Metals

Mexico creates state-run lithium company, to go live within 6 months

Mexico, which nationalized lithium resources in April, has created a state-run company to mine the metal, President Andres Manuel Lopez Obrador said in a decree issued in the national gazette Tuesday afternoon.

The company will be called Litio para Mexico, or Lithium for Mexico, the decree read, and will begin operations within the next six months.

Lopez Obrador vowed to keep lithium resources in the state's hands after suffering a blow earlier this year with the rejection of an electricity reform proposal, which would have given more preferences to Mexico's state-run energy company.

Lithium is a key component in electric vehicle batteries. Litio para Mexico's new head will be proposed by the energy minister and appointed by the president, according to the decree.

The country's energy minister, as well as the finance minister, economy minister, interior minister and environment minister will sit on the company's board. Mexico does not yet have commercial lithium production, though a handful of foreign companies hold contracts to explore potential lithium deposits. Lopez Obrador had said in April that all contracts would be reviewed.

The decree said that Litio para Mexico may work with either public or private institutions to mine for what has become known as "white gold."

Business groups blasted the nationalization of lithium after it was announced, while some have said it could trigger a constitutional dispute.

Boliden declares force majeure on zinc amid Norway strike

Swedish miner Boliden has declared force majeure on zinc deliveries to Europe due to a strike among Norwegian electrochemical industry workers, although some production is still running, a company spokesperson said on Tuesday.

The strike, which started on Monday, is targeting several electrochemical plants, including Boliden's zinc smelter in Odda and Glencore's nickel refinery in Kristiansand as well as aluminium output at Norsk Hydro and Alcoa. "Zinc production is still running to a certain extent but of course we wish for the situation to return to normal, not least to be able to meet demand from our customers," a Boliden spokesperson said in an emailed statement. "The situation is however out of Boliden's control and difficult to foresee the development of," he added.

Top News - Carbon & Power

EXCLUSIVE-Norway eyes high gas output until 2030, says energy minister

Norway plans to maintain its current high gas production level until the end of the decade as Europe plans to ditch Russian imports over Moscow's invasion of Ukraine, its energy minister said on Tuesday.

"I expect that we can maintain the production levels we are at now until 2030," Terje Aasland told Reuters in an interview.

"We see that there are projects and also plans for development and operation coming now that can help maintain the high gas volumes going forward," he said. The Nordic country is expected to produce some 122 billion cubic metres (bcm) of gas this year, according to official forecasts made in May, an increase of 8% from 2021, possibly beating a record set five years ago. The Norwegian Petroleum Directorate predicted in January that gas output would be at 118 bcm - lower than the current level - in 2026, the furthest year out forecast by the regulator.

Norway is now Europe's biggest supplier of gas, according to Refinitiv Eikon data, overtaking Russia, which has cut back on its gas deliveries.

The minister said he was also more confident about long-term demand for Norwegian gas in Europe after the non-EU member and the European Union signed an agreement in June to enhance gas imports from the Norwegian continental shelf.

"This is an important message to get from the EU," Aasland said.

Norway has already responded to higher demand from Europe by diverting more gas for exports instead of injecting it back into the ground to boost crude oil production.

The price of European gas has almost tripled this year, having repeatedly hit new records. Still, Norway does not plan to sell gas at below market price, as some analysts and media have proposed.

"In principle, the market is predictable. When there is scarcity, prices are high. That also contributes to increasing production and steers the gas to the markets that need it most," Aasland said.

"To disturb the market and make... rules that look good right now could contribute to ruining some of the ground for building stability and trust over time."

He added Norway did not plan to introduce a windfall tax

MARKET MONITOR as of 06:21 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$93.66 / bbl	-0.09%	24.53%
NYMEX RBOB Gasoline	\$2.92 / gallon	-0.54%	30.90%
ICE Gas Oil	\$1,133.50 / tonne	1.30%	69.94%
NYMEX Natural Gas	\$9.30 / mmBtu	1.12%	149.22%
Spot Gold	\$1,745.79 / ounce	-0.11%	-4.52%
TRPC coal API 2 / Dec, 22	\$305 / tonne	2.31%	147.97%
Carbon ECX EUA / Dec, 22	€90.01 / tonne	0.81%	11.61%
Dutch gas day-ahead (Pre. close)	€268.50 / Mwh	5.04%	303.76%
CBOT Corn	\$6.69 / bushel	1.29%	12.68%
CBOT Wheat	\$7.83 / bushel	-0.41%	1.56%
Malaysia Palm Oil (3M)	RM4,301 / tonne	1.58%	-8.43%
Index (Total Return)	Close 23 Aug	Change	YTD Change
Thomson Reuters/Jefferies CRB	317.19	1.20%	28.41%
Rogers International	32.55	2.01%	39.67%
U.S. Stocks - Dow	32,909.59	-0.47%	-9.44%
U.S. Dollar Index	108.78	0.14%	13.35%
U.S. Bond Index (DJ)	404.28	0.09%	-14.17%

on Norwegian oil companies, despite them reaping record-high cash flows.

"We are not having any discussions now about extra taxes. The additional revenue companies are potentially making now is forming the basis for future investments and the basis for the entire transformation of the energy sector," Aasland said.

Norway's largest oil and gas producer, majority state-owned Equinor, aims to boost investments in renewable energy and low-carbon technologies to become a 'broad energy' company.

The company however has said that it would step up exploration for new resources to meet demand in Europe for Norwegian hydrocarbons.

Poland prepares new support measures to tame soaring energy costs

The Polish cabinet on Tuesday approved a new package of financial support measures designed to shield consumers from soaring energy prices prompted by the war in neighbouring Ukraine.

The measures will compensate households and vulnerable public users including hospitals and schools that use pellets, heating oil, liquefied petroleum gas and wood for heating.

In addition, heating plants will receive compensation in exchange for hiking prices by no more than 40%, while

municipalities will get 13.7 billion zloty (\$2.86 billion) to help Poles cope with higher energy bills, Prime Minister Mateusz Morawiecki told reporters.

"Energy security remains the core of our thinking as energy and fuels have become weapons in the hands of (Russian President Vladimir) Putin, but given our good budget balance we're trying to support everyone," Morawiecki said.

Russia denies using its oil and gas reserves as a weapon against the West as it wages what it calls a "special military operation" in Ukraine.

Poland's proposed new measures, which require parliament's approval, follow one-off payments to households to cover the rising cost of coal. The cost of tax breaks, fuel subsidies for households, and other measures aimed at curbing energy prices will amount to 50 billion zlotys, the government said earlier this month. Poland, which relies on coal for some 80% of its electricity generation, in April banned imports of coal from Russia in response to Moscow's invasion of Ukraine.

Over the summer, soaring prices and shortages of coal have become a political issue in Poland, where more than 3 million households use the fuel for heating.

The government will also prepare measures to intervene in the fertiliser market affected by soaring natural gas prices, Morawiecki said, commenting on decisions by producers to cut production.

Top News - Dry Freight

Egypt directly buys 240,000 tonnes of Russian wheat

Egypt's state grains buyer directly purchased 240,000 tonnes of Russian wheat on Monday, the supply ministry said in a statement to Reuters, continuing its recent trend of buying without issuing international tenders.

The General Authority for Supply Commodities (GASC) bought six 40,000 tonne-cargoes on a cost and freight basis, with payment via 180-day letters of credit, two people with knowledge of the matter said.

The ministry did not disclose the price or the supplier but traders said they thought it was sold by trading company GTCS at a price of \$368 per tonne, around an 8% drop from its last purchase in July.

The state buyer has so far purchased around 1.8 million tonnes of imported wheat since the beginning of the new fiscal year via tenders and direct purchases, the supply minister told reporters on Monday.

Egypt's strategic reserves of wheat currently stand at seven months, one month longer than its usual target of six months.

Egypt, one of the world's top wheat importers, has become heavily reliant on Russian and Ukrainian grain in recent years.

The private sector and Egypt's state grains buyer have tried to diversify their wheat sources this year but

significant purchases of Russian wheat continued in the months following Russia's invasion of Ukraine. Russia calls its actions in Ukraine "a special military operation." The six cargoes will be shipped over the following periods: Sep. 20 to Oct. 10, Oct. 11 to Oct. 30 and Oct. 21 to Nov. 10, the ministry added.

Further direct purchases could still be made as talks were still ongoing, the people said.

Ukraine's key food exports have fallen by almost half since Russian war

Exports of key Ukrainian agricultural commodities have fallen by almost half since the start of the Russian invasion earlier this year compared to the same period in 2021, data from the agriculture ministry showed late on Monday.

Russia began its attack on Ukraine on Feb. 24, calling it a "special military operation", and as a result of the fighting, Ukrainian seaports were blocked, leaving a vast amount of crops either unharvested or destroyed.

Agricultural exports between Feb. 24 and Aug. 15 this year fell to 10 million tonnes from around 19.5 million in the same period last year, the ministry data showed.

The 2022 grain harvest in Ukraine is forecast to fall to around 50 million tonnes from a record 86 million tonnes in 2021.

From Feb. 24 to Aug. 15 this year, Ukraine has exported 3.8 million tonnes of corn, 1.4 million tonnes of sunflower seeds, almost 1 million tonnes of sunflower oil and around 640,000 tonnes of wheat, the ministry data showed.

The country, whose food production, according to the government, is capable of feeding up to 400 million people, also exported barley, soy beans and oil, sunflower and soybean meals.

At the end of July, three Ukrainian Black Sea ports were unblocked under a deal between Moscow and Kyiv, brokered by the United Nations and Turkey.

But even with the ports opened, Ukraine's agricultural exports are significantly lower than before the conflict, when Ukraine exported up to 6 million tonnes of grain a month.

Last week the agriculture ministry said Ukraine's grain exports in the 2022/23 season up to Aug. 19 are down 51.6% from a year earlier at 2.99 million tonnes.

Grain exports for the 2021/22 season, which ended on June 30, rose 8.5% to 48.5 million tonnes thanks to a large volume of shipments before Russia invaded.

Picture of the Day



People rest as others cross the water during floods in Al-Managil locality in Jazeera State, Sudan, August 23. REUTERS/Mohamed Nureldin Abdallah

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(Inside Commodities is compiled by Jesse Vinay in Bengaluru)

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

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