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## Top News - Oil

**Saudi Arabia will likely roll over 1 mln bpd cut into October, analysts say**

Saudi Arabia will likely roll over a voluntary oil cut of 1 million barrels per day for a third consecutive month into October, five analysts said, amid uncertainty about supplies and as the kingdom targets drawing down global inventories further.
OPEC+, which groups the Organization of the Petroleum Exporting Countries and allies led by Russia, agreed a broad deal in early June to curtail supplies until the end of 2024. Saudi Arabia at the time announced the additional voluntary cut which brought its oil production to a multi-year low of 9 million bpd.
Earlier this month, Riyadh extended the voluntary cut into September, with the energy ministry saying that it could be "extended, or extended and deepened".
"We think Saudi Arabia will extend the cut in full at least through October," Richard Bronze, analyst at consultancy Energy Aspects said.
"The kingdom is adopting a cautious approach after the weakness in oil markets over the first half of the year and will want to see global inventories significantly decline before starting to unwind the additional voluntary cuts," he added.
The Saudi energy ministry did not immediately respond to a request for comment.
Brent oil prices in July were up 14% on the previous month, the biggest monthly increase since January 2022. Prices in August are trending about 3% lower on the previous month as China demand worries weigh.
China has also been drawing on record inventories amassed earlier this year as higher oil prices drive refiners in the world's biggest oil importer to scale back purchases, traders and analysts said.
Two other analysts, brokerage PVM Oil's John Evans and Saxo Bank's Ole Hansen, said a possible resumption of oil production from Iraq's Kurdistan region may prompt Riyadh to withhold additional supplies to the market for now.
Iraq and Turkey held talks this week to resume about 450,000 bpd of exports from northern Iraq which Turkey had halted in late March, but an agreement is yet to be reached.
Baghdad has been able to partly compensate for the loss of exports from the north by increasing production elsewhere. In July, it produced 4.2 million bpd, according to OPEC secondary sources, just below its quota under the OPEC+ deal.
"The market remains on shaky ground, especially with a rather large October refinery maintenance," Gary Ross, of Black Gold Investors and a veteran OPEC watcher, said.
UBS analyst Giovanni Staunovo said Saudi will likely only reduce its voluntary cut when it sees global oil inventories fall further from their current levels.
"Cutting production is easy but adding them back in is a different story, especially if the fundamental outlook is not strong enough to support it," Hansen said.

**Washington drafts proposal for Venezuela's oil sanction easing**

U.S. officials are drafting a proposal that would ease sanctions on Venezuela's oil sector, allowing more companies and countries to import its crude oil, if the South American nation moves toward a free and fair presidential election, according to five people with knowledge of the plans.
Washington has been trying to encourage negotiations between President Nicolas Maduro and the political opposition over elections in Venezuela and other demands. Sanctions were imposed following Maduro's 2018 reelection, which many Western nations considered a sham.
Easing sanctions has been a carrot held out in the past by the U.S., but which so far has resulted in very few authorizations, including one to Chevron Corp that has allowed the firm to expand operations in Venezuela and export its oil to the United States since November.
Washington continues to insist that further easing will depend on progress toward elections. U.S. President Joe Biden's government is prepared to provide Venezuela sanctions relief if the country moves to restore democracy, the White House said on Wednesday.
"Should Venezuela take concrete actions toward restoring democracy, leading to free and fair elections, we are prepared to provide corresponding sanctions relief," a spokesperson for the White House's National Security Council said.
A new round of talks began last November in Mexico including Maduro's representatives, the opposition and U.S. officials, but have shown little progress. A White House spokesperson said Venezuela has not yet taken the necessary steps to restore democracy.
The White House declined to comment on the oil sanctions reframing proposal. Venezuela's negotiation leader, Jorge Rodriguez, and the U.S. State Department did not immediately reply to requests for comment.

MORE OIL FOR MORE PEOPLE
The U.S. is this time considering a specific offer to reframe oil sanctions on the country so crude buyers in Europe and other regions also can resume imports of Venezuelan oil in a structured, organized way, the people said.
The proposal could require Biden to amend U.S. executive orders on Venezuela issued by his predecessor Donald Trump in 2019, or issue new ones.
If parties agree to it and to a series of political demands including the presidential election, the new sanction framework would only maintain restrictions to trade Venezuelan oil with countries including China, Iran and Russia, which are under separate U.S. sanctions, they added.
An early version of the proposal was rejected in July by Dinorah Figuera, head of Venezuela's opposition-led National Assembly which controls the country's foreign assets, after discussions with Venezuela's main opposition parties, two of the people said.
The reason for rejecting the draft proposal, which could become one of the powerful U.S. negotiation tools in future meetings with Maduro's envoys, was the lack of concrete steps by Maduro so far toward fair elections in the country, two of the people said.
Figuera's office did not reply to a request for comment.
Rodriguez said in July that Venezuela would not accept international observation for any elections. The government has also banned prominent politicians from participating in an eventual election as opposition candidates.

## Top News - Agriculture

**EXCLUSIVE-India set to ban sugar exports for first time in 7 years**
India is expected to ban mills from exporting sugar in the next season beginning October, halting shipments for the first time in seven years, as a lack of rain has cut cane yields, three government sources said.
India's absence from the world market would be likely to increase benchmark prices in New York and London that are already trading around multi-year highs, triggering fears of further inflation on global food markets.
"Our primary focus is to fulfil local sugar requirements and produce ethanol from surplus sugarcane," said a government source who asked not to be named in line with official rules. "For the upcoming season, we will not have enough sugar to allocate for export quotas."
India allowed mills to export only 6.1 million tonnes of sugar during the current season to Sept. 30, after letting them sell a record 11.1 million tonnes last season.
In 2016, India imposed a 20% tax on sugar exports to curb overseas sales.
Monsoon rains in the top cane growing districts of the western state of Maharashtra and the southern state of Karnataka - which together account for more than half of India's total sugar output - have been as much as 50% below average so far this year, weather department data showed.
Patchy rains would cut sugar output in the 2023/24 season and even reduce planting for the 2024/25 season, an industry official, who declined to be named, said.
Local sugar prices jumped this week to their highest level in nearly two years, prompting the government to allow mills to sell an extra 200,000 tonnes in August.
"Food inflation is a concern. The recent increase in sugar prices eliminates any possibility of exports," said another government source.
Retail inflation in India jumped to a 15-month high of 7.44% in July and food inflation to 11.5% - its highest in over three years.
India's sugar production could fall 3.3% to 31.7 million tonnes in the 2023/24 season.
"We've allowed mills to export large volumes of sugar during the past two years," said the third government source. "But we also have to ensure sufficient supplies and stable prices."
India surprised buyers last month by imposing a ban on non-basmati white rice exports. New Delhi also imposed a 40% duty last week on exports of onions as it tries to calm food prices ahead of state elections later this year.
A Mumbai-based dealer with a global trade house said lower output in Thailand was also expected to reduce shipments and major producer Brazil would alone not be able to fill the gap.

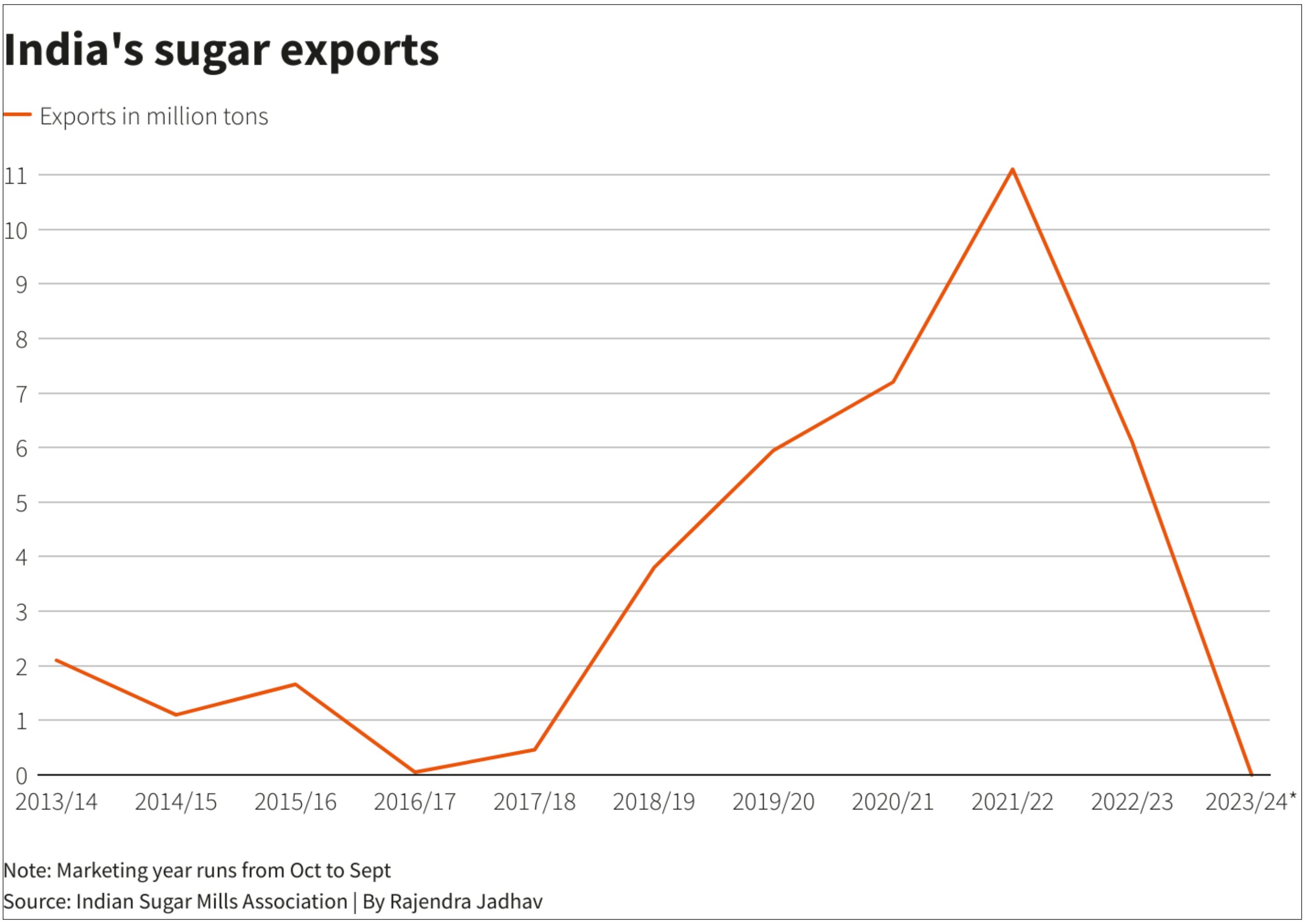
**Argentina grains exchange sees dry start to 2023/24 corn season**
Argentina's farmlands planted with corn should reach an estimated 7.3 million hectares for the 2023/24 cycle, the Buenos Aires grains exchange said in a pre-season report on Wednesday, though dry conditions could delay the crop's sowing.
Farmers are expected to start planting corn in September. The projected planting area would be 2.8% times larger than the area planted in the previous campaign, which was hit hard by a historic drought across Argentina's agricultural heartlands.
"Across most of the agricultural area, profiles show scarce water reserves, leaving doubts around the sowing of early corn," the exchange said, estimated 7.3 million hectares

In the south of the agricultural area, it added, farmlands currently see adequate to optimal conditions.
The El Nino weather pattern should improve conditions by the southern hemisphere summer, it added, bringing rainfall that should "significantly reduce the area with water deficit."
"Although the season will begin with low reserves and a lack of rain, which will challenge early planting, as spring progresses El Nino will bring the necessary moisture for the late planting," the exchange concluded.
Earlier this month, the Rosario Stock Exchange (BCR) said current weather forecasts call for a more moderate El Nino and that rains will most likely pick up from October.
The BCR's pre-season estimate pegged the corn planting area at 8.5 million hectares, yielding approximately 56 million metric tons - though it warned many farmers will likely delay or abandon their corn sowing plans if there is not enough rain.

## Top News - Metals

**Australia sees strong demand for critical minerals over next 40 years**
Australia's economy is well-placed to benefit from strong demand for critical minerals with the global appetite expected to rise by 350% by 2040, official forecasts showed on Wednesday, as many big economies rush to hit net zero emission targets by 2050.
Australia supplies around half of the world's lithium and has vast reserves of the nickel, zinc and bauxite required for the production of clean energy technology in electric vehicles and batteries. It has the potential for more undiscovered minerals, with around 80% of the land mass largely under-explored.
The government's "Intergenerational Report 2023" will forecast the global demand for lithium is projected to

## Chart of the Day



increase sharply through 2063, significantly expanding Australia's potential export market, according to excerpts of the report reviewed by Reuters.
Export volumes of spodumene concentrate, a type of lithium ore, are projected to double over the next five years from 2022.
Ahead of the report's formal release on Thursday, Treasurer Jim Chalmers called critical minerals Australia's "big chance and big opportunity" to broaden its industrial base.
"We have just what the world needs, just when the world needs it," Chalmers said in a statement.
But miner BHP, after reporting full-year results on Tuesday, said Australia could face significant challenges in developing its critical minerals industry in coming years and needed to focus on its fiscal settings and productivity.
Australia has reaped natural advantages in its deposits of iron ore and coal, key drivers of the country's prosperity, which are largely found in large, shallow deposits and can be easily transported to end markets, the company said.
That is not the same for copper, lithium, nickel and rare earths, which are found in smaller deposits, at increasingly deeper levels, and require more costly processing.
"For investments in critical minerals, Australia really has to focus on its competitiveness relative to other jurisdictions, both on fiscal terms and on productivity," BHP CEO Mike Henry said on Tuesday.

**Indonesia's nickel prices surge amid probe into mining approvals**

Prices of nickel ore in top global producer Indonesia have surged about 10% in recent weeks, say local buyers, after an investigation into mining quotas disrupted production of the metal used in stainless steel and batteries.
Indonesia's Attorney General Office (AGO) in June launched a probe into illegal mining, leading to the arrest of a top government official earlier this month and the suspension of operations at a key mining site owned by state miner Aneka Tambang (Antam).
Jakarta has also halted issuing new mining quotas for nickel miners, according to a manager at an Indonesia-based smelter and a report by Chinese consultancy Mysteel.
The Energy and Mineral Resources Ministry did not respond to Reuters requests for confirmation.
Dozens of nickel smelters in the country are now rushing to stock up on ore, pushing up prices of the material, according to a smelter manager, a nickel trader and Mysteel.
"Smelters are scrambling for ore, with fears of not enough supply especially after big buyers lifted prices," said the manager at a Chinese-owned smelter who declined to be identified as he is not authorised to speak to media.
"Many smelters don't have much nickel ore stocks, and if the situation continues, we might see some stop production," he added.
Some smelters are raising offers for ore by as much as 15%, said a Chinese trader which buys nickel pig iron from Indonesia.
The suspension of new mining quota could reduce ore supply in the country by 30% during the August-December period, said MySteel.
Antam is keeping its 2023 production target at 11.3 million metric tons of wet ore, the company's corporate secretary Syarief Faizal Alkadrie told Reuters, despite the suspension of operations at its Mandiodo block.
Indonesia produced 1.61 million metric tons of nickel ore in 2022, half of the world's total, data from World Bureau of Metal Statistics showed.
Most of the ore is smelted into nickel pig iron, which is partly consumed locally to make stainless steel and partly exported to China for further processing.
The higher cost of ore has pushed up nickel pig iron prices to 1,175 yuan ($161.22) per nickel unit on Wednesday, up 10% from a month earlier and the highest since March, according to MySteel.
Export prices stood at $139 per nickel unit, the highest in more than two months, it said.
China, the world's top nickel consumer, imported 4.29 million tons of nickel pig iron in the first seven months this year, with 93% of shipments from Indonesia, Chinese customs data showed.
Prices of nickel pig iron in China's eastern Jiangsu province reached 1,165 yuan per nickel unit on Wednesday, up 10% from a month earlier and the highest since March, according to Mysteel.
The situation in Indonesia is also pushing up nickel ore prices in the Philippines, according to Dante Bravo, the president of Global Ferronickel Holdings Inc, one of the country's biggest nickel ore producers.

## Top News - Carbon & Power

**Woodside, unions reach deal at Australian LNG facility, workers meet to ratify**

Woodside Energy on Thursday reached an in-principle agreement with unions at Australia's largest liquefied natural gas (LNG) project, potentially averting a disruption to supplies from the world's biggest exporter of the super-chilled fuel.
Both Woodside and the union alliance representing workers at the offshore platforms of its North West Shelf facility announced the initial deal in separate statements after a round of talks both sides deemed positive.

Employee representatives were "supportive of the in-principle agreement" and all members will vote to ratify the deal at 7.30 pm Perth time (1130 GMT), according to a release from the union.
"It's pleasing that Woodside has made our members a strong offer without industrial action being taken," union alliance spokesperson Brad Gandy said in a statement.
In its statement, Woodside said it would continue to work with the unions to finalise the agreement.
"Substantial progress was made at talks held on Wednesday and the parties have reached in-principle agreement on a number of issues that are key to the workforce," it added.
The project in Western Australia, along with the Gorgon and Wheatstone LNG facilities of Chevron Corp, account for about one-tenth of global supplies.
Workers at Chevron's facilities are also considering industrial action, and the combined threats had supported LNG prices over the past few weeks. The union alliance is balloting Chevron workers on possible action and the first round of results from this vote is due on Thursday around 3pm Perth time (0700 GMT).
The Woodside workers unions had threatened to strike as early as Sept. 2 unless their demands for better pay and conditions were met.
"All indications at the moment look promising that strike action at the North West Shelf will be avoided," Warren Patterson, head of ING's commodity research, wrote in a note.
"This suggests that we could see a further sell-off in European gas and Asian LNG prices today."
Dutch wholesale gas prices extended early losses on Wednesday, driven by strong inventories though potential strikes at Australian LNG plants were also in focus.
Asia spot LNG prices remained supported at above $14 per million British thermal units at Wednesday's close, with traders still cautious about LNG supplies from Australia.
Energy analyst Saul Kavonic said there was still a risk of industrial action at Chevron's facilities, but it was unlikely to significantly disrupt supplies.
Any disruption could slow the exports of the super-chilled fuel from Australia, forcing Asian buyers to outbid European buyers to attract cargoes.

**EU to open third round of joint gas buying in September**

The European Union will open its third round of joint gas buying next month, as the bloc moves to secure supplies in preparation for another winter with scarce Russian gas.
The EU started collectively buying gas this year, as part of its response to Russia slashing gas deliveries in 2022 following its invasion of Ukraine.
European gas buyers can place their requests to buy volumes from Sept. 21, for deliveries from November 2023 to March 2025, gas capacity platform Prisma, which hosts the EU buying platform, said on Wednesday.
The scheme gathers demand from companies, then seeks offers from global gas suppliers, and matches buyers and sellers. The EU is not involved in the commercial negotiations that follow between the companies to sign contracts.
The joint buying scheme does not purchase Russian gas.
Brussels conceived the programme to help fill storage caverns ahead of winter and combine EU countries' market clout, rather than have them competing against one another in global markets - which could drive up gas prices.
Despite initial scepticism from some industry sources over whether companies would use the scheme, the EU looks set to comfortably exceed its goal to jointly buy around 13.5 billion cubic metres of fuel.
A second EU tender in July saw companies place requests to jointly buy 16 bcm of gas, after a first tender in May sought another 11.6 bcm.
Those volumes are a sliver of the EU's total demand of around 360 bcm, but aim to help countries prepare for winter when Europe's gas demand for heating peaks.
Europe's gas storage is already unusually full for this time of year, thanks to relatively low gas prices and last year's mild winter which saw gas use drop - but analysts warn prices could rise, for example, if a potential strike at liquefied natural gas facilities in Australia disrupted global supply.
The EU's underground gas storage capacity - which totals around 100 bcm - is currently 91% full, Gas Infrastructure Europe data show.

## Top News - Dry Freight

**Russia hits grain facilities at Ukrainian Danube River port**

Russian drones struck Ukrainian grain facilities at the Danube River port of Izmail overnight in what a senior official said on Wednesday was a systematic attempt by Moscow to prevent Kyiv exporting grain to the world.
Deputy Prime Minister Oleksandr Kubrakov said the port's export capacity had been reduced by 15% and that 13,000 metric tons of grain had been destroyed.
Grain facilities in the Odesa region on the Black Sea also came under fire in the eighth wave of attacks on Ukrainian port infrastructure since Russia quit a U.N.-brokered deal last month that had allowed Kyiv to ship its grain via the Black Sea.

The Danube River has become Ukraine's main route for exporting grain since the collapse of the deal, which was meant to help tackle a global food crisis, and Izmail is Ukraine's main inland port across the Danube from Romania.

"13,000 tonnes of grain were destroyed by Russia as a result of the Shahed (drone) attack on the port of Izmail," Kubrakov said on the Telegram messaging app. "Several private grain terminals and warehouses were damaged, as well as cargo infrastructure."

He said the grain that was destroyed had been destined for Egypt and Romania, and that a total of 270,000 tons of grain had now been destroyed in attacks since Russia quit the Black Sea grain deal.

"This night alone, the export capacity of the port of Izmail was reduced by 15%," Kubrakov said. "Russia is systematically hitting grain silos and warehouses to stop agricultural exports."

The Ukrainian military published photographs showing piles of grain under the burnt and wrecked shell of a storage facility.

Russia did not immediately comment on the attacks, but blames Ukraine and its Western allies for the collapse of the Black Sea grain deal.

SOME DRONES SHOT DOWN

Odesa governor Oleh Kiper said the attack on the Odesa region lasted three hours and that the Ukrainian air force had destroyed nine Russian drones.

"Unfortunately, there were hits to the production and transhipment complexes where a fire broke out... The damage includes grain storage facilities," Kiper said on Telegram.

Ukrainian air defences said later on Wednesday they had shot down 11 out of 20 drones launched by Russia overnight.

Ukraine's Danube ports accounted for around a quarter of Ukrainian grain exports before Russia pulled out of the deal to provide safe passage for the export of Ukrainian grain via the Black Sea in July.

Ukraine operates two major ports on the Danube - Izmail and Reni. Global grain prices rose earlier this month, when Russia attacked Izmail and Reni.

**Ukraine says it has exported 3.83 mln T grain so far in 2023/24**

Ukraine's grain exports have reached 3.83 million metric tons so far in the 2023/24 July-June season, Agriculture Ministry data showed on Wednesday.

The ministry gave no comparative figures for the same period a year earlier, but said shipments stood at 3.3 million tons as of Aug. 25, 2022.

Exports have been affected since Russia quit a deal last month allowing safe exports of Ukrainian grain via the Black Sea, but the ministry's data did not give a breakdown on exports since the U.N.-brokered agreement collapsed.

The ministry said Ukraine had exported 1.56 million tons of grain in August.

The total volume of grain exports this season included 1.8 million tons of corn, 1.6 million tons of wheat and 0.44 million tons of barley.

Exports for the entire 2022/23 season were almost 49 million tons, exceeding the previous season's 48.4 million tons.

| MARKET MONITOR as of 06:31 GMT | | | |
|---|---|---|---|
| **Contract** | **Last** | **Change** | **YTD** |
| NYMEX Light Crude | $78.63 / bbl | -0.33% | -2.03% |
| NYMEX RBOB Gasoline | $2.58 / gallon | 0.64% | 3.93% |
| ICE Gas Oil | $904.75 / tonne | -0.90% | -1.76% |
| NYMEX Natural Gas | $2.45 / mmBtu | -1.76% | -45.18% |
| Spot Gold | $1,921.09 / ounce | 0.35% | 5.30% |
| TRPC coal API 2 / Dec, 23 | $128.75 / tonne | -3.92% | -30.31% |
| Carbon ECX EUA / Dec, 23 | €87.10 / tonne | -3.08% | 3.73% |
| Dutch gas day-ahead (Pre. close) | €36.50 / Mwh | -15.51% | -51.70% |
| CBOT Corn | $4.89 / bushel | -0.25% | -27.84% |
| CBOT Wheat | $6.39 / bushel | -0.16% | -19.91% |
| Malaysia Palm Oil (3M) | RM3,908 / tonne | 2.04% | -6.37% |
| **Index (Total Return)** | **Close 23 Aug** | **Change** | **YTD Change** |
| Thomson Reuters/Jefferies CRB | 308.24 | 0.37% | 2.29% |
| Rogers International | 27.59 | 0.11% | -3.77% |
| U.S. Stocks - Dow | 34,472.98 | 0.54% | 4.00% |
| U.S. Dollar Index | 103.42 | -0.14% | -0.10% |
| U.S. Bond Index (DJ) | 402.56 | 1.19% | 1.36% |

## Picture of the Day

*Vegetation is seen on cracked land at Khabour River during drought in the town of Tel Tamer, in northeast Syria, August 15, 2023. REUTERS/Orhan Qereman*

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

(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

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