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Top News - Oil

Pemex crude processing slides in July, production lowest this year

Crude processing at Mexican state oil company Pemex's domestic refineries fell in July to 768,732 barrels per day (bpd), well below the goal of 1 million bpd set by the government in its effort to make the country self-sufficient in energy next year.

Pemex has averaged 821,233 bpd of crude processing per month this year at its six domestic refineries, above last year's average of 815,790 bpd.

While Pemex has boosted processing from lows near 600,000 per month at the start of President Andres Manuel Lopez Obrador's government in 2018, it remains far from producing enough diesel and gas to meet Mexico's needs and continues to import large volumes.

The oil company's results last month projected total capacity at 1.109 million bpd, in addition to its refinery operations in Deer Park, Texas.

The government hopes to boost this figure with contributions from its new Olmeca refinery at the Gulf Coast port of Dos Bocas, which has yet to fully come online despite its inauguration last year.

Reducing a longstanding dependence on fuel imports has been a key goal of Lopez Obrador's presidency, which ends next year.

Pemex imported 317,879 bpd of gasoline and 142,167 bpd of diesel in July, compared to domestic production of 265,771 bpd of gasoline and 153,553 bpd of diesel.

It also imported 498,561 million cubic feet per day of dry natural gas. Pemex's total crude production was 1.573 million bpd in July, the lowest level this year.

Production of 282,000 bpd of condensates, which has been climbing since December, helped bring total hydrocarbon production to about 1.8 million bpd.

Crude exports meanwhile fell 13% in July from the highs of the year seen in June, averaging 1.05 million bpd.

In early July, Reuters reported that Pemex would have a crude production loss of some 100,000 bpd after a massive fire at an offshore platform.

The company said at the end of that month that it had managed to restore production to 98%.

Indian refiner BPCL to spend $18.16 bln in oil, green energy over 5 years

Indian refiner Bharat Petroleum Corp plans to invest $18.16 billion over five years to grow its oil business and expand its renewable energy portfolio as it aims for a 2040 net zero goal, Chairman G Krishnakumar said on Monday. Companies in India, the world's third largest emitter of greenhouse gases, are investing billions of dollars to cut their emissions, but they are also investing in fossil fuel as India's economic expansion is expected to drive petrochemical and fuel demand. The nation has set itself a target to reach net zero by 2070. Many Western countries have set a mid-century goal to meet net zero, although political pressure has put some of their decarbonisation plans at risk. "The company has set a planned capex outlay of around 1.5 trillion rupees in the next five years, which will enable BPCL to create long-term value for our stakeholders while preserving our planet for future generations," Krishnakumar told an annual shareholders meeting. He did not specify how much would be spent on core oil business versus clean fuel projects. Krishnakumar, however, said BPCL would invest 1 trillion rupees between now and 2040 for projects including green hydrogen, carbon capture, utilisation, and storage (CCUS) and on improving energy efficiency to cut emissions. The company hopes to own 1 gigawatt (GW) of renewable energy capacity by 2025 and 10 GW by 2040. It will invest 10 billion rupees to set up 50 megawatts of captive wind power plants for its 240,000 barrels per day (bpd) Mumbai refinery and Bina refinery in central India. BPCL is building a 490-billion rupee ethylene cracker at the 156,000 barrels per day (bpd) Bina refinery to raise the share of petrochemicals in its business to 8%. It is also expanding Bina refinery's capacity to 220,000 bpd. In addition, BPCL is considering adding a Polypropylene project to its 310,000 bpd Kochi refinery in Southern India. Krishnakumar said the annual fuel deficit in northern India is projected to reach 10 million tonnes this year. He said BPCL would also invest 375 billion rupees in infrastructure to sell natural gas to households, automobiles and small industries.

Top News - Agriculture

Ukraine opposes further grain restrictions by neighbouring countries -minister

Ukraine strongly opposes the imposition of any restrictions on the import of its grain by neighbouring countries after a European Union ban ends on Sept. 15, Foreign Minister Dmytro Kuleba said on Monday.

After the Russian invasion blocked Ukraine's Black Sea ports, large quantities of the country's grain - which is cheaper than EU crops - stayed in Central Europe due to logistical bottlenecks, hitting prices and sales for local farmers.

The EU in May allowed Poland, Bulgaria, Hungary, Romania and Slovakia to ban domestic sales of Ukrainian wheat, maize, rapeseed and sunflower seeds until Sept. 15, while allowing transit of cargoes for export elsewhere.

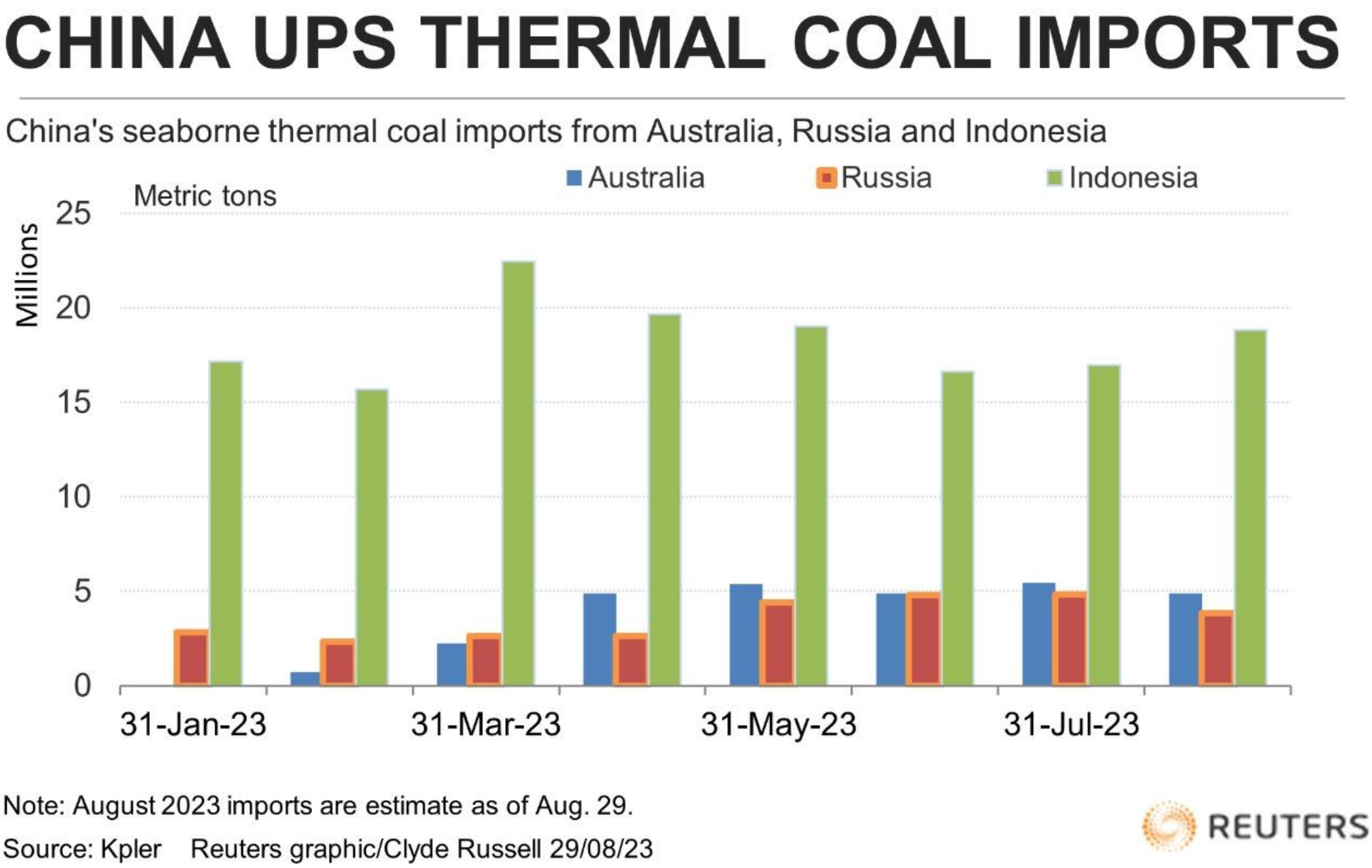
The five countries want the ban extended until the end of the year and some have threatened to introduce their own restrictions if Brussels does not act.

Kuleba said Kyiv was "adamantly against" any such steps.
"This move will violate rules of common market," he said during a visit to the Czech capital Prague.
"This move will violate the Ukraine-EU association agreement...it will go against the principle of solidarity."
He said Ukraine was ready to seek solutions but that grains should not be hostage to domestic political processes in the countries involved.

Smaller German 2023 grain harvest expected after poor weather

Germany's grain harvest will fall after suffering from unfavourable weather swinging from drought to rain which fell on crops just before they were gathered, the agriculture ministry estimated on Monday.
But overall harvest volumes were satisfactory, the ministry said.
Germany's total 2023 grains crop including grain maize (corn) is forecast to fall 2.9% on the year to some 42.23 million metric tons, it said its harvest report.
Germany's 2023 winter wheat crop is expected to fall 6.0% on the year to around 20.77 million tons, the ministry estimated.
Wheat suffered from late summer rain on ripe crops, which damaged quality.
The winter rapeseed crop will fall by about 3% on the year to almost 4.2 million tons, it said.
Agriculture Minister Cem Oezdemir said the climate crisis was visible in German farming, with swings in weather stressing crops and cutting yields.
A series of "freak weather patterns" caused problems for farmers, he said.
But overall the grains harvest was "satisfactory" despite challenging weather.
The grains crop was down 1.4% on the 2017-2022 average and the wheat crop down 5.2% on this period.
An unusually mild winter leaving crops vulnerable to late frosts was followed by early spring rain and afterwards drought and then repeated rain which fell on crops before the harvest.
Winter wheat protein content, an important quality criteria, will fall to 11.7% on average from 11.9% last year.
Such weather swings showed that climate change is a reality hitting farming and agriculture must play its part in efforts to counter climate change, said Oezdemir, a member of the Green party.
Germany is the European Union's second largest wheat producer after France and many years the EU's largest producer of rapeseed, Europe's main oilseed for edible oil and biodiesel production.
Grains harvesting is now almost complete after delays caused by the rain.

Chart of the Day



Top News - Metals

Lynas flags higher costs for Kalgoorlie rare earths plant, profit slumps

Australia's Lynas Rare Earths Ltd hiked construction cost estimates for its Kalgoorlie rare earths facility by more than a quarter and said it would boost the plant's production capacity to tap growing demand.

Lynas has sped up construction at Kalgoorlie in Western Australia amid worries that a facility in Malaysia may have to be partly wound down after regulators there raised concerns about radiation levels from the process of cracking and leaching.

The biggest producer of rare earths outside of China now expects to incur A$730 million in costs to complete the construction of Kalgoorlie, compared to an earlier estimate of A$575 million.

It also estimated an additional A$50 million in operating costs.

"The key for why we are really now looking at a further uplift in cost to complete is really our compressed timeline," CEO Amanda Lacaze told an earnings call.

Australian miners in general have been incurring significant cost increases due to a jump in labour, construction material expenses as well as general inflation.

The increased cost estimates can also be attributed to Lynas lifting its production capacity forecast for the Kalgoorlie plant to 9,000 metric tons per annum (mtpa) from 7,000 mtpa.

But higher supply from top producer China and softer demand in key markets led to weaker pricing for its products for the year just ended and the company's annual profit slumped 43% to A$310.7 million, albeit ahead of a Visible Alpha consensus estimate of A$293 million.

Over the year, Lynas sold its products for an average price of A$46.2 per kilogram (kg), down from A$60.3 per kg a year ago.

Shares in Lynas were up 0.3% in afternoon trade.

China accounts for nearly all the production of the world's rare earth magnets used in electric vehicles, windfarms and some defence applications.

As the only significant producer of rare earths outside of China, Lynas's progress in building out new facilities has drawn significant investor attention as the West seeks to develop independent supplies - attention which is unlikely to abate after China restricted exports of strategic metals last month.

Lacaze said the company was actively looking for downstream partners to help it build out its business in the U.S., where it is building facilities in Texas to process heavy and light rare earths.

The company has considered producing magnets since the 1990s, but that business requires a very different skill set to Lynas's current expertise in mining and chemicals production, she added.

Lynas said this month it had updated its contract with the U.S. Department of Defense for the construction of the heavy rare-earths component of its rare-earths processing facility in Texas.

The facility, which will also serve commercial customers, is slated to be operational in the 2026 financial year.

Lynas also said it continues to engage with federal and state governments in Malaysia to support the development of its rare-earths facility there.

Indonesia nickel mining quota delays due to switch back to old system – official

Indonesia's mining quota distribution has been delayed having reverted to an older approval process due to an ongoing investigation into illegal mining, a senior official said on Monday, assuring there was sufficient nickel ore for smelters.

Prices of nickel ore in top global producer Indonesia have surged about 10% in recent weeks, local buyers say, with ore production affected by delayed quotas, known locally as RKAB.

Indonesia's Attorney General's Office is investigating a former senior mining official, alleging his easing of a quota approval process led to illegal activities that caused 5.7 trillion rupiah of state losses.

In the RKAB, Indonesian authorities allocate each miner's production and sales quota every year, which can be revised when they need more.

"The simplified approval process was considered problematic ... Rather than causing more problems, we reverted to the (old) regulation," Muhammad Wafid, a senior official at Energy and Mineral Resources Ministry, told reporters.

Under the old system, 27 factors need to be reviewed for a quota to be approved, compared to nine under the relaxed process, Wafid said.

Wafid gave his assurance there was no ore shortage for local smelters, adding the quotas approved so far this year should be enough for processing needs.

Dozens of nickel smelters in Indonesia have been rushing to stock up on ore fearing a shortage, pushing up prices of the material, according to a smelter manager, a nickel trader and Mysteel, a Chinese steel consultancy.

Some smelters are raising offers for ore by as much as 15%, said a Chinese trader who buys nickel pig iron from Indonesia.

Indonesia banned nickel ore exports in 2020 to develop domestic processing industries and has successfully attracted investment into smelters producing nickel metals and nickel products used for batteries for electric vehicles.

Top News - Carbon & Power

Chevron's Australia LNG ops could face daily 10-hr stoppages as union fight escalates

Chevron's two major liquefied natural gas (LNG) production facilities in Australia could face daily work stoppages of up to 10 hours next week after unions threatened labour action in a dispute over pay and conditions.

Chevron's Gorgon and Wheatstone projects account for more than 5% of global LNG capacity, and news of the possible strikes sent European natural gas prices surging.

Workers at Gorgon and Wheatstone downstream facilities plan to stop work for seven hours in two blocks on Sept. 7, escalating to 10 hours on Sept. 8 and 11 hours on Sept. 9, according to a document on the planned actions reviewed by Reuters.

A smaller stoppage of three hours is planned at the Wheatstone production platform from Sept. 7, said the document, which details work disruptions out to Sept. 14.

"Members will be participating in rolling stoppages, bans and limitations which will escalate each week until Chevron agrees to our bargaining claim," the Offshore Alliance said in a Facebook post.

"It's set to cost Chevron their LNG exports as (the industrial action) starts to bite," said the alliance that groups together the Maritime Union of Australia and the Australian Workers' Union.

A Chevron spokesperson declined to comment on the Offshore Alliance's latest position, referring to a previous statement that the company "will continue to take steps to maintain safe and reliable operations in the event of disruption."

The unions still have the option to call off the strikes if their terms are met. The unions last week warned that work stoppages could cost Chevron billions of dollars.

A similar action by the same union alliance last year against Shell at its Prelude floating LNG site off northwest Australia cost the company about $1 billion in lost exports in the two months it took to reach a pay deal.

The Dutch September natural gas contract, which was trading about 3.5% higher on Monday at around 36 euros per megawatt hour (MWh) before the industrial action news, spiked a further 2.40 euros to 38.40 euros/MWh, up 10.4% from Friday.

'HARSHER INITIAL ACTION'

Energy analyst Saul Kavonic said the planned work disruptions would "add inefficiency" to Chevron's operations and may keep the projects from sustaining full production.

"Ten hour work stoppages: it is a harsher initial industrial action than what the unions contemplated for Woodside," he said.

"But it is unlikely to impact production to an extent it will move the dial for global markets."

International energy companies operating in Australia, who are unable to fully make decisions locally, tend to

MARKET MONITOR as of 06:30 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$79.93 / bbl	-0.21%	-0.41%
NYMEX RBOB Gasoline	$2.57 / gallon	0.04%	3.62%
ICE Gas Oil	$936.50 / tonne	-1.13%	1.68%
NYMEX Natural Gas	$2.56 / mmBtu	-0.93%	-42.91%
Spot Gold	$1,923.63 / ounce	0.21%	5.44%
TRPC coal API 2 / Dec, 23	$127.5 / tonne	0.79%	-30.99%
Carbon ECX EUA / Dec, 23	€85.94 / tonne	0.30%	2.35%
Dutch gas day-ahead (Pre. close)	€36.10 / Mwh	13.88%	-52.23%
CBOT Corn	$4.94 / bushel	-0.50%	-27.18%
CBOT Wheat	$6.17 / bushel	0.04%	-22.75%
Malaysia Palm Oil (3M)	RM3,940 / tonne	0.77%	-5.61%
Index (Total Return)	**Close 28 Aug**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	312.57	0.20%	3.73%
Rogers International	28.12	0.29%	-1.90%
U.S. Stocks - Dow	34,559.98	0.62%	4.26%
U.S. Dollar Index	104.06	-0.02%	0.52%
U.S. Bond Index (DJ)	403.34	0.26%	2.50%

see industrial actions escalate more quickly than domestic companies, he said.
Last week, Offshore Alliance and Woodside resolved worker disputes at North West Shelf, Australia's largest LNG facility, after negotiating higher wages, job security and employee-friendly rosters, averting industrial action.
Australia is the world's biggest exporter of LNG, which is used primarily in Asia for power and heating as many nations attempt to reduce their reliance on coal or oil.
Concerns over possible industrial actions at the LNG facilities of Woodside and Chevron - which account for one-tenth of global supplies - has stoked extreme price volatility in global LNG markets in recent weeks.

Exxon says world set to fail 2°C global warming cap by 2050
Oil and natural gas are still projected to meet more than half of the world’s energy needs in 2050, or 54%, Exxon Mobil Corp said on Monday, with the world failing to keep global temperature increases below 2 degrees Celsius.
The largest U.S. oil producer projects the world will reach 25 billion metric tons of energy related carbon dioxide (CO_2) emissions in 2050, according to its energy outlook published on Monday. That is more than twice of the 11 billion metric tons the United Nations Intergovernmental Panel on Climate Change (IPCC) say would be needed on average in its Lower 2°C scenarios.
"An energy transition is underway, but it is not yet happening at the scale or on the timetable required to achieve
society’s net-zero ambitions," the producer said.
Exxon produces less than 3% of the world's daily crude demand and in May its shareholders overwhelmingly rejected calls for stronger measures to mitigate climate change.
The International Energy Agency (IEA) has been saying since 2021 that much greater resources have to be directed to clean energy technologies to put the world on track to reach net-zero emissions by 2050.
Only two of the 55 technologies needed to reach net-zero emissions by 2050 are “on track,” Exxon said citing the IEA. Emissions will decline only by 25% by 2050 as lower -emission options grow, the company said, below desired scenarios.
Overall, Exxon projects energy-related CO_2 emissions will peak at more than 34 billion metric tons sometime this decade as economies and energy demand grow, and then decline to 25 billion metric tons in 2050.
Exxon is investing $17 billion over a six-year span through 2027 in lower carbon emissions technologies such as carbon capture and sequestration and hydrogen.
The company says these two technologies, currently not commercial, are a significant promise for hard-to-decarbonize sectors in IPCC Lower 2°C scenarios.
Most of the capital is directed to reducing carbon emissions of its operations and of third parties.
Unlike its European peers, Exxon has stayed away from consolidated renewable sources such as wind and solar power.
It expects wind and solar to provide 11% of the world’s energy supply in 2050, five times today’s contribution.

Top News - Dry Freight

S. Korea’s NOFI group bought 55,000 T feed wheat in private deal
Leading South Korean animal feed group Nonghyup Feed Inc. (NOFI) purchased around 55,000 metric tons of animal feed wheat in a private deal on Friday without issuing an international tender, European traders said on Monday.
The wheat can be sourced from any origins worldwide, they said.
Price was estimated at $273.90 a ton c&f plus a $1.50 a ton surcharge for additional port unloading.
Seller was said to be trading house Pan Ocean.
It was for arrival in South Korea around Nov. 20.
If sourced from Europe or the U.S. Gulf, shipment was between Sept. 27 and Oct. 16.

Australia ships first barley cargo to China since tariffs lifted
Australia has shipped the first barley cargo to China since tariffs imposed in 2020 were lifted earlier this month, the country's minister for agriculture said.
China ended anti-dumping tariffs on Australian barley earlier this month, roughly three years after the 80.5% duties first dented exports once worth up to A$1.5 billion annually and led Canberra to file a case at the World Trade Organization (WTO). "It's terrific to have heard that overnight the first shipment has been dispatched from Kwinana and its gradually working its way towards China," Minister for Agriculture Murray Watt said at a news conference. The chief of grain exporter CBH Group said the shipment was roughly 55,000 tons of Maximus barley, a malt variety.

Picture of the Day

A file photo shows windmill turbines offshore near Noordwijk, Netherlands, August 26. REUTERS/Yves Herman

(Inside Commodities is compiled by Sreshtha Uniyal in Bengaluru)

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