Oil | Agriculture | Metals | Carbon & Power | Dry Freight

Click on headers to go to that section

Top News - Oil

Libya's oil blockade widens as factions vie to control central bank

Libya's oil blockade widened on Wednesday with eastern leaders demanding western authorities back down over the replacement of the central bank governor, a key position in a state where control over oil revenue is the biggest prize for all factions.

The crisis over control of the Central Bank of Libya threatens a new bout of instability in a major oil producer split between eastern and western factions that have drawn backing from Turkey and Russia.

On Wednesday two oil engineers said the Sarir field had almost completely halted its 209,000 barrel per day output after disruption this week at the El Feel, Amal, Nafoora and Abu Attifel fields.

Eastern factions have vowed to keep Libya's oil output shuttered until the internationally recognised Presidency Council and Government of National Unity in Tripoli, in the west, return veteran central bank governor Sadiq al-Kabir to his post.

Presidency Council chief Mohammed al-Menfi said he was dismissing Kabir earlier this month, a move rejected by the eastern-based House of Representatives parliament and eastern commander Khalifa Haftar's Libyan National Army.

Armed factions mobilised in the northwest last week in response to the crisis, underscoring the risk of fighting.

Libya has had little peace since the 2011 NATO-backed uprising that ousted Muammar Gaddafi, and the east-west split dates to 2014. Despite four years of comparative peace since a 2020 ceasefire, the rival factions remain mired in a standoff.

Political institutions, set up during successive attempted transitions since the 2011 revolution, have only questionable legitimacy but diplomacy to hold elections to replace them has stalled.

Authorities in the east, home to most of Libya's oilfields, said on Monday that all production and exports would be halted, though some ports under eastern control operated normally on Wednesday.

Force majeure had already been announced earlier this month on exports at the 300,000 bpd Sharara oilfield.

Consulting firm Rapidan Energy Group estimated production disruptions of between 900,000 and 1 million bpd for several weeks.

Analysts, however, said even that might not drive up oil prices. Benchmark Brent oil prices were down about 1.6% at $78.28 per barrel as of 1440 GMT.

Despite the scale and length of the blockade, "I'm not sure it's enough to break through this over-powering macro bearish sentiment that continues to shape the market," Rapidan's Geopolitical Risk Service Director Fernando Ferreira told Reuters.

In July, Libya, a member of the Organization of the Petroleum Exporting Countries, was producing about 1.18 million barrels of oil per day.

Ports in the country's hydrocarbon-rich Oil Crescent operated normally on Wednesday and had not received orders to halt exports, five engineers told Reuters.

Four vessels were at ports in the central region to load 600,000 barrels each, they said - two at Es Sidra, one at Brega and one at Zueitina.

US crude, gasoline stockpiles fall on stronger demand, EIA data shows

U.S. crude oil and gasoline inventories fell last week as demand picked up ahead of Labor Day weekend and the end of the summer driving season, the Energy Information Administration (EIA) said on Wednesday.

Crude stocks fell by 846,000 barrels to 425.2 million barrels in the week ended Aug. 23, data showed, far less than analysts' expectations in a Reuters poll for a 2.3 million-barrel draw.

Stocks at the Cushing, Oklahoma, delivery hub for U.S. crude futures fell by 668,000 barrels in the week, the EIA said. Global benchmark Brent and U.S. crude futures extended losses after the data showed the lower-than-expected draw.

Refinery crude runs rose by 175,000 barrels per day (bpd), and refinery utilization rates rose by 1 percentage point to 93.3% of total capacity.

Gasoline stocks fell by 2.2 million barrels in the week to 218.4 million barrels, their lowest since November. The draw was deeper than forecasts for a 1.6 million-barrel draw. Gulf Coast gasoline stocks fell sharply to their lowest since March 2021, drawing down 2.8 million barrels to 76.3 million barrels.

U.S. gasoline futures pared losses following the data.

"Despite apparent robust refinery runs, gasoline inventories drew amid stronger implied demand as we are in the last hurrah of summer driving season, and gas stations are likely stocking up ahead of the Labor Day weekend," said Matt Smith, energy analyst at Kpler, referring to the upcoming holiday weekend which marks the end of the peak summer driving season.

Gasoline supplied, a proxy for demand, rose on the week to 9.3 million bpd, up from 9.2 million bpd.

Distillate stockpiles, which include diesel and heating oil, rose by 300,000 barrels in the week to 123.1 million barrels, versus expectations for a 1.1 million-barrel drop, the data showed. U.S. heating oil futures extended their losses after the data.

Net U.S. crude imports rose last week by 282,000 bpdto 2.9 million bpdand exports fell 374,000 bpd to 3.7 million bpd, the EIA said.

"Ongoing strength in imports and a tick lower in exports helped keep the draw in check," Kpler's Smith said.

Top News - Agriculture

As sweltering summers ravage crops, Japan bets on heat-resistant rice

Grappling with a rice shortage after extreme weather ravaged last year's crop, Japan is hoping new heat-resistant varieties of its staple food can help stave off future supply shocks.

Last summer's high temperatures and dry conditions led to lower rice yields in key growing regions and damaged the quality of grains, contributing to the lowest inventories seen in 25 years, according to official data.

Along with higher demand - partly attributed to record inbound tourism this year - supermarkets across the country have struggled to keep rice shelves stocked in recent months and some have imposed quotas on how much customers can buy.

The local government in Saitama, a prefecture north of Tokyo that is one of the hottest regions in the country, hopes science can avert future shortages and is pushing ahead with one of several nationwide projects to develop more resilient rice.

"It's going to keep getting hotter, which makes me feel that without varieties that resist high temperatures, this is going to become a very tough job," said Yoshitaka Funakawa, a 73-year-old farmer who is participating in the trial run for Saitama's heat-resistant rice called emihokoro or 'beaming smile'.

Japan sweltered in its warmest July on record in 2024.

High heat disrupts the accumulation of starch inside rice grains, causing them to appear more opaque, mottled with white flecks and less desirable for human consumption, impacting the crop's market value.

"The more this cloudy, white phenomenon there is on rice, the grade of rice decreases, which leads to declines in farmers' income," said Naoto Ooka, who oversees rice breeding at Saitama's Agricultural Technology Research Centre.

At the centre, researchers take seeds from across Japan, cultivate and cross-pollinate them in a drive to create more resistant varieties like emihokoro, which has been planted in 31 fields as a trial this year.

Rice is a source of pride for Japan, renowned for premium grains that are the base for signature dishes like sushi, but it is also a widely consumed food.

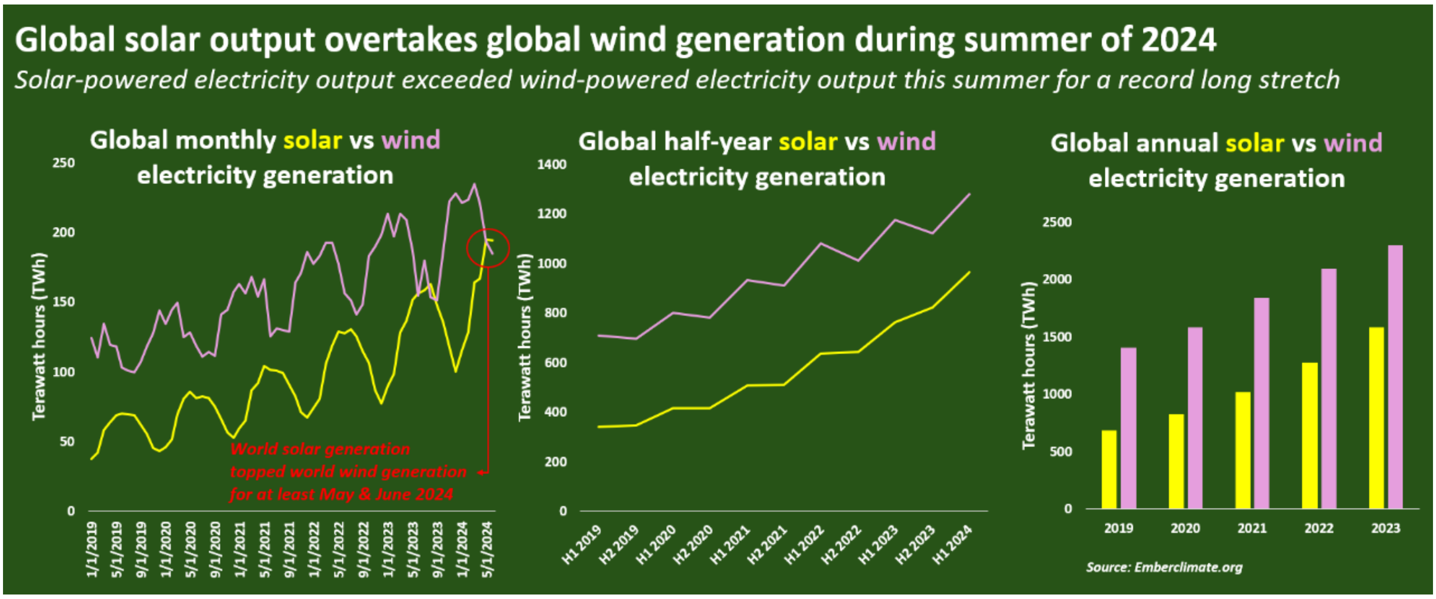
Rice is also one of the few staples the nation has historically been able to be self-sustainable in producing. The world's fourth-largest economy imports more than 60% of its food resources.

Last year's poor yields are among the factors that have driven up prices sharply.

Private rice inventories in Japan amounted to 1.56 million tonnes in June 2024, the lowest end-of-season volume since 1999 when comparable data was first collected, according to the agriculture ministry.

Inflation data for July released last week showed rice,

Chart of the Day



excluding the famous 'koshihikari' premium brand, saw the highest rate of price increase in over 20 years.
At a branch of the Akidai supermarket chain in western Tokyo, shelves normally stocked with bags of rice were largely empty.
The supermarket chain's president Hiromichi Akiba said wholesalers have been unable to fulfil its orders, and sometimes they cannot deliver any rice.
While the current shortage may be relieved when a new crop becomes available as early as September, tight supply is expected to remain through next year with hot weather posing risks for upcoming harvests, research firm BMI said in a report this month.
Meanwhile, the government is increasingly concerned that climate change will threaten its most important crop longer term unless action is taken.
An agriculture ministry report released in July showed paddy rice yields in Japan are projected to decline about 20% by 2100 compared to the previous century.
The ministry said shifting to high temperature-tolerant varieties was the most important measure to address the impact of climate change on rice crops and possible future shortages.

COLUMN-Brazil's braking of soy expansion unlikely to prevent global stock swell -Braun
Brazil’s seemingly unstoppable expansion in soybean plantings over the last several years has cemented the country as the world’s source for beans, as it now accounts for nearly 60% of all exports versus around 40% just a decade ago.
This year’s price slump has the oilseed looking less attractive than normal to Brazilian producers, though a record crop and the further padding of global supplies may be inevitable.
China’s COFCO International on Tuesday said the firm expects Brazil’s soy plantings in 2024-25 to grow at the slowest pace in a decade due to lower profit margins for farmers, similar to the theory offered earlier this year by the U.S. Department of Agriculture.
The prediction is logical, as the largest annual soy area increases in Brazil came during periods of lower global stocks and stocks-to-use, and vice versa.
According to Brazilian statistics agency Conab, yearly increases in soy plantings within the last four seasons range from 4.4% to 7%, though they spanned 2% to 3.7% between 2015-16 and 2019-20, when prices were low and supplies were high. USDA sees global soybean stocks hitting all-time highs in 2024-25, almost 22 million metric tons more than in the prior year, and stocks-to-use are pegged barely shy of 2018-19’s record.
Brazil will play a large role in generating the surplus of beans as USDA projects a soy crop 16 million tons (10%) larger than in the prior season, with area rising 3.3%, though global soybean consumption is set to rise just 5% on the year.
Brazilian farmers will start sowing soybeans for the 2024-25 harvest next month.

MORE PLANTINGS, BIGGER YIELDS, MORE EXPORTS
Brazil’s soybean plantings have doubled in the last 15 years, reaching a record 46 million hectares (113.7 million acres) in 2023-24. That compares with 35.2 million hectares sown to soy this year in the United States, the No. 2 bean exporter.
Northern Brazil features the most noteworthy area expansion. Some 3.4 million hectares of beans were sown there for the 2023-24 harvest, up nearly sevenfold in just 15 years.
Those Northern hectares represented just 7% of last year’s national area, but they account for 15% of the country’s total rise in soy plantings within the last three-to-five years.
At the same time, soybean exports out of Brazil’s north ports have nearly doubled in the last five years, accounting for about 35% of last year’s shipments. That compares with about 23% five years earlier.
A decade ago, Brazil had just a handful of major ports that processed substantial soybean shipments, resulting in plentiful delays and logistical bottlenecks. But the spreading of the soybean industry farther north has alleviated some of this risk.
The spread in production also limits weather-related losses as extreme conditions rarely occur at a nationwide level, supporting the increase in Brazil’s soy yields.
Brazilian farmers, like U.S. ones, are getting better at growing soybeans. Brazil’s bean yields have risen more than 20% over the last 15 years, very similar to the U.S. rate, and yields are comparable between the two countries.
With global soybean prices near four-year lows and both Brazil and the United States set to harvest record soy crops in 2024-25, producers in both countries may need to ease back on plantings for 2025-26 and beyond, especially if Chinese demand continues to lag.

Top News - Metals

ANALYSIS-LME open-outcry trade lives on as SocGen quit sparks no rush for exits
The future of ring trading on the London Metal Exchange looks assured for now after almost all the firms involved told Reuters they remained committed to open-outcry trading at one of the last venues to still support it.
But with critical mass dropping towards the level at which LME management has said it would suspend the process after Societe Generale said last week it would no longer take part, its longer term outlook is less sure. The ring has its roots in the early 19th century when the Royal Exchange, the world’s first commodities market, became so crowded that metal merchants gathered at the Jerusalem coffee house on Cornhill in the City to conduct business. In the 1980s, about 30 firms dealt in the LME ring, which features a circle of padded red leather seats

for traders who use arcane hand signals during five-minute bursts of intense trading in copper, aluminium and other metals. Now, just seven participants remain, and the LME has said the floor will close if the number of ring members falls below six, or if their trading in the second ring falls to less than 75% of last year's level. The LME, owned by Hong Kong Exchanges and Clearing Ltd, said on Friday that trading volumes remain above the 75% threshold, but did not say by how much. It declined to comment further. Several sources said high costs for ring-dealing firms and a global trend towards electronic trade threaten to undermine the minimum number of participants required to keep the age-old trading method afloat. The loss of the ring, which involves four sessions of trading a day, would be a blow for miners and industrial firms that value floor trading. They regard open-outcry dealing, used to crystalise official prices for physical deals using a complex structure of multiple forward dates, as absent of speculative influences. For years, there has been tension between traditional physical users and the financial community that includes hedge funds, speculators and Commodity Trade Advisor investment funds and funds driven by algorithmic programmes. Many long-standing users see a risk too that an excess of computer-driven speculative flows can distort prices that are key to deals in physical metal. "It's that second ring close, the official price, that's void of algos, void of CTAs, void of specs, that still has an appeal," said Marc Bailey, CEO of ring-trader Sucden Financial.

QUESTIONS OVER VIABILITY

An outcry from physical LME users saved the ring three years ago when the 147-year-old LME proposed to close the trading floor and join the bulk of other financial exchanges that have moved to pure electronic trading. The exchange argued that a temporary switch to full digital trading during COVID-19 proved that the ring was not essential. But the LME eventually compromised and now operates on a hybrid basis, using open-outcry trading for official prices used by physical users as benchmarks for their deals and an electronic system for closing prices. Longstanding questions about the viability of the ring resurfaced on Aug. 23 when Societe Generale said it would drop the top-tier membership that allows floor trading. A Reuters survey showed there is still a commitment to the ring for now by the bulk of existing ring members, backed by miners and companies that use physical metal. "There are enough people that still want an independent price for physical trading," said Sucden's Bailey. Marex Group also said it would continue ring trading, while StoneX Financial said it had no current plans to change its approach to the ring. Sources with direct knowledge said Amalgamated Metal Trading, CCBI Global Markets and GF Financial also planned to continue on the LME floor, while Sigma Broking declined to comment. Ring members must bear the extra cost of having traders both in the office and on the LME floor, which can cost $1 million a year, one industry source estimated. "It's expensive to maintain, but we're still

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$74.66 / bbl	0.19%	4.20%
NYMEX RBOB Gasoline	$2.07 / gallon	-0.01%	-1.86%
ICE Gas Oil	$688.25 / tonne	-0.61%	-8.33%
NYMEX Natural Gas	$2.11 / mmBtu	9.43%	-15.99%
Spot Gold	$2,517.52 / ounce	0.61%	22.06%
TRPC coal API 2 / Dec, 24	$126.75 / tonne	-0.59%	30.67%
Carbon ECX EUA	€71.05 / tonne	0.40%	-11.60%
Dutch gas day-ahead (Pre. close)	€39.13 / Mwh	2.03%	22.86%
CBOT Corn	$3.92 / bushel	0.32%	-19.01%
CBOT Wheat	$5.42 / bushel	0.00%	-15.32%
Malaysia Palm Oil (3M)	RM3,919 / tonne	-0.03%	5.32%
Index	**Close 28 Aug**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	328.60	-1.03%	9.02%
Rogers International	26.52	-0.71%	0.74%
U.S. Stocks - Dow	41,091.42	-0.39%	9.03%
U.S. Dollar Index	100.96	-0.13%	-0.37%
U.S. Bond Index (DJ)	446.76	-0.12%	3.73%

making money from the ring," said an executive of a ring dealer who declined to be named.

SMALL PLAYER
SocGen was a relatively small player in the ring, and one LME executive estimated the company accounted for only 6% of open-outcry trading. An executive at an LME ring dealer said they expected its ring business to be redistributed to one or more of the remaining brokers. Some LME members argue that electronic trading worked during COVID-19 and a full shift is inevitable. "The writing is in the wall," said an industry source. "The ring is actually irrelevant, as those prices were compiled electronically during COVID and no one noticed any difference." But the ring still has support. One executive at a European company that buys LME metals to make its products said the exchange should create a more viable ring by coming up with more cost-efficient solution. "Without the ring, the LME is just another raw materials exchange," he said.

COLUMN-China fires latest warning signal with antimony controls: Andy Home
China's announcement of antimony export restrictions has added fuel to a red-hot market and opens another potential flash-point with the West for control of critical minerals. Antimony is a little-known metal with multiple applications. Its largest end-use is as a flame retardant, but it is also found in solar panels and lead-acid batteries. The U.S. Department of the Interior has designated it a critical mineral because it is also essential for armour-piercing ammunition, infrared sensors and precision optics. The Department of Defense was holding stocks of just over 90 metric tons (198,763 pounds) at the end of September 2022, according to the U.S. Congressional Research Service. The Annual Materials Plan for the current fiscal year allows for the purchase of up to an additional 1,100 tons. That is going to be a tough challenge if the world's dominant antimony producer limits global supply. There is an emerging pattern here. Last year Beijing flexed its metallic muscles with similar restrictions on exports of gallium, germanium and graphite in a tit-for-tat response to U.S. controls on exports of advanced semiconductor chips to China. Nor is antimony likely to be the last strategic metal to be weaponised for a potential trade war with the West.

HOT MARKET
Antimony prices have nearly doubled since the start of the year to a record $22,750 per ton, basis metal delivered to Northwest Europe. That's in part because of shrinking exports from major producers. China's exports are in medium-term decline due to higher demand from its solar energy sector, while Russian supply has been crimped by falling output and Western sanctions. The flow from other big producing nations such as Vietnam, Tajikistan and Myanmar has been disrupted by the re-routing of shipments from the Red Sea due to Houthi attacks on shipping. Analysts at Project Blue estimate the market was already looking at a 10,000-ton shortfall before China's restrictions. These new rules don't set explicit limits on exports but rather require exporters to apply for licences for dual-use civilian and military materials and technology, a process that typically takes two to three months in China. On paper, the controls are not targeted at any specific country but Chinese authorities can refuse licences to export to individual end-user companies or countries as they see fit. If gallium and germanium are anything to go by, expect a collapse in outbound antimony shipments once the new rules come into effect on Sept. 15, followed by a weak recovery in volumes. Chinese exports of the two chip metals fell by 74% and 63% respectively in the first quarter on a year-on-year basis.

WARNING SHOTS
China's export controls are more a signalling device than an outright trade attack at this stage. Beijing overplayed its critical metals hand in 2010 when it suspended shipments of rare earths to Japan. It lost a resulting World Trade Organization case and watched as high prices generated a wave of substitution away from rare earth magnets. This time, export controls are being used as warning shots to deter Western countries from implementing further restrictions on exports of next-generation technology such as artificial-intelligence computer chips. The messaging is aimed first and foremost at the United States, where there is bipartisan hostility to China's growing military and technology challenge. The U.S. remains critically dependent on China for antimony. It consumed 22,000 tons of antimony products in 2023. Domestic production amounted to just 4,000 tons, mostly in the form of antimonial lead recovered from spent lead-acid batteries and absorbed back into the battery chain. China accounted for 63% of U.S. imports of antimony metal and oxide last year, according to the United States Geological Survey (USGS). The next largest supplier, Belgium, just 8%. One domestic operator, Perpetua Resources, is hoping to reopen the Stibnite antimony mine in Idaho. The company has received backing from both the Pentagon and the U.S. Export-Import Bank. But, like many potential domestic critical metal producers, Perpetua is facing environmental opposition. First production at Stibnite is currently pencilled in for 2028, assuming Perpetua can navigate the permitting process.

LENGTHENING LIST
This is highly unlikely to be the last metallic warning shot fired by China. Next up could be tungsten, another minor metal with overlapping civilian and military applications and a supply chain dominated by China. China's Ministry of Commerce issued new rules for exporters of tungsten, antimony and silver in November 2023, including a minimum financial liquidity threshold and a full record of overseas shipments over the 2020-2022 period. The U.S. REEShore Act already prohibits the use of Chinese tungsten in military equipment starting from 2026, which makes the metal an obvious choice for a retaliatory gesture. However, China is not short of options when it comes to leveraging its dominance in critical metals production. It is the largest source of supply for 26 of the 50 minerals currently classified as critical by the USGS, according to the Center for Strategic and International Studies think-tank. It's just a question of what comes next.

Top News - Carbon & Power

COLUMN-China accelerates coal mining to ensure winter power supply: Kemp
China has boosted domestic coal production and imports to record highs, even as surging power from hydro dams and solar farms has trimmed thermal generation during the summer heatwave. Coal-fired generation remains critical to ensuring the reliability of electricity supplies - especially in the winter, when hydro and solar output is much lower and the system depends far more heavily on fossil energy. Despite a record deployment of wind and solar resources, coal still provides the largest share of generation at all times of year, rising to more than 75% in the winter months. Sufficient stocks are therefore critical to ensure thermal generators have enough fuel on hand to run flat out in the coldest part of winter. Generators are accumulating inventories to lay in adequate fuel and avoid a repeat of power shortages that plagued the country in the autumn and winter of 2021.

COAL SUPPLIES
China's mines boosted production to a seasonal record 390 million tonnes in July 2024, up from 378 million in the same month a year earlier and 373 million in 2022. Domestic miners have ramped up output over the summer to make up for relatively slow production in the first five months of the year. Cumulative production in the year to July was just 15 million tonnes behind the same period a year earlier but the deficit had fallen from 54 million tonnes in the year to May. So far in 2024, Inner Mongolia, Shaanxi and Xinjiang, three of the four top provincial-level producers, have all reported record seasonal output. Only Shanxi, where production is broadly flat compared with a year earlier, failed to set a seasonal record in the first seven months. Shanxi has "voluntarily" adjusted output after seven years of rapid growth to optimise capacity and increase the proportion of advanced mines, according to the government-run news agency Xinhua. The four top producers account for more than 80% of the country's output and are the critical suppliers to generators in all regions, except in the far south. At the same time, imports surged to a seasonal record of 296 million tonnes in the first seven months from 261 million tonnes in 2023 and 139 million in 2022. Imports have been used as a substitute for the lower output from Shanxi, creating breathing space to restructure the sector. But they are also crucial in Guangdong and other southern areas, since it is cheaper to bring coal in by sea than on long rail journeys from the far north.

DOUBLE PEAK
China's annual electricity consumption exhibits what the government terms a "double peak" in summer and winter. The primary peak occurs between June and August, driven by airconditioning and refrigeration, which accounts for 30% of maximum nationwide load, rising to more than 40% in some provinces. But summer is also when precipitation is highest because of the East Asian monsoon and hydro generation is maximised, easing some of the strain of the transmission network, except in drought years. In July 2024, record output from hydro and solar parks trimmed thermal generation, mostly from coal, by 25 billion kilowatt-hours (kWh) compared with a year earlier, the first seasonal decline for at least a decade.
But the secondary peak occurs between December and February, driven by heating and lighting, not much lower than in the summer. Winter coincides with the dry season, when hydro generation declines sharply, typically by around 50% compared with the summer. Solar generation is also somewhat less, given shorter daylight hours across the plains of northern China, where most solar parks are located. The result is that the electricity system is much more reliant on coal during the winter peak than in the summer one. In the five years between 2019 and 2023, thermal generators supplied 75% of electricity between December and February compared with under 70% between June and August.
In the summer, the marginal generator is sometimes a hydroelectric station or a solar park; in winter it is always a coal-fired power plant. The gap between summer and winter patterns is likely to widen over the next few years as the government accelerates deployment of solar parks. Ensuring electric reliability will continue to depend on building up enough coal stocks during the spring and autumn shoulder seasons to meet peak winter demand.

COLUMN-Global solar generation overtakes wind for longest ever stretch: Maguire
Global electricity generation from solar farms has exceeded generation from wind farms since May, marking the longest ever stretch when solar power has been the top source of utility-scale renewable electricity worldwide.
Solar electricity generation exceeded wind generation in May by 1.65 terawatt hours (TWh), and in June by 9.57 TWh, according to energy think tank Ember. The data on global generation for the month of July has not yet been released, but will most likely show an even larger generation surplus for solar assets given that July is the peak month for solar output across the northern hemisphere. August data is also likely to show solar generation topping wind output, as August is usually the second highest solar generation month and also marks the typical annual low point for global wind generation due to low wind speeds at turbine level.
Previously, solar power generation only exceeded wind generation in August and June of 2023 and has never before strung together such a sustained stretch of higher generation.
However, once solar output levels dip from next month due to the changing angle of the sun's rays, wind output will regain its spot as the top renewable power globally, aided by rising wind speeds as winter sets in across Europe, North America and Northern Asia.
And for 2024 as a whole, total wind-powered electricity generation will likely be at least 30% greater than total solar generation, given that the peak wind generation period is during winter when wind output can be more than twice solar output.

CLOSING THE GAP
Wind farms have been by far the largest source of renewable electricity output for over 20 years, and in 2023 generated 2,311 TWh of electricity compared to 1,632 TWh by solar assets.
However, solar generation has grown twice as quickly as wind generation over the past five years, due in large part to the far lower cost and speedier construction times of solar farms relative to wind projects.
Solar generation capacity has also outpaced wind generation capacity, growing by 188% from 2018 to 2023 compared to 80% growth in wind capacity during the same window.
Solar's stronger momentum has continued in 2024, with solar generation during the first half of 2024 climbing by 26.5% from the first half of 2023, compared to 8% growth in wind output. Continued strong capacity growth in key markets including China, the United States and Europe look set to further lift solar generation levels at a faster pace than wind generation. That in turn should result in solar output regularly exceeding wind generation for long spells each year going forward, especially during the northern hemisphere summer when solar production peaks just as wind generation hits its annual lull.
But due to the ability of wind farms to generate electricity around the clock, as opposed to only during the day for solar farms, wind assets will likely retain their place as the world's largest source of renewable electricity. And over the coming years several large offshore wind projects are expected to finish construction, and trigger a fresh growth spurt in global wind generation.
Over the nearer term, however, solar generation will likely continue to eat into wind power's lead, and will register further periods of higher generation than wind assets during the sunniest times of year.

Top News - Dry Freight

EXCLUSIVE-Argentina official says lithium, copper to drive metal exports to $10 bln by 2027
Argentina's mining exports will more than double to around $10 billion in 2027 from some $4 billion this year, the country's Mining Secretary Luis Lucero told Reuters, driven by a spate of lithium projects coming online and a nascent push into copper. In his first comments to international media since taking office in April, Lucero said electric battery metal lithium would be the key driver of the mining export boom, with a batch of projects set to go into production later this year.
The South American nation is making an aggressive push to cement itself as a key supplier of lithium and copper, both vital for the global drive to build renewable energy to power electric vehicles and artificial intelligence. An effort to restart copper output, luring majors such as BHP, Glencore, Lundin Mining, First Quantum and others, will also boost exports when a promising pipeline of projects goes online in coming years. "Argentina has an important window of opportunity with lithium and copper to be a supplier in the international trade of these metals," Lucero said in written responses to Reuters.
The secretariat declined requests for a spoken interview.
Argentina's government under libertarian President Javier Milei is making a major pro-business push on mining, hoping to pull the economy out of recession after years of debt, currency and inflation crises. The country is already the world's No. 4 producer of lithium and is looking to catch larger producers Chile and China. Lucero said Argentina may be able to hit annual capacity of 200,000 tons of lithium carbonate equivalent (LCE) by the end of next year or early 2026, up from just under 140,000 tons now. This would beat some previous government forecasts.
"This would get us closer to third place among lithium producing countries," Lucero said, adding Argentina could get to 250,000 tons in the coming years. "With these production levels, lithium would become the country's main mineral export."
A still-swirling economic crisis remains a major obstacle with annual inflation above 200%, tough capital controls and a deepening recession, but Milei's government has won backing from markets and business with incentive measures for big investment. Lucero said the new measures, known by the Spanish acronym "RIGI", include tax breaks and better access to foreign currency for large projects. He said this would help bring an "influx of new investment". He added key lithium projects needed capital expenditure over $8 billion to get up and running, while the main copper projects need some $20 billion. He cited "major challenges" of improving energy infrastructure and road connectivity. The mining secretary added that the government was looking to extend the useful life of mature but declining silver and gold mines, previously the main mining driver, while there was also "smaller investments in exploration and expansion."

India set to hold more talks over import curbs on steelmaking raw material
India will hold wider consultations with steel companies before imposing curbs on imports of low ash metallurgical coke, used in steelmaking, a source with direct knowledge of the matter told Reuters. India, the world's second-biggest producer of crude steel, in April proposed a country-specific import quota to cap annual imports of low ash metallurgical coke, also known as met coke, at 2.85 million metric tons for one year.
The April proposal from the Directorate General of Trade Remedies (DGTR) aimed to protect the country's local met coke producers from rising imports, which have risen by more than 61% over the last four years. The Directorate General of Foreign Trade, which comes under the federal trade ministry, has asked the DGTR to begin consultations to seek opinions from all stakeholders, including steel mills and domestic met coke producers, the source said, who did not wish to be

named as deliberations were not public. The source added the Directorate General of Foreign Trade, which asked the DGTR to start the consultation process nearly two weeks ago, has not set a timeline for it to be completed, the source said. The federal trade ministry and the DGTR did not immediately respond to requests for comment. Leading steelmakers, such as JSW Steel and ArcelorMittal Nippon Steel have opposed the import curbs proposed by the DGTR. The Indian Steel Association, a producers' body, on Aug. 1 petitioned the trade ministry to relax the DGTR's proposed import restrictions on met coke that is said would limit steel mills' capacity expansion.

In June, India's federal steel ministry also wrote to the trade ministry to make clear it did not favour limits on imports of met coke, citing risks to domestic output. Two other sources with knowledge of the matter said the DGTR was also considering options such as a floor price, or minimum import price, for met coke imports.

Picture of the Day

Flames and smoke rise from the Greek-flagged oil tanker Sounion, which has been on fire since August 23, on the Red Sea, August 25. EUNAVFOR ASPIDES/Handout via REUTERS

(Inside Commodities is compiled by Indrishka Bose in Bengaluru)

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

To subscribe to Inside Commodities newsletter, **click here**.