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Top News - Oil

Libya's oil output falls more than half due to political standoff

More than half of Libya's oil production, or about 700,000 barrels per day, was offline on Thursday and exports were halted at several ports as a standoff between rival political factions over the central bank and oil revenue threatens to end a four-year period of relative peace.

Libya's National Oil Corp, which controls the country's oil resources, said on Thursday that the average oil output stood at 591,024 barrels on Wednesday Aug. 28. Libya pumped about 1.18 million bpd in July.

Total losses in the past three days following the oilfields closures were at 1,504,733 barrels, worth about \$120 million, NOC added.

The crisis over control of the Central Bank of Libya threatens a new bout of instability in the country, a major oil producer that is split between eastern and western factions that have drawn backing from Turkey and Russia. Ports in Libya's hydrocarbon-rich Oil Crescent - Es Sidra, Brega, Zueitina and Ras Lanuf - halted export operations on Thursday, two engineers at the ports told Reuters.

Four vessels had loaded 600,000 barrels of oil each in the eastern region that accounts for the bulk of the country's exports - two at Es Sidra, one at Brega and one at Zueitina - and departed earlier on Thursday, the engineers said. Output at oilfields controlled by Waha Oil Company, a subsidiary of the National Oil Corporation, has dropped to 150,000 barrels per day from 280,000 bpd and is expected to fall further, engineers told Reuters on Thursday. Production has also been halted or reduced at the Sharara, Sarir, Abu Attifel, Amal and Nafoora fields, engineers have said. That has taken roughly 700,000 bpd of oil output offline, according to Reuters calculations. Libya pumped about 1.18 million bpd in July.

Consulting firm Rapidan Energy Group has estimated production losses could reach between 900,000 and 1 million bpd and last for several weeks.

Eastern factions have vowed to keep oil production shut off 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.

The Presidency Council, headed by Mohammed al-Menfi, said on Aug. 18 it was dismissing Kabir, a move rejected by the eastern-based House of Representatives parliament, and eastern commander Khalifa Haftar's force called the Libyan National Army.

The North African member of the Organization of the Petroleum Exporting Countries has had little stability since the 2011 NATO-backed ouster of longtime leader Muammar Gaddafi. The east-west split of rival factions dates back to 2014. Oil blockades have been used frequently as a political tactic in the chaos following the end of Gaddafi's 42-year rule. However, while smaller

localised shutdowns have sometimes been resolved within days, larger blockades tied to major political or military struggles have sometimes lasted months. The longest major blockade, when Haftar stopped nearly all production in 2020 for eight months, was only resolved as part of a wider agreement when his assault on Tripoli collapsed.

EXCLUSIVE-Shell plans wide cuts in oil exploration division, sources say

Shell plans to scale back its oil and gas exploration and development workforce by 20% as CEO Wael Sawan widens his cost-saving drive to the highly profitable division after deep cuts in renewables and low-carbon businesses, company sources said. The restructuring in the exploration and wells development and subsurface units will see hundreds of job cuts around the world, and will be felt in particular in its offices in Houston, The Hague and to a lesser degree in Britain, the sources told Reuters. The planned 20% reduction are subject to consultations with employee representative bodies, the sources added. Shell's oil and gas production division, known as upstream, which includes the exploration and well development units, accounted for over one third of the company's \$28.25 billion in adjusted earnings in 2023. Exploration is vital for oil and gas companies in order to replenish depleting reserves and discover new resources that, if developed, can be highly profitable. Shell in recent years made significant discoveries in Namibia which it is now studying for potential development. A Shell spokesman would not comment on the reduction figures.

"Shell aims to create more value with less emissions by focusing on performance, discipline and simplification across the business. That includes delivering structural operating cost reductions of \$2-3 billion by the end of 2025," Shell said in a statement.

Shell shares were up 0.6% at 1555 GMT. Sawan, who took office in January 2023, has vowed to improve Shell's performance to boost profitability and narrow a wide gap in its shares valuation compared with larger U.S. rivals. As part of the strategy, Shell plans to grow its liquefied natural gas division, steady oil production and focus on its most profitable businesses. Shell in recent months scaled back operations in offshore wind, solar and hydrogen, sold retail power businesses, refineries and some oil and gas production, including in Nigeria. In March, Shell weakened a 2030 carbon reduction target and scrapped a 2035 objective, citing expectations for strong gas demand and uncertainty in the energy transition. Shell's shares have gained over 8% so far this year, outperforming its European rivals and Chevron, as investor confidence was buoyed by improving cashflow and the better performance of the company's key assets.

Top News - Agriculture

Favourable weather swells outlook for Australia wheat harvest

Australia should produce over 31 million metric tons of wheat in the upcoming harvest, around two million tons more than forecast earlier and significantly more than in 2023/24, after rain in major crop regions boosted yields, analysts said.

Australia is the world's third-biggest wheat exporter and bumper production is likely to pressure global prices already trading close to their lowest in four years.

A survey of ten analysts and traders in Australia and Singapore returned estimates for Australia's 2024/25 crop of between 30.25 million tons and 36 million tons. The median estimate was 31.1 million tons.

This compares with an agriculture ministry forecast of 29.1 million tons in June and 2023/24 production of 26 million tons. The ministry forecast is due to be updated on Tuesday.

East Coast crop conditions have been excellent all year, but Western Australia, the biggest wheat-producing region, was extremely dry before rain began to fall in June.

"The crop is definitely enormous in New South Wales and Queensland, and Western Australia is looking good," said Ole Houe at IKON Commodities in Sydney. His 36 million-ton forecast could be an underestimate, he said.

South Australia and parts of Victoria are drier but looking

reasonable, Houe said.

Crops are entering a key development stage ahead of harvest beginning in October. Unseasonably hot weather in the east and potential end-of-winter frosts in the west could still hit yields, said Rod Baker at Australian Crop Forecasters in Perth.

Baker said, however, clement weather in Western Australia could swell the crop and result in nationwide production above his 31.7 million-ton prediction.

"Depending on conditions, the harvest could drop to 29-29.5 million tons or could go as high as 33 million," Baker said.

Australia's weather bureau forecasts warmer-than-average temperatures nationwide in coming months, and median or above-median rainfall in September for every cropping region except some parts of Western Australia, South Australia and Victoria.

The survey's median forecast for barley was 11.6 million tons and for canola 5.5 million tons. Those estimates compare with agriculture ministry forecasts in June of 11.5 million tons for barley and 5.4 million tons for canola.

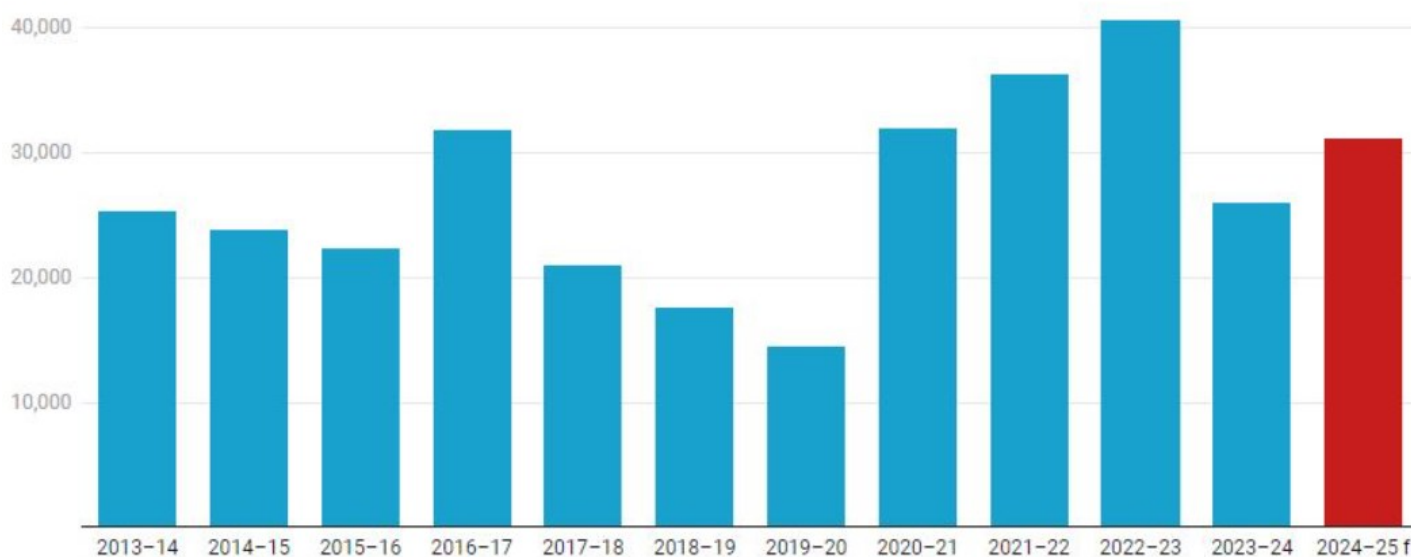
EXCLUSIVE-India's monsoon expected to be prolonged, threatening ripe crops, sources say

India's monsoon rains are likely to be prolonged into late September this year due to the development of a low-pressure system in the middle of the month, two weather

Chart of the Day

Australian wheat production

Analysts forecast an above-average harvest in the 2024/25 season thanks to rain in eastern and western cropping regions.



Unit of measurement: thousands of metric tons

Source: ABARES, Reuters poll of analysts • Get the data • Created with Datawrapper



department officials told Reuters.

Above-normal rainfall due to the delayed withdrawal of the monsoon could damage India's summer-sown crops like rice, cotton, soybean, corn, and pulses, which are typically harvested from mid-September.

The crop damage could lead to food inflation, but the rains may also result in higher soil moisture, benefiting the planting of winter-sown crops such as wheat, rapeseed, and chickpea.

"There is an increased probability of a low-pressure system developing in the third week of September, which could delay the withdrawal of the monsoon," said a senior official of the India Meteorological Department, who sought anonymity as the matter is sensitive.

India, the world's second-largest producer of wheat, sugar, and rice, has imposed various curbs on the export of these farm commodities, and any losses due to excessive rainfall could prompt New Delhi to extend those curbs.

The monsoon generally begins in June and starts to retreat by Sept. 17 from northwestern parts of the country, ending across the country by mid-October.

The lifeblood of a nearly \$3.5-trillion economy, the annual monsoon brings almost 70% of the rain India needs to water farms and replenish reservoirs and aquifers.

Without irrigation, nearly half the farmland in the country depends on the rains that usually run from June to September.

Monsoon rainfall in September and October could be influenced by La Nina weather conditions, which are likely to develop from the next month, said another IMD official. In the past, when La Nina develops during the second half of the monsoon season, it has led to a delayed monsoon withdrawal, said the official, adding that "this year, we could see a similar pattern".

The two sources shared their assessment ahead of the IMD's monthly forecast for September rainfall and monsoon withdrawal, which is scheduled for this weekend. India has received 7% more rainfall than average since the monsoon season began on June 1. However, some states have experienced as much as 66% more rainfall than average, leading to flooding. Heavy rains during the third and fourth weeks of September and early October could affect early sown crops that are nearing harvest, said Ashwini Bansod, vice president of commodities research at Phillip Capital India. "The impact would depend on the intensity and duration of the rainfall. If the rains persist into the first half of October, it could cause more damage if fields get flooded," Bansod said.

Top News - Metals

INSIGHT-Wary of Trump, US minerals projects rush to close government loans

U.S. miners and battery recyclers are rushing to close government loans worth billions of dollars before January out of concern that former President Donald Trump would, if reelected, block funding needed to boost American output of critical minerals for the energy transition.

Tumbling prices this year for lithium, nickel and other minerals, as well as lower-than-expected EV sales, have spooked private financiers and put the traditionally conservative mining industry in the unusual position of needing Washington's support to grow and counter what the West sees as China's market manipulations.

Under President Joe Biden, the U.S. Department of Energy's Loan Programs Office (LPO) has awarded nearly \$25 billion in conditional loans to 21 companies, including Li-Cycle, Ioneer, Lithium Americas, Redwood Materials and others planning to build facilities that recycle batteries or process lithium and other minerals for use in electric vehicles. Such conditional loans still need final approval, which takes time.

Solar companies, including South Korea's Qcells, and hydrogen firms, including Plug Power, have also received conditional loans, yet their plans rely in part on domestic supply of critical minerals, thus making the funding for mines crucial for the U.S. energy transition.

The average LPO loan is for \$1 billion and each must be reviewed by the office and others across government - including engineers, financial experts and even Energy Secretary Jennifer Granholm - before funds are dispersed.

Given Trump's pledge to "end the electric vehicle mandate" and plans laid out by former Trump

administration officials in the Project 2025 document to shutter the LPO, mining companies and others are rushing to close the loans before Biden leaves office in five months. Some are likely to fall short given the short timeframe, according to interviews with more than two dozen industry executives, consultants, investors, analysts and policymakers.

Without those financial lifelines, all of the sources say, many domestic critical minerals projects could be frozen in the planning stage, a step that could cripple the Western EV supply chain as Beijing-linked rivals boost market share by flooding global markets with cheap supplies of metals.

One executive with a loan pending before the LPO said Trump was "a wild card," so the company was keen to get its loan finalized before a new president takes office in January. The executive was one of five interviewed for this article who, along with other experts in the field, declined to be identified so as not to offend Trump, a Republican, or Vice President Kamala Harris, his Democratic rival in the Nov. 5 election.

Trump has tried to distance himself from Project 2025, although much of its energy-related portions were written by aides from his first term.

LPO staff members have told applicants they will be unable to finalize many outstanding loans before January given the need to closely scrutinize each project's credit worthiness and other factors, with most loans by necessity falling to the next president to address, three sources with direct knowledge of the conversations said. The Harris and Trump campaigns did not respond to requests for comment.

The U.S. Department of Energy, which controls the LPO,

said the loan program has "provided a bridge to bankability for American entrepreneurs and innovators for almost 20 years" and holds "responsible stewardship of taxpayer money" as a key priority. "Federal programs like ours regularly continue across administration changes," said an Energy Department spokesperson.

Harris, who cast the tie-breaking vote for the Inflation Reduction Act in 2022, is expected to continue many of the climate policies implemented by Biden, although her aides told Reuters she is being strategically ambiguous with energy proposals. The LPO employs roughly 400 people, up from 90 when Biden and Harris took office in January 2021. Trump issued only one LPO loan during his first term by lending to a Georgia nuclear project that had previously received loans under then President Barack Obama. The LPO was sidelined during the rest of Trump's term, although his administration did update lending policies a month before leaving office to invite critical minerals projects to apply. Much of the uncertainty with a Trump second term, according to the sources, centers on how he would implement funding portions of the IRA, which boosted LPO funding yet was opposed by Trump. While Trump couldn't unilaterally close the LPO as it is congressionally funded, he could slow-walk the loan underwriting process to such a degree that applicants walk away. Plug Power, which is building multiple U.S. hydrogen

plants, said it is working closely with the Energy Department to finalize its \$1.66 billion loan. "Given the resilience of (Department of Energy) programs through previous administration changes, we remain confident that subsequent administrations will continue to support projects that have received prior conditional approval," Andy Marsh, Plug Power's CEO, told Reuters.

MINING PROJECTS

The LPO, which gave Tesla a \$465 million loan in 2010 to stave off bankruptcy, has been meticulous in its loan review process under Biden, with more than two-thirds of applicants requiring help to navigate the complex credit review process that slows down the loan approval timeline, LPO chief Jigar Shah, told Reuters last year. For U.S. mining projects, any delay in funding could imperil plans to supply cathode and battery facilities, many of which are also in line for LPO funding. In Nevada, ioneer is pushing to close a \$700 million LPO loan for its Rhyolite Ridge lithium project, which is estimated to eclipse \$1 billion in cost. And General Motors-backed GM.N Lithium Americas has begun work on its nearly \$3 billion Thacker Pass lithium project, which Trump approved five days before leaving office. The bulk of the project's funding will come from a \$2.26 billion LPO loan that the company expects to close by December. "We're pleased that our project was supported by the Trump and Biden administrations," said a spokesperson for Lithium Americas. "They both have expressed the

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$76.23 / bbl	0.42%	6.39%
NYMEX RBOB Gasoline	\$2.12 / gallon	0.68%	0.75%
ICE Gas Oil	\$709.75 / tonne	0.78%	-5.46%
NYMEX Natural Gas	\$2.15 / mmBtu	0.56%	-14.52%
Spot Gold	\$2,520.19 / ounce	-0.04%	22.19%
TRPC coal API 2 / Dec, 24	\$126.75 / tonne	-0.59%	30.67%
Carbon ECX EUA	€71.34 / tonne	0.39%	-11.24%
Dutch gas day-ahead (Pre. close)	€38.80 / Mwh	-0.84%	21.82%
CBOT Corn	\$3.97 / bushel	0.19%	-18.03%
CBOT Wheat	\$5.49 / bushel	0.00%	-14.19%
Malaysia Palm Oil (3M)	RM3,990 / tonne	1.27%	7.23%
Index	Close 29 Aug	Change	YTD
Thomson Reuters/Jefferies CRB	331.33	0.83%	9.93%
Rogers International	26.79	1.00%	1.75%
U.S. Stocks - Dow	41,335.05	0.59%	9.67%
U.S. Dollar Index	101.39	0.04%	0.05%
U.S. Bond Index (DJ)	446.20	-0.17%	3.60%

importance of Thacker Pass in securing a domestic supply of critical minerals."

Australia-based ioneer did not respond to requests for comment.

Recycling startups Li-Cycle and Redwood are also rushing to close LPO loans. Redwood was conditionally approved for a \$2 billion loan that it expected to close last year, but the company is still waiting for funding.

Li-Cycle said it continues "to work closely with the U.S. Department of Energy on key technical, financial and legal workstreams to advance towards definitive financing documentation for a loan."

Representatives for Redwood and Qcells did not respond to requests for comment. Another executive with a loan pending before the LPO said they believe Trump understands that EVs will grow in popularity, a stance echoed by some Republicans. Yet whether Trump would see the value in using U.S. industrial policy to support miners and others in a potential second term - or whether he will hew more toward Project 2025's aims - is fueling anxiety among executives looking now to make decisions that will affect their companies for years.

A third executive with a pending loan said it was not clear whether Trump's statements on the subject were "rhetoric or actual policy."

Ghana to launch 'monster mines' to boost gold production

Africa's top gold producer Ghana will commission its first large-scale greenfield mine in more than a decade in November, with expected annual production of more than 350,000 ounces, the head of its mining sector regulator told Reuters. The Cardinal Namdini mine is owned by Cardinal Resources, a unit of Shandong Gold which received a licence for the facility in 2020.

Ghana, the world's number two cocoa producer, has seen gold exploration slump over the past decade, limiting new

projects and lowering output from big miners.

Martin Ayisi, CEO of the Minerals Commission, said three other new mines, including a lithium project, will come onstream by 2026 to boost the West Africa nation's minerals production and quicken a recovery from its worst economic crisis in a generation.

Ghana last commissioned a large-scale greenfield mine in 2013 when miner Newmont launched its Akyem site in southeastern Ghana.

Since then, "exploration took a nosedive", Ayisi said in an interview on Monday, but "we will now have commissioning galore".

"First is Cardinal Namdini, which is a monster mine and it will produce an average of 358,000 ounces per year. Mid-year 2025, Newmont will commission another monster mine - Ahafo North."

He said the two mines would add at least 600,000 ounces of gold to Ghana's annual output while bolstering economic growth and creating hundreds of jobs.

Ghana mined 4.03 million ounces of gold in 2023, driven largely by increased output from small-scale and artisanal miners.

Ayisi said another two new mines - a gold mine by Azumah Resources in northwestern Ghana along the border with Burkina Faso, and the country's first lithium project, owned by Atlantic Lithium - will start production in 2026. Miners welcome Ghana's stable fiscal regime, but say excessive costs and bureaucracy are a deterrent for investment. Ayisi said the Minerals Commission was working with the government to lower the exploration tax. "Ivory Coast is number one when it comes to exploration spend because they have made it easier. We are number four, but we can be number one," he said.

Gold production hit 2.5 million ounces by July this year, of which 42% came from small-scale and artisanal miners as surging global gold prices boosted the sector.

Top News - Carbon & Power

Trump would axe Biden clean power rules, speed power plant approvals, campaign says

Donald Trump would rescind many of President Joe Biden's clean energy rules while also speeding approvals of power plants to meet the nation's rising electricity demands, the Republican's presidential campaign said on Thursday.

Should he win the Nov. 5 election, Trump would axe clean energy regulations of Biden and his opponent, Vice President Kamala Harris, a Democrat, on both power plants and on emissions from vehicles. Those rules are aimed at slashing carbon emissions from the power industry while also pushing the auto industry to transition to electric cars to cut tailpipe pollution.

The former president "will immediately stop all Biden-Harris policies that distort energy markets, limit consumer choice and drive up the costs on consumers on day one," David Bernhardt, Trump's former Interior Department secretary, told reporters in a call organized by the campaign.

Bernhardt said Trump would also implement rapid approvals for energy projects and "greenlight the construction of hundreds of new power plants," without detailing how those plants would be fueled.

He added that Trump would remove the United States from the Paris agreement on fighting climate change as he did during his 2017-2021 term in the White House.

The policy proposals were in line with past statements, and hewed closely to Trump's efforts during his presidency to encourage industrial and fossil fuel projects and cut regulations.

In response, James Singer, a Harris campaign spokesperson, said Trump wants to sell out America's energy future to Big Oil executives and that under Biden and Harris, "American energy of all kinds has hit record production levels, resulting in hundreds of thousands of new jobs for American workers because of her leadership."

"Trump's proposals would raise prices on consumers, pollute our air and water, and take us backwards," Singer

said.

During Biden's presidency, U.S. oil and gas production hit the highest levels of any country ever, despite his administration's broader efforts to transition to cleaner energy. Congress passed in 2022 Biden's Inflation Reduction Act, which contains hundreds of billions of dollars in subsidies for clean energy such as wind, solar, hydrogen, geothermal projects.

No Republicans voted for the IRA, and some in the party have introduced legislation to repeal parts of the bill.

When asked whether Trump would support the repeal of parts of the IRA, Corey Lewandowski, a Trump campaign adviser, avoided the question.

Bernhardt also said that Trump "will put coal country back to work so that all Americans have access to affordable energy," without elaborating on how those workers would be put to work.

Despite Trump's promises to revive the coal industry during his administration, employment in the industry fell as power generators turned to plentiful natural gas and renewable energy.

In April, Biden's Environmental Protection Agency finalized rules targeting carbon, air and water pollution from power plants, an industry responsible for nearly 25% of U.S. carbon emissions. The rules will effectively require coal-fired power plants and new natural gas-fired generators in the coming decade to capture emissions before they reach the atmosphere.

Bernhardt said Trump would "modernize" the U.S. Nuclear Regulatory Commission to speed approvals for new nuclear plants and for existing ones to have their lives extended.

"There's been legislation to address some of these issues, but there's a long way to go," Bernhardt said. Biden signed legislation in July to reform the agency to help speed approvals, and his administration has sought to encourage new projects, restart shuttered plants, and delay scheduled nuclear reactor retirements.

ONEOK strengthens Permian presence with midstream deals worth \$5.9 bln

Pipeline operator ONEOK said it would buy midstream assets in deals worth \$5.9 billion from Global

Infrastructure Partners, bolstering its position in the Permian and Mid-Continent basins amid rapid consolidation in the U.S. industry.

The U.S. pipeline and storage sector is seen as ripe for deals following increased consolidation among oil and gas producers, as well as hurdles in getting new energy infrastructure approved and built.

The deal will help immediately compete for more volumes, executives said in a conference call, adding it also sets the company up as a "one-stop shop" in the Permian that can move oil and gas and process and fractionate natural gas liquids.

ONEOK will buy GIP's 43% stake in EnLink Midstream for \$14.90 per unit and GIP's full interest in EnLink's managing member for a total of about \$3.3 billion in cash, it said late on Wednesday, a 12.8% premium to EnLink's close on Aug. 27.

The company's shares were up 7.6% in morning trade on Thursday.

Once finalised, ONEOK said it intends to pursue the acquisition of the rest of the 57% of EnLink in a tax-free transaction.

While the "timing is quite surprising" as ONEOK digests the relatively recent Magellan and Easton transactions, the synergy potential and EnLink's asset quality within a larger network of ONEOK's is modest, Raymond James analysts said. They signaled there could potentially be additional interest in the rest of EnLink from other companies, given its solid Permian presence.

ONEOK will also buy GIP's equity interests in Medallion Midstream, a crude gathering and transportation system in the Permian's Midland Basin, for \$2.6 billion in cash.

The assets have fee floors, which would ensure that the midstream firm earns a reasonable enough return, keeping ONEOK largely insulated from low gas prices while still positioned for growth, said Morningstar analyst Stephen Ellis.

Tulsa, Oklahoma-based ONEOK expects the deals to close early in the fourth quarter and immediately add to its earnings and free cash flow. It estimates synergies to be between \$250 million and \$450 million over the next three years.

Top News - Dry Freight

EXCLUSIVE-Egypt's Sisi ordered huge wheat purchase fearing new supply crisis, sources say

Egypt's biggest ever wheat tender, nearly 20 times its usual size, stemmed from food security concerns sparked by an intelligence briefing given to President Abdel Fattah al-Sisi, according to three security and government sources.

Egypt, one of the world's biggest wheat importers, relies on the grain to produce subsidised bread for tens of millions of Egyptians. Successive governments have kept its price stable for decades to avoid public unrest, but in June, Sisi's government hiked the price by 300%.

Sisi's role in the tender launched earlier this month - which sought 3.8 million metric tons of wheat, but delivered just 7% of those volumes - has not been previously reported. His office did not respond to a

request for comment.

Egypt has suffered several financial shocks in recent years including from Russia's invasion of Ukraine in 2022 which disrupted supply chains and caused global wheat prices to rise to a peak at more than \$500 a metric ton. With wheat prices trading today at a near four-year low of around \$200 a ton due to abundant global supply, Sisi and his government have sought to lock in cheap imports, the sources said.

Sisi took the decision together with Prime Minister Mostafa Madbouly and newly appointed Supply Minister Sherif Farouk, the sources said. Sisi's personal involvement was highly unusual, as decisions about tenders are usually taken by the supply ministry.

The size of the tender was also unusual. The 3.8 million tons sought by Egypt, worth around \$850 million,

compares to the more regular size of about 200,000 tons and represents more than half its annual wheat imports. Sisi took the decision after a regular quarterly briefing from his intelligence services in July that highlighted the risks of escalating tensions in the Middle East and in exporting countries such as Russia and Ukraine, the sources said.

As Egypt announced the tender, Ukrainian troops entered Russian territory in the Kursk region, highlighting growing risks to supplies from some of the world's biggest exporters.

Russia is the largest source of wheat to Egypt, and Ukraine is also an important supplier.

The tender was an attempt to take advantage of low prices and buy as much as possible, Hossam El Garahy, vice chairman of state buyer the General Authority for Supply Commodities, told Reuters.

He cited low prices achieved at the previous tender in July as being one of the reasons behind the decision to hold a new, bigger tender in August.

Sisi has been trying to overcome one of the biggest economic crises since he came to power a decade ago.

Over the past two years, the North African country has been struggling with an acute foreign currency shortage, rising debt, record-high inflation and rolling blackouts that have led to growing frustrations among Egyptians.

Earlier this year it had to rely on the support of friendly Gulf countries as well as an \$8 billion financial package from the International Monetary Fund to ease its financial problems.

The wheat tender proved however too ambitious, as Egypt bought only 7% of its target volumes. Sellers asked for high wheat prices as Egypt sought a big payment delay of up to nine months.

GASC has also started direct talks with suppliers such as Russia as it tries to find out if it can achieve better prices and terms outside traditional tenders, traders told Reuters.

"Egypt right now is trying all ways to lock cheaper prices, whether it is through the tender, direct deals or adding

new import origins," said Hesham Soliman, a Cairo-based grains trader.

"However, this particular tender revealed the quantity Egypt needed, and the suppliers took advantage of that as we saw with the prices."

Prime Minister Madbouly said on Thursday that strategic reserves of wheat are now sufficient for more than six months of consumption but the country can tap the market for more when prices are low.

EU strongly cuts 2024/25 wheat crop and export estimates

The European Commission on Thursday cut its estimate for usable production of common wheat in the European Union in 2024/25 to 116.1 million metric tons from 120.8 million forecast a month ago, still a four-year low.

In supply and demand data, the Commission also lowered its forecast of EU exports of common wheat, or soft wheat, in 2024/25 to 26.0 million tons from 32.0 million tons projected in late July and 35.1 million in the 2023/24 season.

The Commission did not give details for its estimates but other forecasters have also reduced their estimates for EU soft wheat output and exports, citing worse-than-expected yields in rain-hit France and Germany.

In other grains, the Commission lowered its estimate for 2024/25 usable production of barley to 51.3 million tons from 52.7 million last month, still well above the 47.5 million tons produced last year.

It also reduced its 2024/25 maize crop outlook to 61.65 million tons from 62.9 million and now below the 2023 production of 62.7 million tons.

The reductions in EU maize crop forecasts are mainly due to hot weather in Romania, which previously vied with France as the EU's biggest maize producer.

In oilseeds, the Commission lowered its estimate of the bloc's rapeseed usable output this season to 18.0 million tons from 18.4 million last month and 19.7 million tons in 2023.

Picture of the Day



A woman buys tomatoes at a crowded souk, in Sabra, Beirut suburbs, Lebanon, August 29. REUTERS/Ahmed Saad

(Inside Commodities is compiled by Indrisha Bose in Bengaluru)

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

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