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Top News - Oil

OPEC August output falls to lowest since January on Libya, survey finds
OPEC oil output fell in August to its lowest since January, a Reuters survey found on Monday, as unrest that disrupted Libyan supply added to the impact of ongoing voluntary supply cuts by other members and the wider OPEC+ alliance.
The Organization of the Petroleum Exporting Countries pumped 26.36 million barrels per day last month, down 340,000 bpd from July, the survey found. This was the lowest total since January 2024, according to Reuters surveys. A drop in Libyan exports and production amid a standoff between political factions over control of the central bank has helped boost oil prices and, sources say, increased the prospect that OPEC+ will proceed with a planned output hike from October.
Libya provided the largest supply loss last month of 290,000 bpd, the survey found. Output was disrupted at the Sharara field early in the month and at more fields towards the end, trimming output to an average of 900,000 bpd, the survey found. Some flows data, such as that of Kpler, showed little impact on Libyan exports in August, although sources in the survey estimated the production impact to be more significant.
Libya is exempt from OPEC+ agreements to limit production. Other declines came from Iraq, which lowered exports in August according to the survey and is seeking to boost compliance with its OPEC target, and from Iran which is also exempt. Iran has been boosting exports in the last few years despite U.S. sanctions remaining in place and is still pumping close to the highest levels since 2018.
Among countries posting higher output, there was a small increase in Nigeria which boosted exports, the survey found.
OPEC pumped about 220,000 bpd more than the implied target for the nine members covered by supply cut agreements, with Iraq still accounting for the bulk of the excess, the survey found.
The Reuters survey aims to track supply to the market and is based on shipping data provided by external sources, LSEG flows data, information from companies that track flows such as Kpler and Petro-Logistics, and information provided by sources at oil companies, OPEC and consultants.

Oil exports remain halted at major Libyan ports, say engineers
Oil exports at major Libyan ports were halted on Monday and production curtailed across the country, six engineers told Reuters, amid a standoff between rival political factions over control of the central bank and oil revenue. Some output was being increased to feed local power generation, they said.
Libya's oil production has plummeted by more than half from typical levels since the standoff began last month, when western factions moved to oust veteran Central Bank of Libya (CBL) Governor Sadiq al-Kabir and replace him with a rival board.
In response, eastern factions called for a shut down to all oil production.
The crisis threatens to end a four-year period of relative peace in the OPEC member that for a decade has been split between eastern and western factions that have drawn backing from Russia and Turkey respectively.
Exports remained halted at the ports of Es Sidra, Ras Lanouf, Hariga, Zueitina, Brega and Sirte, engineers there said.
Arabian Gulf Oil Company (AGOCO), a subsidiary of the state-owned National Oil Corporation (NOC), ordered production to be boosted at its fields to feed a power plant at Hariga port, engineers have told Reuters.
AGOCO, which controls the Sarir, Nafoura and Messla fields, was producing 139,000 barrels per day (bpd) on Aug. 28, down from 290,000 bpd on July 20, NOC said last week.
Reuters was not immediately able to ascertain its current production.
NOC did not immediately respond to a request for comment. NOC said on Thursday that total production had plunged to just over 591,000 bpd by Aug. 28 from nearly 959,000 bpd on Aug. 26, amounting to losses of over $120 million over the three days. Production was at about 1.28 million bpd on July 20, NOC said. Libya's average production in July was 1.18 million bpd, according to OPEC, citing secondary sources.

Top News - Agriculture

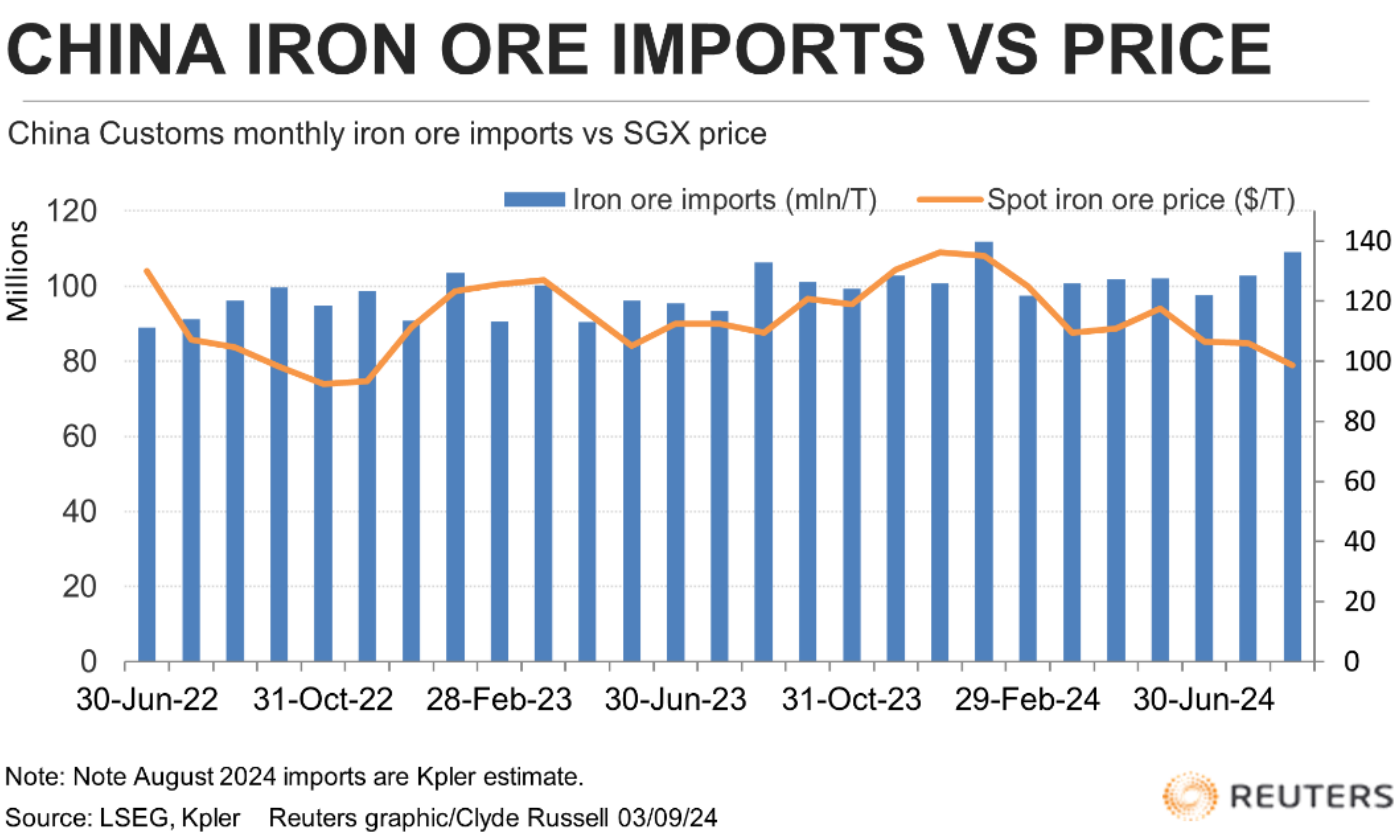
Ghana set to raise cocoa farmgate price by nearly 45%, sources say
Ghana will increase the state-guaranteed price paid to its cocoa farmers by nearly 45% for the 2024/25 crop season, two sources with knowledge of the price review told Reuters, to help boost their incomes and deter bean smuggling out of the country. The world's number two cocoa producer raised the farmgate price by more than 58% to 33,120 cedi ($2,123.08) per metric ton, or 2,070 cedi per 64 kilogram (kg), in April for the rest of the 2023/24 season. The mid-season price hike came after top cocoa producer, neighbouring Ivory Coast, raised its farmgate price to 1,500 CFA francs (US$2.55), or around 40 cedis, per kg for the April-to-September mid crop of the 2023/24 season, up from 1,000 CFA francs last season. One source said Ghana's cocoa producer price review committee had pegged the price at 48,000 cedi per ton, translating to 3,000 cedi per 64 kg of cocoa, for

the 2024/25 season due to begin later in September, an increase just shy of 45%. The source said the decision would be sent to the cabinet pending an announcement. Both sources asked for anonymity because the decision is not yet public.
The second source said it was unlikely that the cabinet would change the committee's decision, saying also the price could not be increased beyond 48,000 cedis per ton without pushing Cocobod, Ghana's cocoa marketing board, into a deficit. Ghana's price will also have to align with Ivory Coast's 2024/25 farmgate price, which has yet to be announced, the person added.
The two biggest cocoa growing countries set up an initiative to coordinate farmgate prices and cocoa supplies to help sustain the sector and boost their farmers' incomes.
Cocoa prices have been buoyant this year as disease and adverse weather in Ghana and Ivory Coast, which together supply more than 60% of the world's cocoa, pushed the market to a third successive deficit.
The International Cocoa Organization on Thursday raised its global cocoa deficit forecast for the 2023/24 season (October-September) to 462,000 tons from 439,000 tons, saying the market was headed for a 45-year low stocks-to-grindings ratio.
Cocobod previously planned to launch the 2024/25 season on Sept. 1, earlier than usual, with a reduced production target of 650,000 tons, but both sources said the opening will be later.
Opening the season earlier was aimed at helping reduce bean smuggling, which has been incentivised by low prices and delayed payments to farmers.
Some of Ghana's cocoa farmers and licensed buyers accused both sides of hoarding beans to benefit from the proposed price hike in the new season.

Argentina rains to give welcome boost to imminent corn planting

Rainfall in Argentina at the weekend is expected to boost the 2024/25 corn crop as farmers begin planting this month, the Rosario grains exchange said in a report published on Monday. As much as 50 millimeters (2 inches) of rain fell in some areas of the country's core farmland, with showers particularly benefiting the north of Buenos Aires province and the southern part of Santa Fe province. Argentina is a major global grains supplier. Proceeds from sales of corn, wheat and processed soybeans are key to bulking up foreign currency reserves in central bank coffers, which are needed to pay down debt and finance imports in the South American nation.
The report comes amid news that local farmers are slated to plant less of the crop in the 2024/2025 season due to fears that the leafhopper insect could again harm the corn crop. However, "the accumulated rainfall has significantly spurred intentions to add new plots to the corn campaign," the report said. Last month, the exchange estimated that the area dedicated to corn in the new season will fall by about a fifth compared to the previous campaign, dropping to 7.67 million hectares. The exchange forecasts that the 2024/25 corn harvest will yield 49 million metric tons.

Chart of the Day



Top News - Metals

COLUMN-Fading China optimism hits iron ore prices, but not yet volumes: Russell

China's iron ore futures suffered their worst one-day price drop for almost two years on Monday, but the evaporating optimism in the market has yet to show up in imports of the key raw material for making steel.

Contracts on the Dalian Commodity Exchange ended day trading on Monday at 723.5 yuan ($101.83) a metric ton, 4.83% down from the previous close and the largest daily loss since Oct. 31, 2022.

The weakness was mirrored by Singapore Exchange futures, which closed at $96.60 a ton, down 2.13% from the prior close and the lowest since Aug. 16.

The catalyst for Monday's weakness was a raft of data that indicated that the world's second-biggest economy is struggling to gain momentum.

The private Caixin/S&P Global Purchasing Managers' Index (PMI) rose to 50.4 in August from 49.8 the previous month, beating analysts' forecasts in a Reuters poll of 50.0 and moving above the 50-level that demarcates expansion from contraction. While this may initially appear like a solid outcome, the detail was less bullish with the key sub-index for new exports orders falling for the first time in eight months and at the fastest pace since November last year.

The Caixin PMI covers smaller and more export-orientated firms, so weakness in this measure is likely more significant than the strength in the rest of the survey. The official PMI was also downbeat, with the August reading coming in at 49.1, down from July's 49.4, and falling for a sixth consecutive month.

The National Bureau of Statistics PMI focuses more on large and mainly state-controlled corporations and includes the key steel sector. Further bad news for the steel industry came on Sunday, with the average price for new homes across 100 cities nudging up 0.11% in August from July, slowing from the previous month's 0.13% gain, according to data from property researcher China Index Academy. The property sector has so far failed to respond to a series of stimulus measures from Beijing, and remains a drag on the overall economy.

ROBUST IMPORTS

Against this backdrop its perhaps no surprise that iron ore prices are struggling.

But what is perhaps surprising is how strong China's iron ore imports have been. China is the world's biggest buyer of seaborne iron ore, accounting for about 75% of the global total.

Official customs data for August will be released next week, but data from commodity analysts Kpler points to imports being the strongest since January.

August imports are estimated by Kpler at 109.1 million tons, which would be up from the customs figure of 102.8 million and the most since January's 111.9 million.

For the first seven months of the year iron ore imports rose 6.7%, and if August's official numbers are in line with the Kpler estimate, this pace of growth is likely to increase. Part of the explanation for the increase in iron ore imports this year has been that inventories needed to be rebuilt, after dropping to the lowest in seven years in October of last year. But since then more than 45 million tons have been added to port stockpiles monitored by consultants SteelHome, taking the total to 150.8 million as of last week. This is close to the 27-month high of 151.8 million from late July and is a sign that inventories are at a comfortable level, and may be even too high given steel production is subdued.

In addition to re-stocking driving iron ore imports, it's also likely that optimism over the stimulus measures being put in pace encouraged some speculative buying of cargoes, especially as the iron ore price has trended weaker since early July. But that optimism is also likely to have been dented by the ongoing soft data, leaving lower prices as the sole reason for China to import more iron ore than it needs to meet its current and likely future steel production.

Sibanye flags loss after $420 mln US asset writedown

Sibanye Stillwater on Monday said it will report a half-year loss hurt by a 7.5 billion rand ($420 million) writedown on its U.S. assets reflecting sliding palladium prices.

The South African miner expects to report a loss per share
of between 2.508 rand and 2.772 rand for the six months to June 30 after posting a profit of 2.62 rand per share for the period last year.

Sibanye said its earnings were impacted by the impairment of its two U.S. mines, which predominantly produce palladium. The U.S operations produced 238,139 ounces of palladium and platinum in the first half of 2024.

The writedown was "primarily due to lower medium- to long-term forecast consensus palladium price assumptions that resulted in a decrease in expected future net cash flows", Sibanye said in a trading statement.

There had been a 5% to 8% reduction in medium to long-term market consensus palladium price forecasts assumed for valuation purposes, Sibanye said.

The long-term prospects of PGMs have dimmed as the auto sector switches its focus to electric vehicles.

The price of palladium, which along with other platinum group metals (PGMs) is used in vehicle exhaust systems to curb emissions, fell 40% in 2023 and is down 10% this year. Sibanye said in the half year it saw a 30% decline in the average dollar price for its U.S. metal and a 28% decline in the rand basket price for its southern African PGMs, significantly reducing revenue.

In 2023, Sibanye reported a $2 billion loss after taking $2.6 billion impairments at its U.S. palladium mines, a nickel operation in France and a gold mine in South Africa.

Sibanye's peers Impala Platinum and Northam Platinum have recently raised concerns about the country's platinum industry's long-term prospects due to the metal price slump. Sibanye will release its financial results on Sept 12.

Top News - Carbon & Power

EXCLUSIVE-Egypt counts on foreign funds to buy gas as power crisis worsens

Saudi Arabia and Libya have financed the purchase of gas cargoes worth at least $200 million to help Egypt ease its energy crisis this summer amid a steep decline in domestic gas output, two industry sources familiar with the matter said. Egypt needs some $2 billion worth of gas to cover summer demand through October, according to one of the two sources familiar with the government's plan, but a hard currency crisis means it lacks funds to fully cover imports of liquefied natural gas.

"Without support from our friends in the Gulf, we won't be able to pay for these shipments," one of the sources said. He added officials were looking to raise more money from allies. The two sources said Saudi Arabia had financed three of the 32 LNG cargoes Cairo has bought so far this year, which according to Reuters calculations are worth around $150 million at current prices.

Libya bought one cargo in July worth around $50 million with funds of the Libyan National Oil Corporation, the sources added. Egypt's gas bill and funding from Saudi Arabia and Libya have not been previously reported.

A spokesperson for Egypt's petroleum ministry said gas tender details were confidential. The Saudi government, Saudi Arabia's central bank and Libya's state energy firm NOC did not respond to Reuters' requests for comment.

Saudi Arabia and the United Arab Emirates have poured tens of billions of dollars into Egypt to support President Abdel Fattah Al-Sisi, who they view as an important ally. Egypt has had to resort to load-shedding in the last year to keep its grid functioning amid a lack of gas supply and rising demand, and the deepening energy crisis is straining Cairo's budget as it grapples with a heavy subsidies bill.

Sisi's government has boosted fuel and food subsidies this summer, but those increases do not offset a 60% devaluation in the Egyptian pound since March 2024, leaving Egypt's growing population struggling with the rising costs of living. Egypt's foreign debt reached $154 billion in May, close to end-2023's all-time high of $168 billion.

"This financial burden (of the gas bill) comes at a critical time for Egypt as it faces troubles reining in its subsidy bill, which could have an impact on social security and overall stability," said Mona Sukkarieh, political risk consultant and cofounder of Middle East Strategic Perspectives.

FALL AFTER PEAK

Egypt's domestic gas output plummeted to a six-year low in May, down around 25% from its 2021 peak, and is expected to fall by a further 22.5% through 2028,

MARKET MONITOR as of 07:54 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$73.85 / bbl	0.41%	3.07%
NYMEX RBOB Gasoline	$2.04 / gallon	-2.64%	-3.24%
ICE Gas Oil	$698.25 / tonne	0.65%	-6.99%
NYMEX Natural Gas	$2.18 / mmBtu	2.30%	-13.44%
Spot Gold	$2,500.75 / ounce	0.06%	21.24%
TRPC coal API 2 / Dec, 24	$126.75 / tonne	-0.59%	30.67%
Carbon ECX EUA	€69.81 / tonne	-0.88%	-13.14%
Dutch gas day-ahead (Pre. close)	€38.63 / Mwh	-2.45%	21.29%
CBOT Corn	$4.01 / bushel	-0.06%	-17.20%
CBOT Wheat	$5.50 / bushel	-0.23%	-13.96%
Malaysia Palm Oil (3M)	RM3,975 / tonne	1.07%	6.83%
Index	**Close 02 Sep**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	328.00	-1.00%	8.83%
Rogers International	26.65	-0.07%	1.23%
U.S. Dollar Index	101.66	0.01%	0.33%
U.S. Bond Index (DJ)	444.00	-0.32%	3.08%

consultancy Energy Aspects said.
The country had planned to become a major gas exporter after Italian energy group Eni discovered the giant Zohr offshore field in 2015. Its energy ministry at the time said when Zohr started production in 2017 that the field would produce 2.7 billion cubic feet per day until 2039, but after rising to a peak at 3.2 bcf/d in 2019 output fell to just 1.9 bcf/d in the first half of 2024.
Four industry and diplomatic sources said Zohr's speedy development has injected too much water into the reservoir and made gas extraction more difficult.
Eni said production from Zohr was in line with what it had been forecasting and what had been agreed with its partners and authorities.
The group added that plans for the field's output had to be updated following slower development during the COVID-19 pandemic. Zohr's development has been in line with Eni's fast-track model, the Italian group also said. The same four sources said investments in the gas industry have also slowed because Egypt has accumulated around $6 billion worth of debt for gas and fuel supplies. Egypt's debt to Eni alone - mainly related to gas - stood at nearly $1.27 billion at the end of June, up from $1.16 billion at the end of last year.
Eni's spokesperson said the situation had begun to improve from July as the country started to repay some debts. In the first months of 2024, Eni reduced its investments in the country on the basis of assessments of efficiency and field performance, the spokesperson said.
A source close to Malaysia's Petronas said the firm has also paused investments in its West Nile Delta project as it waits to be repaid hundreds of million of dollars of debts. Petronas did not respond to Reuters' request for comment.

GROWING POWER NEEDS
The financial and power crises have become a major challenge to Sisi's effort to stabilise the economy and fuel an infrastructure boom.
Along with inflation and a weakening currency, the outages have become symptoms of the worst economic crisis since Sisi took power in 2014.
Egypt's power consumption will jump by 39% in the next decade due to a rising population, urbanisation, industrialisation and air conditioning use, said Lerato Monaisa, senior analyst at Fitch group company BMI.
"Egypt is facing significant challenges, worsened by rising power demand and declining gas output... daily power cuts had been disrupting businesses and risked fuelling public discontent," said Mehrun Etebari, Global LNG director at S&P Global Commodity Insights.
A decade ago, power outages fed public anger that led to mass protests and ultimately the downfall of Egypt's first democratically elected leader, the Muslim Brotherhood's Mohamed Mursi.

EU to tighten hydrogen subsidy rules after China concerns
The European Commission is working on tighter rules to ensure EU funding for hydrogen projects benefits European companies, after local industries raised concerns over cheap Chinese imports, the EU's head of climate change policy said on Monday.
The EU will this month launch its next round of funding for green hydrogen projects, as Brussels attempts to kick-start a local industry to produce the fuel.
Meanwhile, the EU is hardening its stance on other green technologies from China, imposing tariffs on electric vehicles which it says benefit from excessive subsidies.
European manufacturers of electrolysers, machines that use electricity to split water to produce hydrogen, have warned they cannot compete with cheaper Chinese producers. They want the EU to protect them by adding criteria that would favour local firms to its Hydrogen Bank funding scheme, something climate commissioner Wopke Hoekstra said the bloc's executive was now working on.
"The next auction will be different. We will have explicit criteria to build European electrolyser supply chains," Hoekstra said in a speech at the Eindhoven University of Technology in the Netherlands.
"If European cybersecurity and safety cannot be guaranteed, if the data of our people and our companies cannot be guaranteed, companies cannot get support," Hoekstra said, adding that while Europe has a good electrolyser manufacturing presence, China is oversupplying the market at lower prices.
Hoekstra said the planned hydrogen subsidy criteria, while not yet final, could include requirements for work to be done inside Europe, or setting a limit on projects' dependence on non-EU countries. The cybersecurity rules would be geared at ensuring European data "do not end up in the hands of governments outside of the (European) Union," he added in a joint interview with Reuters and Politico. The EU awarded 720 million euros to seven EU hydrogen projects in April. At the time, industry sources told Reuters the low-priced bids from some successful projects indicated that they would be using cheaper Chinese equipment.
The Commission has not disclosed if this is the case.
A Commission document, seen by Reuters, showed around a quarter of the projects that bid for the funding planned to source their electrolysers from outside the EU. Nearly another quarter planned to use a mix of EU and non-EU made equipment. Hoekstra said the EU was not aiming to cut ties with China, but would take action where it deemed competition to be un

Top News - Dry Freight

Algeria bought at least 30,000 T corn in tender last week, traders say

Algerian state agency ONAB is believed to have bought at least 30,000 metric tons of animal feed corn to be sourced from either Argentina or Brazil in international tenders last week, European traders said on Monday. Prices were unavailable.

International tenders from ONAB to purchase up to 120,000 tons of corn and 35,000 tons of feed barley had closed on Aug. 28. Results of the barley tender were unclear.

The corn was sought sourced from Brazil or Argentina only in three consignments of 30,000 to 40,000 tons with shipment by Sept. 30.

Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.

Group in Thailand bought around 120,000 T feed wheat, traders say

An importer group in Thailand is believed last week to have purchased around 120,000 metric tons of animal feed wheat expected to be sourced from the Black Sea region, European traders said on Monday.

The precise volume was unclear, but trader talk was that two consignments were bought each of around 60,000 tons.

It was bought at an estimated price of $259.95 a ton c&f liner out, they said. Shipment was believed to be in October.

Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.

Picture of the Day

A measuring tape is placed next to corn ears which were scouted from a field during the Pro Farmer crop tour near Greenfield, Illinois, U.S. August 21. REUTERS/Julie Ingwersen

(Inside Commodities is compiled by Indrishka Bose in Bengaluru)

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

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