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Top News - Oil

Eni becomes latest energy giant to sell onshore Nigerian assets
Italy's Eni has agreed to sell its Nigerian onshore subsidiary to local company Oando, the two companies said on Monday, the latest international energy giant to divest onshore assets in the West African country.
With the deal on its Nigerian unit Agip Oil Company Ltd (NAOC), Eni takes another step in its long-term strategy to reduce oil exposure in favour of natural gas following its disposal in June of oil activities in Congo Republic.
The Italian group will keep its offshore activities in Nigeria. The acquisition of NAOC Ltd will nearly double Oando's reserves to 996 million barrels of oil equivalent, the Nigerian company said. Oando added that the purchase would enable it to "significantly increase production" and "brings to bear the important role indigenous actors will play in the future of the Nigerian upstream sector".
Neither company commented on the price. Investment bank Jefferies pegged the deal at more than $500 million.
It is the latest move out of Nigeria's onshore sector by an international oil major. Nearly all of them, notably Shell and Exxon Mobil Corp, have sales underway amid rampant oil theft and spills, perpetual clashes with communities and more focused exploration budgets.
Most oil majors have kept stakes in offshore assets in Nigeria, typically Africa's largest oil exporter, which has struggled to pump in the past several years due to theft and years of under-investment. Some energy majors are loathe to pour cash into developing assets they want to sell.
The country, which relies on oil for the bulk of its much-needed foreign exchange, urgently needs investment in the sector, but other planned deals have hit legal and regulatory hurdles. Exxon's proposed sale to local firm Seplat is in regulatory limbo, and is opposed by state oil company NNPC Ltd, while court cases have complicated Shell's asset sales.
NAOC Ltd, which focuses on oil and gas exploration and production, has interests in four onshore blocks, two onshore exploration leases and two power plants, Eni said. The deal is subject to local and regulatory authorisation. After the sale, Eni will retain the unit's 5% stake in the Shell Production Development Company (SPDC) joint venture operated by Shell, it said.

COLUMN-Hedge funds buy U.S. crude as stocks fall
Portfolio investors have become less bearish about the outlook for U.S. crude oil prices as inventories fall, but the rest of the petroleum complex continued to see light selling at the end of the seasonal holiday slowdown.
Hedge funds and other money managers purchased the equivalent of 19 million barrels in the NYMEX and ICE U.S. crude (WTI) futures and options contracts over the seven days ending on August 29.
As a result, the WTI net position rose to 153 million barrels (14th percentile for all weeks since 2013), up from a low of just 46 million (the second-lowest on record) on June 27. The ratio of bullish long positions to bearish shorts climbed to 2.70:1 (25th percentile), up from 1.27:1 (1st percentile) over the same period. Bearish short positions in the premier NYMEX WTI contract had been reduced to just 49 million barrels, down from 136 million.
The reduction in WTI shorts has coincided with a sharp depletion in U.S. crude inventories (-29 million barrels) especially around the NYMEX delivery point at Cushing in Oklahoma (-14 million).
Total commercial crude inventories had fallen into line with the prior ten-year average on August 25 while stocks at Cushing had depleted to almost 30% below the average.
In the rest of the petroleum complex, there were sales in Brent (-16 million barrels) and very small sales in U.S. gasoline (-5 million) and U.S. diesel (-1 million) with no change in European gas oil. Overall, the hedge fund community remains more bullish towards refined fuels given the low inventories of gasoline and especially diesel around the world but cautious on crude.

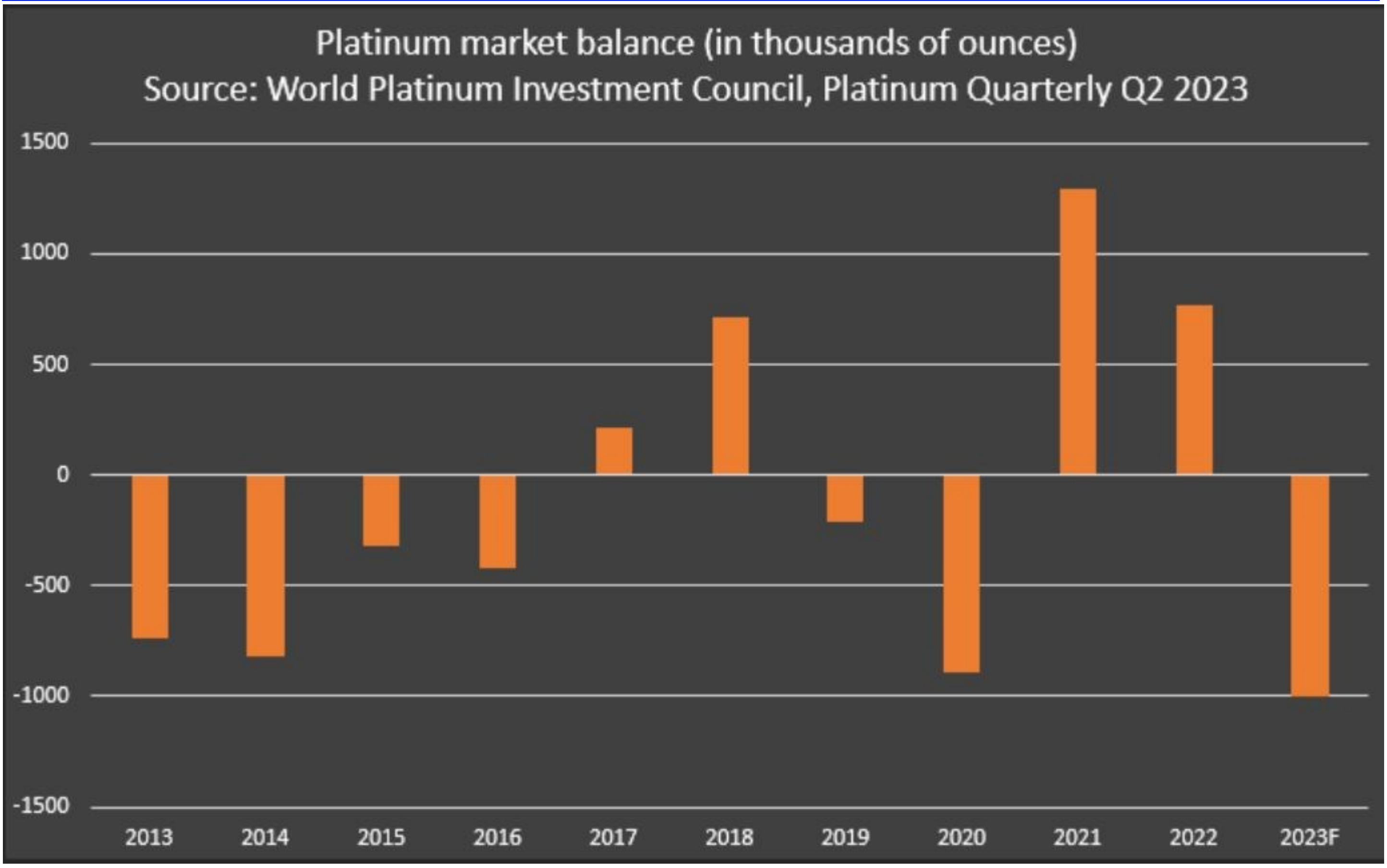
U.S. NATURAL GAS
For the second week running, investors sold U.S. natural gas futures and options amid forecasts for a strong El Niño that would likely cut heating demand during the winter of 2023/24.
Hedge funds and other money managers sold the equivalent of 479 billion cubic feet of gas futures and options over the seven days ending on August 29.
Sales over the two most recent weeks totalled 776 billion cubic feet, according to position records filed with the U.S. Commodity Futures Trading Commission.
In consequence, the net position has been transformed into a small short of 69 billion cubic feet (29th percentile for all weeks since 2010) from a long of 707 billion (47th percentile) on August 15. Futures prices for deliveries in December 2023 had fallen below $3.50 per million British thermal units on September 1 from almost $3.85 in mid-August. Surface waters of the central and eastern equatorial Pacific Ocean are warming with a speed and intensity that has been consistent in the past with a strong El Niño between December and February. In the last 50 years, strong El Niño episodes have cut U.S. heating demand by an average of 7%, with the strongest impact on the northernmost tier of states from Washington through Illinois to Maine. Hedge fund managers have been trying to get bullish towards U.S. gas prices, and the inventory surplus inherited from 2022 has been shrinking. But the prospect of a warmer-than-average winter has forced a re-evaluation and taken some of the bullishness out of the market.

Top News - Agriculture

Turkey's Erdogan says Black Sea grain deal can be restored soon
Turkish President Tayyip Erdogan said after talks with Russia's Vladimir Putin on Monday that it would soon be possible to revive the grain deal that the United Nations says helped to ease a food crisis by getting Ukrainian grain to market.
Russia quit the deal in July - a year after it was brokered by the United Nations and Turkey - complaining that its own food and fertiliser exports faced serious obstacles.
Erdogan, who previously played a significant role in convincing Putin to stick with the deal, and the United Nations are both trying to get Putin to return to the deal.
"As Turkey, we believe that we will reach a solution that will meet the expectations in a short time," Erdogan said in the Black Sea resort of Sochi after his first face to face meeting with Putin since 2022.
Erdogan said that Russia's expectations were well-known to all and that the shortcomings should be eliminated, adding that Turkey and the United Nations had worked on a new package of suggestions to ease Russian concerns.
Erdogan said Ukraine should soften its negotiating position against Russia in talks over reviving the deal and export more grain to Africa rather than Europe.
"Ukraine needs to especially soften its approaches in order for it to be possible for joint steps to be taken with Russia," he told reporters.
Ukrainian Foreign Minister Dmytro Kuleba, speaking later on Ukrainian television, said Kyiv would not alter its stand, but would take note of Turkey's account of the Sochi talks.
"We should not continue to be hostages to Russian blackmail, where Russia creates problems and then invites everyone to solve them," Kuleba said.
"It is clear that we will stand in defence of all principled positions, especially regarding sanctions pressure on the Russian Federation."
Standing beside Erdogan, Putin restated Russia's position that it could return to the deal but only if the West stopped restricting Russian agricultural exports from reaching global markets. A separate memorandum agreed with the United Nations calls for conditions to facilitate Russia's food and fertiliser exports.

REVIVING THE GRAIN DEAL
"We will be ready to consider the possibility of reviving the grain deal and I told Mr President about this again today - we will do this as soon as all the agreements on lifting restrictions on the export of Russian agricultural products are fully implemented," Putin said.
He said Western claims that Russia had stoked a food crisis by suspending participation in the grain deal were incorrect as prices did not rise on its exit from the deal.
"There is no physical shortage of food," Putin said.

Chart of the Day



While Russian exports of food and fertilizer are not subject to Western sanctions imposed after Russia's invasion of Ukraine and Russia exported record amounts of wheat last year, Moscow and agricultural exporters say restrictions on payments, logistics and insurance have hindered shipments.
"The West continues to block the supply of grain and fertilisers from the Russian Federation to world markets," Putin said, adding that the West had "cheated" Russia over the deal because rich countries got more than 70% of the grain exported under the deal.
Russia and Ukraine are two of the world's key agricultural producers, and major players in the wheat, barley, maize, rapeseed, rapeseed oil, sunflower seed and sunflower oil markets.
Putin said Russia expected a grain harvest of 130 million tonnes this year of which 60 million tonnes could be exported. U.N. Secretary-General Antonio Guterres said on Thursday that he had sent Russian Foreign Minister Sergei Lavrov "a set of concrete proposals" aimed at reviving the deal.
One of Moscow's main demands is for the Russian Agricultural Bank to be reconnected to the SWIFT international payments system.
The EU cut it off in June 2022 as part of sweeping sanctions imposed in response to the invasion.
Putin said that a plan to supply up to 1 million tonnes of Russian grain to Turkey at reduced prices for subsequent processing at Turkish plants and shipping to countries most in need was not an alternative to the grain deal.
He also said Russia was close to a deal with six African countries over a plan to supply Burkina Faso, Zimbabwe, Mali, Somalia, the Central African Republic and Eritrea with up to 50,000 tonnes of grain each free of charge.

Rains relieve Argentina's drought-hit agricultural heartland, especially wheat
Recent rainfall over Argentina's agricultural heartland has brought significant relief to the wheat crop in particular, raising hopes for a good season after continued harsh droughts which caused huge losses in the 2022/23 season, the Rosario grains Exchange (BCR) said Monday.
A large part of the region received between 30 mm and 100 millimeters ((1.18 and 3.94 inches) of rain, Cristian Russo, head of the BCR's Strategic Guide for Agriculture, said in a statement.
Although it did not rain enough in central Santa Fe and northwestern Buenos Aires, the rains still surpassed expectations, he added.
"These rains are especially welcome for wheat, as they set up the possibility of an excellent crop and the opportunity to plant corn early," said Russo, who said that the drought had generated concern among producers.
Argentina is a major global supplier of wheat and the third largest international exporter of corn.
"Forecasts are encouraging, with more rains expected during the coming week concentrated in the eastern part of the central region. This offers a crucial respite for producers who are looking forward to a successful growing season and a relief in the sector's financial pressure," he added. The rainfall is eagerly anticipated by growers, who are hoping to bounce back after a historic drought that caused dramatic losses during the 2022/23 season.

Top News - Metals

Codelco expects to reach lithium agreement with SQM this year- chair
Chilean state-owned mining company Codelco expects to reach an agreement with lithium miner SQM this year, Codelco chairman Maximo Pacheco said on Monday during a public event.
Chile's government earlier this year announced plans to strengthen state control of the white metal, only allowing public-private partnerships to participate in lithium exploitation.
The South American country has the world's largest lithium reserves.
Pacheco also said he expects the market to maintain its confidence in Codelco, despite rating agency Moody's giving notice last week of a possible ratings downgrade, amid weakened production, rising costs and growing financial pressure.
"Moody's could downgrade Codelco... if there is no visible improvement in credit metrics in the next 12-18 months," it said.

JFE Holdings to raise $1.4 bln via share offering, convertible bonds
Japanese steel giant JFE Holdings said on Tuesday its board has approved a fundraising plan through a public share offering and convertible bond issuance to overseas investors, totalling 211.4 billion yen ($1.44 billion).
The company will raise 121.5 billion yen by offering 55 million treasury shares and raise another 89.9 billion yen by issuing a five-year convertible bond, it said in regulatory filings.
The Nikkei newspaper had earlier reported the fundraising plan by JFE, Japan's second-largest steelmaker by output, for environmental investments.
JFE shares fell 8.5% in Tokyo market trading on Tuesday morning.

Top News - Carbon & Power

Chevron faces two-week total strike at Australia LNG projects

Workers at Chevron's Gorgon and Wheatstone liquefied natural gas (LNG) projects in Australia plan a total strike for two weeks from Sept. 14, a union alliance said on Tuesday, a significant escalation on disputes over pay and conditions.

The decision comes amid mediation talks hosted by the Fair Work Commission (FWC), Australia's industrial arbitrator, which began on Monday and is scheduled to run every day this week, and ahead of brief work stoppages called by the union from Thursday.

"The Offshore Alliance is escalating protected industrial action to demonstrate that our bargaining negotiations are far from 'intractable'," the union alliance said in a Facebook post.

Chevron did not immediately respond to a request for comment.

Australia is the world's biggest LNG exporter and the ongoing dispute has stoked volatility in natural gas markets, as traders worry about the risk of long-term disruption.

Prolonged industrial action could disrupt LNG exports and likely increase competition for the super-chilled fuel, forcing Asian buyers to outbid European buyers to attract LNG cargo.

The latest move by the union could be a sign that the mediation talks were not "progressing well", ING said in a research note.

"This is likely to provide some support to gas prices today and comes at a time when there is ongoing maintenance work at the Norwegian gas field, Troll, which has seen flows from Norway falling," ING said.

Dutch and British gas prices were mixed on Monday as high storage levels suppressed short-term prices though analysts said any disruptions in Australian LNG exports could complicate the supply chain.

'LOWER-LEVEL STRIKES INEVITABLE'

The union has already called for industrial action at the U.S. energy major's Gorgon and Wheatstone projects, which account for more than 5% of global LNG capacity, for seven days from Thursday Sept. 7, if parties cannot find a resolution.

Employees plan work stoppages of up to 11 hours in two blocks and will stop performing certain tasks until Sept. 14.

But in its latest update, the offshore alliance said the work bans could be extended until at least the end of the month. It said Chevron would be forced to finally agree to their terms "but not before they lose a few $Billion."

Energy analyst Saul Kavonic said the "lower-level strikes" from Thursday looked almost inevitable now and the latest move by unions will keep their options open to escalate the strikes.

"It will create inefficiencies, and the risk of supply impacts grows with time but the mediation process should resolve the issues before the strikes escalate to the point of a material supply disruption," he said.

Gorgon, Australia's second-largest LNG plant, has an export capacity of 15.6 million tonnes a year and Wheatstone 8.9 million.

Hundreds of millions of dollars pledged for African carbon credits at climate summit

An initiative to boost Africa's carbon credit production 19-fold by 2030 drew hundreds of millions of dollars in pledges on Monday, as Kenyan President William Ruto opened the continent's first climate summit.

In one of the most anticipated deals, investors from the United Arab Emirates (UAE) committed to buying $450 million of carbon credits from the Africa Carbon Markets Initiative (ACMI), which was launched at Egypt's COP27 summit last year.

MARKET MONITOR as of 06:30 GMT			
Contract	Last	Change	YTD
NYMEX Light Crude	$85.76 / bbl	0.25%	6.85%
NYMEX RBOB Gasoline	$2.53 / gallon	0.59%	1.98%
ICE Gas Oil	$927.75 / tonne	0.54%	0.73%
NYMEX Natural Gas	$2.64 / mmBtu	-4.48%	-40.98%
Spot Gold	$1,935.99 / ounce	-0.11%	6.12%
TRPC coal API 2 / Dec, 23	$125.5 / tonne	-0.79%	-32.07%
Carbon ECX EUA / Dec, 24	€88.32 / tonne	-1.26%	0.36%
Dutch gas day-ahead (Pre. close)	€31.00 / Mwh	-1.99%	-58.98%
CBOT Corn	$4.83 / bushel	0.21%	-28.83%
CBOT Wheat	$5.97 / bushel	0.25%	-25.45%
Malaysia Palm Oil (3M)	RM3,961 / tonne	-0.63%	-5.10%

"We must see in green growth, not just a climate imperative but also a fountain of multi-billion dollar economic opportunities that Africa and the world is primed to capitalise," Ruto told delegates.
African leaders are pushing market-based financing instruments, such as carbon credits, or offsets, which can be generated by projects that curb emissions, usually in developing countries, such as planting trees, or switching to cleaner fuels.
Carbon credits can then be bought by companies to offset emissions they are unable to cut from their own operations to help meet climate targets. One credit is equivalent to saving or avoiding one ton of carbon dioxide.
Organisers of the three-day summit in Nairobi say they aim to showcase that Africa as a destination for climate investment rather than a victim of floods, drought and famine.
African governments see carbon credits and other market-based financing instruments as critical to mobilize funding that has been slow to arrive from rich-world donors.
The offset market was worth around $2 billion in 2021 and Shell and Boston Consulting Group jointly forecast in January that it could reach between $10 billion and $40 billion by 2030.
Several speakers at the summit said they had seen little progress toward accelerating climate financing because investors still saw the continent as too risky.
Africa has received only about 12% of the money it needs to cope with climate impacts, according to a report last year by the non-profit Climate Policy Initiative.
"There hasn't been any success for an African country in attracting climate finance," said Bogolo Kenewendo, a United Nations climate adviser and former trade minister in Botswana.
Kevin Kariuki, a vice president at the African Development Bank, told Reuters the deals announced on Monday were "very welcome" but not enough.
He said African states would push at the COP28 U.N. climate summit in Dubai, at the end of November, for the expansion of special drawing rights at the International Monetary Fund that could unlock $500 billion worth of climate finance, which could be leveraged up to five times.
"The private sector really remains an untapped opportunity that now must be seized," said Patricia Scotland, secretary-general of the Commonwealth of 56 countries.
"If you look at what we've got on thermal energy, on solar, on wind, on hydro, this is a powerhouse just waiting to be unleashed," she told Reuters.
More than 20 presidents and heads of government are expected to attend the summit from Tuesday. They plan to issue a declaration outlining Africa's position ahead of a U.N. climate conference later this month and the COP28.

INVESTMENTS
The oil-producing UAE has been positioning itself as a climate financing leader in Africa.
The $450 million commitment by UAE Carbon Alliance, a coalition of private sector players, was announced by Hassaan Ghazali, an investment manager at the UAE Independent Climate Change Accelerators (UICCA).
Climate Asset Management - a joint venture of HSBC Asset Management and Pollination, a specialist climate change investment and advisory firm - also announced a $200 million investment in projects that will produce ACMI credits.
Britain said UK-backed projects worth 49 million pounds ($62 million) would be announced over the course of the summit, while Germany announced a 60 million euro ($65 million) debt swap with Kenya to free up money for green projects.
Many African campaigners have opposed the summit's approach to climate finance, and about 500 people marched in downtown Nairobi on Monday to protest.
They say carbon credits are a pretext for continued pollution by wealthier countries and corporations, who should instead pay their "climate debt" through direct compensation and debt relief.
Sultan Al Jaber, president of COP28, said carbon markets were an important tool, but "a lack of commonly-agreed standards was undermining their integrity and diminishing their value".
A working paper released by the Debt Relief for Green and Inclusive Recovery Project found that sub-Saharan African countries face annual debt servicing costs that are nearly the same as their climate finance needs.

Top News - Dry Freight

Iran's SLAL tenders for 180,000 T corn, 120,000 T soymeal
Iranian state-owned animal feed importer SLAL has issued two international tenders to purchase up to 180,000 metric tons of animal feed corn and 120,000 tons of soymeal, European traders said on Monday.
The deadline for submission of price offers in the tenders is Tuesday, Sept. 5.
The yellow corn can be sourced from Brazil, the Black Sea region, Russia, Ukraine or elsewhere in Europe, traders said.
The soymeal can be sourced from Brazil, Argentina or India.
Shipment in both tenders is sought between Sept. 20 and Oct. 20. Payment problems for Iranian businesses because of western sanctions had made participation in recent tenders from Iran difficult, traders said.
Traders said Iran was offering payment in both the new tenders via banks in Turkey and Iraq.
In its last tender reported on Aug 25, SLAL is believed to have purchased about 210,000 tons of animal feed corn and 195,000 tons of soymeal.

Egypt's GASC made no purchase in direct talks about buying wheat -traders
Egypt's state grains buyer GASC is believed to have no purchase in direct talks with trading houses on Monday about buying wheat without issuing an international tender, traders said.

GASC had bought around 480,000 metric tons of Russian wheat and one cargo of Bulgarian wheat in private talks last week without issuing international tenders, traders said.

Picture of the Day

David Fernandez, 52, shows damage on the homes of his parents and their neighbours following heavy rain, in El Alamo, Spain, September 4. REUTERS/Susana Vera

(Inside Commodities is compiled by Sreshtha Uniyal in Bengaluru)

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