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Top News - Oil

OPEC+ agrees to delay October oil output hike for two months

OPEC+ has agreed to delay a planned oil output increase for October and November, the producers group said on Thursday after crude prices hit their lowest in nine months, adding that it could further pause or reverse the hikes if needed.
Oil prices have been falling along with other asset classes on concerns about a weak global economy and soft data from China, the world's biggest oil importer.
Eight members of OPEC+, which is made up of the Organization of the Petroleum Exporting Countries and allies led by Russia, that had been scheduled to raise output from October held a virtual meeting on Thursday, OPEC said in a statement.
"The eight participating countries have agreed to extend their additional voluntary production cuts of 2.2 million barrels per day for two months until the end of November 2024," OPEC said.
The news lifted oil prices by over $1 a barrel, with Brent futures trading over $74 before paring gains. It fell to its lowest this year on Wednesday.
OPEC+'s planned October hike was for 180,000 bpd, a fraction of the 5.86 million bpd of output it is holding back, equal to about 5.7% of global demand, to support the market due to uncertainty about demand and rising supply outside the group. Last week, OPEC+ was set to proceed with the increase. But fragile oil market sentiment over the prospect of more supply from OPEC+ and an end to a dispute halting Libyan exports, coupled with a weakening demand outlook, raised concern within the group, sources said. OPEC+ ministers hold a full meeting of the group to decide policy on Dec. 1. A group of top OPEC+ ministers called the Joint Ministerial Monitoring Committee that can recommend changes gathers on Oct. 2.

CHINA CONCERN

A dispute between rival factions in OPEC producer Libya over control of the central bank that led to a loss of at least 700,000 bpd of production has supported oil in recent weeks.
Prices, however, slumped by about 5% on Tuesday on news that a possible deal to resolve the conflict was in the works, although no deal on resuming exports has been announced.
Weak Chinese demand and a slump in global refining margins which could prompt refiners to process less crude, have also weighed.
RBC Capital analyst Helima Croft said in a note that it may be prudent for OPEC+ to wait until December before returning extra barrels.
The planned October increase was set to come from the eight OPEC+ members who had agreed in June to start unwinding the cut of 2.2 million bpd - the group's most recent layer of output cuts - from October 2024 to September 2025.
OPEC's statement on Thursday said after the end of November, this cut will be gradually phased out on a monthly basis starting on Dec. 1 until November 2025, "with the flexibility to pause or reverse the adjustments as necessary."
The remaining OPEC+ cuts of 3.66 million bpd, agreed in earlier steps, are staying in place until the end of 2025.

US crude stockpiles fall to 1-year low as imports fall, EIA says

U.S. crude oil inventories fell to their lowest since September 2023 as imports dropped, while gasoline stockpiles rose with the end of the summer driving season, the Energy Information Administration (EIA) said on Thursday.
Crude inventories, excluding the Strategic Petroleum Reserve, fell by 6.9 million barrels to 418.3 million barrels in the week ending Aug. 30, the EIA said, compared with analysts' expectations in a Reuters poll for a 993,000-barrel draw.
"As far as the crude oil number is concerned, it's because of a big pullback in the import numbers," said Bob Yawger, director of energy futures at Mizuho.
Net U.S. crude imports fell last week by 853,000 barrels per day (bpd) to 2.0 million bpd, the EIA said, while exports rose 85,000 bpd to 3.8 million bpd.
U.S. crude oil futures and Brent crude futures extended gains following the report, rising 2% and 1.6% respectively.
Crude stocks at the Cushing, Oklahoma, delivery hub for U.S. futures fell by 1.1 million barrels, the EIA said.
Refinery crude runs rose by 36,000 bpd in the week, while refinery utilization rates were unchanged at 93.3% of total capacity.
"Refinery runs remain elevated, so there's demand for the crude," said John Kilduff, partner at Again Capital in New York. Gasoline stocks rose by 800,000 barrels in the week to 219.2 million barrels, the EIA said, compared with expectations for a 700,000-barrel draw.
"It's a mixed picture, which shows demand normalizing towards post-summer driving season levels," said Again Capital's Kilduff. Gasoline product supplied, a proxy for demand, fell to 8.9 million bpd in the week from 9.3 million bpd. U.S. gasoline futures extended losses, dipping 0.4% after the data showed the unexpected build.
Distillate stockpiles, which include diesel and heating oil, fell by 400,000 barrels in the week to 122.7 million barrels, versus expectations for a 500,000-barrel rise, the EIA data showed. U.S. diesel futures rose 1.7% following the surprise drawdown.

Top News - Agriculture

INSIGHT-Soy grown illegally on Brazil's tribal lands finds its way to global markets

Farm cooperatives in Brazil that supply some of the world's biggest multinational agricultural firms are buying soybeans grown illegally on Indigenous reservations in the country, according to tribal leaders and court records, despite the companies' public pledges to respect the land rights and resources of Indigenous peoples.

The expansion of commercial farming onto Indigenous lands, which make up about 13% of Brazil's territory, has stirred division and violent conflicts in scores of communities, according to the federal police, the Catholic Church's Indigenous Missionary Council and the Brazilian government agency overseeing Indigenous affairs, FUNAI.

Brazil's constitution set aside lands for the exclusive use of Indigenous communities while a 1973 law outlaws renting these lands or forming partnerships to grow commercial crops.

But the restrictions are not codified in the country's penal code, which makes enforcement difficult, federal police say. And while it is legal for tribal members to grow soybeans themselves, few of them have access to the funds needed to go into commercial-scale farming.

Since 2013, the area devoted to soy cultivation across the 14 Indigenous reservations in Brazil's southernmost state of Rio Grande do Sul has grown to nearly 28,000 hectares (70,000 acres), a 23% increase over the decade, according to previously unreported satellite data provided to Reuters by MapBiomas, a nonprofit land-use research group.

"The people in charge, the chiefs, are making a lot of money while the rest of the community is dying of hunger," said Aldronei Rodrigues, federal police regional superintendent in Rio Grande do Sul.

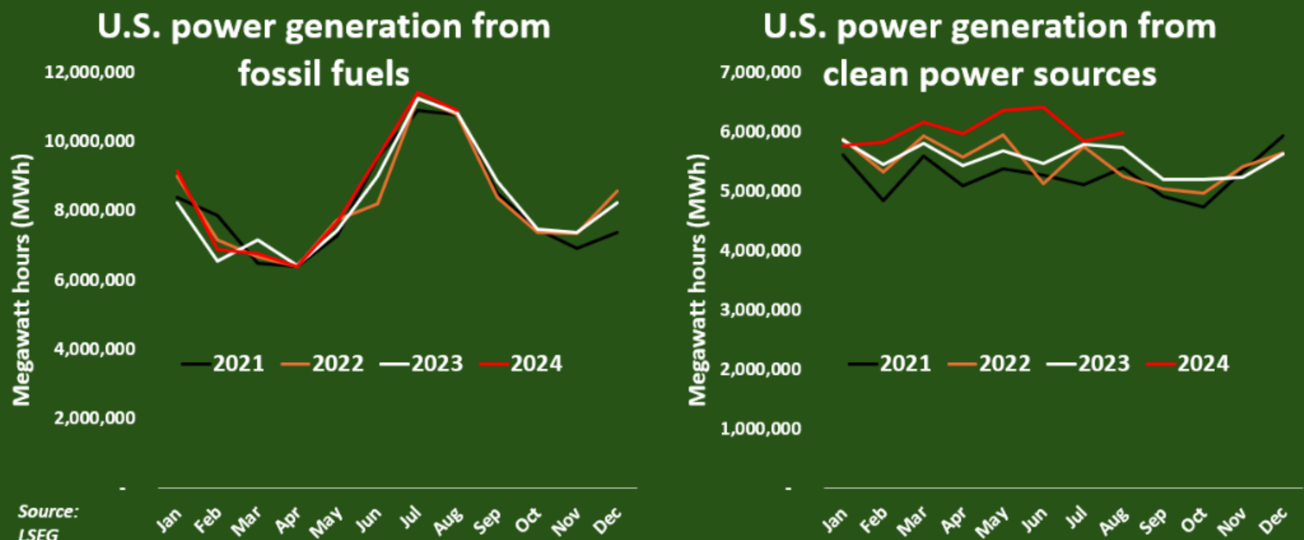
For many members of Brazil's Indigenous communities, leasing lands remains one of their best economic options, according to FUNAI. The agency said in a statement to Reuters that government policies do not provide sufficient access to credit or technical support to help tribal members go into commercial farming on their own.

With jobs scarce on the reservations, many people migrate to find work as seasonal laborers or in meatpacking plants for relatively low pay, local residents said. "The search for better living conditions gave rise to different illicit activities, including leasing and cultivation of genetically modified crops[on their lands], notably in the south of the country," FUNAI said.

Brazil is the world's biggest producer and exporter of soybeans, which are used in animal feed, biofuels and processed food. Industry trade data shows two-thirds of Brazil's harvest ultimately ends up in global markets.

In Rio Grande do Sul, which has a population of 10.8 million, almost all of the harvest is sold to farming co-

Chart of the Day



operatives including Cotrijal Cooperativa Agropecuaria e Industrial (Cotrijal) and Cooperativa Triticola Sarandi (Cotrisal), the two biggest in the state, according to two grain brokers. Reuters spoke to four Indigenous leaders, including the chiefs of the Serrinha and Nonoai reservations, two of the most involved in soy cultivation in the north of Rio Grande do Sul state, who said the commercial crops raised on their lands were sold to Cotrisal and other farming co-operatives.

Three more Indigenous community members in Rio Grande do Sul, who spoke on condition of anonymity, also told Reuters Cotrisal was a major buyer of soy raised by non-Indigenous farmers on leased tribal land.

"We always do this kind of thing - the leasing - against our will because we can't let Indians go hungry," said Jose Oreste do Nascimento, who has led the Nonoai community of about 3,600 people for more than four decades. About one-third of the 20,000-hectare reservation is given over to soy cultivation, the satellite images showed, almost five times larger than the soy area in 1985, when MapBiomas records began.

Marciano Inacio Claudino, chief of the Serrinha territory, also told Reuters that Cotrisal regularly buys soybeans from non-indigenous farmers leasing on his tribal land. Serrinha's territory is 12,000 hectares, and, according to satellite data, grows soybeans on some 6,000 hectares. "Cotrisal is the main one," he said.

Helvio Debona, a senior Cotrisal executive, and Enio Schroeder, Cotrijal's vice-president, told Reuters in interviews in April, when Rio Grande do Sul farmers were reaping their 2024 soy, that they sell to large trading companies including ADM, Bunge, Cargill, Louis Dreyfus and COFCO.

'SOYBEANS DON'T COME WITH A BRAND'

When asked about possible sourcing of soy grown illegally on Indigenous land, Cotrisal's Debona said that it is impossible to trace the origin of 100% of its grain purchases.

"We can't guarantee," he said in an interview. "Soybeans don't come with a brand."

Cotrisal did not respond to emailed requests for further comment. Cotrijal said it had not bought grains from farmers leasing lands in Serrinha and that it does not operate in the area.

Over the years, global agricultural companies have made assurances about respecting land rights and human rights, highlighting their attention to Indigenous communities in annual sustainability statements.

ADM made no mention of Indigenous rights or land disputes in its most recent corporate sustainability report last year. In a human rights report in 2022, the company noted the pervasiveness of land disputes in South America and said that it is not directly implicated in any land disputes. The 2022 report did not discuss cultivation on Indigenous reserves.

In an email to Reuters, ADM said it had investigated the news agency's findings and found no evidence that the soy it purchased had been raised on lands leased on the Nonoai and Serrinha reservations.

"We do not source any grains from Indigenous territories in the Rio Grande do Sul region," Jackie Anderson, an ADM spokesperson, said.

However, buying from large farmer cooperatives in southern Brazil can obscure the origin of grains, according to six lawsuits filed between 2008 and 2022 by federal prosecutors on behalf of the tribes. At least two of the cases are ongoing.

Bunge, Cargill, COFCO and Louis Dreyfus did not respond to requests for comment and referred questions to the national soy industry group Abiove.

"Cotrijal and Cotrisal declared to us they don't buy grains produced on the reservations of Nonoai and Serrinha," Abiove said in an email.

Abiove said its members are pushing the cooperatives to ensure their supply chains conform with laws and contractual obligations against buying grains from protected territories.

Andre Nassar, president of Abiove, said in a separate statement that traders can "stop all purchases" from a cooperative if it becomes clear that it is sourcing soy from reservations.

Nassar said traders can also ask cooperatives for assurances that the soybeans were raised by members of the Indigenous community – and not leased to third parties. Abiove did not respond to Reuters' questions on whether its members ever turned down a purchase from Cotrisal or Cotrijal, and did not provide further evidence of its efforts to remove grain from indigenous lands from its supply chain.

'A NEFARIOUS PRACTICE'

Reuters reviewed court records including a November 2018 Cotrisal invoice for herbicide purchases against future delivery of grains issued to a farmer being sued by federal prosecutors for leasing land to plant soy in Serrinha.

Court rulings in 2017 and 2018, reviewed by the news agency, ordered the seizure of tons of soy grown on Indigenous lands from silos operated by Cotrisal, Cotrijal and other cooperatives.

Cotrisal and Cotrijal did not respond to requests for comment on the seizures.

In a July 2022 decision ordering measures to stop the practice, Federal Judge Diogo Edele Pimentel said private leasing of lands in the Nonoai territory was a major source of division.

"It is a nefarious practice of private appropriation of a public good, completely disfiguring its collective nature and deepening inequality in these communities," he wrote. Nascimento, the Nonoai chief, as well as his son and a former FUNAI official, were fined a total of around 4.5 million reais (nearly $800,000) for embezzling profits from the illegal leases, according to a July 2019 ruling seen by Reuters.

Nascimento said an appeal is pending, and that "all is back to normal," with non-Indigenous farmers delivering their harvests to the same coops, including Cotrisal.

"The soy is sold on the local market. There are farm cooperatives all around the Indigenous territories. There is Cotrisal... and other large cooperatives which buy any quantity of soy, corn, everything," he said.

Reuters could not independently verify whether the lawsuit remains active.

In 2021, 11 members of the Serrinha community filed a civil lawsuit in the federal court of Carazinho, Rio Grande

do Sul, accusing their chief Claudino of controlling the territory's soy trade to enrich his family.
The 2021 lawsuit reviewed by Reuters said Claudino has crushed dissent with "violence, oppression and human rights violations."
In a telephone interview, Claudino said his opponents spread lies about his leadership and that most of the community supports him. The lawsuit is ongoing.
Claudino remains under investigation - but has not been charged - in connection with a double homicide in Serrinha in 2021, which police and local community members link to land and power disputes fueled by the soy trade. He denies involvement in the killings.
At least 30 families who objected publicly to Claudino's involvement in the soy trade have left the reservation since October 2021. Several had their homes looted and ransacked, according to three of the victims and a 2022 report by the federal human rights commission, which connected the violence to the land leases. Claudino said only a dozen families left the reservation in recent years, some of whom have returned. "Some are back already. I allowed it. But I'm not going to let people come here and make trouble for me again," he said.

Ghana begins pilot program to trace cocoa as EU deforestation law looms, official says
Ghana is piloting a system that traces cocoa beans from farm to port as it gears up for a new EU law banning the import of commodities linked to deforestation, a government official said on Thursday.
The landmark new law, which could in time reshape global commodity markets, comes into effect end of December. It requires EU importers of coffee, cocoa, soy, palm, timber, beef and rubber to prove their supply chains are not contributing to deforestation anywhere in the world, or be fined up to 4% of their turnover.
"We have polygon-mapped all the cocoa in Ghana, established an end-to-end traceability system and successfully piloted (it)," Michael Amoah, from Ghanaian cocoa regulator Cocobod, told a webinar organised by environmental non-profit groups Fern and Mighty Earth.
Gearing up to comply with the new EU law is critical for Ghana. About 60% of the cocoa the country grows is exported to the EU and the industry employs about 17% of Ghana's working population.
Nearly all the farmers growing cocoa in Ghana, the world's second largest cocoa producer, are smallholders based in remote rural regions who, without government support, might struggle to comply with the law's requirements. These include providing buyers of their goods with geolocation co-ordinates that prove their farms are not located on land deforested after 2020.
"We are hoping what we've done will enable us to capture a greater percent of the EU market," said Amoah.
Some commodity producers from Indonesia to Brazil have criticised the EU law, saying it is protectionist and could end up excluding vulnerable, small-scale farmers from accessing the bloc's lucrative market. Deforestation is the second leading cause of catastrophic climate change after the burning of fossil fuels.

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$69.38 / bbl	0.33%	-3.17%
NYMEX RBOB Gasoline	$1.92 / gallon	0.64%	-8.84%
ICE Gas Oil	$664.25 / tonne	-0.30%	-11.52%
NYMEX Natural Gas	$2.27 / mmBtu	0.75%	-9.67%
Spot Gold	$2,519.39 / ounce	0.12%	22.15%
TRPC coal API 2 / Dec, 24	$117.5 / tonne	-0.42%	21.13%
Carbon ECX EUA	€66.63 / tonne	0.65%	-17.10%
Dutch gas day-ahead (Pre. close)	€35.65 / Mwh	0.76%	11.93%
CBOT Corn	$4.10 / bushel	-0.12%	-15.24%
CBOT Wheat	$5.72 / bushel	-0.57%	-10.63%
Malaysia Palm Oil (3M)	RM3,895 / tonne	-0.56%	4.68%
Index	**Close 05 Sep**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	321.45	0.39%	6.65%
Rogers International	26.24	0.21%	-0.32%
U.S. Stocks - Dow	40,755.75	-0.54%	8.14%
U.S. Dollar Index	100.91	-0.20%	-0.42%
U.S. Bond Index (DJ)	448.18	0.26%	4.05%

Top News - Metals

EXCLUSIVE-US fears Nippon bid for US Steel could hit vital steel supplies

Nippon Steel's proposed $14.9 billion takeover of U.S. Steel would create national security risks because it could hurt the supply of steel needed for critical transportation, construction and agriculture projects, the U.S. said in a letter sent to the companies and seen by Reuters.

The letter also cited a global glut of cheap Chinese steel, and said that under Nippon, a Japanese company, U.S. Steel would be less likely to seek tariffs on foreign steel importers. The Committee on Foreign Investment in the U.S. (CFIUS) said in its 17-page letter sent on Saturday to Nippon Steel and U.S. Steel, and first reported by Reuters, that decisions by Nippon could "lead to a reduction in domestic steel production capacity."

CFIUS added: "While U.S. Steel frequently petitions for (trade) relief, Nippon Steel features prominently as a foreign respondent resisting trade relief for the U.S. domestic steel industry." The letter provided a first glimpse of the national security grounds that the Biden administration could use as a basis for its expected move to block the merger, even as the companies and many industry experts questioned the strength of the arguments.

"By almost any measure, the issues identified by the committee are not ones that would fall into the national security bucket, but quite clearly into two others: Nationalistic trade protectionism and electoral politics," said Michael Leiter, a CFIUS lawyer in Washington, D.C. not involved in the deal. If the government is "truly worried about maintaining steel supply here in the United States, the real solution is not to block this deal, but instead to use the CFIUS hammer to ensure that Nippon Steel makes and maintains such investments," he added.

The deal has become a political hot potato, with many Republican and Democratic lawmakers voicing opposition to it. Vice President and Democratic presidential candidate Kamala Harris said on Monday at a rally in Pennsylvania, the swing state where U.S. Steel is headquartered, that she wants U.S. Steel to remain "American owned and operated." Her Republican rival Donald Trump has pledged to block the deal if elected.

China looms large in the background of the trade concerns described by CFIUS. According to the committee, China's "persistent use of market-distorting government interventions" has allowed the country to unfairly gain dominance in the global steel market, as it exports extensive surplus steel that artificially lowers international prices. It also cited 2022 data that showed China produced about 54% of total global crude steel and was the largest exporter. In a 100-page response letter seen by Reuters and sent on Tuesday, Nippon Steel said it will invest billions of dollars to maintain and boost U.S. Steel facilities that otherwise would have been idled, "indisputably" allowing it to "maintain and potentially increase domestic steelmaking capacity in the United States."

Nippon also reaffirmed a promise not to transfer any U.S. Steel production capacity or jobs outside the U.S. and would not interfere in any of U.S. Steel's decisions on trade matters, including decisions to pursue trade measures under U.S. law against unfair trade practices. The deal, Nippon added, would "create a stronger global competitor to China grounded in the close relationship between U.S. and Japan." Nippon even proposed a national security agreement, aimed at assuaging CFIUS concerns, with pledges that a majority of U.S. Steel's board of directors would be non-dual U.S. citizens, including three independent directors approved by CFIUS to oversee compliance with the agreement.

"Nippon is throwing a financial lifeline to U.S. Steel while allowing it to remain led and managed by U.S. persons with government oversight," said Nicholas Klein, a CFIUS lawyer with DLA Piper. "I would think that CFIUS could mitigate the risk of reduction in steel production capacity through supply assurance and other common mitigation measures." The committee, which reviews foreign investments for national security threats, also sees risk arising from Nippon's growing presence in India, where production costs are much lower than in the U.S.

"Nippon Steel has no economic incentive to, and will not, import Indian-origin...steel into the United States to compete with or undermine U.S. Steel, which would directly contradict the basis for Nippon Steel's multi-billion dollar investment," the companies countered in their Tuesday letter.

Perpetua expects US approval for antimony mine by year's end

Perpetua Resources said on Thursday it expects the U.S. government to approve its antimony and gold project in northern Idaho by the end of the year, news that sent the company's stock up more than 12%.

Support for the mine, backed by hedge fund manager John Paulson, comes as part of Washington's evolving strategy to offset China's critical minerals sector dominance after Beijing last month imposed export restrictions on antimony, a metal used to make weaponry, solar panels, flame retardants and other goods for which there are no current U.S. resources.

The U.S. Forest Service plans to release the final environmental impact statement for Perpetua's Stibnite mine on Friday alongside a draft record of decision. The final record of decision - essentially the mine's permit - is expected to be issued by the end of December, the company and government agency said in separate releases. The permitting news comes after Perpetua in April received a letter of interest from the U.S. Export-Import Bank, the government's export credit agency, for a loan worth up to $1.8 billion to fund the Stibnite project. The project was forecast in 2020 to cost $1.3 billion, a number expected to rise due to post-pandemic inflation. The Pentagon has already committed nearly $60 million to fund permitting for the project, which would entail cleaning and expanding a site that was polluted by World War Two-era mining. The site has estimated reserves of 148 million pounds of antimony. The deposit also contains an estimated 6 million ounces of gold. While gold is not a critical mineral, its production is seen as helping to financially buttress the mine's antimony

production and ensure a domestic supply of the metal for the Pentagon. Concerns have grown that China could try to harm the Perpetua mine's prospects by ramping up its own production of antimony in a bid to gain global market share, something Chinese-linked producers of nickel, cobalt and other critical minerals have systematically done in recent years.
The project is "a win for Idaho, it's a win for the environment, and it's a win for America's national security," said Jon Cherry, who became Perpetua's CEO earlier this year.
The project has not yet won the support of Idaho's Nez Perce tribe, which is concerned the mine could affect the state's salmon population.
The company and the tribe, however, have started discussing water restoration projects.

Top News - Carbon & Power

US imposes sanctions on companies, vessels linked to Arctic LNG 2
The U.S. on Thursday imposed sanctions on two companies and two vessels linked to Russia's Arctic LNG 2 project, Washington's latest step to add costs on Moscow for its invasion of Ukraine.
The Arctic 2 project, 60% owned by Russia's Novatek had been due to become Russia's largest liquefied natural gas plant with eventual output of 19.8 million metric tons per year of LNG from three trains.
Novatek may be forced to scale back the project following a a raft of U.S. sanctions including ones imposed in August. The U.S. Treasury said it had imposed sanctions on Gotik Energy Shipping Co and Plio Energy Cargo Shipping. Treasury said Gotik is the registered owner and Plio Energy is the commercial manager of the liquefied natural gas carrier New Energy. The U.S. State Department said New Energy used deceptive shipping practices, including shutting off its automatic identification system, to load cargo from the U.S.-sanctioned Arctic LNG 2 project. That was done via a ship-to-ship transfer on Aug. 25, 2024, with Pioneer, a vessel blocked by the United States earlier in August. The ship-to-ship transfer suggests Moscow has managed to continue some exports from the project. The U.S. Treasury added New Energy and an additional vessel managed and operated by Plio, called Energy Mulan, to its designated list, which means their assets are blocked and U.S. persons are prohibited from dealing with them.
"The U.S. government will continue to answer attempts to operationalize the sanctioned Arctic LNG 2 project or otherwise expand Russia's energy capabilities with a swift response," U.S. State Department spokesperson Matthew Miller said in a statement.

COLUMN-fossil fuel use highlights US power transition challenge: Maguire
Fossil fuels continue to rule the roost in the United States' power sector, despite clean energy sources being rolled out at the fastest pace in history.
For the past decade, U.S. power generators have prioritized clean power sources over fossil fuels, and since 2014 they have lifted clean electricity generation capacity by over 70% while cutting fossil-fired capacity by 5%, according to Ember.
Even so, fossil fuels remain the dominant source of national power, accounting for just over 58% of total generation over the first eight months of 2024, according to LSEG.
That share is down from 60.4% during the same months in 2021, and reflects ongoing efforts to lift generation from clean energy as part of net zero emissions targets.
Yet in terms of absolute generation, output from fossil fuels has hit new heights this year, in response to steadily rising total energy demand that is placing strain on power systems across the country.
To keep pace with that rapid demand growth - fuelled in part by data centers and artificial intelligence applications - power firms have been forced to lift generation from fossil fuels alongside clean energy sources, despite pledges to cut reliance on fossil fuels over the longer run.
Only once clean generation capacity exceeds fossil capacity, and is complemented by a vastly larger battery storage network than is currently in place, may power generators be able to make material cuts to fossil generation.

STAYING POWER
Total U.S. power generation from fossil fuels over the first eight months of 2024 was 68.6 million megawatt hours (MWh), which was up 2.8% from a year ago and the highest since at least 2021, according to LSEG.
Natural gas-fired plants supplied the lion's share, generating 49.3 million MWh. That total was up 5% from the January to August window of 2023, and the highest on record.
Coal-fired output was down 2.3% from the year before at 19.1 million MWh, marking the third consecutive contraction in coal use during the January to August window.
Oil-fired production was 179,368 MWh, a new low for the period.
The steady reductions in coal and oil-fired generation are in keeping with industry efforts to cut use of high-polluting fuels.
Emissions per unit of electricity generated by gas-fired plants are the lowest among all fossil fuels, and roughly 77% lower than from coal-fired generation, data from Ember shows.
So far in 2024, around 537,000 metric tons of carbon dioxide (CO_2) was emitted for every terawatt hour (TWh) of electricity produced from gas-fired power stations.
That compares to around 950,000 tons of CO_2 per TWh from coal plants, and 700,000 tons from oil-fired plants.

CLEAN LIMITATIONS
Emissions from clean energy sources per TWh of electricity average around 21,500 tons of CO_2, or 25

times less than from gas-fired power plants.
That sharply lower emissions profile is a major reason why power firms and government authorities are supporting clean energy uptake within U.S. power generation. Nuclear reactors are the largest source of clean U.S. power, accounting for around 18.6% of total generation over the first eight months of 2024.
Wind farms (10.7%), hydro dams (6.4%) and solar farms (5%) are the other major forms of clean generation.
Yet clean power sources have their limitations at current capacity levels. Nuclear plants offer the most robust source of around-the-clock clean energy, but have fallen out of favor due to high construction costs, years-long development times and tough regulations on waste handling. Hydro dams have a similarly long build-out phase, are only suited to certain geographies, and face fervent environmental opposition in many locations.
Wind and solar farms have proven to be quicker and cheaper to build than other power sources, but have their own shortcomings. Onshore wind farm construction costs have soared since 2020 due to labor and parts inflation, and often need to clear local community objections before getting the go-ahead. Offshore projects have similar hurdles but with even higher price tags.
Solar parks are the quickest and cheapest to bring to fruition, but can only produce power during daylight and so require back-up supplies whenever solar output slumps. In the U.S., utilities that are on the hook to ensure steady power availability regardless of the time of day currently depend on fossil fuels to meet the bulk of demand, and to plug any supply gaps during windless and sunless periods.
Many utilities are currently building battery networks that can store surplus clean power for later use, and offer a path to lower fossil fuel reliance in the long run.
But current installed battery capacity is only around 21,000 megawatts, which is less than 2% of total installed generation capacity, according to energy data platform Cleanview. That means batteries can currently only deploy a tiny fraction of national power needs.
Until batteries can reliably deploy a far larger share of generation capacity, power firms may have no choice but continue to rely on fossil fuels for a majority of power generation, even as they bring on further clean capacity.

Top News - Dry Freight

Ukrainian traders' union opposes plans to raise grain transport tariffs

Ukrainian traders union UGA on Thursday criticised national railway company Ukrzaliznytsia's plans to raise grain transport tariffs, saying it could only worsen the situation for farmers suffering from falling global food prices.
Producers and officials have said grain production is unprofitable in Ukraine due to a decrease in export prices combined with a jump in input prices caused by the Russian invasion.
"UGA believes that Ukrzaliznytsia's proposed 11% increase in tariffs for grain transport will hit Ukrainian farmers, who are suffering losses due to the war, lower world grain prices and worsening crop yields this year," the union said in a statement. Ukrzaliznytsia has said it plans to unify Ukrainian transport tariffs and it could raise them by around 7%.
Traders said the best way to avoid making Ukrzaliznytsia unprofitable was to optimise its own costs.
Ukrainian harvests are likely to decrease in 2024 due to a smaller sowing area caused by the Russian invasion and unfavourable weather.

Zimbabwe turns to private firms to boost freight rail volumes

Zimbabwe's state-owned railway operator has opened its network up to private players, including a unit of South Africa's Grindrod, as it seeks to boost freight volumes that had collapsed after decades of underinvestment, an official said.
National Railways of Zimbabwe hauled 12 million tons of cargo annually at its 1990s peak, but now manages less than 3 million tons owing to a lack of locomotives and poor maintenance of its rail infrastructure.
The collapse also followed a sharp decline in agricultural and mineral output, triggered by the violent seizure of white-owned farms championed by Zimbabwe's former leader Robert Mugabe in 2000.
However, mineral output is on the rebound, mainly driven by chrome and lithium demand from China.
Chinese companies such as Tsingshan Holdings, Sinosteel, Sinomine, Zhejiang Huayou Cobalt and Chengxin Lithium have in recent years established iron ore, steel, chrome and lithium operations in Zimbabwe.
They export the minerals to China through Mozambique's ports, and the growing commodity export volumes exceed the NRZ's current capacity. The state-owned group is now looking to restore its capacity with the aid of private companies.
"Last year we uplifted 2.8 million tons against available business of 3 million tons," NRZ spokesperson Andrew Kunambura told Reuters in an interview on Wednesday. "So these private companies are coming in with their locomotives and wagons to augment what we have."
Grindrod, through its Zimbabwean subsidiary Beitbridge Bulawayo Railway, has deployed three locomotives and 150 wagons since March as part of the arrangement.
The South African logistics company is positioning itself for freight rail partnerships in southern Africa as under-funded state-owned operators open up their creaking networks to private investors. The mineral-rich region holds some of the world's biggest deposits of copper and lithium, needed for cleaner energy, and is seeing growth in new mining projects which require expanded rail capacity. Grindrod has restructured its rail business to take advantage of emerging market opportunities in the region, CEO Xolani Mbambo told analysts last week.
The company has recently agreed a partnership with the DRC's inland railway company and says it is ready to partner South Africa's Transnet, which also plans to open up its network to private players.

Picture of the Day

A dumper deposits material in the primary crusher, where minerals are separated from waste materials, at the Mirador Mine, in Tundayme, Ecuador, August 15. REUTERS/Karen Toro

(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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LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

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