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Top News - Oil

Saudi Arabia raises October Arab light crude price to Asia

Saudi Arabia on Wednesday raised its October official selling price (OSP) for its Arab light crude to Asia by 10 cents a barrel to \$3.60 a barrel over the Oman/Dubai average, according to a statement from state oil company Saudi Aramco.

Five refining sources surveyed by Reuters had said the OSP for flagship Arab Light crude could increase by about 45 cents a barrel from the previous month, which would have been the grade's highest price so far this year.

Saudi Aramco's OSPs usually set the trend for Iranian, Kuwaiti and Iraqi prices, affecting about 9 million bpd of crude bound for Asia.

Saudi Arabia and Russia on Tuesday extended their voluntary oil cuts to the end of the year, the former to the tune of 1 million barrels per day (bpd) and the latter by 300,000 bpd, on top of the April cut agreed by several OPEC+ producers running to the end of 2024.

These fresh cuts had driven a rally in oil prices above \$90 a barrel, but they have since eased.

But Middle East crude benchmarks jumped on Wednesday on expectations that the fresh cuts would further tighten crude supply, especially sour grades, in the global market.

China's oil imports surge in August as fuel exports, inventories rise

China's crude oil imports surged in August, customs data showed on Thursday, as refiners built inventories and increased processing to benefit from higher profits from exporting fuel.

Shipments last month to the world's biggest oil importer were 52.8 million metric tons, or 12.43 million barrels per day (bpd), the data from the General Administration of Customs showed. The daily rate is the third-highest ever, according to Reuters calculations.

Imports climbed by 20.9% from July and were up 30.9% from a year earlier, the data showed.

For the first eight months of the year, imports rose by 14.7% from the same period a year earlier to 379 million tons.

China's imports have increased from last year since domestic fuel demand is no longer being suppressed by widespread curbs to tackle the COVID-19 pandemic.

"Refinery run rates are continually increasing," said Xu Peng, a refined products analyst at China-based commodities consultancy JLC, adding that diesel exports margins are good and higher diesel exports will continue. Xu also pointed to higher domestic demand. "August is the peak season for gasoline demand during the summer vacation, and (because) this is the first vacation period after the pandemic, travel demand is particularly high," she said.

However, the broader outlook for China's economy remains gloomy, with a weaker property sector and sluggish domestic consumption weighing on fuel demand. The poor macroeconomic backdrop, combined with robust refinery runs, indicated that China has built product inventories through the month, analysts said.

"China has built up not only its crude oil stocks, but also its petroleum product stocks, particularly diesel," analysts from Citi said in a client note on Tuesday.

At the same time, oil product exports are rising as refiners cash in on rising profit margins from selling fuel overseas. Refined fuel exports last month rose to 5.89 million tons, customs said, up from 5.31 million tons in July and 23.3% than a year earlier.

Regional refining margins rose month-on-month, averaging \$12.60 per barrel through August versus around \$6.60 per barrel in July.

Beijing issued a third batch of product export quotas last week, comprising 12 million tons for refined fuels such as gasoline and kerosene and 3 million tons for marine fuel. China imported 10.86 million metric tons of natural gas in August, up 22.7% from 8.85 million a year ago, the customs data showed, when importers pared back LNG shipments amid high global gas prices.

Top News - Agriculture

Heat, drought spur early corn harvest in US corn belt

Corn harvesting in parts of the western U.S. Midwest is starting sooner than normal after a recent stretch of hot, dry weather sped the crop to maturity, analysts and agronomists said on Wednesday.

The crop's rapid finish may lower crop quality or reduce grain yields in the main growing areas because more weather-shrunken kernels are needed to fill each bushel, they said. Some farmers with lower quality corn may have to sell it at a discount.

"When you have a hot, fast dry-down, you're just sucking the moisture out of the crop and there go your kernels,"

said Don Roose, president of U.S. Commodities in West Des Moines, Iowa.

Lower crop yields in the heart of the Midwest would decrease the harvest, although a sharp jump in planted acres this year may still result in the second or third largest U.S. crop on record.

Crop gathering is already under way in southern states like Louisiana and Texas, while top growing states like Iowa and Illinois typically begin harvesting later in September.

In a weekly report late on Tuesday, the U.S. Department of Agriculture (USDA) said 18% of the U.S. corn crop was

mature as of Sept. 3, compared with the 10-year average of 13%.

In top producer Iowa, 17% of the crop was mature as of Sept. 3, up from 10% mature at the same time last year and the most since 2012, according to the USDA.

"Northeast Iowa and down in southeast Iowa were some of the areas worst hit by drought. That's where we are seeing corn getting harvested today," said Mark Licht, extension agronomist at Iowa State University.

The start of Iowa's corn harvest is about a week to 10 days earlier than normal, he said.

Grain buyers will be closely monitoring crop quality attributes such as test weight as grain is delivered to Midwest elevators and processors over the coming weeks.

Light test weight grain is often discounted upon delivery, and crops that dry down too quickly are more susceptible to molding in storage, Licht said.

Brazil's Conab raises grain crop projection on bumper corn, soybean production

Brazilian farmers will reap almost 323 million metric tons of grains in the 2022/23 season, Brazil's food supply agency Conab said on Wednesday, reflecting expected

risers in the production of corn and soybeans in the season that is drawing to a close.

Brazil's total corn production is projected to be a record 131.8 million tons, driven by an abundant second corn crop, which farmers have nearly finished harvesting, according to the agency.

The soybean production forecast was kept at 154.6 million tons, also a historic high.

Conab also forecast 50 million tons of corn exports and almost 97 million tons of soy exports for Brazil in the 2022/23 cycle.

Brazil sells grains to varied markets including China, European countries and the Middle East, and is crucial for global food security.

Brazil is the world's biggest soybean producer and supplier and this year is set to surpass the United States as the biggest corn exporter, as local farmers reap a large crop and China turns to the South American nation for the staple.

Wednesday's crop report is Conab's last before the end of the current marketing year.

Later this month, Brazilian farmers in center west states including Mato Grosso, the nation's biggest farm state, will begin to plant their new soy and new corn.

Top News - Metals

Vale Base Metals commits nearly \$9 bln in Indonesia investments

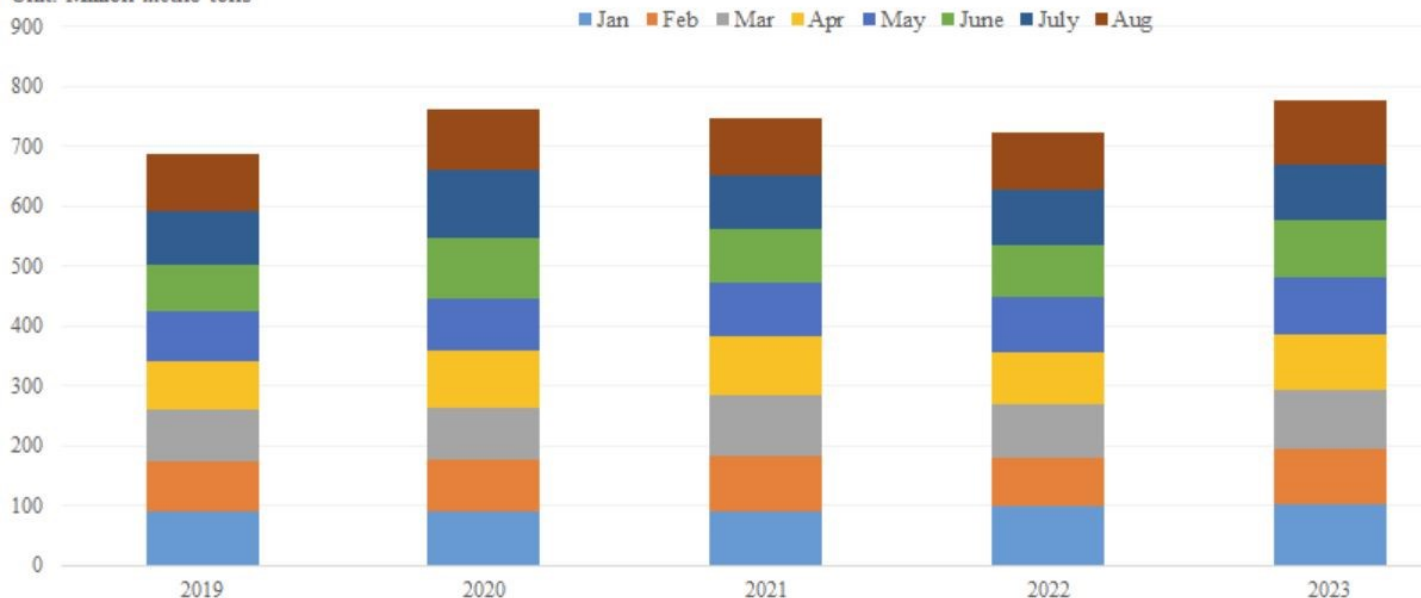
Vale Base Metals has committed nearly \$9 billion for investment in Indonesia, including for its development of high-pressure acid leaching (HPAL) plants for nickel,

chief executive Deshnee Naidoo said on Thursday. Through its local unit Vale Indonesia, the company is partnering with companies like China's Zhejiang Huayou Cobalt Co to build two HPAL plants on the island of Sulawesi to produce mixed hydroxide precipitate (MHP) from nickel.

Chart of the Day

China's iron ore imports in the first eight months of 2023 rise 7.4% on the year

Unit: Million metric tons



Source: China's General Administration of Customs

"MHP as we all know is going to be the driving force unlocking midstream that would allow us to go downstream," Naidoo told participants at Indonesia Sustainable Forum in Jakarta.

As miners move further down the supply chain to process ores, she asked that car-makers invest further upstream to accelerate development of the electric vehicle production ecosystem.

For the Sorowako project, Vale and partners aim to produce 60,000 tonnes of nickel and 5,000 tonnes of cobalt in MHP per year, while the Pomalaa project is expected to produce 120,000 tonnes of nickel in MHP annually.

China's Aug iron ore imports jump ahead of peak construction season

China's imports of iron ore in August climbed 13.8% from July, customs data showed on Thursday, fuelled by growing demand from steel mills ramping up production ahead of peak construction months.

The world's largest iron ore consumer brought in 106.42 million metric tons of the key steelmaking ingredient last month, up 10.6% from a year earlier, according to data from the country's General Administration of Customs.

The volumes last month were also up from 93.48 million tons imported in July.

Some steel mills in the northern city of Tangshan resumed production in early August after temporarily suspending blast furnace operations in July due to requirements to improve local air quality.

In the absence of a government order to cap steel output, many mills across China maintained normal operations last month to generate cash flow despite shrinking steel margins amid rising raw materials prices.

Higher demand for iron ore was also reflected in the increase in daily output of hot metal, an intermediary product made in blast furnaces and widely used to gauge iron ore demand.

Hot metal production climbed to 2.46 million tons by the end of August, up 2% on the month and 7% on the year, data from consultancy Mysteel showed.

A typhoon in late July affected the customs clearance of some iron ore cargoes, also contributing to higher import volumes in August, said Pei Hao, a Shanghai-based analyst at international brokerage firm FIS.

For the first eight months of 2023, China's iron ore imports totalled 775.66 million tons, 7.4% higher than the same period a year earlier, customs data showed.

STEEL TRADE

China's exports of steel products in August climbed by 34.6% from the prior year to 8.28 million tons, which was also 13.3% higher than 7.31 million tons shipped in July, customs data showed.

The world's largest steel producer shipped abroad 58.79 million tons of steel products from January to August, a 28.4% year-on-year increase, according to customs.

China imported 640,000 tons of steel products last month, down from 890,000 tons in August 2022, with the total over January-August period at 5.06 million tons, a drop of 32.1% on the year, the official data showed.

Iron ore imports in September may see a contraction, or stay the same as August, due to reduced shipments to China from Australia, which is expected to deliver higher volumes to regions outside China in response to mounting demand there, said Shan Peng, an analyst at trading firm Grand Resource Group.

Top News - Carbon & Power

Shell ditched major works on giant LNG facility in favour of quick fix -sources

Shell considered shutting its flagship Prelude liquefied natural gas facility off Australia for a year to fix issues that have plagued its operations, but instead opted for shorter maintenance period to allow it to capture strong gas demand, three industry sources said.

Prelude, whose deck is longer than four soccer fields, was the world's first floating LNG facility to use novel technology and cost over \$12 billion, according to estimates.

The facility, some 475 km (300 miles) off the west coast of Australia, has suffered a string of outages since it started production in June 2019, including a fire that led to a full power loss in December 2021.

The shorter maintenance programme, which started in August and is expected to last two months, will not address all the design issues, according to the sources familiar with the matter.

That means the 3.6-million-ton-per-year LNG plant could continue to encounter operational issues, the sources said.

A Shell executive said on Wednesday that Prelude was currently undergoing a major turnaround that would last

around two months. The deliberations on an extensive one-year maintenance were not previously reported. Shell considered late last year performing year-long repairs on Prelude in order to fix a number of design problems, including to its electric system, which was the cause of a number of hiccups, the sources said.

The decision not to go ahead with extended repairs stemmed in part from concerns that Shell would miss out on sales of LNG at a time of strong demand, the sources said.

The company opted for the two-month maintenance at a time of relatively weak global LNG demand, which would allow the plant to be up and running as winter demand in the northern hemisphere, including in China and Europe, kicks in.

RELIABILITY ISSUES

It comes after Shell CEO Wael Sawan took office in January with a vow to improve the company's operational reliability and boost its financial performance. Before becoming CEO, Sawan led Shell's LNG division. Shell said in response that "turnarounds are a regular part of maintaining LNG facilities and are planned well in advance".

"The current turnaround at Prelude commenced in August and is expected to take several months. This turnaround was originally scheduled to be completed in 2022 but was rescheduled to August 2023 due to industrial action, followed by cyclone season," a Shell spokesperson said. Prelude has suffered a string of technical problems since its launch in June 2019 that resulted in at least 500 days of shutdown, including throughout 2022 when LNG prices soared in the wake of Russia's invasion of Ukraine, according to Reuters calculations and industry sources. The current maintenance is scheduled to tackle dozens of fixes to address reliability issues including with the electric system, pumps valves, compressors and vibration issues, according to the sources. Two of the sources said the repairs would tackle the most urgent and significant problems but were unlikely to resolve all of the reliability issues with the facility, which is likely to face further outages in the future. Cederic Cremers, executive vice president of Shell's LNG business, said on Wednesday Prelude was currently undergoing "major turnaround" work that started in August and will be ongoing for roughly two months. "(We) continue to have smaller issues that we have to resolve based on the novel nature of the operations and the facility there, but we've seen very strong improvement over the first half of the year," he said.

India seeks more natural gas amid emergency measures to end blackouts

India is seeking additional volumes of natural gas and has asked utilities to expedite completion of power plant

maintenance, as part of emergency steps to stop electricity outages, according to a government note seen by Reuters.

The move follows extension of an emergency law that forces power plants running on imported coal to maximise output, as record power demand in August due to unusually dry weather, and a sharp decline in hydro and wind energy output resulted in the country's widest electricity shortage in 16 months.

"States may ensure that all gas based power plants with whom they have power purchase agreements must be brought into use, during high demand days and non-solar hours," the power ministry note dated Sept. 5 said.

"All efforts to be made to bring back the units under forced outage as quickly as possible," it said, adding states should try to expedite commissioning of new renewable and thermal power plants.

The move could boost demand for natural gas, and push India to seek more LNG cargoes on the spot market. India's LNG imports have fallen for three consecutive financial years ended March 2023, government data shows.

"Additional arrangement for gas, for running gas based stations, from GAIL with tenders for advanced procurement for generation has been planned, during upcoming high power demand months," the ministry said.

RAPID POWER DEMAND GROWTH

India's power demand has been growing rapidly after the pandemic, with strong economic growth boosting demand

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$87.19 / bbl	-0.40%	8.63%
NYMEX RBOB Gasoline	\$2.55 / gallon	0.45%	2.75%
ICE Gas Oil	\$939.75 / tonne	0.97%	2.04%
NYMEX Natural Gas	\$2.50 / mmBtu	-0.24%	-44.04%
Spot Gold	\$1,919.22 / ounce	0.15%	5.20%
TRPC coal API 2 / Dec, 23	\$123.1 / tonne	-1.12%	-33.37%
Carbon ECX EUA / Dec, 23	€83.69 / tonne	-0.19%	-0.33%
Dutch gas day-ahead (Pre. close)	€30.83 / Mwh	-6.01%	-59.20%
CBOT Corn	\$4.86 / bushel	0.00%	-28.36%
CBOT Wheat	\$6.10 / bushel	0.08%	-23.76%
Malaysia Palm Oil (3M)	RM3,843 / tonne	-0.98%	-7.93%
Index (Total Return)	Close 06 Sep	Change	YTD Change
Thomson Reuters/Jefferies CRB	319.84	-0.05%	6.14%
Rogers International	28.92	-0.43%	0.87%
U.S. Stocks - Dow	34,443.19	-0.57%	3.91%
U.S. Dollar Index	104.86	0.05%	1.29%
U.S. Bond Index (DJ)	400.41	-0.10%	2.13%

from factories and the summer heat increasing household consumption.

Coal accounted for over 73% of India's power generation during the year ended March 2023, while renewable energy sources including wind and solar make up over 11% of total generation.

Over half of about 25 GW of India's gas-fired capacity is non-operational due to relatively high LNG prices. The share of gas-fired power in overall output has fallen from an average of over 3% in the last decade to less than 2% currently due to high LNG prices.

Below average rain during the annual monsoon that typically runs between June and end-September is

expected to result in lower hydroelectricity output in the coming months and increase stress on overall supply, the ministry said.

"The maximum hydro generation achieved this year has been less than 40 GW against 45 GW last year," the note said.

While India's power grid faced minimal shortages during the day due to abundant solar power generation and availability, supply fell short of demand during the night, the power ministry said in the note.

"It is pertinent to mention that the entire onus of meeting non-solar hours demand falls upon coal-fired generation," the ministry said.

Top News - Dry Freight

Drone strikes on Ukraine's Izmail damage port, grain silo -governor

Russian drone strikes have damaged port infrastructure, a grain silo and administrative buildings in the Izmail district of Ukraine's Odesa region, its governor, Oleh Kiper, said on Thursday.

Russia has stepped up attacks on Ukraine's grain export infrastructure amid talks on resumption of a Black Sea grain deal to allow unhindered exports of grain from Ukrainian ports.

One person was injured in the attack, the fourth on the key Danube river port in the last five days, Kiper said on the Telegram messaging app.

Ukraine's military reported shooting down 25 of the 33 drones it said were launched by Russia. Most were aimed at the Odesa region but some also targeted the northern area of Sumy, it added.

Russia quit the grain deal in July, a year after it was brokered by the U.N. and Turkey, saying its own food and fertiliser exports faced obstacles and insufficient Ukrainian grain was going to countries in need.

South Korea's NOFI buys estimated 135,000 T corn in tender

Leading South Korean animal feed maker Nonghyup Feed Inc. (NOFI) has bought an estimated 135,000 metric tons of animal feed corn in an international tender for up to 138,000 tons on Thursday, European traders said. It was expected to be sourced from either South America or South Africa.

The tender had sought arrival in South Korea in December 2023 and January 2024.

One consignment of 67,000 tons for arrival around Dec. 17 was bought at an estimated premium of 184.10 U.S. cents a bushel c&f over the Chicago December corn contract plus a surcharge of \$1.68 a ton for additional port unloading.

The seller was believed to be trading house CJ International.

The corn was expected to be sourced from South America with shipment between Oct. 19-Nov. 7.

A second consignment of 68,000 tons was bought in the combination of an estimated outright price of US\$260.90 a ton c&f for 34,000 tons and with the rest at a premium of 167.00

U.S. cents a bushel c&f over the Chicago December corn contract. Both have an extra surcharge of \$1.25 a ton for additional port unloading.

The seller was believed to be trading house Cargill.

The second consignment was for arrival around Jan. 2, 2024, and is expected to be sourced either from South America or South Africa. Shipment from South America is between Nov. 4-Nov. 23 or from South Africa between Nov. 14-Dec. 3.

Asian corn purchase interest was sparked by a fall in Chicago corn futures this week, pressured partly by lacklustre U.S. export demand, traders said.

The Korea Feed Association (KFA) has also issued an international tender to purchase up to 68,000 metric tons of animal feed corn closing on Thursday.

Picture of the Day



A delegate from the indigenous Maasai community blows a horn and wears an ostrich feathers headgear as he arrives for the Africa Climate Summit (ACS) 2023 at the Kenyatta International Convention Centre (KICC) in Nairobi, Kenya, September 6. REUTERS/Monicah Mwangi

(Inside Commodities is compiled by Sreshtha Uniyal in Bengaluru)

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

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