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Top News - Oil

OPEC again lowers 2024, 2025 global oil demand growth view

OPEC on Tuesday cut its forecast for global oil demand growth in 2024 reflecting data received so far this year and also trimmed its expectation for next year, marking the producer group's second consecutive downward revision. The weaker outlook further underscores the challenge faced by OPEC+, which comprises the Organization of the Petroleum Exporting Countries and allies such as Russia in balancing the market. Last week, OPEC+ delayed a plan to start pumping more oil after prices hit the lowest in 2024.

On Tuesday, OPEC in a monthly report said world oil demand will rise by 2.03 million barrels per day (bpd) in 2024, down from growth of 2.11 million bpd expected last month. Until last month, OPEC had kept the forecast unchanged since it was first made in July 2023. China accounted for the bulk of the latest downgrade, as OPEC trimmed its forecast of Chinese growth to 650,000 bpd in 2024 from 700,000 bpd. Oil use in the world's second largest economy was facing headwinds from economic challenges and moves to cleaner fuels, OPEC said.

"Looking ahead, China's economic growth is expected to remain well supported," OPEC said in the report.

"However, headwinds in the real estate sector and the increasing penetration of LNG trucks and electric vehicles are likely to weigh on diesel and gasoline demand going forward." Oil ticked lower after the report was issued, with Brent crude trading below $71 a barrel, near the lowest price since March 2023. There is a wide split in 2024 demand growth forecasts due to differences over China and the pace of the world's transition to cleaner fuels. OPEC is still at the top of industry estimates and has a long way to go to match the International Energy Agency's far lower view.

OPEC said this year's demand growth was still above the historical average of 1.4 million bpd seen prior to the COVID-19 pandemic in 2019, which caused a plunge in oil use. The group was upbeat on the economic front, nudging up its 2024 economic growth forecast to 3% from 2.9%. OPEC left its 2025 view unchanged at 2.9% and said there was potential to revise up next year's figure.

For next year, OPEC cut its 2025 global oil demand growth estimate to 1.74 million bpd from 1.78 million bpd, also at the top end of what the industry expects.

OUTPUT FALLS

OPEC+ has implemented a series of output cuts since late 2022 to support the market, most of which are in place until the end of 2025. The group was due to start unwinding the most recent layer of cuts of 2.2 million bpd from October, but decided last week to delay the plan for two months after oil prices slumped.

OPEC's report showed that actual production fell in August mainly due to unrest in Libya disrupting output. OPEC+ pumped 40.66 million bpd in August, down 304,000 bpd from July, led by a decline in Libya.

The OPEC report projects demand for OPEC+ crude, or crude from OPEC plus the allied countries working with it, at 43.8 million bpd in the fourth quarter, in theory allowing room for higher production by the group.

Other forecasts give less room for OPEC oil. The IEA, which represents industrialised countries, sees much lower demand growth than OPEC of 970,000 bpd in 2024. The IEA is scheduled to update its figures on Thursday.

US EIA lifts oil demand forecast, says prices will recover to above $80/bbl

Global oil demand is set to grow to a bigger record this year while output growth will be smaller than prior forecasts, the U.S. Energy Information Administration (EIA) said on Tuesday.

The widening supply deficit will increase withdrawals of oil from global stockpiles, pushing Brent crude prices back above $80 a barrel in the physical spot market this month, the EIA said in its short-term energy outlook.

Spot Brent prices averaged $73 a barrel on Sept. 6, the agency said. On Tuesday, futures contracts tied to the global crude benchmark slumped below $70 for the first time since December 2021.

Global oil demand is expected to average around 103.1 million barrels per day this year, the EIA said, about 200,000 bpd higher than its previous forecast of 102.9 million bpd. Global output is now expected to average 102.2 million bpd, down from the prior forecast of 102.4 million bpd, as the Organization of the Petroleum Exporting Countries (OPEC) has delayed its plan to increase output, the EIA said.

OPEC and its allies had planned to boost output beginning in October but with crude prices sliding in a weak global economy, they postponed that last week to boosting output from December onwards.

The group on Tuesday trimmed its demand growth forecasts for this year to about 2 million bpd, which is still double EIA's current estimate of 1 million bpd growth.

EIA's forecasts imply global demand outpacing output by about 0.9 million bpd this year, compared with a 0.5

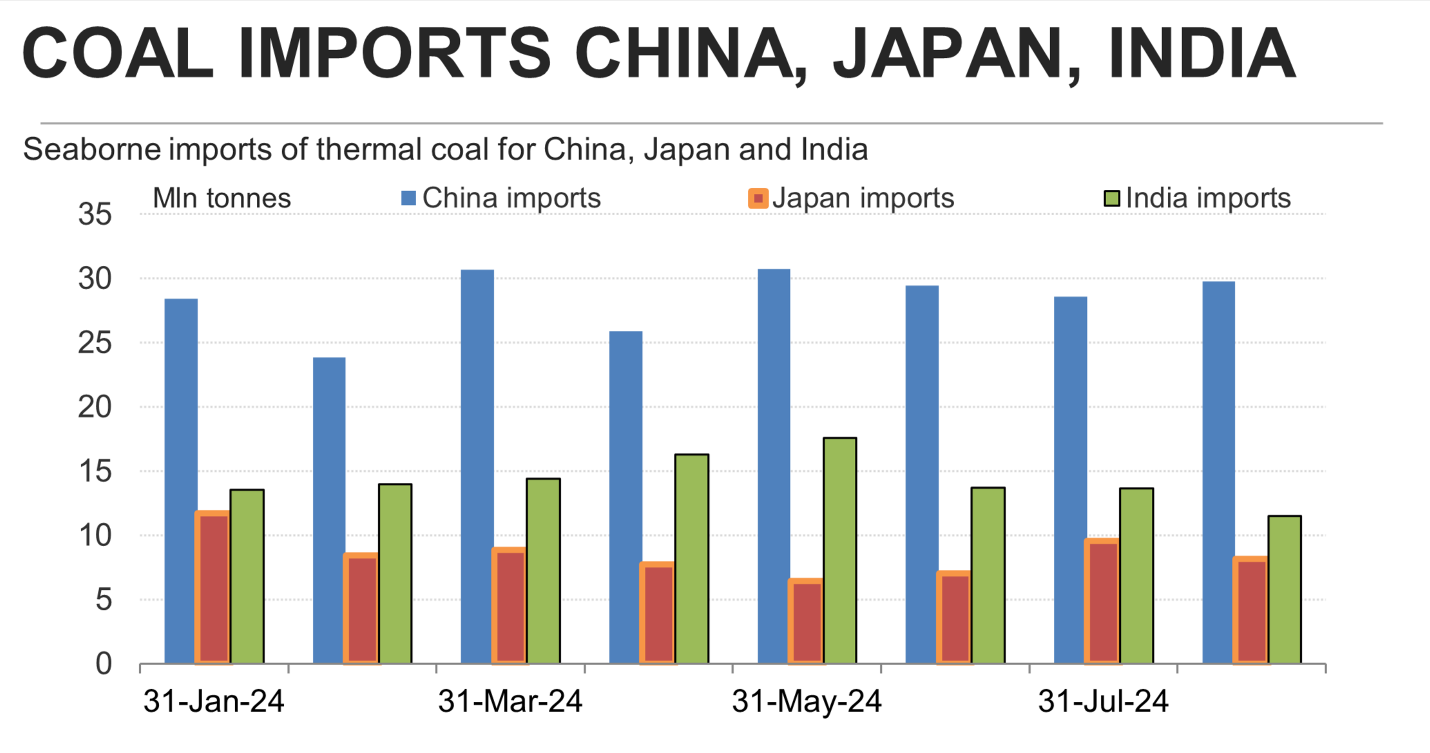
million delta in its prior forecast.
"Although market concerns over economic and oil demand growth, particularly in China, have increased, causing oil prices to fall, OPEC+ production cuts mean less oil is being produced globally than is being consumed," the EIA said.

Top News - Agriculture

Ukraine raises expectations for late crop yields
Ukraine's yields on late grain and oilseed crops will not be as badly affected by drought as previously feared, the agriculture minister said on Tuesday.
Vitaliy Koval, who was appointed minister last week, told national television that yields of late crops would fall by 10% to 15% compared with 2023. The ministry had previously said the yield would fall by 15%.
Koval said that corn, sunflower and soybeans were the most severely affected crops.
Ukraine is one of the world's largest exporters of corn and among the biggest producers and exporters of sunflower oil.
The oil content in sunflower seeds would be smaller than the 46-48% last year, Koval said, adding that the ministry was not worried by the situation.
The APK-Inform agriculture consultancy said this week that Ukrainian sunflower oil output and exports could drop sharply in the 2024/25 September-August season because of a smaller sunseed harvest.
It said that Ukraine could produce 6.09 million tons of sunoil in 2024/25, with exports totalling 5.72 million tons. The country exported 6.25 million tons from 6.63 million tons of sunoil produced in 2023/24.

Brazil fires burn protective straw in another setback for soy
Brazilian fires that have burned through straw used by soybean farmers to protect fields from the heat mark another "aggravating" setback for this season's crop, a farmers' group from the world's largest soy supplier said on Tuesday.
Aprosoja Brasil President Mauricio Buffon told Reuters in an interview that swathes of straw - dried grain stalks gathered from previous harvests that hold moisture in the soil during dry weather - were burned in fires.
Brazilian farmers usually start planting soybeans after first rains as of September, and most of them use the no-tillage farming technique which reduces soil erosion and uses straw.

Chart of the Day



Note: August 2024 is an estimate as of Aug. 30.
Source: Kpler Reuters graphic/Clyde Russell 11/09/24

Fires have been reported in many regions of Brazil in the last few weeks amid the country's dry season, affecting several agriculture fields, such as sugarcanes.
Some people were also arrested last month on suspicion of setting part of the fires.
Buffon said Mato Grosso state, Brazil's top producer of soy, is reportedly among the most affected by the loss of straw due to fires, as well as the states of Tocantins and Goias.
Dry weather has already been delayed soy planting in some regions, Buffon said.

Top News - Metals

Chile's Cochilco lowers 2024 average copper price forecast
Chile's state-owned copper commission Cochilco on Tuesday lowered its forecast for the average price of copper in 2024 to $4.18 per pound, down from a May estimate of $4.30, citing factors such as economic weakness in top consumers.
The commission maintained its 2025 average price projection at $4.25 per pound.
The 2024 adjustment, Cochilco said in a report, was related to "macroeconomic weakness in the main consuming countries" and "the postponement of the start of the monetary policy rate reduction cycle in the United States".
The commission also cited "geopolitical uncertainty and the accumulation of inventories in the Asian market," but noted prices would remain above $4.00 per pound - a key level it expects to be maintained over the next decade.
Cochilco also said that Chile's copper production is expected to increase by 3% in 2024 from the previous year to 5.41 million metric tons, short of the previously estimated 5.5 million tons.
In 2025, production would grow 6% to 5.7 million tons, Cochilco added. The Andean country is the world's largest copper producer.
The commission added that the refined copper market is anticipated to be roughly balanced in 2024 and 2025.
"It is estimated to be in a slight deficit in 2024, with 12,000 tons, and surplus in 2025, with 13,000 tons," markets coordinator Victor Garay said. "This forecast implies a relevant change from the previous estimate, when a deficit was foreseen."

US Antimony looks to ramp up antimony smelting facility
United States Antimony Corp. , the only smelter of antimony in North America, said on Tuesday it was looking to increase its supply of the minor metal, which would then allow it to ramp up its facility.
Antimony, a strategic minor metal used in flame-retardants, batteries and munitions, was added to China's export restriction list in August, as it aimed to shore up the material in the name of national security.
Last year, China accounted for 48% of global mined output of antimony, according to the U.S. Geological Survey (USGS).
Gary Evans, the co-chief executive officer of United States Antimony, said that its smelting facility at Thompson Falls was only running at 50% of its capacity due to a lack of supply.
"We're working on changing that, and it'll probably happen over the next 30 to 60 days. Those additional supplies will probably come from foreign sources - we're talking to 12 different countries," Evans said at the H.C. Wainwright 26th Annual Global Investment Conference.
The company has also leased a flotation facility in Philipsburg, Montana, that would help refine sub-par antimony and "bring it up to the levels it needs to be to make munitions-grade antimony," Evans added.

Top News - Carbon & Power

COLUMN-Mutual discontent is a good place for Asia's coal sector: Russell
Asia's coal industry isn't too happy about current market conditions, with miners, traders, shippers and end users all having various complaints at this week's annual gathering of the sector.
The export-focused miners from top shippers Indonesia and Australia may be content with the solid volumes they are achieving, but feel prices for seaborne grades are too low.
The freight sector complains that shipping rates are too low, especially given what they see as a looming shortage of vessels in coming years.
Traders are concerned margins are being compressed as they seek to maintain volumes.
And finally, end users such as electricity utilities and industries like cement feel that prices are still too high and don't reflect the economic struggles in much of Asia, especially in China, the world's biggest coal importer.
Put together, the sentiment at the Coaltrans Asia event on the Indonesian resort island of Bali could be described as mutual discontent. But while it may seem counter-intuitive, that may actually be a comfortable spot for the coal industry.
If one player is happy, say miners, by extension others will be unhappy.
If prices are high enough that miners are making outsized profits, it's the case that utilities will feel squeezed. But if

everybody has reason for complaint, the market is likely in a more balanced and sustainable position. The prices of the main grades of seaborne thermal coal in Asia show the current steady dynamic.

Lower-grade Indonesian coal with an energy content of 4,200 kilocalories per kilogram (kcal/kg), as assessed by commodity price reporting agency Argus, ended last week at $50.38 a metric ton. This is largely unchanged from the $52.23 a ton that prevailed in the same week in 2023, and since then the price has been relatively stable with only a mild rally over the peak northern winter demand period, which subsequently eased.

Australian coal with an energy content of 5,500 kcal/kg, a grade popular with buyers in China and parts of Southeast Asia, ended last week at $86.83 a ton, down slightly from the $90.29 it was at the same week last year.

Higher-grade 6,000 kcal/kg Australian coal, which is mainly bought by utilities in Japan, South Korea and Taiwan, ended last week at $143.64 a ton, according to data compiled by globalCOAL, a level that continues its recent run of stability.

The market isn't anticipating much change either, with globalCOAL's forward curve for 6,000 kcal/kg coal being virtually flat for the rest of this year and only showing a mild increase for the first half of 2025.

FLAT VOLUMES

It's a similar story for seaborne coal volumes, with top exporter Indonesia showing steady shipments, allowing for small changes due to seasonal demand shifts.

Indonesia exported 43.09 million tons of all grades of coal in August, up only slightly from the 41.16 million from the same month in 2023, according to data compiled by commodity analysts Kpler.

Second-ranked Australia turned in a strong performance in August, exporting 33.39 million tons, the most since December.

However, Australia's exports for 2024 are on track to be about the same as the 354 million tons shipped in 2023.

The steady price and export volumes may not make everybody happy, but they do allow the coal sector to continue to operate and give it confidence to make investment decisions.

But if there is one factor that virtually everybody in the industry worries about, it's China.

China's import demand has been strong and it's likely that arrivals this year will exceed last year's record 474.72 million tons.

Official data showed China's imports at 45.84 million tons in August, up 3.4% from the same month last year.

For the first eight months of the year, China imported 341.62 million tons, a gain of 11.8% over the same period last year.

The worry for some coal market participants is that China's strong run may be coming to an end, given the ramping up of domestic output and increased power

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$66.65 / bbl	1.37%	-6.98%
NYMEX RBOB Gasoline	$1.86 / gallon	1.19%	-11.49%
ICE Gas Oil	$633.00 / tonne	0.00%	-15.68%
NYMEX Natural Gas	$2.24 / mmBtu	0.22%	-11.02%
Spot Gold	$2,525.13 / ounce	0.36%	22.42%
TRPC coal API 2 / Dec, 24	$118.25 / tonne	0.00%	21.91%
Carbon ECX EUA	€65.16 / tonne	0.37%	-18.92%
Dutch gas day-ahead (Pre. close)	€34.90 / Mwh	-4.90%	9.58%
CBOT Corn	$4.07 / bushel	0.62%	-15.96%
CBOT Wheat	$5.79 / bushel	0.74%	-9.54%
Malaysia Palm Oil (3M)	RM3,903 / tonne	0.46%	4.89%
Index	**Close 10 Sep**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	314.81	-1.51%	4.45%
Rogers International	25.74	-0.73%	-2.24%
U.S. Stocks - Dow	40,736.96	-0.23%	8.09%
U.S. Dollar Index	101.39	-0.23%	0.06%
U.S. Bond Index (DJ)	450.94	0.30%	4.70%

generation from both hydropower and renewables.
In reality, it's likely that China will continue to import relatively high volumes of coal, because the seaborne market prices are competitive against domestic supplies.
It also appears authorities in Beijing are currently happy to leave the coal sector to market forces, taking the view that cheaper seaborne prices serve to keep a lid on the domestic market.
(The opinions expressed here are those of the author, a columnist for Reuters.)

US natgas output to decline in 2024 while demand rises to record high, EIA says

U.S. natural gas production will decline in 2024 while demand will rise to a record high, the U.S. Energy Information Administration (EIA) said in its Short-Term Energy Outlook (STEO) on Tuesday.
EIA projected dry gas production will ease from a record 103.8 billion cubic feet per day (bcfd) in 2023 to 103.4 bcfd in 2024 as several producers reduce drilling activities after spot gas prices at the Henry Hub benchmark fell to 25-year lows in March. In 2025, EIA projected output would rise to 104.8 bcfd. The agency also projected domestic gas consumption would rise from a record 89.1 bcfd in 2023 to 89.9 bcfd in 2024 before easing to 89.5 bcfd in 2025. If the projections are correct, 2024 would be the first time output will have declined since 2020, when the COVID-19 pandemic cut demand for the fuel. It would also be the first time demand has increased for four years in a row since 2016.
The latest projections for 2024 were higher than EIA's forecasts in August of 103.3 bcfd for supply and 89.8 bcfd for consumption.
In Appalachia, the biggest U.S. shale gas basin spanning Pennsylvania, Ohio and West Virginia, marketed (wet) gas production is set to decline from 35.4 bcfd in August to 35.3 bcfd in September. Appalachia output hit monthly records of 37.1 bcfd in November and December 2023.
The agency forecast average U.S. liquefied natural gas (LNG) exports would reach 12.1 bcfd in 2024 and 14.1 bcfd in 2025, up from a record 11.9 bcfd in 2023.
That was lower than EIA's LNG export forecast in August of 12.2 bcfd.
The agency projected U.S. coal production would fall from 577.5 million short tons in 2023 to 501.0 million tons in 2024, which would be the lowest level since 1963, and 475.1 million tons in 2025, which would be the lowest since 1962, as gas and renewable sources of power displace coal-fired plants.
EIA projected carbon dioxide (CO_2) emissions from fossil fuels would rise from 4.793 billion metric tons in 2023 to 4.809 billion metric tons in 2024 as gas use increases, and 4.821 billion metric tons in 2025 as petroleum use increases.
That means carbon emissions are on track to rise in four out of five years through 2025 since dropping to 4.584 billion metric tons in 2020, the lowest level since 1983, when the pandemic sapped demand for energy.
Carbon emissions also declined in 2023 as power companies burned less coal.

Top News - Dry Freight

EU 2024/25 soft wheat exports down 23% by Sept 8, data incomplete

Soft wheat exports from the European Union since the start of the 2024/25 season in July had reached 4.82 million metric tons by Sept. 8, down 23% compared with 6.25 million a year earlier, data published by the European Commission showed on Tuesday.
EU barley exports totalled 1.32 million tons, down 34% from 2.01 million tons in the corresponding period in 2023/24.
However, the Commission said grain export data for France - usually the bloc's biggest wheat and barley exporter - was incomplete since the beginning of the calendar year 2024, while export figures were incomplete for Bulgaria and Ireland since the beginning of the 2023/24 marketing season.
A breakdown of this season's volume showed Romania was the leading EU soft wheat exporter with 1.72 million tons so far, followed by Lithuania with 0.62 million, Bulgaria at 0.55 million and then Germany and France with 0.50 million each.
EU maize imports so far in 2024/25 were at 3.85 million tons, up 20% against a year-earlier 3.21 million, while EU soft wheat imports were stable compared with a year ago at 1.37 million tons.
Spain remained the biggest maize importer in the EU so far in 2024/25 with 1.28 million tons, and also led EU soft wheat imports with 0.81 million tons.

Egypt's GASC buys 69,700 metric tons of sunflower oil in international tender

Egypt's state grains buyer GASC said on Tuesday it had bought 69,700 metric tons of sunflower oil in an international tender at $1,045-$1,047 per ton on C&F basis for payment at sight.
GASC also bought 6,500 tons of local soybean oil in Egyptian pounds, it said.
The recent purchase boosts Egypt's strategic reserve of vegetable oils, making it enough to cover 7.6 months of needs, in line with the directives of Egypt's political leadership to maintain six months' worth of basic commodities needs, supply minister Sherif Farouk said in a statement.

Picture of the Day

Crude oil tanks are pictured in a farmer's field near Kindersley, Saskatchewan, Canada, September 5. REUTERS/Todd Korol

(Inside Commodities is compiled by Arya Sinha in Bengaluru)

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

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