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### Top News - Oil

#### **China's refinery output falls for a fifth month as fuel demand disappoints**

China's oil refinery output in August fell 6.2% from a year earlier, official data showed on Saturday, declining for the fifth month as disappointing fuel demand and weak export margins curbed production.

Refiners processed 59.07 million metric tons of crude oil last month, data from the National Bureau of Statistics (NBS) showed, equivalent to 13.91 million barrels per day (bpd).

The August level inched up from July's 13.908 million bpd which was the lowest since October 2022, and off a hefty rate of 15.23 million bpd a year earlier.

Output for the first eight months of the year was 472.53 million tons, or 14.14 million bpd, down 1.2% from the corresponding period last year, the data showed.

While Chinese diesel fuel demand has been weighed down by a broad economic slowdown and greater replacement by cheaper liquefied natural gas as a truck fuel, gasoline consumption has been below expectations despite a seasonal demand uptick.

"Although gasoline use hits a peak season as more people take to the roads, overall use of the motor fuel is below year-ago levels," Sublime China Information, a local commodities consultancy, wrote in a market summary early this week.

China's gasoline demand is expected to peak in 2025, a China oil researcher told an industry gathering in Singapore earlier this week, as EV penetration has exceeded the government's target and is set to reach 40% of new car sales this year.

Planned maintenance at Sinopec's Jinling and Tianjin refineries and PetroChina's Ningxia and Jilin plants capped throughputs at state majors, according to consultancy Oilchem.

Softening export margins for gasoline and middle distillates also discouraged state refiners to process more. Throughput at independent refiners, however, saw a modest rebound last month thanks to a small improvement in refining margins.

Shandong-based plants operated at an average of 56.4% of their capacity in August, up 2.2 percentage points versus July but remained 10 percentage points below year-ago levels, according to Sublime China Information. Saturday's NBS data also showed China's crude oil production in August rose 2.1% from a year earlier to 17.83 million tons, or about 4.2 million bpd. Year-to-date output grew 2.1% on the year to 142.79 million tons, or 4.27 million bpd.

Natural gas production maintained healthy growth, rising last month by 9.4% from a year earlier to 20 billion cubic metres (bcm), and output between January and August grew 6.6% at 163.7 bcm.

#### **Fifth of US Gulf of Mexico crude oil and 28% of gas offline, regulator says**

Nearly a fifth of crude oil production and 28% of natural gas output in U.S. Gulf of Mexico federal waters remains offline in the aftermath of Hurricane Francine, the U.S. offshore energy regulator said on Sunday.

Francine marched through prime offshore oil and natural gas producing areas and hit Louisiana as a Category 2 hurricane on Wednesday. The storm toppled trees, flooded coastal areas and cut power in four southern states.

Energy producers on Sunday had 338,690 barrels per day of oil production and nearly 515 million cubic feet of natural gas offline in Gulf waters, the Bureau of Safety and Environmental Enforcement estimated from producer reports.

Cumulative offshore production losses due to Francine total 2.16 million barrels of crude oil and 4.635 billion cubic feet of natural gas, according to a Reuters tally of BSEE daily estimates.

There were 37 oil and gas platforms still evacuated on Sunday, about 10% of the Gulf of Mexico total, down from 171 evacuated offshore platforms at peak last week, the offshore regulator said citing reports from producers.

### Top News - Agriculture

#### **NOPA Aug US soybean crush seen at 171.325 million bushels**

The monthly U.S. soybean crush likely fell by more than 6% in August as processors idled plants for seasonal maintenance and repairs ahead of the 2024 harvest, analysts said ahead of a National Oilseed Processors Association (NOPA) report due on Monday.

NOPA members, who handle about 95% of all U.S. processed soybeans, were estimated to have crushed 171.325 million bushels last month, according to the average of estimates from nine analysts surveyed by Reuters.

If realized, it would be down 6.3% from the July crush of 182.881 million bushels but up 6.1% from the 161.453 million bushels in August 2023.

It would also be the largest August crush on record, besting the prior mark of 168.085 million bushels set in 2019.

August is normally among the lightest crush months on the calendar because many processors idle facilities ahead of the fall harvest.

The average estimate implies a daily crush rate in August of 5.527 million bushels a day, which would be the slowest since last September.

Processors are anticipating having an ample supply of beans to crush in the coming months after the U.S. Department of Agriculture only slightly trimmed its forecast for a bumper 2024 U.S. soybean harvest. Crush estimates for August ranged from 162.000 million to 178.000 million bushels, with a median of 173.000 million bushels.

The NOPA report is scheduled for release at 11 a.m. CDT on Monday. Soyoil stocks held by NOPA members as of Aug. 31 were estimated at 1.356 billion lbs, based on estimates from seven analysts. If the estimate is realized, it would be down 9.5% from 1.499 billion lbs at the end of July and the smallest end-of-month supply since November. But it would be up 8.5% from the 1.250 billion lbs of oil held by NOPA members at the end of August last year. Oil stocks estimates ranged from 1.245 billion to 1.444 billion lbs, with a median of 1.350 billion lbs.

**India sharply raises import tax on edible oils to support farmers**

India has raised the basic import tax on crude and refined edible oils by 20 percentage points, the government said on Friday, as the world's biggest edible oil importer tries to help protect farmers reeling from lower oilseed prices. The move could lift edible oil prices and dampen demand and subsequently reduce overseas purchases of palm oil, soyoil and sunflower oil.

After the duty hike announcement, Chicago Board of Trade soyoil extended losses and fell more than 2%. New Delhi on Friday imposed a 20% basic customs duty on crude palm oil, crude soyoil and crude sunflower oil

from Sept. 14, the notification said.

It will effectively increase the total import duty on the three oils to 27.5% from 5.5% as they are also subject to India's Agriculture Infrastructure and Development Cess and Social Welfare Surcharge.

Imports of refined palm oil, refined soyoil and refined sunflower oil will attract 35.75% import duty against the earlier duty of 13.75%.

Reuters reported in late August that India was considering an increase in import taxes on vegetable oils to help soybean growers ahead of regional elections due in Maharashtra later this year.

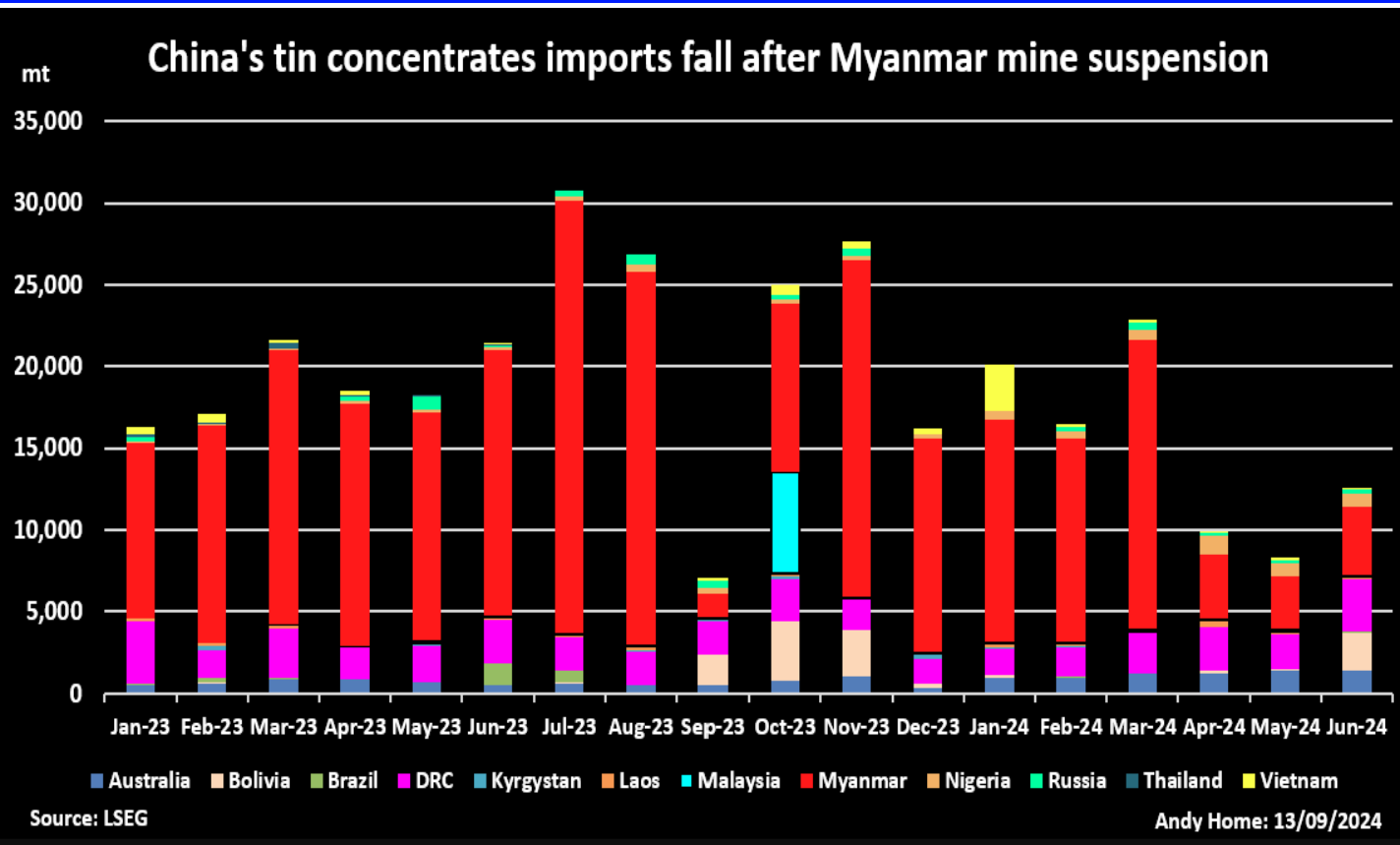
"After a long time, the government has been attempting to balance the interests of both consumers and farmers," said Sandeep Bajoria, CEO of Sunvin Group, a vegetable oil brokerage.

The move has increased the likelihood of farmers receiving the minimum support price set by the government for their soybean and rapeseed harvests, he said.

Domestic soybean prices are around 4,600 rupees per 100 kg, lower than the state-fixed support price of 4,892 rupees.

India meets more than 70% of its vegetable oil demand through imports. It buys palm oil mainly from Indonesia, Malaysia and Thailand, while it imports soyoil and sunflower oil from Argentina, Brazil, Russia and Ukraine. "India's edible oil imports consist of more than 50% palm oil, so it's obvious that the Indian duty hike is going to have a negative impact on palm oil prices next week," said a New Delhi-based dealer with a global trade house.

**Chart of the Day**



## Top News - Metals

### China's aluminium output rises in August as profit spurs smelters

China's August aluminium output rose from a year earlier to its highest since 2002, as higher prices and the prospect of steady profits kept smelters going strong. The world's biggest aluminium producer churned out 3.73 million metric tons of primary aluminium, 2.5% higher year-on-year, data from the National Bureau of Statistics (NBS) showed on Saturday.

The amount was the highest monthly output on NBS data since 2002. Daily output in August averaged 120,322 tons, less than the average of 122,333 tons in June, based on Reuters' calculation.

The strong output this year was due to increased operation by smelters in the main producing regions triggered by a rally in aluminium prices which reached an almost two-year high in late May.

Prices began falling, however, due to concerns over demand amid indicators showing manufacturing weaknesses in China and the United States, as well as growing domestic supplies.

State-backed research house Antaika estimated the average industry profits would fall last month as prices drop to 2,121 yuan (\$299.03) per metric ton, a level which smelters said could still sustain strong production in the near term. Meanwhile, producers in the southwestern Yunnan province have been pumping out the metal due to ample hydropower supply.

For the first eight months of the year, China produced 28.91 million tons of aluminium, up 5.1% from a year earlier, the data showed.

Production of 10 nonferrous metals, including copper, aluminium, lead, zinc and nickel, rose 4% to 6.62 million tons in August from a year earlier.

Year-to-date output was up 5.4% at 52.05 million tons.

The other non-ferrous metals are tin, antimony, mercury, magnesium and titanium.

### Nippon Steel bid for U.S. Steel faces Sept. 23 review deadline, sources say

A powerful U.S. national security panel reviewing Nippon Steel's \$14.9 billion bid for U.S. Steel faces a Sept. 23 deadline to recommend whether the White House should block the deal, two people familiar with the matter said.

The Committee on Foreign Investment in the United States has until that day to complete its second 90-day review of the Japanese company's proposed takeover of U.S. Steel, the people said, declining to be named

because the matter was not public.

On that date, CFIUS officials could grant a request by the companies to extend the review another 90 days, which would defer the politically sensitive decision until after the Nov. 5 election.

If the panel does not do that, it could approve the deal, possibly with measures to address national security concerns, or it could recommend President Joe Biden block it. The deal has become a political hot potato and faces high-profile opponents including Biden, Democratic presidential candidate and Vice President Kamala Harris and Republican Donald Trump.

They oppose foreign ownership of U.S. Steel, which produces a strategically and symbolically important commodity used to build ships, trains and infrastructure. "The president's position is that it is vital for U.S. Steel to remain an American steel company that is domestically owned and operated," White House adviser Saloni Sharma said.

U.S. Steel is headquartered in Pennsylvania, a crucial swing state in the presidential election.

The United Steel Workers union, which endorsed Harris, opposes the deal.

As the clock ticks down to the Sept. 23 deadline, the politics and uncertainty surrounding the deal are in the spotlight. The companies have sought to save the acquisition after the panel said it would harm the security of U.S. steel supplies in an Aug. 31 letter seen by Reuters. The companies countered in a 100-page letter, also exclusively reported by Reuters, the deal would increase U.S. steel output and asked for an extension to address concerns. CFIUS and Nippon Steel declined to comment and U.S. Steel did not respond to a request for comment. A decision is not expected in the coming days, according to a senior administration official.

The Washington Post reported on Friday a decision could be postponed until after the election.

Sources said the companies hope recent support for the deal, including a letter from business groups like the Chamber of Commerce raising concerns the transaction is being influenced by political pressure, could turn the tide. Robust CFIUS reviews take 90 days but it is common for companies to withdraw their filings and resubmit them to give the companies more time to address the panel's concerns.

This resets the 90-day clock.

Nippon Steel and U.S. Steel filed for the review in March, and CFIUS allowed them refile in June, starting a second 90-day clock that runs out on Sept. 23, sources said.

## Top News - Carbon & Power

### China's thermal power output returns to growth in August

China's thermal power generation in August rose from a year earlier as hydropower output growth moderated, statistics bureau data showed on Saturday, reversing a three-month trend of declining thermal power generation. China's thermal power generation last month rose 3.7%

from a year ago to 614.9 billion kilowatt-hours (kWh), the National Bureau of Statistics (NBS) reported.

That was however slightly lower than the 5.8% rise in overall power generation to 907.4 billion kWh.

The NBS data reflects power generation from industrial enterprises that have annual revenue of at least 20 million yuan (\$2.79 million).

Thermal power generation comes mostly from coal in China with a small portion from natural gas-fired power plants.

Hydropower rose 10.7% from a year ago to 163.5 billion kWh.

By contrast, in July, hydropower output had risen 36.2% from a year ago to 166.4 billion kWh.

For January to August, thermal power output was up 1% from a year earlier at 4.2 trillion kWh.

Overall power generation during the first eight months of 2024 was 6.24 trillion kWh, up 5.1% from the previous year, according to the statistics bureau data.

#### Bangladesh resumes spot LNG purchases as fuel demand rebounds

Bangladesh has issued three tenders to buy liquefied natural gas (LNG) from the spot market, officials said on Sunday, as fuel demand rebound after the end of anti-government protests and the resumption of operations at its main Summit LNG terminal.

The state-owned Rupantarita Prakritik Gas Company, responsible for LNG imports, is seeking three LNG cargoes, each carrying 138,000 cubic meters, the officials said.

Two deliveries are scheduled for the first week of October, with another in the second week.

The tenders are the first issued by the interim government led by Nobel laureate Muhammad Yunus, which took

office after the ouster of Prime Minister Sheikh Hasina following protests.

The new administration said it would purchase LNG through an open tender process for the sake of transparency.

Bangladesh had suspended LNG spot purchases in July due to the shutdown of Summit's floating storage and regasification unit (FSRU), which was damaged by a stray pontoon during a cyclone. The terminal had been offline since May 27.

The student-led protests, and the curfews and other government measures to crackdown on them, had also reduced activity and fuel demand, but this has since recovered.

Bangladesh heavily relies on LNG for energy, and also imports LNG through two long-term contracts for 2.5 million tons a year from Qatar and 1 million tons from Oman.

Last year, Bangladesh imported 5.2 million metric tons of LNG, according to data from Kpler, but owes more than \$600 million to LNG suppliers, Petrobangla officials said. In a televised address last week, Yunus said the government is appealing for \$5 billion in aid from to help stabilise an economy that has been struggling since the Ukraine war sharply increased the cost of fuel and food imports.

Last year, Bangladesh sought a \$4.7-billion bailout from the IMF.

### MARKET MONITOR as of 06:45 GMT

| Contract                         | Last               | Change | YTD     |
|----------------------------------|--------------------|--------|---------|
| NYMEX Light Crude                | \$69.02 / bbl      | 0.54%  | -3.67%  |
| NYMEX RBOB Gasoline              | \$1.90 / gallon    | -0.05% | -9.56%  |
| ICE Gas Oil                      | \$640.50 / tonne   | -1.39% | -14.69% |
| NYMEX Natural Gas                | \$2.28 / mmBtu     | -1.21% | -9.43%  |
| Spot Gold                        | \$2,588.88 / ounce | 0.48%  | 25.52%  |
| TRPC coal API 2 / Dec, 24        | \$116 / tonne      | 0.65%  | 19.59%  |
| Carbon ECX EUA                   | €64.20 / tonne     | -1.22% | -20.12% |
| Dutch gas day-ahead (Pre. close) | €36.03 / Mwh       | 1.78%  | 13.12%  |
| CBOT Corn                        | \$4.27 / bushel    | 3.39%  | -11.73% |
| CBOT Wheat                       | \$6.06 / bushel    | 1.89%  | -5.24%  |
| Index                            | Close 13 Sep       | Change | YTD     |
| Thomson Reuters/Jefferies CRB    | 324.85             | 0.33%  | 7.78%   |
| Rogers International             | 26.54              | 0.19%  | 0.80%   |
| U.S. Stocks - Dow                | 41,393.78          | 0.72%  | 9.83%   |
| U.S. Dollar Index                | 100.80             | -0.31% | -0.53%  |
| U.S. Bond Index (DJ)             | 451.57             | 0.33%  | 4.84%   |



## Top News - Dry Freight

### India removes floor price for basmati rice exports to claw back global share

India removed a floor price for basmati rice exports on Friday, according to a government order, to help farmers struggling with debt and higher costs boost overseas sales of the premium grade just weeks ahead of the arrival of the new-season crop.

Last year New Delhi set a floor price, or minimum export price (MEP), of \$1,200 a metric ton and later cut the MEP to \$950 a ton.

As supplies picked up since then, exporters urged the government to either cut or remove the MEP to ensure that farmers do not get saddled with large stocks when the new crop arrives in a month's time.

Reuters in July reported that India was likely to cut the floor price for basmati rice exports.

"The decision to do away with the MEP will help India export basmati rice in large quantities, and that is going to ensure good returns to our farmers," Satish Goel, president of the All-India Rice Exporters' Association, told Reuters.

Thousands of impoverished and indebted farmers complain about falling incomes and soaring fuel and fertiliser prices.

India and Pakistan, the only growers of basmati, both try to promote the premium grade of rice in a manner similar to French Champagne or Darjeeling tea.

Basmati is not widely consumed in India, and the government does not buy the variety to build state reserves, unlike common grades of rice.

Citing India's rich biodiversity in basmati rice, Goel said there is a big overseas market for basmati varieties that are priced around \$700 a ton, so it was a logical move to remove the MEP altogether.

"Because of today's decision, we will be able to regain our share in the global market," Goel said.

New Delhi exports 4 million to 5 million metric tons of basmati - the premium long-grain variety famed for its aroma - to countries such as Iran, Iraq, Yemen, Saudi Arabia, the United Arab Emirates and the United States. Europe is another big market for the rice.

Separately, India on Friday removed the MEP on onions. A spate of export curbs on farm goods imposed by Prime Minister Narendra Modi's government has already fuelled anger among farmers.

After Modi's Bharatiya Janata Party suffered losses in rural constituencies in this year's general election, the government is keen to placate farmers ahead of state assembly elections in states such as Haryana and Maharashtra, political commentators say.

### COLUMN-Tin supply chain tightens after key mine's long absence: Andy Home

It's been just over a year since the Man Maw tin mine in Myanmar, one of the world's largest sources of the strategic metal, halted production.

While high raw material and refined tin stocks have so far insulated the market from the full impact, that's starting to

change. When the Wa authorities, an autonomous ethnic group controlling most of Myanmar's tin resources, ordered a total suspension of all mining and processing activities in August 2023, most expected the supply hit to last only a few months.

Other smaller mines in Wa territory have since been allowed to reopen. Authorities have also permitted the export of above-ground tin stocks from Man Maw but production remains suspended.

While tin concentrates continue to flow across the border to feed China's smelters, volumes have fallen sharply in recent months, highlighting the lack of activity at the biggest mine.

### DARK PRODUCER

The Wa State mines are a statistical black hole in global tin supply data. There are no official production statistics and output can only be inferred from the amount of raw material passing through Chinese customs.

The International Tin Association estimates Myanmar produced around 40,000 metric tons of contained tin in 2022, with Man Maw accounting for around 70% of that. That makes the Wa State the world's third largest tin producer after China and Indonesia, with Man Maw itself representing 7-8% of global mine supply. The Wa authorities said the suspension of activities was needed to allow an audit of the tin sector, which has grown exponentially from what began as informal artisanal operations at the start of the last decade. In this respect the Wa State is no different from any other resource-rich country looking to take tighter control of their assets. What's unclear is why the audit has taken so long.

### REDUCED FLOWS

The impact of the year-long closure is becoming increasingly visible in China's import flows.

China imported 100,000 tons of Myanmar tin concentrates in the 10 months after the start of the audit in August 2023, compared with 173,000 tons in the prior 10-month period.

Trade flows between the two countries slowed to just 11,300 tons in the second quarter of this year from 43,600 tons in the first quarter, suggesting a depletion of above-surface stocks.

Chinese producers have had only limited success in finding alternative sources with increased imports from Australia, Bolivia and Nigeria not enough to plug the gap. Total tin raw material imports fell by 26% year-on-year in the first seven months of 2024, LSEG data shows.

Chinese smelters have begun adjusting maintenance schedules and tweaking production plans to compensate. Yunnan Tin, the world's largest refined tin producer, shut its Geiju smelter for 45 days of maintenance at the end of August.

Others in the provinces of Yunnan and Jiangxi have been reducing output due to a shortage of feed, according to local data provider Shanghai Metals Market.

## STOCKS SLIDE

The suspension of tin mining was flagged by the Wa authorities in April 2023, allowing China's tin sector to build up stocks.

Imports of refined tin accelerated over the fourth quarter of 2023 and Shanghai Futures Exchange stocks rose to an all-time high of 17,818 tons in May.

Registered exchange inventory has been sliding ever since and stands at 9,499 tons. Given domestic production is being constrained by growing raw material shortages, the downtrend is likely to continue for the next few months at least.

LME tin stocks have fallen by 39% to 4,725 tons since the start of the year, although as of the end of July there were another 2,207 tons of shadow stocks sitting in LME warehouses.

The Western supply chain has been more affected by slower Indonesian shipments than by the Man Maw situation.

Indonesian exports fell by 44% year-on-year to 24,600 tons in the January-August period due to early-year permitting delays.

## RISK PREMIUM

The tin market has been lucky with the timing of Man Maw's suspension.

Half of global usage is in the form of solder for circuit-boards, meaning demand is highly sensitive to electronic goods sales. Semi-conductor sales, a useful proxy for tin solder demand, are only now emerging from a prolonged two-year slump, which helps explain why global tin stocks were so high in the first half of 2024.

Tin has still outperformed every other LME-traded metal by some margin. LME three-month tin CMSN3 was trading at \$31,770 per ton on Friday, up by 25% from the start of January. The next strongest performer, copper, has year-to-date gains of just 8%.

It's clear that the tin price contains a Man Maw risk premium and will continue to do so until the Wa authorities permit a return to normal operations.

Only the Wa leadership knows when that will be and they may be focused on other matters.

Although the United Wa State Army is not directly involved in the ongoing civil war raging across Myanmar, Man Maw may not be top of the priority list.

**Picture of the Day**

*A woman with a child enjoys afternoon at kans grass flower field, at Sarighat area in Dhaka, Bangladesh, September 13. REUTERS/Mohammad Ponir Hossain*

(Inside Commodities is compiled by Nandu Krishnan in Bengaluru)

For questions or comments about this report, contact: [commodity.briefs@thomsonreuters.com](mailto:commodity.briefs@thomsonreuters.com)

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

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