

[Oil](#) | [Agriculture](#) | [Metals](#) | [Carbon & Power](#) | [Dry Freight](#)*Click on headers to go to that section***Top News - Oil****ANALYSIS-Global refiners face profit slump as new plants come online**

Oil refiners in Asia, Europe and the United States are facing a drop in profitability to multi-year lows, marking a downturn for an industry that had enjoyed surging returns post-pandemic and underlining the extent of the current slowdown in global demand.

The weakness is a further sign of soft consumer and industrial demand, especially in China, because of slowing economic growth and rising penetration of electric vehicles. New refineries coming on stream in Africa, the Middle East and Asia have added to the downward pressure.

Refiners such as TotalEnergies and trading firms such as Glencore saw bumper profits in 2022 and 2023 as they cashed in on supply shortages caused by Russia's invasion of Ukraine, disruptions to Red Sea navigation by Houthi militants, and a big recovery in demand following the COVID-19 pandemic.

"It's certainly looking like the refining supercycle that we've experienced over the past few years may now be coming to an end, with supply from newly inaugurated refineries finally catching up with slower-growing fuel demand," Commodity Context analyst Rory Johnston said.

Singapore refining profits, a bellwether for Asia, fell to \$1.63 a barrel on Sept. 17, a seasonal low since the same period in 2020. Asia's diesel margins crashed to a three-year low on the same day, according to LSEG data.

The weak Chinese economy is a key reason. Industrial output growth in the world's top oil importer fell to a five-month low in August while oil refinery output fell for a fifth month as weak fuel demand and soft export margins curbed production.

In top consumer the United States, where demand has also lagged expectations, the 3-2-1 crack spread, a key measure of overall profitability, slipped below \$15 a barrel in late August for the first time since early 2021. The 3-2-1 spread approximates U.S. refiners typical yield of two barrels of gasoline and one of diesel from every three barrels of oil they process.

Gulf Coast gasoline margins, excluding renewable fuel blending obligations, averaged \$4.65 a barrel as of Sept. 13, down from \$15.78 a year ago and diesel margins were just over \$11, versus over \$40 last year, according to data from Oil Price Information Service.

**DIESEL OVERSUPPLY**

Oversupply in the global diesel market due to soft demand

is one of the main reasons for margin weakness.

The International Energy Agency projects diesel and gasoil demand this year to average 28.3 million barrels per day (bpd), contracting by 0.9% from 2023, while demand for gasoline, jet fuel, LPG and fuel oil grows over the same period.

At the end of August, European diesel margins fell to about \$13 a barrel, their lowest since December 2021, according to LSEG data. They averaged \$16.6 a barrel in August, less than half the \$38.3 they averaged in August 2023.

The immediate outlook remains weak, although seasonal demand could provide support.

Energy Aspects analyst Raul Caldaria said refining profits were expected to remain low for the rest of the year, with some upside from higher winter demand for diesel in Europe.

Gasoline profit margins are also under pressure in Europe, despite more robust demand. They averaged \$12.1 a barrel in August, crashing by 61% from August 2023 levels of \$31, according to LSEG data.

A spokesperson for Eni said the Italian refiner was "implementing measures to mitigate the reduction of refining margins", but declined to elaborate on those measures.

A spokesperson for Spanish refiner Cepsa said they were monitoring their profit margins but had not made a decision on slowing their processing.

**NEW REFINERIES**

The start up of a number of new refineries has compounded the pressure on margins, with older refineries, particularly in Europe, feeling the pain.

Earlier this month, Petroineos confirmed it would close its Grangemouth refinery in Scotland, with shutdowns expected in Germany as well.

This year, new capacity ramping up includes Nigeria's 650,000 bpd Dangote plant, Mexico's 340,000 bpd Dos Bocas, Kuwait's 615,000 bpd Al Zour and Oman's 230,000 bpd Duqm.

"Globally there is clearly too much refining capacity currently relative to demand levels, with new capacity just making things worse," said Vortexa's chief economist David Wech.

Bank of America analysts on Sept. 13 said they expected global refining margins to continue their slump, after sliding 25% quarter-to-date and 50% on a spot basis, and as new refining capacity rises 1.5 million bpd year-on-year.

US drillers cut oil and gas rigs for fifth week in six, Baker Hughes says U.S. energy firms this week resumed cutting the number of oil and natural gas rigs after adding rigs last week, with the count falling for a fifth week in six, energy services firm Baker Hughes said in its closely followed report on Friday. The oil and gas rig count, an early indicator of future output, fell by two to 588 in the week to Sept. 20. Baker Hughes said that puts the total rig count down 42 rigs, or 7%, below this time last year. Baker Hughes said the number of oil rigs was unchanged at 488 this week, while gas rigs fell by one to 96. The oil and gas rig count dropped about 20% in 2023 after rising by 33% in 2022 and 67% in 2021, due to a decline in oil and gas prices, higher labor and equipment costs from

soaring inflation and as companies focused more on paying down debt and boosting shareholder returns than raising output. U.S. oil futures were up about 0.6% so far in 2024 after dropping by 11% in 2023, while U.S. gas futures were down about 4% so far in 2024 after plunging by 44% in 2023.

The CEO of EQT, the largest U.S. gas producer, sees prices for the fuel remaining below \$3 per million British thermal units in the short term.

EQT, which earlier this year curtailed production as prices fell to multi-year lows, expects curtailments to ease by next year on demand for liquefied natural gas exports. Several rival U.S. shale gas producers also cut drilling to stem overproduction.

## Top News - Agriculture

### COLUMN-Recent strength in US soy sales not enough to lift export prospects -Braun

The United States is coming off one of its worst soybean export seasons in recent memory, with shipments rivaling those from a few years ago when the No. 2 exporter was locked in a trade war with top buyer China.

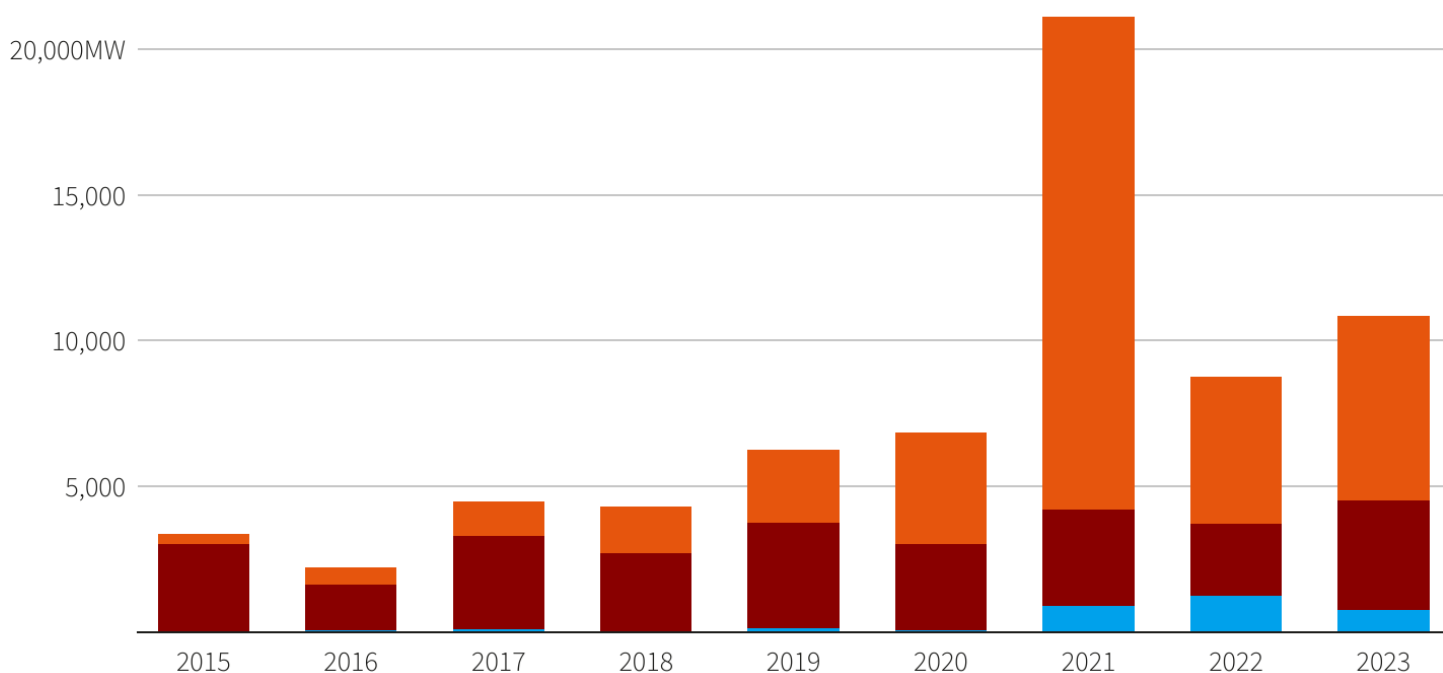
Export sales of U.S. soybeans for 2024-25, which began Sept. 1, have been stronger than average over the past month as China has finally stepped in to make purchases. But just two weeks into the new marketing year, total soy sales were at five-year lows and down 5% from this same time last year, when traders were also

## Chart of the Day

# Offshore wind is expanding beyond Europe and China

New offshore wind installations (Megawatts)

● Rest of world ● Europe ● China



Source: Global Wind Energy Council, Global Offshore Wind Report 2024

fretting over the disconcertingly slow pace of U.S. soy bookings.

The light U.S. soybean sales are especially disappointing as the U.S. Department of Agriculture predicts global soybean consumption will reach new highs in 2024-25, driven by further expansion in soybean processing.

Additionally, recent yearly growth in Chinese soybean demand is not as strong as the decade-ago rate may have implied. Top exporter Brazil has easily captured China's soy business despite its crop falling well short of initial ideas in two of the last three seasons.

The United States' slipping grip on Chinese soy demand is demonstrated by recent export data. As of Sept. 12, China had purchased 5.9 million metric tons of U.S. soybeans for shipment in 2024-25, representing 37% of all sales.

That is China's smallest share for the date in 19 years outside of the trade war in 2018 and 2019. A year ago, China represented 40% of all U.S. soybean bookings, still below average. The missing Chinese commitments are not hiding in the "unknown" category. Only 71% of all U.S. soy sales for 2024-25 are designated for China or unknown destinations, below a non-trade-war average closer to 80%.

Brazil has fewer soybeans to export this year than last and U.S. soybeans have recently been price-competitive. But for a third consecutive year, logistics are being disrupted by low water levels on the Mississippi River, restricting movement of grain to the busiest U.S. export hub. Argentina, which mainly exports soybean products, is having a similar issue as near record-low river levels are slowing shipments and raising costs. This could potentially divert business elsewhere without improvement. U.S. soybean exporters could use the help.

As of last week, total 2024-25 U.S. soy sales accounted for 32% of USDA's full-year export outlook, which is up 3% from last season's meager levels. That is well off the non-trade-war average around 43% and below the year-ago 35%, corresponding to the recently concluded 2023-24 campaign. It is worth noting that USDA's latest 2023-24 export estimate is 5% lighter than had been forecast last September.

This means 2024-25 exports could also be at risk of shrinking, threatening to boost already ample U.S. stockpiles and possibly keeping a lid on prices.

Brazil plants 0.5% of projected 2024/25 soybean area, behind last cycle, Safras says

Brazilian farmers have planted 0.5% of the projected 2024/25 soybean area in the country, below the 1.6% seen in the same period a year earlier, consultancy firm Safras & Mercado said on Friday.

The level was also below the 1.5% historic average for the period, Safras said.

Soybean planting in Brazil, the world's largest producer and exporter of the grain, has started but it remains limited to small areas as dry and hot weather conditions are holding back work in the fields, which usually begins after the first rains in September.

Safras analyst Luiz Fernando Roque said planting has started in states of Parana and Mato Grosso.

There are expectations for rains to come in Brazil's southeast and center-west regions between Sept. 27 and Oct. 3, he added.

As rains arrive, field work should advance in states including Parana, Mato Grosso and Mato Grosso do Sul, according to him.

## Top News - Metals

### **Nippon Steel to sell \$211 mln in assets to manage debt amid U.S. Steel deal**

Nippon Steel plans to sell at least 30 billion yen (\$211 million) in assets in this fiscal year to manage its debt, the Nikkei quoted its vice chairman as saying on Friday, as it waits to know the fate of its \$14.9 billion bid for U.S. Steel. Earlier this year, Nippon Steel agreed with three Japanese megabanks for \$16 billion in loans to fund the acquisition of U.S. Steel. However, the deal is facing political opposition in the United States amid the Nov. 5 presidential elections.

Nippon Steel plans to sell at least 30 billion yen in assets including real estate and inventories to improve capital efficiency amid the U.S. Steel takeover, the Japanese steelmaker's vice chairman, Takahiro Mori, was quoted by Nikkei newswire as saying. Nippon Steel did not immediately reply to a Reuters request for a comment.

The Japanese company's debt-to-equity ratio is expected to increase to 0.9 from 0.5 as a result of the U.S. Steel deal which both companies target to close by the end of December, pending approvals. This ratio may come down

to 0.7 by the end of March if certain steps are taken, Mori told Nikkei.

### **Indonesia leader inaugurates miner Amman Mineral's \$1.4 bln copper smelter**

Indonesian President Joko "Jokowi" Widodo inaugurated Amman Mineral Internasional's 21 trillion rupiah (\$1.4 billion) copper smelter in the West Nusa Tenggara province on Monday, saying he wanted global customers to turn to Indonesia for copper products.

The smelter has an input capacity of 900,000 metric tons of copper concentrate per year. It is expected to start producing copper cathode at the end of the year, Amman said. The smelter will be producing 220,000 tons of copper cathode, 18 tons of gold, 55 tons of silver, and 850,000 sulphuric acid by product, Jokowi said, without giving a timeframe. Jokowi said processing the raw materials domestically is a way for Southeast Asia's largest economy to be predicated on production, instead of consumption as it is now.

"We also want global demand for copper products to be

able to depend on Indonesia. Anything, be they cathode, cables... everything," he said.

In an effort to attract investment into its metals processing industry and boost the value of its exports, the government started banning exports of copper

concentrate from June for companies who do not build domestic smelter facilities.

Amman secured a permit in July to export copper concentrate, with the quota of 534,000 metric tons valid until Dec. 31.

## Top News - Carbon & Power

### INSIGHT-Offshore wind opponents in Australia, Europe lean on US groups for advice

Bill Thompson's fight to stop offshore wind farms was once confined to the tiny U.S. state of Rhode Island where he lives. Today, he is part of a global movement.

In April, Thompson, who is director of the activist group Green Oceans, got an email from a fellow anti-offshore wind group more than 10,000 miles (16,000 km) away called Responsible Future (Illawarra Chapter). They were looking for advice on ways to combat projects off Australia's southeast coast. In August, he got another request, this time from French group PIEBIEM fighting projects in Brittany. "It's always nice to know that other people are thinking the same way you are," he told Reuters. These groups are among a dozen or more local activist organizations across the U.S., Europe and Australia who told Reuters they have begun sharing tactics, talking points and other resources in their

common mission to derail offshore wind – a development they hope will transform what was once a disorganized scattering of local activists into an increasingly sophisticated global network.

Several anti-offshore wind groups said they believe governments and wind developers, such as Orsted, Avangrid and Shell, are downplaying the environmental damage caused by projects as they promote the renewable energy source as a solution to climate change. In most cases, the groups are looking to anti-offshore wind activists on the U.S. East Coast for advice, citing their years of success in slowing or cutting the size of major projects, eroding public support for the technology, and winning over conservative politicians like former President Donald Trump, whose administration had supported offshore wind, but now opposes it virulently as the Republican presidential nominee.

Offshore wind is a nascent industry in the U.S. and a key

## MARKET MONITOR as of 06:55 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$71.43 / bbl	-0.68%	-0.31%
NYMEX RBOB Gasoline	\$2.02 / gallon	0.58%	-4.14%
ICE Gas Oil	\$667.50 / tonne	0.26%	-11.09%
NYMEX Natural Gas	\$2.47 / mmBtu	#DIV/0!	-1.67%
Spot Gold	\$2,625.00 / ounce	0.12%	27.27%
TRPC coal API 2 / Dec, 24	\$115 / tonne	0.22%	18.56%
Dutch gas day-ahead (Pre. close)	€34.58 / Mwh	5.98%	8.57%
CBOT Corn	\$4.23 / bushel	0.65%	-12.65%
CBOT Wheat	\$5.91 / bushel	0.55%	-7.62%
Malaysia Palm Oil (3M)	RM4,013 / tonne	1.67%	7.85%
Index	Close 20 Sep	Change	YTD
Thomson Reuters/Jefferies CRB	335.31	0.08%	11.25%
Rogers International	26.78	-0.13%	1.71%
U.S. Stocks - Dow	42,063.36	0.09%	11.60%
U.S. Dollar Index	100.76	0.04%	-0.56%
U.S. Bond Index (DJ)	454.05	-0.15%	5.42%

pillar of President Joe Biden's plan to fight climate change. However, plans to install turbines along every U.S. coastline have been challenged by soaring costs and supply chain snags and attracted multiple lawsuits over concerns about the industry's impact on tourism, property values, fishing and marine habitats.

Reuters reporting reveals how the groups' global cooperation presents a fresh challenge to the industry as it allows new opposition groups to quickly tap into years of work done by others. In many cases, it also helps to propagate viral, politically powerful, but sometimes false talking points, including that turbines kill endangered whales and do nothing to slow global warming.

"It's a huge problem, and I don't think the industry has got its head around A, what's happening, and B, what to do about it," Ben Backwell, CEO of the Global Wind Energy Council, a Lisbon-based industry trade group, said.

Opposition groups say they are just getting started.

"We would like to go further, for example with joint declarations, and a better media impact, to alert public opinion," said Eric Sartori, secretary of PIEBIEM, which in French stands for Preserving the Environmental Identity of Southern Brittany and the Islands against Offshore Wind.

A U.S. West Coast group told Reuters this month it is starting a national anti-offshore wind organization.

Other groups, including Responsible Future (Illawarra Chapter), said they have discussed forming a global coalition, especially as the rest of the world steps up trying to catch up with China, Britain and Germany, the top producers of offshore wind energy.

#### INCUBATED ONLINE

Sartori of PIEBIEM said he first contacted Green Oceans and another group in Nantucket after seeing pictures of broken wind turbine blades washing ashore in Massachusetts this summer on social media platform X.

Sartori said Green Oceans' Thompson helped, including by providing him a quote from a U.S. government agency suggesting offshore wind has no climate benefit.

That quote - "it is anticipated there will be no collective impact on global warming as a result of offshore wind projects" - now appears on PIEBIEM's web site next to photos of fiberglass shards littering Nantucket's coast.

The Bureau of Ocean Energy Management told Reuters the quote was part of an environmental analysis of a project, and that the second half of the sentence - not present on PIEBIEM's site - says wind projects "may beneficially contribute to a broader combination of actions to reduce future impacts from climate change."

BOEM routinely states in its environmental reviews that wind power will not change the course of global warming on its own but can help when combined with other actions.

In other groups, posts range from skepticism about whether wind turbines can survive high winds to fears they will obstruct ocean views. The most viral, however, is

that offshore wind development threatens whales.

That claim caught fire in the U.S. in early 2023 after several New Jersey and New York groups blamed the industry for a spate of whale deaths and caught the attention of conservative media.

The claim is now repeated by opponents across the globe, including in France and Australia.

The U.S. government says the claim has no merit, and links most human-caused whale deaths to vessel strikes and entanglement in fishing gear.

#### EXPERT BACKING

Green Oceans has enlisted the support of Spanish marine biologist Josep Lloret, who has raised concerns about the potential environmental harms of offshore wind in the Mediterranean Sea, and hosted a talk by Texas-based journalist Robert Bryce who is skeptical of the renewable energy transition.

Other groups piggy-back off their work.

"Green Oceans ... the beauty of them is they have scientists behind them, so we could look at the papers they are saying are factual and determine they are peer reviewed," said Jenny Cullen, president of Australia's Responsible Future (Illawarra Chapter).

"It wasn't Charlie down the road using ChatGPT to pull up BS."

The tactics are already helping turn an industry that received little opposition during its early days in Europe decades ago into a political hot potato.

In New Jersey, where opposition to offshore wind is arguably stronger than in any other U.S. state, support for the industry stood at 50% late last year from 80% four years earlier, according to a poll by Stockton University.

Trump has also joined the movement, promising to halt offshore wind projects if he wins back the presidency in November.

His administration several years ago had promoted offshore wind as a part of his "America First" agenda, and held a record offshore wind government auction in 2018.

Trump's campaign did not respond to requests for comment.

In Australia, which is a new target for offshore wind developers, the main opposition party has also swung behind the movement, and public opposition has been growing - reaching 18% in September, from 12% a year earlier, according to polls from Freshwater Strategy.

In France, meanwhile, a Senate committee in July recommended cuts to the nation's offshore wind target, arguing the technology is expensive and lacks maturity. The nuclear powerhouse is already lagging its neighbours on renewable energy and has fallen behind targets set by the European Commission.

In tandem with their successes, groups opposed to offshore wind have been dogged by accusations they are backed by right-wing interests linked to the fossil fuel industry.

A 2023 study by researchers at Brown University mapped links between U.S. groups and conservative think tanks,

including a case in which the Delaware-based Caesar Rodney Institute supported a lawsuit to block the Vineyard Wind project filed by a Nantucket group, ACK4Whales.

Amy DiSibio, a board member of ACK4Whales, said her group is not partisan and has distanced itself from the pro-fossil fuel think tank. A New Jersey group, Protect Our Coast NJ, said the same.

"It takes away from our message," Robin Shaffer, president of Protect Our Coast NJ, said in an interview.

### **China monthly economic reports understate power output as small-scale renewables surge**

Surging small-scale renewables generation is helping China address growing power demand and slashing the role of coal in the country's power mix, but Beijing's widely followed monthly data reports omit output from the fast-growing sector.

Data from the National Bureau of Statistics (NBS), which publishes monthly bulletins on key economic indicators, only surveys industrial firms with at least 20 million yuan (\$2.84 million) of annual revenue from their main operations. For the renewables sector, that has resulted in the NBS leaving out a significant chunk of generation from small-scale sources powering residences, offices and industries, making it more difficult to gain insights into China's economy. The data is also masking some of the progress by the world's top greenhouse gas emitter in reducing the share of coal in electricity generation.

"Well-structured monthly reporting on energy and electricity data will be key for China to track progress against its carbon goals," said Lauri Myllyvirta, senior fellow at the Asia Society Policy Institute.

The NBS data shows China's power generation grew 6.4% in the first half of 2024. However, data from London-based energy think tank Ember, which calculates output

from small-scale renewable energy using data from China's National Energy Administration, shows electricity output grew 7.3%.

The NBS provides monthly updates and has archives with uniform reporting patterns starting in the late 1980s. But NEA, China's energy regulator, does not provide a public schedule before disclosing data. It also stopped reporting information on utilisation rates in June, making periodically tracking generation from renewables difficult. NEA did not respond to requests seeking comment and the NBS declined to comment beyond noting it surveys firms of a "designated size".

When analysts and investors "are looking at the total generation number and it is grossly underreported, especially the growth, then they are getting a skewed picture of what is happening in the economy," Myllyvirta said.

The discrepancy is mainly due to growth in additions of distributed solar over the last three years in China, with smaller installations growing at nearly twice the rate of large utility-scale solar farms - the main driver of renewable capacity additions in China in the previous decade. Distributed solar, which includes rooftop panels, describes small installations supplying power near where it will be used.

Ember data shows the share of wind and solar in China's power output to be 20.3% during the first half of 2024, much higher than the NBS figure of 15%.

NBS places the share of fossil fuels in the country's power generation at 67.8%, compared with Ember's estimate of 62.3% based on NEA data. "China NBS's generation data for wind and especially solar only capture some of the generation, whereas their capacity figures show the full picture," said Xuyang Dong, China energy policy analyst at Sydney-based think tank Climate Energy Finance.

## **Top News - Dry Freight**

### **Taiwan's MFIG tenders to buy up to 65,000 metric tons corn**

Taiwan's MFIG purchasing group has issued an international tender to buy up to 65,000 metric tons of animal feed corn which can be sourced from the United States, Brazil or South Africa, European traders said on Friday.

The deadline for submission of price offers in the tender is Sept. 25, they said. Price offers in MFIG's tender are being sought for one consignment of yellow corn of between 40,000 to 65,000 tons at a premium over the Chicago March 2025 corn contract CH25.

Shipment is sought between Nov. 17 and Dec. 6 if the corn is sourced from the U.S. Gulf or Brazil traders said.

If sourced from the U.S. Pacific Northwest coast or South Africa, shipment is sought between Dec. 2 and Dec. 21.

Argentina was not listed as an accepted origin, traders

said.

### **Jordan tenders to buy up to 120,000 metric tons feed barley, traders say**

Jordan's state grains buyer has issued an international tender to purchase up to 120,000 metric tons of animal feed barley, European traders said on Monday.

The deadline for submission of price offers in the tender is Sept. 25. A new announcement had been expected after Jordan made no purchase in its previous tender for 120,000 tons of barley on Thursday.

Shipment in the tender is sought in a series of possible combinations in 50,000 to 60,000 ton consignments in the second half of December, 2024, and in the first and second half of January, 2025.

Jordan has also issued a separate tender to buy 120,000 tons of wheat closing on Sept. 24.

**Picture of the Day**

*Tomatoes are seen in the water at a partially flooded organic farm near Nagymaros, Hungary, September 21. REUTERS/Marton Monus*

(Inside Commodities is compiled by Arya Sinha in Bengaluru)

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

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