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Top News - Oil

Oil firms evacuating US Gulf of Mexico staff as major hurricane looms

U.S. oil producers were scrambling on Monday to evacuate staff from Gulf of Mexico oil production platforms as the second major hurricane in two weeks was predicted to tear through offshore oil producing fields.

The U.S. National Hurricane Center said a potential Tropical Cyclone in the Caribbean was expected to rapidly intensify over the gulf's warm waters and could become a major hurricane with winds of up to 115 miles per hour (185 kph) by Thursday.

The storm, which would be called Helene, could hit the U.S. as a category 3 hurricane on the Saffir-Simpson wind scale, bringing the "risk of life-threatening storm surge and damaging hurricane-force winds" to the northeastern Gulf Coast and Florida Panhandle, according to the NHC.

Oil companies BP, Chevron, Equinor and Shell, have begun evacuating offshore staff, and several have paused some production.

BP shut in oil and gas output at its Na Kika and Thunder Horse platforms and curtailed output at two others, Argos and Atlantis. Employees are being removed from those four platforms and a fifth, called Mad Dog, it said.

Chevron said it has begun evacuating all personnel and shutting in production at its Blind Faith and Petronius offshore platforms.

Non-essential staff are being evacuated from Anchor, Big Foot, Jack/St. Malo, and Tahiti. Production remains at normal levels at those platforms, it said. Equinor said it was evacuating non-essential staff from its Titan platform. Production has not been affected, it said. Occidental Petroleum said in a web post it would implement safety procedures "as appropriate" at its offshore operations. Talos Energy declined to comment on its storm preparations.

Shell said it had shut in production at its Stones platform, curtailed production at its Appomattox facility, and was pausing some drilling operations. Non-essential staff from Mars, Olympus and Ursa offshore facilities were being evacuated. Production at those three continued, Shell said.

"The system is expected to grow in size while it traverses the Gulf," said NHC meteorologist Brad Reinhart. Its "fast forward speed as it approaches the coast will likely result in farther inland penetration of gusty winds over parts of the southeastern United State after landfall."

China's fuel oil imports set to slow on anticipated tax changes

China is planning a tax revamp that would raise costs for imported fuel oil, prompting independent refiners to slow purchases in another blow to a sector reeling from thin processing margins amid faltering demand, industry sources said.

Beijing is widely expected to roll out a change starting from October in the amount of consumption tax rebates refiners receive once they sell gasoline and diesel fuel refined from imported fuel oil, according to multiple industry sources. That would boost state revenue but inflate costs for importers.

The revamp would further pressure China's independent refiners, known as teapots, that typically use fuel oil as a feedstock for processing into fuel. These refiners, which also process imported crude oil, have recently cut production to multi-year lows as a struggling economy and wider adoption of electric vehicles erode profit margins.

Slowing Chinese demand for fuel oil, a residual refinery product left over once crude oil has been processed into gasoline and diesel fuel, would impact suppliers from Iran, Russia and Malaysia.

"The tax change will effectively raise feedstock cost by nearly 400 yuan ($57) per ton. That could force many smaller plants that rely heavily on fuel oil as feedstock to halt production or even close down business," said one of the sources, a trading manager with an independent refiner.

The manager added that his company received verbal notice of the policy change from tax authorities earlier this month.

The pending tax change has not been announced and China's State Administration of Taxation did not respond to a request seeking comment. The teapot refiners, mostly clustered in Shandong province, use fuel oil as an alternative to crude oil as some do not qualify for government quotas to import oil, while others are short of them.

Straight-run fuel oil can be processed into higher-value diesel and gasoline.

Several senior traders said expectations for the tax change have stalled talks on new imports, ending a brief rebound in China's fuel oil purchases over the past two months.

"This (tax policy) is having a big impact on the fuel oil market. Buyers are holding back from talking new deals," said a second source, a Shandong-based trading executive. Beijing charges 1,218 yuan ($172.50) in consumption tax for each ton of fuel oil imported, then gives refiners full rebates once its processed into gasoline and diesel.

Under the new policy, however, refiners would only receive rebates based on the amount of refined fuels generated after refining the fuel oil, which typically yields about 60%-70% of gasoline and diesel when processed, raising their costs by 365 yuan to 487 yuan per ton, traders said.

Expectations for the tax change are already dampening fuel oil prices.

Supplies to China have been dominated in recent years by Iranian and Russian-origin fuel that is blended in trading hubs in the Middle East, Singapore and Malaysia.

Shipments blended from Iranian 280-centistoke straight-run fuel oil have been offered down to discounts of as low as $20 a ton below benchmark Singapore 380-cst high-sulphur fuel oil for prompt delivery into east China, trade sources said.

Spot cargoes earlier this month sold for premiums of as much as $30 to $40 per ton to the benchmark, they said.

Top News - Agriculture

EXCLUSIVE -Indian refiners cancel palm oil contracts on duty hike, price rise

Indian refiners cancelled 100,000 metric tons of palm oil purchases for delivery between October and December, as New Delhi's move to raise import duties amid a rally in overseas prices prompted them to book profits, five trade officials told Reuters.

Refiners in the world's largest importer of palm oil cancelled this quantity over the past four days, including 50,000 tons on Monday, after Malaysian palm oil futures jumped to their highest level in 2-1/2 months.

The Indian cancellations could limit the rally in Malaysian palm oil prices, although they could support soyoil prices as some refiners shift to soyoil.

India earlier this month raised the basic import tax on crude and refined edible oils by 20 percentage points, which effectively increases the total import duty on crude palm oil to 27.5% from 5.5%.

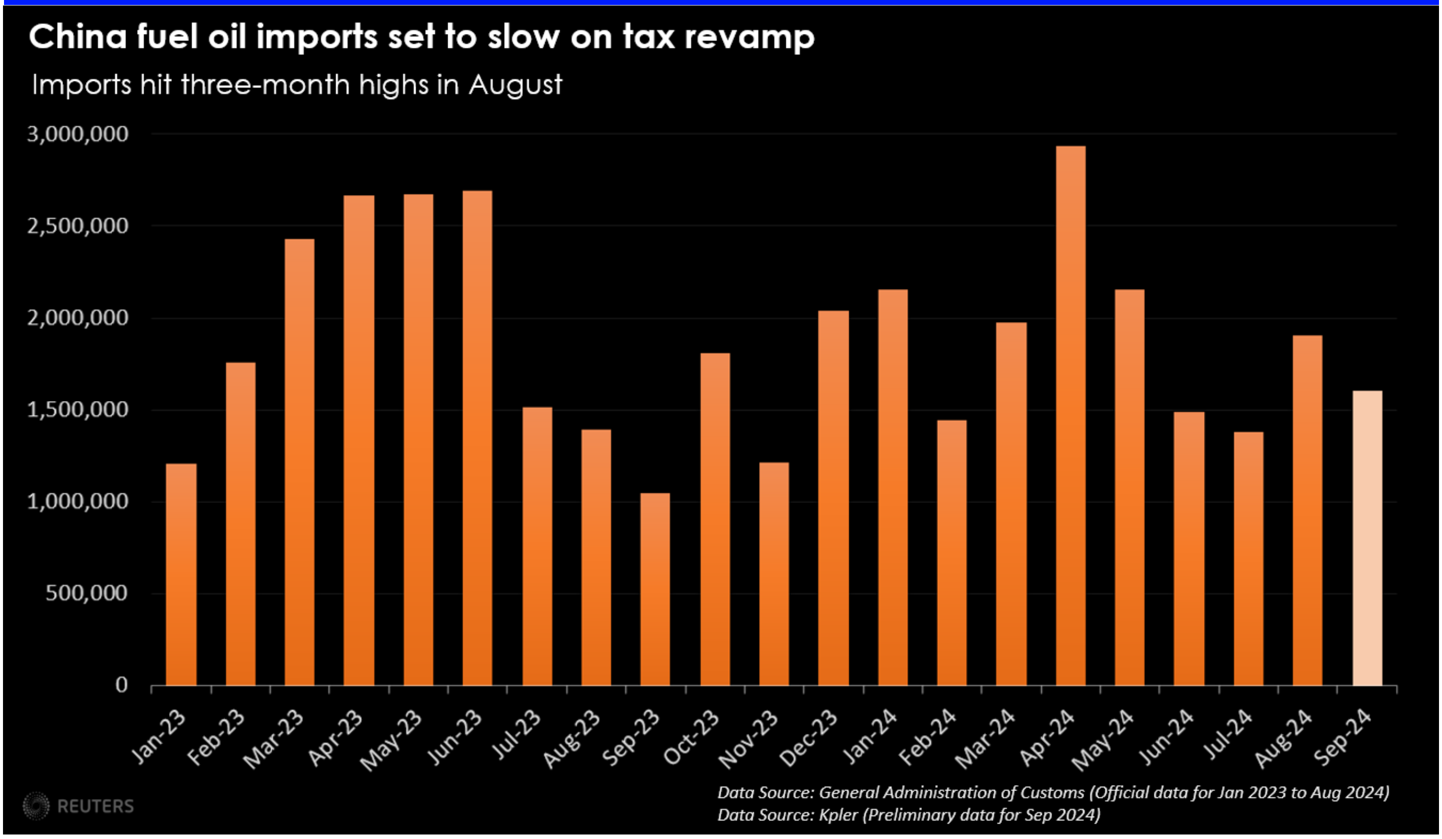
"The hefty duty hike and the jump in Malaysian prices caught everyone off guard," said an Indian buyer who operates a refinery on the east coast and cancelled palm oil shipments for October delivery.

"It created a situation where refiners can make more money by cancelling old purchases instead of refining and selling. Sellers are happy too, since they can now sell at higher prices to new buyers."

India, on average, imports 750,000 tons of palm oil every month, and the cancellation of 100,000 tons represents about 13.3% of monthly imports.

Crude palm oil (CPO) is currently being offered at about

Chart of the Day



$1,080 a ton, including cost, insurance and freight (CIF), in India for October delivery, compared to around $980 to $1,000 a month ago, giving profit margin of $80 to $100 to buyers. East Coast-based refiners are washing out on contracts by cancelling them and making a very decent profit, said Aashish Acharya, vice president at Patanjali Foods Ltd, a leading importer of edible oils.

India imports palm oil mainly from Indonesia, Malaysia and Thailand.

"Refiners aren't sure about the demand for the December quarter with these higher prices. They're also worried about whether the prices will hold. That's why they're cancelling contracts," said Sandeep Bajoria, chief executive of Sunvin Group, a vegetable oil brokerage and consultancy firm.

Price-sensitive Asian buyers traditionally rely on palm oil due to its low cost and quick shipping times. However, with the recent rise in prices, palm oil is now trading at a premium over soyoil.

Buyers will prefer buying cheaper soyoil and sunflower oil for winter months than expensive palm oil, said a Mumbai -based dealer with a global trade house.

Indonesia's palm oil producer association GAPKI hoped the recent changes in Indonesia's export levy could boost global demand of the edible oil, especially from India, the group secretary general Hadi Sugeng said late on Monday.

The world's biggest palm oil exporter Indonesia last week lowered its palm oil export levy to improve competitiveness against rival edible oils.

India's palm oil imports usually moderate during winter months as the tropical oil solidifies at lower temperatures.

India buys soybean and sunflower oil mainly from Argentina, Brazil, Russia and Ukraine.

USDA reports corn harvest 14% complete, soy 13%; ratings unchanged

The U.S. Department of Agriculture's (USDA) weekly crop progress report showed the U.S. corn harvest as 14% complete, beneath an average of analyst expectations but ahead of the five-year average of 11%.

Ten analysts surveyed by Reuters on average had estimated corn harvest progress at 17%.

The data release showed the soybean harvest at 13% complete, in line with trade expectations and ahead of the five-year average of 8%.

The USDA rated 65% of the nation's corn crop as good to excellent, a percentage point above the rating predicted by analysts and the same as last week, according the USDA. Meanwhile the agency rated 64% of the U.S. soybean crop good to excellent, a percentage point above trade expectations and also unchanged from last week's rating.

The ratings come after a week of mostly dry weather in the central U.S., and are still be the highest for this time of year since 2018 for both crops.

The U.S. is the world's largest exporter of corn and the No. 2 soybean supplier after Brazil.

Planting continues for the U.S. winter wheat crop that will be harvested in 2025. The USDA reported winter wheat as 25% planted as of Sunday, ahead of the five-year average of 24% but lagging the average trade estimate of 27% complete.

For spring wheat, the agency said 96% of the U.S. crop has been harvested, a point higher than the trade expected, and up from 92% by Sept. 15.

Top News - Metals

COLUMN-Europe struggles to break Russia's titanium grip: Andy Home

Fans of Apple's titanium-cased iPhones can breathe easy. Russian president Vladimir Putin's suggestion that Moscow should cap exports of titanium in retaliation for Western sanctions won't force Apple to revert to stainless steel casing as its main supplier is China.

European policymakers, however, should be worried. The bloc's aerospace sector is still dependent on imports of Russian titanium produced by VSMPO-AVISMA, the world's largest integrated producer.

Europe has banned or restricted imports of other Russian metals but not titanium.

When Canada imposed sanctions on VSMPO-AVISMA in February, French President Emmanuel Macron intervened personally to persuade Canadian Prime Minister Justin Trudeau to grant Airbus and other aerospace firms waivers. He did. Europe's problem is that even if it can extricate itself from the arms of its Russian supplier, it risks swapping one dependency for another.

THE RIGHT STUFF

Airplane makers such as Airbus and Boeing value titanium for exactly the same reason Apple has chosen it for both the 15 and 16 Pro series iPhones.

It is lightweight, incredibly strong, has a high melting point and is corrosion resistant.

Titanium in alloy form has become one of the major manufacturing inputs for the aerospace sector, used in engines, landing gear and fuselage.

The purity standards for such applications must be very high.

Titanium ore is abundant in the form of rutile and ilmenite but very little is of sufficiently high quality to make it suitable for processing into aviation-grade sponge - an intermediate product in the metal's processing chain - and

then aerospace alloy. That's why titanium metal is considered a critical raw material, while titanium ore is not.
Moreover, supply of aerospace-grade titanium is further limited because providers must have their product accredited by airplane makers.
Even a paperwork issue can create serious ripples in the supply chain. Boeing is asking suppliers for a 10-year paper trail of their titanium purchases after discovering that some parts may have come with falsified documentation.
The number of titanium sponge producers that can meet these high standards is limited to a handful of Japanese and Kazakh companies. And, of course, VSMPO-AVISMA.
Indeed, the Russian company, which is unique in processing ore all the way through to alloy, is thought to have supplied up to a third of the global aviation sector prior to the 2022 invasion of Ukraine.

EUROPE'S DEPENDENCY
Europe was the top destination for Russian exports of titanium products in 2019, accounting for 45% of total export value, according to a European Commission briefing note.
In turn, Russian metal, mostly in the form of wrought alloy products for the aviation sector, accounted for 16% of European Union imports that year, the Commission added.
The European supply chain has been trying to wean itself off Russian titanium but the reaction to Canadian sanctions is proof that the dependency is still there.
Europe's problem is that it has no domestic titanium sponge production, limited ingot capacity and virtually no recycling facilities.
Even though Ukraine could be a potential future supplier of sponge, Europe doesn't have any way to process it all.
The United States has also been almost wholly dependent on sponge imports since the 2020 closure of TIMET Corp's Henderson plant in Nevada.
But it boasts a dominant position in the mid-value part of the aerospace titanium chain, mixing imports of Japanese sponge with domestic scrap to produce ingots and transform them into wrought products, according to a July research paper published by think tank Chatham House.
Indeed, U.S. processing capacity is expanding with the arrival of new players such as Iperion, which is aiming to ramp up output at its new titanium recycling plant in Virginia to 10,000 metric tons per year.
BREAKING THE TRANSATLANTIC LOOP
The irony for European policymakers is that European scrap is a significant source of U.S. titanium production.
Nearly 70% of Europe's titanium scrap goes to the United States, according to the research paper's authors.
Europe's recycling loop is transatlantic rather than domestic thanks to buy-back agreements which oblige

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$71.25 / bbl	1.25%	-0.56%
NYMEX RBOB Gasoline	$2.00 / gallon	1.49%	-5.19%
ICE Gas Oil	$667.75 / tonne	1.14%	-11.06%
NYMEX Natural Gas	$2.65 / mmBtu	1.30%	5.29%
Spot Gold	$2,626.18 / ounce	-0.08%	27.32%
TRPC coal API 2 / Dec, 24	$115 / tonne	0.22%	18.56%
Carbon ECX EUA	€64.23 / tonne	0.20%	-20.08%
Dutch gas day-ahead (Pre. close)	€36.42 / Mwh	5.32%	14.35%
CBOT Corn	$4.30 / bushel	-0.35%	-11.11%
CBOT Wheat	$5.98 / bushel	-0.58%	-6.53%
Malaysia Palm Oil (3M)	RM3,967 / tonne	-0.25%	6.61%
Index	**Close 23 Sep**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	337.51	0.66%	11.98%
Rogers International	27.04	0.99%	2.72%
U.S. Stocks - Dow	42,124.65	0.15%	11.77%
U.S. Dollar Index	101.03	0.18%	-0.30%
U.S. Bond Index (DJ)	453.39	0.01%	5.26%

European machine parts manufacturers to return fabrication scrap to their U.S. suppliers.
This, the policy paper argues, locks Europe into "an asymmetric relationship" with U.S. suppliers. That in turn disincentivises investments in domestic recycling capacity, "in effect deepening the problem of European strategic dependency on both Russia and the United States".
Does it matter if Europe is dependent on "friend-shoring" for its titanium sector?
Yes. The European Union Critical Raw Materials Act, which came into force in May this year, stipulates that by 2030 domestic extraction should account for 10% of the block's annual consumption, processing 40% and recycling 25%. Europe is not even close to any of those targets when it comes to titanium.
While Ukraine's titanium sponge production could be integrated into the European supply chain, it's highly uncertain how quickly that could happen.
The better short-term solution is to re-shore scrap processing, the authors of the Chatham House report argue. This, however, is going to be a difficult balancing act between the interests of European aerospace companies and the leverage of U.S. suppliers in the context of a limited domestic recycling base.
The policy paper calls for government-level talks to renegotiate the current titanium buy-back agreements coupled with a joint agreement on future cooperation, similar to the 2021 deal that ended the long-running dispute between Boeing and Airbus. But, ultimately, breaking the transatlantic dependency loop is a challenge for the future.
Loosening VSMPO-AVISMA's chokehold on strategically-important titanium products is the more pressing concern.
(The opinions expressed here are those of the author, a columnist for Reuters.)

China smelters raise guidance for Q4 copper processing charges
China's top copper smelters called on for production cuts, while deciding on a slight rise in price guidance for fourth-quarter processing charges, sources with knowledge of the matter said.
Participants in a meeting of the China Smelters Purchase Team (CSPT) in Shanghai sought the cuts and extension of maintenance time in the wake of tightness in the supply of raw materials. But no decision was made, the four sources said.
Smelters in China, accounting for about 47% of world output of refined copper, were threatened by shortages of copper concentrate and falling profit margins after the December closure of First Quantum's Cobre mine in Panama flipped global supply into a deficit.
Analysts and industry participants expected the gap between supply and demand to widen in coming years, thanks to massive expansion plans in China and countries such as India.
Although Chinese copper smelters also proposed output cuts at prior meetings this year, monthly refined copper production beat market expectations to stay above a million tons.
China's refined copper output grow 6.2% to 8.91 million tons in the first eight months of the year, figures from the National Bureau of Statistics show.
CSPT, which groups more than 10 top copper smelters, holds quarterly meetings to discuss market conditions and give price guidance for the near-term spot market.
Participants at Tuesday's meeting agreed on guidance prices for copper concentrate processing treatment and refining charges (TC/RCs) at $35 per metric ton and 3.5 cents per pound, said the sources, who spoke on condition of anonymity.
But the guidance price for the third quarter was set at a nine-year low of $30 a metric ton and 3 cents a pound.
The slight increase came ahead of annual TC/RCs benchmark talks with miners, the sources said.
Top smelters are set to meet global miners in London next week for an annual gathering hosted by the London Metal Exchange, while they normally settle negotiations around November.
TC/RCs, a key source of revenue for smelters, are paid by miners when they sell concentrate, or semi-processed ore, to be refined into metal.
They are a gauge of availability of copper concentrates used in the production of refined copper. A higher charge signals more supply.
The upward adjustment in Q4 guidance was related to this month's closure of Daye's plant expected to last for three months, releasing copper concentrate to the market, one of the sources said.

Top News - Carbon & Power

Climate goal to triple global renewable energy by 2030 within reach, IEA says
A goal to triple global renewable energy capacity by 2030 and cut fossil fuel use is within reach, the International Energy Agency said in a report, but will require a huge push to unlock bottlenecks such as permitting and grid connections.
The report comes as leaders from government and business come together at New York Climate week to try to drive forward action against climate change.
Almost 200 countries at the COP 28 climate summit in Dubai last year agreed to reach net zero emissions from the energy sector by 2050 and pledged to triple renewable energy capacity like wind and solar.
The IEA said the renewable energy goal "is within reach thanks to favourable economics, ample manufacturing potential and strong policies," but said more renewable capacity by itself would not slash fossil fuel use and

reduce costs for consumers. “To unlock the full benefits of the tripling goal, countries need to make a concerted push to build and modernise 25 million kilometres of electricity grids by 2030... The world would also need 1,500 gigawatts (GW) of energy storage capacity by 2030,” the IEA said.
Countries at COP 28 also pledged to double energy efficiency measures to help curb power use, but this target will require governments to make efficiency much more of a policy priority. Countries must embed the renewable and energy efficiency goals in their national plans to meet goals set under the Paris climate agreement, the IEA said.
Emissions from the global energy sector hit a record high last year. Tripling renewable energy capacity and doubling energy efficiency measures to reduce power use could reduced global greenhouse gas emissions by 10 billion metric tons by the end of the decade compared with what is otherwise expected, the report said.

Battery storage, grids needed to deliver UN goal to triple renewable energy, IEA says

Delivering on a goal set at last year's COP28 climate summit to triple renewable energy capacity by 2030 is feasible, but countries need to move quickly to deploy more electric grid connections and battery storage, according to the International Energy Agency.
An IEA report said favorable economics, "ample" manufacturing potential and policies make the goal achievable. But in order to fully execute, it said countries need to build 25 million km (15.5 million miles) of transmission lines and add 1,500 gigawatts (GW) of energy storage capacity by 2030, a 15-fold increase on today's level.
WHY IT'S IMPORTANT
The report is the first to outline the specific actions that need to be taken to meet the COP28 goal and comes as world leaders convene in New York for the U.N. General Assembly as well the business-focused Climate Week series of events.
On Tuesday, world leaders will speak at a Global Renewables Energy summit about meeting the goal of tripling renewable energy capacity.
KEY QUOTE
"Further international cooperation is vital to deliver fit-for-purpose grids, sufficient energy storage and faster electrification, which are integral to move clean energy transitions quickly and securely," IEA Executive Director Fatih Birol said.
KEY FIGURES
The report said if done correctly, tripling renewable energy capacity by the end of the decade would reduce the world’s greenhouse gas emissions by 10 billion metric tons compared with what is otherwise projected.

Top News - Dry Freight

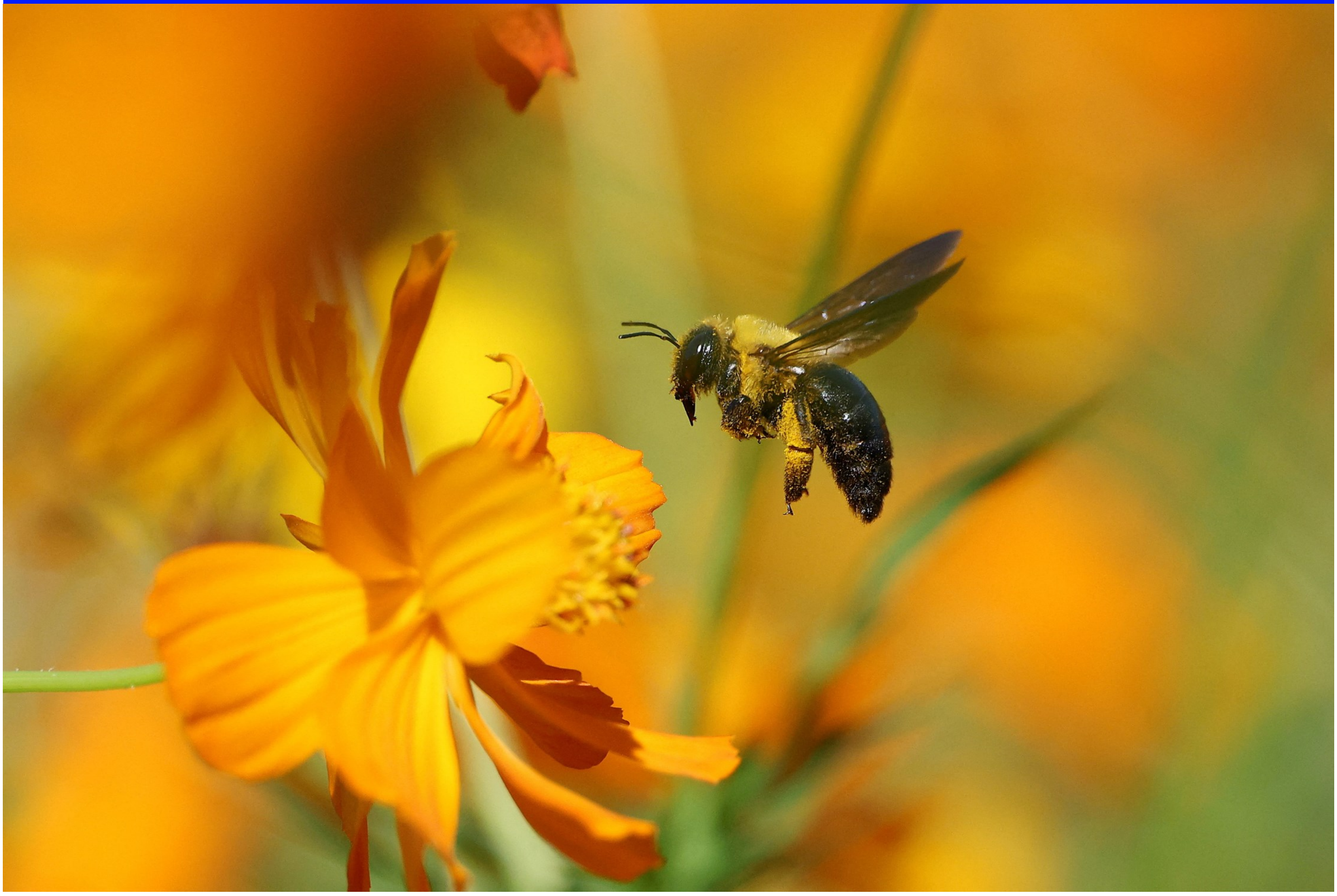
Rice from Vietnam/Myanmar offered lowest in Indonesia’s tender, traders say

The lowest price offered in the international tender from Indonesian state purchasing agency Bulog buy about 450,000 metric tons of rice was estimated at $539.30 a ton cost and freight (c&f) for rice expected to be sourced from either Vietnam or Myanmar, European traders said on Monday.
The lowest offer was said to have been made for up to 30,200 tons. Traders had previously assessed the lowest offer at $547.00 a ton c&f also for rice from Vietnam or Myanmar also for 30,200 tons.
No purchase has yet been reported and price negotiations are expected to continue in coming days, traders said. A decision is expected later this week.
Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.
Rice from either Vietnam or Myanmar was offered at the lowest other prices for several consignments including $549.00, $554.40 and $550.50 a ton c&f, traders said.
Rice arrival in Indonesia is sought for October/November in up to 14 consignments. Rice is sought sourced from Vietnam, Thailand, Myanmar, Cambodia or Pakistan.
The tender continues heavy rice purchasing by Indonesia in global markets to cool domestic prices after a disappointing domestic harvest.
Bulog had imported 2.85 million tons of rice up to September 22 out of 3.1 million tons contracted, a Bulog official said during a government meeting on inflation on Monday. Indonesia has given Bulog a rice import quota of 3.6 million tons for 2024 after the El Nino weather phenomenon last year caused disruption to new crops and a drop in rice production, a staple food for most of Indonesia's 275 million people.

Iran's SLAL tenders for 120,000 T feed barley, traders say

Iranian state-owned animal feed importer SLAL has issued an international tender to buy at least 120,000 metric tons of animal feed barley, European traders said on Monday.
The deadline for submission of price offers in the tender is Tuesday, Sept. 24, they said.
The barley can be sourced from the European Union, Russia, Ukraine, elsewhere from the Black Sea region or Kazakhstan. Shipment is sought in October and November. Payment problems for Iranian businesses because of western sanctions had made participation in recent tenders from Iran difficult, traders said.
Food is exempt from Western sanctions on Iran over its nuclear programme, but sanctions have hit Iran's financial system, creating complex and erratic payment arrangements. Traders said Iran was offering payment in the new tender via a bank in Iraq.

Picture of the Day



A bee flies over a cosmos flower at a park in Seoul, South Korea, September 23. REUTERS/Kim Hong-Ji

(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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