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Top News - Oil

ANALYSIS-US Gulf Coast oil prices to take center stage as exports dominate

Rising U.S. crude oil exports are boosting the prominence of Gulf Coast price benchmarks and buoying trading volumes on Houston contracts, eroding the significance of the Cushing, Oklahoma, storage hub.

Since U.S. WTI Midland crude oil transactions joined the dated Brent price assessment a year ago, U.S. oil exports have overshadowed the role of Cushing as a storage and pricing hub, traders and analysts said.

Cushing has been the delivery and pricing point for West Texas Intermediate crude futures (WTI) on the New York Mercantile Exchange (NYMEX) since 1983. The benchmark is currently used to price major U.S. crude grades for physical delivery, trading at a differential to WTI.

However, not long after the U.S. lifted its ban on crude exports in 2015 amid a shale boom that turned the country into the world's top producer, both the Intercontinental Exchange and CME Group, which owns NYMEX, launched contracts to trade and deliver crude from Midland, Texas, to terminals around Houston.

Average daily volumes on CME's WTI Houston contract more than doubled so far in September to a record high year on year, the exchange said.

An all-time high of over 18 million barrels were delivered against ICE's competing HOU contract, compared with less than 10 million barrels in August last year, ICE said.

Increasing liquidity in these contracts will create opportunities for hedging and arbitrage trades, leading to more deliveries in storage terminals in the region, and fewer into Cushing, oil market experts said.

"The physical market for U.S. production has already moved to the U.S. Gulf Coast, and now the futures market is following suit," said Jeff Barbuto, global head of oil markets at the Intercontinental Exchange (ICE).

While shale oil output from the Permian basin in Texas and New Mexico, the largest U.S. oilfield, has surged 3.6% to average 6.1 million barrels per day (bpd) so far this year, much of that oil is heading to storage closer to Gulf Coast export ports, or to refiners in the region.

"Where the big trade flow of crude oil is from the Permian and comes across to Houston, it kind of bypasses Cushing," said Colin Parfitt, a vice president at Chevron.

CME said that WTI continues to be the most liquid and significant benchmark and that Gulf Coast is an important and growing market.

Inventories at the Gulf Coast stood at about 235 million barrels last week, about 7% higher than levels at the start

of 2016 after the export ban was lifted.

Cushing storage bounced off 11 month lows to 22.8 million barrels last week, near operational minimums, and was about 64% lower than the levels at the start of 2016.

"If someone were to say a year ago, that Cushing (stocks) would be at rock bottom, you would think oil would be at \$100," said James Cordier, founder of think tank Cordier Commodity Report. The U.S. benchmark was trading below \$70 a barrel on Thursday.

COASTAL PRICES DOMINATE

The flagship price benchmark along the Gulf Coast, particularly for exports, is WTI at East Houston, also known as MEH as it represents WTI arriving by pipeline and traded at the Magellan's East Houston (MEH) terminal.

"U.S. exports are around 4 million (barrels) a day and Midland priced at East Houston is really the barometer on how to price U.S. exports," said Jeremy Irwin, senior oil markets analyst at researcher Energy Aspects.

"I don't see any incentive to why you would want to necessarily store barrels at Cushing," said Irwin. "What Cushing becomes is more of a flow-through hub, rather than a storage pricing hub."

Oil basins feeding Cushing have also lost some of their sparkle. U.S. crude output growth from secondary shale oil basins in North Dakota, Pennsylvania, Ohio and West Virginia have slowed. They historically helped fill Cushing's hundreds of storage tanks.

Canada's Trans Mountain pipeline expansion also has siphoned some of the crude oil that would have flowed to Cushing.

US East Coast port strike set to start Tuesday, says union

A port strike on the U.S. East Coast and Gulf of Mexico will go ahead starting on Tuesday, the International Longshoremen's Association union said on Sunday, signaling action that could cause delays and snarl supply chains.

"United States Maritime Alliance ... refuses to address a half-century of wage subjugation," the union said in a statement. The United States Maritime Alliance, known as USMX, represents employers of the East and Gulf Coast longshore industry. USMX did not immediately comment. If union members walk off the job at ports stretching from Maine to Texas, it would be the first coast-wide ILA strike since 1977, affecting ports that handle about half the nation's ocean shipping.

A source said no negotiations were taking place Sunday and none are currently planned before the midnight Monday deadline. The union said previously the strike would not impact military cargo shipments or cruise ship traffic. White House spokesperson Robyn Patterson said late Sunday that over the weekend, senior officials have been in touch with USMX representatives "urging them to come to a fair agreement fairly and quickly - one that reflects the success of the companies." The officials also delivered the same message to ILA, she added. Earlier on Sunday, President Joe Biden said he did not intend to intervene to prevent a walkout if dock workers failed to secure a new contract by an Oct. 1 deadline. "It's collective bargaining. I don't believe in Taft-Hartley," he told reporters. Presidents can intervene in labor disputes that threaten national security or safety by imposing an 80-day cooling-off period under the federal

Taft-Hartley Act. Reuters first reported on Sept. 17 that Biden did not plan to invoke the Taft-Hartley provision, citing a White House official. A strike could stop the flow of everything from food to automobiles at major ports – in a dispute that could jeopardize jobs and stoke inflation weeks ahead of the U.S. presidential election. Business Roundtable, which represents major U.S. business leaders, said it was "deeply concerned about the potential strike at the East Coast and Gulf Coast ports." The group warned a labor stoppage could cost the U.S. economy billions of dollars daily "hurting American businesses, workers and consumers across the country. We urge both sides to come to an agreement before Monday night's deadline."

Top News - Agriculture

For months, the union has threatened to shut down the 36 ports it covers if employers like container ship operator Maersk MAERSKb.CO and its APM Terminals North America do not deliver significant wage increases and stop terminal automation projects. The dispute is worrying businesses that rely on ocean shipping to export their wares, or secure crucial imports. The USMX employer group has accused the ILA of refusing to negotiate.

COLUMN-Supply uncertainties pare funds' CBOT soy, corn bearishness to four-month low- Braun

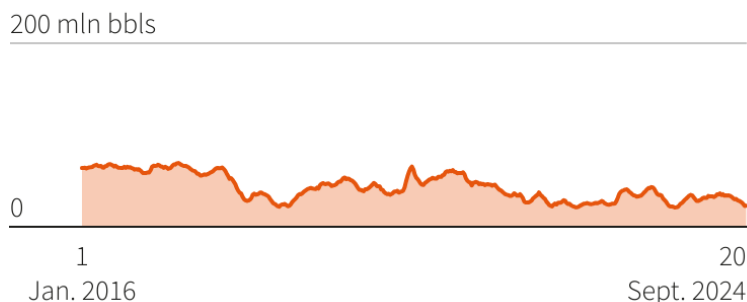
After months of unusually pessimistic sentiment, speculators' bearish bets across Chicago soybeans and corn have finally pulled in line with other recent supply-heavy years, just ahead of a pivotal data release from the U.S. government. Notable short covering in soybeans most recently led this effort. In the week ended Sept. 24, money managers slashed their net short position in CBOT soybean futures and options to 74,978 contracts from 122,415 a week earlier, establishing their least bearish stance since early June. That marked funds' fifth consecutive week of short

Chart of the Day

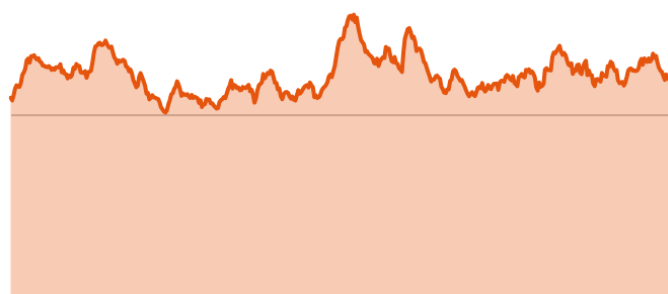
Surging US exports boost crude oil stocks along the Gulf Coast

Gulf Coast stocks ended last week 7% higher than levels at the start of 2016, when U.S. lifted the oil export ban. Cushing storage has fallen 64% since.

Cushing inventories



Gulf Coast inventories



Source: Energy Information Administration

covering in beans with the heaviest action occurring in the most recent week. A quarter of the latest move was driven by new gross longs, the most for any week in nearly five months.

This shift in what had been record bearish soybean sentiment has been sparked by historic drought across Brazil's top producing states, just as farmers there are beginning to sow the crop. Recent dryness across the United States also has traders wondering if the huge yield predictions can hold.

Those concerns sent CBOT November soybeans to two-month highs on Friday, and that followed 3.6% gains in the week ended Sept. 24.

CBOT soybean oil surged nearly 9% in that week, and soybean meal rose more than 1%. That was associated with huge speculative short covering in soyoil, though new long positions were more prominent in soybean meal.

Through Sept. 24, money managers' net short in CBOT soyoil futures and options fell to a 10-week low of 18,856 contracts, down almost 32,000 on the week. It has been nearly a year since funds held a consistently bullish view in soybean oil. But they have been in bull territory with soybean meal since April, and they boosted their net long to an 11-week high of 58,259 futures and options contracts as of Sept. 24. That is identical to funds' year-ago stance.

Along with beans, strength in meal continued on Friday with a 5% jump in futures, the most-active contract's biggest single-session gain in more than a year. Prices reached three-month highs during the session. Soyoil has recently been supported by gains in rival global vegetable oils, but the contract slipped late last week after having posted two-month highs.

WEEK AHEAD

CBOT corn and wheat futures were fractionally changed in the week ended Sept. 24, and speculators made slight modifications to their positions. They added about 1,400 contracts to their wheat net short, which reached 26,469 futures and options contracts. They trimmed their net short in CBOT corn by around 4,100 contracts, and the resulting 130,699 futures and options contracts is funds' least bearish corn view in four months. Investors pulled both longs and shorts from their corn stance, potentially in preparation for Monday's often-unpredictable data from the U.S. Department of Agriculture. The data will feature U.S. quarterly stocks as of Sept. 1, which represent the 2023-24 marketing year-end supplies for corn and soybeans. Corn ending stock estimates have been whittled over the last few months, sometimes against expectations, and that has some analysts fearing a bearish report.

Beyond the USDA figures, traders will be watching for

U.S. harvest progress as well as planting and weather in Brazil. As of Sunday, forecasts continued to show that ample rains may be more than a week out for Brazil's top soy and corn state, potentially maintaining planting concerns.

(The opinions expressed here are those of the author, a market analyst for Reuters.)

Ukraine 2024/25 grain crop, exports seen down due to weather, minister says

Ukraine's 2024 grain harvest may decrease to 54.6 million metric tons from around 60 million tons in 2023, mostly due to unfavourable weather, the newly appointed Ukrainian agriculture minister said on Friday.

Vitaliy Koval told Reuters the harvest could include 21.8 million tons of wheat and 25.8 million tons of corn.

Ukraine's major farm producers union UAC sees corn output at up to 23 million tons, while APK-Inform agriculture consultancy put the harvest at 26.8 million tons.

APK-Inform said 22.5 million tons of corn could be exported this season. Most Ukrainian grain regions were affected by an abnormal heatwave this year, which caused a significant decrease in the late crops' yield, he said. Koval said early grains, like wheat, lost only 2% in the yield while the yield of late crops - corn and oilseeds - could decrease by 10% to 15%. The minister said Ukraine, grain net-exporter, would keep its exports at a high level despite a smaller harvest and could ship abroad 16.2 million tons of wheat and 21.7 million tons of corn in the 2024/25 season. Traders exported 18.4 million tons of wheat and 29.4 million tons of corn in 2023/24 also due to high stocks from previous seasons, when key Ukrainian seaports were blocked because of the Russian invasion.

Koval said the ministry would carefully monitor the export of wheat as export demand is high while the supply is limited. He said the government was ready to suspend exports if export volumes would exceed the agreed 16.2 million tons limit. Ukraine's grain exports in the 2024/25 July-June season stood at close to 9.8 million metric tons as of Sept. 25 versus almost 6.2 million tons a season earlier.

The volume included 5.6 million tons of wheat, 2.7 million tons of corn and almost 1.3 million tons of barley.

The farm ministry has said milling wheat dominated the exports while Koval said the share of milling wheat in the overall wheat output totalled around 43%. He gave no more details, while SGS, a multinational company which provides verification and certification services, said this week the share of milling wheat with at least an 11.5% protein content in Ukraine's 2024 wheat harvest fell to 35.5% from 37.2% in 2023.

Top News - Metals

FOCUS-Freeport cranks up copper output as rivals scour for deals to grow

Freeport-McMoRan turbo-charging its copper output across three continents with no plans to join a buyout frenzy sweeping the mining industry, a strategy that analysts say positions the company well to capitalize on the clean energy transition's rising demand for the red metal.

Used widely across the global economy, copper is an ideal conductor of electricity and easily malleable, qualities that have made it widely popular for use in wiring, engines, construction equipment, electronics and other devices.

Global demand is poised to jump at least 60% by 2050, according to the International Energy Agency. Analysts at Jefferies expect prices for the red metal to rise more than 40% in the next two years.

Yet new copper mines are proving difficult to develop, due in part to opposition from Indigenous groups, conservationists, local communities and others.

The difficult backdrop has pushed BHP, Rio Tinto, Glencore and other diversified miners of iron ore, nickel and other critical minerals to hunt for deals to boost their copper output even while balancing shareholders'

expectations for payouts.

Phoenix-based Freeport has long focused primarily on copper - it produces 9% of global supplies, more than any other company - and now finds itself in the rare position of being able to concentrate on expanding mines it already owns and avoiding the distraction of a buyout.

"We're really, really focused on creating value from the assets that we have," Kathleen Quirk, who became Freeport's CEO in June, told Reuters ahead of the LME Week conference in London, one of the world's largest annual gatherings of mining executives. "I don't see Freeport as having to aggressively go out and have to overpay for things."

Freeport expects to produce 800 million pounds (362,874 metric tons) of copper annually as soon as 2027 by leaching the metal from piles of old waste rock at its U.S. mines previously thought to be worthless.

Drones and helicopters have been installing irrigation lines atop miles-long waste piles that release an acid solution to tease out low concentrations of copper.

The leached copper will cost a third less to produce than Freeport's hard rock mines - already some of the cheapest in the industry, according to analysts - and will not require a smelter for processing. Freeport estimates it

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$68.97 / bbl	-1.03%	-3.74%
NYMEX RBOB Gasoline	\$1.95 / gallon	-1.44%	-7.62%
ICE Gas Oil	\$666.00 / tonne	-0.97%	-11.29%
NYMEX Natural Gas	\$2.88 / mmBtu	9.37%	14.72%
Spot Gold	\$2,656.41 / ounce	-0.02%	28.79%
TRPC coal API 2 / Dec, 24	\$124.25 / tonne	8.04%	28.09%
Carbon ECX EUA	€66.53 / tonne	0.30%	-17.22%
Dutch gas day-ahead (Pre. close)	€38.63 / Mwh	6.42%	21.29%
CBOT Corn	\$4.33 / bushel	-0.52%	-10.59%
CBOT Wheat	\$5.98 / bushel	-0.42%	-6.53%
Malaysia Palm Oil (3M)	RM4,039 / tonne	-0.10%	8.55%
Index	Close 27 Sep	Change	YTD
Thomson Reuters/Jefferies CRB	339.83	0.47%	12.75%
Rogers International	27.05	-0.11%	2.75%
U.S. Stocks - Dow	42,313.00	0.25%	12.27%
U.S. Dollar Index	100.36	-0.55%	-0.96%
U.S. Bond Index (DJ)	452.18	0.25%	4.98%

would need to spend at least \$10 billion on a new mine to mimic output from leaching.

"It's a huge opportunity for us and one that we're pursuing aggressively," Quirk said.

That leaching plan alone would produce nearly half the copper that Anglo American - which BHP tried unsuccessfully to buy earlier this year - mined across the entire globe in 2023.

'STICK TO THEIR KNITTING'

Freeport has four other expansion projects underway that could add more than 1 billion pounds (453,592 metric tons) of copper annually to its production in coming years, including more than 500 million pounds (226,796 metric tons) annually by 2025 in the United States.

Another is in Indonesia, where it is expanding Grasberg, the world's second-largest copper mine. Freeport is also hoping to negotiate an extension of its mining rights beyond 2041 with the new Indonesian president, who takes office next month.

The company is preparing its application now to extend the license and Chairman Richard Adkerson - who led the last round of negotiations when he was CEO - plans to join the discussions, Quirk said.

"Indonesia is part of the fabric of our company as we've been working hard to improve the livelihood of the people, provide benefits to the government, all while providing returns on investments for our shareholders," she said. "I want to continue that positive relationship."

In Chile, Quirk said the regulatory climate has improved under President Gabriel Boric after a period of uncertainty fueled by an unsuccessful attempt to change the country's constitution last year.

"Chile is a more stable environment for investors now," said Quirk. An application to expand the El Abra mine, which counts state-owned Codelco as a minority partner, should be filed next year, she said.

Freeport's stock has risen 30% the past year as investors have warmed to the company's plans to expand existing operations. Seventeen of the 24 analysts that track Freeport's stock recommend buying it and none recommend selling, according to LSEG Workspace.

"Freeport is a workhorse in my portfolio," said Derek Bone of the Optica Rare Earths & Critical Materials ETF, which holds shares of Freeport. "I want them to stick to their knitting."

Quirk, who had been Adkerson's deputy for more than 20 years, is facing a challenge recruiting workers in the United States, where the company has moved as a result to deploy autonomous trucks.

"I'm hoping that with everybody focused on our future economy and how it will require more use of metals, we'll get the best and brightest into our industry to help us," said Quirk.

That is top of mind for Freeport's customers, who are gobbling up more copper.

Nvidia, for example, said in March it would use copper cables for AI data centers - rather than fiber optic cables.

"That bodes well for copper demand over the longer term," said Steve Schoffstall of the Sprott Energy Transition Materials ETF, which holds Freeport shares. "Companies like Freeport are in a good spot."

ANALYSIS-LME lags rival exchanges as battery metals trading gains momentum

The London Metal Exchange is being left behind in the race to dominate trade in metals used for EV batteries such as lithium and cobalt as other exchanges gain momentum, capitalising on a shift from annual fixed-price contracts to hedging with futures.

The LME is the world's oldest and dominant market for industrial metals like copper and aluminium, but its complex futures structure and less aggressive marketing mean its battery metals futures have largely been snubbed.

The 147-year-old exchange may miss out on a huge growth area in coming years as miners and EV makers step up hedging unless it can lure traders to its contracts in materials needed for the energy transition.

Among Western exchanges, the U.S. CME Group has vaulted ahead of the LME in lithium and cobalt volumes.

Volumes in the CME's lithium hydroxide contract have surged by 759% during the first eight months of the year compared to the same period in 2023 while the LME's contract has failed to trade this year.

In China, the Guangzhou Futures Exchange has seen strong growth in its lithium carbonate futures since a launch in July 2023, but there are hurdles for foreigners to participate.

"The LME is not getting the buy-in from the market that the CME has," said Jack Nathan, head of battery metals at broker Tullett Prebon.

"But people are not wedded to one particular contract or exchange. People are just looking for the most accurate hedge and most efficient execution venue."

COMPLEX LME

Part of the lack of liquidity on the LME may be due to the complexity of the LME set-up, according to LME Chief Executive Matthew Chamberlain.

The CME and most futures exchanges have a single expiry date for monthly contracts, but on the LME each day can be traded so physical users can tailor their deals to metal deliveries.

"We know that the specificity of the LME's market structure can certainly hurt you when you try to build liquidity," Chamberlain told Reuters, when asked about boosting volumes of LME battery metals.

"I think that would undoubtedly be aided by a broader set of participants in the market and a more standardised market structure."

Earlier this month, the LME unveiled a set of proposed measures to boost electronic trading and liquidity.

The higher CME volumes are also due to its more aggressive marketing campaigns to lure brokers and users to its battery products, industry sources said.

To help boost activity, in May the LME announced fee waivers for cobalt and lithium.

LITHIUM TO TRACK IRON ORE

Until a few years ago, most lithium supply was agreed in fixed-price annual contracts, like iron ore decades ago.

After major producer BHP led a drive in 2010 to disband a 40-year-old system of pricing iron ore once a year, a futures market in the steel ingredient has climbed to massive volumes.

Lithium has similar potential - albeit in a smaller market - once volatility calms down and big companies become more comfortable with using futures markets, analysts said.

"It's been a tumultuous 36 months," said Daniel Fletcher-Manuel, director of prices and data at Benchmark Mineral Intelligence.

Lithium prices soared by 500% in the 12 months to May 2022 as automakers rushed to secure supply amid worries about shortages.

But a surge in output from new mines and weaker than expected EV sales created a glut of supply and prices have since crashed, giving up all of their gains.

"There's still a lot of anxiety driven by the uncertainty in pricing, which is making the opportunists reluctant to

enter this battery metals derivatives space, but that will change," said Fletcher-Manuel.

Benchmark expects lithium hedging will more than triple to 1 million metric tons a year by 2030, using conservative assumptions.

Hedging is expected to be lacklustre this year and next, with miners and EV makers expected to hedge on average about 10% of global supplies in 2026, increasing to 40% by 2035, Fletcher-Manuel added.

COBALT

The LME also is behind in cobalt, a smaller market than lithium. The CME has seen 20 times more volume in cobalt metal futures so far this year than the LME.

The LME's cobalt volumes while modest, have at least increased this year, which the LME's Chamberlain believes is partly due to the exchange's responsible sourcing guidelines.

The LME has also seen some warehouse deliveries based on its physically-based cobalt contract, attracting some of the oversupply in the market.

More cobalt brands are expected to apply for listing on the LME, which may help liquidity, an industry source with direct knowledge said.

Top News - Carbon & Power

Britain to become first G7 country to end coal power as last plant closes

Britain will become the first G7 country to end coal-fired power production on Monday with the closure of its last plant, Uniper's Ratcliffe-on-Soar in England's Midlands.

It will end over 140 years of coal power in Britain.

In 2015 Britain announced plans to close coal plants within the next decade as part of wider measures to reach its climate targets. At that time almost 30% of the country's electricity came from coal but this had fallen to just over 1% last year.

"The UK has proven that it is possible to phase out coal power at unprecedented speed," said Julia Skorupska, Head of the Powering Past Coal Alliance secretariat, a group of around 60 national governments seeking to end coal power.

The drop in coal power has helped cut Britain's greenhouse gas emissions, which have more than halved since 1990.

Britain, which has a target to reach net zero emissions by 2050, also plans to decarbonise the electricity sector by 2030, a move which will require a rapid ramp-up in renewable power such as wind and solar.

"The era of coal might be ending, but a new age of good energy jobs for our country is just beginning," energy minister Michael Shanks said in an emailed statement.

Emissions from energy make up around three quarters of total greenhouse gas emissions and scientists have said that the use of fossil fuels must be curbed to meet goals

set under the Paris climate agreement.

In April the G7 major industrialised countries agreed to scrap coal power in the first half of the next decade, but also gave some leeway to economies who are heavily coal-reliant, drawing criticism from green groups.

"There is a lot of work to do to ensure that both the 2035 target is met and brought forward to 2030, particularly in Japan, the U.S., and Germany," said Christine Shearer, Research Analyst, Global Energy Monitor .

Coal power still makes up more than 25% of Germany's electricity and more than 30% of Japan's power.

US shelves Oregon offshore wind auction after protest from governor

The Biden administration on Friday canceled a planned auction of offshore wind development rights off the coast of Oregon after the state's governor said she did not support the sale. The announcement was a setback to U.S. President Joe Biden's vision to deploy turbines along every U.S. coastline as part of his efforts to fight climate change. It marked the second time this year that the U.S. Bureau of Ocean Energy Management has shelved an offshore wind lease sale as the nascent industry struggles with high costs and supply chain challenges. The agency called off an auction in the Gulf of Mexico in July.

BOEM, a division of the Interior Department, in a press release cited a lack of interest from the offshore wind industry in the Oregon sale, which had been scheduled

for Oct. 15. Though five companies had qualified to participate in the sale, just one expressed interest in bidding on the lease areas, BOEM said. Earlier on Friday, Oregon Governor Tina Kotek sent a letter to BOEM Director Elizabeth Klein seeking a halt to offshore wind leasing off the Oregon coast. Two weeks earlier, a group of Oregon tribes sued BOEM in federal court to block the sale. Kotek cited broad concerns from labor, fishing, conservation and renewable energy groups and said the state needed more time to complete an offshore wind "roadmap" process required by a state law passed earlier this year.

"I remain convinced that offshore wind holds exciting promise to be part of our nation's clean energy future, but in Oregon, actions of significance must be done the Oregon way," Kotek said in the letter. Also in the letter,

Kotek said Oregon would withdraw from a federal, state and tribal task force set up to coordinate offshore wind planning in the state. BOEM would not comment on Kotek's letter. Offshore wind opposition has grown more sophisticated in the United States and beyond, with several active groups in Oregon.

In its statement, BOEM said it had announced the Oregon sale after engagement with the Oregon Intergovernmental Renewable Energy Task Force. "BOEM will continue to collaborate with representatives from federal, state and local agencies and Tribal governments, to coordinate on potential leasing and support ongoing stakeholder engagement processes on broader offshore wind considerations, such as the state-led development of a strategic roadmap for offshore wind," the agency said.

Top News - Dry Freight

India allows non-basmati white rice exports in boost for global supplies

India gave the go-ahead on Saturday for exports of non-basmati white rice to resume as inventories in the world's biggest exporter of the grain surge and farmers prepare to harvest a new crop in the coming weeks.

Bigger rice shipments from India would beef up overall global supplies and soften international prices by forcing other major exporters of the staple such as Pakistan, Thailand and Vietnam to reduce their rates, traders said.

New Delhi set a floor price for non-basmati white rice exports of \$490 per metric ton, a government order said. That came a day after the government cut the export tax on white rice to zero.

New Delhi's decision to allow traders to sell non-basmati white rice on the world market follows a series of moves to ease export restrictions on premium, aromatic basmati and parboiled varieties. On Friday, India also reduced the export duty on parboiled rice to 10% from 20% previously. Earlier this month, the government removed a floor price for basmati rice exports to help thousands of farmers who complained about a lack of access to lucrative overseas markets such as Europe, the Middle East and the United States.

As the El Nino weather pattern raised the spectre of poor monsoon rains, India imposed various curbs on rice exports last year and extended them into 2024 to keep local prices in check ahead of the April-June national election.

Since the 2023 ban on exports, local supplies have picked up, bumping up stocks at government warehouses.

Rice stocks at the state-run Food Corporation of India on Sept. 1 stood at 32.3 million metric tons, 38.6% higher than last year, giving the government ample room to ease rice export curbs.

Buoyed by copious monsoon rains, farmers have planted rice on 41.35 million hectares (102.18 million acres), up

from 40.45 million hectares (99.95 million acres) last year and an average of 40.1 million hectares (99.09 million acres) over the last five years.

The decision to allow non-basmati rice exports will raise farm incomes in the countryside and help India regain its position in the global market, said Rajesh Paharia Jain, a New Delhi-based trader.

Despite the 10% export tax on parboiled rice and the floor price of \$490 a metric ton, Indian white rice will be competitive in the international market, said B.V. Krishna Rao, president of the Rice Exporters' Association.

South Korea's MFG passes in 70,000 T corn tender, traders say

South Korea's Major Feedmill Group (MFG) is believed to have rejected all offers and made no purchase in an international tender to buy up to 70,000 metric tons of animal feed corn on Friday, European traders said.

Prices were regarded as too high. The lowest offer was estimated to be \$245.45 a ton cost and freight (c&f) included plus a plus a \$1.50 a ton surcharge for additional port unloading said to have been submitted by trading house Olam. The tender sought corn to be sourced from either South America or South Africa only for arrival in South Korea in one consignment around Jan. 6, 2025. Shipment was sought in 2024 between Oct. 25-Nov. 25 if sourced from South America and Nov. 5-Dec. 5 if from South Africa.

Reports reflect assessments from traders and further estimates are still possible later

Picture of the Day

A duck swims through a weed-covered section of the Birmingham Canal in Birmingham, Britain, September 29. REUTERS/Phil Noble

(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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