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Top News - Oil

Brent oil traders use little known rule to reroute US cargoes

Big energy merchants trading oil cargoes that form the basis of the Brent benchmark have used an obscure clause to reroute U.S. shipments from Europe, in a practice that raises doubts over whether reforms to the crude price marker have succeeded.

Brent, the most significant benchmark across commodity markets, is used to price more than 60% of globally traded crude and underpins oil futures. Its value affects fuel prices paid by consumers and businesses.

The 2023 addition of U.S. crude to the benchmark had the potential to limit the scope for trading plays that can distort Brent prices, analysts said at the time. But the reroutings have renewed concern in the market about how well the benchmark reflects supply and demand.

Platts, a unit of S&P Global Commodity Insights, last year allowed U.S. WTI Midland crude delivered to Europe to be included in its Brent price assessment, called dated Brent. This was to boost liquidity as supplies from the mature North Sea Brent and other oilfields have dwindled.

But in recent months, some WTI cargoes that traded for delivery to Europe via the Platts system, known as the window, never arrived, at least five trading sources said, declining to be named because they were not authorised to speak publicly. The later rerouting has not been previously reported.

Trading companies that deal in the U.S. oil used a clause in the Platts methodology for all commodities, called bookout, to change destinations from Europe to Asia or to keep oil in the United States.

Although allowed under Platts' rules, the sale and later rerouting of the cargoes can impact prices including that of dated Brent, traders and industry analysts said, because it creates a perception demand in Europe is stronger than it is.

Reuters has not, however, been able to establish any conclusive link between the cargo trading activity and prices over the period.

"The issue is traders watch the delivered trades and count barrels arriving to Europe. Those barrels set dated Brent," said Adi Imsirovic, a trader, who has published books and papers on Brent and runs consultancy Surrey Clean Energy.

"If you then book out those trades, the barrels - which you think there were plenty of, and which have already set the dated price - suddenly disappear."

Platts said it had not received any complaints about the practice and it was aware "a small minority of cargoes" changed their sales basis from a delivered cost, insurance and freight (CIF) basis to free on board (FOB), which can go anywhere.

"Such contract amendments are typical in many markets," Joel Hanley of S&P Global Commodity Insights said.

NO PLAN TO DISCLOSE

Trading firms Trafigura, Gunvor and Vitol are among those that have used bookouts to change the destinations of WTI cargoes traded into dated Brent, the trade sources said.

A Trafigura spokesperson said: "As set out in the Platts methodology and is common across industry participants, we seek to agree requests from our buyers for additional discharge options where market forces dictate re-direction of cargoes."

Gunvor and Vitol declined to comment.

Platts assesses dated Brent's price based on the cheapest of five North Sea crudes - Brent, Forties, Oseberg, Ekofisk and Troll - and WTI Midland on the day.

Thomson Reuters competes with Platts in the provision of news and price assessments about the oil market.

Imsirovic said Platts should be informed if physical Brent trades are booked out because if the original deal set the price, Platts may need to adjust the assessment.

Platts has no plan to make CIF to FOB conversions transparent by publishing them or to retroactively change its assessments if cargoes change destination, Hanley said. He said mutual agreements post-trade are normal practice and the fair value of the oil delivered into Europe was reflected on the day by the CIF trade.

U.S. regulator the Commodity Futures Trading Commission (CFTC) declined to comment as did the European Securities and Markets Authority (ESMA), which referred Reuters to the Dutch Authority for the Financial Markets (AFM). AFM declined to comment, saying this was because Platts' crude oil benchmark does not fall under the EU Benchmarks Regulation and AFM does not supervise it.

SHIPMENT TO CHINA

In one WTI deal that was booked out, Trafigura on Oct. 2 2023 sold three cargoes for delivery to Rotterdam and later negotiated a destination change to China, trade sources said.

On that day, Forties, Brent and WTI crude's differentials to dated Brent rose on strong demand, with Forties hitting its highest in over a year according to LSG data. Platts said WTI and Brent were the cheapest grades and helped

establish the dated Brent price.
Brent crude oil futures dropped by almost 5% and dated Brent as assessed by Platts dropped by 1.8% to $94.555 on Oct. 2.
Other trading companies including Vitol and Gunvor have since bought 700,000-barrel cargoes of WTI on a delivered basis to Europe that later converted to FOB, the sources said.
Reuters could not quantify the exact number involved. Platts said it had seen six instances of cargoes switching from CIF to FOB in 2024 to be combined in a larger ship.
Jorge Montepeque, who developed dated Brent and later left Platts and became a critic of the WTI addition, also said changes of cargo destinations must be disclosed.
"One could say that the bidding by traders for WTI cargoes helped distort the perception of demand in Europe where there was no demand for such cargoes," he said.
Hanley of Platts disagreed, saying it was not possible to create a perception that demand is higher than it is in pricing terms, because if you bid higher a seller will take up your bid.

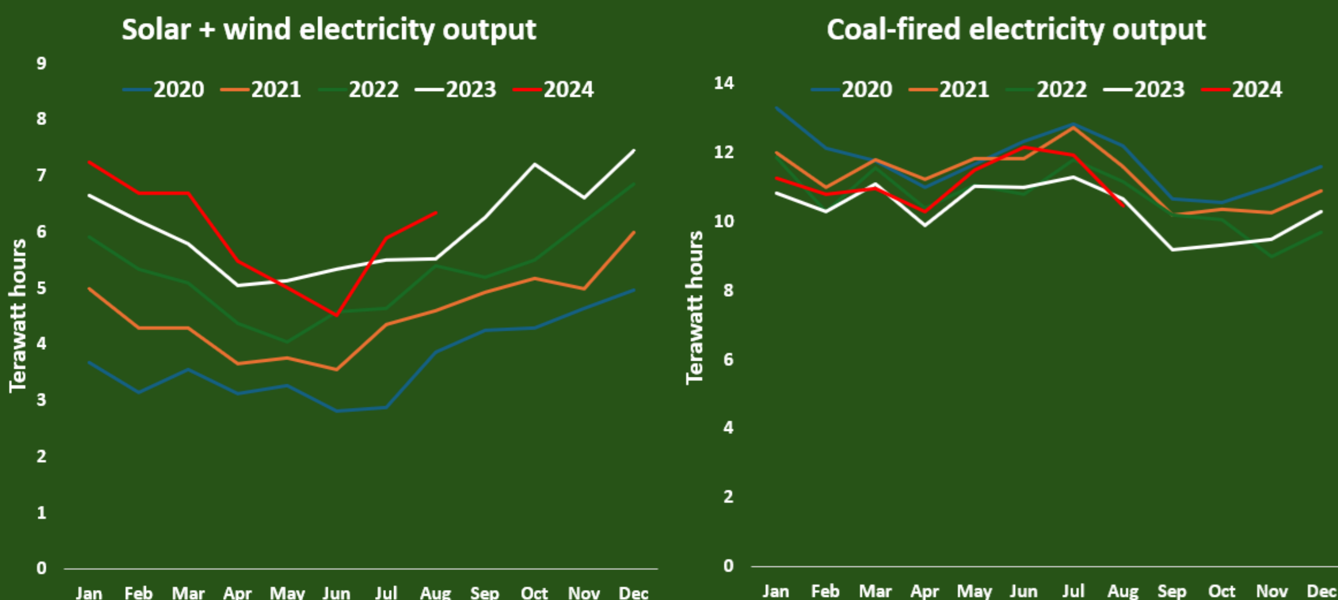
Big oil's big payouts under strain as energy prices fall

Major energy companies are set to borrow billions to maintain shareholder payouts or cut the rate of share repurchases in the face of a drop in oil prices after more than two years of bumper profits, analysts said.
The majors have for decades attracted investors by promising steady payouts even as the transition to lower carbon energy has cast doubt over the industry's long-term prospects.
BP, Chevron, Exxon Mobil, Shell and France's TotalEnergies have paid investors more than $272 billion in dividends and share repurchases since the start of 2022. Energy prices surged after Russia invaded Ukraine in February 2022 and as the global economy emerged from the pandemic, generating record profits for the energy industry.
The payout has since been almost double the rate over the previous 10 quarters, Reuters calculations found.
But a drop in benchmark crude oil prices to below $70 a barrel last month, their lowest since late 2021, coupled with a sharp decline in profits for refining oil into fuels, is set to cut earnings in the coming quarters.

LOST YEAR?

Several banks have in recent weeks cut oil price forecasts in response to a weak demand outlook and trimmed profits forecasts for the sector.
"With moderating oil prices and weak refining margins, 2025 could be seen as a lost year for the sector," RBC Capital Markets analyst Biraj Borkhataria said. Exxon, Chevron, Shell and TotalEnergies are expected to hold share repurchases flat throughout next year, and Borkhataria said they may resort to borrowing money to cover shortfalls when interest rates are still high. He said

Chart of the Day



to maintain buybacks at their 2024 levels next year, based on RBC's oil price forecast, Chevron would need to borrow next year $8.6 billion, Exxon $5.1 billion, TotalEnergies $5.6 billion, Shell $3.8 billion and BP $3.1 billion.
BP, which has higher debt than its rivals, is however likely to slow the pace of buybacks, while returns from Italian energy company Eni will depend on the scale of its asset sales, Borkhataria added. "The difference in your ability to maintain the distributions is how strong your balance sheet is today, and how willing are you to re-lever in order to maintain distributions," Borkhataria said. UBS analyst Joshua Stone expects BP to cut its rate of buybacks to $4 billion in 2025 from $7 billion this year, based on an average crude price of $75 a barrel. Shell would reduce the rate of buybacks by $1.5 billion to $12.5 billion while TotalEnergies should be able to maintain its rate of $8 billion, Stone added. "The reality is that buybacks should slow more materially if prices fall below $70 a barrel," Stone said.

TOUGH CHOICES
In its second quarter results in August, BP said that in current market conditions it planned to buy back at least $14 billion through 2025 as part of its commitment to return 80% of surplus cash to shareholders.
With a net debt of $22.6 billion at the end of June and a market capitalisation of $85 billion, BP has the highest debt ratio among the oil majors, according to LSEG data.
A BP spokesperson said its returns guidance remains unchanged and that it maintains a disciplined financial frame.
Chevron said its low debt level, strong credit rating and significant cashflow growth in the coming years "are all assets that allow us to offer differentiated shareholder returns through volatile commodity cycles". Shell declined to comment. Exxon and TotalEnergies had no immediate comment when asked about their planned shareholder returns. Some have already tapped into cash reserves to stick to their return promises. Chevron, for example, paid $6 billion to investors in the second quarter of the year, when its net earnings reached $4.4 billion while its debt rose by around $2.5 billion from the previous quarter.
Morgan Stanley analysts in late August lowered their earnings forecast for the sector saying "share buybacks are maxed out for now". Investment bank Jefferies lowered its oil price assumption for the remainder of 2024 and 2025 and said it expects the sector's earnings to decrease by around 22% in the third quarter compared to the previous three months.
Companies will try to maintain returns by cutting spending, primarily on investments in low carbon energy, and by borrowing, Jefferies analyst Giacomo Romeo said. "Companies will have to face some tough choices in the coming months if macro prices don't recover," he added.

Top News - Agriculture

Honduras 2024/25 coffee exports seen up 15% despite EU trade fears
Honduras' coffee exports in the 2024/25 season are seen up 14.5% from the previous period to 5.37 million 60-kg bags, industry leaders said on Tuesday, despite fears that shipments could be hurt by an EU regulation set to take effect at the end of the year.
Central America's largest exporter of the bean sees exports boosted by better production this year as harvesting for the new season kicks off, Pedro Mendoza, head of Honduras' coffee organization IHCAFE said.
"The farms are better, farmers have given them more care this year," Mendoza said in an interview.
He warned, however, of a requirement from the European Union that would demand imported beans come from areas not linked with deforestation.
The rule would ban sales of coffee - as well as cocoa, soy, palm oil, wood, rubber and cattle - if companies are unable to prove the product comes from an area where forests haven't been cut down in recent years.
Mendoza said that most of Honduras' coffee crop is grown under trees in the shade, a traditional coffee-growing method thought to produce a richer bean.
However, farmers still do not have the documentation ready to be able to export to the EU once the rule takes effect at the end of the year, Mendoza said.
"We're worried," he said. "Europe is the destination for around 55% of our exports." Mendoza added that Honduran growers were requesting an extension to the deadline, similar to the International Coffee Organization and the Community of Latin American and Caribbean States (CELAC) last month. CELAC called on the EU to find a way which still sought to prevent deforestation while also "taking the reality on the ground into consideration."

COLUMN-Leading wheat and soybean exporters grapple with historic droughts -Braun
Top grain producing regions of Russia and Brazil experienced one of their driest Septembers on record, just as farmers in both export giants were attempting to sow their crops.
This has driven winter wheat planting rates to 11-year lows in Russia, which accounts for as much as a quarter of global wheat exports. Brazil is responsible for nearly 60% of world soybean exports, but planting in top state Mato Grosso had barely begun as of last Friday, the slowest start in more than five years.
These threats coincide with the recent rise of global wheat and soybean prices off four-year lows, though prices are still considerably below the more elevated levels seen within the last couple of years.

Luckily for Brazil, soybean planting efforts are still in the early stages and there is some rain in the forecast for parched areas like Mato Grosso. But the situation is more dire in Russia, where winter grain sowing is well under way and there is little to no relief in sight.

RUSSIA

In Russia's Southern District, where winter wheat production is heaviest, September was the seventh consecutive month in which precipitation was short of average. Precipitation was 47% of normal during that seven-month span, the driest in at least three decades.

September is a very busy month for wheat planting, though it was particularly tough for Southern farmers as temperatures were the warmest in nearly a decade and rainfall was just a quarter of normal levels.

Things have been equally challenging in areas further north. Voronezh, which borders Ukraine and was Russia's fifth-largest grain producing region last year, declared a state of emergency on Tuesday due to drought conditions.

The forecast is not at all promising. Some weather models on Tuesday suggested that Russia's Southern District may not accumulate more than 5 mm (0.2 inch) of rainfall through mid-October. The full-month's ten-year average is 35 mm.

Unseasonably warm temperatures are also expected to persist through this period.

Such extreme dryness not only slows the sowing pace, but it impacts the emergence and early growth of plants. Some 8.3 million hectares (20.5 million acres) of winter grains were sown in Russia as of Sept. 20, implying scores of newly emerged wheat fields could be in grim shape.

The last time precipitation in the Southern District was less than half of normal in both September and October was in 2012. Fortunately, this was not a death sentence for the crops as late fall and early winter precipitation, although light, came at optimal times.

But the stakes are a bit higher now. Russian wheat production is about 60% larger than it was just 12 years ago, when the country accounted for an average of 11% of annual global exports.

BRAZIL

September rainfall in Mato Grosso, which produces 29% of Brazil's soybean crop, was roughly a quarter of normal levels. Excessive dryness over the last year has driven soil moisture levels there to 30-year lows.

As such, soybean planting in the Center-West state is off to a slow start. Sustained planting delays also delay the harvest, pushing back the availability of Brazilian supplies on the world market.

On average, just 3% of Mato Grosso's soybeans would be planted by last Friday, so it is early enough to rewrite the script. Weather forecasts may support that, as they

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$70.94 / bbl	1.59%	-0.99%
NYMEX RBOB Gasoline	$1.96 / gallon	1.20%	-6.72%
ICE Gas Oil	$676.50 / tonne	-0.26%	-9.89%
NYMEX Natural Gas	$2.92 / mmBtu	0.73%	16.03%
Spot Gold	$2,649.17 / ounce	-0.51%	28.44%
TRPC coal API 2 / Dec, 24	$124.25 / tonne	4.41%	28.09%
Carbon ECX EUA	€64.58 / tonne	1.52%	-19.65%
Dutch gas day-ahead (Pre. close)	€38.88 / Mwh	1.25%	22.07%
CBOT Corn	$4.48 / bushel	0.39%	-7.39%
CBOT Wheat	$6.21 / bushel	0.28%	-2.85%
Malaysia Palm Oil (3M)	RM4,045 / tonne	0.97%	8.71%
Index	**Close 01 Oct**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	340.52	0.51%	12.98%
Rogers International	27.86	2.60%	5.81%
U.S. Stocks - Dow	42,156.97	-0.41%	11.85%
U.S. Dollar Index	101.26	0.07%	-0.07%
U.S. Bond Index (DJ)	452.40	0.34%	5.03%

have been suggesting more frequent rains for the region toward mid-October.

One possible concern is that the forecast models continue pushing the larger rainfall totals for Mato Grosso further out in time, meaning observed rainfall might disappoint versus expectations.

Additionally, rainfall there is likely to remain notably short of normal levels by mid-month, though that might not be a problem if current outlooks come to fruition and late October rains are steady.

The south is helping Brazil's overall efforts. The No. 2 producing state of Parana has planted 22% of its soybeans, comfortably ahead of its average pace despite its own struggles with dryness this year.

Right now, the Brazilian weather story mostly pertains to planting, but the conversation will quickly turn to yield if

Top News - Metals

sufficient moisture is not restored this month.

LME to approve Hong Kong for warehousing by end-2024, sources say

The London Metal Exchange (LME) is set to approve the expansion of its global metals warehousing network into Hong Kong before the end of this year, three sources with knowledge of the matter said, opening the door to mainland China.

Registering warehouses in China, the world's largest consumer of industrial metals, to store metal traded on the LME has been a strategic aim since Hong Kong Exchanges and Clearing (HKEx) 0388.HK bought the LME in 2012 for $2.2 billion.

Expanding into Hong Kong would mean a significant boost to LME trading volumes.

In a presentation made to the LME's warehousing committee last December, seen by Reuters, the exchange said companies in the region had indicated interest in Hong Kong as a place to store industrial metals as an alternative to mainland China.

"An LME warehouse in Hong Kong could be seen as a showcase for in-depth cooperation between Mainland China and Hong Kong," the presentation said. "The LME is actively exploring listing Hong Kong as an LME warehouse location, as part of our commitment to ensure we provide maximum global connectivity for the metals community," the LME said in response to a request for comment.

"The process for listing a new location in a new jurisdiction may take some time, but we are making good progress ... and we hope to be able to provide an more detailed update by the end of the year."

Since announcing this potential development in LME Asia Week, the LME has received very positive feedback from HK logistics companies and other stakeholders. The LME has been working to identify sites that could rival those that have long benefited from proximity to China including Singapore, Malaysia and Taiwan - all are major storage locations of LME-deliverable metals.

One source with knowledge of the matter said the LME was working with Hong Kong authorities on metal warehousing space at the port, "as a temporary measure". "The aim is to eventually move inwards to the New Territories, easier for the trucks coming from China," the source said.

Three sources said the exchange had been looking at a number of sites further inland in Hong Kong's New Territory area.

Some zinc and copper producers in Southern China, close to the border and the mainland, have shown interest in storing metal in Hong Kong, a second source with knowledge said.

The second source said some locations in New Territories could be used for warehouses at a "reasonable cost", but some infrastructure including roads will have to be constructed.

A third source said the LME wants its registered warehouse companies to subcontract local firms.

Gold rally cripples physical demand in key markets

Physical demand for gold across key markets has tumbled as prices continue to rise, with some retail consumers opting to sell their holdings and book the profit, industry players and analysts said.

Spot gold rose to a record $2,685.42 per ounce on Sept. 26, and has gained around 29% so far this year - heading for the biggest annual gain in 14 years - fuelled by the start of U.S. Federal Reserve interest rate cuts and geopolitical tensions.

"Physical demand in general is super low everywhere now," said Robin Kolvenbach, head of Swiss-based refinery Argor-Heraeus SA. "There was a spike in demand in August when India cut its import duty, but since then it has gone completely dead again." India, the world's second-biggest bullion consumer after China, slashed import duties on gold in July to tackle smuggling but then saw local prices rising to all-time highs. GOL/AS

"Consumers are finding it difficult to cope with the price increase. Currently, we are suddenly witnessing a significant slowdown in demand," said Prithviraj Kothari, president of the India Bullion and Jewellers Association (IBJA).

In Europe, Germany remains the largest physical investment market for gold, but demand in the country as well as in Austria has been hit hard since 2020 as high interest rates prompted investors to switch to yield-bearing assets.

This year's gold price rally has hit the demand further.

"Demand with the traders and banks has dropped by about 50%, while imports of newly minted bars and coins has shrunk up to almost 80%. The difference is covered by secondary material coming from buybacks," said

Wolfgang Wrzesniok-Rossbach, founder of precious metals consultancy Fragold GmbH.
Analysts hope that another crucial category of demand, physically backed gold exchange-traded funds, will see more activity in coming months but for now their inflows are rather modest.
"While ETF demand in Europe and North America may be strong, demand for both physical and paper gold in China now appears to be weakening from elevated levels," said Hamad Hussain, analyst at Capital Economics.
Prices are also at a record in China, which did not import any gold from major transit hub Switzerland in August, for the first time in 3-1/2 years.
Meanwhile, online marketplaces in the Western world have seen mixed activity since the Fed's rate cut on Sept. 18 with some clients choosing to book profit, although buying is still high.
"We are seeing consumers actually buying at a higher ratio to selling than we had seen in previous weeks," Ken Lewis, chief executive at U.S. based online precious metals dealer APMEX, told Reuters.
For online retailer Gold Avenue, investors have turned to being net buyers, with a 66% increase in purchases since the Fed's September rate cut. "We also see a 13% increase in customers selling back their gold" since the date, Nicolas Cracco, its chief executive, said. For online marketplace BullionVault, net selling in September eased off ahead of the Fed's decision and towards the end of the month totalled one-third of a metric ton.
"The cure for high prices is supposed to be high prices. But gold keeps defying that logic, setting fresh record highs even though visible demand has either collapsed or gone negative across pretty much all segments," said Adrian Ash, head of research at BullionVault.

Top News - Carbon & Power

US sets preliminary new duties on solar imports from Southeast Asia

The U.S. Commerce Department on Tuesday announced anti-subsidy countervailing duties on solar cells imported by companies in Vietnam, Cambodia, Malaysia and Thailand that were lower than some expected for several major Chinese producers.
The announcement is the first of two preliminary decisions expected by the Commerce Department this year in a trade case brought by South Korea's Hanwha Qcells, Arizona-based First Solar and several smaller companies seeking to protect billions of dollars in investments in U.S. solar manufacturing.
The group, called the American Alliance for Solar Manufacturing Trade Committee, accused Chinese companies with factories in the four Southeast Asian countries of flooding the U.S. market with panels priced below their cost of production and of receiving unfair subsidies that make American products uncompetitive.
Others in the solar industry say those low-priced imports are critical for both clean-energy project developers competing with fossil fuels and for domestic solar factories that use overseas-made cells in panels assembled on U.S. soil.
According to a fact sheet posted on the Commerce Department's website, the agency calculated general subsidy rates of 9.13% for imports from Malaysia, 8.25% for imports from Cambodia, 23.06% for imports from Thailand and 2.85% for imports from Vietnam.
Overall, the rates were lower than expected, according to Roth Capital Partners solar industry analyst Philip Shen, who said in a client note that he had been expecting duties of around 15%.
Large manufacturers have their own separate duty rates, and several big China-based producers received far lower rates than Hanwha Qcells, a global producer that brought the trade case to protect its large investment in U.S. solar factories in Georgia.
The Commerce Department calculated a subsidy rate of 14.72% for Hanwha Qcells products produced in Malaysia, based in part on government loans and below-market land provisions to the company in that country.
In comparison, a large Chinese-owned rival operating in Malaysia, Jinko Solar 688223.SS, received a subsidy rate of 3.47%.
China's Trina Solar 688599.SS received a duty rate of just 0.14% for products it makes in Thailand. In Vietnam, Chinese companies Boviet Solar and JA Solar 002459.SZ received rates of 0.81% and 2.85%, respectively.
Hanwha Qcells would not comment on the department's finding. Representatives for Jinko, Trina, Boviet and JA Solar were not immediately available for comment. All four companies either have or are in the process of setting up U.S. factories. Some of the duties for companies in Vietnam and Thailand will apply retroactively for 90 days because the Commerce Department found some companies increased shipments to the United States to get ahead of potential duties. The retroactive duties do not apply to shipments by Trina, Boviet or JA Solar, according to an agency document.
An attorney for the American Alliance for Solar Manufacturing Trade Committee, which includes Hanwha Qcells, said the department's findings were in line with expectations and that the final decision could yield different duties.
"Some of the margins definitely do not yet reflect the full extent of government subsidies that are occurring in the industry," Tim Brightbill, an attorney with Wiley Rein in Washington, said on a call with reporters.
A final order will be issued next April. The Solar Energy Industries Association, a large U.S. trade group, said tariffs will not solve the industry's challenging market conditions.

Hydrogen project investments are accelerating but uncertainty remains, IEA says

Final investment decisions for hydrogen projects have doubled over the last 12 months, dominated by China, but installed capacity and demand are low as the industry faces uncertainty, the International Energy Agency (IEA) said in a report. The investment decisions represent a five-fold increase of current low-emission hydrogen production by 2030, with China covering more than 40% over the last 12 months, which would eclipse solar expansion at its fastest rates, the group said.

Demand targets, however, are only just over a quarter of the production projects, and progress made so far in the hydrogen sector is not sufficient to meet climate goals, the IEA added.

Most projects are also at early stages, the IEA said, and the project pipeline is at risk due to unclear demand signals, financing hurdles, incentive delays, regulatory uncertainties, licensing and permitting issues and operational challenges.

"Policymakers and developers must look carefully at the tools for supporting demand creation while also reducing costs and ensuring clear regulations are in place that will support further investment in the sector," said IEA Executive Director Fatih Birol.

Global hydrogen demand could grow by around 3 million tonnes (Mt) in 2024, concentrated in the refining and chemical sector, but that should be seen as a result of wider economic trends rather than the result of successful policies, the IEA said. Demand is currently largely covered by hydrogen produced by unabated fossil fuels, with low emissions hydrogen still only playing only a marginal role, it added.

Technology and production cost pressures remain a large factor, with electrolysers in particular slipping due to higher prices and tight supply chains, while cost reduction relies on technological development and achieving economies of scale.

Top News - Dry Freight

White House sides with union as dockworker strike enters second day

President Joe Biden’s administration heaped pressure on U.S. port employers to raise their offer to secure a labor deal with dockworkers on strike for a second day, choking half the country’s ocean shipping.

The strike by the International Longshoremen's Association (ILA) union has blocked everything from food to automobile shipments across dozens of ports from Maine to Texas in a disruption analysts warn will cost the economy billions of dollars a day.

More than 38 container vessels were already backed up at U.S. ports by Tuesday, compared with just three on Sunday before the strike, according to Everstream Analytics. "Foreign ocean carriers have made record profits since the pandemic, when Longshoremen put themselves at risk to keep ports open. It’s time those ocean carriers offered a strong and fair contract that reflects ILA workers’ contribution to our economy and to their record profits," Biden said in a post on X late on Tuesday.

He directed his team to monitor for potential price gouging activity that benefits foreign ocean carriers, the White House said. The ILA, which represents 45,000 port workers, launched its strike just after midnight on Tuesday after negotiations with the United States Maritime Alliance (USMX) for a new six-year contract collapsed.

USMX had offered the union a 50% wage hike, but the ILA's fiery leader, Harold Daggett said the union is pushing for more, including a $5 per hour raise for each year of the new six-year contract and an end to port automation projects that threaten union jobs.

"We are prepared to fight as long as necessary, to stay out on strike for whatever period of time it takes, to get the wages and protections against automation our ILA members deserve," Daggett said on Tuesday.

Hundreds of dockworkers demonstrated at a New York City area shipping terminal in Elizabeth, New Jersey, on Tuesday carrying signs and shouting slogans like "ILA all the way!" as music blared and vendors hawked food.

Trump on Tuesday blamed the strike on inflation, which he said was caused by the Biden-Harris administration.

"Everybody understands the dockworkers because they were decimated by this inflation, just like everybody else in our country and beyond," Fox News Digital quoted Trump as saying in an interview.

"DEVASTATING CONSEQUENCES"

The strike, the ILA's first major stoppage since 1977, is worrying businesses that rely on ocean shipping to export their wares or secure crucial imports. It affects 36 ports - including New York, Baltimore and Houston - that handle a range of containerized goods from bananas to clothing to cars.

The walkout could cost the American economy roughly $5 billion a day, JP Morgan analysts estimate.

The National Retail Federation called on Biden's administration to use its federal authority to halt the strike, saying the walkout could have "devastating consequences" for the economy.

Republicans, including Virginia Governor Glenn Youngkin, also called on Biden to end the strike, warning of its impact on the economy.

Biden has repeatedly said he will not do so. The U.S. Department of Agriculture said on Tuesday it does not expect significant changes to food prices or availability in the near term.

And retailers accounting for about half of all container shipping volume said they have been busily implementing

backup plans to minimize the impact of the strike as they head into the winter holiday sales season.

Morocco to import more wheat from Russia than France in 2024/25, grain traders chief

Russia is expected to be Morocco's top soft wheat supplier this 2024/25 season, surpassing France, the head of the Moroccan grain traders' association (FNCL) Omar Yacoubi said on Tuesday.

Morocco needs to import 5 million metric tons of soft wheat, after a meagre domestic harvest due to drought, he told Reuters.

France, which reported a decline in its soft wheat harvest, "lacks needed quantities to supply our market," Yacoubi said, on the sidelines of a conference held by French grain exporter Intercereales.

Since August, Black Sea origin wheat has been the most competitive in the market, he said.

In view of the expected drop in French wheat exports, "we are obliged to look to other exporting countries such as Russia, Romania, Bulgaria, Ukraine, the Baltic states, Poland and Germany," he said.

French soft wheat sales to Morocco are expected to drop to 1.5 million tons this season, from 2.8 million tons, Jean Francois Lapie of the French grain exporters union told the conference.

Low quantities available for export in France leave Russia as "the market maker", Yacoubi said.

Moroccan traders also expect to import from Argentina and Brazil, Yacoubi said.

From June to August, Morocco imported some 1.5 million tons, with France in top spot followed by Russia, Poland, Germany and Ukraine, the head of the Moroccan federation of industrial millers Abdelkader Alaoui said.

"Price stability up to September encouraged increased imports," he said. "We look to keep importing until March," he said, saying stockpiles of the basic staple covered a little more than 3 months.

Picture of the Day

A vendor sorts onions at a traditional market, in Jakarta, Indonesia October 1. REUTERS/Willy Kurniawan

(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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