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Top News - Oil

OPEC oil output rises for second month on Nigeria, Iran - Reuters survey

OPEC oil output rose for a second straight month in September, a Reuters survey found on Monday, led by increases in Nigeria and Iran despite ongoing cuts by Saudi Arabia and other members of the wider OPEC+ alliance to support the market.

Last month, the Organization of the Petroleum Exporting Countries pumped 27.73 million barrels per day (bpd), the survey found, up 120,000 bpd from August. Production in August had risen for the first time since February.

The rise in September was led by Nigeria, which has been battling with crude theft and insecurity in its oil-producing region. Iran, which has been boosting supply despite U.S. sanctions, also pumped more, with output hitting the highest level since 2018.

Nigeria managed a sizeable boost in exports in September without any major disruption to shipments, according to shipping data and sources in the survey, increasing output by 110,000 bpd. The country is targeting a further recovery by next year.

The second-largest increase came from Iran, the survey found, which pushed output to 3.15 million bpd. This is the highest since 2018, the year Washington re-imposed sanctions on Iran, according to Reuters surveys and separate figures from OPEC.

Analysts have said the higher Iranian exports appear to be the result of Iran's success in evading U.S. sanctions and Washington's discretion in enforcing them as the two countries seek better relations.

Output from the 10 OPEC members that are subject to OPEC+ supply cut agreements rose by 80,000 bpd, the survey found. Saudi Arabia and other Gulf members maintained strong compliance with agreed cutbacks and extra voluntary reductions.

Top exporter Saudi Arabia kept August and September output close to 9 million bpd, the survey found, as the country extended a voluntary 1 million bpd output cut to provide extra support for the market.

Iraq and the United Arab Emirates increased output slightly, while Angolan supply showed the largest decline in the group of 50,000 bpd due to a drop in exports.

OPEC's output is still undershooting the targeted amount by about 700,000 bpd, mainly because Nigeria and Angola lack the capacity to pump as much as their agreed level.

The Reuters survey aims to track supply to the market. It is based on shipping data provided by external sources, Refinitiv Eikon flows data, information from companies

that track flows such as Petro-Logistics and Kpler, and information provided by sources at oil companies, OPEC and consultants.

Venezuela's September oil exports hit second highest this year

Venezuela's oil exports in September topped 800,000 barrels per day (bpd), the second highest monthly average this year, as state-run oil firm PDVSA and its joint ventures recovered output, particularly in the Orinoco Belt.

Venezuela has been increasing overall crude production and exports this year, but with volatile swings from month to month amid recurring power outages, maintenance problems and a lack of investment to expand output.

In September, PDVSA and its partners shipped an average 812,000 bpd of crude and fuel mainly to China, directly and through trans-shipments hubs. Chevron's exports of Venezuelan oil to the U.S. last month slipped to some 145,000 bpd, from 147,000 bpd in August, according to PDVSA's documents and LSEG tanker tracking data.

Chevron last November obtained a U.S. license to expand its four joint venture operations, which has allowed it to consistently increase output this year. The U.S. producer next year hopes to expand its ventures' combined output to 200,000 bpd through a fresh drilling campaign.

September's export gains mainly were fueled by higher production and processing of extra heavy crude in the country's main oil region, the Orinoco Belt, where outages had interrupted crude blending in August, the documents showed. However, the higher exports reduced PDVSA inventories of its flagship export crude grade - Merey 16 - at the end of the month, according to one of the documents, which could limit exports in coming months. The OPEC country reported crude output of 820,000 bpd in August, above the 810,000 bpd it produced in July, for an accumulated average of some 785,000 bpd so far this year.

Venezuela increased exports to its top political ally, Cuba, to some 86,000 bpd of crude, fuel oil, gas oil and gasoline, from 65,000 bpd in August. Cuba has suffered from fuel shortages and last week announced the possibility of blackouts amid low fuel inventories to run its power plants. The South American nation also discharged imports of Iranian crude and U.S. heavy naphtha between late August and September, key for refining and crude blending operations at the Orinoco.

Top News - Agriculture

Farmers plant more cocoa outside Africa as prices rally

Schmidt Agricola is a large agricultural company producing soybeans, corn and cotton in Bahia, Brazil, one of the country's new-frontier agricultural areas fit for large-scale, high-tech farming. It recently added a new crop to its fields: cocoa.

Production of the chocolate-making ingredient is expanding outside of the main growing area in West Africa as farmers in places such as Brazil, Ecuador and Colombia see potential profit in the crop.

The rally in prices to the highest level in nearly 50 years is boosting that trend, which could alleviate the current supply tightness in the global cocoa market. It also poses a threat to the livelihood of small farmers in Africa since recently planted orchards such as the ones in South America are more productive, reducing the overall cost of production.

As environmental concerns rise globally, the fact that cocoa is a native species from the Amazon region makes planting it in South America a type of reforestation, while in Africa native forests are being razed to open space for cocoa orchards.

Brazil - an agricultural powerhouse and the top global exporter of soy, corn, coffee and sugar - has seen cocoa

plantations spreading over degraded pastureland in the Amazon region, as well as in large farms in the highly developed grain belt.

The country was once the second only to Ivory Coast in cocoa production, but a devastating fungus in the 1980's known as Witches' Broom sharply reduced production. Nearly four decades later, crops are recovering.

Brazil's government projects output could grow to 300,000 metric tons by 2025 and to 400,000 tons by 2030, from around 200,000 tons currently, which would turn the country from a net importer to a regular exporter of the commodity.

In Ecuador, annual production has risen to between 400,000 and 430,000 tons in 2022-2023 (Oct-Sept) from 287,000 tons five years ago, according to estimates by the International Cocoa Organization (ICCO) and Ecuador's exporting group Anecacao.

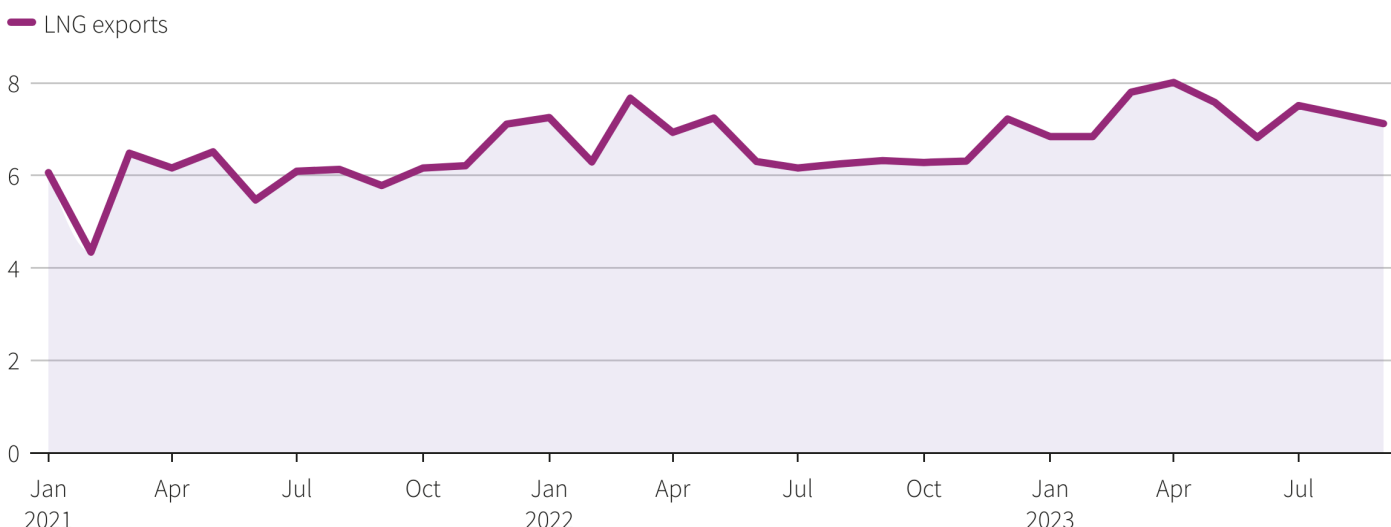
Ecuador has become the third largest global grower, behind Ghana which produces around 750,000 tons. The top grower is Ivory Coast with 2.2 million tons.

Anecacao, which last July received record attendance of around 70 buyers from Asia, the United States and Europe for a trade and expo conference in Guayaquil, estimates production could continue to grow to as much as 800,000 tons by 2030.

Chart of the Day

US LNG exports fell in September on plant outages

US exports of liquefied natural gas declined for second consecutive month to 7.12 million tonnes in September, below the 7.32 million tonnes shipped in August, as scattered outages at four production plants led to lower shipments.



Note: Figures in million tonnes

Source: Refinitiv Eikon

LARGE-SCALE FARMING

Some of the new plantings in South America look huge when compared to the small holdings in Africa. Most producers in Ivory Coast and Ghana have around 5 hectares. Schmidt Agricola has planted 429 hectares with cocoa, fully irrigated.

"I believe that the new profile of cocoa production will be large-scale," said Moises Schmidt, one of the owners. "You will need technology, you need to seek higher yields to be more profitable. Grains and fiber (cotton) will continue to be the main crops for us, but we see cocoa gaining more area in the next five years."

High-tech, irrigated areas such as Schmidt's have produced as much as 3,000 kg of dry cocoa beans per hectare (ha), while the new areas in Brazil's Amazonian state of Para produce around 2,000 kg/ha.

That is much higher than the Ivory Coast's average yield of 500 to 600 kg/ha, which is similar to Ecuador. Ghana's is smaller at around 400 kg/ha.

Jeroen Douglas, director of the Netherlands-based non-profit Solidaridad, which targets more sustainable supply chains, sees Brazil's role in the market growing, in the same way it has with other agricultural commodities such as soy and corn.

"On Brazil, once the mindset is: 'yes, we want to get into this commodity', there's no way of stopping them. That mindset is not there yet, but I think we are getting to a tipping point," Douglas said.

BACK TO FARMING

Brazil's Amazonian state of Para is undergoing a revival in cocoa growing.

"There are people coming back to the farms, people that left in the past to try jobs in towns," said producer Jose Garcia, who farms cocoa on 70 hectares (172 acres) that used to be pasture in the municipality of Medicilandia, Para state.

Those new orchards in the Amazon region would have an advantage in the European market since new EU legislation restricts commodity imports from areas that have been deforested for planting crops.

"If you plant cocoa trees there (Amazon region), it is considered reforestation," said Douglas.

He said that a reforestation project with cocoa, along with other trees, is part of strategies underway to strengthen

the Amazon canopy.

Organizations such as UN's International Fund for Agricultural Development (IFAD), on the other side, seek to preserve the market share of small farmers, including African cocoa producers.

IFAD's head Alvaro Lario said it was important for smallholders to improve productivity, distribution and marketing. The agency organizes training on agricultural techniques to increase production per hectare.

A broker at an international commodities trader, who asked not to be named due to the sensitivity of the topic, believes that chocolate companies are willing to source more cocoa away from Africa due to sustainability issues related not only to deforestation, but also to child labor. "They (companies) are tired of trying to defend their business there, and certainly considering moving some of that business elsewhere", the trader said.

Honduran coffee exports seen falling on bad weather, costly inputs

Honduran coffee exports for the new season will likely total some 4.98 million 60-kg (132-lb) bags, down 6.6% from the previous crop, national coffee institute IHCAFE said on Monday, citing adverse weather and limits on fertilizer supplies due to higher costs.

Honduras is Central America's top coffee grower and the fifth-biggest exporter globally. The region's harvesting season runs from October to the following September. Honduran coffee exporters shipped 5.34 million bags in the just-concluded 2022/2023 harvest, according to preliminary IHCAFE data, below the 5.5 million bags previously estimated.

But the 2023/2024 crop will most likely suffer from higher costs for key inputs, according to a senior IHCAFE official.

"In many areas, there's been no capacity to fertilize (coffee plantations) because of the high costs in international markets," said Pedro Mendoza, president of IHCAFE's board of directors.

More than 100,000 Honduran families are involved in the coffee business, which contributes about 5% of the country's economic output, according to the U.S. Department of Agriculture's Foreign Agricultural Service (FAS).

"The forecast for the (2023/2024) harvest is not very favorable," Mendoza added.

Top News - Metals

U.S. optimistic it will reach critical minerals deal with EU

The United States is optimistic it will conclude an agreement with the European Union to allow critical minerals mined or processed in Europe to qualify for U.S. clean vehicle tax breaks, a senior U.S. official said on Monday. The transatlantic partners are negotiating whether and how EU critical minerals, such as lithium and nickel, can qualify for green subsidies under the U.S. Inflation Reduc-

tion Act, which promotes products manufactured in North America.

Jose Fernandez, under secretary for economic growth, energy and the environment at the State Department, told a briefing in Brussels that both sides were in intense negotiations. "I'm hopeful, optimistic. Negotiations are good. We realise that we need to work together and I am confident that we will have an agreement," he said.

He added there was no plan to tie an agreement on criti-

cal minerals to the result of separate transatlantic negotiations to resolve a bilateral dispute over U.S. import tariffs on EU steel.

The United States signed a minerals deal with Japan in March. Now, both the EU and Britain are looking for the same. Fernandez also said he was meeting EU officials to discuss an agenda for the next joint Trade and Technology Council, which the United States will host before the end of the year. He said both sides aimed to work on establishing safeguards for artificial intelligence, which they agree should support democratic values, human rights and individual freedoms.

"I think there's a desire to get beyond those kinds of general statements and to have more concrete," he said, adding there was no specific timetable to reach an agreement, but a sense this need to occur sooner rather than later.

Codelco strikes early deal with Radomiro Tomic mine supervisors' union

Chilean state-owned mining group Codelco said on Monday it had reached an early collective agreement with the

supervisors' union at its Radomiro Tomic mine, which accounts for more than a fifth of its copper output. The company said in a statement that the deal, which starts in December and spans 36 months, includes goal-based and productivity incentives as well as "quality of life" benefits for supervisors, but did not provide specifics.

Nearly 90% of union members voted to approve the agreement, it said.

"The early closing of this negotiation, which is valid until 2026, will allow this work center - which has just celebrated 28 years of existence - to continue being a great contribution to all Chileans," the world's biggest copper producer said.

It also noted challenges facing the mine, including the construction of a desalination plant that will supply divisions in Codelco's northern district. The firm did not specify the financial details of the contract.

According to Chile's Copper Commission (Cochilco) Radomiro Tomic was Codelco's second largest producing mine in 2022, accounting for 301,100 of the 1.446 million metric tons of copper the company produced that year.

MARKET MONITOR as of 06:16 GMT			
Contract	Last	Change	YTD
NYMEX Light Crude	\$88.07 / bbl	-0.84%	9.73%
NYMEX RBOB Gasoline	\$2.34 / gallon	-0.68%	-5.74%
ICE Gas Oil	\$971.75 / tonne	0.21%	5.51%
NYMEX Natural Gas	\$2.85 / mmBtu	0.25%	-36.38%
Spot Gold	\$1,822.79 / ounce	-0.25%	-0.09%
TRPC coal API 2 / Dec, 23	\$130 / tonne	-1.05%	-29.63%
Carbon ECX EUA / Dec, 23	€80.67 / tonne	-0.16%	-3.93%
Dutch gas day-ahead (Pre. close)	€32.70 / Mwh	-12.57%	-56.73%
CBOT Corn	\$5.01 / bushel	-0.60%	-26.14%
CBOT Wheat	\$5.96 / bushel	-0.08%	-25.38%
Malaysia Palm Oil (3M)	RM3,735 / tonne	0.84%	-10.52%
Index (Total Return)	Close 02 Oct	Change	YTD Change
Thomson Reuters/Jefferies CRB	318.54	-0.68%	5.71%
Rogers International	29.16	-0.85%	1.73%
U.S. Stocks - Dow	33,433.35	-0.22%	0.86%
U.S. Dollar Index	106.9	0.64%	3.27%
U.S. Bond Index (DJ)	390.40	-0.98%	0.46%

Top News - Carbon & Power

US LNG exports slump in September as plant outages pare output

U.S. exports of liquefied natural gas (LNG) fell modestly in September from August as scattered outages at four gas-processing plants led to lower shipments, LSEG vessel tracking data showed.

A total of 7.12 million metric tons of the superchilled gas left U.S. ports last month, down from the 7.32 million metric tons exported in August, LSEG data showed.

In September, more than half of U.S. LNG exports went to Europe, which received 52% of cargoes, the same share as in August. Asia received 30%, similar to August, the data showed. Europe has been taking more U.S. gas since Russia's invasion of Ukraine cut pipeline supplies and countries shunned its energy exports.

In September exports increased slightly to Latin America, which took 8% of exports, up from 7% in August, buoyed by higher purchases by Colombia, the preliminary data showed.

In the first six months of this year, the U.S. regained its crown as the world's largest LNG exporter, according to recent data from the U.S. Energy Information Administration, surpassing exporters' Australia and Qatar.

Fewer vessel owners in September opted to use the Panama Canal to reach customers in Asia, instead taking longer routes around South Africa or passing through the Suez Canal, the data showed.

Exports dropped as maintenance outages at Freeport LNG, Cheniere Energy's Sabine Pass and Corpus Christi plants, and Berkshire Hathaway Energy's Cove Point export facility cut sales to customers.

Freeport LNG, the second largest U.S. exporter of LNG, last month was offline for almost a week, Cheniere's Corpus Christi operated at reduced capacity for four days, and the largest U.S. LNG facility, Sabine Pass, operated at reduced capacity for one day. Ongoing maintenance at Berkshire Hathaway Energy's Cove Point in Maryland also led to a cut in LNG exports in September, the data showed.

However, gas flows to the seven largest U.S. LNG export plants rose to an average of 12.6 billion cubic feet per day (bcfd) in September, up from 12.3 bcf in August. That compares with a monthly record of 14 bcf in April.

U.S. spot prices were tame in September, with the Henry Hub benchmark averaging \$2.64 per million British thermal units (mmBtu), according to LSEG, compared to \$2.58 per mmBtu in August.

Asian prices appeared to be picking up due to tightening supply into Europe and increased demand in Asia, consulting firm Rystad Energy said in its September market update.

China has steadily increased its LNG and coal imports throughout the year, supported by positive industrial production numbers in August which could challenge previously bearish economic outlooks, Rystad noted.

Lawmakers delay decision on new EU climate policy chief

The European Parliament's environment committee on Monday delayed a decision on whether to accept former Dutch foreign minister Wopke Hoekstra as the EU's next climate change policy chief, after he sought their backing in a three-hour hearing.

The decision on Hoekstra, a centre-right conservative, is now due on Tuesday afternoon following a hearing of Maros Sefcovic, a social-democrat who is the nominee to take on the job of coordinating the EU's overall green policies.

"The committee coordinators just decided to suspend their final decision," committee chair Pascal Canfin said in a post on X, formerly known as Twitter.

Some EU officials said making the two decisions at the same time was a way for the opposing political groups to make sure their rival's candidate only gets approved if their own candidate does. Each needs support from two-thirds of the committee to pass.

Some lawmakers suggested they would scrutinise Hoekstra further before giving him the green light to lead CO2 emissions-cutting measures in the 27-country EU.

"We want to have more information from him," Green lawmaker Michael Bloss told reporters, adding that while he had been "positively surprised" by some of Hoekstra's plans, the details of how he would make them happen were "vague".

Hoekstra outlined his plans for the job on Monday - pledging to stand firmly by the EU's climate targets amid political pushback, and to try to ensure the bloc sets a fresh target to slash its net greenhouse gas emissions by at least 90% by 2040.

"I will use all instruments available to aim to enable the EU to reach the minimum recommended target of 90% net reductions," Hoekstra told lawmakers, adding that he would present an analysis in early 2024 of what the EU's 2040 goal should be.

The EU's official advisers have said it should commit to slash its greenhouse gas emissions by 90-95% by 2040 - although some industries have called for a weaker target. Climate action is facing political pushback in Europe as tensions mount with China and the U.S. over the race to manufacture green tech, and as countries adapt to record-breaking floods, drought and deadly heat as a result of human-caused global warming.

Hoekstra pledged to push at the UN's COP28 climate summit in November for a global phase-out of CO2-emitting fossil fuels, and said he would seek new sources of climate funding for vulnerable countries - potentially by skimming off revenues from the EU's carbon market.

He pledged tougher action to phase out the 52 billion euros (\$54.6 billion) that EU countries spend subsidising fossil fuels each year - including by culling such subsidies from the EU's next budget.

Top News - Dry Freight

Freight rates for grain exports via new Black Sea route fall sharply, Ukraine says

A new corridor allowing cargo vessels to carry Ukrainian grain and iron ore from Black Sea ports has significantly lowered freight rates and they are likely to fall further, Ukraine's farm minister said on Monday.

Kyiv launched what it calls a temporary humanitarian corridor in August to allow agricultural exports as an alternative arrangement after Russia blocked the U.N.-backed Black Sea grain deal that had been in place for a year.

Three more cargo ships left Ukrainian seaports on Sunday, while five new vessels came in for loading.

"New vessels are coming. Every farmer in the near future will be able to feel that logistics due to this route should become cheaper and, accordingly, the (profit margin) of grain will increase," Mykola Solsky told national television. Several cargo vessels used the new route in September, delivering grain and iron ore to the global market. "The first (ships) left. It was expensive. The next ones are cheaper. I think freight has become 30-40% cheaper in the last 2-3 weeks. It is still expensive, but it is much cheaper than it was," Solsky said.

He did not give exact figures.

Ukraine is expected to harvest 79 million tons of grain and oilseed in 2023, with an exportable surplus of about 50 million tons in 2023/24.

After it invaded Ukraine last year, Russia closed off the Black Sea ports from one of the world's biggest suppliers of grain, in what Kyiv and its Western backers called an attempt to use global food supplies as blackmail.

Moscow said the ports could bring in weapons.

From July 2022, the ports were reopened under a deal brokered by the United Nations and Turkey that allowed Russia to inspect ships for arms but Russia blocked the deal in July this year.

Insurance broker Miller said last month that a new marine

insurance facility for Ukrainian grain exports using the country's new sea corridor had been set up.

Argentina extends soy export incentives to shore up foreign reserves

Argentina's government said on Monday it will extend a program to boost grain exports to shore up the country's meager foreign reserves, as it looks to meet International Monetary Fund targets amid an economic crisis.

A decree published in the official gazette noted that it was extending the Export Increase Program (PIE), launched on Sept. 4, to Oct. 25 to help "strengthen the reserves of Argentina's central bank."

Under the program, Argentine agro-export firms can swap 25% of the foreign currency they make on alternative exchange markets that offer better rates than the official rate, which in August was frozen at 350 pesos per dollar. The remaining 75% must be exchanged at the official rate.

The Buenos Aires grains exchange said on Monday that the PIE boosted last month's soy sales in Argentina by 5.1 million metric tons.

The 2022/23 harvest produced an estimated 25 million tons, the government said, down from 44 million a year earlier due to the worst drought in 60 years.

The government hopes the better rates will continue to raise domestic prices for soybeans and add more commercial transactions, shoring up foreign reserves with income from more agricultural exports.

Argentina, one of the world's top exporters of soybean oil and meal, has also allowed its oil sector to access more favorable exchange rates.

The South American country is battling triple-digit inflation and a looming recession, striving to salvage a \$44 billion loan deal as Argentines prepare to head to the polls this month to elect their next president.

Picture of the Day



Farmers thrash rice paddies in a field in Tral town in south Kashmir's Pulwama district, India October 1. REUTERS/Altaf Hussain

(Inside Commodities is compiled by Anjana J Nair in Bengaluru)

For questions or comments about this report, contact: commodity.briefs@thomsonreuters.com

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