Top News - Oil

Libyan oilfields open now that central bank dispute resolved

Libya's eastern-based government and Tripoli-based National Oil Corp (NOC) announced on Thursday the reopening of all oilfields and export terminals after a dispute over leadership of the central bank was resolved.

This could pave the way for the OPEC producer to raise oil output significantly. NOC said in a statement it had lifted force majeure at all oilfields and terminals as of Oct. 3. "We have recently received a formal security assessment concerning Sharara, El Feel and Essider, which confirms that NOC can resume the Operations and Exporting Operations to its customers," it said in the statement.

It added that chief Farhat Bengdara met the new central bank governor, Naji Issa, and they discussed a mechanism for the bank to finance projects to raise production to maintain financial sustainability and "compensate for the deficit in revenues resulting from closures and the decline in oil prices".

Libya's oil output has been disrupted repeatedly in the chaotic decade since 2014 when the country divided between two rival authorities in the east and west following the NATO-backed uprising that toppled Muammar Gaddafi in 2011.

Libya was producing about 1.2 million barrels of crude per day before output at the Sharara, El Feel and Essider oilfields was halted in late August and early September. It was exporting most of it. In September, exports averaged 460,000 bpd according to oil analytics firm Kpler.

TECHNICAL PROBLEMS AT ELFEEL

NOC declared force majeure on Aug. 7 at Sharara oilfield - one of Libya's largest production areas with a capacity of about 300,000 barrels per day - and on Elfeel oilfield on Sept.2.

Sharara is located in southwestern Libya and operated by a joint venture of NOC with Spain's Repsol, France's TotalEnergies, Austria's OMV, and Norway's Equinor. Elfeel has a capacity of 70,000 barrels per day and is operated by Mellitah Oil and Gas, a joint venture between NOC and Italy's Eni. Two engineers at the field told Reuters the oilfield resumed production but not with full capacity due to maintenance work. Earlier, three engineers said there were some "technical problems" at Elfeel. The government in Benghazi in the east said oil production and exports would resume normal operations, after the rival authorities agreed last month to appoint Issa as new central bank governor.

Authorities in the second-largest city had closed oilfields and halted most of crude exports on Aug. 26 in protest against a move by the Presidential Council, which sits in Tripoli in the west, to replace veteran central bank chief Sadiq al-Kabir.

The head of the Presidential Council, Mohamed al-Menfi, met with Issa on Wednesday and stressed "the need for the central bank governor to commit to the technical role of the bank, stay away from politics, and not surpass the legal jurisdictions of the board of directors." The United Nations Support Mission in Libya UNSMIL welcomed in a statement NOC announcing the lifting of force majeure on oil production. The mission emphasized that "it is essential that revenues from this vital resource be channeled through the appropriate institutional framework, and ultimately to the Central Bank of Libya."

COLUMN- OPEC+ still has an Asia dilemma as crude imports remain soft: Russell

The OPEC+ group of crude oil exporters is still planning on lifting output from December, but it will be doing so against a backdrop of weak demand in the top-importing region of Asia.

Asia's imports of crude were 27.05 million barrels per day (bpd) in September, up marginally from August's 26.47 million bpd, according to data compiled by LSEG Oil Research. The largely steady outcome for September arrivals was the result of region heavyweights China and India cancelling each other out.

China, the world's biggest oil importer, saw arrivals of 11.43 million bpd in September, down from August's 11.61 million bpd, while India's imports were 4.94 million bpd, up from 4.71 million.

However, the more important numbers for the oil market are the year to date figures, which show Asia's imports were 26.7 million bpd in the first nine months of the year, down 200,000 bpd from the 26.9 million bpd for the same period in 2023. Asia accounts for about two-thirds of global seaborne crude imports, and it's this market that tends to drive the price benchmarks such as Brent futures.

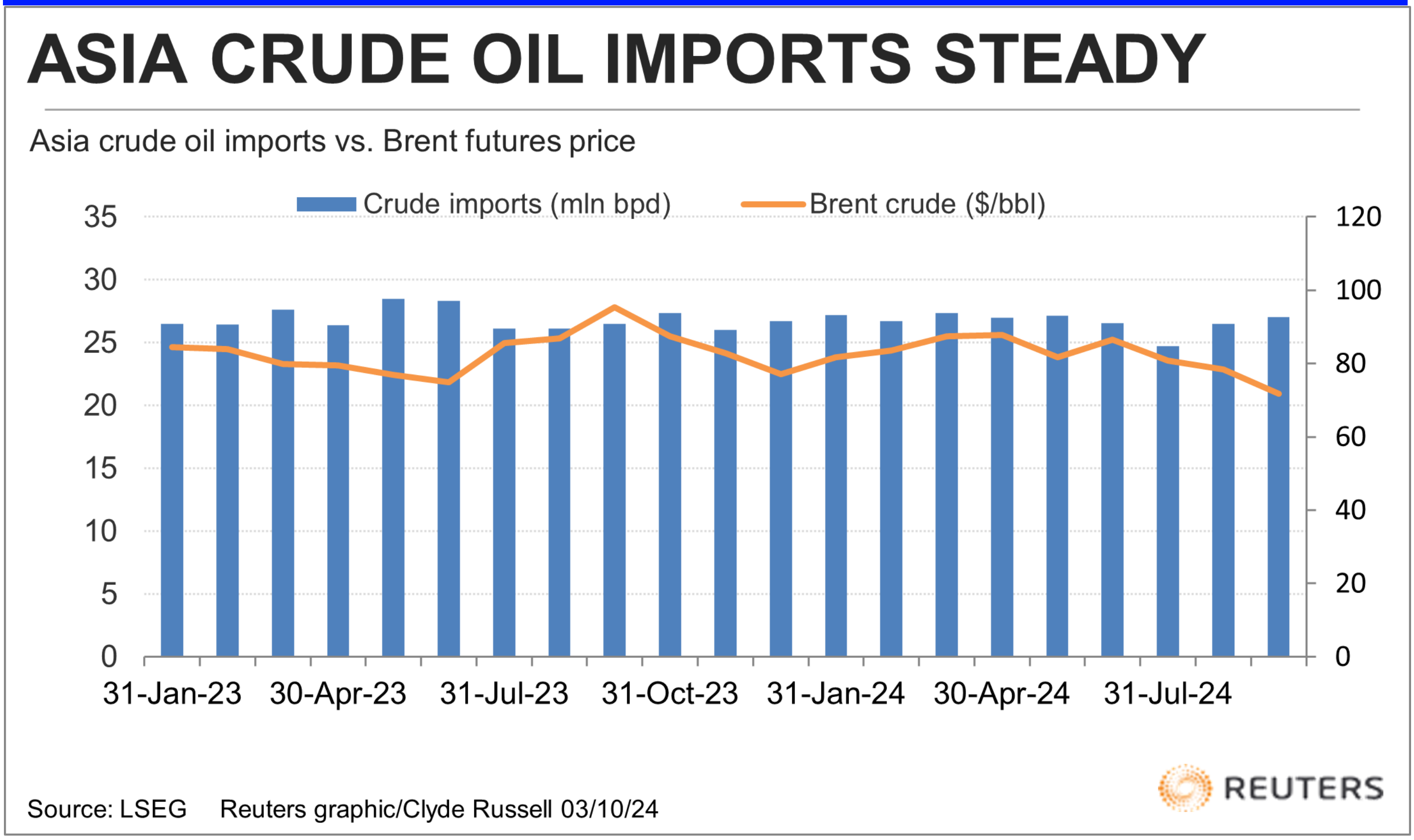
Asia's lower oil imports for the first three quarters of 2024 undermine the forecasts for global demand growth made by the Organization of the Petroleum Exporting Countries. OPEC's September monthly report forecast that global demand growth in 2024 will be 2.03 million bpd, a slight 80,000 bpd reduction from its previous forecast.

But much of the forecast relies on Asia, with OPEC

expecting China's demand to rise 650,000 bpd, India by 270,000 bpd and the rest of Asia by 350,000 bpd.
The volumes tracked by LSEG show that import growth in Asia is nowhere close to meeting the OPEC forecast.
Of course, crude imports are only one aspect of total demand growth, albeit the most important. Others include domestic oil production, inventory movements and net imports of refined products.
But even if these factors are positive for overall demand growth in Asia, they are very unlikely to be enough to offset the visible weakness in the region's crude imports.

PRICE BOOST FOR DEMAND?
There is some hope that Asia's crude imports may increase toward the end of the year, as volumes tend to respond to lower prices, once adjusting for a lag of up to two months to account for when cargoes are arranged and physically delivered. Global benchmark Brent futures trended weaker since mid-July, falling from a high in that month of $87.95 a barrel on July 5 to a low of $68.68 on Sept. 10. That 22% decline may well be enough to spark renewed buying interest, especially by Chinese refiners, who have a track record of boosting imports when prices weaken, but cutting back when they rise. It's also possible that imports will rise in other top buyers such as Japan and South Korea as refiners ramp up output ahead of peak winter demand.
But even with a recovery in the fourth quarter, it's still likely that Asia's import growth in 2024 will fall short of expectations. This means that OPEC+, which brings together OPEC and allies including Russia, will be increasing production at a time when demand growth is still uncertain. The group held an online joint ministerial monitoring committee meeting on Wednesday, meeting market expectations for no change in policy. This puts OPEC+ on track to ease its output cuts by 180,000 bpd from December, the group having postponed its earlier plan to raise production from October onwards. Of course, OPEC+ retains the option to delay any increase to production further, but doing so risks ceding even more market share to producers outside the group, such as those in both North and South America.
In addition to uncertainty over what OPEC+ will ultimately decide, the crude market is grappling with the risks of a wider conflict in the Middle East, including the possibility that Israel may target Iran's oil infrastructure in retaliation for Tehran's missile barrage this week.
The tensions have resulted in a premium being once again priced into crude, with Brent rising to a one-month of $76.14 during Wednesday's trade. This premium is likely to persist until there is some de-escalation in the Middle East, and if that does occur, then it's likely the market will once again focus on the broader demand concerns.
(The opinions expressed here are those of the author, a columnist for Reuters).

Chart of the Day



Top News - Agriculture

EXCLUSIVE-Egypt planning for major wheat import savings, sources say

Egypt has developed plans to slash wheat imports and spend less on subsidised bread by adding corn or sorghum as ingredients, five industry sources briefed on the plans told Reuters.

The proposals could save the government millions of dollars but face opposition from bakers and millers who could lose out financially and argue that bread quality would suffer. Egypt has been grappling with rising debt, foreign currency shortages and persistent inflation. The government says that its bread subsidy programme, which it aims eventually to phase out, is a major strain on the budget. Under the supply ministry's latest plan, which was presented to bakers and millers at the end of September, corn flour would be mixed with wheat flour at a 1:4 ratio, starting April 2025, saving about one million metric tons of wheat, two sources in the baking industry said. The government scrapped an earlier plan to increase the rate at which flour used in subsidised bread is extracted from wheat, after resistance from industry lobbies, three of the industry sources said.

Egypt has floated wheat substitution schemes in the past as it strove for greater self-sufficiency.

Corn was used for several years two decades ago before campaigning by industry groups pushed the government to abandon it. Introducing corn flour as an ingredient could allow for significant hard currency savings if locally grown corn was used, though not if the corn was imported, according to two of the sources.

Russian Wheat, which Egypt heavily relies on, costs about $220 per ton at current market prices, while corn is priced around $200 per ton, according to LSEG data. "At best, the government could save around $35-41 per ton," said Hesham Soliman, a Cairo-based trader, referring to the widest likely spread between the two prices. The change could also be unpopular, producing bread with a different texture and smell, Soliman and the five industry sources said. Egypt's supply ministry needs around 8.25 million tons of wheat per year to make subsidised bread available to more than 70 million Egyptians, according to the 2024-25 budget. Some 3.5 million tons are sourced locally and the remainder is imported. The ministry did not respond to a request to comment.

RECORD TENDER

Egypt is one of the world's largest wheat importers, with the state spending approximately 104 billion Egyptian pounds ($2.1 billion) annually on imports, largely from Russia. In August President Abdel Fattah al-Sisi ordered the country's largest-ever wheat tender in an effort to lock in cheap prices after a fall in the global benchmark, but the state grains buyer only acquired 7% of the targeted 3.8 million tons. The country has explored alternatives including bank loans to purchase wheat and direct deals with traders. Sources told Reuters on Wednesday that the state grains buyer had struck a deal for direct Black Sea wheat purchases between November and April, with one estimating a total quantity of 3.12 million tons. In another money saving move, the government raised the price of subsidised bread this year for the first time in decades. At the end of August, officials had floated the plan to increase the flour extraction rate for subsidised bread to 93.3% from 87.5%. In addition, the supply ministry proposed using cheaper sorghum flour in breadmaking, an idea that has not been entirely discarded, three baking industry sources said. Bakeries oppose the plan, arguing that coarser flour with more bran requires lengthier baking times and would increase labour costs.

Mills are also opposed because they are paid based on the amount of wheat they process, which would be reduced. Egypt consumes around 15.3 million tons of corn per year, U.S. Department of Agriculture data shows, using it mainly for animal feed. While its local harvest estimates have fallen over the past two years to around 7 million tons, a drop experts attribute to climate change and pests, the government had announced plans to expand corn cultivation in state-run desert reclamation projects. Egypt grows sorghum in modest quantities, buying about $1 million-worth of seeds annually, mainly from India. It also imports $1 million worth of the grain, according to the U.N. Comtrade Database.

Argentina corn planting set to take hit from dry conditions

Dry conditions are likely to impede corn planting efforts in Argentina's main agricultural core over the next seven days, the Buenos Aires grains exchange said on Thursday. Farmers began planting the 2024/25 corn crop last month in Argentina, the world's third-largest corn exporter, and western and northern portions of Argentina's core farming region have suffered from dry conditions in recent months.

"Most of the Pampas region (in Argentina) and most of Uruguay will see scarce rainfall (less than 10 millimeters), with pockets of moderate values and large areas with no rain," the grains exchange said in its weekly crop report. The exchange, which estimates the 2024/25 corn harvest will reach 47 million metric tons, has warned there could be cuts to the total area planted with corn if rains fail to bring relief in the short term. As of Thursday, farmers had planted 13.7% of the area meant for corn, the exchange said in a crop status report. A large part of the agricultural area is going through the early planting period with water deficiencies, which complicates progress," it said. Corn planting kicked off in September, while soybean planting starts this month. The two crops compete for the same farming area. The wheat crop, whose harvest starts next month, is also wilting due to the lack of rains, the exchange said. "Yields could be compromised if rains do not start up again," the exchange, which estimates the wheat harvest at 18.6 million tons, said.

Top News - Metals

Anglo American not a sitting duck after breakup, CEO says

Anglo American will not be an "inevitable" takeover target after its unbundles its diamond, platinum, nickel and coal assets, CEO Duncan Wanblad said on Thursday.

The mining giant is restructuring its business to mainly focus on energy transition metal copper after fending off a $49 billion takeover offer from bigger rival BHP Group in May. Some analysts have said Anglo's simplified portfolio could make it an even more compelling acquisition target for suitors drawn to its copper assets. Wanblad addressed questions about another potential bid in a virtual address to a mining conference in Johannesburg. "I don't believe it's inevitable at all. We will be a viable, stand-alone company in the market," Wanblad said.

"I cannot say what other people are going to do from a corporate action point of view. I don't really care about that, what I care about is delivering on the strategy to create value not only for shareholders but more importantly for all stakeholders." Copper will make up 60% of Anglo's business, Wanblad said, after the miner divests from diamond giant De Beers, Australian steelmaking coal assets, nickel mines in Brazil, as well as Anglo American Platinum (Amplats) in South Africa. Apart from its copper assets in Chile, Anglo will also retain iron ore mines in South Africa and Brazil, as well as the Woodsmith fertiliser project in the United Kingdom.

Wanblad said Anglo could potentially offer one more parcel of shares in Amplats after it sold 5.3% of the company's shares last month to institutional investors as it seeks to carefully manage its divestment, scheduled for completion by the first half of 2025. "There might only be one more opportunity to do it and if we did it, it would be completely dependent on markets at the time of that opportunity," Wanblad said.

Zimbabwe softens stance on local lithium processing after price collapse

Zimbabwe has softened its requirements for lithium miners to process the mineral locally, a government official said on Thursday, as the industry battles to survive a price slump over the past year.

Africa's top lithium producer, Zimbabwe had last year given producers up to March 2024 to submit plans of how they would produce battery-grade lithium in the impoverished southern African country.

Prices of lithium, which is mainly used in battery technologies, have fallen more than 80% in the past year largely due to overproduction from China and a drop in demand for electric vehicles. The price collapse has forced companies like Chinese battery giant CATL to suspend production at certain mines. Albemarle, the world's top lithium miner, implemented a second round of cost cuts earlier this year and laid off workers.

In Zimbabwe, lithium miners including Sinomine Resource Group's Bikita Minerals, have been forced to

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$73.65 / bbl	-0.08%	2.79%
NYMEX RBOB Gasoline	$2.06 / gallon	0.04%	-2.09%
ICE Gas Oil	$704.25 / tonne	1.62%	-6.19%
NYMEX Natural Gas	$2.97 / mmBtu	0.10%	18.26%
Spot Gold	$2,663.61 / ounce	0.29%	29.14%
TRPC coal API 2 / Dec, 24	$127 / tonne	3.67%	30.93%
Carbon ECX EUA	€61.89 / tonne	-1.39%	-22.99%
Dutch gas day-ahead (Pre. close)	€39.55 / Mwh	2.73%	24.18%
CBOT Corn	$4.43 / bushel	-0.62%	-8.42%
CBOT Wheat	$6.22 / bushel	-0.80%	-2.81%
Malaysia Palm Oil (3M)	RM4,280 / tonne	2.34%	15.02%
Index	**Close 03 Oct**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	346.28	1.41%	14.89%
Rogers International	28.24	1.60%	7.26%
U.S. Stocks - Dow	42,011.59	-0.44%	11.47%
U.S. Dollar Index	101.83	-0.15%	0.49%
U.S. Bond Index (DJ)	452.87	-0.34%	5.14%

cut production and lay off workers as the impact of weak prices has been compounded by the country's poor infrastructure, currency volatility and policy inconsistencies. The Zimbabwe government would now take a measured approach in its quest to localise lithium processing, deputy mines minister Polite Kambamura told Reuters.

"We are now considering them on a case by case basis and also considering the level of investments already put in the country," Kambamura said. Chinese firms including Sinomine, Zhejiang Huayou Cobalt, Chengxin Lithium Group Yahua Group and Canmax Technologies have spent more than $1 billion over the past three years to acquire and develop lithium projects in Zimbabwe.

"Some commenced mining operations five months before the deadline, so we are considering where the project is," he added. Sinomine has said it plans to spend up to $500 million building a lithium sulphate plant at Bikita within the next five years. Huayou has said it is conducting feasibility studies for a lithium sulphate plant at its Arcadia mine. Kambamura said the government was open to dialogue with lithium miners over their struggles. "We understand the prices are low but they are beginning to firm up. The fact that there are upcoming projects means the environment is favourable," he added.

Top News - Carbon & Power

IEA forecasts tight supply and record gas demand in 2025

World gas demand will reach an all-time high in 2025 driven by growth in Asia, but delays to new liquefied natural gas (LNG) production will curb supply, the International Energy Agency (IEA) said on Thursday.

WHY IT'S IMPORTANT

Gas demand, especially in Europe, fell sharply in 2022-23 as prices soared following the loss of large volumes of Russian pipeline gas supply due to the war in Ukraine. This increased the demand for globally-traded LNG and put Europe in direct competition with buyers in Asia.

KEY QUOTES

"The growth we're seeing in global gas demand this year and next reflects the gradual recovery from a global energy crisis that hit markets hard," said Keisuke Sadamori, director of energy markets and security at the IEA.

"But the balance between demand and supply trends is fragile, with clear risks of future volatility," Sadamori added in a statement to mark the publication of the IEA's "Global Gas Security Review 2024".

BY THE NUMBERS

The IEA expects global gas demand for the full year 2024 to grow by just over 100 billion cubic metres (bcm), or more than 2.5%, to a new all-time high of 4,200 bcm, the report showed. In 2025, demand would grow another 100 bcm, or 2.3%, to a fresh high, driven predominately by economic expansion in fast-growing Asian markets.

Gas demand in OECD Europe is forecast to decline by 2% this year due to lower use in the power sector, but to rise 1% in 2025 as the building, commercial and industrial sectors use more gas. At the same time, global LNG supply is expected to grow at its slowest rate since 2020 of just 2%, or 10 bcm. LNG supply growth is set to accelerate to 30 bcm, or nearly 6% in 2024, as several large LNG projects, particularly in the United States, come online.

Ecopetrol, Petrobras announce major gas discoveries in Colombia

Colombia's state-run oil company oil Ecopetrol and Brazil's Petrobras on Thursday announced two major gas discoveries executives said would hugely increase reserves and help the Andean country remain self-sufficient for energy.

The oil industry and some politicians in Colombia have repeatedly sounded concerns over the country's ability to maintain gas self-sufficiency. Reserves through the end of 2023 fell to 2.4 trillion cubic feet - equivalent to 6.1 years of consumption - amid a dearth of new gas projects.

Those fears were recently compounded by a judge's ruling to immediately halt operations at the Sirius-2 well - formerly known as Uchuva-2 - following a complaint made by Indigenous communities who said their way of life would be adversely affected by the well's development.

The judge subsequently ruled the suspension would take place gradually, adding that an appeal process would be heard by a different judge.

The names of the wells and the block they sit on were changed under the same ruling. The companies are jointly developing the Siruis project, which is operated by Petrobras. "The initial conception of Sirius...foresees the first offshore gas in 2029 to 2030 with four producing wells and an expected production of 13.3 million cubic meters (470 million cubic feet) per day for 10 years," Soares said at the Colombian Petroleum Association's (ACP) forum on oil, gas and energy in Cartagena. The Sirius project has more than 6 trillion cubic feet of gas in place, Soares said, who added that total investment in its development could around $5 billion, split between exploration - forecast at around $2 billion - and production development, which is around $3 billion.

"Sirius alone represents the largest discovery made offshore Colombia and has the potential to double reserves throughout the country," he added.

A later phase which could start in 2031 includes the previously planned development plus one or two other wells, and could see gas flow of 15 million cubic meters per day from first gas, he added. Later, Ecopetrol's Chief Executive Ricardo Roa told journalists that the company had discovered a new offshore well called Papayuela, which could produce some 800 million cubic feet of gas per day.

"It's almost 80% of what national demand can consume. Logically, this will take the five or seven years necessary to mature and develop these exploration activities," Roa said.

Top News - Dry Freight

US port strike ends, but clearing long ship queues will take time

U.S. East Coast and Gulf Coast ports began reopening on Thursday night after dockworkers and port operators reached a wage deal to settle the industry's biggest work stoppage in nearly half a century, but clearing the cargo backlog will take time. At least 54 container ships queued up outside the ports over three days as the strike prevented unloading and threatened shortages of everything from bananas to auto parts. The figure by Everstream Analytics was calculated at 4:00 p.m. ET (2000 GMT). More ships are sure to arrive.

The International Longshoremen's Association (ILA) workers union and United States Maritime Alliance (USMX) port operators announced the deal and an immediate end to the strike late on Thursday. Sources said they had agreed a wage hike of around 62% over six years, raising average wages to about $63 an hour from $39 an hour.

Shares in shipping companies in Asia fell heavily across Asia as the deal, agreed far sooner than expected, eased the prospects for a surge in freight rates.

"Investors who hoped for a short-term rebound in freight charges, which are in a downward trend, are selling as the strike ended," said Yang Ji-hwan, an analyst at Daishin Securities in Seoul.

Evergreen Marine, Wan Hai Lines and Yang Ming Marine in Taiwan fell between 8.8% and 10% in their heaviest drops for several months.

The ILA launched the strike by 45,000 port workers, their first major work stoppage since 1977, on Tuesday, affecting 36 ports from Maine to Texas. JP Morgan analysts have said the strike would cost the U.S. economy around $5 billion per day.

Retailers account for about half of all container shipping volume, with Walmart, IKEA, and Home Depot among those that heavily rely on the East Coast and Gulf Coast ports, according to eMarketer analyst Sky Canaves. According to bill of lading data from Import Yeti, a data firm, some of the importers relying on affected ports range from IKEA and Walmart to Goodyear Tire & Rubber.

East Coast ports are also key destinations for coffee, and prices have already risen due to the port disruptions. The strike ended with the tentative deal on wages, though the two sides will continue hammering out other issues, including ports' use of automation that workers say will lead to job losses.

"The decision to end the current strike and allow the East and Gulf coast ports to reopen is good news for the nation’s economy," the National Retail Federation said in a statement. "The sooner they reach a (final) deal, the better for all American families."

Kazakhstan seeks clarity from Russia over grain transit

Kazakhstan has asked Moscow to prove claims it has breached rules on plant health, the reason cited by Moscow for an effective ban of imports and transit of Kazakh grain, Kazakh officials said on Thursday.

Russia is also a key transit country for other Kazakh exports such as oil and uranium, and trade tensions could make market players nervous about the steady supply of those commodities.

Both Russia and Kazakhstan are net grain exporters, but Kazakhstan, which mostly exports wheat to its neighbours in Asia, relies on transit through Russian territory to sell its grain in Europe and the Mediterranean.

The Russian state agricultural watchdog said this week that its systems would automatically block the issuance of phytosanitary certificates for grain, grain products, sunflower seeds, tomatoes, and peppers from Kazakhstan.

This was effective from Sept. 23.

In the absence of such certificates, which can be valid for up to a month, the goods cannot legally cross the border.

Reuters was not able to confirm whether Kazakhstan had certificates in hand to cover planned October shipments.

Kazakh deputy agriculture minister Yermek Kenzhekhanuly said the Astana government has requested more detailed information on the alleged violations, had not heard back from Moscow and therefore could not comment further on what some industry players have described as a potential trade war.

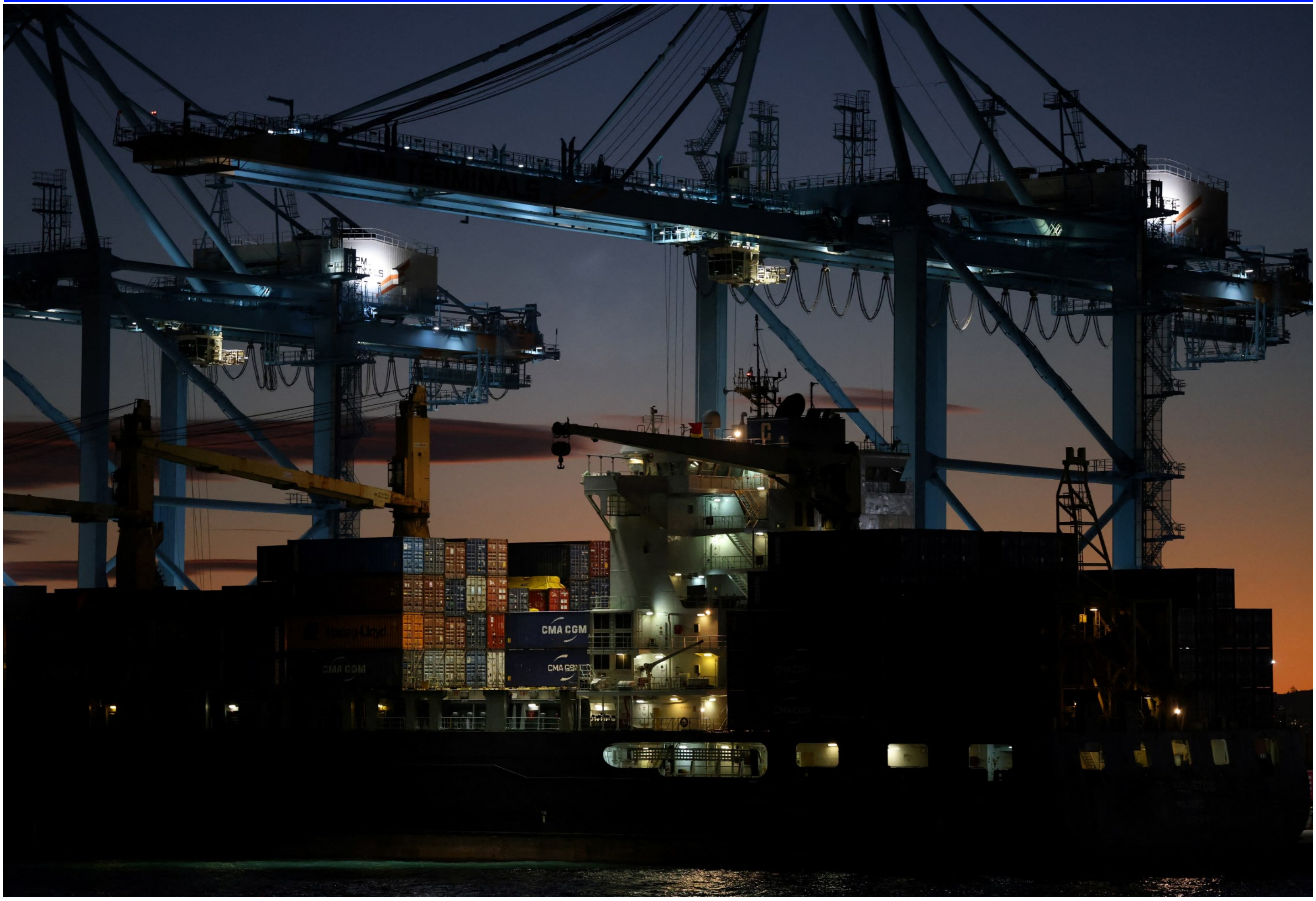
The Russian watchdog said on Thursday that it had received a request from Kazakh authorities and sent a response letter with supporting facts about the identified violations.

"For its part, the agency expressed its readiness to conduct a video conference on this issue, the exact date of the meeting has not yet been determined," the watchdog said in a statement.

Kazakhstan, expecting a bumper crop this year, introduced a full ban on wheat imports, including from Russia, from Aug. 21, citing forecasts of a record harvest and significant carry-over stocks from last year.

Kazakhstan's state railway company, the main shipper of grain, said separately that it planned to increase grain shipments to Russia to 94,500 metric tons this month from 60,000 tons in September.

Picture of the Day



Shipping containers are seen at the port of Barcelona, Spain, October 3. REUTERS/Nacho Doce

(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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