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Top News - Oil

Chevron to sell assets for $6.5 bln to Canadian Natural Resources

Chevron is selling its assets in Athabasca Oil Sands and Duvernay Shale to Canadian Natural Resources for $6.5 billion, the oil giant said on Monday as it puts in motion its divestiture plan.
The all-cash deal, which is expected to close by Dec. 6, is a part of its strategy to raise $10 billion to $15 billion by 2028 through asset sale, while increasing focus on regions such as U.S. shale and Kazakhstan.
The sale also gives Chevron more financial power in its fight with Exxon over its $53-billion bid for Hess. While the deal recently cleared an FTC review, a three-judge arbitration panel is set to consider Exxon's right to first refusal next May. Chevron's Canadian assets, located in Alberta, contributed 84,000 barrels of oil equivalent per day (boepd) of production to Chevron in 2023. The Duvernay is one of Canada's top shale plays.
After the deal, Canadian Natural will own 90% of the Athabasca Oil Sands project, while Shell owns the rest.
"(The deal) offloads a high-cost asset in the oil sands from Chevron and the Duvernay asset, which seems not to be competitive with the Permian position...," said Allen Good, analyst at Morningstar. "Oil majors have been moving away from the oil sands in recent years, this continues the trend."
Canadian Natural said along with the Duvernay assets, it would add 122,500 boepd of its target production in 2025. Both together would result in an added investment of $400 million next year, company executives said in a conference call.
The company also raised its quarterly dividend by 7% to 56.25 Canadian cents per share, payable in January 2025, with its finance chief Mark Stainthorpe saying the deal will add to cash flow and earnings immediately.
Shares of Chevron were up 0.7% in afternoon trade, while Canadian Natural rose nearly 3.7% in a higher oil-price environment.

Shell's third-quarter refining margins drop sharply

Shell's refining profit margins dropped by nearly 30% in the third quarter from the previous three months as global demand sagged, while oil product trading earnings also weakened, it said on Monday.
A drop in refining margins in recent months, a result of slowing global economic activity and new refineries coming online, is set to weigh on third quarter earnings of the world's top energy companies.
In a trading update ahead of its quarterly results on Oct. 31, Shell said its indicative refining margins dropped to $5.5 a barrel in the three months to the end of September from $7.7 a barrel in the previous period.
Trading results for its chemicals and oil products division were expected to be lower than in the second quarter, Shell said.
Shell processed around 1.4 million barrels per day of crude oil in its refineries in the second quarter, roughly 1.2% of global oil demand.
Shell, the world's largest trader of liquefied natural gas, also lifted its LNG production guidance for the quarter to a range of 7.3 million to 7.7 million metric tons from a previous forecast of 6.8 million to 7.4 million tons.
LNG trading results were set to be in line with the previous quarter.
Last week, Exxon Mobil warned that a slump in oil prices was set to hit its third-quarter results.
Oil prices fell by 17% in the third quarter, the largest quarterly decline in a year, on worries about the global oil demand outlook. Brent futures settled at $71.77 a barrel on the last trading day of the quarter.
Jefferies analyst Giacomo Romeo said Shell's analyst consensus adjusted earnings for the quarter could fall by about 10% from around $5.5 billion following the update.
The London-listed company also lifted its upstream oil and gas production outlook for the quarter to 1.74 million to 1.84 million barrels of oil equivalent per day from 1.58 million to 1.78 million boed.

Top News - Agriculture

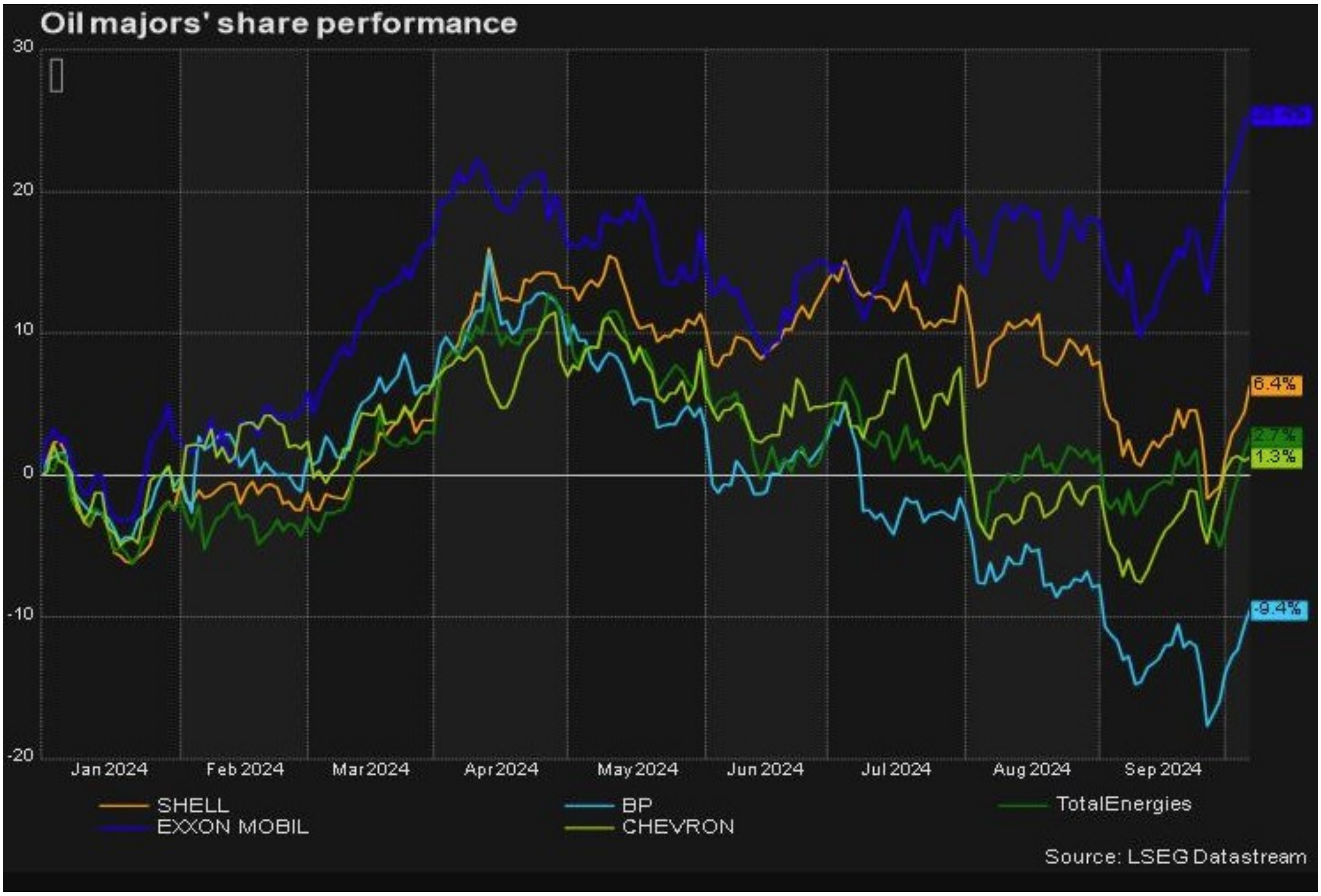
US soy harvest 47% complete, corn 30% done, USDA data shows

The U.S. soybean harvest was 47% complete by Sunday and the corn harvest was 30% finished, data from the U.S. Department of Agriculture showed on Monday, with both crops ahead of average, while soybean condition ratings declined.
The USDA rated 63% of the U.S. soybean crop as good to excellent, down 1 percentage point from last week, while corn ratings were unchanged at 64% good-to-excellent, both in line with the average estimates in a Reuters poll of 12 analysts.
The condition ratings are still the highest for this time of year for soybeans since 2020 and for corn since 2018, underscoring expectations for large harvests. The USDA last month projected record-high U.S. yields for corn and soybeans, and the government is scheduled to release updated estimates on Friday.

The United States is the world's largest exporter of corn and the No. 2 soybean supplier after Brazil.
Dry conditions across the Midwest have helped speed field work. At 47% complete, the U.S. soybean harvest is well ahead of the five-year average of 34%, while the corn harvest, at 30% complete, is ahead of its five-year average of 27%.
"After the driest September on record, the warm and dry weather is expected to continue through mid-October," said Mike Naig, the state agriculture secretary for Iowa, the nation's largest corn producer. "While this is helpful for harvest, drought conditions are likely to expand throughout the state," Naig said in a statement.
Farmers continue to seed the U.S. winter wheat crop that will be harvested in 2025. The USDA reported winter wheat plantings as 51% complete, behind the average analyst estimate of 54% and the five-year average of 52%.

Russia says grain harvest hit by Ukraine war, bad weather
Russia's grain harvest will be hit by the impact of Ukraine's attacks on grain-producing regions close to the border and by bad weather in many other regions, the RIA news agency cited Agriculture Minister Oksana Lut as saying on Monday.
Russia, the world's top wheat exporter, has officially forecast this year's grain harvest at 132 million metric tons, an 11% drop from 148 million tons in 2023 and a 16% drop from a record 158 million tons in 2022.
However, after bad weather, ranging from early spring frosts to drought and rain, hit many grain-producing regions, the forecast is set for a downward revision. The IKAR consultancy sees this year's grain harvest at 124.5 million tons.
Concerns over Russia's smaller-than-expected grain harvest supported international prices in recent months, with wheat reaching four-months high last week.
"We are currently calculating the figures, taking into account the bad weather in Siberia," Lut was quoted by RIA Novosti as saying.
"And on the other hand, unfortunately, considering the inability to harvest crops in regions where a counter-terrorist operation regime has been introduced," Lut added in a first public acknowledgment of the war's impact on the harvest.
Russia introduced the regime in Kursk, as well as neighbouring Bryansk and Belgorod regions, following a

Chart of the Day



major Ukrainian incursion into the Kursk region, Russia's seventh-largest grain-producing region, on Aug. 6.
Both Belgorod and Bryansk regions, major grain-producing areas, have become targets of regular attacks by Ukraine's military. Ukrainian forces still control a large swathe of the Kursk region.
Kursk Governor Alexei Smirnov said in September that after the attack, the harvesting of grains could not be completed on an area of 160,000 hectares. He estimated the damage from the attack at almost $1 billion.
Lut said the final estimate for this year's harvest will be announced on Oct. 10. Sovecon consultancy earlier estimated that as of Oct.1, Russian farmers had harvested 111 million metric tons of grain.
Lut also said that winter crops sowing in many regions was difficult because of the continued drought. Sovecon consultancy said that no rains were expected in winter grain sowing areas until mid-October.
"The sowing is going very hard. We plan to sow 20 million hectares, as we did last year. But we are practically sowing in sand," Interfax news agency quoted Lut as saying.

Top News - Metals

COLUMN- Energy transition story rekindles fund interest in metals: Andy Home
The global energy transition was the dominant theme at this year's London Metal Exchange (LME) Week, the annual gathering of the world's metals producers, users and traders.
True, the metallic path to net zero is proving much bumpier than expected. Prices of battery metals such as lithium, cobalt and nickel have bombed over the last year. Too much supply has been brought on too quickly just as electric vehicle sales have hit a slow patch. But the promise of a future boom is undiminished.
Many key energy transition metals are expected to face supply shortfalls this decade, some as soon as this year, according to BloombergNEF.
The research house predicts the world will need three billion metric tons of metals between 2024 and 2050 to meet global emissions targets. The figure doubles to six billion in a net zero scenario.
It's an enticing bull narrative, particularly when the current reality is one of weak metals demand as China's growth engine misfires and Europe's manufacturing sector contracts.
And it's one that is starting to attract much broader interest. The fund industry, which has been underweight metals for over a decade, is now eyeing up the opportunities offered by the energy transition. A potential return of heavyweight investment flows to the sector could be as powerful a price driver as physical supply shortages.

LOST DECADE
Fund allocations to the commodity sector have declined from around 10% to 2% over the last decade, according to Aline Carnizelo, managing partner at fund manager Frontier Commodities, who spoke on the investment panel at the LME's Monday seminar.
The last great money surge came in the late 2000s, when investment funds, including giants such as The California Public Employees' Retirement System, bought into the idea that commodities could serve as an effective inflation hedge.
The strategic allure was overlaid by the bull narrative surrounding China's rise as an industrial powerhouse and the accompanying explosion in demand for industrial metals. Things didn't work out as expected.
The global financial crisis caused metals demand and prices to slump. A massive Chinese stimulus program fed one last bull surge, but this was followed by years of decline.
LME copper hit what was then an all-time high of $10,190 per ton in February 2011. The ensuing downtrend played out for five years before the price finally bottomed out at $4,318 per ton in January 2016.
Meanwhile, successive rounds of quantitative easing by central banks during this period crushed interest rates, undermining the case for commodities as an inflation offset.

METALS REVISITED
Inflation expectations have changed significantly in recent years and fund managers are once again looking at commodities as a way of generating an inflation-adjusted return.
The ideal ratio of hard assets in an investment portfolio should be between 4% and 9%, according to Jigna Gibb, head of commodity index products at Bloomberg, who also spoke on the LME Monday seminar panel. That's at least double current allocations in a sector that is valued in the trillions of dollars. Metals are the clear stand-out in the commodities sector thanks to their pivotal role in decarbonisation.
Funds have so far sought exposure to the energy transition theme by buying equities in the mining and industrial technology sectors rather than the raw inputs, according to Michael Stewart at Legal & General Investment Management, one of Europe's largest asset managers. However, that's changing, he told the seminar.
"We're having conversations with our investors that we would not have had three or four years ago about considering energy transition commodities," he said.
The opportunity for more investment in metals is "tremendous" and spans a wide spectrum of players from sophisticated pension and insurance funds to mass

market retail investors, he added. And the energy metals story dovetails neatly with the renewed interest in inflation -proofing fund returns.
In a greener economy metals such as copper, aluminium and lithium have the potential to be just as powerful future drivers of inflation as oil and gas are in today's carbon-intensive economy.

DOUBLE-EDGED SWORD
A major reallocation of pension fund money to commodities in general and metals in particular might be welcome news for producers, traders and exchanges.
But the scale of potential global fund flows risks swamping what are small markets relative to equities or bonds.
Copper's turbo-charged rally earlier this year may be a harbinger of the volatility to come. Funds stampeded into copper amid much hype about limited supply at a time of accelerating demand from new energy applications such as solar, wind and electric vehicles. Investors' fear of missing out drove LME copper to a new nominal high of $11,104.50 per ton in May.
What followed was a buyers strike and aggressive de-stocking, including unprecedented exports of refined copper from China, normally the world's largest importer of the red metal.
Funds sold out their long positions just as quickly as they had bought them and copper fell below the $9,000 level in early August. The bull narrative, however, hasn't lost any of its resonance.
Copper was the top pick for attendees at last week's LME seminar for the third year running. If enough investors agree, copper's potential for further price gains will become a self-fulfilling prophesy. But that was how things looked in the 2000s as well. The reality proved very different.
(The opinions expressed here are those of the author, a columnist for Reuters.)

Copper demand for electric vehicles is intact, trader IXM says
The uptrend in demand for metals such as copper used in electric vehicles is intact despite doubts raised by the slowdown in EV sales, but estimating numbers is difficult as the market is evolving, commodity trader IXM's head of refined metal said.
Sales of electric vehicles have slowed for reasons including a lack of charging infrastructure and concerns about resale values. "The electric vehicle industry is new. There are a lot of variables including penetration rates and battery chemistries which makes forecasting demand a guessing game," Tom Mackay said.
"Growth in electric vehicle sales is slowing, but sales are still increasing. It varies from region to region, but overall growth is strong and the demand story for metals is healthy."
According to consultancy Rho Motion, sales of battery EVs and plug-in hybrid EVs rose 32% last year to 13.63 million units, while in the first and second quarters of this year sales were down 25% and up 22% respectively from

MARKET MONITOR as of 06:41 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$75.88 / bbl	-1.63%	5.90%
NYMEX RBOB Gasoline	$2.09 / gallon	-1.82%	-0.70%
ICE Gas Oil	$717.25 / tonne	-1.31%	-4.46%
NYMEX Natural Gas	$2.75 / mmBtu	-0.04%	9.19%
Spot Gold	$2,639.79 / ounce	-0.14%	27.98%
TRPC coal API 2 / Dec, 24	$127 / tonne	3.67%	30.93%
Carbon ECX EUA	€61.35 / tonne	-0.66%	-23.67%
Dutch gas day-ahead (Pre. close)	€40.00 / Mwh	-0.45%	25.59%
CBOT Corn	$4.41 / bushel	-0.40%	-8.88%
CBOT Wheat	$6.16 / bushel	-0.16%	-3.75%
Malaysia Palm Oil (3M)	RM4,288 / tonne	-1.27%	15.24%
Index	**Close 07 Oct**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	349.34	0.70%	15.90%
Rogers International	28.73	0.98%	9.14%
U.S. Stocks - Dow	41,954.24	-0.94%	11.32%
U.S. Dollar Index	102.42	-0.12%	1.07%
U.S. Bond Index (DJ)	448.01	-0.21%	4.02%

the previous quarters. Copper is used in electric vehicle wiring. It is also used in the batteries, which typically contain lithium and depending on the chemistry nickel and cobalt.
"There have been some impressive technological advances in LFP (lithium ion phosphate) chemistry. Some LFP batteries can go for 1,000 kilometres and some can charge up to 80% in 10 minutes," said Mackay, who manages the copper cathode, zinc, lead nickel, cobalt and lithium books at the Swiss-based trader.
LFP batteries were developed for the Chinese market to provide a cheaper alternative to nickel cobalt manganese (NCM). But earlier LFP batteries could not be used for long distances.
"People still believe Western world battery demand will still be predominantly NCM, if only because of the higher value of recycling NCM batteries," Mackay said.
"Recyclability is a very important factor for automakers when deciding what chemistries to use."
Mackay added that the number of people working at IXM globally is lower than before, around 440. "Focus has been on the quality of people. We exited the aluminium business because it wasn't providing the return we require from the resources."

Top News - Carbon & Power

Kyiv will not extend gas transit deal, Ukraine tells Slovakia
Ukraine will not extend its gas transit agreement with Russia after it expires at the end of 2024, Ukrainian Prime Minister Denys Shmyhal told Slovak Prime Minister Robert Fico on Monday.
The two held talks in Uzhhorod in western Ukraine and, according to a Ukrainian official, were focused on infrastructure cooperation, energy security and support for Kyiv's peace plan. "Ukraine once again says it will not continue the transit agreement with Russia after it expires," Shmyhal told a news conference sitting alongside Fico.
"Ukraine's strategic goal is to deprive the Kremlin of profits from the sale of hydrocarbons which the aggressor uses to finance the war."
Slovakia, a member of NATO and the EU which shares a border with Ukraine, opposes Kyiv's accession to NATO, but has a strong interest in maintaining the transit of oil and gas from Russia to the west via Ukraine.
Slovak state-owned gas buyer SPP said this month it was continuing negotiations to secure an extension of gas transit through Ukraine after Kyiv's contract with Russian supplier Gazprom expires at the end of the year.
Shmyhal said that Kyiv understands the "acute dependence" of some states, including Slovakia on the Russian gas supply, but is counting on gradual diversification of delivery. Ukraine's prime minister also said the two countries had agreed on the creation of an Eastern European energy hub, which aims to utilise large Ukrainian gas storage facilities.

BIG CRITIC
Fico has been a big critic of Western military aid to Ukraine, along with Hungarian Prime Minister Viktor Orban, and has made a big show of halting government-sponsored military aid to Ukraine while allowing commercial supplies to continue.
He reiterated his view that there was no military solution to the Ukrainian-Russian war. "Peace must be sustainable, you have to have security guarantees. Above all, sovereignty and territorial integrity of Ukraine must be respected. We understand all that," Fico said. He said the talks with Ukraine's government confirmed that Kyiv remained interested in using its gas and oil transit systems after the deal with Russia expires.
"I welcome our discussion which confirmed that you, like us, have an interest in the transit system you have on Ukrainian territory continuing to be used, when it comes to both oil and gas," Fico added.

Equinor buys 9.8% stake in offshore wind developer Orsted
Norway's Equinor has bought a 9.8% stake valued at around $2.5 billion in Danish offshore wind farm developer Orsted, it said on Monday, as it seeks to build up its renewables portfolio. Orsted shares have dropped 69% from their 2021 all-time high as the offshore wind sector has faced surging costs and technical problems with turbines.
But Equinor said its share acquisition was a long-term bet on the sector, after the Norwegian company made slow progress on reaching its ambitious renewable energy targets.
The transaction would count towards Equinor's renewable energy portfolio target, adding 1.7 gigawatt (GW) of net generation capacity out of the company's goal of installing 12-16 GW by 2030, CEO Anders Opedal told Reuters.
At the end of 2023, the company had less than 1 GW of installed renewable capacity.
"We see this as a good counter cyclical move at this point in time to get into a very attractive portfolio," Opedal said.
Orsted's share price rose more than 8% on the news before paring gains to stand 5.8% higher at 1300 GMT.
Equinor's shares fell by 3.9%. An Orsted spokesperson declined to comment.
Equinor said it did not plan to raise its stake beyond 10% and would not seek board representation. The world's biggest offshore wind developer was last year hit by costs and project delays as inflation raised the price of turbines and other equipment and services.
"The offshore wind industry is currently facing a set of

challenges, but we remain confident in the long-term outlook for the sector, and the crucial role offshore wind will play in the energy transition," he said.
Equinor's ownership position was built over time, through a combination of market purchases and a block trade, the company said. The investment makes Equinor the second largest shareholder in Orsted after the Danish government.
Battling to restore investor confidence, Orsted in February trimmed its investment and capacity targets and paused dividend payouts as part of a major review.
"Structurally, this doesn't change anything for the direction Orsted is heading," Sydbank analyst Jacob Pedersen said. The company has broad political backing in Denmark with no signs that the state will relinquish its 51% stake, he said.
Denmark brought in Goldman Sachs as a strategic shareholder 10 years ago, when the company - formerly DONG Energy - was focused on oil and gas. The Wall Street bank doubled its 8 billion-crown investment just two years later, when Orsted listed in Copenhagen in 2016.

Top News - Dry Freight

Ukraine says Russian missiles strike two Black Sea grain vessels

A Russian missile hit a Palau-flagged vessel in Ukraine's southern port of Odesa on Monday, killing a Ukrainian national and injuring five crew membersin the second such attack in as many days, officials said.
Ukrainian Foreign Minister Andrii Sybiha said on X that the two ships were damaged in the Black Sea grain-export hub without giving details on the ships' conditions. He condemned Russia's actions. "We must join forces of all responsible states and organisations to...ensure freedom of navigation in the Black Sea and global food security."
Russia's defense ministry did not immediately respond to an email seeking comment. Moscow has repeatedly denied it attacks civilian targets. Odesa regional governor Oleh Kiper, writing on the Telegram messaging app, said the man killed in the latest attack was a port worker. The five injured men were foreign nationals and ship crew members.
Deputy Prime Minister Oleksiy Kuleba identified the vessel as the Optima and said it arrived in Odesa hours before the attack. Russia "is attempting in this way to destroy shipping in the Black Sea guaranteeing food security. The consequences can only mean greater instability in sensitive regions dependent on food imports and tension in international relations," Kuleba said.
Ukraine's Restoration Ministry identified the ship attacked on Sunday in the nearby port of Pivdennyi as the Saint Kitts and Nevis-flagged Paresa which had a cargo of 6,000 tonnes of corn.
In a Facebook post, the ministry said the Paresa's 15-member crew, Syrian and Egyptian nationals, was not injured. The ministry said the Paresa was the 20th civilian vessel to be damaged by Russian attacks. Last month, the Saint Kitts and Nevis-flagged bulk carrier Aya was hit by a Russian missile in the Black Sea.
Another vessel, an Antigua-flagged carrier, was damaged in a Russian missile strike in Odesa. Russia has struck the port repeatedly in the war since its full-scale invasion of Ukraine in February 2022.
Reuters could not immediately verify the video or GUR's assertions. The GUR and a pro-Kyiv Russian military group claimed responsibility earlier this year for an arson attack on a Russian warship in the Baltic Sea in April.

Saudi Arabia buys 307,000 tons of wheat in tender, GFSA says

Saudi Arabia has purchased 307,000 metric tons of wheat in a tender for arrival between December and January, the GFSA state buying agency said on Monday. The tender sought hard wheat with 12.5% protein, with the purchase was slightly above the 295,000 tons sought. Origins offered were the European Union, Black Sea region, North America, South America and Australia, with the sellers having the option of selecting the origin supplied, GFSA governor Ahmad Al-Fares said in a statement.

Picture of the Day

A worker standing in front of cargo containers, piled up on top of each other after Typhoon Krathon made landfall, in Kaohsiung, Taiwan, October 4. REUTERS/Ann Wang

(Inside Commodities is compiled by Rohit James in Bengaluru)

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