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Top News - Oil

Russia considers diesel export ban for non-producers, Interfax reports

Russian oil companies have held talks with the government on whether firms that do not produce diesel should be banned from exporting it because of concern the refiners may be losing subsidies, Interfax news agency reported on Tuesday.

Russia is the world's biggest seaborne exporter of diesel, just ahead of the United States, and diesel represents the greatest share of its oil product exports. It imposed a temporary ban on diesel exports last year and media reports have emerged Russia is considering another ban to try to contain rising domestic prices.

Interfax, citing unnamed sources, said the possible ban on fuel exports was on the agenda of a meeting on Tuesday on the domestic fuel market chaired by Russian Deputy Prime Minister Alexander Novak. High prices of diesel, whose local Russian index has reflected an expensive winter grade from Oct. 1, could lead to the cancellation of, or a significant decrease of subsidies known as damper payments. They were introduced to compensate local fuel producers for giving priority to the domestic market over usually more lucrative exports.

Russian exports about 35 million metric tons of diesel annually. A government statement said Novak discussed the situation on the fuel market, fuel transportation via railways and supplies to farmers. It did not mention diesel export restrictions, while saying that the domestic market is fully provided with gasoline and diesel. Novak's office has not replied to a request for comment.

While refineries are responsible for most of Russia's fuel shipments, some diesel is shipped by various traders and other companies that do not produce fuel. Russia already has gasoline export restrictions in place until the end of the year. Since a full EU embargo on Russian oil product imports was imposed in February 2023 over the conflict in Ukraine, diesel supplies have been diverted to Brazil, Turkey, countries in Africa, Asia and the Middle East as well as ship-to-ship (STS) loadings.

Florida gas stations run empty amid panic ahead of Hurricane Milton

A growing number of gas stations were flashing empty signs on Tuesday as panic-buying gripped Florida, where residents are bracing for a monster hurricane to make landfall. Hurricane Milton was downgraded to a Category 4 storm on Tuesday as it grinded past Mexico's Yucatan Peninsula en route to Florida's Gulf Coast where over 1 million people were ordered to evacuate. Parts of Florida are still recovering from Hurricane Helene, which battered the state at the end of September. The storm is expected to make landfall on Wednesday.

By 6:30 p.m. ET on Tuesday, 7,912 gasoline stations in Florida, about 17.4% of the total, had run out of fuel versus almost no outages on Monday morning, according to data from fuel markets tracker GasBuddy.

As people rush to get out of harm's way, demand for gasoline has jumped, said Patrick De Haan, an analyst at GasBuddy.com. "These numbers will continue to rise very fast," De Haan said. Milton's path over Tampa Bay is spelling trouble for major fuel distribution networks, he added. Florida is the third-largest gasoline consumer in the United States, but there are no refineries in the state, making it dependent on waterborne imports.

More than 17 million tons of petroleum- and natural gas-related products move through Tampa Bay in a typical year, according to the Energy Information Administration. Tampa and most other Florida ports were closed on Tuesday to all vessel traffic, reports by the U.S. Coast Guard showed.

TERMINALS SHUT

Kinder Morgan has shut its Central Florida Pipeline system, which moves refined products between Tampa and Orlando, the company said in an emailed statement. It has closed all fuel delivery terminals in Tampa, but expects trucks to be able to pick up fuel from Orlando wholesale racks until winds exceed 35 miles per hour. Fuel trucks cannot safely deliver at wind speeds exceeding that threshold, wholesale distributor Mansfield explained, and said it expects wind conditions to bring all Florida fuel deliveries to a near-halt by Wednesday.

Refiner CITGO Petroleum and infrastructure and logistics provider Buckeye Partners are also shutting down their Tampa terminals, the companies told Reuters.

Mansfield has moved all Florida markets to its "Code Red" classification, requiring a 72-hour notice to make new deliveries. It is also requesting 48-hour notices for new deliveries in southern Georgia.

Milton could potentially be the biggest disruptor to Florida's gasoline supply since Hurricane Andrew in 1992, said Tom Kloza, head of energy analysis at Oil Price Information Service. "I'd be hard pressed to come up with an area that could be more prone to lingering problems should a Cat3 or greater storm hit the infrastructure," Kloza said. "It's hard to anticipate any tankers or barges coming in to Tampa Bay until Sunday or Monday," he added.

Top News - Agriculture

Higher biodiesel mandates in Indonesia to curb palm oil supplies, analyst says

Implementation of higher biodiesel mandates in Indonesia, the world's biggest palm oil producer, is likely to tighten supplies of the vegetable oil, a leading industry analyst said on Tuesday.

Indonesia currently has a mandatory 35% blend of palm oil-based fuel in biodiesel and is seeking to ramp up to biodiesel containing 40% palm oil to cut its energy imports. The plan, if implemented, could see biodiesel consumption rise to 16 million kilolitres next year.

The move would involve the additional use of 1.5 to 1.7 million metric tons of palm oil, leading to lower export volumes, Oil World senior analyst David Mielke told a palm oil conference in Kuala Lumpur.

"In a situation where we don't have enough oil, Indonesia increasing the mandate by 5% would make overall supply tight," he told Reuters on the sidelines of the event. "So for the consumer worldwide, it would be catastrophic because there would be even less oil available."

B40 will boost Indonesia's palm oil use for biodiesel to 13.9 million metric tons from the estimated 11 million tons needed this year, with B35, Indonesia's biofuel producers association APROBI has estimated.

In recent years, global palm oil supplies have been affected by lower output in the world's two biggest exporters, Indonesia and Malaysia, due to a pandemic-induced severe labour shortage, lower application of costly fertilisers, and persistent rainy weather conditions.

Palm oil production is expected to increase by 2.3 million metric tons in 2024/25 compared to the previous season, Mielke said, with the price of rival soybean oil expected to rise at a premium over palm oil at the latest by June next year.

Glenauk Economics managing director Julian McGill told the event palm oil will likely trade at around 4,000 ringgit ($933.49) per metric ton in 2025. Malaysia's benchmark crude palm oil futures FCPOc3 are currently trading at a six-month high.

Prices have traded at an average of 3,976.50 ringgit a ton so far this year.

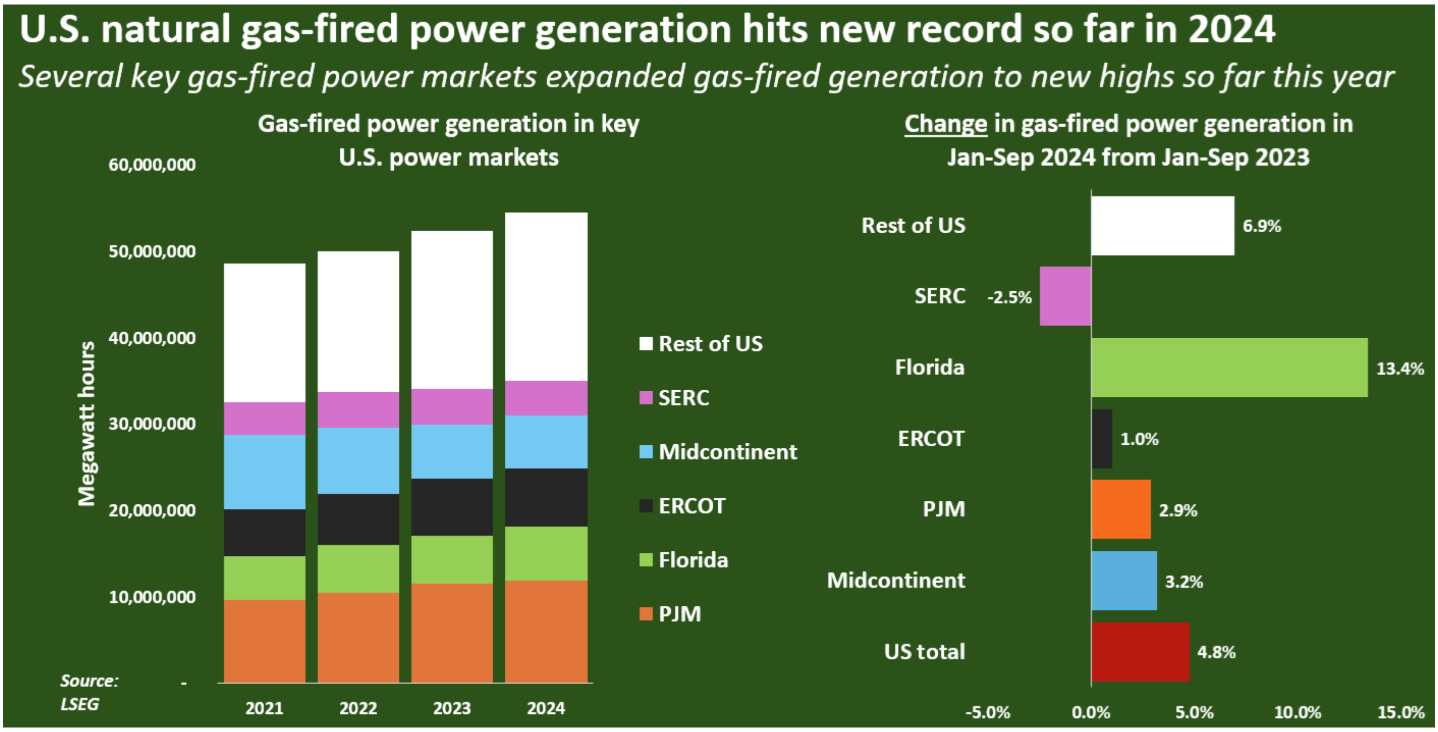
The country's palm oil production is estimated to come in at 19.4 million tons in 2024, compared to 18.55 million tons in 2023, McGill said. Output in Indonesia, meanwhile, was likely to be 1 million tons lower than the 54.84 million ton produced in 2023, he said.

Scant rain in Argentina not to reverse problems facing wheat, exchange says

Recent rainfall over parts of Argentina's core farmland has not been enough for farmers to erase losses to many wheat fields and move forward with this season's corn planting, the Rosario grains exchange said on Tuesday.

The agricultural heartland of the South American nation, a

Chart of the Day



major world grains supplier, received 2 to 10 millimeters of rain in the last 24 hours, the national weather service said.
"The rainfall recorded is not enough for much of the core region to reverse the critical situation," the exchange said, warning that at least 25 to 30 millimeters of rain were needed to stop wheat losses and turn to corn plantings.
The Rosario exchange estimates that the 2024/25 season will produce 20.5 million metric tons of wheat, but last month it warned it would likely cut its harvest forecast due to the dry conditions over large swathes of planted wheat fields.
Two weeks ago, the Buenos Aires grains exchange said if there is no significant rainfall in the near future, it could cut its estimate for the this season's corn planting area, which it pegs at 6.3 million hectares.
Argentine farmers began planting corn in September and are set to start harvesting wheat next month.

Top News - Metals

Rio Tinto to become third-largest lithium producer with $6.7 bln Arcadium buy
Rio Tinto said it will acquire Arcadium Lithium in an all-cash transaction, valued at $6.7 billion, in a deal that will make it the world's third-largest lithium producer.
Rio Tinto will acquire the United States-based lithium producer for $5.85 per share, it said. The deal represents a 90% premium to Arcadium's closing price of $3.08 per share on Oct. 4, the day Reuters exclusively reported on a potential deal between the two firms.
Rio would gain access to lithium mines, processing facilities and deposits across four continents to fuel decades of growth, as well as a customer base that includes Tesla, BMW and General Motors.
"We are confident that this is a compelling cash offer that reflects a full and fair long-term value for our business and de-risks our shareholders’ exposure to the execution of our development portfolio and market volatility," Arcadium Lithium's CEO Paul Graves said in a statement.
The transaction, which has been unanimously approved by the companies' board of directors, is expected to close in mid 2025.

EXCLUSIVE-Mali says Barrick Gold owes $500 million in taxes, fines - sources
Mali's military government is seeking at least 300 billion CFA ($512 million) in outstanding taxes and dividends from Barrick Gold, three sources said, a move that is part of a push by the country to collect more revenue from mining companies.
Authorities in Mali last month briefly detained four Malian staff working for Barrick, the world's second-largest gold miner, and the Canadian company said on Sept. 30 it had agreed with the government to solve existing claims and disputes.
The demands on Barrick follow an audit of mining contracts last year and a subsequent push by Mali to renegotiate existing agreements with mining firms, including Bing2GOLD, Resolute Mining and Allied Gold, to channel a greater share of revenues into state coffers through a new mining code.
Under the new code - which comes as governments across Africa seek more revenues from their mines producing gold and the critical minerals needed for global energy transition - Malian state and private interests in projects could rise to 35% from 20% now.
The law also seeks to slash tax breaks and increase the number of Malians in management roles.
Three sources with direct knowledge of the talks between the government and mining companies said Barrick, which runs the Loulo-Gounkoto mines in western Mali with an 80% stake, had been presented a bill for at least 300 billion CFA.
One of the sources, a consultant working with mining companies in Mali, said the bill was mainly for retroactive tax adjustments and unpaid dividends.
Another source, who works with mining companies and the Malian government, confirmed the figure, saying the bill would cover taxes owed from 2020, 2021 and 2022.
A third source, a senior official with another mining company in the country, said Mali believes Barrick owes as much as 500 billion CFA and the claim is also linked to the non-repatriation of funds.
All the sources spoke anonymously due to the sensitivity of the issue in Mali. Asked to comment, a spokesperson for Barrick said: "We are still in the process of negotiation and will let you know once the agreement is settled".
In Barrick's 2023 annual report, the firm said it received tax collection notices at the end of November 2023 for around $417 million relating to VAT credit balances that had offset taxes and royalties but were subsequently disallowed by Malian authorities. Barrick said the tax bills were "without merit" but that it had paid $17 million as part of a six month stay on enforcement on them.
It was not immediately clear why the amount provided by the sources was some $100 million higher than the figure provided by Barrick. One of the sources said the amount Mali says Barrick owes has increased as authorities deepened investigations.
A fourth source, also a senior official with another mining company, said they had heard Barrick was preparing to make a $300-$350 million payment to the government.
The source did not have further details.
Barrick declined to comment. Malian government officials

did not respond to requests for comment. In August 2023, the mining ministry said the audit had revealed the government was missing 300 billion to 600 billion CFA francs in revenues that it intended to recover from companies.

TALKS AND ARRESTS

Mali is not alone in seeking a bigger share of revenues from the race for Africa's minerals. In neighbouring Burkina Faso, the junta-led government said this month it planned to strip some foreign firms of permits. Niger's military government has also revoked permits.

Sources close to the talks in Mali said the junta is using a mixture of coercion, including arrests of local staff, and the potential threat of mining licences being revoked, as they squeeze the mainly Western firms for more cash.

Mali's government declined to comment. President Assimi Goita said last year investors had the choice of accepting Mali's new mining rules or leaving the country.

On Sept. 21, Alousseni Sanou, Mali's minister for mining and economy, said B2GOLD, Allied Gold and Robex had signed new contracts that will bring in an additional 245 billion CFA a year for the state.

Ever since Mali called on Russia for military support in its fight against Islamist militants, there has been intense speculation that any permits stripped off existing operators might be handed to Russian firms. So far, this has not happened. "The purchase of Barrick assets in Mali is not on the table," one source familiar with the issue told Reuters.

Top News - Carbon & Power

US natgas output to decline as demand hits record high in 2024, EIA says

U.S. natural gas production will decline in 2024 while demand will rise to a record high, the U.S. Energy Information Administration (EIA) said in its Short Term Energy Outlook (STEO) on Tuesday.

EIA projected dry gas production will ease from a record 103.8 billion cubic feet per day (bcfd) in 2023 to 103.5 bcfd in 2024 as several producers reduce drilling activities after average monthly spot gas prices at the Henry Hub benchmark fell to a 32-year low in March.

In 2025, EIA projected output would rise to 104.6 bcfd.

The agency also projected domestic gas consumption would rise from a record 89.1 bcfd in 2023 to 90.1 bcfd in 2024 before easing back to 89.1 bcfd in 2025.

MARKET MONITOR as of 06:30 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$73.84 / bbl	0.37%	3.06%
NYMEX RBOB Gasoline	$2.06 / gallon	0.41%	-2.44%
ICE Gas Oil	$704.75 / tonne	1.29%	-6.13%
NYMEX Natural Gas	$2.71 / mmBtu	-0.88%	7.76%
Spot Gold	$2,615.90 / ounce	-0.23%	26.83%
TRPC coal API 2 / Dec, 24	$127.25 / tonne	0.20%	31.19%
Carbon ECX EUA	€60.12 / tonne	-0.28%	-25.20%
Dutch gas day-ahead (Pre. close)	€37.95 / Mwh	-5.12%	19.15%
CBOT Corn	$4.40 / bushel	0.40%	-9.09%
CBOT Wheat	$6.24 / bushel	0.97%	-2.38%
Malaysia Palm Oil (3M)	RM4,289 / tonne	0.42%	15.26%
Index	**Close 08 Oct**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	341.90	-2.13%	13.43%
Rogers International	28.02	-2.47%	6.44%
U.S. Stocks - Dow	42,080.37	0.30%	11.65%
U.S. Dollar Index	102.61	0.06%	1.26%
U.S. Bond Index (DJ)	447.09	0.01%	3.80%

Arbitration rules in favour of BP as sole buyer of Kosmos Energy's Senegal LNG project

Kosmos Energy said on Tuesday a Paris-based arbitrator has ruled in favour of BP, prohibiting Kosmos from selling to third parties liquefied natural gas from the Greater Tortue (GTA) project offshore Senegal and Mauritania.

LNG is key to BP's strategy and broader energy transition plan.

The energy major has managed to establish a significant LNG portfolio across the world including Sub-Saharan Africa, which is set to become a significant source of LNG exports with Nigeria, Angola, Cameroon and Equatorial Guinea already shipping large volumes.

Last year, Kosmos Energy, a U.S.-listed oil and gas exploration company, and BP Gas Marketing, a BP subsidiary, sought arbitration from the International Chamber of Commerce over planned LNG sales from Phase 1 of the GTA project.

The chamber informed Kosmos Energy Ltd that a final, binding award prohibits it from selling LNG cargos to third parties during the contract term of the LNG sales agreement, which has an option to end in 2033, Kosmos said in a statement.

The final award does not change the terms of the LNG sales agreement and is not expected to have an impact on Kosmos' long-term expectations and financial situation, the statement said.

BP, which holds a 56% stake in GTA, is the operator of the project and its subsidiary is the sole buyer of its 2.5-million metric ton per year volume under a 20-year contract.

In November 2023, BP said the project was 90% complete and would start in the first quarter of 2024, slightly later than originally planned. On Tuesday, Kosmos CEO, Andrew Inglis told a BloombergNEF conference in London that the GTA project should start up by the end of the year. Kosmos has a 26.8% share in the project.

BP, Shell and other energy companies have also been in a legal battle with Venture Global LNG, accusing the LNG producer of denying it and other customers access to supplies while exporting more than $18 billion worth of the superchilled gas, according to a filing with U.S. regulators.

Top News - Dry Freight

Algeria buys about 500,000 T wheat in tender, traders say

Algeria’s state grains agency OAIC has purchased about 500,000 metric tons of milling wheat in an international tender that closed on Tuesday, European traders said.

This was up from initial trader estimates of 360,000 to 390,000 tons. However, some trade estimates late on Tuesday were as high as 550,000 tons purchased.

Initial purchases were reported at about $262.50 a metric ton cost and freight (c&f) included, they said. Some put the lowest price at $262 a ton c&f.

The purchase was said to involve substantial Black Sea supplies, including Russian and Ukrainian wheat.

There was further market talk about diplomatic tension between Algeria and France affecting the tender, with traders expecting no French wheat to be supplied.

Initial trader reports gave six sellers, but no French trading houses were among them.

Reports reflect assessments from traders and further estimates of prices and volumes are possible later.

The wheat is sought for shipment in 2024 in two periods from the main supply regions including Europe: Nov. 1-15 and Nov. 16-30. If sourced from South America or Australia, shipment is one month earlier.

Algeria is a vital customer for wheat from the European Union, especially France, but Russian and other Black Sea region exporters have been expanding strongly in the Algerian market.

EU 2024/25 soft wheat exports down 29% by Oct 6, data still incomplete

Soft wheat exports from the European Union since the start of the 2024/25 season in July had reached 6.35 million metric tons by Oct. 6, down 29% from 8.9 million tons a year earlier, data published by the European Commission showed on Tuesday.

EU barley exports totalled 1.53 million tons, down 36% from 2.39 million tons in the corresponding period for 2023/24.

However, figures for several countries were incomplete. Data for Italy was incomplete for the past four weeks and export data for France has not been complete since the beginning of the year, the Commission said.

Export data for Bulgaria and Ireland, meanwhile, has not been complete since the beginning of marketing year 2023/24, it added.

A breakdown of this season's volume showed Romania was the leading EU soft wheat exporter, with 2.10 million tons so far, followed by Lithuania with 0.92 million, Latvia at 0.70 million, Germany at 0.62 million and Bulgaria at 0.61 million.

Picture of the Day

A drone view of a destroyed port after the worst-ever recorded drought provoked a landslide on the banks of the Solimoes River in Manacapuru, Amazonas State, Brazil, October 8. REUTERS/Bruno Kelly

(Inside Commodities is compiled by Rohit James in Bengaluru)

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

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