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Top News - Oil

BP says weak refining margins to dent Q3 profit as fuel demand stalls

Weak refining margins due to a slowdown in global demand for fuel and lower oil trading results will dent BP's third-quarter profit by up to $600 million, the British oil major said on Friday.

Global oil refiners are facing a drop in profitability to multi-year lows, a sharp reversal for an industry that had enjoyed surging returns post-pandemic and underlining the extent of the current demand slowdown.

BP's second-quarter underlying replacement cost profit, the company's definition of net income, was $2.756 billion.

Rival Shell also warned of slump in refining profit margins and weak oil product trading in the third quarter, while U.S. oil major Exxon Mobil said last week that a slump in oil prices was set to hit its third-quarter profit.

Oil prices fell by 17% in the third quarter, the largest quarterly decline in a year, on worries about the global oil demand outlook.

BP's earnings snapshot comes as CEO Murray Auchincloss scales back the firm's energy transition strategy to regain investor confidence.

Auchincloss took the helm in January but has struggled to stem the drop in BP's share price, which has underperformed its rivals so far this year as investors question the company's ability to generate profits under its current strategy.

Year-to-date, BP's stock has fallen around 12%, while shares of Shell and Exxon have gained nearly 1% and 23%, respectively. "We remain unconvinced that the incumbent board have the courage to change direction and revitalise the strategy," said Panmure Liberum analyst Ashley Kelty.

The company added that its net debt at the end of the quarter is expected to be higher, driven primarily by the impact of weaker realized refining margins.

BP, which is set to post its quarterly results on Oct. 29, said its upstream production in the third-quarter is expected to be broadly unchanged from the prior three months.

In the second-quarter, BP's total hydrocarbons production stood at 899,000 barrels of oil equivalent per day (mboe/d).

The London-listed company said in the oil production and operations unit, the third-quarter result will be impacted by $100 million to $300 million.

US expands sanctions against Iran's 'ghost fleet' of oil tankers

The United States expanded sanctions against Iran's petroleum and petrochemical sectors on Friday in response to an Iranian missile attack on Israel, the administration of President Joe Biden said.

The U.S. move adds petroleum and petrochemicals to an executive order that targets key sectors of Iran's economy with the aim of denying the government funds to support its nuclear and missile programs.

"The new designations today also include measures against the 'Ghost Fleet' that carries Iran’s illicit oil to buyers around the world," Jake Sullivan, the national security adviser, said in a statement.

"These measures will help further deny Iran financial resources used to support its missile programs and provide support for terrorist groups that threaten the United States, its allies, and partners."

Israel is vowing to respond to Iran's Oct. 1 missile attack, launched in retaliation for Israeli strikes in Lebanon and Gaza and the killing of a Hamas leader in Iran. The U.S. Treasury can now "impose sanctions on any person determined to operate in the petroleum and petrochemical sectors of the Iranian economy," it said in a statement.

Biden has said Israel should seek alternatives to attacking Iran's oil fields. Gulf states are lobbying Washington to stop Israel from attacking oil sites because they are concerned their own facilities could come under fire from Tehran's proxies if the conflict escalates, three Gulf sources told Reuters.

The Treasury Department also said it was designating 16 entities and identifying 17 vessels as blocked property, citing their involvement in shipments of petroleum and petrochemical products in support of the National Iranian Oil Company.

Concurrently, the State Department took steps to disrupt the money flow into Iran's weapons programs and support for "terrorist proxies and partners."

It imposed sanctions on six entities involved in Tehran's petroleum trade and identified six ships as blocked property. I

ran's oil exports have risen under Biden's tenure as Iran succeeds in evading sanctions and as China has become Iran's major oil buyer.

The Eurasia Group risk consultancy said on Friday the

Top News - Agriculture

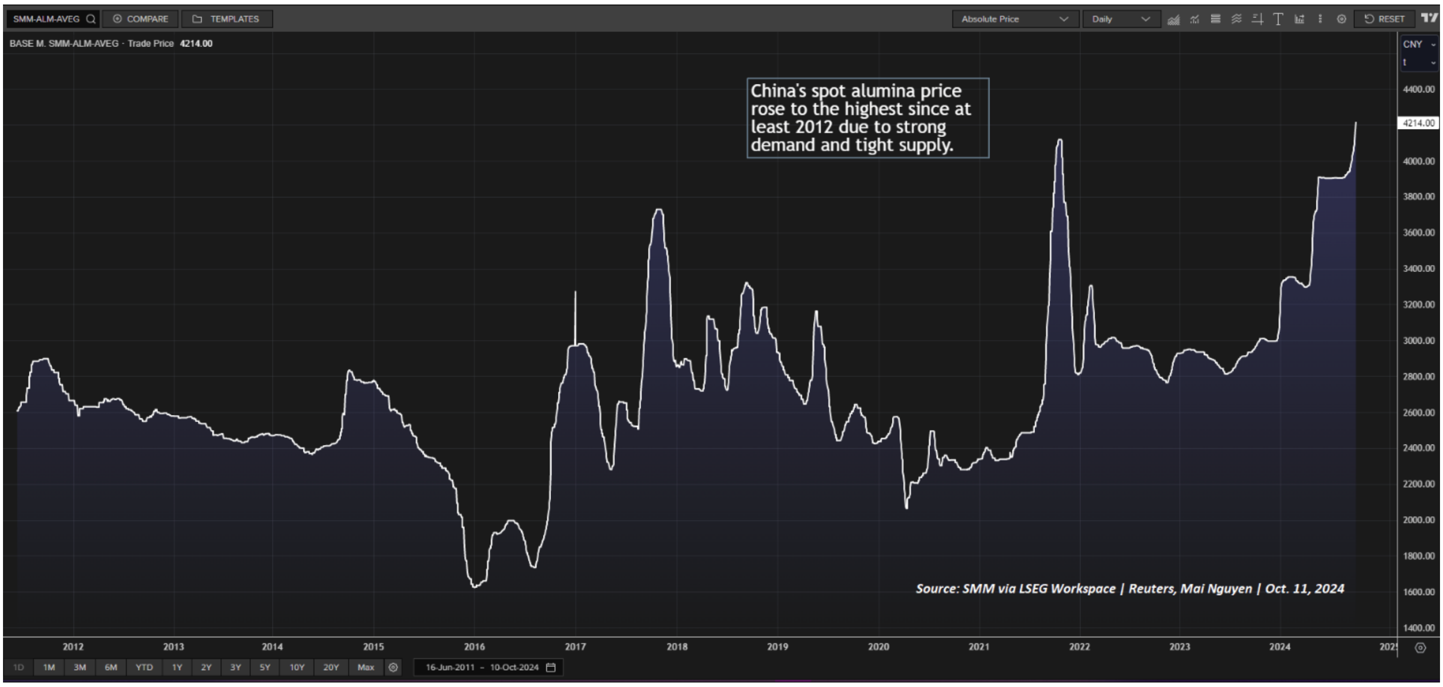
U.S. could cut Iran's oil exports through tighter enforcement of previously imposed sanctions, for instance through satellite imaging for stricter monitoring of tankers that have turned off transponders.
The U.S. could also pressure countries to support enforcement efforts such as Malaysia, Singapore and the United Arab Emirates, it said. But that approach "would require strong diplomatic pressure on two partners, Malaysia and UAE, which are both reluctant to support efforts favoring Israel," it said.
Tougher enforcement of sanctions would likely require targeting Chinese firms shipping Iranian crude, it said, as China buys nearly 90% of Iran's crude-oil exports.

French maize harvest falls further behind as wet weather persists

France's maize harvest fell further behind the usual pace last week, data showed on Friday, and torrential rain this week may exacerbate soggy conditions that have hindered field work in the European Union's biggest grain producer.
Farmers had harvested 6% of this year's grain maize crop by Oct. 7, up from 2% a week earlier but well below year-earlier progress of 44% and an average 40% for the same week in the past five years, farm office FranceAgriMer said in a cereal report.
After repeated heavy rain led to the smallest wheat harvest in 40 years this summer, France's wettest September in 25 years has left some cropland waterlogged again. The frequent rain has helped maize to grow over summer, with FranceAgriMer estimating that 78% of the crop was now in good or excellent condition, supporting expectations of higher production this year. But prolonged dampness can hurt mature crops while adding to post-harvest drying costs for farmers.
"Production in France is expected at a good level but recurrent rains are leading to fears of yield losses and quality deterioration," consultancy Strategie Grains said on Thursday as it increased slightly its European Union maize crop forecast on the back of an upward revision for France. The tail-end of Hurricane Kirk brought the equivalent of a month's rainfall to parts of France on Wednesday, leading to localised flooding.
Rainfall has eased since Thursday but some showers are forecast in the week ahead in parts of France that may slow the drying out of fields. The wet weather has also hampered early sowing of winter cereals, raising concerns of a repeat of last autumn's soggy conditions that reduced the crop area.
FranceAgriMer said 6% of the country's expected soft wheat area and 12% of the projected winter barley area had been sown by Monday, compared with five-year averages of 9% and 16%, respectively. But it said a technical issue that has generated incorrect sowing figures for the southwestern Occitanie region may have affected national totals.

Ukraine 2024/25 grain exports to fall to 40 mln T due to smaller crop, official says

Chart of the Day



Ukraine's 2024/25 grain exports are likely to decrease to around 40 million metric tons from almost 51 million tons in 2023/24 due to a smaller harvest, the first deputy agriculture minister Taras Vysotskiy said on Friday.
"The harvest (of 2024) due to difficult weather conditions is a bit smaller and there are no carryover stocks from previous periods and exports will be around 40 million tons," Vysotskiy told national television. Abnormal heatwaves dominated most Ukrainian regions this summer, sharply reducing the yield of corn and other late crops.
Farm minister Vitaliy Koval told Reuters last month that Ukraine, a grain net-exporter, would keep its exports at a high level despite a smaller harvest and could ship abroad 16.2 million tons of wheat and 21.7 million tons of corn in the 2024/25 season.
Traders exported 18.4 million tons of wheat and 29.4 million tons of corn in 2023/24, also due to high stocks from previous seasons, when key Ukrainian seaports were blocked because of the Russian invasion.
Ukraine is a major global grain grower and before Russia's invasion in 2022 the country exported about 6 million tons of grain alone per month via the Black Sea.
About 85% of Ukrainian food exports now leaves Ukraine from its Black Sea ports. "This is not a record volume (of 2024 grain harvest) and therefore we are confident that the existing infrastructure ... will allow this average volume to be exported," Vysotskiy said.

FREIGHT
Ukraine has exported 11.7 million tons of grain so far the 2024/25 July-June season, up from about 7.42 million tons over the same period of the previous season, agriculture ministry data showed on Friday.
Traders shipped abroad 1.29 million tons of grain so far in October versus 667,000 tons over Oct. 1-11 last year.
ASAP Agri consultancy said the available tonnage in the Black Sea-Mediterranean basin for October dates continued to shrink and this week charterers encountered an acute shortage of vessels in the coaster segment, particularly for spot dates.
The consultancy said shipowners adopted a "wait-and-see" approach, refraining from offering their vessels too quickly.
Local producers however said that increased attacks by Russia on ships carrying agricultural products in the key Black Sea ports were complicating export logistics and affecting freight costs. Insurance sources said on Thursday the war premiums had jumped around 30% this week to just over 1% of the value of the vessel from around 0.7% in early September, which would mean hundreds of thousands of dollars in extra costs.
Vessels calling at Ukraine were at "heightened risk of direct attack by Russian forces", British maritime security company Ambrey said in a note. Russian ballistic missiles attacked the Odesa region again on Friday, becoming the fourth such attack since Sunday.

Top News - Metals

FOCUS-Inside China's bid to build sway over global metals pricing
China is locking in steps to shape the pricing of the vast quantities of industrial metals it produces and consumes, with moves to attract foreign firms to trade on Shanghai's futures exchange, which would eventually fragment global markets.
After buying mining assets around the world over the past two decades to secure metals needed for industrialisation and more recently to meet its carbon emissions targets, China now wants a bigger say in how prices of those metals are determined.
But it has lost market share in metals futures trading and needs to persuade international investors to use the Shanghai Futures Exchange (ShFE), according to interviews with more than 10 brokers, traders, analysts, risk managers and consultants with direct knowledge of ShFE's plans.
If successful, the push would help give Shanghai's contracts benchmark status and upend the system for reference prices of industrial metals in place since 1877 when the London Metal Exchange (LME) started life above a hat shop in London.
ShFE benchmarks would eliminate the need for Chinese firms to link their physical contracts to LME prices and create a need for foreigners to trade on ShFE to influence reference prices in their contracts, shifting market sway from the west to China.
In recent meetings, the exchange told industry players the plan is high on its agenda and was likely to be put in place soon, but it did not discuss deadlines, two people said.
ShFE did not respond to requests for comment or to questions on timelines, amounts available to invest in this project, the challenges it faces or how success would be measured.
However, state media in June reported Wang Fenghai, general manager at ShFE, as saying: "Only through opening up can we draw in foreign investors, participate in the process of ShFE’s price establishment, therefore enhance price influence."
Wang added that cross-border delivery capability was an area ShFE would focus on in terms of attracting global participation. In a key step, the exchange has been looking to line up warehouses outside China to store metal delivered for copper contracts that were launched

on its International Energy Exchange (INE) for foreigners in 2020.
ShFE has told industry stakeholders it intends to expand soon into international metals storage, two other sources with direct knowledge said, bidding to rival the LME's global network of more than 450 registered warehouses that hold thousands of tons of aluminium, copper and other metals. "They (ShFE) have a plan, they are coming out, they will list warehouses outside China, ... the government wants this to happen," one source familiar with the exchange's thinking said.
While the metals industry has known since last year that ShFE plans to line up warehouses offshore, starting in Singapore, its latest comments to foreign firms suggest it is closer than ever to going ahead.
"A real price people want to use needs warehouse stocks the world over," a source at a consultancy with knowledge of ShFE's plans said. Once ShFE makes a firm decision to offer metal storage outside China, the process of registering warehouses would be a matter of weeks if not days, as facilities already exist at ports that see large flows of metals, warehousing sources said.
ShFE will not need regulatory approvals for warehouses that can store metal deliverable against its contracts as long as they are located in free trade zones, so metal can be stored free of taxes until delivered to customers.
Singapore makes a good starting point as it is already a location for LME warehouses, which means the regulatory framework already exists. All of the people who spoke to Reuters asked not to be named as their conversations with ShFE were private.

RIVALS TAKE MARKET SHARE
The Shanghai exchange faces a difficult road countering the LME, even as China consumes more than half of global supplies of copper, aluminium and zinc and produces large amounts of these metals.
"Any exchange that wants to achieve internationalisation would face challenges ... ShFE would face many challenges and various constraints if it aims to become a global pricing center," Luo Xufeng, chairman of Nanhua Futures told Reuters.
Ultimately the exchange aims to list aluminium, zinc, nickel, lead and tin on the INE, sources with knowledge of ShFE's plans said. Those metals are already traded on the LME, the world's largest and oldest forum for metals, owned by Hong Kong Exchanges and Clearing (HKEx).
On the LME, volumes for copper, essential in construction, power systems and electrical goods, have stabilised at around 60% of copper futures globally.
But ShFE's domestic market has lost ground to U.S.-based COMEX, part of CME Group, since 2015, with ShFE last year accounting for around 15% of copper futures traded globally, while COMEX's share was 22%.
And in the first nine months of 2024, trading volumes on ShFE's INE copper futures have dropped nearly 43%

MARKET MONITOR as of 06:30 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$74.52 / bbl	-1.38%	4.01%
NYMEX RBOB Gasoline	$2.10 / gallon	-1.10%	-0.31%
ICE Gas Oil	$700.00 / tonne	-1.37%	-6.76%
NYMEX Natural Gas	$2.59 / mmBtu	-1.67%	2.94%
Spot Gold	$2,665.58 / ounce	0.36%	29.23%
TRPC coal API 2 / Dec, 24	$125.75 / tonne	-0.40%	29.64%
Carbon ECX EUA	€64.18 / tonne	-0.68%	-20.14%
Dutch gas day-ahead (Pre. close)	€39.65 / Mwh	-0.90%	24.49%
CBOT Corn	$4.32 / bushel	-0.29%	-10.80%
CBOT Wheat	$6.19 / bushel	-0.48%	-3.24%
Malaysia Palm Oil (3M)	RM4,372 / tonne	0.51%	17.50%
Index	**Close 11 Oct**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	346.45	0.14%	14.95%
Rogers International	28.48	0.76%	8.19%
U.S. Stocks - Dow	42,863.86	0.97%	13.73%
U.S. Dollar Index	102.99	0.10%	1.63%
U.S. Bond Index (DJ)	445.87	-0.03%	3.52%

from the same period last year. "The only way to increase volumes is get more international involvement in ShFE," a metals trader with direct knowledge of the matter said, adding that China's government was behind the project to internationalise ShFE's contracts.
The China Securities Regulatory Commission (CSRC), which regulates ShFE, and the State Council, China's cabinet, did not respond to questions from Reuters.
Meanwhile, LME is working on plans to list new contracts using ShFE prices and is set to approve the expansion of its metals warehousing network into Hong Kong before the end of this year. LME said it intends to "deepen our collaboration with ShFE by working together in product innovation to better serve international participants in risk management and price discovery," in response to a request for comment on its plans.

HURDLES FOR SHFE
ShFE's ambition has been long in the making. When HKEx bought the London exchange in 2012 with a plan to turbo-charge revenues by expanding LME warehousing into China, ShFE told local authorities it could mimic the LME's network and give China power and influence over global metals markets.
Some of that influence would come from more foreigners trading on ShFE having to hold yuan accounts, which would boost Beijing's aim to gain global acceptance of its currency. Contracts on ShFE and its INE platform are priced in yuan. "ShFE has been trying to do this for over 10 years," said Dan Smith, head of research at Amalgamated Metal Trading.
"The biggest challenge is that there are still restrictions on the conversion of yuan to dollars."
China's currency exchange controls that limit the amount of money companies can take out of the country at any one time, partly a measure to control currency volatility, are potential deterrents for foreign investors.
Sources also mentioned fear of Chinese authorities' policies designed to steer commodities markets and government market interventions, such as on margin requirements - the deposits of cash or collateral clearing houses need to cover potential losses.
"They don't like volatility. They could double, triple transaction fees and margins overnight if they want. It makes people nervous," a source familiar with the matter at a resources-focused fund said.

EXCLUSIVE-Japan's Mitsui prepares a comeback to precious metals trading, sources say
Japan's Mitsui & Co plans to re-enter global precious metals trading to hedge client risk after a nine-year absence, three sources with knowledge of the matter told Reuters. Mitsui's comeback will bring extra liquidity to the global precious metals derivatives trade, replacing those who left the sector.
The company, one of Japan's top trading houses, is also getting back into precious metals in the midst of a blistering rally which has seen gold prices soar almost 30% to hit successive record highs.
Mitsui is looking for someone to head its re-entry, one of the sources said. It is expected to return to the market via Mitsui's subsidiary, Mitsui Bussan Commodities Ltd, from London, the source added.
Responding to a Reuters' request for comment, Mitsui said that Mitsui Bussan Commodities "is exploring opportunities to provide price risk management services within the precious metals industry". "This initiative aligns with Mitsui Bussan Commodities' commitment to expand the portfolio in key markets and offer clients more diverse solutions," Mitsui added.
It did not provide further detail.
Mitsui Bussan Commodities currently trades energy and base metals derivatives for clients looking to hedge price risks, from its offices in London, New York, Singapore and Paris. Mitsui started trading precious metals in 1970, before deciding to exit in 2015 as commodity prices fell.
Sources said this year's surge in precious metals prices sparked its interest.
Spot gold prices are up 28% so far this year, heading for the biggest annual gain in 14 years, due to the start of U.S. interest rate cuts and safe-haven demand spurred by hostilities in the Middle East and other conflicts. Spot silver prices are up 31% since the start of 2024.
The most important gold trading centres are the London over-the-counter market and the U.S. futures market.
The World Gold Council, an industry body grouping global gold miners, estimates that worldwide gold trading volumes rose in September by 7% month on month to $259 billion a day as average trading volumes in the OTC market added 10% to $176 billion.

Top News - Carbon & Power

Canadian natural gas firms eager for LNG boom swamp market with excess supply

A huge liquefied natural gas export terminal led by Shell, called LNG Canada, may struggle to dramatically raise Canadian natural gas prices when it starts operating next year because a flood of pent-up supply is waiting to hit the market, analysts said.

Gas prices at Alberta's AECO hub hit a two-year low of 5 Canadian cents per million British thermal units (mmBtu) in late September as storage filled up. The slump has hurt producers who boosted drilling activity this year in anticipation of new demand from LNG Canada and prompted some firms to curtail production.

Company executives and analysts estimate firms have shut in between 800 million and 1 billion cubic feet a day (bcf/d), around 5% of total gas production from Canada, the world's sixth-largest producer. In addition to curtailments, some producers like Canadian Natural Resources Ltd have delayed completing newly drilled wells until prices pick up. Advantage Energy became the latest producer to announce temporary curtailments on Tuesday.

The Calgary-based company began shutting in up to 130 million cubic feet a day of dry gas last month.

Advantage CEO Michael Belenkie said he was disappointed some producers were continuing to sell gas at a loss, instead of curtailing production and allowing prices to recover until demand from LNG Canada kicked in. "Producers basically started to front-run the growth in demand," Belenkie said. "In three, six, nine months we will see substantial off-take from the system, but people have delivered early."

The 14 million ton per annum (mtpa) LNG Canada facility, a joint venture between five partners including Japan's Mitsubishi Corp and Malaysia's state energy firm Petronas, will be Canada's first major liquefied natural gas export terminal and require around 2.1 billion cubic feet a day (bcf/d) of gas.

Even with that huge demand boost the AECO futures market indicates prices will reach only C$2.46 a gigajoule (C$2.33/mmBtu) in September 2025, around C$1.20/gj less than the forward strip was suggesting a year earlier.

"Right now prices are not signaling there's going to be a big windfall in 2025, the forward strip has come down significantly," said Jean-Paul Lachance, CEO of Peyto Exploration, Canada's fifth-largest gas company.

He said there was a growing consensus among producers that LNG Canada likely will not fully ramp up until the second half of 2025.

Peyto hedges 70% of its production to protect against market volatility, and Lachance said he saw a risk companies could restart curtailed volumes too quickly once prices improve.

"If everybody brings it all back on at once that will probably stress the market again," he said, adding that many Canadian producers sell into other North American markets to reduce their exposure to volatile AECO prices.

LNG Canada said in a September update the facility is 95% complete and remains on track to deliver first cargos by mid-2025.

FRONT-RUNNING DEMAND

LNG Canada should reduce volatility in the AECO market, which is prone to big price swings because of limited storage capacity, said BMO Capital Markets analyst Jeremy McCrea. "It's hard to see gas going to C$5 but it should provide stability so we don't get down to the 50 cents level," McCrea said. In recent days AECO prices have rallied back above C$1.50/gj, helped by production curtailments and a pickup in Alberta oil sands demand.

A cold winter would also help draw gas out of storage and lift prices, and RBN Energy analyst Martin King said curtailed volumes could return to the market before the end of this year if prices strengthen much further.

"If it's November 20 and prices are back up around C$2.25 all that gas that been temporarily shut in comes roaring back to the market," King said. "Is it going to end up being too much of a good thing and the market ends up short-circuiting itself?"

EXCLUSIVE-Japan could boost LNG buys for emergency reserve to nearly 1 mln T a year, METI official says

Japan is considering stepping up purchases of liquefied natural gas (LNG) for emergency needs to at least 12 cargoes a year from three now, an official of its industry ministry said, to guard against unexpected supply shocks.

The reserve-boosting plan entails additional purchases by the world's second biggest buyer of LNG after China, increasing its buys to at least 0.84 million tonnes of LNG per annum from 0.21 million now.

Japan is expanding its role as an LNG trader at a time of falling domestic demand overall for the fuel, but in a plan to boost energy security, it trades some cargoes that are not wanted at home during periods of weak demand.

From last December, Japan's top power generator, JERA, has bought one LNG cargo for each of the winter months, or a total of three for the year, to add to a 'Strategic Buffer LNG' (SBL) run by the Ministry of Economy, Trade and Industry (METI).

This winter, JERA will continue buying one cargo of

70,000 metric tons for each month from December to February, Yuya Hasegawa, director of the ministry's energy resources development division, told Reuters.
"From the mid- to late-2020s, we will try to secure at least one cargo per month throughout a year - that is, at least 12 cargoes per year," Hasegawa said, adding that JERA, also Japan's top LNG buyer, would continue handling cargoes for the reserve. Japanese power utilities have been calling for a bigger SBL, designed for JERA to provide a cargo to a utility in urgent need, hedging against unexpected supply crunches triggered by military conflicts or nuclear reactor halts, among other issues.
Australia is Japan's top LNG supplier by far, but the Middle East, including Qatar and Oman, provided 14% of its August needs of the super-chilled gas, Japanese customs said, with Russia supplying another tenth.
Japan has no underground gas storage but has LNG storage capacity of around 12 billion cubic meters, or just over a month of consumption, at its LNG receiving terminals, which number more than 30, the International Energy Agency says.
To boost storage capacity, METI proposed financial support last month for companies to secure storage tanks at home and abroad, in a scheme separate from the SBL but which also aims to improve energy security.
LNG makes up a third of the power generation mix in Japan, which sees it remaining as a transition energy source in the years to come. Japanese companies have recently also expanded LNG swap deals in efforts to boost flexibility.

Top News - Dry Freight

EXCLUSIVE-Russia sets price floor for wheat at international tenders, sources say

Russia's agriculture ministry asked exporters at a closed-door meeting on Friday not to sell wheat by tender to international buyers below a minimum price, two sources with direct knowledge of the matter told Reuters.
The recommendation introduces a de-facto price floor of $250 per metric ton on a free-on-board basis for wheat from Russia, the world's biggest exporter of the grain.
The floor is set to curb exports that were flowing at high volumes in recent weeks as Russia fights domestic inflation, which is running at about 9%.
Russia's Grain Exporters Union said in a statement after the meeting the ministry also told exporters to engage in direct deals with buyers without third parties, as well as not to provide Russian grain to foreign firms that won international tenders below the new price floor.
"The harmful practice of recent months, caused by the vigorous activity and dumping by some 'new' exporters, must be eradicated," the union said. "Russian grain should be supplied to consumers only by Russian exporters," it added.
One of the sources said the ministry gave exporters one week to implement the recommendations.
The union said Russian grain-export potential is seen at 55 million to 57 million tons in the 2024/25 season. One Russian trader told Reuters that the announced curbs forced exporters to take risks that were previously taken by intermediary firms. "We do not have sufficient risk-hedging tools for exporters," the trader said.

EXPORT DUTY HIKED

Russia earlier announced a 41% increase in its wheat-export duty to 1,872 roubles ($19.51) per ton on Oct. 16, up from 1,328.3 roubles previously. It was widely seen as another measure to curb exports. The new duty reflects higher prices for Russian wheat at Saudi Arabia's wheat tender held on Oct. 7, which ranged from $230 to $243 per ton free on board.
The union had earlier accused unspecified exporters of shipping excessive volumes at low prices and said it would ask the agriculture ministry to review the quota-distribution mechanism for the second half of the season.
Under the current system, the ministry allocates export quotas for the second half of the export season from Feb. 15 to June 30, with volumes depending on shipments in the quota-free first half.
Traders said the duty increase could have been larger.
"It's not very bullish in the end if that's all they're announcing. It's like $5-$6 a ton. People were pricing bigger risks, so the market might come off," a European trader commented.

EXPORT QUOTAS

The agriculture ministry has not yet allocated export quotas for the current season. The union said quota distribution was also discussed at the meeting, without elaborating. Russia slightly lowered its official estimate for this year's harvest to 130 million tons from 132 million tons previously, after bad weather affected many grain-producing regions this year.
"The Russian government appears to be taking a serious course to reduce wheat exports; it seems they want to keep Russian bread prices down," another trader said.
Independent consultancy Sovecon published substantially lower grain-harvest estimates on Friday, forecasting the harvest at 122.9 million tons, down from 124.4 million tons previously, citing lower yields in Siberian grain-producing regions.
Russian farmers have so far harvested 122 million tons of grain in gross weight from 92% of the seeded area, agriculture ministry officials said. The country's

agriculture minister, Oksana Lut, said on Thursday this year's harvest was sufficient to meet domestic needs. She estimated domestic grain consumption at 85 million to 87 million tons, with the remainder available for export.

South Korea's NOFI buys about 60,000 T soymeal, traders say

Leading South Korean animal feed maker Nonghyup Feed Inc. (NOFI) purchased up to 60,000 metric tons of soymeal in an international tender on Friday, European traders said.

It was expected to be sourced from South America, but the seller can also optionally supply from the United States or China.

The soymeal was bought at an estimated outright price of $405.49 per ton, cost and freight (c&f) included, plus a surcharge of $1.50 a ton for additional port unloading. Some trader estimates put the price slightly higher.

The seller was believed to be trading house Cofco. The soymeal was sought in one consignment of 40,000 to 60,000 tons for arrival in South Korea around March 20, 2025.

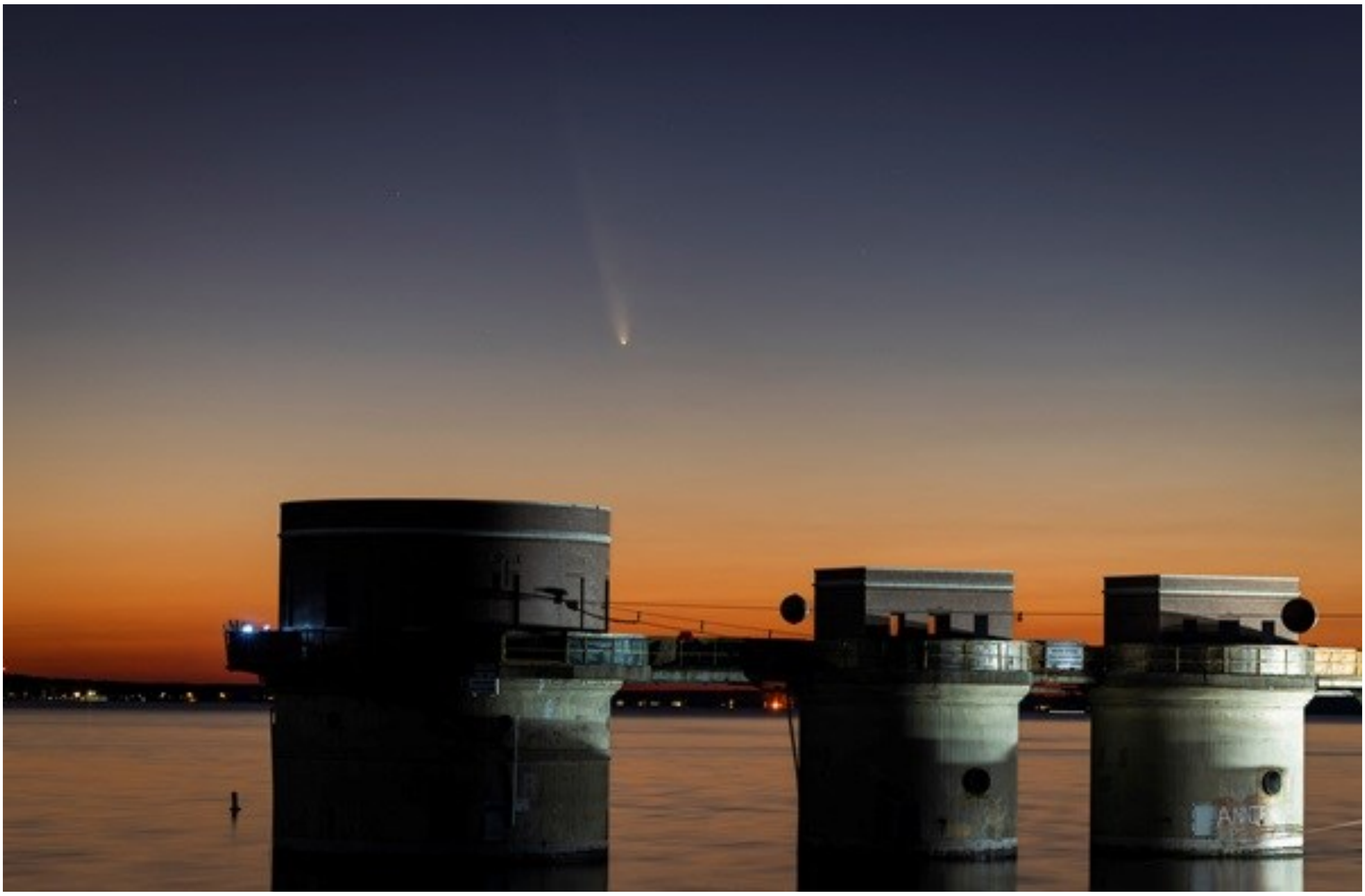
Reports reflect assessments from traders, and further estimates of prices and volumes are still possible later.

Shipment was sought between Jan. 21-Feb. 9 if sourced from South America, between March 1-March 20 from China or between Feb. 12-March 3 if from the U.S. Pacific Northwest coast, they said.

If sourced from the United States or China, only 50,000 tons need be supplied. South Korean import group the Feed Leaders Committee (FLC) on Thursday purchased up to 60,000 tons of soymeal to be sourced from South America or optionally from the United States or China.

Chicago Board of Trade soybean and soymeal futures fell on Thursday as investors adjusted positions before a U.S. Department of Agriculture (USDA) supply-demand report on Friday that will feature new estimates of the U.S. soybean harvest.

Picture of the Day



Comet C/2023 A3 (Tsuchinshan-ATLAS) is visible shortly after sunset in the western sky over the Lake Murray Dam Hydroelectric Intake Towers near Columbia, South Carolina, U.S. October 12. REUTERS/Sam Wolfe

(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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LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

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