Oil | Agriculture | Metals | Carbon & Power | Dry Freight
Click on headers to go to that section

Top News - Oil

OPEC cuts 2024, 2025 global oil demand growth view again

OPEC on Monday cut its forecast for global oil demand growth in 2024 reflecting data received so far this year and also lowered its projection for next year, marking the producer group's third consecutive downward revision.
The weaker outlook highlights the dilemma faced by OPEC+, which comprises the Organization of the Petroleum Exporting Countries and allies such as Russia, which is planning to start raising output in December after earlier delaying the hike against a backdrop of falling prices. On Monday, OPEC in a monthly report said world oil demand will rise by 1.93 million barrels per day (bpd) in 2024, down from growth of 2.03 million bpd it expected last month. Until August, OPEC had kept the forecast unchanged since it was first made in July 2023.
China accounted for the bulk of the 2024 downgrade. OPEC trimmed its Chinese growth forecast to 580,000 bpd from 650,000 bpd. While government stimulus measures will support fourth-quarter demand, oil use is facing headwinds from economic challenges and moves towards cleaner fuels, OPEC said. "Diesel consumption continued to be subdued by slowing economic activity, mostly a slowdown in building and housing construction, and the substitution of liquefied natural gas (LNG) for petroleum diesel fuel in heavy-duty trucks," OPEC said in reference to August.
Oil held an earlier decline of about 2% after the report was issued, with Brent crude trading below $78 a barrel.
There is a wide split between forecasters on the strength of demand growth in 2024, partly due to differences over China and over the pace of the world's switch to cleaner fuels. OPEC is still at the top of industry estimates and has a long way to go to match the International Energy Agency's far lower view. OPEC said this year's demand growth was still above the historical average of 1.4 million bpd seen prior to the COVID-19 pandemic, which caused a plunge in oil use. For next year, OPEC cut its 2025 global demand growth estimate to 1.64 million bpd from 1.74 million bpd.

LIBYA, IRAQ, RUSSIA CUTS
OPEC+ has implemented a series of output cuts since late 2022 to support the market, most of which are in place until the end of 2025. The group was due to start unwinding the most recent layer of cuts of 2.2 million bpd from October, but decided to delay the plan for two months after oil prices slumped. OPEC's report showed production fell in September due to unrest in Libya and a cut by Iraq. OPEC+ pumped 40.1 million bpd, down 557,000 bpd from August. Iraq pumped 4.11 million bpd, down 155,000 bpd but still above its 4 million bpd quota.
As well as Iraq, OPEC has named Russia and Kazakhstan as among the OPEC+ countries which pumped above quotas. Russia cut output in September by 28,000 bpd to about 9 million bpd, the report said, citing data from secondary sources such as consultancies. Kazakhstan, however, raised production by 75,000 bpd to 1.55 million bpd. The OPEC report projects demand for OPEC+ crude, or crude from OPEC plus the allied countries working with it, at 43.7 million bpd in the fourth quarter, in theory allowing it room for higher production.
Other forecasts suggest less room. The IEA, which represents industrialised countries, sees much lower demand growth than OPEC of 900,000 bpd in 2024. The IEA is scheduled to update its figures on Tuesday.

China oil imports fall from a year ago for a fifth month in Sept

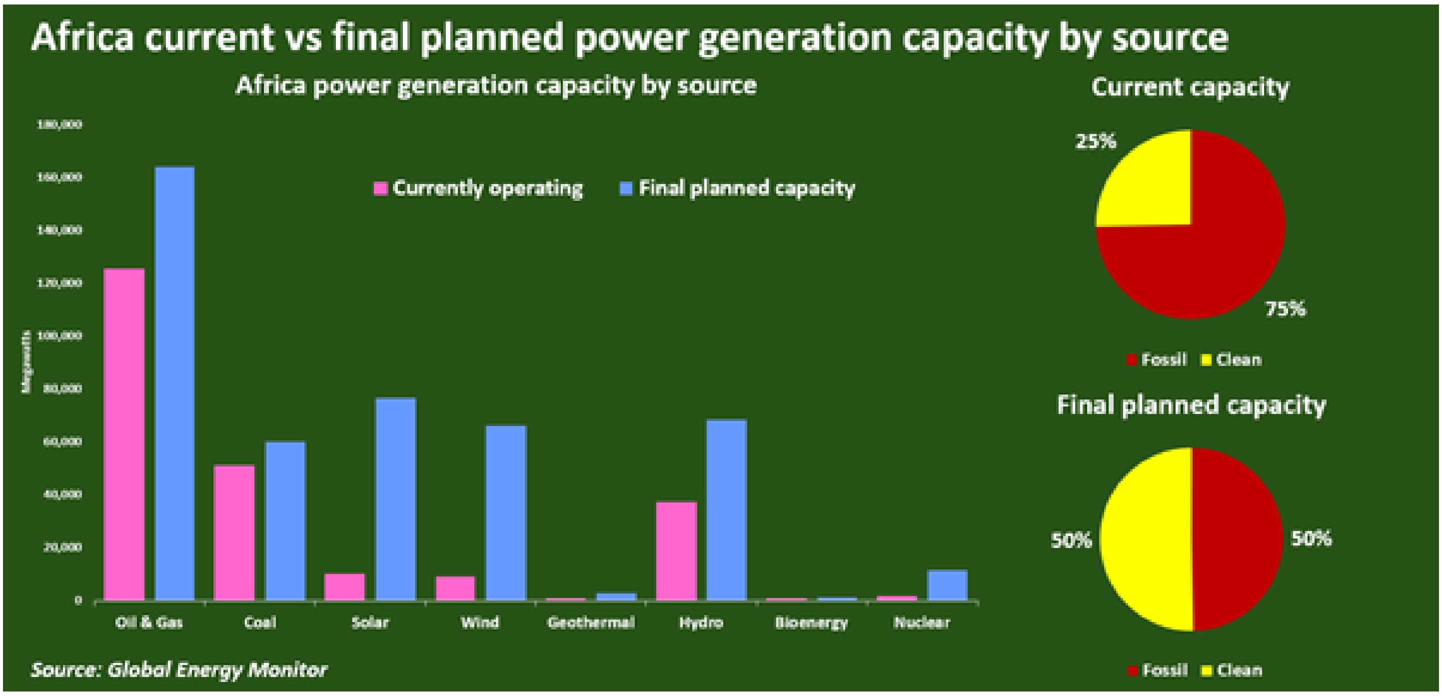
China's oil imports fell in September by 0.6% from a year earlier, data showed on Monday, as plants curbed purchases because of weak domestic fuel demand and narrowing export margins. The world's largest crude oil importer brought in 45.49 million metric tons in September, or about 11.07 million barrels per day (bpd), data from the General Administration of Customs showed. This was the fifth straight month that shipments were less than the year before, with imports in September 2023 at 11.13 million bpd. They also declined from 11.56 million bpd in August.
Year-to-date imports totaled 412.39 million tons, or 10.99 million bpd, down 2.8% versus the year-ago period, the data showed. Imports declined even as China's newest refiner Shandong Yulong Petrochemical started up one of its two 200,000 bpd crude units in late September. However, many smaller plants in Shandong province, where Yulong is based, are dealing with sluggish fuel consumption particularly for diesel fuel. Between January and September this year, Chinese diesel consumption was less than the year before in every month except for August, according to consultancy Sublime China Information.
Monday's customs data also showed China's natural gas imports last month were up 18.1% from a year earlier to 11.99 million metric tons, bringing year-to-date purchases to 99.08 million tons, or 13% higher than year-earlier levels. Exports of refined oil products, which include diesel, gasoline, aviation fuel and marine fuel, were at 5.19 million tons, down 4.6% from a year earlier and versus 4.92 million tons in August. Exports for the first nine months dropped 5.7% on the year to 45.2 million tons.

Top News - Agriculture

NOPA September US soybean crush seen up, at 170.331 million bushels
The U.S. soybean crush likely rebounded in September from a near-three-year low the prior month while soyoil stocks thinned to the lowest in almost a decade, analysts said ahead of a National Oilseed Processors Association (NOPA) report due on Tuesday.NOPA members, who handle about 95% of all U.S. processed soybeans, were estimated to have crushed 170.331 million bushels last month, according to the average of estimates from 10 analysts surveyed by Reuters. If realized, it would be up 7.8% from the August crush of 158.008 million bushels, which was the lowest for any month since September 2021. It would also be up 2.9% from September 2023 when processors crushed 165.456 million bushels, which is the current record for the month of September.
Processors are anticipating having an ample supply of soybeans to crush in the coming months as the U.S. Department of Agriculture is forecasting a record-large 2024 U.S. harvest.
Crush estimates for September ranged from 164.000 million to 177.000 million bushels, with a median of 170.400 million bushels. The NOPA report is scheduled for release at 11 a.m. CDT (1600 GMT) on Tuesday.
Soyoil stocks held by NOPA members as of Sept 30 were estimated at 1.083 billion lbs, based on estimates from seven analysts. If the estimate is realized, it would be down 4.9% from 1.138 billion lbs at the end of August and the smallest end-of-month supply since December 2014. It would also be down 2.3% from the 1.108 billion lbs of oil held by NOPA members at the end of September last year. Oil stocks estimates ranged from 865 million to 1.200 billion lbs, with a median of 1.100 billion lbs.

Train derailment creates latest supply chain hiccup for US-Mexico grain exports
Mexican rail consortium Ferromex and U.S. railroad company Union Pacific Corp said they have stopped issuing permits for some grain rail shipments moving through Eagle Pass, Texas, after a recent train derailment in Mexico closed the track. The halt is a temporary measure until rail traffic gets cleared after the track reopened, Ferromex told Reuters in a statement Monday, adding that total volume of grain movement between Union Pacific and Ferromex will not be affected.
The disruption marks the latest in a string of grain freight rail backlogs at the border, particularly at El Paso and Eagle Pass, that have snarled agricultural supply chains between the U.S. and the top importer of its corn. It comes as U.S. farmers are harvesting massive corn and soybean crops.
Ferromex (FXE), which operates the largest railway in Mexico, notified Union Pacific about the derailment in Mexico on Saturday, according to Union Pacific. FXE told Reuters the track was closed up to 15 hours. Union Pacific said it and Ferromex decided together to temporarily halt issuing permits for the active FXE embargos, given the high volume of agricultural freight and expected increased demand as the U.S. harvest is underway.
"This suspension is effective immediately and will remain in effect until the current train lineup is cleared and trains are able to launch upon release," Union Pacific said in a statement to customers Saturday. While Mexico is the top U.S. corn export market, it's also become a key outlet this year for agricultural exporters looking to offset sluggish buying from China, a top commodity buyer.

Chart of the Day



But rail capacity cannot keep up with the demand, said Juan Carlos Anaya, General Director of the Agricultural Markets Consulting Group. "The infrastructure cannot be built overnight, nor can the machines, and that is causing this problem of having efficient logistics between the United States and Mexico," Anaya said.

Top News - Metals

China Sept iron ore imports lifted by lower prices, demand hopes

China's iron ore imports in September rose 2.7% from August and climbed 2.9% from the year before, customs data showed on Monday, as bookings were encouraged by lower prices and hopes for improved demand during the peak construction season. China, the world's largest iron ore consumer, brought in 104.13 million metric tons of the key steelmaking ingredient last month, the highest level since January, according to data from the General Administration of Customs. That beat forecasts of between 98 million and 103 million tons by analysts, citing typhoon-linked impact on customs clearance and fewer shipments from high-cost miners. The volume last month compared with 101.39 million tons in August and 101.18 million tons in the same month in 2023. Falling prices due to declining demand and high portside stocks were propelling more booking from abroad on anticipation that demand will pick up in September and October.

The average price in both August and September stood well below $100 a ton, data from consultancy Steelhome showed. Lower domestic output also encouraged mills to buy more seaborne cargoes, said analysts.

China's domestically produced iron ore in August slipped 9.4% on the year to around 22.25 million tons, data from the Metallurgical Mines' Association of China showed. Imports in October are likely to stay high because price recovery from late September, thanks to an improved demand outlook following China's aggressive stimulus package, will encourage more shipments from high-cost miners, said analysts. In the first three quarters of 2024, China's iron ore imports totalled 918.87 million tons, a year-on-year increase of 4.9%, the data showed.

STEEL TRADE

China's steel exports in September jumped by 25.93% from the year before to 10.15 million tons, the highest for a single month since July 2016. Exports in the first nine months of the year climbed 21.2% from the year before to 80.71 million tons, mainly driven by better gross profit in the export market than the domestic one, the China Iron and Steel Association said in a note on its WeChat account on Saturday. China imported 554,000 tons of steel products last month, up 8.84% from August and down 13.44% from the prior year, with the January-September total at 5.19 million tons, a 9% annual fall.

World Steel Association lowers 2024 global steel demand forecast

Global steel demand is expected to decline in 2024 for the third year running as manufacturing and economic growth remain weak, the World Steel Association (WorldSteel) said on Monday as it downgraded its outlook. In April, the group forecast global steel demand would rise by 1.7% in 2024, but its latest forecast is a drop of 0.9% to 1.75 billion metric tons.

"2024 has been a difficult year for global steel demand as the global manufacturing sector continued to grapple with persistent headwinds," said Martin Theuringer, managing director of the German Steel Association. "We are making significant downward revisions to our 2024 steel demand outlook for most major economies, including China," added Theuringer, who is also chair of WorldSteel's economics committee. WorldSteel, whose members represent around 85% of global production, postponed its forecast recovery until next year, when it expects demand will rebound by 1.2% to 1.77 billion tons, it said in a statement. China, the world's biggest steel producer and consumer, is due to see continued weakness due to its troubled property sector, a major user of steel.

Chinese steel demand is due to fall by 3% this year and a further 1% in 2025, the group added. India, in contrast, is expected to be the strongest driver of steel demand growth, with gains of 8% in 2024 and 8.5% next year. Combined demand in the European Union and Britain is due to fall by 1.5% this year but bounce by 3.5% in 2025 while consumption in the United States is expected to slip by 1.5% in 2024 and rise by 2% next year.

Top News - Carbon & Power

More transparency on Russian gas imports sought by EU countries, document shows

A group of EU countries including France and the Baltic states have asked the European Commission to tighten reporting rules across the bloc on Russian LNG imports, a letter sent to the commission on Monday showed.

The EU adopted a 14th package of sanctions in June that included a ban on trans-shipments of Russian liquefied natural gas (LNG) in its port areas. Moscow has been using European ports to trans-ship onto other vessels for farther destinations in Asia. The restrictions stopped short of an import ban on Russian LNG. Some EU countries still receive Russian pipeline gas through Ukraine and Turkey. Since then, imports of Russian LNG to Europe have increased to Belgium and the Netherlands where most of the trans-shipments used to take place. Belgium has called for stronger measures. "We consider (it) important to ensure full transparency on imports of Russian natural gas and to shed light on the identity of natural gas suppliers who import Russian LNG," the document said. Further, the countries want the commission to strengthen the "reporting obligation for unloading operations of Russian LNG," as public data do not give "a complete picture."

The package includes a wind-down period until March, and the EU members want the commission to propose stronger reporting rules before then. These would include asking LNG storage operators to provide information on the portion of Russian LNG in reloaded cargoes and storage operators to monitor LNG origin. The paper was co-signed by Lithuania, Austria, Czech Republic, Finland, Estonia, Latvia, Luxembourg and Sweden.

COLUMN-Africa's road map to a bigger, greener power system: Maguire

Africa may be set to transform itself from a relative clean-energy laggard into a power-sector pioneer. African power firms have plans to dramatically expand the continent's energy generation base and make it far cleaner. This could help fuel Africa's expected economic acceleration over the coming decades and provide jobs for its population of roughly 1.5 billion. But the key will be execution.

The continent's power companies are seeking to sharply boost clean-power generation, cut reliance on fossil fuels and nearly double total power output by the time projects near or under construction are completed. The projected 278% jump in Africa's clean power capacity - between now and the completion of all the planned projects - dwarfs the 109% rise slated for projects at similar phases globally, according to Global Energy Monitor (GEM). But realizing these plans will require overcoming major obstacles, including a lack of energy policy coordination among nations, outdated existing energy infrastructure and limited experience operating regional power pools.

CLEAN LEADERS

All told, there are around 32,700 megawatts (MW) of clean- power capacity under construction across Africa, and around 60,000 MW of clean-power capacity already in operation. African power firms are, in aggregate, currently building 250 megawatts (MW) of geothermal plants, nearly 5,000 MW of wind projects, 8,100 MW of solar parks, 15,600 MW of hydro dams, 3,600 MW of nuclear capacity, and around 120 MW of bioenergy capacity. A further 134,000 MW of clean capacity is in the so-called pre-construction phase, which refers to permitted projects that have yet to break ground.

The locations of the current and planned projects vary widely, but on the whole Northern Africa has a larger volume of planned solar and wind projects than Sub-Saharan Africa. Several nations stand out in terms of scale. Egypt is currently constructing 2,400 MW of hydro, 1,400 MW of solar, 2,500 MW of wind, and 1,200 MW of nuclear. Kenya and Ethiopia are both exploiting their relatively easy access to geothermal sources and are constructing the lion's share of geothermal capacity.

And around 15,000 MW of hydro is being planned across Ethiopia, Egypt, Angola, Nigeria and Tanzania, while Nigeria also has a 4,800 MW nuclear plant in pre-construction. Meanwhile, around 22,000 MW of fossil fuel-fired power capacity is currently under construction across the continent, with an additional 25,000 MW in pre-construction. This will be on top of Africa's existing fossil fuel-powered operating capacity of around 177,000 MW, or roughly 74% of its total current power-generating capacity.

CHALLENGES

Africa's current power development road map bodes well for clean-power supporters, with 50% more clean capacity than fossil-fuel capacity currently being built and five times more clean capacity than fossil capacity in the pre-construction phase. However, bringing all of these plans to fruition will require sustained financial, governmental and societal support for clean-power

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$71.13 / bbl	-3.66%	-0.73%
NYMEX RBOB Gasoline	$2.01 / gallon	-3.34%	-4.56%
ICE Gas Oil	$667.75 / tonne	-3.54%	-11.06%
NYMEX Natural Gas	$2.46 / mmBtu	-1.36%	-2.15%
Spot Gold	$2,647.67 / ounce	-0.13%	28.37%
TRPC coal API 2 / Dec, 24	$125.75 / tonne	-0.40%	29.64%
Carbon ECX EUA	€64.87 / tonne	-1.67%	-19.29%
Dutch gas day-ahead (Pre. close)	€40.33 / Mwh	1.72%	26.62%
CBOT Corn	$4.23 / bushel	-0.47%	-12.65%
CBOT Wheat	$6.02 / bushel	-0.86%	-5.86%
Malaysia Palm Oil (3M)	RM4,255 / tonne	-1.34%	14.35%
Index	**Close 14 Oct**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	341.98	-1.29%	13.46%
Rogers International	28.03	-1.58%	6.48%
U.S. Stocks - Dow	43,065.22	0.47%	14.26%
U.S. Dollar Index	103.27	-0.03%	1.91%
U.S. Bond Index (DJ)	445.75	-0.03%	3.49%

development as well as a veritable army of effective project managers. Power firms may struggle to secure sufficient qualified labour for certain projects. They may face difficulties sourcing certain in-demand parts and materials that remain subject to supply-chain snarls and manufacturing backlogs. Power providers must then also ensure that the energy generated from their new assets is channelled to consumers who are prepared to pay up for that power. This will require extensive cross-border transmission networks, which mostly do not yet exist. But construction of transmission lines is already under way across several rapidly developing countries, including Tanzania, Togo, Kenya and elsewhere. A 1,700 kilometre line spanning Senegal, the Gambia, Guinea and Guinea-Bissau was completed last year, while a 500-km Kenya-Tanzania Interconnector is due to come on line later this year. This is a good start, but many more long-distance lines will be needed if African nations are to get full value out of the clean-power capacity being built and if power producers are to secure paying customers to help cover their construction costs.

RIGHT PLACE, RIGHT TIME

While meeting these challenges will not be easy, African power firms may be well-positioned to do so. First, global energy firms are seeking to expand market share just as several African nations are committing to major energy-system upgrades. African firms may also be able to bypass some of the traditional energy development avenues by adopting new technologies that can be deployed in areas without existing grids and be tailored to meet the continent's evolving needs. For example, firms today can utilise real-time power management systems to ensure maximum volumes of clean energy are dispatched around the clock and that fossil fuel plants supplement these sources only when clean-generation volumes fall short of system needs.

The continent's power suppliers should also have access to improved battery systems that can store surplus clean power during high output periods and then discharge it onto grids during peak demand intervals to optimize grids and ensure power flows remain as clean as possible. This moment represents a tremendous opportunity for the continent. A well-managed and coordinated build-out of the planned power supply pipeline could help provide the abundant and cheap energy that is urgently needed to spur industrial growth and enable the region to fulfil its economic and demographic potential.

Top News - Dry Freight

France set to break wheat export lull with rare Thailand shipment

A large cargo of French wheat is set to load for Thailand this month, according to trading and shipping sources, a rare shipment to the southeast Asian country that will boost sluggish French exports. A ship is due to call at the northern river port of Rouen this week to load part of a planned volume of between 60,000 and 70,000 metric tons, with the vessel expected to complete loading at the west coast port of La Pallice, the sources said.

The wheat would be for livestock feed, they added.

Apart from a cargo shipped in June to Thailand and Vietnam, this would be the first French wheat shipment to the Thai market since 2016, LSEG shipping data showed.

France, the European Union's biggest wheat producer, harvested its smallest crop in 40 years this northern hemisphere summer after months of heavy rain, leading forecasters to predict a plunge in exports.

The dire harvest and stiff competition from cheaper Black Sea supplies have caused French wheat exports outside the European Union to dry up weeks after a sizeable volume in July when firms drew on stocks from last year's crop, traders say. While France has a reduced surplus, some are concerned the pace of exports is not fast enough to clear it.

Feed wheat markets could be an option for sales overseas this season given that the torrential rain and limited sunshine that hurt yields also left the crop with low test weights, a key quality requirement for flour millers.

There was talk a second shipment of feed wheat for Thailand may follow in the coming weeks. But a bigger wave of sales was not expected for now, with suppliers thought to have taken advantage of a brief window in late summer when French prices were competitive before a September rebound, the sources said. French export prospects have also been clouded by the exclusion of French companies and supplies from an Algerian tender last week in apparent fallout from diplomatic tensions, according to trading sources.

Ukraine's grain exports via Romania's Constanta down by half in Jan-Sept

Ukraine's grain exports through the Romanian Black Sea port of Constanta fell by half on the year in the first nine months to 5.17 million metric tons, the port authority said, as Kyiv has increasingly relied on its own ports this year despite Russian attacks on ships and port infrastructure.

Constanta remains Ukraine's main alternative route for grain since Russia's full-scale invasion and the port has seen an influx of European Union investment funds to boost its capacity.

But Ukraine has managed to boost grain exports through its own ports by creating a shipping corridor that hugs the western Black Sea coast near Romania and Bulgaria after Russia withdrew from a U.N.-backed export initiative last year. Earlier this month, Ukrainian officials said a Russian missile hit two vessels in as many days in the southern port of Odesa, following two similar attacks in September.

Russia has repeatedly struck Ukraine's Black Sea and Danube river port infrastructure. Constanta Port data, which does not include volumes handled through smaller Romanian ports and exports by rail and road, showed that 430,000 tons of Ukrainian grain left port in September.

Monthly volumes increased compared with summer months, when low Danube levels due to drought complicated transport to Constanta.

Overall grain exports through Constanta totalled 21.86 million tons in the first nine months, down 12.9% on the year. Romania is one of the EU’s biggest grain exporters and its Constanta port also handles grain flows from landlocked neighbours including Serbia, Hungary and Moldova.

Picture of the Day

An aerial view of boats on the dry bed of a Tapajos river affluent at the Igarape Acu community during the intense drought that has hit the Amazon, in Santarem, Para state, Brazil, October 9. REUTERS/Amanda Perobelli

(Inside Commodities is compiled by Lactus Fernandes in Bengaluru)

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