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Top News - Oil

Restart of Venezuela, opposition talks could lead to US sanction relief

Venezuela's government and opposition will resume long-suspended talks on Tuesday that President Nicolas Maduro said would benefit the upcoming 2024 election, a move that could lead to Washington easing sanctions, multiple sources said on Monday. The U.S. has long said it would lift some of its sanctions in exchange for democratic concessions from Maduro, but the announcement on Monday offered the first concrete schedule in nearly a year for talks between the government and opposition.

President Joe Biden's administration has been shifting toward increasing U.S. engagement with Caracas on issues from energy to immigration to political reform, away from former President Donald Trump's "maximum pressure" campaign.

The deal between the government and the opposition will offer electoral guarantees, Maduro said on state television.

"We are on the verge of signing new agreements with the opposition, agreements beneficial for peace and the upcoming election," he said without giving details.

The negotiations, meant to provide a way out of Venezuela's long-running political and economic crisis, will take place in Barbados. Maduro, president since 2013, is expected to run for re-election but has not yet formalized his candidacy. His government has banned prominent opposition figures from running.

Initial steps by the U.S. would involve significant but limited sanctions relief, possibly removing some restrictions on Venezuela's banking sector, Washington sources said, adding that further relaxation would depend on whether Maduro organizes fair elections that meet international standards.

The U.S. could quickly follow the signing of the government-opposition agreement with authorizations related to Venezuela's oil business, two people in Washington familiar with the matter said on condition of anonymity.

POSSIBLE SANCTIONS RELIEF

Any U.S. action would come only after an agreement under which Maduro commits to a presidential election date and lifting of the bans on opposition candidates, these two sources said.

One source in Washington said initial sanctions-easing steps could be announced within hours of the Barbados signing if the U.S. is satisfied Maduro has met his commitment at this stage.

Among the steps under consideration is restoring Venezuelan banks' access to the global financial system, which could facilitate further oil-related transactions, the source said.

The U.S. State Department celebrated the announcement of the return to talks earlier on Monday but did not mention sanctions relief.

"The United States will continue its efforts to unite the international community in support of the Venezuelan-led negotiation process," it said.

It was not immediately known whether U.S. officials would be present for the talks or announcement in Barbados.

The U.S. is mindful that Maduro has failed to meet previous commitments on holding free elections and is watching closely to ensure he complies with his latest promises, sources said.

One source in Washington said the government-opposition agreement will include an election date in the latter half of next year and will allow international observers and participation of opposition figures currently barred from holding office.

It remained unclear whether all opposition candidates would have their bans lifted. The opposition considers the bans unlawful.

Some members of the opposition said on Monday that they doubted Maduro would follow through on his promises. The two sides last met in November 2022.

The opposition is set to hold a primary on Sunday to choose its 2024 candidate. Front-runner Maria Corina Machado is currently banned from holding public office.

Last week, Reuters reported, citing five sources, that Venezuela and the U.S. had progressed at talks in Qatar toward a deal that could allow at least one additional foreign oil firm to take Venezuelan crude oil for debt repayment if Maduro resumed negotiations with the opposition.

Two of those sources named France's Maurel & Prom, a joint venture partner with Venezuela state-run oil company PDVSA, as a possible recipient of a U.S. "comfort letter." At the time a Maurel & Prom spokesperson confirmed that the company "made a request to this effect to U.S. authorities" but declined to elaborate.

A U.S. comfort letter would allow a partner of PDVSA to take Venezuelan oil for exports as debt repayment or establish an oil swap deal to settle pending debts and dividends.

U.S. SANCTIONS

The U.S. imposed sanctions on Venezuela to punish Maduro's government following a 2018 election that Washington considered a sham. Since 2019, U.S. sanctions have banned PDVSA from exporting its oil to its chosen markets.

Trump's sanctions, combined with diplomatic pressure, were intended to force Maduro's ouster. Maduro and his government have survived with support from the military plus China, Russia and Cuba.

The Biden administration has been seeking ways to increase the flow of oil to world markets to alleviate high prices caused by sanctions on Russia over its war in Ukraine, OPEC+ output cuts, and now fears conflict in the Middle East could escalate.

But with no substantial investment in Venezuela's oil sector for over a decade, any real oil output increase will take time, according to analysts.

Biden's administration has kept most sanctions in place in an effort to force Maduro to take concrete steps toward free elections, holding out sanctions relief as an enticement and drawing criticism from opponents.

Assailing Biden's energy policies, Republican U.S. Senator John Barrasso said in a statement: "America should never beg for oil from socialist dictators or terrorists."

The government and opposition last year agreed to the use of $3 billion in frozen assets for humanitarian needs, via a United Nations-run fund that is not yet operational.

Saudi Arabia's crude exports drop to 28-month low in August

Saudi Arabia's crude oil exports in August hit their lowest level in 28 months as they fell for a fifth straight month, data from the Joint Organizations Data Initiative (JODI) showed on Monday. Crude exports from the world's largest oil exporter fell to 5.58 million barrels per day (bpd), down 7.1% from 6.01 million bpd in July and the lowest since April 2021.

Saudi Arabia and Russia have agreed to combined voluntary oil supply cuts of 1.3 million bpd, or more than 1% of global demand, until the end of the year.

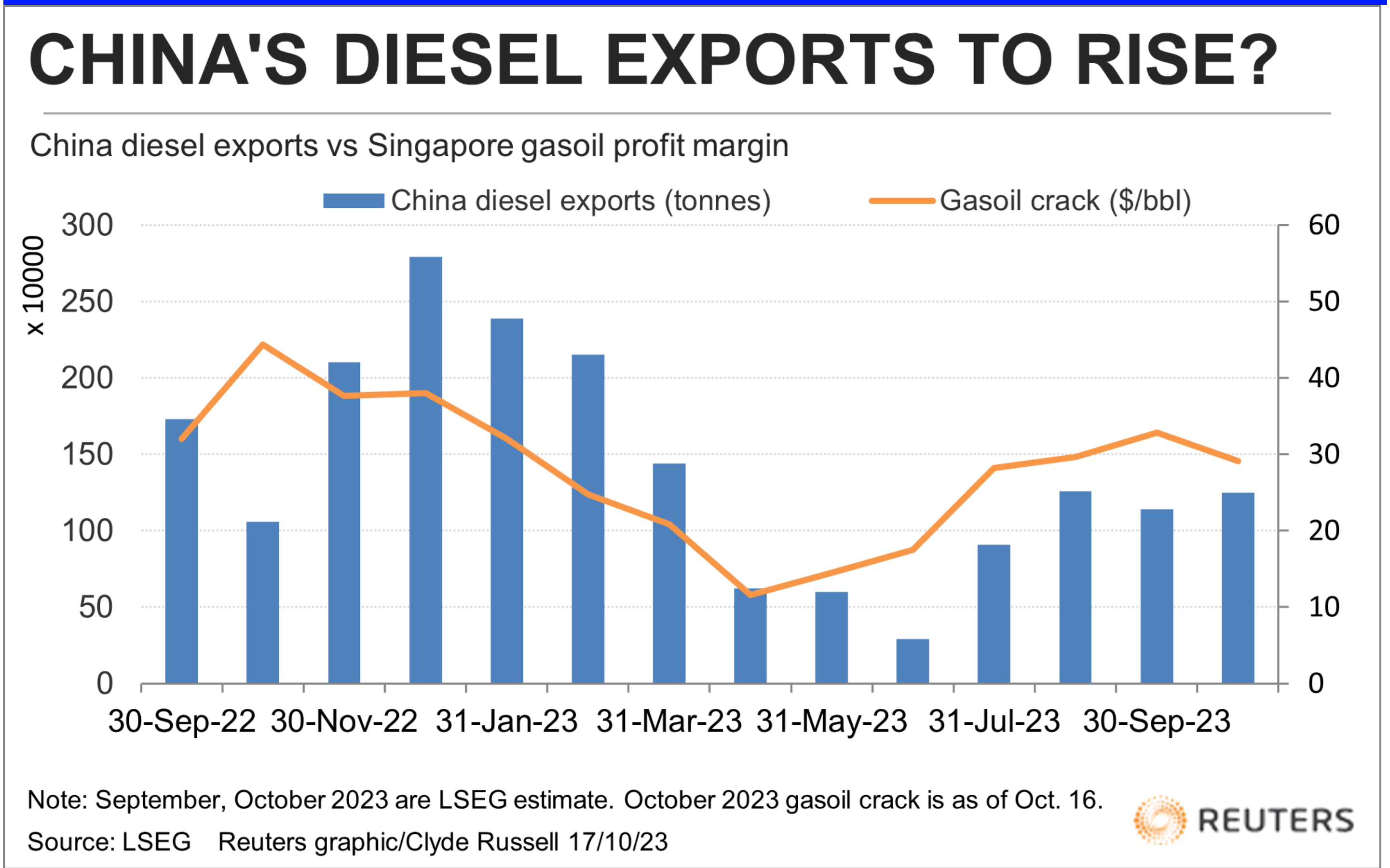
Russian President Vladimir Putin this month indicated that OPEC+ supply reductions would last well into 2024 and likely beyond, a measure that is nearly guaranteed to support oil prices.

Saudi crude output fell to 8.92 million bpd in August, down 95,000 bpd from July, while inventories rose by 4.16 million barrels to 150.89 million.

Domestic refineries processed 2,900 bpd less crude at 2.53 million bpd in August, while direct crude burn rose by 134,000 bpd to 726,000 bpd. The country's oil products exports rose by 182,000 bpd to 1.33 million bpd in August.

Monthly export figures are provided by Riyadh and other members of the Organization of the Petroleum Exporting

Chart of the Day



Countries (OPEC) to JODI, which publishes them on its website.
Crude oil prices surged following a incursion into Israel from Gaza initiated by the Palestinian Islamist group Hamas on Oct. 7.
Separately, Saudi Arabia raised the November official selling price for its Arab light crude for Asian buyers for a fifth straight month.
Elsewhere, U.S. crude oil production hit a new high at 13.2 million bpd in the week to Oct. 6, surpassing a 2020 peak hit before the pandemic reduced global oil demand.

Top News - Agriculture

NOPA September US soybean crush at 165.456 million bushels

The U.S. soybean crush jumped last month to the highest -ever level for September, while end-of-month soyoil stocks thinned to the lowest in nearly nine years, according to National Oilseed Processors Association (NOPA) data released on Monday. NOPA members, which account for around 95% of soybeans crushed in the United States, processed 165.456 million bushels of soybeans last month, up 2.5% from the 161.453 million bushels processed in August and up 4.6% from the September 2022 crush of 158.109 million bushels.
It was the largest September crush on record, topping the prior mark of 161.491 million bushels set in 2020.
Last month's crush topped the average trade estimate of 161.683 million bushels in a Reuters survey of nine analysts. Estimates ranged from 153.700 million to 167.000 million bushels, with a median of 163.215 million bushels.
NOPA data showed year-on-year crushing increases in all regions of the country except for the Southeast.
Soyoil stocks among NOPA members as of Sept. 30 fell to 1.108 billion pounds, below all trade estimates and the lowest end-of-month oil stocks since December 2014.
NOPA members' oil supplies were down 11.4% from the 1.250 billion pounds on hand at the end of August and down 24.1% from stocks totaling 1.459 at the end of September last year. Analysts had expected a drop in stocks to 1.208 billion pounds, according to the average of estimates gathered from six analysts. Estimates ranged from 1.119 billion to 1.300 billion pounds, with a median of 1.200 billion pounds.

US soy harvest 62% complete, ahead of expectations; corn 45% -USDA

U.S. farmers had harvested nearly two thirds of their soybean crop and 45% of their corn by Sunday, while soybean condition ratings improved, according to weekly data from the U.S. Agriculture Department released on Monday. The brisk harvest pace has kept a lid on U.S. grain futures in recent weeks. But persistent dryness during the growing season hurt yields in the world's No. 2 exporter of corn and soy. The USDA in monthly reports last week lowered its yield and production estimates for each crop by more than analysts expected.
At 62% complete, the soybean harvest figure in Monday's weekly USDA crop progress report exceeded even the highest in a range of estimates among 10 analysts surveyed by Reuters, and well ahead of the five-year average of 52%. Corn harvest progress, at 45% complete, was just behind the average estimate of 46% but ahead of the five-year average of 42%.
The USDA rated 52% of the soybean crop in good to excellent condition, up 1 percentage point from a week ago, while analysts surveyed by Reuters on average had expected no change. Corn ratings were unchanged at 53% good-to-excellent, in line with trade expectations.
The share of U.S. soybean production located in a drought area stood at 58% as of Oct. 10, unchanged from the prior week, according to the USDA, while the share of corn production in a drought area remained at 59%.
Growers continue to seed the U.S. winter wheat crop that will be harvested in 2024.
The USDA reported winter wheat plantings as 68% complete, just below the average analyst estimate of 69% and matching the five-year average.

Top News - Metals

Rio Tinto cuts Canada iron ore production estimate on extended plant outage

Rio Tinto reported a rise in quarterly output across its copper and aluminium portfolios on Tuesday, sending its shares 3% higher, even as the miner cut its annual estimate for the Canadian iron ore business due to operational failures. The world's biggest iron ore producer expects an iron ore output of 9.3 million to 9.8 million tons (mt) from its Iron Ore Company of Canada (IOC) business, down from 10.0 to 11.0 mt previously projected.
"Operations at IOC were impacted by extended plant downtime and conveyor belt failures, while we also recovered from wildfires which took place in Northern Quebec in the prior quarter," the Anglo-Australian miner said in a statement.
Rio reported a 1.2% rise in its third-quarter iron ore shipments, as it ramped up production at the Gudai-Darri mine. It shipped 83.9 mt of iron ore from Pilbara in the September quarter, compared with 82.9 mt a year earlier.
The miner, which generates 70% of its profit from its iron ore operations, saw prices of the commodity improve as top consumer China stepped up its stimulus efforts.

Rio realised a 5% increase in mined copper output to 169,000 tons, reflecting a ramp-up of high-grade underground Oyu Tolgoi mine and higher feed grades at Escondida.
"Markets are latching onto signs that (Rio's) copper business is performing strongly, boosting confidence among investors that the strategic pivot to adapt to structural changes in demand is heading in the right direction," said Kyle Rodda, a senior market analyst at Capital.com.
Rio also reported a 9% increase in its quarterly aluminium output to 828,000 metric tons.
The company maintained its full-year expectations for Pilbara shipments in the upper half of the 320 million to 335 million tonnes range. Shares of the miner rose as much as 3.3% to A$119.5, as of 2355 GMT, while the mining index was up 1.3%.

Australia's Newcrest reports lower quarterly gold output on maintenance shutdowns

Newcrest Mining, which is in the final stages of a takeover by global gold mining giant Newmont Corp, on Tuesday posted an 18.1% sequential fall in quarterly gold production, hurt by maintenance shutdowns during the quarter. Planned maintenance activities at the miner's Cadia, Telfer, Brucejack projects resulted in a lower throughput during the quarter, while output at Red Chris declined due to lower gold grade.
The A$26.2 billion ($16.61 billion) deal between the companies is the third-largest ever involving an Australian company, according to LSEG data.
Newcrest's takeover by Newmont is expected to become effective Oct. 18 once a court approval is obtained, following which Newcrest shares will cease to trade on the local benchmark from the close of trading on Oct. 26.
Shares of Newcrest were up 1.1% during early trade, while the local bourse was up 0.8%.
Henry Jennings, senior market analyst at Marcustoday Financial Newsletter, said that Newcrest shareholders are only looking towards the ongoing deal while the current results are largely "irrelevant" to them.
Australia's largest gold miner also posted 454,312 ounces (oz) of the precious metal in the three months ended Sept. 30, compared with 556,187 oz in the quarter ended June 30.
Newcrest's key Cadia mine in New South Wales saw quarterly gold production fall 19.3% to 122,663 oz, while at Lihir it fell 22.6% to 141,022 oz, both compared to previous quarter.
The company's Cadia mine was previously in a tussle after the environmental regulator in New South Wales warned it could suspend the mine's operating license due to extremely high levels of dust from its primary vent.
The investigation related to the management of air emissions from the mine are ongoing and Cadia continues to work openly and transparently with the

MARKET MONITOR as of 06:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$86.68 / bbl	0.02%	8.00%
NYMEX RBOB Gasoline	$2.26 / gallon	0.30%	-8.63%
ICE Gas Oil	$912.00 / tonne	-1.54%	-0.98%
NYMEX Natural Gas	$3.12 / mmBtu	0.23%	-30.37%
Spot Gold	$1,916.20 / ounce	-0.17%	5.03%
TRPC coal API 2 / Dec, 23	$130 / tonne	0.00%	-29.63%
Carbon ECX EUA	€83.35 / tonne	0.00%	-0.74%
Dutch gas day-ahead (Pre. close)	€47.50 / Mwh	-13.24%	-37.14%
CBOT Corn	$5.04 / bushel	-0.25%	-25.70%
CBOT Wheat	$6.02 / bushel	-0.37%	-99.25%
Malaysia Palm Oil (3M)	RM3,799 / tonne	0.50%	-8.98%
Index	**Close 16 Oct**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	319.08	-0.52%	5.89%
Rogers International	29.07	-0.26%	1.41%
U.S. Stocks - Dow	33,984.54	0.93%	2.53%
U.S. Dollar Index	106.40	0.14%	2.78%
U.S. Bond Index (DJ)	392.75	-0.57%	0.07%

Environment Protection Authority and the local community to meet its statutory obligations, Newcrest added.

It also maintained its fiscal 2024 gold production guidance of 2.0 million to 2.3 million ounces.

Top News - Carbon & Power

EU to push for COP28 deal on phasing out fossil fuels

EU countries' climate ministers on Monday approved the bloc's negotiating position for this year's U.N. COP28 climate summit, agreeing to push for a world-first deal to phase out CO2-emitting fossil fuels.

The agreement sets up the 27-country European Union to be one of the most ambitious negotiators at the annual United Nations climate talks, where nearly 200 countries negotiate efforts to fight global warming. "We will be at the forefront of the negotiations to show the EU's strongest commitment to the green transition and encourage our partners to follow our lead," Spain's Climate Minister Teresa Ribera said.

A central decision will be whether countries at the COP, which begins on Nov. 30 in Dubai, agree for the first time to phase out fossil fuels. Burning coal, oil and gas produces greenhouse gases that are the main cause of climate change.

The EU's 27 member countries agreed unanimously to call at COP28 for a phase-out of "unabated" fossil fuels. That leaves a window for countries to keep burning coal, gas and oil if they use technology to "abate" - meaning capture - the resulting emissions.

However, the EU deal noted that emissions capturing technologies "exist at limited scale and are to be used to reduce emissions mainly from hard to abate sectors". The use of these technologies "should not be used to delay climate action", said the deal, seen by Reuters.

Denmark's global climate minister, Dan Jorgensen, said the negotiating position was "extremely ambitious".

"I would have liked it to be even more ambitious, but okay, we are a union for almost 30 countries, and we need to agree," he told Reuters.

Around 10 countries including Denmark, France, Germany, Ireland, the Netherlands and Slovenia had wanted a stronger deal to phase out all fossil fuels.

However, a similar number of countries - including Bulgaria, Hungary, Italy, Malta and Poland - successfully argued for the caveat on abatement technologies.

Bulgaria's Environment Minister Julian Popov told Reuters the aim was to keep open this option for polluting sectors with limited technologies to cut emissions - such as chemicals and cement manufacturing - but not for the energy sector, where the shift to low-carbon sources like wind and solar is already underway.

"It's a very expensive technology, it's not sufficiently developed. So if we have to invest and focus in (carbon capture technology), we have to find the right sector for it," he said.

The EU split reflects simmering global tensions. EU countries opposing a full phase-out include poorer nations who fear the impact of weaning their economies off fossil fuels.

Fossil fuel producers and consumers - some of whom, like Saudi Arabia, have blocked attempts to agree a phase-out in meetings including this year's G20 summit - are expected to offer similar resistance at the COP28 summit.

EU countries also called for "inefficient" fossil fuel subsidies to be phased out by 2030, and said there could be no new coal-fuelled power plants if the world is to avert severe climate change.

Marathon Oil signs deal with Glencore for Alba gas in Equatorial Guinea

Marathon Oil said on Monday it has entered into a five-year liquefied natural gas (LNG) sales agreement with a unit of Glencore for a portion of its natural gas produced from the Alba Field in Equatorial Guinea, boosting its presence in the European LNG market. The Houston-based firm, which has a 64% working interest in the Alba Unit, said the sales deal is effective Jan. 1, 2024.

The company's shares were up about 1% in after market trade.

The oil and gas exploration firm said the pricing structure for the deal is linked to the Dutch Title Transfer Facility (TTF) index, ending the legacy Henry Hub linked contract.

"We expect to realize an approximate year-on-year EBITDA increase of over $300 million next year across our E.G. integrated gas business," said Marathon CEO Lee Tillman.

Top News - Dry Freight

Russian wheat export prices continued to decline last week, demand low

Russian wheat export prices continued to decline last week, amid reduced demand, analysts said.

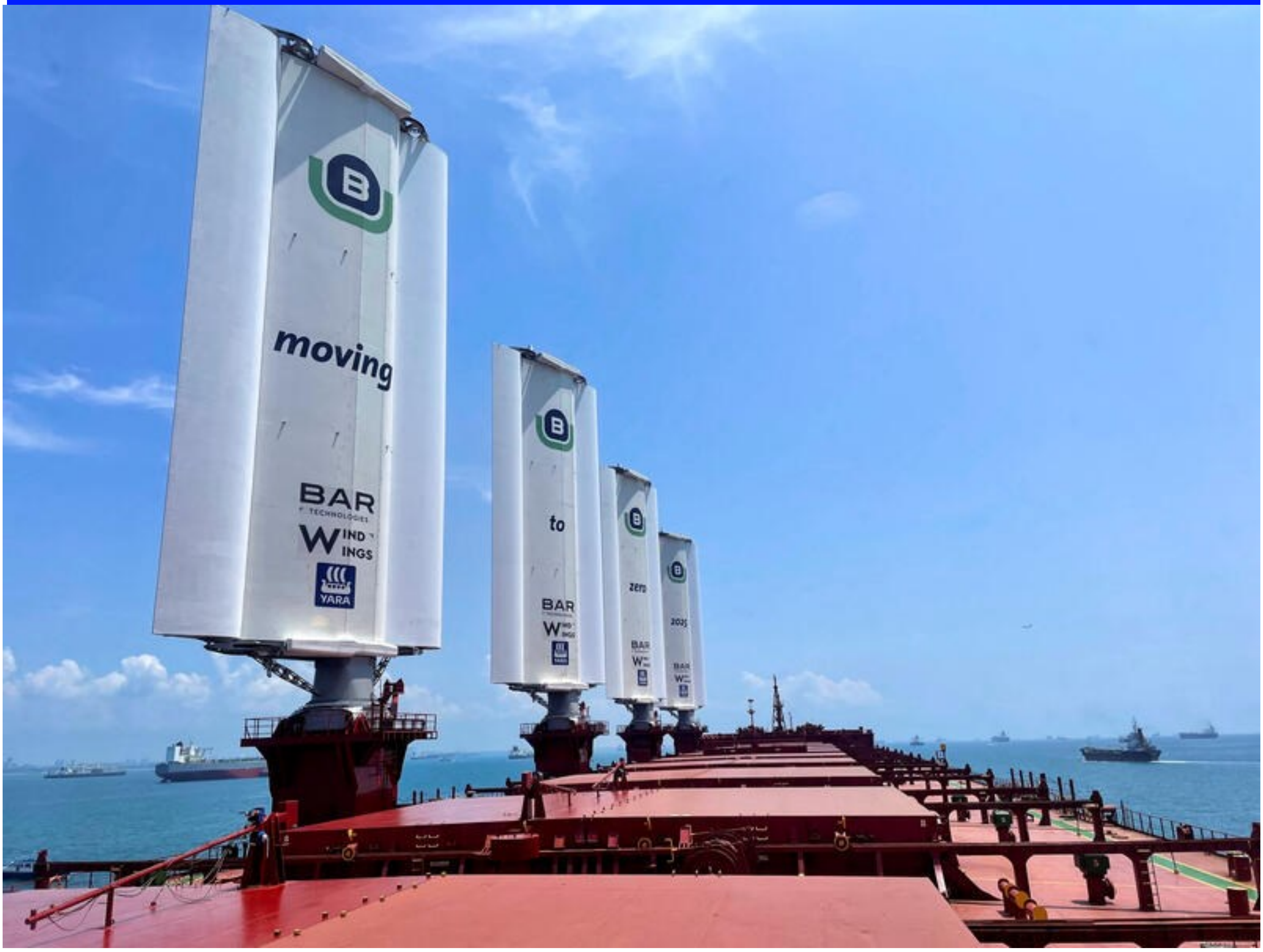
The price of 12.5%-protein Russian wheat scheduled for free-on-board (FOB) delivery in November was $225 per metric ton last week, down $5 from the week before, the IKAR agriculture consultancy reported. "Demand can only be found at this level," said IKAR head Dmitry Rylko. The Sovecon agriculture consultancy sees the price for this class of wheat at $237-241 per ton FOB, down $1 from the week before.

Last week, according to traders, Egypt's GASC is believed to have bought 480,000 metric tons of Russian wheat in a private deal, traders estimating the price at about $265 a ton FOB. In addition, Egypt bought 300,000 tons of Russian wheat at $260 per ton FOB on tender.
"The lack of competition among Russian exporters again didn't make Egypt happy but it looked like they needed to start to buy at this stage more aggressively so they accepted the new 'price floor', Sovecon noted in the report.
Russia exported 1.02 million tons of grain last week compared with 0.88 million tons a week earlier, including 1.0 million tons of wheat, compared with 0.85 million tons a week earlier, Sovecon wrote in its weekly note, citing port data.
The estimate of wheat exports in October is 4.1 million tons compared with 4.5 million tons a year ago and 4.1 million tons on average.
The wheat harvest as of Oct. 12 totalled 91.9 million tons (versus 103.6 million tons a year earlier) from 27.8 million hectares (versus 28.9 million hectares), with an average yield of 3.30 tons per hectare (3.59 tons per hectare).
Sowing of winter grains was carried out on an area of 14.2 million hectares, up from 13.4 million hectares a year earlier, Sovecon wrote.
IKAR said on Monday it had raised its forecast for Russia's grain crop this year to 141.6 million metric tonnes from 141.2 million, raising its maize crop forecast to a record 16.4 million tons.
IKAR sees Russia's potential grain exports at 64.7 million tonnes in the 2023/24 season, up from 64.5 million.

Indonesia's Bulog to import 500,000 T corn in 2023, half from Latin America – official

Indonesia's state food procurement agency Bulog has been assigned to import 500,000 metric tons of corn for animal feed in the remainder of this year, of which half would come from Latin American countries, a company official said on Tuesday. Awaludin Iqbal, Bulog's secretary told Reuters those countries would include Brazil and Argentina, with details of the procurement to be handled by the feed businesses.
Indonesia had previously targeted importation of 1.34 million metric tons of corn by the end of 2023, according to data presented by the national food agency in parliament.

Picture of the Day



A view of the four WindWings as seen onboard bulker ship Berge Olympus, in Singapore October 12, 2023. REUTERS/Jeslyn Lerh

(Inside Commodities is compiled by Soumya Chatterjee in Bengaluru)

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

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