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Top News - Oil

US energy deals drop in Q3 to \$12 billion after year-long frenzy

U.S. oil mergers slowed sharply last quarter after a year-long consolidation wave emptied pocketbooks and left fewer companies on offer in the top U.S. shale field, analytics firm Enverus said on Wednesday.

There were \$12 billion worth of deals disclosed in the quarter ended Sept. 30, the lowest total in six quarters, said Enverus Intelligence Research principal analyst Andrew Dittmar.

"Upstream M&A was bound to drop" after 2023's record \$192 billion in deals largely in the Permian basin of West Texas and New Mexico, the largest U.S. shale field.

Those mega deals have acquirers busy running portfolio reviews to weed out unwanted assets, he added.

Some of the biggest buyers have become sellers as they prune holdings, he said, citing Occidental Petroleum's \$818 million sale of properties to Permian Resources and APA Corp divesting older properties to an undisclosed buyer.

The two biggest deals in the quarter were outside the Permian basin in secondary shale fields, with Devon Energy adding to its North Dakota holdings with a \$5 billion deal for Grayson Mill Energy assets. The second largest deal, Quantum Capital Group's \$1.8 billion deal for Caerus Oil & Gas properties, was for properties in northwestern Colorado and Utah.

"There is still a significant amount of oil and gas to develop outside the main shale plays," said Enverus' Dittmar. "We're going to see more interest in these types of assets from private companies and small public companies."

The third quarter's deal value was the smallest quarterly total this year, and less than half the second quarter's \$30 billion in oil and gas deals. Some of the announced combinations have been delayed, either by antitrust regulator the Federal Trade Commission or a contract arbitration challenge.

India's Russian oil imports rise 11.7% in Sept from Aug, data shows

India's crude oil imports from Russia rose by 11.7% to about 1.9 million barrels per day (bpd) in September, accounting for about two-fifths of the South Asian nation's overall crude imports in the month, tanker data obtained from industry sources showed. Overall, refiners in India imported a total of 4.7 million bpd of crude oil in September, marginally higher than in August and about 8.5% more than the same month a year ago, the data showed. The refiners have invested billions of dollars in plant upgrades, allowing them to process more crude grades, in an effort to reduce costs. India, the world's third largest oil importer and consumer, has emerged as the top buyer of discounted Russian seaborne oil after Western nations stopped buying from Moscow following its invasion of Ukraine. Crude from the Commonwealth of Independent States, comprising Russia, Kazakhstan and Azerbaijan, accounted for about 43% of India's overall imports, up from 38.5% in August, the data showed.

During April-September, the first six months of the fiscal year to March 2025, India's imports of Russian oil rose 9.1% to 1.91 million bpd, the data showed. Russia remained India's top oil supplier in September, followed by Iraq and Saudi Arabia. Russian oil imports were more than double Iraq's 867,600 bpd, the data showed. India also resumed its imports of Venezuelan oil in September after a gap of two months, with private refiner Reliance Industries Ltd receiving a cargo, the data showed. The market share accounted for by producers from the Organization of the Petroleum Exporting Countries (OPEC), mainly from the Middle East and Africa, declined marginally between April and September from the same period a year ago, a Reuters analysis of the data showed. Imports from the Middle East fell to about a 41.6% share in April-September from 43.8% a year earlier, the data showed. Indian refiners mostly buy Middle Eastern oil under annual contracts with producers in the region.

Top News - Agriculture

High foreign demand pushes Ukrainian wheat prices up, producers say

High demand from Asian importers and a limited supply of grain on world markets has pushed Ukrainian domestic and export wheat prices up, producers said on Wednesday. Ukraine is a major global wheat grower and exporter but the government has limited its wheat exports in the growing season from July 2024 to June 2025 amid high demand from exporters. "Against the backdrop of climatic problems and lower yields in the European Union, Ukrainian wheat is becoming more competitive, especially for Asian countries," Ukrainian leading farm producers union UAC said in a statement. It said the conditional price in Ukrainian ports was approaching \$210 per metric ton and prices have a potential for growth up to

\$220. Analyst APK-Inform said this week Ukrainian wheat export prices added \$3 per ton over the past week and average prices were \$210 per ton on a carriage-paid-to basis in the Black Sea. Ukrainian government and farm associations have agreed to limit wheat exports in the 2024/25 season to 16.2 million tons to keep enough supplies for the local population. Wheat exports have reached 6.89 million tons so far in the 2024/25 season as of Oct. 14, the farm ministry data showed.

COLUMN-Brazilian corn heads up the latest USDA, Conab forecast disparity: Braun

Controversy over Brazil's crop estimates commanded the market's attention earlier this year as the U.S. Department of Agriculture and its Brazilian counterpart established drastically different views on the corn and



soybean harvests. These 2023-24 crop disparities were unusually large and involved volumes significant enough to impact global trade given that Brazil is the leading soy exporter and No. 2 in corn. This discussion could resurface this year as the 2024-25 crop views between USDA and Brazilian statistics body Conab are misaligned once again. Luckily for soybeans, the two agencies' early 2024-25 outlooks would represent the smallest disparity in four years. But their 2024-25 corn crop estimates are even further apart than in prior seasons, and this estimate margin has only widened over the past three years. Peeling back the layers reveals some explainable differences in each agency's forecasts, suggesting the overall assumptions may be more similar than it appears. But it is important to understand what is driving those deviations.

CORN NOTABLES

In its first official outlook published on Tuesday, Conab pegged Brazil's total 2024-25 corn crop at 119.74 million metric tons, up 3.5% from 2023-24. USDA since May has maintained a view of 127 million tons, some 6% higher than Conab. That disparity of 7.3 million tons (286 million bushels) represents more than one-quarter of all Brazilian corn exports so far in 2024. USDA's estimate of the 2023-24 corn crop is more than 5% above Conab's, driven by larger figures for both area and yield. On a year-to-year basis, however, USDA sees the 2024-25 crop up 4.1%, somewhat consistent with Conab's view. The area trend is where the agencies disagree. Conab sees 2024-25 corn plantings down fractionally on the year while USDA has harvested area up 3.7%. That is a difference of 1.3 million hectares (3.2 million acres). Almost 80% of Brazil's total corn output comes from the second crop, planted immediately after the soybean harvest. Conab actually pegs 2024-25 second corn area to rise 1% on the year, though USDA does not

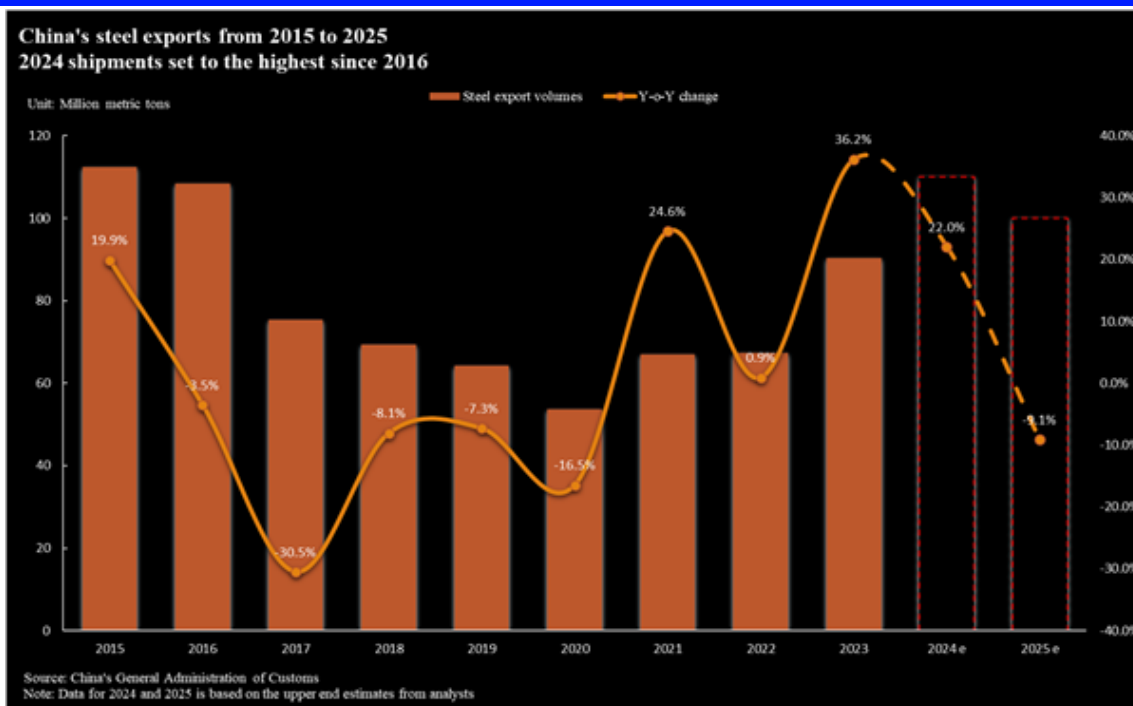
break out its estimates past the total crop level. This is important because Brazil's second corn crop is the one primarily used for exports, so a bigger area coupled with strong yields could maintain or increase its presence on the world market, keeping pressure on U.S. exporters. In its biannual data users' meeting on Wednesday, USDA officials said its corn crop differences with Conab are attributable to varying demand assumptions. An examination of the numbers shows the corn crop disparities are largely offset by exports and use. USDA sees Brazil's 2024-25 corn exports up 6% on the year while Conab pegs them down 5%, placing more emphasis on domestic use.

NARROWER SOYBEANS

The soybean estimates are what originally got the market talking earlier this year, as USDA's projection for Brazil's 2023-24 soy harvest had been more than 8 million tons (5% or 294 million bushels) above Conab's. Those numbers have since moved closer together, but on average over the previous three seasons, USDA's soy crop views are more than 4% larger than Conab's. USDA's 2024-25 forecast of 169 million tons is only 1.8% larger than Conab's 166 million, which is a larger deviation than in most years but smaller than ones seen recently. This year, the difference is rooted in yield assumptions. Both agencies are optimistic for record Brazilian soybean exports in 2024-25 on strong demand from top buyer China, and a record crop would help facilitate that. However, if Brazil experiences mostly favorable weather over the next couple of months, both agencies could be underestimating soybean crop potential, which they commonly do in good weather years.

(The opinions expressed here are those of the author, a market analyst for Reuters)

Chart of the Day



Top News - Metals

BHP first-quarter iron ore production tops estimates, copper output rises

Global miner BHP beat first-quarter iron ore output estimates, spurred by easing of bottlenecks at its Western Australia operations amid efforts by China to revive its grappling property market and faltering economic growth. The world's largest listed miner over the last year has ramped up the South Flank mine to full production capacity and streamlined its port operations for its Western Australian iron ore business. The ramp-up comes at a time when mining rivals including Vale and Rio Tinto are moving to expand their supplies. Vale plans to further lift its production, while Rio's Simandou mine will begin production next year. BHP, which is diversifying into potash, said the \$10.5 billion Jansen Stage 1 project was 58% complete. The miner's upbeat iron ore production update comes as China, the commodity's largest purchaser, has been announcing a slew of stimulus measures to support its downbeat economic recovery. BHP said iron ore output from Western Australia on a 100% basis was 71.6 million metric tons in the three months to Sept. 30, beating a Visible Alpha consensus estimate of 70.7 Mt, according to a Macquarie note. "Upcoming stimulus (from China) is likely to focus on relieving local debt, stabilising the property market and bolstering business confidence," said CEO Mike Henry. BHP, which has been aiming to expand its copper operations, recorded a 4% rise in the metal's output for the quarter, reflecting improved performance at its Escondida mine in Chile. Analysts at Citi said Escondida output rose on higher grades and throughput at the Chilean mine. Earlier this year, BHP made a \$49 billion bid for British copper major Anglo American, which did not materialise. But BHP joined hands with Lundin Mining to take over Filo Corp, gaining access to more copper assets. Copper, used widely across the globe, is an ideal conductor of electricity and easily malleable, qualities that have made it widely popular for use in wiring, engines, construction equipment, electronics and other devices.

Barrick reports lower-than-expected preliminary gold output in third quarter

Barrick Gold produced lower-than-expected gold in the third quarter because of a fall in output at its Carlin and Cortez mines in Nevada, the Canadian miner said on Wednesday. Carlin and Cortez mines are a part of Nevada Gold Mines, which is Barrick's joint venture with U.S.-based rival Newmont. Total gold output at Nevada Gold Mines fell to 385,000 ounces in the July-September quarter, compared with 401,000 ounces in the preceding three months. But Barrick, the world's second-largest gold producer, expects a "materially stronger fourth quarter". An operational expansion at Carlin mine, completed during a shutdown in the third quarter, would support higher throughput and recoveries in the last quarter of the year, the company said. Its total preliminary gold output was 943,000 ounces in the third quarter, compared with analysts' estimate of 975,000 ounces, according to data compiled by LSEG.

Barrick expects all-in sustaining costs, an industry metric used to express total expenses, for gold to be at least 2% higher than the previous quarter. Its preliminary copper production was at 48,000 tonnes, an 11.6% jump over the second quarter, driven by higher output at the Lumwana mine in Zambia.

Barrick's gold and copper production would need to increase by nearly 30% quarter-over-quarter for it to achieve the midpoint of its outlook range, Scotiabank analyst Tanya Jakusconek said. "We view these results as slightly negative for the shares."

Barrick's shares were down nearly 1% at C\$27.63. It expects to produce 3.9 million to 4.3 million ounces of gold and 180,000-210,000 tonnes of copper in 2024. The miner is scheduled to release third-quarter results on Nov. 7.

Analysts expect Barrick to post an adjusted profit of 35 cents per share versus 24 cents it earned a year earlier, boosted by a surge in gold prices due to interest rate cuts and safe-haven demand.

Top News - Carbon & Power

US Supreme Court won't pause EPA power plant emissions rule

The U.S. Supreme Court declined on Wednesday to put on hold a new federal rule targeting carbon pollution from coal- and gas-fired power plants at the request of numerous states and industry groups in another major challenge to President Joe Biden's efforts to combat climate change. The justices denied emergency requests by West Virginia, Indiana and 25 other states - most of them Republican led - as well as power companies and industry associations to halt the Environmental Protection Agency rule while litigation continues in a lower court. The regulation, aimed at cutting greenhouse gas emissions that drive climate change, took effect on July 8. The rule would require existing coal and new natural gas-fired plants eventually to reduce emissions including by capturing and storing carbon dioxide. The court did not explain its brief order denying the requests by the challengers, although conservative Justice Clarence

dissented from the decision. The challengers "have shown a strong likelihood of success on the merits as to at least some of their challenges" to the rule, Justice Brett Kavanaugh said in a written statement accompanying the order, joined by fellow conservative Justice Neil Gorsuch. They are, however, "unlikely to suffer irreparable harm" before the lower court completes its review of the dispute because they do not have to begin work to comply with the rule until June 2025, Kavanaugh added.

On Oct. 4, the justices rejected efforts to pause other new U.S. air pollution rules to tighten limits on mercury and methane. The EPA's new carbon pollution rule, issued under the landmark Clean Air Act anti-pollution law, was issued two years after a major ruling by the Supreme Court in 2022 undercutting the agency's power to issue sweeping regulations to force an electric-generation shift from coal to cleaner energy sources.

The EPA has said efforts to address climate change and its impacts such as extreme weather and rising sea levels

must include the power sector because fossil fuel-fired plants make up 25% of overall domestic greenhouse gas emissions. Notably, the rule mandates that coal plants operating past 2038 and certain new gas plants reduce emissions by 90% by 2032 including by using carbon capture and storage systems that extract carbon dioxide from plant exhaust and sequester it underground.

The EPA has called the technology proven and technically feasible. The rule's challengers have said it has not been shown effective at the scale predicted by the EPA. The rule's requirements are "really a backdoor avenue to forcing coal plants out of existence," West Virginia, a major coal producer, and other state challengers said in a written filing. The Supreme Court's 2022 ruling was based on what is called the "major questions" legal doctrine embraced by its conservative justices that requires explicit congressional authorization for action on issues of broad importance and societal impact. The states and certain other challengers contend that the EPA's new rule likewise implicates a major question and exceeds the agency's authority. Numerous states and industry players filed multiple lawsuits challenging the rule in the U.S. Court of Appeals for the District of Columbia Circuit, which on July 19 denied requests to pause the regulation pending its review. The case did not implicate a major question because the EPA's actions setting plant limits were "well within" its statutory authority, the D.C. Circuit stated.

Russia has begun designing nuclear-powered submarines to export gas, says top official

Russia has begun designing nuclear-powered submarines to export liquefied natural gas (LNG) from the Arctic to Asia to try to nearly halve the journey time along the Northern Sea Route (NSR), a senior state official has said. Russia already uses nuclear-powered ice breakers to pave the way for such transport via the NSR, which runs along Russia's Arctic shores from Murmansk in the

west to the Bering Strait in the east, a route Moscow sees as a faster alternative to the Suez Canal and has plans to develop. But Russia is suffering from a shortage of vessels able to battle thick Arctic ice, an obstacle for its new Arctic LNG 2 project which has been sanctioned by the United States over Moscow's war in Ukraine.

The Arctic LNG 2 facility started production of sea-borne LNG last December. But although the first cargoes with the super cooled gas were shipped in early August, it has yet to be passed on to the end-buyers. Mikhail Kovalchuk, a close associate of President Vladimir Putin and director of the Kurchatov Institute, Russia's leading nuclear research facility, presented the submarine project at an industry conference in St. Petersburg last week, according to the event's official website. "This is about the creation of a fundamentally new class of vessel capable of becoming an alternative to 'traditional' gas carriers, which in Arctic conditions are unable to navigate all year-round without icebreaker escort," the Offshore Marintec Russia 2024 website said.

It cited Kovalchuk, who held talks in the Kremlin with Putin on Sept. 24, as telling the conference: "The creation of underwater nuclear-powered gas carriers has been discussed for a long time, since the early 2000s. Now we (the Kurchatov Institute) and Gazprom have started designing one, and this work will move forward."

The RBC news outlet said the idea was to cut the time it takes to navigate the NSR from 20 days to 12 and said the submarines would be able to carry around 180,000 tons of LNG, in line with a conventional Arc 7 ice class gas carrier. The planned submarines would be 360 metres long and no more than 70 metres wide, it said, and would be powered by RITM-200 nuclear reactors, which Russia uses to power its newest icebreakers. Some experts are sceptical though about the feasibility of the submarine project. Alexander Nikitin, a former Russian Navy officer who is a nuclear expert at the Vilnius-based Bellona Environmental Transparency

MARKET MONITOR as of 06:35 GMT			
Contract	Last	Change	YTD
NYMEX Light Crude	\$70.40 / bbl	0.01%	-1.74%
NYMEX RBOB Gasoline	\$2.01 / gallon	0.09%	-4.65%
ICE Gas Oil	\$656.75 / tonne	0.15%	-12.52%
NYMEX Natural Gas	\$2.37 / mmBtu	0.13%	-5.73%
Spot Gold	\$2,682.93 / ounce	0.36%	30.08%
TRPC coal API 2 / Dec, 24	\$123.5 / tonne	-1.98%	27.32%
Carbon ECX EUA	€63.07 / tonne	0.06%	-21.53%
Dutch gas day-ahead (Pre. close)	€38.65 / Mwh	-1.53%	21.35%
CBOT Corn	\$4.19 / bushel	-0.30%	-13.38%
CBOT Wheat	\$6.05 / bushel	-0.04%	-5.39%
Malaysia Palm Oil (3M)	RM4,292 / tonne	-0.44%	15.35%
Index	Close 16 Oct	Change	YTD
Thomson Reuters/Jefferies CRB	335.68	-0.37%	11.37%
Rogers International	27.60	-0.07%	4.84%
U.S. Stocks - Dow	43,077.70	0.79%	14.30%
U.S. Dollar Index	103.60	0.01%	2.24%
U.S. Bond Index (DJ)	448.26	0.21%	4.07%

Center, said Russia lacked the capabilities to build such a submarine. And additional servicing vessels and docks as well as crews with special training would be needed too,

he said. "My opinion is that people think, 'Maybe it'll work.' But given the situation, it's unlikely," he said, calling the project "a bluff".

Top News - Dry Freight

Ukraine grain exports at 12.5 million tons so far 2024/25, says ministry

Ukraine's grain exports in the 2024/25 July-June season totalled 12.5 million metric tons as of Oct. 16, up from about 7.7 million tons over the same period of the previous season, agriculture ministry data showed on Wednesday. The volume included 7.1 million tons of wheat, 3.5 million tons of corn and 1.6 million tons of barley. Ukrainian government and farm associations have agreed to limit wheat exports in the 2024/25 season to 16.2 million tons to keep enough supplies for the local population. Traders have used almost 43.7% of the agreed wheat export quota so far. There are no curbs on exports of other commodities. The ministry said traders had exported around 2 million tons of grain so far in October. Exports totalled 937,000 tons over Oct. 1-16 last year. The 2024 combined grain and oilseed crop is expected to fall to 77 million tons, including about 54 million tons of grain, the ministry has said. Ukraine's grain exports in the 2023/24 marketing season rose to about 51 million tons from 49.2 million tons the previous year.

South Korea's MFG buys about 131,000 T corn, traders say

South Korea's Major Feedmill Group (MFG) purchased an estimated 131,000 metric tons of animal feed corn in an international tender on Wednesday, European traders said. One consignment of 65,000 tons was bought at an estimated \$237.74 a ton cost and freight (c&f) included plus an additional \$1.25 a ton surcharge for additional port unloading for arrival in South Korea around Jan. 6, 2025. Seller was believed to be trading house Pan Ocean and the first consignment was expected to be sourced optionally from the United States, South America or South Africa. A second consignment of 66,000 tons was bought at an estimated \$243.33 a ton c&f plus an additional \$1.25 a ton surcharge for additional port unloading also for arrival in South Korea around Jan. 6, 2025. Seller was believed to be trading house ADM and the second consignment was expected to be sourced from South America or South Africa. Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.

Picture of the Day

A man fishes from a boat on the River Nile, in Cairo, Egypt, October 14. REUTERS/Mohamed Abd El Ghany

(Inside Commodities is compiled by Lactus Fernandes in Bengaluru)

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

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