

[Oil](#) | [Agriculture](#) | [Metals](#) | [Carbon & Power](#) | [Dry Freight](#)*Click on headers to go to that section***Top News - Oil****China's September refinery output falls for the sixth straight month**

China's refinery output fell 5.4% last month versus a year earlier, official data showed, declining for a sixth consecutive month even with the start-up of a new plant as weak fuel consumption and skinny refining margins curbed processing. Refiners processed 58.73 million metric tons of crude oil last month, data from the National Bureau of Statistics (NBS) showed, equivalent to 14.29 million barrels per day (bpd).

The September level rose from August's 13.91 million bpd as some refineries returned from planned overhauls and as a new refinery in Shandong started. However, Reuters' calculations based on last year's NBS figure at 63.62 million tons showed September output fell 7.7%, which suggests the data agency has revised down the year-ago figures.

An NBS data consulting hotline staff reached by Reuters acknowledged that the agency does revise year-ago base figures from time to time, without further elaboration.

Despite year-on-year consumption growth in August following a pick-up in logistics and transportation activity, China's diesel fuel use has declined amid a broad economic slowdown and with cheaper liquefied natural gas replacing diesel as a truck fuel.

The start-up of China's newest refiner, Shandong Yulong Petrochemical, in late September may lift refinery output in the coming months as the plant ramps up, opening secondary units after running one 200,000-bpd crude unit. Smaller independent processors in refining hub Shandong last operated at 53.5% of capacity in late September, down nearly 13 percentage points versus a year earlier, according to Chinese consultancy Oilchem.

Output for the first three quarters of the year was 531.26 million tons, or 14.15 million bpd, down 1.6% versus the corresponding period last year, the NBS data showed, in its fourth consecutive decline for year-to-date volumes. Again, Reuters' calculations using last year's reported data of 554.84 million metric tons showed a larger decline of 4.2%.

China's September domestic crude oil production rose 1.1% on year to 17.07 million tons, or 4.15 million bpd, according to the NBS data. Year-to-date output was up 2% on the year at 159.87 million tons, or 4.26 million bpd. Natural gas production rose 6.8% in September over the same year-ago level to 19.3 billion cubic meters (bcm),

and output for the year to date grew 6.6% at 183 bcm, the data showed.

**UK imposes sanctions on Russian oil and LNG vessels**

Britain said on Thursday it had imposed sanctions on 18 more Russian oil tankers and four liquefied natural gas vessels, the largest batch of sanctions to date against Russia's so-called "shadow fleet". Britain says the 'shadow fleet' uses illicit practices to avoid Western restrictions on Russian oil. The announcement came after the United States and Canada agreed to join a "call to action" to tackle it, which has been backed by 44 European countries after it was announced by Britain in July. The government said it was working with maritime authorities to demand that Russian vessels with suspected dubious insurance provide details of their insurance status as they pass through the English Channel. "Any actor that facilitates and supports Russia's malign activities could be exposing themselves to sanctions," the government said.

Russia rejects Western pressure to limit its oil exports, and in the past year, there has been growth in the number of tankers transporting cargoes that are not regulated or insured by conventional Western providers. The 18 oil tankers will be barred from UK ports and unable to access British maritime services, bringing the total number of sanctioned Russian oil tankers to 43. The vessels included NS Bora, Atlas and Moskovsky Prospect. "The UK's relentless action against the shadow fleet is putting grit into the system and starving (Russian President Vladimir) Putin's war machine of crucial revenues," the government said. The targeted oil tankers transported an estimated 4.9 billion pounds (\$6.37 billion) worth of oil last year, it said.

As part of Thursday's action, the UK also sanctioned Russian gas company Rusgazdobycha JSC. "We must combat malign Russian activity at every turn, whether illicit tactics to bolster Putin's war chest, their use of cyber-attacks or barbarism on the front line in Ukraine," Foreign Secretary David Lammy said in a statement. Russia's Foreign Ministry said that new British sanctions showed Moscow's status as "a reliable energy supplier" did not suit London, the state RIA news agency reported, adding everything was being done to try to infringe Russia's rights.

**Top News - Agriculture****IGC maintains global wheat, corn production forecasts**

The International Grains Council (IGC) maintained its forecasts for 2024/25 global wheat and corn crops in a monthly update issued on Thursday. The inter-governmental body kept its global wheat production forecast at 798 million metric tons, with an improved

outlook for Kazakhstan offset by downward revisions for Australia and Argentina.

"Localised dryness has slightly curbed wheat prospects in Australia and Argentina ahead of the main winter harvest period," the IGC said. The IGC's forecast for global corn production remained at 1.224 billion metric tons, with small upward revisions for the United States and India



offset by diminished crop prospects in Russia and Egypt.

**ANALYSIS-Rains may have come too late for Brazil's coffee**

Rain is falling across the coffee growing regions of top producer Brazil after one of the driest periods on record, but it may be too late for trees to fully recover before the new crop is harvested, say farmers and experts.

Coffee prices have repeatedly hit multi-year peaks over the past two years, driving up the cost to consumers worldwide and forcing some roasters to change blends and lower the quality of the coffee they sell. Production problems in Brazil and Asia because of adverse climate conditions have meant supply has lagged demand for three years. If the next crop in Brazil comes in below potential, global supplies may again come in below demand. "Next crop won't be big, we can already expect losses," said Alysson Fagundes, an agronomist at coffee research institution Fundacao Procafe in Minas Gerais, the top Brazilian coffee-growing state. Farmers and agronomists in Brazil say the 2025 crop will be problematic even if the rains result in a good flowering in the coming weeks.

Procafe gathers data on the state of coffee fields in Minas Gerais. It said that at the end of September soils in the southern part of the state - the main coffee area - were lacking 250 millimeters (9.84 inches) of water when compared to ideal levels. That was the second largest oil moisture shortfall on record. Coffee trees that have suffered from the dryness would have to use energy - once the rains return - to produce leaves, instead of fruits,

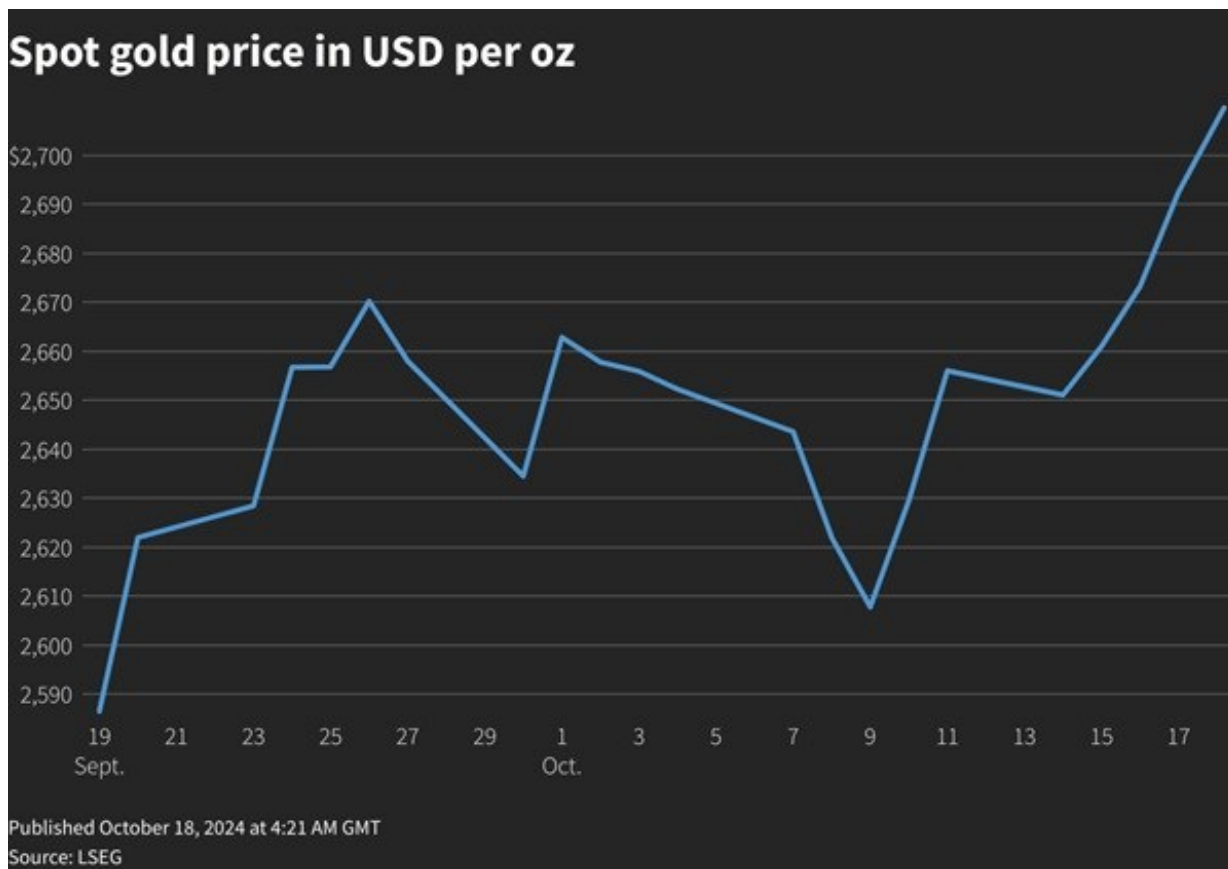
according to agronomists. That means the chance of a good fruit load following the flowering is small. "Trees lost too many leaves," said Jonas Ferrarezzo, an agronomist who advises coffee farms in Minas Gerais and Sao Paulo states. "They will hardly have enough energy to develop fruits after the flowering." Many farmers in the state of Sao Paulo opted to prune trees, because they were in such bad condition, coffee grower Osmar Junior told Reuters.

Farmers use the technique to stimulate the recovery of the plant, but that means the trees will not produce beans in the first year after pruning, only getting back to production in 2026, said the farmer. "The crops are in the intensive care unit," Junior said. "Before they start producing, they will first need to be discharged from the hospital."

**IRRIGATION FAILING**

The historic Brazil drought hurt even farmers using irrigation systems, since many water streams went dry. "I have irrigation, but I have no water," said grower Mario Alvarenga, who owns two farms in the Cerrado Mineiro region. His system failed to collect water from a nearby stream. "In some days I could use irrigation for a couple of hours... then it completely stopped working." Alvarenga said he produced 10% less in 2024, and estimates a similar fall in production for 2025. If precipitation returns to average levels from now on, the trees would bounce back, said some traders. "Most people have reduced their crop forecasts for next year, but not by much," said a European coffee trader. "By all accounts it is still going to

**Chart of the Day**



be a pretty decent crop," he added, although he still expects supply to lag demand next year. Coffee trees are resilient and can recover if the climate is conducive, said

another European analyst working for a large trade house. "The trees look bad, so one can make some assumptions. But they can bounce back," he said.

## Top News - Metals

### China Sept crude steel output falls at slower pace on improved margins, stimulus package

China's crude steel output in September slid for a fourth consecutive month, dropping by 1.1% from August and 6.1% from a year before, official data showed, missing expectations of a rebound.

The world's largest steel producing country manufactured 77.07 million metric tons of crude steel last month, the lowest since December 2023 and down from 77.92 million tons in August, data from the National Bureau of Statistics showed.

Some analysts had expected improved seasonal demand and a stimulus package from Beijing would help output rebound in September. The pace of decline, however, slowed from August, when output fell 6.1% from July and 10.4% from a year earlier.

September's daily output averaged about 2.57 million tons, a rise of 2.2% from 2.51 million tons in August but still lower than 2.74 million tons in September 2023, according to Reuters calculations based on the data.

Beijing unveiled in late September a raft of aggressive stimulus measures to restore confidence and achieve its annual economic growth target of around 5%. The measures helped to bolster the steel market with rebar prices rising 5.6% month-on-month to 3,471 yuan a ton by end-September and mills' profitability improving.

Nearly 20% of steel mills were operating at a profit by the end of September, compared with only 3.9% in late August, data from consultancy Mysteel showed.

"Steelmakers gradually turned from losses to profits thanks to the macroeconomic stimulus and the seasonally improved downstream demand since late last month," said Chu Xinli, an analyst at China Futures. "As a result, the operational rate among some steelmakers was trending upward," Chu said, forecasting output this month to climb to around 80 million tons. Output over the first three quarters of 2024 dropped 3.6% on the year to 768.48 million tons, the bureau said.

### Mining associations unveil effort to simplify sector's ESG standards

Mining associations, whose members or participants include almost 100 companies, have launched a 60-day public consultation on a programme aimed at providing a consolidated standard for the sector's environment, social issues and governance (ESG). Companies around the globe have been under increasing pressure from shareholders and consumers to meet stricter ESG standards. Other groups that set environmental and social standards include the Initiative for Responsible Mining Assurance. The new programme, called the Consolidated Mining Standard Initiative, aims to simplify the current mining standards, making them applicable to any production facility committed to ESG, and bring together a wider range of mining companies, its developers said in a statement. The programme is led among others by the Copper Mark, a voluntary global program created in 2019 in line with the United Nations Sustainable Development Goals to promote responsible practices in the copper, molybdenum, nickel and zinc production chains. It also includes the Mining Association of Canada and the International Council on Mining and Metals, whose members are major metals and mining groups, and the World Gold Council, an industry body grouping global gold miners. Once finalised, the standard is expected to be used by members of these three associations and participants of the Copper Mark for responsible production, sourcing and recycling of metals. "This broad adoption would give the Standard the widest coverage of any voluntary mining standard to date with implementation anticipated to include almost 100 mining companies across approximately 600 operations in around 60 countries," the statement said. The Copper Mark, according to the statement, will evolve into an independent entity overseeing maintenance of the programme subject to the first consultation, running until Dec. 16, and another shorter consultation in 2025.

## Top News - Carbon & Power

### EXCLUSIVE-BP weighs sale of minority stake in offshore wind business, sources say

BP is considering selling a minority stake in its offshore wind business, according to four sources with knowledge of the matter, the latest effort by CEO Murray Auchincloss to scale back the energy company's focus on renewables. The company has faced pressure from shareholders over its energy transition strategy, first launched in 2020, as renewables profit thinned while margins from oil and gas rose. The London-listed oil company has lined up Bank of America to find partners for the business, the sources said, speaking on condition of anonymity because the process is private. BP wants to reduce its share of the hefty investments required to develop these projects, two of the sources said. A spokesperson for BP declined to

comment. BP remains committed to developing its major offshore wind projects, one source said. The company has also invested in solar, biofuels and low-carbon hydrogen in recent months. Auchincloss, who took up the job in January, has vowed to revamp the company's plans to focus on the high-margin businesses, distancing himself from predecessor Bernard Looney's strategy to rapidly expand renewables and reduce oil and gas output. Reuters reported in June, citing sources, that the company paused investments in new offshore wind projects. Last month, BP said it plans to sell its U.S. onshore wind business. The CEO has also said BP would sell a stake in its solar joint venture Lightsource BP once it completes its full acquisition in the coming months. Sources told Reuters earlier this month that BP has

abandoned its flagship target to reduce oil and gas production by 25% between 2019 and 2030, though it remains committed to its ambition to reduce carbon emissions to net zero by 2050. "As Murray said at the start of year... the direction is the same – but we are going to deliver as a simpler, more focused, and higher value company," a BP spokesperson said at the time. BP shares rose 1.15% on Thursday. BP currently does not have any offshore wind farms in operation. The offshore business has stakes in projects in Britain, Germany, the United States and Asia, and had a pipeline of projects with a capacity of 9.6 gigawatt at the end of June. Last year, BP won the rights to develop, build and operate two plants in Germany with 4 GW capacity. BP committed to paying 6.7 billion euros (\$7.27 billion) over a 20-year period when the projects become operational in the next decade.

In Britain, BP is also developing with its partner EnBW three windfarms in the Irish Sea and the North Sea with a combined capacity of 5.9 gigawatts. The rapidly-growing offshore wind sector has had a tough few years as costs ballooned due to technical and supply chain problems as well as higher interest rates, leading many companies to review investments. BP last year took an impairment of \$1.1 billion related to its U.S. offshore wind projects, based on the company's annual statement. It later broke up a U.S. offshore wind joint venture with Norway's Equinor. Other companies are also reconsidering their investments in offshore wind, or have assumed impairments, due to the rising cost of developing wind farms that can be more than 100 kilometres offshore. Macquarie has marked its offshore unit Corio for sale, Reuters has previously reported, and Orsted, the world's biggest offshore wind farm developer, trimmed its investment and capacity targets earlier this year.

### Tankers carrying Russian LNG drop Arctic routes as winter approaches, data shows

Ships carrying Russian liquefied natural gas (LNG) to Asia are returning to the longer routes around Africa's Cape of Good Hope rather than those along the Arctic shore as the winter season begins, LSEG data showed on Thursday. Russia's new Arctic LNG 2 project also lacks enough ice-class gas carriers to continue navigation along the Northern Sea Route, although some such tankers still sail it. According to LSEG data, the conventional gas tanker LNG Megrez loaded at Yamal LNG plant on Oct. 2 and started its voyage around Africa to Asia with arrival set for Nov. 13.

Seapeak Yamal, which loaded gas from the plant on Oct. 9, is also set to travel past the southern tip of Africa judging by the indicated arrival date of Nov. 23. No final destination for the vessels has been designated yet. The Velikiy Novgorod tanker was loaded at Gazprom's Portovaya plant on the Baltic Sea on Oct. 3 and is set to dispatch the cargo on Nov. 21.

Russia has declared traffic restrictions due to ice formation at the port of Sabetta, which services the Yamal LNG plant, starting from Oct. 22. Attacks launched by Yemen's Iran-aligned Houthi group on commercial ships at the southern end of the Red Sea have prompted shipping companies to divert vessels since late last year, avoiding a route that would take them through Egypt's Suez Canal.

Meanwhile, Metagas Everest, previously known as Everest Energy, is the last vessel to load from Arctic LNG 2, which was sanctioned by the United States over the conflict in Ukraine.

It received the cargo on Oct. 7 and is yet to leave the Kara Sea in the Arctic. LSEG data does not indicate new loadings from the project.

### MARKET MONITOR as of 06:40 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$71.12 / bbl	0.64%	-0.74%
NYMEX RBOB Gasoline	\$2.02 / gallon	0.29%	-4.28%
ICE Gas Oil	\$665.25 / tonne	0.68%	-11.39%
NYMEX Natural Gas	\$2.35 / mmBtu	0.26%	-6.40%
Spot Gold	\$2,705.99 / ounce	0.50%	31.19%
TRPC coal API 2 / Dec, 24	\$123.5 / tonne	0.00%	27.32%
Carbon ECX EUA	€63.22 / tonne	0.38%	-21.34%
Dutch gas day-ahead (Pre. close)	€39.30 / Mwh	1.68%	23.39%
CBOT Corn	\$4.23 / bushel	0.36%	-12.65%
CBOT Wheat	\$6.16 / bushel	0.98%	-3.75%
Malaysia Palm Oil (3M)	RM4,271 / tonne	-0.16%	14.78%
Index	Close 17 Oct	Change	YTD
Thomson Reuters/Jefferies CRB	335.66	-0.01%	11.36%
Rogers International	27.65	0.18%	5.03%
U.S. Stocks - Dow	43,239.05	0.37%	14.72%
U.S. Dollar Index	103.61	-0.21%	2.24%
U.S. Bond Index (DJ)	449.20	-0.58%	4.29%

## Top News - Dry Freight

### Russia imposes temporary import ban on Kazakh grain, but allows transit

Russia has imposed a temporary ban on Kazakh grain imports for its own market, but has granted Kazakhstan permission to transit grain via Russian territory for export to other countries starting from Thursday, Russia's agricultural watchdog said. The move indicates the tensions between the two grain exporters, which also tranship each other's oil, gas and metals, may have eased but are yet to be fully resolved.

Transit of grain will be possible if Kazakhstan provides phytosanitary certificates for the final destination country and ensures the trans-shipment of the grain from railway cars directly onto export vessels, Moscow said on Thursday. The Russian watchdog, Rosselkhoznadzor, had previously said that from Sept. 23 its systems would automatically block the issuance of phytosanitary certificates for grain, grain products, sunflower seeds, tomatoes, and peppers from Kazakhstan.

Both Russia and Kazakhstan are net grain exporters, and the latter is on track to post its biggest grain harvest since 2011. In August, Kazakhstan banned the import of Russian grain, saying it would create excessive supply on the local market. Kazakhstan's agriculture ministry said on Thursday the sides would discuss the issue of Russian restrictions at a meeting in Moscow on the same day, with the Kazakh delegation led by Deputy Prime Minister Serik Zhumangarin.

Earlier this week, a member of parliament publicly urged the Astana government to take the matter to a special court of the Eurasian Economic Union, of which both countries are members, demand compensation and take retaliatory measures.

Kazakhstan mostly exports wheat to its neighbours in Asia, but relies on transit through Russian territory to sell its grain in Europe and the Mediterranean. Kazakhstan's most important export is oil, the lion's share of which it

also exports via Russia, giving Moscow a lot of leverage over Astana.

### Taiwan buys estimated 78,200 T wheat of US-origin

The Taiwan Flour Millers' Association purchased an estimated 78,200 metric tons of milling wheat to be sourced from the United States in a tender on Thursday, European traders said. The purchase involved various wheat types for shipment from the U.S. Pacific Northwest coast in two consignments. The first consignment of 38,950 tons involved 24,200 tons of U.S. dark northern spring wheat of a minimum 14.5% protein content bought at an estimated \$322.24 a ton free on board (fob), equating to \$373.04 a ton cost and freight (c&f) including ocean shipping costs to Taiwan, the traders said.

It also involved 8,225 tons of hard red winter wheat of a minimum 12.5% protein content bought at \$293.36 a ton fob/\$344.16 a ton c&f, and 6,525 tons of soft white wheat of a minimum 8.5% and maximum 10% protein bought at \$241.03 a ton fob/\$291.83 c&f. The first consignment was for shipment between Dec. 7-Dec. 25.

Trading house CHS sold the dark northern and soft white, while Columbia Grain International was believed to have sold the hard red, traders said. The second consignment of 39,250 tons for Dec. 29-Jan. 12 shipment involved 24,150 tons of dark northern spring wheat of a minimum 14.5% protein content bought at an estimated \$327.11 a ton fob/\$375.44 a ton c&f, they said. It also involved 8,850 tons of hard red winter wheat of a minimum 12.5% protein content bought at \$292.67 a ton fob/\$341.00 c&f, and 6,250 tons of soft white wheat of a minimum 8.5% and maximum 10% protein bought at \$246.46 a ton fob/\$294.79 c&f. Columbia Grain was believed to have sold the dark northern in the second consignment and United Grain Corporation sold the hard red and soft white. Reports reflect assessments from traders and further estimates of prices and volumes are possible later.

**Picture of the Day**

*Fields of heliostat mirrors reflect sunlight at the site of Dunhuang Shouhang 100MW Tower Solar Thermal Power Generation Project, during an organised media tour to Dunhuang Photovoltaic Industrial Park, in Gansu province, China, October 16. REUTERS/Tingshu Wang*

(Inside Commodities is compiled by Lactus Fernandes in Bengaluru)

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