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Top News - Oil

IEA sees surplus oil supply, weak China demand in 2025

China's oil demand growth is expected to remain weak in 2025 despite recent stimulus measures from Beijing as the world's No. 2 economy electrifies its car fleet and grows at a slower pace, the head of the International Energy Agency said on Monday.

China, which has accounted for more than 60% of global oil demand growth in the last decade when its economy grew at 6.1% on average, is slowing down, IEA Executive Director Fatih Birol told Reuters on the sidelines of the Singapore International Energy Week conference.

"The Chinese economy at around 4% (growth) or so would mean China will need less and less energy," he said, adding that demand for electric vehicles, which have become cost-competitive against conventional cars, will continue to grow.

"The impact of the stimulus has not been as significant as some of the market observers have expected," Birol said, referring to Beijing's recent fiscal announcements aimed at reviving economic growth.

"It is still limited. And as we see today, it will be very difficult to see a major uptick of Chinese oil demand."

Global oil prices are hovering around $70 a barrel after falling more than 7% last week despite rising geopolitical tensions in the Middle East.

"One of the two reasons why we saw muted reaction in oil prices is that demand is weak this year and the expectation that it will be weak next year," Birol said, noting that Chinese oil demand would have been flat this year if not for petrochemicals.

Another factor capping oil prices is the rise of supply from non-OPEC producers - the U.S., Canada, Brazil and Guyana - which is higher than global oil demand growth, he added.

When asked if he expects the Organization of the Petroleum Exporting Countries and their allies, a group known as OPEC+, to unwind production cuts in 2025, Birol said it is up to OPEC to decide on that.

"What I see is there will be a surplus next year of oil in the markets if there are no major changes in the geopolitical context," he said.

Saudi Aramco CEO 'fairly bullish' on China oil demand

Saudi Aramco is "fairly bullish" on China's oil demand especially in light of the government's stimulus package which aims to boost growth, the head of the state-owned oil giant said.

"We see more demand for jet fuel and naphtha especially for liquid-to-chemical projects," Aramco CEO Amin Nasser said on the sidelines of the Singapore International Energy Week conference.

"A lot of it is happening in China mainly because of the growth in chemical needs. Especially for the transition, for the electric vehicles, for the solar panels, they need more chemicals. So that's huge growth there," Nasser said.

Saudi Arabia is the no.2 oil exporter to China behind Russia and holds stakes in some Chinese refiners.

Meanwhile, progress in the energy transition in Asia is far slower, much less equitable and more complicated than many have expected, he told the conference, calling for a reset in policies for developing countries. Even with the transition, as economies expand and living standards rise, the Global South is likely to see significant growth in oil demand for a long time, and while that growth will stop at some point, that is likely to be followed by a long plateau, Nasser said.

"If so, more than 100 million barrels per day would realistically still be required by 2050," he said in a speech at the Singapore International Energy Week conference.

"This is a stark contrast with those predicting that oil will, or must, fall to just 25 million barrels per day by then. Being short 75 million barrels every day would be devastating for energy security and affordability."

Countries should choose an energy mix that helps them meet their climate ambitions at a speed and manner that is right for them, Nasser said. "Our main focus should be on the levers available now."

These include encouraging investments in oil and gas that developing nations need and can afford, and prioritising the reduction of carbon emissions associated with conventional sources by improving energy efficiency and developing carbon capture, utilisation and storage (CCUS). Despite trillions of dollars being invested in the global energy transition, oil and coal demand are at all-time highs, dealing a "hammer blow" to energy transition plans, he said.

Asia, which consumes over half of the world's energy supplies, still relies on conventional resources for 84% of its energy needs. Rather than displacing demand for conventional energy, alternatives are mostly meeting consumption growth, he said.

The shift to electric vehicles (EV) in Asia, Africa and Latin America is lagging that of China, the U.S. and European Union as consumers struggle with affordability and infrastructure concerns, he said. The progress of EVs has no bearing on the other 75% of global oil demand, Nasser said, as massive segments like heavy transportation and petrochemicals have few economically viable alternatives to oil and gas. Developing countries may require almost $6 trillion each year to fund the energy transition, and Nasser called for them to have a greater say in climate policy-making.

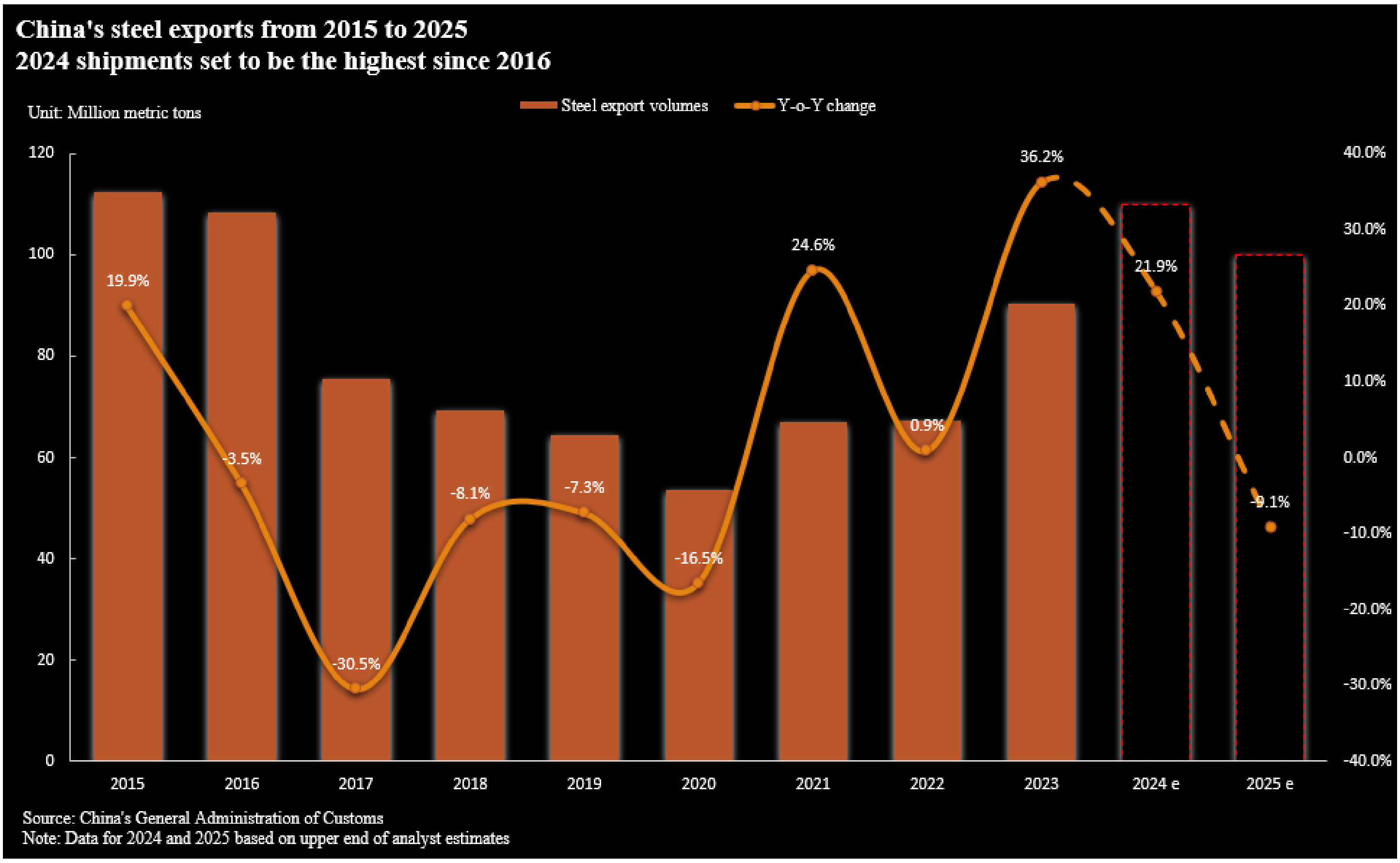
"But Asia's voice and priorities, like those of the broader Global South, are hard to see in current transition planning, and the whole world is feeling the consequences."

Top News - Agriculture

China September soy imports from US up 13-fold Y/Y
China's soybean imports from the United States surged 13-fold in September from a year earlier, government data showed on Sunday, rising for the sixth consecutive month.
The world's largest soybean buyer imported 1.71 million metric tons of soybeans from the United States last month, up from 132,680 tons a year ago, according to the General Administration of Customs.
However, import volumes from the U.S. remain much smaller than from top producer Brazil.
Brazilian soybeans made up most of the near record of the oilseed that arrived in China in September as good crushing margins encouraged buying.
September soybean arrivals from Brazil rose 23% compared to the same month a year ago to 8.45 million tons.
For the January-September period, total shipments from Brazil rose 13% from the same period last year to 62.24 million tons. Arrivals from the U.S. fell 15% for the period to 14.55 million metric tons.
Brazil supplied 226,307 tons of corn to China last month, 37% of the total arrivals.

COLUMN-Funds rejuvenate CBOT corn, soy bearishness after short covering streak -Braun
Each week since late August, speculators covered short positions across U.S. grains and oilseeds as weather and geopolitical risks increased supply uncertainties worldwide.
But funds snapped that stretch of short covering in the week ended Oct. 15, adding new gross short positions in CBOT corn, soybean meal and soybeans. That flipped overall grain and oilseed sentiment back to bearish after the establishment of a net long in the prior week, the first in 13 months.
Price action was heavy across CBOT markets in the week ended Oct. 15. Corn led losses with the most-active contract down 4.6%. Soymeal declined 3.5%, soybeans and wheat eased about 2.5% each, and soyoil slid 1.5%.
During that week, money managers increased their net short position in CBOT corn futures and options to 86,988 contracts from 23,729 in the previous week, which had been funds' least bearish corn stance since early August 2023.
That move included more than 57,000 new gross short

Chart of the Day



positions, the most for any week since June.
Money managers also added nearly 25,000 gross short positions in CBOT soybean meal, a weekly record in data back to 2006. But this accounted for just 60% of the net selling through Oct. 15 as funds aggressively pitched longs, too.
That slashed the managed money net meal long to 55,711 futures and options contracts versus 96,588 a week earlier, marking near-record net selling.
The week ended Oct. 15 broke money managers' seven-week streak of net buying in CBOT soybean futures and options, as they expanded their net short to 40,341 contracts from 21,798 in the prior week.
This was primarily due to new shorts, but funds added a handful of gross soybean longs for a fifth straight week.
They continued to cover shorts in CBOT soybean oil, but exiting longs trimmed the managed money net long in soyoil by about 5,600 on the week to 26,938 futures and options contracts.
Despite the price slide, money managers trimmed their net short in CBOT wheat futures and options to 26,013 contracts, down nearly 3,500 on the week. That is among funds' least bearish wheat views within the last two years.
However, CBOT wheat futures plunged nearly 3% on Friday to four-week lows with better weather forecasts for parched wheat regions including top exporter, Russia.
Russia further headlined wheat news on Friday amid plans for grain exporters to sell directly to sovereign buyers, which could be damaging for international trading houses. Moscow is also seeking more control over global food prices by setting up a grain exchange with BRICS countries.
This increases uncertainty for rival suppliers, including the United States, which has seen respectable grain and oilseed export demand as of late, particularly for corn.
In addition to monitoring demand, market participants this week will be paying attention to the ongoing U.S. corn and soybean harvest as well as the soybean planting pace in Brazil, which has recently been slower than normal due to dryness.
Karen Braun is a market analyst for Reuters. Views expressed above are her own.

Top News - Metals

ANALYSIS-Elevated China steel exports set to persist, threaten to worsen trade friction
Chinese steelmakers, already exporting at near-decade high volumes, are set to keep pushing out shipments in 2025 to manage overcapacity and soft domestic demand, industry insiders and analysts say, threatening to worsen mounting trade frictions.
As local consumption remains suppressed by a weakened property sector, this year the world's dominant producer of the alloy is on track to export more than 100 million metric tons, the most since 2016. In the first three quarters, exports rose 21.2% to 80.71 million tons, customs data showed on Monday.
China hit a record 112.4 million tons of steel exports in 2015, with the volumes shipped in 2016 coming right below that.
For 2025, China is likely to export roughly 90 million to 100 million tons, according to forecasts from five analysts who cite rising global demand amid easing monetary cycles and the price competitiveness of Chinese steel.
China's biggest listed steelmaker Baoshan Iron & Steel Co, a unit of top global steelmaker China Baowu Steel Group, exported a record of 5.84 million tons of steel products in 2023, up 46.6% annually, and in late August said it targeted shipments of over 6 million tons for this year and more than 10 million tons annually by 2028.
It did not break out an export forecast for 2025.
Officials at two other top Chinese steelmakers told Reuters they planned to increase exports in 2025, declining to give details, and an analyst briefed on the situation said another seven steel mills have similar plans.
All three declined to be identified as they were not authorised to speak to media.
"The low cost of Chinese steel, and the rising demand from (Southeast Asia), MENA (the Middle East and North Africa) and India will pose upside risks for China's steel exports in 2025 and beyond," said Lawrence Zhang, principal consultant for steel and raw materials market at Wood Mackenzie.
The World Steel Association on Monday predicted a 1.2% rebound in global demand to 1.77 billion tons in 2025 following three years of decline.

TARIFF TENSIONS
China's surging steel exports have sparked complaints from an increasing number of countries.
Some, including Turkey and Indonesia, have imposed anti-dumping duties, arguing that a flood of cheap Chinese steel hurts local manufacturers.
Some 28 trade remedy cases have been brought this year against Chinese steel products, compared with just eight over the previous three years, data from the state-backed China Trade Remedies Information showed.
"This trend (of complaints) will continue and intensify in 2025," Wood Mackenzie's Zhang said.
A spokesperson for Chinese customs, when asked about the trade tensions at a press conference on Monday, said the majority of Chinese steel products are to meet domestic demand.
However, with the industry innovation and upgrading, he said, China's steel products will have broad appeal in external markets.
China's flood of exports comes despite declining output, which dropped across the first three quarters of this year by 3.6% year-on-year, official data showed on Friday, an indication of the weakness of domestic demand.
The World Steel Association forecast China's steel demand to fall 3% this year and 1% in 2025, leaving plenty of room for oversupply to find its way into export markets, analysts say.
While Chinese steelmakers and trade groups have warned that trade frictions and a strengthening currency will hinder exports in 2025, analysts and traders said they expect China's export prices to remain competitive.
Mounting trade tensions over Chinese steel are dampened by the fragmentation of its export markets,

analysts said. The main destinations for Chinese steel are Southeast Asia, the Middle East and South America, customs data showed.

Last year, China exported $85 billion in steel, less than 1% of which went to the U.S. Still, in April, President Joe Biden called for sharply higher tariffs on Chinese metal products, and his administration has said action also needs to be taken to protect the U.S. electric vehicle and solar power industries.

Tomas Gutierrez, head of data at consultancy Kallanish Commodities, said the only trade case that could derail China's export momentum is an anti-dumping probe into hot-rolled coil launched in July by Vietnam, China's top steel export market.

"That could be very disruptive. But at the end of the day, China exports to clear its domestic overproduction," he said. "One way or another Chinese exporters will find a price level that allows exports," he said.

Otherwise, the key risk to Chinese steel exports would be a crackdown by Beijing on evasion of value-added tax. Four analysts have estimated that exports for which the tax wasn't paid accounted for around one-third of last year's total exports of 90.26 million tons.

Authorities have set up a team to investigate such "illegal" steel exports, Luo Tiejun, vice chairman of the state-backed China Iron and Steel Association, was cited as saying last week on the association's social media account.

South32 manganese output plunges after cyclone, restart expected by year-end

Miner South32 said its Australian manganese business was on track to resume production by the end of the year after the firm posted a sharp decline in quarterly production for the commodity, hurt by a cyclone in March.

Its shares rose as much as 1.6% in early trade but were last down 1.1% at 0019 GMT, after a 61% drop in its first-quarter manganese production, as the firm reiterated production guidance across all operations for the current financial year ending June 30, 2025 and narrowed its net debt in the period.

"As always with S32, a mix of positive and negative surprises with the quarterly report," analysts at Citi wrote. Citi added South32's Illawarra metallurgical coal sale proceeds of $964 million decreased the company's net debt by $723 million to $39 million.

"The sale has also lowered our sustaining capital intensity and strengthened our financial position, enabling us to...deliver returns to shareholders via our on-market share buy-back," South32 CEO Graham Kerr said.

The miner's Groote Eylandt Mining Co (GEMCO) project, part of its Australian manganese division, has been suspended since mid-March after Tropical Cyclone Megan wreaked havoc in northern Australia, significantly damaging its infrastructure at the site.

"We progressed a substantial dewatering program and a phased mining restart during the September quarter and remain on track to resume production from the primary concentrator during the December quarter," South32 said in a statement.

The company produced 597,000 wet metric tons (wmt) of the steel additive for the quarter ended Sept. 30, compared with a Visible Alpha consensus estimate of about 527,900 wmt, with the firm's South African manganese division contributing all of the production.

South32 added that it had scheduled maintenance for its South African manganese operations in the June 2025 half-year.

MARKET MONITOR as of 06:40 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$69.55 / bbl	0.48%	-2.93%
NYMEX RBOB Gasoline	$1.97 / gallon	0.32%	-6.36%
ICE Gas Oil	$652.25 / tonne	0.58%	-13.12%
NYMEX Natural Gas	$2.26 / mmBtu	-0.04%	-10.22%
Spot Gold	$2,727.44 / ounce	0.26%	32.23%
TRPC coal API 2 / Dec, 24	$122.1 / tonne	-1.13%	25.88%
Carbon ECX EUA	€62.68 / tonne	0.64%	-22.01%
Dutch gas day-ahead (Pre. close)	€38.80 / Mwh	-1.27%	21.82%
CBOT Corn	$4.19 / bushel	0.06%	-13.38%
CBOT Wheat	$5.93 / bushel	0.04%	-7.31%
Malaysia Palm Oil (3M)	RM4,286 / tonne	0.73%	15.18%
Index	**Close 18 Oct**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	333.12	-0.75%	10.52%
Rogers International	27.44	-0.78%	4.22%
U.S. Stocks - Dow	43,275.91	0.09%	14.82%
U.S. Dollar Index	103.57	0.08%	2.21%
U.S. Bond Index (DJ)	446.60	-0.05%	3.69%

Top News - Carbon & Power

Analysts expect EU carbon prices to soar by 2027

Analysts expect EU carbon permit prices will soar by 2027 as policy measures shrink supply, while their forecasts for 2025 and 2026 were little changed, a quarterly Reuters survey showed on Friday.

The EU's Emissions Trading System (ETS) is Europe’s main tool for curbing emissions to meet its climate targets and forces manufacturers, power companies and airlines to pay for the carbon dioxide they emit by surrendering carbon allowances.

The average analyst carbon price forecast for 2027, the first time participants in the survey have been asked about the period, was 111.14 euros a ton, much higher than the current 62.50 euros/ton price, a Reuters survey of nine analysts showed.

“We expect market participants to increasingly turn their attention to the upcoming supply squeeze in the market, 2027 is set to be a very tight year," said Haege Fjellheim, head of carbon analysis at Veyt.

"Amidst the overall fit for 55 framework that reduces supply of fresh allowances, the market stability reserve continues to eat into the remaining market surplus,” Fjellheim said.

The European Commission's fit for 55 framework aims to reduce the EU’s net greenhouse gas emissions by 55% by 2030 from 1990 levels, while the market stability reserve is a mechanism to remove surplus permits from the market.

EU Allowances (EUAs) are forecast on average at 76.88 euros a metric ton for 2025 and 92.48 euros for 2026, up 0.2% and down 1% respectively from forecasts made in July.

“In the near term, the carbon price is likely to continue to trade broadly in line with EU natural gas prices. That said, this linkage will weaken over time as the industrial sector takes over the mantle from the power sector as the key driver of emissions,” David Oxley, chief climate & commodities economist at Capital Economics, said.

Benchmark European gas prices have been rangebound over the past few weeks with market participants concerned over an escalation of the conflict in the Middle East and possible disruptions to supply.

Australia's Woodside says open to supplying LNG to Japan from US

Australia's top energy firm Woodside Energy sees an opportunity to beef up LNG sales to Japan, including supply from the United States, where the company just bought Tellurian and its LNG export project, CEO Meg O'Neill said on Monday.

With this new position in the U.S., Woodside will be able to "offer our Japanese buyers even more supply for the long term", O'Neill said at a media briefing on the sidelines of the Singapore International Energy Week conference.

Japanese LNG importers have been saying they are looking for shorter term LNG contracts with more flexible terms as their demand outlook remains uncertain. Several Japanese importers also have contracts with Russia's Sakhalin LNG that will expire from 2026 onwards.

As part of LNG Japan's entry into Woodside's Scarborough joint venture in Australia, there is a memorandum of understanding for additional LNG offtake with the consortium, O'Neill said, adding that those discussions are under way.

"So we know Japan is thinking very carefully about how to get the balance right in energy security, and we look forward to being a reliable supplier to Japan," she said.

Woodside's current focus is on bringing in partners to invest in the Louisiana LNG project rather than marketing its LNG, O'Neill said.

It wants to sell 50% of the project and aims to be ready for a final investment decision from the first quarter of 2025.

Top News - Dry Freight

Russian coal shipments to China plunge 86% in September

China's coal imports from Russia sank 86% in September from the same month a year earlier, customs data showed on Sunday, as sanctions on Moscow continued to weigh.

Russia's coal shipments to China last month were 1.3 million metric tons, according to the General Administration of Customs.

That was also down from 8.7 million tons in August.

Russian Prime Minister Mikhail Mishustin told Chinese Premier Li Qiang on Wednesday that the bilateral energy partnership was comprehensive and had acquired a strategic character, mentioning coal as well as oil, gas and nuclear.

But Russian companies have faced even higher hurdles to cross-border trade since Chinese banks tightened compliance in August after Western threats of secondary sanctions over Russia's invasion of Ukraine, according to Russian sources.

In September, China's coal imports from all sources reached a record high 47.59 million metric tons, according to customs data, as domestic coal became more expensive compared with international coal prices.

For the year to September, Russian shipments to China were down 19% year-on-year to 64.4 million tons.

Imports from top supplier Indonesia rose 18% to 21.27 million tons in September, according to the data.

Mongolian imports rose 4% to 6.99 million tons.

Australian coal exports to China rose 62% to 7.79 million tons.

For the year to date, shipments were up 78%, recovering from an informal import ban that ended last year.

Bangladesh issues tender to buy 50,000 T rice, traders say

Bangladesh's state grains buyer has issued an international tender to purchase 50,000 metric tons of rice, traders said on Monday.

The deadline for submission of price offers is Nov. 4.

Floods in Bangladesh have destroyed an estimated 1.1 million tons of rice, prompting the country to ramp up imports of the staple grain amid soaring food prices.

In response, the government is moving quickly to import 500,000 tons of rice and is expected to permit private sector imports soon, a food ministry official said on Oct. 20.

The new tender seeks price offers for non-basmati parboiled rice in CIF liner out terms, including ship unloading costs, for shipment to the ports of Chattogram and Mongla.

The rice can come from worldwide origins and shipment is required 40 days after contract award.

Picture of the Day

Cars drive on Havana's seafront boulevard Malecon as the country's electrical grid collapsed again on Sunday, in Havana, Cuba October 20. REUTERS/Norlys Perez

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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