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## Top News - Oil

**China's Sept crude oil imports fall, fuel exports hit 15-mth high**

China's crude oil imports in September were 2% below their level a year earlier, data showed on Monday, as independent refiners curbed throughput amid thin margins and lacklustre demand.

However, state-run refiners lifted fuel exports to the highest monthly volume since June 2021 to cash in on robust export margins, according to data from the General Administration of Customs that was released a week behind schedule.

The world's largest crude importer brought in 40.24 million tonnes of crude oil last month, equivalent to about 9.79 million barrels per day (bpd). While that was up from 9.5 million bpd in August, shipments remained below the nearly 10 million bpd imported a year earlier.

Imports for the first three quarters of the year totalled 370.4 million tonnes, or about 9.9 million bpd, 4.3% below the corresponding period last year. This marks the first annual decline for this period since at least 2014.

China's fuel demand took a hard hit as Beijing's drastic COVID-19 curbs stifled travel and manufacturing activities.

While state refineries have mostly returned from outages and planned maintenance, independent refiners, which make up about one-fifth of China's crude oil imports, have continued to hold down production.

"The sentiment is very low. Margins are not good, plants were not motivated to increase runs," a Singapore-based trading executive with an independent refiner in eastern China said ahead of the data release.

However, the data showed that exports last month of refined fuel - including diesel, gasoline, aviation fuel and marine fuel oil - soared 36% from a year earlier to 5.64 million tonnes.

Year-to-date exports were down 27.6% at 35.45 million tonnes, as a result of Beijing's policy adopted in late 2021 to limit fuel exports and excessive refinery processing.

But, in late September Beijing released a large set of fresh fuel export quotas to boost its sagging economy, which could see exports recover further through the first quarter of 2023.

Natural gas imports last month via pipelines and as liquefied natural gas (LNG) also rebounded to 10.15 million tonnes, the highest since January, the data showed.

However, volumes were 4.4% lower than a year earlier, with LNG imports being the drag as companies avoided pricey spot purchases.

Gas imports for the first nine months of the year were down 9.5% year-on-year at 81.16 million tonnes.

**INSIGHT-Russia poised to largely skirt new G7 oil price cap**

Russia can access enough tankers to ship most of its oil beyond the reach of a new G7 price cap, industry players and a U.S. official told Reuters, underscoring the limits of the most ambitious plan yet to curb Moscow's wartime revenue.

The Group of Seven countries agreed last month to cap Russian oil sales at an enforced low price by Dec. 5 but faced consternation from main players in the global oil industry who feared the move could paralyse the trade worldwide.

Months of discussions between the United States and those insurance, trading and shipping firms have mollified concerns on their exposure to sanctions but all parties now realize Russia can largely skirt the plan with their own ships and services.

The forecasts on the resilience of the Russian oil trade and details of the discussions between Washington and the global oil and services industry have not previously been published.

Estimates that up to 80-90% of Russian oil will continue to flow outside the cap mechanism if Moscow seeks to flout it are not unreasonable, a U.S. Treasury official told Reuters.

Between 1 and 2 million barrels per day (bpd) of Russian crude and refined products exports could be shut in, said the official, who declined to be named due to the sensitivity of the situation, adding this was one of several possible scenarios and it was unclear whether Russia will comply with the cap.

Russia exported over 7 million bpd in September.

That could pose financial and technical difficulties for Russia but would also deprive the world of 1-2% of its global supply just as inflation is on the rise and a recession looms.

The United States is aware of some ships changing their countries of origin and trading entities being moved beyond the G7 to order to evade the plan, the official added.

Russia would incur costs from having to conduct longer voyages and being relegated to subpar insurance and financing, the official said, making the United States optimistic Russia will be compelled to sell within the price cap over time.

India and China have increased purchases of Russian oil at steep discounts in recent months, but neither has endorsed the cap. India said this week it would examine the plan.
The U.S. sees the price cap empowering China and India to buy Russian oil at lower prices, benefitting their economies.

SHADOW FLEET
Industry and policy veterans have seen the limits of a plan which at first appeared to have the entire Russian oil trade in its crosshairs but whose scope could now be greatly diminished.
"In theory there is a big enough shadow fleet to continue Russian crude flows after Dec. 5," Andrea Olivi, global head of wet freight at commodities trading giant Trafigura told Reuters.
"A lot of these shadow vessels will be able to self-insure or they will be able to be insured by Russian P&I", he added, referring to protection and indemnity insurance.
Bank JP Morgan sees the impact of the price cap as muted, with Russia almost completely skirting the ban by marshalling Chinese, Indian and its own ships - whose average age is nearly two decades old - relatively ancient by shipping standards.
That could leave Russian exports in December reduced by just 600,000 bpd compared with September, the bank added.
Not just ships but the services needed to keep them and their oil cargoes flowing are on the move, according to Norbert Rucker, head of economics and next generation research at Swiss wealth manager Julius Baer.
"Oil traders dealing in Russian oil are no longer in Switzerland, Geneva or London. They are more coming out of the Middle East," Rucker told Reuters.
"If you look at the Asian buyers of the oil, the ships, the insurance - this seems to be increasingly done out of Asia."

SHOT IN THE FOOT?
The G7 price cap plan agreed in September was shopped by the United States to industry players as a safety valve to total EU bans on Russian shipments ratified in June.
P&I services heeding EU law insure approximately 90% of the world's oceangoing trade, meaning the EU move could have halted most of Russia's exports.
That may have boomeranged back on the sanctioning countries by sending energy prices soaring amid an already deep cost of living crisis as a potential global recession looms.
Insurance and shipping industry figures still saw themselves at risk of sanctions which could upend the trade even in the G7 price cap workaround. The EU ratified the price cap this month but details on implementing it remain forthcoming.
The U.S. official said the policy has been tailor-made so that it is easy for firms to verify, or attest, that prices were sold below the cap.
The cap, the official added, aims not be punitive toward the industry and will allow them to keep the attestations and not force them to submit it to a central registry.
This would be lax enough to allow insurers to ask buyers of Russian oil to pledge in writing that sales would occur at, or below the price cap for the duration of their policy period.
One industry official familiar with the matter viewed this attestation policy as "positive" and believes Washington now understands that insurers cannot enforce the policy themselves.
Another said that with six weeks to go before the sanctions take effect, the insurance industry still wants more details on how the attestations would work and is concerned that EU regulations still do not mention the process or set out their obligations.
Daniel Ahn, a former chief economist at the U.S. State Department, says the countries sanctioning Russia overestimated their control of the global oil trade and that changes and clarifications to their policy aimed at reducing self-harm.
"All it's going to do is reroute oil ... and make life difficult for everyone else, which is what is happening right now anyway," said Ahn, a global fellow at the Woodrow Wilson International Center for Scholars.
"It's going to be less damaging than a complete seaborne import ban. They shot themselves in the foot, but they're now kind of trying to bandage it a bit."

## Top News - Agriculture

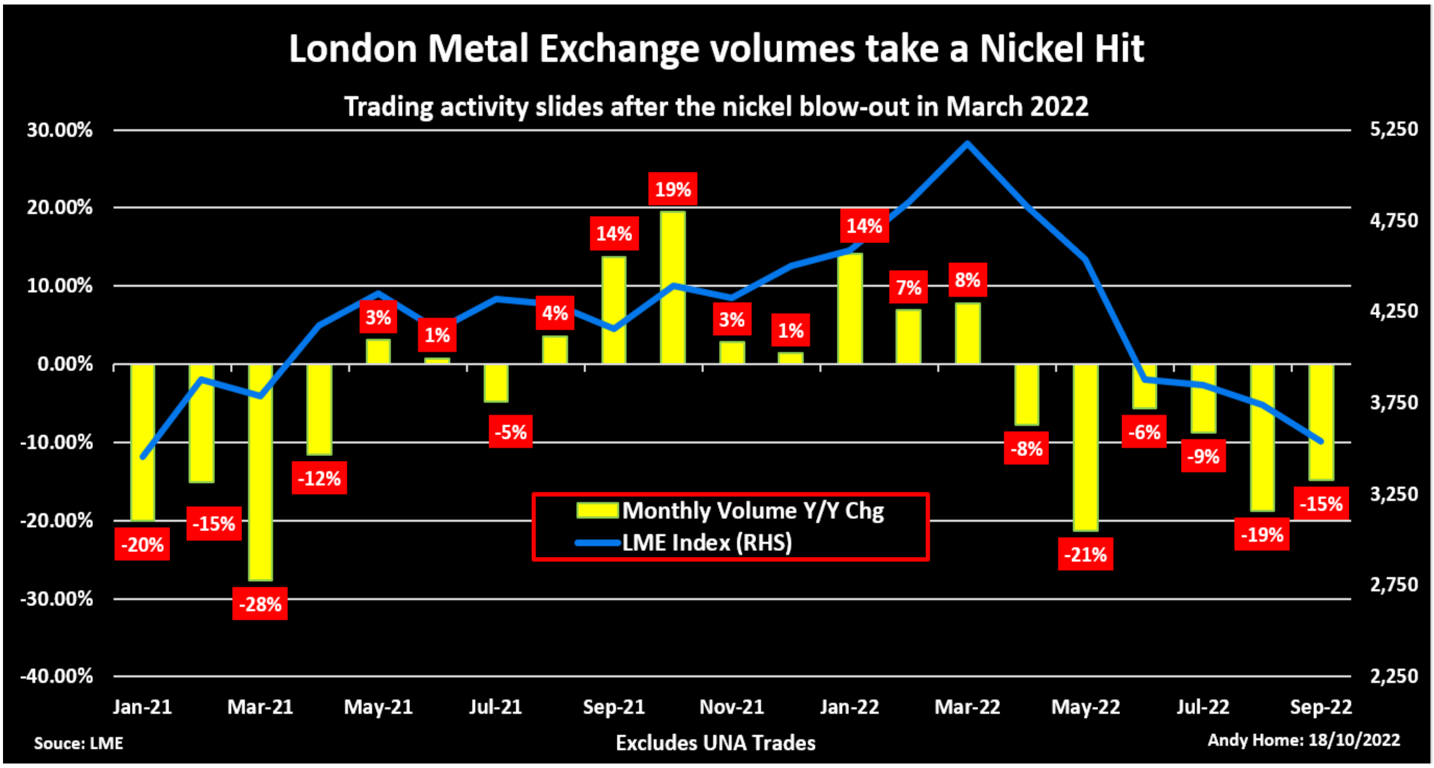
**Ukraine accuses Russia of blocking full implementation of grain deal**
Ukraine said seven vessels sailed off from its ports on Sunday carrying grain bound for Asia and Europe, but accused Russia of blocking the full implementation of Black Sea grain deal.
"Russia is deliberately blocking the full realisation of the Grain Initiative. As a result, these (Ukrainian) ports in the last few days are working only at 25-30 percent of their capacity," Ukraine's Infrastructure Ministry said in a statement via the Telegram messaging app.
The agreement, brokered by the United Nations and Turkey in July, paved the way for Ukraine to resume grain exports from Black Sea ports that had been shut since Russia invaded. Moscow won guarantees for its own grain and fertiliser exports.

Ukraine called for the renewal of the deal but concerns over whether Russia will agree to an extension beyond the Nov. 19 deadline has intensified after Russia has repeatedly raised complaints about its implementation.
Gennady Gatilov, Russia's ambassador to the United Nations in Geneva, last week told Reuters that Moscow had delivered a letter to U.N. Secretary-General Antonio Guterres setting out a list of complaints. [
Among the ships that departed on Sunday included one chartered by the U.N. World Food Programme, carrying 40,000 tonnes of wheat from Chornomorsk and bound for Yemen, a development welcomed by Ukrainian President Volodymyr Zelenskiy.
"It is very important that today the sixth vessel sailed from our port with foodstuffs chartered in the context of the U.N.'s World Food Programme," Zelenskiy said in his nightly video address.
"This ship is bound for Yemen with wheat. Ethiopia, Yemen and Afghanistan -- these three countries have already received foodstuffs thanks to our exports and the U.N.'s food programme."
The seven ships carrying a total of 124,300 tonnes of foodstuffs left from ports of Odesa, Chornomorsk and Pivdennyi, according to the Infrastructure Ministry.
Since Aug. 1, the grain deal struck in Istanbul has resulted in 380 vessels carrying 8.5 million tonnes of foodstuffs from Ukraine's Black Sea ports to countries in Africa, Asia and Europe, the ministry added.
Trade specialists have also raised concerns about the wait time for vessels due to reduced numbers of inspections -- considerably less than the 12 supposed to be conducted each day.
"The grain corridor is at least working, but it is very unstable," Andriy But, head of the grain trading firm Agrotrade, told the publication UkrAgroConsult on Friday.
The deal eased a world food crisis, but as more shippers have joined, the handful of inspection teams has fallen behind.

**China Sept soybean imports jump as low stockpiles spur buying**

China's soybean imports in September rose 12% from a year earlier to 7.72 million tonnes, customs data showed on Monday, reversing a months-long trend of low arrivals.
The world's top buyer of soybeans curbed purchases in prior months because of high global prices and poor profits from crushing beans to make animal feed.
However, the September imports were up from 6.88 million tonnes a year earlier, data from the General Administration of Customs showed, and also higher than August imports of 7.17 million tonnes.
The arrivals were slightly higher than some traders had expected but came amid an increasingly urgent need to rebuild stockpiles.
With hog farming profits surging since the summer, demand for soymeal has picked up, sending prices soaring in recent weeks on tight supply.

## Chart of the Day



"August [soybean] imports were unusually weak and stocks levels were already starting to get low in July and August," said Darin Friedrichs, co-founder of Shanghai-based consultancy Sitonia Consulting.
Though the September arrivals are higher than usual for this time of the year, overall imports for the first nine months of the year are still down 6.6% compared with last year at 69.04 million tonnes.
Global soybean prices soared this year after bad weather cut production and exports from Brazil, China's top supplier, pushing benchmark prices close to a decade-high in June.
The high prices and lacklustre demand from the livestock sector earlier in the year curbed the appetite for soybean purchases.
The increase in September arrivals came largely from the United States, which shipped 1.15 million tonnes to China last month, up from 169,439 tonnes in September 2021, customs data showed.
Imports from Brazil slipped to 5.58 million tonnes versus 5.936 million tonnes last year.

## Top News - Metals

**China Sept copper imports rise 25.6% on-year, 2.4% on-month**
China imported 25.6% more copper in September than in the same month a year earlier, with demand expected to benefit from more planned state spending on infrastructure to offset the slowing economy of the world's top metal consumer.
Unwrought copper and copper product imports into China - including anode, refined, alloy and semi-finished copper products - totalled 509,954.1 tonnes in September, data from the General Administration of Customs showed on Monday.
That was up 2.4% from 498,188.60 tonnes in August.
September and October traditionally see a pickup in metals demand as industry ramps up after summer maintenance.
Anticipated growth in China's demand for copper needed for infrastructure projects was reflected in the Shanghai futures market's premium over London futures.
China has promised fresh stimulus measures to revive its sluggish economic growth caused by its zero-COVID policy and troubled property market, buoying hopes for metals consumption.
In September, financial hub Shanghai announced investment plans in infrastructure worth 1.8 trillion yuan ($248.16 billion), to spur economic growth after the city was hit hard by COVID-19 lockdowns in April and May.
Earlier in August, China's State Grid said it planned to invest more than 150 billion yuan ($22 billion) in the second half of 2022 in ultra high voltage (UHV) power transmission lines.
Aside from firm demand, the market in China is also encountering supply tightness, partly due to lower-than-expected domestic output power curbs ordered in some parts of China during the summer heatwave.
Liquidity issues at Maike Group, China's top copper importer, also caused some tightness in the market, according to analysts and participants in the market.
The firm market fundamentals in China contrasted with that in the rest of the world where demand has remained subdued.
Three-month copper prices on the London Metal Exchange averaged at $7,560 a tonne in September, the lowest since November 2020.
The most-traded November copper contract on ShFE averaged at 61,070 yuan ($8,419.38) a tonne last month.

**Rio Tinto board needs mining skills, geographical diversity – chairman**
The board of directors of global miner Rio Tinto needs more mining and renewable energy experience and a more diverse geographical background, its chairman Dominic Barton said on Friday.
"I think there's a lot of changes that need to occur. On the board we need the mining experience," Barton said in a pre-recorded interview at the FT Mining Summit in London.
"I think that capabilities on the renewable energy side (are) going to be quite important to have," he added.
The seven independent directors on the board of the mining giant have mostly experience in finance, capital markets, law and oil and gas. They are all either British or Australian.
"We're operating in 35 countries and we are an Australian, British kind of board, but we work a lot in Africa, we do a lot in China...we're doing a lot in Mongolia," he said.
"We have to think about our diversity on that front or our capability. So those are some of the areas that we need to focus on."
Barton, a former Canadian diplomat, took up the role of chairman in May as part of a management overhaul caused by a public and political backlash over Rio Tinto's destruction of 46,000-year-old sacred Indigenous rock shelters in Australia's Juukan Gorge to expand an iron ore mine.
The company this year has been shaken by the findings of an external report, commissioned and released by

management, that shone a light on a company culture rife with sexual harassment, racism and bullying over the past five years.
Operationally, it has had some setbacks but also wins. The Serbian government revoked licences for its Jadar lithium project in January after massive protests sparked by environmental concerns over the planned mine, but Rio is in the process of taking Canada-listed Turquoise Hill private, which will give it direct ownership of a giant copper mine in Mongolia.

## Top News - Carbon & Power

**Germany evaluating if consumer gas price brake can be brought forward – minister**
German finance minister Christian Lindner said on Sunday it was not yet clear whether a gas price brake for consumers and small businesses planned from March could be brought forward, pointing to technical and legal difficulties in accelerating the move.
Some state ministers have called for the price brake to come into force in January, as will be the case for larger industrial firms, in order to support smaller businesses and households through the winter.
Chancellor Olaf Scholz said at a meeting with the chamber of commerce in Munich on Saturday that the government had to first make sure energy suppliers would be able to bring forward the measure before making any promises.
"We don't know at the moment whether it is technically possible," Lindner said, speaking on the "Bericht Aus Berlin" TV programme on broadcaster ARD. "These are technical and legal questions we need to look at... we are working as quickly as possible."
Under current plans, the government will make a one-off payment to cover the December gas bill for households and small and medium-sized businesses this year, with an ongoing mechanism to limit prices in place from March.
Meanwhile, big industrial firms consuming more than 1.5 million kilowatt hours per year will see a brake on prices for 70% of their annual gas consumption from January, with the remaining 30% subject to market prices.
Asked whether the government would suspend the constitutional debt brake in 2023 as it has for 2022, Lindner said: "Of course we will have high debts next year. But we must send one signal to capital markets. Germany will remain stable in the long term and is handling public money well, so interest rates don't rise even further, or worse."

**China's Sept coal output jumps 12.3% on year, hits record daily levels**
China's September coal production jumped 12.3% from a year earlier to 390 million tonnes, official data showed on Monday, reaching record average daily levels as mines resumed operation after heavy rainfall in the summer months.
The average daily output was equivalent to 13 million tonnes, according to data from the National Bureau of Statistics, which compares to 11.95 million tonnes per day in August and 11.14 million tonnes per day a year earlier.
The previous daily peak was set in March when the country produced 12.77 million tonnes per day.
Monthly production in March, which has 31 days versus the 30 in September, had reached 395.79 million tonnes.
Output during the January-September period was 3.32 billion tonnes, up 11.2% from the same period in 2021, the bureau's data showed.
Coal mines in major coal mining regions of Inner Mongolia, Shanxi and Shaanxi lifted their operating rates in September as outbreaks of COVID were brought under control.
This month, coal production, especially at open-pit mines, and transportation was under tight control amid safety checks ahead of China's Communist Party Congress that closed on Saturday.
Additionally, the major coal transporting rail line connecting mining hub Datong and the northern port of Qinhuangdao on Sept. 28 began 25 days of seasonal maintenance.
That is limiting coal shipments to end-users in southern China and also curbing production expansions at coal mines.

## Top News - Dry Freight

**ANALYSIS-India rice export curbs to end a decade of price stability**
India's recent curbs on rice exports could trigger a rally in global prices after more than a decade of stability, traders said, as New Delhi's protectionist move coincides with falling output in other major producers and rising global demand.
Uneven monsoon rains hit rice planting in India, prompting the export restrictions in September, and floods have cut output in Pakistan even as consumption has grown in top importers such as Bangladesh and the

Philippines. That's why forecasters are saying global demand will outstrip production in 2022/23.
This is bad for Asian and African countries that use rice as a staple, some of which import as much as 60% of their supply.
Since India - the world's biggest rice exporter - banned exports of broken rice and slapped a 20% export tax on some non-basmati varieties, global rice prices have jumped more than 10%. Last month, the Food and Agriculture Organization's global rice price index rose 2.2% to hit an 18-month high.
"The international market has gone up and it will go up further," said Nitin Gupta, vice president for Olam India's rice business.
Governments worldwide had already been struggling to tame food inflation because of COVID-19 disruptions to production and supply chains, and then Russia's invasion of Ukraine removed millions of tonnes of foodstuffs from global markets, pushing inflation to a record earlier this year.
Still, before India implemented its export curbs a few months ago, industry and government officials in Asia were saying rice prices would hold steady due to ample stocks.
Rice, unlike wheat, was insulated from the Russia-Ukraine war as neither country is a big producer, and supplies of the grain had remained relatively steady during the COVID-related disruptions for other foodstuffs.
Now, however, top exporters Thailand and Vietnam sit on insufficient inventories to make up for India's curb on exports and widespread output losses. Global rice inventories could fall to their lowest in at least five years in 2023, three global traders said, citing internal assessments.
"Since India cornered 40% of the global trade, it's not easy for others to replace falling Indian shipments when demand is rising from leading importers," Gupta said.

OUTPUT FORECASTS LOWERED
The U.S. Agriculture Department (USDA) has cut its global rice production estimate for 2022/23 to 508 million tonnes, the lowest in four years. Just a month ago, the agency was expecting output for the year at 512 million tonnes.
Some top global trading houses, though, expect a sharper fall to around 500 million tonnes because of the extreme weather conditions that threaten crop yields in countries such as China, India, Bangladesh and Pakistan.
In India, dry weather conditions delayed the sowing of rice, with many farmers not planting the crop at all, and then torrential rains damaged ripening paddy fields, raising concerns about food inflation.
India's summer-sown rice output is likely to fall to 105 million tonnes in 2022/23, down 6%, the farm ministry said in September, and private traders estimate it could fall as low as 100 million tonnes.
Rice output in China, biggest consumer of the grain, could drop 2.9% from a year ago to 206 million tonnes due to higher temperatures and drought in some rice-growing regions, according to Shanghai JC Intelligence Co Ltd, a consultancy.
This is a big change from last year, when India's record 21.2 million tonnes of rice exports - 30% cheaper than rival suppliers - helped cap global prices while other food commodities soared due to supply disruptions.
After the September curb, India's rice exports are set to fall by around a quarter this year.

FALLING DOWN IN ASIA
Almost all top producers are beset with lower rice output, and global demand will likely outstrip supply, said B.V. Krishna Rao, president of India's Rice Exporters Association.
India's export restrictions have helped rival suppliers Vietnam, Thailand and Myanmar increase their sales, but they have limited surplus stocks for exports, Rao said.
Vietnam's unmilled rice output is forecast to hold flat to last year's 43 million tonnes, according to government data.
Neighbouring Thailand is aiming to export 7.5 million tonnes this year, up about 7% from its previous target of 7 million tonnes, said Anucha Burapachaisri, a government spokesman.
Together the two can add no more than an extra 2 million tonnes of rice to fill the void left by India, traders said.
Meanwhile, Pakistan cannot capitalise on India's export curbs after severe flooding ravaged its crop. Its rice output could fall 18% to 7.4 million tonnes, according to the USDA.
Other Asian producers such as China, Bangladesh and the Philippines were, like India, hit by unfavourable weather conditions, including drought, flooding, typhoons and cyclones.
"The exceptional confluence of events in Asia will badly hit consumers in many parts of the world and many poor consumers will have to either buy far more expensive, superior grades or go without rice," said Himanshu Agarwal, executive director at Satyam Balajee, India's biggest rice exporter.
"The choice will be difficult."

**Turkey buys 470,000 tonnes milling wheat in tender - traders**
Turkey's state grain board TMO has provisionally purchased about 470,000 tonnes of wheat in a large international tender which closed on Friday, traders said.
This is a little below the tender volume of 495,000 tonnes but no more purchases are expected on Friday. The TMO can buy slightly more or less than the tender volume.

Traders suspected the Black Sea region, especially Russia, will be a main supply origin.
The tonnages purchased in the TMO's tenders are provisional and subject to final confirmation in coming days. Purchases can be reduced or cancelled completely.
Wheat shipment was sought in two periods, from Nov. 1 to Nov. 22, and between Nov. 21 and Dec. 13. Red milling wheat was sought in a series of consignments to a range of Turkish ports.

"The first shipment period would fall inside the current agreement for the safe shipping channel for Ukraine's grain exports, which expires in the second half of November," one trader said. "So Ukrainian grain could be offered aggressively for this period."
"I believe Russian wheat was heavily offered for the second period because we still do not know whether the safe shipping channel will be extended."
Both wheat imports and wheat already in warehouses in Turkey can be offered in the tender.

**MARKET MONITOR as of 07:01 GMT**

| Contract | Last | Change | YTD |
|---|---|---|---|
| NYMEX Light Crude | $84.08 / bbl | -1.14% | 11.79% |
| NYMEX RBOB Gasoline | $2.62 / gallon | -1.43% | 17.74% |
| ICE Gas Oil | $1,071.00 / tonne | 1.95% | 60.57% |
| NYMEX Natural Gas | $4.82 / mmBtu | -2.84% | 29.17% |
| Spot Gold | $1,656.02 / ounce | -0.04% | -9.43% |
| TRPC coal API 2 / Dec, 22 | $246.5 / tonne | -1.40% | 100.41% |
| Carbon ECX EUA / Dec, 22 | €67.70 / tonne | -1.48% | -16.06% |
| Dutch gas day-ahead (Pre. close) | €50.75 / Mwh | -20.70% | -23.68% |
| CBOT Corn | $6.79 / bushel | -0.80% | 14.41% |
| CBOT Wheat | $8.51 / bushel | 0.18% | 10.38% |
| Malaysia Palm Oil (3M) | RM4,100 / tonne | 0.10% | -12.71% |
| **Index (Total Return)** | **Close 21 Oct** | **Change** | **YTD Change** |
| Thomson Reuters/Jefferies CRB | 293.09 | 0.25% | 18.65% |
| Rogers International | 30.69 | -0.53% | 31.69% |
| U.S. Stocks - Dow | 31,082.56 | 2.47% | -14.46% |
| U.S. Dollar Index | 112.17 | 0.14% | 16.88% |
| U.S. Bond Index (DJ) | 366.00 | -0.56% | -22.02% |

## Picture of the Day

*A view shows tankers in Nakhodka Bay near the crude oil terminal Kozmino outside the port city of Nakhodka, Russia. REUTERS/Tatiana Meel*



(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

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