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Top News - Oil

Equinor Q3 profit drops 13%, lagging forecast

Equinor reported a sharper-than-expected 13% decline in third-quarter profit, hit by weaker oil prices and lower production, and cut its full-year outlook for capital expenditure and renewable energy production growth.

The Norwegian oil and gas producer's adjusted earnings before tax for the July-September period fell to $6.89 billion from $7.93 billion a year earlier, lagging the $7.08 billion seen in a poll of 25 analysts compiled by Equinor.

"With solid operational performance and results, we are well on track to deliver strong cashflow from operations in line with what we said at the capital markets update in February," CEO Anders Opedal said in a statement.
Organic capital expenditure in 2024 is now seen at between $12 billion and $13 billion, down from a previous forecast of $13 billion.
The company maintained that its oil and gas output would be unchanged in 2024 from the previous year.
Equinor now expects its annual renewable energy output to grow by 50% in 2024, down from a previous view of 70% growth, due to slower-than-expected progress at the Dogger Bank A wind project off the British coast, it said in a statement.
Equinor in the third quarter pumped 1.98 million barrels of oil equivalent per day (boed), in line with expectations in the analyst poll, down from 2.01 million boed a year ago.
However, its Norwegian production was up by 2%, mostly due to high gas production from the North Sea Troll field, Equinor said, adding that gas prices had risen due to continued geopolitical risks and supply disruptions.
The European benchmark front month gas price on the Dutch TTF hub averaged 35.60 euros per megawatt hour (MWh) in the third quarter, up from an average of 33.81 euros/MWh for the same period in 2023.

US crude stockpiles jump as imports climb, gasoline builds as refineries ramp up, EIA says
U.S. crude oil inventories rose sharply last week as imports ticked higher, while gasoline stocks rose unexpectedly as refineries ramped up output after seasonal maintenance, Energy Information Administration (EIA) data showed on Wednesday.
Crude inventories rose by 5.5 million barrels to 426 million barrels in the week ending Oct. 18, the EIA said, compared with analysts' expectations in a Reuters poll for a 270,000-barrel rise. Crude stocks at the Cushing, Oklahoma, delivery hub fell by 346,000 barrels, the EIA said. "The large crude oil inventory build this week is offsetting the drop last week. But a lot of this is a result of the rebound in crude oil imports, a lot of it had to do with the hurricane," said Andrew Lipow, president of Lipow Oil Associates, referring to the previous week's 2.2 million-barrel drawdown due to lower imports and demand post Hurricane Milton.
Net U.S. crude imports rose last week by 913,000 barrels per day to 2.3 million bpd, as exports fell 11,000 bpd to 4.11 million bpd.
U.S. crude and Brent futures extended losses after the data. Refinery crude runs rose by 329,000 barrels per day in the week, the EIA said.
"We're seeing the return of refineries from their seasonal fall maintenance as utilization is now ticking up, and I expect that trend will continue over the next few weeks," Lipow added.
Refinery utilization rates increased for a second straight week after five weeks of declines, rising 1.8 percentage points last week to 89.5% of total capacity.
"As we continue to gradually exit from peak refinery maintenance at the start of the month, runs have climbed back up," said Matt Smith, an analyst for ship tracking firm Kpler.
"This rebound in refining activity has yielded a build to gasoline and while distillates showed a minor draw," Smith added. Gasoline stocks rose by 900,000 barrels in the week to 213.6 million barrels, the EIA said, compared with expectations for a 1.2 million-barrel draw.
U.S. gasoline futures extended losses following the data.
Distillate stockpiles which include diesel and heating oil, fell by 1.1 million barrels in the week to 113.8 million barrels, versus expectations for a 1.7 million-barrel drop, the EIA data showed. U.S. heating oil futures extended losses, despite the smaller-than-expected weekly draw.

Top News - Agriculture

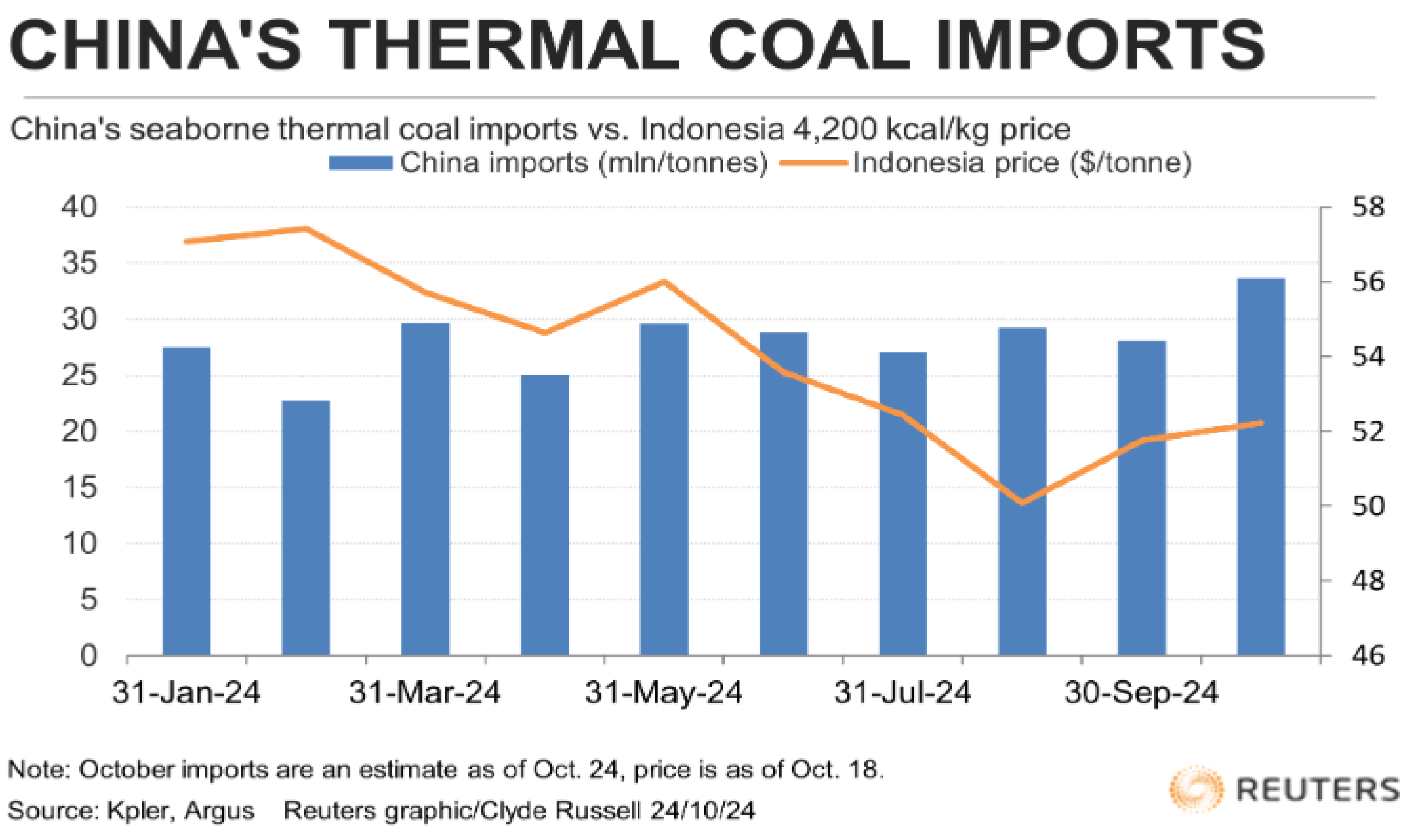
Argentina rains 'turn game around' for grains after drought, exchange says

Strong rains this week in Argentina have given a huge boost to the farming sector after a tough period of drought, "turning the game around" for corn and wheat farmers who had been facing deep losses, the Rosario grains exchange said on Wednesday.
The exchange said in a report that between 30 and 90 millimeters of rain fell in the last 24 hours in much of the agricultural core region of Argentina, the world's third largest corn exporter and a key global supplier of wheat. That had totally changed the outlook for the crops.
"We were losing 3-0 against the drought. With the rains last week we were 3-2, and with what is happening now we would be winning 4-3," Cristian Russo, head of agricultural estimates at the Rosario exchange, said in the report.
For 2024/25 wheat, the recent rains have arrived at a "crucial" time in the last weeks of yield development, the exchange said. At the start of the month it cut its harvest estimate for the cereal to 19.5 million metric tons due to lack of rain. The wheat harvest begins in November.
In the case of 2024/25 season corn, the rain will allow farmers to resume delayed planting, it added, while soy planting would be able to get going "with greater intensity in the coming weeks" now that conditions had improved.
Argentina is the world's top exporter of processed soy oil and meal, products that are a key driver for the economy.
The Rosario exchange forecasts a corn harvest of 51-52 million tons in the 2024/25 cycle and a soybean production of between 52-53 million tons. Corn sowing started in September and soy planting recently in the second half of October.

Brazil sugar stockpiles revised to record low, says trader Wilmar

Sugar stocks in Brazil at the start of the current crop in April were at the lowest level on record at 900,000 metric tons, Singapore-based commodities trader Wilmar said on Wednesday, citing numbers from Brazilian industry group Unica.
Wilmar's Head of Research Karim Salamon said Unica published a revision of its stock numbers, cutting Brazil's Centre-South sugar stocks at the end of March, just before the start of the current crop, to 1.9 million tons from 4.3 million tons estimated previously.
"After a long, detailed, and precise revision of Centre-South sugar stocks, where Unica checked mill by mill, stocks were revised much lower," said Salamon. "It is an astonishing 2.4 million-ton difference," he added.
Unica's sugar stocks data are not public, unlike other production numbers the group releases by-weekly. Only companies that are associated with the group have

Chart of the Day



access to that information.
Wilmar was the main player at ICE's October raw sugar contract expiration, taking delivery of all of the 1.7 million tons that traders sent to the exchange.
Raw sugar prices rose 3% in New York earlier in the session on Wednesday. The market is also keeping an eye on the Datagro International Sugar Conference in Sao Paulo. At the event, Brazil's sugarcane farmers association Orplana projected the 2025/26 Centre-South crop (April-March) at 582 million tons from estimated 590 million tons in 2024/25. Santa Eliza sugar mill, one of Brazil's largest, believes next year's production will be smaller than projected by Orplana at 560 million tons, saying agricultural yields will be low at around 75 tons per hectare due to this year's drought.

Top News - Metals

Newmont misses profit estimates on higher costs, weaker Nevada output
Newmont, the world's top gold producer, missed Wall Street expectations for third-quarter profit on Wednesday, as higher costs and lower production in Nevada took the shine away from a rise in total output.
Shares of the company fell 6.8% after the bell.
Newmont said that its costs rose due to planned maintenance at the Lihir project in Papua New Guinea — which it acquired following a $17 billion buyout of Newcrest — and higher expenditure for contract services across its portfolio.
All-in-sustaining-costs for gold, an industry metric reflecting total expenses, rose to $1,611 per ounce in the July-September quarter, from $1,426 per ounce a year ago. The Denver, Colorado-based company's attributable production at the Nevada Gold Mines declined by 19.3% to 242,000 ounces during the third quarter, compared to the year-ago quarter.
Newmont owns a non-operating minority stake in Nevada Gold Mines, along with rival Barrick Gold, whose third-quarter production fell short of Wall Street expectations earlier this month due to lower output at the Nevada mines.
However, the company's total gold production rose 29.2% to 1.67 million ounces, primarily due to higher production at the Cerro Negro mine in Argentina, where production had suffered earlier due to the death of two workers.
The market had estimated the miner to produce about 1.64 million ounces of gold during the reported period.
Newmont also said it expects to produce 1.8 million gold ounces in the fourth quarter, its highest output of the year, and remained on track to reach its target of receiving $2 billion from divestment proceedings.
The company posted adjusted profit of 81 cents per share, compared to analysts' expectations of 86 cents per share, according to data compiled by LSEG.

Fortescue record Q1 iron ore shipments marred by cost pressures
Fortescue, the world's fourth-largest iron ore miner, on Thursday posted a 4% rise in its first-quarter iron ore shipments but flagged rising costs at its mines while realised prices had fallen, sending its shares to a two-week low. First-quarter iron ore shipments reached a record high of 47.7 million metric tons, reflecting a ramp-up at its Iron Bridge project in the Pilbara region of Western Australia, which is expected to be producing at full capacity a year from now.
However, Fortescue said its hematite production costs jumped 12% from a year earlier to $20.16 per wet metric ton (wmt) because it was mining ore with higher ratios of waste rock, while realised prices fell to an average $83 per dry metric ton (dmt) in the quarter from $100 a year earlier.
"Overall, a soft 1Q25. Volumes were okay, but higher costs and lower realised prices weighed on the result," said John Lockton, head of investment strategy at MST Financial.
The miner's stock fell as much as 3.4% to A$19.09 in early trade, set for its weakest trading session since Oct. 8. The broader metals and mining sub-index was trading 1.1% lower.
The miner maintained its outlook for iron ore shipments, its annual cost guidance of $18.50 to $19.75 per wmt and said it still expects fiscal 2025 capital spending of between $3.2 billion and $3.8 billion for Fortescue Metals.
Fortescue is currently facing a court case in Western Australia that will determine how much compensation it must pay the Yindjibarndi Ngurra Aboriginal Corporation for mining on their traditional lands without permission.
A Fortescue spokesperson said the company was committed to seeing the matter settled "so all the Yindjibarndi people can benefit".
"Fortescue has offered compensation to the Yindjibarndi people in the past and we continue to be ready to settle this by paying compensation," the spokesperson said in emailed comments.
An expert report made public by the court this week found that the miner's activities at its Solomon Hub had destroyed two sites that could be considered of national significance because they were among the oldest recorded sites of human habitation stretching back on average 53,000 years ago.
That is older than the Juukan Gorge sites, seen around 46,000 years old, which Rio Tinto destroyed in 2020 sparking international condemnation.

Top News - Carbon & Power

FOCUS-LNG-fuelled trucking accelerates in Asia, denting diesel demand

Trucking fleets in China are embracing cleaner-burning liquefied natural gas (LNG) for fuel, a trend neighbouring India wants to emulate, accelerating a decline in diesel demand and rattling suppliers to the world's biggest oil importer.

The rise of LNG trucks in China comes on top of world-leading electric vehicle (EV) adoption there and a prolonged economic slowdown, dampening demand in what for decades has been the main driver in oil consumption growth, with crude imports down 2.8% so far this year, weakening global prices.

In September, the Organization of Petroleum Exporting Countries (OPEC) warned that LNG truck penetration will weigh on China's future fuel demand.

Sales of LNG-fuelled trucks in China surged in the first half of 2024 after a plunge in local LNG prices to 108,862 vehicles, more than double the same period in 2023, according to information provider CVWorld, with government subsidies and tighter emissions standards in recent years paving the way.

With only 645 LNG-powered trucks operating in India according to transport ministry data, its rollout is at an earlier stage, but the government said in September it aims to convert about one-third of its heavy truck fleet of over 7 million vehicles in five to seven years, a target experts call ambitious.

That could also weaken crude demand growth in India, which analysts expect to become the top consumption driver as Chinese demand stabilises.

"India will not have the same penetration rates as China but improved infrastructure has reduced inefficiencies already, and Indian diesel demand growth may have peaked as a result," said Amrita Sen, founder of research consultancy Energy Aspects.

"Given China and India have been the key diesel demand growth centres, the weakness in both augurs poorly for diesel cracks," she said, referring to the profit margin from refining diesel.

The Chinese and Indian governments are providing policy support for LNG trucks to reduce pollution, but companies are attracted by cost savings.

LNG trucks become economical in China and India when LNG is at least 20% cheaper than diesel, industry experts said.

A new LNG truck is 40% more expensive than the diesel variety in India, according to global consultants ICF. In China, LNG trucks are around 18% more expensive, said Horizon Insights, a Chinese research provider.

But with the fuel savings, companies can make back the higher up-front costs. Horizon Insights said in June that

MARKET MONITOR as of 06:54 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$71.53 / bbl	1.07%	-0.17%
NYMEX RBOB Gasoline	$2.02 / gallon	0.99%	-3.91%
ICE Gas Oil	$674.00 / tonne	0.79%	-10.22%
NYMEX Natural Gas	$2.40 / mmBtu	2.35%	-4.65%
Spot Gold	$2,735.38 / ounce	0.66%	32.62%
TRPC coal API 2 / Dec, 24	$123.5 / tonne	0.92%	27.32%
Carbon ECX EUA	€65.50 / tonne	0.94%	-18.50%
Dutch gas day-ahead (Pre. close)	€41.05 / Mwh	0.29%	28.89%
CBOT Corn	$4.33 / bushel	0.12%	-10.64%
CBOT Wheat	$5.99 / bushel	0.17%	-6.29%
Malaysia Palm Oil (3M)	RM4,517 / tonne	0.69%	21.39%
Index	**Close 23 Oct**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	337.97	-0.27%	12.13%
Rogers International	28.07	-0.18%	6.63%
U.S. Stocks - Dow	42,514.95	-0.96%	12.80%
U.S. Dollar Index	104.31	-0.12%	2.94%
U.S. Bond Index (DJ)	441.31	-0.20%	2.46%

the extra cost of buying an LNG truck over a diesel vehicle could be recouped in 190 days based on prices at the time. In India, the higher costs can be recouped in 1-1/2 years based on mileage of 80,000 km (49,700 miles) per year, said Gurpreet Singh, a managing director at ICF.

STATION EXPANSION NEEDED

Mumbai-based GreenLine Mobility Solutions Ltd runs around 500 LNG-powered trucks and has ordered over 2,000 more, said Kaizad Palia, its chief operating officer, adding that the only downside is a lack of fuelling stations outside of western India.

"Where there is no network as of now, we are unable to pitch in. We will expand our operations with the expansion of fuel stations in the country," he said.

In China, LNG trucks have been especially popular in the north, near its gas fields, accounting for over half of new truck sales there last year, according to Energy Aspects.

They have been less cost effective in the south, where LNG prices can be double levels in the north, said energy consultants FGE.

Globally, Wood Mackenzie expects natural gas vehicles used in road freight to displace around 360,000 barrels per day (bpd) of diesel usage in 2024 and 380,000 bpd in 2025.

Maintaining LNG truck momentum depends heavily on fuel prices. The IEA has said an "unprecedented surge" in LNG projects coming online from next year will pressure prices lower.

But rising local LNG prices and lower diesel prices in August ended a 20-month streak of year-on-year increases in LNG truck sales in China, according to Energy Aspects, highlighting the price-sensitivity of demand for the vehicles.

Over the longer term, LNG-powered trucks may be displaced by electric trucks, especially in top EV market China, as battery technology improves and when battery swapping infrastructure is built.

However, India is supporting policies for more LNG trucking, aiming to have 66 LNG stations in a year, compared with 20 now, said a government official aware of the plan, asking to remain unidentified as they are not authorized to speak to the media.

Government think tank NITI Aayog in January recommended lower taxes and the abolition of tolls for LNG trucks and backed incentives for truck manufacturers. New Delhi may also provide incentives on truck purchases and set up a fund to subsidise LNG for the transport sector so it is up to 20% cheaper than diesel, the government official said.

Blue Energy Motors, in the western Indian city of Pune, launched an LNG truck in 2022 through a tie-up with Italy's Iveco Group and has sold 600 of them, CEO Anirudh Bhuwalka said. It hopes to sell 1,000 LNG trucks this fiscal year and 3,000 next year, and recently won a 130-truck tender from Container Corp of India.

COLUMN-China's appetite for thermal coal driving up imports, prices: Russell

China is adding renewable energies such as wind and solar to its electricity grid at a record pace, but it is also boosting the use of coal-fired generation, with September data showing a sharp increase.

The world's second-biggest economy saw power generation of 802.4 billion kilowatt-hours (kWh) in September, an increase of 6.0% from the corresponding month last year, official data showed last week.

The share of thermal generation, which is mainly coal-fired, with only a tiny amount of natural gas, rose 8.9% from a year earlier to 545.1 billion kWh.

The main reason for the increase in coal-fired generation was a reduction in hydropower, which contracted 14.6% to 119.9 billion kWh.

The sharp loss of hydropower came after a strong run for the largely emissions-free source of electricity, which had shown growth of 10.7% in August and 36.2% in July as water reserves recovered after a dry period.

Even the rapid rollout of renewables was not enough to cut China's reliance on coal.

In the first nine months of 2024 China added 161 gigawatts of new solar capacity and 39.12 GW of wind power, year-on-year increases of 25% and 17% respectively.

In contrast, new thermal capacity was 33.43 GW, down 15% from the first nine months of 2023.

Another factor worth noting is that China's power consumption is rising rapidly, gaining 8.5% in September to 847.5 billion kWh, with demand reaching 7.4 trillion kWh for the first nine months, an increase of 7.9%.

China's electricity consumption is rising at a pace well in excess of economic growth, with gross domestic product gaining 4.6% in the third quarter and 4.8% for the first nine months.

This is a switch from the first two decades of the 21st century, which saw economic growth outpace power generation.

Factors driving electricity demand include the increase in electric vehicles, which now account for almost half of new car sales, and growing use of air-conditioners and other appliances favoured by an expanding middle class, such as dishwashers.

IMPORTS GAIN

The increasing use of electricity and the reliance on coal-fired power is also driving China to import more of the polluting fuel.

The world's largest importer of coal, China is on track to import 33.67 million metric tons of thermal coal from the seaborne market in October, data compiled by commodity analysts Kpler shows.

That would be the highest monthly total in Kpler records going back to 2017, and an increase from the 28.08 million tons assessed for September.

The jump in October imports of thermal coal, the grade used mainly for electricity generation, has largely been met by an increase in supplies from Indonesia, the world's biggest exporter of this type of coal.

China's thermal coal imports from Indonesia are expected to reach 23.49 million tons in October, up from 18.83 million in September.

The second biggest supplier of seaborne thermal coal to China is Australia, and Kpler estimates October imports at 5.69 million tons, up from 5.10 million the previous

month and the most since June.
The rising Chinese demand has led to some uplift in seaborne thermal coal prices, with Indonesian 4,200 kilocalories per kg (kcal/kg), as assessed by commodity price reporting agency Argus, ending at $52.22 a ton in the week to Oct. 18.
This was down fractionally from the previous week's $52.34 a ton, but up from the 42-month low of $50.08 hit at the end of August. The main grade of thermal coal that China buys from Australia, the Newcastle 5,500 kcal/kg, was assessed at $90.28 a ton in the week to Oct. 18, down slightly from the four-month high of $90.97 the previous week, but higher than the recent low of $86.41 from late August. The opinions expressed here are those of the author, a columnist for Reuters.

Top News - Dry Freight

InVivo eyes Ukrainian wheat to counter Russian export expansion

Agricutural cooperative InVivo is studying how it might source Ukrainian wheat alongside its core French supplies to develop new export markets after losing out to Russian wheat in Algeria, the group's chief executive said on Wednesday.
The group, with activities from grain trading to wine distribution, opened a Saudi office this year and saw selling Ukrainian wheat as a way to gain scale in the Middle East in the future, Thierry Blandinieres told Reuters.
"The Black Sea zone is crucial to balance your business model if you want to ship to the Middle East and China," he said on the sidelines of the SIAL food trade show.
"Between Ukrainian wheat and French wheat there's the possibility of exporting all year round at a competitive price." Building on the presence of its subsidiary Soufflet in the malt sector in Ukraine, InVivo is studying how to develop grain trading as part of the reconstruction of the country's agricultural sector once the war ends, he said.
Russia has overtaken France as the main wheat supplier to Algeria in the past two years, and European traders see Moscow as using its role as the world's largest wheat exporter to reinforce its influence in emerging countries.
Russian President Vladimir Putin on Wednesday outlined a proposed grain exchange for BRICS countries, while last week Russia's Grain Exporters Union said that only Russian grain exporters can sell directly to sovereign buyers.
"There is a parallel market being steered by Putin versus the world market," Blandinieres said. "We have to adapt and find new export outlets."

Romanian radar picks up two likely drone signals breaching territory, ministry says

Romania's radar systems detected two separate signals, likely from drones, breaching its national airspace that scrambled fighter jets did not see, the country's defence ministry said late on Wednesday, in a third such incident in less than a week.
The two signals were picked up by radar less than one hour apart flying above the southeastern counties of Constanta and Tulcea, the latter bordering Ukraine across the Danube River.
Two F-16 fighter jets were scrambled to monitor the small flying objects – most likely separate drones - from the air but the planes did not make visual contact with either before the radar lost their signals, the ministry said in a statement. Two drones were detected by radar systems breaching Romanian air space on two separate days last week, with fighter jets unable to see them and no crash sites identified, and Prime Minister Marcel Ciolacu told reporters the incidents might have been examples of cyber interference.
The European Union and NATO state, which shares a 650-km (400-mile) border with Ukraine, has had Russian drone fragments fall onto its territory repeatedly over the past year as Moscow attacks Ukrainian port infrastructure. While most of the fragments landed in Romania after being destroyed by Ukrainian air defences, worries of escalation increased in September when both Romania and Latvia had their airspace breached by Russian drones.

Picture of the Day

Labourers weigh rice crops in a grain market in Karnal in the northern state of Haryana, India, October 15. REUTERS/Bhawika Chhabra

(Inside Commodities is compiled by Indrishka Bose in Bengaluru)

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