Oil | Agriculture | Metals | Carbon & Power | Dry Freight
Click on headers to go to that section

Top News - Oil

World still needs Russian oil to flow even with price cap - IEA's Birol

The world will still need Russian oil to flow to the market despite a price cap, with between 80% to 90% an "encouraging level" to meet demand, the head of the International Energy Agency Fatih Birol said on Tuesday.
Details of a price cap on Russian oil still has many details to iron out, Birol said during the Singapore International Energy Week. The cap is designed to limit Russia's oil income in response to its invasion of Ukraine.
Birol also said the IEA expects renewable power additions will increase by close to 400 gigawatts in 2022, up by 20% from a year before.

U.S. oil companies' cash flow to rise by 68% per barrel in 2022

U.S. upstream oil companies are expected to bank 68% higher free cash flows per barrel produced in 2022 as surging prices fuel profits, while output growth lingers at 4.5% year to date, Deloitte consultancy said on Monday.
The study illustrates the clash between the White House and oil companies over how skyrocketing profits from high energy prices should be allocated.
Exxon Mobil Corp and Chevron Corp are expected to post strong upstream quarterly results on Friday, with some analyst expecting a new round of increase in dividends and buybacks.
U.S. President Joe Biden has been calling on producers to stop returning cash to shareholders and to invest in output to lower fuel prices for consumers.
Unlike in the past, when higher energy prices and profits would lead to increased investment rates, companies have been cutting down on costs and exercising cash discipline, Deloitte said.
Nearly 40% of surveyed executives from top 100 oil and companies in the U.S. selected debt repayments and returning cash to shareholders as their top priorities, making those the most common answers, Deloitte Vice Chair for U.S. Oil and Gas Amy Chronis said.
A previous Deloitte study showed energy prices could almost double oil producers' free cash flow this year to $1.4 trillion, giving them money to finance a faster shift to renewable fuels, erase debt or reward investors.

Top News - Agriculture

U.S. soy harvest 80% complete, corn 61%, ahead of average -USDA

The U.S. soybean harvest was 80% complete as of Sunday, the U.S. Department of Agriculture said in a weekly progress report on Monday, ahead of the average estimate in a Reuters analyst poll of 77% and the five-year average of 67% after a week of mostly clear skies helped speed fieldwork.
The U.S. corn harvest was 61% complete, the USDA said, ahead of the five-year above of 52% but just behind the average analyst estimate of 62%. The United States is the world's biggest corn exporter and the second-largest supplier of soybeans.
With the harvest winding down, the government has stopped releasing corn and soybean condition ratings. The USDA last rated 53% of the corn crop and 57% of the soybeans in good to excellent condition as of Oct. 16.
Producers in the Plains, Midwest and Pacific Northwest regions continue to plant the 2023 winter wheat crop. The USDA said 79% of the U.S. crop had been seeded as of Sunday, ahead of the five-year average of 78% but behind the average analyst estimate of 81%.
Drought remains a concern in the southern Plains. In Kansas, the top U.S. winter wheat producer, subsoil moisture was short to very short in 91% of the state as of Sunday, the USDA said.
Welcome rains fell Monday in portions of Kansas, Oklahoma and Texas, but more than half the Plains wheat belt is likely to remain too dry, the Commodity Weather Group said in a daily client note.

EU maize yield forecast cut again, sowing seen favourable

The European Union's crop monitoring service MARS on Monday reduced further its forecast for this year's drought-affected EU maize harvest but pointed to mostly favourable sowing conditions for winter cereals.
The MARS report forecast the average yield in this year's EU grain maize crop was expected at 6.34 tonnes per hectare (t/ha) from 6.39 t/ha expected in September.
The downward revision, which followed a steeper cut last month, put MARS' yield forecast 20% below last year's level and 19% under the average of the previous five years.

Projected yields for sunflower seed and soybeans were also trimmed and were now seen at 16% and 18%, respectively, below their five-year averages, MARS said in its monthly report.
"As the season comes to an end, the impact of the dry summer is ... becoming clearer," MARS said.
So-called summer crops like maize endured historic drought and extreme heat in Europe during key growth stages, in contrast to winter crops that were harvested before suffering significant drought damage.
Grain maize production was also being curbed by some farmers choosing to cut crop as green maize, or fodder maize, MARS added. For fodder maize, growers chop up the whole plant for on-farm use, rather than separating the grain.
Heavy rain since late summer has delayed maize harvesting in eastern EU countries like Romania and Hungary without benefiting crops that were already mature, MARS said.
For sugar beet, the monitor kept unchanged its forecast of this year's EU yield at 73.2 t/ha, 2% lower than the five-year mean.
Widespread rainfall has helped autumn sowing of winter cereals like wheat by restoring soil moisture, while there was still a long window for sowing in zones like northwest Italy and southern Spain facing persisting dryness, the crop monitor said.
The earlier rapeseed sowing campaign was mixed, with some countries like Germany and Poland seeing crop planted outside the optimal period due to delays caused by drought and then frequent showers, it added.

Top News - Metals

LMEWEEK-Codelco expects China's copper demand to be resilient

Chile's Codelco, the world's largest copper miner expects copper demand in China, its main consumer, to be resilient, despite slower economic growth there, its Chairman Maximo Pacheco told Reuters.
China buys about half of Codelco's production and also accounts for about half of global copper consumption, which analysts estimate will be around 25 million tonnes this year.
Pacheco said he was "very confident about China's economy", adding the other half of Codelco's production went to other Asian countries, Europe and South America.
COVID lockdowns, a prolonged property slump and global recession have limited China's growth.
Asked about the London Metal Exchange's consultation of the metals industry on its possible ban of Russian aluminium, copper and nickel from being traded and stored in its system, Pacheco said Codelco would not get involved.
The West has placed sanctions on Russian energy companies after Moscow invaded Ukraine at the end of February. There are no sanctions on metal producers, but some buyers are worried that unsold Russian metal will go into the LME system because producers cannot sell it.
"We will follow the discussion, but we are not a part of the decision," Pacheco said, without giving further details on why the company would not take a position.
While other major players have also avoided comment, U.S.-based aluminium producer Alcoa has supported the idea of blocking Russian imports.

STATE-RUN LITHIUM?

Apart from leading global copper production, Chile is the world's second largest lithium producer.
But while state-run Codelco dominates copper mining, the state has yet to produce lithium, leaving private companies Albemarle Corp and SQM to lead its domestic industry.
Pacheco said lithium mining needed to be discussed once a state-owned enterprise is created or Codelco itself has developed the expertise.
Codelco in March started lithium exploration in the Salar de Maricunga region, and Chile's government has said it will establish a state firm to mine the ultra-light metal used to make electric car batteries.
Codelco faces challenges linked to the redevelopment of its copper mines that mean it will produce 1.5 million tonnes of copper this year and next, compared with 1.7 million tonnes in 2021.
"We will probably go back to that level (1.7 million tonnes) in four years' time," Pacheco said.
He said some of the challenges were operational and that water shortages were a problem, especially in the north of Chile.
In addition, the company had to contend with supply chain bottlenecks, he said, although Codelco's mines maintained operations during COVID lockdowns.
Pacheco said Codelco would spend $3.5 billion this year on its mine redevelopment projects and the same amount next year, up from $2.5 billion last year.

Russia's Rusal files London lawsuit against Potanin over Nornickel pact

Rusal said on Monday it had filed a lawsuit in London alleging that Vladimir Potanin, CEO of Nornickel, is in breach of a decade-old deal, renewing a row between two of Russia's largest metals companies.

Rusal said that the lawsuit filed in London's High Court of Justice on Oct. 21 against Potanin and his affiliate Whiteleave Holdings Ltd is aimed at protecting the interests of Nornickel's shareholders, adding that no hearing date had been set.

A spokesman for Potanin's holding company Interros, which owns 36% of Nornickel, said his team was reviewing the information in the lawsuit and declined further comment.

Nornickel declined to comment.

The dispute centres on an agreement brokered by Moscow in 2012 between Nornickel's two largest shareholders, Potanin and Rusal, which protected its dividend payouts. Rusal was at the time controlled by Oleg Deripaska.

The feud between two of Russia's most powerful businessmen over the country's prized metal assets dates back to 2008 when Rusal bought its stake in Nornickel and Potanin opposed attempts by Deripaska to merge the two companies.

Disputes over dividends have been the main reason for on-and-off rows between shareholders at Nornickel and Rusal over the past 14 years. One of the parties to the deal is billionaire Roman Abramovich, who helped cool the dispute a decade ago.

The 2012 deal, which is due to expire at the end of this year, resolved a disagreement over how much profit should be returned to investors and how much should be invested in Nornickel. Interros owns 36% of Nornickel and Rusal holds 26.2%.

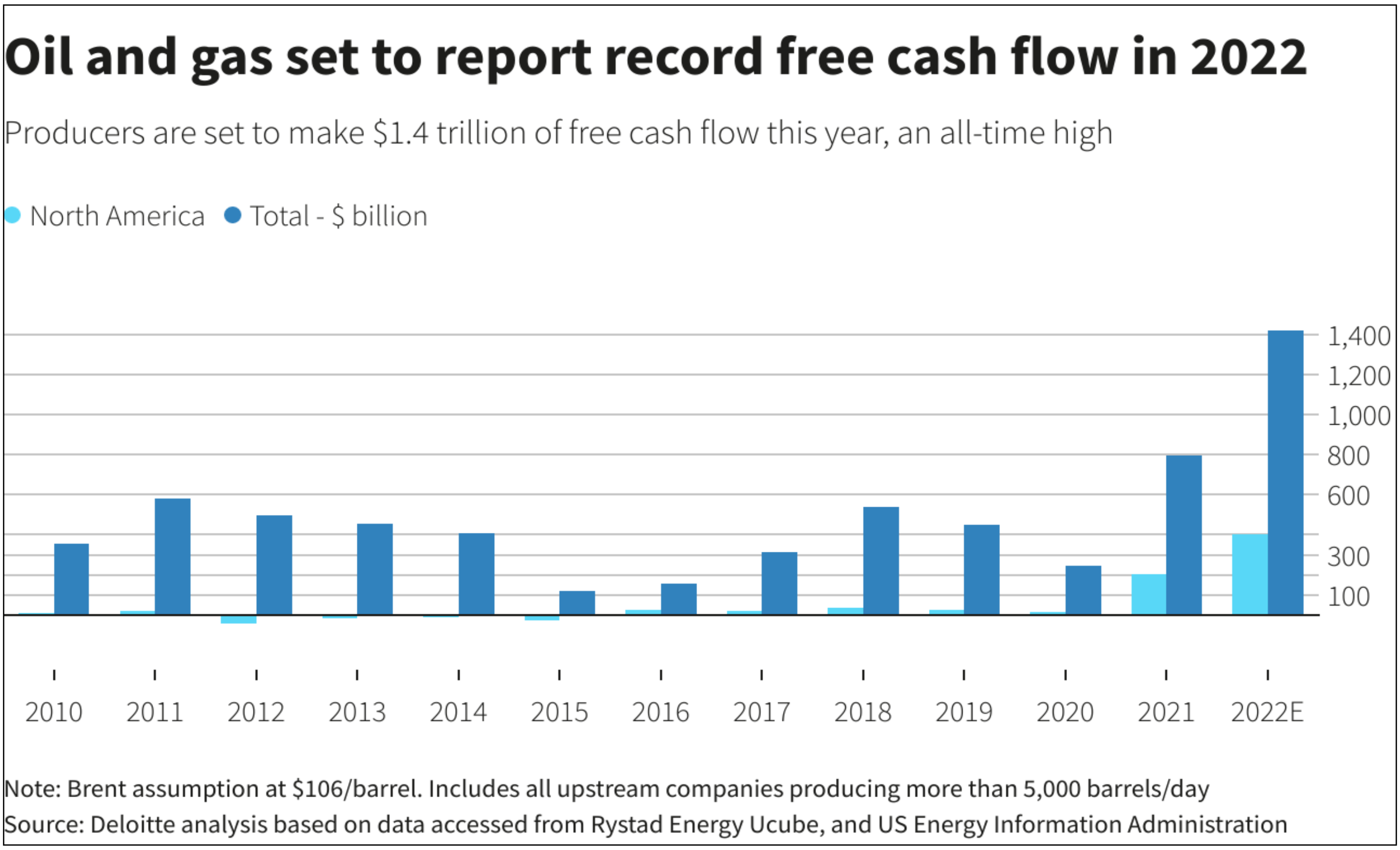
"This is a new page in the multivolume Rusal-Potanin relationship, a move in the battle for future dividends, for a new dividend policy, and possibly, for a new shareholder agreement," BCS analyst Kirill Chuiko told Reuters.

SEEKING COMPENSATION

The London lawsuit comes as Moscow faces Western sanctions over what it calls a "special military operation" in Ukraine. While Nornickel has not been directly targeted by Western sanctions, Potanin was sanctioned by Britain in June.

Rusal said it had filed the suit after efforts to enter into "constructive dialogue" on an out-of-court settlement failed.

Chart of the Day



"Under the management of Mr Potanin, Norilsk Nickel lost a number of assets that played a key role in (the) group's activities. This resulted in Norilsk Nickel and its shareholders suffering significant losses," Rusal said.
Rusal said it was seeking compensation and other remedies but did not give details on the value and said this should be determined in court.
Potanin has been chief executive of Nornickel for the duration of the agreement and Rusal said in its statement that it now required a "professional independent executive" as CEO.
Rusal is using law firm PCB Byrne LLP to represent it, the court filing shows.
In July, Potanin in July floated the idea of a $60 billion merger of Nornickel with Rusal as a means of mitigating possible sanctions risks, but last month said this had been postponed.
He also said the deal now at the centre of the lawsuit was on track to expire at the end of 2022. Sources had told Reuters there were no talks to renew the deal.

Top News - Carbon & Power

World is in its 'first truly global energy crisis' - IEA's Birol
Tightening markets for liquefied natural gas (LNG) worldwide and major oil producers cutting supply have put the world in the middle of "the first truly global energy crisis", the head of the International Energy Agency (IEA) said on Tuesday.
Rising imports of LNG to Europe amid the Ukraine crisis and a potential rebound in Chinese appetite for the fuel will tighten the market as only 20 billion cubic meters of new LNG capacity will come to market next year, IEA Executive Director Fatih Birol said during the Singapore International Energy Week.
At the same time the recent decision by the Organization of the Petroleum Exporting Countries (OPEC) and its allies, known as OPEC+, to cut 2 million barrels per day (bpd) of output is a "risky" decision as the IEA sees global oil demand growth of close to 2 million bpd this year, Birol said.
"(It is) especially risky as several economies around the world are on the brink of a recession, if that we are talking about the global recession...I found this decision really unfortunate," he said.
But Birol also said the current energy crisis could be a turning point in the history of energy for accelerating clean energy sources and for forming a sustainable and secured energy system.
"Energy security is the number one driver (of the energy transition)," said Birol, as countries see energy technologies and renewables as a solution.

EU countries try to map out path to gas price cap
European Union energy ministers will discuss a bloc-wide gas price cap on Tuesday, attempting to navigate their next steps although it is likely to be weeks before any final decisions.
With no legal proposal for a price cap on the table yet, ministers meeting in Luxembourg are expected to debate the principles of how an EU gas price limit could work, as well as possible drawbacks.
Europe has been scrambling to tame high energy prices after Russia slashed gas supplies following its invasion of Ukraine - sending gas prices skywards and pushing European power prices to record levels in August.
But gas costs have tumbled far below that level in recent days, amid mild weather and as countries have filled storage tanks. Some EU diplomats suggested this could dampen momentum to cap energy costs.
The European Commission last week asked for countries' approval to draft a proposal for a price limit on trades at the Title Transfer Facility (TTF) Dutch gas hub, which could be triggered if prices spiked. A few days later, EU country leaders requested "concrete decisions" from their ministers and Brussels on this idea.
EU diplomats said Tuesday's talks could give the Commission the green light on that proposal, but some said countries were seeking more details on how the potential price cap would work.
"It will not be a couple of days," one senior EU official said, adding it what not yet clear when Brussels would make a firm proposal.
Any proposal would need to be negotiated by EU countries, possibly with the aim of approving it at an emergency meeting of energy ministers in November.
Ahead of Tuesday's talks, the EU Commission shared a document with countries that cautioned against another type of price cap, for gas used to generate power, which it said could cause an increase in gas use.
The benchmark Dutch front-month gas contract traded at a low of 93.35 euros/MWh on Monday, its lowest level since June, although still far higher than prices in 2021.

Top News - Dry Freight

U.N. seeks 'urgent' steps to relieve backlog in Black Sea exports deal

A U.N spokesperson said on Monday that "urgent" steps are needed to relieve a backlog of more than 150 ships involved in a deal which allows Ukraine to export grain from ports in the Black Sea.

The comments come as Kyiv accused Russia of blocking full implementation of the agreement, which was brokered by the United Nations and Turkey in July to ease a global food crisis and which comes up for renewal next month. Russia has threatened to pull out over its own complaints.

Vessels carrying grains and other foodstuffs to and from Ukrainian ports must be inspected by teams organised by the four-party Joint Coordination Centre (JCC) at anchorages in Turkey.

"There are currently over 150 vessels waiting around Istanbul to move and these delays have the potential to cause disruptions to the supply chain and port operations," said Ismini Palla, U.N. spokesperson for the Black Sea Grain Initiative.

She said the four-party JCC recently increased to five the number of inspection teams.

Reuters reported the backlog jumped last month, leaving anchored ships in the Marmara Sea stretching out beyond the horizon off Istanbul.

The four parties to the deal - Russia, Ukraine and brokers Turkey and the U.N. - are currently negotiating a possible extension and expansion beyond its Nov. 19 deadline.

"The U.N. convenes the parties daily and has urged full and good faith participation in the (deal) and the need for additional urgent measures to be taken so the supply chain does not get disrupted and the Initiative continues to deliver more and much needed food to the world," Palla added.

The grains-export deal paved the way for Ukraine to resume grain exports from three ports that had been shut since the Russian invasion. Moscow also won guarantees for its own grain and fertiliser exports.

Ukraine has so far exported 8.5 million metric tonnes of grain and other foodstuffs aboard 379 outbound voyages under the deal, the JCC said.

Amir Abdulla, U.N. Coordinator for the Black Sea Grain Initiative, told Reuters this month he had asked Russia and other parties to end "full-blown" inspections of outgoing vessels to ease the backlog.

Saudi Arabia's SAGO buys 566,000 T wheat for shipment March-April 2023

Saudi Arabia's state grains buyer SAGO said on Monday that it bought 566,000 tonnes of hard milling wheat in an international tender for shipment March-April 2023.

The purchase was at an average price of $384.75 a tonne CIF, SAGO said in a statement.

Three shipments totalling 195,000 tonnes are sought for unloading in Jeddah, three totalling 191,000 tonnes in Yanbu, two totalling 125,000 tonnes in Dammam and one of 55,000 tonnes in Jazan port, SAGO said.

Origins offered were the European Union, Black Sea region, North America, South America and Australia with the seller having the option of selecting the origin supplied, SAGO said.

MARKET MONITOR as of 06:31 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$84.77 / bbl	0.22%	12.71%
NYMEX RBOB Gasoline	$2.73 / gallon	0.01%	22.52%
ICE Gas Oil	$1,076.50 / tonne	-0.53%	61.39%
NYMEX Natural Gas	$5.19 / mmBtu	-0.12%	39.22%
Spot Gold	$1,651.49 / ounce	0.18%	-9.68%
TRPC coal API 2 / Dec, 22	$244 / tonne	-1.01%	98.37%
Carbon ECX EUA / Dec, 22	€72.45 / tonne	0.18%	-10.17%
Dutch gas day-ahead (Pre. close)	€30.50 / Mwh	-39.90%	-54.14%
CBOT Corn	$6.81 / bushel	-0.11%	14.75%
CBOT Wheat	$8.39 / bushel	-1.41%	8.82%
Malaysia Palm Oil (3M)	RM4,253 / tonne	3.71%	-9.45%
Index (Total Return)	**Close 24 Oct**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	292.60	-0.17%	18.45%
Rogers International	30.50	-0.62%	30.87%
U.S. Stocks - Dow	31,499.62	1.34%	-13.32%
U.S. Dollar Index	111.99	0.00%	16.70%
U.S. Bond Index (DJ)	366.58	0.16%	-22.46%

Picture of the Day

Cows graze near wind farms on the east coast region of Hawke's Bay, New Zealand. REUTERS/ Praveen Menon

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(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

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