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Top News - Oil

Oil traders race to negotiate deals after US eases Venezuela sanctions
Global energy traders are emerging as early buyers of Venezuela's stocks of crude and fuel oil following last week's easing of U.S. energy sanctions, according to people familiar with the matter.
U.S. sanctions that were in place on Venezuela since 2019 largely blocked state-run oil company PDVSA from exporting to its chosen markets.
That changed last week, but Washington's six-month relaxation of the measures is too limited to spur new crude production.
It has offered a tantalizing opening for spot sales by PDVSA and the reactivation of some supply contracts that could boost revenue, the people said.
Trafigura last week negotiated a chartering contract for the Bermuda-flagged Suezmax Stena Sunrise to transport a 1 million-barrel cargo of Venezuelan fuel oil in November from Venezuela's Amuay ship-to-ship area, according to two people close to the deal.
PDVSA also is in talks with Mercuria Energy and Sahara Energy on spot sales, the sources said.
Mercuria and Sahara did not reply to requests for comment, while Trafigura declined to comment.
PDVSA did not reply to requests for comment, but CEO Pedro Tellechea last week said on social media the U.S. license "suspends a widespread siege" on the company.

REFINERS SEEKING OIL
U.S., European and Asian refining firms including Reliance Industries RELI.NS, Tipco Asphalt TASCO.BK, Valero Energy VLO.N, PBF Energy PBF.N, and Eni ENI.MI also are in talks with PDVSA to resume or expand imports of Venezuelan crude.
Valero, Reliance and Tipco did not reply to requests for comment. A PBF spokesperson said the company does not comment on activities it considers business confidential.
Eni expects the sanction easing should allow it "to increase the flexibility and effectiveness of debt collection activities" through oil-for-debt swaps in place since last year, a spokesperson said last week.
The Italian company and Spain's Repsol have been in negotiations with PDVSA for months to expand gas output in Venezuela.
Eni also hopes to ramp up oil production and resume sales of popular crude grade Corocoro, which used to be exported to the U.S., according to other people familiar with the matter.
French firm Maurel & Prom, which bought Shell's assets in Venezuela, said this month it had asked the U.S. before the sanctions were eased to take Venezuelan oil for debt repayment.
PDVSA currently has 30 million barrels of crude and fuel in onshore and floating storage, still a large volume though below the peak of more than 40 million barrels in 2019, according to data from commodity intelligence firm Kpler.

VESSELS, QUALITY, TERMS
Winning clearance from buyers' legal and compliance departments, and renegotiating prices, will require more work, the people added.
Some companies have recently appealed to the U.S. Treasury Department for guidance on potential deals, one of the people said.
Traders looking to snap up spot cargoes face a long-standing unwillingness by vessel owners to load in Venezuela, which has elevated freight tariffs and imposed special contract clauses for "war zones".
Many potential customers, especially on the spot market, are being asked to prepay for their cargoes, the people said. PDVSA this year revamped its trading business and finances to avoid failed payments after suffering multi billion-dollar losses.
Crude quality problems coming from PDVSA's deteriorated infrastructure also would be more difficult to solve and could continue forcing price discounts, the sources added.
PDVSA has not recovered access to pricing services and key software suspended as part of the U.S. measures, company sources said.

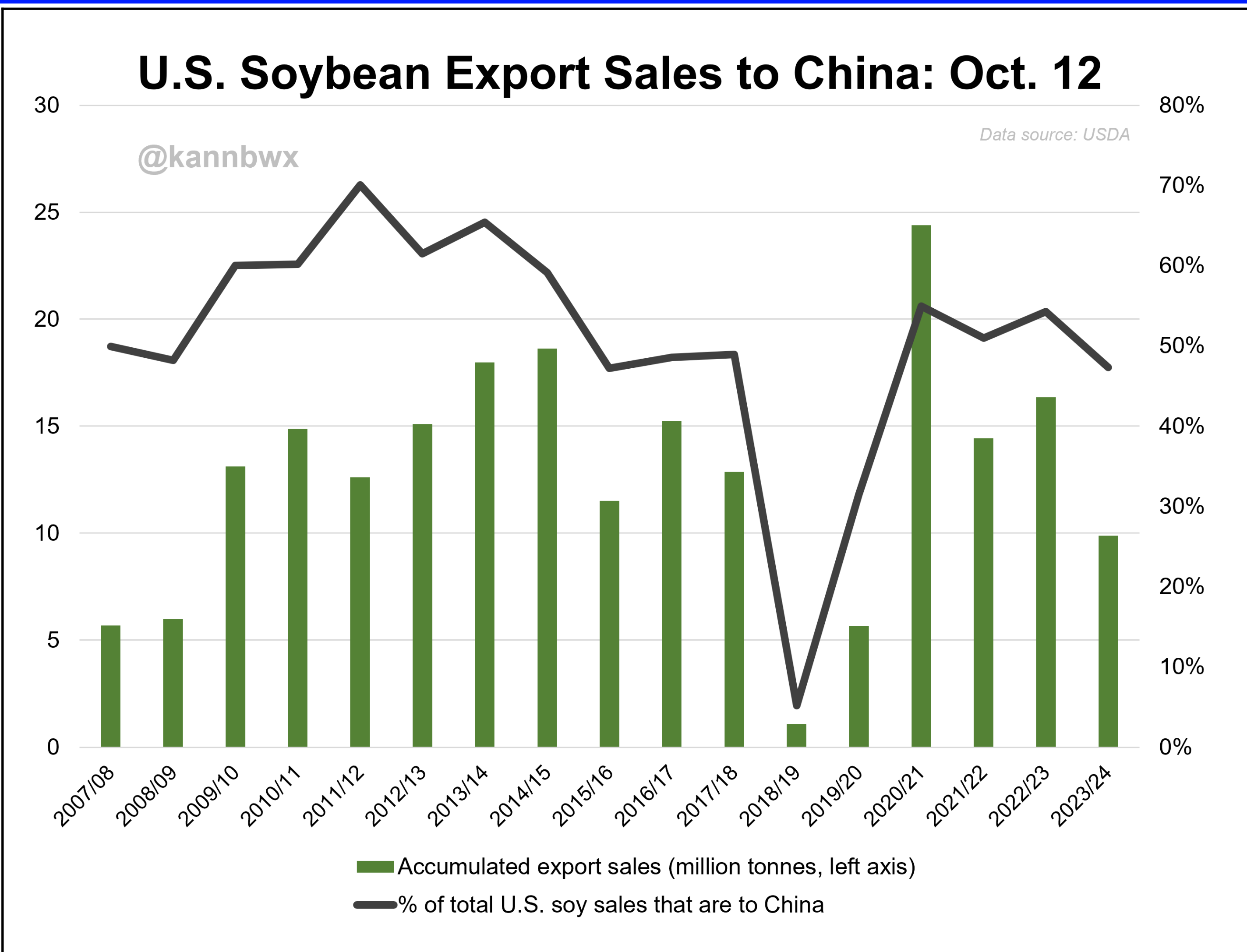
China affirms 1 bln ton cap on crude oil refining capacity for 2025
China will cap its crude oil refining capacity at 1 billion metric tons by 2025 to streamline its vast oil processing sector and cap carbon emissions, the country's state planning agency affirmed in an online posting on Wednesday.
China, the world's top crude oil buyer, increased its oil refining capacity to 920 million tonnes per year, or 18.4 million barrels per day (bpd), in 2022, overtaking the United States as the world's largest oil processor.
The National Development and Reform Commission (NDRC) said it would limit new refining capacity, promote the upgrading and optimisation of refineries, and accelerate the closure of small and outdated plants, according a posting on its website that was dated Oct. 10.
The notice affirms a capacity cap of one billion tons, or 20 million barrels per day (bpd), that was first mentioned in October 2021, when Beijing announced an action plan for reaching peak carbon emissions by 2030.
The Wednesday posting, however, lays out more details on the curbs for the refining sector.
Refineries with an annual capacity of 10 million metric tons or more will account for 55% of processing facilities by 2025, the notice said, while any new refineries will have to have capacities of at least 10 million tons a year.
China will also promote energy efficiency and better carbon emission management in the refining industry, it said.

Authorities will audit key facilities to look at production capacities, crude oil sources and energy efficiency levels, and will build a national information database on the sector, the NDRC said.
Smaller oil processing facilities that often claim to be bitumen producers or are used to process heavy oil and chemicals will be banned, the planner said. New refineries will also be sited close to or integrated with petrochemical facilities making products such as ethylene and paraxylene.
"(New) refining capacity shall be further optimised in terms of regional planning to promote an orderly integration between refineries and petrochemical hubs," the NDRC said.

Top News - Agriculture

China signs US agriculture purchase agreements in first ceremony in years
A delegation of commodity importers from China on Monday signed agreements to buy billions of dollars' worth of agricultural goods, mostly soybeans, during a ceremony in Iowa, the U.S. Soybean Export Council (USSEC) said on Tuesday.
The agreements, signed at the China-U.S. Sustainable Agricultural Trade Forum, were the first such bulk signings since 2017 between top soybean importer Beijing and the U.S., the world's second-largest supplier of the oilseed.
The deals also included corn, sorghum and wheat, the U.S. Soybean Export Council said.
China's crop import purchases from the U.S. are well below normal this year as Brazil, the world' largest exporter of corn and soy, harvested bumper crops.
Top U.S. crop merchants Archer-Daniels-Midland, Bunge and Cargill were among the companies that signed 11 purchasing agreements, the U.S. Soybean Export Council said.
The deals were signed as "frame contracts," which are typically non-binding letters of intent to buy at a later date, without formal sales terms.

Chart of the Day



"These contracts illustrate the gains from trade: food is moving from surplus regions to deficit," said Jason Hafemeister, the U.S. Department of Agriculture's acting deputy undersecretary for trade and foreign agricultural affairs.
As of Oct. 19, soybean purchases by China from the latest U.S. harvest were down 39% from the same time last year, according to USDA data. Its corn purchases were down 73% from a year prior.
"I think this is China saying, 'Hey, we still want to have strong trade relations over soybeans but this is a year where we're not going to be aggressively buying American soybeans,'" said Ted Seifried, chief market strategist for Zaner Ag Hedge.
Traders will be looking for confirmation of sales from the U.S. Agriculture Department in coming days, Seifried said.
Chinese soybean buyers attending a large U.S. soy export conference in August said that they do not see import volumes growing much more in the coming years as demand for the ingredient that is mostly used to make animal feed stabilizes.
China recently made rare purchases of U.S. soft red winter wheat, however, after rains damaged the quality of the Chinese harvest.

ADM profit beats on ethanol margins, shares dip as key segments lag expectations
Global grains merchant Archer-Daniels-Midland Co beat Wall Street expectations for third-quarter profit on Tuesday on good ethanol and sweetener margins and strong Brazilian crop exports, although results were lower year on year.
Shares fell 3.5% to $69.85, bucking broader stock market gains, as aweaker-than-expected profit in ADM's large Ag Services and Oilseeds segment and its high-margin Nutrition unit overshadowed a strong quarter in Carbohydrate Solutions, which includes ethanol and sweeteners.
Chicago-based ADM raised its full-year earnings guidance to "in excess of $7 a share" from "around $7" after a strong year to date and a favorable market outlook. ADM also forecast a return to profit growth for Nutrition in 2024, but lowered 2023 profit guidance for the unit.
The company has capitalized on good demand for food, feed and biofuel, while record-large Brazilian corn and soybean harvests offset reduced supplies from drought-hit Argentina and war-torn Ukraine.
ADM's new North Dakota soy processing plant, which will ramp up to full capacity by early November, is set to benefit from strong U.S. soymeal demand, while top exporter Argentina is likely to run out of beans to crush next month, ADM CEO Juan Luciano said.
"The global market is increasingly dynamic, with factors that create both opportunities and challenges," said Luciano, citing "geopolitical tensions, inflationary pressures and the constantly adjusting balances of commodity supply and demand."
The company's longer-term outlook remains bright due to surging demand for crops to make biofuels.
Renewable diesel production capacity will double to 5 billion gallons a year by 2025 in a boon for soybean oil demand, Luciano said. Along with corn-based sustainable aviation fuel, production capacity for both fuels could swell to 14 billion or 15 billion gallons a year by 2026 or 2027, he said.
ADM posted an adjusted profit of $1.63 per share for the three months ended Sept. 30, above analysts' average estimate of $1.52 but short of the $1.86 in last year's third quarter, according to LSEG data.
Ag Services and Oilseeds operating profit fell 21% but Carbohydrate Solutions reported a 49% operating profit jump.
ADM's Nutrition segment posted lower results on weak demand for meat alternatives and downtime at a large soy processing facility following an accident in September.
"We feel pretty confident that Nutrition will return to growth in 2024, albeit maybe at a slightly lower growth rate than we had anticipated before," CFO Vikram Luthar said, adding that the unit could generate $1 billion annually in the medium term, up from an expected $600 million this year.

Top News - Metals

Canada's Teck Resources says restructuring remains 'priority' as Q3 underwhelms
Teck Resources was progressing "expeditiously" on a split of its coal and copper businesses, the Canadian miner said on Tuesday, after missing quarterly profit estimates on weak sales of steelmaking coal.
The company also trimmed its full-year production forecast for copper, steelmaking coal, and molybdenum, sending its shares down 7%.
Chief Executive Jonathan Price said supply-chain disruptions like the British Columbia port strike and wildfires in several Canadian provinces pressured steelmaking coal sales, trimming gains from higher commodity prices.
Steelmaking coal sales were 5.2 million tonnes in the third quarter, falling short of the company's 5.6 million tonnes to 6.0 million tonnes forecast.
However, prices of the commodity rose through the quarter and into October on strong demand, particularly from India and China, the company said.
Teck reiterated that separation of its base metal and steelmaking coal businesses remains a "priority" and a decision is likely by the end of this year.
"In light of the improving outlook for met coal due to structural factors, we question whether a sale of EVR should be done at anything less than US$11bn," according to a report from brokerage Jefferies.
After withdrawing its plan to split its copper and coal business earlier this year, Teck in October said it was aiming to make an announcement by the end of 2023.
The company has received several proposals for the steelmaking coal business, called Elk Valley Resources. These include a revised offer from Swiss trading and mining firm Glencore, whose $22.5 billion offer for the Canadian miner was twice rejected.
Teck lowered its 2023 copper production outlook to a

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range of 320,000 to 365,000 tonnes, from 330,000 to 375,000 tonnes, while steelmaking coal production forecast was cut to 23 million to 23.5 million tonnes from 24 million to 26 million tonnes.
The company increased the capital cost guidance for its QB2 copper project in Chile but said it anticipates the project will generate profit in the current quarter.
Excluding items, Teck reported third-quarter adjusted profit of C$0.76 per share, compared with estimates of C$1.09, according to LSEG data.

Anglo American lowers 2023 copper production guidance
Global miner Anglo American on Tuesday lowered its 2023 production guidance for copper on curtailments at its Chilean operations, even as its output of the metal rose 42% in the third quarter.
Anglo expects to produce between 830,000 and 870,000 metric tons of copper this year, lowering a previous forecast of 840,000 to 930,000.
Its copper output rose to 596,000 tons in the first nine months of 2023, underpinned by the ramp-up of its Quellaveco mine in Peru, from 420,000 tons a year earlier, it said.
Copper demand for use in products such as solar panels and electric cars is set to increase sharply in the coming years as the world moves toward green energy and electrification.
Anglo's share price, which has fallen 37% this year, opened up 1.6% in London.
"Anglo shares have been very weak versus peers recently and we continue to see the portfolio, bolstered by the Quellaveco cash flow flip as the mine ramps up and potentially less downside from PGMs (platinum group metals) and diamond prices from here," said Tyler Broda at RBC Capital Markets.
The London-listed company posted a double-digit fall in steelmaking coal and diamonds output in the quarter ended Sept. 30.
Production of rough diamonds fell 23% year-on-year to 7.4 million carats. Demand for diamonds has fallen this year in major consumer China, where an economic slowdown curbed appetite for luxury items.
Iron ore production decreased by 4% in the third quarter, Anglo said. Sales at its South African unit Kumba continue to be weighed down by lack of rail to ship the material to ports.
Stockpiles at Kumba swelled to 9 million tons in the three months to September compared with 4.6 million tons in the same quarter in 2022.

MARKET MONITOR as of 06:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$83.30 / bbl	-0.53%	3.79%
NYMEX RBOB Gasoline	$2.25 / gallon	-0.11%	-9.20%
ICE Gas Oil	$876.75 / tonne	-0.51%	-4.80%
NYMEX Natural Gas	$2.97 / mmBtu	-0.03%	-33.63%
Spot Gold	$1,973.95 / ounce	0.19%	8.20%
TRPC coal API 2 / Dec, 23	$133.75 / tonne	-3.95%	-27.60%
Carbon ECX EUA	€80.66 / tonne	0.10%	-3.94%
Dutch gas day-ahead (Pre. close)	€47.90 / Mwh	-2.94%	-36.62%
CBOT Corn	$4.98 / bushel	0.05%	-26.51%
CBOT Wheat	$6.09 / bushel	0.21%	-99.24%
Malaysia Palm Oil (3M)	RM3,626 / tonne	-1.12%	-13.13%
Index	**Close 24 Oct**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	318.87	-0.53%	5.82%
Rogers International	28.62	-1.36%	-0.17%
U.S. Stocks - Dow	33,141.38	0.62%	-0.02%
U.S. Dollar Index	106.19	-0.07%	2.58%
U.S. Bond Index (DJ)	384.83	0.60%	-1.94%

Top News - Carbon & Power

EXCLUSIVE- EDF price row sparks fears boss may resign -sources

Luc Remont's future as head of France's state-owned nuclear power giant EDF is in question due to an escalating row over future power prices, raising concern he may resign, two high ranking company officials told Reuters on Tuesday.

Remont was appointed by President Emmanuel Macron less than a year ago to turn around EDF, which runs the world's second-biggest nuclear fleet after the U.S. and is central to France's renewed bet on cheaper atomic energy as it seeks to gain a competitive advantage for its industry.

But he has become entangled in a stand-off with authorities, as his attempts to make EDF more profitable to fund investments clash with the government's aim of shielding French households and businesses from high electricity prices.

Some EDF managers and board members fear Remont could walk if he believes he doesn't have the political backing to substantially grow EDF's revenues and cut debt by setting prices closer to their market levels, the two officials told Reuters.

The relationship between the state and EDF - which was fully nationalised as its finances worsened in 2022 - is "as tense as ever", according to one of the sources, who is a top manager at the group.

EDF, the finance ministry and the prime minister's office declined to comment.

Other sources cautioned that the two sides were under pressure to find a compromise as Remont's departure less than a year into the job would be an embarrassment for the government and would destabilise EDF at a time when France is negotiating future power price regulation with its European Union partners.

Remont had appeared "confident" at a recent top management meeting, a source at the company said.

The new prices are aimed at replacing a system known as Arenh, which expires in 2025, under which EDF sells a chunk of its production to third-party distributors and industrial groups at a set price of 42 euros per megawatt hour.

French wholesale electricity prices are still well above 100 euros per megawatt hour and soared to 1,200 euros ($1,271) during last year's energy crisis.

CALMING CONCERNS

Finance Minister Bruno Le Maire sought to play down the tension on Tuesday, denying there was a stand-off between the government and EDF, even as he acknowledged ongoing negotiations about future electricity prices were "complex" as they were seeking to tick competing boxes.

"There is no tug-of-war between the state and EDF simply because EDF is a state-owned company and we are working in good cooperation with EDF's teams," Le Maire told reporters.

He said the negotiations aimed to set an electricity price that would be simultaneously affordable for households, competitive for French businesses and profitable for EDF.

"It's because these three goals are complex that the negotiations are taking so much time," he said. French presidency officials said last week new rules to set power prices would be presented in coming weeks.

The nuclear power produced by EDF provides 70% of France's electricity.

But last year, due to record number of outages at its reactors, EDF's output slumped to a 30-year low, forcing it to buy electricity on the market to supply its customers just as Russia's invasion of Ukraine pushed power prices sharply higher across Europe.

As the government imposed a cap on how much electricity prices could increase, EDF found itself selling power at a discount and ended 2022 with an 18 billion-euro loss and almost 65 billion euros of net debt.

While the company has swung back to a profit in the first half of 2023, Remont said in July EDF will need to invest around 25 billion euros a year to keep its nuclear fleet in shape and build new reactors required for France's energy transition.

"To tackle the investment phase (that lies ahead), it is essential that we work towards a new national consensus on what the price of electricity is ..., without which EDF will not be able to release the resources that are necessary to ensure its own continuity of operation," he told a parliamentary hearing in July.

EU on track to quit Russian fossil fuels - report

The European Union is on track towards its goal of ending Europe's reliance on Russian fossil fuels within this decade, the European Commission said on Tuesday.

European countries are heading into their second winter with scarce Russian gas, after Moscow slashed deliveries last year following its invasion of Ukraine - inflicting an energy crisis of record-high gas prices in Europe.

In a report published on Tuesday, Brussels said the EU expected imports of Russian gas to drop to 40-45 billion cubic metres this year, compared with 155 bcm in 2021, the year before the Ukraine war. The 27-country EU has sanctioned Russian coal and seaborne oil imports.

"The worst effects of the crisis may now be behind us, but there is no room for complacency," the Commission said.

"Energy markets remain vulnerable, fossil fuel subsidies have increased during the crisis, the inflation is still high, our critical infrastructure needs to be protected, including from sabotages," it added.

To replace Russian gas, EU countries have hiked imports from other suppliers and, at the same time, slashed gas use. Norway has replaced Russia as the EU's biggest pipeline gas supplier and liquefied natural gas imports have surged, led by supplies from the United States.

Across the EU, gas storage caverns are 99% full, Gas Infrastructure Europe data show, giving countries a buffer against potential supply shocks this winter.

A record expansion of solar energy has also helped reduce Europe's call on gas-fuelled power plants this year, particularly during summer months when power use for air conditioning peaks.

But while analysts say a return to the record-high prices seen last year is unlikely, global gas markets are

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unusually tight, posing the risk that prices could still rise in response to cold weather or further supply shocks.
The Commission also warned that EU countries are still not expanding renewable energy fast enough to reach their legally binding target to get 42.5% of all energy from renewable sources by 2030 - nearly double the current share. To help speed that up, the Commission published a plan to support Europe's wind energy industry, which is struggling with high inflation and mounting competition from Chinese companies.

Top News - Dry Freight

EU 2023/24 soft wheat exports at 9.33 mln T, down 22%

Soft wheat exports from the European Union since the start of the 2023/24 season in July had reached 9.33 million metric tons by Oct. 22, down 22% compared with 11.98 million a year earlier, data published by the European Commission showed on Tuesday.
A breakdown of the data showed Romania remained the biggest EU soft wheat exporter so far in 2023/24, with 2.57 million tons shipped, followed by France with 1.83 million, Poland with 1.65 million, Bulgaria with 937,000 and Lithuania with 890,000.
EU wheat shipments this season have been curbed by Russian competition, though large recent sales of French wheat to China may boost the EU export pace in the coming months.
EU barley exports totalled 2.37 million tons, down 9% against 2.61 million tons in the corresponding period in 2022/23. The total was dominated by 1.67 million tons in barley shipments from France, which was nearly all for China, the data showed.
In imports, EU soft wheat inflows were up 37% from a year earlier at 2.72 million tons, with drought-hit Spain by far the main importer at 1.51 million tons.
Imports of durum wheat, the variety used in pasta, so far in 2023/24 had reached 1 million tons, nearly five times the year-earlier volume, as EU countries led by Italy offset a poor harvest this year.
For maize, EU imports were at 5.45 million tons, 40% down from a year-earlier 9.04 million.
Spain was the largest EU maize importer so far in 2023/24 with 2.25 million tons, followed by the Netherlands (711,000 tons) and Italy (663,000 tons).

Ukraine exports 700,000 T grain via new Black Sea corridor - minister

About 700,000 metric tons of grain have been exported through Ukraine's new Black Sea export corridor since it began operating in August, the Ukrainian agriculture minister said.
Ukraine launched a "humanitarian corridor" to release ships bound for African and Asian markets, and to circumvent a de facto blockade after Russia abandoned a deal this summer that had guaranteed its exports during the war. A senior agricultural official said later that month it was considering using the route for grain shipments.
"During the operation of the new corridor, 38 ships entered the ports and more than 30 left, not all of them with grain, of course," the agriculture ministry quoted Mykola Solsky as saying late on Monday.
"However, we managed to export almost 700,000 tons of grain."
The export deal brokered by the United Nations and Turkey collapsed in July as Russia declined to recognise it, saying its demand that sanctions on its grain and fertiliser exports be lifted had not been met.
Ukraine had been exporting up to 3 million tons a month of food via the corridor while it was operating, with its total food exports, including alternative routes, reaching up to 6 million tons per month.
Solsky said that in September Ukraine had also exported 2.3 million tons of agricultural goods from small Ukrainian river ports on the Danube River. He said overall food exports totalled 3.6 million tons last month.
"We need to export about 6 million tons per month to preserve our agriculture as a key sector of the economy," Solsky said.
This volume of transportation can only be ensured by restoring the full operation of the country's deepwater ports in the Odesa region, he added.
"We see a trend towards an increase in the number of ships leaving our ports. We hope it will continue," Solsky said.
Ukrainian agricultural producers this week said the new Black Sea corridor could enable exports of up to 2.5 million metric tons of food a month, almost offsetting the impact of Russia's decision to quit the U.N.-brokered deal.
Ukraine's shipping sources said more than 40 cargo vessels have entered the corridor so far.
Agriculture ministry data shows that as of Oct. 23, Ukrainian grain exports were down 29.7% at 8.3 million tons in the 2023/24 July-June season so far.
Ukraine is expected to harvest 79 million tons of grain and oilseed in 2023, with 2023/24 exportable volumes of about 50 million tons, agriculture ministry estimates.

Picture of the Day

Wagons filled with iron ore enter Rio Tinto's railyard near Karratha, 1,250 kilometres (777 miles) northeast of Perth, Australia October 20. REUTERS/Melanie Burton

(Inside Commodities is compiled by Jerin Tom Joshy in Bengaluru)

For questions or comments about this report, contact: **commodity.briefs@thomsonreuters.com**

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