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Top News - Oil

EXCLUSIVE-Oil exports from Russia's western ports to fall 13% in Nov as refinery maintenance ends, sources say
Russia's crude oil exports from its three main western ports will drop by 13% in November from the previous month to 1.95 million barrels per day (or some 8 million metric tons) as refinery maintenance season is over, two trade sources said on Thursday.
Exports from Russia's western ports of Primorsk, Ust-Luga and Novorossiisk are closely watched by market participants including the Organization of the Petroleum Exporting Countries (OPEC) members because they are the most volatile flows and heavily affected by the domestic refinery intake.
Russia has maintained high oil exports this year, while also admitting to oil overproduction, exceeding the amount agreed by OPEC+, which comprises OPEC and allies including Russia. The country promised to make additional cuts to compensate from the end of 2024.
Russia cut crude oil output in September by 28,000 barrels per day (bpd) to about 9 million bpd, OPEC said, citing data from secondary sources such as consultancies.
Russian oil loadings from its western ports will drop in November from 2.25 million bpd in October.
Russian oil refineries are expected to increase runs next month after major seasonal maintenance in September-October. In November Russian oil refining will increase: Russia plans to take offline just 1.8 million tons of its refining capacity down sharply from 4.4 million tons in October.
Lower offline refining capacity normally means higher refinery runs and less crude oil available for exports. Yet some Russian refineries are not keen to increase runs even after the end of maintenance due to weak margins, the sources said.
"Profitability of export sales is still very low due to weak (oil products) margins, discounts for Russian fuel and shipping costs," one trader involved in Russian oil product sales said.
Refinery margins are weak worldwide. Oil refiners in Asia, Europe and the United States are facing a drop in profitability to multi-year lows, marking a downturn for an industry that had enjoyed surging returns post-pandemic and underlining the extent of the current slowdown in global demand.
If Russian oil refineries decide to keep refinery processing low, more crude oil will be available for exports next month, the sources said.

New Permian oil pipelines unlikely to be built, say top operators
Top executives of two U.S. energy pipeline operators on Thursday ruled out building new crude oil lines to move volumes out of the Permian shale field in West Texas because of tepid volume growth and difficulties constructing new lines.
A wave of consolidation in the top U.S. shale field has concentrated output in the hands of companies that are promising to restrain output so as not to crash prices by over-producing. Pipeline firms also have embraced acquisitions over new construction.
Enterprise Products Partners co-CEO Jim Teague said at a Houston energy conference his firm is not considering a new oil pipeline out of West Texas. The CEO of rival operator Plains All American Pipeline said at the same event companies are more likely to optimize existing rather than build new lines.
Enbridge will add up to 120,000 barrels per day (bpd) to its Gray Oak oil pipeline by 2026, an example of expanding capacity on an existing pipeline. Enterprise has said it could convert a natural gas liquids pipeline to carry crude.
Shale pipeline operator EPIC Consolidated Operations is weighing expanding a Permian to south Texas line by about 300,000 bpd.
The expansion is a "when, not an if," said EPIC CEO Brian Freed.

PRICE NO LONGER INCENTIVIZES DRILLERS
The executives said Permian shale producers are not likely to return to their era of fast-growth that prompted the construction of new oil lines last decade.
Drillers remain disciplined in their spending for new volumes and do not look to drill and grow production even if prices jump from current levels, Chiang added.
"A range of roughly of $60 to $90 (per barrel) doesn't change their plans too much," he said.
Output from the Permian basin in the next few years could rise about 300,000 bpd, he said, largely in line with the latest government estimate.
"Most of the producers out of the Permian, because of the consolidation, are taking a more measured pace," EPIC's Freed said.

DEEPWATER EXPORT PROJECTS LAG
Enterprise' Teague also said that his company continues to advance its proposed deepwater oil export project, Sea Port Oil Terminal (SPOT), but "nobody wants to be (the) first" customer to sign up.
Multi-year regulatory delays, a loss of commercial backers and slowing U.S. shale oil production growth has SPOT and three rival offshore oil-export projects struggling.
A change in crude flows as many Western nations banned imports of Russian crude after the country's invasion of Ukraine, pushing Russian oil to flow to Asia, also has undercut the outlook for U.S. deepwater export

projects that can load supertanker directly.
"Things have changed, but my gut feeling is that we'll be able to get SPOT across the finish line," Teague said while speaking at an RBN Energy conference in Houston.
However, Plain's Chiang said "the jury is out on SPOT," saying it while it makes a lot of sense on paper, existing export contracts and systems could limit availability of customers.

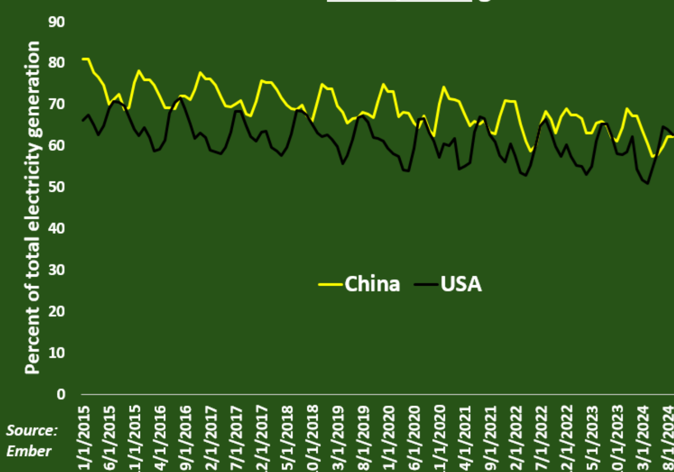
Top News - Agriculture

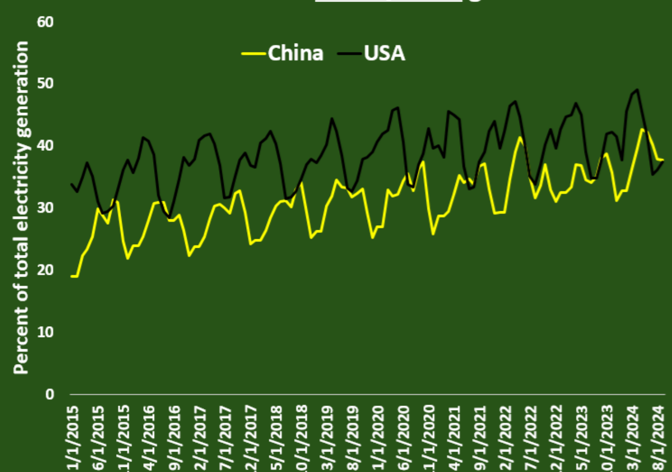
Argentina weather outlook positive for soy and corn planting, meteorologist says
Recent rainfall over Argentina's agricultural heartland will likely continue into November, allowing for the normal planting of soybeans and corn, a leading meteorologist told Reuters on Thursday.
The expectation of healthy rainfall follows significant precipitation in recent weeks that reversed an earlier dry spell over the key farming area, home to much of the South American nation's grains output.
"The final days in October will be dry, but we'll see a return to rain in November," said meteorologist German Heinzenknecht, citing a trend that should cover top farmland with around 100 millimeters (4 inches) of rainfall.
"Humidity reserve levels are very high for soybeans and corn," noted Heinzenknecht, an expert with weather consultancy Applied Climatology Consulting.
The country's 2024/25 soybean crop is expected to yield 52-53 million metric tons, while the corn harvest will likely reach 51-52 million tons, according to the latest estimates from the Rosario Grains Exchange.
According to a separate report from the Buenos Aires Grains Exchange, nearly 29% of the 6.3 million hectares (15.6 million acres) reserved for corn have been sown so far.
The report also sees recent rains boosting the corn crop, including fertilization, as well as helping the 2024/25 wheat harvest, which it sees yielding 18.6 million tons.
The wheat harvest kicks off in November and ends early next year.
Over the past couple weeks, between 200-250 millimeters (8-10 inches) of rain was registered over the country's main agricultural zone.
Planting for corn kicked off in September for the 2024/25 crop, while soybeans are in their early sowing stage. Both crops should proceed normally with the likelihood of adequate rainfall.
Heinzenknecht explained that forecasts for a weak La Nina weather phenomenon should only have a limited impact on local weather patterns in December, which marks the start of the Southern Hemisphere's summer, a season that usually sees less rainfall.
La Nina typically brings below-average rain patterns to Argentina's main farmland.
"Maybe we'll see some December interference from La Nina, but it won't lead to extreme risk. There could be some dryness, but that's more due to regional factors that could see quick corrections," he said.
Heinzenknecht added that he expects La Nina's impact on the weather to diminish as an influential factor from the end of January.

China heads for record 2024 grain harvest of 700 mln T
China's grain output is set to exceed a record 700 million metric tons this year, a key agriculture ministry official said on Friday, calling for continued efforts to ensure stable supply.
That figure is 0.7% higher than the 2023 harvest of 695.41 million tons, data from the National Bureau of Statistics showed.
Highly reliant on imports from Brazil and the United

Chart of the Day

China vs USA share of electricity generation from clean & fossil fuels





LSEG DATA & ANALYTICS

States to feed a population of 1.4 billion, the world's largest grains producer has stepped up investments in farm machinery and seed technology in recent years in its quest for food security.
"China's grain output has been stable for nine consecutive years at more than 1.3 trillion jin and this year is forecast to exceed 1.4 trillion jin for the first time," Zhang Xingwang, the vice minister for agriculture and rural affairs, told a press conference in Beijing.
The volumes cited are equivalent to 650 million tons and 700 million tons, respectively.
But soybean stocks remain dependent on imports and corn planting was still falling short of requirement, Zhang added.
"National food supply and demand is in a tight balance, with no substantial change, and so efforts to ensure a stable and safe supply of grains cannot be relaxed," he said.
To boost yields, the ministry has selected and bred a number of high-oil and high-yield varieties of soybeans, he said.
The ministry also plans measures on soybean processing subsidies and stockpile acquisition.
Another ministry official said state stockpiler Sinograin would increase the scale of its corn purchases, which would help boost both farmer income and planting.
Pork prices were stable in the fourth quarter and hog profit margins were set to stay at a normal level, the official added.
China has been grappling to recover from record low prices of pork, beef and dairy in the past year after a rapid expansion of farms amid declining consumption led to an oversupply.
Efforts to reduce herd size have paid off, with prices moderating after farmers ramped up slaughter of hogs, beef and dairy cattle. Zhang said the growth rate of dairy cow breeding has slowed. The ministry said it would keep monitoring the pace of production, particularly of hogs, as greater productivity of breeding sows has sent more piglets to market, which could hit prices next year.
China had about 40.62 million breeding sows by the end of September, it added.

Top News - Metals

EXCLUSIVE-Sanctions delay to Russian zinc mine causes supply miscalculation, sources say
Western sanctions on Russia's zinc miner Ozernoye have left it struggling to replace equipment needed to ramp up output, three sources with knowledge of the matter said, meaning mined zinc supply forecasts for 2025 are likely to be too high.
Without Ozernoye's substantial contribution to global mined zinc supply next year, a shortage of zinc concentrate - a raw material to make zinc metal, used to galvanise steel, is likely to persist. Concern over tight supplies is one of the drivers that has pushed zinc prices to a 20-month high.
Asked about the possible delay, Ozernoye told Reuters it plans next year to produce concentrate "in volume comparable to the previously announced targets".
Ozernoye officially launched production in September, saying that it would reach full capacity of about 320,000 metric tons of zinc in concentrate in 2025.
That represents 2.5% of next year's global mined zinc supply estimated at 12.86 million tons, industry group the International Lead & Zinc Study Group (ILZSG) said.
The ILZSG included the ramp-up of Ozernoye in its forecasts of robust growth of 8.9% in new mining zinc supply outside China in 2025.
The sources, who asked not to be named because they were not authorised to speak publicly, said Ozernoye had yet to produce any material as it could not find an adequate replacement for the components that process rocks into powder-form concentrate.
Those parts were damaged by a fire in November 2023.
Ozernoye did not give any production targets when approached by smelters and traders interested in buying their concentrates next year, the sources said.
The components Ozernoye needs were developed and are made by commodity trader Glencore's subsidiary Glencore Technology. Glencore taps an Australian zinc-lead deposit with a similar mineral composition to that of Ozernoye.
Glencore can no longer sell the concentrator parts to Ozernoye, which the U.S. government placed under sanctions shortly after the fire.
Glencore declined to comment. The Swiss trader-miner said only it would "fully comply with all sanctions applicable to our business activities".
Ozernoye is working with local company TEM Partner to try to replicate Glencore's system, one source said.
Production may start in November, the same source said.
The company statement said its equipment was made in Russia by its "in-house design bureau".
It said it expected to achieve "project capacity within a year from the start of commissioning," without specifying when that was.
"The part of the flotation equipment, which has already been commissioned, is behaving stably and the first batches of zinc concentrates have been received," it said.
The uncertainty over Ozernoye's output adds to the impact of other disruption, including Century's force majeure and a slower-than-expected ramp-up at Ivanhoe's Kipushi project in Democratic Republic of Congo (DRC).
Reflecting the difficulty of sourcing concentrate, zinc treatment charges (TC), the fees a smelter earns for converting concentrate into refined metal and a gauge of concentrates' availability, dropped to minus $40 a ton end of September, according to pricing agency SMM.
The lower TC pushed some zinc smelters into losses and they had to cut production.

China's steel demand will likely flatten in 2025, says industry official
Steel demand in China, the world's largest producer and consumer, will likely flatten or dip slightly in 2025, industrial officials said, warning mounting risks facing steel exports due to growing trade frictions.
Oversupply due to demand dropping faster than supply

has weighed down steel prices and hurt profitability among steelmakers, some of which shipped more cargoes abroad.
China's apparent steel consumption in the first three quarters of 2024 slid 6.2% year-on-year to 688 million metric tons, the state-backed China Iron and Steel Association (CISA) told reporters on Friday.
Consumption will likely be below 900 million tons this year, and will stay at around 800 million tons until 2035, the CISA said in a separate note on its WeChat account on Thursday.
China's crude steel output for the first three quarters slipped 3.6% on the year to 768.48 million tons, official data showed last week. CISA forecasts this year's total output is likely to stay above 1 billion tons.
China's steel output has been on the decline since 2021 when Beijing started to mandate a cap on annual growth to limit carbon emissions.
The structural focus of China's steel consumption has shifted to the manufacturing sector, said the CISA.
A protracted downturn in the property market, typically the largest steel consumer in China, has seen Chinese steelmakers struggling with profitability amid dwindling demand.
"Steel demand from the manufacturing sector will climb to around 50% or even higher this year," said Jiang Wei, the association's vice chairman and secretary general.
Additionally, the association said the concentration in China's steel industry still lagged some other developed countries.
In the first three quarters of this year, the market share of China's top 10 steel producers was 40.9%, while the share of the top two to four steelmakers in other developed countries ranged from 65% to 85%, said Wang Bin, another official from the association.

Top News - Carbon & Power

Equinor eyes lower spending on renewables after Orsted transaction
Equinor said on Thursday it may invest less in renewable energy towards 2030 following its acquisition this month of a stake in wind power group Orsted, while reporting weaker-than-expected third-quarter profits.
Equinor on Oct. 7 announced a $2.5 billion purchase of a 9.8% stake in Orsted, surprising some investors, and said it planned to raise this to 10% pending regulatory permission.
The transaction would count towards Equinor's renewable energy portfolio target, adding 1.7 gigawatt (GW) of net generation capacity out of the company's goal of installing 12-16 GW by 2030, the Norwegian company has said.
"We see that making a transaction like this we get access to offshore wind projects at a much more reasonable price than building it ourselves," Equinor CFO Torgrim Reitan told analysts on a conference call on Thursday.

MARKET MONITOR as of 06:56 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$70.46 / bbl	0.38%	-1.66%
NYMEX RBOB Gasoline	$2.00 / gallon	0.30%	-5.13%
ICE Gas Oil	$663.75 / tonne	-0.45%	-11.59%
NYMEX Natural Gas	$2.53 / mmBtu	0.28%	0.60%
Spot Gold	$2,729.88 / ounce	-0.21%	32.35%
TRPC coal API 2 / Dec, 24	$123.88 / tonne	0.31%	27.71%
Carbon ECX EUA	€66.60 / tonne	-0.05%	-17.13%
Dutch gas day-ahead (Pre. close)	€42.08 / Mwh	2.51%	32.12%
CBOT Corn	$4.33 / bushel	-0.57%	-10.64%
CBOT Wheat	$5.98 / bushel	-0.42%	-6.45%
Malaysia Palm Oil (3M)	RM4,580 / tonne	-0.50%	23.09%
Index	**Close 24 Oct**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	336.75	-0.36%	11.73%
Rogers International	28.03	0.04%	6.46%
U.S. Stocks - Dow	42,374.36	-0.33%	12.43%
U.S. Dollar Index	104.10	0.04%	2.73%
U.S. Bond Index (DJ)	440.40	0.20%	2.25%

"This will take us in a profitable way towards the target, meaning that we can spend less organic capex moving towards that target," he said without elaborating.
Investors have grown increasingly weary of plans by oil companies to rapidly expand within renewables, and some majors such as BP and Shell have retreated from some of their earlier plans.
Equinor has previously said it plans to allocate at least half of its capital expenditure to renewables and low-carbon solutions in 2030.
Equinor's share price rose 2.8% by 1129 GMT, outperforming a 1.1% rise in European energy stocks.
Organic capital expenditure in 2024 was, meanwhile, seen at between $12 billion and $13 billion, down from a previous forecast of $13 billion, an Equinor statement showed.
The adjustment reflected lower investments in its Polish and Brazilian onshore renewable portfolio as well as currency effects from a weaker Norwegian crown, CEO Anders Opedal said.
The company kept its oil and gas output outlook for 2024 unchanged, but cut its expected 2024 renewable energy output growth to 50% from 70% previously due to a delay at the Dogger Bank A wind project off the British coast.
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.
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.

COLUMN-US power system becomes more fossil-dependent than China's: Maguire
Utilities in the United States have relied on fossil fuels to generate a larger share of electricity than their counterparts in China since June, seriously undermining U.S. claims to be a leader in energy transition efforts.
U.S. utilities have relied on fossil fuels to generate an average of 62.4% of total electricity production for the past four months, according to data from energy think tank Ember.
That fossil fuel share exceeds the 60.5% over the same period in China, the world's largest power producer and polluter.
The high U.S. fossil dependence came during the summer when domestic power demand is highest due to air conditioner use, while China's relatively lower fossil reliance has occurred during a protracted economic slowdown.
Nonetheless, the higher U.S. fossil reliance highlights how much more aggressive China has been in ramping up clean power output, which has left China closer to hitting a peak in fossil use for power than the United States.
Without quick cuts to fossil generation or rapid rises to clean power output, the U.S. runs the risk of falling behind other major economies in energy sector decarbonisation efforts, and losing credibility as a climate champion.

PATCHY PROGRESS
Global power providers are taking a two-pronged approach to advancing the energy transition: cutting the use of fossil fuels, and boosting supplies of clean power.
In the United States, clean power generation has been the priority over the past five years, with electricity output from clean energy sources rising by around 16% since 2019, according to Ember.
However, steadily rising total power demand has limited the scope for power firms to cut generation from fossil fuels.
Indeed, fossil fuel-fired generation over the first nine months of 2024 was down only 0.8% from the same months in 2019, to 1,967 terawatt hours (TWh).
That said, the configuration of U.S. fossil fuel use has altered since 2019, with coal-fired generation dropping by 34% from 750 TWh during January to September 2019 to 497 TWh during the same months this year.
Coal's share of the U.S. generation mix dropped accordingly, from around 25% in 2019 to 15% this year.
But with total power demand rising each year, power firms have needed to offset the drop in coal output with higher gas-fired production.
Gas-fired generation in January to September this year was 1,450 TWh, up 20% from the same months in 2019, while gas' share of generation climbed from 38% in 2019 to 43% this year.
Total U.S. electricity generation has grown by around 5.5% from 2019 to 2024, as electric vehicles, data centres and artificial intelligence applications lift overall energy consumption.

OUTPACED
China's mammoth manufacturing-led economy has faced a far steeper climb in total power demand in recent years, with electricity consumption rising by nearly 37% from 2019 to 2024, Ember data shows.
To keep pace with that demand growth, China's utilities have been forced to lift both fossil fuel and clean energy generation by more than any other major economy.
Fossil fuel-fired electricity output has jumped by around 23% from 2019 to 2024, to a record 4,618 TWh. Over 95% of that power has come from coal plants, which generated 4,394 TWh.
Clean-powered electricity generation - from renewables, nuclear plants, and hydro dams - has grown by much more, however, rising 67% to 2,834 TWh.
The fact that clean generation has risen three times faster than fossil generation has helped China's power firms to boost overall power supplies while reducing coal's share of the generation mix.
In 2019, coal accounted for a 66% share of total electricity production, according to Ember.
So far in 2024, coal's share has dropped below 60% for the first time, and looks set to keep declining as power firms add more renewables and other clean power sources to generation systems.

CAPACITY CATCH-UP
For U.S. power producers, the most effective means of reducing fossil fuel reliance is to build up more clean generation capacity throughout the country.
Between 2018 and 2023, U.S. clean generation capacity jumped by 40% to 438 Gigawatts (GW), Ember data shows.
U.S. firms also reduced fossil capacity by around 4% over

that time, mainly through the closure of outdated coal plants.
However, China boosted clean generation by over 100% since 2018, and has the most aggressive clean energy development roadmap of any major economy.
China's clean energy capacity also already exceeds total fossil capacity by roughly 20%, and continues to grow. In contrast, U.S. clean generation capacity remains around 35% less than fossil capacity.
If the U.S. is to establish itself as a true leader on climate action and decarbonisation, a much more aggressive clean capacity pipeline must be developed that sharply tilts the country's generation mix away from fossil fuels.

Top News - Dry Freight

ANALYSIS-Ukrainian corn seed flows to Europe in further farm trade shift
Ukraine has rapidly expanded exports of corn seed to the EU in the past two years in rare good news for its war-hit agricultural sector but adding to European farmers' grievances about what they say is unfair competition from Kyiv.
It is ramping up shipments under free trade terms granted by the European Union following Russia's invasion, partly reversing the bloc's longstanding seed exports to Ukraine.
That has injected some income into its farm industry which is struggling with losses from destruction of land and infrastructure in the war with Russia.
Ukraine's total seed exports, mostly for corn (maize), reached $121 million last year against a pre-war level of just $22 million in 2021, according to the Seed Association of Ukraine, an industry group. Its share of the EU corn seed market has gone from zero to around 10% share since 2021, French corn growers' group AGPM estimates.
Although seeds represented a fraction of an estimated $23 billion in Ukrainian agricultural exports last year where grain dominated the volume, they offer bigger profits for farmers than bulk crops like corn and wheat. Ukrainian farm exports were about $27.7 billion in 2021.
"It was exports that allowed seed producers to last in 2022-23," said Siuzana Grygorenko, head of the Seed Association of Ukraine, referring to shipments to the EU.
Growing seed is more demanding than standard crops but the profit margin is nearly twice that from corn production, according to Ukraine's agriculture ministry.
The ministry's data shows that a metric ton of corn seed can be sold at $3,900 compared with $200 for one ton of corn, more than offsetting higher costs of production estimated at $1,800 per hectare for seed versus $900 for grain.
The EU, which gave regulatory approval for Ukrainian corn seed imports a year before Russia's invasion, is a big supporter of Kyiv in the conflict. However, agricultural imports have been a bone of contention for farmers in the bloc who struggle to compete with the lower-cost Ukrainian products.
The EU this year introduced import curbs on some agricultural products from Ukraine including sugar, eggs and corn grain following protests from farmers. The EU continues to monitor agri-food exports from Ukraine, an EU spokesperson said.

FRANCE'S SEED EXPORTS TO UKRAINE TUMBLE
European corn growers association CEPM is seeking measures to limit corn seed imports "which are extremely destabilising for our market", Arthur Boy, its economic affairs advisor, said.
The trade shift has been stark in France, the EU's biggest seed exporter. Its seed trade surplus with Ukraine shrank from a record 100 million euros in 2020/21 to 41 million euros in 2022/23, according to seed sector body Semae.
Ukrainian authorities and industry say their aim is to cover more of their domestic demand rather than exporting per se.
The country is still mostly reliant on imports to grow oilseeds, with imports in January-September worth $346.5 million, customs data shows. "We have a huge potential for import substitution," Agriculture Minister Vitaliy Koval told Reuters.
Companies like U.S. group Corteva, France's Maisadour and Germany's Bayer established farm networks and seed processing facilities in Ukraine long before the war. The conflict slashed domestic seed demand, with Ukraine's area planted for corn dropping by a quarter, while cutting off the Russian market which some firms had supplied from Ukraine
Among international companies, Bayer and German peer KWS have invested tens of millions of euros to expand their respective processing facilities in Ukraine. Farm operator HarvEast increased its area devoted to seed production by 20% this year and plans at least the same size of increase again next year, CEO Dmitry Skornyakov said. Ukraine's farms benefit both from lower labour costs and larger acreage compared with the EU. Farm size makes it more worthwhile to invest in the specialist machinery needed, Skornyakov said.

Russia's proposed grain exchange for BRICS countries may take years to launch
Russia's proposal for a new international grain exchange could take years to get off the ground even though the plan was welcomed by members of the BRICS group of countries at a summit this week in Kazan in Russia.
Russia has been pushing to establish the exchange as part of a broader plan to create new financial instruments, detach its trade from the U.S. dollar and help Moscow combat Western sanctions.
President Vladimir Putin said at the summit that BRICS countries, which are among the world's largest producers of grains, legumes, and oilseeds, could establish such an exchange, potentially expanding it to trade other major commodities. The plan to create the exchange has been approved by leaders of the BRICS countries, whose members include Brazil, Russia, India, China and South Africa. The BRICS countries welcomed Russia's grain

exchange plan in their communique at the summit and backed proposals to subsequently develop and expand it to other agricultural sectors.
Eduard Zernin, head of the Grain Exporters Union, whose members export 80% of Russian grain, said that based on the experience of creating the BRICS' New Development Bank, launching the joint exchange would require years of preparatory work. Zernin stated that the proposed new exchange should have international status to protect it from potential Western sanctions.
"The main stage of the process has been completed, the initiative to create an exchange has been approved at the level of BRICS country leaders," Zernin said. Russia, the world's biggest wheat exporter, has been striving for years to develop its own commodity pricing mechanisms to counter the dominance of Western exchanges, especially following this year's decline in global grain prices. The Russian government, concerned about high export volumes at low prices in the past few months, has informally agreed with leading exporters not to sell Russian grain to sovereign buyers through intermediaries, according to the Grain Exporters Union. The government has also recommended that exporters not sell wheat at a price below $250 per metric ton, which is well above current levels, Reuters sources have said. Iran and Egypt, which are now BRICS members, are major buyers of Russian wheat.

NEW EXCHANGE NEEDED?
Some industry analysts questioned the immediate need for a new grain trading platform given the smooth functioning of existing international grain exchanges.
"Due to the advantages that established exchanges have in terms of customers, infrastructure, track record, and liquidity, it will take some time for the new exchange to catch up," said Yaroslav Lissovolik, head of the BRICS+ Analytics think tank. Alexander Belozertsev, head of Alexandra Inc consultancy, said that, unlike Russia, other BRICS members, such as India, China, Brazil, and South Africa, already have well-established commodity trading platforms of their own. "Strategically and technologically, all these exchanges have significantly advanced in trading agricultural derivatives compared to their Russian competitors. Do they really need the implementation of Russia's initiative under the BRICS umbrella?" he said.

Picture of the Day

Russian President Vladimir Putin and Chinese President Xi Jinping speak during a plenary session in the outreach/BRICS Plus format at the BRICS summit in Kazan, Russia October 24. REUTERS/Maxim Shemetov

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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