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Top News - Oil

BP third quarter profit slumps to $2.3 billion as oil demand sags

BP reported higher-than-expected third quarter profits of $2.3 billion, their lowest in almost four years, weighed down by a drop in refining profits and weaker oil trading.
The 30% drop in profits from a year earlier comes amid a slowdown in global economy activity and oil demand, particularly in China, raising pressure on CEO Murray Auchincloss who has vowed to boost BP's performance amid investor concerns over its energy transition strategy.
BP's underlying replacement cost profit, the company's definition of net income, reached $2.27 billion in the third quarter, exceeding forecasts of $2.05 billion in a company -provided survey of analysts.
That compared with a $2.8 billion profit in the previous quarter and $3.3 billion a year earlier.
The results were the weakest since the fourth quarter of 2020, when profits collapsed during the pandemic.
The energy giant maintained its dividend at 8 cents a share after raising it in the previous quarter. It also kept unchanged the rate of its share buyback programme at $1.75 billion over the next three months.

US seeks up to 3 million barrels of oil for emergency reserve

The U.S. on Monday said it is seeking up to 3 million barrels of oil for the Strategic Petroleum Reserve for delivery through May next year, a purchase that would leave the government with little money to buy more until lawmakers approve more funds.
The solicitation for the oil which would be delivered to the SPR's Bryan Mound, Texas site from April through May 2025, is the latest step in bringing oil back to the reserve after its biggest sale ever in 2022 of 180 million barrels. President Joe Biden had ordered that sale after gasoline prices spiked following Russia's full-scale invasion of Ukraine.
The Department of Energy has now bought back more than 55 million barrels at an average price of about $76 per barrel, nearly $20 lower than the $95 a barrel price it sold the oil for in 2022.
As part of efforts to replenish the SPR, the department also worked with lawmakers in late 2022 to cancel 140 million barrels in sales that had been congressionally mandated through 2027. Democratic and Republican lawmakers had voted for those sales to pay for government programs. It is unclear exactly how much money the DOE has left in its fund to buy more oil. A department source said earlier in the month that there was about $150 million left, or about enough to buy about 2 million barrels. But evidently there is slightly more. "The DOE will continue to purchase crude at a good price for taxpayers with available emergency revenues," a department spokesperson said on Monday.
The Biden administration, or the next one, will need to work with Congress to fill up the DOE's SPR purchasing fund.
"Imminent depletion of the SPR petroleum account puts the onus on Capitol Hill for further replenishment, but politicization of the SPR could make it hard for lawmakers to agree," said Kevin Book, a policy analyst at ClearView Energy Partners, a non-partisan research group. Book estimated that "theoretically" there would still be some money left if the latest solicitation was fulfilled but that it would not be much.
Working with lawmakers on the SPR could also involve cancelling future sales that Congress mandated years ago of about 100 million barrels of oil from 2026 through 2031.
Cancelling the sales instead of buying oil only to resell it again could reduce wear and tear on the SPR's underground caverns on the Texas and Louisiana coasts, where the oil is held.

Top News - Agriculture

US soy harvest 89% complete, fastest since 2010; corn 81% done

U.S. farmers have been harvesting the record-large 2024 soybean crop and the near-record corn crop at the fastest pace in over a decade, the U.S. Department of Agriculture's weekly crop progress report showed on Monday.

The rapid harvest has swelled already-ample supplies and strained storage capacity in spots around the U.S. Midwest this autumn, and prices for both crops were hovering near four-year lows.

The USDA pegged the soybean harvest at 89% complete as of Sunday, slightly below analyst expectations of 91%, while the corn harvest is 81% finished, above analyst expectations of 80%.

Weeks of warm and dry weather across the U.S. Midwest this autumn sped up crop maturity and allowed farmers in some areas to harvest nearly every day with few interruptions.

But as dry weather benefited Midwest corn and soy harvesting, arid conditions have impeded winter wheat planting and emergence in spots of the U.S. Plains and dragged down crop conditions.

The U.S. winter wheat crop was 80% planted, landing below analyst expectations for 83% but roughly on par with previous years, according to USDA data.

Only 38% of the winter wheat crop was rated in good-to-excellent condition as of Sunday, well below analyst estimates of 47% and the second lowest rating for this time of year on record dating back to 1986.

COLUMN-US winter wheat health among worst-ever, stumping analysts -Braun

The U.S. winter wheat crop is in much worse shape than industry participants thought, coming as the world's former breadbasket attempts to claw back export share on the global market.

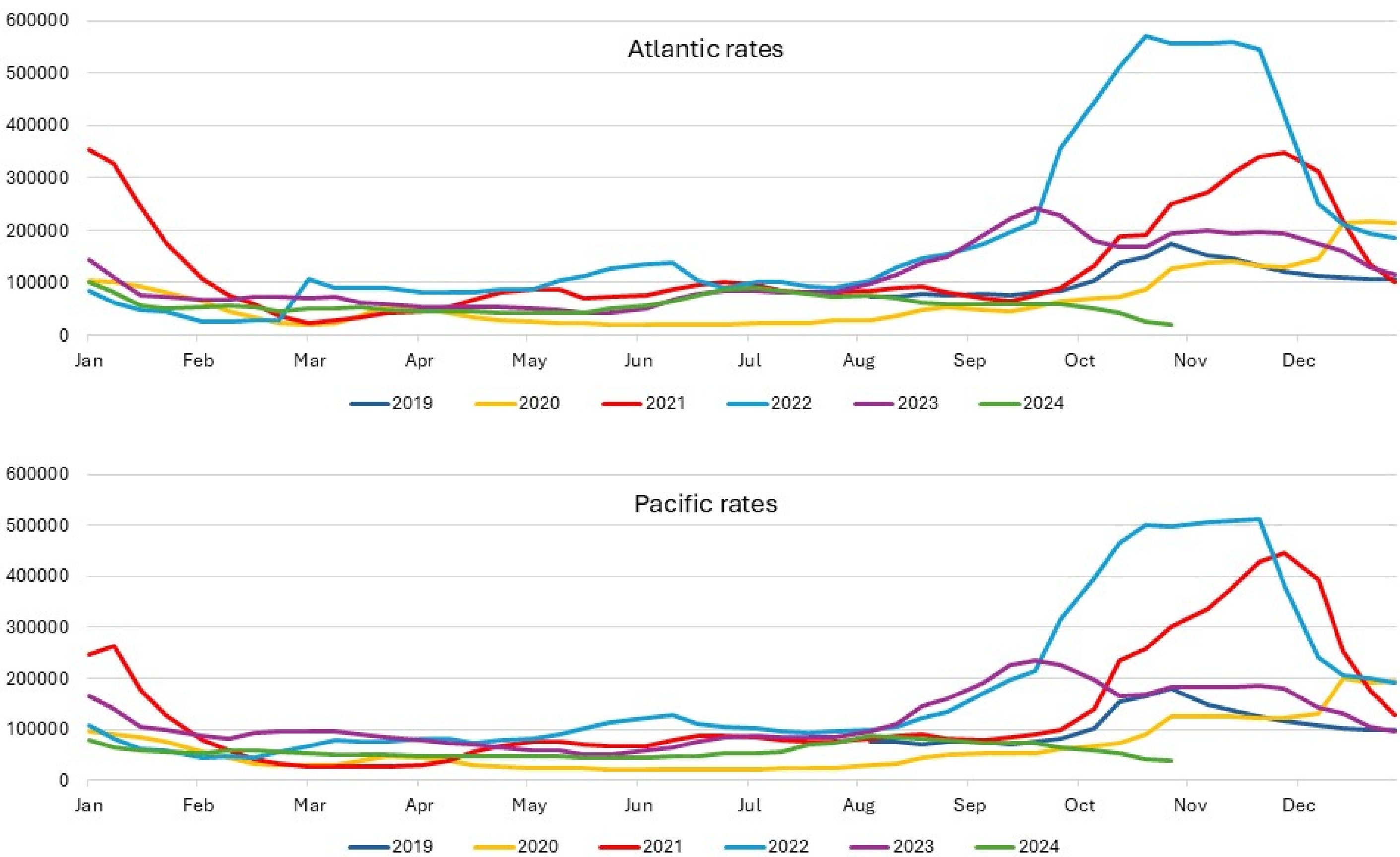
Drought has intensified since mid-year across the United States, but a break could be coming as ample rains are slated for the central portion of the country over the next several days.

This suggests wheat's health struggle could be a shorter-lived issue, but that depends on the coverage and longevity of the weather pattern shift, and how things look closer to spring.

Chart of the Day

LNG freight rates in the Atlantic and Pacific basins have fallen to multi-year lows

Prices from Spark Commodities for 174-2stroke vessel (USD/day)



As of Sunday, the U.S. Department of Agriculture rated 38% of the country's winter wheat crop as good or excellent (GE), below all analyst estimates, which averaged 47%. That average is identical to the year-ago conditions.
The current rating is modestly below the week's five-year average of 44% GE, but it is the second-worst for the week in 39 years of records. Winter wheat was rated 28% GE two years ago, representing the 2023 harvest.
Yields managed near-average levels in 2023, though there was a big spread among varieties. Fourteen states that predominantly grow soft red winter wheat matched or broke previous yield records.
But hard red winter wheat grower Kansas, which accounts for a quarter of the U.S. winter wheat crop, in 2023 had its worst results in a decade. In fact, Kansas' winter wheat yields have been at least 10% below the long-term trend for the past three seasons due to untimely dry weather.
Kansas' winter wheat this week is rated 38% GE, just 2 percentage points below the five-year average. Major states where conditions are 20 percentage points or more below average include Oklahoma and Montana, but Colorado and Texas are doing slightly better than average.
As of last week, some 58% of U.S. winter wheat areas were experiencing drought, the largest portion since early 2023 and up from 49% in the same week a year ago. Places like western Kansas, Colorado and Montana may miss out on the upcoming rains, which could represent nearly a quarter of national production.
Longer-term, this year's La Nina pattern typically features widespread dry conditions throughout the winter in the Southern Plains. That might limit output in hard red wheat states like Kansas, Oklahoma and Texas.
The inability of soft and hard red states to simultaneously produce bumper yields has recently prevented the United States winter wheat crop from reaching its true potential. The 2016 harvest featured a record yield of 55.3 bushels per acre.
Since then, the closest results were 53.6 bpa in 2019 followed by 51.7 in 2024, so a return to favorable weather is exactly what U.S. producers will need to contend for a strong 2025 outcome.
Karen Braun is a market analyst for Reuters. Views expressed above are her own.

Top News - Metals

US Energy Dept finalizes $2.26 billion loan for Lithium Americas' Nevada mine
The U.S. Department of Energy finalized a $2.26 billion loan for Lithium Americas on Monday to build Nevada's Thacker Pass lithium mine, one of Washington's largest mining industry investments and part of a broader push to boost critical minerals production.
The loan, provisionally approved in March, is a key part of U.S. President Joe Biden's efforts to reduce dependence on lithium supplies from China, the world's largest processor of the electric vehicle battery metal. Biden officials permitted a similar lithium project under development by ioneer last week.
The Thacker Pass project is slated to open later this decade and be a key supplier to General Motors, which earlier this month boosted its investment in the mine to nearly $1 billion.
"The Biden-Harris Administration recognizes mineral security is essential to winning the global clean energy race," said Ali Zaidi, the White House national climate advisor. Former President Donald Trump had permitted the mine just before leaving office. Initial construction at the site, just south of Nevada's border with Oregon, started last year after the company won a long-running and complex court case brought by conservationists, ranchers and Indigenous communities. With the loan now closed, Vancouver-based Lithium Americas plans to start major construction, a process that could take three years or longer. The mine's first phase is expected to produce 40,000 metric tons of battery-quality lithium carbonate per year, enough for up to 800,000 EVs. The project is expected to employ about 1,800 people during construction, and provide 360 full-time jobs once the mine is operational. The loan will have a 24-year term, with interest rates based on the U.S. Treasury rate as each tranche is drawn. "This essential loan helps us reduce dependence on foreign suppliers and secure America's energy future," said Lithium Americas CEO Jon Evans. The mine's cost had been increased from a previous estimate of $2.27 billion to nearly $2.93 billion due to higher engineering costs, an agreement to use union labor, and the company's decision to build a housing facility for workers and their families in the remote region.

Australia risks losing top spot in global steel supply chain, Fortescue says
Australia risks losing its dominant position in the global iron ore market if it does not move swiftly to produce green iron, and would do well to learn lessons from the near wipe-out of its nickel industry, Fortescue CEO Dino Otranto said.
Australia is the world's biggest supplier of seaborne iron ore, accounting for around half of global supply. But the Pilbara grades dug up from the country's west are generally regarded as too low to be turned into steel without using coal.
That means as steel makers decarbonise, they are turning elsewhere for iron ore, which could hit Australia's top export earner, Otranto said at the IMARC conference in Sydney.
"The message is, take the opportunity," he said on the sidelines of the conference. "We have an abundance of solar and wind... so the logical next step is to get into downstream industries."
Competition is growing from new green steel projects - made without the use of fossil fuels - in the Middle East, while Guinea's giant Simandou iron ore mine is set to start up next year, he said. "That's a high-grade deposit going straight into the steel mills in China," he said of Simandou. "Let's not sit here with our head in the sand thinking it's not going to happen again." Australia had the opportunity to help build Indonesia's nickel industry but did not anticipate China's speed and technical innovation, and its domestic industry suffered as a result. "The

Chinese ... built the biggest nickel industry the world has ever seen and ... took out an entire market sector in four years," he said, referring to the transformation of Indonesia's nickel industry into the world's dominant supplier, driven by Chinese stainless steel giant Tsingshan. That flood of supply has hammered nickel producers around the globe, including in New Caledonia and Australia. Otranto said a similar scenario could play out in Australia's iron ore industry which, along with the Australian government, was underplaying the threat to the sector and that government and industry need to collaborate to lower power costs in particular.
"We have to bring in Chinese manufacturing of solar panels and wind turbines, because they're doing it better than anyone else," he said. Automating robots for installation would cut labour costs to help make green iron production economic, he said. The world needs Australia's iron ore to sustain steel production so answers must be found. "We cannot lose the opportunity to place the 600 to 700 million tons of iron ore that Australia ships out," he said. "So we have to work unbelievably hard, even harder than we're doing now." The world's fourth largest iron ore miner, Fortescue will use green hydrogen from solar farms at its Christmas Creek operations to start producing 2,000 tons per year of green iron using hydrogen next year. On Monday, Brazilian miner Vale, the world's second biggest iron ore producer, said it had partnered with China's Jinnan Steel Group to build an iron ore beneficiation plant in Oman to make high quality pellet.

Top News - Carbon & Power

COLUMN-US dispatchable clean power output hit by hydro slump: Maguire

An enduring drought across much of the western United States has caused a drop in U.S. hydro power generation to a 23-year low so far in 2024, data from the U.S. Energy Information Administration (EIA) shows.
The fall in hydro generation has been somewhat overshadowed by the climb in output from renewable sources, which have helped lift total U.S. clean power production to new highs this year.
However, reduced generation from hydro dams has limited the volume of clean power that can be dispatched on command, and has meant that power suppliers have had to deploy record volumes of natural gas balance system demand requirements.
Hydro dams, nuclear plants and geothermal sites are the main sources of so-called clean dispatchable power, or power that can be rapidly throttled up and down to balance system needs.
Natural gas and coal-fired plants are also dispatchable power sources, and are used by grid operators whenever clean power sources are not sufficient to meet system requirements.
The drop in power supplies from hydro dams has come just as U.S. power demand has climbed from higher energy use by data centres, businesses and homes, and has left utilities needing to boost fossil-fired output to keep up with consumption.

MARKET MONITOR as of 07:42 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$67.69 / bbl	0.46%	-5.53%
NYMEX RBOB Gasoline	$1.93 / gallon	0.22%	-8.37%
ICE Gas Oil	$641.75 / tonne	-0.43%	-14.52%
NYMEX Natural Gas	$2.26 / mmBtu	-1.95%	-9.94%
Spot Gold	$2,753.62 / ounce	0.42%	33.50%
TRPC coal API 2 / Dec, 24	$124 / tonne	0.10%	27.84%
Carbon ECX EUA	€66.82 / tonne	0.63%	-16.86%
Dutch gas day-ahead (Pre. close)	€42.15 / Mwh	-1.82%	32.34%
CBOT Corn	$4.26 / bushel	0.35%	-11.93%
CBOT Wheat	$5.80 / bushel	0.04%	-9.34%
Malaysia Palm Oil (3M)	RM4,561 / tonne	0.71%	22.57%
Index	**Close 28 Oct**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	331.34	-2.41%	9.93%
Rogers International	27.51	-2.45%	4.50%
U.S. Stocks - Dow	42,387.57	0.65%	12.47%
U.S. Dollar Index	104.31	-0.01%	2.94%
U.S. Bond Index (DJ)	440.60	-0.07%	2.29%

The vital role that dispatchable power sources play in U.S. grid systems means that further drops in hydro output could trigger greater use of fossil fuels by power suppliers, even as they roll out record volumes of renewable energy supplies.

OUT WEST

Total U.S. hydro production over the first eight months of 2024 was 171,046 thousand megawatt hours (MWh) of power, EIA data shows. That total was 3% down from the same months in 2023 and the lowest for that period since 2001.

Roughly half of all U.S. hydro power production is concentrated in just three western states: California, Oregon and Washington, according to the EIA.

Washington has the largest hydro footprint, and generated 42,143 MWh through August, while California generated just under 24,000 MWh and Oregon produced 17,750 MWh.

Collective output was down 3% in line with national output.

An enduring multi-year drought across the Western U.S. has been the main driver behind the drop in hydro generation.

Changes in the patterns of water use in certain basins have also played a role in depleting reservoirs, with greater water consumption by residences and industry also leading to lower water levels for electric dams.

DECLINING SHARE

Reduced hydro production has led to a fall in the share of hydro power within the U.S. electricity generation mix.

From January through September, hydro power accounted for a record low share of 5.2% of total electricity production, according to energy think tank Ember.

That compares to an average share of 6.5% for the same period from 2015 through 2023.

Nuclear-powered electricity output has climbed by 1.3% so far this year.

But overall electricity consumption has climbed by roughly double that amount, which has meant that nuclear power's share of the electricity generation mix has declined to 17.6%, and the lowest since at least 2015.

Rapidly rising output from wind and solar farms have helped to plug some of the overall clean power supply gap left by lower hydro output.

Solar power generated 7.1% of U.S. electricity from January through September, while wind farms supplied 10%.

But with hydro generation declining and nuclear production gaining only slightly on the year, the total volume of dispatchable clean power has failed to keep up with system demand growth so far this year.

That's left grid operators needing to deploy volumes of natural gas to plug system supply shortfalls, even with ongoing efforts to boost clean generation capacity.

And if the ongoing drought gets worse across the Western U.S., further drops to clean dispatchable power can be expected and will trigger even greater use of fossil fuels to balance system needs.

The opinions expressed here are those of the author, a columnist for Reuters.

LNG shipping rates tumble to multi-year lows as new vessels come online

Liquefied natural gas shipping rates have hit multi-year lows and may extend losses going into 2025, analysts and shipping sources said, with new tankers being added at a faster rate than LNG production is rising and spot demand still tepid.

New LNG tankers, built in anticipation of rising U.S. exports after a plunge in Russian gas supplies to Europe in 2022, are coming online earlier than liquefaction projects, which have been delayed amid inflation from strong wage growth and a shortage of skilled labour and equipment.

With more ships expected to come, freight rates for LNG tankers may remain depressed until late 2025 when new production starts up, said Samuel Good, head of LNG pricing at commodity pricing agency Argus.

"Some liquefaction capacity delays, mainly in the U.S., have helped cause this mismatch between fleet growth and LNG supply growth," he said.

LNG freight rates for the Atlantic and Pacific basins fell on Friday to $20,750 and $36,750 per day respectively, according to pricing agency Spark Commodities.

The rates are down 87% in the Atlantic and 78% in the Pacific from year-ago levels, and are the weakest for that period since at least 2019.

There is no arbitrage opportunity between the U.S. and northeast Asia via the Cape of Good Hope for the next 12 months, according to Spark Commodities, making it more profitable for U.S. cargoes to be delivered to northwest Europe.

"With the market signalling U.S. cargoes to Europe, Asia will have to source more of its LNG locally, resulting in many LNG vessels in both the Atlantic and Pacific largely remaining within basin," said analyst Qasim Afghan.

"This lower ton mileage and hence higher vessel availability, when combined with a large number of newbuildings entering the market, create some of the major factors causing LNG freight rates to plummet in recent months."

There were around 45 newbuild deliveries so far this year up to early October, according to Argus' Good, with at least as many scheduled in the next six months, pending delays to deliveries.

"We don't see this pace of additions slowing significantly until mid-2026," he added. A shipbroker estimated that nearly 70 new ships this year will be added to the global fleet of close to 800 vessels, with more coming next year.

He declined to be identified as he was not authorised to speak to the media.

Tepid demand for LNG in Europe and Asia has also weakened the call for vessels for delivery of the fuel, the shipbroker said, with European storage largely already full ahead of winter.

There is no economic incentive for traders to store LNG on vessels in the absence of a contango structure where prices are higher in future months, they added.

"Using vessels as floating storage results in fewer vessels in the market... But this time we are not seeing that opportunity at all."

Top News - Dry Freight

Grain handlers go on strike at Australian exporter GrainCorp

Some grain handlers at GrainCorp, one of Australia's largest exporters of wheat and other crops, began industrial action, threatening to disrupt the harvest just as it ramps up.

Australia is one of the world's biggest shippers of agricultural products. Harvesting of wheat, barley and canola is entering full swing and will continue into January.

The Australian Workers' Union (AWU) said GrainCorp handlers in New South Wales - one of the country's biggest growing regions - would conduct impromptu hour-long strikes over the next 30 days with as little as 10 minutes warning. "We'll be taking action at peak work periods, if a train comes in, if trucks line up," said AWU official Tony Callinan. GrainCorp has the largest grain storage and distribution network on Australia's east coast and in some areas farmers have no nearby alternative grain handler. Callinan said around 200 workers were taking part in the stoppages. GrainCorp said fewer than 100 had voted in the strike ballot and it had more than 1,000 grain handlers in New South Wales including casual staff. "Our teams are monitoring the situation and working to ensure harvest activity can continue at our sites," Jess Simons, the company's head of corporate affairs, said. Callinan said recent pay rises were far below the rate of inflation during a period of healthy company profits and the union wants a three-year deal boosting pay by 6% in the first year, 5% in the second and 4% in the third. GrainCorp said it had offered 6% in the first year, 5% in the second and 3% in the third. The strikes do not yet threaten grain supply but are a headache for farmers. "Growers are working within an extremely tight time frame and they need all hands on deck," said Justin Everitt, a grower and board member at industry group NSW Farmers. "Strikes at receival sites will certainly come at a cost to farmers," he said.

"There will be large, random delays to when they can deliver and unload grain, which will only increase freight costs and add to the stress and fatigue of harvest."

Indonesia considers importing 1 million tons of rice from India next year, minister says

Indonesia is looking into options for importing 1 million tons of rice from India next year, coordinating minister for food affairs Zulkifli Hasan said.

Indonesia's rice output is estimated to fall 2.43% this year to 30.34 million metric tons, due to a delay in planting and harvest season amid longer dry weather in 2023, the statistics bureau said earlier this month.

Indonesia's rice imports have jumped in the past two tears, reaching over 3 million metric tons each year.

The Southeast Asian country aims to import up to 3.6 million tons of rice this year. It also plans to open between 750,000 hectares and 1 million hectares (2.47 million acres) of new rice fields in 2025 to achieve President Prabowo Subianto's target of food self-reliance.

Picture of the Day

Visitors navigate one of the world's largest corn mazes at Cool Patch Pumpkins in Dixon, California, U.S. October 24. REUTERS/ Fred Greaves

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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

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