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Top News - Oil

Biden calls on oil, gas companies to stop 'war profiteering,' threatens windfall tax

U.S. President Joe Biden on Monday called on oil and gas companies to use their record profits to lower costs for Americans and increase production, or pay a higher tax rate, as he battles high pump prices with elections coming in a week.

In remarks at the White House, Biden criticized major oil companies who are bringing in big profits while Americans, weary of inflation, pay a tidy sum to fill up their cars.

The oil industry "has not met its commitment to invest in America and support the American people," he said. They're not just making a "fair return" he said, they're making "profits so high it is hard to believe," Biden said. "Their profits are a windfall of war," he said, of the conflict that is ravaging Ukraine, and they have a responsibility to act.

"I think it's outrageous," he said. If they passed those profits on to consumers, gasoline prices would be down about 50 cents, he said.

"If they don't, they're going to pay a higher tax on their excess profits, and face other restrictions," he said. The White House will work with Congress to look at these options and others. "It's time for these companies to stop war profiteering."

Biden said oil and gas companies should invest their profits in lowering costs for Americans and increasing production and that if they do not, he will urge Congress to consider requiring oil companies to pay tax penalties and face other restrictions.

The president held the event with a week to go until Americans decide whether his Democrats will remain in control of the U.S. Congress. Republicans are favored to take command of the House of Representatives, while the Senate is viewed as a toss-up.

Global energy giants including Exxon Mobil Corp and Chevron Corp posted another round of huge quarterly profits, benefiting from surging natural gas and fuel prices that have boosted inflation around the world and led to fresh calls to further tax the sector.

Whether Democrats or Republicans take control of Congress, passing a law taxing energy companies for excess profits would likely be difficult, energy experts believe.

The White House for months has been considering congressional proposals that could tax oil and gas producers' profits as consumers struggling with higher energy prices.

British lawmakers in July approved a 25% windfall tax on oil and gas producers in the British North Sea that was expected to raise 5 billion pounds ($5.95 billion) in one year to help people struggling with soaring energy bills.

OPEC raises long-term oil demand view, calls for investment

OPEC raised its forecasts for world oil demand in the medium and longer-term in an annual outlook released on Monday and said $12.1 trillion of investment is needed to meet this demand despite the energy transition.

The view from the Organization of the Petroleum Exporting Countries, in its 2022 World Oil Outlook, contrasts with that of other forecasters which see oil demand reaching a plateau before 2030 due to the rise of renewable energy and electric cars.

Another decade of oil demand growth would be a boost for OPEC, whose 13 members depend on oil income.

The group has been arguing that oil should be part of the energy transition and that focus by investors on economic, social and governance (ESG) issues has worsened an investment shortfall.

"The overall investment number for the oil sector is $12.1 trillion out to 2045," OPEC Secretary General Haitham Al Ghais wrote in the foreword to the report, which said the figure was up from last year's estimate.

"However, chronic underinvestment into the global oil industry in recent years, due to industry downturns, the COVID-19 pandemic, as well as policies centred on ending financing in fossil fuel projects, is a major cause of concern."

OPEC made a shift in 2020 when the pandemic hit demand, saying it would eventually slow after years of predicting ever-increasing consumption. In the report, OPEC maintained its view that world demand will plateau after 2035.

The International Energy Agency on Thursday for the first time in its history of modelling said demand for all fossil fuels was set to peak, with oil demand levelling off in the middle of the next decade.

ENERGY SECURITY DEMAND BOOST

The report said world oil demand will reach 103 million barrels per day in 2023, up 2.7 million bpd from 2022. The 2023 total demand is up 1.4 million bpd from last year's prediction.

OPEC also raised its demand forecasts for the medium term to 2027, saying the figure is up by almost 2 million bpd by the end of the period from last year. It said the upward revision reflects a more robust recovery now seen in 2022 and 2023 and a "strong focus on energy security issues" leading to a slower substitution of oil by other fuels such as natural gas, whose price has soared due to Russia's invasion of Ukraine.

By 2030, OPEC sees world demand averaging 108.3 million bpd, up from 2021, and lifted its 2045 figure to 109.8 million bpd from 108.2 million bpd in 2021. The group had lowered the 2045 projection over the last few years.

OPEC and its allies, known as OPEC+, are again cutting supply to support the market. The report sees supply restraint continuing in the medium term, with OPEC output in 2027 lower than in 2022 as non-OPEC supply grows.

Still, OPEC is upbeat about its later prospects, seeing its market share rising. U.S. tight crude supply is seen peaking after the late 2020s, rather than around 2030 last year. "Oil is expected to remain the number one fuel in the global primary energy mix," the report said.

Top News - Agriculture

U.N. Black Sea grain pact under threat as Russia quits

Grain was flowing out of Ukraine at a record pace on Monday under an initiative led by the United Nations aimed at easing global food shortages despite Russia warning it was risky to continue after it pulled out of the pact.

Russia said on Monday that the deal was hardly feasible as it was impossible to guarantee the safety of shipping after its withdrawal over the weekend following what it said was a major Ukrainian drone attack on its fleet in Crimea.

Other participants, however, were pressing ahead with the deal while France said it was talking to other European Union states about how to boost Ukraine grain exports via land routes.

Ukraine is one of the world's largest grain exporters and the conflict with Russia led to the closure of its seaports in February, driving up food prices and contributing to a steep rise in acute hunger across the globe.

The deal, signed on July 22, created a safe corridor to allow exports to resume from three Ukrainian ports and helped to ease the crisis with more than 9.5 million tonnes of corn, wheat, sunflower products, barley, rapeseed and soy exported under the pact.

U.N. aid chief Martin Griffiths said on Monday the corridor does not provide cover for military action, adding there were no ships involved in a deal were transiting it on the night of Oct. 29, when Russia says its vessels in the Bay of Sevastopol in Crimea were attacked.

A record volume of 354,500 tonnes of agricultural products was carried on vessels leaving Ukrainian ports on Monday as part of the Black Sea grain deal, a spokesperson for Odesa's military administration said.

"Civilian cargo ships can never be a military target or held hostage. The food must flow," tweeted Amir Abdullah, the U.N. official who coordinates the programme.

Russia, however, cast doubts about the future of the pact. "In conditions when Russia is talking about the impossibility of guaranteeing the safety of shipping in these areas, such a deal is hardly feasible, and it takes on a different character - much more risky, dangerous and unguaranteed," Kremlin spokesman Dmitry Peskov told reporters.

GREATER RISKS

Lloyd's of London insurer Ascot said on Monday it was pausing writing cover for new shipments using the Ukrainian grains corridor.

"From today we are pausing on quoting new shipments until we better understand the situation," Ascot head of cargo Chris McGill told Reuters. "Insurance that has already been issued still stands."

Marcus Baker, global head of marine and cargo with broker Marsh, said that the change in the risk environment over the last 48 hours was "very significant". "Given the change in circumstances it is not surprising that underwriters have taken the decision to suspend the facility until there is greater clarity," Baker said.

Turkey, which helped broker the deal, remained committed to the deal which involves the inspection of cargoes at a Joint Coordination Centre in Istanbul.

"Even if Russia behaves hesitantly because it didn't receive the same benefits, we will continue decisively our efforts to serve humanity," President Tayyip Erdogan said in a speech.

Turkish Defence Minister Hulusi Akar told his Russian counterpart Sergei Shoigu on Monday that Moscow should re-evaluate the suspension of its participation.

GRAIN PRICES CLIMB

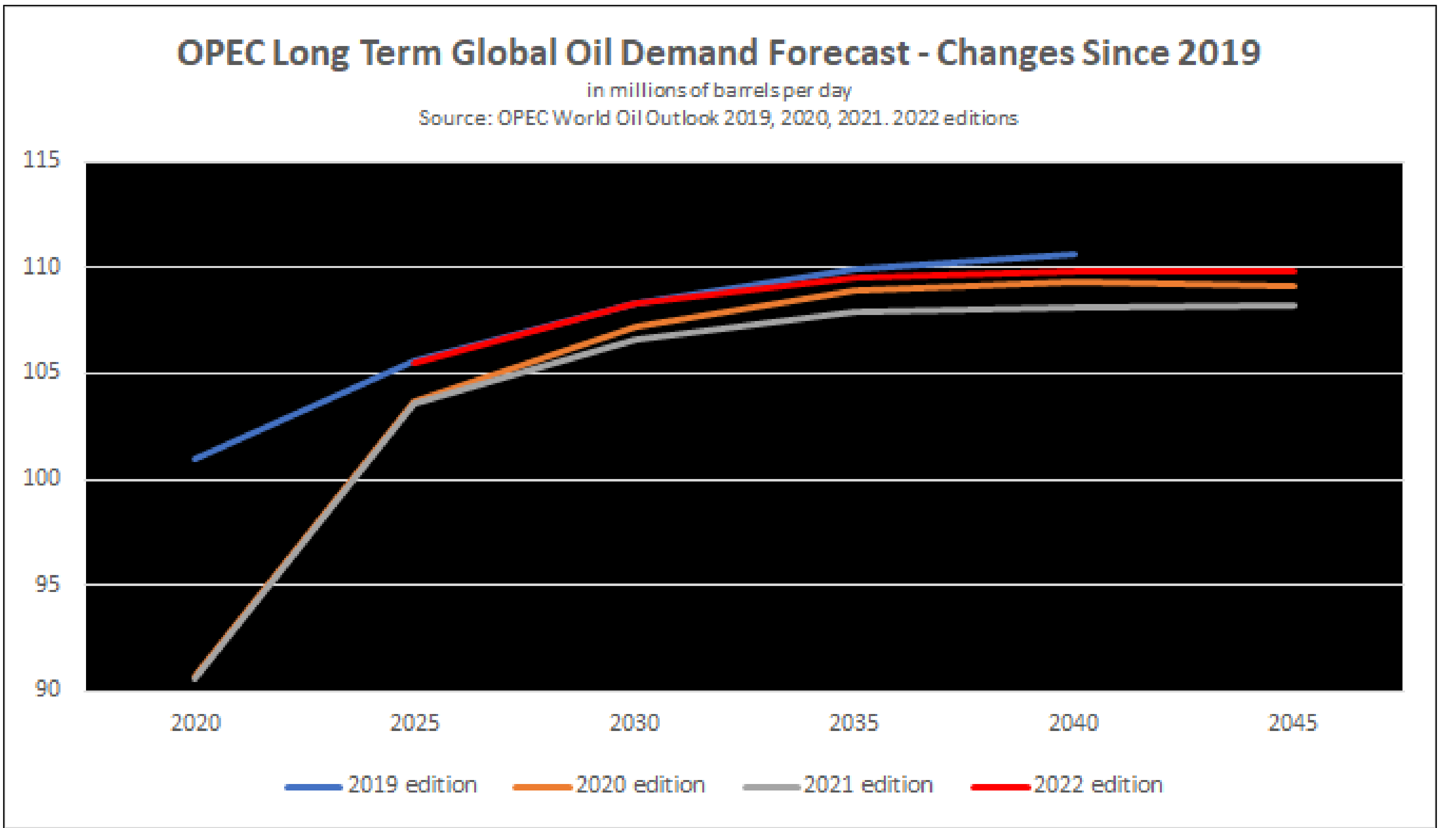
Wheat prices rose on Monday, climbing around 5% to $8.71 a bushel in Chicago, but remained far below a peak of $13.63-1/2 set in early March shortly after the conflict began.

The strong pace of wheat exports from Russia, which harvested a record crop this summer, has helped to bolster supplies on the world market.
Consultancy Sovecon on Monday estimated that Russia would export 4.5 million tonnes of wheat in October, up from 2.8 million in the same month last year.
Corn prices rose around 1% to $6.87-1/2 a bushel in Chicago on Monday while soybean oil rose more than 2% to 73.36 cents per lb.
Traders warned that hundreds of thousands of tonnes of wheat booked for delivery to Africa and the Middle East could now be at risk.
"If I have to replace a vessel which was due to come from Ukraine, what are the options? Not much really," said one Singapore-based grains trader who supplies wheat to buyers in Asia and the Middle East.
Ukraine is also a major exporter of corn and there were concerns that shipments to the European Union were at risk.
"As far as Europe is concerned, corn is a bigger issue than wheat as we are getting into peak season for Ukrainian corn in November," said one grain trader said.
Analysts warned that although global agricultural commodity prices have come off record highs in recent months, local retail food prices remain high and could now face further upside.
"Typically, it takes about two months for higher grain prices to filter through the supply chain and impact consumers at the retail level," said a Sydney-based analyst.
"But food processors do not have much forward coverage, so it is likely to be a lot quicker."

Ukraine says it will press on with Black Sea grain deal

Ukrainian President Volodymyr Zelenskiy said on Monday that his country would continue exporting grain from its Black Sea ports under a U.N. programme despite Russia's pullout because the shipments offered stability to world food markets.
He made his comments following talks with Czech Prime Minister Petr Fiala. Russia announced on Saturday that it was suspending its role in the U.N.-backed initiative that escorts cargo ships through the Black Sea.
"On our side, we are continuing with the grain initiative because we understand what we offer the world. We offer stability on the food production market," Zelenskiy told a joint news conference alongside Fiala.
Zelenskiy said he believed Russia had left the agreement despite the fact that Moscow said it had only "suspended" its participation.
"This means that it was Russia that is violating the agreement," Zelenskiy said. "Let's hope that our partners will be able to calm down Russia's rhetoric."
Russia said on Monday it was "unacceptable" for shipping to pass through a Black Sea security corridor as Ukraine

Chart of the Day



was using it to "conduct military operations against the Russian Federation".
In his comments, Zelenskiy also drew attention to a document signed with the Czech prime minister aimed at increasing cooperation to reach standards needed for Ukraine to secure membership of the North Atlantic Treaty Organisation (NATO).
Ukraine's bid to gain NATO membership has been denounced as unacceptable by Russia and was one of the key reasons cited by Moscow in justifying its invasion of its neighbour.

Top News - Metals

Record central bank buying lifts global gold demand, WGC says

Central banks bought a record 399 tonnes of gold worth around $20 billion in the third quarter of 2022, helping to lift global demand for the metal, the World Gold Council (WGC) said on Tuesday.
Demand for gold was also strong from jewellers and buyers of gold bars and coins, the WGC said in its latest quarterly report, but exchange traded funds (ETFs) storing bullion for investors shrank.
Gold is typically seen as a safe asset for times of uncertainty or turmoil, but many financial investors sold shares in gold-backed ETFs as interest rates rose and pushed up returns on other assets.
Offloading of bullion by ETFs helped push gold prices down 8% in the third quarter, but this price fall helped stimulate demand for jewellery, the WGC said.
In total, the world's gold demand amounted to 1,181 tonnes in July-September, up 28% from 922 in the same period in 2021, the WGC said.
Demand in the year to September had recovered to pre-pandemic levels, it said.
Buying by central banks in the third quarter took their purchases for the year to September to 673 tonnes, more than the total purchases in any full year since 1967, according to the WGC.
Among large buyers were the central banks of Turkey, Uzbekistan, Qatar and India.
Purchases of gold bars and coins also surged in Turkey to 46.8 tonnes in the quarter, up more than 300% year-on-year, as people bought gold to shield themselves from rampant inflation.
"Looking ahead, we anticipate central bank buying and retail investment to remain strong," said WGC analyst Louise Street.
"We also expect to see jewellery demand continue to perform strongly in some regions such as India and Southeast Asia," she said.

India's gold demand dips as inflation hits rural buyers

India's gold consumption in the months of October to December could fall by around a quarter from a year ago as inflation depresses rural demand, the World Gold Council (WGC) said on Tuesday.
The lower purchases in the world's second-biggest gold consumer could weigh on prices, which are trading near their lowest level in more than two-years.
Falling demand for gold imports could also help to narrow India's trade deficit and support the rupee.
Higher inflation is likely to curb rural demand, which was starting to recover from disruption caused by last year's COVID-19-led lockdowns, Somasundaram PR, regional chief executive officer of WGC's Indian operations, told Reuters.
India's annual inflation rate in September remained above 7% and beyond the central bank's tolerance band, raising the chances the central bank will raise rates at the next policy meeting.
Two-thirds of India's gold demand usually comes from rural areas, where jewellery is a traditional store of wealth.
In the December quarter, India's gold demand could fall to around 250 tonnes from 343.9 tonnes a year ago, Somasundaram said.
The drop could bring down India's total gold consumption in 2022 to around 750 tonnes, down 6% from last year's 797.3 tonnes, he said.
India's demand for gold rose 14% from a year ago to 191.7 tonnes in the quarter through September as festivals drove jewellery sales, the WGC said in a report published on Tuesday.
Gold smuggling, which declined in the last two years because of a lack of international flights, has gained momentum since New Delhi in July raised import duty on the precious metal.
"With the total tax of 18.5%, there is lot more propensity to smuggle," Somasundaram said.

Top News - Carbon & Power

Germany finalises details of planned gas price cap

Germany's expert gas commission on Monday presented proposals to the government for a gas price cap in Europe's biggest economy to help citizens cope with soaring energy prices and encourage companies to remain in the country and preserve jobs.

Households in the country are paying more than 2-1/2 times as much for an average annual gas contract from their supplier than a year ago - before Russia's invasion of Ukraine disrupted gas supplies and pushed prices sharply higher - data from energy price portal Check24 shows.

In its final report, the commission said Berlin should cap gas prices at 12 euro cents per kilowatt hour (kWh) for 80% of households' basic consumption from March 2023 until at least the end of April 2024.

That compares with an average price in October of 18.6 cents per kWh, according to Check24, and could save an average household with an annual consumption of 20,000 kWh around 1,056 euros per year.

The cap should also limit prices for large industrial consumers to 7 cents per kWh from Jan. 1, 2023 until the end of April 2024, the commission's 34-page report said, applied to 70% of companies' 2021 basic consumption.

The commission said firms making use of the measure should maintain existing sites in Germany and keep 90% of jobs for a year, among other conditions.

A one-off payment to households should amount to one month's gas bill and be made by Dec. 20, the commission also said.

The cabinet is scheduled to meet on Wednesday to decide on the December relief, a spokesperson for the economy ministry said.

The government is expected to adopt many of the proposals as part of a 200 billion euro package announced by Chancellor Olaf Scholz last month to ease the impact of rising prices.

Scholz on Monday said the government will decide this week on the commission's key points and the economy ministry said that while Berlin will make some technical adjustments to the proposals, it will accept the main price suggestions for firms.

The commission also proposed a fixed financial incentive for some consumers who save 20% or more of their gas consumption compared to 2021.

Direct payments and savings from a cap should be taxed as a non-cash benefit for those earning more than 72,000 euros per year, it suggested.

Those in financial hardship due to rising heating bills should receive help as soon as the beginning of next year, it also said.

"The fund can be used regardless of the type of energy source," the report read, leaving the task of defining a hardship case to the federal government.

Private households should be given at least six months to settle energy debts and landlords making advance payments for their tenants should also receive interest-free liquidity support, the commission said.

Japan gov't decides to retain stake in new Sakhalin-1 operator

Japan has decided to retain its stake in the new Russian operator of the Sakhalin-1 oil and gas project and has asked Japanese consortium members to stay to ensure the country's energy security, the industry minister said on Tuesday.

"The Sakhalin-1 is extremely important for Japan's energy security as it is a valuable source outside of the Middle East," industry minister Yasutoshi Nishimura told a news conference, citing that Japan was highly dependent on Middle East crude oil.

"Japanese government has decided to keep its stakes in the project," he said, adding he met executives of Sakhalin Oil and Gas Development Co (SODECO), a consortium of Japanese firms holding 30% stake in the formerly Exxon-led project, on Monday and urged them to consider joining the new Russian entity.

Russian President Vladimir Putin last month issued a decree to establish a new operator for the formerly Exxon Mobil-led project, authorising the Kremlin to decide whether foreign shareholders could retain stakes in Sakhalin-1. Exxon fully exited Russia after Moscow "unilaterally terminated" its interests in the project.

The Japan's move was expected as Nishimura has repeatedly said the project is important for the resource-poor country to diversify its procurement sources, and as Japanese companies have stayed in the Sakhalin-2 gas and oil project which is also under a new Russian operator.

Japan imported about 4% of oil from Russia in 2021, but it has stopped purchasing the Russian crude since June following sanctions by Western nations on Moscow after its invasion of Ukraine.

Japan's dependency on Middle Eastern crude has been rising year-on-year, with the September reliance reaching 95.6%.

India's Oil and Natural Gas Corp, another foreign shareholder, plans to take a stake in the new Russian entity managing the Sakhalin-1 as it seeks to retain a 20% share in the asset, according to sources familiar with the matter.

The Japanese government owns 50% stake in SODECO while the remaining stakes are held by private companies such as Itochu Corp, Marubeni Corp, Japan Petroleum Exploration Co and Inpex Corp.

Top News - Dry Freight

Pakistan government approves plan to buy 300,000 tonnes of Russian wheat

Pakistan's government on Monday approved a plan to buy 300,000 metric tonnes of wheat from Russia, the finance ministry said in a statement.

The country's Economic Coordination Committee, which is headed by Finance Minister Ishaq Dar, approved the plan proposed by the ministry of commerce to procure wheat from the Russian government.

The wheat was priced at $372 per tonne and will be shipped between Nov. 1 and Jan. 15, the ministry said, adding that it will be a government to government deal.

Prime Minister Shehbaz Sharif said the private sector would not be allowed to import the wheat to make it possible to get it at minimum price.

"One million tonnes of wheat has been imported, and another 1.6 million tonnes is being arranged," Sharif told an earlier news conference in Islamabad.

"We have decided not to allow the private sector to import wheat," he said, adding that the government needed to save on its depleting foreign reserves.

Standing and stored crops over millions of acres of farmland were damaged in the devastating floods caused by abnormal monsoon rains this season, which also washed away houses, bridges, roads and other infrastructure.

The floodwater will take months to dry out in southern Pakistan which might delay the cultivation of wheat and other crops for next season.

India allows rice exports backed by already issued letters of credit

India said it will allow cargoes of white and brown rice backed by letters of credit issued before Sept. 9 to be shipped overseas, a measure that provides some relief to exporters grappling with fresh government curbs.

The world's biggest exporter of rice on Sept. 8 banned exports of broken rice and imposed a 20% duty on exports of various grades as it sought to boost domestic supply and calm local prices after below-average monsoon rainfall curtailed planting.

The surprise move trapped nearly 1 million tonnes of rice at ports or which had been in transit before the government made the announcement.

"It's a big relief, which we have been asking for the last few weeks," said B.V. Krishna Rao, president of the Rice Exporters Association.

Export prices for Indian white rice have risen 12% since Sept. 9.

The government also said in its notice issued late on Monday that it would allow 600,000 tonnes of unmilled rice to be exported to Nepal, which traditionally relies on India to fulfill its food grains requirements.

India accounts for more than 40% of global rice shipments and competes with Thailand, Vietnam, Pakistan and Myanmar.

New Delhi last month allowed 397,267 tonnes of broken rice to be exported.

MARKET MONITOR as of 07:31 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$87.97 / bbl	1.66%	16.97%
NYMEX RBOB Gasoline	$2.56 / gallon	1.37%	14.89%
ICE Gas Oil	$1,093.50 / tonne	-0.61%	63.94%
NYMEX Natural Gas	$6.19 / mmBtu	-2.61%	65.92%
Spot Gold	$1,644.79 / ounce	0.71%	-10.04%
TRPC coal API 2 / Dec, 22	$232 / tonne	3.11%	88.62%
Carbon ECX EUA / Dec, 22	€79.22 / tonne	-0.94%	-1.77%
Dutch gas day-ahead (Pre. close)	€28.45 / Mwh	-15.88%	-57.22%
CBOT Corn	$6.93 / bushel	0.22%	16.81%
CBOT Wheat	$8.82 / bushel	6.39%	14.47%
Malaysia Palm Oil (3M)	RM4,260 / tonne	5.08%	-9.30%
Index (Total Return)	**Close 31 Oct**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	295.31	0.58%	19.55%
Rogers International	30.67	0.76%	31.58%
U.S. Stocks - Dow	32,732.95	-0.39%	-9.92%
U.S. Dollar Index	111.06	-0.42%	15.72%
U.S. Bond Index (DJ)	373.99	-0.52%	-20.54%

Picture of the Day

A view shows a tower flaring gas at an LNG processing plant operated by Shell and others in Bonny Island, in Rivers state, Nigeria. REUTERS/Paul Carsten

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(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

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