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Top News - Oil

US crude output reaches monthly record in August at 13.05 million bpd -EIA

U.S. field production of crude oil rose to a new monthly record in August at 13.05 million barrels per day, the Energy Information Administration said on Tuesday.
Output rose 0.7% in August from the month prior, the data showed. The previous monthly high was in November 2019, when production reached 13.0 million bpd.
The monthly high is still shy of a weekly record for U.S. oil production at 13.2 million bpd, hit in the week to Oct. 6.
Production in the world's top oil producer recovered slowly over the last three years as companies used record profits to increase dividends and buybacks rather than spending to rapidly increase drilling and production.
In Texas, the top U.S. oil-producing state, output in August rose by 0.5% to a monthly record of 5.63 million bpd, the EIA data showed.
In New Mexico and North Dakota, production rose to nearly 1.80 million bpd and 1.22 million bpd, respectively.
Gross natural gas production in the U.S. Lower 48 states rose 1.2 billion cubic feet per day (bcfd) to a record 116.3 bcfd in August from 115.0 bcfd in July, according to EIA's monthly 914 production report.
That topped the prior all-time high of 115.2 bcfd in May.
In top gas-producing states, monthly output in August rose 0.9% in Texas to a new record 34.4 bcfd and 0.5% % in Pennsylvania to 20.9 bcfd.
That topped the prior all-time high of 34.1 bcfd in Texas in July and compares with a record 21.9 bcfd in Pennsylvania in December 2021.
In demand, U.S. product supplied of crude and petroleum products rose in August to 20.88 million bpd, the highest since August 2019, EIA data showed.
Demand for motor gasoline gained to nearly 9.3 million bpd, the highest since June 2021.

OPEC oil output rises for third month, Reuters survey finds

OPEC oil output has risen for a third straight month in October, a Reuters survey found on Tuesday, led by increases in Nigeria and Angola and despite ongoing cuts by Saudi Arabia and other members of the wider OPEC+ alliance to support the market.
The Organization of the Petroleum Exporting Countries has pumped 27.90 million barrels per day (bpd), the survey found, up by 180,000 bpd from September.
Production in August had risen for the first time since February.
The steady rise in OPEC output is largely being driven by a small number of producers managing to overcome internal or external factors that have curbed supply, such as U.S. sanctions or unrest. Despite the rise in output, oil prices are finding support from conflict in the Middle East.
Nigeria boosted exports in October without any major disruption to shipments, according to shipping data and sources in the survey, increasing output by 50,000 bpd. The country is targeting a further recovery by next year.
Angola also boosted exports in October, the survey found.
Smaller increases came from Iraq and Iran. Tehran's output edged up to 3.17 million bpd, the survey found. This is the highest since 2018, the year Washington re-imposed sanctions on Iran, according to Reuters surveys and OPEC figures.
Analysts have said the higher Iranian exports appear to be the result of Iran's success in evading U.S. sanctions and Washington's discretion in enforcing them.
There was no immediate boost in Venezuela's production, sources in the survey said, following the U.S. move this month to broadly ease sanctions on the country's oil sector. OPEC+ sources expect the production recovery to be gradual.
Output from the 10 OPEC members that are subject to OPEC+ supply cut agreements rose by 150,000 bpd, the survey found. Saudi Arabia and other Gulf members maintained strong compliance with agreed cutbacks and extra voluntary reductions.
Saudi Arabia kept October and September output close to 9 million bpd, the survey found. The country in September extended a voluntary 1 million bpd output cut until the end of the year to provide extra support for the market.
OPEC's output is still undershooting the targeted amount by about 560,000 bpd, mainly because Nigeria and Angola lack the capacity to pump as much as their agreed level.
The Reuters survey aims to track supply to the market. It is based on shipping data provided by external sources, LSEG flows data, information from companies that track flows such as Petro-Logistics and Kpler, and information provided by sources at oil companies, OPEC and consultants.

Top News - Agriculture

India braces for 8% sugar output dip as cane crop suffers- trade body

India's sugar production is likely to fall 8% to 33.7 million metric tons in the 2023/24 marketing year, which starts on Oct. 1, a leading trade body said on Tuesday, as lower rainfall in key producing states could dent yields.

Lower sugar production could lead the world's second-largest producer of sweetener to refrain from allocating export quotas and support global prices that are trading near multi-year highs.

"Sugar production for 2023/24 without considering diversion towards ethanol has been estimated at around 33.7 million tons, against 36.6 tons estimated for 2022/23," the Indian Sugar Mills Association (ISMA) said in a statement.

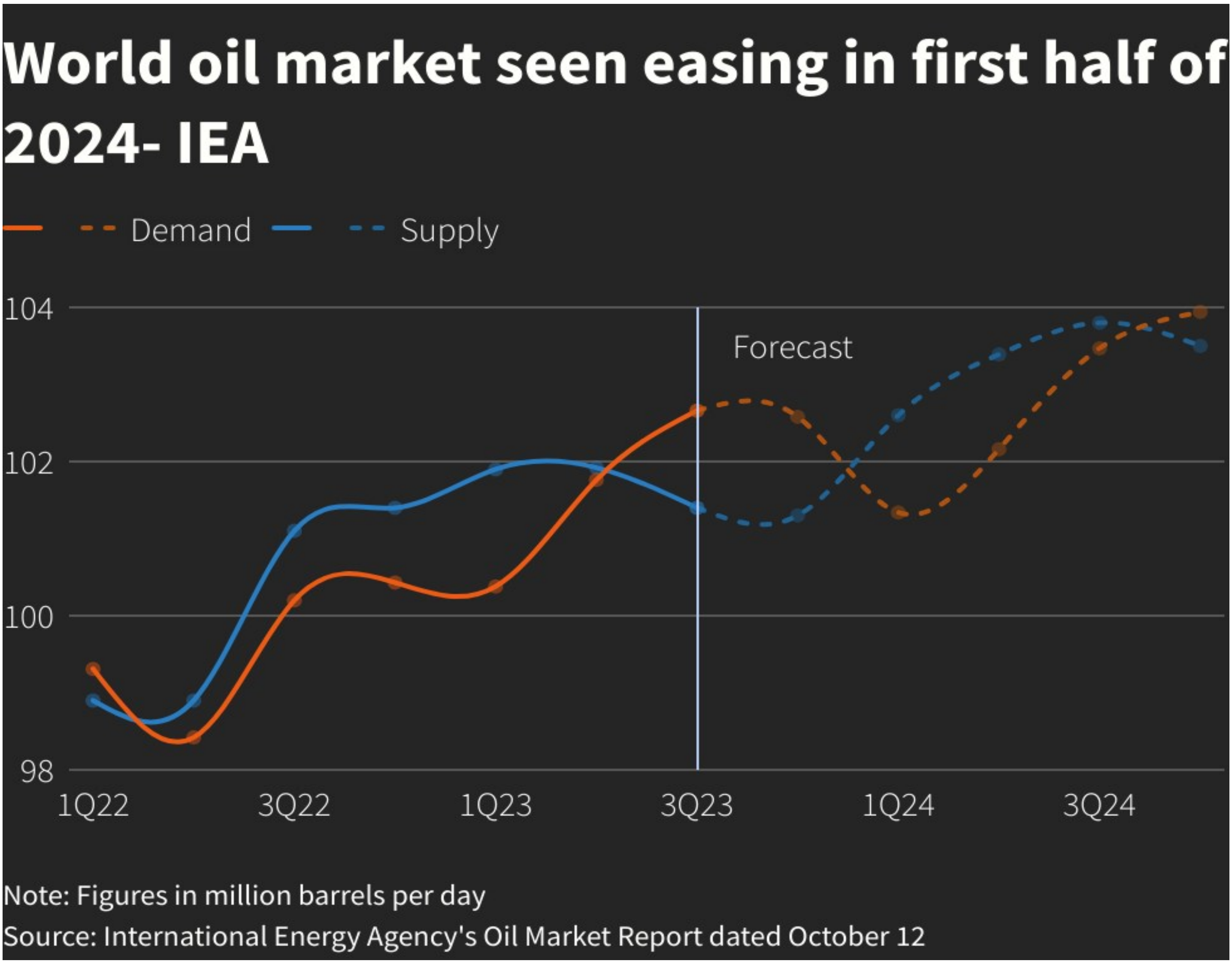
In August, ISMA had forecast sugar production of 36.2 million tons in the current season.

The trade body did not provide an estimate for net sugar production after the diversion of sucrose for ethanol production, but it stated that the output would exceed the country's annual consumption of 27.85 million tons.

The diversion of sugar towards ethanol will be estimated only after the government declares the annual ethanol procurement price, the ISMA said.

Sugar mills diverted 4.1 million tons of sugar for ethanol production in the last marketing year and the similar allocation could bring down the new season's output to 29.6 million tons, said a Mumbai-based dealer with a global trade house.

Chart of the Day



"The impact of the dry weather in Maharashtra and Karnataka is quite evident now. There won't be enough surplus for exports, and the government is unlikely to allocate export quotas," the dealer said.
Government sources told Reuters in August that the South Asian country would ban mills from exporting sugar in the season beginning in October, halting shipments for the first time in seven years, as a lack of rain had cut cane yields.
In the last season that ended on Sept. 30, India allowed mills to export only 6.2 million metric tons of sugar, after permitting them to sell a record 11.1 million tonnes in 2021/22.
India earlier this month extended its restriction on sugar exports beyond October.

BrasilAgro has mixed progress planting soy in top grower Mato Grosso

Brazilian listed farm group BrasilAgro has advanced soy planting in some parts of Mato Grosso state but has seen slower progress in others due to irregular rains, an executive said on Tuesday.
The company has managed to sow 90% of its soy fields at the Jataí farm, in the northeast of Brazil's biggest grain state. But in towns like Querencia, in the east, and Comodoro, closer to the western border with Rondonia state, the work has not advanced as quickly, according to management.
BrasilAgro's planting speed disparities highlight how the El Nino weather pattern, which has brought dry weather to Brazil's north and extremely wet conditions in the south, has disrupted sowing work and may continue to do so.
"All forecasts show rainfall slightly below normal in the first 15 days of November," said BrasilAgro's Operations Director Wender Vinhadelli.
The company cultivates around 30,000 hectares (74,131 acres) of soybeans in Mato Grosso, with Jataí accounting for a total of 12,690 hectares.
Average yields at Jataí are expected to reach 62 60-kilo bags per hectare this harvest, helping BrasilAgro reach its goal of producing 248,470 metric tons of soybeans in the 2023/24 harvest, Vinhadelli said.
If confirmed, that would mark a 21% increase for BrasilAgro's output compared to last season.
Given hotter and drier weather at this time in the season, farmers who planted their beans early may have to re-do the work in Mato Grosso, Vinhadelli said.
But this is not the case with BrasilAgro, he noted, adding the company's soy area grew by 14% this year from the last.
Despite the effects of El Nino, most forecasters expect Brazil, the world's biggest soy supplier, will reap a record between and million metric tons of the oilseed in the 2023/24 cycle.

Top News - Metals

China's Yunnan begins aluminium production cuts as dry season begins

Chinese aluminium smelters in southwestern Yunnan province started cutting a total of 1.15 million metric tons of capacity this week, to comply with curbs expected to last until April, a smelter manager and two analysts said.
The curb, issued by China Southern Power Grid on Oct. 30, asked local producers to cut their production by between 9% and 40% of capacity, according to Li Lin, aluminium director at AZ Consulting.
Yunnan, with around 5.7 million tons of capacity, is the fourth biggest aluminium producing region in China and accounts for around 12% of the country's total capacity.
Aluminium capacity has been growing in the region in recent years, benefiting from cheap hydropower, but water shortages are now taking their toll of the total output.
The smelters cut their production last September and only resumed in late June.
Smelters are expected to complete the latest production cuts by Nov. 5, which would reduce 1.15 million metric tons capacity, Li said.
China Southern Power Grid was not immediately reachable for comments.
Major aluminium producers located in Yunnan include Yunnan Aluminium, China Hongqiao Group and Yunnan Shenhuo Aluminium and Qiya Group.
A manager at one of the producers told Reuters they had started to cut production on Wednesday and that the curb would last until the rainy season begins next year.
The person declined to be named because they were not authorised to speak to the media.
A person from the chairman's office at Henan Shenhuo Coal & Power, the parent company of Yunnan Shenhuo, told Reuters on Wednesday operations in Yunnan were running normally.
The other companies did not respond to requests for comment.
Yunnan's dry season typically runs from November to April.

COLUMN-Mining faces gulf between ambition and reality on energy transition, China: Russell

Mining companies in the West are facing two overarching challenges in trying to produce enough metals to enable the energy transition, and at the same time build alternative supply chains to lessen their dependence on China.

The problem is that there is a vast gulf between the scale of the ambition and the reality of what's actually happening, and what's likely to happen in the next few years.

This gap was the hidden theme at this week's International Mining and Resources Conference (IMARC) in Sydney, the industry's largest gathering in Asia that brings together miners, investors and government policymakers.

There is little doubt that Australia is a country well-placed to play a major role in supplying many of the metals vital to the energy transition.

It is already the world's largest producer of lithium and iron ore, the key raw material for steel.

It is also a top supplier of copper, nickel and zinc and has proven reserves of other critical minerals such as cobalt and rare earths.

The challenge is developing the resources, building new mines and perhaps developing downstream processing, rather than merely exporting ores as has happened in the past.

The previous models for developing mines appear no longer effective, and even if some projects do progress, they are nowhere near enough to provide enough material for the energy transition.

In the past junior miners raised equity capital, conducted exploration and proved up a resource. At this point they could try and raise more capital, seek big-pocketed partners or hope that a large mining company would buy them out.

While this happens to some extent, the story at IMARC is largely one of dozens of small mining companies seeking financing, and most ending up with little to show for it.

Raising equity capital is hard given the absence of deep pools of retail investor funds and the reluctance of institutional investors to fund risky, long-term projects.

The major miners have pulled back on acquisitions in recent years, preferring to run operations leanly and return cash to shareholders, and if they do invest it's largely been brownfield expansions of existing operations.

LIMITING CHINA

The irony is that in seeking cash to try and reduce reliance on China's dominant role in the energy transition supply chains, the mining industry in the West has been exposed as lacking capital and motivation to invest.

Michael Willoughby, global head of metals, mining and transition materials at HSBC, told a forum at IMARC that there is capital available for mining, but it's located in developing countries such as China, Indonesia and Saudi Arabia.

These countries also tend to have governments that are prepared to offer deeper support, such as 1% loans and tax holidays for mining and processing investments, Willoughby said.

Australia's federal government last week doubled its funding for critical minerals to A$4 billion ($2.52 billion), but this is largely viewed as a small amount by the industry.

To put the funding in perspective, a junior mining company seeking to develop a cobalt mine in New South Wales will need about A$1 billion to build and commission a mine.

If the government were to fund that project, it would take a quarter of the total money available and deliver a relatively small volume of just one of the metals deemed vital to the energy transition.

Even the U.S. Inflation Reduction Act, which offers around $369 billion in support to de-carbonise the economy, is unlikely to be enough to build an entire supply chain for critical minerals that lessens dependence on China.

It's likely that Western governments will have to increase support to develop new mines and processing industries, as well as reform policies so that private capital is encouraged to invest.

In addition governments will have to improve on the time taken to approve new mines, while juggling the need to ensure that they are as environmentally friendly as possible.

But if Western countries and companies are serious about building new mines and processing facilities and reducing their reliance on China, the total bill is likely to be measured in trillions of dollars, rather than the billions currently being committed.

At the same time, Western countries are attempting to move from fossil fuels in electricity generation and transportation to renewable alternatives such as hydrogen, solar, wind and battery storage.

Once again, these supply chains are dominated by China, and once again reducing dependence is possible, but costly.

What's not being talked about is how all the new mines, mineral processing and renewable energy equipment is going to be funded.

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

Top News - Carbon & Power

US offshore wind writedowns seen soaring with Orsted earnings

European energy companies, including Denmark's Orsted, will likely write down more of their U.S. offshore wind investments this week after BP and Equinor booked $840 million in impairments in recent days.

Orsted, the world's largest offshore wind developer, said in August it may see impairments of $2.3 billion on its U.S. offshore developments due to supply chain problems, soaring interest rates and a lack of new tax credits.

Orsted, which was not immediately available for comment, will post its third quarter earnings on Wednesday.

Soaring costs from rising inflation, interest rate hikes and supply chain delays have cast doubt on plans by U.S. President Joe Biden and several states to use offshore wind to replace fossil fuels in energy production and reduce carbon emissions.

Analysts said Orsted has already warned it will write down at least 5 billion Danish crowns and noted that those impairments could reach as much as 16 billion Danish crowns if interest rates in the U.S. are above a certain level.

"You could say it looks pretty certain that they (Orsted) won't be able to stick to the 5 billion" Danish crowns in impairments, Jacob Pedersen, senior analyst at Sydbank, a Danish bank, told Reuters.

On Tuesday, energy major BP wrote down $540 million in the third quarter on wind projects after officials in New York state rejected a request for better terms to reflect what BP referred to as "inflationary pressures and permitting delays."

Norway's Equinor, BP's partner on those New York offshore wind developments, booked a $300 million impairment on the projects on Friday.

BP paid Equinor $1.1 billion in 2020 for a 50% stake in the venture to develop the Empire and Beacon wind projects off New York, which have a combined capacity of 3,300 megawatts (MW), capable of powering about 2 million homes.

Analysts said BP, Equinor and Orsted will likely cancel some contracts to sell power in New York, like other offshore wind developers have already done in Massachusetts and Connecticut.

Orsted has a contract to sell power in New York from its 924-MW Sunrise Wind project off Rhode Island and Massachusetts.

In Massachusetts, two offshore wind developers, SouthCoast Wind and Commonwealth Wind, agreed to pay local utilities to terminate deals that would have delivered around 2,400 MW of energy.

SouthCoast is owned by units of Shell, which will report earnings on Thursday, and Ocean Winds.

Ocean Winds is owned by units of Portuguese energy company EDP Energias de Portugal majority-owned EDP Renovaveis and France's ENGIE.

Commonwealth is a unit of Avangrid, which is majority owned by Spanish energy company Iberdrola.

Avangrid also canceled a contract to sell power in Connecticut from its proposed 804-MW Park City offshore wind farm.

"Avangrid only lost our guarantees of $48 (million) and $16 million before taxes to terminate the respective contracts for Commonwealth Wind and Park City Wind - before making material investments in the projects," a spokesperson from Avangrid said in an emailed statement.

Avangrid avoided billions in write-offs and preserved the significant value of its lease areas, the spokesperson said, adding the company still expects to deliver the first power from its Vineyard Wind 1 project in 2023.

US climate envoy demands 'public responsibility' from fossil fuel firms

Fossil fuel companies must face up to their responsibilities to cut the CO2 emissions fuelling climate change, the U.S. Climate Envoy John Kerry said on Tuesday, as countries prepared to debate the future of fossil fuels at this year's U.N. COP28 climate summit.

The oil and gas industry is expected to be in focus at the COP28 summit from Nov. 30 to Dec. 12 in the United Arab Emirates, a major oil producer. Dozens of countries plan to push for the world's first deal to phase out CO2-emitting coal, oil and gas.

Kerry, U.S. special envoy on climate change, said the onus was on fossil fuel companies to prove they can be part of global efforts to cut CO2 emissions.

"My message to the oil and gas companies is very simple. There's only one reason that we're in this crisis and it is principally the way we provide our energy," Kerry told Reuters.

"We are demanding public responsibility. And we are looking at those companies and feeling that they could do so much to help us win this battle."

The United Arab Emirates' incoming COP28 President Sultan Al Jaber - who is also the head of the country's state oil firm ADNOC - has defended the inclusion of industry in the event, and is asking oil and gas firms to make CO2-cutting pledges there.

Major oil and gas companies have touted investments in carbon removal and carbon capture and storage technologies as part of their net-zero emissions plans, as well as some renewable energy and hydrogen. Yet some

like Shell and BP have rolled back their commitments in recent months even as they reported record earnings.
Daniel Westlén, Sweden's state secretary for climate, told Reuters that while U.N. climate negotiations are strictly between governments, fossil fuel companies must also be involved.
"Replacing 80% of the primary energy in the world with something else - it's like replacing the blood veins and vessels when the patient is up and running. It's going to be hard to do it without them," he said.
"You need a plan, to plan ahead. And most probably that plan has to involve the fossil fuel companies somehow - but the end goal is phasing out the fossil fuels," he added.
Kerry said oil and gas' company investments in nascent technologies like direct air capture and carbon capture in storage is welcome but it is too early to say whether it will have any impact on global greenhouse gas emissions.
"Their investment is crucial, but we don't know yet whether it's a fig leaf or not. There are a lot of questions about whether or not they can ever produce at scale. That's yet to be tested," he said.
Jennifer Morgan, Germany's special envoy for climate action, said credible oil company plans must address greenhouse gas emissions from operations as well as their use by consumers. Morgan said the companies also must eliminate methane emissions and ramp up spending on renewable energy.
"They need to be shifting their investments because ... it's something around 5% right now that's going into renewables ... and it needs to be more around 50%," she told Reuters.

Top News - Dry Freight

Panama canal says will slash booking slots due to drought

The Panama Canal, one of the world's main maritime trade routes, will further reduce daily ship crossings in the coming months due to a severe drought, the authorities managing the canal said late on Monday, increasing shipping costs.
Booking slots will be cut to 25 per day starting Nov. 3 from an already reduced 31 per day, the Panama Canal Authority (ACP) said in a client advisory, and will be gradually reduced further over the next three months to 18 slots from Feb. 1.
In recent months, the ACP has imposed various passage restrictions to conserve scarce water, including cutting vessel draft and daily passage authorizations.
Water levels in Gatun Lake, the rainfall-fed principal reservoir that floats ships through the Panama Canal's lock system, have "continued to decline to unprecedented levels for this time of year," the ACP said.
"The recorded precipitation for October has been the lowest on record since 1950 (41% below), and so far, 2023 ranks as the second driest year for the same period," the authority said.
A naturally occurring El Nino climate pattern associated with warmer-than-usual water in the central and eastern tropical Pacific Ocean is contributing to Panama's drought.
The late arrival of this year's rains and the lack of precipitation in the Canal watershed had forced the canal authority to reduce average daily transit capacity slightly to 32 vessels per day since July 30.
The existing restrictions have resulted in long delays, with tens of vessels waiting to transit the canal.
An analyst note from the U.S. Energy Information Administration stressed that delays at the canal "have pushed shipping rates higher elsewhere by decreasing the globally available number of vessels."
It also said delays for some gas transporters were at record highs in Panama, pushing up the cost of shipping liquefied gas from the U.S.

Brazil's Paranagua port berth to resume ops on Nov. 4 - shipping agent

Shipping agent Cargonave said on Tuesday Berth 201 on the West Corridor of Brazil's Paranagua port would tentatively resume operations on Saturday, according to a note to clients citing information received from the local port authority.
Previously, Cargonave had said operations would resume on Thursday, a decision that the port authority "revoked", according to an updated statement from the shipping agent.
The port authority declined to give a specific date for resumption of operations at the berth, which were disrupted by a fire on a conveyor belt over the weekend.
In a statement, the port authority reiterated Berth 201 was operating "using direct loading and unloading mode", which means moving products including fertilizers, cereals and general cargo "without the use of belts and shiploaders".
The automated boarding system should be normalized "in the coming days", it said.
The authority added two ships that were scheduled for Berth 201 had been redirected to another berth at Paranagua, while another eight vessels were expected to move to Berth 201 via a terminal operated by Bunge.
The U.S. grain trader did not have an immediate comment.
Paranagua is a key hub for exports of grains and sugar, as well as for imports of fertilizer.

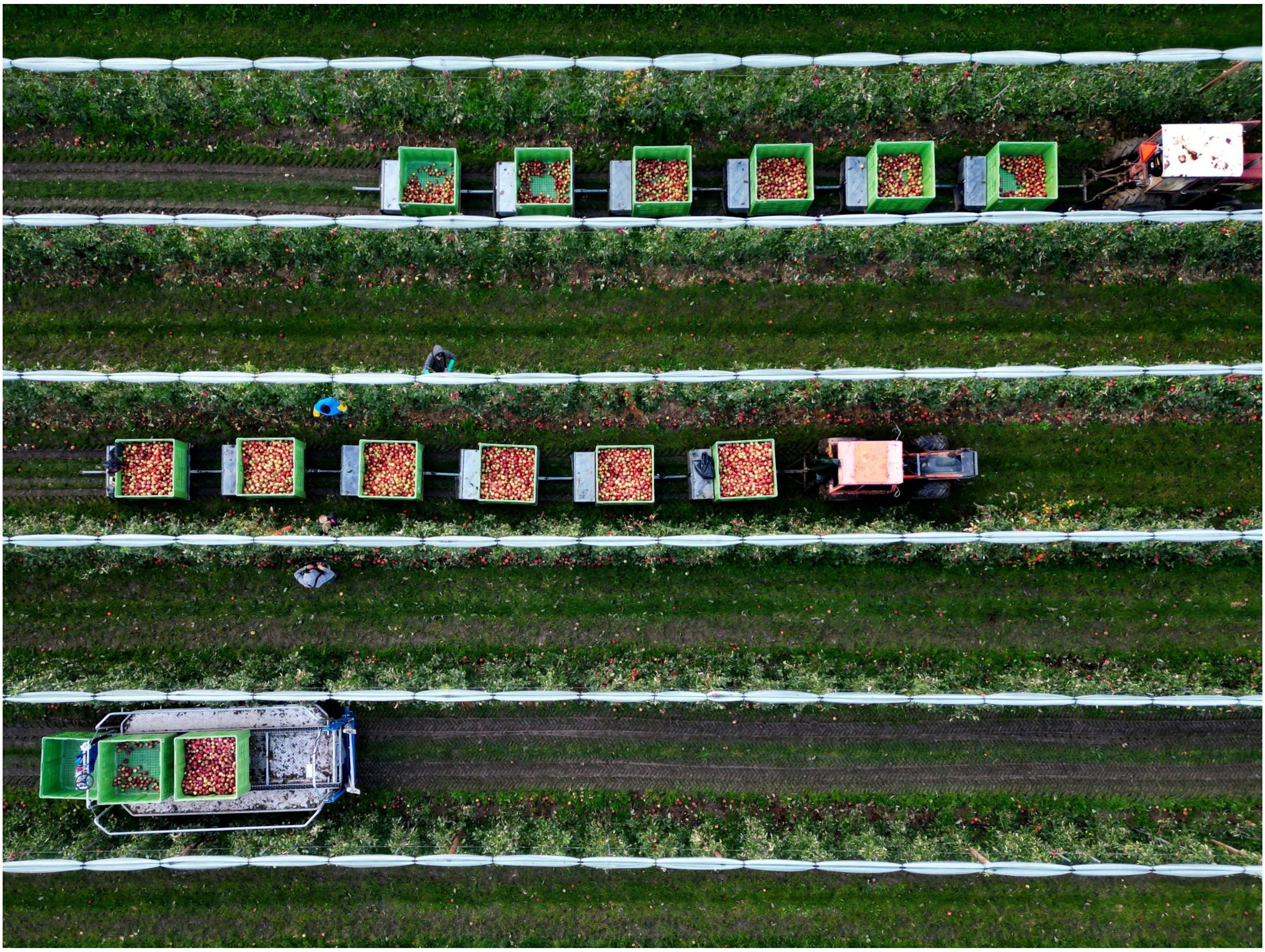
The fire at the berth added to logistics problems in Brazil, where waiting times to load grains or sugar shipments have surpassed 40 days in the busiest terminals amid record or near record corn, soy and sugar crops at the start of the rainy season.
Since the fire, Cargill has redirected three vessels to the port's East Corridor, Cargonave said in a note.

Cargill said the fire at one third-party terminal used by the company at Paranagua had not seriously damaged cargo stored there.
Loading of an unspecified cargo that was underway at the time of the fire could be completed safely, Cargill said, declining to comment further.

MARKET MONITOR as of 07:30 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$81.49 / bbl	0.58%	1.53%
NYMEX RBOB Gasoline	$2.22 / gallon	0.16%	-10.39%
ICE Gas Oil	$878.75 / tonne	-0.42%	-4.59%
NYMEX Natural Gas	$3.57 / mmBtu	-0.28%	-20.34%
Spot Gold	$1,977.12 / ounce	-0.28%	8.37%
TRPC coal API 2 / Dec, 23	$120 / tonne	-2.83%	-35.05%
Carbon ECX EUA / Dec, 23	€78.98 / tonne	-0.09%	-5.94%
Dutch gas day-ahead (Pre. close)	€40.67 / Mwh	-15.27%	-46.18%
CBOT Corn	$4.94 / bushel	0.25%	-27.10%
CBOT Wheat	$5.88 / bushel	0.38%	-26.73%
Malaysia Palm Oil (3M)	RM3,721 / tonne	1.14%	-10.85%
Index (Total Return)	**Close 31 Oct**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	318.42	0.15%	5.67%
Rogers International	28.86	0.31%	0.66%
U.S. Stocks - Dow	33,052.87	0.38%	-0.28%
U.S. Dollar Index	107	0.51%	3.03%
U.S. Bond Index (DJ)	384.56	-0.16%	-1.86%

Picture of the Day



Apples are picked at an apple grower in Dreumel, Netherlands October 31. REUTERS/Piroschka van de Wouw

(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

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

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