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Top News - Oil

OPEC oil output slips in October after cut pledge - Reuters survey

OPEC oil output fell in October for the first time since June on lower exports from African members and lower output from some Gulf producers after the wider OPEC+ alliance pledged a small output cut, a Reuters survey found on Wednesday.

The Organization of the Petroleum Exporting Countries (OPEC)pumped 29.71 million barrels per day (bpd) last month, the survey found, down 20,000 bpd from September which was the highest output since April 2020.

OPEC and its allies, known as OPEC+, have been boosting output for most of the year to unwind cuts made in 2020.

For October, with oil prices weakening amid concern of recession, the group shifted back to trimming output and later decided on a larger reduction.

Their decision for October called for a 100,000 bpd cut in the group's output target, of which about 64,000 bpd was meant to come from the 10 participating OPEC countries.

WELL BELOW TARGET

OPEC lowered output by less than this with a reduction of 20,000 bpd, the survey found, but is still pumping far less than called for due to falling production capacity in some countries.

Output from the 10 OPEC members covered by the agreement fell 1.36 million bpd below their October target after a 1.32 million bpd shortfall reported for September.

In October, Angola and Nigeria posted the largest declines in output, reflecting lower exports, the survey found. Nigeria still shipped less crude even after the restart of exports from a key terminal, Forcados.

The United Arab Emirates and Kuwait made small cuts as called for under the deal. Top exporter Saudi Arabia kept output flat, the survey found, pumping a shade below its quota.

Output in Iraq, OPEC's second-largest producer, posted the group's largest increase of 50,000 bpd according to the survey.

The Reuters survey aims to track supply to the market. It is based on shipping data provided by external sources, Refinitiv Eikon flows data, information from tanker trackers such as Petro-Logistics, and information provided by sources at oil companies, OPEC and consultants.

Venezuela's October oil exports tumble on weaker production

Falling production knocked Venezuela's October oil exports to the fourth lowest monthly average this year, according to vessel monitoring data and documents from state-run oil firm PDVSA.

Oil production and exports by PDVSA and its joint ventures have fluctuated this year due to outages, a lack of sustained investment and a shrinking pool of partners willing to continue operating in the U.S-sanctioned South American nation.

The fall has been partially offset by rising exports of oil byproducts and petrochemicals, including petroleum coke and methanol, which are providing needed cash to PDVSA and other state-owned companies.

In October, a total of 25 cargoes departed Venezuelan waters carrying an average 533,968 bpd of crude and products, according to Refinitiv Eikon tanker tracking data and PDVSA's internal exports reports.

This marks a 25% decline from September and a 23% fall versus October a year-ago, according to the data.

Venezuela reported to the Organization of the Petroleum Exporting Countries a 57,000-bpd fall in its crude output in September to 666,000 bpd, the second lowest monthly figure this year. Last December, PDVSA celebrated hitting 1 million bpd of oil output, but the increase was short-lived.

More recently, stocks of PDVSA's most popular exportable grades have shrunk. The firm reported low inventories of its flagship Merey 16 export grade, which fell to less than 1 million barrels at month's end, and an overproduction of the less popular diluted crude oil (DCO).

Most oil cargoes shipped in October headed to Asian destinations, mainly Malaysia and China, through intermediaries.

Another 52,000 bpd of crude, fuel oil, diesel and jet fuel were sent to political ally Cuba, which is struggling to meet domestic fuel demand amid increased consumption and insufficient imports after a large fire damaged its main oil terminal in August.

Also in October, Venezuela discharged most imported crude and condensate that arrived from Iran in September as part of a key oil swap between state energy companies from both nations. A 1.9-million-barrel cargo of Venezuelan heavy crude was shipped last month as partial payment for the imports.

Top News - Agriculture

Ukraine grain export deal resumes days after Russia suspends involvement

Russia has said it would resume its participation in a deal freeing up grain exports from Ukraine, reversing a decision that world leaders warned would increase hunger globally.

Russia, whose forces invaded Ukraine on Feb. 24, announced the reversal on Wednesday after Turkey and the United Nations helped keep Ukrainian grain flowing for several days without a Russian role in inspections.

The defence ministry justified the resumption by saying it had received guarantees from Ukraine that it would not use the Black Sea grain corridor for military operations against Russia.

"The Russian Federation considers that the guarantees received at the moment appear sufficient, and resumes the implementation of the agreement," the ministry said in a statement.

Ukrainian President Volodymyr Zelenskiy said it was important to stand up to "crazy Russian aggression that destabilises international trade".

"After eight months of Russia's so-called special operation, the Kremlin is demanding security guarantees from Ukraine," Zelenskiy said in his nightly video address. "This is truly a remarkable statement. It shows just what a failure the Russian aggression has been and just how strong we all are when we maintain our unity."

The grain deal, originally reached three months ago, had helped alleviate a global food crisis by lifting a de facto Russian blockade on Ukraine, one of the world's biggest grain suppliers. The prospect of it collapsing this week revived fears of a worsening food crisis and rising prices.

The prices of wheat, soybeans, corn and rapeseed fell sharply on global markets after Russia's announcement.

SHAKY

Andrey Sizov, head of the Russia-focused Sovecon agriculture consultancy, said Moscow's decision was "quite an unexpected turnaround" but the deal remained shaky given uncertainty about whether it would be extended past its Nov. 19 expiry.

A European diplomat briefed on the grain talks said Russian President Vladimir Putin was likely to use the need for an extension as a way to gain leverage and dominate a Nov. 13-16 G20 summit in Indonesia.

Zelenskiy credited Turkey and the United Nations for making it possible for ships to continue moving out of Ukrainian ports with cargoes after Russia suspended participation on Saturday.

In an interview with Turkish broadcaster ATV, Turkish President Tayyip Erdogan said he and Zelenskiy discussed sending grain to African countries. Putin had earlier proposed sending grain to countries such as Djibouti, Somalia and Sudan first, where it is badly needed.

The July 22 grains deal aimed to help avert famine in poor countries by injecting more wheat, sunflower oil and fertilizer into world markets.

Russia suspended its involvement in the deal saying it could not guarantee safety for civilian ships crossing the Black Sea after an attack on its fleet. Ukraine and Western countries called that a false pretext for "blackmail", using threats to the global food supply.

KHERSON COUNTER-OFFENSIVE

Ukrainian forces have recently wrested back territory in the east and south, and Russia has sought to slow their momentum with stepped up missile and drone strikes targeting the energy grid.

On Wednesday, authorities in the region of the capital, Kyiv, began emergency shutdowns of the power-generating system after a spike in consumption, the regional administration said.

The shutdowns were necessary to "avoid major accidents with power equipment", authorities said in a statement, after Russian attacks badly damaged the grid.

Russia has said it targeted infrastructure as part of what it calls its "special military operation" to degrade the Ukrainian military and remove what it says is a potential threat against Russia's security.

As a result, Ukrainian civilians have endured power cuts and reduced water supplies in recent weeks. Russia denies targeting civilians, though the conflict has killed thousands, displaced millions and left some Ukrainian cities in ruins.

In the southern Kherson region, where Ukrainian forces are proceeding slowly with a counter-offensive against Russian occupying forces, Russian-installed authorities were proceeding with a drive to persuade residents to evacuate, the Ukrainian military said.

Residents who had collaborated with occupying forces were leaving and some departing medical staff had taken equipment from hospitals, it said.

Residents of the town of Nova Zburivka had been given three days to leave and were told that evacuation would be obligatory from Nov. 5.

Russian authorities have repeatedly said that Ukraine could be preparing to attack the massive Kakhovka dam and flood the region. Kyiv denies that.

"Obviously, we are afraid of this. That is why we are leaving," resident Pavel Ryazskiy, who was evacuated to Crimea, said of the possibility the dam could be destroyed.
Reuters was not able to verify the battlefield reports.
In Washington on Wednesday the United States said it had information that indicated North Korea is covertly supplying Russia with a "significant" number of artillery shells

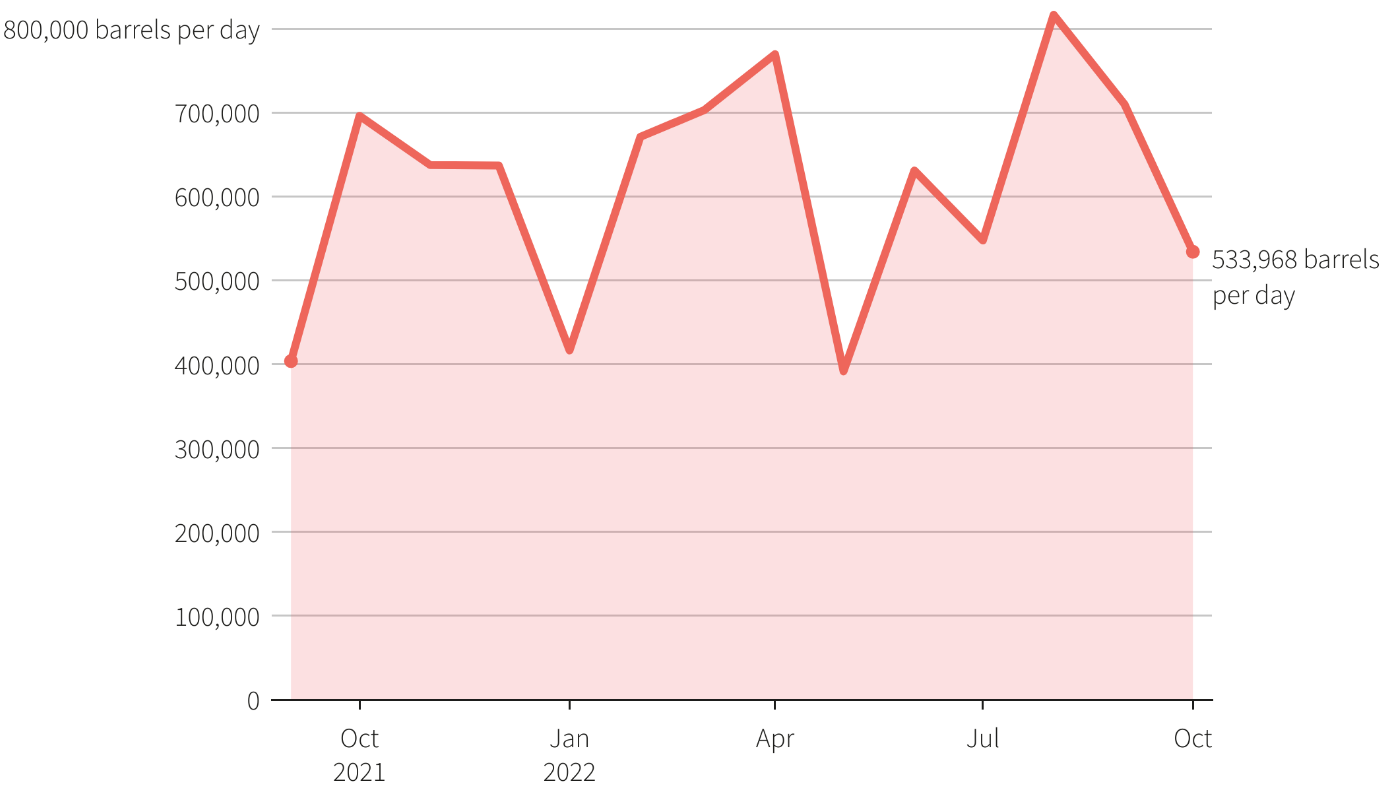
Brazil moves closer to China corn exports as Beijing approves traders

Chinese customs updated its list of approved Brazilian corn exporters on Wednesday, a move a Brazilian agriculture official said could jumpstart sales of corn to the world's second-largest economy.
The approvals could reshape global trade flows and result in fewer sales for farmers in the United States, the world's top corn supplier. China relied on the United States and Ukraine for most of its corn supplies but Russia's invasion of Ukraine has disrupted exports.
"It is a good alternative for Brazil, having (more) markets to send products to," said Glauco Bertoldo, an inspections director for vegetable products at Brazil's agriculture ministry.
He said in an interview the list of approved Brazilian facilities that can export corn to China may be updated to include more units in coming weeks.
The new list on the website of China's General Administration of Customs included 136 corn export facilities, including facilities owned by Archer-Daniels-Midland Co, , Bunge Ltd, Cargill, Louis Dreyfus Company and Cofco International.
Cofco declined to comment. Other exporters did not immediately respond to requests for comment.
Once China starts buying corn from Brazil, traditional Brazilian corn importers such as Spain and Egypt could shift some of their purchases to the United States.

Chart of the Day

Venezuelan oil exports fell in Oct over low production

Declining crude output and insufficient inventories of the country's flagship exportable grade Merey 16 knocked down Venezuela's oil exports in October to the fourth-lowest monthly average so far this year.



Source: PDVSA's loading schedules, tanker tracking data, Refinitiv Eikon

"There will probably be some horse trading. But China is going to end up buying more corn from South America and less from the United States," said Craig Turner, a grain broker with StoneX.
Small Chinese imports from Brazil may begin soon, but larger shipments are not expected until the next harvest begins in early 2023, he added.
Beijing and Brasilia had signed a protocol for exporting corn from Brazil to China in 2014 but little trade had happened due to complex inspection requirements.
The countries agreed to a revised protocol during talks in May, just months after Russia invaded Ukraine.
China customs also published a list of 14 Brazilian facilities approved to export soymeal to the country, including those owned by Bunge Ltd and Olam, according to a document posted on customs website.
Olam did not immediately respond to a request for comment.
Demand for soymeal however is expected to be limited, given China's large domestic production capacity, said traders and analysts.
China is expected to import 18 million tonnes of corn in the 2022/23 crop year that began in October, according to the agriculture ministry.
China's imports from Ukraine have dwindled to less than 2,000 tonnes in September this year, leaving it reliant on the U.S. for the bulk of its overseas supplies.

Top News - Metals

BHP sees Australia benefiting from EV metals push in U.S., Europe

Australia is set to benefit from the growing interest in environmentally sustainable mining and minerals needed for decarbonisation, the chief of BHP Group's nickel operations said.
The U.S. Inflation Reduction Act passed in August, which allows for significant tax credits in the processing of battery cells, and the European Commission's Battery Recycling initiative are examples of governments' greater focus on electric vehicle (EV) minerals such as lithium, nickel and copper, according to Jessica Farrell, Asset President for BHP Nickel West.
"Australian companies are well placed to be a partner of choice, recognising our efforts to address these ethical and environmental concerns, and Australia is a favoured jurisdiction from which to source commodities," Farrell said in a speech at an international mining conference in Sydney on Thursday.
The U.S. Inflation Reduction Act links EV tax credits to minerals extracted domestically or from 20 allies, including Australia.
Several American firms, from mining to automobiles, have looked to collaborate with Australian nickel and lithium miners since the act was passed.
BHP, through its Nickel West unit, has the second largest nickel sulphide resource base globally, and has plans to increase its spending on nickel exploration over the next two years.
Nickel West has signed supply agreements with car manufacturers including Tesla, Toyota and Ford.
Electrification of autos is gathering pace and BHP expects around 60% of all car sales to be electric by 2030 and about 90% of them to be electric by 2040, Farrell said.
BHP anticipated demand for nickel in the next 30 years would be 200% to 300% that of the previous 30 years.
BHP wants to see Australia mandate all new cars to be electric by 2035 and provide infrastructure for this policy, Farrell said.
"In Australia, Canberra was the first jurisdiction to mandate that all new cars must be electric by 2035, and with significant incentives. A decision we hope other states will replicate and, more importantly, support the infrastructure needed for its success," she said.

Australia asks miners to back referendum on Indigenous rights

Australia on Thursday urged its multi-billion dollar mining industry to support the government's plans for a referendum to give the country's Indigenous people a voice in parliament.
Prime Minister Anthony Albanese's Labor government is seeking a referendum, required to alter the constitution, on recognising Indigenous people in the constitution and requiring consultation with them on decisions that affect their lives.
The proposal to enshrine an Indigenous voice in parliament was a pledge Albanese's Labor party took to the May general election where it ended almost a decade of conservative Liberal-National coalition government.
"This voice will provide a means for First Nations people to more directly put forward their views to parliament on issues that directly affect them such as the mining and cultural heritage protection," Australian Resources Minister Madeleine King said at an international mining conference in Sydney.
"I urge the resources sector to play a positive and energetic role in ensuring voice campaign is a success. After all, First Nations people of Australia were the first to inherit the extraordinary natural endowment this continent and the resources sector owes First Nations people so very much."

Australia's constitution does not refer to the country's Indigenous people, despite generations of protests by the first nations people for recognition of the injustices they suffered since European colonisation in the 1700s.
A successful referendum would bring Australia in line with Canada, New Zealand and the United States in formally recognising indigenous populations.
Australia's resources sector accounts for about 10% of the country's gross domestic product and the mining sector directly employs about quarter of a million people, King said in her speech.
More than 60% of Australia's resources projects operate on land covered by a claim or determination for the rights and interests to First Nations traditional owners.
Indigenous rights and sustainable growth are major themes at the mining conference in Sydney, attended by more than 7,500 people from the mining and energy sector, including global giants like BHP Group and Shell.
The comments at the forum come as thousands of Australians held vigils across the country this week to mark the death of 15-year-old Indigenous boy Cassius Turvey, who died after allegedly being attacked while walking after school in a north-eastern Perth suburb.

Top News - Carbon & Power

EXCLUSIVE-Italy pushes to weaken fossil fuel financing pledge – sources
Italy is attempting to weaken a pledge 10 European governments intend to make on Thursday to stop export credit support for fossil fuel projects, according to draft documents and sources familiar with the matter.
The pressure from Italy comes as delegates from nearly 200 countries prepare for a United Nations climate change summit next week in Egypt, where world leaders will attempt to agree tougher action to tackle global warming.
A group of ministers plan to make a joint statement on Thursday committing to end public trade and export finance support for overseas fossil fuel projects by the end of 2022.
Export credit support can include insurance, loans and loan guarantees to help domestic companies sell goods and undertake projects abroad.
The countries, which together make up the "Export Finance for Future" group, are Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Spain, Sweden and Britain.
Those countries all made a broader pledge to end public funding for overseas fossil fuels at last year's U.N. climate summit, and are now at various stages of translating it into firm policies - against a backdrop of an energy crisis after Russia slashed gas flows to Europe, which has sent governments racing to buy non-Russian gas.
A draft of the governments' statement, seen by Reuters, said they would agree to end new direct official trade and export finance support for "exploration, production, transportation, storage, refining, distribution of coal, crude oil, natural gas, and unabated power generation".
Three sources familiar with the discussions told Reuters Italy had asked to remove the list specifying which fossil fuel activities would lose such support.
The sources said Italy also wanted to cut part of the statement which said any exceptions to the fossil finance ban must comply with climate science and an International Energy Agency report from 2021. That report said no new fossil fuel extraction projects can be developed if the world is to limit global warming to 1.5 Celsius above pre-industrial levels.
"Italy objects that there is no consistency between the objective of achieving strategic autonomy from Russia and the impossibility of financing the necessary infrastructure," an official briefed on Rome's position told Reuters.
Italy's export credit agency SACE declined to comment.
As countries attempt to balance fighting climate change with their short-term response to the energy crisis, some - including Germany - have suggested new investments in gas fields are needed.
Countries are still negotiating the draft statement, which could change before it is published on Thursday.
An internal email from the German government, seen by Reuters, confirmed that one country opposed this section of the draft statement, without specifying which country.
Germany's economy ministry declined to comment.
An Export Finance for Future report in May said the 10 countries involved had committed 29.8 billion euros ($29.50 billion) in export credit support for fossil fuel projects from 2015-2020.
Italy was the biggest backer of fossil fuels within the group, committing 8.4 billion euros in the period - with downstream oil and gas projects and gas-fuelled power plants among the projects.

French government aims to cut red tape for new nuclear reactors
France has drafted legislation to streamline bureaucracy for administrative permits needed to build new nuclear power plants, as it aims to double down on its nuclear and renewable energy facilities amid a global energy crunch.
"This draft law responds to the urgency of the crisis," government spokesman Olivier Veran said after a cabinet meeting that adopted the draft bill on Wednesday.

Veran said the bill, due to be submitted to the National Assembly in late December or early January, would not "in any way water down our requirements in terms of respect for the environment or of safety of nuclear infrastructures"

President Emmanuel Macron has put nuclear power at the heart of his country's drive for carbon neutrality by 2050, with plans to build at least six new reactors.

An energy ministry official said in September the aim was to start construction of the first next generation EPR2 reactor at Penly in Normandy before the end of the presidential term, before May 2027, with commercial operations at that reactor startng from 2035-37.

Ministry officials reiterated that timetable on Wednesday.

France's nuclear fleet has come under scrutiny, with a wave of repairs at power stations forcing a record number of reactors offline and sending nuclear power production to a 30-year low, exacerbating Europe's energy crisis.

"The goal is that administrative authorisations are delivered within delays that allow us to meet the construction timetable of the EPR (European Pressurized Reactors)," Energy Minister Agnes Pannier-Runacher told Les Echos newspaper.

"It is a draft law to ease administrative authorisations on nuclear reactors that will be built near existing nuclear plants," she said, adding this concerned administrative issues, not the decisions to build the plants.

When asked how much time could be saved thanks to the draft law, Veran said that one must think "in terms of years".

Energy giant EDF plans to construct the reactors on three existing sites: two at Penly, in the Seine-Maritime administrative department, two at Gravelines, in northern France, and two in either Bugey, eastern France, or Tricastin, in southern France.

The government estimates the six new reactors will cost 51.7 billion euros ($51.2 billion).

Greenpeace said that the government was alrady committing to nuclear newbuild before any democratic debate was held about the issue and said that giving nuclear and renewables the same priority level was misleading and dangerous.

"Nuclear generates waste that will remain radioactive for tens of thousands of years and the nuclear plans are vulnerable to climate as well as to geopolitical crisis, as is evident in Ukraine," it said.

Top News - Dry Freight

Ukraine grain exports down near 32% so far this season, ministry says

Ukraine's grain exports are down year on year in the 2022/23 season so far to almost 13.4 million tonnes from 19.7 million tonnes at the same date a season earlier, the agriculture ministry data showed on Wednesday.

The country's grain exports have slumped since Russia invaded in February, with the closing off of its Black Sea ports driving up global food prices and prompting fears of shortages in Africa and the Middle East.

Three Black Sea ports were unblocked at the end of July under a deal between Moscow and Kyiv, brokered by the United Nations and Turkey. The shipments are continuing despite Russia's decision to suspend its participation in the agreement.

Ministry data showed that exports so far in the July 2022 to June 2023 season included 5.1 million tonnes of wheat, 7.1 million tonnes of corn and 1.1 million tonnes of barley.

The government has said that Ukraine could harvest between 50 million and 52 million tonnes of grain this year, down from a record 86 million tonnes in 2021, because of the loss of land to Russian forces and lower yields.

India aims to end urea imports from 2025; pegs FY23 fertilisers subsidy at $27.2 bln

India aims to end imports of urea from 2025 as the nation boosts its local production capacity with the commissioning of new plants, fertilisers minister Mansukh Mandaviya said on Wednesday.

India, the top importer of urea, imports about 30% of its average 35 million tonnes of annual consumption of the crop nutrient.

"We are aiming for ending our dependence on imported urea by 2025... our five new plants will be commissioned by then," Mansukh Mandaviya told reporters.

Plants at Gorakhpur in northern state of Uttar Pradesh, Ramagundam in southern Telangana, and at Talcher, Barauni and Sindri in eastern India, would together produce 6.5 million tonnes of urea every year.

Production of indigenous local urea containing nanoparticles of the crop nutrient, also known as nano urea, would rise to 5 million tonnes by 2025, he said, adding Prime Minister Narendra Modi will inaugurate the Ramagundam plant on Nov. 12.

India now imports urea from a number of countries, including Oman, Qatar, Saudi Arabia and United Arab Emirates.

Asia's third largest economy needs crop nutrients to feed its huge agriculture sector which employs about 60% of

the country's workforce and accounts for 15% of nearly $3 trillion economy.
Mandaviya said due to higher global prices India's fertiliser subsidy bill for the fiscal year to March 31, 2023, would rise to a record 2.25 trillion Indian rupees ($27.21 billion) from previous year's about 1.5 trillion rupees.
Urea accounts for about 70% of India's overall fertiliser subsidy.
The government also provides a fixed amount of financial support to companies for selling other fertilisers at lower rates to help farmers.
On Wednesday, India approved the second tranche of 518.75 billion rupee subsidy for phosphatic and potassic fertilisers for the second half of this fiscal year.

MARKET MONITOR as of 07:31 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$89.05 / bbl	-1.06%	18.40%
NYMEX RBOB Gasoline	$2.69 / gallon	-0.15%	20.85%
ICE Gas Oil	$1,052.50 / tonne	-0.17%	57.80%
NYMEX Natural Gas	$6.07 / mmBtu	-3.22%	62.63%
Spot Gold	$1,630.34 / ounce	-0.28%	-10.83%
TRPC coal API 2 / Dec, 22	$232 / tonne	3.11%	88.62%
Carbon ECX EUA / Dec, 22	€75.74 / tonne	-1.25%	-6.09%
Dutch gas day-ahead (Pre. close)	€42.50 / Mwh	102.38%	-36.09%
CBOT Corn	$6.83 / bushel	-0.65%	15.13%
CBOT Wheat	$8.46 / bushel	-6.26%	9.76%
Malaysia Palm Oil (3M)	RM4,406 / tonne	0.18%	-6.20%
Index (Total Return)	**Close 02 Nov**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	302.42	1.58%	22.43%
Rogers International	31.48	0.66%	35.06%
U.S. Stocks - Dow	32,147.76	-1.55%	-11.53%
U.S. Dollar Index	112.35	0.90%	17.07%
U.S. Bond Index (DJ)	375.73	0.03%	-20.42%

Picture of the Day

A processing plant can be seen at the Fortescue Metals Group (FMG) Christmas Creek iron ore mine located south of Port Hedland in the Pilbara region of Western Australia. REUTERS/Jim Regan

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(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

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