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Top News - Oil

China's Oct crude oil imports jump on last yr; fresh quotas, Golden Week demand help

China imported 13.52% more crude oil in October from a year earlier, data showed on Tuesday, as refiners stepped up purchases using fresh import quotas and as domestic fuel demand expanded during the Golden Week holiday.
Crude oil arrivals last month into China totalled 48.97 million metric tons, or 11.53 million barrels per day (bpd), according to the General Administration of Customs, up marginally compared with 11.13 million bpd in September.
Year-to-date imports by the world's largest oil buyer amounted to 473.22 million tons, or 11.36 million bpd, an increase of 14.4% from a year earlier.
"October imports inched up m-o-m and extended y-o-y gains, with the OPEC share rebounding," said Emma Li, a China oil markets analyst at Vortexa in Singapore.
Domestic consumption of gasoline and aviation fuel received a strong boost during the eight-day Golden Week holiday when travellers made 826 million trips within mainland China, up 71.3% from a year earlier and 4.1% higher than the pre-pandemic year of 2019.
The release of a fourth batch of crude oil import quotas, as well as healthy refining margins through the third quarter, spurred cargo arrivals.
"China has experienced a large-scale crude stock build from March to August this year, based on lower oil prices. With the rising prices, China's crude imports pace has slowed down, implying the possibility of a stock draw in the coming months" said Lin Ye, an analyst at Rystad Energy in Beijing.
Tuesday's data showed refined fuel exports at 5.17 million tons, down from September's 5.44 million tons but up 16.07% compared to 4.46 million tons a year ago.
For the first 10 months, exports - including diesel, gasoline, kerosene and marine fuel - were up 33.2% on the year at 53.09 million tons, as state-run refiners ramped up crude oil processing to cash in on profitable export business.
Overseas fuel sales from top state refiner Sinopec, for instance, soared nearly 30% year-on-year during the first three quarters.
Despite the imminent arrival of the winter heating season, China's natural gas imports, comprising both liquefied natural gas (LNG) and piped gas, fell to the lowest level since February at 8.79 million tons.
China's LNG imports in October were at the lowest level since April at 5.44 million tons, tanker tracking data from Kpler indicated.
However, total year-to-date natural gas imports amounted to 96.51 million tons, up 8.8% from the corresponding period in 2022, the customs data showed.
Thanks to recovering industrial activities and overall lower gas prices versus last year, China's apparent natural gas demand grew 7% during the first nine months from a year earlier to 289 billion cubic meters, the state planner said last week.

EXCLUSIVE-Venezuela taps oilfield firms to boost output after sanction easing

Venezuela's state-owned PDVSA is in talks with local and foreign oilfield firms to hire equipment and services that would allow it to revive depressed output, sources close to the meetings said, after the U.S. relaxed sanctions on the country.
The U.S. Treasury Department in October authorized for six months the production and export of Venezuelan crude, gas and fuel, the procurement of goods and services, new investments and payments to PDVSA with few limitations on business partners.
The general license authorizing those activities is subject to compliance with a key electoral pact between President Nicolas Maduro's government and the opposition that outlines the path to a presidential election in 2024.
Washington has said it could reverse the measures if the agreement does not come to fruition.
Venezuela only has one active drilling rig left from more than 80 units that were operational in 2014, Baker Hughes' figures show, which experts say creates big obstacles to rapidly expanding production.
As risks of a non-renewal of the license increase amid a fray over the opposition's presidential primary, PDVSA's priority is to find oil service companies that can reactivate rigs stored in Venezuela or that are idle due to lack of parts, the sources said.
U.S. oil firm Chevron will also require at least two drilling rigs of up to 1,500 horsepower next year for a U.S.-approved drilling campaign aimed at boosting its joint venture's production to about 200,000 barrels per day (bpd).
The government shared plans to restart drilling after five years of inactivity even before the sanctions relaxation.
PDVSA wants to revive 27,966 wells - mostly located at Venezuela's oldest production region in Zulia state - that could add 1.7 million barrels per day (bpd), according to a July presentation by oil minister and PDVSA CEO Pedro Tellechea.

However, the spectacular increase from this year's output of 780,000 bpd could take up to a decade of hard work and sustained investment by PDVSA and partners, according to experts.
Among companies that have inactive equipment in Venezuela are firms SLB, Nabors Industries and Evertson International, two of the sources said.
SLB said last month that the company was working on a quick return to Venezuela's oilfields, where it was once PDVSA's biggest services partner. SLB did not immediately reply to a request for further comment.
Nabors, Evertson and PDVSA did not reply to requests for comment.
PDVSA also is negotiating specialized oilfield equipment with companies in Turkey, whose President Tayyip Erdogan has met repeatedly with Maduro in recent years, another source said.
The sanctions easing is an opportunity to open up the oil industry, said the head of Venezuela's Oil Chamber, Enrique Novoa, adding there have been conversations between PDVSA and members of the chamber to evaluate investments and projects.

NEW FORMULAS
Venezuelan officials have made proposals to small private oil contractors to operate some PDVSA oilfields to reverse depleted crude production, six sources familiar with the talks said.
Some companies that have approached PDVSA to reactivate business ties have been referred to Camimpeg, an oil and mining services firm owned by the Venezuelan military that has a relationship with PDVSA and often outsources to specialized companies, according to two of the sources.
Venezuela's hydrocarbon law requires PDVSA and its joint ventures to operate all crude oilfields, but in recent years PDVSA has signed technical services agreements that delegate well intervention to specialized companies.
Prior to the easing of sanctions, PDVSA planned to recover wells and rigs to increase output, especially in the south of Anzoategui state in eastern Venezuela.
Local firm Operadora Indioil, which specializes in drill recovery and reconstruction and has presence in Anzoategui, is among firms tapped by PDVSA for rescuing damaged and looted equipment, one of the sources said.
Indioil and Camimpeg did not respond to requests for comment.

Top News - Agriculture

China Oct soybean imports surge 25% y/y on strong Brazilian arrivals
China imported 5.16 million metric tons of soybeans in October, customs data showed on Tuesday, a 25% surge from a year earlier but lower than analysts expectations as Brazilian soybeans continued to arrive at ports later than usual.
Freshly harvested U.S. soybeans usually dominate the global export market from September while the Brazilian export season winds down, but a record crop in the South American country is expected to dominate China's imports in the last three months of the year.
China is the world's top soy buyer and Brazil its largest supplier. Soybeans are crushed into meal for animal feed and oil for cooking.
The October arrivals were lower than some traders' expectations of about 6.5 million to 7 million tons. In September, imports of soybeans fell 7.3% from a year earlier.
"The import volume is a little less than expected due to delays in loading at Brazilian ports. In October, many were still loading for September shipments," said Yuyun Chen, trader with Mingsui International（Shanghai) Trading Co. He said delayed October cargoes will arrive in November and further lift November imports to about 12 million metric tons.
"We are headed for record high imports this year," Chen said.
China's soybean imports are on course for an all-time record of around 105 million tons, according to forecasts last week by traders and analysts.
Around 26 million tons will be imported during the last three months of the year, with around 45% from Brazil, the traders added.
Soy imports in the first 10 months of the year rose 14.6% year-on-year to 82.42 million tons, the customs data showed.
Lacklustre demand from loss-making hog farms is seen limiting purchases in early 2024.

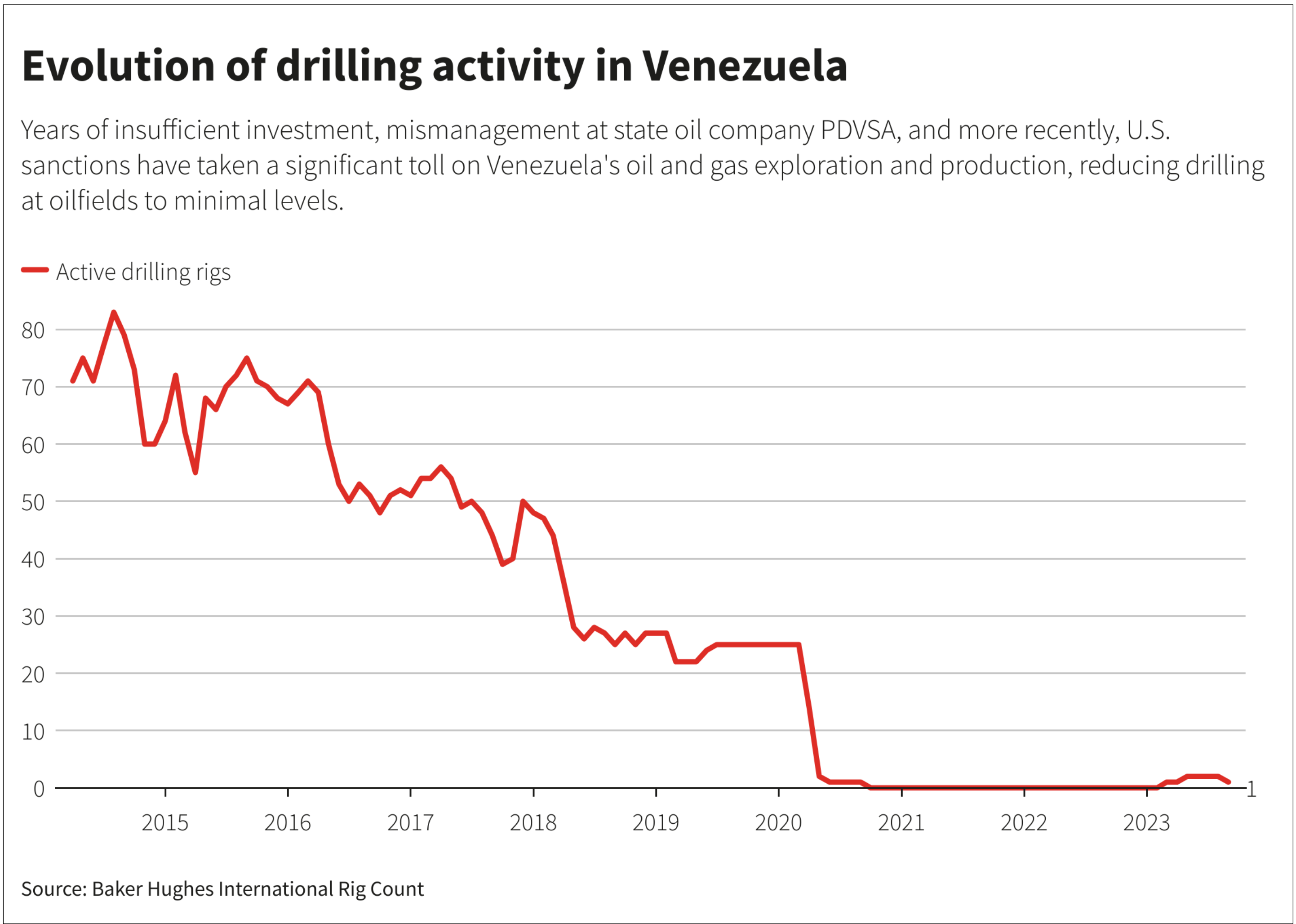
US wheat ratings top expectations; corn, soy harvest near done
The U.S. Department of Agriculture (USDA) on Monday rated 50% of the U.S. winter wheat crop in good-to-excellent condition, up three percentage points from the previous week and the highest for this time of year since 2019 as soil moisture improved in the Plains following a three-year drought.
Better production prospects in the world's No. 4 wheat exporter could ease concerns about tightening global grain supplies. However, winter wheat will not be harvested in the United States until mid-2024, and the

crop's potential will be highly dependent on springtime weather.
At 50% good-to-excellent, the USDA's winter ratings topped a range of estimates from 10 analysts, from 45% to 49% good-to-excellent. Winter wheat planting was 90% complete, the USDA reported , behind the analyst estimate of 91% but ahead of the five-year average of 89%.
The share of U.S. winter wheat production located in a drought area fell to 42% as of Oct. 31, down from 49% the prior week and down significantly from 74% a year ago, according to the USDA.
U.S. farmers continue to harvest corn and soybeans. The corn harvest was 81% complete by Sunday, slightly below the average analyst estimate of 82% but ahead of the five-year average pace of 77%. Similarly the soybean harvest was 91% done, behind the average estimate of 92% but ahead of the five-year average of 86%.
Agricultural meteorologists said a mostly dry weekend aided harvesting, especially in the eastern half of the Midwest where progress has lagged a bit.

Top News - Metals

China Oct iron ore imports fall on thinning margins, wider steel production cuts
China's iron ore imports in October fell 1.8% from September, customs data showed on Tuesday, dropping for a second straight month as narrowing steel margins, wider production cuts among steelmakers and high prices curbed buyers' appetites.
The world's top iron ore consumer brought in 99.39 million metric tons of the key steelmaking ingredient last month, down from 101.18 million tons in September, data from the country's General Administration of Customs showed.
The decline came as less than one-fifth of Chinese steel mills surveyed said they were operating at a profit

Chart of the Day



by end-October, down from around one-third in late September, data from consultancy Mysteel showed.
The capacity utilization rate among blast-furnace-based mills surveyed also dipped to 90.73% as of Oct. 27, down from 93.08% on Sept. 29, according to Mysteel data.
The week-long holiday break in early October also affected customs clearance for some cargoes, thus contributing to lower volumes versus September, said Pei Hao, a Shanghai-based analyst at international brokerage FIS, adding that arrivals in early October are lower.
Still, the iron ore import volumes for October rose 4.6% from the same month a year earlier.
The average seaborne iron ore prices hovered around $119 a ton, a 29% rise on the year despite a fall of 1.6% on month, Steelhome data showed.
China's iron ore imports in the first 10 months of 2023 posted a year-on-year rise of 6.5% to 975.84 million tons, the customs data also showed.
Its portside iron ore stocks are set to end the year at the lowest level since 2016, according to forecasts from eight Chinese analysts, while imports in the world's largest consumer will reach the highest since at least 2020.
Imports in November may be higher than October as the holiday impact recedes and mills started to stockpile volumes for use during winter, said analysts.
China's exports of steel products in October rose 53.3% from the prior year to 7.94 million tons, but fell 1.5% from 8.06 million tons shipped abroad in September, customs data showed.
Total steel exports from the world's largest steel producer totalled 74.73 million tons from January to October, a 34.8% year-on-year increase.
China imported 668,000 tons of steel products last month, down from 770,000 tons in October 2022, with the total over the January-October period at 6.37 million tons, a fall of 30.1% from a year before, according to customs.

China's October copper imports hit 10-month high as inventories fall

China's copper imports hit a ten-month high in October, customs data showed on Tuesday, as declining domestic stocks and firm demand underpinned buying activity.
Imports of unwrought copper and copper products, used widely in the construction, transport and power sectors, totalled 500,168 metric tons, the highest since last December, data from the General Administration of Customs showed. The data includes anode, refined, alloy and semi-finished copper.
That marked a jump of 23.7% from 404,414 tons last October, when industrial demand was hurt by the country's stringent COVID-19 curbs.
China's domestic copper inventories have declined in recent months, with stocks on the Shanghai Futures Exchange at a 13-month low as of Oct. 27. That was down 85.6% from a peak in March and down 36.1% from a year earlier.
September and October traditionally see good demand for the metal as industrial activity ramps up after a summer lull, while higher consumer spending during the Golden Week holiday in early October also boosts demand.
In addition, China unleashed more economic stimulus measures - including property- and infrastructure-related loans - to shore up its economy, improving the outlook for copper.
Falling global prices also encouraged copper users to import more, He Tianyu, an analyst at consultancy CRU, said.
Benchmark copper prices on the London Metal Exchange registered a third consecutive monthly decline in October, partly weighed down by rising stocks on the exchange amid soft global demand.
Enhanced appetite for imported copper was reflected in a rally in the Yangshan copper premium to $92 per ton on Oct. 31, more than tripling from the start of August and the highest since last November.
October imports also marked a 4.1% rise compared with the previous month, fuelled by shrinking stocks, but year-to-date copper imports were down 6.7% from a year earlier, as strong domestic production had curbed foreign buying.
China's monthly output of refined copper has held at record levels above 1 million tons since March, boosting demand for copper ore and concentrate.
China's imports of copper ore and concentrate rose 11.3% year-on-year to 2.31 million tons in October, customs data showed. Total imports in the first 10 months were up 9.2% from a year earlier, at 22.64 million tons.

Top News - Carbon & Power

White House says Orsted remains 'committed' to US offshore wind

Denmark's Orsted is still "committed" to developing offshore wind farms in the United States despite the company's cancellation of two projects off the coast of New Jersey, White House senior advisor John Podesta told Reuters on Monday.
Podesta spoke with the company after its shock decision last week, he said in an interview. The discussion underscores the Biden administration's keen interest in offshore wind to further the nation's climate change goals by adding zero-emissions power generation.

"Orsted is moving forward with one of its projects here. I think they remain committed to the U.S. market," Podesta said, referring to a project in New York.
The world's biggest offshore wind company last week said it would cease all development on the New Jersey Ocean Wind projects, triggering anger from New Jersey Governor Phil Murphy.
Podesta, who oversees implementation of Biden's landmark climate-change law, the Inflation Reduction Act, said early project proposals like Orsted's were hit with high interest rates and supply chain challenges, making U.S. project development around 25% more expensive than in Europe.
Those costs will come down "over time, as more investment happens," he said.
"We remain optimistic that at the end of the day it will be a good-news story and we'll get these projects on track."
Orsted CEO Mads Nipper, on a call with analysts the day after announcing the cancellation, pointed to "significant delays on vessel availability" which would have slowed the project down several years.
Podesta also said he spoke with Murphy after the decision.
"Even though the economics have become more challenging than they were a year or two ago, I think they're still basically... on track and the region needs the power," he said.
"We're going to ensure that there is success there and we're trying to do everything we can to make that happen."

Kinder Morgan to buy NextEra Energy Partners' Texas pipelines for $1.82 bln
U.S. pipeline operator Kinder Morgan said on Monday it would acquire NextEra Energy Partners' gas pipelines in South Texas for $1.82 billion.
The oil and gas pipeline business has seen increased consolidation this year as U.S. production grows and persisting problems related to permits for new pipelines have made existing operators more valuable.
NextEra Energy Partners' (NEP) Texas natural gas pipeline portfolio, STX Midstream, primarily consists of seven pipelines which provide natural gas to Mexico and power producers and municipalities in South Texas. The pipelines together have a transport capacity of 4.9 billion cubic feet per day.
"Initially, we plan to fund the transaction with cash on hand and short-term borrowings," Kinder Morgan said in a statement.
The deal is expected to close in the first quarter of 2024.
Shares of NEP, a unit of NextEra Energy created to acquire, manage and own contracted energy projects, have lost about 44% of their value since Sept. 27 when the company trimmed its distribution growth forecast through at least 2026.
Higher interest rates have raised project costs for NEP, hurting its growth, according to analysts.
"Upon closing, the proceeds would be sufficient to pay off the outstanding project-related debt," NextEra Energy Partners' CEO John Ketchum said in a statement.
The sale price represents an about 10 times multiple on the estimated calendar-year 2023 adjusted core profit for the Texas natural gas pipeline portfolio, NEP said.
"The valuation falls in line with recent trading multiples for midstream sector constituents and below some of the transaction marks," analysts at Guggenheim Securities said.
However, the deal provides some flexibility in credit metrics, the analysts added.

Top News - Dry Freight

China October coal imports fall 14.6% on record stocks, lower domestic prices
China's October coal imports fell 14.6% compared to the prior month, customs data showed on Tuesday, as domestic prices declined and stocks held at record levels.
Imports, which totalled 35.99 million metric tons, were up 23.3% from the same month a year earlier, according to the General Administration of Customs.
Lower domestic coal prices and higher overseas prices squeezed profits for importers, said a Shanghai-based analyst, who declined to be named because of company policy.
Unseasonably warm weather for much of October and soaring power plant stocks also put a damper on domestic coal demand, the analyst said.
Domestic coal prices dropped for a fourth consecutive week in the week to Nov. 6, Daiwa analysts said in a note on Monday, adding they expected the downtrend to continue.
Power plant stocks are currently at record highs of about 200 million tons, according to the National Energy Administration (NEA).
That means most power generators do not need to add to their stockpiles at present, Li Xuegang, vice chairman of industry group China Coal Transportation and Distribution Association (CCTD), told a briefing last week.
India also bought more coal from Indonesia for October delivery, said a China-based trader, which may have limited Indonesian shipments to China.

Total coal imports in the first 10 months of the year stood at 383.64 million tons, up 66.8% from the same period of 2022, the customs data showed.
China's coal imports could reach a record 460 million tons this year, according to the CCTD.
Some regions of China could see power shortages this winter, supporting coal demand, NEA spokesperson Zhang Xing said last week.
Parts of northern China saw unseasonably cold weather on Monday, as blizzards forced flight cancellations and school closures. Governments in Beijing and Tianjin have had to make preparations to supply heat earlier than usual.

COLUMN-Lagging US wheat shipments plunge to all-time low -Braun

U.S. wheat shipments typically weaken at this time of year as soybean exports take the stage, but last week's decline was unprecedented, reflecting the United States' shrinking share of world wheat trade.
Only 71,608 metric tons of U.S. wheat were inspected for export in the week ended Nov. 2, the lowest for any week since records began in January 1983. That surpasses the previous low of 85,672 tons set in late December 2022.
The latest week's export inspections, which are a proxy for exports, are preliminary and could be revised upward in next week's report from the U.S. Department of Agriculture, though not enough to change the situation.
Looking at export inspection data versus export sales data suggests that the actual shipments, not demand, are the standout factor.
USDA predicts U.S. wheat exports at a 52-year low of 19.05 million tons in 2023-24, which began on June 1. As of Oct. 26, export sales totaled 11.4 million tons, some 60% of the full-year target, above the date's recent average of 58%.
Further, USDA's export sales data shows that 60% of all 2023-24 wheat commitments had been shipped as of Oct. 26, the date's lowest since 2007 and well below the year-ago 72%.

USDA's projections call for 2023-24 U.S. wheat exports to decline 8% on the year, and export sales were down 7% as of Oct. 26. But wheat inspections were down 27% as of Nov. 2.
It is unclear why wheat shipments are lagging the sales to such a degree, but logistical problems caused by low Mississippi River water levels could be a culprit. Since June 1, wheat export inspections at the U.S. Gulf are down 40% from a year ago, while the Pacific Northwest volume is down 16%.
Pacific Northwest ports account for 52% of U.S. wheat inspected so far in 2023-24 and the Gulf accounts for 30%, compared with 47% and 38% over the same period last year, respectively.
One bright spot for U.S. wheat exporters is that China has recently made its largest U.S. wheat purchases in over a year, as heavy rains may have damaged up to 20% of China's wheat crop. Chinese importers have about 813,000 tons of U.S. wheat on the books as of Oct. 26, up notably from a year ago but a bit less than in 2021.
The United States was easily the world's top wheat exporter 20 years ago, accounting for at least 25% of annual exports. That share is set for a record low of 9% in 2023-24 as rival exporters continue to edge the United States out of the market.

Karen Braun is a market analyst for Reuters. Views expressed above are her own.

MARKET MONITOR as of 07:35 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$79.87 / bbl	-1.18%	-0.49%
NYMEX RBOB Gasoline	$2.20 / gallon	-0.98%	-11.08%
ICE Gas Oil	$878.25 / tonne	-0.96%	-4.64%
NYMEX Natural Gas	$3.26 / mmBtu	-0.03%	-27.08%
Spot Gold	$1,968.00 / ounce	-0.49%	7.87%
TRPC coal API 2 / Dec, 23	$116.5 / tonne	-1.38%	-36.94%
Carbon ECX EUA / Dec, 23	€75.87 / tonne	0.04%	-9.65%
Dutch gas day-ahead (Pre. close)	€41.30 / Mwh	1.35%	-45.35%
CBOT Corn	$4.90 / bushel	-0.61%	-27.80%
CBOT Wheat	$5.96 / bushel	-1.08%	-24.57%
Malaysia Palm Oil (3M)	RM3,738 / tonne	-0.40%	-10.45%
Index (Total Return)	**Close 06 Nov**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	319.53	0.09%	6.04%
Rogers International	28.35	-0.19%	-1.12%
U.S. Stocks - Dow	34,095.86	0.10%	2.86%
U.S. Dollar Index	105	0.18%	1.64%
U.S. Bond Index (DJ)	393.76	-0.44%	0.78%

Picture of the Day

Christie's auction house intern Carola Chiadini holds the "Bleu Royal" diamond, weighing 17.61 carats, which is the largest to appear for sale in auction history and that could sell for up to $50 million during an auction preview in Geneva, Switzerland, November 1. REUTERS/Denis Balibouse

(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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