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Top News - Oil

India's October fuel demand rises on festive season boost

India's fuel consumption, a proxy for oil demand, rose to its highest in four months in the festival month of October, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed on Monday.
Consumption in October was 6.7% higher than the previous month, while also up 3.4% year-on-year at 18.37 million tonnes, the data showed.
The data indicates that "the negative impact of the monsoon season is now coming to an end," Refinitiv analyst Ehsan Ul Haq said.
"I expect fuel demand to grow significantly, as car sales have picked up. With several refineries coming back from maintenance, crude runs will also increase," Ul Haq added. "On the whole, a positive outlook and the best is yet to come."
India celebrated the major festivals of Dussehra and Diwali last month, buying everything from cars, houses and television sets to travel and jewellery, according to early data, giving a fillip to growth prospects despite economic gloom elsewhere in the world.
Indian state fuel retailers' diesel sales also surged in October from the previous month, preliminary sales data showed last week, indicating a pickup in industrial activity.
Sales of gasoline, or petrol, were up 8.8% from 2021 at 2.99 million tonnes, while diesel rose 5.5% at 6.98 million tonnes, the PPAC showed.
Cooking gas or liquefied petroleum gas (LPG) sales decreased 3.3% to 2.40 million tonnes, while naphtha sales fell 24% to 0.96 million tonnes.
Sales of bitumen, used for making roads, were 11.4% lower, while fuel oil use edged up 1% in October.

COLUMN-Rebound in China crude oil imports less impressive than it looks: Russell

China's imports of crude oil rebounded in October, but the details aren't as strong as the headline number suggests.
The world's largest crude buyer imported 10.16 million barrels per day (bpd) in October, the highest since May and a 14% leap from the same month in 2021, according to data released on Monday by China customs.
There were several factors driving the increase in October, but a strong demand-led recovery is unlikely to be one of them.
Rather, it was a combination of crude being imported to build operating inventories for two new refinery units, a lower price versus prior months, more import quotas for independent refiners and an ongoing boost to exports of refined fuels.
PetroChina started trial operations at a 200,000 bpd crude unit at its new refinery in Guangdong, while Shendong Petrochemical is also starting operations at its new 320,000 bpd plant in Jiangsu province.
Refinery units typically need about three weeks of operating inventories, suggesting the two new plants would require almost 11 million barrels of crude to fully commence operations.
This additional crude would likely have been secured over a period of months, but it still adds to China's incremental imports in recent months, but is also a factor that won't be ongoing.
China's refineries also are likely to have stepped up imports in October on the back of cheaper global crude prices, with benchmark Brent futures trending lower from July to late September, coinciding with the period when term and spot cargoes would have been arranged.
Brent dropped from a high of $110.67 a barrel on July 29 to a low of $83.65 on Sept. 26, and has since trended higher to $97.93 in early Asian trade on Tuesday.
Saudi Arabia, the world's biggest crude exporter and normally China's top supplier, also lowered its official selling price (OSP) for October-loading cargoes, which may have encouraged refineries to buy more oil.
Saudi Aramco, the state-controlled oil giant, cut the OSP for its benchmark Arab Light blend for Asian customers to a premium of $5.85 a barrel over Oman/Dubai quotes, from $9.80 for September-loading cargoes.
This appears to have resulted in China boosting imports from the kingdom, with Refinitiv Oil Research estimating that October arrivals were 1.91 million bpd, up from 1.84 million bpd in September.

IMPORTS, EXPORT QUOTAS

Crude imports have also been boosted by the granting of additional quotas to independent refiners, with Zhejiang Petrochemical Corp being awarded 10 million tonnes, or about 73 million barrels, and ChemChina getting about 32 million barrels.
The additional quotas are likely to boost imports over the fourth quarter as refiners boost purchases in order to fully utilise their allocations.
Rising exports of refined products are also acting as a spur to crude imports, with 4.46 million tonnes of fuel being shipped out in October.
While a detailed breakdown by product type will be released late this month, using BP's product basket conversion rate of 8 barrels to a tonne, it implies that China exported about 1.15 million bpd in October.
This was down from September's 1.5 million bpd and August's 1.23 million bpd, but it's worth noting that the

past three months have been strongest since July last year.
Product exports have increased rapidly in the last three months, but are still down 24.5% for the first 10 months after a weak first half.
With profit margins for refined fuels still high, especially for diesel, it's likely that Chinese refiners will be pressuring Beijing to keep granting export quotas in order to cash in.
The looming ban on European imports of Russian crude and products is also likely to keep margins high in coming months.
Overall, China's crude imports are likely to remain at reasonably robust levels in the fourth quarter, driven largely by temporary factors, but also by higher refined fuel exports, but whether these continue is still to be determined.

Top News - Agriculture

U.S. wheat ratings improve a bit; corn, soy harvests advance -USDA

The U.S. Department of Agriculture on Monday rated 30% of the U.S. winter wheat crop in good to excellent condition, up 2 percentage points from the previous week but still the lowest for this time of year in records dating to the late 1980s.
The ratings also fell short of estimates from analysts surveyed by Reuters who on average had expected an improvement of 3 percentage points.
Good-to-excellent ratings for winter wheat in the 44th week of the calendar year have been below 40% only one other time in USDA records dating to 1987, at 39% in 2013. A year ago, 45% of the crop was rated good to excellent. Wheat farmers have struggled with drought, particularly in the key southern Plains crop area, exacerbated by a third straight year of the La Nina weather phenomenon. The USDA said last week that 74% of the U.S. winter wheat production area was experiencing drought as of Nov. 1. With newly planted wheat nearing winter dormancy, moisture needs will tend to diminish until growth resumes in the spring. Still, the poor ratings come at a time when U.S. wheat supplies are already tight after a disappointing 2022 harvest. The USDA has projected that U.S. wheat stocks will fall to 576 million bushels by the end of the 2022/23 marketing year, a 15-year low. Welcome rains fell in portions of the Plains. In Kansas, the top winter wheat producer, topsoil moisture was short or very short in 78% of the state by Sunday, an improvement from 89% the previous week.
The U.S. harvest of corn and soybeans is winding down. The USDA said the soybean harvest was 94% complete, matching trade expectations and ahead of the five-year average of 86%. For corn, the harvest was 87% complete, ahead of the average analyst estimate of 86% and the five-year average of 76%.
The United States is the world's largest corn exporter and the No. 2 supplier of soybeans after Brazil.

COLUMN-Crop Watch: Final corn fields disappoint, producers look to 2023 -Braun

The final three U.S. Crop Watch fields were harvested within the last week, all corn, and two of them fell short of expectations, consistent with this year's trend.
In 2022, six of the 11 Crop Watch corn yield scores came in below their last pre-harvest prediction, three came in above and the remaining two hit expectations. For soybeans, three came in below, two landed above and six met the predicted yield.
Producers have been assigning yield potential scores weekly on a 1-to-5 scale, where 3 represents average yields and 5 is record or near-record yields. Yield scores are now final with harvest complete.
The western Iowa corn was finished a week ago with a final score of 4.5, in line with expectations but down from 5 last year. The North Dakota and Ohio corn fields were harvested on Thursday and Saturday, respectively, and yields came in below the pre-harvest targets.
August rains had lifted the North Dakota soybeans to a better-than-expected result, but the producer now believes that the moisture came a little too late to help the corn as much as he hoped. The North Dakota corn ended at 2.75, down a quarter-point from expectations but above last year's 2.
The Ohio corn was even more disappointing, ending at 2.5 instead of the predicted 3.75, well off the four-year streak of 5s in this location. Conditions were far too wet at planting, reducing plant population. The corn looked excellent in the spots with strong population, likely skewing the perception of the overall field potential. However, the Ohio soybeans scored a 5 this year on timely August rains, joining the Minnesota corn as the only two 5-score yields of 2022 Crop Watch.
The 11-field average, unweighted 2022 Crop Watch corn yield ends at 3.57, down from 3.7 a week ago. That is the lowest weekly corn yield score of the season and below last year's 3.86. Last year's corn score was the second-best behind 2018's final of 3.94, though only eight fields were tracked between 2018 and 2020.
It is interesting to note that analysts are expecting unchanged U.S. corn and soybean yields versus last month in the U.S. government's crop report coming on Wednesday, though there are whispers of possible increases to both yields.
Crop Watch soybeans have been finished since mid-October, and this year's average yield score of 3.64 is

down from 3.89 last year, almost identical to the 2020 score and above the poor 2019 result. Crop Watch soybeans' best year so far is 2018 with yield at 4.06.

SIGHTS ON 2023

More than half of the Crop Watch producers said they have already purchased seed for 2023 and an even larger share said they had priced next year's inputs. Pricing and availability of inputs, particularly fertilizers, have been concerning for farmers globally amid supply-chain and geopolitical issues, as well as inflation.

Most of the Crop Watch producers are in rotation-heavy areas, but acres in North Dakota and Kansas can swing the pendulum. Corn is currently the most attractive profit-wise in North Dakota, though the producer may consider spring wheat or soybeans if those prices increase.

The North Dakota producer also favored specialty crops more heavily in 2022. He plans to keep pinto beans in his rotation for 2023, and that cuts in to his soybean potential.

The Kansas producer has been hearing that fall seed sales of corn and soybeans are unusually slow, and he thinks the state's winter wheat and sorghum acres could increase notably in 2023. But the risk for wheat abandonment in the spring is elevated given the super-dry conditions there now.

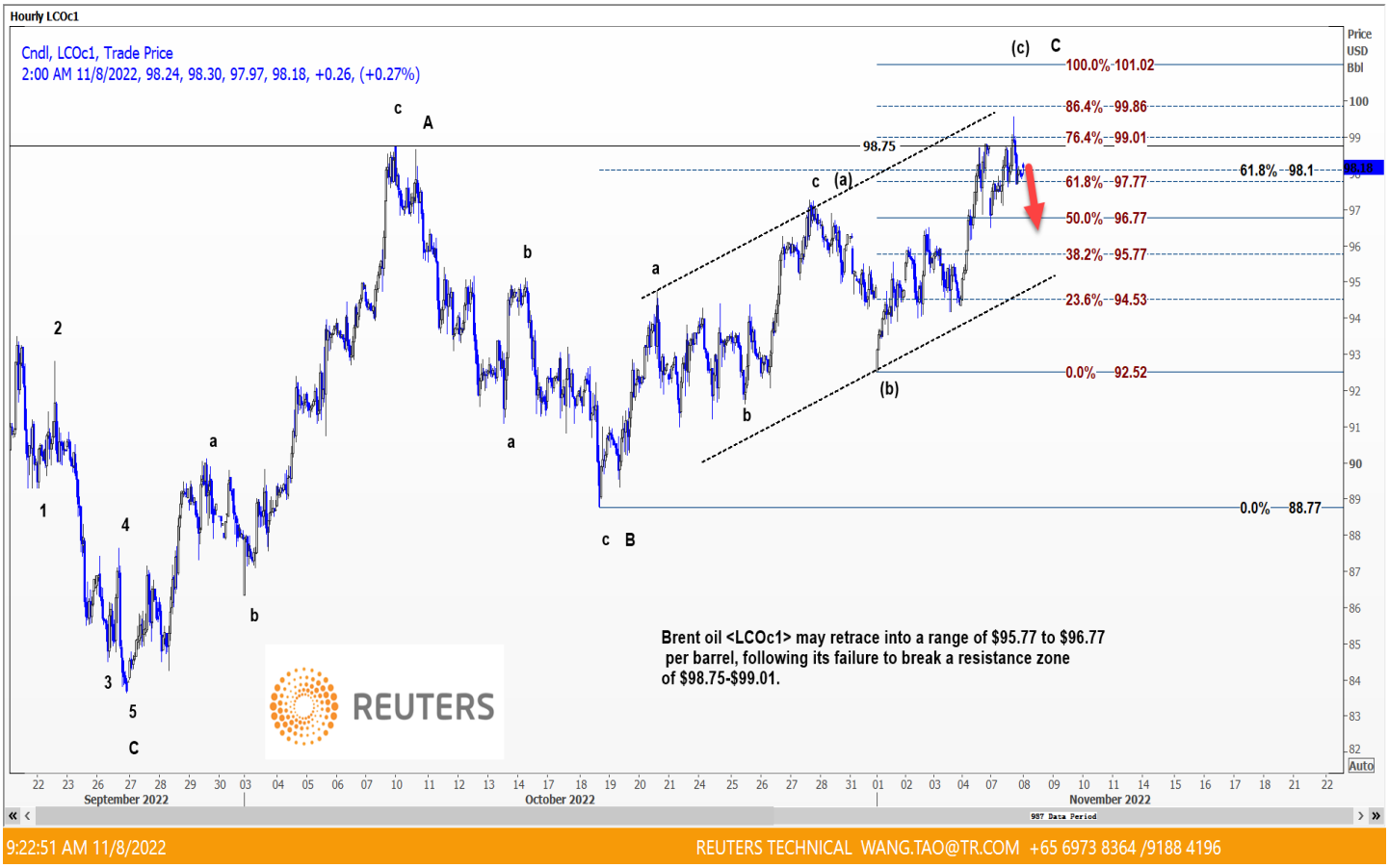
The Crop Watch producers are completely mixed when asked about sales levels for their 2022 and 2023 crops, with some behind normal pace, some ahead and others right at their typical levels.

When asked about concerns ahead of 2023, answers ranged from the current dryness to high input costs, market volatility and potential price collapses, and the pressure to produce high yields in order to cover all the expensive costs for the upcoming year.

With harvest complete, this will be the last weekly Crop Watch report of 2022. Coverage is planned for the 2023 season with reports starting in the spring.

The following are the states and counties of the 2022 Crop Watch corn and soybean fields: Griggs, North Dakota; Kingsbury, South Dakota; Freeborn, Minnesota; Burt, Nebraska; Rice, Kansas; Audubon, Iowa; Cedar, Iowa; Warren, Illinois; Crawford, Illinois; Tippecanoe, Indiana; Fairfield, Ohio.

Chart of the Day



Top News - Metals

Gold Fields sticks to its Yamana Gold offer after counter-bid

The board of South Africa's Gold Fields will not change its offer for Yamana Gold after a surprise rival bid from Agnico Eagle and Pan American, it said on Monday.
Gold Fields' decision reflects "commitment to capital discipline" and to fairness for shareholders in Gold Fields and Yamana, the South Africa-listed miner said on Monday.
The joint cash and stock offer from Agnico Eagle and Pan American on Friday trumped the Gold Fields bid, which valued Yamana at around $4.2 billion at Thursday's close.
Under the offer, Yamana shareholders would receive $1.0406 in cash, 0.0376 of an Agnico share and 0.1598 of a Pan American share for each share held.
The two offers are neck-and-neck after Friday's share price moves - with Gold Fields shares jumping 11% and Pan American shares falling by 4% - reduced the gap between the implied value they give Yamana.
But the cash component in the Agnico/Pan American bid could give it an edge, particularly given market volatility, analysts said.
"Cash is cash, and it's not tied to the gold price," said Arnold van Graan, head of markets research at Nedbank in Johannesburg. "I don't think Gold Fields actually can increase the offer, but maybe a cash component could push it across the line."
Gold Fields shares fell by 20% when it announced the all-stock deal in May, denting the deal's appeal for Yamana shareholders. When first announced, it valued Yamana at $6.7 billion.
Gold Fields on Monday reiterated the stance it took on Friday, saying it would work towards completing the takeover ahead of shareholder votes on it in two weeks' time.
The Agnico/Pan American offer would only become effective if Yamana shareholders vote against Gold Fields' offer on Nov. 21. In that scenario, Yamana would have to pay Gold Fields a $300 million break fee.
The price of gold has fallen from around $2,000 an ounce in March to about $1,650 as central banks raise interest rates to combat inflation. That has driven gold miners' shares down and thrown into doubt M&A potential in a sector investors say needs consolidation to reduce costs.
The counter-bid for Yamana shows gold miners are keen for new assets to supplement dwindling gold reserves and ensure their long-term growth, but Gold Fields' decision not to raise its bid is a sign of fears about overpaying.
"We do not believe GFI (Gold Fields) is looking to acquire Yamana at all costs despite the strategic rationale," Investec analysts wrote in a note.

Petra Diamonds suspends operations at Tanzania mine after dam breach

Petra Diamonds has suspended operations at its Williamson mine in Tanzania after a wall of the tailings storage facility was breached, causing flooding in nearby areas, it said on Monday.
The company, which operates three mines in South Africa as well as Tanzania's biggest diamond mine, said no injuries or fatalities had been confirmed and that government and mine emergency response teams had been mobilised.
Petra said teams on the ground are engaging with community members to keep them away from the affected area.
Petra Diamonds shares were down 2.6% by 1430 GMT.
"While no injuries have been reported, any impact on the local communities would be viewed as a material negative from an ESG standpoint," Berenberg analysts said in a note.
The Williamson mine is 75% owned by Petra, with the rest held by the Tanzanian government. Williamson produced 228,070 carats of diamonds in Petra's financial year to June 30, generating $76 million in revenue.
Tailings dams - large embankments built to store mine waste - have caused several environmental disasters and fatalities, the worst of which killed 270 people in January 2019 at Brumadinho, in Brazil.
A tailings dam collapse at a disused South African diamond mine on Sept. 11 killed at least one person and injured scores of others, putting the spotlight on how mines across the world are managing their waste.

Top News - Carbon & Power

Santos flags gas output drop in 2023, modest long term production growth

Santos Ltd, Australia's No.2 independent gas producer, flagged on Tuesday that its gas and oil output is set to fall by around 10% in 2023, a bigger decline than analysts had expected, sending its shares down nearly 6%. The weaker near-term outlook came as Chief Executive Officer Kevin Gallagher outlined a new strategy, following nearly seven years at the helm during which he slashed costs and roughly doubled Santos' output through acquisitions.
Under the new strategy, Santos aims to hold production at between 100 million and 140 million barrels of oil equivalent (mmboe) between 2025 and 2045 with its

assets in Australia, Papua New Guinea and Alaska, while building a carbon capture and storage (CCS) business, and develop clean fuels from 2030.
Santos, aiming for net zero emissions by 2040, will focus on decarbonising fossil fuels because the demand is not there yet for clean fuels like green hydrogen, which it estimates is currently eight to 10 times the cost of gas, Gallagher said.
"Our domestic manufacturers and our trading partners in Asia want gas and they are crying out for two things - secure and affordable supply," he said.
Asian buyers are looking to lock in gas supply for 10, 15 or 20 years, Vice President Jane Norman told analysts.
"Government policies that seek to disrupt the energy system so as to hasten the transition to a low-carbon future are having exactly the opposite effect," Gallagher warned.
The company's near-term production decline reflects the end of life at the Bayu Undan gas field off northwestern Australia and weaker gas production in Western Australia, but does not include its sell down of a 5% stake in PNG LNG, Santos said.
Production in 2023 is expected to drop to between 91 mmboe and 98 mmboe, down from between 103 mmboe and 106 mmboe this year, the company said.
Analysts' consensus for 2023 production was at 99 mmboe, according to Barrenjoey.
Santos shares fell as much 5.7% in a firmer broader market.

EIA sees 23% of U.S. coal generated power capacity retired by end of 2029

Competition from natural gas and renewable power could retire almost a quarter of the U.S. coal power capacity by end-2029, along with higher operating costs associated with aging units, the U.S. Energy Information Administration (EIA) said on Monday.
According to the EIA's preliminary monthly electric generator inventory, 23% of the 200,568 megawatts (MW) of coal-fired electric generation capacity currently operating in the United States is set to go offline.
In 2022, U.S. coal retirements will total 11,778 MW if the remaining reported retirements proceed as scheduled, it said, while developers have not reported any plans to build new U.S. coal-fired capacity in the future either.
"Coal-fired generators, especially older, less efficient units, face higher operating and maintenance costs, which make them less competitive and more likely to retire," the agency said.
Some plants are also likely being retired in the face of additional investment required to comply with the Environmental Protection Agency's regulations limiting wastewater discharge by 2028, the EIA added. About 27% of plants running on refined coal, which is made by

MARKET MONITOR as of 07:14 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$91.55 / bbl	-0.26%	21.73%
NYMEX RBOB Gasoline	$2.65 / gallon	0.04%	19.10%
ICE Gas Oil	$1,065.00 / tonne	-2.87%	59.67%
NYMEX Natural Gas	$6.64 / mmBtu	-4.42%	77.94%
Spot Gold	$1,667.14 / ounce	-0.45%	-8.82%
TRPC coal API 2 / Dec, 22	$232 / tonne	3.11%	88.62%
Carbon ECX EUA / Dec, 22	€77.45 / tonne	-0.05%	-3.97%
Dutch gas day-ahead (Pre. close)	€53.00 / Mwh	-10.17%	-20.30%
CBOT Corn	$6.75 / bushel	-0.07%	13.82%
CBOT Wheat	$8.46 / bushel	-0.24%	9.73%
Malaysia Palm Oil (3M)	RM4,404 / tonne	-0.65%	-6.24%
Index (Total Return)	**Close 07 Nov**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	309.33	-0.19%	25.23%
Rogers International	32.19	0.34%	38.12%
U.S. Stocks - Dow	32,827.00	1.31%	-9.66%
U.S. Dollar Index	110.41	0.26%	15.04%
U.S. Bond Index (DJ)	371.87	-0.13%	-21.11%

mixing proprietary additives to feedstock coal, were slated to retire by 2029 after a supporting tax credit expired in early 2022, the EIA said.
Further, the type of coal used by retiring units is shifting to "mostly subbituminous- and refined coal-fueled plants, which account for a combined 68% of planned retirements between 2022 and 2029."
The planned retirements span 24 states, with 42% located in the four states of Michigan, Texas, Indiana, and Tennessee alone.

Top News - Dry Freight

Ukraine grain exports down 30.7% so far in 2022/23 – ministry
Ukraine has exported almost 14.3 million tonnes of grain so far in the 2022/23 season, down 30.7% from the 20.6 million tonnes exported by the same stage of the previous season, agriculture ministry data showed on Monday.
Grain exports have slumped since Russia invaded Ukraine in February and closed off its neighbour's 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 that was brokered by the United Nations and Turkey.
Ministry data showed that exports so far in the July 2022 to June 2023 season included 5.4 million tonnes of wheat, 7.7 million tonnes of corn and 1.2 million tonnes of barley.
The government has said 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.

Russian wheat lowest C&F offer at Egypt tender – traders
The lowest cost & freight offer presented at an Egyptian state purchasing tender on Monday is believed to be for Russian wheat at $369.95 per tonne for 40,000 tonnes, traders said.
Romanian wheat was offered lowest on a free-on-board basis at $356.45 per tonne for 60,000 tonnes, they added.
Egypt's state grains buyer the General Authority for Supply Commodities (GASC) is seeking an unspecified amount of wheat in an international purchasing tender. The deadline for offers is Monday, Nov 7.
Offers can be submitted on a free-on-board (FOB) or cost and freight (C&F) basis, for payment using 180-day letters of credit, it said. Shipment for offers will be from Dec. 15-30 and/or Jan. 1-15, 2023, it added.

Picture of the Day

Ali Jarallah, owner of Asl Al-Enab grapes and raisins stores, checks grapes laid on a drying platform to produce raisins in Bani Hushaish district of Sanaa, Yemen. REUTERS/Khaled Abdullah

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(Inside Commodities is compiled by Jesse Vinay in Bengaluru)

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

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Refinitiv
3 Times Square, New York, NY 10036

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