Oil | Agriculture | Metals | Carbon & Power | Dry Freight

Click on headers to go to that section

Top News - Oil

Saudi Aramco to ship full oil contract volumes to Asia in Dec

Saudi Aramco has told at least four refinery customers in North Asia they will receive full contract volumes of crude oil in December, several sources with knowledge of the matter said on Thursday.

The producer is maintaining a steady supply to Asia despite the decision by the Organization of the Petroleum Exporting Countries (OPEC) and allies including Russia, known as OPEC+, to lower the group's output target by 2 million barrels per day (bpd) starting this month.

"People are scratching their heads to figure out when will the output cut be materialised, as the market has not felt a tightened supply," said one of the sources, a Singapore-based trader.

Saudi Arabia's Energy Minister Abdulaziz bin Salman said when the cuts were announced in October that the actual supply cut would be about 1 million to 1.1 million bpd.

The sources said Saudi Arabia's latest official selling prices (OSPs) to Asian buyers have sent a signal that it will not trim the allocation for the month.

Saudi Aramco lowered the December OSP for its flagship Arab Light crude it sells to Asia by 40 cents a barrel from the prior month amid signs of weaker demand in the region.

But the company raised the OSPs to European customers and kept the prices for clients in the United States unchanged.

"(The OSP adjustment) could indicate that Saudi wants to maintain its market share in Asia in December when the price cap on Russian crude kicks in," said another source.

The United States, the European Union and other G7 nations are set to impose a price cap on Russian oil on Dec. 5 in response to Russia's invasion of Ukraine.

China, the biggest buyer of Saudi crude oil, has increased purchases from Russia to take advantage of discounts for Russian oil as western countries scaled back trade with Moscow.

Saudi Aramco did not immediately respond to Reuters' request for comment.

U.S. crude stockpiles rise, fuel inventories fall – EIA

U.S. crude stocks rose as domestic oil production gained, while gasoline and distillate inventories fell last week, the Energy Information Administration said on Wednesday.

Crude inventories rose by 3.9 million barrels in the last week to 440.8 million barrels, the highest since July 2021. Analysts in a Reuters poll had expected a 1.4 million-barrel rise.

U.S. oil production increased by 200,000 barrels per day to 12.1 million bpd, the highest since September, EIA said.

"The report was once again mixed but tilted towards bearish with the crude oil build and the jump in domestic production," said John Kilduff, partner at Again Capital LLC in New York.

Meanwhile, gasoline stocks fell by about 900,000 barrels in the week to 205.7 million barrels, the EIA said, the lowest since November 2014. Analysts anticipated a 1.1 million-barrel drop.

On the East Coast, gasoline stockpiles fell to the lowest since December 2012, while on the Gulf Coast inventories dropped to the lowest since March 2021, EIA data showed.

Distillate stockpiles, which include diesel and heating oil, fell by about 500,000 barrels in the week to 106.3 million barrels, versus expectations for a 0.8 million-barrel drop, the EIA data showed.

The four-week average for product supplied - a proxy for demand - rose to the highest since March, the data showed.

"Gasoline demand is hanging in there," said Tony Headrick, energy market analyst at CHS Hedging. "Refineries continue to have an incentive to max out their production."

Refinery crude runs rose by 247,000 barrels per day in the last week, EIA said.

Refinery utilization rates rose by 1.5 percentage points in the week. Crude stocks at the Cushing, Oklahoma, delivery hub fell by 923,000 barrels in the last week, the EIA said. Net U.S. crude imports rose last week by 653,000 barrels per day, it said.

Top News - Agriculture

Mexico not buying U.S. yellow corn as GM ban looms, Lopez Obrador says

Mexico's government cannot make purchases of yellow corn from the United States because it does not want genetically modified (GM) corn, President Andres Manuel Lopez Obrador said on Wednesday, amid pressure from its top trade partner over the future of the imports.

The United States wanted to sell Mexico more yellow corn and Mexico declined, Lopez Obrador said in a regular news conference.

"There is a market for it, but the government cannot make a purchase because we do not want GM," Lopez Obrador said, citing a lack of scientific investigation into its effects. "We are a sovereign free country," he added.
Mexico has a controversial presidential decree that seeks to ban genetically modified corn in 2024 and phase out the herbicide glyphosate, found in Roundup.
Like most countries, the overwhelming amount of corn purchases in Mexico are made by private companies, including major commodities traders like Cargill and Bunge.
Lopez Obrador did not specify who made the request to sell more corn, the amount of the requested sale or the time frame.
The Mexican Ministry of Agriculture and a spokesman for the president declined to comment when asked for details.
Mexico is ready to halve its U.S. imports of yellow corn when the decree goes into effect and is considering direct agreements with farmers to secure non-GM yellow corn imports, the country's deputy agriculture minister said in October.
Mexico is mostly self-sufficient in white corn, used to make the country's staple tortillas, but has for decades imported huge quantities of yellow corn, mostly from U.S. suppliers, for its massive livestock industry as well as the production of industrial foods like cereals and sauces.
The country imports some 17 million tonnes of U.S. corn a year and is on track to import even more this year, experts have said. U.S. farm lobbies insist the ban will cause billions of dollars in economic damage.
Chicago Board of Trade corn futures fell on Wednesday after the news, with the benchmark December contract down 6 cents a bushel at a two-month low of $6.61-1/2 a bushel.
The U.S. Department of Agriculture did not immediately respond to a request for comment.
U.S. Trade Representative Katherine Tai discussed differences with Mexico over its energy sector and U.S. corn exports in a virtual meeting this month, underlining "the importance of avoiding a disruption in U.S. corn exports."
U.S. Agriculture Secretary Tom Vilsack has called for clarity on Mexico's GM corn ban, saying the United States could use the USMCA trade pact to challenge Mexico's policies if necessary.

Argentina wheat harvest slashed to 11.8 mln tonnes, more cuts possible
Argentina's 2022/23 wheat harvest forecast has been cut to 11.8 million tonnes, down from 13.7 million tonnes previously, the Rosario grains exchange said on Wednesday, warning it could fall further amid a protracted drought that is hammering farmers.
The estimate is the latest in a series of cuts to the South American country's wheat production outlook, a blow to global supply already hit by Russia's invasion of Ukraine and unfavorable weather in the United States.
"The current scenario that Argentine wheat is going through is one of enormous uncertainty and there may continue to be further cuts," the Rosario exchange warned.
Argentina produced some 23 million tonnes of wheat last year, making it one of the most important wheat producers globally. This year's production would cut that almost in half, creating potential issues meeting domestic and export demand.
The wheat production forecast would be the lowest since 10.9 million tonnes in the 2015/16 campaign. Grains exports are Argentina's major source of foreign currency revenue. The country is also a major soy and corn exporter.

Top News - Metals

Argentina mining sector threatened by shortage of key imports, industry group says
Argentina's mining sector could be forced to shut if the government does not remove barriers to importing key supplies, the country's CAEM mining chamber said on Wednesday.
Falling international metals prices and higher costs are also weighing on mining projects, according to the chamber, which blamed the government for delays in regulatory authorizations, including for SIRA and SIRASE permits, that would allow importers to access the official exchange rate.
The shortage puts at risk "production rhythms, with the possibility that this ends with a complete shutdown," according to a CAEM statement.
The industry group emphasized that the mining sector needs guaranteed access to inputs like large tires for vehicles and specialized chemicals to keep producing, including for project expansions as well as new mines.
Argentina, South America's second-largest economy, produces gold, silver, copper and lithium.
But the government, seeking to protect the central bank's dwindling supply of U.S. dollars, requires importers obtain authorization to buy goods using the tightly controlled official exchange rate.
Argentina's official exchange rate, hovering around 160 pesos per U.S. dollar, is much lower than multiple other government-approved rates or the parallel black market rate of around 306 pesos per greenback.
Argentina posted a mining sector trade surplus of $319 million in September as exports totaled some $367

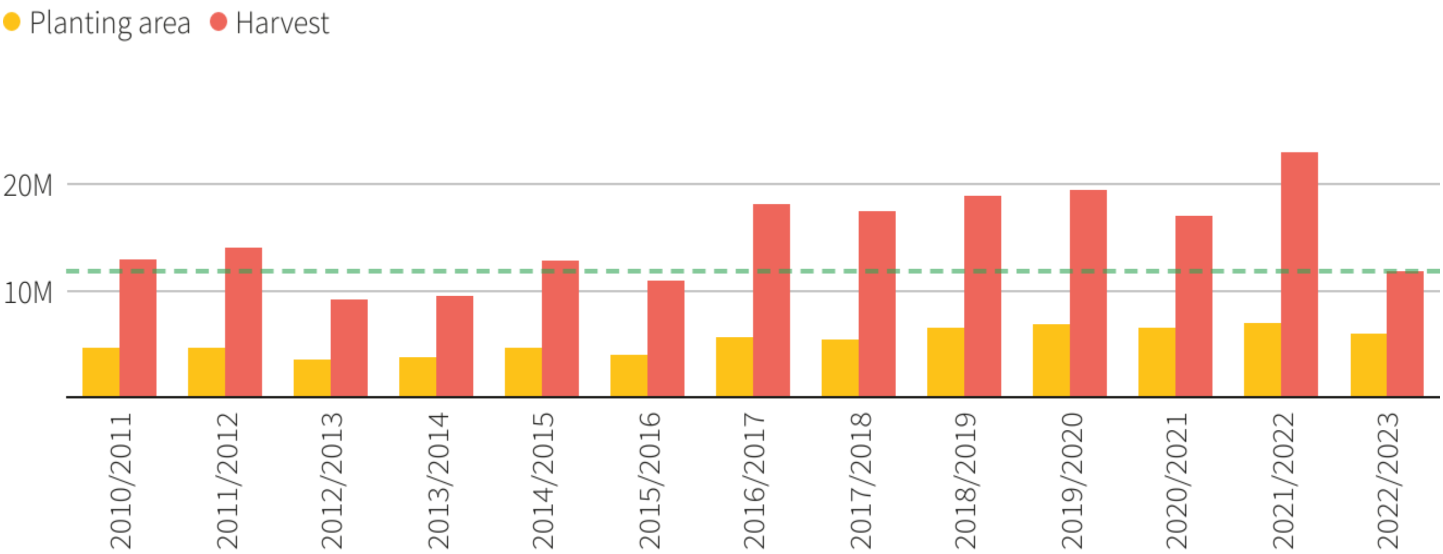
million, made up of mostly gold and silver shipments, while imports for the month totaled just $49 million, according to official data.
The chamber added that the country's mining industry is one of only three sectors that last year generated net hard currency for the central bank's coffers, with mining exports this year worth an estimated $3.8 billion.

South Africa's RB Platinum says expert to evaluate Northam bid
South Africa's Royal Bafokeng Platinum said on Wednesday that an independent board will appoint an expert to evaluate Northam Platinum's takeover bid, which rivals an offer by Impala Platinum.
The expert's opinion on the counterbid will be included in the RBPlat's response to Northam, due to be published on Dec.7.
"The independent board does not express any view or recommendation on the merits of the offer at this stage," RBPlat said in a statement.
Northam made its bid formal on Wednesday, escalating a takeover battle with bigger rival Impala Platinum, with an offer to acquire all RBPlat shares in issue for a consideration representing 172.70 rand ($9.72) per share. Northam's offer could be all cash or a combination of cash and shares, while Impala's offer is a split of 90 rand cash and 0.3 Impala shares.
If Impala Platinum does not accept the offer for its stake in RBPlat, Northam said it would pay 152.42 rand in cash and the remaining 20.28 rand in shares.
Impala Platinum told Reuters it was reviewing Northam's announcement.
Northam's shares closed 6% down on Wednesday, weighed by investor concerns over dilution.
"The Northam share price fell due to the potential equity dilution as they would have to issue a large amount of shares to fund the acquisition," Roy Topol, portfolio manager at Cratos Capital, said.
Impala's plans to buy RBPlat, announced last November, were immediately followed by Northam's acquisition of a 33% stake in the miner, triggering a bidding war that has gone on for months. Both Northam, which currently owns 34.52% of RBPlat, and Impala, the biggest shareholder with 40.71%, covet RBPlat's large, shallow, high-quality assets. Impala is one of the world's top five platinum producers, with 2.27 million ounce platinum group metal production in 12 months to June 30 2022.
Northam is seeking to add RBPlat's output to its 716,488 ounce 2021 production as part of its strategy to scale the 1 million ounce threshold. RBPlat produced 467,000 ounces in 2021.

Chart of the Day

Argentina wheat

Argentina's 2022/23 wheat harvest is set to be the lowest in seven years, with a protracted drought hitting the crop, denting global supplies already hurt by Russia's invasion of Ukraine.



Note: Planting area in millions of hectares. Harvest production in millions of tonnes. Data for 2022/23 is a forecast.
Source: Rosario grains exchange

Top News - Carbon & Power

Origin Energy backs $11.8 bln buyout offer from Brookfield consortium

Origin Energy Ltd, Australia's no.2 power producer and energy retailer, backed an A$18.4 billion ($11.8 billion) buyout offer from a consortium led by Canada's Brookfield Asset Management, the companies said on Thursday.

If successful, the takeover would rank as one of the biggest private equity-backed buyouts of an Australian company, and would be the largest deal in the country this year, Refinitiv data shows.

Origin's share price soared nearly 40% in morning deals to A$8.14 but the stock gave back some of the gains to be up 34.6% in early afternoon trade.

The shares were last fetching $7.82 as investors and analysts assessed the risks involved in a deal of this size and in a crucial sector.

The deal requires Australian Competition and Consumer Commission (ACCC) and Foreign Investment Review Board (FIRB) approval to proceed.

Origin opened its books to the consortium after it raised its offer to A$9 per share in cash, a near 55% premium to Origin's last close of A$5.81. The company said it would recommend shareholders vote in favour of the proposal if no higher bid emerges.

Origin said it had received an initial cash offer of A$7.95 apiece in early August from the consortium, which was hiked to between A$8.70 and A$8.90 per share in mid-September.

The offer will be increased by 3c per share per month if the scheme of arrangement, which requires 75% shareholder support, is not implemented by May 15 next year, Origin's statement said.

"It's a knockout offer in terms of price, a 55% premium," said Andy Forster, senior investment officer at Argo Investments, Origin's sixth largest shareholder, according to Refinitiv.

"There's a bit of uncertainty around government intervention and what that means in terms of energy markets. It's a short term uncertainty - but they're obviously taking a long term view."

The bid comes just as the Australian government is considering imposing price caps on gas to appease manufacturers and households suffering from soaring energy prices, partly due to the Ukraine war.

Origin's APLNG, along with two other east coast liquefied natural gas (LNG) exporters, are in the firing line to divert gas into the domestic market to boost supply and bring down prices.

"Both bidders seem rock solid in their interest. But we find it hard to understand the level of value they see," CLSA analyst Daniel Butcher wrote in a note to clients Thursday.

The bid from Brookfield comes after it was rebuffed earlier this year when it led a $3.5 billion takeover offer for Australia's top power producer, AGL Energy.

"Our confidence in Origin’s prospects underscored our engagement with the Consortium and delivered a material increase on their initial offer," Origin Chairman Scott Perkins said in a statement.

Under the indicative proposal submitted on Thursday, Brookfield would acquire Origin's energy markets business, while MidOcean Energy, the other consortium partner, would take control of Origin's integrated gas business, including its 27.5% stake in Australia Pacific LNG (APLNG).

MidOcean is backed by energy investor EIG and in October paid $2.15 billion for Tokyo Gas's stake in four Australian integrated LNG Projects.

Origin has been looking to speed up its transition to cleaner energy, accelerating the planned shut down of the country's biggest coal-fired power plant and selling its gas exploration assets.

"Our business plan includes additional investment of A$20 billion by 2030 to build the required renewable capacity and storage and position Origin as Australia's leading ‘greentailer’," Brookfield's Asia Pacific Chief Executive Officer Stewart Upson said in a statement.

The bid has been made through the Brookfield Global Transition Fund, which is co-run by former Bank of England governor Mark Carney and raised $15 billion earlier this year.

EU gas stocks could fall short next year, Commission president warns

The European Union will struggle to fill its gas storage tanks next summer, the head of its executive warned on Wednesday as she announced measures to boost renewable energy supply but stopped short of backing a price cap that has split opinion across the region.

Adressing the European Parliament, European Commission President Ursula von der Leyen announced plans to accelerate the granting of permits for renewable power projects. She said that the EU will have added 50 gigawatts of renewable power this year and could do more in 2023.

She said the bloc had already increased LNG imports and cut gas consumption to deal with the energy crisis related to the loss of supplies from Russia since its invasion of Ukraine in February.

However, she warned that the EU remains in danger of falling 30 billion cubic metres (bcm) -- about a quarter of the EU's total gas storage capacity -- short of the gas needed next summer to fill storage tanks for the following winter.

Von der Leyen also highlighted decisions to allow more state aid to companies struggling with the energy crunch,

as well as the REpowerEU project to help fund the EU's transition away from reliance on Russian fossil fuels. However, she did not mention of the gas price cap proposal supported by a majority of EU nations but opposed by Germany, the bloc's largest economy, as well as the Netherlands and the European Commission itself.
"The pressure of countries that want it is great and we will be raising it," Czech Finance Minister Zbynek Stanjura said separately in Prague on Wednesday.
"Germany is most against it ... Many in Europe are patiently negotiating with them and trying to change their opinion."
The Commission has so far proposed a market "correction mechanism", which an EU diplomat told Reuters would only limit price spikes, rather than prevent them.
Gas prices hit a record 240 euros per megawatt hour (MWh) last August, compared with 15-20 euros/MWh before the COVID-19 pandemic.
Prices have dropped since that peak as unseasonably mild weather curbs demand, helping Europe to lift current gas storage levels to about 95%.

Top News - Dry Freight

U.N., Russia to talk Ukraine grain deal on Friday ahead of extension deadline
Top U.N. officials will meet a senior Russian delegation in Geneva on Friday to discuss extending a Ukraine Black Sea grain export deal and efforts to smooth shipments of Russian food and fertilizers to global markets, the United Nations said.
The deal allowing the export of food and fertilizers from several of Ukraine's Black Sea ports - brokered by the United Nations and Turkey on July 22 - could expire on Nov. 19 if Russia or Ukraine object to its extension.
A key part of the July package deal is also facilitating exports of Russian grain and fertilizer exports. The United Nations has said that Russian grain exports have increased, but that work needed to be done to alleviate a chilling effect of Western sanctions on Russian fertilizer exports. U.N. aid chief Martin Griffiths, who heads talks on Ukrainian exports, and senior U.N. trade official Rebeca Grynspan, who leads discussions on Russian

MARKET MONITOR as of 07:24 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$85.69 / bbl	-0.16%	13.93%
NYMEX RBOB Gasoline	$2.55 / gallon	0.11%	14.31%
ICE Gas Oil	$1,020.75 / tonne	-0.75%	53.04%
NYMEX Natural Gas	$5.95 / mmBtu	1.48%	59.57%
Spot Gold	$1,707.48 / ounce	0.07%	-6.61%
TRPC coal API 2 / Dec, 22	$232 / tonne	3.11%	88.62%
Carbon ECX EUA / Dec, 22	€72.74 / tonne	-0.03%	-9.81%
Dutch gas day-ahead (Pre. close)	€98.00 / Mwh	6.52%	47.37%
CBOT Corn	$6.64 / bushel	-0.08%	11.93%
CBOT Wheat	$8.07 / bushel	-2.57%	4.64%
Malaysia Palm Oil (3M)	RM4,214 / tonne	0.38%	-10.28%
Index (Total Return)	**Close 09 Nov**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	301.71	-1.49%	22.14%
Rogers International	31.10	-1.71%	33.45%
U.S. Stocks - Dow	32,513.94	-1.95%	-10.52%
U.S. Dollar Index	110.32	-0.20%	14.96%
U.S. Bond Index (DJ)	374.05	-0.01%	-20.75%

food and fertilizer exports, will meet with Russia's Deputy Foreign Minister Sergei Vershinin on Friday, a U.N. spokesperson said.
"It is hoped that the discussions will advance progress made in facilitating the unimpeded export of food and fertilizers originating from the Russian Federation to the global markets," the U.N. spokesperson said on Wednesday.
Russia suspended participation in the pact allowing Black Sea exports for several days last week after accusing Ukraine of using it as cover to target Russian ships in Crimea. Ukraine has neither confirmed nor denied it was behind the attack.
While Russia restarted its cooperation, President Vladimir Putin said he reserved Moscow's right to withdraw again. If Russia did so, however, Putin said it would not impede shipments of grain from Ukraine to Turkey.
More than 10 million tonnes of grain and other food has been exported from Ukraine under the deal, according to the United Nations. It has warned that Russia's war is worsening a global food crisis and pushing tens of millions more people into hunger.

Algerian wheat purchase on Tuesday seen at about 510,000 T

Algeria's state grains agency OAIC is believed to have bought about 510,000 tonnes of milling wheat in an international tender on Tuesday, European traders said in new assessments on Wednesday.
This was above most estimates of around 400,000 tonnes made by traders on Tuesday evening.
Traders on Wednesday said much of the purchase was made at around $368 a tonne cost and freight (c&f) included.
This was at the higher end of estimates of mostly around $367 to $368 a tonne given on Tuesday night. More estimates of the purchase volume and price are still possible.
Although technically supplies are optional origin, a substantial volume is expected to be sourced from Russia, although some is likely to come from France, they said. The wheat was sought for shipment in two periods from the main supply regions including Europe, from Dec. 1-15 and Dec. 16-31.
If sourced from South America or Australia, shipment is one month earlier.
Algeria is a vital customer for wheat from the European Union, especially France, but Russian exporters have been making major efforts to expand in the lucrative Algerian market. Algeria does not release results of its tenders and reports are based on trade estimates.

Picture of the Day

A full moon rises behind an electricity pylon with high-voltage power lines, amid Russia's attack on Ukraine, in Dnipropetrovsk region, Ukraine. REUTERS/Valentyn Ogirenko

(Inside Commodities is compiled by Jesse Vinay in Bengaluru)

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