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Top News - Oil

Iraq expects deal to resume Kurdistan oil output within three days

Iraqi oil minister Hayan Abdel-Ghani expects to reach an agreement with the Kurdistan Regional Government (KRG) and foreign oil companies to resume oil production from the Kurdish region's oilfields within three days, he said on Sunday.

Abdel-Ghani said during a visit to Erbil, the capital of Iraq's semi-autonomous Kurdistan, that Iraq has reached an "understanding" with Turkey in relation to resumption of northern oil exports through the Iraq-Turkey pipeline.

Turkey halted 450,000 barrels per day (bpd) of northern exports through the Iraq-Turkey pipeline from March 25 after an International Chamber of Commerce (ICC) arbitration ruling.

The ICC ordered Ankara to pay Baghdad damages of about $1.5 billion for unauthorised exports by the KRG between 2014 and 2018.

Abdel-Ghani and top federal oil officials on Sunday started meetings with the KRG's ministry of natural resources and senior Kurdish energy officials to discuss the matter.

"The purpose of this meeting is to resolve all issues to facilitate resumption of oil production and exports," Abdel-Ghani told reporters in Erbil.

"First step is to agree with the region and companies on adjusting their existing contracts to be consistent with Iraq's constitution. We could reach a deal in three days."

Iraqi government oil officials met representatives of the Association of the Petroleum Industry of Kurdistan (APIKUR) for the first time on Wednesday to discuss a resumption of flows to Turkey.

APIKUR's members include international oil and gas companies that have a direct or indirect interest in upstream oil or gas contracts in Iraq's Kurdistan region, many of which have had to stop output because of the pipeline closure.

Russian Urals crude prices fall back towards G7 price cap – traders

Urals crude oil prices at Russian ports have fallen back towards a price cap imposed by Group of Seven (G7) countries, weighed by rising freight rates and weaker Brent crude prices, traders said and Reuters calculations showed.

Russia's main export grade has been trading above the $60 per barrel Western price cap since mid-July amid output cuts by OPEC+ producers including Saudi Arabia and Russia.

But weaker Brent prices and a recent jump in freight rates for the Russian grade have led to a significant drop in free on board (FOB) Urals prices in Russian ports, meaning lower profits for Russian oil companies and losses for the state budget.

Under the terms of the G7 cap, buyers are only able to use Western services such as shipping and insurance when Russian crude trades below $60 per barrel.

Calculated FOB estimates for Urals cargoes loading from Baltic ports for India at the end of November and early December were at $63-64 a barrel on Friday, according to traders' data and Reuters calculations.

That is well below the $81.52 per barrel October average for the blend and $83.30 in September, the Russian Finance Ministry said on Monday.

Freight costs for Russian oil jumped last month after the U.S. imposed sanctions on two tankers carrying Russian oil.

The cost of Russian Urals oil shipments from Baltic ports of Primorsk and Ust-Luga to Indian ports rose to nearly $8 million per voyage, up from recent estimate of $7.5 million last month. The cost of freight in September was around $5 million.

The exit of several shipowners from the Russian oil market following the U.S. warning and bad weather are the main reasons behind rising freight rates, two traders said.

Meanwhile Urals oil prices in Indian ports remained well supported amid healthy buying demand, traders said.

Cargoes for loading late in November and December traded at a discount of $4-5 per barrel to Brent, while some cargoes were done below $4, according to three sources involved in Russian oil sales to India.

Indian refiners buy Russian oil on a delivered basis, while the supplier bears all the shipping and insurance costs.

Oil prices are set to fall for a third week as concerns of supply disruptions from the Israel-Hamas conflict have ebbed.

Top News - Agriculture

Dry spell delays Brazil soy planting, spoils second corn outlook – farmers

A lack of rainfall in Brazil's top grain state Mato Grosso has delayed soybean planting by up to 30 days and is compromising the outlook for second corn, which is cultivated after the oilseed is harvested and represents around two-thirds of national production, farmers said.
In comments sent to Reuters by state farmer group Aprosoja-MT on Friday, soybean growers also noted dry weather forced replanting on some areas, curtailing soy's yield potential in the world's largest exporter of the commodity.
Gilberto Peretti, in Mato Grosso's Gaucha do Norte, planted his soy almost 30 days later than last season. He said he has sown just over 100 hectares (247 acres), but will have to replant 30%.
"There will be a big drop in output... Replanting is never the same (for yield)," he said. Referring to second corn, Peretti dismissed planting it this season due to climate risk. "It's too late."
Oleonir Favarin, a farmer in Santo Antonio do Leste, said that soy planting is around 20 days behind from the previous cycle. He has already replanted 120 hectares out of 300 sowed before the rains stopped.
"After I did the last planting, we went 20 days without rain," Favarin said, noting he will cultivate only 30% of his normal second corn area.
Leonardo Marasca, an agronomist, said his group had already planted almost 5,200 hectares (12,849 acres) on two soy farms by this time last year, compared with nothing so far in 2023, which led his bosses to suspend second corn planting.
"The seed orders were canceled," Marasca said.
On Thursday, Brazil's crop agency Conab rose soybean output forecast to 162.420 million tons for 2023/24 despite climate concerns, making farmers skeptical.
Grower Antonio Galvan said Brazil could "raise its hands to the sky" if it matches last year's soy production of 154.6 million tons, as estimated by Conab.
In Sorriso, the world's soybean capital, grower Ronan Poletto delayed planting by an average of 12 days due to irregular rains. He projects a 12%-15% soybean production drop from a five-year average.
"This year, if we get 55 bags of soybeans per hectare on average, it would be a historic feat. Last year we got 64."

Malaysia October palm oil inventories at four-year high

Malaysia's palm oil stockpiles stood at a four-year high at the end of October despite more-than-expected exports, data from the Malaysian Palm Oil Board (MPOB) showed on Friday.
Inventories rose 5.84% from September to 2.45 million metric tons, the sixth consecutive month of increases at the world's second-largest palm oil producer. The last time inventories jumped to this level was in September 2019.
Crude palm oil production climbed 5.89% to 1.94 million tons in October, while palm oil exports increased to 1.47 million tons, the data showed.
A Reuters survey had forecast inventories at 2.56 million, or growth of 10.82% on the month, and saw production at 1.88 million tons and exports at 1.29 million tons.
Stockpiles are expected to peak with end-October inventories, as production could decline in November due to seasonal rains hampering harvests, a Kuala Lumpur-based trader said.
"From November, end stocks may start to decline, and this could hold crude palm oil prices from dropping below 3,500 ringgit levels," the trader said.
Palm oil demand is showing a notable improvement of between 100,000 to 170,000 tons compared to prior forecasts, Marcello Cultrera of Singapore-based Apricus said.
"This demand is supported by periodic improvements in crude palm oil import parities and destinations import margins, inline with increased domestic consumption."

Top News - Metals

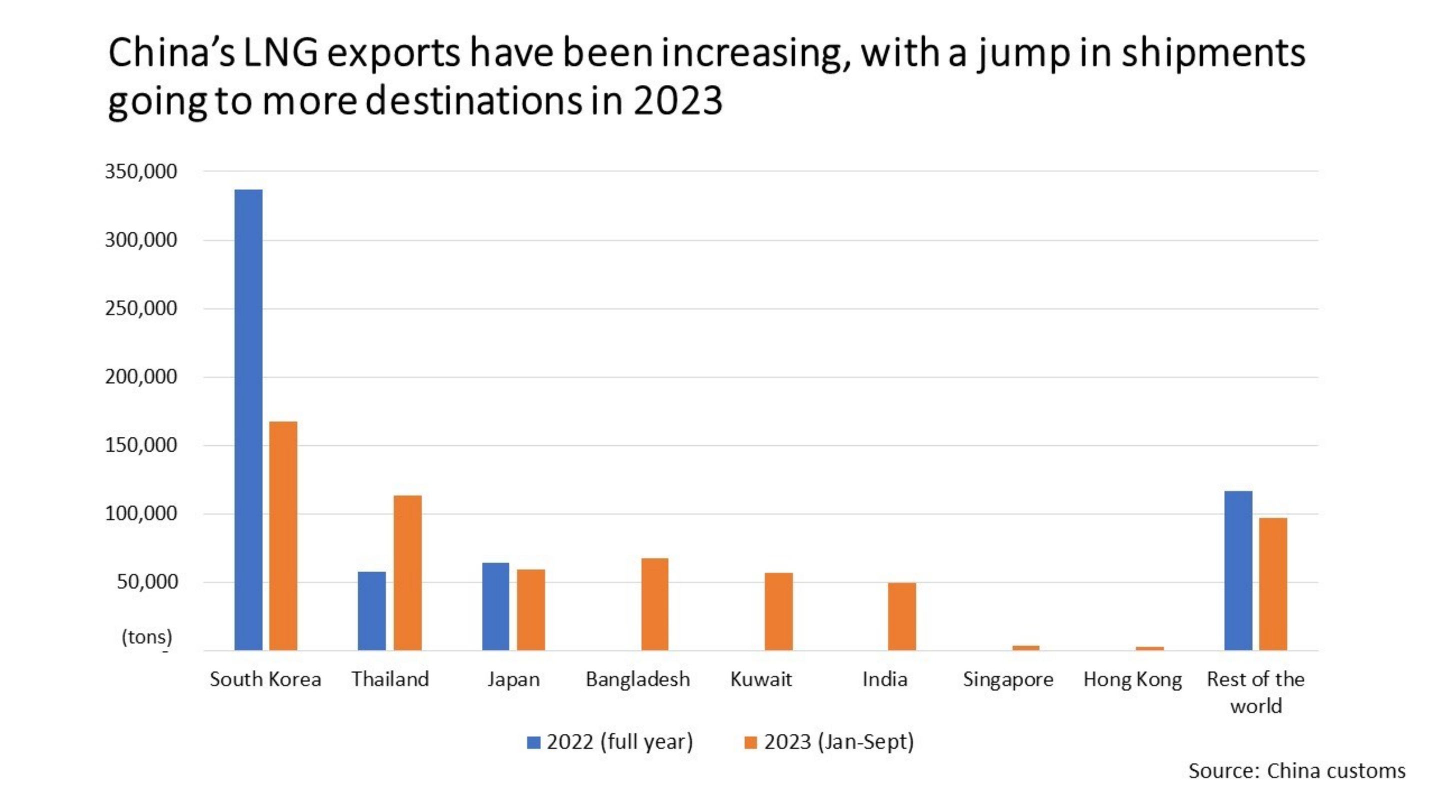
EXCLUSIVE- US, Indonesia to discuss potential for deal on EV minerals -sources

The United States and Indonesia will discuss how to advance a potential minerals partnership aimed a stimulating trade of the electric vehicle (EV) battery metal nickel, according to three people with direct knowledge of the conversations.
Next steps that could move the countries toward formal negotiations on the partnership will be discussed when Indonesian President Joko Widodo visits the White House for a meeting with U.S. President Joe Biden on Monday, according to one of the people.
The Biden administration is still concerned about environmental, social and governance standards in Indonesia and is examining how a deal might work, the sources said. The administration also plans further consultations with U.S. lawmakers and labor groups in the coming weeks, one of the sources said.

"There's a lot of work to do before we are able to formally announce negotiations on a critical minerals partnership," the person said.
The White House did not respond to a request for comment.
Indonesia, which has the world's biggest nickel ore reserves, in September asked the United States to begin discussions for a trade deal for critical minerals so that exports from the Southeast Asian country can be covered under the U.S. Inflation Reduction Act (IRA).
Most of Indonesia's nickel is processed into crude metal but the government is keen to develop an EV supply chain to use the vast reserves of nickel, which can be processed into battery materials.

ENVIRONMENTAL IMPACT
The Biden administration discussions, which include U.S. Trade Representative Katherine Tai as well as the White House, focus on making sure that any potential nickel supply be produced with as little environmental impact as possible, according to one of the sources, who directly advised the administration and was not authorized to speak publicly.
"The overall momentum is promising, but (we) don't want to minimize the fact that there is a fair amount of work to be done here," one of the people said.
Indonesia's nickel supplies are the world's largest and nickel mining there has been blamed for heavy deforestation and water pollution.
Under guidelines for the U.S. law issued in March, Washington has required that a certain amount of critical minerals in EV batteries be produced or assembled in North America or a free trade partner, for EVs sold in the United States to be eligible for tax credits. Indonesia does not have a free trade agreement with the United States.
The Biden administration is also discussing ways to carve out any nickel that is extracted from Indonesia but processed in China from receiving the IRA credits, one of the sources added.
One estimate puts the global market value for the nickel industry at $33.5 billion in 2022, though the market is over-supplied.
The only U.S. nickel mine is set to close in a few years, and the country has no nickel smelter, a risk to Biden's goal for the United States to lead in EV manufacturing.
The government last year gave nearly $115 million to Talon Metals, to partially fund a nickel processing plant in North Dakota that will supply Tesla Inc.
Talon is seeking permits for its proposed Minnesota nickel mine, but has faced opposition from Indigenous people. Many U.S. miners have said that the Biden administration should focus more on approving domestic projects than seeking international supply.

Chart of the Day



EXCLUSIVE-Exxon aims to begin lithium production by 2026 in Arkansas -source

Exxon Mobil is set to unveil its long-awaited lithium strategy on Monday with an announcement that it aims to start production of the electric vehicle (EV) battery metal in Arkansas by 2026, according to a source with direct knowledge of the oil major's plans.

Exxon's expansion into the sector comes as emerging technologies aim to boost global production of the ultralight metal by filtering it from salty brine deposits found across the globe and supplying it to battery makers eager for fresh sources.

Exxon, which invented the lithium-ion battery in the 1970s but stepped away from the technology, plans to begin producing at least 10,000 metric tons per year of lithium in Arkansas by 2026 with partner Tetra Technologies in what has been labeled "Project Evergreen," according to the source.

That initial production would be roughly equivalent to the amount needed to produce 100,000 EV batteries.

Reuters reported this year that Exxon had agreed to develop more than 6,100 lithium-rich acres in Arkansas with Tetra, which produces chemicals for water treatment and recycling.

Exxon has been drilling wells in Arkansas this year to study the vast Smackover Formation, a geological formation stretching from Florida to Texas that teems with lithium- and bromine-rich brine. The company has also been testing unproven direct lithium extraction (DLE) technology that will be crucial for commercial operations, according to the source, who was not authorized to speak publicly.

An Exxon spokesperson declined to comment. A representative for Tetra was not immediately available to comment.

For Exxon and other oil companies, lithium production offers the prospect of selling a new product with relatively little added cost. Darren Woods, Exxon CEO since 2017, told investors during a call on Oct. 4 that the lithium sector was "fairly promising."

He also said: "We see an opportunity to really leverage the things that we're pretty good at."

Exxon, like other fossil fuel producers, has faced pressure to reduce carbon emissions from operations. Reuters reported this year that Exxon shareholder Engine No. 1 had pressured the company to deploy DLE.

Exxon is not expected to publicly announce which DLE technology it has chosen, according to the source. The company has a long-standing pattern of not disclosing some vendors.

Reuters reported this year that Exxon and Chevron held talks with International Battery Metals and EnergySource Minerals about licensing DLE technology.

OTHER ACREAGE

Separate from its Tetra partnership, Exxon also controls more than 100,000 acres in Arkansas from which it plans to begin lithium production by 2027, according to the source.

Exxon acquired that acreage this year from privately held Galvanic Energy, Reuters reported.

It was not clear whether Exxon plans to expand lithium operations outside Arkansas. Like all oil producers, Exxon extracts water containing traces of lithium as part of fossil fuel production. That could help the oil industry morph into the world's largest lithium supplier, if DLE technologies can be commercialized.

Exxon, like Albemarle, Standard Lithium and others aiming to produce the battery metal in Arkansas, face a key regulatory roadblock. The southern U.S. state, just north of Louisiana, has a royalty structure for bromine, which Albemarle has long produced there, but not for lithium, which could delay development in the short term.

The Arkansas Oil and Gas Commission, which overseas lithium operations in the state, has said it plans to hold hearings on the matter.

Exxon plans to send at least six representatives to the Benchmark Minerals conference next week in Los Angeles, according to an attendance list seen by Reuters. It would mark the company's first attendance at the major critical minerals conference.

Top News - Carbon & Power

Top LNG importer China re-selling more cargoes, eyes trading gains

China, the world's top importer of liquefied natural gas (LNG), is increasingly re-selling some of the super-chilled fuel to other Asian buyers as it looks to profit from price swings.

Armed with a growing portfolio of long-term supply deals recently struck with Qatar and U.S. exporters, as well as extensive terminal capacity, Chinese companies led by state giant PetroChina are more actively trading LNG, but still lag far behind global majors such as BP, Shell and TotalEnergies.

Chinese customs data shows that China reloaded 617,000 metric tons of imported LNG during the first nine months of this year, compared with 576,000 tons in all of 2022, 26,000 tons in 2021 and 59,000 tons in 2020.

China's LNG sales have increased along with rising Asian demand after the disruption in Russian exports to Europe from the Ukraine war sparked price volatility and tightened supplies globally.

Asia spot prices soared to record highs of $70 per million British thermal units (mmBtu) last year. They have since eased to $17/mmBtu, encouraging demand from Asian buyers, but are still above single-digit levels seen before Russia's invasion of Ukraine and the COVID-19 pandemic.
Top Chinese LNG trader PetroChina International (PCI) is spearheading the retrading, which is recorded by Chinese customs as exports from bonded storage tanks.
South Korea has been the top buyer so far this year, taking 27% of China's reloads, followed by Thailand, Bangladesh, and Japan, as well as Kuwait, Chinese customs data showed.
"We need to pull all levers when it comes to managing market swings," Zhang Yaoyu, PCI's global head of LNG, told Reuters.
Re-selling LNG cargoes is one initiative among others - such as using financial derivatives products and developing infrastructure like regasification terminals and underground storage - to offset market volatility and improve overall supply security, he said.
Still, the trading volume is a small fraction of PCI's supply portfolio, and fluctuates depending on market conditions, Zhang added.
While Qatari contracts carry rigid destination clauses, most U.S. supplies and some purchases from global portfolio players are tradeable.
China also receives some LNG from Australia and Indonesia with flexible destination clauses.

HAINAN ISLAND HUB

State trader CNOOC and privately controlled Jovo Energy also re-exported a cargo each this year, both to Japan, Kpler data shows.
The main reloading point has been the Yangpu regasification terminal, in the southern island province of Hainan, which can handle 3 million tons of LNG annually and is closer to southeast and south Asian buyers than China's east coast terminals, according to Kpler and ICIS.
Chinese LNG buyers have also been setting up or expanding trading desks in London and Singapore to better manage their supply portfolios.

CATCHING UP

China is now the world's second largest LNG re-exporter after Spain, which exported 1.7 million tons in 2022 and 1.15 million tons so far in 2023, Kpler data showed.
"This could lead to it taking up a similar role in Asia to one that Spain has had in Europe... as a key centre for reloading cargoes, helping to offer flexibility to the market," said ICIS LNG analyst Alex Froley.
China's LNG receiving capacity is expected to expand 30% to nearly 182 million tons annually by 2025 from 139 million tons this year, CNOOC has estimated.

BP, Edison, Shell ask US, EU to intervene in Venture Global LNG dispute

BP, Edison and Shell pressed a U.S.-EU energy group to intervene in a dispute with liquefied natural gas exporter Venture Global LNG over the U.S. firm's failure to deliver contract supplies of the fuel.
The companies appealed to the U.S.-EU Task Force on Energy Security last month, and a Shell executive urged them to require Venture Global LNG to "immediately begin to perform" under their signed contracts.
The three are among at least four customers of the Arlington, Virginia, firm pursuing contract arbitration claims over a lack of gas supplies. Venture Global LNG has said the Louisiana plant is not fully operational due to faulty power equipment that is being repaired.
Their appeals sought to get The Hague and Washington to pressure Venture Global LNG on the contracts. In its letter, Shell accused Venture Global LNG of diverting resources into building a second LNG export plant rather than completing repairs to its first plant.
The behavior "has shaken confidence in the trustworthiness of American LNG suppliers," BP executive Carol Howle wrote in a separate letter. Whether the plant should be allowed to operate and export under rules governing construction should be explored by officials, she added.

NO ACTION BY TASK FORCE

Officials from the EU and U.S. indicated they view the dispute as "a contractual matter between commercial parties," a Venture Global LNG spokesperson said on Saturday. No action was taken on Shell's request at an Oct. 30 task force meeting.
A Shell spokesman said on Saturday it was not expecting an immediate reaction by the task force, and wanted to bring a potential loss of trust in U.S. LNG to officials' attention. BP declined comment apart from its letter.
Utility giant Edison did not immediately reply to a request for comment on the weekend.
Venture Global LNG is operating the Calcasieu Pass plant at capacity, it has told U.S. regulators. And it has sold more than 200 cargoes worth about $18.2 billion to date, according to a Reuters tally. Those sales reaped higher prices than would be available under the four firms' long-term contracts.
Shell and others claim the firm has profited from the rally in global gas markets while short-changing Europe's energy security. They have been told they will not receive their contracted amounts until late 2024.
BP and Shell have bought gas from the plant and sold it outside of Europe while citing Europe's energy security in letters to the U.S.-EU task force, Venture Global LNG said. The company is "diligently working toward full completion." It did not say when full commercial operation would begin.

"Shell has purchased 7 commissioning cargoes from Venture Global and 3 of them were traded outside of Europe for higher profits. Similarly, BP has purchased 6 commissioning cargos, and 2 have been traded to destinations outside of Europe," according to a Nov. 10 letter signed by Venture Global Co-Chairman Michael Sabel and Robert Pender.

The exporter is in compliance with terms of its contracts and the criticisms by BP and Shell represent an attempt to "litigate this through our regulators and in the media," the letter said.

The appeal to the U.S.-EU task force also follows Repsol's bid to have the U.S. energy regulator Federal Energy Regulatory Commission reopen its approval of the Calcasieu plant in view of the startup problems.

That request was rejected.

Top News - Dry Freight

Ukraine corridor freight costs up after missile attack, brokers say

Freight costs for ships using Ukraine's alternative export corridor have risen following an attack on a cargo vessel in the Black Sea off Odesa, brokers said on Friday.

Ukrainian officials said on Wednesday a Russian missile damaged a Liberia-flagged civilian ship entering a Black Sea port in the Odesa region, killing one person and injuring four others. The vessel was supposed to transport iron ore to China.

Later, they said that the corridor was working despite the attack.

"As a result of a Russian missile hitting a cargo ship... sea freight rates have risen by $20/T and the number of shipowners willing to load in Ukrainian ports has decreased," Spike Brokers company said on Telegram.

Spike Brokers regularly tracks and publishes export statistics in Ukraine.

After pulling out of a U.N.-brokered deal that guaranteed safe shipments of Ukrainian grain via the Black Sea, Russia has been repeatedly attacking Ukrainian port infrastructure.

In August, Ukraine opened a "humanitarian corridor" for ships bound for African and Asian markets to try to circumvent a de facto Russian blockade in the Black Sea of Kyiv's seaborne exports, imposed after Russian forces invaded Ukraine in 2022.

Ukrainian officials say 91 vessels have exported 3.3 million metric tons of agricultural and metal products since the corridor started operating in August.

Ukraine raises grain deliveries to Black Sea ports – railways

The number of rail wagons heading to the ports of Ukraine's Odesa region continued to rise over the past week thanks to the successful operation of the alternative Black Sea exports corridor, a senior railways official said late on Thursday.

Valeriy Tkachov, deputy director of the commercial department at Ukrainian Railways, said on Facebook that over the last week the number of grain wagons heading to Odesa ports increased by more than 26% to 5,341 from 4,227.

He said up to 970 wagons were unloaded at the ports' silos every day.

A week earlier the number of wagons jumped by around 50%.

In August, Ukraine launched a "humanitarian corridor" for ships bound for African and Asian markets to try to circumvent a de facto blockade in the Black Sea after Russia quit a deal that had guaranteed Kyiv's seaborne exports during the war.

Later, a senior agricultural official said the route - which runs along Ukraine's southwest Black Sea coast, into Romanian territorial waters and onwards to Turkey - would also be used for grain shipments.

Deputy Prime Minister Oleksandr Kubrakov said on Thursday 91 vessels had exported 3.3 million metric tons of agricultural and metal products since the corridor started operating in August.

The UCAB agricultural business association said this month that Ukrainian grain agricultural exports rose by 15% to 4.8 million metric tons in October thanks to the new corridor.

Ukraine's government expects a grain and oilseeds harvest of 79 million tons in 2023, with a 2023/24 exportable surplus of about 50 million tons.

MARKET MONITOR as of 07:31 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$76.59 / bbl	-0.75%	-4.57%
NYMEX RBOB Gasoline	$2.14 / gallon	-1.17%	-13.61%
ICE Gas Oil	$785.25 / tonne	-3.38%	-14.74%
NYMEX Natural Gas	$3.15 / mmBtu	3.79%	-29.65%
Spot Gold	$1,938.50 / ounce	0.09%	6.25%
TRPC coal API 2 / Dec, 23	$111 / tonne	3.26%	-39.92%
Carbon ECX EUA / Dec, 23	€78.24 / tonne	-0.58%	-6.82%
Dutch gas day-ahead (Pre. close)	€43.00 / Mwh	0.82%	-43.10%
CBOT Corn	$4.78 / bushel	-0.16%	-29.46%
CBOT Wheat	$5.95 / bushel	-0.75%	-24.98%
Malaysia Palm Oil (3M)	-	-	-
Index (Total Return)	**Close 10 Nov**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	310.05	0.01%	2.89%
Rogers International	27.64	-0.09%	-3.59%
U.S. Stocks - Dow	34,283.10	1.15%	3.43%
U.S. Dollar Index	106	-0.05%	2.26%
U.S. Bond Index (DJ)	396.14	0.35%	0.58%

Picture of the Day

A wind turbine is shrouded in fog at the Low Carbon Energy Generation Park on the Keele University campus, Keele, Staffordshire, Britain, November 11. REUTERS/Carl Recine

(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

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