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Top News - Oil

China's Oct oil refinery runs slow from last month as margins narrow

China's oil refinery throughput in October eased from the previous month's highs amid weakening industrial fuel demand and narrowing refining margins.

Total refinery throughput in the world's second-largest oil consumer was 63.93 million metric tons, data from the National Bureau of Statistics (NBS) showed on Wednesday.

That was equivalent to 15.05 million barrels per day (bpd), a slight slowdown on September's record 15.48 million bpd.

Run rates were, however, 9.1% higher than last October, when widespread pandemic restrictions suppressed transport fuel consumption.

China's crude imports were up 13.5% year-on-year in October at 11.53 million bpd, though growth from September was relatively muted at 3.6%.

China's factory activity unexpectedly contracted in October, while the non-manufacturing PMI also indicated a slowdown in services and the vast construction sector, pointing to weakening domestic fuel demand.

"Chinese refiners started run cuts from 2H October amidst weakening margins and winter maintenance, with Shandong teapots seeing deepest cuts, as some are running out of crude import quotas," said Emma Li, a China oil markets analyst at Vortexa in Singapore.

Private "teapot" refiners in Shandong province have faced particular pressure on their margins due to competition for limited Russian oil supply and higher prices for Venezuelan shipments following a U.S. sanctions relief.

Average refining margins at teapots narrowed to reach about 450 yuan ($61.50) a ton in October from a peak of nearly 1,200 yuan in March, Reuters previously reported.

Onshore crude inventories rose around 2 million barrels over the last two weeks of the month, reaching 958 million barrels as of Nov. 2, according to commodities consultancy Vortexa.

The NBS data also showed that domestic crude oil production in October was 17.33 million metric tons, or 4.1 million bpd, up from 17.2 million tons in 2022.

Natural gas production was up 2.6% from a year earlier at 19.0 billion cubic metres (bcm), from 18.5 bcm last year.

IEA raises oil demand growth forecasts, flags possible 2024 surplus

The International Energy Agency (IEA) on Tuesday raised its oil demand growth forecasts for this year and next despite slower economic growth in nearly all major economies, although its 2024 outlook remains much lower than that of producer group OPEC.

The Paris-based IEA said the market could shift into surplus at the start of 2024 having been kept in a "significant deficit" through year-end by voluntary cuts from Saudi Arabia and Russia which last until the end of December.

"For now, with demand still exceeding available supplies heading into the Northern Hemisphere winter, market balances will remain vulnerable to heightened economic and geopolitical risks – and further volatility ahead," the IEA said in a monthly report.

Oil has weakened to around $82 a barrel for Brent crude from a 2023 high in September near $98. Concern about economic growth and demand has pressured prices, despite support from supply cuts by OPEC and its allies, and conflict in the Middle East.

The IEA joins the Organization of the Petroleum Exporting Countries in raising its oil demand growth forecast for 2023. Demand in 2023 has been supported by resilient U.S. deliveries and record September demand from China, the IEA said.

In 2023, the IEA expects world demand to rise by 2.4 million barrels per day (bpd), up from 2.3 million bpd seen previously and bringing its view closer to that of OPEC, which on Monday nudged up its forecast to 2.46 million bpd.

SLOWDOWN IN VIEW

For 2024, the IEA raised its oil demand growth forecast to 930,000 bpd from 880,000 bpd. Expectations are underpinned by hopes of interest rate cuts and the recent fall in crude prices, the IEA, the energy adviser to industrialised nations, said.

This is still well below OPEC's forecast of 2.25 million bpd. The difference - 1.32 million bpd - is equivalent to roughly 1% of daily world oil use and translates into more than the daily production of an OPEC member such as Libya.

OPEC and the IEA have clashed in recent years over issues such as the long-term oil demand outlook and the need for investment in new supplies.

The IEA said the 2024 demand slowdown will arise as "the last phase of the pandemic economic rebound dissipates and as advancing energy efficiency gains, expanding electric vehicle fleets and structural factors reassert themselves."

The 2024 outlook will be in focus at the next meeting of OPEC and its allies, known as OPEC+, on Nov. 26. The group's existing deal limits supply into 2024, although the extra Saudi and Russian voluntary cuts last until the end of December.

Top News - Agriculture

NOPA October US soybean crush seen at record 187.237 million bushels

The U.S. soybean crush likely reached an all-time monthly high in October, while soyoil stocks were estimated to have risen for the first time in six months, analysts said ahead of a monthly National Oilseed Processors Association (NOPA) report due on Wednesday.

NOPA members, which handle about 95% of all soybeans processed in the United States, were estimated to have crushed 187.237 million bushels last month, according to the average of estimates from nine analysts.

If realized, the October crush would be up 13.2% from September's crush of 165.456 million bushels and up 1.5% from the October 2022 crush of 184.464 million bushels. It would also be the largest crush on record for any month, eclipsing the prior record of 186.438 million bushels set in December 2021.

The October crush is typically one of the largest of the year as seasonal maintenance downtime at processing plants wraps up and as crushers receive newly harvested soybeans.

Estimates for the October 2023 crush ranged from 180 million to 193.235 million bushels, with a median of 187.400 million bushels.

The NOPA report is scheduled for release at 11 a.m. CST (1700 GMT) on Wednesday. NOPA issues crush data on the 15th of each month, or the next business day.

Soyoil supplies held by NOPA members as of Oct. 31 were forecast at 1.188 billion pounds, based on estimates from seven analysts. If realized, it would up 7.3% from the 1.108 billion pounds held by NOPA members at the end of September, which was the smallest stockpile since December 2014.

Soyoil stocks estimates ranged from 1.080 billion to 1.300 billion pounds, with a median of 1.189 billion pounds.

COLUMN-Funds pile back into CBOT soybeans amid Brazil weather worries -Braun

Unusually hot and dry weather has gripped top soybean exporter Brazil as it plants what is supposed to be a record crop, causing concern for both soybean and corn supplies as soybean problems could bleed onto Brazil's heavily exported second corn crop next year.

Additionally, tightness in U.S. soybean meal supplies related to Argentina's extreme crop shortfall earlier this year has lent significant support to soybean and soymeal futures lately.

Most-active Chicago soybean futures surged nearly 4% in the week ended Nov. 7, and money managers expanded their net long position in CBOT soybean futures and options to 68,598 contracts from 23,153 a week earlier, reaching their most bullish stance in two months.

It was funds' biggest net buying week in soybeans since early April, and both new longs and short-covering played an instrumental role. This is according to data published Monday afternoon by the U.S. Commodity Futures Trading Commission.

CBOT soybean meal futures also rose nearly 4% through Nov. 7, and money managers extended their net meal long to 111,987 contracts from 106,583 in the prior week with short-covering as the prominent factor.

The new managed money meal long is the biggest since mid-March and the largest ever for the date. Open interest in CBOT soybean meal futures and options in the week ended Nov. 7 topped 600,000 contracts for the first time ever, surpassing the extremely elevated 2018 levels.

CBOT soybean oil shed about 4% in the week ended Nov. 7, and money managers flipped to a net short in bean oil for the first time since early June, primarily on new shorts. The Nov. 7 net short of 10,352 futures and options contracts compares with a net long of 4,495 a week earlier.

CBOT corn futures were down 2% through Nov. 7, and the managed money net short in corn futures and options increased to a six-week high of 168,588 contracts from 144,432 a week earlier. That was equally split between new shorts and exiting longs.

Money managers' net short position in CBOT wheat futures and options shrank to 92,262 contracts through Nov. 7 versus 101,575 in the prior week on a 2.5% rise in futures. That still reflects a relatively strong net short, the date's largest since 2017.

China began buying large daily quantities of U.S. soybeans on Nov. 8, and the U.S. Department of Agriculture released its monthly supply and demand report on Nov. 9. The USDA numbers were bearish for corn and soybeans as U.S. crops came in larger than expected.

However, the Chinese buying and intensifying problems in some of Brazil's key production states have helped futures move higher in the last four sessions.

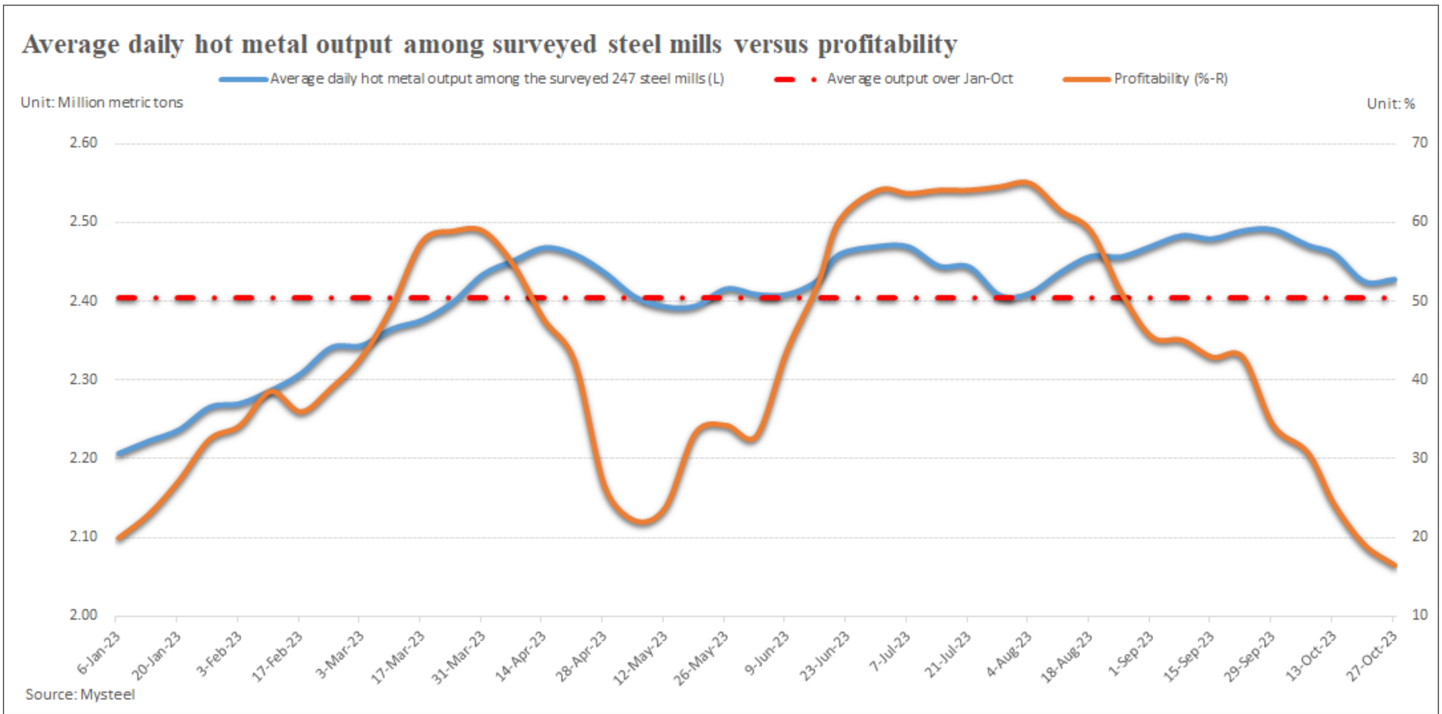
Corn is up nearly 2% in that timeframe, soybeans and wheat have added 1.5% each, soybean oil is up 4%, and soybean meal has risen nearly 5%.
CBOT soybean meal on Monday traded up the daily limit at one point, reaching the most-active contract's highest since mid-March and notching another contract high for December meal. Soymeal futures as of Monday are the highest ever for the date and have risen 26% in the last five weeks.
Most-active CBOT soybeans on Monday hit their highest price since Aug. 31, and most-active corn futures rose 2.9%, their biggest single-day percentage gain since July 24. That was after reaching the lowest levels on Friday since December 2020.

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

Top News - Metals

China's Oct crude steel output extends dip on thinner margins, weak demand
China's crude steel output fell for the fourth consecutive month in October, official data showed on Wednesday, as more mills implemented furnace maintenance amid thinning margins and disappointing demand in the peak consumption season.
The world's largest steel producer manufactured 79.09 million metric tons of the metal last month, down 3.7% from 82.11 million tons in September, data from the National Bureau of Statistics (NBS) showed.
While a decline from September was expected, the drop was steeper than estimated, with production 1.8% lower than a year ago.
Analysts had pegged October output at between 80 million and 81 million tons, higher than 79.76 million tons in October 2022.
Average daily crude steel output was 2.55 million tons, down 6.8% from September and the lowest since December 2022 according to Reuters calculations based on official data.
Wider and deepening losses prompted some steelmakers to start annual maintenance on blast furnaces earlier than expected, contributing to lower output in October, said Cai Yongzheng, a Nanjing-based director of Jiangsu Fushi Data Research Institute.
Less than one-fifth of Chinese steel mills surveyed were operating at a profit by end-October, compared to around one-third in late September, data from consultancy Mysteel showed.
Daily hot metal output averaged 2.45 million tons in October, down 1.5% on the month but up 2.5% on the year, Mysteel data showed.
The provincial iron and steel association of southwestern Yunnan said in early October a few local mills had capped output to stem losses caused by surging production costs.

Chart of the Day



"Steel demand was weaker than expected before and after the Golden Week holiday break, worsening sentiment and resulting in falling steel prices," said Xu Xiangchun, director of content at Mysteel.

In addition, some northern cities, including top steel production hub Tangshan, took measures to restrict output to control air pollution.

China produced 874.7 million tons of crude steel in the January-October period, up 1.4% from last year, NBS data showed.

Despite the declining output in recent months, analysts expect China's total steel output in 2023 to be higher than last year given the lack of a government-mandated production cap in the previous two years to limit carbon emissions.

As Exxon eyes lithium, crucial decision looms on filtration technology

Exxon Mobil has yet to decide which lithium filtration technology it will deploy as part of its aggressive plans to become one of the world's top producers of the metal used to make electric vehicle (EV) batteries, an executive said on Tuesday.

On Monday, the oil giant unveiled its long-awaited lithium strategy and said it aims to filter the ultralight metal from reservoirs about 10,000 feet beneath the U.S. state of Arkansas. Reuters first reported the news last weekend.

Exxon's expansion into the sector will rely on one or more of a so-far unproven fleet of direct lithium extraction (DLE) technologies that Eramet, Sunresin, Rio Tinto and others are working to commercialize.

Choosing which DLE technology to license will be a crucial decision upon which Exxon's production of the battery metal will rely. The company has held talks with a range of DLE technology providers, including International Battery Metals and privately held EnergySource Minerals.

"We haven't chosen a (DLE) company yet. We're in the process of evaluating a number of companies," Patrick Howarth, Exxon's global product manager for lithium, said in an interview on the sidelines of the Benchmark Week 2023 strategic minerals conference in Los Angeles.

The company will provide details on its DLE process once it formally decides to proceed with its lithium project, a technical step known as formal investment decision, he said. He declined to be more specific on timing.

Even though it has yet to pick a DLE technology, Exxon is confident it can start producing lithium by 2027 on 120,000 acres in Arkansas that it acquired earlier this year, Howarth said.

"What we've seen as we've looked at a number of the (DLE) technology providers is pretty consistent abilities on the brine that we've got within Arkansas to extract lithium," he said.

Because it not yet chosen a DLE technology, Exxon also has not yet forecast how much lithium it ultimately aims to produce. The company is drilling test wells across Arkansas to study the underground brine reservoir.

"From there, we'll be able to come back with a more fulsome number about production ambitions," Howarth said.

Separately, Exxon has a lithium partnership with Tetra Technologies to develop a smaller parcel in Arkansas that is expected to be producing 10,000 metric tons of lithium per year by 2026.

Exxon is also studying where else in the world it could produce lithium, Howarth said.

Top News - Carbon & Power

China's October coal output slips on mine safety push

China's October coal output slipped by 1.1% from September's six-month high, official data showed on Wednesday, as mine safety inspections limited production.

The world's largest coal producer mined 388.8 million metric tons of the fuel last month, according to data from the National Bureau of Statistics, though that was still up 3.8% from the year-earlier level.

Authorities conducted more safety inspections last month after a significant number of accidents in September and October, said Simon Wu, a senior consultant at Wood Mackenzie in Beijing.

Two accidents in which more than 60 people were killed spurred the mine safety administration to announce revisions to the mine safety law.

Underscoring the safety focus, the emergency management ministry called early this month for curbs on over-production at coal mines. China's top coal production hub of Shanxi also called for heightened safety checks in the fourth quarter.

Mines typically need to halt production during inspections but many mines have resumed operations following previous rounds of safety checks.

Wu said he expected production could recover to around the level of September's six-month high in the last two months of the year. But it is unlikely to reach new highs as winter weather typically impedes operations at open-pit mines in northern China.

Analysts from the China Coal Transportation and Distribution Association (CCTD), an industry association, had previously warned output for the fourth quarter could be lower than anticipated given the inspections.

China is also giving power utilities more flexibility in signing long-term contracts for 2024, a sign that supply concerns have waned as output and imports have risen from year-earlier levels.
Coal production over the first 10 months of 2023 reached 3.83 billion tons, up 3.1% compared with the same period last year.

EU agrees law to hit fossil fuel imports with methane emissions limit
The European Union reached a deal on Wednesday on a law to place methane emissions limits on Europe's oil and gas imports from 2030, pressuring international suppliers to clamp down on leaks of the potent greenhouse gas.
Methane is the second-biggest cause of climate change after carbon dioxide, and in the short term has a far higher warming effect. Rapid cuts in methane emissions this decade are crucial if the world is to avoid severe climate change.
After all-night talks, negotiators from EU member states and the European Parliament agreed to impose "maximum methane intensity values" by 2030 on producers abroad sending fossil fuels into Europe, the council of the EU, which represents member states, said in a statement.
The import rules are likely to hit major gas suppliers which include the United States, Algeria and Russia. Moscow slashed deliveries to Europe last year and has since been replaced as Europe's biggest pipeline gas supplier by Norway - whose supply has among the world's lowest methane intensity.
"Finally, the EU tackles the second most important greenhouse gas with ambitious measures," said Jutta Paulus, the EU Parliament's co-lead negotiator, adding that the law "will have repercussions worldwide".
Methane leaches into the atmosphere from leaky pipelines and infrastructure at oil and gas fields.
The law will now be put to the European Parliament and EU countries for final approval. That step is usually a formality that waves through pre-agreed deals.
The regulation also introduces new requirements for the oil, gas and coal sectors to measure, report and verify methane emissions.
The deal obliges oil and gas producers in Europe to regularly check for and fix leaks of the potent greenhouse gas in their operations.
It also bans most cases of flaring and venting, when companies intentionally burn off or release unwanted methane into the atmosphere, from 2025 or 2027 depending on the type of infrastructure.

Top News - Dry Freight

Ukraine grain exports via new Black Sea corridor hit 4 mln T – Zelenskiy
Ukraine's exports through an alternative Black Sea shipping corridor have reached almost four million metric tons since the route started operating in August, Ukrainian President Volodymyr Zelenskiy said on Tuesday.
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 United Nations-brokered deal that had guaranteed Kyiv's seaborne exports during the war.
Ukrainian officials 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.
"The grain corridor is working. We are now overcoming the four million tons mark and maintaining positive dynamics," Zelenskiy said on the Telegram messaging app.
Ukrainian transport authorities last week said 91 vessels exported 3.3 million metric tons of agricultural and metal products as of Nov. 9.
The situation with exports along the route became more complicated last week when a Russian missile hit a civilian vessel in an Odesa region port.
Officials said the route continued to operate, but brokers reported a rise in freight prices.
"This (attack) is of course bad, it affects the cost of freight and the willingness of traders to buy grain from us and work with Ukraine," Ukrainian Agriculture Minister Mykola Solsky told national television late on Monday.
"We understand that Odesa region ports need to be protected, everyone is doing it and the situation is improving every week, and we will still export," Solsky added.
Ukraine's government expects a harvest of 79 million tons of grain and oilseeds in 2023, with its 2023/24 exportable surplus totalling about 50 million tons.
Ukrainian grain exports have fallen to 9.8 million metric tons as of Nov. 6 in the 2023/24 July-June marketing season from 14.3 million tons a season earlier.
The ministry gave no explanation for the drop but traders and farmers' unions have said blocked Ukrainian Black Sea ports and Russian attacks on the country's Danube River ports are the main reasons for lower exports.
Ukraine has traditionally shipped most of its exports through its deep water Black Sea ports.

Tunisia buys about 50,000 T durum wheat in tender-traders

Tunisia's state grains agency is believed to have purchased about 50,000 metric tons of durum wheat in an international tender seeking the same volume on Tuesday, European traders said.

It was said to have been bought in two consignments of 25,000 tons, they said.

Trading house Casillo was believed to have sold the two consignments, both at an estimated $424.69 a ton c&f.

Shipment was sought in 2023 in a range between Nov. 25 and Dec. 20, depending on origins supplied.

Finance for the purchase is being provided by the African Development Bank (ADB), one of the agencies assisting Tunisia in its difficult economic position .

Durum can only be supplied from member countries of the ADB. Member states include the main west European countries, the U.S., Canada and Argentina but not Black Sea region countries including Russia, the ADB website says.

Results reported are based on trader assessments. More detailed estimates of prices and volume are still possible later.

MARKET MONITOR as of 07:37 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$78.40 / bbl	0.18%	-2.32%
NYMEX RBOB Gasoline	$2.20 / gallon	-0.01%	-11.22%
ICE Gas Oil	$816.50 / tonne	-0.97%	-11.35%
NYMEX Natural Gas	$3.11 / mmBtu	0.06%	-30.55%
Spot Gold	$1,969.70 / ounce	0.36%	7.96%
TRPC coal API 2 / Dec, 23	$111 / tonne	3.26%	-39.92%
Carbon ECX EUA / Dec, 23	€79.50 / tonne	1.11%	-5.32%
Dutch gas day-ahead (Pre. close)	€45.20 / Mwh	10.78%	-40.19%
CBOT Corn	$4.93 / bushel	-0.20%	-27.25%
CBOT Wheat	$5.96 / bushel	-0.33%	-25.16%
Malaysia Palm Oil (3M)	RM3,980 / tonne	1.95%	-4.65%
Index (Total Return)	**Close 14 Nov**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	314.88	-0.05%	4.50%
Rogers International	27.79	-0.20%	-3.07%
U.S. Stocks - Dow	34,827.70	1.43%	5.07%
U.S. Dollar Index	104	-1.49%	0.51%
U.S. Bond Index (DJ)	402.13	1.47%	0.98%

Picture of the Day

A bee lands on a sunflower at the Sunflower Maze at Great Budworth Ice Cream Farm, in Cheshire, Britain August 24. REUTERS/Molly Darlington

(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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