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Top News - Oil

China's oil refinery output falls from a year ago for a seventh month

China's refinery throughput in October fell 4.6% from last year, down from year earlier for a seventh month, as plant closures offset the ramp up of a newly started complex and demand from holiday travel, official data showed.
Refiners processed 59.54 million metric tons of crude oil last month, data from the National Bureau of Statistics (NBS) showed, equivalent to 14.02 million barrels per day (bpd).
The October figure was down form September's 14.3 million bpd and 15.05 million bpd in October 2023.
Additionally，Reuters' calculations based on last year's NBS figure of 63.93 million tons showed October output contracted 6.9%, which suggests the data agency has revised down the year-ago figures.
Throughput slid even as Yulong Petrochemical, China's newest refiner that started up one of its two 200,000-bpd crude processors in late September, has raised the unit's operations to about 90% of capacity.
And it slumped even as analyst reported last month's consumption of aviation fuel and gasoline rose as more people travelled for the National Day golden week holiday.
Some of the throughput decline appeared to occur at smaller independent plants known as teapots. Data from consultancy Sublime China Information showed these plants, mostly located in the refining hub of Shandong province, were operating at 58.7% of their capacity by late October, sharply below the 77% rate a year earlier.
Five Chinese refineries were fully closed or under maintenance, Sublime said. These include Sinochem's plants at Zhenghe, Huaxing and Changyi that were declared bankrupt in September, a Sublime analyst said.
PetroChina's shutdown of a 90,000-bpd crude unit at its plant in northeastern Dalian, part of a massive relocation project, also contributed to the lower throughput.
For the first 10 months of the year, the NBS data showed throughput was 590.59 million tons, or 14.14 million bpd, down 2% year-on-year, the fifth decline for year-to-date volumes.
Similarly, Reuters' calculations using last year's reported data of 590.59 million metric tons showed a larger decline of 4.55% for the 10-month period.
Domestic crude oil production last month gained 2.5% on the year to 17.17 million tons, or 4.04 million bpd, the NBS data showed.
Year-to-date output rose 2% from a year earlier to 177.64 million tons, or 4.25 million bpd.
Natural gas production expanded 8.4% in October from a year ago to 20.8 billion cubic meters (bcm), and year-to-date output rose 6.7% to 203.9 bcm, the data showed.

World faces oil surplus in 2025 on weak demand, IEA says

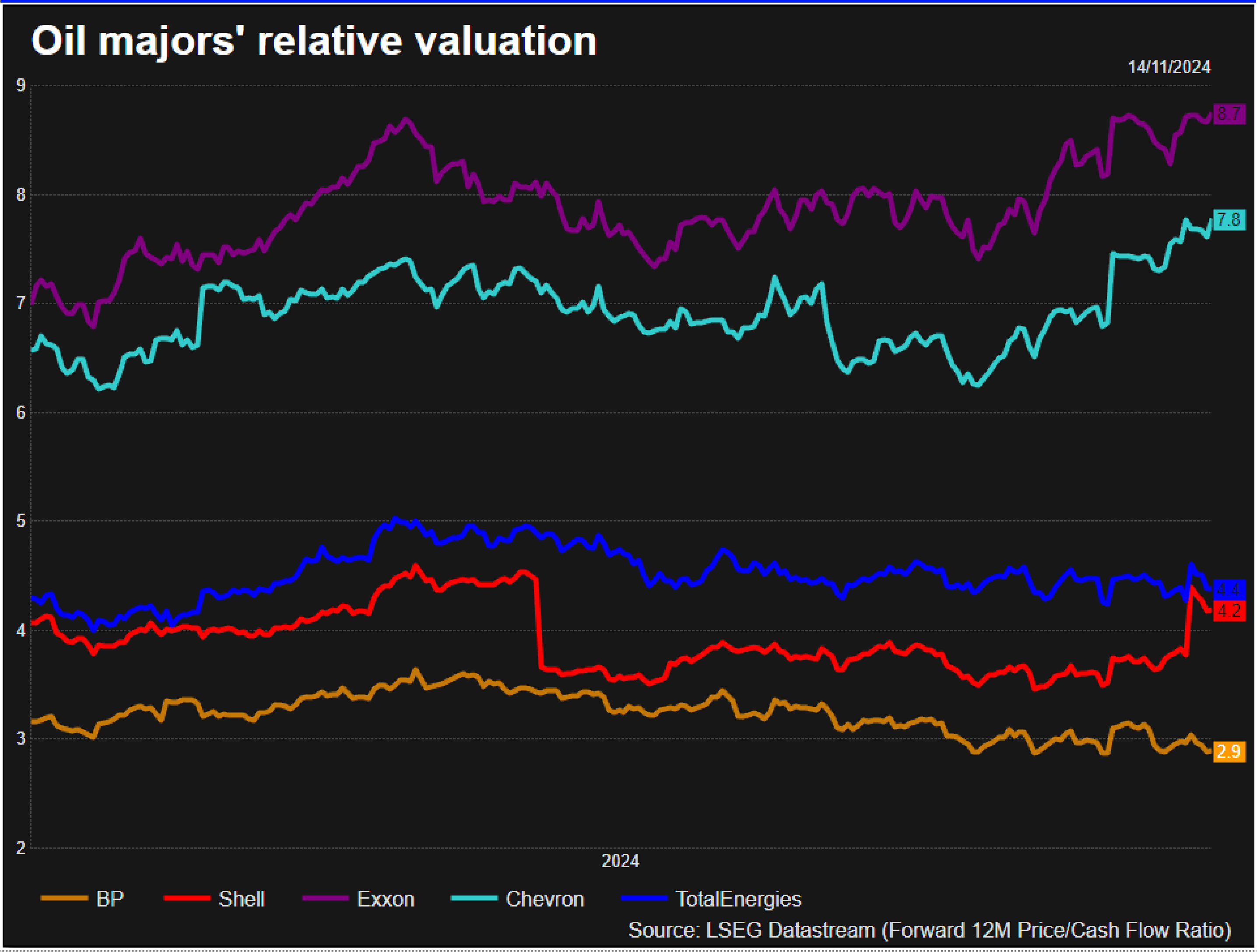
Global oil supply will exceed demand in 2025 even if OPEC+ cuts remain in place, the International Energy Agency (IEA) said on Thursday, as rising production from the United States and other outside producers outpaces sluggish demand.
The prospect of a more than 1 million barrels per day (bpd) excess supply - equal to over 1% of world output - is a headwind for OPEC+, which comprises the Organization of the Petroleum Exporting Countries and allies such as Russia - in its plan to start raising output.
Oil demand growth has been weaker than expected this year in large part because of China. After driving rises in oil consumption for years, economic challenges and a shift towards electric vehicles are tempering oil growth prospects in the world's second-largest consumer.
"China's marked slowdown has been the main drag on demand," the IEA said in its monthly oil market report.
"Rapid deployment of clean energy technologies is also increasingly displacing oil in transport and power generation, adding downward pressure to otherwise weak demand drivers," the report added.
The Paris-based agency left its 2025 oil demand growth forecast little changed at 990,000 bpd. At the same time, it expects non-OPEC+ nations to boost supply by 1.5 million bpd, driven by the United States, Canada, Guyana and Argentina - more than the rate of demand growth.
Next year's surplus, as forecast by the IEA, could make it harder for OPEC+ to bring back production. Earlier this month, OPEC+ again postponed a plan to start easing output cuts amid falling prices.
"Our current balances suggest that even if the OPEC+ cuts remain in place, global supply exceeds demand by more than 1 million bpd next year," the IEA said.
Oil prices LCOc1 traded slightly weaker after the report was released, with Brent crude trading below $73 a barrel.

2024 DEMAND UP
The IEA also made a slight upward adjustment to its 2024 oil demand growth forecast of 60,000 bpd on the month to 920,000 bpd, on higher than expected gasoil demand.
"The sub-1 million bpd growth pace for both years reflects below-par global economic conditions with the post-pandemic release of pent-up demand now complete," the IEA said.
Forecasts on the strength of demand growth in 2024 vary widely, partly due to differences over demand from China and the pace of the world's switch to cleaner fuels, and the IEA's view is at the lower end of industry estimates.
OPEC, which is at the top end, on Tuesday cut its demand growth forecasts for this year and next, but still expects much more rapid growth than the IEA of 1.82 million bpd and 1.54 million bpd, respectively.
According to the IEA, Chinese demand growth is set to reach just 140,000 bpd this year, a tenth of the 1.4 million bpd demand growth of 2023.

Top News - Agriculture

EU wheat area to rebound, barley and maize to fall, Strategie Grains says
The soft wheat area in the European Union should rebound sharply next year after planting weather improved, while barley and maize are set to lose ground, consultancy Strategie Grains said.
In initial projections for the 2025/26 crop, the firm estimated that the area sown with soft wheat, the EU's most-produced cereal, will rise by 1 million hectares, or about 5%, from the 20.4 million hectares harvested this season.
"The drier conditions of recent weeks enabled farmers to make good planting progress (in western Europe), whilst conversely, in the southeast EU countries, the return of rains has been the saving grace," it said in a monthly cereal report.
The favourable turn in weather has eased concerns about a repeat of last autumn when torrential rain led to a steep drop in wheat planting in parts of western Europe including France.
Strategie Grains nonetheless warned last week that the tough start to sowing had already affected yield potential

Chart of the Day



for wheat.
The EU barley area was expected to decline by 0.25 million hectares, or more than 2%, from 10.3 million hectares this year, while the EU maize area was projected to lose 0.5 million hectares, or 6%, compared with 8.7 million this year.
The anticipated decreases for barley and maize reflected the expected expansion of wheat and also rapeseed sowing, Strategie Grains said.
For the current season, the firm kept unchanged its estimate of the EU soft wheat crop at a 12-year low of 114.4 million metric tons after heavy rain throughout the growing season. It made marginal reductions to its estimates of the 2024/25 EU maize and barley crops, pegged at 58.0 million and 50.5 million tons, respectively.
The estimated maize crop is nearly 8% down from last year following drought and heat damage in southeast Europe. Barley production was up more than 5% from a 12-year low in 2023 but still below the average of recent years, it said. The EU was heading for tight wheat and barley stocks at the end of the season following these production setbacks and an expected easing in imports from Ukraine, Strategie Grains said.
Maize supply should be more ample due to large stocks from last season, though a reduced surplus in Ukraine should lead the EU to import more maize from North and South America, it added.

Argentina's soy planting makes fast progress after abundant rains
Argentina's Buenos Aires grains exchange said on Thursday that soybean planting had progressed very smoothly over the past week, following abundant rainfall across key parts of the major grains supplier's agricultural heartlands.
Argentina is the world's top exporter of soybean oil and meal, and its farmers have already planted some 20.1% of an expected 18.6 million hectares this season, the exchange said, marking a rapid 12.2 percentage point increase over the last week.
"Optimal surface moisture has allowed early soybean planting to progress smoothly over both key agricultural hubs," the exchange said in a weekly report.
The report was published a day after the Rosario grains exchange edged up its forecast for the country's soy output to 53-53.5 million metric tons from a prior forecast of 52-53 million tons.
Regarding the nation's corn farming, the Buenos Aires exchange said farmers had planted some 38.6% of an expected 6.3 million hectares, while wheat farmers had sowed 17.2% of an expected 18.6 million hectares of wheatfields.
Argentina is the world's third-largest corn exporter and a key global supplier of wheat.

Top News - Metals

China Oct crude steel output boosted by improved demand, China stimulus
China's crude steel output rose 6.2% in October from September, ending a four-month slide, official data showed, amid improved demand and a boost to sentiment from Beijing's recent burst of economic stimulus.
The world's largest steel manufacturer produced 81.88 million metric tons of crude steel last month, up from 77.07 million tons in September, data from the National Bureau of Statistics showed.
October's volume was also up 2.9% from a year earlier, NBS data showed.
The month's daily output averaged about 2.64 million tons, compared with 2.57 million tons in September and 2.55 million tons in October 2023, according to Reuters calculations based on the data.
Analysts attributed the rise in output to improved demand and production margins following Beijing's economic stimulus measures.
The increased demand was reflected in China's average daily home sales during the Golden Week holiday, which leapt 23% by floor area from a year earlier, while manufacturing activity expanded for the first time in six months and services picked up in October.
Also, steel exports hit a nine-year high of 11.18 million tons in October.
Output in the first 10 months of 2024 fell 3% on the year to 850.73 million tons, the bureau said.
Output in November is expected to fall due to seasonally weaker demand, analysts said.
China revised up its total crude steel output for 2023 by nearly 1% to 1.029 billion tons from 1.019 billion tons previously.

ANALYSIS-New alumina supplies in 2025 poised to rupture record price rally
New capacity for converting bauxite into alumina due online next year is set to ease tight supplies and potentially halt a record-breaking price rally of the material used to make aluminium.
Higher alumina prices outside China have turned the top producer and consumer into a net exporter this year from a net importer and boosted prices of aluminium, which is used in the transportation, construction and packaging industries.
Disruptions in supplies of bauxite from Guinea and Brazil and output suspensions in Australia contributed to a 70% surge in alumina prices this year to a record 5,645 yuan ($779.77) per metric ton on the Shanghai Futures Exchange. Aluminium prices are up around 7% this year.
"There doesn't seem to be an end to this tightness of alumina, not immediately," said Eivind Kallevik, CEO at Norwegian aluminium producer Hydro.
"New alumina refineries expected to start up in Indonesia and India will add more tons to the market."
Global alumina supplies last year totalled 140 million metric tons, according to the U.S. Geological Survey, unchanged from the previous year.
More supply is in the pipeline.
In China, more than 13 million tons of new capacity is due to come online next year, according to information provider Shanghai Metals Market (SMM).
In India, Vedanta plans to invest in a plant with annual capacity for 6 million tons of alumina by 2026. In Guinea, an arm of Emirates Global Aluminium plans to build a 2 million tons-a-year alumina refinery, slated to open in September 2026.
And in Indonesia, two state companies plan to double

capacity at their refinery in West Kalimantan province to 2 million tons but have not specified a timeline.
Meanwhile, elevated alumina prices and higher profit margins are expected to further incentivise use of China's capacity, adding to supply.
China's alumina capacity of 102.7 million tons is being utilised at a rate of 83.6%, SMM said.
"Alumina producers have shown strong willingness to maintain a high operating rate this year spurred by handsome profit margins," analysts at China's state-backed research house Antaike said.
"But production might be affected if heavy pollution this winter lasts a long time, exacerbating tight supply."

LOOMING SURPLUS
China's January-September alumina exports rose 33% from the same period last year to 123.57 million tons, fetching an average price of $541 a ton, about 10% more than the price on the Shanghai exchange over the same period.
Some analysts, seeing a looming oversupply, forecast lower alumina prices for 2025. UBS predicts an average price of 3,600 yuan a ton in 2025, while Antaike pegs it at 4,000 yuan a ton.
"We expect China's alumina market to step into a supply glut from February and the price will slide as a result," said Sharon Ding, head of China basic materials at UBS.
In China, SMM expects the market to swing to a surplus of 960,000 tons in 2025 from a deficit of 235,000 tons this year, while globally UBS expects a surplus of 890,000 tons in 2025 following a shortage of 920,000 tons in 2024.
Surpluses in 2025 are likely to be higher if demand growth slows because of a government-mandated cap of 45.5 million tons of aluminium production.

SPOOKED BY DISRUPTIONS
This year's alumina deficits are due to multiple factors.
U.S. aluminium producer Alcoa closed its Australian Kwinana refinery, with annual capacity of 2.19 million tons, in the second quarter.
In May, Rio Tinto declared force majeure on alumina from its refineries in Queensland, Australia.
Its Yarwun refinery can produce 3 million tons of alumina annually. It did not respond to a Reuters request for an update.
"Some big sources of alumina have been lost this year including from Rio Tinto, which isn't expected to be back at normal production until sometime early next year," said Liberum analyst Tom Price.
Last week, Alcoa halted bauxite shipments from Juruti Port in Brazil due to a stranded vessel, adding to nervousness in a market already spooked by export disruptions from Guinea.
Flooding in Guinea earlier this year limited bauxite shipments, which again were disrupted by customs suspending exports by Guinea Alumina Corporation (GAC), a subsidiary of Emirates Global Aluminium (EGA).

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$67.80 / bbl	-1.31%	-5.37%
NYMEX RBOB Gasoline	$1.93 / gallon	-1.40%	-8.61%
ICE Gas Oil	$663.25 / tonne	-1.59%	-11.66%
NYMEX Natural Gas	$2.72 / mmBtu	-2.48%	8.04%
Spot Gold	$2,562.32 / ounce	-0.15%	24.23%
TRPC coal API 2 / Dec, 24	$126 / tonne	2.65%	29.90%
Carbon ECX EUA	€68.60 / tonne	0.48%	-14.64%
Dutch gas day-ahead (Pre. close)	€45.95 / Mwh	5.08%	44.27%
CBOT Corn	$4.31 / bushel	0.12%	-10.90%
CBOT Wheat	$5.51 / bushel	0.41%	-13.92%
Malaysia Palm Oil (3M)	RM5,025 / tonne	1.23%	35.04%
Index	**Close 14 Nov**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	335.40	0.10%	11.28%
Rogers International	27.93	-0.02%	6.10%
U.S. Stocks - Dow	43,750.86	-0.47%	16.08%
U.S. Dollar Index	106.63	-0.04%	5.23%
U.S. Bond Index (DJ)	439.06	-0.04%	1.94%

Top News - Carbon & Power

China's thermal power generation up 1.8% in October as hydropower extends decline

China's thermal power generation rose 1.8% in October from a year earlier as hydropower output continued to slump, data from the National Bureau of Statistics (NBS) showed.

Hydropower output fell 14.9% year-on-year, the second year-on-year decline in as many months.

Hydropower generation had surged over the summer due to heavy rains, temporarily putting China's thermal power output on a downtrend, but thermal power returned to growth in August.

Thermal power generation comes mostly from coal in China with a small portion from natural gas-fired power plants.

The NBS data reflects power generation from industrial enterprises that have annual revenue of at least 20 million yuan ($2.8 million).

Power generation from all kinds of power plants rose 2.1% to 731 billion kilowatt-hours (kWh). However, the NBS' monthly updates understate wind and solar generation because of the minimum annual revenue methodology.

For the first 10 months of the year, power generation rose 5.2% to 7.8 trillion kWh, according to NBS.

Russian gas supply could stop to Austria before year-end

Russian gas supply to oil and gas company OMV in Austria is at risk of stopping before the end of the year due to an arbitration case against Gazprom, the company said.

Austria is one of the few European countries still dependent on Russian gas as much of the rest of the continent has reduced imports following Moscow's full-scale invasion of Ukraine in 2022.

On Wednesday, OMV said it had received an arbitral award of more than 230 million euros ($243.06 million) from the International Chamber of Commerce (ICC) due to irregular gas supplies to its unit in Germany from Gazprom which ended in September 2022.

The Nordstream gas pipeline from Russia to Germany was ruptured at that time due to explosions and has never been repaired.

Although the arbitration award is related to gas supplies to Austria's German unit, if Gazprom does not pay the award the court decided, OMV will have to offset the claim against invoices under its Austrian gas supply contract with Gazprom Export, which comes via a Ukrainian transit route, to compensate.

Gazprom declined to comment.

The Ukraine transit route is set to end by the end of the year anyway if a new contract between Ukraine's Naftogaz and Gazprom is not arranged. Kyiv has said repeatedly it will not extend the contract with Gazprom.

OMV's payments for gas to Austria are usually made to Gazprom every month towards the end of the month, meaning gas could stop this month or in December, it said.

"The next payment due date (Nov. 20) might mean that gas supplies via Ukraine will half from Nov. 21 onwards if Gazprom quits delivery," added Klaas Dozeman, market analyst at Brainchild Commodity Intelligence.

Dutch wholesale gas prices hit their highest level in nearly a year on Thursday morning due to concerns that Russian gas supplies to Austria could be cut.

SUPPLY

As of August, 82% of all Austria's gas imports came from Russia, according to Austrian energy ministry data. One of the reasons why large amounts are still flowing to Austria is that OMV has a supply contract with Gazprom until 2040.

This contract stipulates an annual delivery of about 6 billion cubic metres of gas and includes a take-or-pay clause, which obliges OMV to pay regardless of whether it takes the gas or not.

OMV has said it has been preparing for the eventual cut-off of Russian gas for a while and it can still deliver gas to its customers. It has secured transport capacity from Germany and Italy to Austria, as well as long-term contracts with other suppliers for gas. It can also get liquefied natural gas from the Netherlands.

"The current developments surrounding the OMV supply contract for Russian gas are to be taken seriously, but do not pose an immediate threat to our security of supply. We have always known that gas supplies from Russia are unsafe," said Leonore Gewessler, Austria's climate and energy minister, on X.

Other European gas companies have also brought cases against Gazprom for lower-than-contracted supplies or not fulfilling contract obligations, including CEZ, RWE, Uniper and ENI.

Gazprom has itself launched numerous litigations with European companies over gas supplies, to try and fight off at least 17 billion euros ($17.86 billion) worth of claims.

It has also tried to move arbitration to Russian courts, saying the European Union's sanctions bar access to European justice for Gazprom, while Western restrictions ban usage of Russian banking card and complicate entry

Top News - Dry Freight

Russia's grain export quota expected to shrink by two-thirds in 2025

Russia's grain export quota, set to be in place from February to June next year, could be nearly three times smaller than the 29 million tons a year earlier, due to the high pace of exports in recent months and a worse-than-expected harvest, experts said.

Russia allows grain exports quota-free from July to January, the first half of the export season, and then introduces quotas among some 260 domestic traders authorized by the authorities to sell grain in international markets.

Russia's IKAR consultancy anticipates export quotas in the second half of the 2024/25 season to be 11.5-12.0

million tons.
"The calculation is based on the export rates, crop estimates, and domestic needs," said IKAR's head, Dmitry Rylko, as quoted by the Interfax news agency.
Andrei Sizov, head of SovEcon consultancy, forecasts a quota of 10 million tons.
Igor Pavensky, head of the think tank at the main Russian grain rail carrier Rusagrotrans, estimated the quota at 9-10 million tons, "taking into account current export rates and forecasts for December and January."
Market participants expect the official size of the grain quota to be announced in January. The official estimate of the export potential for the new season is 55-57 million tons of grain.
Russian firms have been supplying grain to the international market at a near-record pace in recent months despite a lower harvest due to bad weather as well as low global prices.
New export terms announced in October and, sources said, a return to minimum export price recommendations by the Ministry of Agriculture also helped accelerate shipments last month.
Arkady Zlochevsky, head of the Russian Grain Union, estimated Russian grain exports this season at 25.1 million tons as of Nov. 1.
Russia introduced export quotas in 2020 to protect the domestic market. From 2021, the quota is applied only in the second half of the season from Feb. 15 to June 30.
At the start of 2024, the original quota of 24 million tons was increased by a further 5 million tons against the backdrop of the previous season's record grain exports, estimated at no less than 72 million tons.
Only 76% of this quota was used, according to Agriculture Minister Oksana Lut, implying penalties for traders which did not fulfil their quota.

China producers rush to deliver surplus zinc to Shanghai exchange

Chinese zinc producers are rushing to send 30,000 to 40,000 metric tons of refined zinc to warehouses registered with the Shanghai Futures Exchange (ShFE) ahead of November contract expiry on Friday, three sources with direct knowledge said.
That tonnage will take zinc stocks in the ShFE system to between 56,524 to 66,524 tons and is likely to hit prices of the metal, used to protect steel from corrosion. Already they have fallen by 4% to 24,638 yuan since Friday.
More than a dozen of China's producers are delivering zinc to the ShFE, the sources said. They expect surpluses in the world's biggest consumer as the country's construction and real estate sectors show little sign of recovery.
Among those delivering their unsold zinc to ShFE warehouses are subsidiaries of Zijin Mining and Jiangxi Copper, the sources said.
ShFE, Zijin and Jiangxi Copper did not respond to emails and calls for comment.
The sources could not be named because they were not authorised to speak publicly.
Zinc stocks in ShFE-monitored warehouses have almost doubled this week with deliveries of 24,039 tonnes. Total stocks stood at 50,563 tonnes as of Thursday.
The rate of increase in ShFE zinc stocks will depend on how quickly the Shanghai exchange approves the deliveries. The sources expect to see higher levels on Friday when the monthly contract matures.
Market participants holding zinc positions on ShFE must then decide whether to close or roll over their positions.
Delivering physical metal is one way to close their short positions or contracts to sell zinc.
Those that have taken out bets zinc would fall have been frustrated as it has been the best performing metal on the ShFE.
ShFE's front month zinc contract has gained 16% so far this year to 24,975 yuan per ton, outperforming the 6.4% rise in copper and 5.7% rise in aluminium.
China's August zinc consumption shrank by 3% to 581,000 tonnes, World Bureau of Metal Statistics data showed.
A Reuters poll published last month showed the global zinc market is expected to see a surplus of 115,000 tons next year.

Picture of the Day

An employee operates at a production facility of Zaporizhstal Iron and Steel Works, amid Russia's attack on Ukraine, in Zaporizhzhia, Ukraine November 13. REUTERS/Stringer

(Inside Commodities is compiled by Kishore Barker in Bengaluru)

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

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