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Top News - Oil

US crude, gasoline inventories rise, distillates draw down, EIA says

U.S. crude oil and gasoline inventories last week rose more than forecast, while distillate stockpiles posted a larger-than-expected draw, the Energy Information Administration said on Wednesday.
Crude inventories rose by 545,000 barrels to 430.3 million barrels in the week ended Nov. 15, the EIA said, compared with analysts' expectations in a Reuters poll for a 138,000-barrel rise.
Crude stocks at the Cushing, Oklahoma, delivery hub fell by 140,000 barrels in the week, the EIA said.
Net U.S. crude imports rose last week by 237,000 barrels per day (bpd) to 3.3 million bpd, with imports to the Gulf Coast hitting 2 million bpd, the highest since July 2020, the EIA said.
"The report is modestly negative, with builds across key petroleum products," said Giovanni Staunovo, an analyst with UBS. The build in crude stockpiles was only modest, he added.
Brent crude futures extended losses while U.S. crude edged higher after the larger-than-expected build.
Refinery crude runs fell by 281,000 bpd, the EIA said, while refinery utilization rates fell by 1.2 percentage points in the week.
Gasoline stocks rose by 2.1 million barrels in the week to 208.9 million barrels, the EIA said, compared with expectations for a 900,000-barrel build.
U.S. gasoline futures extended gains after the data was released.
Distillate stockpiles, which include diesel and heating oil, fell by 100,000 barrels in the week to 114.3 million barrels, versus expectations for a 20,000-barrel decline.
Midwest distillate fuel stockpiles fell last week to 25.3 million barrels, its lowest since November 2023, the EIA said.
U.S. heating oil futures, last down 0.07%, were unchanged after the data showed larger draw.

ANALYSIS-OPEC+ may stick with deep oil cuts for longer due to weak demand

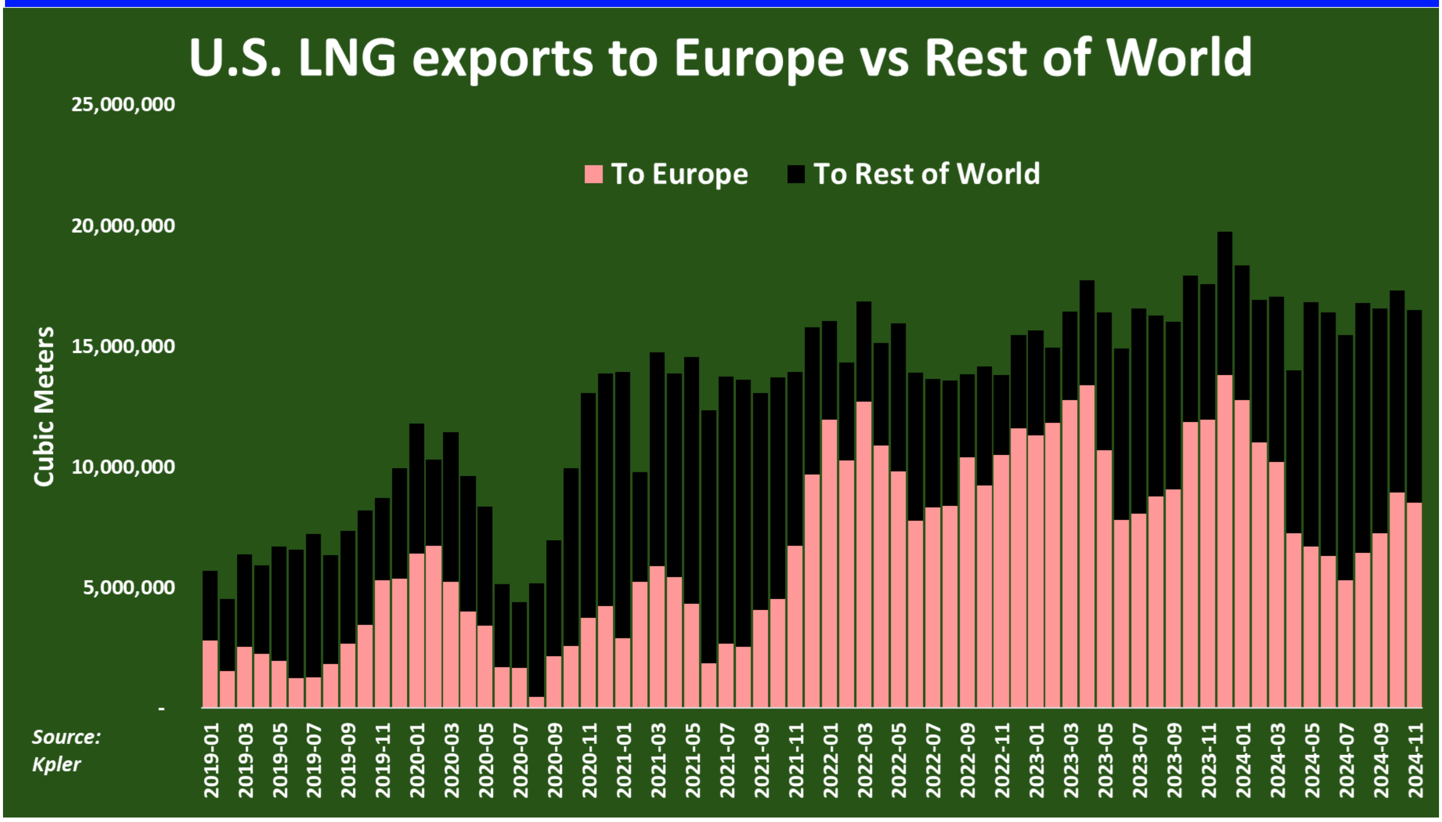
OPEC+ will have little room to manoeuvre on oil policy when it meets in December: it would be risky to increase output because of weak demand, and difficult to deepen supply cuts because some members want to pump more, sources and analysts said.
The Organization of the Petroleum Exporting Countries and its allies led by Russia, the group known as OPEC+, which pumps around half the world's oil, has already delayed a plan to gradually lift production by several months this year.
It may push back output increases again when it meets on Dec. 1 due to weak global oil demand, according to three OPEC+ sources familiar with the discussions.
Ministers last shelved the increase for a month when they met virtually on Nov. 3.
"I can't say it's popular in the group but there would be no strong objection to a delay until the first quarter," one of the OPEC+ sources said, declining to be identified by name.
Two other OPEC+ sources said it was too early to say what the group will decide.
OPEC and the Saudi government communications office did not immediately respond to a request for comment.
OPEC+ had planned to slowly roll back production cuts with small increases over many months in 2024 and 2025.
But a slowdown in Chinese and global demand, and rising output outside the group, have put a dampener on that plan.
This has left OPEC+ maintaining output cuts for longer than it had thought.
The group has cut output by 5.86 million barrels per day, or about 5.7% of global demand, in a series of steps agreed since 2022 to support the market.
Despite OPEC+'s cuts and delays to output hikes, oil prices have mostly stayed in the $70-$80 per barrel range this year.
Saudi Arabia was keen to address an internal issue of poor compliance with production targets from some OPEC+ members, sources said, before proceeding with any output increase for the group.
Some members including Iraq have reduced output in recent months, so compliance has improved.
That could give the group a little room for a coordinated small increase in supply - as long as demand supports it.

Increasing output in a market with little demand growth, however, would risk weakening prices.
It is a tactic OPEC+ could use to put pressure on rivals - but one that would also hurt OPEC+ countries that rely on oil revenues.
Many OPEC members need a price of over $70 to balance their budgets and could not sustain a long period of oil below $50.

LOW CHANCE OF 'PRICE WAR'
Nonetheless, OPEC+'s falling market share has led to speculation that sooner or later, it may launch a price war to push rivals out.
The last time OPEC did this was in 2014-2015, when it raised output to squeeze U.S. shale firms.
OPEC+'s oil output is equal to 48% of world supply, the lowest since it was formed in 2016 with a market share of over 55%, according to Reuters calculations based on International Energy Agency figures.
The U.S. has become the world's largest oil producer, pumping more than 20 million bpd or a fifth of global production.
Top OPEC producer Saudi Arabia's crude output is less than 9% of the global oil total, while OPEC supplies around 25%.
The 2014 price war had a big impact on shale producers but ultimately failed to stem the boom. U.S. shale and other producers have also cut costs over time, making it harder for OPEC+ to win a new battle.
The cost of producing oil onshore in the Middle East has an average breakeven price of $27 a barrel, according to consultant Rystad Energy. Rystad puts North American costs at $45, down from $85 in 2014.
"Crude needs to price below $40-$45 to significantly curtail non-OPEC supply," said Aldo Spanjer of BNP Paribas, who puts the chance of a price war at just 20%.
Consolidation in the U.S. oil industry would also make it harder for OPEC+ to win a price war.
In the past two years U.S. majors Exxon Mobil and Chevron have bought some of the biggest shale producers.
They have deep pockets and diverse portfolios.
"We think speculation about a possible supply war is overblown," said Richard Bronze of Energy Aspects.
"Unlike in 2015-2016, the group recognises that U.S. and wider non-OPEC production is not going to decline rapidly."

DEEPER CUTS ALSO UNLIKELY
Analysts at Macquarie said the prospects for OPEC+ increasing output in the first half of 2025 looked tenuous given seasonal demand weakness.
Deepening production cuts is also unlikely because several OPEC+ members are pushing to pump more, not less.
Key among them is the United Arab Emirates, which argues it has kept output at around 3 million bpd for too long, far below its capacity.
The UAE has already secured an increased quota for 2025, and any delay to output hikes would need to address this issue, OPEC+ sources said. Iraq has also been pushing for a higher quota.
"We think deeper cuts, which ultimately may be required to support oil prices next year, could be difficult to stomach," said Walt Chancellor of Macquarie.

Chart of the Day



Top News - Agriculture

Flour millers face supply crunch as wheat farmers tighten grip on stocks

Wheat growers in several exporting countries are reluctant to sell their crops with prices near four-year lows, traders, farmers and millers say, leaving flour makers with dwindling supplies and vulnerable to any potential upswing in prices.

Typically grain processors buy wheat three to four months in advance. But millers in Asia, including Indonesia, the world's No. 2 wheat importer, are currently covered for about two months, and in the Middle East, most grain processors only have up to 45 days of supplies, two millers and a trader said.

The limited supply held by flour makers reduces their buffer against any production shortfalls that would trigger a rally in world prices, with global reserves already projected to reach a nine-year low, and fuel food inflation.

Farmers are hoarding their crop as global wheat prices have slumped to their lowest since 2020 on solid output in Australia and Argentina and on improved growing conditions in major exporting regions including the U.S. and Black Sea region.

Wheat sales in Australia, the world's fourth-biggest wheat exporter, are running at half the pace of last year at 500,000 tons contracted for November shipment.

At the same time, farmers in the U.S. and parts of the Black Sea region are storing grains gathered earlier this year in silos, hoping for higher prices, industry players said.

"Farmers are not happy with the current price being offered to them," said a grains trader at an international trading firm in Singapore. "Farmer selling is very slow and it is not just Australia where the harvest is going on, it is the same situation in several exporting countries."

FARMERS HOLD OUT

In the physical market, Black Sea wheat with 12.5% protein is being offered at $265 a metric ton, including cost and freight (C&F) to Asia, down from $275 a couple of weeks ago. New-crop Australian Premium White wheat is quoted near $280 a ton, C&F, down from $290.

"Prices have come off pretty dramatically. And personally, yeah, I am not selling any wheat at the current stage," said Cordell Kress, a farmer from Rockland in the northwestern U.S. state of Idaho.

"If you are not needing money right away, it is kind of just, store it or hold on to it and hope for better prices or some other problem in Russia or Australia that will cause our prices to go up here domestically."

Kress grows primarily soft white and hard red spring varieties of wheat.

In Australia, farmers are selling other crops instead.

"You have very strong sales of chickpeas for cash flow, and now we are getting strong sales of canola into the current prices," said Rod Baker at Australian Crop Forecasters in Perth.

TIGHT SUPPLY AHEAD

Along with lack of supply from farmers, high interest rates have deterred millers from stocking up on wheat, leaving them exposed if prices rise.

"Lower supply cover does leave us vulnerable, but with high interest rates it doesn't make sense to hold large stocks," said one Dubai-based purchase manager at a flour mill in the Middle East.

Even with robust southern hemisphere production, global wheat stockpiles are projected by the U.S. Department of Agriculture to shrink to a nine-year low by mid-next year.

"Wheat crops in the northern hemisphere still have to go through crucial development stages, any issues with the weather until harvest in July can trigger a rally in prices, given how tight the inventories are," said Ole Houe, director of advisory services at IKON Commodities in Sydney.

In a slight reprieve for millers, attractive interest rates have prompted Russian farmers, who had been withholding their crops, to change tack and sell crops so they can deposit money in banks.

But top wheat exporter Russia might be running out of supplies. Moscow's grain export quota, to be in place from February to June, could be nearly three times smaller than the 29 million tons a year earlier.

COLUMN-China's nod to Brazilian sorghum may serve as test for US relations -Braun

China on Wednesday gave Brazil the go-ahead to begin exporting sorghum to Chinese buyers, a somewhat peculiar move since Brazil hardly exports the grain at all.

But the United States has a dominant presence in the Chinese sorghum market, which is why the development could help gauge U.S.-China trade relations going forward, especially from January when President-elect Donald Trump begins his second term.

U.S. agricultural exporters have lost Chinese business to Brazil over the last several years, and many market-watchers fear this could continue if Trump dials up trade tariffs on China.

Global production of sorghum, a grain used for both animal feed and liquor, pales compared with that of corn or wheat, though it may compete locally with these grains.

For U.S. exporters, sorghum trade with China brought in more than $1 billion last year.

The United States is overwhelmingly the world’s top exporter of sorghum and China almost exclusively controls imports.

The U.S. Department of Agriculture predicts that in 2024-25, the United States will account for 56% of all sorghum exports while No. 2 Australia will supply 23%. China is set for an 88% share of global imports.

Breaking this down further, some 94% of U.S. sorghum shipments in the recently concluded 2023-24 marketing year went to China, and three-quarters of last year’s U.S. crop hit the export market.

In other words, the United States is effectively growing sorghum for China. So where does Brazil come in?

Brazil’s sorghum crop has more than doubled in the last few years thanks to a boost in plantings, but the harvest remains about 40% smaller than the U.S. one. Further, its exports of the grain are currently negligible.

In Brazil, sorghum competes for area with the heavily exported second corn crop, so a Brazil-China sorghum

relationship could help preserve the United States as top corn exporter. The center-west state of Goias produces about 40% of Brazil's sorghum.
Meanwhile, U.S. sorghum is primarily grown in the Southern Plains. Last year, Kansas accounted for 53% of the national harvest and Texas claimed 24%.
Kansas is considered a "swing" acreage state given its diverse crop options. Following the 2018 U.S.-China trade war, Kansas farmers in 2019 flocked to corn at a much more significant rate than the national average and ditched beans at a relatively lower rate.
Therefore, China's sorghum arrangement with Brazil could impact the U.S. acreage mix, potentially freeing up more land for corn, soybeans and wheat.
Ironically, sorghum had been the first U.S. agricultural casualty of the 2018 trade war, so the latest turn of events could cause a superstitious trader to feel uneasy about what might lie ahead in 2025.

Top News - Metals

ANALYSIS-Korea Zinc takeover battle tests Seoul's resolve on tackling 'Korea discount'
A takeover battle over Korea Zinc is adding pressure on Seoul to pass legislative reforms to ensure better protections for all investors in a country with a stock market dominated by family-run conglomerates.
Korea Zinc Chairman Yun B. Choi, a grandson of a co-founder, last week agreed to scrap a controversial plan to issue new shares in the world's largest zinc refiner to help fend off a takeover attempt from the co-founding family's Youngpoong Corp and its partner, private equity group MBK Partners.
The share issue plan had infuriated many investors, as two days before it was announced, Korea Zinc finalised a buyback at a 25% higher price.
Choi backed down after a regulatory probe and intense shareholder pressure that brought international attention to corporate governance shortcomings in Asia's fourth-largest economy.
But Korea Zinc's actions under his leadership have fuelled scepticism over whether the government's call for voluntary efforts by companies to boost depressed stock valuations is sufficient, according to interviews with more than a dozen investors, governance experts, regulators and lawmakers.
After Choi became chairman in 2022, Korea Zinc signed deals with LG Chem and Hanwha Corp to invest in each other, in an arrangement known as a cross-shareholding, though it sold shares in the latter this month to help repay debt. Under Choi, it also sold stock to strategic partners including Hyundai Motor Group and Trafigura.
"Why do you use company funds, not your own money to increase your control?" asked Park Yoo-kyung, a managing director at Netherlands-based APG Asset Management, who noted Korea Zinc could have formed joint ventures or used other types of contracts.
Many companies in Japan are unwinding cross-shareholding deals, which have been criticised as negative for corporate governance because they can insulate management from having to meet the interests of shareholders.
Korea Zinc said the cross-shareholdings were needed to

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$69.35 / bbl	0.70%	-3.21%
NYMEX RBOB Gasoline	$1.99 / gallon	0.06%	-5.41%
ICE Gas Oil	$687.00 / tonne	0.70%	-8.49%
NYMEX Natural Gas	$3.33 / mmBtu	4.13%	32.26%
Spot Gold	$2,663.69 / ounce	0.51%	29.14%
TRPC coal API 2 / Dec, 24	$126 / tonne	-1.56%	29.90%
Carbon ECX EUA	€68.91 / tonne	0.78%	-14.26%
Dutch gas day-ahead (Pre. close)	€46.65 / Mwh	2.19%	46.47%
CBOT Corn	$4.40 / bushel	0.06%	-9.04%
CBOT Wheat	$5.74 / bushel	0.31%	-10.24%
Malaysia Palm Oil (3M)	RM4,688 / tonne	-2.64%	25.99%
Index	**Close 20 Nov**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	342.50	0.41%	13.64%
Rogers International	28.61	1.10%	8.68%
U.S. Stocks - Dow	43,408.47	0.32%	15.17%
U.S. Dollar Index	106.64	-0.04%	5.23%
U.S. Bond Index (DJ)	439.99	-0.26%	2.15%

ensure stable partnerships as it expanded into battery materials, hydrogen and other businesses.
Hahm Yong-il, senior deputy governor of the Financial Supervisory Service, said Korea Zinc's moves had fuelled investor doubts about board independence.
The regulator's commitment to reforming and improving capital markets is being tested, said Hahm, whose agency is investigating allegedly unfair practices in Korea Zinc's proposed share issue plan even after it was cancelled.

LEGISLATION PUSH
Korea Zinc's actions show legislation is needed to protect the interests of minority shareholders and address the lack of board independence, particularly at family-run conglomerates known as chaebols, said the people interviewed by Reuters.
In South Korea, board members have a fiduciary duty to perform their duties in the company's interests, but not to safeguard shareholders' interests.
The Democratic Party, which has a majority in parliament, on Tuesday proposed a commercial law revision to extend the duty to shareholders, saying the Korea Zinc saga added urgency to long-delayed legislation.
But President Yoon Suk Yeol's People Power Party and business groups have raised concerns that the legislation would hurt businesses.
A South Korean business association that includes conglomerates like Samsung and Hyundai as members, though not Korea Zinc, issued a statement on Thursday warning businesses could be subject to shareholder lawsuits and attacks from "speculative" overseas funds if the law was amended.
Yoon can veto bills, and his office this month took a step back from its earlier positive stance on the commercial law changes.
In January, Yoon had pledged to address the so-called "Korea discount" to shore up support from the country's more than 10 million retail investors, taking a leaf from Japan's corporate governance reforms over the last few years that have drawn interest from global investors and sent Tokyo stocks to record highs this year.
The Korea discount refers to a tendency for South Korean companies to have lower valuations compared to their overseas peers due to low dividend payouts and the dominance of chaebols that often have weak governance practices.
Benchmark KOSPI index shares traded at a price-to-book multiple of 0.87 as of Wednesday, below an average of 1.2 for companies on Japanese exchanges and 4.8 for the S&P 500 in the U.S., according to data from the exchanges.

FIRST HOSTILE TAKEOVER
Korea Zinc's Choi pledged to give up his role as chairman of the board and come up with measures to protect minority shareholders as he braces for a showdown with Youngpoong and MBK at a shareholder meeting early next year.
Their bid for control, if successful, would be the first hostile takeover of a South Korean company by a private equity fund, and should serve as a wake-up call for chaebols, according to LSEG data.
"What MBK is doing on Korea Zinc could potentially spur dozens of similar disputes at some 200 locally listed Korean companies," said Mike Cho, a business school professor at Seoul's Korea University.
The country has traditionally been a tough ground for activist investors such as Elliott, which over the last decade made unsuccessful attempts to block deals at Samsung affiliates and Hyundai Motor Group companies.
The number of activist campaigns annually in South Korea grew more than nine-fold between 2019 and 2023, according to Diligent Market Intelligence, though the outcomes have been mixed.
"There is a buzz among local capital market players that MBK's deal with Korea Zinc could be a game changer," said Sanghyun Park, an analyst at Clepsydra Capital. "It's seen as a key step to tackle the Korea discount by shaking up ownership structures."

Chile mining group SQM's net profit slips on lower lithium prices
Chile's SQM, the world's second-largest lithium producer, reported a 73% drop in third-quarter profit on Wednesday, as higher sales volumes failed to offset a sharp decline in prices due to a supply glut.
Lithium miners around the world have been impacted by a sustained drop in lithium prices in the past few months due to weaker-than-expected demand for electric vehicles. Lithium is a major component of batteries for electric cars.
SQM reported net profit of $131 million for the quarter, below analyst estimates of $162 million, based on LSEG data.
Revenue fell 41% year-on-year to $1.07 billion, in line with analyst forecasts.
Lithium sales volumes rose almost a fifth compared with the same period last year, but average prices plunged 67%, the mining group said. Between the second and third quarters, prices dropped 24% for the metal.
Prices are expected to fall further in the current quarter, SQM said, tracking with the company's prior forecasts of weak pricing throughout 2024.
"Although demand continues to grow at a strong pace, mainly driven by strong EV sales growth in China, we continue to see the prices pressured by an oversupply," CEO Ricardo Ramos said in a statement.
In a call with analysts to discuss the results, executives said they did not plan to pull back on production in response to excess supply that has dragged down prices.
"For next year, we're not planning any curtailment," said Felipe Smith, commercial vice president of SQM's lithium business. "We're just planning to increase our sales in line with increasing production."
The company said its third-quarter lithium sales included, for the first time, production from Mt. Holland in Australia, a project co-owned with Westfarmers, under the SQM International division that was announced last quarter.
Mt. Holland contributed about 900 metric tons in the quarter, and the site is expected to yield about 1,000 to 1,200 tons in the fourth quarter, executives told analysts.
SQM, which also produces fertilizers and industrial chemicals, extracts lithium from the Atacama salt flat in northern Chile, a region with some of the world's highest lithium concentrations.

The company maintained its target for lithium sales volumes this year of 190,000 to 195,000 metric tons. Lithium made up 42% of its gross profit this year.
Ramos added that SQM was working hard to finalize a joint venture with Chile's state-run copper producer Codelco in the Atacama salt flat as soon as possible. The partnership is set to begin in 2025.
"We expect it's going to be closed as soon as we have every single condition met," Ramos said.

Top News - Carbon & Power

COLUMN-US LNG exports primed to jump as price arb to Europe opens wide: Maguire
United States exports of LNG to Europe are set to jump in the coming weeks after the price spread between domestic natural gas and Europe's main gas pricing hub hit one-year highs.
The price differential between U.S. Henry Hub natural gas futures - the U.S. gas price benchmark - and the TTF gas trading facility in The Netherlands has widened by over 30% from the current 2024 average for delivery during the coming winter.
That's signalling bumper profit potential for U.S. exporters of liquefied natural gas (LNG), who are increasing the volumes of gas flows to export facilities.
The increased LNG shipments to Europe will trigger a revenue rise for the largest U.S. LNG exporters, including Cheniere LNG, TotalEnergies and Freeport LNG.
But higher demand for natural gas at LNG export terminals also raises the potential for a further climb in U.S. domestic gas prices, which are already at their highest since January.
That means that while U.S. LNG exporters have a strong opportunity to boost revenues, they also face the risk of reviving inflation and triggering a backlash against the export of energy products needed for power generation at home.

EUROPE BOUND
U.S. natural gas prices are currently around 80% lower than TTF prices, giving LNG exporters the opportunity to profit from the wide price differential between the gas grades.
So far in 2024, Henry Hub gas futures have averaged around $8 per million British thermal units (MMBtu) less than TTF gas futures, according to LSEG.
That price differential in favour of U.S. suppliers has encouraged sustained U.S. LNG exports to Europe, which have totalled around 82 million cubic meters over the first 10 months of the year, according to Kpler.
However, an even wider price spread is projected through the coming winter which looks set to spur even larger shipments.
Forward markets from November through the end of March 2025 indicate that the Henry Hub-TTF price spread is roughly $11 per MMBtu. That's a $3 increase over the 2024 average so far, and a strong incentive for U.S. exporters to boost shipments further.
Europe has bought over two-thirds of U.S. LNG shipments since 2022, when Russia's invasion of Ukraine triggered cuts to Russian gas pipeline flows to Europe and sparked a scramble by European gas buyers to plug supply gaps with LNG.
And U.S. LNG exporters are keen to maintain market share in Europe as the cost of serving European buyers is far lower compared to customers in Asia, due to far longer journey times to buyers in Japan, China and South Korea.
The roughly 12-day trip from Cove Point LNG terminal in Maryland to Wilhelmshaven in Germany - a major European LNG import hub - is a third of the time of the trip to Guangdong in China, the world's largest LNG buyer.
That relatively quick turnaround time means U.S. exporters will prefer to prioritise Europe over other destinations over the coming months.
However, Europe's relatively strong gas prices means the continent is also prized by other sellers.

DIVERSIONS & CONGESTION?
LSEG forward price data indicates that TTF prices are around $2 per MMBtu higher than LNG prices based off Brent-indexed LNG contracts, which utilize the price of Brent crude oil in formulating LNG prices.
That price premium in Europe has already triggered traders to divert some cargoes from other markets, with the aim of capturing the higher prices available in Europe compared to other regions.
Any sustained price strength in Europe relative to other markets will spur traders with unsold cargoes from Qatar and elsewhere to focus on finding buyers in Europe.
That in turn will provide stiff competition for U.S. exporters, even if U.S. sail times to Europe are roughly a week shorter compared to shipments from Qatar.
However, more competition for buyers in Europe will in time serve to depress European prices, which should then erode the economics of sending LNG to Europe from distant origins.
That bodes well for U.S. exporters, as long as domestic gas prices remain vastly cheaper than gas supplies in other LNG export hubs.
The main risk for U.S. LNG exporters is that domestic gas prices quickly push higher, which could be triggered by the enduring strong gas demand at LNG export terminals alongside a sharp increase in domestic gas use for heating.
Such a scenario could spark backlash among U.S. power consumers, who are already reeling from high inflation and could push for measures that slow the flow of U.S. natural gas to overseas consumers.
That means U.S. LNG sellers may be need to be content to exploit the current open sales window to Europe, and then dial back sales volumes if domestic prices gather more upside momentum.

EXCLUSIVE-Egypt in talks with foreign companies over long-term LNG purchases, sources say
Egypt is in talks with U.S. and other foreign companies to purchase long-term volumes of liquefied natural gas

(LNG) as it seeks to cut its reliance on more costly spot market purchases to meet power demand, three sources said.
The most populous Arab country has returned to being a net importer of natural gas, buying dozens of cargoes this year and abandoning plans to become a supplier to Europe amid a steep decline in domestic gas output.
Egypt's domestic supplies fell to a seven-year low in September, according to data from the Joint Organizations Data Initiative, mainly due to declining production from Zohr gas field and higher power consumption.
Domestic gas output is expected to drop by a further 22.5% by the end of 2028, data from consultancy Energy Aspects found. Meanwhile, analysts expect the country's power consumption to increase by 39% over the next decade.
"The ministry (of Petroleum) is seeking three or four years of supply to hedge from sudden price increases. It is also seeking to include a flexibility clause as the government hopes it could maybe find gas sooner or doesn't need that much gas," the first industry source said.
Cairo is in talks mainly with U.S. companies and portfolio players who have U.S. offtake, given their flexibility compared with other producers, the other two trading sources said.
All of the sources asked not to be named because they were not authorised to speak publicly on the issue.
Egypt, which has paid a premium between $1-$2 for the LNG purchases it secured earlier this year, was expected to issue a tender seeking up to 20 LNG cargoes to cover demand for the first quarter of 2025, trading sources told Reuters in October.
LNG spot prices have recently risen to around $14.50 per million British thermal units (mmBtu) from around $12/ mmBtu when Cairo started tendering for LNG, raising the cost of new cargoes at a time the country is suffering a foreign currency crunch.
Egypt is preparing the infrastructure for gas imports in Ain Sokhna and Alexandria, the first source said. Data analytics firm Kpler reported last month that Egypt was expected to install a second floating storage regasification unit (FSRU) early next year.
Since early November, four LNG cargoes diverted from Egypt to Europe, Kpler's ship tracking data showed.
Petroleum Minister Karim Badawi said on Monday that gas production saw a 200 million feet increase by October 2024. He also hopes that 420 million feet per day will be added by the beginning of 2025 from two of the country's main concessions; Zohr and Raven.
In addition to potential production increases, the first source said that lower than expected temperatures contributed to reducing energy consumption as well as loss in grid transmission.

Top News - Dry Freight

Algeria buys durum wheat after talks on Wednesday, traders say
Algeria’s state grains agency OAIC is believed to have purchased a small additional volume of durum wheat in negotiations in an international tender which continued on Wednesday, European traders said.
The tender had closed on Tuesday with some initial purchases reported. Traders said negotiations had continued on Wednesday with one or two more small handysize shipments purchased.
It was unclear how many tons were bought in the two days of the tender talks.
But initial trader estimates were of a relatively small purchase of 160,000 to 180,000 metric tons.
Prices on Wednesday were unclear but said to be different from handysized prices paid on Tuesday.
Traders suspected the Wednesday purchases could involve either Canada western amber durum (CWAD), U.S. or Australian origins.
Purchases reported late on Tuesday of around $348 cost and freight (c&f) included for larger Panamax shipments with about three to four shiploads purchased, and around $360 a ton c&f for smaller handysize shipments.
Part of the Tuesday purchases was believed to involve Canadian CWAD durum, traders said.
The tender had sought a nominal 50,000 tons for shipment in four periods in 2025: Jan. 1-15, Jan. 16-31, Feb. 1-15 and Feb. 16-28.
Algeria does not disclose the results of its tenders and results reported are based on trader assessments.
More detailed estimates of prices and volume are possible later.

Algeria bought South American corn in tender, volume unclear, traders say
Algerian state agency ONAB is believed to have bought an unknown volume of animal feed corn to be sourced from Argentina or Brazil in an international tender for up to 240,000 tons which closed on Tuesday, European traders said on Wednesday.
Some traders said at least one consignment of up to 40,000 tons was bought.
The tender sought corn sourced from Argentina or Brazil only for shipment between Dec. 1 and Dec. 15 in up to six consignments each of between 30,000 and 40,000 tons.
Results reflect assessments from traders and further estimates of prices and volumes are still possible later.

Picture of the Day

Smoke rises as a farmer uses a tractor while burning stubble in a rice field amid the ongoing air pollution at Mansa in the northern state of Punjab, India, November 11. REUTERS/Bhawika Chhabra

(Inside Commodities is compiled by Kishore Barker in Bengaluru)

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