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Top News - Oil

U.S. imposes new sanctions on Iran oil exports, targets Chinese firms

The United States on Thursday imposed sanctions on companies it accused of involvement in Iran's petrochemical and petroleum trade, including five based in China, pressuring Tehran as it seeks to revive the 2015 Iran nuclear deal.

Washington has increasingly targeted Chinese companies over the export of Iran's petrochemicals as the prospects of reviving the nuclear pact have dimmed. Indirect talks on the accord, formally known as the Joint Comprehensive Plan of Action (JCPOA), have broken down.

"So long as Iran refuses a mutual return to full implementation of the Joint Comprehensive Plan of Action, the United States will continue to enforce its sanctions on the sale of Iranian petroleum and petrochemical products," the Treasury's Under Secretary for Terrorism and Financial Intelligence Brian Nelson said in a statement.

The Iranian mission to the United Nations in New York did not immediately respond to a request for comment.

U.S. Secretary of State Antony Blinken said in a separate statement that the State Department designated two China-based companies, Zhonggu Storage and Transportation Co Ltd and WS Shipping Co Ltd.

Blinken accused Zhonggu Storage and Transportation Co Ltd of operating a commercial crude oil storage facility for Iranian petroleum and WS Shipping Co Ltd of being a ship manager for a vessel that has transported Iranian petroleum products.

Reuters could not immediately reach the two companies for comment.

The U.S. Treasury Department also slapped sanctions on a network of companies involved in what it said was the sale of hundreds of millions of dollars worth of Iranian petrochemical and petroleum products to South and East Asia.

The action targeted Iranian brokers and front companies in the United Arab Emirates, Hong Kong and India, the Treasury said.

Washington warned that it would continue to accelerate enforcement of sanctions on Iran's petroleum and petrochemical sales so long as Tehran continues to accelerate its nuclear program.

CRIPPLED ECONOMY

The 2015 nuclear agreement limited Iran’s uranium enrichment activity to make it harder for Tehran to develop nuclear arms, in return for lifting international sanctions.

But then-U.S. President Donald Trump ditched the deal in 2018, saying it did not do enough to curb Iran’s nuclear activities, ballistic missile program and regional influence, and reimposed sanctions that have crippled Iran’s economy.

"These enforcement actions will continue on a regular basis, with an aim to severely restrict Iran’s oil and petrochemical exports," Blinken said.

Anyone involved in such sales and transactions should stop immediately if they wish to avoid being subjected to U.S. sanctions, he said.

As part of Thursday's action, the Treasury targeted several companies it accused of dealing with Hong Kong-based Triliance Petrochemical Co Ltd, which has previously been sanctioned by the United States.

It said India-based petrochemical company Tibalaji Petrochem Private Limited purchased millions of dollars worth of Triliance-brokered products for onward shipment to China.

The Treasury also accused UAE-based Clara Shipping LLC of being paid millions of dollars by Triliance - through front companies - in freight charges for the shipment of Iranian petrochemical and petroleum products to East Asia.

Also designated over dealings with Triliance was Iran-based Iran Chemical Industries Investment Company and Middle East Kimiya Pars Co, Hong Kong-based Sierra Vista Trading Limited, and UAE-based Virgo Marine.

Hong Kong-based Sophychem HK Limited and ML Holding Group Limited were designated for dealings with U.S.-designated Persian Gulf Petrochemical Industries Commercial Company, including the purchase of Iranian petrochemicals for shipment to China and Singapore.

Reuters was unable to immediately reach the companies for comment.

Europe braces for heavy oil refinery outages amid tight supplies

A heavy oil refinery turnaround season in Europe this autumn, plus French strike action, is set to push diesel prices higher and tighten supplies ahead of a European Union ban on Russian refined products which is due to come into force early next year.

In October, around 1.5 million barrels per day (bpd) of crude refining capacity is expected to be offline in Europe for planned and unplanned maintenance, Energy Aspect estimated.

This figure compares with 1.1 million bpd of offline capacity in September, and is above the 2015-2019 average for this period. In November, offline capacity is expected to reach 600,000 bpd.
The busier maintenance schedule is likely to be related to the COVID-19 pandemic.
"Given all the Covid-related restrictions, social distancing etc, it's likely that not a lot of extensive works were actually carried out but rather just essential maintenance," Energy Aspect's Livia Gallarti said.
Maintenance outages next month include Eni's Sannazzaro refinery in Italy, Repsol's Tarragona refinery in Spain, and Galp Energia's Sines refinery, among others.
"The European diesel market is looking a bit softer than we had expected say this time last month," Gallarti said, adding that the consultancy has softened its European demand forecast as economic pressures mount.
Europe has also been upping its diesel imports from other regions like the Middle East and Asia, with September arrivals hitting a three-year high of 1.6 million barrels per day, based on data from oil analytics firm Vortexa.
But while higher imports and a softening demand outlook are helping to ease the pressure on diesel markets, widespread refinery outages in France, partly due to strike action, could tighten supplies again.
One European trader said that while the market has priced in, and to a large extent prepared for the planned outages, it is the unplanned outages that could cause problems for the oil products market.
"The issue is unexpected outages like the French strikes," he said.
Walkouts over pay and unplanned maintenance have resulted the temporary shutdown of four out France's six oil refineries in the week to 28 September.
This has taken offline 740,000 bpd, or over 60% of France's refining capacity.
Exxon Mobil, which operates two of the shut plants, told Reuters it had temporarily put limitations in place for customers, saying this was in accordance with the terms of its supply contracts.
Benchmark European diesel profit margins hit a two-week high of about $50 a barrel on Wednesday, based on Reuters assessments, driven by the French strikes.
Analysts expect the shutdowns to tighten refined product supply if they drag on.
"The wave of strikes in France took the market by surprise and there is uncertainty about its duration," OilX analyst Neil Crosby said.
"Overall, we remain constructive diesel cracks come Q12023 as the market will struggle to replace lost Russian supplies," Gallarti said, adding that Europe stands to lose 500,000-600,000 bpd of Russian diesel due to sanctions.
The European Union will stop buying all Russian crude oil delivered by sea from early December, and will ban all Russian refined products two months later, in protest over Moscow's invasion of Ukraine.
"We struggle to see [diesel] stocks building massively from where we are," Woodmac analyst Mark Williams said.
"We expect prices to really spike ... mid-January, probably February, but we may see a spike little bit earlier as the market starts to panic," he added.

Top News - Agriculture

EXCLUSIVE- VTB urges Putin to curb Western grain traders' Russian ops - letter
Sanctions-hit VTB Bank has urged President Vladimir Putin to curb the activities of Western grain traders in Russia, citing the need to strengthen Russian traders' role in the global market, a letter seen by Reuters shows.
In the letter dated Sept. 14, VTB Chief Executive Andrei Kostin asked Putin to issue a decree to prohibit companies belonging to "persons related to unfriendly states" from buying grain and oilseeds from Russian farmers for onward export.
The order should also prohibit firms related to "unfriendly" states from owning Russian companies involved in grain loading capacity in ports, and grain storage, he said.
"Exporters from unfriendly countries own about 15% of Russian port transhipment capacity in the Azov-Black Sea basin, allowing them to extract additional profits from trade in Russian grain... while the Russian economy and budget are missing out on significant revenues," Kostin said.
VTB owns stakes in a number of major Russian grain export hubs in the Black Sea. The bank declined Reuters' request for comment on the letter.
Russia is the world's largest wheat exporter, mainly supplying the Middle East and Africa.
Russian grain market players should still be allowed to sell grain to international traders for export on a free-on-board basis, which includes delivery to the final destination, the letter said.
Dozens of foreign firms, including Starbucks and McDonald's, have left Russia since Moscow sent thousands of troops to Ukraine on Feb. 24.
Although food supplies were not targeted by Western sanctions, some global grains traders, such as Bunge and Cargill Inc, began scaling back their Russian operations in March.
However others, including Viterra, which is part-owned by Switzerland-based mining and trading giant Glencore,

continue working extensively in Russia.
Viterra and VTB share ownership of a grain terminal in the Black Sea, while Louis Dreyfus also has a terminal in the Azov Sea.
Viterra said: "We are aware of VTB's proposal, but we are not in position to comment further at this time." Louis Dreyfus declined to comment.

LEVEL OF INFLUENCE
According to the VTB letter, the measures outlined in the proposal would allow Russia to "determine the main geography of countries importing Russian grain" and give Moscow "a fundamentally different level of influence over market pricing".
Hand-written notes apparently signed by Putin on the letter suggest that he had asked his aide to review the proposal with the government.
The Kremlin does not comment on confidential correspondence, spokesman Dmitry Peskov told Reuters.
A source close to the Kremlin told Reuters that the proposal had been already sent to the government for consideration.
"But the main idea is to strengthen the position of Russian traders on the global market, not to prohibit anyone from doing anything," the source said.
Russia's agriculture ministry did not reply to a Reuters request for comment.
In May Russian agriculture minister Dmitry Patrushev, when asked by Viterra about Moscow's stance on foreign companies which still operate in Russia's grain sector, said Moscow wants them to stay and will support them.
According to one grain trader, the government is expected to prepare its response to VTB's proposal by Sept. 30.
If the proposal results in a decree, it would be unprecedented, the trader told Reuters: "It has never been done with any other (industry) in Russia."

Argentina corn planting being held up by drought, exchange says
Argentina's corn planting is well behind the pace of last year due to a prolonged drought, the Buenos Aires grains exchange said on Thursday, noting that 5.8% of the area expected for the cereal had been sown, 11 percentage points behind a year before.
The South American nation is the world's No. 3 exporter of corn. The same exchange on Wednesday estimated the 2022/23 corn harvest at 50 million tonnes, down from 52 million tonnes in 2021/22, hit by a scarcity of rainfall in recent months.
"Under this scenario, rains are necessary in the coming weeks to ensure planting plans can be met, bearing in mind that the optimal period for planting would finish at the end of October," the Buenos Aires exchange said in the weekly report.
According to the entity's weather forecast, in the next seven days the country's main agricultural regions will only receive only about 10 millimeters (3/8 of an inch) of rain.
However, Eduardo Sierra, a farming weather specialist at the exchange, said a day earlier that October should bring some 50-100 millimeters of rain, which will be a boost for the planting of corn at the start of the southern Spring.
That rainfall would also help Argentina's 2022/23 wheat, whose plots are currently in yield development stages and also need water. The exchange forecasts 2022/23 wheat production of 17.5 million tonnes, down from 22.4 million tonnes in 2021/22.
The exchange said that over the last week the percentage of wheat lots in fair to poor condition rose 3 percentage points to 45%, while lots in excellent to good condition are now only 14%.

Top News - Metals

LME says it is mulling consultation on banning Russian metal
The London Metal Exchange (LME) is considering a consultation on whether Russian metal such as aluminium, nickel and copper should continue to be traded and stored in its system, the exchange said on Thursday.
The LME issued a statement after three sources familiar with the matter told Reuters the exchange was planning to discuss banning new deliveries of Russian metal so its warehouses cannot be used to offload hard-to-sell stock.
Western countries have sanctioned Russian banks and wealthy individuals connected to President Vladimir Putin since Russia’s invasion of Ukraine, but so far there are no restrictions on buying Russian metal.
The LME, the world's oldest and largest market for industrial metals, said no final decision had been taken on whether to issue a discussion paper to ask for views on Russian metal, but that it was under consideration.
"A discussion paper could also lay out potential options which could be pursued on the basis of market feedback gathered, including the option to take no action," Chief Executive Matthew Chamberlain said in the statement.
The issue is topical because of current negotiations for 2023 annual supply deals, he added.
The sources said there was some concern that Russian aluminium producer Rusal would not be able to sell its metal

and would deliver it to registered warehouses of the 145-year-old metal exchange.
"The discussions are about the possibility of banning new deliveries," one of the sources said, adding that trying to ban metal already in LME warehouses that had been produced by Rusal "would be madness".
Another source said the LME could not ban Russian metal without sanctions on the companies that produced them.
The LME did not detail the options that would be considered in a consultation.
Russia's Nornickel accounted for 7% of global mined nickel production last year, while Rusal, the world's largest aluminium producer outside China, is expected to account for 6% of global supplies of the metal this year.
Benchmark aluminium prices on the LME, the world's biggest market for industrial metals, jumped 8.5% to $2,305 a tonne on Thursday, while nickel climbed 6% to $23,115, but later pared gains.
Rusal and Nornickel did not immediately respond to requests for comment. Russia also produced 920,000 tonnes of refined copper last year, about 3.5% of the world's total, according to the U.S. Geological Survey.
The LME said earlier its priority was to maintain an orderly market. "We do not currently see any evidence of LME warehouses being used to offload metal on a long-term basis," the exchange added, in response to a request for comment.
Metal movement has remained relatively constant over the last 12 months, the LME said.
Some buyers are shunning Rusal's aluminium, while others are securing price discounts.

Glencore reviews lead operations at Italian plant due to high power prices -source
Commodity group Glencore is reviewing the sustainability of lead operations at its Portovesme plant in Italy due to high power prices, an industry source with knowledge of the situation said on Thursday.
The company is delaying maintenance operations that were planned in coming months due to the review, the source added.
Surging power prices after Russia's invasion of Ukraine, especially in Europe, have forced shutdowns and suspension of many smelters, mostly energy-intensive aluminium and zinc.
Glencore put zinc sulphide operations at the Portovesme plant on care and maintenance in November 2021, but continued production of zinc recycling and lead.
The zinc recycling activities, where waste from steel mills is processed, is not under threat because it does not have high power requirements, the source added.
Glencore is looking at other possible uses of the lead plant, including using it for recycling batteries from electric vehicles, the source said.
This year the lead operations generated income from customers tied to annual contracts, but that is uncertain for next year, the source said. The Italian government has been seeking to shield companies from surging energy prices, but the source said so far that was not enough to make the lead operations sustainable.
In the first half of the year, Glencore produced 159,000 tonnes of lead at three operations including Portovesme, according to its latest production report, which does not provide the output for each location.

Top News - Carbon & Power

Russia says Nord Stream likely hit by state-backed 'terrorism'
Russia said on Thursday that leaks spewing gas into the Baltic Sea from pipelines to Germany appeared to be the result of state-sponsored "terrorism", as an EU official said the incident had fundamentally changed the nature of the conflict in Ukraine.
The European Union is investigating the cause of the leaks in the Gazprom-led Nord Stream 1 and 2 pipelines and has said it suspects sabotage was behind the damage off the coasts of Denmark and Sweden.
Four days after the leaks were first spotted, it remains unclear who might be behind any attack on the pipelines that Russia and European partners spent billions of dollars building.
"This looks like an act of terrorism, possibly on a state level," Kremlin spokesman Dmitry Peskov said, adding: "It is very difficult to imagine that such an act of a terrorism could have happened without the involvement of a state of some kind".
Russia also said the United States stood to benefit, in a war of words with the West over who was responsible. Moscow has previously said the leaks occurred in territory that is "fully under the control" of U.S. intelligence agencies.
Russia's Foreign Ministry spokeswoman Maria Zakharova told a news briefing Washington would be able to boost its liquefied natural gas (LNG) sales if the pipelines were put out of use.
But U.S. news channel CNN, citing three sources, reported that European security officials had observed Russian navy support ships and submarines not far from the leaks.
Asked to comment on the CNN report, Peskov said there had been a much larger NATO presence in the area.
Zakharova called for an EU investigation to be "objective", and said Washington would have to "explain itself" - a reference to President Joe Biden's comment in February that, if Russia invaded Ukraine, "there will no longer be a Nord

Stream 2".
The White House has dismissed Russian allegations that it was responsible for the damage to Nord Stream and Biden's comments were referring to efforts at the time to secure certification to bring Nord Stream 2 into commercial use.
Leaks from the Nord Stream 1 pipeline are likely to be stopped on Monday, the pipeline's operator told Reuters.
But the spokesperson for Nord Stream AG said it was not possible to give any forecasts for the pipeline's future operation until the damage had been assessed.
Russia had halted deliveries via Nord Stream 1, saying Western sanctions had hampered operations.
While neither pipeline was supplying gas to Europe when the leaks were first detected, both had gas in them.

'ROBUST RESPONSE'
EU leaders will discuss the ramifications of the damage next week at a summit in Prague, an EU official said.
"The strategic infrastructure in the entire EU has to be protected," the EU official in Brussels said.
"This changes fundamentally the nature of the conflict as we have seen it so far, just like the mobilisation ... and the possible annexation," the EU official said, referring to Russia's mobilising of more troops for the war and expectations President Vladimir Putin will annex Ukrainian regions.
Russia's war with Ukraine and the resulting energy standoff between Moscow and Europe, which has left the EU scrambling to find alternative gas supplies, are set to dominate the EU summit on Oct. 7.
The European Union on Wednesday warned of a "robust and united response" should there be more attacks and stressed the need to protect its energy infrastructure, but EU officials have avoided pointing a figure directly at possible perpetrators.
Next week, EU leaders will discuss an eighth sanctions package on Russia which European Commission chief Ursula von der Leyen has proposed, including tighter trade restrictions, more blacklistings and an oil price cap for third countries.
The EU official said he expected the 27-nation bloc to agree parts of the sanctions package before the summit, such as the blacklisting of additional individuals and some of the trade restrictions with regard to steel and technology.
Other topics such as the oil price cap or the sanctioning of banks may not be solved before the summit, he added.
EU states need unanimity to impose sanctions and Hungary's prime minister Viktor Orban has been a vocal critic, saying sanctions have "backfired", driving up energy prices and dealing a blow to European economies.

U.S. clean energy backers: permitting bill imperative in climate fight
Environmental groups and some fellow Democratic lawmakers had pilloried U.S. Senator Joe Manchin's bill to speed energy permitting as a handout to fossil fuel companies, but clean energy advocates said the bill's failure would hinder the rapid expansion renewable power needs to combat climate change.
Democratic Majority Leader Chuck Schumer pulled Manchin's bill from temporary government funding legislation on Tuesday after it did not gain enough support.
Environmental groups said the legislation would have accelerated approval for fossil fuel projects, including Equitrans Midstream Corp's long-delayed $6.6 billion Mountain Valley Pipeline in Manchin's state of West Virginia.
But it also would have sped up major interstate transmission line projects that clean energy experts say are desperately needed to achieve emissions reductions, and take full advantage of the subsidies in President Joe Biden's massive Inflation Reduction Act (IRA). That law, passed in August, contains $369 million in incentives for industries like wind and solar to curb climate change and boost energy security.
"There are definite limits on the emissions reductions we can get without addressing the grid," said Rob Gramlich, founder and president of Grid Strategies, LLC, a power industry consulting firm. "Transmission takes a long time, we need to get going now as it's going take a while to get any new lines permitted, sited, routed and built."
Siting and permitting new transmission lines can currently take up to a decade. Manchin's bill would have encouraged interstate transmission projects by bolstering the authority the Federal Energy Regulatory Commission, an independent branch of the U.S. Department of Energy, to allocate the cost to customers that would benefit.
The question of how to divide the cost of those lines among customers has long blocked their development.
"That remains the number one challenge in my opinion, how do you recover costs for the interstate highway type lines?" said Gramlich.
A $1 billion line that aims to carry hydropower from Quebec to New England through Maine is among the most high profile transmission battles in recent years, with construction stymied by a state referendum and litigation.
The renewable energy industry said time is getting short to build out a U.S. energy system to lock in the benefits from the IRA tax incentives.
Abigail Ross Hopper, president and CEO of the Solar Energy Industries Association, said U.S. solar power capacity is expected to hit 682 gigawatts by 2032, more than quadruple today's level and enough to power nearly every household east of the Mississippi River.
"A sizeable chunk of this electricity simply cannot reach the homes and businesses that need it without a massive build

out of high-voltage transmission lines," Hopper said.
Without permitting reform, the United States is at risk of falling 100 gigawatts short of the 525 to 550 GW the IRA is expected to deliver by 2030, according to the American Clean Power Association, an industry group.
That equates to 550 million metric tons in additional carbon dioxide emissions and the loss of $100 billion in investment and 100,000 potential jobs, it said.
Clean energy backers said the permitting provision could still be attached to other bills later this year that must be passed, such as a big appropriations legislation.
But it could be an uphill battle with progressive Democrats and Republicans who were upset with Manchin's key vote on the IRA that pushed through climate incentives while inflation was around 40-year highs.
Jesse Jenkins, a clean energy expert at Princeton University, tweeted on Tuesday that the permitting bill had been "a big mixed bag for climate & the environment."
"And so is its defeat," he added. "We still need to build new clean energy & transmission at unprecedented pace!"

Top News - Dry Freight

Brazil more competitive than U.S. to ship soy to China, Rumo CEO says
Brazil, the world's biggest soybeans supplier, has overtaken rival United States as the most competitive shipper of the oilseed to top importer China, the head of rail company Rumo said on Thursday.
Rumo Chief Executive Joao de Abreu noted Brazil's cost per tonne in dollars to ship soy to China was lower than that of the United States in the first half of this year.
"Brazil has just become more competitive than the United States to move agricultural products to their destinations," he said during an event in São Paulo. "I am talking mainly about China, Brazil's top market."
Rumo is a leading rail company and operates Latin America's biggest grain terminal in Rondonopolis, in the south of Mato Grosso state, at the heart of Brazil's farm country.
While reaffirming plans to add more logistics capacity there soon, Abreu said the country cannot stop investing to keep its competitive edge.
"We are going to start (building) a railroad serving the north of Mato Grosso, which accounts for 40% of Brazilian grain exports," he said, adding the state only has 300 kilometers (186 miles) of railroads.
Rumo's project will add another 700 km there, connecting farmers in remote parts of the state.
In recent years, Brazil has made progress improving its national infrastructure, even though most of its cargo is still moved by trucks.
One key development involved shipping more grains through northern ports, an operation that entails the use of barges, with Brazil taking advantage of its abundant Amazonian waterways to ship produce.
That became a competitive alternative compared to relying solely on southern ports like Santos and Paranagua.
U.S.-based Cargill, for example, operates two transshipment hubs in the north, one at Miritituba on the Tapajos river, and another at Porto Velho on the Madeira river.
"Brazil is among the leaders in productivity, but (now) also in logistics," Abreu said. "Overtaking the United States is very important," he said, emphasizing hefty investments in recent years.

Japan buys 61,800 tonnes of food wheat via tenders
Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) bought a total of 61,800 tonnes of food-quality wheat from the United States and Canada in regular tenders that closed on Thursday.
Japan, the world's sixth-biggest wheat importer, keeps a tight grip on imports of the country's second most important staple behind rice and buys the majority of the grain for milling via tenders typically issued three times a month.

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(Inside Commodities is compiled by Anjana J.Nair in Bengaluru)

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