THURSDAY, OCTOBER 22, 2020

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TOP NEWS

U.S. crude exports likely to be muted through 2020 as production slides
U.S. crude oil exports are expected to sputter through the end of 2020 due to weak production and unfavorable economics for foreign buyers of U.S. oil, traders and analysts said. U.S. oil demand is down about 13% from last year due to the coronavirus pandemic. Exports have become critical revenue sources for many oil companies, and the United States had regularly been exporting more than 3 million barrels per day (bpd) of crude oil. But U.S. output is not expected to recover to its 2019 peak of nearly 13 million bpd, which could hamstring exports.

Spurred by reform, China's niche LNG buyers to pour in investments, double imports
A group of niche Chinese gas firms is set to make waves in the global market with plans to invest tens of billions of dollars and double imports in the next decade as Beijing opens up its vast energy pipeline network to more competition. The companies, mostly city gas distributors backed by local authorities, are ramping up purchases of liquefied natural gas (LNG) as newly formed national pipeline operator PipeChina begins leasing third parties access to its distribution lines, terminals and storage facilities from this month.

POLL-Gold to march higher but record-breaking rally will slow
Gold will average less than $2,000 dollars an ounce next year, a Reuters poll showed, as a record-breaking rally slows, although prices are still expected to touch new highs. Gold hit an all-time peak of $2,072.50 an ounce in August from around $1,300 in mid-2019, its fastest rally since the aftermath of the financial crisis a decade ago.

Exxon Mobil 'very close' to disclosing U.S., Canada job cuts, says CEO
Exxon Mobil Corp is "very close" to completing its workforce appraisals in the United States and Canada and expects to unveil job cuts, its chief executive told employees in an email on Wednesday. The second-largest U.S. oil company by market value lost nearly $1.7 billion in the first six months and analysts forecast a third-quarter $1.17 billion loss, according to IBES data from Refinitiv.

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CHART OF THE DAY

Gold and silver prices have retreated since rallying in August

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RACE FOR PRESIDENCY

TRUMP vs. BIDEN 2020

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Commodities headed for bull market in 2021 on inflation fears, stimulus - Goldman Sachs
A weaker U.S. dollar, rising inflation risks and demand driven by additional fiscal and monetary stimulus from major central banks will spur a bull market for commodities in 2021, Goldman Sachs said on Thursday. The bank forecast a return of 28% over a 12-month period on the S&P/Goldman Sachs Commodity Index (GSCI), with a 17.9% return for precious metals, 42.6% for energy, 5.5% for industrial metals and a negative return of 0.8% for agriculture.

Mideast share of India's Sept oil imports falls to 4-month low - sources
Middle East producers' share of India's market fell to a four-month low in September while that of Africa rose to one year high, according to data obtained from industry sources. Last month, India's oil imports from its top oil supplier Iraq declined by about 18% from August, the data showed, as OPEC's second biggest producer deepened output cuts to compensate for overproduction.

Norway labour unions split over oil service wage talks
One of Norway's two labour unions for oil service workers struck a wage deal with subcontractors to the country's oil and gas industry, while a second union broke off talks, union officials said on Thursday. Industri Energi, the largest of the two labour unions involved in negotiations, said it had agreed to a deal, while the smaller Safe union said it had broken off talks and would face mandatory mediation later this year.

GRAPHIC-China's blueprint to stockpile copper expected in 5-year plan
The prospect of China buying copper for its stockpiles is filtering through the market ahead of a meeting of the country's leaders to discuss its next five-year economic and social development plan. The meeting due to take place next week is expected to approve the stockpiling of commodities such as copper, which China has to import due to inadequate domestic resources of the metal used widely in the power and construction industries.

U.S. crude stockpiles dip, gasoline builds amid weak fuel demand -EIA
U.S. crude oil and distillate inventories fell last week, while gasoline stocks rose in another weak showing for fuel demand, the Energy Information Administration said on Wednesday. Refinery runs and crude production both fell sharply, however, which analysts attributed to ongoing disruptions from Hurricane Delta.

ANALYSIS-Biden presidency could cut slow path to resumed Iran, Venezuela oil exports
Democratic U.S. presidential hopeful Joe Biden's promised return to diplomacy with OPEC-members Iran and Venezuela could cut a path for a return of their oil exports should he win, but not before many months at least of verifications, talks and deal-making. The timing of a potential resumption of shipments is crucial to world oil markets: U.S. President Donald Trump's unilateral sanctions on the two countries since taking office in 2017 have blocked up to 3 million barrels per day (bpd), or 3% of world supply. Iran has taken the biggest hit, with exports shrinking by around 2 million bpd to around 500,000 bpd.

COLUMN-China's imports are soaking up the world's excess copper: Andy Home
The refined copper market is on course to register a supply-demand shortfall this year, according to the International Copper Study Group (ICSG). The forecast deficit is a small one - just 52,000 tonnes in a 24-million tonne global market - but it's a dramatic change from the group's forecast this time last year, when it expected a chunky 280,000-tonne surplus.

Germany takes extra slice of EU pork sales after Asian ban
Germany's meat processors are sending pork chops and bacon previously earmarked for Asia to supermarkets across the European Union after China, South Korea and Japan banned German imports due to an outbreak of African Swine Fever in wild boars. Pig prices in European Union's top producer slid by around 14% immediately after the outbreak was confirmed on Sept. 10 but have since stabilised, albeit at a lower level, as the disease devastates pig herds across the globe.

COLUMN-Glencore sees logic in keeping coal, the market may disagree: Russell
Glencore wants to keep its coal mines but run them down over time, believing that this will be a better outcome for the climate than selling them to another operator or spinning them into a new company. While it's arguable that this is actually a better outcome for the environment, it's also possible that Glencore is setting itself up for a conflict with shareholders, both existing and potential, who are likely to demand firmer action on coal than a long goodbye, even if an extended exit is more profitable.
COLUMN-Has Brazil become a new customer for U.S. corn and soy exporters? - Braun

It is no surprise that Brazil is nearly out of soybeans given its extraordinary export pace earlier this year, but consistent with the bizarre nature of 2020, it is possible that Brazil could purchase beans from its export rival, the United States. That has never happened in modern times, especially since Brazil emerged last decade as the world’s top exporter of the oilseed. But neither U.S. nor Brazilian agencies seem to think Brazil will start importing U.S. soybeans, at least in the short term.

MARKETS

Oil prices dropped in early trade, adding to heavy losses overnight, after a build in U.S. gasoline inventories pointed to a deteriorating outlook for fuel demand as coronavirus cases soar in North America and Europe. Gold slipped from a more than one-week high hit in the last session, as the dollar recovered some lost ground after doubts emerged whether an agreement on a new U.S. fiscal coronavirus aid package could be reached before the election. London copper eased, snapping three sessions of gains that pushed prices past $7,000 a tonne for the first time since June 2018, as traders fretted over the slow pace of talks to hammer out additional U.S. stimulus. U.S. wheat futures fell 1%, as traders booked profits after prices hit a near six-year high in the previous session, although losses were limited on concerns about adverse weather in key producing regions.

MARKET MONITOR

<table>
<thead>
<tr>
<th>Contract</th>
<th>Last</th>
<th>Change</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>NYMEX light crude</td>
<td>$39.96</td>
<td>-0.17%</td>
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<tr>
<td>NYMEX RBOB gasoline</td>
<td>$1.14</td>
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<tr>
<td>ICE gas oil</td>
<td>$3.29</td>
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<tr>
<td>NYMEX natural gas</td>
<td>$3.02</td>
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<tr>
<td>Spot Gold</td>
<td>$1,916.01</td>
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<tr>
<td>CBOT Corn</td>
<td>$4.13</td>
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<tr>
<td>CBOT Wheat</td>
<td>$6.24</td>
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<tr>
<td>Malaysia Palm Oil (3M)</td>
<td>2,914</td>
<td>0.90%</td>
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<table>
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<tr>
<th>Index (Total Return)</th>
<th>Close 21 Oct</th>
<th>Change</th>
<th>YTD Change</th>
</tr>
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<tbody>
<tr>
<td>Rogers International</td>
<td>14,306</td>
<td>-0.43%</td>
<td>-</td>
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<tr>
<td>Cont Commod Index</td>
<td>420.7936</td>
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<td>0.08%</td>
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<td>US STOCKS (DJI)</td>
<td>28,210.82</td>
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<td>US DOLLAR INDEX</td>
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<tr>
<td>US Bond INDEX (DJ)</td>
<td>462.403</td>
<td>-0.07%</td>
<td>7.00%</td>
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EVENTS SCHEDULED FOR THE DAY (GMT)

1000 UK CBI business optimism for Q4: Prior -1
1000 UK CBI trends - orders for Oct: Expected -45; Prior -48
1400 EZ Consumer Confidence Flash for Oct: Expected -15.0; Prior -13.9
1230 US Initial Jobless Clm Weekly: Expected 860,000; Prior 898,000
1400 US Existing Home Sales for Sept: Expected 6.30 mn; Prior 6.00 mn
1400 EU Consumer Confid. Flash for Oct: Expected -15.0; Prior -13.9
2301 UK GfK consumer confidence for Oct: Expected -28; Prior -25

TECHNICAL CHARTS

NYMEX Light Crude | Brent Crude | Spot Gold | Spot Silver | Corn | Wheat