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Top News - Oil

Texas refinery workers overwhelmingly reject Exxon contract offer

Union workers at Exxon Mobil Corp's Beaumont, Texas, oil refinery overwhelmingly rejected the company's six-year labor contract on Tuesday, extending a lengthy standoff over job assignments.

Exxon locked out the plant's 650 union workers on May 1, replacing them with managers and temporary staff as it pushed for a contract that gives it control over how jobs are assigned ahead of a major expansion, and sets a freeze on some workers' pay.

"We are disappointed that the company's enhanced offer was not ratified," Exxon spokesperson Julie King said.

"The lockout of USW-represented workers will continue," she said of the United Steelworkers members. "We will continue to operate our facility safely and reliably with our fully trained workforce," King added.

Tuesday's vote came ahead of a Nov. 1 deadline for the union workers to approve the deal or lose a $500 signing payment, 2021 wage hikes and the right to seek arbitration on resignations.

"Exxon's take it or leave it offer is not what we're looking for," said Bryan Gross, a USW International representative.

He declined to disclose vote totals, but said the 400 members who voted overwhelmingly backed the union's recommendation to reject the contract.

"If (members) stick with us, we'll get a deal," he said.

Exxon said there was no meeting scheduled between company and union negotiators. Its latest offer remains available to employees "until further notice."

The dispute has become increasingly bitter in recent weeks.

Exxon has accused the union of "aggressively" opposing its offer and falsely claiming there could be job cuts and saying the lockout would end Nov. 1. Union officials accused Exxon of being behind a decertification campaign to remove the union.

Hourly workers represented by USW union local 13-243 voted via secret ballot during three meetings held throughout the day.

"They asked us to let members vote and we let them vote," said the USW's Gross. "The results speak for themselves. Hopefully, the company realizes that and is prepared to negotiate."

The rejected proposal would have given Exxon control over staffing of a new crude distillation unit that would add 250,000 barrels per day (bpd) capacity in 2024, making Beaumont the largest U.S. oil processing plant by volume.

The refinery's current capacity is 369,024 bpd.

The union still faces a decertification vote next month on a worker-submitted petition to oust the union from the plant. The U.S. National Labor Relations Board is expected to set a mid-November vote. It would first consider a union charge that Exxon improperly aided the petition before releasing results.

EXCLUSIVE-India plans refiners' joint oil deals to cut import bill

India is forming a group that brings together state-run and private refiners to seek better crude import deals, oil secretary Tarun Kapoor said on Tuesday, as the country grapples with soaring oil prices.

The world's third largest oil importer and consumer, India depends on imports for about 85% of its crude and buys most of it from Middle East producers.

Initially the group of refiners will meet once in a fortnight and exchange ideas on crude purchases.

"The companies can form joint strategies and they can even go for joint negotiations wherever possible," Kapoor, the top bureaucrat in the petroleum ministry, told Reuters.

Indian state refiners already jointly negotiate some crude oil purchases.

To date the one effort at a joint negotiation bringing together not only state-run but private refiners resulted in a deal that secured supply of Iranian oil at a deep discount.

With local gasoline and gasoil prices rising to a record high amid India's worst power crisis in years, the nation wants to redouble its efforts to buy wisely.

India's trade deficit in September surged to a record $22.6 billion, its highest in at least 14 years, driven by expensive imports.

Kapoor said the Organization of the Petroleum Exporting Countries and its allies, together known as OPEC+, should raise production to bring down global oil prices.

"OPEC+ should realise that this is not the right approach, they must step up production. If the demand is going up and

you are not increasing production, you are trying to create a gap," he said.
"Due to this, prices are going up and that's not fair".
OPEC+ producers recently agreed to stick to a plan to increase November output by 400,000 barrels per day (bpd) as it looks to phase out output curbs of 5.8 million bpd over time.
Kapoor said rising oil prices would prompt oil consumers to "seriously start thinking of shifting to other forms or curtail their demand for OPEC oil somehow".
"These kind of prices are not sustainable."
India is already reducing the share of OPEC oil in its crude mix as refiners, that have invested billions of dollars in refinery upgrades, are tapping cheaper oil.
High oil prices are spurring investment in upstream activities, that could lead to higher production from regions other than the Gulf, Kapoor noted.

Top News - Agriculture

China's Sept soy imports from Brazil fall 18% y/y on flat demand
China's soybean imports from Brazil fell 18% in September from a year earlier, customs data showed on Wednesday, as poor crush margins limited demand.
The world's top buyer of soybeans brought in 5.936 million tonnes of the oilseed from Brazil last month, down from 7.25 million in the corresponding period a year earlier, data from the General Administration of Customs showed.
Crushers stepped up purchases last year from top supplier Brazil as a fast recovering pig herd pushed up demand. But their buying has slowed in recent months, as falling hog prices hit margins.
China's hog margins remain in negative territory, despite a pick-up in the past week.
Soybean brought in by Chinese crushers is processed into feed ingredients for the livestock sector, and for use as cooking oil.
Imports from the United States stood at 169,439 tonnes, down from 1.17 million tonnes a year earlier, after hurricane Ida hit shipments by forcing the closure of some grains terminals on the U.S. Gulf Coast.
The supply woes prompted Chinese buyers to turn to costly beans from Brazil.
The impact could last for weeks during the peak U.S. export season, pushing Chinese buyers to buy more Brazilian beans, traders said, although U.S. cargoes are expected to pick up from November.
October's total soybean arrivals are expected to stay lower than last year, fanning concern over supply of soymeal in China, just as an unprecedented power crunch forced some crushing plants to shut or cut operations.
Inventories of soybean and soymeal in China have both fallen in the past week, says agriculture consultancy Myagric.com.
Crushers in Rizhao in the eastern province of Shandong now make 61 yuan ($9.54) for each tonne of soybeans processed, up from negative 650 yuan in June.

Bayer: farmers pre-buying crop inputs as supply-chain snarls continue
U.S. farmers are pre-buying seeds and chemicals they need earlier than normal, in a bid to secure supplies for next spring amid sector-wide supply-chain problems, a top executive at German agricultural and pharmaceuticals firm Bayer AG said on Tuesday.
Bayer also estimates its average seed prices will go up about 5% for 2022, Liam Condon, president of Bayer's agricultural unit, told Reuters on Tuesday.
"What we're seeing is a pretty robust order book," Condon said. "How extensive that is, it's still too early to call from our point of view. But it's clearly noticeable."
U.S. farmers have been gearing up for a spike in how much it will cost them to produce their corn and soybean crops next year, amid rising prices of fertilizer, chemicals and seeds due to labor issues, snarled exports and surging demand.
Bayer sees no impact on its full-year guidance from customers' changing planting habits or a five-week shutdown at its main glyphosate herbicide production site in Louisiana after Hurricane Ida, the German life science group said earlier on Tuesday.
Bayer had to close the Louisiana factory after the hurricane slammed the Gulf Coast in late August, further complicating logistical and supply-chain problems that had already tightened global supplies of fertilizers and chemicals.
Prices in the fertilizer market, which also has been hammered by rising energy costs in Europe and China, are now soaring to levels seen during the global financial crisis.
"We lost five weeks of production. This will, of course, involve some cost that will have an impact on sales, but nothing to any degree that would impact our full-year guidance for this year," Condon told investors on Tuesday during an online event.

Asked if rising production costs may push farmers to plant fewer acres of corn - which is a cornerstone of Bayer's performance and tends to be a more expensive crop to produce - and more soybeans, Condon said it was too early to know whether producers might make any such shifts.
However, he said, Bayer would see any changes as seasonal fluctuations rather than anything that could affect the outlook of the company's crop science division. He added that any product price increases would be passed on to Bayer's customers.
"Our strategy has always been to pass on inflation, clearly, into the market," Condon said. "This is the only way we will maintain a sustainable business, and we're confident in our ability to do that."

Top News - Metals

EXCLUSIVE-Indonesia plans to 'hit the brakes' on raw commodity exports - president
Indonesia is planning to "hit the brakes" on the export of all raw commodities in an effort to attract investment in onshore resource processing and create jobs, President Joko Widodo said on Tuesday.
Indonesia has banned a number of unprocessed ore exports including nickel, tin and copper in a bid to encourage downstream industries, including producing batteries for electric vehicles and aluminum industry, among others.
The government is currently conducting a study for the downstreaming of other commodities with a long-term goal of no longer selling just raw materials, the president, who is popularly known as Jokowi, said in an interview in the village of Bebatu on Borneo island.
A new policy would hopefully emerge next year, he said.
"Don't be surprised. We had nickel (export ban) before. Next year, we may stop bauxite, the next year we may stop something else," Jokowi said.
Under current regulations, Indonesia will ban bauxite shipments in 2023.
"We really want to hit the brakes on exporting raw materials because there is no value addition and it does not create jobs," he said, adding that the policy would affect "all commodities".
Stopping exports of unprocessed palm oil was being considered, he said, although he declined to provide an estimate of when such policy could be issued.
He said last week that Indonesia would no longer export the crude form of the vegetable oil in future in favour of refined products such as cosmetics, margarine and biodiesel.
Indonesia is the world's biggest exporter of palm oil, thermal coal and tin. It is also major exporter of rubber and copper, among others.
Of 34 million tonnes of palm oil exports in 2020, 21% was in crude form.

German metals industry warns of disruption from global magnesium shortage
German and European industry faces disruption from tight global supplies of magnesium, the country’s association of metals producers WVM said on Tuesday.
European magnesium stocks are running down and shortages are in sight because of lack of supplies from China, the association said in a letter to the German government.
“It is expected, that the current magnesium inventories in Germany and respectively in the whole of Europe will be exhausted by the end of November 2021,” the letter said.
Magnesium is used for wide a range of products, especially aluminium alloys. But China, Europe’s main magnesium supplier, has been cutting output to conserve power supplies.
High power prices in China and Europe have hit producers of metals including aluminium, silicon and zinc, causing a sharp rise in prices and tighter global supplies.
New concern is a growing shortage of both silicon and magnesium due to supply-chain disruption, Reuters analyst Andy Home said on Oct. 18.
The WVM called on Germany's government to start talks with China about increasing magnesium supplies to Europe, and also called on Germany to press the European Union to return magnesium production to Europe.
“With a supply bottleneck of this proportion, massive production losses are threatened in the entire aluminium value-addition chain in sectors such as the automobile, aircraft, electro-bicycle, construction, the packaging industry and engineering,” the association said.
The association said significant magnesium production in Europe ended in 2001 and it estimates imports from China currently cover 95% of Europe’s magnesium needs.

Top News - Carbon & Power

Major coal miners in China vow to boost output, cap prices

Some of China's major coal producers have vowed to cap thermal coal prices this winter and next spring, after the government asked state-backed firms to ensure stable coal and power supply "regardless of costs".

China's thermal coal prices have surged over 200% this year to record highs as mining safety inspections, anti-corruption probes and floods at major mining regions hurt supplies.

China Energy Group and Shanxi Jinneng Holding Group, the No.1 and No.8 coal miners by production in the country, have said they will drive up output and guide prices back to a "reasonable range".

They have vowed to keep spot prices of thermal coal with an energy content of 5,500 kilocalories delivered to Bohai Bay in northern China below 1,800 yuan ($282) per tonne, and prices for 5,000 kilocalorie and 4,500 kilocalorie coal at up to 1,500 yuan and 1,200 yuan, respectively. Prices for other thermal coal with higher calorific values will not exceed 2,000 yuan a tonne, according to the company statements issued in late Tuesday.

Some other state-backed coal miners in China's top coal mining region of Shanxi and Inner Mongolia are also rolling out a similar price cap plan, two traders said on condition of anonymity as the information is not yet public.

Chinese Vice Premier Han Zheng has called for "firm measures" to strictly regulate coal price speculation.

The state asset watchdog has also urged state-backed firms to prioritise coal supplies and asked power plants to build up feedstock inventory "regardless of costs".

China's daily coal production was at 11.6 million tonnes as of Oct. 18, versus about 11.2 million tonnes last month.

The National Development and Reform Commission said government intervention in coal prices was discussed at a meeting of key producers, given "current price increase has completely deviated from the fundamentals of supply and demand".

The most-active Chinese thermal coal futures contract on the Zhengzhou Commodity Exchange dropped 8% at open on Wednesday after hitting a record high of 1,982 yuan on Tuesday.

EXCLUSIVE-Investor group to pressure utilities on net zero emissions deadline

A coalition of investors with more than $60 trillion in assets under management is preparing to call on electric utility companies globally to move up their timeline by as much as 15 years to bring their net greenhouse gas emissions to zero.

Utilities account for about 40% of emissions worldwide, more than any other sector. Many of them have committed to reach net-zero emissions by 2050, a target that scientists say must be met to avert global warming of more than 1.5 degrees Celsius. Net zero refers to reaching a balance between the greenhouse gases put in to the atmosphere and those taken out. The Institutional Investors Group on Climate Change (IIGCC) in London, part of the Climate Action 100+ initiative, told Reuters on Tuesday that emissions from electricity generation need to reach net zero well before 2050, so that other industries that rely on power can follow suit.

In a report to be published on Wednesday, the IIGCC will call on utilities in developed economies to reach net zero emissions by 2035 and in developing countries by 2040. It will ask them to outline a detailed strategy to get there.

"It’s quite urgent they decarbonize," IIGCC's chief executive, Stephanie Pfeifer, said in an interview. "We really need to know how they are going to implement the vision over the long term."

Pressure is building on companies and governments to do more to tackle climate change ahead of the COP26 United Nations conference in Glasgow, Scotland, later this month.

Companies that do not respond to the IIGCC's outreach could face shareholder resolutions and votes against corporate directors, according to the report. The outreach has already begun by individual IIGCC members. Wespath Benefits and Investments, with roughly $29 billion in assets under management, has been urging WEC Energy Group Inc to move up its net zero deadline to 2035, said Jake Barnett, director of sustainable investment stewardship at the Glenview, Illinois, faith-based investment firm. Milwaukee-based WEC has already said it plans to cut greenhouse gas emissions by 80% by 2030. "We have set some of the most aggressive near term emissions goals in the utility industry," said Brendan Conway, WEC's media relations manager. "We will continue to support achievable goals that keep our customers and communities safe."

Barnett said Wespath will continue to engage with WEC on the 2035 net zero target.

Top News - Dry Freight

Shipping industry faces ESG heat from lenders

Banks are demanding much stricter environmental criteria when financing shipping companies as investor pressure grows on the sector to accelerate going greener, according to Boston Consulting Group (BCG).

Shipping, which transports about 90% of world trade, accounts for nearly 3% of the world's CO_2 emissions and BCG forecast the industry will need $2.4 trillion to achieve net-zero emissions by 2050.
"ESG-driven requests are already prompting more action from banks. Shipping is already feeling it and they (shipping companies) are under pressure now," said Peter Jameson, partner with BCG, which are consultants for the COP26 UN climate summit that starts on Oct. 31. Standard Chartered has already provided loans linked to sustainability targets for drilling group Odfjell and the shipping division of Oman's Asyad Group, the bank has said.
"When looking at lending on new assets, banks are going to create a bigger conduit for CO_2 reductions through their policies," Jameson told Reuters.
"The banks are also seeing insurance companies feeling shareholder pressure and this is also causing big pension funds to reassess."
Leading shipping financiers currently provide close to $300 billion of lending to the industry annually, analysts estimate.
Of the $2.4 trillion that BCG estimates will be needed to achieve net-zero emissions by 2050, Jameson said $500 billion would be required between now and 2030 with the remaining $1.9 trillion between 2030-2050.
The bulk of the total amount – around $1.7 trillion – would go towards developing future fuels.
"Funding sources are already becoming available, yet plenty more are still required," Jameson said.
ESG-related assets under management are estimated to represent up to 80% of total lending to shipping by 2030, BCG said.
UN shipping agency the International Maritime Organization (IMO) has said it aims to reduce overall greenhouse gas (GHG) emissions from ships by 50% from 2008 levels by 2050, but industry groups are calling for more progress from governments.
"The risks to balance sheets will start to force more questions being asked to the IMO," said Ulrik Sanders, managing director at BCG, adding that this would "prompt more action towards decarbonisation".

Port of Rotterdam freight volumes rise 15% as economy recovers

Freight volumes in the port of Rotterdam increased 15% on a yearly basis in the third quarter as international trade continued to recover from its COVID-19 slump, Europe's largest sea port said on Tuesday.
Trade flows to and from Rotterdam have been almost 9% higher in the first nine months of the year, with strong growth in almost all segments, the port said.
"These figures show that the economy is continuing its upward path. Factories, businesses and logistics are operating flat out again to meet increased demand," the port's Chief Executive Allard Castelein said.
Strong consumer spending has pushed container freight back to pre-pandemic levels, the port said, while transport prices rose sharply.
As a consequence, the number of containers arriving in Rotterdam increased faster than the total amount of goods shipped, as transport of relatively heavy, low-value goods declined.
The economic recovery also pushed up demand for bulk goods such as iron ore, used to make steel, crude oil and oil products.
Transport of coal almost doubled in the first nine months of the year, as the supply of wind power and gas was not nearly enough to cover Europe's increasing energy needs.

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(Inside Commodities is compiled by Jerin Tom Joshy in Bengaluru)

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

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Refinitiv
3 Times Square, New York, NY 10036

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