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Top News - Oil

US gasoline posts surprise build ahead of Thanksgiving, EIA says

U.S. gasoline inventories posted a surprise build last week ahead of the Thanksgiving holiday, while crude oil stockpiles fell more than expected as imports slumped, with supplies from Mexico at a record low, the Energy Information Administration (EIA) said on Wednesday.
Gasoline stocks rose by 3.3 million barrels in the week ended Nov. 22 to 212.2 million barrels, the EIA said, compared with analysts' expectations in a Reuters poll for a 46,000-barrel draw.
Brent, U.S. crude futures, and U.S. gasoline futures edged lower after the data showed a surprise build in gasoline stocks.
"The main thing is that it is surprising to see gasoline inventories building so much and implied demand not really budging week-on-week, given expected record travel this Thanksgiving," said Kpler oil analyst Matt Smith.
"AAA is projecting record road-tripping. I would have expected to see a front-running of demand as gas stations fill up ahead of the impending ramp-up in holiday travel" he added, referring to the U.S. holiday on Nov. 28.
Gasoline supplied, a proxy for demand, only edged up to 8.51 million barrels per day (bpd) from 8.42 million bpd in the previous week.
"Gasoline demand was back up week over week, it’s been bouncing back and forth like a yo-yo, still not blockbuster - still on the way back up," said Phil Flynn, senior analyst at Price Futures Group.
Crude inventories fell by 1.8 million barrels to 428.4 million barrels in the week, the EIA said, about thrice a 605,000-barrel draw forecast.
Net U.S. crude imports fell 1.9 million bpd to 1.4 million bpd, mainly due to a 1.6 million bpd slump in imports to 6.1 million bpd, while exports rose by 285,000 bpd to 4.7 million bpd.
Crude deliveries to the Gulf Coast hit their smallest week-on-week rise since July 2020.
Imports from Mexico fell 617,000 bpd, the biggest drop since July 2020, to 151,000 bpd, their lowest since records began, going back to June 2010.
Crude oil and condensate production by Mexican state-run Pemex declined in October year-on-year to the lowest level so far this year, official numbers showed, while its local refineries processed more of it.
Crude stocks at the Cushing, Oklahoma, delivery hub fell by 909,000 barrels.
Refinery crude runs rose by 67,000 bpd, while refinery utilization rates edged up 0.3 percentage point in the week to 90.5% of total capacity.
Distillate stockpiles, which include diesel and heating oil, rose by 400,000 barrels in the week to 114.7 million barrels, versus expectations for a 100,000-barrel rise, the EIA data showed.
U.S. heating oil futures fell after the data showed a larger-than-expected build in distillate stocks.
"Small refined products build and crude draw look normal for this time of year, and show a relatively healthy oil market versus suppressed prices and low refining margins," said Josh Young, chief investment officer at Bison Interests.

Saudi, Russia, Kazakhstan hold talks ahead of weekend OPEC+ meeting

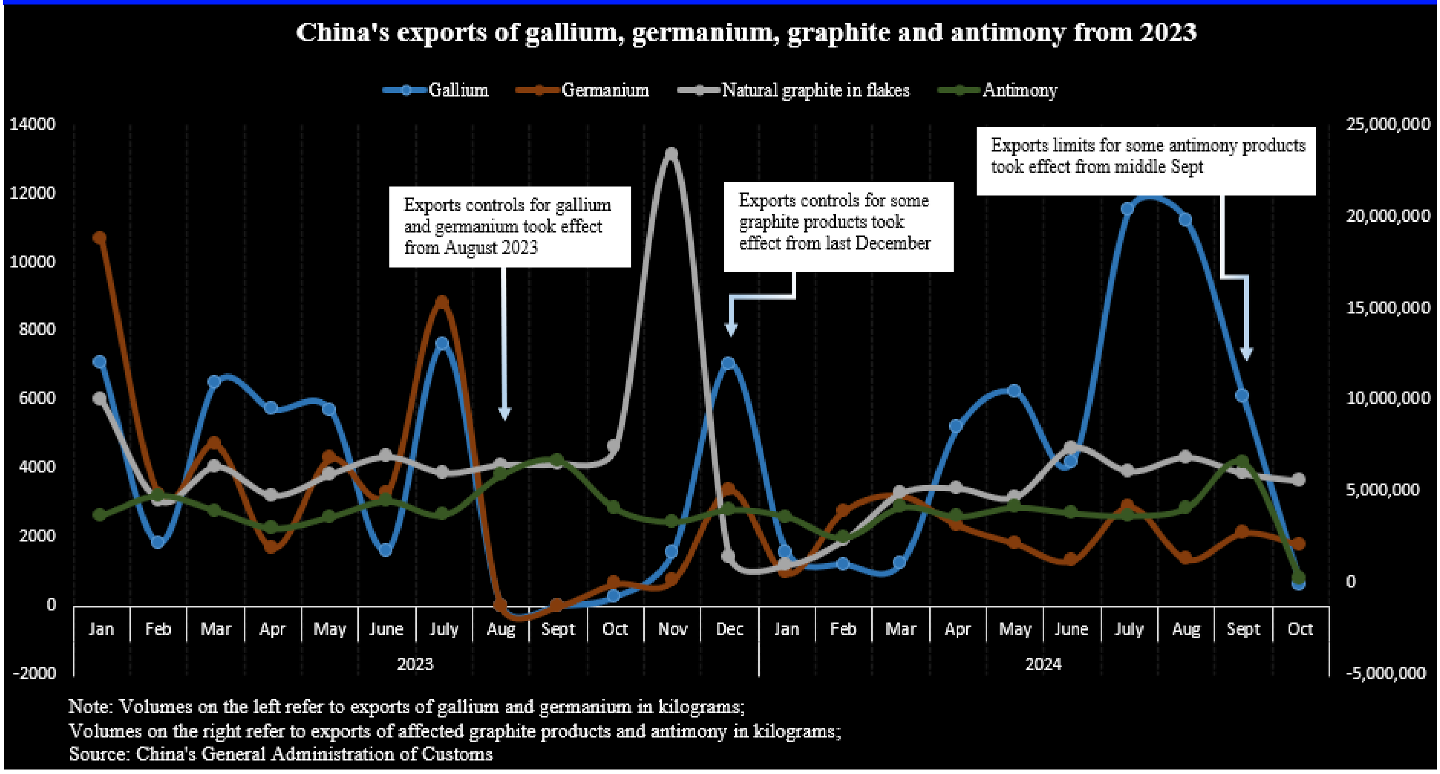
Top OPEC+ ministers have held talks ahead of the oil producer group's weekend meeting to set output policy, which OPEC+ sources say will discuss a further delay to a planned oil output increase that is due to start in January.
Saudi Energy Minister Prince Abdulaziz bin Salman held a meeting by phone with Kazakh Energy Minister Almasadam Satkaliyev and Russian Deputy Prime Minister Alexander Novak, who is on an official visit to Kazakhstan, the Saudi state news agency reported.
The three countries on Wednesday stressed the importance of full commitment to the voluntary oil production cuts agreed by OPEC+, which groups the Organization of the Petroleum Exporting Countries with Russia and other allies.
"They also stressed the importance of cooperation among OPEC+ member countries and full adherence to the agreement, including the voluntary production cuts agreed upon by the eight participating countries, as well as compensating for any excess production," SPA reported.
OPEC+, which pumps about half the world's oil, had planned to gradually roll back oil 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.
A day earlier the Saudi minister and Novak met with Iraqi Prime Minister Mohammed Shia al-Sudani in Baghdad.
Two sources from the producer group told Reuters on Tuesday that OPEC+ members are discussing a further delay to a planned oil output hike that was due to start in January, ahead of Sunday's meeting to decide policy for the early months of 2025.
OPEC+ sources have said the output hike could be delayed until the first quarter, while analysts at Commerzbank expect it could be postponed until at least the end of the first quarter.
Despite OPEC+'s cuts, global oil benchmark Brent crude has mostly stayed in a $70-$80 per barrel range this year and on Wednesday was trading below $73 a barrel, having hit a 2024 low below $69 in September.

COMPLIANCE SUPPORTS PRICES
Goldman Sachs said in a report on Tuesday that Saudi Arabia is more likely to extend oil production cuts because of the recent price drop and the bank now expects the cuts will last until April 2025.
A drop in crude production by Iraq, Kazakhstan, and Russia due to efforts to boost compliance with OPEC+ targets supports a modest near-term upside to prices, the bank added.
At its most recent meeting on Nov. 3, OPEC+ agreed to delay a planned December output increase until the end of December. It is due to come from the eight OPEC+ members that have been making the group's most recent layer of output cuts.
The hike is due to be 180,000 barrels per day, a small part of the total 5.86 million bpd of output OPEC+ is holding back, equal to about 5.7% of global demand.
OPEC+ agreed those cuts in separate steps since 2022 to support the market.
OPEC+ had earlier delayed the increase from October because of falling prices, weak demand and rising supplies.

Top News - Agriculture

USDA October soy crush seen at record 210.9 million bushels, analysts say
The U.S. soybean crush in October likely jumped to a record-high 6.327 million short tons, or 210.9 million bushels, analysts surveyed by Reuters estimated ahead of a monthly U.S. Department of Agriculture report due on Monday.
If the average of seven analyst estimates is realized, it would be up 13.1% from 186.5 million bushels crushed in September and up 4.7% from the October 2023 crush of 201.4 million bushels.
U.S. soy processing capacity has grown in recent years as some crushers expanded plants while others built new ones to meet rising vegetable oil demand from biofuels makers.
October's crush, however, is not expected to fully reflect the capacity growth as a large processing plant in Des Moines, Iowa, was idled for maintenance for a portion of the month, analysts said.
Crush estimates ranged from 209.5 million to 212.0 million bushels, with a median of 210.5 million bushels.
The USDA is scheduled to release its monthly fats and oils report at 2 p.m. CDT (2000 GMT) on Monday.
U.S. soyoil stocks as of Oct. 31, 2024, were estimated at 1.520 billion pounds, based on the average of estimates from five analysts.
The oil stocks estimate, if realized, would reflect a 1.3% increase from 1.501 billion pounds in storage at the end of September and a 1.2% rise from year-ago stocks totaling 1.502 billion pounds. It would also be the first stocks increase in seven months, according to USDA data.
Estimates ranged from 1.500 billion to 1.569 billion pounds, with a median of 1.505 billion pounds.
The National Oilseed Processors Association said its members, which account for at least 95% of soybeans processed in the United States, crushed a record 199.959 million bushels last month. End-of-month oil stocks edged slightly higher to 1.069 billion pounds after thinning in the previous month to the lowest level since November 2014.

Chart of the Day



Brazil grain barge shipping returns as Amazonian drought subsides

Transportation of soybeans and corn on barges along the Brazilian Amazon's Tapajos River, which had been suspended in early October due to dry weather, resumed at 50% capacity this week, operators said on Wednesday.
Shipping began again on that waterway, which receives grain cargos from Brazil's biggest farm state Mato Grosso and nearby areas, as rain raised river levels, said Amport, an association representing port terminals and cargo transshipment operators of the Amazon basin.
Barge shipping on the Madeira River, another Amazon waterway, returned to normal this week, Amport said. Grain transportation on the Madeira had been halted in September, even earlier than on the Tapajos River, amid a severe drought in the world's largest rainforest.
"The Madeira River has seen a significant recovery in water levels over the last 15 days, which has allowed navigation to resume at full capacity," said Amport, whose members include Cargill, Hidrovias do Brasil, Louis Dreyfus and Unitapajos, a joint venture between Amaggi and Bunge.
Cargill, Amaggi, Hidrovias do Brasil and Bunge declined to comment. Louis Dreyfus did not have an immediate comment.
Northern ports including Barcarena, Itaqui, Santarem and Itacoatiara accounted for nearly 34% of Brazil's soybean exports in 2023 and 42.5% of total Brazilian corn shipments last year, according to data compiled by Brazilian crop agency Conab.
When the drought hit, Brazil had shipped most of its soybeans for the 2024 season. A smaller corn crop meant less logistics pressure for the Amazonian barge system, Amport said. Preemptively, traders had directed more cargo to ports to Brazil's south and southeast ports, grain exporters association Anec said, adding that this diversion increased costs.
Itaqui access does not depend on rivers that were affected by the drought while Santarem and Itacoatiara tended to be more affected, Amport said.

Top News - Metals

Available LME zinc stocks slump to one-year low after cancellations

Available zinc inventories in London Metal Exchange (LME) approved warehouses have slumped by 38% over two days to a one-year low after holders of inventories gave notices they planned to remove a massive amount of the metal, LME data showed.
The notices were given on Monday and Tuesday for 94,525 metric tons in total, reducing the available or on-warrant zinc stocks in the LME-registered warehouses to 154,125 tons, daily LME data showed on Wednesday.
Commodity trader Trafigura Group ordered thousands of tons of zinc out of London Metal Exchange warehouses that fuelled a rally in prices, Bloomberg News reported on Wednesday citing people familiar with the matter.
LME and Trafigura declined to a Reuters request for comment.
Tighter LME zinc stocks spurred buying by commodity trading advisers - funds which buy and sell based on signals from numerical models - but also attracted offers from producers, said Alastair Munro at broker Marex.
The LME benchmark three-month zinc contract was last up 1.4% at $3,118 per ton on Wednesday after hitting $3,149, a four-week high. A warrant is a legal document showing ownership of inventories. Cancellations of warrants indicate only an intention to remove the metal as it can be put back on warrant.

EU steel body urges rapid action to save steel sector

Europe's steel industry called on the European Union's newly approved executive on Wednesday to take immediate action to avert what it termed the sector's irreversible decline.
Industry group Eurofer said the bloc needed to agree a robust plan for European steel addressing trade, the EU's carbon levy on imports, energy and scrap as part of broader proposals to help companies reach the EU's 2050 carbon neutrality goal. "The clock has already struck midnight," Eurofer said in a statement.
Commission President Ursula von der Leyen has pledged to unveil the proposals, referred to as the Clean Industrial Deal, in the new Commission's first 100 days from its expected start on Dec. 1.
Eurofer said global steel overcapacity reached 551 million tonnes in 2023, four times the EU's annual steel production, with OECD projections pointing to a further 157 million tonnes of capacity due by 2026.
EU steel production has fallen by 34 million tonnes in the five years to 2023 and capacity utilisation to 60%, with imports now accounting for 27% of the EU market.
"Europe's deindustrialisation is accelerating, with steel, automotive, renewables, and batteries all on the brink. Without immediate action, Europe’s manufacturing base will disappear," Eurofer said.
Eurofer said the EU needed to reinforce its trade defences with a regime of tariffs, make the carbon levy on certain imported products work to allow EU steel exports, ensure affordable clean energy, and retain steel scrap in Europe. ArcelorMittal, the world's second-largest steelmaker, said last Friday that it was delaying planned green investments because of policy uncertainties.

Top News - Carbon & Power

Moldova says end of Russian gas for Transdniestria 'very realistic scenario'

The termination of Russian gas supplies to Moldova's breakaway region of Transdniestria after Jan. 1, 2025 is a "very realistic" scenario, Energy Minister Victor Parlicov said on Wednesday after talks with Russia's Gazprom.
Parlicov spoke with the head of Gazprom on Monday to discuss alternative routes to supply Transdniestria if

transit through Ukraine stops.
The current gas-transit agreement between Ukraine and Russia ends on Dec. 31 and Ukraine has said it will not extend it. The unrecognised, Russian-backed Transdniestria region depends heavily on Russian natural gas supplied via Ukraine.
Parlicov told a press conference in Chisinau that Gazprom was ready to supply gas to Transdniestria via the current route, but that it was up to Moldova and Ukraine to agree on transit.
"From discussions with my Ukrainian colleagues, I understand that if there is a decision to continue transit, it may be taken at the last moment," Parlicov said.
Moldova receives about 2 billion cubic metres of gas per year from Russia through Ukraine and since 2022, Transdniestria and Chisinau have agreed that all Russian gas received by Moldova will go to the breakaway region.
Transdniestria has a large power plant fuelled by Russian gas and Chisinau, in turn, buys electricity from the region at a relatively low fixed price.
Parlicov, speaking later on Moldovan TV8 television, said he felt during his talks in St. Petersburg that Russia was less forthright in its commitment to supporting Transdniestria, which it has backed since the collapse of Soviet rule in the 1990s.
"This is already not a taboo subject like it was before," he said.
As an example, he said, Transdniestria's steel mill, a key exporter, had been left virtually unable to operate after a Russian attack on a power substation in southern Ukraine.
He acknowledged that if gas supplies were cut to Transdniestria, the region would need financial help to survive and avoid a humanitarian catastrophe.

ALTERNATIVE ROUTE

Moldova has said that if Ukraine ends the transit of Russian gas an alternative for Transdniestria could be gas supplied by the TurkStream pipeline to Turkey and then through Bulgaria and Romania.
However, Parlicov told the briefing that Gazprom in the talks had linked continued deliveries via alternative routes to its demands that Moldova pay a debt on past supplies, which according to Russian calculations stands at $709 million.
Moldova has said its debt is $8.6 million.
"We believe that it's incorrect to link the debt problems with supplies (to Transdniestria)," Parlicov said.
He said that supply via both Ukraine and alternative routes could stop on Jan. 1 and then Chisinau would need international support to pay for gas from other sources.
Gazprom has not commented on the meeting with Moldova's minister.

Brazil, Argentina sign deal with Bolivia's YPFB to transport Vaca Muerta gas

Grupo Matrix Energia of Brazil and TotalEnergies of Argentina confirmed their first deal with Bolivia's state energy company, YPFB, to transport natural gas from the massive Vaca Muerta shale formation in Argentina as the region faces a supply shift.
Under the contract signed on Nov. 22, Yacimientos Petroliferos Fiscales Bolivianos (YPFB) will move Argentine natural gas to Brazil using Bolivian transport infrastructure, representatives from the two companies told Reuters on Wednesday.
YPFB had issued a statement on Tuesday saying the deal was a crucial step in enabling gas supplies from Argentina to reach Brazilian consumers and strengthened the "regional energy integration process."
Exports from Bolivia, once a prominent producer in the

MARKET MONITOR as of 08:03 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$68.44 / bbl	-0.41%	-4.48%
NYMEX RBOB Gasoline	$1.93 / gallon	0.01%	-8.44%
ICE Gas Oil	$666.25 / tonne	-1.30%	-11.26%
NYMEX Natural Gas	$3.23 / mmBtu	0.66%	28.28%
Spot Gold	$2,637.40 / ounce	0.07%	27.87%
TRPC coal API 2 / Dec, 24	$123.63 / tonne	-2.65%	27.45%
Carbon ECX EUA	€68.62 / tonne	0.22%	-14.62%
Dutch gas day-ahead (Pre. close)	€46.60 / Mwh	0.00%	46.31%
Malaysia Palm Oil (3M)	RM4,821 / tonne	0.48%	29.56%
Index	**Close 27 Nov**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	343.37	-0.44%	13.92%
Rogers International	28.27	-1.50%	7.37%
U.S. Stocks - Dow	44,722.06	-0.31%	18.66%
U.S. Dollar Index	106.29	0.20%	4.89%
U.S. Bond Index (DJ)	443.22	0.20%	2.90%

Top News - Dry Freight

Tunisia buys 100,000 T soft wheat, 100,000 T durum, traders say

Tunisia's state grains agency is believed to have purchased about 100,000 metric tons of soft wheat and about 100,000 tons of durum in an international tender for the same volume on Wednesday, European traders said.
Traders said the soft wheat and durum were both bought in four 25,000 ton consignments from optional origins.
For the soft wheat, trading house Viterra sold three consignments at $257.68, $258.86 and $259.86 while Bulgarian trading house Buildcom sold one at $259.37 all per ton cost and freight (c&f) included.
Traders said Casillo sold three consignments of durum at $346.71, $347.98 and $349.49 while Viterra sold one durum consignment at $348.88 all per ton c&f.
Both the wheat and durum were sought for shipment between Dec. 15, 2024, and Jan. 25, 2025, depending on the origins sought for supply.
In its last reported durum tender on Nov. 1, Tunisia's state grains agency purchased about 75,000 tons. In its last reported soft wheat tender on Oct. 22, Tunisia bought about 125,000 tons.
Traders said the tender made no mention of payment by outside agencies. Finance for several tenders in past months has been provided by the World Bank and other agencies assisting Tunisia with its recent economic difficulties.
Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.

Algeria bought 140,000 to 150,000 T wheat in 2 port tender, traders say

Algeria’s state grains agency OAIC is believed to have bought about 140,000 to 150,000 metric tons of milling wheat in an international tender on Tuesday which sought limited shipment to two ports only, European traders said on Wednesday.
Traders had reported the purchase on Tuesday evening but not been able to give assessments of tons bought.
Estimates of purchase price on Wednesday were again around $267 a ton cost and freight (c&f) included, the same as on Tuesday evening.
The tender had sought a nominal 50,000 tons. The requirement to unload the wheat only in the harbours of Mostaganem and/or Tenes in two port tenders from the OAIC generally signals that a relatively small purchase will be made, traders said.
The wheat was optional origin but much was thought likely to be sourced from the Black Sea region. Traders said that French wheat was again excluded from an Algerian tender because of diplomatic tension between France and Algeria.
The wheat was sought for shipment in 2025 in several periods from the main supply regions including Europe: Jan. 1-15, Jan. 16-31, Feb. 1-15, Feb. 16-28, March 1-15 and March 16-31. If sourced from South America or Australia, shipment is one month earlier.
Algeria is a vital customer for wheat from the European Union, especially France but Russia and other Black Sea suppliers have been expanding sales to Algeria. Results reflect assessments from traders and further estimates of prices and volumes are still possible later.

Picture of the Day

A drone image shows vehicles parked on a mountain road as small-scale miners halt traffic to demand the extension of a program that allows them to operate temporarily, but which authorities say has expanded illegal mining, in Ocona, Peru, November 27.

(Inside Commodities is compiled by Kishore Barker in Bengaluru)

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

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