Europe braces for new disruption in Russian oil and gas exports

MOSCOW — Europe faces fresh disruption to energy supplies due to damage to a pipeline system bringing oil from Kazakhstan through Russia that was reported by the pipeline operator on Monday, adding to concerns over a plunge in gas supplies.

Caspian Pipeline Consortium (CPC), which handles about 1% of global oil and whose largest shareholder is Russian pipeline firm Transneft, said exports from two of its three mooring points at a Black Sea terminal had been suspended, confirming a Reuters report.

The West accuses Russia of restricting energy supplies to boost prices in retaliation for sanctions imposed after Moscow's invasion of Ukraine, which the Kremlin calls a special military operation. Russia denies this, blaming Western sanctions themselves and various technical problems.

Russian natural gas supplies to Europe are down around 75% year on year, with export company Gazprom last week announcing unscheduled maintenance on the Nord Stream 1 pipeline, which runs under the Baltic Sea to Germany.

Natural gas prices jumped on Monday, with outages at Norwegian and UK gas fields adding to concerns.

British gas for immediate delivery was up 125 pence to 490 pence per therm at 1730 GMT, while the day-ahead contract rose 123 pence to 484 p/therm.

Ukraine's gas transmission system operator said it and the Polish gas pipeline system had the capacity to bring Russian gas to Europe and compensate for the Nord Stream halt.

Gazprom did not respond to a request for comment on whether it would increase gas exports via other routes.

CPC said it had to suspend loadings from its SPM-1 and SPM-2 mooring points due to damage at "the attachment points of underwater sleeves to buoyancy tanks."

It said loadings were only being processed from SPM-3 and so oil loading requests would have to be reduced.

Tengizchevroil (TCO), which represents Chevron and Exxon in Kazakhstan's giant Tengiz project, said it was aware of temporary maintenance at CPC and its oil exports and output on its Tengiz oilfield were currently uninterrupted.

TCO has a lower output plan on its Tengiz oilfield in August-September due to planned maintenance.

"CPC is a key export route for crude oil production from Kazakhstan to reach international markets and many countries rely on this critical transportation system for their energy security", — Chevron said in a statement sent to Reuters.

TotalEnergies, which has a presence in Kazakhstan as well, also did not immediately respond to a request for comment, while Shell and Eni, which are shareholders in CPC, declined to comment.

DAMAGED TANKS

CPC aid it planned to replace parts on the two affected SPMs and was looking for an organization to carry out the work. The consortium did not give a timeline.

Two sources familiar with the matter told Reuters that one SPM can handle less than 70% of normal terminal capacity, leaving Kazakhstan, which uses CPC as a main route for its oil exports, with the prospect of having to cut output.

Kazakhstan had to cut oil production in the spring when CPC suspended loadings from two SPMs due to damage.

CPC has cut exports on several other occasions over the past six months.

CPC Blend crude oil exports had been set at 5.026 million tons for August. The consortium has not given updated figures.

It said earlier this month that supplies via its system were down significantly due to maintenance at Kazakhstan's Kashagan and Tengiz projects. Lower output from the oilfields could limit the disruption from the SPM outages, the two sources said, but added they could become a major issue as output ramps up after the maintenance.

CPC's disruptions this year have led some oil producers to negotiate alternative supply routes.

The main shareholders in CPC are Transneft (24%), Kazakhstan's KazMunayGas (19%), Chevron Caspian Pipeline Consortium Co. (15%), LUKARCO B.V (12.5%), Mobil Caspian Pipeline Company (7.5%), Rosneft-Shell Caspian Ventures Limited (7.5%) and Eni International (N.A.) N.V. (2%). — ***Reuters***

Saudi says OPEC+ can slash output to address oil slump

THE Organization of the Petroleum Exporting Countries (OPEC) stands ready to cut output to correct a recent oil price decline driven by poor futures market liquidity and macroeconomic fears, which has ignored extremely tight physical crude supply, OPEC's leader Saudi Arabia said on Monday.

Saudi state news agency SPA cited Saudi Arabia's Energy Minister Prince Abdulaziz bin Salman as telling Bloomberg OPEC+ has the means and flexibility to deal with challenges.

Oil prices have dropped in recent weeks to around $95 per barrel from as high as $120 on fears of a Chinese economic slowdown and recession in the West.

Earlier this year, prices rose to not far off an all-time high of $147 per barrel after Russia invaded Ukraine and the West responded by imposing tough sanctions on Moscow, triggering fears of the worst energy supply crisis since the 1970s.

Prince Abdulaziz was quoted as saying the oil futures market has fallen into "a self-perpetuating vicious circle of very thin liquidity and extreme volatility," making the cost of hedging and managing risks for market participants prohibitive.

He also was quoted as saying prices were falling based on "unsubstantiated" information about demand destruction and confusion around sanctions, embargoes and price caps, which have been proposed by the United States on Russian oil.

Meanwhile, risks of supply disruptions remained high and a global spare capacity cushion was very thin, said Prince Abdulaziz, adding that a new deal between OPEC+ partners beyond 2022 would help.

Brent crude prices pared losses on the news and were trading down 1.4% at $95.40 by 1720 GMT, having earlier slipped to as low as $92.36.

The OPEC and allies led by Russia, a group known as OPEC+, agreed to increase output by 648,000 barrels per day (bpd) in each of July and August as they fully unwind nearly 10 million bpd of cuts implemented in May 2020 to counter the coronavirus disease 2019 (COVID-19) pandemic.

The group agreed earlier this month to raise production quotas by another 100,000 bpd in September as it faced pressure from major consumers including the US which are keen to cool prices.

Only Saudi Arabia and the United Arab Emirates are believed to have spare capacity and the ability to increase production in a meaningful way.

But Prince Abdulaziz pointed to thin liquidity and extreme volatility taking focus away from the issue of spare capacity.

"Without sufficient liquidity, markets can't reflect the realities of the physical fundamentals in a meaningful way and can give a false sense of security at times when spare capacity is severely limited and the risk of severe disruptions remains high," he said. — ***Reuters***

US court upholds ConocoPhillip's $8.7-billion award for loss of Venezuela assets

HOUSTON — A US court upheld a tribunal's $8.75-billion award to US oil producer ConocoPhillips over the expropriation of its Venezuelan oil assets, granting a default judgment in the case on Friday.

The decision gives the US company new authority to collect on a 2019 award by a World Bank tribunal. The award includes interest that adds at least $1 billion to the amount owed to Conoco.

The World Bank's International Centre for Settlement of Investment Disputes awarded Conoco $8.75 billion over the 2007 expropriation of three of its oil projects in the country. Conoco had sought up to $30 billion for the takeover.

Venezuela's government rejected the court's decision in a statement issued by the president's office on Monday evening, saying the country would continue to take legal action to "preserve its patrimony."

"This unfair decision has been forged by violating... Venezuela's right to defense," the statement said.

It added that the decision was in "complicity with Venezuelan extremists, including (opposition leader) Juan Guaido."

Mr. Guaido didn't immediately respond to a request for comment.

Venezuela seized Conoco assets during late President Hugo Chavez's nationalizations of oil, electricity and steel industries.

The country was bound by the terms of the ICSID Convention and ConocoPhillip had properly notified the country of its lawsuit through the US Department of State, US District Court Judge Carl Nichols said in his decision.

ConocoPhillips said it plans "to pursue all available legal avenues to obtain a full and fair recovery," but did not comment on planned actions.

Conoco previously has used legal seizures of Venezuelan oil assets to enforce its claims. Its share price rose less than 1% to $105.24 on a day in which the broader market fell sharply.

Venezuela's main foreign asset is US-based Citgo Petroleum, an oil refiner that split from its parent in 2019 and has been operating under legal protections from creditors issued by the US Treasury department. — ***Reuters***

Gold slumps on dollar rally, Fed rate hike worries

GOLD PRICES fell to near a one-month low on Monday amid sharp declines in precious metals due to a stronger dollar, with looming US Federal Reserve interest rate hikes also denting bullion's appeal.

Extending losses into a sixth session, spot gold was down 0.6% at $1,736.74 per ounce by 1:51 p.m. ET (1751 GMT) after hitting its lowest since July 27 earlier in the session. US gold futures settled down 0.8% at $1,748.4.

The dollar hit a fresh five-week high versus major currencies, making greenback-priced gold more expensive for overseas buyers.

Gold is under pressure from the dollar and market expectations that Fed Chair Jerome H. Powell will reinforce the US central bank's hawkish stance in a speech at the Jackson Hole, Wyoming central banking conference later this week, said Daniel Ghali, commodity strategist at TD Securities.

Prices could dip below $1,700 after the Jackson Hole conference, Mr. Ghali added. Higher interest rates raise the opportunity cost of holding gold, which does not pay any interest.

According to economists in a Reuters poll, the Fed is likely to raise its interest rate by 50 basis points in September amid expectations US inflation has peaked and on growing recession worries.

In the short term, gold could face pressure again as the Fed is likely to raise rates further until the end of the year, but once the rate hike cycle comes to an end, gold should start to rise, Commerzbank said in a note.

According to data on Friday, speculators also cut their net long COMEX gold and net short silver position in the week to Aug. 16.

Spot silver fell 0.3% to $18.96 after touching its lowest in four weeks earlier in the session.

Platinum dropped 2.3% to $875.42, while palladium sank 6.2% to $1,992.18. — ***Reuters***

Oil edges lower; Saudi warns of OPEC output cut

HOUSTON — Oil prices bounced off session lows to trade nearly flat in a volatile session on Monday as markets weighed Saudi Arabia's warning that the Organization of the Petroleum Exporting Countries Plus (OPEC+) production could cut output against the possibility of a nuclear deal that could return sanctioned Iranian oil to the market.

Brent crude futures for October settled at $96.48 per barrel, down 24 cents or 0.25%. It had fallen as much as 4.5% earlier in the day, breaking a three-day streak of gains.

US West Texas Intermediate (WTI) crude for September delivery, which expired on Monday, was down 54 cents or 0.6% at $90.23. The more active October contract was down four cents or 0.03% at $90.41.

Saudi Energy Minister Prince Abdulaziz bin Salman said OPEC+ has the commitment, flexibility, and means to deal with challenges and provide guidance including cutting production at any time and in different forms, state news agency SPA reported.

Meanwhile, the leaders of the US, Britain, France and Germany discussed efforts to revive the 2015 Iran nuclear deal, the White House said on Sunday, which could allow sanctioned Iranian oil to return to global markets.

The US State department said a nuclear deal was closer now than it was two weeks ago.

Earlier in the session, worries that aggressive US interest rate hikes may lead to a global economic slowdown and dent fuel demand had pushed down prices.

Investors will be paying close attention to comments by Fed Chair Jerome H. Powell when he addresses an annual global central banking conference in Jackson Hole, Wyoming, on Friday.

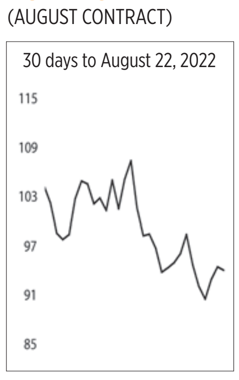
Also pressuring prices were worries over slowing fuel demand in China, the world's largest oil importer, partly because of a power crunch in the southwest.

High natural gas prices exacerbated by reduced supply from Russia is strengthening oil demand, said Ole Hansen, head of commodity strategy at Saxo Bank.

Supply worldwide remains relatively tight, with the operator of a pipeline supplying about 1% of global oil via Russia saying it will reduce output again because of damaged equipment.

OPEC+ produced 2.892 million barrels per day (bpd) below their targets in July, two sources from the producer group said, as sanctions on some members like Russia and low investment by others stymied its ability to raise output. — ***Reuters***

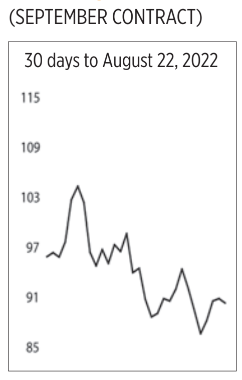
ASIA-DUBAI
(AUGUST CONTRACT)



DOLLARS PER BBL

Aug.	16	17	18	19	22
$/bbl	92.00	90.40	92.80	94.35	93.95
Average (Aug. 1-22)					**$95.32**
Average (July 1-29)					**$103.12**

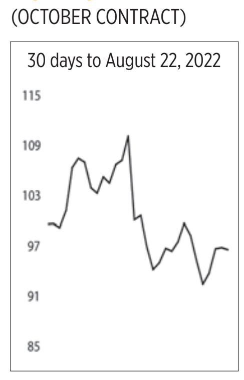
NEW YORK-WTI
(SEPTEMBER CONTRACT)



DOLLARS PER BBL

Aug.	16	17	18	19	22
$/bbl	86.53	88.11	90.50	90.77	90.23
Average (Aug. 1-22)					**$90.73**
Average (July 1-29)					**$99.38**

LONDON-BRENT
(OCTOBER CONTRACT)



DOLLARS PER BBL

Aug.	16	17	18	19	22
$/bbl	92.34	93.65	96.59	96.72	96.48
Average (Aug. 1-22)					**$96.59**
Average (July 1-29)					**$105.12**

Source: REUTERS

Wall St. ends sharply lower on fears of aggressive Fed

WALL STREET ended sharply lower on Monday as investors fretted about a US Federal Reserve gathering later this week in Jackson Hole, Wyoming, that is expected to reinforce a strong commitment by the central bank to stamp out inflation.

All 11 S&P 500 sector indexes declined, led lower by consumer discretionary, down 2.84%, followed by a 2.78% loss in information technology.

Nvidia Corp. dropped 4.6% and Amazon.com, Inc. fell 3.6%, while Microsoft Corp. and Apple, Inc. each lost more than 2% as the benchmark 10-year US Treasury yield rose to its highest since July 21.

Technology and other higher-growth stocks often fall when bond yields rise.

After a summer rally on Wall Street ended last week, the S&P 500 remains down about 13% so far in 2022, and the Nasdaq is down more than 20%.

The CBOE Volatility index, Wall Street's fear gauge, rose to 23.9, its highest in over two weeks.

Focus is on Fed Chair Jerome H. Powell's speech on Friday at the central banking conference in Jackson Hole for further cues on how aggressively the Fed is likely to be with future interest rate hikes.

The Fed will probably raise interest rates by 50 basis points in September, according to economists polled by Reuters.

However, traders are split between a 50 bps hike and a 75 bps hike by the central bank after several policy makers recently pushed back against expectations of a dovish pivot and emphasized the Fed's commitment to fight against inflation.

Investors will also be looking for details on the Fed's plans to reduce its nearly $9-trillion balance sheet, a process that started in June.

The S&P 500 declined 2.14% to end the session at 4,137.99 points.

The Nasdaq declined 2.55% to 12,381.57 points, while Dow Jones Industrial Average declined 1.91% to 33,063.61 points.

Slowdown fears hit markets globally. China's central bank trimmed some key lending rates on Monday in a bid to support a slowing economy and a stressed housing sector.

Also bleeding into negative sentiment on Wall Street, European shares dropped after Russia's Gazprom said last week it would halt natural gas supplies to Europe for three days at the end of August.

AMC Entertainment Holdings, Inc. tumbled 42% after the cinema chain's preferred stock listing started trading and its UK-based rival Cineworld Group warned of a possible bankruptcy filing.

Signify Health, Inc. surged 32% following a report on Sunday that UnitedHealth Group, Inc., Amazon, CVS Health Corp. and Option Care Health, Inc. were bidding to acquire the company.

Declining stocks outnumbered rising ones within the S&P 500 by a 19.9-to-one ratio.

The S&P 500 posted one new high and 32 new lows; the Nasdaq recorded 30 new highs and 171 new lows.

Volume on US markets was relatively light, with 9.9 billion shares traded, compared with an average of 10.8 billion shares over the previous 20 sessions. — ***Reuters***

SPOT PRICES

MONDAY, AUGUST 22, 2022

METAL	
PALLADIUM free $/troy oz	2,015.43
PALLADIUM JMI base, $/troy oz	2,035.00
PLATINUM free $/troy oz	873.59
PLATINUM JMI base $/troy oz	878.00
KRUGGERAND, fob $/troy oz	1,736.00
IRIDIUM, whs rot, $/troy oz	4,290.00
RHODIUM, whs rot, $/troy oz	14,240.00
GRAINS (August 18, 2022)	
(FOB Bangkok basis at every Thursday)	
FRAGRANT (100%) 1st Class, $/ton	913.00
FRAGRANT (100%) 2nd Class, $/ton	884.00
RICE (5%) White Thai- $/ton	434.00
RICE (10%) White Thai- $/ton	433.00
RICE (15%) White Thai- $/ton	429.00
RICE (25%) White Thai- $/ton (Super)	429.00
BROKER RICE A-1 Super $/ton	392.00
FOOD	
COCOA ICCO Dly (SDR/mt)	1,723.96
COCOA ICCO $/mt	2,256.82
COFFEE ICA comp '2001 cts/lb	199.66
SUGAR ISA FOB Daily Price, Carib. port cts/lb	17.84
SUGAR ISA 15-day ave.	17.87

LIFFE COFFEE

New Robusta 10 MT - $/ton

	High	Low	Sett	Psett
Sept.	2,249	2,214	2,237	2,226
Nov.	2,253	2,215	2,243	2,226
Jan.	2,230	2,195	2,222	2,206
Mar.	2,200	2,171	2,193	2,178

LIFFE COCOA

(Ldn)-10 MT-£/ton

	High	Low	Sett	Psett
Sept.	1,768	1,742	1,753	1,759
Dec.	1,838	1,805	1,819	1,825
Mar.	1,812	1,784	1,796	1,802
May	1,795	1,770	1,781	1,786

COCONUT

MANILA COPRA (based on 6% moisture)	
Peso/100kg	Buyer/Seller
Lag/Qzn/Luc 22	3,650.00/3,700.00
Philippine Coconut Oil - Crude	
CIF NY/NOLA	67.00
PALM OIL CIF NY/NOLA	70.00
COCONUT OIL (PHIL/IDN),$ per ton, CIF Europe	
July/Aug.'22	0.00/1,450.00
Aug./Sept.'22	1,270.00/1,335.00
Sept./Oct.'22	1,270.00/1,310.00
Oct./Nov.'22	1,270.00/1,300.00

LONDON METAL EXCHANGE

LME FINAL CLOSING PRICES, US$/MT

	3 MOS
ALUMINUM H.G.	2,390.50
ALUMINUM Alloy	1,760.00
COPPER	8,027.00
LEAD	2,013.50
NICKEL	22,343.00
TIN	24,465.00
ZINC	3,497.00