

Oil dips as supply concerns ease

HOUSTON — Oil prices eased on Tuesday as markets worried less about potential supply disruptions from the Middle East conflict and on data showing rising output from the Organization of the Petroleum Exporting Countries (OPEC) and the United States.

Brent crude futures for December delivery, settled four cents lower at \$87.41 a barrel, ahead of their expiry later on Tuesday. The more heavily traded January contract fell \$1.33 or 1.4% to \$85.02.

US West Texas Intermediate (WTI) crude for December delivery fell \$1.29 or 1.6% to \$81.02, while those for January delivery fell \$1.18 to \$80.50.

Trading was choppy with prices up as much as \$1 higher during the session, but prices remain below \$90 a barrel.

A Hamas spokesman said it will release a number of foreign captives in the coming days.

ASIA-DUBAI (OCTOBER CONTRACT)

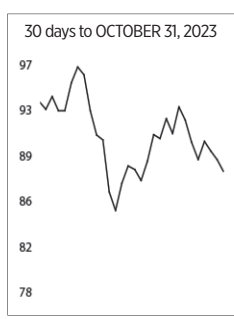


Table with columns for dates (Oct 25-31) and prices for Oct 2-31 and Sept 4-29.

NEW YORK-WTI (DECEMBER CONTRACT)

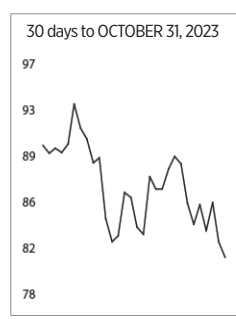


Table with columns for dates (Oct 25-31) and prices for Oct 2-31 and Sept 1-29.

LONDON-BRENT (DECEMBER CONTRACT)

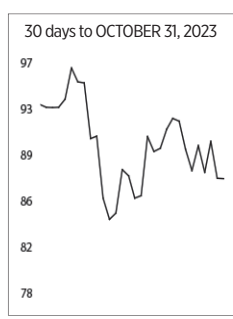


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Source: REUTERS

"We've taken some of the war premium out of the prices," said Phil Flynn, analyst at Price Futures Group.

OPEC crude output rose by 180,000 barrels per day (bpd) in October, according to a Reuters survey, driven principally by Nigeria and Angola.

US field production of crude oil also rose to a new monthly record in August at 13.05 million bpd, the Energy Information Administration said.

Weaker-than-expected manufacturing and nonmanufacturing activity data in China stoked fears of slowing fuel de-

mand from the world's No. 2 oil consumer.

Eurozone inflation in October was at its lowest level in two years, falling to 2.9% from 4.3% in September, according to Eurostat's flash estimate. That means the European Central Bank is unlikely to hike interest rates anytime soon.

Slow global economic growth will keep crude prices anchored below \$90 a barrel this year and next, unless the Israel-Hamas conflict draws in more countries in the Middle East and exacerbates supply tightness, a Reuters poll showed on Tuesday.

Investors remained wary of the potential for other countries entering the conflict.

"While Middle East developments have yet to affect oil, as the ground invasion intensifies, the risk of involvement from Iran rises, fueling tight supply concerns," said Fiona Cincotta, senior financial market analyst at City Index. — Reuters

SPOT PRICES

TUESDAY, OCTOBER 31, 2023

Table listing spot prices for metals (Palladium, Platinum, Rhodium), grains (FRAGRANT, RICE), and food (COCOA, COFFEE, SUGAR).

LIFFE COFFEE

Table for Liffe Coffee prices showing High, Low, Sett, and Psett for various months.

LIFFE COCOA

Table for Liffe Cocoa prices showing High, Low, Sett, and Psett for various months.

COCONUT

Table for Coconut prices showing prices for Manila Copra, Philippines, and CIF Europe.

LONDON METAL EXCHANGE

Table for London Metal Exchange final closing prices for Aluminum, Copper, Lead, Nickel, Tin, and Zinc.

Wall Street closes higher on eve of Fed decision

WALL STREET'S main indexes ended Tuesday's session with gains as investors looked ahead to the US Federal Reserve's monetary policy update while they digested a mixed batch of earnings reports.

The Fed kicked off a two-day monetary policy meeting. The central bank is widely expected to hold interest rates steady on Wednesday, and investors will monitor its statement and Fed Chair Jerome Powell's comments for clues about its plans.

Optimism that the Fed would pause rate hikes was offset by reactions to disappointing earnings reports and jitters over geopolitics.

Shares in heavy-machinery maker Caterpillar sank 6.7% as signs of slowing demand overshadowed a quarterly earnings beat. And drugmaker Amgen's stock fell 2.8% as third-quarter

sales of some high-profile medicines were below expectations.

But with 10-year Treasury yields up just slightly for much of the day, some investors looked for bargains in light of recent weakness in stocks, said Sameer Samana, senior global market strategist at Wells Fargo Investment Institute.

"All roads right now lead back to long-term rates which impact equities," he said, adding that in stocks some investors may be encouraged by the idea that, "the recent sell-off brings us back to fairly valued from over-valued levels."

However the strategist was wary of upcoming events that could be huge catalysts for bonds and in turn equities. Along with the Fed's policy update, he is also waiting for the US Treasury department's financing plans due out on Wednesday.

Analysts have said it is likely to boost the size of auctions for bills, notes, and bonds in the fourth quarter to fund a widening budget deficit. This would cause rates to rise further and hurt stocks, according to Wells Fargo's Mr. Samana.

On Friday, investors will also monitor the October US jobs report and the Treasury market's reaction.

The Dow Jones Industrial Average rose 123.91 points or 0.38% to 33,052.87; the S&P 500 gained 26.98 points or 0.65% to 4,193.80; and the Nasdaq Composite added 61.76 points or 0.48% to 12,851.24.

All 11 of the S&P 500's major industry sectors advanced, with real estate up 2% and leading gains, while the biggest laggard, communication services, gained 0.2%. "Today's move back into positive territory is on the growing

consensus the Fed is more likely to hold off on any more rate hikes this year," said Greg Bassuk, chief executive of AXS Investments in New York.

Mr. Bassuk also pointed to mixed earnings reports and companies' "messaging concerns about upcoming quarters with energy prices rising and increasing uncertainty" around wars in Israel and Ukraine that are "showing no end in sight."

All three of Wall Street's major averages registered their third monthly loss in a row.

For the S&P 500, down 2.2% for the month, and the Dow, off 1.4%, it was the longest monthly losing streak since the pandemic roiled markets in early 2020.

Nasdaq which lost 2.8% in October, last fell for three straight months in the period ending June 2022. — Reuters

Toyota to invest \$8B more for US battery plant to rev up EV push

TOYOTA MOTOR said on Tuesday it would boost investment by \$8 billion and add about 3,000 jobs at its electric-vehicle (EV) battery manufacturing plant in North Carolina, accelerating the Japanese automaker's push to electrify its lineup.

The company, which plans to have electrified options for all its models available by 2025, said the latest move will bring its total investment in the plant to about \$13.9 billion and jobs to more than 5,000.

Legacy automakers such as Ford Motor FN and General Motors have been racing to ramp-up their EV output and close the gap with market leader Tesla, although both Detroit-based companies have scaled back their investment plans after reaching expensive new contract agreements with the United Auto Workers union.

Toyota did not disclose a breakup of the investment and was not immediately available for further comment.

Unlike global peers, Toyota had earlier bet on hybrids and hydrogen-fuel cell vehicles rather than battery EVs, but the world's top-selling automaker this year announced a pivot, with plans to commercialize advanced batteries and adopt die-casting technology pioneered by Tesla.

Other companies such as Samsung SDI Co., Panasonic, and Chrysler-parent Stellantis NV also plan to set up base in the US to develop their battery plants.

Toyota's North Carolina facility is set to begin operations in 2025 and will be the company's first automotive battery plant globally.

It will have six battery production lines, four supporting hybrid vehicles such as the Prius, and two additional lines to support battery EVs.

NORTH CAROLINA HUB

North Carolina is emerging as a leading hub for electric vehicle and battery manufacturing, with new investments planned by companies ranging from Redwood Materials to Vietnam's Vinfast.

"North Carolina's transition to a clean energy economy is bringing better-paying jobs that will support our families and communities for decades to come," said North Carolina Governor Roy Cooper on Tuesday, following news of Toyota's increased investment.

The state will also host a \$650-million battery plant that India's Epsilon Advanced Materials plans to open in 2026, the company announced last week, and the facility could eventually supply up to 1.1 million EVs in the United States. — Reuters

Asia's factories squeezed as China's recovery teeters

TOKYO — Asia's manufacturers faced worsening pressure in October with factory activity in China slipping back into decline, clouding recovery prospects for the region's major exporters already squeezed by weaker global demand and higher prices.

Purchasing managers' indexes (PMIs) for factory powerhouses China, Japan, and South Korea showed activity shrinking while Vietnam and Malaysia also struggled with the broadening fallout from a Chinese slowdown.

China's Caixin/S&P Global manufacturing PMI fell to 49.5 in October from 50.6 in September,

a private sector survey showed on Wednesday, falling back below the 50-point threshold that separates growth from contraction.

The Chinese survey echoed a downbeat official PMI reading on Tuesday, which also showed an unexpected contraction in activity, casting doubt over recent hopes of a recovery in the world's second-largest economy.

"Overall, manufacturers were not in high spirits in October," said Wang Zhe, an economist at Caixin Insight Group, on China's survey outcome.

"The economy has showed signs of bottoming out, but the foundation of recovery is not solid. Demand is

weak, many internal and external uncertainties remain, and expectations are still relatively weak."

The impact of China's slowdown is being felt in countries like Japan and South Korea, whose manufacturers are heavily reliant on demand from the Asian giant.

Japan's factory activity shrank for a fifth straight month in October, the final au Jibun Bank PMI showed.

That came a day after official figures showed Japan's factory output rose much less than expected in September as demand slowed significantly.

Japanese machinery makers like Fanuc and Murata Manufacturing re-

cently reported weak six-month earnings due to sluggish Chinese demand.

South Korea's factory activity fell for the 16th straight month while PMIs from Taiwan, Vietnam and Malaysia also showed continued declines in activity.

The International Monetary Fund (IMF) has warned that China's weak recovery and the risk of a more protracted property crisis could further dent Asia's economic prospects.

In its World Economic Outlook released last month, the IMF cut next year's growth estimate for Asia to 4.2% from 4.4% projected in April, and down from 4.6% forecast for this year. — Reuters

WeWork planning to file for bankruptcy — source

WEWORK plans to file for bankruptcy as early as next week, a source familiar with the matter said on Tuesday, as the SoftBank Group-backed company struggles with a massive debt pile and hefty losses.

Shares of the flexible workspace provider fell 32% in extended trading after the Wall Street Journal (WSJ) first reported the news. They have fallen roughly 96% this year.

New York-based WeWork is considering filing a Chapter 11 petition in New Jersey, the WSJ reported, citing people familiar with the matter.

WeWork declined to comment. Earlier on Tuesday, WeWork said it had entered into an agreement with creditors for temporary postponement of payments for some of its debt, with the grace period nearing an end.

The company had net long-term debt of \$2.9 billion as of June-end and more than \$13 billion in long-term leases, at a time when rising borrowing costs are hurting the commercial real estate sector.

WeWork's filing for bankruptcy would mark a stunning reversal of fortune for the company that was privately valued at \$47 billion in 2019 and a black spot for investor SoftBank that sunk billions.

The company has been in turmoil ever since its plans to go public in 2019 imploded following investors' skepticism over its business model of taking long-term leases and renting them for the short term and worries over its hefty losses.

WeWork's woes did not abate in subsequent years. It finally managed to go public in 2021 at a much-reduced valuation. Its major backer, Japanese conglomerate SoftBank, sunk tens of billions to prop up the startup, but the company has continued to lose money.

WeWork raised "substantial doubt" about its ability to continue operations in August, with numerous top executives, including CEO Sandeep Mathrani, departing this year. — Reuters

Orange juice prices hit all-time high amid bleak production outlook

NEW YORK — Prices for orange juice rose on Tuesday to the highest since future contracts started trading in New York in 1966 as an outlook for limited production in the United States, Brazil and Mexico boosted investors' interest in the product.

The January contract of frozen concentrated orange juice (FCOJ) on the Intercontinental Exchange (ICE) hit an all-time high of \$4.17 per pound during the session, before falling back to \$3.83 per pound.

The contract was up 90% this year.

"Occasionally, these markets exceed our wildest expectations. Did anyone predict \$4.00 orange juice? The profit potential from this trade is staggering," trader Dave Reiter with Reiter Capital Investments LLC said on X, formerly Twitter, referring to the position some investors built on the contract.

"OJ is very thinly traded. Not extremely hard to move the market like it is with corn or soybeans," said Darin Fessler, SVP, market strategist at Lakefront Futures & Options.

The January OJ position, for example, had an open interest of 8,111 lots at the end of trading on Monday. As a comparison, the most traded contract among the soft commodities, ICE's raw sugar, had over 435,000 lots in open interest.

Beyond the speculative game, however, fundamentals are extremely positive, with negative weather and a bacterial disease called greening having reduced production in the three main growers Mexico, US, and Brazil. Florida's production has also been hit by hurricanes in recent years.

Ibiapaba Netto, executive director at CitrusBR, the association representing Brazilian juice producers, said that a reversal of the current tight supply situation would take time, and is not certain to happen.

Brazil has a 75% share of the global orange juice trade.

Mr. Netto said fruit producers are afraid to invest to expand orchards fearing the greening disease. "Our last large crop was five years ago. We are in a situation of basically zero stocks," he said. — Reuters