Andrew: HI THERE.
WELCOME TO "COMMODITIES."
LET'S CHECK OUT THE BIG STORIES
WE ARE BRINGING FROM YOU THE BNN
BLOOMBERG NEWSROOM.
>>> ENBRIDGE IS SELLING A
MINORITY STAKE IN SEVEN OF ITS
ALBERTA PIPELINES TO INDIGENOUS
GROUPS.
THE COMPANY SAYS 23 FIRST
NATIONS AND METIS COMMUNITIES
WILL PAY $1.12 BILLION.
$1.12 BILLION FOR AN 11.5%
INTEREST IN SEVEN ENBRIDGE
PIPELINES IN ALBERTA'S ATHABASCA
REGION.
A NEW ENTITY CALLED ATHABASCA
INDIGENOUS INVESTMENTS WILL
OVERSEE THE RELATIONSHIP, AND WE
WILL HAVE MORE ON THAT STORY
SHORTLY FROM OUR OWN TARA WEBER.
>>> CANOPY GROWTH IS SELLING ITS
RETAIL BUSINESS ACROSS CANADA.
THE MARIJUANA PRODUCER SAYS O, G
RETAIL CANNABIS HAS AGREED TO
ACQUIRE ALL OF CANOPY'S
CORPORATE STORES OUTSIDE OF
ALBERTA INCLUDING ITS TOKYO
SMOKE BRAND.
CANOPY ALSO SAYS IT HAS REACHED
AN AGREEMENT WITH 420
INVESTMENTS FOR THE SALE OF FIVE
RETAIL LOCATIONS IN ALBERTA.
TERMS WERE NOT DISCLOSED.
ALTHOUGH CANOPY SAYS THE
PROCEEDS WILL HELP IT MEET ITS
COST SAVINGS GOAL.
>>> SHARES IN ALGOMA STEEL
COMING UNDER AFTER THE COMPANY
GAVE A PROFIT FORECAST THAT
WOULD FALL SHORT, WELL SHORT OF
THE AVERAGE ANALYST ESTIMATE.
ALGOMA IS CITING A DECLINE IN
SELLING PRICES FOR ITS PRODUCTS
AS WELL AS SEVERAL FACTORS
HOLDING BACK PRODUCTION
INCLUDING WHAT IT CALLS
"TEMPORARY WORK FORCE
AVAILABILITY EVENTS."
A QUICK LOOK AT THE MARKETS THIS
MORNING.
YOU CAN SEE THE TSX HOLDING ITS
OWN IN TRADING TODAY.
LET'S CHECK IN ON THE U.S. FUTURES. INFLATION FEARS ARE HANGING OVER THE MARKET. WE DID -- WE ARE SEEING STOCKS RALLYING ABOUT 1% BUT THAT CRUCIAL U.S. 10-YEAR BOND YIELD HITTING 4% FOR THE FIRST TIME IN WELL OVER A DECADE.

>>> LET'S SEE HOW THE KEY COMMODITIES ARE TRADING TODAY. WE WILL KICK OFF WITH OIL. WE JUST GOT OIL INVENTORIES FROM THE U.S. GOVERNMENT AND OIL STOCKS, CRUDE STOCKS WERE DOWN JUST OVER 200,000 BARRELS IN THE LATEST WEEK. THIS IS AN INTERESTING ONE. U.S. GASOLINE INVENTORIES WERE DOWN 2 AND-A-HALF MILLION BARRELS AS THERE WAS AN ESTIMATE FOR A SLIGHT ARRIVES JUST OVER 300,000, AND DISTILLATE INVENTORIES ALSO DOWN ALMOST 3 MILLION BARRELS, GENT ESTIMATE WAS FOR A SLIGHT RIGHT. WE HAVE HEARD A LOT ABOUT A TIGHT DIESEL MARKET IN THE STATES AND THAT MAY ADD TO THOSE CONCERNS. MEANWHILE, PRODUCTION CUTS HAVE BEEN CAUSED BY HURRICANE IAN AS IT MOVES TOWARDS THE U.S. COAST. SO GENERALLY OIL HAS BEEN HOLDING ITS OWN TODAY DESPITE A STRONG U.S. DOLLAR. SO YOU CAN SEE A PRETTY RAPID MOVE UP IN OIL TODAY, UP MORE THAN 3%.

>>> LET'S SEE WHERE THE PRIVACY WESTERN CANADIAN SELECT IS TODAY. IT, TOO, IS AHEAD ABOUT 4%. LET'S HAVE A LOOK AT THE DISCOUNT ON THAT GRADE OF OIL. VAST DISCOUNTS. A LOT OF MONEY BEING LEFT ON THE TABLE WITH A DISCOUNT OF MORE THAN $22 U.S. A BARREL.

>>> LET'S CHECK IN ON WHERE THE METALS ARE TRADING RIGHT NOW. THERE IS GOLD. GOLD OF COURSE HAS BEEN STRUGGLING DOWN 5% IN THE PAST
YEAR AND WELL DOWN FROM ITS HIGH OF MARCH BUT THERE WAS A SAFE HAVEN TRADE AFTER MOSCOW’S ATTACK ON UKRAINE.

>>> LET'S CHECK IN ON COPPER. COPPER ACTUALLY DROPPED TO TWO-MONTH LOWS YESTERDAY AMID THESE FEARS OF A GLOBAL SLOWDOWN. YOU CAN SEE COPPER RALLYING A LITTLE BIT TODAY BUT OFF 22% IN THE PAST 12 MONTHS. INTRIGUING STORY FINALLY FROM REUTERS. IT SAYS THAT THE TALIBAN, THE RULING GROUP IN AFGHANISTAN, SIGNED A PROVISIONAL DEAL WITH RUSSIA UNDER WHICH MOSCOW WOULD SUPPLY GASOLINE, DIESEL GAS AND WHEAT TO AFGHANISTAN. IT'S SEEN AS THE FIRST KNOWN MAJOR INTERNATIONAL ECONOMIC DEAL STRUCK BY THE TALIBAN SINCE THEY CAME BACK INTO POWER MORE THAN A YEAR AGO. THE NATION, AFGHANISTAN, ESSENTIALLY BEEN CUT OFF FROM THE GLOBAL BANKING SYSTEM.

>>> AND LET'S HAVE A LOOK AT HOW THE U.S. DOLLAR IS DOING TODAY. THAT HAS BEEN THE STORY OF THE PAST FEW MONTHS. THE RELENTLESS RISE IN THE U.S. CURRENCY EASING A LITTLE BIT TODAY BUT UP 17% IN THE PAST YEAR AGAINST WORLD RIVALS.

>>> SO WE JUST GOT THOSE LATEST OIL INVENTORY NUMBERS IN THE UNITED STATES. THEY DID SHOW A DROP OF MORE THAN 2 MILLION BARRELS IN BOTH GASOLINE AND DISTILLATE STOCKS.

>>> WE ARE JOINED BY ROBERT YAWGER AT MIZUHO SECURITIES IN THE ENERGY DIVISION. WHAT JUMPED OUT FOR YOU FROM THESE INVENTORY NUMBERS?

>> FIRST OF ALL THE FACT THAT WE HAD A DRAW IN CRUDE OIL PERIOD WAS RATHER SURPRISING. API NUMBER IN THE PRIVATE SECTOR WAS A BUILD OF 4 MILLION. HOWEVER, BIG EXPORT NUMBERS FOR
U.S. CRUDE OIL THIS WEEK UP OVER A MILLION BARRELS A DAY WERE MOVING OVERSEAS. CORRESPONDING LIT IMPORT NUMBER WAS DOWN BY HALF A BILLION. SO THAT'S A 1.5 MILLION SWING IN THE WITHDRAWAL DEPARTMENT THAT'S WHY WE HAD THIS DRAW TODAY. IT WAS A FUNCTION OF THAT. THE REASON THAT WE HAD THIS IT DRAW IS BECAUSE U.S. DISCOUNTS TO INTERNATIONAL BENCHMARKS IS NOW AT ABOUT $8. SO IF YOU ARE REFINEER IN THE EUROZONE YOU COME FROM THE UNITED STATES IT COSTS YOU ABOUT $10 A BARREL BY TRANSPORTATION AND STORAGE YOU WILL MAKE MONEY BY DRAGGING THAT BARREL TO AMSTERDAM AND REFINING IT.

>> Andrew: YOUR REFINERIES ARE RUNNING FLAT OUT VERY HIGH WELL OVER 930% CHURNING OUT DIESEL. IS THAT BECAUSE THEY CAN MAKE BIG PROFITS DOING THIS?

>> WELL, ACTUALLY THAT'S THE OTHER BIG PART OF THIS REPORT WAS THAT THE REFINER UTILIZATION RATES SLID BY 3 PERCENTAGE POINT. USUALLY WHEN THAT HAPPENS YOU ARE GUARANTEED TO HAVE A BUILD IN CRUDE OIL STORAGE BUT BECAUSE OF IMPORT EXPORT DYNAMICS WE ACTUALLY HAD A DRAW SO THAT'S A REALLY INTERESTING MATH RIGHT THERE. BUT YES, ANDREW, YOU ARE DEFINITELY ON TO SOMETHING THERE. WE ARE MAKING A LOT OF MONEY. THE REFINALLER IS MAKING A LOT OF MONEY OFF OF DISTILLATE RIGHT NOW, MAKING ABOUT $54, $55 A BARREL. SO THAT'S REALLY GOOD. BY COMPARISON GASOLINE IT'S NOT DRIVING SEASON RIGHT NOW SO IT'S NOT HEATING OIL SEASON FOR THAT MATTER BUT IT WILL BE SOON. IT FELT LIKE IT WAS THIS MORNING. BUT GASOLINE YOU ARE MAKING ABOUT $20 A BARREL A REFINER
RIGHT NOW WHICH IS ACTUALLY
PRETTY GOOD FOR RECENT HISTORY
BUT WELL BELOW THE MEAN OIL
PRICE.
SO YES, THEY WANT THE REFINERY
UTILIZATION RATE HIGH SO THEY
CAN PROFIT BUT YOU WILL MAKE A
LOT OF UNWANTED GASOLINE.
YOU DON'T WANT GASOLINE THIS
TIME OF YEAR BECAUSE IT'S NOT
DRIVING SEASON.
IT WON'T BE FOR ANOTHER NINE
MONTHS SO YOU DON'T WANT TO MAKE
A LOT OF GASOLINE AND SWAMP THE
MARKET.

>> Andrew: THIS IS A LITTLE
POLITICAL BUT THIS SUMMER
WASHINGTON URGED THE ENERGY
INDUSTRY NOT TO EXPORT TOO MUCH
PRODUCT BECAUSE THERE WERE FEARS
OF A DIESEL CRUNCH IN THE UNITED
STATES.
HAS THAT GONE AWAY OR ARE THERE
CONCERNS THAT COMPANIES WILL
HAVE TO PAY THROUGH THE NOSE FOR
DIESEL?

>> WE ARE EXPORTING A LOT OF
DIESEL, A LOT OF DISTILLATE.
SO A THAT HEATING OIL AND DEALS.
WE ARE EXPORTING BIG NUMBERS
UPWARDS OF 1.7 MILLION BARRELS A
DAY.
ALMOST LIKE 30% OF OUR
PRODUCTION.
SO YEAH, WE ARE STILL MOVING A
TONNE OF DEALS BUT YOU HAVE A
PECULIAR SITUATION THAT POPS UP
IN THE EUROZONE.
WE ARE JUST TRYING TO HELP THE
EUROZONE GET THROUGH THIS WINTER
AND WE HAVE A CERTAIN OBLIGATION
TO DO.
THAT THE PRICE IS RIGHT.
THERE IS NO DENYING THAT.
SO YEAH, WE ARE STILL MOVING
BARRELS.
WE ARE LOOKING AT A POTENTIAL
FOR A PRICEY SITUATION THIS
WINTER HERE IN THE STATES BUT IT
WILL BE NOWHERE AS NEITHER
CRISIS THEY WILL HAVE IN THE
EUROZONE.
SO WE WILL BE AT A BARGAIN AND I
AM SURE PEOPLE WILL COMPLAIN.
WE BASICALLY ARE AT ABOUT 114 MILLION BARRELS STORAGE RIGHT NOW IN THE UNITED STATES OF THE IT'S TURNAROUND SEASON WE ARE NOT REALLY GOING TO MAKE A LOT OF DIESEL FOR THE NEXT SEVEN WEEKS OR SO.
WE HAVE NOT BEEN BELOW 100 MILLION BARRELS STORAGE SINCE 2003.
IF WE GO DOWN TO THE NUMBER YOU CAN IMAGINE WHAT WILL HAPPEN TO THE PRIVACY DISTILLATE.
IT WILL GO TO THE MOON.
THE PRICE TO THE EUROZONE IS ON MARS.
BUT NOT EVEN THE SAME LEAGUE AS THE EUROZONE.

>> Andrew: WHAT ABOUT THE GLOBAL OIL PRICE, ROBERT? GIVE US YOUR THOUGHTS THERE.
OPEC IS NOW -- OPEC-PLUS IS NOW TALKING ABOUT CUTTING PRODUCTION APPARENTLY.

>> THEY ARE.
[ AUDIO INTERRUPTION ]
THERE IS ONE PROBLEM WITH THAT, THOUGH.
THEY ARE ALREADY UNDERPRODUCING BY 3 MILLION PER QUOTA.
TRYING TO TAKE SOME OF THE POP OUT OF THEIR DIALOGUE.
THERE WILL BE A HEADLINE THAT WILL HIT NEXT WEDNESDAY.
I AM GOING TO GUESS THEY WILL CUT BY HALF A MILLION TO A