

>> 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 REUTERS SAYS 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 REFINER 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 REFINER 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