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Top News - Oil

OPEC+ deal will continue until end of year - Saudi energy minister

Saudi Energy Minister Prince Abdulaziz bin Salman said the current OPEC+ deal on oil output would be locked in until the end of the year, adding he remained cautious on Chinese demand forecasts.
In an interview published by Energy Aspects, the minister said the oil group can't increase output based solely on initial signals.
OPEC+, comprising the Organization of the Petroleum Exporting Countries and allies such as Russia, agreed in October to cut oil production targets by 2 million barrels per day (bpd) until the end of 2023.
"The agreement that we struck in October is here to stay for the rest of the year. Period," he said.
OPEC raised its 2023 global oil demand growth forecast this week on the back of China relaxing COVID restrictions, but Prince Abdulaziz said that more assurances were needed.
"No matter what trends you are looking at, if you follow the cautious approach not only would you see the beginning of a positive trend to emerge but you need to make sure that these positive signals of this market can be sustained," he said.
"The Chinese economy's unlocking and because of that you will have demand and what have you, but we all went through cycles of openings and lockdowns and therefore what assurances (would we have) and the world have that none of what we went through, all of us, every country, will not be repeated?"
Prince Abdulaziz also said it was still unclear how much longer global monetary and fiscal tightening would continue.
"The jury is still out on how much more inflation may come and how the central bankers will react to it given their mandate," he said.
The prince blamed the Paris-based International Energy Agency (IEA) and its initial predictions for a 3 million barrel per day (bpd) fall in Russian production for the U.S. strategic petroleum reserve (SPR) releases last year.
"That is a decision that is not mine, I respect the decision," he said, referring to the U.S. administration's sale of oil from its reserves last year to tame oil prices that had risen on the back of Russia's invasion of Ukraine.
"The IEA was responsible for it because of the screaming and scaring that they had done on how much Russia will lose in terms of its production."

China takes top spot in global refining capacity but output lags U.S.

China's oil refining capacity overtook the United States as the world's largest in 2022, an industry official said on Thursday, though its production of fuel products lagged the United States due to low utilisation rates.
Total refining capacity in China expanded to 920 million tonnes per year, or 18.4 million barrels per day (bpd), in 2022 Fu Xiangsheng, vice president of the China Petroleum and Chemical Industry Association, told reporters.
That compares with U.S. refining capacity as of December at 17.6 million bpd, according to the International Energy Agency's latest oil market report.
China's recent wave of refinery expansions has been led by state-run PetroChina and large private firms such as Zhejiang Rongsheng group and Jiangsu Shenghong Petrochemical, mainly to fill a supply gap in petrochemicals rather than transportation fuels.
China's total refined products output last year was less than 700 million tonnes (5.1 billion barrels), at an average plant utilisation rate of around 70%, the association said, compared with more than 800 million tonnes in the United States, where average utilisation exceeded 90%.
China has 32 refineries with at least 200,000 bpd capacity each, according to the association, citing the launch of a new facility built by PetroChina in Jieyang in Guangdong province as a recent example of the country's growing capacity.

Top News - Agriculture

EXCLUSIVE-China rolls out GMO corn planting, starts small

China will likely plant less than 1% of its corn fields with genetically modified varieties this year, said two people familiar with the plans, dashing hopes for a full market launch of the technology in the world's second-largest corn market.

The agriculture ministry has designated around 4 million mu (267,000 hectares or 660,000 acres) to be planted with genetically modified or GMO corn this year, said a senior manager at a Chinese seed developer briefed on the plans.

Several varieties will be planted in certain counties of Inner Mongolia, Jilin, Hebei and Yunnan provinces, he said, declining to be identified because the plan is not public.

China has studied GMO food crops for decades but has never permitted them to be planted because of opposition to the technology, although it allows imported GMO soybeans and corn for use in animal feed and the planting of GMO cotton.

The slower-than-expected rollout is disappointing to seed companies that were expecting to boost revenues in a fragmented, highly competitive market. It also comes as an economic recovery is expected to increase China's demand for corn to feed the world's largest pig herd.

"It's a large-scale trial, not a fully fledged commercial release," said a second industry source who has also been briefed on the plans.

The Ministry of Agriculture and Rural Affairs did not respond to a request for comment. China planted about 43 million hectares of corn last year, producing a crop of 277 million tonnes, according to official data.

Despite official wariness over GMO crops, there is huge demand for hardier, high-yield grains. In China's breadbasket in the northeast, illegally sown GM corn makes up about 70% of the acreage, according to a state media report in 2021.

Analysts at Citic Securities and Tianfeng Securities said in recent notes they expected a commercial release of GMO corn varieties this spring.

"We expected at least three or four times more," said the seed company manager, referring to the acreage.

The plans could still change, said both sources, although planting typically starts in about two months and farmers are already buying seed.

Companies with GM corn technology approved as safe by Beijing include Beijing Dabeinong Technology Group Co Ltd, Syngenta Group and Yuan Longping High-tech Agriculture Co Ltd. Foreign companies are not allowed to sell GMO seed in China.

Dabeinong and Yuan Longping declined to comment. Syngenta could not immediately comment.

Shares in the seed companies fell this week after remarks in a 2023 rural policy document published by China's cabinet were taken as an indication of a more controlled release of GMO technology.

Dabeinong told investors last year it expected royalties between 8 yuan and 10 yuan for each mu planted in its GMO corn.

PRESIDENT XI'S SUPPORT

China's corn fields yield only about 60% as much corn on average as in top producer the United States, where GMO corn makes up more than 90% of the crop.

President Xi Jinping, however, has increasingly supported use of the technology, which he says is crucial to bolstering China's food security. Trade tensions, erratic weather and war in major corn exporter Ukraine have increased official worry over feeding the country's 1.4 billion people.

Beijing has approved the safety of 14 corn "events", or genetic changes, since 2019 and implemented new regulations to support the technology, signalling a change in its longtime cautious attitude to GMOs.

But China's cabinet said in its policy document that China - despite speeding up commercialisation of GMO corn and soybeans - would "orderly expand the trial area and regulate the management of planting," comments taken as indicating a careful approach.

"The whole plan is to make sure there are no problems," said the second source.

Argentina soy harvest outlook to shrink due to heat wave and drought, exchange says

Argentina's Buenos Aires grains exchange said on Thursday it would have to cut its harvest estimate for the country's beleaguered 2022/2023 soy crop, citing the combined impact of a recent heat wave and a prolonged drought.

The crop's current outlook stands at 38 million tonnes, down from the 48 million tonnes expected at the season's start. The exchange did not provide a new estimate for the harvest.

Argentina's worst drought in six decades, which in some areas dates back to May of last year, has forced farmers to delay planting this season's soy crop.

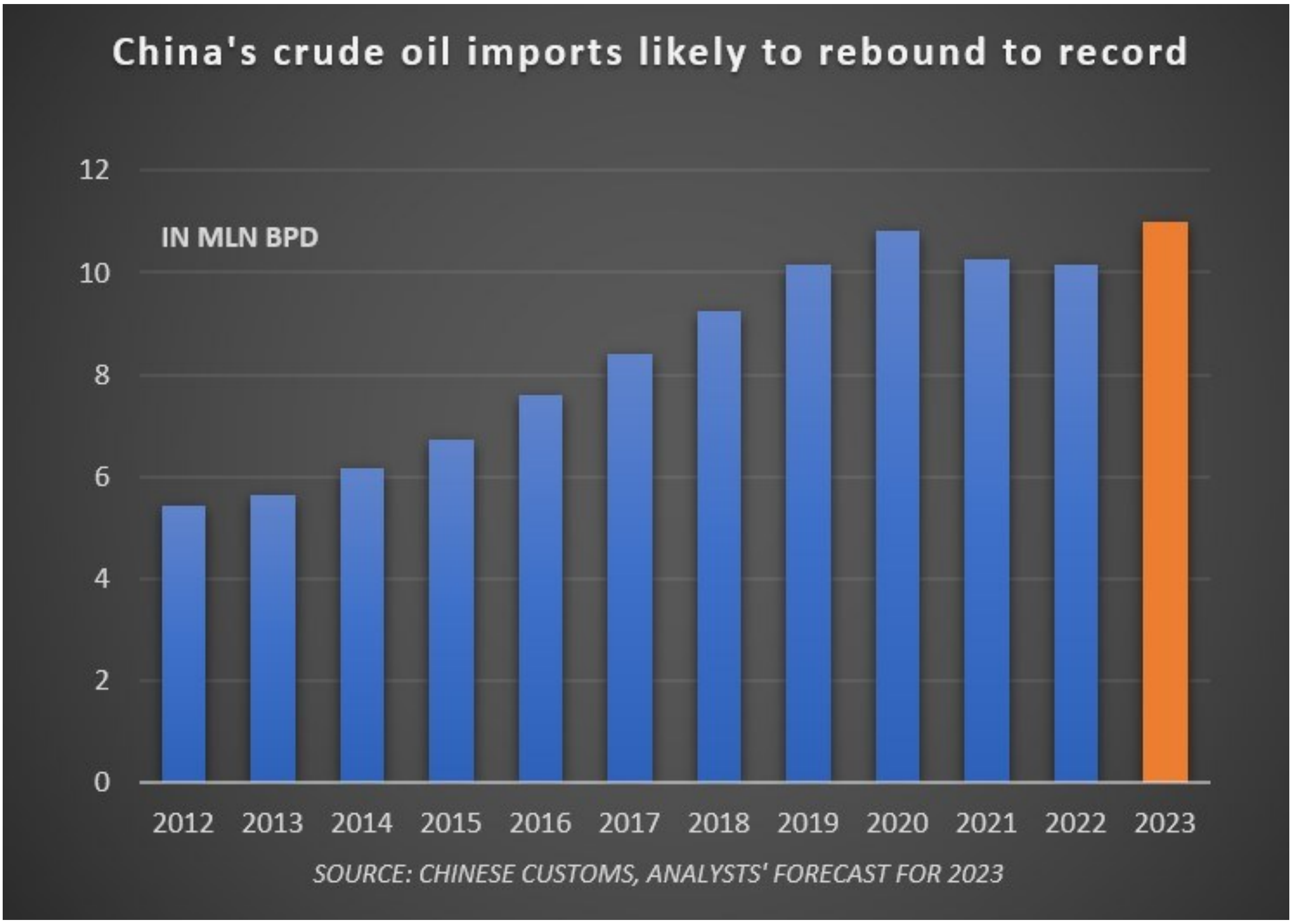
The exchange cited above-average temperatures over the past seven days, which have exacerbated dry conditions at a critical stage in the current soy crop's development. The areas most impacted are in Argentina's key farming region as well as other parts of the Santa Fe and Entre Rios provinces.

The drought has wreaked havoc on the country's critical farming sector. Impacted crops include corn, whose total harvest outlook the exchange recently cut to 44.5 million

tonnes from the 50 million tonnes seen back in September.
The likely productivity for the 2022/2023 corn crop "continues to fall," the grains exchange said, blaming "a lack of rain during the yield definition period."
Earlier on Thursday, the exchange said in a report that early frosts in the coming days could further hurt Argentina's soy and corn crops in the south of the country's main farming region.

Argentina is the world's top exporter of processed soy and third-largest exporter of corn.
The cash crops are set to face "cold and dry polar winds that will cause a remarkable drop in temperature, with unseasonably low temperatures, and with the risk of localized frost," the grains exchange said in its report.
Rains will precede the low temperatures in the south and west of Argentina's main agricultural region, but the central and eastern areas hardest hit by the drought won't receive rain, the exchange said.

Chart of the Day



Top News - Metals

EXCLUSIVE-Brazil plans legislation to crack down on laundering of illegal gold

Brazil's government is taking a fresh tack in its effort to crack down on illegal gold mining in the Amazon, preparing legislation that would require electronic tax receipts for the buying and selling of the precious metal, four sources with knowledge of the plans said.

President Luiz Inacio Lula da Silva wants to end years of environmental backsliding under his far-right predecessor, Jair Bolsonaro, and crack down on illegal mining in the Amazon.

Lula has also pledged to end deforestation, which surged to a 15-year-high under Bolsonaro, and take better care of indigenous populations in the Amazon who are threatened by armed, disease-carrying wildcat miners.

A draft for a temporary decree seen by Reuters on Wednesday proposed new rules for the purchase, sale and transport of gold will be established.

According to the proposal, which enjoys the support of Brazil's Ibram mining lobby, gold coming from wildcat mining would be considered a financial asset that must be initially bought by an institution or brokerage authorized by Brazil's central bank.

Currently, gold is sold with paper receipts based on the "good faith" of the seller, making it impossible to trace its origin.

The electronic receipt, called "nota fiscal" in Portuguese, must identify the name and tax number of the seller, the mine where the gold was extracted, as well as the authorization number of the license for the mine.

The central bank and other government agencies have been studying the adoption of the electronic tax receipts for buying and selling gold in order to track whether it was illegally mined, the bank said in documents published on Monday.

The central bank said the goal was to implement "a new inspection system that allows the traceability of the gold extracted, as well as the adoption of electronic invoices."

The tax receipt could be an effective tool to fight illegal mining in the vast Amazon region, the size of Western Europe.

The National Mining Agency, Brazil's regulator for the sector, said it cannot control illegal mining due to a staff shortage, with only five inspectors to monitor all mining production, it said on Monday in a document to the Supreme Court. The regulator said it did not even have the resources to verify piles of paper receipts from brokerages that buy gold.

Around half of the 100 tonnes of gold produced each year by Brazil is thought to be illegally mined and laundered by financial brokerages that are regulated by the central bank, according to mining industry lobby group Ibram.

The situation is so bad, Ibram says, that even the central bank does not know if the gold it buys is legal or illegal.

The mining lobby has been calling for the adoption of electronic invoices to end the illegal gold trade, Ibram President Raul Jungmann told Reuters.

Jungmann, whose lobby represents multinational and large domestic mining firms operating in Brazil, has called on the government to take steps to break a network that launders illegal gold through the financial system for sale to buyers in countries like Switzerland and Britain.

Brazil's new leftist government last week launched an enforcement operation to remove some 20,000 wildcat miners from the Yanomami reservation on the border with Venezuela after declaring a medical emergency due to deaths from malnutrition.

The miners devastated much of the vast reservation, polluting rivers with mercury, terrorizing the Yanomami with sickness and famine by hunting their game and bringing in disease.

EXCLUSIVE-First Quantum warns employees that Panama mine may close if dispute is not settled

First Quantum Minerals Ltd has warned employees it may have to shutter operations in Panama if the government does not allow its copper exports to resume by next week, according to a memo sent to staff and seen by Reuters.

A long-running contract dispute between the Canadian miner and Panama officials centers on disagreements over tax rates and royalties at the Cobre Panama mine.

In the latest twist, Panama's maritime authority last month ordered First Quantum to suspend copper concentrate loading operations at a major port, essentially blocking the company from shipping and selling its copper.

The Vancouver-based company said the maritime authority had told it that the suspension was due to the scale it was using not being properly calibrated.

Alan Delaney, the mine's general manager, in a Thursday memo to employees described the suspension as an "unprecedented and totally surprising action," and said the scale was measuring accurately.

"If concentrate is not shipped by next week, these technical frustrations may force Cobre Panama to enter care and maintenance or suspend operations," he said.

Panama's maritime authority did not immediately reply to a request for comment. It has not commented publicly on the reason for the port suspension. Panama's trade minister, Federico Alfaro, said on Tuesday that both parties had made "significant progress" on negotiations.

First Quantum said it was appealing the maritime authority's decision.

The company has, meanwhile, stopped recruiting for 595 open positions in the Central American nation, imposed overtime restrictions, and put in place additional leave provisions, according to the memo.

The mine, First Quantum's largest, produced 351,000 tonnes of copper last year and executives had forecast 2023 production of 350,000 to 380,000 tonnes.
Asked about whether the mine would be forced to suspend operations next week, a First Quantum spokesperson referred Reuters to remarks by Chief Executive Officer Tristan Pascall during an earnings call on Wednesday.
"It is the government's decision. If they say, 'Okay, you can ship', we could be shipping extremely quickly, within a matter of hours," Pascall said on Wednesday, adding that the firm remains committed to reaching an agreement.

Top News - Carbon & Power

U.S. LNG producers poised to leapfrog rivals with three new projects
At least three proposed U.S. liquefied natural gas (LNG) export plants have likely found enough customers to receive financial approvals this year, according to Reuters calculations, developments that would make the country the world's largest LNG exporter for years to come.
After a dearth of plant approvals last decade, developers have secured dozens of long-term contracts to finance new multibillion-dollar LNG plants. The pace of approvals has accelerated as Europe has shifted away from Russian gas since Moscow's invasion of Ukraine.
About a dozen developers hope to make final investment decisions (FID) this year. Many of these projects have been delayed several times, but analysts said at least three have secured enough customers to move ahead soon.
The United States was long an importer of LNG, but natural gas discoveries and production from the shale revolution flipped the country into an LNG exporter in 2016. U.S. LNG exports hit 10.6 billion cubic feet per day (bcfd) in 2022, making the country the second biggest LNG exporter behind Australia.

READY TO LAUNCH
Projects best positioned to move ahead include Sempra Energy's Port Arthur plant in Texas, Energy Transfer LP's Lake Charles in Louisiana and NextDecade Corp's Rio Grande in Texas.
They have all or most of the long-term LNG sales agreements needed to convince bank's that the projects are ready for debt financing, say analysts.
Sempra said in January it has sold all the capacity needed to advance the first phase of Port Arthur. Buyers include Poland's Polski Koncern Naftowy Orlen SA, U.S. oil producer ConocoPhillips and Germany's RWE AG.
NextDecade has signed deals for about 64% of the first phase of Rio Grande and may soon push it to about 87%, according to analysts at Morgan Stanley, a bank. Rio Grande's customers include Exxon Mobil Corp, Shell PLC, Portugal's Galp Energia and Japan's Itochu Corp.
NextDecade could secure a financial go-ahead in the second half of this year, Morgan Stanley said.
NextDecade has said that it was targeting a first-quarter FID for the project's first phase.
Energy Transfer signaled on Wednesday it might miss its first-quarter target for a FID due to extreme competition for LNG buyers. It has deals to sell LNG to several firms, including Shell, China's ENN Group and Swiss commodity trader Gunvor.
It takes roughly four years to build these giant plants, so their LNG is not likely to reach markets before 2027. But their production volumes will allow the United States to remain ahead of output from Australia and Qatar.

SUPPLY ADDITIONS
The United States already has the capacity to produce the most LNG in the world and would have been the biggest exporter if not for the shutdown of Freeport LNG's plant in Texas after a fire in June 2022.
"The United States still sits atop the ranking of global LNG supply additions through 2030 ... followed by Qatar, Mozambique, and Canada," analysts at energy consultancy Tudor Pickering Holt & Co said in a note.
The United States should export around 11.8 bcfd this year and 12.6 bcfd next, estimates the U.S. Energy Information Administration. The seven U.S. export plants already in service, including Freeport LNG, can turn about 13.8 billion cubic feet of gas into LNG each day.
The next U.S. LNG plants expected to open are the QatarEnergy-Exxon joint venture at Golden Pass in Texas in late 2024, the first phase of Venture Global LNG's Plaquemines in Louisiana in 2024-2026, and Cheniere Energy Inc's expansion at its Corpus Christi plant in Texas in 2025.

China's coal prices fall to 1 yr-low, clouding demand and import outlook
China's thermal coal prices hit their lowest levels in a year this week on rising inventories as domestic mine production is recovering faster than demand, analysts and traders said.
High inventories in the world's top coal consumer are capping its appetite for imports, pressuring global prices.
The slow recovery in China's coal consumption also

points to a gradual rebound in power consumption and growth in the world's second-biggest economy.
Analysts forecast China's coal demand to grow 2% this year on resurgent industry and construction, and to bring extra appetite for imports, especially high-quality Australian coal after China partially eased a ban on imports from there.
However, rising stocks at ports and utilities suggest a faster resumption of output at mines than downstream industries such as steel, cement and chemical, can use, dampening market confidence in the near-term demand outlook.
Spot prices for thermal coal with heating value of 5,500 kilocalories (kcal) at northern Chinese ports plunged to 980 yuan ($142.49) a tonne this week, a level last seen in early February 2022.
Global thermal coal prices also slid, with Australian 5,500 kcal coal falling 10% to about $118 a tonne on the free-on-board (FOB) basis over the past two weeks, while Indonesian 3,800 kcal coal shed 17% to about $67 a tonne.
"Most coal miners have restarted production after the Lunar New Year holiday but downstream sectors are coming back slower with thin demand," analyst Xiao Lanlan, from Tianfeng Futures, said in a note.
Coal stocks in eight northern ports climbed to 35.96 million tonnes this week, a level last seen in April 2020 when industrial activity halted due to COVID-19, China Coal Transport and Distribution Association (CCTD) data showed.
Reserves at major utilities are also higher than the same time in the past four years, but coal use at the power plants, appears to have climbed to the same level as last year, data showed.
The market for construction materials is also awaiting sustained economic stimulus from the government to underpin the infrastructure and property sectors, analysts and coal traders said.
"We were hoping for a strong rebound in demand along with a rapid economic recovery after the Lunar New Year but it seems the recovery path is much slower than we anticipated," said a coal purchasing manager at a state utility who declined to be identified as he is not authorised to talk to media.
"The term-supply from domestic coal miners is more than enough for what we need, and I see very little room for imports now."

MARKET MONITOR as of 07:30 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$77.20 / bbl	-3.33%	-3.81%
NYMEX RBOB Gasoline	$2.58 / gallon	-2.35%	4.24%
ICE Gas Oil	$798.00 / tonne	-2.68%	-13.36%
NYMEX Natural Gas	$2.36 / mmBtu	-1.38%	-47.35%
Spot Gold	$1,821.99 / ounce	-5.12%	-0.13%
TRPC coal API 2 / Dec, 23	$145 / tonne	-12.12%	-21.52%
Carbon ECX EUA / Dec, 24	€102.13 / tonne	0.09%	16.06%
Dutch gas day-ahead (Pre. close)	€51.70 / Mwh	-19.84%	-31.59%
CBOT Corn	$6.76 / bushel	-0.04%	-0.41%
CBOT Wheat	$7.65 / bushel	-0.03%	-3.41%
Malaysia Palm Oil (3M)	RM4,127 / tonne	7.45%	-1.13%
Index (Total Return)	**Close 16 Feb**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	294.99	-0.04%	-2.10%
Rogers International	27.97	0.69%	-2.44%
U.S. Stocks - Dow	33,696.85	-1.26%	1.66%
U.S. Dollar Index	102.2	-0.04%	-1.27%
U.S. Bond Index (DJ)	399.34	-0.59%	2.36%

Top News - Dry Freight

Buyer in Thailand purchased about 60,000 tonnes feed wheat- traders
An importer in Thailand is believed to have purchased about 60,000 tonnes of animal feed wheat expected to be sourced from the Black Sea region in a deal on Wednesday, European traders said on Thursday. Romania or Bulgaria were regarded as likely origins, traders said. One consignment for shipment in July was bought at around $329 a tonne c&f liner out. Seller was believed to be trading house Agrocorp. Another importer in Thailand this week also bought about 60,000 tonnes of feed wheat for July shipment expected to be sourced from Australia.

Tunisia tenders to buy soft wheat and barley -traders
Tunisia's state grains agency has issued an international tender to purchase an estimated 100,000 tonnes of soft wheat and 75,000 tonnes of animal feed barley, European traders said on Thursday. The deadline for submissions of price offers in the tender is Friday, Feb. 17. The grains can be sourced from optional origins. The wheat is sought in four 25,000 tonne consignments, the barley in three 25,000 tonne consignments. Both are sought for shipment March 1-30 depending on origin.

Picture of the Day

A man walks on the deck of a ship unloading Russian wheat at the port of Havana, Cuba, February 15. REUTERS/Alexandre Meneghini

(Inside Commodities is compiled by Indrishka Bose in Bengaluru)

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

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