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Top News - Oil

US oil refiners cut run-rates to lowest level in two years

U.S. oil refiners this quarter have extensive outages that will cut overall plant utilization rates to the lowest levels in the past two years, according to executive comments and analysts' forecasts.

The industry has been running nearly full-bore since 2022 when travel and fuel demand rebounded from depressed COVID-19 levels. The high run-rates and relatively stable oil prices have been a boon for industry profits.

But a series of unplanned mishaps and extensive maintenance has hampered throughput this year and led to a draw on fuel inventories. In this year's first six weeks, utilization has slipped to about 86% of the 18.3 million barrels per day (bpd) in national capacity, according to government estimates.

Top U.S. independent refiner Marathon Petroleum is planning to run its 13 refineries at about 83% of their 2.9 million barrels-per-day (bpd) capacity. That is down from 91% in the final quarter of last year.

"We are executing turnarounds at four of our largest refineries," John Quaid, finance chief, told analysts during a January conference call. The extensive maintenance schedule is timed to coincide with seasonally lower demand, he said.

Other plant operators, including a large Midwest BP PLC plant and a TotalEnergies U.S. Gulf Coast refinery, also suffered unplanned outages due to power or weather conditions. Motiva Enterprises recently completed a monthlong overhaul at its Port Arthur, Texas, plant, the nation's largest.

The first quarter “is shaping up as an extremely heavy turnaround period for U.S. refiners, which should reduce product inventories and support margins,” said Matthew Blair, refining analyst at financial firm Tudor Pickering Holt & Co.

Continued strong annual demand for motor fuels has raised utilization levels above what the industry can reasonably deliver, Timothy Go, chief executive of Dallas-based oil refiner HF Sinclair, said on Wednesday.

"We think demand overall is 5% to 6% above 2019 levels" prior to the COVID downturn, Go said during a conference call with Wall Street analysts. "The utilization requirement in order to make up for that additional demand is just higher than what this industry has been able to demonstrate in the past."

During the past two years refinery utilization has ranged between high-80% to low-90%, with lowest production in the first and fourth quarters of 2022 and 2023, according to an analysis of EIA data by Reuters.

During the COVID-19 pandemic in 2020 and 2021, U.S. refining capacity fell by 1 million bpd. Plant expansions since then have reduced that deficit to about 666,000 bpd, according to Energy Information Administration data and Reuters reporting.

While run rates are hitting bottom this quarter, the second quarter will likely see a bounce back.

“We’re getting close to the bottom in this quarter,” said John Auers, managing director of Refined Fuels Analytics. “For the second quarter, we should be in the low 90s.”

COLUMN: Western Hemisphere oil output surges, with a helping hand from OPEC -Kemp

Oil producers in the Western Hemisphere have captured all the increase in global oil consumption over the last decade, reversing the previous trend towards production becoming concentrated in the Eastern Hemisphere.

With consumption growth increasingly focused on the Eastern Hemisphere, the predominant east-to-west flow of crude oil and refined products across the oceans has been reversed, transforming the energy security picture.

Western hemisphere output climbed to 31.6 million barrels per day (34% of the world total) in 2022 from 23.0 million bpd (27%) in 2012 (“Statistical review of world energy”, Energy Institute, 2023).

Greater production from the Western Hemisphere (+8.7 million b/d) satisfied the entire growth in global consumption (+8.6 million b/d) over the decade from 2012 to 2022.

The Western Hemisphere’s share will climb even further in 2023/24 thanks to output cuts by Saudi Arabia and its closest allies in the Middle East.

Production in the hemisphere has climbed despite collapsing output in Venezuela as a result of sanctions, corruption, mismanagement and lack of investment.

Between 2012 and 2022, increases from the United States (+8.9 million b/d), Canada (+1.8 million b/d) and Brazil (+1.0 million b/d) more than made up for the loss from Venezuela (-2.0 million b/d).

Since 2020, Guyana has also emerged as a major new producer, with output climbing to more than 0.5 million b/d by the end of 2023, spurring hemispheric growth even more.

EAST-WEST SPLIT

Venezuela was one of the six founding members of the Organization of the Petroleum Exporting Countries (OPEC) in 1960; the country’s oil minister Juan Pablo Perez Alfonso arguably did more than anyone else to create it.

But Venezuela’s role has become increasingly marginal since the 1990s as its output has shrivelled and become unpredictable. The country has not even been subject to the system of production allocations or quotas since 2019.

OPEC has become increasingly dominated by Saudi Arabia and other producers clustered around the Persian Gulf, with the expanded OPEC+ group mostly bringing in former Soviet producers led by Russia.

OPEC and OPEC+ are essentially groups of Eastern Hemisphere producers, where they account for over half of all output, but with an insignificant footprint in the Western Hemisphere.

U.S. producers are prohibited from coordinating formally with OPEC by antitrust laws, while their counterparts in the rest of the Western Hemisphere have shown little appetite for such coordination.

Given OPEC's dominance by Eastern Hemisphere producers, the organisation has played an ironic role as midwife to the resurgence of output in the Western Hemisphere.

By restricting lower-cost production from the Persian Gulf and Eurasia to keep prices higher than they would otherwise have been, OPEC and later OPEC+ sustained the shale revolution in the United States.

The entrepreneurship which drove the shale revolution was home grown, but the impetus came from high oil prices, and OPEC rescued the sector from a financial meltdown in 2016/17 and again in 2020/21.

OPEC policy also nurtured the growth of higher-cost production from Canada's oil sands, Brazil's ultra-deepwater offshore fields and more recently from Guyana.

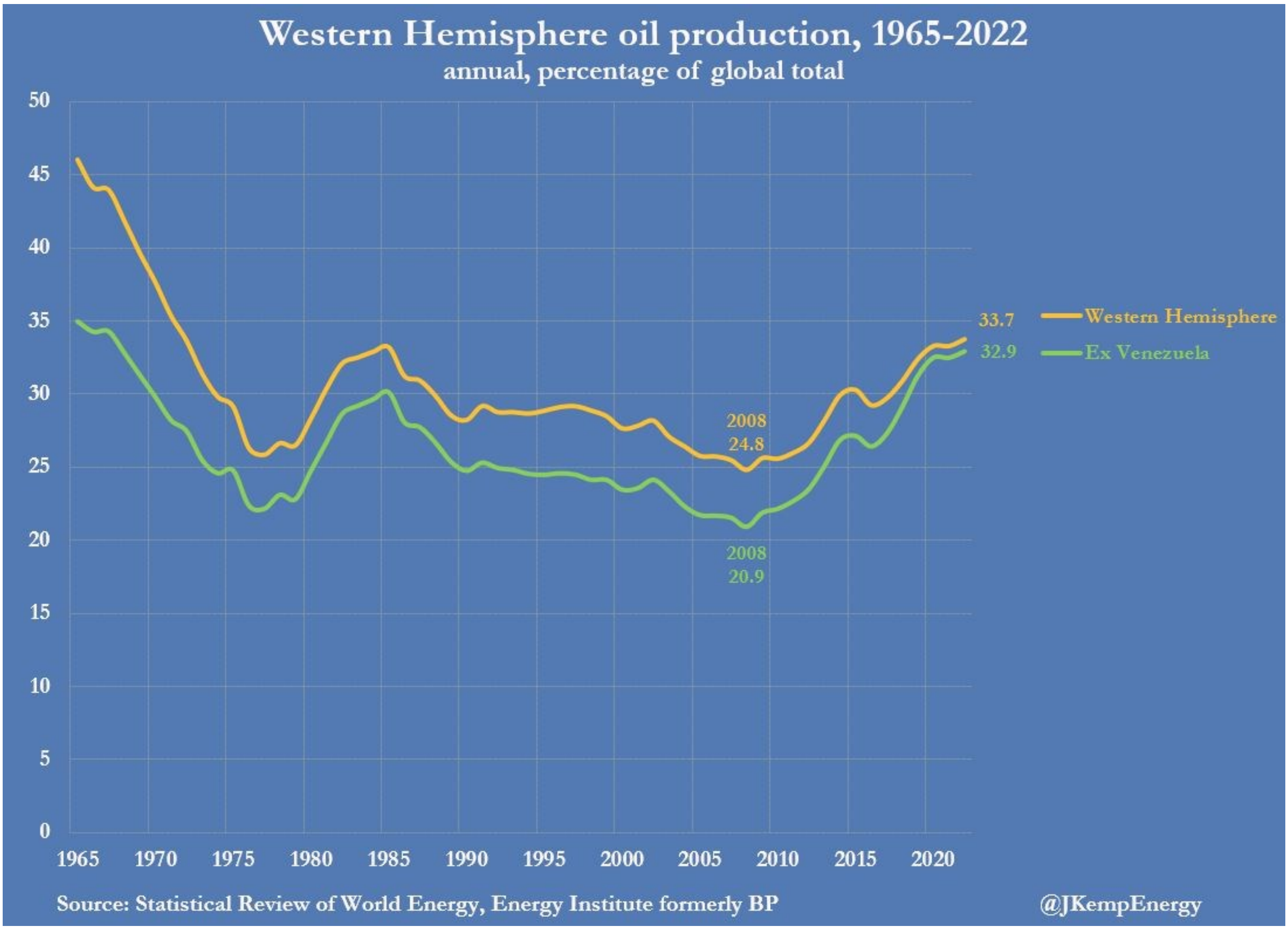
Since the 1970s, long-term oil projections have shown an increasing proportion of output coming from large and low-cost reserves concentrated in the Middle East.

By voluntarily restricting their output in pursuit of higher prices, however, the Middle East producers have negated those projections.

Between the 1970s and 1990s, the main beneficiaries were higher-cost producers around the North Sea as well as in Alaska, China and the former Soviet Union.

Since the 2000s and especially the 2010s, the primary beneficiaries have been producers across the Western Hemisphere.

Chart of the Day



ENERGY SECURITY
Western Hemisphere producers now account for more than a third of global output, up from less than a quarter when prices were spiking in 2008.
The Western Hemisphere’s share of production is at the highest level since 1972, before the first oil shock in 1973/74, and is still climbing.
Western Hemisphere production has grown much faster than consumption, which first lowered its import requirements from the Eastern Hemisphere, then resulted in an increasing surplus available for export.
As a result, increasing tanker traffic from the Middle East across the Mediterranean and Atlantic to Western Europe and North America has diminished and started to reverse.
In an integrated global market, the loss of production anywhere is a threat to consumers everywhere - in the form of higher prices if not physical scarcity.
But greater geographical diversification of production and an increased share from the Americas has reduced war risks and some other forms of political risk.
In the 1950s and 1960s, the greatest risks were felt in Western Europe and Japan, given their intense dependence on imports from the Middle East.
From the 1970s and 1980s, these risks were increasingly shared by the United States, as local production fell and the country became a net importer.
But the shale revolution and the rise of other Western Hemisphere production has substantially lessened those risks even if it has not eliminated them entirely.
In the 2020s and 2030s, it is consumers in Asia, especially in China and India, who have become the most vulnerable to any interruption in supplies from the Middle East or the Western Hemisphere.
From 1945 until around 2010, policymakers in the Euro-Atlantic region were pre-occupied by issues related to oil security: diplomacy, protecting tanker routes, creating strategic inventories and encouraging alternatives to oil.
Now it is the turn of their counterparts in Asia.

Top News - Agriculture

Argentina corn and soy outlooks take hit after heat wave
Argentina's Rosario grains exchange cut its estimates for the country's 2023/24 soybean and corn harvests on Wednesday to 49.5 million and 57 million metric tons, respectively, due to a heat wave in late January and early this month.
The exchange has previously calculated the soybean harvest at 52 million tons and the corn harvest at 59 million tons.
Argentina is among the world's top two exporters of soy oil and meal, and the no. 3 global exporter of corn.
A period of higher-than-usual temperatures that began on Jan. 17 left the corn crops with less-than-ideal water levels, the exchange said, despite rains that offered some relief the second week of February.
Argentina's corn crop is however projected to hit a record level this season, even after the heat wave's impact.
The exchange stipulated that it was "very important" that the cornfields receive more rain in coming days to secure the crop's recovery and sustain the season's potential.
Argentina's critical soybean crop was also impacted by the "very long and severe heat wave" that hit farmlands "at a very sensitive time for early soybeans."
Argentina's agricultural Pampas region is expected to receive rainfall in the coming days, though the bulk of this should land in the northern part of the country's agricultural heartland, the Buenos Aires grains exchange said on Wednesday. Farmers in Argentina have already planted their soybeans and corn for the current season, which should see harvests begin in April.

Ukraine corn area to lose to soy, but cash shortage limits switch
Ukrainian farmers are reviewing their planting plans for 2024 after low corn prices led to steep losses last year but their ability to switch to more profitable soybeans is limited by scarce funding, producers said.
Farmers in the southern regions in the war-stricken country have started spring sowing with barley but still have time to decide whether to sow corn, which have been generating losses of more than $50 per ton for producers.
Analysts and officials say farmers are often unable to abruptly abandon corn due to a lack of money to buy good seed of other crops and the necessary technology.
"If there will be a decrease in corn, it will be about 2-3%, hardly more.
There will definitely be more soybeans, because soy is the only crop that was profitable last year," Oleh Khomenko, director with agriculture business association UCAB said.
The Agrarian Council, Ukraine's largest agribusiness group, said late last year that farmers spend $149 to grow one metric ton of corn, which they can sell for $94.
Farmers sowed about 4 million hectares of corn for the 2023 harvest but almost 320,000 hectares of them remained unharvested as of Feb. 8.
Alex Lissitsa, CEO of IMK farm holding, said the company would stay in corn.
"We'll plant the same amount as last year, no change," he said.
"Everyone is reducing (the area under) maize (corn), but we know how to grow it, so we decided that we will follow the same trajectory as we did before the war."
Ukraine's farm ministry said this month the area sown for corn could decrease 9% this year but others expected a much smaller decline.
The International Grains Council last week forecast there would be a year-on-year decline of just 1.4%.

SOYBEAN SHIFT

The shift away from corn to soybeans mirrors a similar trend in the U.S.

The U.S. Department of Agriculture forecast corn seedings of 91.0 million acres, down from 94.6 million in 2023 and soybean seedings of 87.5 million acres, up from 83.6 million last year.

Global corn prices have fallen to the lowest level in more than three years this month with the market well supplied after a record U.S. crop in 2023.

Ukrainian corn production has risen sharply this century from just 3.8 million tons in 2000 to a peak of about 42 million in 2021.

Russia's invasion has curbed production although it remains Ukraine's largest grain crop at 30 million tons in 2023 followed by wheat at 22 million tons.

The government and analysts say the exportable surplus could total 22 million tons in 2023/24, however, export difficulties caused by the blockade of seaports and the western land border led to a sharp fall in domestic prices, which have often failed to cover farmers' costs.

The Agrarian Council said Ukraine still had about 17 million tons of corn available for exports but very low prices forced farmers to delay the sale.

"Since prices on CPT (Carriage Paid To) are so low that they make corn trading unprofitable for an average farmer, many farmers are ready to postpone corn sales until summer or even postpone them to the next season," the council said in a report.

"We are reviewing the structure (of crops). Corn is deeply unprofitable and we are entering 2024 without corn," said Svitlana Nikitiuk, the head of agricultural division of Epicentr-Agro farm holding.

The holding sowed 20,000 hectares for corn in 2023.

She said the company instead would start soybean planting with large area of 40,000 hectares and increase the acreage sown to rapeseed and sunflower. "Absolutely all of our oilseed group we will process - this is the most profitable today. Our main vector for 2024 is to maximise the processing of what we grow," Nikitiuk said.

MARKET MONITOR as of 07:33 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$78.20 / bbl	0.37%	9.14%
NYMEX RBOB Gasoline	$2.54 / gallon	0.30%	20.52%
ICE Gas Oil	$840.25 / tonne	0.45%	11.92%
NYMEX Natural Gas	$1.76 / mmBtu	-0.68%	-29.95%
Spot Gold	$2,030.59 / ounce	0.28%	-1.55%
TRPC coal API 2 / Dec, 24	$89.35 / tonne	-4.23%	-7.89%
Carbon ECX EUA	€53.76 / tonne	-1.45%	-33.11%
Dutch gas day-ahead (Pre. close)	€23.85 / Mwh	0.93%	-25.12%
CBOT Corn	$4.23 / bushel	-0.41%	-12.71%
CBOT Wheat	$5.75 / bushel	-0.48%	-10.05%
Malaysia Palm Oil (3M)	RM3,871 / tonne	0.21%	4.03%
Index	**Close 21 Feb**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	315.52	1.21%	4.68%
Rogers International	26.91	0.77%	2.22%
U.S. Stocks - Dow	38,612.24	0.13%	2.45%
U.S. Dollar Index	103.74	-0.25%	2.38%
U.S. Bond Index (DJ)	421.38	-0.26%	-2.17%

Top News - Metals

Australia's lithium producers see signs market is stabilising

Pilbara Minerals said it saw signs the lithium market was stabilising as Australia's top producers reported a slump in earnings and took steps to ride out slowing demand for the raw material of electric vehicle batteries.
Lithium prices have fallen around 70% over the past year as EV sales growth slowed, but capacity expansions by chemicals makers and government support globally bode well for the market longer term, Pilbara Minerals CEO Dale Henderson said.
In the short term, prices of lithium ore spodumene appear to have levelled out, with a small increase in China's lithium carbonate prices and more customer enquiries over the last eight weeks than in "quite some period", Henderson told an earnings call.
Top battery maker CATL's closure of its high cost Jianxiawo lepidolite operations would be a positive sign for the market, he said. Australian lithium stocks gained early this week after Reuters reported speculation about the closure.
"If it is to be true, it signals effectively a swing price... that knocks out lepidolite supply...If there were ever a group that could keep a mine running it would be CATL," Henderson said. Lepidolite is a lithium mineral that is costly to process.
Pilbara reported a 78% plunge in first-half profits on weak lithium prices and withheld dividends to preserve capital for project investments.
Other major producers in Australia, which supplies around half the world's sea-borne lithium, doubled down on cost cuts and said they would review the timing of new investments pending market conditions.
Diversified miner Mineral Resources said it may curtail the timing of first production from its Wodgina train 3 concentrator which was due mid year. The build out of a fourth train, still slated for 2026, could be delayed, according to Citi analysts.
"On pricing, MIN thinks it’s close to the bottom here and price will come back after CNY," said Citi in a note.
Mineral Resources reported underlying earnings of A$649 million, down 28% on the same half a year earlier.
Battery minerals producer IGO lodged a 26% profit drop and said timing of a fourth ore processing plant at its Greenbushes mine may be adjusted. It is due to start commissioning in 2027.
IGO owns Greenbushes, which is the world's largest lithium mine with China's Tianqi Lithium and Albemarle Corp.

China lithium futures ride environmental rollercoaster

China's lithium carbonate futures prices rebounded on Wednesday after sentiment was stirred by a market speculation that operations in a major production hub may face environmental inspections that could lead to output restrictions.
The most-active July contract on the Guangzhou Futures Exchange surged by 10% to touch an intraday high of 103,000 yuan a metric ton earlier the session, its highest since Jan. 25.
The contract surrendered some earlier gains and closed daytime trade 3.47% higher at 96,900 yuan a ton after sentiment cooled the afternoon.
The price rally was ignited by a market talk that Yichun, a city in the southern province of Jiangxi, will face environmental checks and producers that are unable to properly handle lithium slag may face curbs on their operations.
The environmental bureau in Yichun city and Jiangxi province did not respond to Reuters requests for comment.
Yongxing Special Materials Technology whose subsidiary in Yichun was said to have been affected could not be reached for comment.
Jiangxi accounts for at least a quarter of China's total supply of lithium carbonate, information provider ICC says. Several producers in Jiangxi denied to have faced environmental inspection-induced production halts, ICC analysts said in a note.
Major lithium salt producers in Jiangxi are still operating in line with their production plans while scheduled maintenance among some producers was underway, a survey from information provider Shanghai Metals Market (SMM) showed.
Jiangxi has faced increasingly prominent environmental issues especially after it has become a major lithium production hub amid China's drive for self-reliance in the material used in electric vehicle batteries.
The output of lithium carbonate made from lepidolite is estimated at 7,750 tons in February, down 33% from the prior month, due to a week-long Lunar New Year holiday and annual maintenance among plants, SMM analysts said in a note, forecasting March production to climb by 64% on the month to 12,730 tons.
SMM pegged China's total February lithium carbonate output at 32,005 tons, with a monthly fall of 17%, while the March output will climb by 30% on the month to 44,048 tons.
The futures price surge came after Australian lithium stocks rallied on Monday on speculation that Chinese battery maker CATL had closed its Jianxiawo mine in China.
CATL did not respond to a Reuters request for comment.
Spot prices, however, were immune from the buying in the futures market and continued a downtrend amid a supply glut that had caused a price slump of more than a half in 2023 versus the 2022 level and is expected to continue in 2024.

Top News - Carbon & Power

FOCUS: Tumbling US natural gas prices prove unstoppable, hurting producers

For nearly a year, U.S. natural gas producers have slammed the brakes on production as prices fall. But relentless output gains including from oil companies that pump gas as an oil byproduct have unleashed record supplies.

In the oil versus gas contest, gas producers are losing out. Some are shutting in wells, canceling projects or selling themselves to rivals to avoid losses. Natural gas prices this month fell to an inflation-adjusted 30-year low of $1.59 per thousand cubic feet, benefiting consumers of the fuel like utilities, but hurting producers who are selling at nominal prices as low as they were in the depths of the COVID-19 downturn.

Nowhere is the pain of cheap gas as evident as Denver-based BKV Corp. In the last five years, it spent $2.7 billion to acquire 4,000 gas wells and two gas-fired power plants. It also pledged $250 million to build a dozen underground carbon capture and storage sites to make its gas more climate friendly. The nosedive in U.S. gas prices has stalled BKV's plans for an initial public offering and scuttled the carbon joint venture with Verde CO2 to couple its gas and power plants with carbon sequestration. BKV last year narrowly avoided loan defaults with a $150 million bailout by its parent.

Majority-owned by Thailand power giant Banpu Public Co., the little-known BKV in 2016 began buying scores of U.S. gas wells, taking castoffs from oil producers' Exxon Mobil, Devon Energy and others.

"We absolutely want to be the biggest natural gas producer in the country. That's my ambition," BKV Chief Executive Christopher Kalnin said in an interview here in December at its first carbon-sequestration site.

BKV's profits soared to $410 million in 2022 on strong natural gas prices after Russia's invasion of Ukraine spurred huge demand for exports of liquefied U.S. gas.

The company launched a plan to build a U.S. version of its Thai parent, tying together natural gas and power. The plan included an IPO to help finance the gas-to-power expansion and a complement of carbon-burying wells.

CLIPPED WINGS

But BKV fell back to earth under prices suffering from a relentless expansion of U.S. natural gas output. Its profit fell to about $79 million in its most-recently reported nine-month period.

U.S. gas firms last year cut drilling 22% to stem the gusher. But the flows keep coming: The U.S. will pump 105 billion cubic feet a day of gas this year, up 2.5 billion cubic feet a day in the last year. That increase is enough to fuel 12.5 million U.S. homes for a day.

In most industries, volume increases are good. More production equals more profit. But rising output has overwhelmed efforts to curtail drilling and even demand from frigid temperatures, leading to a price drop that knocked U.S. gas recently to less than a third of 2022's average $6.50 per million British thermal units. By contrast, benchmark WTI crude prices fell just 17%.

Oil prices have held steadier thanks to global supply cuts by major OPEC producers and their allies.

But soaring gas production, especially from oil companies who view gas as a byproduct of their output, has proven "relatively insensitive to prices," said Nicholas O'Grady, CEO of U.S. shale gas explorer Northern Oil and Gas.

Gas producers have been reluctant to cut output deeply on the prospects of giant new liquefied natural gas (LNG) plants opening this decade, he said.

LNG exports would drain the excess gas supplies and should return prices to levels that make gas profitable to drill again by 2025, O'Grady and BKV's Kalnin predict.

There are four U.S. projects with export permits on the drawing boards that would consume up to 6.3 billion cubic feet of gas that if they go ahead would be producing LNG later this decade.

The danger is that third wave of new LNG plants may be delayed or lost forever. President Joe Biden's administration last month indefinitely paused reviews of new gas-export permits, jeopardizing as much as 32 billion cubic feet per day of future consumption.

U.S. natural gas producer Comstock Resources said last week it would reduce the number of rigs in operation and suspend its dividend until gas prices rise sufficiently, while rival Antero Resources said it would cut drilling and drop project spending budget by 26%.

'PERFECT STORM'

BKV, short for Banpu Kalnin Ventures, began operations in Pennsylvania in 2016 with a plan to buy additional old gas fields from big oil companies, invest only enough to hold production steady, wait for prices to rise and - only then - invest in expanding production.

The moment appeared to arrive in mid-2022. As U.S. gas climbed to over $9 per thousand cubic feet, BKV's Kalnin launched a costly and ambitious expansion plan.

In July that year, he closed on a $750 million deal for Exxon Mobil gas properties in North Texas. The same month, he acquired a Temple, Texas, gas-fired power plant for $460 million. Weeks later, he followed that deal with a $250 million partnership with Texas-based Verde CO2 LLC to build a dozen carbon sequestration sites across the United States. "We didn't see prices collapsing like they did," said Kalnin at the opening of his first carbon sequestration site in December.

Kalnin, a former McKinsey consultant who spent his early years in Thailand and later worked for the country's national oil and gas company, hasn't given up on his gas-to-power empire. "(Gas prices) are setting up for another fly-up in the second half of 2024," Kalnin said in December, pointing to forecasts for rising LNG demand.

"There are micro windows for IPOs opening up," a spokesperson added on Tuesday. "We are hoping to stay ready for when that micro window opens. Market performances for IPOs and gas prices need to improve," she added.

Associated gas, which comes out of wells alongside oil, yanked the rug out from Kalnin's vision. More than a third of all U.S. gas production comes from producers drilling for oil, according to government estimates. That figure is rising as wells mature and more gas comes up than oil.

BKV last year won a lifeline from its parent, selling shares to Banpu for $150 million to avoid breaching debt covenants. Most of the cash was put into a debt service account. "You have this perfect storm. A warm winter plus too much gas supply, both primary and associated, and now, possible delays to new LNG export permits," said Blake London, a managing partner of private equity fund Formentera Partners.

China 2023 coal power approvals rose, putting climate targets at risk

China approved another 114 gigawatts (GW) of coal power capacity in 2023, up 10% from a year earlier, with the world's top carbon polluter now at risk of falling short on climate targets after sanctioning dozens of new plants, research showed.

In an effort to bring climate-warming emissions to a peak by 2030, China has vowed to "strictly control" new coal-fired generation capacity, and has also connected record numbers of new wind and solar plants to its grid.

But after a wave of electricity shortages in 2021, China also embarked on a coal power permitting boom that could slow its energy transition, according to analysis by U.S. think tank Global Energy Monitor (GEM) and the Helsinki-based Centre for Research on Energy and Clean Air (CREA). China has approved 218 GW of new coal power in just two years, enough to supply electricity to the whole of Brazil. Construction started on 70 GW of new coal plants last year, up from 54 GW a year earlier, with another 47 GW going into operation, up from 28 GW in 2022, the analysis said.

"Drastic action" is now required to meet 2025 carbon and energy intensity goals, and China could also struggle to meet a target to raise the share of non-fossil fuels in its total energy mix to 20% by 2025, it added.

China has pledged to start cutting coal consumption over the 2025-2030 period, but developers are building as much new capacity as they can before 2025, they said.

China's total power capacity is already sufficient to meet demand, but its inefficient grid is unable to deliver electricity where it is needed, especially across provincial borders, encouraging more plant construction.

CREA has previously forecast that China's carbon emissions will fall this year, with utilisation rates at coal plants likely to drop significantly as more clean energy is connected to the grid. "This risks significant financial problems for coal power plant operators and potential pushback against the energy transition," said Lauri Myllyvirta, CREA's chief analyst. "This contradiction will have to be resolved in order for China to realise the emission reductions needed to get on track to carbon neutrality."

Top News - Dry Freight

Ukraine exports 600,000 T grain via Romania Feb 1-15, Kyiv says

Ukraine shipped 600,000 metric tons of grain via Romania to Europe in the first half of February, its agriculture ministry said on Wednesday, keeping the same pace of grain transit through Romania as in January.

Romanian sea ports have become the main route for Ukrainian food exports after Russia blocked key ports on the Ukrainian coast of the Black Sea. Ukraine also supplies food products to southern European countries by rail via Romania. The Ukrainian ministry said about 1.1 million tons of grain were shipped for transit via Romania in January. "Ukraine has not exported grain to Romania since the summer of 2023, after restrictions were imposed at the EU level. Grain crops transit through Romania," the ministry said.

Ukrainian grain supplies to European countries became one of the reasons for mass protests by farmers in neighbouring countries, particularly in Poland.

Warsaw has been a staunch supporter of Kyiv in its fight to repel a full-scale Russian invasion launched in 2022, but protests from farmers complaining of unfair competition have strained ties that were already on edge after truckers blocked border crossings around the turn of the year. The protests escalated on Tuesday, with a near-total blockade of all Ukrainian border crossings and disruption at ports and on roads nationwide.

Ukraine says its agricultural exports through eastern Europe have not damaged EU markets and called on the European Commission to take robust action after demonstrators blockaded the border and opened railway carriages to let grain spill out.

Japan to import 3,140 tons feed wheat via tender

Japan will import 3,140 metric tonnes of feed-quality wheat for livestock use via a simultaneous buy and sell (SBS) auction that closed late on Wednesday, the Ministry of Agriculture, Forestry and Fisheries (MAFF) said. The ministry had sought 60,000 metric tons of feed wheat and 20,000 tons of feed barley to be loaded by Feb. 28 and arrive in Japan by March 21 in the tender.

Japan buys and sells its feed wheat and barley via so-called SBS auctions, in which end-users and importers specify the origin, price and quantity of grain, allowing millers to meet their varied needs for the feed grain.

Picture of the Day

Greek-flagged bulk cargo vessel Sea Champion is docked to the port of Aden, Yemen to which it arrived after being attacked in the Red Sea in what appears to have been a mistaken missile strike by Houthi militia, February 21, 2024. REUTERS/Fawaz Salman

(Inside Commodities is compiled by Rohit James in Bengaluru)

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