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Top News - Oil

OPEC+ to consider extending voluntary oil output cuts, sources say

OPEC+ will consider extending voluntary oil output cuts into the second quarter, three OPEC+ sources told Reuters, to provide additional support for the market, and could keep them in place until the end of the year, according to two of them.
Last November, the Organization of the Petroleum Exporting Countries and allies led by Russia agreed to voluntary cuts totalling about 2.2 million barrels per day (bpd) for the first quarter this year, led by Saudi Arabia rolling over its own voluntary cut.
Oil prices have found support this year from rising geopolitical tensions due to attacks by the Iran-aligned Houthi group on Red Sea shipping, although concern about economic growth and high interest rates has weighed. Brent crude was trading near $83 a barrel on Tuesday.
Extending the output cuts into the second quarter is "likely", one of the OPEC+ sources, who declined to be identified by name, said.
Two of them said a longer extension until the end of the year was possible. OPEC and the Saudi Energy Ministry did not respond immediately to requests for comment.
Under the current agreement, the total cuts by the group are set to decline 3.66 million bpd from the beginning of April.
OPEC+'s de facto leader Saudi Arabia has said that the cuts could continue past the first quarter if needed.
The issue has yet to be discussed formally by OPEC+, two of the sources said. A decision on extending the cuts is expected in the first week of March, sources have said, with individual countries expected to announce their decisions.
OPEC+ has implemented a series of output cuts since late 2022 to support the market, amid rising output from the United States and other non-member producers and worries over demand as major economies grapple with high interest rates aimed at curbing sticky inflation.
OPEC+ is facing a flood of U.S. output. The U.S. has become biggest European oil and liquefied natural gas supplier after Russian sanctions and Middle East supply disruptions due to Red Sea attacks.
The oil demand outlook is uncertain for this year. OPEC expects another year of relatively strong demand growth of 2.25 million bpd, led by Asia, while the International Energy Agency expects much slower growth of 1.22 million bpd.

Oil and gas upstream M&A deal value hits highest Q1 levels since 2017

An ongoing consolidation in the U.S. shale industry has driven up global M&A deal value in the oil and gas exploration sector to its highest first-quarter level in seven years, industry experts said.
Deals worth more than $55 billion have been announced in the first two months of 2024, according to analytics firm Enverus, as publicly traded companies take advantage of their high share price to gobble up smaller firms.
Some of the major deals include Diamondback Energy's $26 billion offer to acquire Endeavor Energy Partners earlier this month and APA Corp agreeing to buy Callon Petroleum for $4.5 billion in January.
The total value of deals in January and February has already hit the highest level since the first quarter of 2017 when $68 billion worth of deals were announced, and is also more than double that announced in the first quarter of 2023.
Deals involving U.S. shale firms represented more than 80% of the total value, Enverus said.
"With another estimated $55 billion worth of assets up for sale in the U.S. shale, we expect this shale domination in overall M&A activity to continue," said Palash Ravi, Rystad Energy senior M&A analyst.
An uptick in international M&A activity has also helped boost overall deal value.
European majors have driven much of the activity, representing 66% of the overall international M&A deal value so far in 2024, as per Rystad Energy data.
Industry experts also expect some consolidation in the U.S. shale gas sector in 2024, following a period of muted activity due to a drop in Henry Hub prices.
"Future gas M&A is likely to be driven by outside buyers that lack exposure to U.S. shale gas assets or cases where there are large in-basin synergies to capture," said Andrew Dittmar, a senior vice president at Enverus.

Top News - Agriculture

Indonesia 2024 palm oil output seen rising by 5% year-on-year - GAPKI

Indonesia's palm oil output this year is expected to rise by 5% year-on-year to 57.6 million metric tons as more newly matured crops come into fruition, the Indonesia Palm Oil Association (GAPKI) said on Tuesday.

In 2023, palm oil output grew by 7% from the previous year to 54.84 million tons including 50.07 million tons crude palm oil (CPO), despite the moderate dry weather El Nino pattern that hit the country.

"There were additional 300,000 hectares (741,316 acres) of maturing areas that started to be harvested in 2023, so the output in 2023 increased," GAPKI chairman Eddy Martono told reporters.

Exports of Indonesian palm oil products in 2023 dropped 2.7% on a yearly basis to 32.2 million metric tons from 33.1 million tons shipped in 2022 as domestic demand increased after Indonesia raised its mandatory biodiesel blending to 35% from 30% last year.

GAPKI previously said 2022 palm oil export stood at 30.25 million tons and the latest figures were revised based on statistic bureau data.

GAPKI estimated 2024 export figure to stagnate at around 32-33 million tons as domestic demand expected to continue growing.

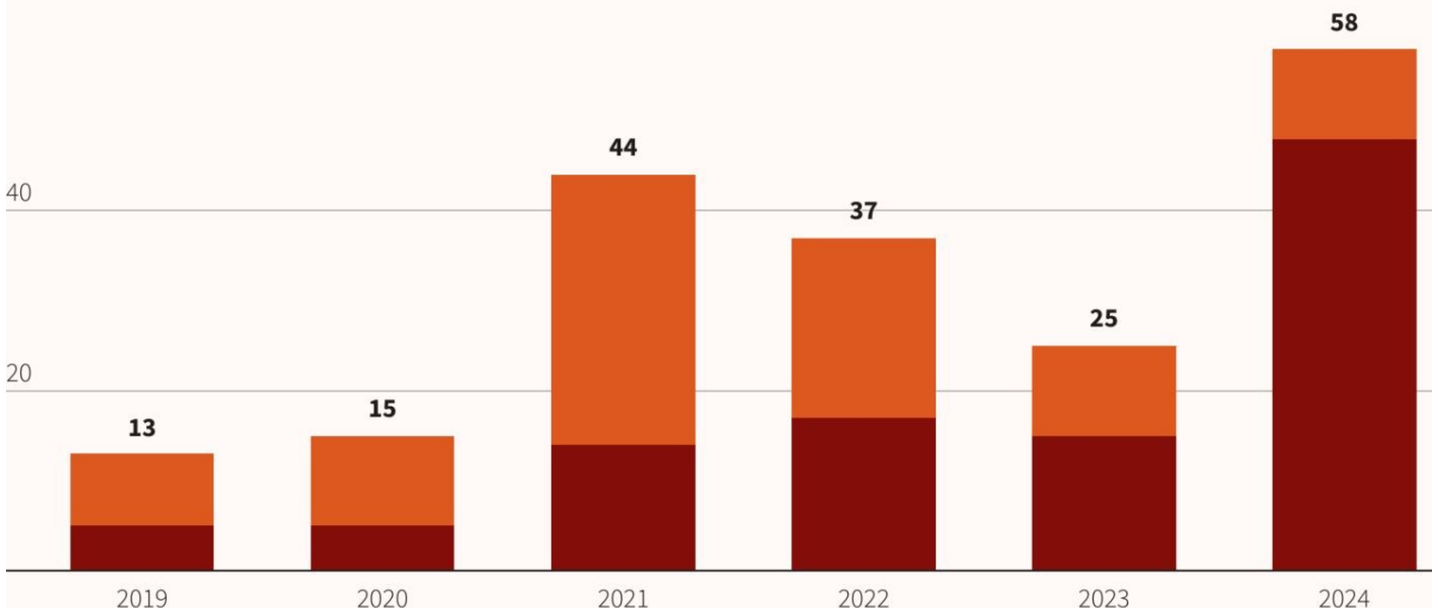
"If production could not be boosted, while consumption continue to grow, there will be a competition between food and energy. At the end, exports would be sacrificed," he said.

Indonesia put a moratorium on palm oil plantation in 2018, after launching smallholders replanting scheme in 2016 in an effort to boost output without opening new areas.

However, realisation of the scheme have been slow due to land legality issue and reluctance from farmers afraid of losing their source of income in the first three years after replanting.

The government is currently considering plans to double its palm oil replanting subsidy to 60 million rupiah ($3,837.54) per hectare from currently 30 million rupiah to

Chart of the Day



boost farmer participation in the programme, chief economic minister Airlangga Hartarto said on Tuesday. Indonesia's palm oil inventories by end of last year stood at 3,14 million tons, down 14.79% on a yearly basis.

Ivorian cocoa output could fall by up to 25%, farm minister says

Adverse weather in Ivory Coast, the world's largest cocoa producer, could hit output by as much as 25% this season, Agriculture Minister Kobenan Kouassi Adjoumani said on Tuesday.
"We are waiting for the intermediary (mid-crop) campaign for final estimates. For the moment we are at 20% (drop) but forecasts say that, if it (adverse weather) continues, it will fall 25% maximum," Adjoumani told reporters on the margins of the Paris farm show. "A drop of 25% is possible but no more," he added.
Cocoa futures prices hit record highs on Monday and have gained more than 40% over the past month as the outlook for poor crops in top producers Ivory Coast and Ghana continue to deteriorate. A Reuters poll of traders and analysts issued this month gave a median forecast for the 2023/24 (October/September) Ivory Coast crop of 1.8 million metric tons. That represented a fall of nearly 20% from the 2022/23 crop, which has been estimated at 2.23 million tons by the International Cocoa Organization.

Top News - Metals

Chinese money still chasing Canadian critical mining deals despite Ottawa's scrutiny

A year after Canada tightened foreign investment rules for the critical minerals sector, Chinese money has continued to pour into Toronto-listed miners, according to proprietary research conducted by the University of Alberta.
The inbound flow is raising hopes among some junior miners that it will be easier to find Chinese funding.
Canada had forced three Chinese investors to sell their stakes in Canadian critical mineral companies in 2022. Some of these companies did not have their mines in Canada.
In October 2022, the government added an extra layer of scrutiny for inbound deals in critical minerals.
The changes did not specify which country's investments would be scrutinized, but the government says it wants to secure the critical minerals sector, which is strategic to Canada's national security.
Still, Canada's critical miners received at least a dozen investments worth C$2.2 billion ($1.6 billion) in 2023 from new and existing investors in China and Hong Kong, a huge increase over C$62 million in 2022, data compiled by the University of Alberta's The China Institute shows.
"What you are seeing is the reality, that there is no blockade of Chinese investments in Canada... it is a perception issue," said Dean McPherson Head of Mining, TMX Group Ltd.
"Chinese investors are not shy to risk, they are willing to stick in and ride it out (in Canada)," Mcpherson added.
Daniel Lincoln, a researcher with The China Institute, told Reuters Canada may find it difficult to regulate all Chinese mining acquisitions notwithstanding the provisions in the Investment Canada Act, especially when both buyer and seller are keen for the transaction.
In a latest test of Canada's new rules, China's state-owned Zijin Mining Group last month offered to buy a 15% stake in Solaris Resources Inc for C$130 million. While Canada lists copper as a critical mineral, the deal is likely to be approved since the funds will be used to develop Solaris' copper-gold project in Ecuador, two sources familiar with the deal told Reuters.
Solaris and Zijin did not respond to an email query by Reuters.
A spokesperson for the Ministry for Innovation, Science and Industry declined to comment on the Zijin deal, but said the government must examine each investment on its merit to ensure Canada remains open to necessary foreign direct investment.

COPPER ASSETS IN DEMAND

Chinese investors have been among the most active in Canada's mining industry, plowing C$21 billion between 1993 and 2023, according to data from The China Institute.
Last year, copper companies were the most targeted by Chinese investors. MMG Africa Ventures, a unit of state-backed China Minmetals Corp, bought a copper mine from Vancouver-based Cuprous Capital Ltd for C$1.7 billion, and Hong Kong-based Greenwater invested C$13 million in Gowest Gold, the data shows.
Jiangxi Copper Co Ltd increased its stake in First Quantum Minerals Ltd to 18.5% from 18.3% and the Chinese company also bought $20 million worth of senior notes in the Canadian company last year, regulatory filings show.
Some smaller miners and explorers have been lobbying the Canadian government to allow more Chinese investments, citing difficulty in raising capital.
On Sunday, Chinese miner Yintai Gold agreed to buy Vancouver-based Osino Resources for C$368 million.
Osino and Yintai did not respond to a Reuters query about if they are seeking Canadian government approval for the deal. Gold is not considered a critical metal by Canada.
Michelle DeCecco, chief operating officer of Lithium Chile,

one of the three companies that Canada ordered to get rid of its Chinese investor, told Reuters there was no softening in Ottawa's stance because of which companies are finding alternative ways to secure Chinese funding.
Soon after SRG Mining Inc received a C$16.9 million investment proposal from C-ONE, backed by Chinese entrepreneur Yue Min, the Montreal-based graphite miner announced plans to change the country where it is incorporated. On Monday, it said it would incorporate in Abu Dhabi Global Markets while maintaining its Canadian stock market listing.
SRG Mining did not respond to an email query by Reuters.
"Unfortunately, it is often to take their companies out of Canada; away from Five Eyes," DeCecco said, referring to the intelligence sharing network comprising of the United States, Britain, Canada, Australia and New Zealand.

GRAPHIC-Bearish demand expectations challenge iron ore's price resilience
Iron ore prices, long resilient despite China's gloomy economic outlook, have tumbled since the end of the Lunar New Year holiday, sparking concerns around faltering demand and denting mining stocks in top producer Australia.
Prices have fallen by nearly 8% since China, the world's biggest consumer of the key steelmaking ingredient, returned to work on Feb. 19, pressuring Australian mining stocks to four-month lows on Tuesday.
Even Beijing's biggest-ever cut in the benchmark mortgage rate to revive the ailing property market failed to support prices, which typically get a boost from such stimulus.
The declining prices aren't necessarily bringing much relief to steelmakers, either, as many of them are still using stocks bought at higher prices even as steel prices have dropped.
China is by far the world's top steel producer.
"Mills depending more on seaborne cargoes may suffer deeper losses because of higher production costs as the cargoes they consume were bought when prices hovered higher," said a central China-based steelmaker.
Ore prices had risen following the Lunar New Year holiday last year, and ended the year stronger despite weak Chinese steel demand, defying market expectations.
However, China instructing heavily indebted local governments to delay or halt some state-funded infrastructure projects has cast a fresh shadow on demand, on top of the persistent drag from the property sector.
Many mills chose to draw down inventories instead of placing new orders from the portside market as ore prices fell, according to two Chinese steelmakers and three traders. "This year might be even harder than last year in

MARKET MONITOR as of 07:31 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$78.40 / bbl	-0.60%	9.42%
NYMEX RBOB Gasoline	$2.59 / gallon	0.02%	23.19%
ICE Gas Oil	$839.00 / tonne	-0.86%	11.75%
NYMEX Natural Gas	$1.79 / mmBtu	10.96%	-28.72%
Spot Gold	$2,027.90 / ounce	-0.09%	-1.68%
TRPC coal API 2 / Dec, 24	$98 / tonne	7.13%	1.03%
Carbon ECX EUA	€55.95 / tonne	0.48%	-30.38%
Dutch gas day-ahead (Pre. close)	€24.83 / Mwh	3.89%	-22.04%
CBOT Corn	$4.24 / bushel	0.18%	-12.35%
CBOT Wheat	$5.83 / bushel	-0.17%	-8.80%
Malaysia Palm Oil (3M)	RM3,918 / tonne	-0.10%	5.29%
Index	**Close 27 Feb**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	318.66	1.06%	5.73%
Rogers International	26.92	1.11%	2.24%
U.S. Stocks - Dow	38,972.41	-0.25%	3.40%
U.S. Dollar Index	104.03	0.19%	2.66%
U.S. Bond Index (DJ)	421.56	-0.20%	-2.13%

terms of garnering profit. We will continue to maintain a low inventory of raw materials," said a manager at a steel mill in north China.

Both steelmakers requested anonymity as they are not authorised to speak to media.

Thin margins have led steelmakers to hold off from ramping up production prior to the start of peak demand season in March, analysts said. "Steel markets are weak and there is still little confidence in the economy," Tomas Gutierrez, head of data at consultancy Kallanish Commodities, told Reuters. "Beijing's ability to engineer economic growth by traditional means is fading."

However, despite stronger-than-usual supply in a typically slower shipment season creating headwinds for iron ore prices, several market participants said they expect prices to rebound soon as a demand recovery looms ahead, with weather increasingly favourable for construction activity.

Average daily hot metal output, a gauge of ore demand, is also likely to rise in coming weeks from its current subdued level, analysts said.

Galaxy Futures said in a note on Tuesday that steel demand may beat expectations in the first half of the year on robust manufacturing and export activity and as funds earmarked for during the fourth quarter for infrastructure spending are released.

Top News - Carbon & Power

India's thermal coal imports seen falling for first time since pandemic

India's thermal coal imports are expected to fall for the first time this year since the COVID-19 pandemic due to increasing domestic output and record high inventories, industry officials said on Tuesday.

Out of eleven coal traders Reuters spoke with at the Coaltrans India conference in the western state of Goa, eight expected shipments of the fuel to decrease this year, while the others foresaw flat imports or marginal growth.

Surging production and supplies by world's largest miner Coal India have pushed stockpiles at power plants to record highs of over 43 million metric tons, prompting it to sell more to non-power sector users such as sponge iron and aluminium smelters, which have traditionally imported the fuel.

Pawan Kumar, head of coal sourcing at power producer SEIL Energy India, said he expects thermal coal imports to fall over 3% to 170 million tons, while Rodrigo Echeverri, head of research at Noble Resources, forecast a near-6% decline. India imported 176 million tons of thermal coal in 2023, driven mainly by power plants.

"Domestic production has gone up and coal is easily available at floor prices," Rajat Handa, vice president of international trade at Agarwal Coal told Reuters.

"This year, imports are not going to be higher than 160 million tons," he said, adding that many users who previously imported the fuel are switching to domestically mined coal.

The projected decline in coal imports could squeeze key exporters Indonesia, South Africa and Australia, which account for about 90% of coal shipments to India, the world's second biggest-coal importer behind China.

The lower outlook also comes as the global coal market appears headed towards oversupply for the first time since 2020, according to Noble Resources.

Echeverri estimated that the coal markets would be oversupplied by 32 million tons in 2024 due to a warmer-than-usual winter, global economic slowdown, and tepid buying by Europe due to high gas inventories.

Lower Indian appetite for imports could further pressure prices, even as miners grapple with a 70% plunge from record highs that followed Russia's invasion of Ukraine in 2022.

"The market will need to be saved by China in 2024 (again)," Echeverri said in a presentation.

A surprise uptick in Indian shipments and record imports by China had helped balance the coal markets last year. The countries, which account for nearly half of global seaborne coal imports, had boosted buying despite record domestic output due to surging electricity use.

Apart from utilities, cement plants - which seek better quality coal - along with steel and sponge iron plants, drove Indian coal imports in 2023, according to data from Indian trading and analytics firm I-Energy Natural Resources.

While imports by Indian utilities could fall, growing cement and steel industries remain bright spots, traders and industry officials said.

However, higher freight rates will also keep a lid on Indian imports, said K.C. Gandhi, joint president, materials management at Shree Cement, adding he expected prices to fall further this year.

"Red Sea disruptions and challenges at the Panama Canal, which are contributing to high freight rates, will offset the benefits of ample availability," Gandhi said. He said he expects cement sector imports to grow in line with the industry's expected growth of over 7%.

EU 2030 wind target within reach thanks to investment, improved permitting, industry body says

The European Union's wind power target for 2030 is within reach due to a rebound in investment and improved permitting procedures, an industry association report showed on Tuesday.

In an outlook on the sector to 2030, WindEurope forecast that the EU will install an average of 29 gigawatts (GW) in wind capacity each year, increasing installed capacity to 393 GW. To meet the EU's climate targets, 33 GW a year needs to be installed.
Two thirds of the installations will be onshore but offshore installations are expected to pick up rapidly towards the end of the decade.
Last year, the EU installed a record 16.2 GW of wind energy capacity, 79% of which was onshore.
Permitting procedures for new projects is improving due to new EU rules aimed at streamlining and speeding up the process.
Germany and Spain permitted 70% more onshore wind last year than in 2022, while France, Greece, Belgium and Britain also saw higher permitting volumes.
Investments in new capacity also increased last year due to the easing of inflation and other factors such as the European Commission's wind power package in October which set out actions to strengthen and support the industry.
New investment in offshore wind totalled 30 billion euros ($32.52 billion) last year, up from 0.4 billion euros in 2022, the report said.
"Permitting has improved thanks to new EU rules. Investments are up. Record volumes are being auctioned and built. And governments have committed with the Wind Power Package and Charter to strengthen Europe’s wind energy industry," said WindEurope CEO Giles Dickson.
"Europe’s wind supply chain is returning to profit and building the new factories needed to deliver the EU’s targets. We’re now confident that we can get close to the EU goal that wind is 35% of electricity by 2030, up from 19% today - provided Europe accelerates the build-out of grids to connect all the new wind farms," he added.
The main risk to meeting the 2030 target is delays in connecting wind farms to electricity grids and governments need to focus on accelerating the development of grids, the report said.

Top News - Dry Freight

EXCLUSIVE: Vietnam imports husked brown rice from India for re-exports, sources say
Vietnam has imported husked brown rice from India for the first time in decades to process the grain and export the refined, white variety, trade and government sources said, as Hanoi tries to cash in on strong global demand for the staple.
Vietnam, the world's third biggest rice exporter, has imported at least 200,000 metric tons of husked brown rice from India between December and February, the sources said.
Vietnam is receiving brisk export orders for rice after India, the world's biggest exporter, imposed a ban on white rice exports in 2023.
Rice shipments from Vietnam surged to a record 8.3 million metric tons in 2023.
Surging exports have led to a drawdown in stockpiles in Vietnam, which is still keen to meet rising global demand, said an exporter in the eastern Indian city of Kolkata.
Since rice paddy was not available in Vietnam for milling, some traders imported husked rice from India and made a good profit by processing and exporting the grain, he said.
Soon, other traders followed suit, the exporter said.
While India's husked brown rice was offered at around $500 per metric ton on a free-on-board (FOB) basis on the east coast, Vietnamese dealers sold the polished grain at over $600, the sources said.
Vietnam started buying husked brown from India only recently, and it now accounts for around 95% of India's total husked brown rice exports, they said.
Hanoi is currently importing around 70,000 metric tons of husked brown rice from India every month, said a government official, who declined to be identified, as he's not authorised to talk to the media.
Although the new season's supplies have started trickling in in Vietnam, Indian rice is still cheaper, the Kolkata-based exporter said.
Before India imposed the rice export ban, Vietnam imported 100% broken white rice to make animal feed and beer.
The Philippines, Indonesia, Nigeria, Senegal, Ivory Coast, and Malaysia are leading importers of rice, and they depend on exports from India, Thailand, Vietnam, Pakistan, and Myanmar.
India currently allows exports of only parboiled and premium basmati rice varieties.

China purchased Ukrainian corn in the past week, traders say
Chinese importers are believed to have purchased a substantial volume of animal feed corn from Ukraine in the past week, European traders said on Tuesday. The precise volume was unclear.
Some traders estimated at least 240,00 metric tons were bought in four 60,000 ton shipments, but with market talk that more than 10 shipments were purchased all for March/May loading.
“Ukrainian corn is looking the cheapest in the world and the low prices on offer are making the risk of sailings from Ukrainian ports and the Red Sea disruption worthwhile,” one trader said. "It is believed that shipment was booked

in Chinese vessels via the Red Sea."
The prices paid were estimated at between $227 to $230 a ton cost and freight (c&f) included to China, they said.
China is traditionally a large buyer of Ukrainian corn with purchasing continuing in recent months despite transport disruption caused by Russia's exit from the U.N.-backed safe shipping corridor for Ukrainian grain exports last year.
"Ukrainian corn continues to be offered in large volumes in February with more shipments being offered for sale using Ukraine's own shipping channel," another trader said.

Picture of the Day

A loader loads coal in the truck at an open cast coal field at Topa coal mine in the Ramgarh district in the eastern Indian state of Jharkhand, India, February 27, 2024. REUTERS/Amit Dave

(Inside Commodities is compiled by Rohit James in Bengaluru)

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

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