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Top News - Oil

New sanctions threaten Russian oil sales to India

Fresh U.S. sanctions on Moscow threaten to dent Russian oil sales to India, the biggest buyer of Russian seaborne crude, and complicate efforts by Indian state refiners to secure annual supply deals, three industry sources familiar with the matter said.

Washington on Friday imposed sanctions to mark the second anniversary of Moscow's invasion of Ukraine and retaliate for the death of opposition leader Alexei Navalny.

The sanctions target Russia's leading tanker group, Sovcomflot, which Washington accused of being involved in violating the G7's price cap on Russian oil, as well as 14 crude oil tankers tied to Sovcomflot.

Sources said Indian refiners are concerned the latest sanctions will create "challenges" in getting vessels for Russian oil and could drive up freight rates. That may narrow the discount for the oil, which is bought from traders and Russian companies on a delivered basis.

In addition, Moscow may have to push even more volumes through traders to shield from further sanctions risk, adding to uncertainties, the industry sources said, declining to be named because of the sensitivity of the matter.

India rarely bought Russian oil before 2022 due to high freight costs, but refiners in the world's third-largest oil importing nation are now big buyers, benefitting from lower prices, after Europe banned Russian oil imports.

Russia emerged as India's top oil supplier in 2023. Through term deals and spot market purchases, the South Asian nation imported about 1.66 million barrels per day of Russian oil in 2023 compared to an average 652,000 bpd in 2022.

State refiners Indian Oil Corp, Bharat Petroleum Corp (BPCL) and Hindustan Petroleum Corp (HPCL) are in joint talks with Russian major Rosneft for an annual deal to secure a combined volume of up to 400,000 bpd of Russian oil, mainly Urals, for the fiscal year that starts on April 1, sources said.

Sources said final volumes under the planned term deals depend on payment terms and discounts offered by Russia.

Rosneft has offered a discount of $3-$3.50 per barrel to Dubai prices, two of the sources said, costlier than top refiner Indian Oil's current deal with Rosneft, which ends on March 31, at a discount of $8-$9 to Dubai quotes on a cost and freight basis.

Refiners consider the proposed discount to be thin, given the uncertainties brought by sanctions, sources said.

Indian state refiners are not seeking supplies of Sokol grade crude under the planned term deal due to payment issues, they added.

The three refiners and Rosneft did not respond to requests for comment.

An Indian government source said India would continue buying Russian oil only if it is sold below the price cap in a non-sanctioned vessels. The country's oil ministry did not respond to a request for comment.

Russia tries to clear Sokol oil glut with fresh China sales

Six tankers with Russian oil in ships sanctioned by the United States were sailing to Chinese ports this week, but it wasn't clear if they would be allowed to discharge, according to LSEG, Kpler, Vortexa shipping data and two industry sources.

Were China to buy oil in the tankers it would help alleviate one of the worst gluts of Russian oil in the last two years caused by payment issues amid Western sanctions imposed on Russia due to its military actions in Ukraine.

If China rejects the tankers it would further worsen problems for Moscow, which has been struggling with Sokol oil sales and payments in recent weeks as Washington ramped up sanctions pressure.

More than 10 million barrels of Sokol oil supplied by Sakhalin-1, a subsidiary of an oil giant Rosneft, have been floating in a dozen tankers over the past three months without a buyer.

On Wednesday the Russian-flagged tanker NS Century operated by Sovcomflot's (SCF) Dubai-based subsidiary SCF MGMT anchored at close proximity to China's Qingdao port, according to LSEG data and analytical firms Vortexa and Kpler.

NS Century, sanctioned by the United States for price cap evasion, carries 698,000 barrels of Sokol oil. It was not clear why the tanker didn't head straight to the port, but anchored outside. The port of Qingdao representative didn't respond to a Reuters request for comment.

"Chinese ports may be more concerned with subsequent payment issues than allowing these ships to offload, as that could mean oil stuck at ports," an industry source said.

Krymsk, Liteyny Prospect, Nellis, NS Antarctic and Sakhalin Island, all sanctioned by the U.S. due to a price cap evasion, are heading to China's ports and are set to offload early in March, according to LSEG and Kpler data.

Overall volume of Sokol oil onboard of these tankers is some 4.1 million barrels.

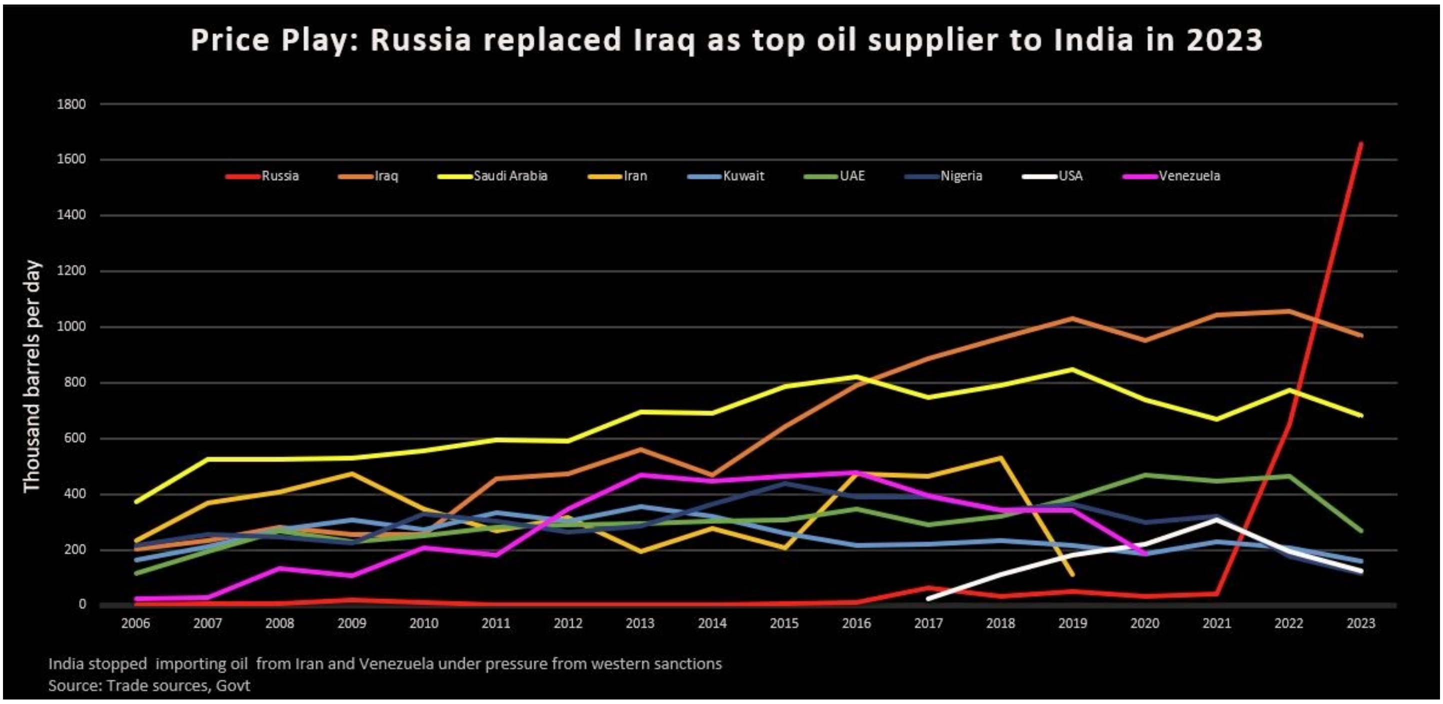
Gabon-flagged Krymsk and Liberia-flagged Nellis are heading to Dongjiakou port, while Panama-flagged Sakhalin Island - to Tianjing and Gabon-flagged Liteyny Prospect - to Qingdao, according to Kpler data. All tankers, but Nellis, are operated by SCF group of companies. Nellis is operated by HS Nellis LTD.
Rosneft didn't answer Reuters requests for comment. Russia's SCF declined to comment. China's General Administration of Customs did not immediately respond to a request for comment.
The NS Lion tanker with some 611,000 barrels of Sokol that was going towards Dongjiakou port had turned away on Monday and was going towards Singapore, according to LSEG and Vortexa data. The tanker was added to the most recent sanction list the U.S. Treasury announced last Friday.

Top News - Agriculture

Brazil's Abiove cuts 2024 soybean output estimate for second time this month
Abiove has cut its estimate for Brazil's 2024 soybean output for the second time this month, the association representing global grain traders and crushers operating in Brazil said on Wednesday.
Abiove now expects local farmers to produce 153.8 million metric tons of soybeans, down from the 156.1 million it forecast in February and the 159 million tons produced in 2023.
Abiove said it lowered its soybean production estimate due to a reduction in expected national average soy yields, which were affected by adverse climate conditions in some places.
This year, the effects of the El Nino weather patter brought excessive heat and dryness to production areas including Mato Grosso, Brazil's top grain state, and excessive rains to the south of the country, which delayed the start of sowing in states such as Rio Grande do Sul.
Based on information from global grain traders, Abiove has revised its soybean national average yield to 3,411 kilograms per hectare against 3,597 kg/ha in 2023.

Argentina rains to bring more relief to soy and corn crops
Copious rains in the coming days will continue to provide moisture to most of Argentina's agricultural regions, favoring soybean and corn crops planted in the 2023/24 cycle, the Buenos Aires grain exchange (BdeC) said on Wednesday.
Argentina is one of the world's largest exporters of soy meal and the world's third largest supplier of corn.

Chart of the Day



In the coming days, most of South America's southern cone will observe moderate to abundant rainfall, the exchange said in its weekly crop report, although Argentina's agricultural southwest will like received less than 10 millimeters (0.4 inches) of rain.
The rainfall will likely add to the adequate precipitation levels that have been falling in Argentina since the beginning of the month, following a heat wave that damaged crops.
Both the soy and corn crops are already fully planted and harvesting is set to begin in April.
The grains exchange sees the 2023/24 soybean harvest standing at 52.5 million metric tons and the corn crop at 56.5 million tons.

Top News - Metals

Tighter Indonesian nickel ore supply boosts prices, curbs smelter output

Nickel ore prices in Indonesia, the world's top producer, have risen on tighter supply after government delays in issuing new mining quotas that has also prompted smelters to curb production, industry participants and analysts said this week.
Rising nickel ore prices could translate into higher costs for stainless steel and for battery components for electric vehicles and other electronic gadgets.
Indonesia, which holds the world's largest nickel reserves, requires miners to receive a production quota known as an RKAB but the issuance this year was delayed by the country's presidential election and a change in the validity of the permits to three years, from one year previously, according to analysts and market sources.
Mining has slowed because of the delay, curbing supply, and the price of the main grade of nickel ore in Indonesia has risen in February by 14% from last month to around $36 per metric ton, according to managers at three Indonesian smelters and a Chinese trader who focuses on the Indonesian nickel market.
An Indonesian mining ministry official said on Monday it was working on approving more RKABs to address the delays, but the supply concerns remain.
"We've lowered production by quite a lot due to the ore supply tension," said one of the sources, a manager at a major Indonesian nickel smelter, who asked to remain unidentified. "It is a very tight-supplied market and smelters are all sitting on thin stocks," he said.
Many Indonesian smelters started slowing operations in January because of lower ore supply expectationsand weak seasonal stainless steel demand, and some have cut production further up to 50% this month, according to the smelter sources.
Two of Indonesia's biggest smelters, Chinese-owned Tsingshan Group and Jiangsu Delong Nickel Industry, did not respond to requests for comment on their smelting activity.
Indonesia's smelters procured raw material in the fourth quarter and are nearly running out of stock now, analysts at China Futures wrote in a note on Tuesday.
Indonesia produced 1.05 million metric tons of ferro-nickel in January, down 1.8% from the prior month, data by Mysteel showed.
Prices in Indonesia for nickel pig iron, the main feedstock for stainless steel, rose to a near three-month peak of 960 yuan ($133.35) per ton on Wednesday, up 3% from a month earlier, Mysteel data showed.

BHP to restructure some global corporate roles as it looks to trim costs

The world's biggest listed miner BHP Group said on Thursday it was disbanding some global teams and transferring those roles covering functions including planning, environment and heritage protection to its mining asset-level management.
BHP employs more than 80,000 people in staff and contractors around the world and the announcement comes after CEO Mike Henry has flagged the lack of productivity improvement and high costs of its Australian workforce.
The changes will take place at BHP's operational assets in Australia and the Americas.
BHP did not say how many jobs would be impacted if any, but the Australian Financial Review reported some roles related to a standalone planning and technical division and a unit for health safety and the environment have already been cut.
"As part of our continuous improvement in how we approach our work, we have made some changes to better align work activities within assets and support quicker decision making," a BHP spokesperson told Reuters, after an email outlining the changes was sent internally.
The changes mean that responsibility for decisions around health, safety, environment, planning, heritage management, decarbonisation and rehabilitation will come under the heads of each operational asset, according to BHP.
In Australia, BHP's assets include Western Australian iron ore, Nickel West, South Australian copper, Queensland metallurgical coal and New South Wales energy coal. In the Americas it includes its Chilean copper mines and Canadian potash.

Among other changes, warehousing and logistics roles will also become site specific rather than a global function, while operational decarbonisation will come under a national team supporting each country's assets, the company said.
BHP will keep group level teams in health, safety and security, sustainability and social value and its maintenance centre of excellence align standards, consistency, strategy and governance.
The restructure comes as BHP decides the fate of its loss-making Nickel West operations after a flood of Indonesian supply hammered prices in the past year.
Nickel West employs around 3,000 staff and Henry said a decision was expected in the coming months when the miner announced a half-year underlying profit of $6.6 billion on Feb. 20.

Top News - Carbon & Power

Russia diverts LNG supplies for Asia around Africa to avoid Red Sea, LSEG data shows
Russia is diverting China-bound cargoes of liquefied natural gas (LNG) on a longer route via the Cape of Good Hope due to the heightened risk of attacks by Yemen’s Iran-aligned Houthi group, LSEG data showed.
Global fuel producers, including Russia, were forced to change the way they deliver to Asia and go around Africa to avoid Houthi attacks in the Red Sea despite the Suez canal being the shortest route between Asia and Europe.
The conflict has also pushed up insurance premiums for ships taking the Red Sea route, adding to costs.
The extended route to Asia via the Cape of Good Hope will add about 10 days to the journey, something that could worsen a shortage of tankers Russia is already facing due to Western sanctions.
According to LSEG data, tanker LNG Geneva, loaded on Jan. 3 with Russian LNG from Yamal ship-to-ship (STS) near Kildin Island in the Murmansk region was heading around Africa and unloaded on Feb. 16 at the Jieyang terminal in China.
Another tanker, Clean Vision, which was carrying Russian gas from Novatek Yamal LNG, was loaded on Jan. 17 and is heading towards China where it is expected to unload on Feb. 28.
Vessels carrying LNG from Yamal, which were loaded in December last year and delivered fuel to China via the Red Sea route are heading back around Africa, LSEG data shows.
Novatek did not respond to a Reuters request.
Novatek used to supply its LNG to Asia via the Suez Canal when navigation along the Northern Sea Route

MARKET MONITOR as of 07:48 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$78.29 / bbl	-0.32%	9.27%
NYMEX RBOB Gasoline	$2.54 / gallon	-0.54%	20.47%
ICE Gas Oil	$815.75 / tonne	-0.43%	8.66%
NYMEX Natural Gas	$1.86 / mmBtu	-1.43%	-26.09%
Spot Gold	$2,036.99 / ounce	0.12%	-1.24%
TRPC coal API 2 / Dec, 24	$101.75 / tonne	3.83%	4.90%
Carbon ECX EUA	€57.14 / tonne	-1.21%	-28.90%
Dutch gas day-ahead (Pre. close)	€24.80 / Mwh	-0.12%	-22.14%
CBOT Corn	$4.30 / bushel	0.29%	-11.21%
CBOT Wheat	$5.77 / bushel	0.43%	-9.73%
Malaysia Palm Oil (3M)	RM3,952 / tonne	1.15%	6.21%
Index	**Close 28 Feb**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	317.30	-0.43%	5.27%
Rogers International	26.99	0.28%	2.53%
U.S. Stocks - Dow	38,949.02	-0.06%	3.34%
U.S. Dollar Index	103.88	-0.09%	2.51%
U.S. Bond Index (DJ)	420.71	0.17%	-2.32%

was closed during the winter months. Russia plans to establish year-round navigation along the Northern Sea Route.
In January 2024, exports from Yamal LNG have totalled about 1.8 million metric tons. That figure fell to 1.46 million metric tons in February, according to LSEG data.
Qatar, one of the world's biggest LNG exporters, informed Italy's Edison and other buyers in Europe in January that its LNG cargoes would take a longer route via the Cape of Good Hope due to the Red Sea crisis.

New US sanctions more likely to curb Indian imports of Russian coal, traders say

New U.S. sanctions on Moscow are more likely than previous ones to cut Indian imports of thermal coal from Russia because they specifically cite top exporters SUEK and Mechel, three major traders of Russian coal said.
Russia, historically a minor exporter of the fuel to India, began boosting shipments to the south Asian country after Western sanctions against Moscow over its invasion of Ukraine.
The latest U.S. sanctions also include Russia's payment system, financial institutions and energy production.
"With the new sanctions, I do not expect any of the big Indian companies to buy Russian cargoes," one major Indian trader told Reuters on the sidelines of the Coaltrans conference in the western Indian state of Goa.
The traders, two Indian and one Russian, declined to be named as they are not authorised to speak to the media.
"Shipments of coal will still not stop, but people will be more hesitant to touch Russian cargoes," the second Indian trader said, adding that the sanctions could benefit other coal suppliers such as Indonesia, Australia and South Africa.
Ship tracking data reviewed by Reuters shows Indian conglomerates JSW Group, Vedanta and consortium Arcelor Mittal Nippon Steel India were among the biggest importers of Russian thermal coal in the last six months.
The three companies did not immediately respond to requests for comment on any potential impact from the new sanctions.
SUEK, Russia's largest coal producer and exporter, did not reply to an email seeking comment. Reuters was not immediately able to reach Mechel for comment.
Evidence of any immediate adverse impact of the new U.S. sanctions announced last week could not be ascertained, as cargoes of thermal coal typically take more than two weeks to sail from Russia to India.
Russian supplies of thermal coal rose by 19% in 2023 to 10.06 million metric tons, or nearly 6% of Indian imports of the fuel, consultancy Bigmint said.
India's trade ministry had no immediate comment on the impact of the sanctions on trade with Russia, but in a note on Wednesday the oil ministry highlighted "longstanding ties" with Moscow and future plans for partnerships across sectors.
India had become the biggest buyer of Russian seaborne crude since the start of the Ukraine war, a trade that also faces hurdles from the new U.S. sanctions.
While expanding trade with Moscow since Western sanctions following Russia's invasion of Ukraine in 2022, New Delhi has consistently called for "complete cessation of all hostilities", including in the note released by the oil ministry on Wednesday.

Top News - Dry Freight

Ukraine's February grain exports up 12%, says ministry

Ukraine's grain exports so far in February have exceeded the last year's level by almost 12%, reaching 5.3 million metric tons, agriculture ministry data showed on Wednesday.
Ukraine exported 4.7 million tons of various grains over the Feb. 1-27 period last year.
The ministry gave no explanation for the increase.
Ukraine's grain exports in the 2023/24 July-June marketing season so far have fallen to about 29.1 million tons from 31.8 million a year earlier, the data showed.
Exports have included 11.5 million tons of wheat, 15.8 million tons of corn and 1.6 million tons of barley.
Ukraine has traditionally exported most of its grain via its deep-water Black Sea ports.
The Ukrainian government expects a harvest of 81.3 million tons of grain and oilseeds in 2023, with a 2023/24 exportable surplus of about 50 million tons.

Jordan buys about 60,000 T feed barley in tender, traders say

Jordan's state grain buyer has purchased about 60,000 metric tons of animal feed barley expected to be sourced from Russia in an international tender on Wednesday seeking up to 120,000 tons, European traders said.
It was bought at an estimated $219.50 per ton c&f for shipment in the second half of May. The seller was believed to be trading house Grainflower.
Traders said these other trading houses participated in the tender (with their estimated offers per ton c&f): Viterra $227.00, Dreyfus $231.00 and Cerealcom Dolj $225.00.
Reports reflect assessments from traders and further estimates of prices and volumes are possible later.

Picture of the Day

A motorcyclist pushing a man on a bicycle, which is loaded with coal bags, on the outskirts of Ranchi, 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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