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Top News - Oil

OPEC February oil output rises on Libya rebound - Reuters survey

OPEC oil output in February has risen, a Reuters survey found on Thursday, as a recovery in Libyan production from disruption offset the impact of voluntary cuts by other members agreed with the wider OPEC+ alliance.

The Organization of the Petroleum Exporting Countries (OPEC) pumped 26.42 million barrels per day (bpd) this month, up 90,000 bpd from January, the survey found. Libyan output rose month-on-month by 150,000 bpd.

The biggest rise in production came from Libya, one of the OPEC members not required to restrain output, after the Sharara oilfield, one of the country's largest, restarted after being shut down due to unrest.

Several members of OPEC+, which includes OPEC, Russia and other allies, made new cuts in January to counter economic weakness and increased supply outside the group. Producers are expected to decide in coming days whether to keep them in place beyond the first quarter.

Some OPEC members pledged voluntary cuts in two rounds, in April 2023 and November 2023, and Saudi Arabia made an additional voluntary cut.

OPEC fell 190,000 bpd short of its targeted cuts in February, largely because of Iraq, Nigeria and Gabon pumping more than they had aimed for, the survey found. That amounts to a further cut of 20,000 bpd from January.

Gulf producers Saudi Arabia, Kuwait and the United Arab Emirates each kept output slightly lower than their voluntary targets, the survey found, as did Algeria. Iraq, while still pumping above its target, made a cut in February of 30,000 bpd.

Iran, also exempt from quotas, further lowered exports, the survey found. Iran is still pumping near a five-year high reached in November after posting one of OPEC's biggest output increases in 2023 despite U.S. sanctions still being in place.

Among those with higher output, the second-biggest gain of 60,000 bpd came from Nigeria, the survey found, as some crude was processed in the new Dangote refinery and exports rose. Output was 100,000 bpd above the country's 2024 target.

The Reuters survey aims to track supply to the market and is based on shipping data provided by external sources, LSEG flows data, information from companies that track flows - such as Petro-Logistics and Kpler - and information provided by sources at oil companies, OPEC and consultants.

POLL: Ample supply to hold down oil prices as Middle East risks pale

The Middle East conflict is unlikely to move the needle much in oil markets this year with ample global supplies reining prices in around the current $80 a barrel level, a Reuters poll showed on Thursday.

A survey of 40 economists and analysts forecast Brent crude would average $81.13 per barrel in 2024, slightly down from the $81.44 consensus in January. U.S. crude forecasts were cut to $76.54 a barrel, from $77.26 last month.

"Disruption in the Red Sea has less impact because there are alternative routes available," said John Paisie, president of Stratas Advisors, referring to attacks on shipping by Yemen's Houthis. "It is unlikely that the volumes of oils being shipped will be materially impacted, and supply/demand fundamentals will be a more important factor as we move into Q2 and Q3," he added.

Wall Street bank Goldman Sachs forecast a summer Brent peak of $87 per barrel, noting that the geopolitical risk premium remains modest, with only a $2 per barrel boost to Brent, and crude production remaining unaffected.

"Spare capacity has reached a multi-year high, which will keep overall market sentiment under pressure over the coming months," said Florian Grunberger, senior analyst at data and analytics firm Kpler.

The largest OPEC producers and some of their allies - a group known as OPEC+ - have the capacity to pump more oil as a consequence of decisions to curb output.

"It is not until larger voluntary cuts get released back into the market during the summer months, once global balances tighten, that we'll see a potential decline in spare capacity and a change in overall sentiment," Grunberger said.

OPEC+ in November agreed to voluntary output cuts totalling about 2.2 million bpd for the first quarter. The group is expected to announce a decision in March on whether or not it will extend these cuts to bolster prices.

The International Energy Agency estimates that OPEC's total spare capacity is 5.1 million barrels per day (bpd), of which 3.2 million bpd is held by Saudi Arabia.

"Production cuts have supported oil prices, but some members appear increasingly eager to increase output," said William Weatherburn, analyst at Capital Economics. "OPEC's own forecasts for oil demand are fairly robust, and this may be used to justify a slight increase in output in second quarter," he added.

Most analysts expect global oil demand to grow by somewhere between 1 million and 1.5 million bpd in 2024.

Top News - Agriculture

WTO issues new draft trade deals after all-night talks, some issues unresolved

World Trade Organization negotiators released new draft deals on Friday after all-night talks in Abu Dhabi, showing that several key issues remained unresolved hours away from their deadline, which has already been extended twice.

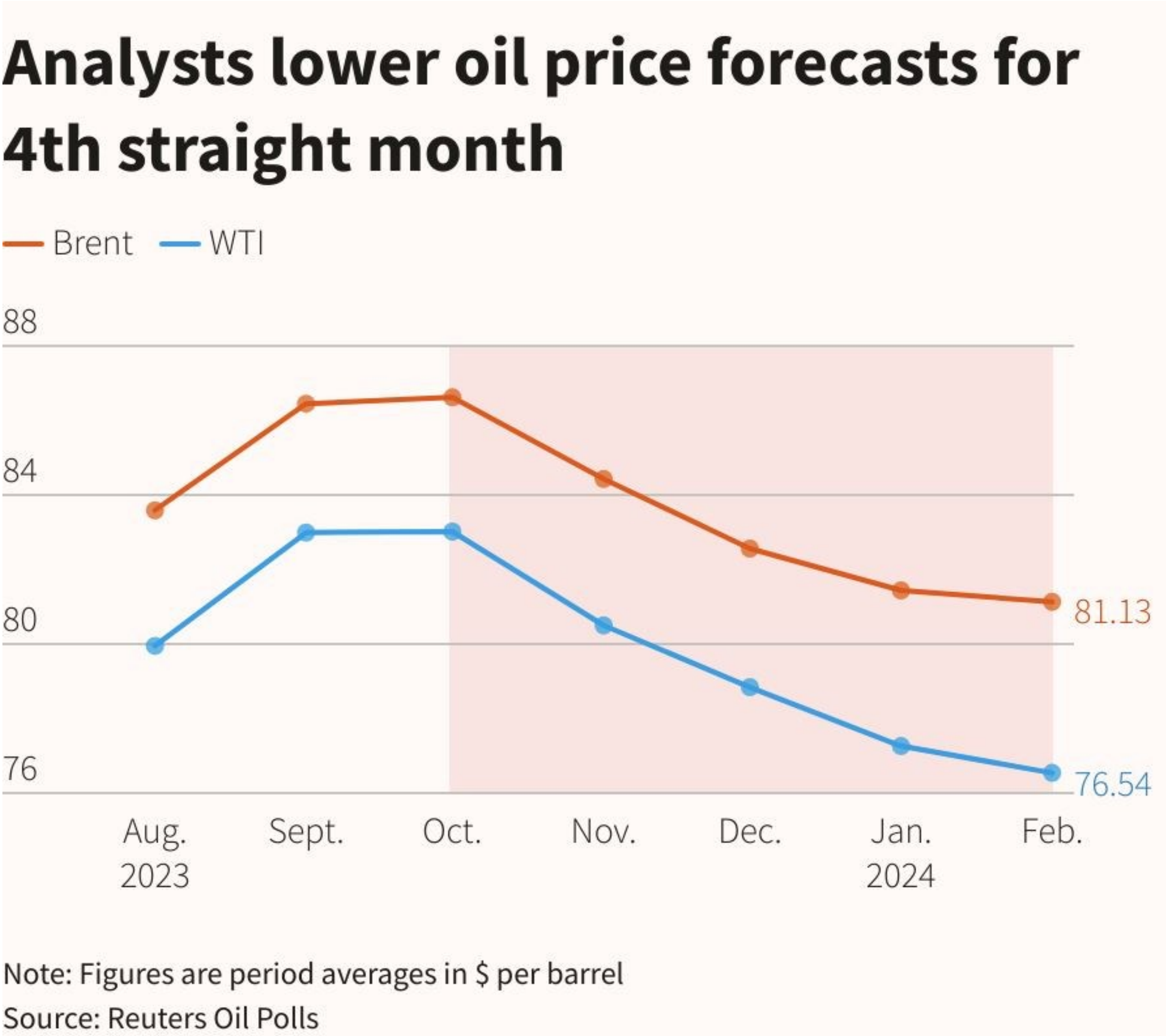
The biennial conference is seeking to revise global commerce rules on a range of topics including curbing fishing subsidies and extending a moratorium on digital trade tariffs - a move that has overwhelming government and business support but that India and South Africa oppose.

A draft agriculture deal showed that a key reform sought by India on permitted government support levels for farmers was still not agreed, with two alternative solutions sitting side by side.

A fisheries text showed that forced labour issues -- an important topic for the United States -- and the duration of phase-in periods for developing countries seen as key for many African countries were not yet decided.

It remained unclear if concerns voiced by Pacific islands

Chart of the Day



seeking a more ambitious deal had been addressed. Trade delegates were divided on where things stood. "Not great," said one WTO ambassador. Another trade delegate involved in the fisheries talks said the remaining issues could be surmounted while another described them as "huge". Negotiations continue with a closing ceremony scheduled for 2 p.m. (1000 GMT) in the Gulf state.

ICCO sees rising global cocoa deficit in 2023/24 season

The International Cocoa Organization (ICCO) on Thursday forecast an increased global cocoa deficit in the current 2023/24 season as aged trees and disease contribute to a drop in production in top growers Ivory Coast and Ghana.

In a quarterly update, the inter-governmental body predicted a global deficit of 374,000 metric tons in the 2023/24 season (October-September).

The forecast was in line with a Reuters poll of analysts and traders issued earlier this month which had a median forecast of a deficit of 375,000 tons.

The ICCO forecast that global production would fall by 10.9% to 4.45 million metric tons with grindings declining by 4.8% to 4.78 million.

The ICCO estimated there was a global deficit of 74,000 metric tons in 2022/23.

"There is a general view that the ongoing supply tightness especially in West Africa (which caters for approximately 70% of global supplies) originated from structural issues," the ICCO said, referring to issues such as aged trees, diseases and climatic challenges.

The ICCO forecast that stocks at the end of the 2023/24 season would fall to 1.395 million metric tons, which is equivalent to 29.2% of projected annual grindings, a level not witnessed in the last 45 years.

Ivory Coast was seen producing 1.80 million tons in 2023/24, down from the prior season's 2.24 million, while Ghana's output was seen falling to 580,000 tons from 654,000 tons.

Poor crops in Ivory Coast and Ghana have helped drive cocoa futures prices, to record highs.

"Grindings are anticipated to tilt downwards due to the high cost of cocoa beans which is likely to affect the operation costs of processors," the report said. The ICCO said there was a possibility that consumers would see an increase in chocolate confectionery prices or a reduction in the size of confectionery products.

Top News - Metals

Global aluminium producers seek Q2 premiums of $145-$155/T, sources say

Global aluminium producers have offered Japanese buyers premiums of $145-$155 per metric ton for April-June primary metal shipments, up 61%-72% from the current quarter, three sources directly involved in quarterly pricing talks said on Thursday.

Japan is Asia's major importer of the metal and the premiums for primary metal shipments it agrees to pay each quarter over the London Metal Exchange (LME) cash price set the benchmark for the region.

For the January-March quarter, Japanese buyers agreed to pay a premium of $90 per ton, down 7% from the prior quarter.

The large hike comes as supply in Asia is tightening because of increased imports from China, though Japan's local demand remains sluggish, a source at a producer said. "Q2 delivery supplies are sold at a premium of $120-$130 elsewhere in Asia, and the spot premium in Japan is also rising rapidly, with the latest transaction occurring above $130," the source said.

Japanese buyers also see an increase from the current quarter as inevitable due to tight supply, but they view the proposed hike as too large, another source at an end-user said, noting his company is seeking $115 a ton.

The third source at a trading company said he expects it will settle between $120 and $140 a ton. The sources declined to be identified because of the sensitivity of the discussions.

Chile's SQM expects steady lithium prices in coming months amid supply glut

Chile's SQM, the world's second-largest lithium producer, expects stable lithium prices over the next three months and strong demand through the year, executives said in a call with analysts on Thursday.

A day earlier, the company reported fourth-quarter net profit down more than 80% from a year ago as prices for the metal key to electric vehicle batteries continued to slide.

Global supplies for lithium outpaced demand over 2023, fuelling a glut that has dragged prices and caused producers such as Albemarle, the world's largest supplier, to cut jobs and pause expansions.

Even with global demand forecast to rise by a fifth in 2024, and SQM sales volumes expected to increase 5%-10%, the company warned that oversupply would hold prices steady.

SQM executives told analysts they did not have indications of any major lithium pricing shifts to come in the next three months, and were optimistic for the second half of the year.

They also predicted higher sales volumes in the second part of the year, along with first-quarter volumes expected to outdo the same period from a year before.

SQM's U.S.-listed shares were up 9.2% at $50.25 on Thursday afternoon as lithium carbonate prices rose in China, which also helped Albemarle shares rise 4.7% to $138.20.

SQM Chief Executive Ricardo Ramos said the company could potentially revise its sales volume forecast as the year progresses.
Executives also discussed the electric vehicle (EV) market, with SQM's lithium market analyst Gonzalo Gil noting that EVs are expected to make up more than half of new vehicle sales a decade from now, with continued dependence on lithium batteries. EV demand has slowed in recent months, forcing automakers and suppliers to pull back on plans and re-evaluate targets. Analysts have also noted that a potential win by former President Donald Trump in the U.S. presidential election in November could lead to reduced EV incentives.
Asked by an analyst whether that possibility could lead to further oversupply of lithium, Gil said he did not anticipate a long-term impact.

Top News - Carbon & Power

Russian pipeline gas exports to Europe rise 4% in February m/m - Reuters calculations
Average daily natural gas supplies to Europe by Russian energy giant Gazprom were up 4% in February from average January levels and rose by almost 26% from the same month of 2023, Reuters calculations showed on Thursday.
The calculations, based on data from the European gas transmission group Entsog and Gazprom's daily reports on gas transit via Ukraine, showed that average daily pipeline exports of Russian gas to Europe rose to 84.9 million cubic metres (mcm) last month from 81.6 mcm in January. This was up from 67.5 mcm in February 2023.
Gazprom's natural gas exports to Europe so far this year have reached about 4.99 billion cubic metres (bcm).
Russia's gas exports to Europe, once its primary export market, have fallen sharply because of the political fallout from the conflict in Ukraine.
Gazprom is boosting supply of gas to China instead: total pipeline gas exports to the country rose to 22.7 billion cubic metres in 2023, nearly 1.5 times more than the 15.4 bcm shipped in 2022.
Russia supplied a total of around 63.8 bcm of gas to Europe by various routes in 2022, according to Gazprom data and Reuters calculations. The volumes plummeted further, by 55.6%, to 28.3 bcm last year.
At their peak in 2018-2019, annual flows reached 175-180 bcm.
Gazprom has not published its own statistics since the start of 2023. It did not respond to a request for comment.

US EPA removes existing natgas plants from proposed carbon rule
The U.S. Environmental Protection Agency on Thursday

MARKET MONITOR as of 07:31 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$78.46 / bbl	0.26%	9.50%
NYMEX RBOB Gasoline	$2.57 / gallon	-0.34%	22.12%
ICE Gas Oil	$830.50 / tonne	0.45%	10.62%
NYMEX Natural Gas	$1.87 / mmBtu	0.27%	-25.82%
Spot Gold	$2,045.90 / ounce	0.13%	-0.81%
TRPC coal API 2 / Dec, 24	$100 / tonne	-1.72%	3.09%
Carbon ECX EUA	€56.24 / tonne	0.43%	-30.02%
Dutch gas day-ahead (Pre. close)	€24.88 / Mwh	0.32%	-21.88%
CBOT Corn	$4.30 / bushel	0.00%	-11.26%
CBOT Wheat	$5.75 / bushel	-0.30%	-10.16%
Malaysia Palm Oil (3M)	RM3,993 / tonne	0.58%	7.31%
Index	**Close 29 Feb**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	317.12	-0.06%	5.21%
Rogers International	27.15	0.57%	3.11%
U.S. Stocks - Dow	38,996.39	0.12%	3.47%
U.S. Dollar Index	104.10	-0.05%	2.73%
U.S. Bond Index (DJ)	421.43	0.20%	-2.16%

said it will exclude existing natural gas power plants from its proposed carbon regulations that it plans to finalize in April, narrowing the scope of the initial proposal that would have required stringent controls on those facilities.
The electric sector had questioned whether the EPA had authority to force use of technologies that the sector said are not economically or technically feasible for widespread use. Some environmental groups expressed disappointment, citing the need to cut greenhouse gas emissions.
The EPA said it still plans to finalize standards this spring to cut carbon dioxide emissions from existing coal and new gas-fired power plants, but will re-propose wider-scale regulations targeting the entire fleet of gas plants at a later date.
"The agency is taking a new, comprehensive approach to cover the entire fleet of natural gas-fired turbines, as well as cover more pollutants including climate, toxic and criteria air pollution," said EPA Administrator Michael Regan.
Last May, the EPA proposed a set of standards that would push power companies to install carbon capture equipment (CCS) that can siphon the CO2 from a plant's smokestack before it reaches the atmosphere, or use super-low-emissions hydrogen as a fuel. The standards covered both existing and new gas-fired power plants.
The agency had projected the standards would cut carbon emissions from coal plants and new gas plants by 617 million tonnes between 2028 and 2042, the equivalent of reducing the annual emissions of 137 million passenger vehicles.
Comments received by the agency questioned whether the EPA had the legal basis to require installation of technologies like carbon capture and sequestration and hydrogen cofiring since these technologies are not widely used.
The Edison Electric Institute, a trade group of investor-owned utilities, said on Thursday that it had "identified signifcant challenges for existing natural gas generation in EPA's proposed rule from last May. "We appreciate that EPA has acknowledged our concerns with the proposed regulations for existing natural gas. We know that the agency likely will repropose regulations for these units once this rule is finalized," said Emily Sanford Fisher, General Counsel of EEI, in a statement.
Some environmental groups said they were disappointed that EPA delayed regulating existing gas plants.
"Greenhouse gas emissions from power plants have gone uncontrolled for far too long, and we have no more time to waste," said Frank Sturges, an attorney at the Clean Air Task Force.
Regan said EPA plans to hear from stakeholders in another comment period but said the new proposal will take a "stronger, more durable approach" and address a range of criteria pollutants and air toxics, in addition to carbon dioxide.

Top News - Dry Freight

ICE March raw sugar delivery seen at 1.3 mln tns, say traders

Deliveries of raw sugar on the expiry of the March contract on ICE exchange were seen at 25,751 lots, or around 1.3 million metric tons, according to preliminary information from two traders on Thursday.
Asian commodities trader Wilmar International was said to be the largest deliverer of the sugar with 22,562 lots, or 1.14 million tons. French trader Sucden was said to be the main receiver with 17,692 lots, or around 900,000 tons, the traders said. ICE will release official data on the delivery on Friday.
It is the second largest delivery for a March contract, only behind the 26,350 lots delivered in 2022, according to ICE data compiled by Reuters.
However, it is still distant from the all time record of 56,470 lots delivered in the October expiry last year.
Large deliveries are usually seen as bearish for the market, because they indicate that traders could not find better deals for that sugar in the physical market.
The March contract plunged 6% on Thursday, the last trading day for the position. One of the traders said that probably potentially receivers reduced the amount they were willing to take by selling the futures, which helped to intensify the fall in the spot contract.
"You might make a case that receivers were reducing their positions," said the trader about the market's plunge.
There was no clarity about the origin of most of the sugar, but the second trader said it was likely to be the Santos port in Brazil.

India's basmati rice exports to fall as Pakistan's surge

India's basmati rice exports are likely to fall in 2024 after nearing a record high last year, as rival Pakistan is offering the grain at competitive prices amid a rebound in production, industry officials said.
India and Pakistan are the leading exporters of the premium long-grain variety of rice, famous for its aroma, to countries such as Iran, Iraq, Yemen, Saudi Arabia, the United Arab Emirates, and the United States.
India's exports of basmati rice surged 11.5% from a year earlier to 4.9 million metric tons in 2023, just shy of the record high of 5 million tons hit in 2020, on lower supplies from Pakistan and stocking efforts by importing countries, industry officials said.
Basmati rice shipments helped the world's biggest rice exporter to garner a record $5.4 billion in 2023, up nearly 21% from the previous year, because of higher prices, government data showed.
"Last year, buyers were hustling to stock up when

Pakistan was facing production issues. This year, however, Pakistan offers lower prices than India due to increased production," Vijay Setia, a leading exporter based in Haryana state of India, said.
Islamabad's total rice exports could jump to 5 million tons in 2023/24 financial year, up from the last year's 3.7 million tons, Chela Ram Kewlani, chairman of Rice Exporters Association of Pakistan (REAP) said last month.
The depreciation of the Pakistani rupee has made Pakistan's exports more competitive, according to Akshay Gupta, head of bulk exports at KRBL Ltd.
Meanwhile, lower export demand amid an estimated 10% rise in India's basmati rice production has started pulling down basmati prices in that country, said Gupta.
Iran, the biggest buyer of Indian basmati rice, slashed purchases by 36% in 2023, but higher shipments to Iraq, Oman, Qatar, and Saudi Arabia offset the shortfall, according to data compiled by India's Ministry of Commerce and Industry.
Indian exports had lost momentum in September and October as the government imposed minimum export price (MEP) on basmati rice, but they quickly recovered, said a New-Delhi-based exporter.
In August, India imposed the MEP on basmati rice shipments at $1,200 per ton, exceeding prevailing market rates, before lowering it to $950 in October.
However, exports began faltering again in January, and may decline further in the near term as buyers delay purchases due to increased freight costs caused by disruptions in shipping via the Red Sea, exporter Vijay Setia said.
"Buyers are holding ample inventory; there's no need for them to rush," he said.

Picture of the Day

A vendor arranges a sack of rice at the traditional market in Bekasi, on the outskirts of Jakarta, Indonesia, March 1, 2024. REUTERS/ Ajeng Dinar Ulfiana

(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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