Oil | Agriculture | Metals | Carbon & Power |Dry Freight
Click on headers to go to that section

Top News - Oil

EIA blames crude oil blending, under-reported output for high adjustments in US data

The U.S. Energy Information Administration said on Friday that crude oil blending and under-reported oil output were key reasons for recently high adjustment figures in the weekly oil inventory data.

The EIA will change its surveys to get more accurate crude output data, and also change its accounting methods for crude oil blending, Joe DeCarolis, an official with the EIA, said on Twitter.

The EIA has posted three consecutive weeks of relatively high adjustments to crude inventory data. In the most recent data, the EIA reported an adjustment factor about 2.27 million barrels per day (bpd), on par with the largest adjustment ever since records began in 2001.

This data serves as a balancing item when the EIA's supply and demand data do not align, said Matt Smith, lead oil analyst for the Americas at Kpler.

"The EIA typically is missing some element of supply or demand each week, but the magnitude of this number has grown significantly in recent years," Smith said.

The EIA recently completed a 90-day assessment of the high adjustment figures, DeCarolis said.

Some reported U.S. crude oil exports include other products, likely natural gasoline and naphthas, which can be blended into crude or reported as crude exports, he added.

"That would mean that the amount of actual U.S. crude exports is slightly less than what is reported," he said.

U.S. crude exports are difficult to measure on a weekly basis, Kpler's Smith said, and the data's margin of error has increased in recent years with more exports.

The United States exported about 5.63 million bpd of crude, the highest on record, EIA data showed. In comparison, the strongest week for U.S. crude exports from data and analytics firm Kpler was 4.48 million bpd in the week ended Sept. 23.

Meanwhile, crude oil blending is also contributing to the higher adjustment figures, largely due to field condensate, which is often collected in gas gathering lines or at the inlet to gas processing plants and introduced into the crude oil system as light hydrocarbons, DeCarolis said.

Production data on these liquids is not collected in the EIA's current natural gas or crude oil surveys, and they largely go unaccounted for as they enter the crude oil system, DeCarolis said.

Saudi Arabia raises Arab Light crude price to Asia for 2nd month in April

Top crude exporter Saudi Arabia raised prices for the flagship Arab light crude it sells to Asia for a second month in April, to $2.50 a barrel above the Oman/Dubai average, Aramco said on Sunday night.

The price hike - 50 cents a barrel higher than the March official selling prices - was in line with a Reuters survey, as signs of an economic rebound in China raised expectation for a pickup in fuel demand from the world's top oil importer.

China set a modest economic growth target of around 5% for this year at its annual National People's Congress.

The world's second-largest economy posted one of its weakest performances in decades last year when gross domestic product grew by just 3%.

Saudi Arabia set its official selling price (OSP) for Arab Heavy, a medium sour crude containing more sulphur than Arab Light, at 75 cents a barrel above the Oman/ Dubai average, up $2.5 a barrel from March.

The market had been expecting a lower price setting, with the Reuters survey predicting an increase of about $1 per barrel.

The price hike came as several new refineries will soon come online, which would lead to supply tightness, especially considering Saudi's production of Arab Heavy is smaller than other crudes, said a Singapore-based oil trader.

Heavier grades, such as Arab Medium and Arab Heavy, comprise about 30% of Saudi's total crude oil capacity.

PetroChina is preparing to start its 400,000 barrels-per-day refinery in the southern Chinese province Guangdong, which has been designed to refine heavier grades such as Arab Heavy.

Meanwhile, Kuwait is expected to reduce crude exports, primarily the medium sour Kuwait Export Crude (KEC), and crank up oil product shipments as its Al Zour refinery is set to run at full capacity later this year.

Any cut in exports of KEC, which is of similar quality to Arab Heavy, would tighten supplies and support prices for medium sour crude. For other regions, Saudi set its Arab Light OSP to northwest Europe at $1 a barrel above ICE Brent for April, 50 cents a barrel higher than its price for March. The Arab Light crude OSP for the Mediterranean region was raised by 30 cents to 80 cents a barrel versus ICE Brent for April from the previous month.

Top News - Agriculture

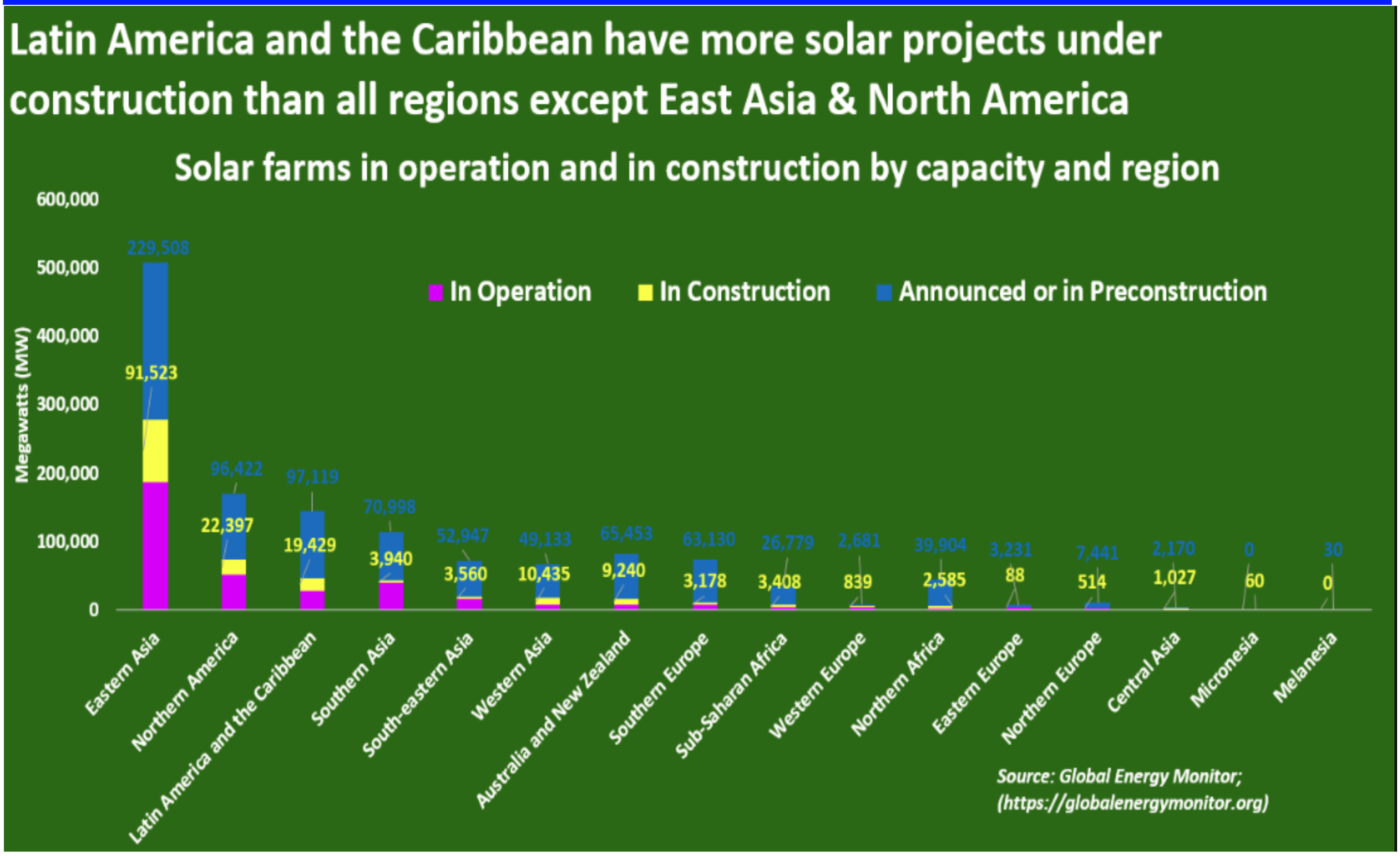
Turkey says it is working to renew Black Sea grain deal

Turkish Foreign Minister Mevlut Cavusoglu said on Sunday that Ankara is working hard to extend a U.N.-backed initiative that has enabled Ukraine to export grain from ports blockaded by Russia following its invasion.
The Black Sea Grain Initiative brokered by the United Nations and Turkey last July allowed grain to be exported from three Ukrainian ports. The agreement was extended in November and will expire on March 18 unless an extension is agreed.
Russia has signalled it is unhappy with aspects of the deal.
"We are working hard for the smooth implementation and further extension of the Black Sea grain deal," Cavusoglu said in a speech at the United Nations Conference on Least Developed Countries being held in Doha, Qatar.
Russia has said it would only agree to extend the Black Sea grain deal if the interests of its own agricultural producers are taken into account.
On Sunday, Maria Zakharova, a spokeswoman for the Russian foreign ministry, reiterated this position.
"If this agreement is equal, then we have always fulfilled our part and are going to fulfil it in all the agreements," she said according to TASS news wire, adding that Russia would be against "goading and machinations".
Russia's agricultural exports have not been explicitly targeted by Western sanctions, but Moscow says restrictions on its payments, logistics and insurance industries are a "barrier" to it being able to export its own grains and fertilisers.
Cavusoglu said he also discussed efforts to discuss the extension of the deal with U.N. Secretary General Antonio Guterres. Almost 23 million tonnes of grain and other foodstuffs have been exported via the Black Sea Grain Initiative as of March 3, according to the Joint coordination Centre in Turkey which oversees implementation of the deal.

India's wheat output dented by heatwave, could limit government stock building

A heatwave in northern and central India at a time the crop is ripening is threatening to damage grains and dent the country's wheat production for the second straight year.The reduction in production amid a drop in inventories to the lowest level in 6 years may force the world's second biggest producer of the grain to allow imports after banning exports last year.

Chart of the Day



"Winter hasn't ended yet, but during the day temperatures rise like summer," said Rameshwar Chowdhury, who has planted wheat on six acres in the Niwai village in the northwestern state of Rajasthan.
"We are irrigating fields to limit the impact, but beyond that we can't do anything."
The maximum temperature in some wheat-growing areas jumped above 39 degrees Celsius for a few days in February, nearly 10 degrees Celsius above normal, according to weather department data.
Higher temperatures would lead to early maturity of the crop and grains could be shrivelled, like they were last year, said Chowdhury.
India recorded its highest ever maximum temperature in February and the weather office has warned the country is likely to experience another heatwave in March, especially in the key wheat-producing central and northern states.

Top News - Metals

Miners grow anxious as Canada tightens foreign investment rules
Junior mining companies hoping to produce lithium, nickel and other green energy metals are worried that Canada's crackdown on some overseas investors may limit their ability to raise funds for mines and related facilities.
Ottawa last fall proposed bolstering its Investment Canada Act (ICA) to give government ministers power to block or unwind critical minerals investments if they believe such deals threaten national security. The changes would essentially give the government greater control over companies listed on the Toronto Stock Exchange and are expected to be finalized this spring.
That tension will be top of mind at this week's annual Prospectors and Developers Association of Canada (PDAC) conference in Toronto, one of the world's largest gatherings of mining companies and their financiers.
Nearly half of the world's mining companies are listed in Toronto and the city has long been a premier destination for junior mining companies to raise funds, above even rival exchanges in Sydney, New York and London.
"The ICA review process could be lengthy and unpredictable, leading to uncertainty for potential investors and may make it more difficult for junior miners to attract investments," said Stephen Payne, who runs the energy and natural resources team at consultancy BDO Advisory.
The changes are widely seen as a defensive measure against China, which has invested $7 billion in Canada's base metals sector in the past 20 years, according to S&P Market Intelligence. Canadian officials last fall ordered Chinese companies to sell stakes in three Toronto-listed lithium companies, two of which are developing mines outside Canada.
"The effect of these orders was to spook investors and likely drive capital and mining entrepreneurs to other jurisdictions," said Paul Fornazzari, an attorney for one of the companies forced to shed its Chinese investors.
Canada's Industry Ministry, which is spearheading the rules change, called critical minerals "key to the future prosperity of our country."
"We are determined to work with Canadian businesses to attract foreign direct investments from partners that share our interests and values," said a spokesperson for Industry Minister Francois Philippe Champagne.
However, the government's crackdown could rebound and hurt Canada as the mining industry underpins a large part of the country's economy, investors and analysts say.
"No doubt the implications of a decision to restrict a major avenue of capital flow needs to be supplemented by capital that is similar in size and timely," said Dean McPherson, head of global mining at the Toronto Stock Exchange.
Ottawa last year had launched plans to invest C$3.8 billion ($2.79 billion) to boost Canada's own critical materials sector and streamline mine permitting.
"The government has to be mindful that they're potentially creating a gap that has to be filled," said Pierre Gratton, president of the Mining Association of Canada, an industry trade group.

ANALYSIS-UK watchdog's nickel probe poses more reputational hazard for LME
A UK financial regulator's move to launch an unprecedented probe into potential misconduct over the London Metal Exchange's nickel trading crisis could last years, regulation experts say, heaping further damage onto the LME's already bruised reputation. Sliding activity and shrinking liquidity, due to an overall lack of faith in the LME's offering, has left nickel consumers and producers without a global reference price.
Metal industry sources said the new investigation will leave the exchange distracted from focusing on reviving its nickel contract, where volumes have tumbled due to consumers, producers, traders and investors shunning the market, with wild price swings still a recurring feature.
On March 8 last year, nickel prices on the LME doubled in a few hours to a record above $100,000 a tonne in disorderly trade triggered by the cutting of large short positions or bets on lower prices.
The world's oldest and largest forum for metals cancelled all nickel trades on that day and suspended trading for the first time since 1988.
A few weeks later in April, the Bank of England (BoE) launched an investigation into the LME's clearing house,

LME Clear, and the Financial Conduct Authority (FCA) started a review of the LME.
The FCA has started an "enforcement investigation" into LME conduct and systems and controls in the period between Jan. 1 2022 and the time of suspension on March 8, 2022, the UK watchdog said on Friday.
The watchdog confirmed this is the first time it has launched such an investigation against an exchange.
Lawyers including James Alleyne, legal director at law firm Kingsley Napley said the investigation could take years to conclude.
"You can't really drive the exchange forward and get back to normal business until the matter (investigation) is closed," one senior metal industry source said.

VOLUME CRASH
Most of the nickel produced is used to make stainless steel, but the metal is now also a key material for the electric vehicle industry, where it is used in the cathode component of batteries.
Consultancy Benchmark Mineral Intelligence (BMI) estimates nickel demand from the battery sector will amount to around 30% of the total at 4.8 million tonnes by 2030, up from 14% of three million tonnes in 2022, with most of that growth coming from electric vehicle batteries.
Average daily LME nickel volumes have crashed since March last year, dropping 45% in December from a year earlier, following year-on-year losses of 51%, 54% and 40% in November, October and September respectively.
"Investor confidence in the LME was badly shaken by the crisis and must be rebuilt," said Jennifer Han, Chief Counsel at the Managed Funds Association.
Much lower volumes and liquidity have also prompted others such as Global Commodities Holdings (GCH) to try and offer alternatives.
UK-based GCH will launch a physical nickel trading platform by the end of March. Prices from the platform will be used to create an index, which CME Group according to sources is planning to use to launch a nickel contract.
If an alternative gains traction, the LME will struggle further in its bid to rebuild nickel volumes, ending hopes of reviving the authority of its contract.
"We stopped using the (LME's nickel) contract last March because it doesn't reflect reality," said a source at a nickel consumer. "We want to be able to hedge on exchange, if someone else offers us another option we will probably try it."
Nickel industry sources say the only way to restore LME

MARKET MONITOR as of 07:20 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$79.13 / bbl	-0.69%	-1.41%
NYMEX RBOB Gasoline	$2.72 / gallon	-0.76%	9.77%
ICE Gas Oil	$848.75 / tonne	-0.85%	-7.84%
NYMEX Natural Gas	$2.70 / mmBtu	-10.24%	-39.64%
Spot Gold	$1,855.74 / ounce	0.04%	1.72%
TRPC coal API 2 / Dec, 23	$139 / tonne	-10.32%	-24.76%
Carbon ECX EUA / Dec, 23	€92.18 / tonne	0.71%	9.78%
Dutch gas day-ahead (Pre. close)	€46.72 / Mwh	-3.61%	-38.18%
CBOT Corn	$6.45 / bushel	0.00%	-4.90%
CBOT Wheat	$6.92 / bushel	-0.50%	-12.15%
Malaysia Palm Oil (3M)	RM4,265 / tonne	-2.00%	2.18%
Index (Total Return)	**Close 03 Mar**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	300.83	1.40%	-0.17%
Rogers International	28.28	0.39%	-1.34%
U.S. Stocks - Dow	33,390.97	1.17%	0.74%
U.S. Dollar Index	104.52	-0.48%	0.97%
U.S. Bond Index (DJ)	397.95	1.11%	0.28%

nickel's reputation as a global benchmark is the return of volumes and liquidity, but when and how that happens remains to be seen, particularly now with the FCA's investigation.
Part of the problem for the LME's nickel contract is that it does not represent the global market because the metal that can be delivered against it amounts to only around 20% of world supplies. Around 50% comes in the form of nickel pig iron which cannot be delivered against the LME's contract.

Top News - Carbon & Power

China leans on coal amid energy security push
China's state planner underlined a greater role for coal in its power supply on Sunday, saying the fossil fuel would be used to improve the reliability and security of its energy system. Soaring global energy prices following Russia's invasion of Ukraine and domestic supply disruption have prompted Beijing to step up its focus on energy security in recent years.
The world's second-biggest economy relied on coal to generate 56.2% of its electricity last year, according to data from the National Bureau of Statistics, but has significantly boosted its use of natural gas and renewable energy in recent years to lower carbon emissions.
Fluctuating output from renewable plants, however, has led policymakers to lean on reliable and easily dispatchable coal power to shore up the country's baseload supply. Last year, scorching summer temperatures and a drought in China's southwest caused hydropower output to dwindle, leading to power outages.
"We will strengthen the basic supporting role of coal (and) take orderly steps to increase advanced coal production while ensuring safety," said the National Development and Reform Commission (NDRC) in a report to the annual gathering of parliament.
China approved the construction of another 106 gigawatts of coal-fired power capacity last year, four times higher than a year earlier and the highest since 2015, driven by energy security considerations, research showed last week.
About 50GW of that went into construction.
"The energy security narrative is still going strong," said Greenpeace China policy advisor Li Shuo.
"This has given impetus to China's coal sector as seen in the rapid approval of coal plants across the country," he said.
The NDRC also stressed the importance of ramping up domestic oil and gas supply.
"We will intensify the exploration and development of petroleum and natural gas at home to discover more untapped reserves and increase production," it said.
Despite a strategy to boost use of natural gas as a bridge fuel to achieve its 2060 carbon neutrality, China is slowing an aggressive campaign started in 2017 to replace coal with gas.
Concerned about supply shortages amid high global prices, the planner pledged to "strictly control the expansion of projects to replace coal with natural gas".
The state planner also reiterated its efforts to further reform the oil and gas sector, with a focus on improving the pricing mechanism for natural gas to better reflect the cost of production and procurement.
China imports about 40% of its gas consumption.
"(We shall) develop sound mechanisms to adjust urban end-user prices of natural gas in step with procurement costs," the report said. China will also push ahead with construction of a second batch of major wind and solar plants, they added. The reliance on coal was described as temporary by some to cover supply shortfalls as the country develops renewables. "New renewables generation has not been able to cover all the demand growth in any specific year, which means some additional coal generation is still needed each year," said David Fishman, senior manager of China-based energy consultancy the Lantau Group. "In 2023 or 2024 we might see the first year where renewable generation totally covers new demand growth ... after this coal consumption should start to decrease year-on-year," he said.
China has pledged to reach peak carbon emissions by 2030 and carbon-neutrality by 2060.
Beijing is targeting reducing energy consumption per unit of GDP by around 2% in 2023, said the NDRC report.

Biden admin works on 'green' natural gas as U.S. vies for top LNG spot
The Biden administration is holding talks with global energy companies and foreign officials in an effort to set standards for certified natural gas, a form of the fuel that producers market as climate friendly. The effort comes as the United States seeks to sustain its liquefied natural gas, or LNG, exports to Europe to displace Russian fuel, while also promoting efforts to fight global warming.
A credible market for certified natural gas could help it tackle both goals at once. Gas can be certified as low- or no-carbon if its producers can prove they have reduced greenhouse gas emissions associated with getting it to market, or if they purchase carbon offsets to cut its net climate impact.
"It's a big priority for us to make sure that the role we're playing in ... supplying natural gas to our allies at a time of great energy security need is done in a way that is climate responsible," said Brad Crabtree, an assistant secretary for the U.S. Department of Energy's (DOE) fossil energy

and carbon management office.
The United States has become the world's top gas producer in recent years, and competes with Qatar to be top LNG exporter.
Crabtree said he hosted a workshop in October with gas industry representatives, including a new industry group called the Differentiated Gas Coordinating Council (DGCC), to discuss standards for certified gas.
His office has also had talks with European Union representatives, Japan, Norway, the United Arab Emirates, and Britain, and others on approaches to reduce methane emissions from the industry, a spokesperson said.
On March 9 Crabtree will also host a private meeting on certified gas at the CERAWeek energy conference in Houston with about 20 speakers, according to a copy of the invitation seen by Reuters.
Gas producers have attempted to market certified gas at a premium for years, using third-party certifiers - like non-profit MiQ and startup Project Canary - to prove the fuel has been produced and transported in ways that minimize emissions.
But a lack of unified standards on measuring and verifying emissions across the gas supply chain, and Europe's energy crisis following Russia's invasion of Ukraine, have prevented low-carbon gas markets from taking off. While gas burns cleaner than other fossil fuels, its main component is the powerful greenhouse gas methane, which can leak into the atmosphere from drilling, processing, shipping and distribution.

'CHAOTIC'
Certifiers rely on a dizzying array of competing measurement technologies to evaluate those emissions, including satellites, planes, drones and land-based systems, along with differing methodologies for how to interpret the data. "The downside of all the innovation and creativity is that it also is very chaotic," Crabtree said.
Tom Hassenboehler, a lobbyist who helped form the DGCC industry group said the administration can help promote the certified gas market by laying out practices and standards to boost trust in the product.
During the Obama administration, the DOE helped build confidence in fracking by collaborating on a report and website on the disclosure of fracking fluids. It could play a similar role in certification markets, said Hassenboehler.
Williams Cos Inc WMB.N, a gas processing and transportation company aligned with DGCC, says it will certify emissions cuts across the gas supply chain, to be verified by the auditor KPMG, LLP.
"The market is driving that because our customers want to see a credible documentation of the of the emissions," said Chad Zamarin, a Williams executive vice president. Any government help to "verify that or provide additional comfort ... is something that makes a lot of sense."
PureWest Energy, a private gas producer aligned with DGCC, did not immediately comment.
MiQ, which says it certifies nearly 20% of U.S. gas output, said Washington needs to show leadership.
"Any silence from the administration on this only results in more opacity and blurriness," said Ben Webster, MiQ's director of policy.
At Project Canary, which is in DGCC and says it certifies nearly 11% of U.S. gas output, Chief Commercial Officer Tanya Hendricks said the administration should use funding from the Inflation Reduction Act to deploy advanced monitoring technologies.
The U.S. does not endorse any one verification system, Crabtree said.

'TRAIN HAS LEFT THE STATION'
If successful, certified gas could help sustain U.S. LNG exports to European markets and put perhaps put pressure on Russia to clean its gas once the war in Ukraine ends, experts said. The thousands of miles of pipelines from Russian gas fields to Europe leak methane but there is little transparency about how much, said Leslie Palti-Guzman, president and founder of the research group Gas Vista. Meanwhile, U.S. LNG is not only linked to methane leakage, but takes large amounts of energy to supercool and ship, adding to its carbon footprint. Nobody knows which is cleaner, "but certified gas could strengthen the case for the U.S. and challenge the Russians to report credible numbers" on its methane emissions, said Robert Kleinberg, a Columbia University research scholar who advises DGCC, free of charge.
Palti-Guzman said certified gas could also be key to securing a longterm role for U.S. LNG in Europe where carbon prices last month hit a record 100 euros per tonne. "The train left the station," she said. "It's only a matter of time before Europe makes (climate change) a priority again.

Top News - Dry Freight

"Tunisia receives few offers in 25,000 T barley tender -traders
The lowest price offered in an international tender from Tunisia's state grains agency on Friday to purchase about 25,000 tonnes of animal feed barley was believed to be $299.95 a tonne c&f, according to initial assessments from European traders. Participation was thin, with some traders saying two trading houses were taking part and others saying three.
Finance for the tender is being provided by the African

Development Bank, traders said. The grain can only be sourced from the bank's member countries, which include states in Europe, North America and South America, traders said. It was unclear whether the offers would meet this requirement because some grain from some traditional sources, especially in east Europe and the Black Sea, cannot be supplied. The lowest offer was believed to have been submitted by trading house Cofco for the full 25,000 tonnes, they said.
Trading house Viterra was reported to have offered $329.95 a tonne c&f. Trading house Cargill was also said to have participated but no offer price was available.
The barley is sought for rapid shipment between March 20 and April 10 depending on origin supplied. Offers are still being considered and no purchase has yet been reported. The lowest offer is not always accepted by Tunisia if conditions attached to it are regarded as unacceptable.

Taiwan's MFIG tenders to buy up to 65,000 tonnes corn - traders

Taiwan's MFIG purchasing group has issued an international tender to buy up to 65,000 tonnes of animal feed corn, which can be sourced from the United States, Brazil, Argentina or South Africa, European traders said on Friday. The deadline for submission of price offers in the tender is Wednesday, March 8, they said.
Price offers are being sought for one consignment of yellow corn at a premium over the Chicago July 2023 corn contract. Shipment is sought between April 25 and May 14 if the corn is sourced from the U.S. Gulf, Brazil or Argentina, traders said. If sourced from the U.S. Pacific Northwest coast or South Africa, shipment is sought between May 10 and May 25. Asian corn demand has been strong in the past week following falls in Chicago corn prices. South Korean buyers made a series of corn purchases earlier this week.

Picture of the Day

People watch the sunset in Alfacs Bay, inside the Ebro Delta Nature Reserve, near Poble Nou del Delta, Spain, March 5. REUTERS/ Nacho Doce

(Inside Commodities is compiled by Soumya Chatterjee in Bengaluru)

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

To subscribe to Inside Commodities newsletter, **click here**.

Refinitiv
28 Liberty Street, New York, NY 10005

Please visit: **Refinitiv** for more information.

Privacy statement