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Top News - Oil

CERAWEEK-OPEC, US energy executives discuss tight capacity at Houston huddle

U.S. energy executives and top OPEC officials on Monday discussed concerns about a lack of spare oil production capacity at a private dinner on the sidelines of a Houston conference, an executive who attended said.
The dinner with shale producers and OPEC officials continued a tradition that began around five years ago when they were fierce competitors.
It has been held in most recent years during the CERAWeek energy conference in the U.S. oil industry capital. The main takeaway from their discussion was concern among those present that there was little spare capacity in the market, Devon Energy Chief Executive Officer Rick Muncrief told reporters as he left the restaurant.
Among the other topics that came up were strong oil demand and what U.S. shale producers could do to meet it given what shareholders want, he said.
OPEC and U.S. shale producers have enjoyed strong global demand for their oil and gas and are coming off a year of record profits for the fossil fuel industry.
Their rivalry has faded as the shale boom that took the United States to the top of the league of global oil producers and ate up OPEC market share has leveled off. OPEC had viewed shale as an untamed force that undercut its revenue by bringing vast new oil supplies to market. Relations improved after shale companies bowed to investors' demands for higher capital returns and cut spending on capacity growth.
This year's event is the first that Haitham Al Ghais has attended as secretary general for the Organization of the Petroleum Exporting Countries. He stepped into the role in August.
Top executives from U.S. companies whom Reuters reporters saw attend the dinner on Monday included Chesapeake Energy Corp CEO Nick Dell'Osso, Pioneer Natural Resources CEO Scott Sheffield, Hess Corporation CEO John Hess, Occidental Petroleum CEO Vicky Hollub, Talos Energy CEO Tim Duncan and Devon's Muncrief.
The event comes at a tumultuous time for global markets with the war in Ukraine disrupting global oil and gas flows while enriching both producer groups.
U.S. oil output is set to rise less than 600,000 barrels per day (bpd) in 2023, a much slower rate than the around 2 million bpd in 2018.
OPEC, in the meantime, has committed to cut members' production by 2 million bpd, setting a floor on prices.
In a show of how the acrimony has fallen away, U.S. officials at the conference last year - just after Russia's invasion of Ukraine - gifted the late former Secretary General Mohammad Barkindo a bottle of "Genuine Barnett Shale", an homage to the region that helped spark the U.S. shale revolution.
"I was a good friend of Secretary Barkindo," Pioneer's Sheffield said in an interview with Reuters on Monday. "I've not met the current Secretary, so I know nothing about how things will go."
Fewer OPEC officials are present at this year's annual CERAWeek conference, with ministers from key countries, including Saudi Arabia and Iraq, absent from the attendee list.

EXCLUSIVE-Russian crude oil heads to UAE as sanctions divert flows

The United Arab Emirates has been taking more cargoes of Russian crude oil, according to ship tracking data and trading sources, in another example of how Western sanctions on Russia have adjusted traditional energy trade flows. Russia has been selling both crude and refined products at discounted prices after international sanctions over its invasion of Ukraine, which Moscow calls a "special military operation", left it with fewer buyers.
The development also highlights growing cooperation between Russia and top Gulf oil producers, such as Saudi Arabia and the UAE. Gulf Arab states have resisted U.S. pressure to help isolate Russia and to pump more oil to help replace Russian supply after it came under Western sanctions.
It is not known exactly when the UAE began importing Russian crude, but tanker tracking data indicates volumes have risen in the wake of Russia's February 2022 invasion of Ukraine and the subsequent Western sanctions on Moscow.
Ship tracking data shows about 1.5 million barrels of Russian crude have gone to the UAE - one of the world's biggest oil producers in its own right - since November 2022, with volumes either beginning or moving higher since early 2022.
According to data from energy analytics firm Kpler, the first shipment of Russian crude to the UAE was in 2019, but shipments increased after April 2022, with a pause between July and October 2022.

Refinitiv Eikon data shows the first Russian crude shipment to the country was in 2022, with a spike in volumes in April 2022.
The UAE and Russian energy ministries did not immediately respond to requests for comment on the data.

GROWING COOPERATION
Saudi Arabia has been importing significant amount of Russian fuel oil to burn at its power plants while freeing up more crude for exports. Only one shipment of Russian crude to the UAE has previously been reported.
China, India and several African and other Middle Eastern nations have also increased Russian crude and products imports, while many countries have banned or discouraged such purchases.
The UAE has also maintained cooperation with Russia in the alliance of global producers known as OPEC+, which groups the Organization of the Petroleum Exporting Countries and allies.
Data seen by Reuters on Eikon ship tracking showed a shipment of Russian crude arrived at the UAE Ruwais refinery in November 2022.
Another cargo, of Russian Urals crude, is shown as having arrived at the oil hub of Fujairah earlier this month.
Data from Kpler also showed both crude shipments as having taken place. "Shipments to UAE are occasional," a Russian crude trading source said.

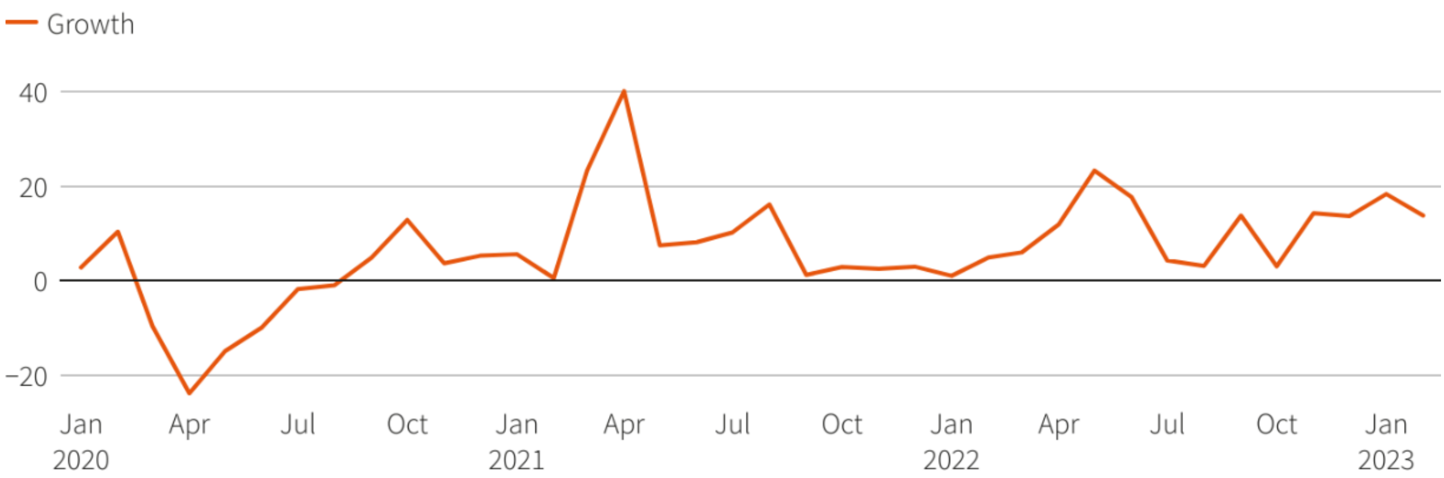
Top News - Agriculture

Asian palm oil buyers seek stable export policies from producers
The Asian Palm Oil Alliance (APOP), a body of palm oil buyers, want producing countries to make sure they have stable export policies after changes last year caused volatility in the trading of the tropical oil, the head of the group said. India, Pakistan, Bangladesh, Nepal and Sri Lanka are currently members of the APOP and the alliance wants to add more buyers, Atul Chaturvedi, the APOP chairman, said at the annual meeting of member countries in Kuala Lumpur late on Monday. Importing countries have built refineries to process crude palm oil, but producers are imposing higher export duties on crude palm oil than for refined and making the buying of refined palm oil cheaper than the crude grade, Chaturvedi said. "The higher duty on crude palm oil is keeping refineries idle in importing countries. Producers need to think about this duty structure, which is hurting buyers," he said.

Chart of the Day

India power demand growth

India's power demand has surged in the recent months. A scorching heatwave and an easing of coronavirus restrictions drove power demand higher during the first half of 2022, while other abnormal weather patterns and farm sector demand pushed electricity requirement up in the second half.



Note: All figures in percentage; Figures indicate growth in overall power demand represented in terawatt-hours (tWh)
Source: Grid-India

Dorab Mistry, the director of Indian consumer goods company Godrej International, told the gathering that key producers Indonesia and Malaysia need to realise that Asian countries are their most trusted buyers and that they make purchases without creating trouble for the industry. The sudden change in export polices such as ban on the exports imposed by Indonesia last year not only disrupts supply chains in importing countries, but also hurts producers and they should think about buyers while making sudden changes, Mistry said. Indonesia, the world's biggest exporter of palm oil, last year surprised buyers by banning palm oil exports, which forced buyers to secure supplies from rival Malaysia at a record high price and look for alternatives such as soyoil and sunoil. Furthermore, major producers tend to respond more to demands from buyers in Europe rather than pay attention to the needs of Asian purchasers, said Ajay Jhunjhunwala, president of the Solvent Extractors' Association of India. "European Union accounts for less than 9% of the global palm oil imports. Asian buyers account for around 40%, but producers try to comply with EU's demands and ignore Asian buyers," he said. The EU in December passed a deforestation law that requires companies to produce a due diligence statement and provide "verifiable" information that commodities, including oil palm, were not grown on land deforested after 2020, or risk hefty fines.

China's Jan-Feb soybean imports jump 16% on year – customs

China, the world's top oilseed buyer, imported 16.17 million tonnes of soybeans in January and February, customs data showed on Tuesday, up 16.1% on the same period a year ago, as buyers stocked up amid tight supply. The jump in arrivals came after lower imports through much of 2022, though imports had already surged in December. China's General Administration of Customs combines data for the first two months of the year because of the timing of the week-long Lunar New Year holiday that began in late January.

Large arrivals come as Chinese demand for meat and therefore the animal feed ingredient, soymeal, is expected to rise this year after Beijing abandoned strict zero-COVID measures in late 2022.

Arrivals in March are, however, set to decline after a slow start to the harvest in the world's top producer, Brazil.

Top News - Metals

LME faces new hedge fund lawsuits over cancelled nickel trades

The London Metal Exchange (LME) faces two fresh lawsuits, filings showed, from ten hedge funds and asset managers after it enraged investors last year by cancelling nickel trades. The world's largest and oldest metals market annulled billions of dollars of nickel trades following chaotic price action and suspended trading for the first time since 1988.

Hong Kong Exchanges and Clearing, the LME's owner, said in a statement on Monday that the new legal action was taken against the LME and its clearing house LME Clear.

"The LME and LME Clear management are of the view that the claim is without merit," HKEX said.

In one filing, AQR Capital Management and four other hedge funds had demanded 80 million pounds ($96 million) in damages.

The other was by Commodity Asset Management and four other parties, but no details were immediately available about the scope of damages they were seeking.

The nickel cancellations took place on March 8, 2022 and the new wave of legal filings was due to a one-year time limit approaching for claims that allege the LME violated the Human Rights Act, a source close to the situation told Reuters. The Human Rights Act was a key element in an existing legal action by U.S. hedge fund Elliott Associates and Jane Street Global Trading, which are suing the LME for $456 million and $15.3 million respectively.

Elliott and Jane Street alleged the LME acted unlawfully, breached its published policies, was disproportionate, favoured some market participants over others and violated their rights under the European Convention of Human Rights to the "peaceful enjoyment" of possessions, court documents showed.

The LME denied the allegations and said it sought to act in the interest of the market as a whole.

In December, a High Court judge dismissed a case against the LME brought by AQR and others that demanded phone call transcripts and meeting notes about the exchange's decision.

The new filing made on Friday by AQR and the others was under a different legal category, London court filings showed.

In addition to AQR, the other claimants are DRW Commodities, Flow Traders, Capstone Investment Advisors and Winton Capital Management Ltd.

Along with Commodity Asset Management, the other claimants in the other legal action were Pala Investments Ltd, Pentimon Ltd, Welton Investment Partners and Sunrise Capital Partners, the filing showed.

On Friday, a British financial watchdog launched its first ever investigation of a British exchange for possible misconduct over the LME's decision to halt nickel trading.

China Jan-Feb copper imports fall 9.3% to 879,000 tonne

China's unwrought copper imports in the first two months of 2023 fell 9.3% from a year earlier, customs data showed on Tuesday, as higher global prices lowered buying appetite.

Arrivals of unwrought copper and products into China, the world's biggest consumer of the red metal, were 879,000 tonnes in January and February, down from 969,289 tonnes in the same period a year earlier, according to the General Administration of Customs. A surge in COVID-19 cases across the country after Beijing abruptly exited its zero-COVID policy in early December disrupted industrial activities, dampening copper demand.

The metal is widely used in the power, construction and transportation sectors.

Rising global prices also curtailed demand in January and February, when the market is normally weak because of China's week-long Lunar New Year holiday.

Although manufacturing activity was strong in February , actual copper consumption has yet to pick up because end users have sufficient stocks amid the slow demand.

London copper prices have also rallied sharply, deterring imports, traders said.

Top News - Carbon & Power

CERAWEEK- Asia demand to drive Cheniere's LNG shipments this year

Cheniere Energy expects to ship more liquefied natural gas (LNG) to Asia this year, after European customers took the lion's share of its 2022 cargoes, an official said on Monday. The top U.S. exporter of LNG shipped a total of 638 cargoes last year, with slightly over 70% delivered to Europe, Chief Operating Officer Corey Grindal said at the CERAWeek energy conference. Cheniere last year gave the financial go ahead for an expansion of its Corpus Christi, Texas, liquefaction plant and has sought an early environmental review with federal regulators for an expansion at its Sabine Pass, Lousiana, facility, officials said. Construction of its and others LNG plants along the U.S. Gulf Coast is stressing existing gas transportation and storage infrastructure.

In states including Louisiana, there is a need to continue to expand the infrastructure, Grindal said.

MARKET MONITOR as of 07:30 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$80.63 / bbl	3.78%	0.46%
NYMEX RBOB Gasoline	$2.78 / gallon	4.36%	12.20%
ICE Gas Oil	$852.00 / tonne	1.52%	-7.49%
NYMEX Natural Gas	$2.54 / mmBtu	-9.71%	-43.28%
Spot Gold	$1,849.40 / ounce	0.69%	1.37%
TRPC coal API 2 / Dec, 23	$129.5 / tonne	-16.99%	-29.91%
Carbon ECX EUA / Dec, 24	€97.88 / tonne	-5.84%	11.23%
Dutch gas day-ahead (Pre. close)	€43.50 / Mwh	-8.32%	-42.44%
CBOT Corn	$6.46 / bushel	0.78%	-4.86%
CBOT Wheat	$6.96 / bushel	0.58%	-12.96%
Malaysia Palm Oil (3M)	RM4,240 / tonne	1.39%	1.58%
Index (Total Return)	**Close 06 Mar**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	299.34	1.12%	-0.66%
Rogers International	28.02	-0.48%	-2.25%
U.S. Stocks - Dow	33,431.44	0.12%	0.86%
U.S. Dollar Index	104.48	-0.37%	0.93%
U.S. Bond Index (DJ)	398.15	-0.59%	1.40%

A little more than 50% of Cheniere's customers are European firms, which ensures it will continue to have a balance between Asia and European markets, Chief Executive Jack Fusco said.
It doesn't matter how much Russian gas returns to the market, if producers including Cheniere continue signing customers to long-term contracts, Fusco added. Cheniere has expanded to 30 long-term customers from 12.
Europe is putting the infrastructure in place to import LNG for the long-term, reducing its reliance on Russian pipeline gas, the executives said.
However, the U.S. will need additional development to meet future demand.
"A permitting reform in the country needs to happen," said CEO Fusco, referring to red tape that often causes delays and bottlenecks to expanding LNG capacity.
The company's proposed expansions would add 30 million tonnes per year of LNG production capacity combined.
Cheniere is studying the Federal Energy Regulatory Commission's requirements for rival Freeport LNG to restart its fire-damaged Texas facility. The monitoring is intended to ensure its facilities meet all FERC standards, the executives said.

EXCLUSIVE-U.S. solar panel imports from China grow, alleviating gridlock, officials say
U.S. imports of solar panels are finally picking up after months of gridlock stemming from implementation of a new law banning goods made with forced labor, according to two Chinese solar companies. A White House official confirmed the thaw in shipments at an energy conference on Monday, attributing it to clearer rules around complying with the Uyghur Forced Labor Protection Act (UFLPA).
The gains are a relief to major Chinese suppliers including Trina Solar and Jinko Solar, who are finally getting products into the lucrative U.S. market after long delays.
The labor protection law prohibits imports of products made in China's Xinjiang region, where Chinese authorities are reported to have established labor camps for ethnic Uyghur and other Muslim groups. China denies any abuses.
The movement of panels that have been stuck at the border or awaiting shipment from overseas should help alleviate delays in U.S. solar project development stemming from implementation of the law, which went into effect in June of last year. The freeze in project building posed a risk to the Biden administration's clean energy and climate change goals, the industry has said. "There's clearer guidance out, and we're seeing more shipments coming through," John Podesta, a senior adviser to President Joe Biden on clean energy matters, told reporters on Monday on the sidelines of the CERAWeek energy conference in Houston. He did not give details on the quantity of panels that were making it through customs. Trina Solar Co Ltd told Reuters that more than 900 megawatts of its solar panels have cleared U.S. customs in the last four months, with less than 1% of those products being detained for examination. That's about enough capacity to power more than 150,000 homes. "Trina's data systems and supply chain management allow us to provide detailed traceability documentation, upon request by the U.S. Customs," a Trina U.S. spokesperson, Melissa Cavanagh, said in an email. "This has significantly reduced delays at the ports."
The UFLPA essentially presumes that all goods from Xinjiang are made with forced labor and requires producers to show sourcing documentation of imported equipment back to the raw material to prove otherwise before imports can be cleared. Trina rival Jinko Solar Holding Co Ltd has also had shipments released from detention, a source close to the company said. As of October, U.S. Customs and Border Protection had seized more than 1,000 shipments of solar energy equipment under UFLPA, the agency said in response to a public records request. None had been released.
The products were primarily made by Trina, Jinko and Longi Green Energy Technology Co Ltd, according to industry sources.
Those companies typically account for up to a third of U.S. panel supplies. Longi did not respond to requests for comment.
In response to another public records request last month, U.S. Customs said it had released 374, or more than a quarter of 1,433 electronics shipments it had detained under UFLPA. It would not specify how many of those were solar products. Polysilicon, the solar industry's raw material, is identified as a high-priority sector in the law.

Top News - Dry Freight

Australia set for record crop exports after heavy rains
Australia is expected to report record-breaking agricultural exports in the current financial year, the government said on Tuesday, after years of high rainfall boosted yields.
Agricultural exports are forecast to hit a record $75 billion in 2022–23, according to the federal Australian Bureau of Agricultural and Resource Economics (ABARES).
Australia's winter crop production, driven predominantly by wheat, is estimated to have hit a new record of 67.3 million tonnes in 2022–23.
The total value of production including fisheries and forestry, is due to hit $96 billion, also a record.

"Australia is benefitting from a third consecutive year of high rainfall, and it shows in the figures," ABARES executive director Jared Greenville said in a statement. "Once again, we're seeing record levels of production, driven by exceptional growing conditions and high commodity prices."
Production of wheat and canola are estimated to have reached new records, Greenville added, with ABARES expecting the third-highest barley production on record.
Total production is expected to be lower in 2023–24, though at $81 billion, it will still be the third highest on record.
Australia's eastern region has seen a wave of high rainfall in recent years because of a rare multi-year La Nina weather phenomenon, which brings more rain.
The war in Ukraine has also boosted commodity prices, including wheat, Australia's largest agricultural export.

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.

Picture of the Day

A truck transports nickel materials to the plant owned by PT Vale Indonesia Tbk in Sorowako of Indonesia's South Sulawesi province. REUTERS/Yusuf Ahmad

(Inside Commodities is compiled by Soumya Chatterjee in Bengaluru)

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