Oil | Agriculture | Metals | Carbon & Power | Dry Freight

Click on headers to go to that section

Top News - Oil

IEA sees relatively well supplied oil market in 2024

The global oil market is relatively well supplied with demand growth slowing, while supply is increasing from the Americas, the head of the International Energy Agency's (IEA) oil markets and industry division told Reuters on Thursday.

"Depending on the pace of oil demand growth going forward, the strength of summer demand, any unexpected outages, we see that the market (is) relatively well supplied this year," Toril Bosoni said on a sidelines of an industry conference in Oslo.

The IEA therefore expects "relatively calm markets" even though the OPEC+ group recently decided to extend supply cuts, she added.

OPEC+ members led by Saudi Arabia and Russia agreed on Sunday to extend voluntary oil output cuts of 2.2 million barrels per day into the second quarter, giving extra support to the market amid concerns over global growth and rising output outside the group.

While oil demand last year grew by some 2.3 million barrels per day (bpd), the increase in 2024 is expected to be smaller, at 1.2 million to 1.3 million bpd, Bosoni said.

The IEA expects supply to grow to a record high of about 103.8 million bpd, almost entirely driven by producers outside OPEC+, including the United States, Brazil and Guyana.

"So far, that's sufficient to meet the demand growth," Bosoni said.

COLUMN-China's crude oil imports rise on-year, but softer trend remains: Russell

China's imports of crude oil rose in the first two months of the year compared with the same period in 2023, but they were also weaker than the preceding months, continuing a trend of softening purchases by the world's biggest buyer.

Official customs data released on Thursday showed crude imports of 88.31 million metric tons in the January-February period, up 5.1% from the same period in 2023.

However, on a barrels per day (bpd) basis, the increase was only 3.3%, given the extra day this year in February for the quadrennial leap year.

Imports were 10.74 million bpd in the first two months, which were also down from the 11.39 million bpd in December, slightly better than November's 10.34 million bpd, and below the 11.53 million bpd in October.

China's crude imports in 2023 peaked in August at 12.43 million bpd, which was the second-highest on record, and although there has been some volatility in the monthly data since then, the overall trend is toward lower arrivals.

China combines import data for the first two months of the year to smooth out the impact of the week-long Lunar New Year holidays, which fall at varying times within the January-February period.

The question for the oil market is whether the increase in China's crude imports in the first two months on a year-on-year basis is more important than the declining trend.

It's worth noting that the imports for the first two months of the year were most likely arranged in a window from late October through to mid-December, a time when global crude oil prices were in a weakening trend.

Benchmark Brent futures hit their 2023 high of $97.69 a barrel on Sept. 28, before declining to a trough of $72.29 on Dec. 13.

This means crude that offloaded in the first two months of the year was mainly bought when prices were relatively low.

Since the December low, Brent has been rallying, reaching $84.05 a barrel on Wednesday, close to the 2024 high so far of $84.80 from Jan. 29.

The March 3 decision by the OPEC+ group of producers to extend their output cuts to the end of June has bolstered crude prices, but at the same time has raised questions over the strength of global oil demand given that the group is lowering production by a total of 5.86 million bpd, or nearly 6% of world demand.

The higher crude price of recent weeks also may act as a drag on China's imports from the second quarter onwards.

It's likely that the vast majority of cargoes arriving in March were secured weeks ago, but April and May shipments will have been subject to the higher prices since late January.

FLEXIBLE BUYING

Chinese refiners have shown a willingness in the past to curb imports when they deem prices have risen too quickly or are too high, and they dip into inventories until they deem prices are more reasonable.

Another factor is China's exports of refined products, which fell in the first two months of 2024 compared with the same period last year.

Fuel exports were 8.82 million tons in the first two months, equivalent to about 1.18 million bpd, using the BP conversion rate of 8 barrels of products per metric ton. This was down 31.4% from the 1.72 million bpd of products shipped in the January-February period last year.
Refiners were limited in the volumes they could because of a lack of quotas, and it is likely that export volumes will rise in coming months as quotas are released and refiners take advantage of still positive profit margins in Asia for diesel and gasoline.
The overall outlook for China's crude imports remains linked to the drivers of domestic fuel consumption and product exports.
However, the price of crude has also been a key determinant in recent months, with imports tending to rise when prices moderate, but ease off when costs increase.
No doubt exporters such as OPEC+ are hoping that China's economy recovers growth momentum, leading to stronger fuel demand, which may force the refiners to keep importing higher volumes of crude even if prices remain north of $80 a barrel.

The opinions expressed here are those of the author, a columnist for Reuters.

Top News - Agriculture

Argentina grain exchange says 80% of soy fields growing well
Eight in 10 hectares (19.8 to 24.71 acres) of Argentine soybean fields are in "normal to excellent" condition, the Buenos Aires grains exchange said on Thursday, thanks to recent rainfall over northern parts of the South American country.
Argentina is one of the world's two main exporters of soybean oil and soybean meal, along with Brazil, and the exchange believes this season's crop will hit 52.5 million metric tons - the highest figure in five years.
Meanwhile 72% of soybean lots have "adequate to optimal" levels of soil moisture, it added.
Farmers have already begun harvesting corn but work in the fields will intensify in April. The 2023/24 season is expected to generate a record 56.5 million tons.
A state weather institute had on Wednesday forecast heavy rains across Argentina's agricultural heartlands between Friday and Saturday, which would favor many corn and soy lots which are still in development stages.

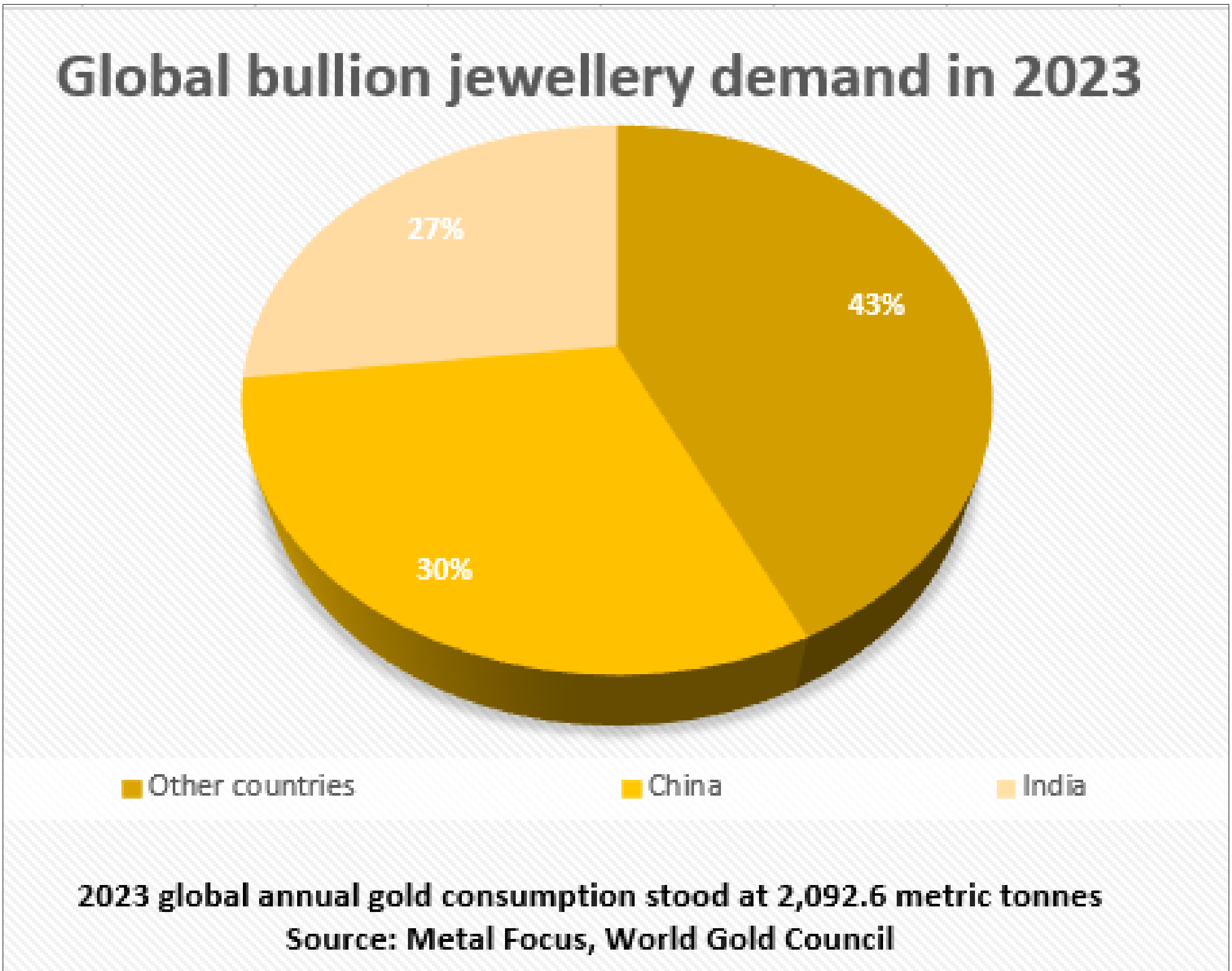
ANALYSIS-Brazil mills boost sugar capacity, 'leave' ethanol to corn processors
Brazil cane mills will boost their sugar production capacity as much as 10% in the new season from April to take advantage of relatively high sugar prices and as increasing supplies of corn make the grain a cheap feedstock for ethanol output.
Brazil is the world's largest sugar producer. It accounted for nearly 50% of global sugar trade last year as unfavorable weather due to the El Nino climate pattern reduced output and exports from competitors India and Thailand.
Sugar prices have dipped from a 12-year peak hit in November, but are still historically high. Brazilian mills are rushing to complete expansions or new plants to boost their sugar production capacity, analysts said.
"Every mill that can do it (boost sugar capacity), is doing it," said Julio Maria Borges, a director and partner at JOB Economia e Planejamento, an advisory firm.
"The difference on financial returns between sugar and ethanol is just too big."
Sugar prices are currently 60% higher than Brazilian ethanol prices, broker and supply chain services provider Czarnikow said in a report this week. It is the widest price gap in 15 years.
Among some of the largest sugar investments are Jalles Machado's 170 million reais ($34.19 million) plant in Minas Gerais state, Cerradinho Bionergia's 289 million reais factory in Mato Grosso do Sul and Coruripe's 200 million reais new sugar production line also in Minas Gerais.
France's Tereos, which has seven plants in Brazil, plans to allocate 70% of its sugarcane for sugar production, and 30% to ethanol. That is a boost from the already high level of 67% last season.
Many other mills are making smaller adjustments, optimizing sugar installations. Cane allocation towards sugar production - and away from ethanol production - across Brazil last year was the largest in 12 years at 49%. Most analysts expect it to be a record in the new season.

CLIMATE HIT
Despite the increase in sugar production capacity, Brazil is unlikely to produce more of the sweetener in the new season than it did in 2023/24.
"We had (in 23/24) a climate that was like laboratory, just perfect," Borges said.
"It rained well at the right time, and then was dry for harvest. We are not seeing this now."
Cumulative rainfall in the main sugar area of Ribeirao Preto in Brazil this year, for example, is 50% below normal, according to GFS climate modeling.

Tereos expects Brazil's Centre-South (CS) sugarcane production to fall below 600 million tons in 2024/25 from 660 million tons in 2023/24.
Broker StoneX still projects a record sugar production in the new season at 43 million tons, saying the increase in cane allocation to sugar production, at the expense of ethanol, will offset a smaller sugarcane volume.

CORN ETHANOL
StoneX estimates that production of ethanol from sugarcane will fall by nearly 3 billion liters in 2024/25, or 10.4%, to 24.5 billion liters. It said output of corn-based ethanol, on the other side, will grow 16% to 7.2 billion liters.
"There is a change in the industry," said StoneX sugar and ethanol analyst Filipi Cardoso. "Corn-ethanol is more cost-efficient, so cane mills are going for sugar."
Corn production has expanded quickly across Brazil, which became the world's top corn exporter last year. That has also encouraged the expansion of corn-based ethanol production. Typically, ethanol in Brazil has been made from sugar cane rather than ethanol.
"Brazilian corn ethanol production was less than 1 billion liters five years ago and this crop it could reach 5 billion liters, and 10 billion in the next 5-6 years," said Citi analysts.
Brazil is one of the world's largest consumers of ethanol as a transport fuel. The biofuel accounted for 46% of light vehicle fuel use in Brazil in 2023, or 28.5 billion liters.
The rapid expansion of corn ethanol production, however, has capped prices for the biofuel in Brazil, another factor that has encouraged sugar mills to focus on sugar.

Chart of the Day



Top News - Metals

Gold surge could dull India wedding season demand; China outlook robust

A surge in global gold prices to record highs could dampen consumption during the wedding season in India, but top buyer China will see robust safe-haven demand this year, analysts and traders said.

China and India together account for more than half of total global gold demand.

Benchmark spot prices hit a record high $2,164.09 on Thursday, driven mostly by bets for U.S. monetary easing, which increases investors' appetite for the zero-yield paper gold as opposed to competing assets such as Treasury bonds and the dollar.

In India, the world's second-largest gold consumer and a major importer, domestic prices rose to a record 65,587 rupees per 10 grams.

The rise in prices led to a drop in demand which prompted dealers to offer discounts of about $14 an ounce over official domestic prices - inclusive of 15% import and 3% sales levies - versus last week's $1 premiums.

"Consumers can't wrap their heads around current price levels. If prices stay this high, it's going to affect demand during the ongoing wedding season," said Prithviraj Kothari, president of the India Bullion and Jewellers Association Ltd.

"There's no reason for banks and refiners to import. March imports would be negligible," Kothari said.

Gold is an intrinsic part of Indian weddings and the summer wedding season is currently underway.

"Scrap supplies are increasing. Consumers who need to buy are exchanging old jewellery for new," said Ashok Jain, proprietor of Mumbai-based gold wholesaler Chenaji Narsinghji.

In China, dealers cut premiums to $25-$36 over benchmark prices versus $36-$48 last week, but traders said overall demand should be robust in 2024.

"While the price spike has driven some selling, demand will be up after some time as people get used to these levels," especially on safe-haven demand, said Peter Fung, head of dealing at Wing Fung Precious Metals in Hong Kong.

Asian buyers are known to be price-sensitive, but that might change, said Ross Norman, an independent analyst based in London.

"The mindset changes, and as the market goes higher, it almost validates the reason you're buying," Norman said.

Analysts said the surge in gold prices could also attract some new investor interest in other regions.

A sustained rally could revive buying activity in Germany, a key retail hub for coins and bars, said Alexander Zumpfe, senior precious metals trader at Heraeus.

Panama asks First Quantum to suspend visitor program at disputed copper mine

Panama said on Wednesday it had asked First Quantum Minerals to suspend a visitor program launched last month at the disputed Cobre Panama mine, saying the miner did not consult the government before starting the community relations initiative.

The Canadian miner announced the program to help the Panamanian society to get a first-hand experience of what was happening at the site of the copper mine, according to a post from the company's Panama unit on social media platform X.

"The ministry informed them (First Quantum) that these type of decisions, not only the visits but any other activity, needs to be previously consulted with the trade ministry or the appropriate entity," Jorge Rivera, Panama's Trade Minister said on Wednesday.

First Quantum did not immediately respond to a request for comment.

The Panama government and First Quantum are at odds over the future of the Cobre Panama mine, one of the newest and biggest copper mines in the world. The Central American nation ordered the shutdown of the mine late last year after public protests over environmental concerns.

First Quantum said last month the community relations program was announced after an opinion poll by Gallup found that about half of those interviewed expressed interest in visiting the mine.

The mine's activity represented about 5% of the country's gross domestic product, and Panama's GDP growth in 2024 is expected to slow to 2.5% from 7.5% due to its closure, according to the International Monetary Fund.

Cobre Panama accounted for about 40% of First Quantum's 2023 revenue and the suspension has was wiped out about half of First Quantum's market value since the protests started, forcing the company to take a series of capital restructuring measures to manage its debt load.

The company is seeking $20 billion from the Panama government through international arbitration.

First Quantum shares fell 3.8% on Thursday, while the benchmark Canadian stock index rose 0.9%.

Top News - Carbon & Power

China coal imports seen flat in 2024, state-run utility says

China's coal imports are expected to be little changed in 2024, despite expectations for an increase of 4% in demand for the polluting fuel, a senior executive of a state-run utility said on Friday.

Tepid growth in shipments by the world's top importer of the fuel could suppress global prices and worsen fears of oversupply, with Indonesia, the world's top exporter of coal, expected to further boost exports from record levels.

China's coal imports would range between 450 million and 500 million metric tons this year, said Wu Wenbin, the head of coal management for the utility, Guangdong Energy Group.

That compared with a 2023 record of 474.42 million tons, surprising analysts who had forecast imports of between 460 million and 470 million tons.

China's record imports and a surprise uptick in shipments by No.2 coal importer India helped balance coal markets in 2023. India's imports are expected to fall in 2024 for the first time since the pandemic year of 2020.

Indonesian coal exports are expected to rise 2.1% to 528.72 million tons, despite expectations for production to fall 8.4% to 710 million, said Hendra Sinadia, of the Indonesian Coal Mining Association.

Sinadia estimated higher exports as he projected a smaller share of output going to meet domestic fuel demand.

Guangdong's Wu expects shipments from Indonesia to fall to 200 million metric tons this year, while imports of Australian coal will return to "a normal level" of 80 million tons.

The world's top coal user imported a record 222 million tons of coal from Indonesia in 2023, and 62 million tons from Australia, data from analytics firm Kpler showed.

Total Chinese consumption of coal is expected to grow 4% in 2024, higher than last year's 3.5%, Wu said, adding that surging coal demand this decade has helped snap a seven-year lull in consumption.

However, profits from coal mining and washing in China fell 25.3% in 2023 on the year to 762.89 billion yuan ($106 billion), in line with a fall of 25.5% in domestic spot prices, Wu said.

China is building a 600-million-ton coal reserve to balance supply and demand and control price fluctuations, he added.

Profits for China's top 10 generators of coal-fired power rose to 18.3 billion yuan in 2023, though nearly two-fifths of coal-fired power companies booked losses last year.

Still, there was "an overall improvement in the operating situation" of coal-fired utilities, with power tariffs increasing 20% in 2023, Wu said.

COLUMN-Europe's mild winter leaves gas stocks at record high: Kemp

Europe is on track to end the winter with a record volume of gas in storage, which has pushed futures prices back to pre-crisis levels once inflation is taken into account.

The supply picture has been transformed from two years ago, when traders and policymakers were worried about possible gas shortages following Russia’s invasion of Ukraine.

Storage facilities across the European Union and the United Kingdom were 62% full on March 5 compared with an average of 41% full on the same date between 2011 and 2020.

Inventories amounted to 707 terawatt-hours (TWh), which was 277 TWh (+64% or +2.14 standard deviations) above the prior ten-year seasonal average.

The surplus had swelled from 167 TWh (+18% or +1.70 standard deviations) at the start of the winter heating season on October 1.

Winter 2023/24 has mostly been characterised by a strong positive North Atlantic Oscillation, directing strong westerly winds from across the Atlantic into Northwest Europe.

Pressure differentials between the Greenland-Iceland low-pressure area and the Bermuda-Azores high-pressure area have been greater than normal, accelerating warm, moist air into Northwest Europe.

The result has been higher temperatures and wind speeds than average, reducing heating demand and at the same time boosting wind generation, creating a double cut to gas consumption.

So far this winter, heating demand has been 14% below the long-term average in London and 25% below the average at Frankfurt in Germany.

Inventories are on track to end winter around 664 TWh, setting a record and beating previous highs of 629 TWh at the end of winter 2022/23 and 609 TWh at the end of winter 2019/20.

Northwest Europe is about 80% through the heating season so any cold snaps are unlikely to make a significant difference to the outcome at this point.

It is the region's second mild winter in a row. Europe has been lucky as well as smart.

High prices and government policies to reduce gas and electricity consumption have played a role averting shortages, but back-to-back mild winters have played a bigger role securing energy supplies.

Since October 2023, futures prices have declined steadily to encourage more consumption and limit accumulation of excess inventories.

Inflation-adjusted front-month futures prices fell to an average of just 26 euros ($28.40) per megawatt-hour in

February down from 46 euros in October 2023 and a record 245 euros in August 2022.
Front-month prices have reverted close to the pre-crisis ten-year average between 2011 and 2020 of 23 euros in real terms.
Lower prices should eventually encourage energy-intensive manufacturing industries that idled plants in 2022 and 2023 to restart some of them.
Major industrial users mostly hedge gas purchases in the forward market, where year-ahead prices have fallen to an average of around 30-31 euros per megawatt-hour so far in 2024.
Year-ahead prices are not vastly higher than the pre-crisis average for 2011-2020 of 26 euros once adjusted for core inflation.
It will take longer for the decline in wholesale costs to filter through to retail prices for gas and electricity but households and small businesses should see prices decline before winter 2024/25.
Lower prices are already directing more liquefied natural gas cargoes to price-sensitive customers in East and South Asia that were unable or unwilling to compete with wealthier users in Europe during 2022/23.
Prices need to fall far enough for long enough to purge some excess inventory and make room in the storage system for the accumulation of inventories during the summer of 2024.

John Kemp is a Reuters market analyst. The views expressed are his own.

Top News - Dry Freight

South Korea's MFG bought some 66,000 T corn in private deal, traders say

South Korea's Major Feedmill Group (MFG) purchased an estimated 66,000 metric tons of animal feed corn in a private deal on Wednesday without issuing an international tender, European traders said on Thursday.
It was expected to be sourced from South America or South Africa and followed another corn purchase on Wednesday by South Korean importer NOFI.
It was bought at an estimated $238.70 a ton c&f plus an additional $1.50 a ton surcharge for additional port unloading. Seller was believed to be trading house ADM.
The corn was for shipment between April 16 and May 5 if sourced from South America or between April 21 and May 10 if from South Africa. If sourced from South Africa, only 55,000 tons need be supplied.
Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.

COLUMN-US soybean exports under scrutiny amid worst sales run in years -Braun

Last week's U.S. soybean export sales exceeded all trade expectations for the first time since November, but that is not at all representative of how little interest international buyers have expressed of late.
The U.S. Department of Agriculture already predicts domestic exporters in 2023-24 will ship their second-smallest soybean volume in a decade, though some of the recent numbers suggest the agency's outlook may still be too optimistic.
As of Feb. 29, some 39.4 million metric tons of U.S. soybeans had been sold for shipment in 2023-24, which began Sept. 1. That represents 84% of USDA's full-year target of 46.8 million tons (1.72 billion bushels).
That compares with 90% a year earlier and a three-year average of 94%. Outside the two trade war years, it is the second-lightest end-February sales coverage in well over a decade, after 83% in 2017-18.
Final soybean exports do not usually end up lower than USDA's February forecast, as the trade war years of 2018-19 and 2019-20 were the only two such instances in the last decade. Exports ended up higher even in 2017-18, but the start of the trade war and crop problems in Argentina were outlying factors that season.
Although the coverage level does not definitively warrant a lower export forecast, dreadful recent sales could be justification. In the 10 weeks ended Feb. 29, only around 3.3 million tons of soybeans were sold for export in 2024, by far the lowest volume for the period in at least 16 years.
The 16-plus-year-low stat remains true when accounting for the light forecast, as that volume represents 7% of USDA's full-year export target. The five-year average for that period is 13%, and the prior lowest was 9% in 2016-17.
The trade was unprepared for such poor sales. In those 10 weeks, all the lowest trade estimates summed to 3.7 million tons and the high ones to 9.2 million. The originally printed sales sum to 3.5 million tons, and weekly volumes were below the lowest trade guess in seven of the last 10 weeks.
Thursday's data showed soybean sales in the week ended Feb. 29 at a seven-week high of 614,000 tons, just topping the trade high of 600,000. That volume is slightly above average for the week.
Not only have sufficient supplies in Brazil hampered U.S. exports, but demand from top buyer China is unimpressive given very poor crush margins. China's customs on Thursday reported January and February

soybean imports totaled just 13 million tons, down 9% on the year and the lowest for the period since 2019.
USDA's next chance to adjust U.S. and global supply and demand outlooks is on Friday.

CORN
U.S. corn export bookings have performed better relative to soybeans. Some 39.2 million tons of corn had been sold for export in 2023-24 as of Feb. 29, representing 74% of USDA's full-year forecast of 53.3 million tons (2.1 billion bushels).
That compares with a five-year average of 72%, spanning from 62% in both 2019-20 and 2022-23 to 90% in 2020-21.
Similar to soybeans, final U.S. corn exports in recent years are usually equal to or higher than what USDA said in February. In the last decade, there are only two instances where final exports were lower, 2018-19 and 2022-23, and sales coverage by this point was 65% and 62%, respectively.
Corn export sales in the latest 10 weeks total 9.8 million tons, a three-year high for the period, and that represents 18% of the full-year target, a bit below the recent average around 19%.
Mexico remains by far the biggest U.S. corn buyer for 2023-24, accounting for a record 44% of total U.S. corn sales by the end of February, midway through the marketing year.
By Feb. 29, corn sales to Mexico totaled 17.3 million tons, a larger volume than the United States has ever shipped to Mexico in a full season. The previous record sales to Mexico for the date were around 14 million tons two years ago.

Karen Braun is a market analyst for Reuters. Views expressed above are her own.

MARKET MONITOR as of 07:33 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$79.57 / bbl	0.81%	11.05%
NYMEX RBOB Gasoline	$2.56 / gallon	0.44%	21.44%
ICE Gas Oil	$852.25 / tonne	0.86%	13.52%
NYMEX Natural Gas	$1.80 / mmBtu	-1.10%	-28.48%
Spot Gold	$2,159.57 / ounce	0.02%	4.70%
TRPC coal API 2 / Dec, 24	$108 / tonne	-4.64%	11.34%
Carbon ECX EUA	€58.87 / tonne	-0.49%	-26.75%
Dutch gas day-ahead (Pre. close)	€25.60 / Mwh	-0.78%	-19.62%
CBOT Corn	$4.38 / bushel	-0.06%	-9.56%
CBOT Wheat	$5.31 / bushel	0.52%	-16.93%
Malaysia Palm Oil (3M)	RM4,127 / tonne	1.38%	10.91%
Index	**Close 07 Mar**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	322.08	0.36%	6.86%
Rogers International	27.22	0.02%	3.38%
U.S. Stocks - Dow	38,791.35	0.34%	2.92%
U.S. Dollar Index	102.82	0.00%	1.47%
U.S. Bond Index (DJ)	426.78	0.03%	-0.91%

Picture of the Day

A man sits on a Senegalese fishing pirogue on the beach in Bargny on the outskirts of Dakar, Senegal March 7. REUTERS/Zohra Bensemra

(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

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