

[Oil](#) | [Agriculture](#) | [Metals](#) | [Carbon & Power](#) | [Dry Freight](#)

*Click on headers to go to that section*

## Top News - Oil

### India jostles with China for April ESPO crude from Russia, prices jump

Private Indian refiners are jostling with independents in China for Russian ESPO crude loading in April, pushing prices higher after Moscow lowered exports of its flagship grade Urals, industry sources said.

China, which is set to import record volumes of Russian crude in March, typically sweeps up all of the ESPO crude exported from the Pacific port of Kozmino due to close proximity while sanctions on Russian oil have shrunk the pool of buyers.

However, for April, Indian refiners Reliance Industries Ltd and Nayara Energy have snapped up at least five of the about 33 ESPO crude cargoes due to low prices, four people familiar with the matter said.

Reliance and Nayara did not immediately respond to requests for comment.

That is up from one cargo for March delivery, its first since buying three for November 2022, shiptracking data compiled by Kpler and Refinitiv showed.

One of the sources said prices for April-loading ESPO crude to India were about \$5 a barrel below Dubai quotes on a delivered ex-ship (DES) basis.

Indian refiners mostly buy Russian oil on a delivered basis, with the seller arranging for insurance, freight and ship.

While most cargoes are below the price cap imposed by G7 countries and the European Union, prices of Russian low sulphur oil purchased by India have risen above the \$60 a barrel cap due to rising demand. China has also been buying ESPO at above the price cap level, according to Reuters calculations.

Indian companies are using non-dollar currencies to settle payment for certain niche Russian crudes and are avoiding use of Western services and banks to avoid sanctions.

Competition from India has narrowed discounts for April-loading ESPO shipments to about \$6.80 a barrel against June ICE Brent DES basis to northern China from \$8.50 a barrel last month for March-loading oil, three trading sources said.

Similar quality Murban crude from Abu Dhabi was traded at a premium of around \$3.30 a barrel to Dubai quotes on a free-on-board basis.

In comparison, April-loading Murban crude is about \$9 a barrel more expensive than ESPO delivered to China and India, according to Reuters calculations.

Seaborne ESPO crude exports averaged 800,000 barrels per day in 2022, Kpler's data showed, accounting for 17.3% of Russia's total seaborne exports.

Exports of flagship Russian grade Urals averaged 1.74 million bpd, although Moscow has cut exports from its western ports by 10% in March from the previous month. Meanwhile, China's buying spree of ESPO continues as the country emerges from its zero-COVID regime, prompting a rebound in fuel demand from industry and the travel sector.

China's seaborne imports of Russian oil are set to hit a record of nearly 43 million barrels this month, including at least 20 million barrels of ESPO.

The solid demand drove the lumpsum freight rates for tankers carrying crude from Russia's Far East port Kozmino, a major ESPO export hub, to northern China to an all-time high of \$2.4 million in February before easing to \$2.3 million this month, Simpson Spence Young data on Refinitiv Eikon showed.

### CERAWEEK-Keystone pipeline oil flows won't change after US order to cut pressure, CEO says

Oil flows on TC Energy's Keystone pipeline will not change after the U.S. pipeline regulator said it would require the company to reduce pressure following a 13,000-barrel oil spill in Kansas in December, Chief Executive François Poirier told Reuters on Thursday. Keystone has already been operating within the requirements of the new order from the Pipeline and Hazardous Materials Safety Administration (PHMSA), Poirier said in an interview.

The Canadian pipeline operator completed a controlled restart of the 622,000-barrel-per-day (bpd) pipeline to Cushing, Oklahoma, on Dec. 29 last year, returning it to service after a 21-day outage following the biggest U.S. oil spill in nine years.

Before the order, "we had the ability to meet the entirety of our contractual commitments of 594,000 bpd and so obviously that remains the same," Poirier told Reuters on the sidelines of the CERAWEEK energy conference in Houston.

The PHMSA said on Tuesday it would require TC Energy to reduce operating pressure on more than 1,000 additional miles (1,609 kms) of Keystone.

Though an analysis has not been completed, Poirier said the company recently has indicated in disclosures that the spill was caused by issues around the girth weld on

the pipeline combined with stress on the line. Poirier said the Canadian company has not changed its estimate of \$480 million in costs related to the incident.

**PERMITS AND RENEWABLES**

TC Energy has a \$34 billion backlog of projects for the next few years, Poirier said, adding most of those projects are natural gas.

The company is not concerned that permitting challenges will impede those projects, he added. Challenges of getting permits for energy infrastructure have been a big theme for oil and gas executives at the conference.

"In 2022, we put \$6 billion of infrastructure into service," Poirier said. "In 2023, it's nearly the same amount, so that is the best proof that you can actually sanction and build infrastructure in North America."

The permitting process to develop so-called greenfield projects, or projects on undeveloped land, typically takes an additional year than projects on already developed land, Poirier said.

TC Energy has also had issues with labor availability. Canada's construction labor market typically is between 8,000 to 10,000 workers, but right now there are almost 20,000 workers in Canada to help build out various

energy projects, Poirier said.

"That has resulted in significant inflation, as well as lower productivity because you're bringing more inexperienced workers into the market," he said.

TC Energy is involved with a push from Canada's main oil-producing province Alberta to develop the country's first carbon storage hubs. A TC Energy joint-venture project with Pembina Pipeline Corp was one of six proposals selected by Alberta to move forward in the development. Poirier estimates TC Energy will start burying carbon dioxide in Alberta in the second half of the decade, with aims to put infrastructure into service around 2027 or 2028, Poirier told Reuters.

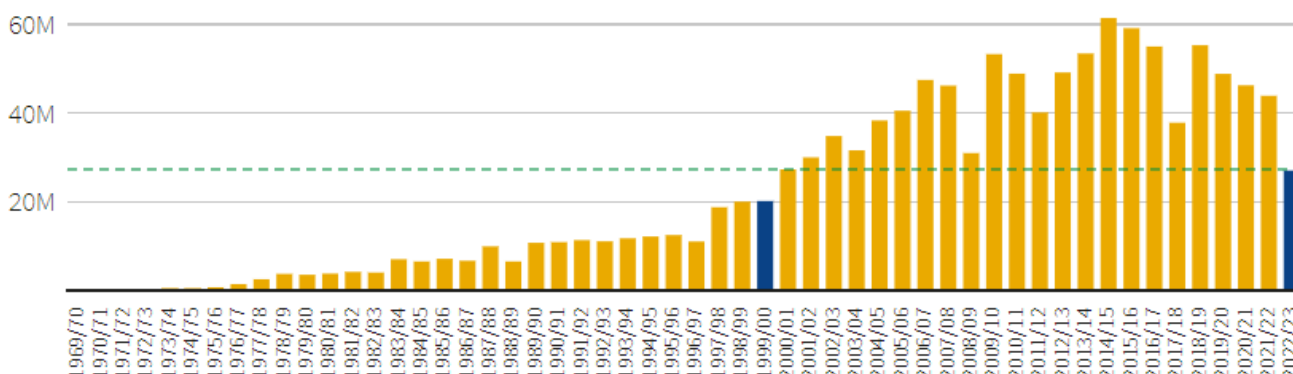
Previously, TC Energy announced plans to lower its emissions by switching to renewable energy to run its huge network of U.S. and Canadian oil and gas pipelines. Poirier said the company was on course to deliver on its target to divest C\$5 billion of assets by the end of the year.

Poirier added that the company saw plenty of opportunity for growth both in fossil fuels and in new energy projects. "Our challenge is what not to do. We have to learn how to evolve our portfolio over the course of the next decade," he said.

**Chart of the Day**

**Argentina: soy disaster**

Argentina's 2022/23 soy harvest is now forecast to be the lowest since the turn of the century when a far smaller area was planted with the crop. Argentina is the world's top exporter of soy products.



Note: The 2022/23 figure is the latest forecast from the Rosario grains exchange. Previous data is government soy production figures. All data in millions of tonnes.

Source: Rosario grains exchange, agricultural secretariat

## Top News - Agriculture

### Argentina's 'unprecedented' drought pummels farmers and economy

A historic drought ravaging Argentina's crops is deepening the grain exporting giant's economic crisis, crushing farmers across the Pampas, heightening default fears and putting at risk targets agreed with the International Monetary Fund (IMF). The South American nation, the world's top exporter of processed soy and No. 3 for corn, is in the grip of its worst drought in over 60 years, which has led to repeated sharp cuts to soybean and corn harvest forecasts.

Those were cut again on Thursday by the Buenos Aires grains exchange after the Rosario exchange slashed its soy production outlook to 27 million tonnes, the lowest since the turn of the century, when far less of the crop was planted. "We are facing an unprecedented climatic event," Julio Calzada, head of economic research the Rosario exchange, told Reuters, adding farmers were facing losses of \$14 billion and 50 million tonnes less of grain output across soy, corn and wheat.

"It's unprecedented that the three crops fail. We are all waiting for it to rain," he added.

### Russia raises doubts about grain deal renewal as deadline looms

Russia said on Thursday that a landmark deal to ensure the safe export of grain from Ukraine's Black Sea ports was only being "half-implemented", raising doubts about whether it would allow an extension of the agreement due to expire next week. The Black Sea Grain Initiative, brokered by the United Nations and Turkey last July, aimed to prevent a global food crisis by allowing Ukrainian grain blockaded by Russia's invasion to be safely exported from three Ukrainian ports. The deal was extended for 120 days in November and will renew on March 18 if no party objects. However Moscow has already signalled it will only agree to an extension if restrictions affecting its own exports are lifted. Russia's agricultural exports have not been explicitly targeted by the West, but Moscow says sanctions on its payments, logistics and insurance industries are a barrier to it being able to export its own grains and fertilisers. "There are still a lot of questions about the final recipients, questions about where most of the grain is going. And of course, questions about the second part of the agreements are well known to all," Kremlin spokesman Dmitry Peskov

said. Russia has complained that Ukrainian grain exported under the deal is going to wealthy countries. The "second part" refers to a memorandum of understanding with the U.N. which facilitates Russian food and fertiliser exports.

### 'IT HAS TO BE EXTENDED'

Ukrainian President Volodymyr Zelenskiy's chief of staff said the grain deal was part of the country's plan to end the war and should be extended indefinitely.

Andriy Yermak, quoted by Interfax Ukraine news agency, said any suggestion of ending the grain initiative amounted to "pressure on its intermediaries - Turkey and the U.N."

"At the very least, it has to be extended by the same term as before," Yermak was quoted as telling reporters.

Zelenskiy and U.N. Secretary-General Antonio Guterres held talks in Kyiv on Wednesday on extending the deal, which Guterres said was of "critical importance".

There are currently no plans for direct talks between Guterres and Russian President Vladimir Putin, the Kremlin said.

Russian Foreign Minister Sergei Lavrov told a news conference on Thursday that what he called the "two parts" of the deal - ensuring safe exports of Ukrainian grain and removing barriers to Russian exports - were "inextricably linked".

"The first part is being implemented, and we are fulfilling all our obligations in this regard together with our Turkish colleagues," Lavrov said.

"The second part is not being implemented at all."

"If we're talking about a deal, it's a package deal. You can only extend what is already being implemented, and if the package is half-implemented, then the issue of extension becomes quite complicated," Lavrov said.

Top U.N. trade official Rebeca Grynspan is set to discuss the grain deal with senior Russian officials in Geneva next week.

Ukraine has so far exported more than 23 million tonnes of mainly corn and wheat under the initiative, according to the United Nations. The top primary destinations for shipments have been China, Spain, Turkey, Italy and the Netherlands.

"Exports of Ukrainian - as well as Russian - food and fertilisers are essential to global food security and food prices," Guterres told reporters on Wednesday.

## Top News - Metals

### Perth Mint faces London bullion body review over gold 'doping' charges

The London Bullion Market Association (LBMA), the world's top accreditor of gold refiners, said on Thursday it

was reviewing allegations that Perth Mint had sold "doped" gold to China. An Australian media report on Monday said Perth Mint, the world's largest processor of newly mined gold, may have to recall a potential \$9 billion

worth of diluted or "doped" one-kilogram gold bars sold to top consumer China.

The Australian gold refiner, a member of the LBMA, rejected those allegations on Tuesday, saying there was no question about the value and purity of gold bars it had sold to customers in China, after it implemented new procedures following a 2021 review of its refining practices.

"Doping" or "alloying" is an industry-wide accepted practice to minimise the amount of pure gold above the 99.99% purity level in each bar.

The LBMA said its incident review process (IRP) had been invoked and "any incident or issues that may impact the credibility of the Good Delivery List and the wholesale precious metals market are treated very seriously."

The London bullion body said Perth Mint currently remains on its 'Good Delivery List', which includes accredited refiners whose bars meet its standards for global trade. Addressing the review, Perth Mint said it was "constantly identifying areas for improvement in the business, including addressing historical practices," and described the industry body as a long-term partner.

The Shanghai Gold Exchange (SGE) backed Perth Mint on Wednesday in denying that the Australian processor had sold it "doped" gold bars. As per the association's IRP, if it finds that Perth Mint failed to meet its standards,

disciplinary action could include "membership revocation, suspension subject to resolution or being transferred to the Former List with immediate effect." The LBMA did not commit to a timeline on the same.

#### Peru mining firms' logistics at risk from extended protests, Fitch says

Mining companies operating in Peru face "material risk" amid extended protests and blockades in the world's No. 2 copper-producing nation, Fitch Ratings said on Thursday, warning of possible lack of supplies and issues transporting ore to ports. "We believe protests and blockades that extend beyond three months can pose a material risk to a mine's operations, including logistics," Fitch said in a report, highlighting uncertainty on when the conflicts will be resolved - particularly in areas with important copper deposits.

The South American nation has since December faced a political crisis driving extended protests and blockades which have left dozens dead, following the ouster of former leftist President Pedro Castillo, who had an important support base among impoverished areas of the southern Andean region.

Miners Buenaventura and Volcan, which operate only in Peru, could face especially high risk of disruption due to lack of supplies and problems transferring products to

<b>MARKET MONITOR as of 07:30 GMT</b>			
<b>Contract</b>	<b>Last</b>	<b>Change</b>	<b>YTD</b>
NYMEX Light Crude	\$74.99 / bbl	-0.96%	-6.57%
NYMEX RBOB Gasoline	\$2.57 / gallon	-0.94%	3.82%
ICE Gas Oil	\$776.50 / tonne	-3.36%	-15.69%
NYMEX Natural Gas	\$2.47 / mmBtu	-2.79%	-44.76%
Spot Gold	\$1,832.49 / ounce	0.09%	0.44%
TRPC coal API 2 / Dec, 23	\$128.5 / tonne	0.00%	-30.45%
Carbon ECX EUA / Dec, 24	€103.50 / tonne	0.02%	17.61%
Dutch gas day-ahead (Pre. close)	€42.00 / Mwh	-2.21%	-44.42%
CBOT Corn	\$6.22 / bushel	0.53%	-8.36%
CBOT Wheat	\$6.67 / bushel	0.15%	-16.65%
Malaysia Palm Oil (3M)	RM4,134 / tonne	-1.69%	-0.96%
<b>Index (Total Return)</b>	<b>Close 09 Mar</b>	<b>Change</b>	<b>YTD Change</b>
Thomson Reuters/Jefferies CRB	289.69	-0.87%	-3.86%
Rogers International	27.67	0.14%	-3.47%
U.S. Stocks - Dow	32,254.86	-1.66%	-2.69%
U.S. Dollar Index	105.31	-0.33%	1.73%
U.S. Bond Index (DJ)	397.57	0.17%	1.13%



ports on the country's Pacific coast, Fitch said. However, companies with several commodity businesses and solid liquidity should be able to carry out shipments to the coast with limited difficulty, it said. Earlier this week,

Energy and Mines Minister Oscar Vera said the country's key mining corridor was "practically unblocked," and data early this month showed key copper mines cranking up activities again despite the uncertainty.

## Top News - Carbon & Power

### **CERAWEEK-Trinidad in substantive negotiations with Venezuela on gas project**

Trinidad and Tobago has held substantive talks with Venezuela on developing the promising Dragon offshore gas field following a U.S. authorization to begin the long-stalled project, Energy Minister Stuart Young told Reuters on Thursday. Young is planning a third visit this month to Caracas to talk with Venezuela's Energy Minister Tareck El Aissami and Pedro Rafael Tellechea, president of Venezuelan state-run oil company PDVSA, he said. The United States in January green-lit the project after lengthy appeals by Trinidad and some Caribbean neighbors. The two-year authorization to Trinidad came among several by President Joe Biden's administration that have eased some sanctions on Venezuela. Dragon holds up to 4.2 trillion cubic feet of natural gas. Trinidad needs the fuel to boost its liquefied natural gas (LNG) and petrochemical industries. A portion of the country's Atlantic LNG export facility has been idled due to a lack of gas.

The two countries have "a relationship of respect," Young said. They had progressed on developing the field through 2018, which led to a commercial agreement aiming to bring gas supply to Trinidad in 2020. But U.S. sanctions halted the effort.

If negotiations go well, gas technically could begin flowing in two years, he said.

Shell is a partner in the development alongside Trinidad's National Gas Company, PDVSA and PDVSA Gas, he said. Shell's role has been authorized by Washington, whose approval was conditioned on no cash payments to Venezuela.

The government and companies participating in the Atlantic LNG project also are expected to sign next month a definitive agreement restructuring its ownership, the minister said. Dragon, which lies near the maritime border of the two nations, is owned by PDVSA, which discovered the reserves and built the field's infrastructure. Its development has been stalled for over a decade on a lack of investment and sanctions.

"The license right now is only for Dragon, but there is a lot of gas there. We will take one step at a time," Young said in an interview on the sidelines of the CERAWEEK conference.

### **NEW BLOCKS, NEW PARTNERS**

"We are not putting all our eggs in one basket," Young said when asked about potential alternatives in the event

gas imports from Venezuela are delayed, as it has happened before. The Caribbean nation is eyeing two flagship offshore gas projects, Woodside Energy's Calypso and Shell's Manatee, as potential feeders to its Atlantic LNG facility, but it could take years before they inaugurate production. Woodside Chief Executive Officer Meg O'Neill told Reuters this week that its Calypso gas project off Trinidad's coast is in its initial stages, and a final investment decision is not expected this year. Trinidad also is moving ahead with auctions to secure participation of oil and gas firms onshore and offshore. Following a deepwater auction where a consortium including BP and Shell submitted bids on four blocks, the government is negotiating commercial and operational terms with them while readying the launch of a shallow water round this month. It also is evaluating 16 bids received during a separate onshore auction. "I understand deepwater is a new province for Trinidad. We must be able to think outside of the box," he said.

### **CERAWEEK-Don't let China control clean energy supply chain, US officials warn**

Officials from President Joe Biden's administration warned leaders of the U.S. clean energy transition this week to decarbonize quickly and keep the supply chain out of China's control. Washington's message at the CERAWEEK energy conference in Houston reflects growing concern that the rapid investment it is encouraging to fight climate change could backfire if it empowers China. Many executives agreed, but said the U.S. had to find a way to ensure domestic supply without sparking a trade war with the world's second biggest economy, already a dominant supplier of critical minerals and components used in everything from electric vehicle batteries to solar panels. U.S. tensions with Beijing have been rising over issues ranging from Chinese spying to Taiwan's status and China's position on Russia's war in Ukraine. "It's just clear, to say it directly, that China has too much of a chokehold on critical minerals, on critical processing and upstream technologies, and solar," White House energy adviser John Podesta told the conference. "We let that go. That was a mistake. We need to get it back." He and other officials at the conference cited Europe's historic reliance on Russian fuel as an example of risks of relying on global rivals. State Department energy envoy Amos Hochstein and Under Secretary Jose Fernandez were among officials giving speeches or participating in panel discussions.

Since Russia invaded Ukraine Feb. 24, 2022, Moscow has cut natural gas supplies to Europe. Soaring energy costs forced Europe's industry and consumers to cut consumption, while governments and utilities scrambled to find alternative supplies.

Europe will remain vulnerable for years to spikes in global gas prices caused by even small gas supply outages, executives and officials at the conference said.

As the world moves toward a low-carbon economy, Podesta told attendees, "We need to make sure the supply chains are secure, that we don't have a repeat of what we saw with the Russian chokehold on fossil fuels." Hochstein said the United States needs to "learn the lessons from the previous era, the 20th century fossil industry, and make sure we have as much production at home and make sure that the supply chains are secure." The Biden administration has encouraged domestic clean energy manufacturing investment. The Inflation Reduction Act, passed last year, provides hundreds of billions of dollars in incentives to companies opening new projects on American soil.

Despite U.S. comments encouraging a decoupling in trade with China, the two countries in recent months have made more energy supply deals related to natural gas .

#### EXECUTIVES WARY

Energy executives agreed on the value of a diverse and secure supply chain. But some said the clean energy transition would be smoother if Washington could keep trade flowing and relations friendly with China, where products are often cheaper.

"I'm real worried about the U.S. not finding a way to talk to China. I think it's very important for the future of the world and reducing CO2 that, on an issue as critical as climate, we need to be able to – at least – talk together,"

said Andy Marsh, CEO of hydrogen fuel cell company Plug Power.

"On the other side, I think nations need to think about their own energy independence, and it's really important for us liberal democracies to make sure we have integrated, diversified supply chains," he said.

In the mining industry, tensions with China could dampen investment in long-term projects, including in China itself, said Richard Adkerson, CEO of miner Freeport-McMoRan.

"The situation with China is very complicated and clearly if the situation ... resulted in a major trade war between the U.S. and China, it would have an impact on the world's economy broadly," he said.

That risk "is overhanging our industry right now.

It's another factor that makes companies reluctant to initiate investments in long-term projects to meet the coming demand for copper," he said. Copper, used in everything from electric vehicles to the power lines and transmission grids, is essential to an increasingly electrified society.

The United States could not possibly become completely independent from China-made components such as electrolyzers for hydrogen production, batteries and solar panels, said Takajiro Ishikawa, CEO of Mitsubishi Heavy Industries Americas.

"There has to be a lot more cooperation between nations," he said. "For America to win its challenge against climate change, you cannot build everything in Japan or America." The world's two top economies need to combine their industrial and political power to build the energy industry of the future, some participants said.

"China and U.S. have to engage on this," said Mark Hutchinson, CEO of Fortescue Future Industries. "Trade conquers all at the end of the day."

## Top News - Dry Freight

### Algeria buys about 200,000 T durum wheat in tender - traders

Algeria's state grains agency OAIC is believed to have purchased durum wheat in an international tender which closed on Wednesday, European traders said on Thursday. The precise volume bought was unclear. Initial estimates were around 200,000 tonnes or slightly lower. Traders initially estimated prices at around \$440 to \$442 a tonne C&F for consignments in large panamax-sized bulk carriers and around or slightly below \$449 a tonne C&F for smaller handy-sized ships. Shipment was sought in two periods between April 1-15 and April 16-30. Algeria does not disclose the results of its tenders and results reported are based on trader assessments. More detailed

estimates of prices and volume are still possible later. Tunisia's state grains agency also purchased about 100,000 tonnes of durum in an international tender on Wednesday at the lowest price of \$455.89 a tonne C&F

### Japan buys 80,570 tonnes of food wheat via tender

Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) bought a total of 80,570 tonnes of food-quality wheat from the United States and Canada in a regular tender that closed on Thursday. Japan, the world's sixth-biggest wheat importer, keeps a tight grip on imports of its second-most important staple behind rice, buying the majority of the grain for milling via tenders typically issued three times a month.

**Picture of the Day**

*Tanks containing water from the disabled Fukushima Dai-ichi nuclear power plant are seen at the power plant in Okuma town, Fukushima prefecture, Japan, March 8, 2023. REUTERS/Kim Kyung-Hoon*

(Inside Commodities is compiled by Soumya Chatterjee in Bengaluru)

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