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

Top News - Oil

Biden to approve major oil project in Alaska
U.S. President Joe Biden's administration will approve a major and controversial oil drilling project in Alaska on Monday, according to a source familiar with the matter.
The decision to move ahead with the project by authorizing three drill sites in northwestern Alaska would come a day after Biden announced sweeping curbs on oil and gas leasing to protect up to 16 million acres of water and land in the region.
The Willow project, led by energy giant ConocoPhillips, would be located inside the National Petroleum Reserve-Alaska, a 23 million-acre (93 million-hectare) area on the state's North Slope that is the largest tract of undisturbed public land in the United States.
Earlier on Sunday, the U.S. Interior Department unveiled actions to make nearly 3 million acres of the Beaufort Sea in the Arctic Ocean "indefinitely off limits" for oil and gas leasing, building on an Obama-era ban and effectively closing off U.S. Arctic waters to oil exploration.
In addition to the drilling ban, the government will put forward new protections for more than 13 million acres of "ecologically senitive" Special Areas within Alaska's petroleum reserve, the administration said in a statement on Sunday.
The area includes the Teshekpuk Lake, Utukok Uplands, Colville River, Kasegaluk Lagoon and Peard Bay Special Areas.
The developments unfolded as Biden tries to balance his goals of decarbonizing the U.S. economy with calls to increase domestic fuel supply to keep prices low.
Willow has support from the oil and gas industry and state officials eager for jobs, but it is fiercely opposed by environmental groups who want to move rapidly away from fossil fuels to combat climate change.
An environmental group said the new protections announced on Sunday did not go far enough and the government should stop oil and gas developments to help fight climate change.
"Protecting one area of the Arctic so you can destroy another doesn't make sense, and it won't help the people and wildlife who will be upended by the Willow project," said Kristen Monsell, a senior attorney at the Center for Biological Diversity.

Aramco's Nasser says oil market tightly balanced
Aramco Chief Executive Amin Nasser said on Sunday that the oil market would remain tightly balanced in the short to medium term, adding that he was cautiously optimistic.
Nasser was speaking to the press after the Saudi Arabian oil giant reported its highest ever annual profit since the company was listed.
Aramco's shares traded 0.6% higher after the results were released, but closed mostly flat at 32.8 riyals ($8.74) a share.
He said spare capacity remained tight at 2 million barrels per day, while demand for jet fuel was increasing alongside China's re-opening from tight COVID-19 restrictions.
"If you considered China opening up and a pick up in jet fuels and very limited spare capacity, we are talking 2 million barrels, so as I said we are cautiously optimistic in the short to midterm and the market will remain tightly balanced," he said.
A deal agreed between Iran and Saudi Arabia on Friday to re-establish relations after years of hostility that had threatened stability and security in the Gulf would have a positive effect on global energy markets as it promotes regional stability, Nasser said.
The kingdom has blamed Iran for missile and drone attacks on its oil facilities in 2019 as well as attacks on tankers in Gulf waters. Iran has denied those charges.
Aramco's crude supplies to its main Asian customers, including China and India, were not impacted by the uptick of Russian sales into Asia on the back of Western sanctions.
"We have a track record of maintaining reliability and an excellent customer base. It didn't impact our supply to these main markets," he said.
On recent imports of Russian diesel into Saudi Arabia, Nasser said the kingdom had always been importing products for its domestic market since before the Russian -Ukraine conflict.
Nasser said Aramco was looking globally at liquefied natural gas (LNG) market opportunities, when asked about potential acquisitions in the year ahead.
The company is in "active talks and discussions" in terms of LNG investments, he said without elaborating.
Nasser cautioned that he still did not see enough investment to sustain demand in the long term going into the sector, saying that supply wouldn't be adequate in the mid- to long term if that trend continued.
"We need to make sure that there is additional supply in the market otherwise this tightness of supply in the mid- to long term will have an impact."

Top News - Agriculture

Turkish defmin says he believes Black Sea grain deal will be extended

Turkish Defence Minister Hulusi Akar said on Sunday that he believes that a deal allowing Ukrainian grain to be exported via the Black Sea will be extended from its current March 18 deadline. The Black Sea Grain Initiative, brokered between Russia and Ukraine 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.

Turkey has said previously that it is working hard to extend the deal. "In separate talks with the Russian and Ukrainian sides, we saw that both sides are approaching this positively. We believe it will conclude positively," Akar said in an interview with state-owned Anadolu Agency. "We have the opinion that the duration will be extended on March 18," he added.

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.

Russia has complained that Ukrainian grain exported under the deal is going to wealthy countries.

Ukraine and Russia are both major global suppliers of grains and fertilisers.

Malaysia palm oil assoc sees near-term prices at 4,000 rgt/T as supply tightens

Malaysia's benchmark crude palm oil prices are expected to stay supported at 4,000 ringgit ($885.15) a tonne in the near term due to tight availability of surplus, the Malaysian Palm Oil Association (MPOA) said on Saturday. Production in the world's second largest producer in 2023 is forecast higher at 19 million tonnes from 18.5 million tonnes last year, MPOA said.

In larger producer Indonesia, production is expected to rise to 48.3 million tonnes in 2023, from 46.8 million tonnes last year.

"The last three years of La Nina have caused significant damage to oil palm root systems, which may take time to recover even as the application of rooting fertilisers are ongoing," Joseph Tek, MPOA chief executive, said in a statement.

"The rising number of over-aged and very tall oil palm trees in Malaysia will also continue to constrain supply as

Chart of the Day

replanting has been slow due to high costs," he said.
In Malaysia's largest palm oil producing state Sabah, 36% or more than half a million 500,000 hectares of oil palm trees are above 19 years old, Tek said.
Old oil palms trees are tall and unproductive and are typically replanted with new seedlings that are higher-yielding, shorter and resistant to drought and disease.
Sabah accounts for nearly quarter of Malaysia's production.
While a pandemic-induced labour shortage in Malaysia has eased and is expected to reach normalcy by mid-year, MPOA warned that the new batch of migrant workers may not be trained in time for the peak season, typically lasting from August to October.

Top News - Metals

LME CEO urged nickel trading halt minutes after waking up -court document
The head of the London Metal Exchange spent just 20 minutes on his mobile phone scrolling for news and watching nickel prices lurch higher last year before deciding the market was disorderly and later halting trading, according to a High Court document. The updated filing was lodged by Jane Street Global Trading, a market maker that is suing the LME for $15.34 million after it cancelled around $12 billion of nickel trades.
The document outlined fresh details of unprecedented events on March 8, 2022, from information it received from the LME for its case.
Jane Street alleges the world's largest metals marketplace failed to properly investigate chaotic nickel prices, whether the market was behaving rationally and what harm the decision to cancel trades would cause some market participants.
The LME, which last year enraged some investors after suspending trading for the first time since 1988, has argued it had both the power and duty to close the market because $19.7 billion of margin calls would have led to the bankruptcy of multiple clearing members and created systemic market risk.
Jane Street's document, filed on March 3 and seen by Reuters on Friday, gives the most detailed account yet of decision-making at the 146-year-old LME one year ago.
Before LME Chief Executive Matthew Chamberlain awoke at 5:30 a.m., an LME operations team removed nickel price bands during Asian trading, allowing prices to surge to a record above $100,000 a tonne, the document said.
"Based on these 20 minutes of checking his phone just after he had woken up, Mr Chamberlain concluded at or by 05:50 that there was an 'absence of rational market forces capable of explaining these developments' and that the market was disorderly," the document said.
"By 06:08 he had suggested ... that trading should be suspended."
Jane Street has launched a judicial review against the world's largest and oldest metals market along with U.S. hedge fund Elliott Associates, which is suing for $456.4 million.
Jane Street said its account of events was based on information disclosed by the LME, including four witness statements and 3,850 pages of documentary evidence.
Later, between 7:30 a.m. and 07:55 a.m. on March 8, an LME meeting was held online, which formally took the decision to suspend trading, according to the court document.
A spokesperson for the LME said the exchange would set out its response to Jane Street's document in its own court filings in due course and that it would be "inappropriate to comment further at this stage".
Jane Street could not immediately be reached after business hours on Friday.

LME SPECIAL COMMITTEE
A day earlier, on March 7, when LME benchmark nickel prices had soared 66% to nearly $50,000 a tonne, the LME's Special Committee had met, Jane Street's document said.
The Committee, which has emergency powers, "concluded that the nickel market remained orderly, since there were geopolitical and macroeconomic reasons for the price increases".
The next day, however, when nickel prices skyrocketed, the committee did not meet, the document said.
When the nickel market opened on March 8 at 1 a.m. London time, before most LME officials were awake, an operations team allowed prices to climb during Asian trading, the document said.
"The price increases in early trading ... were actively facilitated by the LME's trading operations team amending and then manually suspending all price bands," the document said.
The LME, when Jane Street queried that, stated that the trading operations team “was not concerned with whether the market was functioning in an orderly manner”, according to the document.
Jane Street argues in court filings that the LME was wrong to consider the views of some parties who would benefit from cancelled trades and not others who would lose money.
Large short positions held by China's Tsingshan Holding Group helped spur the explosive rise in nickel prices, triggering billions of dollars of margin calls that threatened to push some banks and brokers into default.
From around 6 a.m. on March 8, Chamberlain "received numerous representations" from clearing members urging him to suspend the market and, in some cases, cancel

contracts, the document said.
No equivalent opportunity to have such discussions was given to other market participants whose economic interests would be damaged, the filing alleged.
"That omission was manifestly unfair," it stated.
Chamberlain also received a proposal from Gavin Prentice, chair of the LME User Committee, that the LME shut the market for 24-48 hours to allow margin calls to be made and reopen with a 10% price cap, the document said.
The LME appeared to have failed to give proper consideration to Prentice's recommendation, Jane Street said.
Jane Street executed nickel trades from 1:37 a.m. on March 8 and was due total proceeds on those trades of $32.7 million, it said in the document.
The LME is also facing fresh lawsuits from ten hedge funds and asset managers for cancelling nickel trades.
Last week, a British financial watchdog launched its first ever investigation of a UK exchange for possible misconduct over the decision to halt trading.

Commodities trader Trafigura makes record $3.5 bln Q1 profit – sources

Commodities trader Trafigura smashed its previous profit records to make around $3.5 billion in the first quarter of its current financial year, four sources with knowledge of the matter told Reuters, benefiting from volatile energy prices. The Geneva-based company does not publish quarterly figures but provides half-year and full-year reports.
A spokesperson for Trafigura declined to comment. The exceptional returns were driven by global energy shortages, stemming in part from sweeping western sanctions on Russia for its invasion of Ukraine, plus underlying tightness in global energy markets due to under-investment in new developments and infrastructure. Extreme market dislocations and soaring prices, particularly in natural gas and liquefied natural gas (LNG), have proved a boon for major commodity trading houses.
The company's result in the first quarter that started on Oct. 1 is already half of its net profit of $7 billion during its previous full financial year and is 30% more than in the first half of its fiscal 2022.
Trafigura, the second-biggest independent oil trader after Vitol, moved 6.6 million barrels per day (bpd) of crude and refined products last year and 13 million tonnes of LNG.
The sources said the net profit figure took into account an impairment on a major nickel deal last year. Trafigura suspected a quality issue with its cargoes in October last

MARKET MONITOR as of 07:44 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$76.88 / bbl	0.26%	-4.21%
NYMEX RBOB Gasoline	$2.64 / gallon	0.20%	6.65%
ICE Gas Oil	$819.75 / tonne	2.02%	-10.99%
NYMEX Natural Gas	$2.49 / mmBtu	2.59%	-44.29%
Spot Gold	$1,873.53 / ounce	0.31%	2.69%
TRPC coal API 2 / Dec, 23	$136.25 / tonne	6.03%	-26.25%
Carbon ECX EUA / Dec, 24	€104.81 / tonne	-100.00%	19.10%
Dutch gas day-ahead (Pre. close)	€50.10 / Mwh	19.29%	-33.70%
CBOT Corn	-	-	-
CBOT Wheat	$6.78 / bushel	-0.18%	-14.96%
Malaysia Palm Oil (3M)	RM4,095 / tonne	0.05%	-1.89%
Index (Total Return)	**Close 10 Mar**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	290.10	0.14%	-3.73%
Rogers International	27.18	-1.79%	-5.20%
U.S. Stocks - Dow	31,909.64	-1.07%	-3.73%
U.S. Dollar Index	104.58	-0.70%	1.02%
U.S. Bond Index (DJ)	401.52	0.99%	1.30%

year and said it found that at least 156 containers out of the more than 1,000 it financed did not contain the metal. Trafigura said on Feb. 9 it had booked a $577 million charge relating to what it alleges is "systematic fraud" by a group of companies connected to and controlled by Indian businessman Prateek Gupta.
Gupta's team were preparing "a robust response" to the allegations, a spokesperson has said.

Top News - Carbon & Power

EXCLUSIVE-Gas cargoes stranded near Russia due to Crimea bridge restrictions – traders

Several tankers loaded with liquefied petroleum gas (LPG) have been unable to cross under Russia's Crimea bridge due to security restrictions, traders said on Friday, prompting suppliers to use other routes out of Russia.
The 12-mile (19 km) road and rail bridge, which was personally opened by President Vladimir Putin in 2018, was bombed in October in an attack Russia said was carried out by Ukraine.
The bridge spans the Kerch Strait linking the Black Sea with the smaller Azov sea.
Kyiv never claimed responsibility for the bombing of the bridge on the morning of Oct. 8, a day after Putin's 70th birthday. Russia's Federal Security Service said the attack was organised by Ukrainian military intelligence.
According to Refinitiv Eikon ship tracking data, tankers were loaded with LPG in the Azov Sea port of Temryuk at the end of December, but they have been unable to proceed further south into the Black Sea.
The data showed that gas carriers Summer loaded with 2,900 tonnes of LPG, Gas Houston (3,400 tonnes) and Premier (2,400 tonnes) are still located in the Azov Sea, waiting for the passage into the Black Sea though the Kerch Strait.
"Looks like LPG was added to the list of the dangerous cargos, prohibited from the passage under (Crimea) bridge," an industry source said on condition of anonymity due to the sensitivity of the situation.
LPG, which is mainly used as fuel for cars, heating and to produce other petrochemicals, has been exempt from sweeping Western sanctions imposed against Russia over Ukraine.
The port of Temryuk, Russia's Federal Security Service, the Federal Service for Supervision of Transport, as well as cargo owners Gazprom and Lukoil, did not respond to Reuters' requests for comments.
It usually takes up to a week for tankers to deliver LPG cargoes from Temryuk to the Romanian ports of Midia and Mangalia, or to the Bulgarian port of Burgas.
LPG exporters from Russia and Kazakhstan have already diverted their cargoes from Temryuk.
Traders said that Tengizchevroil company is delivering LPG cargoes to the Georgian port of Batumi instead of Temryuk, while Russian suppliers increasingly use the port of Taman, located south to the Crimea bridge with unhindered passage to the Black Sea.

Britain pledges 20 bln pounds to capture carbon emissions

Britain will invest 20 billion pounds ($24 billion) over the next 20 years in projects to capture and store carbon dioxide (C02), the government said on Friday, as part of efforts to meet climate goals and create jobs. A report by Britain's climate advisers on Thursday said technology that filters planet-warming carbon from industrial smokestacks before it reaches the atmosphere has a crucial role as Britain aims to reduce emissions to net zero by 2050.
The investment, to be set out in next Wednesday's budget as part of what the government is calling a "clean energy reset" will "drive forward projects that aim to store 20-30 million tonnes of CO2 a year by 2030, equal to the emissions from 10-15 million cars," Friday's statement from the government's Treasury department said.
Britain last year held its first licensing round to enable companies to store captured carbon emissions in the North Sea and attracted bids from oil companies including BP and Equinor. "The UK has enough carbon capture capacity to store over a century and half of national annual CO2 emissions, making it one of the most attractive carbon capture markets on earth," the statement said. The Treasury also said it will launch a competition for the country's first small modular nuclear reactor (SMR) and that the government's "Great British Nuclear" body will select sites for potential projects, and remove cost, uncertainty, and bureaucratic barriers for manufacturers. Britain aims to replace its ageing nuclear power stations as all but one of the plants, which generate around 13% of the country's electricity, are due to close by 2030.
Large-scale nuclear projects with huge up-front costs have struggled to attract investment, putting the focus on smaller, cheaper reactors. Chancellor Jeremy Hunt in the Treasury statement said the government's plan would help to lower energy bills, while fulfilling government promises to grow the economy. He also said it would add to security of supply, echoing comments from Prime Minister Rishi Sunak during talks in France on Friday when the two countries agreed to work together on energy, including nuclear power.
The government has already committed 210 million pounds to Rolls-Royce for its 500-million pound SMR programme, but the company told Reuters last month the cash for the SMR would run out by the end of 2024.

Top News - Dry Freight

South Korea's FLC buys 68,000 tonnes corn in tender – traders

South Korea's Feed Leaders Committee (FLC) purchased about 68,000 tonnes of animal feed corn to be sourced optionally from the United States, South America or Black Sea region in an international tender on Friday, European traders said. The corn was purchased in the combination of an outright price of an estimated $318.99 a tonne c&f with some also bought at a premium over Chicago corn futures, both with an extra $1.50 a tonne surcharge for additional port unloading.

Seller was believed to be trading house Viterra. The tender sought arrival in South Korea around July 30.

South Korea's MFG bought about 125,000 T feed wheat – traders

South Korea's Major Feedmill Group (MFG) purchased about 125,000 tonnes of animal feed wheat in private deals on Thursday without issuing an international tender, European traders said on Friday. One 65,000 tonne consignment was purchased at an estimated $309.90 a tonne c&f plus a $1.50 a tonne surcharge for additional port unloading.

It was believed to have been bought from trading house Viterra with wheat arrival in South Korea around Sept. 5.

Shipment of the first consignment was between July 1-July 31 if sourced from the U.S. Gulf or Black Sea region, between July 6-Aug. 5 from Brazil and between July 21-Aug. 20 from the U.S. Pacific Northwest coast, Australia or Canada. A second 60,000 tonne consignment was purchased at an estimated $305.00 a tonne c&f plus a $1.50 a tonne surcharge for additional port unloading.

The second consignment was believed to have been bought from trading house ADM with wheat arrival in South Korea around Sept. 15.

Shipment of the second consignment was between Aug. 1-Aug. 31 from the U.S. Pacific Northwest coast or Australia and between July 10-Aug. 10 if from Rumania, Bulgaria or other EU origins.

Russia and Ukraine are excluded as origins in both deals.

Force majeure may not be declared on Black shipments because of the war in Ukraine, traders said.

Picture of the Day

A fisherman walks on the ice-covered Irtysh River near an oil refinery and a thermal power station in the Siberian city of Omsk, Russia, March 12, 2023. REUTERS/Alexey Malgavko

(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

An LSEG Business