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

Click on headers to go to that section

Top News - Oil

Biden administration approves massive Willow oil project in Alaska

The Biden administration is approving a scaled-back version of ConocoPhillips' $7 billion oil and gas drilling Willow project in Alaska, the U.S. Department of Interior said on Monday, drawing cheers from Alaskan officials and the oil industry but criticism from environmental advocates. The decision follows an aggressive eleventh-hour campaign from opponents who had argued the development of the three drill sites in northwestern Alaska conflicts with President Joe Biden's highly publicized efforts to fight climate change and shift to cleaner sources of energy.

Alaska's elected officials say the project will create hundreds of jobs and bring billions of dollars in revenue to state and federal coffers. The state relies heavily on revenue from oil production, but output there has declined dramatically from its peak in the 1980s.

"I feel the people of Alaska have been heard," U.S. Representative Mary Peltola, a Democrat from Alaska, said on a call with reporters. "The state of Alaska cannot carry the burden of solving our global warming issues alone." The fate of the project has been closely watched as Biden seeks to balance his goals of decarbonizing the U.S. economy and restoring U.S. leadership on climate change while also increasing domestic fuel supplies to keep prices low.

The United Nations, which has urged nations to accelerate the transition away from fossil fuels, criticized the move. "These are not projects that move us in the right direction," spokesperson Stephane Dujarric told reporters when asked about the Willow approval.

The Interior Department approved the project with three drill pads after saying last month it was concerned about the greenhouse gas impacts of Willow. ConocoPhillips had sought to build up to five drill sites and project infrastructure including dozens of miles of roads and pipelines and seven bridges. The agency said the smaller scope will reduce the impact on habitats for species like polar bears and yellow-billed loons. The administration also announced late on Sunday sweeping new protections for undisturbed Alaskan lands and waters that would keep nearly 3 million acres of the Beaufort Sea in the Arctic Ocean "indefinitely off limits" for oil and gas leasing, effectively closing off U.S. Arctic waters to oil exploration. It also issued protections for 13 million acres of "ecologically sensitive" special areas within Alaska's petroleum reserve. Environmental groups, however, criticized the Biden administration, saying it was trying to have it "both ways" on climate change.

"Promoting clean energy development is meaningless if we continue to allow corporations to plunder and pollute as they wish," Food & Water Watch Executive Director Wenonah Hauter said.

Green groups have said they would challenge Willow in court. U.S. Senator Dan Sullivan of Alaska said the congressional delegation is expecting an imminent legal challenge and is preparing an amicus brief to defend the project. Houston-based ConocoPhillips welcomed Monday's decision, having already endorsed the trimmed-down version of the project.

"This was the right decision for Alaska and our nation," ConocoPhillips Chief Executive Ryan Lance said in a statement.

U.S. Senator Lisa Murkowski, an Alaska Republican, on Monday welcomed the "good news," saying "this will mean jobs and revenue for Alaska" by bringing upwards of 180,000 barrels of oil per day into the Trans Alaska Pipeline.

ANALYSIS- Russian sanctions shift oil price-making power to Asia from Europe

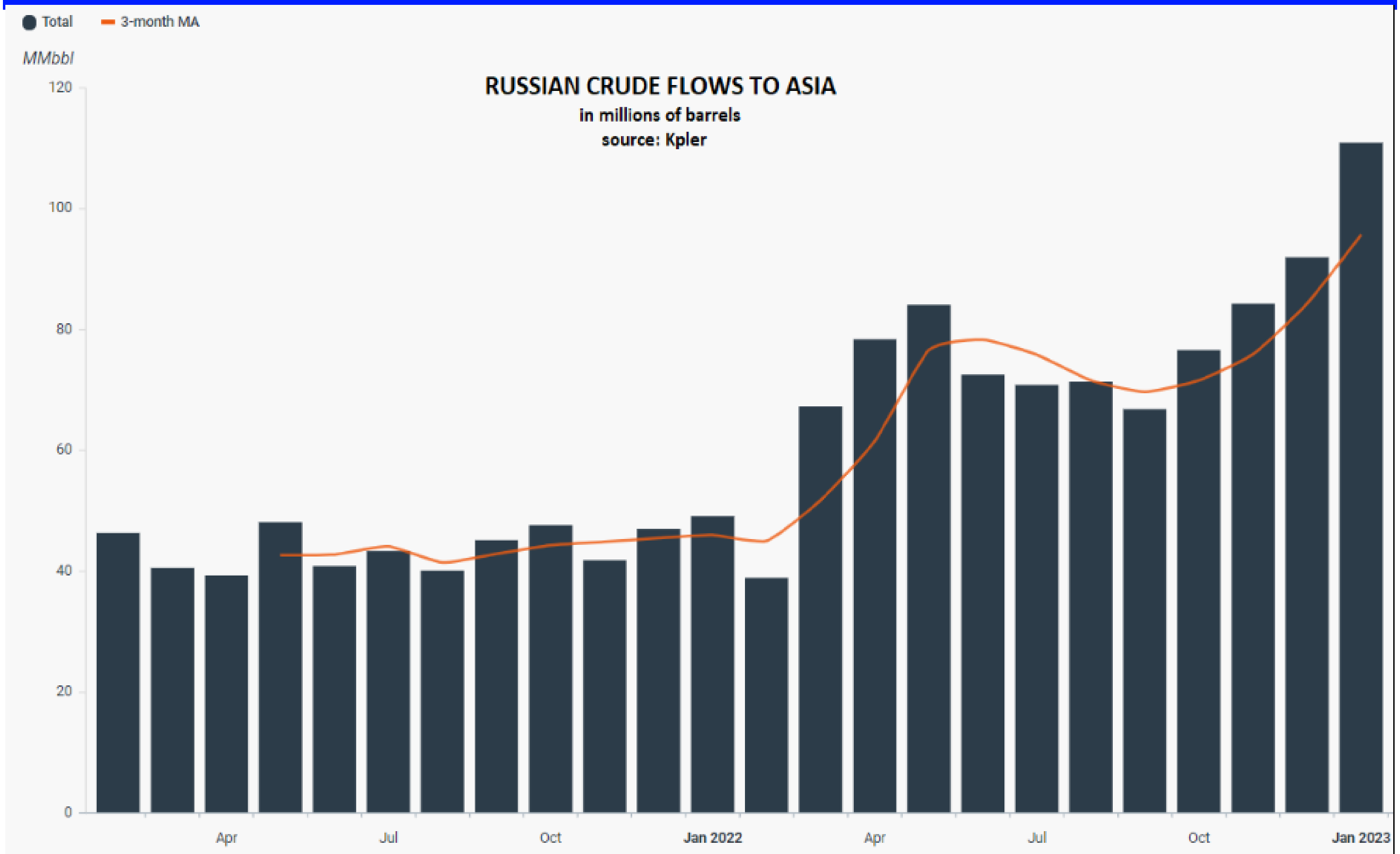
Western sanctions on Russian and Iranian oil have channelled cheap fuel to Asia and in the process eroded a decades-long trend whereby the continent has paid more for energy than Europe, according to traders, analysts and Refinitiv Eikon data. Analysts and government officials from consumer countries use the term Asian premium to refer to the higher prices Asian importers have paid for oil sold by big exporters, such as members of the Organization of the Petroleum Exporting Countries. For Asia, a weakened premium amounts to an economic stimulus, highlighting another unintended consequence of the Western sanctions on oil and gas exporter Moscow, which also led to a surge in the amount Europeans have paid for natural gas. "It's safe to say that some major consumers in Asia, most notably India and China, are the major winners of the sanctions," Ole Hansen, head of commodity strategy at Saxo Bank, said. Western Sanctions have led Russia to sell more than twice as much crude to Asia in the year to January, according to Kpler data. Iran, under U.S. sanctions, has boosted exports to the highest in three years on some estimates, with China the biggest buyer.

Top News - Agriculture

Russia says Black Sea grain deal will be extended automatically if no objections
A deal allowing the safe export of grain from Ukraine's Black Sea ports will be extended automatically after it expires on March 18 if there are no objections from the involved parties, Russia's TASS state news agency reported on Tuesday. Citing an unnamed source familiar with the details of the negotiations around the agreement, TASS reported that so far none of the involved sides had indicated a withdrawal.
Russia on Monday suggested renewing a deal allowing the safe export of grain from Ukraine's Black Sea ports but only for half of the 120-day term of the previous renewal, while the United Nations pledged to do everything possible to ensure the agreement's integrity remained intact.
"If the parties have no objections, the deal will continue after March 18," TASS quoted the source as saying.
The source said that the time length of the extension did not matter.
"If the deal is extended for 60 days, it will continue to operate after March 18, and after 60 days one of the parties may raise the issue of its termination," the source added.
The prices of corn and wheat have been under pressure on hopes of a deal renewal

Ukraine faces a lack of herbicides, pesticides for spring sowing
Ukrainian farmers, which have already started the 2023 spring sowing, have only around 35% of the herbicides and pesticides they need, analyst APK-Inform quoted on Monday official data as showed. The Russian invasion has left Ukraine seriously short of finances, seeds and crop protection products, which could have a negative impact on crop yields this year.
APK-Inform said farmers had 9,356 tonnes of herbicides and pesticides, which is 34.7% of the declared 26,926 tonnes needed for the first half of this year.
The volume included 6,231 tonnes of herbicides, or about 36% of the volume needed.
The ministry said the most difficult situation is Kyiv and Lviv regions.
Denys Marchuk, deputy chair of the Ukrainian Agrarian Council said a lack of funds is the main problem for farmers this spring.
"Farmers will not be able to buy everything they need - seeds, fertilisers, fuel, crop protection products. Yields will

Chart of the Day



be much lower and this will affect our export potential," he told an online briefing.
"It is important to find money to lend to farmers," Marchuk added.
The Council said last week that agricultural companies, which plant most of Ukraine's fields, are 40 billion hryvnia ($1.08 billion) short of the funds they need to carry out spring work.
The ministry has not yet published its forecast for the 2023 grain harvest while the national academy of agricultural science said the harvest may fall 37% to 34 million tonnes.
The 2022 grain harvest fell to around 54 million tonnes from a record 86 million in 2021.
Output was hit by hostilities in Ukraine's eastern, northern and southern regions following Russia's invasion.

Top News - Metals

Rio Tinto commences underground production at Mongolian copper mine
Anglo-Australian mining firm Rio Tinto Ltd on Monday said it commenced underground production at its Oyu Tolgoi copper mine in Mongolia. The mine is expected to produce around 500,000 tonnes of copper per year, on average, from 2028 to 2036. Open pit mining at Oyu Tolgoi has been operational since 2011. The mine is expected to become the fourth-largest copper mine in the world by 2030, according to the company. Last year, Rio Tinto completed its long drawn-out acquisition of the remaining 49% stake in Turquoise Hill Resources, which owned part of the Mongolian mine. The acquisition gave Rio Tinto a 66% stake in the mine, which has the world's largest known copper and gold deposit. The Mongolian government holds the remaining 34%.

COLUMN-Gold bulls hope short-term bank contagion sparks longer-term rally: Russell
The gold bulls are running again, hoping that a short-term boost from the collapse of Silicon Valley Bank can be translated into a longer-term rally for the precious metal.
The spot price of gold rallied strongly on Monday after U.S. regulators enacted a series of emergency measures after the failure of Silicon Valley Bank and Signature Bank in New York. Gold ended at $1,913.24 an ounce on Monday, having gained 4.5% since its close on March 9, and closing in on the high so far in 2023 of $1,959.60 on Feb. 2. The rally was driven by investors buying into gold Exchange Traded Funds (ETFs), with the largest such vehicle, the SPDR Gold Trust reporting that its holdings rose 1.31% on Monday to 913.27 tonnes from 901.42 tonnes on March 10. This is equivalent to 29.03 million ounces, but it's worth noting that the SPDR holdings have been in a declining trend since April last year, when they peaked at 35.58 million ounces. The broader question for the gold market is whether worries of a wider contagion in U.S. financial markets will persist, or whether the actions of the Federal Reserve and the move by President Joe Biden to assuage fears will prevent the spread.
Even if the market is reassured that the problem is limited to the two collapsed banks, there may be implications that are positive for the price of gold. Any suggestion that the Federal Reserve will pare back its current tightening of monetary policy is likely to be a longer-term positive for gold, especially if this occurs before the market is confident that high inflation is tamed.
So far it appears that gold is once again fulfilling its traditional role as a safe haven against volatility and risk, but it's probably too early to say that the current buying will persist. Nonetheless, the likely ramifications of the bank collapse are positive for gold, which was already being supported by other bullish factors.

CHINA, INDIA DEMAND
Chief among those is the expectation that physical demand will rebound in China, traditionally the world's largest consumer of the precious metal.
China's economy is recovering from the now abandoned strict zero-COVID policies that crimped growth last year, and there is likely some pent-up demand for gold jewellery, bars and coins that provides upside for demand. China's gold jewellery demand slumped 14%, or 101 tonnes, to 598.3 tonnes in 2022, according to data from industry group the World Gold Council.
This meant China's jewellery demand dropped below that of India, which saw demand of 600.4 tonnes in 2022, a decline of 2% from the prior year.
This was the first time since 2011 that India's jewellery demand exceeded that of China, indicating that there is plenty of upside should the expectations for a rebound in China's economy come to fruition. The outlook for India is also fairly upbeat as the country's economy continues to perform strongly, with gross domestic product expected to rise 7% in the current 2022-23 fiscal year that ends on March 31. China and India play an outsize role in the physical gold jewellery market, accounting for about two-thirds of the global total in 2022, with the next biggest country being the United States, which had jewellery demand of 143.7 tonnes last year. Central bank buying is the wildcard for gold, having risen a strong 152% in 2022 to 1,135.7 tonnes. Whether this trend continues is hard to predict, given that some of the biggest players in this space, such as China and Russia, provide little to zero public commentary on their intentions.
Overall, the risks for gold are skewed to the upside assuming that investors are drawn back to gold as a hedge against risk and inflation, China and India boost their physical demand, and central bank buying also holds up.

Top News - Carbon & Power

EU to revamp power market, aiming to blunt price spikes

The European Commission is set to propose a revamp of Europe's electricity market rules on Tuesday, aimed at expanding the use of fixed-price power contracts to shield consumers from severe price spikes like those experienced last year. The European Union vowed to overhaul its electricity market after cuts to Russian gas after its invasion of Ukraine last year sent European power prices soaring to record highs, forcing industries to close and hiking households' bills.

Draft versions of the EU proposal, seen by Reuters, outline measures designed to make consumers less exposed to short-term swings in fossil fuel prices - by nudging countries to use more contracts that lock in stable, long-term electricity prices.

Future state support for new investments in wind, solar, geothermal, hydropower and nuclear electricity, for example, must be done through a two-way contract for difference (CfD).

Two-way CfDs offer generators a fixed "strike price" for their electricity, regardless of the price in short-term energy markets.

Countries would also need to do more to encourage power purchase agreements (PPA) - another type of long -term contract to directly buy electricity from a generator - such as by providing state guarantees for such contracts. Fossil fuel-powered generators would not receive this support. The aim is to direct support towards the huge investments in renewable energy EU countries need to quit Russian fossil fuels and meet climate change goals.

Other elements aim to push gas out of Europe's energy mix faster - for example, by requiring countries to expand energy storage and other alternatives to replace the role gas plants play in balancing the power grid.

Currently, power prices in Europe are set by the final generator needed to meet overall demand. Often, that is a gas plant, so gas price spikes - like those caused last year by Russia slashing gas deliveries - can send electricity prices soaring. Despite Brussels pitching the reforms last year as a chance to "decouple" gas and power prices, the draft proposal - which could still change before it is published - avoids the deep electricity market reform that countries, including Spain and France, have called for, opting instead for more limited tweaks to stabilise prices. Another camp of countries, including Germany, Denmark and Latvia, have warned major changes could scare off investors.

MARKET MONITOR as of 07:46 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$74.00 / bbl	-1.07%	-7.80%
NYMEX RBOB Gasoline	$2.59 / gallon	0.23%	4.38%
ICE Gas Oil	$799.50 / tonne	-0.59%	-13.19%
NYMEX Natural Gas	$2.65 / mmBtu	1.61%	-40.83%
Spot Gold	$1,911.29 / ounce	-0.10%	4.76%
TRPC coal API 2 / Dec, 23	$139 / tonne	2.02%	-24.76%
Carbon ECX EUA / Dec, 24	€101.69 / tonne	-0.85%	15.56%
Dutch gas day-ahead (Pre. close)	€49.45 / Mwh	-1.30%	-34.56%
CBOT Corn	$6.24 / bushel	-0.08%	-8.03%
CBOT Wheat	$6.84 / bushel	-0.15%	-14.30%
Malaysia Palm Oil (3M)	RM3,990 / tonne	-1.31%	-4.41%
Index (Total Return)	**Close 13 Mar**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	289.86	-0.08%	-3.81%
Rogers International	27.03	-0.53%	-5.70%
U.S. Stocks - Dow	31,819.14	-0.28%	-4.01%
U.S. Dollar Index	103.6	-0.94%	0.07%
U.S. Bond Index (DJ)	401.83	0.08%	2.31%

EU countries and the European Parliament must negotiate and approve the final rules, with some pushing for a deal by the end of the year.
Marco Foresti, market design manager at the European Network of Transmission System Operators (ENTSO-E), said the draft proposals had been met with "a bit of a sigh of relief" among those concerned about disrupting the functioning of short-term energy markets.

COLUMN-Philippines set to go from renewable laggard to leader in SE Asia: Maguire
The Philippines is set to leapfrog Vietnam as the main renewable energy producer in Southeast Asia, thanks to an aggressive project development pipeline that will result in a 15-fold boost in combined solar and wind power by 2030. The Philippines currently ranks a distant second in the region in combined solar and wind power generation, with 1,766 megawatts (MW) of installed capacity, compared with 12,379 MW in Vietnam, data from Global Energy Monitor (GEM) shows.
By 2030, however, the Philippines will have added 17,809 MW of solar capacity and 7,856 MW of wind power to emerge as the top green power producer in Southeast Asia, one of the world's fastest-growing economic regions. The rapid expansion in renewable energy supplies comes at a potentially critical time for the country's energy sector. Philippine power producers relied on coal for nearly 60% of their electricity generation in 2022 and have increased coal-fired power emissions by more than 40% since 2017 to fuel the country's rapidly growing economy, which expanded by more than 7% in 2022. With real gross domestic product (GDP) set to expand by 5.8% in 2023, according to Goldman Sachs, and remain one of the region's fastest-growing economies over the next decade, the country has the potential to steeply increase fossil fuel emissions unless large increases in renewable power can be brought online.

GOVERNMENT PUSH FOR FOREIGN INVESTMENT
A major driver behind the green power push is the looming depletion of the Malampaya gas field, which was by far the country's largest source of gas but is expected to run dry within five years. With imports of natural gas much more expensive than domestically supplied gas, and emissions from coal-fired power generation already at record highs, the government has unveiled an array of measures designed to spur growth in renewable energy supply capacity. A key new policy shift that was announced in late 2022 has been the removal of stipulations that require energy assets to be owned by Filipinos. Previously, those strict ownership rules limited foreign participation in the Philippines' energy sector to a handful of oil and gas majors. Going forward, however, the combination of new ownership rules and strong energy demand growth is expected to lure growing interest from global firms engaged in renewable energy construction, including nine Chinese firms that committed a collective $13.76 billion in investment in the sector in January. Firms from other countries are also expected to look for opportunities in the Philippines, which has "excellent resource potential and a strong financing environment, with public and private sector interest in renewables investment," according to the International Renewable Energy Agency (IRENA.)

TURNAROUND
Most of the swell in solar capacity already planned is set to emerge in 2025 and 2027, while the expansion in wind capacity is set to come nearer the end of the decade, GEM data shows. In combination, those capacity additions should exceed any expansions in coal-fired power over the same period, and help boost clean power's share in the Philippines' electricity generation mix from 22.5% in 2022, according to data from Ember. More clean power generation should also help the Philippines close the clean energy gap with the rest of Asia. For the whole continent, around 32% of electricity came from clean sources in 2022.
In turn, a greater proportion of power from clean sources should help the Philippines attract more manufacturing and other industries. The country is already a major producer of pharmaceuticals, electronics and semiconductors and is considered an attractive destination for firms looking to relocate operations outside of China. Vietnam, Thailand and Indonesia are all also expected to rapidly increase renewable energy supply capacity over the coming years, and may sporadically compete with the Philippines as green energy hot spots. But the combination of aggressive government policy, an urgent drop in domestic fossil fuel supplies and projections for continued rapid energy demand growth look set to push the Philippines into the top tier of all renewable energy growth markets by 2030.

Top News - Dry Freight

Saudi Arabia buys 1.043 mln T of wheat for July-Aug arrival – GFSA
Saudi Arabia bought 1.043 mln tonnes of wheat for July-August arrival, in its first tender in 2023, the Saudi state purchasing agency General Food Security Authority (GFSA) said on Monday. It was bought at an average price of $316.86 a tonne c&f, the GFSA said. The GFSA was previously the SAGO agency which was restructured and renamed by the Saudi government in January.
The wheat with 12.5% protein content was sought for

arrival in a series of Saudi ports between July 1 and Aug. 15. The purchase was considerably more than the 480,000 tonnes sought in the tender.
Origins offered were the European Union, Black Sea region, North America, South America and Australia with the seller having the option of selecting the origin supplied, the GFSA said.

Algeria buys at least 420,000 T wheat in tender – traders

Algeria's state grains agency OAIC has bought milling wheat in an international tender which closed on Monday, European traders said in initial assessments. Total tonnage bought was initially unclear.
Traders said at least 420,000 tonnes were bought from five trading houses. But some other estimates were as high as 500,000 to 600,000 tonnes.
Initial purchases reported were around $312 a tonne cost and freight (c&f) included, they said. There was also market talk of trades above and below this level, with purchases at $310 a tonne c&f and even as low as $308 made earlier on Monday afternoon before a sharp rise in Paris Euronext wheat futures.
There was also market talk of trades as high at $319 a tonne c&f, but with the bulk made at $312 a tonne c&f, traders said. More detailed assessments prices and tonnage bought are expected later. The wheat was sought for shipment in two periods from the main supply regions including Europe: May 1-15 and May 16-31. If sourced from South America or Australia, shipment is one month earlier.
Algeria does not release results of its tenders and reports are based on trade estimates. Algeria is a vital customer for EU wheat, especially from France.

Picture of the Day

An aerial view shows a solar farm near Melksham in southwest Britain, March 2, 2023. REUTERS/Toby Melville

(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