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Top News - Oil

OPEC+ to stick to production cut, Saudi minister tells Energy Intelligence

Saudi Arabia's energy minister Prince Abdulaziz bin Salman told Energy Intelligence in an interview on Tuesday the OPEC+ alliance will stick until the end of the year to production cuts agreed in October.

"There are those who continue to think we would adjust the agreement ... I say they need to wait until Friday Dec 29 2023 to demonstrate to them our commitment to the current agreement."

Prince Abdulaziz also said the U.S. Senate's proposed NOPEC bill was a different concept from price caps that have been imposed by Western countries on Moscow over the invasion of Ukraine, yet they had similar potential impacts on the oil market.

Last week, U.S. senators from both political parties reintroduced the so-called No Oil Producing and Exporting Cartels, or NOPEC, bill.

If passed it would change U.S. antitrust law to revoke the sovereign immunity that has protected members of the OPEC+ alliance and their national oil companies from lawsuits over price collusion.

There have been several attempts to pass the NOPEC bill over more than two decades.

"The NOPEC bill does not recognize the importance of holding spare capacity and the consequences of not holding spare capacity on market stability," he said.

The NOPEC bill would undermine investments in oil capacity and cause global supply to fall, he said and any price caps would have a similar effect.

The prince said price caps whether imposed on a country or a group of countries would lead to "individual or collective counter-responses with intolerable consequences in the form of massive volatility and instability."

"If a price cap were to be imposed on Saudi oil exports, we will not sell oil to any country that imposes a price cap on our supply and we will reduce oil production and I would not be surprised if others do the same."

The Group of Seven Countries, the European Union and Australia implemented the price cap on seaborne cargoes of Russian oil on Dec. 5, setting it at $60 a barrel.

Russia has said it would cut 500,000 barrels per day (bpd) of supply from March.

Prince Abdulaziz also said global demand growth would outpace current global spare capacity while emergency reserves were at a historic low. "That is why it is crucial that policies are put in place to support investments needed to increase spare capacity in a timely manner and that global emergency stocks are maintained at an adequate and comfortable level."

Despite forecasts for global economic growth, the prince said uncertainty remained on the demand recovery outlook as China opens up after strict zero Covid policies. Another wild card was how aggressively central banks would hike rates to tame inflation, he said.

UAE's Fujairah port set for robust growth as Russian oil trade reshuffles

Oil storage demand and transit volumes are poised to grow further at the United Arab Emirates' Fujairah port this year as Russian trade flows continue to flood the hub, while latest price caps on Russian petroleum products have a mild impact on trade, industry executives said on Tuesday.

Russian oil barrels have been flowing into popular ship-to-ship transfer hubs in the Middle East and Asia since last year as Western sanctions led to the reshuffling of trade flows.

"We have seen a huge influx of Russian barrels coming into Fujairah ... particularly Urals (crude oil) and naphtha," Maha Abdelmajeed, commercial manager at VTTI Fujairah Terminals, said at the Fujairah Bunkering and Fuel Oil Forum (FUJCON) on Tuesday.

The hub is expected to register strong and healthy demand for storage going forward, Abdelmajeed added.

Total storage capacity at Fujairah stands at 11.1 million cubic metres so far, based on port statistics.

Existing tanks are already at full capacity, said trade sources on the sidelines of the forum.

Fujairah had a record year in terms of oil cargoes in 2022, with close to 12,500 vessels calling at its offshore anchorage area, statistics show.

Amid the reshuffling of trade flows, volumes at the port were up about 10% last year, said Martijn Heijboer, business development manager at the port of Fujairah.

"There is still some uncertainty this year as the price cap (on Russian oil) just started in February," said Heijboer, adding that there is room for transit volumes and storage demand to grow because of new projects.

Fujairah will be commissioning a dry bulk export facility in Dibba, adding about 18 million tonnes of aggregate handling capacity.

Landed stocks at Fujairah averaged at 11.47 million barrels (1.81 million tonnes) per week in 2022, climbing from 10.26 million barrels (1.62 million tonnes) in 2021, based on data from the Fujairah Oil Industry Zone. More recently, storage volumes jumped sharply after February sanctions on Russian oil products and Kuwait's Al Zour refinery ramped up exports.

Russia has been selling crude and refined products at discounted prices after international sanctions while the UAE has been taking more cargoes of Russian crude oil, according to ship-tracking data and sources.

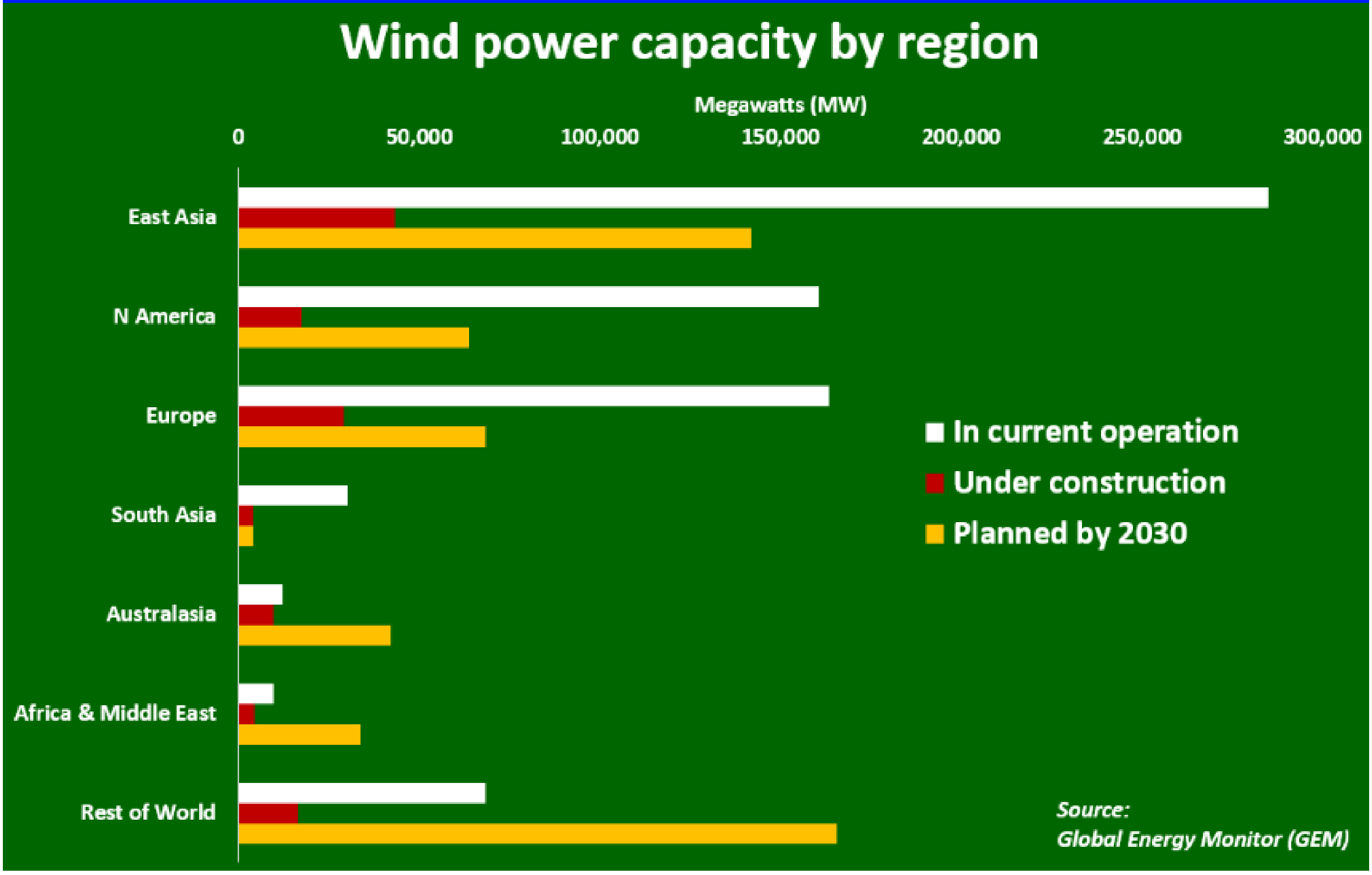
Russian fuel oil has also flooded Middle East markets since last year, with little signs of abating despite latest price caps on Russian oil products.

"I don't think the price cap really makes much of a difference... most of the Russian oil has been priced below the price cap anyway," Saudi Industrial Export Company's chief commercial officer Andrew Laven told the forum.

The price caps on petroleum products, which kicked in on Feb. 5, could instead have some impact on refining margins, said Laven.

Meanwhile, Vitol Bahrain's regional head of fuel Paul Kelly said that the price caps are there to "maintain the flow of oil" and "not to stop the flow".

Chart of the Day



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Top News - Agriculture

Black Sea grain talks continue as Russia seeks 60-day renewal

Talks continue to extend a deal to allow grain shipments from Ukraine's Black Sea ports ahead of a deadline later this week, the United Nations and Turkey said on Tuesday, after Kyiv rejected a Russian push for a reduced 60-day renewal. Since Russia and Ukraine signed the U.N.-backed Black Sea Grain Initiative in Turkey on July 22, millions of tonnes of grain and other food products have been exported from Ukrainian ports, helping lower global food prices from record highs.
Russia on Monday suggested allowing the deal to be renewed for 60 days, half the term of the previous renewal. The RIA news agency on Tuesday cited Russia's Deputy Foreign Minister Sergei Vershinin as saying Moscow had not yet received an official response from all parties to its proposal. It was not immediately clear how the deal could be extended for half of the previous duration of 120 days. Turkey, which facilitated the deal alongside the U.N., said in a defence ministry statement that Moscow had agreed to back a 60-day extension to the deal but that talks continued.
The United Nations would not be drawn on confirming whether the deal would continue for 60 days or 120 days. U.N. spokesman Stephane Dujarric told reporters: "Our position is that it is important that this continues."
Ukraine said it will stick to the terms of the previously agreed deal based on a 120-day duration that can be renewed. "We will follow the agreement strictly," a senior Ukrainian government official told Reuters. The official declined to be identified. "There is no option to sign the current deal for 60 days only - we know it for sure because we know that the current deal extends automatically for 120 days if there are no objections from any side," Andrey Sizov, head of Sovecon agriculture consultancy, said.
"So, if Russia wants the deal to last for 60 days, all the sides would have to sign a new agreement, which seems unlikely as Ukraine has already said that it would not be ready to sign a 60-day deal."
The Kremlin repeated previous Russian criticism of the deal that it does not address obstacles to its own food and fertiliser exports.
Spokesman Dmitry Peskov said the deal could not "stand on one leg".
Russia has said sanctions on its payments, logistics and insurance industries have created barriers, even though the West has not explicitly targeted agricultural exports.
International grain traders had widely anticipated an extension of the corridor deal.
This had contributed to weak prices with U.S. wheat, for example, falling on Friday to the lowest level since July 2021.
Wheat and corn markets rebounded this week as Moscow pushed to extend the deal for just 60 days, feeding doubts about its commitment given accusations by Ukraine that Russia is deliberately slowing down the inspection process.

US senators seek to expand sales of ethanol-gas blend with support from Big Oil

U.S. senators reintroduced a bipartisan bill on Tuesday that would allow nationwide sales of gasoline with a higher blend of ethanol year-round, as a second heavy-weight oil trade group appeared ready to back the idea.
Republican Senator Deb Fischer from Nebraska and Democratic Senator Amy Klobuchar from Minnesota - both major corn-producing states - argue that the expanded sales of E15, or fuel containing 15% ethanol, would decrease gasoline prices and reduce U.S. dependence on foreign oil. Year-round sales of E15 have been long sought by the biofuel industry and corn farmers, who would benefit from the increased market.
The American Petroleum Institute (API), one of the largest U.S. oil trade groups, has supported the bill since it was introduced last autumn. It began cooperating with the Renewable Fuels Association, a biofuels trade group, on expanded nationwide E15 sales after governors from major corn-producing Midwestern states requested the U.S. Environmental Protection Agency (EPA) lift restrictions on E15 in their states, Reuters previously reported.
The governors' effort raised oil industry concerns that the proposal would create a patchwork of different fuel regulations and logistical challenges around distribution.
On Tuesday, another top U.S. oil group, the American Fuel and Petrochemical Manufacturers (AFPM), signaled it could support a national standard.
AFPM said that while the bill needed work, a legislative approach was less disruptive than creating patchwork requirements for new fuel blends.
AFPM did not take a position on the bill last autumn. The governors' proposal is gaining headway. In response to their request, the EPA in early March proposed to allow year-round E15 sales in those states. That rulemaking would take effect in the summer of 2024 and still needs public comment.
The EPA restricts summertime sales of E15 over concerns that it contributes to smog in hot weather, though research shows the higher percentage blend may not increase smog relative to the 10% blend called E10 that is sold year-round.

Top News - Metals

Australian coking coal too pricey for China even as curbs end

China's demand for Australian coking coal for steelmaking remains lacklustre even after Beijing removed import restrictions, as supplies from local mines, Mongolia and Russia are cheaper, traders say. Beijing in early January partially eased an unofficial ban on Australian coal imports by allowing three state-backed utilities and a steelmaker to resume procurement as the two countries sought to rebuild ties.

The restrictions were further eased last month after China's commerce ministry said coal trade is a "normal activity".

Several key coal import regions, such as Guangdong, Fujian and Guangxi, have fully lifted the curbs, according to three people who deal in Australian coal, adding that customs authorities have granted permission to clear all cargoes.

However, the policy change has not spurred much buying by Chinese coking coal traders as there is barely any profit to be made due to high Australian coking coal prices.

Before the restrictions were imposed in late 2020, China bought more than 30 million tonnes of coking coal annually from Australia, about 40% of its imports.

"We won't see Australian coal starting to flow until we see that arbitrage window open again," said Lloyd Hain, managing director of mining research firm AME Group in Sydney.

"The only way China prices are going up is if we see a surge in steel production, and that doesn't look like it's going to happen in the next month or so."

Premium Australian hard coking coal (HCC) was priced at around $360 a tonne on a free-on-board (FOB) basis last Friday, equivalent to about 2,650 yuan ($385) a tonne delivered to north China after adding freight and other fees, traders said. Importers would face losses of about $65 per tonne, as similar quality domestic supply is trading at about 2,200 yuan a tonne, according to Reuters' calculation based on market prices.

Mongolian and Russian coking coal priced at about 2,030 yuan a tonne at China-Mongolian border and 2,240 yuan a tonne at northern Chinese ports, respectively, are also more competitive than Australian supplies, the traders said.

Analysts and traders expected limited impact from the resumption of Australian coal imports in China as Australia's market share has largely been taken over by

MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$72.25 / bbl	1.29%	-9.98%
NYMEX RBOB Gasoline	$2.57 / gallon	1.49%	3.87%
ICE Gas Oil	$797.50 / tonne	-0.65%	-13.41%
NYMEX Natural Gas	$2.57 / mmBtu	-0.04%	-42.53%
Spot Gold	$1,897.99 / ounce	-0.22%	4.03%
TRPC coal API 2 / Dec, 23	$143 / tonne	2.88%	-22.60%
Carbon ECX EUA / Dec, 24	€97.27 / tonne	0.77%	10.53%
Dutch gas day-ahead (Pre. close)	€45.63 / Mwh	-7.72%	-39.62%
CBOT Corn	$6.27 / bushel	-0.16%	-7.66%
CBOT Wheat	$7.14 / bushel	2.48%	-11.52%
Malaysia Palm Oil (3M)	RM4,045 / tonne	1.58%	-3.09%
Index (Total Return)	**Close 14 Mar**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	285.96	-1.34%	-5.10%
Rogers International	26.92	-0.41%	-6.09%
U.S. Stocks - Dow	32,155.40	1.06%	-2.99%
U.S. Dollar Index	103.6	0.00%	0.07%
U.S. Bond Index (DJ)	399.87	-0.49%	2.39%

Mongolia and Russia in the past two years.
In 2022, China's imports of Russian coking coal doubled from 2021 and arrivals from Mongolia surged 82% year-on-year, Chinese customs data showed. Only one Australian coking coal cargo, bought by China Baowu Group, has reached China since the import restrictions were lifted in January, according to traders and shiptracking data from Refinitiv and Kpler. About three shipments are scheduled to arrive this month versus more than 30 Australian thermal coal cargoes, the data showed. Australian coking coal cargoes en-route to China could be resold if Chinese domestic prices fall further, traders said.

Rio Tinto sees robust short term outlook for copper
The short-term outlook for copper is "pretty healthy," with global stockpiles trending down and mine disruptions having eroded supply from Latin America, Rio Tinto's head of copper Bold Baatar said on Tuesday. "We're seeing pretty good fundamentals," he told Reuters after the opening of the underground phase of the Oyu Tolgoi copper mine in Mongolia, which is set to be the world's fourth-largest copper mine when it is fully operational. "Physical stocks of inventories of copper are at multi-year lows," he said, adding that copper demand in China was "relatively strong." Global copper inventories held in warehouses monitored by the London Metal Exchange (LME) hit the lowest in 17 years last month as the global economy gathers steam post-COVID 19, while Shanghai Futures Exchange stocks have turned down in recent weeks on seasonal demand pickup and as prices fell. Benchmark copper on the LME traded down 0.6% at $8,876 a tonne on Tuesday, on a firm dollar, worries about the knock-on impact of a U.S. banking crisis and as Chinese demand has not picked up as quickly as some had previously hoped.
But the contract has gained more than 5% year-to-date, and around a quarter from mid-July when it hit its weakest since late 2020. "Overall, actually, there's significant copper shortages in terms of the supply deficit that's coming out of Latin America and the disruptions that are happening in countries like Peru. "So at the moment, even in the short-term outlook, there's a pretty healthy demand picture," Baatar said. Copper mines in Peru and Chile have been disrupted by protests that have blocked roads, impacting mine supplies getting in and concentrate shipments getting out. Key copper mines in Peru, however, are cranking up activity again, power data analysed by Reuters showed, potentially boosting supply from the world's no. 2 producer.

Top News - Carbon & Power

Wave of new LNG export plants threatens to knock gas prices
A flood of liquefied natural gas (LNG) export projects due online worldwide in mid-decade will vie against lower-cost renewable energy and a revived nuclear power sector, which could rock gas prices and hurt some proposed projects, analysts say. Proposed and approved new LNG plants would boost LNG supply by 67% increase to 636 million tonnes per annum (mtpa) by 2030 from 2021 levels, potentially saturating the gas market.
"There's over a trillion dollars of natural gas infrastructure being built in the world today. There's a set secular shift and natural gas that is here to stay," said Jack Fusco, CEO of LNG exporter Cheniere Energy at a conference in Houston last week.
In Qatar, a massive LNG expansion project will add 49 mtpa by 2027. U.S. projects could add 125 mtpa (16.4 billion cubic feet per day) of capacity by late 2027, according to data compiled by BTU Analytics, a FactSet company.
In a taste of the potential volatility those projects might face, LNG prices last year soared on European demand, then slid as storage filled and customers pushed back against the high prices and switched to other energy sources.
That shift is only going to accelerate. In 2021 alone, wind and solar's share of global power generation jumped to more than 10% from just 1% a year earlier, climate think tank Ember estimates.
At the same time, nuclear is rebounding: Japan aims to boost nuclear's share of its power to at least 20% by 2030 from less than 7% last year. France is proposing to build six nuclear reactors by 2035.

DEMAND UNCERTAINTY
Analysts see LNG prices remaining strong until around 2027, but after that they may fall as the demand outlook is hazy.
"One big uncertainty the industry is focused on is how much damage the high prices has done to medium-term gas demand," said Michael Stoppard, who leads global gas strategy at S&P Global.
S&P Global pushed back its demand growth outlook for LNG from emerging markets by two years due to the spike in prices.
LNG has "acquired a reputation as a costly and unreliable fuel" that could jeopardize plans to build new import terminals in Asia, the region with the highest demand outlook, the Institute for Energy Economics and Financial Analysis said in a report last month.
China cut its LNG purchases by 20% last year on COVID-19 curbs and price volatility. India, Pakistan and

Bangladesh also slashed combined LNG purchases by 16% last year, IEEFA said.

PROJECTS AT RISK

In the U.S., gas markets saw a volatile start to the year after a relatively mild northern hemisphere winter and higher LNG prices which led to conservation sent U.S. prices below the cost of new production and led to a retrenchment in drilling. Muqsit Ashraf, who leads Accenture Strategy, expects solid demand to support LNG prices through around 2027. "What happens after that is more of a debate and depends on how investment decisions play out this year," said Ashraf, who previously headed Accenture's global energy practice. Baker Hughes, a major LNG equipment supplier, warned in January that cost inflation and higher interest rates had slowed the pace of LNG final investment decisions. Still, it anticipates "significant growth" in project approvals this year. The year's first came on Monday, with Venture Global LNG authorizing the second-phase of its 20 mtpa Plaquemines LNG project. The risk is projects will come online just as demand growth slows and hit global LNG prices.

"When you hear people say 'there is no way we will overbuild this,' that's when things get over-built," said Alan Armstrong, CEO of U.S. gas pipeline operator Williams Companies which supplies gas to LNG exporters.

Green groups sue Biden admin over approval of Alaska Willow oil project

Six environmental groups filed a lawsuit on Tuesday over the Biden administration's approval of ConocoPhillips' Willow oil and gas project in Alaska, which they claimed could be a stepping stone to more development in an ecologically sensitive region.

Trustees for Alaska, the Alaska Wilderness League, the Sierra Club, The Wilderness Society and other groups said the U.S. Interior Department approved Willow on public lands on the north coast of the state despite acknowledging and failing to mitigate "known harms" to Arctic communities, public health, wildlife and climate.

The suit claims the administration failed to consider cumulative effects of Willow and essentially ignored elements of its new climate consideration guidelines for reviews under the National Environmental Policy Act, despite claiming to incorporate them.

"The Biden administration has failed to listen to the science, the voices of Native leaders in the region and millions of people across America who have pleaded for the protection of air quality, subsistence resources and the global climate by rejecting Willow," said Karlin Itchoak, of The Wilderness Society.

Willow's opponents had argued the development conflicts with President Joe Biden's efforts to fight climate change and transition off fossil fuels.

The project had been criticized by youth on social media including TikTok and by the United Nations, which has urged countries to speed the transition off fossil fuels.

The Interior Department on Monday approved three drill pads for Willow after saying last month it was concerned about the greenhouse gas emissions. ConocoPhillips had wanted up to five drill sites and infrastructure including dozens of miles of roads and pipelines and seven bridges.

Interior said the smaller size will reduce impacts on species like polar bears and yellow-billed loons.

Earthjustice, an environmental lawfirm, will file an additional lawsuit, the groups said.

The Interior Department did not immediately respond to a request for comment on the suits.

ConocoPhillips said it believes U.S. agencies had "conducted a thorough process that satisfies all legal requirements."

Top News - Dry Freight

Peru mining exports fall almost 20% year/year in January amid protests

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Brazil corn exports to China nosedive as soy shipment season kicks off

Brazil's corn exports fell sharply in February as soybean shiments take center stage and Chinese buyers turn to countries like the United States and Ukraine for supplies.
According to revised Brazilian trade data, the country's corn sales to China were 70,000 tonnes last month, down from 983,700 tonnes in January and more than 1 million tonnes in December.
Last month, total corn shipments from Brazil also dropped by more than 60% compared to January, to around 2.275 million tonnes, as exporters focus on shipping Brazil's new soy crop to clients overseas.
"February is not traditionally a month for corn exports from Brazil," said Paulo Molinari, a corn analyst with Safras & Mercado. "Brazil will only increase shipments (of the cereal) from July onwards," he added.
Brazil is currently planting its second corn crop, which represents 70-75% of national output in a given year. When Brazil's second corn crop is ready, analysts will be able to gauge China's real appetite for Brazilian corn, analysts said.
After authorizing Brazilian corn imports late last year, China became Brazil's biggest corn buyer in December and in January, according to Brazil trade data. Based on expectations of strong demand from China going forward, Brazil could surpass the United States as early as this year and the world's biggest corn supplier, according to some forecasts.
Last month, Brazil's more traditional corn importers became relevant again, with Japan demanding 542,000 tonnes in addition to South Korea, which imported 276,200 tonnes, trade data showed.
Frederico Humberg, CEO of trading firm AgriBrasil, told Reuters China bought "a lot" of corn from the United States in February, which helps explain the fall in Brazil's sales. The fact Ukraine remains an exporter, though a rather unstable one, also means competition to Brazil. "Ukraine [supplies] comes and goes," Humberg said. "It's always the cheapest corn, but without shipment guarantees."

Picture of the Day

The sun sets behind an oil drilling rig in Prudhoe Bay, Alaska on March 17, 2011. REUTERS/Lucas Jackson/File Photo

(Inside Commodities is compiled by Soumya Chatterjee in Bengaluru)

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