

[Oil](#) | [Agriculture](#) | [Metals](#) | [Carbon & Power](#) | [Dry Freight](#)*Click on headers to go to that section***Top News - Oil****Kuwait to cut crude supplies to some Asian refiners as Al Zour refinery ramps up**

Kuwait has asked some Asian refiners to take less oil under their annual deals as the OPEC producer hopes to start full-scale operations at its Al Zour refinery later this year, three refining sources familiar with the matter said. Lower supplies from Kuwait could tighten Middle East supplies to Asia and support prices especially as demand from China, world's top crude importer, is expected to rebound this year.

KPC has informed some buyers that Kuwait Export Blend crude supply may be reduced under new annual contracts starting in April, sources at two Indian refiners and one Japanese refiner told Reuters.

Indian Oil Corp, the country's top refiner, will reduce its yearly oil purchase from Kuwait by 20%, or 20,000 bpd, starting in April, according to one of the persons with knowledge of the situation.

The second Indian refining source said Kuwait has also approached his firm asking them to take less oil under next fiscal year's term contract from April.

KPC did not respond to a request for comment.

Kuwait has started up the second phase of the Al Zour refinery, Waleed Al-Badr, chief executive of Kuwait Integrated Petroleum Industries Company, a subsidiary of Kuwait Petroleum Corporation, said last week.

The 615,000 barrel-per-day (bpd) refinery has three CDUs with equal capacity. Consultancy FGE expects a third crude distillation unit at Al Zour to come online by August.

The Japanese refining source did not disclose how much volume KPC was looking to cut, but added that KPC has also contacted other refineries in Japan to negotiate supply reductions.

To make up for less oil from Kuwait, India's IOC has increased its term crude volume with Iraq's Oil Marketing Company (SOMO) by 20,000 bpd, the first source said. IOC would be lifting 210,000 bpd oil from Iraq in 2023 compared with 190,000 bpd in 2022, he said.

Iraq's SOMO and IOC did not respond to a request for comment.

Annual crude sales contracts between Iraq, the largest crude supplier to India, and most Indian refiners start from January.

U.S. crude stockpiles rise, fuel draws down last week- EIA

U.S. crude oil stockpiles rose last week even as oil

refineries ramped up utilization following a strong maintenance season, while gasoline and distillate inventories fell, the Energy Information Administration said on Wednesday. Crude inventories rose by 1.6 million barrels in the week to March 10 to 480.1 million barrels, compared with analysts' expectations in a Reuters poll for a 1.2 million-barrel rise.

Fueling the rise was an increase in Gulf Coast crude stockpiles, which climbed to their highest since April 2021, the data showed.

Meanwhile, East Coast crude inventories fell to their lowest on record.

The EIA posted another high crude oil supply adjustment for the data of 2.23 million barrels per day. The adjustment figure serves as a balancing item when the EIA's supply and demand data do not align

The EIA in early March said that crude oil blending and under-reported oil output were key reasons for recently high adjustment figures in the weekly oil inventory data.

"Another large positive adjustment for crude signals both crude exports and refining activity were overstated," said Matt Smith, lead oil analyst for the Americas at Kpler.

"Lower observed crude export loadings and product inventory draws affirm these overestimations."

Gasoline stocks fell by 2.1 million barrels in the week to 236 million barrels, the EIA said, compared with analysts' forecasts for a 1.8 million-barrel drop.

Distillate stockpiles, which include diesel and heating oil, fell by 2.5 million barrels in the week to 119.7 million barrels, versus expectations for a 1.2 million-barrel drop, the EIA data showed. Despite the draw, Midwest distillate inventories rose to their highest since March 2022.

Refinery crude runs rose by 431,000 bpd and refinery utilization rates rose by 2.2 percentage points in the week.

"Refiner utilization rate is up by a big amount," said Bob Yawger, director of energy futures at Mizuho. "That's telling that refiner maintenance season is over."

Net U.S. crude imports fell by 1.72 million bpd, the EIA said.

Crude stocks at the Cushing, Oklahoma, delivery hub for U.S. futures fell by 1.9 million barrels last week, the EIA said.

Oil prices briefly pared losses after the data, but have since continued to fall. Brent and U.S. West Texas Intermediate crude futures last traded over \$3.50 a barrel lower at \$73.63 and \$67.57, respectively.

Top News - Agriculture

Asian crops face El Nino threat, deepens food inflation worries

Cereal and oilseed crops across Asia are forecast to face hot, dry weather, with meteorologists expecting the El Nino weather pattern to develop in the second half of the year, threatening supplies and heightening concerns over food inflation. Vast swathes of farmland in Australia, Southeast Asia and India are expected to face higher temperatures, while some growing regions in North and South America are likely to see more crop-friendly weather as there is more than a 50% chance of the El Nino phenomenon occurring, meteorologists said.

The threat from dry weather to food production in Asia comes after grain and edible oil prices climbed to historic highs in 2022 as the Russia-Ukraine war and COVID-19 disrupted world supplies.

"At present, the global grain market is historically tight and thus liable to sudden upward price movements on negative supply-side developments," Charles Hart, a commodities analyst at Fitch Solutions in London, told Reuters.

"The strains of the Covid era and the poor harvests of 2022 will be felt beyond 2023 as inventories are replenished over time."

La Nina weather, characterized by unusually cold temperatures in the equatorial Pacific Ocean, has ended and El Nino, a warming of ocean surface temperatures in the eastern and central Pacific, is expected to form during the northern summer, according to U.S. and Japanese weather forecasters.

While La Nina brings cool and wet weather to parts of Asia, El Nino is typically associated with heat and dryness in the region. In North and South America, the weather tends to be favourable for crops during El Nino, although there are likely to still be pockets of adverse weather lingering.

AUSTRALIA, SOUTHEAST ASIA, INDIA BRACE FOR HOT, DRY WEATHER

A dry winter in central and western parts of Australia could stress the wheat crop in the world's second largest exporter of grain.

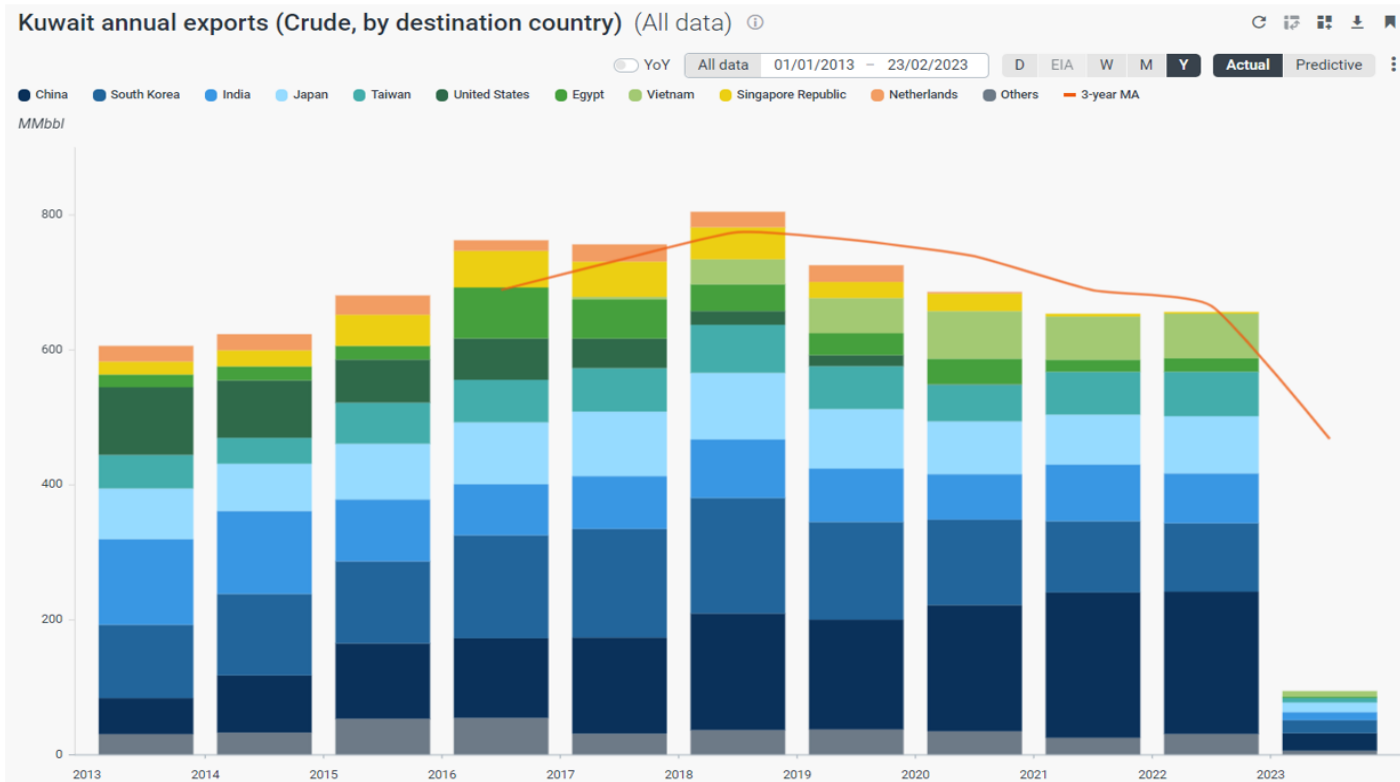
Australia produced record wheat crops for the last three years, thanks to higher than normal rainfall brought by the La Nina weather.

"There is a forecast of warm and dry winter in the central and western parts of Australia," said Chris Hyde, a meteorologist at U.S.-based Maxar. "If El Nino develops

Chart of the Day

Kuwait's crude exports is set to fall in 2023 as Al Zour refinery ramps up output

Kuwait annual exports (Crude, by destination country) (All data)



Source: Kpler

faster than what we are forecasting now, it could get much more drier and warmer."

In Southeast Asia, crucial for palm oil and rice exports, forecasters are expecting slightly below normal precipitation in June-August, although the region has ample soil moisture after heavy rains in recent months. "It will take a while for dry weather in Southeast Asia to have an impact on palm oil and rice production," Hyde said.

However, northern and central parts of India, which are already reporting a lack of moisture, are set for below normal rains in the second half of the year, meteorologists said, leaving the most-populous nation vulnerable to lower food output and higher prices.

"In central and northern parts on India, stretching right up to Pakistan, the issue is that the current conditions are opposite to that of Southeast Asia,"

"The region is facing drought, so even slightly below normal precipitation is likely to pose risk to crops."

CHINA, U.S. and ARGENTINA

Typically, China sees dryness in its corn growing northern region and more precipitation in the soybean producing northeast during El Nino.

For the United States, weather is expected to be favourable for the wheat crop.

"In the southern Plains, parts of Kansas, Oklahoma and Texas in particular, those areas do tend to do a lot better, when it comes to rainfall, in an El Nino year," Illinois state climatologist Trent Ford said.

Argentina, which is facing a historic drought, could also see improved weather.

Argentine soy processing in crisis as drought threatens harvest -industry group

Argentina's soybean crushing plants are operating at the lowest capacity in history due to the impact of a ferocious drought, the leader of the country's top grains processing chamber said on Wednesday. Argentina, the world's

leading exporter of soymeal and soybean oil, is likely to have soybean production of 27 million tonnes this season, the lowest in nearly a quarter century, as a result of low rainfall and high temperatures, Argentina's Rosario grains exchange has said.

In 2022, exports of soybean byproducts, Argentina's main source of foreign currency, totaled \$18.519 billion.

Gustavo Idigoras, head of the CIARA oilseed and grain processing chamber, said the industry faces a "crisis" with industrial capacity idleness approaching 70%, the highest ever when there are no protests.

Although harvesting for the 2022/23 season has not yet started, farmers have been reluctant to sell stored grains, fearing a meager harvest could lead them to run out of reserves, after the historic drought, Idigoras said.

"This has led producers to stop sales positions in the face of a scenario of high uncertainty in the coming months," he said.

In February, farmers sold 622,300 tonnes of soybeans to the milling sector, almost a third of the 1.7 million tonnes sold during the same month last year, according to data from the agriculture ministry. Argentine producers still have in their stocks about 6 million tonnes of soybeans from the 2021/22 cycle, Idigoras said, a lower figure than usual as many farmers accelerated their sales in the second half of 2022 driven by a preferential exchange rate for soy exports proposed by the Government.

A decrease in grains could even lead Argentina to import soybeans from its neighbors Paraguay and Brazil, Idigoras said, adding that this would not exceed 8 million tonnes. "It is a palliative," he said, "but it least it leaves us breathing room so as to not shut the factories."

"We are making a great effort to avoid (milling) suspensions," he added. "It is a very difficult year for companies to sustain employment." The beginning of the year is, for seasonal reasons, the one with the least activity of the factories in Argentina, when -according to CIARA data- idle capacity in the sector has been an average of 59% in the last five years.

Top News - Metals

Miner BHP potentially faces \$44 bln bill in Brazil dam case

Mining group BHP Group is potentially facing a 36 billion pound (\$44 billion) lawsuit in London over Brazil's worst environmental disaster after the number of claimants more than tripled to 700,000, their lawyers said on Wednesday. BHP was initially sued by around 200,000 Brazilians over the 2015 collapse of the Fundao dam, owned by the Samarco joint venture between BHP and Brazilian iron ore mining company Vale. The disaster killed 19 people as more than 40 million cubic metres of mud and toxic mining waste swept into the Doce river, obliterating villages and reaching the Atlantic Ocean more

than 650 km (400 miles) away.

BHP, the world's biggest miner by market value, denies liability and in December applied to join Vale to the case. Vale said in a statement at the time that it "intends to contest any alleged liability". BHP has said the London lawsuit duplicates legal proceedings and reparation and repair programmes in Brazil. BHP did not immediately respond to a request for comment on Wednesday. Vale declined to comment. The lawsuit, one of the largest in English legal history, was thrown out in 2020 before the Court of Appeal ruled in July that it could proceed. BHP has applied to the Supreme Court to overturn that decision and its application is pending. Lawyers

representing the claimants said on Wednesday that the number of claimants had increased to more than 700,000, pushing the potential bill if the claimants were successful to \$44 billion, including interest. Tom Goodhead, CEO of law firm Pogust Goodhead, which is representing the claimants, said in a statement: "By failing to enter into a negotiated settlement of these proceedings in 2018 after they were brought, as well as failing to pay adequate compensation in Brazil, the number of claimants has more than tripled to over 700,000."

In Bolivia's heartland, protests rattle lithium development push

Protesters in Bolivia's lithium-rich region of Potosi are blockading a key processing plant, demanding legislation that guarantees better benefits for local communities and larger royalties from extraction of the electric battery metal. The protests are focused on a plant in Lipi, near the Uyuni salt flats, which hold one of the world's largest troves of the metal whose price has surged so much during the global shift towards electric vehicles that it is now called "white gold". Led by the Civic Committee of Potosi (Comcipo), the protesters have threatened the government with an indefinite strike if Potosi does not receive more public works projects and royalties for lithium. "Unfortunately there are authorities that have tried

to generate a kind of division," Yamile Cruz, a local protest leader, said in a recorded statement. She said local organizations "want the development of our department of Potosí, and of our region, because as a region we have given our resources in the past and we are going to continue giving our lithium." Potosi, which centuries ago hosted huge silver mines, has long butted heads with the central government over who should benefit from its riches. That is one reason Bolivia has long struggled to develop lithium commercially. The stand-off could threaten the government's revived push to advance lithium projects and make batteries, including through a recent deal with a Chinese consortium led by the world's largest battery maker CATL. Local authorities pledged to try to ease the tensions. "We are going to redouble our efforts as authorities ... so that this mobilization is lifted," said Jhonny Mamani, Potosi governor. Officials blamed the protests on misinformation campaigns and urged Bolivians to allow projects to move ahead or risk losing the chance to develop lithium resources. "We have a twenty-year window of time to take advantage of this resource and industrialize it in the country," Carlos Ramos, head of state lithium company Yacimientos de Lito Bolivianos (YLB) told local media. "The window of time is definite. We have to exploit it now."

MARKET MONITOR as of 07:48 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$67.91 / bbl	-4.79%	-15.39%
NYMEX RBOB Gasoline	\$2.43 / gallon	-4.20%	-1.96%
ICE Gas Oil	\$750.00 / tonne	-6.57%	-18.57%
NYMEX Natural Gas	\$2.49 / mmBtu	-3.30%	-44.40%
Spot Gold	\$1,919.31 / ounce	0.90%	5.20%
TRPC coal API 2 / Dec, 23	\$134.5 / tonne	-3.24%	-27.20%
Carbon ECX EUA / Dec, 24	€93.31 / tonne	-2.20%	6.03%
Dutch gas day-ahead (Pre. close)	€44.75 / Mwh	-9.50%	-40.78%
CBOT Corn	\$6.27 / bushel	-0.16%	-7.66%
CBOT Wheat	\$7.09 / bushel	1.76%	-10.74%
Malaysia Palm Oil (3M)	RM3,933 / tonne	-1.23%	-5.77%
Index (Total Return)	Close 15 Mar	Change	YTD Change
Thomson Reuters/Jefferies CRB	278.28	-1.34%	-7.65%
Rogers International	26.33	-0.41%	-8.16%
U.S. Stocks - Dow	31,874.57	-0.87%	-3.84%
U.S. Dollar Index	103.6	0.00%	0.07%
U.S. Bond Index (DJ)	402.09	-0.49%	1.89%

Top News - Carbon & Power

Australia's LNG exports may have to be diverted to fend off winter gas shortage measures by month-end

Australia's east coast liquefied natural gas (LNG) exporters may need to divert excess gas supply for domestic customers to stave off any potential supply shortages this winter in the country's south, the energy market operator said on Thursday. Despite increased production commitments from the industry since last year, the supply in southern Australia is declining rapidly, raising risks of near-term shortages and long-term supply gaps, the Australian Energy Market Operator (AEMO) said.

"To minimise shortfall risks, committed infrastructure and supply projects must be completed on time ... additional gas storage and pipeline development and LNG import terminals could potentially play a role," Chief Executive Daniel Westerman said in a statement accompanying AEMO's closely watched outlook.

"The risk of gas shortfalls each year from winter 2023 to 2026 in all southern jurisdictions remains under extreme weather conditions ... with those risks further exacerbated if gas storage levels are insufficient," Westerman said.

From 2026, Australia must require additional commitments to expand its gas supply or have enough renewable projects to offset the demand for gas, AEMO said. Gas producers said they are reluctant to invest in new supply after government interventions in the market, including proposals to impose a "reasonable pricing" regime on gas and expand the government's ability to divert gas exports to the domestic market.

"We need a clear strategy from governments to promote new supply to avoid shortfalls ... rather than ad hoc interventions that do the opposite and undermine investment confidence," said Australian Petroleum Production & Exploration Association head Samantha McCulloch on Thursday.

AEMO said investment uncertainty over the development of Australia's first LNG import terminal - Squadron Energy's Port Kembla in New South Wales - could also impact supply shortfall.

Energy minister Chris Bowen on Thursday rejected the link between government intervention, including a 12-month price cap on gas, and investment uncertainty, saying almost all gas prior to 2022 was sold at prices below the cap.

Like many countries, Australia has been hit by soaring power and gas prices after Russia invaded Ukraine and also from planned and unplanned outages at several coal-fired plants.

Though Australia produces more gas than it needs to meet its domestic demands, most supply is contracted for export.

Strikes at French refineries and LNG terminals enter second week

Strikes against the French government's planned pension reform entered a second week on Wednesday, disrupting maintenance at nuclear reactors, hitting liquefied natural gas (LNG) prices and blocking some shipments from refineries and depots. A broad alliance of unions has called for an eighth day of street protests across France since mid-January to contest President Emmanuel Macron's plans to raise the state pension age by two years to 64.

At least seven LNG ships heading to France have changed course to terminals in Britain, the Netherlands and Spain since the strike action started. The closure of French terminals for another week would significantly hamper France's ability to export gas to neighbouring countries.

Analysts and traders said cargoes planned for the coming week would also be diverted to other terminals and some are likely to be delayed. So far most of these cargoes have stayed in Europe.

On March 5, the day before LNG strikes started, deliveries from the four French terminals totalled about 1,165 gigawatt hours per day (GWh/d). That shrank to 600 GWh/d on March 6 and has been at zero since March 7, Refinitiv data showed. The French strikes have led to discounted offers on prompt cargoes and a widening spread between European LNG cargoes and natural gas hubs, said Allen Reed, managing editor of Atlantic LNG.

As cargoes are delayed, traders offer discounts to offload them.

S&P Global Commodity Insights assessed its daily north-west Europe LNG Marker (NWM) price benchmark for cargoes delivered in March on an ex-ship (DES) basis at \$13.053 per million British thermal units (mmBtu) on March 14, up from \$12.044/mmBtu on March 7.

That is a discount of \$0.987/mmBtu to the April gas price at the Dutch TTF hub.

The three LNG terminals operated by Engie subsidiary Elengy are expected to remain blocked until March 21, a company spokesperson said.

A little more than 19% of Engie's gas and electricity industry workers were on strike on Wednesday, a company spokesperson said. That compares with 39.4% on March 7.

The Fluxys terminal in Dunkirk, northern France, which has also been affected by the strike, is expected to remain disrupted until Friday morning. Maintenance was also blocked at 13 French nuclear reactors, up from six on Friday when the maintenance disruptions started, a CGT union spokesperson told Reuters.

French power supply from nuclear, thermal and hydropower plants was reduced by 15.1 gigawatts (GW) by the strike, the union representative said.

That equates to 25% of current total power production, data from grid operator RTE showed. However, France was exporting 2.4 GW to neighbours after morning imports, suggesting domestic supply is sufficient to meet demand.

At utility EDF, 22.5% of workers were striking, compared with 41.5% recorded on March 7, a company

spokesperson said.

Among refiners, deliveries of refined products were partially blocked from leaving TotalEnergies' refineries and depots, while refining operations continued, a company spokesperson said.

"We are providing the necessary shipments to keep our facilities in operation," the spokesperson added.

The Fos refinery in southern France operated by ExxonMobil's subsidiary Esso was also back on strike on Wednesday, a union representative told Reuters.

Dry Freight

Brazil to boost soy processing, exports to China – Abiove

Brazil's record soybean crop this season will allow the nation to boost exports to China while also increasing domestic soybean processing, Andre Nassar, the chief of Brazil's oilseed lobby Abiove, told Reuters. Expectations of a rise in domestic crushing will help make up for a drop in neighboring Argentina, where a drought has partly destroyed soy fields and curtailed the country's ability to produce soymeal and soyoil at a time of high demand. Nassar noted Brazil's big soybean crop will also drive up soybean exports to China, confirming the nation's status as a key provider of food staples to the Asian country just before a March 26 state visit to China by Brazilian President Luiz Inacio Lula da Silva.

Abiove hopes upcoming meetings involving representatives from both countries can strengthen Sino-Brazil trade ties, and perhaps open up a new market for Brazilian-made products like soymeal, which China uses as livestock feed.

"It is an atypical year," Nassar said about Argentina's massive drought related agricultural losses and fallout affecting its domestic crushers, which could bolster Brazilian processors.

Brazil is the world's largest producer and exporter of soybeans. This year, it will harvest around 150 million tonnes on the back of higher yields and area expansions. Argentina, in turn, will reap less than 30 million tonnes. Last year, China's total soybean imports fell for the second consecutive year to around 91 million tonnes, with Brazil accounting for 54.4 million tonnes, a 6% drop due to weaker demand from China's meat industry and problems with Brazil's own soy crop, which was hit by drought in 2022.

Record soybean imports by China in the first two months of 2023, however, means demand prospects are good for soy exporters in Brazil.

FranceAgriMer non-EU wheat export forecast steady, intra-EU cut

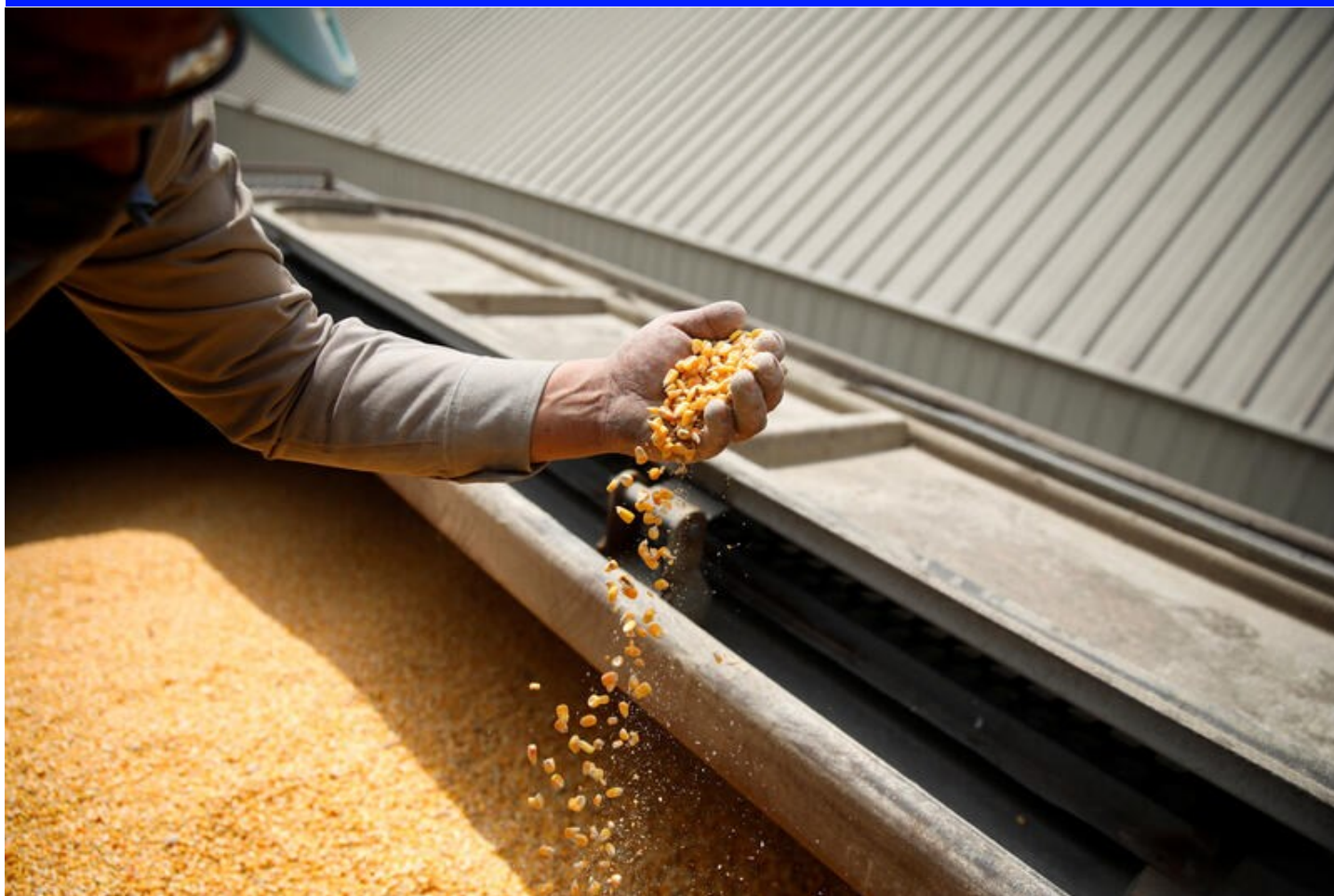
Farm office FranceAgriMer on Wednesday kept unchanged its monthly forecast for French soft wheat exports outside the European Union in the 2022/23 season and slightly reduced projected sales within the 27-member bloc. In a supply and demand outlook for major cereal crops, the office pegged French soft wheat exports this season at 10.45 million tonnes, still 19% above last year with FranceAgriMer pointing to good demand from Morocco.

Soft wheat exports within the EU were expected at 6.51 million tonnes, down from 6.59 million forecast last month.

"For the EU, the fall is mainly due to a lower competitiveness of French wheat compared to German wheat in the Netherlands," FranceAgriMer's Paul Le Bideau told reporters.

The office raised its projection for French soft wheat stocks at the end of the season next June to 2.51 million tonnes from the 2.46 million tonnes anticipated last month. For barley, 2022/23 projected stocks were revised down to 1.47 million tonnes from 1.56 million tonnes in February after the office raised its non-EU export forecast by 200,000 tonnes to 3.0 million tonnes on the basis of strong demand from China since the start of the year. FranceAgriMer cut its ending stock forecast for maize, covering the end of the season, to 2.07 million tonnes from the 2.23 million tonnes projected last month, mainly because of a cut to the delivered crop estimate.

Picture of the Day



A worker holds yellow corn imported from the U.S., at a cattle feed plant in Tepexpan, Mexico March 15, 2023. REUTERS/Raquel Cunha

(Inside Commodities is compiled by Soumya Chatterjee in Bengaluru)

For questions or comments about this report, contact: commodity.briefs@thomsonreuters.com

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