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Top News - Oil

Iraq to curb oil exports to compensate for exceeding OPEC+ quota

Iraq will reduce its crude exports to 3.3 million barrels a day (bpd) in the coming months to compensate for exceeding its OPEC+ quota since January, the oil ministry said on Monday, a pledge that would cut shipments by 130,000 bpd from last month.

OPEC's second-largest producer Iraq pumped significantly more in January and February than an output target established in January when several members of the Organization of the Petroleum Exporting Countries and allies (OPEC+), including Iraq, agreed to support the oil market.

OPEC+, whose de facto leader is Saudi Arabia, has highlighted the importance of compliance with the pledged cuts even as oil prices have rallied this year. Brent crude on Monday traded above $86 a barrel, the highest since November.

Iraq's oil ministry said in a statement on Monday it was committed to voluntary cuts agreed with OPEC+, which limit it to producing 4 million bpd.

Initially in place for the first quarter, the voluntary cuts have since been extended to the end of June.

Secondary sources, which provide data on OPEC+ production, reported Iraq's output at 4.2 million bpd in February.

Of this, Iraq exported an average 3.43 million bpd in February, the oil ministry said earlier this month, meaning Monday's pledge amounts to a cut of 130,000 bpd from last month's rate.

Iraq said in February it would review its production and address any excess output above its OPEC+ cuts.

That statement followed a visit to Iraq by Saudi Energy Minister Prince Abdulaziz bin Salman, during which Iraqi Prime Minister Shia al-Sudani told him it was important for the two countries to align their views to maintain stability in the oil market.

The OPEC+ voluntary cuts in place until June are the latest in a series of curbs by the group since late 2022 to support the market in the face of expectations weak economic growth will limit oil demand when supply is rising from producers beyond OPEC+.

Saudi Aramco CEO says no peak in oil demand for some time to come

Global oil demand will not peak for some time so policy makers need to ensure sufficient investment in oil and gas to meet consumption and abandon the fantasy of phasing out fossil fuels, Saudi Aramco CEO Amin Nasser said on Monday.

The head of the world's largest energy company urged a re-set of global energy transition plans in remarks to oil and gas executives at the CERAWeek conference in Houston.

Oil demand will reach a new record of 104 million barrels per day (bpd) in 2024, Nasser said. Despite growing investment, alternative energy has yet to displace hydrocarbons at scale, Nasser said.

"All this strengthens the view that peak oil and gas is unlikely for some time to come, let alone 2030," he said. "We should abandon the fantasy of phasing out oil and gas, and instead invest in them adequately, reflecting realistic demand assumptions, as long as essential," he added, in remarks that drew applause from the audience.

Rising demand from developing economies could feed oil demand growth through 2045, he said.

This forecast for long-term demand growth was in line with forecasts from the Organization of the Petroleum Exporting Countries and in contrast to the 2030 forecast for peak demand from the West's energy watchdog, the International Energy Agency (IEA). Saudi Arabia is OPEC's de-facto leader, and the United States is the biggest contributor to the IEA.

"Well, that is one opinion," said U.S. Secretary of State Jennifer Granholm of Nasser's comments on the transition in an interview later with Reuters.

"There have been other studies that suggest the opposite that oil and gas demand and fossil demand will peak by 2030."

OPEC and the IEA are far apart on both short-term and long-term demand forecasts, in part because of their contrasting views on the energy transition.

Reducing greenhouse gas emissions from hydrocarbons through carbon capture and other technologies achieves better results than alternative energies, Nasser said.

New energy sources and technologies should only be introduced when they are genuinely ready, and economically competitive, he added.

Shipping disruption in the Red Sea due to attacks by Yemen's Houthi group had "made a tight situation tighter" in shipping markets, he said.

The Iran-aligned group has been attacking ships in the Red Sea and Gulf of Aden since November in what they say is a campaign of solidarity with Palestinians during

Israel's war with Hamas in Gaza.
Oil is taking 2-3 weeks longer to reach its destination as vessels are rerouted to avoid the area, he added.
The shipping issues had little impact on Saudi Aramco, he said, in part because of its East West pipeline.
That pipeline allows Aramco to load ships north of the area that the Houthis have attacked.
Europe has become a bigger market for Aramco because of the Red Sea shipping issues, he said.
Nasser reiterated that Aramco has 3 million bpd of spare capacity to meet any unexpected disruptions in global supply.

Top News - Agriculture

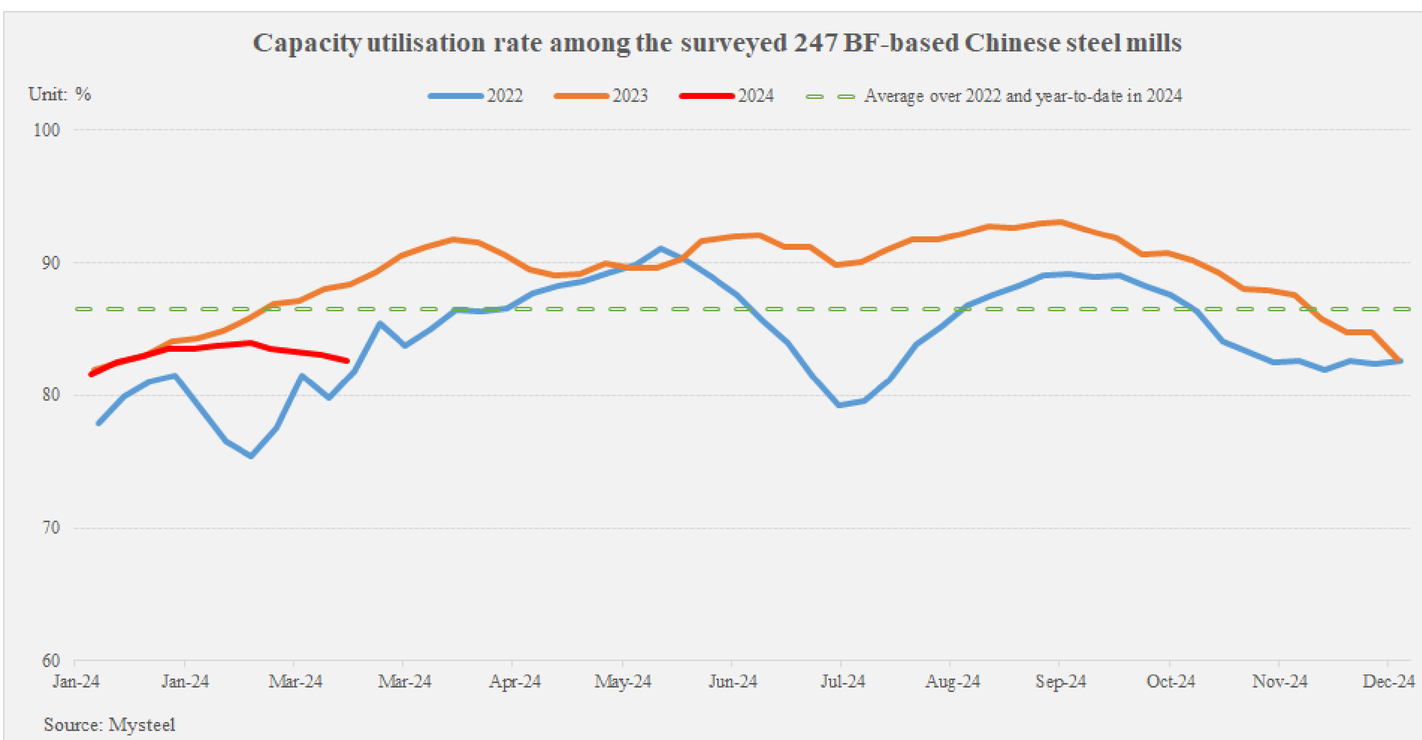
Weekly USDA wheat ratings improve in Kansas, Texas; Oklahoma declines

The U.S. Department of Agriculture's (USDA) National Agricultural Statistics Service in a weekly crop report on Monday rated 55% of the winter wheat in top producer Kansas in good to excellent condition, up from 53% the previous week.
For Texas, the No. 2 winter wheat state by planted area, the USDA rated 46% of the crop as good to excellent, up from 44% a week ago.
For Oklahoma, the USDA rated 61% of the crop as good to excellent, down from 65% last week. For Colorado, the USDA rated 65% of the crop as good to excellent, up from 56% in the state's previous report, which was released on Feb. 26.

WHY IT IS IMPORTANT
A strong winter wheat crop from the United States, the No. 5 wheat exporter, could contribute to recovering global wheat supplies that have pushed Chicago Board of Trade future prices to a three and a half year low last week.

CONTEXT
With the harvest still about three months away, condition ratings for winter wheat are up significantly in key U.S. states compared to a year ago as the core Plains production belt recovers from a multi-year drought.
U.S. farmers planted 34.425 million acres (13.931 million hectares) of winter wheat for harvest in 2024, down 6% from a year earlier, the USDA said on Jan. 12.
Approximately 14% of the U.S. winter wheat crop was located in an area experiencing drought as of March 12, the USDA said last week, unchanged from the previous week but down markedly from 53% a year earlier.
Over the winter and early spring, the USDA's National Agricultural Statistics Service releases crop progress reports for select states. The government is scheduled to resume regular weekly U.S. crop progress reports on April 1.

Chart of the Day



EU to impose tariffs on Russian grain imports, FT reports

The European Union is preparing to levy tariffs on grain imports from Russia and Belarus to placate farmers and some member states, the Financial Times reported citing people familiar with the plans.

The European Commission is in coming days expected to impose a duty of 95 euros per tonne on cereals from Russia and Belarus, FT said, adding that tariffs of 50% would also be placed on oil seeds and derived products.

The reported move comes as farmers across the European Union call for changes to restrictions placed on them by the bloc's Green Deal plan to tackle climate change, and for the re-imposition of customs duties on imports of agricultural products from Ukraine that were waived after Russia's invasion in 2022.

Farmers from neighboring Poland, Hungary and Slovakia, all of which are members of the EU, say the move undercut their prices. Ukraine is not part of the 27-member EU.

Like much of Europe, Poland has also been gripped by protests in recent weeks as farmers demonstrate against EU environmental regulations.

Polish Prime Minister Donald Tusk has also called for an EU ban on imports of Russian and Belarusian agricultural products.

Top News - Metals

China lags in efforts to achieve 2025 green steel goals, analysts say

China is falling short when it comes to decarbonising its huge steel industry, with slowing demand, low recycling rates and lingering overcapacity concerns hindering the transition towards lower-emission production, researchers said.

The global steel industry is responsible for around 8% of the world's carbon dioxide (CO_2) emissions, and more than half of all production takes place in China.

But while China has promised to take action to tackle emissions from the sector, it is lagging on targets to replace coal-fired blast furnaces with cleaner electric arc furnace (EAF) technology, which uses recycled scrap rather than iron ore as a raw material.

Beijing set a goal to produce 15% of its crude steel using the EAF route by 2025, and to raise the share to 20% by the end of the decade.

But the share of EAF-produced steel stood at just 10% last year, inching up from 9.7% a year earlier, according to David Cachot, research director at consultancy Wood Mackenzie.

China's existing EAF capacity of around 150 million metric tons would be enough to meet the 15% target, but utilisation rates have remained low, U.S. think tank Global Energy Monitor (GEM) said in a report published.

While China's 15% target is considered to be relatively unambitious, it would still cut emissions from the Chinese steel sector by 8.7%, with CO_2 per ton around 38% lower than conventional blast furnace products, GEM said.

However, limited scrap supplies, declining steel demand and electricity supply restrictions have hurt the profitability of EAF facilities, said Jessie Zhi, co-author of the GEM report. Progress has also been held back by the construction of new blast furnace capacity.

"China has committed to developing greener technologies, but each investment in blast furnace technology ... represents a significant capital investment on the part of steelmakers and thus (there is) a doubling down on coal-based technology," Zhi said.

Currently, most of China's steel scrap supplies are used by traditional blast furnaces. Some EAF facilities have been forced to turn to pig iron as a feedstock, making production more carbon intensive.

Boosting scrap supply, or switching to hydrogen-based direct reduced iron (DRI) as an alternative feedstock, will be critical to the success of EAF in China.

DRI is a cleaner way of turning iron ore into iron, which can then be processed into pellets that can be used in EAF.

"DRI cuts about 70-80% of the emissions but it depends if you can get enough of the iron ore pellets that go into the top of them. There is only a limited supply right now," said Chris Bataille, an expert in decarbonising "hard to abate" sectors at Columbia University.

Bataille said it was possible for China to produce three quarters of its total steel via EAF by 2050, once they have built the necessary infrastructure and the feedstock supplies.

"Their immediate problem is what do they do with their excess capacity," he said.

EXCLUSIVE-US explored adding more cobalt to defence stockpiles, sources say

The U.S. looked into buying cobalt for defence stockpiles last year, three sources with knowledge of the matter said, adding the Defense Logistics Agency (DLA) could consider purchases in future despite deciding against them in its latest plan.

Any increase in cobalt holdings would be aimed at reducing reliance on China, which dominates the processing of the material used to make missiles, aerospace parts, magnets for communication, and radar and guidance systems.

Cobalt is also used to make the batteries that power electric vehicles, a key plank of the energy transition.

The DLA's stockpiling plans which run from October 2023 to September 2024 did not include cobalt, surprising the

market, which had expected the 60% price drop to around $16 a lb since May 2022 to incentivise purchases.
DLA spokesperson Joe Yoswa said: "DLA ... conducts critical material supply chain assessments biennially to determine NDS (National Defense Stockpiles) requirements. Cobalt is not currently presenting as a vulnerability requiring stockpiling."
"Should that change in the future, DLA will reassess and make an appropriate recommendation on stockpiling to the Undersecretary of Defense for Acquisition and Sustainment."
Yoswa added the NDS is "for defense purposes and is not an economic stockpile" and that "the current price of a commodity cannot be used as justification to acquire materials".
The unfavourable price backdrop prompted cobalt and nickel supplier Jervois Global to suspend final construction of its Idaho cobalt operations in March last year, which would have been the only primary cobalt mine in the United States. It was expected to produce 2,000 metric tons a year.
Prices are likely to remain depressed due to slowing sales of electric vehicles which use cobalt-containing batteries, and new battery chemistries that don't use it.
The sources said some of the impetus for the move to assess cobalt came from a letter sent by Congress in September 2022 to the Department of Defense (DoD) asking it "to direct" DLA "to prioritize the acquisition of domestically refined cobalt".
The letter signed by lawmakers Byron Donalds, Don Bacon, Eric A. "Rick" Crawford, Kevin Hern and Markwayne Mullin cited "a heavy dependence on other countries' refined cobalt, particularly China" as a reason to add to U.S. stockpiles.
Spokespeople confirmed Mullin and Donalds signed the letter, while those for Crawford and Hern did not respond to requests for comment.
"As indicated in his 2022 letter to Under Secretary of Defense (William) La Plante, Congressman Bacon believes the Department should move aggressively to secure domestic sources of critical minerals including cobalt," a spokesperson for Bacon said.
Most of the cobalt mined in Congo, amounting to 77% of global supplies or more than 170,000 tons last year, according to Darton Commodities, was exported to China for processing into metal or chemicals for batteries.
The NDS "lacks sufficient cobalt reserves, endangering America's critical mineral supply chain", the letter said,

MARKET MONITOR as of 07:33 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$82.65 / bbl	1.99%	15.35%
NYMEX RBOB Gasoline	$2.73 / gallon	0.79%	29.53%
ICE Gas Oil	$856.75 / tonne	2.18%	14.12%
NYMEX Natural Gas	$1.74 / mmBtu	4.89%	-30.95%
Spot Gold	$2,155.15 / ounce	-0.02%	4.49%
TRPC coal API 2 / Dec, 24	$108.63 / tonne	0.58%	11.99%
Carbon ECX EUA	€61.43 / tonne	3.43%	-23.57%
Dutch gas day-ahead (Pre. close)	€28.60 / Mwh	5.93%	-10.20%
CBOT Corn	$4.50 / bushel	0.28%	-6.97%
CBOT Wheat	$5.58 / bushel	2.62%	-12.71%
Malaysia Palm Oil (3M)	RM4,231 / tonne	-1.31%	13.71%
Index	**Close 18 Mar**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	332.01	0.96%	10.15%
Rogers International	27.90	0.70%	5.98%
U.S. Stocks - Dow	38,790.43	0.20%	2.92%
U.S. Dollar Index	103.78	0.33%	2.41%
U.S. Bond Index (DJ)	423.33	-0.01%	-1.71%

adding that: "From approximately 13,000 tons during the Cold War, cobalt in the Stockpile is now estimated at 333 tons".
"In practical terms, the total cobalt stockpile is only 5 percent of annual U.S. consumption."
Yoswa declined to comment on how much cobalt DLA has in its stockpiles.
"The National Defense Stockpile does hold 99.8% pure cobalt, but we won't provide the amount that we hold for security purposes," he said.

Top News - Carbon & Power

CERAWEEK-Lower LNG prices should boost gas demand, executives say
Liquefied natural gas (LNG) prices have fallen about a third over the past nine months, propping up demand, which should tighten the LNG market in the near-term, executives said on Monday at the CERAWeek energy conference.
LNG prices have tumbled as supplies have swelled. LNG for April delivery into northeast Asia was at $8.60 per million British thermal units (mmBtu) last week, its lowest since April 2021.
Executives from companies including Chevron and trading firm Trafigura estimated that the decline in prices will likely spur greater demand, while Wael Sawan, the CEO of Shell, said demand is already increasing as a result of reduced prices.
"It's a pretty trite thing to say, but low prices fix low prices," said Richard Holtum, global head of gas, power and renewables for trading firm Trafigura.
"Gas prices are so low here, it's a competitive advantage" he said.
Surging U.S. gas supplies and low prices have led companies to propose several new LNG export plants. The flurry of new proposals in turn prompted U.S. President Joe Biden's administration to pause its reviews of permits for the export plants, concerned so many new projects would undermine his pledge to cut U.S. greenhouse gas emissions.
The permit review pause will undermine U.S. dominance in LNG exports, said Mike Sommers, president of industry trade group American Petroleum Institute, said on Monday.
“We're losing market share to other countries as a consequence of the LNG export pause," Sommers said.
Amos Hochstein, a White House energy advisor, defended the pause given the huge increase in U.S. gas exports since they began in 2016. The U.S. exported a record 8.6 million metric tons (MT) of the superchilled gas in December and 8.3 MT in January.
“We're just going to take a look at what is the speed, while not affecting the existing projects,” Hochstein said.
The second half of the decade will lead to a 40 percent increase in global LNG output, said Trafigura's Holtum.
Gunvor Chairman Torbjörn Törnqvist, meanwhile, estimated LNG supply will jump by a third over the next five years. He said there is not currently any tightness in the market and that gas prices are likely to remain low given the abundance of supply.
Patrick Pouyanne, CEO of TotalEnergies, a leading exporter of US LNG, echoed expectations for a increase in supply in the later half of the decade.
"It will be very good for the buyers, good for the customers and we will have the next generation of demand," he said.

CERAWEEK-Big Oil executives push back against calls for fast energy transition
Top oil executives took to the stage of a major energy conference on Monday to vocally oppose calls for a quick move away from fossil fuels, saying society would pay a steep cost to replace oil and gas.
Big oil companies including BP and Equinor have written down renewable energy projects and others have been forced to push back their greenhouse gas reduction targets due to greater uncertainties with the transition to clean fuels.
That and unexpected strong demand for oil has stiffened the industry's opposition to government and activist demands to phase out fossil fuel development.
Policymakers also have shifted their focus to energy supply security and affordability since Russia invaded Ukraine and during the latest conflict in the Middle East.
"We should abandon the fantasy of phasing out oil and gas, and instead invest in them adequately" to reflect demand, Amin Nasser, CEO of Saudi Aramco, the world's largest oil producer, said to applause.
Despite the growth of electric vehicles, solar and wind power, oil demand this year will reach a new record of 104 million barrels per day this year, Nasser said.
Alternative energy has yet to show it can displace hydrocarbons at current requirements or prices, Nasser added. He rejected the International Energy Agency forecast of peak oil demand in 2030.
Other oil CEOs echoed his view, with Shell's Wael Sawan pointing to government bureaucracy in Europe as slowing needed development. Petrobras CEO Jean Paul Prates said caution should overrule haste. Exxon Mobil CEO Darren Woods also said regulations governing clean fuels have still not been resolved.
"If we rush or if things go the wrong way, we'll have a crisis that we will never forget,” said Prates.
"You're hearing some very pragmatic views up here," said

Meg O'Neill, CEO of Woodside Energy, who rejected what she called simplistic views that the transition to cleaner fuels can "happen at an unrealistic pace."
Public debate over the transition and its cost has become increasingly divisive in many countries.
"It has become emotional. And when things are emotional, it becomes more difficult to have a pragmatic conversation," O'Neill said.
It could take 20 to 40 years to build the market for and test some new clean-fuel technologies, O'Neill said.
U.S. Energy Secretary Jennifer Granholm pushed back at oil industry views on renewable fuels.
"That is one opinion," she said of Nasser's prediction of continuing long-term demand for fossil fuels. "There have been other studies that suggest the opposite that oil and gas demand and fossil demand will peak by 2030."
She called the transition to clean fuels "an undeniable, inevitable and necessary realignment of the world's energy system." She added that the world will need fossil fuels well into the future, and said technologies that remove carbon "are ways that we can keep the lights on and continue to press for clean energy solutions."
Exxon's Woods, whose company spent $4.9 billion on a carbon sequestration company, raised concerns about building a business around hydrogen and carbon capture and storage.
He said in remarks at the conference he is not confident that carbon capture and storage will "necessarily come to the right solution" because of its current high costs and lack of market incentives.
On the use of hydrogen as a fuel, "the challenge has been translating the legislation of the IRA (Inflation Reduction Act) into regulation," Woods said.
"There isn't a lot of incentives" to drive low-carbon hydrogen fuel projects, he said, referring to hydrogen derived from natural-gas.

Top News - Dry Freight

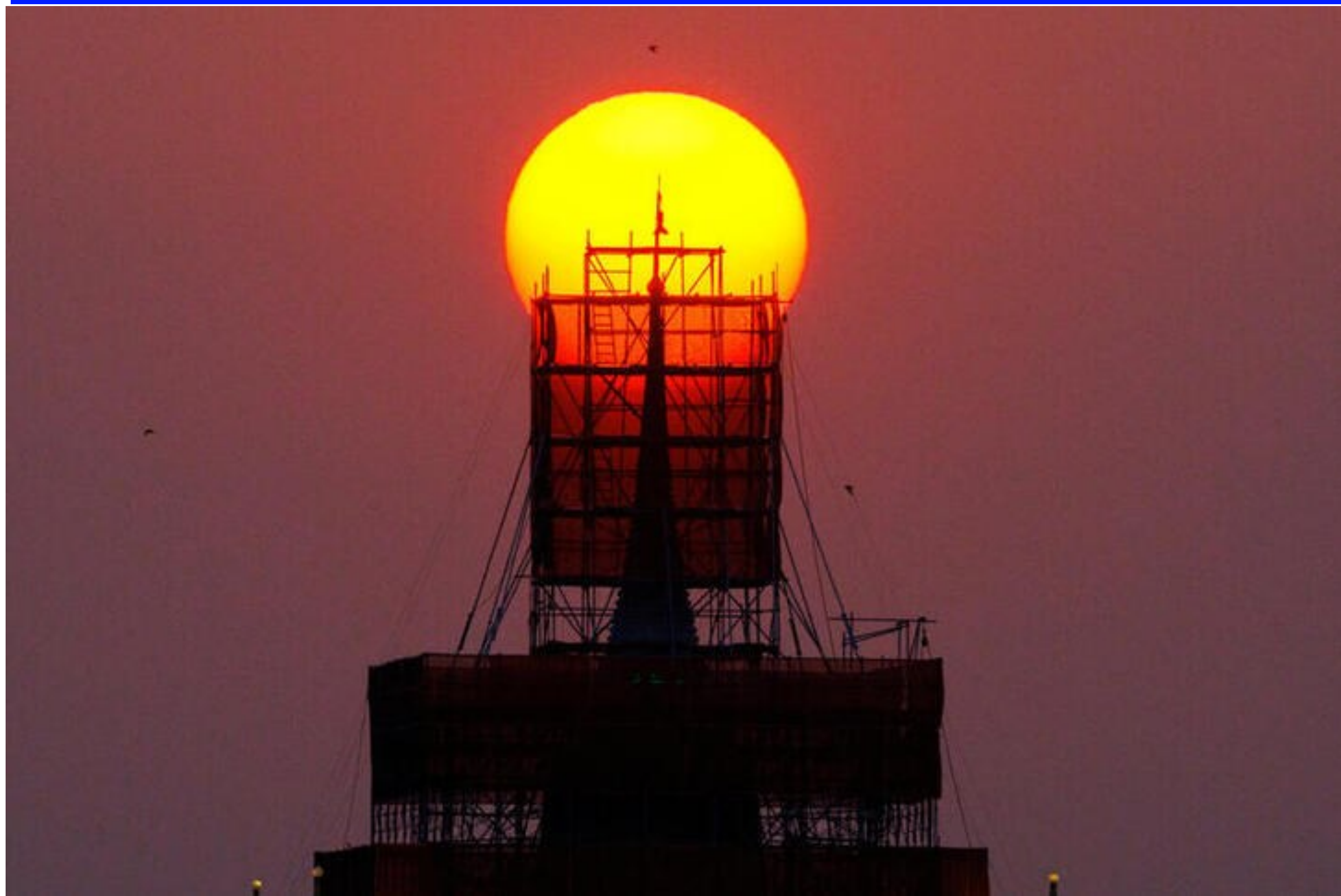
CLI terminal in Brazil projects 15% increase in grains, sugar shipments

Logistics company CLI, who operates one of the largest agricultural commodities export terminals in Brazil, projects to ship around 15% more grains and sugar in 2024 due to increased demand from commodities traders and mills.
According to the company's director of operations, Luis Neves, sugar shipments will likely grow more than 1 million metric tons this year to up to 9.5 million tons, while grains loadings are estimated to increase 1 million tons to 6.5 million tons.
Neves said that the company reported a monthly loading record in February at 1.3 million tons, with sugar making up 900,000 tons of that amount.
CLI is Brazil's largest sugar export terminal, shipping around a third of the country's total. It is controlled by Macquarie Asset Management and private equity firm IG4, with rail company Rumo holding a 20% stake.
Brazil exported a record amount of sugar in 2023 at around 31 million tons amid a bumper sugarcane crop. Most analysts expect around the same volume being shipped in 2024.
Neves said that basically all of CLI's loading capacity for 2024 has already been booked by traders, mills and co-ops.
The country has struggled to ship all of its agricultural goods as it increases its share in several export markets, leading the rankings in soybeans, corn, sugar, coffee, cotton, orange juice, poultry, beef and tobacco. Vessels had to wait more than a month in some moments of last year to start loading.
CLI plans to invest 600 million reais to expand its terminal in the Santos port, with work expected to start in the first quarter of 2025.

Ukraine maritime farm exports at 2.95 mln T in March 1-15, ministry data shows

Ukraine's maritime agricultural exports were at 2.95 million metric tons in March 1-15 and corn dominated the shipments, farm ministry data showed on Monday.
The ministry gave no comparative figures. Ukrainian maritime farm exports totalled 6.38 million tons in February.
The data showed that in March 1-15 traders shipped abroad 1.27 million tons of corn, 981,687 tons of wheat, 238,562 tons of barley, 234,015 tons of sunflower oil and 116,136 tons of soy beans.
Ukraine traditionally exports 95% of its agricultural goods via its Black Sea or Danube ports.
Spike Brokers, which tracks and publishes export statistics, said this month that Ukrainian agricultural maritime exports in March could fall by 20% from February.
The ministry data also showed that Ukrainian railway exports across western borders totalled 314,462 tons in March 1-15 versus 733,861 tons in Feb. 1-29.
Ukraine also exported 71,789 tons of food products by lorries so far in March compared with 153,673 tons last month.

Picture of the Day



The sun sets behind the Wat Saket Temple's Golden Mount, which is undergoing renovation, in Bangkok, Thailand, March 18. REUTERS/Athit Perawongmetha

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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

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