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## Top News - Oil

**China's Jan-Feb diesel exports up tenfold from prior year**

China exported 20% more gasoline and over 10 times more diesel in January and February than a year earlier, customs data showed on Saturday, after Beijing raised fuel export quotas to spur refinery output.
China's diesel shipments in the first two months of 2023 surged to 4.54 million tonnes from a low base of 420,000 tonnes in the corresponding period last year, data from the General Administration of Customs showed.
The country's diesel exports have totalled more than 2 million tonnes a month since November.
Gasoline exports of 2.27 million tonnes were up from 1.89 million last year. China's gasoline exports have held at or above 1 million tonnes a month since October, when new export quotas came into effect.
Jet fuel exports rose to 2.75 million tonnes, up dramatically from 1.23 million tonnes in the same period last year. China's jet fuel exports have exceeded 1 million tonnes per month since September.
However, month-on-month data showed that exports of all three fuels slipped versus December's bumper figures, when refiners rushed to fully utilise their expanded quotas.
Beijing issued 18.99 million tonnes of export quotas for refined fuel in the first batch of its 2023 allocation, up 46% from the corresponding 2022 allotment, as it aimed to ramp up refinery output and hoped to capture stronger export margins.
Higher gasoline exports reflected generous export quotas for the first quarter and export margins that were better than the year before.
China-based energy consultancy JLC estimated that January's export margins on gasoline, while still negative, were 572 yuan ($8.30) per tonne higher than the same period last year. Export margins for diesel were also higher than the year before, encouraging refiners to sell overseas.
A broader slowdown in the property sector has depressed domestic demand for diesel, used as truck fuel in the agricultural and construction sectors, helping to prop up export sales, according to consultancies Wood Mackenzie, Longzhong and JLC.
A recovery in Asian air travel, stimulated by the end of COVID-related travel restrictions, has significantly increased demand for kerosene from bonded aviation fuel bunkers.
While China's domestic air travel market has picked up, the resumption of international flights has also pushed up demand for refuelling airplanes at Chinese airports. Such fuel sales are counted as exports.
Customs data also showed that China's imports of liquefied natural gas (LNG) in January and February fell 11.9% to 11.12 million tonnes, down from 12.68 million tonnes a year earlier.
Below are details of fuel exports and imports of LNG in millions of tonnes, with percentage changes provided by customs.

**EXCLUSIVE-India plans to extend fuel export curbs beyond March - sources**

India plans to extend restrictions on the export of diesel and gasoline after the current fiscal year ends this month to ensure the availability of refined fuels for the domestic market, two government sources with direct knowledge of the matter said. The extension of rules may discourage some Indian refiners, mainly private companies, from buying Russian fuels for re-exports to countries including those in Europe that have stopped purchases of refined products from Russia due to its invasion of Ukraine.
India, the world's third-largest oil consumer, imposed a windfall tax on refined fuel exports last year and mandated that companies sell the equivalent of 50% of their gasoline exports and 30% of their diesel exports domestically in the current fiscal year to March 31.

## Top News - Agriculture

**Ukraine Black Sea grain deal extended for at least 60 days**

A deal allowing the safe Black Sea export of Ukrainian grain was renewed on Saturday for at least 60 days - half the intended period - after Russia warned any further extension beyond mid-May would depend on the removal of some Western sanctions. The pact was brokered with Russia and Ukraine by the United Nations and Turkey in July and renewed for a further 120 days in November.
The aim was to combat a global food crisis that was fueled in part by Russia's Feb. 24, 2022, invasion of Ukraine and Black Sea blockade. The deal had been set to expire on Saturday.
The United Nations and Turkey said on Saturday that the deal had been extended, but did not specify for how long. Ukraine said it had been extended for 120 days.

But Russia's cooperation is needed and Moscow only agreed to renew the pact for 60 days.

"The Black Sea Grain Initiative, alongside the Memorandum of Understanding on promoting Russian food products and fertilizers to the world markets, are critical for global food security, especially for developing countries," U.N. spokesman Stephane Dujarric said in a statement.

Russia and Ukraine are key global suppliers of food commodities and Russia is also a top exporter of fertilizer. Ukraine's Agriculture Minister Mykola Solsky said Ukraine had supplied nearly 500,000 tonnes of wheat for U.N. aid programs, and insisted on Saturday that the Black Sea export pact had been extended for 120 days and was an opportunity to keep helping those in need and "save the world from hunger."

To help persuade Russia to allow Ukraine to resume its Black Sea grain exports last year, a three-year deal was also struck in July in which the United Nations agreed to help Russia with its food and fertilizer exports.

DEMANDS

Western powers have imposed tough sanctions on Russia for its invasion of Ukraine. While its food and fertilizer exports are not sanctioned, Moscow says restrictions on payments, logistics and insurance industries are a barrier to shipments.

Russia's U.N. Ambassador Vassily Nebenzia said on Friday that the European Union, the United States and Britain now "have two months to exempt from their sanctions the entire chain of operations which accompany the Russian agricultural sector," if they want the Ukraine Black Sea grain deal to continue.

U.S. Ambassador to the U.N. Linda Thomas-Greenfield responded that Washington had "gone to extraordinary lengths to communicate the clear carve-outs for food and fertilizers to governments and to the private sector."

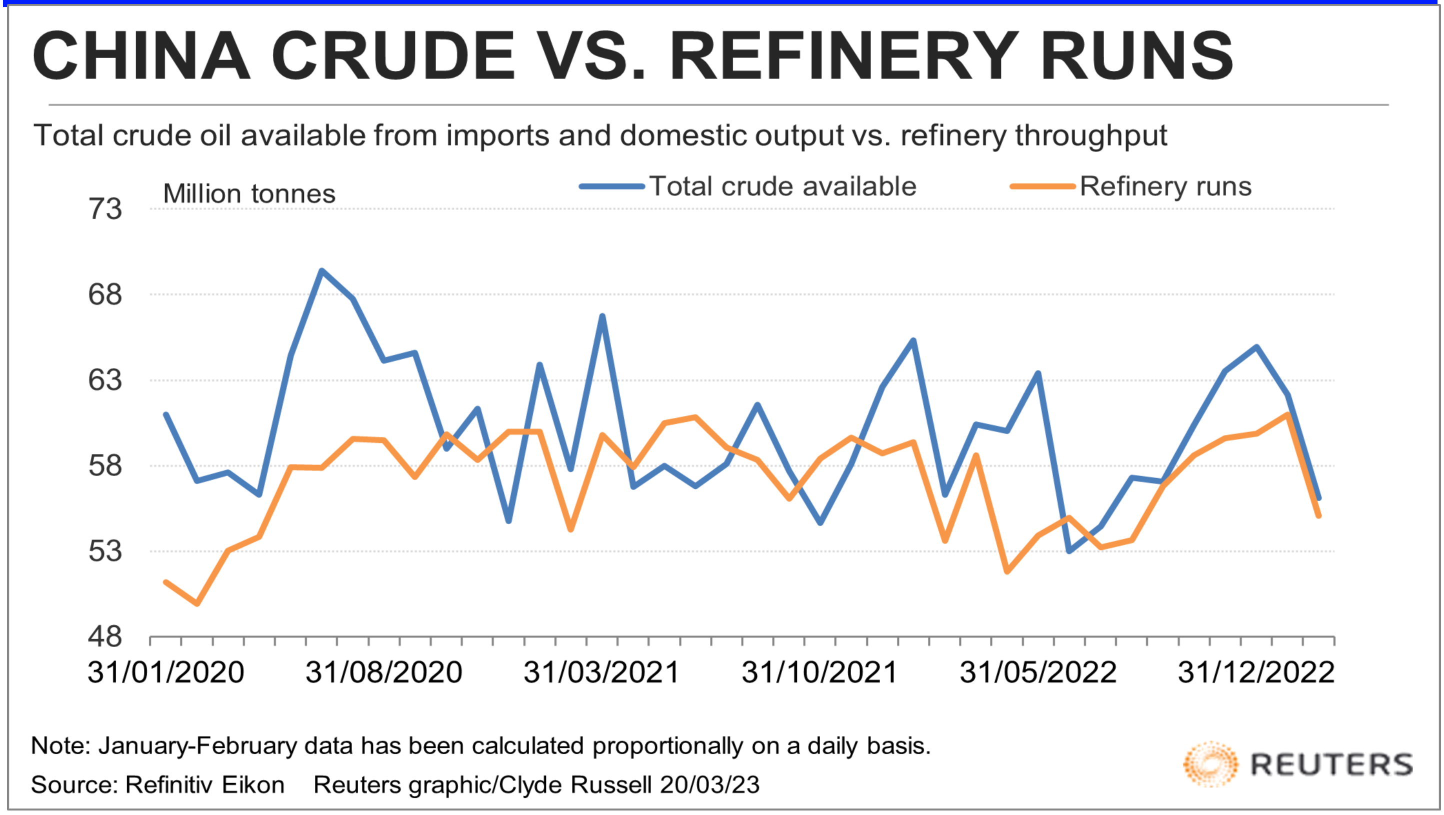
In a letter to U.N. officials dated March 16, and posted on Twitter by a Russian diplomat on Saturday, Nebenzia spelled out what Moscow wanted resolved - allowing the Russian Agricultural Bank to return to the SWIFT banking system and allowing the supply to Russia of agricultural machinery and spare parts.

Nebenzia also said restrictions need to be lifted on insurance and access to ports for Russian ships and cargo, a pipeline that delivers Russian ammonia to a Ukrainian Black Sea port needs to be restarted, and the accounts and financial activities of Russian fertilizer companies should be unblocked.

The United Nations has said that while progress has been made on facilitating Russian agricultural exports, there were still impediments, particularly in relation to payment systems.

Dujarric said on Saturday that the United Nations was

## Chart of the Day



strongly committed to implementing both the Ukraine Black Sea grain deal and the pact with Moscow and urged "all sides to redouble their efforts to implement them fully."
Ukraine has so far exported nearly 25 million tonnes of mainly corn and wheat under the deal, according to the United Nations. The top primary destinations for shipments have been China, Italy, Spain, Turkey and the Netherlands.

**Brazil to raise biodiesel mandate to 12% in 2023**
Brazil's National Energy Policy Council (CNPE) on Friday raised the country's mandatory blend of biodiesel in diesel to 12% starting in April, Mines and Energy Minister, Alexandre Silveira said. The council, which includes Silveira among other ministers, also proposed a gradual increase in the mixture over the next few years, with the level rising to 13% in 2024, 14% in 2025 and 15% in 2026. The decision meets requests from biodiesel producers, after the biofuel blend in diesel was held at 10% throughout 2022. Biodiesel was introduced compulsorily into the Brazilian fuel matrix in 2008. Since then, the mixture of biodiesel in highway diesel has gradually increased from 2% to 13% in 2021.
The increase this year will raise diesel prices at the pump by 0.02 real per liter, Silveira said.
The measure is expected to favor mainly the soy industry, since about 65% of the total biodiesel was produced with soy oil in 2022. Discontent is likely to arise from sectors linked to road transport, automakers and the fuel sector, which have criticized biodiesel, arguing that a higher mix could cause problems for engines.

## Top News - Metals

**LME finds 'irregularities' in several nickel bags at a warehouse**
The London Metal Exchange (LME) on Friday postponed the resumption of nickel trading during Asian hours by a week to March 27 after it found nickel that failed to meet contract specifications at an LME warehouse. The move is another blow to the world's oldest and biggest industrial metals market, which had been counting on a restart of Asian trade to boost liquidity in a contact that has been struggling since a nickel crisis a year ago. The LME said it had cancelled nine nickel warrants - an ownership document for metals placed in an LME-approved warehouse - at one warehouse facility, without naming it.
"The exchange has received information that a number of physical nickel shipments out of one specific facility of an LME-licensed warehouse operator have been subject to such irregularities," the statement said.
The announcement further undermines trust in the global nickel trade after trader Trafigura last month alleged that it discovered "systematic fraud" in shipments that did not contain nickel and begun legal proceedings against Indian businessman Prateek Gupta and his companies.
"We do not own any of the nine warrants that have been invalidated by the LME," Trafigura said. There is no connection with Trafigura's legal action against Gupta either, it added.
A spokesperson for Gupta has said that they were preparing "a robust response" to the allegations.
As each warrant equals about 6 tonnes, 54 tonnes were affected. The LME said the non-conformant warrants represent 0.14% of live nickel stock in its warehouses.
The 146-year-old LME said the issues with nickel related to bagged nickel briquettes, which were found to not have the correct weight.
It did not name the warehouse or its location.
The bags in question were at a warehouse owned by Access World in Rotterdam and contained stones instead of the nickel, Bloomberg reported, citing sources familiar with the matter.
The LME declined to comment on the Bloomberg report and Access World did not immediately respond to an emailed request for comment.
The exchange said it had no reason to believe that any other LME facility was affected, but still called on all warehouse operators to undertake inspections of warranted nickel. To give them time to do that, it is postponing the reopening of Asian trading.

**Chinese copper demand revs up, but banking rout could cap prices**
China's copper consumption is rebounding firmly and will likely stay strong in the next quarter, buoyed by a seasonal peak in demand and easing COVID-19 restrictions in the world's biggest consumer of the metal.
The long-awaited rebound is providing much-needed support for copper prices, battered by a widening banking crisis in the United States and liquidity issues at Swiss lender Credit Suisse.
"Copper consumption has increased quite a lot in the past two weeks. The strong demand will last... at least in the whole of the second quarter," said He Tianyu, a China-based analyst at CRU Group.
The Yangshan copper premium more than doubled in a week to $47.50 a tonne on Thursday, near a three-month high, indicating improving demand for imported copper in China.
"Large scale copper wire-rod producers' operating rate is already at 85%-90%. Some producers are at full capacity," He added.
China's housing completion by areas rebounded 8% year -on-year in January and February from a 15% drop in the whole of 2022, National Bureau of Statistics data showed.

The recovery in the property sector is boosting copper cable orders, while copper tube makers are also running strong, He said.

"March to June is the traditional demand season as air conditioning producers - the main consumer of copper tubes - are ramping up production to get ready for more orders in the hot summer season," a Chinese copper tube producer said.

"We are running at 95% of operation rate this month, up from 75% in February," the producer added.

Copper stocks in warehouses tracked by the Shanghai Futures Exchange dropped 28% in just three weeks to 182,341 tonnes, and CRU's He said supply could be tight in coming weeks due to a lack of scrap availability caused by falling prices.

DEMAND FORECAST

Chinese state-backed research house Antaike predicted demand for refined copper in China, which accounts for about half of global demand, could grow 2.7% this year to 13.68 million tonnes. Similarly, CRU saw refined copper consumption in China rising 2.8% this year to 13.98 million tonnes. Counting scrap, total copper demand in China could grow 3.2% this year to 16.13 million tonnes, against a 1.4% expansion in 2022. Main growth drivers will likely come from the property sector, electric vehicle (EV) manufacturing, renewable energy and infrastructure, CRU's He said. China's State Grid pledged record-high investment of more than $70 billion in power grid construction this year, state media reported, and China's manufacturing activity expanded at the fastest pace in more than a decade in February.

SHAKY MACRO ENVIRONMENT

Despite upbeat copper fundamentals, prices still face pressure from ever volatile macroeconomic conditions.

Citi analysts see London Metal Exchange copper prices falling to $8,000 a tonne in a few months as investors likely further unwind positions on potentially ongoing concerns in the U.S. banking sector.

COMEX copper speculators have turned net short on copper, having been taking net long positions for four months, exchange data showed. Antaike warned of weaker copper demand growth from the solar and EV sectors this year, while uncertainty still clouded the Chinese property sector.

Nonetheless any price drop represents a long-term buying opportunity, as copper is the "only liquid commodity in the major commodity futures indices whose consumption is key to driving decarbonisation", Citi analysts said in a note. They expect prices to hit $9,000 a tonne in 6-12 months.

**MARKET MONITOR as of 07:44 GMT**

| Contract | Last | Change | YTD |
|---|---|---|---|
| NYMEX Light Crude | $64.71 / bbl | -3.04% | -19.37% |
| NYMEX RBOB Gasoline | $2.40 / gallon | -2.73% | -3.22% |
| ICE Gas Oil | $753.50 / tonne | -2.84% | -18.19% |
| NYMEX Natural Gas | $2.34 / mmBtu | 0.26% | -47.62% |
| Spot Gold | $2,006.65 / ounce | 0.94% | 9.99% |
| TRPC coal API 2 / Dec, 23 | $134.5 / tonne | -5.94% | -27.20% |
| Carbon ECX EUA / Dec, 24 | €91.39 / tonne | -1.28% | 3.85% |
| Dutch gas day-ahead (Pre. close) | €43.70 / Mwh | 2.94% | -42.17% |
| CBOT Corn | $6.26 / bushel | -1.26% | -7.70% |
| CBOT Wheat | $7.07 / bushel | -1.74% | -9.92% |
| Malaysia Palm Oil (3M) | RM3,820 / tonne | -2.55% | -8.48% |
| **Index (Total Return)** | **Close 17 Mar** | **Change** | **YTD Change** |
| Thomson Reuters/Jefferies CRB | 279.04 | -0.76% | -7.40% |
| Rogers International | 26.14 | -0.80% | -8.81% |
| U.S. Stocks - Dow | 31,861.98 | -1.19% | -3.88% |
| U.S. Dollar Index | 103.71 | -0.68% | 0.18% |
| U.S. Bond Index (DJ) | 405.08 | 0.93% | 2.27% |



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# Top News - Carbon & Power

**In show of unity, NATO and EU heads visit North Sea gas platform**

The heads of NATO and the European Commission flew on Friday to a North Sea platform to discuss the security of supplies and infrastructure, a visit underlining Norway's importance for gas shipments since Russia's invasion of Ukraine. The Troll A platform extracts gas from Norway's biggest gas field. After a drop in Russian flows, the Nordic country last year became the largest gas supplier to the EU.

NATO Secretary General Jens Stoltenberg and European Commission President Ursula von der Leyen talked about the protection of infrastructure and gas supplies to Europe with Prime Minister Jonas Gahr Stoere and Equinor CEO Anders Opedal.

Security at Norwegian petroleum installations was increased after the explosions on the Nord Stream pipelines on Sept. 26 in the Baltic Sea, with NATO allies providing military support.

Norway's energy infrastructure is vital, but vulnerable, because of its size, involving thousands of kilometres of pipelines as well as internet and power cables, Stoltenberg told reporters onboard Troll A.

"We cannot of course protect every metre of this infrastructure at every time," said Stoltenberg, clad in a bright yellow worksuit and white helmet. "But what we do is that we have stepped up...exchanging intelligence information (and we have) closer monitoring of the infrastructure. We have increased our presence with more military capabilities." As he spoke, a German Navy ship, a Norwegian coastguard vessel, a Norwegian military helicopter and a NATO maritime aircraft were patrolling near the platform, situated some 65 km (40 miles) offshore. "The plan now is to exercise more, and be able to react fast, if something happens," said Stoltenberg. In addition, NATO and the EU in January set up a task force to boost the protection of critical infrastructure in response to the Nord Stream explosions. Its first meeting took place on Thursday, von der Leyen said on Friday. Norway's police security agency said in February that Russia would seek to gather more intelligence about Norway's oil and gas infrastructure as part of efforts to put pressure on European energy supplies. Troll alone covered 11.3% of EU gas consumption last year, according to operator Equinor. The field accounts for one third of daily Norwegian gas exports to Europe. The gas from Troll is piped to a processing plant on Norway's west coast before it is piped again to the European Union and Britain. The platform rests on four concrete pillars on the seabed.

**China LNG buyers return to spot market, but coal to keep demand capped**

Chinese liquefied natural gas (LNG) buyers have resumed spot purchases, drawn by easing prices and recovering domestic demand, potentially increasing competition with Europe for supplies. Economic challenges and a slowdown in the country's efforts to switch from coal to gas could limit demand growth of the cleaner fuel, however.

China could use between 385 billion and 400 billion cubic metres (bcm) of gas this year, at least 6% more than in 2022, as new terminals come online and economic recovery drives higher industrial and power demand, analysts say.

This comes after Chinese demand fell last year for the first time in two decades as stringent pandemic measures suppressed economic activity. Chinese spot buying largely ceased during winter.

But a warmer than expected winter sent spot prices lower. In response, Beijing Gas bought an April delivery cargo this month, and, after prices hit a near two-year low of $13.50 per million British thermal units last week, CNOOC bought another two, said industry sources.

An increase in Chinese spot purchasing could intensify competition of LNG supplies among buyers in an already tight global market, potentially pushing up prices - especially since Europe will need to replenish gas stocks before the next winter season. The anticipated start-up of six new import terminals this year would also contribute to increasing LNG arrivals, said JLC consultancy analyst Ricki Wang.

The new terminals include the 5-million-tonne-per-annum (mtpa) Tianjin Nangang terminal of Beijing Gas Group, Guangzhou Gas's 1 mtpa Nansha terminal and the 6 mtpa Chaozhou terminal by Huaying Natural Gas. They will need supplies to begin operating.

However, analysts are not expecting a sharp rebound for LNG demand, because a supply shock that drove up LNG prices last year has prompted China to tone down its effort to replace coal with gas.

Increasing gas supply from domestic production and by pipeline from Russia could also LNG limit imports, especially spot purchases, say analysts.

"Large amounts of (long-term) contractual volumes are expected to meet most of China's LNG import demand. Therefore, not much spot buying is required," said Rystad Energy analyst Wei Xiong.

She added, however, that China's gas demand recovery pace should be monitored.

"If it recovers faster than expected, contractual volumes may no longer be able to meet demand, then extra volumes from the spot market are needed."

Meanwhile, because Russian supply is expected to rise, analysts forecast 2023 piped gas imports at 69 billion to 80 billion cubic metres (bcm), up from 63 billion cubic metres in 2022. With more volume due under long-term contracts, LNG arrivals are expected to rise to between 68 billion and 73 million tonnes from 63.4 million tonnes.

SLOWER GAS TRANSITION

China has been relying on gas - used largely in industrial and residential sectors - as a bridge fuel in its effort to reduce coal usage and reach peak carbon emissions before 2030 and carbon neutrality by 2060.

It has managed to cut coal's share of its energy mix to 56% last year from 70% in 2010.

But the curbing of gas imports amid high prices has slowed those efforts. Some local governments have installed more gas distribution capacity than can be used.

"The slowdown we're seeing now is because the number of users that have pipelines laid to their homes don't really have gas to use," said an executive with a large private gas distributor.

China is also prioritising stability in economic growth and security in energy supply, said Jenny Yang, senior director, greater China gas research and analysis at S&P Global Commodity Insights.

"The coal-to-gas policy, the key driver behind Chinese gas demand growth in recent years, is no longer a top priority given the higher cost of natural gas compared with alternatives," Yang said.

China's state planner this month also underlined a greater role for coal in electricity supply.

It called for an increase in reliable generation, such as that offered by coal-fired power stations.

The agency also said it would "strictly control" the expansion of projects replacing coal with gas.

A slowing coal-to-gas shift would mean the share of coal in China's energy mix will hold for longer, said Kpler analyst Ryhana Rasidi. "However, we should not ignore the fact that natural gas demand and production will still grow alongside coal," she said.

# Top News - Dry Freight

**Canada to increase potash shipments to Bangladesh in 2023**

The Canadian trade ministry said on Friday that Canada will increase its shipment of potash to Bangladesh in 2023 to support the south-Asian country's agricultural sector and strengthen its domestic food production and security. The agreement to increase potash supply is between the Canadian Commercial Corp, Saskatchewan-based Canpotex, and the government of Bangladesh, the trade ministry said in a statement, without specifying the amount of increased supply.

**UK to help Kazakh exports bypass Russia, seeks critical minerals**

Britain will help Kazakhstan develop export routes bypassing Russia, British Foreign Minister James Cleverly said on a visit to the Central Asian nation on Saturday, where he also signed a memorandum on supplies of critical minerals. Cleverly said London valued the position of Astana - which has traditionally been closely allied with Moscow - on the Ukrainian conflict.

Kazakhstan has refused to support Russia's invasion or recognise its annexation of Ukrainian territories.

"The UK greatly appreciates Kazakhstan's consistent and principled position in supporting Ukraine's territorial integrity and your desire to bring about resolution to the war in line with the UN charter," he told a briefing.

Cleverly, who met Kazakh President Kassym-Jomart Tokayev and a number of other senior officials, said he discussed the disruptions in Kazakh oil exports - most of which go through Russia - and discussed ways to support the development of alternative routes such as the so-called Middle Corridor.

That route crosses the Caspian Sea, Azerbaijan, Georgia and Turkey, and requires significant investment in order to boost its capacity, although Kazakhstan has already started diverting some crude shipments towards it.

Cleverly and Kazakh diplomats said they have signed a memorandum on critical minerals such as rare earth metals, but provided no details about it.

The landlocked former Soviet nation of 20 million accounts for almost a half of the world's uranium output and has large deposits of rare earth minerals which the West has traditionally sourced from China or Russia.

Kazakhstan, which has the longest land border with Russia of any former Soviet state, called in Russian troops to help put down street demonstrations weeks before Russia's invasion of Ukraine last year. But since the invasion Tokayev has been careful to keep his distance from Moscow and keep relations open with the West.



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## Picture of the Day

*A man walks on the cracked ground of Baells reservoir in the village of Cersc, Spain March 14, 2023. REUTERS/Nacho Doce*

(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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