Oil | Agriculture | Metals | Carbon & Power | Dry Freight
Click on headers to go to that section

Top News - Oil

China's Jan-Feb fuel oil imports rise 21% y/y
China's fuel oil imports for the January and February period rose by a fifth from a year ago, data from the General Administration of Customs showed.
Imports for the first two months of the year were at 3.59 million metric tons, up 21% from the corresponding period in 2023.
China's fuel oil imports firmed in line with a trend that emerged last year when independent refineries ramped up purchases of fuel oil for use as lower-cost feedstocks.
While imports for January rose month-on-month, February shipments fell quite sharply due to high inventory levels and amid a seasonal lull during the Lunar New Year holidays, which were in early February this year.
The import volumes included purchases under ordinary trade, which are subject to import duty and consumption tax, as well as imports into bonded storage.
Meanwhile, China's exports of marine fuel for the January and February period rose 2.1% from a year ago to 2.85 million tons.
China's exports of low sulphur marine fuel are measured mostly by sales from bonded storage for vessels plying international routes.
The rise in exports for the January-February period comes after China recorded full year very low sulphur fuel oil (VLSFO) shipments of 18.63 million metric tons in 2023, a 3.2% annual gain amid an overall rise in bunkering activity in Asia.
Tensions in the Red Sea since November had boosted demand for the fuel, with several ships diverting course and taking on more fuel when passing by key bunker hubs in Singapore and the United Arab Emirates.
Marine bunker fuel sales at Singapore and Fujairah port both recorded annual gains since the start of this year.

Russia remains China's top crude supplier in Jan-Feb
Russia remained China's top oil supplier in the first two months of this year, data showed on Wednesday, as Saudi supply cuts continued.
China's imports from Russia, including supplies via pipelines and sea-borne shipments, rose 13% on the year to 17.72 million metric tons, or 2.16 million barrels per day (bpd) over the January and February period, according to data from the General Administration of Customs.
Russia was China's top supplier throughout 2023, shipping more than 107 million tons, or 2.14 million bpd despite Western sanctions and a price cap following the Kremlin's 2022 invasion of Ukraine.
In coordination with other OPEC+ members, Russia opted to roll forward a voluntary reduction in crude oil output of 300,000 bpd into the first quarter of the year to support energy prices.
The country will cut its oil output and exports by an additional 471,000 bpd in the second quarter.
Russian Baltic and Arctic crude flows have experienced minimal disruptions from attacks by Houthi rebels in the Red Sea, whilst ESPO shipments have seen increased interest from independent teapot refiners due to higher prices for alternative feedstocks, commodities consultancy Vortexa said ahead of the data.
Shunned by many international buyers, Russian crude oil traded at significant discounts to international benchmarks for much of last year.
This discount gradually eroded as more refiners entered the market, with February-loading ESPO offered at minus 50 cents to plus 50 cents against ICE Brent versus between $6-$8 discount a year earlier, according to trade sources.
Imports from Saudi Arabia, previously China's largest supplier, totalled 13.49 million tons, or 1.64 million bpd, down 3% on the same period in 2023.
Riyadh has said it would extend its voluntary cut of 1 million bpd through the end of June, leaving its output at around 9 million bpd. Saudi Arabia cut its official selling prices to Asia for its flagship Arab Light crude to a 27-month low in February on concerns about supply overhang and competition from rival suppliers.
January-February imports from Malaysia, a trans-shipment point for sanctioned cargoes from Iran and Venezuela, soared 69% on the year to 8.93 million tons, or 1.09 million bpd.
The customs data also captured a rare shipment of 352,455 tons of Venezuelan crude in February amid a temporary relaxation of U.S. sanctions on Caracas though these may be re-imposed in April. Customs recorded no imports from Iran.

Top News - Agriculture

China's soybean imports from Brazil jump 211% in first two months

China's soybean imports from Brazil surged 211% in the first two months of 2024 compared with a year ago, data showed on Tuesday, as strong harvest and competitive pricing in the South American producer outpaced the United States' market share.

The world's top buyer of soybeans, China brought in 6.96 million metric tons of the oilseed from Brazil, up from 2.24 million tons in the same period last year.

Imports from the U.S. fell to 4.96 million tons from 9.71 million tons in 2023.

Total imports in the Jan-Feb period recorded a five-year low of 13.04 million tons, customs data showed earlier this month, weighed down by poor crushing margins and fewer ship arrivals during the Lunar New Year holidays.

That pegs Brazil's market share at 53% and the U.S' share at 38%, according to Reuters calculations.

Chinese buyers have stuck with Brazilian imports as the world's largest producer continues to offer cheaper beans on the world market, traders and analysts said.

Soybean harvest in Brazil for the 2023/24 cycle is underway, reaching 63% of the planted area as of last Thursday, according to agribusiness consultancy AgRural.

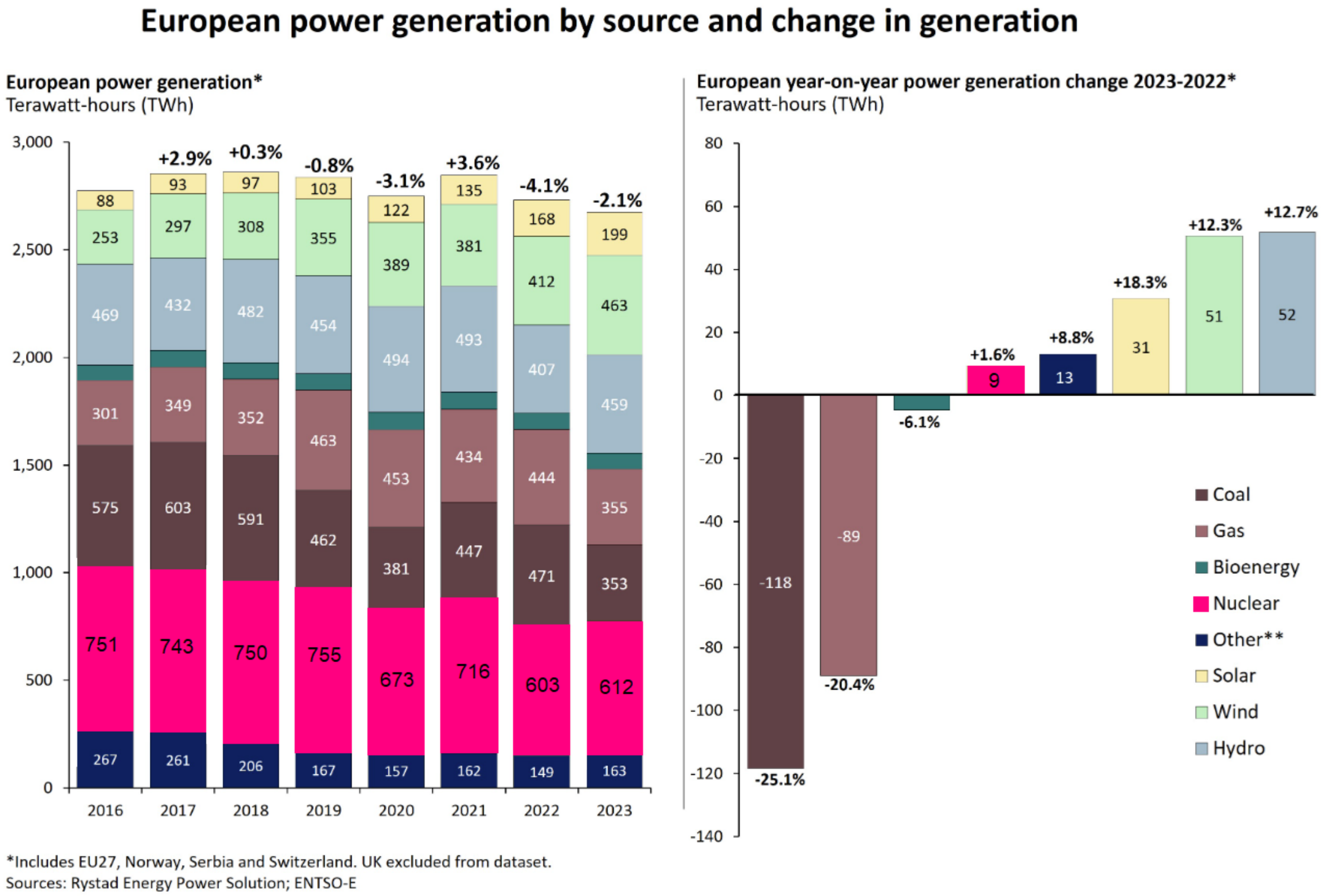
EU agrees new limits on Ukraine farm imports

The European Union reached a provisional agreement to grant Ukrainian food producers tariff-free access to its markets until June 2025, albeit with new limits on imports of grains.

The European Commission proposed in January to suspend duties and quotas on Ukrainian farm produce for a further year, with an "emergency brake" for poultry, eggs and sugar leading to tariffs if imports exceed the average levels of 2022 and 2023.

However, after months of protests from farmers over EU environmental rules and cheap imports, EU lawmakers pushed to extend the emergency list to other farm produce and add 2021 as a reference year. This was before Russia's invasion, when Ukrainian exports to the EU were curbed by tariffs and quotas.

Chart of the Day



Negotiators for the European Parliament and the Belgian EU presidency agreed in the early hours of Wednesday to add oats, maize, groats and honey to the list, while keeping the limit as the average of 2022 and 2023 imports.
Negotiators ensured the Commission would act within 14 days, instead of an initially envisaged 21 days, if trigger levels were reached.
They also added a commitment from the Commission to monitor imports of Ukrainian wheat and other cereals and to take action if they disrupt EU markets.
Ukraine's EU neighbours - Bulgaria, Hungary, Poland, Romania and Slovakia - have complained that the farm imports have upset their producers, leading to farmer protests and import bans. Shipments into those countries increased after Russia's invasion of Ukraine hindered exports via the traditional Black Sea route.
Kyiv has said its farm exports are not damaging EU markets, particularly now that about 95% of Ukraine's agricultural exports go via the Black Sea.
It has also said the EU's emergency brake based on average imports of 2022 and 2023 was acceptable, but that adding 2021 would have been unworkable.
Wednesday's provisional agreement now needs to be approved by the European Parliament and EU governments, most likely in April.

Top News - Metals

Indonesia issues nickel production quotas for 152.62 million metric tons

Indonesia has issued mining production quotas of 152.62 million metric tons of nickel ore and 44,481.63 tons of tin so far this year, and is working to accelerate the approval process, a senior mining ministry official told parliament on Tuesday.
Resource-rich Indonesia requires all miners to secure production quotas, known locally as RKAB, before they can start production, but they have faced delays this year amid changes in the approval process.
In total, the government has issued approvals for 191 miners, including for 107 nickel miners, 12 tin miners, two copper miners, among others, ministry director general Bambang Suswantono said.
Production quotas for 99.24 million tons of copper ore and 15.88 million tons of bauxite have also been handed out, he added.
These production quotas were allotted for 2024, Bambang said.
In 2023, Indonesia produced 193.5 million tons of nickel ore, and ore output this year was estimated to increase by 5% to 10% this year, an official said in January.
More than 500 production proposals for various minerals were still being processed.
Authorities are boosting efforts to accelerate the process, but are also pleading with miners to quickly fulfill the requirements needed to achieve approvals, he added.
Most miners who have not been granted RKAB had unpaid mining royalties, Bambang said.
"We were asked why the RKAB process is very slow, but we need to ask the miners, have they fulfilled their royalty payments," he told members of parliament.
The backlog has disrupted exports in the first two months of 2024 and boosted prices of nickel and tin in global markets.
Meanwhile, the government has also approved coal production quota totalling 922.14 million tons this year, above the production target of 710 million tons.

LME plans to list Saudi port as a copper and zinc delivery point

The London Metal Exchange (LME) plans to list Jeddah, a Saudi Arabian Red Sea port city, as a new delivery point for copper and zinc subject to consultation on a technical change to the LME's warehouse location framework, it said on Tuesday.
The warehouses, registered with the LME, the world's largest and oldest metals trading venue, are usually located in areas of net metals consumption or top transit hubs such as Rotterdam.
"Saudi Arabia is an increasingly important global metals hub and Jeddah fully meets with the operational and logistical criteria for new warehouse locations – such as being an important area of net consumption and having an effective transport network," Matthew Chamberlain, LME chief executive, said in a statement.
Saudi Arabia is planning an ambitious industrial development and logistics programme, part of its wider Vision 2030 reform plan, which aims to make the kingdom a major global player in the energy, mining, logistics and industry sectors. "We look forward to a long future of cooperation with LME and to further developing our relationships with the international metals community," said Farooq Shaikh, chief executive at LogiPoint, which operates a network of logistics parks in Saudi Arabia.
The Saudi hub would service the Middle East, North and East Africa regions, he added.
The proposal is subject to a consultation among LME members, warehouse companies and their London agents, which will run until April 30, to amend a clause in the LME's policy on the approval of locations as delivery points related to warehouse insolvency. The proposed amendment would clarify that some jurisdictions may require a court order to allow the withdrawal of metal in an event of a warehouse operator insolvency. Subject to the proposal passing the consultation, Jeddah will become active as a delivery point three months after the approval of the first warehouse company in this location.

Top News - Carbon & Power

Solar panel prices to remain low for up to two years, says industry exec

Prices of solar panels, which nearly halved over the last 12 months, will remain at current levels for up to two years, a Malaysian industry executive said on Tuesday.

Manufacturers in Malaysia, the world's third largest producer of solar photovoltaic modules (PV), are slowing down expansion plans to adjust for lower demand and prices, Davis Chong, President of the Malaysian Photovoltaic Industry Association, told Reuters.

"The upstream supply is roughly double the downstream demand. It will take about one to two years to adjust and balance the supply and demand," said Chong, who also serves as the Chief Executive Officer at Malaysia's Solarvest.

He said lower prices presented an opportunity to boost installation of solar projects globally.

"It is a good time to expedite and deploy more solar projects. With more favourable and transparent policies, countries as well as industries can capitalise on this trend," he said.

The cost of producing solar panels in China, which accounts for about 80% of global consumption, plummeted by 42% in the last year, giving manufacturers there an enormous advantage over rivals in places like the United States and Europe.

Multiple European solar manufacturers have announced plans to close factories in recent months, under price pressure from Chinese imports.

Chong said U.S. President Joe Biden's move to offer billions of dollars in tax credits for facilities using American equipment to speed decarbonization of the U.S. power sector will not challenge China's dominance in solar manufacturing.

"This supply chain.. will still follow the principle of supply demand and economies of scale in the long term," Chong said, adding that China will continue to dominate global solar PV supply.

"By limiting the entry of cheaper PV modules from Asia to the U.S., it may affect the bankability and competitiveness of the solar PV projects there," he said.

Solarvest is in talks to raise S$50 million to S$100 million in equity through its Singaporean entity, Chong said, adding that it is targeting increasing its solar capacity to 2 GW in 2025, from 1 GW currently.

"This .. is set to complete within this year and will serve as the first tranche of money to be deployed into projects in Asia Pacific," he said.

MARKET MONITOR as of 07:33 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$83.08 / bbl	0.44%	15.95%
NYMEX RBOB Gasoline	$2.74 / gallon	-0.38%	29.85%
ICE Gas Oil	$847.50 / tonne	-1.05%	12.89%
NYMEX Natural Gas	$1.74 / mmBtu	2.35%	-30.67%
Spot Gold	$2,158.50 / ounce	-0.07%	4.65%
TRPC coal API 2 / Dec, 24	$110.25 / tonne	1.50%	13.66%
Carbon ECX EUA	€60.84 / tonne	-0.96%	-24.30%
Dutch gas day-ahead (Pre. close)	€28.70 / Mwh	0.35%	-9.89%
CBOT Corn	$4.52 / bushel	0.67%	-6.66%
CBOT Wheat	$5.65 / bushel	1.26%	-11.73%
Malaysia Palm Oil (3M)	RM4,282 / tonne	1.09%	15.08%
Index	**Close 19 Mar**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	331.62	-0.12%	10.03%
Rogers International	27.93	0.09%	6.08%
U.S. Stocks - Dow	39,110.76	0.83%	3.77%
U.S. Dollar Index	103.87	0.27%	2.50%
U.S. Bond Index (DJ)	423.27	0.14%	-1.73%

GRAPHIC-European coal-to-gas fuel switching set to continue this year

The fall of European wholesale gas prices to levels from before the Ukraine war and greater use of renewable energy is encouraging more electricity utilities to ditch heavily polluting coal, further pushing coal out of the power mix.

European gas prices soared in 2022 and early 2023 in the wake of Russia's invasion of Ukraine, prompting many utilities to switch back to relatively cheaper coal, right when the region was trying to phase it out to meet climate targets.

Now the costs have shifted back in favour of using gas to generate electricity, allowing the trend to resume.

European gas prices have fallen by around 15% since the start of this year due to a mild winter and abundant supply, and are 90% lower than record highs seen in 2022. Less so international coal market prices, with prices for non-Russian hard coal rising in March after Russian exporter SUEK was put on a U.S. sanctions list.

While EU carbon permit prices have receded from record highs of over 100 euros in early 2023, they would need to fall further to 47 euros per metric ton or lower for even high-efficiency coal plants to be able to replace low-efficiency gas plants in the first quarter of 2024, which seems out of reach at the moment, Veyt analyst Marcus Ferdinand said.

Benchmark EU carbon prices currently trade at around 61 euros per ton.

"There has been quite a lot of coal-to-gas switching in recent months. We saw clear evidence of a large shift in coal-to-gas switching in 2023, which has continued into 2024," said Fabian Skarboe Roenningen, vice president of renewables and power at consultancy Rystad Energy.

Roenningen said he expected more coal-to-gas switching this year in countries that have both coal and gas capacity, such as Germany, Poland and the Netherlands, as well as nations with a lot of coal production, but also transmission capacity to import gas, such as the Czech Republic, Greece, Romania and Bulgaria.

COAL BURN

Many European countries have already either phased out coal completely or have limited scope for large-scale coal-to-gas switching, including France, Spain, Italy and Britain.

The two major coal-burning countries in the region - Germany and Poland - have seen declines in the share of coal in power generation over the past year, continuing a trend from 2021 that was disrupted in 2022.

While coal remains Poland's main fuel in power generation, January and February brought a strong shift in favour of gas and renewables, Polish and European power grid operator data showed.

Gas power generation in Poland was up 32% year-on-year in the first two months of 2024, while hard coal and lignite use fell 15% and 10% respectively over that period, according to estimates by Forum Energii.

In Germany, the operating margins of both coal- and gas-fired power plants are deeply negative, leaving them operating mostly in peak hours when prices are higher, ICIS analyst Stefan Konstantinov said.

A repeat of disruption to hydro and nuclear plants which Europe experienced in 2022 because of low river levels and outages at French nuclear plants could turn those margins positive, but it seems unlikely in the short-term, especially on the nuclear side, he added.

In 2023, brown coal's use in the German energy mix in 2023 fell 26.8 TWh to its lowest since 1963 at 81.2 terawatt-hours (TWh), while hard coal's power production fell 21.4 TWh to 36.8 TWh, its lowest since 1955, Fraunhofer Institute data showed.

Top News - Dry Freight

Ukraine ships 1.33 mln metric tons of grain through Constanta port in Jan-Feb

Ukraine shipped 1.33 million metric tons of grains through the Romanian Black Sea port of Constanta in the first two months of the year, the port authority said on Tuesday.

Ukraine is one of the world's biggest grain exporters, and Constanta has become Kyiv's largest alternative export route since Russia's full-scale invasion in February 2022.

Constanta Port data, which does not include volumes handled through the smaller Romanian Danube ports and rail and road transit to southern European states, showed that 894,000 tons of Ukrainian grain left port in February.

Grains arrive in Romania by road, rail and barge across the Danube river. While transit via Romania's Black Sea port of Constanta had slowed in January, road and rail exports were picking up speed as a result of EU-funded rail investments, European Transport Commissioner Adina Valean told Reuters in February.

Valean also said Ukrainian officials were talking with Romanian counterparts about installing three temporary floating buoys in the port of Constanta, which would add an additional 1 million metric tons to the port's monthly transit capacity. Constanta recorded its highest grain exports in 2023 thanks to a surge in shipments from Ukraine and ongoing EU-funded infrastructure projects.

The port shipped 36 million metric tons of grain last year, up 50% from the previous year, with Ukrainian grain accounting for roughly 40% of the total.

Algeria buys 100,000 to 200,000 T durum wheat, traders say

Algeria's state grains agency OAIC is believed to have purchased durum wheat in an international tender which closed on Tuesday, European traders said.

The precise volume bought was unclear but estimates were of a relatively small purchase of between 100,000 to 200,000 metric tons.

The tender had sought a nominal 50,000 tons. Prices were not clear but initial trader estimates ranged between $390 and $395 a ton cost and freight.

Shipment was sought in two periods: April 1-15 and April 16-30.

Algeria was apparently awaiting the new durum crop in Mexico to arrive which importers hope could depress prices in the current tight durum market, they said. Algeria is also expecting Turkey to issue a new durum export tender soon.

Algeria does not disclose the results of its tenders and results reported are based on trader assessments. More detailed estimates of prices and volume are still possible later.

In its last reported durum tender on Jan. 10, Algeria bought supplies from Canada, Mexico and Australia.

Picture of the Day

Steam rises from cooling towers of the Electricite de France (EDF) nuclear power station in Civaux, France, March 19. REUTERS/ Stephane Mahe

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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