Oil | Agriculture | Metals | Carbon & Power |Dry Freight

Click on headers to go to that section

Top News - Oil

Trafigura, Vitol might step up trade in Russian oil – CEOs

Global energy traders Trafigura and Vitol still help to export limited supplies of Russian refined products within the rules of international sanctions, but they are considering whether to resume more trade in Russia's oil, their CEOs said on Tuesday. The two Swiss companies were among the largest lifters of Russian crude oil and refined products before the country's invasion of Ukraine last February. By last summer, both firms had already sharply reduced their presence in Russian oil and later sold their interests in Vostok, a major upstream development in Siberia.

"We lift limited refined products within sanctions... our position is under review," Trafigura CEO Jeremy Weir told the FT Global Commodities Summit in Lausanne, Switzerland. The United States has been openly keen to make sure Russian oil flows continued after the EU embargo took effect on Dec. 5 to prevent price spikes, and has indicated that it views the trade under the G7 price cap mechanism as legal.

The current oil price dip following the collapse of three banks has combined with inflation risks to further lower new investment in oil output, with a tight market looming in the second half of the year as China rebounds from COVID-19 curbs.

The U.S. Treasury recently held some talks with Trafigura to emphasize their stance, sources familiar with the matter said.

"Less than 100,000 barrels per day (bpd) of our traded volume now is Russian business. Will that move up with some slightly stronger guidance? Yes, maybe," Vitol CEO Russell Hardy told the summit.

Vitol traded 7.4 million bpd last year, down from the previous year owing to the company stepping away from more than 90% of the Russian oil business it previously did. Gunvor's co-head of trading Stephane Degenne was more circumspect. "It's a moving target at the moment. Sanctions can change very quickly. We are staying prudent," Degenne said. The CEO of Mercuria Energy Trading told the summit his company did "minimal if any" Russian oil as the area was not a historical strength for the Swiss firm. "We may review our stance on Russian oil, but it's not our natural strength," Mercuria CEO Marco Dunand said. With the exit of the big oil traders, the trade in Russian oil has become opaque and shifted largely to start-ups, often registered in Dubai, with unknown owners, Trafigura's co-head of oil trading Ben Luckock said. Transport has also moved to aging tankers run by new, less experienced owners, he added.

Traders, funds bullish on oil price despite banking woes

The biggest oil traders and energy hedge funds speaking at the FT Commodities Global Summit struck a bullish tone despite banking jitters, and see a jump in oil prices by the year end. Pierre Andurand, founder of hedgefund Andurand Capital, was the most bullish and saw a potential Brent oil price of $140 a barrel by the end of the year.

He said the current oil price downturn was speculative and not based on fundamentals.

Oil prices rose for a second day on Tuesday after slumping to 15-month lows as a crisis at Switzerland's second-biggest bank Credit Suisse, which followed the collapse of two U.S. lenders, led to a takeover by bigger Swiss rival UBS.

Brent crude traded at just below $75 a barrel by 1619 GMT. Trafigura's co-head of oil trading, Ben Luckock, expects oil to be in the $80s a barrel by the summer but emphasised long-term volatility owing to uncertainty over investments in new projects to meet new oil demand and counter declining oilfields. "No one is doing 15-year (projects in) deep water fields off Angola anymore," Luckock said. Similarly, the commodities heads at hedgefund Citadel and at Goldman Sachs said capital available for energy or commodity investments would be tight, lending further support to oil prices. The CEO of energy trader Mercuria pointed to uncertainty in demand growth forecasts impacting oil investments.

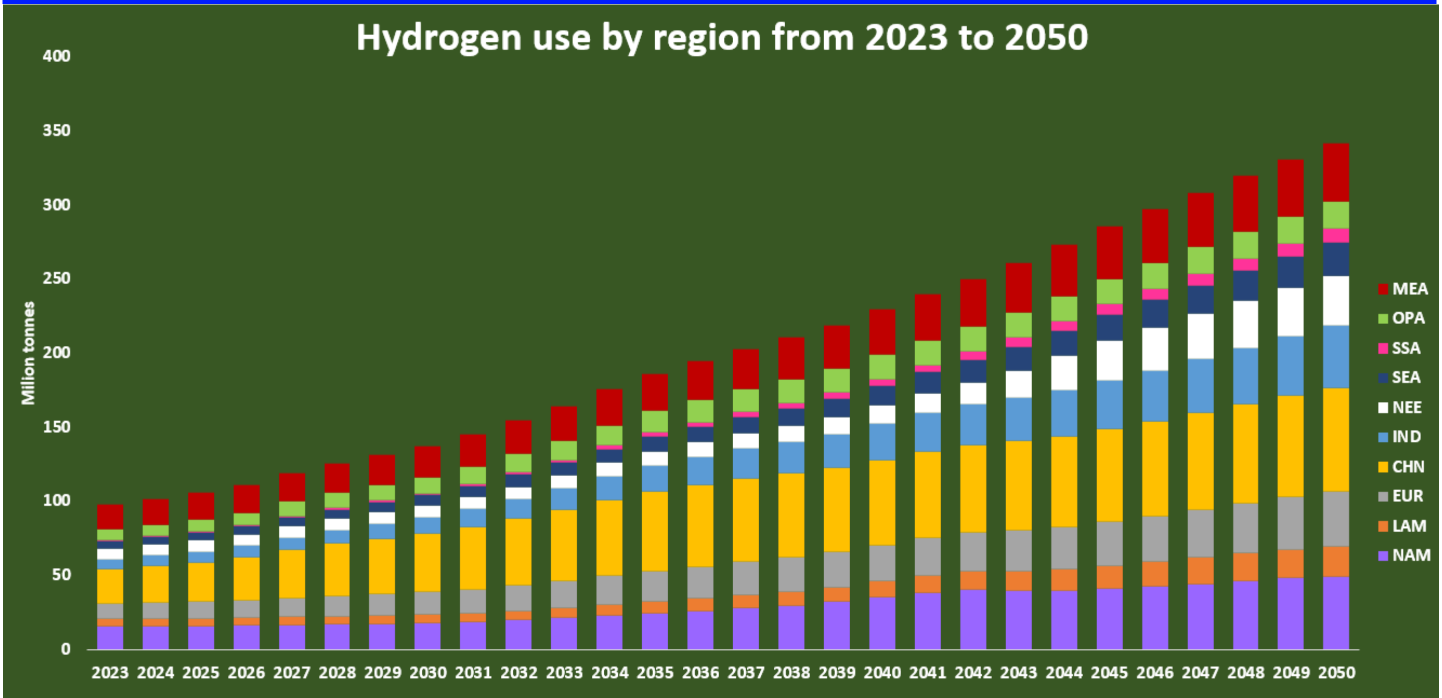
"If you have this level of unpredictability (in peak demand) then you lower investments then it'll push oil to the upside," Mercuria's Marco Dunand said. Gunvor CEO Torbjorn Tornqvist said he expected oil prices to move higher towards the end of the year as rising Chinese demand tightens oil balances further. But he added that he wasn't seeing oil demand growth coming from elsewhere. The commodities trader's co-head of trading Stephane Degenne did not expect to see oil go above $100 a barrel at the year end. In its latest monthly report, the International Energy Agency said it expected China to account for about half of the 2 million barrel per day oil demand growth it forecast for 2023 as the world's biggest oil importer continues to ease its COVID-19 restrictions.

Top News - Agriculture

Unseasonal rains and hail damage crops in India
Unseasonal rains and hailstorms have damaged ripening, winter-planted crops such as wheat in India's fertile northern, central and western plains, exposing thousands of farmers to losses and raising the risk of further food price inflation. Torrential rains on Sunday and Monday lashed Punjab, Haryana parts of Uttar Pradesh, and Madhya Pradesh state, which account for the bulk of wheat output in India, the world's biggest producer after China, flattening crops and flooding farms.
Lower crop yields will cut India's wheat output for the second straight year, making it difficult for the state-run Food Corporation of India to shore up its depleting stocks.
A sudden rise in temperatures hit the wheat crop earlier this month. Last year, a heatwave cut the country's wheat production, forcing India to impose a ban to calm local prices, already driven higher by limited supplies from the Black Sea region because of Russia's invasion of Ukraine.
The wheat crop looked promising until early March when the weather became unfavourable due to a rise in temperatures, Ramandeep Singh Mann, a farmer from the northern state of Punjab, said.
"Now, rains and hails have flattened the crop. It's a double whammy for us," Mann said.
After a dry spell, untimely rains and hail began to hit winter-sown crops last week, just before harvesting begins.
Most farmers were caught by surprise by the repeated rain and hail that has lashed fields full of mature crops, raising concerns about quality degradation.
"The rains have wiped out our investment in crops and we are staring at major losses," Buddha Singh from Uttar Pradesh, India's biggest wheat producing state, said.
Rains and hailstorms have also hit chickpea and potato crops, farmers said. That could curtail production and lift food inflation, which the government and central bank have been trying to contain.
Although it is too early to know the extent of the damage, the government was assessing the situation and would try to help farmers, said a senior government official, who didn't wish to be named in line with official rules.

Brazil's JBS Q4 net profit falls almost 64%
JBS, the world's biggest meatpacker, reported a nearly 64% fall in net profits for the fourth quarter, blaming its

Chart of the Day



Source: DNV Energy Transition Outlook, DNV AS 2022
Country codes: NAM - North America; LAM - Latin America; EUR - Europe, CHN - Greater China, MEA - Middle East & North Africa; IND - Indian Subcontinent; SEA - Southeast Asia; NEE - North East Eurasia; SSA - Sub-Saharan Africa; OPA - OECD Pacific

U.S. beef operations and an oversupplied global market for chicken meat that affected its Pilgrims Pride unit.
JBS's U.S. beef operations is its biggest unit by sales, followed by Pilgrims Pride. Both recorded a fall in net revenue over the fourth quarter, with the U.S. beef unit selling some 12% less, at almost 29 billion reais ($5.53 billion).
Pilgrims sales dropped almost 4% to just below 22 billion reais, JBS said.
Overall, quarterly net profit was 2.35 billion reais, while adjusted earnings before interest, tax, depreciation and amortization (EBITDA) was 4.6 billion reais, 65% below the result in the fourth quarter of 2021.
"We note that the challenging market conditions that pressured our performance in the fourth quarter of 2022 remains in the first quarter of 2023, traditionally a weaker period for the protein industry globally," said CEO Gilberto Tomazoni in a note addressing investors.
China, always an important driver for growth, remained the main destination of JBS' meat exports in 2022, accounting for 26.2% of the company's total sales internationally.
In 2021, that share was a higher 27.1%, the company said. On a brighter note, JBS said sales to the affluent Middle Eastern market were 12.1% of total exports last year, up from 10.7% in 2021.
In its home market, JBS posted healthy results at its Seara division, which processes pork and chicken, driven by its ability to raise average domestic product prices.
Seara also benefited from a 15.4% jump in dollar-denominated export sales, JBS said.
But while Seara's overall revenue jumped 9% from the same quarter in 2021, margins suffered because of cost inflation, in particular higher livestock feed prices in Brazil. JBS said extreme volatility in the international market affected its results in 2022, citing the global increase in the supply of poultry, as well as avian flu and the conflict between Russia and Ukraine. Still, the company had net sales of 375 billion reais in 2022, a 7% rise from 2021.

Top News - Metals

LME warehouse delivers stones instead of nickel to Trafigura

Nickel delivered by London Metal Exchange (LME) approved warehouse firm Access World to commodity traders Trafigura and Stratton Metals turned out to be stone, two sources with knowledge of the matter said on Tuesday. Last week, the LME, cancelled nine warrants or 54 tonnes of nickel which had failed to meet the specification of its nickel contract. Warrants are title documents conferring ownership of metals stored in LME registered warehouses.
It is not known whether the nickel Trafigura and Stratton Metals bought was on LME warrant, but sources say the incidents will further damage confidence in nickel trade, both globally and in the LME system.
Access World's delivery of stones to Trafigura was discovered in the U.S., while Stratton Metals discovered the problem in Europe, the sources said, adding that the amounts involved were small.
Access World said "we are unable to comment on this due to pending investigations". The LME, Trafigura and Stratton Metals declined to comment. Commodity trader and London-listed miner Glencore recently sold Access World to Global Capital Markets, a company incorporated in the British Virgin Islands. Glencore declined to comment. Trafigura recently alleged that it had found "systematic fraud" in cargoes that should have contained nickel deliverable against LME contracts, but did not.Last week Trafigura said the non-conforming nickel warrants the LME cancelled had no connection with its alleged fraud."We do not own any of the nine warrants that have been invalidated by the LME," the Swiss-based commodity trader said. Another source familiar with the matter said U.S. bank JPMorgan owned the warrants the LME cancelled.
Warehousing sources say the substitution of stones for nickel would have been discovered if the bagged nickel briquette had been weighed, which the warehouse company should do before putting metal on warrant. Checking the weight of bagged nickel briquettes before warranting for delivery against LME contracts is standard operating procedure, they said. Owned by Hong Kong Exchanges and Clearing, the LME last week reminded operators in its network of more than 500 approved facilities of the strict requirement to weigh all metal before it is placed on warrant. "There is no indication that LME rules and regulations were not followed when the material was warranted," Access World told Reuters earlier on Tuesday. The LME on Friday postponed resuming nickel trading during Asian hours by a week to March 27 after saying it had found problems with stored nickel. The delay is a blow for the world's largest and oldest forum for trading metals, which was relying on Asian hours trade to boost liquidity and revive its nickel contracts, where volumes have slumped since March 2022. Asian nickel trading was halted following a crisis in March 2022 when the LME suspended the market for the first time since 1988 after prices jumped to a record above $100,000 a tonne in disorderly trade.

Argentine mining exports hit 10-year high as lithium, EVs take off

Argentina's mining exports hit historic levels last year, the government said on Tuesday, powered by surging lithium income as the South American agricultural powerhouse targets profits from the metal key to meeting booming electric vehicle (EV) demand. Even as Latin America's third-largest economy suffers triple-digit inflation and the fallout of a devastating drought afflicting top farmland, lithium exports helped push up the country's mining exports to $3.86 billion last year - the highest level in a decade, according to economy ministry data.

Argentina's lithium riches, like those in neighboring Chile, are extracted from brine in sprawling salt flats that use the power of the sun to concentrate the ultra-light metal in evaporation pools.

In 2022, lithium exports surged 234% from a year earlier, accounting for nearly a fifth of all Argentine mining shipments.

In a rare bright spot for the country's ailing economy, the trend shows no sign of slowing. During the first two months of this year, exports of the white metal more than doubled, from a year earlier, with February shipments pulling in a record $58 million. The ministry sees mining revenues of $6 billion this year, in part boosted by two new lithium projects set to launch as well as a pair of major expansions underway.

A scramble for the metal has caused its price to skyrocket, which in turn has motivated companies and investors alike. Some of the world's largest mining companies have operations in northern Argentina, including China's Ganfeng Lithium and U.S. miner Livent Corp, which will supply lithium for rechargeable batteries in BMW vehicles.

Mining industry investment since 2020 totals some $11.3 billion, the ministry data showed, including $5.1 billion for lithium and $4.9 billion for copper, also heavily used in EVs.Spanning Chile, Argentina and Bolivia, South America's so-called "lithium triangle" accounts for more than half of global lithium supplies.

MARKET MONITOR as of 07:54 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$69.00 / bbl	-0.48%	-14.03%
NYMEX RBOB Gasoline	$2.49 / gallon	-0.62%	0.50%
ICE Gas Oil	$768.50 / tonne	-0.26%	-16.56%
NYMEX Natural Gas	$2.28 / mmBtu	-3.02%	-49.12%
Spot Gold	$1,939.60 / ounce	-0.03%	6.31%
TRPC coal API 2 / Dec, 23	$128.25 / tonne	2.60%	-30.58%
Carbon ECX EUA / Dec, 24	€93.85 / tonne	0.55%	6.65%
Dutch gas day-ahead (Pre. close)	€40.80 / Mwh	1.62%	-46.01%
CBOT Corn	$6.28 / bushel	-0.40%	-7.52%
CBOT Wheat	$6.74 / bushel	-1.43%	-13.73%
Malaysia Palm Oil (3M)	RM3,666 / tonne	-3.12%	-12.17%
Index (Total Return)	**Close 21 Mar**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	282.50	1.00%	-6.25%
Rogers International	25.92	0.02%	-9.58%
U.S. Stocks - Dow	32,560.60	0.98%	-1.77%
U.S. Dollar Index	103.26	-0.02%	-0.26%
U.S. Bond Index (DJ)	404.76	0.11%	3.02%

Top News - Carbon & Power

TotalEnergies' bet on gas means no big emissions cut by 2030

French oil major TotalEnergies forecasts its overall greenhouse gas emissions will not see a big reduction by 2030 given it wants to grow its gas business, executives said in an update on its climate strategy on Tuesday.
TotalEnergies plans to boost its liquefied natural gas (LNG) output by 40% this decade.
Chief Executive Patrick Pouyanne said the company should not be held accountable for its customers' combustion of fuels it sells, adding that when TotalEnergies sells gas to replace more polluting coal, this was a net positive for the climate.
End-user emissions, referred to as Scope 3, stood at 389 million tonnes CO2e last year and TotalEnergies' forecasts this metric to broadly stagnate and stand at less than 400 million tonnes CO2 equivalent (CO2) by 2030.
Scientists say the world needs to cut greenhouse gas emissions by around 43% by 2030 from 2019 levels to have any hope of meeting the Paris Agreement goal of keeping global warming well below 2 degrees Celsius above pre-industrial levels.
"(Regarding) the volume of Scope 3, we put 400 million (...) but we did not lower that target because we don't consider that we have an impact on some of it," Pouyanne said.
TotalEnergies aims to reduce emissions from its oil products by 40% in 2030 from 2015 levels, increasing its reduction target from the 30% announced last year.
"The net takeaway is that even when our gas-related Scope 3 emissions go up, the world is better off," said the company's Strategy and Sustainability chief Helle Kristoffersen, echoing Pouyanne's point on replacing coal.
Mark van Baal, founder of the climate activist group Follow This, said "TotalEnergies has no targets that lead to absolute emissions reductions by 2030...Setting a Paris-aligned medium-term target covering Scope 3 is paramount."
"The company is determined to hang on to their fossil business model as long as possible. Only shareholders can change their mind," he added, pointing to a climate resolution Follow This filed for TotalEnergies' May shareholder meeting.
In comparison, rival BP plans to cut its well-to-combustion greenhouse gases, including Scope 3 emissions from all fuels derived from its oil and gas output, by 20-30% in absolute terms by 2030 compared with 2019.
Shell has ruled out setting any absolute Scope 3 emissions reduction target. Meanwhile, TotalEnergies plans to reduce the emissions intensity of the fuels it sells by 25% by 2030 from 2015 levels.
This compares with an emissions intensity reduction target of 15-20% by BP from a 2019 level and 20% versus 2016 by Shell.
Measuring emissions performance by intensity means a company can technically increase its fossil fuel output and overall emissions while using offsets or carbon capture and adding renewable energy or biofuels to its product mix.

EXCLUSIVE-EU drafts plan to allow e-fuel combustion engine cars

The European Commission has drafted a plan to allow sales of new cars with internal combustion engines after 2035 if they run only on climate neutral e-fuels, as it tries to resolve a spat with Germany over moves to phase out combustion engine cars. The draft proposal, seen by Reuters on Tuesday, suggests creating a new type of vehicle category in the European Union for cars that can only run on carbon neutral fuels.
Such vehicles would have to use technology that would prevent them from driving if other fuels are used, the draft said.
The proposal could offer a route for carmakers to keep selling combustion engine vehicles after 2035, the date when a planned EU law is set to ban the sale of new CO2 -emitting cars.
After months of negotiations, EU countries and the European Parliament agreed the law last year. But Germany's Transport Ministry surprised other countries this month by lodging last-minute objections to the law, days before a final vote that would have seen it enter into force.
The Ministry's core demand is that the EU allow sales of new cars running on e-fuels after 2035.
On Tuesday, it said it was in contact with the Commission to try to reach a solution on an issue being closely watched by Germany's powerful car industry.
"We are interested in a quick clarification, but it must be resilient and binding. We are currently examining this carefully," a spokesperson said.
Two sources familiar with the matter said the Commission's condition that cars must be able to recognise CO2-neutral fuels from fossil fuels was problematic for Germany because it would largely force automakers to develop new engines.
German Transport Minister Volker Wissing did not want to completely reject the Commission's proposal, but rather make some improvements to it, the sources told Reuters.
The parties are aiming to secure an agreement by Thursday's EU summit.

A Commission spokesperson declined to comment on the draft document, but referred to comments by EU climate policy chief Frans Timmermans, who said last week any solution must comply with the 2035 phaseout law agreed last year.
"The talks are ongoing between the Commission and the German authorities," the spokesperson said. An EU official told Reuters on Monday that any proposal on registering e-fuel cars would only be made after the combustion engine phaseout law was finally adopted.
E-fuels are made by synthesizing captured CO2 emissions and hydrogen produced using CO2-free electricity.
They are not yet produced at scale. A study published on Tuesday by the Potsdam Institute for Climate Research found that all planned e-fuel projects worldwide would only produce enough fuel to cover 10% of Germany's demand for e-fuel use in aviation, shipping and chemicals in the next few years.

Top News - Dry Freight

EU 2022/23 soybean imports reach 8.45 mln T, rapeseed 5.87 mln T

European Union soybean imports in the 2022/23 season that started in July had reached 8.45 million tonnes by March 19, down 14.6% from 9.89 million by the same week last season, data published by the European Commission showed on Tuesday. EU rapeseed imports so far in 2022/23 had reached 5.87 million tonnes, up 54% compared with 3.81 million tonnes a year earlier.
The bloc's soymeal imports over the same period totalled 11.24 million tonnes, down 4.6% from 11.78 million the prior season, while palm oil imports stood at 2.65 million tonnes, 29% below a year-earlier 3.73 million.
However, the Commission said that it was still experiencing problems compiling grain trade figures from Germany and Italy. Export data submitted by Germany from November may be inaccurate following the country's switch to a new declaration system, while for Italy import data only went up to Jan. 13, it said in a note.

Thailand increases 2023 rice export target to 8 mln tonnes

Thailand increased its rice export target for this year to 8 million tonnes, a senior government official said on Wednesday, up from a previous target of 7.5 million tonnes. "The global economy is recovering and (there is) higher rice output in the country," Anucha Burapachaisri said, adding that a volatile exchange rate could impact competitiveness.
Earlier this year, Thailand's rice exporters association said it expected the country to export 7.5 million tonnes after the baht strengthened.
In January, rice exports jumped 75% year-on-year to 805,000 tonnes due to higher demand from the Middle East and a weaker baht.
Thailand, the world's third-largest rice exporter after India and Vietnam, sold 7.69 million tonnes of rice in 2022.
Rice exports between January 1 and February 24 this year were at 1.39 million tonnes, Anucha said.

Picture of the Day

Orchards sit in floodwaters from the Tule River inundate the area after days of heavy rain in Corcoran, California, U.S., March 21, 2023. REUTERS/David Swanson

(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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