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

Top News - Oil

Hemmed-in: Asia diesel glut grows after Russia ban
Asian gasoil stocks have risen sharply in recent weeks as regional refiners are stuck exporting to markets east of the Suez, with narrower opportunities to send barrels to Africa flooded with Russian cargoes, traders and analysts said.
Asia's stock build follows the European Union's imposition of sanctions on Russian oil products from Feb. 5, which has sent more Russian diesel cargoes to Africa and the eastern Mediterranean, displacing Asian supply.
The supply glut will weigh on spot prices and premiums for the transport and industrial fuel in Asia in the near term, with limited demand locally and from Europe where stock levels are also high, analysts said. Premiums for gasoil have shrunk in the past two months to 70-90 cents per barrel versus Singapore gasoil prices from a high of $1.60 per barrel in mid-February.
Singapore's weekly stockpiles hit a more-than one-year high in the week ended March 15, a sign that regional cargoes are being directed to the Asian blending hub for temporary storage.
"Anticipation is that (the stock) build-up will last three to six months. However, it will depend on global demand growth led by the economic situation in the Western countries," said David Jorbenaze, a senior analyst at analytics and consulting firm ICIS.
Russian exports to African markets including Tunisia, Morocco and Egypt have steadily risen since December, with March loadings likely above 1.15 million tonnes, shiptracking data from Refinitiv and Vortexa showed, levels unseen in the past four years.
Russian diesel loading to the eastern Mediterranean region will stay above 1.3 million tonnes, similar or higher than February volumes, the data showed.
Sufficient supplies from the Middle East and India directed to South Asian markets such as Bangladesh and Sri Lanka amid the closed arbitrage market to northwest Europe and Kuwait's second phase start-up at the Al Zour refinery have further limited destinations for Asian exporters.
North and Southeast Asian exports to northwest Europe slumped in January and February from record highs in the fourth quarter of 2022 to average 230,000-280,000 tonnes per month, Refinitiv and Vortexa data showed.
Most March and April cargoes from Asia are heading to storage tanks in Singapore or Malaysia for contractual delivery or to cover trading positions, one northeast Asian refiner said, citing lacklustre end-user demand.
Average monthly imports in the first quarter were at 1.47 million tonnes for both countries, up from 1.35 million tonnes per month in the fourth quarter of 2022.
Gasoil stored onboard vessels in Singapore and Malaysia also hit a one-year high in early March at 480,000 tonnes, Vortexa data showed.

DEMAND HOPES
Still, some market players are hopeful demand will improve in April to absorb some of the supply, while there is still room in Singapore to hold stocks, with current inventories far below 2020's peak of 16.6 million barrels.
Expectations for lower exports from China in March on domestic stockpiling ahead of the refinery turnaround season will also likely ease the regional supply glut in coming weeks, traders said.
Also, the arbitrage window to Europe could reopen if demand rebounds and if strikes in France are prolonged, which would reduce supplies, a Singapore-based trader added.

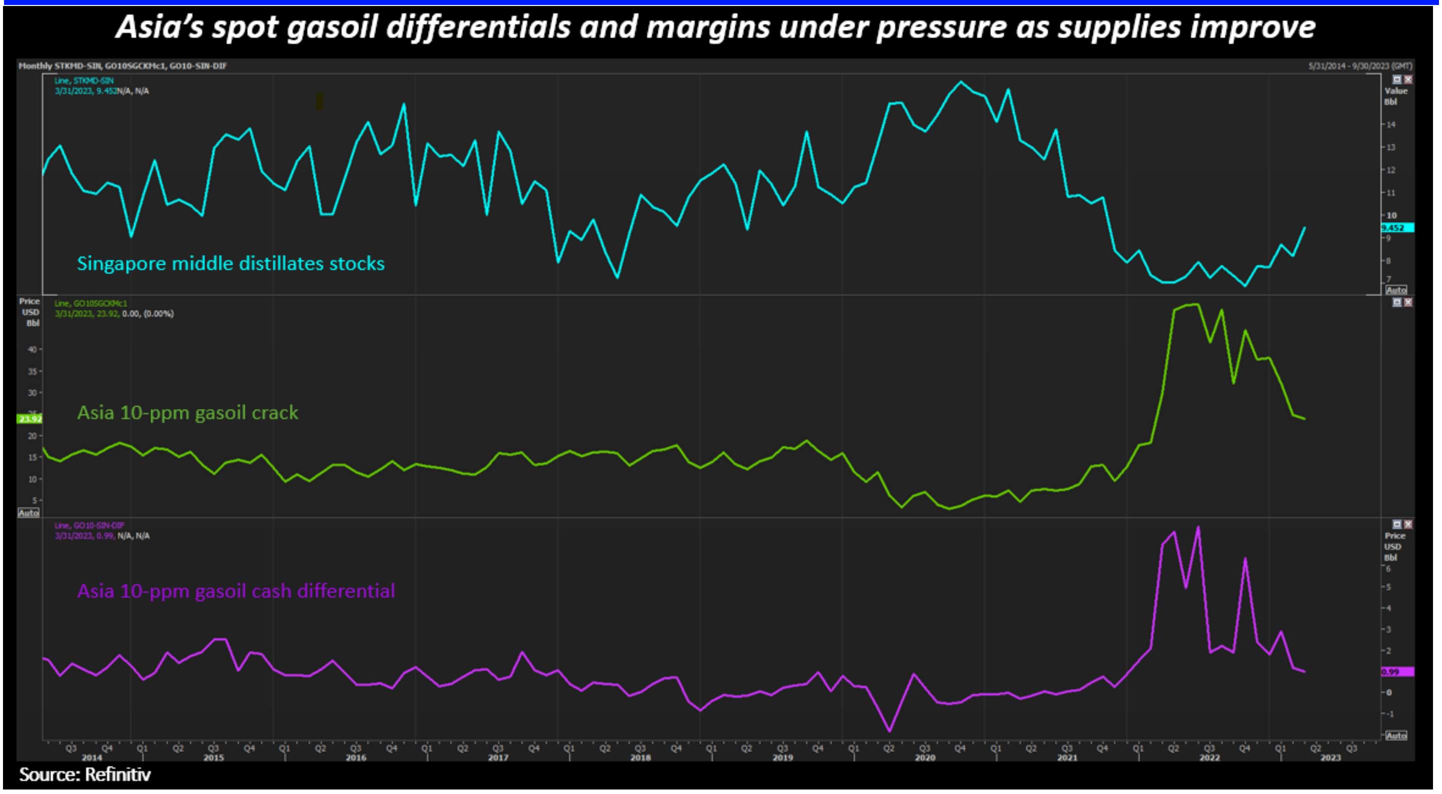
Russia's output cut will take oil output to 9.7 mln bpd in March-June - RIA quotes Novak
Deputy Prime Minister Alexander Novak said a previously announced cut of 500,000 barrels per day (bpd) in Russia's oil production would be from an output level of 10.2 million bpd in February, the RIA Novosti news agency reported.
That would mean Russia is aiming to produce 9.7 million bpd between March and June, when the production cut will be in force, according to Novak - a much shallower reduction in output than Moscow previously indicated.
Russia announced in February the plans to cut oil output, with state media saying the 500,000-bpd reduction would be based on January production levels of 9.8-9.9 million bpd, and would have thus taken Russia's oil output below 9.4 million bpd.
Oil exports are a major source of revenue for Russia but they have come under pressure since the West hit Moscow with sanctions over its military campaign in Ukraine.
The European Union has announced measures that it says cut out 90% of Moscow's oil exports to the 27-member bloc, previously Russia's main market.
Along with the G7 leading economies and Australia, the EU has also imposed a price cap on Russian oil exports that ban their shippers and insurers from dealing with

Russia's sea-borne crude exports where the price paid is above a set level, currently $60 a barrel.
Russia's Urals blend of crude oil has been trading at a steep discount to global benchmark Brent for months. Amid the pressure, Russia has sought to increase shipments to countries such as China and India that have not imposed sanctions on Moscow. Novak said earlier on Thursday that China accounted for 67 million tonnes - or a third - of all Russia's oil exports last year. Novak also said Russia had not received any proposals from members of the OPEC+ group to change the terms of an existing production cut agreement.
Russia's 500,000-bpd voluntary cuts are on top of the OPEC+ deal and were announced last month following the imposition of fresh Western sanctions on Russia's oil exports.

Top News - Agriculture

China agrees to resume imports of Brazilian beef, authorizes four new plants
Efforts by the Brazilian government to lift a month-long ban on beef exports to China paid off on Thursday, as Beijing agreed to resume imports while also approving four new beef-packers based in Brazil, according to authorities in both countries. China's General Administration of Customs approved the resumption of imports of Brazilian beef and authorized the new plants a day after Brazilian Agriculture Minister Carlos Favaro arrived in Beijing ahead of a visit by Brazilian President Luiz Inacio Lula da Silva next week. Sales of Brazilian beef to China were voluntarily halted by Brazilian authorities on Feb. 23, following the discovery of an atypical case of mad cow disease.
More than a quarter of the business leaders travelling to China with President Lula come from Brazil's booming meat industry, highlighting the high stakes for a sector reliant on Chinese demand for most of its exports.
Lula will visit China accompanied by a delegation of 240 business representatives, including 90 from the agriculture sector. Datagro Pecuaria, a consultancy, said on Thursday this is the first time since 2019 that China has issued new export permits for Brazilian beef-packers, referring to the four new licenses granted to JBS SA and another three privately-owned companies.

Chart of the Day



Earlier in the day, Favaro welcomed the lifting of the month-long ban and said this was a sign that could lead to new export permissions. Now, a total of 41 Brazilian beef plants are authorized to sell to China.
Beef producers in Brazil were losing up to $25 million per day with the embargo in place. Some 62% of Brazil's beef exports went to China last year.
In time, Brazil aims to renegotiate a bilateral sanitary protocol under which a single mad cow case triggers an export ban for the whole country.
Shares in Brazilian beefpackers Minerva and JBS rose in morning trade, but later pared gains amid a widespread market rout.
Chinese customers authorities on Thursday also removed a ban on a poultry plant operated by enforced in December 2021, according to Datagro Pecuaria.
The agriculture ministry confirmed the ban was lifted in Rio Grande do Sul, without referencing the company.

Argentina exchange holds soy outlook steady, but early yields disappoint
Argentina's Buenos Aires grains exchange maintained its 2022/2023 production forecasts for both soy and corn on Thursday, but cautioned further cuts were possible with yields on the first batches of soy coming in below expectations. The exchange, which has been forced by a historic drought hitting the country to repeatedly sharply cut soybean and corn harvest forecasts, held its soy estimate at 25 million tonnes and its corn outlook at 36 million tonnes.
"Rains in the central regions put a brake on the deterioration of the crops," the exchange said, adding in a separate report that over the next week the north and center of the Pampas region would get moderate to very abundant rainfall.
Argentina is the world's top exporter of soy oil and meal and the No. 3 for corn. However, the worst drought in over 60 years has hammered production of wheat, corn and main cash-crop soy, likely to see its worst harvest in over 20 years.
The exchange said that yields observed on early harvested soy were below "historical lows and below the initially expected returns. If this trend continues, it could affect our production estimate of 25 million tonnes."
On corn, it added the forecast could also be cut further if yields were found to be below expectations.

Top News - Metals

Goldman hikes gold forecast, reiterates bullish commodities view
Goldman Sachs on Thursday raised its gold price forecasts, describing it as the best hedge against financial risks, and reiterated its bullish view on commodities as a banking crisis has yet to spill over into physical markets. It hiked its 12-month gold price target to $2,050 an ounce from $1,950, joining others such as Citi, ANZ and Commerzbank in raising forecasts.
"We believe the market will be well supported not only by ETF (exchange traded fund) inflows once Fed fund rates have peaked but by a stronger 'Wealth' effect from the East as the USD depreciates into year-end on yield compression and EM GDP grows strongly on China reopening effects," the bank said in a note. Gold broke above $2,000 on Monday on safe-haven demand triggered by the banking crisis before easing following the rescue of Credit Suisse.
The zero-yield asset's prices jumped as much as 2% on Wednesday after the U.S. Federal Reserve indicated an end to rate hikes was on the horizon. Gold would slowly grind higher on central bank buying and geopolitical concerns, despite shorter-term risks such as a likely slowdown in Chinese physical buying, but a break above $2,100 would require the Fed to initiate actual rate cuts, which was not its view, Goldman said. Goldman also said it was confident in its commodity 'supercycle thesis', with supply constraints becoming pronounced later this year, prompting another rise in prices, adding it favored metals over oil near term. "Chinese demand continues to surge across the commodity complex, with oil demand already topping 16 million barrels-per-day," the bank said, forecasting Brent to reach $97 a barrel in the second quarter of 2024. The recent pullback in oil was due to financial risks rather than fundamental supply-demand factors and oil was currently "oversold", it said.

Chinese lithium price dives in heated auto price war
China's lithium prices are plunging faster than expected this year, down 34% in the last four weeks alone, hit by a slump in demand for electric vehicles in the world's biggest market that has left stocks of the metal piling up. Spot lithium carbonate prices assessed by Fastmarkets fell to 260,000 yuan ($38,079.06) per tonne this week, less than half the price quoted last November. Though prices have been falling since late last year, the decline has accelerated in the last four weeks, exceeding the 22% drop during the three months from November to February. Five analysts polled by Reuters last month had expected the price would drop to 300,000 yuan by the end of this year."The scope of such a price fall has exceeded our expectations," consultancy Rystad Energy said in a March 17 note. The world's biggest EV market was already facing slowing demand after China cut subsidies to the sector from this year.

Now EVs are also facing fierce competition from conventional vehicles after carmakers, including SAIC Volkswagen Automotive Co and Geely Automobile, slashed prices on more than 40 brands ahead of stricter emissions rules taking effect on July 1. Traditional car makers and dealers are cutting prices to clear inventories of vehicles that do not meet the new standard. "The unprecedented price cuts among traditional auto makers will eat EVs' market share in the short term, hitting lithium demand further," said Vicky Zhao, a Beijing-based senior analyst at Fastmarkets. The price war in China's car market, escalating from EVs to internal-combustion-engine vehicles (ICEVs), will potentially last through the second quarter, and the entire supply chain is likely to share the profit losses this year, said Jing Yang, Director of Asia-Pacific Corporate Research at Fitch Ratings.

Supercharged in the past two years by strong demand for EVs and limited supply, lithium prices had soared more than 10 times from early 2021 to a record 597,500 yuan last November. Waning demand for EVs in recent months is being exacerbated by mounting supplies of the metal. Readily available stocks in the market are likely in the tens of thousands of tonnes, compared with barely any stocks in the market last year, according to Rystad and Fastmarkets. Lithium prices in the United States and Europe have also fallen, albeit less sharply, amid rising but still tight supplies and a stronger outlook for EV sales. Lithium carbonate prices in Europe and the United States have declined to $61.50 per kg on March 16, down 24% from a peak of $81 per kg late last year, according to Fastmarkets.

MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$70.35 / bbl	0.56%	-12.35%
NYMEX RBOB Gasoline	$2.58 / gallon	0.58%	4.19%
ICE Gas Oil	$783.00 / tonne	0.22%	-14.98%
NYMEX Natural Gas	$2.17 / mmBtu	0.93%	-51.42%
Spot Gold	$1,987.86 / ounce	-0.28%	8.96%
TRPC coal API 2 / Dec, 23	$128.25 / tonne	2.60%	-30.58%
Carbon ECX EUA / Dec, 24	€96.82 / tonne	0.27%	10.02%
Dutch gas day-ahead (Pre. close)	€42.50 / Mwh	7.32%	-43.76%
CBOT Corn	$6.34 / bushel	0.28%	-6.63%
CBOT Wheat	$6.67 / bushel	0.79%	-16.41%
Malaysia Palm Oil (3M)	RM3,623 / tonne	1.51%	-13.20%
Index (Total Return)	**Close 23 Mar**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	282.68	-0.32%	-6.19%
Rogers International	26.00	-0.33%	-9.31%
U.S. Stocks - Dow	32,105.25	0.23%	-3.14%
U.S. Dollar Index	102.53	0.18%	-0.96%
U.S. Bond Index (DJ)	409.32	0.17%	4.11%

Top News - Carbon & Power

French power sector battered again by ongoing strikes

Industrial action disrupting French refineries has left some petrol stations short of fuel as strikes stretched into a 16th day on Thursday, also hitting liquefied natural gas (LNG) terminals, power supply and nuclear reactor maintenance. The action is part of a nationwide movement against pension system changes championed by President Emmanuel Macron that include increasing the retirement age by two years to 64.

As of Wednesday night, some 15% of petrol stations had run out of at least one product, according to energy ministry data cited by the French union of petroleum industries (UFIP). More than a third of stations were facing shortages in three regions in western France and southern France, it said.

There was no need to panic, a UFIP spokesperson said, adding: "We are seeing people rushing to buy (fuel) so we are trying to calm them down."

The French government renewed a requisition order for staff at the Fos-sur-Mer petrol depot operated by Gas Depots of Fos (DPF) in the hard-hit south of the country, an energy ministry spokesperson said.

A requisition order has also been prepared for the Gonfreville site in northern France, but the formal notification has not been issued at this stage, the spokesperson added.

Alexis Antonioli, secretary-general at Gonfreville for the hardline CGT union, told Reuters that the prefect (regional administrator) in that area was trying to force staff back to work to provide kerosene for the Paris airports.

"For us, it's unacceptable. That's why, since yesterday, we refuse to proceed with the (requisition), because we are here to defend the right to strike," Antonioli said.

The civil aviation authority issued a warning on March 17 that kerosene supply for Paris airports was becoming critical, and advised airlines to refuel planes as much as possible before flying to the French capital, AFP reported on Thursday.

The Gonfreville refinery, TotalEnergies' biggest in the country, was shuttered on Tuesday due to the strike, a spokesperson said, which has left storage tanks near full.

"I say it forcefully: if the strike is a fundamental constitutional right, blocking (infrastructure) is not...," Energy Minister Agnès Pannier-Runacher said.

Unions said they would continue their protest.

"We don't have any other choice but to go on strike and block the economy until (Macron) surrenders and withdraws his project," Fabrice Criquet, FO-ADP union general secretary, said.

Force majeure was declared at the Dunkirk LNG terminal in northern France on Thursday after operations were disrupted by the strike, operator Fluxys said in an online bulletin. The action is expected to last until early Friday, restricting delivery capacity at the site to 70 gigawatt-hours per day (GWh/d), the bulletin said.

A general meeting will be held with workers on Friday to decide if the strike will be extended, a union source said.

Eleven nuclear reactors had their maintenance blocked, a CGT union official said. They included the Penly 1 reactor, which was discovered to have new stress corrosion cracks earlier this month. Maintenance disruptions have lasted for 11 days.

The market has already partly reacted to the delays, Rystad analyst Fabian Ronningen said, as the difference between the French and German front-year power prices - nearly gone when the year started - has risen above 50 euros per megawatt-hour (MWh).

"The more delays we see, the higher upside risk there will be to power prices as well," he added.

EU leaders agree to fast-tracked deal on power reforms

European Union leaders agreed on Thursday to back a revamp of the single market, simplified regulations and other steps to ensure the bloc can compete with the United States and China as an industrial leader in green and digital technologies. High energy prices and U.S. President Joe Biden's Inflation Reduction Act, which offers $369 billion of green subsidies that often only apply to products made in North America, have raised EU fears of an exodus of European industry.

Europe's competitiveness in relation to the world's two biggest economies has become a major concern 30 years after it created an internal market, which is largely seamless for goods, but falls short for services.

Dutch Prime Minister Mark Rutte said it was vital to cut red tape and make the most of the single market.

"The internal market is of vital importance for our welfare," he said, adding it had helped make the Netherlands among the world's richest countries.

EU leaders, meeting in Brussels from Thursday for a two-day summit, said the single market was essential to future economic growth, while highlighting areas for improvement.

"The European Council calls for ambitious action to complete the single market, in particular for digital and services," the summit conclusions said.

The conclusions also called for progress in areas to improve the long-term competitiveness of the European Union.

These include simplifying regulation and reducing bureaucratic burdens, such as by accelerating procedures for granting permits for green or digital projects.
The leaders also pressed for the completion of a capital markets union to ease access to private investment, more spending on research and innovation and moves to increase the take-up of digital tools across the economy.
One issue of potential division is the extent to which state aid rules should be relaxed to allow public funds to be pumped into clean tech, although leaders did not discuss this in detail at the summit

Top News - Dry Freight

Insurers covering Ukraine grain corridor shipments for now -Lloyd's exec

Insurers continue to cover grain shipments from Ukraine through a U.N.-backed corridor although more clarity will be required soon, a senior Lloyd's of London official said on Thursday, after the export accord was renewed for at least 60 days. The deal allowing the safe wartime export of Ukrainian grain from its Black Sea ports, initially brokered last July by Turkey and the U.N., was renewed on Saturday for just half the intended period.
Insurance for ships going into the three Ukrainian ports covered by the agreement has been vital, and the war-cover policies need to renewed every seven days.
"There is clearly underlying risk that if events change and somebody wanted to sink a ship to make a point, that clearly our appetite for continuing with those kind of risks might change," Lloyd's market's Chairman Bruce Carnegie-Brown told Reuters.
The shorter renewal term has raised concerns over forward shipments beyond the 60-day period.
The United States has pushed back on Russian demands that Western sanctions be eased before Russia allows Ukrainian Black Sea grain exports beyond mid-May, saying there were no restrictions on Russian agricultural products or fertilizer. Carnegie-Brown said that at the moment, "Ships and cargoes come together at pretty short notice".
"I would have thought that anything less than 30 days notice of the extension becomes a bit problematic," he said after Lloyd's 2022 results were published on Thursday.
There are up to 60 commercial ships still stuck in Ukraine, a year after the start of the war with Russia, with insurers facing at least half a billion dollars of claims.
Ship owners can claim a total loss for vessels stuck for a year from their insurers. When asked about the claims, Carnegie-Brown said, "That number, whatever it is, will begin to crystallize". The U.N. shipping agency, the International Maritime Organization (IMO), said the stranded ships remained a concern. "I will continue to actively pursue all avenues to develop, negotiate and facilitate the safe departure of vessels not covered by the Black Sea grain initiative," IMO Secretary-General Kitack Lim said separately on Thursday.

Indonesia's PT Timah aims to increase export, output by up to 30% - official

Indonesian tin miner PT Timah aims to increase refined tin output and exports by a third this year, after posting a sharp decline in shipments in 2022, a company official said on Thursday. Timah refined tin exports stood at 17,280 tonnes last year, down 28.77% from 24,260 tonnes in 2021, company data showed. "Our 2023 targets increased between 20% and 30%, because we are adding production equipment and increasing cooperation with small miners," said PT Timah Corporate Secretary Abdullah Umar Baswedan on the sidelines of an industry forum.

Picture of the Day

People shop at a wholesale market ahead of the holy fasting month of Ramadan, amid rising commodity prices , in Mosul, Iraq March 22, 2023. REUTERS/Khalid Al-Mousily

(Inside Commodities is compiled by Soumya Chatterjee in Bengaluru)

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