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

Top News - Oil

FOCUS-A year after Iraq-Turkey pipeline halt, no progress to resume flows

A year after the closure of the Iraq-Turkey oil pipeline, the conduit that once handled about 0.5% of global oil supply is still stuck in limbo as legal and financial hurdles impede the resumption of flows, three sources told Reuters.

About 450,000 barrels per day of crude once flowed through Iraq's northern oil export route via Turkey, and its closure has led to the loss of roughly $11 billion to $12 billion for Iraq, the Association of the Petroleum Industry of Kurdistan (APIKUR) estimates.

A restart is not being discussed at the moment, one of the sources with knowledge of the matter told Reuters.

Ankara halted flows on March 25, 2023, after an arbitration ruling found it had violated provisions of a 1973 treaty by facilitating oil exports from the semi-autonomous region of Kurdistan without the consent of the Iraqi federal government in Baghdad.

The court ordered Ankara to pay Baghdad $1.5 billion in damages for unauthorised exports between 2014 and 2018. A second ongoing arbitration case covers the period from 2018 onwards. The countries remain embroiled in a protracted legal tussle, two sources familiar with litigation said.

Meanwhile, Iraq owes Turkey minimum payments as long as the pipeline is technically operational - estimated by consultancy Wood Mackenzie at around $25 million per month - as part of the treaty, in theory providing an incentive to restart flows.

But with Iraq deepening oil export cuts as part of OPEC+'s broader mission to support oil prices, a resumption of northern flows is not on the agenda, two sources told Reuters

POLITICAL LANDSCAPE

Geopolitical factors are also a stumbling block. The Iraqi government's strained relations with the Kurds, a feature of Iraq's political landscape since Saddam Hussein was toppled in the 2003 U.S.-led invasion, have recently soured further.

The United States, which would benefit from the pipeline restart lowering oil prices, has also made a handful of attempts to help broker a deal, said Michael Knights, an Iraq expert at the Washington Institute think-tank.

But with war raging in Ukraine and Gaza, the U.S. government is spread thin, he said. "They've tried to fix this problem about five or six times. And they're tired of it."

The U.S. State Department did not respond to a request for comment.

Also key to any restart deal are the international oil companies operating in the Kurdistan region, who were forced to halt exports as a result of the pipeline closure. Instead, they can only sell oil locally in Kurdistan at a significant discount.

With more than $1 billion collectively owed in overdue payments for oil delivered between October 2022 and March 2023, according to APIKUR, the group continues to push for compensation in line with their contracts.

The companies have also collectively lost more than $1.5 billion in direct revenue since the closure, the group said.

Despite several meetings, neither APIKUR nor its members have received any formal proposals or agreements from Iraqi or Kurdish officials that would lead to a resumption of exports, an APIKUR spokesperson said.

CERAWEEK-Financiers grab reins as new energy startups struggle

Private equity firms are increasing their direct oversight of energy transition companies in their portfolios, taking on added duties to address runaway costs from supply chain issues and preserve valuations, executives said at the CERAWeek energy conference this week.

Excitement around new energy technologies saw billions of dollars of investment poured in the last four years into those aiming to shape the energy transition with biofuels, hydrogen, solar, wind and carbon removal technologies.

But the COVID-19 pandemic, subsequent supply-chain shortages of materials and equipment, slower-than-expected technological developments, and soaring demand for fossil fuels have left many new-energy firms in a precarious state.

Professional investors have reacted by taking a much more hands-on approach, said private equity executives.

Carlyle Group has negotiated for key components on behalf of its portfolio companies, Pooja Goyal, chief investment officer at Carlyle Global Infrastructure, said at the CERAWeek by S&P Global conference in Houston.

It put agreements in place with Chinese suppliers for solar panels, electrical equipment and other components, often jumping the queue on order books backed up for two or three years. This ensured projects could remain on time.

"No matter how much procurement you're doing (at the portfolio company level), you're going to be pretty much irrelevant to the suppliers," Goyal told the conference.

It is not just procurement using economies of scale which buyout firms can offer. Traditional tenets which private equity firms push - such as leveraging their network of investments for collaboration, and drawing on senior people to offer management advice - are more important to startups hitting their first rough patch.

"Beyond capital, companies and founders are looking for investors like TPG that can deliver the full private equity toolkit," Steven Mandel, business unit partner at TPG Rise Climate, said in an interview.

While ensuring these startups can navigate market turbulence and pursue climate goals, the money managers are also making sure their investments achieve expected returns.

Since the start of 2022, the S&P Global Clean Energy index has lost more than a third of its value, versus a 10% gain for the wider S&P 500. Valuations for private companies, while harder to track, are generally believed to have fallen by more than their publicly listed peers.

The correction also offers opportunities for buyout firms to make new investments to ultimately benefit existing businesses. This includes picking up assets or key engineering teams from struggling energy transition firms, including those which went public via blank-check firms during the boom time, and which subsequently lost much of their value.

They could also buy out other investors in the portfolio companies, thereby ensuring management teams have more time to get concepts to market and to achieve profitability.

"In more complex operating environments, entrepreneurs and founders become much more selective about the types of firms they want to partner with," Gabriel Caillaux, head of climate at equity investor General Atlantic, told Reuters.

"Managing geopolitical risk, navigating how to leverage AI, scaling technologies, and ensuring you have a fully-funded business plan" are all things which cleantech CEOs are seeking help with, he added.

Top News - Agriculture

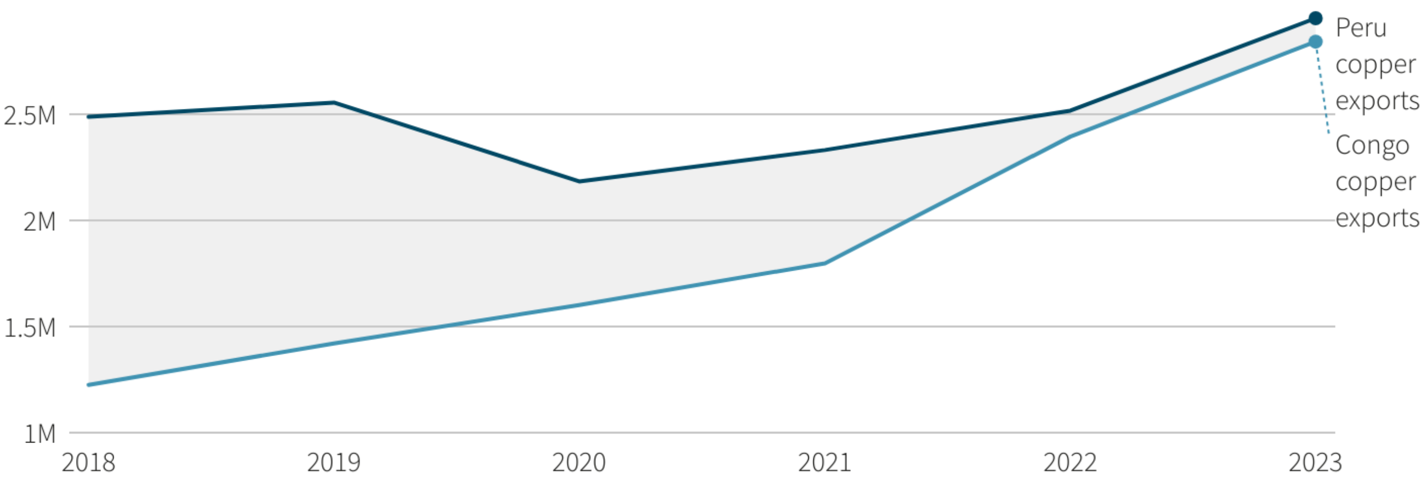
Russian farmers weigh cuts to wheat planting as profitability falls

Russian farmers say they are considering reducing wheat acreage in favour of higher-margin crops like soybeans and peas as low global prices, rising input costs and continued export duties cut into harvests' profitability. Russia, the world's largest wheat exporter, expects a bumper grain harvest of 147 million tons in 2024 and analysts said they did not see potential cuts as a significant threat to the 2024 crop, in which higher-

Chart of the Day

Copper exports: Congo reels in Peru

The Democratic Republic of Congo has narrowed the gap on global No. 2 copper supplier Peru in terms of exports and production of the red metal in recent years, almost matching the Andean country's shipments.



Note: Data is in metric tons of copper;
Source: Congo mining ministry, Peru mining ministry

yielding winter wheat plays a key role.
Data from state statistics service Rosstat cited by Russia's grain union (RZS) show the profitability of grain production fell to 23.9% last year from roughly 70% in 2022.
The profitability of wheat fell to minus 0.9% compared to more than 70% in 2022, according to RZS.
Spring wheat profitability is likely to be zero or negative, while winter wheat profitability may average about 15%, said Salis Karakotov, head of Shchelkovo Agrochem, a large pesticides and seeds company.
"We realise that we're going into a nosedive," said Tatyana Malina, the executive director of AgroGard, which operates in central and southern Russia.
"We are seeing an increase in costs for absolutely all of our inputs ... We are, of course, losing profitability," she told an industry conference in Moscow last week.
Russian agriculture minister Dmitry Patrushev said on Thursday this year's spring sowing campaign is proceeding about twice as fast as last year.
Agriculture consultancy Sovecon estimates the pre-harvest crop of spring wheat has fallen by 0.1 million hectares to 13.0 million as farmers try to switch from wheat to other crops.
Prices for domestic third-class wheat fell to 11,500 roubles per ton last week from 12,500 roubles at the beginning of the year, according to Sovecon. Export prices from the Russian Black Sea port of Novorossiysk fell from $242 a ton FOB in mid-January to below $200 in early March, according to IKAR agriculture consultancy.
"Now we are in a very bad sideways movement, at ultra-low, unusually low price levels," said Dmitry Rylko, head of IKAR.
The low wheat prices are putting strain on farmers.
"Last year we had record yields of wheat, chickpeas, flax and sunflower. And despite this, the profitability of the agro holding's overall production has decreased," Roman Bondarev, an operations director of a major agricultural holding in Russia's south told the Moscow conference.
Experts say there is growing interest in more niche crops, such as chickpeas, flax and sugarbeet.
A farmer in the Voronezh region said he would plant more soybeans.
"This is forcing farmers to look at more marginal crops and change their crop rotation," Nikita Tokmakov said.
Export duties introduced to protect the Russian domestic grain market are also reducing profitability, but the agriculture ministry has said it has no plans to cancel them.

Pricey US sugar imports estimated to rise sharply, says broker

The U.S. is projected to import in the current crop year (October-September) the largest amount of high-duty sugar in at least six years due mostly to falling supplies from trade partner Mexico, broker Czarnikow said in a report on Friday.
The U.S. is estimated to import in 2023/24 around 750,000 metric tons of sugar that will be taxed at the highest level of import duties: $360 per ton, or 16.33 cents per pound, said Czarnikow.
That type of imports keep consumer sugar prices in the country very high, nearly double the international benchmark. The U.S. government has programs for cheaper sugar imports at lower tariffs, but has been unable to fulfill those due to limited supplies in countries holding quotas.
"The amount of high-duty sugar entering the U.S. has doubled in the past five years and we expect this trend to continue," said Czarnikow.
The U.S. imports around a third of its sugar needs. Mexico is the biggest supplier, due to preferential trade terms. But the country has produced less, failing to use all of its quota.
"Mexico is facing a second consecutive poor sugar harvest," said the report, adding that the country, which usually produces nearly 6 million tons per year, made only 5 million tons of sugar in 2022/23 and will likely make 4.7 million tons in 2023/24, a 10-year low.Russian farmers weigh cuts to wheat planting as profitability falls.

Top News - Metals

COLUMN-Copper registers strongest seasonal Shanghai stocks build: Andy Home

The Lunar New Year holiday surge in Shanghai Futures Exchange (ShFE) metal inventories seems to have peaked with registered stocks of copper, aluminium and lead all falling over the last week.
This is an annual phenomenon. While many metal fabricators take downtime over the holiday period, most smelters keep operating, leading to a jump in visible inventory.
Copper has experienced the sharpest seasonal stocks build this year, leaving exchange inventory at the highest levels since 2020.
The rise in ShFE zinc inventories has closely matched last year's pattern, while aluminium has seen a highly muted rebuild by historical standards.
Nickel stocks were increasing before the holiday break and are now at four-year highs. Those of tin are the highest since ShFE launched its tin contract in 2015.

COPPER SURGE
ShFE copper stocks have mushroomed from just 30,905

metric tons at the end of December to 285,090 tons.
The scale of this year's seasonal surge has been the strongest since 2020, when registered inventory peaked at 380,085 tons. The New Year holiday period that year coincided with the first wave of COVID-19 lockdowns and the resulting slump in Chinese manufacturing activity.
This year the jump in exchange stocks likely reflects the combination of fast domestic production growth and higher imports.
The country's output of refined copper rose by 9.0% year-on-year in January-February, equivalent to an extra 159,000 tons, according to local data provider Shanghai Metal Market. Imports rose by 2.6% over the same period.
Stocks registered with Shanghai's International Energy Exchange have also jumped from 9,760 tons at the end of last year to a current 40,511 tons. However, this year's mid-March peak of 45,298 tons fell short of last year's peak of 82,575 tons.

MUTED RISE IN ALUMINIUM STOCKS
ShFE stocks of aluminium fell to 199,757 tons this week from last week's year-to-date high of 206,417 tons.
If that turns out to be this year's seasonal peak, it means the rebuild has been extremely muted relative to the last four years.
Stocks are up by just 100,728 tons on the start of January. By this time last year they had risen by 229,000 tons. The seasonal effect was even stronger over the 2020-2022 period.
Visible inventory remains remarkably low after last year's high imports of over 1.5 million tons and the bullish optics reinforce the narrative of a tight domestic market.

SEASONAL NORM FOR ZINC AND LEAD
Exchange stocks of zinc in Shanghai crept a little higher this week to 121,873 tons and are now up by 100,658 tons on the start of January.
This is very close to last year's seasonal build of 103,441 tons and to that seen in 2021.
Shanghai lead stocks stand at 53,631 tons and are up by just 747 tons since the start of 2024, which is comparable to the 333-ton rise seen over the first three months of last year.
Lead is less exposed to the new year holiday effect, having its own seasonality in the form of car battery kill rates over the northern hemisphere winter months.
China is also exporting ever more refined lead.
Shipments rose by 62% year-on-year to 188,000 tons in 2023, the highest annual volume since 2007.
The steady outbound flow has served to keep Shanghai inventory below the 100,000-ton level for the last two

MARKET MONITOR as of 07:36 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$81.00 / bbl	-0.09%	13.05%
NYMEX RBOB Gasoline	$2.72 / gallon	0.32%	29.18%
ICE Gas Oil	$826.50 / tonne	0.67%	10.09%
NYMEX Natural Gas	$1.65 / mmBtu	-1.84%	-34.29%
Spot Gold	$2,168.09 / ounce	-0.58%	5.11%
TRPC coal API 2 / Dec, 24	$109.25 / tonne	-0.23%	12.63%
Carbon ECX EUA	€61.51 / tonne	4.13%	-23.47%
Dutch gas day-ahead (Pre. close)	€27.33 / Mwh	3.92%	-14.19%
CBOT Corn	$4.52 / bushel	-0.44%	-6.61%
CBOT Wheat	$5.76 / bushel	2.54%	-9.89%
Malaysia Palm Oil (3M)	RM4,242 / tonne	-0.16%	14.00%
Index	**Close 22 Mar**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	330.50	-0.27%	9.65%
Rogers International	27.87	0.31%	5.87%
U.S. Stocks - Dow	39,475.90	-0.77%	4.74%
U.S. Dollar Index	104.35	0.33%	2.97%
U.S. Bond Index (DJ)	424.88	0.42%	-1.35%

years.

NICKEL STOCKS AT FOUR-YEAR HIGH
Shanghai nickel stocks dwindled to just 560 tons in May last year, reflecting a shift in domestic production from the refined nickel that trades on the ShFE to nickel sulphate used in electric vehicle batteries.
The dynamic has changed dramatically over the last year. A new generation of Chinese nickel refineries has started up to capitalise on the burgeoning import flow of Indonesian raw materials.
ShFE stocks have grown to 20,713 tons, the highest tally since December 2020. The build has been mirrored on the London market, where the London Metal Exchange (LME) has been fast-tracking Chinese companies wanting to list their brands. LME stocks have risen by 21% so far this year.

TIN STOCKS HIT RECORD HIGH
Global exchange stocks of tin, by contrast, are showing divergent trends.
Those in London have fallen by a third this year to below 5,000 tons as supply is constrained by export delays in Indonesia.
Shanghai tin stocks have been rising steadily since the start of December and now total 12,021 tons, which is the highest inventory in the contract's nine years of trading history.
The country has been stocking up on refined tin in recent months, imports hitting a record high of 33,470 tons last year.
The opinions expressed here are those of the author, a columnist for Reuters

GRAPHIC-Congo overtakes Peru on copper output, still behind on exports
The Democratic Republic of the Congo overtook Peru as the world's second largest copper producer in 2023, though it still lags the South American country in exports, official data from both nations show.
Congo produced about 2.84 million tons of copper last year, the country's central bank reported. Peru's output was 2.76 million tons, the Andean country's mining and energy ministry said.
Congo has been reeling in Peru's No. 2 copper spot over recent years, with flagging mining investment in Peru linked to red tape and recent political turmoil and protests. Chile remains the distant top producer of the red metal.
Peru, however, is hanging onto its lead over Congo on copper exports. Peru exported some 2.95 million tons of the metal last year, more than its annual production due to sales of stocks held over from previous years.
Rómulo Mucho, Peru's minister of energy and mines, said in early March he expected copper production to increase to 3 million tons in 2024. The ministry did not immediately respond to a request for comment.
Peru's Andes are home to major mining firms including Freeport-McMoRan, MMG Ltd, BHP, Glencore, Teck Resources, Japan's Mitsubishi, and Southern Copper of Grupo México.

Top News - Carbon & Power

CERAWEEK-US gas producers shrug off low prices, bet on LNG boom
Energy executives say they are looking past current ultra-cheap gas prices and betting on a coming wave of new liquefied natural gas (LNG) plants to lift demand - and prices - for the fuel.
Natural gas prices have fallen by one-third this year, undercut by a warmer winter, outages at LNG facilities and higher-than-expected output. The growth in solar and wind power and a pause on new U.S. LNG export permit reviews also have clouded the outlook for future gas demand.
"Domestic U.S. markets are oversupplied," said Chad Zamarin, a senior vice president at gas pipeline operator Williams Cos.
"It will certainly take some time for LNG coming out of the U.S. and a bit of a slowdown in supply to rebalance," said Zamarin, speaking on the sidelines of the CERAWeek energy conference in Houston.
Oversupply in West Texas, home of the top U.S. oilfield, had prices this week at a negative 26 cents per million British thermal units (mmBtu), requiring gas producers to pay someone to take the fuel. U.S. gas prices were trading at $1.66 per mmBtu on Friday, down 74% from the average price in 2022.
"Our pipeline infrastructure is maxed out. It's going to make it very difficult for us to connect markets," said Toby Rice, CEO of the largest U.S. gas producer, EQT Corp. He said permitting reforms are needed to build new lines.
New pipelines and LNG processing plants would allow the U.S. to export the gas now clogging those West Texas lines and supply sustained energy while sun and wind power grow. China and India are moving away from coal to natural gas for electric power, and Europe has turned to the U.S. to replace Russian pipeline gas.
"Gas will continue to play a key role in the future. It's not just a transition (fuel), if you will, we look at it (gas) as being a destination for decades to come," said Clay Neff, Chevron's president for international exploration and production.
Lorenzo Simonelli, CEO of LNG equipment supplier Baker Hughes, said if the U.S. fails to approve new LNG

export plants, demand for the fuel will still be met, mainly from projects in Qatar, Argentina and Africa.

Further U.S. demand for natural gas will likely come from domestic power utilities straining to supply electricity for new data centers that support artificial intelligence, crypto mining and the increasingly digital economy.

"AI is what's going to drive additional energy consumption," said Pierce Norton, CEO of natural gas pipeline operator Oneok, whose company supplies electric utilities.

But John Podesta, the Biden administration's climate envoy, said the power needs could be filled by solar, wind and renewables rather than gas.

"More electrification in the quest for decarbonisation means more pressure to produce clean generation," he said.

GLOBAL LNG-Asia spot LNG gains on supply concerns, steady demand

Asian spot liquefied natural gas (LNG) prices edged up this week to a six-week high amid supply concerns and following some spot demand pickup from buyers.

The average LNG price for May delivery into north-east Asia rose 8% from the previous week to $9.40 per million British thermal units (mmBtu), its highest level since February 9, industry sources estimated.

"European TTF and Asian LNG front-month contracts have reached a six-week high due to unplanned outages and increasing demand from Asian buyers," said Ana Subasic, natural gas and LNG analyst at data and analytics firm Kpler, referring to Europe gas prices at the Dutch TTF hub and Freeport LNG's announcement to shut two of its three trains, or liquefaction units. Subasic added the contracts are expected to hold steady as rising demand in Asia remains a focus point. Asian spot prices had eased to a near three-year low of $8.30/mmBtu last month, as ample inventory levels amid mild winter weather weighed on prices.

Cheaper spot LNG boosted demand from Asian buyers, lending some support to prices.

This has led some buy tenders going unawarded this week after offers were deemed too high, said Samuel Good, head
of LNG pricing at commodity pricing agency Argus.

Additionally, a ramp-up in Thailand's gas production could further curb spot demand, as the Erawan block looks to almost double output, seen late last year, he added, though the market is eyeing the potential for an early summer hot spell in the country.

In Europe, S&P Global Commodity Insights assessed its daily North West Europe LNG Marker (NWM) price benchmark for cargoes delivered in May on an ex-ship (DES) basis at $8.15/mmBtu on March 21, a $0.30/mmBtu discount to the May gas price at the Dutch TTF hub.

Argus assessed the April delivery price at $8.150/mmBtu, while Spark Commodities assessed it at $8.054/mmBtu.

Analysts said maintenance work at Freeport LNG and expectations of colder weather ahead boosted prices in Europe. "Europe is bracing for a cold snap, forecasted to begin this weekend and extend into early next week, which is expected to sustain net withdrawals from storage sites on an aggregated basis," said Kpler's Subasic.

U.S. LNG company Freeport LNG said on Wednesday its Train 2 liquefaction unit has been shut down, while Train 1 will be taken down imminently. It expects inspections and subsequent repairs at both units to be completed by May. Meanwhile on spot LNG freight, Atlantic rates rose to $53,500/day on Friday, said Spark Commodities analyst Qasim Afghan. Pacific rates, however, fell for a fourth consecutive week, easing to $49,250/day.

Top News - Dry Freight

COLUMN-Funds chip away at CBOT grain, oilseed shorts ahead of key US data -Braun

Speculators last week covered short positions in Chicago-traded grains and oilseeds for a second consecutive week as futures continued climbing off recent multi-year lows.

The collective fund positioning is the most bearish for mid-March, which sometimes features relatively tamer market action as traders await pivotal U.S. stocks and acreage data at the end of the month.

In the week ended March 19, most-active CBOT corn and soybeans declined fractionally while wheat and soybean oil notched fractional gains. Soybean meal fell 1.6%.

Money managers’ most notable move in the week ended March 19 was the slashing of their net short in CBOT soybean oil futures and options, to 14,748 contracts from 33,410 a week earlier and 62,473 two weeks earlier. Soyoil futures rose 7% in those two weeks, which featured the biggest round of fund short covering since June, and the most-active contract on March 18 hit a three-month top. Global vegoil prices as well as U.S. crude and gasoline futures have strengthened this month, which began with speculators holding their most bearish ever early March soyoil views.

Funds are holding their most bearish mid-March meal views, but they trimmed their net short in the week ended March 19 despite the price slide. That resulted in a managed money net short of 46,874 CBOT soybean meal futures and options contracts versus 50,935 in the prior week.

Money managers covered shorts in CBOT soybean futures and options through March 19, trimming their net short by less than 7,000 to 148,339 contracts, two weeks removed from the record of 171,999.

The week ended March 19 featured some notable short covering in CBOT corn futures and options, though less so than in the previous week. Money managers cut their corn net short to 242,988 contracts from 255,928 a week before, which is similar positioning as in March 2019.

Commodity index traders' total number of positions in CBOT corn futures and options topped 700,000 contracts last week for the first time since June 2022. Those have expanded by 55% since late December, the type of growth last seen in late 2020. CBOT wheat futures were up through March 19, but money managers expanded their net short to a 15-week high of 80,570 futures and options contracts from 78,870 a week earlier. That resembles funds' year-ago position when wheat futures were trading 24% higher. CBOT corn, soybeans, soybean meal and wheat all made multi-week highs on either Thursday or Friday. Corn was unchanged over the last three sessions, soyoil slid 1%, meal added 1.6% and wheat and beans notched fractional gains.

The U.S. Department of Agriculture will publish 2024 planting intentions and quarterly stock data on Thursday, which will be the market's focus this week in addition to weather for Brazil's corn crop. Analysts expect a rebound in U.S. soybean acres versus last year.

Karen Braun is a market analyst for Reuters. Views expressed above are her own.

Japan buyer agrees to pay Q2 aluminium premium of $145/T, up 61% from Q1, sources say

A Japanese aluminium buyer has agreed to pay a global producer a premium of $145 per metric ton over the benchmark price for shipments in April to June, up 61% from the current quarter, two sources involved in the pricing talks said.

The figure is much higher than the $90 per ton paid in the January-March quarter and falls at the lower end of the initial offers of $145-$155 made by producers.

Japan is an Asia's major importer of the light metal and the premiums for primary metal shipments it agrees to pay each quarter over the benchmark London Metal Exchange (LME) cash price set the benchmark for the region.

Picture of the Day

Malaysians take part in Earth Hour by switching off lights and lighting candles to show symbolic support for the planet and to raise awareness of the environmental issues, in Petaling Jaya, Malaysia March 23. REUTERS/Hasnoor Hussain

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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

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