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Top News - Oil

EXCLUSIVE-Russia orders companies to cut oil output to meet OPEC+ target

Russia's government has ordered companies to reduce oil output in the second quarter to ensure they meet a production target of 9 million barrels per day (bpd) by the end of June in line with its pledges to OPEC+, three industry sources said on Monday.

Earlier this month, Russian Deputy Prime Minister Alexander Novak said that Russia would cut its oil output and exports by an additional 471,000 barrels per day (bpd) in the second quarter, in coordination with some members of the Organization of the Petroleum Countries and allied producers (OPEC+).

Russia plans to gradually ease the export cuts and focus on only reducing output. Novak has not provided the targeted level for output, but production would drop to almost 9 million bpd in June if the reduction is implemented as planned.

The sources, who declined to be named because they were not authorised to speak publicly, said the government had given specific targets to each company, indicating its intention to meet its OPEC+ pledge to cut output to support international oil prices.

Russia's Energy ministry declined to comment. Alexander Novak's press office did not reply to Reuters' request for comment.

Reuters sources said the production cuts would facilitate a seasonal peak in maintenance at refineries, many of which had already reduced fuel production as a result of outages and Ukrainian drone attacks.

Novak late last month said Russian oil output was 9.5 million bpd.

Russian oil and gas condensate production have declined from an annual peak of 11.7 million bpd in 2019 to around 10.8 million in recent months as a result of coordinated actions with OPEC.

Russia decided not to disclose statistics on crude oil production as it treated large amounts of data as classified following the start of what it calls a special military operation in Ukraine in February 2022.

Russian oil production in April, May and June is set to fall by around 3.6%, 4.1% and 4.9% respectively from March, in line with Russia's promises to voluntary reduce production, the data provided by sources and Reuters calculations showed.

Novak has said Russia will reduce output by an extra 350,000 bpd in April, with exports will be cut from March levels by 121,000 bpd. In May, output will be cut by 400,000 bpd and exports by another 71,000 bpd. In June, all the additional cuts will be from oil output.

That does not include production of gas condensate, a type of very light oil, which in 2023 was around 1.3 million bpd.

Indian refiners buy more US crude as Russia sanctions tighten

More than 250,000 barrels per day of U.S. crude is set to arrive in India next month, the highest in more than a year, ship tracking data showed, amid tighter enforcement of sanctions on Russian crude.

India, the world's third-biggest oil importer and consumer, is looking to diversify its oil supplies as fresh U.S. sanctions on Moscow threaten to dent Russian oil sales to India, the biggest buyer of Russian seaborne crude.

About 7.6 million barrels of oil, or 256,000 barrels per day (bpd), were headed to India on three very large crude carriers and three Suezmax vessels, according to ship tracking firm Kpler.

The ships, which were largely headed to India's west coast, were chartered by Reliance Industries, Vitol, Equinor and Sinokor, among others, according to data from financial firm LSEG.

India was the top buyer of Russian oil last year after other groups retreated from purchases following Western sanctions on Moscow for its invasion on Ukraine in February 2022.

Last month, the U.S. tightened efforts to reduce Russia's oil trade adding sanctions on state-owned shipping firm Sovcomflot and 14 crude oil tankers involved in Russian oil transportation.

India's Reliance, operator of the world's biggest refining complex, will not buy Russian oil loaded on tankers operated by Sovcomflot after recent U.S. sanctions, sources told Reuters last week.

More Indian refiners plan to shun Sovcomflot vessels, which may weigh on imports of Russian oil and leave Russia with fewer outlets for its flagship product, sources said.

Top News - Agriculture

Large areas of EU winter grain in mediocre condition, monitor says

Winter grain crops are in mediocre condition in large parts of the European Union despite fair spring weather, EU crop monitoring service MARS said on Monday.

"Since autumn, large parts of western, northern and eastern Europe experienced excessively wet conditions, which negatively affected the sowing, emergence and development of winter crops," MARS said in a monthly report.

In northern and eastern Europe, additional damage to crops was caused by severe frost, it said.

In the north, the most severely affected fields are expected to be resown with spring or summer crops. However, wet weather and waterlogged fields created challenging conditions for the resowing of spring crops, notably in France, the EU's largest grain grower, it said.

Farm office FranceAgriMer on Friday said the state of soft wheat crops remained at a four-year low last week, though traders said that warm, sunny weather this week should help crops after damp conditions since planting.

In eastern Romania and eastern Bulgaria, winter crops are suffering from a lack of rain, which is mainly hurting winter rapeseed, with minimal expectations of a recovery to average yields, MARS said. In its first yield forecasts for 2024, mostly based on historical trends, MARS projected the average soft wheat yield at 5.91 metric tons per hectare (t/ha), up 2% from 2023, while the durum wheat yield was forecast to jump 5% to 3.44 t/ha.

The winter barley yield was expected to fall by 2% to 5.95 t/ha.

In oilseeds, MARS forecast the average rapeseed yield to rise 2% this year to 3.25 t/ha. Brazil's 2023/24 soybean harvest hits 69%, says AgRural

Brazil's 2023/24 soybean harvest hits 69%, says AgRural

Brazil's soybean harvest for the 2023/24 cycle had reached 69% of the planted area as of last Thursday, agribusiness consultancy AgRural said on Monday, up 6 percentage points from the previous week.

The figure was slightly below the 70% seen at the same time a year earlier.

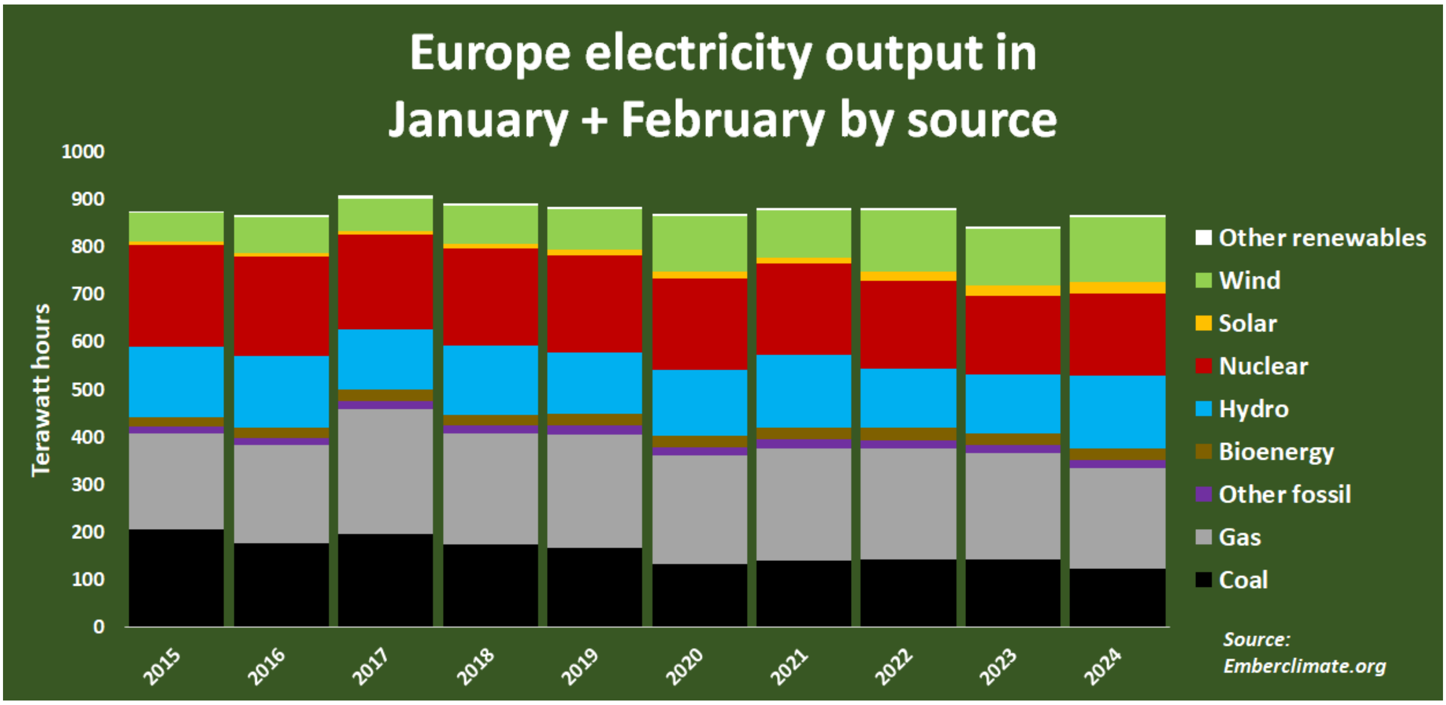
Harvesting is now concentrated in the Matopiba region and in Brazil's southernmost state of Rio Grande do Sul, "where producers are reporting good yields," AgRural said in a statement.

Second corn planting in Brazil's center-south has now been completed, AgRural added, slightly earlier than in the previous when 96% of the area had been sown at this point.

"With sowing over, the focus now shifts to the weather and its impact on crop development," the consultancy said.

Warm weather and irregular rains are a concern to producers in Parana state and southern Mato Grosso do Sul state. Despite a drop in temperatures in recent days, rainfall in both states is still lacking.

Chart of the Day



Top News - Metals

Indonesia's Antam to start building new nickel smelter, HPAL plant in 2025

Indonesian state-controlled miner Aneka Tambang (Antam) aims to launch the construction of two nickel processing facilities next year under its partnership with China's Ningbo Contemporary Brunp Lygend Ltd (CBL).
The projects are part of Antam's deal with CBL to develop an "ecosystem" to produce materials used in batteries for electric vehicles (EV), and part of Indonesia's bigger ambition to set up itself as a production hub for EVs.
Antam and CBL concluded the first stage of the deal in December, through sales of shares in two of Antam's nickel mining units to CBL.
This year, the companies involved are conducting feasibility studies for a rotary klin electric furnace (RKEF) plant to process nickel into crude metal and a high-pressure acid leach (HPAL) plant to extract the material used in EV batteries from nickel ores.
"Next year, at the industrial park, we must (start) building the RKEF and HPAL plants," Nicolas Kanter, chief executive of Antam told reporters late on Monday. He did not give a specific location but Antam said in a statement last year it plans to develop the park in East Halmahera regency in North Maluku province.
Among the items in the feasibility studies are the possibility of using natural gas to power the HPAL plant. Most nickel processing facilities in Indonesia are currently powered by coal.
"We are looking into using gas power for the HPAL plant, but the feasibility study is needed to make sure the economic viability of the project is not significantly impacted," Kanter said.
"We all want 'green nickel' for this project because all consumers now demanded that the ESG aspects are fulfilled," he added.
Joint-venture units will be set up for each the RKEF and HPAL plants, he added.

INSIGHT-America's lithium laws fail to keep pace with rapid development

Washington's drive to make the United States a major global lithium producer is being held back by a confusing mix of state regulations that are deterring developers and hampering efforts to break China's control of the critical minerals sector.
Across Texas, Louisiana and other mineral-rich states, it's unclear who owns the millions of metric tons of lithium locked in salty brines underneath U.S. soils, how the battery metal should be valued by regulators and who ultimately should pay to process it into a form usable by manufacturers.
These legal ambiguities are the latest impediment - alongside technical challenges and sagging commodity prices - to America's plans to produce more of its own lithium and wean the country off foreign supplies, according to interviews with regulators from seven U.S. states, legal experts, politicians, landowners, investors, royalty firms, industry executives and consultants.
U.S. federal officials in Washington are largely powerless to force states to change regulations, leaving the Biden administration's aggressive electrification targets beholden to the pace at which local officials update outdated statutes.
Global lithium demand is expected to outpace supply by 500,000 metric tons annually by 2030. Unless the United States boosts its own production, the country's manufacturers will find themselves reliant on China and others for supply as the end of the decade approaches, analysts warn.
The Texas legislature, for example, last year approved a law - supported by Standard Lithium and Chevron - that instructed the state's oilfield regulator to craft regulations for lithium extraction from brines. But the regulator, known as the Railroad Commission of Texas, told Reuters is has no timeline for when it will finish that task.
"I don't even know where to start in terms of working with the local authorities to get brine mineral rights in Texas. It's confusing," said Brady Murphy, CEO of Tetra Technologies, which aims to produce lithium with partner Exxon Mobil.
The Railroad Commission of Texas told Reuters it plans to release its rules for public comment once they are formulated, and then the three commissioners will vote on them.
While the 1972 U.S. Clean Water Act gives Washington regulatory power over water extraction and reinjection across the country, state officials have autonomy to govern other parts of the process.
Tetra, which also produces chemicals for water treatment and recycling, has tested more than 200 brine samples from Texas, but so far has opted not to do business in the Lone Star State due to legal uncertainty, Murphy said.
Koch Industries-backed Standard Lithium said last October it had drilled a Texas brine well with lithium concentrations nearly as high as those found in parts of Chile, which has the world's largest lithium reserves. But Standard can't touch that lithium until regulations are set.
"We're taking a measured approach to Texas," said Robert Mintak, Standard's CEO.

REGULATORY RISKS

In Oklahoma, which has several brine deposits, the Oklahoma Corporation Commission - which oversees oil and gas development - said it has no jurisdiction over lithium production and royalties, and referred comment to the state's Department of Mines, which said it also does

not oversee lithium.
In Utah, the state legislature and governor approved a bill last year aimed at preventing water levels from dropping in the lithium-rich Great Salt Lake. That led Compass Minerals to abandon plans last month to produce lithium for Ford in the imperiled lake and disband its entire lithium team, saying "regulatory risks have increased significantly around this project."
And in Louisiana, the lack of state guidelines is fueling concerns from legal experts that producers could trespass on neighboring land when they reinject brine after filtering out lithium. Reinjection is a key step to preserve underground water table levels.
"There'll likely need to be a court fight about whether they have the right to do that," said Keith Hall, director of the Louisiana State University's Mineral Law Institute.
The Louisiana Department of Energy and Natural Resources told Reuters it does not have existing statutes related to lithium.
The path is even murkier for water that is extracted alongside crude oil. Oil companies for decades have paid to dispose of that produced water, which contains lithium that could be sold for a profit.
With lithium demand now on the rise, landowners, oil producers, and companies that oversee water disposal are tussling over ownership.
A Texas state appeals court last year ruled that COG Operating controls such water that it extracts alongside crude oil, but the ruling only applied to that specific case. And not all oilfield leases include clauses for who owns other minerals extracted alongside oil, sparking questions as to whether lithium is covered by existing leases or if companies need to negotiate new contracts with landowners.
"That is going to have a chilling effect on capital investments until it's resolved," said Jamie Rhymes, an attorney specializing in minerals contracts at the Liskow & Lewis law firm.

ARKANSAS
Legal experts told Reuters that it's unclear how lithium will be valued for royalty payouts given the cost for equipment to filter the battery metal from brine, which unlike oil typically has no market value itself.
In Arkansas, where Tetra, Exxon, Albemarle and Standard Lithium hope to produce the battery metal within a few years, state officials have been debating a royalty structure to compensate landowners since 2018.
Shane Khoury, who oversees the body that will set the royalty rate in his role as secretary of the Arkansas Department of Energy and Environment, said the state may charge different rates depending how much lithium is

MARKET MONITOR as of 07:36 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$81.82 / bbl	1.48%	14.19%
NYMEX RBOB Gasoline	$2.72 / gallon	0.11%	29.14%
ICE Gas Oil	$829.50 / tonne	0.70%	10.49%
NYMEX Natural Gas	$1.62 / mmBtu	-2.65%	-35.76%
Spot Gold	$2,172.48 / ounce	0.39%	5.33%
TRPC coal API 2 / Dec, 24	$111.25 / tonne	1.83%	14.69%
Carbon ECX EUA	€65.00 / tonne	5.67%	-19.12%
Dutch gas day-ahead (Pre. close)	€28.30 / Mwh	3.55%	-11.15%
CBOT Corn	$4.49 / bushel	-0.72%	-7.28%
CBOT Wheat	$5.69 / bushel	-0.04%	-10.99%
Malaysia Palm Oil (3M)	RM4,234 / tonne	1.10%	13.79%
Index	**Close 25 Mar**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	334.32	1.16%	10.92%
Rogers International	28.02	0.52%	6.42%
U.S. Stocks - Dow	39,313.64	-0.41%	4.31%
U.S. Dollar Index	104.14	-0.31%	2.77%
U.S. Bond Index (DJ)	426.68	-0.27%	-0.94%

in a brine deposit. Albemarle, the world's largest lithium producer with operations in the United States, Chile, Australia, China and elsewhere, plans to open a pilot facility in Arkansas by the end of the year and said it has chosen not to - for now - submit a royalty proposal while it watches Standard's royalty review process. "We're waiting to see how (the Arkansas royalty situation) evolves," said Netha Johnson, the Albemarle executive overseeing the company's Arkansas lithium project. "There's a couple of fundamental differences between the way that brine royalties could be calculated."
Exxon also has not submitted a royalty proposal despite spending more than $100 million in Arkansas and on a Houston test facility as part of an aggressive move into lithium, but said it hopes the state's royalty will be uniform across the state. California, which has giant lithium reserves in its Salton Sea region east of Los Angeles, last year imposed a flat-rate tax for each metric ton of lithium. The move has pushed back development of projects slated to supply General Motors and Stellantis.
California's governor and legislators have defended the tax as a necessary way to ensure all residents benefit from the energy transition.
Nevada, which has the only commercial U.S. lithium operation - a small mine operated by Albemarle - has taxed minerals for more than 100 years, but at a rate based on each facility's revenue.
Industry analysts expect regulations to be eventually set in various states, but predicting when is anyone's guess. "The uncertainty is the scariest part," said the owner of lithium-rich acreage across several states who declined to be named so as not to offend regulators. "How do you develop these projects and muster financial support without a regulatory structure in place?"

Top News - Carbon & Power

COLUMN-Europe's clean power sources on a record roll in early 2024: Maguire
A record 60% of Europe's electricity was powered by clean energy sources in the opening two months of 2024, driven by strong year-on-year growth in hydro, solar and wind generation and a rebound in nuclear power production.
Total clean electricity generation was a record 516.5 terawatt hours in January and February, up 12% from the same period in 2023, data from energy think tank Ember shows.
Fossil fuel-powered electricity production was 351 TWh, the lowest for that period since at least 2015 and down over 8% from the same months in 2023. Coal-fired output during January and February was down nearly 15% from the same period last year, while production from natural gas-fired plants was down 4%.

CLEAN LEADERS
Nuclear facilities remained the largest single source of clean power in Europe, producing 172.5 terawatt hours (TWh) of electricity. That total was 4.1% more than in the same months of 2023, but is the second lowest for the opening two months of the year since 2015, following the closure of Germany's nuclear power plants last year and enduring output issues in France. Hydro dams were the second largest source of Europe's clean power, generating 153 TWh of electricity, or a record 17.6% share of Europe's total electricity generation. Total hydro electricity output was up nearly 23% from the same period in 2023, thanks to strong output in Norway, France, Switzerland and Portugal so far this year. Wind farms generated a record 137.5 TWh of electricity during the first two months of 2024, up 14% from the same period in 2023. Solar-powered electricity generation also scaled a new high of 24.4 TWh, which was nearly 19% more than during the same months of 2023.

GLIDE PATHS
If Europe's electricity generation from solar and wind farms continues to expand at the pace seen in recent years, combined solar and wind output may soon overtake nuclear plants as the main source of clean power in the continent. Combined solar and wind generation has expanded by an annual average pace of 11% per year since 2019, while nuclear output has contracted by around 3% a year over the same period.
So far in 2024, the nearly 162 TWh of electricity generated by wind and solar farms was close to 15% more than during January and February of 2023, and was just 7% less than total nuclear generation this year.
That suggests that if combined solar and wind output expands by the same degree in early 2025, and nuclear generation also expands by the same amount as was seen this year, then total solar plus wind electricity output could surpass nuclear generation as soon as next year.
Such a development would help drive total clean electricity generation to new highs, may help utilities make further cuts to fossil fuel-powered output, and accelerate regional energy transition and pollution reduction efforts.
The opinions expressed here are those of the author, a columnist for Reuters.

Exxon warns Australia faces sharp drop in gas supply, calls for policy stability
Exxon Mobil Corp on Tuesday gave a dire warning about the outlook of Australia's domestic gas supply, joining other gas producers in calling for policy stability and more investment in the sector.

There is an urgent need for new investment in domestic gas supply and infrastructure to provide energy security and affordability for households and businesses, ExxonMobil Australia's Commercial Director David Berman said in a speech to the Australian Domestic Gas Outlook (ADGO) conference in Sydney.
"Without investment, ExxonMobil Australia estimates by 2030 domestic gas supply available to southern states will decrease by 44%," Berman said.
Exxon operates the Gippsland Basin joint venture, the biggest single gas supplier into the country's southern region, which includes New South Wales, Victoria, Tasmania, the Australian Capital Territory and South Australia.
Berman said it takes just months to apply for and receive an onshore and offshore drilling permits in the U.S. but in Australia it can take up to two years.
"Chasing sizably lower domestic gas prices requires significantly shorter regulatory timelines because one third of the gas that will be required by consumers on the east coast between 2025 and 2030 is not in production," he added.
The Gippsland Basin has the resources to be able to help plug the gap, but final investment decisions to develop that gas have yet to be made, Berman said.
Gas producer Senex Energy's Chief Executive Ian Davies said Australia's environmental approval process was killing investment as it takes almost three years for new projects to secure a green light. Davies said the Labor government's planned changes to its environmental protection law had to ensure the nation's resources industry remained competitive. Labor has proposed reforming the Environment Protection and Biodiversity Conservation Act (EPBC) with new legislation and the establishment of an agency to oversee development decisions. The government has argued the changes should reduce red tape and streamline the project assessment process. "The 1,009 days it takes on average to approve a resources project under the EPBC act is killing investment in Australia," Davies told the conference. Minister for the Environment and Water Tanya Plibersek did not immediately reply to a request for comment. Senex, owned by South Korea's Posco International Corp and Hancock Energy, is a Queensland-based gas producer. It had been due to spend A$1 billion on expanding its Atlas project in Queensland's Surat Basin. The expansion was put on hold in December 2022 after the government set a price cap on gas sales by east coast producers to reduce soaring power bills for households and businesses.

Top News - Dry Freight

EXCLUSIVE-Russia's dispute with leading exporter blocks 400,000 metric tons of grain

A dispute with federal authorities is preventing some 400,000 metric tons of grain from being processed and shipped to buyers, the owner of one of Russia's largest grain exporters TD RIF told Reuters.
On Friday, Rosselkhoznadzor, Russia's agricultural watchdog, said there had been an increase in complaints from importing countries about the non-compliance of Russian grain quality with quarantine requirements, including supplies from RIF.
Concerns the flow of wheat from Russia, the world's top exporter, could be disrupted as a result have helped to drive up the benchmark global wheat futures contract in Chicago.
Providing the first insight into how much grain might be affected, TD RIF owner Petr Khodykin said at least 15 ships were stuck as a result of the dispute. He said the quality of grain has not deteriorated in any way.
"We are writing letters trying to figure out what’s going on," he said, adding the ships had been loaded but none had been processed. RIF loaded 12 million tons of grain for export last year and ranked second in terms of export volumes of Russian grain during the current marketing season, he said. The company's management has already appealed to Deputy Prime Minister of the Russian Government Viktoria Abramchenko and Head of the Ministry of Agriculture Dmitry Patrushev. Khodykin said he had also asked the Governor of Rostov Region Vasily Golubev to resolve the issue. Russia's agricultural watchdog on Monday proposed the redistribution of quotas among grain exporters in the case of systematic failures on the part of exporters, such as Russia's RIF trading house. Rosselkhoznadzor said on Friday that since the beginning of 2024, 44 (or 81%) of grain export consignments of more than 1 million tons had been found at TD RIF to be non-compliant with the requirements of importing countries.

Brazil's Rumo, Embraport to build $503 million grains, fertilizer terminal at Santos port

Brazilian rail operator Rumo has signed an agreement with Embraport to build a port terminal handling grains and fertilizers at the Santos port in Sao Paulo state, Rumo said on Monday.
The terminal's construction will cost an estimated 2.5 billion reais and be funded through loans and potential strategic partnerships, Rumo said in a filing.
Rumo said the terminal will be able to move up to 9 million metric tons in grains and 3.5 million tons in fertilizers a year. Construction is subject to the fulfillment of certain conditions, Rumo said, like licensing and legal and regulatory approvals. After these conditions are met, construction should take 30 months.

Picture of the Day

A drone view shows solar panels at a photovoltaic park in Sevremoine near Cholet, France, March 25. REUTERS/Stephane Mahe

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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