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Top News - Oil

Saudi Aramco inks $12.2 bln China oil refinery, petchem complex deal
Saudi Aramco signed an agreement with Chinese partners on Sunday for an oil refinery and petrochemical project in northeast China that is expected to start in 2026 to meet the country's growing demand for fuel and chemicals. The project in Liaoning province's city of Panjin will be Aramco's second major refining-petrochemical investment in China and follows the world's top oil exporter reporting a record profit of $161 billion in 2022.
Joint venture Huajin Aramco Petrochemical Company (HAPCO) will build and operate the complex that will house a 300,000 barrels per day (bpd) oil refinery and a cracker with annual production capacity of 1.65 million tonnes of ethylene and 2 million tonnes of paraxylene, state-owned Aramco said in a statement.
The project is expected to cost 83.7 billion yuan ($12.2 billion), partner Panjin Xicheng Industrial Group said in a statement on WeChat on Sunday.
Construction at the complex will start in the second quarter after the project secures the required administrative approvals, Aramco said. The plant is expected to be fully operational by 2026, it added.
Aramco will supply up to 210,000 bpd of crude oil as feedstock for the plant.
State-owned NORINCO Group, a Chinese military equipment maker, owns 51% of HAPCO while Aramco and Panjin Xincheng hold stakes of 30% and 19%, respectively.
Separately, Aramco on Sunday signed a memorandum of understanding with the southern Chinese province of Guangdong to explore cooperation in sectors including energy, finance, research and innovations, according to a post on the provincial government's website.
Guangdong, China's largest provincial economy, has drawn global firms like Exxon Mobil and, each building large-scale petrochemical complexes producing high-value chemicals.
Before the pandemic, Aramco signed two other initial agreements for refinery-petrochemical investments in China.
These include one with the Zhejiang provincial government to invest 9% in Zhejiang Petrochemical Corp, which operates China's single largest refinery that can process 800,000 bpd of oil. The other is with Shandong Energy that includes a potential crude supply agreement and chemical products offtake deal, as well as exploring collaboration on an integrated refining and petrochemical complex in China.
Earlier in March, Saudi Aramco also broke ground on a $7 billion project to produce petrochemicals from crude oil at its South Korean affiliate S-Oil Corp's refining complex in the port city of Ulsan.

ANALYSIS- Iraq's ambition to match Saudi oil output is out of reach
Iraq's oil output and capacity may peak following growth of around 25% over the next five years, analysts said, falling short of 2027 targets and ending a long-standing ambition to rival the output of top OPEC producer Saudi Arabia.
Political infighting has cost Iraq the opportunity to invest in growing output more quickly. As the energy transition gathers pace, it means Baghdad may never be able to cash in the hundreds of billions of barrels it has in the ground, even with the efforts of the country's new energy minister to attract investment.
Since 2016, Iraq's output has stalled at around 4.5 million barrels per day (bpd).
Before then, capacity grew rapidly as the government opened up the sector in 2009 and international oil companies revamped the country's biggest oilfields.
Growth slowed in part because Iraq agreed to cap output under supply policy agreed with the Organization of the Petroleum Exporting Countries (OPEC) and allies, a group known as OPEC+.
Iraq's Oil Minister Hayan Abdel-Ghani, who took office in October, plans to update Iraq's oil production strategies to meet local needs while complying with the OPEC+ agreement, oil ministry spokesman Asim Jihad told Reuters. It is too early for the new government to talk about any significant increases in Iraq's oil production outside the OPEC+ agreement, Jihad said.
Under the agreement, Iraq's production target is 4.43 million bpd until December.
As a result, Iraq has shifted focus to the refining and gas sectors and lowered capital expenditure in the oil sector, analysts at FGE consultancy and Rystad Energy told Reuters.

'HARD, IF NOT IMPOSSIBLE'
For the oil sector, the country has repeatedly delayed a target to reach 7-8 million bpd capacity, from the current

5 million bpd. The previous government said last year it hoped to reach the higher levels by 2027.

Some energy industry consultancies forecast that Iraq may never reach them.

Capacity would peak and plateau at 6.3 million bpd by 2028 before declining, Iman Nasseri, managing director for the Middle East with FGE consultancy, said. Politics, security and the investment environment were all contributing to prevent Iraq from pushing output higher than that, he said.

"We think Iraq's current target looks hard, if not impossible to achieve," Nasseri said.

Rystad Energy expected production to be limited to 5.5 million bpd by 2027 as a result of midstream growth limitations and because projects that are crucial to boosting output are stuck. Two decades after the war began, the current targets and the even lower forecasts are far off Iraq's post-war goal to take capacity to 12 million bpd. The ambition was scaled back in 2012 after international oil companies operating in Iraq negotiated lower output targets for their fields because of low recovery factors, high natural decline rates and because Iraq was not investing enough in infrastructure, analysts said. The major oil companies had also hoped Baghdad would improve the terms of technical service contracts (TSCs). That never happened, and companies such as ExxonMobil Corp and Royal Dutch Shell left.

ABOVE-GROUND ISSUES

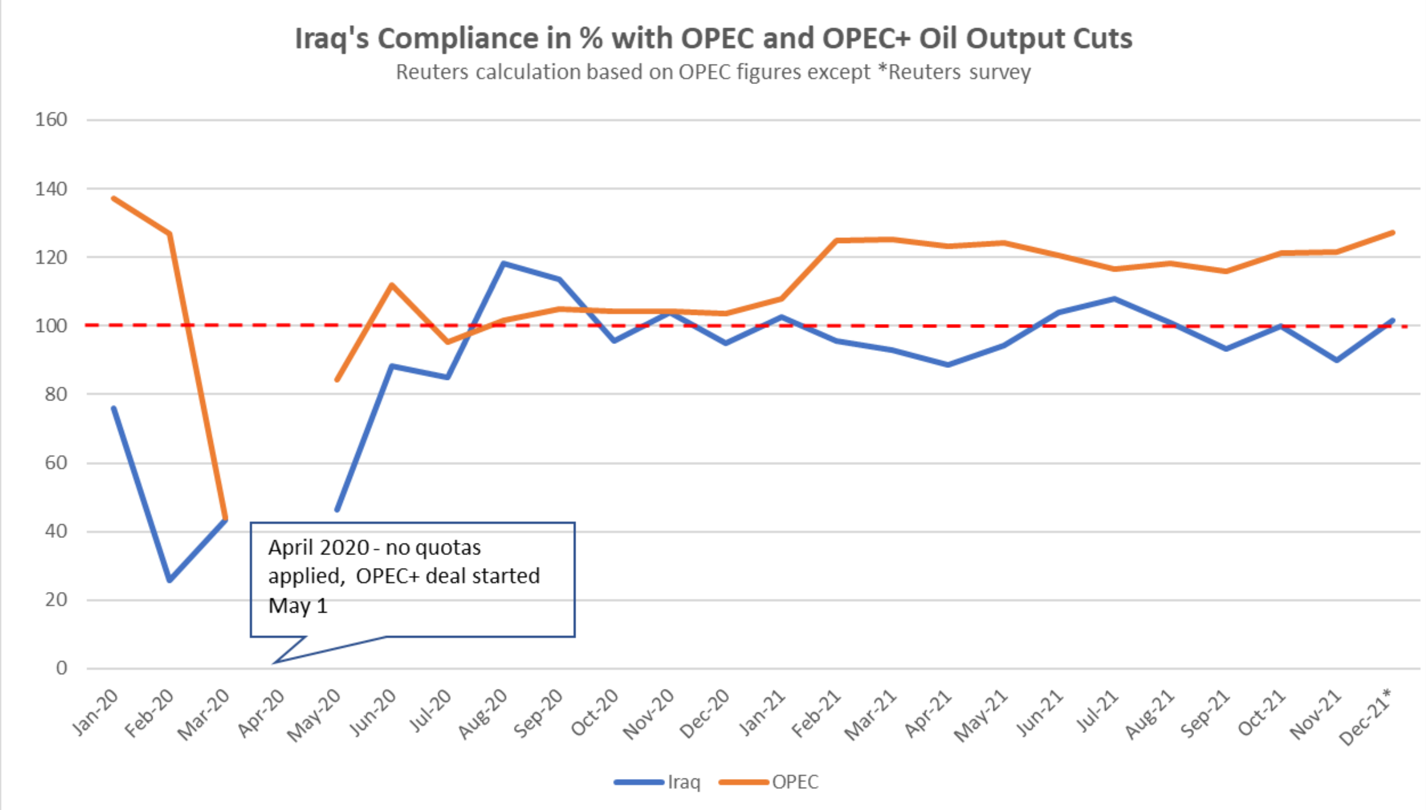
Analysts and industry insiders say the problems are above the ground rather than in the geology below, which has significant unexplored capacity, and include repeated changes to government, political infighting and red tape.

Successive governments failed to sign off on Iraq's fifth licensing round in 2018. Six deals out of eleven oil and gas blocs on offer were eventually signed at the end of February, marking long-awaited reforms to the conditions of operating in the country. The beneficiaries were not the international oil companies, but UAE firm Crescent Petroleum and two Chinese companies. A source close to the Iraq energy industry who could not be named because they were not authorised to speak to the press said the contracts awarded pay royalties upfront and link revenues to oil prices. Abdel-Ghani's decision to sign the deals four months after his appointment may show a new resolve in government to cut deals more attractive to international energy companies, the source said.

Still other issues remain. A large-scale seawater treatment project needed to boost output at the southern oilfields through water injection, has been stalled for over a decade because of haggling over terms.

French oil major TotalEnergies is the latest to take on the project as part of a $27 billion deal to build four oil, gas and renewable projects over 25 years. TotalEnergies

Chart of the Day



CEO Patrick Pouyanne said this month contractual disagreements were unresolved.
"Iraq is not the easiest place to invest with all risk," Pouyanne said.
The water project would boost output at the five Iraqi fields by 2 mln bpd of the 2.4 mln bpd growth needed to reach Iraq's 2027 targets, according to Rystad data and Reuters research. But completion before 2027 is unlikely, Rystad's vice president of Middle East upstream research Aditya Saraswat said.
Iraq's oil minister this month revived seven investment opportunities in Iraq's refining sector.
Even if Abdel-Ghani manages to find companies interested in those projects, Iraq's refining potential only allows 500,000 bpd of crude output growth and this would take time, Saraswat said. Meanwhile, Iraq's southern export capacity has stalled at around 3.2-3.3 mln bpd for the last year following delays to infrastructure upgrades at its Gulf ports, data from state-owned marketer SOMO showed.

Top News - Agriculture

China gobbles up US corn as prices fall

Falling prices have sparked a flurry of Chinese purchases of U.S. corn, as the world's top buyer of the grain scrambles to make up for a slow start to its import program, traders and analysts said. The latest deal, announced by the U.S. Department of Agriculture (USDA) on Friday, saw China buying 204,000 tonnes of American corn, its eighth confirmed purchase in the past nine business days. U.S. corn futures fell 7.3% during February and hit a seven-month low on March 10, before China began its buying spree. The price drop, combined with uncertainty about exports from rival supplier Ukraine and improved shipping conditions along the Mississippi River, made U.S. supplies the most attractive to Chinese buyers. A deal to export Ukrainian grain from the Black Sea was extended this month, but Kyiv and Moscow differ over how long the extension will last. "We're the big game in town," Jack Scoville, analyst at Price Futures Group in Chicago, said about the United States. Export sales of U.S. corn to China totaled 2.245 million tonnes in the week ended March 16, the third biggest weekly total on record, USDA data show. Since then, Chinese buyers have booked deals for another 832,000 tonnes of corn. Since the start of the 2022/23 marketing year in September, China has committed to buy just 7.637 million tonnes of U.S. corn.
That compares with 12.123 million tonnes in the comparable period a year earlier. For the entire 2021/22 marketing year, China bought 14.592 million tonnes of U.S. corn, about two-thirds of their total imports. With Argentina's crop potential severely reduced by a devastating drought, traders said the U.S. will remain the dominant supplier for China until Brazil's second corn crop, or safrinha, is harvested in June.
China, which imported just 7.58 million tonnes of corn in the 2019/20 marketing year, previously relied on domestic production to meet local demand.
It quickly stepped up imports as soy production became a bigger national priority, said Darin Friedrichs, co-founder of Sitonia Consulting in Shanghai.

EU wheat exports shift to Morocco in mixed season marked by war

Morocco has emerged as the biggest export outlet for European Union wheat in 2022/23 as sales to other destinations have been curbed by revived Black Sea competition after war disruption eased. In a year marked by Russia's invasion of fellow grain exporter Ukraine, the EU sold heavily at the start of the July-June export campaign as importers sought alternatives to Black Sea grain. With increased import needs after a drought-hit harvest last year, Morocco became a bigger-than-usual outlet for EU wheat and has overtaken Algeria as the bloc's top destination. Morocco plans to bring in another 1.5 million tonnes of soft wheat over March-May, and importers are expected to stick to EU supplies given logistical and financial risks for Ukraine and Russian grain, Yann Lebeau of French grain industry group Intercereales said. Steady demand from Morocco, as well as large sales to Algeria, China and Egypt, have helped France, the EU's biggest wheat producer, sell most of a non-EU export surplus estimated at just over 10 million tonnes. "The French market fared better by selling a lot early in the season," a trader said. "Other EU countries like Romania are trying to offload wheat with negative physical premiums." Black Sea competition has come back to the fore since the middle of the season, with Ukrainian volumes supported by a wartime Black Sea corridor and Russia finding outlets for its record 2022 harvest. Waning export prospects pushed European and U.S. wheat futures to their lowest since 2021 this week. "Europe and the U.S. have been increasingly incapable of selling their old crop," Rabobank analyst Michael Magdovitz said. After projecting record EU soft wheat exports of 40 million tonnes in 2022/23 at the start of Russia's invasion of Ukraine, the European Commission progressively cut its forecast to 32 million, with other forecasters seeing them closer to 30 million. However, traders don't rule out a late-season wave of EU exports, with doubts over Black Sea supplies persisting as Russia only commits to the corridor deal until mid-May and examines ways to boost its farmgate prices.

Top News - Metals

Northam wants control of RBPlat, but open to JV with Impala – CEO

South Africa's Northam Platinum wants to take full control of Royal Bafokeng Platinum, but would consider a joint venture with rival Impala Platinum, Northam CEO Paul Dunne said on Friday.

Northam has countered bigger rival Impala's bid to acquire the mid-tier RBPlat, triggering a takeover battle that has run for more than a year.

Northam's shares fell more than 8% on Friday to their lowest levels in six months after it skipped a dividend payout despite the 67% profit increase, as the miner focuses on the RBPlat acquisition.

Impala and Northam have built up holdings in RBPlat of 40.71% and 34.52%, respectively, as they jostle to acquire its massive high-grade ore.

"We would like to gain control of the asset and so would Implats. So both of those options are possibilities," Dunne said during a results call, when asked if Northam would consider joint control of RBPlat.

"If Impala and Northam remain as large shareholders of that asset, I think both companies have a lot of value to bring to bear on that ore body," he added. Impala and RBPlat have expressed frustration at the drawn-out takeover battle. On March 2, Impala CEO Nico Muller said South Africa's state-owned asset manager Public Investent Corporation (PIC), a major shareholder in all three miners, could soon announce which offer it was backing.

The PIC, which owns 20.01% of Impala, 17.15% of Northam and 9.42% of RBPlats - making it a potential kingmaker - says it "supports any transaction that can demonstrate benefits for its clients, their beneficiaries and affected communities".

Muller has also left the door open, telling analysts on March 2 that while a joint venture was "not ideal", it could be an option for Impala.

RBPlat is a big part of Northam's ambitions to raise annual output above 1 million platinum group metal (PGM) ounces. The company expects to produce between 790,000 and 820,000 PGM ounces in the current financial year, which ends in June 2023.

Northam produced 393,303 refined PGM ounces from its own operations during the half-year to Dec.31, an increase of 11.9% from the corresponding period of the previous financial year.

Higher PGM production drove Northam's headline earnings per share - the profit measure commonly used in

MARKET MONITOR as of 06:47 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$69.94 / bbl	0.98%	-12.86%
NYMEX RBOB Gasoline	$2.56 / gallon	0.10%	3.19%
ICE Gas Oil	$771.25 / tonne	0.78%	-16.26%
NYMEX Natural Gas	$2.12 / mmBtu	-4.24%	-52.58%
Spot Gold	$1,970.38 / ounce	-0.35%	8.00%
TRPC coal API 2 / Dec, 23	$128.25 / tonne	2.60%	-30.58%
Carbon ECX EUA / Dec, 24	€91.64 / tonne	0.41%	4.14%
Dutch gas day-ahead (Pre. close)	€42.50 / Mwh	-	-43.76%
CBOT Corn	$6.39 / bushel	-0.62%	-5.82%
CBOT Wheat	$6.96 / bushel	-0.61%	-12.36%
Malaysia Palm Oil (3M)	RM3,580 / tonne	1.94%	-14.23%
Index (Total Return)	**Close 24 Mar**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	283.50	0.29%	-5.92%
Rogers International	26.23	0.90%	-8.49%
U.S. Stocks - Dow	32,237.53	0.41%	-2.74%
U.S. Dollar Index	103.12	0.57%	-0.39%
U.S. Bond Index (DJ)	408.86	-0.11%	4.29%

South Africa - to 16.09 rand ($0.8890) in the six months ended Dec. 31, from 9.62 rand a year ago.

GEM plans nickel joint venture in South Korea to serve US demand

China's GEM Co Ltd, a battery and material recycler, has signed a joint venture agreement with SK On and ECOPRO Materials to set up a plant in South Korea to meet the conditions of the U.S.Inflation Reduction Act (IRA), it said on Friday. The joint venture would aim to invest about 1.21 trillion won ($932.56 million) between 2023 and 2026 to build a factory with a minimum capacity of 43,000 tonnes of nickel-based battery material annually, GEM said in a Shenzhen filing.

The plant would aim to meet the battery material sourcing requirements of the U.S. IRA signed into law last August that requires automakers to source 50% of the critical minerals used in EV batteries from North America or U.S. allies by 2024, rising to 80% by the end of 2026.

"GEM hopes to stabilise its core South Korean market, sell into the U.S. and European markets, as well as achieving its vision of 500,000 tonnes of (battery) precursor sales by 2026," the company said.

Setting up a joint venture in South Korea, a U.S. ally, would allow GEM to move capacity out of China and help the country to retain its dominance of mineral processing needed for the tradition to a greener economy.

The IRA law limits EV tax credits to vehicles assembled in North America and was partly aimed at weaning the United States off batteries from China, which make up 70% of global supply.

GEM will own 49.0% or less in the joint venture, with ECOPRO and SK On holding 25.5% or above, it said, adding it was willing to adjust its shareholding to meet the IRA's tax credit requirements.

The U.S. Treasury Department said earlier this week guidance on electric vehicle battery tax subsidies will be released next week under Biden's climate change law.

Top News - Carbon & Power

Australia edges closer to big emissions reduction bill with hit to gas investments

Australia's lower house on Monday passed an emissions reduction plan with curbs on some new gas and coal investments and a cap on total greenhouse gas emissions from the country's biggest polluters after a key deal with the Greens Party. The "Safeguard Mechanism" reform legislation is key to the Labor government's pledge to cut emissions by 43% by 2030 in a country that ranks as one of the world's biggest carbon emitters per capita.

Weeks of talks with the Greens Party, whose support is needed in the upper house Senate, yielded changes including a hard total emissions cap, ministerial review for projects that raise total emissions and compulsory disclosures for polluters that rely heavily on carbon offsets to meet their targets.

The updated legislation also requires all new gas projects in the Beetaloo Basin to have net zero carbon emissions and new gas fields supplying existing liquefied natural gas (LNG) plants to have net zero reservoir emissions, imposing new costs.

"Today, we are a step closer to achieving net zero by 2050," Energy Minister Chris Bowen said.

Support from the Greens, who originally wanted to ban all new fossil fuel projects, leaves the government short two votes in the Senate, where it is wooing independents.

The plan, due to take effect on July 1, aims to make about 215 oil, gas, mining and manufacturing facilities that annually emit more than 100,000 tonnes of carbon dioxide-equivalent (CO_2-e) cut their emissions by 30% over the next seven years. Under the revised legislation, projects such as the massive Browse field that Woodside Energy wants to develop would have to have carbon capture and storage to achieve net zero.

Shares in Woodside fell 2.3%, while Tamboran Resources, which is looking to develop a project in the Beetaloo, fell 6.7% in a broader market that was up 0.2%.

The government said it would tip in A$400 million ($266 million) to help the cement, steel and aluminium industries decarbonise.

German power grid firms list costs to meet zero-carbon targets

Boosting German power transmission lines to accommodate a shift to zero-carbon generation industry will require 14,197 km (8821.61 miles) of new networks costing billions of euros, the country's high voltage grid firms (TSOs) said on Friday. A rolling development plan presented for public consultation by the four companies calls for additional investments of 128.3 billion euros ($137.72 billion) from now up to 2045, completion of some may need to be brought forward to 2037.

The total sum was broken down into 41.6 billion for onshore and 86.7 billion euros for offshore measures.

The plan will require 5,742 km onshore and 8,455 km offshore cables as well as the construction of five big direct current lines onshore, and 20 offshore cable transmission systems, the companies said in a joint statement.

The consultation will run until April 25.

The four companies - Amprion, 50Hertz, TenneT and TransnetBW - have to ensure the stable performance of the grids in the face of a growing share of more intermittent power supply from renewable sources.

Germany wants to obtain 80% of its 2030 power output from renewables such as wind and solar energy to meet a target of a 65% cut in overall CO_2 emissions compared with 1990.
Berlin also wants the power sector to be 100% green by 2035, while assuming a doubling of power demand by 2045.
To get there, installed power capacity must rise five-fold from today's level to reach 700 gigawatts in 2045, while many grid measures initially planned for 2045 may be brought forward, the TSOs said.
Power grids must be extended to reach green energy sites and transmit their output, crucially connecting the industrial south to northern wind power, and to hook up new electrolysis plants which will produce green hydrogen from electricity.
The operators' costs are mainly shouldered by consumers via grid usage fees, which account for about a quarter of electricity bills.
Confronted with the looming costs, the Dutch government is trying to get out of its stake in its German TenneT division.

Top News - Dry Freight

Iraq to import 600k-1 mln tonnes of wheat if harvest meets expectations

Iraq expects to import anywhere from 600,000 to one million tonnes of wheat if this year's harvest season reaches its four million tonne objective, Iraqi state news agency quoted a trade ministry official as saying on Saturday. On March 14, Iraqi agriculture minister Abbas Jabr said his country expects its wheat production to reach 4 million tonnes for the 2022-2023 harvest.

Taiwan buys estimated 56,300 tonnes wheat of U.S.-origin in tender – traders

The Taiwan Flour Millers' Association purchased an estimated 56,300 tonnes of milling wheat to be sourced from the United States in a tender on Friday, European traders said. The purchase involved various wheat types for shipment from the U.S. Pacific Northwest coast between May 10 and May 24.
The purchase involved U.S. dark northern spring wheat of a minimum 14.5% protein content bought at $355.56 a tonne FOB U.S. Pacific Northwest coast, traders said.
It also involved hard red winter wheat of a minimum 12.5% protein content bought at $357.05 a tonne FOB and soft white wheat of a minimum 8.5% and maximum 10% protein bought at $287.11 a tonne FOB.
The purchase has an additional freight charge of $33.99 per tonne for ocean shipping from the U.S. Pacific Northwest coast to Taiwan, they said.
The seller of all the grain was said to be trading house United Grain Corporation.
The association’s tenders traditionally provide an accurate snapshot of U.S. export prices in Asian markets.

Picture of the Day

ICE high-speed trains are parked in a depot of German railway company Deutsche Bahn during a nationwide strike called by the German trade union Verdi over a wage dispute in Hamburg, Germany, March 27, 2023. REUTERS/Fabian Bimmer

(Inside Commodities is compiled by Soumya Chatterjee in Bengaluru)

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