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Top News - Oil

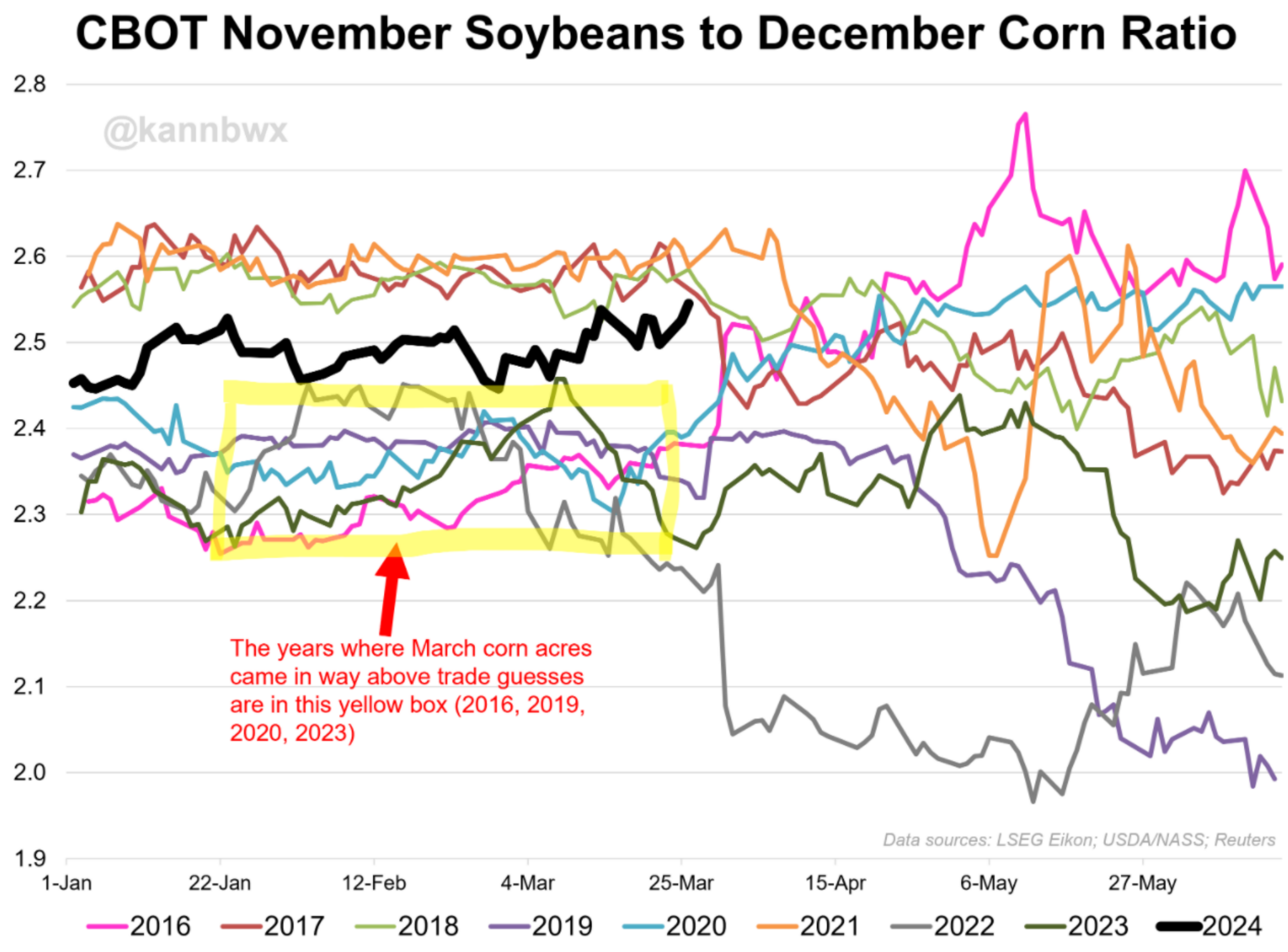
OPEC+ unlikely to change output policy before June meeting
OPEC+ is unlikely to make any oil output policy changes until a full ministerial gathering in June, three OPEC+ sources told Reuters ahead of next week's gathering of ministers that is not expected to make any policy recommendations.
The Organization of the Petroleum Exporting Countries and allies led by Russia, known as OPEC+, will hold an online joint ministerial monitoring committee meeting (JMMC) on April 3 to review the market and members' implementation of output cuts.
The sources, who asked not to be named because they were not authorised to speak publicly, said they did not expect action until June and the April meeting could be swift and straightforward.
OPEC and the Saudi Energy Ministry did not respond immediately to emailed requests for comment.
Already, OPEC+ members led by Saudi Arabia and Russia early this month agreed to extend voluntary output cuts of 2.2 million barrels per day (bpd) to the end of the second quarter to support the market.
So far this year, international oil prices have been strong, with Brent holding above $86 a barrel on Tuesday, up from lows just above $70 hit late last year.
This year's strength has resulted from concerns in the market of supply disruption because of war in the Middle East and attacks on Russian energy infrastructure, though economic uncertainty and increased supplies from beyond OPEC+ have limited further rises.
When the voluntary curbs expire at the end of June, the total cuts by OPEC+ are set to decline to 3.66 million bpd as agreed in earlier steps starting in 2022.
The JMMC brings together leading OPEC+ countries including Saudi Arabia, Russia and the United Arab Emirates.
The panel usually meets every two months and can make recommendations to change policy that can then be discussed and ratified in a full ministerial meeting including all members.

EXCLUSIVE-Russia struggles to collect oil payments as China, UAE, Turkey raise bank scrutiny
Russian oil firms face delays of up to several months to be paid for crude and fuel as banks in China, Turkey and the United Arab Emirates (UAE) become more wary of U.S. secondary sanctions, eight sources familiar with the matter said.
Payment delays reduce revenue to the Kremlin and make them erratic, allowing Washington to achieve its dual policy sanction goals - to disrupt money going to the Kremlin to punish it for the war in Ukraine while not interrupting global energy flows.
Several banks in China, the UAE and Turkey have boosted their sanctions compliance requirements in recent weeks, resulting in delays or even the rejection of money transfers to Moscow, according to the eight banking and trading sources.
Banks, cautious of the U.S. secondary sanctions, started to ask their clients to provide written guarantees that no person or entity from the U.S. SDN (Special Designated Nationals) list is involved in a deal or is a beneficiary of a payment.
The sources asked not to be named due to the sensitivity of the issue and because they are not allowed to speak to media.
In the UAE, banks First Abu Dhabi Bank (FAB) and Dubai Islamic Bank (DIB) have suspended several accounts linked to the trading of Russian goods, two sources said.
UAE's Mashreq bank, Turkey's Ziraat and Vakifbank and Chinese banks ICBC and Bank of China still process payments but take weeks or months to process them, four sources said.
Mashreq bank declined to comment. UAE's FAB and DIB banks, Turkey's Ziraat and Vakifbank, China's ICBC and Bank of China did not reply to requests for comments.
Kremlin spokesperson Dmitry Peskov said payment problems exist when asked about reports that banks in China have slowed payments.
"Of course, unprecedented pressure from the United States and the European Union on the People's Republic of China continues," Peskov told a daily conference call with reporters.
"This, of course, creates certain problems, but cannot become an obstacle to the further development of our trade and economic relations (with China)," Peskov said.

U.S. EXECUTIVE ORDER
The West has imposed a multitude of sanctions on Russia after it invaded Ukraine in February 2022.
Dealing with Russian oil is not illegal as long as it is sold below a Western-imposed price cap of $60 per barrel.
Russian oil exports and payments for it have been disrupted in the first months of the war but later normalised as Moscow re-routed flows to Asia and Africa away from Europe.
"Problems returned from December after banks and companies have realised the threat of U.S. secondary

sanctions is real," one trading source said. The source was referring to a U.S. Treasury executive order published on Dec. 22, 2023, which warned it could apply sanctions for the evasion of the Russian price cap on foreign banks and called on them to boost compliance.
It became the first direct warning about a possibility of secondary sanctions on Russia, putting it on par with Iran in some areas of trade.
Following the U.S. order, Chinese, UAE and Turkish banks that work with Russia have increased checks, started asking for extra documentation and trained more staff to make sure deals were compliant with the price cap, the trading sources said.
Additional documents can also include details on the ownership of all companies involved in the deal and personal data of individuals controlling the entities, so that banks can check on any exposure to the SDN list.
In the end of February UAE banks had to rise payment scrutiny as they were asked to provide data to the U.S. correspondent banks and the U.S. treasury if they have transactions that go to China on behalf of a Russian entity, according to one banking source familiar with the matter. "
This meant delays in processing payments to Russia," one of the sources said.
One source said one payment had been delayed by two months, while another said the delays amounted to two to three weeks.
"It has become tough and not even for the dollar transactions.
Sometimes it takes weeks for a direct yuan-rouble transaction to be executed," one of the traders said.

Chart of the Day



Top News - Agriculture

EU 2023/24 soft wheat exports down 2% at 22.8 mln T by March 23

Soft wheat exports from the European Union since the start of the 2023/24 season in July had reached 22.8 million metric tons by March 23, down 2% compared with 23.2 million a year earlier, data published by the European Commission showed on Tuesday.

EU barley exports totalled 4.2 million tons, down 12% against 4.8 million tons in the corresponding period in 2022/23, while EU maize imports were at 13.2 million tons, 38% below the year-earlier 21.5 million tons.

The publication was the first for three weeks due to a prolonged technical issue, and some data was still lacking.

The latest EU figures went up to Saturday, rather than Sunday as normally. Among EU countries, data for Ireland was missing since June 2023, import data for Bulgaria only ran up Jan. 10, 2024 and import figures for Hungary went up to Nov. 27, 2023, the Commission said in a note. EU wheat imports were running above last season's pace, with soft wheat imports up 4% at 7.12 million tons, led by nearly 5 million tons from Ukraine.

High volumes of Ukrainian grain shipped to Europe, since Russia's invasion disrupted Ukraine's traditional sea trade, have caused a backlash among EU farmers.

The bloc is proposing to include maize in Ukrainian farm products subject to trade limits but France is pushing for wheat to be added the list.

COLUMN-Heavy US corn market seeks to avoid acreage bomb on Thursday - Braun

Grain market analysts predict U.S. corn plantings will fall from last year’s decade high in favor of soybeans, which may present better profitability prospects for farmers.

But U.S. farmers’ planting intentions have been notoriously hard to predict in recent years, and crop prices are much lower than both a year ago and last fall, when many producers make planting decisions.

Chicago corn and soybean futures have popped this month, but prices will be tested again on Thursday when the U.S. government publishes its survey-based planting estimates, known to set the tone for the markets headed into the U.S. growing season. On average, analysts expect 2024 U.S. corn plantings at 91.776 million acres, down 3% from 2023 but up slightly from the 91 million acres the U.S. Department of Agriculture projected for 2024 back in February. Soybean plantings are seen at 86.53 million acres, up 3.5% from last year but below USDA’s February projection of 87.5 million. The estimates are due on Thursday at noon EDT (1600 GMT).

MORE CORN OR NO?

Ideas that U.S. corn supplies could reach multi-decade highs following the 2024 harvest have weighed heavily on corn prices. Excessively large corn acres relative to trade estimates on Thursday could hurt chances for a spring rally, especially since large speculators have recently covered a chunk of short positions. But 2024 may not fit the mold of other recent years that featured bearish corn plantings in March.

For one, new-crop corn prices are relatively weak versus soybeans, and all the recent years with shockingly large corn acres are ones where corn was a bit stronger in comparison. Additionally, the bearish March corn acreage years, including 2016, 2019, 2020 and 2023, all followed years where corn plantings were relatively low. U.S. farmers last year planted 94.6 million acres of corn, the most since 2013. Back-to-back years of huge corn acres are rare. The last time corn area was notably above the running five-year average in consecutive seasons was 2012 and 2013, years when prices were similarly strong during planting decision time. Analysts’ 2024 corn area guess is 0.7% above the recent average of 91.1 million acres, a deviation considered non-notable in this analysis. Only three of 25 polled analysts expect corn acres at 92.5 million or above, but the bearish scenario cannot be ruled out, especially in a year following a major market adjustment. Last October, new-crop 2024 soybean futures were relatively strong versus 2024 corn, as is currently the case. But new-crop corn was trading more than 10% higher in October versus early March, when the survey was taken. Although beans were 8% stronger in October versus March, U.S. farmers notoriously love to plant corn and hope huge yields will offset costs, and corn independently of soybeans may have looked better last fall than it does now.

TRADE TRENDS

In the last eight years, March corn acres fell outside the range of analyst estimates six times (not 2018 or 2023), though the bias was 50-50 on whether acres landed above or below the average trade guess. March soybean acres have a much more distinct trend, coming in above trade estimates only three times in the last 15 years (2014, 2017 and 2022).

The 2022 instance should have never happened as final acres came in much lower than both USDA’s March estimate and the average March trade guess.

That was probably linked to the trade's massive over-estimation of corn plantings in March 2022, as high corn prices had analysts ignoring the huge, acreage-curbing surge in fertilizer prices that started the previous fall.

The last three times March soybean acres landed outside the range of trade estimates were 2018, 2017 and 2012.

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

Top News - Metals

Chile opens lithium salt flats for investment, saves two for state control

Chile's government on Tuesday opened up more than two dozen lithium salt flats to private investment, while reserving the prolific Atacama and Maricunga deposits for state majority control in lithium extraction.

The long-anticipated announcement sheds light on how President Gabriel Boric's government plans to carry out a policy announced last year to boost state control over the South American country's lithium industry, the world's second-largest after Australia.

The opening to fresh projects could more than double Chile's production of lithium, a key material for electric vehicle batteries, in a decade, said Finance Minister Mario Marcel.

"What we announced a year ago is starting to become a reality," he told a press conference.

Officials said they would open a tender process in 26 salt flats in April, set to conclude in July, although not all would necessarily attract interest, officials said.

In another five salt flats, state-run companies are already beginning projects and seeking partners. Only two companies currently extract lithium in Chile - Chile's SQM and U.S.-based Albemarle - both in the Atacama salt flat.

The Atacama salt flat has the world's highest concentration of lithium in brine, and the Maricunga salt flat also has some of the highest levels in Chile.

The government appointed state-run copper giant Codelco to negotiate joint ventures with each company. So far, the miner has inked a preliminary deal with SQM set to run through 2060.

Codelco this month also completed the $244 million acquisition of Australia's Lithium Power International, which owns the Salar Blanco project alongside Codelco's own holdings in Maricunga.

Officials on Tuesday said the government is also interested in participating in lithium projects outside Atacama and Maricunga, without a majority stake.

Some projects led by private companies will require approval by local indigenous communities, depending on the potential impact in each region, officials said.

Mining Minister Aurora Williams noted that officials are still evaluating the creation of a national lithium company, part of the plan outlined last year, without a deadline for next steps.

Environmental protection will be granted to 30% of the salt flats, in areas that have yet to be determined, officials said.

MARKET MONITOR as of 07:40 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$80.79 / bbl	-1.42%	12.76%
NYMEX RBOB Gasoline	$2.66 / gallon	-2.33%	26.52%
ICE Gas Oil	$807.75 / tonne	-2.71%	7.59%
NYMEX Natural Gas	$1.77 / mmBtu	9.85%	-29.44%
Spot Gold	$2,179.07 / ounce	0.35%	5.65%
TRPC coal API 2 / Dec, 24	$113.5 / tonne	2.02%	17.01%
Carbon ECX EUA	€62.28 / tonne	-4.18%	-22.51%
Dutch gas day-ahead (Pre. close)	€27.05 / Mwh	-4.42%	-15.07%
CBOT Corn	$4.41 / bushel	-2.22%	-8.83%
CBOT Wheat	$5.57 / bushel	-2.45%	-12.94%
Malaysia Palm Oil (3M)	RM4,146 / tonne	-2.38%	11.42%
Index	**Close 26 Mar**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	333.07	-0.37%	10.51%
Rogers International	27.95	-0.23%	6.17%
U.S. Stocks - Dow	39,282.33	-0.08%	4.23%
U.S. Dollar Index	104.36	0.12%	2.99%
U.S. Bond Index (DJ)	425.52	0.12%	-1.21%

COLUMN-Funds stampede into copper as price breaks higher: Andy Home

Fund managers have rushed to buy copper after the price broke up out of its one-year trading range earlier this month.

Activity has surged on all three global exchanges with money managers lifting bullish bets on both the London Metal Exchange (LME) and the CME copper contracts. Market open interest on the Shanghai Futures Exchange (ShFE) has jumped to life-of-contract highs.

Much of the investment community had stayed away from copper's sideways churn over the last year but funds are now clearly re-entering on the long side after LME three-month metal leapt to an 11-month high of $9,164.50 per metric ton on March 18.

A fresh technical picture and signs of supply stress have served to rekindle copper's bullish flames. However, they could yet be doused if the market can't hold its recent gains.

BULL STAMPEDE

Money manager long positions on the CME copper contract jumped by 43% to 99,829 contracts in the week to March 18, according to the latest Commitments of Traders Report (COTR). It's the largest outright fund long position since May 2021. Net long positioning of 39,270 contracts is the most bullish it's been since this time last year when the market was still pinning its hopes on a post -lockdown growth surge in China. The bulls have been stampeding into the London market as well. Investment fund long positions soared to 70,293 contracts in the week to March 15. It's the heaviest cumulative bet on higher prices since the LME started publishing its COTR in 2018. There are still plenty of fund shorts around and net long positioning of 37,863 contracts is the highest in "only" two years. Positioning in the LME's "Other Financial" category, which includes commodity index providers and insurance companies, has also started turning more bullish. The net long position has grown to 11,693 contracts, also a near two-year high. There is no comparable COTR in China but it's clear that copper's break of trading range has put it on the radar of the local investment community. Market open interest on the Shanghai copper contract rocketed from 388,000 contracts at the start of the month to 566,000 on March 15. It has since retreated marginally to 533,000 contracts.

KEY PRICE LEVEL

The trigger for all the excitement in the previously torpid copper market was a commitment by Chinese smelters to restrain output in the face of a tighter-than-expected raw materials market.

What exactly this means for the supply-demand balance in the refined segment of the supply chain remains uncertain. There is a good deal of scepticism among analysts as to how many smelters will actually cut production rather than re-schedule maintenance shutdowns or defer new capacity.

It has, though, refocused attention on copper's stretched supply dynamics, a feature of the market that has been overshadowed by a weak demand picture over the last year or so.

Clearly, plenty of fund managers are buying into the change of narrative but whether others will join them depends on whether copper can consolidate its chart gains.

The most recent COTRs capture the build in long positions just before copper peaked above $9,000 per ton.

Much of the money entering the market was likely reacting to the chart break and the resulting upwards price momentum. LME three-month copper has since retraced all the way to a current $8,860 per ton, a key technical level that acted as resistance in the previous year-long trading range and which, bulls hope, will now provide support for a new higher range.

If that resistance-turned-support thesis holds, heavier-weight money may well follow the shorter-term technical funds into the market.

If, however, copper can't hold its gains and falls back into the old range, some of its new fund friends may disappear as quickly as they came.

The opinions expressed here are those of the author, a columnist for Reuters

Top News - Carbon & Power

Baltimore bridge collapse halts coal shipments

Coal exports from the busy U.S. port of Baltimore have been disrupted following the collapse of a bridge that was struck by a massive cargo ship early Tuesday morning, rail and coal companies said.

Rail company CSX on Tuesday said its existing coal customers should expect "potential shipment delays" after the accident, for which the U.S. Coast Guard is still conducting search and rescue operations.

CSX owns the Curtis Bay coal pier in Baltimore, located near the site of the collapse of the Francis Scott Key Bridge, which CSX plans to keep operational for now as it continues to "assess the circumstances," the company told Reuters in a statement. CSX said it currently has capacity to dispatch additional trains to CSX-served coal terminals in Baltimore before it reaches pile space limits.

Coal producer CONSOL Energy, which has a marine export terminal in the Port of Baltimore, also said that vessel access in and out of its terminal was also delayed.

During the first nine months of 2023, Baltimore was the second biggest port for U.S. coal exports, behind Norfolk, Virginia, according to the latest data from the U.S. Energy Information Administration (EIA). During the first nine months of 2023, Baltimore exported about 20.3 million short tons of coal, up from 14.3 million short tons during the same period in 2022. About 13.3 million short tons of exports from Baltimore during the first nine months of 2023 were steam coal and 7.0 million short tons were metallurgical coal.

Enbridge to form natural gas supply venture connecting Permian and Gulf coast

Canadian pipeline operator Enbridge said on Tuesday it would form a venture with I Squared Capital and pipeline firms WhiteWater and MPLX to connect Permian supplies to the U.S. Gulf Coast to tap into strong LNG demand for exports.

Enbridge will have a 19% stake, WhiteWater and I Squared a combined 50.6% stake while MPLX will hold 30.4% in the venture. The deal is expected to close in second quarter. U.S. was the largest exporter of LNG in 2023 with several new export facilities expected to come online by the end of the decade. The JV would include 100% interests in Enbridge's wholly-owned Rio Bravo Pipeline, which connects to NextDecade's Rio Grande LNG project in Brownsville, Texas, and the Whistler pipeline, which transports natural gas from the Permian to nearly the starting point of the Rio Bravo pipeline. It will also have a 70% interest in the proposed ADCC pipeline that would connect to Cheniere Energy's Corpus Christi LNG export facility and a 50% interest in the Waha Gas storage. Enbridge will fund the first $150 million of the post-closing capital to complete the Rio Bravo project.

It will also provide $350 million in cash to the venture.

The Permian is largest U.S. oil shale patch and Enbridge has disclosed plans to expand its capacity in the basin.

Top News - Dry Freight

Shipping traffic freezes up in port waters after Baltimore bridge collapse

Ships sailing to the U.S. port of Baltimore dropped anchor in waters nearby while vessels were stranded inside the port after traffic was halted following a bridge collapse, shipping data showed on Tuesday.

A 948-foot container ship smashed into a four-lane bridge in the port in darkness early on Tuesday, causing it to collapse and sending cars and people plunging into the river below.

Port traffic was suspended until further notice, Maryland transportation authorities said. At least 13 vessels that were expected to load coal were anchored near to Baltimore port, according to analysis from data and analytics group Kpler. Other vessels waiting nearby included container and cargo ships, separate ship tracking data from MarineTraffic showed.

Three vessels inside the port had been due to load commodities, while other smaller ships, including pleasure crafts, were also unable to leave, separate data showed.

The Klara Oldendorff, one of the dry bulk vessels inside Baltimore port, was undamaged but ship transits were halted until further notice, the vessel's Germany-based owner Oldendorff Carriers told Reuters.

Container shipping traffic was also impacted.

Top Danish container shipping group Maersk said due to the damage to the bridge and resulting debris, it was omitting Baltimore port from all its services "for the foreseeable future, until it is deemed safe for passage through this area".

The container ship Dali, which collided with the bridge on Tuesday, was chartered by Maersk at the time of the incident in Baltimore.

"With most of Baltimore's port terminals and all of its container terminals behind the collapsed bridge, containerized exports at or planning to depart from Baltimore will either need to wait until the waterway re-opens, or be rerouted by truck or rail to alternate ports," said Judah Levine of global freight platform Freightos.

Those could include Philadelphia, or the more major hubs like Norfolk, New York and New Jersey, Levine said.

"Exporters choosing these options could face increased trucking and rail rates if enough volumes are shifted to other ports."

Baltimore port's private and public terminals handled 847,158 autos and light trucks in 2023, the most of any U.S. port. The port also handles farm and construction machinery, sugar, gypsum and coal, according to a Maryland government website.

It was unclear how many car carriers were affected.

"While Baltimore is not one of the largest U.S. East Coast ports, it still imports and exports more than one million containers each year, so there is the potential for this to cause significant disruption to supply chains," said Emily Stausbøll, market analyst at Xeneta, an ocean freight shipping rate benchmarking and intelligence platform.

Stausbøll said the incident would add to challenges to ocean freight services - including drought in the Panama Canal and attacks on Red Sea shipping - which have pushed Far East to U.S. East Coast rates up by 150% in recent months.

Shipping industry faces fuel dilemma in bid to cut emissions

The shipping industry is under increasing pressure to decarbonize, but unclear regulatory guidelines, including around what sorts of cleaner fuels large vessels should run, is complicating that path to net zero, according to executives.

Global shipping firms are looking for ways to lower their carbon footprints, particularly as the International Maritime Organization (IMO), which regulates the global shipping industry, is being pushed to implement a charge on the sector's greenhouse gas emissions.

The IMO's Maritime Environment Protection Committee concluded its 81st meeting last week, and participants agreed on a possible draft outline of an IMO net-zero framework.

Those guidelines, which could bring forward a fuel standard and emissions price, are still open to discussion and could be adopted or amended at the group's next meeting this September.

Shifting to cleaner burner fuels is one path to lowering emissions, executives said last week at the CERAWeek energy conference in Houston, but many in the industry are reluctant to make the changes needed to run new fuels - such as retrofitting engines or purchasing new vessels - given the lack of a longer-term regulatory framework.

"None of us like the fact that we are burning dirty fuel. But no authority is answering what the best fuel is", Andrew Jamieson, co-head of Clearlake Shipping said on the sidelines of the conference.

Shipping accounts for roughly 90% of world trade and is responsible for nearly 3% of the world's carbon dioxide emissions.

Most large ships currently run on very low-sulphur fuel oil, a tar-like oil that is relatively inexpensive and energy dense, meaning that a fairly small amount is needed to propel a vessel for great distances.

The lack of clarity leaves players reluctant to commit to one less carbon-intensive fuel over another for their fleets, be it hydrogen-carriers methanol, ammonia, biodiesel or liquefied natural gas (LNG). Most vessel engines are designed to take one type of fuel and with an average 25-year lifespan, companies run a risk by committing to one fuel that is less developed and less predictable at scale than traditional bunkering fuel.

Uncertainty around fuel and technology in the sector is also driving up costs, as companies are forced to diversify their investments across multiple fuel options, Seonghoon Woo, the CEO of Amogy which builds zero-emission ammonia-fueled power systems, told a panel at CERAWeek.

And cleaner marine fuels, like methanol and ammonia, are also seeing demand from other sectors, such as across Asia where countries are seeking to decarbonize power plants away from coal. "The question is where will shipping be in the pecking order of availability of fuels going forward", American Bureau of Shipping CEO, Christopher Wiernicki said on Thursday at CERAWeek.

Picture of the Day

A U.S. Coast Guard search and rescue helicopter flies over the Dali cargo vessel, which crashed into the Francis Scott Key Bridge causing it to collapse in Baltimore, Maryland, U.S., March 26. REUTERS/Julia Nikhinson

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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