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Top News - Oil

US crude, gasoline stocks rise on strong crude imports, weak gasoline demand
U.S. crude oil and gasoline inventories rose unexpectedly last week driven by a rise in crude imports and sluggish gasoline demand, the Energy Information Administration said on Wednesday.
Crude inventories rose by 3.2 million barrels to 448.2 million barrels in the week ended March 22, the EIA said, compared with analysts' expectations in a Reuters poll for a 1.3 million-barrel draw.
The crude build was supported by a net increase in U.S. crude imports by 1.12 million barrels per day, and is setting the stage for a monthly build in crude oil, according to Matt Smith, lead oil analyst at Kpler. "Aside from an anomaly last year amid record crude exports, US crude inventories have shown a build in every March since the start of this century," Smith said. Crude oil futures pared some losses after the report, as the crude stock build was smaller than the build projected by the American Petroleum Institute. U.S. gasoline stocks rose by 1.3 million barrels in the week to 232.1 million barrels, the EIA said, as gasoline demand fell by about 94,000 barrels per day. "All the enthusiasm that was built into the market, led by gasoline, has basically evaporated at this point," said Bob Yawger, director of energy futures at Mizuho.
Refinery crude runs rose by 147,000 barrels per day in the week ended March 22, the EIA said, and refinery utilization rates rose by 0.9 percentage points in the week.
Distillate stockpiles, which include diesel and heating oil, fell by 1.2 million barrels in the week to 117.3 million barrels, versus expectations for a 0.5 million-barrel rise, the EIA data showed.
Crude stocks at the Cushing, Oklahoma, delivery hub rose by 2.1 million barrels in the week ended March 22, the EIA said.

US to buy oil for SPR oil at above $79 target price in latest round
The Biden administration on Wednesday awarded contracts to buy 2.8 million barrels of oil for the government's emergency reserve for more than $81 a barrel, $2 above the target purchase price.
The Department of Energy (DOE) it will spent $225.6 million to buy oil to refill the Strategic Petroleum Reserve (SPR) from Atlantic Trading & Marketing, Macquarie Commodities, and Sunoco Partners Marketing & Terminals. The oil is set to be delivered in September. The price is about $81.32 a barrel, based on the DOE announcement. The energy department has previously it aims to purchase at a price of $79 per barrel or below, less than the average of about $95 it received for 2022 emergency SPR sales. A spokesperson for Department of Energy said the average purchase price for Wednesday's and earlier purchases together remained below $79. DOE has already purchased 26.28 million barrels of oil for the SPR for an average price of $76.47, as well as accelerated nearly 4 million barrels of exchange returns.

Top News - Agriculture

Brazil soybean crop forecast rises driven by area expansion
Brazilian soybean production will total 156.5 million metric tons this year, an agribusiness consultancy said on Wednesday after surveying fields nationally and estimating planted area expansions in the world's largest producer and exporter.
In the middle of Agroconsult's expedition, which started in January, it had projected production at 152.2 million tons, citing climate uncertainty in key producing regions affecting Brazil's output potential.
Using a new methodology to gauge planted area, Agroconsult said soybean farmers planted their crop on 46.4 million hectares this season. That is 1.2 million hectares more than projected by government crop agency Conab and 1.4 million hectares more than in the previous year, Agroconsult said.
Next season, however, Brazil's soy area may fall 0.5%, Agroconsult President Andre Pessoa said during a presentation. If confirmed, it would be the first area contraction since 2006.
The different methodologies to calculate planted area helps explain the huge gap between crop estimates by Agroconsult and Conab for this season, Agroconsult executives said, noting that "information asymmetry" marked this season like no other.
Conab this month pegged this year's soybean crop at 146.9 million tons, almost 10 million tons lower than Agroconsult's number. The USDA puts Brazilian output at 155 million tons while private consultancies' estimates released in March vary from 149.1 million tons to 151.5 million tons.
Pessoa said erratic climate conditions early in the season, with heavy rains in the south of the country and

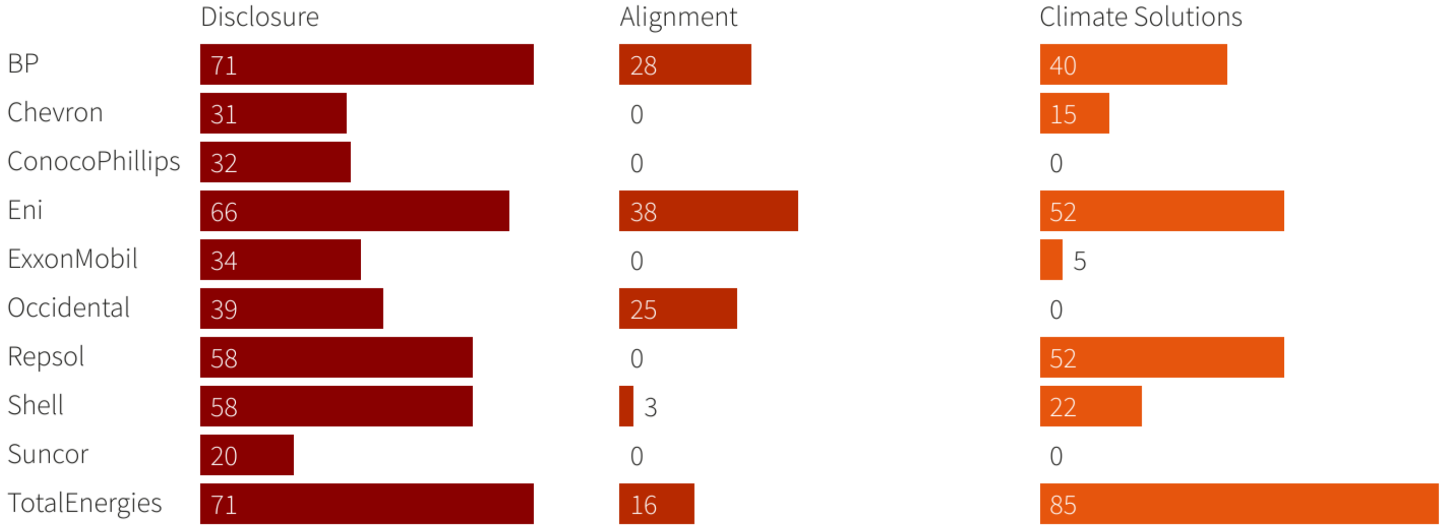
extreme dryness in the center west, made this year's crop tour one of the most challenging from a technical standpoint.
After surveying fields in 15 states and considering that the weather differed by region, Agroconsult estimated the average of Brazil's 2023/24 soybean yields at 56.2 bags per hectare, 6.5% lower than last season.
In top grower Mato Grosso, yields fell 16.8% to 53.1 bags per hectare, Agroconsult estimated. However, the high productivity in Rio Grande do Sul offset losses in other states.
Agroconsult data shows soy yields rose 55.2% to 57.2 bags per hectares in Brazil's southernmost state, which had crop losses in the prior season from a lack of rainfall.
The same happened withmajor soy supplier Argentina, whose production is recovering this year.

Dry weather to favor Argentina's soy, corn harvests
Dry weather in Argentina's main agricultural regions over the next week will benefit the start of soy and corn harvests after recent heavy rains, the Buenos Aires Grains Exchange said on Wednesday.
Argentina is one of the world's top exporters of soybean oil, soybean meal and corn.
Abundant rainfall in the first half of March left fields muddy, keeping farmers out of the fields.
But "a large part of the Pampas (agricultural) region will receive scarce (rains), with some pockets seeing moderate amounts," the exchange said in its weekly weather report.
With dry conditions seen in the past few days and little rain expected this week, soy and corn harvesting has kicked off, the exchange said.
As of Wednesday, farmers had harvested 4.4% of the soy crop and 5.7% of the corn crop, according to the exchange, which estimates a 52.5 million metric ton soybean harvest and 54 million ton corn harvest.
The exchange also warned that the corn harvest in the north of the country would be lower than expected due to the bacteria Spiroplasma kunkelii, which causes stunt disease. Last week, it cut its estimate for the harvest by 2 million tons due to the disease's expected impact.
Corn stunt disease hinders growth and can result in ears of corn with loose or missing kernels.

Chart of the Day

Big Oil's climate planning lags investor expectations

Climate Action 100+, Transition Pathway Initiative Centre assessed 10 companies using its Net Zero Standard for Oil & Gas framework



Note: Each category assesses a range of sub-indicators and the figures are expressed as a percentage. 'Disclosure' tracks the information companies provide about their activities; 'Alignment', assesses their climate ambition; and 'Climate Solutions' tracks companies' commitments, disclosure and investment in low carbon technology
Source: CA100+, TPI

Top News - Metals

China smelters plan output cuts, no Q2 copper guidance price, sources say

China's top copper smelters have proposed a production cut of 5% to 10% and decided not to issue guidance prices for copper processing charges for the second quarter, two sources with knowledge of the matter said.
The announcements, made at a meeting of the China Smelters Purchase Team (CSPT) in the commercial hub of Shanghai, come after the world's top producer of refined copper grappled with short supply and a sharp drop in TCs in the spot market. Top smelters agreed the spot market had become disconnected from true market fundamentals, one meeting participant told Reuters.
"It is meaningless to set a guidance price in the current market," the source added, speaking on condition of anonymity. CSPT has declined to set guidance prices before, most recently in the second quarter of 2021.
Top smelters had also proposed output curbs in January but no specific actions were taken. CSPT plans to expand by including three new members, the two sources said. The group had previously set first-quarter guidance of $80 per ton and 8.0 cents per pound, as unexpected supply shortages hit the world's top refined copper producer with a heavy reliance on overseas raw material supplies. Supply shortages have been driven by mine-side disruptions, chiefly the closure of the big Cobre Panama mine owned by First Quantum's.
TC/RCs, a key source of revenue for smelters, are paid by miners when they sell concentrate, or semi-processed ore, to be refined into metal. The charges typically fall when the concentrate market tightens and smelters must accept lower terms to secure feedstock. Spot copper TCs in China tumbled to $11.20 per ton on March 11, down 80% from the end of December and the lowest level since 2013, when pricing agency Fastmarkets started publishing the weekly index. The rapidly falling TCs caused losses for smelters that rely largely on spot purchases, while the leading smelters get most of their concentrate through long-term contracts signed at the $80-a-ton annual benchmark. Spot TCs are likely to recover from the historic low in the second quarter as smelters start maintenance. However, the shortage of supply is expected to last, given smelters' growing output this year.
China's refined copper production in January and February rose 10.7% from the corresponding months a year before to about 2.22 million tons, data from the National Bureau of Statistics showed.
In the first two months, China's imports of copper ore and concentrate rose by merely 0.6% on the year to 4.66 million tons, customs data showed.
Top smelters agreed at a meeting earlier this month to cut production at some loss-making plants, along with some other measures to cope with tight raw material supplies.
Despite the industry's efforts to control output, China's total refined copper output will increase by more than 3% this year, according to state-backed research house Antaike.

India's March gold imports set to drop 90% as prices surge-sources

India's gold imports are set to plunge by more than 90% in March from the previous month to hit their lowest level since the COVID pandemic as banks cut imports after record-high prices hit demand, a government official and two bank dealers told Reuters.
Lower imports by India, the world's second biggest consumer of the precious metal, could limit a rally in global prices that hit a record high earlier this month on expectations that the Federal Reserve will cut interest rates this year. The drop in imports could also help India narrow its trade deficit and support the rupee.
India's gold imports are likely to fall to 10 to 11 metric tons in March from 110 metric tons in February, said a government official, who declined to be named as he was not authorised to talk to the media. Gold imports in March 2024 are expected to be the lowest since the COVID pandemic, when air traffic restrictions limited imports and lockdowns led to the closure of jewellery shops.
"A negligible quantity of gold is being cleared from customs this month after paying duty. There has been a sharp drop in gold imports compared to last month," the government official said.
Two Mumbai-based bullion dealers from two leading gold-importing banks said they imported very little gold in March due to weak demand.
"Jewellers weren't buying even with a discount exceeding $35 per ounce. No reason to import the metal at a record high price and wait for demand," one of the bullion dealers said. In India, domestic prices rose to a record 66,943 rupees per 10 grams earlier this month. This prompted dealers to offer discounts of about $38 an ounce over official domestic prices, including 15% import tax and 3% sales levies, the highest since March 2023.
Gold demand usually stays strong in March as jewellers stock up for the Indian wedding season which is already in full swing and where gold is an intrinsic part. Also, customers are exchanging old jewellery for new because of the high prices, so jewellers have stopped buying gold from banks, the dealer said. Refiners have almost stopped imports of gold dore, a semi-pure alloy, because of their inability to offer steep discounts, said Harshad Ajmera, the proprietor of JJ Gold House, a wholesaler in the eastern city of Kolkata. India's duty on gold dore imports is 0.65% lower than the import tax on refined gold, but the market discount was more than 1%, making refining unviable, Ajmera said.

Top News - Carbon & Power

New US rules seek to curb methane from oil and gas on public lands

The Biden administration on Wednesday said it had finalized rules aimed at limiting methane leaks from oil and gas drilling on public lands.

The policy complements efforts at other federal agencies to reduce emissions of methane, a potent greenhouse gas that tends to leak from drill sites and pipelines and contributes to climate change.

Nearly a tenth of U.S. oil and gas production takes place on federal lands, primarily in Western states like New Mexico and Wyoming.

The rules require oil and gas drillers to develop plans to detect leaks, make repairs and minimize waste. They must also pay royalties for natural gas lost through flaring or venting if those losses are considered to have been avoidable.

The Interior Department said the rule would conserve billions of cubic feet of gas that otherwise might have been vented, flared or leaked, generating more than $50 million in additional royalty payments to the federal government each year.

"This final rule, which updates 40-year-old regulations, furthers the Biden-Harris administration's goals to prevent waste, protect our environment, and ensure a fair return to American taxpayers," Interior Secretary Deb Haaland said in a statement.

The new rules follow years of legal wrangling over methane regulations crafted by former President Barack Obama's administration. The regulation from Interior's Bureau of Land Management (BLM) focuses on waste prevention, an area over which it has legal authority.

Oil and gas industry trade group American Petroleum Institute (API) said it was reviewing the rule to consider whether BLM had overstepped its authority.

"API supports a smart regulatory framework for reducing methane emissions, but overlapping regulations and lack of coordination between policymakers could hinder progress, create unnecessary barriers to development on federal lands and result in regulatory incoherence," API vice president of upstream policy, Holly Hopkins, said in a statement. Environmental groups welcomed the new policy. "Taking action to limit methane waste on public lands offers a win-win-win for taxpayers, producers and communities harmed by this waste and associated pollution," Jon Goldstein, senior director of regulatory and legislative affairs at Environmental Defense Fund said in a statement.

MARKET MONITOR as of 07:37 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$81.76 / bbl	0.17%	14.11%
NYMEX RBOB Gasoline	$2.68 / gallon	-0.19%	27.24%
ICE Gas Oil	$815.50 / tonne	-0.24%	8.62%
NYMEX Natural Gas	$1.70 / mmBtu	8.06%	-32.30%
Spot Gold	$2,193.73 / ounce	0.70%	6.36%
TRPC coal API 2 / Dec, 24	$116.88 / tonne	2.98%	20.49%
Carbon ECX EUA	€62.43 / tonne	0.24%	-22.32%
Dutch gas day-ahead (Pre. close)	€27.25 / Mwh	0.74%	-14.44%
CBOT Corn	$4.40 / bushel	-1.12%	-9.09%
CBOT Wheat	$5.64 / bushel	0.89%	-11.77%
Malaysia Palm Oil (3M)	RM4,135 / tonne	-2.38%	11.13%
Index	**Close 27 Mar**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	331.90	-0.35%	10.12%
Rogers International	27.72	-0.84%	5.28%
U.S. Stocks - Dow	39,760.08	1.22%	5.49%
U.S. Dollar Index	104.50	0.15%	3.13%
U.S. Bond Index (DJ)	426.02	0.26%	-1.09%

GRAPHIC-Big Oil's climate planning not good enough, investor group says

The current low-carbon transition plans of 10 of Europe's and North America's biggest listed oil and gas companies are not good enough to assess the risks involved, the world's leading investor climate action group said on Wednesday. Climate Action 100+ said the companies including Exxon Mobil, Shell and Chevron were assessed using its sector-specific Net Zero Standard for Oil & Gas framework by the independent Transition Pathway Initiative (TPI) Centre. The other companies included in the analysis were TotalEnergies, ConocoPhillips, BP, Occidental Petroleum, Eni, Repsol and Suncor Energy. Each was assessed using indicators and sub-indicators under three broad themes - Disclosure, where companies are rewarded for providing information about their activities; Alignment, which tests their climate ambition; and Climate Solutions, which tracks their investments in greener activities. The aim of the Net Zero Standard for Oil & Gas (NZS) framework is to allow to assess to what degree the disclosures and strategies of companies in the sector are aligned with the Paris Agreement on climate. Overall, the companies met just 19% of all the NZS metrics. European companies performed the best, led by TotalEnergies, BP and Eni, with North American companies weaker across all three themes.

Shell and ConocoPhillips declined to comment on the findings. The other companies did not immediately reply or were not immediately able to comment on the report. While several companies are targeting net-zero emissions by 2050, a lack of detail on their planned use of carbon capture technology meant it was hard to tell how they would get there, CA100+ said. On the issue of fossil fuel production, which the International Energy Agency says will need to be reined in to hit the world's climate goals - a move acknowledged at the COP28 climate talks in Dubai in November - few firms appeared to concur. Among disclosure sub-indicators, none of the companies acknowledged the "need for substantial production reduction across the industry". Of the 10, only Repsol and TotalEnergies guided on long-term oil, gas or their combined production. None of the companies provided the desired detail on their planned greenfield capital expenditure plans, the report added. "The inaugural assessment of the Net Zero Standard for Oil and Gas delivers a clear message: while certain companies showcase commendable strides towards robust climate strategy, the overall industry landscape remains alarmingly underprepared for the transition," said Jared Sharp, Project Lead for Net Zero Standards, TPI Centre. The hope is that the analysis will be able to help inform engagement by asset managers with the boards of the companies, as the season for annual general meetings picks up pace in the weeks ahead, Sharp said.

Top News - Dry Freight

South Korea’s KFA bought 66,000 T corn in private deal, traders say

The Korea Feed Association (KFA) in South Korea purchased about 66,000 metric tons of animal feed corn expected to be sourced from South America or South Africa in a private deal on Wednesday without issuing an international tender, European traders said.

It was believed to have been purchased by the KFA’s Incheon section from trading house ADM at an estimated $244.63 a ton c&f for arrival in South Korea around July 10. It was for shipment from South America between May 1-May 31 or from South Africa between May 5-June 5. If sourced from South Africa, only 55,000 tons need be supplied. Reports reflect assessments from traders and further estimates of prices and volumes are still possible later. The deal continued a series of South Korean corn purchases this week ahead of estimates of U.S. grain inventories and planting intentions by U.S. farmers from the U.S. Department of Agriculture due for publication later on Thursday.

Brazil's No 1 coffee exporter reports lower 2023 shipments

Brazil's Cooxupe, the country's No. 1 coffee exporter and the world's largest coffee growers co-op, reported on Wednesday a large fall in 2023 shipments due to low prices and logistics bottlenecks.

Cooxupe said in its annual report that it had shipped 4.5 million 60-kg bags of arabica coffee in 2023 versus 6.8 million bags in 2022. Total revenues fell to 6.4 billion reais from 10.1 billion reais in 2022.

It said that associated farmers decided to hold on to their coffee and not sell much during several months of last year when arabica coffee prices fell to around 700 reais per bag. Some foreign clients also asked the co-op to postpone shipments due to high freight costs and tight container availability, co-op president Carlos Augusto Rodrigues de Melo told reporters in an earnings call. The situation changed this year as arabica coffee prices recovered and rose to around 1,000 reais, Melo said, leading farmers to be much more active in sales. The co-op estimates that farmers sold around 1 million bags in the last 60 days, as they also seek to finance coming fieldwork costs as harvest approaches. Melo said Cooxupe, which currently only works with arabica coffee, would not rule out starting operations with robusta coffee as production of that type of coffee rises at a fast pace in Brazil. "The spike in robusta prices is helping to improve arabica prices, something that never happened before," he said.

Picture of the Day

Bangladeshi labourers pull a cart carrying a ferry propeller in a dockyard in Dhaka, Bangladesh, March 27, 2024. REUTERS/ Mohammad Ponir Hossain

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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