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Top News - Oil

French industrial strikes limit fuel supply, hit crude prices

Industrial action over the past three weeks has seen every French refinery debilitated to some extent, hindering fuel deliveries throughout the country and depressing European crude prices as market players look to sell. The action is part of a nationwide movement against pension system changes championed by President Emmanuel Macron, including raising the retirement age by two years to 64. The shut-in of French refineries has weakened crude oil markets in Europe.

The absence of French demand has increased supplies of crude grades from the North Sea, west Africa and blends from the Caspian pipeline, according to traders. "It's a pretty bad situation," one of the traders said. This comes as the refining sector enters its 21st day of industrial action, which has stopped production at three of France's biggest refineries and forced two others to operate at reduced capacity. The other two French refineries have been offline for repairs.

The strike is tightening supply of refined oil products such as diesel and gasoline. In a sign of supply concerns, the spread between the prompt and second month ICE low-sulphur diesel contracts remained high at around $21 per tonne, known as a backwardation.

Gasoline refining margins rose on Friday to their highest since October at around $23 per barrel. About 17% of all fuel stations throughout the country were missing at least one product as of Monday night, France's petroleum association UFIP said, citing French energy ministry data. The national number was around 30% during last October's strikes. The rate of missing stocks is always higher coming out of the weekend and is set to improve from Tuesday, UFIP added. Currently, no workers are being ordered to keep deliveries flowing from French fuel depots, an energy ministry spokesperson said. The government is monitoring the situation every hour, they added. Requisition orders were put in place over the weekend at the TotalEnergies' Gonfreville and Donges refineries to supply the Ile-de-France region, which includes the capital city Paris, and Brittany. Both regions have about 29% of fuel stations missing at least one product, ministry data showed. A similar requisition order was in place last week for shipments from the Fos-sur-Mer depot to supply a southern region with 28% of fuel stations lacking at least one fuel. Another southern region had 24% of fuel stations without a fuel. The French energy ministry, which provided the information, did not say on Tuesday whether any requisitions had been or would be renewed this week. The strikes have also caused disruptions for airlines. France's civil aviation authority DGAC asked carriers to cut flights from Paris-Orly by a fifth on March 30 and by a quarter on March 31. Airlines have previously had issues receiving jet fuel kerosene as the depots that deliver it have been blocked. "We did see a big negative impact (with jet fuel) last week, but this week it's going to turn as Le Havre is opening up," one trader said.

Australia heads for second year of record gasoline, diesel imports

Australia's gasoline and diesel imports are expected to rise 2% to hit a record for a second straight year due to a drop in domestic production and a post-COVID economic recovery boosting fuel demand, traders, analysts and an industry source said. In the near term, gasoline imports are set to jump due to a roughly five-week outage at a gasoline-making unit at Ampol's Lytton refinery in Brisbane followed by maintenance work in May at Viva Energy's refinery near Melbourne. This presents an opportunity for sellers in Singapore and South Korea, whose supplies make up around half of total Australian gasoil imports and nearly 80% of gasoline purchases, data from Wood Mackenzie and Rystad Energy showed. Australia's growing appetite for gasoline imports, following the closure of two refineries in 2021, is likely to help boost Asian refining margins, which have already more than doubled so far this year.

Imports of gasoline and diesel hit historical highs of about 166,000 barrels per day (bpd) and around 480,000 bpd respectively last year, Australian government data showed.

Ampol Ltd said on Monday it expected the unit would be out of service until early May. "The loss of the Lytton FCC reduces the supply of gasoline components by approximately 18,000 bpd, so imports will be increased by at least this level during April and some part of May," Alan Gelder, vice president, refining, chemicals and oil markets at Wood Mackenzie, said. Australia's diesel imports are expected to rise about 2% from 2022, partly driven by a 0.6% increase in consumption to about 600,000 bpd, consultancy Energy Aspects estimated. Adding to import demand, Viva Energy said it plans to shut its 120,000 bpd Geelong refinery for major maintenance towards the end of the first half of this year, with traders expecting that to be in May. Buyers will need to replenish stocks during this maintenance, supporting demand despite expected slower construction activities during the southern hemisphere winter, a Singapore-based gasoil trader said.

Top News - Agriculture

Polish, Romanian PMs ask EU for mechanism to trace Ukraine grain exports

Romania and Poland are in talks with the European Commission over export tracing mechanisms for Ukrainian grains to ensure local farmers are not hurt by a flood of cheap imports, the Polish and Romanian prime ministers said on Tuesday. Ukraine, one of the world's largest grain exporters, has seen its Black Sea ports blocked since Russia invaded more than a year ago and has been forced to find alternative shipping routes through European Union states Poland and Romania.

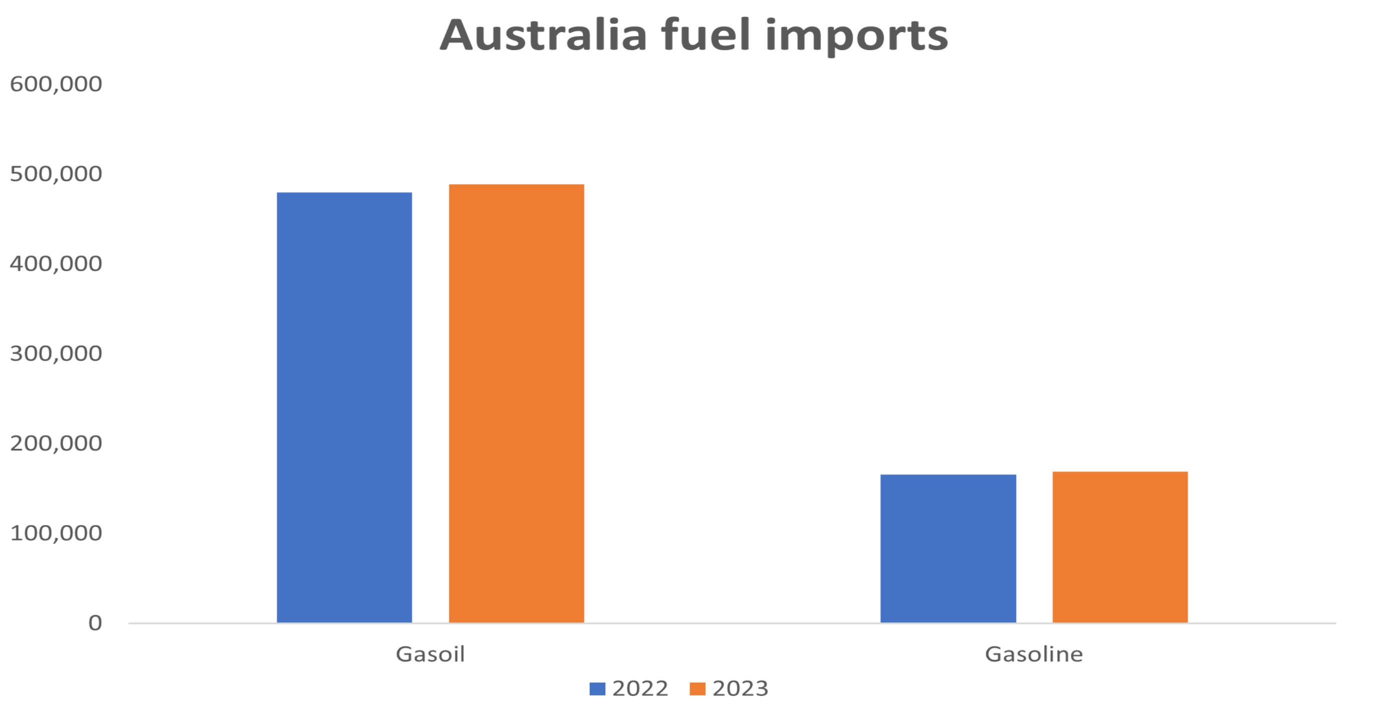
But logistical bottlenecks mean that large quantities of Ukrainian grains, which are cheaper than those produced in the European Union, have ended up in central European states, hurting prices and sales of local farmers.

Romanian and Polish Prime Ministers Nicolae Ciuca and Mateusz Morawiecki told a business conference in Bucharest their governments were working on solutions with the EU. "Together we are engaged in a process to discuss with the European Commission about what the mechanisms should be to enforce the traceability of Ukrainian exports and final destinations," Ciuca said.

Morawiecki said they "are fighting together for this grain to leave our countries, for the European Union to effectively help us in the implementation of trade policy, which is in the best strategic interest of Ukraine and Central Europe, but also in the best economic interest of Poland and Romania."

Earlier this month, Romanian Agriculture Minister Petre Daea said the European Commission has estimated farmers from Poland, Romania, Hungary, Bulgaria and Slovakia have lost 417 million euros ($451.15 million) overall from the inflows of cheaper Ukrainian grains on their markets. Daea also said the Commission aimed to hand out compensation worth 56.3 million euros to Polish, Bulgarian and Romanian farmers, with a final

Chart of the Day



Voulmes in barrels per day
Source: Australian Petroleum Statistics, forecasts from Woodmac and Energy Aspects

decision expected on March 30.

Palm oil's premium to be short lived, to fade with Indonesian supply

Palm oil's rare premium over rival rapeseed oil and sunflower oil is likely to be short-lived and it should start trading at a discount once top producer Indonesia eases export curbs after Ramadan, industry participants told Reuters. The premium has slowed down palm oil purchases for April shipments by key importers in Asia, Africa and Europe as refiners were replacing palm oil with rapeseed and sunoil, they said.

Sunflower oil and canola oil prices have fallen by more than $250 per tonne so far in 2023 on higher supplies in Europe and north America. Palm oil prices during the period rose by $20 per tonne as supplies were disrupted in Indonesia and Malaysia, the world's largest and second -longest producers, respectively, because of heavy rainfall.

"As long as Indonesia is restricting exports, palm supplies will be artificially tight. When Indonesia returns in force as an exporter, palm will return to a discount," James Fry, chairman of commodities consultancy LMC International, told Reuters.

Last month, Indonesia suspended some palm oil export permits until April, to encourage exporters to increase domestic supply and secure new permits.

Exporters must now sell a portion of their palm oil products at home at a capped price under a domestic market obligation (DMO) scheme. Indonesia raised the DMO volume by 50% for February-April, anticipating a jump in cooking oil demand ahead of the Islamic holiday of Ramadan, during which large meals are prepared at night for Muslims that fast during the day.

Indonesia's export curbs prompted buyers to switch to supplies from Malaysia, but they face output problems from heavy rains and flooding earlier this year, said Anilkumar Bagani, research head of Mumbai-based vegetable oil broker Sunvin Group.

"The tight supply situation in top producing countries has been allowing palm oil to hold small premium over soft oils. But this premium will be there only for a brief period," Bagani said.

Limited palm oil supplies have not affected top buyers India and China, which took advantage of lower prices and built stocks in the past few months, said Fry of LMC.

In Europe and the United States vegetable oil demand for biodiesel has been falling because of a surge in supplies of used cooking oils, he said.

Rapeseed/canola production has rebounded in Europe and Canada, while Russia and Ukraine have been trying to liquidate sunflower seeds quickly, which has been putting pressure on prices of sunoil and rapeseed oil, said a Singapore based dealer with a global trade house.

"Except soyoil, all edible oils are getting hammered by sunoil and canola oil's glut. Soyoil will not correct since drought has curtailed Argentina's supplies," the dealer said.

Top News - Metals

US, Japan strike trade deal on electric vehicle battery minerals

The United States and Japan on Tuesday signed a trade deal on electric vehicle battery minerals that is key to strengthening their battery supply chains and granting Japanese automakers wider access to a new $7,500 U.S. EV tax credit. The swiftly negotiated agreement prohibits the two countries from enacting bilateral export restrictions on the minerals most critical for EV batteries, according to senior Biden administration officials. The minerals include lithium, nickel, cobalt, graphite and manganese.

The deal also aims to reduce U.S.-Japanese dependence on China for such materials by requiring collaboration to combat "non-market policies and practices" of other countries in the sector and on conducting investment reviews of foreign investments in their critical minerals supply chains.

Minerals-focused trade deals are one way that the Biden administration hopes to open up access for trusted allies to the $7,500 per vehicle EV tax credits in last year's climate-focused Inflation Reduction Act. The Biden administration is now negotiating a similar agreement with the EU.

Half of the credit for purchasing consumers is reserved for North American-assembled vehicles and batteries, a source of considerable tension with the EU, Japan and South Korea, which worry that the U.S. incentives will draw EV and battery investments away from their shores. The other half of the credit is contingent on at least 40% of the value of critical minerals in the battery having been extracted or processed in the United States or a country with a U.S. free trade agreement or recycled in North America.

Japan's trade minister, Yasutoshi Nishimura, told reporters in Tokyo that EVs made with battery minerals mined or processed in Japan were expected to meet the requirements to qualify for that part of the U.S. tax credits. Earlier, American officials had said that determination was up to the U.S. Treasury, which expected to define sourcing requirements for the EV tax subsidies by the end of this week in guidance anxiously awaited by automakers, miners and battery producers.

"As the demand for electric vehicle batteries is expected to grow significantly, securing important minerals essential for their production is an urgent issue," Nishimura said.

REBUKE FROM DEMOCRATS

U.S. Trade Representative Katherine Tai, signed the limited, 10-page sectoral agreement on Tuesday in Washington with Japan's ambassador to the United States, Tomita Koji.

"Japan is one of our most valued trading partners and this agreement will enable us to deepen our existing bilateral relationship," Tai said in a statement.

But Tai did not seek congressional approval for the pact, drawing a strong rebuke from the top two Democrats on trade matters in Congress, Senate Finance Committee Chairman Ron Wyden and House of Representatives Ways and Means Committee Ranking Member Richard Neal, who called it "unacceptable."

"Without enforceable environmental or labor protections, the Administration abandons worker-centric trade policy and jeopardizes our climate work by opening the door for another environmental catastrophe," Wyden and Neal said in a statement of rare trade criticism from President Joe Biden's own party.

Wyden and fellow Democratic Senator Joe Manchin have voiced strong opposition to the Biden administration's efforts to apply the tax credits to vehicles produced outside North America, as they intended for it to jump-start investment in U.S. battery and EV production.

The Biden administration officials argued that meeting climate goals will require a massive cooperative effort among trusted U.S. allies to produce the vast amounts of minerals needed to electrify the global auto market and the deal includes commitments on environmental standards and worker rights.

The two countries agreed to review the minerals agreement every two years, including whether it is appropriate to terminate or amend it.

Pilbara Minerals approves $375 mln lithium expansion in Western Australia

Pilbara Minerals, Australia's largest independent lithium miner, said on Wednesday it has approved a capital investment to increase production capacity at its flagship Pilgangoora lithium project in Western Australia. The investment in the Pilgan plant will help increase spodumene concentrate production by 47% to 1 million dry metric tonnes per annum and is already attracting interest from existing and potential customers, Chief Executive Officer Dale Henderson told Reuters.

"As one of the few major producers globally offering an expanding platform we've had no shortage of inquiries to

MARKET MONITOR as of 06:47 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$73.82 / bbl	0.85%	-8.02%
NYMEX RBOB Gasoline	$2.69 / gallon	0.25%	8.43%
ICE Gas Oil	$777.25 / tonne	-0.70%	-15.61%
NYMEX Natural Gas	$2.00 / mmBtu	-1.28%	-55.22%
Spot Gold	$1,962.49 / ounce	-0.57%	7.57%
TRPC coal API 2 / Dec, 23	$136 / tonne	6.04%	-26.39%
Carbon ECX EUA / Dec, 24	€93.46 / tonne	-	6.20%
Dutch gas day-ahead (Pre. close)	€41.72 / Mwh	-3.54%	-44.79%
CBOT Corn	$6.47 / bushel	-0.12%	-4.72%
CBOT Wheat	$7.10 / bushel	-0.25%	-10.92%
Malaysia Palm Oil (3M)	RM3,648 / tonne	-1.06%	-12.60%
Index (Total Return)	**Close 28 Mar**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	289.13	0.46%	-4.05%
Rogers International	26.65	0.99%	-7.03%
U.S. Stocks - Dow	32,394.25	-0.12%	-2.27%
U.S. Dollar Index	102.43	-0.42%	-1.05%
U.S. Bond Index (DJ)	405.40	-0.16%	3.46%

partner with us, a great position to be in," he said.
Pilbara expects full production and ramp-up at the project by the end of the September quarter of 2025 with an estimated capital expenditure of A$560 million ($375.59 million). Shares of the miner rose 3.6% to A$3.985 by 0258 GMT.
The Western Australian miner last year secured A$250 million long-term financing from Australia to support expansion at the Pilgangoora project, which sits on one of the world's largest lithium ore deposits.
Battery makers have been scrambling to secure raw materials supplies and a softening of prices this year may open up some sector consolidation, Henderson said.
On Tuesday, Liontown rebuffed an offer from top global lithium producer Albemarle, which valued the Australian lithium miner at $3.7 billion.
"I think Albemarle's move to acquire Liontown is a really positive signal for the industry and the outlook that they hold," Henderson said.
As miners look to move up the value chain and capture more margin for themselves, Pilbara is considering building a pilot plant to produce lithium phosphate salt using renewable energy.
That would bring lithium content to 35%-36%, up from 6%, allowing the miner to get better prices as well as cutting freight costs and carbon emissions.
Pilbara said last month it was likely to make an investment decision on the pilot plant in the June quarter. But, this may now slip into the September quarter, Henderson said.

Top News - Carbon & Power

EU agrees to extend Spain-Portugal gas price cap until end-December

The European Union has agreed to extend a price cap set on natural gas used for power generation in Spain and Portugal until Dec. 31, Spanish Energy Minister Teresa Ribera said on Tuesday. "This tool allows to keep protecting Spanish and Portuguese consumers until the end of the year," Ribera told reporters in Brussels.
The Commission still needs to make the decision official but has issued an explicit support, she said.
"The agreement enables the extension of this temporary mechanism that will cap the gas price at an average of 55 euros ($59.48) per megawatt-hour to 65 euros per megawatt-hour," an Energy Ministry spokesperson said.
The so-called Iberian mechanism, in place in Spain and Portugal after the countries reached a deal with the European Commission in the spring of 2022, is a joint scheme through which fossil fuel plants' power costs are subsidised in a bid to bring down soaring electricity prices. The governments pays the difference between the cap and the market price, which jumped following Russia's invasion of Ukraine.
The formal decision has not been made yet, a spokeswoman for the EU Commission said.
Ribera said that as current gas prices are below the cap, the mechanism is not applied.
"Were natural gas prices to rise again, we would manage to contain electricity prices at a reasonable level that would not depend on the price of natural gas," she said.
The mechanism was set to expire on May 31.
Ribera had said in January that her government wanted to extend the price cap until the end of 2024 and set the cap at 45 or 50 euros per megawatt-hour.

Investors push Norwegian government over Equinor climate planning

Investors have stepped up pressure on Norway's state-backed oil and gas company Equinor to cut its carbon emissions more quickly by holding the first direct talks with the government.
The group of investors, which advise on or manage more than $2 trillion in assets, wrote in January to ask for a meeting, on concern that Equinor was not aligned with the world's goal of capping global warming at 1.5 degrees Celsius above pre-industrial levels by mid-century.
"Our concern is that it's up to the company to show that they are aligned with the 1.5-degrees trajectory. We don't see the alignment there," Xander Urbach, an advisor for responsible investment at MN Services, told Reuters.
"It's the first time we are engaging with the government directly," he added after holding a first round of talks on March 6. "I'm confident that there will be improvements on the (company's) emissions trajectory."
Investors are increasingly pushing the world's biggest energy companies for faster action, with a raft of climate-related shareholder votes slated for this season's annual general meetings, including at Shell and BP.
The need for rapid change was highlighted last week after U.N. scientists warned time was running out to act.
Pension investor MN said it engaged on behalf of pension fund PMT. Others to sign the letter, obtained by Reuters, include Dutch pension scheme PGGM, Norwegian pension investor KLP, local asset management peer Storebrand, Danske Bank, Swiss-based UBS Asset management and the governance advisory arm of asset manager Federated Hermes. All are members of Climate Action 100+, the world's largest investor engagement initiative on climate change, with members holding $68 trillion in assets.
The move for direct talks with Norway's government followed a government report in late 2022, in which it said that as an owner, it would like to set clearer expectations on climate policy from companies such as Equinor.
In a statement to Reuters, Minister of Trade and Industry

Jan Christian Vestre said the government aims to achieve "the highest possible return over time in a sustainable manner".
Urbach said the investors will seek another government meeting ahead of Equinor's annual general meeting, slated for May 10.

EXPANSION PLANS
Equinor said in an email to Reuters that it had "a good and active" dialogue with its shareholders, who approved its transition plan in an advisory vote last year.
The investors said they had seen an improvement since they began talks with the company in 2019, but say they want to see more ambition, with Equinor taking initiatives such as speeding up investments in low-carbon energy, phasing out spending on carbon-intensive activities, or both.
Equinor aims to bring its net carbon intensity, including Scope 3, down by 20% by 2030 compared to 2019, and to net zero by 2050 by investing more in renewable energy and low carbon solutions.
However, it also said it expected its petroleum production in 2030 to remain broadly unchanged from current levels, as it wants to remain a reliable energy supplier to Europe after Russia's Gazprom cut gas deliveries after the Ukraine invasion.
"We clearly understand that recent events in Ukraine have resulted in short-term grounds to increase Equinor's fossil fuel production," the investors said in the letter. "Nevertheless, the climate crisis requires a never more urgent response on the part of governments, companies and investors," it added

Top News - Dry Freight

Turkey buys 695,000 tonnes wheat in tender -traders
Turkey's state grain board TMO bought some 695,000 tonnes of milling wheat in an international tender on Tuesday, filling the entire volume it had tendered for, European traders said. The tonnages purchased in TMO’s tenders are provisional and still subject to final confirmation in coming days. Purchases can be reduced or cancelled completely. The wheat was bought in a series of consignments to different Turkish ports as well as in warehouses in Turkey, they said.

Jordan buys estimated 60,000 tonnes wheat in tender – traders
Jordan's state grain buyer has purchased about 60,000 tonnes of hard milling wheat to be sourced from optional origins in an international tender which closed on Tuesday, traders said. It was bought from trading house Grain Flower at an estimated $308.50 a tonne c&f for shipment in the first half of September, they said.

Picture of the Day

Fruit is displayed for sale on a stall in Lewisham Market, south east London, Britain, March 9, 2023. REUTERS/Hannah McKay

(Inside Commodities is compiled by Soumya Chatterjee in Bengaluru)

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

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