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Top News - Oil

OPEC+ unlikely to tweak oil policy in Monday talks – delegates

OPEC+ is likely to stick to its existing deal to cut oil output at a meeting on Monday, five delegates from the producer group told Reuters, after oil prices recovered following a drop to 15-month lows.

Oil has recovered towards $80 a barrel for Brent crude after falling to near $70 on March 20, as fears ease about a global banking crisis and as a halt in exports from Iraq's Kurdistan region curbs supplies.

OPEC+, which comprises the Organization of the Petroleum Exporting Countries and allies led by Russia, is due to hold a virtual meeting of its ministerial monitoring panel, which includes Russia and Saudi Arabia, on Monday.

"It is hard to expect any new development," one of the delegates said of Monday's talks.

Another said the Kurdistan curbs and recent price drops were not sufficiently important to affect the overall OPEC+ policy path for 2023.

Three other OPEC+ delegates also said any policy changes were unlikely on Monday.

After those talks, the next full OPEC+ meeting is not until June.

Falling oil prices are a problem for most OPEC+ members because their economies rely heavily on oil revenue.

Even so, OPEC+ delegates did not raise any suggestion of further action to support the market after the recent price drop and predicted prices would stabilise - which they have since shown signs of doing.

Last November, OPEC+ reduced its output target by 2 million barrels per day - the largest cut since the early days of the COVID-19 pandemic in 2020.

The same reduction applies for the whole of 2023. Saudi Arabia's energy minister has said OPEC+ will stick to the reduced target until the end of the year.

Republican energy bill passes U.S. House, sends to Senate

The U.S. House of Representatives on Thursday passed a Republican energy reform bill intended to bolster U.S. oil and gas production while scaling back climate initiatives, the first major legislation of House Speaker Kevin McCarthy's majority.

The House passed the Lower Energy Costs Act by a mostly partisan 225-204 vote.

The bill would deliver on a top 2022 Republican campaign pledge to lower Americans' energy costs but faces little chance of making it through the Democratic-led Senate, where Majority Leader Chuck Schumer has declared it "dead on arrival."

"The Senate is not going to waste our time on a bill that sets America back decades on our transition to clean energy," Schumer said in a Senate speech shortly before the House vote.

Democratic leaders in both chambers have been calling the bill one that "puts polluters over people."

The White House has also said President Joe Biden would veto the measure if it were to make it to his desk.

But the vote was a symbolic victory for McCarthy that demonstrated his ability to hold his narrow 222-213 Republican majority together, as Congress prepares for bigger fights in coming months over the $31.4 trillion U.S. debt ceiling and funding for the federal government.

Republican leaders secured passage after overcoming reservations from at least five party members, which would have been enough to block legislation. Party disagreement over the House bill partly reflected gaping divisions over how to streamline permitting for energy projects, a goal otherwise shared by both Republicans and Democrats.

Democrats want a permitting bill that will pave the way for a swifter adoption of clean energy technologies like solar and wind power that have received lucrative new subsidies under the Inflation Reduction Act, while Republicans are pushing for a renewed focus on fossil fuels.

Republicans billed the legislation as a solution to high U.S. gasoline prices that would bolster oil and gas production by reducing regulations, promoting energy development on federal lands and eliminating climate initiatives imposed by Democrats.

Democrats decried the legislation as a giveaway for the oil industry.

They warned that it would also repeal a greenhouse gas reduction fund aimed at reducing pollution and creating green energy jobs, while also eliminating a methane reduction program that charges polluters for releasing the greenhouse gas.

With the bill's future in doubt, Republicans said they hoped to include provisions from the legislation in any agreement with Biden and his fellow Democrats to lift the federal government's borrowing limit.

Top News - Agriculture

Viterra exits Russian grain trade; team to create new Russian exporter

Global grain trader Viterra's management team in Russia plans to create an independent Russian grain exporter once the company ceases export activities in the country, the head of its Russian office, Nikolai Demyanov, told Reuters on Thursday. Viterra, part-owned by Switzerland-based mining and trading giant Glencore, has decided not to continue its origination and export programmes out of Russia after July 1, it said in a statement.

"After this decision, our main task is to save jobs and support the remaining infrastructure. Management plans to continue its grain export business as a new independent Russian exporter, aiming to maintain the competitiveness of Russian grain on the global market and provide the most viable conditions for Russian producers," Demyanov said.

Russia is the world's largest wheat exporter.

Viterra and sanctions-hit Russian lender VTB share ownership of a grain terminal in the Black Sea port of Taman. Viterra said on Thursday that it was assessing options to transfer its business and assets in Russia to new owners.

"The details and terms of further infrastructure deals are under discussion," Demyanov said.

"Once all details have been agreed, Viterra's shareholders and the buyers of the infrastructure assets will apply to the Russian government commission in charge of foreign investment for approval of the transactions."

Viterra's announcement comes a day after rival Cargill said it would take a further step back from the Russian grain market.

Russia's agriculture ministry said in a separate statement that Viterra's decision will not affect the amount of Russia's grain exports.

EU sugar beet area seen down 3% after court ruling

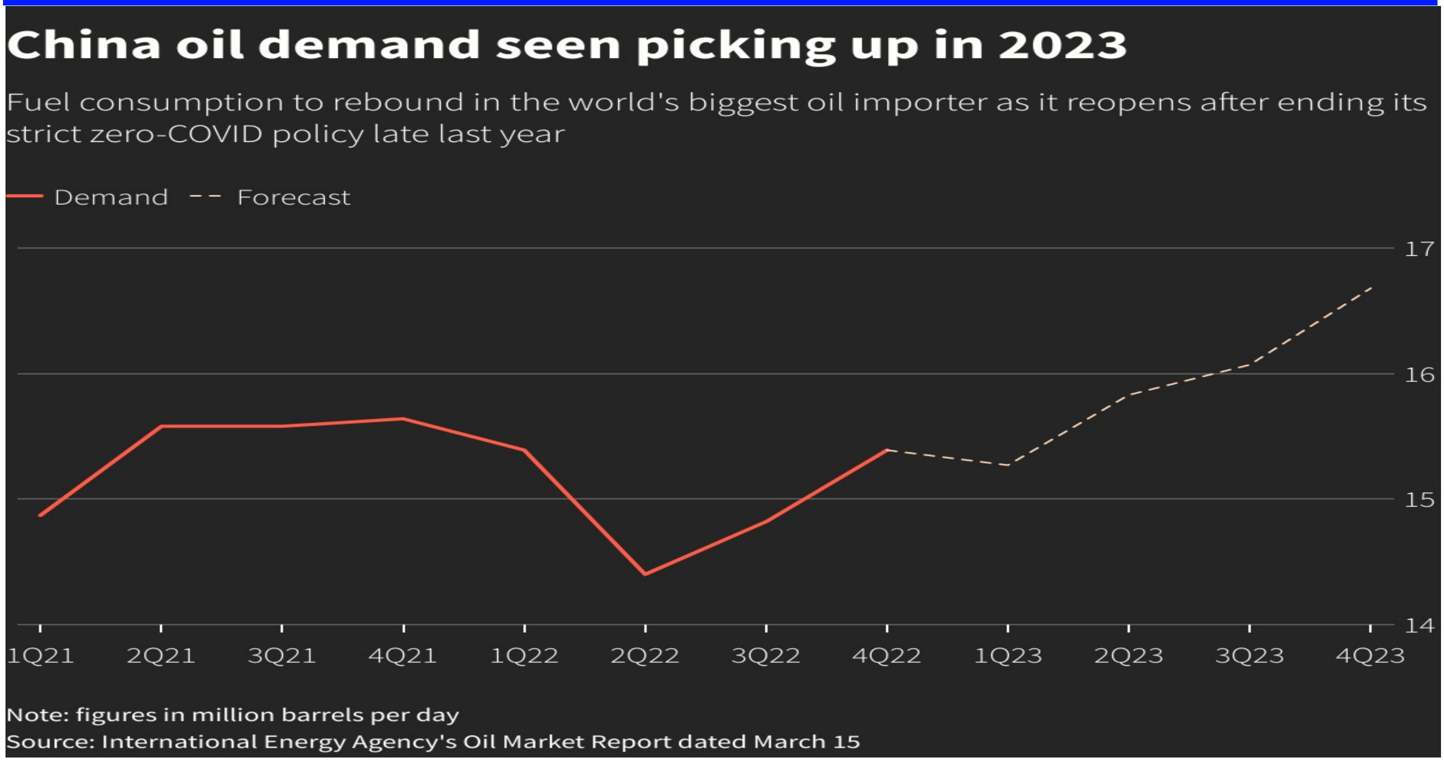
The European Union sugar beet area for the 2023/24 season is expected to be 3% below the five-year average after a court ruling on the use of neonicotinoid pesticides, the European Commission said in a short-term outlook issued on Thursday. The Court of Justice of the European Union ruled in January that member states cannot offer exemptions to the bloc's ban on crop seeds treated with neonicotinoids, which are considered a threat to bees.

After severe losses from crop disease in 2020, France granted sugar beet growers an exemption for up to three years to a general ban on using neonicotinoid chemicals.

The head of beet growers group CGB last month said that the French sugar beet crop area was set to fall by 6-7% to a 14-year low.

The Commission's report forecast the EU's sugar beet area would fall 3% to 1.455 million hectares.

Chart of the Day



EU sugar production in the 2022/23 season was estimated at 15 million tonnes, a decline of 10% from the previous season, reflecting both lower yields and reduced planted area, the report said.
The smaller harvest and increased refining costs because of high natural gas prices have led to higher prices within the trading bloc.
The report said the average EU price in February 2023 reached 804 euros ($877.73) a tonne, an annual rise of 83%.
EU imports of sugar were forecast to climb to 2 million tonnes in 2022/23, up 34% year on year.

Top News - Metals

LME launches sweeping plan to revive nickel contract
The London Metal Exchange (LME) on Thursday launched sweeping measures to revive its flagging nickel contract, including plans to cut waiting times and scrap fees for new brands of nickel that can be delivered against its contract. The world's largest and oldest metals trading venue, owned by Hong Kong Exchanges and Clearing (HKEx), announced a long list of measures that include moves to address low inventory levels and boost liquidity in electronic trading.
The 146-year-old LME plans to work with China's Qianhai Mercantile Exchange (QME), also owned by HKEx, to launch trading in lower nickel grades - such as nickel matte - that make up a growing portion of global output.
A disconnect between the LME high-grade nickel and surging production of low-grade nickel was a key driver of the chaotic price action on March 8, 2022, which forced the LME to annul nickel trades and suspend trading for the first time since 1988.
The exchange plans to make permanent the daily price limits imposed on all metals after last year's nickel swings, though it will tighten the caps on main metals copper and aluminium to 12% from 15%.
The LME "action plan" came in response to January's report by management consultants Oliver Wyman, which advised the LME on how to prevent market distortions and improve risk monitoring.
The LME said it would also consider adding coarse nickel powder as eligible for delivery and that it plans to cut the waiting period for new brands to three months.
It usually takes six to nine months, but can take longer, one industry source said.
"While not compromising the LME’s requirements regarding either metallurgical or responsible sourcing standards, this approach allows new ... nickel production to come to the LME market after three months of regular sample assaying," the exchange said.
"The LME is also announcing a fee waiver for the listing of new brands. Given the significant increase in Asian ... nickel production, the LME believes that the additional stock which can be brought to the market will add liquidity."
Metal industry sources say this opens the way for China's Tsingshan Holding and other Indonesian producers to deliver nickel to the LME system, but that care would be needed as Indonesian nickel has a very high carbon footprint.
Al Munro, of broker Marex, said the potential expansion of the contract weighed on LME nickel prices, which slumped 2.1% to $23,250 a tonne in afternoon trading.
"Exploring ways of allowing other forms of deliverable material is a positive step," Munro said.
The LME nickel contract, trading volumes of which tumbled after last year's crisis, currently accepts full plate and cut cathodes, pellets, briquettes and rounds.
The recommendations build on measures the LME took shortly after the crisis, including 15% daily price limits and over the counter (OTC) position reporting for all physically delivered metals.

NEW NICKEL MARKET
The LME wants to help to introduce a "class 2" nickel spot market for nickel sulphate and nickel matte on the QME in China because only about 21% of global production, approximately 650,000 tonnes, can be delivered against the LME nickel high-grade contract.
The exchange also said it would seek to increase liquidity on its electronic platform after it switched to a hybrid model in 2021, using open-outcry trading for official prices but electronic dealing for closing levels.
"The LME will engage with the market later this year in respect of further enhancements to build electronic liquidity," it said.
Britain's Financial Conduct Authority this month launched its first investigation of a UK exchange for possible misconduct regarding the LME's decision last year to halt nickel trading.
The move has prompted investor lawsuits while the nickel contract remains broken, with volumes sliding and the industry left without an effective global reference price.

EXCLUSIVE- Indonesian president pledges nickel mining clean up amid EV-led boom
Indonesia will improve monitoring of environmental standards for nickel mining, amid concerns over production of the metal which is increasingly used in electric vehicle batteries, the country's President Joko Widodo told Reuters on Thursday. The Southeast Asian country, which has the largest nickel reserves in the

world, will step up scrutiny of mining and order companies to manage nurseries to reforest depleted mines, said the president, who is widely known as Jokowi.
Nickel mining and smelting has become a major part of Indonesia's economy, with billions of dollars of global investment flowing in to the country after the government banned exports of unprocessed ore in 2020.
However, environmental groups have said Indonesia's nickel production has polluted key production sites in Sulawesi and Maluku islands, even turning waters in some coastal areas red.
Miners have also been accused of land grabs, while workers in some mines have protested over weak safety standards.
"The most important thing is monitoring. The management control system must be strengthened .. Routine evaluations must be conducted," Jokowi said during an interview at the nickel mining town of Sorowako on Sulawesi island, adding he would ensure all miners follow international best practice.
The development of the electric vehicle (EV) sector in Indonesia is a personal mission for Jokowi, who has been trying to convince Tesla CEO Elon Musk to manufacture EVs or batteries in the sprawling Southeast Asian archipelago.
But indicating concerns over the impact of the industry, dozens of non-governmental organizations last year sent an open letter to Musk, urging him not to invest in Indonesia due to environmental, social and governance (ESG) concerns.
Jokowi said some miners had higher standards than others, praising a local unit of Brazilian miner Vale, which has mined nickel in Sorowako for decades without polluting a nearby lake.

TOXIC WASTE
Jokowi visited PT Vale Indonesia's mine and smelter, which uses energy from three hydropower plants, to see first hand an investment deal with U.S. carmaker Ford Motor Co and China's Zhejiang Huayou Cobalt to build a $4.5 billion high-pressure acid leaching (HPAL) plant.
"Sustainability is measured in two aspects: how long your reserves last, that's important, and operations of the mines. ESG cannot be bargained for if we want to continue to go forward," he said.
Jokowi said he would only approve new smelter permits if powered by renewable energy sources, which he said would raise the cost of new investment and be an entry

MARKET MONITOR as of 06:47 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$74.27 / bbl	1.46%	-7.46%
NYMEX RBOB Gasoline	$2.62 / gallon	-2.19%	5.79%
ICE Gas Oil	$760.00 / tonne	-2.91%	-17.48%
NYMEX Natural Gas	$2.11 / mmBtu	3.89%	-52.87%
Spot Gold	$1,982.59 / ounce	0.45%	8.67%
TRPC coal API 2 / Dec, 23	$139 / tonne	8.38%	-24.76%
Carbon ECX EUA / Dec, 24	€95.14 / tonne	4.11%	8.11%
Dutch gas day-ahead (Pre. close)	€42.85 / Mwh	-0.92%	-43.30%
CBOT Corn	$6.48 / bushel	0.15%	-4.46%
CBOT Wheat	$6.98 / bushel	-1.86%	-11.80%
Malaysia Palm Oil (3M)	RM3,729 / tonne	1.14%	-10.66%
Index (Total Return)	**Close 30 Mar**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	290.19	0.46%	-3.70%
Rogers International	26.61	0.99%	-7.19%
U.S. Stocks - Dow	32,859.03	0.43%	-0.87%
U.S. Dollar Index	102.43	-0.42%	-1.05%
U.S. Bond Index (DJ)	407.50	-0.16%	3.43%

barrier.
"We must control our output so that prices do not plunge because of our over production and over supply," he said, noting an influx of investment to process ore into nickel pig iron.
He said existing facilities using coal power would also be given deadlines to change their energy sources into renewables.
More companies are now building HPAL plants, converting low-grade nickel ore into material used in EV batteries, but also producing toxic waste that must be treated and stored.
Vale Indonesia plans to break ground on a second HPAL plant with Huayou in South Sulawesi later this year.
Melky Nahar, of the Mining Advocacy Network (JATAM), said many companies did not comply with standards and questioned if there could be "political will" to enforce environmental rules.
But Jokowi said progress had been made, such as the government forbidding the dumping of tailings in the sea.

Top News - Carbon & Power

Freeport LNG's Texas export plant back at full power, data shows
U.S. liquefied natural gas (LNG) company Freeport LNG's export plant in Texas was on track to pull in as much natural gas from pipelines as the facility can process into LNG, a sure sign that it was back at full power, according to data provider Refinitiv. The plant has been slowly pulling in more feedgas since the end of an eight-month outage in February, having shut after a fire in June 2022.
Freeport LNG said it had no comment on the increase in gas flows to the plant.
Gas flows to Freeport LNG were on track to rise to 2.1 billion cubic feet per day (bcfd) on Thursday, up from 1.8 bcfd on Wednesday.
When operating at full power, the three liquefaction trains at Freeport LNG can turn about 2.1 bcfd of gas into LNG. One billion cubic feet of gas is enough to supply about five million U.S. homes for a day.
Demand for U.S. LNG increased after several countries slowed purchases of Russian energy and imposed sanctions on Moscow after Russia's invasion of Ukraine in February 2022.
The combination of those sanctions and the Freeport LNG shutdown drove gas prices to record highs in Europe and Asia last summer. Total gas flows to all seven big U.S. LNG export plants have risen to an average of 13.1 bcfd so far in March, up from 12.8 bcfd in February. That would top the monthly record of 12.9 bcfd in March 2022 before Freeport LNG shut. The seven big U.S. LNG export plants, including Freeport LNG, can turn about 13.8 bcfd of gas into LNG.
On a daily basis, preliminary figures show feedgas flows to U.S. LNG plants were on track to hit a record high of 14.4 bcfd on Wednesday, which would top the daily record of 14.2 bcfd on March 5. LNG export plants pull in more gas than they can process into LNG to run the equipment used to liquefy gas.

EU reaches deal on higher renewable energy share by 2030
The European Union reached a provisional deal on Thursday on higher renewable energy targets, an important pillar of the bloc's plans to fight climate change and end dependence on Russian fossil fuels. Negotiators of the European Parliament and the Council, representing EU members, agreed that by 2030, the 27-country EU would commit to sourcing 42.5% of its energy from renewable sources like wind and solar, with a potential top-up to 45%.
The EU's current 2030 target is for a 32% renewable energy share. The EU got 22% of its energy from renewable sources in 2021, but the level varied significantly between countries.
Sweden leads the 27 EU countries with its 63% renewable energy share, while in Luxembourg, Malta, the Netherlands and Ireland, renewable sources make up less than 13% of total energy use. A rapid shift to renewable energy is crucial if the EU is to meet its climate change goals, including a legally binding aim to cut net greenhouse gas emissions by 55% by 2030, from 1990 levels. EU countries will have to raise to 29% the share of renewables in energy used by the transport sector. EU industry would increase its use of renewables by 1.6% per year, with 42% of the hydrogen it uses deriving from renewable sources by 2030 and 60% by 2035. The directive added targets for buildings and sought accelerated permitting processes for renewable energy projects. Renewable energy targets have gained significance since Russia’s invasion of Ukraine as the EU has vowed to end its dependence on Russian fossil fuels by 2027 - and plans to do this mostly through locally produced, low-carbon energy. Reaching the new goals will require massive investment in wind and solar farms, scaling up production of renewable gases, and reinforcing Europe's power grids to integrate more clean energy.
The European Commission has said additional investments of 113 billion euros ($123 billion) in renewable energy and hydrogen infrastructure will be needed by 2030, if EU countries are to end their reliance on Russian fossil fuels. The deal must be approved by the EU Parliament and EU countries to become law, normally a formality.

Top News - Dry Freight

NORDEN buys bigger ships, sees China commodities trade picking up

Shipping group NORDEN has acquired larger capesize dry bulk ships, aiming to benefit from China's economy reopening and expectations of a pick up in commodities trade, the Danish company's CEO said. Three years of rigid border controls and sweeping lockdowns during the pandemic have sapped business confidence in China, especially among foreign firms, according to sentiment surveys.

China has set itself a target for gross domestic product growth of around 5% this year, after significantly missing its target for 2022. That is lower than the International Monetary Fund and some private forecasters think it can achieve.

NORDEN has acquired four capesize ships and is separately looking at chartering in further capesize vessels going forward as part of its strategy, Jan Rindbo said.

"With the reopening of China after COVID, we can see right now at least that sentiment and demand is much more China driven than it is world GDP driven and that tends to favour the capesize segment more," he told Reuters.

Capesizes, among the largest dry bulk ships, typically haul industrial commodities such as coal and iron ore and are a vital transport link for China's trade. Other commodities such as bauxite are also being increasingly shipped on capesizes.

Tighter ship availability, due to a low order book for the first time in years, has also supported prospects for the dry bulk sector.

"We are still worried about the global economy and the banking crisis has not helped that picture," Rindbo said. "But at the same time, we also feel that the order book is very low. With the Chinese economy seemingly kicking into a higher gear, there is room for some optimism."

NORDEN's operated fleet averages over 450 ships including over 300 dry bulk ships and more than 100 oil products tankers.

Rindbo said larger ships also provided "freight and also emissions savings".

Turkey buys 395,000 T wheat out of 695,000 T tender – traders

Turkey's state grain board TMO has purchased 395,000 tonnes of milling wheat out of a tender for 695,000 tonnes held on Tuesday, traders said on Thursday. A provisional purchase of 300,000 tonnes in the tender for shipment May 18-June 16 was cancelled.

Traders had initially reported that TMO had purchased the full amount it had tendered for but tonnages in TMO’s tenders are provisional and can be reduced or cancelled completely in the following days.

The wheat was bought in a series of consignments to different Turkish ports as well as in warehouses in Turkey.

Picture of the Day

A member of the International Atomic Energy Agency (IAEA) expert mission tours the Zaporizhzhia Nuclear Power Plant, in the course of Russia-Ukraine conflict outside Enerhodar in the Zaporizhzhia region, Russian-controlled Ukraine, March 29, 2023. Fredrik Dahl/IAEA/Handout via REUTERS

(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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