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Top News - Oil

Novak: Russia will cut oil output in Q2 to catch up with other OPEC+ countries

Russia has decided to focus on reducing oil output rather than exports in the second quarter in order to evenly spread production cuts with other OPEC+ member countries, Deputy Prime Minister Alexander Novak said on Friday.
Earlier this month, Russia said it would cut its oil output and exports by an additional 471,000 barrels per day (bpd) in the second quarter in coordination with some OPEC+ participating countries.
Novak also told reporters that Russian oil companies will reduce production in proportion to their share of the country's total oil output.
Russia plans to gradually ease export cuts: in April, it will reduce output by an extra 350,000 bpd, with exports cut by 121,000 bpd. In May, the extra output cut will be 400,000 bpd and exports cut by 71,000 bpd. In June, all the additional cuts will be from oil output.
The world's second-largest global oil exporter has been cutting crude oil and fuel exports by a combined 500,000 bpd in the first quarter, in addition to its previous pledge to curtail production alongside other members of the OPEC+ grouping.
Russia's move to reduce more oil production, not exports, was an unexpected move.
JP Morgan, which earlier this month called it a surprising shift in strategy, said if Russia delivered on the promised cuts, the country's production of crude oil should decline to 9 million barrels per day (bpd) by June, matching Saudi Arabia's output.
Russia currently produces around 9.5 million bpd of crude oil.
"This is a measure (deepening of production cuts) is taken so that all the countries contribute equally (to production cuts under the OPEC+ deal)," Novak said.
"As you remember, we did not reduce (production) by the volume, by the percentage that other countries reduced. We had a reduction in exports. The moment has come when, instead of exports, we are reducing production," he added. Industry sources told Reuters on Monday that Russia's government has ordered companies to reduce oil output in the second quarter to ensure they meet a production target of 9 million bpd by the end of June in line with its pledges to OPEC+.

US crude output falls 6% in January due to severe cold, EIA says

U.S. crude oil production dropped in January to 12.5 million barrels per day (bpd), a 6% decline from December's record high, following freezing weather, data from the Energy Information Administration showed on Friday.
Crude oil output in top oil state Texas fell in January to 5.4 million bpd, down about 5% from the prior month, the data showed, while production in North Dakota fell nearly 13% to 1.1 million bpd.
A severe winter storm in January drastically slashed oil production and shut Texas refining capacity and as it dumped snow and rain across a broad swath of the nation.
U.S. crude oil production reached historic highs of 13.3 million bpd in and December. Texas, North Dakota and New Mexico, major oil producing states, all produced record amounts of crude oil in those months, the EIA data showed.
However, the cold weather in January caused North Dakota's oil production to be cut in half to between 600,000 bpd and 650,000 bpd, the state's pipeline authority said at the time. Other major U.S. oil producing regions were also affected.
The weather also hit consumption of motor fuel in January, and gasoline product supplied, a proxy for demand, fell by about 600,000 bpd to 8.2 million bpd, its lowest in two years, according to the EIA's monthly petroleum status report.
Gross natural gas production in the U.S. Lower 48 states fell about 3.6% to a record 114.1 billion cubic feet per day (bcfd) in January, up from the previous record of 118.4 bcfd in December, the EIA said.
Monthly output in January fell 4.6% in Texas to 33.5 bcfd, down from a record 35.1 in December, while monthly output in Pennsylvania fell by 1.5% in Pennsylvania to 21.3 bcfd.

Top News - Agriculture

US corn plantings seen 5% lower in 2024, soy acres higher, USDA says

U.S. farmers are planning to cut corn plantings by more than expected in 2024 while expanding soybean seedings, the U.S. Department of Agriculture (USDA) said on Thursday, as low crop prices and high input costs have many growers looking to cut expenses.

Prices for both crops are hovering near three-year lows as global supplies swell with rising South American harvests and slowing demand from top importer China.

"Farmers last year were planting fencepost to fencepost and that's going to change, what with prices being where they are," said Jack Scoville, analyst with Price Group in Chicago.

The USDA said farmers plan to seed 90.036 million acres with corn in 2024, down 5% from 94.641 million acres last year and below a USDA forecast in February of 91.000 million acres.

Corn acres in the top 14 producing states were down from last year and steady to lower in 38 of 48 states, USDA said. Soybean plantings were seen rising 3% to 86.510 million acres, from 83.600 million in 2023, the fifth most on record but short of the 87.500 million acres forecast by USDA last month. Analysts had expected corn plantings to decline to 91.776 million acres, while soybean seedings were seen at 86.530 million acres.

USDA projected that all U.S. wheat plantings will decline by 4% to 47.498 million acres, from 49.575 million in 2023, led by a drop in winter wheat acres.

The USDA in a separate quarterly grain stocks report said stocks of U.S. corn as of March 1 swelled to 8.347 billion bushels, the most in five years.

Soybean stocks rose to a two-year high of 1.845 billion bushels, while wheat stocks rose to 1.087 billion bushels, a three-year high.

Benchmark Chicago Board of Trade (CBOT) corn futures were up 3% near midday after surging to a seven-week high immediately after the report. CBOT wheat was up about 2% while soybeans were down 0.4%.

Ivory Coast to raise cocoa farmgate price by 50%

Ivory Coast's President Alassane Ouattara will increase the official cocoa farmgate price to 1,500 CFA francs per kg from Tuesday from the current 1,000 CFA, sources at five different export companies said.

The sources, who requested anonymity because of the sensitivity of the issue, said they were citing a decision at a government meeting on Saturday.

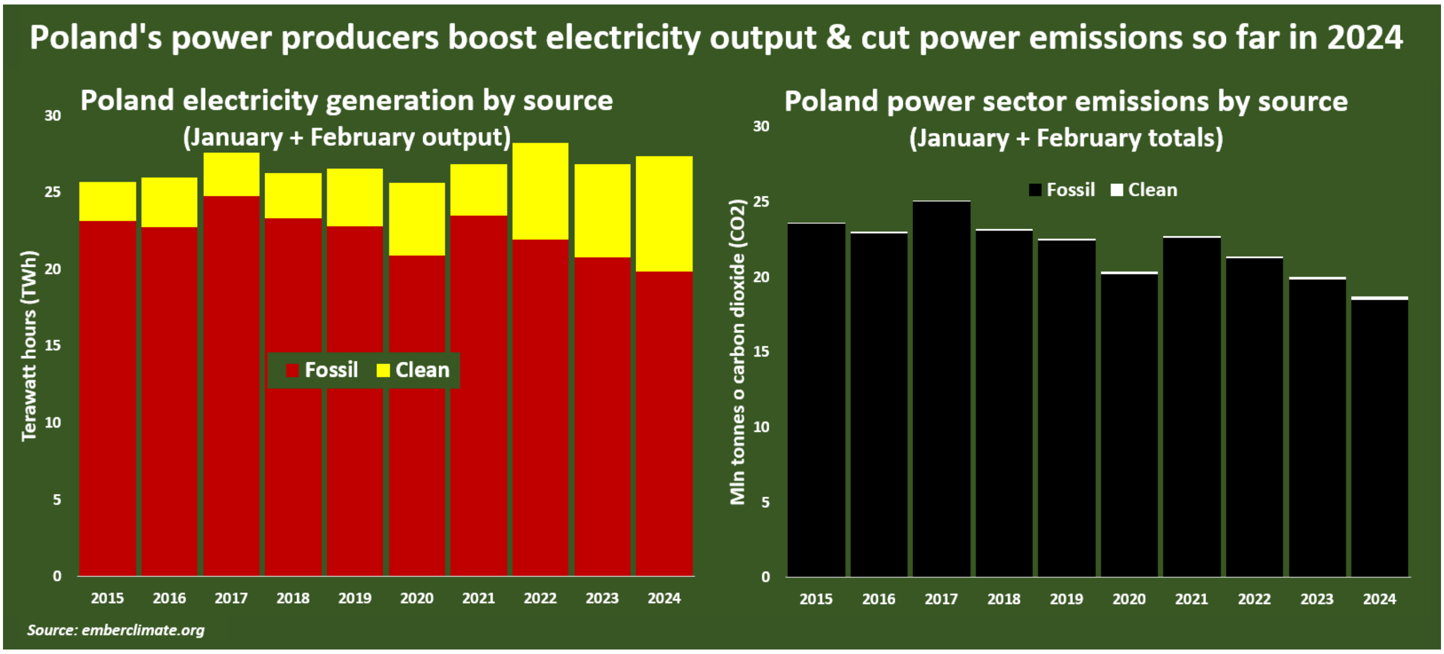
Earlier in the day, Ouattara had validated a proposal for a price of between 1,100 and 1,200 CFA francs per kg before reversing his decision and asking that the price be even higher, the sources said.

The government and the cocoa regulator the Coffee and Cocoa Council (CCC) could not be reached for comment on Sunday.

Cocoa prices have more than tripled over the last year as disease and adverse weather pushed the global market to a third successive deficit, but the official farmgate price that growers can charge for their beans in Ivory Coast, a top producer, has yet to reflect this.

"There were several proposals on the table and as a last resort the president wanted the highest possible price for

Chart of the Day



the producers so he decided 1,500 CFA per kg instead of 1,200 CFA, which had been validated previously," the director of a European export company told Reuters.
"Ultimately in the current context, this is the best possible price that the CCC can pay because the sales system in Ivory Coast is such that it is difficult to change prices during the season," the person added.
The director of another international export company said: "The president judged the world market situation to be exceptional and wanted an exceptional reaction too."

Top News - Metals

Chile's Codelco posts 2023 profit dip as production falls

Chilean copper giant Codelco reported gross profit of $3.12 billion for 2023, the state-owned producer said in a filing on Thursday, a 34% dip from a year earlier after the state firm faced operational and production challenges.
Codelco, the world's top copper miner, posted production of 1.325 million metric tons for the year - its lowest level in a quarter century - according to the filing, compared to 1.446 million tons in 2022.
Despite the drop, along with a pre-tax profit decline of 74% year on year to $719 million, Codelco said it expected improvements soon, with a recovery in output by 2030.
"2023 was a very difficult year in terms of operations and production, but we are convinced that it was the lowest part of a productive trough that will begin to improve this year," Chief Executive Ruben Alvarado said in a statement.
"Going forward, we expect positive news and a gradual recovery until we return to our production level of 1.7 million tons by the end of the decade," he added.
For 2024, the company predicted copper output would remain steady at between 1.325 and 1.390 million tons, and expected a capital expenditure of $4 billion to $5 billion.
Codelco logged earnings before interest, taxes, depreciation and amortization (EBITDA) of $4.184 billion, down more than a quarter from 2022.
A Reuters investigation published earlier this month showed that Codelco project delays, accidents and deferred maintenance have all contributed to its recent slump, as some workers pinned most of the blame on management and planning.
Codelco said work was moving forward at two flagship projects, the open-pit mine of Chuquicamata and the El Teniente complex, but with delays.
At Chuquicamata, an expanded productive area had allowed for increased extraction, but at a slower pace than initially planned, Codelco noted.
At El Teniente, delays included the construction on a tunnel for transporting minerals. Several projects in the complex are expected to start production through the course of this year, with another slated for 2026.
The national mining company has also been tasked by the government with leading future lithium projects in the South American nation, and is negotiating public-private agreements.
The government of President Gabriel Boric has said it will reserve for majority control via Codelco two of Chile's most lithium-rich salt flats, Atacama and Maricunga.

Freeport warns copper export ban could cost Indonesia $2 billion in lost revenue

Copper miner Freeport Indonesia has warned the Indonesian government that banning exports of copper concentrate in June could lead to a loss of $2 billion in revenues for Jakarta, a company official said on Thursday.
Indonesia's export ban takes effect from June in an effort to force miners to invest in domestic smelting facilities, thus adding value to their products, boosting earnings from exports.
Freeport Indonesia, controlled by mining giant Freeport McMoran, though the Indonesian government is a majority shareholder, has called for the ban to be relaxed as its Gresik smelter would not be operating at full capacity by June.
"If we can't export, state revenues will drop by around $2 billion, based on current prices," media quoted Chief Executive Tony Wenas as saying in remarks confirmed by a company spokesperson.
The comments followed a meeting with President Joko Widodo, at which he was accompanied by Freeport McMoran's chairman Richard Adkerson and incoming chief executive Kathleen L. Quirk.
Wenas reiterated that construction of the Gresik smelter would be complete by May and start operating the following month, reaching full capacity later in 2024.
A spokesperson for Indonesia's mining ministry declined to comment.
At a separate event on Thursday, Widodo told reporters the government targets completion of all negotiations with Freeport by June at the latest.
"We have to finalise the regulation first and then we can finalise the negotiation," he said, referring to a rule on extension of mining permits.
Wenas has previously said Freeport Indonesia would

have to cut ore production by 40% this year if the government did not delay the ban. On Wednesday, Indonesian copper miner Amman Mineral Internasional said it was also negotiating with the government to relax the ban since its smelter would not be ready by May, arguing that the government earns tax revenues from Amman as well as Freeport. Freeport also raised the matter of extending its mining permit during the meeting, Wenas said. Widodo and Adkerson met last November to discuss a 10% increase in Indonesia's ownership of Freeport Indonesia and a 20-year extension of its mining permit beyond the current expiry date of 2041.

Top News - Carbon & Power

COLUMN-Poland power firms burn less coal but still lift output: Maguire

Poland's power producers - Europe's most coal-dependent - have managed to boost total electricity generation levels while cutting emissions so far in 2024, thanks to lower coal use in power stations and higher wind output.

Coal-fired electricity generation over the first two months of the year dropped by 9.2% from the same period in 2023, but total electricity output climbed by nearly 2%, data from energy think tank Ember shows.

Lower coal use has, in turn, resulted in lower power sector emissions, which fell by more than 1.3 million metric tons of carbon dioxide (CO_2) in 2024 through February from the same months last year and to the lowest for that period on record.

As a key industrial and manufacturing hub in Eastern Europe, Poland's power sector is closely watched by climate trackers who have been wary of the country's enduring reliance on coal to generate affordable electricity and power for businesses.

But thanks to rapid expansions in renewable energy output, the country's power producers have been able to steadily reduce coal's share of the generation mix while keeping total electricity output relatively steady.

Coal's share of Poland's generation mix has averaged 59.8% so far this year, compared to 63.7% for 2023 as a whole.

CHANGING THE POWER MIX

Over the first two months of 2024, coal-fired electricity output was 16.35 terawatt hours (TWh), according to Ember.

That tally compared to 18 TWh during the same period in

MARKET MONITOR as of 06:40 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$83.51 / bbl	2.66%	16.55%
NYMEX RBOB Gasoline	$2.69 / gallon	0.71%	27.75%
ICE Gas Oil	$823.00 / tonne	1.17%	9.62%
NYMEX Natural Gas	$1.73 / mmBtu	0.58%	-31.26%
Spot Gold	$2,259.79 / ounce	3.00%	9.56%
TRPC coal API 2 / Dec, 24	$117 / tonne	0.10%	20.62%
Carbon ECX EUA	€61.80 / tonne	-1.01%	-23.11%
Dutch gas day-ahead (Pre. close)	€27.50 / Mwh	0.92%	-13.66%
CBOT Corn	$4.53 / bushel	3.19%	-6.35%
CBOT Wheat	$5.75 / bushel	2.18%	-10.09%
Malaysia Palm Oil (3M)	RM4,239 / tonne	2.49%	13.92%
Index	**Close 28 Mar**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	336.03	1.24%	11.49%
Rogers International	27.86	0.52%	5.83%
U.S. Stocks - Dow	39,807.37	0.12%	5.62%
U.S. Dollar Index	104.52	-0.03%	3.14%
U.S. Bond Index (DJ)	427.69	0.13%	-0.70%

2023, and was the lowest since at least 2015.
To offset some of the cuts to coal output, utilities increased gas-fired generation by 27% to 2.87 TWh.
However, total fossil fuel-powered electricity output was down 4.4% in 2024 through February and the lowest for that period in at least nine years.
Output from wind power, which is Poland's second largest source of electricity, increased by 23.5% through February from the same period a year ago to a record 5.78 TWh. Solar output was up nearly 40% to 0.90 TWh, which was also a record.

LOWER POWER PRICES
The ability of Poland's power producers to boost clean power generation by more than the cuts made to fossil fuel-fired output has helped drive Poland's wholesale power prices to their lowest since mid-2021 at the start of this year, data from LSEG shows.
Those lower power prices should, in turn, help reduce costs for energy-intensive business consumers, especially manufacturers which are currently faced with sluggish demand and so have little scope to raise end-product prices.
Power costs may come under further pressure in the months ahead as power demand for heating in offices and homes drops off after the winter.
Utilities should also benefit from rising solar generation during the summer months, with output during June, July and August likely to be around 2 TWh each month thanks to newly installed solar capacity.
In tandem with continuing output from wind farms, that higher solar output should help push clean power's share of Poland's generation mix to beyond the 27.5% average seen so far in 2024.
Higher clean output may also help further reduce power sector pollution, which is already down by around 6.6% over the first two months of 2024 compared to the same period in 2023.
Sustained declines in Poland's power emissions will be viewed as a cause for celebration among climate trackers, even as coal remains the primary source of power in the country.

Japan's JERA suspends output at 4 gas-fired power plants to secure LNG stocks
Japan's biggest power generator JERA said on Friday it has suspended production at four of its gas-fired power stations and curtailed output at another plant from Wednesday to Friday to secure sufficient liquefied natural gas (LNG) inventory.
The move comes as a recent drop in temperatures in the Tokyo area boosted power demand while stormy weather caused delays in the arrival of LNG cargoes, causing a drop in LNG stock levels, a JERA spokesperson said.
Operations were temporarily suspended at power plants in Futtsu, Yokohama, Kawasaki and Chiba, all near Tokyo, and curtailed at Higashi-Ohgishima.
"Since stormy weather was also forecast for the latter half of this week, we have decided to implement planned outages and curtailment," the spokesperson said.
But JERA, one of the world's biggest LNG buyers, plans to bring the plants back to normal operations from Saturday, he said.
LNG storage levels at major utilities stood at 1.95 million metric tons as of March 3, down 15% from the start of February and below the five-year average of 2.13 million tons, the Ministry of Economy, Trade and Industry data showed.
Storage levels fell further to 1.52 million tons as of March 24, according to the data released on Wednesday, the lowest since February 2022, Rystad Energy's Senior Analyst Masanori Odaka said in a note.

Top News - Dry Freight

Baltimore port closure could dent US coal export volumes, EIA says
Halted shipping traffic from the Port of Baltimore, the second-largest U.S. hub for coal exports, will slow the growth in U.S. coal exports and reduce bunker fuel use, the Energy Information Administration (EIA) said on Thursday.
Coal exports from the busy U.S. port have been disrupted following the collapse of Baltimore's Francis Scott Key Bridge which was struck by a massive cargo ship early Tuesday morning.
"Since the port is a major transit point for freight and bulk vessels, we expect bunker fuel consumption to decrease," the EIA added.
Baltimore handled exports of 28 million short tons last year, making up 28% of total U.S. coal exports and second only to the Hampton Roads port in Norfolk, Virginia, according to census data.
"An attractive feature of the Port of Baltimore is its proximity to the northern Appalachia coal fields in western Pennsylvania and northern West Virginia," the EIA said.
"Other nearby ports, most notably Hampton Roads, have additional capacity to export coal, although factors including coal quality, pricing, and scheduling will affect how easily companies can switch to exporting from another port."
About 19 million short tons of the exports in 2023 were steam coal, used to generate power and heat, and the remaining 9 million short tons were metallurgical coal, an ingredient in steelmaking.
India was the top destination for steam coal over the last five years, where the brick manufacturing industry is a

major customer, while metallurgical coal went to various Asian countries including Japan, China, and South Korea, the EIA said.
Baltimore also imported 3,000 barrels per day (bpd) of biodiesel in 2023, mostly from Central America and Western Europe, alongside 4,000 bpd of asphalt from Canada and 2,000 bpd of urea ammonium nitrate largely from Russia.
More widely used refined oil products are less affected, the EIA noted.

Grain ship loaded by Russia's TD RIF leaves Black Sea port after quality clearance, source says
A vessel that was loaded by TD RIF, one of Russia's key grain exporters, has left a Black Sea port after its cargo was certified as being free of pests and disease, a source in the company told Reuters on Saturday.
Several grain vessels loaded by the company have remained idle in the country's Black Sea ports for more than 10 days, amid a row with Russia's agricultural watchdog over the quality of the grain they are carrying.
The ships have been awaiting phytosanitary clearance - a certificate saying their cargo is clear of pests or disease - since March 18.
Last week, Rosselkhoznadzor, the watchdog, said there was a jump in applications from importing countries saying cargoes of Russian grain were not meeting quarantine requirements, including a shipment of TD RIF.
LSEG data confirmed that the 21,964-dwt vessel had left Russia's Black Sea Port Kavkaz.

Picture of the Day

A boy dressed in a hay suit walks through the village as a part of an Easter celebration called 'Marching Judas' in the village of Stradoun near Vysoke Myto, Czech Republic, March 30. REUTERS/David W Cerny

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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