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Top News - Oil

OPEC oil output falls in March, led by Iraq - Reuters survey

OPEC oil output fell last month, a Reuters survey found on Monday, reflecting lower exports from Iraq and Nigeria against a backdrop of ongoing voluntary supply cuts by some members agreed with the wider OPEC+ alliance.
The Organization of the Petroleum Exporting Countries pumped 26.42 million barrels per day (bpd) last month, down 50,000 bpd from February, the survey, based on shipping data and information from industry sources, found. Several members of OPEC+, which includes OPEC, Russia and other allies, made new cuts in January to counter economic weakness and increased supply outside the group. Producers agreed last month to keep them in place until the end of June. An OPEC+ panel of key ministers meets on Wednesday to review the market and members' production, and is not expected to recommend any policy changes ahead of the group's next full meeting set for June 1. The biggest output reductions in March came from Iraq and Nigeria, the survey found. Iraq last month promised to lower exports to make up for pumping above its OPEC target, a pledge that would cut shipments by 130,000 bpd from February. The 50,000 bpd cut in March, according to the survey, leaves more to do in later months to meet the pledge. Nigerian production also declined, with exports falling more sharply according to some ship trackers as the Dangote refinery took in more cargoes. OPEC fell about 190,000 bpd short of its targeted cuts in March, largely because of Iraq, Nigeria and Gabon pumping more than they had aimed for, the survey found.
Gulf producers Saudi Arabia, Kuwait and the United Arab Emirates each kept output close to their voluntary targets, the survey found, as did Algeria. Output in Iran, exempt from quotas, edged lower, the survey found.
Iran is still pumping near a five-year high reached in November after posting one of OPEC's biggest output increases in 2023 despite U.S. sanctions still in place. There was no significant rise in output from any OPEC country last month, according to the survey.
Libya, also exempt from quotas, pumped an extra 20,000 bpd as the country's output returned to normal after disruption in February. The Reuters survey aims to track supply to the market and is based on shipping data provided by external sources, LSEG flows data, information from companies that track flows - such as Petro-Logistics and Kpler - and information provided by sources at oil companies, OPEC and consultants.

ANALYSIS-China's oil majors face uphill climb to adapt to EV future

Tucked away on a side road in suburban Beijing, the Xiaowuji battery charging station opened by Sinopec in December 2023 offers a glimpse of China's post-gasoline future.
Boasting 70 fast electric vehicle charging points, coffee machines and massage chairs, the station is one of thousands being built by the state-run oil giant across the country as it looks to adapt to battery dominated driving. EV sales in the world's largest auto market are expected to account for 40% of the 23 million cars sold this year. China's gasoline demand is predicted to peak by 2025 and could halve by 2045, making a strategic shift an imperative for its biggest oil refiners and marketers, Sinopec and PetroChina. The state-owned oil companies together operate about 50% of the more than 100,000 gas stations in China and fuel sales account for almost half of their revenue. "The national oil companies see the writing on the wall, which is why they are working to adapt their service stations to a lower-carbon economy," said Erica Downs, a researcher at the Center on Global Energy Policy at Columbia University. Other global energy companies like Shell and TotalEnergies are also looking to use the lessons learned to date from smaller early adopting EV markets like Norway and apply them on a much larger scale in China. But China's public EV charging sector is beset by market fragmentation, overcapacity, low utilisation and losses, posing challenges for oil companies attempting to adapt their business models. On a recent weekday afternoon, 54 of the 70 charging points at the Xiaowuji station stood idle. Most of the customers were taxi drivers, one of whom said charging there was faster, though slightly more expensive, than charging at home. Sinopec, which operated 21,000 charging points at the end of 2023, has earmarked 18.4 billion yuan to its distribution segment this year for the construction of an integrated energy station network, up 17.2% on last year. The group plans to build 5,000 charging stations by 2025. PetroChina, which operates 28,000 charging points via recently acquired subsidiary Potevio New Energy, announced plans to increase capital spending on marketing and distribution by 49.8% to 7 billion yuan in 2024, focused on comprehensive stations providing oil, gas, hydrogen and charging, according to company filings. The company plans to build a further 1,000 EV battery swapping stations this year. Each has a market share of roughly

1% of the 2.73 million public charging points in China. PetroChina did not respond to a request for further comment on its distribution strategy. Sinopec declined to comment.

CHINA'S OVERCAPACITY PROBLEM

Most EV owners in China can charge their vehicles at their housing complexes, meaning 68% of the 8.6 million charging points in China are slower, non-public chargers.

In Norway, where fully electric vehicles account for about 21% of cars on the road and more than 90% of new car sales, charging station operators report high levels of at-home charging and high variability of public charging utilisation.

Circle K, the largest public fast charging operator in Norway said its drop-in charging business was profitable, but noted that, unlike in China, the increase in EV usage in Norway had surpassed growth in public charging points.

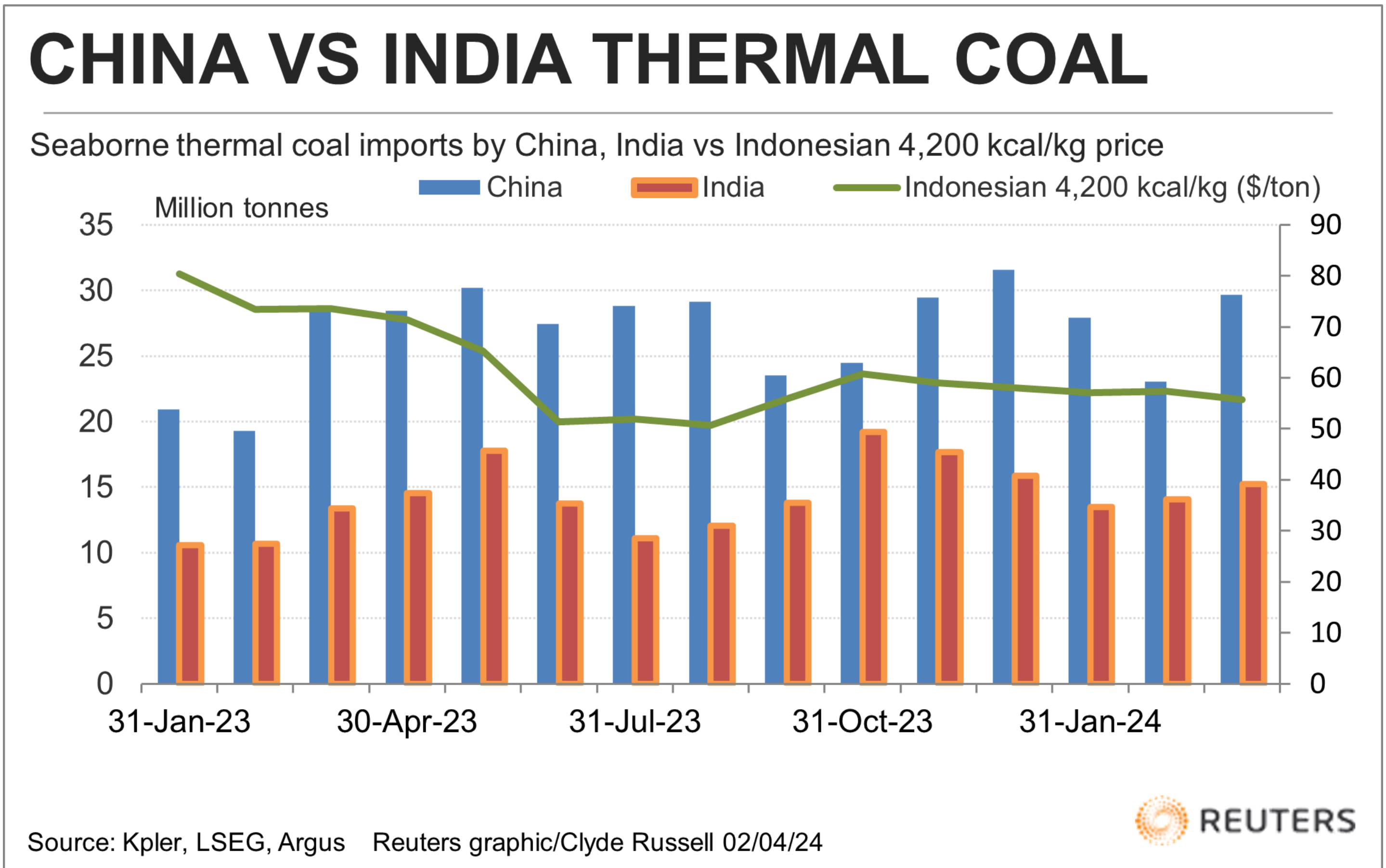
In the second half of 2022, there were seven EVs in China per charger. By comparison, the ratios in the U.S. and Europe were 14.6 and 17.6 cars per charger, respectively, according to data from the China Passenger Car Association. China's charging market is also highly fragmented. The top five companies hold a 65.2% market share, according to the Electric Vehicle Charging Infrastructure Promotion Alliance.

With so much competition to serve relatively fewer EV drivers, many charging points see low utilisation, standing idle for much of the day. Charging points operated by Star Charge, the largest player, are estimated by Rystad to earn only $9.58 to $9.94 in revenue per day. Chargers operated by TELD, the No. 2 vendor, are estimated by Rystad to generate $12.77 to $13.25 per day. TELD, a subsidiary of Qingdao TGOOD Electric Co, reported a 26 million yuan loss in 2022. Star Charge did not respond to a request for comment.

TELD said that China's EV market is still developing and utilisation would increase.

However, foreign majors with smaller, more geographically- concentrated charging footprints have reported better results. "Our utilisation rate is more than double the national average level," said Anne Solange Renouard, vice president of marketing and services at TotalEnergies China, which operates 11,000 charging points in a tie-up with utility China Three Gorges Group. "We started to develop additional services, such as carwash, food offers and resting areas to improve the customer experience and answer their needs in terms of e-mobility." Shell, which operates 800 standalone

Chart of the Day



charging stations in the country and recently opened its largest charging station globally in the southern city of Shenzhen, has similarly reported better utilisation rates of around 25% in China, with EV drivers visiting charging stations twice as often as conventional vehicles visit petrol stations.
Abhishek Murali, a senior analyst at Rystad Energy, said making a profit on EV charging anywhere globally is tough and predicted consolidation in China that could see power grid operators emerge as the biggest winners.

Top News - Agriculture

US rates winter wheat crop best in years in first report
The U.S. Department of Agriculture (USDA) in its first weekly crop progress report of the 2024 growing season rated 56% of the U.S. winter wheat crop in good-to-excellent condition, below an average of trade expectations but still the highest for this time of year since 2019.
While the winter wheat harvest remains months away, the improved crop prospects underscore how global grain supplies are shifting to surplus from the shortages of the past several years caused by unfavorable weather, the coronavirus pandemic and the Russia-Ukraine war.
A year ago, just 28% of the U.S. crop was rated good-to-excellent in the 13th week of the calendar year as drought gripped the southern Plains breadbasket.
In 2020, the USDA's first winter wheat ratings of the year were released in the 14th week of the year, with 62% of the crop rated good to excellent.
Analysts surveyed by Reuters on average had expected the USDA to rate 57% of the current wheat crop as good-to-excellent, with estimates ranging from 48% to 65% good-to-excellent.
In its Nov. 27 national wheat ratings, the last before the winter, the government reported 50% of the U.S. crop as good-to-excellent.
The U.S. winter wheat crop, planted last fall, will be harvested in June and July.
Meanwhile, farmers are starting to plant spring crops.
The USDA said corn planting was 2% complete by Sunday, matching the average analyst estimate and ahead of the five-year average of 1%.
For spring wheat, planting was 1% complete, behind the average analyst estimate of 2% but matching the five-year average.

Brazil's 2023/24 soybean harvest hits 74%, AgRural says
Brazil's soybean harvest for the 2023/24 cycle had reached 74% of the planted area as of last Thursday, agribusiness consultancy AgRural said on Monday, up 5 percentage points from the previous week.
The figure was below the 76% seen at the same time a year earlier.
Rains have been hampering harvesting progress in parts of Brazil's center-north and impacting grain quality in some areas, AgRural said in a statement.
Showers have subsided in Rio Grande do Sul, Brazil's southernmost state, but soon will be needed again so farmers that planted their fields later in the season do not face yield losses, the consultancy added.
Now that planting of Brazil's second corn crop has been finalized, farmers have turned their focus to "the effects of climate on the crops' development and output potential," AgRural noted.
Areas including Parana state and the southern regions of Mato Grosso do Sul and Sao Paulo will most likely face yield losses due to hot weather and irregular rainfall, AgRural said. Brazil's second corn crop represents about 75% of national production each year and is planted after soybeans are harvested in the same fields.

Top News - Metals

Vale Indonesia targets 2024 output of about 70,800 metric tons nickel in matte
Nickel miner PT Vale Indonesia is aiming for output this year of about 70,800 metric tons of nickel in matte, an official said on Monday, a similar volume to the 70,728 metric tons produced in 2023.
The company, meanwhile, is still awaiting a new special mining permit for its operations beyond 2025, said Bayu Aji, its spokesperson.
"Our hope is that we can get it soon," Bayu said, adding the new permit was crucial for the company to move forward with it investment plan.
Vale Canada and Japan's Sumitomo Metal Mining in February agreed to divest a 14% stake in Vale Indonesia to Indonesia's mining industry holding company, MIND ID, as a requirement to secure the new mining permit.
Indonesian government said it would issue the new mining permit for Vale.
Foreign investors in Indonesian mining companies are required to transfer 51% of their combined stakes to local companies after a certain period of operation.
Upon completion of the Vale transaction, MIND ID will be the largest shareholder in Vale Indonesia, with its stake rising to 34% from 20%.

Sigma Lithium outlines $100 million investment plan to double output in Brazil

Sigma Lithium on Monday made a final investment decision to add a second production line at its Greentech Industrial Plant in Brazil, aiming to nearly double lithium output, sending its shares up.

Vancouver, Canada-based Sigma, which mines and processes lithium in Brazil, plans to increase production to 520,000 tonnes per year by 2025 from the current output of 270,000 tonnes. The company said the capital expenditure for phase 2 is expected to be $100 million. It expects to commission the plant by year-end 2024, with first production expected in the first quarter of 2025. The company, which recently underwent management changes and is pursuing contracts with automakers and major players in the battery industry, obtained an environmental license from the state government at the end of January to install and operate the new plant.

Top News - Carbon & Power

Dutch court hears Shell's appeal against landmark climate ruling

A Dutch court will on Tuesday hear Shell's appeal against a landmark climate ruling which ordered it to drastically deepen planned greenhouse gas emission cuts.

The district court in The Hague in 2021 ordered the oil and gas giant to reduce its planet warming carbon emissions by 45% by 2030 from 2019 levels.

The order related both to Shell's own emissions and those caused by the buyers and users of its products. It came amid rising pressure on energy companies from investors, activists and governments to shift away from fossil fuels and rapidly ramp up investment in renewables.

Shell has argued that the order lacks a legal base and says companies cannot be held responsible for the emissions of their clients. "We agree that the world needs urgent climate action, but we have a different view in how that goal should be achieved," the company said in a statement on its website. "By focusing on one company, and only on the supply of energy rather than the demand for it, we believe the ruling is ineffective and even counterproductive in addressing climate change." Friends of the Earth Netherlands, which brought the case, said it was confident heading into the appeal.

"The scientific basis on which we've founded our claims against Shell has only solidified," the group's lawyer Roger Cox said. "I am confident that we can once again convince the judges that Shell needs to act in line with

MARKET MONITOR as of 06:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$84.21 / bbl	1.25%	17.53%
NYMEX RBOB Gasoline	$2.69 / gallon	-1.09%	27.76%
ICE Gas Oil	$824.75 / tonne	0.95%	9.86%
NYMEX Natural Gas	$1.84 / mmBtu	4.20%	-26.93%
Spot Gold	$2,254.17 / ounce	0.98%	9.29%
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	$4.49 / bushel	-1.32%	-7.33%
CBOT Wheat	$5.71 / bushel	-0.78%	-10.67%
Malaysia Palm Oil (3M)	RM4,264 / tonne	1.67%	14.59%
Index	**Close 01 Apr**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	338.60	0.76%	12.34%
Rogers International	27.86	0.52%	5.83%
U.S. Stocks - Dow	39,566.85	-0.60%	4.98%
U.S. Dollar Index	105.06	0.03%	3.67%
U.S. Bond Index (DJ)	427.69	-0.90%	-0.70%

international climate agreements." Shell earlier this month weakened a 2030 carbon reduction target and scrapped a 2035 objective, citing expectations for strong gas demand and uncertainty in the energy transition, even as it affirmed a plan to cut emissions to net zero by 2050. The company in its statement before the appeal said it was "not ignoring" the court order, pointing out its $10-15 billion investments in low-carbon energy solutions between 2023 and the end of 2025. "We believe the actions we are taking are consistent with the ruling and its end of 2030 timeline," the company said.
Shell now targets a 15-20% reduction in net carbon intensity of its energy products by 2030, compared with 2016 intensity levels. It had previously aimed for a 20% cut. The court has planned four days of hearings for the appeal this month. A verdict is expected in the second half of the year.

US March LNG exports flat as Freeport plant woes continue
U.S. exports of liquefied natural gas (LNG) fell slightly in March to 7.61 million metric tons (MT) from 7.73 MT in February as production of the superchilled gas from the country's second largest exporter remained constrained, preliminary data from financial firm LSEG showed on Monday.
But the U.S. was the largest exporter of LNG last year with exports rising 12% over 2022 to average 11.9 billion cubic feet per day. Nearly half of March's and last year's LNG exports were sent to Europe, which cut imports of Russian pipeline gas following Russia's invasion of Ukraine in 2022. Freeport LNG last month disclosed it had completed repairs on an electric motor at one of the plant's three large processing trains after more than a month of reduced operations. But it added two other processing units would be taken out of service until May, likely leading to another month of overall weaker exports.
Gas flows to the Freeport LNG plant averaged 780 million cubic feet per day (mmcfd) over last week, below its about 2.2 bcfd capacity, said financial firm Tudor, Pickering, Holt & Company on Monday. It means that since January Venture Global LNG, which has been producing above its name plate capacity has emerged as the country's second-largest LNG exporter of the superchilled gas, surpassing Freeport LNG, LSEG data showed.
Europe remained the favored destination for the gas, taking about 57%, or 4.31 MT, of March's total exports. But that was down from 60.5% of all the cargoes, or 4.62 MT in February, the LSEG data showed.
Exports to Asia made a major comeback last month, with U.S. exporters sending cargoes on a longer route past the Cape of Good Hope to reach markets from Bangladesh to China as drought hampered Panama Canal transit, according to the ship tracking data. Of the 7.61 MT exported last month, 2.54 MT or 33% went to Asia in March. That was up from the region's 25% share in February, and double the percentage in January when only 17% went to Asia, LSEG shipping data showed.
Prices in Asia early in the month appear to have encouraged the uptick in purchases by price sensitive countries like India and even Bangladesh, with an increase in spot buying as Asian LNG prices were at $8.30/mmBtu earlier last month, the lowest levels since April 2021, before seeing a slight boost to $8.60/mmBtu.
March exports to Latin America rose slightly to 7%, or .55 MT, compared to 6% or .49 MT in February. Jamaica, the Dominican Republic and Colombia purchased U.S. LNG last month, LSEG ship tracking data showed. There was also one shipment for .07 MT of LNG to Kuwait the data showed. Freeport LNG's return to service in April last year played a major role in the U.S. becoming the world's largest exporter of LNG in 2023, the U.S. Energy Information Administration said on Monday.

Top News - Dry Freight

COLUMN-China, India boost seaborne thermal coal imports as power demand surges: Russell
China and India lifted imports of seaborne thermal coal to three-month highs in March as the world's two biggest buyers took advantage of lower international prices of the fuel to meet strong domestic power demand.
China, the world's biggest coal producer and importer, saw arrivals of seaborne thermal coal of 29.7 million metric tons in March, according to data compiled by commodity analysts Kpler.
This was up from 23.03 million tons in February and was also higher than the 28.62 million in March 2023.
For the first quarter, China's seaborne imports of the grade of coal used mainly to generate electricity were 80.64 million tons, up 17.2% from the 68.82 million recorded in the same period in 2023.
The strength in China's imports is being driven by a combination of strong growth in power demand and by seaborne prices being competitive with domestic coal. Official data showed China's power consumption was 11% higher in January and February this year compared to the same months in 2023, and power generation rose 6.9% in 2023, outpacing the 5.2% growth rate for the economy as a whole.
China's electricity demand is being boosted by a variety of factors, including increasing electrification of the vehicle fleet, higher demand from air conditioners and appliances, and increased electrification of industrial processes, such as some types of smelting.
A drop in hydropower output amid drought has also

boosted fossil fuel generation, predominantly coal-fired, further lifting demand for the fuel.
China's domestic coal prices have also remained relatively high with thermal coal at Qinhuangdao ending at 825 yuan ($114) a ton on Monday.
While this is down from a recent peak of 940 yuan on Feb. 27, the prices of seaborne grades popular in China have also been declining.
Australian coal with an energy content of 5,500 kilocalories per kilogram (kcal/kg), as assessed by commodity price reporting agency Argus, slipped to $87.37 a ton in the week to March 28, down from the recent high of $96.66 in the seven days to March 1.
Indonesian coal with an energy content of 4,200 kcal/kg ended last week at $55.70 a ton, down from the recent high of $58.17 from the week to March 8.
Even allowing for freight costs, Chinese import duties and differences in energy content, imported seaborne grades are currently slightly cheaper than domestic supplies, especially for utilities in China's southeast.
The competitiveness of seaborne grades can be seen in China's imports, with arrivals of 20.24 million tons of Indonesian thermal coal in March, up from 16.96 million in February.
Imports of Australian thermal coal hit a three-month high of 5.08 million tons in March, up from 3.45 million in February.

INDIA STRENGTH
It's a similar story for India, where robust growth in power demand is fuelling coal imports, which reached 15.21 million tons in March, up from 14.09 million in February and 13.41 million in March 2023, according to Kpler.
First quarter thermal coal imports were 42.79 million tons, up 23.8% from the 34.57 million in the same period a year earlier.
Coal demand is likely to remain elevated in India as the South Asian nation braces for more heatwave days than normal between April and June.
In the second quarter, various parts of the country could record 10 to 20 heatwave days compared to the normal four to eight days, Mrutyunjay Mohapatra, director-general of the India Meteorological Department, told a virtual news conference on Monday. India's top supplier of seaborne thermal coal is Indonesia with March arrivals of 10.23 million tons being the highest in four months.
Australia isn't a major supplier of thermal coal to India, with most of the coal trade between the two countries being metallurgical coal, which is used to make steel.
However, it's worth noting that U.S. supplies to India have been increasing, with March imports at a three-month high of 1.10 million tons and an estimated 1.62 million expected to arrive in April, which would be a record high.
At the same time, India's imports of Russian thermal coal have been slipping, with March arrivals of 730,000 tons being the lowest since November.
A combination of Western sanctions on shipping and concerns over the safety of transiting the Red Sea has boosted the landed price of Russian coal in India.
The opinions expressed here are those of the author, a columnist for Reuters.

Ukraine's grain exports fall 10.3% in March to 5.2 mln T

Ukraine's grain exports fell to around 5.2 million metric tons in March from 5.8 million tons in February, agriculture ministry data showed on Monday.
The ministry gave no explanation for the decrease. However, the UCAB Ukrainian farm business association in a statement linked the decline to Russian forces shelling southern Ukraine, which interrupted operations at seaports, and to Polish protesters blocking of land exports.
Ukraine's grain exports in the 2023/24 July-June marketing season have fallen to around 34.9 million tons from 38 million a year earlier, the data showed.
Exports so far this season have included 13.8 million tons of wheat, 18.8 million tons of corn and 1.96 million tons of barley.
The UCAB said a total of 7.2 million tons of agricultural products were exported from Ukraine in March, 10.2% less than a month earlier.
Last month's volume also included 445,300 tons of oilseeds and 651,100 tons of vegetable oils, it said.
Apart from the disruption caused by shelling and protests, the UCAB said additional factors for the March drop included large export volumes in previous months, reducing carry-over stocks and low prices on the global market for all types of grains and oilseeds.
Ukraine has traditionally exported around 95% of its grain via its deep water Black Sea ports.
The Ukrainian government expects a harvest of 81.3 million tons of grain and oilseeds in 2023, with a 2023/24 exportable surplus of about 50 million tons.

Picture of the Day

Wreckage of the Francis Scott Key bridge lies across the deck of the Dali cargo vessel as salvage work continues, in Baltimore, Maryland, U.S., April 1. REUTERS/Julia Nikhinson

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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