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Top News - Oil

Venezuela's March oil exports rise on more supertankers, Chevron cargoes

Venezuela's oil exports rose in March to the highest monthly average since August, boosted by a resumption of loadings after an export freeze and by rising cargoes assigned to Chevron Corp, according to documents and shipping data.

State oil company PDVSA has reinstated two export contracts after a January freeze by new boss Pedro Tellechea: a medium-term contract with Hangzhou Energy, and another with Portugal-based Adinius Sociedade de Servicios, the documents showed.

Those two customers accounted for the largest portion of exports, a sign that PDVSA is consolidating contracts it had with dozens of little-known firms responsible for the loss of billions of dollars from failed payments into fewer agreements.

Oil swap deals with Chevron, Cuba's state company Cubametales and Iran's Naftiran Intertrade Co (NICO) - and most exports of oil byproducts - have continued flowing without interruption during the freeze.

PDVSA and its joint ventures in March shipped a total of 774,420 barrels per day (bpd) of crude and fuel, mainly to China, a rebound from the low figures registered in the two previous months, the documents and data showed.

Eight very large crude carriers (VLCC) set sail from Venezuelan ports, which eased a tanker bottleneck that had built up since early 2023.

Chevron received and exported about 115,000 bpd of Venezuelan heavy crude to the U.S., an increase from about 80,000 bpd in February.

PDVSA and Venezuela's oil ministry did not reply to a request for comment. Hangzhou Energy and Adinius Sociedade de Servicios could not be reached for comment.

An Iranian supertanker, the Sea Star III, arrived in Venezuelan waters on the weekend carrying 2.1 million barrels of condensate to dilute PDVSA's oil, according to monitoring firm TankerTrackers.com. The vessel, owned by National Iranian Tanker Company, had its tracker offline since February when it set sail from Assaluyeh.

Venezuela also exported 276,000 metric tonnes of oil byproducts, a decrease from the 347,000 tonnes of the previous month and from 727,000 tonnes in January, as shipments of petroleum coke declined.

As part of an extended audit of its supply contracts, PDVSA is reviewing accounts of Geneva-based firm Maroil Trading, owned by Venezuelan shipping magnate Wilmer Ruperti, over outstanding debts from petroleum coke supply. Ruperti last week said the situation "was resolved."

All contract revisions are part of a widespread anti-corruption probe that has resulted in the arrest of more than 40 officials and businessmen, according to the Venezuelan attorney general's office. Powerful Oil Minister Tareck El Aissami resigned last month amid the investigation.

Baghdad, Erbil sign temporary deal to restart northern oil exports

Iraq's federal government and the Kurdistan Regional Government (KRG) signed a temporary agreement on Tuesday to restart northern oil exports through Turkey, as part of a broader deal to end decades of political and economic disputes.

Turkey stopped pumping about 450,000 b/d of Iraqi crude through a pipeline from the Fish-Khabur border area to its Ceyhan port on March 25 after Iraq won an arbitration case.

"The recent disruptions to oil exports from the Kurdistan Region have hurt the country as a whole. This agreement brings much needed revenues," KRG Prime Minister Masrour Barzani said in a statement.

Although the flows account for about 0.5% of global oil supply, the stoppage forced oil firms in the region to halt output or move production into rapidly-filling storage tanks, and helped boost oil prices last week to nearly $80/bbl.

Barzani travelled to Baghdad on Tuesday to finalise the agreement with Iraqi Prime Minister Mohammed al-Sudani, the prime minister's media office said in a tweet.

But pipeline flows have yet to restart, two sources said on Tuesday.

One source familiar with oil exports from the region, who spoke on condition of anonymity, said that pipeline operators have yet to receive an indication to restart flows.

The second source said Iraq awaited an update from Turkey.

Baghdad had said Turkey violated a joint agreement by allowing the KRG to export oil to Ceyhan without its consent.

Under the deal, Iraq's state-owned marketing company SOMO will have the authority to market and export KRG oil and the revenues will be deposited in an account at the Iraqi Central Bank under the control of the KRG, two Iraqi officials said.

Both spoke on condition of anonymity because they were not authorised to speak to the media.

Baghdad will have access to audit the account.
Barzani is also set to hold talks with Sudani over a separate oil and gas dispute that has dragged on for nearly two decades.
"Everyone must abide by this agreement and implement it," Sudani said in a joint news briefing with Barzani.
He said the deal was temporary until the budget law passes in parliament, which he said "will cover all obligations and solve all problems."
"We now have a framework for a draft budget law and, in the near future, discussions can begin on a new federal oil and gas law," Barzani said in his statement.

Top News - Agriculture

Argentina to lose soy meal export crown to Brazil as drought bites

Argentina is set to lose its status as the world's top exporter of processed soy meal due to the toll of historic drought on the country's main cash crop, a major exchange said on Tuesday.
The Rosario stock exchange (BCR) predicted in a report that Argentina's soy meal shipments will likely be overtaken by neighbor Brazil for the first time in a quarter century during the current harvest. The 2022/2023 national soy meal output is expected to plummet 36% from the previous season to total just 27 million tonnes.
BCR estimates that some 20 million tonnes of soy meal will likely be exported, and still represent around 29% of global supply. The exchange forecast that Brazilian soy meal shipments will likely reach between 21-23 million tonnes.
Data from Brazil's industrial vegetable oil association Abiove, however, puts this year's expected soy meal sales slightly lower at 20.7 million tonnes.
Argentina's reduced soy meal yield will leave the country, for decades a global farming powerhouse, with its lowest level of production since the late 1990s.
Protein-rich soy meal is mostly used to make livestock feed, but it is also a key ingredient in a variety of foods and beverages like tofu and soy milk.
Also a major corn and wheat supplier, Argentina has dominated the soy meal market in recent decades thanks to a massive local soybean crushing industry located near both major farmland and the mighty Parana River, South America's second longest waterway, which provides easy access for ships.
Severe drought conditions from last May through early March significantly shrunk the soy crop.
Crushing chamber CIARA-CEC has said local soy processing plants have been operating at record low levels capacity as a consequence of the drought.
During the previous 2021/2022 cycle, declared soy meal shipments reached 23.5 million tonnes, which was down 13% compared to the year-ago period, according to government data.

Brazil sugar output seen at over 40 mln tns, 2nd highest on record

Brazil is expected to produce 40.3 million tonnes of sugar in the new season that started in April, the second highest amount on record, as the climate has been positive and mills are well capitalized to provide crops with adequate care.
According to a report published on Tuesday by local consultancy Job Economia, mills are expected to have a strong focus on sugar production, at the expense of ethanol, as the price for the sweetener hovers around the highest in more than six years.
Job Economia projects mills will allocate a near record amount of sugarcane to sugar production, at 46.7%, versus 45.5% in the previous season. Sugar production in the country, considering both the Centre-South and the North/Northeast areas, would grow by 3.15 million tonnes from the previous crop.
Ethanol production is seen growing less (1.8 billion liters) to a total of 33.5 billion liters in 2023/24.
"Mills will go max on sugar," said Julio Maria Borges, the consultancy's main analyst, adding that this week's rise in energy prices after the OPEC+ surprise oil cut is unlikely to change that outlook.
Brazil's sugar production is particularly important for the global sugar market this year since there are problems in several other producers such as India , China and the European Union.
A good production level in Brazil will prevent a large deficit in the global supply of the sweetener.
Borges said that Brazilian exports are expected to grow by 2.67 million tonnes in 2023/24 to 29.75 million tonnes.

Top News - Metals

Global copper smelting slumps in March -satellite data

Global copper smelting activity fell in March due to weaker activity in China and the Americas, data from satellite surveillance of metal processing plants showed on Tuesday.

The month started strong in China, the world's top refined copper producer, but a growing number of smelters became inactive, commodities broker Marex and SAVANT said in a statement.

Earth-i, which specialises in observational data of Earth, tracks smelters representing 80% to 90% of global production. It sells data to fund managers, traders and miners, and also publishes a free monthly index of global copper smelter activity.

Its global copper dispersion index, a measure of smelter activity, fell to 46.8 in March from 49.5 in February, the steepest month-on-month decline in 10 months.

A measure of 50 points indicate that smelters are operating at the average level of the past 12 months. It also has a second index showing the percentage of active smelters.

"China's GDP target of only 5% following the two sessions meeting has weighed on smelting activity," said Guy Wolf, Marex global head of analytics.

The second quarter is a busy period for maintenance in China, setting up potential copper tightness in coming months, he added.

The regional dispersion indices in North and South America fell sharply to averages of 31.5 and 44.6, respectively.

In nickel, the global dispersion index dropped to 46.8 in March from 49.1 in February due to weak demand.

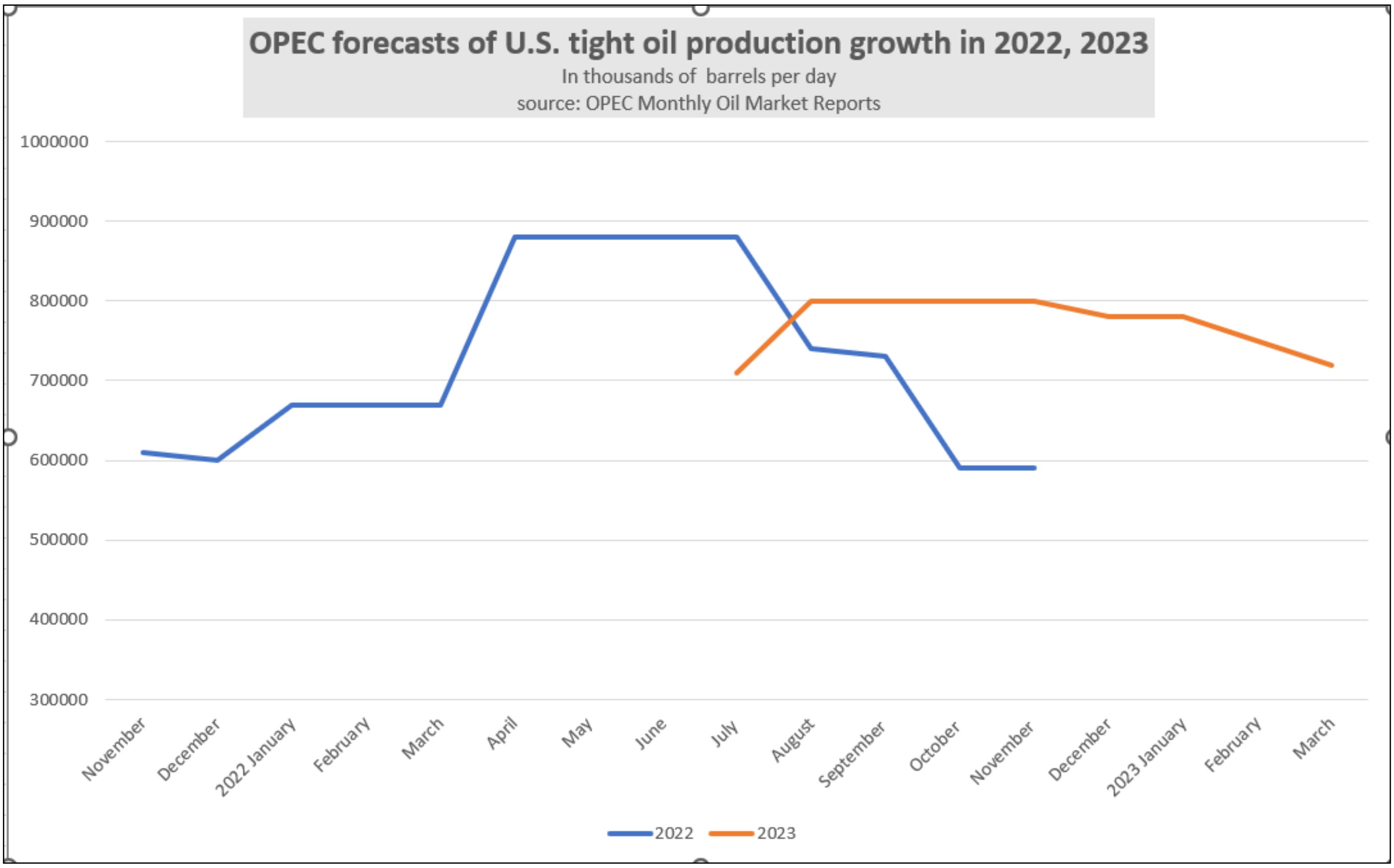
In the Chinese nickel pig iron (NPI) sector, 10 out of 31 operating plants were inactive at the end of the March.

Activity in the rest of the world continued to languish below the two-year average of 50, with the exception of the NPI sector in Indonesia, the statement said.

FOCUS-Mine waste finds new life as source of rare earths

Sweden, South Africa and Australia are at the forefront of a push to transform piles of mine waste and by-products into rare earths vital for the green energy revolution,

Chart of the Day



hoping to substantially cut dependence on Chinese supply.

Prices of the minerals used in products from electric cars to wind turbines have been strong, and a rush to meet net -zero carbon targets is expected to further boost demand.

Europe and the U.S. are scrambling to wean themselves off rare earths from China, which account for 90% of global refined output.

Six advanced projects outside China, including one operated by Swedish iron ore miner LKAB, are now being developed to extract the materials from mining debris or by-products.

Australia's RMIT University estimates there are 16.2 million tonnes of unexploited rare earths in 325 mineral sands deposits worldwide, while the U.S. Idaho National Laboratory said 100,000 tonnes of rare earths each year end up in waste from producing phosphoric acid alone.

The six projects, processing material from mineral sands, fertiliser and iron ore operations, are targeting output of over 10,000 tonnes of key elements neodymium and praseodymium (NdPr) oxide by 2027, analysis by Reuters and consultants Adamas Intelligence showed.

That, Adamas says, is equivalent to some 8% of expected demand for the two rare earths, vital for making permanent magnets to power EV and wind turbine motors.

Potentially they will cut the expected deficit in the materials by upwards of 50%, data from Adamas and the Reuters analysis showed.

"These projects are the low-hanging fruit in the supply chain at the moment," said Ryan Castilloux, managing director at Adamas.

"There's more demand growth coming in the near to medium term than production, so there's an opportunity for these readily accessible sources of supply."

QUICKER THAN NEW MINES

Recovering rare earths from waste is much quicker than setting up new projects from scratch. A new mine that state-owned LKAB is planning to develop at Europe's largest known deposit of rare earth oxides could take up to 15 years to launch.

In contrast, its project to isolate rare earths from byproducts from two existing iron ore mines in northern Sweden is due to kick off in four.

Material from an initial stage of iron ore processing, which is currently deposited in a tailings dam, will be retained and go through further treatment stages.

"We want to make sure we extract as much value as possible, and when we come to the critical minerals, we have those in our ores already," said David Hognelid, LKAB's chief strategy officer for special products.

The company will extract phosphorus for fertiliser, fluorine and gypsum in addition to rare earths.

In South Africa, Rainbow Minerals is also planning to process stacks of waste from years of phosphate mining.

But the biggest such project is in Australia, where mineral sands producer Iluka is gearing up to process 1 million tonnes of stockpiled by-products that have been building up at its Eneabba site since the 1990s.

It is building a rare earths refinery due to open in 2025 that together with related infrastructure is expected to cost between A$1 billion ($677.1 million) and A$1.2 billion, helped by a government loan.

NEW TECHNOLOGY

A key element to making new projects viable is technology developed to separate the rare earths.

Rainbow Minerals will use a new process developed by U.S. company K-Technologies based on ion chromatography, which is common in the pharmaceutical industry and other sectors.

LKAB will be sending its material for separation to Norway's REEtec, in which it is the biggest shareholder.

Commodity trader Mercuria also bought a stake in REEtec for a new division that targets metals needed for the energy transition.

"REEtec fits the narrative of building processing capacity for rare earths in the part of the supply chain where we think there's a bottleneck," said Guillaume de Dardel, head of energy transition metals at Mercuria.

"The company's technology has a lower environmental footprint compared to the legacy solvent extraction process essentially used for rare earths separation in China."

In the U.S., Phoenix Tailings, funded mainly by venture capital funds, is using new technology developed by scientists from the Massachusetts Institute of Technology (MIT).

"There's zero waste, zero emissions and we're also doing it competitive with Chinese prices. We're not going to rely on government to fund us," said Chief Executive Nick Myers.

Prices of rare earths have climbed in recent years, making new projects more viable. Those of NdPr alloy in China, while down from a peak seen last year, have nearly doubled over the past three years.

Top News - Carbon & Power

Mexico snares Iberdrola power plants for $6 bln in 'new nationalization'

The Mexican government has agreed to buy 13 power plants from Spanish energy giant Iberdrola in a deal worth $6 billion, which Mexico's president hailed as a "new nationalization" of the electricity market that will amp up state control.

In a video posted Tuesday on his social media, President Andres Manuel Lopez Obrador called the accord historic and said it will give state-owned power company Comision Federal de Electricidad (CFE) majority control over the electricity market.

"This means we're rescuing the Comision Federal de Electricidad, and it's a new nationalization of our electric industry," said Lopez Obrador, flanked by government officials and Iberdrola CEO Ignacio Galan.

The deal is scheduled to be completed within five months, officials said, at which point the CFE will operate the plants, although the vast majority of their capacity was already under contract to be sold to the state company.

It comes as Mexico is entangled in a dispute over its energy policy with the U.S. and Canada, which argue that it prejudices their companies and violates a regional trade agreement.

It is too early to know if the purchase price reflected fair market value, in large part due to the mix of older and newer facilities in the deal, said energy analyst Gonzalo Monroy.

However Iberdrola will significantly reduce its exposure in Mexico with the sale of its oldest plants "after four years of constant legal hassle", he added.

Lopez Obrador, a leftist energy nationalist, has frequently lambasted Iberdrola, likening the attitude of one of Europe's leading power firms to that of conquerors and evoking Mexico's 16th century conquest at the hands of Spanish invaders.

He argues Iberdrola benefited from past, corrupt governments and has accused it of trying to mount a media campaign against him in concert with his political adversaries.

Still, Iberdrola's CEO expressed respect for Lopez Obrador's drive to beef up state control over energy.

"That energy policy has moved us to look for a situation that's good for the people of Mexico, and at the same time, that complies with the interests of our shareholders," said Galan.

NO PRICE HIKES

The Iberdrola power plants, mostly facilities that burn natural gas but also a major wind farm, generate power equivalent to nearly a tenth of Mexico's total installed capacity in 2020, official data show.

The plant acquisition deal will take CFE's power generation to nearly 56% of Mexico's total, from about 40%, Lopez Obrador said, who has previously stated that the state must control at least 54% of generation.

In a statement, Iberdrola said it inked a memorandum of understanding with asset manager Mexico Infrastructure Partners (MIP) to sell over 8,400 megawatts (MW) of capacity from its gas-fired plants, plus its 103 MW wind asset La Venta III.

Mexican Finance Minister Rogelio Ramirez de la O noted that state infrastructure fund Fonadin will likely hold the majority of the capital in the transaction and serve as the special vehicle used to refinance the operation.

In a securities filing, Iberdrola said it will continue to invest in Mexico to further its "leadership in the development of renewable energy."

The agreed value may be modified based on the closing date of the transaction and other adjustments, Iberdrola said.

Lopez Obrador has tussled with other energy companies during his 4-1/2 years in office, forcing some plants off the national grid as well as yanking control of a potentially lucrative offshore oil find from the U.S. firm that made the discovery.

But he couched his latest push for greater state control over energy in populist terms.

"More important than anything is that by doing this we are guaranteeing the price of electricity does not increase," he said.

US details plan to draw clean energy into oil, coal communities

The Biden administration on Tuesday released final guidance on how clean energy companies can secure additional tax credits when investing in U.S. communities economically tied to fossil fuels like oil and coal.

The Inflation Reduction Act (IRA) passed last year by Democrats extended a 30% tax credit for wind, solar and other green energy projects, but also provided an extra 10% boost to those investing in so-called "energy communities."

The boosted tax credit is central to the administration’s goal of ensuring areas long dependent on fossil fuels benefit from clean energy. It also helped secure West Virginia Democrat Joe Manchin's essential support for the bill.

The extra credit will likely cover projects in places like coal-heavy Appalachia decimated by mine and plant closures.

"Communities like coal communities have the knowledge, infrastructure, resources and know-how to play a leading role in the move to a clean energy economy," U.S. Deputy Treasury Secretary Wally Adeyemo said.

The bonus credit also is available to other "energy communities" - areas that have significant employment or local tax revenues from fossil fuels and higher than average unemployment.
To qualify for the bonus, a metropolitan statistical area or non-metropolitan statistical area must have or have recently had at least 0.17% direct employment, or at least 25% local tax revenues related to the extraction, processing, transport, or storage of coal, oil, or natural gas, the Treasury Department said.
The community must also have an unemployment rate at or above the national average unemployment rate for the previous year.
The text of the IRA specifies that "brownfield" properties contaminated by hazardous materials or other pollutants, also qualify as energy communities and Treasury is partnering with an interagency group to help identify areas that may be eligible for the bonus tax credit.
The Treasury said it will open project applications for the first round of coal and energy communities tax credits on May 31.
The Treasury will also release a searchable mapping tool that helps identify areas that may be eligible for the energy community bonus based on the fresh guidance.
The bipartisan infrastructure bill and IRA tend to favor red states, including those that have been heavy coal producers.
The Department of Energy is also announcing that it is making $16 million available through the IRA to the University of North Dakota and West Virginia University to complete design studies on refineries that will extract and separate rare earth elements and other critical minerals from coal ash, acid mine drainage, and other mine waste. Those minerals are crucial to producing clean energy technologies like batteries and solar panels.

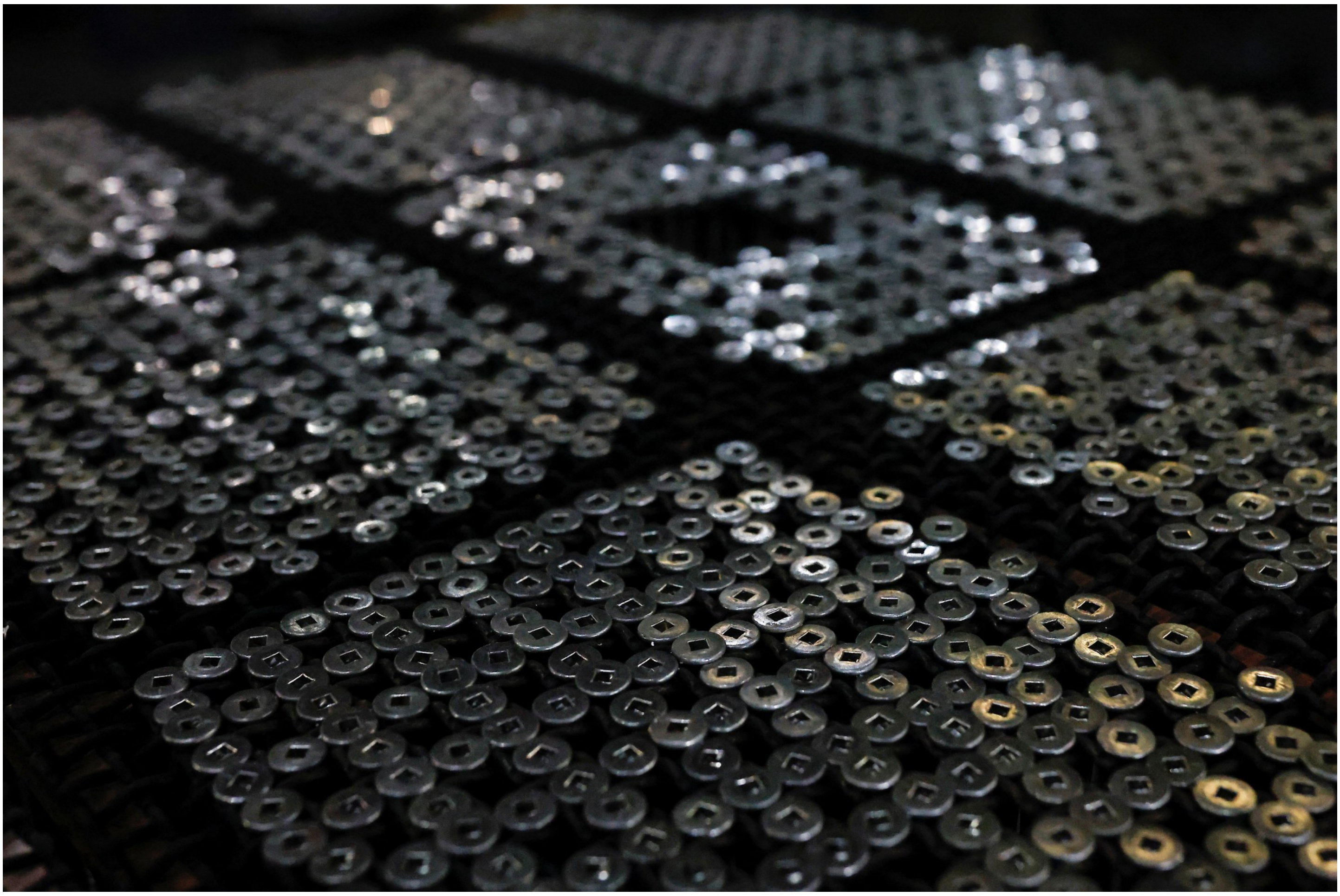
Top News - Dry Freight

Japan seeks 78,732 tonnes of food wheat via tender
Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) is seeking to buy a total of 78,732 tonnes of food-quality wheat from the United States, Canada and Australia in a regular tender that will close on Thursday.
Japan, the world's sixth-biggest wheat importer, keeps a tight grip on imports of its second-most important staple behind rice, buying the majority of the grain for milling via tenders typically issued three times a month.

Algeria tenders to buy up to 70,000 tonnes corn - traders
Algerian state agency ONAB has issued an international tender to purchase up to 70,000 tonnes of animal feed corn to be sourced from Argentina or Brazil, European traders said on Monday.
The deadline for submission of price offers in the tender is Tuesday, March 21, they said.
Corn shipment is sought in two 35,000 tonne consignments, the first by April 30 at the latest and the second between May 1 and May 15.

MARKET MONITOR as of 06:49 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$81.11 / bbl	0.50%	1.06%
NYMEX RBOB Gasoline	$2.71 / gallon	0.67%	9.37%
ICE Gas Oil	$788.25 / tonne	2.30%	-14.41%
NYMEX Natural Gas	$2.07 / mmBtu	-1.57%	-53.68%
Spot Gold	$2,023.19 / ounce	0.16%	10.90%
TRPC coal API 2 / Dec, 23	$142 / tonne	2.16%	-23.14%
Carbon ECX EUA / Dec, 24	€99.31 / tonne	0.95%	12.85%
Dutch gas day-ahead (Pre. close)	€47.38 / Mwh	-8.71%	-37.30%
CBOT Corn	$6.54 / bushel	-	-
CBOT Wheat	$6.86 / bushel	-0.80%	-12.69%
Malaysia Palm Oil (3M)	RM3,926 / tonne	-1.01%	-5.94%
Index (Total Return)	**Close 04 Apr**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	297.81	-0.06%	-1.17%
Rogers International	27.03	-1.42%	-5.72%
U.S. Stocks - Dow	33,402.38	-0.59%	0.77%
U.S. Dollar Index	101.59	-0.50%	-1.87%
U.S. Bond Index (DJ)	413.49	0.42%	4.91%

Picture of the Day



Screws can be seen at Chyuan Lian metal industrial company in Chiayi, Taiwan March 30, 2023. REUTERS/Ann Wang

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(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

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