

[Oil](#) | [Agriculture](#) | [Metals](#) | [Carbon & Power](#) | [Dry Freight](#)*Click on headers to go to that section***Top News - Oil****India-China competition, OPEC cuts nudge Urals above price cap**

Russian Urals oil broke through the \$60 per barrel price cap on Wednesday, boosted by strength in international benchmark Brent after OPEC+ announced an output cut, three sources involved in Russian oil trade said and Reuters calculations showed.

The price cap was introduced in December by G7 countries and Washington said it would help to avoid supply disruptions by keeping Russian oil flowing, while limiting revenues for Russia's President Vladimir Putin. Prices in excess of the cap complicate trade for Russia, which has been excluded from the international financing system by Western sanctions as Urals can only trade in dollars, the currency of international commodity trade, provided it is sold below the \$60 limit. Otherwise another currency has to be used.

But the sources said that, although Urals had edged above \$60 a barrel on Wednesday, the way cargoes are priced on trade over a period of time meant that when the deals are closed they could still fall beneath the cap. International oil prices leapt above \$80 a barrel this week after the Organization of the Petroleum Exporting Countries and allies, including Russia, a group known as OPEC+, announced a surprise output cut on Sunday. Further price support came from a term agreement signed at the end of March by Russia's largest oil producer Rosneft and India's top refiner Indian Oil Corp. Urals oil prices in Indian ports had traded at a discount of \$14-\$17 per barrel on DES (delivered ex-ship) basis, but the term deal had this week driven deals to a discount of \$12-\$14 to dated Brent or ICE Brent, two of the sources said.

For May-loading cargoes in Chinese ports, Urals discounts narrowed to \$8-\$9 against ICE Brent on a DES basis, from about \$10-\$11 per barrel for April-loading cargoes, two sources in Chinese oil market said.

The Urals oil price for a particular deal is normally calculated on the basis of a monthly or several-days average of Brent differentials.

Given current ICE Brent and dated Brent prices, Urals oil cargoes on Wednesday traded slightly above \$60 per barrel on a FOB (free on board) basis in Russian western ports, according to Reuters calculations.

If international prices fall, the actual price of the deal could still be below the cap.

"It all depends on pricing. Sellers and buyers are using different benchmarks, pricing periods and freight cost varies as well, so now it's just on the verge of going above

the cap, but if Brent strengthens further, we see more risks of above price cap trading", one of the sources said. None of the sources could be named because they were not authorised to speak to the press.

**Fuels from Russian oil gets backdoor entry into Europe via India**

Record high imports of crude oil from Russia in fiscal 2022-23 helped India's refiners boost exports of diesel and jet fuel to Europe as the continent shunned Russian products, preliminary ship-tracking data from Kpler and Vortexa showed.

Access to cheap Russian crude has boosted output and profits at Indian refineries, enabling them to export refined products competitively to Europe and take bigger market share.

Europe typically imported an average of 154,000 barrels per day (bpd) of diesel and jet fuel from India before Russia's invasion of Ukraine.

That increased to 200,000 bpd after the European Union banned Russian oil products imports from Feb. 5, Kpler data showed.

India's imports of Russian crude in March rose for the seventh straight month to end out the fiscal year as top supplier to India, displacing Iraq for the first time, the data showed.

Indian refiners, which rarely bought Russian oil previously due to high transport costs, imported 970,000-981,000 bpd of it in 2022/23, accounting for more than a fifth of overall imports at 4.5-4.6 million bpd, Kpler and Vortexa data showed.

Imports from Iraq slipped to 936,000-961,000 bpd from nearly 1 million bpd in 2021/22, the data showed.

While Russia's flagship grade Urals makes up the bulk of India's purchases, refiners are also importing lighter grades from Russia's Far East and Arctic grades such as Sokol, Arco, Novy Port and ESPO blend.

Russia's largest oil producer Rosneft and top Indian refiner Indian Oil Corp have signed a term deal to substantially increase and diversify oil grades delivered to India.

**OIL PRODUCTS**

As Europe's ban kept Russian products out, India's diesel exports to the continent rose 12-16% to 150,000-167,000 bpd in the last fiscal year, the Kpler and Vortexa data showed.

That accounted for about 30% of India's total gasoil exports, up from 21-24% a year earlier, the data showed.

The key European buyers of Indian diesel are France, Turkey, Belgium and the Netherlands, the Kpler data showed.

Europe accounted for about 50% of India's jet fuel exports, or around 70,000-75,000 bpd in 2022/23, up 40,000-42,000 bpd the previous year, the data showed. Besides increasing exports to Europe, India has also boosted vacuum gas oil (VGO) shipments to the U.S. The U.S. took about 11,000-12,000 bpd of VGO in

2022/23, or 65-81% of India's overall exports of the refining feedstock that can be processed further to produce fuels such as gasoline and diesel, the data showed.

In 2021/22, India exported only around 500 bpd of VGO to the United States.

However, India's total annual refined fuel exports in 2022/23 were lower than a year earlier as some refiners shut units for maintenance in later half of 2022.

## Top News - Agriculture

### Argentina to offer preferential 'soy dollar' for exports at 300 pesos per dollar

Argentina's government on Wednesday announced a new plan setting a special exchange rate of 300 pesos per dollar to encourage soybean exports amid severe financial difficulties and foreign exchange shortages. The program, known locally as the "soy dollar," aims to increase sales and exports of soybeans and their derivatives by offering producers a higher exchange rate than the official rate.

Economy Minister Sergio Massa said that the latest program will run from April 8 to May 31 and that there will also be tax benefits to favor small regional producers affected by the country's ongoing drought.

Argentina is the world's top exporter of soy meal and soy oil, and the "soy dollar" has spiked the influx of foreign currency to the cash-strapped central bank in the past. The South American country's ruling Justicialist Party expects the policy will spur \$15 billion dollars in soy exports between the second and third quarter, easing the hurdles farmers are facing in the midst of the drought.

### COLUMN-Warm weather may boost US planting; N. Dakota hopes to avoid 2022 repeat -Braun

Although spring planting has begun in the United States, it will be a couple of weeks before farmers across the country are in full swing. Warm weather expected for mid-month should be friendly to their efforts.

However, some of the most trying U.S. planting seasons have occurred recently, mostly because of excessive rainfall and/or overly cool temperatures. The Northern Plains in particular have had difficulty lately, and that is not off the table for this year given the heavy snowpack. It is still early to get a clear picture on spring planting weather, though May is the most active month for field work, emphasizing favorable weather starting in late April. Warmer and drier conditions are usually most ideal during this period.

As of Sunday, U.S. corn was 2% planted, normal for the date. Numbers for spring wheat and soybeans are not yet available.

On average over the last decade, U.S. corn is about 28% planted by the end of April. But because of recent delayed years, the five-year average, often used to compare weekly planting progress, is only 26% by April 30.

The difference in averages is much more severe for spring wheat. The recent five-year average is 22% planted as of April 30, well below the 10-year average of 30% and the 20-year at 38%.

Last year, the spring wheat planting pace briefly hit an all-time low in late May, and corn was seeded at the third slowest rate in a quarter century. That was encouraged by record slow planting in waterlogged North Dakota. By mid-May 2019, U.S. corn sowing hit an all-time slow pace due to excessive moisture across the Corn Belt. Soybean planting in North Dakota was also the slowest ever last year, but the national pace was only a bit behind average. The five-year April 30 average for soybean planting is 11%, close to the 10-year average of 9%. Nationally, soybean planting got off to a record fast start in 2020 then cooled off into late May, though 2021 featured an even faster start and one of the quickest finishes ever. Corn planting was mostly ahead of the normal pace in 2020 and 2021, but North Dakota in 2020 had struggles similar to last year, which reduced overall acreage.

On average over the last decade, spring wheat sowing reaches the halfway point on May 9, corn on May 10 and soybeans on May 22.

#### NORTH DAKOTA

North Dakota, set to plant 4% and 7.5% of U.S. corn and soy acres this year respectively, had planting challenges in three of the last four years, with 2021 being the exception. Relative to original planting intentions, corn and soybean acres in the state equally lost ground last year, but corn lost bigger in 2020 and beans were the top loser in 2019.

But in those three years, North Dakota farmers reduced spring wheat acres by the smallest degree among the three major crops and actually added wheat acres from intentions in 2022. That may not be the case this year as

new-crop spring wheat futures are down 20% versus a year ago and down almost 40% from the May 2022 peak. That could become important later if planting issues arise for North Dakota, which accounts for half of the spring wheat crop. Nationally, farmers plan to sow the smallest spring wheat area in 51 years, down 2% from last year. Many areas of North Dakota have observed near-record or record snowfall this winter, including a heavy snowstorm this week, prompting some concern over

planting prospects. The state usually starts planting wheat in late April and corn and soybeans in May. The North Dakota Crop Watch producer says that the latest storm does not worry him too much because the snow should melt quickly with the days lengthening, and the ground is likely to soak up much of the water after being very dry last fall. However, a rainy pattern in late April into May would quickly escalate his nerves.

## Top News - Metals

### India's 2022/23 steel exports slump to five-year low, imports at four-year high

India's steel exports slumped to a five-year low in the financial year that ended in March, as slowing global demand and an export tax hampered shipments, government data compiled by Reuters showed on Wednesday.

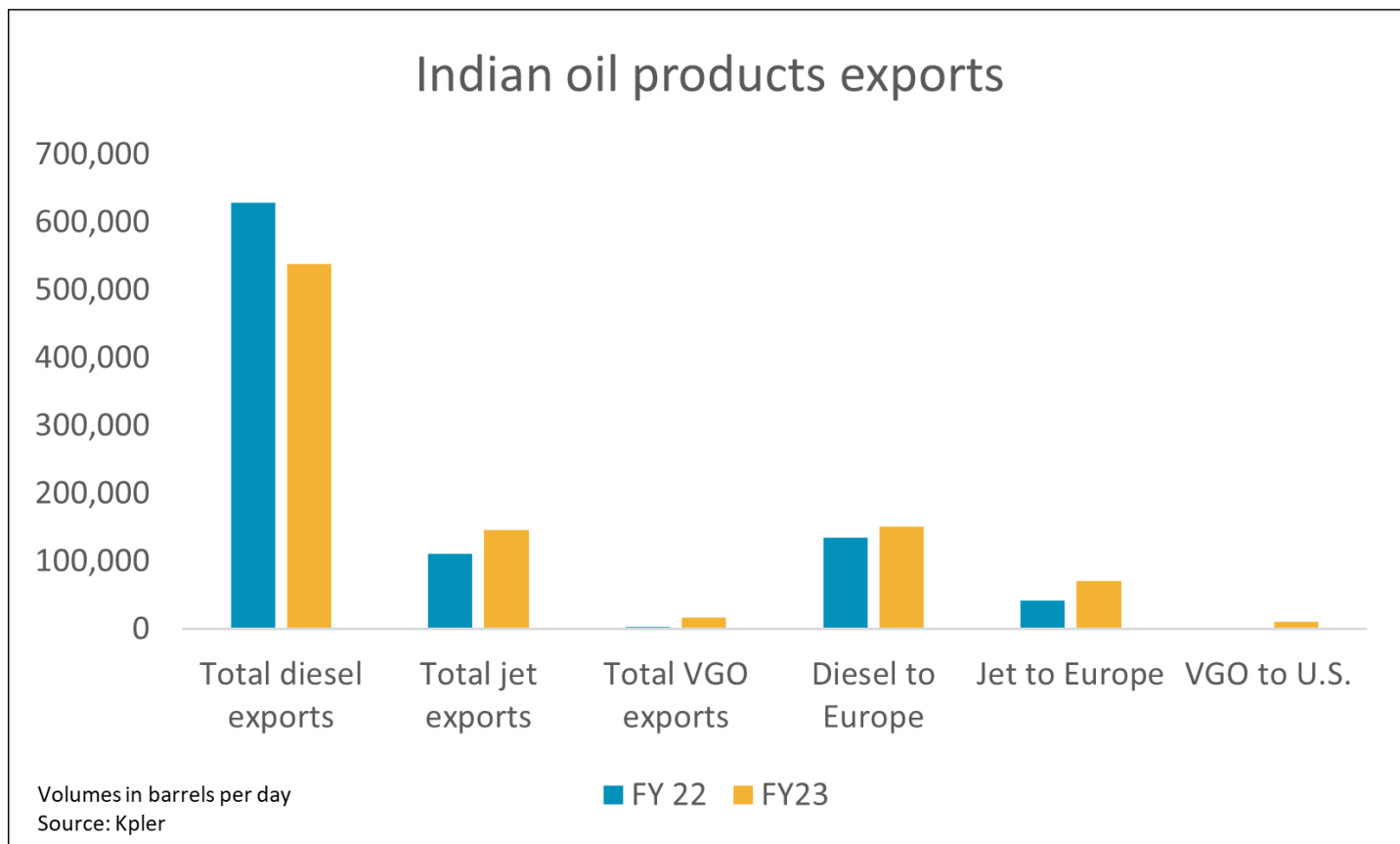
India, the world's second-biggest producer of crude steel, shipped 6.7 million tonnes of finished steel in 2022/23, a decline of 50.2% on the year and the lowest since 2018/19, the data showed.

Major steelmakers had reported a drop in profits in the December quarter, in part because the government had in May last year imposed the export tax, which was withdrawn in November.

Most steel companies, including JSW Steel Ltd, India's biggest steelmaker by capacity, had projected a pick-up in exports in the quarter that ended in March.

Meanwhile, India's imports touched a four-year high at 6 million tonnes in 2022/23, a growth of 29% on the year and the highest since 2019/20.

## Chart of the Day



During April-January, India's imports of Russian steel reached an eight-year high, and shipments were nearly five times higher than in the same period a year ago. However, for 2022/23, India was a net exporter of finished steel.

Overall, India's crude steel production reached a record high of 125.32 million tonnes in 2022/23, up 4.2% on the year, in line with previous government estimates.

Consumption of total finished steel was 119.17 million tonnes in 2022/23, up 12.7% on the year.

### **Newcrest, Harmony Gold agree terms with Papua New Guinea for JV project**

Newcrest Mining Ltd and South Africa's Harmony Gold Mining Co Ltd have agreed with Papua New Guinea on the terms of a contract to start developing their joint project in the Pacific island nation, the Australian miner said Thursday.

The framework agreement sets out the key terms to be included in the mining development contract, a prerequisite for a special mining lease for the Wafi-Golpu copper-gold project, which is equally owned by Newcrest and Harmony.

The terms include the Papua New Guinea government's stake in the project, conditions for investments, commitments for the JV to invest in local infrastructure and social development projects and ensuring speedy progress towards approval.

"This MOU is a pivotal milestone towards the development of one of the world's premier undeveloped copper-gold deposits," Newcrest interim Chief Executive Officer Sherry Duhe said in a statement.

Late last month, Canada's Barrick Gold Corp signed an agreement with the Papua New Guinea government to progress with the resumption of operations at the Porgera gold mine, suspended since April 2020.

## **Top News - Carbon & Power**

### **Mexico ups ante for control of power market with Iberdrola deal**

Mexico's president said on Wednesday the government should control about two-thirds of the national power market within 18 months, doubling down on his pledge to give primacy to the state in defiance of a simmering dispute with foreign investors.

Mexico unveiled on Tuesday a deal to buy \$6 billion in assets from Spanish energy giant Iberdrola, casting it as a "new nationalization" that would raise state power utility Comision Federal de Electricidad's (CFE) share of the market to 55.5%.

President Andres Manuel Lopez Obrador said that by the time his administration concludes on Sept. 30, 2024, CFE should have at least 65% of the electricity market, and as much as 70%, as new power stations came online.

"We're going to continue fighting for Mexico," he told a news conference.

A leftist resource nationalist, Lopez Obrador has spent years embroiled in disputes with investors over energy. Last year that boiled over into a formal trade complaint by the U.S.

The United States and Canada, which quickly joined the complaint, say Lopez Obrador's energy policies have put their firms at a disadvantage. The president argues past Mexican governments rigged the energy market in favor of private interests at the public's expense.

Mexico faces potentially costly sanctions if the U.S. and Canada decide to call - and win - a dispute resolution panel over his contentious energy measures.

That option has been open to both countries since October, and while Mexico says that discussions to

resolve their concerns have made progress, frustration is building among U.S. firms.

Lopez Obrador says CFE must have at least 54% of the market.

But his latest moves suggest he wants to create as big a monopoly as possible and keep pressure on rivals until they sell up, said Jorge Castaneda, a former Mexican foreign minister.

"That's the message he's sending to the Americans and the Canadians," he said, arguing that with the Iberdrola deal Lopez Obrador was challenging both countries to escalate the trade dispute, reasoning that they would not dare.

Given that months have passed without repercussions on the energy dispute, Castaneda said the Biden administration looked reluctant to risk upsetting Lopez Obrador on trade lest Mexico became uncooperative on containing illegal immigration.

Meanwhile, by acquiring Iberdrola's assets, Lopez Obrador had strengthened CFE using hard cash, helping to offset the reverse he suffered in Congress last year when he failed to get the votes needed to change the law for that purpose, he added.

Iberdrola's shares rose more than 2% on Wednesday morning, while Mexico's peso was down %1, lagging regional peers.

Analysts said the peso losses reflected concerns about the outlook for the U.S. economy, although some wondered if the Iberdrola deal, which capped a tumultuous chapter in relations between Lopez Obrador and the firm, could also be weighing.

CI Banco analyst James Salazar said that was unlikely as Lopez Obrador's positions were well known in the market.

"The president sold it as a nationalization," he said. "But that's a political statement: it wasn't the case."

### India's power output grows at fastest pace in 33 years, fuelled by coal

India's power generation grew at the fastest pace in over three decades in the just-ended fiscal year, a Reuters analysis of government data showed, fuelling a sharp surge in emissions as output from both coal-fired and renewable plants hit records.

Intense summer heatwaves, a colder-than-usual winter in northern India and an economic recovery led to a jump in electricity demand, forcing India to crank up output from coal plants and solar farms as it scrambled to avoid power cuts.

Power generation rose 11.5% to 1,591.11 billion kilowatt-hours (kWh), or units, in the fiscal year ended March 2023, an analysis of daily load data from regulator Grid-India showed, the sharpest increase since year ended March 1990.

Output from plants running on fossil fuels rose 11.2%, the quickest growth in over three decades, thanks to a 12.4% surge in electricity production from coal, the analysis showed, offsetting a 28.7% decline in generation from cleaner gas-fired plants as a global spike in LNG prices deterred usage.

In the new fiscal year that began April 1, Indian power plants are expected to burn about 8% more coal.

The rapid acceleration in India's coal-fired output to address a spike in power demand underscores challenges faced by the world's third largest greenhouse gas-emitter in weaning its economy off carbon, as it attempts to ensure energy security to around 1.4 billion Indians.

Total power supplied during the last fiscal year was 1509.15 billion kWh, 8.4% higher than a year earlier but still 6.69 billion units short of demand, the widest deficit in six years.

Electricity generated from coal rose to 1,162.91 billion kWh, the data showed, with its share in overall output

rising to 73.1% - the highest level since the year ending March 2019.

India's Central Electricity authority estimates that 1 million kWh of power produced from coal generates 975 tonnes of carbon dioxide, while the same amount of power generated from gas produces 475 tonnes. A plant fired by lignite, known as brown coal, emits 1,280 tonnes to produce equivalent power.

### RENEWABLES PUSH

Increased fossil fuel burning for power in the world's fifth largest economy drove up CO2 emissions during the year by nearly a sixth, to 1.15 billion tonnes, Reuters calculations based on government data and emissions estimates show.

That is 3.4% of the International Energy Agency's estimate of annual global emissions of 33.8 billion tonnes in 2022.

Many major countries boosted coal use in the twelve months due to Russia's invasion of Ukraine, but the rise was steepest in India, data from energy think-tank Ember shows.

The government has defended India's high coal use citing lower per capita emissions compared with richer nations and rising renewable energy output.

After missing a target to install 175 GW in renewable energy capacity by 2022, India is trying to boost non-fossil capacity - solar and wind energy, nuclear and hydro power, and bio-power - to 500 GW by 2030.

India's solar capacity additions have risen by about a fifth during the just-ended fiscal year, boosting its renewable energy output by a record 33.3 billion units, or 21.7%, to 187.1 billion units.

The green energy output helped prevent as much as 32.5 million tonnes of CO2 emissions from power that would otherwise likely have been produced with coal, calculations show.

The share of renewables in power generation, excluding big hydro and nuclear power, rose to 11.8% in 2022/23, compared with 10.8% the previous year, the data showed, driven mainly by a 35% increase in solar output.

## Top News - Dry Freight

### FOCUS-Energy firms bet big on German port as clean energy hub

Germany's only deep water port, home to its largest naval base, is where energy firms now plan to spend more than \$5.5 billion to help construct the clean energy infrastructure the country needs to help end its reliance on Russian gas.

Europe's leading industrial exporter has only just managed to get through an energy crunch by rushing to build makeshift floating infrastructure for importing

liquefied natural gas (LNG), aiming to partially plug the gap left by Moscow's cuts.

But with energy firms already looking beyond LNG in efforts to reduce fossil fuel use, the port of Wilhelmshaven on Germany's northern coast is emerging as a hub for the infrastructure which is needed for hydrogen and ammonia imports, hydrogen production and offshore carbon emissions storage.

"We will become the pumping heart of Germany by 2030," said Alexander Leonhardt, who heads the business development agency for Wilhelmshaven, which

has a population of 80,000. Challenges to its development include concerns about disturbing wildlife in the sensitive Wadden Sea and the risks of LNG overcapacity.

Uwe Oppitz of Rhenus Ports, who speaks for Energy Hub Port Wilhelmshaven, said that Wintershall Dea, Uniper and Tree Energy Solutions (TES) plan to spend a total of more than 5 billion euros at Wilhelmshaven.

Energy Hub Port Wilhelmshaven comprises 30 companies, which include E.ON, RWE and Orsted, as well as Wilhelmshaven's home state of Lower Saxony. Oppitz said the investment, the magnitude of which has not previously been reported, will be made between 2026 and 2030, adding that the overall figure was disclosed on condition that no breakdown would be published.

TES, which is backed by Belgium private investment firm AtlasInvest, said the total sum was plausible.

Wintershall Dea said it is planning two projects, called BlueHyNow and CO2nnectNow.

"Feasibility studies are currently being prepared for both projects, which will provide further insights into their practicability," the company said in an emailed comment.

"Wintershall Dea plans to invest around 1 billion euros in the Wilhelmshaven site together with its partners," it said. Uniper was not immediately available for comment.

The investment commitment is raising hopes that money and jobs can be funnelled into what is a relatively weak region economically and that it may even attract some companies to relocate from Germany's industrial heartland in the south.

Planned investments include electrolysis plants that could be scaled up to more than 1 gigawatts (GW) size, Oppitz said.

Wilhelmshaven is not only the landing point for pipelines and vessels, it has a flourishing offshore wind presence and gas storage caverns, while rail links from legacy activities are also a potential draw for new investment.

#### GREEN HYDROGEN RUSH

Already home to Germany's first floating LNG terminal (FSRU), which is operated by state-controlled Uniper, Wilhelmshaven is also where TES is due to bring another FSRU into service by the end of this year.

Both companies are planning for clean gas production to begin in the second half of this decade.

And while Wintershall Dea will not get involved in LNG, it wants to repurpose some Norwegian pipeline gas imports for hydrogen production, capturing carbon dioxide from the process and exporting it in liquefied form for permanent subsea storage.

Wilhelmshaven's mayor Carsten Feist said he expects to create 1,000-2,000 jobs over the next five years and double corporate tax revenue, if such plans proceed.

To lessen their bills, the companies will tap funds under the European Union's Projects of Common Interest funding (PCI) scheme, hoping for grants to the tune of 30-50%, said Oppitz.

TES said it is confident no subsidies will be needed for its projects.

Paper maker PKV, a big employer 13 kilometres south of Wilhelmshaven, plans a new factory that working with the port projects could perhaps use waste heat from planned electrolysis plants that produce green hydrogen from renewable electricity.

And steelmaker Salzgitter has already struck a deal with Uniper to receive green hydrogen for its steel mill processes, replacing essential fossil-fuel produced hydrogen.

Oppitz said that other firms are assessing the opportunities Wilhelmshaven offers, with clean hydrogen primarily needed by refineries, chemicals, fertilisers and metals makers while industry might welcome carbon storage options.

The Wilhelmshaven business promotion agency estimates that the region could produce more than 30 terawatt hours (TWh) of hydrogen a year from 2030. This alone would represent a quarter of Germany's demand for green hydrogen at that date, namely 95-130 TWh, according to its national hydrogen strategy.

Wintershall Dea wants to grow with that market, said project leader Andreas Moeller.

He rejected suggestions that carbon capture and storage (CCS) strategies are simply a way for fossil fuels to survive.

"We don't want to push green hydrogen to the side. On the contrary, we want to support its ramp-up," he said.

Gundolf Schweppe, chief executive of Uniper Energy Sales said it plans to bring up to 2.6 million tonnes of green ammonia into Wilhelmshaven a year in the second half of this decade.

That is not far off Germany's current production of ammonia, a fertiliser raw material, of 3 million tonnes a year.

Meanwhile, TES wants to bring renewable methane under the name electric natural gas (e-NG) from solar power made overseas into Wilhelmshaven from 2027.

#### Jordan buys 60,000 tonnes of barley in tender, traders say

Jordan's state grain buyer has purchased about 60,000 tonnes of animal feed barley to be sourced from optional origins in an international tender which closed on Wednesday, traders said.

The barley was bought at an estimated \$265.50 a tonne, cost and freight (c&f) included, for shipment in the first

half of September, and the seller was believed to be trading house Viterro, the traders said. Four firms made offers in the tender, compared with five initially thought to have participated, they said.

The other price offers in the tender, per tonne c&f, were understood to be \$270 offered by Grain Flower, \$288 by Ameropa and \$292 by Olam.

<b>MARKET MONITOR as of 06:45 GMT</b>			
<b>Contract</b>	<b>Last</b>	<b>Change</b>	<b>YTD</b>
NYMEX Light Crude	\$80.16 / bbl	-0.56%	-0.12%
NYMEX RBOB Gasoline	\$2.75 / gallon	-0.18%	10.78%
ICE Gas Oil	\$787.75 / tonne	-0.16%	-14.47%
NYMEX Natural Gas	\$2.13 / mmBtu	-1.35%	-52.49%
Spot Gold	\$2,012.44 / ounce	-0.39%	10.31%
TRPC coal API 2 / Dec, 23	\$142 / tonne	2.16%	-23.14%
Carbon ECX EUA / Dec, 24	€101.04 / tonne	2.00%	14.82%
Dutch gas day-ahead (Pre. close)	€45.35 / Mwh	-4.28%	-39.99%
CBOT Corn	\$6.49 / bushel	-0.65%	-4.42%
CBOT Wheat	\$6.78 / bushel	-0.59%	-13.89%
Malaysia Palm Oil (3M)	RM3,890 / tonne	0.57%	-6.80%
<b>Index (Total Return)</b>	<b>Close 05 Apr</b>	<b>Change</b>	<b>YTD Change</b>
Thomson Reuters/Jefferies CRB	299.06	0.42%	-0.75%
Rogers International	27.20	0.65%	-5.11%
U.S. Stocks - Dow	33,482.72	0.24%	1.01%
U.S. Dollar Index	101.85	0.26%	-1.61%
U.S. Bond Index (DJ)	414.49	0.24%	5.36%

**Picture of the Day**

*Electricity pylons of high-voltage electrical power lines are seen during sunset, in Gavrelle, near Arras, France, April 3, 2023. REUTERS/Pascal Rossignol*

***(Inside Commodities will not be published on Friday, April 7, on account of the Good Friday holiday)***

The Financial and Risk business of Thomson Reuters is now Refinitiv.

(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

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