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Top News - Oil

Russia boosts diesel exports to Latin America since EU embargo

Russia has increased its diesel exports to Brazil and other parts of Latin America following an embargo on shipments to Europe, traders said and Refinitiv Eikon data showed.

Russia has long been the main diesel supplier for Europe, where refineries do not produce enough fuel to meet domestic demand for diesel cars. But a full EU embargo on Russian oil products since Feb. 5 has diverted Russian diesel exports to Asia, Africa, the Middle East and STS loadings.

Last month, Russia also sent more than 580,000 tonnes to Latin and South America, with almost 440,000 tonnes of those volumes heading to Brazil, another 140,000 tonnes are destined to Panama, Uruguay and Cuba, Refinitiv data showed.

In total, diesel supplies from Russia-controlled ports to Brazil totalled 663,000 tonnes in January-March, 2023 after 74,000 tonnes for the whole 2022, according to Refinitiv data.

At least one diesel cargo from Russia was shipped from one tanker to another near the port of Lomé in Togo last month and was then headed for South America, possibly Brazil, according to Refinitiv Eikon data.

India remains top destination for Russian Urals oil in April

India remains the main destination for Russia's seaborne Urals oil, with about 70% of such exports heading to the country, Reuters monitoring and data from two industry sources showed on Monday.

Attractive prices for Urals mean good margins for Indian refiners while term contracts between Russian and Indian companies and lower freight rates are also helping keep supplies elevated, one of the sources said.

Last month Russia's Rosneft and Indian Oil Corp announced a supply deal for up to 1.5 million tonnes of Russian oil (11 million barrels) per month from April 1.

Urals oil shipments to China, meanwhile, have not increased significantly in April. In the first ten days of the month just one 100,000-tonne cargo was fixed for shipment to the country's ports, although traders noted that Chinese refineries were asking for late April-early May loading cargoes.

Some 280,000 tonnes of Urals will be sent to China from the Al-Hoceima ship-to-ship (STS) facility off the coast of Morocco, to which the oil was supplied in March.

"China is buying Urals, but not as actively as was expected," a trade source involved in Russian oil trading said. "Refiners in other Asia-Pacific countries are also interested, but many are still afraid of sanctions, so marketing is slow," they added.

Urals deliveries to STS facilities in the Mediterranean continue to decline, with no cargoes shipped so far in April.

Russia's Gazpromneft shipped 140,000 tonnes of Urals from Novorossiisk to Myanmar in April, having supplied it for the first time in March.

Top News - Agriculture

Argentina's latest 'soy dollar' scheme sees few takers on first day

The latest government incentive to grow Argentina's processed soybean exports recorded few takers on Monday, according to traders and analysts, on the first day for the scheme that offers farmers and shippers a preferential exchange rate.

Would-be participants in the "soy dollar" program need more details, several told Reuters.

The program provides access to an exchange rate of 300 Argentine pesos per U.S. dollar for all sales of soybean derivatives, or 40% more than the tightly-controlled official rate of some 213 pesos per greenback.

The government of embattled President Alberto Fernandez, struggling to contain triple-digit inflation ahead of elections this year, aims to encourage exports of the key commodity in a bid to attract more hard currency to dwindling foreign reserves needed in particular to pay debt.

Spot market transactions under the latest version of the policy, which initially kicked off last year, showed no movements on Monday, according to traders.

Argentina is a top global exporter of processed soy oil and flour.

"The market is still waiting for regulatory details," said Ariel Tejera, head of the market analysis at brokerage Grassi, who confirmed some futures transactions under the policy but at only small volumes.

He added that it remains unclear what documentation is needed, among other concerns.

"It started quite calmly with few offers from factories in a very cautious market waiting for more information," said

Eugenio Irazuegui, a researcher with brokerage Enrique Zeni y CIA.
The Rosario stock exchange typically publishes a daily report on transactions, but no report has been released so far on Monday.
Others echoed concern over the program's lackluster start.
"Almost nothing was sold, everything is dead," said one market participant who asked not to be named.
Only about 17.5% of the 2021/22 soybean crop of some 44 million tonnes remains in local storage, according to official data at the end of March.
Meanwhile, about 5.5 million tonnes of soybeans from the current 2022/23 harvest, which has only just begun, have been sold, official data showed, compared to about 12 million tonnes at the same time during the year-ago period.

COLUMN-Dismal Kansas wheat health, plentiful CBOT bears push K.C. premium to record -Braun

Potential U.S. winter wheat troubles have been in focus since the crop was planted in dry soils last fall, but the situation has become more urgent as wheat has emerged from dormancy and the forecast for the moisture-starved Plains still lacks substantial rainfall.
The success of the overall U.S. winter wheat crop is heavily tied to the results from Kansas, which grows 25% of the nation's winter wheat and 17% of the total U.S. wheat crop. Hard red winter (HRW) wheat, the top U.S. variety, is grown in Kansas and surrounding states.
Problems with the HRW crop coupled with strongly bearish sentiment in Chicago wheat futures have lifted Kansas City wheat futures to a record premium versus Chicago, well above the previous high.
As of Sunday, only 27% of U.S. winter wheat was considered good or excellent (GE), tied with 1996 for the week's worst-ever rating.
Kansas at 13% GE, down from 16% last week, is similar to the same points in 2018 and 1996, but slightly above the week's low of 8% GE set in 1989. Yields in these comparable years were very poor, but precipitation trends this year are worse.
Statewide, March precipitation was only 30% of normal, the 14th driest of the last 129 years. In southwest and south-central Kansas, which grows 41% of the state's wheat, March precipitation was less than 10% of normal, ranking in the top 10 driest.
This extreme anomaly in the heaviest wheat areas of Kansas is worrisome given how dry it has been. But the most concerning scenario is something like 2014, when the state's yield fell more than a third below trend, likely the worst crop in multiple decades. March 2014 precipitation was 27% of average in Kansas and the trailing six months of precipitation was almost identical to this year.
April-May 2014 was Kansas' fourth driest since 1895 with 52% of normal precipitation. For comparison, precipitation percentages in April-May of 2018 and 1989 were 77% and 65%, respectively.
The dry near-term forecast has Kansas potentially moving toward a 2014 outcome, though it is unclear whether ample May rains, if realized, could lessen the blow. That will depend on how quickly the crop progresses in the next several weeks.
Heat will be prominent in the southern Plains over the next week, but temperatures may have less of an impact. Interestingly, March-May of 2014 was cooler than normal in Kansas.

HUGE SPREAD

On Monday, front-month Kansas City wheat futures settled $1.97-1/2 per bushel above Chicago wheat, a record K.C. premium since at least 1980. That spread has traded above the pre-2023 record every day since March 30.
The previous highest K.C. front-month premium was $1.77-1/4 set May 11, 2011, during the contract's delivery period, but the record outside delivery was $1.63-3/4 per bushel on April 5, 2011.
Unusually high K.C. premiums have persisted for several months in years when the Kansas wheat crop was poor, particularly in 2011 and 2014. Relative to the time of year, K.C. wheat has traded at a record premium to Chicago since November.
K.C. wheat is typically priced above Chicago due to the higher quality of grain it represents, trading about 21 cents per bushel higher on average over the last two decades.
Since mid-March, K.C. wheat futures have risen 7% though CBOT wheat has fallen 3%. Both contracts are considerably below the record year-ago levels spurred on by Russia's February 2022 invasion of Ukraine. Both countries are significant wheat exporters.
Money managers as of last week held a modest net long in K.C. wheat futures and options, and a heavy net short in Chicago, marking the largest disparity in funds' views on the two contracts since April 2018.

Top News - Metals

Peru will mine more copper in 2023, lithium permits pending

Peru expects to produce 2.8 million tonnes of copper this year, a senior official said on Monday, representing an almost 15% jump from 2022, in a bright spot for the Andean nation's top export.

Peru, the world's no. 2 copper producer, saw output affected since December following anti-government protests and road blockades spurred by the ouster and jailing of former President Pedro Castillo.

The mining sector is now "working as normal," Energy and Mines Minister Oscar Vera told reporters after providing the new forecast. A Reuters analysis in early March showed that major copper mines were cranking up.

The country mined some 2.44 million tonnes of copper last year, according to ministry data.

Vera added officials are also working to reduce approval times for mining projects, from about two years to about six months.

"We hope to reach that goal by the end of the year," he said.

Through this year and next, around $7 billion in mining investments is expected, Vera said, including the expansion of the Altamina copper mine, Teck Resources' Zafranal project and Newmont Corp's Yanacocha Sulfuros project.

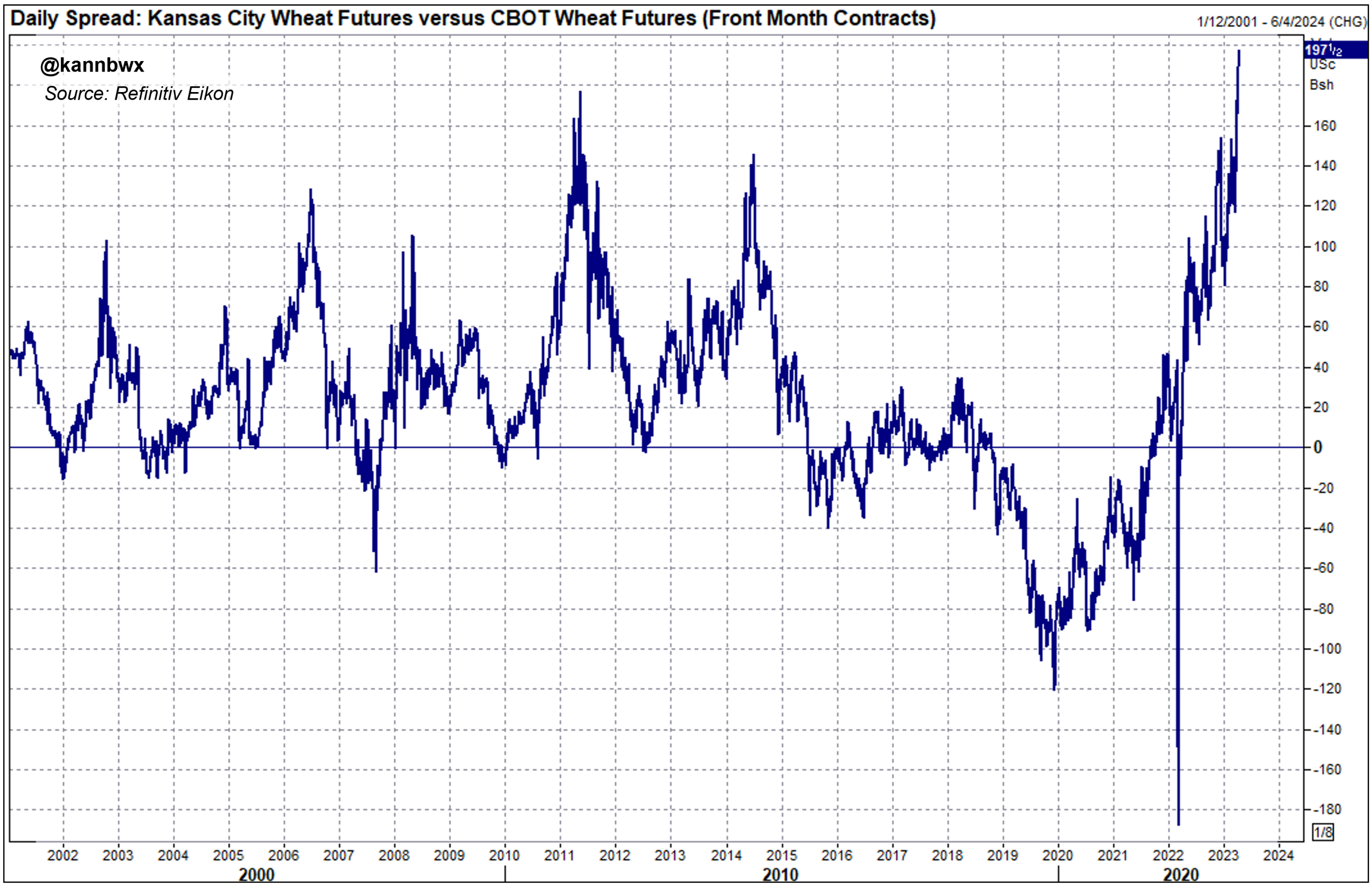
Vera added that he expects to approve lithium exploration projects permissions "in the coming months."

"We've spoken with potential investors from Canada and as a country we're interested in industrializing another mineral," said Vera, referring to lithium, the key rechargeable battery metal.

In August, the government formed a working group to oversee development of the ultra-light metal.

Just one lithium exploration project is currently ongoing, in southern Puno region near the border with Bolivia. Canada's Plateau Energy Metals, which operates the project, has estimated that some 4.7 million tonnes of lithium carbonate lie in the Falchani rock deposits.

Chart of the Day



Neighbors Chile, Argentina and Bolivia form a so-called "lithium triangle" believed to hold major deposits of the metal in sprawling salt flats.

Indonesia to propose limited free trade deal with US on critical minerals

Indonesia will propose a free trade agreement for some minerals shipped to the United States so that companies in the electric vehicle battery supply chain operating in the country can benefit from U.S. tax credits, a senior minister said on Monday.

Washington has issued a new guidance for EV tax credits under the Inflation Reduction Act (IRA), requiring a certain value of battery components to be produced or assembled in North America or a free trade partner. The rules are aimed at weaning the United States off dependence on China for the development of its EV battery supply chain.

Indonesia does not have a free trade agreement with the United States, but its nickel products have increasingly become important in the supply chain.

The Southeast Asian country has been trying to leverage its nickel reserves, the world's biggest, to attract investment from battery and EV makers, including U.S. companies such as Tesla and Ford.

Asked about the new IRA guidelines, Indonesian minister Luhut Pandjaitan, who has been spearheading efforts to attract U.S. companies, told a news conference Jakarta will propose a limited free trade agreement (FTA) with Washington.

"We do not have an FTA with them. Now we're proposing a limited FTA with them," Luhut said, adding that he would meet with Ford and Tesla executives to discuss the matter when he travels to the United States later this week.

Luhut's deputy, Septian Hario Seto, said the FTA proposal, which was still at an early stage, will likely be similar to the one the United States has signed with Japan for the critical mineral trade.

The United States and Japan in March agreed on a swiftly negotiated trade deal on EV battery minerals, including lithium, nickel, cobalt, graphite and manganese.

"It's the same in essence, that for critical minerals there will be free trade with requirements on processing, such as for nickel, aluminium, cobalt, copper," he said.

Since Indonesia banned exports of nickel ore in 2020, many Chinese companies invested in refining facilities, including high pressure acid leach (HPAL) plants, that produce mixed hydroxide precipitate, a material extracted from nickel ore used in EV batteries.

Last month, Ford signed an agreement with an Indonesian unit of Brazilian nickel miner Vale and China's Zhejiang Huayou Cobalt to partner in a $4.5 billion HPAL plant in Indonesia's Sulawesi island.

Luhut led an Indonesian delegate last week on a trip to China to promote investment opportunities.

Seto said officials will hold talks with Chinese EV company BYD Group in May on potential investment. He declined to comment on the progress of talks with Tesla, citing a non-disclosure agreement.

Top News - Carbon & Power

Naftogaz says creditors have rejected its revised offer

Ukraine's state-owned gas company Naftogaz on Monday said a group of investors had rejected its sweetened debt-restructuring offer, failing to bring the company out of a months-long default.

The rejection letter was sent on behalf of a group that consisted of more than 10 investors collectively holding well in excess of 50% of the company's 2022 Notes and nearly 20% of the 2026 Notes, Naftogaz said.

Naftogaz added that the creditors wanted the company to engage in substantive negotiations with them.

The company presented the sweetened offer last month. The main improvements included offering to pay 5% of its already-defaulted 2022 bond and an overdue 'coupon' payment, which together would add up to around $30 million.

It also offered to increase the interest rate on that bond's coupon to 7.65% from 7.375% and pay a 0.5% "consent fee" to holders of its 2026 bond if they, like 2022 bondholders, agreed to split up the payments of their debt into two separate lumps.

COLUMN-Industrial heat set for major energy source overhaul by 2050: Maguire

The world's main manufacturing hubs of Greater China, North America and Europe are set to embark on different paths to lower emissions from industrial heating, which is a critical but highly energy-intensive process for most manufacturers.

Heat is vital to transform raw materials into useful finished goods, with everyday products from plastics and resins to chemicals and metals all formed, shaped and treated by various heat processes during production.

While all manufacturing bases are equally reliant on heat during industrial processes, the source of energy used to generate that required heat varies greatly by region.

Coal is currently the most common fuel source for industrial heating in China, the world's largest goods producer and exporter, while natural gas is the top fuel

used for industry in Europe and North America, according to risk assessment firm DNV.
Over the coming decades, each region is set to retool the energy mix used for industrial heating as part of efforts to lower emissions of carbon dioxide (CO2) and other gases, and reduce dependence on imported energy commodities.
However each region will also forge its own distinct pathways towards that lower carbon future, with important repercussions for fossil fuels and lower emitting sources of energy around the world.

KING COAL TO RISE AND FALL BY 2050
Greater China's mammoth manufacturing base currently relies on coal to generate roughly 47% of the country's industrial heat used in manufacturing, according to the DNV energy transition outlook.
Coal's share may push to nearer 50% within the coming decade before it starts losing ground to natural gas, which will emerge as China's primary fuel for industrial heating from around 2035, DNV data shows.
China's industry will also increase use of electricity for heating by mid-century, with electricity's share in the industrial heating mix rising from around 9% in 2025 to more than 25% by 2050.
Direct heaters, which can be powered be a variety of fuels and are currently used mainly in the petrochemical and refining sectors, will also grow in popularity among manufacturers in China by 2050, and will account for 26% of industrial heat generation by 2050.
Hydrogen will also become more widespread in industrial heating in China, and grow from less than 1% by 2025 to 10% of total industrial heat generation by 2050.

EUROPE'S GAS-FOR-BIOMASS SWAP
Natural gas is set to account for nearly 44% of Europe's industrial heat in 2025, but less than 3% by 2040 as the region's utilities and industries aggressively pivot away from fossil fuels that must be imported and dial up use of other energy sources.
Most plants that can electrify power and heat systems will do so in order to tap the growing volumes of renewable energy set to be produced throughout Europe going forward.
Electricity's share of Europe's industrial heat generation is set to grow from around 4% in 2025 to 17.5% by 2050, DNV data shows.
Those industrial systems requiring greater power than electric grids can provide are expected to increase use of biomass, which can be burned in boilers and generate intense heat for energy-intensive production processes.
Made from an array of natural matter ranging from wood chips and crops to municipal waste and forestry residue, biomass currently generates around a quarter of Europe's industrial heat, but will generate 57% of industrial heat by 2050.
Direct heat systems (18.5%) and hydrogen (7%) will also be deployed in large scale across Europe's industry by 2050.

NORTH AMERICA STAYS GASSY
North American industry looks set to remain overwhelmingly reliant on natural gas for heating through to 2050, although gas' share of industrial heating will drop from around 68% in 2025 to 52% by 2050.
As in Europe, many industrial heat processes will go electric across North America, with electricity's share set to grow from around 7.5% currently to around 12.5% by 2050.
North American industry will also dial up use of biomass for heating, from around 17% currently to 27% by 2050.
Hydrogen use for heating will also expand, to around 6.6% in 2050.
In all, industries in every major economy will make significant changes to their fuel sources for industrial heat over the coming decades.
All regions look set to cut the use of natural gas and coal in heating systems, but will look to dial up demand for biomass, hydrogen and specific systems that can generate the heat levels required in and for high-end manufacturing, but with a lower carbon footprint.

Top News - Dry Freight

Morocco reduces wheat subsidy disadvantage for Black Sea imports
Morocco will offer this month almost the same wheat import subsidy for Black Sea shipments as for other origins, eroding an advantage held by European Union supplies, a document published by state grain agency ONICL showed.
For milling wheat cargoes shipped in April from Russia, Ukraine and other countries using Black Sea ports, Morocco will offer a subsidy of 70.64 dirhams per quintal (0.1 tonne), slightly below a 71.58 dirham per quintal rate for other origins, the document showed.
On a per tonne basis, this means Black Sea cargoes would receive a subsidy of about $1 per tonne less than other origins, whereas previously the gap was more than $10.
The move, recently the subject of market rumours, follows a decision by Morocco in March to award the subsidy for cargoes loaded by the end of the month, unlike previously when ships had to arrive in Morocco by the month's end.

An ONICL official had said last month's decision was partly aimed at encouraging shipments from the Black Sea region.
Morocco has stepped up imports after a drought-hit harvest last year, turning mainly to traditional supplier France and other EU supplies like German wheat.

Ukraine 2022/23 grain exports at 38.8 mln T as of April 10 – ministry

Ukraine's grain exports for the 2022/23 season were at 38.8 million tonnes as of April 10, Agriculture Ministry data showed on Monday.
The ministry gave no exact comparative data for the same date a year ago but said Ukraine had exported 45.3 million tonnes of grain as of April 15, 2022.
The volume so far in the current July-to-June season included about 13.3 million tonnes of wheat, 22.8 million tonnes of corn and 2.31 million tonnes of barley.
The ministry said grain exports during April were 848,000 tonnes as of April 10.
After an almost six-month blockade caused by Russia's invasion, access to three Ukrainian Black Sea ports was cleared at the end of July under a deal between Moscow and Kyiv brokered by the United Nations and Turkey.
A major grain grower and exporter, Ukraine's grain output is likely to have dropped to about 53 million tonnes in clean weight in the 2022 calendar year from a record 86 million tonnes in 2021.
Officials have blamed the fall on hostilities in the country's eastern, northern and southern regions.
The government has said Ukraine can harvest 44.3 million tones of grain, including 16.6 million tonnes of wheat, in 2023.

MARKET MONITOR as of 06:45 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$80.50 / bbl	0.95%	0.30%
NYMEX RBOB Gasoline	$2.77 / gallon	0.97%	11.89%
ICE Gas Oil	$783.25 / tonne	0.35%	-14.96%
NYMEX Natural Gas	$2.17 / mmBtu	-0.05%	-51.49%
Spot Gold	$1,999.55 / ounce	0.48%	9.60%
TRPC coal API 2 / Dec, 23	$142 / tonne	2.16%	-23.14%
Carbon ECX EUA / Dec, 24	€101.10 / tonne	0.53%	14.89%
Dutch gas day-ahead (Pre. close)	€43.93 / Mwh	-3.13%	-41.87%
CBOT Corn	$6.57 / bushel	0.50%	-3.13%
CBOT Wheat	$6.84 / bushel	0.81%	-14.33%
Malaysia Palm Oil (3M)	RM3,893 / tonne	1.46%	-6.73%
Index (Total Return)	**Close 10 Apr**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	298.64	-0.06%	-0.89%
Rogers International	27.17	-0.13%	-5.23%
U.S. Stocks - Dow	33,586.52	0.30%	1.33%
U.S. Dollar Index	102.58	0.48%	-0.91%
U.S. Bond Index (DJ)	411.68	-0.72%	5.70%

Picture of the Day

A cargo ship that will supply LNG liquefied natural gas (LNG) to other ships is seen, at Barcelona's port, at Zona Franca near Barcelona, Spain February 2, 2023. REUTERS/Albert Gea

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

(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

For questions or comments about this report, contact: **commodity.briefs@thomsonreuters.com**

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