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Top News - Oil

EXCLUSIVE-Russia considers easing gasoline environmental requirements, sources say

Russia's government is looking at the possibility of introducing some easing of rigorous fuel environmental standards in order to allow the usage of low-quality gasoline in the face of possible fuel shortages, three industry sources told Reuters.

According to sources' calculations, it could bring in additional 10%, or between 300,000 metric tons and 350,000 tons a month, of gasoline to the domestic market, enough to meet rising seasonal demand.

Ukrainian drone attacks have reduced Russian primary oil refining capacity by some 14% as of the end of March according to Reuters calculations.

Russia says the drone attacks amount to terrorism. Ukraine says its drone attacks on Russia are justified because it is fighting for survival and has suffered damage to its infrastructure from Russian air strikes. To tackle possible gasoline shortages, Russia introduced export ban for this kind of fuel with some exceptions.

Sources said that the Russian government is considering lowering the bar for the content of some additives and ethanol. Sulphur content is expected to stay unchanged.

Since 2016, Russia has allowed only the usage of high-quality gasoline of at least Euro-5 grade.

"The energy ministry is considering as a backup measure to lower the bar (of environmental requirements) in order to provide the basis for additional gasoline output," a source said on condition of anonymity as he was not authorised to talk to the media.

The energy ministry did not reply to a request for comment.

The move to loosen environmental oversight would be a step back from the plans to improve fuel quality and its ecological standards, announced in 2011, when Russian oil firms and the government agreed on plans to modernize country's refineries, which were predominantly built in the 1940s and 1970s. Since 2000, refinery output in Russia has grown by around two thirds, reaching 275 million tons last year. An industry source said the measure would help boost gasoline production at outdated refining facilities. Orsk refinery, which has stopped output due to powerful floods, and Angarsk plant in eastern Siberia, account for the bulk of low-grade gasoline production in Russia.

In 2023, total gasoline output in the country reached almost 44 million tons. In the first quarter 2024 it stood at 11.1 million.

US oil inventories rise across the board on low exports, weak demand – EIA

U.S. crude oil, gasoline and distillate inventories rose last week mainly driven by low crude exports and as implied demand for refined products declined, the Energy Information Administration said on Wednesday.

Crude inventories rose by 5.8 million barrels to 457.3 million barrels in the week ended April 5, the EIA said, compared with analysts' expectations in a Reuters poll for a 2.4 million-barrel rise.

Crude futures fell after the bigger-than-expected build. Brent futures were trading 3 cents lower at 89.39 a barrel by 10:48 a.m. ET (1448 GMT).

West Texas Intermediate crude futures (WTI) were down 11 cents at $85.12 a barrel.

"Looking at the price reaction, seems the market takes it as one off as the build was driven by low crude exports," UBS analyst Giovanni Staunovo.

Most of the crude build was in the Gulf Coast, he added. Net U.S. crude imports rose by 1.1 million barrels per day (bpd) as exports fell by 1.3 million bpd to 2.71 million bpd, the EIA said. Product supplied by refineries, a proxy for fuel demand, was 20 million bpd over the past four weeks, down by 0.4% from the same period last year.

Refinery utilization fell by 0.3 percentage point to 88.3% of total capacity, while refinery inputs were down 115,000 bpd.

Crude stocks at the Cushing, Oklahoma, delivery hub for WTI fell by 170,000 barrels, the EIA said.

Gasoline stocks rose by 700,000 barrels to 228.5 million barrels, the EIA said, compared with forecasts for a 1.3 million-barrel draw.

U.S. gasoline futures extended losses after data showed the surprise build. Distillate stockpiles, which include diesel and heating oil, rose by 1.7 million barrels in the week to 117.7 million barrels, the EIA data showed, versus expectations for a 1.2 million-barrel drop.

Top News - Agriculture

Argentina exchange cuts corn forecast on 'unprecedented' spiroplasma damage

Argentina's Rosario grains exchange on Wednesday cut its forecast for the South American country's 2023/24 corn harvest to 50.5 million metric tons, citing "unprecedented" damage by the spiroplasma disease carried by leafhoppers.

The exchange had previously forecast a 57 million ton harvest.

"This damage from spiroplasma is unprecedented in Argentina," the exchange said in a report. "This is the first time since estimates have been made that such significant damage has been seen from a non-climatic factor."

The exchange said the disease may have further impacts on the current season and that Chaco was likely the most affected province, while crops were also affected due to

being planted later than usual due to lack of water early in the season.
"The phenomenon continues to expand and evolve, exhibiting strong symptoms in areas far from the endemic zones," it said. Leafhoppers are insects that carry the harmful spiroplasma disease and whose population tends to spread in hot and dry conditions.

COLUMN-Can analysts out-predict USDA, Conab on Brazil crop forecasts? -Braun
Market analysts once again seek a sizable cut to Brazil's ongoing soybean harvest from the U.S. Department of Agriculture on Thursday despite disappointment over the agency's relatively modest trims in recent months.
However, USDA's track record in April has been better than the trade's over the last few years, potentially easing doubts for the agency's upcoming soy forecast. Brazilian agency Conab will also update its crop estimates on Thursday, and although there are no published trade estimates for these numbers, Conab's April soy projection is usually closer to the final than USDA's. But that statement comes with the huge caveat that "final" production is not always the same among the two agencies, especially with the last couple harvests, and this has been a source of confusion among traders.
This is particularly prominent in corn as Conab and USDA sit 10% apart on total Brazilian corn output for the current 2023-24 season, and this warrants eyes both on Thursday and in the months ahead with the crop still in progress.

SOY & CORN TENDENCIES
On average, analysts see USDA pegging Brazil's 2023-24 soy crop at 151.68 million metric tons on Thursday, down from 155 million last month. Similar-magnitude cuts were predicted but not observed in the previous couple of months, and the April trade estimate is analysts' lowest yet of the season.
In March, USDA's projection was 5.5% higher than Conab's 146.86 million tons, well above the previous eight seasons' highest March differential of 2.7%. Over that same period, the highest April margin was in 2018-19 with USDA 2.8% above Conab. That year, USDA's April peg of Brazilian soy output was closer to both its and Conab's eventual final. But in the past eight years, there were only three instances where USDA's April estimate was closer to its published final than Conab was to its own final.
The two agencies are evenly split on being closer to respective finals in April on the corn crop, and the distribution of years did not appear linked with yield success. USDA's three soybean "wins" coincided with strong harvests, though the correlation is unclear. Crop outcomes do have a correlation with trade biases on corn, as the April trade guess for Brazil's corn output was higher than USDA's final figure in three of the past eight years, all coinciding with poor harvests. That is logical since much of Brazil's corn yield is determined beyond April.
More than half of Brazil's soybeans are typically harvested by early April, but the trade's April soy crop estimate has been too low versus USDA's final for seven years now, by an average of 4.5%. That is equivalent to roughly 6 million tons or 222 million bushels.
Both USDA's and Conab's April soybean forecasts have also been too low versus their respective finals for seven years running. USDA's average deviation is 4%, closer than the trade, but Conab's is the smallest at 3.4%.

Chart of the Day

Analysts, USDA and Conab all tend to underestimate Brazil's corn crop in April whenever the harvest turns out well, and error margins are similar at this stage. The trade sees USDA cutting Brazil's 2023-24 corn crop to 121.75 million tons from 124 million last month.
Conab's March corn estimate was 11.25 million tons (443 million bushels) lower at 112.75 million tons on smaller area and yield ideas.

CONSENSUS NOT REQUIRED
Agreement among the two agencies on production estimates is apparently unnecessary as USDA's 2022-23 and 2021-22 soy harvests still stand at 4.8% and 3.9%, respectively, above Conab's published numbers. Both agencies within the last few years overhauled their historical Brazilian soybean fundamentals as usage data suggested demand was outpacing presumed supply levels. The agencies' 2023-24 export assumptions also vary, so another data re-examination could be warranted.
Recent Brazilian corn crop disparities are slightly smaller, as USDA's 2022-23 and 2021-22 figures sit above Conab's numbers by 3.9% and 2.5%, respectively.
USDA is among the industry's highest estimates of Brazil's 2023-24 soy crop, though a well-followed Brazilian consultancy two weeks ago put out an even bigger forecast following an extensive crop tour. Other analyst estimates released within the last 10 days range from 145.46 million to 150.8 million tons.
Karen Braun is a market analyst for Reuters. Views expressed above are her own.

Top News - Metals

U.S. Department of Justice opens probe into Nippon Steel's U.S. Steel deal, Politico reports
The U.S. Department of Justice has opened an in-depth antitrust investigation into Nippon Steel's $14.1 billion takeover of U.S. Steel, the Politico reported on Wednesday citing two people with direct knowledge of the matter.
The DOJ declined to comment, while the companies did not immediately respond to Reuters' requests for comment.
The deal has faced the scrutiny of U.S. lawmakers over national security concerns, with President Joe Biden saying last month U.S. Steel must "remain an American steel company that is domestically owned and operated".
During a visit to the U.S., Japanese Prime Minister Fumio Kishida said he hoped the deal would proceed in a positive direction but did not criticize the DoJ's scrutiny of the takeover.
The deal has also faced the disproval of the United Steel Workers union.

Anglo American Platinum says it has received no offers for S.African assets
Anglo American Platinum (Amplats) has not received offers for any of its South African assets, the mining company's chief executive said on Wednesday, following speculation over the possible sale of its higher-cost operations.
Parent company Anglo American prompted speculation in February when CEO Duncan Wanblad said "nothing is off the table" after announcing that the group was undertaking a review of its assets. That followed a plunge in profits and writedowns in its diamond and nickel businesses.
Amplats CEO Craig Miller told Reuters that the miner had not attracted interest in its Amandelbult complex or its mothballed Twickenham platinum mine.
He said the market environment meant investors were more focused on protecting the balance sheet than asset acquisitions.
"I don't have any offers on the table," Miller said in an interview on the sidelines of a platinum mining conference in Johannesburg.
"There has to be a willing buyer and a willing seller, I have not received a credible offer for any of our assets."
He said the Johannesburg miner was taking steps to address costs and improve production efficiency at its Amandelbult complex, which it was also restructuring.
Amandelbult has become a sticky point for analysts who have previously questioned the assets' continued existence in the portfolio because of higher costs.
Amplats said in February it planned to cut about 3,700 jobs with most of the losses coming from Amandelbult.
The higher costs mean Amandelbult remains at risk of lower prices and Amplats may be forced to undertake further cuts at the operation, BofA Securities analysts said in a note.
Still, despite the higher costs, the assets were net cash flow positive last year and it can remain in the Anglo portfolio with improved productivity, Miller said.
"Can we reset that cost base and can we fix the operating and performance improvement, we think that we can," he said. "If we cant, then we definitely need to rethink about how does it fit in the portfolio."

Top News - Carbon & Power

Global coal power grew 2% last year, the most since 2016, GEM survey says
The world's coal-fired power capacity grew 2% last year, its highest annual increase since 2016, driven by new builds in China and decommissioning delays elsewhere, according to research published on Thursday.
Despite record renewable additions, nearly 70 gigawatts (GW) of new coal power capacity were commissioned across the world last year, including 47.4 GW in China, the U.S.-based Global Energy Monitor think tank said in its annual survey. Coal-fired capacity outside China also grew for the first time since 2019, while worldwide only 21.1 GW was shut down, the survey said.
Since the Paris Agreement was signed in 2015, 25 countries have cut coal-fired power capacity, but 35 have

increased it, and far more needs to be done, said Flora Champenois, the GEM report's lead author.
"The world is heading in the right direction in terms of coal's role in the energy sector, but not quickly enough, and with some risky detours along the way," Champenois said. To keep average global temperature rises within the key threshold of 1.5 degrees Celsius (2.7 degrees Fahrenheit), global coal power capacity needs to be eliminated by 2040, according to projections by the International Energy Agency. Such a phase-out would require an average of 126 GW of closures every year, the equivalent of two plants a week, even if no new capacity was added, GEM estimated. Currently, however, another 578 GW of coal capacity is in development. That includes 408 GW in China alone and is enough to power the whole of India. Just under 200 GW is under construction, including 140 GW in China, according to the survey.
China's coal plant retirement rate, amid concerns over energy security, was also at its lowest in a decade last year. With coal-fired power incompatible with China's declared longer-term climate goals, GEM said China is running the risk of being lumbered with billions of yuan in stranded assets. Recent approvals for coal projects in China have come with the slogan "build first and modify later", suggesting they are considered a short-term energy supply solution.
"Overbuilding coal 'just in case' and with a 'we'll deal with that later' approach is a costly and risky gamble, especially when alternative solutions are available to meet targets and address energy security," said Champenois.

US electric utilities brace for surge in power demand from data centers

U.S. electric utilities predict a tidal wave of new demand from data centers powering technology like generative AI, with some power companies projecting electricity sales growth several times higher than estimates just months earlier. Nine of the top 10 U.S. electric utilities said data centers were a main source of customer growth, leading many to revise up capital expenditure plans and demand forecasts, according to a Reuters analysis of company earnings reports from the first three months of the year. During the same earnings period last year, only two of the companies mentioned data centers.
"The growth is going to kick in faster than it has in decades," said Jim Lydotes, head of equity income for Newton Investment Management, a BNY Mellon IM firm that is shifting its holdings in European electric utilities to U.S. companies. In 2023, the country's electric utility shares fell by more than 10%, the largest yearly drop since 2008, as rising inflation pushed investors to chase higher yields. The companies, which suffered a prolonged demand lull after the introduction of new energy efficiencies at the start of the millennium, are up about 4% so far this year. Overall, power use from the thousands of giant computing warehouses that comprise data centers is expected to triple globally from less than

MARKET MONITOR as of 06:34 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$86.19 / bbl	1.13%	20.29%
NYMEX RBOB Gasoline	$2.76 / gallon	1.12%	31.07%
ICE Gas Oil	$844.75 / tonne	0.48%	12.52%
NYMEX Natural Gas	$1.87 / mmBtu	-0.21%	-25.70%
Spot Gold	$2,336.39 / ounce	-0.69%	13.27%
TRPC coal API 2 / Dec, 24	$117 / tonne	-0.21%	20.62%
Carbon ECX EUA	€62.87 / tonne	-1.87%	-21.77%
Dutch gas day-ahead (Pre. close)	€27.25 / Mwh	-1.09%	-14.44%
CBOT Corn	$4.48 / bushel	1.13%	-7.54%
CBOT Wheat	$5.71 / bushel	-0.26%	-10.79%
Malaysia Palm Oil (3M)	RM4,320 / tonne	0.58%	16.10%
Index	**Close 10 Apr**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	345.45	0.39%	14.61%
Rogers International	29.10	0.92%	10.52%
U.S. Stocks - Dow	38,461.51	-1.09%	2.05%
U.S. Dollar Index	105.24	-0.01%	3.85%
U.S. Bond Index (DJ)	424.31	-1.21%	-1.49%

15 terawatt-hours (TWh) in 2023 to 46 TWh this year, according to Morgan Stanley research.
"The truth of the matter is these things (data centers) are pigs when it comes to energy use, and now they're the size of an elephant," said Eric Woodell, an expert who specializes in data center operations. Longer term power demand from IT equipment in U.S. data centers is expected to reach more than 50 gigawatts (GW) by 2030, up from 21 GW in 2023, according to consulting firm McKinsey's latest estimates. Last year, it had forecasted demand rising to over 35 GW by 2030. Surging electricity demand from data centers, along with an increase in U.S. manufacturing and the electrification of sectors like transportation, was evident in the most recent round of utility earnings calls with investors. Southern Co expects data centers to propel its electricity sales growth to 6% each year from 2025 to 2028, up from predicted growth of 1% to 2% annually through next year. Sales from its Georgia Power business unit are seen jumping to an unprecedented 9% a year. Florida-based NextEra Energy, the world's largest renewable energy company, said it had of data centers in its project queue that would use more than three GW, or nearly enough to power all homes in the state of Minnesota. Executives from American Electric Power, an electric utility based in Ohio, said the company's retail customer demand grew 2.5% in 2023, much faster than its earlier 0.7% projection, due primarily to the acceleration of data center power use.

GROWING BACKLOG
The rapid growth has raised concerns that the U.S. electric utility industry, historically known for slow and steady returns, will be unable to respond quickly to the rise in power demand because of a swelling backlog of power generation and transmission projects in line to connect to the grid.
"What we're seeing in the market is that these projects are not coming online fast enough to meet the local demand for the for the data centers," said Rystad Energy analyst Geoff Hebertson. The jump in overall demand has added to a nationwide queue of requests for power generation and energy storage projects to connect to the grid, which swelled to 2,600 gigawatts in 2023 from 2,000 gigawatts in 2022, according to the latest data from Lawrence Berkeley National Laboratory (LBNL). Scrutiny from some state legislators who have grown concerned about how data centers strain power grids, raise emissions, and sometimes fail to boost state economies, has also emerged as a threat to electricity demand in certain regions. The Georgia Senate voted last month to suspend some tax breaks for data centers, saying the businesses failed to create enough jobs to stimulate the state's economy. That decision was "unfortunate" but will not be enough to undercut the lure the state has for new data center development," said Raul Martynek, CEO of DataBank, which is developing 225 megawatts of data center capacity across 14 U.S. markets, including the Atlanta area.

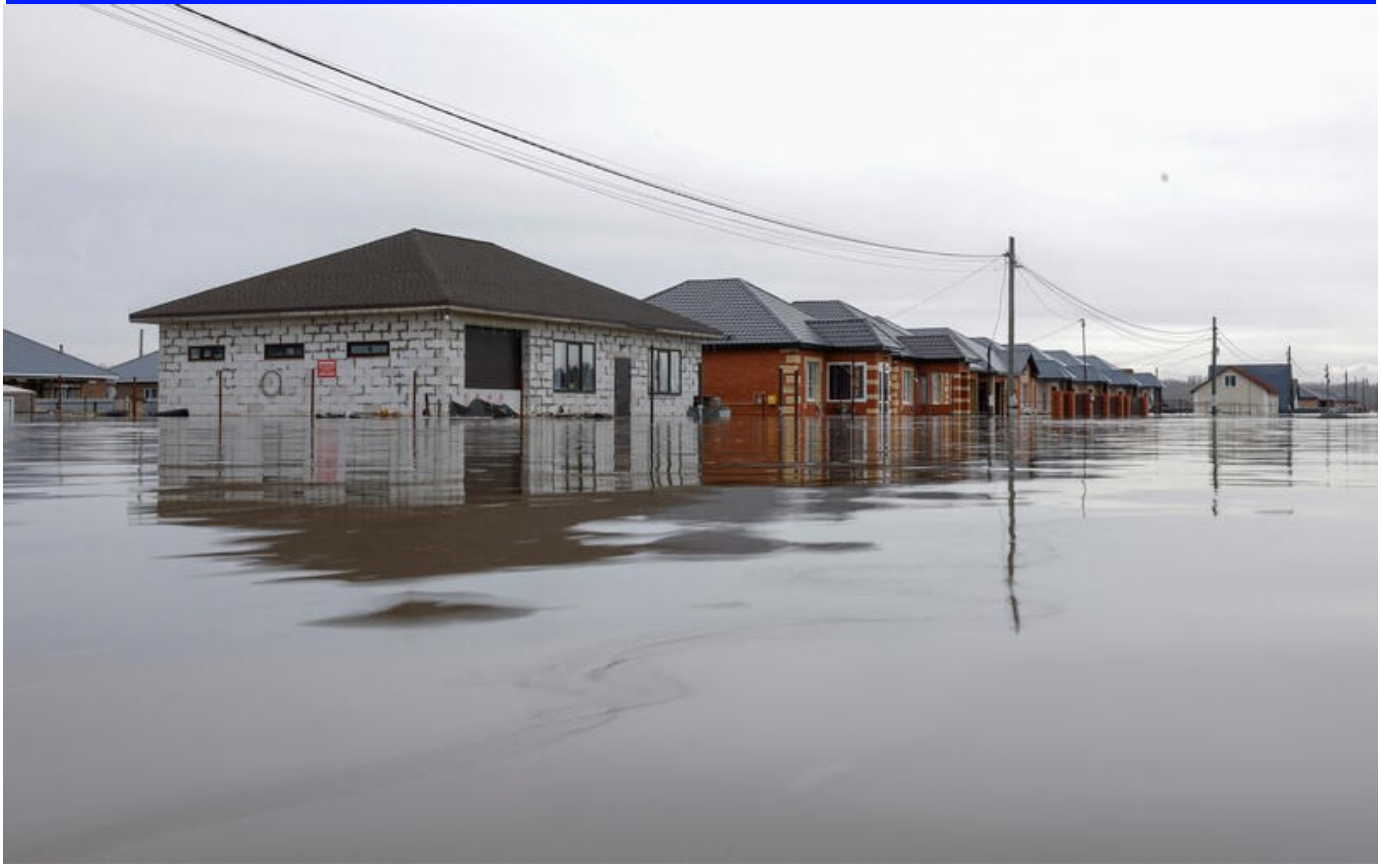
Top News - Dry Freight

Brazil's Paranagua port conveyor belt idle amid explosion risk
The Port of Paranagua, one of Brazil's busiest for sugar and grain exports, said on Wednesday one conveyor belt at its so-called export corridor remains inoperative after labor authorities idled it over a "risk of explosion." The Paranagua Export Corridor Terminals Association (Atexp), comprising a group of 10 companies that operate in the facility, ships approximately 20 million tons of grains per year using that structure, according to its website. A spokesperson for the port told Reuters the inoperative conveyor belt has not disrupted grain exports via the corridor, adding that five out of a total of six belts remain operational. "Auditors from the ministry of labor found serious maintenance issues and excessive dust accumulation, which could lead to an explosion," shipping agent Williams said on Wednesday. Williams added that the order to stop the conveyor belt may delay ship loading. Atexp, whose exporters include Cargill and Louis Dreyfus Company did not immediately reply to a request for comment. The labor ministry could not be reached for comment. The order to idle the belt took effect on April 1, the port's spokesperson said.

Ukraine to ship 600,000 T corn to China in April, 400,000 T in May, brokers say
A total of 600,000 metric tons of corn could be exported from Ukraine to China in April and 360,000 tons of the commodity have already left the country, brokers said on Wednesday.
Spike Brokers brokerage, which tracks and publishes export statistics, said on the Telegram messaging app that another 400,000 tons of Ukrainian corn could be shipped to China in May. Ukraine is a global major corn grower and exporter and Ukrainian analysts say at least 22 million tons of corn could be exported in the 2023/24 season.
Farm ministry data showed20.1 million tons of corn had been exported as of April 10. China is a traditional importer of Ukrainian corn and traders said earlier this year that up to 600,000 tons of the commodity were purchased.
Traders and analysts say cereal and oilseed imports to China, the world's biggest buyer of farm goods, will remain near record highs this year despite a recent spate of cancellations as lower global prices and a domestic output shortfall prompt buying.

REUTERS TECHNICAL ANALYSIS Q2 OUTLOOK 2024 - WANG TAO
Brent and WTI may rise towards their Sept. 2023 highs. Palm oil targets 4,751 ringgit. Gold looks very bullish, heading towards $2,500. Copper may bounce to $9,460 before falling while aluminium may rise to $2,461. Soybeans and corn may slide further to complete their long-term downtrends. Wheat may bounce into $6-$6.33 range. Coffee looks mixed and is biased to fall. Cocoa is likely to maintain its strong momentum and surpass $10k. Dollar index may rise to 109. To read the full report, **click here**.

Picture of the Day



A view shows a flooded street in the in the settlement of Ivanovskoye, Orenburg region, Russia, April 10. REUTERS/ Maxim Shemetov

(Inside Commodities is compiled by Sreshtha Uniyal in Bengaluru)

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