Oil | Agriculture | Metals | Carbon & Power | Dry Freight

Click on headers to go to that section

Top News - Oil

China's March crude oil imports surge 22.5% from year earlier

China's crude oil imports in March surged 22.5% from a year earlier to the highest for a single month since June 2020, data showed on Thursday, as refiners stepped up runs in anticipation of an economic recovery.

Crude imports in March totalled 52.3 million tonnes, or 12.3 million barrels per day (bpd), according to data from the General Administration of Customs. This compares with 10.1 million bpd of crude imported in March last year.

The imports were in line with expectations of higher refinery runs and product inventory draws on improved demand following the lifting of COVID restrictions late last year.

Crude demand had also been expected to increase at big private refiners such at Zhejiang Petrochemical (ZPC) and Hengli Petrochemical, which are reportedly operating at or above official processing rates to profit from stronger refining margins.

ZPC and Hengli account for 6.5% of China's refining capacity.

Total crude imports for the first quarter stood at 136.6 million tonnes, a 6.7% increase over 127.9 million tonnes in the same period last year.

Kerosene consumption had also been widely anticipated to increase through March, as the country's aviation sector rebounds following the lifting of travel curbs.

China's imported 8.9 million tonnes of natural gas in March data showed, up 11.2% from 8.0 million tonnes a year ago. Total natural gas imports for the first quarter stood at 26.7 million tonnes, down 3.6% on last year.

The data also showed refined oil product exports at 5.5 million tonnes for March, up 35.1% from 4.1 million tonnes in the same month of 2022.

Global oil market could be tight in second half 2023 - IEA's Birol

The global oil market could see tightness in the second half of 2023, which would push oil prices higher, Fatih Birol, executive director of the International Energy Agency, said on Wednesday.

Oil prices have surged above $80 since the beginning of the month, after the Organization of the Petroleum Exporting Countries and allies including Russia, collectively known as OPEC+, surprised markets with an announcement of voluntary production cuts of 1.66 million barrels per day (bpd) from May until the end of 2023.

International benchmark Brent futures traded at about $87 a barrel on Wednesday, and U.S. crude futures traded at about $83 a barrel.

Global markets have restructured after Russia invaded Ukraine last year, prompting sanctions on Russian energy that forced countries to look elsewhere for barrels.

Europe was particularly susceptible to declines in Russian supply, but a milder winter helped avoid a worst-case scenario this year, Birol said. However, next winter is expected to be challenging for the region in terms of energy supplies, Birol said at the Columbia Global Energy Summit in New York.

Birol added that Europe should be able to do without Russian liquefied natural gas.

Russia announced in February plans to cut oil output by 500,000 barrels per day (bpd) from an output level of 10.2 million bpd.

Birol on Wednesday added that global fossil fuel consumption could peak before the late-2020's.

Top News - Agriculture

China March soybean imports rise 8% on year - customs

China's soybean imports in March rose 7.9% from the same month a year earlier, data showed on Thursday, as buyers in China stocked up ahead of expected strong demand.

Total imports for the month came to 6.85 million tonnes, according to the General Administration of Customs, down 2.7% from February's 7.04 million tonnes.

Lower March arrivals versus February is unusual but may have been due to delays clearing cargoes at customs, said Darin Friedrichs, founder of Shanghai-based Sitonia Consulting.

Arrivals for the first three months of the year came to 23 million tonnes, up 13.5% from a year earlier, the data also showed, and highest on record for the quarter.

Much larger volumes are expected in coming months, said traders and analysts, but demand has proven weaker than expected.

Soybeans are crushed to make soybean meal, one of the major ingredients in animal feed and needed in large quantities for China's huge hog herd.

Hog farmers, however, have been losing money since the start of the year, with hog prices hovering around 15 yuan per kg, pressured by weak demand and excess supply.
"China's pig farming is less profitable now, which is not conducive to the short-term demand for soybean meal," said a Chinese futures analyst, who asked to remain anonymous.

Kremlin warns outlook for Black Sea grain deal is 'not so great'
The Kremlin warned on Wednesday that the outlook for extending a deal beyond May 18 that allows the safe wartime export of grain and fertilizer from several Ukrainian Black Sea ports was not great as Russia's own such exports still faced obstacles.
The Ukraine grain Black Sea export deal was brokered by the United Nations and Turkey in July last year to help tackle a global food crisis that U.N. officials said had been worsened by the most deadly war in Europe since World War Two.
"No deal can stand on one leg: It must stand on two legs," Kremlin spokesman Dmitry Peskov told reporters. "In this regard, of course, judging by the state of play today, the outlook (for its extension) is not so great."
To help persuade Russia to allow Ukraine to resume its Black Sea grain exports last year, a separate three-year agreement was also struck in July in which the United Nations agreed to help Russia with its food and fertilizer exports.
Peskov said this deal "has not worked and is not working so far."
Western powers have imposed tough sanctions on Russia over its Feb. 24, 2022, invasion of Ukraine. Its food and fertilizer exports are not sanctioned, but Moscow says restrictions on payments, logistics and insurance are a barrier to shipments.
Last month, Russia only agreed to renew the Ukraine Black Sea grain export deal for at least 60 days, half the intended period. Moscow said it would only consider a further extension if several demands in relation to its own exports were met.
Those include allowing the Russian Agricultural Bank to return to the SWIFT payment system, allowing Russia to import agricultural machinery, the removal of insurance restrictions, port access for Russian ships and cargo, and an unblocking of the financial activities of Russian fertilizer companies.
Moscow also wants a pipeline that delivers Russian ammonia to a Ukrainian Black Sea port to be restarted.

HERDING PEOPLE
When asked on Wednesday if any progress had been made on Russia's demands, U.N. spokesman Stephane Dujarric said U.N. officials were "trying to doggedly move the process forward," noting that Secretary-General Antonio Guterres had little power.
"The secretary-general has no authority over SWIFT. He has no authority over member states that impose unilateral sanctions. He has no authority over insurance companies, shipping companies, he can't tell them what to do," he said.
"We're trying to herd a whole group of people," added Dujarric.
The United States has pushed back on Moscow's demands, saying "the only prohibitions on food and fertilizer exports from Russia are those imposed by the government" of Russia.
Russia and Ukraine are two of the world's key agricultural producers, and major players in the wheat, barley, maize, rapeseed, rapeseed oil, sunflower seed and sunflower oil markets. Russia is also dominant in the fertiliser market.
The Ukraine Black Sea export agreement has allowed more then 27.5 million tonnes of food to be exported by Ukraine, and the United Nations says this has contributed to the lowering of food prices around the world.
But the U.N. World Food Programme warned earlier this month that food insecurity remains at unprecedented levels in 2023 as conflict, economic shocks, climate extremes and rising fertilizer prices continue to disrupt food production globally.

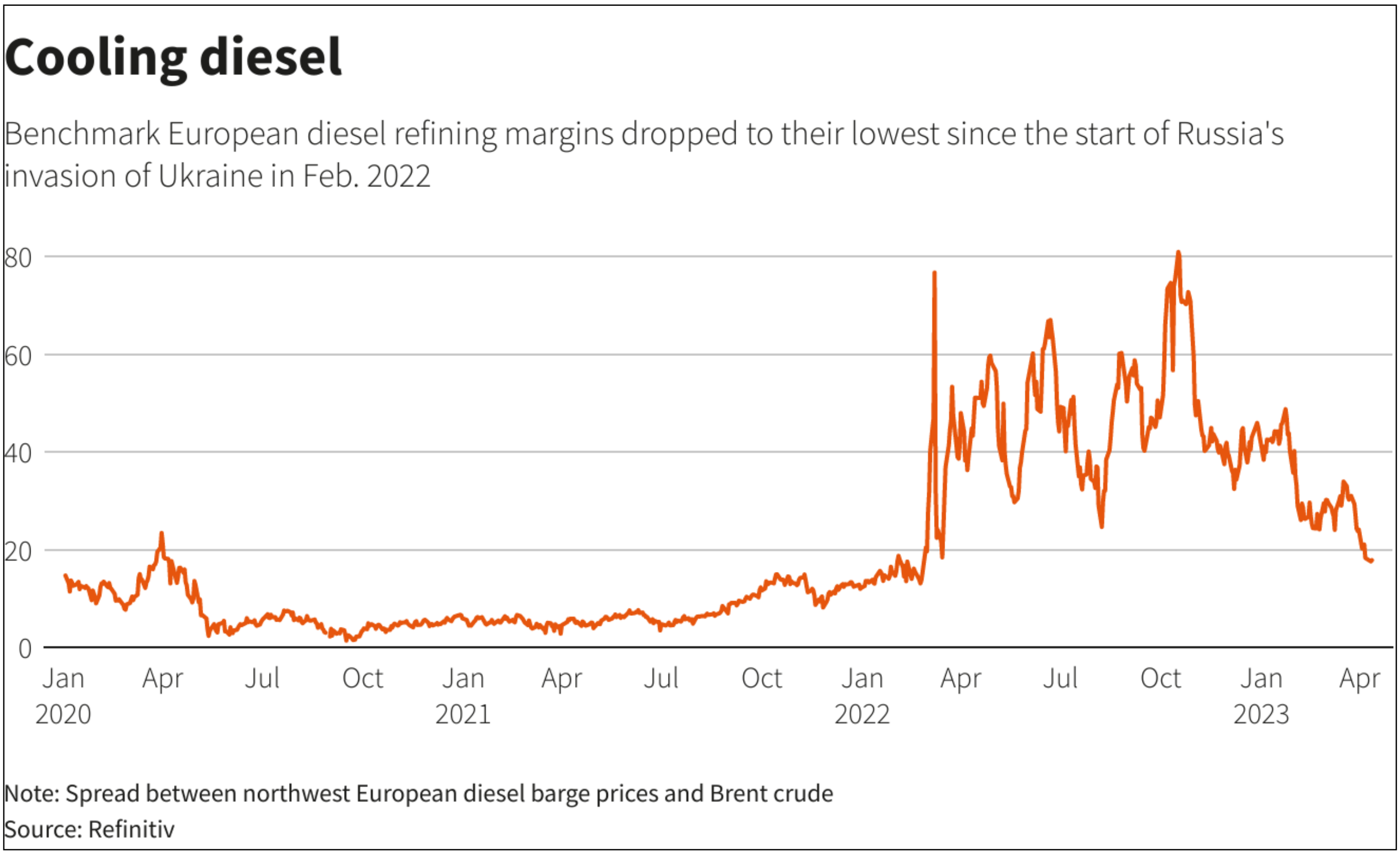
Top News - Metals

China March copper imports fall amid soft demand recovery, rising domestic supply
China's copper imports fell 19% in March from a year earlier, customs data showed on Thursday, as domestic production climbed and higher global prices restrained interest.
Imports of unwrought copper and copper products totalled 408,174 tonnes in March, according to data from the General Administration of Customs.
The purchases, which included anode, refined, alloy and semi-finished copper products, compared with imports of 504,009 tonnes in March 2022.
Investors had hoped for a strong recovery in China's copper demand after it abandoned COVID curbs late last year. The metal is widely used in power, construction, transport and air conditioning sectors.
Actual consumption, however, remained weak in the top global metals consumer. The market only started to see a

recovery from March, primarily due to a seasonal peak in demand.
Doubts about the strength of post-COVID factory recovery also arose from slower growth in manufacturing activity in March, amid weaker global demand and a property market downturn.
The yearly decline largely reflected shrinking inflows of refined copper.
"We estimate March import may be around 200,000 tonnes, down from 302,000 tonnes the same month last year and 228,000 tonnes in February," said Lynn Zhao, a commodity strategist at Macquarie.
Domestic production of refined copper jumped 14% on the year to 858,900 tonnes in March, a survey by state-backed research house Antaike showed.
Copper arrivals in the first quarter of the year stood at 1.3 million tonnes, down 12.6% from the same period a year ago.
The import arbitrage window stayed largely closed over the last month, suggesting unfavourable conditions because of higher prices in London, said Zhang Weixin, a metals analyst at China Futures.
Despite a notable price downturn around mid-March caused by a heavy sell-off due to turmoil in the banking sector, the benchmark copper contract on the London Metal Exchange (LME) ended March at $8,993 a tonne.
Imports of copper ore and concentrate stood at 2.02 million tonnes in March, down 7.3% from a year earlier, the customs data showed.

Glencore adds Russian aluminium to LME system, source says
Commodity trader Glencore has deposited more Russian aluminium in warehouses approved by the London Metal Exchange (LME) in the South Korean port of Gwangyang, one source with knowledge of the matter told Reuters.
Higher stocks of Russian aluminium, produced by Rusal, on the LME are a concern for producers as they could weigh on benchmark aluminium prices used as references in contracts between buyers and sellers.
The inventories are also symptomatic of consumers avoiding Rusal's aluminium, even though no Western sanctions were imposed on Russian metal or producers after Moscow invaded Ukraine.
Glencore has already deposited tens of thousands of tonnes of Russian aluminium in LME-registered warehouses in recent months, sources with knowledge of the matter have told Reuters.

Chart of the Day



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DATA IS JUST THE BEGINNING

"Glencore has been delivering aluminium to LME warehouses in Gwanyang for some time. This latest delivery was them as well," the source said on condition of anonymity.
London-listed Glencore, which has a multi-year contract with Rusal, declined to comment. Its contract with the world's largest aluminium producer outside China expires in the second half of 2024.
It reportedly said in March it would not renew its contract under its policy of not doing any new business with Russia, but Chief Executive Gary Nagle also said the company's stance could change depending on events in Ukraine.
Including the 23,000 tonnes delivered over recent days according to the source with knowledge of the matter, Glencore's aluminium deliveries to LME warehouses in Gwangyang total at around 173,000 tonnes, at least.
Daily data from the LME showed 23,250 tonnes of aluminium was delivered to LME warehouses in Gwangyang, where aluminium stocks total 216,875 tonnes.
Monthly data from the LME shows the share of Russian aluminium stocks in the LME's network warehouses around the world climbed to 53% of the total in March, or 220,575 tonnes, from 41% in January.
Some of Rusal's customers have self-sanctioned since the start of the Ukraine war, and the United States' imposition of large import tariffs makes it more difficult to use Russian metal.
"The increase is due both to outflows of non-Russian aluminium and to an inventory build of Russian aluminium," Commerzbank analysts said in a note.
"It is clear from the fact that only inventories from Russia have increased that this trend is attributable to a boycott by companies rather than to weaker general demand."
Aluminium is used by the transport, construction and packaging industries.
Its price on the LME was up 0.4% at $2,311 from an earlier $2,290.5, the lowest since March 23.

Top News - Carbon & Power

China's March coal imports jump to 3-year high
China's coal imports surged in March to their highest in any month over the past three years as utilities increased purchases on expectations for a demand recovery and after curbs on bringing in Australian coal were removed.
The world's top coal consumer brought in 41.17 million tonnes last month, the highest level since January 2020, data from the General Administration of Customs showed on Thursday.
That compares to an average of 30.32 million tonnes per month in the January-February period, and represents an increase of 151% from March last year.
For the first quarter of 2023, China imported a total of 101.8 million tonnes of coal, nearly doubling from a low base last year, the data showed.
Coal demand in China is expected to be robust in the second quarter as the economy continues to emerge from the country's now-abandoned zero-COVID regime.
Australian coal arrivals were expected to have grown in March after Beijing removed restrictions on coal trade with Canberra.
Cheaper pricing has encouraged imports of Australian thermal coal. Domestic thermal coal with energy content of 5,500 kilocalories costs 1,050 yuan a tonne at the northern Chinese port of Qinhuangdao, while Australian coal of the same quality costs around $120 a tonne on a free-on-board basis.
Utilities and traders also stepped up procurement from Indonesia before the Muslim country entered the Ramadan festival in mid-March.
Coal production and transport in Indonesia, China's top thermal coal supplier, typically slow ahead of the Muslim fasting month. Last year Ramadan fell in early April.
Weak hydropower output in southern China is also likely to boost coal-fired power generation in the coming months.
At the Three Gorges Dam, the world's biggest hydropower plant, water levels and reserves as of the first week of April were significantly lower than in the same period over the past five years, according to data compiled by Shanghai-based data provider Wind.
A Yunnan provincial government-backed newspaper reported last week that so far this year the southwestern Chinese province has logged its lowest rainfall in 10 years.
But China's coal consumption is currently in the midst of its low season as winter heating demand in northern China has petered out and demand for summer air conditioning has not kicked in.
That has put downward pressure on domestic coal prices and narrowed price differentials with overseas supplies.
Daily coal consumption in eight coastal regions fell to around 1.72 million tonnes last week from more than 2 million tonnes in February, data tracked by the China Coal Transport and Distribution Association showed.

ANALYSIS-Train crunch to spur coal imports by Indian industries

Indian manufacturers, including aluminium smelters and paper mills, are set to boost thermal coal imports for a second consecutive year due to a shortage of trains, even as state-run Coal India plans to increase output.

Higher demand from industry for seaborne coal will thwart efforts by India, the world's second largest producer and importer of the fuel, to cut its dependence on shipments from mines in Indonesia, Australia and South Africa.

India's demand for seaborne coal is set to peak during the summer season beginning this month, just as neighbouring China's coal imports have jumped with the world's No. 2 economy recovering from the COVID-19 pandemic, supporting global prices.

That means India's manufacturers face a double whammy, having to pay more for imported coal and for haulage, as the train shortage has forced them to receive coal by trucks, which costs more per tonne than by rail.

Industrial coal users accounted for about 70% of India's thermal coal imports in 2022.

Logistical challenges could boost overall Indian thermal coal imports by 3% in 2023 to 169 million tonnes, said Abhishek Rakshit, a senior analyst at consultancy Wood Mackenzie.

"Growth in Indian coal imports will definitely support the prices of the low to mid-calorific value coal market through most of 2023," Rakshit said.

RAIL CONSTRAINT

Coal India, which produces 80% of domestic output, plans to increase coal allocated to industries by as much as 57% from lsat year to 170 million tonnes for the year to March 2024.

However Indian Railways, which delivers most of the miner's coal on trains, will likely fail to keep up with manufacturers' demand as it prioritises power plants and as addition of new trains has not kept pace with demand, industry officials say.

Train supply to Coal India for delivering fuel to industries declined every month in the last fiscal year, a Reuters analysis of government data showed.

The share of trains in Coal India's fuel transport fell to the lowest in three years during the 2023 fiscal year, too.

"Despite a steep increase in coal production, movement of coal by railways has failed miserably," said Rajiv Agarwal, secretary general of the Indian Captive Power Producers Association.

This summer, India could face a daily shortage of at least 50 trains capable of carrying about 200,000 tonnes of coal for both utilities and industries, said a senior coal ministry official, who declined to be named as he is not authorised to speak to media.

Nevertheless state-owned Indian Railways told Reuters it was supplying trains for coal transport "as per demands placed by coal companies/consumers," and average coal transport had grown more than 11% during the 2023 fiscal year.

The industrial sector is currently allocated 20-25 trains per day, against demand of 50 trains per day, and as a result smelters "will be forced to import power or coal to sustain their operations", a spokesman for the Aluminium Association of India (AAI) told Reuters.

Aluminium smelter operators such as Vedanta and Hindalco are among Coal India's biggest industrial long-term customers.

Similarly, Indian paper mills are finding it "extremely hard" to source coal, the Indian Paper Mills Association said.

"Some paper mills which had never imported coal before have been forced to do so in the last two years," the association said.

COSTLIER AND DIRTIER

Due to the rail constraints, the share of trucks in coal movement rose to nearly 30% in the first ten months of the last fiscal year, on track to hit the highest level in four years.

Road transport is about 35% more expensive than trains and emits nearly three times more carbon dioxide per kilometre, according to the draft national coal logistics policy.

Coal trucking has led to protests by villagers as trucks kick up dust and pollute farms and water sources with ash.

Rajendra Naik, a resident of Ratanpur village in Sundergarh district in eastern Odisha state, said the number of trucks transporting coal in his area had nearly doubled in recent months.

"We are almost imprisoned in a dust chamber. It is difficult to breathe," said Naik, a 40-year-old activist who has been fighting coal transportation by road along with other villagers.

Top News - Dry Freight

China's iron ore imports hit Q1 record on hopes for recovery in steel demand

China's imports of iron ore surged nearly 10% in January-March to log a record for a first quarter, helped by expectations of stronger steel demand as the economy continues to emerge from the country's now-abandoned zero-COVID regime.

First-quarter imports of the steel-making ingredient climbed to 294.34 million tonnes. For March alone, imports grew 14.8% to 100.23 million tonnes, data from the General Administration of Customs showed.

"The growing trend is in line with our expectations but the total volumes were higher than we had expected," said Pei Hao, a Shanghai-based senior analyst at international brokerage firm FIS.

In a further sign that iron ore demand is beginning to bounce back, China's daily hot metal output grew to 2.43 million tonnes in the week of March 31, up nearly 4% from late February, data from consultancy Mysteel showed.

Pei said, however, that imports volumes in April are likely to increase only slightly as Cyclone Ilsa is threatening Australia's northwest region - the world's largest hub for iron ore, impacting shipments.

Refinitiv vessel-tracking data showed Australia and Brazil, the world's top two iron ore suppliers, accounted for 86% of iron ore arrivals in China last month. Overall imports were also boosted by an 84% surge in iron ore from India to 2.68 million tonnes in March after the country scrapped an export tax last November.

China's exports of steel products jumped 59.7% to 7.89 million tonnes in March, the highest monthly total since April 2021, the customs data showed, as domestic steel mills sought to benefit from higher overseas prices.

For the first quarter, steel exports climbed by 53.2% to 20.08 million tonnes.

China's imports of steel products in March tumbled 32.5% to 682,000 tonnes while those for January-March slumped 40.5% to 1.91 million tonnes.

Taiwan's MFIG buys about 65,000 tonnes corn from Argentina

Taiwan's MFIG purchasing group bought about 65,000 tonnes of animal feed corn to expected to be sourced from Argentina in an international tender on Wednesday, European traders said.

It was believed to have been sold by trading house Cargill.

The corn was purchased at an estimated premium of 179.50 U.S. cents a bushel c&f over the Chicago July 2023 corn contract, they said.

Offers had been sought for corn sourced either from the U.S., Brazil, Argentina or South Africa.

Traders said the lowest offer for U.S. corn was at a premium of 239.00 cents c&f over the Chicago July contract made for the full 65,000 tonnes sought.

Shipment was sought between May 26 and June 14 if the corn is sourced from the U.S. Gulf, Brazil or Argentina, traders said.

If sourced from the U.S. Pacific Northwest coast or South Africa, shipment is sought between June 10 and June 29.

MARKET MONITOR as of 06:54 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$79.92 / bbl	-4.01%	3.45%
NYMEX RBOB Gasoline	$2.72 / gallon	-3.38%	12.28%
ICE Gas Oil	$801.75 / tonne	3.99%	-15.12%
NYMEX Natural Gas	$2.07 / mmBtu	-1.19%	-53.54%
Spot Gold	$1,965.19 / ounce	-2.46%	10.79%
Carbon ECX EUA / Dec, 24	€96.13 / tonne	-5.43%	14.31%
Dutch gas day-ahead (Pre. close)	€47.25 / Mwh	6.42%	-42.37%
CBOT Corn	$6.66 / bushel	1.45%	-3.24%
CBOT Wheat	$7.00 / bushel	2.94%	-14.20%
Malaysia Palm Oil (3M)	RM3,891 / tonne	3.07%	-11.09%
Index (Total Return)	**Close 12 Apr**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	293.90	0.38%	0.61%
Rogers International	27.45	-0.24%	-4.87%
U.S. Stocks - Dow	33,274.15	1.26%	1.51%
U.S. Dollar Index	101.5	-0.69%	-1.95%
U.S. Bond Index (DJ)	410.42	0.13%	5.04%

Picture of the Day

A white stork sits in its nest near a coal-fired power plant, in the town of Obilic, Kosovo, April 12, 2023. REUTERS/Valdrin Xhemaj

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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