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Top News - Oil

COLUMN-Iranian attacks on Israel sees only muted crude oil reaction: Russell
Crude oil's initial reaction to Iran's drone and missile attacks on Israel was muffled on Monday, with prices of the major contracts barely shifting.
There were fears that the barrage of weapons fired at Israel signalled a major escalation of conflict in the Middle East, and the oil price would shift higher in response to heightened fears of possible supply disruptions.
But the price moves in early trade in Asia were moderate, with global benchmark Brent crude futures and U.S. West Texas Intermediate (WTI) contracts little changed.
Brent gained as much as 50 cents to $90.95 a barrel from the close of $90.45 on April 12, but was steady at $90.46 at 0740 Singapore time.
WTI also posted a small rise immediately after trading started, rising as much as 27 cents to $85.93 a barrel from the close of $85.66 on Aril 12, before giving up the gain to trade down 8 cents at $85.58.
The message the market appears to be sending is that, for now, the risk of a major escalation and retaliatory strikes by Israel is relatively low. This might be because that little damage was inflicted on Israel, despite Iran and its proxies sending more than 300 missiles and drones in the weekend attack. Israel has signalled that while its cabinet has authorised retaliatory strikes, such actions aren't imminent. It's also likely that oil investors are weighing the true nature and purpose of the Iranian attacks. It's likely that Tehran knew that the bulk of the drones and missiles would be intercepted and, and therefore what they wanted was a symbolic strike to show that Iran will respond to attacks, such as the April 1 strike on its embassy in Syria that killed top commanders of its Revolutionary Guards. If the motivation and intent of the Iranian action is viewed more as symbolic and a way to keep face, then it's possible that any major escalation will be avoided.

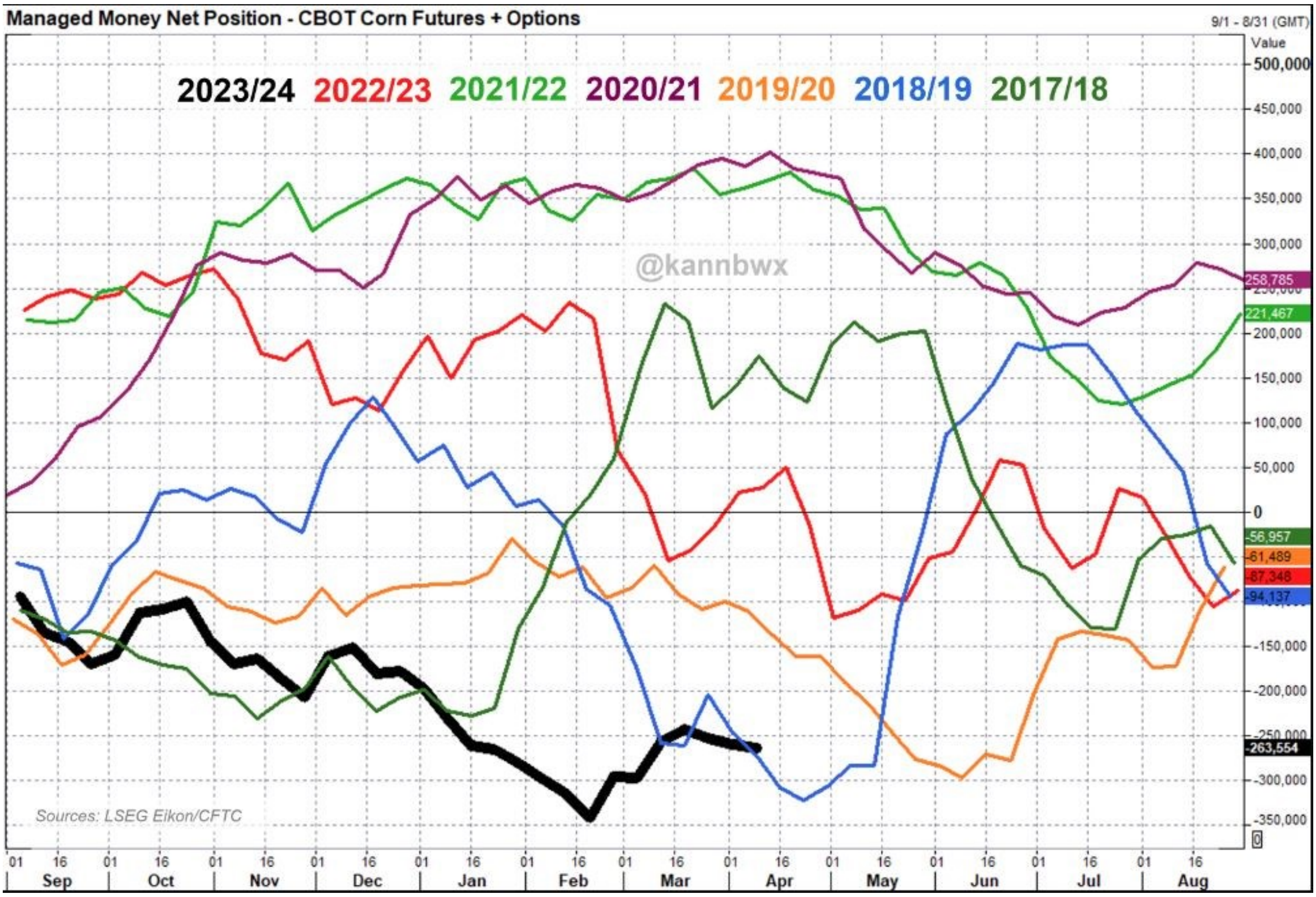
INTERESTS ALIGN?
The other factor is that for the bulk of actors in the Middle East and beyond, any escalation that results in a real threat to oil infrastructure and shipping is not in their interests.
Iran is getting back to some semblance of normality in its oil exports after years of Western sanctions, and would be reluctant to see any serious U.S.-led moves to once again limit its crude shipments.
The administration of U.S. President Joe Biden doesn't want the conflict to escalate in an election year as higher gasoline prices are unpopular with voters, as is the thought of the United States being dragged into another protracted and likely unwinnable Middle East conflict.
Middle East exporters such as Saudi Arabia, the United Arab Emirates and Kuwait also want to be seen to be ensuring the stable supply of oil, even if they like the idea of a price anchored closer to $90 a barrel.
The problem for the oil exporters is that if crude prices do head to $100 a barrel and higher, it's likely to start hitting demand as Western countries keep monetary policy tight to avoid a fresh round of inflation, and developing countries in Asia trim imports. The International Energy Agency has already trimmed its forecast for 2024 oil demand growth, cutting it by 130,000 barrels a day to 1.2 million bpd, citing weaker consumption in developed economies. There are some actors who may benefit from an increased Middle East conflict, such as former U.S. president and current candidate Donald Trump, as it gives him a platform to rally against higher fuel prices and the threat of a wider conflict. Russian President Vladimir Putin may also see an upside to a bigger conflict, as higher oil prices would boost his revenue and Western attention on his war in Ukraine would be diverted to the Middle East.
But it remains the case that the majority of parties probably want to see the situation de-escalated, and ultimately seek some kind of ceasefire in Gaza.
But what the Iranian strikes on Israel show is that tensions can boil over very quickly in the Middle East, and that the conflict remains intractable and a resolution seems as far away as ever.
The opinions expressed here are those of the author, a columnist for Reuters.

Kazakhstan to compensate for exceeding OPEC+ quota in March
Kazakhstan will compensate for exceeding its oil production quota under the OPEC+ agreement in March, the country's energy ministry said in a statement on Sunday. The ministry said that according to "secondary sources", Kazakhstan produced 131,000 barrels per day above its quota in March due to weather conditions and heating requirements.
It said it would submit a compensation plan to the group's monitoring committee by April 30.

Top News - Agriculture

COLUMN-Funds stay with bearish CBOT corn views despite global supply shrinkage -Braun
Speculators' bearish Chicago corn stance has been relatively consistent since mid-March, but overall supply potential has eased since then given smaller U.S. corn plantings, questionable weather in Brazil and unprecedented disease in Argentina.
In the week ended April 9, money managers increased their net short position in CBOT corn by about 4,000 contracts to 263,554 futures and options contracts, a five-week high but little changed from the previous four weeks.
Most-active CBOT corn futures had risen 1% during that week, though prices are at four-year lows for mid-April as world corn stocks should safely rise from year-ago levels. But that increase may be smaller than previously thought as South American corn crop estimates have declined.
Traders are juggling those production issues with demand uncertainties abroad. Key buyer China has reportedly cancelled some Ukrainian corn cargoes, and a state-affiliated analyst on Friday said China is cancelling corn from Europe, though it is unclear if that referred to Ukraine.
However, China increased its 2023-24 corn import forecast by 14% on Thursday.
The country is projected to raise another record corn crop in 2024-25, though Beijing said last week that expanding crop production will be difficult.
Chinese soybean demand is also in question as Beijing reported first-quarter soybean imports at four-year lows, though exporter data appears to suggest better volumes.
U.S. soy export demand has been sluggish lately, and Chicago soybean prices are also at four-year lows for the date.
Money managers through April 9 maintained a meaty net short position in CBOT soybean futures and options, expanding it by about 1,000 to 139,310 contracts.
Most-active CBOT soybeans were unchanged that week, though soybean meal rose 2% while soybean oil lost 2%.
CBOT oilshare, which measures soyoil's share of value in the soy products, reached a six-month high earlier this month, though speculators unwound some of those positions in the week ended April 9.
Money managers were net buyers of nearly 19,000 contracts of CBOT soybean meal, the most for any week since October.

Chart of the Day



That was largely on short covering, and it slashed the managed money net short to 24,072 futures and options contracts.
Funds abandoned their short-lived net long in CBOT soybean oil futures and options, establishing a net short of 4,128 contracts versus the net long of 8,383 a week earlier.
CBOT wheat futures reached five-week highs in the week ended April 9, climbing more than 2%.
Money managers trimmed their net short to 86,568 futures and options contracts from 91,944 in the prior week, and the new stance is slightly less bearish than a year ago.
CBOT corn, soybeans, wheat and soymeal all had strong performances on Friday, though soyoil was weaker, reaching five-week lows on Friday.
This week, traders will be watching early U.S. planting progress, though corn is usually just 5% planted by this date.
Analysts expect data on Monday to show record U.S. soybean processing in March, following a strong February volume that topped all trade estimates.
Eyes will also stay on Brazil, where inconsistent weather has threatened to trim the heavily exported second corn crop.
Karen Braun is a market analyst for Reuters.
Views expressed above are her own.

Brazil ends 2023/24 crop with output records for sugar, ethanol
Brazil's Centre-South region concluded the 2023/24 crop (April-March) posting for the first time production records for sugarcane, sugar and ethanol, industry group UNICA said in a report on Friday.
Brazil's CS processed 654 million metric tons of sugarcane, 19% more than in the previous crop, as the region benefited from near perfect weather conditions both during crop development and harvesting time.
Mills ended the crop with a sugar production of 42.42 million tons, 25% up, and ethanol output of 33.59 billion liters, a 16% increase (see tables).
"We had expectation for a good year when the crop started, but it was even better than we thought," UNICA's director Luciano Rodrigues said.
Mills had a clear focus on boosting sugar production during the season to profit from high international prices.
Cane allocation to sugar ended at 48.8% versus 44.6% in the previous year.
The record ethanol output only came due to the increasing use of corn to produce the fuel.
Corn ethanol production jumped 41% in 2023/24 to 6.26 billion liters.
It already accounts for nearly 20% of total ethanol production.
Market focus now turns to the new crop.
Despite March being technically the last month of the old crop, it marks the warming up of plants after maintainance in between-crops period and provides an indication of how quick processing will pick up.
In the second half of March Brazil's CS crushed 5.04 million metric tons of sugarcane, up 6.5% from a year ago.
Sugar production totaled 183,000 tons, up 9%, while total ethanol output rose 37.4% to 528 million liters.

Top News - Metals

EXCLUSIVE-Russia and China trade new copper disguised as scrap to skirt taxes, sanctions
Russian Copper Company (RCC) and Chinese firms have avoided taxes and skirted the impact of Western sanctions by trading in new copper wire rod disguised as scrap, three sources familiar with the matter told Reuters.
Copper wire rod was shredded in the remote Xinjiang Uyghur region by an intermediary to make it hard to distinguish from scrap, the sources said, allowing both exporters and importers to profit from differences in tariffs applied to scrap and new metal, the sources said.
Russia's export duty on copper rod was 7% in December, lower than the 10% levy on scrap. Imports of copper rod into China are taxed at 4%, and there is no duty on Russian scrap imports.
The sales of new metal disguised as scrap, which started in December, are reflected in a discrepancy between Chinese and Russian data.
Chinese customs data showed China has bought significantly more copper scrap from Russia since December, while Russian figures Reuters obtained from a commercial data provider showed the amount of scrap exported to the country's biggest trade partner was negligible.
In response to a Reuters' inquiry on the discrepancy, Russian customs said: "The Federal customs service temporarily does not provide data on foreign trade." It stopped publishing trade data in April 2022 shortly after Russia's invasion of Ukraine. Since then, the market has relied on commercial providers.
Asked about the trade in copper rod to Chinese firms, RCC, which is subject to Western sanctions, said that it supplies products only to Russian companies. It did not comment further.
China's customs in Xinjiang, which borders Russia, did not respond to an emailed inquiry and a telephone call.
China has become a major destination for Russian companies seeking to export their commodities after the United States imposed sanctions on Russia for its invasion of Ukraine in February 2022.
The United States and the European Union have imposed sanctions on Chinese companies for supporting Russia's war effort in Ukraine.

DISGUISE
Shredding newly-made copper wire rod is an effective way to disguise new material that looks very different to scrap.

The new, high-purity copper long, thin rods, mainly used for making power cables, are typically coiled for ease of transport.
Copper scrap, by contrast, is a mix of wires, tubes and pipes that have already been used. They are chopped into grain-sized pieces or coiled and pressed, like packs of noodles, for transport.
The shredding had escaped notice as China has restricted access to the Xinjiang region in response to international condemnation of Uyghur repression, the sources said.
Apart from the financial incentive of avoiding taxes, the shredded metal is harder to identify and trace - making it easier to sell to Chinese manufacturers.
Theoretically, there are no legal obstacles to prevent China from buying metal from Russian firms under Western sanctions, but manufacturers may still be wary of losing export business to buyers seeking to avoid providing any funds to Russia.
Sanctions can also mean difficulties with processing payments and borrowing money. The sources said some Chinese companies have set up new teams to deal with Russian-related business.

'DE FACTO COPPER ROD'
Last December, according to a commercial data provider Chinese companies made a total of five purchases of products labelled as "copper rod" from RCC's plant in the Urals region. The purchases made by a United Arab Emirates-based entity called Modern Commodity Trading DMCC, generated revenues of roughly $65 million, according to the commercial data provider. The UAE-based firm could not be reached for comment.
Russia has never been a major seller of scrap copper to China.
However, from December last year, China's copper scrap imports from Russia rose significantly, customs data showed.
Most of that, 97% or 6,434 metric tons, came through the Alashankou border of Xinjiang in December.
Russian data showed a mismatch, indicating the country sold only 73 tons of copper scrap to China in the same month.
In 2021 and 2022, an average of 95.3 tons and 125 tons of Russian copper scrap were sold to China each month.
Volumes rose sharply over the last few months with monthly imports reaching 11,599 tons by February 2024.
Customs data on Chinese imports of copper wire rod is not publicly available.
"This scrap from Russia is de facto copper rod, but not declared as rod. I cannot disclose any more detail," said a Chinese manufacturing source who asked to remain anonymous. The source added the material could be directly consumed by copper fabricators in Jiangsu and Zhejiang provinces.
While Russian data showed minimal scrap exports, a sudden increase in wire rod exports occurred in December.
According to the data, "Kyshtym Copper Electrolyte Plant JSC," a plant run by RCC delivered 8,041 tons of copper wire rod to China via Alashankou in Xinjiang in December compared with only 1,618 tons in November.

MARKET MONITOR as of 06:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$85.06 / bbl	0.05%	18.72%
NYMEX RBOB Gasoline	$2.77 / gallon	0.75%	31.47%
ICE Gas Oil	$827.50 / tonne	-0.45%	10.22%
NYMEX Natural Gas	$1.76 / mmBtu	-0.06%	-29.87%
Spot Gold	$2,357.49 / ounce	-0.66%	14.30%
TRPC coal API 2 / Dec, 24	$122 / tonne	0.83%	25.77%
Carbon ECX EUA	€71.55 / tonne	5.17%	-10.97%
Dutch gas day-ahead (Pre. close)	€30.07 / Mwh	2.73%	-5.59%
CBOT Corn	$4.46 / bushel	1.02%	-7.95%
CBOT Wheat	$5.65 / bushel	-0.31%	-11.73%
Malaysia Palm Oil (3M)	RM4,277 / tonne	-0.95%	14.94%
Index	**Close 12 Apr**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	345.56	0.80%	14.65%
Rogers International	29.58	1.67%	12.36%
U.S. Stocks - Dow	37,983.24	-1.24%	0.78%
U.S. Dollar Index	105.89	-0.14%	4.50%
U.S. Bond Index (DJ)	418.34	-0.20%	-2.87%

"As of today, Kyshtym Copper Electrolyte Plant sells its products only to domestic companies," the Kyshtym plant said in a response to Reuters questions on its sales to China. "We have not monitored the products' further fate, so I have nothing to add to what has already been said."

CME bans Russian-origin aluminium after U.S., UK impose new sanctions

CME Group has suspended from its platform aluminium produced in Russia from April 13, the exchange said on Sunday, after the United States and Britain imposed new sanctions on Moscow for its invasion of Ukraine.

The U.S. Treasury Department and the British government on Friday banned the 147-year old LME and the Chicago Mercantile Exchange (CME) from accepting new Russian production of aluminum, copper and nickel produced from April 13.

On its website the CME listed Russian aluminium brands that could no longer be on warrant - a title document conferring ownership - for delivery against its contracts.

"Aluminum from these brands produced prior to April 13, 2024, will continue to be eligible for warranting and delivery against the exchange’s aluminum futures contract," the CME said.

"All participants must ensure their participation in delivery against the exchange’s aluminum futures contract complies with local laws and regulations, including applicable economic sanctions."

The CME told Reuters on Saturday that it does not disclose the origin or brands of the eligible or registered metal it has in store and said this was consistent across all of its physically delivered markets.

On Friday, a UK official said London expected any market disruption to be short-lived and that the government had consulted with colleagues in the U.S. as well as with the LME, the Bank of England and the Financial Conduct Authority to minimise any impact.

The announcement of the ban by the U.S. and Britain was made after trading was closed for the weekend.

Top News - Carbon & Power

Japan's JERA creates global renewables-focused unit in Britain

Japan's largest power company JERA Co. has created a global renewable energy business to be headquartered in London, as it seeks to increase low-carbon investments to meet decarbonisation targets, the head of the new unit told Reuters.

Named JERA Nex, the unit will develop, invest in, own and operate renewable energy projects such as onshore and offshore wind, solar energy and battery storage.

Starting with a 3 GW portfolio of renewables assets, it aims to develop 20 gigawatts (GW) of renewables capacity by 2035 and is considering investments across the globe as well as in its home market Japan, its chief executive Nathalie Oosterlinck said.

She said the unit would focus on adding capacity through selected acquisitions and partnerships as well as developing projects alone.

JERA is a joint venture between Tokyo Electric Power Company Holdings and Chubu Electric Power Co Inc. It aims to achieve net zero carbon dioxide emissions by 2050.

Last year, it bought Parkwind, Belgium's largest offshore wind platform.

A consortium made up of Parkwind and IKEA store owner Ingka won the first Norwegian auction to develop a 1.5 GW offshore wind farm in the southern Norwegian North Sea last month.

In the second round of Japan's offshore wind tenders late last year, JERA also won rights to develop a 315-megawatt wind farm as part of a consortium with Electric Power Development, Itochu, and Tohoku Electric Power.

For the longer term, Oosterlinck said floating offshore wind was an ambition as the water depths around island nations, such as Britain and Japan, make them well-suited to it.

"It will take some time to further develop but we are looking at floating and potentially projects in Japan," Oosterlinck said.

IAEA chief welcomes cold shutdown of all Zaporizhzhia nuclear plant reactor units

Safety at the Russian-held Zaporizhzhia nuclear power plant in Ukraine remains precarious but the shift to a cold shutdown of all six reactor units, completed on Saturday, is positive, the U.N. nuclear watchdog chief said in a statement.

Drones attacked Zaporizhzhia, Europe's biggest nuclear power plant, on Sunday, hitting a reactor building in the worst such incident since November 2022, though nuclear safety was not compromised, the International Atomic Energy Agency (IAEA) has said.

IAEA Director General Rafael Grossi said that with the end of the winter heating season in nearby Enerhodar, where most plant staff live, unit 4 had been moved from hot shutdown on Saturday, bringing "all six reactor units" to cold shutdown for the first time since late 2022.

"I welcome this development which has been recommended by the Agency for some time, as it enhances the overall safety of the facility," Grossi's statement said.

Cold shutdown allows for an "additional response margin of several days before the cooling of the nuclear fuel in the reactor might be challenged," he added.

The reactor would also need less cooling water than in hot shutdown, he said, an issue that grew more challenging following the destruction of the Kakhovka Dam in June.

However Grossi said the situation at the nuclear plant remained "extremely fragile," noting a team of IAEA experts had heard 16 rounds of outgoing artillery fire in less than half an hour on Saturday, and several drone strikes had targeted the facility over the past week.

The cold shutdown did not address the "fundamental issue of a recent sharp deterioration of the situation at the plant," he said. "Without a doubt, nuclear safety and security at this major nuclear facility remains very precarious."

Moscow and Kyiv have repeatedly accused one another of targeting the plant since Russia seized it weeks after it invaded Ukraine. Both countries requested an emergency meeting of the IAEA's Board soon after Sunday's attack.

Top News - Dry Freight

South Korea's FLC bought some 65,000 T corn in private deal

South Korea's Feed Leaders Committee (FLC) purchased around 65,000 metric tons of animal feed corn in a private deal on Friday without issuing an international tender, European traders said on Monday.

The corn was expected to be sourced from either South America or South Africa. It was believed to have been purchased at an estimated $243.49 a ton cost and freight (c&f) included with an additional $1.50 a ton surcharge for additional port unloading. Seller was believed to be trading house CHS. It was for arrival in South Korea around July 30 with shipment between May 20 and June 20. Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.

Ukraine grain exports at 37.6 mln T so far in 2023/24

Ukraine's grain exports in the 2023/24 July-June marketing season have fallen to around 37.6 million metric tons from 39.2 million a year earlier, agriculture ministry data showed on Friday.

Exports so far this season have included 14.7 million tons of wheat, 20.5 million tons of corn and 2.1 million tons of barley.

Ukraine has traditionally sent around 95% of its grain exports via its deep water Black Sea ports.

The Ukrainian government expects a harvest of 81.3 million tons of grain and oilseeds in 2023, with a 2023/24 exportable surplus of about 50 million tons.

Picture of the Day

A bee gathers pollen from bluebells in London, Britain, April 14. REUTERS/Toby Melville

(Inside Commodities is compiled by Sreshtha Uniyal in Bengaluru)

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

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