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Top News - Oil

China crude throughput up 1.3% in March on stronger economic backdrop

China's oil refinery throughput rose in March as refiners stepped up runs amid signs of a tentative economic recovery in the world's second largest consumer of crude.
Total refinery throughput was 63.78 million metric tons, data from the National Bureau of Statistics (NBS) showed on Tuesday.
That was equivalent to 15.09 million barrels per day (bpd), up from 14.45 million in the January-February period.
Run rates were 1.3% higher than the figure of 14.9 million bpd last March, a record at the time, as refiners stockpiled fuel ahead of scheduled maintenance.
China's crude imports slipped 6.23% in March on the year to stand at 11.55 million bpd.
China's economy grew 5.3% in the first quarter year-on-year, official data also showed on Tuesday, comfortably beating analysts' expectations that first-quarter gross domestic product (GDP) would expand 4.6%.
Though a protracted property crunch has been a major economic headwind, manufacturing activity surprised to the upside last month.
The official manufacturing purchasing managers' index (PMI) expanded for the first time in six months in March, buoyed by higher export orders.
Domestic transport fuel demand got a boost from the brief Qingming festival travel period in early April. Car trips over the holidays rose 52.3% year-on-year to 683 million from a year earlier, state news agency Xinhua said.
Nonetheless, sluggish diesel demand amid weaknesses in the mining and infrastructure construction sector capped runs, industry consultancy Vortexa said ahead of the data.
Crude throughput last month was forecast by Vortexa to rise by about 200,000 bpd, accompanied by an increase of roughly 2.5 million barrels in onshore crude inventories.
NBS data also showed China's crude oil production in March was rose 1.2% from a year earlier to 18.37 million tons, about 4.32 million bpd.
That was the highest level since June 2015. China has been investing heavily in domestic production to offset a decline in output starting from 2015.
Natural gas production grew 4.5% to hit a record 21.6 billion cubic metres (bcm) from last year's 20.5 bcm.

US oil output from top shale regions to rise in May, EIA says

U.S. oil output from top shale-producing regions will rise in May to the highest level in five months, the U.S. Energy Information Administration (EIA) said in its monthly Drilling Productivity Report on Monday.
Production from the top basins will climb by more than 16,000 barrels per day (bpd) to 9.86 million bpd, the strongest output since December, the EIA said.
U.S. shale oil production, which represents about three-quarters of total U.S. oil output, is rising due to improved well productivity and rebounding activity after a deep freeze in early 2024 forced companies to shut in production.
Oil output in the Permian basin, the largest U.S. shale field straddling West Texas and New Mexico, is due to rise by about 11,500 bpd to 6.17 million bpd, the third highest monthly output on record, the EIA said.
Production in the Eagle Ford in southeastern Texas was forecast to climb to 1.16 million bpd, the highest since November, the EIA said.
In the Bakken, output was set to increase by 4,800 bpd to 1.25 million bpd, the strongest since December.
Total natural gas output in the big shale basins will ease to a four-month low of 99.9 billion cubic feet per day (bcfd) in May from 100.2 bcfd in April, the EIA projected.
That compares with a monthly record gas output high of 102.3 bcfd in the big shale basins in December 2023.
U.S. gas production is expected to decline in 2024 as producers reduce drilling activities after prices fell to a 3-1/2-year low in February.
In Appalachia, the biggest U.S. shale gas basin spanning Pennsylvania, Ohio and West Virginia, output is set to slide to a seven-month low of 36.1 bcfd in May from 36.2 bcfd in April.
Appalachia output hit a record 37.2 bcfd in December 2023.
However, the EIA expects new Appalachia gas well production per rig to rise to a 28-month high of 28.2 per million cubic feet per day (mmcfd) in May.
If correct, that would be a 15th straight monthly increase in new well production per rig, which peaked at 34.4 mmcfd in Appalachia in December 2020.
Total drilled but uncompleted (DUC) oil and gas wells rose by 9 to 4,522 in March.

Top News - Agriculture

Concern grows for Argentina's soy harvest due to heavy rains

Prolonged rainfall over Argentina's farming heartland has fueled fears of delays to the ongoing soybean harvest that could cause production losses, the Rosario grains exchange said on Monday.

Since Friday, at least 70 millimeters (2.76 inches) of rain fell across most of the agricultural region, with peaks of 140 millimeters in some parts.

"There is beginning to be a lot of concern about the soybean harvest because there are many areas that have not finished drying," said Cristian Russo, the exchange's head of agricultural estimates.

Argentina is a top global soybean producer.

The rainfall adds to March's higher-than-normal 200-400 millimeters of precipitation - a stark contrast from the historic drought that dragged down last season's soy crop. The heavy rains make it difficult for harvesting machines to enter fields, with the risk of losses from diseases or the ripening of soybeans in their pods.

"Everything will depend on whether this phenomenon passes and whether we have rapid drying conditions," said Russo. Last week, Russo reduced his estimate for the 2023/24 soybean harvest, which began in March, to 51 million metric tons due to a heat wave in January and February. Argentina's National Meteorological Service forecasts a respite from the rains in the Pampas region starting on Tuesday, followed by five days of dry and sunny to partly cloudy conditions.

Farmers harvested nearly 11% of the soybean-planted land up until the rains started last Thursday, according to the Buenos Aires grain exchange.

Adverse conditions for soybeans could boost Argentina's 2024/25 wheat season, which farmers will begin sowing next month. Russo said the rains could also assist wheat planting, as well as for next season's corn and soybean crops, with planting for both set to begin in September. The rains could offer a buffer as Argentina awaits the weather phenomenon known as La Nina, which begins in June and is expected to trigger drier conditions.

US winter wheat ratings dip slightly; corn 6% seeded

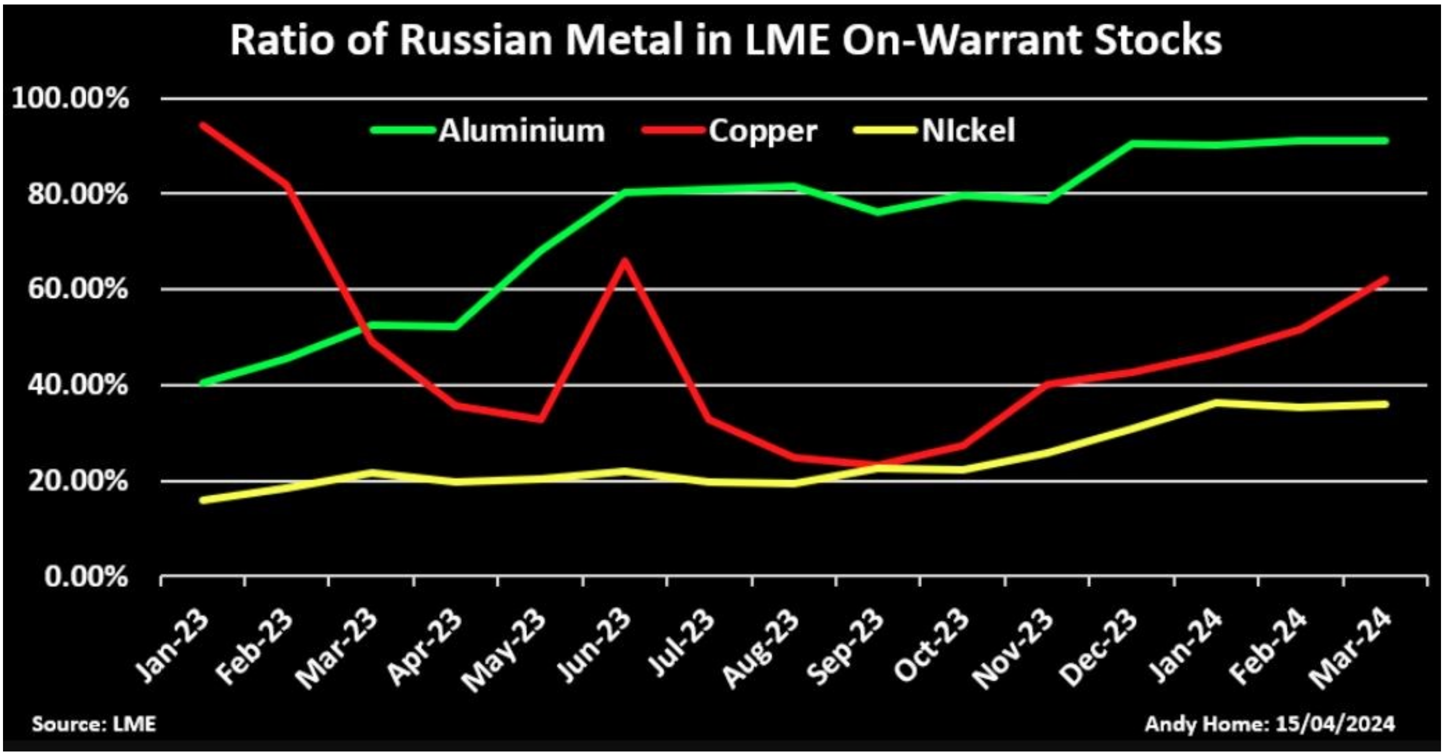
The U.S. Department of Agriculture's (USDA) weekly crop progress report showed 55% of the U.S. winter wheat crop rated in good-to-excellent condition, down a percentage point from last week but still the highest for this time of year since 2020.

The condition of the winter wheat crop was in line with analyst expectations, with some analysts noting dry and windy conditions in portions of the southern Plains that could stress crops there. Nonetheless, the relatively strong wheat ratings underscore a shift in global grain supplies to surplus, compared to the shortages of the past several years.

As of April 9, some 18% of U.S. winter wheat was located in an area experiencing drought, the USDA said last week, steady with the previous week but down from 49% a year ago. Most U.S. winter wheat will be harvested in June and July. Farmers have begun planting spring crops as well. The U.S. corn crop is 6% planted, up from 3% the previous week. Analysts had expected 7% on average.

In its first progress update for soybeans, USDA said 3% of the crop has been seeded. Spring wheat was 7% seeded.

Chart of the Day



Top News - Metals

LME aluminium stocks seen falling as sanctions kick in, sending more metal to China
Aluminium stocks in London Metal Exchange-approved warehouses are expected to slide in coming months as new bans on Russian-origin metal exclude material produced before April 13, market participants said, potentially pushing LME prices higher.
By contrast, more Russian metal heading for China is likely to weigh on prices in Shanghai, which fell on Monday after more than two weeks of gains.
The U.S. and Britain on Friday banned the 147-year old LME from allowing Russian aluminium, copper and nickel produced from April 13 to be delivered into its warehouses, a move aimed at shrinking Russian government export revenues that help pay for its war with Ukraine.
Russian metal produced and put on warrant - a title document conferring ownership - before that date can be cancelled and re-warranted by UK LME members and their customers if the metal is destined for non-UK clients.
"In aggregate, these changes should reduce the amount of metal that can be delivered to exchange, while increasing demand for existing exchange stock," said Marcus Garvey, head of commodities strategy at Macquarie.
Russian metal accounted for 91% of the 342,225 metric tons of aluminium inventories in LME warehouses in March. Draws on LME stocks typically indicate tighter supplies and higher prices to come.
Worries about future LME supplies can be seen in the narrowing discount between the cash and three-month contract prices, which have slipped to a two-month low around $20 a ton from above $50 on Friday.
Benchmark three-month aluminium prices hit 22-month highs of $2,278 a ton on Monday, a gain of more than 9% from Friday's close, though they have since retreated.
"The LME ban on new metal deliveries will keep the least-desirable Russian units off-exchange and will no longer reflect their discount to the rest of the market," Citi analyst Tom Mulqueen said.
This should be positive for LME prices as aluminium leaves warehouses and is not replaced with excess Russian metal.
"Prior to this ban, Russia-origin metal had come to increasingly dominate LME inventories, so pricing had increasingly reflected the underlying discount for these less-desirable Russia units," Mulqueen added.
Numbers for the discount on Russian aluminium are not available, but the beneficiaries of lower prices for Russian metal have been China and other countries such as Turkey which have continued to trade Russian commodities.
China's imports of primary aluminium from Russia jumped to nearly 1.2 million tons last year from around 460,000 tons in 2022, according to data provider Trade Data Monitor.
Those shipments are likely to increase, boost supplies in China and undermine aluminium prices on the Shanghai Futures Exchange.

China's March crude steel output slides on production cuts
China's crude steel output in March fell 7.8% from a year earlier as steelmakers cut production amid weaker-than-expected demand and growing inventories, but the decline was somewhat less than forecast.
The world's largest steel producer manufactured 88.27 million metric tons of crude steel last month, data from the National Bureau of Statistics showed on Tuesday.
That represents an average daily output of about 2.85 million tons, versus 2.8 million tons over January-February and 3.09 million tons in March 2023.
Analysts had expected a decline of more than 10%.
"The March output is a bit higher than our expectations, but that's not a surprise after steel exports in March beat expectations," said Kevin Bai, a Beijing-based analyst at consultancy CRU Group.
A faltering recovery in demand after China's week-long Lunar New Year holiday put intense pressure on steelmakers despite a steep fall in the prices of raw materials for steelmaking.
Many mills also had high levels of stocks that had been produced at high cost levels.
Several provincial steel associations issued statements in mid-March calling for voluntary reductions in production to halt persistent price declines that have eroded steel margins and market confidence.
The capacity utilisation rate among blast-furnace based steelmakers surveyed fell to 82.76% by end-March, versus 83.59% in late February and 90.56% at roughly the same time last year, data from consultancy Mysteel showed.
In the first quarter of 2024, China produced 256.55 million tons of crude steel, down 1.9% year on year.
Output in April is expected to pick up, analysts said.
"Downstream steel demand has showed signs of improvement in April so some mills have restarted production after equipment maintenance, which can been seen in the increase in hot metal output," said Xu Xiangchun, director of content at Mysteel.
The government's announcement that it will continue to manage crude steel output this year has also sparked hopes that fundamentals for the industry will improve.

Top News - Carbon & Power

China's March coal output slumps on high stockpiles, lower demand

China's coal output fell 4.2% in March, statistics bureau data showed on Tuesday, as miners cut back production on lower demand from power generators and ample inventories of the fuel limited stockpiling.

China produced 399.33 million metric tons of coal last month, the National Bureau of Statistics said on Tuesday. That brought output in the first quarter of the year to 1.11 billion tons, down 4.1% compared with the same period last year.

Domestic coal prices fell in March on oversupply and weak demand from marginal consumers in the steel and cement sectors as property development lags in China. Consumption from coal-fired power plants was also lower last month amid more moderate temperatures during the Northern Hemisphere spring and a lack of cooling demand, analysts and traders said.

A string of deadly accidents forced mines in China's top coal producing province of Shanxi to halt operations earlier in the first quarter, impacting output.

Lower output in the first quarter is "largely because of safety inspections and poor demand," said Feng Dongbin, an analyst at Fenwei, a consultancy.

Feng also pointed to relatively higher inventories as a factor in miners cutting back their output. "When stockpiles reach a certain level, they can't absorb the overproduction anymore, and we've now reached that stage," he said.

Still, China's daily output recovered in March compared with the beginning of the year. Production last month was 13.3 million tons per day, up from 11.8 million tons per day during the first two months of the year.

The production of coke used in steelmaking fell 6.0% in March to 39.37 million tonnes, with year-to-date output reaching 119.89 million tonnes, down 0.5%, the NBS data showed.

Chinese coal output may continue to decline as Shanxi province officials said in a work plan last week that it plans to cut full-year output by about 4% from 2023.

That would be the first production cut in seven years for the traditional coal-producing region, which has already mined out much of its high quality reserves, spurring production to shift westward.

However, averaged out against expected production increases by some other provinces, China's total output will be about 1% higher in 2024, industry group the China Coal Transportation and Distribution Association has forecast.

While thermal coal output will rise this year, production of coking coal for steel is likely to fall because Shanxi is a major hub for mining this grade of coal, Fenwei's Feng said, driving higher imports of Mongolian coking coal in 2024.

MARKET MONITOR as of 06:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$85.82 / bbl	0.19%	19.78%
NYMEX RBOB Gasoline	$2.77 / gallon	-0.30%	31.40%
ICE Gas Oil	$823.25 / tonne	-1.94%	9.66%
NYMEX Natural Gas	$1.69 / mmBtu	-4.46%	-32.74%
Spot Gold	$2,375.46 / ounce	1.37%	15.17%
TRPC coal API 2 / Dec, 24	$121.5 / tonne	-0.41%	25.26%
Carbon ECX EUA	€70.55 / tonne	-1.40%	-12.22%
Dutch gas day-ahead (Pre. close)	€31.10 / Mwh	3.43%	-2.35%
CBOT Corn	$4.44 / bushel	-0.78%	-8.32%
CBOT Wheat	$5.70 / bushel	-0.22%	-10.95%
Malaysia Palm Oil (3M)	RM4,111 / tonne	-3.99%	10.48%
Index	**Close 15 Apr**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	346.08	0.15%	14.82%
Rogers International	29.46	-0.42%	11.89%
U.S. Stocks - Dow	37,735.11	-0.65%	0.12%
U.S. Dollar Index	106.38	0.16%	4.98%
U.S. Bond Index (DJ)	419.03	-0.75%	-2.71%

EPA denies energy industry petition to shield turbines from air rules

The U.S. Environmental Protection Agency on Monday denied a years-old petition by energy industry groups who sought to get the agency to remove limits on emissions of harmful pollutants from stationary turbines, arguing that the risk causing cancer remains high.

The agency denied the joint petition filed in 2019 by groups including American Fuel & Petrochemical Manufacturers and the American Petroleum Institute who asked to delist combustion turbines from the National Emissions Standards for Hazardous Pollutants (NESHAP), which imposes curbs on emissions of known carcinogens like formaldehyde and benzene.

"Today’s action will ensure people who live, work and play near these facilities are protected from harmful air pollution,” said EPA Administrator Michael Regan in a statement.

Gas-powered turbines emit formaldehyde and other dangerous pollutants through a chemical transformation that occurs when methane is superheated. Around 250 U.S. gas turbines had been subject to the rule, according to an EPA list, which included liquefied natural gas company Cheniere, as well as power plant operators and other industrial facilities.

Cheniere had separately petitioned the EPA in 2022 to exempt it from the NESHAP limits, arguing that complying with the rules would jeopardize their gas exports to Europe at a time that EU countries were seeking to source gas from outside of Russia, which had just invaded Ukraine.

The petitioners argued that the turbines do not pose a less than one in a million cancer threat but the EPA rejected their petition, saying the petitioners did not present adequate information and analyses.

The petitioners submitted additional information in November 2019, December 2020, and March 2021.

“While we are disappointed with this decision, we will continue to work with the EPA to ensure any new or revised emissions standards for combustion turbines are cost-effective and technically feasible," said Scott Lauermann, a spokesperson for the API.

Environmental groups in states in the southeast where turbines are widely used said the denial will protect vulnerable residents who live near these facilities.

"It is critically important that these turbines remain covered by federal regulations which protect environmental justice communities from dangerous air toxic emissions,” said Keri Powell of the Southern Environmental Law Center.

Top News - Dry Freight

EXCLUSIVE-Russia-Ukraine Black Sea shipping deal was almost reached last month, sources say

Russia and Ukraine negotiated for two months with Turkey on a deal to ensure the safety of shipping in the Black Sea and reached agreement on a text that was to be announced by Ankara but Kyiv suddenly pulled out, four people familiar with the matter told Reuters.

The negotiations were mediated by Turkey after nudging by the United Nations, according to the sources who spoke to Reuters on condition of anonymity due to the sensitivity of such talks.

A deal was reached in March "to ensure the safety of merchant shipping in the Black Sea", and though Ukraine did not want to sign it formally, Kyiv gave its assent for Turkish President Tayyip Erdogan to announce it on March 30, the day before critical regional elections, the sources said. "At the very last minute, Ukraine suddenly pulled out and the deal was scuttled," said one of the sources.

Three other people confirmed that version of events.

Russia, Ukraine and Turkey declined to comment.

It was not immediately clear why Ukraine pulled out. The people who spoke to Reuters said they did not know what had prompted Kyiv's decision. Ukrainian President Volodymyr Zelenskiy said in February that without new U.S. military aid, Ukraine would not be able to defend a Black Sea shipping corridor hugging its western Black Sea coast near Romania and Bulgaria.

The talks on the shipping deal, which have not been reported before, offer a glimpse of the quiet diplomacy going on behind closed doors on ways to bring the two warring sides to negotiation, if only, at first, about merchant shipping.

When asked for a comment on the Reuters reporting, United Nations Spokesman Stephane Dujarric said: "We still hope that freedom of navigation in the Black Sea will prevail." Turkey and UN Secretary-General Antonio Guterres have been trying to months to get merchant shipping sailing more freely though the Black Sea, which in some areas has been turned into a naval war zone since Russia invaded Ukraine in 2022. The Black Sea is a key route for both Russia and Ukraine to get bulk products such as grain, fertiliser and oil to world markets, though sea shipping volumes have fallen significantly since the war.

RUSSIA-UKRAINE TALKS

The text of the deal, a copy of which Reuters has seen, said that Turkey "as part of its mediation efforts" had reached agreements with Ukraine and Russia "on ensuring free and safe navigation of merchant vessels in the Black Sea" in compliance with the Montreux Convention of the Regime of the Straits.

That 1936 deal gives Turkey control over the Bosphorus and Dardanelles and the power to regulate transit of naval warships. It also guarantees the free passage of civilian vessels in peacetime and restricts the passage of ships not belonging to Black Sea countries. Under the deal almost announced on March 30, both Moscow and Kyiv would have offered security guarantees to merchant vessels in the Black Sea, committing not to strike or to seize or search them as long as they were either empty or had declared a non-military cargo. "These guarantees do not apply to warships, civilian vessels carrying military goods (with the exception of maritime transportation

agreed upon by the Parties within the framework of international missions)," the draft agreement said.
"The Republic of Turkey informs the UN Secretary General that the agreement has been reached and is being implemented through the mediation of the Republic of Turkey," the draft said. "The agreement comes into force upon announcement."
Turkey and the United Nations helped mediate the Black Sea Grain Initiative, a deal struck in July 2022 that had allowed the safe Black Sea export of nearly 33 million metric tons of Ukraine grain.
Russia withdrew from the agreement in July 2023, complaining that its own food and fertiliser exports faced serious obstacles.

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. But traders said they had also been informed that United States-origin corn could also be a possible source. 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.
South Korea's Major Feedmill Group (MFG) also purchased an estimated 68,000 tons of animal feed corn in a private deal late last week without issuing an international tender, European traders said on Monday.

Picture of the Day

A drone view of a farmer driving his tractor in Grave, Netherlands, April 14. REUTERS/Piroschka van de Wouw

(Inside Commodities is compiled by Sreshtha Uniyal in Bengaluru)

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