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Top News - Oil

OPEC+ cuts risk oil supply deficit, threaten economic recovery -IEA
Output cuts announced by OPEC+ producers risk exacerbating an oil supply deficit expected in the second half of the year and could hurt consumers and global economic recovery, the International Energy Agency (IEA) said on Friday.
OPEC+ and the IEA have jousted in recent months over their outlooks for global oil supply and demand. Consumer countries represented by the IEA have argued that tightening supplies drive up prices and could threaten a recession, while OPEC+ blames Western monetary policy for market volatility and inflation which undercuts the value of its oil.
"Oil market balances were already set to tighten in the second half of 2023, with the potential for a substantial supply deficit to emerge," the IEA said in its monthly oil report.
"The latest cuts risk exacerbating those strains, pushing both crude and product prices higher. Consumers currently under siege from inflation will suffer even more from higher prices."
The IEA saw 2023 demand at a record 101.9 million barrels per day, up 2 million barrels per day on last year and on par with its prediction last month.
OPEC+ called its surprise cut decision a "precautionary measure" and in a monthly oil report published on Thursday OPEC cited downside risks to summer oil demand from high stock levels and economic challenges.
The IEA said it expected global oil supply to fall by 400,000 bpd by the end of the year citing an expected production increase of 1 million bpd from outside of OPEC+ beginning in March versus a 1.4 million bpd decline from the producers bloc.
Gains outside the producer alliance were due to be led by the United States and Brazil, with Norway and Ecuador also making significant contributions.
Rising global oil stocks may have influenced the OPEC+ decision, the IEA added, noting the Organisation for Economic Cooperation and Development (OECD) industry stocks in January hit their highest level since July 2021 at 2.83 billion barrels.
The demand picture will be skewed between lacklustre growth in OECD countries and rebounding demand led by China after the relaxation of its COVID-19 restrictions, the IEA said.
Meanwhile Russian oil exports in March hit their highest levels since April 2020 on robust oil product flows, the IEA said, despite a seaborne import ban from the European Union and a price cap sanctions policy spearheaded by the United States. Russia's March revenue rose by $1 billion month on month to $12.7 billion, but was still 43% lower than a year earlier partly due to capped prices on its seaborne oil exports.

Iraq's northern oil exports stuck on Turkey negotiations
Oil exports from northern Iraq to the Turkish port of Ceyhan remain at a standstill almost three weeks after an arbitration case ruled Ankara owed Baghdad compensation for unauthorised exports.
The March 23 arbitration ruling by the International Chamber of Commerce (ICC) ordered Turkey to pay Baghdad damages of $1.5 billion for unauthorised exports by the Kurdistan Regional Government (KRG) between 2014 and 2018.
In response, Turkey halted the flows of 450,000 barrels per day. It wants to negotiate the payment and resolve a second arbitration case regarding unauthorised flows since 2018 before it restarts them, according to sources.
Pipeline operators have yet to receive any instruction to restart flows, a source familiar with the exports told Reuters on Friday on condition of anonymity.
Two other sources told Reuters that Baghdad has yet to request Turkey reopens the pipeline.
"Anything regarding the resumption of oil flows now is in the hands of Baghdad and Turkey, both sides have to reach an agreement to restart flows," said Lawk Ghafuri, head of foreign media affairs for the KRG.
Turkey is seeking in-person negotiations relating to the $1.5 billion it was ordered to pay Iraq in damages, a separate source told Reuters.
Iraq's state-owned marketer SOMO is waiting to finalise some technical issues essential to restarting flows with the KRG's ministry of natural resources, two Iraqi oil officials told Reuters.
Iraq's federal government in Baghdad and the KRG on April 4 signed a temporary agreement hoping to get the flows restarted.
Lost revenue from the halt for the KRG stands at around $550 million, according to Reuters calculations based on exports of 375,000 barrels per day, the KRG's historic discount against Brent crude and 20 days of outages.
The Turkish energy ministry and Iraq's oil ministry did not respond to requests for comment.
Iraq has also petitioned a U.S. federal court to enforce the arbitration award against Turkey, according to documents filed with the court.

Top News - Agriculture

EU warns against unilateral steps after Poland, Hungary ban Ukrainian grain

Unilateral action on trade by European Union member states is unacceptable, the bloc's executive said on Sunday, after Poland and Hungary announced bans on grain and other food imports from Ukraine to protect their local agricultural sectors.

After Russia's invasion blocked some Black Sea ports, large quantities of Ukrainian grain, which is cheaper than that produced in the European Union, ended up staying in Central European states due to logistical bottlenecks, hitting prices and sales for local farmers.

The issue has created a political problem for Poland's ruling nationalist Law and Justice (PiS) party in an election year as it has angered people in rural areas where support for PiS is usually high.

"We are aware of Poland and Hungary's announcements regarding the ban on imports of grain and other agricultural products from Ukraine," a spokesperson for the European Commission said in an emailed statement.

"In this context, it is important to underline that trade policy is of EU exclusive competence and, therefore, unilateral actions are not acceptable."

"In such challenging times, it is crucial to coordinate and align all decisions within the EU," the statement added.

Polish government spokesman Piotr Muller told state-run news agency PAP the government was in constant contact with the European Commission about the issue, and that the ban was possible due to a security clause.

Poland and Hungary have been embroiled in long-running conflicts with Brussels over issues including judicial independence, media freedoms and LGBT rights, and both have had funds withheld due to concerns over the rule of law.

Ukraine's farm minister Mykola Solsky talked to Hungarian counterpart Istvan Nagy on Sunday and underlined that unilateral decisions were unacceptable, the Ukrainian farm ministry said in a statement. The two agreed to talk again soon, it said.

The ministry said on Saturday that the Polish ban contradicted existing bilateral agreements on exports, and called for talks to settle the issue.

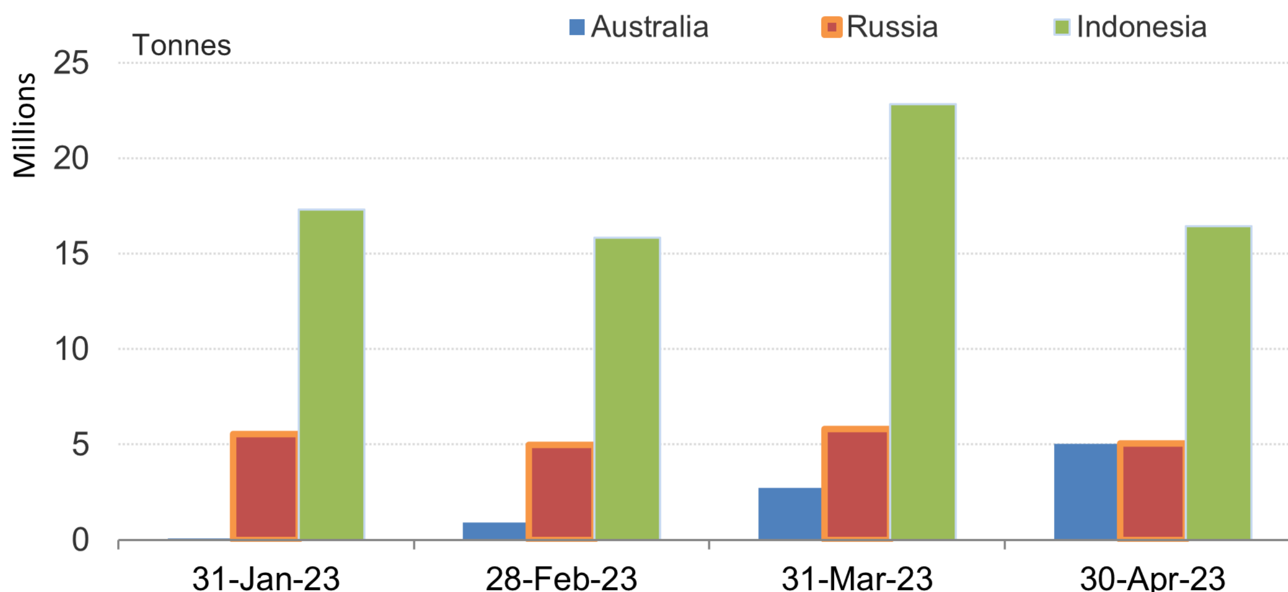
Meanwhile, Bulgaria's Agriculture Minister Yavor Gechev said the country was also considering a ban on Ukrainian grain imports, local agency BTA reported on Sunday.

TRANSIT

The Polish ban, which came into effect on Saturday evening, will also apply to the transit of these products through the country, the development and technology minister said on Sunday.

"The ban is full, including the ban on transit through

Chart of the Day



Poland," Waldemar Buda wrote on Twitter, adding that talks would be held with Ukraine to create a system that ensures goods only pass through Poland and do not end up on the local market.
State-run Ukrinform news agency said Ukrainian and Polish ministers are due to meet on Monday in Poland and the transit arrangement would be the focus of the talks.
Poland's Agriculture Minister Robert Telus was quoted as saying on Sunday that the ban was necessary to "open the eyes of the EU to the fact that further decisions are needed that will allow products from Ukraine to go deep into Europe, and not stay in Poland."
The ban is due to last until June 30, the finance ministry said.
Ukraine normally exports most of its agricultural goods, especially grain, via its Black Sea ports, unblocked in July in line with an agreement between Ukraine, Turkey, Russia and the United Nations.
That accord is scheduled to expire on May 18 and Moscow indicated last week that it may not be extended unless the West removes obstacles to the export of Russian grain and fertiliser.
Around 3 million tonnes of grain left Ukraine every month via the Black Sea grain corridor while only up to 200,000 tonnes are moving to European ports through Polish territory, according to the Ukrainian ministry.
Solsky said at the weekend that 500,000 to 700,000 tonnes of various agricultural products cross the Polish border every month, including grain, vegetable oil, sugar, eggs, meat and other products.

Brazil's 2023/24 coffee crop looking good, 65 mln-bag view reasonable -report

The 2023/24 Brazilian coffee crop, whose harvest is about to start, is looking healthy and able to deliver good yields, indicating that a market-consensus view of an output around 65 million 60-kg bags is reasonable, a report said on Friday.
According to Florida-based consultancy Coffee Trading Academy (CTA), whose analyst Igor Bragato toured some coffee areas last week, the Brazilian 2023/24 coffee crop "will not break any records, but it does look to be a substantial improvement over 2022/23 and a very healthy off-year". Brazil alternates years of higher and lower arabica coffee production.
The 2023/24 crop (July-June) should be an off-year in the biennial cycle, but production is seen rising because last year's season, an 'on-year', was hurt by harsh weather such as drought and frosts.
The fresh Brazilian output is seen as key to replenish stocks worldwide after two years of tightness that boosted benchmark coffee prices.KCc2
Bragato said in the report that the positive situation of fields, with good amount of leaves and good fruit loads in the visited areas, supports CTA's view of "looser fundamentals moving forward".
He added that conversations with farmers indicated they are happy with prices and willing to sell the new crop as they harvest it, also taking into consideration the current inverted market - when prices are higher near-term and weaker long-term.
CTA said the outlook indicates that price differentials, or the price premium over futures in coffee trade, are likely to fall going forward.
The report said that there is also good potential for the next crop, the 2024/25, but that will largely depend on the weather going forward.

Top News - Metals

Teck's base metals business attracts offers from Freeport, Vale, Anglo - sources

Teck Resources has been approached by Vale SA, Anglo American and Freeport-McMoRan among others to explore deals for its base metals business if the Canadian copper miner goes ahead with a planned split, sources close to the matter told Reuters on Sunday.
The approaches from more than six mining companies interested in transactions if Teck spins off its coal business come as the Vancouver-based miner is fending off an unsolicited takeover offer from Glencore.
On Sunday, former chairman Norman Keevil, whose family controls Teck through its dominant ownership of the company's 'A' class of shares, said Glencore's proposal was "the wrong one, as well as at the wrong time" and the split should go ahead.
The 'A' class shares in Teck have much more voting power than the 'B' class shares held by institutions.
"There are numerous mining industry parties who have their eyes on Teck and would be interested in partnering or investing in Teck Metals after it separates its base metals and steelmaking coal businesses," Keevil said in a statement.
He said he would support any kind of transaction, an operating partnership, merger, acquisition, or sale but with the right partner and on the right terms for Teck Metals after separation.
"I believe that pursuing a sale or merger transaction now would rob our shareholders of significant post-separation value," Keevil said in the statement.
A spokesperson from Teck said the company does not comment on market rumours or speculation when asked about the approaches from more than six mining firms.
Freeport, Vale and Anglo American declined to comment. Glencore did not immediately respond to a Reuters request for comment.
Glencore on Tuesday modified its $22.5 billion all-share takeover bid for Teck to include up to $8.2 billion in cash, but Teck's board called it "largely unchanged".
Teck has repeatedly rejected Glencore's offer of merging the companies and subsequently spinning off their combined thermal and steel-making coal businesses, saying it would expose shareholders to thermal coal, oil, LNG and related sectors.
"I fully agree with Teck’s Board that there is no deal to be done pre-separation with Glencore or any other party," Keevil said.
Teck investors are due to vote on the miner's restructuring plan on April 26 that will see it spin off its highly polluting coal business and focus on production of

copper and zinc. Influential proxy advisor Institutional Shareholder Services (ISS) on Thursday advised shareholders to reject Teck's restructuring plan on uncertainties and structural issues.
Large investors often follow the recommendations of proxy advisory firms including ISS and its smaller rival Glass Lewis.
The Globe and Mail first reported interest in Teck's base metals business.

LME trial over nickel trading debacle set for June 20-22
A lawsuit bought by Elliott Associates and Jane Street Global Trading against the London Metal Exchange (LME) for cancelling nickel trades will to be heard in a London court on June 20-22, the LME said on its website.
U.S.-based Elliott and Jane Street are demanding damages of $456.4 million and $15.34 million respectively, after the nickel price CMNI3 doubled to more than $100,000 a tonne on March 8, last year, prompting the LME to suspend nickel trading and void transactions made that day. A judicial review hearing will take place over three days beginning on June 20 to determine whether the LME acted lawfully, the 146-year-old LME said. A second trial would be held to decide on remedies if the LME was found at fault, it added.
Elliott and Jane Street allege the LME acted unlawfully, breached its published policies, was disproportionate, favoured some market participants over others and violated their rights under the European Convention of Human Rights to the "peaceful enjoyment" of possessions, according to documents filed last July.
The LME, owned by Hong Kong Exchanges and Clearing, is resisting the claims, saying unprecedented market conditions caused a "disorderly" market and that it wanted to protect stability and avoid multiple defaults.
Other lawsuits have been filed by other hedge funds, but they will be on hold until the result of the initial case.
"As these lawsuits do not raise any issues that are not already the subject of the claims brought by Elliott and Jane Street, the parties have agreed a stay of these additional lawsuits," the LME said.

MARKET MONITOR as of 06:56 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$82.50 / bbl	-0.02%	2.79%
NYMEX RBOB Gasoline	$2.78 / gallon	-0.35%	12.04%
ICE Gas Oil	$770.00 / tonne	-0.26%	-16.40%
NYMEX Natural Gas	$2.17 / mmBtu	2.79%	-51.44%
Spot Gold	$2,011.92 / ounce	0.44%	10.28%
TRPC coal API 2 / Dec, 23	$124.25 / tonne	-5.87%	-32.75%
Carbon ECX EUA / Dec, 24	€98.41 / tonne	-0.04%	11.83%
Dutch gas day-ahead (Pre. close)	€41.65 / Mwh	-2.91%	-44.89%
CBOT Corn	$6.65 / bushel	-0.23%	-2.03%
CBOT Wheat	$6.89 / bushel	-0.47%	-13.30%
Malaysia Palm Oil (3M)	RM3,634 / tonne	-1.84%	-12.94%
Index (Total Return)	**Close 14 Apr**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	303.79	0.24%	0.82%
Rogers International	27.32	0.66%	-4.71%
U.S. Stocks - Dow	33,886.47	-0.42%	2.23%
U.S. Dollar Index	101.55	0.54%	-1.90%
U.S. Bond Index (DJ)	410.19	-0.31%	4.84%

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Top News - Carbon & Power

G7 ministers set big new targets for solar and wind capacity

The Group of Seven rich nations on Sunday set big new collective targets for solar power and offshore wind capacity, agreeing to speed up renewable energy development and move toward a quicker phase-out of fossil fuels.

But they stopped short of endorsing a 2030 deadline for phasing out coal that Canada and other members had pushed for, and left the door open for continued investment in gas, saying that sector could help address potential energy shortfalls.

"In the midst of an unprecedented energy crisis, it's important to come up with measures to tackle climate change and promote energy security at the same time," Japanese industry minister Yasutoshi Nishimura told a news conference.

"While acknowledging that there are diverse pathways to achieve carbon neutral, we agreed on the importance of aiming for a common goal toward 2050," he said.

G7 ministers finish two days of meetings on climate, energy and environmental policy in the northern Japanese city of Sapporo on Sunday. Renewable fuel sources and energy security have taken on a new urgency following Russia's invasion of Ukraine.

"Initially people thought that climate action and action on energy security potentially were in conflict. But discussions which we had and which are reflected in the communique are that they actually work together," said Jonathan Wilkinson, Canada's minister of natural resources.

In their communique, the members pledged to collectively increase offshore wind capacity by 150 gigawatts by 2030 and solar capacity to more than 1 terawatt.

They agreed to accelerate "the phase-out of unabated fossil fuels" - the burning of fossil fuels without using technology to capture the resulting C02 emissions - to achieve net zero in energy systems by 2050 at the latest.

On coal, the countries agreed to prioritise "concrete and timely steps" towards accelerating the phase-out of "domestic, unabated coal power generation", as a part of a commitment last year to achieve at least a "predominantly" decarbonised power sector by 2035.

Canada was clear that unabated coal-fired power should be phased out by 2030, and Ottawa, Britain and some other G7 members committed to that date, Canada's Wilkinson told Reuters.

"Others are still trying to figure out how they could get there within their relevant timeframe," Wilkinson said.

"We are trying to find ways (for) some who are more coal-dependent than others to find technical pathways how to do that," he said.

'HUGE STATEMENTS'

"The solar and wind commitments are huge statements to the importance that they will rely on the energy superpowers of solar and wind in order to phase out fossil fuels," said Dave Jones, who is head of data insights at energy think tank Ember.

"Hopefully this will provide a challenge to Japan, for which offshore wind is the missing part of the jigsaw that could see its power sector decarbonise much quicker than it thought possible."

Host country Japan, which depends on imports for nearly all its energy needs, wants to keep liquefied natural gas (LNG) as a transition fuel for at least 10 to 15 years.

The G7 members said investment in the gas sector "can be appropriate" to address potential market shortfalls provoked by the crisis in Ukraine, if implemented in a manner consistent with climate objectives.

They targeted 2040 for reducing additional plastic pollution to zero, bringing the target forward by a decade.

After 18 years, Europe's largest nuclear reactor starts regular output

Finland's much-delayed Olkiluoto 3 (OL3) nuclear reactor, Europe's largest, began regular output early on Sunday, its operator said, boosting energy security in a region to which Russia has cut gas and power supplies.

Nuclear power remains controversial in Europe, primarily due to safety concerns, and news of OL3's start-up comes as Germany on Saturday switches off its last three remaining reactors, while Sweden, France, Britain and others plan new developments.

OL3's operator Teollisuuden Voima (TVO), which is owned by Finnish utility Fortum FORTUM.HE and a consortium of energy and industrial companies, has said the unit is expected to meet around 14% of Finland's electricity demand, reducing the need for imports from Sweden and Norway.

The new reactor is expected to produce for at least 60 years, TVO said in a statement on Sunday after completing the transition from testing to regular output.

"The production of Olkiluoto 3 stabilises the price of electricity and plays an important role in the Finnish green transition," TVO Chief Executive Jarmo Tanhua said in the statement.

Construction of the 1.6 gigawatt (GW) reactor, Finland's first new nuclear plant in more than four decades and Europe's first in 16 years, began in 2005. The plant was originally due to open four years later, but was plagued by technical issues.

OL3 first supplied test production to Finland's national power grid in March last year and was expected at the time to begin regular output four months later, but instead suffered a string of breakdowns and outages that took months to fix.

Russia's power exports to Finland ended last May when Russian utility Inter RAO said it had not been paid for the energy it sold, a consequence of the widening gulf between Moscow and Europe over the war in Ukraine.

Russian state export monopoly Gazprom shortly after ended shipments of natural gas to the Nordic nation.

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Top News - Dry Freight

COLUMN-China's imports of Australian coal surge on price advantage: Russell

Australia may become the swing supplier of coal to China after the world's biggest importer of the fuel ended its unofficial ban on imports from the world's second-biggest shipper.
China's coal imports leapt to a three-year high in March, with official data showing arrivals of 41.17 million tonnes, up 151% from the same month in 2022.
First-quarter imports were 101.8 million tonnes, almost double the same period last year, as demand for the fuel used to generate power and make steel increased as China reopened its economy after ending its strict zero-COVID policy in December.
While the preliminary customs figures released on April 13 do not give a breakdown by origin country or by grade of coal, data compiled by commodity analysts Kpler showed a surge in imports from Australia.
China's coal imports from Australia were 2.73 million tonnes, with 2.13 million assessed as the thermal grade used in power plants, with 417,576 tonnes being coking coal used to make steel.
A further 184,179 tonnes of imports were not classified by Kpler as either thermal or coking.
The March imports built on arrivals from Australia in February of 910,921 tonnes, of which 740,536 tonnes were assessed as thermal and 110,181 as coking.
The March imports were the most from Australia since November 2020's 2.64 million tonnes, which marked the last month of imports of any significance after Beijing imposed an informal ban on Australian coal in mid-2020 as part of a political dispute with Canberra.
Prior to the ban, Australia was China's second-largest supplier of coal behind Indonesia, with monthly imports typically ranging between 7 million and 10 million tonnes.
The ban was lifted this year and it appears that Chinese utilities have been buying Australian cargoes when arbitrage pricing makes economic sense.
Chinese utilities used to be major buyers of Australian thermal coal with an energy content of 5,500 kilocalories per kg (kcal/kg).
This grade contains more energy than coal typically supplied by Indonesia but is also below the 6,000 kcal/kg fuel preferred by other major north Asian importers such as Japan and South Korea.
In recent weeks it has likely made economic sense for China to buy Australian 5,500 kcal/kg coal as it is competitively priced against domestic supplies.
Australian 5,500 kcal/kg coal at Newcastle port API5DXWKY=ARG, as assessed by commodity price reporting agency Argus, ended at $116.65 a tonne in the week to April 14, the lowest since January 2022 and down 59% from the record high of $284.20, reached in early March last year after Russia's invasion of Ukraine.
Similar grade coal at the northern China hub of Qinhuangdao SH-QHA-TRMCOAL, as assessed by SteelHome, ended last week at 1,010 yuan ($146.80) a tonne.
Even allowing for freight costs and customs duty, it's likely that Australian thermal coal is competitive with domestic supplies, and more importantly is likely to be more readily available to buyers than domestic supplies, which have to meet power station requirements first. This advantage is driving Chinese buying of Australian coal, with Kpler estimating that arrivals in April will reach 5.04 million tonnes, with thermal coal accounting for 4.72 million tonnes.

TREND OR OPPORTUNISTIC?
The question for the seaborne coal market is whether China's renewed interest in Australian coal is a sustainable trend, or whether it is simply opportunistic buying that will wither if the price advantage slips.
It's unlikely that Australian coal is displacing cargoes from other shippers, as it has a different buyer profile to coal from Indonesia, which is typically imported by southern Chinese utilities and blended with domestic supplies.
Australian thermal coal can compete in China with cargoes from Russia, the United States and South Africa, but the last two are relatively minor suppliers.
China's seaborne imports from Russia have remained elevated since the invasion of Ukraine forced Russian suppliers to seek new markets and discount cargoes.
China imported 5.83 million tonnes from Russia in March, and imports have ranged between 4.1 million and 6.7 million since April last year.
This means that Australian thermal coal imports by China are likely to be driven by the price of domestic supplies, which in turn are subject to more than demand and supply fundamentals, given that Beijing has stepped in to control prices.The opinions expressed here are those of the author, a columnist for Reuters.

Drought curtails Argentina's latest 'soy dollar' scheme

Farmers participating in Argentina's "soy dollar" plan to boost exports have traded less than half of the soybeans they had traded at the same point during the previous plan, due to the impact of a drought, the Rosario grains exchange said on Friday.
The Argentina government launched its latest "soy dollar" plan on Monday to boost dollar inflows from soybean exports and replenish dwindling foreign exchange reserves, in a delicate economic context with annual inflation over 100%. In the first four days of the program, which offers an exchange rate of 300 pesos per dollars for soybean sales - compared to the official rate of 215 pesos per dollar - producers sold 441,747 tonnes of soybeans, the exchange said.The figure is well below the volume sold in the first four days of the two previous "soy dollar" plans last year. In the first, last September, 3.1 million tonnes were sold. In the second, in November, sales totaled 1.1 million tonnes. Emilce Terre, the Rosario exchange's chief economist, attributed the disappointing numbers to a drought between early last year and March that has caused the current soybean harvest to be estimated at its worst in almost a quarter of a century.
"This latest program finds us in a very different situation (from the previous ones): Yields are the worst in 25 years. The planting area lost is at a record. There are production losses that have produced a worse-than-normal availability of soybeans," said Terre.

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While the two prior "soy dollar" plans traded on the 2021/22 soybean season, which had a harvest of 42.4 million tonnes, the current plan is trading on a harvest projected at 23 million tonnes, according to the exchange.

Last month, the head of the CIARA-CEC chamber of exporters and oilseed producers told Reuters that the sector was in crisis as its idle capacity rate was at its highest level ever due to the drought.

Picture of the Day

A container with wheat is seen aboard Marshall Islands flagged general cargo ship Negmar Cicek loaded with wheat for Yemen, amid Russia's attack on Ukraine, in a sea port of the Chornomorsk town, Odesa region, Ukraine March 24. REUTERS/Stringer

(Inside Commodities is compiled by Jerin Tom Joshy in Bengaluru)

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

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