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

Click on headers to go to that section

Top News - Oil

Venezuela oil sector hit by loss of its widest US license

Venezuela's loss of a key U.S. license that allowed it to export oil to markets around the world and secure investment is expected to hit the volume and quality of its crude and fuel sales while prompting a flurry of requests for individual U.S deal authorizations.

U.S. officials had warned that absent progress by President Nicolas Maduro's administration on implementing an electoral roadmap agreed last year, the U.S. would not renew license 44, which since October has eased oil sanctions in place for the last five years.

On Wednesday, the Treasury gave companies 45 days to wind down pending transactions, particularly crude and fuel sales, through a more restrictive license.

It also said it would process specific authorization requests for business with Venezuela, a commitment Venezuelan officials said they expect the U.S. to honor.

Many companies have waited for years to have energy deals involving Venezuela approved by Washington.

But the Treasury also explained that "entering into new business, including new investment that was previously authorized under license 44, will not be considered wind-down activity," casting doubts on what type of transactions will be allowed.

Authorizations previously granted to oil firms including Chevron, Repsol and Eni were not withdrawn, which secures Venezuela's oil flows to the United States and Europe.

POLITICAL MOVES

The withdrawal of the most significant element of U.S. sanctions relief marks a major step back from President Joe Biden's policy of re-engagement with Maduro.

However, it stops short of a return to the "maximum pressure" campaign waged under former President Donald Trump and could change depending on progress towards the election in the coming months.

Venezuela's opposition is negotiating to choose its candidate for the July 28 presidential election, after both the winner of its primary and her alternate were prevented from registering.

The license had allowed Venezuela's state company PDVSA to expand exports to pre-pandemic levels, improve cash flow and secure imports of diluents and fuel for the domestic market.

Under a separate authorization, about one-fifth of Venezuela's exports are now sent by Chevron to the U.S. PDVSA and the company have begun talks to expand one of its joint ventures' areas.

Other project expansions are expected to be green-lit by Venezuelan authorities before the 45-day wind down period, oil minister Pedro Tellechea said on Wednesday.

RUSHING TO TAKE CARGOES

In March, PDVSA's oil exports climbed to some 900,000 barrels per day (bpd), their highest level in four years as customers rushed to complete purchases ahead of the expiration. But the backlog of tankers waiting to load at Venezuelan ports has not eased significantly, shipping data showed.

The six weeks granted by the U.S. to complete transactions might not be enough to resolve the bottleneck entirely, forcing some oil importers to apply for specific licenses, traders said.

Under the previous license and separate authorizations, Venezuela's crude production expanded to 874,000 bpd in March, and it added two operational drilling rigs.

Without the license, PDVSA is expected to resort again to little known intermediaries to sell its oil under price discounts, mainly to Asia, unless enough U.S. individual authorizations are issued, experts said.

PDVSA's finances, eroded by five years of sanctions, will also take a new hit, limiting access to hard currency needed for affording everything from labor to procurement.

US crude stockpiles rise, products draw down as refining falls - EIA

U.S. crude oil stockpiles rose and gasoline and distillate inventories fell more than forecast last week as refining slowed down for a third week in a row, the Energy Information Administration said on Wednesday.

Crude inventories rose by 2.7 million barrels to 460 million barrels in the week ending April 12, the EIA said, nearly double analysts' expectations in a Reuters poll for a 1.4 million-barrel build.

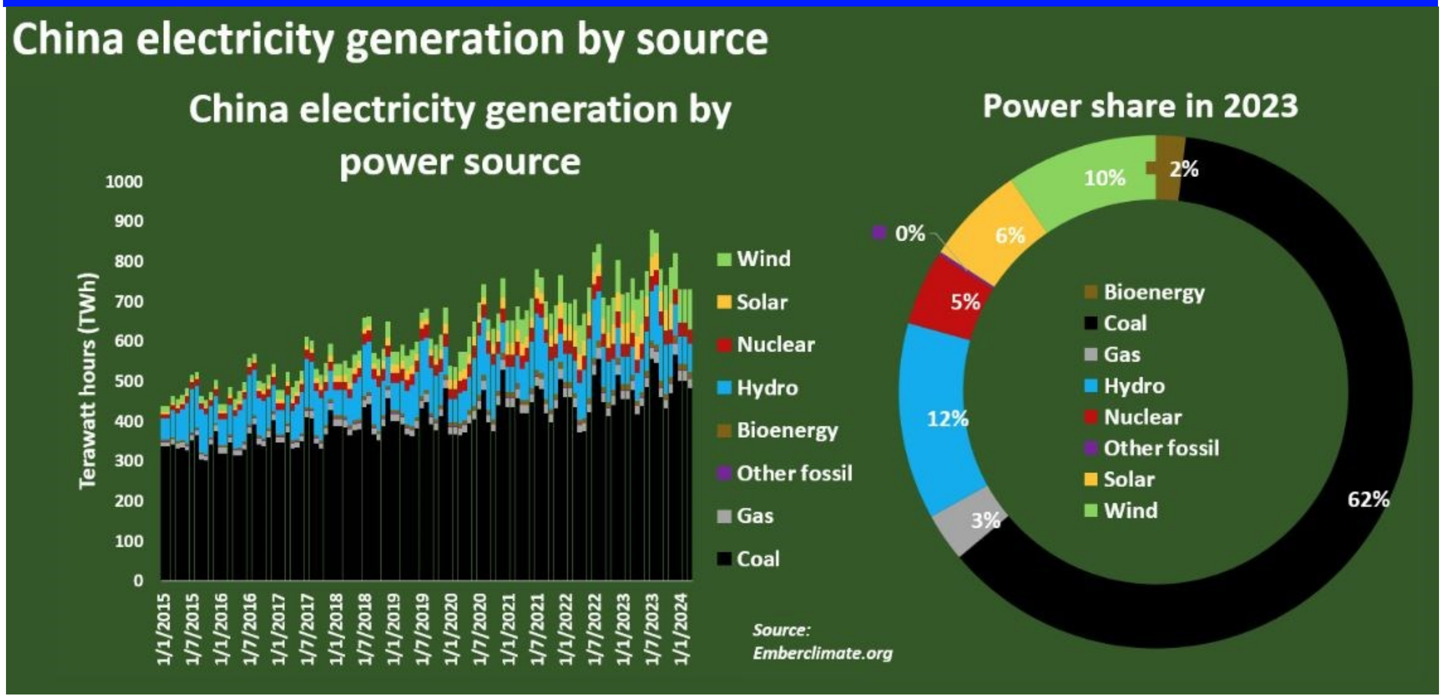
Crude futures held steady after data, with Brent trading $1 lower on the day at $89.02 a barrel by 11:24 a.m. ET (1524 GMT) and U.S. crude were down 85 cents at $84.51.

Crude stocks at the Cushing, Oklahoma, delivery hub rose by 33,000 barrels in the week, the EIA said.
Refinery crude runs rose by 131,000 barrels per day (bpd) and refinery utilization rates slipped by 0.2 percentage point to 88.1% of total capacity last week.
The refinery run rate saw a three-week decline during March and April for the first time since 2010, said Bob Yawger, director of energy futures at Mizuho.
"Usually this time of year, you're cranking up the run rate to make gasoline for everyone who is going to be driving," he said.
Gasoline stocks fell by 1.2 million barrels in the week to 227.4 million barrels, the EIA said, more than expectations for a 900,000-barrel draw.
Distillate stockpiles, which include diesel and heating oil, fell by 2.8 million barrels to 115 million barrels, versus expectations for a 300,000-barrel drop, the EIA data showed. Net U.S. crude imports fell by 1.99 million bpd to 1.74 million bpd as exports rose by 2.02 million bpd to 4.73 million bpd, the EIA said.
"Exports might have not rebounded as the EIA data suggests," said Giovanni Staunovo, analyst at UBS.
Despite the boost in the data, most of the crude build was for a second consecutive week in the Gulf Coast export hub which rose by 3.4 million barrels to 260.9 million barrels, the most since April 2023, the EIA said.
Meanwhile, U.S. imports from Mexico of crude oil fell to 208,000 bpd, the lowest on record for a second straight week.

Top News - Agriculture

Argentina corn harvest faces more deep cuts from stunt disease spread
Argentina's corn harvest, already cut sharply due to a stunt disease spread by leafhopper insects, is "likely" to be slashed significantly further, a Rosario grains exchange analyst said on Wednesday, a potential knock to global supplies.
Argentina, the world's No. 3 corn exporter, once expected a record haul of corn, but since March the crop has been hit by an unprecedented outbreak of the bugs, which led the exchange to slash its forecast by 6.5 million tons to 50.5 million tons last week.
Leafhoppers are insects that carry the harmful spiroplasma disease and whose population tends to spread in hot and dry conditions.
They have badly dented 2023/24 corn, which started its harvest a few weeks ago and is now 15.3% complete.
"Corn is very affected and this is something we fear and that worries us," Cristian Russo, head of agricultural estimates at the Rosario Stock Exchange, told Reuters.
"It is likely that this will be a factor in further losses, which will not be minor losses."
Russo said that in the worst-hit northern provinces such as Chaco, Santiago del Estero and Tucumán, the losses caused by the disease ranged between 40% and 50%, when normally the figure reached only 5% at worst.
He added that severe cases of leafhoppers, which thrive in humid and warm conditions, were also being seen in regions where they usually did not appear, a reflection of the unusual nature of this year's damaging outbreak.
"It has reached areas where it never reached before.
It took the technicians by surprise.
It hit the center and north of (the province of) Santa Fe and (the province of) Córdoba very hard and reached the (agricultural) core region," Russo said.

Chart of the Day



COLD WEATHER OUTLOOK?
In response to the outbreak, the government announced last week it was accelerating approval procedures for two insecticide products recommended to combat the spiroplasma disease, though that comes largely too late for the current harvest.
Another factor that will determine how the outbreak progresses is the arrival of low temperatures, because the insect cannot resist temperatures below 4 degrees Celsius, Russo said.
Argentina is in early autumn.
However, scientists at the University of Buenos Aires (UBA) said that a rapid decrease in temperatures was not expected in northern Argentina, the location of the worst outbreaks.
"The northern provinces have already had very warm temperatures since the summer," Matilde Rusticucci, an academic at the university's Department of Sciences of the Atmosphere and Oceans, said in a report on Wednesday.
"In the coming months they continue to have the possibility of suffering very high maximum temperatures."
However, rainfall is likely to subside due to the weakening of the El Niño climate phenomenon, which in Argentina translates into an increase in the rainfall pattern.

COLUMN- Brazil's over-performing soy crop may keep padding global stocks -Braun
Last year, Brazil raised a soybean crop exceeding 160 million metric tons, nearly doubling the decade-ago levels as the top exporter expanded production to meet rising global demand.
That is a significantly larger volume than analysts, including U.S. and Brazilian agencies, originally expected prior to last season.
That trend that could continue this year, though it is unclear whether that excess supply will manifest next month or many months from now.
Brazil’s current soybean harvest should be smaller than last year’s due to unfavorable weather, and the differing crop size opinions between the U.S. Department of Agriculture (USDA) and its Brazilian counterpart Conab have been well publicized in recent months.
This was one of the recurring discussions during USDA’s biannual data users’ meeting on Tuesday.
USDA’s 2023/24 Brazilian soy crop peg of 155 million metric tons sits 8.5 million tons above Conab’s, and meeting participants questioned this historically large deviation.
USDA officials stressed that usage data, including domestic crushing and exports, warranted the larger production estimates for both this year and prior years. Its 2022/23 soy crop figure of 162 million tons is 8 million tons larger than the year-ago estimate, an unusual retrospective increase.
Separately on Tuesday, Brazilian oilseed lobby Abiove seemingly bolstered USDA’s argument by revising the 2022/23 soy harvest upward by at least 1.2 million tons to 160.3 million tons.
USDA uses Abiove crush data and official export data to reconcile production assumptions.
Conab’s 2022/23 soy figure of 154.6 million tons is now more of the industry outlier, and that estimate has not materially changed since July.
USDA does not necessarily adopt Conab figures, and the two agencies maintain differences for previous soybean and corn harvests, USDA being higher.

BIGGER THAN WE THINK?
In May 2023, USDA’s first official projection of the 2023/24 Brazilian soybean crop was 163 million tons.
Weather clipped that potential several months later, but a USDA representative in Tuesday’s meeting said last year’s starting point would have been higher than 163 million tons given today’s knowledge.
The official declined to state how much higher, but both this statement and past estimates suggest USDA’s first cut at 2024/25 production next month could be bigger than many expect.
This is especially the case when looking at USDA attache forecasts, typically issued in March or April for the new crop year.
For the past four years, USDA’s initial May estimate has been higher than the attache’s outlook with a maximum gap of 10 million tons in 2022/23.
Official USDA estimates do not have to agree with the attache ones.
In March, the attache placed Brazil’s 2024/25 soybean harvest at 157.5 million tons, up 3% from 152.6 million tons in 2023/24.
A similar year-on-year increase for USDA’s official 2023/24 view of 155 million tons would place the 2024/25 outlook near 160 million tons.
Analysts are not polled for new-crop Brazilian production in May, though new-crop world soybean stocks in May have recently come in heavier than expected, potentially reflecting too-light South American assumptions.
High production costs, low crop prices and thin margins could limit USDA’s starting estimate for Brazil’s 2024/25 harvest next month as farmers may not be as incentivized as in past years to expand their growing area.
If USDA chooses a more conservative approach next month, that could defer a potential 2024/25 Brazilian soybean crop surprise to 2026 or beyond, long after the market has moved on from the topic.
But in that case, the global balance sheets might serve as a reminder.
Karen Braun is a market analyst for Reuters. Views expressed above are her own.

Top News - Metals

Biden - and steelmakers - promise U.S. Steel will stay American
U.S. Steel and Japanese buyer Nippon Steel said the Pittsburgh-based firm will remain an "iconic American company" even after a planned $14.9 billion takeover, echoing President Joe Biden's promise to local steelworkers.
The two steel giants responded hours after Biden on Wednesday pledged that U.S. Steel would remain a "totally American company," repeating his opposition to the deal.
"And that's going to happen, I promise you," Biden told the supportive crowd during an event in Pittsburgh.
U.S. Steel Corp has agreed to be bought by Nippon Steel for $14.9 billion, but the deal has been described as being on life support since the Democratic president announced his opposition last month.
"The partnership between U.S. Steel and Nippon Steel is the right combination to ensure that U.S. Steel remains an iconic American company for generations to come," the steelmakers said in a joint statement.
"Its iconic name will be unchanged, and its products will remain mined, melted and made in America," the statement said, adding that jobs and plants would be protected.
The partnership would also strengthen the U.S. steel industry's resilience against threats from China and support the "crucial" U.S.-Japan alliance, the companies said.
United States Steel shares closed down 2.9% at $39.13 on Wednesday.
Nippon Steel shares were trading up 1.05% at 3,468 yen on Thursday morning in Tokyo.
Biden was in Pittsburgh ahead of November's presidential election, and he used a visit to the headquarters of the United Steelworkers union to push for higher tariffs on Chinese metal imports and new investigations into their trade practices.
A senior administration official briefing reporters ahead of that announcement declined to say whether Biden would use the levers of government to block the deal from going through.
"Nothing new to add," said the official, who declined to be named.
"Let's keep U.S. Steel in America," a woman among the steelworkers shouted to Biden during a meet-and-greet.
"Guaranteed," Biden replied.

China's March aluminium imports jump 90% on-year, customs data show
China's imports of unwrought aluminium and products jumped 89.8% at 380,000 metric tons in March, customs data showed on Thursday.
Imports in the first quarter totalled 1.1 million tons, up 92.3% from the same period a year earlier, according to the data from the General Administration of Customs. The data include primary metal and unwrought, alloyed aluminium, data from the General Administration of

MARKET MONITOR as of 06:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$82.78 / bbl	-3.02%	15.53%
NYMEX RBOB Gasoline	$2.70 / gallon	-3.23%	28.23%
ICE Gas Oil	$792.25 / tonne	-3.12%	5.53%
NYMEX Natural Gas	$1.74 / mmBtu	0.40%	-30.83%
Spot Gold	$2,377.86 / ounce	-0.21%	15.29%
TRPC coal API 2 / Dec, 24	$120.25 / tonne	-1.23%	23.97%
Carbon ECX EUA	€69.98 / tonne	-4.94%	-12.93%
Dutch gas day-ahead (Pre. close)	€31.75 / Mwh	-6.89%	-0.31%
CBOT Corn	$4.41 / bushel	-0.51%	-8.99%
CBOT Wheat	$5.56 / bushel	-1.59%	-13.10%
Malaysia Palm Oil (3M)	RM4,021 / tonne	-1.30%	8.06%
Index	**Close 17 Apr**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	341.84	-0.79%	13.42%
Rogers International	29.27	0.19%	11.17%
U.S. Stocks - Dow	37,753.31	-0.12%	0.17%
U.S. Dollar Index	105.75	-0.19%	4.35%
U.S. Bond Index (DJ)	413.22	0.67%	-4.06%

Customs showed. The light metal is traditionally used in the construction, transportation and packaging sectors.
Imports of bauxite, a key raw material for aluminium, declined 1.4% to 11.86 million tons in March, the data showed.
Imports of bauxite in the first quarter stood at 36.32 million tons, up 2.1% from a year earlier.

Top News - Carbon & Power

COLUMN-China widens wind power lead with new generation record: Maguire
China's wind farms produced over 100 terawatt hours (TWh) of electricity in March, the highest monthly total ever by a single country and as much as all of Europe and North America combined, data from energy think tank Ember shows.
The production total was 25% more than during the same month in 2023, and helps extend China's dominant position as by far the world's largest renewable energy producer.
China's output total in March was more than twice the generation in the United States, the second largest wind producer, and nearly nine times more than produced in Germany, the number three producer.
However, the March tally may also be the highest for the year, as seasonal wind speed changes mean that China's annual peak for wind output typically occurs around March or April, before declining through the summer as wind speeds slow.
Nonetheless, the output record marks a new milestone for clean energy trackers, and ensures that China remains the leading driver of global clean energy output.

WIDESPREAD PROGRESS
China's wind power generation stems from several large wind installations across the country.
Some areas, especially Inner Mongolia in the north and Xinjiang in the west, host some of the world's largest wind farms, and account for the largest share of China's wind power output.
But the build-out of wind generation capacity is taking place in all regions, resulting in a growing volume of clean energy in all major power-consuming regions.
And output in all provinces, including Guangdong in the south, Yunnan in the southwest, Anhui in the east, and Heilongjiang in the northeast, have recorded close to record high production totals so far in 2024.
That widespread rise in wind output has helped push wind power's share of China's total electricity generation steadily higher, to an average of 11.4% during the first quarter of 2024 from 9.6% during all of 2023, according to Ember.
That share compares to around 62% for coal and around 12% for hydro, and so cements wind power as China's third largest source of electricity.
Solar power grabbed a roughly 6% share of China's total electricity generation in 2023, and will likely expand that share in 2024 thanks to continued increases in solar generation capacity in the country.
Solar power will also play a critical role in boosting electricity generation during the summer months, when overall power demand in China is at its highest due to rapidly rising use of air conditioners.
But wind farms will likely remain the most important source of renewable power in China for the foreseeable future, due in large part to their ability to produce electricity even when the sun doesn't shine, and from locations spread throughout the country and often close to major demand centres.
Further growth in domestic wind power generation capacity is also expected throughout 2024 and beyond as part of Beijing's ambitious plan to reach carbon neutrality by 2060.
That means even higher wind power generation totals can be expected going forward, ensuring that China will retain its position as the global wind sector leader.

EXCLUSIVE-US plans to restore tariffs on dominant solar technology, sources say
The Biden administration is expected to grant a request by South Korea’s Hanwha Qcells to reverse a two-year-old trade exemption that has allowed imports of a dominant solar panel technology from China and other countries to avoid tariffs, two sources familiar with the White House plans said on Wednesday.
The news sent shares of solar manufacturers including U.S.-based First Solar higher in afternoon trade.
The Qcells request, which has not previously been reported, comes as the company is seeking to protect a pledged $2.5 billion expansion of its U.S. solar manufacturing presence against competition from cheaper Asian-made products.
The solar division of Korean conglomerate Hanwha Corp outlined the request in a formal petition to the U.S. Trade Representative on Feb. 23.
It included letters of support from seven other companies with billions of dollars combined invested in U.S. solar factories.
No decision has been made on the timeline of the expected reversal, the sources said.
Duties on imports of bifacial panels, the main technology in utility-scale solar projects, would be a boon to the more than 40 solar equipment factories planned since U.S. President Joe Biden signed his landmark climate change law, the Inflation Reduction Act, in 2022.
Those plants are critical to Biden's plan to fight climate change, revitalize American manufacturing and create millions of union jobs.
Past trade remedies have sharply divided the U.S. solar industry, which is dominated by installers and developers who rely on cheap imports to keep their project costs low.
The top U.S. solar trade group, the Solar Energy Industries Association (SEIA), lobbied for the bifacial exemption.
In a statement, SEIA did not address the exemption directly but advocated for an increase in the amount of solar cells that can be imported tariff-free to help companies assembling American-made panels.

"We hope the Administration is prepared to directly support increased domestic manufacturing of solar modules by raising the tariff rate quota on cells," said Stacy Ettinger, SEIA's senior vice president of supply chain and trade.
Biden administration officials, including Treasury Secretary Janet Yellen and U.S. Trade Representative Katherine Tai, in recent weeks have said the U.S. is evaluating trade remedies to deal with threats posed by China's massive investment in factory capacity for clean energy goods.
The solar panel issue goes to the core of one of Biden's arguments for re-election: that his economic policies have begun transforming the U.S. energy economy while combating climate change.
However, the pace of growth in the domestic solar panel manufacturing market has been cast into doubt by surging imports of cheap, Chinese panels.
A bipartisan group of U.S. senators, led by the two Democrats from the critical election battleground state of Georgia, asked Biden earlier this year to toughen up tariffs on Chinese solar panels or face a glutted market just as clean-energy tax credits hit the market.
Qcells, which has two factories in Georgia, is the largest U.S. producer of silicon-based solar products.
In its petition, a copy of which was seen by Reuters, the company asked Biden to revoke an exemption of so-called bifacial panels from duties first imposed by Republican former President Donald Trump in 2018 and extended by Biden, a Democrat, in 2022. The tariffs on imported modules started at 30% and currently stand at 14.25%. They are due to expire in 2026.

'A LEVEL PLAYING FIELD'
Most panel imports come from Southeast Asia but are made by Chinese companies there.
The U.S. imposed duties on some panel makers for finishing their products in Cambodia, Malaysia, Thailand and Vietnam to avoid tariffs on Chinese-made goods.
Biden waived those tariffs nearly two years ago, a policy that the White House said it will allow to expire in June.
"We're continuing to look at all of our options to ensure that the historic investments spurred by the Inflation Reduction Act are successful," a White House official said.
"Our companies and workers can compete with anyone, but they need a level playing field."
Bifacial panels can generate electricity on both sides. The technology was nascent when the tariffs were first imposed but now accounts for 98% of imported modules, according to the petition.
The action is needed, Qcells said in the petition, to preserve the many plans for new U.S. solar manufacturing capacity that have been unleashed by incentives contained in the IRA.
"Despite these positive trends, there is growing evidence that negative market conditions caused by surging imports of bifacial modules are causing several companies to rethink their plans to invest in the U.S.," the petition said.
Qcells' request is supported by seven other solar manufacturers with U.S. factories - First Solar, Heliene, Suniva, Silfab, Crossroads Solar, Mission Solar and Auxin Solar - according to the petition documents.
First Solar shares closed nearly 3% higher at $178.01 on the Nasdaq.

Top News - Dry Freight

Jordan buys about 110,000 T feed barley in tender, traders say
Jordan's state grain buyer has purchased about 110,000 metric tons of animal feed barley in an international tender on Wednesday, European traders said.
Some 50,000 tons was bought from trading house Ameropa at $216 a ton cost and freight (c&f) included for shipment in the first half of August. Another 60,000 tons was bought from Nestwise also at $216 a ton c&f for shipment in the second half of July.
Traders said these other trading houses participated in the tender with their estimated offers per ton c&f: CHS $223.95, Cargill $226.50, Viterra $222, Bunge $226.50, Al Dahra $221, The Andersons $222.19, Farm Sense $231.33, Grain Star $225 and Olam $225.
Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.
Traders said Jordan is expected to issued a new tender to buy 120,000 tons of feed barley in coming days closing on April 24. The new tender is expected to seek a range of possible shipment combinations in the second half of July, full month of August and the first half of September, they said.
Jordan on Wednesday also issued a separate tender to buy 120,000 tons of milling wheat closing on April 23.

South Korea's KFA bought 70,000 T corn in private deal, traders say
The Korea Feed Association (KFA) in South Korea purchased about 70,000 metric tons of animal feed corn expected to be sourced from either the United States or South America in a private deal on Tuesday without issuing an international tender, European traders said on Wednesday.
It was believed to have been purchased by the KFA's Incheon section from trading house Mitsui at an estimated $243.45 per ton c&f for arrival in South Korea around July 30.
The KFA's Incheon section is also called the Feed Buyers' Group.
Reports reflect assessments from traders and further estimates of prices and volumes are possible later.
Shipment is for between June 15 and July 15 if the corn is sourced from the U.S. Pacific Northwest coast, between May 26 and June 25 if sourced from the U.S. Gulf or between May 21 and June 20 if from South America.
Chicago corn futures ended flat on Tuesday as dealers assessed declining production estimates in South America and the start of U.S. plantings, with fears the market likely to react sharply to any forecasts of unfavourable U.S. crop weather, traders said.

"I think concern about price turbulence in coming weeks as the traditional U.S. weather market starts has generated more Asian corn purchases," one European traders said.
Leading South Korean feedmaker Nonghyup Feed Inc. (NOFI) purchased around 68,000 tons of animal feed corn expected to be sourced from either the United States or South America in a private deal on Tuesday.
This followed other purchases in past days including by the Major Feedmill Group (MFG) and Feed Leaders Committee (FLC).

Picture of the Day

A drone view shows power-generating windmill turbines at a wind park in La Regrippiere, near Nantes, France, April 17. REUTERS/Stephane Mahe

(Inside Commodities is compiled by Sreshtha Uniyal in Bengaluru)

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