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Top News - Oil

Oil surges as reports of Israeli strike on Iran roil markets
Oil prices jumped on Friday as reports that Israel had attacked Iran roiled markets and sparked concerns that Middle East oil supply could be disrupted.
The benchmark contracts surged more than $3 before easing slightly. At 0615 GMT, Brent futures were up $1.40, or 1.61%, at $88.51 a barrel.
The most active U.S. West Texas Intermediate contract climbed $1.38, or 1.68%, to $83.48 per barrel.
Israel launched an attack on Iranian soil on Friday, sources told Reuters, the latest tit-for-tat exchange between the two countries that threatens to drag the region deeper into conflict.
Iranian media reported explosions, but an Iranian official told Reuters those were caused by air defence systems. State media said three drones over the central city of Isfahan had been shot down.
"Rising geopolitical risk premiums translate to a risk-off environment at this juncture with a heightened risk of oil supply disruption at least in the short-term," said Kelvin Wong, an analyst at OANDA in Singapore.
"Further escalation [suggests] that the tit-for-tat retaliation between both sides will drag for longer," said Jun Rong Yeap, a market strategist at IG in Singapore.
An Iranian counterattack poses "significant risks to the widening of the conflict to a regional one and could potentially put some oil supplies at risk.
Prices of oil could stay supported in the meantime as tensions will continue to heat up," Yeap said.
Last weekend Iran launched hundreds of drones and missiles in a retaliatory strike after a suspected Israeli strike on its embassy compound in Syria.
Most of the drones and missiles were downed before reaching Israeli territory, with minimal damage and casualties.
Investors have been closely monitoring Israel's reaction to the April 13 Iranian drone attacks.
The geopolitical risk premium in oil prices had been unwinding this week on the perception that any Israeli retaliation to Iran's attack would be moderated by international pressure.
In global crude oil supply, Venezuela lost a key U.S. licence allowing the OPEC member to export oil to markets globally.
The U.S. also announced sanctions on Iran, another OPEC member, targeting its unmanned aerial vehicle after the country's drone strike on Israel.
The sanctions on Iran, however, exclude its oil industry.

Russia squeezes Mideast, OPEC shares in India's oil market to historic lows
Russia became the top oil supplier to India during the fiscal year 2023/24 for a second year in a row, squeezing the market share of Middle Eastern and OPEC producers to historic lows, ship tracking data from industry sources showed.
New Delhi has been gorging on Russian oil sold at a discount after Western nations shunned purchases and imposed sanctions on Moscow over its invasion of Ukraine.
As a result Russia is now the top supplier to the world's third-largest oil importer.
India has continued to buy Russian oil despite problems posed by a raft of sanctions aimed at reducing Moscow's oil revenue to fund the war.
Russia is an ally of the Organization of Petroleum Exporting Countries (OPEC) but it has eaten into the share of India's crude diet from key OPEC producers in the Middle East. Russian oil accounted for about 35% of India's overall 4.7 million barrels per day (bpd) crude imports in the fiscal year to March 31 compared with about 22% a year ago, the data shows. India imported 1.64 million bpd of Russian oil in fiscal 2023/2024, up about 57% from the previous year, the data shows.
That lifted the share of oil from Russia, Kazakhstan and Azerbaijan, members of the Commonwealth of Independent States (CIS), in India's imports to 39% in 2023/24 from 26% a year ago, the data shows.
In contrast, the share of Middle Eastern oil in Indian imports fell to an all-time low of 46% from 55%.
Iraq continued to be the second-largest supplier to India followed by Saudi Arabia in 2023/24.
India imported an equal amount of oil from OPEC and non-OPEC nations for the first time in 2023/2024, the data showed.
The fall in Saudi oil imports followed higher official selling prices set by state-owned Saudi Aramco for most of the year, while imports from Kuwait have also dropped sharply after the producer diverted its crude to a new domestic refinery.

Top News - Agriculture

EXCLUSIVE-US EPA to announce temporary expanded sales of higher-ethanol gasoline blend - sources

The U.S. Environmental Protection Agency will announce by Friday plans to temporarily expand sales of higher-ethanol blends of gasoline this summer, a win for the corn ethanol industry that will likely see demand increase, three sources familiar with the matter said.

The measure would lengthen the period during which Americans can keep buying E15, a gasoline that uses a 15% ethanol blend, from June 1 to Sept. 15. Adding ethanol to gasoline is known to increase smog pollution in hot weather, but research has shown little difference between E15 and the more-widely available E10 blends.

The EPA did not respond to a request for comment.

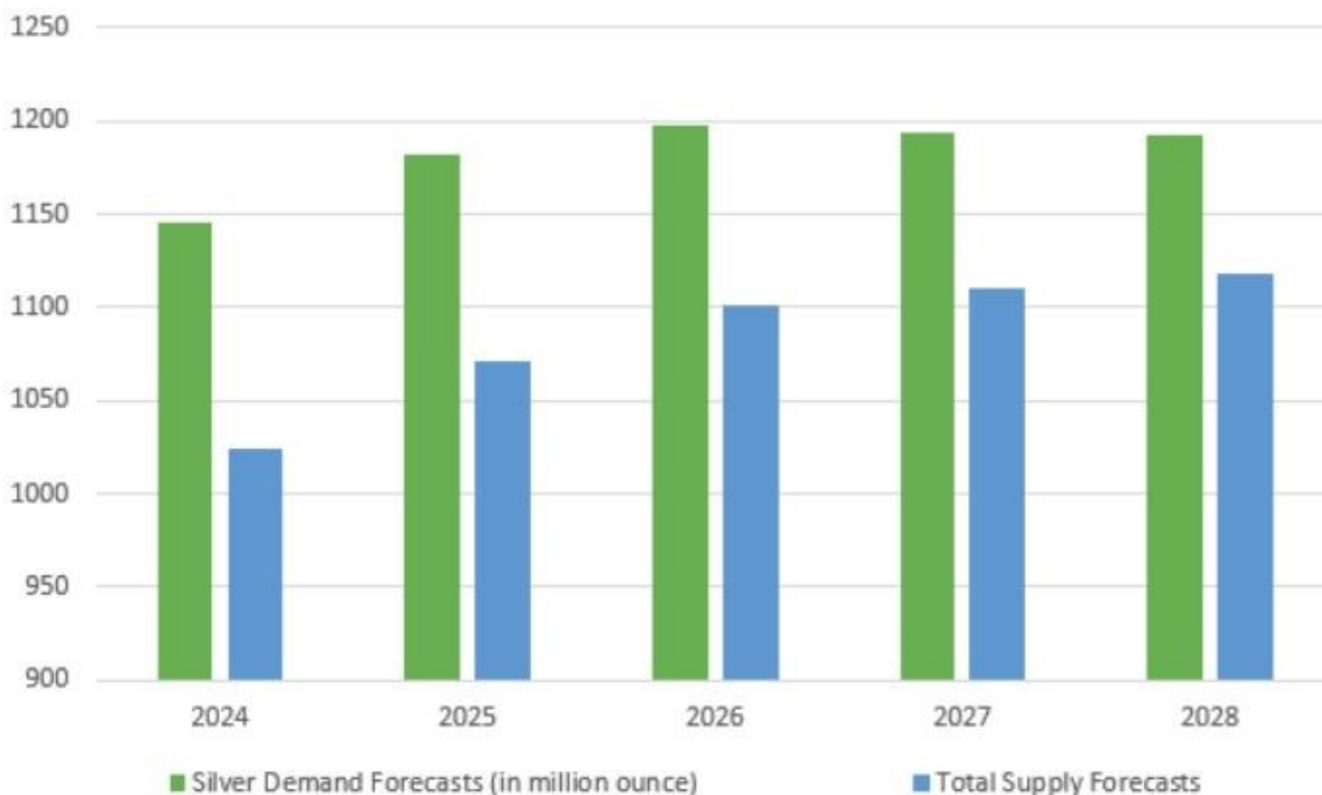
The announcement comes after a push from lawmakers, including Senator John Thune, a Republican from South Dakota, and Senator Dick Durbin, a Democrat from Illinois, who argued in a letter to President Joe Biden that allowing the expanded sales of E15 would increase energy security during unrest in Ukraine and the Middle East. Biden's administration has allowed temporary summertime sales of E15 the last few years in an effort to keep down gasoline prices. Those decisions were cheered by the Farm Belt, an important constituency ahead of this year's presidential election.

The Corn Lobby has long tried to expand year-round sales of E15, an effort that culminated in February, when the administration approved a request from Midwestern governors that would allow summertime sales of E15 in their states, starting in 2025.

China set for bumper harvests of grains and oilseeds, ministry says

China is set for another year of bumper harvest of grains and oilseeds, helped by expanded planting of winter wheat and rapeseed and healthy growth of seedlings, the country's agriculture ministry said on Friday.

Chart of the Day



The world's second-biggest corn grower reported a record corn crop of 288.8 million metric tons last year but continues to aim for larger output amid rising tensions with some trade partners, climate-related disasters and military conflicts.
China aims to boost grain production by 50 million metric tons by 2030, with a focus on soybeans and corn, although state media have reported production hitting a bottleneck.
Good prices and government subsidies have encouraged farmers to expand winter wheat and rapeseed planting, said Pan Wenbo, the ministry's director-general of cultivation management. These crops are usually harvested around April to May.
"I went to the main producing areas of Hebei, Shandong, Henan and Anhui, indeed the wheat fields are healthy, robust... good seedlings lay the foundation for a good harvest," Pan said at a press conference.
The area of winter rapeseed planting is expected to increase by more than 2 million mu (133,333 hectares), extending last year's rise, he added.
The ministry said China's consumption of agriculture products will continue to recover, with demand driven by a rebound in the tourism and restaurant sectors.
Demand momentum will extend as the economy bounces back more, said Lei Liugong, director of the agriculture ministry's market and information department.
However, demand from the manufacturing and wholesale sectors has not recovered to expected levels, Lei added.

Top News - Metals

GRAPHIC-Silver aims for $30/oz milestone
Silver may have the power to reach the $30 per ounce milestone after its 26% surge in March-April on the back of gold's record run and copper's strength, even though analysts say the metal is ripe for a technical correction.
Silver - both an investment asset and an industrial metal used in electronics and solar panels - may also find it hard to hold on to $30 without a recovery in global manufacturing activity and investment demand from funds.
"Silver is starting to behave much more as a precious metal than an industrial metal," said Philip Newman, managing director at consultancy Metals Focus.
"There has been a dramatic fall in the gold-silver price ratio since the start of April, and from the technical point of view the market may see a correction, but there is still considerable momentum which means it could still hit $30."
The gold-silver ratio, denoting how many ounces of silver one ounce of gold can buy, is used by the market to gauge future trends as it indicates silver's current performance against its historical correlation with gold.
Spot silver prices were last up 0.9% at $28.44 per ounce. They touched $29.79, their highest in more than three years on Friday as gold extended its March-April rally.
The last time silver hit the $30 price level was in February 2021, but sustaining it for an extended period has eluded silver for more than a decade.
Investment demand for silver could help to push prices to around $32 in the second half of 2024, Citi said in a note.
But the metal's volatile past means its current rally has been viewed with caution by some sector analysts.
"Silver is renowned for its ability to drop hard and fast," said StoneX analyst Rhona O'Connell. Silver jumped to almost $50 in 2011 and then dropped to $12 in 2020.
On the fundamentals side, the silver market faces the fourth year of a structural market deficit due to expectations of higher industrial demand in 2024, Metals Focus said in a research produced for industry body the Silver Institute.
Macquarie estimates that silver market deficits will persist throughout its 5-year forecast window, even though ample visible and individual stocks continue to cover the shortfall for now.
But uncertainty over the global economic outlook, especially in the electronics sector, which is crucial for silver's industrial consumption, could constrain the metal in the near term.
Phillip Streible, chief market strategist at Blue Line Futures in Chicago, said the silver market will need to see a manufacturing recovery and increase in solar demand for prices to trade above the $30 mark.
In big silver consumer China, March factory activity expanded for the first time in six months.
There are green shoots from other parts of the market with some inflows to physically-backed silver exchange traded funds (ETFs) in April, but they also have not yet formed a sustainable trend.
"Recent weeks have seen a reversal of ETF flows and I think that is a function of rising silver prices. In other words, the ETF flows have followed the price rather than lead it," said Maria Smirnova, senior portfolio manager at Sprott Asset Management.
"Therefore, if the silver price rally sustains, then the ETF flows will continue and even accelerate," she added.

Tin rallies, inventories fall after one party takes big position
Tin prices and spreads extended their sharp gains on the London Metal Exchange (LME) on Thursday in the wake of a large position taken by one party, fund buying and worries about supply.
The LME benchmark tin price is by far the top gainer on the exchange this year, surging by 31% compared to 13% for copper, as speculators have piled into the market.
LME tin advanced 4.2% to $34,160 a metric ton on Thursday, its highest since June 2022.
"This is speculation on the back of fundamentals. I would rule out a consumer or a physical player," said a trader who declined to be identified.
Supply of the metal, mainly used for solder in electronics, has been hit by disruptions in Indonesia, Myanmar and the Democratic Republic of Congo.
"There is still a lot of uncertainty about when Myanmar will resume their production, whilst the semiconductor industry is still driving strong downstream consumption," said analyst Yuting Du at broker Marex.

Macquarie expects a global tin deficit of 8,000 tons this year and a shortfall of 12,000 tons in 2025 compared to a surplus of 8,000 tons last year, analyst Sukriti Kalra said in a note.
Worries about supply have drawn material out of LME-approved warehouses, sending inventories sliding by 45% so far this year to 4,245 tons.
Tight supply has also caused the premium of the LME cash tin contract to the three-month contract to jump to $350 a ton by Wednesday's close, the largest premium since July 2023, from $40 on Monday.
One party on the LME has taken a long position in May futures that represents more than 40% of open interest, LME data showed. There also a number of short positions in May, including one that accounts for up to 19% of open interest.
"It looks like a squeeze, there's quite a few short positions. It's probably somebody who doesn't need the metal. This could get explosive," a second trader said.
Fund buying has skyrocketed this year with investment funds having pushed up long positions on the LME to 3,713 contracts.
That is the highest level since the LME started publishing its Commitments of Traders Report in 2018 and up from only 849 long contracts at the start of the year.
Demand has also improved as semiconductor sales, an indicator of electronic goods demand, have been recovering in recent months.
Global sales in February were up 16% on last year, according to the most recent figures from the Semiconductor Industry Association.

Top News - Carbon & Power

COLUMN-Plunging solar capture rates to test nerve of Europe's policymakers: Maguire
Wholesale power prices coming under pressure from surging solar output is not a new concept in power markets, but looks set to become a potentially divisive issue across Europe as rampant expansions in solar output upend market pricing patterns.
Power generated by solar panels is the cheapest source of electricity in several regions, and tends to drive down the price of wholesale power during peak solar output periods, eroding margins for power producers.
The phenomenon, known as the renewables cannibalization effect, is particularly acute in Europe's electricity system which prioritizes clean electricity supplies and where politicians have set ambitious decarbonization goals designed to reduce reliance on imported fossil fuels. Renewables-driven price disruptions have gained widespread attention in the United States due to the creation of a so-called 'Duck Curve' in Californian power prices, where massive volumes of solar output during the middle of the day flood the market just as overall power demand is at a lull.

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$83.85 / bbl	1.40%	17.03%
NYMEX RBOB Gasoline	$2.70 / gallon	-0.12%	28.00%
ICE Gas Oil	$785.25 / tonne	-2.67%	4.60%
NYMEX Natural Gas	$1.76 / mmBtu	2.98%	-29.87%
Spot Gold	$2,381.59 / ounce	0.88%	15.47%
TRPC coal API 2 / Dec, 24	$121.25 / tonne	0.83%	25.00%
Carbon ECX EUA	€71.53 / tonne	2.21%	-11.00%
Dutch gas day-ahead (Pre. close)	€32.63 / Mwh	2.77%	2.45%
CBOT Corn	$4.41 / bushel	-0.11%	-8.99%
CBOT Wheat	$5.65 / bushel	2.35%	-11.61%
Malaysia Palm Oil (3M)	RM3,951 / tonne	-1.52%	6.18%
Index	**Close 18 Apr**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	343.23	0.41%	13.88%
Rogers International	29.07	-0.67%	10.43%
U.S. Stocks - Dow	37,775.38	0.06%	0.23%
U.S. Dollar Index	106.20	0.04%	4.80%
U.S. Bond Index (DJ)	416.00	-0.26%	-3.42%

LSEG DATA & ANALYTICS

To accommodate that surplus power load, power prices tend to plunge in a way that is similar to the shape of a duck's belly, before rising again later as solar output declines.
Europe's integrated power markets must brace for similar periods of price disruption, following rapid expansions in solar capacity across the continent.
These disruptions have the potential to temporarily undermine the economics of power production from all sources, and may therefore deter investments in further regional generation capacity at a critical time.
For policymakers who support a rapid transition of energy systems away from fossil fuels while ensuring continued power sector stability, bouts of potentially loss-making power prices due to surplus solar output may be unnerving.
But authorities can take heart from the fact that energy consumers are already seeing the benefits of greater renewables output in the form of lower prices.
And in the longer term, consumers will also be better protected from future fuel price shocks once the build out of home-grown renewable power capacity is complete.
But over the nearer term, policymakers, energy consumers and power producers alike must prepare for further swings in power costs as the generation mix in Europe continues to evolve from primarily fossil fuel-based to being overwhelmingly run on clean fuels.

FAST TRACK
After Asia, Europe has been the fastest growing market for new solar capacity for the past decade, adding 172 gigawatts (GW) of capacity between 2012 and 2022, according to energy think tank Ember.
That compares to nearly 600 GW of capacity additions across Asia, and around 110 GW of capacity growth in North America over the same period.
Capacity data for 2023 has yet to be confirmed, but renewable industry analysts and consultants estimate that Europe will have set a new installation record again last year.
That rapid growth pace has allowed for solar power to grab a growing share of Europe's total electricity generation mix, which has doubled from around 5% during the summer of 2019 to just under 11% last summer, and the highest of all regions.
In contrast, solar's share of electricity generation in Asia topped out below 7% last summer, while in North America peaked at around 6.37%, Ember data shows.

CAPTURING THE PRICING IMPACT
The impact of such a rapid climb in solar output has already distorted Europe's power markets, and has resulted in utilities earning shrinking revenues from renewables.
As additional solar capacity has been brought online in several countries, regional power prices responded by trending broadly lower, especially during high solar output periods.
Price forecasting models have also had to be updated to account for the growing share of renewable power in generation systems, with so-called capture prices and capture rates being used to measure the impact of renewable cannibalization.
The capture price is a weighted average price during which the power generation asset produces electricity, and is expressed relative to the baseload contract price paid to fossil fuel-based power producers.
The capture rate is a measure of the capture price divided by market price available for the power produced, expressed as a percentage.
In the case of a natural gas plant that only produces power during peak demand periods, the typical capture rate can be 100%, as the plant can despatch maximum volumes to fulfil demand needs at peak prices, and then reduce or stop output when demand and prices decline.
For renewables assets, the capture rate is typically less than 100%, and can be far lower for solar assets that only produce electricity when the sun shines and often hit peak output just when demand and prices may be near their lowest during a typical day.

GERMANY AND SPAIN FEEL THE PAIN
Power price models in Germany and Spain clearly show the impact of declining capture prices and rates due to expanding solar output.
Due in part to rapidly rising electricity from solar farms, the wholesale power price from solar assets in Germany declined to the lowest in nearly four years this month, according to pricing models compiled by LSEG.
In turn, the lower solar-driven prices have dragged the overall German wholesale price lower.
The capture rate for German solar assets has also declined this month, plunging to as low as 50% of the baseload power contracts, LSEG data shows.
The capture rate is even lower in Spain, where abundant sunshine results in a surge in solar output that can often far exceed system demand needs during the day.
Spain's solar capture rates are expected to average around 85% for the rest of 2024, but decline steadily over the coming years to around 60% by 2030 and 45% by 2035.
Power developers concerned about the profit impact of such capture rate erosion could slow their development pace, and thereby potentially threaten national or regional energy transition momentum.
But if policymakers keep a long-term view in mind of the benefits from a fully developed renewable energy system, appropriate incentives for power developers could be created to ensure the pace of the region's energy transition is maintained.

US natgas flows rise to Texas Freeport and other LNG export plants, LSEG data shows
The amount of natural gas flowing to the seven U.S. liquefied natural gas (LNG) export plants, including Freeport LNG, was on track to jump by around 17% on Thursday from a 15-month low on Tuesday, data from financial firm LSEG showed. LNG feedgas rose to a preliminary 10.8 billion cubic feet per day (bcfd) on Thursday, up from 10.1 bcfd on Wednesday and a 15-month low of 9.2 bcfd on Tuesday when feedgas to several facilities dropped, including Freeport in Texas, Cameron LNG in Louisiana, and Cheniere Energy's Sabine Pass in Louisiana and Corpus Christi in Texas. Since Tuesday, gas flows have increased at all of those plants. Energy traders said increased flows to Freeport

was a sign that at least one of the plant's three liquefaction trains was starting to exit an outage.
Feedgas at Freeport was on track to reach 0.3 bcfd on Thursday, according to LSEG data, up from near zero seen over the past week or so since Freeport Train 3 tripped on April 9, according to an emissions report the company filed with Texas environmental regulators on April 10.
Officials at Freeport had no comment on the latest increase in feedgas.
In late March, Freeport said it expected two of the three liquefaction trains at the plant, Trains 1 and 2, to remain shut until May for inspections and repairs, while Train 3 was operating.
Each Freeport train can turn about 0.7 bcfd of gas into LNG.
One billion cubic feet is enough gas to supply about five million U.S. homes for a day.
The startup and shutdown of Freeport and other U.S. LNG export plants has often had a major impact on global gas prices.
Worries about a possible decline in gas supplies following the drop in feedgas to U.S. LNG export plants on Tuesday helped boost gas futures in Europe by around 6% at the Dutch Title Transfer Facility (TTF).
Overall gas flows to the seven big U.S. LNG export plants have slid to an average of 11.9 bcfd so far in April, down from 13.1 bcfd in March. That compares with a monthly record of 14.7 bcfd in December.

Top News - Dry Freight

ANALYSIS-Paraguay on track for record soy crop, but low river levels slow exports
Paraguay is headed for a record soybean harvest but exporters are worried about low river levels that are slowing shipments along the key Paraguay-Paraná waterway, with a drought in central-west Brazil affecting water levels running downstream.
Industry sources and an analysis of river level data showed that the Paraguay River, the main channel used for the landlocked country's grains exports, is far shallower than at the same time a year ago, impacting barges carrying grains down river.
Paraguay is the world's no. 3 soybean exporter and is finishing its harvest of the oilseed, with a forecast record production of 10.4 million tons. Its top soybean exporters include Cargill, Viterra, and Bunge.
"Low rivers mean the barges can't carry as much, and that slows down the entire process," said Sonia Tomassone, foreign trade adviser at the Paraguayan Chamber of Oilseed and Cereal Exporters (CAPECO).
Tomassone said the overall picture was largely positive, however, given the strong production. Farmers are still recovering form a drought-ravaged harvest in the 2021/22 season that slashed production by more than half.
"It's a good volume despite the delays," she said.
The level of the Paraguay River near the key grains port of Villeta is 0.74 meters, government data show, well down from over 5 meters at the same date a year ago. Recent rains have boosted levels that were near zero but they remain critical.

DRY CONDITIONS FORECAST TO CONTINUE
Paraguay's soybean exports totaled 2.5 million tons in the first three months of the year, up from 1.6 million tons last year.
But while soy exports were strong in January and February, they slowed down in March as water levels dropped, linked to dry weather up-river in Brazil's Pantanal region, according to CAPECO.
That was despite dredging work carried out on the Paraguay and Paraná rivers, Tomassone said.
Waterways that move barges to seaports down river in Argentina and Uruguay are essential for Paraguay.
Roughly 80% of all grain exports in the first quarter of 2024 traveled along rivers, according to Paraguay grains crushing chamber CAPPRO.
Strikes by agricultural ministry officials in neighboring Brazil over pay have further hampered exports by road, Tomassone added. Brazil is a major export market for Paraguayan soy that is trucked across the border.
"The departure of trucks is very slow," Tomassone said. "Unless the weather forecasts improve, the coming months are not very encouraging (for exporters)."
Meteorologists have warned that despite some recent rains, dry conditions in the Pantanal wetlands of western Brazil could continue to affect regional river sources.
"The situation is going to improve at the mouth of the Paraguay River, but (the rains) aren't lasting," said Eduardo Mingo, director of meteorology and hydrology at Paraguay's National Meteorological Center.
"The critical situation persists... the Pantanal area has been in drought for more than six months."

Tunisia buys about 25,000 metric tons durum wheat in tender- traders
Tunisia's state grains agency is believed to have purchased about 25,000 metric tons of durum wheat in an international tender on Thursday, European traders said.
It was said to have been bought in one consignments at an estimated $376.49 a ton cost and freight (c&f) included, they said.
Trading house Casillo was said to be the seller.
If sourced from the Black Sea region, east Europe or Mediterranean area including Turkey, shipment was sought between May 20-30.
If sourced from west Europe, shipment was sought between May 15 and 25, and May 10-20 if sourced from the U.S., Canada or South America.
In its last durum tender on April 4, Tunisia is believed to have purchased about 50,000 tons at $383.93 and $384.48 a ton c&f.
Durum importers have faced tighter world supplies after a drought in top supplier Canada, but Turkey have helped to fill the gap with more supply.

Picture of the Day

Power-generating windmill turbines and power lines are seen in a rapeseed field in Nauen, Germany, April 18. REUTERS/Liesa Johannssen

(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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