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Top News - Oil

Chinese companies win more bids to explore for Iraq oil and gas
Chinese companies won five more bids to explore Iraqi oil and gas fields, Iraq's oil minister said on Sunday, as the Middle Eastern country's hydrocarbon exploration licensing round continued into its second day.
Chinese companies have been the only foreign players to win bids so far, taking licenses covering 10 oil and gas fields since Saturday, while Iraqi Kurdish company KAR Group took two.
The oil and gas licences for 29 projects in total are mainly aimed at ramping up output for domestic use, with more than 20 companies pre-qualifying, including European, Chinese, Arab and Iraqi groups.
Iraq wanted this licensing round - the country's sixth - in particular to increase output of natural gas, that it wants to use to fire power plants that rely heavily on gas imported from Iran. However, no bids were made on at least six fields with gas potential, potentially undermining those efforts. Also notably no U.S. oil majors have been involved, even after Iraqi Prime Minister Mohammed Shia met representatives of U.S. companies on an official visit to the United States last month.
Among specific awards, China's CNOOC Iraq won a bid to develop for oil exploration Iraq's Block 7, that extends across the country's central and southern provinces of Diwaniya, Babil, Najaf, Wasit and Muthanna, said oil minister Hayan Abdul Ghani.
ZhenHua, Anton Oilfield Services and Sinopec won bids to develop the Abu Khaymah oilfield in Muthanna, the Dhufriya field in Wasit and the Sumer field in Muthanna, respectively, the minister said.
China's Geo-Jade won a bid to develop Iraq's Jabal Sanam field for oil exploration in Basra province, Iraq's oil minister added.
Iraq, OPEC's second-largest oil producer behind Saudi Arabia, has been hampered in its oil sector development by contract terms viewed as unfavourable by many major oil companies, as well as recurring military conflicts and growing investor focus on environmental, social and governance criteria.

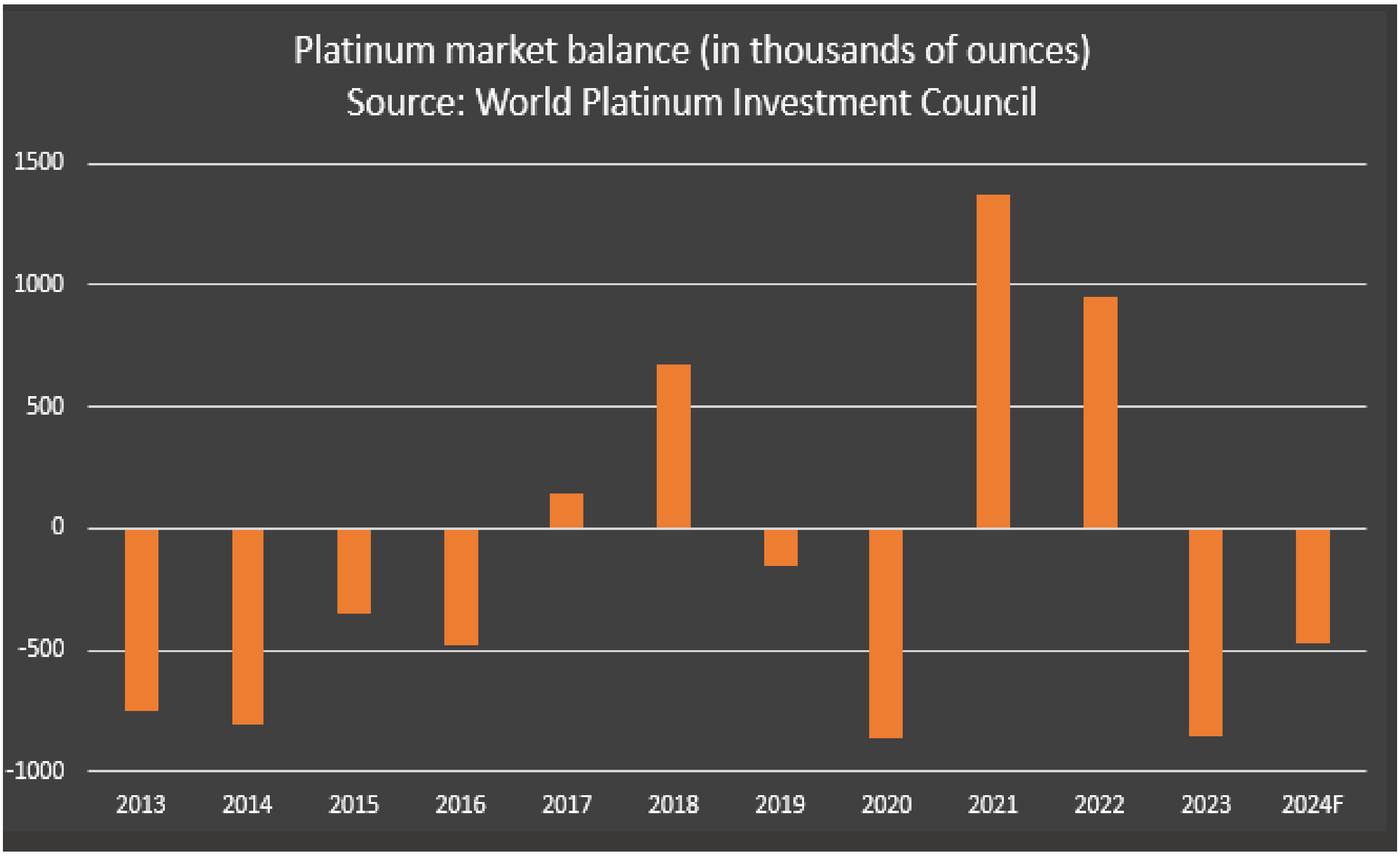
Russia's refined oil product exports to Singapore to hit highest this year in May, traders say
Russia's exports of naphtha to Singapore are on track to rise to their highest level this year in May as Russian refineries recover from drone attacks, traders and analysts estimated, with the trend poised to continue as more capacity comes online.
Singapore imports of Russian naphtha, a key ingredient for making petrochemicals such as plastics and textile fibres, will rise to about 415,000 metric tons in May, LSEG Research estimated, while consultancy FGE expects nearly 500,000 tons.
"The refinery (attack) impact wanes off through May and June, which is why we may expect higher exports from Russia," said Armaan Ashraf, global head of natural gas liquids at FGE. He was referring to drone attacks by Ukraine on oil processing facilities in Russia since the start of the Ukraine war.
Naphtha imports from Russia into Singapore rose in April to their highest this year at 329,955 tons. That pushed Singapore's total naphtha imports for April to 998,408 tons, up from 920,626 tons a year earlier, data from Enterprise Singapore showed.
"The higher imports reflect blending demand for naphtha ahead of peak gasoline demand season in summer," a Singapore-based petrochemical trader said.
Naphtha can be blended directly into gasoline or refined to make blending components to meet octane specifications.
Rosneft's export-oriented Tuapse oil refinery, one of the largest in Russia's south, resumed processing earlier this month, with loadings expected to rise by about 16% to 180,000 tons in May as it restarts exports, according to trade estimates.
Novatek, meanwhile, plans to start test operations for a new 3 million metric tons-per-year processing unit at its gas condensate complex in the Baltic Sea port of Ust-Luga in mid-June, which could enable it to increase naphtha exports to between 550,000 and 600,000 tons a month from 350,000 to 370,000 tons currently, Reuters calculations show.
Novatek produces naphtha mostly for Asia, including China, Singapore, Taiwan and Malaysia.
In the first week of May, Russian naphtha was around $8 per ton cheaper than naphtha from the Middle East, the top supplier to Asia. The gap had narrowed to about $5 in February after Red Sea war risk premiums drove up freight costs.
For all of Asia, naphtha loadings from Russia are on track to reach about 700,000 tons, according to trade estimates as of May 8, compared to 950,000 tons in April. LSEG's Krystal Chung expects May imports into Asia from Russia to hit a year-high of 850,000 tons. FGE's Ashraf said total Russian naphtha exports into Asia will reach 1.4-1.5 million tons levels in June, but the risk of more Russian refining capacity being subdued remains.

Ukraine's drone attacks have disrupted 15% of Russia's oil refining capacity this year, according to an estimate by a NATO official at the beginning of April.
Asia is structurally short of naphtha and relies on Northwest Europe, the Mediterranean and the U.S. to meet the shortfall of about 2 million tons per month.
However, Russia flooded Asian markets with its naphtha last year after Western sanctions on its oil product exports upended trade flows, keeping margins subdued due to high supplies amid sluggish demand.
Russia accounted for 25% total naphtha imports into Asia in 2023, ship-tracking data from Kpler showed.

Top News - Agriculture

ANALYSIS-Sugar market equilibrium masks significant supply risks
The global sugar market faces supply risks, such as a lack of rain and port congestion in top exporter Brazil, that may wreck the current equilibrium with low stocks reducing its resilience.
The New York Sugar Week, an annual gathering of the sugar industry, where a series of seminars and an industry dinner attract participants from around the globe, took place this week against the backdrop of balanced supply and demand conditions.
Sugar prices have been hovering around 19-20 cents per pound for weeks now, since falling heavily late last year from around 28 cents amid a surprisingly positive end-of-crop in Brazil that offset shortfalls in India and Thailand.
Current prices are not too bad for sellers or buyers. Demand is good and production in key regions is recovering. However, experts, who have spoken during the global industry event this week, warn the market's stability is tenuous. "The bigger picture is that global sugar stocks remain tight," said Mauro Angelo, chief executive of the world's largest sugar trader, Alvean. "Stocks-to-use ratio is at 37%, the smallest since 2010," he said.
"The market will be exposed to the logistic performance in Brazil", said Jose Orive, executive director of the International Sugar Organization (ISO). The risk is, there could be a repetition of the tight loading situation at Brazilian ports in 2023 as the country increased its share of global sugar exports from 70% to 80% with the absence of India in the export market. Brazil and India together account for more than 40% of global sugar production.
Marcelo de Andrade, managing director for soft commodities at Chinese trader COFCO International, also flagged weather as a risk factor.

Chart of the Day



"If anything goes wrong (with the weather) in India that could be explosive for the market," he said.
In short, if everything goes well, the market will remain stable, but any problem will send prices higher.
The over-dependence on Brazil to supply the market is seen as a major risk.
Tom McNeill, managing director at Green Pool Commodity Specialists, said both the current dry and hot weather there and the port logistics were a concern.
"Any problem with Brazil could provoke quite a reaction in prices," he said.
COFCO's Andrade said the company just suspended sugarcane planting in Brazil, where it operates four mills, due to low soil moisture. "We need rain in May, June, otherwise the crop will be smaller," he said.
Brazil is now experiencing a heat wave with most central areas posting temperatures as high as 34 Celsius, with no rains. There is forecast for some precipitation late in May, but not much.
McNeill said the dry weather is boosting cane crush and sugar production in the early stages of the Brazil crop, which could mislead speculators into increasing their short position in the market, pushing prices lower.
"There is a substantial risk for the second part of the harvest," he said.
"Unless we are terribly wrong about the Brazil crop there should be little reason for sugar prices to remain at 20 cents," said Alvean's Angelo.

COLUMN-Funds race out of CBOT corn and soy shorts as weather worries build -Braun

Speculators furiously pitched short positions in Chicago corn and soybeans last week just after a big short squeeze in wheat, as pests raid Argentina's corn crop and rains devastate soybeans in southern Brazil. Wet weather also slowed the pace of U.S. planting during what is normally the most active period for field work, but top wheat exporter Russia's main growing region remains concerningly dry.
In the week ended May 7, money managers slashed their net short position in CBOT corn futures and options to 102,513 contracts from 218,040 a week earlier, establishing their least bearish corn view since October.
That represented funds' largest weekly round of net buying in corn since May 2019, and was substantially larger than any weekly buying seen during last summer's U.S. drought scare.
The week's short covering was the heaviest since June 2019, but money managers added more than 26,000 gross corn longs, the most since June 2023 and their fourth consecutive week adding longs. Most-active CBOT corn futures rose 4.5% during the week ended May 7, but most-active soybeans jumped more than 7% and CBOT soybean meal surged nearly 9%.
Funds' net buying and short covering of soybeans were both record large figures during the week, surpassing the old highs from July 2017.
The managed money soybean net short plummeted to 41,453 futures and options contracts from 149,236 a week earlier, marking the least bearish soy stance since January.
Almost 28,000 gross longs were added as well, the most for any week since April 2023.
Money managers through May 7 staged their biggest rounds of net buying and short covering in CBOT soybean meal futures and options since March 2020, boosting their net long to 87,991 contracts from 43,596 a week earlier.
The new meal position is funds' most bullish since December, and it marked the fifth straight week of significant net buying. That stands in huge contrast to the late November to mid-March trend, when funds were net sellers for 15 of 16 weeks.
CBOT soybean oil futures rallied 3.5% through May 7 after hitting contract lows in the prior week, though money managers were modest net buyers, trimming their net short to 65,706 futures and options contracts from 66,882 a week earlier.
Fund movement in CBOT wheat futures and options was also relatively muted compared with the sizable short covering of the prior two weeks.
Wheat jumped 6.5% in the week ended May 7, though money managers cut about 5,500 contracts off their net short, which fell to a 41-week low of 42,360 contracts.

FRESH DIRECTION

The U.S. Department of Agriculture on Friday published its initial 2024-25 global balance sheets, which project next year's soybean supplies well above expectations but corn and wheat notably below.
U.S. corn carryout in 2024-25 is pegged up 4% on the year, less jarring than the 17% jump that was feared just a couple months ago. Stocks-to-use among major global wheat exporters is set for a 17-year low in 2024-25, but soybean giant Brazil is seen expanding output by 10% on the year to a new record.
CBOT wheat climbed 4% on Friday to settle at $6.63-1/2 per bushel, the most-active contract's highest finish since July 31 and well off the year's low of $5.23-1/2 set on March 11. Most-active corn notched its highest 2024 settle on Friday of $4.69-3/4 per bushel, up nearly 3% on the day.
CBOT soymeal last Tuesday hit its highest price of 2024 at $390 per short ton, but futures fell almost 3% between Wednesday and Friday. Soybeans fell more than 2% over those three sessions despite a bump from corn and wheat on Friday.
Collectively, CBOT soyoil was unchanged over the last three sessions but got a 4.2% boost on Friday, potentially related to rumors that Washington might impose steep tariffs on Chinese used cooking oil imports, which have displaced U.S. soyoil demand.
Karen Braun is a market analyst for Reuters. Views expressed above are her own.

Top News - Metals

Weaker supply will drive platinum deficit higher than expected in 2024, WPIC says

The global platinum deficit in 2024 will be deeper than previously expected due to lower supply from mines in South Africa and Russia, the World Platinum Investment Council (WPIC) said on Monday.

2024's deficit of 476,000 troy ounces will, however, be smaller than 2023's 851,000 ounces due to a 5% fall in demand, the WPIC, whose members are major Western platinum producers, said in a quarterly report. It had previously projected the 2024 shortage at 418,000 ounces. "We've got the second consecutive year of deficit, which will be equal to 6% of total demand in 2024," said Edward Sterck, head of research at the WPIC.

"The focus is on the supply, which was the second lowest in our time series in the first quarter with the full year also forecast to be near the record low of 2020.

" Already announced restructuring and slower than previously expected production ramp-ups amid low prices for palladium and rhodium will cut production from South African mines by 2% this year.

Supply from Russia, which plans smelter maintenance in 2024 and continues to deal with damage caused by Western sanctions, will fall by 9% to a multi-decade low.

Meanwhile, demand for platinum, used in catalytic converters to reduce harmful emissions from vehicle exhaust systems among other applications, is expected to fall by 5% to 7.587 million ounces this year after growing 26% in 2023.

Demand from the auto sector will increase by 2% due to slower consumer demand for battery electric vehicles, growth in both heavy-duty and hybrid vehicle numbers, alongside stricter emissions legislation and platinum-for-palladium substitution, which is forecast to reach 742,000 ounces this year, the WPIC, which uses data from consultancy Metals Focus, added.

To cover the deficit, above-ground stocks will fall by 12%, after a 17% drop in 2023 to a four-year low of 3.620 million ounces, it added.

COLUMN-China's commodity imports show prices beat economic narrative: Russell

China's imports of major commodities for April show the impact of price trends, with strength where prices were trending down and weakness where prices were moving higher.

The temptation for market observers is to view China's commodity imports through the prism of how the world's second-biggest economy is performing, but it increasingly

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$78.13 / bbl	-1.43%	9.04%
NYMEX RBOB Gasoline	$2.49 / gallon	-1.40%	18.06%
ICE Gas Oil	$747.75 / tonne	-1.68%	-0.40%
NYMEX Natural Gas	$2.25 / mmBtu	-2.13%	-10.42%
Spot Gold	$2,348.40 / ounce	0.11%	13.86%
TRPC coal API 2 / Dec, 24	$112.75 / tonne	0.27%	16.24%
Carbon ECX EUA	€71.91 / tonne	-1.84%	-10.53%
Dutch gas day-ahead (Pre. close)	€29.38 / Mwh	-4.61%	-7.76%
CBOT Corn	$4.66 / bushel	2.08%	-3.72%
CBOT Wheat	$6.55 / bushel	2.78%	2.46%
Malaysia Palm Oil (3M)	RM3,872 / tonne	1.07%	4.06%
Index	**Close 10 May**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	337.20	-0.16%	11.88%
Rogers International	28.86	0.16%	9.61%
U.S. Stocks - Dow	39,512.84	0.32%	4.84%
U.S. Dollar Index	105.32	0.01%	3.93%
U.S. Bond Index (DJ)	422.13	-0.33%	-1.99%

appears that price movements are a more determining factor, at least in the short term. For April, there was strength in imports of iron ore, coal and natural gas, while arrivals of crude oil and copper were soft.

While there are still economic factors at play, it's difficult to construct a narrative that explains both the robust iron ore imports and the moderate arrivals of copper, especially because China's property sector is supposedly weak, but industrial output is gaining momentum.

It's more useful to look at the prices that prevailed when China, the world's biggest buyer of natural resources, arranged the cargoes that were delivered in April.

China's iron ore imports were 101.82 million metric tons in April, up 1.1% from March and 12.6% from the same month in 2023, bringing arrivals for the first four months to 411.82 million tons, a gain of 7.2% over the corresponding period last year. Cargoes that arrived in April would most likely have been booked during February and March, a time in which the spot price for the steel raw material was declining. Benchmark iron ore contracts traded on the Singapore Exchange dropped to a 17-month low of $98.36 on April 3, having slipped 31.5% from an 18-month high of $143.60 on Jan. 3. The declining price led Chinese steel mills and traders to buy iron ore, lifting portside inventories from an eight-year low of 104.9 million tons in late October to a near two-year high of 144.6 million by the end of April.

SOFT COPPER

In contrast to iron ore, China's imports of unwrought copper declined in April, dropping 7.6% from the prior month to 438,000 tons, according to official data released on May 9. Apart from February's soft imports, April's arrivals of copper were the weakest in a year.

The global benchmark copper price in London hit the lowest so far in 2024 of $8,127 a ton on Feb. 9, and has since rallied 23.1% to end at $10,004 on May 9.

This means that China's copper buyers were dealing with higher global prices for the industrial metal at a time when they were arranging cargoes for April delivery, likely leading them to trim purchases. The same dynamic can be observed for China's imports of crude oil, which dropped to 10.88 bpd in April from March's 11.55 million bpd.

April's arrivals were the weakest since January and imports over the first four months of the year are a mere 2.0% higher than for the same period last year.

Global benchmark Brent crude futures have been trending higher since hitting a six-month low of $72.29 a barrel on Dec. 12, and the rally accelerated from early February onwards after the OPEC+ group of exporters committed to maintain production cuts. Brent's high so far in 2024 came on April 12 when the contract reached $92.18 a barrel, and it has since moderated to end at $83.88 on May 9.

However, given the lag between when cargoes are arranged and physically delivered, which can stretch to three months, it means China's refiners were buying April delivery crude at a time when prices were rising rapidly.

Looking at two other major commodities, coal and natural gas, also support the theme of prices driving import volumes. Imports of all grades of coal were 45.25 million tons in April, up 9.4% from March and just short of December's record 47.3 million. While domestic output has struggled to rise fast enough to meet demand amid hydropower shortages, it's also the case that the main types of coal that China imports have remained relatively low in price.

Indonesian thermal coal with an energy content of 4,200 kilocalories per kg, as assessed by commodity price reporting agency Argus, was largely flat in the first quarter of 2024, trading in a narrow range around $56 a ton, having softened from levels above $80 in the first quarter of 2023.

Spot liquefied natural gas (LNG) for delivery to North Asia was also weakening in the first quarter, dropping from $11.70 per million British thermal units at the end of 2023 to a low of $8.30 in the week to March 1.

China's imports of natural gas, which includes both LNG and pipelines, rose 20.7% in the first four months of the year, with April imports of 10.3 million tons being slightly below March's 10.76 million, but well ahead of the 8.98 million from April last year. The overall message from China's commodity trade numbers is that while overall economic conditions may set a longer-term trend, movements from month to month reflect shifts in price momentum. The opinions expressed here are those of the author, a columnist for Reuters.

Top News - Carbon & Power

ANALYSIS-Gazprom loss shows struggle to fill EU gas sales gap with China

Kremlin-owned energy kingpin Gazprom, once Russia's most profitable company, could face a long period of poor performance as it struggles to fill the gap of lost European gas sales with its domestic market and Chinese exports.

The company recently announced an annual net loss of $7 billion, its first since 1999, following a steep decline in trade with Europe. Gazprom's troubles reflect the deep impact the European sanctions have had on Russia's gas industry, as well as the limitations of Moscow's growing partnership with China.

The impact of international sanctions on oil exports has been easier for Moscow to absorb because Russia has been able to redirect sea-borne oil exports to other buyers.

Gazprom relied on Europe as its largest sales market until 2022, when Russia's conflict with Ukraine prompted the EU to cut Gazprom gas imports. Russia supplied a total of around 63.8 billion cubic metres (bcm) of gas to Europe

by various routes in 2022, according to Gazprom data and Reuters calculations.
The volume decreased further, by 55.6%, to 28.3 bcm last year.
That's compared to a peak of 200.8 bcm Gazprom pumped in 2018 to the EU and other countries, such as Turkey.
Mysterious blasts at Nord Stream undersea gas pipelines from Russia to Germany in September 2022 also significantly undermined Russian gas trade with Europe.
Russia has turned to China, seeking to boost its pipeline gas sales to 100 bcm a year by 2030.
Gazprom started pipeline gas supplies to China via the Power of Siberia in the end of 2019.
It plans to reach the 38 bcm annual capacity of Power of Siberia by the end of this year, while Moscow and Beijing also agreed in 2022 about exports of 10 bcm from the Pacific island of Sakhalin.
Russia's biggest hope is the Power of Siberia 2 pipeline via Mongolia, which is planned to export 50 bcm per year. But that has hit some pitfalls due to the lack of agreement over pricing and other issues.
"While Gazprom will see some additional export revenues when all those pipelines will be up and running, it will never be able to offset completely the business it has lost to Europe," Kateryna Filippenko, a research director on gas and LNG at Wood Mackenzie, said.

CHINESE PIPEDREAM?
Russia has also struggled so far to establish a gas trading centre in Turkey, an idea first floated by President Vladimir Putin in October 2022. No significant development has been reported since.
Even if Gazprom can get its pipeline supply to China up and running, sales revenues will be much lower than from Europe.
According to Moscow-based BCS brokerage, Gazprom's revenue from gas sales to Europe in 2015-2019 averaged at $3.3 billion per month thanks to monthly supplies of 15.5 bcm.
Taking into account a price of $286.9 per 1,000 cubic metres, as reported by the Russian economy ministry, and Gazprom's gas exports of 22.7 bcm last year, the total value of the company's gas sold to China could have reach $6.5 billion for the whole of 2023.
Gazprom did not reveal its revenue from sales to Europe or China for 2023 separately.
Dr Michal Meidan, head of China Energy Research at Oxford Institute for Energy Studies, said China is unlikely to replace Europe for Russia as a highly profitable gas export market.
"China gives Russia an outlet but at much lower prices and revenue than Europe," she said.
In 2023, Russian pipeline gas was sold at $6.6 per million British thermal units (mmBtu) to China and slightly lower than that in the first quarter 2024 at $6.4/mmBtu.
That's compared to an average price of Russian gas in Europe of $12.9/mmBtu last year. According to a document seen by Reuters last month, Russia expects its gas price for China to continue gradually declining in next four years, while a worst-case scenario does not rule out a 45% fall to $156.7 per 1,000 cubic metres (around $4.4 per mmBtu) in 2027 versus 2023.
It didn't say what might drive prices down, but Russia is facing rivalry from other pipeline gas suppliers to China, such as Turkmenistan, as well as sea-borne liquefied natural gas.
The financials of Gazprom, which also include its oil and power units, showed that the revenue from the natural gas business more than halved last year, to just over 3.1 trillion roubles, while oil and gas condensate sales amounted to 4.1 trillion roubles, up 4.3%, according to BCS brokerage.
Alexei Belogoriyev of Moscow-based Institute for Energy and Finance said it would be impossible for Gazprom to restore profitability relying solely on its gas business.
He said strategic shift to production and export of ammonia, methanol and other gas processing products for Gazprom is possible, but it will not give a quick return.
"At the same time, the prospects for the Power of Siberia 2 remain vague: China most likely won't need for so much additional imports in 2030s due to the likely slowdown in demand growth and high domestic gas production rates," he said.

US discussed 'overcapacity' in Chinese solar manufacturing, coal in climate talks
The United States and China discussed Chinese overcapacity in solar and battery manufacturing, steel production and coal power during two days of bilateral meetings on climate change, senior State Department officials said on Friday.
Top U.S. climate change diplomat John Podesta met Chinese counterpart Liu Zhenmin for their first formal bilateral meetings on May 8 and 9 in Washington, where they discussed how to work together ahead of the COP29 climate summit in Azerbaijan, as well as how to cooperate on methane reduction and deforestation, among other issues.
A senior State Department official said during the meetings, the U.S. made clear that China's flooding of global markets with cheap solar panels and coal undercuts clean energy manufacturing in other countries.

WHY IT'S IMPORTANT
Liu's U.S. visit came as solar companies filed new trade petitions, asking the Biden administration to levy penalties on solar components from Chinese factories in four southeast Asian countries, citing unfair competition.
The United States is also reportedly weighing setting tariffs on Chinese electric vehicles.
Liu has warned of U.S. trade protectionism in recent public speeches.
"The countercurrents of protectionism and unilateralism have further extended the climate change governance gap," he said in a speech in China in April, adding that

constraints on Chinese solar panels and other technology would increase global costs of the clean energy transition.

CONTEXT

This was the first formal meeting between the world's two biggest greenhouse gas emitters since the COP28 summit ended in Dubai in December.

The meeting was also the first glimpse of the tone of the bilateral relationship on climate between the new envoys. Their predecessors, former Secretary of State John Kerry and Chinese climate envoy Xie Zhenhua, had always been friendly, even during times of broader political tensions.

The two had played a key role in brokering the final outcome at COP28, agreeing to bilateral language that paved the way for broad acceptance of an agreement by all countries to transition away from fossil fuels.

Another senior State Department official said that the tone of the talks continued to be cordial and said the two delegations met for dinner at Podesta's home on Wednesday.

WHAT'S NEXT

The two countries made a strong commitment to complete their new national climate strategies under the Paris Agreement by February 2025 and adopt measures that are aligned with the goal included in the Paris Agreement to hold global warming to within 1.5 C above pre-industrial temperatures.

The two countries said they would host a high-level meeting on sub-national cooperation on May 29-30 in California and would host a joint summit on methane and other non-CO2 gases at COP29.

Top News - Dry Freight

Trafigura delivers large amounts of aluminium to LME for lucrative rent deals, sources say

Commodity trader Trafigura delivered more than 400,000 metric tons of aluminium to London Metal Exchange (LME) warehouses for lucrative financial deals, three sources familiar with the matter told Reuters, explaining a hefty jump in stocks.

The so-called rent deals allow LME-approved warehouses to share fees with companies that deliver metal to them.

Companies that deliver aluminium for rent deals do not have to retain ownership of the metal, but can get a share of the rent, paid by the new owners, for as long as the metal stays in that warehouse. The sources said Swiss-based Trafigura delivered most of the 425,575 tons to LME warehouses in Port Klang, Malaysia. Rent for storing aluminium in LME warehouses is around 55 U.S. cents per ton per day, or more than $230,000 for that amount of aluminium.

Trafigura and the LME declined to comment. Total aluminium stocks in LME warehouses climbed 88%, or a net 424,000 metric tons, to 903,850 tons on Thursday, the highest level since January 2022. The delivery of 425,575 tons to Port Klang drove the jump. Two sources said most of the aluminium delivered to LME warehouses was of Indian origin and that there was potentially another 400,000 tons of aluminium waiting in Port Klang for delivery to LME warehouses.

One source said aluminium originating in Russia could be in the mix.

The LME banned from its system Russian aluminium, copper and nickel produced from April 13 to comply with new U.S. and UK sanctions imposed over Russia's invasion of Ukraine.

For metal produced before April 13, the LME created different categories for aluminium outside or already inside its system.

t later clarified the rules, in what industry sources said was a move to stop the gaming of the Russian aluminium sanctions and LME rule changes.

Benchmark three-month aluminium prices were last down 0.6% at $2,545.5 per ton.

Indonesia tenders to buy 300,000 metric tons rice, traders say

Indonesian state purchasing agency Bulog has issued an international tender to buy about 300,000 metric tons of rice, European traders said on Monday.

The deadline for registration for tender participation is Tuesday, May 14.

Details of shipment periods and dates for offer submissions have not yet been announced and are expected to be given on Tuesday, traders said.

Bulog is seeking white rice of 5% broken grade from the 2023 to 2024 crop year, milled not longer than six months ago, they said. The tender continues efforts by Indonesia's government to boost rice imports to cool prices after a poor local crop. Bulog has imported 1.2 million tons of rice so far in 2024 amid efforts to stabilise domestic prices, its chief executive said on Thursday. Indonesia has allotted 3.6 million tons for its rice import quota this year.

Rice prices in Indonesia have risen about 20% since last year after the El Nino weather phenomenon cut rainfall in 2023, reducing output and adding to food inflation.

In its last international rice tender reported on April 23, Bulog is believed to have purchased about 300,000 tons sourced from Vietnam, Thailand, Pakistan and Myanmar.

Picture of the Day

A view shows activity of the Villarrica volcano during the night, as seen from Pucon, Chile May 12. REUTERS/Cristobal Saavedra Escobar

(Inside Commodities is compiled by Nandu Krishnan in Bengaluru)

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

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