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Top News - Oil

EU ministers fail to persuade Hungary to sign up to Russian oil embargo

EU foreign ministers failed on Monday in their effort to pressure Hungary to lift its veto of a proposed oil embargo on Russia, with Lithuania saying the bloc was being "held hostage by one member state".

The ban on crude imports proposed by the European Commission in early May would be its harshest sanction yet in response to Moscow's Feb. 24 invasion of Ukraine and includes carve-outs for EU states most dependent on Russian oil.

Germany, the European Union's biggest economy and a major buyer of Russian energy, said it wanted a deal to authorise the oil embargo, which it suggested could last for years.

As expected, the ministers failed to reach a deal on Monday, EU foreign policy chief Josep Borrell said after the meeting, with ambassadors now charged to negotiate an agreement.

"Unhappily, it has not been possible to reach an agreement today," Borrell told reporters, saying Hungary set out its argument based on economic, not political, concerns.

Borrell said foreign ministers had decided, however, to provide an additional 500 million euros for arms purchases in support of Kyiv, taking the total sum of money the EU has earmarked for that purpose to 2 billion euros.

Some diplomats now point to a May 30-31 summit as the moment for agreement on a phased ban on Russian oil, probably over six months, with a longer transition period for Hungary, Slovakia and the Czech Republic.

"I am confident that we will find agreement in the coming days," German Foreign Minister Annalena Baerbock said. Dutch Foreign Minister Wopke Hoekstra spoke of a deal soon.

Hungary, Moscow's closest ally in the EU, has said it wants hundreds of millions of euros from the bloc to mitigate the cost of ditching Russian crude. The EU needs all 27 states to agree to the embargo for it to go ahead.

"The whole union is being held hostage by one member state ... we have to agree, we cannot be held hostage," Lithuanian Foreign Minister Gabrielius Landsbergis said.

COST OF 15-18 BLN EUROS?

Hungary's Foreign Minister Peter Szijjarto said Budapest had not received any serious new proposal from the European Commission regarding oil sanctions since the executive's president visited Hungary earlier this month.

"The European Commission has caused a problem with a proposal so it's a rightful expectation from Hungary ... that the EU should offer a solution: to finance the investments and compensate for ... the (resulting) price rises which necessitates a total modernisation of Hungary's energy structure in a magnitude of 15-18 billion euros," he said on Facebook.

Borrell questioned those figures, saying Szijjarto had spoken of much lower numbers with ministers on Monday and that the oil embargo went beyond individual EU governments.

"We have to get rid of this strong dependency (on Russian energy) that makes us very vulnerable," Borrell said.

An oil embargo, already imposed by the United States and Britain and which would follow five rounds of earlier EU sanctions, is widely seen as the best way to reduce Russian income for its war in Ukraine. The EU has banned Russian coal.

Moscow calls its invasion of Ukraine a "special military operation" to rid the country of fascists, an assertion Kyiv and its allies say is a baseless pretext for an unprovoked war.

INSIGHT- Iraq balks at greater Chinese control of its oilfields

Iraq's oil ministry thwarted three prospective deals last year that would have handed Chinese firms more control over its oilfields and led to an exodus of international oil majors that Baghdad wants to invest in its creaking economy.

Since the start of 2021, plans by Russia's Lukoil and U.S. oil major Exxon Mobil to sell stakes in major fields to Chinese state-backed firms have hit the buffers after interventions from Iraq's oil ministry, according to Iraqi oil officials and industry executives.

Selling a stake to a state-run Chinese company was also one of several options being considered by Britain's BP, but officials persuaded it to stay in Iraq for now, people familiar with the matter said.

China is Iraq's top investor and Baghdad was the biggest beneficiary last year of Beijing's Belt and Road initiative, receiving $10.5 billion in financing for infrastructure projects including a power plant and an airport.

But when it comes to further Chinese investment in major oilfields, Baghdad has drawn a line in the sand.

Iraq's government and officials at state-run firms are concerned that further consolidation of fields in the hands of Chinese companies could accelerate an exodus of Western oil companies, a total of seven Iraqi oil officials and executives with companies operating in Iraq told Reuters in interviews.

Supported by state-run oil company officials, Iraq's Oil Minister Ihsan Abdul Jabbar dissuaded Lukoil last year from selling a stake in one of the country's largest fields, West Qurna 2, to Chinese state firm Sinopec, three people familiar with the matter said. Iraqi officials also intervened last year to stop Chinese state-backed firms buying Exxon's stake in West Qurna 1 and to persuade BP to stay in Iraq rather than offloading its interest in the giant Rumaila oilfield to a Chinese company, people familiar with the matter said.

Combined, Rumaila and West Qurna produce about half of the crude coming out of Iraq, which sits on the fifth-largest oil reserves in the world.

Iraq's oil ministry did not respond to requests for comment about the deals or the minister's role in any interventions.

The government worried that China's dominance could make Iraq less attractive for investment from elsewhere, two government officials said.

China's strengthening relationship with Iran has helped its position in Iraq due to Tehran's political and military influence there, but the oil ministry is wary of ceding more control over the country's key resources, some officials said.

"We don't want the Iraqi energy sector to be labelled as a China-led energy sector and this attitude is agreed by government and the oil ministry," another Iraqi official said.

RISKY STRATEGY

The interventions over BP, Exxon and Lukoil's positions in Iraq come after British oil major Shell decided in 2018 to withdraw from Iraq's vast Majnoon oilfield.

The interventions also mark a shift in stance after Chinese companies won most energy deals and contracts awarded over the past four years. Iraqi oil officials said Chinese firms have accepted lower profit margins than most rivals.

"All the rules regarding tenders were formulated jointly by the Chinese and Iraqi sides and were conducted under transparent and fair principles," said state-owned China National Offshore Oil Corporation (CNOOC) in an emailed statement.

Pushing back against further Chinese investment is a risky strategy, though, as there's no guarantee others will step up and the government needs billions of dollars to rebuild the economy after the Islamic State insurgency was defeated in 2017.

Over the past decade, oil revenue accounted for 99% of Iraq's exports, 85% of the country's budget and 42% of its gross domestic product, according to the World Bank.

While oil majors jostled to get access to Iraq's vast oilfields after the U.S.-led invasion in 2003, they are increasingly focused on the energy transition and more profitable plays elsewhere. They also want better terms to develop fields, oil executives said.

China is among the biggest buyers of Iraq's crude and Chinese state firms have built up a dominant position in its oil industry.

But when Lukoil notified the government last summer that it was considering selling some of its stake in West Qurna 2 to Sinopec, the oil minister intervened, people familiar with the matter said.

It has not previously been reported that Sinopec was the potential buyer of Lukoil's stake. The Chinese company did not respond to a request for comment.

To encourage Lukoil to stay, Iraq offered a sweetener, a person with direct knowledge said.

A few months after Lukoil signalled it was considering a sale, Baghdad finally approved its plan to develop a field known as Block 10, where the Russian company had discovered an oil reservoir in 2017. Afterwards, Lukoil dropped the idea of selling its stake in West Qurna 2, the source said.

Lukoil did not respond to a request for comment.

BP AND EXXON

Over the past few years BP has also spoken to the government about its options - including leaving Iraq altogether - before settling on spinning off its stake in Rumaila into a standalone company last year, two people familiar with the matter said.

Oil minister Abdul Jabbar led efforts to convince BP not to leave as the government was concerned its partner in the field, China National Petroleum Corporation (CNPC), would buy BP's stake, the people said. Baghdad was also keen to keep such a high-profile international oil major in the country, they said.

BP declined to comment.

When Exxon flagged its intention to leave Iraq in January 2021, meanwhile, U.S. officials told Exxon they were unhappy with the prospect of the biggest U.S. oil major pulling out – for reasons that echoed Iraqi concerns.

State department officials said Exxon's departure could create a vacuum for Chinese companies to fill, a person familiar with the conversations said.

U.S. officials then asked Exxon what it would take to stay in Iraq, the person said, declining to give further details.

A State Department spokesperson said: "We regularly engage with our Iraqi counterparts on fostering an environment conducive to private sector investment."

Exxon had signed an agreement for the sale of its interest in West Qurna 1 to CNOOC and PetroChina, the listed arm of CNPC, people familiar with the matter said.

Neither CNOOC nor CNPC responded to requests for comment about the deals.

Exxon's stake was valued at $350 million to $375 million, said people familiar with the matter.

Iraq has veto power over oilfield deals, however, and did not approve the transaction.

Exxon filed for arbitration with the International Chamber of Commerce against Basra Oil Co., arguing that it had followed the terms of its contract for West Qurna 1 and had a good deal on the table, people familiar with the matter said.

The oil ministry then took the unusual step of trying to broker a deal on Exxon's behalf. The ministry offered Exxon's stake to other Western companies including

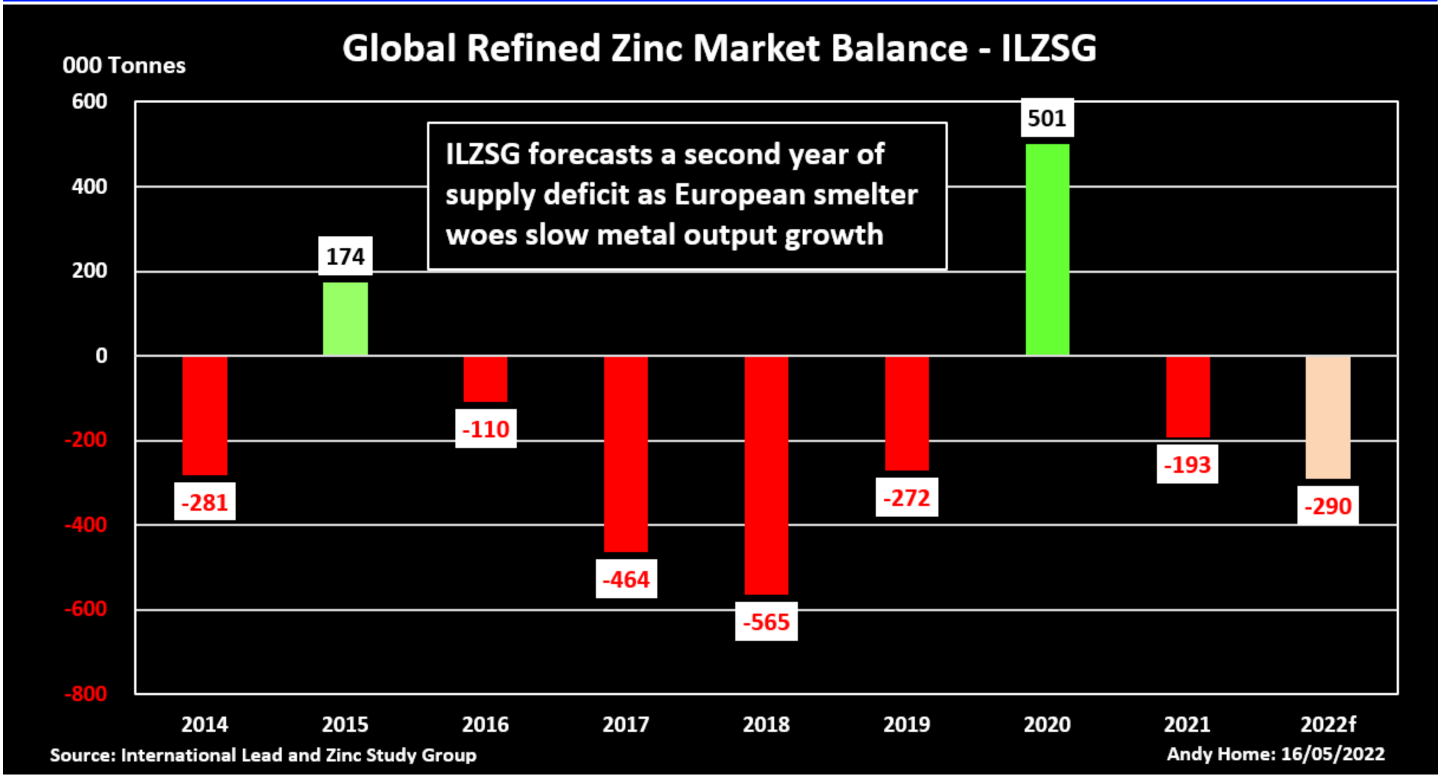
Chevron Corp. No one was interested. Rather than let the stake go to the Chinese companies, Baghdad said the state-run Iraq National Oil Company (INOC) would take it instead, though INOC is still in the process of being revived after being defunct for many years.
"(Exxon) will continue to work closely and constructively to reach an equitable resolution," said a spokeswoman.

SERVICE CONTRACTS
Iraq's oil industry is mostly based on technical service contracts between the state-backed Basra Oil Co. and foreign companies that are repaid costs plus a fee per barrel to develop fields, while Iraq retains ownership of the reserves.
Oil majors typically prefer deals that allow a share in profits rather than a set fee.
The priority for Chinese firms, however, is achieving secure oil supplies to feed China's growing economy, rather than returns for investors, said a Chinese oil executive with direct knowledge of CNPC's global investments.
There are some signs, however, that Iraq is attempting to make its terms more appealing.
France's TotalEnergies signed a $27 billion deal in September that included payment of 40% of revenue from one field. The deal has stalled, however, due to disputes over terms and it still needs approval from some Iraqi government agencies, Reuters reported in February.
TotalEnergies said it was fully committed to the project.
One oil company executive said they were sceptical Iraq would introduce more attractive terms. But unless they improve significantly, analysts say it is hard to imagine Iraq will be able to stem the exodus as the energy transition accelerates.
"Many of the energy majors are looking at the carbon emissions, their ability to generate cash flows if commodity prices are low, and they're looking at improving returns," said Ian Thom, research director at consultancy Wood Mackenzie.
"As the priorities of the energy companies are changing, the relative attractiveness of Iraq is changing."

Top News - Agriculture

Wheat importers in Asia scramble for supplies after Indian export ban
Wheat importers in Asia were scrambling to find new sources of supply on Monday after India banned exports of the grain at the weekend in a bid to keep a lid on soaring domestic prices, trade sources told Reuters.
Importers, especially those in Asia, were banking on wheat from India, the world's second-biggest producer, after exports from the Black Sea region plunged following Russia's Feb. 24 invasion of Ukraine.
Russia and Ukraine jointly account for about 30% of global wheat exports. Ukraine's exports are severely hampered because the war has forced it to close its ports, while Russia's exports have been hit by Western sanc-

Chart of the Day



REFINITIV
DATA IS JUST THE BEGINNING

tions. "Asian importers are likely to be in deep trouble. India was the Ukraine/Russia alternative especially for feed wheat. (They are) already today casting around for alternatives," said a Europe-based wheat trader at a global trade house.
He said importers in Asia were even looking to buy more Russian wheat despite payment problems linked to sanctions on Russian banks and elevated shipping insurance premiums.
Benchmark wheat futures in Chicago jumped by their 6% limit on Monday as markets reacted to the surprise ban, which came just days after New Delhi said it was targeting record wheat shipments of 10 million tonnes this year.
Its policy reversal now means only exports backed by letters of credit (LCs), or payment guarantees, issued before May 13 can proceed.
That equates to only about 400,000 tonnes, industry sources told Reuters, adding that 1.8 million tonnes is now trapped at the country's ports.
Traders holding that wheat face heavy losses because they will have to cancel their export deals and resell onto a weakening domestic market.
"It started already this morning. Traders (who don't have LCs) had to announce cancellation of contracts. I'd assume from mid-June there will be no more (India) shipments," said a second Europe-based wheat trader.
India's export ban, prompted by a heatwave that has cut harvest prospects and pushed domestic prices to a record high,
also comes amid output issues in traditional export powerhouses Canada, Europe and Australia.
Traders say the ban could drive global prices to new record peaks, hitting poor consumers in Asia and Africa particularly hard.
Top destinations for Indian exports include Bangladesh, Indonesia, Nepal and Turkey, and top global wheat buyer Egypt recently agreed to make a first ever purchase of Indian wheat. That deal is officially still on the cards as India has said it will still allow exports to countries that request supplies "to meet their food security needs", but market experts are sceptical.
"There's uncertainty over how much will be exported to countries India considers having food security needs. They might just export to friendly neighbouring countries," said Carlos Mera, agri commodities analyst at Rabobank.

NOPA April soybean crush below expectations at 169.788 mln bushels
The U.S. soybean crush dropped by more than expected in April, while the end-of-month soyoil supply thinned to the lowest in seven months, according to National Oilseed Processors Association (NOPA) data released on Monday.
NOPA members, which account for around 95% of soybeans processed in the United States, crushed 169.788 million bushels of soybeans last month, down 6.6% from the 181.759 million bushels crushed in March but up 5.9% from the April 2021 crush of 160.310 million bushels. It was the second-largest April crush on record for NOPA members, behind only 2020.
The crush had been expected to drop to 172.370 million bushels, according to the average of estimates from 10 analysts. Estimates ranged from 169.448 million to 177.000 million bushels, with a median of 171.825 million bushels.
The processing pace slowed in April despite strong margins and adequate crushing supplies as several plants were idled for seasonal maintenance, analysts said.
Soyoil supplies among NOPA members as of April 30 fell to 1.814 billion lbs, the smallest end-of-month stocks since September.
The stocks were down 4.9% from 1.908 billion lbs at the end of March but up 6.6% from the end of April 2021, when NOPA members held stocks totaling 1.702 billion lbs.
Soyoil supplies at the end of April were expected to have tightened to 1.839 billion pounds, according to the average of estimates gathered from seven analysts. Estimates ranged from 1.648 billion to 1.950 billion, with a median of 1.860 billion.

Top News - Metals

Europe's aluminium deficit triggers further large LME stock draw
Aluminium inventories in London Metal Exchange (LME) warehouses, already at their lowest in nearly 17 years, are likely to fall further over coming days and weeks as more metal leaves the LME system and heads for Europe where supplies are scarce.
Record high power prices in Europe have pushed up costs of producing metals such as aluminium used widely in the energy, construction and packaging industries.
Western Europe accounts for about 10% of global consumption estimated around 70 million tonnes this year.
Citi analyst Max Layton said in a recent note that aluminium supply risks remain elevated, with about 1.5 million to two million tonnes of output at risk of closure across Europe and Russia over the next three to 12 months.
Shortages in Europe have resulted in large draws on LME aluminium stocks, which have fallen 72% since March last year to 532,500 tonnes, the lowest since November 2005.
Even more worrying for the aluminium market, on warrant stocks -- metal available to the market -- at 260,075 tonnes, is the lowest on record and likely to fall further as more metal leaves LME warehouses.
"Aluminium continued its rally from last Friday after on-warrant stocks dropped to a record low, reflecting tightness in the ex-China market," said ING analyst Wenyu Yao.

"However, supply growth has exceeded demand from China's market...demand (in China) has been in a soft patch due to Covid-related lockdowns."
Benchmark aluminium prices on the LME earlier hit a one -week high of $2,865 a tonne. It was last up 1.2% at $2,822.
Worries about availability on the LME has narrowed the discount for the cash over the three-month aluminium contract to $26.5 a tonne from $36 a week ago.
The physical market duty-paid premium that consumers in Europe pay for their aluminium, above the benchmark LME price, is trading at all-time highs of $615 a tonne.
Primary aluminium output in China, the world's top producer and consumer of the metal, hit a record high of 3.36 million tonnes in April after curbs on power production eased, allowing smelters to expand operations.

Palladium to swing back into deficit, platinum surplus to fall -Metals Focus

Improving demand and lower supply will help palladium and rhodium swing back into deficit this year and reduce platinum's surplus, consultants Metals Focus said on Monday.
The three precious metals are used by automakers in engine exhaust systems, where they neutralise harmful emissions. Platinum is also used in other industries and for jewellery and investment. Demand from auto makers, which are beginning to overcome a shortage of semiconductors that forced them to cut production, will lift demand for all three metals, Metals Focus said.
On the supply side, palladium and platinum production could be constrained by major producer Russia's conflict with Ukraine, while output from another key producer, South Africa, will fall, it said.
Logistical issues and limited automotive scrap feedstock will also impede supply from recycling.
Metals Focus said the roughly 10 million ounce a year palladium market should swing back from its first surplus in 10 years in 2021 to a deficit of 521,000 ounces in 2022 and that prices would average $2,290 an ounce this year.
Palladium jumped to a record high of $3,440.76 an ounce earlier this year and now costs around $1,930 an ounce.
The surplus in the nearly eight million ounce a year platinum market is expected be 40% lower than in 2021 at 477,000 ounces this year, while prices will average $990 an ounce, Metals Focus said.
It predicted a deficit of 30,000 ounces in 2022 in the one-million-ounce rhodium market, included in the Metals Focus report for the first time.
Rhodium's annual average price will fall 17% from last year to $17,750 an ounce in 2022, the report said. Rhodium currently trades around $15,600.

MARKET MONITOR as of 06:50 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$114.19 / bbl	-0.01%	51.83%
NYMEX RBOB Gasoline	$4.02 / gallon	-0.18%	80.19%
ICE Gas Oil	$1,094.25 / tonne	0.02%	64.06%
NYMEX Natural Gas	$8.07 / mmBtu	1.42%	116.33%
Spot Gold	$1,829.37 / ounce	0.31%	0.05%
TRPC coal API 2 / Dec, 22	$225 / tonne	-4.26%	82.93%
Carbon ECX EUA / Dec, 22	€89.56 / tonne	1.22%	11.05%
Dutch gas day-ahead	€91.90 / Mwh	-1.18%	38.20%
CBOT Corn	$8.04 / bushel	-0.74%	35.44%
CBOT Wheat	$12.48 / bushel	0.44%	61.86%
Malaysia Palm Oil (3M)	RM6,086 / tonne	-0.86%	29.57%
Index (Total Return)	**Close 16 May**	**Change**	**YTD Change**
Rogers International	33.95	-	-
U.S. Stocks - Dow	32,223.42	0.08%	-11.32%
U.S. Dollar Index	103.98	-0.20%	8.35%
U.S. Bond Index (DJ)	404.83	0.00%	-14.23%

Top News - Carbon & Power

EU clarifies how companies can legally pay for Russian gas

The European Commission has confirmed how European Union companies can pay for Russian gas without breaching the bloc's sanctions against Russia, in updated guidance on the issue seen by Reuters.

The Commission told countries last month that European companies may be able to pay for Russian gas without breaching EU sanctions against Moscow, but only if they followed certain conditions, after Russia demanded foreign buyers start paying for gas in roubles or risk losing their supply.

In updated guidance, shared with EU countries on Friday and seen by Reuters, the Commission confirmed its previous advice that EU sanctions do not prevent companies from opening an account at a designated bank, and companies can pay for Russian gas - so long as they do so in the currency agreed in their existing contracts and declare the transaction completed when that currency is paid.

Nearly all of the supply contracts EU companies have with Russian gas giant Gazprom are in euros or dollars.

Russia cut gas supply to Poland and Bulgaria last month for refusing to comply with its rouble payment demand. Several EU governments and large importers have sought more clarity from Brussels on whether they can keep buying gas, which heats homes, produces electricity and powers factories across Europe.

Companies should make a "clear statement" saying that when they pay euros or dollars, they consider their obligations under existing contracts to be fulfilled, the guidance said.

It should be understood that "such payments in that currency discharge definitively the economic operator from the payment obligations under those contracts, without any further actions from their side as regards the payment," it said. By ending its obligations once it deposits euros or dollars, a company could avoid being involved in dealing with the Russian central bank, which is under sanctions, and which could have been involved in converting the euros to roubles.

President Vladimir Putin's decree had said a transaction would only be deemed complete after the foreign currency was converted to roubles. The Commission did not immediately respond to a request for comment.

UK's energy regulator proposes quarterly price cap reviews

Britain's energy regulator Ofgem said on Monday it plans to review a price cap on consumer bills every quarter rather than twice a year to reflect the volatile price swings in the market and help prevent more suppliers from going bust.

More than 25 suppliers collapsed last year squeezed by record high wholesale energy prices and with the cap preventing them from passing on costs to customers.

Ofgem said moving to a quarterly review would mean the cap is more reflective of current market prices and any price falls would be delivered more quickly.

"Should prices start cooling off again those changes will be passed back through to consumers as soon as possible," Dan Norton, Ofgem price cap deputy director said in a press briefing.

The price cap was raised 54% in April to an average 1,971 pounds a year to reflect soaring global gas prices last year following the reopening of the global economy from COVID-19 lockdowns.

The cost of finding new suppliers for customers whose companies had gone bust also accounted for around 10% of the April price cap increase or 68 pounds a year.

"This change would also help energy suppliers more accurately predict how much energy they need to purchase for their customers, reducing the risk of further supplier failures," Ofgem said in a statement.

British wholesale gas prices hit fresh record highs following Russia's invasion of Ukraine and have remained elevated due to fears over disruption to Russian gas supplies to Europe.

Analysts expect the cap to rise again in October, by more than 30% to an average of 2,595 pounds a year latest forecasts from Cornwall Insights showed. Ofgem will now launch a new consultation on the plan with the industry.

The price cap will change in October and if a quarterly review is adopted it would be introduced for January.

Ofgem's Norton said it was too early to predict whether another price cap rise was likely in January.

The regulator also proposed increasing its "stabilisation charge" - the amount a new supplier must pay to an old supplier when a customer switches providers to compensate for any losses it may make on its power hedges if wholesale prices fall after the customer has left.

Ofgem said this would help prevent firms from going bust but consumer champion Martin Lewis said on Twitter the change would be a “disaster” for customers, "killing hopes of firms launching cheaper deals.”

Top News—Dry Freight

EXCLUSIVE-India's surprise wheat export ban traps 1.8 mln T at ports-trade

India's wheat export ban has trapped some 1.8 million tonnes of grain at ports, leaving traders facing heavy losses from the prospect of selling onto a weaker domestic market, four dealers told Reuters.

New Delhi banned wheat exports on Saturday, just days after saying it was targeting record shipments of 10 million tonnes this year, as a scorching heat wave curtailed output and domestic prices hit a record high.

Only exports backed by letters of credit (LCs), or payment guarantees, issued before May 13 can proceed before the ban takes effect, India has said.
But of the around 2.2 million tonnes of wheat currently at ports or in transit there, traders have LCs for only 400,000 tonnes, a Mumbai-based dealer with a global trading firm said.
"Exporters don't know what to do with the remaining 1.8 million tonnes. Nobody thought the government will outright ban the exports," said one dealer, who declined to be named due to company policy.
One Mumbai-based trader said the ban could force it to declare force majeure on shipments to overseas customers. "We bought wheat from traders and moved it to ports," the trader said. "Our intention is to fulfil export commitments, but we can't overrule government policy. Therefore, we don't have any option but to declare force majeure."
Global buyers were banking on supplies from the world's second-biggest wheat producer after exports from the Black Sea region plunged following number one exporter Russia's Feb. 24 invasion of Ukraine.
Importers such as Bangladesh, Indonesia and United Arab Emirates may struggle to find alternative suppliers amid rising global prices.
The abrupt ban will also make it harder for exporters to sell stocks lying at ports profitably.
They may have to re-sell those cargoes into the weaker domestic market, which has been under fresh price pressure since the export ban news emerged, a New Delhi-based trader with a global trading firm said, and will also have to pay reloading and transport costs.
Around 1.4 million tonnes of wheat is currently stuck at west coast ports such as Mundra and Kandla or in transit there, while around another 800,000 tonnes is at the Kakinada, Tuticorin and Visakhapatnam ports on the east coast, dealers said.
"Vessel loading has stopped at a few ports. Thousands of trucks are waiting to unload at ports without any clarity," the trader said. Global trading houses are among those affected by the ban, as in some transactions their Indian subsidiaries had sold the wheat to their regional headquarters in Singapore before securing the necessary LCs, said an exporter. Strong export demand and an assumption that the government would support shipments of at least 8 million-10 million tonnes encouraged exporters to move cargoes to ports after making purchases from farmers, said a New Delhi-based dealer with a global trading house.
Every trading house wanted to ship as much as possible before the end of June, as crop movement becomes difficult once monsoon rainfall picks up, the dealer said.
"The Commerce Ministry and even state governments were helping exporters. Exports were profitable, so we never thought the government would do something like this," he said.

Russian wheat prices up, export pace slows

Russian wheat export prices rose last week with higher wheat prices in Chicago, analysts said on Monday, adding that the country's exports were slowing down due to seasonal factors.
Prices for wheat with 12.5% protein content for supply in May from Black Sea ports were at $390 free on board (FOB) at the end of last week, up $5 from a week earlier, the IKAR agriculture consultancy said.
Sovecon, another consultancy, said, citing data from ports, that Russia exported 330,000 tonnes of grains last week compared with 440,000 tonnes a week earlier.
The consultancy expects the pace of wheat exports from Russia to slow to 1 million tonnes in May from 2.2 million tonnes in April as the state export quota is being depleted.
In the domestic market, prices fell due to strong rouble currency and higher supply from farmers who need to clean up their storage before the new crop arrives in summer.
Russia's 2022 wheat crop is expected to reach a record-high of 87 million tonnes, President Vladimir Putin said last week.
Spring grains were planted on 12.6 million hectares as of May 12 vs 11.5 million hectares a year ago as the sowing accelerated in Russia's Volga region, Sovecon said.
The weather remains very good for the upcoming crop, Sovecon said, adding that farmers across almost all key regions report good conditions for winter wheat.

Picture of the Day

A worker sifts wheat before filling in sacks at the market yard of the Agriculture Product Marketing Committee (APMC) on the outskirts of Ahmedabad, India. REUTERS/Amit Dave

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(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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