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Top News - Oil

China annual oil refinery output falls for first time in 20 months amid maintenance

China's refinery output fell 3.3% in April from a year earlier, the first annual decline in 20 months, as large refiners carried out regular maintenance and small independent plants curbed production due to thin profit margins.
Refinery throughput was 58.79 million metric tons, according to data from the National Bureau of Statistics (NBS) on Friday, equivalent to 14.3 million barrels per day (bpd).
That's lower than 15.09 million bpd in March and 14.45 million bpd for the January-February period.
The 3.3% fall was the first year-on-year decline since August 2022, according to Reuters' records of NBS data.
State-run refineries such as Sinopec's Zhanjiang and Zhenhai refineries, as well as large independent refiner Dalian Hengli Petrochemical underwent planned maintenance in April, according to Chinese commodities consultancy Oilchem.
Smaller independent processors operated at less than 55% of capacity in April, down some 10 percentage points from a year earlier, Oilchem's data showed.
Throughput for January to April inched up 1.1% from a year earlier to 241.26 million tons, or 14.56 million bpd, the data showed, reflecting a pick up in economic activity as more people travelled and so increased use of gasoline and aviation fuel.
State refining giants Sinopec and PetroChina both reported strong year-on-year fuel sales growth in the first quarter, domestically and for exports, as they cashed in on firm regional refining margins.
Jet fuel sales led the expansion followed by gasoline, though diesel fuel lagged as China's prolonged property woes cut into the use of the fuel for construction.
Passenger air traffic rose 1.84% year-on-year in April to 800,990 flights, a level about 4% higher than April of 2019 before COVID, according to civil aviation data provider Variflight.
While domestic flights last month dipped year on year, international flights more than doubled to 55,672, although they remained 30% lower than April 2019, the data showed. NBS data showed China's crude oil production in April rose 1.3% from a year earlier to 17.47 million tons, or about 4.25 million bpd.
Year-to-date, output was up 2.1% on year at 70.95 million tons, or 4.28 million bpd. Natural gas production grew 3.2% last month to 19.8 billion cubic metres (bcm), and output between January and April rose 5% at 83 bcm.

EXCLUSIVE-Chevron prepares for North Sea exit after more than 55 years

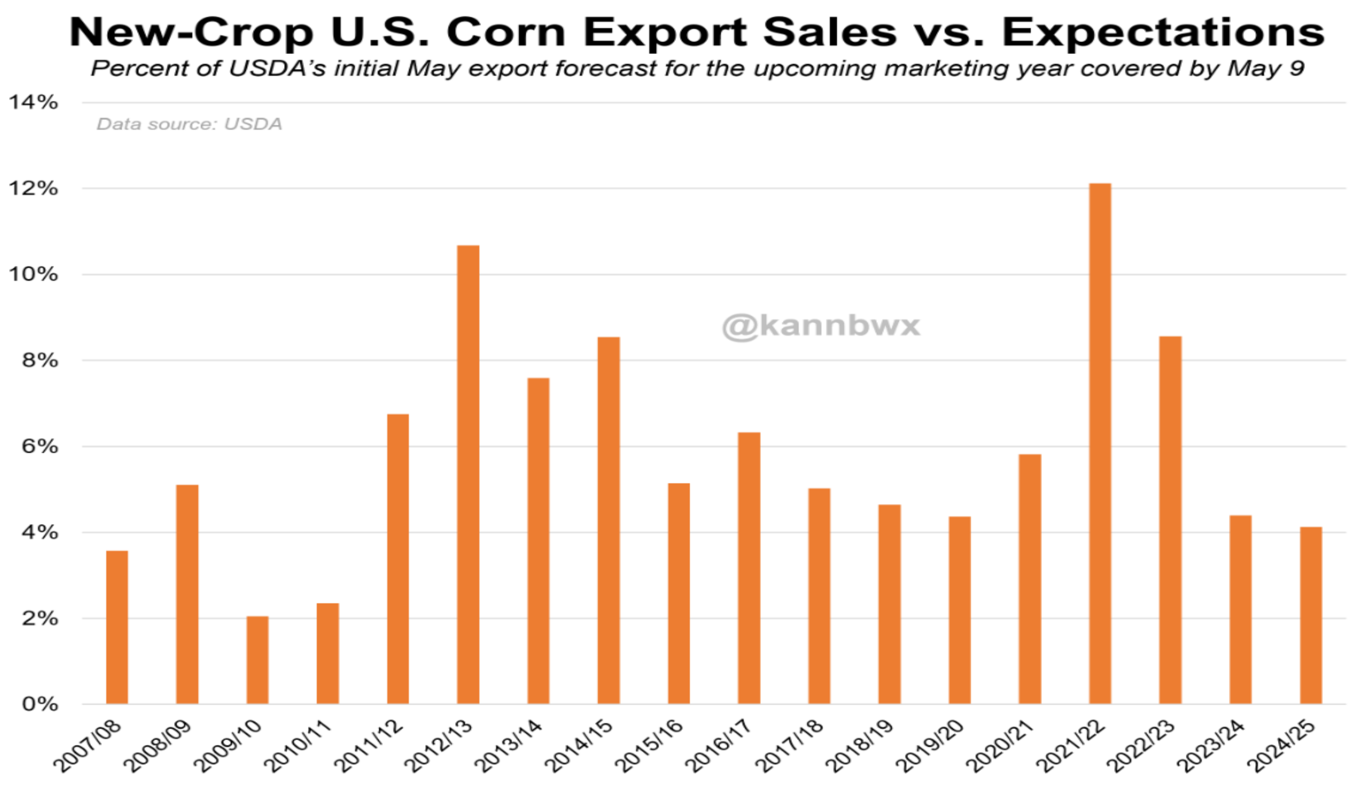
Chevron said it is set to launch the sale of its remaining UK North Sea oil and gas assets, in a move that would mark the U.S. energy giant's exit from the ageing basin after more than 55 years.
The planned divestment, confirmed to Reuters on Thursday, comes as Chevron prepares for the $53 billion acquisition of rival Hess which it previously said will include $10 billion to $15 billion in asset sales around the world.
The exit will be the latest step in a steady retreat of top oil and gas companies from the declining British basin which pioneered deepwater production in the 1970s, as they focus on newer assets around the world.
Chevron's assets include a 19.4% stake in the BP-operated Clair oilfield in the West of Shetland region, the largest in the British North Sea with production of 120,000 barrels per day.
BP has said it is considering a third development phase for the field, known as Clair South, which is one of the largest remaining untapped fields in the North Sea.
UK oil and gas production has dropped from a peak of around 4.5 million boed in the late 1990s to around 1.2 million boed in 2023.
Chevron is also seeking to sell its marginal interests in the Sullom Voe oil terminal, as well as its stakes in the Ninian and SIRGE pipeline systems which are both linked to the hub, it said in a statement.
The sale could raise up to $1 billion excluding tax benefits, one industry source said.
The process is expected to be formally launched in June, industry sources told Reuters.
It will not impact the operations of Chevron's international headquarters in London or its technology centre in Aberdeen, the company said.
The exit follows a review of Chevron's global portfolio as CEO Mike Wirth seeks to focus on the firm's most profitable assets, Chevron said.
In 2018, Chevron sold its stake in the Rosebank field development to Equinor.
A year later it sold many of its North Sea assets to Ithaca Energy.
Other major oil companies, including Exxon Mobil, ConocoPhillips and Shell, have sold assets in the basin since the 2000s.
"Chevron continues the trend that has seen the North American majors seek to exit the UK," David Moseley, analyst at consultancy Welligence said.

Potential acquirers for Chevron's assets include independents looking to grow, he added.
Chevron has said it would sell up to $15 billion in assets as part of its planned acquisition of Hess, which has hit a stumbling block due to a legal conflict with rival Exxon over assets in Guyana. It said the North Sea sale process is not related to a 35% windfall tax the British government imposed on North Sea producers following the surge in energy prices in 2022.
"As part of Chevron's focus on maintaining capital discipline in both traditional and new energies, we regularly review our global portfolio to assess whether assets are strategic and competitive for future capital," it said. The process is expected to take months, it added.

Top News - Agriculture

COLUMN-US soy exporters off to worst new-crop start in 23 years amid China's absence: Braun
The upcoming U.S. soybean harvest is expected to approach record levels, but exporters had sold practically none of it as of last week, a typical time when new-crop sales may start to roll in.
As of May 9, U.S. soybean export sales for the 2024-25 marketing year starting Sept. 1 had reached just 890,387 metric tons, a 19-year low for the date and almost two-thirds lower than a year ago.
However, those sales cover just 1.8% of the U.S. Department of Agriculture's initial 2024-25 U.S. export forecast, the smallest portion in 23 years, just before the 2001-02 season.
For reference, USDA sees 2024-25 U.S. soy exports about 70% higher than in 2001-02, but Brazilian soybean exports have increased more than sevenfold since then and Chinese imports more than tenfold. U.S. supplies accounted for 55% of global bean trade back then versus about 28% today. China's lack of interest in new-crop U.S. soybeans has become a sore spot for bean bulls.
The top soy buyer had nothing on the books for 2024-25 as of last week, the first such instance in 19 years.
Some industry analysts fear President Joe Biden's recent tariff escalation on Chinese goods could further harm the already-shaky U.S. grain and oilseed export program. Beijing has vowed retaliation, calling the U.S. move "bullying" on Wednesday.
Some 2024-25 Chinese bookings could be hiding behind the designation of unknown destination, though those amounted to a below-average 625,000 tons as of May 9, the date's lowest in four years.

Chart of the Day



USDA pegs total 2024-25 U.S. soybean exports at 49.7 million tons (1.825 billion bushels). USDA on Wednesday reported a 60,000-ton new-crop soybean sale to unknown, packaged with a 120,000-ton old-crop sale.
Soybean sales for 2023-24 have also been sluggish, as just 13% of the full-year target has been sold since Jan. 1, equal to last year's pace but below the average of around 20%. Brazil is at the height of its soybean export season, padding China's supply and reducing its immediate needs for U.S. beans. China's April soybean imports were record-high for the month, and above-average volumes are expected to continue in May and June.
USDA sees both 2024-25 U.S. soybean and corn exports up on the year, though the corn volume would be slightly above the recent five-year average while the bean one would be safely below.
But next year's corn book is nothing to write home about, either. As of May 9, U.S. corn sales for 2024-25 stood at 2.3 million tons, a six-year low for the date and down 14% from a year ago.
The situation is worse relative to USDA's full-year corn export projection, which was just 4.1% covered as of May 9, the date's smallest portion in 14 years. But the share was below 5% on the same date in three of the last six years, including last year's 4.4%, so corn's predicament is not as bad as that of soybeans.
Additionally, USDA on Tuesday announced a new-crop U.S. corn sale to Mexico worth 270,000 tons, the largest daily corn sale since November.

(Karen Braun is a market analyst for Reuters. Views expressed above are her own.)

Argentina exchange trims soy harvest estimate to 50.5 mln T
Argentina's Buenos Aires grains exchange on Thursday trimmed its estimate for the 2023/24 soybean harvest to 50.5 million metric tons, citing hot and dry weather in March in northern regions.
The exchange cut its soy estimate from 51 million tons previously. Argentina is one of the world's top two exporters of processed soy oil and meal along with neighbor Brazil.
Through Wednesday, Argentine farmers had harvested around 64% of this season's soybean crop, the exchange said.
The 2023/24 corn harvest, meanwhile, slowly chugged along in the past week as farmers wait for the crop's humidity levels to come down.
The corn harvest is just over a quarter of the way through, said the exchange, which held its production estimate for the season at 46.5 million tons.

Top News - Metals

China April crude steel output surprises with a monthly fall
China's crude steel output in April fell 2.6% from the previous month and dropped 7.2% from the previous year, statistics bureau data showed on Friday, missing expectations.
Many market participants had forecast a monthly rise, citing improved downstream demand and profitability that encouraged steelmakers to ramp up production last month.
China, the world's largest steel producer, manufactured 85.94 million metric tons of crude steel last month, data from the National Bureau of Statistics (NBS) showed.
That represents an average daily output of 2.86 million tons, compared with 2.85 million tons in March and 3.09 million tons in April 2023.
"The monthly change is really out of our expectation," said Pei Hao, a Shanghai-based analyst at international brokerage Freight Investor Services (FIS).
"It's almost until the second half of April that steelmakers ramped up production because downstream demand recovery came later than expected this spring, which is different from last year when a production ramp-up started in March, and that contributed to a year-on-year fall in output," Pei said.
April is a shorter month than March by one day, which some analysts said could explain the lower monthly output. In the first four months of 2024, China produced 343.67 million tons of crude steel, down 3% year on year.
Output in May will likely pick up thanks to more production resumptions among mills, driven by resilient demand and improving consumption prospects，analysts said. "Given that total output in the first four months is already seeing an obvious decline, we expect this year's annual output will be no higher than the 2023 level even without a nationwide government-mandated production restriction," said Chu Xinli, a Shanghai-based analyst at China Futures.
China's state planner, which announced in early April that it would continue to manage crude steel output in 2024, has yet to unveil details on the timing and scale of production limits.

China April aluminium output grows as prices rise
China's primary aluminium production in April rose 7.2% from a year earlier, official data showed on Friday, fuelled by rising prices for the light metal in China and globally.
The world's biggest aluminium producer churned out 3.58 million metric tons of primary aluminium in April, according to the data from the National Bureau of Statistics (NBS).
Average daily output in April was 119,333 tons, compared with 115,806 tons in March, according to Reuters calculations based on the data.
Metal prices rallied in April as investors bet on increased prospects for demand from China's clean energy sector, where aluminium is used in the making of solar components and wind turbines.

A softer U.S. dollar, which makes the metal cheaper in other currencies, also offered support.
The benchmark aluminium contract on the London Metal Exchange gained 4.1% in April, and the most-traded aluminium contract on the Shanghai Futures Exchange rose 4.9%, surpassing the 20,000 yuan level, a two-year high.
That helped average profits for China's aluminium industry to rise to 3,615 yuan per ton, nearly double levels from a year earlier and 48% higher than in the previous month, a report by research house Antaike showed.
In Yunnan in the country's southwest, China's fourth-biggest producing province or region, some operations resumed in April although the production outlook remains uncertain in the hydropower reliant region due to drought and reduced rainfall.
For the first four months of the year, China produced 14.24 million tons of aluminium, up 7.1% from a year earlier, the NBS data showed.
Production of 10 nonferrous metals in April - including copper, aluminium, lead, zinc and nickel - rose 7% from a year earlier to 6.5 million tonnes.
For January to April, output rose 7.1% to 25.89 million tons, the data showed.
The other non-ferrous metals are tin, antimony, mercury, magnesium and titanium.

Top News - Carbon & Power

White House moves to protect US solar manufacturers from Chinese competition
The White House on Thursday said it would protect domestic solar factories from Chinese competition by scrapping a tariff exemption for imported double-sided panels and making it easier for projects to claim a subsidy for using American-made products.
The moves come as President Joe Biden touts his economic policies ahead of a November election against his predecessor, former President Donald Trump.
As part of the fight against climate change, Biden has sought to expand investment in the manufacturing of clean energy products, aiming to reduce the nation's reliance on Chinese-made goods.
The White House said it would soon remove a two-year-old trade exemption that has allowed imports of so-called bifacial panels to avoid duties.
Those panels were a small part of the market at the time of the exemption but are now the main technology used in utility-scale solar projects. Reuters first reported the administration's plans to do so last month. Biden will also end a waiver on tariffs imposed on solar panels made by Chinese companies in Malaysia, Cambodia, Thailand and Vietnam.

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$79.55 / bbl	1.17%	11.03%
NYMEX RBOB Gasoline	$2.55 / gallon	2.57%	21.06%
ICE Gas Oil	$761.00 / tonne	2.11%	1.37%
NYMEX Natural Gas	$2.51 / mmBtu	3.77%	-0.28%
Spot Gold	$2,385.58 / ounce	-0.02%	15.66%
TRPC coal API 2 / Dec, 24	$113.1 / tonne	2.82%	16.60%
Carbon ECX EUA	€70.10 / tonne	0.92%	-12.78%
Dutch gas day-ahead (Pre. close)	€30.00 / Mwh	1.69%	-5.81%
CBOT Corn	$4.71 / bushel	-0.58%	-2.79%
CBOT Wheat	$6.95 / bushel	1.35%	8.72%
Malaysia Palm Oil (3M)	RM3,849 / tonne	-0.31%	3.44%
Index	**Close 16 May**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	338.10	0.02%	12.18%
Rogers International	28.94	0.61%	9.91%
U.S. Stocks - Dow	39,869.38	-0.10%	5.78%
U.S. Dollar Index	104.55	0.09%	3.18%
U.S. Bond Index (DJ)	426.37	-0.04%	-1.01%

He imposed the temporary waiver two years ago at the request of U.S. project developers who rely on cheap imports to make their facilities cost-competitive.
Since then, however, the White House said U.S. manufacturing has expanded and those producers face competition from a surge in Chinese solar factory capacity that has depressed prices.
"These actions will provide a boost to domestic solar producers, but the impact of Chinese oversupply on U.S. investments in the solar market remains a challenging issue," John Podesta, Biden's senior adviser for international climate policy, said on a call with reporters.
Biden's Treasury Department also issued new rules on how clean energy project developers can qualify for a tax credit meant to incentivize the use of U.S. equipment.
The 10% domestic content bonus is in addition to a 30% credit for renewable energy facilities included in Biden's landmark climate change law, the Inflation Reduction Act.
Treasury first unveiled guidelines for claiming the bonus credit a year ago, but project developers complained that the complex rules made it difficult to use.
To qualify, the IRA specifies that 40% of the cost of a project's so-called manufactured products must be made in the United States.
Those products could include solar panels, inverters, or battery packs.
But determining the cost of labor and materials for products built with components from multiple suppliers - often in different parts of the world - proved challenging.
Under the new rules, Treasury will allow project developers to use default cost percentages determined by the Department of Energy to qualify for the credit.
Treasury said it was still considering additional rules that would help offshore wind developers qualify for the domestic content bonus.
It is also evaluating ways to incentivize manufacturing of solar wafers, the building blocks for solar cells.
Qcells, a division of Korea's Hanwha Corp that is investing $2.5 billion in U.S. solar factories, said the Biden administration's measures were "critical to creating tens of thousands of jobs in America."

Japan's JERA to invest $32 bln in LNG, renewables and new fuels over decade

Japan's top power utility JERA said on Thursday it plans to invest 5 trillion yen ($32.4 billion) over the coming decade into renewable energy and new fuels such as hydrogen and ammonia, as well as liquefied natural gas (LNG).
By fiscal year 2035, Japan's top LNG buyer is targeting over 35 million metric tons in annual LNG transaction volumes, keeping the current levels.
JERA also wants to boost renewable energy capacity to 20 gigawatts from 5 GW now and handling volume of hydrogen and ammonia to 7 million tons from none now.
"Without a certain LNG handling scale, it will be difficult to have a global presence that can constantly bring flexible supply to Japan," Chairman Yukio Kani told reporters.
JERA wants to secure stable LNG supply for Japan and elsewhere in Asia and provide solutions to address fluctuations in demand for the fuel while maintaining market share, Kani said.
Each of the three focus areas would receive 1 trillion to 2 trillion yen in investment over the decade, JERA said, with carbon dioxide emissions falling by at least 60% from 2013.
JERA, an unlisted company co-owned by Tokyo Electric Power and Chubu Electric Power said net profit should reach 350 billion yen by fiscal 2035, up from the expected 200 billion yen profit in fiscal 2025.
Hisahide Okuda, JERA's president, told the same briefing that the company continued to weigh options for a capital increase, which included its current shareholders, third party allotment and initial public offering. He also said JERA may revise power sources development plans to prepare for potential rise in electricity demand amid expansion of data centres, AI and the return of the semiconductor industry to Japan.
At the same time, JERA plans to phase out inefficient coal-fired power plants by fiscal 2030 and convert all other coal-fired power generation to ammonia by the 2040s to eliminate coal completely, it said.
JERA is conducting a demonstration of co-firing 20% of ammonia with coal at its Hekinan thermal power station in central Japan.
Okuda said the result so far has been good.
"We want to build a clean energy platform by combining zero emissions thermal power with renewable energy, and expand it to Asia," Okuda said.
"But for now, expanding the use of LNG, instead of coal, in elsewhere in Asia is key to promoting a low-carbon society," he said.

Top News - Dry Freight

Ukraine grain exports via Romania's Constanta port down 30% in Jan-April

Ukraine's grain exports through Romania's Black Sea port of Constanta fell by a third on the year to 3.05 million metric tons in the first four months of 2024, its port authority told Reuters on Thursday, as more Ukrainian exports went from Odesa. Overall, grain exports via Constanta were up by almost 15%. Constanta remains Kyiv's largest alternative export route since Russia's invasion in February 2022, but analysts and observers have said the drop in exports was because Ukraine was able to ship more through its own port of Odesa.
Ukraine created a shipping corridor from its own ports in August of last year, which hugs the western Black Sea coast near Romania and Bulgaria, shortly after Russia withdrew from a U.N.-brokered safe grain export deal.
Grain arrives in Romania by road, rail and barge across the Danube river, and the coalition government has

boosted rail and river investment over the last two years using European Union funds.
"Last year ... the Russians were trying to choke the Black Sea initiative, so Odesa was operating at a very low capacity, and that pushed grain out to other places," a senior U.S. State Department official said in Bucharest in April.
"What I think is important for Constanta going forward is the investments that it has made should make it much easier and then much cheaper to move grain through the Danube and into Constanta so that it remains competitive with Odesa."
Constanta Port data, which does not include volumes handled through smaller Romanian Danube ports and rail and road exports to southern European states, showed that 890,000 tons of Ukrainian grain left the port in April. However, overall grain exports in Constanta were up 14.8% on the year at 10.7 million tons.
Romania is one of the EU's biggest grain exporters. Constanta handles domestic grain as well as shipments from landlocked neighbours Serbia, Hungary, Moldova and Austria. "Constanta port is prepared, there are separate corridors for transiting (Ukrainian) grain," Agriculture Minister Florin Barbu said on Thursday. "Romanian farmers have separate port berths in 2024."

Turkey tenders to sell and export 75,000 T durum wheat, traders say

Turkey's state grain board TMO has issued an international tender to sell and export 75,000 metric tons of durum wheat, European traders said on Thursday.
The deadline for submissions of price offers in the tender is May 22.
Loading should take place between June 6 and June 28 in the Turkish ports of Mersin and Iskenderun. The grain should be shipped in 25,000 ton consignments, traders said.
Turkey has been making heavy sales of durum in recent months, especially to Mediterranean and Middle Eastern countries, after the country gathered a bumper crop last year.
This has helped relieve tight world supplies of durum, an important ingredient for pasta production, after drought in Canada and bad weather in Europe damaged crops in summer 2023, reducing supplies available to flour millers and food processors.

Picture of the Day

A worker shows apricots collected from the trees during the harvest season, in Al Qalyubia Governorate, Egypt, May 13. REUTERS/Mohamed Abd El Ghany

(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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