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Top News - Oil

Oil storage rise supports case for keeping OPEC+ cuts, sources say

Rising global oil inventories through April due to soft fuel demand may strengthen the case for OPEC+ producers to keep supply cuts in place when they meet on June 2, OPEC+ delegates and analysts say.

OPEC+ - the Organization of the Petroleum Exporting Countries (OPEC) and allies led by Russia - meets on Sunday to discuss supply policy and whether to extend voluntary cuts.

OPEC+ sources said earlier this month that producers could maintain the output reductions.

The amount of oil that major consuming countries hold in storage varies with supply and demand and is an industry gauge of market fundamentals, alongside other indicators such as the strength of physical crude markets.

Oil stocks among the wealthy Organisation for Economic Co-operation and Development (OECD) countries stood at 2.79 billion barrels in March, up 20 million barrels on the month and 34 million barrels on the year, despite the OPEC+ cuts, according to preliminary data from OPEC in its May oil market report.

"This is a concern," said an OPEC+ delegate who declined to be identified.

Meanwhile, the International Energy Agency said in its own May report that total global stocks grew in March by 34.6 million barrels from February, citing a sharp rise in the amount of oil on tankers in transit.

Many tankers are making longer voyages in order to avoid the Red Sea, where Yemen's Houthi group have launched a series of attacks on shipping.

The IEA said there are signs inventories rose again in April as crude and fuel was unloaded from the tankers, and as exports from Russia and the Americas declined.

"The physical market is well supplied while demand is slowing down," a second OPEC+ delegate said.

Inventories in non-OECD countries rose in March for the first time since November, the IEA said, although in contrast to OPEC, it reported OECD stocks at their lowest levels in 20 years.

The two forecasters produce their own estimates but tend to revise figures as more data becomes available, bringing them more in line.

Non-OECD crude stocks rose 2 million barrels in March and another 48.5 million barrels in April, the IEA said, citing data from energy data analytics consultancy Kayrros.

Most of the build was in China, the IEA said.

"I believe that OPEC+ will be unlikely to release barrels back to the market until there are palpable signs of stock draw," said Tamas Varga of oil broker PVM.

ABOVE FORECAST

Stocks usually build in spring as refineries undergo maintenance ahead of summer demand but steeper-than-expected global inventory rises have weighed on crude prices, along with a relatively warm northern hemisphere winter and concerns about a longer period with higher interest rates.

Global benchmark Brent crude futures traded around $85 a barrel on Wednesday, having fallen from a six-month high of $92.18 in April.

A 2 million barrel-per-day (bpd) build in observable oil inventories in April is at odds with expectations of a 200,000 bpd deficit for the month anticipated by JP Morgan analysts, they said in a May 19 note.

"Even more concerning, observed global stocks have continued to build in the first two weeks of May, against our implied 0.9 million bpd deficit," the bank said, noting China had taken advantage of lower prices to restock.

While the two OPEC+ delegates said the group's data showing a rise in OECD stocks was a concern, one of them noted OPEC's supply and demand balances point to large inventory drawdowns in the second half of the year.

The OECD stocks are also still some 38 million barrels below the five-year average, according to OPEC.

It expects demand for OPEC+ crude to average 43.65 million bpd in the second half, implying a drawdown of 2.63 million bpd if the group maintains output at April's rate of 41.02 million bpd. JPMorgan also expects fundamentals to improve as the peak gasoline demand U.S. summer driving season gets underway.

ConocoPhillips to buy Marathon Oil in $22.5 bln deal in latest energy merger

Top U.S. independent oil and gas producer ConocoPhillips on Wednesday agreed to buy Marathon Oil for $22.5 billion, the latest in a series of mega-dealsin the energy industry.

The U.S. oil and gas industry has been riding a consolidation wave over the last two years as companies look to bolster reserves and create economies of scale.

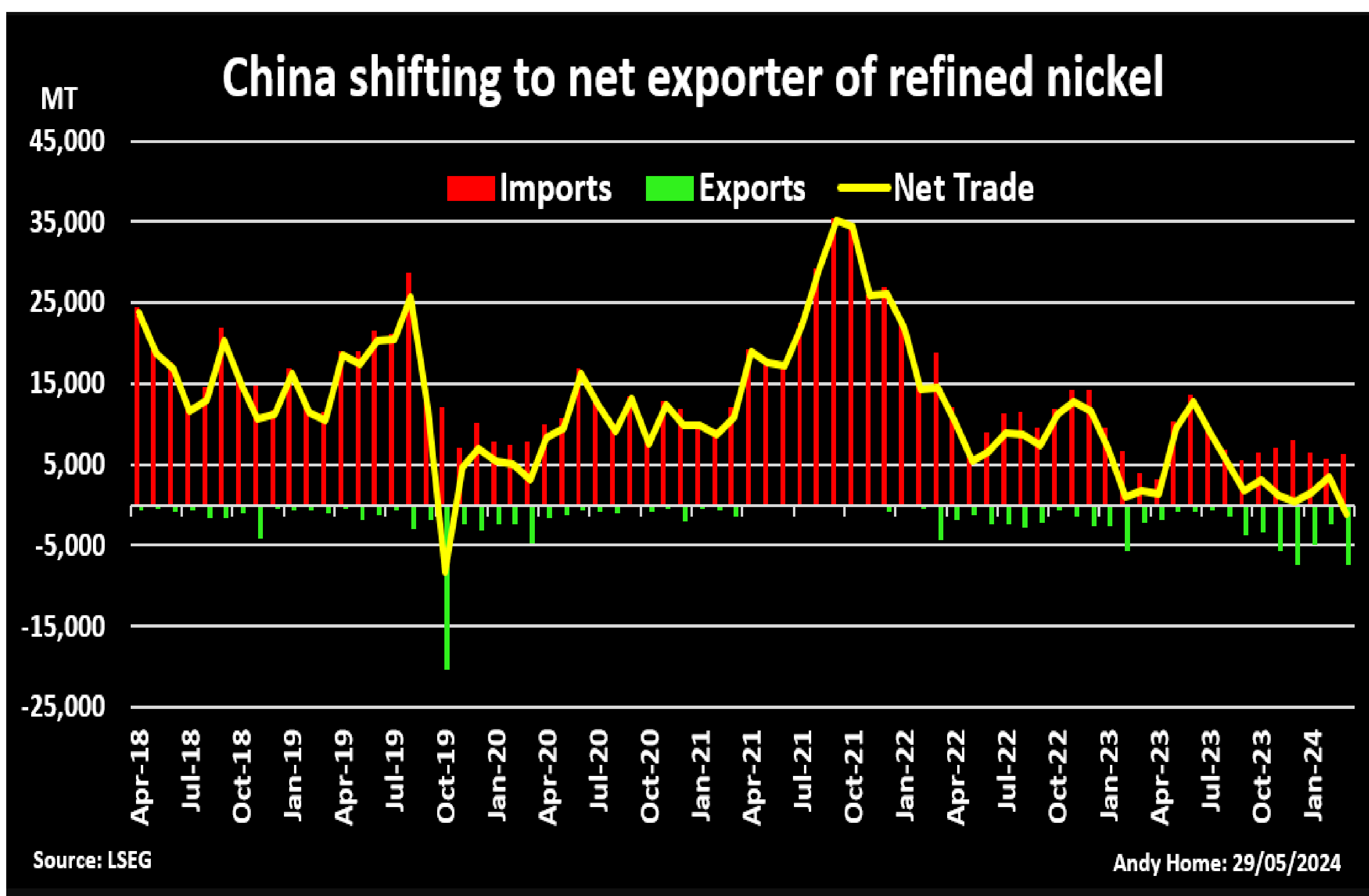
Last year was one of the most active, with some $250 billion in deals struck.

The momentum has carried over into this year as the stock market continues to boom and as U.S. shale oil production scales new records.

"We're heading into a period of kind of Shale 2.0, which is more about using technology and efficiencies, data analytics and some of the refrack potential that allows us to extend some tier one inventory," said ConocoPhillips CEO Ryan Lance.

The all-stock offer equates to $30.33 per Marathon share, a premium of nearly 15% to the stock's Tuesday close, according to Reuters calculations.
The transaction, which includes $5.4 billion of Marathon's debt, is expected to close in the fourth quarter of 2024. Shares of Marathon Oil rose 9% to $28.85, while ConocoPhillips fell 3.8% to $115.10 in morning trading. "The deal makes sense operationally given the asset overlap most meaningfully in the Eagle Ford and Bakken in L48," Tudor, Pickering and Holt analyst Jeoffrey Lambujon said. Marathon Oil's international gas assets fit well with the Conoco's global gas footprint, he added. ConocoPhillips expects cost savings of $500 million within the first full year after the closing of the transaction. The acquisition adds over 2 billion barrels of reserves to its portfolio. Marathon Oil has operations in the Bakken basin in North Dakota, the Permian basin in West Texas and South Texas' Eagle Ford basin - regions that are prime targets for producers looking to increase their inventory. ConocoPhillips last quarter was the third largest oil and gas producer by volume in the Permian, the top U.S. shale oil field.
The deal follows Exxon Mobil's $60 billion acquisition of Pioneer Natural Resources that was announced in October, and Chevron's proposed $53 billion merger with Hess that was approved by the latter's shareholders on Tuesday.
The consolidation activity in the industry has, however, attracted increased antitrust scrutiny.
The Federal Trade Commission (FTC), however, recognizes that oil is a global market and the deal represents a "very, very small percentage of that global market," Lance said.
The company's estimate of a closing late this year is conservative, he said.
The FTC has "already kind of gotten over that Rubicon with some of the deals that have come over the last couple of years."
ConocoPhillips also added that it would dispose of nearly $2 billion worth of assets.
The company also signaled it would ramp up share buybacks to $7 billion next year from this year's projected $5 billion and commit to buying $20 billion of its shares over the three years following the deal's closing.

Chart of the Day



Top News - Agriculture

Global wheat buyers wrong-footed by sharp rally in prices

Wheat buyers in Asia, Africa and the Middle East, which account for two-thirds of global imports of the staple, have been caught out with relatively little supply after adverse weather in Russia and Europe unexpectedly sent prices surging 30% since April.

Importers who had been buying cargoes one or two months in advance, instead of the usual four to six months, on expectations that bumper supplies would persist will now have to buy grain at higher prices, which will be passed on to consumers, analysts and traders said.

Higher food prices would add to the bruised sentiments of consumers that are globally still adjusting to the period of higher inflation rates following the COVID-19 pandemic and Russia's invasion of Ukraine.

"Nobody saw this rally in wheat prices coming," said Ole Houe, director of advisory services at Australian agricultural brokerage IKON Commodities.

"Millers and even traders haven't covered much from exporters. The supply pipeline is kind of empty if you look beyond June."

While frost has hit crops in No. 1 exporter Russia, dryness or excessive rains are threatening yields in the European Union, raising worries about lower supplies in the second half of 2024, a key period for global production and marketing.

The International Grains Council last week cut its forecast for 2024/25 wheat production by 3 million metric tons to 795 million tons.

"For a very long time, buyers have slowed down their purchases as they watched prices go lower. Now we have a rally in prices and there is growing concern," said Commonwealth Bank analyst Dennis Voznesenski.

"Russia, which is the source for the cheapest wheat in the world, is facing production shortfalls and Russian prices are rising."

INFLATION PRESSURE

The rising cost of wheat is likely to result in higher prices of bread, noodles and pasta for consumers in importing countries.

"It will certainly increase the cost of producing flour for millers," Commonwealth Bank's Voznesenski said.

"Higher wheat prices will ultimately translate into higher prices of bread at the retail level."

New-crop Black Sea wheat prices offered in Asia have jumped to around $300 per metric ton, including cost and freight, for July shipment, from around $250 a ton at the beginning of April.

In Egypt, the price of Russian wheat with a protein content of 12.5% is being offered at around 13,000 Egyptian pounds ($275.89) per ton, up from about 11,500 pounds a month ago.

Indonesia, among the world's top three wheat importers, has yet to buy significant volumes for new-crop Black Sea wheat for shipment from July onwards, two Singapore-based traders said, as buyers try to avoid the volatile market.

By this time last year, the country had booked at least half a dozen Panamax cargoes of around 60,000 tons each, they said.

The trend is similar in other importing countries in Asia, the Middle East and Africa.

"We are just holding 45 days of supplies," said a Dubai-based purchasing manager at a large Gulf mill.

"It doesn't make sense to buy further out given the high cost of holding grains and market uncertainty," he said, referring to the higher interest rates that have increased storage costs.

Most importers are holding off purchases, hoping for prices to fall in the coming months as the harvest starts in Russia and other producing countries, Asian and Middle Eastern traders said.

"It's risky for the private sector to buy at these prices," said Hesham Soliman, a Cairo-based trader and president of Egyptian merchant Mediterranean Star, adding that prices are expected to be lower with the start of the new crop season in July unless there are political complications between Iran and Israel.

Even buyers in exporters such as Australia have cut their purchases, though they have locked in supply up to three months in advance.

"They are in a comfort zone as they are sitting in a net exporting country.

But when they go and buy wheat, they will also have to pay higher prices," IKON Commodities' Houe said.

ANALYSIS-India set for wheat imports after six years, to shore up reserves

India is poised to begin wheat imports after a six-year gap, to replenish depleted reserves and hold down prices that leaped following three years of disappointing crops, sources say, as the approaching end of general elections removes a key hurdle.

New Delhi is expected to abandon a 40% tax on wheat imports this year, officials and other sources told Reuters, paving the way for private traders and flour millers to buy from producers such as top exporter Russia, albeit in modest volumes.

As the new-season wheat harvest rolls in, the government is likely to wait until after June to scrap the import tax, in time for Russia's harvest, the sources said.

While New Delhi's import requirements are not huge, they could help lift global prices.

Benchmark wheat prices in Chicago jumped this week to their highest in 10 months, before edging lower on Wednesday as hopes for rain in parched Russian sowing areas led investors to lock in profits.

Despite the recent surge in global wheat prices, fuelled by worries that adverse weather conditions could cut output in Russia, industry insiders said duty-free imports were viable.

"There is a compelling case for the removal of the wheat import duty," said Pramod Kumar, president of the Roller Flour Millers' Federation of India. "That is the best possible way to ensure sufficient supplies in the open market."

The government is likely to concede to the demand.

"The considered view is that the wheat import duty should be removed after June, so that the private trade can import wheat," said a government source aware of the matter.

"And to protect our farmers' interest, the duty should be reinstated before wheat planting starts in October," added the source, who spoke on condition of anonymity to describe the likely course of action by the next government.

Prime Minister Narendra Modi's Bharatiya Janata Party is widely expected to win the election, which ends on June 1, with vote-counting set for June 4.

Rajesh Paharia Jain, a New Delhi-based trader, said about 3 million metric tons of imports should be sufficient, with Russia the likeliest supplier. Imports would avert a local price surge after October's demand peak for the festival season, said a New Delhi-based dealer with a global trade house.

Imports of 3 million to 5 million metric tons would eliminate the need for New Delhi to sell large quantities from reserves, he added.

After five consecutive record harvests, a sharp rise in temperatures shrivelled India's wheat crop in 2022 and 2023, prompting the world's No. 2 producer to ban exports.

Even this year's crop will be 6.25% lower than a government estimate of 112 million metric tons, a leading industry body forecasts.

Domestic prices have stayed above the state-set minimum purchase rate of 2,275 rupees per 100 kg, and have started rising recently.

DEPLETED RESERVES

Wheat stocks in state warehouses dropped to 7.5 million metric tons in April, the lowest in 16 years, after the government was forced to sell more than 10 million tons, a record, to flour millers and biscuit makers to tame prices.

"The removal of the import duty will help us ensure that our own reserves don't fall below a psychological benchmark of 10 million tons," said the government official.

New Delhi has struggled to replenish state wheat stocks. Since the harvest began in April, the government managed to buy only 26.2 million metric tons against a target of 30 million to 32 million.

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$79.02 / bbl	-1.01%	10.29%
NYMEX RBOB Gasoline	$2.45 / gallon	-2.03%	16.36%
ICE Gas Oil	$747.25 / tonne	-1.61%	-0.47%
NYMEX Natural Gas	$2.66 / mmBtu	2.55%	5.65%
Spot Gold	$2,329.38 / ounce	-1.34%	12.93%
TRPC coal API 2 / Dec, 24	$122.5 / tonne	1.24%	26.29%
Carbon ECX EUA	€73.86 / tonne	-0.97%	-8.10%
Dutch gas day-ahead (Pre. close)	€34.33 / Mwh	1.57%	7.79%
CBOT Corn	$4.64 / bushel	-1.54%	-4.08%
CBOT Wheat	$7.06 / bushel	-2.05%	10.36%
Malaysia Palm Oil (3M)	RM3,990 / tonne	0.76%	7.23%
Index	**Close 29 May**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	347.68	-0.85%	15.35%
Rogers International	29.79	0.22%	13.14%
U.S. Stocks - Dow	38,441.54	-1.06%	2.00%
U.S. Dollar Index	105.11	0.01%	3.73%
U.S. Bond Index (DJ)	421.65	-0.55%	-2.10%

That was despite its advice to trading houses to refrain from purchases to enable state stockpiler the Food Corporation of India to procure large quantities.
State procurement is unlikely to cross 27 million metric tons, the New Delhi-based dealer with a global trading house said. New Delhi needs nearly 18.5 million metric tons of wheat as part of the world's biggest food welfare programme.
India's main opposition Congress party has promised a monthly supply of 10 kg of free grain to programme beneficiaries if voted to power, or double what Modi's government provides now.
New Delhi has resisted calls for wheat imports as overseas purchases risk angering farmers, an influential voting bloc, but the limitation ends with the mammoth six-week-long election.
"Despite the recent rise in global prices, imports at zero duty are economically viable, and that's why the new government should remove the duty to enable the trade to import," said Kumar, the flour milling official.

Top News - Metals

Investors relieved BHP walked from $49 bln Anglo takeover deal
BHP Group investors welcomed the top global miner's decision to walk away from a $49 billion plan to take over Anglo American, which rejected three proposed offers from its bigger rival over the past six weeks.
BHP's decision to withhold a binding bid came after Anglo said it would not grant the Australian-headquartered mining group a further extension to iron out details of a deal that called for Anglo to first spin off its South African assets.
The developments ended a tense standoff between the two global mining giants and negotiations in which shareholders warned BHP not to pay too much to secure control over Anglo.
"It was one of the best opportunities out there for them and it was always going to be hard to complete. I applaud them for showing discipline," said Andy Forster, senior investment officer at Argo Investments, which holds BHP shares.
BHP's timing was good but the complexity of the deal requiring demergers and a copper price rally made it difficult to execute, Forster said.
While BHP's Australian-listed shares fell 1.6% on Thursday, they were in line with its peers.
Winning the Anglo deal would have been a career defining victory for BHP CEO Mike Henry, who has reshaped the company since moving into the top job in January 2020, including the $6.4 billion buyout of copper producer Oz Minerals last year.
"I don't think it reflects badly on Mike Henry and BHP. It was an opportunistic bid and one that made a lot of sense," said Matthew Haupt, lead portfolio manager at Wilson Asset Management, a BHP investor.
"Everyone is looking for growth and increased exposure in these metals so I don't think there is much to conclude on BHP's outlook or strategy."
BHP aimed to win control of Anglo's prized copper assets in Latin America and increase access to a metal central to the global shift towards clean energy and electric vehicles, as well as its metallurgical coal assets in Australia. While some analysts said they expect BHP will look to seal a deal down the track, Pendal Group portfolio manager Brenton Saunders said it will have to revert attention to its own growth opportunities in Pilbara iron ore and copper in South Australia and Chile, and hopefully lift dividends.
"As investors, it wasn't obvious that the proposed deal was very accretive.
Yes it would bring more copper to the portfolio, but depending on what they paid for it, it's not necessarily accretive to the share price," said Saunders.
Anglo said after BHP's statement on Wednesday that it was fully focused on delivering plans it has set out to increase value to shareholders.
BHP now has to wait six months before it can approach Anglo again under the British corporate laws, but it can return if a new party bids for its takeover target.
"BHP will bide its time for six months and see how investors agitate on the Anglo side," said analyst Kaan Peker of RBC in Sydney.
The structure of BHP's proposal was the major stumbling block which required Anglo to unbundle its South African platinum and iron ore businesses.
Defending its position to reject BHP, Anglo outlined plans to divest its less profitable assets and focus on expanding copper output.
Anglo's shares closed 3% lower at 24.80 pounds in London trading on Wednesday.

COLUMN-LME brand approval cements Indonesian nickel ascendancy: Andy Home
The London Metal Exchange (LME) has approved the listing of the first ever Indonesian brand of refined nickel.
"DX-zwdx" isn't the most memorable of historical markers but the new brand's inclusion on the LME good delivery list represents a watershed moment for the global industry.
Five years ago Indonesia produced just 600,000 metric tons of nickel and shipped most of it as unprocessed ore to China, where it was alloyed into stainless steel.
Last year the country mined 2.03 million tons of contained metal, accounting for over half the world's production.
It now exports a spectrum of nickel products, including refined metal of a purity acceptable for LME delivery.
For Indonesia it's a vindication of its policy of forcing miners to move downstream by banning ore exports from 2020.

For the LME it's a welcome liquidity booster as it looks to rebuild its nickel contract after the crisis of 2022.
For everyone else, though, the conversion of Indonesian production power to market power may be more problematic.

NEW NICKEL POWERHOUSE
Indonesia's ban on the export of unprocessed ore didn't go down well with other countries.
The European Union won a case against the country at the World Trade Organization in 2022.
President Joko Widodo shrugged off the ruling with an "it's okay". An appeal was swiftly lodged.
The export ban remains in place.
Although controversial, the policy has been undeniably successful, not only in terms of outright nickel production but also in terms of product mix.
Nickel producers, many of them Chinese, have worked out how to convert Indonesia's relatively low-grade nickel resource into forms of the metal that can be used in electric vehicle batteries.
The new "DX-zwdx" brand, grading a minimum 99.8% pure nickel, is the culmination of that technical evolution.
PT CNGR Ding Xing New Energy, a joint venture between Chinese battery materials group CNGR Advanced Material Co. and a local company, can produce 50,000 tons of full-plate metal to that specification every year. Other operators will likely follow as Indonesia's relentless drive to capture an ever greater part of the battery materials value chain rolls on.

CHANGING EXPORT FLOWS
Indonesia's shifting role in the global nickel supply chain is captured by the country's trade with China, its main nickel customer.
Back in 2018 the flow of nickel between the two countries was exclusively in the form of ore or nickel pig iron (NPI), the first stage of process upgrade required by the Indonesian government.
China's imports of Indonesian ore dried up after the 2020 ban but imports of Indonesian ferronickel, a customs code that includes NPI, have mushroomed from 600,000 tons to 7.9 million in 2023.
As Chinese players have opened up new processing routes to battery-grade nickel sulphate, ever more products are showing up in the two countries' trade.
China imported zero nickel matte from Indonesia before 2022 because no-one in Indonesia produced it.
Imports last year amounted to 301,000 tons.
Imports of intermediate products such as mixed hydroxide precipitate have grown from nothing to 830,000 tons over the same time-frame. Now Indonesia is exporting both nickel sulphate and refined nickel to China.
Flows of sulphate only began early last year and amounted to 60,000 tons. Volumes were already above 40,000 tons in the first three months of this year.

The first shipments of Indonesian refined metal to China kicked in last December and grew to 4,250 tons in the first quarter of 2024.
Indonesia has been China's second largest supplier of refined nickel after Russia so far this year.

STRUCTURAL SHIFT
Not that China needs much refined nickel these days.
It is importing increasing amounts of Indonesian intermediate products and producing ever more of its own.
China's net imports of refined nickel fell from 256,000 tons in 2021 to 133,000 tons in 2022 and to just 55,000 tons in 2023.
The country's exports outstripped imports in March for the first time since 2014.
CNGR Advanced Material Co. also produces refined nickel on home soil.
Its "CNGR" brand, produced at an annual rate of 12,500 tons, was listed by the LME in February.
Huayou Cobalt, which has invested heavily in Indonesia's nickel sector, has also received LME approval for two of its Chinese brands.
The LME, keen to attract physical liquidity to its contract after having to suspend trading in 2022, has approved five new Chinese brands with deliverable annual production capacity of 79,100 tons.
Or 129,100 tons if CNGR's Indonesian plant is included.

EASTWARDS DRIFT
The emergence of a Sino-Indonesian production hub of high-purity Class I nickel has come at a useful time for the LME.
The latest sanctions package prohibits the LME from accepting deliveries of metal produced after April 12 by Russia's Norilsk Nickel.
With annual production of over 200,000 tons, Norilsk has historically been a big liquidity provider to the Class I segment of the nickel market.
Russian metal accounted for a third of LME nickel stocks at the end of April.
But the amount of Chinese nickel in the system has grown from zero in August last year to 12,096 tons.
Partly thanks to deliveries of the new Chinese brands LME inventory has risen steadily this year, hitting a two-year high of 84,090 tons last week.
The composition of LME stocks, though, is starting to drift eastwards.
It will continue to do so because the LME-delivery capacity of the Class I market is also drifting eastwards.
This puts a lot of potential trading power in the hands of the Chinese companies building out refined metal capacity in both China and Indonesia.
And it's only going to grow.
Indonesia's nickel production boom shows no signs of ending any time soon.

The country's mined output grew by another 19% year-on-year in the first three months of 2024, according to the International Nickel Study Group.
Incoming president Prabowo Subianto has said he will follow his predecessor's ambition of leveraging the country's nickel resource into a global electric vehicle hub. The outgoing administration has just added 16 programmes to its list of strategic projects that will receive state support, including five industrial parks for nickel processing.
There's a lot more Indonesian nickel still to come. And some of it may well be coming to the LME.

Top News - Carbon & Power

EXCLUSIVE-White House to support new nuclear power plants in the U.S.

The White House on Wednesday plans to announce new measures to support the development of new U.S. nuclear power plants, a large potential source of carbon-free electricity the government says is needed to combat climate change.
The suite of actions, which weren't previously reported, are aimed at helping the nuclear power industry combat rising security costs and competition from cheaper plants powered by natural gas, wind and solar.
Nuclear proponents say the technology is critical to providing large, uninterrupted supplies of emissions-free power to serve soaring electricity demand from data centers and electric vehicles and still meet President Joe Biden's goal of decarbonizing the U.S. economy by 2050.
"In the decisive decade for climate action, we need to pull as many of the tools for decarbonization off the sidelines and onto the field," said Ali Zaidi, Biden's national climate adviser.
Critics worry about the buildup of radioactive waste stored at plants around the country and warn of the potential risks to human health and nature, especially with any accidents or malfunctions.
Biden signed a law earlier this month banning the use of enriched uranium from Russia, the world's top supplier.
At a White House event on Wednesday focused on nuclear energy deployment, the Biden administration will announce a new group that will seek to identify ways to mitigate cost and schedule overruns in plant construction.
The group of climate, science and energy policy experts from White House and Department of Energy will work with project developers, engineering, procurement and construction firms, utilities, investors, labor organizations, academics, and non-governmental organizations.
It also said the Army will soon solicit feedback on deploying advanced reactors to provide energy for certain facilities in the United States.
Small modular reactors and microreactors can provide energy that is more resilient to physical and cyber attacks, natural disasters and other challenges, the White House said.
The Department of Energy also released a paper outlining the expected increased safety of advanced reactors.
And a new tool will help developers figure out how to cut capital costs for new nuclear reactors.
The youngest U.S. nuclear power reactors, at the Vogtle plant in Georgia, were years behind schedule and billions over budget when they entered commercial operation in 2023 and 2024.
No new U.S. nuclear plants are currently being built.
Vogtle is now the largest U.S. source of clean energy, the White House said.
Nuclear energy accounts for about 19% of U.S. power generation, compared with 4% for solar and 10% for wind.

Shell, Exxon near deal to sell North Sea assets to Viaro, sources say

Shell and Exxon Mobil are nearing an agreement to sell their jointly-owned gas fields in the southern North Sea to independent British producer Viaro Energy, three industry and banking sources said.
The potential deal is valued around $500 million, one of the sources said.
The sale of the Clipper and Leman Alpha field clusters would mark the latest step in a steady retreat of major oil and gas companies from the ageing basin in recent decades as they focus on newer and more profitable prospects.
For Texas-based Exxon, it would complete the exit from the North Sea, where it has been present since 1964.
It sold most of its assets in the central and northern North Sea to Neo Energy in 2021.
U.S. rival Chevron is also selling its last remaining assets in the British North Sea.
The deal is close to being agreed but there are no guarantees that it will be signed, one of the sources said.
Shell, Exxon and Viaro Energy declined to comment.
Viaro Energy acquired RockRose Energy in 2020 and has since then made several other deals in the British and Dutch North Sea.
The company produces around 30,000 barrels of oil equivalent per day and has interests in over 30 fields, according to its website.
The sale of the Clipper and Leman Alpha fields would also mark the dissolution of the Esso joint venture between Shell and Exxon, which joined forces in the North Sea in 1965.
Shell remains one of the main producers in the North Sea, operating several fields including the Penguins redevelopment and holding a stake in the BP-operated Clair field.

Top News - Dry Freight

Ukraine's May grain exports jump 67%, ministry says
Ukraine's grain exports have climbed to 5 million metric tons this month, compared with 3 million tons by the same stage of last May, agriculture ministry data showed on Wednesday. Overall grain exports in the 2023/24 July-June marketing season had reached 46.4 million tons by May 29, against 44.9 million tons by the same date in the previous season. The overall exports included 17.2 million tons of wheat, 26.2 million tons of corn and about 2.4 million tons of barley. Ukraine typically sends about 95% of its grain exports via its Black Sea ports.
The Ukrainian government expects a harvest of 81.3 million tons of grain and oilseeds this season, with a 2023/24 exportable surplus of about 50 million tons. The ministry has said the 2024 combined grain and oilseed crop could fall to 74 million tons, including 52.4 million tons of grain. The economy ministry expects the 2024 grain and oilseed crops to reach 73 million tons.

Bunge, Zen-Noh Grain to buy stake in Brazil port terminal for $115 million
U.S. commodities trader Bunge and a subsidiary of Japan's Zen-Noh Group have agreed to buy part of a terminal at Latin America's largest port from Rumo for 600 million reais, according to a securities filing on Wednesday. Brazilian rail operator Rumo said in the filing that it had tied up the binding agreement to sell its 50% stake in the XXXIX terminal, at the sprawling Santos port, which is known for shipping out coffee and other commodities.
"With this deal, the companies expect to obtain larger logistical flexibility in a key export corridor in Brazil," Bunge and Zen-Noh said in a statement.
The firms added the deal would be made through a joint-venture with Zen-Noh Grain Corp, the U.S. subsidiary of Zen-Noh Group, with each of the partners holding an equal stake.
Brazilian food and fuel processor Caramuru Alimentos, one of the country's largest grain crushers, holds the remaining 50% of the terminal, according to Bunge and Zen-Noh.
Rumo said the sale reinforces the firm's strategy to improve its cash position and concentrate efforts on projects to boost capacity and make its railways more competitive.

Picture of the Day

Cocoa fruits are piled up to be opened at Finca Cuyancua, a small-scale artisanal producer, open cocoa fruits in Izalco, El Salvador, May 29. REUTERS/José Cabezas

(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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