

[Oil](#) | [Agriculture](#) | [Metals](#) | [Carbon & Power](#) | [Dry Freight](#)

Click on headers to go to that section



REUTERS EDITORS BRIEFING OPEC'S BIG DECISION – ANALYZING THE OUTLOOK FOR OIL SUPPLY AND PRICES

June 6, 2023 10:00am EDT / 2:00pm GMT

[REGISTER NOW](#)



Dan Burns
AMERICAS ECONOMICS AND
MARKETS EDITOR
REUTERS



Maha El Dahan
MIDDLE EAST CHIEF ENERGY
CORRESPONDENT
REUTERS



John Kemp
COMMODITIES & ENERGY
COLUMNIST
REUTERS



Dmitry Zhdannikov
ENERGY EDITOR, EMEA
REUTERS



Moderator:
Simon Webb
EDITOR, COMMODITIES & ENERGY
REUTERS

Top News - Oil

US crude March output hits 3-yr high as Texas production grows -EIA

U.S. field production of crude oil rose in March to 12.696 million barrels per day, the highest since March 2020, when the COVID-19 pandemic began to decimate global energy demand, Energy Information Administration data showed on Wednesday. The higher crude output came as production in Texas rose 1.8% to 5.398 million bpd, also its highest since March 2020, the EIA data showed. Consumption of crude oil has ticked higher since the pandemic and after Russia's invasion of Ukraine last year caused a global reshuffling of oil and its products. Production in North Dakota fell 2.9% to 1.095 million bpd, the lowest since January. In New Mexico, output gained 1.2% to a record high 1.824 million bpd. Meanwhile, U.S. product supplied of crude and petroleum products - a proxy for demand - rose to 20.449 million bpd, the highest since November 2022, EIA data showed. Product supplied of finished motor gasoline rose in March to 9.007 million bpd, the highest since August 2022. Gross natural gas production in the U.S. Lower 48 states, meanwhile, rose 0.8 billion cubic feet per day (bcfd) to a record 113.8 bcfd in March, according to the EIA's monthly 914 production report. That topped the prior all-time high of 112.9 bcfd in February 2023. In top gas-producing states, monthly output in March rose 1.3% to 20.7 bcfd in Pennsylvania and 2.3% to a record 33.0 bcfd in Texas.

That topped the prior all-time high in Texas of 32.4 bcfd in January 2023 and compares with the record 21.8 bcfd in Pennsylvania in December 2021.

Exxon, Chevron shareholders soundly reject climate-related petitions

Exxon Mobil Corp and Chevron Corp shareholders on Wednesday overwhelmingly rejected calls for stronger measures to mitigate climate change, dismissing more than a dozen climate-related proposals at their annual meetings. The results supported the two largest U.S. oil producers in resisting pressure from investor groups calling for the pair to follow European rivals in accepting tougher emissions reductions goals. Despite efforts by Shell PLC, BP PLC and TotalEnergies, protesters still stormed their shareholder meetings this year, seeking a faster shift away from fossil fuels. Their demands similarly failed. Exxon and Chevron's meetings were online, avoiding similar protests. "There is no single oil major that really wants to transition," said Mark van Baal, founder of activist group Follow This, which suffered resounding losses at several meetings. "They all want to hang on to fossil fuels as long as possible." His group, which represents some 9,500 shareholders in oil and gas companies, had requested Exxon set medium-term goals for reducing emissions from fuels burned by customers - or Scope 3 targets. That resolution received less than half

of the support 11% of vote cast compared with 27% from the group's emission reduction proposal last year. CEO Darren Woods called Follow This "an anti-oil and gas" group using environmental and social objectives "to diminish the important role Exxon plays" in the industry. "Scope 3 gives companies like ours, zero credit for reducing other's emissions through technologies such as carbon capture and storage," Woods said. Exxon is the only one of the five Western oil majors with no 2030 target for reducing customers' carbon emissions from its products. Exxon holders rejected all 12 shareholder proposals, the majority of which dealt with climate-related issues. None received a majority of votes cast that would signal a win, according to early results. Chevron investors also rejected proposals on customers' emissions reduction target, creating a board committee on decarbonization risk, and a report on worker and community impact from facility closures and energy transitions.

LOW SUPPORT

Overall, the results showed falling support for proposals designed to strengthen oil and gas firms' contributions to tackling climate change. After winning some ground earlier this decade, the initiatives lost strength after worries soared over supply and prices following Russia's invasion of Ukraine.

A proposal to increase Exxon's methane gas measurement reporting won 36% of votes cast, the largest for any climate initiative. Last year, shareholders approved with 51% of the votes a request that Exxon issued an audited report on emissions using assumptions of the International Energy Agency's Net Zero by 2050 pathway.

Shareholders also rejected creation of a worst-case scenario oil spill response plan for its Guyana operations. It received only 13% of the votes cast.

Top News - Agriculture

'Granary of China' braces for more wheat-damaging rain

China's largest wheat-growing province of Henan is expected to be hit by more rain in the coming days, state weather forecasters said on Thursday, complicating efforts to harvest grain damaged by abnormally heavy precipitation in late May.

Known as the "granary of China", the south of Henan had been struck by higher-than-normal rainfall in the last week of May days ahead of the harvest of wheat planted in the last winter. The rains have caused some of the grain to sprout or become affected by blight.

Medium to heavy precipitation can be expected in the south of Henan on Saturday, national weather forecasters reported on Thursday.

China's winter wheat accounts for the majority of the country's annual wheat output. The world's top grower of the grain was expecting a bumper crop this year.

The agricultural ministry earlier this week urged local authorities to dispatch emergency teams to drain water from fields, speed up access by harvesters and mobilise drying machinery to save as much of the crop as possible. China, including important grain-growing provinces like Henan, is no stranger to floods and droughts. But abnormal weather patterns such as excessively heavy rain still risk devastating key crops and squeezing supplies.

The recent wet weather was the worst to occur during the wheat ripening period in 10 years, the Henan provincial agricultural department told state media, affecting all 17 cities in the province, especially the southern cities of Zhumadian and Nanyang.

Delays in EU beet sowing threaten to slow sugar output recovery

Widespread delays in sowing due to wet weather and potential pest attacks in France are threatening to limit an expected rise in the European Union's sugar output this year after farmers were encouraged to plant more by high prices, producers said.

Sugar beet production in the EU is closely watched as sugar prices in the bloc are already trading near record highs following a smaller harvest and increased refining costs last year.

Cold and wet spring weather has also led to delays in beet sowing of around 10 days in France, two weeks in Poland and up to three weeks in Germany, local experts said.

"That is quite a period of lost vegetation. We will have to wait and see if the summer weather is favourable enough to allow beets to catch up on growth without loss of yield,"

Lars Gorissen, chief executive of Germany's second-largest sugar group Nordzucker, told Reuters.

EU crop monitor MARS last week cut its yield forecast for the 2023 EU sugar beet crop to 76.7 tonnes per hectare, against 77.5 tonnes in April but still 6% above the five-year average including poor harvests.

In France, despite promises of higher prices for their beets, farmers cut the planted area in fear of crop damage due to a ban on the use of neonicotinoid pesticides because they have been found to be toxic to bees.

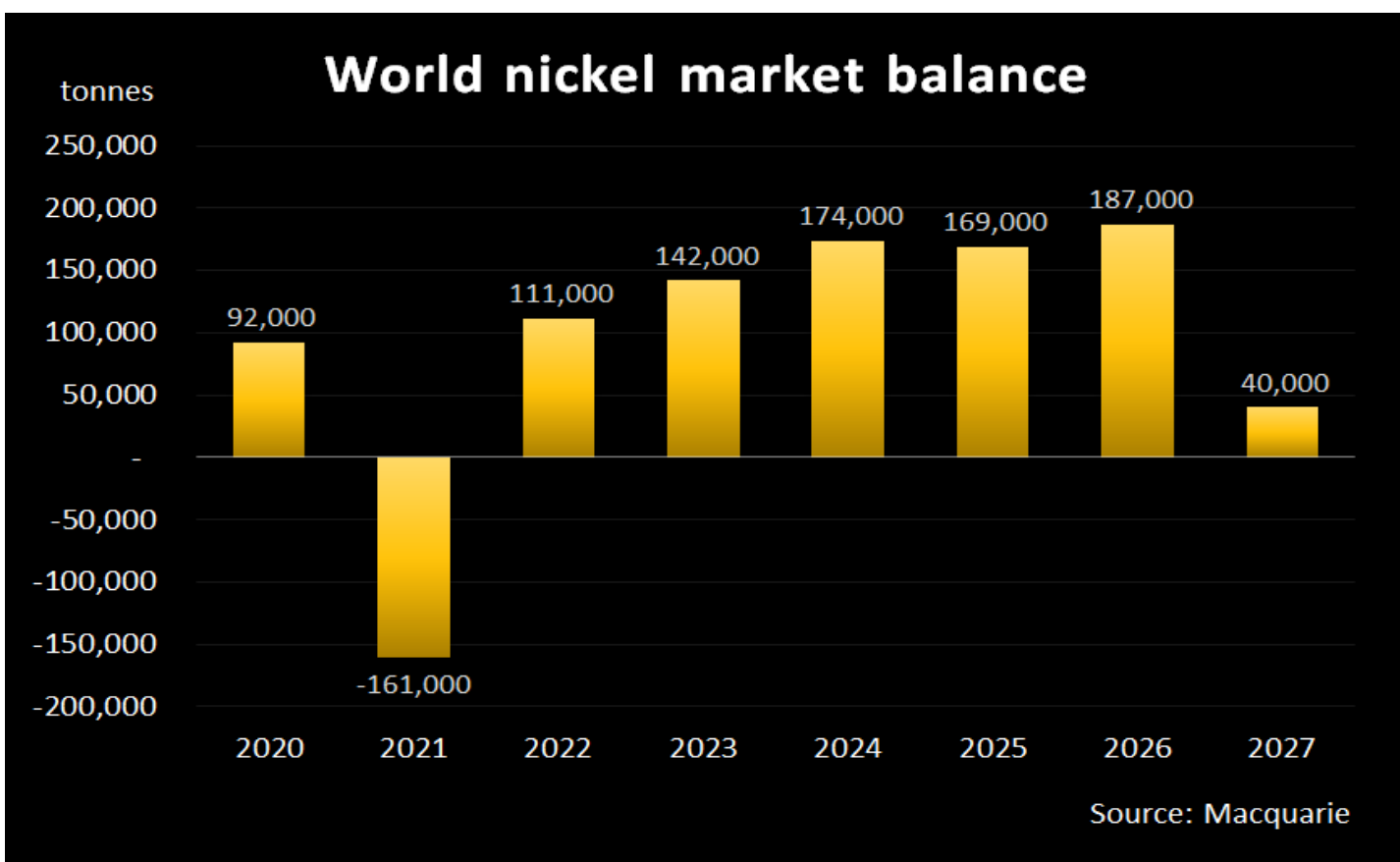
The French 2023 area is estimated to have shrunk by 7% to a 14-year low of 370,000 hectares, Timothe Masson, an analyst with French growers group CGB said.

Yields would likely be reduced by late sowing and were further at risk if pests that have attacked fields in many

parts of the country were infected by the yellow virus, he said. The disease caused a 30% fall in yields in 2020. Germany was on track to become the EU's largest sugar producer this year, ahead of France, with an area seen rising 0.5% to 398,200 hectares, the national statistics office said. In Poland, more than 260,000 hectares were sown with sugar beet this year, up about 18% on 2022, as farmers were attracted by high profitability compared to alternative crops, said Rafal Strachota, director of the Polish National Union of Sugar Beet Growers (KZPBC).

The average EU sugar price reached 804 euros (\$885.04) per tonne in February, up 83% on year, EU data showed. In the UK this year, the planted area is around 12% higher than last, at around 97,000-98,000 hectares, said James Northen, head of sugar at the National Farmers' Union (NFU). "Sowing was late this spring, but it's early days so the crop could still yield well", he said.

Chart of the Day



Top News - Metals

LME launches two consultations on reforms in wake of nickel crisis

The London Metal Exchange (LME) launched two consultations on Wednesday on possible reforms in the wake of last year's crisis in nickel trading, saying it was following up on an action plan set out in March. The move is part of sweeping reforms to boost investors' confidence in the wake of last's year's crisis, when the exchange suspended trading and annulled billions of dollars of deals. "These consultations represent our first formal market-wide engagement on the initiatives laid out in our action

plan earlier this year," LME Chief Executive Matthew Chamberlain said in a statement. The LME launched its action plan in March in response to January's report by management consultants Oliver Wyman, which advised the LME on how to prevent future market distortions and improve risk monitoring. The first consultation will be on a requirement for warehouses to report the amount of all stored metal, even material that is not registered for delivery in connection with futures contracts. The LME, owned by Hong Kong Exchanges and Clearing Ltd, already requires some reporting of so-called off-warrant inventories, but the proposal would expand this.

A warrant is an ownership document for metal stored in LME warehouses that is available for delivery against futures contracts. Large movements of metal from off-warrant to on-warrant status can produce sharp fluctuations in LME prices. The world's oldest and largest market for industrial metals would also seek to make permanent reforms introduced after the nickel debacle to address low stock levels.

The temporary reforms - a backwardation limit and deferred-delivery mechanism - have helped prevent distortion at the front end of the price curve, the LME has said. A second consultation would change the way closing prices are determined, which would move to a more "industry-standard" methodology, the LME said.

The existing VWAP (volume weighted average price) methodology would be expanded to include more contacts in aluminium, copper, lead nickel and zinc. The consultations are due to close on June 30 and July 14.

Zinc inventories in LME warehouses have nearly doubled since last week

Zinc inventories in London Metal Exchange-registered warehouses have nearly doubled since last week to a one

-year peak after a shipment arrived in Malaysia, data published by the exchange showed on Wednesday. Steady arrivals of metal into storage facilities indicate there are surpluses of the metal used to galvanise steel due rising supply and weak demand from the construction sector.

LME data showed that zinc deposited in LME warehouses has surged to 87,500 tonnes, up 92% since Tuesday last week and the strongest level since May 2022.

The data showed the latest shipment of 13,175 tonnes arrived at warehouses in Port Klang, Malaysia, while most of the metal that built up last week moved into Singapore.

LME zinc stocks have shot up 461% since early February, boosting confidence on the LME market about the availability of the metal for speedy delivery and creating a discount for the cash contract over the three-month contract.

The discount closed at \$14.73 a tonne on Tuesday compared with a premium of about \$35 a tonne in late March.

Three-month zinc slid 2% to \$2,257.50 a tonne on Wednesday after hitting its lowest since July 2020 last week.

Top News - Carbon & Power

New global renewables capacity additions to rise by a third this year – IEA

Global additions of renewable power capacity are expected to rise by a third this year, the International Energy Agency (IEA) said on Thursday, as stronger government policies and energy security concerns drive more clean energy deployment.

In its Renewable Energy Market update report, the IEA said additions of renewable capacity worldwide are set to jump by 107 gigawatts (GW), the largest absolute increase ever, to more than 440 GW in 2023.

Next year, total global renewable electricity capacity is expected to rise to 4,500 GW, equivalent to the total power output of China and the U.S. combined.

"Solar and wind are leading the rapid expansion of the new global energy economy," IEA Executive Director Fatih Birol said.

"This year, the world is set to add a record-breaking amount of renewables to electricity systems – more than the total power capacity of Germany and Spain combined."

In Europe, the growth of renewable energy is at the heart of the bloc's response to the energy crisis in the wake of the Ukraine war. New policy measures are also helping to drive significant capacity increases in the U.S. and India over the next two years.

China is also expected to account for nearly 55% of global additions of renewable power capacity in both 2023 and 2024, the IEA said.

Solar photovoltaic (PV) capacity additions will account for two-thirds of this year's increase, and are expected to keep growing in 2024. High electricity prices have been driving the faster growth of rooftop solar PV, the report said.

Wind power capacity additions are forecast to grow by almost 70% in 2023 year-on-year due to the completion of projects that had been delayed by COVID restrictions in China and by supply chain issues in the U.S and Europe.

However, further growth in 2024 will depend on whether governments can provide greater policy support to address challenges in terms of permitting and the design of capacity auctions, the report added.

Even though the competitiveness of wind and solar PV has improved since last year, renewable energy auctions were under-subscribed by a record 16% in 2022.

More investment in upgrading grids to integrate higher volumes of renewables in power systems is also needed.

JERA says on track to meet 2025 renewable energy goal

Japan's biggest power generator JERA is on track to meet its 2025 target of holding five gigawatts (GW) of

renewable energy assets after its recent acquisitions of two energy companies, Chairman Yukio Kani said on Wednesday.

JERA said it has agreed to buy Parkwind, Belgium's largest offshore wind platform, in March, and announced a deal this month with Nippon Telegraph and Telephone (NTT) to jointly purchase local renewable energy firm Green Power Investment.

"With the deals, our renewable assets that are in operation or under construction grow to 3.1 GW, with a pipeline of over 10 GW, making us one of Asia's leading renewable players," Kani told a news conference, adding its 5 GW goal was "well within reach".

Companies in energy-poor Japan are competing to increase their shares of renewable energy as the government strives for the country to be carbon-neutral by 2050.

Japan's biggest oil refiner Eneos Holdings said earlier this month its renewable energy, primarily solar and wind, should reach 6 to 8 GW by 2040 from less than 1 GW now.

Aside from renewables, JERA is one the world's biggest buyers of liquefied natural gas (LNG). In the financial year ended in March, it bought a record 7 million tonnes on spot market, company President Hisahide Okuda said.

That accounted for a quarter of its total procurement volume of 28 million tonnes and was up from spot purchases of 4.5 million tonnes a year earlier.

"It was truly an emergency," Okuda said, pointing to a surge in spot prices in light of the Ukraine war and the supply disruption risk from Russia's Sakhalin-2 LNG project.

"But we managed the risk by making the best use of our fuel trading unit, which generated healthy profit as it received considerable business inquiries from European players," he said.

Although Asian spot LNG prices have fallen, Okuda said the market was still "unpredictable," citing a possible demand increase from China after the end of zero-COVID regulations and the risk of a colder winter.

MARKET MONITOR as of 06:44 GMT			
Contract	Last	Change	YTD
NYMEX Light Crude	\$68.45 / bbl	0.53%	-14.71%
NYMEX RBOB Gasoline	\$2.38 / gallon	-2.63%	-3.98%
ICE Gas Oil	\$664.50 / tonne	0.26%	-27.85%
NYMEX Natural Gas	\$2.27 / mmBtu	0.13%	-49.30%
Spot Gold	\$1,961.89 / ounce	-0.02%	7.54%
TRPC coal API 2 / Dec, 23	\$94.5 / tonne	-3.94%	-48.85%
Carbon ECX EUA / Dec, 23	€80.31 / tonne	-0.88%	-4.36%
Dutch gas day-ahead (Pre. close)	€26.00 / Mwh	2.56%	-65.59%
CBOT Corn	\$5.22 / bushel	1.07%	-23.05%
CBOT Wheat	\$6.14 / bushel	0.90%	-23.88%
Malaysia Palm Oil (3M)	RM3,265 / tonne	2.00%	-21.78%
Index (Total Return)	Close 31 May	Change	YTD Change
Thomson Reuters/Jefferies CRB	281.07	-0.63%	-6.72%
Rogers International	25.72	-0.06%	-10.29%
U.S. Stocks - Dow	32,908.27	-0.41%	-0.72%
U.S. Dollar Index	104.33	0.15%	0.78%
U.S. Bond Index (DJ)	406.93	0.33%	3.35%

Top News - Dry Freight

UN tries to save Black Sea grain deal with 'mutually beneficial' proposal -source

The U.N. has proposed that Kyiv, Moscow and Ankara start preparatory work for the transit of Russian ammonia through Ukraine as it tries to salvage a deal allowing safe Black Sea grain exports, a source close to the talks said on Wednesday.

As the preparatory work starts, the U.N. wants parallel talks to be held on widening the Black Sea deal that was agreed last July to include more Ukrainian ports and other cargoes, said the source, who spoke to Reuters on condition of anonymity.

Russia agreed this month to a two-month extension of the deal but has said the initiative will cease unless an agreement aimed at overcoming obstacles to Russian grain and fertiliser exports is fulfilled.

Ukraine and Turkey have agreed to the new proposal, intended to improve operations in the Black Sea grain export corridor, but Russia has not yet responded, the source said.

U.N. spokesperson Stephane Dujarric, asked about the Reuters report at a daily press briefing, said conversations were continuing.

"As you recall, the Secretary General had put forward some ideas to the parties to improve the facilitation of the work of the Joint Coordination Centre, to also work on the issue of ammonia export, which is part of the deal that was signed. Those conversations and contacts are continuing. But that's as much as I'll say right now," Dujarric said.

The U.N. and Turkey brokered the Black Sea Grain Initiative between Moscow and Kyiv last July to help tackle a global food crisis aggravated by Russia's invasion of Ukraine, a leading global grain exporter.

APPEAL TO IMPROVE GRAIN CORRIDOR

The U.N. has handed "an official appeal to the leaders of Ukraine, Turkey and Russia with a proposal for a specific mutually beneficial algorithm to radically improve" the work of the grain corridor, the source told Reuters.

"Ukraine and Turkey have confirmed their readiness to work on the algorithm proposed by the Secretary General. At the same time, as of May 30, Russia has not given its consent, despite the presence of favourable positions in the algorithm."

Ukrainian officials have said that since mid-April, Russia has "unreasonably restricted" the work of the Black Sea grain deal.

Russia has denied this and urged all parties to unblock the transit of ammonia via the Ukrainian port of Pivdennyi, near the Black Sea port of Odesa, which was halted after Russia's invasion in February last year.

Ukrainian President Volodymyr Zelenskiy, in his nightly video address, accused Russia of blocking all activity at Pivdennyi, with 1.5 million tonnes of agricultural products

unable to move. Other countries, he said, should take note.

"All maritime countries can now see what can threaten their ports, their coastlines if Russia gets away with blocking navigation in the Black Sea," Zelenskiy said.

"In other words, the blockade of one port in Ukraine poses extremely serious risks for different nations, particularly those with relations that Russia tries to use for speculative purposes."

Ukrainian authorities have said workers would need about 30 days to prepare the pipeline to pump ammonia again.

Ukraine's deputy renovation minister said on Tuesday that Kyiv was seeking guarantees from Moscow and the U.N. that the grain deal will work normally if Ukraine allows Russia to export ammonia via the pipeline.

A senior government source told Reuters this month that Kyiv would consider allowing Russian ammonia to transit its territory for export on condition that the Black Sea grain deal is expanded to include more Ukrainian ports and a wider range of commodities.

Brazil makes rare soybean sales to US, shipping data shows

Brazil is exporting 178,800 tonnes of soybeans to buyers in the United States, shipping data seen by Reuters showed, as the price of the oilseed in the South American country, the world's largest soybean supplier, is a bargain even for importers in the No. 2 producing nation.

According to May 30 data from Williams, a shipping agency, three vessels loaded with Brazilian soybeans will leave ports in the northern part of the South American nation between June 4 and June 11. Two others departed Brazilian ports last week.

The purchases reflect Brazil's growing clout as an agriculture exporter. The country has surpassed the United States in exports of soy and, more recently, corn. The data identifies the buyers as chicken producer Perdue Farms and global grains merchant Archer-Daniels-Midland Co, The Floriana, to be loaded with 32,000 tonnes of Brazilian soybeans, will be loaded at a Cargill terminal at the port of Santarem.

"Imports are a small but important element of our supply chain," said Scott Fredericksen, president of Perdue AgriBusiness, a division of Perdue Farms. "As recent soybean crush rates in the U.S. are at a record high, we look to several countries, primarily in South America, to fill the gap in what's grown domestically."

Cargill and ADM did not immediately respond to requests for comment.

The 178,800 tonnes of Brazilian soybeans being shipped to the United States would be the largest since 2014, when imports hit a record 1.048 million tonnes, according to U.S. Census Bureau trade data.

Analysts had said the economics of the U.S. importing soy made sense, as Brazil is on track to harvest more than 154 million tonnes of soybeans this season, its biggest crop ever.

The cost of grain not including freight in Brazil is \$1.09 per bushel cheaper than U.S. beans for near-term shipment, John Stewart and Associates wrote in a note to clients on Tuesday, explaining imports therefore made sense for some East Coast crushers.

Picture of the Day



North Korean people work on a rice field at North Korea's propaganda village Kaepoong, in this picture taken from the Unification Observation Platform, near the demilitarized zone which separates the two Koreas in Paju, South Korea, May 31. REUTERS/Kim Hong-Ji

(Inside Commodities is compiled by Indrisha Bose in Bengaluru)

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

To subscribe to Inside Commodities newsletter, [click here](#).

© 2023 Refinitiv. All rights reserved.

Refinitiv
28 Liberty Street, New York, NY 10005

Please visit: [Refinitiv](#) for more information.

[Privacy statement](#)