

[Oil](#) | [Agriculture](#) | [Metals](#) | [Carbon & Power](#) | [Dry Freight](#)*Click on headers to go to that section***Top News - Oil****US crude, fuel stockpiles rise as refining ramps up, EIA says**

U.S. crude oil stockpiles rose unexpectedly last week, while gasoline and distillate inventories also increased as refining ramped up and demand fell despite the kick-off of the summer driving season, the Energy Information Administration (EIA) said on Wednesday.

Crude inventories rose by 1.2 million barrels to 455.9 million barrels in the week ended May 31, the EIA said, compared with analysts' expectations in a Reuters poll for a 2.3 million-barrel draw.

Despite steady production and net imports, crude stocks grew due as the EIA's adjustment figure rose to 1.3 million barrels last week, analysts said. The adjustment factor serves as a balancing item when the EIA's supply and demand data do not align.

Crude oil futures edged higher after the data was released. By 1:17 p.m. EDT (1717 GMT) and Brent was up 82 cents, or 1.1%, at \$78.34 a barrel while West Texas Intermediate crude (WTI) rose 84 cents, or 1.2%, to \$74.09.

Refinery crude runs rose by 61,000 barrels per day to 17.1 million bpd, their highest since December 2019, while refinery utilization rates rose by 1.1 percentage points to 95.4% of total capacity, the strongest level in a year. Gulf Coast refinery utilization also hit its highest since June 2023.

"We haven't run 17 million barrels a day through refineries since 2019," said Bob Yawger, director of energy futures at Mizuho bank in New York.

"They're going to just swamp out the gasoline market if they keep doing this."

Gasoline stocks rose by 2.1 million barrels in the week to 230.9 million barrels, the EIA said, slightly more than forecasts for a 2 million-barrel build.

Gasoline supplied, a proxy for demand, fell by 203,000 bpd last week to 8.9 million bpd.

"You have the demand number below 9 million (bpd) already in the week of Memorial Day weekend. That is pretty sad considering it was the holiday weekend. Back in the day, we would roll into 9 million in March," Yawger said.

Distillate stockpiles, which include diesel and heating oil, rose by 3.2 million barrels in the week to 122.5 million barrels, versus expectations for a 2.5 million-barrel rise, the data showed.

U.S. diesel futures were up 0.8% after the report showed a surprise build and gasoline futures were up 0.2%.

Net U.S. crude imports rose last week by 13,000 bpd with imports of crude from Colombia climbing to highest since June 2020. Crude exports were up 276,000 bpd to 4.5 million bpd.

Crude stocks at the Cushing, Oklahoma, delivery hub for the U.S. benchmark rose by 854,000 barrels, the EIA said.

**Saudi Arabia cuts July Arab Light crude oil OSP to Asia**

Saudi Arabia set its flagship Arab Light crude oil official selling price (OSP) to Asia at plus \$2.40 versus Oman/Dubai average for July, a document seen by Reuters showed on Wednesday.

That marks a 50 cent per barrel cut from the June OSP, the first cut in five months and towards the lower end of market expectations according to a Reuters survey.

Its OSPs for other crude grades sold to Asian customers were slashed by 40-60 cents, the document showed.

Refining sources expected state oil giant Saudi Aramco to cut its prices in Asia because of falling Middle East crude benchmarks and weaker profit margins for Asian refiners.

The potential price reduction for Asia, which accounts for 82% of Saudi Arabia's oil exports, underscores the pressure faced by producers in the Organization of the Petroleum Exporting Countries (OPEC), amid robust non-OPEC supply growth and a global economy facing headwinds. OPEC agreed to extend most of its deep oil output cuts well into 2025 at its meeting on June 2, as it seeks to shore up the market against tepid demand growth and high U.S. production.

Aramco also set the Arab Light OSP to Northwest Europe at plus \$3.10 versus Ice Brent, a hike of \$1 per barrel from June, according to the document.

It hiked its OSPs to both Northwest Europe and the Mediterranean by \$1 per barrel across the board.

For buyers in the United States, the Arab Light OSP was set at plus \$4.75 versus ASCI.

All of its July OSPs to the United States were unchanged from June levels, the document showed.

Aramco sets its crude prices based on recommendations from customers and after calculating the change in the value of its oil over the past month, based on yields and product prices.

Saudi crude OSPs set the trend for Iranian, Kuwaiti and Iraqi prices, affecting about 9 million barrels per day (bpd) of crude bound for Asia.

## Top News - Agriculture

### Russia's Sovecon cuts 2024 wheat crop forecast again to 80.7 mln tons

Russia's Sovecon agricultural consultancy on Wednesday reduced its forecast for the country's wheat crop this year to 80.7 million metric tons (mmt) from its previous forecast of 82.1 million, the latest in a series of weather-related downgrades.

"This downward revision is primarily due to deteriorating crop conditions and reduced yield potential following hot and dry weather after May frosts," Sovecon said.

Russia is the world's biggest wheat exporter. Back in March, Sovecon was projecting a wheat crop of 94 million tons. The consultancy signalled the possibility of further cuts to its forecast.

"It's uncertain if the current estimates fully reflect all the weather anomalies," Sovecon head Andrey Sizov said.

"With the current hot and dry conditions in the winter wheat regions and excessive rain in Siberia, we are not sure that we won't go lower than 80 mmt."

Deputy Prime Minister Dmitry Patrushev said on May 31 that grain exports would fall to 60 million tons in the 2024/25 season, which starts on July 1, from 70 million tons in the current 2023/24 season, due to a smaller than expected crop after a cold spell in some regions.

Russia's agriculture minister has said the country may declare a nationwide emergency by the end of this week due to the damage from May frosts - a step that would help farmers by allowing them to proceed with insurance claims.

Several Russian regions have already declared local emergencies because of the frosts, which have hit crops ranging from grains to apples.

President Vladimir Putin said on Tuesday that 21 Russian regions had been affected by frosts that had destroyed more than 1% of the country's crops.

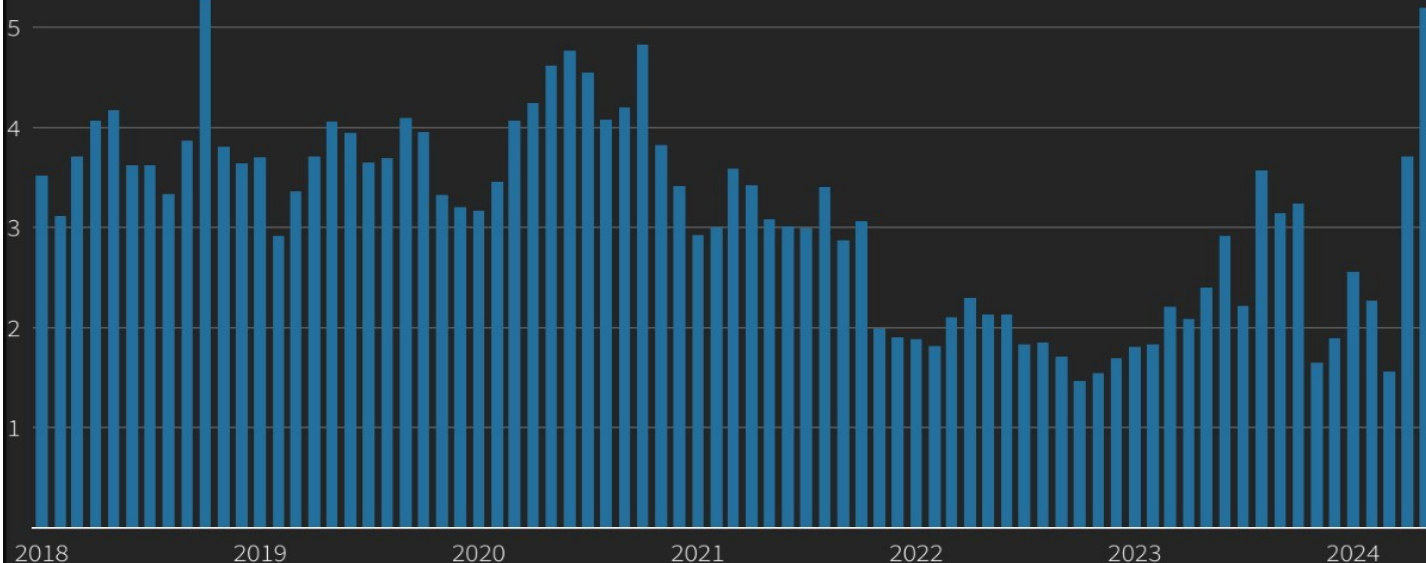
The head of Russia's Grain Union said on May 27 that some 1.5 million hectares of crops had been damaged. Sovecon said slow planting progress in Siberia, the largest spring wheat producer, has also raised concerns. By the end of May, the region had planted only 3.7 million hectares compared to the average of 5.2 million ha. As a result, Sovecon has adjusted the pre-harvest area estimate from 5.54 million ha to 5.45 million ha.

"This estimate might be further reduced, as the region is expected to experience above-normal precipitation over the next two weeks, while the planting window is closing," it said.

## Chart of the Day

### India gas-fired power output rises to near 6-year high in May

India's natural gas-fired power output in May 2024 swelled to the highest levels since October 2018 due to sweltering heat and policy measures



Note: All figures in billion kilowatt-hours

Source: Grid-India

### China's Sinograin to expand wheat stockpiles as global supplies fall

China will expand its wheat stockpile by increasing buying from domestic producers as the world's top producer and consumer of the staple grain looks to secure supply amid recent weather-related damage to global production. Frost has hit crops in No.1 exporter Russia and both dryness and excessive rains have threatened yields in the European Union, igniting worries about lower global supplies in the second half of 2024, a key production and marketing period.

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 the

weather disruptions that unexpectedly sent prices surging from April. China's state-owned agricultural stockpiler Sinograin said in a notice on Wednesday it and its affiliated units will increase purchases of wheat produced in 2024 from major regions for its reserves. It said it had already started buying in some regions. This comes as Chinese buyers in recent months cancelled wheat shipments from U.S and Australia after price fluctuations. Sinograin in January had also said it would raise its purchases of domestic corn. The world's biggest grain importer this year sharply expanded its budget to stockpile grains and edible oils by 8.1% and implemented its first food security law aimed at achieving "absolute self-sufficiency" in staple grains.

## Top News - Metals

### Newmont CEO sees copper demand boom driving mining deals

The mining industry is ripe for further consolidation driven by demand for metals such as copper needed in the energy transition and challenges accessing capital, the boss of the world's biggest gold miner Newmont Corp said on Thursday.

Newmont CEO Tom Palmer pointed to artificial intelligence as a surprisingly large new source of copper demand.

"It's quite remarkable to see that move in AI that we didn't see even two years ago," Palmer said at an industry event in Melbourne.

"The world is going to continue to see the demand for copper drive more buying opportunities," he said.

"And I don't think that's going to be the end of these tectonic plates shifting in the mining industry."

The vast gold sector was also ripe for consolidation, he said, amid challenges accessing capital while minimising costs from the move to become zero carbon mines.

Top global miner BHP Group's recent pursuit of rival Anglo American was the biggest example of the industry's appetite for deals.

Following Newmont's \$17.14 billion takeover of Newcrest last year, Palmer said the company was progressing well on plans to divest eight assets, trim its workforce and cut debt.

Newmont is looking to offload its Eleonore and Musselwhite mines and a development project in Canada, a mine in Colorado and the Akyem mine in Ghana. In Australia, the assets up for sale include the Telfer gold mine and a 70% stake in the Haverion copper-gold project that it owns with Greatland Gold.

"(We are) quite excited about the level of interest in each of those assets," he told reporters.

The miner in February said it aims to realise over \$2 billion in cash from portfolio optimization with Newcrest and will focus on growing its core assets as part of its transformation strategy.

"We have got a very full plate," Palmer said.

The company has benefited from a 15% jump in gold prices this year, with gold demand soaring due to global macroeconomic uncertainty.

Central banks and the middle class in China, India and the U.S. are expected to continue buying gold, he said, with gold ingots "walking off the shelf" at U.S. supermarket chain Costco.

### Chinese rare earths investor fails to win seat on Australia's Northern Minerals board

A Chinese mining investor has failed in a bid to join the board of Australian rare earths mining company Northern Minerals, days after Australia's Treasurer ordered the investor's private company to sell some of its shares. Treasurer Jim Chalmers this week ordered several China-linked investors to dispose of Northern Mineral shares amounting to 10.4% of its issued share capital on national interest grounds.

Yuxiao Fund had 60 days to dispose of 80 million Northern Minerals shares bought in September. The company was ordered not to lift its stake in February 2023.

The fund had sought Foreign Investment Review Board approval to raise its ownership to 19.9% in 2022, from 9.81% of Northern Minerals, but was declined last year. Northern Minerals has said the ultimate controller of Yuxiao Fund is Chinese national Wu Tao. Wu's nomination to join the Northern Minerals board was one of four that failed on Thursday, the company announced at its annual meeting.

Wu Tao has mining interests in Mozambique and China where his private company has developed and operated rare earth minerals businesses, Northern Minerals has said.

Two other board candidates proposed by entities and individuals linked to Yuxiao Fund and named in the Treasurer's disposal order on Monday also failed at the meeting.

The Australian government order to several China-linked investors to dispose of shares was not connected with the rare earths miner's revelation this week of a data leak by cyberhackers, its chairman said at the meeting.

Northern Minerals said on Tuesday some of its corporate, operational and financial data had been released on the dark web following a cyberattack in March.

Executive Chairman Adam Handley told the company's shareholder meeting in Perth on Thursday the attack and the divestiture order were not linked.

"As is typical with cyber security attacks on corporations like Northern Minerals, the hackers demanded a ransom from us.

Northern Minerals, out of principle, refused to engage with the hackers on a ransom," he said.

"The fact we disclosed the cyber security breach a day after the Treasurer's divestiture order was announced is a coincidence.

There are no suggestions, contrary to some media speculation, that the two events are linked in any way."

## Top News - Carbon & Power

### Scorching heat drives India's gas-fired power use to multi-year highs in May

Sweltering heat and policy measures are fuelling a surge in the use of gas-fired power in India, with imports of liquefied natural gas forecast to rise sharply over the next two years, industry officials and experts say.

The country's gas-fired power generation doubled in April and May to 8.9 billion kilowatt-hours compared with the same period last year, data from Grid India showed, eating into the share of coal-fuelled electricity for the first time since the COVID-19 pandemic. More than 75% of India's power generation was from coal in 2023, while gas-fired plants have accounted for only about 2% in recent

years, largely because of the high cost of gas relative to coal. In May, coal's share dipped to 74%, compared with 75.2% during the same month last year, while gas's share nearly doubled to 3.1% from 1.6%.

An emergency clause invoked to force operation of idle gas-fired power plants to avoid power cuts during the 43-day federal elections that ended last week also drove gas usage, industry officials said, as power outages have historically been a key electoral issue. "The current growth of Indian power demand suggests the rising need for greater availability (of natural gas) and flexibility will remain a fixture in coming years," said Joachim Moxon, LNG analyst at ICIS.

## MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$74.41 / bbl	1.58%	3.85%
NYMEX RBOB Gasoline	\$2.35 / gallon	0.92%	11.42%
ICE Gas Oil	\$711.00 / tonne	1.07%	-5.29%
NYMEX Natural Gas	\$2.76 / mmBtu	6.61%	9.67%
Spot Gold	\$2,366.42 / ounce	1.66%	14.73%
TRPC coal API 2 / Dec, 24	\$120.5 / tonne	-3.41%	24.23%
Carbon ECX EUA	€71.82 / tonne	-0.71%	-10.64%
Dutch gas day-ahead (Pre. close)	€33.18 / Mwh	-2.07%	4.18%
CBOT Corn	\$4.49 / bushel	0.06%	-7.33%
CBOT Wheat	\$6.69 / bushel	-1.62%	4.61%
Malaysia Palm Oil (3M)	RM3,931 / tonne	0.26%	5.64%
Index	Close 05 Jun	Change	YTD
Thomson Reuters/Jefferies CRB	336.44	0.52%	11.62%
Rogers International	28.20	0.21%	7.10%
U.S. Stocks - Dow	38,807.33	0.25%	2.97%
U.S. Dollar Index	104.25	-0.02%	2.88%
U.S. Bond Index (DJ)	428.63	0.15%	-0.48%

**LNG IMPORTS TO RISE**

India's gas-fired power output is expected to grow by 10.5% in the fiscal year ending in March 2025, following 35% growth the prior year. To meet that demand, LNG imports by the price-sensitive buyer swelled in May to the highest levels since October 2020, data from analytics firms LSEG and Kpler showed, despite global prices up five-fold from the pandemic-hit lows of 2020.

Demand for LNG in India, the world's fourth-largest importer of the fuel, is set to increase by 19% in 2024, with imports forecast to reach more than 28 million metric tons in 2025, up from 22.1 million tons in 2023, according to ICIS.

"India's LNG imports will continue to be driven higher by the power sector in at least the next two years," said Victor Vanya, director at Indian power analytics firm EMA Solutions.

Industry officials and analysts have argued allocating more domestically produced gas could allow gas-fired generation to better compete with coal, but most local gas has gone to other sectors in recent years.

"The insufficient local gas output is increasingly being used to supply the city gas network and fertiliser companies, and power generators will have to import," said a senior executive at a large Indian gas exchange who declined to be named because he was not authorised to speak to media.

Despite being cheaper, solar and wind are harder to control and forecast than gas, while coal and nuclear power cannot be ramped up or down as quickly in response to sudden demand spurts or dips.

Gas's flexibility and a 2022 federal regulation that provided a policy framework for operating more expensive gas-fired power plants have helped boost the fuel's use, industry officials and experts said.

"Until we have optimal, large-scale battery storage solutions in India, peaking requirements such as ramping up and ramping down quickly will be met by thermal sources including natural gas," said Sadek Wahba, managing partner at Miami-based private equity firm I

Squared Capital, which has invested billions of dollars in natural gas and renewables in India.

**US solar installations hit quarterly record, making up 75% of new power added, report says**

Solar accounted for 75% of electricity generation capacity added to the U.S. power grid early this year as installations of panels rose to a quarterly record, according to a report published by Wood Mackenzie and the Solar Energy Industries Association on Thursday. The country's solar industry saw 11.8 gigawatts of new capacity in the first three months of 2024 as electric utilities continued their rapid additions of the renewable power sources, the report said.

U.S. solar has benefited from the increased availability of panels and from federal and state policies aimed at increasing the amount of clean energy on the electric grid to meet climate-driven emissions goals.

"Not only has the global solar supply chain expanded, but module imports to the US have also risen significantly over the last year," according to the report.

Supply chain bottlenecks eased and the cost of solar panels fell after Biden placed a two-year moratorium on imported panels believed to be produced with forced labor in China.

From June 2023 through March 2024, the U.S. imported 49 GW of solar modules. Domestic solar panel manufacturing capacity, meanwhile, jumped to 26.6 gigawatts for the first three months of the year from 15.6 gigawatts the prior quarter. Florida, followed by Texas, California, and Nevada, installed the most panels, with utility-scale solar making up the majority of the additions. Home solar additions fell 25% year-over-year and 18% quarter-over-quarter, largely on rising interest rates and a slowdown in California's rooftop solar. The commercial solar sector was roughly flat quarter-over-quarter. The United States is expected to install roughly the same amount of solar capacity this year as 2023, which was a record of nearly 40 Gigawatts of additions, the report said.

**Top News - Dry Freight****Russia federal emergency expected to boost farmers, not block exports**

Russia will boost financial support to farmers but is not expected to ban grains exports if a federal emergency is declared due to frosts that have damaged crops, industry experts said on Wednesday.

Agriculture minister Oksana Lut said on Monday that Russia may declare a nationwide emergency possibly, as soon as the end of this week.

Emergency regimes have already been introduced in 11 regions. As the world's top wheat exporter any Russian export curbs could lead to a sharp rise in global prices which have already been climbing on the potential for tighter supplies in the upcoming 2024/25 season.

"We don't expect strict restrictions on exports, but reduction in our supply to the world market is quite possible.

We will be less flexible on prices, recognising the limitations of our supply", said Eduard Zernin, head of the Rusgain, an exporter group which regularly meets with the government to discuss their views on the state of the industry.

Russia's agriculture ministry did not immediately respond to a request for comment.

Consultants IKAR has cut its forecast for Russia's wheat crop this year to 81.5 million metric tons, a drop of 12% since mid-March.

Last year's harvest was around 93 million tons.

"It is a question of speeding up the procedure for farmers to receive compensation, as well as knocking out additional money for them", said IKAR head Dmitry Rylko. Andrey Sizov of consultant Sovecon said rapidly deteriorating prospects for the crop, combined with rising domestic prices, meant the risk of additional restrictions on grain exports has, however, increased.

"I don't think the Ministry of Agriculture itself wants such restrictions," he added. Russia banned grain exports in 2010 after drought and wildfires devastated its harvest, leading to a surge in global prices. The wheat crop that year, however, totalled just 41.5 million tons, according to the U.S. Department of Agriculture, around half the projected total for this season.

Igor Pavensky, Rusagrotrans' marketing director, estimated that the drought and May frosts affected regions that account for up to 40% of Russia's winter wheat area. Rusagrotrans is a railway infrastructure operator for the transportation of agricultural and mineral raw material bulk cargoes by special-purpose hopper cars. "Everything will become clearer after the harvesting campaign starts in main grain-producing regions that suffered most from natural disasters," Zernin said. Last week, Russian Deputy Prime Minister Dmitry Patrushev said that the wheat harvest is expected to be 85 million tons, with exports of 53 million tons.

Following cuts to its production outlook, however, IKAR now forecasts wheat exports at 44 million tons.

#### **Global green coffee exports jumped 15% in April**

Global exports of green coffee increased 15% to 10.77 million bags in April compared to the prior year, led by larger volumes of Brazilian arabica as well as higher robusta shipments, the International Coffee Organization said on Wednesday.

The ICO said in a monthly report that exports of Brazilian Naturals, a non-washed arabica coffee, rose 44.9% in April to 3.83 million bags.

It said global exports of robusta coffee, a type widely used by the industry to make instant coffee, jumped 13.4% to 4.08 million bags.

There was also an increase of 5.4% on shipments of Colombian Milds, a high-quality arabica coffee, to 860,000 bags, while the ICO reported a decrease in exports of other mild coffees from other countries.

Brazilian Naturals and robustas combined made up 74% of all exports in April, the ICO said, compared to 66% in April last year.

The organization projects global production of 178 million bags in the current crop year that ends in September.

It estimates consumption at 177 million bags, resulting in a tight surplus of only 1 million bags.

**Picture of the Day**

*A student carrying mangrove saplings to be planted, walks through water at Mangrove Park Lampulo, on World Environment Day in Banda Aceh, Indonesia, June 5. REUTERS/ Riska Munawarah*

(Inside Commodities is compiled by Nandu Krishnan in Bengaluru)

For questions or comments about this report, contact: [commodity.briefs@thomsonreuters.com](mailto:commodity.briefs@thomsonreuters.com)

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