

[Oil](#) | [Agriculture](#) | [Metals](#) | [Carbon & Power](#) | [Dry Freight](#)*Click on headers to go to that section***Top News - Oil****Saudi says OPEC+ can pause or reverse oil output boost, criticises Goldman Sachs**

OPEC+ can pause or reverse oil production increases if the market weakens, the Saudi energy minister said on Thursday, adding he disagreed with the bearish view of U.S. bank Goldman Sachs of OPEC+'s deal on Sunday. Goldman Sachs declined to comment.

Some OPEC+ members, including Russia, agreed on Sunday to phase out voluntary cuts of 2.2 million barrels per day over a year beginning from October. OPEC+ also agreed to maintain other cuts amounting to 3.66 million bpd until end-2025. Oil has declined this week, with benchmark Brent crude touching a four-month low below \$77 a barrel on Tuesday, although on Thursday prices had recovered to around \$79. Many analysts said the meeting was bearish for oil prices as it called for boosting supply. Goldman Sachs was one of the first to issue a short, two-page report on June 2, headlined "Bearish phase out of extra voluntary cuts".

Speaking at Russia's Economic Forum in St Petersburg, which he attended along with a number of other top ministers and officials from OPEC+, Saudi Energy Minister Prince Abdulaziz bin Salman said Goldman Sachs had used incorrect figures to come to its conclusions.

He did not specify exactly which figures were incorrect. "I've counted that, in the two pages, seven times they mentioned bearish, bearish, bearish. Worse, technically worse and professionally worse, they have put numbers that are wrong," he said.

Prince Abdulaziz said OPEC+, which groups the Organization of the Petroleum Exporting Countries and allies including Russia, can pause or reverse production increases if it decides the market is not strong enough. "It's a year and a half agreement, it has all the mechanics, some of the mechanics are not new, we have also exercised it before... Especially this issue of pausing or reversing," he added, referring to the previous practices when OPEC+ paused on releasing more oil.

'MISINTERPRETATION'

Russian Deputy Prime Minister Alexander Novak said the group might adjust the deal if necessary, adding that the post-meeting price drop was caused by misinterpretation of the agreement and "speculative factors".

"We are ready to react quickly to market uncertainties," Novak told the same panel of speakers.

OPEC Secretary General Haitham Al Ghais told the same briefing demand for oil was strong, citing a rebound in travel. Sunday's meeting was held online, but eight OPEC+ members which have been making voluntary cuts met in person in Riyadh.

"I would call them the 'Great 8'," UAE Energy Minister Suhail Al Mazrouei said at the forum, referring to his country, Saudi Arabia, Russia, Algeria, Kazakhstan, Kuwait, Oman and Iraq. The UAE received a higher output target as part of Sunday's agreement to reflect its efforts to boost production capacity. The issue of quotas is controversial for OPEC+ and last year prompted Angola to leave the group. Novak said Russia was working on establishing its oil production capacity by autumn 2025. OPEC+ on Sunday postponed discussions on output capacity until November 2025. "It's a difficult issue," Novak said.

China's May crude oil imports fall 8.7% on weak refining margins

China's crude oil imports fell 8.7% from a year earlier, official data showed on Friday, as refiners scaled back purchases amid heavy plant overhauls and subdued profit margins. May imports by the world's largest crude oil buyer amounted to 46.97 million metric tons, or about 11.06 million barrels a day (bpd), data from the General Administration of Customs showed.

That is up from April's figure of 10.88 million bpd and off a strong base a year earlier at 12.11 million bpd.

The lower imports came as large state-run refineries such as Sinopec's Zhenhai and Zhanjiang, PetroChina's Dushanzi and Dalian plants undergo regular maintenance, Chinese commodities consultancy Oilchem said. Smaller independent plants in the eastern refining hub of Shandong also cut production as higher crude costs pinched refining margins, with some pushed to process more lower-priced fuel oil.

Shandong-based independents processed at an average of 55.5 of capacity in May, down from 62.2% in May 2023, Oilchem said. China's onshore above-ground crude oil inventories rose to the highest since the end of last year at 946 million barrels, according to Vortexa Analytics, reflecting weaker refinery demand. Imports for the January-May period totalled 229.03 million metric tons, or about 11 million bpd, down 1.2% from the corresponding period of 2023. Customs data also showed China's natural gas imports for May rose 6.5% from a year earlier to 11.33 million tons, bringing year-to-date volumes to 54.28 million tons, or 17.4% higher than the year-earlier levels. Exports of refined oil products, which include diesel, gasoline, aviation fuel and marine fuel, grew 9.49% from a year earlier to 5.35 million, and also up from 4.55 million tons in April. The higher exports were aided by new government export quotas released in early May as refiners cashed in on stronger bunkering demand for aviation fuel, although margins for diesel exports slumped due to excess regional supplies.



Top News - Agriculture

China May soybean imports fall 15% on year, customs data shows

China imported 10.22 million metric tons of soybeans in May, customs data showed on Friday, below the levels of a year ago but more than April's shipment volumes, as good crush margins supported demand for cheaper Brazilian beans.

May imports by the world's largest buyer of the oilseed were down 15% from a record 12.02 million tons in May 2023, and fell short of expected arrivals of 11-12 million tons. Imports in the first five months of the year totalled 37.37 million tons, 5.4% lower than the year-ago period, data from the General Administration of Customs showed. Rising hog prices in the world's largest pork market have supported demand for soybeans, which is crushed into soymeal for animal feed.

The imports are largely from top producer Brazil, which typically ships most of its soybean crop from March to June. But floods have disrupted Brazil's harvest this season, lowering the state's production estimates and impacting delivery of freshly harvested soybeans to drying and storage units.

"Customs' soybean import data of 10.22 million metric tons is slightly below our estimate of 12 million metric tons as some ships may have arrived, but (have) yet to complete customs clearance," said Rosa Wang, analyst at Shanghai-based agro-consultancy JCI.

"We might see bigger arrivals in June import data, but considering the impact of the floods in Brazil, we anticipate a smaller figure of around 11 million metric tons for June."

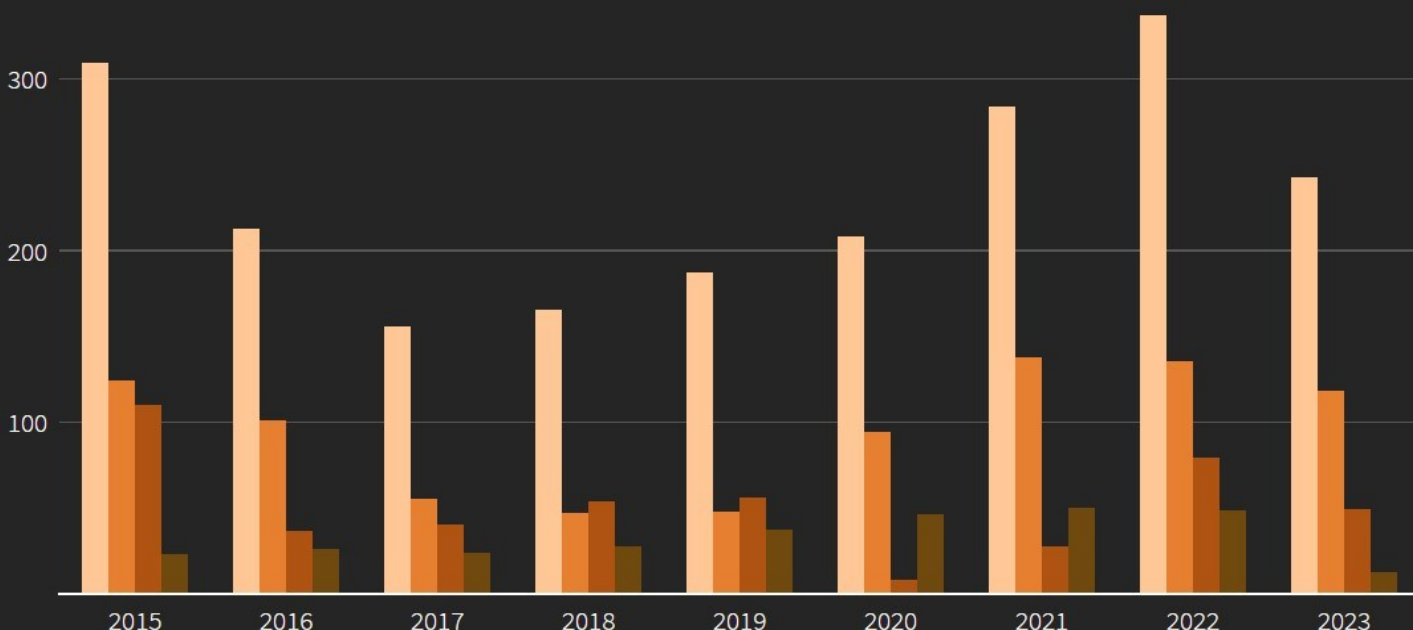
In No. 3 producer Argentina, farmers are speeding up delayed sales of soybeans, the latest government data shows, helped by higher global prices and better weather conditions for the ongoing harvest.

China took delivery of 50,000 tons of deforestation and conversion-free (DCF) Brazilian soybeans on May 31 and is looking to source more sustainable products, marking what industry players say is a milestone for a country that has prioritised price over sustainability in its farm imports. China's first food security law aimed at achieving "absolute self-sufficiency" in staple grains came into effect on Saturday, reinforcing efforts to lower its reliance on overseas purchases.

Chart of the Day

Physical investment in silver

● Global total ● U.S. ● India ● Germany



in million troy ounces

Source: Metals Focus

EXCLUSIVE- Cows infected with bird flu have died in five US states

Dairy cows infected with avian flu in five U.S. states have died or been slaughtered by farmers because they did not recover, state officials and academics told Reuters. Reports of the deaths suggest the bird flu outbreak in cows could take a greater economic toll in the farm belt than initially thought.

Farmers have long culled poultry infected by the virus, but cows cost much more to raise than chickens or turkeys.

A U.S. Department of Agriculture spokesperson said the agency knew of a few deaths but that the vast majority of cows recover well. Reuters was not able to determine the total number of cows with bird flu that died or were killed in South Dakota, Michigan, Texas, Ohio and Colorado. Avian flu has infected dairy cows in more than 80 herds across 10 states since late March, according to the USDA.

Some of the animals died of secondary infections contracted after bird flu weakened their immune systems, said state veterinarians, agriculture officials, and academics assisting in state responses to bird flu. Other cows were killed by farmers because they failed to recover from the virus.

Cattle infected with bird flu suffer reduced milk production, digestive issues, fever, and diminished appetite, according to farmers and veterinarians.

In South Dakota, a 1,700-cow dairy sent a dozen of the animals to slaughter after they did not recover from the virus, and killed another dozen that contracted secondary infections, said Russ Daly, a professor with South Dakota State University and veterinarian for the state extension office who spoke with the farm.

"You get sick cows from one disease, then that creates a domino effect for other things, like routine pneumonia and digestive issues," Daly said.

A farm in Michigan killed about 10% of its 200 infected cows after they too failed to recover from the virus, said Phil Durst, an educator with Michigan State University Extension who spoke with that farm.

Michigan has more confirmed infections in cattle than any state as well as two of three confirmed cases of U.S. dairy workers who contracted bird flu.

In Colorado, some dairies reported culling cows with avian flu because they did not return to milk production, said Olga Robak, spokesperson for the state Department of Agriculture.

Ohio Department of Agriculture spokesperson Meghan Harshbarger said infected cows have died in Ohio and other affected states, mostly due to secondary infections. The Texas Animal Health Commission also confirmed that cows have died from secondary infections at some dairy operations with avian flu outbreaks.

Officials could not provide figures for the number of statewide cow mortalities.

New Mexico's state veterinarian, Samantha Uhrig, said farmers increasingly culled cows due to decreased milk production early in the outbreak, before the U.S. even confirmed bird flu was infecting cattle. Culling decreased as farmers learned that most cows gradually recovered, she said. Officials in North Carolina and Kansas said there have been few to no cow deaths associated with bird flu in their states. Idaho officials did not respond to requests for information.

Bird flu virus particles were found in beef tissue taken from one dairy cow sent to be slaughtered for meat, and meat from the animal did not enter the food supply, USDA said last month.

The agency has reported that no viral particles were found in samples of ground beef collected at retail stores, and that no bird flu virus was found after cooking ground beef to medium to well done, after it was injected with a virus surrogate as part of an experiment.

Top News - Metals

China May copper imports jump 15.8% on-year, beat expectations

China's unwrought copper imports in May rose 15.8% from a year earlier, customs data showed on Friday, beating market expectations despite weak physical consumption. Imports of unwrought copper and products in China, the world's biggest consumer of the metal, were 514,000 metric tons last month, compared with 444,010 tons a year earlier, data from the General Administration of Customs showed. Imports were up 17.4% from the previous month. The data includes anode, refined, alloy and semi-finished copper products.

The double-digit gains came as a surprise to many in the market given that actual consumption was weak last month amid record high copper prices. "Some more Russia-origin copper could flow into China following

western sanctions on Russian metals," said He Tianyu, a Shanghai-based copper analyst at CRU.

Following sanctions on Russian metals by the U.S. and UK governments in April, the London Metal Exchange and Chicago Mercantile Exchange banned from its system Russian aluminium, copper and nickel produced from April 13. And the Democratic Republic of the Congo (DRC) also shipped more after delays in shipments caused by logistics hurdles earlier, CRU's He added. In the first five months, China imported 2.33 million tons of unwrought copper and products, up 8.8% from the same period in 2023. Imports of copper concentrate were 2.26 million tons for May, down 11.7% from a year earlier, customs data showed. Imports totalled 11.59 million tons in the first five months of 2024, up 2.7% from a year earlier.

EXCLUSIVE-Chile's Codelco targeting 2030 production for Maricunga lithium site, document shows

Rothschild & Co has formally started to assess candidates to partner with Chile's state-run miner Codelco on a major new lithium project slated to begin production in 2030, according to documents seen by Reuters on Thursday.

A four-page "investment highlight" document from Codelco and Rothschild, dated June 2024, and accompanying memo, reveal new details of Codelco's plans for the site, now dubbed "Project Paloma." Codelco aims to begin construction in early 2027 and launch production in early 2030. A first phase would include production of 20,000 metric tons of lithium carbonate equivalent (LCE) a year via evaporation ponds at an initial capital cost of \$1.2 billion.

A second phase will target 30,000 metric tons of LCE a year via direct lithium extraction (DLE), with initial capital cost of \$1.1 billion.

The potential use of DLE, which has yet to work at commercial scale, is being evaluated for 2033, the document showed.

Codelco previously said it had hired Rothschild to lead the search for a partner and that it hoped to conclude the process by the first quarter next year, but did not disclose

whether the effort had formally started, or how the bank would go about seeking interest in the project.

"Rothschild & Co is currently qualifying participants in the process and is inviting certain parties to review the information contained herein," states the investment document.

It also calls the project a "unique opportunity to partner with Codelco in developing Chile's next world-class lithium project."

Chile is the world's second-biggest lithium producer, with output from SQM and Albemarle of the battery metal needed for electric vehicles.

The government has tasked Codelco with spearheading efforts to boost its role in lithium production, and reached a milestone last week as the copper giant announced final plans for a tie-up with SQM in the Salar de Atacama from 2025 to 2060.

The Maricunga project represents a major new challenge as Codelco takes on lithium production virtually from scratch.

Despite Chilean President Gabriel Boric's announcement last year that he would mandate the use of DLE, Codelco's plans for a decade of traditional evaporation ponds in Maricunga suggests the technology is still far from production expectations laid out by Boric and industry leaders.

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$75.64 / bbl	2.12%	5.57%
NYMEX RBOB Gasoline	\$2.38 / gallon	2.08%	13.19%
ICE Gas Oil	\$723.25 / tonne	3.17%	-3.66%
NYMEX Natural Gas	\$2.83 / mmBtu	2.54%	12.45%
Spot Gold	\$2,373.99 / ounce	0.82%	15.10%
TRPC coal API 2 / Dec, 24	\$117.5 / tonne	-2.49%	21.13%
Carbon ECX EUA	€72.10 / tonne	0.39%	-10.29%
Dutch gas day-ahead (Pre. close)	€33.35 / Mwh	0.51%	4.71%
CBOT Corn	\$4.57 / bushel	2.41%	-5.68%
CBOT Wheat	\$6.54 / bushel	-2.13%	2.31%
Malaysia Palm Oil (3M)	RM4,003 / tonne	2.48%	7.58%
Index	Close 06 Jun	Change	YTD
Thomson Reuters/Jefferies CRB	341.99	1.65%	13.47%
Rogers International	28.66	1.65%	8.87%
U.S. Stocks - Dow	38,886.17	0.20%	3.17%
U.S. Dollar Index	104.08	-0.02%	2.71%
U.S. Bond Index (DJ)	429.28	0.02%	-0.33%

Speaking at a press conference on Thursday evening to discuss plans for the SQM partnership, Codelco Chairman Maximo Pacheco said 30 to 40 companies have shown interest in the Maricunga project, including international firms. Codelco is looking for a partner with financial backing, experience in partnerships, and

knowledge of lithium, but will not outline specific criteria, he said.

"We've designed a selection system to be extraordinarily open and flexible," he said.

"We're going to put all the elements into an equation, and leave it up to the interested parties to make proposals."

Top News - Carbon & Power

Egypt to issue tender for at least 15 LNG cargoes to cover summer demand - sources say

Egypt plans to issue a buy tender seeking 15-20 cargoes of liquefied natural gas (LNG) to cover heavy summer demand that had led to a wave of rolling blackouts and forced temporary shutdowns of chemical and fertilizers plants, four industry sources told Reuters.

The most populous Arab country has returned to being a net importer of natural gas, reversing its position as an exporter in recent years as part of a plan to become a reliable supplier to Europe.

Natural gas supplies that help Egypt generate electricity have been dwindling at a time when a growing population of 106 million and urban development have been pushing up power demand while high cooling demand during summer drives up power consumption.

The tender is expected in the second half of June or early July to cover demand for the summer season between July and October, one source said.

Another source said the announcement is pending an energy minister appointment, as President Abdel Fattah al-Sisi ordered the prime minister to form a new cabinet earlier this week.

Egypt's petroleum ministry did not immediately respond to a request for comment.

Egypt had not imported LNG since late 2018, with only four domestically produced cargoes received at its no longer available FSRU over the 2019-2023 period, as well as an imported partial cargo that was re-exported in late 2023, according to S&P Global Commodity Insights data. It has bought four cargoes from the spot market this year, and had to pay a high premium, partly due to seeking prompt deliveries.

Two of the cargoes, bought for April and May delivery, were bought at a \$1.3-\$1.7 per million British thermal unit (mmBtu) premium to the gas price at the Dutch TTF hub, S&P data showed.

"The market has been expecting this in terms of overall volumes.

We've seen Italian, Greek and Turkish delivered prices rising against TTF and Northwest Europe delivered prices, largely because of Egyptian demand and the need for other Mediterranean buyers to compete," said Samuel

Good, head of LNG pricing at commodity pricing agency Argus.

In May, Egypt's Natural Gas Holding Company (EGAS) struck an agreement with Norway's Hoegh LNG to rent the Hoegh Galleon floating storage and regasification unit (FSRU) from June 2024 to February 2026, to support energy security.

Several Egyptian chemical and fertilizers companies have shut down their factories on a temporary basis, citing increased consumption-driven pressures on the natural gas network leading to fluctuations in the grid.

Gas supplies will gradually resume flowing as of Thursday to fertilizer factories, the petroleum ministry said.

In 2023, Egypt's total natural gas production fell to its lowest since 2017, figures from the Joint Organisations Data Initiative (JODI) show.

Gas production in 2023 was around 59.29 billion cubic meters (bcm), falling 11.5% year-on-year to the lowest production level since 2017, when it was around 50.72 bcm.

Scheduled power outages have remained in place since, coming as a shock to Egyptians accustomed to years of reliable power supplies under President Sisi.

China's May coal imports rise 11% on lower domestic output

China's imports of coal rose 11% in May from a year earlier, customs data and Reuters records showed on Friday, as lower domestic output this year led to increased shipments of international coal.

Coal imports by the world's biggest consumer of the fuel were 43.82 million metric tons in May, the customs data showed.

That compared with 39.58 million tons in May 2023, according to Reuters records.

Imports were down 3% from 45.25 million tons in April, however. China's coal output in April fell to its lowest since October 2022. Safety inspections following more deadly mining accidents weighed on production this year in the top coking coal hub of Shanxi.

Coal imports in the first five months were 204.97 million tons, up 12.6% from the year-earlier period, the customs data showed.

Top News - Dry Freight

Port strike suspended at Argentine grains hub, ensuring flow of goods

Port worker unions in Argentina cut short a planned strike in grains shipping ports in the Rosario region following government-ordered talks, a union head said on Thursday, in welcome news for the country's farm exports. The area north of the city of Rosario along the Parana River is Argentina's main agricultural exports hub, where more than 80% of its processed soybeans, corn, wheat and other farm products are shipped to global markets. The FESIMAF maritime workers federation, which groups several unions, announced plans to start a 48-hour strike earlier on Thursday, arguing that the Tugboat Owners Chamber (CAR) refused to negotiate an expired collective bargaining agreement. "We're all working normally," said Raul Durdos, head of the SOMU union, a member of FESIMAF.

He added that government officials had ordered a stop to the strike from 1 p.m. local time, to allow for talks between workers and companies. The brief strike did not alter operations at the bustling ports, particularly busy at this time of the year due to the ongoing soybean and corn harvests, Argentina's top cash crops.

FESIMAF had allowed tugboats, which also guide vessels that supply power plants with liquefied natural gas, to continue operating to prevent energy shortages.

Crop woes may lead Russia to focus on traditional grain buyers

Russia may narrow the spread of its grain exports in the new season due to crop problems, keeping supplies to its traditional markets, VTB board member Vitaly Sergeychuk said.

Frosts have damaged crops in many regions this year while there has also been a drought in some areas, leading analysts to downgrade forecasts for this year's harvest.

"It (exports) will probably not be as widespread as in the current season," he said, speaking during the St. Petersburg international economic forum.

VTB is one of Russia's largest lenders to the agricultural sector.

Sergeychuk said Russia was present in grain markets such as Mexico, Indonesia and Vietnam in the current season where other exporters usually play a big role while adding it would try to ensure it continued to play a leading role in supplying the Global South. Russian grain exports this season, which will end in less than a month, have already totalled 65 million metric tons to date, with a record 70 million tons expected at the end of the season, Sergeychuk said.

The Ministry of Agriculture has forecast that in the 2024/25 season grain exports from Russia will amount to about 60 million tons.

Russia is the world's largest exporter of wheat.

According to analytical agency ProZerno data, from July to November 2023 the largest importers of Russian grain were Turkey (over 3.5 million tonnes) and Egypt (2.7 million tonnes).

Russia supplied about 700,000 tonnes of grain to Indonesia, nearly 382,000 tonnes to Mexico, and just over 131,000 tonnes to Vietnam. All of them bought wheat, Vietnam also bought corn.

VTB officially exited the grain business a year ago, announcing the sale of a stake in Demetra, one of the largest grain holdings.

Picture of the Day



A view shows the dried-up Dnipro river bed which is overgrown with greenery after the water level sharply dropped following the Kakhovka dam destruction one year ago, amid Russia's attack on Ukraine, in the village of Malokaterynivka, Zaporizhzhia region, Ukraine, June 5. REUTERS/Stringer

(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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