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Top News - Oil

Iraq oil minister reports progress in talks with Kurdish officials on northern exports

Iraq's Oil Minister Hayan Abdel-Ghani said there has been progress in talks with Kurdistan region officials and representatives of international companies operating there for a deal to resume oil exports via a pipeline to the Turkish port of Ceyhan. "We have a progress in today's talks and we expect to reach an understanding in (a) few days," Abdel-Ghani said in an interview with the state owned Iraqiya TV on Sunday. The Iraq-Turkey oil pipeline that once handled about 0.5% of global oil supplies has been stuck in limbo for more than a year after its closure, as legal and financial hurdles impede the resumption of flows from the region.
Sunday's meeting in Baghdad, attended by Iraq's oil minister Hayan Abdul Ghani and officials from the Kurdistan region's ministry of natural resources, comes after a call by Iraq's oil ministry last month for Kurdish authorities and international energy companies to meet and discuss restarting the exports. "The meeting is still going on to discuss issues that prevent the resumption of oil exports," said a senior oil ministry official on condition on anonymity due to the sensitivity of talks. "It's still early to say a final deal is possible to reach but we can say the talks have positive aspects."
The talks are expected to focus on the Kurdistan Regional Government's (KRG) production-sharing energy contracts, which Baghdad wants to amend, and the oil production costs that the foreign oil companies claim for oil produced in the Kurdistan region, said the official. Iraq had blamed foreign companies, alongside the Iraqi Kurdish authorities, for the delay in restarting crude exports because they had so far not submitted their contracts to the federal oil ministry for revisions. It was not clear if the Kurdish delegates and the foreign firms have accepted the provision to the oil ministry of their contracts during Sunday's meeting.

COLUMN: China's commodity imports are soft, even those that look strong: Russell
China's imports of major commodities were either openly weak in May, such as the decline in crude oil, or those showing apparent signs of strength were deceptive and largely driven by factors other than rising consumption. Arrivals of crude dipped into negative territory for the first five months of the year, with calculations based on official customs data released on June 7 showing imports of 11.0 million barrels per day (bpd) in the January to May period, down 1.2% from 11.13 million bpd in the same period last year. China, the world's largest crude importer, landed 11.06 million bpd in May, which was slightly up from April's 10.88 million bpd, but massively down from the 12.11 million bpd in May 2023. The decline in year-on-year imports has been put down to weak refining margins crimping throughput, and the 7.7% drop in fuel exports in the first five months of 2024 has also contributed to lower demand for crude. China's imports of crude are down 130,000 bpd in the first five months of the year, an outcome that is starkly at odds with the expectations of the Organization of the Petroleum Exporting Countries (OPEC). The exporter group forecast in its May monthly outlook that China's crude demand will rise 710,000 bpd for 2024 as a whole, the biggest contributor to world demand growth of 2.25 million bpd. To be fair to OPEC, the group does expect a stronger second half for China's oil demand, but even so, growth in imports is running so far behind the OPEC forecast that the second half will have to be exceptionally strong.
Expectations of a stronger second half are also likely a factor driving iron ore imports. China, which buys about 75% of all global seaborne iron ore, saw imports of 102.03 million metric tons in May, up from 101.82 million in April and the third straight month arrivals of the steel raw material exceeded 100 million. That seems like a strong performance, but the additional iron ore isn't being used to pump up steel production, rather it's mainly going into inventories.

INVENTORIES GAIN
Port stockpiles monitored by SteelHome hit 147.3 million tons in the week to June 7, the highest in 26 months and up 40% from the seven-year low of 104.9 million, reached in October last year. Steel mills and traders have been encouraged to lift inventories by lower prices, with Singapore futures dropping to an 18-month low of $98.36 a ton in April. While the price has recovered somewhat to end at $108.70 a ton on June 7, it's still well below the $143.08 reached in early January.
Copper imports also looked somewhat strong in May with imports of unwrought metal rising to 514,000 tons, up from 438,000 in April. For the first five months of the year copper imports have gained 8.8% to 2.327 million tons. But similar to iron ore, it's inventory builds that are accounting for the additional imports, with stockpiles in warehouses monitored by the Shanghai Futures Exchange rising to a four-year high of 336,694 tons last week, up from around 33,000 tons at the start of this year. Copper imports are being bolstered by increased arrivals from Russia, which is battling to sell some of its production of the industrial metal because of tighter sanctions by Western countries imposed as part of measures following Moscow's invasion of Ukraine.
The major commodity where demand is higher is coal, with China's imports of all grades coming in at 43.81 million tons in May, down from April's 45.25 million, but higher than the 39.58 million from May last year. For the first five months of the year China's coal imports were 204.97 million tons, up 12.6% from the same period in 2023. The gain has largely been driven by weak domestic output, with production down 3.5% in the first four months of the year after safety checks were ordered in major coal -producing regions.

With the outlook for coal production uncertain in coming months, it's possible that imports will remain robust, although much will depend on China's hydropower and renewable generation, both of which are expected to rise over the rest of 2024. The overall message from China's commodity imports is that while they aren't dire, they are hardly indicative of a strong recovery in the world's second-biggest economy.

Top News - Agriculture

Sugar mill strikes put Australia's cane harvest at risk

Industrial disputes at factories that produce more than half of Australia's sugar could cause cane to be left unharvested if they are not resolved soon, threatening production and exports, people in the industry said.

Strikes over pay at eight mills owned by Singapore's Wilmar International that produce over 2 million metric tons – worth around $1 billion - of sugar a year have delayed the start of cane crushing operations by between two and 13 days, the company's Australian subsidiary said.

A ninth mill, owned by Chinese conglomerate COFCO, said it had also delayed its start due to strikes and adverse weather.

Australia is the world's fourth-largest sugar exporter, shipping around 3.5 million tons a year to markets mostly in Asia. A small reduction in Australian production would tighten supply in Asia but likely have little impact on global prices.

But the hold-ups are worrying growers who lined up labour to deliver cane but do not yet threaten overall sugar production in a crushing season that lasts from June to around November, when rains dilute the cane's sugar and make it difficult to harvest.

However, longer delays could shorten the processing season and the time available to bring cane from fields.

"Everyone's worried about it," said Greg Beashel, CEO of exporter Queensland Sugar. "The cane has to be crushed in a fixed window otherwise you lose sugar content and have weather risk at the end of the year," he said.

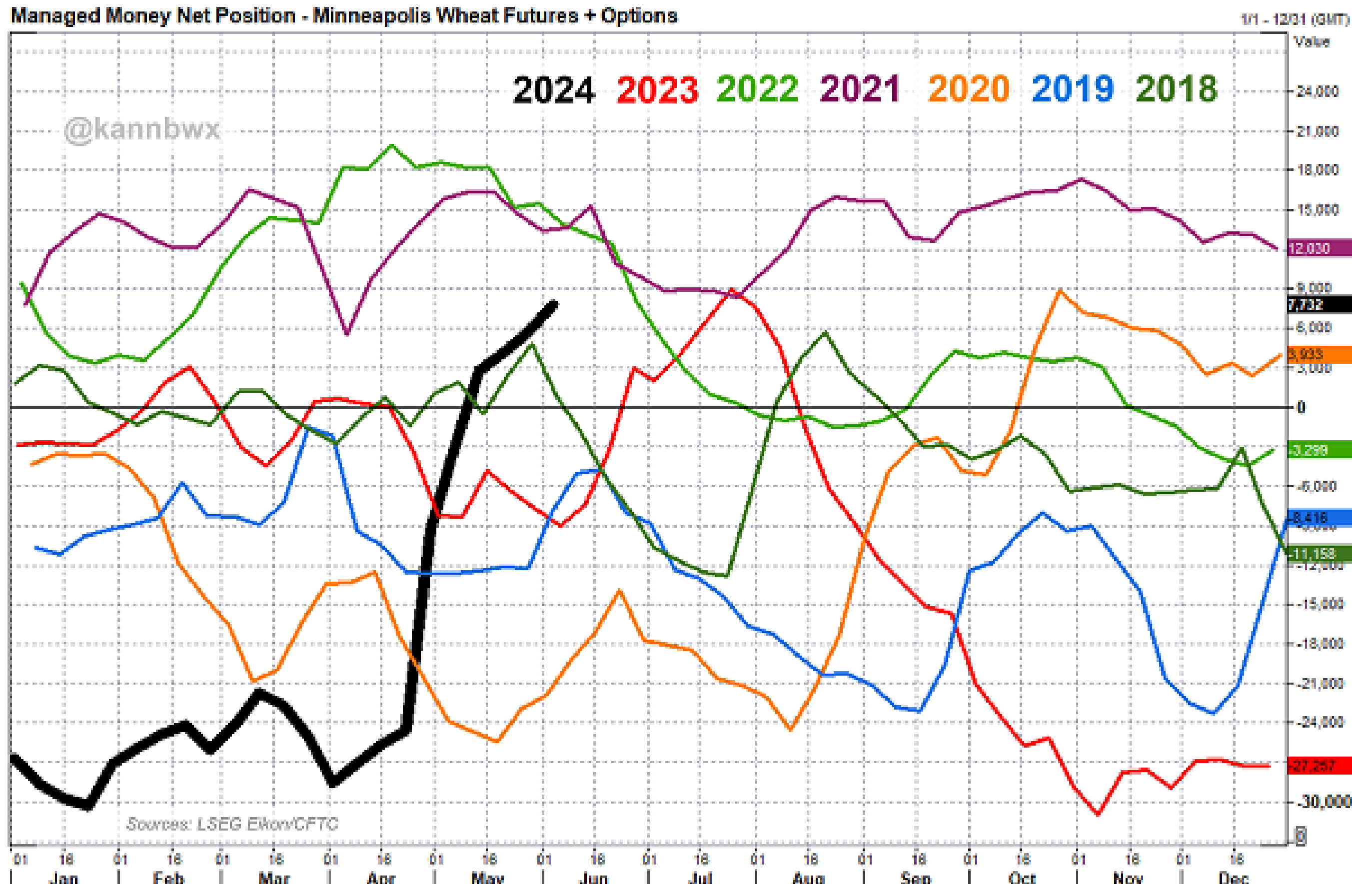
Start-of-season delays are not unusual and buyers should not yet be alarmed, Beashel said. "But it needs to get resolved pretty soon," he added.

Spokespeople for Wilmar Sugar and Renewables, also a major generator of renewable energy from biomass, and for COFCO's Tully Sugar said long strikes would disrupt the crush but hoped pay deals could be struck before that happened.

"I am hopeful," a Tully spokesman said. "We need to kick off as soon as possible."

Unions at Wilmar are asking for an 18% pay rise over three years and those at Tully want 21%, union officials said. They said they had lowered their requests to help reach deals without disrupting the crush and workers

Chart of the Day



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deserved the rises after a period of high inflation and high sugar prices. A former Wilmar worker employed for decades at a mill just south of Townsville said many mill workers did 12-hour shifts in a hot and humid environment, where boilers ran 24 hours a day for most of the crushing season feeding heat and energy to machinery.
"There's hot water everywhere. It's hot, noisy and steamy," he said, adding that workers would hold out for higher pay. "People have had enough," he said.
Wilmar has offered its workers 14.25% over three and a half years with a signing bonus and Tully 14.25% over three years, the companies said. Unions at Wilmar have suspended industrial action until a vote on June 10-11, when they say the offer will be rejected. Wilmar said it has been informed that strikes will resume after the ballot.
Tully said its workers would ballot in the week of June 17. The unions, which oppose Tully's offer, have announced work bans next week, the company said, adding that it intended to suspend employment of any worker who takes part in such actions.
Tully plans to start crushing next week and Wilmar will start its first mill on Monday, the companies said.
Meanwhile, the sugar industry watches and waits.
"It's a headache," said Owen Menkens, a farmer and chairman of the CANEGROWERS industry association. Every mill around Menkens' farm near Townsville is owned by Wilmar. "We've got harvesting crews, casual labour coming in," he said. "The whole community revolves around the mills." "If the delay gets any longer, it's going to be difficult. When the harvest isn't happening, there's no money coming into the district. Every day is crucial."

COLUMN: Funds place fresh short bets on CBOT corn, soy as supply fears ease -Braun
Chicago grain and oilseed futures declined sharply after the U.S. Memorial Day holiday with speculators rejuvenating bearish sentiment, an about-face from last month's short-covering streak.
Most-active CBOT corn, soybeans and soybean oil all fell more than 4% in the week ended June 4, and both CBOT wheat and soybean meal tumbled 6%.
Much of that week's bearish tone was tied to favorable U.S. crop outlooks, including a near-normal planting pace. Initial U.S. corn conditions last Monday came in at 75% good-to-excellent, above average and 5 percentage points better than the trade predicted. In the week ended June 4, money managers boosted their net short position in CBOT corn futures and options to a five-week high of 212,706 contracts from 133,477 a week earlier. That included nearly 70,000 new gross short positions, the most for any week since August 2019.
In CBOT soybean futures and options, money managers increased their net short to 59,741 contracts from the previous week's 21-week low of 14,218. More than 37,000 new gross shorts were added, the most for any week since December 2019. Funds had covered gross soybean shorts in the previous four weeks, though they had already been adding new corn shorts in the prior two weeks. Open interest in soybean futures and options jumped 7% in the latest week to a seven-week high, and for corn it rose 5% to a two-year high.
The week ended June 4 featured one of CBOT wheat's biggest downturns of the year, but money managers were relatively light sellers, extending their net short to 31,684 futures and options contracts from 25,431 a week earlier. That ended a six-week streak of short-covering.
Money managers through June 4 ended an eight-week streak of net buying in CBOT soybean meal futures and options, reducing their net long to 100,699 contracts from 118,282 a week earlier, mostly on the exit of longs. The resulting position ties 2018 for the date's most bullish.
The managed money net short in CBOT soybean oil futures and options reached a three-week high on June 4 of 57,690 contracts, up nearly 16,000 from the previous week. That ties 2018 and 2019 for the date's most bearish soyoil view.Funds were net sellers of Kansas City wheat futures and options through June 4, snapping a six -week buying streak. Minneapolis wheat was the only U.S. grain or oilseed of which funds were net buyers last week, as they extended their net long to 7,732 futures and options contracts from 5,740 a week earlier, marking their ninth consecutive week as net buyers.
Soybeans and soybean oil were unchanged over the last three sessions and corn and soybean meal both popped around 1.5%. But wheat fell nearly 5% during that period, hitting one-month lows on Friday and notching its eighth consecutive losing session. Wheat's weakness came despite Russia declaring a federal emergency on Friday in 10 regions over weather-related crop damage. Analyst's Russian wheat crop estimates fell further last week, now up to 14% off original ideas with threats of additional cuts. Soybeans sold off on Friday despite the first substantial U.S. soybean sale to China since January. The U.S. Department of Agriculture will issue its first health assessment for U.S. soybeans on Monday, and the initial rating averaged 68% good-to-excellent over the last decade. Traders will also be watching on Wednesday for USDA's monthly supply and demand report, which analysts expect to show the contraction of global corn, wheat and soybean supplies.

Top News - Metals

Nippon Steel executive saw positive reaction from U.S. Steel workers and others
Nippon Steel Vice Chairman Takahiro Mori met with U.S. Steel's employees and community leaders this week to gain better understanding of its proposed acquisition of the U.S. company and saw positive reaction, a company spokesperson said. Mori, the key negotiator for the U.S. Steel deal, returned to the United States this week, soon after a May 20-26 trip, in an effort to close the deal amid growing regulatory scrutiny and political opposition as well as objections from the powerful United Steelworkers (USW) union over fears of job losses. Mori held talks with employees of the U.S. Steel's plants in Gary Indiana and Mon Valley, Pennsylvania, outlining the Japanese steelmaker's plans, including commitments to jobs and

investments on blast furnaces, the spokesperson said in an email late on Friday.
"We are pleased to see the positive and supportive reaction to Mori's visits, and we remain focused on directly communicating our vision to the people who stand to benefit the most from this transaction," the company said.
The world's No. 4 steelmaker wants to build public opinion to back the deal, hoping this may push the union to come to the table, Mori told Reuters in a recent interview.
The two steelmakers said last month that they have received all regulatory approvals outside of the United States for their proposed $14.9 billion merger, a step forward towards the completion of the controversial deal.

Sibanye loosens debt covenants to boost cash amid lower prices
Sibanye Stillwater on Friday said its lenders have agreed to lift the miner's borrowing limits to help the company improve its cash position at a time of lower platinum-group metal prices.
The Johannesburg-based precious metals producer said on Friday that all of its lenders have agreed to raise the debt threshold on all facilities, in a move that could help the company strengthen its balance sheet.
Platinum mining companies in the world's top supplier are cutting jobs and postponing spending on new projects as profits fall due to lower precious metals prices.
Sibanye CEO Neal Froneman said the agreement with the lenders would provide the company with "financial flexibility" and raise investors' confidence it the outlook.
Debt covenants are formal agreements between a company and its lenders that the business will operate within certain limits.
Sibanye fell to a $2 billion loss last year and the CEO said in April the company was planning to raise about $500 million through metals prepayment and streaming arrangements.
Sibanye could have potentially breached some of its lending covenants by the end of this year due to weaker metal prices, and the agreement with the lenders should provide the company with "more breathing space," BMO Capital analysts wrote in a note.
"Given the muted PGM price environment, we had previously anticipated that the company could potentially breach the leverage covenant by end of 2024," the analysts said.

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$75.70 / bbl	0.20%	5.65%
NYMEX RBOB Gasoline	$2.38 / gallon	0.09%	12.93%
ICE Gas Oil	$728.00 / tonne	1.39%	-3.03%
NYMEX Natural Gas	$2.99 / mmBtu	6.06%	19.01%
Spot Gold	$2,288.46 / ounce	-3.67%	10.95%
TRPC coal API 2 / Dec, 24	$117.25 / tonne	-0.21%	20.88%
Carbon ECX EUA	€71.39 / tonne	-0.98%	-11.17%
Dutch gas day-ahead (Pre. close)	€33.00 / Mwh	-1.05%	3.61%
CBOT Corn	$4.57 / bushel	-0.16%	-5.58%
CBOT Wheat	$6.47 / bushel	-2.27%	1.13%
Malaysia Palm Oil (3M)	RM3,946 / tonne	-0.35%	6.05%
Index	**Close 07 Jun**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	339.05	-0.86%	12.49%
Rogers International	28.50	-0.56%	8.26%
U.S. Stocks - Dow	38,798.99	-0.22%	2.94%
U.S. Dollar Index	105.28	0.37%	3.89%
U.S. Bond Index (DJ)	429.37	-0.86%	-0.31%

Top News - Carbon & Power

TotalEnergies and Air Products sign deal for green hydrogen delivery
French oil and gas major TotalEnergies said on Friday it had signed a deal with U.S. industrial gases company Air Products and Chemicals for delivery of green hydrogen.
The companies signed a 15-year agreement for the annual supply in Europe of 70,000 tons of green hydrogen starting in 2030, TotalEnergies said in a press release. Air Products will deliver green hydrogen to TotalEnergies' Northern European refineries, it said.
The contract is part of TotalEnergies' push to slash net emissions from its oil and gas operations by 40% by 2030, it said in a statement. As part of the partnership, the companies also signed a power purchase agreement under which TotalEnergies will supply Air Products with 150 megawatts of solar power from a project in Texas.
TotalEnergies and Air Products also said they were planning to investigate further renewable energy opportunities in Britain, Poland and France.

Germany gets informal EU go-ahead to support gas-fired power, sources say
Germany won the European Union's informal approval to pay billions of euros to gas powered plants to be able to stabilise the grid when unsteady renewable energy supplies fall short, people familiar with the negotiations told Reuters on Friday.
An agreement in principle was reached with the EU's competition authorities for state support to utilities for the 10 gigawatt (GW) scheme but some details for an official approval are to be hammered out over the next few weeks, government and company sources said.
They added that the German government secured an agreement to a set of terms that will change over time as the long-term scheme, which is known as the National Power Station Strategy, evolves.
Berlin expects to receive an EU document outlining the informal agreement on Friday, the sources said.
Germany is transitioning to renewables, having switched off nuclear power and seeking to phase out coal-powered electricity, but wants to give state support for natural-gas powered plants that underpin the grid during demand peaks and lows in unsteady supply from wind and solar power. The power stations need to be able to also run on green hydrogen but the transition to the new fuel will likely be between 2035 and 2040, the government has said.
The German economy ministry did not confirm an agreement, and said that very good progress had been made in EU talks.
The EU Commission said it was in close and constructive discussions with German authorities but would not further comment on details or timing.
The state plans to tender contracts for utilities, such as RWE, EnBW and Uniper, to build and run the plants.
Contracts will be based on financial rewards for standing by in what is known as a capacity market.
The reverse auctions will be designed to award contracts to companies agreeing to the lowest subsidies.
German Economy Minister Robert Habeck said on Thursday he was nearing an agreement after drawn-out negotiations with the EU.
Sticking points included uncertainty over when the plants will switch from natural gas to hydrogen, he added. The nation's Power Station Strategy was unveiled in February.

Top News - Dry Freight

South Korea’s MFG bought about 68,000 T corn in private deal, traders say
South Korea's Major Feedmill Group (MFG) purchased an estimated 68,000 metric tons of animal feed corn in a deal on Thursday, European traders said on Friday.
It was expected to be sourced from South America or South America. Tonnage supplied can be varied according to the origin selected, traders said.
One consignment was bought at an estimated $241.50 a ton c&f plus an additional $1.50 a ton surcharge for additional port unloading. This was the same price as a previous corn purchase by the MFG from trading house Cargill on Wednesday for October arrival.
Seller of the consignment bought on Thursday was believed to be trading house Cofco with arrival around Nov. 10. If sourced from South America, shipment was between Sept. 1 and Sept. 30.
Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.

Tunisia buys soft wheat, barley in tender, traders say
Tunisia's state grains agency is believed to have purchased about 50,000 metric tons of soft wheat and 75,000 metric tons of animal feed barley in an international tender on Friday, European traders said.
The wheat was said to have been bought at $267.64 a ton cost and freight (c&f) included for 25,000 tons from trading house Finagrit and 25,000 tons at $267.77 a ton c&f from Bulgarian trading house Buildcom.
The barley was bought at the lowest price of $219.49 a ton c&f for 25,000 tons from trading house Amber with Casillo said to have sold 25,000 tons at $220.69 a ton c&f and Viterra believed to have sold 25,000 tons at $222.96 a ton c&f.
Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.
The wheat was for shipment between July 1-July 25, depending on origin, and the barley between June 20-July 30.
Traders said finance for the tenders was being provided by the World Bank, one of the organisations assisting Tunisia with its difficult financial position involving a scarcity of external funds.

Picture of the Day

Smoke from the fire rises into the air as trees burn amongst vegetation in the Pantanal, the world's largest wetland, in Corumba, Mato Grosso do Sul state, Brazil, June 9. REUTERS/Ueslei Marcelino

(Inside Commodities is compiled by Lactus Fernandes in Bengaluru)

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

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