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Top News - Oil

US buys over 3 mln bbls for oil stockpile, announces plan for 3 mln more

The U.S. Department of Energy said on Friday it awarded supply contracts to five companies to deliver 3.1 million barrels of crude oil to the Strategic Petroleum Reserve in August at an average price of $73 per barrel.
The DOE had announced the purchase plan in May as a step to refill the emergency stockpile after a record release following Russia's invasion of Ukraine last year.
"These 3 million barrels are being purchased for an average price of about $73 per barrel, lower than the average of about $95 per barrel that SPR crude was sold for in 2022, securing a good deal for taxpayers," the DOE said in a press release.
Companies winning the awards were: Atlantic Trading and Marketing (1 million barrels), Exxon Mobil (900,000 barrels), Gunvor USA (600,000 barrels), Macquarie Commodities Trading (300,000 barrels) and Sunoco Partners Marketing & Terminals (300,000 barrels).
The administration had previously said it would start to buy oil back into the reserve when prices were at or below $72 per barrel. Benchmark U.S. crude futures traded around $70 a barrel on Friday.
The barrels will be delivered to the Big Hill SPR site in Texas, the DOE said.
The department also said it launched a new solicitation for another 3 million barrels for delivery to the stockpile's Big Hill site in September. It said bids should be received by June 20, with awards by the end of the month.
The Biden administration last year conducted the largest ever sale from the SPR of 180 million barrels, part of a strategy to stabilize soaring oil markets and combat high pump prices in the aftermath of Russia's invasion of Ukraine. The sale angered Republicans who accused the administration of leaving the U.S. with too thin a supply buffer to adequately respond to a future supply crisis.
It also became a sore point for U.S. relations with Saudi Arabia by depressing prices for the kingdom's top export.
The sales brought the SPR inventory to around 372 million barrels, the lowest since 1983, amounting to just under 20 days of cover at current U.S. consumption rates.

Saudi Aramco to supply full oil volumes to some Asian refiners in July - sources

Saudi Aramco has told at least five customers in North Asia they will receive full nominated volumes of crude oil in July, several sources with knowledge of the matter said on Monday, after it pledged to cut production next month.
Saudi Arabia, the world's top oil exporter, vowed to reduce its production to 9 million barrels per day (bpd) in July from around 10 million bpd currently.
Some Chinese state-owned refiners have requested lower supply in July, according to three trading sources, estimating the combined volume could be about 10 million barrels less than they took for June.
Saudi Aramco unexpectedly raised its official selling prices for all crude grades to Asia for July-loading cargoes, which would hurt refining profits and could spur refiners to buy more feedstock from the spot market.
However, China's total July intake of Saudi crude is likely to stay around the same level as June, as other Chinese refiners have asked for more supply for July from a low base in June.

Top News - Agriculture

Russia still dissatisfied with Black Sea grain deal after UN talks

Russia is still not satisfied with how a Black Sea grain deal is being implemented, Deputy Foreign Minister Sergei Vershinin said on Saturday after meeting senior U.N. trade officials a day earlier, the TASS news agency reported.
Russia has threatened to walk away from the grain deal on July 17 if demands to improve its own food and fertilizer exports are not met. The deal, struck in July last year, facilitates the "safe navigation" of grain, foodstuffs and fertilizers - including ammonia - for export to global markets.
"We cannot be satisfied with how this memorandum is being implemented," Vershinin was quoted as saying. "Barriers to our exports remain."
Russia agreed to a two-month extension of the deal last month but has said the initiative will cease unless an agreement aimed at overcoming obstacles to Russian grain and fertiliser exports is fulfilled.
The demands set out by Moscow include the resumption of the transit of ammonia from Russia via Ukrainian territory to Pivdennyi port in Odesa, from where it is exported. Transit of ammonia, an important part of nitrogen-based fertilisers, was halted via the pipeline after Russia sent its troop to Ukraine last year.
Russia's demands to improve its grain and fertiliser exports include the reconnection of Russian Agricultural Bank (Rosselkhozbank) to the SWIFT international payment system.
While Russian exports of food and fertilizer are not subject to Western sanctions, Moscow says restrictions

on payments, logistics and insurance have amounted to a barrier to shipments.
Russia's foreign ministry said in a statement that U.N. representatives' attention was drawn to obstacles facing Russian agricultural producers and suppliers.
"(They) are still forced to overcome numerous restrictions and barriers provoked by illegal anti-Russian sanctions associated with bank payments, delivery and insurance of goods, on their own and at high costs, which negatively affects prices and physical availability of goods," it said.
Russia's ambassador to Turkey said on Friday that despite ongoing consultations with the United Nations on the grain deal, there are no grounds to extend it, the RIA news agency reported.

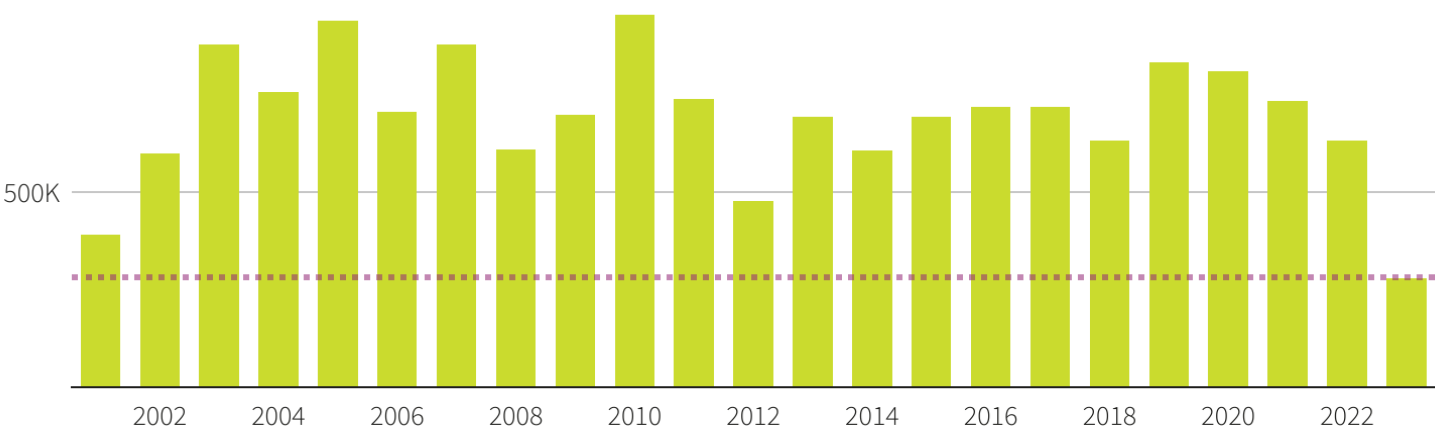
Malaysia end-May palm oil stocks surge as output swells

June 12 (Reuters) - Malaysia's end-May palm oil inventories rose for the first time in four months, after output surged to its highest level so far this year, data from the nation's palm oil board showed on Monday.
Stockpiles in the world's second-largest producer rose 12.63% from the month before to 1.69 million metric tonnes, the Malaysian Palm Oil Board (MPOB) said.
Production in May swelled 26.8% from April to 1.52 million metric tonnes, the highest since December, helped by more harvesting days and as a shortage of labour continue to ease. Harvesting is in full force possibly due to the return of migrant workers after a pandemic-induced labour shortage, signalling the possibility of good production continuing through the second half of the year, a Kuala Lumpur-based trader said.
Exports from Malaysia, which had been facing increasing competition from larger rival Indonesia, were down 0.78% to 1.08 million metric tonnes. The data may weigh on Malaysia's benchmark crude palm oil prices as inventories and supply were higher than expected.
A Reuters survey had pegged May inventories at 1.6 million metric tonnes. Production was seen at 1.45 million metric tonnes, and exports at 1.08 million metric tonnes.
In June, palm oil yields may be hit by increasingly hot and dry weather, as both top producers Malaysia and Indonesia have warned of El Niño arriving during the month.
Early signs of El Niño are threatening food producers across Asia, with palm oil and rice production likely to suffer in Indonesia and Malaysia - which supply 80% of the world's palm oil - and Thailand, according to analysts.

Chart of the Day

Argentina: grains trucks

The number of trucks of soy and corn entering Argentina's main grain ports at Rosario is at the lowest level in at least 22 years after drought battered the two key cash crops.



Note: Number of soy and corn trucks in March-May period for each year entering Rosario
Source: Rosario grains exchange

Top News - Metals

LME gets first request to list new nickel brand since cutting waiting times

The London Metal Exchange (LME) said on Friday it had received the first application to approve a new nickel brand for delivery against its nickel contract since it cut the waiting time for listing to three months from six to nine months in March.The 146-year-old exchange has struggled to revive nickel volumes since prices jumped to a record above $100,000 a tonne in disorderly trade in March 2022, forcing the LME to suspend the nickel market for the first time since 1988.

Many nickel consumers, producers and traders who abandoned the market in the aftermath are yet to return partly because of price volatility, which is restrained by daily price limits imposed by the world's largest and oldest forum for metals trading.

At the end of March, the LME, owned by Hong Kong Exchanges and Clearing (HKEx), announced measures to address low inventory levels and boost liquidity in electronic trading.

The LME said it had received an application to approve nickel produced by Quzhou Huayou Cobalt New Material Co, a subsidiary of China's Zhejiang Huayou Cobalt Co, as a list brand.

"It's a start and could help with liquidity of the contract, but it's not going to be a game changer," a trader said. "Stocks need replenishing, it's going to take more than one new brand for that to happen."

The LME said it expects more fast-track applications in coming months.

Nickel inventories in LME registered warehouses at 37,230 tonnes are at their lowest since 2007. Part of the problem is that the nickel market is now dominated by nickel pig iron (NPI), a lower grade nickel used mostly by stainless steel producers, which cannot be delivered against the LME's contract.

NPI is expected to amount to more than 50% of global supplies estimated at 3.2 million metric tons this year compared with the 18% that can be delivered against the LME's contract, according to Macquarie analyst Jim Lennon. The LME said in March it would work with China's Qianhai Mercantile Exchange to introduce a new Class II nickel spot market in China.

Ghana returns to gold top spot as output jumps 32%

Ghana recorded a 32% increase in gold production last year, enabling it to win back the top spot from South Africa as the largest gold producer on the continent, the president of the mines chamber said on Friday.

Ghana lost the position to South Africa in 2021 after a drastic fall in output.

Gold output rose to 3.7 million ounces in 2022 from 2.8 million ounces the previous year, driven by growth in the output of both large and small-scale sectors.

"The large-scale gold sub-sector recorded its highest output in the country’s history in 2022," Joshua Mortoti, the President of the Ghana Chamber of Mines, told members at the annual general meeting.

He said a combination of output and the expansion of production at existing mines drove the large-scale sector’s contribution to national gold output up by 13% to 3.1 million ounces last year from 2.7 million ounces in 2021.

Mortoti said member companies of the mines chamber had sold over 77,620 ounces of gold under the Domestic Gold Purchase Programme, a scheme launched by the Bank of Ghana to boost reserves.

Top News - Carbon & Power

EU to try again for renewable energy deal after nuclear row

European Union countries will try again next week to pass a deal on new renewable energy targets, which have been stalled by concerns from France and other states that the law sidelines nuclear energy.

A group of countries including France lodged last-minute opposition to the EU's law on more ambitious renewable energy goals last month, putting on hold a main pillar of the bloc's plans to tackle climate change.

EU country diplomats will attempt to approve the law on Wednesday, according to an agenda for the meeting published late on Friday.

Paris has sought changes to the law to offer more favourable treatment of nuclear energy, and said the final deal puts at a disadvantage countries like France with large shares of nuclear power. Nuclear energy is low-carbon, but not renewable.

The EU law is designed to drive a rapid expansion of renewable energy sources like wind and solar. The deal negotiated this year offered some compromises, including lower renewable fuel targets for industry, in countries that have already used nuclear power to slash their use of fossil fuels.

Paris had said the rules still excluded low-carbon hydrogen produced from nuclear electricity. In its hunt for a deal, the EU has considered options such as providing a declaration, accompanying the final law, that acknowledges the challenge this poses for some countries, diplomatic sources said.

That would avoid reopening the deal on the law agreed by EU countries and lawmakers earlier this year - a scenario the European Commission and some other countries want to avoid.

France's energy ministry did not immediately respond to a request for comment.

French Finance Minister Bruno Le Maire said on Thursday France will not give up the competitive advantages linked to nuclear power, noting that EU countries have the right to choose their own energy mix.
Other pro-nuclear EU members including Bulgaria, Poland, Hungary and the Czech Republic had also signalled they would not support the renewable law - citing concerns including, for some, that the targets are simply too high. Together, they have enough votes to block the law.
It is unusual for countries to reject pre-agreed deals on EU laws, which follow months of negotiations.
Meanwhile, states including Germany and Luxembourg - both anti-nuclear countries - plus Denmark and Ireland have urged the EU to resolve the spat quickly, warning the delay endangers investments in renewable energy.

China's installed non-fossil fuel electricity capacity exceeds 50% of total
China's non-fossil fuel energy sources now exceed 50% of its total installed electricity generation capacity, state media outlet Xinhua said on Monday, citing an official at state planner the National Reform and Development Commission.
Non-fossil fuel power sources, such as wind and solar power, account for 50.9% of the country's total installed capacity, marking the early completion of a government target proposed in 2021, under which renewable capacity was planned to exceed fossil fuel capacity by 2025.
By the end of 2022, China's installed power generation capacity was 2,564.05 GW, according to data from the National Bureau of Statistics (NBS).
China has devoted significant resources to the construction of renewable energy capacity in recent years, building large wind, solar and hydro plants in the west of the country as it seeks to meet a target of peak carbon emissions before 2030.
However, inconsistent utilisation of the resources means that China's energy consumption mix remains weighted toward fossil fuels, principally coal.
Coal accounted for 56.2% of total energy consumption last year, versus 25.9% from renewables which includes nuclear energy, the NBS data showed.

MARKET MONITOR as of 06:36 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$69.46 / bbl	-1.01%	-13.46%
NYMEX RBOB Gasoline	$2.47 / gallon	-0.90%	-0.29%
ICE Gas Oil	$694.75 / tonne	-1.87%	-24.57%
NYMEX Natural Gas	$2.27 / mmBtu	0.71%	-49.27%
Spot Gold	$1,960.60 / ounce	0.00%	7.47%
TRPC coal API 2 / Dec, 23	$110.45 / tonne	3.22%	-40.22%
Carbon ECX EUA / Dec, 23	€86.30 / tonne	-0.56%	2.77%
Dutch gas day-ahead (Pre. close)	€31.75 / Mwh	18.69%	-57.99%
CBOT Corn	$5.33 / bushel	1.67%	-21.35%
CBOT Wheat	$6.38 / bushel	-0.66%	-19.66%
Malaysia Palm Oil (3M)	RM3,337 / tonne	-0.89%	-20.05%
Index (Total Return)	**Close 09 Jun**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	288.86	-0.67%	-4.14%
Rogers International	26.31	0.46%	-8.22%
U.S. Stocks - Dow	--	--	--
U.S. Dollar Index	103.56	0.21%	0.03%
U.S. Bond Index (DJ)	405.73	-0.18%	3.57%

Top News - Dry Freight

Argentina soy, corn trucks entering key grains port at 22-year low

Argentina's main grains port is seeing the lowest number of trucks with soy and corn in at least 22 years, the Rosario grains exchange said on Friday, after a historic drought battered production of the two key crops.

The South American country is the world's top exporter of processed soy oil and meal, though could lose at least part of its soy crown to Brazil due to the crippling drought. It is also the world's No. 3 corn exporter and an important wheat producer.

The Rosario grains exchange said in a report that around 280,000 trucks with soy and corn had entered the port in the March-May period, less than half the number in the same period of 2022 and62% below the average of the last five years.

The vast majority of Argentina's grains production is transported by truck and some three-quarters of it goes through the inland river ports at Rosario.

The exchange said the drop-off in trucks was even more pronounced for corn, partly due to a delayed harvest.

The exchange added that soybean imports in the first four months of the year had hit a record for the period of more than 3 million metric tons as the country's famed crushing plants looked to reduce idle capacity.

The Rosario exchange estimates 2022/23 soybean production at 21.5 million metric tons, down 49% from the previous season due to the drought. With corn it forecasts 32 million metric tons, down 37% versus the previous season.

Russian supplier 'committed' to delivering wheat to Egypt despite price confusion - minister

A Russian wheat supplier that sold a 55,000-tonne cargo to Egypt is "committed" to delivering it but could look to source the grain from another country, an Egyptian minister said on Saturday amid confusion about a minimum price imposed by Russia.

Egypt's state grains buyer bought the wheat from Russia's Agric SA in a tender last week at $229 per tonne FOB (free on board), but traders said the supplier tried to withdraw the offer because it was below an unofficial price floor.

The tender shows Russia's diminishing flexibility over a minimum export price policy it has pursued to protect its farmers, as the supplier failed to get approval from Russia's agriculture ministry, traders said.

In March, the unofficial price floor was set at or above $275 to $280 per tonne, but according to traders it stood at $240 per tonne at the time of Egypt's tender.

If the supplier fails to supply the cargo to Egypt's General Authority for Supply Commodities (GASC), it would be faced with hefty penalties, traders said.

Egypt’s supply minister Ali Moselhy told reporters that "the supplier is committed. He [Agric] only asked to diversify origins."

Egypt's state buyer has been heavily relying on imports of Russian wheat since the start of the war in Ukraine.

Moselhy also said that the International Islamic Trade Finance Corporation (ITFC) has approved a $700 million financing tranche to Egypt this week to fund grain imports.The funding is part of a 2018 financing agreement with the ITFC that was renewed last year for a further five years, with the credit limit doubled to $6 billion.

Egypt has recently had to defer payments to wheat suppliers due to a foreign currency shortage, Moselhy told Reuters last month.

The war in Ukraine initially caused a disruption in Egypt's wheat purchases, but reserves currently stand at 5.9 months. The country has also procured 3.4 million tonnes from its local harvest, and plans to end domestic procurement in August, Moselhy said.

Picture of the Day

A sprinkler sprays water on a field of sugar beets in Blecourt as risk of drought continues across France, June 9. REUTERS/Pascal Rossignol

(Inside Commodities is compiled by Anjana J Nair in Bengaluru)

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