Oil | Agriculture | Metals | Carbon & Power | Dry Freight
Click on headers to go to that section

Top News - Oil

Fossil fuel use, emissions hit records in 2023, report says

Global fossil fuel consumption and energy emissions hit all-time highs in 2023, even as fossil fuels' share of the global energy mix decreased slightly on the year, the industry's Statistical Review of World Energy report said.
Growing demand for fossil fuel despite the scaling up of renewables could be a sticking point for the transition to lower carbon energy as global temperature increases reach 1.5C (2.7F), the threshold beyond which scientists say impacts such as temperature rise, drought and flooding will become more extreme.
"We hope that this report will help governments, world leaders and analysts move forward, clear-eyed about the challenge that lies ahead," Romain Debarre of consultancy Kearney said.
Last year was the first full year of rerouted Russian energy flows away from the West following Moscow's invasion of Ukraine in 2022, and also the first full year without major movement restrictions linked to the COVID-19 pandemic. Overall global primary energy consumption hit an all-time high of 620 Exajoules (EJ), the report said, as emissions exceeded 40 gigatonnes of CO_2 for the first time.
"In a year where we have seen the contribution of renewables reaching a new record high, ever increasing global energy demand means the share coming from fossil fuels has remained virtually unchanged," Simon Virley of consultancy KPMG said.
The report recorded shifting trends in fossil fuel use in different regions. In Europe, for example, the fossil fuel share of energy fell below 70% for the first time since the industrial revolution.
"In advanced economies, we observe signs of demand for fossil fuels peaking, contrasting with economies in the Global South for whom economic development and improvements in quality of life continue to drive fossil growth," Energy Institute Chief Executive Nick Wayth said.
Industry body the Energy Institute, together with consultancies KPMG and Kearney, has published the annual report since 2023.
They took over from BP last year, which had authored the report, a benchmark for energy professionals, since the 1950s.
Fossil fuel accounted for almost all demand growth in India in 2023, the report said, while in China fossil fuel use rose 6% to a new high.
But China also accounted for over half of global additions in renewable energy generation last year. "China adding more renewables than the rest of the world put together is remarkable," KPMG's Virley told reporters.

Here are some highlights from the report on 2023:

CONSUMPTION

- Global primary energy demand rose by 2% in 2023 from 2022, to 620 EJ.
- Fossil fuel use rose 1.5% to 505 EJ, which accounted for 81.5% of the overall energy mix, down by 0.5% from 2022.
- Fossil fuel use did not increase in a single European country in 2023.
- Electricity generation rose by 2.5% in 2023, up slightly from 2.3% of growth the previous year.
- Renewable fuel generation (excluding hydro) gained 13% to a new record high of 4,748 terawatt-hours (TWh).
- Renewables' share of the overall energy mix excluding hydro was 8%, up from 7.5% in the 2022 report.
- Including hydro renewables accounted for 15% of the global mix.

OIL

- Oil consumption exceeded 100 million bpd in 2023 for the first time ever, following a 2% year-on-year rise.
- Oil supply growth was met by non-OPEC+ producers, with U.S. output gaining 9% on the year.
- China overtook the U.S. as the country with the largest refining capacity in the world last year at 18.5 million bpd, though refining volumes still lagged behind at 82% utilisation vs the U.S.' 87%.
- Global gasoline consumption hit 25 million bpd last year, just above its 2019 pre-pandemic level.
- Biofuels production increased by 8% to 2.1 million bpd in 2023, driven by gains in the U.S. and Brazil.
- The U.S., Brazil, and Europe accounted for 80% of global biofuels consumption.

NATURAL GAS

- Global gas production and consumption remained relatively flat on the year in 2023.
- LNG supply rose by almost 2% to 549 billion cubic metres (bcm).
- The U.S. overtook Qatar as the leading global supplier of LNG after a 10% rise in production.
- Overall European gas demand was down 7% on the year in 2023.

- Russia's share of European gas supply was just 15% in 2023, from 45% in 2021.

COAL

- Coal consumption hit a new high of 164 EJ in 2023, up 1.6% on the year, driven by China and India.
- India's coal consumption exceeded that of Europe and North America combined.
- U.S. coal consumption fell by 17% in 2023 and has halved in the last decade.

RENEWABLES

- The record high in renewable generation was driven by higher wind and solar capacity, with 67% more additions in those two categories in 2023 than 2022.
- As much as 74% of net growth in overall power generation came from renewables.
- China accounted for 55% of all renewable generation additions in 2023, and was responsible for 63% of new global wind and solar capacity.

EMISSIONS

- Emissions grew by 2% on the year to exceed 40 gigatonnes.
- Emissions rose despite the slight drop in fossil fuels' share of the energy mix, because emissions within the fossil fuels category became more intense as oil and coal use rose and gas held steady.
- The report notes that since 2000, emissions from energy have increased by 50%.

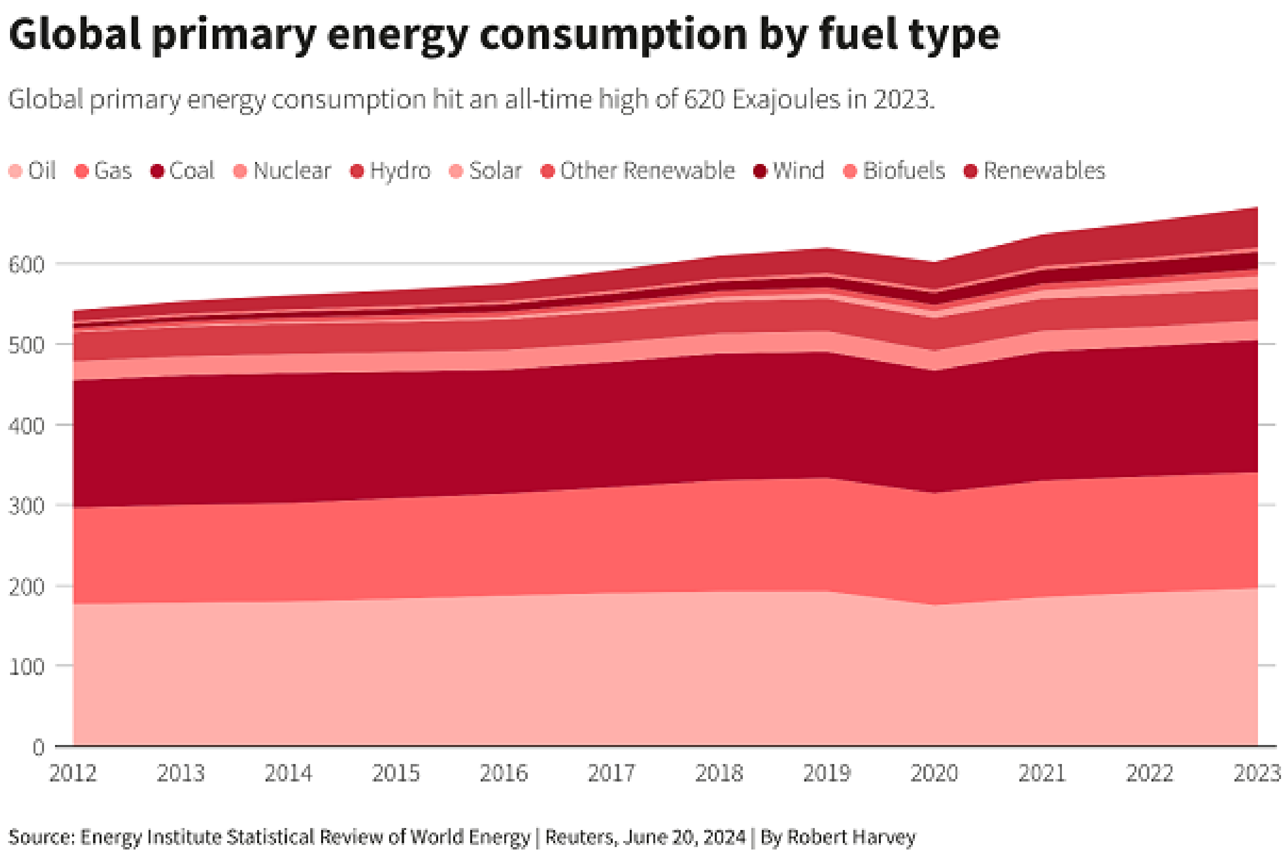
Russian oil exports from western ports seen lower in July, traders say

Russia's oil exports from its western ports in July are expected to decline from June amid higher refinery runs and Moscow's pledge to stick to OPEC+ output cuts, two traders said. Russian oil exports from Baltic ports Primorsk and Ust-Luga as well as the Black Sea port of Novorossiisk, which mostly load the Urals oil grade, tend to be volatile as companies adjust exports depending on refinery runs and available supply.

Offline refining capacity in July is seen declining to 1.8 million metric tons, according to Reuters calculations based on data from industry sources. Lower offline refining capacity means higher refinery runs and therefore less availability of crude oil for export.

Russia also pledged to stick to its output quota in line with the OPEC+ agreement as well as to compensate for admitted April-May overproduction. This leaves Russia with limited resources to raise exports. In June western oil exports were planned at about 2 million barrels per day (bpd), close to May levels. Meanwhile, Russian offline primary refining capacity was revised up by 114% from

Chart of the Day



the previous plan to 4.1 million tons for June, allowing for ample crude oil exports. Actual oil loadings from western ports in June could be even higher than the plan, traders said. The revision to refining capacity was because of continued outages at the Tuapse and Komsomoslk refineries of Rosneft oil company, traders said and Reuters calculations show. "Main question is if some refineries are back operational in July. If at least one is back online, it may have a visible effect on exports," one of the traders said. If the refineries remain offline next month, idle refinery capacity could rise to 3.3 million tons but will still be below the June level, traders said. Another trader added that any new drone attack on Russian oil refineries could change the actual oil exports level.

Top News - Agriculture

Smaller German wheat and rapeseed crops again forecast for 2024

Germany's 2024 wheat crop will fall 5.5% on the year to 20.34 million metric tons but with recent rain having no major impact on crops, the country's association of farm cooperatives said in its latest harvest estimate on Wednesday. It forecast Germany's 2024 winter rapeseed crop will fall 8.0% to 3.89 million metric tons.

Reductions had been expected following reduced planted areas. In its previous harvest estimate on May 23, the association forecast Germany's 2024 wheat crop at 20.31 million tons and the 2024 winter rapeseed crop at 3.87 million tons.

The association said it was taking a relaxed view of widespread heavy rain which fell in Germany and other west European countries in past weeks. Lack of sunshine could make grains more vulnerable to fungal infections but the association said it had still decided to slightly raise its crop forecast this month. It said it expects “no significant impact on national grain harvest volumes” from recent rain. “The sometimes torrential rain has led to some considerable localised damage," said the association. "But this will have no impact on overall volumes. In some parts of Germany, crops developed positively because of sufficient moisture and mild temperatures.”

The EU 2024 soft wheat harvest is expected to fall after rain disrupted plantings, French consultancy Strategie Grains estimates. Germany is the European Union’s second largest wheat producer after France and in many years the EU’s largest producer of rapeseed, used for edible oil and biodiesel production. Germany’s harvest of winter barley, mostly used for animal feed, could start in early south German regions in coming days if weather turns dryer, the association said. The winter barley crop will fall 2.3% on the year to 9.36 million tons, it said. The grain maize (corn) crop will increase 2.0% to 4.58 million tons, it said.

Rains in northern Argentina to allow wheat planting to move forward

Rains in the coming days in northern Argentina will allow wheat sowing for 2024/25 to make headway, the Buenos Aires Grains Exchange said on Wednesday. The exchange said that dryness in the north and eastern regions, as well as delayed harvesting of the corn and soy crops, had disrupted planting. Despite that, the exchange bumped up its forecast for the sowing of this season's wheat crop, citing higher wheat prices and lower input costs pushing more farmers to plant.

The exchange pegged the planting area at 6.3 million hectares (15.6 million acres), just up from 6.2 million hectares previously, as more farmers in the core central and southern agricultural areas get to work.

Wheat planting of the 2024/25 crop is now 65.5% complete, up 19.2 percentage points from the previous week, the exchange said.

In the north and center-east, between 10 and 25 millimeters (0.4-1 inch) of rain are expected to fall in coming days, which could ease planting conditions there. The rest of Argentina's agricultural regions are expected to report little to no rainfall, the exchange said, favoring the progress of the 2023/24 corn harvest, whose production is expected to reach 46.5 million tons.

Top News - Metals

ANALYSIS-Along Peru's mining corridor, Big Copper faces a snarl of trucks

Surging copper prices this year have brought startling growth in the number of trucks carrying copper from illegal mines in Peru, jamming roads, causing accidents and creating hazardous conditions especially after dark along the Andean country's key "mining corridor" highway, industry sources told Reuters. With copper demand soaring as the world rapidly moves toward electric vehicles and clean energy, illegal mining has been booming. Trucks linked to artisan and illegal mining operations have been crowding vehicles from mines like Chinese-controlled MMG Ltd's Las Bambas, Hudbay's Constancia and Glencore's Antapaccay. Mining sources told Reuters about alarming growth in delays and stoppages on the 482-kilometer highway, a partially paved road that is essential for trucks of copper concentrate getting to the coast.

"There are as many (trucks) or even more than ours," said a source close to Las Bambas in Peru's southern Apurimac region, the country's fifth largest copper producer last year. "It complicates life for all the mines using the corridor." Informal mining trucks were involved in at least 11 accidents in May along the highway,

according to a document shared with Reuters by a source at Canada's Hudbay, which included images showing damage to the roadway. Burgeoning stand-offs between big mines and artisan miners have complicated government efforts to spur investment and production to bolster the economy after Peru's long-held position as the No. 2 global copper producer was snatched away by rival Congo. Chile is No. 1, and Peru remains second for shipments. The Hudbay source said there were around 120 trucks daily from artisan mining operations, some of which operate with permits and others illegally. The trucks were damaging the roadway, causing accidents and pollution. "While we've seen this problem for some years, the increase in truck numbers in 2024 is startling," the source added, saying the mine had formally sought government intervention to strengthen inspection and controls on the road.
Peru's Ministry of Energy and Mines and the regional Cusco government did not respond to requests for comment. A source close to Antapaccay said artisan and wildcat trucks often traveled at night to avoid detection.
Peru's government has tried to regulate artisan mining sector more by tightening up on permitting. Small-scale copper and gold miners have pushed back and protested, gumming up the government's plans to overhaul the sector.

'NO CONTROL, NO MONITORING'
Local community groups told Reuters the recent boom meant more uncontrolled activity along the Andean region's roads. "The flow is strong, sometimes too much. It's the same amount again as Las Bambas, an average of more than 100 trucks a day," Robertson Pacheco, leader of a local defense front in the Velille district of Cusco told Reuters by phone. "Informal miners have no control, there's no monitoring."
The mining corridor links mines in the regions of Apurímac, Cusco and Arequipa. There are some $12 billion of new projects being developed along the highway, such as Southern Cooper's Los Chancas and First Quantum's Haquira.
For months, Pacheco said, his neighborhood has requested a meeting with Cusco authorities to promote a "dialogue or agreement" with artisan miners, but he has had no response. The government, which has registered some 86,800 permits for artisan miners throughout Peru, claims that illegal mining, mainly gold, is worth some $3-4 billion per year and has become more lucrative than trafficking in illegal drugs. "There is definitely a problem of increased traffic in the mining corridor," said Lima-based mining conflict analyst Iván Arenas, adding that illegal mining, transportation and processing of metals was rising fast. "This supply chain will only continue to grow."

Rising demand for responsible rare earths is not lifting prices, says Lynas
Lynas Rare Earths, the world's largest producer outside of China, said that demand for responsibly produced rare earths was increasing but had not resulted in higher prices. Rare earths are a group of 17 metals, some of

MARKET MONITOR as of 06:58 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$81.46 / bbl	1.41%	13.69%
NYMEX RBOB Gasoline	$2.48 / gallon	2.06%	17.75%
ICE Gas Oil	$789.50 / tonne	1.22%	5.16%
NYMEX Natural Gas	$2.89 / mmBtu	3.52%	14.80%
Spot Gold	$2,343.76 / ounce	0.66%	13.63%
TRPC coal API 2 / Dec, 24	$124 / tonne	2.90%	27.84%
Carbon ECX EUA	€70.33 / tonne	2.67%	-12.49%
Dutch gas day-ahead (Pre. close)	€35.08 / Mwh	2.57%	10.14%
CBOT Corn	$4.53 / bushel	0.67%	-6.40%
CBOT Wheat	$5.98 / bushel	-1.60%	-6.45%
Malaysia Palm Oil (3M)	RM3,920 / tonne	0.95%	5.35%
Index	**Close 18 Jun**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	346.41	0.90%	14.93%
Rogers International	29.20	0.12%	10.90%
U.S. Stocks - Dow	38,834.86	0.15%	3.04%
U.S. Dollar Index	105.34	0.08%	3.96%
U.S. Bond Index (DJ)	431.22	0.44%	0.12%

which are used in permanent magnets for applications including motors for wind turbines, electric vehicles and drones. Western nations are building a supply chain separate to dominant producer China, but some have been struggling to find funding due to low prices.

KEY QUOTES
"Governments are starting to take action on supply chain resilience and customer demand for responsibly produced rare earths is increasing but it's not translating to price," Lynas CEO Amanda Lacaze said at a rare earths conference in Tokyo. "Demand growth has not been matched by price growth," she said. "The idea that we will suddenly have a functioning market is I think unlikely."

WHY IT'S IMPORTANT
Some miners of metals needed for the energy transition are calling for a green premium to be applied to responsibly produced metals, however others increasingly say that consumers are interested in the product, but not with a premium attached. China also supplies most of the world's rare earth magnets and supply from the country has grown, weighing on prices.

CONTEXT
* Nickel miner Wyloo Metals, owned by Australian mining magnate Andrew Forrest, said in March that if the London Metal Exchange (LME) wouldn't launch a green nickel contract, the industry would have to look for another trading venue.
* The London Metal Exchange (LME) does not plan to launch a separate "green" nickel contract because the market is not large enough, but said its partner was developing an index price that will reflect demand for low carbon nickel.
* Lithium miners have been publishing prices they have agreed for supply amid a push to increase price transparency.
* Indonesia's Nickel Industries says that consumers don't want to pay a green premium, but rather want its nickel at a discount.

Top News - Carbon & Power

Australia grants Equinor feasibility licence for wind farm off east coast
The Australian government granted Norwegian energy giant Equinor and Oceanex Energy a licence to study the feasibility of building a wind farm in waters off its east coast as it looks to boost clean energy projects.
Energy Minister Chris Bowen said the potential Novocastrian Wind project, more than 20 km (12.4 miles) offshore Newcastle in the state of New South Wales, could generate over 2 gigawatts (GW) of electricity, enough to power 1.2 million homes. If feasibility is proven, Oceanex, which has lined up Equinor as a partner, can apply for a commercial licence to build an offshore wind project, Bowen said.
Australia is shaping up to be the next big market for offshore wind farms - which are much bigger and far more productive than onshore wind farms - after a law setting out a framework for their development was passed in November 2021. The feasibility licence allows developers to undertake environmental assessments and geotechnical surveys. The decision comes a day after the opposition Coalition on Wednesday proposed building seven nuclear plants to replace coal-fired power by 2050, in a country where nuclear power is currently banned. Prime Minister Anthony Albanese called the policy "a recipe for an economic catastrophe" that would raise costs for taxpayers. The Albanese-led centre-left Labor government has been looking to ramp up renewable energy projects to meet its net zero emission target by 2050 and replace coal-fired power.
It is targeting 82% of power supply to come from renewables by 2030, but remains well short of the target, at around 40% now, even after pledging to underwrite new wind, solar and battery projects with more than A$40 billion ($26.7 billion). Last month, the government gave the go-ahead for six projects, including proposals by wind giants Orsted and Iberdrola, to study the feasibility of building wind farms off the state of Victoria.

COLUMN-Australia's nuclear power proponents have questions to answer: Russell
Australia's main opposition party wants a sensible debate about nuclear power as it commits to build seven plants to replace coal generation if it wins the next federal election. The conservative Liberal Party and its junior regional partner National Party announced plans on Wednesday for five large-scale nuclear plants in the eastern Australian states of Queensland, New South Wales and Victoria, as well as small modular reactors for South Australia and Western Australia.
If there is to be a genuine debate on what form of generation is best to replace Australia's ageing and increasingly unreliable fleet of coal generators, there are two main questions that need to be answered. The first is the cost of the replacement generation and the second is whether it can be delivered quickly enough to not only replace coal plants, but also to meet Australia's commitment to net-zero emissions by 2050. The Liberal and National parties, together known as the Coalition, declined to provide any costings for the their plans, but Liberal leader Petter Dutton did acknowledge it would be expensive, while still claiming it would deliver cheaper power for Australians.
No credible analyst supports Dutton's assertion, with estimates varying as to the cost of building nuclear generation, but all of them coming in well above the cost

of solar and wind firmed by battery storage and pumped hydropower. The government's science agency, the CSIRO, estimated that new nuclear power would be twice as expensive as renewables backed by storage, and this was a best case scenario predicated on achieving economies of scale from a long-term and continuous building programme.

The Coalition said it would be able to have nuclear plants up and running between 2035 and 2037, assuming it started implementing its policy if it defeats the ruling Labor Party in a federal election due in the first half of 2025. In theory it would be possible to build the seven gigawatts (GW) of nuclear plants on that time scale, but doing so would be an incredible achievement at odds with the recent experiences of other Western countries.

Nuclear plants are notorious for blowing out both on budget and time, with Britain's under-construction Hinkley Point C one such example, where the cost has more than doubled and the start date pushed back at least seven years.

OBSTACLES ABOUND

The Coalition also did not elaborate on how it would overcome several political and social obstacles to nuclear power. Currently nuclear generation is prohibited by federal law, meaning the Coalition would have to pass enabling legislation through both the lower chamber and the upper house Senate.

While it may win the election and control the lower house, it would take a massive victory for it to take control of the Senate. This means Dutton as prime minister would have to negotiate with cross-bench senators, and given the majority of those are either from the Australian Greens or are progressive independents, it's likely his nuclear plan would fail at the first hurdle.

There are also prohibitions on nuclear power in several states, and so far the leaders of New South Wales, Victoria and Queensland have rejected any nuclear plants. Building a nuclear industry from scratch would also require importing a skilled workforce of nuclear engineers and other experts, something that seems at odds with the Coalition's plans to reduce migration and its increasing anti-immigrant rhetoric.

Winning a social licence from the communities where the nuclear plants are planned to be located may also present challenges, even if the facilities bring jobs to replace those lost when the coal-fired generators close.

There is also the question of scale, with the Coalition planning on 7 GW of nuclear plants, which is only a third of Australia's current coal-fired capacity of about 22 GW. This means that nuclear won't come close to replacing coal, which in turn means that renewables and storage will be needed as well, or there will be more reliance on costly natural gas. The question of funding nuclear is also unresolved, especially since no Australian utility has shown any interest in going nuclear.

The Coalition has implied that a government-owned corporation will be set up and presumably funded by taxpayers, a position that seems to contradict the underlying philosophy of at least the Liberal part of the Coalition that governments should play a limited role in the economy.

Initial reaction to the Coalition's nuclear plans has been overwhelmingly negative, with one of the few supportive voices coming from the Minerals Council of Australia, a lobby group that includes coal miners.

While the council doesn't say it in their media release, part of their support for nuclear is because they recognise that going down that path most likely means coal remains in the generation mix for a much longer period than currently expected. Overall, it's tempting to dismiss the Coalition's nuclear plans as an expensive fantasy, especially in a country so ideally suited to develop solar and wind. However, the real damage from the nuclear proposal is likely that the energy debate in Australia will descend into a partisan political slanging match, with nuclear and fossil fuels being championed by the right-wing and renewables and storage by their left opponents.

Top News - Dry Freight

China May soy imports from US soar; Brazil arrivals drop for first time this year

China's soybean imports from the U.S. accelerated in May with a 156% surge from a year earlier, data showed, while supplies from Brazil shrank for the first time this year amid flooding disruption in the South American country. The world's biggest soybean buyer imported 1.27 million metric tons of the oilseed from the U.S. last month, compared with 494,103 tons in the same month a year earlier, showed data from the General Administration of Customs.

That was still far less than imports from Brazil at 8.8 million tons, which made up the majority of the 10.22 million tons of soybeans China imported in May. Sales of U.S. soybeans to China has been sluggish this year as traders take advantage of cheaper and plentiful Brazilian soybeans. Still, May arrivals from Brazil dropped 19% from a year earlier.

Brazil's soy harvest season that started around March is almost finished, that country's national crop agency said last week. The agency slightly lowered Brazil's soy production forecast after unprecedented rain in the southern part of the country damaged some of the crop. For January-May, shipments from Brazil totalled 24.71 million tons, up 23% compared with the same period last year. Total arrivals from the U.S. in the first five months of the year came to 10.85 million tons, down 34% on the prior year, the data showed. China imported 212,492 tons of soybeans from Argentina in the five-month period, though the data showed no arrivals in May.

Group in Thailand buys about 60,000 T feed wheat, traders say

An importer group in Thailand is believed to have purchased at about 60,000 metric tons of animal feed wheat sourced from Ukraine in an international tender on Wednesday, European traders said.

The wheat bought in the tender from the TFMA group was expected to be shipped to Thailand around South Africa's Cape of Good Hope because of continued attacks on Red Sea shippingby Yemen's Houthi group, traders said. Ship loading was expected to be in Romania's Constanta port.

The wheat was bought at an estimated price of around $267.98 a ton c&f liner out. The tender sought shipment in a range of possibilities between August and December. Traders had earlier reported the shipment period as August and September. Seller was believed to be trading house Agrocorp. Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.

Picture of the Day

A sign indicating the presence of a gas pipeline is seen damaged in the aftermath of the South Fork fire in Alto, New Mexico, U.S., June 19. REUTERS/Adrees Latif

(Inside Commodities is compiled by Lactus Fernandes in Bengaluru)

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

To subscribe to Inside Commodities newsletter, **click here**.

LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

Please visit: **LSEG** for more information

Privacy statement