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Top News - Oil

US crude inventories post surprise draw, fuel stocks rise – EIA

U.S. crude stocks posted a surprise draw in the last week, helped by strong export demand and low imports, while gasoline and distillate inventories rose, the Energy Information Administration said on Thursday.

Crude inventories fell by 3.8 million barrels to 463.3 million barrels in the week to June 16, compared with analysts' expectations in a Reuters poll for a 300,000-barrel rise. Crude stocks at the Cushing, Oklahoma, delivery hub fell 98,000 barrels, EIA said.

U.S. West Texas Intermediate crude was down $2.7 or 3.7% at $69.81 a barrel by 1520 GMT and global benchmark Brent fell $2.68 or 3.5% to $74.50 as markets shrugged off the inventory dip and focused on interest rate hikes that could hurt demand.

"The crude oil and refined product market is simply being weighed down by higher interest rates, and demand is not going to materialize as fast as hoped," said Andrew Lipow, president of Lipow Oil Associates in Houston. U.S. crude oil exports climbed to 4.5 million barrels per day last week, while imports fell about 50% to 1.6 million barrels per day.

"A rebound in crude exports, dip in imports, and ongoing strength in refining activity have encouraged a draw to crude inventories," said Matt Smith, a lead oil analyst at Kpler. "Offsetting this modestly supportive print has been minor builds to the products," he added. U.S. gasoline stocks rose by 500,000 barrels in the week to 221.4 million barrels, the EIA said, compared with analysts' expectations in a Reuters poll for a 100,000-barrel increase. Stocks of distillates, which include diesel and heating oil, climbed 400,000 barrels in the week to 114.3 million barrels, versus expectations for a 700,000-barrel rise, the EIA data showed.

Refinery crude runs fell by 116,000 barrels per day in the last week, EIA said. Refinery utilization rates were down 0.6 percentage points at 93.1%.

EXCLUSIVE- India's BPCL in talks with Rosneft to buy oil priced on Dubai benchmark -sources

Indian state-run refiner BPCL is in talks with Rosneft to buy about 6 million metric tons (43.8 million barrels) of discounted Russian crude at a price based on the Dubai benchmark, according to three sources with direct knowledge of the matter.

The deal would deepen India's commitment to its now-biggest oil supplier in the wake of Western sanctions on Moscow and mark a continued shift by Rosneft to pricing its oil against the Middle Eastern benchmark used in Asia and away from the Europe-dominated Brent. Under the pending deal, Rosneft would deliver the equivalent of 6 to 7 cargoes of about 700,000 to 720,000 barrels each per month through March 2024 to Bharat Petroleum Corp Ltd (BPCL), according to the sources, who declined to be named as they were not authorised to speak to media.

Talks are at an advanced stage for a contract, with both sides working out details including terms of payment, the sources added. BPCL and Rosneft did not respond to requests for comment.

A deal, which needs approval from BPCL's board, would further expand the share of Russian oil flowing to the world's third-largest oil importer. Russia has become India's top oil supplier, with a 40% share, after diverting supplies away from Europe.

Indian refiners, which in the past rarely bought Russian oil due to high transport costs, are snapping up crude sold at a discount after some Western entities and nations shunned purchases from Moscow following its invasion of Ukraine.

European Union nations stopped buying Russian oil from Dec. 5 and the Group of Seven (G7) countries joined the EU in imposing a price cap on Russian crude of $60 per barrel to curb Moscow's revenues. Russian crude sold to BPCL would be priced at a discount of $8 per barrel to the Dubai benchmark, the sources said.

Indian Oil Corp, the country's top refiner, struck a deal in April with Rosneft for up to 1.5 million metric tons of oil per month priced against the Middle East benchmark at a discount of $8 to $10 per barrel, according to sources.

Rosneft has been gradually moving from the Europe-dominated Brent benchmark because Russian oil sales have mostly shifted toward Asia after Europe shunned purchases from Moscow.

Both benchmarks are denominated in dollars and set by S&P Global Platts, a unit of U.S.-based S&P Global Inc.

The Dubai benchmark is heavily influenced by Asian and Middle Eastern oil trading, while Brent is mostly used to price crude from Europe, Africa and South America.

Russia has been rerouting its energy supplies from traditional markets in Europe to Asia, mainly India and China, since the West imposed wide-ranging sanctions, including an embargo on seaborne Russian oil imports.

BPCL, like most Indian refiners, makes spot purchases of Russian oil, mostly from traders.

In the new contract under discussion, BPCL aims to import various Russian oil grades including Sokol, Varandey, and Urals, the sources said.

Top News - Agriculture

US lawmakers float possible farm bill extension amid delays

The U.S. Congress may need to pass a short-term extension of the country's current farm bill, the largest food and nutrition spending package, amid delays drafting the next one, the top lawmakers on the Senate and House farm committees said on Thursday.

The farm bill funds U.S. nutrition, conservation and commodity programs and is passed every five years. The current bill expires on Sept. 30.

Senator Debbie Stabenow, chairwoman of the Senate Agriculture Committee, said "it would not surprise me" if lawmakers passed a short-term extension of the current farm bill, as has happened on occasion with past bills.

"We can't give you a date (for a draft), but we're moving as quickly as we can," she said at an event hosted by Bloomberg Government.

The process of drafting the farm bill is behind schedule in part because hearings were delayed by the COVID-19 pandemic, said Representative Glenn "GT" Thompson, chairman of the House Agriculture Committee, at the event.

Lawmakers were further delayed by negotiations over the deal passed in early June to raise the federal debt ceiling, which involved changes to a food assistance program that is authorized by the farm bill, Stabenow said.

Thompson said he hopes to have a draft bill ready for markup by the House in September.

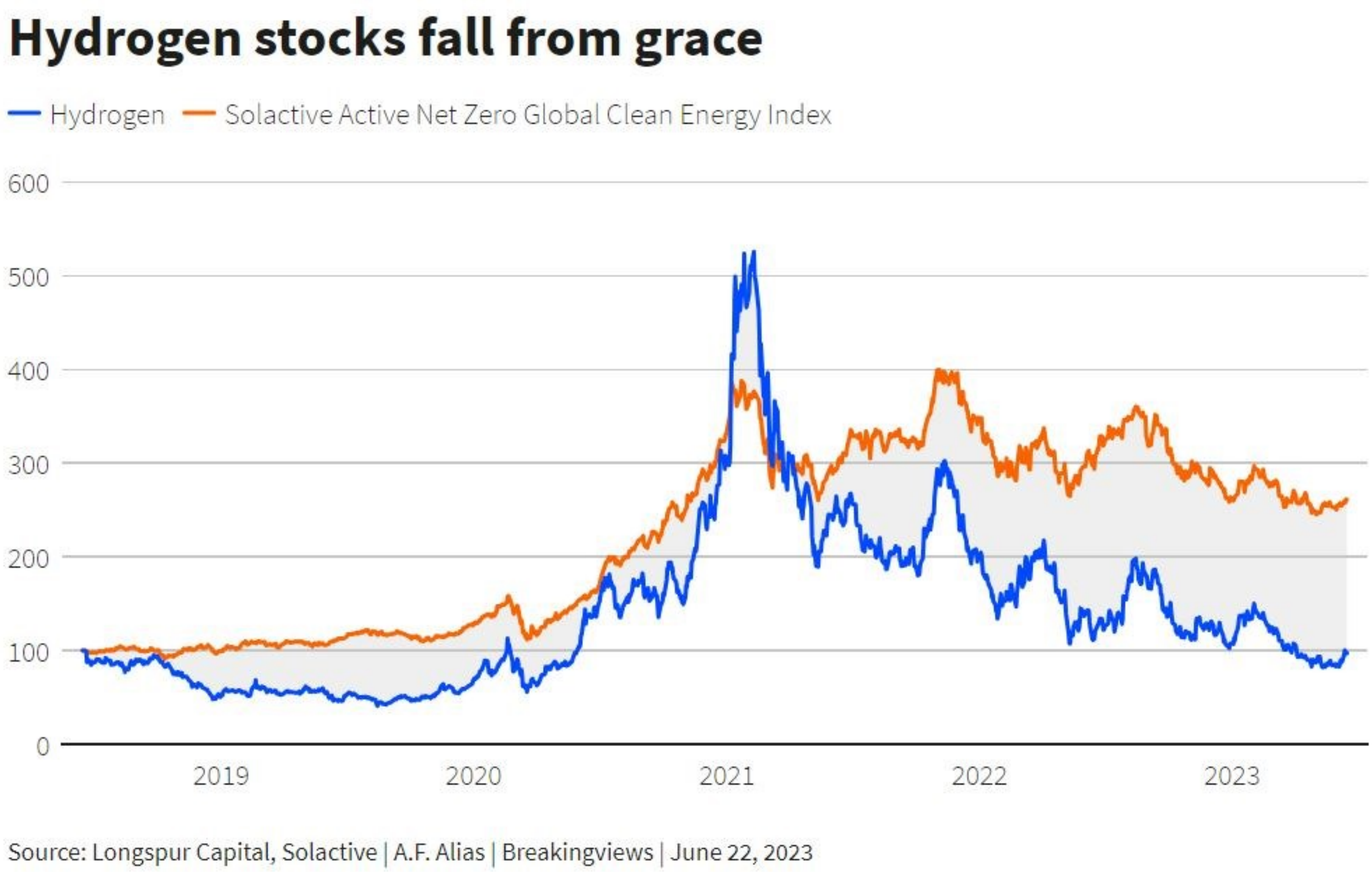
EU-backed green auditor cracks down on China island biofuel trade

An auditing company empowered by the European Union to verify sustainable fuel has suspended the certification of three Chinese biofuel exporters after an audit found the precise source of their waste products from Malaysia and Indonesia could not be verified.

Germany this month triggered a European Union investigation into a large volume of biofuels imports into Europe from China to assess whether the fuel meets EU sustainability criteria.

The Germany-based International Sustainability and Carbon Certification (ISCC), a company that verifies the sustainability of fuel, suspended the certification of two companies headquartered in the port of Yangpu on China's Hainan Island and another at Zhanjiang nearby on the mainland.

Chart of the Day



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The month-long suspensions mean the companies cannot export to the EU and were detailed in audit reports posted to the ISCC's online database of tens of thousands of biofuel producers and traders worldwide.
The suspensions have not previously been reported.
The companies the ISCC suspended were Hainan Hanpu Import and Export Trade, Hainan Bomi Import and Export Trading and Wuchuan Maosheng Bio-energy.
The suspensions took effect in early May and June and last for a month. Wuchuan Maosheng Bio-energy's suspension finished at the end of May.
The ISCC said in audit reports that the inaccuracy of records, lack of traceability of sustainable materials and mislabeling of raw materials were the reasons for suspending the companies.
The three companies and the ISCC did not immediately respond to a Reuters request for comment.
EU incentives for biodiesel production made with waste oils and fat to increase renewable energy use have encouraged companies in Asia to mix biofuels with cheaper oils, especially palm oil and export them to Europe, according to top European industry body EWABA.
The European Waste-based & Advanced Biofuels Association warned this month that a flood of potentially "dubious or fraudulent" biodiesel imports into Europe from China could trigger the collapse of the EU's biofuels industry.
The ISCC audit documents for the three suspended firms list their raw materials as coming in part from palm oil from Indonesia or Malaysia.
Palm oil from the two countries is subject to steep European import duties because the EU does not classify palm oil as sustainable.
The Yangpu-based firms are among the largest biofuel blenders on Hainan Island, while the mainland-based company trades in biofuel with those companies, two European trade sources said.

Top News - Metals

Lithium producers warn global supplies may not meet electric vehicle demand

Lithium producers are growing anxious that delays in mine permitting, staffing shortages and inflation may hinder their ability to supply enough of the battery metal to meet the world's aggressive electrification timelines.
Once a niche metal used primarily in ceramics and pharmaceuticals, lithium is now one of the world's most in-demand metals given aggressive EV plans from Stellantis, Ford and other automakers.
At stake is the pace with which electric vehicles could displace internal combustion engines, a key goal of the green energy transition. "You could end up in a crisis situation where the battery companies don't have the security of (lithium) feedstock," Stu Crow, chairman of Lake Resources, said on the sidelines of this week's Fastmarkets Lithium and Battery Raw Materials conference in Las Vegas.
"There's a disconnect between the panic that we're seeing here, and the frenetic activity of trying to secure supply within the industry." This week, Lake Resources became the latest lithium company to announce a project delay, pushing back first production from its Kachi lithium project in Argentina by three years. It cited power supply and other logistics concerns.
Albemarle, the world's largest lithium producer, is growing rapidly across the Americas, Asia and Australia. Still, it expects global lithium demand to exceed supply by 500,000 metric tons in 2030.
Various consultancies and other producers have slightly different projections, but all warn of a looming shortage.
"It's a big challenge," said Eric Norris, head of Albemarle's lithium business.
There were 45 lithium mines operating in the world last year, with 11 expected to open this year and seven next year, according to Fastmarkets.
That pace is far below what consultants say is needed to ensure adequate global supply.
Those growth projections assume a best-case scenario, even as mining companies face difficulty hiring technical talent, rising costs and delay times for crucial equipment.
Even if more lithium mines are built, there are not enough facilities to produce specialized types of the metal for batteries.
Automakers may be forced to accept lower-quality lithium, which decreases an EV battery's range, executives said.
"There's a big difference between lithium that comes out of the ground and lithium that goes into a battery," said Sarah Maryssael of Livent, which supplies Tesla and is set to combine with rival Allkem later this year.

ATTENDANCE
Once a niche event attended by industry die-hards, the Fastmarkets conference has grown rapidly alongside breakneck lithium demand.
Roughly 1,100 attended this year, nearly triple 2019 levels and up 68% from last year.
Exxon Mobil sent a contingent as part of its foray into the battery metals sector. So did its fellow oil companies SLB and Equinor.
Banking giants JPMorgan, Goldman Sachs, and BMO Capital Markets and others also attended, their interest fueled by an expected wave of lithium takeover deals and rising demand for hedging and other financial instruments.
"Our strategic investment and M&A pipeline is extraordinarily strong," said Rahim Bapoo, managing director of BMO's critical minerals practice.
In one example of the rampant hunt for lithium, Mitsui is on the verge of signing a $65 million deal with Atlas Lithium to guarantee supply from a Brazilian mine project that Atlas hasn't finished designing.

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"Investment has to continue, otherwise there will be more delays to (lithium) timelines that are already massively long," said Tara Berrie of EV maker Rivian.

LME failed to probe Tsingshan before nickel chaos, London court hears

The London Metal Exchange failed to investigate a large nickel position held by China's Tsingshan that sparked a chaotic surge in prices and billions of dollars of cancelled trades, lawyers told a London court on Thursday, despite a previous incident with the company in 2019.

They were speaking on the final day of the hearing of a case in which U.S.-based hedge fund Elliott Associates and market maker Jane Street Global Trading have accused the LME of unlawfully cancelling trades made on March 8, 2022, after the nickel price doubled in a matter of hours.

Elliott and Jane Street are demanding $472 million in damages.

The world's largest metals market argues it was justified in suspending trading and voiding deals because $19.7 billion of margin calls would otherwise have led to the defaults of multiple clearing members and created systemic risk.

Tsingshan Holding Group, one of the world's biggest nickel producers, held large short positions that helped spur the explosive rise in nickel prices in March last year, much of it in over the counter (OTC) positions not visible to the LME.

The LME's lawyer Jonathan Crow told the hearing at London's High Court that the LME did not investigate Tsingshan and only got data several days after it cancelled deals showing the extent of the huge OTC position held by Tsingshan.

Crow said it was reasonable for the LME not to launch a probe into Tsingshan since it was mainly media reports and rumours that were circulating about a big position.

PREVIOUS TSINGSHAN INCIDENT

LME CEO Matthew Chamberlain, however, acknowledged in a witness statement that he and the LME were aware of a previous incident involving Tsingshan in 2019.

"Tsingshan had previously come to my attention in 2019 when it had a long nickel position which a number of participants alleged was abusively squeezing the market," he said.

"In the course of our investigations into this matter, we became aware that Tsingshan made significant use of the OTC market."

Despite that previous experience, the 146-year-old exchange failed to launch a probe in March last year as prices surged because the visible position held directly on the LME was big, but not worrying, Chamberlain said.

MARKET MONITOR as of 06:31 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$69.62 / bbl	0.16%	-14.43%
NYMEX RBOB Gasoline	$2.47 / gallon	-0.15%	-1.25%
ICE Gas Oil	$701.00 / tonne	-1.54%	-23.56%
NYMEX Natural Gas	$2.32 / mmBtu	-11.00%	-41.99%
Spot Gold	$1,945.79 / ounce	1.69%	4.97%
TRPC coal API 2 / Dec, 23	$107 / tonne	-8.55%	-37.62%
Carbon ECX EUA / Dec, 23	€90.24 / tonne	0.10%	7.47%
Dutch gas day-ahead (Pre. close)	€35.75 / Mwh	-4.67%	-54.68%
CBOT Corn	$5.42 / bushel	-12.16%	-10.36%
CBOT Wheat	$6.45 / bushel	-14.38%	-5.76%
Malaysia Palm Oil (3M)	RM3,523 / tonne	-1.09%	-13.10%
Index (Total Return)	**Close 22 Jun**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	289.34	-1.81%	-2.05%
Rogers International	26.14	-1.92%	-8.25%
U.S. Stocks - Dow	34,212.12	-0.01%	2.41%
U.S. Dollar Index	102.39	0.31%	-1.10%
U.S. Bond Index (DJ)	404.58	-0.56%	4.43%

"Tsingshan's position was not a particular cause for concern and therefore did not warrant a request for further information at that time," Chamberlain said.
When prices went wild on March 8, the LME did not have time to do an investigation into the underlying cause, Crow said.
"The LME did not know what it was looking for," he said. "The LME did know the symptoms ... the risk it created was a potential market collapse."
Elliott and JSGT previously told the court that the LME cancelled $12 billion of nickel trades to "save" Tsingshan, owned by Chinese tycoon Xiang Guangda, a charge the LME refutes, saying it took action to head off massive risk in the overall market.
On Wednesday, Crow said the LME had no choice but to annul the trades because failing to do so would have led to a "death spiral" on the LME that would have spread to other financial markets.
At the time, the world's biggest metals market said it thought that five members would go into default, but Crow said later analysis showed that the number was seven.
Elliott and Jane Street accept the LME has the power to cancel trades in some "exceptional cases".
But their lawyers argue the LME had no power to unwind transactions to prevent defaults or tackle systemic risks.

Top News - Carbon & Power

US climate change lawsuit seeks $50 billion, citing 2021 heat wave
An Oregon county on Thursday sued Exxon, Chevron, other major oil and coal companies, and industry groups, seeking over $50 billion to counter the harms caused by extreme weather fueled by climate change.
Multnomah County said in the lawsuit filed in state court in Portland that fossil fuel companies and trade groups like the American Petroleum Institute intentionally deceived the public about the dangers of burning their products for decades. It said the companies and trade groups must now help pay for past and future harms from the extreme weather that has resulted, including a 2021 heat wave in the Pacific Northwest that killed dozens. Rather than acknowledge the dangers of climate change, the lawsuit said the fossil fuel industry worked to undermine the scientific consensus around the problem "with pseudo-science, fabricated doubt, and a well-funded, sustained public relations campaign to promote their spin." The lawsuit also targets the consulting firm McKinsey, which it said advises major oil companies, including on strategies to downplay or deny the link between greenhouse gas emissions and extreme weather. Theodore Boutrous, an attorney for Chevron, said in a statement that lawsuits such as the one filed on Thursday are "counterproductive" and distract from advancing effective international policy solutions. He said the county's claims are "baseless" and barred by the U.S. Constitution. A spokesperson for the American Petroleum Institute called the lawsuit and others like it "meritless" and said the litigation wastes taxpayer resources. McKinsey did not immediately respond to a request for comment. The legal action follows dozens of lawsuits filed in recent years against the fossil fuel industry by states and municipalities across the U.S. broadly alleging harms from climate impacts including extreme weather.
The American Petroleum Institute and oil companies have said in response to those lawsuits that policies to address climate change should come from the federal executive branch and Congress, not via a patchwork of decisions in court cases across the United States. The county said Thursday it had already begun experiencing climate-related harms, including from the 2021 “heat dome” that caused temperatures in the county, which includes Portland, to soar to 116 Fahrenheit (46.6 Celsius). Since the area normally has mild weather, the lawsuit said residents were not equipped with things like air conditioners to handle the elevated temperatures. The county said 69 people in the county died from overheating and the heat wave caused a "crushing economic burden."
The heat wave, and other extreme weather events like wildfires, are a "direct and foreseeable consequence" of the industry's decision to sell fossil fuels for decades despite knowing their harms, according to the lawsuit.
The county is seeking $50 million to repay it for its past efforts to protect public health, safety and property from heat waves and wildfires, at least $1.5 billion for future damages and at least $50 billion for an abatement fund to help study and implement mitigation measures to reduce climate-related harms.

Senegal seals $2.7 bln green energy deal with richer nations
Senegal struck a deal with wealthier countries on Thursday that will see it get an initial 2.5 billion euros ($2.74 billion) in finance to develop renewable energy and speed up its transition to a low-carbon economy.
The Senegal Just Energy Transition Partnership (JETP), backed by France, Germany, the European Union, the United Kingdom and Canada, comes as richer countries are urged to do more to help poorer peers in the fight against climate change. The money will be used to help Senegal achieve its target of 40% of installed capacity from renewable energies by 2030, and a draft investment plan will be finalised within 12 months. "We think that if this is mobilised we can achieve, if not exceed this objective," Sall said at the Summit for a New Global Financial Pact in Paris, adding that renewable energy currently accounts for 31% of Senegal's capacity. So-called JETPs, spearheaded by a deal with South Africa at a U.N. summit in 2021, have emerged as a key mechanism for mobilising public and private finance to

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help developing countries shift away from fossil fuels. The rich, heavy emitting nations providing the finance in these deals are increasingly under pressure to help poorer countries speed up their transition to cleaner energy and to manage the effects of climate change. The agreement with Senegal is the fourth JETP and follows deals with Indonesia, Vietnam and South Africa. The JETP with Senegal was being negotiated at the UN COP27 climate summit held in Egypt in November last year. The $20 billion agreement last year to help Indonesia shut coal power plants was the biggest so far. According to Thursday's statement, international partners and multi-lateral development banks will mobilise the 2.55 billion euros for Senegal in new and additional financing over an initial period of three to five years, starting this year. More financing may be mobilised during and beyond this period to support Senegal's ambitions, it added.
"The current global financing system is not adequate," said Sall, who also bemoaned the cost of credit, calling on multi-lateral development banks to take into consideration current issues such as climate change and the high debts of low-income countries.

Top News - Dry Freight

South Korea bought estimated 16,800 metric tons rice in tender- traders
South Korea’s state-backed Agro-Fisheries & Food Trade Corp. purchased an estimated 16,800 metric tons of rice largely to be sourced from Vietnam in an international tender for up to 62,200 metric tons which closed on June 8, European traders said on Thursday.
The purchase involved one consignment of about 16,600 metric tons of Vietnamese origin non-glutinous long grain brown rice bought at an estimated $674.00 a metric ton c&f for arrival in South Korea around Sept. 30, 2023, traders said.
A small volume of about 200 metric tons of non-glutinous milled brown long grain rice to be sourced from Thailand was bought at about $1,150 a metric ton also for September arrival.
No purchases were reported of other consignments also sought in the tender. Results of the corporation’s tenders are often available only some time after the offer deadline.

Japan buys 92,529 tonnes of food wheat via tender
Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) bought a total of 92,529 tonnes of food-quality wheat from United States, Canada and Australia in a regular tender that closed on Thursday.
Japan, the world's sixth-biggest wheat importer, keeps a tight grip on imports of its second-most important staple behind rice, buying the majority of the grain for milling via tenders typically issued three times a month.

Picture of the Day

A file photo shows a farmer display grains of wheat in a field at Mays Al-Jabal village, near the Lebanese-Israeli border in southern Lebanon, June 17, 2023. REUTERS/Aziz Taher

(Inside Commodities is compiled by Sreshtha Uniyal in Bengaluru)

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

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