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Top News - Oil

US crude stocks fall more than expected on high exports – EIA
U.S. crude stocks fell more than expected last week, driven by an increase in crude oil exports, while gasoline and distillate inventories rose, the Energy Information Administration said on Wednesday.
Crude inventories fell by 9.6 million barrels in the last week to 453.7 million barrels, compared with analysts' expectations in a Reuters poll for a 1.8 million-barrel drop. Net U.S. crude imports fell last week by 376,000 barrels per day, EIA said, while crude exports rose by 795,000 barrels per day.
"The wider discount of WTI to Brent and lower exports from OPEC countries is likely to keep supporting demand for U.S. crude," said UBS analyst Giovanni Staunovo. Crude stocks at the Cushing, Oklahoma, delivery hub rose by 1.2 million barrels in the last week to its highest level since 2021, EIA said. U.S. West Texas Intermediate crude rose 80 cents or 2.3% to $68.50 a barrel by 1550 GMT and global benchmark Brent rose 71 cents or 1% to $72.97 as traders focused on interest rate hikes that could hurt demand.
"If anybody is going to rain on the bull market it will be Jerome Powell. ... The only negative thing we are seeing is that there is still concern about the Federal Reserve slowing the economy," said Price Futures Group analyst Phil Flynn. U.S. gasoline stocks rose by 0.6 million barrels in the week to 222 million barrels, the EIA said, compared with analysts' expectations in a Reuters poll for a 0.1 million-barrel drop. However, the four-week average of gasoline product supplied, a proxy for demand, rose to its highest level since December 2021, according to EIA data. Distillate stockpiles, which include diesel and heating oil, rose by 0.1 million barrels in the week to 114.4 million barrels, versus expectations for a 0.8 million-barrel rise, the EIA data showed.
Refinery crude runs fell by 216,000 barrels per day in the last week, EIA said.Refinery utilization rates fell by 0.9 percentage points in the week.

Oil benchmark Brent's price structure shows over-supply concern
Oil traders' concerns have shifted from under-supply to over-supply, the futures contract structure of the global benchmark Brent showed on Wednesday, as expectations of weak economic growth outweigh Saudi Arabia's output cuts.
Saudi Arabia has said it will cut its output in July, deepening the impact of a broader deal among members of the Organization of the Petroleum Exporting Countries and its allies including Russia (OPEC+) to limit supply into 2024. But economic growth in China, the world's second-biggest oil consumer, has not recovered as quickly as expected from the pandemic and central banks across the globe have hiked interest rates.
Higher interest rates can slow economic growth, which in turn can reduce oil demand. For the first time since December, the six-month spread for Brent shows contracts for earlier loading are trading below those for later loading, a structure known as contango.
This encourages traders to pay for storing oil so it can be sold at higher prices when supplies are expected to have shrunk. The same structure for the U.S. benchmark WTI crude oil contract fell into contango for the first time since March on Tuesday.
Brent's and WTI's front-month loading contracts settled down 2.6% and 2.4%, respectively, on Tuesday, having shed around 15% each this year so far.
"Yesterday's performance foresees a meaningful loosening of oil balance embodied in the ominous weakening of the structures of both WTI and Brent," PVM oil market analyst Tamas Varga said in a note.

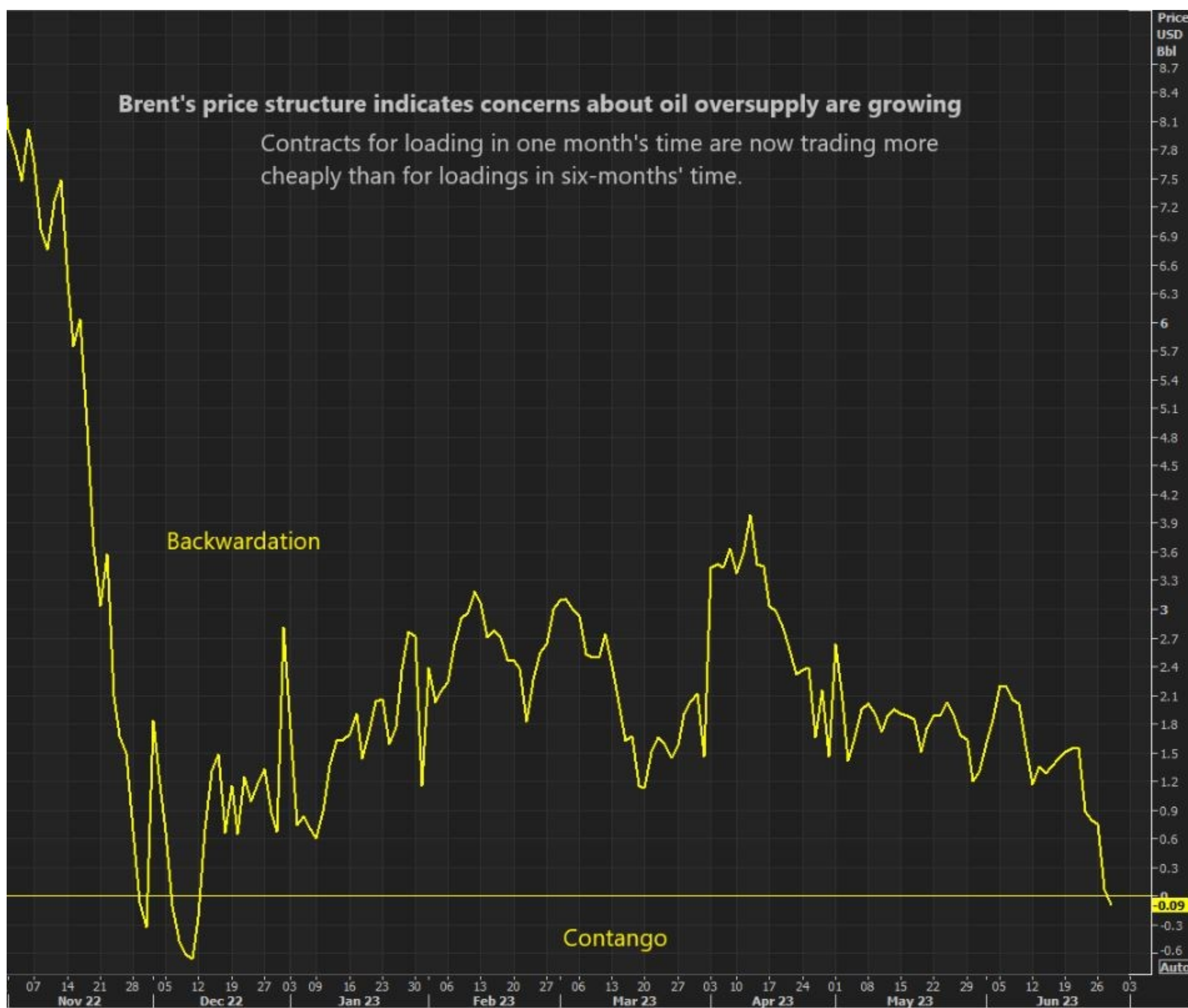
Top News - Agriculture

Canadian farmers plant most wheat in 22 years, more than expected
Canadian farmers seeded the most wheat in 22 years, slightly more than expected, and also planted more canola than the industry was forecasting, a government report showed on Wednesday.
Canada is the world's fourth-largest wheat exporter and the biggest shipper of canola, which mainly produces vegetable oil.
The country's wheat production is especially important this year with heavy rain and drought hitting wheat crops in China and the United States respectively.
Parts of the Canadian Prairies are also dry, raising concerns about yields.
Statistics Canada estimated plantings of all wheat - including winter wheat sown last year for harvesting this summer - at 26.9 million acres, above average industry expectation of 26.5 million.
Wheat sowings are up nearly 7% from a year ago and are the most since 2001. It is the fourth-largest wheat area on

record when winter wheat is included, which StatsCan has tracked since 1997.
Canadian farmers planted more wheat due to high prices and because it withstands dryness relatively well, but yields of both wheat and canola may turn out slightly below normal, said Bruce Burnett, director of markets and weather at MarketsFarm.
"I'm very concerned about the dryness on the Prairies," Burnett said.
"We need rains virtually immediately and it doesn't look like we're getting that into the first 10 days of July." Crops in southern Alberta, western Saskatchewan and southwestern Manitoba look particularly stressed, Burnett said. Farmers planted 22.1 million acres of canola, higher than StatsCan's April estimate of 21.6 million and 3% more than last year.
The average trade estimate was 21.8 million acres. StatsCan's surprisingly high canola estimate may weigh on prices, said Lawrence Klusa, president of advisory Seges Markets.
"The market has been in a downward trend and the higher estimate for canola isn't going to help," Klusa said. ICE Canada November canola futures dipped 1.3%.
Farmers reduced plantings of oats, lentils and peas.

Chocolate-making ingredient cocoa hits highest price in 46 years
Cocoa prices surged to the highest in 46 years on the Intercontinental Exchange in London on Wednesday as bad weather in West Africa threatened production prospects for the main suppliers of the primary raw material used to make chocolate. The benchmark

Chart of the Day



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September contract for cocoa in London gained more than 2% on Wednesday to 2,590 pounds per metric ton. The session high was the highest price since 1977 at 2,594 pounds.
Prices are rising in reaction to a tight market for cocoa beans, which are mainly produced in Ivory Coast and Ghana. Arrivals of cocoa at Ivory Coast ports for export are down nearly 5% this season. The International Cocoa Organization (ICCO) widened this month its forecast for a global deficit on cocoa supply from 60,000 metric tons previously to 142,000 metric tons.
"It is the second consecutive season with a supply deficit," said Leonardo Rosseti, cocoa analyst at broker StoneX.
He said that the stocks-to-use ratio, an indicator of cocoa availability in the market, is expected to fall to 32.2%, the lowest since the 1984/85 season.
Meanwhile, above-average rains in Ivory Coast are causing flooding in some cocoa fields, potentially hurting the main crop that starts in October.
Rosseti said that the rains are also hurting the drying process for cocoa beans that have already been collected.
Refinitiv Commodities Research said it expects moderate to high rainfall in the West African cocoa belt over the next 10 days.
Cocoa prices rose in New York as well.
The September contract gained 2.7% to $3,348 a metric ton, its highest in 7-1/2 years.
In other soft commodities, July raw sugar fell 0.46 cent, or 2%, at 22.57 cents per lb.
Arabica coffee settled down 5 cents, or 3%, at $1.6195 per lb, while robusta coffee fell $99, or 3.6%, at $2,616 a metric ton.

Top News - Metals

China steel exports seen surging to seven-year high as home demand wilts

China is set to export the most steel this year since 2016, say analysts, as the weakening yuan and competitive prices help the world's biggest producer offload surplus metal due to weak demand at home.
China's massive steel industry has been hard hit by a months-long slump in the country's huge property sector, pushing steel prices to three-year lows in May.
But strong demand mostly from Asia and Africa is helping keep a lid on stocks and allowing mills to continue operations. Steel exports in the first five months were up 41% compared to a year ago, customs data showed, and traders said they have recently seen improved overseas buying appetite.
Exports for 2023 could easily surpass the 67.32 million metric tons shipped last year, said three analysts who expect volumes of up to 77 million metric tons.
"The most direct reason is that a weaker yuan is beneficial for exports. Also, (China's) export prices are appealing," said Pei Hao, a Shanghai-based senior analyst at international brokerage FIS.
The yuan has depreciated almost 5% against the U.S. dollar since the beginning of the year.
Steel exports hit 8.36 million metric tons in May, the highest since September 2016, but the shipments were worth 27.5% less than the same month a year ago at $7.7 billion, or an average of $922 per metric ton, shows customs data.
Demand is strong from Southeast Asia, the Middle East and Africa, said traders, with high energy costs in many countries making steel production less competitive with China's prices. A pick-up in construction of China-backed projects abroad after a three-year hiatus due to COVID travel restrictions also contributed to higher exports.
"Demand for flat and sectional steel products from Indonesia has been pretty good in the past few months driven by the building of factories for projects invested by Chinese companies," said Li Peng, a purchase director at the International Corporation of the Third Construction Co. Ltd, a subsidiary of state-owned China State Construction. The strong exports in the first five months, coupled with lower steel imports over the same period, helped prevent a rise in inventory at home, even as domestic demand disappointed.
Stocks of five major steel products stood at 15.44 million metric tons on June 21, the lowest since mid-January, and 30% lower than the same period a year ago, data from consultancy Mysteel showed.
Steel exports may fall in June but are likely to rise again in July and August, said two steel traders, noting increasing inquiries recently from Southeast Asia and South Korea.
The growing shipments are hurting producers abroad, said Tomas Gutierrez, head of data at consultancy Kallanish Commodities. "On export markets the impact is very bad. Overseas markets are already struggling and increased imports in many regions has forced down local production," he said.
Steel output in Asia and Oceania fell 6% on the year in May, according to the World Steel Association.
India is considering imposing countervailing duties on steel imports from China, after applying an anti-dumping duty on stainless steel imports last year.

EXCLUSIVE-Exxon Mobil expands lithium bet with Tetra Technologies deal

Exxon Mobil has agreed to develop more than 6,100 lithium-rich acres in Arkansas with Tetra Technologies Inc, the second move this year by the oil giant for control of assets needed to produce the electric vehicle battery metal.

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Exxon's rapid expansion into the lithium sector comes amid growing interest by traditional energy companies and others into emerging technologies that aim to boost global supply of the ultralight metal.
Tetra, which produces chemicals for water treatment and recycling, earlier this week said it had signed an agreement with a company known as Saltwerx to develop 6,138 acres of salty brine deposits in Arkansas that are filled with lithium and bromine, although it provided few additional details. Saltwerx is a subsidiary of Exxon, according to two people familiar with the matter.
Exxon acquired it earlier this year when it bought a neighboring Arkansas parcel of 100,000 acres from Galvanic Energy.
Galvanic remains an independent, privately held company and is not affiliated with Tetra or Exxon.
Representatives for Tetra were not immediately available to comment. Exxon declined to comment. Financial terms were not disclosed. Neither company provided a production or development timeline, although Exxon will be contributing about 2,000 acres and Tetra about 4,100 acres to the partnership. Certain details still need to be finalized.
By partnering with Exxon, Tetra gains a large partner with capital to help it produce bromine, which is used in flame retardants, from the acreage.
Tetra currently buys bromine from Lanxess to produce a material used by Eos Energy Enterprises to manufacture batteries.
Exxon, meanwhile, gains access to yet another U.S. supply of lithium as the country rapidly expands its EV supply chain. Both companies plan to file an amended application to develop the brine deposits later this year with Arkansas officials. Exxon would need to chose at least one direct lithium extraction (DLE) technology to filter the metal from the Arkansas brine, although such technologies are largely unproven at commercial scale.
Reuters reported earlier this month that Exxon has held talks with International Battery Metals and EnergySource Minerals about licensing DLE technology.
Tetra said in November it has been investigating various DLE technologies, but had not signed any agreements.
Tetra had previously agreed to lease more than 27,000 acres in Arkansas to Standard Lithium to produce lithium. Standard has started preliminary work on development of that project.

MARKET MONITOR as of 06:34 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$69.31 / bbl	-0.36%	-13.64%
NYMEX RBOB Gasoline	$2.49 / gallon	-0.42%	0.33%
ICE Gas Oil	$700.00 / tonne	-0.57%	-24.00%
NYMEX Natural Gas	$2.67 / mmBtu	2.61%	-40.31%
Spot Gold	$1,903.69 / ounce	-0.20%	4.35%
TRPC coal API 2 / Dec, 23	$118 / tonne	3.06%	-36.13%
Carbon ECX EUA / Dec, 23	€87.87 / tonne	0.17%	4.64%
Dutch gas day-ahead (Pre. close)	€34.63 / Mwh	-0.35%	-54.17%
CBOT Corn	$5.36 / bushel	0.85%	-20.98%
CBOT Wheat	$6.70 / bushel	0.04%	-16.15%
Malaysia Palm Oil (3M)	RM3,756 / tonne	2.20%	-10.01%
Index (Total Return)	**Close 28 Jun**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	288.19	-0.18%	-4.36%
Rogers International	25.86	-0.69%	-9.80%
U.S. Stocks - Dow	33,852.66	-0.22%	2.13%
U.S. Dollar Index	102.91	0.40%	-0.60%
U.S. Bond Index (DJ)	410.04	0.28%	4.48%

Top News - Carbon & Power

European wind developers play down Siemens Gamesa turbine troubles

Major wind power developers including Iberdrola, RWE, EDP Renovaveis and Orsted played down the impact of potential problems with Siemens Gamesa onshore wind turbines.
Siemens Gamesa parent Siemens Energy last week said problems with its more recent onshore platforms could affect up to 15 to 30% of its installed turbines worldwide, triggering a 37% fall in its share price.
It warned that it could cost more than 1 billion euros ($1.1 billion) to fix flaws in rotor blades and bearings, which could cause damage ranging from small cracks to component failures.
Siemens Gamesa has provided wind turbines to some of the biggest power companies and oil and gas majors worldwide and has warned the problems could take years to resolve.
UBS analysts said that in a worst-case scenario charges for Siemens Energy could exceed 5 billion euros.
Portugal's EDP Renovaveis said to its knowledge the problems outlined by Siemens Gamesa refer to the group's two most recent onshore platforms, the 4.X and 5.X, adding it had very few 4.X turbines and no 5.X turbines in its portfolio.
"EDPR has a well-diversified manufacturer portfolio, with Siemens Gamesa performing in line with other suppliers," the company said.
Germany's RWE, a long-standing customer, said it had not seen any "unusual technical issues" in its existing wind power portfolio, while French utility EDF said it could solve any issues that arise.
Denmark's Orsted said it operates one onshore wind farm with Siemens Energy turbines and that Orsted's portfolio of turbines has "high availability rates, reflecting that wind power has very little down-time."
OVERBLOWN
Swedish wind farm developer Eolus Vind said technical issues seen with turbines delivered by Siemens Gamesa were no more frequent than with other manufacturers and that it is receiving components for new projects as scheduled.
Meanwhile, Iberdrola will carry out a thorough analysis before installing 11 of Siemens Gamesa's troubled flagship 5.X model for a Spanish onshore wind farm, a source at the Spanish company said.
Siemens Gamesa has already told Iberdrola that it would proceed with a retrofit design, the source said, adding no technical issues for the remaining fleet of Siemens Gamesa turbines had been observed.
A spokesperson for Iberdrola confirmed the information.
Siemens Energy declined to comment.
Copenhagen Infrastructure Partners said that while it did not have the affected turbines mentioned by Siemens Gamesa in its fleet it was interested in collaborating with the company to mitigate any potential impact on its development portfolio.
Siemens Energy closed up 6.7% on Wednesday, recovering some losses after analysts said Friday's sell-off was overblown.
Siemens Gamesa first disclosed problems around its 5.X model in July 2021, flagging higher than expected ramp-up costs.
Problems with the model, of which more than 5 gigawatts have been sold around the world, include manufacturing delays as well as higher costs of material and transportation.
Siemens Energy also said there was a separate set of challenges in offshore turbines, including the delay of production site construction and supply chain issues.
Many wind developers have already seen delays in projects due to shortages of components and rising costs.
Poland's PGE said it saw no risk to timely deliveries of Siemens Gamesa turbines for the Baltica 2 offshore wind project in the Baltic Sea, set for commissioning in 2027.

EU renewable energy law clears first vote after French nuclear assurances

A European Parliament committee on Wednesday backed new EU renewable energy targets, but criticised last-minute changes offering France and other countries possible carve-outs for ammonia plants and greater recognition of nuclear energy.
The law significantly raises the European Union's renewable energy targets, requiring 42.5% of EU energy to be renewable by 2030, replacing a current 32% target for that date. EU countries and lawmakers agreed a deal on the renewable energy law in March, but this was held up for weeks by France and other countries seeking greater recognition of nuclear power - which is low-carbon, but not renewable. The stalemate ended this month when the European Commission offered France written assurances that it would consider exempting certain ammonia plants from renewable fuel targets - allowing them to run on nuclear-based fuels instead.
France also won a short preamble to the law, which acknowledges the potential challenges of refitting ammonia plants to run on renewable fuels. The EU committee backed the tweaked law with a large majority, but criticised the late changes.
"This should not set a precedent. Otherwise the entire ordinary legislative process and the trilogues will lose their meaning," committee chair Cristian-Silviu Busoi said, referring to the EU process for passing new laws.
Parliament's lead negotiator, Markus Pieper, said he and other lawmakers had pushed to water down the preamble to a point where it "doesn't really have much substance".
The bill still needs formal approval from the full EU Parliament and EU countries before it takes effect.

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That process usually waves through pre-agreed laws without changes - but it was upended this year in another last-minute row, when Germany lodged late opposition to a policy phasing out fossil fuel-powered cars, making some EU diplomats wary of further demands to change pre-agreed deals.
Europe got 22% of its energy from renewable sources in 2021, the latest year for which official EU data are available.

Top News - Dry Freight

Macquarie to divest U.S. port terminal operator Ceres
Australian financial conglomerate Macquarie Group said on Thursday it would divest its U.S.-based port terminal operator Ceres Terminals, with a source familiar with the matter placing the deal value north of $900 million.
Macquarie did not disclose any further details on the deal, and declined to comment on Reuters' request seeking confirmation of the sale value.
The Wall Street Journal in May reported that Macquarie was looking for about $1 billion from the sale, citing sources familiar with the matter.
The deal value could be at the lower end of what the Wall Street Journal reported, the source said.
Macquarie Infrastructure Partners III (MIP III), a fund managed by the financial conglomerate's asset management arm, acquired full control of the general cargo stevedoring operations in 2019 from Tokyo-based shipping and logistics firm Nippon Yusen Kaisha.
MIP III will sell the terminal to American marine terminal operator Carrix. However, Ceres Terminals Jacksonville and Intermodal Container Transfer Facility in Jacksonville, managed by Ceres, will not be a part of the deal. They will continue to be owned by MIP III, Macquarie said.
"We all look forward to the next chapter of growth with Carrix... confident that the combination will continue to serve our customers, employees and other stakeholders well," Ceres Terminals CEO Craig Mygatt said.
Shares of Macquarie were trading 1.1% higher as of 0255 GMT, heading for their third straight session of gains.

Canada port union issues 72-hour strike notice
The International Longshore and Warehouse Union Canada (ILWU) on Wednesday said it has issued a 72-hour strike notice to the British Columbia Maritime Employers Association (BCMEA), as it looks to renew an industry-wide collective agreement which expired in March.
Longshore workers are prepared to walk off the job at 8 am Pacific Time on July 1, according to the ILWU. Both parties are scheduled to continue bargaining on Thursday.
"Unfortunately, the ILWU Canada Bargaining Committee has run out of options at the bargaining table because the BCMEA and their member employers have refused to negotiate on the main issues, and we feel we are left with no choice but to take the next step in the process," the union said in the statement.
The BCMEA, in a statement on its website, said it had received the strike notice, adding potential strike action would not impact employees that are required to service grain vessels. It also added they had the intention of having cruise vessels serviced.
BCMEA and ILWU Canada have been engaged in the mediation and conciliation process since March 28, and the mediation was at the request of ILWU.

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Picture of the Day

A farmer harvests his field of barley in Bevillers, northern France June 27, 2023. REUTERS/Pascal Rossignol

(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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