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Top News - Oil

US plans to buy 1.2 million barrels of oil for Strategic Petroleum Reserve

The U.S. plans to buy 1.2 million barrels of oil to help replenish the Strategic Petroleum Reserve after it sold off the largest amount ever last year, the Energy Department said on Monday.

The department said the planned purchase for the oil is at an average price of $77.57 a barrel from two companies after 18 bids were submitted.

The administration of President Joe Biden 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. If the purchase is finalized it will have bought back about 6 million barrels.

As oil prices have risen on production cutbacks by Saudi Arabia and Russia, it has been difficult for the administration to buy back oil for the reserve. Last month it raised the price at which it hopes to buy back oil to $79 or less a barrel, up from an earlier price range of about $68 to $72.

Last month the Energy Department said it hopes to buy 3 million barrels for December delivery and another 3 million for January at the higher price. It said it expects to issue additional oil purchase solicitations for the reserve on a monthly basis through at least May 2024.

"President (Joe) Biden and the Energy Department remain committed to refilling the SPR at fair prices, safeguarding this critical energy security asset while getting a good deal for American taxpayers," a department spokesperson said.

The department has said oil in last year's emergency sales sold for an average of $95 per barrel.

EXCLUSIVE-US probes 30 ship managers for suspected Russia oil sanctions violations

The U.S. Treasury Department has sent notices to ship management companies requesting information about 100 vessels it suspects of violating Western sanctions on Russian oil, according to a source who has seen the documents.

The notices, sent by the Office of Foreign Assets Control to ship management companies in about 30 countries on Friday, represent the biggest step of its kind by the United States since Washington and its allies imposed a price cap aimed at restricting oil revenues to Moscow as punishment for its invasion of Ukraine, the source said.

The Treasury Department would not comment on the reporting. "While we do not confirm or comment on investigations or enforcement actions, Treasury is committed to enforcing the price cap and reducing Russia's resources for its war against Ukraine," a Treasury spokesperson said.

The Group of Seven rich countries, the European Union and Australia imposed a $60 per barrel cap last December on sea-borne exports of Russian crude. It bans Western companies from providing services such as transportation, insurance and financing for the oil sold above the cap.

A rally in global oil prices this year has meant much of Russian oil has traded above the cap. But U.S. officials have said the cap has still imposed extra costs on Russia by forcing it to rely on a "ghost fleet" of aging tankers, longer voyages and non-Western maritime services that have cut into the revenues it can spend on the war.

The U.S. last month also imposed sanctions on owners of two tankers that had carried Russian oil priced above the cap, the first significant enforcement of the measure.

The source with knowledge of the new notices said some of the vessels now under investigation were involved in lifting Russian oil from the Pacific port of Kozmino, while others had loaded at the port of Primorsk on the Gulf of Finland.

The U.S. Treasury had published a warning to U.S. companies in April of possible evasions of the Russian petroleum price cap of crude oil exported through the Eastern Siberia Pacific Ocean pipeline and ports in eastern Russia.

The source with knowledge of the notices said one of the companies that had received a request for information was Beks Shipping, based in Turkey. Reuters was unable to immediately reach Beks by phone for comment. The source did not identify any other companies.

Requests for information are a routine step in sanctions investigations, the source said, and are designed to gather details like information on the companies that chartered certain vessels and/or purchased the oil they carried.

The price cap has caused a shift in global markets as China and India purchase Russian oil, often at a discount. Much of that oil had traditionally gone to Europe and other markets.

Top News - Agriculture

India's palm oil, sunoil imports rise to record highs; soyoil drops

India's imports of palm oil and sunflower oil in 2022/23 surged by 24% and 54%, respectively, to record highs on a rebound in consumption and as both oils were available at a steep discount compared to rival soyoil, a leading trade body said on Monday.

Higher purchases by the world's biggest importer of vegetable oils could help to lower palm oil stocks in Indonesia and Malaysia and support benchmark futures. The buying could reduce inventories in sunflower oil-producing Black Sea countries.

Palm oil imports stood at 9.79 million metric tons in 2022/23 marketing year ended on Oct. 31, while sunflower oil imports rose to 3 million tons, Mumbai-based Solvent Extractors' Association of India (SEA) said in a statement.

Soyoil imports in the year fell 12% to 3.68 million tons as for most of the months it was trading at a premium over palm oil and sunflower oil.

Total edible oil import in the year surged to a record 16.47 million tons, up 17.4% from a year ago, as the government's move to cut the import tax on edible oils to 5.5% encouraged overseas buying, the SEA said.

The government reduced import taxes when edible oil prices were rising in the world market last year, but it did not raise them after prices fell, said a New Delhi-based dealer with a global trade house.

"The price correction in the world market, coupled with lower duties, made edible oil cheaper and boosted consumption," the dealer said.

Higher imports lifted vegetable oil stocks to 3.3 million tons on Nov. 1 from 2.46 million tons a year ago, the SEA said.

India buys palm oil mainly from Indonesia, Malaysia and Thailand, while it imports soyoil and sunflower oil from Argentina, Brazil, Russia and Ukraine.

Indian refiners were buying aggressively during November to January and July to September as prices were attractive in the world market, but they slashed imports in October because of higher stocks, said Rajesh Patel, managing partner at edible oil trader and broker GGN Research.

The country's palm oil imports in October fell 15% from a month ago to 708,706 tons, the lowest in 4 months, the SEA said.

Soyoil imports in October slumped 62% from September to 135,325 tons, the lowest in 34 months. Sunflower oil dropped 49% to 153,780 tons, the lowest in 7 months, it said.

Brazil's sugar production outlook raised as weather helps harvesting

Brazil's center-south region should produce 40.5 million metric tons of sugar in the 2023/24 season (April-March), a record and 500,000 tons more than previously expected, Green Pool Commodity Specialists projected on Monday.

Green Pool said in a weekly report that hot and dry weather in the region is allowing mills to continue sugarcane harvesting at a good pace, with a large allocation of the cane towards sugar production.

The company said the situation at ports in Brazil, the world's largest sugar producer and exporter, however, remains problematic due to excess movement following record or near-record crops of soybeans, corn and sugar. It said waiting times for vessels to load sugar in the country have increased.

"The corn and soy exports will continue to jostle for priority with sugar, as global sugar buyers on low stock levels bite their fingernails and await shipments to load," said Green Pool, adding that prices for sugar at the Santos port are trading at a premium of 10 points over the March contract in New York for November delivery.

Shipping agency Williams Brazil estimated a waiting time of 44 days to load sugar at the CLI terminal in Santos, one of the main sugar hubs in the port. It estimated a shorter waiting time of 14 days at the Copersucar terminal.

In India, the second-largest global sugar producer, Green Pool said the sugarcane harvest for the 2023/24 season (Oct-Sept) has started across all major states, and should gather pace this week.

"There is talk of low cane yields and industrial recovery (sugar content) in both Maharashtra and Karnataka states. However, harvest has just started, and isolated reports of poor yields may not hold for the whole state," it said.

Top News - Metals

EU agrees mineral supply targets to cut reliance on China

Negotiators for EU governments and lawmakers reached a deal on Monday on targets for domestic supply of critical minerals such as lithium and nickel to reduce its reliance on third countries, principally China.

The European Commission proposed the Critical Raw Materials Act in March, a centrepiece of EU strategy to allow it to compete with the United States and China in making clean tech products.

The proposal said the European Union should extract 10%, recycle 15% and process 40% of its annual needs by 2030 for 16 "strategic raw materials".

The European Parliament and the Council, the grouping of EU governments, needed to agree on a common text. They did this on Monday, parties from both sides said, paving the way for the law to enter force in early 2024.

Negotiators upgraded the recycling target to at least 25%.

Parliament negotiators also said the European Commission would pass a related act in 2027 that set a recycling target related to annual waste collected, rather than consumption.

The negotiators also agreed to add aluminium to the list of strategic raw materials as well as synthetic graphite. Natural graphite was already in the list.

The latter inclusion reflects China's plan to tighten export controls for graphite. China refines over 90% of the world's graphite into material that is used in almost all electric vehicle anodes, the negatively charged portion of the battery.

The EU is also heavily reliant on China for rare earths and lithium, other vital materials for its green transition.

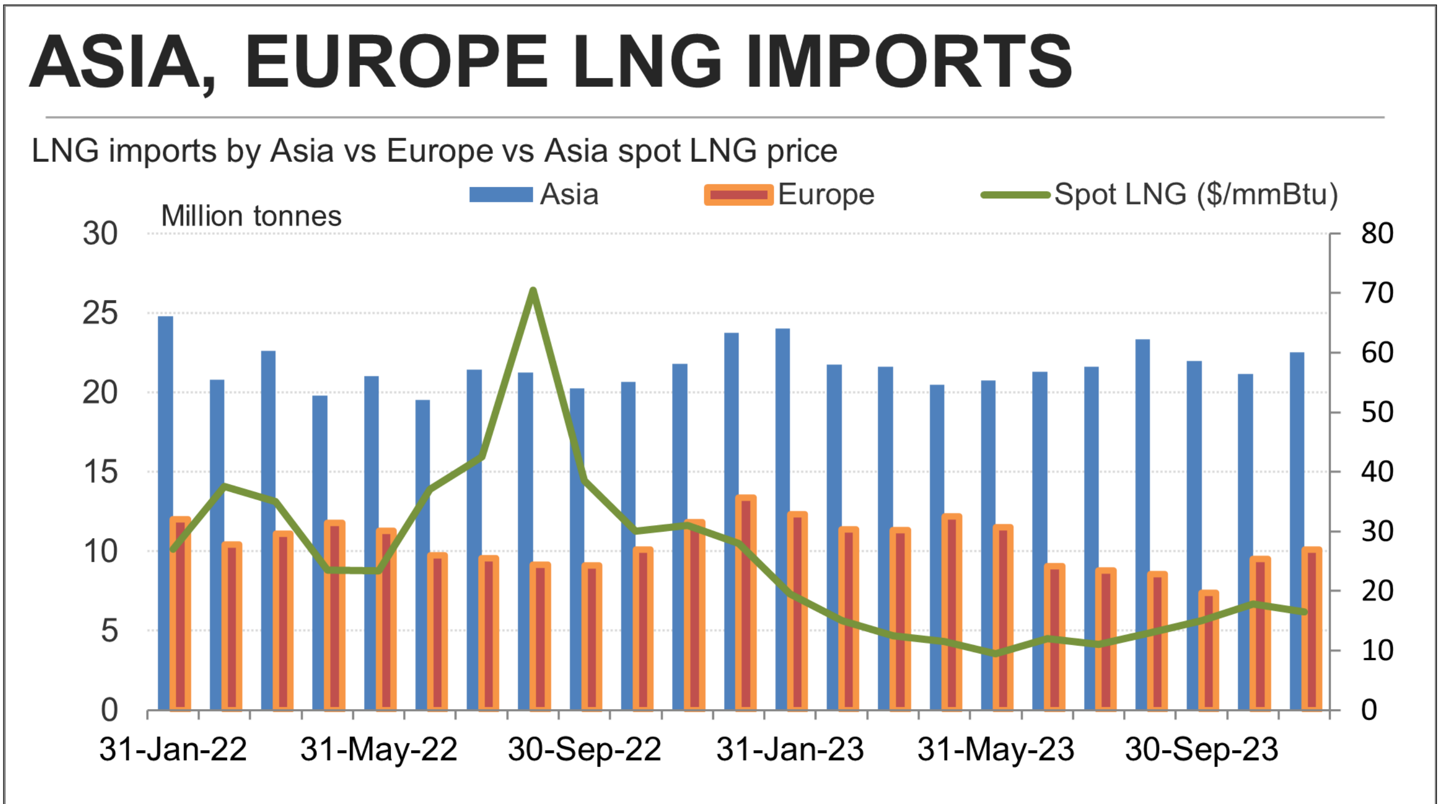
The act's aim is that no third country should provide more than 65% of any strategic raw material, which also includes cobalt, copper, magnesium and titanium.

The act sets time limits on granting permits for strategic mining, recycling and processing projects, and requires large companies needing strategic materials in key technologies to do regular risk assessments of their supply chains.

It also has provisions designed to moderate consumption.

EU industry chief Thierry Breton said in a statement that, without action, Europe risked shortages and unwanted dependencies, and that the law would ensure high

Chart of the Day



Note: November 2023 imports are estimate as of Nov. 13, price is as of Nov. 10.

Source: Kpler, LSEG Reuters graphic/Clyde Russell 13/11/23

environmental and social standards.
The bloc will work with EU members to identify strategic projects that will benefit from shorter and more efficient permitting procedures and easier access to finance, he added.

COLUMN-Iron ore defies commodity gloom amid China property hopes: Russell
Iron ore has defied weakness in most of the commodity complex, with prices climbing to an eight-month high amid both positive sentiment and supportive fundamentals in China, the world's biggest buyer of the steel raw material.
Iron ore contracts in Singapore ended at $129.24 a metric ton on Monday, the highest since March 16, extending a rally since an Aug. 3 low of $103.21 to 25%.
China's main domestic iron ore market performed even better, with futures on the Dalian Commodity Exchange ending at 963 yuan ($132.10) a metric ton on Monday, the highest in local currency terms since May 2021 and 64% above this year's low of 587.5 yuan on May 25.
The strength in iron ore is being driven by renewed optimism that China's vast property sector is emerging from the gloom of recent months.
The most recent catalyst was a Nov. 8 Reuters story that revealed Ping An Insurance Group will take a controlling stake in Country Garden, China's biggest private property developer, which has been struggling with the same liquidity issues that have plagued some of its competitors.
Ping An has denied the Reuters story, and said it had not been approached by the government.
China's property sector accounts for about one-quarter of economic activity, giving it an outsized role in both growth and sentiment, and Beijing has made several efforts to restore confidence in the industry.
These measures have included financing guarantees, lowering cash reserve requirements for banks and various steps aimed at easing borrowing requirements for home buyers.
While Beijing has taken numerous steps to shore up the property sector, what remains to be seen is whether they will translate into an actual boost in activity, rather than just the current lift in sentiment.

INVENTORIES TO LIFT?
However, there are some fundamental reasons supporting iron ore, chief among them the low port inventories.
Stockpiles at China's ports rose to 108.8 million metric tons in the week to Nov. 10, according to data from consultants SteelHome.
This was up a modest 3.9 million metric tons from the previous week's 104.9 million, which was the lowest since October 2016.
Inventories haven't been following their usual seasonal pattern of rising ahead of softer steel demand over the northern winter, and then depleting as steel production rises to meet increased demand as the cold weather eases.
Stockpiles were 136 million metric tons in the same week in 2022 and 147.6 million in 2021, according to SteelHome data.
This indicates that inventories have considerable scope to rise in coming weeks, especially if steel mills are convinced that demand will rise in the first quarter on the back of a recovering property sector.
China, which buys about 70% of global seaborne iron ore, is on track for a solid outcome for November imports, with commodity analysts Kpler estimating arrivals at 102.2 million metric tons.
This would be higher than the official customs number of 99.39 million metric tons in October.
For the first 10 months of the year China imported 975.84 million metric tons, up 6.5% from the same period in 2022, according to customs data.
A downside risk to iron ore imports is whether Beijing will force steel mills to limit output in the final months of the year in order to meet an informal target that 2023 production shouldn't exceed the 1.01 billion metric tons achieved in 2022.
Steel output for the first nine months of the year was 795.07 million metric tons, leaving a "quota" of just 215 million for the fourth quarter, or about 71.6 million tons for each of the three months.
It seems unlikely that steel output will drop that much in the fourth quarter, given that in the first nine months of the year it averaged 88.34 million metric tons a month.
This makes it likely that 2022's 1.01 billion metric tons will be exceeded.
But perhaps the authorities are happy for this to happen, firstly as it will be help meet economic growth targets and secondly, a good chunk of the extra steel produced has been exported, with product shipments up 34.8% in the first nine months to 74.73 million metric tons.

The opinions expressed here are those of the author, a columnist for Reuters.

Top News - Carbon & Power

US needs more pipeline capacity for reliable gas supply -trade group

The U.S. needs more natural gas pipeline capacity to maintain reliable gas supply during extreme cold weather, a trade group representing pipeline companies said on Monday in support of regulators who last week urged sought new rules to prevent a repetition of last winter's power outages.

The Federal Energy Regulatory Commission (FERC) and the North American Electric Reliability Corp (NERC) urged lawmakers to fill a regulatory blind spot to maintain reliable supply of natural gas that was highlighted by an inquiry into power outages during Winter Storm Elliott in December 2022.

Elliott delivered sub-freezing temperatures and extreme weather warnings to almost two-thirds of the U.S., resulting in unforeseen energy generation supply losses.

Speaking for operators of around 200,000 miles (322,000 km) of pipelines, the Interstate Natural Gas Association of America (INGAA) said the regulators' report confirmed that its members "used all possible flexibility and storage withdrawals to deliver as much natural gas through the system as possible."

Declining production reduced flows of gas into pipelines during Elliott, while demand for the fuel for heating and power generation increased, dramatically lowering line pressures.

Falling pressure levels put the pipeline system at risk of collapse, the INGAA said, forcing operators to implement scheduling restrictions and reduce previously confirmed nominations for transporting the fuel.

The report had found that in New York City, Consolidated Edison declared an emergency because it faced a system collapse that would have taken "many months" to restore service in the middle of the winter.

"The United States needs more natural gas pipeline capacity to maintain a resilient system that affords homes and the power grid access to multiple sources of this critical fuel," the INGAA said.

In its 2023-24 winter outlook, the NERC said last week that prolonged, wide-area cold snaps threaten the availability of fuel supplies for natural gas-fired generation, warning there is not enough natural gas pipeline and infrastructure for the U.S. Midwest, Mid-Atlantic, and Northeast regions.

COLUMN-Uptick in LNG demand in Asia, Europe insufficient to drive prices: Russell

Rising demand for liquefied natural gas (LNG) in the top importing regions of Asia and Europe hasn't been enough to spark an increase in spot prices, which continue to languish.

The price of spot LNG for delivery to north Asia slipped to $16.50 per million British thermal units (mmBtu) in the week to Nov. 10, down from $17.00 the prior week.

The price has dropped for three consecutive weeks, but is still higher than the recent low of $13.50 per mmBtu for the seven days to Oct. 6.

The usual pattern for the spot price in Asia is a rally into the northern winter followed by a decline in the lower demand shoulder season ahead of summer.

However, prices have so far failed to get their usual seasonal bump as demand remains relatively subdued and supply is more than adequate, especially from the United States.

Asia's imports of LNG are forecast to rise to 22.67 million metric tons in November from October's 21.18 million, according to data compiled by commodity analysts Kpler.

The November figure will also be a slight increase from the 21.41 million metric tons from the same month last year.

Much of the increase in Asia's imports of the super-chilled fuel comes from China, the world's second-biggest buyer, with Kpler estimating arrivals of 5.67 million metric tons in November, up from 5.41 million in October, but still below the 6.12 million from November 2022.

Japan, the world's biggest LNG importer, is expected to see arrivals of 5.41 million metric tons in November, unchanged from October and slightly down from 5.65 million in November last year.

India, Asia's fourth-biggest LNG buyer, is expected to import 1.3 million metric tons in November, down from 1.85 million in October.

India is viewed as a price-sensitive buyer and the rally in the spot price from the early October low to a high of $17.90 per mmBtu in the week to Oct. 20 most likely dulled appetite for spot cargoes.

EUROPE GAINS

Europe's imports of LNG are expected to rise in November to 10.12 million metric tons, up from 9.50 million in October and the strongest month since May, according to Kpler.

However, Europe's November arrivals are expected to be below the 11.76 million metric tons from the same month in 2022.

Europe turned to LNG in the wake of the loss of much of its pipeline supply of natural gas from Russia after Moscow's invasion of Ukraine in February 2022.

A combination of demand destruction and high LNG imports up until May this year has resulted in Europe's gas inventories reaching 99.6% full, meaning there is reduced need for additional LNG.

A colder-than-usual winter may drain inventories, but even in this scenario it's unlikely Europe would have to call for additional LNG until January or February.
Europe is buying more LNG from the United States, which is able to offer lower prices than other major exporters such as Qatar because of a surplus of domestic gas output.
Europe's imports of U.S. LNG are expected to reach 5.45 million metric tons in November, up from 3.98 million in October, and the highest since April.
More U.S. LNG is also heading to Asia, with November imports slated at 1.97 million metric tons, up from 1.83 million in October.
While there are some supply concerns such as potential new sanctions on Russia's Arctic LNG-2 project and an electrical fault at Chevron's Gorgon plant in Western Australia, these are not enough to alter the comfortable supply outlook.
This leaves the spot price at the mercy of demand, and while there has been some uptick in both Asia and Europe, it hasn't been enough to drive spot prices higher.
The opinions expressed here are those of the author, a columnist for Reuters.

Top News - Dry Freight

Iran's SLAL issues tenders for 180,000 T corn, 120,000 T soymeal

Iranian state-owned animal feed importer SLAL has issued international tenders to purchase up to 180,000 metric tons of animal feed corn and 120,000 tons of soymeal, European traders said on Monday.
The deadline for submission of price offers in the tenders is Tuesday, Nov. 14, they said.
The soymeal can be sourced from Brazil, Argentina or India. The corn can be sourced from Brazil, Europe, Russia, Ukraine or elsewhere in the Black Sea region.
Both tenders seek shipment in November and December 2023.
Payment problems for Iranian businesses because of Western sanctions had made participation in recent tenders from Iran difficult, traders said.
Food is exempt from Western sanctions on Iran over its nuclear programme, but the curbs have hit Iran's financial system, creating complex and erratic payment arrangements.
Traders said Iran was offering payment in both the new tenders via banks in Turkey and Iraq.

Tunisia tenders to buy about 50,000 metric tons durum wheat

Tunisia's state grains agency has issued an international tender to purchase about 50,000 metric tons of durum wheat, European traders said on Monday.
The deadline for submission of price offers in the tender is Tuesday, Nov. 14.
The tender sought the durum in two 25,000 ton consignments.
Shipment was sought in 2023 a range between Nov. 25 and Dec. 20, depending on origins supplied.
Finance for the purchase is being provided by the African Development Bank (ADB), one of the agencies assisting Tunisia in its difficult economic position, a tender notice seen by Reuters said.
Offers will be accepted from member countries of the ADB. Member states include the main west European countries, the United States, Canada and Argentina but not Black Sea region countries including Russia, the ADB website says.

MARKET MONITOR as of 07:31 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$78.48 / bbl	0.28%	-2.22%
NYMEX RBOB Gasoline	$2.21 / gallon	-0.02%	-10.87%
ICE Gas Oil	$815.25 / tonne	0.25%	-11.48%
NYMEX Natural Gas	$3.18 / mmBtu	-0.41%	-28.85%
Spot Gold	$1,945.99 / ounce	0.01%	6.66%
TRPC coal API 2 / Dec, 23	$111 / tonne	3.26%	-39.92%
Carbon ECX EUA / Dec, 23	€77.10 / tonne	-0.49%	-8.18%
Dutch gas day-ahead (Pre. close)	€40.80 / Mwh	-5.12%	-46.01%
CBOT Corn	$4.91 / bushel	-0.46%	-27.65%
CBOT Wheat	$6.03 / bushel	0.08%	-24.60%
Malaysia Palm Oil (3M)	RM3,879 / tonne	2.03%	-7.07%
Index (Total Return)	**Close 13 Nov**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	315.03	1.60%	4.55%
Rogers International	27.84	0.74%	-2.88%
U.S. Stocks - Dow	34,337.87	0.16%	3.59%
U.S. Dollar Index	106	-0.22%	2.04%
U.S. Bond Index (DJ)	396.31	0.04%	0.94%

Picture of the Day

A cat sleeps next to red onions with a price board at a stall at a main market, on the day President Ranil Wickremesinghe, who is also the island nation's finance minister, presents the annual budget in Colombo, Sri Lanka November 13. REUTERS/Dinuka Liyanawatte

(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

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