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

Top News - Oil

US sanctions maritime companies, vessels for shipping oil above Russian price cap

The U.S. on Thursday imposed sanctions on maritime companies and vessels for shipping Russian oil sold above the G7's price cap, as Washington seeks to close loopholes in the mechanism designed to punish Moscow for its war in Ukraine.
The U.S. Treasury Department in a statement said it slapped sanctions on three United Arab Emirates-based companies and three vessels owned by them in the action, accusing the vessels of engaging in the export of Russian crude oil priced above the $60 a barrel cap. It said the vessels used U.S.-person services while transporting the Russian-origin crude oil.
The U.S., other Group of Seven (G7) countries and Australia imposed the cap last year, seeking to reduce Russia's revenues from seaborne oil exports as part of sanctions for its invasion of Ukraine.
While the cap on crude has been in place for around a year and is aimed at restricting the Kremlin's oil revenues, robust global oil prices this year and Moscow's growing usage of shadow tankers' fleet have meant that much Russian oil has traded above the cap.
The cap bans Western companies from providing maritime services, including insurance, finance and shipping, for Russian seaborne oil exports sold above $60 a barrel, while seeking to keep oil flowing to markets. Caps also were imposed on Russian fuel exports.
"Shipping companies and vessels participating in the Russian oil trade while using Price Cap Coalition service providers should fully understand that we will hold them accountable for compliance," Deputy Treasury Secretary Wally Adeyemo said in the statement.
"We are committed to maintaining market stability in spite of Russia's war against Ukraine, while cutting into the profits the Kremlin is using to fund its illegal war and remaining unyielding in our pursuit of those facilitating evasion of the price cap."
Russia's embassy in Washington did not immediately respond to a request for comment and the Kremlin was not immediately available for comment. It has repeatedly dismissed the Western sanctions as illegal, saying it would act in its own interests despite the restrictions.
Thursday's action freezes any U.S. assets of those targeted and generally bars Americans from dealing with them.
The UAE-based firms targeted are Kazan Shipping Incorporated, Progress Shipping Company Limited and Gallion Navigation Incorporated.
The Liberian-flagged ships hit with sanctions are the Kazan, Ligovsky Prospect and NS Century, according to the Treasury Department.
Global oil prices have risen to around $85 a barrel in recent months on production cuts and thin world spare production capacity. That has helped limit the efficacy of the cap, but the coalition can toughen enforcement to make it more effective, according to people who advised the Treasury.
Russian crude and oil product exports dropped by 70,000 barrels per day in October to 7.5 million barrels per day, the International Energy Agency (IEA) said in a report on Tuesday.
It added that estimated export revenues fell $25 million to $18.34 billion, while Russian crude and product prices were mainly above the G7 price cap.
Thursday's action comes after the U.S. in October imposed the first sanctions on owners of tankers carrying Russian oil priced above the cap, one in Turkey and one in the United Arab Emirates.
A senior Treasury official warned at the time that Washington would take action in the coming weeks and months in an effort to increase Russia's costs and weaken Russia's ability to sustain the war in Ukraine.

Chevron shipping fuels to Venezuela's PDVSA in expansion of oil swap

U.S. oil firm Chevron Corp has begun supplying fuel to Venezuela's state-run oil company PDVSA under Washington's approval of expanded deals with the South American country, three people familiar with the matter said on Thursday.
Chevron and PDVSA previously had stuck to a 2022 agreement to expand some operations that included a swap of Venezuelan crude for Chevron-provided diluents to their joint ventures and for repayment of debts owned by Venezuela. Last month, Washington broadly eased sanctions on the country's oil sector, paving the way for wider sets of exchanges.
Under terms that imply an expansion of the previous swap deal, Chevron has begun supplying PDVSA with fuel including naphtha and gasoline blend stock, one of the people said.
The first vessel under the arrangement arrived in Venezuela's Jose port this week carrying 450,000 barrels of heavy naphtha for PDVSA, according to tanker tracking data and a document see by Reuters.

A second tanker was being chartered this week to transport some 240,000 barrels of gasoline blend stock for November delivery, two of the sources added.
PDVSA did not reply to a request for comment. Chevron declined to comment on commercial matters and said the firm is committed to conducting business in compliance with all laws and regulations where it operates.
Earlier this month, Chevron began inspecting PDVSA's facilities at the El Palito port, close to the country's capital and a traditional hub for motor fuel imports, in preparation for the deliveries, according to one of the sources.
It was not immediately clear if the fuel shipments will be compensated with Venezuelan crude or under a different payment mechanism. The October license clears the way to make and receive payments from Venezuela, and to procure goods and services for oil and gas projects.

Top News - Agriculture

U.S. weekly soybean sales hit 11-year high after Chinese buying
Weekly U.S. soybean export sales last week of more than 3.9 million metric tons marked the highest combined crop year sales total since 2012, after a surge in Chinese buying, U.S. Department of Agriculture (USDA) data on Thursday showed.
USDA reported net soybean export sales in the week ended Nov. 9 of 3,918,400 metric tons for shipment in the 2023/24 marketing year that began on Sept 1, and no sales of soybeans for the 2024/25 marketing year. The total was the largest tally since the week ended Feb. 16, 2012.
China, the world's top importer of the oilseed, accounted for 2,614,600 metric tons in sales last week, including 198,000 metric tons switched from "unknown destinations" and a decrease of 5,500 metric tons, USDA said.
Another 721,300 metric tons were slated for shipment to "unknown destinations," which often means buyers in China.
The wave of buying, viewed by some traders as a goodwill gesture ahead of a meeting this week between U.S. President Joe Biden and Chinese leader Xi Jinping, was welcome news for U.S. farmers looking to selling their crops at better cash prices.
Overseas sales of the top U.S. export crop have lagged expectations this season after a record harvest in Brazil, the world's top soy supplier.
Last week's buying also coincided with adverse weather in Brazil that has disrupted planting of the country's next crop and sent benchmark soybean futures on the Chicago Board of Trade to 2-1/2 month highs.

Argentina grains exchange cuts wheat, corn estimates but raises soy forecast
Argentina's Buenos Aires grains exchange on Thursday cut forecasts across its 2023/24 wheat and corn crops but increased its projection for the land it will sow with soybeans, as late rainfall hit farmers across the country's agricultural core.
The exchange now expects 17.3 million hectares (42.75 million acres) will be sown with soybeans, compared to a previous 17.1-million-hectare forecast. Some 18% of this new estimate has now been planted, it said in a weekly report.
"The return of rainfall from late October has changed the panorama when it comes to water, freeing up fields so they can be sown with early soybeans," the exchange said.
Argentine farmlands benefited from higher-than-average rainfall in the first half of November, coinciding with the El Nino weather phenomenon in the South American country, which is a major worldwide grains exporter.
This follows a devastating drought last season which saw the country's grain production slashed even as the country battled a worsening economic crisis and sky-rocketing inflation.
While the grains exchange said rainfall had helped boost soybean forecasts, it said the later-than-expected rains complicated corn planting, causing it to cut its planting estimate to 7.1 million hectares from 7.3 million hectares.
While wheat benefited from the rains, fields were also hit by frost, causing the exchange to cut its harvest estimate to 14.7 million metric tons from a prior 15.4 million tons.

Top News - Metals

ASIA COPPER WEEK-Copper demand growth seen driven by India, Southeast Asia, new energy
India and Southeast Asian countries like Thailand and Vietnam, are expected to drive the growth in copper consumption towards 2030, as China's super-cycle growth slows, industry experts said.
Southeast Asia and India together will likely account for 20% of global refined copper demand growth during the 2023-2028 period, and could account for 60% of longer-term copper demand growth, Craig Lang, an analyst at CRU, said at the World Copper Conference Asia.

Urbanisation, green energy transition investments and consumption growth amid rising populations in India and Southeast Asia - at around 2 billion people combined - are the main factors driving copper demand in these countries, Lang said.

Copper cathode demand in Southeast Asia is expected to more than double to 2.8 million metric tons in 2030, from 1.3 million tons last year, Motoki Makita, general manager at Mitsui & Co, said at the conference.

In 2024, Thailand could consume 380,000 tons, Vietnam is seen needing 305,000 tons and Malaysia's demand is expected at 290,000 tons, Makita said.

India's import need is expected to rise to 350,000 tons in 2030, from 100,000 tons in 2025, as demand is likely to surpass the additional output from the Adani smelter that is being built, he said.

Although India and Southeast Asia account for a small fraction of copper consumption compared to China, their growth made up for the slowing demand expansion in the world's biggest consumer of copper.

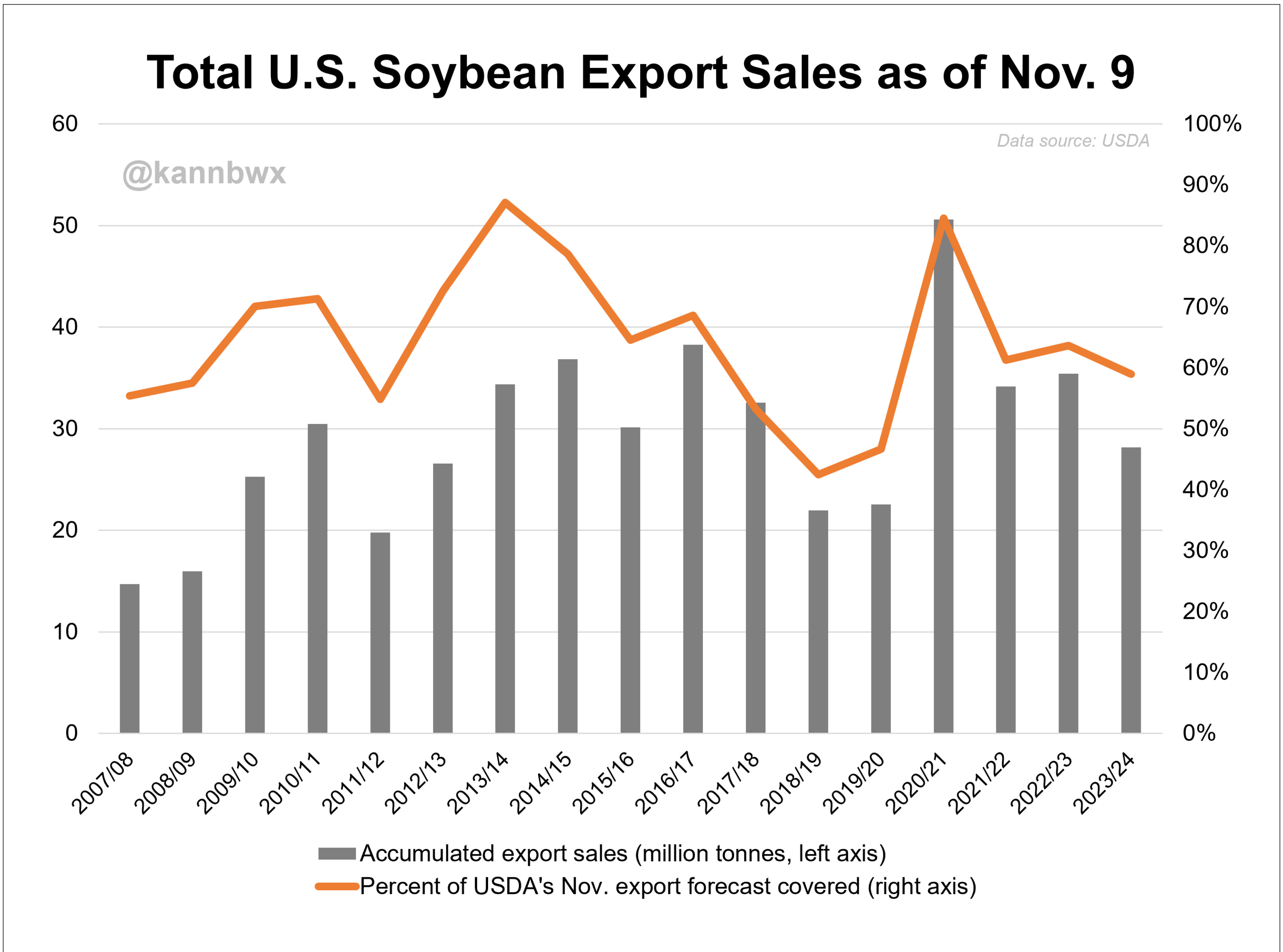
China's massive growth in the past two decades, dubbed the super-cycle, helped drive copper consumption nearly five times higher, from 3 million tons in 2004 to nearly 15 million tons in 2022, data from the World Bureau of Metal Statistics showed.

But as its economy became more mature, China's construction and manufacturing sectors no longer experienced the frenzied expansion of previous years. However, China's copper demand is unlikely to fall, thanks to a surge in consumption from renewable energy and electric vehicles.

Copper consumption from the new energy sector could grow to 7.7 million tons in 2030, nearly three times the 2.6 million tons expected this year, Yang Chengxiao, president assistant at Minmetals Securities, told the conference.

CRU's Lang expects the LME three-month copper price to rise to $9,088 a ton next year, from $8,514 in 2023, and could hit $12,350 in 2028, due to a long-term shortage.

Chart of the Day



REFINITIV An LSEG Business

The global refined copper market could see a small deficit of 54,000 tons in 2024, before rebounding to a surplus in 2025-2026 and returning to a deficit in 2027 and 2028, when the shortage could balloon to around half a million tons.
The deficit next year hinges on an expectation of an economic rebound in Western countries, Lang said.
Mitsui's Makita, however, expects a surplus in the global copper market in 2024 and 2025 on rising refined output, and predicted the balance will flip to a deficit from 2027 to 2030 after supply peaks in 2026.

Citi delivers around $155 million worth of zinc for rent deal -sources

Citi has delivered 60,000 metric tons of zinc with a value of around $155 million to London Metal Exchange (LME) approved warehouses in a potentially highly profitable rent-sharing deal, two sources with direct knowledge of the matter said.
The U.S. bank is expanding its footprint in metals after it agreed a similar zinc deal in August and in September was involved in an aluminium trade for 100,000 metric tons of the metal, with a value of around $225 million.
The zinc deal is made possible by surpluses of the metal, particularly in top consumer China, where a construction and manufacturing slowdown has hit demand, while smelters continue to produce the metal used to galvanise steel.
So-called "rent deals" are agreements under which LME-registered warehouses share fees or rental income with companies that deliver metal to them. The fees are paid by the eventual owner of the metal.
Daily fees for storing zinc average 54 U.S. cents a ton, more than five times higher than for metal stored outside the LME system.
It is not possible to determine exactly when Citi initiated the deal, the sources said, but they said the amounts of zinc delivered by the U.S. bank in this latest trade was around 60,000 tons, earning roughly $32,000 a day in rent.
Citi declined to comment.
"There has been a lot of zinc sitting outside the LME system in Singapore," one of the sources said. "Most of the zinc delivered into LME Singapore warehouses was from Citi."
Zinc inventories in LME warehouses jumped 65,725 tons, nearly doubling to 133,200 tons, on Nov. 15, with 4,300 deposited in Port Klang in Malaysia and 61,425 in Singapore.
Benchmark zinc prices on the LME hit a six-week high of $2,667.5 a ton on Wednesday, partly due to falling stocks in LME warehouses, which had dropped more than 50% since the start of September, and a break of key technical levels.
Citi's deliveries have undermined the idea of a tight zinc market created by declining stocks and prices on Thursday have so far fallen 3.3% to $2,570 a ton.
The consensus forecast for zinc surpluses this year and next in a recent Reuters survey were 148,000 tons and 238,000 tons respectively.
Surpluses of metal are often delivered to the LME, a market of last resort, and put on warrant - title documents that confer ownership of metal.
Zinc and aluminium are typically used for rent deals as they are low value metals compared to copper, nickel and tin and require less capital.

Top News - Carbon & Power

EXCLUSIVE-EBRD backs 4 bln euro plan to wean North Macedonia off coal power

International lenders including the European Bank for Reconstruction and Development and the World Bank are backing a 4 billion euro ($4.35 billion) plan to wean North Macedonia off coal-fired power, the head of the EBRD told Reuters.
The deal, which is expected to be announced at the COP28 climate talks in Dubai beginning on Nov. 30, will lay out a plan to close the country's two coal power plants and replace them with 1.7 gigawatts of renewable energy.
"Coal in North Macedonia represents 40% of the energy source, so it's very big, it's very important," EBRD President Odile Renaud-Basso told Reuters.
"This is one example of what we would like to showcase in COP, to present this approach and what it can deliver, and the commitment of the country."
Dubbed the 'Just Energy Transition Investment Program', the plan follows similar efforts to retire coal plants more quickly in South Africa, Indonesia, Vietnam and Senegal, with the support of governments, public lenders and private investors.
Its price tag - the equivalent of 2,000 euros for each of the Balkan nation's 2 million people - underscores the difficulty many small or low-income countries face in financing a transition to cleaner energy.
The United Nations in 2018 named North Macedonia's capital, Skopje, the most polluted in Europe, and the country has worked for years to shift away from coal. But in 2021, it reopened the dormant coal-fired REK Oslomej power plant to cut electricity imports. Both of its coal-fired plants are ageing, outdated and run on lignite, the most polluting type of coal.

A spokesperson for the World Bank's Climate Investment Funds (CIF) confirmed that North Macedonia was in the running for up to $85 million in concessional finance from it, and said the investment plan, including the specific amount of money, would go to the CIF governing body for approval early next year.
Renaud-Basso said that alongside around 300 million-400 million euros of concessional financing, funding would come from multilateral lenders like the International Finance Corporation (IFC) and the private sector.
An IFC spokesperson said the green transition, including in North Macedonia, was one of its key priorities, but that it was not in a position to confirm any plan details. The World Bank was not immediately available to comment.
The North Macedonian government did not respond to a request for comment.
North Macedonia joined the Powering Past Coal Alliance, a group of countries committed to phasing out coal-fired power, in 2021. After originally targeting completion by 2027, it pushed the date back to 2030 in January last year.
The delay, and plans to open two new coal mines amid energy security concerns triggered by the war in Ukraine, mirrored actions by other European Union states, but drew criticism from environmental campaigners.

NY offers new offshore wind auction, may revive troubled projects

New York State will issue a new offshore wind solicitation on Nov. 30 with bids due in January 2024, the state government said, in a move that should support the troubled industry.
European energy companies Orsted, Equinor and BP have taken a combined $5 billion of writedowns on U.S. offshore wind projects that are not even completed, in part because their existing power sales contracts would not cover the cost of building and financing the projects. That is because soaring inflation , rising interest rates

and supply chain problems have led to much higher costs than anticipated.
The new solicitation will be open to all bidders, including those with existing contracts. This would allow the companies to re-offer their planned projects at higher prices and exit their old contracts.
The companies had warned they could cancel the power sales contracts after failing to convince the New York Public Service Commission (NYPSC), the state's utility regulator, to renegotiate the old contracts at higher prices.
In response to the NYPSC's decision, New York Governor Hochul announced on Oct. 12 a 10-point plan to help renewable energy firms "overcome recent macroeconomic and inflationary challenges that have impacted the renewable energy sector."
Those measures included the expedited solicitation for offshore wind and other renewable projects announced on Thursday.
The offshore wind projects that the companies are developing are Orsted's 924-megawatt (MW) Sunrise, and the joint venture between Equinor and BP's 816-MW Empire Wind 1, 1,260-MW Empire Wind 2 and 1,230-MW Beacon Wind.
In a positive sign for the companies, the New York State Energy Research and Development Authority (NYSERDA) on Oct. 24 awarded three offshore wind contracts at much higher prices than the earlier projects bid by Orsted, BP and Equinor.

Top News - Dry Freight

Ukraine's food exports to Asia, Africa fall due to blocked seaports -association

Ukraine has sharply reduced its exports of farm goods to Asian and African countries so far in 2023 due to blocked seaports in the Black Sea, which has traditionally been the main export route, agricultural business association UCAB said on Thursday.
The lion's share of Ukrainian agrarian, metallurgical and chemical exports left the country from the Black Sea ports, which were partially or completely blocked after the Russian invasion in February 2022.
Ukraine, one of the world's major grain growers and exporters, has traditionally shipped its grain to Africa, Asia and the Middle East.
UCAB said on Facebook the share of agricultural exports to Africa decreased to 7% in January-October 2023 from 14% in the same period in 2021. Exports to Asia decreased to 12% from 19%, while shipments to Southeast Asia fell to 4% from 13%.
"The main reason for these changes is the blockade of Ukrainian seaports by Russian troops," UCAB said.
"The development of alternative routes, which were only possible through the territory of the European Union, led to changes. Ukrainian farmers were forced to look for buyers of their products in Europe," the association said.
UCAB noted the share of agricultural exports to Europe rose to 59% in the first 10 months of 2023 from 32% in pre-war 2021.
The association said the share of grain in exports since the beginning of 2023 was 39% against 45% in 2021. The share of vegetable oil in exports remained unchanged at 26%.

UCAB said Ukraine had increased exports of oilseeds, sugar, diary products, meat and some other goods in 2023.

COLUMN-Record US soy sales dent deficit in export bookings, but more needed -Braun

U.S. soybean export sales have been lagging relative to the already-low export target for 2023-24, but a massive volume last week lifted the sales pace closer to the normal range.

In the week ended Nov. 9, U.S. exporters sold 3.92 million metric tons of soybeans for shipment in 2023-24, which began on Sept. 1. That is the largest-ever single-week, single-marketing-year volume, trouncing the prior high of 3.19 million tons set in September 2020.

Only two other weeks featured larger sales if combining old- and new-crop bookings, but last week's total, which featured no 2024-25 sales, is awfully close to the combined high of 4.1 million tons set in January 2011. The other larger combined week was in February 2012.

China accounted for 67% of last week's net soybean sales, and unknown destinations, frequently believed to be China when it comes to soybeans, covered 18%.

Total 2023-24 U.S. soybean bookings stood at 28.2 million tons as of Nov. 9, some 59% of the U.S. Department of Agriculture's full-year target of 47.8 million. The recent five-year average for the date is 60%, but that includes two trade-war years with China, when coverage was unusually low.

Averaging the last five years, skipping over 2018-19 and 2019-20, produces coverage of 66% by this date, suggesting 2023-24 is still behind. But in the prior week, only 51% of the 2023-24 export target had been met versus a five-year, non-trade-war average of 64%, reflecting significant progress last week.

Some traders viewed China's recent buying flurry as a goodwill gesture ahead of a meeting this week between U.S. President Joe Biden and Chinese leader Xi Jinping, but it is interesting to note that similarly large purchases took place exactly a year ago.

Gross new soybean sales to China and unknown totaled 2.4 million tons in the week ended Nov. 10, 2022, well below last week's 3.8 million but among the highest weeks on record. That year-ago buying caught the market by surprise.

This pattern could suggest the recent sales and the year-ago sales were routine buying for reserves and unrelated to supply fears. Top soybean exporter Brazil is having some weather issues early in its soybean season, though it may be premature to link them with China's latest U.S. activity.

However, U.S. soybean exporters could benefit if Brazil's problems become severe enough. The last time Brazil faced soy crop shortfalls was in early 2022. China's U.S. soy purchases for 2021-22 became somewhat elevated in March and April 2022 as a result, but the bigger impact was on new-crop 2022-23 buying, which was heavy that January and especially in February.

In 2022, Brazil's crop problems were concentrated in southern areas, which harvest and export later than northern areas. This year, the primary concern is over hot and dry weather in top state Mato Grosso in the center-west, where many of the first exported beans originate.

Some rain is forecast for Mato Grosso over the weekend and into next week, and many market analysts consider the realization of these rains as critical in determining the likely trajectory of the state's crop.

However, China's import demand is seen flat year-on-year while Brazil's crop is pegged up 3% and Argentina's nearly double last year's drought disaster, which does not make the best case for U.S. soy exporters right now.

Karen Braun is a market analyst for Reuters. Views expressed above are her own.

MARKET MONITOR as of 07:37 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$73.06 / bbl	0.22%	-8.97%
NYMEX RBOB Gasoline	$2.07 / gallon	-0.06%	-16.29%
ICE Gas Oil	$782.50 / tonne	-1.20%	-15.04%
NYMEX Natural Gas	$3.07 / mmBtu	0.26%	-31.40%
Spot Gold	$1,985.00 / ounce	0.21%	8.80%
Carbon ECX EUA / Dec, 23	€76.67 / tonne	-0.44%	-8.69%
Dutch gas day-ahead (Pre. close)	€45.60 / Mwh	-0.22%	-39.66%
CBOT Corn	$4.92 / bushel	-0.25%	-27.43%
CBOT Wheat	$5.79 / bushel	-0.30%	-27.26%
Malaysia Palm Oil (3M)	RM3,938 / tonne	-1.50%	-5.65%
Index (Total Return)	**Close 16 Nov**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	308.00	-1.97%	2.21%
Rogers International	27.18	-1.70%	-5.18%
U.S. Stocks - Dow	34,945.47	-0.13%	5.42%
U.S. Dollar Index	104	-0.04%	0.80%
U.S. Bond Index (DJ)	402.47	0.65%	1.89%

Picture of the Day

Power grids are seen next to a chemical factory on a smoggy morning in Mumbai, India, November 13. REUTERS/Francis Mascarenhas

(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

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

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

Refinitiv
28 Liberty Street, New York, NY 10005

Please visit: **Refinitiv** for more information.

Privacy statement