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Top News - Oil

OPEC+ to consider whether more oil cuts needed – sources

OPEC+ is set to consider whether to make additional oil supply cuts when the group meets later this month, three OPEC+ sources told Reuters after prices dropped by almost 20 percent since late September.
Oil has slid to around $79 a barrel for Brent crude from a 2023 high in September near $98. Concern about demand and a possible surplus next year has pressured prices, despite support from the OPEC+ cuts and conflict in the Middle East.
Saudi Arabia, Russia and other members of OPEC+ have already pledged total oil output cuts of 5.16 million barrels per day, or about 5% of daily global demand, in a series of steps that started in late 2022.
The cuts include 3.66 million bpd by OPEC+ and additional voluntary cuts by Saudi Arabia and Russia.
One OPEC+ source, who declined to be named, said the existing curbs might be not enough and the group will likely analyse if more could be implemented when it meets.
Two other OPEC+ sources said deeper cuts could be discussed.
"It is not pleasant to see that market volatility is greater ahead of the next meeting while fundamentals overall remain solid," one of the OPEC+ sources said. "Ministers are likely to express some thoughts on what to do more, to secure a stable trend."
Ministers from OPEC+, which groups the Organization of the Petroleum Exporting Countries (OPEC) and allies led by Russia, meet on Nov. 26.
The group already has a plan to curb supplies by 3.66 million bpd into 2024 made during its last meeting in June.
OPEC and the Saudi Energy Ministry did not respond to requests for comment on Friday.
The price drop has deepened this week, even after OPEC in a monthly report said the oil-market fundamentals remained strong despite "negative sentiment" and stuck to its relatively high 2024 oil demand growth forecast.
The International Energy Agency, which also updated its outlook this week, has a lower 2024 demand growth forecast and said the market could shift to a surplus in the first quarter.
While three sources said more cuts could be required, two other OPEC+ sources said it was too early to say whether further cuts will be discussed, while another said he did not think it was likely with the caveat to "wait and see".
OPEC+ does not have a target for oil prices.
Members depend on oil as a primary source of government income.
Analysts have told Reuters that Saudi Arabia's oil cut extension raises the risk of Saudi economic contraction this year.
Saudi Arabia has repeatedly stressed during previous meetings it wants to see strong compliance with cuts so all members share the burden of producing less.
At its last policy meeting in June, OPEC+ agreed on a broad deal to limit supply into 2024 and Saudi Arabia pledged a voluntary production cut for July of 1 million bpd that it has since extended to last until the end of 2023.
Some analysts including Energy Aspects expect Saudi Arabia to keep the voluntary cut to at least the first quarter of 2024.

China October gasoline exports fall 20% on year, diesel shipments up

China's gasoline exports fell 20% in October from a year earlier, data showed on Saturday, as domestic road travel surged during the Golden Week holiday.
Gasoline shipments of 770,000 metric tons were down from last year's 1.0 million tons and below September's 1.09 million tons, data from the General Administration of Customs showed.
Domestic road travel received a boost during an extended Golden Week holiday, which ran from the end of September through the first week of October.
Trip numbers were up 71.3% from a year earlier and 4.1% higher than in 2019, according to data released by state media outlet Xinhua.
Diesel exports remained strong, up 4.4% in October from a year earlier to 1.1 million tons, as a worsening slump in property construction continued to suppress domestic demand.
Exports of diesel, which account for the biggest share of refinery output, eased slightly month-on-month from September's 1.18 million tons however.
Domestic diesel demand continues to face significant headwinds from China's property slowdown and an uneven recovery in its manufacturing sector.
Jet fuel exports stood at 1.53 million tons, up 5.5% from September and up 32% from a year-earlier 1.16 million tons. Domestic kerosene demand is benefiting from the domestic travel surge, with domestic flight levels already above pre-COVID levels and expected to step up further.
However, international airline capacity in and out of China in October and November this year was around 56% to 57% of the figure in the same months of 2019, before the pandemic halted international travel, according to data from aviation analytics firm OAG.

Fuel provided to international flights is counted as an export in customs statistics.

Regional refining margins continued to fall, declining from $6.72 per barrel at the start of October to $2.79 at the end of the month. Total refined fuel exports, which includes marine bunker fuel, continued to ease month-on-month in October, customs data previously showed.

The data released on Saturday also showed China imported 5.17 million tons of LNG in October, up from a relative low of 4.03 million tons last year.

Top News - Agriculture

Brazil farmers forced to replace soy with cotton as dry weather takes toll

Extremely dry weather is forcing farmers to give up on soy to plant cotton or another crop in Brazil's top farm state Mato Grosso, cotton lobby groups and growers said.

Mato Grosso cultivates two annual cotton crops, one during the soy season and another after soy is reaped from fields.

But because soy farmers have reeled from lack of rains, they may switch crops and thus expand the area to be planted with first cotton in 2023, Decio Tocantins, director at state cotton growers group AMPA, said on Friday.

"On a regular year, first cotton represents 10% to 13% of plantings in Mato Grosso but this year should reach 20%," he said. Mato Grosso's total cotton area will rise by 8% to about 1.3 million hectares in 2023/24, AMPA's chief added. Alexandre Schenkel, head of national cotton lobby Abrapa, reveled last week some farmers would consider planting a single crop if soy became "inviable," a tendency gaining momentum.

"There are farmers here destroying areas with soybeans because the stand is very low," grower Jose Fernandes, in Mato Grosso's municipality of Sapezal, said.

"They are preparing the soil for planting cotton or even corn," he said citing his neighbors' drought stricken-soy.

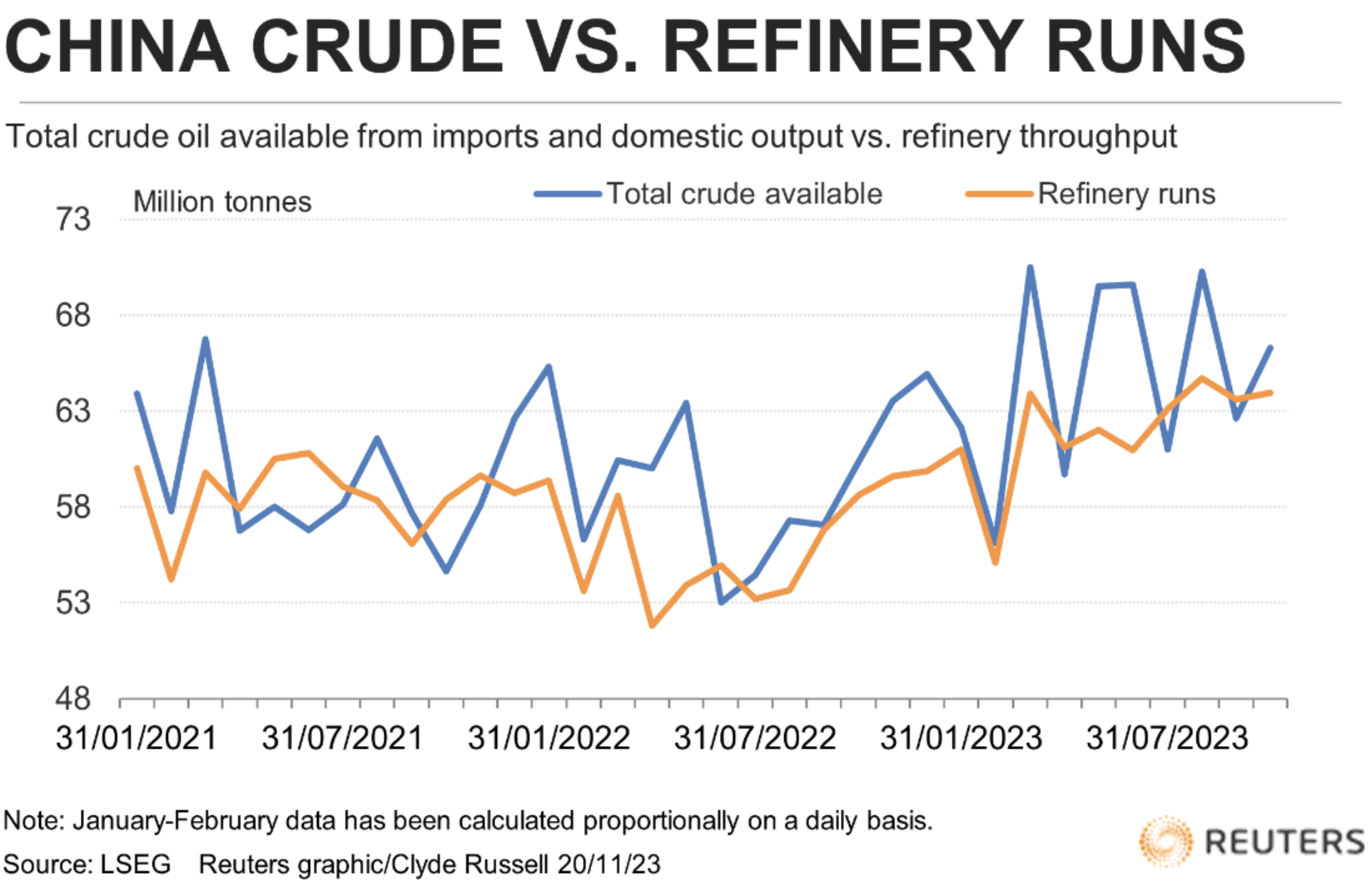
Fernandes himself is waiting for forecast rains next week to decide what to do on his own farm.

"Some soybeans were looking very bad and hence were destroyed," said Claudio Scarioti, another Sapezal farmer.

He projects a potential 20% loss for the soy in the area, noting farmers will re-evaluate damage after next week's showers to decide next steps.

In the south of Mato Grosso, growers typically start planting first cotton from Dec. 1 and in the mid-north from Dec. 15, Tocantins said.

Chart of the Day



The state produces 2 million tons of cotton lint in a year, or two-thirds of Brazil's production, according to AMPA data.

COLUMN-Funds pack on more CBOT beans, meal on Brazil weather and US demand -Braun

Speculators ramped up their enthusiasm for Chicago soybeans and soymeal last week as crop concerns for Brazil and a tight U.S. meal market have been raiding the headlines.

In the week ended Nov. 14, money managers extended their net long in CBOT soybean futures and options to an 11-week high of 87,913 contracts from 68,598 a week earlier, predominantly on new gross longs.

Funds added more than 80,000 contracts to their net long in the three weeks ended Nov. 14, their biggest three-week soy buying spree since June.

CBOT January soybean futures rose almost 6% during that period, including 2% in the latest week.

Money managers through Nov. 14 expanded their net long in CBOT soybean meal futures and options to 131,404 contracts from 111,987 a week earlier, also on new longs.

That is their most bullish meal view since March and is easily their most bullish for the time of year.

Funds added nearly 100,000 soymeal futures and options contracts to their net long in the five weeks ended Nov. 14, the most for such a period since March 2020.

January meal futures surged 21% during those five weeks and nearly 4% in the most recent week, reaching their highest ever levels for the date.

Open interest in CBOT soybean meal futures and options reached a record 646,145 contracts as of Nov. 14, up 6% on the week, up 26% in the last five weeks, and 47% higher than the same week a year ago when funds' meal net long was also seasonally strong.

The pre-2023 record open interest in meal futures and options was 594,016 contracts set in mid-2018 after drought significantly cut down top meal exporter Argentina's soybean crop.

Argentina's soy crop losses were considerably worse in 2023, causing a shortage in exportable global soymeal supplies, driving up meal prices and rerouting export demand to the United States.

Hot and dry weather in central Brazil has also supported the soy complex lately, but expected rains over the weekend into this week punctured the rally late last week.

On Wednesday, January meal hit contract highs and most-active soybeans reached their highest levels since late August, but beans slid 3.6% over the last three sessions and meal lost 4.2%.

January CBOT soybean oil gained nearly 6% in the week ended Nov. 14, though money managers cut their net short by less than 4,000 contracts to 6,597 futures and options contracts. Soyoil dropped more than 1% in the last three sessions.

GRAIN BEARS

Most-active CBOT corn futures added 2% in the week ended Nov. 14, though they hit three-year lows during the week, reflecting the weight of a record U.S. corn crop on the market.

Money managers cut their net short in CBOT corn futures and options by about 5,100 contracts to 163,486 through Nov. 14, their most bearish stance for the date since 2017.

March CBOT wheat futures rose fractionally during the week, and funds trimmed nearly 3,000 contracts from their huge net short, resulting in 89,271 futures and options contracts.

Money managers have held a net short in CBOT wheat since June 2022.

Money managers have sold Kansas City wheat futures and options in 15 of the last 18 weeks, and as of Nov. 14, their net short reached 37,449 contracts, their most bearish for the date.

That is also among funds' biggest ever K.C. net shorts, as the only larger ones occurred over 17 non-consecutive weeks in 2019.

Money managers through Nov. 14 cut their net short in Minneapolis wheat futures and options to 27,726 contracts from the previous week's record net short of 30,998 contracts.

Similar to K.C. wheat, funds have been very heavy sellers of spring wheat futures since late July.

CBOT corn lost 2.4% in the last three sessions despite unexpectedly large weekly U.S. export sales, and March wheat fell 3.7%, hitting a seven-week low on Friday. Most-active K.C. wheat on Friday hit its lowest levels since July 2021.

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

Top News - Metals

China's Oct aluminium imports rise on solid demand, fears of reduced domestic supply

China's aluminium imports rose for the fifth straight month in October, customs data showed on Saturday, as buying appetite improved amid solid demand and expectations of reduced supply in the domestic market.

The world's biggest consumer and producer of aluminium imported 351,065 metric tons of unwrought aluminium and products including primary metal and unwrought, alloyed aluminium last month, data from the General Administration of Customs showed. October imports climbed 5.8% from 331,716 tons imported in September and were up 78.7% from a year earlier. The light metal is widely used in construction, transport and packaging industries. Demand from the new energy sector has been strong although consumption in the traditional sectors remains constrained by China's flagging economic recovery despite a slew of stimulus.

Fears of reduced domestic supply propelled more buying from abroad, however.
Aluminium smelters in southwestern Yunnan province started cutting a total of 1.15 million tons of capacity in early November to comply with power curbs expected to last until April.
Yunnan, with around 5.7 million tons of capacity, is the fourth-biggest aluminium producing region in China and accounts for around 12% of the country's total capacity.
Imports of the light metal for the first 10 months were at 2.39 million tons, up 27.5% from the same period in 2022.
China's imports of primary aluminium from Russia have surged 191% to 806,253 tons in the first nine months this year, according to customs data.
Imports of bauxite, a key raw material for aluminium products, rose 24.7% on-year to 11.1 million tons last month, the data also showed, underpinned by strong demand.
Domestic output of primary aluminium hit a record monthly high, according to data released earlier this week, thanks to higher profits for smelters.
Bauxite imports over the January-October period totalled 117.7 million metric tons, up 13.7% from a year earlier, the data showed.

Antofagasta agrees lower 2024 copper charges with Chinese smelter at $80 per ton -sources

Chilean miner Antofagasta agreed treatment and refining charges (TC/RCs) of $80 a metric ton and 8 cents per pound with Chinese smelter Jinchuan Group for copper concentrate supply next year, three sources said on Saturday.
The charges, paid by miners to smelters to process ore into refined metal, are 9% lower than the 2023 benchmark level, agreed around the same time last year, of $88 a ton and 8.8 cents per pound.
Antofagasta declined to comment and Jinchuan did not respond to a request for comment.
Global miners and China's largest smelters typically negotiate their copper concentrate contracts and settle TC/RCs at this time of year for the following year.
TC/RCs rise when more supply is available and smelters can demand better terms on feedstock, and fall when supply tightens. Jinchuan is China's fourth largest copper producer. It is not clear if other smelters will agree to the same pricing in their negotiations with Antofagasta and other miners.
A group of top smelters was due to discuss the issue on Saturday, said a source, declining to be identified due to the sensitivity of the issue.
This year's copper charges, set by global miner Freeport-McMoRan Inc and Chinese smelters, were at a six-year high.
Participants in the market polled by Reuters prior to this week's negotiations had largely forecast the 2024 TC benchmark to stay at or below this year's level.
Copper concentrate supply is expected to be adequate next year and China's top copper smelters had already lifted their floor TC/RCs in the third and fourth quarter to a six-year high at $95/9.5c due to abundant supply.
However, a recent ore processing reduction at First Quantum Minerals's Cobre Panama mine due to protests had complicated negotiations for next year's charges, sources told Reuters this week. Uncertainty around how much supply from Freeport-McMoRan's Grasberg mine in Indonesia will be available from June next year after their export permits expire had also created some difficulty in forecasting the market balance.

MARKET MONITOR as of 07:49 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$76.49 / bbl	0.79%	-4.70%
NYMEX RBOB Gasoline	$2.17 / gallon	0.54%	-12.60%
ICE Gas Oil	$804.75 / tonne	-0.06%	-12.62%
NYMEX Natural Gas	$2.88 / mmBtu	-2.87%	-35.75%
Spot Gold	$1,979.50 / ounce	-0.03%	8.50%
Carbon ECX EUA / Dec, 23	€77.42 / tonne	0.53%	-7.80%
Dutch gas day-ahead (Pre. close)	€45.20 / Mwh	-0.88%	-40.19%
CBOT Corn	$4.86 / bushel	0.21%	-28.28%
CBOT Wheat	$5.75 / bushel	-0.09%	-27.92%
Malaysia Palm Oil (3M)	RM3,921 / tonne	-1.93%	-6.06%
Index (Total Return)	**Close 17 Nov**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	310.68	0.87%	3.10%
Rogers International	27.14	-0.15%	-5.32%
U.S. Stocks - Dow	34,947.28	0.01%	5.43%
U.S. Dollar Index	104	-0.41%	0.38%
U.S. Bond Index (DJ)	403.90	0.35%	2.55%

Top News - Carbon & Power

EU poised to propose extending energy crisis measures – official

The European Commission wants to extend emergency energy measures passed last year to cope with Europe's gas crisis to guard against future price shocks and quickly build-out renewable energy, a senior EU official said.
Europe's former top gas supplier Russia slashed deliveries last year, plunging the continent into an energy crisis of record-high prices and soaring inflation.
The European Union passed a raft of measures to cope - including a gas price cap, faster permitting for renewables projects and "solidarity" rules to ensure countries share fuel during a shortage.
With those measures due to expire within months, the Commission is considering a proposal to extend them for a year.
"Our analysis has been that it would be justified to extend these regimes into next year and continue to benefit from the protection they give us from any potential price spikes on the market," a senior EU official, speaking on condition of anonymity, told Reuters.
The Commission would propose the extension after the EU strikes a deal on new gas market rules. Those negotiations are due to finish this month, but could spill into December if countries and lawmakers struggle to agree.
The gas price cap divided EU member states. Countries including Germany had warned capping prices could leave them struggling to attract supplies from global gas markets, while France, Poland and others demanded the measure to curb inflation.
The cap, which expires in February, is designed to kick in if European gas prices exceed 180 euros per megawatt hour.
The benchmark Dutch TTF front month gas contract has not reached that level since the cap was introduced in February 2023. It currently trades around 45.50 euros/MWh.
Europe's energy security situation is more comfortable today than during last winter - thanks to countries securing new sources of non-Russian gas, and full gas storage.
While analysts say gas prices are unlikely to approach last year's record-high levels of above 300 euros/MWh, the price cap would serve as a back-stop against potential shocks that could trigger price spikes - such as Russia cutting off the remaining pipeline gas and LNG it still supplies to Europe.
Given the relatively stable prices, some governments are not keen to prolong the cap.
A reinforced majority of EU countries would need to approve the extension.
"I don't see the price crisis that would justify prolongation of a price cap," one EU country diplomat said.

PREVIEW-Under new CEO, Enel seen more focused on Italy, selective on renewables

Italy's Enel, the world's largest listed renewable energy developer, is expected to announce a greater focus on its home country and a more selective approach to green investments when its new CEO presents his strategy on Nov. 22.
A slight improvement in the dividend policy could also be in prospect as Flavio Cattaneo - who previously led telecom group TIM and power grid operator Terna - stamps his mark on the 64-billion-euro group, analysts and energy experts said. Cattaneo succeeded long-serving CEO Francesco Starace in May in a management shake-up orchestrated by the Italian government, Enel's biggest single shareholder. He has so far kept his cards close to his chest, suggesting only that he would pay great attention to costs and keep Enel's debt in check. It stood at 63 billion euros at the end of September. "I expect, and would welcome, a higher focus on Italy with investments both in renewables and grids," said Davide Tabarelli, head of think-tank Nomisma Energia, adding this could translate into a more cautious approach to overseas markets, including the United States. Under Starace, Enel announced several initiatives that could benefit from the U.S. administration's green subsidies, including building a new solar panel factory and the roll out of more than 10,000 electric-vehicle chargers.
Analysts expect the U.S will remain a core market, but see the group devoting at least 50% of investments to Italy in a move that will please nationalist Prime Minister Giorgia Meloni. In his last business plan, Starace pledged to spend nearly 18 billion euros or 48% of Enel's total capex in Italy in the 2023-25 period.

CHOOSY ON RENEWABLES

Looking at overall investments in renewable capacity, which were projected at nearly 6 billion euros per year on average in the 2023-25 plan, analysts said that Enel could become more selective amid higher interest rates and input costs. An ongoing asset sale plan worth 21 billion euros could also result in reduced capex.
"We see scope for Enel to cut renewable investments by about one third versus the goal announced at 2021 and 2022 Capital Markets Day (CMD), in exchange for higher returning projects," Goldman Sachs said in a recent research note. If Cattaneo decides to slow down renewable development he must be careful to avoid making Enel too dependent on energy providers, especially in the group's six core markets - Italy, Spain, the United States, Brazil, Chile and Colombia. At the end of last year the group could boast an installed capacity of almost 60 GW of green energy. It expected to shut down its Italian coal power stations by 2025 and to achieve zero emissions by 2040.

Top News - Dry Freight

Grain ship lightly damaged off Ukraine, likely hit sea mine – sources

A merchant ship transporting grains was lightly damaged off the coast of Ukraine and was likely to have been hit by a floating sea mine, according to maritime specialists and a Ukrainian government source.

This is the latest incident affecting commercial ships sailing in the Black Sea.

War risk insurance premiums have risen to as much as 3% of the value of a vessel after a missile damaged a merchant ship in the Ukrainian port of Pivdennyi last week, industry sources said.

Four maritime and trade sources said the Liberia-flagged Georgia S bulk carrier laden with a wheat cargo was sailing from Pivdennyi when it was hit in the open sea on Thursday.

A Ukrainian government source told Reuters on Friday that it was likely that a floating sea mine hit the vessel.

Greece-based Seagate Navigation, which was listed on its website as the vessel's manager, did not immediately respond to a request for comment.

The vessel's last position on Friday was heading towards the Romanian port of Constanta, according to data from ship tracking and maritime analytics provider MarineTraffic.

After withdrawing from a U.N.-backed deal in July that guaranteed safe shipments of Ukrainian grain via the Black Sea, Ukraine says Russia has repeatedly attacked Ukrainian port infrastructure and also laid sea mines. Kyiv has since opened what it says is a temporary humanitarian corridor in a bid to break Russia's de facto blockade. Insurance broker Marsh MMC.N, Lloyd's of London insurers and Ukrainian state banks launched a programme this week to cut the cost of claims for damage to ships and crew transporting grain through the Black Sea corridor.

Russia says first free grain shipments to Africa are on their way

Russia's agriculture minister said on Friday that Moscow had begun free shipments of grain totalling up to 200,000 tonnes to six African countries, as promised by President Vladimir Putin in July.

In a statement posted on Telegram, Dmitry Patrushev said that ships headed for Burkina Faso and Somalia had already left Russian ports, and that additional shipments to Eritrea, Zimbabwe, Mali and the Central African Republic would soon follow.

Putin had promised to deliver free grain to the six countries at a summit with African leaders in July, soon after Moscow withdrew from a deal that had allowed Ukraine to ship grain from its Black Sea ports despite the war with Russia.

The deal, known as the Black Sea grain initiative, had helped lower prices on the global market. But Putin argued it was failing to get supplies to the countries in most urgent need.

Last year, Russia exported around 60 million tonnes of grain, according to Putin. U.N. chief Antonio Guterres called the promises of free grain "a handful of donations".

Since quitting the arrangement, Russia has repeatedly bombed Ukrainian ports and grain storage facilities, and Kyiv says hundreds of thousands of tons of cereals have been destroyed.

Ukraine said on Friday, however, that it had managed to ship 4.4 million tonnes of cargo including 3.2 million tonnes of grain via a new shipping corridor it established in August.

Picture of the Day

A family walks on a street after flooding caused by heavy rains, in Sao Sebastiao do Cai, Rio Grande do Sul state, Brazil, November 19, 2023. REUTERS/Diego Vara

(Inside Commodities is compiled by Dhanya Hegade in Bengaluru)

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

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