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Top News - Oil

Europe rushes to fill up on Russian diesel before ban begins

European traders are rushing to fill tanks in the region with Russian diesel before an EU ban begins in February, as alternative sources remain limited.

The European Union will ban Russian oil product imports, on which it relies heavily for its diesel, by Feb. 5. That will follow a ban on Russian crude taking effect in December.

Russian diesel loadings destined for the Amsterdam-Rotterdam-Antwerp (ARA) storage region rose to 215,000 bpd from Nov. 1 to Nov. 12, up by 126% from October, Pamela Munger, senior market analyst at energy analytics firm Vortexa, said.

With few immediate cost-effective alternatives, diesel from Russia has made up 44% of Europe's total imports of the road fuel so far in November, compared with 39% in October, Refinitiv data shows.

Although Europe's reliance on the Russian fuel has fallen from more than 50% before Moscow's February invasion of Ukraine, Russia is still the continent's largest diesel supplier.

"The EU will have to secure around 500-600 kb/d of diesel to replace the Russian volumes, replacements will come from the US as well as east of Suez, primarily the Middle East and India," Eugene Lindell, refining and products market analyst at FGE, said.

The Russian gasoil heading into ARA tanks is likely to be used or sold quickly as a result of backwardation in Ice gasoil futures, where the current value is higher than it will be in later months, Lars van Wageningen, at Dutch consultancy Insights Global, said.

Part of the influx comes as ICE Futures Europe bans low-sulphur gasoil of Russian origin ahead of EU sanctions.

From Nov. 30, traders must prove to ICE that no Russian product has entered any tanks in the wider ARA region - including Flushing and Ghent - that will be used for January delivery through the ICE futures contract.

Russian gasoil can still arrive in ARA storage tanks in December, but it must be moved to other tanks from which no delivery can be made, according to ICE.

Some market players expect little impact from the ICE move given low storage levels in the ARA for both Russian and non-Russian gasoil as well as declining delivered volumes.

"Volumes delivered upon expiry are actually pretty small ... it just adds an extra layer of logistical challenge," Neil Crosby, senior analyst at oil analytics firm OilX, said.

In January 2022, 70,000 tonnes of gasoil were delivered through the Ice gasoil futures exchange's website shows.

Russian Oct oil supplies to China up 16% on yr, just behind Saudi's

China's oil imports from Russia jumped 16% in October from the same month last year to just behind top supplier Saudi Arabia, as state-run firms stocked up before a European embargo over Russia's invasion of Ukraine kicked in.

Supplies from Russia, including oil pumped through the East Siberia Pacific Ocean pipeline and seaborne shipments from Russia's European and Far Eastern ports, totalled 7.72 million tonnes, data from the Chinese General Administration of Customs showed on Sunday.

That amount, equivalent to 1.82 million barrels per day (bpd), was steady from September but off May's record of nearly 2 million bpd.

State-run traders including Unipec, Zhenhua Oil and Chinaoil ramped up imports of Russian Urals, loaded mostly from European ports, before winding down purchases in recent weeks in the face of imminent European Union sanctions and uncertainty surrounding a Group of Seven plan to cap Russian oil prices.

Saudi shipments rose 12% from a year earlier to 7.93 million tonnes, or 1.87 million bpd, versus September's 1.83 million bpd.

Year-to-date, Saudi Arabia remained China's top supplier with volumes of 73.76 million tonnes, similar to the same period last year. January-October Russian supplies rose 9.5% on year to 71.97 million tonnes, helped by refiners' consistent appetite for the discounted oil.

Arrivals of crude oil from the United States jumped more than fivefold in October from a year earlier, as refiners took advantage of lower prices amid a surge in U.S. exports from rising output and stockpile releases.

Malaysia, which for the past over two years has been a transfer point for shipments originating from Iran and Venezuela, almost doubled on year to 3.52 million tonnes.

No imports were recorded from Venezuela or Iran.

Top News - Agriculture

China's October soybean imports from Brazil slide

China's soybean imports from Brazil fell 15% in October from the same month last year, as high prices and a lack of crushing profits eroded appetite for purchases from the South American nation. Imports from the United States were flat from a year earlier, data showed on Sunday.

China, the world's biggest soybean buyer, imported 2.8 million tonnes of the oilseed from Brazil in October, down

from 3.3 million tonnes a year earlier, according to the General Administration of Customs.
Overall soybean imports fell 19% in October from a year earlier to 4.14 million tonnes, the lowest for any month since 2014.
Extreme drought that reduced Brazil's crop pushed up prices of the oilseed earlier this year and eroded profits for China's oilseed crushers, who also faced weak demand from farmers in the first half.
Arrivals from the United States, China's number two supplier, edged down to 772,938 tonnes from 775,331 tonnes a year earlier.
For the first 10 months of the year, China brought in 49.31 million tonnes of Brazilian beans, down from 52.75 million tonnes in the same period of 2021.
Imports from the United States for January to October came in at 20.1 million tonnes, down from 22.57 million tonnes the previous year.

Large part of Ukrainian corn crop may stay in fields over winter - analysts

Significant areas of Ukraine's corn crop may be left to overwinter in the fields due to difficulties with harvesting and fuel shortages, analyst APK-Inform said on Sunday.
Corn can potentially be harvested in winter or early spring, but previously only very small areas of the crop would be left to overwinter if farmers wanted to reduce grain moisture.
Ukraine is a major global corn grower and exporter and harvested almost 42 million tonnes in 2021. This year, analysts say, the harvest could total 27.5 million to 27.9 million tonnes. APK-Inform said in a report that the prospect for a large part of the corn crop to stay in fields this winter was "becoming more and more possible" due to low domestic prices, difficulties with field work caused by the war and high fuel prices.
The Ukrainian agriculture ministry said on Friday only 50% of the area sown for corn had been harvested as of Nov. 17, or 12.3 million tonnes.
The government has said Ukraine could harvest between 50 million and 52 million tonnes of grain this year, down from a record 86 million tonnes in 2021, because of the loss of land to Russian forces and lower yields.
Farmers have already completed the 2022 wheat and barley harvests, threshing 19.4 million and 5.6 million tonnes respectively.

Top News - Metals

Copper treatment charges for Chinese market seen rising in 2023

Global miners and Chinese smelters could set higher annual treatment and refining charges (TC/RCs) in 2023 as rising copper concentrate supply is expected to outpace smelting capacity growth.
The TC/RCs benchmark, referenced in supply contracts globally, is usually taken from the first settlement between a major miner and a smelter in top copper consumer China in annual negotiations.
"2023 undeniably looks like a strong year for concentrate growth. Moreover, it comes at a time of limited Chinese smelter capacity addition," said Colin Hamilton, a managing director at BMO Capital Markets.
"This raises the spectre of a smelter bottleneck for the first time in over a decade, where smelter utilisation is maxed out, forcing excess concentrate to be stockpiled or forced offline via economics," he added.
BMO forecast the 2023 benchmark at $85 a tonne and 8.5 cents per pound, with an upward skew.
This year the benchmark was set at $65 per tonne and 6.5 cents per pound, but China's top copper smelters already lifted their floor TC/RCs in the fourth quarter to a five-year high at $93/9.3c due to a supply glut.
"Buyers will have an upper hand in negotiation," said a Chinese smelter source, who sees the TC jumping to $100 a tonne.
Three sources in China saw the 2023 TC being set at $80-$90 a tonne, and another Chinese smelter source saw the TC rising above $100 a tonne.
Miners pay TC/RCs to smelters to process copper concentrate into refined metal, offsetting the cost of the ore. TC/RCs rise when more supply is available and smelters can demand better terms on feedstock.
Globally, the 2023 concentrate market is also seen in surplus, said Nick Pickens, a research director at consultancy Wood Mackenzie.
Pickens predicts benchmark TC/RCs to be 20%-30% higher than 2022, or around $78/7.8c to $84.5/8.45c.
Market participants pointed to Teck Resources's Quebrada Blanca Phase 2 project in Chile and Anglo American PLC's Quellaveco project in Peru that would contribute to the rising supply of concentrate.
Meanwhile, Chile's Codelco said it would extend maintenance work at its Chuquicamata smelter to 135 days, from 90 days initially.
Working in miners' favour, however, is China's easing of COVID-19 curbs, which could see higher refined copper demand and smelters consuming more feedstock.
"We have Daye's new smelter ramping up very smoothly and existing Chinese smelters running at very high capacity to satisfy the domestic market which looks promising after the recent (easing) announcements from the Chinese government," a source at a miner said.
Daye Non-ferrous Metals's Hongsheng 400,000 tonne-per-annual refined copper smelter started commissioning a test run from Oct. 23, sources said.
"We can not deny that market will be more favourable to smelters in 2023 than in 2022 and therefore it is reasonable to expect the annual TC/RCs to suffer a moderate increase in the annual negotiations to the 70s level," the miner added.
After years of online meeting due to COVID, some Chinese smelters will meet miners in person in Singapore to

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discuss TC/RCs settlements, sources said.

India scraps export tax on low-grade iron ore, some steel intermediates

India scrapped export taxes on low-grade iron ore and on some intermediate steel products beginning Saturday, after months of complaints from miners and steel makers about loss of foreign sales opportunities.

The move, set out in a notification issued late on Friday, reverses the imposition in May of a 50% tax on exports of iron-ore lumps and fines with less than 58% iron content.

The government also reversed a May rise in export tax on iron ore concentrates other than roasted iron pyrites. That tax now returns to 30% from 50%.

The additional taxation imposed in May was intended to boost domestic supply of iron ore, a raw ingredient for making steel, and thereby hold down inflation.

India exported less than half as much steel in the seven months to October as it did a year earlier, according to government data seen by Reuters.

Major steel makers have urged the government to unwind the additional export taxation, saying it added to their problem of weakening international demand.

Despite the latest tax reductions, a top miners' organisation remained doubtful about the prospect of exports reviving. The "Chinese market is not very buoyant now. Let us see how much we are able to export," R.K. Sharma, secretary-general of the Federation of Indian Mineral Industries, told Reuters.

"Once you disturb the trade, to recover is very difficult."

Earlier this month, Sharma said India's iron ore exports had dropped to "nearly zero" in October due to the higher export taxes and was further expected to languish due to lower demand from China's weak economy.

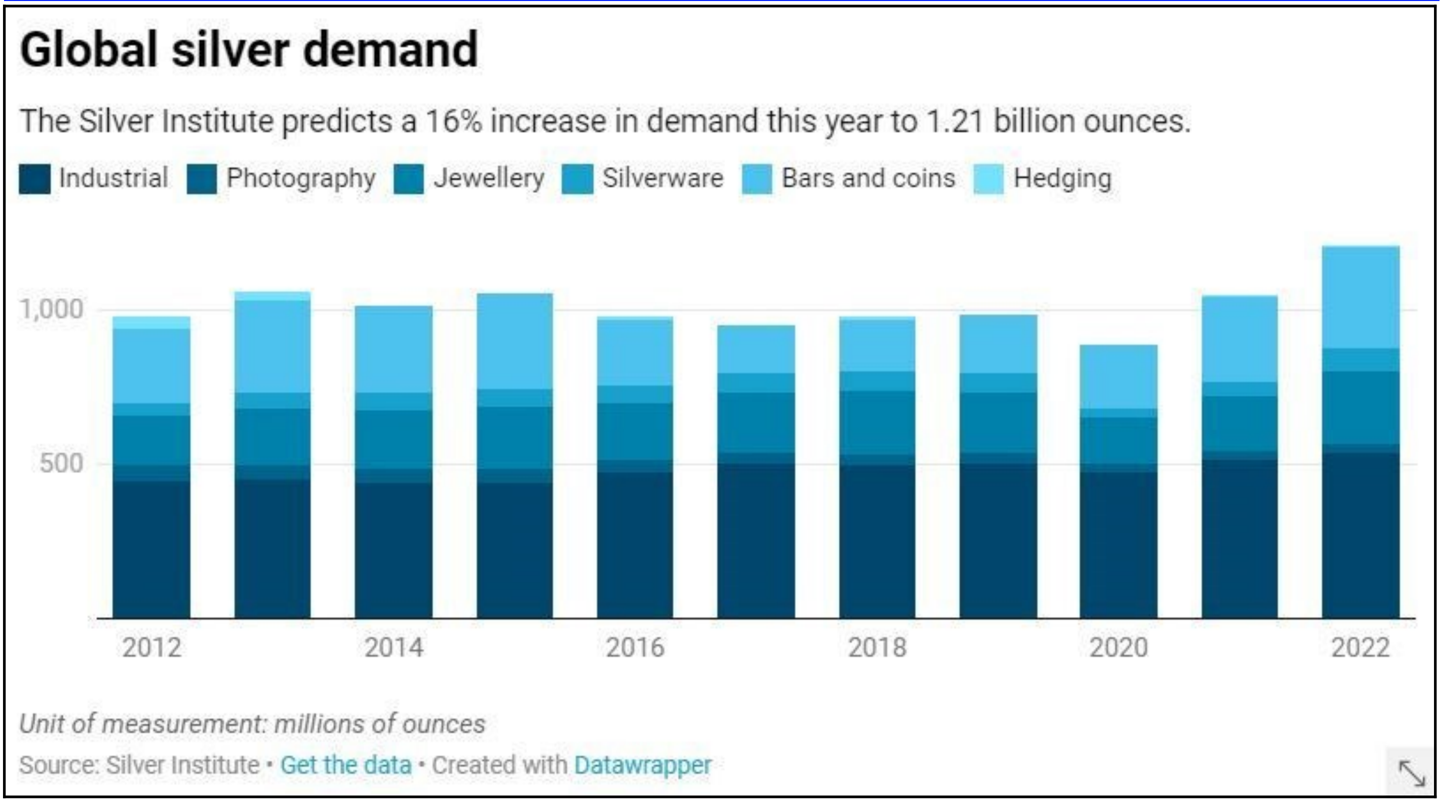
Indian producers of low-grade ore depend largely on foreign markets, because most major domestic steel producers use high-grade iron ore.

In Friday's notification, the government also removed a 15% export tax on some intermediate steel products, such as bars and rods, that it had also imposed in May.

Last week, JSW Steel Ltd, the country's largest steelmaker by capacity, told Reuters it expected its exports in the financial year to March 2023 to fall to their lowest level in more than five years because of reduced global demand and the additional taxation.

Joint managing director Seshagiri Rao M.V.S said on Saturday removal of the extra levies would boost sentiment in the industry.

Chart of the Day



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Top News - Carbon & Power

Germany's LNG terminals to cost more than double earlier estimate

The purchase and maintenance of floating liquefied natural gas (LNG) terminals to help Germany secure energy supplies and diversify away from Russian gas, will cost more than 3 billion euros ($3.10 billion) more than planned, the economy ministry said on Sunday.

Overall, the costs are estimated at about 6.56 billion euros, the ministry said, confirming a report in Der Spiegel. That compares with 2.94 billion euros estimated in the country's 2022 budget.

"Further costs have been determined in extensive consultations with numerous stakeholders and initial forecasts have been specified," said the ministry on Sunday, citing operating costs and additional infrastructure on land.

The ministry said the floating terminals were essential for Europe's biggest economy to compensate for a collapse in deliveries of Russian gas since Moscow's invasion of Ukraine. Germany this month completed the construction of its first floating terminal for LNG at the North Sea port of Wilhelmshaven.

The parliamentary budget committee has already approved the additional money required for the terminals.

EDF nationalisation ruling imminent, sources say

French markets regulator AMF's ruling on the state's nationalisation offer for utility group EDF is imminent, two sources familiar with the situation told Reuters.

One of the sources said that the AMF was likely to give its approval for the state's offer for the 16% of EDF capital that it does not already own after its meeting on Nov. 22, adding that a decision had been delayed by talks with EDF about the conditions under which its board recommended the bid.

The AMF, EDF and the finance ministry declined to comment. EDF's board, with a majority of the members present, voted on Oct. 27 to declare that the state's offer of 12 euros per share and 15.52 euros per "Oceane" convertible bond would allow minority shareholders to sell at a price deemed equitable by an independent expert.

Some employee shareholders had contested the conditions under which the board had voted, arguing that outgoing CEO Jean-Bernard Levy had been appointed by the state and should not have taken part in the vote.

The cost of renationalising EDF is estimated at more than 9.6 billion euros ($9.95 billion).

The operation is meant to help the debt-laden group contend with caps on power prices and an unprecedented slump in output from its nuclear plants because of technical problems.

Top News—Dry Freight

China's coal imports from Russia fall in Oct on rail jam, weak demand

China's coal imports from Russia continued to slip in October from the prior months, as logistics bottlenecks in Russia curbed supply and lower demand in China also capped appetite for the fossil fuel.

Arrivals of Russian coal last month were 6.43 million tonnes, down from 6.95 million tonnes in September and a record of 8.54 million tonnes in August, data from the General Administration of Customs showed on Sunday.

But it was still 26% higher than the level in October 2021.

China has been snapping up cheap Russian coal after Western countries shunned trade with Moscow over the conflict in Ukraine.

But transport infrastructure limitations in Russia, following a spike of exports heading east towards Asia, slowed its coal supply to China.

Several Chinese traders said that all cargoes scheduled to load in 2022 were fully booked and the rail congestion made it impossible to add shipments.

China's faltering economy also led to less power generation and industrial demand. In October, total power output dipped by 0.4% from September and grew only 1.3% from a year ago, data from the National Bureau of Statistics showed. That compares to a 3% year-on-year growth in October 2021.

Coal imports from Indonesia were 17.96 million tonnes last month, down 13% from September and up 15% from the same period last year, customs data showed.

Chinese coal-fired power generators favour low-quality brown coal from Indonesia for its cheap price as utilities struggle to pass high feedstock costs to downstream users, thanks to Beijing's price caps on electricity.

A strong dollar and the recovery of domestic production, following some relaxations of COVID-19 curbs, also discouraged Chinese power plants to lift more overseas coal.

Tunisia barley purchase put at 75,000 tonnes, traders say

Tunisia's state grains agency bought about 75,000 tonnes of barley in an import tender on Friday, less than initially thought, European traders said.

Traders had earlier reported the agency had booked 100,000 tonnes, in line with what it had sought in the tender.

They later estimated the purchase at 75,000 tonnes, comprising one 25,000 tonne consignment sold by trading house Casillo at $343.89 a tonne, cost and freight (c&f) included, another 25,000 tonnes from Casillo at $344.89 a tonne c&f, and 25,000 tonnes from ADM at $339.91 a tonne c&f. The grains were sought for shipment between

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mid-December and late January, depending on the origin supplied, traders said.

The results were provisional and still subject to changes, they added.

MARKET MONITOR as of 07:30 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$79.40 / bbl	-0.85%	5.57%
NYMEX RBOB Gasoline	$2.39 / gallon	-1.12%	7.41%
ICE Gas Oil	$947.00 / tonne	0.11%	41.98%
NYMEX Natural Gas	$6.18 / mmBtu	-2.00%	65.60%
Spot Gold	$1,744.49 / ounce	-0.30%	-4.59%
TRPC coal API 2 / Dec, 22	$201 / tonne	2.31%	63.41%
Carbon ECX EUA / Dec, 22	€72.60 / tonne	0.18%	-9.98%
Dutch gas day-ahead (Pre. close)	€105.00 / Mwh	5.04%	57.89%
CBOT Corn	$6.66 / bushel	-0.30%	12.22%
CBOT Wheat	$8.03 / bushel	-0.41%	4.22%
Malaysia Palm Oil (3M)	RM3,900 / tonne	1.30%	-16.97%
Index (Total Return)	**Close 18 Nov**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	298.37	0.00%	20.79%
Rogers International	29.79	0.02%	27.81%
U.S. Stocks - Dow	33,745.69	0.59%	-7.13%
U.S. Dollar Index	107.52	0.55%	12.04%
U.S. Bond Index (DJ)	389.70	-3.52%	-17.44%

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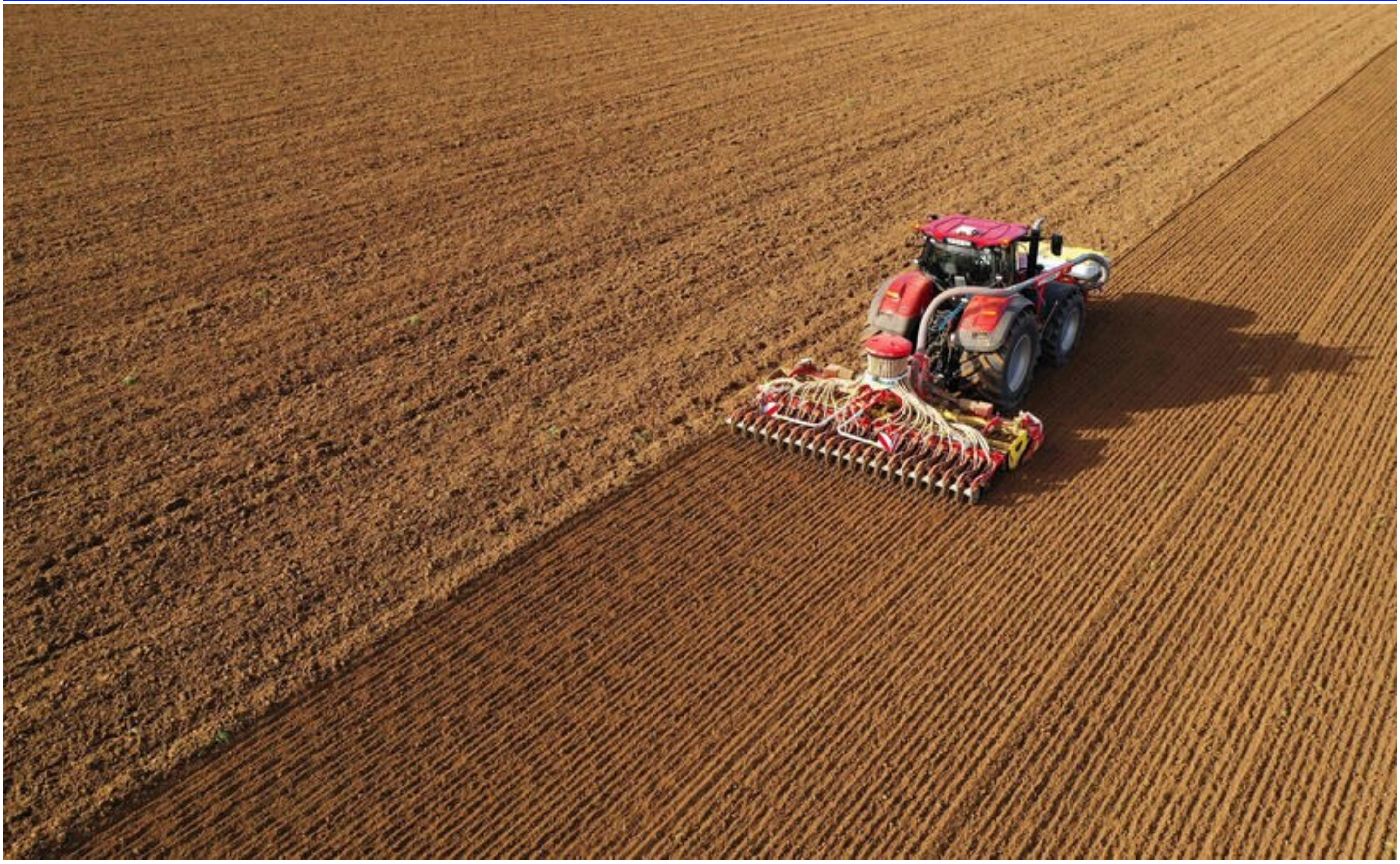
Picture of the Day



A farmer drives his tractor to sow wheat in his field in Havrincourt, France. REUTERS/Pascal Rossignol

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(Inside Commodities is compiled by Jerin Tom Joshy in Bengaluru)

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

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