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Top News - Oil

Russia remains China's top oil supplier in October

Russia remained China's top oil supplier in October, data showed on Monday, despite higher prices for Russian crude as Saudi Arabia continues to cut supply.

China's imports from Russia - including supplies via pipelines and seaborne shipments - totalled 8.54 million metric tons, or 2.01 million barrels per day (bpd) last month, according to data from the General Administration of Customs.

But Russian shipments continued the previous month's downward trend, falling 5.6% from September's level of 2.13 million bpd.

Shipments from Saudi Arabia totalled 6.64 million tons, or 1.56 million bpd, down 16.2% from a year earlier. China's imports of Saudi crude have also trended lower over the past two months, with October's levels down 2.5% on September.

Saudi Arabia again raised official selling prices for Asian clients in October, continuing an upward pricing pattern that has been in place since June. This has prompted some Chinese refiners to ask for lower supply and seek cheaper alternatives from the spot market.

Riyadh's unilateral 1 million bpd output cuts are to continue to the end of the year, with Moscow also having pledged to extend export cuts of 300,000 bpd until the end of the year.

Announcements on the possible extension of these cuts are expected at the upcoming meeting of the Organization of Petroleum Exporting Countries and its allies (OPEC+) at the end of November.

The sanctions discount on Russian crude in October turned to a premium, as Chinese refiners compete with those in India to secure shipments and as the effectiveness of a \$60 price cap imposed by the Group of Seven (G7) countries is eroded by the proliferation of alternative shipping and insurance options.

ESPO-grade shipments for October delivery were priced at around a \$1 per barrel premium to the ICE Brent benchmark, versus a \$1.20 discount for September delivery cargoes and an \$8.50 discount for shipments delivered in March, according to trading sources.

Chinese refiners use intermediary traders to handle shipping and insurance of Russian crude to avoid violating Western sanctions over the Ukraine war.

Imports from Malaysia, used as a trans-shipment point for sanctioned cargoes from Iran and Venezuela, were up 67.1% from a year earlier to 5.88 million tons, or 1.38 million bpd in October, the third-largest supplier after Russia and Saudi Arabia.

Total Malaysian volumes year-to-date are up 82.7% on the same period of 2022. U.S. sanctions on Venezuelan crude were eased in October under a deal between Washington and Caracas.

Despite geopolitical tensions between Beijing and Washington, China continued to bring in elevated shipments from the U.S. at favourable prices, with 1.16 million tons last month and year-to-date volumes up 96.2% on last year. China's total crude imports were up 13.5% year-on-year in October at 11.53 million bpd, though growth from September was more muted at 3.6%.

Japan oil industry group expects OPEC+ to extend supply curbs

The head of Japan's oil industry body said on Monday he expects OPEC+ to extend its supply curbs after December to support oil prices.

OPEC+, which groups the Organization of the Petroleum Exporting Countries and allies led by Russia, is set to consider whether to make additional oil supply cuts when it meets on Nov. 26, three OPEC+ sources told Reuters after crude prices dropped by almost 20% since late September. "At least, the current production curbs will probably continue," including additional voluntary curbs from Saudi Arabia and Russia, Shunichi Kito, president of the Petroleum Association of Japan (PAJ), told a news conference, noting that Saudi Arabia wants to keep oil prices above \$80 a barrel. "We don't know if there will be deeper production cuts," he said. Saudi, 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. The PAJ expects Dubai oil prices to stay in the range of \$80-\$95 a barrel for the next month, said Kito, also the president of oil refiner Idemitsu Kosan.

Asked about the seizure of a ship by Yemen's Houthis in the Red Sea, Kito said it would have no direct impact on oil supply to Japan which depends on the Middle East for 95% of its crude oil imports. Japanese refiners will continue to work with tanker operators to ensure safe voyages of oil carriers, but the PAJ has no immediate plans to ask for extra help from the country's Self-Defense Forces, Kito said. In 2020, Tokyo sent forces to the Middle East to help ensure the safety of merchant ships following several attacks on international merchant vessels and Japanese forces are still present in the Gulf of Oman, the northern Arabian Sea and the Gulf of Aden.

Top News - Agriculture

EXCLUSIVE-Ukraine sugar output, exportable surplus seen rising in 2024 – Union

Ukraine's sugar industry, one of the country's few profitable farm sectors, may continue to expand the planted area in 2024 and with good weather the 2024/25 exportable surplus could jump by around 50%, the producers' union Ukrugar said.

Ukraine produced 5 million metric tons of beet sugar during the Soviet era, but has since reduced production to just over a million tons due to export problems and competition with sugar made from cane.

However, the temporary suspension of European import tariffs for Ukrainian agricultural products from June 2022, combined with the decreasing profitability of grain and oilseed, previously key for Ukraine, led to a jump in the area sown to beet and the beet harvest.

A U.N.-brokered deal that guaranteed safe grain exports via the Black Sea expired in July after Russia pulled out and Moscow's de facto blockade of Ukraine's ports has sharply increased the logistics costs of grain exports, making cultivation unprofitable.

Limited export opportunities through the ports and the western border make exports of significantly more expensive sugar more profitable than grain. The shortage of sugar in Europe is an additional incentive.

Farmers increased the sugar beet sowing area to 250,000 hectares in 2023 from 186,000 hectares in 2022, Nazar Mykhailovyn, the chairman of Ukraine's sugar producers' union, told Reuters.

He said the sowing area in 2024 would depend on the development of the war with Russia and the export situation, as the industry is export-oriented and any difficulties with shipments will immediately lead to a reduction in sowing.

"There is information that the area (sown to beet in 2024) will be within the limits of the current year, but... there may be an increase to 300,000 hectares," Mykhailovyn said.

He said the 2023 harvest is estimated at 12 million tons of beet and may jump to 17 to 18 million tons in 2024, which will allow the production of around 2 million tons of white beet sugar.

With domestic consumption of up to 950,000 tons per season, the exportable surplus could reach half of the expected 2 million-ton output.

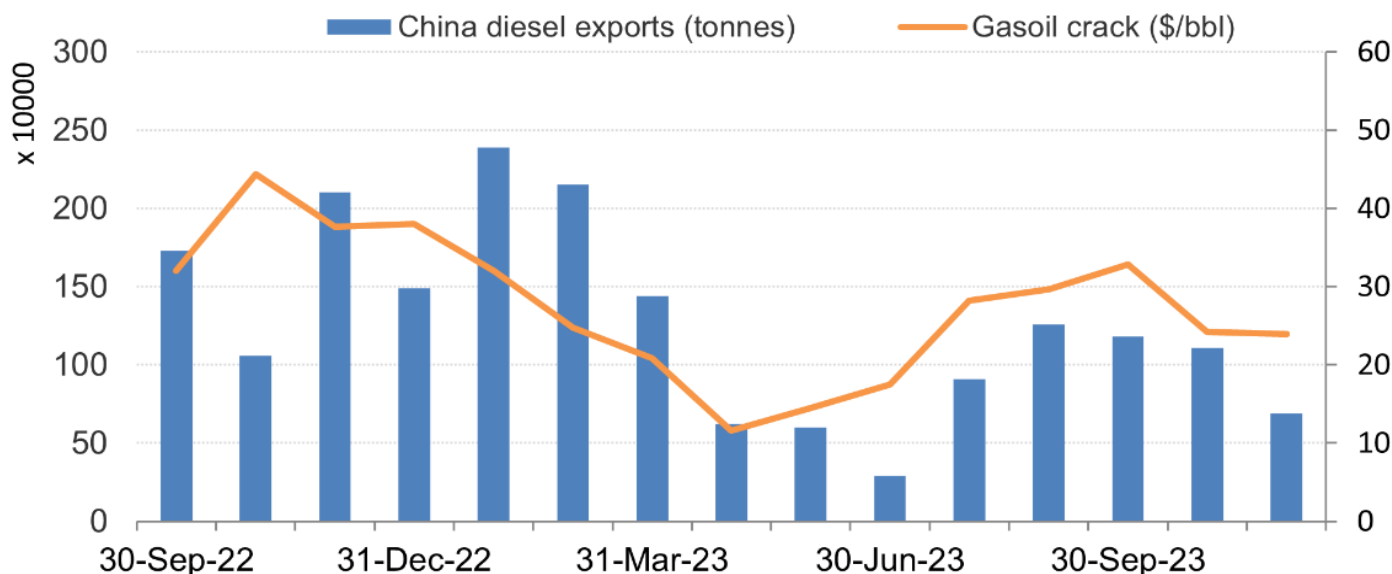
Ukrugar expects that 2023/24 sugar production will reach 1.75 million tons and 650,000 tons of the volume could be exported, mostly to Europe.

Ukraine has already exported about 150,000 tons of sugar so far the current season, Mykhailovyn said.

Chart of the Day

CHINA'S DIESEL EXPORTS SLIPPING

China diesel exports vs Singapore gasoil profit margin



Note: November 2023 are LSEG estimate. November 2023 gasoil crack is as of Nov. 20.

Source: LSEG Reuters graphic/Clyde Russell 21/11/23



Ukraine exported 450,000 tons of beet sugar in 2022/23 and the majority went to Europe. Romania, Bulgaria, Poland, France and Italy were the main destinations, Mykhailovyn said. "Almost all went to Europe. Since our sea routes are blocked, we cannot ship to Asia," he added. In the 2021/22 season, when the European market was restricted due to tariffs, Ukraine exported about 55,000 tonnes of sugar.

Brazil soy planting at slowest pace since 2019/20 hit by bad weather

Brazil's 2023/24 soybean planting had reached 68% of the expected area as of Thursday, agribusiness consultancy AgRural said on Monday, up 7 percentage points from the previous week. Sowing continues to lag behind last year's levels, when 80% of the areas had been planted at the same time, and the current pace was the slowest for the period since 2019/20, AgRural said in a statement. The delay comes amid adverse weather in most of the national territory, with excessive rainfall in

southern Brazil and lack of humidity in the north and northeast regions, the consultancy noted.

In top grain producing state Mato Grosso in center-western Brazil, AgRural said, the need for replanting has been increasing as showers registered there last week were irregular and high temperatures amid a heatwave also affected sowing.

"At this point, producers in the most affected areas are divided between replanting, leaving the soybeans as they are to see if they recover at least partially, or abandoning part of the activities and going straight to planting the second crop in early 2024," the consultants said.

AgRural last week lowered its forecast for Brazil's 2023/24 soybean crop due to bad weather and said that new cuts were possible before the end of this month depending on the weather.

The consultancy on Monday also reported that farmers in center-south Brazil have planted 80% of the area expected for their first 2024 corn crop, up from 76% a week ago but below the 82% registered a year earlier.

Top News - Metals

EXCLUSIVE-First Quantum plans maintenance for Panama copper mine amid protests -sources

Canada's First Quantum Minerals will carry out maintenance at its Panama mine from Nov. 23 due to coal supplies being blocked by protestors opposing the government's contract with one of the world's biggest and newest copper mines, two sources familiar with the discussions said on Monday.

This move would effectively suspend production at the Cobre Panama mine until coal supplies resume as the mine cannot operate without power, one of the sources said.

The sources declined to be identified as the information is not public.

Copper prices hit a two-month high while the company's stock fell as much as 5.7% after Reuters reported the mine suspension. The stock ended down 3.5%, while the benchmark Canada index rose 0.4%.

Protests have escalated since the government and First Quantum signed a new contract on Oct. 20 for the Cobre Panama concession, which contributes 1% to global copper production and 5% to Panama's gross domestic product.

A ship with supplies for the mine was unable to dock as local boats blocked off access to the key port, the company said on Friday.

An FQM spokesman on Monday declined to comment specifically on the Nov. 23 suspension.

"In terms of production we are talking about a temporary halt because of the illegal blockade. As soon as the port reopens, we will be able to ramp production back up quickly," the company said in a statement to Reuters.

Earlier on Monday, First Quantum said it had further ramped down operations at Cobre Panama to one

remaining ore processing train, adding that it expects to run out of supplies for the on-site power plant during the week commencing Nov. 20.

"The focus will be to maintain the tailings pond 24/7," one of the sources said about the maintenance.

Tailings ponds are created to store waste generated from mining, which requires proper maintenance.

Panama's top court will hear the legality of the contract awarded to First Quantum from Nov. 24, the company said in the statement.

The contract has faced numerous legal challenges due to protests that claim it favors the miner too much and allege corrupt practices in its approval.

Such protests have escalated into an anti-government movement, as well as demonstrations against the environmental impact of the giant operation.

Last weekend, the protests against the mine received an endorsement from Hollywood actor Leonardo Di Caprio who shared a video from an environmental group that called for the Supreme Court to cancel the contract given to First Quantum.

Cobre Panama produced 112,734 tonnes of copper in the third quarter, according to First Quantum's financial statements.

It contributed \$930 million to the overall third quarter revenue of \$2.02 billion.

China's MMG seals \$1.9 bln deal to buy Khoemacau copper mine in Botswana

Chinese miner MMG Ltd's share price jumped on Tuesday to a near eight-week peak after it agreed to buy Canada-based Cuprous Capital, the parent company of the Khoemacau copper mine in Botswana, with an enterprise value of \$1.88 billion.

MMG has been hunting for copper assets for more than a year, amid a surge in demand for the metal needed in green energy transition.

Shares of MMG rose as much as 7.5% to HK\$2.45 in morning trading, the highest since Sept. 29 and marking their biggest one-day percent gain since April 14.

"The acquisition of Khoemacau mine is an important step in achieving our vision of creating a leading international mining company for a low carbon future and will create meaningful long-term value for our shareholders," MMG Chairman Jiqing Xu said in a statement.

Smelters in China, the world's top consumer of refined copper, face an increasing challenge in securing copper concentrate, as they boosted capacity in recent years amid slower mining output growth.

Reuters in September reported that at least three South African miners were in a race to buy the mine that is home to one of Africa's largest copper deposits, as

growing demand for the metal ensures strong competition for the sought-after asset. Khoemacau is located in the Kalahari Copper Belt, a vast swathe of land that stretches from north-east Botswana to parts of western Namibia.

It produces about 60,000 tons of copper and about 2 million ounces of silver per year. Output could be ramped up to about 130,000 tons of copper and 5 million ounces of silver per year with additional investments.

In its filing on Tuesday, MMG said it would satisfy the consideration or any funding requirements for Cuprous Capital by securing a combination of shareholder loan and third-party financing.

The deal is pending approval from regulatory bodies in China and Botswana, the filing showed.

MMG said it expects the deal to complete in the first half of 2024.

Macquarie Capital and Citigroup acted as joint financial advisors to MMG on the deal.

MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$77.35 / bbl	-0.32%	-3.63%
NYMEX RBOB Gasoline	\$2.19 / gallon	-0.42%	-11.72%
ICE Gas Oil	\$819.50 / tonne	-0.43%	-11.02%
NYMEX Natural Gas	\$2.90 / mmBtu	0.62%	-35.20%
Spot Gold	\$1,990.80 / ounce	0.69%	9.12%
Carbon ECX EUA	€76.40 / tonne	-0.27%	-9.02%
Dutch gas day-ahead (Pre. close)	€45.55 / Mwh	0.77%	-39.72%
CBOT Corn	\$4.89 / bushel	0.21%	-27.95%
CBOT Wheat	\$5.74 / bushel	0.53%	-99.28%
Malaysia Palm Oil (3M)	RM3,962 / tonne	0.71%	-5.08%
Index	Close 20 Nov	Change	YTD
Thomson Reuters/Jefferies CRB	314.21	1.14%	4.27%
Rogers International	27.33	0.68%	-4.67%
U.S. Stocks - Dow	35,151.04	0.58%	6.05%
U.S. Dollar Index	103.23	-0.20%	-0.28%
U.S. Bond Index (DJ)	403.90	0.37%	2.91%

Top News - Carbon & Power

EXCLUSIVE-Venezuela close to approving offshore gas license with Trinidad, Shell

Venezuela is close to approving a license for Shell and the National Gas Company of Trinidad and Tobago to develop a promising offshore natural gas field and export its production to the Caribbean country, two people close to the matter said.

Trinidad and Tobago's Prime Minister Keith Rowley on Monday confirmed that the parties were negotiating the license and added that Energy Minister Stuart Young was expected to visit Caracas this week.

The license could set in motion a long-running effort by Trinidad to boost its gas processing and petrochemical exports, while providing Venezuela with a much-needed extra source of cash.

The two countries aim to speed cross-border energy development since the U.S. in January issued a two-year authorization allowing the Dragon field's development. Venezuela, which holds Latin America's biggest gas reserves, and neighboring Trinidad, the region's largest liquefied natural gas (LNG) exporter, would complement each other's needs to produce and export gas.

Both nations are discussing a 25-year exploration and production license for the Dragon field, which holds up to 4.2 trillion cubic feet of gas and lies in Venezuelan waters near the maritime border between the two countries. Some terms are still to be settled, but if all goes well a deal could be signed in coming days, the people said. Shell would operate the project with a 70% stake and Trinidad's NGC would hold the remaining 30% under proposed terms, the people said. Venezuela's state-run oil firm PDVSA, which discovered Dragon's reserves and paid for existing infrastructure, would not have a stake in the project, but Venezuela would receive cash or a portion of gas production as royalties. PDVSA in 2013 finished testing gas output at Dragon, but the field has never been commercially active due to the company's lack of capital and, more recently, U.S. sanctions.

The U.S. last month temporarily eased sanctions on Venezuela and amended the authorization for Dragon, allowing Caracas to receive proceeds from gas sales. Since then, negotiations have moved faster, a third person said.

Shell declined comment. NGC referred questions on the talks to Trinidad's energy ministry. The ministry, PDVSA, and Venezuela's oil ministry did not reply to requests for comment.

Rowley also said he hopes a long-running dispute between Venezuela and its neighbor Guyana over a potentially oil-rich territory does not have implications for projects with Trinidad.

"I would not like to see the relationship between Venezuela and Guyana ever get to a point where consequent actions will negatively damage us", the prime minister said.

VOLUMES, PRICES, PIPELINES

The proposed license would allow an initial volume of 300 million cubic feet per day (mcf) of Venezuelan gas to go to Trinidad for LNG production, starting in late 2026, and an additional 50 mcf to petrochemical plants, the people said.

Trinidad and Tobago has the capacity to process 4.2 billion cubic feet per day (bcfd) into LNG, petrochemicals and power, but its gas production is about 2.7 bcf. The lack of gas has led to the shutting of one of its LNG processing units.

The parties have agreed in principle to a price that would land gas across the border at less than \$3 per mcf, the sources said. PDVSA has pushed for a signature bonus of some \$65 million to be paid upfront. But Shell and NGC want to tie any payment to certain milestones, such as first gas, the sources added.

The parties are considering two separate lines to transport the gas: one partially built by PDVSA to Guiria, on Venezuela's eastern coast. A second line would connect to Shell's Hibiscus field in Trinidad.

If the parties agree that some of the gas will pass through Guiria, an additional short pipeline linking Guiria to Point Fortin, home of Trinidad's LNG plants, might be needed. That option would allow Venezuela to process the gas on its shore, keeping what it needs to supply the domestic market and potentially exporting gas liquids in the future. But adding a new line might extend the time for the project to begin output to five years, rather than three years as hoped, the people said.

China's carbon emissions set to peak before 2030 - expert poll

China is on track to meet a goal to bring its climate-warming carbon dioxide emissions to a peak before 2030, according to a poll of 89 experts from industry and academia published on Tuesday, though questions remain over how high the top will be.

More than 70% of respondents said China, the world's biggest carbon dioxide emitter, will be able to meet the target, with two saying its emissions had already peaked, in a poll compiled by the Centre for Research on Energy and Clean Air (CREA), a Helsinki-based think tank. Still, "experts remain concerned about how high the peak emissions would reach compared to previous levels," CREA said, with a majority of respondents expecting the total to be at least 15% higher than the 2020 level. Doubts have been cast on China's ability to meet its 2030 pledge, as authorities continue to approve dozens of new coal-fired power stations to meet rising energy demand and avoid a repeat of the disruptive power outages that hit the country in 2021.

But CREA said respondents, including 64 based in China, were more optimistic about the country's ability to meet its goal compared to last year, with the majority believing

post-pandemic economic conditions were accelerating the energy transition.

Half of the experts surveyed by CREA said they believed China would reach peak primary energy consumption before the end of this decade, though nearly a quarter still forecast it would continue to rise even after 2035.

China's reluctance to agree to a phasing-out of fossil fuels is expected to be a major sticking point at COP28 climate talks in Dubai starting next week, though Beijing

is willing to agree to a new global plan to triple renewable energy capacity. China also said in an agreement with the U.S. that it would "accelerate the substitution for coal, oil and gas generation" in order to secure "meaningful absolute power sector emission reductions" this decade. CREA's lead analyst Lauri Myllyvirta said last week it was likely China's emissions would go into a "structural decline" from next year, with renewable sources capable of meeting new energy demand.

Top News - Dry Freight

China's Oct soybean imports from Brazil surge 71% from a year ago

China's soybean imports from Brazil rose 71% in October from a year ago, data showed on Monday, boosted by cheaper prices following a bumper crop in the South American nation.

China imported 4.81 million metric tons of the oilseed from Brazil last month, according to the General Administration of Customs.

Record Brazilian soybean supplies are expected to lead China's imports in the last three months of 2023, a period typically dominated by freshly harvested U.S soybeans, traders and analysts said in early November.

October arrivals from the United States, China's second-largest supplier, shrank to 228,264 tons from 772,787 tons a year ago.

China's purchases from the United States had been well below the normal pace this year but the world's largest soybean importer has in recent weeks booked large U.S cargoes in a wave of buying.

The flurry of soy import deals coincides with uneven weather that has marred the start of the soy growing season in Brazil, the world's largest soybean supplier.

Total imports by China in October were 5.16 million tons. For the first 10 months of 2023, China has imported 59.68 million tons of Brazilian soybeans, up 21% compared with the same period last year. Total U.S. imports so far this year are down 1.8% at 18.78 million metric tons, the data also showed.

Corn imports from Brazil in October were at 1.8 million tons, accounting for most of the total October corn arrivals of 2.04 million tons.

River Rhine in south Germany still closed to shipping due to high water

Parts of the river Rhine in south Germany remain closed to shipping on Monday after a rise in water levels following recent heavy rain, navigation authorities said on Monday.

Rhine river shipping remains stopped around Maxau in south Germany, the German inland waterways navigation agency WSA said. Water levels are falling but not as fast as hoped. The southern sector of the river was closed on Wednesday. High water means vessels do not have enough space to sail under bridges and the blockage prevents vessels sailing to Switzerland. Shipping on northern sections of the river is operating normally including the important points of Duisburg, Cologne and Mannheim.

Falling water levels mean the river is expected to reopen to shipping on Tuesday afternoon, said the water level forecasting service of the Rheinland-Pfalz state government in south Germany.

The Rhine is an important shipping route for commodities including minerals, coal and oil products such as heating oil, grains and animal feed. The Rhine has repeatedly suffered from low water levels because of unusually dry summers in recent years.

Picture of the Day

Northern Lights, also called Aurora Borealis, illuminate the night sky over a boat on the shore in Sommaroy, Norway November 19, 2023. REUTERS/Lisi Niesner

(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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