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Top News - Oil

Saudi denies oil output hike discussion, says OPEC+ may cut if needed

Saudi Arabia on Monday said that OPEC+ was sticking with oil output cuts and could take further measures to balance the market amid falling prices, denying a report it was considering boosting output, according to state news agency SPA.

The Wall Street Journal earlier on Monday reported an output increase of 500,000 barrels per day was under discussion for the next meeting of OPEC and its allies, known as OPEC+, on Dec. 4. The report cited unidentified OPEC delegates.

"It is well-known that OPEC+ does not discuss any decisions ahead of the meeting," Saudi Arabian Energy Minister Prince Abdulaziz bin Salman was quoted by state news agency SPA as saying, referring to the group's next meeting in December.

Oil prices, which had slid more than 5% to below $83 a barrel after the Wall Street Journal report, pared losses following the minister's comments. Brent crude was down 1% at $86.70.

Last month, OPEC+ unexpectedly decided to reduce output targets sharply. It would be unusual for the group to increase production at a time of declining prices and growing concern about the economic outlook.

Prince Abdulaziz was also quoted as saying OPEC+ was ready to reduce output further if needed.

"The current cut of 2 million barrels per day by OPEC+ continues until the end of 2023 and if there is need to take further measures by reducing production to balance supply and demand we always remain ready to intervene," he said.

The WSJ said talk of a production increase has emerged after U.S. President Joe Biden's administration told a federal court judge that Saudi Crown Prince Mohammed bin Salman should have sovereign immunity from a U.S. federal lawsuit related to the killing of Saudi journalist Jamal Khashoggi.

The immunity decision amounted to a concession to Prince Mohammed, bolstering his standing as the kingdom's de facto ruler after the Biden administration tried for months to isolate him, the newspaper said.

Physical crude markets have weakened in recent days, reflecting softer demand from China and Europe.

Shell to 'evaluate' 25 bln pound British investments after windfall tax

Shell said on Monday it will evaluate plans to spend up to 25 billion pounds in Britain over the next decade following the government's decision to increase a windfall tax on oil and gas producers.

"We're going to have to evaluate each project on a case by case basis," said Shell's UK country chair David Bunch told the Confederation of British Industry's annual conference in Birmingham. "When you tax more you're going to have less disposable income in your pocket, less to invest."

British finance minister Jeremy Hunt last week announced plans to increase a windfall tax on North Sea producers to 35% from 25% in the face of surging energy prices in order to help plug a major hole in public financing.

The government forecasts that the tax, which was also extended from the end of 2025 to 2028, will raise 40 billion pounds.

The tax, known as the Energy Profits Levy (EPL), will bring the total taxes on the sector to 75%, among the highest in the world. It nevertheless allows to deduct most investments in new oil and gas projects from the tax.

In a statement on Monday, Shell said that the EPL should be designed to provide incentives to address oil and gas supply shortages as well as longer-term investments in renewables.

To reach that objective, the EPL should include a "price backstop" in case oil and prices drop sharply and should also be expanded to include investments in wind generation, hydrogen and carbon capture technology, Shell said.

Shell said earlier this year it plans to invest 20 to 25 billion pounds over the next 10 years in Britain's energy infrastructure including oil and gas, offshore wind, electric vehicle charging and hydrogen.

"The energy sector needs to have confidence that there will now be a stable investment climate following a period of considerable uncertainty," Shell said.

Top News - Agriculture

Dry weather in southern EU raises concerns for winter crops, MARS says

Winter crops in most of Europe were off to a good start, helped by historically warm weather and sufficient moisture, but a lack of rain is prompting concern in the southern region, the European Union's crop monitor MARS said on Monday. Crop conditions for next year's harvest are being closely watched at a time when grain and oilseed global supplies are being disrupted by the war in Ukraine and after summer crops like maize already endured historic drought in the EU last season.

"In most regions, the exceptional warm temperatures,

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combined with adequate topsoil moisture conditions, favoured emergence and early establishment of winter crops, and allowed late sown crops to catch up in development," MARS said in a monthly report.
The period under review in the report, between Oct. 1 and mid-November, was the warmest on MARS' records going back 31 years.
Negative effects from warmer-than-usual temperatures, including low frost tolerance and increased pest and disease pressure, were not yet alarming, it said.
However it warned that dry weather in large parts of southern Europe, including southern Spain and central and northern Italy, eastern Romania and Bulgaria, was raising concerns for winter crops.
The situation was most serious in southeastern Bulgaria, where little rain had fallen since August, and substantial areas might have to be resown with other crops in spring, it said.
Some rainfall deficits were also observed in southern France, north-eastern Germany, eastern Poland, Lithuania, Slovenia and Croatia but so far without substantial impacts on winter cereals, it said.
For rapeseed, sown earlier than wheat and barley, MARS said the warm October had favoured crops' development in the main producing countries. It added, however, that considerable pest pressure had been reported during the review period.
The seasonal outlook up to the end of February was for likely warmer-than-usual conditions in Central and Eastern Europe and highly likely warmer-than-usual conditions in Scandinavia and northern European Russia, it also said.

Discounts lift Russia's fertilizer exports, becomes top supplier to India-sources

Russia for the first time became the biggest fertilizer supplier to India in the first half of the 2022/23 fiscal year by offering discounts over prevailing global prices, cornering more than a fifth of the market share, government and industry sources said.
India's fertilizer imports from Russia surged 371% to a record 2.15 million tonnes in the first six months of the year started on April 1, a senior government official who was closely monitoring the imports, told Reuters.
He declined to be named due to the sensitivity of the matter.
In value terms, India's imports during the period spiked 765% to $1.6 billion, he said. In the last entire fiscal year India imported 1.26 million tonnes from Russia.
"India was struggling to secure fertilizers at reasonable prices after conflict escalated between Russia and Ukraine. Russian supplies were timely and at reasonable prices. It helped us to avoid possible scarcity," the official said.
Fertilizer prices jumped in the world market from March onwards after Western countries imposed sanctions on the fertilizer shipments from Russia and Belarus, key exporters, in the wake of Moscow's invasion of Ukraine.
Combined, Russia and Belarus accounted for more than 40% of global exports of potash last year. Russia accounted for about 22% of global exports of ammonia, 14% of the world's urea exports and about 14% of mono-ammonium phosphate (MAP) - all key kinds of fertilizers.
"It was a win-win situation for India and Russia," said a senior industry official who negotiates with overseas suppliers on behalf of Indian buyers.
"India sometimes got discounts of more than $70 per tonne over global prices. Russia got a big buyer who can replace European buyers."
In June, India secured di-ammonium phosphate (DAP) from Russia at $920-925 per tonne on a cost and freight basis (CFR), when other Asian buyers were paying more than $1,000, industry officials said.
The surge in Russian supplies halved China's exports to India to 1.78 million tonnes in the first half of 2022/23.
Exports from other destinations such as Jordan, Egypt and the United Arab Emirates also fell.
In the 2021/22 financial year Russia's share in Indian imports was around 6%, while China cornered 24%.
Russia's market share jumped to 21% in the first half of 2022/23, surpassing China as the biggest supplier to India, the official said.
Indian buying from Russia has not only helped local farmers, but also other import-dependent countries such as Brazil, Argentina, Malaysia, and Indonesia by curbing a rally in global prices, said another New Delhi-based industry official.
Global prices could have rallied more had India also moved away from Russia to other suppliers such as China and Morocco, which have limited supplies for exports, he said. India's total fertilizer imports in the first half of 2022/23 fell 2.4% from a year ago to 10.27 million tonnes, although in value terms imports during the period surged 59% to $7.4 billion, the government official said.

Top News - Metals

Alcoa backs Rusal's call for LME to reveal origin of all metal stocks

U.S.-based aluminium producer Alcoa supports an idea proposed last week by Russian producer Rusal for the London Metal Exchange to provide details about the origin of all metal in LME approved warehouses.
Aluminium producer Rusal, and Russian metal have not been directly targeted by sanctions imposed on Russia after it invaded Ukraine in February.
But Alcoa has actively campaigned to ban Russian metal from being traded and stored on the LME. It is concerned that large amounts of aluminium in the LME system could

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distort pricing. The LME after an industry consultation in October decided there would be no boycott of Russian metal as a significant portion of the market was still planning to buy it next year.
Instead, the world's largest and oldest forum for trading metals said it will publish regular reports from January 2023 detailing the percentage of Russian metal stored under warrant in LME warehouses to provide transparency.
But Rusal has called for the LME to start regularly disclosing the origin of all metal stocks on warrant rather than singling out Russian metal.
Alcoa said in an emailed statement to Reuters: "We support proposals that would provide market participants with more data, including monthly reports that would disclose the origin of all metal stocks on warrant."
"The important issue at present is to ensure that the market has increased visibility on Russian-origin aluminum, which will allow both the LME and market participants to carefully monitor this situation."
The LME last week said it was considering the format of the monthly report it intends to publish and will work to ensure this best meets the need of all stakeholders.
Rusal is the world's largest aluminium producer outside China accounting for 6% of global supplies estimated at around 70 million tonnes this year. Banning its metal from the exchange could create a price surge, benefiting other producers.
Rusal has consistently denied it would deliver aluminium to LME warehouses. Data from the exchange shows Russian aluminium in LME warehouses at just 17.7% of the total at 586,225 tonnes as of October 28.
Over the weekend, Rusal told Reuters its sales had already exceeded 76% of its primary aluminium and value added production for 2023, confirming an earlier source-based Reuters report.
Other producers have also publicly called for a ban on Russian metal.
Alcoa is also lobbying for a U.S. ban on Russian aluminium imports.

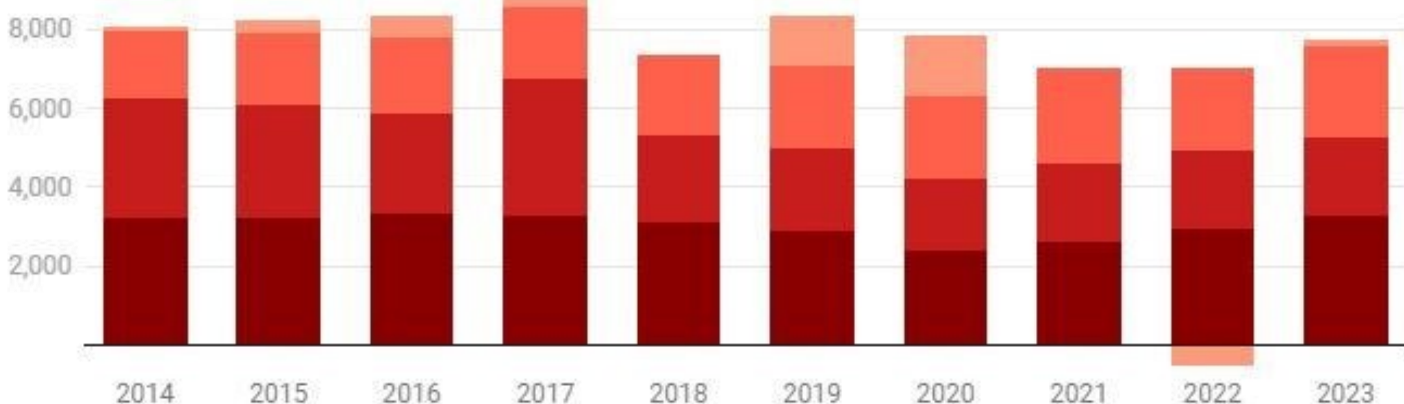
GRAPHIC-Fleeing bulls set to amplify copper losses as demand slows
Climbing inventories due to slowing demand and mounting mine supply are set to hit copper prices over coming months, with the move exaggerated by speculators cutting bets on higher prices of the metal used in power and construction.
Demand optimism kindled by top consumer China easing some COVID restrictions has faded as cases have risen and new curbs have been imposed, which will further undermine industrial activity.

Chart of the Day

Global platinum demand

The World Platinum Investment Council expects demand from the auto industry and investors to increase next year.

Automotive Jewellery Industrial Investment



Unit of measurement: thousands of ounces

Source: World Platinum Investment Council • Get the data • Created with Datawrapper

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A lower U.S. currency, which makes dollar-priced metals cheaper for holders of other currencies, provided a boost, but that trend too seems to have stalled due to hawkish comments on U.S. interest rates from Federal Reserve officials.
Benchmark copper on the London Metal Exchange rose 20% between Sept. 28 and Nov. 14 to $8,600 a tonne, but has since retreated.
Further pressure on copper prices will come from a jump in mined production - about 8% to around 24 million tonnes next year compared with a rise of only 1.8% this year, according to Macquarie analysts.
That will be compounded by a further slowdown in industrial activity, as highlighted in surveys of purchasing managers in China's manufacturing sector showing contraction.
"There's a major disconnect between the demand outlook and speculative positioning," said Citi analyst Max Layton. Citi expects a copper market deficit of 142,000 tonnes this year and a 199,000-tonne surplus in 2023.
"Inventories will rise because of the seasonal surplus we usually get between December and March. Copper prices will fall over the next couple of months," Layton said.
Already copper stocks in London Metal Exchange registered warehouses are rising and at 91,250 tonnes are up 17% since hitting nine-month lows earlier this month.
Not all the excess copper will find its way to exchange warehouses. Some of it may be stored by producers, consumers and commodity traders off-exchange and, while these stocks may be invisible, they will be reflected in physical market premiums, which are already sliding.
The widely watched Yangshan premium for copper in China at $90.50 a tonne has dropped more than 40% over the past four weeks to levels last seen at the end of September.
"The degree to which China's economy will recover following some very significant stimulus measures will be key," said CRU analyst Panos Kotseras. "CRU is expecting surpluses in 2023-2024, copper prices are going to come under pressure."

Top News - Carbon & Power

Qatar seals 27-year LNG deal with China as competition heats up

QatarEnergy has signed a 27-year deal to supply China's Sinopec with liquefied natural gas in the longest such LNG agreement to date as volatility drives buyers to seek long-term supplies.
Since Russia's invasion of Ukraine in February, competition for LNG has become intense, with Europe in particular needing vast amounts to help replace Russian pipeline gas that used to make up almost 40% of the continent's imports.
European companies looking to buy LNG needed to look at how Asian buyers were approaching their own negotiations and were willing to lock into long-term deals, QatarEnergy chief Saad al-Kaabi told Reuters, shortly before signing the Sinopec deal.
"Today is an important milestone for the first sales and purchase agreement (SPA) for North Field East project, it is 4 million tonnes for 27 years to Sinopec of China," Kaabi said.
"It signifies long-term deals are here and important for both seller and buyer," he said in an interview in Doha, adding that the deal was the LNG sector's largest single sales and purchase agreement on record.
The North Field is part of the world's biggest gas field that Qatar shares with Iran, which calls its share South Pars.
QatarEnergy earlier this year signed five deals for North Field East (NFE), the first and larger of the two-phase North Field expansion plan, which includes six LNG trains that will ramp up Qatar's liquefaction capacity to 126 million tonnes per year by 2027 from 77 million.
It later signed contracts with three partners for North Field South (NFS), the second phase of the expansion.
Monday's deal, confirmed by Sinopec, is the first supply deal to be announced for NFE. "This takes our relationship to new heights as we have an SPA that will last into the 2050s," Kaabi said.
"It sends a message that a lot of Asian buyers are actually approaching us to have a long term deal because they see the volumes of gas that are coming in the future are less and less."

LONG-TERM SUPPLY

Kaabi said negotiations with other buyers in China and Europe that want to have security of supply were ongoing.
Qatar is already the world's top LNG exporter and its North Field expansion project will boost that position and help guarantee long-term supplies of gas to Europe as the continent seeks alternatives to Russian flows.
"The recent volatility has driven buyers to understand the importance of having long-term supply that is fixed and that's reasonably priced for the long term"," Kaabi said.
"There aren't many projects that are taking final investment decision and the next two big chunks of LNG capacity that are coming into the market is Golden Pass LNG that we partnered with ExxonMobil in Texas and the next big chunk if you will is North Field East and North Field South."
Kaabi also said there was more realisation globally that gas should be an essential part of any energy transition.
"The wind doesn't blow all the time and the sun doesn't shine all the time," he said, adding that Qatari LNG is "a solution that has the least carbon intensity".
The pricing of the Sinopec deal will be similar to others in the past that were linked to crude oil.
"The way we're pricing our deals with Asia is crude linked. We've done it this way in the past and that's the mecha-

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nism we're using going forward." The deal was signed on an ex-ship basis, meaning QatarEnergy will provide the shipping and delivery of the LNG.
Kaabi added negotiations for an equity stake in the Gulf country's expansion project were ongoing with several entities.
The supply contract is a key component for an integrated partnership in the NFE, Sinopec said in a statement, indicating it could be involved in stake negotiations.
QatarEnergy has maintained a 75% stake overall in the expansion and could give up to a 5% stake from its holding to some buyers, Kaabi said.
"Important buyers that want to commit for the long term on a substantial volume want to see part of the benefits of the upstream business... so I think it's an important win if you will and it makes the partnership even more solid."
Sources told Reuters in June that China's national oil majors were in advanced talks with Qatar to invest in NFE.

Rift over gas cap looms over EU energy crisis plans
EU energy ministers meet in Brussels on Thursday to approve the latest set of emergency measures to mitigate an energy crisis, but the plans risk being eclipsed by disagreements over whether and how to cap gas prices.
On the table are new draft laws to speed up permitting procedures for renewable energy sources, and to launch joint gas purchases for the 27 EU countries.
Poland, Belgium, Italy and Greece threatened to block these if the package does not contain a gas price cap as well. A small but powerful camp led by Germany is opposed to a cap, however, saying that would prompt suppliers to sell elsewhere. Europex, the association of European energy exchanges, was among market participants to criticise plans for such an intervention.
As temperatures drop on the continent ahead of the winter, the ministers will have another go at the matter that has divided the bloc for many months.
The European Commission, the EU executive, has so far proposed applying the cap to month-ahead derivatives on the Title Transfer Facility (TTF), the Netherlands-based gas exchange that serves as Europe's price benchmark.
It would not affect over-the-counter (OTC) trade, which the Commission said was a safety valve for critical deliveries while being unlikely to take over any major share of trade.
The proposed mechanism would get activated if there was an extreme jump in gas prices in Europe without a similar move on global markets, meaning the EU would diverge from global liquefied natural gas prices (LNG).
The second condition is key to continue attracting LNG supplies to Europe, according to the Commission. As an example of such extreme market behaviour where the proposed cap would apply, the Commission has pointed to TTF price spiking last August while global markets were relatively stable. The EU's Agency for the Cooperation of Energy Regulators (ACER) would monitor markets daily and if here was a price spike diverging from global

MARKET MONITOR as of 07:30 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$80.05 / bbl	0.01%	6.44%
NYMEX RBOB Gasoline	$2.45 / gallon	0.42%	9.82%
ICE Gas Oil	$947.00 / tonne	3.30%	41.98%
NYMEX Natural Gas	$6.49 / mmBtu	-4.29%	73.86%
Spot Gold	$1,741.66 / ounce	0.22%	-4.74%
TRPC coal API 2 / Dec, 22	$222 / tonne	2.31%	80.49%
Carbon ECX EUA / Dec, 22	€74.16 / tonne	-0.60%	-8.05%
Dutch gas day-ahead (Pre. close)	€111.80 / Mwh	5.04%	68.12%
CBOT Corn	$6.59 / bushel	-0.15%	11.00%
CBOT Wheat	$7.99 / bushel	-0.41%	3.70%
Malaysia Palm Oil (3M)	RM3,947 / tonne	2.39%	-15.97%
Index (Total Return)	**Close 21 Nov**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	298.61	0.08%	20.88%
Rogers International	29.54	-0.82%	26.73%
U.S. Stocks - Dow	33,700.28	-0.13%	-7.26%
U.S. Dollar Index	107.71	-0.12%	12.23%
U.S. Bond Index (DJ)	390.61	-3.29%	-17.46%

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markets, it would inform the EU executive on the same day and the cap would take effect automatically. The Commission would have the power to suspend the cap instantly should it bring about unintended negative consequences for the bloc, including in terms of security of supplies. Otherwise, the Commission would stop the mechanism if it has served its purpose or at least one of the two conditions for its activation were no longer in place. The Commission said the cap would be a "last resort mechanism" primarily meant as a deterrent. It has not yet said for how long it would be available. It said it would not be proposing a specific price ceiling or a corridor. It also said that the proposed market intervention was not directly affecting any existing long-term contracts. For related legal concerns, it pointed to a decision last week by international arbitration in Stockholm ruling that Finland's energy provider Gasum was not obliged to pay Russian gas supplier Gazprom in roubles.

Top News—Dry Freight

Ukraine grain exports down 31.7% at 16.2 mln T so far in 2022/23

Ukraine has exported almost 16.2 million tonnes of grain so far in the 2022/23 season, down 31.7% from the 23.8 million tonnes exported by the same stage of the previous season, agriculture ministry data showed on Monday.

The volume included almost 6.3 million tonnes of wheat, 8.6 million tonnes of corn and 1.3 million tonnes of barley.

After an almost six-month blockade caused by the Russian invasion, three Ukrainian Black Sea ports were unblocked at the end of July under a deal between Moscow and Kyiv brokered by the United Nations and Turkey.

Ministry data showed that 3 million tonnes of various grains were exported in the first 20 days of November, 29.7% less than in the same period of November 2021.

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.

Pro-Bolsonaro demonstrations slow corn transport in Brazil's Mato Grosso

Truckers and other demonstrators protesting the electoral defeat of President Jair Bolsonaro are hampering the transport of corn in Mato Grasso state, the heart of Brazil's farm country, two farmers said on Monday.

Mato Grosso highway police reported 11 demonstrations on Monday morning, with roads blocked or partially blocked on four federal highways near farmers and grain processing facilities.

Brazil's top public prosecutor authorized the governor of Mato Grosso to mobilize police to clear highways of protesters.

The protests have hampered transport of some corn from farmers to ports and storage facilities, but the quantities could not be determined. The slowdown could have knock-on effects as warehouses need to be emptied ahead of a January soy harvest.

"It's actually a race against time. Clean the corn warehouses so you can start reaping soybeans," Mato Grasso farmer Evandro Lermen told Reuters.

The blockades are also delaying deliveries of farm inputs needed for planting of Brazil's second corn crop early next year, he added.

While farmer Cayron Giacomelli supports the protesters' cause, he said the blockades have prevented him from moving his corn, and he will not receive payment until he delivers it.

"We give full support to protesters, but we are being harmed," Giacomelli said.

Demonstrations by truckers and other Bolsonaro supporters started after leftist President-elect Luiz Inacio Lula da Silva won the Oct. 30 election. He takes office on Jan. 1.

Brazil's farmers have been a key constituency for Bolsonaro, but not all back continued demonstrations.

Global companies like Cargill, Bunge and Cofco operate in Mato Grosso.

At the southern port of Paranagua in Parana state, a blockade on an access road that backed up trucks on Sunday night was lifted on Monday, according to a port agent and an association representing firms that operate at Paranagua.

They said the there was little disruption to the flow of goods. Authorities are also trying to curtail demonstrations in the states of Santa Catarina, Para and Rondonia.

Farmer Endrigo Dalcin said there was little corn and soybeans left to move in Mato Grosso but said storage of the next soy crop may be complicated if protests continue.

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Picture of the Day

A worker walks past the storage of aluminium ingots at the aluminum smelter Aluminium Dunkerque in Loon-Plage near Dunkirk, France. REUTERS/Pascal Rossigno

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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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