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# Top News - Oil

**OPEC+ moving closer to compromise with African producers, sources say**

OPEC+ has moved closer to a compromise with African oil producers on 2024 output levels, four OPEC+ sources told Reuters, after disagreements over those targets forced the group of oil-producing nations to postpone a key meeting.
OPEC members Angola and Nigeria were aiming for a higher oil output allowance, officials told Reuters on Thursday.
The postponement of the meeting of Organization of the Petroleum Exporting Countries and allies such as Russia, known as OPEC+, from Nov. 26 to Nov. 30 sent oil prices sharply lower. But they have since recovered, with Brent crude prices on Friday trading above $81 a barrel.
On Thursday OPEC said the meeting would be held virtually.
One of the sources, who spoke on condition of anonymity, said he felt "with 99% of confidence" that OPEC+ could reach an agreement on Nov. 30.
A second source said that an "understanding has been reached" over the African producers issue.
Two other sources said that an agreement was near.
Nigeria's governor to OPEC Gabriel Tanimu Aduda told Reuters on Thursday that he was not aware of any disagreements with other members of OPEC+ over his country's production targets.
Nigeria and Angola were among several countries given lower targets at the last OPEC+ meeting in June after years of failing to meet the previous ones.
As of October, Angola was pumping less than its quota for 2024, according assessments by independent sources cited by OPEC.
Nigeria is pumping close to its 2024 quota of 1.38 million bpd but less than a 2024 level of 1.58 million bpd being considered for it subject to independent assessments.
Several analysts have said they expect OPEC+ to extend or even deepen oil supply cuts into next year in order to support prices.
The market is also waiting to see if Saudi Arabia extends its additional 1 million bpd voluntary production cut, which is due to expire at the end of December.

**Greenpeace accuses China oil and gas firms of 'greenwashing' LNG purchases**

Big oil and gas companies in China and elsewhere are using low-quality carbon offsets to "greenwash" their imports of natural gas while failing to make strong emissions cutting commitments, environment group Greenpeace said on Monday.
Firms like PetroChina and CNOOC Gas and Power have signed long-term contracts with Shell to buy "carbon neutral" liquefied natural gas (LNG), which uses "forest offsets" to balance out carbon emissions.
Greenpeace, which has long opposed fossil fuel producers counting carbon offsets toward their emissions reduction goals, said the "carbon neutral" branding was misleading the public.
"For oil and gas companies in particular, carbon offsets are a smokescreen to obscure their continued, redoubled carbon emissions," said Li Jiatong, project leader with Greenpeace in Beijing.
PetroChina didn't respond to a request for comment.
CNOOC Oil and Gas's parent company said it was not itself involved in LNG purchases. Shell declined to comment on Greenpeace's report.
Many of the offsets were not being measured consistently and sometimes were being double counted, Greenpeace said. And some forests tied to offset schemes were vulnerable to fires that could turn them into a carbon source, rather than a carbon sink.
Greenpeace said credits from 15 forestry carbon sink projects in China, involving Shell, PetroChina, CNOOC and other companies, have already been banked, but 80% of the projects planted trees that are at medium- to high-risk of burning down.
Rising sales of "carbon neutral" LNG are being driven by a surge in gas demand, particularly in Asia. Around 85% of carbon neutral cargoes have been sold to Asian buyers, Greenpeace said.
China's gas consumption is expected to reach 250 billion cubic metres by 2026, up from 216 bcm last year, accounting for almost half of new global demand over the period, the International Energy Agency said.
The idea of "carbon neutral" gas is likely to be on the agenda during COP28 talks starting this week, said Polly Hemming, director of the Climate and Energy Program at the Australia Institute.
While it is still a major source of greenhouse gas emissions, gas is cleaner than coal and has been described as a "bridge fuel" in the global energy transition, but anti-fossil fuel groups oppose any new gas projects.
"Stapling those offsets to fossil fuels and claiming that they are net zero - it's bonkers," said Hemming.

## Top News - Agriculture

**White House stalls ethanol expansion in Midwest amid price concerns**

The White House is stalling action on requests by Farm Belt states to allow regional sales of gasoline blended with higher volumes of ethanol after oil industry warnings that the move could cause regional supply disruptions and price spikes, according to two sources familiar with the matter.

The decision underscores concerns within President Joe Biden's administration over fuel prices, as opinion polls show inflation and the economy as key vulnerabilities for his 2024 re-election bid. In an NBC News poll released on Sunday, just 38% of respondents approved of Biden's handling of the economy.

Governors from eight Midwestern states - Illinois, Iowa, Kansas, Minnesota, Nebraska, North Dakota, South Dakota and Wisconsin - petitioned the Environmental Protection Agency last year to let them sell gasoline blended with 15% ethanol, or E15, all year, arguing it would help them lower pump prices that soared following Russia's invasion of Ukraine in February 2022.

The EPA last March issued a proposal that would approve the request by the governors. The agency subsequently missed deadlines to finalize the proposal after oil refiners including HF Sinclair Corp and Phillips 66 warned that a patchwork approach to approving E15 sales would complicate fuel supply logistics and raise the risk of spot shortages.

U.S. gasoline typically contains 10% ethanol.

The two sources familiar with the administration's thinking, speaking on condition of anonymity, said the White House decided to delay action on the matter following the oil industry's warnings in part because of concern that higher pump prices in certain states could hurt Biden's re-election chances.

White House and EPA officials declined to comment on the matter.

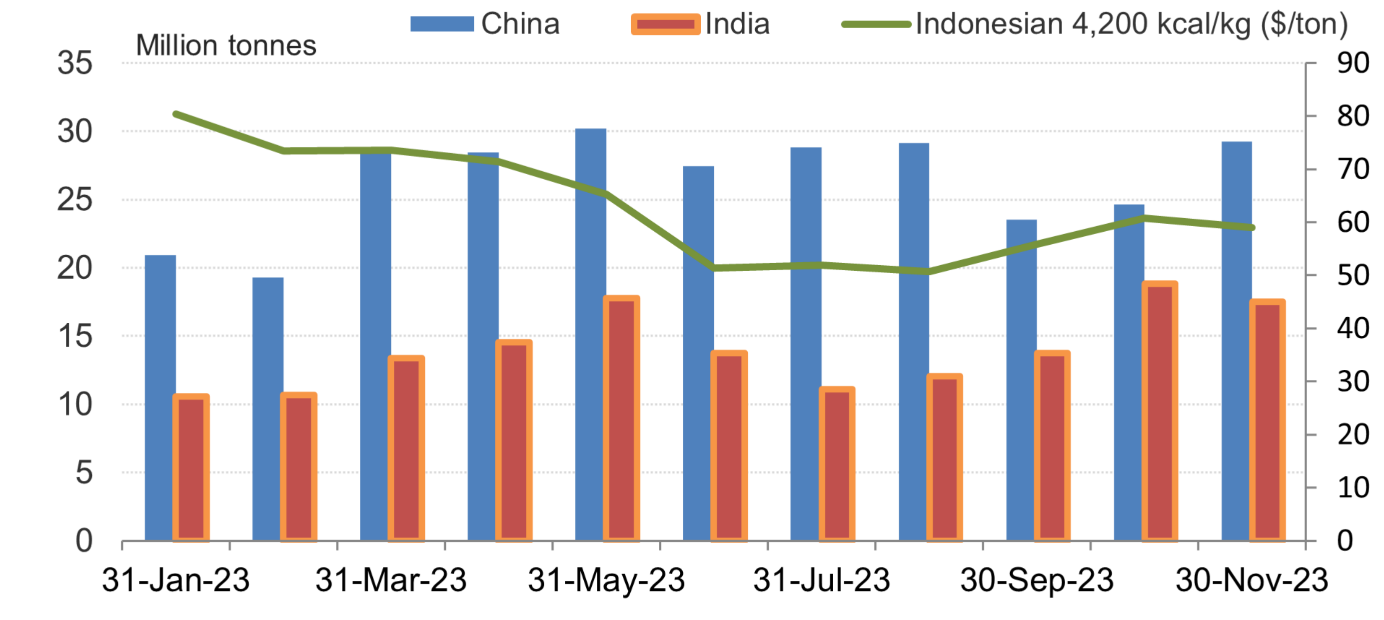
Ethanol, a domestically produced alternative fuel most commonly made from corn, is cheaper by volume than gasoline. Adding more of it to the fuel mix can lower prices by increasing overall supply. But the U.S. government restricts sales of E15 gasoline in summer months due to environmental concerns over smog.

The ethanol industry for years has pushed to lift the restrictions on E15 sales nationwide, arguing the environmental impacts have been overstated.

## Chart of the Day

**CHINA VS INDIA THERMAL COAL**

Seaborne thermal coal imports by China, India vs Indonesian 4,200 kcal/kg price




Note: November 2023 imports are estimate as of Nov. 27, price is as of Nov. 24.

Source: Kpler, LSEG Reuters graphic/Clyde Russell 27/11/23

Nebraska and Iowa sued the EPA in August for missing its statutory deadlines on the request by the governors. In its October response, the EPA did not deny it that missed the deadlines and did not offer an explanation.
The oil and ethanol lobbies have produced dueling studies that show how allowing E15 in some states would impact prices, with predictable results. Oil industry-backed studies showed price increases, while ethanol industry-backed studies showed any price increases offset by utilizing lower-cost ethanol.
University of Houston energy economist Ed Hirs said the average U.S. consumer does not understand oil markets, leaving the White House and Biden's re-election campaign vulnerable to accusations that approving the requests by the governors caused fuel prices to spike, even if something else was to blame.
"There is an unwritten rule that high gas prices mean the incumbent won't get re-elected," Hirs said.

### Safras, hEDGEpoint cut forecasts for Brazil soy crop on bad weather

Agribusiness consultancies Safras & Mercado and hEDGEpoint on Friday reduced their estimates for Brazil's 2023/24 soybean crop, as consensus grows that bad weather will hamper output in the world's largest producer and exporter.
Safras said it now forecasts production this season to total 161.38 million metric tons, down from the 163.25 million it estimated before, while hEDGEpoint cut its projection to 160.1 million tons from 162.3 million.
Both consultancies mentioned adverse weather as the main reason behind their decisions, as center-northern Brazil grapples with low humidity and high temperatures while southern Brazil faces excessive rains.
"If the weather doesn't get better, fresh cuts may happen," Safras analyst Luiz Fernando Roque said, "but if there is an improvement, most of the fields may recover, resulting in still-relevant yields."
Safras noted the projection was still for a record crop even after the cut.
HEDGEpoint analyst Pedro Schicchi said the bad weather was concerning and challenges would remain even as forecasts point to some improvement going ahead, as the El Nino climate pattern was expected to remain in place until early 2024.
"So far, not only has rain been scarce, but temperatures are also exceptionally high," Schicchi said. "In the short term, forecasts are a bit better than before but still not encouraging."
"There is certainly room for more cuts if weather conditions remain bad, but there is still a lot to happen so it is quite difficult to make definitive statements before the crop reaches its reproductive stage in December-January."
Consultancy AgRural reduced its forecast for Brazil's soybean crop this month and did not rule out fresh cuts, while Agroconsult said bad weather would keep production below the Brazil's potential. AgResource also revised its forecast down.

## Top News - Metals

### China says boosts iron ore concentrate capacity to secure supplies

China has added 50 million metric tons of iron ore concentrate capacity from 2022, state media quoted an official at the industry association as saying on Monday, part of a plan to boost production of the key steelmaking ingredient.
China, the world's top steel manufacturer, needs to import 80% of its iron ore. It has pledged to increase domestic supply to 370 million tons by 2025 from 286 million tons in 2022.
Luo Tiejun, vice chairman of the state-backed China Iron and Steel Association (CISA), was quoted in the China Metallurgical News as saying the 50 million tons of additional capacity was part of the "cornerstone plan".
He did not say how much total iron ore capacity currently was, but said China will further accelerate the construction of key iron ore projects to achieve supply security.
"More than a dozen key iron ore projects have started after the implementation of the plan," said Luo.
China produced 215.46 million tons of iron ore concentrate from January to September, a rise of 1.3% year-on-year, data from the state-backed Metallurgical Mines Association of China (MMAC) showed.
Concentrate supply is expected to rise by 3% on the year to around 295 million tons in 2023, Lei Pingxi, chief engineer at the MMAC told a conference this month.
China will produce around 300 million tons of iron ore in 2024, analysts at China International Capital Corporation (CICC) said in a research note this month.

### China's lithium prices fall faster as supply beats expectations

Lithium prices in China fell more sharply this week, hitting a 26-month low, as a trial delivery of the metal to the Guangzhou Futures Exchange indicated larger-than-expected supply in the world's top producer of the battery metal.
The most-traded January lithium futures contract on the exchange edged up 1% on Friday to end the week at 124,050 yuan per metric ton, down 10% on the week.
They shed 7% last week.

It posted a 7% tumble on Thursday and now stands at less than half its price when the contract began trading in July.
That fall came a day after a test-run by the exchange for the new contract showed higher-than-expected availability of deliverable supply, analysts and traders said.
"The trial disappointed those who had bet on a shortage of deliverable goods when the contract matured, accelerating the price fall," said Zhang Weixin, a lithium analyst at China Futures.
The plunge in the futures market dragged down spot lithium prices. Spot lithium carbonate assessed by Fastmarkets fell 11% this week to a 26-month low at 129,000 yuan per ton, its biggest weekly drop in seven months. Prices fell 4% last week. Prices could fall to 100,000 yuan per ton by year-end with no expectation for a pick-up in demand, Zhang said. Prices have tumbled dramatically from a peak close to 600,000 yuan last November, after China ended its national subsidies for electric vehicles.
The market has also been weighed down by rising domestic production of lithium carbonate amid lower raw material costs. Prices of spodumenme, one of the main raw materials for the lithium chemical, fell to $1,590 per ton this week, down 80% this year and the lowest since August 2021.
China's November output of lithium carbonate is expected to climb to 43,970 tons, up 9% from October and up 20% from last November, according to information provider Shanghai Metals Market (SMM).
Inventories readily available in the market stood at 63,296 tons in mid-November, according to SMM, up from 45,917 tons in October.
As supply growth outpaces demand, global lithium will register a 4% oversupply this year, said CITIC Futures, versus a deficit of 6% in 2021 and 2022.

## MARKET MONITOR as of 07:47 GMT

| Contract | Last | Change | YTD |
|---|---|---|---|
| NYMEX Light Crude | $75.11 / bbl | -0.57% | -6.42% |
| NYMEX RBOB Gasoline | $2.13 / gallon | -0.24% | -13.99% |
| ICE Gas Oil | $815.00 / tonne | -2.25% | -11.51% |
| NYMEX Natural Gas | $2.73 / mmBtu | -4.45% | -39.04% |
| Spot Gold | $2,010.59 / ounce | 0.43% | 10.21% |
| Carbon ECX EUA | €76.15 / tonne | -0.59% | -9.31% |
| Dutch gas day-ahead (Pre. close) | €46.20 / Mwh | 0.26% | -38.86% |
| Malaysia Palm Oil (3M) | RM3,908 / tonne | 0.46% | -6.37% |
| **Index** | **Close 24 Nov** | **Change** | **YTD** |
| Thomson Reuters/Jefferies CRB | 309.15 | -1.10% | 2.59% |
| Rogers International | 27.19 | 0.13% | -5.16% |
| U.S. Stocks - Dow | 35,390.15 | 0.33% | 6.77% |
| U.S. Dollar Index | 103.27 | -0.13% | -0.24% |
| U.S. Bond Index (DJ) | 406.59 | -0.38% | 3.60% |

## Top News - Carbon & Power

**Biden's clean energy agenda faces mounting headwinds**

Canceled offshore wind projects, imperiled solar factories, fading demand for electric vehicles.

A year after passage of the largest climate change legislation in U.S. history, meant to touch off a boom in American clean energy development, economic realities are fraying President Joe Biden's agenda.

Soaring financing and materials costs, unreliable supply chains, delayed rulemaking in Washington and sluggish permitting have wrought havoc ranging from offshore wind developer Orsted's project cancellations in the U.S. Northeast, to Tesla, Ford and GM's scaled back EV manufacturing plans.

The darkening outlook for clean energy industries is tough news for Biden, whose pledge to deliver a net-zero economy by 2050 faces headwinds that the landmark Inflation Reduction Act's billions in tax credits alone can't resolve.

After walking into last year's United Nations climate summit in Egypt touting the IRA as evidence of unprecedented progress in the fight against climate change, Biden is expected to skip this year's event in Dubai amid dire warnings that the world is moving too slowly to avert the worst of global warming.

Clean energy experts interviewed by Reuters say the mounting setbacks will make the United States' ambitious targets to decarbonize by mid-century even harder to reach.

"While we see healthy numbers being deployed each and every quarter and we're continuing to be on a growth path, it's certainly not at the level that is required to hit some of those targets," said John Hensley, vice president for the clean energy trade group American Clean Power Association (ACP).

The dynamics of soaring costs and broken supply chains are also slamming projects in other regions. No major nation is on track to meet the emissions reduction goals outlined in the United Nations' Paris accord, which aims to limit global warming to 1.5 degrees Celsius, according to Wood Mackenzie.

A White House official said that while there have been macroeconomic setbacks and bottlenecks at the local level to renewable energy deployment, there are plenty of examples of progress, including an expanding EV market and Dominion Energy Inc making headway on the nation's largest offshore wind farm off the coast of Virginia.

"In the face of headwinds that are macro in nature, headwinds that affect decision making across the economy, this has been a resilient trajectory," White House National Climate Advisor Ali Zaidi said in an interview. He said the United States will achieve it's climate goals.

TEN MILLION HOMES

More than 56 gigawatts of clean power projects, enough to power nearly 10 million homes, have been delayed since late 2021, according to an ACP analysis. Solar energy facilities account for two thirds of those delays due in part to U.S. import restrictions. Washington has been trying to combat the use of forced labor and tariff-dodging in a panel supply chain that is dominated by Chinese goods.

Issues like permitting gridlock, local fights over where to site solar and wind projects and a grid connection process that can take an average of five years are also routinely cited by developers as among the industry's biggest challenges.

"In a number of areas investment has increased," Prakash Sharma, vice president of scenarios and technologies at Wood Mackenzie said in an interview. "But then when it comes to some of those permitting and approvals that are required to push projects forward, or infrastructure development, that's an issue which IRA cannot solve."

Tight supplies and strong demand for renewables from utilities and corporations have also driven up contract prices, which could mean higher costs for consumers. Solar contract prices rose 4% to hit $50/MWh for the first time ever in the third quarter, according to tracking firm LevelTen.

Vic Abate, Chief Executive of GE Vernova's wind business, said progress is happening more slowly than some had anticipated, but was not fundamentally off course.

"I'm not betting against the IRA," he said in an interview. "This is more of a question of when. If last year people were thinking '23 to '24, it's probably more '24 to '25."

The IRA aims to shore up the U.S. clean energy supply chain by incentivizing domestic production of equipment like solar panels and wind turbines, but recently manufacturers have warned that a wave of new Asian capacity is threatening the viability of dozens of planned American factories.

Turmoil in the nascent U.S. offshore wind industry, meanwhile, is perhaps the most high profile setback. Developers like Orsted, BP and Equinor have sought to renegotiate or cancel contracts due to soaring costs, and have taken multi-billion dollar writedowns on projects. Players also largely failed to show up for a federal sale of wind leases in the Gulf of Mexico in August. The Biden administration's target of deploying 30 gigawatts of offshore wind by 2030 is now widely regarded as unattainable.

Meanwhile, some corporations are delaying investment decisions while awaiting the Treasury Department to craft rules on how the IRA's tax credits can be used.

Robert Walther, director of federal affairs at ethanol maker POET, for example, says his company is waiting

on the design of tax credits for sustainable aviation fuel under the IRA, to see whether the corn-based fuel can qualify as a feedstock.
"We're not pulling the trigger on anything until we know what the value of these tax credits are," Walther said.
Still, the U.S. can be proud of how it is tackling climate change, particularly when compared with the Trump administration's relatively recent efforts to roll back policies that protect the climate, according to Dan Reicher, a scholar at Stanford University.
"These are the normal ups and downs of clean energy development and deployment," Reicher said.
"I think we can go to COP with our chin held high that we're making some real progress."

**COLUMN-China's thermal coal imports jump, crowding out India: Russell**
China's imports of thermal coal in November are poised to surge to the second-highest monthly total this year, helping drive prices higher for the grades most commonly sought by the world's biggest buyer of the power station fuel.
Thermal coal imports are expected to be around 29.21 million metric tons in November, up from October's 24.62 million and second only to the 30.21 million in May, according to data compiled by commodity analysts Kpler.
China's imports are being driven by increased arrivals from Indonesia, the world's largest exporter of thermal coal, with Kpler estimating 18.03 million metric tons will arrive this month.
This is up from imports from Indonesia of 16.70 million metric tons in October, according to Kpler data.
Indonesian coal is popular among southern China coastal utilities as its relatively low sulphur content allows it to blend well with higher sulphur domestic supplies.
China's appetite for Indonesian coal has helped prices rally, with commodity price reporting agency Argus assessing fuel with an energy content of 4,200 kilocalories per kg (kcal/kg) at $58.94 a metric ton for the week to Nov. 24.
This was the second consecutive weekly gain and this grade is now 17% higher than the low so far this year of $50.38 a metric ton, hit in the week to Aug. 25.
However, the higher price for Indonesian coal is likely leading to reduced interest in India, the world's second-biggest importer of the fuel.
India is expected to import around 17.78 million metric tons of thermal coal in November, down from 18.82 million in October, which was the strongest month so far in 2023, according to Kpler data.
Imports from Indonesia are expected to decline to 10.92 million metric tons in November from 12.19 million in October.
However, India's imports of thermal coal from Australia are expected to hold steady in November from October, meaning a larger share for the world's second-biggest exporter of the fuel.
Thermal coal arrivals from Australia are forecast to be 1.11 million metric tons in November, up slightly from the 1.02 million in October.
In the past two months India has turned more to thermal coal from Australia, with imports exceeding 1 million metric tons in both October and November, the first months this has happened since February.
Indian utilities tend to buy Australian thermal coal linked to the Argus assessment for 5,500 kcal/kg fuel, which declined to $93.12 per metric ton in the seven days to Nov. 24. While this grade is still 10.5% above its September low of $84.25 a metric ton, it's down 12% from its recent peak of $105.85 from the week ended Oct. 13.

CHINA TAKES AUSTRALIAN COAL
China has also increased purchases from Australia, and it also prefers the same grade as India, as opposed to the 6,000 kcal/kg higher-quality coal that is mainly imported by Japan, South Korea and Taiwan.
China's imports of thermal coal from Australia are estimated at 7.22 million metric tons, up from 4.23 million in October and the highest monthly total since Beijing ended its informal ban on imports from Australia at the start of this year.
November's imports even exceed the volumes that were typical prior to the ban being imposed in mid-2020 amid a political fallout between Beijing and Canberra, and it's the strongest month in Kpler data going back to 2017.
Overall, its possible that China's increased appetite for imported thermal coal ahead of the northern winter is crowding out some demand in India, which tends to be a more price-sensitive buyer.
This is especially the case for supplies from Indonesia, with China's increased volumes causing India to lose out, forcing it to turn to other suppliers such as Australia.
India is also taking larger volumes from South Africa, with Kpler estimating November imports at 2.67 million metric tons, down a tad from October's 2.71 million, but up from 2.24 million in September, 1.56 million in August and July's 1.06 million.
South Africa is a swing supplier to both the Atlantic and Indian basins, and Europe's declining coal imports this year have freed up South African cargoes for Asian buyers.
South Africa exported 3.74 million metric tons to Asia in October and just 386,860 to Europe, a shift from the same month in 2022 when shipments to Asia were 2.93 million and to Europe were 2.22 million.
The increased availability of South African coal in Asia has helped moderate price gains for Indonesian and Australian grades.
*(The opinions expressed here are those of the author, a columnist for Reuters.)*

## Top News - Dry Freight

**China to enhance iron ore supervision at ports in second intervention this week**

China's state planner said on Friday it would strengthen the supervision of iron ore at ports and guard against hoarding and speculation in order to maintain an orderly market, its second move this week aimed at curbing a price rally.

The National Development and Reform Commission (NDRC) said it had recently held a meeting with major ports, to understand portside iron ore inventory and storage fees at yards.

The most-traded January iron ore contract on China's Dalian Commodity Exchange (DCE) dropped 0.41% to 973 yuan a metric ton at 1337 GMT while benchmark December iron ore on the Singapore Exchange fell 0.44%.

The NDRC's latest move comes after it said on Thursday it would further tighten supervision of spot and futures markets in response to a "continuous and rapid" rise in prices of the key steelmaking ingredient, leading to a brief price fall.

Iron ore futures, however, were set for their fifth weekly gain on Friday as optimism over government support for the property sector in top consumer China outweighed the latest intervention from authorities.

**Australia climate change activists disrupt shipping at coal port**

A climate change protest off Australia's east coast disrupted operations at the country's biggest coal export port on Saturday, the port operator said.

Climate activist group Rising Tide, which claimed responsibility for the action, said around 1,500 people were at the protest, 300 of them in the shipping channel near the Port of Newcastle, as part of a 30-hour blockade set to run until 4 p.m. (0900 GMT) on Sunday.

Climate change is a divisive issue in Australia, the world's biggest exporter of thermal coal behind Indonesia, and the top exporter of coking coal, used to make steel.

The Port of Newcastle, some 170 km (105 miles) from New South Wales state capital Sydney, is the largest bulk shipping port on the east coast and Australia's largest terminal for coal exports, according to the state government.

"At present, due to the number of people currently in the shipping channel, all shipping movements have ceased due to safety concerns, irrespective of the cargo they are carrying or intend to load," a Port of Newcastle spokesperson said in a statement.

Rising Tide spokesperson Zack Schofield said no coal shipments had entered or exited the port since 10 a.m. on Saturday.

"So far it's holding true," he said of the blockade by a flotilla of kayaks. In April, 50 of the group's activists were charged by police with an unlawful protest near the same port.

The group wants to block 500,000 tonnes of coal from leaving the port during the blockade, it said in a statement.

State police said no arrests had been made in relation to Saturday's protest.

Australia's centre-left Labor government does not support a ban on all new fossil fuel projects but sees "safeguard mechanism" reforms as key to cutting emissions by 43% by 2030 in a country that ranks as a leading global carbon emitter per capita.

## Picture of the Day

*Corn grains are loaded on a truck after being harvested at a farm near Brasilia, Brazil, August 22.*
*REUTERS/Adriano Machado*

(Inside Commodities is compiled by Archak Sengupta in Bengaluru)

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

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LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

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