Oil | Agriculture | Metals | Carbon & Power | Dry Freight
Click on headers to go to that section

Top News - Oil

Global oil market signals short-term weakness ahead of EU ban on Russian oil
The global oil market is signaling a potential shift, as traders and analysts worry about reduced crude demand and an oversupplied market in the coming months.
After months of strength, crude futures are flirting with lows not seen all year as top oil consumer China enters additional COVID-19 lockdowns while central banks hike interest rates to combat inflation.
Front-month global oil prices in the last week have traded weaker than future-dated contracts, while prices for physical crude grades throughout the world have declined, market participants said.
"Differentials are confirming what outright prices have been implying – there is a demand deficit and/or supply surplus," said Tamas Varga of oil broker PVM.
The murkier environment comes at a fraught time for the market. On Dec. 5, a European Union ban on Russian crude imports is set to start, along with a plan by the G7 nations to force shippers to comply with a price cap on Russian oil sales.
Meanwhile, OPEC+ - the grouping of the Organization of the Petroleum Exporting Countries (OPEC) and allied producers including Russia - is set to meet to consider output levels on Dec. 4.
The changes are evident in the market's structure - a comparison of near-term versus longer-dated contracts. In the last week, crude futures contracts have flipped in and out of contango, where the prompt price of a commodity is lower than the future price, which suggests short-term weakness.
The front-month U.S. crude futures contract traded as low as 38 cents weaker than the second-month contract, the weakest differential since November 2020, Refinitiv Eikon data showed. The front-month contract for the Brent international benchmark traded as low as 6 cents below the second-month, the weakest since August.
The inter-month spread for December and January Dubai swap flipped into contango last week for the first time in one and half years.

WEAKER DEMAND FROM ASIA
In China, traders are worried about oversupply if China and India continue importing large amounts of discounted Russian oil. At the same time, additional COVID restrictions are expected to weigh on demand.
Offers of Angolan and other West African crude oil to China, a main customer, are a barometer of physical crude demand from the country. China's Unipec, a major world oil trader, offered for sale several cargoes of crude shipments set to load in December, in a rare sign of slackening interest.
Meanwhile, Norway's Equinor this week offered a cargo of Angolan Pazflor crude for a discount of $2.50 a barrel to dated Brent, down more than a dollar in a week. Spot prices for crude out of Oman - a key supplier to China - have fallen to 82 cents over Dubai crude from as high as $15.06 a barrel in early March.

OVERSUPPLIED
Oil storage in several regions is building, said Norbert Rucker, head of economics and next generation research at Swiss wealth manager Julius Baer.
In addition, European refiners have found themselves oversupplied with crude as an expected shortage owing to the looming EU ban on Russian oil has yet to materialise.
The premium for North Sea crude Forties to dated Brent reached an all-time high of $5.40 in July, but has narrowed sharply to just 75 cents this week. Forties usually sets the value of dated Brent.
In the United States, WTI Midland prices have weakened to just a 20-cent premium to crude futures, falling from a premium of more than $2 about a month ago. That's even though inventories at Cushing, Oklahoma, a key storage hub in the United States, are at a two-month low.

Chevron can resume key role in Venezuela's oil output, exports
Chevron Corp on Saturday received a U.S. license allowing the second-largest U.S. oil company to expand its production in Venezuela and bring the South American country's crude oil to the United States.
The decision grants broader rights for the last big U.S. oil company still operating in U.S.-sanctioned Venezuela. However, it restricts any cash payments to Venezuela, which could reduce the oil available to export.
License terms are designed to prevent state-run oil firm Petróleos de Venezuela, known as PDVSA, from receiving proceeds from Chevron's petroleum sales, U.S. officials said. The license lasts for six months and will be automatically renewed monthly thereafter, the U.S. Treasury said.
The U.S. authorization "brings added transparency to the Venezuelan oil sector" and allows Chevron to benefit from sales of "oil that is currently being produced" by its joint ventures with PDVSA, the California-based company said in a statement.

POLITICAL TALKS

Following oil sanctions on Venezuela in 2019, Chevron received an exemption to trade its Venezuelan crude to recoup pending debts. But those privileges were suspended a year later. Chevron's four PDVSA joint ventures produced about 200,000 barrels per day of crude oil and exported the crude around the world prior to the sanctions.

The United States issued the license on the same day that Venezuela and opposition leaders began a political dialogue in Mexico City by agreeing to ask the United Nations to oversee a fund providing food, healthcare and infrastructure to Venezuelans.

Terms bar Chevron from helping the OPEC member develop new oilfields but provides a way for the company to recoup some of the billions of dollars owed by PDVSA through the oil sales. It also allows the U.S. company to import supplies to help process the country's crude oil into exportable grades.

Oilfield service firms Baker Hughes, Halliburton, Schlumberger and Weatherford International had their U.S. licenses renewed but not expanded. That limits any wider expansion of Venezuelan oil production.

Spokespeople for the four, only two of which still have equipment in the country, did not immediately respond to requests for comment, or had no immediate comment.

The United States, which first levied sanctions on PDVSA in 2017, said it reserved the right to rescind or revoke the license at any time. A spokesperson insisted the authorization was not a response to this year's sharp rise in energy prices.

"This action reflects longstanding U.S. policy to provide targeted sanctions relief based on concrete steps that alleviate the suffering of the Venezuelan people and support the restoration of democracy," the U.S. Treasury Department said in a statement.

The United States over the years has increased sanctions on Venezuela, seeking to oust socialist President Nicolas Maduro over his 2018 reelection, which was not recognized by the west. Maduro has clung to power with the help of PDVSA, Russia and Iran.

Maduro has gained new clout with the rise of leftist leaders in Latin America and a fractured opposition struggling from a lack of funds, and with leaders exiled or imprisoned.

U.S. officials traveled to Caracas this year and held talks that led to the release of seven Americans held in Venezuelan jails in return for the release of two relatives of Maduro held on drug convictions.

U.S. REFINERS

The authorization provides limited new supplies of crude to a market struggling to replace Russian barrels shunned by Western buyers over its invasion of Ukraine. Chevron and other U.S. oil refiners could benefit from supplies of Venezuela's heavy crude flowing to their U.S. Gulf Coast processing plants.

Analysts cautioned that Maduro is likely to bristle at license restrictions, including the lack of cash payments that his administration sought.

The authorization bans any payment of oil royalties and taxes to the Venezuelan government, or in-kind payments to PDVSA. It also bars Chevron from transactions with Russian-controlled companies operating in Venezuela.

Terms will "require significant reporting by Chevron on financial operations of their joint ventures to ensure transparency," a U.S. official said, adding that other sanctions on Venezuela and its officials remain in place.

"There is not a big incentive in the short term" for Venezuela, said Francisco Monaldi, an expert on Latin American energy policy at Rice University's Baker Institute for Public Policy. Terms could be relaxed over time, he added.

"We'll see how Maduro's government reacts to it and how many cargoes will be assigned to Chevron after," Monaldi said. The United States earlier this year began considering Chevron's request to expand operations with more urgency as Washington sought oil to replace supplies hit by sanctions on Russia over its invasion of Ukraine and more recently as OPEC cut its output.

Venezuela holds about 300 billion barrels of oil reserves, the world's largest, but has been unable to hit its production targets due to underinvestment, poor maintenance, lack of supplies and U.S. sanctions.

Top News - Agriculture

Argentina revives 'soy dollar' FX rate until year-end to boost reserves

Argentina on Friday announced a more generous exchange rate for U.S. dollars brought in through soy exports until the end of the year, seeking to rev up exports of its top cash crop and bring much-needed dollars to central bank coffers.

The 230 pesos per U.S. dollar exchange rate for soybeans and their derivatives will start on Monday, Economy Minister Sergio Massa said following a meeting with farm sector leaders. Currently, the official rate hovers around 165 pesos.

"We're doing this with the conviction that by aligning incentives it will allow us to strengthen reserves," said Massa, who anticipated collecting at least $3 billion.

The policy is aimed at encouraging exports as many Argentines fear further weakening of the local currency amid sky-high inflation, and some farmers have preferred to keep soybeans in storage versus selling at unfavorable terms.

Argentina is the world's top exporter of processed soy oil and meal, as well as a major global supplier of corn and wheat.
The country's central bank is looking to bolster its international currency reserves, needed in large part to meet debt payments.
In September, the government dramatically boosted soy exports with its earlier "soy dollar" policy when exporters could tap a rate of 200 pesos per dollar, compared to an official exchange rate at the time of around 150 pesos per dollar.
The latest "soy dollar" rate includes an inflation update, one source told Reuters.
The September measure brought in almost $8 billion to the country, with around $5 billion remaining in central bank reserves.
The latest move generated some opposition from the country's agricultural sector.
Carlos Achetoni, president of the Argentine Agrarian Federation, said earlier on Friday he would not attend the meeting with Massa, insisting that the government policymakers should end the proliferation of multiple exchange rates.
"You have to look for a single (exchange) parity," he said.

Egypt's wheat reserves sufficient for more than five months – official
Egypt's wheat reserves are sufficient for more than five months of consumption, while its sugar reserves are sufficient for only four months, deputy supply and internal trade minister, Ibrahim Ashmawy, told Reuters on Saturday. Egypt's vegetable oil reserves are sufficient for nearly five months as well, while those of rice are sufficient for four months, Ashmawy said.
He added that Egypt, one of the world's largest wheat importers, registered 40 mills on its new commodities exchange in preparation for the first offering of wheat on Sunday.
Egypt's state grains buyer, the General Authority for Supply Commodities (GASC), is set to sell wheat to mills from its strategic reserves via the new commodities exchange , a supply ministry statement had said on Tuesday. GASC will make an offering on the exchange twice a week from Nov. 27, marking the official launch of the exchange, according to the ministry's statement.
Ashmawy said the quantities and their specifications will be announced less than an hour before trading, saying that it is at the last minute because trading will be in the form of bidding. Other strategic commodities such as oil, sugar and rice will also be traded successively, he added.

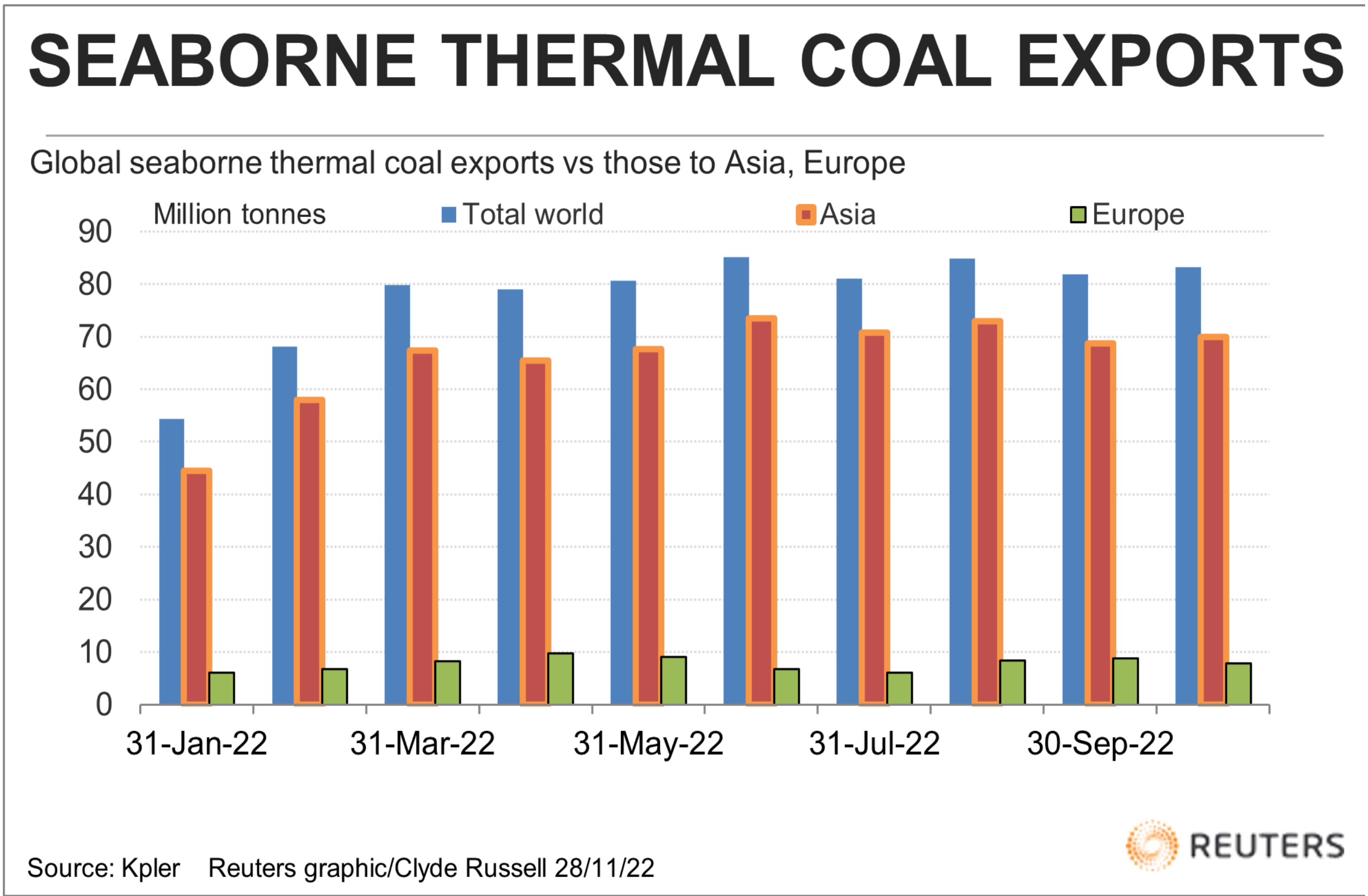
Top News - Metals

LME hopes to resume nickel trade in Asian hours in two weeks -executive
The London Metal Exchange (LME) hopes to resume trading of its nickel contract during Asian hours within the next two weeks, an executive said on Monday.
The world's largest and oldest forum for trading metals, the LME was forced to suspend the nickel market and cancel all trades on March 8, after prices spiked more than 50% to hit a record above $100,000 a tonne within a few hours.
"We're very, very determined in focusing on helping rebuild liquidity in our nickel contract," Robin Martin, its head of market development, told the LME Singapore Forum.
"We hope to be able to re-introduce trading of our nickel contract during Asian hours as soon as within the next two weeks."
Nickel trading resumed on March 16, when the LME introduced daily price limits, but not during Asian hours.
The debacle was the biggest crisis to hit the exchange, as the suspension left consumers and producers without key benchmark prices and damaged the reputation of the 145 -year-old organisation.
"We absolutely do not take our role in this industry for granted and realise that the LME has a lot of work to do to rebuild confidence in our market," Martin said.
In June, the exchange said it had appointed management consultants Oliver Wyman for an independent review of the March incident.
"This review is now close to being finalised and will be published next month," Martin added.
The LME is also exploring appetite for class 2 nickel price referencing.
"We're also discussing with market participants around the potential need for alternative for reference pricing sources for class 2 nickel material, be that nickel pig iron (NPI), ferronickel or nickel sulphate."
The LME nickel contract prices high grade, class 1 nickel. However, the majority of volume traded these days is class 2 nickel, in the form of lower grade materials such as NPI, ferronickel, mostly produced in Indonesia, or nickel sulphate.
Global demand for nickel, used in batteries for electric vehicles, is expected to surge towards the end of the decade, as the world adopts green energy and electric vehicles.

Rio Tinto reaches historic agreement with Juukan Gorge group
Global miner Rio Tinto Ltd has reached a restitution agreement with an Aboriginal group whose rock shelters in Western Australia it destroyed two years ago for an iron ore mine, the groups said on Monday.

The destruction of the Juukan Gorge sites that showed evidence of human habitation stretching back into the last Ice Age 46,000 years ago caused deep distress to the traditional owners, the Puutu Kunti, Kurrama and Pinikura (PKKP) peoples.
It also fueled a global uproar, cost three senior leaders and two board members their jobs, a parliamentary enquiry and an overhaul of the mining industry's agreements with Indigenous Australians.
Financial terms were not disclosed by either party at the request of the PKKP, the parties said.
"Nothing can compensate for or replace the loss suffered at Juukan Gorge, so this is an outcome orientated legacy to ensure something positive will come from it for years to come," PKKP Aboriginal Corp Chairperson Burchell Hayes said.
The Juukan Gorge Legacy Foundation will focus on education and training opportunities, financial independence through business development, preservation and an increased voice over heritage, culture and land, the PKKP said in a statement.
The two groups are in advanced talks about a co-management of mining agreement, the PKKP added.
"We fell far short of our values as a company and breached the trust placed in us by the PKKP people by allowing the destruction of the Juukan Gorge rock shelters," Rio Tinto Chief Executive Jakob Stausholm said.
"As we work hard to rebuild our relationship, I would like to thank the PKKP people, their elders, and the Corporation for their guidance and leadership in forming this important agreement," he said in a separate statement. As well as the legacy foundation, remedy discussions have centred on ongoing rehabilitation of the rock shelters and their surrounds at Juukan Gorge, Rio said. Australia said last week that it would strengthen laws to better protect Aboriginal cultural heritage following the enquiry, although it did not offer a time frame for completion.

Chart of the Day



REFINITIV
DATA IS JUST THE BEGINNING

Top News - Carbon & Power

UK to launch new billion-pound home insulation programme

Britain's government intends to make 1 billion pounds ($1.2 billion) of public funding available for home insulation projects from early next year, widening access to assistance that was previously only available to poorer households.

The government said the proposed scheme would run from early 2023 until March 2026 and would help meet a recent target to reduce energy consumption by 15% by 2030.

"Our new ECO+ scheme will help hundreds of thousands of people across the UK to better insulate their homes to reduce consumption, with the added benefit of saving families hundreds of pounds each year," finance minister Jeremy Hunt said in a statement on Monday.

Britain is currently facing its biggest squeeze on living standards on record, according to government forecasters, driven largely by a surge in energy costs since Russia's invasion of Ukraine pushed up natural gas prices across Europe.

Government subsidies for household energy bills are already forecast to cost 25 billion pounds this financial year and 13 billion pounds in 2023/24.

Business and energy secretary Grant Shapps said the insulation programme would help make Britain less reliant on imported energy.

Existing insulation subsidies are targeted towards people in social housing or who are on low incomes.

Under the new plan, up to 80% of the subsidies will be available to people do not qualify for income-based assistance, but whose homes are not energy efficient and fall outside the top bands for local property taxes.

The 1 billion pounds of funding comes from a 12.6 billion pound energy efficiency budget to cover the years up to 2028, which Hunt expanded in a fiscal statement on Nov. 17.

British energy companies suggested a similar scheme in September, and the precise details will be subject to public consultation and parliamentary approval.

Shapps also said the government was launching an 18 million pound public information campaign to encourage the public to draught-proof their homes, turn down radiators in empty rooms, and run boilers at lower temperatures.

COLUMN-Seaborne thermal coal returns to pre-Ukraine invasion 'normal': Russell

The global thermal coal market has returned to where it was before Russia's attack on Ukraine, with prices for most seaborne grades dropping back to pre-invasion levels while volumes remain steady.

Seaborne thermal coal prices spiked after the Feb. 24 assault on Ukraine, reaching record highs amid concerns over the loss of exports from Russia and Ukraine, as well as higher demand in Europe on fears of a shortage of natural gas for power generation.

But the most-traded grades from top exporters Australia, Indonesia and South Africa have in recent weeks fallen below, or dropped close to, the pre-invasion levels.

Seaborne thermal coal volumes have also steadied in recent months, even if there has been a small realignment of flows toward Europe and away from Asia.

The exception to the return to normality is high-energy Australian thermal coal shipped from Newcastle, but while this remains a widely-watched grade in the media, it only covers a tiny part of the market and is focused on buyers mainly in Japan.

The Newcastle Weekly Index for Australian coal with an energy content of 6,000 kilocalories per kilogram (kcal/kg), as assessed by commodity price reporting agency Argus, ended at $352.66 a tonne in the week to Nov. 25.

This was a second straight weekly gain, and the price is now 14% above the $308.61 a tonne in the week to Nov. 11, which had been the lowest since April.

However, even this grade is 20% below its record high of $442.89 a tonne in the seven days to Sept. 9, showing that fears of a winter coal shortage in Japan have eased.

The more important Australian thermal coal price is for 5,500 kcal/kg Newcastle coal, which is purchased by a wide range of buyers in Asia, including India and Vietnam.

This measure ended on Nov. 25 at $136.47 a tonne, little changed from the prior week's $136.04, which was the lowest since Jan. 14 and below the $155.43 on Feb. 18, the last weekly assessment prior to the Russian invasion of Ukraine, which Moscow terms a "special military operation."

The grade is also down 52% from its record high of $284.20 a tonne, reached in the week to March 11.

Indonesian thermal coal is popular with buyers in China, the world's biggest importer, and India, the second-largest, as it tends to be cheaper than other grades, even though it's lower energy.

Indonesian 4,200 kcal/kg coal ended last week at $87.12 a tonne, up slightly from $86.94 the prior week.

It is above the $76.50 a tonne that prevailed in the week prior to Russia's invasion, but is down 28% from its record high of $120.86 reached in the week to March 11.

South African thermal coal with an energy content of 6,000 kcal/kg ended at $216.55 a tonne on Nov. 25, a touch above the $211.15 in the week to Feb. 18, but also 49% below the peak of $427.57 in the week to March 11.

South African coal was boosted by demand out of Europe, with utilities there willing to pay more to secure cargoes, resulting in a shift in flows away from Asian buyers, mainly in India.

MORE COAL SHIPPED
It is not only the prices that are showing a return to levels similar to those prevailing before Russia's attack on Ukraine, volumes have steadied as well.
Seaborne thermal coal exports had risen over the northern summer, reaching a 32-month high of 85.11 million tonnes in June, according to data compiled by commodity consultants Kpler.
This was well above the 78.81 million tonnes from June 2021, and Kpler data shows that monthly exports of seaborne thermal coal have exceeded the same month in the prior year since March this year.
This has been driven by an increase in exports to Europe, which surged after the invasion, reaching 9.83 million tonnes in April, the highest since October 2018, according to Kpler.
They have since moderated somewhat, dropping to 7.85 million tonnes in October, which was only slightly above the 7.27 million from October 2021.
Exports to Asia have been largely steady in recent months compared to 2021, with October seeing 69.12 million tonnes, much the same as the 69.0 from the same month last year.
Overall, the message from the data is that fears of a widespread disruption of the global seaborne thermal coal market have largely not materialised.
Russia's exports of thermal coal have actually been higher in recent months when compared to 2021, although there has been some realignment of flows, with European Union buyers moving away from Russian cargoes, but Asian buyers lifting imports.

Top News - Dry Freight

Ukraine, partners launch $150 mln grain export plan to help vulnerable nations
Ukrainian President Volodymyr Zelenskiy hosted a summit in Kyiv with allied nations on Saturday to launch a plan to export $150 million worth of grain to countries most vulnerable to famine and drought. The "Grain from Ukraine" initiative demonstrated global food security was "not just empty words" for Kyiv, he said.
The Kremlin says food exported from Ukraine's Black Sea ports under a U.N.-brokered plan has not been reaching the most vulnerable countries.
Zelenskiy said Kyiv had raised $150 million from more than 20 countries and the European Union to export grain to countries including Ethiopia, Sudan, South Sudan, Somalia and Yemen.

MARKET MONITOR as of 07:21 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$73.84 / bbl	-3.20%	-1.82%
NYMEX RBOB Gasoline	$2.28 / gallon	-2.01%	2.37%
ICE Gas Oil	$880.25 / tonne	-3.93%	31.97%
NYMEX Natural Gas	$6.64 / mmBtu	-5.52%	77.91%
Spot Gold	$1,752.94 / ounce	-0.18%	-4.13%
TRPC coal API 2 / Dec, 22	$237 / tonne	6.76%	92.68%
Carbon ECX EUA / Dec, 22	€77.91 / tonne	-1.20%	-3.40%
Dutch gas day-ahead (Pre. close)	€125.90 / Mwh	6.69%	89.32%
CBOT Corn	$6.61 / bushel	-1.01%	11.46%
CBOT Wheat	$7.76 / bushel	-2.27%	0.62%
Malaysia Palm Oil (3M)	RM4,134 / tonne	2.33%	-11.99%
Index (Total Return)	**Close 25 Nov**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	295.22	0.00%	19.51%
Rogers International	29.67	0.00%	27.31%
U.S. Stocks - Dow	34,347.03	0.45%	-5.48%
U.S. Dollar Index	106.11	0.14%	10.57%
U.S. Bond Index (DJ)	396.46	0.00%	-16.00%

"We plan to send at least 60 vessels from Ukrainian ports to countries that most face the threat of famine and drought," Zelenskiy told the gathering.
The summit was attended in-person by the prime ministers of Belgium, Poland and Lithuania and the president of Hungary. Germany and France's presidents and the head of the European Commission delivered speeches by video.
A joint statement issued after the summit said that since Russia's Feb. 24 invasion of Ukraine, the world had received 10 million tons fewer agricultural products than in the same period in 2021.
"This means that the food security of millions of people around the world is seriously threatened," it said, blaming a Russian blockade of Ukrainian ports earlier in the conflict.
"We are convinced that we will jointly overcome the grave humanitarian and economic consequences of the global food crisis caused by Russia's aggressive war against Ukraine," it said.
The gathering coincided with Ukraine's annual memorial day for Holodomor, the man-made Stalin-era famine that killed millions of Ukrainians in the winter of 1932-33.
In a video address, French President Emmanuel Macron announced a contribution of 6 million euros ($6.24 million) for the transport and distribution by the World Food Programme of Ukrainian grain to Yemen and Sudan.
"The most vulnerable countries must not pay the price of a war they did not want," he said.

China sells 39,995 tonnes of wheat at reserve auction - trade center

China sold 39,995 tonnes of wheat, or 100% of the total offer, at an auction of state reserves on Nov. 23, said the National Grain Trade Center on Monday.
The wheat was sold at an average price of 2,815 yuan ($389.59) per tonne.

Picture of the Day

A view looking up one of the chimneys now used as a lift shaft for the Lift 109 viewing platform at the newly refurbished Battersea Power Station in London, Britain. REUTERS/Henry Nicholls

The Financial and Risk business of Thomson Reuters is now Refinitiv.

(Inside Commodities is compiled by Sandhra Sam in Bengaluru)

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

To subscribe to Inside Commodities newsletter, **click here**.

Refinitiv
3 Times Square, New York, NY 10036

Please visit: **Refinitiv** for more information.

Privacy statement