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Top News - Oil

OPEC+ looking at deeper oil cuts ahead of Thursday meeting

OPEC+ is looking at deepening oil production cuts despite its policy meeting being postponed to this Thursday amid a quota disagreement between some producers, an OPEC+ source said on Monday.

Several analysts have said they expect OPEC+ to extend or even deepen supply cuts into next year in order to support prices, which on Monday were trading just above $80 a barrel, down from near $98 in late September.

An OPEC+ source said he expected there to be an option for a "collective further reduction" on Thursday, without providing details. OPEC+ sources earlier this month said the group was set to consider additional cuts.

The Organization of the Petroleum Exporting Countries (OPEC) and allies led by Russia, known as OPEC+, will begin its online meetings to decide oil output levels at 1300 GMT on Thursday, according to a draft agenda seen by Reuters on Monday.

The meeting was delayed from Nov. 26. OPEC+ sources said this was because of a disagreement over output levels for African producers, although sources have since said the group has moved closer to a compromise on this point.

OPEC member Kuwait is committed to any decisions issued by OPEC, especially those that concern market quotas and oil production, the country's oil ministry said in a post on social media platform X.

On Thursday at 1300 GMT, ministers on an advisory panel called the Joint Ministerial Monitoring Committee hold talks. This will be followed at 1400 GMT by a meeting of the full policy-making group of OPEC+ ministers, the agenda showed.

Saudi Arabia, Russia and other members of OPEC+ have already pledged total oil output cuts of about 5 million barrels per day (bpd), or about 5% of daily global demand, in a series of steps that started in late 2022.

This includes Saudi Arabia's additional voluntary production cut of 1 million bpd which is due to expire at the end of December, and a Russian export cut of 300,000 bpd also until the end of the year.

FOCUS- Currency clashes sour Russia's oil trade with Asia

One of Russia's most lucrative oil trade routes since the imposition of Western sanctions over the Ukraine conflict faces a major challenge because of the drawbacks of payment in currency other than dollars, with no short-term solution in sight.

For decades, the U.S. dollar has been the currency of international oil trade and efforts to find alternatives have been thwarted by the difficulties of conversion, as well as political obstacles.

The problems flared when India - which has become Russia's biggest buyer of seaborne oil since European customers retreated - insisted in July on paying in rupees and the trading activity nearly fell apart, according to three sources familiar with the matter.

The sources, who requested anonymity, said the Russian oil suppliers - who also could not be named because of the issue's sensitivity - could not do deals in Indian rupees because of informal guidance from the Russian central bank it would not accept the currency.

One Russian banking source close to the Russian central bank said receiving revenue in a non-convertible currency with little value outside India was "pointless". Russia has limited opportunities to spend rupees as its imports from India are insignificant, another source said.

The Russia central bank did not respond to requests for comment.

Around mid-August, at least two major Russian oil companies threatened to divert around a dozen tankers carrying up to a million tonnes of oil that were heading to India to other destinations, according to two of the sources.

As a temporary solution to the clash involving Indian deals, the cargoes were paid for in a combination of the Chinese yuan, the Hong-Kong dollar as a transition currency into the yuan and the UAE dirham, which is pegged to the U.S. dollar, 10 trading sources and officials told Reuters.

They said, however, the problem remained of finding a viable alternative to the dollar, and that the problems affect buyers in Africa, China and Turkey which have become top buyers of Russian oil.

The biggest issue, however, concerns India, which has been buying more than 60% of Russian seaborne oil, according to LSEG data and Reuters calculations. It is the biggest overall buyer of seaborne Russian crude after China.

The problems are likely to worsen as scrutiny on the trade increases. Washington imposed the first sanctions on owners of tankers carrying Russian oil priced above a Western price cap in recent weeks, the first enforcement of the cap since it was introduced late last year.

DITCHING THE DOLLAR

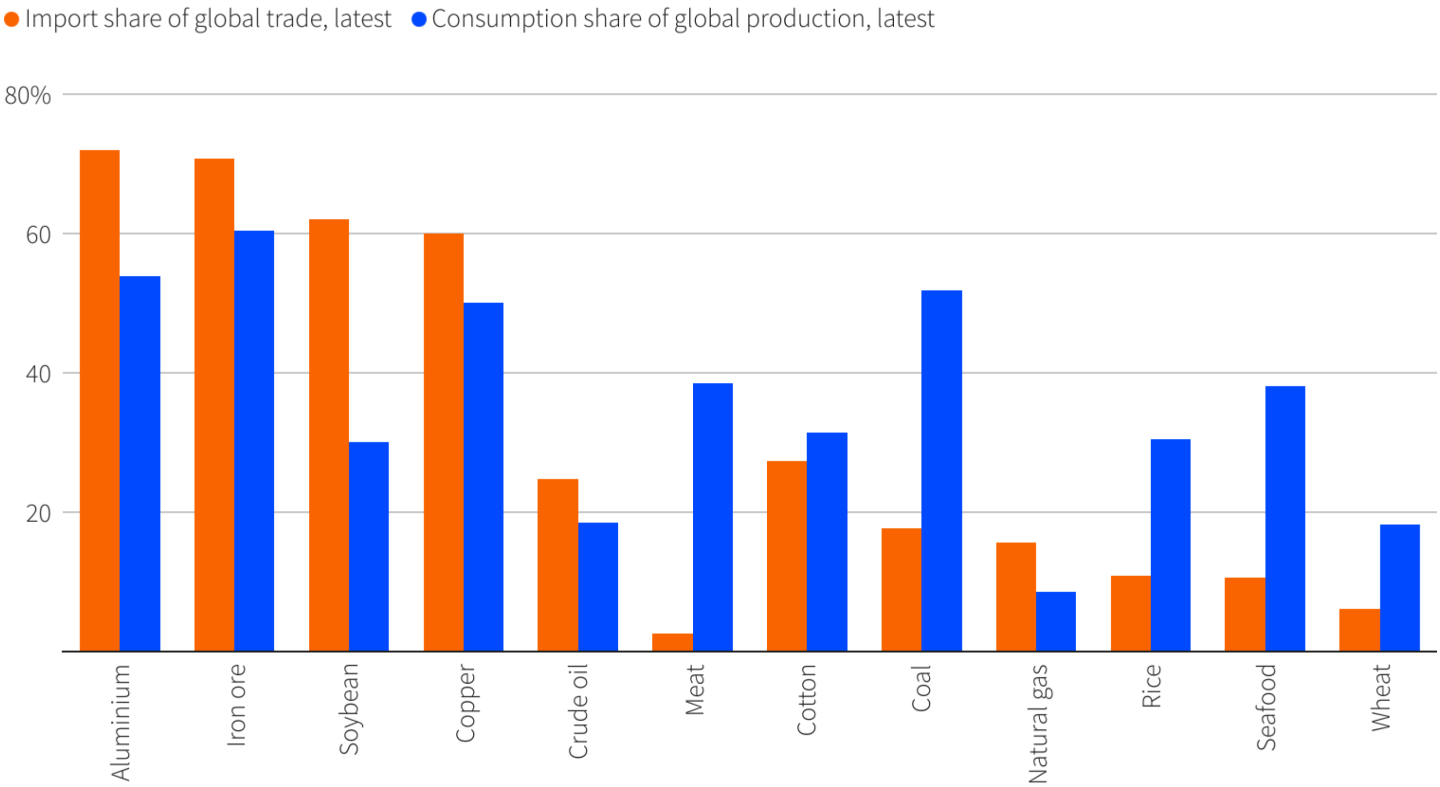
Since Western sanctions imposed on Russia in February

last year, Moscow has shifted from transactions in dollars and euros, the world's dominant currencies, and is largely locked out of the international banking system.
According to five traders involved, less than 10% of Russia's output of roughly 9 million barrels of oil per day (bpd) is sold in dollars and euros.
The Russian central bank cannot operate in dollars because of sanctions, and while Russian exporters theoretically can use the currency, avoiding it has the advantage of making it harder for the United States and other Western governments to monitor their trade.
The alternatives, however, lead to high levels of risk for both parties to a deal.
India in the first months of this year owed about $40 billion to Russia for oil and other supplies, according to four trading and banking sources, who said the amount was now significantly lower without giving a precise details.
The Russian central bank also declined to give details.

RUPEE A PARTICULAR ISSUE
Doing business in rupees is particularly difficult for Russia. India encourages rupees to be spent on its territory and has imposed punitive exchange rates on converting rupees into other currencies, amounting on occasions to over 10% of the amount converted, according to two Russian sources.
The situation could ease if Russia imported more goods from India, which could be paid for in rupees.
Instead, India has been importing more from Russia, while Russia has been a major importer of cars, equipment and other goods from China.
India's imports from Russia reached $30.4 billion in April-September, with its trade deficit with Moscow widening to $28.4 billion compared with about $17 billion in the same period last year, according to the data posted on the Indian commerce ministry website.
Ivan Nosov, head of the Indian branch of Russia's top state bank Sberbank, said Russian exporters will have to help India to increase its exports.
"If you help increase Indian exports, there will immediately be a lot of help from various Indian associations. You create a company in India, do a small localisation and you will get more opportunities," he said.

Chart of the Day

China's share of global commodities demand



Note: Data as of April 2023
Source: JPMorgan | A. F. Alias | Breakingviews | Nov. 17, 2023

India's top refiner Indian Oil Corp is struggling to settle some payments, mainly for the purchase of Russia's light, sweet Sokol grade from the Sakhalin 1 project.
The IOC has said it has been unable to pay for the Sokol deliveries because the company supplying the grade has yet to open an account in UAE dirhams to receive payment, a source said.
The IOC did not respond to Reuters' requests for comment.

YUAN PREFERRED
Russian officials and oil executives have pressed Indian buyers to pay in Chinese yuan, which for Russia is a more useful currency.
For India, using the currency of a regional rival is highly sensitive, although Indian private refiners have switched back to the yuan due to the lack of other options since the clash earlier this year, the sources said.
Indian state refiners have turned to the UAE dirham, but that has been complicated by additional clearing requirements as Washington's tougher line makes other governments wary.
From October, several UAE banks have tightened control over Russia-focused clients to ensure compliance with the price cap, according to five oil trading and bank sources.
At least two UAE banks have introduced price cap compliance declarations for the clients involved in Russian crude, oil products and commodity trading, the sources said. They declined to name the banks.

Top News - Agriculture

Brazil soy planting seen at slowest pace in eight years - AgRural

Brazil's 2023/24 soybean planting had reached 74% of the expected area as of Thursday, agribusiness consultancy AgRural said on Monday, making it the slowest progress for the period in eight years as the country grapples with bad weather.
Sowing was up 6 percentage points from the previous week but continued to lag far behind last year's levels, when 87% of the areas had been planted at the same time, and is now the slowest since 2015/16.
AgRural said in a statement that progress last week was capped by excessive humidity in Brazil's southernmost state Rio Grande do Sul, even as some needed rainfall was registered in center-northern states.
The South American country, the world's largest soybean producer and exporter, has seen farmers struggle with low humidity and high temperatures in center-northern areas while southern states face excessive rains.
The bad weather led several consultancies to cut their forecasts for 2023/24 soybean output last week, though analysts still expect the country to produce a record crop.
AgRural currently projects this season's crop to total 163.5 million metric tons, down from a previous estimate of 164.6 million tons, but has not ruled out fresh cuts due to the adverse weather conditions.
"More showers and better rainfall distribution are necessary in the short term to allow planting to continue and limit yield losses," the consultancy said.
AgRural also reported that farmers in center-south Brazil have planted 83% of the area expected for their first 2024 corn crop, up from 80% a week ago but below the 88% registered a year earlier.

Unusual Ivory Coast rain could strengthen cocoa main crop - farmers

Above-average rain and some sun in most of Ivory Coast's main cocoa regions last week could boost the October-to-March main-crop, farmers said on Monday.
Ivory Coast, the world's top cocoa producer, is in its dry season which runs from mid-November to March when rain is scarce.
But most farmers who spoke to Reuters said the unusual rainfall mixed with sunshine would improve soil moisture and increase the size and quality of the harvest in February and March.
"It rained almost every three days. It's very good for the trees and for the future," said Antoine Boka, who farms near the southern region of Agboville, where 47 millimetres (mm) of rain fell last week, 31 mm above the five-year average.
Rainfall was also well above average in the western region of Soubre, the southern region of Divo and the eastern region of Abengourou, farmers said. They said that harvesting had picked up since October.
In the centre-western region of Daloa and in the central regions of Bongouanou and Yamoussoukro, rains were also above average last week, and farmers said the coming crop looked healthy.
They said that if the rainfall remained adequate in December and the dust-filled Harmattan wind came late, the output in February and March could be better than last season.
Average temperatures ranged from 27.2 to 28.9 degrees Celsius (81 to 84 degrees Fahrenheit) in Ivory Coast last week.

Top News - Metals

France seeks deal by January to save New Caledonia nickel sector

France is seeking an agreement by the end of January to salvage New Caledonia's nickel industry, which has been hobbled by political tensions and high energy costs, Economy Minister Bruno Le Maire said on Monday.

New Caledonia has some of the world's largest nickel reserves but its producers have suffered years of losses, leaving the Pacific territory eclipsed by a nickel mining boom in Indonesia.

Eramet and Glencore, respectively shareholders in SLN and KNS in New Caledonia, have each said they will not provide more funding for the businesses, putting them at risk of financial collapse by early next year.

The French government has been holding talks on the nickel sector in parallel to wider political negotiations over the future of the troubled territory after independence from France was rejected in three referendums.

Presenting proposals to revive the nickel industry during a visit to New Caledonia, Le Maire said he wanted a preliminary deal to be reached by early January and a final accord signed by the end of January.

"The financial situation of the three nickel processing sites in New Caledonia is critical," Le Maire told a press conference. The territory's three main producers - SLN, KNS and Prony Resources - would need 1.5 billion euros ($1.64 billion) in short-term financing, he said.

An agreement would notably aim to free up more unused mining resources for exporting nickel ore to help the companies become profitable, Le Maire said.

The French government would contribute to investment projects, including an overhaul of New Caledonia's energy system that has made local processing costly, but would not bail out the industry, he said.

The European Investment Bank could also play a role, he added. The government would further support efforts to shift New Caledonia's nickel exports, currently focused on supplying the steel industry in Asia, towards an emerging electric-vehicle battery sector in Europe, Le Maire said.

However, Prony Resources is the only one of New Caledonia's three processors that currently produces nickel suitable for battery production.

COLUMN-Soft China and India may undermine gold's rally hopes: Russell

The spot price of gold has climbed to a six-month high, buoyed by hopes that monetary tightening in western countries is largely done and dusted.

While signs that the U.S. Federal Reserve and other western central banks have finished increasing interest

MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$74.95 / bbl	0.12%	-6.62%
NYMEX RBOB Gasoline	$2.16 / gallon	0.80%	-12.74%
ICE Gas Oil	$814.25 / tonne	-0.37%	-11.59%
NYMEX Natural Gas	$2.78 / mmBtu	-0.36%	-37.79%
Spot Gold	$2,013.59 / ounce	0.00%	10.37%
TRPC coal API 2 / Dec, 23	$111.25 / tonne	1.14%	-39.78%
Carbon ECX EUA	€72.70 / tonne	-1.26%	-13.42%
Dutch gas day-ahead (Pre. close)	€44.25 / Mwh	-4.22%	-41.45%
CBOT Corn	$4.75 / bushel	-0.05%	-29.94%
CBOT Wheat	$5.63 / bushel	0.36%	-99.30%
Malaysia Palm Oil (3M)	RM3,881 / tonne	-0.26%	-7.02%
Index	**Close 27 Nov**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	307.55	-0.51%	2.07%
Rogers International	26.88	-1.14%	-6.24%
U.S. Stocks - Dow	35,333.47	-0.16%	6.60%
U.S. Dollar Index	103.24	0.04%	-0.27%
U.S. Bond Index (DJ)	405.06	0.84%	3.21%

rates are a definite positive for the precious metal, they're not the only factor.
China and India make up more than 50% of the physical gold market, giving the two Asian heavyweights a major influence on the likely price trajectory.
In local currency terms gold is close to record highs in both China and India, and there are signs that this may be starting to impact on retail demand in both countries.
Spot gold reached a six-month high of $2,017.82 an ounce on Monday and is up 11.5% since the recent low of $1,809.50 on Oct. 6.
In Indian rupees, gold reached 168,145 rupees an ounce on Monday, close to its all-time high of 169,401 rupees from May 4. It has gained 11.8% since the recent low on Oct. 6 of 150,401 rupees.
While India's gold demand has been solid so far in 2023, matching strength in the domestic economy, it appears that some momentum may be coming out of the market.
The discounts offered by dealers off official domestic prices, inclusive of 15% import and 3% sales levies, doubled to $6 an ounce last week amid reports of lacklustre demand for the upcoming wedding season.
It's a similar story in China, with the premium over spot prices declining to $20 to $40 an ounce last week from the $43 to $58 previously.
Another proxy for China's demand is its imports from Hong Kong, which fell for a second consecutive month in October.
China's net imports from Hong Kong slid 23% to 26.793 metric tons in October, compared with 34.757 tons in September, data from the Hong Kong Census and Statistics Department showed.
Higher prices and lingering economic uncertainty in the world's largest gold consumer are the most likely reasons for the muted import demand.
Spot gold in China's currency reached 14,433 yuan an ounce on Monday, closing in on the record high of 14,701 yuan from Oct. 27. The price is now 15.7% higher than the 2023 low of 12,479 yuan, hit in mid-February.
The high price of gold for consumers in China may further crimp demand in the fourth quarter, after the World Gold Council reported a decline in third.
China's jewellery demand was 153.7 metric tons in the third quarter, down 6% from the 163.2 in the same quarter last year, the council said in its latest Gold Demand Trends report.
The council's view is that this was actually quite a strong performance, pointing to the fact that in yuan terms, the third quarter was a record high.
However, whether China's consumers are prepared to continue buying gold in the face of high prices is the major question, and the lower imports from Hong Kong and the declining premiums suggest an increasing reluctance.

TWO OF THREE DRIVERS POSITIVE
The same is true for India, which also saw reasonable jewellery demand in the third quarter, with the council reporting a 7% increase to 155.7 metric tons from 146.2 in the same period in 2022.
But it's worth noting that the third quarter gain came amid a slump in domestic prices, which were in a downtrend from May to early October. The recent price rally is likely to trim demand growth in India in the current quarter.
Overall, gold tends to rally on a sustained basis when the three major drivers of demand are working in unison.
These are investment buying, typified by rising holdings in gold exchange-traded funds (ETFs), central bank buying, and finally jewellery and bar and coin purchases.
Flows into ETFs have risen in recent weeks, although they are still well off the highs in 2023.
Central bank buying was robust in the third quarter, with 337 metric tons reported by the council, the second-strongest third quarter on record.
But countering the positive drivers are signs that high prices are undermining demand growth in the key markets of China and India. This doesn't mean gold can't make further gains, but it may not be as certain a bet as suggested by the likely end of monetary tightening in western economies.

(The opinions expressed here are those of the author, a columnist for Reuters.)

Top News - Carbon & Power

Australia Pacific LNG deliveries disrupted due to tanker outage
Origin Energy said on Tuesday it had reduced gas supply to the Australian Pacific LNG (APLNG) facility and liquefied natural gas (LNG) cargoes would be delayed as a loaded tanker docked at the site had lost power and was unable to leave.
As a result of the vessel blocking other tankers from entering, APLNG, operated by ConocoPhillips, has so far deferred two LNG cargoes and Origin warned "it expected that more LNG cargoes will be deferred". APLNG, which has a capacity of 9 million metric tons per annum (mtpa) of LNG, can only take one vessel at a time and on average loads one tanker every three days at Curtis Island off Australia's east coast. Its two main customers are China's Sinopec and Japan's Kansai Electric.
A vessel-tracking data showed the disabled tanker is the Cesi Qingdao, which was due to go to Wenzhou in China. Origin and APLNG spokespeople were not immediately available to comment on who owns the cargo.
Origin, the country's biggest energy retailer, supplies gas to APLNG, which is co-owned by ConocoPhillips, Origin and Sinopec. "We have been working with the ship captain and management, local and federal regulators,

and the customer to respond to this event," a spokesperson for ConocoPhillips Australia told Reuters.
Plans are in place to best manage the supply through the APLNG facility while the situation is being resolved - including deferring cargoes as required, the spokesperson said.
The total numbers of cargo deliveries, which could be deferred, will depend on when the situation resolves, Origin said.
"In addition, Origin is taking steps to bank its non-operated portfolio production and execute additional domestic gas sales," the company said.
Shares in Origin, which is subject to a $10.6 billion takeover offer from a consortium led by Canada's Brookfield, were down 0.6% at A$8.48, as of 0108 GMT.

Delfin signs 15-year LNG supply agreement with Gunvor
Delfin Midstream Inc said on Monday it had entered into a long-term liquefied natural gas (LNG) supply agreement with global commodity trader Gunvor.
Delfin said in a news release its LNG plant in Louisiana will supply between 500,000 to 1 million tonnes of LNG per annum to Gunvor on a free-on-board basis at Delfin Deepwater Port for at least 15 years.
Delfin has been developing the Delfin LNG Deepwater Port project supporting up to four floating LNG vessels with a combined export capacity of about 13.3 million tons per annum (MTPA), the release said.
The company secured commercial agreements for LNG sales, liquefaction services and is in the final phase towards final investment decisions (FID) on its first three floating LNG vessels, the release added.
Last month, U.S. energy regulators extended the amount of time Delfin had to put the onshore part of its proposed Gulf of Mexico floating export project off Louisiana into service until September 2027. In August, natural gas developer Tellurian Inc revealed in a securities filing that trader Gunvor Singapore Pte Ltd terminated its contract to take cargoes.

Top News - Dry Freight

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.)

French wheat cargoes for China delayed in export setback -traders

Several cargoes of French wheat that had been due to load for China in December have been postponed to March, dampening hopes of an imminent upturn in exports and helping push prices to two-year lows, European traders said on Monday.
Chinese buyers are thought to have booked around 2-2.5 million metric tons of French wheat in recent months for shipment between December and March, a welcome flurry of sales for France that has faced stiff export competition from cheaper Black Sea supplies.
However, at the request of buyers, exporters have agreed to reschedule some of the cargoes planned for December, with talk that between three and seven loadings have been put back to March, traders said.
"France's shipments to China do not look like coming to a stop, but could be less than hoped," one trader said.
It was unclear why the postponements had been sought, the traders said. But Chinese importers have also booked a large amount of Australian and U.S. wheat in response to a rain-damaged domestic harvest.
"With U.S. and Australian wheat now looking cheaper for China, it looks like delays to (French) shipments will be more of a topic than new sales in the near future," a second trader said.
Wheat futures on Euronext hit a near two-year low on Friday as market talk about the postponements emerged, and extended losses on Monday to fresh lows as talks continued.
Traders are watching to see if further postponements or even cancellations of shipments might follow, which could dent French export prospects for the 2023/24 season that had improved following the autumn wave of sales to China.
Doubts over the export programme to China may make French and European Union exporters more reliant on sales to Morocco, which has become the EU's biggest wheat outlet as Russia has expanded exports to Algeria.

Picture of the Day

A worker walks at a solar park covered with snow at Gracke e Vjeter, Kosovo, November 26. REUTERS/Fatos Bytyci

(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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