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Top News - Oil

OPEC+ decision to hold virtual meeting signals little likelihood of policy change, cap on Russian oil awaited – source

The OPEC+ decision to hold its Dec. 4 meeting virtually signals little likelihood of a policy change, a source with direct knowledge of the matter told Reuters on Wednesday.

A virtual meeting also puts the focus on the pending European Union deal on a price cap on Russian oil ahead of a Dec. 5 deadline imposed by the bloc for a full embargo on purchases of Moscow's seaborne crude. "OPEC+ would rather sit on the bench at this time and assess the outcome of what happens on Monday," the source added.

The Organization of the Petroleum Exporting Countries and allies including Russia, known as OPEC+, meets as the looming European Union ban on Russian crude imports and the G7 price cap on Russian oil place a question mark over supply.

In October, OPEC+ agreed to cut output by 2 million barrels per day (bpd) equal to 2% of global supply, effective until Dec. 2023.

U.S. senators introduce bill to expand E15 gasoline sales, with support from oil group

U.S. senators from Nebraska and Minnesota introduced legislation on Tuesday that would expand nationwide sales of E15, a gasoline with a higher blend of ethanol, after gaining support for the bill from an oil industry trade group for the first time, Senator Deb Fischer from Nebraska told Reuters.

The legislation, introduced by Fischer and Senator Amy Klobuchar from Minnesota and supported by the American Petroleum Institute (API), would mark a huge win for the ethanol industry and corn farmers who have repeatedly tried to expand sales of E15 but have faced hurdles.

While it is unknown if the bill has the support it needs to pass both the House and Senate to become law, the backing of the oil industry has lifted a notable political obstacle.

U.S. Environmental Protection Agency (EPA) anti-smog regulations currently restrict summertime sales of E15, even though research has shown the higher percentage blend may not increase smog relative to the 10% blend called E10 that is now sold year-round.

Reuters reported this month that the API began cooperating with biofuel industry groups about legislation after governors from major corn-producing Midwestern states earlier this year requested the EPA allow for expanded sales of E15 in their own states. The governors' proposal raised oil industry concerns about fuel regulations differing from state to state.

"We have good support," Fischer told Reuters. "When you look at the impact it'll have, especially on the central part of the United States, the Midwest and part of the south, I think that's extremely important."

Fischer and Klobuchar's legislation, if passed, would nullify the governors' request and avoid patchwork E15 expansion, Fischer said.

"By allowing for the year-round sale of E15 nationwide while also preserving access to lower ethanol gasoline blends, this bipartisan legislation strengthens the reliability of the fuel supply chain and ensures American consumers have access to the fuels they depend on every day," said Will Hupman, API's vice president of downstream policy.

The legislation also has the support of Senator Kevin Cramer from North Dakota, a co-sponsor of the bill. Cramer's support is significant, as North Dakota is one of the top oil-producing states, Fischer said.

Organizations including the API, the Renewable Fuels Association (RFA) and the National Farmers Union wrote to congressional leaders this month to urge them to adopt legislation to expand nationwide E15 sales.

"We thank Sens. Fischer, Klobuchar, and other renewable fuel supporters in the Senate for introducing this legislation, which brings much-needed consistency and stability to the marketplace," said RFA President Geoff Cooper, after Tuesday's legislation announcement.

Top News - Agriculture

Mexico open to deal with U.S. on GMO corn as farmers demand clarity over ban

Mexican President Andres Manuel Lopez Obrador said on Tuesday he is seeking a deal with Washington after the

United States threatened legal action over Mexico's plan to ban genetically modified (GMO) corn in 2024.

After meeting with Mexican officials on Monday, U.S. Secretary of Agriculture Tom Vilsack said Mexico's

decree could violate the United States-Mexico-Canada (USMCA) trade pact.

Lopez Obrador looked to assuage those concerns during a regular news conference on Tuesday, saying the ban was focused on genetically modified yellow corn for human consumption.

"Our position is not closed off," he said.

Mexico is one of the biggest buyers of U.S. corn with American farmers sending about 17 million tonnes of corn to Mexico annually.

U.S. farmers have been particularly concerned about the threat of a ban on GMO yellow corn for animal feed.

But Lopez Obrador indicated GMO corn for animal feed would continue to be allowed after the decree comes into force, although it remained unclear exactly how that will work or for how long that exception might last. That corn would be subject to an annual permit from Mexico's health regulator COFEPRIS, he said.

"We offered to extend the term to two years, in the case of yellow corn used for (livestock feed)," Lopez Obrador said without expanding on when that extension would start and end.

Neither did Lopez Obrador specify whether Mexico still planned to reduce overall yellow corn imports by about half in 2024, which a top Mexican official told Reuters last month.

Mexico's GMO corn ban has been plagued by confusion over how it will be implemented.

Supporters of the ban argue genetically modified corn could contaminate Mexico's native varieties.

Mexico's agriculture ministry declined to comment. A spokesperson for the president did not respond to a request for comment.

The United States has called for clarity and warned of severe economic fallout from a ban.

"Since biotech corn accounts for 90% of American-grown corn, blocking any imports using this safe and environmentally friendly technology would not only be a major blow to the Mexican people and the economy, but it would be hard on American farmers and rural communities," said Jon Doggett, chief executive of the National Corn Growers Association, representing U.S. farmers.

Lopez Obrador added he wanted health authorities in both countries to assess the impact of GMO corn on human health.

Mexico and its northern neighbors are already in dispute resolution talks over Lopez Obrador's energy policies, which the United States argues violate the trade pact.

Raul Urteaga, a former Mexican official and founder of consulting group Global Agrottrade Advisors, said the meeting with U.S. officials on Monday suggested a trade dispute with Washington over corn might be imminent.

"Why risk another potential trade dispute that looks like Mexico is going to lose?" Urteaga said.

COLUMN- Fate of struggling U.S. winter wheat crop may come down to March rains -Braun

Widespread and worsening drought in the United States clipped summer yields earlier this year, and it now stands to limit output of winter wheat, which is heading into dormancy in near-record poor health.

The worst conditions for winter wheat are currently found in Plains states that suffered the largest losses among corn and sorghum crops, as well as the previous winter wheat harvest, raising concern for grain supplies in these areas. Exports are of less concern at the moment since the U.S. share of world trade has shrunk.

The U.S. Department of Agriculture's statistics service Tuesday rated 34% of the winter wheat crop as good or excellent (GE), the highest 2023 rating so far. That was up 2 percentage points on the week, and much better than when conditions began in late October at 28% GE. This fall's 6-point improvement is only mildly promising as 34% GE is the second-worst for the week after 33% in 2012 (for the 2013 harvest). That 2012 rating had been the lowest ever pre-winter score for any week before this fall, so the 2023 crop is far from safe.

But the floor may have crept upward last week with decent rainfall in parched areas of the Southern Plains, and reduction in the poor-to-very poor (PVP) category is the true story of last week's conditions. That dropped 7 points as of Sunday to 26% PVP, tying with 2012 as the week's worst.

Tuesday's Crop Progress was the last national report until early April, though most states release reports at least monthly throughout the winter. Spring conditions, not fall ones, are the best determinant of crop outcomes, but the start is undoubtedly concerning.

EYEING MARCH

There have been four years in the past 20 when late fall U.S. winter wheat conditions improved by more than 5 percentage points in the early spring. The lowest late fall conditions among those four was the 2021 crop in November 2020 at 43% GE.

It is less likely for conditions to plunge from fall to spring if fall conditions were already low. The lowest late November rating to end up even lower in early April was 44% GE, observed for the 2022 and 2002 harvests. However, that rating is among the lowest ever recorded in late fall. The 2021 and 2000 harvests were at 43% GE this week and 2013 was 33%, so 2023 does not have much company for comparison.

The initially poor 2021 and 2000 crops have common ground in that conditions improved by spring, and the yields eventually turned out OK. Winter wheat improved 18 percentage points from fall 1999 to early April 2000, a record-large jump. The 2021 crop added 10 points during that period.

But things can go the other way, too. The worst fall-spring downfall in ratings came in 2014, when 62% GE in late

fall turned into 35% by April, eventually leading to one of the worst yield outcomes in recent memory.

The 2000, 2014 and 2021 ratings trends are very easy to explain. Take the largest U.S. winter wheat state, Kansas, located in the Southern Plains where rainfall patterns can be sporadic. March 2000 and 2021 were Kansas' third- and fourth- wettest Marches since 1895, respectively, whereas March 2014 was the tenth-driest. March is a very critical month especially in the Plains because it is much wetter than the previous months and coincides with winter wheat's emergence from dormancy.

In Kansas, average rainfall from December through February is only slightly heavier than in March alone. Drought in the Plains does not often break in the winter, placing emphasis on March and even April. That is true this year beyond just wheat production, as heavy corn producer Nebraska faced steep yield losses, and farmers in those areas very much need good luck in the spring to lift summer 2023 prospects.

The Southern Plains may remain drier than normal during this winter under La Nina, though the pattern could shift if La Nina departs earlier than expected, which some forecasters predict could happen.

Top News - Metals

Zimbabwe says China's Tsingshan to set up lithium operations

Zimbabwe has signed an agreement with Tsingshan Holdings Group, which plans to set up lithium mining and processing operations in the southern African country, President Emmerson Mnangagwa said on Tuesday. Tsingshan, one of the world's top nickel producers, is currently building a \$1 billion stainless steel plant in Zimbabwe. The company also has a coking coal operation and a ferrochrome smelter in Zimbabwe, which has some of the world's largest hard-rock lithium reserves.

Mnangagwa and Tsingshan's founder, Chinese tycoon Xiang Guangda, oversaw the signing of an outline agreement for Tsingshan's planned expansion projects in Harare on Tuesday.

"Tsingshan Holdings Group is set to expand its current operations. This will see the company embark on the production of cement and lithium concentrates, as well as scaling up coke and ferrochrome production among other mining and mineral processing projects in Zimbabwe," Mnangagwa said during the signing ceremony.

The agreement would also see Tsingshan increase its stainless steel and coke production to 5 million tonnes for each commodity annually. Mnangagwa said Tsingshan would also help Zimbabwe refurbish its railway system, which has suffered years of poor maintenance and under investment.

Tsingshan's proposed investment in Zimbabwe's lithium sector follows the recent acquisition of lithium assets by Chinese giants Zhejiang Huayou Cobalt, Sinomine Resource Group and Chengxin Lithium Group in transactions worth a combined \$678 million.

Chile truckers end strike threatening mining supplies after agreement

A trucker strike in Chile that started last week ended on Tuesday after trucker groups signed an agreement with business organizations and the government to improve conditions.

Chile is the world's largest copper producer and second largest lithium producer and the industry said last week the strike was affecting the normal flow of some supplies in the north of the country.

Truckers around the country were striking and setting up roadblocks due to concerns about rising crime and high fuel costs.

"Periodic work meetings will be held between the signatory unions and the police and/or military authorities in charge of order and security in the northern zone and southern zone," the document signed on Monday contemplated.

The agreement also has measures maintaining fuel prices and price hikes while also and tax benefits.

Top News - Carbon & Power

Germany to get new Qatari LNG flows through QatarEnergy, ConocoPhillips deal

Germany is set to receive new flows of Qatari liquefied natural gas (LNG) from 2026 after QatarEnergy and ConocoPhillips on Tuesday signed two sales and purchase agreements for its export covering at least a 15-year period.

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.

The deal, the first of its kind to Europe from Qatar's North Field expansion project, will provide Germany with 2

million tonnes of LNG annually, arriving from Ras Laffan in Qatar to Germany's northern LNG terminal of Brunsbuettel, QatarEnergy's chief executive said. "(The agreements) mark the first ever long-term LNG supply agreement to Germany, with a supply period that extends for at least 15 years, thus contributing to Germany's long-term energy security," Saad al-Kaabi said in a joint news conference with ConocoPhillips CEO Ryan Lance.

A ConocoPhillips subsidiary will purchase the agreed quantities to be delivered to the German receiving terminal, which is currently under development. QatarEnergy and German utility firms have been thrashing out long-term LNG deals for much of this year as Berlin looks for alternatives to Russia, which is Germany's biggest gas supplier. Europe's biggest economy, which mainly relies on natural gas to power its industry, aims to replace all Russian energy imports by as soon as mid-2024. Germany is Europe's biggest importer of Russian gas and would need around 40 million tonnes of LNG to replace the 50 billion cubic meters (bcm) of pipeline gas it used to get from Moscow. Its gas consumption in 2021 was around 88 bcm.

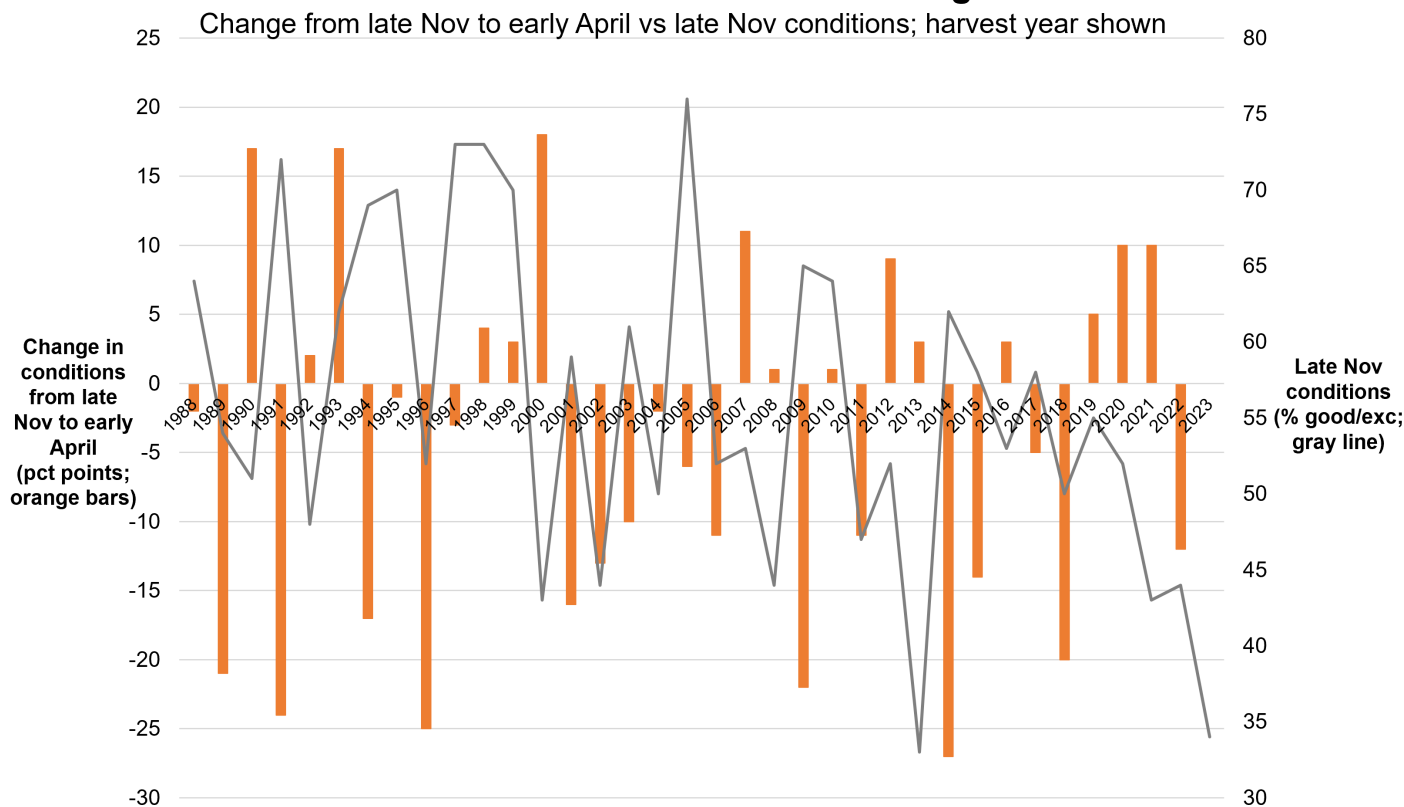
"By 2027, we think Germany's gas consumption would be around 73 bcm a year so this deal could cover around 3.7% of that," said Kaushal Ramesh, senior LNG analyst at Rystad Energy. "This is not an inconsequential volume and is a big step in diversifying supplies."

TALKS ONGOING

German Economy Minister Robert Habeck said on Tuesday the 15-year term of the deal was "great". ICIS head of energy analytics Andreas Schroeder said the starting date of 2026 was late, as Germany needed LNG for 2023 and 2024. "If German players do not secure sufficient volumes at an OK price for 2023, they will have to revert to spot LNG markets, and expose themselves to global price volatility." Kaabi said negotiations were still taking place with other German companies for further supply. Asked on Tuesday whether some German politicians' criticism of Qatar hosting the soccer World Cup had had any impact on talks, Kaabi, who had previously ruled out the possibility, said QatarEnergy separated politics and business. The deal comes a few days after QatarEnergy signed a 27-year sales and purchase agreement with China's

Chart of the Day

U.S. Winter Wheat Conditions: % rated good/excellent



Data source: USDA/NASS

@kannbwx

Sinopec. The North Field is part of the world's biggest gas field, which Qatar shares with Iran.

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.

Russia discussing 'gas union' with Kazakhstan and Uzbekistan - deputy PM

Russia is discussing a possible "gas union" with Kazakhstan and Uzbekistan to support shipments between the three countries and to other energy buyers, including China, senior Russian officials said on Tuesday. Russian Deputy Prime Minister Alexander Novak, who mentioned shipments to China, provided no details of the plan. Meanwhile, Kremlin spokesman Dmitry Peskov said the details of the agreement were yet to be discussed, but the key idea was coordinating supply plans.

He cited the example of northern Kazakhstan which imports gas from Russia and where the Astana government is considering building a pipeline to provide the region with Kazakh gas.

Russia, at the same time, is increasing production in nearby eastern Siberia, he said, hinting that Kazakhstan could avoid spending "tens of billions of dollars" on pipelines by committing to Russian imports.

Kazakh President Kassym-Jomart Tokayev's spokesman said on Tuesday Russian President Vladimir Putin proposed such an idea in a meeting with Tokayev on Monday. He provided no details.

While Russia is a major natural gas exporter, Uzbekistan and Kazakhstan produce roughly as much as they consume. The two countries are connected by a gas pipeline to Russia, and a separate pipeline crosses both on its way to China.

However, both pipelines mostly pump gas from Turkmenistan, while Kazakhstan and Uzbekistan have never reported any transit shipments of Russian gas to China or any other countries.

Russia, hit by Western sanctions over its invasion of Ukraine and the outage of the Nord Stream gas pipeline, is keen to boost sales of its energy and commodities in Asia.

MARKET MONITOR as of 07:39 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$78.71 / bbl	0.65%	4.65%
NYMEX RBOB Gasoline	\$0.00 / gallon	0.00%	-100.00%
ICE Gas Oil	\$900.00 / tonne	0.87%	34.93%
NYMEX Natural Gas	\$7.15 / mmBtu	-1.23%	91.58%
Spot Gold	\$1,754.80 / ounce	0.29%	-4.02%
TRPC coal API 2 / Dec, 22	\$252 / tonne	6.33%	104.88%
Carbon ECX EUA / Dec, 22	€80.90 / tonne	-0.43%	0.31%
Dutch gas day-ahead (Pre. close)	€130.00 / Mwh	3.59%	95.49%
CBOT Corn	\$6.63 / bushel	-0.41%	11.76%
CBOT Wheat	\$7.58 / bushel	0.13%	-1.69%
Malaysia Palm Oil (3M)	RM4,248 / tonne	0.69%	-9.56%
Index (Total Return)	Close 29 Nov	Change	YTD Change
Thomson Reuters/Jefferies CRB	297.81	0.97%	20.56%
Rogers International	29.61	1.58%	27.05%
U.S. Stocks - Dow	33,852.53	0.01%	-6.84%
U.S. Dollar Index	106.61	-0.20%	11.09%
U.S. Bond Index (DJ)	393.76	-0.70%	-15.99%

Top News - Dry Freight

Access to Brazil's Paranagua port blocked by landslides -authority

Brazil's Paranagua port authority said on Tuesday that landslides caused by heavy rainfall blocked road and rail access to the port, the second busiest for grain exports in the country.

In a statement, the authority said other port operations are normal as ships continue to unload and load products stored at the port's warehouses.

Landslides have totally blocked the main access road to Parana's ports of Paranagua and Antonina, disrupting the flow of trucks headed to the coast, according to the statement.

The port authority said it is monitoring the situation, adding there is no timeline for clearing that road.

At the port of Sao Francisco do Sul, which is located in Santa Catarina state, operations were halted due to heavy rains in Southern Brazil, a spokesperson said. U.S.-based Bunge and a unit of Japan's Marubeni operate there.

Meanwhile Paranagua said a total of 400 trucks were expected in the 24 hours of Tuesday. As of 11:00 a.m. local time, 101 had completed the journey, with 40 standing by to unload.

Paranagua alone has storage capacity for 2 million tonnes of grains for export, the statement said.

Currently, 50% of that capacity is being used, the authority said.

Citing Rumo, the company that operates a railway linking Curitiba to Paranagua, the authority confirmed it was also blocked in one section due to landslides and flooding of the tracks.

Rumo will resume rail operations when water levels fall, Paranagua said.

EU 2022/23 soft wheat exports up 3% on year at 13.89 mln tonnes

Soft wheat exports from the European Union in the 2022/23 season that started on July 1 had reached 13.89 million tonnes by Nov. 27, up 3% from 13.45 million by the same week in 2021/22, weekly data published by the European Commission showed on Tuesday.

The year-on-year increase has narrowed from 10% two weeks ago, although traders are expecting 2022/23 exports to get a boost in the coming weeks after talk of large French sales to China.

A breakdown of the EU data showed France remained by far the leading EU soft wheat exporting country this season, with 5.65 million tonnes shipped, followed by Romania with 1.81 million tonnes, Germany with 1.57 million tonnes, Latvia with 1.19 million tonnes and Poland with 1.11 million tonnes.

Picture of the Day



Electric pylons are seen in Sint-Pieters-Leeuw, Belgium November 25. REUTERS/Yves Herman

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(Inside Commodities is compiled by Sandhra Sam in Bengaluru)

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

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