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Top News - Oil

OPEC+ talks focusing on deeper oil cut, sources say

OPEC+ talks on 2024 oil policy ahead of a Thursday ministerial meeting were focusing on an additional oil supply cut to support the market, although the details were yet to be agreed, sources close to the group said.
Saudi Arabia, Russia and other members of OPEC+ pump around 43 million barrels per day, or over 40% of global supply. They already have supply cuts in place of about 5 million bpd, or about 5% of global demand.
Two OPEC+ sources said the group was discussing a deeper collective supply cut in the first quarter of which the exact duration and volume was not yet clear. One of them said OPEC+ may not be able to agree on this and it was possible the meeting could roll over existing policy.
The Wall Street Journal reported the new cut could be of as much as 1 million bpd, a figure that the Financial Times had also reported on Nov. 17.
On Tuesday, sources had said a further delay to Thursday's meeting of the Organization of the Petroleum Exporting Countries and allies was possible, although as of Wednesday evening the meeting looked set to go ahead as planned.
The meeting has already been delayed from Nov. 26. OPEC+ sources said this was because of a disagreement over output quotas for African producers, though sources have since said the group has largely resolved this issue.
The talks on African quotas come against a backdrop of the United Arab Emirates being allowed, as per OPEC+'s last agreement in June, to raise output in 2024.
Global benchmark Brent crude oil was up 1.3% and near $83 a barrel as of 1836 GMT on Wednesday. Prices have dropped from near $98 in late September, pressured by concerns about weaker economic growth and expectations of a supply surplus in 2024.
OPEC+ talks over production quotas have often been difficult in the past, most recently at their June meeting, which extended existing oil output cuts into 2024 and agreed the increase for the UAE because of its efforts to expand production capacity. Saudi Arabia, Russia and other members of OPEC+ have already pledged total oil output cuts of about 5 million bpd 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 until the end of the year.

Occidental in talks to buy Permian producer CrownRock – source

Occidental Petroleum is one of the finalists in the auction for CrownRock, an energy producer in the west Texas area of the Permian basin, with a bid of more than $10 billion, a person familiar with the matter told Reuters on Wednesday.
The sale process could see an outcome in a few days, the source said.
Reuters had previously reported that ConocoPhillips was considering an offer for CrownRock while Diamondback Energy, Devon Energy, Marathon Oil and Continental Resources were also studying potential bids.
Sources told Reuters in September that private equity-backed CrownRock, which is led by Texas billionaire businessman Timothy Dunn, had initiated discussions with investment banks about hiring advisers to run a sale process that will kick off by early 2024.
Occidental did not immediately respond to a Reuters' request for comment on Wednesday, while CrownRock could not be immediately reached.
Pressure on oil and gas producers to increase their size through purchases intensified after Exxon clinched a $60 billion deal to buy Pioneer Natural Resources and Chevron inked a $53 billion agreement to acquire Hess Corp.
CrownRock's decision to explore a sale underscores how coveted spots are in the lucrative Permian basin, the largest U.S. oilfield, where it operates.
The company owns approximately 86,000 net acres in the northern part of the Midland basin, which is part of the Permian in Texas.
The Wall Street Journal first reported earlier on Wednesday about Occidental's bid to buy CrownRock.

Top News - Agriculture

Conab sees record sugarcane, sugar output in Brazil in 2023/24

Brazil's sugarcane production is expected to reach an all-time high 677.6 million metric tons in 2023/24, government agency Conab said on Wednesday, up 10.9% from the previous year and above an August estimate of 652.9 million tons.
The higher crop, driven by favorable weather and increasing yields, will lead sugar production in the world's largest sugar exporter up 27.4% on a yearly basis to a record 46.88 million tons, Conab said in a report.
"With a favorable market scenario for the sweetener, most of the sugarcane crop is expected to be allocated to

sugar production," said the agency, whose previous forecast for output stood at 40.89 million tons.
Raw sugar futures on ICE earlier this month reached a 12-year high boosted by supply tightness expected to continue into next year as an El Nino weather event curtails production in major Asian producers India and Thailand.
Conab also estimated total ethanol production in Brazil this season, taking into account biofuel made from both sugarcane and corn, at 34.05 billion liters, up 9.9% from 2022/23 and above the 33.83 billion projected in August.

India to spend over $141 bln to extend free food grains program

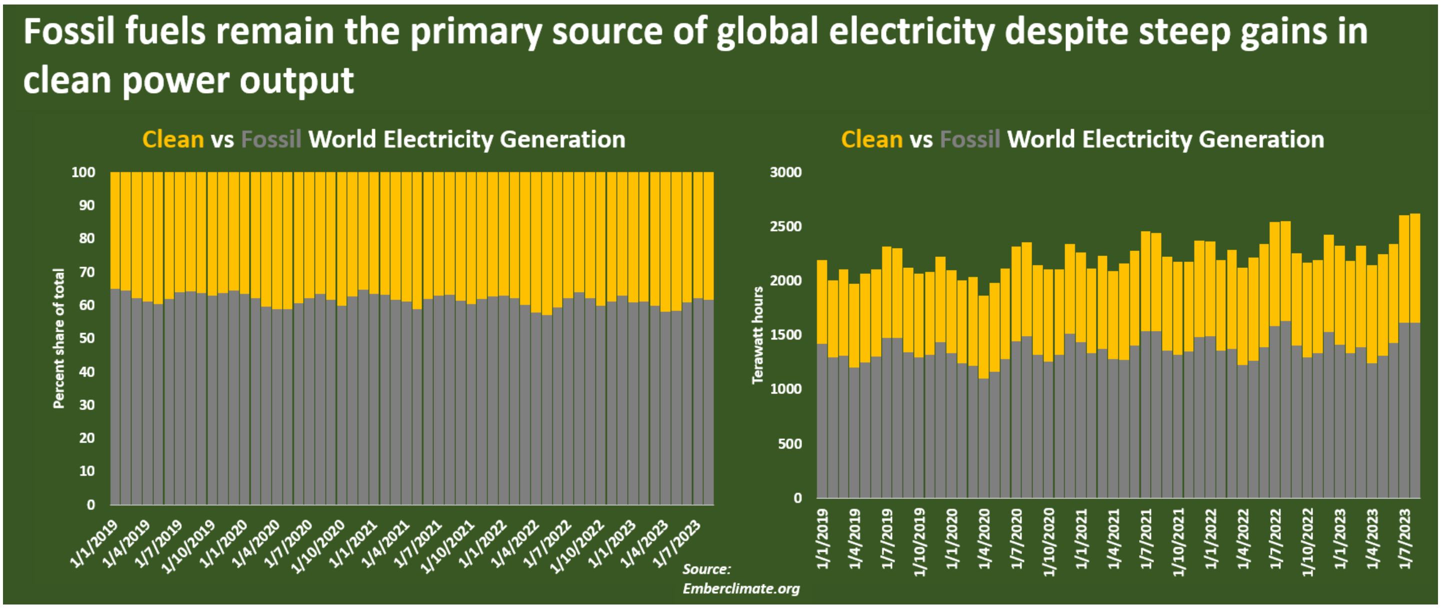
India will spend $141.63 billion to extend its free food grains program for the next five years, a federal minister said on Wednesday, but the government remains confident of meeting its fiscal deficit target.
The scheme is aimed at ensuring food and nutrition security for 813.5 million people, Information Minister Anurag Thakur told the media after a federal cabinet meeting.
Indian Prime Minister Narendra Modi on Nov. 4 announced his government would extend the welfare scheme, which was due to end in December, by five years.
The announcement, whichcame ahead of general elections due early next year, was approved by the cabinet on Wednesday. "Free food grains will strengthen food security and mitigate any financial hardship of the poor and vulnerable sections of the population," the government said in a statement.
Economic Affairs Secretary Ajay Seth, at a separate event, said the government is confident of meeting its fiscal deficit target for the current financial year despite higher spending on the free food grain scheme.
The government aims to cut fiscal deficit to 5.9% of gross domestic product (GDP) for the year ending March 31.
Seth added that India is committed to lowering the fiscal deficit to 4.5% of GDP by 2025/26.

Top News - Metals

LME triumphs in lawsuit over cancelled nickel trades

The London Metal Exchange (LME) won a legal battle with U.S. financial firms on Wednesday which brought a case demanding $472 million in compensation after the exchange cancelled billions of dollars in nickel trades last year following a surge in prices.
Hedge fund Elliott Associates and market maker Jane Street Global Trading brought the case after the world's largest metals marketplace cancelled $12 billion in trades when prices shot to records above $100,000 a metric ton in a few hours of chaotic trade in March 2022.
In its written ruling, London's High Court said the LME could cancel trades in exceptional circumstances and was not obligated to consult market players prior to its decision.
"This judgment recognises the LME's obligation to maintain orderly markets and its powers to intervene to this end, including by cancelling trades," the LME said.
Other exchanges were closely watching the case because it could have wider ramifications on their ability to react to crisis situations.
Judge Jonathan Swift and Judge Robert Bright accepted LME Chief Executive Matthew Chamberlain's position

Chart of the Day



that consultations would not have revealed anything the exchange did not already know.
"It seems obvious to us that everyone involved was aware both that the suspension and cancellation decisions were momentous, and of the likely effects on all market participants – including those in the position of the claimants," the judges said.
Elliott and Jane Street had argued the exchange acted unlawfully. Elliott said it intends to appeal the ruling.
Britain's Financial Conduct Authority in March this year launched its first ever investigation of a UK exchange for possible misconduct after the LME's decision to cancel trades.
A source at the FCA said: "We are aware of the judgment and we are considering it, in light of our supervisory remit over the exchange."
The LME said it had both the power and a duty to unwind the trades because a record $20 billion in margin calls could have led to at least seven clearing members defaulting, systemic risk and a potential "death spiral".
Elliott and Jane Street had been critical of Chamberlain for taking account of possible adverse consequences for some members.
"It is difficult to think of anything more likely to make the nickel market disorderly. Further, it would not only have affected the nickel market; the failure of an LME member, let alone a clearing member, would have had a serious impact on the global commodities market more broadly," the judges said.
"The judgment raises fundamental questions for UK market participants who trade not only on the LME but more broadly on other exchanges, about an absence of trade certainty prior to settlement," Elliott Associates said in a statement.
Jane Street said it would evaluate its next steps.
"Jane Street brought this case because we believe market participants should have confidence that trades entered in good faith are respected, and believe the decision for an exchange or clearing house to cancel those contracts should only be taken with rigorous analysis and utmost consideration."

FOCUS-'We aren't going anywhere': How Panama fishing boats brought First Quantum to its knees
For more than a month, a group of 16 fishing boats has been blocking a key port in Panama, choking off coal and essential supplies destined for First Quantum Minerals' giant copper mine there, eventually forcing it to halt operations at the company's biggest revenue source.
The fishing flotilla has provided a fresh jolt of marine backing to the thousands of Panamanians who have been marching daily to demand the annulment of the Canadian miner's contract, arguing its presence violates Panama's sovereignty and threatens its environment.
The fishermen are angry that the company has appropriated resources, land and water, and worry about the mine's environmental consequences. Cobre Panama has said it is committed to growing more new forest than is impacted by its mine.
Panama's top court on Tuesday declared First Quantum's contract unconstitutional and its president announced an orderly shutdown of the mine, but the vigils on land and sea are set to continue as protesters insist that authorities take concrete steps to close the site.
"We aren't going anywhere," Sabino Ayarza, a representative of the protesting fishermen, told Reuters on Tuesday from his boat.
A complete shuttering of the mine, which accounts for about 1% of global copper output and 5% of Panama's GDP, would signal a David vs. Goliath victory for Panamanian protesters.
Their grassroots movement, nearly unheard of in business-friendly Panama, has wiped C$11 billion ($7.4 billion) off First Quantum's market value and raised global copper prices on supply worries. Copper is a crucial metal in electrification as the world moves to reduce reliance on fossil fuels.
The protesters' victory in Panama is emblematic of the outsized and sometimes unexpected influence local communities are having on mining companies worldwide.
In Portugal, for instance, Europe's biggest producer of lithium, some local activists are determined to halt mine developments. Canada's First Nation groups have also mounted fierce opposition against mining on their lands.
Those hoping to halt the mine's operations have seen false dawns before. Panama's top court struck down First Quantum's previous contract in 2017, but the company was allowed to mine while a new contract was approved.
So protesters aren't taking any chances this time.
"If this goes on for a year, we will stay a year, there is no end-date," Ayarza said.
Cobre Panama accounted for about 46% of First Quantum's overall revenue in the third quarter, according to company data. The company was "reasonably confident" last week in ships carrying supplies reaching the port soon, but failed to circumvent the fishermen's blockade, said a person familiar with the mine's developments who asked not to be named.
First Quantum, said it would respect the court's ruling and on Tuesday announced the mine has suspended commercial production due to the blockades.

SURPLUS THREATENED
A Scotiabank report forecasts Cobre Panama's copper output in 2024 to represent about 1.6% of global supply and warned an indefinite shutdown increases risks of First Quantum potentially defaulting by the third quarter of 2024, and threaten its liquidity by early 2025.
First Quantum did not immediately reply to a request for comment on the question about possible default.
Together with dwindling supply from Peru, the world's No. 2 copper producer after Chile, the Panama shutdown threatens to wipe out what had been seen as global surplus in 2024, according to Macquarie.

In Chile, the copper outlook for 2023 went from 5.9% growth in May to 1% in July, as state-owned miner Codelco, the world's largest producer, lowered production amid operational difficulties, though it is expected to recover in 2024.

The fishermen have added muscle to a movement which blocked roads, causing daily losses of more than $90 million to businesses, according to experts, and food shortages nationwide. Protesters also hurled rocks at a bus transporting workers to the mine on one occasion, injuring eight workers.

The court verdict leaves three possible outcomes: Panama could close the mine indefinitely, nationalize it, or agree to settle its differences in international arbitration by negotiating a constitutionally correct contract with First Quantum alongside a new joint-venture partner.

"We believe it may be time for FM to consider bringing in a major mining partner to share the future risk of operating in Panama," Scotiabank said in a note on Tuesday.

However, protesters are pushing firmly towards a ban on all kinds of mining despite warnings of economic consequences.

The protesting fishermen have been posting their bank account details on social media for people to donate food and fuel. Ayarza did not detail how much they have received, but said he was confident they can outlast the mining giant.

"We know our sea. We know the area in which we are waging war," said Ayarza. "We use ropes to make them back down and, well, threaten them so they have to go back."

MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$78.09 / bbl	0.30%	-2.70%
NYMEX RBOB Gasoline	$2.25 / gallon	0.05%	-9.27%
ICE Gas Oil	$829.75 / tonne	1.13%	-9.91%
NYMEX Natural Gas	$2.83 / mmBtu	0.75%	-36.87%
Spot Gold	$2,042.35 / ounce	-0.11%	11.95%
TRPC coal API 2 / Dec, 23	$111.25 / tonne	1.14%	-39.78%
Carbon ECX EUA	€71.00 / tonne	-0.03%	-15.45%
Dutch gas day-ahead (Pre. close)	€41.28 / Mwh	-6.61%	-45.38%
CBOT Corn	$4.77 / bushel	0.16%	-29.72%
CBOT Wheat	$5.88 / bushel	0.30%	-99.26%
Malaysia Palm Oil (3M)	RM3,895 / tonne	0.59%	-6.68%
Index	**Close 29 Nov**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	313.29	0.66%	3.97%
Rogers International	27.04	-0.06%	-5.67%
U.S. Stocks - Dow	35,430.42	0.04%	6.89%
U.S. Dollar Index	102.88	0.11%	-0.62%
U.S. Bond Index (DJ)	409.51	0.88%	4.34%

Top News - Carbon & Power

India scrambles to add coal-fired power capacity, avoid outages – sources

India aims to add 17 gigawatts of coal-based power generation capacity in the next 16 months, its fastest pace in recent years, to avert outages due to a record rise in power demand, according to government officials and documents.

The expansion drive comes ahead of this week's U.N. climate summit COP28, where France and the United States are expected to clamp down on financing for coal plants, a move that India, dependent on coal for 73% of power generation, plans to oppose.

The world's fastest growing major economy has added an annual average of 5 gigawatts of coal-based electricity generation capacity over the last five years, but it is also ramping up renewable energy.

Yet it will fall short of satisfying power demand if it does not expand the number of its coal plants, said two government officials, who did not want to be named as they are not authorised to speak to media.

In the next four months, India plans to add nearly 3 gigawatts of coal-fired generation, while the following fiscal year, starting from April 1, 2025, will see it add 14 gigawatts, or its highest level in eight years, according to internal government documents seen by Reuters.

The power ministry did not immediately respond to queries from Reuters.

To ensure completion of projects, New Delhi has begun a review of 38 coal generation plants whose construction has been held up for years, moving to resolve issues over equipment and land acquisition delays, the two officials said.

The government expects 28 of these projects to become operational in the next 18 months, it told power producers in a presentation at a meeting on Nov. 21.

Such projects include state-run power company NTPC's 660-megawatt unit in the eastern state of Bihar which has been delayed for 13 years, and two in the neighbouring state of Jharkhand held up for five years.

At the meeting, Power Minister R. K. Singh told public and private power generators that India would "have to add coal-based thermal capacity," to meet requirements growing at an unprecedented rate, said the two officials, who also attended.

He also urged private companies to set up fresh coal-based power generation capacity to meet night-time demand and assured them of financial assistance.

Industry officials said such a call was being made for the first time in a decade since most private investments in the coal-fired power sector had stopped around the year 2012, partly because of India's green energy push.

While the coal expansion drive aims to meet an expected rise of 10% in demand during peak hours in fiscal year 2024-25, India will still meet a national commitment of half of fuel generation capacity from non-fossil fuels by 2030, the two officials said.

Since adding 22 gigawatts of capacity in the fiscal year 2015/16, India cut back on plans to expanding coal-fired plants as the government opted for alternate energy capacity, officials have said.

Now India wants coal-fired plants sufficient to meet power demand of 384 gigawatts by the fiscal year 2031/32, revised up 5% from an earlier projection of 366 gigawatts, the government documents showed.

The government consequently revised up its estimate of coal-based power requirement by 9%, to 283 gigawatts.

"We have now modelled a stressed scenario factoring in a below-normal monsoon and a corresponding demand spike, such as we experienced in Aug-Oct this year," one of the government officials said.

That stress accounts for delays in the commissioning of 86 gigawatts of non-fossil capacity by fiscal 2031/32.

In the lead-up to Thursday's climate summit in Dubai, the European Union, U.S. and UAE have rallied support for a deal to triple global renewable energy installed by 2030.

More than 100 countries have backed this deal, officials told Reuters, but countries including China and India are not yet fully on board.

Capital Power CEO planning no Canadian gas-fired plants due to Trudeau's regulations

Alberta's Capital Power is not planning to build new natural gas-fired power plants in Canada as Prime Minister Justin Trudeau's proposed electricity regulations to fight climate change make new investments in such facilities unviable, CEO Avik Dey said.

The concerns raised by Capital, Alberta's second-biggest power generator, mirror those of Alberta Premier Danielle Smith, who on Monday said the province would defy the federal government's proposed clean electricity regulations (CER). Ottawa's regulations aim to eliminate emissions on a net basis from the country's power grid by 2035.

"Am I looking at building new capacity? The answer is no, today, because of the ambiguity of the CER," Dey told Reuters, adding the company has no plans to buy any Canadian plants either.

The CER in its current form does not justify investment in a new gas-fired plant meant to operate 30 years, he said.

Capital Power's previously unreported position on new plants underscores how the Trudeau Liberal government's draft power regulations risk curtailing investment in a grid that Ottawa expects to face growing demand as more Canadians buy electric cars.

Unlike other provinces with hydro or nuclear power, Alberta burns high-emitting natural gas to produce most of its electricity. Smith has warned the regulations would lead to grid brownouts and blackouts, a scenario that Dey said he sees as well.

Delaying the federal net-zero goal by a decade to 2045 along with changes to the prescribed end of life for plants, restrictions on peak-use plants and use of offsets could make a net-zero grid realistic and change Capital's position, Dey said. "If those aren't changed, (CER) does not work for a place like Alberta," Dey said.
Claims that the regulations risk power outages are false as they are flexible enough to ensure grid reliability, said Oliver Anderson, spokesperson for Canada's environment minister. The Canadian government is collecting industry feedback, including from Capital Power, to produce final regulations that are both ambitious and realistic, Anderson said.
While Capital is not planning new plants, it is currently adding gas-fired capacity to existing facilities in Alberta and Ontario.
Under the CER, some natural gas-fired plants can keep operating past 2035 but under emissions limits that require use of carbon capture and a 20-year cap on the lifetime of plants commissioned before 2025.
Smith also said on Monday her government is considering creating its own power-generating company "of last resort" to keep natural gas-fired power plants running in Alberta.
Dey said while a government-owned generator would add another player to the market, it is unclear if the idea will chill investment.
"I don't know that I would sit here today saying it's either threatening or emboldening investment decisions in the province because it is very hypothetical," Dey said.
Simon Dyer, deputy executive director of the Pembina Institute climate think tank, said a government power generator would create unnecessary red tape.
"Alberta looks completely out of touch, not just with the national conversation but the global conversation," Dyer said.
By contrast to its concerns about the future of Canada's gas-fired power, Capital Power is actively acquiring mid-life natural gas-fired plants in the United States. Those plants will provide critical supply when wind and solar power is insufficient and Capital is seeking more such purchases in the western U.S. and Midwest, Dey said.
Edmonton-based Capital Power this month bought two U.S.-based natural gas-fired generating plants, even though costs of batteries, an alternative way to manage renewables' intermittency, are dropping.
"One size, one solution doesn't fit all," Dey said.

Top News - Dry Freight

USDA opens applications for $300 mln to help exporters break into new markets

The U.S. Department of Agriculture on Wednesday said it would start accepting applications for an initial $300 million in funding to help U.S. agricultural exporters break into new markets outside China, Canada, Mexico and the European Union.
Agriculture Secretary Tom Vilsack will make the announcement during a meeting of the President's Export Council at the White House, kicking off the first year of the Regional Agricultural Promotion Program (RAPP) established by USDA in October.
The RAPP program will provide a total of $1.2 billion over five years to non-profit U.S. agricultural trade groups, State Regional Trade Groups (SRTGs), U.S. agricultural cooperatives, and other state agencies to help them tap new markets and increase market share.
“It takes significant investment to open and develop new export markets and this new fund will be dedicated to helping provide that start-up capital so that American exporters can diversify their markets and create new opportunities,” Vilsack said in a statement.
U.S. exports of agricultural and related products hit a record $213 billion in 2022, with China acounting for a record 19.2% of the total value, mainly through purchases of soybeans, cotton and beef. Canada, Mexico and Japan rounded out the top four at 16%, 14% and 8%, respectively, of the 2022 U.S. export total.
Vilsack said the middle class was growing in many places across South and Southeast Asia, Latin America, the Middle East and Africa, driving demand for high quality products.
"In order to capture those markets from our competitors we need to have a presence, address barriers, and showcase America’s high-quality, agricultural products across the world.”
USDA said diversification would focus on three regions - Africa; Latin America and the Caribbean; and South and Southeast Asia - in the first phase of the new program, with $25 million set aside specifically for work in Africa.
USDA also recently announced it would host trade missions to an array of countries in 2024, including South Korea, India, Colombia, Vietnam and Morocco.

South Korea’s KFA Incheon buys up to 65,000 T corn -traders

The Korea Feed Association (KFA) Incheon section purchased up to 65,000 metric tons of animal feed corn in an international tender which closed on Wednesday, European traders said.
It was expected to be sourced optionally from the United States, South America or South Africa.
Europe and the Black Sea region were excluded as origins. The actual tonnage supplied can vary according to origin, with a minimum of 55,000 tons and a maximum 65,000 tons to be delivered, they said.
The corn was purchased at an estimated $255.60 a ton cost and freight (c&f) included. Trading house Cofco was believed to be the seller, traders said.

The consignment was bought for arrival in South Korea around March 30, 2024. If sourced from the U.S. Pacific Northwest coast, shipment is between Feb. 25-March 15, from the U.S. Gulf between Feb. 5-Feb. 24, from South America between Jan. 31-Feb. 19 or from South Africa between Feb. 10-Feb. 29.

No purchase was reported of a second consignment of up to 68,000 tons also sought in the tender from the KFA's Incheon section which is also known as the Feed Buyers' Group.

Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.

The KFA's Busan section made no purchase in a tender on Tuesday for 69,000 tons of feed corn. The two sections purchase independently on international markets.

Picture of the Day

Ploughed fields are shrouded in fog, Keele, Staffordshire, Britain, November 28. REUTERS/Carl Recine

(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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