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Top News - Oil

OPEC oil output drops in November after cut pledged -survey

OPEC oil output has fallen in November, led by top exporter Saudi Arabia and other Gulf members, after the wider OPEC+ alliance pledged steep output cuts to support the market amid a worsening economic outlook, a Reuters survey found on Wednesday.

The Organization of the Petroleum Exporting Countries (OPEC)pumped 29.01 million barrels per day (bpd) this month, the survey found, down 710,000 bpd from October. In September, OPEC output had been the highest since 2020.

OPEC and its allies, known as OPEC+, have been boosting output for most of 2022 as demand recovered. For November, with oil prices weakening amid concern of recession, the group made its largest cut since the early days of the COVID-19 pandemic in 2020.

Their decision for November called for a 2 million bpd cut in the OPEC+ output target, of which about 1.27 million bpd was meant to come from the 10 participating OPEC countries.

Output has been undershooting targeted amounts as many producers - notably Angola and Nigeria - lack the capacity to pump more due to insufficient investment and, in the case of Nigeria, crude theft.

Output from the 10 members fell by 720,000 bpd month-on-month, the survey found, leaving actual production 800,000 bpd below the group's November output target. The shortfall in October was 1.36 million bpd.

As a result of production being below target, OPEC over-delivered on its pledged cuts with a compliance rate of 163% in November, the survey found.

OPEC+ meets virtually on Sunday to review its output policy and is not expected to make any changes.

SAUDI CUT

In November, Saudi Arabia has cut output by 500,000 bpd versus October, the survey found, virtually all of the pledged amount. The United Arab Emirates and Kuwait made the next largest curbs.

Algeria cut about half of the pledged amount and Iraq, OPEC's second-largest producer which has been calling for its quota to be increased, barely lowered output in November, according to the survey.

Angola and Nigeria each boosted output in November but both are pumping far below their quotas, the survey found. Nigeria posted OPEC's largest increase, helped by higher exports of Forcados crude.

There was little change in production in Libya, Iran and Venezuela, all of which are exempt from OPEC output cuts.

The Reuters survey aims to track supply to the market. It is based on shipping data provided by external sources, Refinitiv Eikon flows data, information from tanker trackers such as Petro-Logistics, and information provided by sources at oil companies, OPEC and consultants.

U.S. urges caution on low-quoted Russian oil prices as EU debates price cap

The Biden administration broke its silence on Wednesday on European Union deliberations over a $65-70 per barrel Russian oil price cap on Wednesday, warning far-lower prices cited for some Russian Urals crude shipments should be approached with caution.

A U.S. official told Reuters that recently quoted Urals prices in the $52-a-barrel range do not represent broader pricing in a very opaque market.

The official cited outside estimates showing that over the last two months, the Urals discount to benchmark Brent crude has recently been close to $23 a barrel, falling as low as $17 a barrel. With Brent trading at $85.36 a barrel on Wednesday, a $23 discount implies a Urals price of around $62, much closer to the proposed cap level.

The U.S. Treasury has remained silent over the past week as European Union diplomats have struggled to reach consensus on a price cap level initially proposed in the $65-70 a barrel range.

Some countries including Poland, Lithuania and Estonia have pushed for a far lower $30-a-barrel price limit, arguing this is closer to Russia's cost of production and that the West needs to squeeze Moscow's revenues harder.

But the U.S. official's comments, which signal growing concern over the EU deliberations, come just five days before a European Union embargo on Russian crude imports is set to be phased in.

Lower quoted market prices could erode support for a cap in the $60-70 range. The U.S. official cited concerns over using prices that represent a subset of Russian oil sales.

At issue are recent prices quoted by Argus Media and S&P Platt's in the past week of around $52 at key Black Sea and Baltic export terminals and cited by Bloomberg. The U.S. official said such prices do not include transportation and other costs associated with Russian crudes. A price cap of $65 a barrel on Russian crude would represent a meaningful price reduction from recent prices, citing an estimated average of $78 per barrel since March 2022.

The Treasury has been promoting the price cap idea to European allies since the spring of 2022, as they considered and agreed on their phased ban on Russian oil imports to punish Moscow for its invasion of Ukraine. The cap was conceived as a way to limit Moscow's oil revenues while keeping Russian crude on the global market to avoid a massive spike in oil prices.

The price cap will be enforced by denying insurance, shipping and other maritime services provided by G7 democracies and Australia to shipments priced above the cap.

Top News - Agriculture

Chinese farmers let cabbages rot as COVID curbs disrupt sales

China's vegetable growers are ploughing their produce back into their fields or leaving it to rot, as widespread restrictions to curb the spread of COVID cut off distribution channels and close markets.

Thousands of tonnes of vegetables are unsold in central Henan province, one of the country's top producing regions, according to local media reports, charities and farmers, while farmers in northern Shandong province, another top growing region, are also unable to reach markets.

Despite a wave of unprecedented protests against tough measures to curb the spread of COVID, China has not relaxed restrictions on movement in many areas in response to record cases of the disease.

"I feel so bitter whenever I go to the land and can't help bursting into tears," said a 36-year-old Henan farmer surnamed Wang, who has left his crop of yellow-heart cabbages in the ground to perish in imminent frosts.

Wang's cabbage is usually sold in large cities like Beijing, Shanghai and Tianjin. This year, his merchant can't reach his farm, and he can only get 35 cents per half kilo compared with 80 cents last year.

"I would rather not sell it and leave it there," he said.

The situation is exacerbated by a fragmented supply chain, where small farmers sell to middlemen who purchase for large wholesale markets in cities.

Many traders are unable to travel, restricted from leaving their homes and prevented from exiting motorways to reach rural areas or other cities.

"It's not easy to get off the motorway, and then you're required to quarantine. The cost is too high, so no one dares to do it," said a Shandong-based vegetable buyer surnamed Cui.

Cui typically sends up to 20 large trucks of cauliflower, cabbage, and lettuce to markets daily in this season.

Now markets in major cities like Handan, Tianjin, and Shijiazhuang are all closed and growers in Shandong are also impacted, he said.

"In Dezhou vegetables are all being ploughed into the ground, celery, kale, cabbage, nobody wants them," said Cui.

In Henan, where tough COVID measures caused riots last month at the world's largest iPhone factory, more than 900 farmers entered their details on a document circulated online to seek new customers.

Others shared videos on social media, showing them ploughing crops into the ground and comparing minimal prices for their produce with high retail prices in cities.

Henan produced 76 million tonnes of vegetables last year, or about 10% of the nation's supply, according to the National Bureau of Statistics.

The Ministry of Agriculture and Rural Affairs said on Tuesday it had launched an initiative to sell Henan vegetables at large wholesale markets, selling 4,677 tonnes last week.

It also set up a hotline to connect farmers with sellers, and said it would find cold storage facilities to stock winter vegetables.

Despite such efforts, vegetable prices are likely to go up during the Lunar New Year holiday next month, said Cui.

"The local government is too busy with the epidemic. Who cares about vegetables?" he asked.

U.S. EPA to propose boost in biofuel blending volumes, EV program -sources

The U.S. Environmental Protection Agency will propose increases in the amount of ethanol and other biofuels that oil refiners must blend into their fuel over the next three years, two sources familiar with the matter said.

The EPA will also seek for the first time to make the use of biofuels to charge electric vehicles part of the renewable fuel program, giving car makers like Tesla Inc the ability to generate tradable credits, the sources said.

The EV proposal will add up to 1.4 billion new credits by 2025, they added.

The agency's long-awaited proposal, expected later this week, will call for overall blending mandates of 20.82 billion gallons in 2023, 21.87 billion gallons in 2024 and 22.68 billion gallons in 2025, the sources said.

In each of those years, volumes of conventional biofuels like corn-based ethanol will be set at 15 billion gallons or higher, the sources said - specifically 15 billion in 2023 and 15.25 billion each in 2024 and 2025, the sources said.

So-called D3 credit volumes will grow from 720 million in 2023 to 2.13 billion by 2025, with overwhelming majority of the growth coming from credits generated by electric vehicles, or E-RINs. The electricity to power the cars must come from renewable sources of biogas, such as methane from landfills.

The EPA's biofuel mandate for the current year is 20.88 billion gallons, which includes the annual volume requirement plus a supplemental 250 million gallons

added to compensate for volumes that were not blended in previous years.
The EPA did not respond to requests for comment.
Under the Renewable Fuel Standard (RFS), oil refiners are required to blend billions of gallons of biofuels into the nation's fuel mix, or buy tradeable credits from those that do. While Congress set out specific goals through 2022, the law expands the EPA's authority for 2023 and beyond to change the way the RFS is administered. Starting next year, the agency has leeway to set multi-year mandates and make other changes.
Advanced biofuel blending volume mandates in the EPA proposal will be set at 5.82 billion gallons in 2023, 6.62 billion gallons in 2024 and 7.43 billion gallons in 2025, the sources said.

Top News - Metals

Mining needs to address critical digital skills shortage right now -BHP exec

Mining is facing a major shortage of the digital skills it needs, and must step up or lose out to the "cool kids" of Google and Amazon, a BHP Group executive said on Thursday.
Miners are increasingly reliant on computing heft to manage tasks such as automated truck fleets, and using artificial intelligence to delve into reams of data and discover the next big deposit, said Chief Technology Officer Laura Tyler.
"We need more technologists, more data scientists and more mathematicians," she told a Melbourne Mining Club lunch, according to a prepared speech.
"We compete for such talent not just with each other, but with the cool kids such as Google and Amazon ... the defence and pharmaceuticals industries, government and NGOs," she told the business luncheon. "Increasingly, we need more digital skills in every aspect of what we do."
A PwC analysis last year suggested that by 2040, the industry will need 21% more mining engineers and geotech engineers, and 29% more metallurgists than it had in 2020, she said.
"We need to train them now ... and we need to make sure they see the mining industry as stable, attractive, and dare I say it, exciting," she said.
Australia's mining giants BHP, Rio Tinto Ltd and Fortescue have redoubled efforts to attract new workers to an industry confronting a dire skills shortage, and concerns over job security, sexual harassment and social licence.
So far, however, efforts are bearing fruit, Tyler said.
BHP's First Year Intern program was oversubscribed seven times and resulted in 60 graduates deciding to switch to resources-facing subjects for their next year of university, she said.
A program at Adelaide University is developing a pipeline of exploration geologists, specialising in finding ore deposits deep beneath the surface.
BHP has also established a reentry program to welcome back those who left the industry, while Rio Tinto's efforts to advance jobs in automation and industry efforts to train metallurgists are all bearing fruit - but are still not enough, she said.

China's Lygend Resources shares climb in Hong Kong debut

Shares of Chinese nickel producer and trader Lygend Resources & Technology Co Ltd traded as high as HK$16.02 each in their Hong Kong debut on Thursday, up 1.4% from the offering price.
That compares to a 2.3% rise in the benchmark Hang Seng Index.
The company priced its shares at HK$15.80 apiece to raise $470 million in an initial public offering (IPO) that is the fourth-largest in the city so far in 2022.
The Ningbo-based firm sold 232.54 million shares in the IPO and the final price was towards the bottom of a HK$15.60 to HK$19.96 range flagged when the deal was launched last week.
Institutional investors' demand to buy Lygend shares in the IPO was only moderate with those shareholders subscribing for 1.4 times the amount of stock on offer, according to the company's listing documents.
Retail demand was around the same mark as the institutional tranches.
Volatile financial markets due to the Russia-Ukraine war, China's ongoing COVID-19 lockdown, and higher interest rates have dented investor demand to buy new share sales globally.
In Hong Kong, the demand is well down from the peak of the IPO boom of last year when deals were routinely oversubscribed by hundreds or up to thousands of times.
Hong Kong IPOs have been worth nearly $6 billion so far in 2022, the lowest level in a decade, according to Refinitiv data.
Lygend Resources had said in its prospectus the IPO proceeds will be earmarked for development and construction of nickel product production projects on Indonesia's Obi Island and to fund a joint venture it has with Contemporary Amperex Technology Co Ltd to develop products on electric vehicle battery value chain.

Top News - Carbon & Power

British Gas launches 'Peak Save' energy reduction plan

British Gas is launching an energy reduction plan for this winter that will pay customers for every unit of electricity they save compared to their normal usage, the company said on Thursday.

The plan, called "Peak Save", will run between December 2022 and March 2023, and could save customers 100 pounds ($119.92) over the course of the winter, British Gas said in a statement.

Energy disruption and wider market turmoil linked to gas and oil exporter Russia's invasion of Ukraine has this year led to a surge in prices, straining business and households across Europe.

It has also raised concerns about the adequacy of supplies and across Europe led to targets to reduce energy use.

British gas said smart meter customers will be invited to take part in the trial, which has a goal of over 100,000 participants in the trial phase.

The scheme is enabled by demand flexibility service (DFS), which Britain’s National Grid began this month to give energy suppliers the option to financially reward customers who reduce their electricity use during times of peak demand.

Under DFS, homes that have signed up with their suppliers would be paid, usually via money off their bills, for turning off appliances such as ovens and dishwashers during a specific period when electricity demand is high.

"We are committed to helping improve energy security in the UK and shifting demand is one part of that strategy," Chris O'Shea, chief executive of British Gas owner Centrica, said.

British Gas will set customers a 30% reduction target per household and provide advice on how customers can achieve that.

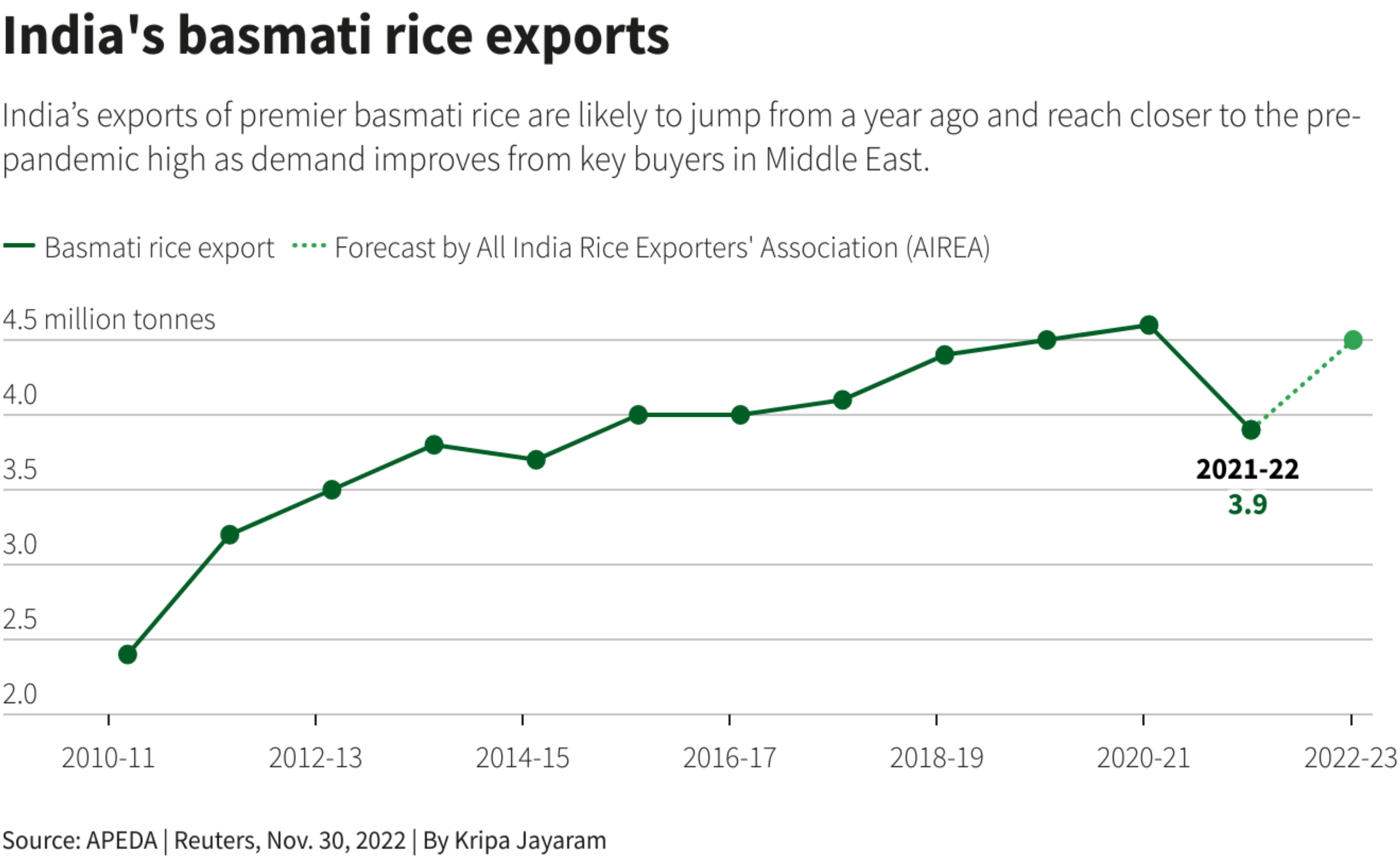
British Gas supplies energy and services to around 10 million households across Britain and Ireland.

British energy supplier Octopus also launched a scheme in October to pay customers not to use electricity during times of high power demand to help prevent blackouts this winter.

Uniper seeks billions of euros in compensation from Gazprom

German utility Uniper has launched an arbitration process

Chart of the Day



in the hope of securing billions of euros in compensation from Russia's Gazprom over undelivered gas volumes, Uniper CEO Klaus-Dieter Maubach said on Wednesday.
Gazprom's export arm denied it was in breach of contract regarding gas supplies to Uniper and said it did not accept the legality of the company's claims.
Uniper, which is in the process of being nationalised in a state bailout to survive the energy crisis triggered by the Ukraine war, puts the cost of replacing Russian gas at around 11.6 billion euros ($12.02 billion) to date.
"The arbitration will take place in Stockholm and will be negotiated under Swiss law," Maubach said.
The arbitration will not be carried out by an official body but would depend on both sides agreeing to meet with lawyers in a neutral setting, along the lines of private mediation processes customary in many industries, Uniper said.
Uniper said the costs related to the Russian gas would continue to grow until the end of 2024. Maubach said he hoped the company would return to profit the following year.
In the first nine months of 2022, the company reported a 40 billion euro ($39.3 billion) net loss, the biggest in German corporate history.
"It's about gas volumes that were contractually agreed with Gazprom but not delivered and for which we had to procure replacements at extremely high market prices and still have to do so," Maubach said in a statement.
"We are pursuing these legal proceedings with all due vigor: We owe this to our shareholders, our employees and the taxpayers," he added.
The export arm of Gazprom said it intended to defend itself.

MARKET MONITOR as of 07:42 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$80.14 / bbl	-0.51%	6.55%
NYMEX RBOB Gasoline	$2.37 / gallon	-0.49%	6.48%
ICE Gas Oil	$929.75 / tonne	0.27%	39.39%
NYMEX Natural Gas	$6.99 / mmBtu	0.87%	87.40%
Spot Gold	$1,778.29 / ounce	0.56%	-2.74%
TRPC coal API 2 / Dec, 22	$252 / tonne	6.33%	104.88%
Carbon ECX EUA / Dec, 22	€85.28 / tonne	0.70%	5.74%
Dutch gas day-ahead (Pre. close)	€139.00 / Mwh	6.92%	109.02%
CBOT Corn	$6.59 / bushel	-0.53%	11.00%
CBOT Wheat	$7.72 / bushel	1.81%	0.10%
Malaysia Palm Oil (3M)	RM4,156 / tonne	-1.84%	-11.52%
Index (Total Return)	**Close 30 Nov**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	302.42	1.55%	22.43%
Rogers International	30.15	1.82%	29.37%
U.S. Stocks - Dow	34,589.77	2.18%	-4.81%
U.S. Dollar Index	105.48	-0.44%	9.91%
U.S. Bond Index (DJ)	393.76	-0.70%	-16.58%

Top News - Dry Freight

India's basmati rice exports could jump 15% as key buyers stock up
India's exports of premium basmati rice are likely to jump 15% over last year as key buyers in the Middle East build their inventories despite prices jumping by nearly a quarter, leading exporters told Reuters.
Higher basmati exports would keep local prices firm, helping Indian farmers earn more by pushing paddy prices up to a record high.
"After the Ukraine war, buyers are afraid of a sudden supply disruption. Every buyer is trying to have enough stocks," said Vijay Setia, former president, All India Rice Exporters Association.

India could export more than 4.5 million tonnes in 2022/23 financial year started on April 1, up 15 % from a year ago, he said. Trade ministry data showed that exports rose 11% to 2.16 million tonnes in the first half of 2022/23.
A sharp drop in freight charges from this year's peak was also prompting importers to buy more, Sethia added.
India, the world's biggest rice exporter, mainly exports top grade basmati rice to the Middle East and non-basmati rice to African and Asian countries. The country has put restrictions on exports of non-basmati rice to calm local prices.
Iran, traditionally the biggest buyer of Indian basmati rice, was an purchasing actively in the past few months, but countries like Iraq and Saudi Arabia have been more active of late, said Anil Mittal, chairman and managing director KRBL Ltd, a leading rice exporter.
Iran, Saudi Arabia, Iraq, United Arab Emirates, and Yemen account for nearly two-thirds of India's basmati rice exports.

"Exports prices rose in the past few months, but still demand is there. Iran is not active but Saudi Arabia and Iraq bought 150,000 tonnes each last month," Mittal said.
Export prices for the grain have jumped to over $1,450 per tonne from around $1,160 a year ago.
Higher exports have lifted prices of traditional basmati paddy to a record 60,000 rupees per tonne in India, Mittal said.
India's basmati rice production was expected to jump by around 20% after farmers expanded area under the crop, but untimely rainfall in September and October capped the upside in the production, Mittal said.

EU wheat recovers from 3-month low with exports in focus

Euronext wheat rose on Wednesday in step with Chicago to recover from a three-month low, as traders assessed competition from Black Sea supplies and awaited the outcome of an Algerian tender.
March milling wheat settled 1% higher at 316 euros a tonne.
On Tuesday, it had touched its lowest since Aug. 22 at 311.75 euros ($321.45).
Over November, the contract showed a 10% fall.
A record Russian harvest and the continuation of a grain export channel from Ukraine have tempered worries about war disruption to Black Sea shipments and increased competition for western European wheat.
Traders are watching to see if Algeria, usually the biggest export market for European Union wheat, draws offers of Russian wheat in its tender being held on Wednesday.
Black Sea origins were expected to claim most of the volume in tenders by Pakistan and Turkey.
"It looks like markets will have to get used to cheap Russian and Ukrainian export prices in coming months," one German trader said.
The anticipated Black Sea sales have shifted attention away from a flurry of demand for EU wheat in the previous two weeks, including large sales of French wheat to China.
Financial investors last week reduced their net long position in Euronext wheat and expanded their net short position in rapeseed, data published by Euronext showed.
February rapeseed settled 2.3% higher at 599.75 euros a tonne, spurred by a rally in crude oil.
However, the contract faced resistance at the 600 euro threshold and ended the month down 10%.

Picture of the Day

A railway worker drives a train engine while loading railcars in San Diego, California, U.S., November 30. REUTERS/Mike Blake

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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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