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## Top News - Oil

**EU tentatively agrees $60 price cap on Russian seaborne oil**

European Union governments tentatively agreed on Thursday on a $60 a barrel price cap on Russian seaborne oil - an idea of the Group of Seven (G7) nations - with an adjustment mechanism to keep the cap at 5% below the market price, according to diplomats and a document seen by Reuters.

The agreement still needs approval from all EU governments in a written procedure by Friday. Poland, which had pushed for the cap to be as low as possible, had as of Thursday evening not confirmed if it would support the deal, an EU diplomat said.

EU countries have wrangled for days over the details of the price cap, which aims to slash Russia's income from selling oil, while preventing a spike in global oil prices after an EU embargo on Russian crude takes effect on Dec. 5.

It will allow countries to continue importing Russian crude oil using Western insurance and maritime services as long as they do not pay more per barrel than the agreed limit.

The initial G7 proposal last week was for a price cap of $65-$70 per barrel with no adjustment mechanism.

A senior G7 official said a deal was "very, very close" and should be finalized in the coming days and by Monday at the latest. The official expressed confidence that the price cap would limit Russia's ability to fight its war against Ukraine.

G7 officials had been closely monitoring oil markets during the development of the price cap mechanism and seemed "pretty comfortable" with it, the official said.

Earlier, U.S. Deputy Treasury Secretary Wally Adeyemo told the Reuters NEXT conference in New York that the $60 cap was within the range of the bloc's discussions and would limit Russian revenues.

Since Russian Urals crude already traded lower, Poland, Lithuania and Estonia rejected the higher $65-70 per barrel price as not achieving the main objective of reducing Moscow's ability to finance its war in Ukraine.

"The price cap is set at $60 with a provision to keep it 5% below market price for Russian crude, based on IEA figures," an EU diplomat said.

REGULAR REVIEWS

An EU document seen by Reuters showed the price cap would be reviewed in mid-January and every two months after that, to assess how the scheme is functioning and respond to possible "turbulences" in the oil market that occur as a result.

The document said a 45-day "transitional period" would apply to vessels carrying Russian-origin crude oil that was loaded before Dec. 5 and unloaded at its final destination by Jan. 19, 2023.

Russian Urals crude had traded at around $70 a barrel on Thursday afternoon.

The G7 price cap on Russian seaborne crude oil is to kick in on Dec. 5, replacing the harsher EU outright ban on buying Russian seaborne crude, as a way to safeguard global oil supply because Russia produces 10% of the world's oil.

The idea to enforce the G7 cap is to prohibit shipping, insurance and re-insurance companies from handling cargoes of Russian crude around the globe, unless it is sold for less than the price set by the G7 and its allies.

Because the world's key shipping and insurance firms are based in G7 countries, the price cap would make it very difficult for Moscow to sell its oil for a higher price.

The G7 official expressed optimism that the bloc would also reach agreement on a price cap and exemptions for Russian refined oil products ahead of Feb. 5, when an EU ban barring such imports takes effect.

**U.S. diesel use slows as manufacturing, freight falter: Kemp**

U.S. consumption of diesel, heating oil and other distillate fuel oils has started to fall in response to high prices and a slowdown in manufacturing activity and freight transport.

The volume of distillate supplied to the domestic market (a proxy for consumption) was 4.01 million barrels per day (bpd) in September, down from 4.03 million bpd in the same month a year earlier.

Distillate supplied was lower compared with a year earlier in four of six months between April and September, data compiled by the U.S. Energy Information Administration showed.

Distillate prices have been very high as a result of fuel shortages caused by the strong economic rebound from pandemic lockdowns and a lack of domestic refinery capacity.

Slower diesel exports from China this year and disruptions caused by Russia's invasion of Ukraine and the sanctions imposed in response have intensified the problem.

Between May and October, monthly average spot prices for heating oil delivered to New York Harbor ranged from $137 to $193 per barrel, adjusted for core consumer price inflation.

In real terms, monthly average prices have been between the 76th and the 98th percentile for all months since the turn of the century.

High prices have created an incentive to conserve fuel, for example by consolidating freight deliveries into fewer truckloads.
The direct impact from prices on distillate consumption has probably been limited, but there have been important indirect impacts from inflation, interest rates and the business cycle.

MANUFACTURING SLOWS
Most distillates are used in freight transportation, manufacturing, construction, farming, mining, and in oil and gas production.
Distillate consumption is therefore highly sensitive to changes in the business cycle, especially the manufacturing and freight sectors.
Consumer spending on merchandise has slowed as the economy re-opens from lockdowns and spending has rotated back to services.
Household expenditure on goods has also declined in response to inflation, falling real incomes and rising interest rates.
Monthly business surveys conducted by the Institute for Supply Management (ISM) have shown a progressive deceleration in manufacturing activity since late 2021 and early 2022.
The ISM manufacturing index fell steadily from an average of 59.0 between November 2021 and January 2022 (91st percentile for all months since 1980) to an average of 52.2 between July and September 2022 (45th percentile).
Over the same period, the year-on-year growth in distillate supplied slowed from an average of +4.4% between November 2021 and January 2022 (79th percentile) to –0.8% between July and September 2022 (31st percentile).
The slowdown in distillate consumption has been close to what would be expected based on the deceleration in manufacturing.
Manufacturing activity slowed even further in October, and declined in November, according to the monthly ISM business surveys, implying distillate consumption is likely to have fallen further in both months.
Reduced distillate use would be consistent with an unusual increase in distillate fuel oil inventories reported over the last seven weeks in weekly surveys conducted by the EIA.
Stocks increased by 7 million barrels between Oct. 7 and Nov. 25, the first increase at this time of year since 2008, and a contrast to an average seasonal drawdown of 9 million barrels in the ten years before the pandemic.
The bottom line is that the slowdown in manufacturing and freight activity is starting to rebalance the distillate market and if it continues will help rebuild depleted inventories in 2023.

# Top News - Agriculture

**U.S. farm incomes seen soaring to new highs on global food, feed demand**
Soaring grain and livestock prices are expected to push U.S. farm incomes to a historic high this year, as producers benefit from strong global grain and oilseed demand amid tight supplies, the U.S. Department of Agriculture reported on Thursday.
Net farm income - which is a broad measure of profits in the agricultural economy, according to the agency - is forecast to increase to $160.5 billion in 2022 from $141.0 billion a year earlier, an increase of $19.5 billion.
Much of the growth in the crop sector came from sales of corn, soybeans and wheat, the agency said, noting that livestock cash sales receipts were also expected to jump nearly 31% to $256.0 billion.
In inflation-adjusted 2022 dollars, net farm income would be at its highest level since 1973 and net cash farm income at its highest level on record, the agency said.
The difference between net cash farm income and net farm income is based on how the agency accounts for farm income.
Net cash income is recorded in the year a commodity such as corn, soybeans or pork is sold. Net farm income is for the year it was produced, and factors in such things as depreciation of assets, including farm equipment.
Production costs are up sharply, too, the agency reported. Nearly all categories of expenses are forecast to be higher in 2022 in nominal terms, the agency said, with feed and fertilizer, lime and other soil-related input purchases expected to see the largest dollar increases.
Fuel and oil expenses are forecast to see the highest percentage increase - up 47.4% to $20.5 billion - followed closely by interest expenses, up 41% to $27.4 billion.
Farm debt in nominal terms is forecast to increase 5.9% this year over last - but fall 0.4% when adjusted for inflation.

**U.S. EPA proposes revamp of biofuel program to include electric vehicles**
President Joe Biden's administration on Thursday unveiled a three-year proposal to expand the U.S. biofuels policy with bigger volume mandates and - for the first time - include a pathway for electric vehicle manufacturers to generate lucrative credits.
Biden wants to fight climate change by reducing fossil fuel use in America's transport sector, currently the source of around a quarter of the country's greenhouse gases.
Under the plan, announced by the Environmental Protection Agency, oil refiners will be required to add

20.82 billion gallons of biofuels to their fuel in 2023, 21.87 billion gallons in 2024, and 22.68 billion gallons in 2025. Those volumes will include more than 15 billion gallons per year of conventional biofuels like corn-based ethanol, with the rest made up by advanced fuels like those made from switchgrass, animal fats, or methane from dairy farms and landfills.
The U.S. government estimates that the lifecycle greenhouse gas emissions from biofuels can be more than 40% lower than straight gasoline, meaning adding them to the fuel mix can help fight climate change.
The proposal marks the latest chapter for the more than decade old Renewable Fuel Standard (RFS), under which oil refiners are required to blend billions of gallons of biofuels into the nation's fuel mix or buy tradable credits from those that do.
While Congress set out specific goals for the program through 2022, the law expands the EPA's authority for 2023 and beyond to change the way the RFS is administered.

ELECTRIC VEHICLES
In addition to boosting mandated volumes, the EPA hopes to use the reset to introduce a pathway for electric vehicle makers to generate credits. That would recognize the possibility that electric vehicles could be charged using power from the grid generated by biofuels like landfill or agricultural methane.
The EPA proposal foresees electric vehicle manufacturers such as Tesla generating as many as 600 million credits called e-RINs in 2024, and 1.2 billion of them by 2025. Under the scheme, one e-RIN would be generated for every 6.5 biofuel-powered kilowatt hours in an EV battery.
The idea got mixed reviews.
"We're encouraged that the Biden administration continues to recognize the powerful role that the RFS can play in decarbonizing transportation," said Brooke Coleman, executive director of the Advanced Biofuels Business Council.
He said the proposal could help "unleash years of pent-up innovation in advanced and cellulosic biofuels."
The Renewable Fuels Association, a biofuels trade group, also welcomed the proposal, saying it "solidifies a role for the Renewable Fuel Standard in future efforts to reduce carbon emissions and enhance our nation's energy security."
Geoff Moody, an executive at the refinery trade group American Fuel and Petrochemical Manufacturers, said the EPA's proposal was flawed.
"For the final rule, EPA must go back and set conventional volumes that are aligned with consumer demand and infrastructure realities," he said. "It must also hold true to the legacy of RFS as a liquid fuels program — not an electric vehicle program — by rejecting yet another massive regulatory subsidy for electric vehicle manufacturers."
Meanwhile, a spokesperson for the Alliance for Automotive Innovation said the group supports an e-RIN program, and pointed to a previous comment that the group made that said an e-RIN program will help accelerate the U.S. electric vehicle market.
A Tesla representative was not immediately available.
The EPA's biofuel mandate for the current year is 20.88 billion gallons, which includes the annual volume requirement of 20.63 billion plus a supplement of 250 million gallons for volumes that were not blended in previous years.
The biofuel industry got a boost this year from passage of the Inflation Reduction Act, which provides significant subsidies to the biodiesel and sustainable jet fuel industries in the form of tax credits.
Refiners like Marathon Petroleum Corp and PBF Energy Inc have converted units at their oil refineries to produce renewable diesel to take advantage of growing demand and government subsidies.
Lawmakers are also pushing a bill that would expand sales of higher volume ethanol blends of gasoline called E15, something advocates say could help reduce pump prices while supporting farmers.
Reuters previously reported the details of the EPA proposal on Wednesday, citing sources.
Renewable fuel credits traded on Thursday between $1.65 and $1.70 each, down from as high as $1.84 the previous session, traders said.

# Top News - Metals

**COLUMN-The London Metal Exchange's near-death nickel experience: Andy Home**
The 145-year-old London Metal Exchange (LME) came perilously close to imploding in March as its nickel contract turned wild.
The potential for multiple member defaults posed an "immediate and serious systemic risk to the market," according to LME Chief Executive Matt Chamberlain.
The contagion risk extended way beyond nickel, creating what Adrian Farnham, head of LME Clear, described as potential "liquidity stress across the entire financial and real-world metals market."
The first detailed account of what happened on the fateful day of March 8 has emerged from court filings as the LME contests a combined $472 million lawsuit from U.S. hedge funds Elliott Associates and Jane Street Global Trading over its cancellation of nickel trades.

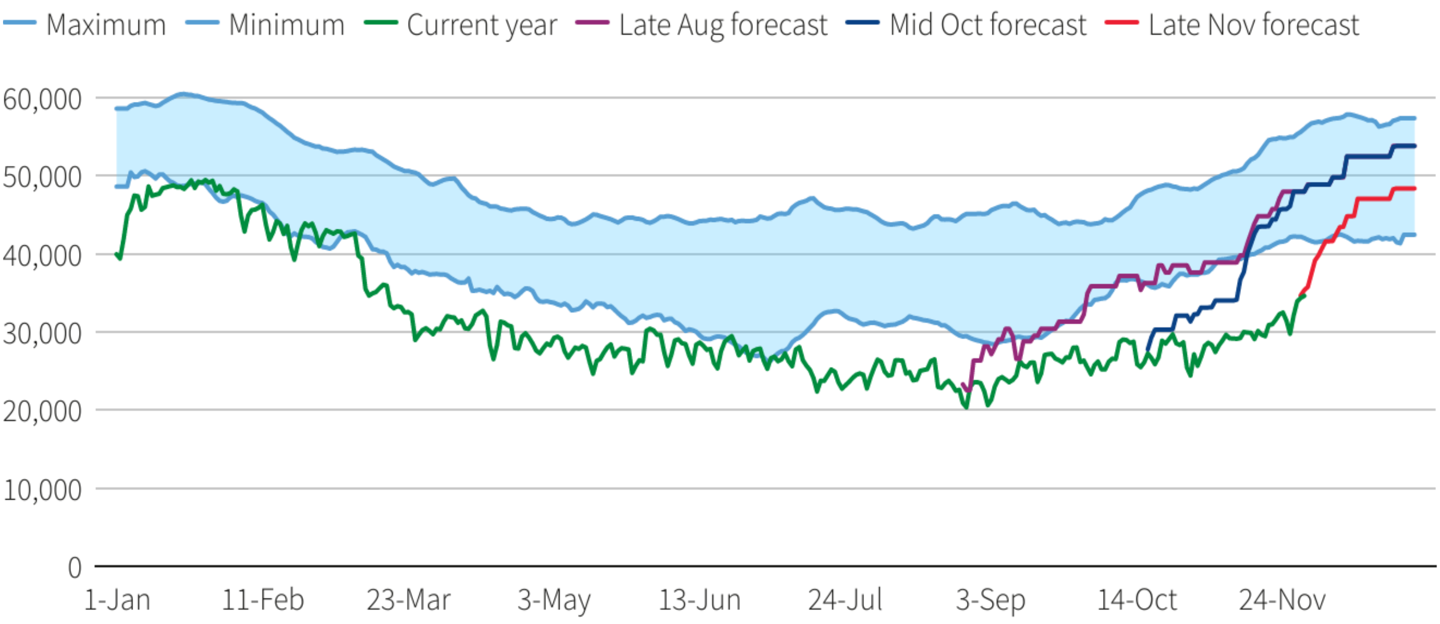
The exchange argues that it had a regulatory duty to do so in a disorderly market that was causing a liquidity drain on its members.
Lawyers for both sides will contest the devilish legal detail. The rest of us get a thrilling account of the near collapse of the world's foremost industrial metals exchange.

DEATH SPIRAL
Had the LME not suspended nickel trading and cancelled trades on the morning of March 8, it risked generating what Farnham described as a "death spiral".
LME Clear is the exchange's clearing house, acting as guarantor to every trade and levying margin payments to ensure it has enough collateral to do so.
As the nickel market exploded upwards, LME Clear required ever higher margins against open short positions. When the three-month price rose 7.6% to $29,130 per tonne on Friday March 4, it generated an intraday margin call of $2.6 billion, 40% higher than the previous record.
Another price surge to $55,000 per tonne on Monday triggered a wave of nine intraday margin calls totalling $7.0 billion before LME Clear took the "extremely unusual" step of suspending further calls for fear of defaults.
Indeed, six members failed to meet their overnight margin payments, totalling around $2.0 billion, which raised the spectre of a mass default as the nickel price spiked to an early Tuesday high of $101,365 per tonne before plunging back to $81,000 when trading was suspended at 08:15 London time.
Basis a price of $80,000, the collective margin call would have been $19.75 billion. Had the price gone back up to the earlier spike, the call would have been another 25% higher.
The LME estimated five members would be forced to default but the true number is now known to have been seven.
Those members held around 11,248 lots of open nickel short positions, which would have had to be picked up by LME Clear at a cost of $2.6 billion.
That exceeded LME Clear's default fund by $220m, which would have required a further call of at least $1.22 billion to cover the loss and restore the default fund to its required regulatory level.
The LME estimates another five members would have then defaulted, meaning the transfer to LME Clear of another 17,627 lots of nickel short positions with a loss value of $170m.
This would have required more collateral, a vicious circle that could only end when there were no more members left to pay.

## Chart of the Day

### EDF sees production returning to past trends

2012-2021 range vs 2022 output and EDF's forecasts




Source: RTE, EDF, Refinitiv

CROUCHING BEAR, HIDDEN DRAGON

The LME found itself in a race against time with a nickel price that was running out of control.

The cause of the nickel market melt-up was a collision of events and a big hidden short position.

The LME knew that exchange stocks were low and was monitoring the market in the months leading up to March, according to the court filings.

"When Russia invaded Ukraine in late February 2022, the LME viewed this as giving rise to a particular risk of volatility in the nickel market since Russia is a major nickel producer".

The market agreed, which is why the LME nickel price started rising as soon as Russia initiated its "special military operation" on Feb. 24.

When the LME Special Committee met on the afternoon of Monday March 7, nickel's price rise, although extreme, was explicable by "geopolitical and macroeconomic" drivers, particularly the potential for sanctions on Russian nickel, the LME said.

Fundamentals, however, couldn't explain the price doubling again in the early hours of Tuesday morning.

It was the big short positions lurking in the over-the-counter (OTC) shadows which played a major part in the market disorder.

The biggest, but by no means only, OTC short was China's Tsingshan Group, one of the nickel industry's biggest players with extensive operations in Indonesia.

The LME claims it had no knowledge of those positions at the time of the market blow-out. "The LME does not monitor OTC positions and, indeed, there are only limited circumstances in which the LME requests disclosure of information about Members' (or their Clients') OTC positions," it said in the court filings.

It does now, though, after amending its rules in June to require members to report all OTC positions.

That should help to narrow the information gap that was undoubtedly a contributor to the March chaos.

CIRCLE OF CRISIS

The LME's nickel crisis isn't over.

The lawsuits will wind their way slowly through the British courts. The nickel contract itself is suffering from low liquidity and resultant volatility.

The current LME executives can at least take comfort from the knowledge the grand old dame of metal trading has been here before and survived.

The best historical comparison with this year's events was The Tin Crisis of 1985, when a default by the International Tin Council's buffer stock manager risked exactly the same domino effect of defaults among the exchange's 27 ring-dealing members.

The risk was compounded by the lack of a clearing function in what was at the time a market of principals each liable for their own debts.

It took almost four years and multiple lawsuits before tin trading resumed in 1989. By which stage the LME had hooked up with LCH.Clearnet to provide a full clearing function to prevent the risk of mass default in the future.

That relationship ended in 2014, when the LME brought clearing in-house with LME Clear.

What was meant to be the ultimate safety net, however, almost turned into a potential death spiral that could have finished the LME.

**CME cobalt contract use soars above LME as big players join**

Activity in CME Group's cobalt futures has this year soared far above London Metal Exchange volumes, with sources citing major firms including top producer Glencore as users covering their exposure to the battery metal.

Consumers, producers, commodity traders, brokers and banks are backing the CME's cash-settled contract as they want a liquid instrument to hedge cobalt, which has grown in importance due to its use in electric-vehicle batteries, which are crucial for meeting targets for cutting emissions.

Growing volumes for CME cobalt are expected to help the U.S. exchange win market share in contracts for other materials used in electric vehicles such as lithium and aluminium.

Meanwhile, the LME's cobalt contract has failed to gain traction due to a lack of interest from its members.

A source with direct knowledge said Glencore, the world's largest cobalt producer, wanted to support the establishment of a liquid cobalt futures market.

Glencore uses CME cobalt and also trades bilaterally with banks using over-the-counter (OTC) contracts, the source said.

Glencore declined to comment.

"Interest in CME cobalt is consistent," one source familiar with the matter said. "Volkswagen and other automakers have to include cobalt in their hedging programmes."

Volkswagen makes electric vehicles which use batteries containing cobalt. The German automaker told Reuters it does not use the CME's cobalt futures, but it trades bilaterally with banks using cash-settled OTC contracts.

Banks then hedge their exposure to Volkswagen using CME cobalt, a second source familiar with the matter said.

Volumes on the CME's cash-settled cobalt contract, launched in December 2020, have climbed 273% to 11,003 tonnes in the 10 months to end-October from the same period last year.

Open interest, the number of outstanding contracts held by the market, for CME cobalt at 8,258 tonnes in October has jumped 352% from the same period last year. Open interest is spread across maturities from November 2022 to December 2025.

CME Group declined to comment.

The LME's cash-settled cobalt contract has not traded since its launch in 2019, while interest in its physically-deliverable contract has faded, evidenced by a 68% drop

in volumes to 238 tonnes in Jan-Oct from the same period last year.
Open interest on the LME's physically deliverable contract has been stuck at 13 tonnes since August compared with levels near 800 tonnes in December 2018.
"CME brokers want to make the contract work. LME brokers don't care, it's not a core offering for them," the second source familiar with the matter said.
LME declined to comment.
According to Benchmark Mineral Intelligence (BMI), cobalt demand from the battery sector accounted for 47% of the total at 88,147 tonnes in 2015.
BMI expects cobalt demand for batteries to rise to 68% at nearly 164,000 tonnes this year and 82% at 360,231 tonnes by 2030.
Most of that growth will come from electric vehicles batteries, according to BMI analyst Caspar Rawles. Cobalt ensures batteries do not easily overheat or catch fire and it helps extend their life, which automakers typically guarantee for eight to 10 years.
Glencore produced 31,300 tonnes of cobalt last year, much of it in the Democratic Republic of Congo where it is a byproduct of copper. Cobalt is also a byproduct of nickel production.

**MARKET MONITOR as of 07:12 GMT**

| Contract | Last | Change | YTD |
|---|---|---|---|
| NYMEX Light Crude | $81.15 / bbl | -0.09% | 7.90% |
| NYMEX RBOB Gasoline | $2.34 / gallon | 0.11% | 5.21% |
| ICE Gas Oil | $921.50 / tonne | -3.28% | 38.16% |
| NYMEX Natural Gas | $6.63 / mmBtu | -1.65% | 77.67% |
| Spot Gold | $1,800.10 / ounce | -0.15% | -1.55% |
| TRPC coal API 2 / Dec, 22 | $273 / tonne | 8.33% | 121.95% |
| Carbon ECX EUA / Dec, 22 | €85.39 / tonne | 0.20% | 5.88% |
| Dutch gas day-ahead (Pre. close) | €136.00 / Mwh | -2.16% | 104.51% |
| CBOT Corn | $6.49 / bushel | -0.23% | 9.31% |
| CBOT Wheat | $7.59 / bushel | -1.65% | -1.56% |
| Malaysia Palm Oil (3M) | RM4,018 / tonne | -1.47% | -14.46% |
| **Index (Total Return)** | **Close 1 Dec** | **Change** | **YTD Change** |
| Thomson Reuters/Jefferies CRB | 302.14 | -0.09% | 22.32% |
| Rogers International | 29.91 | -0.80% | 28.32% |
| U.S. Stocks - Dow | 34,395.01 | -0.56% | -5.35% |
| U.S. Dollar Index | 104.66 | -0.07% | 9.06% |
| U.S. Bond Index (DJ) | 401.77 | 1.55% | -16.18% |

## Top News - Carbon & Power

**Australia court rejects Santos bid to resume Barossa gas drilling**
Australia's Federal Court rejected on Friday an appeal by Santos Ltd to resume drilling on its $3.6 billion Barossa gas project off northern Australia after indigenous groups raised objections, potentially delaying other offshore projects.
Three Federal Court judges ruled that Santos had not consulted all the indigenous people on the Tiwi Islands that should have been consulted for its environmental plan, backing a challenge brought by a member of the Munupi clan.
The court's decision means all offshore developers will have to consult a wide range of groups, including those with cultural interests, when seeking regulatory approvals, which could slow other projects in the works such as Woodside Energy Group's $12 billion Scarborough gas development and linked Pluto LNG plant expansion.
The court's ruling hit Santos' and Woodside's shares. Both fell around 3% in a broader market that was down just 0.8%.
Santos on Friday said it would apply for fresh approvals for its biggest project in line with the court's order.

"Santos does not anticipate any material cost or schedule impact, and first gas from the Barossa Gas Project remains on track to be delivered in the first half of 2025," the company said in a statement.
The court backed a challenge led by Munupi clan member Dennis Tipakalippa, who contended that the Barossa project posed a risk to sacred sites and spiritual connection to Sea Country north of the Tiwi Islands in the Timor Sea.
"Our sea is like our mother - we are part of the sea and the sea is part of us. Santos and every other gas company must take note that this is our country and we must be consulted," Tipakalippa said in a statement after the court handed down its decision.
The Barossa gas field is 300 km (186 miles) north of Darwin, while the Tiwi Islands lie about 80 km north of Darwin.
Santos had to suspend drilling on the project in September after a judge found that the environmental approval by the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) for the Barossa permit was invalid as it had not properly consulted the Munupi clan about the project.
Tipakalippa's lawyer told the court Santos should have gone beyond the Tiwi Land Council to talk to people who had a specific interest in Sea Country, just as Santos had talked to groups that had fishing and tourist interests.
The court rejected the Santos arguments that it had consulted all the relevant persons who might be affected by its drilling and that it would be too hard to consult all the indigenous groups with connections to the area.
"In this case, we consider it clear that Mr Tipakalippa and the Munupi clan had interests ... that required them to be consulted," the three Federal Court judges said in their decision.
Credit Suisse analyst Saul Kavonic said the court's decision "may cause a material delay to Barossa, as a new consultation process is undertaken and a new environmental plan is submitted and assessed by NOPSEMA".
A lawyer at the Environmental Defenders Office, Alina Leikin, said her Tiwi Island clients including Tipakalippa do not want drilling in the Timor Sea, but that would be a matter for the consultation process.
"The community are hopeful that the regulator and Santos will understand and appreciate the depth of their concern and their desire to protect their Sea Country and won't go ahead with this drilling," Leikin told Reuters by phone from the Tiwi Islands.

**France may be at risk of 'some days' of power cuts this winter - grid operator**

France may face "some days" of power cuts this winter, the head of French power grid operator RTE said on Thursday, as the government briefed local authorities on how to manage any possible outages. "The situation entails risks, but one must not think power cuts are inevitable," Xavier Piechaczyk told France Info radio.
Utility giant EDF has faced an unprecedented number of outages at its fleet of nuclear reactors, reducing nuclear output to a 30-year low just as Europe scrambles to replace Russian gas supplies, which Moscow cut off in retaliation for EU sanctions imposed over its Feb. 24 invasion of Ukraine.
Piechaczyk stuck with the grid operator's last supply forecast, which had highlighted risks of shortages in January.
"Today we have 35 gigawatt of available nuclear power as of Dec. 1, the aim is to reach between 40 and 41 on Jan. 1 and to end the month at around 43, compared to a total capacity of 61."
Piechaczyk said the forecast was modelled on EDF's nuclear maintenance schedule, with some additional delays already anticipated.
In RTE's scenario, there is a risk of "some days this winter" when the country's electricity monitoring application Ecowatt will display a red signal, Piechaczyk said. This would trigger a need to load users partially off the power grid.
Ecowatt is an app designed to allow consumers and businesses to monitor the power situation in real time so they can reduce consumption and avoid power cuts if the grid operator gives a warning signal.
Piechaczyk acknowledged that so far not enough people use the app. "We have 470,000 subscribers to the SMS alerts and our app was downloaded around 300,000 times. That's not enough, we have to do more advertising," he said.
Analysts told Reuters that cold weather could lead to initial power shortages as early as Monday.
"If we remain at 35 GW, Monday next week could become quite tight - we expect demand at otherwise seasonally normal levels, but 35 GW of nuclear would be too low to meet a possible demand peak at 73 GW," Refinitiv analyst Nathalie Gerl said.
However, Frederic Lefort, head of business and administrative clients at Engie, one of the main power suppliers, told an event on Thursday that "we don't expect any red alert until the end of 2022".

PARTIAL LOAD SHEDDING

The government has sent binding instructions to regional government officials, seen by Reuters, which provide details on how to prioritise power allocation. It also urges them to meet local authorities and businesses to make sure all emergency power generators are working.
"Any scheduled outages should not affect more than 4 million users simultaneously," the government said in the instructions, adding that local load shedding measures should not last longer than two hours and will be flagged by RTE at 5 p.m. local time the previous day.
Critical sites such as hospitals can be exempted, the instructions said, while schools should close on days when there are insufficient supplies.
Regional government officials also were asked to ensure people receiving vital medical care get three days notice

of any power cuts so they can be transferred to other locations.
Separately, government spokesman Olivier Veran told BFM television that if January was a particularly cold month, power cuts could not be ruled out.
"(But) we are not announcing to the French people that there will be power cuts," he added.

## Top News - Dry Freight

**COLUMN-The climate upside to the downturn in container shipping rates: Maguire**
Global container shipping rates are a widely used gauge of overall consumer sentiment, with high and rising costs indicating strong demand for goods, gadgets and clothes, while falling rates attest to slowing or falling buyer interest.
As the main conduit for global trade in finished and intermediate goods - including an overwhelming majority of the parts and machinery needed to produce other merchandise - the container shipping sector can also offer a glimpse into the state of demand among global manufacturers.
And the latest read on one of the world's busiest container shipping lanes - from China to the U.S. West Coast - paints a dour picture of the health of buyers and businesses in the world's two largest economies.
The cost to ship a 40-foot (12-meter) container from China to California has halved since late September, and is down 90% this year, data from shipping firm Freightos shows.
A variety of factors have been behind this spectacular plunge, including rapid belt-tightening by U.S. consumers stung by inflation, a mistimed surge in retail sector inventories, and enduring disruption to China's manufacturing supply chain due to recurrent COVID-19 lockdowns.
Regardless of the cause, the main takeaway is that the rate that shippers are prepared to pay to move stuff from China to the United States has plummeted faster than at any point in history, and reveals deep problems among the key drivers of economic activity within the United States and in the world's largest manufacturing base, China.

SELF-PRESERVATION
A silver lining to this deterioration in global trade flows is that shipping lines have already hit the brakes on voyage speeds in order to save on fuel costs and buy time for a potential improvement in the state of demand at the destination by the time the vessels arrive.
In turn, this slower pace of ship traffic is reducing emissions from each of the roughly 12,000 container vessels estimated to be in operation.
The average speed of a large container vessel - capable of carrying up to 24,000 individual 20-foot containers - is currently 8.5% down from the average speed plied over the first half of 2021, when global shipping activity burst to life as the COVID-19 lockdowns of 2020 eased, data from Refinitiv shows.
The average speed of medium-sized container vessels is down 4.6% over the same period.
While these speed reductions pale in comparison to the roughly 77% drop in average container rates for the China-U.S. West Coast route, they do represent a significant drop in fuel consumption from the global container fleet.

EMISSIONS IMPACT
As the entire shipping sector only accounts for roughly 3% of global annual greenhouse gas emissions, according to the International Maritime Organization (IMO), a modest-looking slowdown among container vessels may not seem like a significant climate milestone.
But with 2021 shipping emissions estimated at 833 million metric tons by ship broker Simpson, Spence & Young - and global CO2 emissions scaling new highs last year - any contraction in pollution from a key driver of the global economy is notable.
Further, due to the container sector's clear linkages to the broader manufacturing industry, the sharp drop in shipping rates and speeds indicates that overall industrial activity is also being throttled down by a significant degree.
This is clearly bad news for corporate earnings and the state of the overall global economy.
But for climate watchers who have been alarmed by the steep jump in emissions seen over the past year or so, the reduced discharge from major global supply lines is a potential cause for celebration, even if it indicates a weakened state of key actors in the global economy.

**Algerian wheat purchase seen at 450,000 tonnes to 500,000 tonnes -traders**
Algeria’s state grains agency OAIC is believed to have bought between 450,000 to 500,000 tonnes of milling wheat in an international tender which closed on Wednesday, European traders said on Thursday.
This was above estimates of about 400,000 tonnes on Wednesday evening.
Price estimates on Thursday were again between $354 to $355.50 a tonne cost and freight (c&f) included, the same as reported on Wednesday night although $355 a tonne c&f was more frequently spoken of on Thursday.
Technically supplies are optional origin, but traders said they expected a range of source countries including France, Germany and the Black Sea region including Bulgaria and Russia.
More detailed assessments prices and tonnage bought are still possible later.
The wheat was sought for shipment in two periods in 2023 from the main supply regions including Europe: Jan. 1-15 and Jan. 16-31. If sourced from South America or Australia, shipment is one month earlier.
Algeria is a vital customer for wheat from the European Union, especially France. Algeria does not release results of its tenders and reports are based on trade estimates.

## Picture of the Day

*Combines harvest sunflowers in a field, amid Russia's attack on Ukraine, in Chernihiv region, Ukraine October 8. REUTERS/ Viacheslav Ratynskyi*

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(Inside Commodities is compiled by Sandhra Sam in Bengaluru)

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