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Top News - Oil

G7 price cap on Russian oil kicks in, Russia will only sell at market price

The Group of Seven price cap on Russian seaborne oil came into force on Monday as the West tries to limit Moscow's ability to finance its war in Ukraine, but Russia has said it will not abide by the measure even if it has to cut production.

The price cap, to be enforced by the G7, the European Union and Australia, comes on top of the EU's embargo on imports of Russian crude by sea and similar pledges by the United States, Canada, Japan and Britain.

It allows Russian oil to be shipped to third-party countries using G7 and EU tankers, insurance companies and credit institutions, only if the cargo is bought at or below the price cap.

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

Russia, the world's second-largest oil exporter, said on Sunday it would not accept the cap and would not sell oil that is subject to it, even if it has to cut production.

Selling oil and gas to Europe has been one of the main sources of Russian foreign currency earnings since Soviet geologists found oil and gas in the swamps of Siberia in the decades after World War Two.

A source who asked not to be identified due to the sensitivity of the situation told Reuters that a decree was being prepared to prohibit Russian companies and traders from interacting with countries and companies guided by the cap.

In essence, such a decree would ban the export of oil and petroleum products to countries and companies that apply it.

Still, with the price cap set at $60 per barrel, not much below the $67 level where it closed on Friday, the EU and G7 countries expect Russia will still have an incentive to continue selling oil at that price, while accepting smaller profits.

The level of the cap is to be reviewed by the EU and the G7 every two months, with the first such review in mid-January.

"This review should take into account ... the effectiveness of the measure, its implementation, international adherence and alignment, the potential impact on coalition members and partners, and market developments," the European Commission said in a statement.

The cap on crude will be followed by a similar measure affecting Russian petroleum products that will come into force on Feb. 5, though the level of that cap has not yet been determined.

OPEC+ keeps steady policy amid weakening economy, Russian oil cap

OPEC+ agreed to stick to its oil output targets at a meeting on Sunday as the oil markets struggle to assess the impact of a slowing Chinese economy on demand and a G7 price cap on Russian oil on supply.

The decision comes two days after the Group of Seven (G7) nations agreed a price cap on Russian oil.

OPEC+, which comprises the Organization of the Petroleum Exporting Countries (OPEC) and allies including Russia, angered the United States and other Western nations in October when it agreed to cut output by 2 million barrels per day (bpd), about 2% of world demand, from November until the end of 2023.

Washington accused the group and one of its leaders, Saudi Arabia, of siding with Russia despite Moscow's war in Ukraine.

OPEC+ argued it had cut output because of a weaker economic outlook. Oil prices have declined since October due to slower Chinese and global growth and higher interest rates, prompting market speculation the group could cut output again.

But on Sunday the group of oil producers decided to keep the policy unchanged. Its key ministers will next meet on Feb. 1 for a monitoring committee while a full meeting is scheduled for June 3-4.

On Friday, G7 nations and Australia agreed a $60 per barrel price cap on Russian seaborne crude oil in a move to deprive President Vladimir Putin of revenue while keeping Russian oil flowing to global markets.

Moscow said it would not sell its oil under the cap and was analysing how to respond.

Many analysts and OPEC ministers have said the price cap is confusing and probably inefficient as Moscow has been selling most of its oil to countries like China and India, which have refused to condemn the war in Ukraine.

Neither an OPEC meeting on Saturday nor the OPEC+ meeting on Sunday discussed the Russian price cap, sources said.

Russia's Deputy Prime Minister Alexander Novak said on Sunday Russia would rather cut production than supply oil under the price cap and said the cap may affect other producers.

Sources have told Reuters several OPEC+ members have expressed frustration at the cap saying the anti-market measure could ultimately be used by the West against any producer.

The United States said the measure was not aimed at OPEC. JP Morgan said on Friday that OPEC+ could review production in the new year based on fresh data on Chinese demand trends and consumer compliance with price caps on Russia crude output and tanker flow.

Top News - Agriculture

Ukraine says ship with wheat for Ethiopia arrives, part of anti-famine push
A ship with Ukrainian wheat destined for Ethiopia arrived in port on Saturday, the first vessel to sail as part of a push to send food to countries most vulnerable to famine and drought, President Volodymyr Zelenskiy said.
Last Saturday, Ukraine and allied nations launched an initiative to export $150 million worth of grain to Ethiopia, Sudan, South Sudan, Somalia, Congo, Kenya, and Yemen.
"We ship food. We ship hope," Zelenskiy said in a tweet accompanying a short clip of a vessel carrying 25,000 tonnes of wheat for Ethiopia that he said had arrived in the port of Doraleh, in neighboring Djibouti.
Zelenskiy said on Friday that by early next year, a total of around 60 ships would have delivered cargoes.

COLUMN -Funds add length in CBOT corn, soy before late-week downturn in prices -Braun
Speculators bought Chicago corn, soybean and soybean product futures and options during the last few days of November, a reversal from the prior week's moves, though bulls may have pitched some positions late last week amid heavier losses in soybean oil and corn.
Most-active CBOT corn and soybean futures both rose about 2% in the four-day week ended Nov. 29, and money managers added roughly 20,000 futures and options contracts to each of their respective net longs.
That resulted in a corn net long of 191,631 futures and options contracts, a three-week high. Money managers' soybean net long rose to 102,104 contracts, also a three-week high, based on Friday's data from the U.S. Commodity Futures Trading Commission.

Funds covered gross shorts in both corn and soybeans through Nov. 29, though the addition of new longs was the more prominent feature.
Open interest in corn futures and options was down 14% on the year as of Nov. 29, and for soybeans it was down 9%. However, those are off 30% and 42%, respectively, from the same week in 2020, when open interest for both was at record highs for the time of year.
Corn futures lost 3.5% in the last three sessions, on Friday hitting the most-active contract's lowest levels since August before settling at $6.46-1/4 per bushel. New -crop December 2023 corn ended below $6 for the first time since August.
Soybean futures lost 1.4% between Wednesday and Friday as disappointment over U.S. biofuel targets was partially offset by increasingly poor weather for Argentina's crop, a smaller canola crop in Canada and strength in soymeal.
CBOT soy product futures were up in the week through Nov. 29, soyoil to a larger degree at 2%. Money managers expanded their soyoil net long by more than 5,000 to 105,503 futures and options contracts, and they added more than 3,000 meal contracts to lift their bullish soymeal views to 74,861 contracts.
CBOT soybean oil futures fell more than 6% on Thursday alone, and the day's total trading volume was the third-largest in more than a decade, signaling that many soyoil bulls may have pulled the plug last week. The other two days were Nov. 23, 2016, and Feb. 13, 2018.
Most-active soy oil lost 10.6% in the last three sessions, ending at 65.22 cents per pound on Friday. Part of soyoil's strength over the last year or two has been tied with ideas that biofuel use will significantly rise in the coming years, which was not exactly reflected in the U.S. volumes proposed last week.
Soymeal futures added 4% between Wednesday and Friday, reaching a one-month high on Thursday of $426.50 per short ton.
CBOT wheat futures fell 3.6% in the week ended Nov. 29, and the managed money net short reached yet another recent max of 54,068 futures and options contracts, the largest since May 2019. That was an increase of less than 1,000 contracts on the week.
CBOT wheat dropped nearly 3% on Friday, reaching the lowest price since Aug. 19, then settling at $7.61 per bushel. Both CBOT wheat and corn faced heavy pressure on Friday as U.S. export demand is slim and cheaper Black Sea supplies have commanded the global market.

Top News - Metals

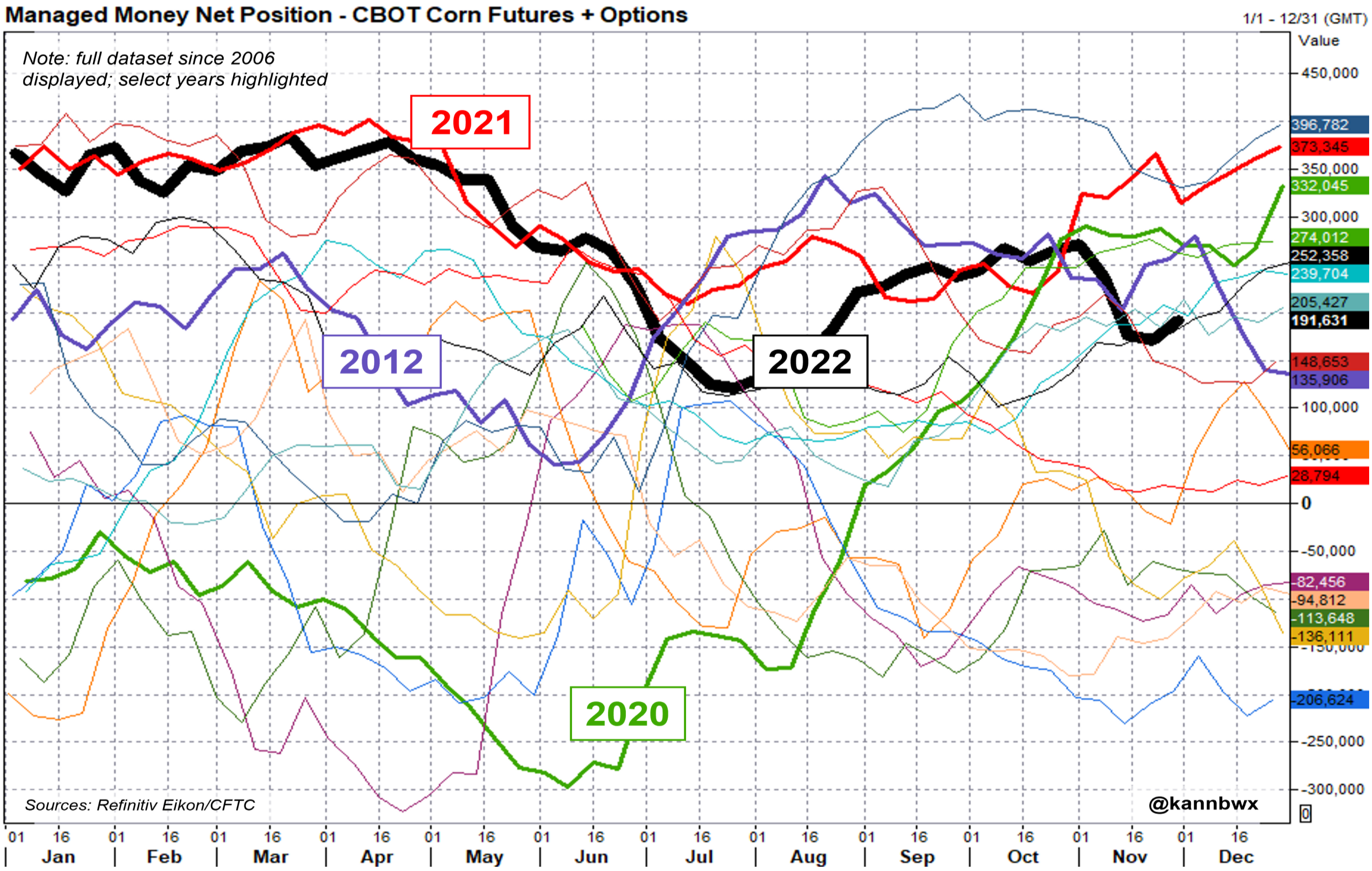
Papua New Guinea PM Marape presses mining, energy giants to advance projects
Papua New Guinea Prime Minister James Marape on Monday urged mining investors to get on with developing their resources, pushing for more downstream processing in the country and more local employment.
Marape said his goal is to expand the nation's economy to 200 billion kina ($55 billion) by 2029, more than doubling its gross domestic product since he took office in 2019, with the help of five gas and mining projects.
Those include the undeveloped Papua LNG project, run by TotalEnergies, and the Wafi-Golpu copper-gold project run by Newcrest Mining.
"You must show some progress, I don't want

warehousing of licenses," Marape told a conference in Sydney, in comments directed at foreign investors.
The Wafi-Golpu copper-gold project, jointly owned by Australia's Newcrest and South Africa's Harmony Gold Mining, is the biggest undeveloped mining resource in the Pacific nation. It has long been stuck on the drawing board, partly due to a battle over how big a share of the project's gold output would go to the PNG government.
"Our teams have made significant progress in recent weeks and months to find a balance. With continuing goodwill on both sides, we anticipate a positive outcome will be reached," Newcrest Chief Executive Sandeep Biswas told the conference.
The country is also locked in talks for a special mining lease to restart the Porgera gold mine, which has been shut for more than two and a half years, following an agreement reached last year with co-owners Barrick Gold Corp and China's Zijin Mining Group.
"We understand you are not a charity but please take my people with you," Marape said at the conference, referring to companies looking to develop resource projects.
Marape has been pressing for PNG to receive a bigger share of the benefits from mining and energy projects since he first became prime minister in 2019, and so far has succeeded in renegotiating deals with energy giants ExxonMobil Corp and TotalEnergies on their gas projects.
He highlighted the country's proximity to resource-hungry Asian nations as an advantage for its mining and liquefied natural gas (LNG) exports. The biggest single foreign investment in the country is the PNG LNG project, run by Exxon.
"Last year when I visited China I was able to sell 3 million metric tonnes of gas. Papua New Guinea is using its bilateral network and multilateral networks to trade and can find markets," Marape said.
The next major gas development awaiting a final investment decision is the Papua LNG project.
TotalEnergies has said it aims to decide whether to go ahead with the project around the end of 2023.

Australia's Arizona Lithium ties up with Native American firm to develop project

Australia's Arizona Lithium Ltd said on Monday it had entered into an alliance with Navajo Nation, a Native American mining services firm, to help develop its flagship Big Sandy lithium project in Arizona.
Miners are signing more agreements with First Nations companies as pressure grows to increasingly involve them in projects on their traditional lands.

Chart of the Day



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DATA IS JUST THE BEGINNING

Navajo Nation unit Navajo Transitional Energy Company (NTEC) will take over the operational development of Big Sandy, managing everything from permitting requirements through to definitive feasibility study and mine construction, under the terms of the deal, Arizona Lithium said. NTEC Managing Director Vern Lund would be appointed to Arizona Lithium's board if a definitive agreement is signed.

By meeting certain mining development milestones at Big Sandy, NTEC could also become a substantial shareholder in Arizona Lithium, the Australian company said.
"NTEC would be entitled to the issue of up to 192 million AZL shares at a notional price of 12 (Australian) cents per AZL share together with an attaching option," the company said.

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

Germany to force energy providers to justify future price hikes
The German government plans to allow energy providers to raise prices next year only if objectively justified, the economy ministry said on Saturday, denying a media report that Berlin planned a ban on all energy price hikes for consumers.
"Not every price increase is automatically illegal," an economy ministry spokesperson said, but added that the ban would apply to unjustified price hikes that exploited consumers.
Mass-selling Bild newspaper reported the government wants to ban all electricity and gas suppliers from increasing prices next year.
Energy suppliers in Germany would have to prove that the price increases they plan are justified, for instance if they have rising procurement costs, the ministry added.
The cabinet approved a cap on gas and electricity prices in an expedited process last month as part of efforts to tackle soaring energy bills for households and businesses.

Macron says "no panic" about possible French power cuts
French President Emmanuel Macron said there was no reason to panic about possible power cuts this winter, but he called on citizens to use less energy and on state utility EDF to restart nuclear reactors to prevent outages in case of cold weather.
In an interview with French TV station TF1 recorded

during his state visit to the United States this week, Macron denied that the risk of rolling blackouts was due to inadequate management of EDF's nuclear reactor restart programme.
"First of all, let us be clear: no panic! It is legitimate for the government to prepare for the extreme cases which would mean cutting off electricity for a few hours per day if we did not have enough power," Macron said.
EDF has faced an unprecedented number of outages at its fleet of nuclear reactors following repair work, 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.
The head of French power grid operator RTE said on Thursday that France may face "some days" of power cuts this winter and the government has started briefing local authorities on how to handle any outages.
"These are fictitious scenarios, but if all of us adhere to the sobriety plan presented by the prime minister a few months ago, and notably reduce our consumption by 10 pct compared to normal levels ... and if EDF continues its work...then yes we can get through this period, even if the months of December and January turn out to be cold," Macron said.
French media have run stories about how to prepare for blackouts, suggesting buying candles, leaving fridges and freezers shut and charging up mobile phones.
Analysts say that cold weather could lead to power cuts as soon as early as Monday, as delays to the restart of the nuclear reactors have left supply lagging demand.
RTE's online power availability forecasting tool Ecowatt on Saturday showed no warnings of possible tension on the French power grids for the four days ahead to Tuesday.

Top News - Dry Freight

French grain exports from Dunkirk port at 10-year high

Nord Cereales, which runs France's third largest grain export silo at Dunkirk port, has shipped its biggest volume in over 10 years for the first five months of the season, it said on Friday, illustrating a fast pace of French exports.
Between the start of this season on July 1 and the end of November, Nord Cereales exported more than 1.2 million tonnes of grain, it said.
This is a turnaround after the silo operator recorded a 30% fall in exports to 1.6 million tonnes over the full 2021/22 season due to a disappointing harvest, the COVID-19 pandemic and renovation work, it said.
France saw a brisk start to its grain export season as war disruption to Black Sea trade led importers to turn more to western European supplies.
In recent weeks, traders have also reported large French wheat sales to China, with volumes reported ranging between 400,000 and 700,000 tonnes. Expectations that most of the volume was for shipment this month fuelled a spike in December wheat futures on Euronext.
A vessel is due to call at Dunkirk on Dec. 9 to load 25,000 tonnes of wheat for China, after taking 40,000 tonnes at Rouen, according to Refinitiv port data.
By the end of December grain exports out of Dunkirk, which are mainly wheat, will have reached 1.44 million tonnes, led by 513,000 tonnes to Egypt, 455,000 tonnes to China and 189,000 tonnes for Pakistan, a spokesperson said.
China has been Dunkirk's main destination by far in the past years, with 1.2 million tonnes exported to the Asian giant in 2021/22 and 1.6 million in 2020/21.
France's main grain export hubs are the ports of Rouen, La Pallice and Dunkirk.

Ukraine grain exports down 29.6% at 18.1 mln T so far in 2022/23

Ukraine has exported almost 18.1 million tonnes of grain so far in the 2022/23 season, down 29.6% from the 25.8 million tonnes exported by the same stage of the previous season, agriculture ministry data showed on Friday.
The volume included more than 6.9 million tonnes of wheat, 9.7 million tonnes of corn and about 1.5 million tonnes of barley.
After an almost six-month blockade caused by the Russian invasion, three Ukrainian Black Sea ports were unblocked at the end of July under a deal between Moscow and Kyiv brokered by the United Nations and Turkey.
President Volodymyr Zelenskiy, speaking in a video address, said the deal had allowed Ukraine to export almost 13 million tonnes of agricultural products.
The government has said that Ukraine could harvest about 51 million tonnes of grain this year, down from a record 86 million tonnes in 2021, because of the loss of land to Russian forces and lower yields.
Last Saturday, Ukraine and allied nations launched a plan to export $150 million worth of grain to countries most vulnerable to famine and drought.
Zelenskiy said the first ship had already left for Ethiopia with a cargo of wheat and would be followed by a second vessel. A third will be loaded with wheat, destined for Somalia.
By early next year, a total of around 60 ships will have taken part in the initiative, he added.

Picture of the Day

A farmer drives his tractor to sow wheat in his field in Havrincourt, France, October 26. REUTERS/Pascal Rossignol

The Financial and Risk business of Thomson Reuters is now Refinitiv.

(Inside Commodities is compiled by Sandhra Sam in Bengaluru)

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