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Top News - Oil

Saudi Arabia sets Jan Arab Light prices to Asia at 10-mth low
Saudi Arabia, the world's top oil exporter, cut the January official selling price (OSP) for its flagship Arab Light crude for Asian buyers to a 10-month low, on concerns over faltering demand and a potential increase in Russian competition.
The OSP for January-loading Arab Light to Asia was trimmed by $2.20 a barrel from December to $3.25 a barrel over Oman/Dubai quotes, state oil producer Saudi Aramco said on Monday.
The new OSP is just above the previous low of $2.80 per barrel, set for March 2022.
The change was in line with market forecasts for a cut of about $2 a barrel.
The Organization of the Petroleum Exporting Countries (OPEC) and allies including Russia, known as OPEC+, on Sunday decided to keep unchanged their plan to cut production.
The backwardation in the Dubai market structure narrowed during trading last month, implying that fears over near-term supply tightness for crude were easing.
The premium for front-month Dubai over the price for the third-month averaged $2.76 a barrel in November, down from $4.73 in October.
Saudi Arabia's OSP adjustment also came after the Group of Seven (G7) nations and Australia agreed to a $60 per barrel price cap on Russian seaborne crude oil.
"Although the market remains cautious on lifting Russian crude as the price cap is just set, there is no doubt that more cargoes will flow to Asia and compete with the Middle Eastern crude," said a Singapore-based trader.
Saudi Arabia cut its January Arab Light OSP to northwest Europe by $1.80 a barrel from December and kept the price to the United States unchanged.

Oil tankers queue up off Turkey as price cap on Russian crude kicks in – FT
Oil tankers formed a traffic jam off the coast of Turkey on day one of the West's price cap on Russian crude, with Ankara insisting on new proof of insurance for all vessels, the Financial Times reported on Monday.
Around 19 crude oil tankers were waiting to cross Turkish waters on Monday, the report said, citing ship brokers, oil traders and satellite tracking services.
A $60 per barrel price cap imposed by the Group of Seven nations, Australia and the 27 European Union states on Russian seaborne crude oil took effect this week, the latest Western measure to punish Moscow over its invasion of Ukraine.
The agreement allows Russian oil to be shipped to third-party countries using tankers from G7 and European Union member states, insurance companies and credit institutions only if the cargo is bought at or below the cap.
Russia said on Monday that a Western price cap on its oil would destabilise global energy markets but would not affect its ability to sustain what it calls its "special military operation" in Ukraine.
According to the Financial Times' report, four oil industry executives said Turkey had demanded new proof of full insurance coverage for any vessels navigating its straits in light of the measures.
Turkey's ministry of transport and infrastructure did not immediately respond to a Reuters request for comment.
The vessels had dropped anchor near the Bosphorus and Dardanelles, the two straits linking Russia's Black Sea ports to international markets.
The first tanker arrived on Nov. 29 and has been ever waiting since, the report quoted a ship broker who asked not to be named as saying.

Top News - Agriculture

Australia forecasts record wheat crop despite floods
Australia is expected to produce a bumper year of crops including record wheat production in the current financial year, the government said on Tuesday, despite the impact of widespread flooding in the the country's eastern region.
Total winter crop production across the country is forecast to total 62 million tonnes, the second highest on record, according to a report from the federal Australian Bureau of Agricultural and Resource Economics (ABARES).
"While the spring rain has impacted production, yields and quality in some parts of the country, some states are experiencing their best winter crops on record," ABARES Director Jared Greenville said in a statement.
Wheat production, the country's major grain crop, is forecast to reach 36.6 million tonnes in the 12 months running to June 30, 2023, a 1% increase over the previous record set last year, the report said.
Barley production is due to reach 13.4 million tonnes, the fourth-largest crop on record, with canola expected to hit a record 7.3 million tonnes.

Australia's eastern region has suffered a wave of floods this year, inundating homes and farmland, because of a rare multi-year La Nina weather phenomenon, which brings more rain.
Summer crop planting is expected to fall 9% as a result of the flooding, the report said, particularly impacting cotton and rice crops.

India's sugar output set to drop 7%, could crimp exports
India's sugar output is likely to fall 7% this year as erratic weather conditions have cut cane yields, which could dampen exports from the world's biggest producer of the sweetener, farmers, millers and traders said.
Lower sugar exports from India, also the world's second biggest exporter, could lift global prices and allow rivals Brazil and Thailand to increase their shipments.
"The crop was just looking like last year but when we started harvesting we realised that yields were very low," said Pradip Jagtap, a farmer from the Solapur district of the western state of Maharashtra, India's No.1 sugar-producing state.
This year, Jagtap could gather 530 tonnes of cane from his nine-acre plot, down from the previous year's 750 tonnes.
Just like Jagtap, the 192 other farmers from 11 key cane-producing districts of Maharashtra told Reuters that prolonged dry weather conditions during summer and then heavy rains later hit the cane crop.
"The summer was harsh and then we received too much rainfall from July," said farmer Baban Karpe from Kolhapur. "The fields were waterlogged and the crop didn't get sunlight for weeks."
On average, farmers reported a 15% drop in cane yield, but in some pockets, they said the per hectare loss would be 35%.
Maharashtra, which accounts for more than a third of the country's sugar output, was expected to produce a record 13.8 million tonnes of sugar in the current marketing year that began on Oct. 1, up from the last year's 13.7 million tonnes, according to the state government.
But a 15% drop in cane yields could bring down Maharashtra's sugar production to 11.7 million tonnes, said a senior official of a sugar mill and a dealer with a trade house. Both declined to be named as they are not authorised to talk to the media.
Along with Maharashtra, cane growers from neighbouring Karnataka state also faced unfavourable weather conditions. As a result, Karnataka's sugar output looks likely to fall to 5.5 million tonnes this year against 6 million tonnes produced in 2021-22, said the mill official.
Lower sugar production in Maharashtra and Karnataka could drag down India's sugar output to 33.3 million tonnes in the current 2022-23 year against last year's record 35.8 million tonnes, the millers said in a previously unreported estimate.

LOWER EXPORTS
New Delhi has allowed mills to export 6.15 million tonnes of sugar in the first tranche, and producer body the Indian Sugar Mills Association expects India to earmark up to 4 million tonnes of sugar for overseas shipments in the second tranche.
But a drop in production means the government may allow a small amount for exports in the second tranche or even may not approve any further exports, said a Mumbai-based dealer with a global trading house, who didn't wish to be named in line with his company's policy.
India would allow exports after ensuring there are ample supplies to fulfil local demand of around 27.5 million tonnes, said a senior government official, who declined to be named.

Top News - Metals

China's CMOC threatens legal action over Congo cobalt mine export block
China's CMOC Group could take legal action against Congo's state mining company Gecamines, a spokesman for the Chinese mining firm said, after having exports blocked from Tenke Fungurume, the world's second-biggest cobalt mine, for a fifth month.
Tenke Fungurume Mining (TFM) suspended copper and cobalt exports in July, when a dispute between Congo and CMOC escalated and a temporary administrator appointed by a Congolese court to run the mine ordered CMOC to stop marketing and exporting its production.
Congo's government says it suspects CMOC understated TFM's reserve levels to reduce the amount of royalties it pays to Gecamines. CMOC, which was previously known as China Molybdenum, denies having done so.
"Errors of export code at customs caused export interruptions," CMOC spokesman Vincent Zhou said in written responses to Reuters' questions, acknowledging for the first time that exports had been disrupted.
"We have already filed with (the) government authority to request (the) correction of such errors and will resort to legal actions to protect (the) rights of the company," Zhou added.
On Oct 12, CMOC had said TFM's production and operations were normal. But the mine has not exported since July, according to logistics and industry sources.
"Exports are still suspended," said Sage Ngoie Mbayo, the state-appointed temporary administrator of TFM. "We need to get the two shareholders around a table."
CMOC holds 80% of TFM while Gecamines owns the remaining 20% stake.

Zhou said CMOC has maintained communications with Gecamines and believes the TFM royalty payment issue will be dealt with "in an impartial and just manner".
"If they CMOC want to take this to court internationally, we are ready," said Leon Mwine Kabiena, deputy director general of Gecamines.
"A legal process for us is an opportunity to expose the reality," he said, adding that "we as Gecamines are very confident of the evidence we have".

Global copper smelting edges up in November, satellite data shows
Global copper smelting activity rebounded slightly in November, but remained below average due to sluggish growth in top refined copper producer China, data from satellite surveillance of metal processing plants showed on Monday.
Activity in China picked up for the first time in four months, but still remained below its two-year average, according to a joint statement from commodities broker Marex and SAVANT, the satellite analytics service Marex launched with Earth-i in 2019.
A recent agreement to boost benchmark copper treatment and refining charges in China by 35% may lead to rising activity, it added. "It will be interesting to see if this now incentivises an increase in activity at less profitable custom smelters."
Earth-i, which specialises in geospatial data, tracks smelters representing 80% to 90% of global production. It sells data to fund managers, traders and miners, and also publishes a free monthly index of global copper smelter activity.
Its global copper dispersion index, a measure of smelter activity, rose to 48.9 in November from 47.5 the month before.
This was the a ninth consecutive month below 50.
Under the dispersion index, 50 points indicate that smelters are operating at the average level of the past 12 months. It also has a second index showing the percentage of active smelters.
The dispersion index for China edged up to 45.5 in November from 44.3 in October.
In nickel, global smelting activity rose in November mainly due to a recovery of nickel pig iron (NPI) output in China.

Chart of the Day

The global dispersion index for nickel gained to 53.5 in November from 45.4 in October, boosted by the reading for Asia and Oceania jumping 13.1 points to 65.4. "Nonetheless, operators remain sandwiched between the twin pressures of high ore import prices and underwhelming stainless steel demand," the statement said.
An energy crisis in Europe continued to weigh on activity, with the dispersion index for Europe and Africa sinking to a fresh record low of 24.0 in November.

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

Netherlands proposes EU gas price cap for state-backed buyers – document

The Netherlands has weighed into the European Union's debate on whether to cap gas prices with an alternative proposal that would cap gas prices but only for government-owned or state-supported buyers.
EU countries are negotiating a European Commission proposal for a cap to limit gas price spikes as countries attempt to pull down high energy costs in their economies, and are racing to reach a deal by Dec. 13.
The Dutch proposal, shared with EU countries and seen by Reuters, said government-backed gas buyers and companies obliged by law to buy gas to fill storage had contributed to surging gas prices in Europe this summer, as countries raced to replace dwindling Russian gas deliveries and were willing to pay sky-high prices to do so.
The Netherlands therefore proposed capping gas transactions by those buyers at a level below the cap proposed by the EU, and which would be reviewed each month.
Europe's energy crunch has driven countries including the Netherlands to subsidise storage filling, while Germany is nationalising gas importers Uniper SE and Sefe. State-owned gas buyers in Poland, Italy and Austria could also be affected by the proposed Dutch cap.
The lower price cap - which the proposal did not specify - could help the idea win support from Belgium, Poland, Italy and other countries who want an EU cap but criticised the EU proposal for having too high a price and conditions so strict that it was unlikely to be triggered.
However, the Dutch cap would not directly intervene in the EU's exchange-traded gas markets, which some pro-cap countries say they want. The Commission had proposed capping trades on the Dutch Title Transfer Facility (TTF) gas hub's front-month contract.
The Netherlands' proposal said the cap could be enforced either by the EU refusing to approve state aid support for

gas buying schemes if prices are above the cap, or by countries reporting to the EU their government-backed gas buying and prices each month.
EU gas prices surged after Russia cut deliveries following its February invasion of Ukraine, but prices peaked in August, coinciding with Russia taking the Nord Stream 1 pipeline offline and a drive among EU countries to fill up storage ahead of winter.

Global renewables capacity set to double over next five years, says IEA
Global renewable power capacity is set to double over the next five years, driven by energy security concerns in the wake of Russia's invasion of Ukraine, the International Energy Agency (IEA) said on Tuesday.
In an annual report on the outlook for renewables, the IEA said capacity worldwide is expected to grow by 2,400 gigawatts (GW) - equal to the entire power capacity of China today - to 5,640 GW by 2027.
The increase is 30% higher than the amount of growth forecast a year ago. High gas and power prices from a global energy crisis this year have made renewable power technologies more attractive.
Growth in renewables is also being driven by the United States, China and India implementing policies and market reforms to support renewables deployment more quickly than previously planned.
"Renewables were already expanding quickly, but the global energy crisis has kicked them into an extraordinary new phase of even faster growth as countries seek to capitalise on their energy security benefits," said IEA Executive Director Fatih Birol.
"The world is set to add as much renewable power in the next five years as it did in the previous 20 years," he added.
The report said renewables are set to account for over 90% of global electricity expansion over the next five years, overtaking coal to become the largest source of global electricity by early 2025.
Global solar photovoltaic capacity is set to almost triple by 2027, becoming the largest source of power capacity in the world, while wind capacity is set to almost double.
Meanwhile biofuels demand is set to increase by 22% by 2027, the report said.

Top News - Dry Freight

Consortium seeks first proposals for carbon capture shipping project
A consortium of global energy and shipping organisations said on Tuesday it was seeking proposals to study ways to offload captured carbon dioxide from ships during port calls.
The call for proposals is part of the world's first project aimed at building and testing a full-scale carbon-dioxide capture system aboard an oil tanker.
Carbon dioxide retained in ships instead of released into the atmosphere in engine exhaust would be unloaded in a port.
The consortium, which includes the Global Centre for Maritime Decarbonisation (GCMD) in Singapore, announced the project in October.
The GCMD said on Tuesday it expected by the second quarter of 2023 to choose a proposal for a study into means of offloading carbon dioxide. The study should be completed in nine months, it said.
The eventual findings are intended to help shape regulatory and operational guidelines that could steer future adoption of shipboard carbon capture technologies.
The initiative comes as more shipping and energy companies conduct studies on carbon capture amid increasing pressure to achieve net-zero emissions by 2050.
The pipeline for commodities-sector projects to capture and store carbon emissions has grown around 44% in the past year to 244 million tonnes a year, according to a study published in October.

Ukraine's November wheat exports down 20.2% mth/mth -traders
Ukraine's wheat exports fell to 1.58 million tonnes in November from 1.98 million tonnes in October, the UGA Ukrainian grain traders union said on Monday.
Ukraine is among the world largest wheat growers and exporters but its exports have fallen significantly due to the Russian invasion.
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.
The UGA said Ukrainian exporters had declared 5 million tonnes of grains and oilseeds for export during November and the 'grain corridor' contributed 2.3 million tonnes last month, down more than 1.2 million tonnes from October.
"The decline is due to Russian delays in inspection of vessels in Istanbul," UGA said in a statement.
The Ukrainian agriculture ministry said on Monday the country had exported almost 18.3 million tonnes of grain so far in the 2022/23 season, down 29.9% from the 26.1 million tonnes exported by the same stage of the previous season.
The volume included more than 6.9 million tonnes of wheat, 9.8 million tonnes of corn and about 1.5 million tonnes of barley.
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.

Picture of the Day

Gas cylinders are stored at at a gas vendor shop in Sint-Pieters-Leeuw, Belgium November 24. REUTERS/Yves Herman

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(Inside Commodities is compiled by Sandhra Sam in Bengaluru)

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