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Top News - Oil

Oil tankers queuing to transit Turkish straits face more delays -sources

At least 20 oil tankers queuing off Turkey face more delays to cross from Russia's Black Sea ports to the Mediterranean as operators race to adhere to new Turkish insurance rules added ahead of a G7 price cap on Russian oil, industry sources said.

Turkish maritime authorities issued a notice seen by Reuters last month asking for additional guarantees from insurers that the transit through the Bosphorus would be covered starting from the beginning of this month.

The new rule was announced before a $60 per barrel price cap was imposed this week on Russian seaborne crude. Western insurers are required to retain proof that Russian oil covered is sold at or below that price. The industry has a 45 day transition period and a 90-day grace period if the G7 changes the price cap at a later date.

"Extra coverage from Russian P&I seems to be the way out for tanker operators," the shipping source said, referring to protection and indemnity insurance providers. "We'll see further delays if owners (or) operators can't provide the required guarantees."

Norway's Skuld, among the top tier of P&I clubs, said such insurers cannot provide the level of detail that has been required.

"The Turkish government's requirements go well beyond the general information that is contained in a confirmation of entry letter," Skuld said in a note.

Millions of barrels of oil per day move south from Russian ports through Turkey's Bosphorus and Dardanelles straits into the Mediterranean.

An official from the G7-Australia coalition imposing the $60-per barrel price cap on Russian seaborne crude said on Tuesday that the cap was not responsible for the tanker delays.

Of the 20 loaded crude oil tankers facing delays in the region, all but one appear to be carrying Kazakh - not Russian - origin oil and would not be subject to the price cap "under any scenario," the official said.

"There should be no change in the status of their insurance from Kazakh shipments in previous weeks or months," the official added.

The shipping agency GAC said on Tuesday that 13 vessels were waiting to transit the Bosphorus strait southbound, all of them oil tankers and 10 of them holding Kazakh crude after loading at the Russian port of Novorossiisk.

One tanker which loaded oil at the port cleared the straits over the weekend after providing proof of insurance, according to a letter seen by Reuters. Coverage for the Liberia-flagged Vladimir Tikhonov tanker came from Russian insurer Ingosstrakh.

Only two vessels were scheduled for departure on Tuesday, both coming from Russia's Tuapse.

Tribeca shipping agency said nine oil tankers were waiting to transit the Dardanelles southbound on Tuesday.

GAC also said that average waiting times southbound at the Bosphorus on Tuesday was four days for vessels longer than 200 metres, up from one day in mid-November.

For the Dardanelles strait, average waiting times southbound were also around four days, up from 1-1/2 days in mid-November, Tribeca said.

China Nov crude oil imports hit 10-mth high on stock build, new plants

China's crude oil imports in November rose 12% from a year earlier to their highest in 10 months, data showed on Wednesday, as companies replenished stocks with cheaper oil and as new plants started up.

The world's largest crude importer brought in 46.74 million tonnes of crude oil last month, equivalent to 11.37 million barrels per day (bpd), according to data from the General Administration of Customs.

That was up from 10.16 million bpd in October and 10.17 million bpd in November 2021.

Chinese state refiners stepped up purchases of U.S. crude oil, taking advantage of arbitrage opportunities, while maintaining high imports of Russian oil ahead of the Dec. 5 European embargo and imposition of an oil price cap.

Independent traders last month also moved a record amount of deeply discounted Iranian crude passed off as oil sourced from Malaysia, Oman or elsewhere, according oil into the refining hub of Shandong province, to tanker tracker Vortexa Analytics.

The higher imports resulted in a crude oil stock build of 41 million barrels over the month, Vortexa estimated.

Also contributing to the rebound was the startup in late October of a 200,000-bpd crude oil unit at PetroChina's newly built refinery in Guangdong, while private refiner Shenghong Petrochemical said in mid-November that it shipped out its first batch of refined products.

Imports for the first 11 months of the year totalled 460.26 million tonnes, or about 10.06 bpd, down 1.4% from the corresponding period last year.

Wednesday's data also showed fuel exports reached 6.144 million tonnes, the highest since June 2021 and up from 4.456 million tonnes in October, reflecting Beijing's additional release of quotas.

Year-to-date exports, at 46 million tonnes, remained 19% below year-ago levels due to a broad curb on fuel exports earlier in the year.
Natural gas imports last month via pipelines and as liquefied natural gas (LNG) reached a 10-month high of 10.32 million tonnes, as northern China entered its second month of winter heating. Year-to-date imports were 9.7% below a year ago at 99 million tonnes, with annual imports of LNG set for their first major decline since 2006 as demand was crimped by surging global prices and a stagnant economy hobbled by strict COVID-related restrictions.

Top News - Agriculture

Cocoa sustainability efforts will fail without living wage for farmers – report
Environmental and social problems in global cocoa supply chains are likely to continue unless companies pay farmers substantially more for their beans, according to a major report on cocoa sustainability published on Wednesday.
The Cocoa Barometer, produced by the VOICE Network group of civil society organisations, found farmers in many cocoa-producing countries remain poverty stricken and unable to reduce levels of child labour and deforestation.
The report comes a day after the European Union agreed a new law to prevent companies from selling into the EU products like cocoa and chocolate linked to deforestation around the world.
The law comes after decades of efforts by companies to clean up their supply chains through 'certification schemes' - or third party audits - have largely failed to have an impact.
A major part of the problem, according to the report, is that the schemes don't commit to paying farmers a living wage, even if they do pay them a premium for cocoa certified as free from environmental and social harms.
"We've got new data that shows you cannot have sustainable cocoa without higher prices for farmers. It's just not going to work," Antonie Fountain, director of the VOICE Network, told Reuters.
Corporate certification schemes tend to focus on 'good agricultural practices' like encouraging farmers to increase productivity - a double-edged sword that can lead to lower global cocoa prices if not accompanied by government programmes to lower overall output.
Such programmes are however absent, the report found, with government strategies in key producing countries often still aimed at encouraging increased cocoa production to combat poverty.
The report welcomed the new EU law as a first step in introducing change, but warned it will be hampered if companies do not take action soon to pay a higher price for cocoa.
"Most cocoa-purchasing companies continue to operate business as usual, supporting (certification schemes) while refusing to directly address their own purchasing practices – including pricing," the report said.

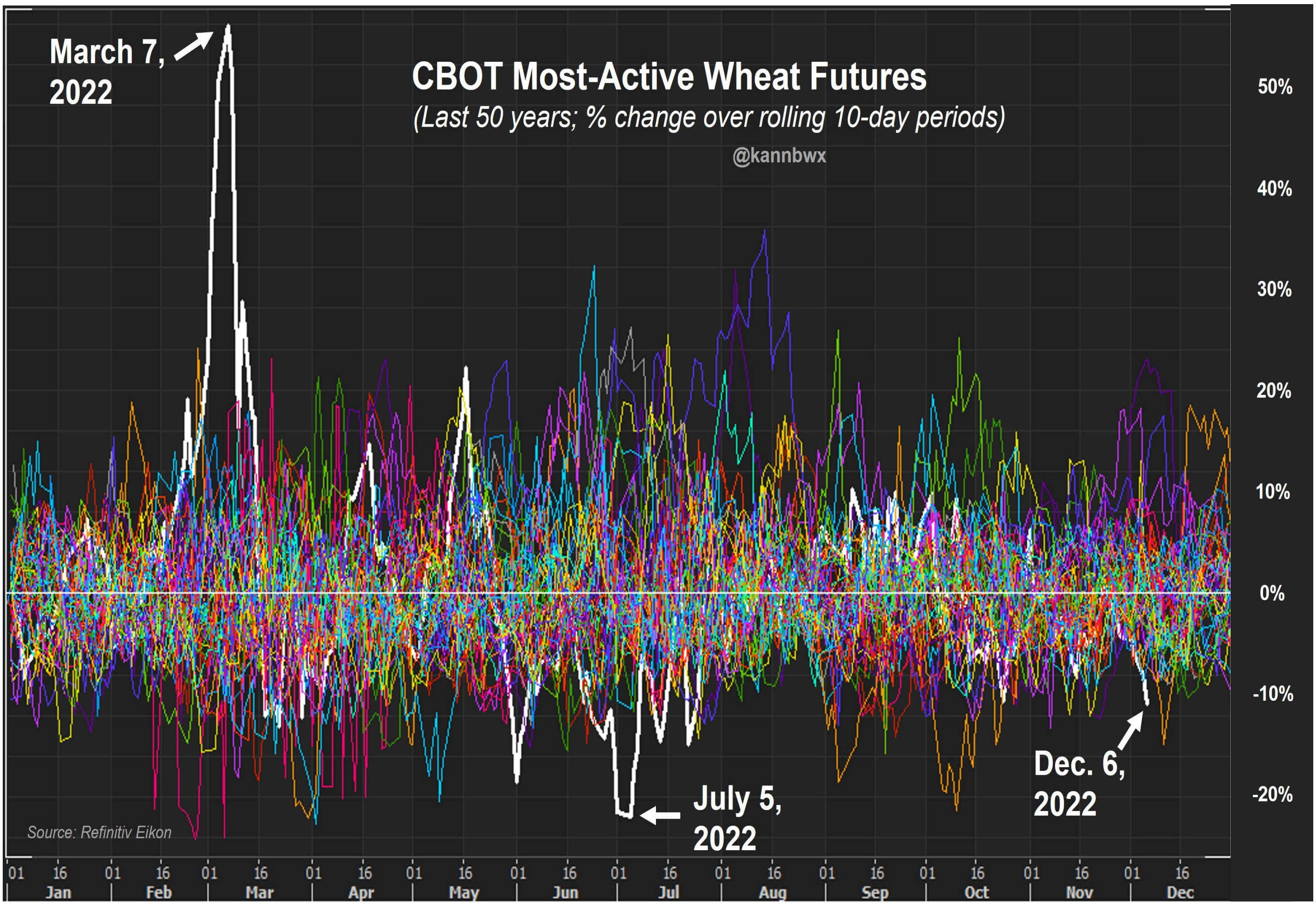
COLUMN-Chicago wheat ending historic 2022 on dramatic note, losing ground to rivals -Braun
The global wheat market has perhaps never faced more uncertainty than in 2022, with Russia's invasion of fellow grain exporter Ukraine early in the year.
Chicago wheat futures are still elevated versus most years, though they are slipping significantly versus prices elsewhere and against competing grains, even as supplies remain tight.
Numbers could change in Friday's update from the U.S. Department of Agriculture, but its estimates last month implied stocks-to-use among major wheat exporters hitting 15-year lows by mid-2023, meaning the fundamental narrative has not greatly shifted in recent months.
However, world wheat futures are falling. Most-active CBOT wheat settled at $7.29 per bushel Tuesday after hitting a 14-month low. Paris-based Euronext wheat for March delivery on Tuesday slipped below 300 euros per tonne for the first time since early March. It had traded over 400 euros back in May.
That means more than just the Ukraine war premium has been removed from Chicago wheat, which averaged over $7.70 per bushel in January, the month before the invasion.
The market sensed escalating tension at the time, but wheat traders were unprepared for the Feb. 24 invasion, as evidenced by the unprecedented run-up in futures. By the first week in March, most-active CBOT wheat had surged more than 50% within 10 sessions.
To put that in context, the previous biggest 10-session run in percentage terms was around 35% in August 1973, and a near 32% spike was observed in August 2010. The steepest 10-session losses were all near 22%, occurring in 1974, 2008 and July 2022.
Through Tuesday, CBOT wheat's 10-session decline totaled 11%, almost a record for the time of year.
Most-active CBOT wheat reached an official all-time high of $13.63-1/2 per bushel on March 8, narrowly topping the 2008 record, though the 2008 build-up was more gradual than in 2022.

LOW SUPPLIES, LOW PARTICIPATION
Heading into 2022, exportable global wheat stocks were already razor thin. USDA's February projection showed stocks-to-use among key suppliers at an all-time low by

mid-2022, so the Ukraine invasion was a particular shock for the market.
Before February, Ukraine accounted for near 10% of the world's wheat exports, but that is estimated near 5% now. Top exporter Russia's wheat shipments have been much better than a year ago, helping to keep a lid on prices, though Ukraine's volume last month was down 20% on the year.
Uncertainties with Ukraine did not attract participants to the market this year, as open interest in both CBOT wheat futures and options has hovered at more than decade lows. The late February invasion had no meaningful impact on that trend.
CBOT wheat trading volumes were moderately impacted. Average monthly volume in March was 4% above the five -year normal, but it was below normal in every other month in 2022. The biggest departure was 43% in April, then volumes stayed around 30% below average for the following four months before improving later in the year.
Mild volumes and interest mean that changes in speculative positioning have been very slow, though money managers have built their most bearish CBOT wheat view since May 2019. Through November, funds' average 2022 weekly buying or selling in wheat was the lightest since 2008.

WEAK WHEAT
CBOT wheat is particularly weak against competitors. Front-month December contracts are in delivery, but on a second-month basis, European wheat's premium versus Chicago reached 45 euros per tonne this week, the largest since May 2012.
Second-month Kansas City wheat is just over a dollar per bushel more expensive than Chicago, which has been the case throughout the last month. But before November, the K.C. premium had not consistently maintained those levels since 2014.
In 2014, the U.S. hard red winter (HRW) wheat crop, reflected by K.C. futures, took a sharp downturn coming out of the winter, resulting in very poor yields. The current HRW crop is in terrible condition, but general global wheat supplies were building in a strong way in 2014, which is not the expected outcome this year.

Chart of the Day



CBOT wheat usually sits at a premium to CBOT corn, but it has lost significant ground to its yellow grain competitor. Most-active wheat's premium to corn on Tuesday slipped below 92 cents per bushel, its lowest since July 2021. It had opened the month above $1.20.
But the new level is closer to "normal" compared with most of this year. Wheat's premium to corn averaged $3 per bushel from March through July, which had not been seen since 2008. Historically, something around $1 or just above has been a more long-term sustainable level.
Wheat's losses against corn come as corn also hits multi-month lows. Most-active corn futures Tuesday dropped to the lowest levels since August, settling at $6.37-1/4 per bushel. That is down nearly 9% since the start of November, the most for the period in 11 years.

Top News - Metals

Glencore 2023 production outlook disappoints, shares fall
London-listed Glencore cut 2023 production guidance across all the commodities it mines, missing consensus estimates and sending its shares sharply lower on Tuesday.
The miner and trader expects to produce 1.04 million tonnes of copper next year, down from 1.06 million this year and much lower than analysts' consensus forecast of 1.124 million tonnes.
"Higher costs, higher capex and lower production were all expected by the market," Tyler Broda at RBC Capital Markets said. "But the numbers have come in behind our below-consensus forecasts and ... will materially reduce consensus free cash flow estimates."
The company sees 2023 earnings before interest, tax, depreciation and amortisation (EBITDA) at $28.7 billion and free cash flow at $14.7 billion. RBC had forecast EBITDA at $31.8 billion and free cash flow at $20 billion.
Capital expenditure at Glencore's industrial assets is expected to average $5.6 billion per annum between 2023 and 2025.
Glencore's shares, which have gained 50% so far this year, fell 3.5% but had recovered by 1637 GMT to trade 1.3% lower.
Copper production at Glencore's Katanga mine in the Democratic Republic of Congo was affected by issues including grid power instability, higher volumes of acid-consuming ore and incursions by artisanal miners.
Roughly 20% of Glencore's copper comes from Katanga.

MARKET MONITOR as of 07:05 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$74.37 / bbl	0.16%	-1.12%
NYMEX RBOB Gasoline	$2.17 / gallon	0.79%	-2.80%
ICE Gas Oil	$829.00 / tonne	0.82%	24.29%
NYMEX Natural Gas	$5.62 / mmBtu	2.67%	50.54%
Spot Gold	$1,772.90 / ounce	0.11%	-3.03%
TRPC coal API 2 / Dec, 22	$262 / tonne	0.77%	113.01%
Carbon ECX EUA / Dec, 22	€.00 / tonne	0.00%	-100.00%
Dutch gas day-ahead (Pre. close)	€139.50 / Mwh	4.89%	109.77%
CBOT Corn	$6.26 / bushel	0.04%	5.48%
CBOT Wheat	$7.06 / bushel	-1.40%	-8.47%
Malaysia Palm Oil (3M)	RM4,003 / tonne	-2.22%	-14.78%
Index (Total Return)	**Close 6 Dec**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	289.33	-1.06%	17.13%
Rogers International	28.42	-2.19%	21.95%
U.S. Stocks - Dow	33,596.34	-1.03%	-7.55%
U.S. Dollar Index	105.78	0.19%	10.22%
U.S. Bond Index (DJ)	403.45	0.63%	-14.50%

"It's been a challenging year at Katanga, and disappointing in terms of output," said Peter Freyberg, Glencore's head of industrial assets at the company's annual investor day.
Glencore also mines and trades nickel, zinc, cobalt, coal and ferrochrome.
Profit from its trading division, which reached a record $3.7 billion in the first half, well above a long-term annual outlook between $2.2 billion and $3.2 billion, is expected to total $5.3 billion in 2022, partly boosted by higher prices due to shortages during COVID lockdowns and the war in Ukraine.
Glencore expects adjusted EBITDA for the trading business at $3.1 billion in 2023.
Glencore's shareholders reaped an $8.5 billion windfall for 2022, but the prospect of a global recession and doubts about demand in China, the world's biggest user of raw materials, could affect future earnings and investor returns.

EYES ON M&A
The miner also raised its short-term net debt projection to up to $16 billion, the top end of its target range, for mergers and acquisitions (M&A).
"(M&A) will certainly be focused on future-facing minerals and metals," Chief Executive Gary Nagle told investors. "It will be in copper, it'll be in nickel, it'll be in zinc, it'll be in cobalt, and probably in aluminium - the key minerals and metals for the decarbonisation drive of the world."
M&A focus will be on commodities that are strategic for Glencore - "whether it be because we have an existing shareholding, existing partnerships ... and not simple highest-bid-wins," Nagle said.
Glencore, which has in the past year sold more than 20 non-core assets, owns around 150 operating sites.
Nagle said Glencore had not made provision for any other settlements with governments after agreeing to pay $180 million to the Democratic Republic of Congo to settle present and future claims "arising from any alleged acts of corruption" by it in the country between 2007 and 2018.
The company this year pleaded guilty in Brazil, Britain and the United States to allegations of bribery and market manipulation at some of its subsidiaries, for which it was fined a combined $1.45 billion.

India's steel ministry seeks import tax waiver for coking coal -sources
India's steel ministry has asked the finance ministry for a waiver of import tax on coking coal among a slew of raw materials, as it scrambles to fill a shortage of steelmaking ingredients, two government sources said on Tuesday.
The proposal to scrap levies ranging from 2.5% to 7.5% in the world's second biggest producer of crude steel comes ahead of the national budget for 2023/24 set to be unveiled in February.
The ministry's plan to scrap the tax on limestone, manganese ore, steel scrap, graphite electrodes, chrome ore, and ferro nickel, in addition to coking coal, has been sent to the finance ministry, said the sources, who spoke on condition of anonymity.
"The idea is to import raw materials, whichever is available, at the lowest possible import duty," said one of the sources. "We have asked for a waiver, complete removal."
If agreed, the tax waiver on the raw materials would cost about 37 billion rupees ($449 million), the sources said.
Spokespersons of the steel and finance ministries did not immediately reply to an email from Reuters to seek comment.
Imports of coking coal meet about 85% of India's annual requirements of about 50 million to 55 million tonnes.
Australia is India's top supplier, and a free trade pact between New Delhi and Canberra that takes effect from Dec. 29 allows duty-free imports of coking coal by India.
Stung by a sharp rise in global prices of coking coal, a key raw material in steelmaking, India has been aiming to diversify its purchases.
Indian steelmakers' profits declined this year as global demand slowed and the government slapped an export tax on some steel products.
Last month, India scrapped export tax on some steel grades, but industry officials say it will take time to claw back some of the business lost in traditional export markets, such as Europe.

Top News - Carbon & Power

EU struggles to agree gas price cap, considers 220-euro limit
European Union countries on Tuesday considered the latest proposal for a lower gas price cap of 220 euros ($231), a week away from a meeting when the bloc hopes to resolve an issue that has deeply divided the 27 member states.
A handful of states, including Europe's biggest economy Germany, has opposed the idea of any cap, saying it could make it harder to secure supplies, while Belgium, Italy and Poland see it as a way to protect consumers and economies from the shock of high energy prices.
Under a compromise put forward late on Monday by the Czech Republic, which holds the EU's rotating presidency, the cap would be implemented if prices exceeded 220 euros per megawatt hour for five days on the front-month contract in the Dutch Title Transfer Facility (TTF) gas hub, according to the proposal seen by Reuters.
The TTF price, which serves as the European benchmark, would also need to be 35 euros higher than a

reference price for liquiefied natural gas (LNG) based on numerous existing LNG price assessments, for the cap to be triggered.
The new Czech compromise is below the 275 eur/MWh limit proposed by the the Commission, the EU executive, on Nov. 22.
Some EU diplomats, speaking on condition of anonymity, said countries' positions had not shifted and predicted another meeting may be needed on Dec. 19 after next Tuesday's ministerial talks.
EU country diplomats will discuss the latest draft proposal on Wednesday to try to get closer to agreement.
The Commission had been reluctant to propose any price cap, which some EU countries have demanded for months, and many criticised its proposal as too high and accompanied by conditions so strict it was unlikely to be triggered.
Gas prices surged this year following the invasion of Ukraine in February by major gas exporter Russia, although they have eased compared with record-highs reached in August, as European countries filled winter storage to try to protect themselves from a shortfall.
The TTF price was around 134 euros on Tuesday, down from a peak of 340 euros in August.
Member states dissatisfied with the EU proposal have also put forward their own. The Netherlands suggested a price cap for government-supported gas buying only, while countries including Belgium and Poland proposing a fluctuating cap.

G7 makes new $15 billion offer to Vietnam to cut coal use -sources

The Group of Seven (G7) industrialised nations has made a new $15 billion offer to Vietnam to agree during a summit next week on funding to speed up its transition away from coal, three people familiar with the talks told Reuters.
Vietnam, which is among the world's top 20 coal users, was initially slated to sign up for the so-called just energy transition partnership with G7 nations at a global COP27 climate summit in November, but high-level talks broke off before the meeting.
To persuade Vietnam to back the offer, Western negotiators led by the European Union and Britain have proposed a bigger financial package, which includes $7.5 billion made up almost exclusively of loans from the public sector and the same amount in pledges from the private sector, the sources said.
All three Western officials, who declined to be named because talks were confidential, said it would be the final offer from the G7 before a summit of European Union and Southeast Asian nations in Brussels on Dec. 14, which EU officials have repeatedly indicated as the new target date for a deal.
The offer has gradually expanded from an initial pledge of just $2 billion in public funds with undefined additional private support.
It is unclear whether it could be further revised if no deal was reached next week.
Vietnam's government and the European Commission did not reply to emailed requests for comment.
It remains unclear whether Vietnam would be prepared to accept the increased offer, because its main concerns do not appear to have been addressed.
The Southeast Asian country had asked for more grants, because it is traditionally opposed to taking on large loans.
One of the sources said there was a "50/50" chance of a deal next week. Another noted talks were still under way and final figures may still change slightly.
Vietnam's energy security remains potentially at risk as the G7 plan focuses on renewable energy which may result in power shortages in the booming nation without a credible back-up in the event of low power output from wind farms or solar panels.
Immediately after talks broke off in November, when Vietnam's authorities cancelled a meeting due to take place in Hanoi with top U.S. and EU climate envoys, according to sources, the country's industry ministry circulated a new draft for its long-term power plans which boosted the use of coal compared to a previous version of the same document.

Top News - Dry Freight

China's November imports of soybean drop 14% on year

China imported 7.35 million tonnes of soybeans in November, down 14% from a year earlier, customs data showed on Wednesday, confounding expectations for a significant rise, after slow clearing of cargoes at customs.
The small number came after arrivals in the world's top buyer of soybeans plunged to just 4.1 million tonnes in October, their lowest level since 2014.
Several market participants had expected arrivals of more than 9 million tonnes last month.
"December should be higher," said a Beijing-based soybean trader.
China's strict COVID-19 curbs probably slowed customs clearance, said one analyst, who sought anonymity because of the sensitivity of discussing government policy.
But it had also cut back on purchases earlier in the year after global prices soared and domestic needs contracted following heavy losses made by hog farmers.
China buys soybeans to crush into soymeal for animals and oil for cooking.

After hog-raising profits recovered, buyers stepped up purchasing again but some cargoes were delayed by logistics issues in top supplier the United States.
Imports in the first 11 months of the year were down 8.1% at 80.53 million tonnes, the data from the General Administration of Customs showed.

China's Nov iron ore imports up 4% on month as steel outlook improves

China's imports of iron ore rose 4.1% in November from the previous month, customs data showed on Wednesday, as buyers stocked up before the end of the year, in anticipation of Beijing's measures to support the struggling property market.
The world's top consumer of iron ore brought in 98.85 million tonnes last month, up from October's 94.98 million, the General Administration of Customs said.
However, the arrivals were however sharply lower than the November 2021 figure of 105 million tonnes, the highest in two years.
Beijing has recently stepped up support measures for property developers, after many defaulted on debt obligations and were forced to halt construction, hitting demand for steel.
The central bank outlined 16 such support measures last month, while China's biggest commercial banks have pledged at least $162 billion in fresh credit to free up a cash crunch that has stifled the sector.
From January to November, China imported 1.02 billion tonnes of iron ore, down 2.1% on the year-earlier period.
Last month, its steel product exports were 5.59 million tonnes, up from 4.36 million in November 2021.
Exports in the first 11 months of the year were up 0.4% on the year, at 61.95 million tonnes.

Picture of the Day

A rail sign is seen at the coal storage in Port Gdanski Eksploatacja, Gdansk, Poland, December 5. REUTERS/Kacper Pempel