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Top News - Oil

Exxon Mobil begins lockout of workers from Texas plant -USW official

Exxon Mobil Corp began escorting United Steelworkers (USW) union members from its Beaumont, Texas, complex, a Reuters witness said, as a deadline passed without a new labor contract.
The oil company had set a 10 a.m. (1500 GMT) May 1 deadline to lock out and replace union-represented workers with managers and temporary staff if there were no vote on a company proposal. No vote was taken.
Plant manager Rozena Dendy said in a Facebook post Exxon initiated the lockout because of the "real risk of a strike." Union workers will remain off the job until a contract is reached, she said.
Union officials submitted a last-ditch contract proposal Friday evening that was rejected by the company. The union proposal "would significantly increase costs and limit the company's ability to safely and efficiently operate," the company said on its website.
About 30 workers were ushered off the premises by their replacements late Friday. Another 100 began exiting the refinery on Saturday, according to a USW official.
"After they gave us a lockout date and time, they could not give up control of the timeline. They had to go early," Hoot Landry, a USW staff representative, said of the overnight departures. The two sides had given each other a 75-day notice of a strike or lockout, a period ending May 1.
Exxon said on its website it had offered to negotiate through the night to reach an agreement, but the union wanted to resume talks on Monday.
"We are disappointed negotiations broke down," Exxon said. "The lockout will continue until the union accepts the company’s current offer or the parties otherwise reach agreement."
The company's April 20 offer "remains on the table," Exxon said on its website.

Huge rise in coronavirus cases hit India's April fuel demand

Indian state refiners' local fuel sales in April declined due to state-level restrictions aimed at stemming a rampant second wave of coronavirus infections, preliminary data shows.
The deadly second wave topped 400,000 new daily cases for the first time on Saturday.
Authorities reported 401,993 new cases in the previous 24 hours, the highest daily count globally, after 10 consecutive days over 300,000. Deaths from COVID-19 jumped by 3,523, taking the total toll in India to 211,853.
"Overall fuel demand is down by about 7% from pre-covid level of April 2019," said A.K. Singh, head of marketing at refiner Bharat Petroleum Corp.
"We were near pre-covid level in March but new restrictions and covid wave-2 has temporarily reduced demand equivalent to about 10% of March demand for both personal mobility and industrial goods movement," Singh told Reuters.
He said the local fuel consumption will 'start to look up' in June, by when second wave of coronavirus is expected to weaken.
Analysts are expecting India's demand for transportation fuels to witness a sharper slump in May due to more impending restrictions.
Declining fuel sales will reduce crude intake by refiners. The country's top refiner Indian Oil Corp is operating refineries at an average 95% capacity.
State companies - IOC, Hindustan Petroleum Corp and BPCL - own about 90% of India's retail fuel outlets.
State retailers' fuel sales in April declined from their sales in March and April 2019 levels, while posting a sharp rise from the year ago month when there was a nation-wide lockdown.

Top News - Agriculture

French cereal crop ratings fall sharply after dry, cold spell

The condition of French wheat and barley declined sharply in the week to April 26, data from farm office FranceAgriMer showed on Friday, suggesting a growing impact from dry, cold weather this month.
Most crops nonetheless remained in good shape and above year-earlier levels, the data showed.
A dry spring so far in much of France, coupled with unusually severe frosts in early April, has raised concern in grain markets that the harvest potential in the European Union's biggest crop producer may be reduced.
For soft wheat, France's most produced cereal, 81% of crops were rated good or excellent in the week to April 26

against 85% a week earlier, FranceAgriMer said in a cereal crop report.
That was still well above a 57% score at the same point last season when crops suffered from torrential rain.
Durum wheat, the variety used in pasta, saw a steeper decline, with the good/excellent score dropping by eight points to 69%, now close to the year-earlier rating of 65%.
The winter barley rating shed four points to 77% while the spring barley score fell by five points to 82%.
Traders and analysts are watching to see if showers this week and more widespread rain forecast for next week will reach parched crop belts in northern and western France.
The prospect of improved moisture supported a sharp fall in Euronext wheat futures on Thursday, following contract highs this week.
For grain maize, farmers had planted 74% of the expected area, up from 41% a week earlier and now slightly ahead of year-earlier progress of 68%, FranceAgriMer's data showed.

COLUMN-Funds unexpectedly sell CBOT corn as end users face unpleasant price tag -Braun
Speculators were expected last week to have gone on a record buying spree in Chicago corn, but it was a commercial short squeeze that seemed to better explain the highly volatile price activity.
In the week ended April 27, money managers reduced their net long in CBOT corn futures and options to 378,663 contracts from 383,998 in the prior week according to data published on Friday by the U.S. Commodity Futures Trading Commission.
The trade estimates for the week were wildly off with expectations that funds bought nearly 150,000 corn futures, and this has been a theme in recent weeks. Funds were expected to have bought 66,000 corn futures in the week before last when they actually sold more than 17,000.
Recent assumptions about fund activity have seemingly applied greater weight to speculators' influence on price action than the impact of commercials, and that was on display last week. The rally has forced end users without coverage to acquire supplies at painfully high prices.
Commercial end users covered nearly 67,000 corn short positions through April 27, though their shorts still numbered 1.45 million futures and options contracts, more than ever before at this time of year.
Other reportable speculators sold corn in the week and index traders offloaded a notable amount of both shorts and longs. Combined, index traders are holding the fewest number of corn shorts and longs since December, though their net long has not materially changed in recent weeks.
CME Group in mid-March expanded position limits for corn, wheat, soybeans and other commodities, and some market-watchers thought speculators would take this opportunity to place even bigger bullish bets, especially in corn. But that has not been the case so far.
Most-active corn futures rose 3% over the last three sessions including a limit-up move on Friday. The contract rose 19% in April and new-crop December corn gained 18%.
Most-active CBOT wheat also rose 19% in April, while soybeans gained 7%. Monthly gains for soybean oil totaled 18% but those for soybean meal were just 0.7%. New-crop November soybeans also rose 7%.
The most-active grain and oilseed contracts all hit multi-year highs last week except for soybean meal, which last Monday notched its highest price since early February.

SOYBEANS AND WHEAT
Money managers through April 27 lifted their net long in CBOT soybean futures and options to 180,014 contracts from 172,544 a week earlier. That was far lighter buying than the trade expected, but the new position is funds' most bullish since the end of December.
Most-active soybeans were up 4.2% during the week and they rose another 1% in the last three sessions. Soybean meal was down fractionally between Wednesday and Friday, but bean oil jumped 2.5% after hitting 63.39 cents per pound on Tuesday, the contract's highest price since July 2008.
Through April 27, money managers added 2,595 soybean oil futures and options contracts to their net long, which reached 92,587, their most optimistic in a month. They also added just over 6,000 contracts to their soybean meal long, boosting it to 54,086 futures and options contracts.
Substantial buying was expected in CBOT wheat futures and options in the week ended April 27 given the 11% price surge, though the actual buying was not that extreme. Funds increased their net long to 13,399 contracts from 1,583 a week prior, and that is their most bullish since mid-March.
Money managers staged their largest weekly buying spree in Kansas City wheat futures and options in nearly eight months, raising their net long by more than 11,000 contracts to 30,038. They also added nearly 2,000 contracts to their Minneapolis long, which reached 14,079 futures and options contracts.
Minneapolis wheat gained 2.4% in the last three sessions, though Chicago wheat rose fractionally and Kansas City lost 1.1%.

Traders remain focused on dry conditions in the northern U.S. Plains as well as in Canada, where farmers plan to drop overall wheat plantings by 7% on the year, a larger decline than the trade expected. Wheat prices have also been supported by their historically thin premium to corn, raising global expectations for wheat feeding.

Top News - Metals

Major tin producer MSC won't resume pre-COVID output for 9 months -letter

Malaysia Smelting Corp (MSC), the world's third largest tin producer, has told clients its smelting operation is being severely affected by the COVID-19 pandemic and it will take nine months to resume normal output, a letter seen by Reuters showed.

MSC said in the letter, dated April 26, that it had to restrict intake and make changes to contracts - a move that will further exacerbate shortages of tin used in solder for electronic products and chemicals.

Shortages started to emerge early this year as accelerating industrial activity boosted demand for tin and supplies remained under pressure from COVID restrictions.

"We are no longer able to handle our usual volume of feed materials until we have re-established pre-pandemic smelting capacity," the letter stated.

Benchmark tin prices on Friday hit $29,225, a ten year high, a gain of more than 40% so far this year.

MSC accounts for about 7% of global supplies estimated at around 330,000 tonnes last year. It produced 22,400 tonnes last year, International Tin Association figures showed.

The company's website states it has capacity to produce up to 60,000 tonnes of tin a year.

MSC's operations over the past year have been impaired partly by restrictions on staffing numbers due to the coronavirus and partly because of technical problems at its new smelter, two sources with direct knowledge said.

"The pandemic led to disruptions in our smelting operations and as a result, there (is a) backlog of tin ore to be smelted," MSC Group Chief Executive Patrick Yong told Reuters in response to requests for comment.

"In addition, our aging reverbatory furnaces at the Butterworth smelter have been in operations since 1902 and are experiencing some downtime due to natural wear and tear.

Yong said MSC expects "to achieve full capacity at the new Pulau Indah smelting plant by end 2021," and that the company does not reveal production figures.

MSC processes its own mined tin raw materials and concentrate for other companies sourcing material from countries such as Nigeria and Democratic Republic of Congo.

The letter said customers that buy tin will now have to pay a price determined by MSC, based on its "capacity and ability to process the material," as opposed to the pricing terms in the smelting contract.

Another change for clients is an extension of the time taken to process raw material into metal for other firms, known as tolling, to 60 days from 30 days previously.

"MSC is sitting on hundreds of tonnes of concentrate accumulated over the last year, concentrate it hasn't been able to process," a source with direct knowledge of the matter said.

"Nobody has been getting much metal from (MSC). It's one of many reasons why there are shortages in the tin market."

The scramble for tin can be seen in historically low stocks in London Metal Exchange registered warehouses and the premium for the LME cash over the three-month tin contract, currently around $2,400 a tonne.

The premium climbed above $5,000 in the middle of February.

LME to announce open outcry ring decision in early June

The London Metal Exchange said on Friday it plans to announce around June 8 whether it will reopen its open outcry trading ring or permanently shut the only such floor in Europe.

The 144-year-old exchange added in a statement that even if it decides in June to resume open outcry trading, it would not be able to implement the measure until late July at the earliest due to coronavirus restrictions.

The exchange, the world's oldest and largest market for industrial metals, announced a proposal in January to move to full electronic trading and held a consultation.

"The LME received an unprecedented volume of feedback ... with 192 individual responses," it said.

There has been a long-running battle between modernists and traditionalists over the future of the LME ring after other exchanges for everything from oil to stocks to cocoa all moved online.

LME floor trading was suspended over a year ago, in March 2020, amid a lockdown imposed to curb the spread of COVID-19.

On Friday, it said a potential restart of ring trading depended on the progress of the UK vaccination programme and relaxation of social distancing measures.

"The earliest the vaccine criteria could be met would be late July 2021," it added.

Top News - Carbon & Power

BP seeking to build wind farms off Scotland - The Times

BP Plc is preparing to bid for the rights to build wind farms off Scotland, The Times reported early on Monday.
BP Chief Executive Officer Bernard Looney told The Times the firm was looking at bidding in the forthcoming Crown Estate Scotland auction to lease the seabed off Scotland for offshore wind projects.
Bids for the ScotWind process, offering 17 areas spanning 8,600 square km (3,320 square miles) of seabed, are yet to be finalised with a deadline of July 16, The Times reported.
BP is working on bidding jointly for the Scottish leases with EnBW Energie Baden Wuerttemberg AG, the German regional utility it partnered with on its first move into Britain's offshore wind market in February in the Irish Sea, The Times report said.
In February, BP won two sites representing a total of 3 gigawatts (GW) jointly with EnBW, in what Bernstein analysts called a "highly contested race".
It aims to ramp up renewable power generation from 3.3 GW at present to 50 GW by 2030, while slashing oil output to reduce greenhouse gas emissions.

FOCUS-In energy-reliant Canada, banks and investors face dilemma in meeting emissions target

Canadian banks' commitments to "net-zero financed emissions" by 2050 have drawn doubts from many investors, given the lack of a defined goal, details and their continued support for oil and gas companies, even if partially aimed at helping them transition to alternatives.
But their growing funding for green projects also presents a dilemma for shareholders who might want to divest.
The situation highlights the largely Canadian quandary faced by both the banks and their investors. Even in their quest to shrink financing for big emission-producers, the lenders cannot withdraw from an industry that accounts for about a tenth of the economy, despite its being responsible for over a quarter of emissions.
Over the past five months, Royal Bank of Canada (RBC), Toronto-Dominion Bank and Bank of Montreal, have announced plans to achieve net-zero emissions, but lacked details including a definition of that goal, interim reduction targets and plans to move away from traditional energy sources.
The six biggest banks account for nearly 90% of the industry's revenues and move in tandem on strategic shifts, including climate initiatives, which leaves shareholders with few local alternatives.
"The challenge with the current push to divest banks because they're involved in fossil fuels is that these are the very same banks critical to help meet many of our goals in alternative energy and sustainable financing," said Jamie Bonham, director of corporate engagement at NEI Investments, which holds shares of the five banks.
Canadian banks' outstanding loans to the oil and gas sector has stayed at the levels of two years ago, although it fell by 9.7% to C$47.5 billion ($42.2 billion) from a year earlier as of Jan. 31.
They remain some of the biggest financiers of fossil fuel producers globally, with TD the world's top oil sands banker and RBC Canada's biggest financier of fossil fuels, in 2020, according to the Rainforest Action Network. RBC, TD and Bank of Nova Scotia were among the 12 worst banks for fossil fuel financing globally between 2016 and 2020.
LAGGARDS
Their reluctance to step away from financing fossil fuels makes them laggards compared to their global counterparts, particularly European ones like BNP Paribas and ING Groep that have distanced themselves from shale and/or tar-sands related oil and gas projects.
"When we set the net-zero target, that wasn't, for us, about divestment," said Andrea Barrack, TD's global head of sustainability and corporate citizenship, in an interview with Reuters. "We're a major corporation in a country where a lot of... people's livelihoods depend on (the oil and gas) industry. We take those obligations seriously."
TD's 2021 ESG report, expected to be released next year, will include some interim goals, Barrack said.
For more details on how Canadian banks are approaching their net-zero emissions targets, see
Despite the dilemma, some investors are taking action.
Amelia Meister, senior campaigner at retail investor group SumOfUs, which represents about 1,700 retail shareholders of Canadian banks, said some members have divested their bank shares, and over 2,500 have said they will move their money from the banks to credit unions.
"We don't necessarily know what their internal definitions for low carbon are," Meister said. "Some define low carbon as light natural gas, which is still a fossil fuel."
Others demand more transparency.
The banks should disclose milestones for achieving net zero emissions, including explicit criteria and timelines for withdrawing from activities not aligned with the Paris Agreement, said Emily DeMasi, senior engager for EOS, a stewardship service provider at Federated Hermes, representing investors who hold about C$3.3 billion of TD shares.
They should also show how they are incentivizing clients to reduce emissions, she said.

If they don't move quickly enough, EOS could band together with other investors, file shareholder resolutions and vote to remove directors, DeMasi said.
None of the big Canadian banks has joined the Net-Zero Banking Alliance, which commits to finding pathways to net-zero emissions by 2050. VanCity, the biggest credit union, which has never financed fossil fuel companies, is the only Canadian financial institution in the alliance.
Banks globally face climate transition risks, said Jaime Ramos Martin, who manages Aviva Investors' ESG funds.
"To be ahead on climate transition risks banks would need to transition their (portfolios) quicker than the economies where they are present," Ramos Martin said. "Importantly, for us investors to follow up these efforts we need a great deal of disclosure, which currently is lacking."
Meister blamed the banks for some of Canada's continued outsized reliance on traditional energy.
"Canadian banks dragging their heels has put our economy in a worse situation for the transition."

Top News - Dry Freight

Argentina grains exports reap $3 bln in April, chamber says
Argentina's grains exports brought in some $3 billion in April, the CIARA-CEC chamber of exporters and oilseed producers said on Saturday, driven by high global prices for soybeans, corn, wheat and other cereals.
The South American country is the world's top exporter of processed soymeal and oil, the global No. 3 corn supplier and a major producer of wheat. The country relies heavily on farm exports to bring in much-needed foreign currency.
The monthly result, which comes despite some farmers holding back on selling crops as a hedge against a weak local peso currency, marked a 9.29% increase against the month before, which was already at least an 18-year record high.
The chamber added that foreign exchange income from agricultural exports in the first four months of the year hit $9.76 billion. It added that harvests were progressing well, but noted the low level of the Paraná River, a major grains transport route.

Ukraine grain prices continue rally over the past week
Ukrainian wheat export prices have risen $14 a tonne over the past week amid fears of a weaker harvest in the United States, the European Union and Brazil, the APK-Inform agriculture consultancy said on Saturday.
Bid prices for high-quality soft milling wheat increased to $264-$270 a tonne FOB Black Sea port, APK-Inform said.
Feed wheat rose by $12 a tonne to $258-$264 FOB Black Sea.
Ukraine sold about 57 million tonnes of grain to foreign buyers in the 2019/20 season. The government has said exports could decline to 45.7 million tonnes in 2020/21 due to a weaker harvest.
Ukraine's grain exports have fallen by almost 23% to 38.9 million tonnes so far this season, which runs from July 2020 to June 2021, agriculture ministry data showed on Friday.
Traders exported 15 million tonnes of wheat, 19.1 million tonnes of corn and 4.1 million tonnes of barley, it said.
APK-Inform also said corn bid export prices rose by $13 over the past week to $273-$280 FOB, while bid prices for Ukrainian-origin barley rose by $6 to $238-$248 per tonne FOB Black Sea.

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