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### Top News - Oil

#### **China issues 2024 crude import quotas, 60% more than year earlier – trade**

China has released 179.01 million metric tons of crude import quotas for 2024, according to Chinese industry consultancies and trade sources on Tuesday, 60% more than the previous year.

Forty-one companies, mostly independent refiners, were given the fresh quotas, with some of them allotted full-year allowances, trade sources and consultancy JLC and Longzhong said. The quota issued in January last year was 111.82 million tons. Privately controlled Zhejiang

Petrochemical Corp, the country's single-largest refiner, was granted a quota of 40 million tons, in line with its annual processing capacity, while Shenghong Petrochemical, another privately-led refiner was granted 16 million tons which is also a full-year quota, the sources added. The new issue is in addition to an odd batch of 3.68 million tons released around mid-December to a bunch of independent plants that some sources said would be counted under 2024 although refiners were expected to finish using them by the end of 2023, several sources with knowledge of the matter said.

The Ministry of Commerce did not immediately respond to a faxed request for comment.

Shandong-based Yulong Petrochemical, a sole major greenfield refinery expected to begin operations this year, was not among the recipients of the fresh batch.

Last November, the refiner was granted its first-ever crude oil quota of 300,000 tons.

Beijing manages crude oil imports by independent refiners under a rigid quota system, typically issuing several sets of quotas throughout the year.

Crude oil imports by dominant state refiners Sinopec, PetroChina and CNOOC are not subject to this quota management. China issued a total of 203.64 million tons of crude oil import quotas for 2023, including an odd tranche released in October 2022 in advance for 2023 and was 14% higher than 2022.

#### **ExxonMobil hands over operations at West Qurna 1 oilfield to PetroChina**

U.S. energy giant ExxonMobil Corp has formally exited the West Qurna 1 oilfield in southern Iraq and handed over its operations to PetroChina as lead contractor, a deputy oil minister told Reuters on Monday.

Senior Iraqi oil officials met with executives from ExxonMobil, PetroChina and Basra Oil Co on Monday at the West Qurna 1 field near Basra to mark Exxon's complete exit and the handover of its operations to PetroChina.

"We are meeting today to bid farewell to ExxonMobil, and at the same time we congratulate PetroChina for becoming the lead contractor," Basim Mohammed, deputy oil minister for upstream affairs, told Reuters in an interview at the field.

PetroChina holds the largest stake in the field after the departure of Exxon.

Last year, Iraq signed a sale agreement to acquire 22.7% of ExxonMobil's stake in West Qurna 1 by Iraq's state-run Basra Oil Co.(BOC), while Indonesia's state-owned Pertamina bought the remaining 10% of Exxon's stake, increasing its share to 20%.

The final settlement recently reached between Iraq's oil ministry and Exxon has served the interests of both parties, Mohammed said.

West Qurna 1 currently produces around 550,000 barrels per day (bpd), he added.

It is one of the world's largest oilfields with recoverable reserves estimated at more than 20 billion barrels.

Iraq and PetroChina plan to boost production to 600,000 bpd at the end of 2024, the head of BOC said.

Following its exit from West Qurna 1, Exxon will have no presence in Iraq's energy sector, BOC officials said.

The deputy oil minister said the government is keen to invite ExxonMobil to play a role in developing future energy projects.

### Top News - Agriculture

#### **EU wheat prices drop in 2023 as Black Sea trade withstands war**

Euronext wheat edged up on Friday but fell sharply over the year after stiff export competition from the Black Sea region eased worries about war disrupting the grain trade. March wheat on Paris-based Euronext settled 0.3% higher on the day at 222.50 euros (\$246.15) a metric ton. The front-month position was consolidating after falling to 220.50 euros twice in the past week, a level not previously seen for the contract since December 2021.

Over 2023, front-month prices were down 28%, breaking a run of gains in the past three years.

Supply fears following Russia's February 2022 invasion of Ukraine, which propelled prices to record highs, have

subsided in 2023 as Russia maintained large exports while Ukraine established a new shipping channel to replace a UN-backed arrangement that Moscow withdrew from in July.

A rally in the euro to a five-month high against the dollar this week has continued to curb the export competitiveness of European Union supplies.

Egypt on Thursday cancelled an import tender following offers in which Black Sea origins remained cheaper than French supplies despite Russia's apparent enforcement of an export price floor.

"Russian traders were not troubled seriously by the Russian export price floor in Egypt's tender, holding a price lead over most rivals except Ukraine, and with



private sales offers of Russian wheat still way below levels seen in international tenders,” a German trader said.

Expanding trade through Ukraine's Black Sea corridor was adding to Black Sea competition, despite wartime risks illustrated by damage to a vessel that hit a mine this week.

Ukraine in December has exported by sea its biggest monthly volumes of wheat and corn since March, LSEG shipping data showed, and traders said traffic increasingly included large vessels bound for Asia.

“Wheat is being much more actively traded in Ukrainian seaports, especially feed wheat, and this is a factor the EU market will have to deal with more in the new year,” the trader said.

Morocco, which has become the biggest export destination for EU wheat as Russia increased sales to Algeria, remains the focus for new EU sales for the rest of the season, traders said.

Shipments to China were supporting French wheat exports, with LSEG and other shipping data showing seven vessels have departed this month with another three due to load.

Deferred positions on Euronext have held up better this year, supported by early concerns about next year's harvest following rain-hit planting in western Europe. September wheat ended at 232.00 euros, down 15% over the year.

**USDA November soy crush estimated at 199.7 million bushels -analysts**

The U.S. soybean crush likely eased slightly to 5.991 million short tons in November, or 199.7 million bushels, while soyoil stocks rose, according to analysts surveyed by Reuters ahead of a monthly U.S. Department of Agriculture (USDA) report.

The U.S. crush topped 200 million bushels in October for the first time ever as a recently expanded and still-growing U.S. soy processing industry crushed greater volumes of soybeans amid rising vegetable oil demand from biofuel makers.

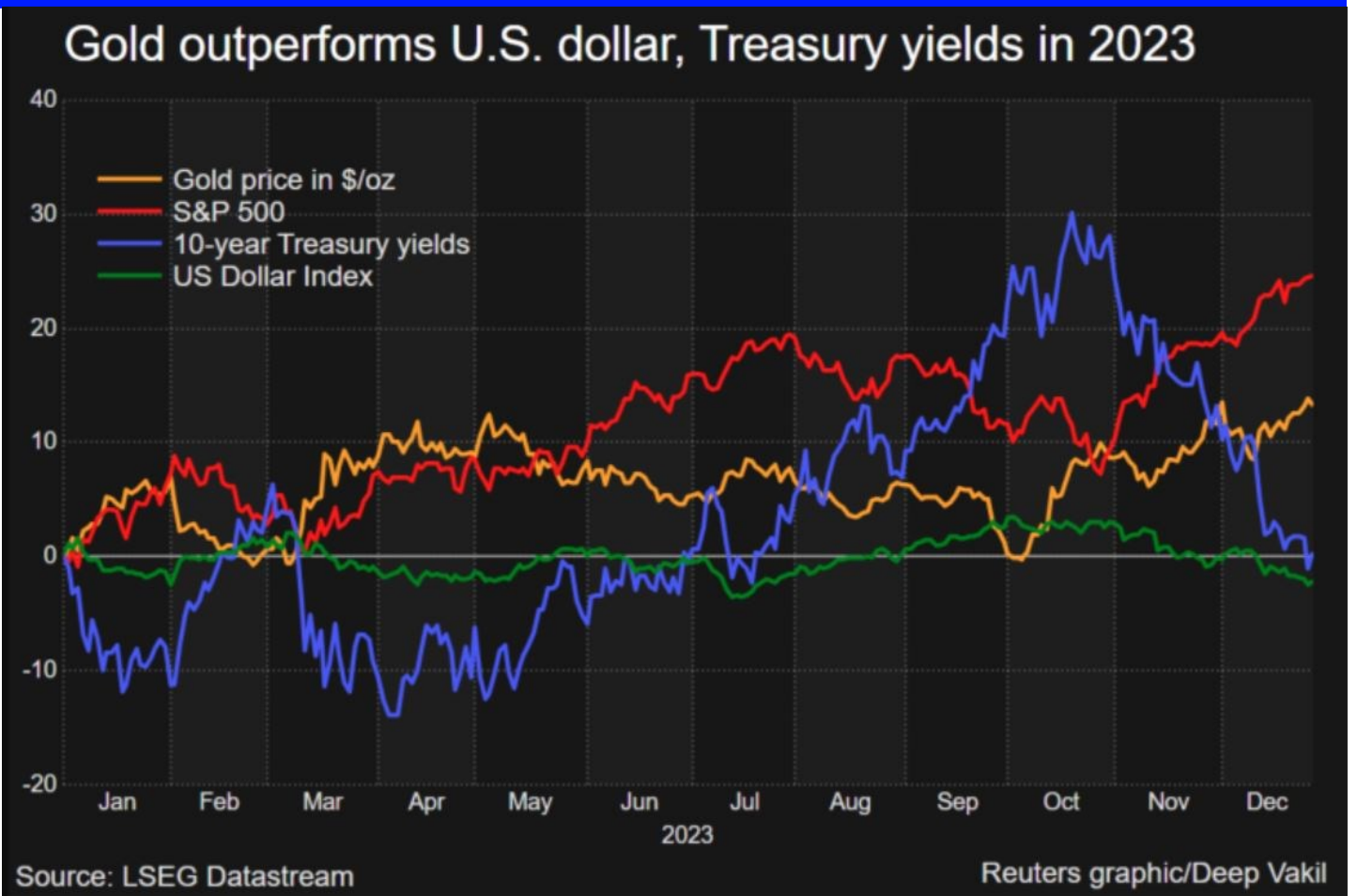
If the November crush estimate, gathered from eight analysts, is realized, it would be down 0.8% from the record high of 201.4 million bushels processed in October but up 5.3% from the 189.6 million bushels crushed in November 2022. It would also represent the second-largest monthly crush on record.

Crush estimates ranged from 197.78 million to 200.75 million bushels, with a median of 199.9 million bushels. The USDA is scheduled to release its monthly fats and oils report at 2 p.m. CST (2000 GMT) on Tuesday.

U.S. soyoil stocks as of Nov. 30 were estimated at 1.634 billion pounds based on the average of estimates from five analysts.

If realized, the stocks would be up 8.4% from 1.507 billion pounds at the end of October but down 22.5% from

**Chart of the Day**



stocks totaling 2.108 billion pounds at the end of November 2022.

Estimates ranged from 1.600 billion to 1.700 billion pounds, with a median of 1.620 billion pounds.

The National Oilseed Processors Association reported that its members, which account for about 95% of the U.S. soy crush, processed 189.038 million bushels in

November, down from NOPA's record-large October crush of 189.774 million bushels but above the group's year-ago November 2022 crush of 179.184 million bushels. NOPA soybean stocks as of Nov. 30 rose to 1.214 billion pounds, after falling in October to 1.099 billion, the lowest level in nearly nine years.

## Top News - Metals

### GRAPHIC-Gold to enter 2024 with sights set on record highs

Gold investors anticipate record high prices next year, when the fundamentals of a dovish pivot in U.S. interest rates, continued geopolitical risk, and central bank buying are expected to support the market after a volatile 2023. Spot gold is on track to post a 13% annual rise in 2023, its best year since 2020, trading around \$2,060 per ounce.

"Following on from a surprisingly robust performance in 2023 we see further price gains in 2024, driven by a trifecta of momentum chasing hedge funds, central banks continuing to buy physical gold at a firm pace, and not least renewed demand from ETF investors," Saxo Bank's Ole Hansen said.

On Dec. 4, gold hit a record high of \$2,135.40 on bets of U.S. monetary policy easing in early 2024 after a perceived dovish tilt from Federal Reserve Chair Jerome Powell, surpassing the previous record scaled in 2020.

The precious metal almost made uncharted territory in May this year as a U.S. regional banking crisis took hold. By October, it had retreated close to \$1,800 an ounce until safe-haven demand triggered by the Israel-Hamas conflict spurred another rally.

Investors returned to the popular SPDR Gold Shares exchange-traded fund, which posted net inflows of over \$1 billion in November.

A Reuters poll in October forecast prices will average \$1,986.50 in 2024. They have averaged above \$1,950 so far this year, above any previous yearly average price.

J.P. Morgan sees "a breakout rally" for gold in mid-2024, with a targeted peak of \$2,300 on expected rate cuts.

UBS forecasts a record of \$2,150 by end-2024 if cuts materialise. The World Gold Council, in its 2024 outlook, projected that a drop of about 40 to 50 basis points in longer maturity yields, following 75-100 points of rate cuts, could translate into a 4% gain for gold.

### INFLATION RISKS

The conflict in the Middle East, uncertainty from elections in major economies, and central bank purchases led by China will also boost safe-haven bullion's appeal next year, analysts predicted.

But, "gold could be forced to unwind some of this year's gains if an inflation resurgence forces the Fed to abandon plans for a policy pivot in 2024," said Han Tan, chief market analyst at Exinity.

Inflation cooling faster than the Fed trims rates may also slow the economy and dent retail buying.

Heraeus Metals expects higher gold jewellery demand in top consumer China this year, with more support possible in 2024 from stimulus measures.

By contrast, silver looks set to fall 1% in 2023, trading just under \$24 an ounce.

It will trend towards \$26 an ounce next year, benefiting from improved industrial demand, according to TD Securities.

On track to fall 6% in 2023, platinum will hold a range between \$800 and \$1,100 an ounce in 2024, Heraeus estimates.

The impact of the energy transition was demonstrated as autocatalyst-dependent palladium fell by more than a third this year, the market's worst performance since 2008.

Palladium, which fell below \$1,000 an ounce in November - for the first time in five years - before recovering, faces surpluses as electric vehicles become more popular. Bank of America expects palladium to average \$750 per ounce in 2024 subject to any major supply cuts.

### Strong gains for cocoa, iron ore in 2023 as energy prices dip

Cocoa and iron ore prices surged in 2023, while natural gas and coal prices tumbled, with most agricultural products expected to outperform energy and industrial metals in the New Year amid supply constraints and dry weather.

The Thomson Reuters/CoreCommodity CRB Excess Return Index, which includes more than a dozen commodities such as oil, gold, sugar and copper, is set to fall 4% for 2023 after interest rate hikes dampened global growth and shook financial markets.

Cocoa prices rose 72% to multi-decade highs because of constrained supplies and iron ore was up nearly 55% as China looked to shore up its property sector.

But the prices of natural gas and coal tumbled from 2022's record highs after Russia's invasion of Ukraine and were among the biggest losers as producers ramped up supplies and demand eased.

"A warm start to this winter has kept prices deflated so far, and if it remains warm as forecast, most regions will be able to tide through this winter comfortably, with even more to spare for next year's winter," said Rystad energy analyst Lu Ming Pang.

Macquarie analysts said in a note they expect aggregate commodities price weakness to continue in 2024, with U.S. economic growth to soon stall and European and Chinese growth likely to remain tepid at best.

### STANDOUT PERFORMERS

New York cocoa futures rose to a 46-year high this year and are expected to remain strong in 2024, buoyed by a poor harvest in the key producing region, West Africa,

where the spread of viral swollen shoot disease has hit crops. Capital Economics said in a note that constrained supply combined with high seasonal demand was likely to support high cocoa prices through 2024 until new supply arrives in October, the start of the next growing season. For iron ore, efforts by China to revive its beleaguered property sector and shore up a patchy post-pandemic economic recovery boosted prices, with more gains expected in early 2024. "Supportive policies on the property market, coupled with expectations on further economic stimulus during the top decision-making meetings in December acted as tailwinds," said Pei Hao, a Shanghai-based analyst at brokerage FIS.

**FOOD SUPPLY SHOCKS**

Hot and dry weather due to El Nino has taken a toll on global rice, coffee and sugar production, supporting prices. Supply shocks in the rice market prompted India, the biggest supplier globally to restrict exports, driving prices of the world's most widely consumed staple to 15-year highs and triggering food inflation pressure. Rice prices in Asia's key exporting centres, have climbed more than 40% in 2023 and adverse weather is expected to further reduce output early next year. Shrinking supplies also triggered a rally in coffee prices with robustas gaining almost 60% in 2023. Sugar production in India is set to lag consumption for the first time in seven years and lower plantings could force the world's No.2 producer to turn into a net importer. Wheat, corn and soybeans are headed for losses in 2023, but prices remain vulnerable to adverse El Nino weather, export restrictions and higher biofuel mandates.

Palm oil production is likely to fall next year due to El Nino, supporting cooking oil prices that dropped more than 10% in 2023.

**RISING ENERGY SUPPLY**

Rising oil, gas and coal supply could weigh on prices for a second year in 2024. Brent and West Texas Intermediate (WTI) crude futures are down around 7% this year, falling for the first time in three years, despite record global oil demand and deeper supply cuts from OPEC+. Non-OPEC production growth is set to dominate in 2024, with S&P Global Commodity Insights forecasting record crude and liquids production in the U.S., Brazil and Canada. Macquarie expects Brent and WTI prices to average at \$77 and \$73 a barrel in 2024. Asia spot liquefied natural gas and Australia Newcastle coal futures tumbled more than 50% from last year's record highs, as demand from Europe eased while China and India ramped up coal output to prevent a repeat of last year's energy shock.

**MIXED OUTLOOK FOR METALS**

A softer U.S. dollar and Treasury yields amid growing expectations that the Federal Reserve will end its monetary policy tightening helped gold race towards its best year in three and saw prices scale all-time highs above \$2,100 this month. Citi expects gold and silver prices to rise by mid-2024 on strong demand for the metals as a hedge against downside risks in developed market equities and property. For industrial metals, nickel, down more than 40% in 2023, was the biggest loser, pressured by higher supplies in top producers Indonesia and China.

<b>MARKET MONITOR as of 07:45 GMT</b>			
<b>Contract</b>	<b>Last</b>	<b>Change</b>	<b>YTD</b>
NYMEX Light Crude	\$72.67 / bbl	1.42%	1.42%
NYMEX RBOB Gasoline	\$2.17 / gallon	2.96%	2.96%
ICE Gas Oil	\$761.75 / tonne	1.47%	1.47%
NYMEX Natural Gas	\$2.59 / mmBtu	2.82%	2.82%
Spot Gold	\$2,074.09 / ounce	0.56%	0.56%
TRPC coal API 2 / Dec, 24	\$100 / tonne	0.50%	3.09%
Carbon ECX EUA	€80.25 / tonne	-0.15%	-0.15%
Dutch gas day-ahead (Pre. close)	€31.85 / Mwh	0.16%	0.00%
Malaysia Palm Oil (3M)	RM3,659 / tonne	-1.67%	-1.67%
<b>Index</b>	<b>Close 29 Dec</b>	<b>Change</b>	<b>YTD</b>
Thomson Reuters/Jefferies CRB	301.40	-0.94%	0.00%
Rogers International	26.33	-0.06%	0.00%
U.S. Stocks - Dow	37,689.54	-0.05%	0.00%
U.S. Dollar Index	101.48	0.15%	0.15%
U.S. Bond Index (DJ)	430.25	-0.23%	-0.11%

Prices are expected to remain under pressure in 2024 amid a global surplus for the metal used in stainless steel and electric vehicle batteries.

Softer-than-expected Chinese demand and U.S. interest rate hikes weighed on prices, which recovered some ground in recent months due to supply disruptions by mine closures in Panama.

## Top News - Carbon & Power

### Germany's gas supply secure, but Mideast turmoil a risk -E.ON boss

Germany's gas supply situation is far better than it was after Russia cut off supply last winter but instability in the Middle East could still send energy prices soaring, the head of energy firm E.ON said.

The sudden collapse of Germany's decades-old energy relationship with Russia after Moscow's Feb. 2021 invasion of Ukraine left Germany scrambling for supply and slowed Europe's largest economy, tipping it into recession last year.

"It would take a lot for there to be gas shortages this winter," CEO Leonhard Birnbaum told the Rheinische Post newspaper in an interview published on Tuesday, noting stores were full and China, the largest buyer of liquefied gas, was now buying less.

Yet because much of the LNG which Germany now relies upon comes from the Gulf, instability there would have an impact, he noted.

"If there is an escalation, that would have an impact on all energy markets," he said.

"They are more interwoven than before: not only the oil price, but also gas and electricity prices.

The Persian Gulf is the central route for oil and LNG."

Iranian-backed Houthi militants in Yemen have stepped up attacks on vessels in the Red Sea to show their support for Palestinian Islamist group Hamas fighting Israel in Gaza.

The attacks have prompted some shipping companies to reroute vessels .

Birnbaum added that there was no prospect of Germany's decommissioned nuclear plants ever being reactivated, something opposition politicians have called for since Isar 2, Germany's last plant, was switched off in April.

"Isar 2 won't go back online," he said.

"It's already being dismantled.

It's no longer even technically possible."

### Uniper favours independence over possible state stake sale -Boersen-Zeitung

Energy firm Uniper, which was bailed out by Germany during Europe's energy crisis, would like to become independent again once Berlin decides how it will reduce its 99% stake, its chief executive told daily Boersen-Zeitung.

"We have said that we consider an independent Uniper a good option.

But the decision lies in the hands of the government,"

Michael Lewis said, when asked whether Uniper would prefer to return to the capital markets as a listed and independent entity, or whether Berlin should sell its stake to a new owner.

The EU has asked Germany to cut its stake to 25% plus one share by the end of 2028 in exchange for its approval of Uniper's state rescue last year.

Berlin has so far not provided details of an exit strategy.

Uniper shareholders earlier this month approved a proposed capital cut that will enable the bailed-out firm to pay dividends again and the German government to divest its stake.

## Top News - Dry Freight

### Iran's SLAL tenders for 200,000 T soymeal - traders

Iranian state-owned animal feed importer SLAL has issued an international tender to purchase up to 200,000 metric tons of soymeal, European traders said on Tuesday.

The deadline for submission of price offers in the tenders is also Tuesday, Jan. 2, they said.

The soymeal can be sourced from Brazil, Argentina or India.

Shipment is sought between Jan. 15 and March 15.

Payment problems for Iranian business because of western sanctions had made participation in recent tenders from Iran difficult, traders said.

Food is exempt from Western sanctions on Iran over its nuclear programme, but the restrictions have hit Iran's financial system, creating complex and erratic payment arrangements. Traders said Iran was offering payment in both the new tenders via banks in Turkey and India.

### Egypt's GASC seeks 50,000 tonnes of sugar in tender – statement

Egypt's state grains buyer the General Authority for Supply Commodities (GASC) is seeking 50,000 tonnes of raw cane sugar and/or 50,000 tonnes of white sugar in a tender, it said in a statement on Monday.

White sugar should be packed in 50 kilogram packages, it said.

GASC added that payment would be at sight with funding from the International Islamic Trade Finance Corporation (ITFC). Offers should be made on a CIF free out basis in Egyptian pounds or U.S. dollars, GASC said.

The deadline for offers is Saturday Jan. 6, with shipment arrival for Feb. 20-March 5 and/or March 6-20, it added.

GASC set the tender on behalf of Egypt's Holding Company For Food Industries, represented by the Egyptian Sugar and Integrated Industries Company (ESIC), which will receive the shipment.

**Picture of the Day**

*Fireworks illuminate the sky over the Arc de Triomphe during the New Year's celebrations on the Champs Elysees avenue in Paris, France, January 1. REUTERS/Benoit Tessier*

(Inside Commodities is compiled by Sreshtha Uniyal in Bengaluru)

For questions or comments about this report, contact: [commodity.briefs@thomsonreuters.com](mailto:commodity.briefs@thomsonreuters.com)

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