Oil | Agriculture | Metals | Carbon & Power | Dry Freight

Click on headers to go to that section

Top News - Oil

POLL-Ample supply, slow demand to temper oil price gains in 2025

Oil prices are likely to be constrained near $70 a barrel in 2025 as weak demand from China and rising global supplies are expected to cast a shadow on OPEC+-led efforts to shore up the market, a Reuters monthly poll showed on Tuesday.

The survey of 31 economists and analysts predicted that Brent crude would average $74.33 per barrel in 2025, down from a forecast of $74.53 in November, marking an eighth straight downward revision. The global benchmark Brent crude has averaged around $80 a barrel so far this year and was poised for a 3% yearly decline on weakening demand stemming from top importer China.

U.S. crude is projected to average $70.86 per barrel in 2025, compared with last month's expectation of $70.69.

"Rising production from non-OPEC countries is expected to keep the market well-supplied. While an economic recovery in China is anticipated, the shift to electric vehicles is likely to limit demand growth," Sehul Bhatt, director of research at CRISIL, said.

Most of the poll respondents expect the oil market to be in a surplus next year, with analysts from JPMorgan predicting that supply will outpace demand to the tune of 1.2 million barrels per day (bpd).

OPEC+, which pumps about half the world's oil, at its December meeting pushed back the start of oil output rises by three months until April 2025 and extended the full unwinding of cuts by a year until the end of 2026.

"The decision was driven by the expectation that non-OPEC+ supply growth will outpace demand growth in 2025. This leaves limited room for OPEC+ to raise production... we anticipate a further delay in unwinding of cuts until Q4 2025," said Florian Grunberger, senior analyst at data and analytics firm Kpler.Global oil demand was seen growing between 0.4 million and 1.3 million bpd in 2025, the poll showed. That compares with OPEC's 2025 growth estimate of 1.45 million bpd.

Markets are also bracing for substantial policy shifts, encompassing tariffs, deregulation, and tax amendments as Donald Trump is set to return to the White House in January 2025.

"In general, we think U.S. politics matter less than many believe when it comes to the impact on oil prices and the U.S. domestic oil & gas sector," said Kim Fustier, head of European oil & gas research at HSBC. However, implementation of intensified sanctions on Iranian oil exports by the Trump administration could offer support to oil prices in the short term, some analysts noted.

US oil production rose to record high in October, EIA data shows

U.S. oil production rose 260,000 barrels per day (bpd) month-over-month to a record 13.46 million bpd in October as demand surged to the highest levels since the pandemic, data from the U.S. Energy Information Administration showed on Tuesday.

U.S. oil output has grown rapidly this year as drilling operations became more efficient in the country, even as concerns of oversupply have weighed heavily on prices for the commodity amid weaker-than-expected demand growth, especially in China, the top oil importing nation.

Year-over-year, U.S. oil production rose 2.3% in October, while West Texas Intermediate (WTI) crude futures prices averaged 16% lower during the month, according to Reuters calculations. WTI and global benchmark Brent crude are on track for their second consecutive annual losses in 2024. Still, the pace of growth of U.S. oil output is moderating, analysts said. Annual oil production growth in the U.S. is tracking around 300,000 to 400,000 bpd in 2024, versus nearly a million bpd in 2023, said Alex Hodes, energy analyst at brokerage StoneX.

"There have been a few infrastructure constraints that have kept production somewhat muted but I would expect that we will see a lot of the same in 2025," Hodes said.

Strong U.S. oil demand in October was the biggest surprise in the EIA's Petroleum Supply Monthly report, UBS analyst Giovanni Staunovo said.

Total U.S. oil demand rose by about 700,000 bpd from September to 21.01 million bpd in October, the highest since August 2019, EIA data showed. Demand for distillate fuels, which include diesel and heating oil, rose to 4.06 million bpd in October, the highest in a year.

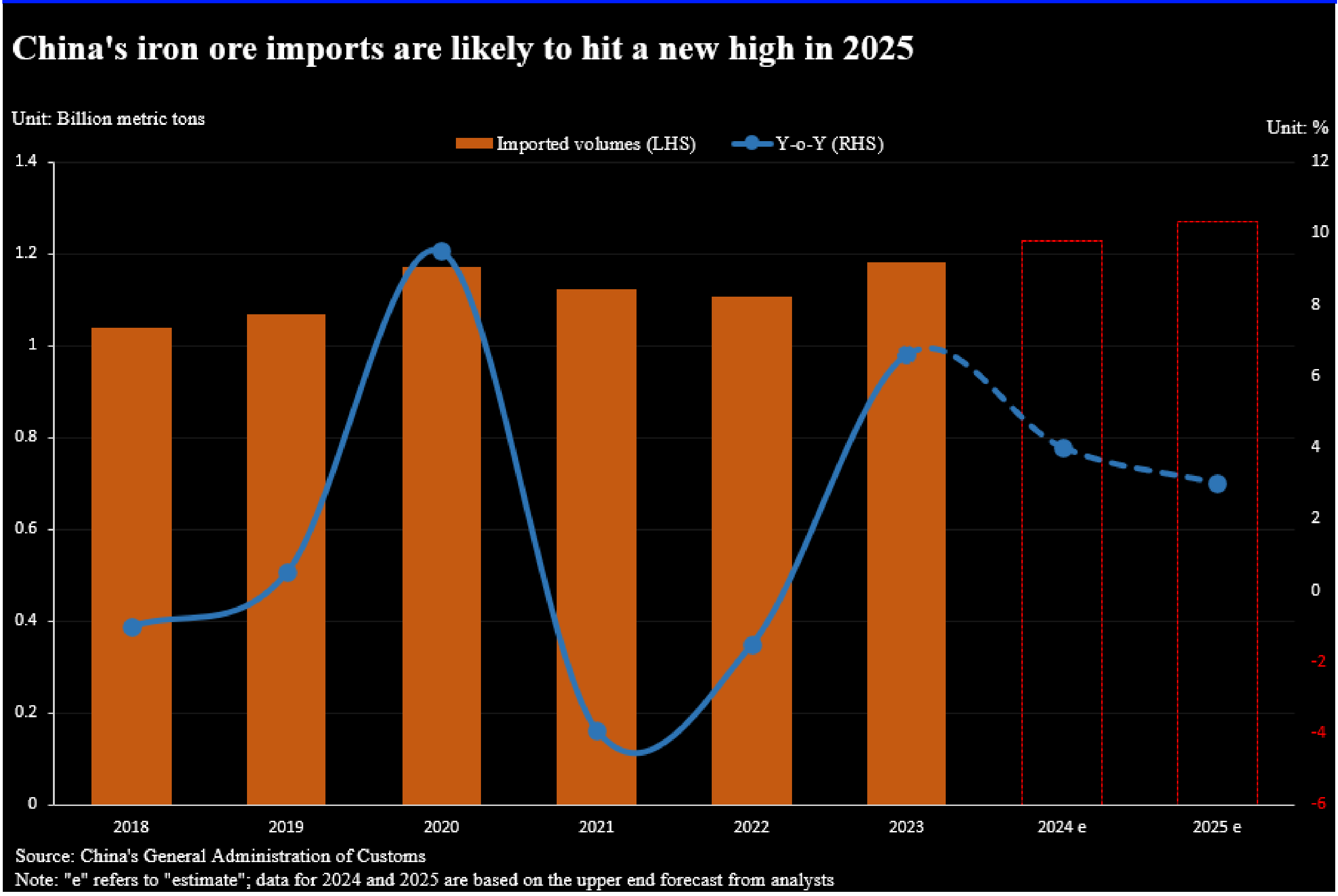
"The weak oil demand growth narrative seems not be confirmed by data," Staunovo said. "Likely we will see some 2024 demand growth upward revisions by energy agencies in January."Oil output from top producer Texas rose to a record 5.86 million bpd in October, up about 55,000 bpd from September.

U.S. Gulf of Mexico oil output rebounded to 1.76 million bpd in October, up 191,000 bpd month-over-month, after hurricanes forced prolonged closures of production facilities in the region in September.

Oil output fell 3.6% to 1.16 million bpd in North Dakota, as wildfires swept the region in October.

Natural gas production from U.S. Lower-48 states averaged 115.87 billion cubic feet per day (bcfd), up 1.2 bcfd from September, as Texas output rose to a record 36.49 bcfd.

Chart of the Day



Top News - Agriculture

Cocoa tops global commodities rally for 2nd year, steel ingredients struggle on China demand

Cocoa and coffee are poised to close 2024 as the biggest gainers among commodities for a second year on a global supply deficit, while steel-making coal will end as the worst performer, hit by slow growth in China.

Looking ahead, global trade tensions are likely to dominate the commodities landscape in 2025 as Donald Trump returns to the White House threatening hefty tariffs, analysts said.

A strong dollar and gold's appeal as a safe haven for investors are likely to support precious metals prices, while ample supply could depress oil for a third year, they added.

In bad news for chocolate lovers, cocoa nearly tripled in price over 2024, far outpacing gains in other commodities. It hit a record high of $12,931 a metric ton in New York earlier this month on forecasts of lower supply for a fourth successive season in West Africa following dry weather.

"The softs sector, led by cocoa and coffee, has been the main winner amid adverse weather in key growing regions, highlighting the risk to prices when products like these are produced and sourced from relatively small geographical areas," said Ole Hansen, head of commodity strategy at Saxo Bank in Copenhagen.

Top cocoa producers Ivory Coast and Ghana have suffered crop losses due to adverse weather, bean disease, smuggling and reduced plantations in favour of illegal gold mining.

Dryness has strained coffee supplies as well. ICE Arabica coffee prices soared to their highest in more than 40 years amid fears that severe drought earlier this year damaged the upcoming crop in top producer Brazil.

CHINA GROWTH WORRIES HIT OIL, IRON ORE

Crude oil and bulk metals faced headwinds in 2024 as China, the world's second-biggest economy and top commodities buyer, struggled mainly due to a property crisis.

Brent and West Texas Intermediate crude could post a third consecutive annual decline in 2025 as supply outstrips a rebound in demand growth, analysts said, although Trump's policies on major producers Russia and Iran could curb supply.

Spare capacity in the Organization of the Petroleum Exporting Countries (OPEC) reached an unprecedented 5 million barrels per day (bpd), analysts estimated, with the group having extended production cuts to March.
"The bleak inventory path next year suggests that OPEC+ will be challenged to bring back barrels into the market," Harry Tchilinguirian, head of research at Onyx Capital Group, said in a note.
Iron ore prices in China recouped some losses in recent months but are still headed for a 15% decline in 2024. Prices could fall again next year as iron ore supply grows and Chinese steel demand falls, analysts said, despite Beijing's stimulus measures.
"We expect the increase in iron ore supply from major miners will be higher than that in 2024, but steel output in China will likely slide," Pei Hao, senior analyst at brokerage Freight Investor Services, said, forecasting an average price of $100 a ton in 2025, down from an average of $110 in 2024.
Gold and silver rose more than 25% in 2024 and could climb further in the year ahead depending on the U.S. Federal Reserve's interest rate cuts and Trump's tariff, tax and foreign policies, analysts said.
"Gold is the standout for us in 2025," ING's head of commodity research Warren Patterson said, adding that strong gold purchases by central banks will support demand.Copper and aluminium prices are set to end 2024 higher, driven by tight supplies, the energy transition and hopes that China's stimulus measures will boost demand.

PALM OIL, RUBBER AND GRAINS
For agricultural products, Malaysian palm oil futures jumped around 20% in 2024, snapping two consecutive years of losses, lifted by Indonesia's biodiesel mandate and adverse weather in Indonesia and Malaysia.
Crop-threatening weather also drove a 42% gain in Tokyo rubber futures. In contrast, soybeans, corn and wheat were in plentiful supply, all on track for losses in 2024.
However, wheat prices could find some support in 2025 as warmer weather in Russia, the biggest exporter, threatens to reduce output.
Top soybean exporter Brazil is poised to deliver record supplies in 2025, positioning it to meet a rise in Chinese demand if a Washington-Beijing trade war erupts.

EU wheat posts yearly gain as Russia supply uncertainty grows
European wheat futures extended gains on Tuesday to post an annual rise, supported by year-end strength in U.S. grains and concerns about tightening wheat supply in Russia.
Benchmark March milling wheat on Paris-based Euronext settled 1.3% up at 237.25 euros ($246.41) per metric ton after a shortened session ahead of Wednesday's New Year closure.
The contract earlier reached 237.50 euros, a six-month high for a front-month price, with the breaching of technical resistance around 235 euros generating buying interest in light holiday volumes, dealers said.
Over the year, front-month prices were up 6.6%, stemming losses from last year when prices had pulled back from record levels in 2022 following Russia's invasion of Ukraine.
Like Chicago futures, Euronext wheat touched a four-year low during 2024 amid ample global supply and strong Black Sea exports that eased worries about the impact of war.
But in Russia, poor early growth for the next winter wheat crop, rising local prices and steps by the authorities to curb exports have helped underpin the European market.

Euronext has also drawn support from a year-end rally in Chicago, with corn hitting a six-month peak and wheat a two-week top on Monday, against a backdrop of adverse weather in Argentina and steady U.S. exports.
However, export competition remained a curb on Euronext, even if poor harvests in France and Germany have reduced availability in western Europe.
Supplies from the Black Sea region, including Russia, were still drawing large sales, while harvests in Argentina, Brazil and Australia added to overseas competition, according to traders.
France's wheat export loading programme remained sparse, port data compiled by LSEG showed.

Top News - Metals

China's 2025 iron ore imports set to hit new high even as steel demand dwindles
China's iron ore imports are likely to hit a new high in 2025 as traders stockpile cheap ore for the world's top consumer despite a protracted property crisis continuing to weigh on Chinese steel demand, traders and analysts said.
The country's imports of the key steelmaking ingredient will likely rise by between 10 million and 40 million metric tons to up to 1.27 billion tons this year, up from what forecasters expect to be record volumes in 2024, seven analysts and two traders said in a Reuters survey.
Higher imports will mainly be driven by growing supply from major producers including Australia and Brazil, they said, as miners look to sell ore before the giant Simandou iron ore project begins production later this year and floods the market with new supply.
Iron ore prices are expected to fall to between $75 and $120 a ton in 2025, the survey showed, versus $88 to $144 a ton in 2024, according to data from consultancy

Steelhome.
"Our base case assumes a moderate surplus in 2025 and prices holding up around $95-100/t," said Myles Allsop, UBS' head of EMEA mining.
"We see the surplus getting larger in 2026/27 driving prices deeper into the cost curve."
Weakness in the steel sector, which consumes the bulk of iron ore, means imports are likely to grow Chinese port stockpiles to up to 170 million tons in 2025, said analysts. Stocks are already up 28.3% on-year to 146.85 million tons as of Dec. 27.
In 2025, supply from top producer Australia will grow by around 20 million tons thanks to rising production at projects including Rio Tinto's Western Range, Fortescue's Iron Bridge and Mineral Resources, said analysts. Brazilian miner Vale aims to produce between 325 million and 335 million tons of iron ore in 2025 from about 328 million tons in 2024.But a possible yuan depreciation and China's last-ditch efforts to increase the share of steel output from electric arc furnaces, which mainly consume scrap material, to 15% by 2025 may lower iron ore imports this year, four of the analysts said.

DWINDLING STEEL DEMAND
Steel demand is forecast to fall 1.5% this year following an expected 4.4% decline year-on-year in 2024, according to state-backed China Metallurgical Industry Planning and Research Institute (MPI), as a buoyant manufacturing sector and resilient steel exports fail to fully offset the real estate downturn.Beijing has unveiled a raft of stimulus to revive its economy and is expected to roll out more to counter the potential impact from proposed tariff hikes by incoming U.S. President Donald Trump.But that will mostly lift demand from second-tier steel consumers like automotive and white goods manufacturers, according to Tomas Gutierrez, head of data at consultancy Kallanish Commodities. "Positive as this is, it won't be enough to counteract the effect of restructuring in the real estate sector," he added.

China's November net gold imports via Hong Kong hit seven-month high
China's net gold imports via Hong Kong in November more than doubled from October, marking the highest level in seven months, Hong Kong Census and Statistics Department data showed on Monday.
The world's top gold consumer imported a net 33.074 metric tons in November, up 115% from 15.414 tons in October, its highest level since April 2024.
Total gold imports via Hong Kong were up 60% at 45.22 metric tons from October, posting its highest level in eight months.
China is the world's leading consumer of gold, and its purchasing activities can significantly influence global

MARKET MONITOR as of 08:29 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$72.00 / bbl	0.39%	0.39%
NYMEX RBOB Gasoline	$2.04 / gallon	1.47%	1.47%
ICE Gas Oil	$696.00 / tonne	0.11%	0.11%
NYMEX Natural Gas	$3.61 / mmBtu	-0.72%	-0.72%
Spot Gold	$2,632.23 / ounce	0.32%	0.32%
TRPC coal API 2 / Dec, 25	$115 / tonne	5.50%	3.28%
Carbon ECX EUA	€73.95 / tonne	1.30%	1.30%
Dutch gas day-ahead (Pre. close)	€48.55 / Mwh	2.04%	0.00%
Malaysia Palm Oil (3M)	RM4,327 / tonne	-2.72%	-2.72%
Index	**Close 31 Dec**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	356.81	0.01%	0.00%
Rogers International	29.43	0.75%	0.75%
U.S. Stocks - Dow	42,544.22	-0.07%	0.00%
U.S. Dollar Index	108.44	-0.04%	-0.04%
U.S. Bond Index (DJ)	436.03	-0.14%	0.00%

gold prices.
China's central bank resumed buying gold for its reserves in November after a six-month pause, according to official data.
"The People's Bank has started reporting fresh purchases and it could be that there has been some import for official sector purchases," said StoneX analyst Rhona O'Connell. "More likely it is continued interest in bars and coins, and some improvement in jewellery demand"
Last week, gold dealers in China also started charging premiums for the first time in more than a month as consumers began stocking up for the upcoming Lunar New Year celebrations.
Gold exports from Switzerland rose in November due to a jump in supplies to India and some revival of deliveries to China and Hong Kong compared with October, Swiss customs data showed.
Spot gold has gained around 27% so far this year, hitting a record high of $2,790.15 on Oct. 31 on the back of U.S. Federal Reserve's interest rate easing and escalated tensions around the globe. However, prices fell 3% in November after a post-election sell-off driven by Donald Trump's win.
The Hong Kong data may not provide a complete picture of Chinese purchases, as gold is also imported via Shanghai and Beijing.

Top News - Carbon & Power

Russian gas exports to Europe via Ukraine halted as transit deal expires

Russian gas exports via Soviet-era pipelines running through Ukraine came to a halt on New Year's Day, marking the end of decades of Moscow's dominance over Europe's energy markets.
The gas had kept flowing despite nearly three years of war, but Russia's gas firm Gazprom said it had stopped at 0500 GMT after Ukraine refused to renew a transit agreement.
The widely expected stoppage will not impact prices for consumers in the European Union - unlike in 2022, when falling supplies from Russia sent prices to record highs, worsened a cost-of-living crisis and hit the bloc's competitiveness.
The last remaining EU buyers of Russian gas via Ukraine, such as Slovakia and Austria, have arranged alternative supply, while Hungary will keep receiving Russian gas via the TurkStream pipeline under the Black Sea.
But Transdniestria, a breakaway pro-Russian region of Ukraine's neighbour Moldova also reliant on the transit flows, cut off heating and hot water supplies to households early on Wednesday. Local energy company Tirasteploenergo urged residents to dress warmly, hang blankets or thick curtains over windows and balcony doors, and use electric heaters.
Ukrainian President Volodymyr Zelenskiy, writing on the Telegram messaging app, said the end of gas transit through his country to Europe was "one of Moscow's biggest defeats" and urged the U.S. to supply more gas to Europe.
"The more there is on the market from Europe's real partners, the faster we will overcome the last negative consequences of European energy dependence on Russia," he wrote.
Europe's "joint task" now, he wrote, was to support ex-Soviet Moldova "in this period of energy transformation".
The European Commission said the EU had prepared for the cut-off.
"The European gas infrastructure is flexible enough to provide gas of non-Russian origin," a spokesperson for the Commission said. "It has been reinforced with significant new LNG (liquefied natural gas) import capacities since 2022."
Russia and the former Soviet Union spent half a century building up a major share of the European gas market, which at its peak stood at around 35%. But the EU has slashed its dependence on Russian energy since the start of the war in Ukraine by buying more piped gas from Norway and LNG from Qatar and the United States.
Ukraine, which refused to extend the transit deal, said Europe had already made the decision to abandon Russian gas.
"We stopped the transit of Russian gas. This is a historic event. Russia is losing its markets, it will suffer financial losses," Ukraine's Energy Minister German Galushchenko said in a statement.

ALTERNATIVE SUPPLIES

Ukraine will lose up to $1 billion a year in transit fees from Russia. To help offset the impact, it will quadruple gas transmission tariffs for domestic consumers from Wednesday, which could cost the country's industry more than 1.6 billion hryvnias ($38.2 million) a year.
Gazprom will lose close to $5 billion in gas sales.
The company halted supply to Austria's OMV in mid-November over a contractual dispute but in recent weeks Russian gas has been reaching Austria via Slovakia at a rate of around 200 gigawatt hours (GWh) per day. For Jan. 1, only about 7 GWh per day is expected to flow from Slovakia to Austria, Austrian energy regulator E-Control said.
Slovakia's main gas buyer SPP said it would supply its customers mainly via pipelines from Germany and also Hungary, but would face additional transit costs.
Combined pipeline routes from Russia delivered a record high 201 billion cubic metres (bcm) of gas to Europe in 2018.
The Nord Stream route across the Baltic Sea to Germany was blown up in 2022 and the Yamal-Europe pipeline via Belarus has also shut.

Russia shipped about 15 bcm of gas via Ukraine in 2023, down from 65 bcm when the last five-year contract began in 2020.

US LNG gas demand hits record high on last day of the year

U.S. natural gas demand from LNG plants hit a record on Tuesday, the last day of the year, climbing to 15.2 billion cubic feed (bcf) in a sign of a strong year ahead from the startup of two new gas-processing plants, preliminary data from financial firm LSEG showed.

U.S. natural gas demand for LNG plants is forecast to rise to 17.8 bcfd next year with the commissioning of Venture Global LNG's 20 million tones per annum (MTPA) Plaquemines plant in Louisiana and Cheniere Energy's Corpus Christi Stage 3 expansion in Texas.

Demand for natural gas by LNG export plants could spur higher production in the U.S. and increase prices at the country's main gas exchange in Louisiana, called Henry Hub, according to analysts. Gas prices were up 48 cents in midday trading on Tuesday, at $3.94 per million cubic feet (mcf), according to LSEG data.

The U.S. is the world's largest exporter of the superchilled gas and a major supplier to Europe and Asia. LNG exports and feedgas demand also tend to be higher in the cooler months in the Northern Hemisphere as it improves the plants efficiency.

Tuesday is the third time in two weeks that U.S. LNG feedgas demand has crossed 15 bcfd but the first time it has gotten to 15.2 bcf, according to LSEG data.

In December, Venture Global and Cheniere announced first LNG from their expansion projects with Venture Global's Plaquemines plant making its first shipment to Germany.

U.S. gas demand for LNG is expected to increase to 20.3 bcfd in 2026 as the new plants ramp up output, and climb to 24.2 bcfd in 2028 according to US EIA data. The gains will follow the start of Golden Pass LNG, a joint venture of QatarEnergy and Exxon Mobil being constructed on the Texas coast with first gas due in late 2025 or early 2026.

Top News - Dry Freight

Egypt's Mostakbal Misr receives its first imported wheat shipment

Egypt’s state grain buyer, Mostakbal Misr for Sustainable Development, received its first imported wheat shipment on Dec. 30, port data seen by Reuters showed.

The 28,000 metric ton shipment arrived in Alexandria port onboard the Mikhail Nenashev. Further details, including the seller and the price, have not been disclosed.

It is the first shipment for Mostakbal Misr, which took over Egypt's supply of food commodities in December, replacing the General Authority for Supply Commodities that held the responsibility for decades.

Reuters reported on Dec. 27 that Mostakbal Misr has locked in enough wheat to meet the country’s needs through the end of June, estimated at 1.267 million tons, after cancelling its first attempt to procure wheat and vegetable oil through direct purchase agreements in November due to procedural ambiguities.

Sources said at the time that shipments of the contracted wheat have begun arriving at Egyptian ports, with further deliveries scheduled in coming months.

But a lack of details about timing, pricing, and whether the contracts represent entirely new deals left some traders questioning the size of the deals.

Russian wheat export prices rise, New Year holidays expected to slow activity

Russian wheat export prices rose last week, tracking global prices, with analysts expecting weak export activity due to the upcoming long New Year holiday.

Dmitry Rylko, head of the IKAR consultancy, said the price of Russian wheat with 12.5% protein for free-on-board (FOB) delivery at the end of January was up $3 to $237 per metric ton.

The Sovecon consultancy saw prices for Russian wheat with the same protein content and delivery terms at $233 to $239 per ton, compared with $232 to $238 the previous week.

Russian FOB is expected to be mostly flat on low trade activity, the agency said in a weekly report.

Weekly grain exports were estimated at 0.83 million metric tons, including 0.78 million tons of wheat, up from 0.53 million tons of grain including 0.44 million tons of wheat the previous week as shipments recovered after storm disruptions.

Sovecon has upgraded its estimates of December wheat exports by 0.1 million tons to 3.4 million tons, compared to 3.6 million tons a year ago. IKAR estimates December wheat exports at 3.6-3.7 million tons, down from 4.4 million tons in November.

Algeria is believed to have purchased 1.17 million tons of wheat this week. Some traders also expect some Russian wheat to be supplied.

Egypt’s state grain buyer, Mostakbal Misr, contracted about 1.267 million tons of wheat, most of which was sourced from Russia, two sources with direct knowledge told Reuters.

Russia's IKAR agricultural consultancy said on Thursday it saw 2025/26 wheat exports down 6% to 41 million tons.

Sovecon said on Monday that Russian wheat exports will fall by 17% to 36.4 million tons in the 2025/26 exporting season. Its forecast for the 2024/2025 season was revised to 43.7 million tons, from 44.1 million tons.

Russia harvested 125 million tons of grain and legumes, including 82 million tons of wheat, in clean weight, in 2024, down 13% from last year, data from statistical

agency Rosstat showed on Thursday. The wheat harvest is also own by 13%, to 82.4 million tons.
Winter grains were sown over 17.6 million hectares, 1 million hectares less tha in 2023.

Temperatures remain above normal in all regions, Sovecon noted. The Russian state weather forecasting agency sees worsening conditions for winter cereals in January in the centre of Russia and the Volga region.

Picture of the Day

A view shows a thermal power station in Chisinau, Moldova, December 31. REUTERS/Vladislav Culiomza

(Inside Commodities is compiled by Anjana J Nair in Bengaluru)

For questions or comments about this report, contact: **commodity.briefs@thomsonreuters.com**

To subscribe to Inside Commodities newsletter, **click here**.

LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

Please visit: **LSEG** for more information

Privacy statement