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Top News - Oil

US oil executives expect faster permitting under Trump, says Dallas Fed

U.S. energy executives expect faster permitting times for drilling on federal lands under President-elect Donald Trump, according to a Federal Reserve Bank of Dallas survey released on Thursday.

The overall outlook brightened and activity levels increased while uncertainty declined in the final quarter of 2024, according to a December survey of 134 energy firms in Texas, Louisiana and New Mexico.

Trump has vowed to lower gasoline prices and speed up permitting for energy projects under his "drill, baby drill" campaign mantra.

A third of executives polled said they think the permitting process will become significantly faster over the next four years."We are anticipating that regulatory compliance issues will decrease, primarily due to an incoming administration that is pro-business and pro-fossil-fuel production," said one exploration and production (E&P) firm executive who was not identified by the Dallas Fed.

Trump's transition team is set to quickly roll out a wide-ranging energy package that includes the approval of export permits for new liquefied natural gas (LNG) projects and increased federal land and sea oil drilling.

"The new administration will lift regulations, stop subsidizing green energy and seek LNG build-outs to place more demand on natural gas," another E&P executive told pollsters.

The new administration could benefit hard-hit oilfield services firms, some executives said, citing a fresh bout of optimism for the first quarter of 2025.

The survey showed a wide gap between large and small producers in plans to tackle greenhouse gas emissions. Nearly two-thirds of larger firms indicated plans to cut methane and 86% to reduce the burning of unwanted gas. In comparison, just 29% of smaller firms have plans to reduce methane and only 14% plant to reduce flaring, the report showed.

POTENTIAL 2025 BOTTLENECKS

Weak natural gas prices continued to pressure some exploration and production firms in the fourth quarter, executives said.

Gas prices at the Waha Hub in West Texas fell into negative territory a record number of times in 2024.

Negative gas prices force operators to pay for their gas to be taken away, reducing oil profit margins.

"The low price for natural gas is crushing current cash flow. For smaller independents, cash flow is what feeds future investment," an executive reported.

Mergers and acquisitions have hurt services firms, muting growth compared with the previous three years as producers consolidated and either held flat or reduce capital spending budgets, they said.

Lower oil demand and efficiency gains in extraction technology have pressured services businesses, with greater efficiency boosting production but not activity levels. "It appears supply and demand are in close balance while production is sufficient for market needs," one executive said. On average, respondents expect a West Texas Intermediate (WTI) oil price of $71 per barrel by the end of 2025, with responses ranging from $53 to $100 per barrel.

Meanwhile, survey participants anticipate a Henry Hub natural gas price of $3.19 per million British thermal units over the same period.

PREVIEW-Saudi Arabia may increase February oil prices for Asia

Top oil exporter Saudi Arabia may raise crude prices for Asian buyers in February for the first time in three months, tracking gains in Middle East benchmark prices last month, traders said on Thursday.

The February official selling price (OSP) for flagship Arab Light may rise by 20 to 50 cents a barrel after falling to a four-year low in the previous month, a Reuters survey of six sources at Asian refineries said. The OSPs for other grades - Arab Extra Light, Arab Medium and Arab Heavy - are expected to increase at least 30 cents, they added.

These price adjustments are in line with the change in the market structure for the first and third month Dubai prices, the sources said. The spread widened by 42 cents a barrel in backwardation in December from the previous month, Reuters data showed.

Last month, spot premiums for February-loading Middle East grades recovered after hitting their lowest in a year in the previous month, driven by uncertainty over Iranian and Russian supplies. Some independent refiners in China switched back to Middle Eastern oil as fresh Western sanctions and robust Chinese demand drove prices of Iranian and Russian oil to multi-year highs.

Meanwhile, Indian state refiners are considering tapping the Middle East crude market as supply from their top supplier Russia has fallen.

Saudi crude OSPs are usually released around the fifth of each month, and set the trend for Iranian, Kuwaiti and Iraqi prices, affecting about 9 million barrels per day (bpd) of crude bound for Asia.

State oil giant Saudi Aramco sets its crude prices based on recommendations from customers and after calculating the change in the value of its oil over the past month, based on yields and product prices.

Saudi Aramco officials as a matter of policy do not comment on the kingdom's monthly OSPs.

Top News - Agriculture

StoneX raises forecast for Brazil's 2024-2025 soybean crop

Soybeans are unloaded from a harvester on a farm during a record soybean harvest season in Brazil's southernmost state in Sarandi, state of Rio Grande do Sul, Brazil, April 2, 2024.

Brazil's 2024-2025 soybean crop is expected to reach 171.4 million metric tons, consultancy firm StoneX said on Thursday, increasing its forecast from the 166.2 million tons it had estimated in December.

The upward revision was driven by higher expectations for the area planted with the oilseed in the South American country and increased yields, according to StoneX, which estimated production to be 14.4% higher than in the previous season.

Farmers in Brazil, the world's largest soy producer and exporter, are set to see yields recover in the current cycle after grappling with adverse weather in 2023/24, which affected overall production of the oilseed.

"Everything points to soybean production exceeding 170 million tons, but the weather remains on the radar as there is a possibility of excessive rainfall at the end of the cycle, which could cause some damage," StoneX analyst Ana Luiza Lodi said. Soybean exports in the season were forecast to hit 107 million tons, up from the 103 million tons the consultancy had projected before.

StoneX also slightly increased its estimate for Brazil's 2024-2025 total corn production to 128.6 million tons from 128.3 million tons.

Indonesian firms get 1-1/2 months to implement new B40 biodiesel mix

Indonesian companies will get a 1-1/2 month transition period to meet the new B40 biodiesel requirement, Deputy Energy and Mineral Resources Minister Yuliot Tanjung told reporters.

Indonesia had planned to launch the mandatory mix of 40% palm oil fuel in biodiesel on Jan. 1, but industry players said they are still waiting for the technical regulations. The world's largest exporter of palm oil currently imposes a mandatory biodiesel mix of 35%.

The transition period started on Jan. 1, Yuliot said.

Market participants are waiting for the official decree detailing the volume of biodiesel that Indonesia will allocate to fuel retailers to gauge how much palm oil exports will be affected. Meanwhile, fuel retailers and biodiesel producers have said they are not able to draw contracts for biodiesel distribution without the decree.

Yuliot declined to say when the decree will be released, adding that such details will be announced by the energy minister "hopefully soon".

Dadan Kusdiana, secretary general at the ministry, said the approval process for the biodiesel allocation is currently in the final stage.

Yuliot reiterated the government's plan to allocate 15.6 million kilolitres of biodiesel this year.

The delay caused the Malaysian palm oil benchmark contract to drop 2.6% on Thursday.

Chart of the Day

Top News - Metals

Biden to block US Steel sale to Japanese buyer, source says

U.S. President Joe Biden has decided to officially block Nippon Steel's proposed $14.9-billion purchase of U.S. Steel, a person familiar with the decision said on Friday, putting an end to a long-running and contentious merger plan.
The Committee on Foreign Investment in the United States (CFIUS) had previously referred the decision to approve or block the deal to Biden, who will leave office on Jan. 20.
Biden's call to block the deal was taken despite contrary efforts by some senior advisers concerned that it could hurt U.S.- Japan relations, according to the Washington Post, which first reported the news.
It cited two administration officials who were not authorized to speak publicly about the matter.
A White House spokesperson declined to comment on the reports. A source told Reuters a decision by Biden was expected as soon as Friday. A spokesperson for Nippon Steel declined to comment on the report.
U.S. Steel directed Reuters to a statement earlier on Thursday saying it hoped "Biden will do the right thing and adhere to the law by approving a transaction that so clearly enhances U.S. national and economic security."
Nippon paid a hefty premium to clinch the purchase of the No.2 U.S. steel producer in a December 2023 auction, but the deal faced opposition from the powerful United Steelworkers union (USW), as well as politicians.
Biden has said he wants U.S. Steel to be domestically owned and run, while President-elect Donald Trump has vowed to block the deal after he takes office in January.
Despite the opposition, U.S. Steel shareholders voted overwhelmingly to approve the acquisition last April.
The two companies had also worked to assuage concerns over the merger. Nippon offered to move its U.S. headquarters to Pittsburgh, where the U.S. steelmaker is based and promised to honor all agreements in place between U.S. Steel and USW.
This week, a source familiar with the matter said Nippon Steel had also proposed giving the U.S. government veto power over any potential cuts to U.S. Steel's production capacity, as part of its efforts to secure Biden's approval.
Japanese Prime Minister Shigeru Ishiba urged Biden to approve the merger to avoid marring recent efforts to strengthen ties between the two key allies, Reuters reported in November.
Japan's stock market was closed for a public holiday on Friday. U.S. Steel shares closed down 4.1% on Thursday.
METI, Japan's industry ministry, and a spokesperson for Ishiba could not be reached for a comment, because of the holiday.

China proposes further export curbs on battery, critical minerals tech

China's commerce ministry has proposed export restrictions on some technology used to make battery components and process critical minerals lithium and gallium, a document issued on Thursday showed.
If implemented, they would be the latest in a series of export restrictions and bans targeting critical minerals and the technology used to process them, areas in which Beijing is globally dominant.
Their announcement precedes the inauguration later this month of Donald Trump for a second term during which he is expected to use tariffs and various trade restrictions against other countries, in particular China.
Adam Webb, head of battery raw materials at consultancy Benchmark Mineral Intelligence, said China's proposals would help the country retain its 70% grip on the global processing of lithium into the material needed to make electric vehicle (EV) batteries.
"These proposed measures would be a move to maintain this high market share and to secure lithium chemical production for China's domestic battery supply chains," he said.
"Depending on the level of export restrictions imposed, this could pose challenges for Western lithium producers hoping to use Chinese technology to produce lithium chemicals."
The proposed expansion and revisions of restrictions on technology used to extract and process lithium or prepare battery components could also hinder the overseas expansion plans of major Chinese battery makers, including CATL, Gotion and EVE Energy.
Some technologies to extract gallium would also be restricted.
Thursday's announcement does not say when the proposed changes, which are open for public comment until Feb. 1, could come into force.

Top News - Carbon & Power

U.S. LNG exports soar in December, lifting full-year growth by 4.5%

U.S. LNG exports reached near record levels in December, rising to 8.5 million metric tonnes (MT) as two new plants started, and driving up full-year shipments 4.5% over 2023, according preliminary data from financial firm LSEG.
December's output was just short of the record monthly export of 8.6 MT recorded in December 2023 and was 9% higher than the 7.75 MT exported in November, according to LSEG data.
For the year, LNG exports hit 88.3 MT, up from 84.5 MT

in 2023, ensuring the U.S. maintained its crown as the world's largest LNG exporter, according to LSEG data. Cheniere Energy's startup of its Stage 3 expansion at Corpus Christi, Texas, and Venture Global LNG's launch of its Plaquemines plant in Louisiana, are expected over time to add 30 MTPA to U.S. annual output.

"Growth in U.S. exports from new capacity coming online particularly at Plaquemines given its large scale will be crucial to tempering some of the global LNG price volatility we expect in 2025," said Alex Munton director of global gas and LNG research at consulting firm Rapidan Energy Group.

MARKET TO CHANGE IN 2025

Global LNG supply growth last year was minimal but the impact on prices was muted since last winter was mild in Europe, helping gas in storage stay high. Russian gas also continued to flow to Europe through Ukraine.

Neither of those conditions are expected to continue this year, and supply-to-demand conditions will be significantly tighter, putting a spotlight on U.S. export growth, said Munton.

Europe remained the preferred destination for U.S. LNG exports in December, with 5.84 MT or 69% of the superchilled gas sold to the continent, compared to 5.09 MT in November.

U.S. exports to Europe saw a myriad of countries buying the superchilled gas as winter began to set in, with Turkey being one of the major European destinations for U.S. LNG in December, according to LSEG data.

Total exports to Asia grew slightly in December to 2.01 MT, or 24%, up from 1.64 MT or 21% of total exports in November. Latin America took .58 MT, the same as November 2024, LSEG data showed. There was also one cargo for .07 MT sold to Jordan, according to LSEG data.

In 2024 Europe accounted for 55% of total US LNG exports, 34% of total US exports went to Asia while the next 11% went mainly to Latin America with a few cargoes to the Middle East, mainly to Egypt and Jordan, LSEG data showed.

Higher LNG production in late December has led to record feedgas demand and producers will have to play catch up this year, said Ira Joseph, an LNG market expert and senior researcher at Columbia University's Center on Global Energy Policy.

“U.S. gas producers have long prepared for the ramp up in LNG feedgas demand, which is starting and picking up pace in 2025, but what is also true is that data center- and AI-related demand is coming at the same time," said Joseph.

Starved of Russian gas, industry shuts down in breakaway Moldovan region

The cut-off of Russian gas supplies to Moldova's breakaway Transdniestria region has forced the closure of all industrial companies except food producers, an official said on Thursday.

The mainly Russian-speaking territory of about 450,000 people, which split from Moldova in the 1990s as the Soviet Union collapsed, has suffered a painful and immediate hit from Wednesday's cut-off of Russian gas supplies to central and eastern Europe via Ukraine.

MARKET MONITOR as of 07:24 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$73.11 / bbl	-0.03%	1.94%
NYMEX RBOB Gasoline	$2.07 / gallon	0.06%	3.17%
ICE Gas Oil	$707.25 / tonne	-0.42%	1.73%
NYMEX Natural Gas	$3.57 / mmBtu	-2.51%	-1.79%
Spot Gold	$2,651.90 / ounce	-0.20%	1.07%
TRPC coal API 2 / Dec, 25	$117.5 / tonne	5.52%	5.52%
Carbon ECX EUA	€74.96 / tonne	-0.31%	2.68%
Dutch gas day-ahead (Pre. close)	€49.83 / Mwh	2.64%	2.64%
CBOT Corn	$4.66 / bushel	-0.21%	0.11%
CBOT Wheat	$5.57 / bushel	-0.18%	-1.07%
Malaysia Palm Oil (3M)	RM4,382 / tonne	1.13%	-1.48%
Index	**Close 02 Jan**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	359.60	0.78%	0.78%
Rogers International	30.05	2.88%	2.88%
U.S. Stocks - Dow	42,392.27	-0.36%	-0.36%
U.S. Dollar Index	109.08	-0.29%	0.54%
U.S. Bond Index (DJ)	436.03	0.00%	0.00%

"All industrial enterprises are idle, with the exception of those engaged in food production - that is, directly ensuring food security for Transdniestria," Sergei Obolonik, first deputy prime minister of the region, told a local news channel.
"It is too early to judge how the situation will develop. ... The problem is so extensive that if it is not resolved for a long time, we will already have irreversible changes - that is, enterprises will lose their ability to start up."
Ukraine had allowed Russia to keep pumping gas across its territory despite nearly three years of war, and was earning up to $1 billion a year in transit fees. But Kyiv refused to renew a five-year deal that expired on Wednesday. European gas buyers such as Slovakia and Austria had prepared for the cut-off by securing alternative supplies. But Transdniestria - despite its ties to Moscow and the presence of 1,500 Russian troops there - has been crippled.
The local energy company cut heating and hot water to households on Wednesday, and urged families to keep warm by gathering in a single room, covering windows with curtains or blankets and using electric heaters.

GAS RESERVES
The leader of pro-Russian Transdniestria, Vadim Krasnoselsky, said the region had gas reserves that could last for 10 days of limited usage in northern parts and twice as long in the south.
He said the main power plant had switched from gas to coal and should be able to supply electricity to residents in January and February.
Russia had been pumping about 2 billion cubic metres of gas per year to Transdniestria - including the power plant which also provided energy for the whole of Moldova, a country of 2.5 million people that wants to join the European Union.
Moldova has a long history of gas payment disputes and tense relations with Russia. The ex-Soviet republic is trying to cut energy consumption by at least a third and import more than 60% of its needs from neighbouring Romania.
The head of Moldovan national gas company Moldovagaz, Vadim Ceban, said his company had told the gas distribution company in the separatist enclave, Tiraspoltransgaz, that it was willing to help purchase gas from European countries to ease shortages.
But any gas supplied to the region would have to be paid for at market prices, he told TV8 television. Transdniestria has for several years paid nothing for supplies from Russian gas giant Gazprom under a tacit understanding with Moscow.
Ukrainian President Volodymyr Zelenskiy has described the end of Russian gas transit as "one of Moscow's biggest defeats" and urged the United States to supply more gas to Europe.
Since Moscow's full-scale invasion of Ukraine, Europe has slashed its dependence on Russian energy and increased imports from other sources including piped gas from Norway and liquefied natural gas from the U.S. and Qatar.
In a statement on Thursday, Russian Foreign Ministry spokeswoman Maria Zakharova said the loss of Russian gas was hurting Europe economically, and the U.S. was the beneficiary.
"Responsibility for the cessation of Russian gas supplies lies entirely with the United States, the puppet Kyiv regime, as well as the authorities of European states that sacrificed the wellbeing of their citizens for the sake of providing financial support for the American economy," she said.

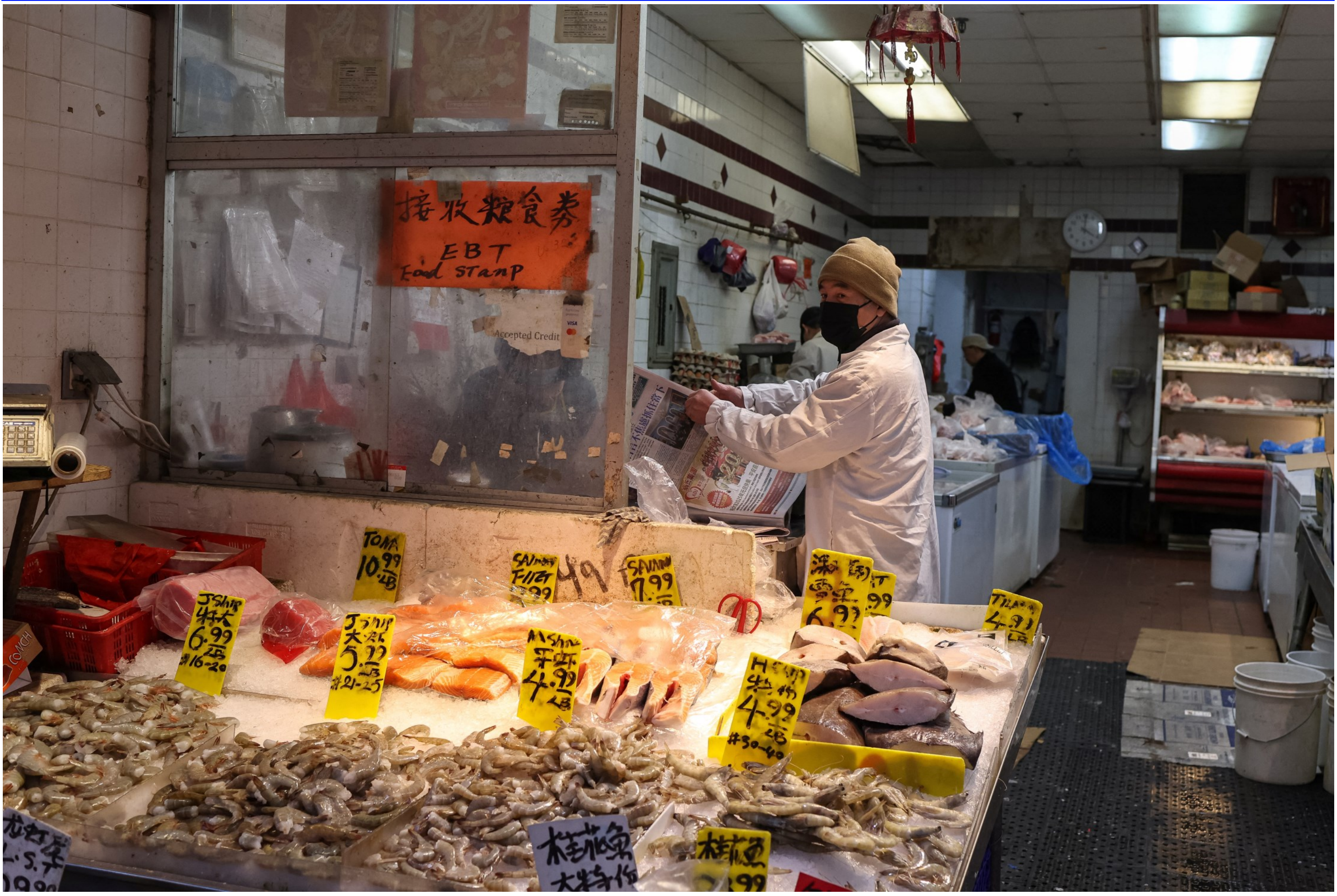
Top News - Dry Freight

Argentina's agro export revenue up 58% in December, 27% in 2024
Argentina's farm sector brought in a total $1.97 billion through exports in December, a 58% increase compared to the some month a year earlier, the CIARA-CEC chamber of oilseed and grains crushers and exporters said.
Full-year revenues were up 27% from the previous year, driven by an increased grain crop, the chamber said in a statement.
The foreign exchange inflows in December were "the result of a good pace of producer grain sales, the start of the wheat and barley harvests, as well as a solid soybean crushing program for shipments of soy meal and soy oil," CIARA-CEC added.

About 50,000 tons of Ivorian cocoa smuggled to Guinea in Oct-Dec
Cocoa smuggling from Ivory Coast to Guinea is taking on worrying proportions, exporters told Reuters, estimating that some 50,000 metric tons - worth about $573 million at current global prices - were illegally transported between October and December.
A more than doubling of cocoa prices last year has given an extra incentive to smugglers. Sources told Reuters that Ivorian cocoa smuggled across the border was worth 5,000 CFA francs ($7.95) per kilogram, while Ivory Coast's fixed price paid to cocoa farmers was set at 1,800 CFA francs per kg in September.
Once in Guinea, Ivorian cocoa is exported to Asian countries such as Indonesia and Malaysia, exporters say.
"Because of corruption, cocoa smuggling is accelerating and we risk not having the volumes we need to fulfil our contracts," said the director of a European export company based in Ivory Coast's commercial capital Abidjan.
"Our suppliers prefer smuggling, which is much more profitable, and I understand them," said the head of another Abidjan-based export company.
Exporters based in Ivory Coast said that around 8,500

tons of Ivorian cocoa crossed the border on Dec. 24. Cocoa prices hit a record $12,931 per metric ton in New York in December on forecasts for poor crops for a fourth successive season from top producers Ivory Coast and Ghana. The Ivorian government announced further steps in October aimed at deterring smugglers, including forfeiting the proceeds of any offences, withdrawing passports and suspending driving licences. A source at sector regulator the Coffee and Cocoa Council (CCC) said the country was looking at further ways to tackle smuggling.

Picture of the Day



A man reads a newspaper inside a fish market store in the Chinatown area of New York City, U.S., January 1. REUTERS/Marko Djurica

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

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