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Top News - Oil

Venezuela's 2023 oil exports rose, aided by US sanctions easing

Venezuela's oil exports increased 12% last year to almost 700,000 barrels per day (bpd) as the United States eased sanctions imposed since 2019 on the OPEC country's energy sector, according to data and documents viewed by Reuters.

The increase shows the impact of sanctions relaxation on the country's oil exports, and the degree to which further gains could remain limited by the need for stable policies and capital to rebuild Venezuela's crude production, which rose at a slower rate than exports last year.

Washington in late 2022 began green lighting foreign oil firms' swaps of Venezuelan oil for debt and unpaid dividends. In October, the U.S. further eased the South American country's exports of crude and gas to its chosen markets with a 6-month license intended to encourage a free presidential election this year.

The sanctions relaxation allowed state oil company PDVSA last year to increase its exports of crude and fuel. Global trading houses that had been barred from dealings emerged as early buyers of cargoes, and provided product imports to meet domestic fuel demand.

The moves reopened the U.S. market for Venezuela's crude after a four-year pause, and allowed a resumption of oil exports to India, which before U.S. sanctions was among the three top destinations for Venezuelan oil. China, which never suspended imports of Venezuelan crude amid U.S. sanctions, last year remained the largest destination for Venezuela's oil, taking about 65% of the country's average exports of 695,192 barrels per day (bpd), according to LSEG vessel monitoring data and PDVSA documents.

The U.S. received 19% of shipment volumes or about 135,000 bpd, while countries in Europe took 4% and Cuba imported 8%. Nations including Brazil, Colombia and Panama also received cargoes last year, the data showed.

Higher exports also was boosted by more stable oil production during the year and a spurt in December shipments. A total of 46 cargoes departed Venezuelan ports carrying 798,000 bpd of crude and fuel, and 376,000 metric tons of oil byproducts and petrochemicals in the year's final month.

Venezuela's crude output averaged 794,000 bpd through November, an increase from the 716,000 bpd of 2022 and the 636,000 bpd of 2021, according to figures reported to OPEC.

The country aims at surpassing 1 million bpd in the coming months, a goal analysts have said would only be feasible if the U.S. license that is set to expire in April is renewed. PDVSA previously had set a production goal of 1.17 million bpd in 2023.

Venezuela imported 59,595 bpd of condensate and fuel mainly from Iran and the United States in 2023 through oil swaps by PDVSA and business partners. The average was below the 78,170 bpd received in 2022 as PDVSA's refineries were able to restart key units to produce motor fuels, reducing the need for imports last year.

OPEC+ promises unity as group plans monitoring meeting

OPEC said on Wednesday cooperation and dialogue within the wider OPEC+ producer alliance will continue, after OPEC member Angola last month said it would quit, and that it plans a Feb. 1 meeting to review implementation of its latest oil output cut.

Continued cooperation within the Organization of the Petroleum Exporting Countries and allies such as Russia will benefit "all producers, consumers and investors, as well as the global economy at large," OPEC said in a statement.

Angola said on Dec. 21 that it will leave OPEC from this month, a decision that prompted a drop in oil prices and that some analysts said raised questions about the unity of both OPEC and the wider OPEC+ alliance.

The OPEC statement made no mention of Angola but said OPEC members were united.

"OPEC member-countries re-affirm their steadfast commitment to the shared objectives of unity and cohesion both within the organization, and with the non-OPEC producing countries participating in the DoC," it said, using OPEC+'s formal name the Declaration of Cooperation.

Oil rose about 3% on Wednesday with Brent crude exceeding \$78 a barrel after supply disruption in Libya's top oilfield. Still, Brent is down from near \$98 in September, in part because of doubts about OPEC+'s cohesion.

Prices "are trading around these low levels because the market is well-supplied and cracks have appeared in the OPEC+ alliance, creating uncertainty around its output cuts," said Craig Erlam, analyst at brokerage OANDA. OPEC+ is making a further round of voluntary oil output cuts totalling about 2.2 million barrels per day (bpd) for the first quarter of 2024, adding to earlier reductions announced in various steps since late 2022, to support the market.

The group will hold a virtual meeting of its Joint Ministerial Monitoring Committee (JMMC) on Feb. 1, a source told Reuters on Wednesday.

This panel, which brings together leading countries within the alliance including Saudi Arabia, Russia and the United Arab Emirates, usually meets every two months and can call for a full meeting of OPEC+ if it considers that warranted.

Top News - Agriculture

Polish farmers to resume blockade of Ukraine border crossing

Polish farmers will resume their blockade of the Medyka border crossing with Ukraine from Thursday, protest leaders told state-run news agency PAP, as Prime Minister Donald Tusk attempted to defuse the dispute. The Polish farmers suspended their protest, which aims to secure government subsidies for corn and prevent tax hikes, on Dec. 24. Polish truck drivers have been blocking border crossings with Ukraine since November. A leader of the farmers' protest in Medyka, Roman Kondrow, told PAP that although Agriculture Minister Czeslaw Siekierski had provided a note telling the farmers their demands would be met, the prime minister had not given a signed declaration. "We have not received written confirmation that our demands will be met, so we are continuing the protest,"

he said, adding they would only allow one truck per hour pass through the crossing.

Polish truck drivers have continued to block several crossings since Nov. 6, pressing for the European Union to reinstate a reciprocal system that requires Ukrainian companies to obtain permits to operate in the bloc. "I will try to convince carriers not to use blockades as a method of defending their interests. We will do everything to effectively protect their interests," Prime Minister Donald Tusk said during a press conference. "The blockade in the face of bombings and increasingly intense actions from Russia does not make this task easier for us. I will be more effective in working in favour of Polish carriers when there is no blockade." Tusk said in December that he believed Poland was close to being able to end the truckers' protest.

Chart of the Day

Venezuela's oil exports rose in 2023 amid sanctions easing

Crude and fuel exports from Venezuelan ports increased in December to 798,000 bpd, boosting 2023's average to 695,192 bpd, above figures registered between 2020 and 2022.



Figures in barrels per day (bpd)

Source: PDVSA's loading schedules, tanker tracking data, LSEG's Eikon

Bunge says damaged natgas pipeline caused Indiana soy plant closure

A soybean processing facility in Decatur, Indiana, operated by global grain handler Bunge stopped operations last week following damage to a natural gas pipeline that feeds the site, the company said in a statement to Reuters on Wednesday.

Bunge said it expected the Decatur plant to be operational "soon."

A notice on a customer website on Tuesday estimated that the facility would resume operations by this weekend.

Bunge, based in St. Louis, said it was taking "appropriate precautions" to ensure the safety of employees and the community, and was working to repair the pipeline. No one was injured, a Bunge spokesperson said.

The Decatur plant outage slowed what has been a brisk U.S. soybean processing pace since the 2023 harvest. U.S. crushers processed their largest volumes of soybeans yet in October and November, according to the National Oilseed Processors Association.

The Decatur facility is one of nine soy processing plants operated by Bunge in the United States and one of two that the world's largest oilseed processor owns in Indiana.

Top News - Metals

China's 2023 steel exports seen at 7-year high - industry body

China's 2023 steel exports are forecast to have hit a seven-year high of more than 90 million metric tons, the China Iron and Steel Association (CISA) said in a report on Wednesday.

The world's top steel maker exported 67.32 million tons in 2022.

Rising exports come against weak demand at home reflecting a struggling property sector and competitive pricing helped by a weak yuan for most of the year.

China's steel product exports stood at 82.66 million tons in the first 11 months, up 35.6% from the same period a year earlier, customs data showed.

But growing exports could lead to more trade friction, the CISA warned, as five countries initiated trade and economic investigations against Chinese steel products in 2023.

Mexico in late December announced a nearly 80% tariff on some steel imports, following criticism from local producers that Chinese steelmakers had strangled their production. China's customs authority will release its trade data on January 12.

Workers at First Quantum's shuttered Panama mine warn of threat to 'invade' site

The union representing workers at First Quantum's copper mine in Panama on Wednesday warned of another union's plan to "invade" the site next week, the latest face-off over the now-shuttered mine that provoked nationwide protests last year.

The UTRAMIPA miners' union said in a statement it was "worried" by the plans of the Suntracs construction workers union, the largest in the country, to force its way into the Canadian miner's operation on Jan. 9.

First Quantum in late November suspended commercial production at the mine and put it into care and

maintenance, but the company still has equipment and workers at the site.

Suntracs, which does not represent the mine's workers, in recent months led protests against First Quantum and backed blockades that strangled the mine's ability to bring in supplies.

A Suntracs spokesperson said on Wednesday it would "symbolically close" the mine on Jan. 9, a national holiday commemorating anti-U.S. demonstrations in 1964 over the sovereignty of the Panama Canal zone in which more than 20 Panamanians were killed.

"We're calling all Panamanians to come with us, to go where our sovereignty was violated," Suntracs union leader Saul Mendez said in a press conference late last month.

The miners' union said Suntracs had entered the site by force in 2016 and 2018.

First Quantum did not immediately respond to a request for comment on the plans for the Jan. 9 protests at the mine.

Panama's Supreme Court in late November ruled First Quantum's lucrative contract to operate in the country unconstitutional, prompting the government to order its "definitive" shutdown.

The mine had previously accounted for some 5% of Panama's gross domestic product, but became a flashpoint as previously small anti-mining protests grew into a larger anti-government movement.

The mine's union called for aid from the government in protecting the site, citing previous incidents of violence against workers and the need to avoid an environmental disaster.

Union leader Michael Camacho said that they had yet to receive a response from authorities and that First Quantum had not given instructions to ensure workers' safety.

Top News - Carbon & Power

Equinor, BP cancel contract to sell offshore wind power to New York

European energy firms Equinor and BP terminated their agreement to sell power to New York state from their proposed Empire Wind 2 offshore wind farm, citing rising inflation, higher borrowing costs, and supply chain issues.

"This agreement reflects changed economic circumstances on an industry-wide scale and repositions an already mature project to continue development in anticipation of new offtake opportunities," Equinor said in a statement on Wednesday, in an apparent reference to a new offshore wind solicitation launched by New York in November.

The solicitation allows companies to exit old contracts and re-offer projects at higher prices. The winners of an expedited solicitation for offshore wind will be announced in February.

An Equinor spokesperson declined to comment on the bid strategy for the 1,260-megawatt (MW) Empire Wind 2 project, but said it was "carefully assessing" the solicitation and was "encouraged by the state's commitment to offshore wind."

The power sale agreement for the 816-MW Empire Wind 1 remains in place, the spokesperson added. One megawatt of offshore wind can power around 500 U.S. homes.

The offshore wind industry is expected to play a major role in helping U.S. President Joe Biden and several states, including New York, meet their goals to decarbonize the power grid and combat climate change. But progress slowed in 2023 after offshore developers canceled contracts to sell power in Massachusetts, Connecticut and New Jersey, and threatened to cancel agreements in other states, as soaring inflation, interest rate hikes and supply chain problems increased project costs.

New York accelerated its solicitation in October after several developers, including Orsted, the world's biggest offshore wind company, BP and Equinor, threatened to cancel contracts to sell power that were awarded in 2019 and 2021 before the Federal Reserve started hiking interest rates in March 2022 to fight soaring inflation.

"Empire Wind 2 has been 'at risk' since the project developers made clear in their June 2023 petition that they would not move forward under the current contract," said Timothy Fox, managing director at ClearView Energy Partners.

New York's first offshore wind farm, Orsted's 132-MW South Fork, provided its first power in December. In Massachusetts, Avangrid and Copenhagen Infrastructure Partners said on Wednesday their 806-MW Vineyard Wind 1 project produced first power for the New England grid. Avangrid is majority-owned by Spanish energy company Iberdrola.

Shell backs BP in fight over Venture Global LNG exports

Shell PLC has joined BP PLC in its battle against Venture Global LNG, accusing the liquefied natural gas (LNG) producer of denying it and other customers access to supplies while exporting more than \$18 billion worth of the superchilled gas, according to a filing with U.S. regulators.

Venture Global's Calcasieu Pass export facility has been producing and selling LNG for more than 20 months while telling Shell, BP and others it cannot provide them with term-contract cargoes while the plant is undergoing a commissioning phase. The customers have complained that this lack of access has cost them billions of dollars in lost sales.

MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$73.39 / bbl	0.95%	2.43%
NYMEX RBOB Gasoline	\$2.18 / gallon	0.43%	3.73%
ICE Gas Oil	\$773.00 / tonne	-0.03%	2.96%
NYMEX Natural Gas	\$2.77 / mmBtu	3.71%	10.06%
Spot Gold	\$2,048.10 / ounce	0.36%	-0.70%
TRPC coal API 2 / Dec, 24	\$93.75 / tonne	-1.32%	-3.35%
Carbon ECX EUA	€78.03 / tonne	0.88%	-2.91%
Dutch gas day-ahead (Pre. close)	€32.00 / Mwh	11.11%	0.47%
CBOT Corn	\$4.78 / bushel	0.00%	-1.24%
CBOT Wheat	\$6.16 / bushel	0.41%	-3.75%
Malaysia Palm Oil (3M)	RM3,662 / tonne	1.13%	-1.59%
Index	Close 03 Jan	Change	YTD
Thomson Reuters/Jefferies CRB	303.26	1.01%	0.62%
Rogers International	26.53	1.05%	0.76%
U.S. Stocks - Dow	37,430.19	-0.76%	-0.69%
U.S. Dollar Index	102.33	-0.16%	0.98%
U.S. Bond Index (DJ)	427.55	-0.14%	-0.73%

Shell filed a letter on Tuesday to the Federal Energy Regulatory Commission (FERC) in support of BP. The letter called on the U.S. regulator to force Venture Global LNG to release plant commissioning data to determine why commercial operations are stalled.

The two energy giants are among a group that includes Edison SpA, Polish state energy firm Orlen and Spain's Repsol that have filed contract arbitration claims on the lack of LNG cargoes provided under their contracts. "Venture Global's unprecedented and inexplicable process for purported commissioning that has so far been shielded from public view fails to follow Commission regulations regarding requests for privileged treatment of documents," Shell said.

The letter reflects both the weak legal position that the two energy giants hold, a Venture Global LNG

spokesperson said, and their efforts to pull regulators in the U.S. and Europe in a contract dispute.

"This unseemly behavior reflects BP and Shell's increasing lack of confidence in their contractual positions, and their complete disrespect for the U.S. regulatory process," said spokesperson Shaylyn Hynes. Shell wants an order for blanket disclosure of privileged documents, or an acceptable level of unilateral redaction of documents, the FERC filing shows.

Venture Global LNG has become a major U.S. exporter of the superchilled gas since it started processing at its Calcasieu Pass, Louisiana, plant early in 2022. It has sold more than 200 cargoes of the gas under its own accounts without supplying BP and other long-term contract customers.

Top News - Dry Freight

Shipping lines raise freight prices for some coffee routes – ICO

Shipping companies transporting coffee in containers have raised freight prices in some routes as a consequence of the attacks in the Red Sea that have forced vessels to take detours, the International Coffee Organization (ICO) said on Wednesday.

Iran-backed group Houthi, who control much of Yemen including the capital, have attacked in the Red Sea commercial vessels they allege have Israeli links or are sailing to Israel, in solidarity with Palestinians in Gaza. The Houthi said on Wednesday they had "targeted" a container ship operated by CMA CGM, only days after another attack on a Maersk vessel.

The ICO said in a report the situation in the region led some shipping lines to re-route their trips to reduce risks. "Thus, for South-East Asian and East African coffee en route to Europe, unintended consequences include a rise in freight costs as some shipping companies have introduced surcharges to account for the now-extended transit times," the group said.

European roasters buy a lot of coffee from countries in Asia such as Vietnam, the world's second largest

producer, and Indonesia. They also buy high-quality coffee from Ethiopia and Kenya in East Africa.

The problems in the Red Sea might have additional consequences for the coffee, cocoa and cotton markets, as those agricultural commodities are usually transported in containers.

Ships taking detours through the Cape of Good Hope will take longer to get to destinations, resulting in delays for the global flow of containers.

CMA CGM says ship off Yemen coast unharmed

French shipping firm CMA CGM said on Wednesday that its CMA CGM TAGE container ship was unharmed and suffered "no incident" after Yemen's Houthi said they "targeted" the ship.

The CMA CGM spokesperson said the ship was headed for Egypt, denying the Houthi's military spokesman Yahya Sarea comment that it was bound for Israel.

Yemen's Iranian-backed Houthi militants, who control much of Yemen including the capital Sanaa, have stepped up attacks on commercial vessels in the Red Sea in protest against Israel's war in Gaza.

Picture of the Day

Steam from chimneys of heating power plants rises over skyscrapers of Moscow International Business Centre, also known as Moskva-City on a frosty day in Moscow, Russia, January 3. REUTERS/Maxim Shemetov

(Inside Commodities is compiled by Sreshtha Uniyal in Bengaluru)

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

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

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