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Top News - Oil

Saudi Arabia cuts Feb Arab Light crude price for Asia to 15-month low
Top crude exporter Saudi Arabia lowered prices for the flagship Arab light crude it sells to Asia to $1.80 a barrel above the Oman/Dubai average, the lowest since November 2021, Aramco said on Thursday.
The price cut - $1.45 a barrel less than the January official selling prices and in line with market expectations - comes amid global pressures hitting oil prices, which are set for small gains in 2023 as COVID-19 flare-ups in China threaten demand growth and offset the impact of supply shortfalls caused by sanctions on Russia.
Four respondents surveyed by Reuters this week had forecast a $1.50 a barrel price cut.
The cut also comes as Russia diverts its oil from Europe to Asia, alongside a price cap introduced by the Group of Seven (G7) nations that restricts Russian oil trade using Western financial, shipping and insurance services.
Russia became the top crude supplier to both China and India in November, as the Asian countries took advantage of the steep discounts while Western countries eschewed business with Moscow.
For other regions, the top oil exporter set its Arab Light OSP to northwest Europe at minus $1.50 a barrel against ICE Brent for February, $1.40 a barrel lower than its price for January.

U.S. distillate stocks, refinery utilization drop after winter storm -EIA
U.S. distillate inventories fell more than expected as a winter storm gripped the United States at the end of December and refineries produced fuel at their lowest rate for nearly two years, data from the U.S. Energy Information Administration showed on Thursday.
Distillate stockpiles which include diesel and heating oil, fell 1.4 million in the week to Dec. 30, versus expectations for a 396,000-barrel drop, the EIA data showed. Typically, distillate consumption increases during the winter season in the northern hemisphere due to heating demand.
The drop in distillate inventories pushed U.S. crude futures to above $74 a barrel and Brent futures to above $79 a barrel.
Meanwhile, refinery utilization rates fell to 79.6%, the lowest since March 2021. They dropped 12.4% from the previous week, the largest weekly drop since February 2021.
Oil refineries such as Marathon Petroleum Corp's 593,000 barrel-per-day (bpd) Galveston Bay Refinery in Texas City, Texas and Valero Energy Corp's 335,000 barrel-per-day Port Arthur, Texas refinery shut in late December because of the cold weather.
U.S. gasoline stocks fell 346,000 in the week, the EIA said, compared with analysts' expectations in a Reuters poll for a 486,000-barrel drop.
While product inventories fell, total product supplied - a proxy for fuel demand - also fell, dropping by a record 4.6 million barrels per day, EIA data showed. Total product supplied dropped to its lowest since June 2021.
"Inventories were impacted by the shutdown in supply and refining due to the winter storm," said Phil Flynn, analyst at Price Futures group. "If you look at the big picture, we came in pretty in line with expectations, even with all the turmoil. Inventories, normally, should be building this time of year and they're not."
Crude inventories rose 1.7 million barrels in the week, compared with analysts' expectations in a Reuters poll for a 1.2 million-barrel rise.
Inventories in the Strategic Petroleum Reserve fell 2.7 million barrels to the lowest since December 1983.
Crude stocks at the Cushing, Oklahoma, delivery hub rose 244,000 barrels.
Refinery crude runs fell 2.33 million barrels per day (bpd).
Net U.S. crude imports fell 1.28 million bpd.

Top News - Agriculture

Australia set for record 42 mln T wheat crop as harvest wraps up -traders
Australia wheat production is expected to rise to a record 42 million tonnes as results from the final phase of harvest show higher yields in the world's second-largest exporter of the grain, traders and an analyst said.
Higher Australian wheat output comes at a time of stiff competition from the Black Sea region, where all-time high output in Russia is keeping the global market well supplied. The benchmark Chicago wheat futures are on track for a weekly decline of more than 5%, the biggest in six months.
"We are getting monster yields," said Phin Ziebell, agribusiness economist at National Australia Bank. "Western Australia has performed very well."

Western Australia, the country's biggest wheat exporting state, is estimated to produce 16 million tonnes of wheat as compared with earlier expectations of 13 million tonnes, said one Sydney-based trader.
The country is poised to ship record volumes in the months ahead. "Ports are almost fully booked for wheat shipments for March and April. Buyers are now looking at May shipments," the trader said.
In December, the Australian Bureau of Agricultural and Resource Economics (ABARES) estimated wheat production, the country's major grain crop, at 36.6 million tonnes in the 12 months to June 30, 2023.
However, the higher rainfall that drove the stronger yields has likely resulting in a large portion of the Australian crop developing into average or below-average milling wheat instead of higher protein grades for human consumption.
"Some of the lower grade milling wheat might substitute feed wheat in animal rations," a second trader said in Sydney.
Australia's wheat crop was hit by excessive rains and flooding at the end of 2022 on the east coast, impacting the quality.
Australian feed quality wheat is being quoted around $290 a tonne on a free-on-board basis, Australian Standard Wheat is being offered at $300 a tonne and Australian Premium White wheat is around $320-$325 a tonne, traders said.

COLUMN-Will CBOT corn, soy break from recent trend of supportive Januarys? -Braun
Chicago corn and soybean futures have had a rough start to the year after ending 2022 at multi-month highs, both shedding close to 4% so far this week, causing market-watchers to wonder if this will be the tone for 2023.
January has been a supportive month for corn and soybeans in six of the last seven years, with strong gains in the last two years and 2020 marking the only losses.
But with futures at multi-year highs, record crops in Brazil and questionable U.S. demand, the typical January futures uptrend could run into trouble. It becomes the probable scenario if next Thursday’s data dump from the U.S. Department of Agriculture produces a decidedly bearish market reaction.
Most-active corn futures’ worst recent January performance came in 2010 with a plunge of 14%, and most-active soybeans suffered the same fate that year, falling 13% during the month. Bearish numbers from USDA that January were the primary cause.
Futures are so strong now that even a 2010-like fall this month would still leave prices reasonably elevated by Jan. 31, resulting in corn and soybeans at $5.83-1/2 per bushel and $13.29, respectively.
Most-active wheat futures finished 2022 down 42% from their all-time highs set in March, and they have fallen another 6% this week, averaging $7.56 per bushel. That is slightly lower than in the first three sessions of 2022, when futures averaged $7.63.
Wheat finished January 2022 down 1.2%, its worst January since 2015, when the contract tumbled nearly 15%. Applying that loss would render $6.75 per bushel by the end of this month.
Wheat has been above $7 since September 2021, though large speculators recently built their most bearish wheat view since early 2019, leaving them well-prepared for potential declines this month.
However, additional corn or soy losses in the coming weeks would catch funds leaning the wrong way, especially after adding to net longs at the end of last year. That happened in January 2010, when decently bullish speculators heavily sold corn and soy futures in the weeks after the USDA report.

USDA INFLUENCE
The January trend in CBOT corn and soybean futures usually mimics price action on the month’s U.S. Department of Agriculture report day, so long as futures move by at least 1% on that day. Usually, such moves are a decent bet.
But corn and soy futures have been uncharacteristically quiet on January report days in the last few years, making it harder to anticipate the trend going forward. Corn futures shifted less than 1% on this day in five of the last six years, and the same stat is true for soybeans in three of the last four years.
The only standout is the January 2021 report, when corn jumped 5% as the 2020 U.S. crop came in much smaller than expected. Soybeans rose more than 3% as USDA cut U.S. supplies to seven-year lows on a smaller crop and robust Chinese buying.
Soybeans have not ended lower on the January report day since 2015.
Reuters plans to publish analyst polls for USDA’s Jan. 12 reports on Friday, the top focus being 2022 U.S. corn and soybean crops. But traders will also juggle a slew of other numbers including South American production, U.S. winter wheat seedings, and U.S. quarterly stocks.
Aside from unexpected report content, the high prices themselves may be the biggest risk to futures both next Thursday and this month, especially for soybeans.
Most-active soybean futures have averaged $14.82 per bushel the last three sessions despite three consecutive lower closes. That compares with $13.80 over the same periods in 2022, 2013 and 2011, and $13.30 in 2021.
Most-active corn has closed lower for five straight sessions, averaging $6.59 per bushel in the last three,

above $6.00 a year ago. That is the second-highest start to January after $6.85 in 2013.

January 2021 was the last time most-active corn futures spent more than one day below $5. Prior to January 2021, the $5-mark had been elusive since May 2014.

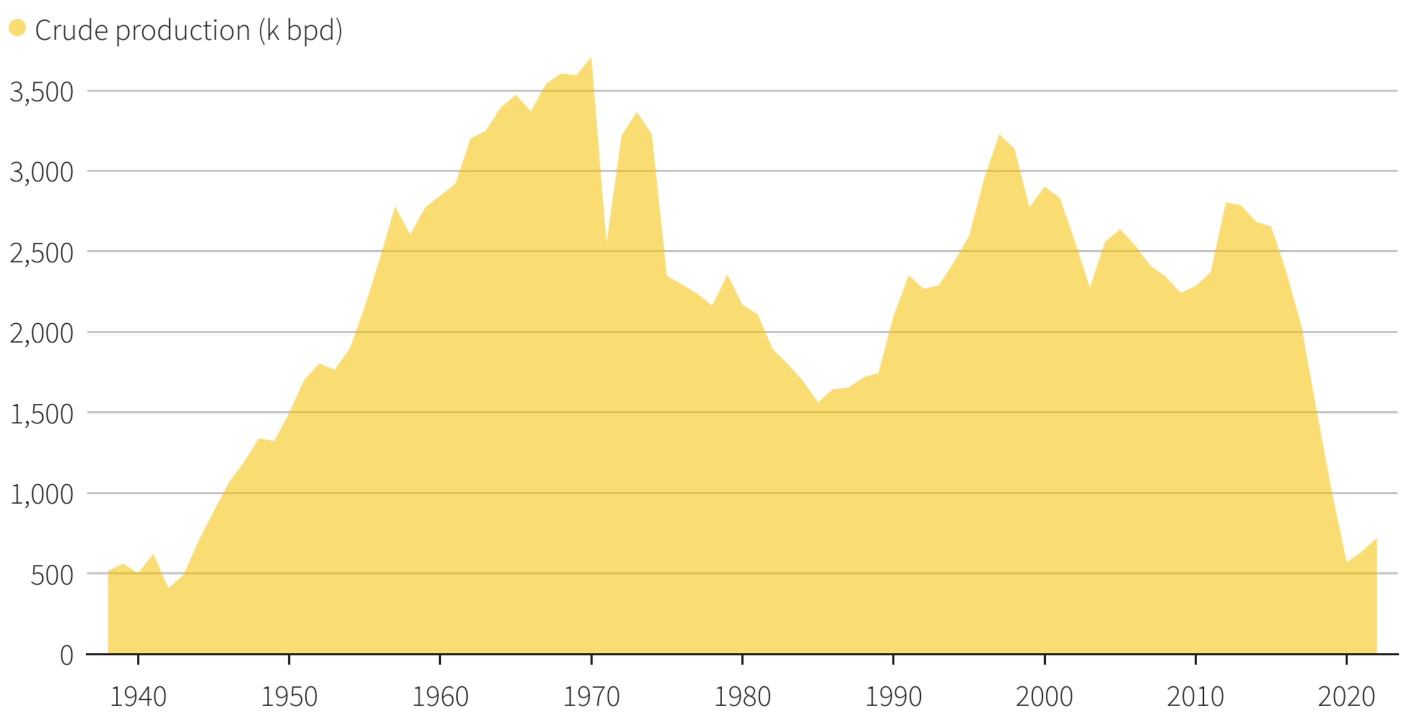
Top News - Metals

Global copper smelting dips in December after weak 2022 -satellite data
Global copper smelting activity dipped in December as smelters shut for maintenance after a year of sluggish activity, data from satellite surveillance of metal processing plants showed on Thursday.
China's Yunxi plant began an annual maintenance programme at the start of the month while Codelco's Chuquicamata smelter in Chile remained closed, according to a joint statement from commodities broker Marex and SAVANT.
Global smelting activity for 2022 fell to its lowest level in the six-year history of data from SAVANT, the satellite analytics service Marex launched with Earth-i.
The weak smelting activity last year reflected not only extensive maintenance campaigns at major smelters, delayed due to COVID-19, but also operating issues at plants in South Korea and Japan, the statement said.
Earth-i, which specialises in observational data of Earth, tracks smelters representing 80% to 90% of global production. It sells data to fund managers, traders and

Chart of the Day

Venezuela's oil production over time

Even after bouncing to more than 700,000 barrels per day in 2022, the South American nation is far away from reaching the 3 million bpd of crude it last produced in 1998.



Note: The 2022 figure is an average of Jan-Nov from OPEC reports plus an independently estimated number for Dec
Source: Venezuelan Oil Ministry's PODE, OPEC and Reuters

miners, and also publishes a free monthly index of global copper smelter activity.
Its global copper dispersion index, a measure of smelter activity, fell to 48.0 in December from 48.9 in November. This was the a 10th consecutive month below 50.
Under the dispersion index, 50 points indicate that smelters are operating at the average level of the past 12 months. It also has a second index showing the percentage of active smelters.
The dispersion index for China, the world's top refined copper producer, rose to 46.3 in December from 45.5 a month earlier.
In nickel, the global dispersion index slipped to 52.3 in December from 53.5 in November, mainly due to a decline in nickel pig iron activity in Indonesia.
Elevated energy prices continued to hit smelting in Europe and Africa, which registered a dispersion index of 33.9 for the full year 2022, a record low for any regional dispersion index in the history of SAVANT data.
"All of the region's major ferronickel smelters were observed as inactive at year-end," the statement said.

LME chair to step down, exchange declines comment on reason

The London Metal Exchange (LME) on Thursday said Gay Huey Evans will step down as LME chair, but declined to comment on whether it was due to regulatory reviews into the nickel market events in March.
The Bank of England and the Financial Conduct Authority in April launched a sweeping probe into how the LME suspended chaotic nickel trading on March 8 after prices doubled to a record above $100,000 a tonne in a few hours.
Regulators said the episode underlined questions about the transparency of the 145-year-old LME and they would determine if further action should be taken.
The FCA is looking into how the exchange handled the situation while the BoE is looking into the LME's clearing house.
The LME and BoE declined to comment when asked by Reuters if Evans was stepping down because of the regulatory reviews, while the FCA said: "It’s a question for the LME, not for us."
The exchange in June appointed management consultants Oliver Wyman for an independent review of the March incident. It is due to be published soon.
Subject to regulatory approval Martin Fraenkel and Pierre Vareille will be appointed to the board of directors, the exchange said.
Fraenkel was most recently president of S&P Global Platts and Vareille was formerly chief executive of Constellium, a manufacturer of aluminium products. Both will join the board in the first quarter.
The board has started the search for a new chair, the LME said.
The LME is grappling with declining volumes, particularly in nickel, after the trading fiasco in March.
The exchange annulled all nickel trades agreed on March 8, for which it is facing legal action, and suspended the market for the first time since 1988.
The LME is owned by Hong Kong Exchanges and Clearing (HKEX).

Top News - Carbon & Power

GRAPHIC-Even in crisis, Germany extends power exports to neighbours

Germany exported more electricity to its neighbours than it imported in 2022, even with an energy crisis at home, thanks to more more weather-driven renewable power and greater demand from France.
While Switzerland and Austria were the main export destinations, in a notable shift Germany exported more to France than it imported as the nuclear-reliant country grappled with technical problems at its reactors that curtailed production.
The trade figures show that Germany's neighbours remain dependent on surplus power from Europe's biggest economy if their own generation supplies fall short.
Germany's export surplus grew to 27.5 terawatt hours (TWh) compared with 20.8 TWh a year earlier, according to utility industry association BDEW - in tune with a handful of other recent comments.
In detail, German power imports in 2022 totalled 51 TWh, 2.6% down from 2021, while exports rose 7.3% year-on-year to 78.5 TWh, giving a net export surplus.
Due to the technical problems affecting French reactors, Germany for the first time sold more power to France than it received from its neighbour, doubling its year-earlier export volume there.
France produced 15.1% less power in 2022 and the volume fell short of national usage by 1%.
France faced its own energy crisis amid outages owing to delayed maintenance and stress corrosion.
The Paris government and authorities say the problems are easing, citing progress with maintenance and usage curbs.
German renewable production grew 8.5% in 2022 to 233.9 TWh, the energy regulator said. Onshore wind output was up 12.4% and offshore 2.9%, thanks to high wind speeds. Solar photovoltaics output was up 18.7% at 46.6 TWh in a long and sunny summer.

France, Switzerland and Austria increased energy imports from Germany year-on-year, as did the Czech Republic, Belgium and Norway.
The Netherlands, Poland, Sweden, Denmark and Luxembourg, meanwhile, reduced shipments from Germany.
Import and export charts do not fully reflect commercial activities in the converging traded wholesale market, however.
This is because transmission grid operators organise cross-border flows mindful of limits posed by historic bottlenecks, so the numbers include pure transit and diverted volumes, called ring-flows.
Import patterns showed more Dutch volumes flowing into Germany and from the Nordic countries, where sea cables operate for Norwegian and Swedish power.
Denmark, in addition, offers onshore and transit connections via the Jutland peninsula.
Volumes originating in Switzerland, Austria, Poland, among others, fell last year.
To help speed up the advent of more harmonised power markets, a new interconnector between Germany and Belgium was opened at the end of 2020, cutting down on transits through the Netherlands.
In mid-2021, a new interconnector to Norway started operating to facilitate mainly the export of German wind and solar and the import of Norwegian hydropower, led by prices.

Czech firm Net4Gas missing latest payments from Gazprom

Czech natural gas transmission system operator Net4Gas (N4G) has not received the latest monthly contracted payments from Russia's Gazprom, a government minister said.
Net4Gas's revenues from the contracts accounted for three quarters of total 2021 revenue, the company said in a filing late on Wednesday.
"N4G is currently investigating the reasons for this non-payment, which in N4G’s view represents a contractual breach on the part of the major shipper," it said.
"N4G further notes that it is currently able to cover its ongoing operating and financing costs."
The company did not name the shipper and did not comment further, but Industry and Trade Minister Jozef Sikela said late on Thursday he had met Net4Gas leadership to discuss the situation, and identified the counterparty as Gazprom.
"Russian abuse of energy sector as a weapon continues," he said on Twitter. "Gazprom has stopped paying transit fees and is ths not meeting its commitments to Net4Gas."
There was no identifiable impact on gas supplies to the central European country.
Net4Gas had been in the past shipping Russian gas from Germany through the Czech Republic to Slovakia and on to Austria. But since Russia's invasion of Ukraine last year, Russian gas flows to Germany through the Nord Stream pipeline were reduced and eventually stopped, and the pipeline was damaged in September.
Net4Gas has been shipping gas from alternative sources as ordered by its customers.
In October, Fitch Ratings agency affirmed N4G at 'BB+' and said its base scenario assumed "full or near-complete shut-off of Russian pipeline gas to Europe and no payments from Gazprom."
"We see a material risk of the long-term ship-or-pay transit contracts between Net4gas and Gazprom not being fulfilled, due to the continuous escalation of sanctions and no Russian gas transit through the pipeline at present," Fitch said in the Oct. 19 commentary.
The Czech Republic has scrambled to get alternative supplies through liquefied natural gas shipments and flows from Norway and elsewhere.
The country also shares routes with Slovakia, through which Russian gas still flows to Europe via Ukraine.
Flows between Slovakia and the Czech Republic have been running in both directions depending on demand.
No flows in the direction from Slovakia were nominated since the start of January.

Top News - Dry Freight

China coal buyers may be left wanting in Australia even after ban lifted

China is preparing to resume coal imports from Australia after a two year freeze as it looks to stave off a domestic shortage, but it may be forced to pay higher prices given that Australia's miners have already found new customers.
China's state planner has allowed three central government-backed utilities and its top steelmaker to resume coal imports from Australia for the first time since Beijing imposed an unofficial ban on coal trade with Canberra in 2020, Reuters reported on Wednesday.
Australia was China's second-largest coal supplier before the ban, which followed a souring of diplomatic relations.
The ban eventually expanded to wine and foodstuffs worth billions of dollars.
The coal ban's end follows a thawing of relations after a change in Australia's government, highlighted by a meeting between the countries' foreign ministers in Beijing last month and messages between their two leaders.

But in the meantime, Australia sold more coal to existing customers and found new ones, as the war in Ukraine left European power producers seeking to replace Russian coal.
"Most of the Australian coal producers' order books are pretty much chock-a-block full. The problem Chinese buyers have had is that they have left this so long, miners have found happy customers elsewhere," said analyst David Lennox of fund manager Fat Prophets in Sydney.
"China is just going to have to pay up for it. If you play these games eventually they do come back to bite you somewhere and that is exactly what is happening," he said.
Australia's ties with its top trade partner soured in 2018 when it became the first to ban China's Huawei from its 5G network, and worsened after Canberra called for an enquiry into the origins of the coronavirus in 2020.
The ban on Australian products expanded to beef, barley, coal, cotton and wine. But natural gas and iron ore were not included. Australia is a major supplier to China of both commodities.
After the Australian Labor government came into power earlier this year, Prime Minister Anthony Albanese prioritised improving the relationship.
However, analysts also pointed to rising Chinese demand for coal as a factor, rather than purely better relations.
China has struck a more conciliatory tone in some of its geopolitical dealings more recently, amid sweeping COVID infections nationwide, said Atilla Widnell, managing director at Navigate Commodities in Singapore.
That, and freezing weather conditions in the north could temporarily cripple its domestic coal production, he said.
"It's not surprising to see China wanting to ensure energy security," Widnell said.
Australia hopes that China will also look to ease some of its other import restrictions although analysts are not expecting a change in that stance any time soon.
Last week, Australian Trade Minister Don Farrell said he was willing to visit China to talk through Beijing's bans on imports of Australian barley and wine, which are currently the subject of an Australian complaint to the World Trade Organization.

Tunisia buys 100,000 tonnes soft wheat, 75,000 tonnes feed barley

Tunisia's state grains agency is believed to have purchased about 100,000 tonnes of soft wheat and 75,000 tonnes of animal feed barley in an international tender on Thursday, European traders said.
Traders said they believed the soft wheat was bought in four 25,000 tonne consignments.
Two wheat consignments were bought from trading house Viterra, both at $351.86 a tonne c&f, one from Soufflet at $353.82 a tonne c&f, and one from Casillo at $353.89 a tonne c&f.
Traders said they believed the barley was all bought from Viterra in three 25,000 tonne consignments at an estimated $318.05, $319.05 and $320.05 all per tonne c&f.
Wheat shipment was sought between Jan. 10 and March 5, 2023, depending on origin selected for supply, they said.
Barley shipment was sought between Jan. 10 and Feb. 28, 2023, also depending on origin selected for supply, they said.

MARKET MONITOR as of 07:21 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$74.25 / bbl	0.79%	-7.49%
NYMEX RBOB Gasoline	$2.29 / gallon	0.91%	-7.44%
ICE Gas Oil	$864.75 / tonne	0.52%	-6.11%
NYMEX Natural Gas	$3.70 / mmBtu	-0.67%	-17.43%
Spot Gold	$1,837.59 / ounce	0.24%	0.72%
TRPC coal API 2 / Dec, 23	-	-	-
Carbon ECX EUA / Dec, 24	€82.08 / tonne	-0.67%	-6.73%
Dutch gas day-ahead (Pre. close)	€67.00 / Mwh	6.60%	-11.34%
CBOT Corn	$6.57 / bushel	0.69%	-3.13%
CBOT Wheat	$7.54 / bushel	0.94%	-5.71%
Malaysia Palm Oil (3M)	RM4,123 / tonne	0.81%	-1.22%
Index (Total Return)	**Close 05 Jan**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	286.29	-0.17%	-4.99%
Rogers International	27.97	0.36%	-2.42%
U.S. Stocks - Dow	32,930.08	-1.02%	-0.66%
U.S. Dollar Index	105.04	0.76%	1.47%
U.S. Bond Index (DJ)	396.82	0.04%	1.07%

Picture of the Day

Storage tanks are seen at the Cargill Inc soybean processing facility in Sidney, Ohio, U.S.. REUTERS/Megan Jelinger

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(Inside Commodities is compiled by Shoubhik Ghosh in Bengaluru)

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Refinitiv
3 Times Square, New York, NY 10036

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