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Top News - Oil

US plans more sanctions on tankers carrying Russian oil, sources say

The Biden administration plans to impose more sanctions on Russia over its war on Ukraine, taking aim at its oil revenues with action against tankers carrying Russian crude, two sources with knowledge of the matter said on Sunday.

President Joe Biden's administration has sought to shore up support for Ukraine before President-elect Donald Trump takes office on Jan. 20 given the Republican leader's frequent complaints about the cost of U.S. support for Ukraine.

It is unclear what Trump's approach to sanctions on Russia will be.

The Biden administration is planning sanctions targeting tankers that carry Russian oil sold above the West's $60 per barrel price cap, the sources said. Russia has used this so-called shadow fleet of aging ships to evade the cap. Many of the ships are less safe and prone to spilling oil, shipping experts say.

Since Russia's February 2022 invasion of Ukraine, the U.S. has sanctioned dozens of these vessels, out of a fleet estimated to be in the hundreds, to reduce its ability to fund the invasion.

The cap has led Russia to redirect its oil sales to China and India, who have been willing to purchase Russian crude, which is typically sold at a discount to the overall market even if sold above the price cap.

"It is going to be a big package," one of the sources said. The other source said the sanctions would also likely include measures against people involved in some networks trading oil above the price cap.

U.S. Treasury Secretary Janet Yellen told Reuters last month that the U.S. is looking at further sanctions on the tankers and would not rule out sanctions on Chinese banks as it seeks to reduce Russia's oil revenue and access to foreign supplies to fuel its war in Ukraine.

The Treasury's Office of Foreign Assets Control did not immediately respond to a request for comment on Sunday.

The G7, the EU and Australia imposed the $60 cap on Russian oil in late 2022, banning the use of Western maritime services such as transport, insurance and financing for shipments of oil priced at or above the cap.

Russia is among the world's top three oil producing countries.

Venezuela's 2024 oil exports climb 10.5% amid political turmoil

Venezuela's oil exports rose 10.5% last year despite political instability and changes to the U.S. sanctions regime on the country, as partners of state oil company PDVSA took more cargoes under licenses granted by Washington.As President Nicolas Maduro gets ready to start his third term in office next week following disputed election results, the OPEC country's oil exports rose for a second consecutive year, providing revenue to contribute to economic growth.

U.S.-sanctioned PDVSA and its joint ventures exported an average of 772,000 barrels per day last year, the most since 2019 when energy sanctions were first imposed by Washington, according to vessel movement data and company shipping reports.

The gains could be in jeopardy after President-elect Donald Trump takes office. Trump put strict sanctions on Venezuela in his first term and has selected officials who could seek to cut U.S. imports of Venezuelan oil.

Outgoing President Joe Biden's administration gave incentives to encourage a presidential election in Venezuela, but after basic conditions for fair voting were not secured it ended a broad license for the energy sector, instead issuing individual licenses to exporters.

A large portion of the year's export gains came from U.S. oil major Chevron's shipments of Venezuelan crude to the U.S. under a license in place since early 2023. That license has allowed the producer to recover millions of dollars in outstanding debt from Venezuela.

CHINA TOP RECEIVER, U.S. SECOND

In total Venezuela's oil exports to the U.S. soared 64% to some 222,000 bpd last year, making it its second-largest export market behind China, which took 351,000 bpd, down 18% compared to the prior year.

U.S. authorizations to European producers including Eni, Repsol and Maurel & Prom similarly lifted exports to Europe, which almost tripled to some 75,000 bpd last year.Exports to India bounced to 63,115 bpd in 2024 from 10,300 bpd the previous year, the data showed.

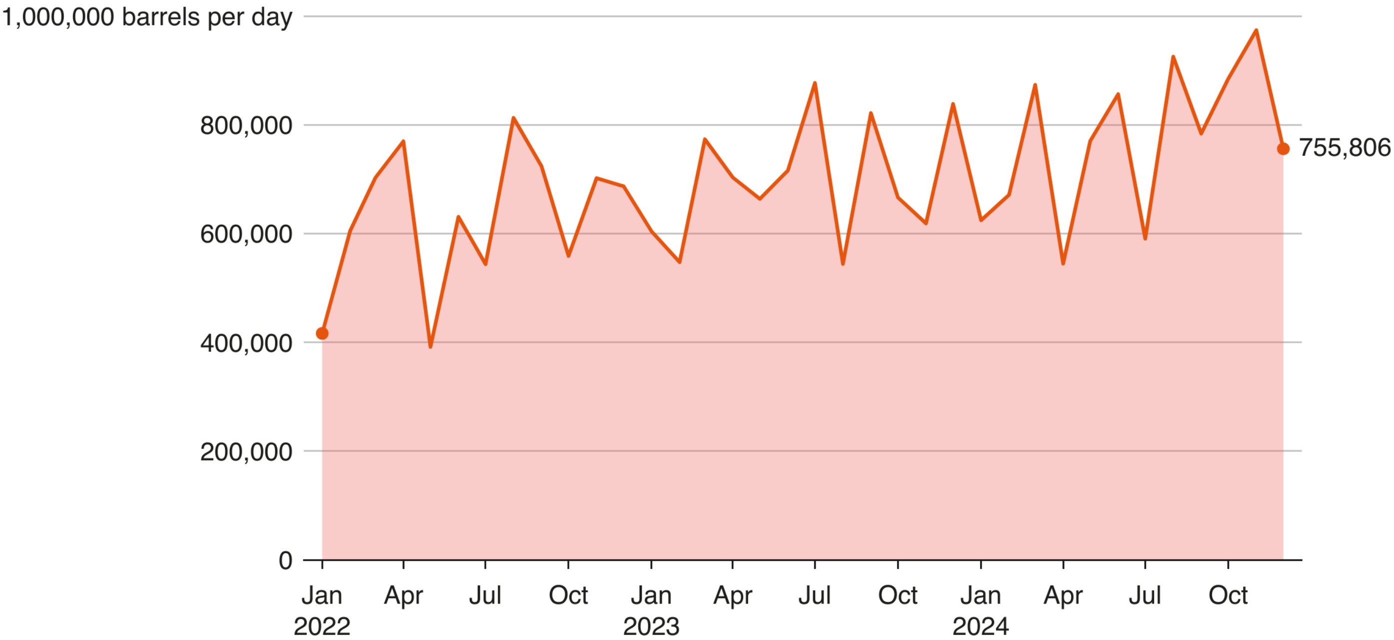
As Venezuela struggled with frequent refinery outages last year, exports of crude and fuel to its political ally Cuba, which has been facing a severe energy crisis, fell to some 32,000 bpd from 56,000 bpd the previous year.

Overall monthly exports declined to 756,000 bpd in December from a peak of 974,000 bpd in November as one of PDVSA's four crude upgraders had operational problems, the documents showed.
Venezuela's imports of fuel and key diluents to produce exportable crude grades increased to some 92,000 bpd from 60,000 bpd in 2023, mostly through U.S.-authorized swaps with its oil-producing partners and customers, according to the data. The country's crude production rose 17% to 914,000 bpd in the first 11 months of 2024, according to figures reported to OPEC, from some 780,000 bpd in the same period of 2023.

Chart of the Day

Venezuela's oil exports finished 2024 with a gain

Shipments of crude and fuel from Venezuela rose 10.5% last year to an average of some 772,000 bpd as partners of state company PDVSA increased shipments under U.S. licenses.



Figures in barrels per day (bpd)
• Source: PDVSA's loading schedules, tanker tracking data, LSEG's Eikon • Created with Datawrapper

Top News - Agriculture

US biofuel producers ramped up in Oct as profitability improved, data shows
U.S. renewable diesel and biodiesel producers ramped up operations in October to multi-month highs, helped by stronger margins for the biofuels, according to data compiled by advisory group AEGIS Hedging.
Renewable diesel producers utilized 77% of their total operable capacity in October, the highest since July 2024, the data showed. Biodiesel plant utilization rose to 89%, the highest since June 2023.
Rising utilization rates and improving margins are a welcome relief for the biofuels industry, after operators endured a rough start to 2024 as demand growth slowed, leaving the market oversupplied and forcing a number of biodiesel plant closures.
Both renewable diesel and biodiesel are more expensive to produce than diesel, making suppliers dependent on government incentives such as tax credits. Among the two, renewable diesel has emerged as the preferred fuel for suppliers, as it reaps better incentives and can substitute diesel entirely. Total biodiesel production capacity fell 4.2% year-over-year to about 2 billion gallons in October, according to data released by the U.S. Energy Information Administration on Tuesday.
Renewable diesel output capacity rose nearly 19% year-over-year to 4.58 billion gallons in October, the EIA data showed, as most new biofuel plants opened in the past three years were geared towards it.

Still, oversupply pushed renewable diesel output capacity 6% lower in October from a record 4.90 billion gallons in June.
In addition to plant closures, profitability for the industry in October was boosted mainly by a surge in the value of credits required for compliance with federal biofuel mandates, said Zander Capozzola, vice president of renewable fuels at AEGIS.
D4 Renewable Identification Numbers, issued for biodiesel and renewable diesel production, rose from a low of 56 cents each in September to over 71 cents in October, improving profitability for making the fuels, Capozzola said.
Margins were also helped by stronger demand for diesel, which hit a one-year high in October, raising prices for both the conventional fuel and its alternatives, he said.
Prices for credits under the Low Carbon Fuel Standard program of California, where most biofuels are consumed in the U.S., also rose from below 60 cents each in Sept to over 70 cents each in October, according to AEGIS.
"You really had everything rowing in the right direction in October," Capozzola said.
Hot Argentine summer is starting to damage crops, exchanges say.
A hot, dry austral summer is beginning to cause damage to Argentina's 2024/25 soybean and corn crops, the country's two main grains exchanges said on Friday, after abundant spring rains had until recently provided excellent growing conditions.
Argentina is the world's largest exporter of soybean oil and meal and the third largest exporter of corn, as well as a major wheat supplier. Until a few weeks ago, the Buenos Aires grains exchange (BdeC) had reported virtually no signs of crop damage thanks to wet spring weather.
As summer began in late December, however, it began to see impacts on crops of high temperatures and scarcer rainfall.
The Rosario grains exchange (BCR) said north-east of Buenos Aires province and southern Santa Fe province had seen just 35 millimeters (1.38 inches) of rain in December, well below the monthly historical average of 110 millimeters.
"There is a lot of concern in this sector because water reserves go from scarcity to drought," analyst Marina Barletta said in the BCR report.
For corn crops, farmed in the southen section of Argentina's agricultural heartlands, BdeC saidthat "symptoms of water stress are beginning to be observed, such as yellowing of the basal leaves with possible yield losses."
Corn farmers have so far planted 87% of 6.6 million hectares (16.3 million acres) of soybean forecast by the BdeC, and 93% of an estimated 18.4 million hectares of soy fields.
For soy, BdeC said that the area of croplands that benefited from "adequate to optimal" water conditions had shrunk by 7 percentage points to 81% of the total planted area.
Despite the hot weather, BdeC said the two key crops are generally progressing well thanks to the abundant moisture from the last months of 2024.
Argentina's wheat season is nearly complete, the exchange added, saying that farmers have now harvested 95% of an estimated 18.6 million tons of wheat.

Top News - Metals

EXCLUSIVE-Rival CEO spread doubt about Nippon Steel deal prospects to Wall Street, documents allege
Even as Nippon Steel faced skepticism of its doomed $14.9 billion bid for U.S. Steel from the Biden administration, it was also contending with headwinds from an unlikely source: the CEO of a rival bidder for the firm who repeatedly cast doubt on the deal's prospects to investors.
Lourenco Goncalves, CEO of steelmaker Cleveland-Cliffs, which made a failed $7 billion bid for U.S. Steel in August 2023, participated in at least nine calls assuring investors that President Joe Biden would scuttle the Nippon Steel merger months before he did so on Friday, according to summaries of investor calls included in a Dec. 17 letter from lawyers for Nippon Steel and U.S. Steel to the Committee on Foreign Investment in the U.S. (CFIUS) and confirmed to Reuters by two participants in the calls.
“I can’t force U.S. Steel to sell to me, but I can work my magic to make a deal that I don’t agree with not to close," he told investors on a March 13 call hosted by JP Morgan, the letter quoted Goncalves as saying.
"It’s not closing, and Biden hasn’t spoken yet. He will."
The next day, Biden announced his opposition to the tie-up.
CFIUS, which reviews foreign investments in the U.S. for national security risks, could not reach consensus on whether to greenlight the Nippon Steel transaction and referred the matter to Biden in late December, setting the stage for his Friday block.
Goncalves declined to comment and a representative from Cleveland-Cliffs did not respond to a request for comment. Nippon Steel and the Treasury Department, which leads CFIUS, also declined to comment. U.S. Steel said the company will continue to fight for this deal in response to questions for this story. The White House said neither Goncalves nor his comments played a role in Biden's decision to kill the deal. It said on Friday that the proposed purchase presented national security concerns.
JP Morgan declined to comment, but a note to clients summarizing its March 2024 industrials conference mentions the event with Goncalves, saying "management

reiterated its expectation that the deal will not close." A participant in the call confirmed Goncalves' forecast Biden would soon take aim at the deal.

While Goncalves made similar comments about the deal to analysts on three earnings calls this year, his private remarks made throughout 2024 about the deal process show the extent of his effort to cast doubt on Nippon's bid for U.S. Steel. His comments sometimes preceded drops in the U.S. Steel share price, Nippon Steel and U.S. Steel told CFIUS. Cleveland-Cliffs has previously expressed interest in making another bid.

The steelmaker, which has been led by Brazilian-born Goncalves for over a decade, made the unsolicited bid for U.S. Steel with support from the United Steelworkers union, arguing the companies combined would "create a lower-cost, more innovative, and stronger domestic supplier."

But U.S. Steel raised concerns a tie-up with Cleveland-Cliffs risked being shot down by antitrust regulators because it would consolidate the supply of steel to U.S. automakers and put up to 95% of U.S. iron ore production under the control of one company. U.S. Steel's board rejected the offer.

Nippon Steel's December all-cash offer was valued at twice Cleveland-Cliffs' price, and Nippon later promised to revitalize U.S. Steel's aging mills with investment from an allied nation.

But the offer became politicized, with both Biden and Republican President-Elect Donald Trump pledging to kill the deal as they wooed voters in the swing state of Pennsylvania where U.S. Steel is headquartered.

Trump and Biden both asserted the company should remain American-owned after USW President David McCall expressed his opposition to the tie-up.

Biden's objections led to "impermissible undue influence" from the White House on CFIUS's national security review of the tie-up, the companies alleged in a letter obtained by Reuters last month that also contained the summaries of the investor calls with Goncalves.

Goncalves previously disputed CFIUS was considering the merits of the deal.

In a March 15 call with a top investor in U.S. Steel confirmed by a participant in the call, he said, “T here’s no process. This is not going to be a process. CFIUS is just cover for a President to kill a deal. CFIUS is a bunch of bureaucrats, second and third level, inside the cabinet...It means the President can do whatever he wants."

EXCLUSIVE-Biden officials issue permit for Perpetua's Idaho antimony and gold mine

The Biden administration on Friday issued the final mining permit for Perpetua Resources' Idaho antimony and gold project, a move aimed at spurring U.S. production of a critical mineral at the center of a widening trade war between Washington and Beijing. Permitting for the mine, backed by billionaire investor John Paulson, comes after Beijing last month blocked exports to the U.S. of antimony, a metal used to make weapons, solar panels, flame retardants and other goods for which there are no current American sources.

MARKET MONITOR as of 07:33 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$73.81 / bbl	-0.20%	2.91%
NYMEX RBOB Gasoline	$2.07 / gallon	-0.25%	3.05%
ICE Gas Oil	$703.50 / tonne	0.07%	1.19%
NYMEX Natural Gas	$3.62 / mmBtu	8.05%	-0.25%
Spot Gold	$2,628.37 / ounce	-0.41%	0.17%
TRPC coal API 2 / Dec, 25	$117.5 / tonne	5.52%	5.52%
Carbon ECX EUA	€75.50 / tonne	-0.58%	3.42%
Dutch gas day-ahead (Pre. close)	€49.50 / Mwh	-0.66%	1.96%
CBOT Corn	$4.61 / bushel	0.60%	-1.02%
CBOT Wheat	$5.43 / bushel	0.42%	-3.42%
Malaysia Palm Oil (3M)	RM4,299 / tonne	-1.58%	-3.35%
Index	**Close 03 Jan**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	356.99	-0.73%	0.05%
Rogers International	29.57	-1.60%	1.23%
U.S. Stocks - Dow	42,732.13	0.80%	0.44%
U.S. Dollar Index	108.85	-0.09%	0.34%
U.S. Bond Index (DJ)	436.04	-0.22%	0.00%

The U.S. Forest Service released the final record of decision for Perpetua's Stibnite project - essentially the mine's permit - after an eight-year review process, according to documents published on the agency's website.
Shares of Boise, Idaho-based Perpetua gained 9.1% in after-hours trading after Reuters reported the permit decision earlier on Friday.
Perpetua's mine will supply more than 35% of America's annual antimony needs once it opens by 2028 and produce 450,000 ounces of gold each year, a dual revenue stream expected to keep the project financially afloat regardless of any steps Beijing may take to sway markets.
For example, Jervois Global, the owner of an Idaho mine that produces only cobalt, declared bankruptcy on Thursday after Chinese miners aggressively boosted production of that metal in a bid for market share.
In its 154-page report, the Forest Service said its Perpetua decision was based on a detailed review of environmental data, discussions with Indigenous groups and consultation with other federal agencies.
"I have taken into consideration the degree to which the (mine's) environmental design features, monitoring, and mitigation measures will, where feasible, minimize adverse environmental impacts on (federal lands)," the Forest Service's Matthew Davis said in the report.
Perpetua, which changed its mine design three times in response to critics, said it believes it can make the mine - roughly 138 miles (222 km) north of Boise - "the best it can be."
"Every detail of this project was examined with a fine-tooth comb," said Jon Cherry, Perpetua's CEO.
Perpetua will need to obtain a wetlands permit from the U.S. Army Corps of Engineers, although the Forest Service said its own decision was made in consultation with that agency, implying a smooth review process.
FINANCES
The Stibnite project was forecast in 2020 to cost $1.3 billion, a number expected to rise due to post-pandemic inflation. The site has estimated reserves of 148 million pounds of antimony and 6 million ounces of gold.
The Pentagon committed nearly $60 million to fund permitting for the project, which would entail cleaning and expanding a site that was polluted by World War Two-era mining. Perpetua last April received a letter of interest from the U.S. Export-Import Bank, the government's export credit agency, for a loan worth up to $1.8 billion to fund the Stibnite project.
The project has not won the support of Idaho's Nez Perce tribe, which is concerned it could affect the state's salmon population. The tribe, though, was consulted for the permit review and changes were made to address their concerns, according to the record of decision.
Representatives for the Nez Perce were not immediately available for comment.

Top News - Carbon & Power

Biden team offers nuclear path to hydrogen tax credit

The Biden administration said on Friday portions of nuclear power plants will be able to secure tax credits to produce clean hydrogen if the credits help to prevent reactors from retiring.
The new rules address one of the last and most contentious issues related to the Inflation Reduction Act, a 2022 law that is intended to fight climate change by subsidizing technologies that curb greenhouse gas emissions.
Some environmental groups say energy sources such as nuclear reactors should not qualify for the IRA's clean hydrogen program and that using nuclear plants to produce hydrogen removes clean energy from the grid that could have been used by other electricity consumers.
Industry analysts say clean hydrogen, or hydrogen produced from non-fossil energy sources, is needed to decarbonize heavy industry and some vehicles.
The Treasury Department rebuffed concerns about using nuclear to produce hydrogen.
"If a nuclear retirement is averted, then the additional demand from hydrogen production will not have induced emissions (elsewhere)," it said in a statement. The Treasury adjusted a draft plan from 2023 to allow nuclear power and other industries, such as natural gas using carbon capture to prevent the release of emissions, to qualify for billions of dollars worth of credits to make hydrogen.
It offers technology-neutral hydrogen production credits of $3 per kilogram, but it was not immediately clear which producers could obtain the full benefit.
The rules provide "certainty that hydrogen producers need to keep their projects moving forward and make the United States a global leader in truly green hydrogen," said John Podesta, the senior adviser to Biden for international climate policy.
Currently, most hydrogen is produced using fossil fuel energy at a fraction of the cost of hydrogen that relies on emissions-free power.

CONSTELLATION EVALUATES HYDROGEN PROJECT
The rules stipulate that a maximum of 200 megawatts of a reactor's power-generation capacity can be considered new clean power eligible for credits if they were otherwise at risk of being shut down due to poor economics. U.S. reactors typically range from 300 MW to more than 1,000 MW.
The rules also allow reactors that restart after being shut to obtain credits.
Constellation Energy, the country's largest generator of nuclear power, said the rules were a win for the industry. But the rules' restrictions complicate the path for using nuclear to make hydrogen.
Constellation said it will have to evaluate the feasibility of

its proposed $900 million hydrogen project at its LaSalle nuclear plant in Illinois, and its role in a Midwest hydrogen hub.
It is uncertain how the incoming administration of President-elect Donald Trump will approach hydrogen.
Frank Wolak, CEO of the Fuel Cell and Hydrogen Energy Association, said in a statement the industry can "look forward to conversations with the new Congress and new Administration regarding how federal tax and energy policy can most effectively advance the development of hydrogen."
The rules allow some natural-gas-fired facilities that produce hydrogen to access the credits if they install equipment to capture and bury their carbon-dioxide emissions.

Italy calls for EU gas price cap at 60 euros per megawatt hour
The European Union should extend its emergency cap on gas prices and set a ceiling of 60 euros per megawatt hour to prevent a possible energy price shock, Italy's Energy Minister Gilberto Pichetto Fratin said on Friday.
Fears of an energy shock have risen after Ukraine refused to renew a gas transit agreement with Russia, marking the end of decades of Moscow's dominance over Europe's energy markets.
The EU's existing price cap expires at the end of this month and only applies if European gas prices exceed 180 euros per megawatt hour, a level that has not been reached since the early days of the Russia-Ukraine conflict.
"I think the EU should at this point renew the price cap -- and we asked for it -- but not at 180 euros, now it should be set at 50 or 60 euros," the Italian minister said during a radio interview.
"This would put a brake on purely financial transactions, which have nothing to do with the raw material but burden households and businesses."
The benchmark front-month gas contract at the Dutch TTF hub was up 0.4 euros at 50.17 euros per megawatt hour at 1334 GMT, the highest level in over a year, according to LSEG data.
The halt in Russian gas flows and colder-than-average weather could drive the price towards 84 euros, Goldman Sachs said in a report.
Italy's energy minister said the country had enough gas reserves to ensure there would be no disruption over the next two months.
"I reassure everyone, we have no problems. The country's gas storage system is filled to almost 80%" of its capacity.
Italy has gradually increased liquefied natural gas import capacity since 2022 as part of plans to replace Russian supplies.
With a new floating terminal due to start commercial operations early April, Italy expects to be able to import up to 28 billion cubic metres of liquefied natural gas a year, the same amount it got via pipeline from Russia in 2021.
Total gas demand for the country is estimated at around 61 billion cubic metres for last year, with Algeria and the Nordics among the main suppliers.

Top News - Dry Freight

Thai rice exports seen dropping 25% in 2025, association says
Thailand's rice exports will likely drop by 25% in 2025 from last year, an industry group said, partly due to more shipments from India. Thailand expects to export about 7.5 million tonnes of rice in 2025, down from 10 million tonnes in 2024, Chookiat Ophaswongse of the Thai Rice Exporters Association, told Reuters.
More competition from India and less demand from Indonesia attributed to the forecast drop, he said.

Kazakhstan exported 3.7 mt of grain from Sept to end Dec, agriculture ministry says
Kazakhstan exported 3.7 million metric tons of new-harvest grain from September to the end of December last year, up 54% from the same period in 2023, the agriculture ministry said on Sunday.
The Central Asian country boosted exports to Uzbekistan, Tajikistan, Afghanistan and Kyrgyzstan. Exports to Iran increased by a factor of 30, the ministry said.

Picture of the Day

A deer stag lies amongst frosty foliage at Richmond Park in London, Britain, January 4. REUTERS/Hollie Adams

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

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

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