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## Top News - Oil

**Saudi Arabia cuts Feb Arab Light crude price to Asia to 27-month low**

Top oil exporter Saudi Arabia on Sunday cut the February price of its flagship Arab Light crude to Asian customers to the lowest level in 27 months, a company statement showed, amid competition from rival suppliers and concerns about supply overhang.

Saudi Aramco slashed the official selling price (OSP) for February-loading Arab Light to Asia by $2 a barrel from January to $1.50 a barrel over Oman/Dubai quotes, a level last seen for November 2021.

The price cut, the biggest in 13 months, is in line with market expectations, as refiners called for competitive prices from Saudi Arabia comparing to crude oil supplied from other Middle Eastern producers and the arbitrage cargoes from the Atlantic Basin.

"Saudi crude is still relatively more expensive compared to other regional crude. But we are happy enough to see such prices, making it much more affordable for us," said a trader with a North Asian refinery.

The Asian physical oil market softened over the past month, reflecting expectations of less supply tightness in the near term and weaker demand as some Asian refineries are scheduled to shut down for maintenance in the spring season of the northern hemisphere.

Despite a combined voluntary output cut of 2.2 million barrels per day by the OPEC+ group of oil producers, market participants are not convinced the supply reduction will be enough to stop a build-up in global oil inventories and to fuel an oil price rally until at least the second quarter of 2024.

Saudi Aramco also trimmed prices for other crude grades it sells to Asia by $2 a barrel in February from the previous months, the statement showed.

For other regions, Saudi Aramco cut its February Arab Light OSP to northwest Europe by $2 a barrel to $0.90 a barrel above ICE Brent.

The OSP of Arab Light to the United States was lowered by $2 a barrel to $5.15 versus ASCI in February.

**EXCLUSIVE-Iran's oil trade with China stalls as Tehran demands higher prices**

China's oil trade with Iran has stalled as Tehran withholds shipments and demands higher prices from its top client, tightening cheap supply for the world's biggest crude importer, refinery and trade sources said.

The cutback in Iranian oil, which makes up some 10% of China's crude imports and hit a record in October, could support global prices and squeeze profits at Chinese refiners.

The abrupt move, which one industry executive called a "default", could also represent the backfiring of an October U.S. waiver on sanctions of Venezuelan oil, which diverted shipments from the South American producer to the U.S. and India, elevating prices for China as shipments dwindled.

The National Iranian Oil Co, China's commerce ministry and the U.S. Treasury Department did not immediately respond to Reuters requests for comment.

Early last month Iranian sellers told Chinese buyers they were narrowing discounts for December and January deliveries of Iranian Light crude to between $5 and $6 a barrel below dated Brent, five traders who handle the oil or are familiar with the transactions told Reuters.

Those deals had been struck in November at discounts around $10 a barrel, the traders said.

"This is considered as an extensive default and the order to hike prices apparently came from the headquarters in Tehran, as they're holding back supplies also to the intermediaries," a China-based trading executive said.

An executive at a Chinese middleman that procures direct from Iran said the OPEC producer was "holding back some shipments", leading to a "stalemate" between Chinese buyers and Iranian suppliers.

"It's not clear how things would end," this executive said. "Let's wait a bit and see if refineries are willing to accept the new price."

China has saved billions of dollars buying often deeply discounted oil from sanctioned producers Iran, Venezuela and, more recently, Russia - countries that supply almost 30% of China's crude imports.

'TEAPOTS' SQUEEZED

It is not clear how extensive Iran's cutbacks to China are. At least one buyer has accepted higher prices: a Shandong-based refiner bought a cargo late last month at discounts between $5.50 and $6.50 on a delivered ex-ship basis, two traders said.

The discounts could narrow further, as the latest offer heard was $4.50, the traders said. Last year's average discount for Iranian Light, a key grade China buys with a high middle-distillates yield, was about $13, traders say.

"The buyers are still struggling to find a solution as the new prices are too high," said a Shandong-based buyer. "But since they have limited choices and the Iranian side is very tough, the room for price negotiations is difficult and is not favouring Chinese buyers."

China's smaller independent refiners, called "teapots", have become Tehran's top clients since first buying Iranian oil in late 2019. They replaced state-run refiners, which stopped dealing with Iran over concerns about falling afoul of U.S. sanctions.

Teapots absorb about 90% of Iran's total oil exports, usually passed off as oil originating in Malaysia or the United Arab Emirates, trade sources say.

Amid the tussle over prices, Iran's overall exports and China's imports from Iran have fallen.

China imported about 1.18 million barrels per day (bpd) of Iranian oil last month, down from 1.22 million bpd in November and 23% off October's record 1.53 million bpd, tanker tracker Vortexa Analytics reckons.

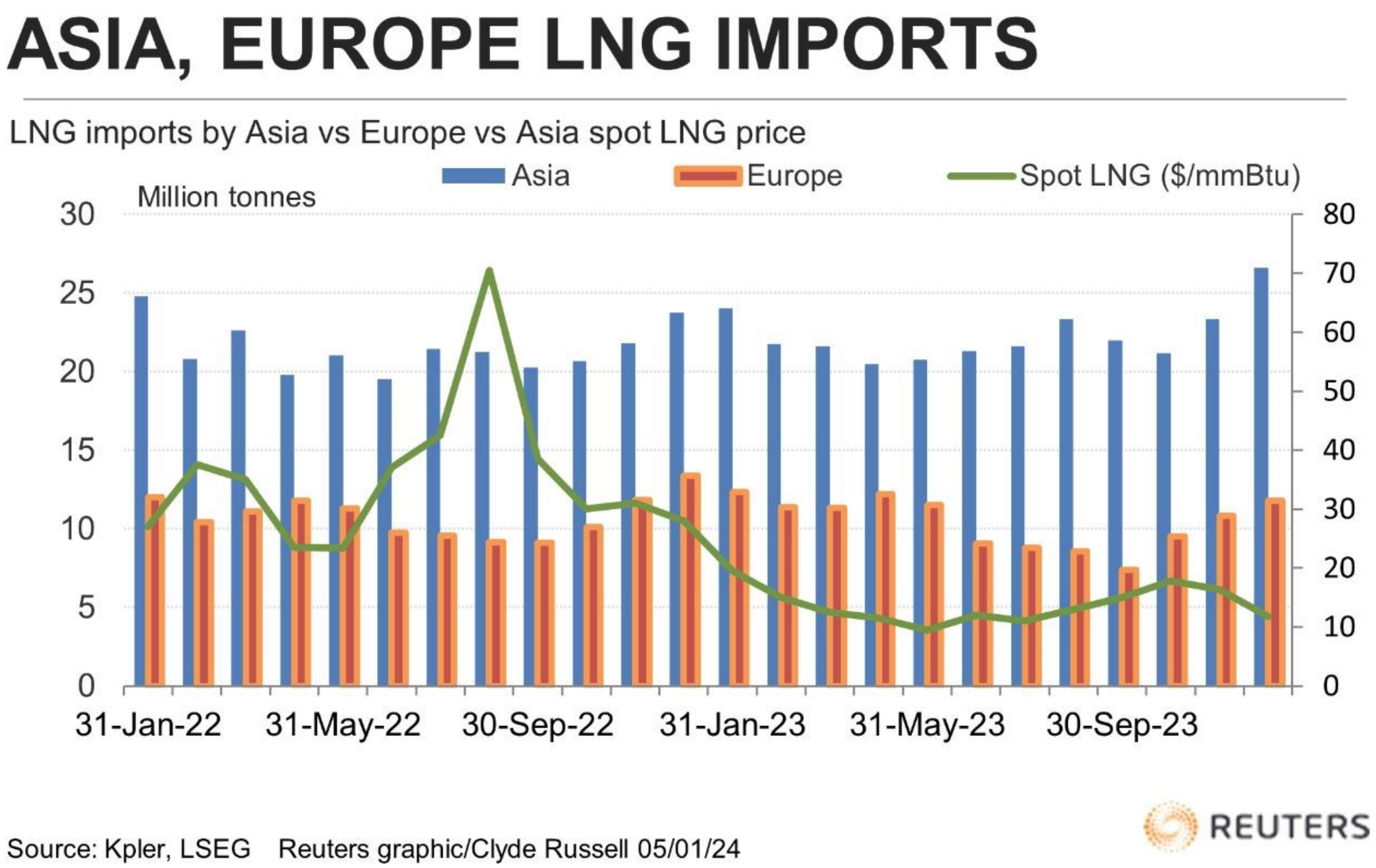
That represents the bulk of Iran's global seaborne crude exports, which another tracker, Kpler, estimates at 1.23

million bpd for December, down from 1.52 million bpd in November.
Floating storage off Iran and nearby waters rose by about 2 million barrels to 15.5 million barrels over the past week, Kpler says.
"The Iranians want to play catch-up in prices with (Russia's) ESPO. But they don't fully realise the extent of sanctions on Iranian oil is different from that on Russian," said a trading manager at an independent refiner.
Washington has sanctioned more than 180 people and entities related to Iran's petroleum and petrochemical sectors since 2021, identifying 40 vessels as blocked property of the sanctioned entities. The main restrictions on Russian oil have been a $60-a-barrel price cap imposed in December 2022 by the U.S. and its allies, aiming to punish Moscow over its invasion of Ukraine. Major buyer India has mostly paid above $60 for Russian oil, hitting $85.42 in November, the highest since the Group of Seven industrial powers imposed the cap.

## Top News - Agriculture

**Brazil's soy exports forecast to rise in January despite possible shortages**
Brazilian soy exports will reach at least 1.3 million metric tons in January, a sharp increase from the 940,000 tons exported in the same month last year, according to projections released on Friday by Anec, a grain exporters group.
Brazil starts planting its soybeans around September and normally harvests the crop in the first two months of the following year. Dry weather, however, delayed some planting last year and will affect the harvesting of the 2023/2024 crop.
Anec said in a statement that shipping schedules indicate soybean exports could be as high as 2.7 million tons in January. But the group factored in the possibility of smaller cargo loadings to arrive at the more conservative forecast of 1.3 million tons.
Luiz Roque, a soy analyst with Safras & Mercado, said more than 2 million tons of soy exports were registered for shipment in January, but he doubted the South American country would export all of that given a potential product shortage. He added, however, that higher carryover stocks should support shipments this month.
Anec confirmed that plentiful carryover stocks may bolster January shipments.
Data compiled by Abiove, the local oilseed crushers lobby, shows that Brazil began 2024 with 4.9 million tons of soybean carryover stocks, compared with 3.7 million tons at the start of last year. The rise occurred despite record exports of more than 101 million tons and record

## Chart of the Day



domestic processing driven by unprecedented soy production volumes in the 2022/2023 cycle.
Brazilian corn exports in January will reach 3.33 million tons, down from 4.86 million tons in the same month a year ago, Anec said. It noted that the drop in exports was expected because domestic buyers were offering higher prices - up to $1 per bag of corn - compared to exporters shipping through the southern Brazilian port of Rio Grande. Paulo Molinari, a corn analyst at Safras & Mercado, said record exports of the cereal in 2023 will likely constrain export volumes this month.
He noted that domestic corn stocks were depleted and confirmed that local buyers were paying more than foreign customers, reducing the potential of Brazil's corn exports this month.

**Polish farmers to suspend protest at key Ukraine border crossing**
Polish farmers have decided to suspend a protest at the border crossing with Ukraine at Medyka after the government agreed to their demands, interia.pl website reported on Saturday citing the local province governor.
Polish truck drivers have been blocking several crossings with Ukraine since Nov. 6, demanding that the European Union reinstate a system whereby Ukrainian companies obtain permits to operate in the bloc.
They were later joined by farmers who demanded government subsidies for corn and no tax hikes, amid complaints about increased competition from Ukraine.
The farmers, who were blocking the crossing at Medyka, suspended their protest for Christmas and resumed the blockade on Jan. 4. On Saturday, they agreed to suspend it again.
The Minister of Agriculture agreed to implement all three of their demands regarding subsidies, increased loans for liquidity and maintaining the agricultural tax at the 2023 level, interia.pl said.
"Upon signing the agreement, the protest at the border crossing in Medyka is suspended for the period necessary to implement legal ... changes and for the time necessary to implement additional changes," the agreement quoted by the website reads.
However, truckers are continuing their protests at three other border crossings.

## Top News - Metals

**US sets final food can steel dumping duties on China, Canada, Germany, Korea**
The U.S. Commerce Department said on Friday it found that imports of tin mill products from Canada, China, Germany, and South Korea are being dumped onto the U.S. market and imports of tin mill products from China are also being subsidized.
The department also found that imports of tin mill products - a shiny silver metal widely used in cans for food, paint, aerosol products and other containers - from the Netherlands, Taiwan, Turkey, and the United Kingdom are not being dumped, it said in a statement.
The final duties are largely in line with the Commerce Department's preliminary anti-dumping duties on the tin-plated steel imports from Canada, Germany and China imposed in August. With the exception of China, they are far lower than the double-digit and triple-digit duties initially sought by U.S. steelmaker Cleveland-Cliffs and the United Steelworkers union in their petition for a Commerce investigation filed a year ago.
The department said on Friday that the highest final anti-dumping duties of 122.5% will be imposed on tin mill steel imported from China. It also imposed countervailing anti-subsidy duties of 650% on tin mill products from top China producer Baoshan Iron and Steel Co Ltd and 331.9% on all other Chinese steelmakers.
Germany's ThyssenKrupp Rasselstein and other German producers were slapped with final anti-dumping duties of 6.88%, while Canada's ArcelorMittal Dofasco and other Canadian producers were hit with final anti-dumping duties of 5.27%
Commerce imposed a final anti-dumping duty rate of 2.69% against South Korea's KG Dongbu Steel after initially receiving no anti-dumping duties.
Canada said it was disappointed with the finding.
"These duties not only weaken supply chains between Canada and the United States, but also worsen the impacts of inflation on both sides of the border," Canada's trade minister, Mary Ng, said in a statement. "Canada will continue to defend the interests of the Canadian steel industry and its workers."
The Commerce Department upheld its earlier findings that tin-plate steel from the Netherlands, Taiwan, Turkey and Britain were not dumped. The U.S. produces less than half of the tin mill steel it consumes, making the packaging industry reliant on imported steel.
"These findings demonstrate that Commerce took a careful and nuanced approach based on the particular circumstances presented by each company and the governing provisions of U.S. law," the department said in a statement.
For the duties to remain in place, the U.S. International Trade Commission must determine that American producers have sustained material injury due to the dumping findings. That vote is expected in the coming weeks.

**First Quantum 'deeply concerned' about planned mine protest, urges officials to act**
Canadian miner First Quantum's local unit in Panama said on Friday it is "deeply concerned" about protests announced for Jan. 9 to take over its closed copper mine and urged the government to take action to guarantee security at the site.
The union representing workers at the company's Cobre Panama mine warned earlier this week of the plan by the separate SUNTRACS union and an allied group to "invade" the site, in the latest face-off over the mine that provoked nationwide protests last year.
Panama saw large protests against First Quantum's controversial contract to operate the lucrative Cobre Panama mine that was approved by the government in October. Protesters argued it was too favorable to the miner.

In November, the Central American country's top court ruled the contract unconstitutional , determining that it violated over 20 articles of the constitution and prompting the government to order its closure.
First Quantum subsequently suspended commercial production at the mine and put it into care and maintenance mode, but it still has equipment and workers at the site.
"The safety of our employees, neighboring communities and the protection of the environment remains our priority," the company said in the statement.

## Top News - Carbon & Power

**Britain to invest 300 mln pounds in next-generation nuclear fuel programme'**
Britain said it plans to spend 300 million pounds ($380 million) on a new programme to produce advanced nuclear fuel suitable for the next generation of power-generating reactors, seeking to dislodge Russia as the main international supplier.
Britain was one of over 20 countries - including the United States, France and South Korea - that recently signed a pledge to triple global nuclear capacity by 2050 as part of international efforts to cut climate-damaging carbon emissions. On Sunday, Britain said its new investment would help support domestic production of high-assay low-enriched uranium (HALEU) - a type of fuel currently only produced on a commercial scale by Russia.
Like other European nations, it has sought to cut its energy reliance on Russia since President Vladimir Putin's forces invaded Ukraine in February 2022.
"The launch of the HALEU programme will enable the UK to supply the world with specialist nuclear fuel and further isolate Putin's Russia," said the energy security department in a statement.
The first production plant is scheduled to be operational by the early 2030s in the North West of England, the statement said.

**MARKET MONITOR as of 07:45 GMT**

| Contract | Last | Change | YTD |
|---|---|---|---|
| NYMEX Light Crude | $72.87 / bbl | -1.27% | 1.70% |
| NYMEX RBOB Gasoline | $2.10 / gallon | -1.43% | -0.26% |
| ICE Gas Oil | $766.25 / tonne | 0.07% | 2.06% |
| NYMEX Natural Gas | $2.85 / mmBtu | -1.45% | 13.40% |
| Spot Gold | $2,031.60 / ounce | -0.68% | -1.50% |
| TRPC coal API 2 / Dec, 24 | $96.88 / tonne | 3.34% | -0.12% |
| Carbon ECX EUA | €75.97 / tonne | -0.50% | -5.47% |
| Dutch gas day-ahead (Pre. close) | €34.40 / Mwh | 4.40% | 8.01% |
| CBOT Corn | $4.74 / bushel | 0.05% | -2.17% |
| CBOT Wheat | $6.22 / bushel | -0.96% | -2.81% |
| Malaysia Palm Oil (3M) | RM3,688 / tonne | 0.16% | -0.89% |
| **Index** | **Close 05 Jan** | **Change** | **YTD** |
| Thomson Reuters/Jefferies CRB | 304.10 | 0.36% | 0.89% |
| Rogers International | 26.45 | 0.90% | 0.46% |
| U.S. Stocks - Dow | 37,466.11 | 0.07% | -0.59% |
| U.S. Dollar Index | 102.43 | 0.01% | 1.08% |
| U.S. Bond Index (DJ) | 424.25 | -0.32% | -1.50% |

Further details on production targets and how the money would be spent are due to be set out in an as-yet unscheduled strategy paper.
The European Union and a U.S. firm are also working on production.
While strongly opposed by campaign groups over its environmental risks, Britain sees a central role for a nuclear power revival in its long term energy strategy, launching a competition last year to develop small modular nuclear reactors (SMRs).
Such reactors are intended to be easier and cheaper to produce, avoiding the high costs and construction delays that have led to a decades-long stagnation in the expansion of global nuclear power capacity. The supply of suitable fuel is seen as one potential bottleneck in meeting the international 2050 pledge, alongside the provision of finance and potential regulatory delays around the introduction of new SMR technology. ($1 = 0.7864 pounds)

**COLUMN-Asia's LNG imports hit record, but supply surge keeps price muted: Russell**
Asia's imports of liquefied natural gas (LNG) rose to a record in December, but spot prices remained subdued as shipments from top exporters Australia and the United States also hit all-time highs. Asia, the top buyer of the super-chilled fuel, saw imports reach 26.61 million metric tons in December, according to data compiled by commodity analysts Kpler. This was up from November's 23.35 million tons and also eclipsed the previous high of 26.15 million from January 2021, according to Kpler. The rebound in imports was driven largely by China, which reclaimed its title as the world's largest LNG buyer in 2023 from Japan. China's imports surged to 8.22 million tons in December, up from 6.97 million in November and the highest since January 2021, according to Kpler.
Asia's other heavyweight importers also saw gains, with Japan landing 6.78 million tons, up from November's 5.40 million and the most since January 2023, while South Korea's December imports were 5.10 million, up from 4.19 million in November and the highest since February 2021.
The robust demand did little to spark a rally in prices, with the weekly spot index slipping to $11.70 per million British thermal units (mmBtu) in the seven days to Dec. 29, down from $11.90 previously and the lowest since August. The spot price dropped 58.2% over 2023 as demand for cargoes eased after a surge in 2022 led by Europe's efforts to replace Russian pipeline natural gas in the wake of Moscow's invasion of Ukraine in February 2022. Europe's LNG imports also rose in December, hitting 11.80 million tons, up from November's 10.81 million and the highest since April last year, according to Kpler. While demand increased in December, it had been soft in the preceding months as mild winter weather in both Asia and Europe, as well as plentiful inventories, limited demand for spot cargoes. The strength in demand for LNG in Asia in December was matched by strong export performances from the world's three biggest LNG suppliers. The United States, which overtook Australia as the world's biggest exporter of LNG in 2023, shipped out 8.56 million tons in December, up from 7.51 million in November and the highest monthly total on record, according to Kpler data.

AUSTRALIA, QATAR
Australia also had a record December, with Kpler data showing exports at 7.26 million tons, up from 6.61 million in November and eclipsing the previous monthly all-time high of 7.18 million from June 2022.
Qatar also saw robust exports in December, with shipments of 7.11 million tons, up from 6.36 million in November and the most since the 7.40 million from January 2023. In effect, the rise in demand in December was matched by increasing supply. What this does is raise questions about the outlook for the spot price once the winter peak demand period passes. If supply remains steady, it points to prices having to decline in order to tempt more buyers into the market.
A retreat in the spot price below $10 per mmBtu may lead to countries such as India, Pakistan and Bangladesh buying cargoes. India's LNG imports dropped to 1.86 million tons in December, from 1.99 million in November, although they were up from 1.32 million in December 2022. India is viewed as a price-sensitive buyer and it's worth noting that when the South Asia nation's imports were at their highest, in early and mid-2020, the spot price was languishing at record lows, slumping to $1.85 per mmBtu in early May of that year.
The opinions expressed here are those of the author, a columnist for Reuters.

## Top News - Dry Freight

**Odesa region ports cargo rises 15 pct in '23, governor says**
Ports in Ukraine's Black Sea region of Odesa boosted cargo handling in 2023, amid the war with Russia, by 15 percent year-on-year, regional Governor Oleh Kiper said on Friday.
Kiper, writing on the Telegram messaging app, said the ports processed more than 50 million tonnes of cargo last year.
Kiper said a large part of the cargo was farm goods sent to destinations in Europe, Asia and the United States.
He also said that more than 400 vessels had taken on cargo and passed through "corridors" overseen to facilitate and protect shipping -- initially an itinerary organised with the assent of Russia and the United Nations and subsequently through an "alternative" corridor hugging Ukraine's southern coast.
Earnings derived from grain shipments would be calculated in February, Kiper said.
There are three main ports in Odesa region - Odesa, Pivdennyi and Chornomorsk.

**River Rhine in Germany reopens to shipping after high water recedes**
The river Rhine in Germany has been reopened to shipping after being halted due to a rise in water levels

following rain last week, German authorities said on Monday.
Rhine river shipping had been stopped around the western city of Koblenz on Friday. But water levels have fallen again to levels permitting ships to operate, the German inland waterways navigation agency said.
High water means vessels do not have enough space to sail under bridges and the blockage prevents vessels sailing to Switzerland. Shipping on northern sections of the river had operated normally in the last week, despite a rise in water levels, including the important points of Duisburg and Cologne. The Rhine is an important shipping route for commodities including minerals, coal and oil products such as heating oil, grains and animal feed. The Rhine has repeatedly suffered from low water levels because of unusually dry summers in recent years.

### REUTERS TECHNICAL ANALYSIS Q1 OUTLOOK 2024 - WANG TAO

Crude oil may rise strongly in the first quarter of 2024. Palm oil rides on an upward wave c, unfolding towards July 2023 high. Gold looks extremely bullish, driven by an extended wave V. Copper’s signals are mixed, biased to fall while aluminium may rise. Grains are riding on fierce wave c, travelling towards much higher levels. Coffee may drop while cocoa may climb up. Dollar index may fall further but with limited downside. To read the full report, **click here**.

## Picture of the Day

*Tractors line up along a road, as German farmers take part in a protest against the cut of vehicle tax subsidies, in Plaidt near Koblenz, Germany, January 8. REUTERS/Jana Rodenbusch*

(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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