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Top News - Oil

US judge clears way for more Venezuela creditors to join Citgo auction

A U.S. judge on Monday granted a large group of Venezuela-linked creditors rights to participate and receive proceeds from a coming auction of shares in the parent of Houston-based refiner Citgo Petroleum.

A precedent-setting lawsuit by Canadian miner Crystallex Corp formally tied Venezuela-owned Citgo to the South American country's debts and opened the door to some $24 billion in claims being applied to the refining firm through an auction of shares in a Citgo parent whose only asset is the oil refiner.

The decision still requires the group, formed by 10 companies, to comply with a Jan. 12 dateline to have writs of attachments issued against shares in Citgo's parent, PDV Holding. No extra time was granted, and a new auction schedule issued on Monday is not planned to be modified, the court in Delaware said. The U.S. Treasury also has reserved the right to rule on any winning bid.

O-I Glass, Huntington Ingalls, ACL1 Investments, Rusoro Mining, Koch Industries and Gold Reserve can have claims considered as additional judgments. Another group of four creditors including Siemens Energy that had filed a similar motion to be designated additional creditors was also green-lit, U.S. Judge Leonard Stark ruled.

The companies had sought to participate "with full force and effect" in the event two of the largest creditors in the long-running case - Crystallex and oil firm ConocoPhillips - reach settlements with Venezuela that could end the lawsuit.

Talks have been on and off for months with holders of billions of dollars due for asset expropriations and defaulted Venezuelan bonds seeking to settle their claims.

The additional creditors had argued they needed to have equal status to protect their interests in event of a deal and to organize credit bids, using their claims against Venezuela as currency in any court sale. Credit bids are routine in bankruptcy sales.

LAST-MINUTE SETTLEMENTS

Settlement talks between Venezuela, Crystallex and Conoco appear to have sparked a flurry of court filings by companies hoping to improve their chances of receiving proceeds from asset sales involving Citgo.

Citgo declined to comment on settlement talks. A representative for Crystallex and a board supervising Citgo did not reply to requests.

"We remain committed to pursuing all available legal avenues to protect our rights and obtain a full and fair recovery," a Conoco spokesperson said in response to questions about the talks.

The U.S. Supreme Court separately on Monday rejected Venezuela's move to limit the number of companies that could participate in the auction.

Both Monday decisions open a window for any additional creditors to get a slice of the auction's proceeds, especially if the largest creditors settle with Venezuela, leaving room for others.

"In the event that any of the sale process parties proposes to settle its differences with any of the Venezuela parties, the six creditors, the four more creditors and any other interested entity will have an opportunity to be heard on whether the court should approve such a settlement and, if it does, on how the potential resolution or settlement might affect the sale process," Stark wrote in his order.

Last week, the court official designated for the case, Robert Pincus, said claims should not be expedited or given additional priority ahead of the deadline.

To do so "would disrupt a process carefully considered ... and months-ago approved by order of the court," Pincus wrote. The rush to win approvals would allow claims to be considered in first-round bids for the shares due ten days later. Companies could use their higher status to organize credit bids for the Citgo parent's shares and "approach the market with proposals that commercial parties are comfortable with," wrote hedge fund Pharo Management, which seeks $1.78 billion in claims.

Judge Stark has given priority to Crystallex's $970 million and Conoco's nearly $10 billion in claims. If they are fully paid, it could leave little for others. Citgo has been valued at between $11 billion and $13 billion in the past.

Bondholders seeking about $1.9 billion are pursuing Venezuela in a case separate from the Delaware court and have protested they could be shut out of proceeds.

ANALYSIS- Oil tankers continue Red Sea movements despite Houthi attacks

Oil and fuel tanker traffic in the Red Sea was stable in December, even though many container ships have rerouted due to attacks by Iran-aligned Houthi militants, a Reuters analysis of vessel tracking data showed.

The attacks have driven up shipping costs sharply along with insurance premiums, but have had less impact than feared on oil flows, with shippers continuing to use the key East-West passage. The Houthis, who have said they are targeting Israel-bound vessels, have largely attacked non-petroleum goods shipments.

The added costs have not made a big difference to most shippers so far because the Red Sea remains much more affordable than sending cargo around Africa. But the situation bears watching with some oil companies like BP and Equinor diverting cargoes to the longer route. Also, increased shipping costs are likely to boost exports of U.S. crude to some European buyers, experts said.

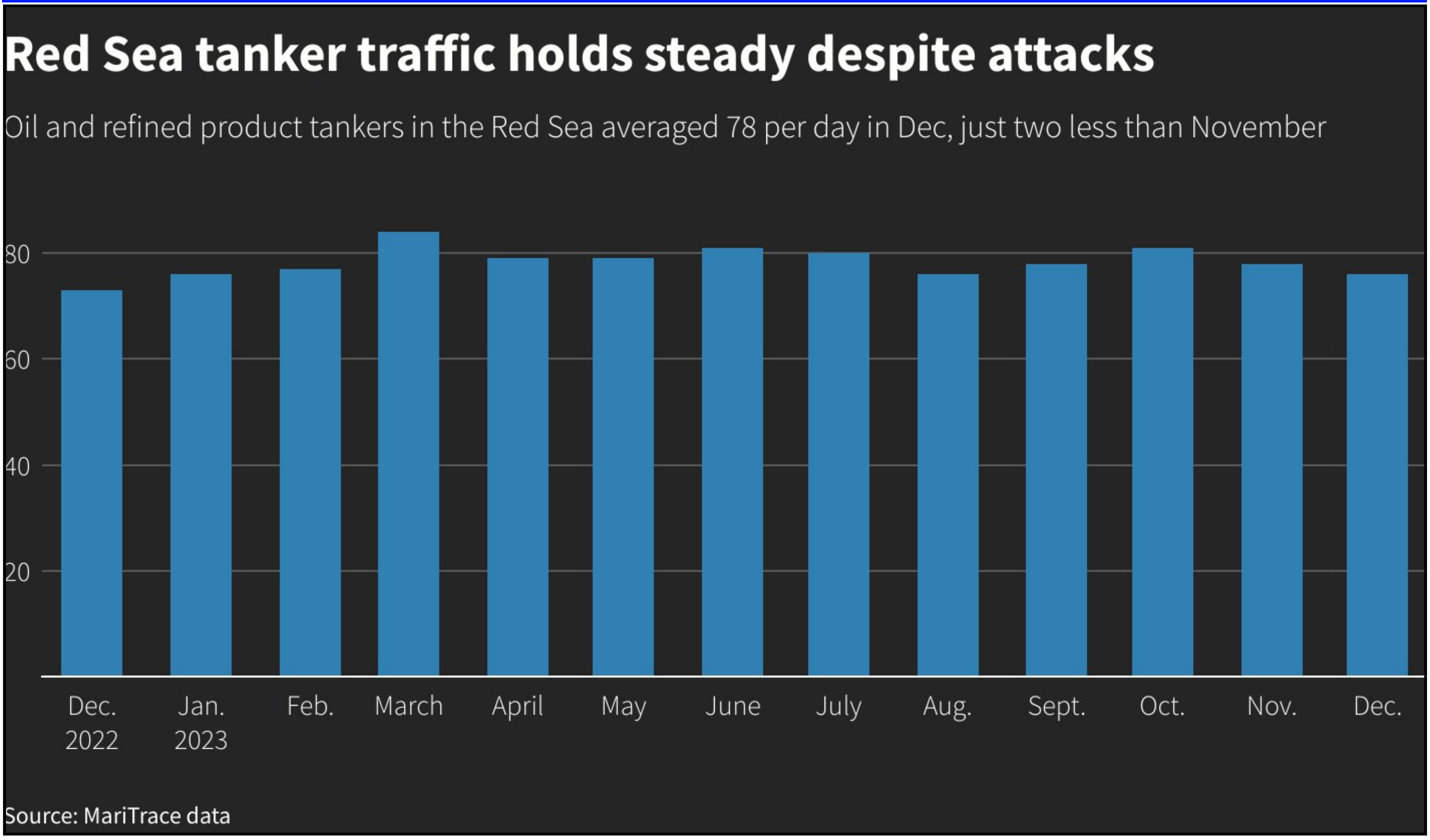
"We haven't really seen the interruption to tanker traffic that everyone was expecting," said Michelle Wiese Bockmann, a shipping analyst at Lloyd's List.

A daily average of 76 tankers carrying oil and fuel were in the south Red Sea and Gulf of Aden in December, the area close to Yemen that has seen attacks. That was only two fewer than November's average and just three below the average for the first 11 months of 2023, according to data from ship tracking service MariTrace.
Rival tracking service Kpler tracked 236 ships on average daily across all of Red Sea and Gulf of Aden in December, slightly above the 230 daily average in November.
The additional cost of sailing around the Cape of Good Hope off Africa rather than via the Red Sea would make voyages to deliver oil less profitable, she said.

"So, you're going to try and go through", she said.
Since the beginning of December, chartering rates have roughly doubled according to data from ship analytics firm Marhelm. It cost as much as $85,000 a day to ship oil on Suezmax tankers, which can carry as much as 1 million barrels. Aframax vessels, which can move 750,000 barrels, cost $75,000 a day.
Tanker traffic in the south Red Sea region briefly dipped between Dec. 18 and Dec. 22 when the Houthi group intensified attacks on vessels, averaging 66 tankers, but movements resumed after, according to MariTrace.
Container ship traffic in the area has fallen more sharply, down 28% in December from November, with steep declines in the second half of the month as attacks mounted, according to MariTrace.

"STILL TAKING THE RISK"
Several oil majors, refiners and trading houses have continued to use the Red Sea route, according to an analysis of LSEG data.
"Shippers and their customers really want to avoid a schedule disruption. So they are still taking the risk," said Calvin Froedge, founder of Marhelm.
He noted that many oil tankers transiting the Red Sea were carrying Russian crude to India, which the Houthis have no interest in attacking.
The Chevron-chartered Delta Poseidon traversed the Suez Canal and Red Sea at the end of December en route to Singapore, according to LSEG's ship tracker.
The Sanmar Sarod, chartered by Indian refiner Reliance, also crossed the Red Sea in late December to deliver gasoline components to the United States, data showed.
Chevron "will continue to actively assess the safety of routes in the Red Sea and throughout the Middle East and make decisions based on the latest developments," a spokesperson said.
Reliance did not respond to a request for a comment.
Other tankers, chartered by trading house Gunvor's unit Clearlake, Indian refiner Bharat Petroleum and Saudi Arabia's Aramco Trading Company, have all navigated the route in recent weeks.
The companies either declined to comment or did not reply to requests for comments.
Using the Red Sea can some 3,700 nautical miles off a trip from Singapore to Gibraltar.

Chart of the Day



SHIFTING FLOWS
Some companies such as BP and Equinor have paused all transits through the Red Sea and rerouted their vessels in the region.
Since the second half of December, at least 32 tankers have diverted or transited via the Cape of Good Hope, instead of using the Suez Canal, according to ship tracking service Vortexa.
The tankers that are diverting are mostly those chartered by companies who announced a pause on Red Sea movement, or those operated by US and Israel-linked entities, Vortexa added. Fuel oil traders and bunkering sources in Asia said they were still monitoring Red Sea developments, though the East of Suez remains amply supplied for now so the current diversions are unlikely to boost prices. East-to-west disruptions have mainly impacted European imports of diesel and jet fuel so far, Kpler data suggest. Meanwhile West to East diversions have impacted some European fuel oil and gasoline shipments to the Middle East, Asia-Pacific and East Africa, Kpler data shows.
Tensions there have also prompted more oil buyers to look to the U.S and likely played a role in the record 2.3 million barrels per day of crude exports to Europe in December, Matt smith, an analyst at ship tracking firm Kpler said. "Ongoing uncertainty in the Red Sea is likely spurring on some modicum of European buying (of U.S. crude)," Smith said.

Top News - Agriculture

Brazil's soybean harvest kicks off with low yields in Mato Grosso
Brazilian soybean farmers have begun to reap their 2023/24 soybean crop, covering some 0.6% of the national planted area as of last Thursday, agribusiness consultancy AgRural said on Monday.
Field work is more advanced in top grain state Mato Grosso, where yields "are much lower than normal" after hot and dry weather destroyed part of the crop. In large producer Parana state, the yields are "very good and in line with farmers' expectations," AgRural said.
At this time last season, 0.04% of Brazil's soybean had been harvested, AgRural said.
Goias and Mato Grosso do Sul have started reaping their soy from fields in isolated areas, according to the consultancy.
In Mato Grosso, where crops suffered from a lack of humidity for much of the cycle, rains now are making it difficult for harvesters to advance in some areas, as is common in January, AgRural noted.
Last year, AgRural forecast Brazil would produce 159 million tons of soybeans this season, but it said it will revise that projection in coming days.
At least two consultancies have said the outlook worsened for Brazil's soy crop in January, sharply lowering output forecasts to between 151 million tons and 153 million tons.
The harvest of Brazil's first corn crop, which is planted in the summer, reached 3.3% of the cultivated area in the Center-South last week, compared to 2.3% in the same period last year, AgRural said.
As soy is being reaped from fields, planters have began to sow Brazil's second-corn in Parana state, AgRural said.
Second corn is planted after soybeans and represents about 75% of national corn production depending on the year.
In Mato Grosso, farmers' priority at the moment is the sowing of second-season cotton, which has a shorter climate window, though the start of second corn planting is imminent, AgRural said.

Unseasonable rains in Ivory Coast lift cocoa outlook, farmers say
Unseasonable rains in most of Ivory Coast's cocoa regions last week are expected to boost both the main crop and the April-to-September mid-crop, farmers said on Monday.
The world's top cocoa producer is in its dry season, which runs officially from mid-November to March when rains are usually scarce.
Farmers across the country welcomed the precipitation, which should see the October-to-March main crop finish strongly with beans of good quality.
The weather will also help get the mid-crop off to a strong start and to be abundant, they said, adding that many beans continued to leave the bush.
"It's rare to have this level of water during the dry season. This will help the mid-crop develop well," said Jean Boua, who farms near the eastern region of Abengourou, where 19.5 millimetres (mm) fell last week, 16 mm above the five-year average.
In the western region of Soubre and the southern regions of Agboville and Divo, where rainfall was also above average, farmers said they were happy as the weather would improve the quality of beans in February and March.
In the centre-western region of Daloa, where rainfall was below average, and in the central regions of Bongouanou and Yamoussoukro, where rains where above average, farmers said flowers were turning into small pods for the mid-crop.
"There are still a lot of big pods on the trees and the mid-crop looks good," said Claude Attesse, who farms near Bongouanou, where 7.6 mm of rain fell last week, 5.8 mm above the five-year average.

Top News - Metals

China's Dalian commodity exchange excludes iron ore from fee waivers
China's Dalian Commodity Exchange (DCE) has excluded iron ore, coking coal and coke from its latest waivers on commission fees, according to traders and a state-backed media report, a move market players say could be aimed at reining in speculation.
The exchange said on Friday it would waive or reduce some commission fees market participants incur in executing transactions and other processes from Jan. 9 to the end of the year, without specifying the products affected.
The DCE on Monday sent out another notice to members saying the waiver will exclude iron ore, coking coal and coke futures, according to one futures broker who received the notice and a report by a news agency associated with state-owned newspaper Securities Times.
The waiver has a general rule of reducing transaction fees for futures and options by 30%, according to the trader and the report.
The DCE did not immediately reply to a Reuters request for comment.
"The exclusion of iron ore might aim to avoid a drastic price volatility and rein in speculation on iron ore and other products," said the trader, who required anonymity due to the sensitivity of the matter.
Prices of iron ore, a key steelmaking ingredient, have been relatively volatile, with the most-traded futures contract on the DCE rising 50% to its high for last year of 998.5 yuan ($139.47) a metric ton on Nov. 23 from the year's low of 665.5 yuan a ton on May 26.
The DCE typically curbs overheated speculation through raising margin requirements and transaction fees, and limiting positions.
Other bourses in China including the Zhengzhou Commodity Exchange, Shanghai Futures Exchange and Guangzhou Futures Exchange have also issued statements since Friday waiving and reducing commission fees.
That has been widely interpreted by analysts as a move to lower the cost of participation in the derivatives markets.

COLUMN- Alumina price panic a sign of future aluminium volatility: Andy Home
The new year started with a bang in the Chinese alumina market.
The Shanghai Futures Exchange (ShFE) price for the product that sits between bauxite and metal in the primary aluminium production chain jumped 30% over the last two weeks of December, peaking at a Jan. 3 high of 3,838 yuan per metric ton.
The distant trigger for the supercharged rally was a Dec. 18 explosion at an oil terminal in Conakry, the capital of Guinea, which is a major bauxite supplier to China's alumina refineries.
The price panic quickly subsided as it became clear there will be no prolonged disruption to shipments from the

MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$70.93 / bbl	0.23%	-1.00%
NYMEX RBOB Gasoline	$2.06 / gallon	0.27%	-2.18%
ICE Gas Oil	$760.25 / tonne	1.27%	1.27%
NYMEX Natural Gas	$2.98 / mmBtu	0.03%	18.58%
Spot Gold	$2,035.89 / ounce	0.40%	-1.29%
TRPC coal API 2 / Dec, 24	$102.55 / tonne	5.85%	5.72%
Carbon ECX EUA	€71.46 / tonne	-1.33%	-11.09%
Dutch gas day-ahead (Pre. close)	€31.40 / Mwh	-8.72%	-1.41%
CBOT Corn	$4.67 / bushel	-0.11%	-3.51%
CBOT Wheat	$6.10 / bushel	0.04%	-4.69%
Malaysia Palm Oil (3M)	RM3,704 / tonne	0.30%	-0.46%
Index	**Close 08 Jan**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	299.36	-1.56%	-0.68%
Rogers International	25.93	-1.95%	-1.50%
U.S. Stocks - Dow	37,683.01	0.58%	-0.02%
U.S. Dollar Index	102.20	-0.01%	0.86%
U.S. Bond Index (DJ)	422.89	0.57%	-1.82%

West African country, but the incident highlights both the growing Chinese dependence on Guinean bauxite and an emerging new source of volatility in aluminium pricing.

GROWING DEPENDENCE

China's imports of Guinean bauxite have climbed over the past few years as the African country has emerged as a major supplier of the raw material required by the world's alumina refineries.

China imported only 334,000 tons of Guinean bauxite as recently as 2015, making it a small part of an import mix dominated by shipments from Malaysia and Australia.

The tally over the first 11 months of 2023 was 91 million tons and the Guinean share of total bauxite imports was 70%.

This growing dependency helps explains the oversized price reaction to events in Conakry, which threatened to disrupt transport of bauxite from the country's mines to its main shipping terminals.

It didn't help that the Chinese aluminium raw materials market was already tight.

Supply from bauxite mines in the north of China was disrupted over the back end of 2023 because of closures for government inspections.

Several alumina refineries have also had to close or curtail operations to meet energy and emissions targets.

The combination of government controls and less domestic bauxite had already taken out more than six million tons of annual alumina capacity in China, according to local data provider Shanghai Metal Market.

The Guinea scare tipped the local market into full panic mode, though there is no indication that the country's mining operations were affected or that shipping will suffer significant disruption.

NEW MARKET

It's not the first time the alumina market has suffered a supply scare. What's different this time, though, is the existence of an alumina futures market in Shanghai.

ShFE launched its alumina product in June last year, which has injected an extra dose of volatility into the pricing mix.

The price spike was accompanied by a surge in trading volumes, with 1.3 million contracts - equivalent to 25 million tons - changing hands on Jan 3. Cumulative volumes this month have already exceeded 68 million tons.

It's clear that the Guinean news has generated a major realignment of hedge positioning and sucked in speculative interest to the fledgling contract.

This is a booster for the Shanghai exchange. Both the London Metal Exchange (LME) and the CME have listed alumina contracts, but neither has prospered.

The LME contract started trading in October 2019 but after a flurry of early interest it hasn't traded at all for the past three years.

The CME product was launched in 2016 and fared better until volumes dried up last May. Open interest slumped to only 50 contracts at the end of the year.

This is not entirely surprising since the spot market outside of China is minimal, with most volumes locked into annual supply contracts.

NEW VOLATILITY

While the ShFE's new product seems set to become the leading price indicator for the alumina market, it also represents a new source of volatility for the whole aluminium supply chain.

The spike in alumina prices generated an echo effect on the Shanghai primary aluminium contract, which rallied to its highest in nearly two years amid a noticeable pick-up in trading volumes.

The ripple effect spread from Shanghai to the London market, where LME three-month aluminium surged to $2,400 a ton for its highest since April.

Aluminium prices have swiftly fallen back as the threat of serious disruption to Guinean bauxite supplies has receded.

The Shanghai alumina price has also given back some its gains, at 3,410 yuan it is still trading at elevated levels relative to prices before the Conakry fire.

The Chinese market, it seems, is still trying to price its growing sensitivity to events on the west coast of Africa.

The rest of the world may also need to re-evaluate how aluminium prices can be rocked by moves on the new Shanghai alumina contract.

Top News - Carbon & Power

Shell signs 20-year purchase deal with Canadian Ksi Lisims LNG project

Global gas giant Shell has agreed to buy two million metric tons of liquefied natural gas (LNG) per year from Ksi Lisims LNG, partners in the proposed Canadian project said on Monday.

British Columbia's Pacific coast is close to Canada's vast Montney shale field and has a relatively short shipping distance to Asian markets.

Natural gas is in high demand from Asia to replace coal, which creates higher emissions. But an expected ramp-up in global LNG production risks creating a supply glut after 2025, the International Energy Agency said in October.

Ksi Lisims would be one of Canada's first LNG export facilities if built and its second-largest, but it has not yet passed all regulatory hurdles.

Shell is looking to increase its LNG volumes by 20% to 30% by the end of the decade and leads the LNG Canada project under construction in British Columbia (B.C.). That project would produce 14 million metric tons of LNG a year with shipments beginning in 2025.

Ksi Lisims, a co-development of the Nisga'a Nation, Rockies LNG Partnership and Western LNG, would produce 12 million metric tons of LNG annually from two floating LNG production and storage facilities. Exports may start in late 2028.

Western CEO Davis Thames said the project expects to announce more sales agreements in the coming months but has not decided how much of its total production it will commit to contracts.

The facilities would run on hydro-generated electricity to

become net-zero emissions by 2030 as required by the B.C. government. That plan depends on utility BC Hydro expanding transmission lines to serve LNG and mining projects in northwest B.C.
Ksi Lisims applied to the B.C. government for an environmental certificate in October and may receive a decision by year-end, Thames said.
Rockies LNG, another partner, is a group of natural gas producers including Tourmaline and Ovintiv.
LNG Canada's first phase is expected to open mid-decade and the company is considering sanctioning a second phase.
Woodfibre LNG, owned by Pacific Energy and Enbridge is the other B.C. export facility entering construction.
Woodfibre, which will produce 2.1 million tons annually, has agreements to sell most of its LNG to BP.

Norway's Statkraft to invest up to $6.6 bln in hydro, wind power

Norway's state-owned renewable power producer Statkraft on Monday said it plans to invest up to 6 billion euros ($6.56 billion) to upgrade its domestic hydro and wind power facilities and to build new onshore wind farms. The plans would double Statkraft's current output from wind farms and boost the effect of the company's hydro power plants, adding some 3 terrawatt hours (TWh) of additional electricity output, the company told a press conference in Oslo.
Statkraft will spend between 1.8 billion and 3 billion euros on upgrades of hydroelectric plants, between 1.2 billion and 2 billion euros to rehabilitate older dams and plants and some 1 billion euros on renewal and construction of onshore wind farms.
"All projects will depend on a predictable regulatory framework, getting the necessary concessions, the level of power demand, and a good dialogue with local communities," Nordic operations chief Birgitte Ringstad Vartdal said in a statement.
Norway has traditionally enjoyed a healthy electricity supply surplus but this is expected to all but disappear as early as 2028, as demand growth from electrifying industry and transport is set to outpace new generation additions.
Statkraft previously announced plans to upgrade its Mauranger hydro plant in western Norway but many other projects were put on hold after the Norwegian government's decision in 2022 to curb profits during Europe's energy crisis.

Top News - Dry Freight

Russian wheat export prices edge up over last two holiday weeks

Export prices for Russian wheat have increased slightly over the last two holiday weeks, while market activity has remained low, analysts said on Monday.
The price of 12.5% protein Russian wheat scheduled for free-on-board (FOB) delivery in February was $244 per metric ton, up $1 from the level two weeks ago, the IKAR agriculture consultancy reported.
"The level of demand is relatively low, and the price level of our supply remains high," said the head of IKAR, Dmitry Rylko, noting that the impact of severe frosts in central Russia and the Volga region on the state of winter crops has not yet been taken into account by the market.
There has been no significant increase in the pace of grain shipments from Black Sea ports, which had fallen sharply due to stormy weather, Rylko added.
The export sunflower oil price remained at $780 per ton FOB, the same level as two weeks ago, IKAR said.
The Sovecon agriculture consultancy, in its pre-New Year forecast, estimated wheat exports from Russia in December at 3.7 million tons compared with 4.1 million tons a year ago.
The Russian government in late December approved quotas for exports of Russian grain next year totalling 24 million tons, down from 2023's 25.5 million ton level. The export quota for wheat and meslin, rye, barley and corn will be effective from Feb. 15 to June 30.
The Russian Union of Grain Exporters said the Russian grain exports from the beginning of the season to mid-December stood at a record-high, estimating it at 30.8 million tons (+33% to the previous crop year), of which 23.7 million tons (+23%) was wheat.
According to Sovecon data as of the end of December, the sowing of winter grains was carried out on 18.6 million hectares, up from 17.7 million hectares last year.

Ukraine grain exports down more than 4 mln tons year on year

Ukraine's grain exports so far in the 2023/24 July-June marketing season have fallen to about 19.4 million metric tons from almost 23.6 million tons at the same stage last year, agriculture ministry data showed on Monday.
The volume exported this season includes 7.8 million tons of wheat, 10.3 million tons of corn and 1.2 million tons of barley.
By Jan. 9 of the previous season, Ukraine had exported 8.6 million tons of wheat, 13.3 million tons of corn and 1.7 million tons of barley.
So far in January, Ukraine has exported 1.03 million tons of grain, the ministry data showed.
Ukraine has traditionally shipped most of its exports through its deep water Black Sea ports.
The Ukrainian government expects a harvest of 81.3 million tons of grain and oilseeds in 2023, with its 2023/24 exportable surplus totalling about 50 million tons.

Picture of the Day

A wind turbine is shrouded in fog at the Low Carbon Energy Generation Park on the Keele University campus, Keele, Staffordshire, Britain, November 11, 2023. REUTERS/Carl Recine

(Inside Commodities is compiled by Jerin Tom Joshy in Bengaluru)

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