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Top News - Oil

US oil imports from Canada hit record ahead of tariff threat, EIA data shows

U.S. crude oil imports from Canada rose last week to the highest on record, data from the U.S. Energy Information Administration (EIA) showed on Wednesday, ahead of incoming U.S. president Donald Trump's plans to levy a 25% tariff on Canadian imports.
Trump, who has long complained about Canada's trade surplus with the U.S., on Tuesday threatened to use economic force to turn Canada into the 51st U.S. state.
He previously said he will apply tariffs on imports from Canada and Mexico immediately after his inauguration on Jan. 20.
Canada has been the top source of U.S. oil imports for many years, and supplied more than half of the total U.S. crude imports in 2023. Many U.S. oil refiners, especially in the Midwest, are geared specifically to run heavier crude oil grades sourced from Canada.
U.S. crude oil imports from Canada rose by 689,000 barrels a day in the week ended Jan. 3 to 4.42 million barrels a day, the highest in records going back to June 2010, the EIA data showed. That was the biggest week-over-week jump in imports from Canada since the week ended July 12, 2024.
"Canada obviously matters a lot, and there's a lot of two-way trade," said Josh Young, chief investment officer at Houston, Texas-based investment firm Bison Interests.
Total U.S. imports of crude oil fell by 498,000 bpd to 6.43 million bpd last week, the lowest in a month, EIA data showed.
The jump in imports from Canada could also be due to strong Canadian output, Kpler analyst Matt Smith said.
He noted that Canadian onshore stockpiles have risen from a 4-year low in October, even as exports from the Westridge terminal at the Port of Vancouver, supplied by the Trans Mountain pipeline, have been steady.

Saudi crude oil supply to China set to fall in Feb vs Jan, sources say

Saudi Arabia's crude oil supply to China is set to decline in February from the prior month, trade sources said on Thursday, after the kingdom hiked its official selling prices to Asia for the first time in three months.
State oil firm Saudi Aramco will ship about 43.5 million barrels in February to China, a tally of allocations to Chinese refiners showed, down from January's 46 million barrels, a three-month high.
China's state majors CNOOC and PetroChina and private refiner Hengli Petrochemical will be lifting less crude in February, while Saudi Aramco will increase its supply to Sinopec and Sinochem, they said.
Earlier this week, Aramco raised the official selling price (OSP) for flagship Arab Light crude by 60 cents to $1.50 per barrel above the Oman/Dubai benchmark average.
The increase in Arab Light prices for Asia came slightly higher than market forecast.
Saudi Arabia is the No. 2 crude supplier to China after Russia.

Top News - Agriculture

Dry spell puts southern Brazil soy farmers on alert as rains pound central regions

Dry weather is limiting soybean development in Brazil's southernmost state, putting farmers on alert there at the same time as excessive rain is set to disrupt early harvest work in central areas of the country, according to meteorologists.
Expectations for the 2025 soy harvest in Brazil, the world's largest producer and exporter, are sitting above 170 million metric tons. But output in Rio Grande do Sul, where rains have been scarce, is essential for achieving the target, which would be a record, according to some private consultancies.
"Some areas have gone more than 15 to 20 days without significant showers, and soybean development is starting to be somewhat compromised," said agrometeorologist Loana Cardoso, from Rio Grande do Sul's agriculture agency Seapi.
The state, which borders drought-stricken and large grain producer Argentina, could harvest more than 20 million tons if the most upbeat forecasts are confirmed.
"We are not yet in the critical periods of the crop... but we are in a state of alert," Cardoso said.
Rural Clima agrometeorologist Ludmila Camparotto said the state's northwestern region, one of the most relevant, is not expected to have rains in the next 12 to 15 days.
Alexandre Nascimento, managing partner and meteorologist at Nottus, said regular rains should return after Jan. 20 and be more frequent through February.
There are also concerns about excessive rainfall disrupting the start of the Center-West harvest, said Nascimento and Rural Clima's Camparotto.
In the northeastern region of Rio Grande do Sul, accumulated rainfall over the next ten days will exceed, at best, 20 millimeters, while in the behemoth farm state of Mato Grosso, some areas will receive around 170

millimeters, according to LSEG data.
Nottus' Nascimento confirmed expectations of heavy rainfall in the first half of the year in central Brazil.
"The crops that would already be harvested during this period will probably have problems due to wintering," he said.

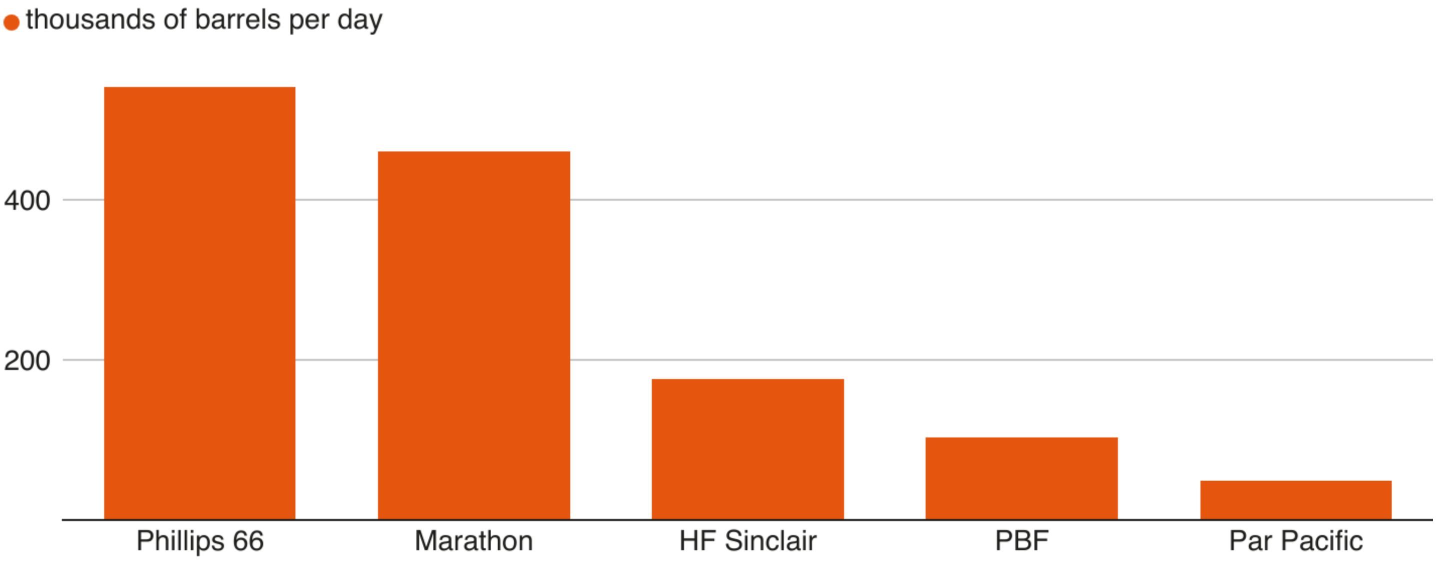
Indonesia curbs exports of used cooking oil, palm residue to help domestic users

Indonesia has clamped down on exports of used cooking oil (UCO) and palm oil residue to ensure supply to domestic cooking oil and biodiesel industries, the government said in a new regulation on Wednesday.
The step by the world's top producer and exporter of palm oil aims to help attain a new mandate starting from this year, of mixing 40% of palm oil-based fuel with diesel fuel, called B40, up from 35% previously, it said.
Authorities in Indonesia have been looking into ways to curb UCO exports, but the extent of the tightening was not immediately clear.
Last month, an official alleged that some cooking oil sold under a government programme called "Minyakita" had been mislabelled as UCO and shipped overseas for biodiesel feedstock, media said.
The new regulation, which takes effect immediately, requires all exporters of palm oil residue and UCO, including palm oil mill effluent (POME), to acquire an export allocation from the government.
Such allocations will be set at a meeting of officials of ministries such as trade and that which coordinates food affairs.
POME can be used to produce biogas, fertiliser, and fuel.
Indonesia's exports of UCO and palm oil residue from January to November 2024 stood at 3.95 million metric tons, down 13.75% from the corresponding 2023 period, data from Statistics Indonesia showed.
However, government officials have repeatedly said there were signs of scarcity of the Minyakita product, citing retailers' sale of such items at about a tenth higher than the government's maximum retail price.
Indonesia mandates all palm oil exporters to sell some of their crude palm oil domestically at a capped price to be made into Minyakita cooking oil, which is then sold at a regulated, affordable price.
Some in the palm oil industry have expressed concern the B40 mandate could disrupt exports.

Chart of the Day

Biggest U.S. importers of Canadian crude

Over the past 12 months, U.S. refiners have run more than 4 million barrels per day of Canada's crude, which makes up more than a fifth of all the oil that U.S. refineries process. About 70% of those Canadian barrels were run by Midwest U.S. refiners that supply an area that includes Chicago and Detroit.



The data only includes major independent refiners in the U.S.
• Source: TPH&Co.

Top News - Metals

EXCLUSIVE-Copper output at Chile's Codelco rose to 1.328 million tons in 2024, document shows

Copper production from Chile's Codelco, the world's largest producer of the red metal, reached 1.328 million metric tons last year, according to an internal document seen by Reuters on Wednesday.

The closely watched final number had not previously been reported but Chairman Maximo Pacheco said earlier this weekthat 2024 output was "slightly higher" than the 1.325 million tons produced in 2023.

Faced with declining ore grades, accidents and mistakes at major construction projects, Codelco has been struggling to boost production from 25-year lows and revved up production at the end of the year to hit its 2024 target.

COLUMN-Global seaborne iron ore had a good 2024, but it's all China: Russell

The world's imports of seaborne iron ore rose a modest 3.6% to a record high in 2024, but the increase was almost entirely driven by China, the world's biggest buyer of the key steel raw material.

Global seaborne imports of iron ore were 1.707 billion metric tons in 2024, up 60 million tons from the 1.647 billion in 2023, according to data compiled by commodity analysts Kpler.But of that 60 million ton increase, 59.1 million tons were accounted for by China, as its seaborne imports rose 4.9% to 1.274 billion tons.

This means China's seaborne imports of iron ore will be at a record high in 2024, a fact that looks somewhat incongruous with the likely decline in steel production.

Official data showed that crude steel output in the first 11 months of 2024 was 929.19 million tons, down 2.7% from the same period in 2023. Given that December is likely to have been a soft month for steel production given winter shutdowns and lower seasonal demand, it's likely that full-year output will drop in 2024 from 2023.

Nonetheless, China's steel production will come in around the 1 billion ton level for 2024, marking the sixth straight year it has been around this volume.

With China's steel output effectively flatlining since 2019, the question for the market is why iron ore imports gained in 2024.

There is likely some element of replacing lower-quality domestic production, but the main drivers are probably the lower price trend over the year and the rebuilding of inventories.

PRICE TREND

The price of iron ore contracts traded on the Singapore Exchange had their 2024 peak very early in the year, hitting $143.60 a ton on Jan. 3.

They then declined to a low of $91.10 a ton by Sept. 10, before recovering to end the year at $103.61.

But the 28% drop over the year was likely enough to prompt Chinese steel mills and traders to increase purchases, especially in the second half of the year when prices were lower than in the first half.

The price has had a soft start to 2025, dropping to $97.36 a ton on Wednesday.

This decline is more sentiment driven, given worries about the trade policies of the incoming U.S. administration under President-elect Donald Trump, with the threat of tariffs of up to 60% hanging over steel-intensive industries such as manufacturing.

China has also been rebuilding inventories, with port stockpiles monitored by consultants SteelHome ending last year at 146.85 million tons, up from 114.5 million at the end of 2023.

That gain of 32.4 million tons is slightly more than half of the total increase in seaborne imports, underscoring the significance of inventory building to China's iron ore demand in 2024.

The outlook for China's iron ore and steel sectors is clouded by uncertainty over what actual policies the new Trump administration will implement, and how China and other affected countries will respond.

Like other commodity markets, iron ore is largely in a wait-and-see mode ahead of Trump's return to office on Jan. 20.

EUROPE, MIDDLE EAST

The same uncertainties will also weigh on iron ore demand outside China, but there are some established trends that are likely to continue.

Demand in the developed countries of Europe is likely to continue to soften, after 2024 imports dropped to 85.12 million tons from 88.40 million in 2023, with much of the decline concentrated in the United Kingdom.

Japan, the world's second-biggest importer, also saw a decline with 2024 seaborne arrivals coming in at 88.19 million tons, down from 98.71 million the prior year.

Offsetting the lower imports in Europe and Japan were increases in smaller buyers, especially those in the Middle East and North Africa.

Overall, while the composition of seaborne iron demand ex-China is shifting, it's likely that the volumes will remain more or less steady, with the caveat of Trump's policies having only a mild impact on global growth.

Top News - Carbon & Power

European wind stocks take beating after Trump calls turbines 'garbage'

European wind power stocks fell on Wednesday after U.S. President-elect Donald Trump said he would try to ensure that "no windmills" are built on his watch, criticising the sector less than two weeks before he is due to take office.

Trump's latest swipe against the industry raises concerns about how the U.S. wind market, the world's second-biggest after China, will develop in his second term, causing investors of companies with skin in the game to sell.

Shares in the world's two biggest offshore wind farm developers - Denmark's Orsted and Germany's RWE - as well as turbine makers Siemens Energy, Nordex and Vestas closed 2.4%-7.4% lower.

"It's the most expensive energy there is. It's many, many times more expensive than clean natural gas so we're going to try and have a policy where no windmills are being built," Trump said of wind energy at a press conference at his Florida resort late on Tuesday, calling wind turbines a disaster.

"They litter our country, they're littered all over our country like dropping paper, like dropping garbage in a field ... They're rusting, rotting, closed, falling down ... And they put new ones next to them because nobody wants to take them down, because why should they take them down? It's very expensive to take them down."

DNB Markets analyst Douglas Lindahl said it was unclear how Trump would implement his plans given wind power's relevance in large Republican states, such as Texas. Trump has been highly critical of efforts under current President Joe Biden to boost the U.S. green technology sector via the Inflation Reduction Act, creating a major growth prospect for players from the solar, wind and hydrogen sectors.

The fear of regulatory changes in Trump's second term has already caused companies to scrap, adjust or delay expansion plans, with offshore wind being a regular target of his criticism.

Germany's Siemens Energy, the world's largest maker of offshore wind turbines with substantial business in the United States, said turbines installed off coasts were just one part of its portfolio.

"The vast majority of our current offshore projects are in Europe, where we also see the biggest market demand," it said in response to Reuters questions.

MARKET MONITOR as of 07:31 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$73.38 / bbl	0.08%	2.31%
NYMEX RBOB Gasoline	$2.05 / gallon	0.38%	1.86%
ICE Gas Oil	$700.25 / tonne	0.94%	0.72%
NYMEX Natural Gas	$3.61 / mmBtu	-1.18%	-0.69%
Spot Gold	$2,665.15 / ounce	0.12%	1.58%
TRPC coal API 2 / Dec, 25	$110.5 / tonne	1.61%	-0.76%
Carbon ECX EUA	€72.28 / tonne	0.15%	-0.99%
Dutch gas day-ahead (Pre. close)	€45.80 / Mwh	-3.74%	-5.66%
CBOT Corn	$4.62 / bushel	-0.22%	-0.91%
CBOT Wheat	$5.50 / bushel	0.23%	-2.27%
Malaysia Palm Oil (3M)	RM4,265 / tonne	-2.04%	-4.11%
Index	**Close 08 Jan**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	357.94	-0.62%	0.32%
Rogers International	29.86	0.40%	2.23%
U.S. Stocks - Dow	42,635.20	0.25%	0.21%
U.S. Dollar Index	109.13	0.04%	0.59%
U.S. Bond Index (DJ)	432.06	0.17%	-0.91%

Constellation Energy nearing $30 billion deal to acquire Calpine, sources say
Constellation Energy is nearing a roughly $30 billion deal to acquire power producer Calpine, people familiar with the matter said on Wednesday, a move that would significantly expand Constellation's generation assets at a time of rising U.S. power demand.
The transaction could be announced as early as Monday, said the people. Constellation is expected to pay mostly stock, with a small cash component, said one, adding the purchase price would include around $12 billion of Calpine debt which the buyer will absorb.
The deliberations are ongoing, the sources said, cautioning that while the talks are advanced, a deal is not guaranteed. Constellation and Calpine did not respond to comment requests. Shares of Constellation, which have more than doubled over the past year, closed down 4.6% on Wednesday, following news of talks with Calpine. The company has a market value of around $76 billion.
Reuters was first to report in May that the private equity owners of Calpine were considering various options, including a sale of the company, at a valuation of about $30 billion, including debt.
If the talks are successful, a takeover of Calpine would rank as the biggest in the U.S. power industry since TXU Corp's $45 billion leveraged buyout in 2007.
For Constellation, a successful acquisition would add significant gas-fired power generation to its existing mix, which is around 60% nuclear and also includes some gas, renewables and oil, according to its website.
It would also broaden Constellation's geographic footprint outside of its traditional focus areas of the northeast and Midwest: Calpine has a dozen power plants in Texas, as well as numerous generation assets on the West Coast.
The news comes as the boom in artificial intelligence and data centers is driving power demand higher, making generation assets increasingly attractive to buyers. For investors with long-standing bets on the power industry, the backdrop is allowing them to exit profitably.
Calpine was taken private in 2017 by buyout firm Energy Capital Partners, Canadian pension fund CPP Investments and Access Industries for a total of $17 billion, including debt.
Both Constellation and Calpine are independent power producers and, unlike regulated utilities, can sell power at market prices, allowing them to profit more when demand rises. U.S. power demand is forecast to hit a record this year, building on an expectation of record demand in 2024, according to the U.S. Energy Information Administration. A government-backed report last month said power demand from data centers was expected to triple in the next three years, and consume as much as 12% of the country's electricity. Bloomberg reported on Constellation's talks with Calpine earlier on Wednesday.

Top News - Dry Freight

Ukraine export regime hit Dec farm exports, ministry says
Ukraine saw a slump in December farm exports after introducing an export regime aimed at curbing tax avoidance on agricultural commodities, the agriculture ministry told Reuters on Wednesday. On Dec 1 the government introduced minimum export prices, imposed new controls over shipments by the country's tax and customs services, and limited export authorisation to those firms which pay value-added tax. The aim was to prevent exporters from using artificially low export prices to avoid paying tax, a practice that hurts the national coffers. "The (drop in) volume of agricultural exports in December 2024 compared to December 2023 is the result of exporters adapting to the new export conditions," the ministry said in a written comment, without providing figures for the month. Ukraine's UGA traders union said on Wednesday that key farm commodity export volumes in December fell by almost 35% year on year. The union said wheat shipments showed the biggest drop. Ukraine is a global producer and exporter of grains, oilseeds and vegetable oils, but production has fallen sharply since Russia's 2022 invasion. UGA data showed that combined grain, oilseed and vegetable oil exports totalled almost 4.7 million metric tons in December 2024, down from 7.2 million a year earlier. Wheat exports fell to 789,000 tons from 1.84 million, while shipments of corn fell to 2.50 million tons from 3.12 million, the data showed. The Farm Ministry said exports were also down this month, with a Jan. 1-8 total of 705,000 tons versus 1.03 million in the same period a year ago. For the 2024/25 July-June season so far, the ministry said on Wednesday said Ukraine's grains exports had risen to 22.44 million tons from 19.42 million a year earlier.

South Korea’s KFA Busan bought 65,000 T corn in private deal, traders say
The Korea Feed Association (KFA) in South Korea purchased an estimated 65,000 metric tons of animal feed corn in a private deal on Wednesday without issuing an international tender, European traders said.
The corn was bought by the KFA’s Busan section and was believed to have been purchased from trading house United Grain Corporation at an estimated $238.40 a ton cost and freight (c&f) plus a $1.50 a ton surcharge for additional port unloading for arrival in South Korea around March 20. If sourced from the U.S. Pacific Northwest coast, shipment was between Feb. 5 and March 5. Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.
The deal continued brisk corn purchasing by Korean importers on Wednesday amid lingering concern about dryness damaging corn crops in Argentina and ahead of monthly world agricultural supply and demand estimates from the U.S. Department of Agriculture (USDA) on Friday.

Picture of the Day

Tomas McCarthy drives a quad bike with his sheepdog after feeding his sheep in Killoughternane, Carlow, Ireland, January 8. REUTERS/Damien Eagers

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

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