

[Oil](#) | [Agriculture](#) | [Metals](#) | [Carbon & Power](#) | [Dry Freight](#)*Click on headers to go to that section***Top News - Oil****US oil output to touch a record high in 2024, but growth will slow - EIA**

U.S. crude production will hit records over the next two years but grow at a slower rate, the U.S. Energy Information Administration (EIA) said on Tuesday, as efficiency gains offset a decline in rig activity.

The rise in U.S. output comes as the Organization of the Petroleum Exporting Countries and its allies are cutting their own output in a bid to boost oil prices.

U.S. crude production will rise by 290,000 barrels per day (bpd) to a record 13.21 million bpd this year, the EIA said in its Short-Term Energy Outlook (STEO).

The EIA forecast OPEC+ production, excluding Angola which left the bloc in January, would fall by 620,000 barrels per day to 36.44 million barrels per day next year. That was down from a five-year average of 40.2 million bpd before the Covid-19 pandemic.

A Reuters survey on Friday found that oil output by the members of the Organization of the Petroleum Exporting Countries (OPEC) rose in December as increases in Angola, Iraq and Nigeria offset continuing cuts by Saudi Arabia and others in the wider OPEC+ alliance.

Worries of rising supply and weak demand for light crude also pushed Saudi Arabia to cut the February official selling price (OSP) of its flagship Arab Light crude to Asia to the lowest level in 27 months.

While U.S. production is set to climb to new records in 2024 and 2025 due to well efficiencies, the growth is set to slow from the 1 million bpd growth in 2023 due to lower drilling activity.

Prices for global benchmark Brent crude is expected to average \$82 per barrel in 2024 and \$79 in 2025, close to the 2023 average of \$82, EIA said.

"Although we expect OPEC+ to restrict production to prevent prices from falling, we still anticipate global production to exceed consumption by mid-2025 and therefore for petroleum inventories to increase," the agency wrote in its report.

EIA cautioned that heightened tensions in the Middle East and attacks on ships in the Red Sea could disrupt trade flows and push up prices.

Oil prices climbed over 2% on Tuesday as the Middle East crisis and a Libyan supply outage pared the previous day's heavy losses. Brent crude futures were trading around \$77.91 a barrel, while U.S. West Texas Intermediate futures were trading at \$72.72 a barrel.

On the demand side, the agency expects growth in global liquid fuels consumption to be 1.4 million bpd in 2024 and

1.2 million in 2025, lower than the 1.9 million bpd growth in 2023 due to a weaker Chinese economy, increasing vehicle fleet efficiency, and an end to pandemic recovery-related growth in 2023.

**Indian refiners set to ask for extra Saudi oil after sharp price cut**

Two Indian state refiners are seeking to boost imports of Saudi crude oil after the kingdom cut the official selling price of its key export grade for February to the lowest in 27 months, company sources said.

Indian Oil Corp, the country's top refiner, and Bharat Petroleum Corp, are looking at lifting an additional 1 million barrels of oil each from Saudi Aramco in February, the sources said.

Saudi Aramco typically notifies Asian buyers of their monthly crude allocations by the 10th of every month. Indian oil companies did not respond to Reuters emails seeking comments, while Saudi Aramco declined to comment. IOC is seeking more oil from Saudi Arabia and West Africa partly as it is facing problems in buying Russian light sweet crude Sokol because of challenges in payments, one of the sources said.

India, the world's third-biggest oil importer and consumer, has been gorging on Russian crude, sold at a discount after western nations shunned purchases from Moscow. That led to Russia becoming top oil supplier to India, knocking Iraq and Saudi Arabia to second and third place, data obtained from trade sources showed.

Washington last month sanctioned ships and vessel operators for the sale of Russian oil at above the \$60-per barrel cap set by the Group of Seven nations and tightened rules, including heightened scrutiny by banks and service providers to ensure that cargoes do not breach the price cap.

Following the sanctions, several tankers meant to deliver Sokol crude to India have been diverted in the past two months depressing India's Russian oil imports in December to an 11-month low.

India's oil minister Hardeep Singh Puri recently said that the decline in India's import of Russian oil was due to unattractive prices and not payment issues.

IOC used to receive 6-7 cargoes of Sokol oil every month under its annual deal with Rosneft.

The refiner may ask for additional supplies under its term deals with West African producers Nigeria and Angola to make up for loss in Russian oil supply, the source said.

**Top News - Agriculture****Argentina rains and mild temperatures to benefit soy, corn**

Argentina's 2023/24 soybean and corn crops will see a boost in January due to rains and moderate temperatures

for the Southern Hemisphere summer, the Buenos Aires Grains Exchange said in its monthly weather report on Tuesday.

Argentina is one of the world's top exporters of soybean

oil and meal, and the third-largest exporter of corn. In recent months, its planting areas have soaked up ample rainfall caused by the climate phenomenon known as El Nino, which brings increased precipitation to the country. Recent storms - which left more than a dozen people dead in December - were a boost for the soy and corn crops, which the Rosario grains exchange sees at 50 million metric tons and 56 million metric tons, respectively. The Buenos Aires exchange has not updated its projections since September when it estimated the soy crop at 50 million tons and the corn crop at 55 million tons.

In January, "rainfall will likely continue to replenish soil moisture reserves, and temperatures will remain moderate with a low risk of intense heat, which will improve harvest projections," the Buenos Aires exchange said in its report.

Rains should begin to taper off at the end of the summer, in March, while temperatures are expected to increase, the exchange said.

Argentine farmers are currently wrapping up soy and corn planting and nearing the end of the 2023/24 wheat harvest, which the exchange sees at 15.1 million tons.

**Indian coffee exports set to surge thanks to global price rally**

India's coffee exports are likely to rise as much as 10% in 2024 as a rally in global prices prompts European buyers to pay premiums in order to increase purchases from the country, industry officials told Reuters.

The South Asian country - famous as a tea producer - is

also the world's eighth-largest coffee grower, mainly churning out the robusta beans used to make instant coffee. It also produces some of the more expensive arabica variety.

"The demand for Indian coffee, particularly robusta beans, is strong due to firm global prices resulting from production issues," said Ramesh Rajah, president of the Coffee Exporters' Association of India, predicting a rise in exports this year of up to 10%.

Robusta coffee is trading near its highest in at least 15 years as Vietnam, the world's biggest producer, is expected to produce less in 2023/24 than the previous season.

India exports three quarters of its production mainly to Italy, Germany and Belgium.

Indian coffee typically commands a premium over the global benchmark because it is grown under shade, hand-picked, and sun-dried. However, this year, premiums are higher than normal due to a production shortfall, exporters said.

Coffee exports in 2024 could jump to 298,000 metric tons from last year's 271,420 tons, said a Bengaluru-based dealer with a global trade house. Indian robusta cherry is fetching a premium of nearly \$300 a tonne over London futures because of strong demand, he said.

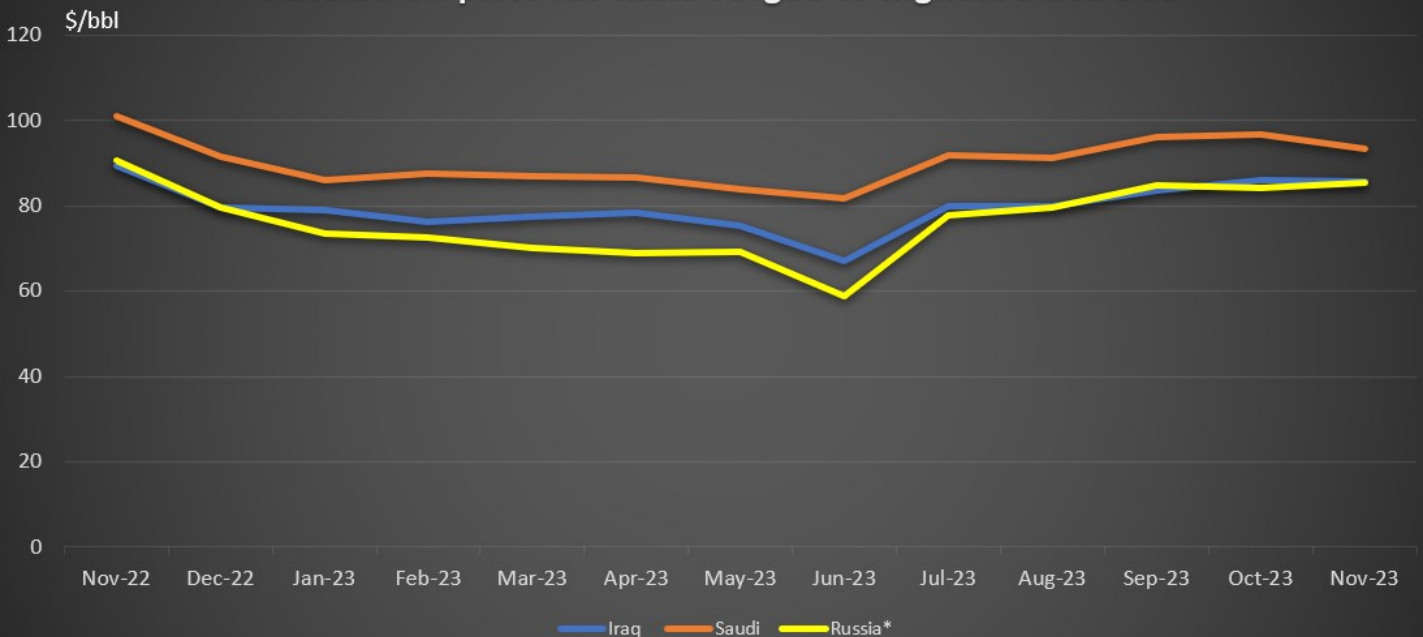
**WEATHER WOES**

While export demand is good, traders are waiting for supplies to increase, which could bring down local prices, the dealer said.

This season's robusta harvest is almost 20% complete,

**Chart of the Day**

**Russian oil price for India surged to highest since Dec**



\*Includes oil supplied via Greece, South Korea, Spain  
Source: Reuters calculation from govt data

although rainfall in recent days in growing areas has been disruptive, said M M Chengappa, a coffee grower from Kodagu, in top producing Karnataka state.

The state-run Coffee Board has estimated that India's production could rise to 374,200 tons in the 2023/24 season, which started on Oct. 1, up from last year's 352,000 tons. However, farmers are saying that rainfall is limiting the upside in production. "Torrential unseasonal

rain in the last few days, along with the rains in December, has caused a lot of fruit droppings," said Chengappa. Harvesting is also slowed by labour scarcity, despite offers of higher wages, said exporter Rajah. "Global prices are rising, but Indian farmers' income is not rising in the same proportion due to higher production costs. They need to spend more on inputs and wages," Rajah said.

## Top News - Metals

### Asian buyers profit from record discounts for near-term LME copper

Oversupply weighing on near-term prices of copper on the London Metal Exchange (LME) has created record discounts against longer-dated contracts and an opportunity for Asian buyers to purchase the metal cheaply, traders said.

The discount, or contango, for the cash copper over the benchmark three-month contract on the LME hit a record high of \$108 a metric ton on Jan. 8, while the discount over the February contract stands at \$58 a ton.

These discounts are being used by Asian buyers to negotiate lower prices with sellers of the metal used to make wire cable for the power and construction industries.

Expectations of tighter supplies due to disruptions including at First Quantum's Cobre mine in Panama and Anglo American and Vale cutting production guidance have done little to derail this trend.

"Regardless of any medium-term narrative, the copper market has been well supplied with light demand impacting," said Alastair Munro senior base metals strategist of Marex.

Copper buyers typically pay an average of the cash prices in the month after the month of arrival. But many buyers managed to settle 2024 contracts using an average price of the month when the copper arrives at their operations.

"It is a hard year for sellers and we have offered more flexibility in the payment period to Chinese clients," a copper trader said.

Given the discounts for the cash contract against the February contract, buyers who have negotiated to use the average of the month deliveries were made will pay more than \$50 a ton less for their copper. "This year we managed to (lock) in more supply priced for the month of

arrival," a major copper consumer source in Asia. Industry sources say output in China, which consumes more than half of the globally produced copper estimated at around 26 million tons this year. Domestic production rose due to growing smelting capacity. In October, China's refined copper production jumped 13.3% from the same period a year ago to 1.13 million tons.

### Norway parliament votes in favour of seabed mining, as expected

Norway's parliament on Tuesday voted in favour of allowing Arctic seabed mineral exploration, in line with a deal reached between the government and key opposition parties last month, overcoming objections from environmental campaigners. The decision comes as Norway hopes to become the first country to make deep-sea mining happen on a commercial scale and secure critical minerals and jobs despite concerns over the environmental impact and international calls for a moratorium. There is yet no set timeline for when exploration could begin, although the plan is to award companies exclusive rights to exploration and potential extraction from specific areas after an after application process. The process will be modelled on that established for Norway's oil and gas exploration, while matters such as taxation would be debated at a later stage, a policy maker told Reuters.

"We're now going to see if this can be done in a sustainable manner, and that is the step we have taken now," Energy Minister Terje Aasland told parliament. The amended version of the government's proposal, which was debated on Tuesday, sets stricter environmental survey requirements during the exploration phase than originally planned.

## Top News - Carbon & Power

### EXCLUSIVE-Colombia awards Parex Resources license for geothermal project

Colombia has awarded its first-ever license for developing a geothermal energy project to produce electricity to Canada's Parex Resources, according to a government resolution seen by Reuters on Tuesday.

Colombia has set its sights on developing renewable energy sources - such as solar, wind and geothermal - as part of President Gustavo Petro's goal to wean the major regional coal and oil producer off its dependence on fossil fuels.

However, the country has struggled to take certain projects over the line, including onshore wind farms in the

La Guajira province, which have been met with resistance from local Indigenous communities.

Geothermal power produces electricity by taking advantage of the earth's heat.

"Parex, as the holder of the exploitation permit, will carry out all activities at its own expense and risk and all the necessary steps for the development of the project will be (the company's) responsibility in accordance with the resolution," said the resolution, which was signed by Energy and Mines Minister Andres Camacho.

Parex Resources did not immediately respond to requests for comment. The project is located in Colombia's Casanare province at a site where Parex is

currently undertaking an oil and gas project, according to the resolution by the ministry of mines and energy.

The project is expected to produce between 15 and 60 kilowatts of electricity, with potential to expand to 120 kilowatts, the document said, adding that the license will run until September 2041.

The license follows an earlier geothermal pilot project developed by Parex Resources elsewhere in Casanare in 2021.

The company must comply with all technical and environmental requirements that are included in awarding the license, the resolution added.

### Portugal's Galp seeks to join formal complaint against US LNG exporter

Portugal oil and gas firm Galp has asked U.S. regulators to allow it to join BP and Shell's formal complaints against U.S. liquefied natural gas (LNG) exporter Venture Global LNG, a filing showed on Tuesday.

Shell and BP have asked the Federal Energy Regulatory Commission (FERC) to require Venture Global to disclose plant commissioning data to determine why commercial operation at Venture Global's Calcasieu Pass terminal is stalled.

Galp Trading, a unit of Galp Energia, said "no other party can adequately represent or protect its interests," in the dispute. It missed a FERC filing deadline and asked to join the two other European firms in petitioning for more details.

Venture Global's Calcasieu Pass export facility has been producing and selling LNG for more than 21 months while telling Galp, Shell, BP and others it cannot provide them with term-contract cargoes while the plant is in commissioning.

The customers have complained that this lack of access has cost them billions of dollars in lost sales.

Galp did not become aware of the FERC proceeding due to what it called administrative oversight, and was unable to file its intervention prior to the Jan. 2, documents show. Venture Global LNG's contract customers Shell, BP, Edison SpA, Polish state energy firm Orlen and Spain's Repsol have each filed contract arbitration claims against the Herndon, Virginia, exporter. Venture Global LNG did not immediately respond to a request for comment. It has previously said the letters to FERC by Shell and BP sought to bring a commercial dispute into the political arena.

"This unseemly behavior reflects BP and Shell's increasing lack of confidence in their contractual positions, and their complete disrespect for the U.S. regulatory process," spokesperson Shaylyn Hynes said at the time.

Venture Global LNG has become a major U.S. exporter of the superchilled gas since it started processing at its Calcasieu Pass, Louisiana, plant early in 2022. It has sold more than 200 cargoes of the gas under its own accounts without supplying BP and other long-term contract customers.

## MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$72.59 / bbl	0.48%	1.31%
NYMEX RBOB Gasoline	\$2.12 / gallon	0.92%	0.77%
ICE Gas Oil	\$779.75 / tonne	0.91%	3.86%
NYMEX Natural Gas	\$3.08 / mmBtu	-3.51%	22.43%
Spot Gold	\$2,030.80 / ounce	0.06%	-1.54%
TRPC coal API 2 / Dec, 24	\$102 / tonne	-0.54%	5.15%
Carbon ECX EUA	€72.40 / tonne	0.64%	-9.92%
Dutch gas day-ahead (Pre. close)	€31.00 / Mwh	-1.27%	-2.67%
CBOT Corn	\$4.70 / bushel	-0.37%	-2.94%
CBOT Wheat	\$6.20 / bushel	-0.44%	-3.09%
Malaysia Palm Oil (3M)	RM3,791 / tonne	1.58%	1.88%
Index	Close 09 Jan	Change	YTD
Thomson Reuters/Jefferies CRB	302.88	1.18%	0.49%
Rogers International	26.56	2.41%	0.87%
U.S. Stocks - Dow	37,525.16	-0.42%	-0.44%
U.S. Dollar Index	102.54	-0.03%	1.19%
U.S. Bond Index (DJ)	425.30	0.08%	-1.26%

## Top News - Dry Freight

### EU 2023/24 soft wheat exports down 11% by Jan 7

Soft wheat exports from the European Union since the start of the 2023/24 season in July had reached 15.84 million metric tons by Jan. 7, down 11% from a year earlier, data published by the European Commission showed on Tuesday.

EU barley exports totalled 3.17 million tons, up 3% from the corresponding period in 2022/23, while EU maize imports were at 9.03 million tons, down 43% from a year earlier.

However, the Commission said grain export data for Italy was missing since Dec. 20.

Tuesday's publication was the first in three weeks following a break for the Christmas and New Year holidays.

The Commission's latest figures showed Romania was still the biggest EU soft wheat exporter so far in 2023/24, with 4.07 million tons shipped, followed by France with 3.36 million, Poland with 2.34 million, Bulgaria at 1.67 million and Lithuania at 1.49 million.

EU wheat exports this season have been curbed by strong Russian competition, including in Algeria, though the gap compared with last season has narrowed in recent weeks, partly reflecting a run of French shipments to China.

### South Korea's NOFI buys around 135,000 T corn in tender

Leading South Korean animal feed maker Nonghyup Feed Inc. (NOFI) purchased about 135,000 metric tons of animal feed corn in an international tender on Tuesday,

European traders said. It was purchased in two consignments. One 67,000-ton consignment purchased was expected to be sourced from South America and was bought at an estimated outright price of \$251.49 per ton cost and freight (c&f) plus an extra \$1.75 a ton surcharge for additional port unloading. The seller was believed to be trading house CJ International. The corn is for arrival in South Korea around May 15 with shipment from South America March 17-April 5.

Another consignment of up to 68,000 tons bought was expected to be sourced from South America, the United States or South Africa and was purchased at an estimated outright price of \$249.49 a ton c&f plus an extra \$1.75 per ton surcharge for additional port unloading.

The seller was believed to be Cofco with the corn expected to arrive in South Korea around May 10.

The volume to be delivered can vary according to origin, with 68,000 tons to be supplied if from South America, 55,000 tons from the United States or 52,000 tons from South Africa.

If sourced from the U.S. Pacific Northwest coast, shipment is for April 6 and April 25, if from the U.S. Gulf between March 17 and April 5, from South America between March 12 and March 31 or from South Africa between March 22 and April 10.

Asian buying interest was sparked after U.S. corn futures fell to their lowest in more than three years on Monday as falling crude oil prices and crop-friendly rain in Brazil weakened markets, traders said. Reports reflect assessments from traders and further estimates of prices and volumes are possible later.



**Picture of the Day**

*Snow covers a farmer's field following a winter storm in Dracut, Massachusetts, U.S., January 8. REUTERS/Brian Snyder*

(Inside Commodities is compiled by Lactus Fernandes in Bengaluru)

For questions or comments about this report, contact: [commodity.briefs@thomsonreuters.com](mailto:commodity.briefs@thomsonreuters.com)

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