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# Top News - Oil

**China's crude oil imports fall in 2024, first time in two decades outside of COVID**

China's crude oil imports fell 1.9% in 2024, data showed on Monday, the first annual decline in two decades outside of pandemic-induced falls, as tepid economic growth and peaking fuel demand dampened purchases.
Imports totalled 553.4 million metric tons, equivalent to 11.04 million barrels per day (bpd), according to data from the General Administration of Customs. That compared with 2023's record 11.28 million bpd.
Imports in December fell to 47.84 million tons, or 11.27 million bpd, from 11.81 million bpd in November and 11.39 million bpd in December 2023.
"China in 2024 was a let down with the market expecting steady to stronger growth from 2023. Deflationary pressures and transport electrification dampened growth," said Emril Jamil, senior analyst with LSEG ahead of the data release.
China's demand for key transportation fuels barely grew in 2024, as rapid electrification of its vehicle fleet displaced gasoline while a property sector crisis and lacklustre merchandise exports crimped demand for diesel.
Analysts said China's demand for fuels, except those used as petrochemical feedstocks, peaked in 2023, as growth in aviation fuel failed to make up for the falls in gasoline and diesel.
Depressed fuel demand and narrowing refining margins have forced refiners, both state run and independents, to scale back crude throughput cutting into demand for crude oil.
Chinese consultancy Oilchem estimated independent refiners in east China's refining hub - Shandong province - operated at 53.66% of their crude oil processing capacity in 2024, down 8.3 percentage points from 2023.
Plant closures at PetroChina's Dalian refinery, part of a relocation plan, and indefinite shutdowns at Sinochem Group's Shandong refineries contributed to a decline in crude oil imports.
State giant Sinopec reported last October its gross refining margins for the first three quarters of2024 stood at $5.65 a barrel, the second lowest since 2019, according to company reports.
Monday's data showed China's natural gas imports, comprising liquefied natural gas (LNG) and piped gas, rose nearly 10% to 131.69 million tons in 2024, a record high.
Imports in December came in at 11.56 million tons, up from November's 10.8 million tons but lower than the 12.65 million tons in December 2023.
Exports of refined fuel products, which include diesel, aviation fuel, gasoline and marine fuel, totalled 58.14 million tons, down 7.2% from 2023, the data showed.
December exports at 3.73 million tons were the lowest in 2024 as companies ran short of export quotas.

**Tougher U.S. sanctions to curb Russian oil supply to China and India**

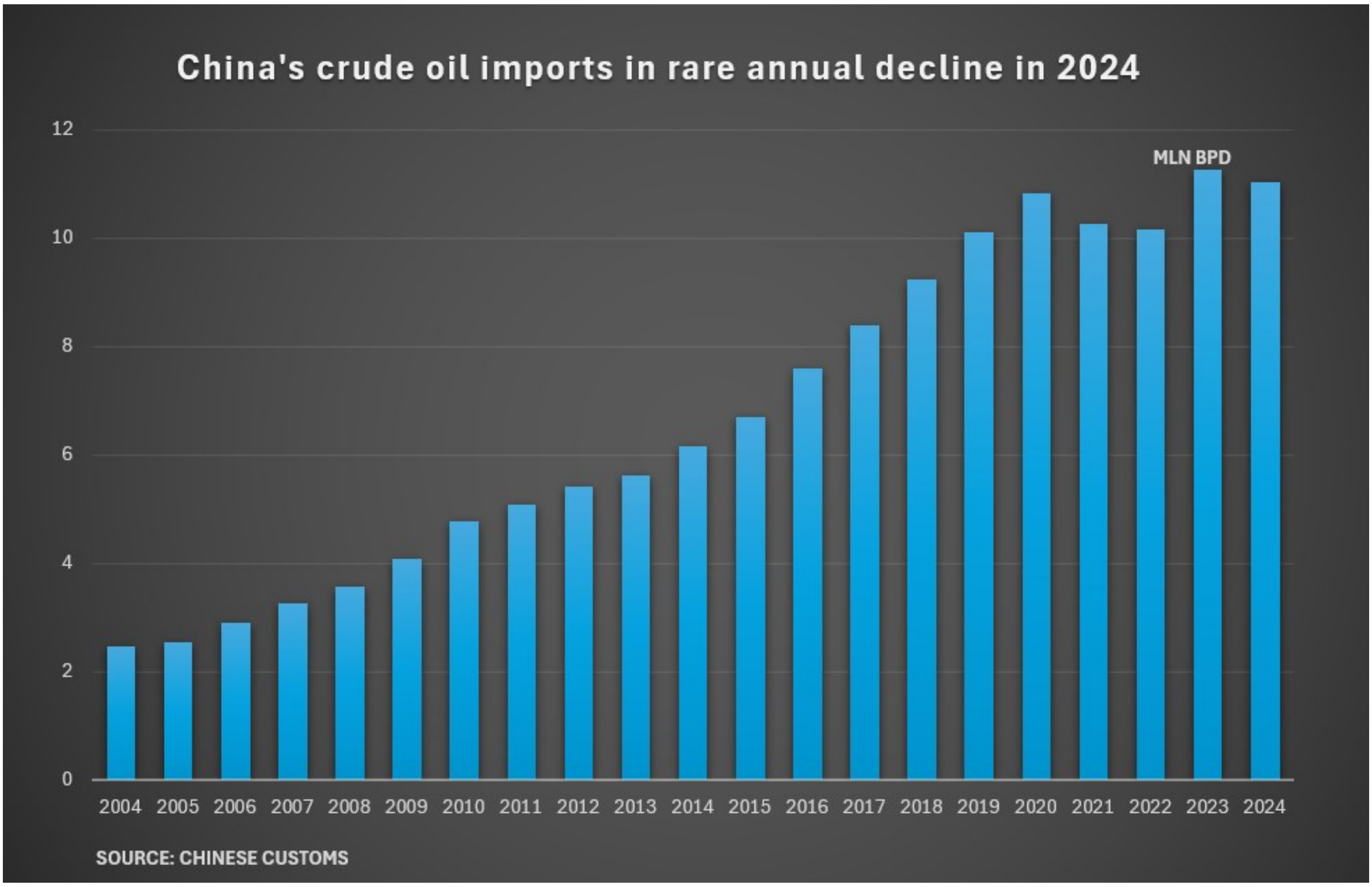
Chinese and Indian refiners will source more oil from the Middle East, Africa and the Americas, boosting prices and freight costs, as new U.S. sanctions on Russian producers and ships curb supplies to Moscow's top customers, traders and analysts said.
The U.S. Treasury on Friday imposed sanctions on Russian oil producers Gazprom Neft and Surgutneftegas, as well as 183 vessels that have shipped Russian oil, targeting the revenues Moscow has used to fund its war with Ukraine.
Many of the tankers have been used to ship oil to India and China as Western sanctions and a price cap imposed by the Group of Seven countries in 2022 shifted trade in Russian oil from Europe to Asia. Some tankers have also shipped oil from Iran, which is also under sanctions.
Russian oil exports will be hurt severely by the new sanctions, which will force Chinese independent refiners to cut refining output going forward, two Chinese trade sources said. The sources declined to be named as they are not authorised to speak to media.
The expected disruption in Russian supply drove global oil prices to their highest in months on Monday, with Brent trading above $81 a barrel.
Among the newly sanctioned ships, 143 are oil tankers that handled more than 530 million barrels of Russian crude last year, about 42% of the country's total seaborne crude exports, Kpler's lead freight analyst Matt Wright said in a note.
Of these, about 300 million barrels were shipped to China while the bulk of the remainder went to India, he added.
"These sanctions will significantly reduce the fleet of ships available to deliver crude from Russia in the short term, pushing freight rates higher," Wright said.
A Singapore-based trader said the designated tankers shipped close to 900,000 bpd of Russian crude to China over the past 12 months.
"It's going to drop off a cliff," he added.
For the first 11 months last year, India's Russian crude imports rose 4.5% on year to 1.764 million bpd, or 36% of India's total imports. China's volume, including pipeline supply, was up 2% at 99.09 million metric tons (2.159 million bpd), or 20% of its total imports, over the same period. China's imports are mostly Russian ESPO Blend crude, sold above the price cap, while India buys mostly Urals oil.

Vortexa analyst Emma Li said Russian ESPO Blend crude exports would be halted if the sanctions were strictly enforced, but it would depend on whether U.S. President-elect Donald Trump lifted the embargo and also whether China acknowledged the sanctions.

ALTERNATIVES

The new sanctions will push China and India back into the compliant oil market to seek more supply from the Middle East, Africa and the Americas, the sources said.
Spot prices for Middle East, Africa and Brazilian grades have already risen in recent months on rising demand from China and India as supplies of Russian and Iranian oil tightened and became more expensive, they added.
"Already, prices are rising for Middle Eastern grades," said an Indian oil refining official.
"There is no option than that we have to go for Middle Eastern oil. Perhaps we may have to go for U.S. oil as well."
A second Indian refining source said the sanctions on Russian oil insurers will prompt Russia to price its crude below $60 a barrel so Moscow can continue to use Western insurance and tankers.
Harry Tchilinguirian, head of research at Onyx Capital Group said: "Indian refiners, the main takers of Russian crude, are unlikely to wait around to find out and will be scrambling to find alternatives in Middle Eastern and Dated-Brent-related Atlantic Basin crude.
"Strength in the Dubai benchmark can only rise from here as we are likely to see aggressive bidding for February loading cargoes of the likes of Oman or Murban, leading to a tighter Brent/Dubai spread," he added.
Last month, the Biden administration designated more ships dealing with Iranian crude ahead of tougher action expected from the incoming Trump administration, leading the Shandong Port Group to ban sanctioned tankers from calling into its ports in the eastern Chinese province.
As a result, China, the main buyer of Iranian crude, will also turn to heavier Middle Eastern oil and most likely will maximise its offtake of Canadian crude from the Trans-Mountain pipeline (TMX), Tchilinguirian said.

## Chart of the Day



## Top News - Agriculture

**China soybean imports hit record in 2024 ahead of Trump inauguration**

China imported the most soybeans on record in 2024 as buyers concerned about rising U.S.-China trade tensions rushed to secure U.S. suppliesahead of President-elect Donald Trump's inauguration.

The world's biggest buyer of the oilseed imported 105.03 million metric tons of soybeans in 2024, a 6.5% increase from a year ago, according to customs data released on Monday.

Record annual import volumes were driven by declining CBOT soybean prices in 2024, strong crushing margins, and buyers' preparations due to trade war concerns, said Rosa Wang, analyst at Shanghai-based agro-consultancy JCI.

For December, arrivals dropped 0.2% to 7.94 million tons from the same month a year earlier, according to Reuters calculations of customs data.

That was less than analysts' estimates of about 8.2 million tons and marked the smallest amount in four years.

"This could be due to the speed of customs clearance," Wang said.

In the final months of 2024, China buyers imported larger-than-usual shipments of U.S. beans despite cheaper Brazilian alternatives to hedge against a potential trade war between Beijing and Washington under a Trump presidency.

Trump, who takes office on Jan. 20, has pledged tariffs of as much as 60% on Chinese goods, duties that analysts say would disrupt international trade and raise costs, and could prompt retaliation.

While it is unclear how China will respond to tariffs under the new U.S. administration, traders in China said they have prepared by diversifying suppliers as well as boosting stocks.

Even without a trade war, ample supply and weak crush margins are expected to dampen future import demand for U.S.soybeans, BMI Research said in a note.

"Although a Trump presidency could reignite U.S.-Mainland China trade tensions and potential Chinese tariffs on U.S soybean exports, we anticipate that the expected decline in Chinese demand will mitigate price impacts," BMI Research said.

Crush margins in China's main processing hub at Rizhao have been negative since November, and were last at a loss of 225.04 yuan ($30.69) per ton of soybean processed.

**Patria trims Brazil 2024/2025 soy crop forecast on weather; Safras hikes estimate**

Brazilian agribusiness consultancies shared contrasting views on Friday as they released fresh estimates for the country's 2024/25 soybean crop, with Safras & Mercado hiking its forecast while Patria AgroNegocios trimmed its projection.

Both firms still forecast the world's largest soybean producer and exporter to harvest a record crop this year, but Patria noted that adverse weather in some key states should keep production below the level of 170 million metric tons.

Patria pegged Brazil's soybean output this season at 167.94 million tons, up from 147.74 million in the previous cycle - when farmers grappled with bad weather - but below the 170.41 million it had estimated in December.

The head of the consultancy firm, Matheus Pereira, said the lower forecast was related to a drop in "crop quality" in some large producing states, such as Mato Grosso do Sul, Parana and Rio Grande do Sul.

Meteorologists warned earlier this week that dry weather was limiting soybean development in southern Brazil at the same time as excessive rain was set to disrupt early harvest work in some central areas of the country.

Safras & Mercado acknowledged weather issues in the same states cited by Patria, noting they could lead to lower output, but indicated that a "very favorable scenario" in top grain-producing state Mato Grosso would help offset those losses.

"Yield potential in the state is excellent," Safras said in a statement, forecasting Brazil's output this season to hit 173.71 million tons, higher than its previous forecast of 171.78 million tons and up 14.1% on a year-on-year basis.

## Top News - Metals

**China 2024 iron ore imports hit record on resilient demand, steel exports**

China's iron ore imports in 2024 rose to a record high for a second year, customs data showed on Monday, as lower prices spurred buying while demand remained resilient due in large part to massive steel exports that are inflaming trade tensions. The world's largest iron ore consumer brought in a total of about 1.24 billion metric tons last year, data from the country's General Administration of Customs showed, up 4.9% from 1.18 billion tons in 2023, when it posted an annual increase of 6.6%.

China's iron ore imports are also likely to hit a record high in 2025 as traders stockpile cheap ore for the world's top consumer, despite a protracted property crisis continuing to weigh on domestic steel demand.

Steel output slid by 2.7% from the year before in the first 11 months of 2024 and was on track for an annual decline, but that largely reflected weak output from electric furnace steelmakers, which supply the troubled construction sector and use scrap steel instead of iron ore as a resource.

Demand for iron ore remained solid among China's blast

furnace steelmakers, which have been able to maintain cost competitiveness.Many electric furnace steelmakers, however, had to conduct maintenance or scale down production amid persistent constraints on scrap supply.
Additionally, traders that bought high-cost iron ore early last year continued purchasing the key steelmaking ingredient to average out their overall production costs and reduce losses, analysts said.
An increase in iron ore imports contributed to a price slump and a pile-up in portside stocks, which climbed by 28% year-on-year to 146.85 million tons as of Dec. 27, data from consultancy Steelhome showed.
China's imported iron ore prices slid by 31% last year, according to Steelhome data.
In December alone, China imported 112.49 million tons of iron ore, up 10.4% from 101.86 million tons in November. The December volume compared to 100.86 million tons in the same month in 2023.
China's steel exports hit a nine-year high of 110.72 million tons in 2024, up 22.7% from 2023, stoking global trade tensions.
A number of countries, including Turkey and Indonesia, have imposed anti-dumping duties, arguing that a flood of cheap Chinese steel is hurting domestic manufacturers.
China exported 9.73 million tons of steel products in December, up 25.9% year-on-year and 4.9% month-on-month. China also imported 621,000 tons of steel in December, bringing the 2024 total to 6.82 million tons, a fall of 10.9% from 2023.

**Lithium prices to stabilise in 2025 as mine closures, China EV sales ease glut, analysts say**

Lithium prices are expected to stabilise in 2025 after two years of steep declines as shuttered mines and robust electric vehicle sales in China soak up an oversupply, although the potential for mines to reopen may cap gains, analysts and traders said.
A nearly 86% plunge in prices of the EV battery metal over the past two years from its peak in November 2022 forced companies to mothball mines across the world. But market participants say those closures mean buoyant demand should outpace supply this year as China intensifies policy support to boost sales in the world's largest EV market.
The global lithium supply glut is predicted to shrink by half to around 80,000 tons equivalent of lithium carbonate (LCE) from nearly 150,000 last year, according to Antaike, China's state-owned commodity data provider.
"We expect to see a price recovery for lithium in 2025 as the curtailments seen in 2024, and the possibility of further curtailments, will significantly reduce the market surplus," said
Cameron Hughes, battery markets analyst at CRU Group, referring to mine closures without giving further details.
China doubled EV subsidies in July and more than 5 million cars sold as of mid-December had benefited from the incentives.
China's EV subsidies contributed to a lithium price rally late last year, and should continue supporting prices in 2025, three analysts and two traders said.
"The uptick in lithium trade business in the fourth quarter of 2024 can be undeniably attributed to the policy of providing subsidies," a buyer at a mid-sized cathode material plant in China said on condition of anonymity as the buyer was not authorized to speak to media.
Any improvement in prices is likely to be felt towards the end of 2025 as inventories are used up and buyers return to the spot market, said David Merriman, research direc-

**MARKET MONITOR as of 07:35 GMT**

| Contract | Last | Change | YTD |
|---|---|---|---|
| NYMEX Light Crude | $77.96 / bbl | 1.82% | 8.70% |
| NYMEX RBOB Gasoline | $2.13 / gallon | 1.36% | 6.15% |
| ICE Gas Oil | $763.50 / tonne | 7.69% | 9.82% |
| NYMEX Natural Gas | $4.13 / mmBtu | 3.41% | 13.54% |
| Spot Gold | $2,686.20 / ounce | -0.13% | 2.38% |
| TRPC coal API 2 / Dec, 25 | $106.25 / tonne | 1.19% | -4.58% |
| Carbon ECX EUA | €75.71 / tonne | 1.15% | 3.71% |
| Dutch gas day-ahead (Pre. close) | €45.83 / Mwh | 0.73% | -5.60% |
| CBOT Corn | $4.82 / bushel | 0.47% | 3.44% |
| CBOT Wheat | $5.46 / bushel | 0.51% | -2.89% |
| Malaysia Palm Oil (3M) | RM4,508 / tonne | 2.66% | 1.35% |
| **Index** | **Close 10 Jan** | **Change** | **YTD** |
| Thomson Reuters/Jefferies CRB | 368.36 | 1.83% | 3.24% |
| Rogers International | 30.61 | 1.66% | 4.78% |
| U.S. Stocks - Dow | 41,938.45 | -1.63% | -1.42% |
| U.S. Dollar Index | 109.96 | 0.28% | 1.36% |
| U.S. Bond Index (DJ) | 432.81 | -0.54% | -0.74% |

tor at metals research company Project Blue.
Project Blue expects prices to stabilize around an average of $11,092 per metric ton in 2025. Guotai Juan, a Chinese broker, forecasts a price range of 60,000 yuan ($8,184) to 90,000 yuan ($12,276).
The most-traded lithium contract on the Guangzhou Futures Exchange traded between 68,250 yuan and 125,000 yuan per ton last year.
Analysts, however, cautioned that any significant price rise this year is likely to be capped as production can be swiftly scaled up at many closed mines if it proves profitable.
Merriman said that potential U.S. policy changes under the incoming Trump administration, including fresh tariffs on EV battery imports from China or slashing domestic EV incentives, may also pose risks to lithium demand.

## Top News - Carbon & Power

**China's coal imports hit record high in 2024**
China's coal imports rose 14.4% in 2024 to a record high, official data showed on Monday, as lower international coal prices spurred buyers to substitute imports for domestic supply.
Coal imports for the year totalled 542.7 million metric tons, according to China's General Administration of Customs, up from 474.42 million tons in 2023.
"The increase in China's coal imports in 2024 was supported by declines in seaborne coal prices which encouraged import arbitrage in relation to China's domestic supply for a wider range of coal types," said Toby Hassall, lead coal analyst for LSEG, adding that growth in domestic coal output, at around 1%, had slowed compared to previousyears.
Imports for the month of December rose 11% to 52.35 million tons compared with a year earlier, the data showed, down from November's record high of 54.98 million tons.
For 2025, industry group the China Coal Transportation and Distribution Association expects imports to fall to 525 million tons, its analysts said in an online seminar last week.
Hassall estimated that China's coal consumption grew around 1% in 2024, in line with growth in coal-fired power generation despite more subdued consumption in the cement and steel sectors, which have been hit by China's real estate crisis.

**Egypt rushes to catch up on solar energy as gas prices soar**
With few clouds, vast empty deserts and a well-developed electricity grid, Egypt has all the elements for a huge expansion in solar power generation. But it is only now moving to exploit them, after the cost of natural gas imports jumped.
A sharp decline in domestic gas production combined with growing consumption caught authorities off-guard last year and led to rolling blackouts over the sweltering summer.
"It has been a big wake-up call, and this is the reason why the government recently announced a big emergency package," said Ahmed Mortada, head of energy in Egypt for multilateral lender the European Bank for Reconstruction and Development (EBRD).
Egypt had to fork out over $1 billion more than it had expected for imported liquefied natural gas (LNG) last year and analysts estimate it will spend billions more in 2025.
Solar companies say they can supply electricity much cheaper than that generated by gas turbines, using inexpensive panels from China, but complain that market-distorting power subsidies and restrictive regulations have frustrated rollouts.
"God has blessed Egypt with really good solar resources, and very good land resources," Hussain Al Nowais, chairman of United Arab Emirates-based renewables energy producer AMEA Power, told reporters in December.

NEW PROJECTS
AMEA inaugurated a $500 million, 500 megawatt solar array in Aswan, 650 km south of Cairo, last month and plans to build a second, 1,000 megawatt plant nearby.
It will advance $300 million of its own funds so it can start constructing the new plant before a final financing deal is worked out by around May, said Nowais, who expects production there to begin by the first quarter of 2026.
Electricity produced at AMEA solar plants would cost between two and three U.S. cents per kilowatt hour, Nowais said, adding: "Definitely it will be cheaper than a gas plant."
The cost of electricity from gas turbines is hard to measure because it is distorted by layers of subsidies, according to people in the power industry, but one producer estimated the cost of production at seven to nine cents per kilowatt hour.
State oil company EGPC buys gas from local producers at less than market price, then sells it to power stations at a further discount. State distributors sell electricity to the final consumer at lower prices again, even after charges for some households were hiked by up to 50% last year.
AMEA is one of three producers planning large solar arrays to feed electricity directly into Egypt's energy grid.
Norway-based Scatec signed an agreement in September for a 1,000 megawatt project, while a consortium of UAE companies Infinity and Masdar and Egypt's Hassan Allam signed an agreement in November to generate 1,200 megawatts of power.
But Egypt is likely to need thousands more megawatts of additional capacity to meet demand in coming years, Nowais said.

OBSTACLES
Industry insiders say one reason for Egypt's slow shift to solar is that different government departments each have little incentive to focus on the overall cost of energy.
"The problem with Egypt is that it is a bunch of islands. There's no centralised approach where the ministers are coordinating," said Yaseen AbdelGhaffar of SolarizEgypt, which provides solar power mainly to private businesses.
In early 2024, the government enacted a private-to-

private law that allows power producers to provide electricity to businesses such as factories, although initially it will only accept 500 megawatts' worth of projects countrywide. Prime Minister Mostafa Madbouly said in November that Egypt aimed to increase the share of renewables in its electricity mix to 42% by 2030, compared with 11.5% generated by solar, wind and hydropower now.
The government is looking for international support to strengthen the grid and extend it to sites producing solar energy, and the EBRD is discussing how to help, Mortada said.
As renewable energy comes onstream, Egypt plans to gradually close its older and less efficient power plants.
Another obstacle to the solar rollout is a regulation that restricts domestic consumers, who in Egypt's cities mainly live in apartments, from installing two-way electricity meters unless they own their entire building. The meters would let them supply the grid as well as buy from it.
Industry sources say the government has not prioritised proposals to change this rule.
Ayman Rasekh, CEO of installer SolarSol, which serves homes and businesses, estimated that solar will become economical for home consumers when the price of electricity from the state grid rises above three or four Egyptian pounds per kilowatt hour.
Richer households pay 2.35 Egyptian pounds ($0.0462) per kilowatt hour for their electricity at present.
Egypt's $8 billion financial support deal with the International Monetary Fund, signed last March, includes a pledge to reduce energy subsidies, after it repeatedly postponed electricity price hikes amid an economic crisis.
"When the government takes out the electricity subsidies you are going to see solar panels on rooftops like you now see satellite dishes," Rasekh said.

## Top News - Dry Freight

**France's Senalia says poor crop to slash its 2024/25 exports**
Senalia, which runs the largest terminal at France's biggest grain port Rouen, forecast on Friday its export volumes would drop by more than half this season after a poor French harvest.
Cooperative-owned Senalia said that for the 2024/25 July-June season, it expects to handle 1.6 million metric tons of cereal shipments, down from 3.85 million in 2023/24.
France harvested its smallest wheat crop since the 1980s last year after repeated heavy rains, with barley production also falling sharply.
The European Union's biggest grain producer has also faced tough competition from cheaper Black Sea suppliers like Russia and Romania, while seeing demand from China and Algeria dry up, said Senalia CEO Gilles Kindelberger.
"We need to find other export outlets," Kindelberger said during a presentation.
France has been sidelined in Algeria's import tenders amid diplomatic tensions between Algiers and Paris, while China has shifted back towards buying Australian crop after big purchases of French wheat and barley in recent years, he added.
FranceAgriMer forecast last month that French soft wheat exports outside the EU would drop to their lowest level since at least the start of the century at 3.5 million tons.
Senalia has resorted to furloughing some staff or deploying them to other roles including warehousing, Kindelberger said.

**Brazil's 'soy moratorium' faces test as Supreme Court ruling looms**
The Brazilian Supreme Court is ready to rule on a request challenging a state law that ends tax breaks for grain traders banning soy purchases from deforested areas of the Amazon rainforest after a cut-off date.
The legislation was passed by the country's top soy-producing state Mato Grosso but was prevented by Justice Flavio Dino from going into effect on Jan. 1 until a final decision is made.
The top court will rule on the matter between Feb 14-21, according to a notice released on Friday.
The voluntary pact among major grain traders, known as soy moratorium, bans the purchase of soy from deforested areas of the Amazon rainforest after 2008. Though it is praised by conservationists, it has been under growing pressure.
On Friday, Mato Grosso farmer lobby Aprosoja-MT, which is not a party to the Supreme Court proceedings, said it would request admission as "amicus curiae" to offer information relevant for the case.
In December, the farmer group asked Brazil's antitrust agency CADE to investigate soy moratorium signatories, claiming they behave as a "purchasing cartel to practice a collective boycott... against soy farmers."
Soy lobby group Abiove dismissed such a claim, saying the moratorium strengthens Brazilian agriculture.
Abiove said it defends the soy moratorium while "striving to balance the demands of both farmers and consumers, including updates to the current model to ensure its effectiveness."
However, it conceded state lawmakers have pushed legislation "that significantly harm the signatories of the Soy Moratorium."
Under Brazil's forestry rules, Amazon landowners can clear up to 20% of their property. But while some farmers are still eligible to suppress vegetation, they feel constrained by the moratorium.
Last month, it emerged grain traders could loosen the moratorium by distinguishing between individual soy fields, letting growers sell to exporters from one part of a farm while planting soy on newly deforested areas nearby.

## Picture of the Day

*A Palm Civet stands near Arabica coffee cherries in a coffee plantation owned by state plantation firm PT Perkebunan Nusantara XII in Bondowoso, in Indonesia's East Java province. REUTERS/Sigit Pamungkas*

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

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

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LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

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