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Top News - Oil

Oil shipping rates surge after US sanctions tighten global fleet

Supertanker freight rates jumped after the U.S. expanded sanctions on Russian oil trade and sent traders rushing to book ships to pick up supply from other countries to go to China and India, shipbrokers and traders said.

Chinese and Indian refiners are seeking alternative fuel supplies as they adapt to severe new U.S. sanctions on Russian producers and tankers designed to curb the world No. 2 oil exporter's revenue.

Many of the newly targeted vessels, part of a "shadow fleet", have been used to ship oil to India and China, which snapped up cheap Russian supply that was banned in Europe following Moscow's invasion of Ukraine. Some of the tankers have also shipped oil from Iran, which is also under sanctions.

Freight rates for Very Large Crude Carriers (VLCCs) that can carry 2 million barrels of crude across major routes jumped after Unipec, the trading arm of Asia's largest refiner Sinopec, chartered several supertankers on Friday, industry sources said.

On a daily basis, a shipbroker said, the rate on the Middle East to China route, known as TD3C, has surged 39% since Friday to $37,800, the highest since October.

Shipping rates for Russian oil shipments to China have also jumped following the sanctions.

The freight rates for Aframax-sized tankers to ship ESPO blend crude from Russia's Pacific port of Kozmino to North China more than doubled on Monday to $3.5 million as shipowners requested massive premiums due to limited tonnages available for that route, according to S&P Global Commodity Insights data.

Adding to tightness, sanctioned tankers are stranded outside China's eastern Shandong province, unable to discharge following a ban imposed by Shandong Port Group before Washington's announcement on Friday.

Analysts said tanker availability could tighten further as traders look for unsanctioned vessels to ship Russian and Iranian crude.

"We expect new ships will be pulled into the shadow fleet over the coming months, many of which will be new to this trade, tightening supply in the non-sanctioned freight market," Kpler analysts said in a note.

The rate for VLCCs from Middle East to Singapore has gained the most, up worldscale (WS) 11.15 from Friday to WS61.35, another shipbroker said. Worldscale is an industry tool to calculate freight charges.

On the Middle East to China route, freight jumped to WS59.70, up WS10.40, while the rate for VLCCs carrying West African oil to China rose WS9.55 to WS61.44, the second shipbroker said.

To ship crude from the U.S. Gulf to China, it will now cost $6.82 million, up $360,000 since last week, he said.

China, India seek new supplies as US sanctions tighten grip on Russian oil

Chinese and Indian refiners are seeking alternative fuel supplies as they adapt to severe new U.S. sanctions on Russian producers and tankers that are designed to curb the revenues of the world's second-largest oil exporter.

U.S. President Joe Biden's administration imposed its broadest package of sanctions so far targeting Russia's oil and gas revenues on Friday to give Kyiv and Donald Trump's incoming team leverage to reach a deal for peace in Ukraine.

The incoming Trump administration has not yet responded to requests for comment.

The U.S. Treasury imposed sanctions on Russian oil producers Gazprom Neft and Surgutneftegaz, as well as on 183 vessels that form part of a shadow fleet that has so far allowed Russia to skirt sanctions to get its oil to global markets.

According to Morgan Stanley, which cited data from tanker tracker Vortexa, the tankers subject to the latest sanctions carried around 1.5 million barrels of crude oil per day in 2024. That equates to around 1.4% of global oil demand.

Many of them 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. In addition, some tankers have shipped oil from Iran, which is also under sanctions.

Oil prices have jumped. Global benchmark Brent crude rose on Monday above $81 a barrel to its highest since August and the premium of prompt crude to that for delivery six months later has risen to its highest since April, implying traders expect supplies to remain tight.

The Kremlin said the sanctions risked destabilising global markets, and Moscow would seek to counter them.

"It is clear that the United States will continue to try to undermine the positions of our companies in non-competitive ways, but we expect that we will be able to counteract this," Kremlin spokesman Dmitry Peskov said on Monday.

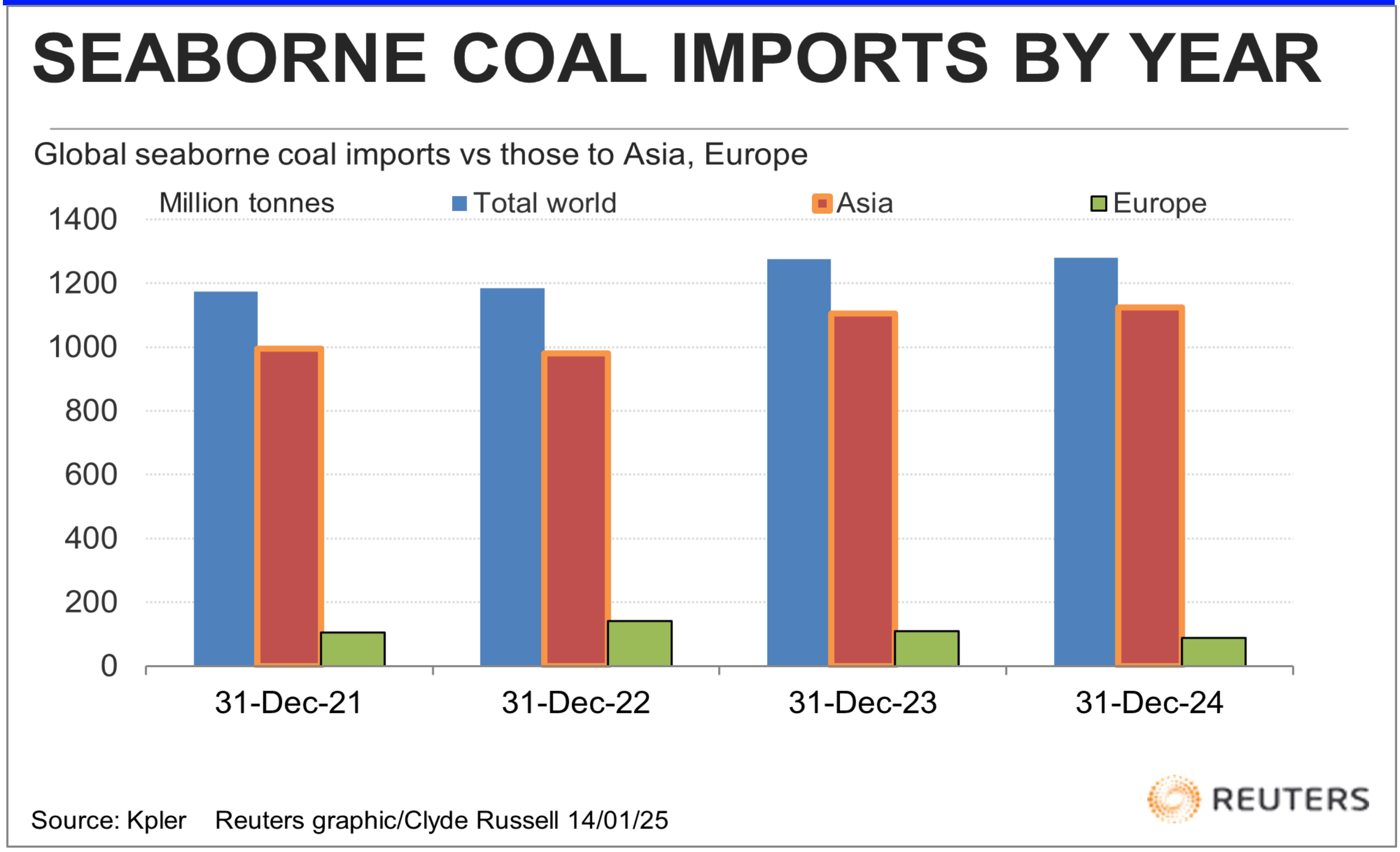
Washington also imposed sanctions on top Russian ship insurer Ingosstrakh and another insurance provider Alphastrakhovanie.

It was unclear what would happen to the vessels whose insurance was unknown in the event of any environmental disaster and what mechanisms would be in place for clean up costs or for insurance claims.

ADAPTATION?
China has reiterated its opposition to unilateral U.S. sanctions.
Analysts said the new sanctions were likely to reduce Russian oil exports in the short term, but Russia could adapt by using the vessels in its shadow fleet that are still not under sanctions.
Analysts also said the true size of Russia's shadow fleet was unknown, but it was estimated to comprise close to 600 tankers.
Since the new sanctions, at least 65 oil tankers have dropped anchor at multiple locations, including off the coasts of China and Russia, ship tracking data showed.
Five of those were stationary off Chinese ports and a further seven dropped anchor off Singapore, with others halting near Russia in the Baltic Sea and the Far East.
Shandong Port Group banned tankers under U.S. sanctions from calling at its ports before Washington's announcement on Friday.
The severity of the new measures has for now driven Chinese refiners back to sellers of oil that is not restricted, pushing up the spot markets for some regional crudes, as well as adding upward momentum on the global oil market.
Chinese refiner Yulong Petrochemical has previously bought Russian ESPO Blend crude, but over the weekend bought 4 million barrels of Abu Dhabi's Upper Zakum crude loading in February and March from Totsa, the trading arm of French energy major TotalEnergies, traders said.
In recent weeks, it has also purchased Angolan and Brazilian crude, traders said, and is in talks to buy more oil from West Africa as well as Canada.
China's Unipec on Friday also booked four very large crude carriers, which can carry up to 2 million barrels of crude, from the Middle East, figures from data intelligence firm Kpler showed.
The numerous sources Reuters spoke to declined to be named as they were not authorised to speak to media.
Yulong and Totsa typically do not comment on commercial deals.

TWO-MONTH TRANSITION PERIOD
Currently, over 60% of Russia's seaborne oil exports go to India, the world's third-largest oil importer and consumer.
Although Indian refiners have stopped dealing with oil tankers and entities under U.S. sanctions, the country does not expect disruption to Russian crude supplies during a two-month transition period, a government source said on Monday.
India will allow Russian oil cargoes booked before Jan. 10 to discharge at ports, the source said, adding that Russia could also offer deeper discounts to India to meet a $60 a barrel price cap imposed by Group of Seven countries in 2022. Shipments below that level can use western

Chart of the Day



tankers and insurance. Moscow-based Sinara Bank also said temporary discounts were possible for Russia's flagship Urals oil blend to dated Brent. Traders said Indian refiners, which bought spot Middle East crude last week before the sanctions were announced, were seeking more cargoes. India's Bharat Petroleum Corp Ltd bought 2 million barrels of February-loading Oman crude from Totsa via a tender last week, two people familiar with the matter said.

Top News - Agriculture

Pace of soy harvest in Brazil's biggest farm state is slowest in 7 years, AgRural says

Rains are disrupting the start of Brazil's 2024/25 soybean harvest in Mato Grosso, agribusiness consultancy AgRural said on Monday, adding that the pace of work in the country's biggest farm state is the slowest in seven years.
Farmers across Brazil have reaped 0.3% of the soy area, down from 2.3% a year ago, according to AgRural data.
Mato Grosso's own harvest, however, is at the slowest pace for this time since the 2017/2018 season, AgRural's analyst Adriano Gomes said in an interview.
"Although Mato Grosso's harvest has great potential and there are still no complaints about quality losses, the humidity makes it difficult for machines to enter the field," AgRural said in a statement.
Brazil's soy harvest began in three central-western states, Parana state and in irrigated areas of the states of Bahia and Minas Gerais, according to AgRural.
Mato Grosso accounts for more than a quarter of the Brazilian soy harvest, and delays in the work could affect the ideal planting window for second corn, which is sowed after soy is reaped on the same fields.
"Frequent rains not only hinder the loss of moisture in areas that are already ready (for harvesting), but also raise concerns about the extension of the cycle," said Gomes, who added that delays in second corn planting increase climate and logistical risks.
The percentage of second crop already planted in Mato Grosso is negligible, with farmers preferring to plant cotton in the first areas freed from soy, Gomes said.
In other areas, such as southern Brazil and the south of Mato Grosso do Sul, the problem for soybeans is the lack of regular rain and the heat.
"It needs to rain urgently in these regions," Gomes said. "Some soybean areas that were most affected by the drought are already experiencing losses in yield potential."

Argentine heat wave to damage crops before next rains, expert says

Argentina's soybean and corn crops will have to endure a heat wave over the next few days that will affect their yields, leading meteorologist German Heinzenknecht said on Monday, before rains bring some relief by the start of the weekend.
Argentina, a major world supplier of soy, corn and wheat, has seen its main agricultural region face a prolonged dry spell since the onset of the Southern Hemisphere's summer last month.
Heinzenknecht, a meteorologist at the CCA climate consultancy, predicted that a front of rain would come in on Friday, ushering in the start of a normalization in rainfall.
"This is the toughest week," Heinzenknecht said, forecasting highs of 36 degrees Celsius (97 degrees Fahrenheit) and up to 40 C (104 F) in some parts of the country.
"Adding in the lack of water, as it hasn't rained in the core agricultural zone since Dec. 23, its an explosive combination," he said. While Heinzenknecht predicted some 25 to 40 millimeters (1.6 inches) of rainfall across some parts of the key agricultural heartlands on Friday, he said the rainfall would not be even and would come too late to avert damage to crop yields.
"I don't think the crops will come through unscathed," Heinzenknecht said.
The country's Rosario grains exchange currently expects it will produce some 53 million to 53.5 million metric tons of soy and 50 million to 53 million tons of corn this season. Argentina is the world's top exporter of soybean oil and meal and the third-largest supplier of corn.
Heinzenknecht said the rains could mark a change in weather patterns that would see more normal rainfall through February.
"The situation will become more normal as the summer progresses," he said. "There is light at the end of the tunnel."

Top News - Metals

Cleveland-Cliffs eyeing all-cash bid for U.S. Steel, source says

Cleveland-Cliffs is partnering with peer Nucor to prepare a potential all-cash bid for U.S. Steel, with an offer in the high $30s per share, a person familiar with the matter said on Monday. Cliffs is aiming to purchase all of U.S. Steel and then sell its Big River Steel mill to Nucor if the deal is completed, the person added on condition of anonymity because the details have not been made public.
Cliffs CEO Lourenco Goncalves and rival Japan's Nippon Steel, which has an agreed deal to buy U.S. Steel, engaged in a war of words over who was the better partner for the struggling company. Goncalves reiterated in a wide-ranging press conference on Monday in Butler,

Pennsylvania, that he wanted to bid again for U.S. Steel after making a rejected offer in 2023 and had a plan, but declined to elaborate on details.
"I'm happy that I'm in a position to make an offer that will execute on the wishes of the board and the management," Goncalves said. "They sell, they go away. We take over. We do good. America will be better, America will be stronger," he added.
U.S. Steel shares closed at $36.34 on Monday. Nucor did not respond immediately to a request for comment.
Cliffs' potential bid, first reported by CNBC, appeared aimed at ratcheting up pressure on Nippon Steel, whose imperiled $14.9 billion bid for U.S. Steel was blocked by President Joe Biden in a Jan. 7 executive order that cited unspecified national security concerns.
Nippon Steel, which had offered $55 a share cash for U.S. Steel, said in a statement that it would do whatever it takes to close its deal and that it was the only partner that could keep U.S. Steel intact and protect jobs.
U.S. Steel said in a statement it remained "committed to completing" its merger with Nippon Steel.
"Only Nippon Steel's partnership will deliver $55 per share to our shareholders and guarantee the significant capital investments and technology sharing needed to ensure a strong U.S. Steel for generations to come and protect jobs," it added.
Enforcement of Biden's order, which gave the parties 30 days to unwind the transaction, was postponed until June after the companies sued the U.S. president, alleging he violated the constitution by depriving them of due process when he blocked the deal.
Nippon Steel and U.S. Steel also sued Goncalves and Cliffs, alleging "illegal and coordinated actions" aimed at scuttling the deal in order to "monopolize the domestic steel markets."
Cliffs described the lawsuit as "baseless."

EARLIER CLIFFS OFFER

Steelmaker and iron ore miner Cliffs, which has been led by Brazilian-born Goncalves for more than a decade, made an unsolicited bid for U.S. Steel in August 2023 at $54 per share, with half offered in company stock. It won the support of the United Steelworkers union, arguing the companies combined would "create a lower-cost, more innovative, and stronger domestic supplier."
But U.S. Steel raised concerns that a tie-up with Cliffs risked being shot down by antitrust regulators because it would consolidate the supply of steel to U.S. automakers and put up to 95% of U.S. iron ore production under the control of one company. U.S. Steel's board rejected the offer.
Nippon Steel's December 2023 all-cash offer was higher than Cliffs' and the Japanese company later promised to revitalize U.S. Steel's aging mills with investment from an allied nation.
But the offer became politicized, with both Biden and Re-

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$78.27 / bbl	-0.70%	9.13%
NYMEX RBOB Gasoline	$2.12 / gallon	-0.48%	5.67%
ICE Gas Oil	$741.75 / tonne	-1.30%	6.69%
NYMEX Natural Gas	$3.81 / mmBtu	-3.25%	4.76%
Spot Gold	$2,668.00 / ounce	0.22%	1.68%
TRPC coal API 2 / Dec, 25	$107 / tonne	0.71%	-3.91%
Carbon ECX EUA	€76.90 / tonne	-0.03%	5.34%
Dutch gas day-ahead (Pre. close)	€49.28 / Mwh	7.53%	1.50%
CBOT Corn	$4.85 / bushel	-0.46%	4.03%
CBOT Wheat	$5.56 / bushel	-0.22%	-1.24%
Malaysia Palm Oil (3M)	RM4,456 / tonne	-0.98%	0.18%
Index	**Close 13 Jan**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	372.16	1.03%	4.30%
Rogers International	31.18	1.86%	6.73%
U.S. Stocks - Dow	42,297.12	0.86%	-0.58%
U.S. Dollar Index	109.49	-0.43%	0.92%
U.S. Bond Index (DJ)	430.46	-0.14%	-1.28%

publican President-elect Donald Trump pledging to kill the deal as they wooed voters in the swing state of Pennsylvania where U.S. Steel is headquartered.
Trump and Biden both asserted the company should remain American-owned after USW President David McCall expressed his opposition to the tie-up.
Citing media reports that "other companies" were considering a bid for U.S. Steel, USW said in a statement on Monday that it would "subject the potential transaction to the same scrutiny as any other bid, with our measuring stick, as always, being its impact on our facilities and jobs, as well as the long-term security of our industry."

GONCALVES TAKES AIM AT JAPAN
Goncalves also took aim at Japan in his press conference Monday, describing it as "worse than China," as he sought to disparage Nippon Steel's homeland.
"China is bad, China is evil, China is horrible, but Japan is worse, Japan is a lot worse," he said, saying Japan taught China how to "dump, how to have over-capacity, how to overproduce" steel in the U.S. market, driving down prices.
Nippon Steel countered in its statement that Goncalves was engaging in "biased stereotypes."
"What his words cannot mask is that he cannot match the scope and scale of our plan," the Japanese company said.
U.S. Steel said it was "incredibly disappointed in the verbal attacks levied by Mr. Goncalves", including those against Nippon Steel and the people of Japan, "a critical U.S. ally."
The Japanese embassy and the Chinese embassy in Washington did not immediately respond to requests for comment.

EXCLUSIVE-Barrick to suspend operations in Mali after gold seized
Canadian miner Barrick Gold said it will have to suspend mining operations in Mali after the government seized gold stocks from the company's Loulo-Gounkoto complex and flew them out by helicopter over the weekend.
Around three metric tons had been taken from the mining complex in western Mali on Saturday, two sources told Reuters on Monday, with one putting the value of the gold at $245 million. In a letter to the Malian government on Monday, Barrick said the seizure meant it would now be "obliged" to temporarily suspend mining operations at the Loulo and Gounkoto mines.
The seized gold will be transported to the state-owned Banque Malienne de Solidarite (BMS) in the capital Bamako, two sources said.
Barrick shares on the Toronto stock exchange were down 1.9% shortly before the close of trading on Monday.
One source said eyewitnesses at the mining complex had described gold being shipped in two separate air force helicopter loads. The second source said the seizure was part of a confiscation order that a judge issued last week.
In its letter to the Malian government, Barrick said the seizure of the gold meant it was no longer covered by Barrick's insurance. It added that it was waiting for confirmation that the gold removed from its site had arrived at the Banque Malienne de Solidarite and for proof that the gold held there was insured.
In a separate court order, dated Jan. 2 and also seen by Reuters on Monday, Judge Boubacar Moussa Diarra had ordered the seizure of the stock and said Mali's economy ministry claimed the two mines operated by Barrick in the country owed a total of $5.5 billion to the government, a much higher figure than previously estimated.
Barrick has been in a dispute with Mali's government since 2023 over a contract based on new mining rules.
The row has escalated several times, with Mali detaining senior executives and issuing an arrest warrant for Barrick CEO Mark Bristow.
On Friday, the International Centre for Settlement of Investment Disputes registered Barrick's request for arbitration proceedings against Mali, according to public documents.
Military governments in Mali, Burkina Faso and Niger are all seeking to renegotiate terms to gain a bigger share of mining revenue at a time when gold prices have hit record highs.
Neither Barrick nor the Malian authorities immediately responded to requests for comment.
The sources spoke on condition of anonymity as they were not authorised to discuss publicly the confidential orders.
Barrick said in a note to Malian staff on Sunday that the government had begun enforcing an order to seize the gold, and warned again that it may have to suspend operations at the complex over the long-running dispute.
Jefferies analysts have estimated that suspending production at the mine could cut Barrick's earnings before interest, tax and amortisation by 11% in 2025.
Mali had previously demanded about $500 million in unpaid taxes from Barrick, sources told Reuters. Barrick denies any wrongdoing. The company's quarterly earnings report says it did pay $85 million to the Malian government in October.
Barrick warned last month of a significant deterioration of conditions at Loulo-Gounkoto, with employees detained without cause and shipments of bullion blocked. The company owns 80% of the mining complex, with the Mali government owning 20%.

Top News - Carbon & Power

LNG exporter Venture Global targets up to $110 billion valuation in blockbuster US IPO

Venture Global is seeking up to $110.38 billion valuation in its New York initial public offering, the second-largest U.S. liquefied natural gas producer said on Monday, setting the stage for the first blockbuster stock market flotation in 2025.

The Arlington, Virginia-based company is seeking to raise up to $2.30 billion in what is likely to be the largest listing by an energy company in the U.S. in more than a decade.

Conoco's $4.4 billion offering in 1998 was the biggest energy New York IPO ever by a U.S.-based company, followed by Kinder Morgan's $3.3 billion flotation in 2011, according to data compiled by LSEG.

Reuters exclusively reported on Saturday that Venture Global was set to formally pitch the IPO to investors this week.

The company is offering 50 million shares priced between $40 and $46 each.

Global LNG demand has been growing as the world shifts toward cleaner energy. The U.S., a major LNG supplier to Europe and Asia, has emerged as the largest exporter of the superchilled gas, thanks to abundant natural gas reserves and development of LNG terminals along the Gulf Coast.

North America's LNG export capacity should more than double by 2028, according to the U.S. Energy Information Administration.

President-elect Donald Trump's incoming administration is widely expected to end President Joe Biden's pause on LNG export approvals.

"Venture Global's IPO couldn't have been better timed. Investors are eagerly looking for companies that will benefit from Donald Trump's policies and Venture Global ticks the right boxes," said Dan Coatsworth, investment analyst at AJ Bell.

The company has five LNG projects in various stages of development near the Gulf of Mexico in Louisiana, and expects to have total peak production capacity of 143.8 million tonnes a year.

A big risk to the flotation is "multi-billion-dollar arbitration claims being pursued by clients which allege it (Venture Global) reneged on contracts when LNG prices jumped as a result of Russia's invasion of Ukraine," Coatsworth said.Venture Global has raised roughly $54 billion of capital for its projects and generated about $19.6 billion in gross proceeds from LNG sales as of Sept. 30.

METEORIC RISE

Venture Global was founded in 2013 by two industry outsiders - former investment banker Michael Sabel and financial lawyer Robert Pender.

The two men received a total of $127 million in compensation for the last two years and are expected to be the biggest beneficiaries of a $160 million dividend payout, according to the Venture Global's IPO filing.

Chief Executive Officer Sabel received a total of $70 million for 2023 and 2024 while Executive Co-Chairman Pender received $57 million.

Venture Global has become one of the biggest U.S. LNG exporters, competing with names such as Cheniere Energy, Freeport LNG, and Sempra.

Venture Global began generating proceeds in 2022 when its first facility, Calcasieu Pass, started producing the superchilled gas.

But the facility is still being commissioned. The lengthy testing and optimizing process before commercial operation has led to contract disputes from customers including BP, Shell and Edison, over non-receipt of contracted cargoes.

Venture Global has maintained that with the Calcasieu facility still in the commissioning phase, it relieves the company from fulfilling the long-term contracts yet.

The company said in its filing that its compensation package to Sabel, Pender and other executives include base salaries and achieving milestones such as starting commercial operations. Still, neither of its projects have yet reached commercial operations.

Plaquemines, Venture Global's second facility, began producing LNG last month, the first new U.S. LNG plant to start operations since 2022.

Once fully operational, Plaquemines will be among the world's biggest LNG facilities.

The plant is on track to pull 1 billion cubic feet of gas on Monday, according to data from financial firm LSEG.

Sabel and Pender will continue to control over 50% of the voting power after the offering.

Goldman Sachs, J.P. Morgan and BofA Securities are the lead underwriters for the offering.

Venture Global, which has tapped 21 banks for the IPO, will be listed on the New York Stock Exchange under the symbol "VG".

The company said it will use IPO proceeds for general corporate purposes, including funding projects and continuing operations.

Ten EU countries call for sanctions on Russian gas, LNG, document shows

Ten European Union countries have called for the 27-nation bloc to ban imports of pipeline gas and liquefied natural gas (LNG) from Russia, a document seen by Reuters showed, as Europe debates fresh sanctions on Moscow over the war in Ukraine.

The EU is preparing its 16th package of sanctions targeting Russia's economy, ahead of the third anniversary of Moscow's full-scale invasion of Ukraine in February 2022.

The 10 countries, including the Czech Republic, Denmark, Estonia and Finland, want Europe to go further in targeting Russia's fuel exports, to cut the revenues flowing to Moscow.

"As an end goal, it is necessary to ban the import of Russian gas and LNG at the earliest date possible," the countries said in a joint paper seen by Reuters.
It was also signed by Ireland, Latvia, Lithuania, Poland, Romania and Sweden. "An alternative to the full ban could be to gradually reduce the use of Russian gas and LNG as has also already been set out in the RePowerEU Roadmap," the document said, referring to the EU's existing aim to end its use of Russian fossil fuels by 2027.
The EU has already sanctioned seaborne oil imports from Russia, but so far not banned gas imports from Moscow because some EU countries continue to rely on them.
The 10 countries said Russian LNG tankers should also be banned from docking inside the EU. The document was reported earlier on Monday by Bloomberg News.
The European Commission is drafting a more detailed plan to wean countries off Russian energy.
Sanctions - the most direct way to shut off Russian fuel imports - would require unanimous approval from all EU countries.
Hungarian Prime Minister Viktor Orban has previously opposed Russian energy sanctions, while Slovak Prime Minister Robert Fico said last week he had secured Slovakia's gas supply during a visit to meet Russian President Vladimir Putin in December.
Europe's gas imports from former top supplier Russia have plunged since 2022, and the bloc has hiked imports of U.S. LNG and expanded its use of renewable energy to help fill the gap.
Russian gas imports dropped further this month, when a contract bringing Russian fuel to Europe via Ukraine expired. Slovakia has vowed to try to resume that deal.

Top News - Dry Freight

Panama Canal traffic rose in Dec, but waterway still has empty slots
The average number of vessels that passed through the Panama Canal in December increased to 34.2 per day, according to a notice from its authority seen on Monday, but the waterway did not fill all the slots on offer, a sign that some ships continue taking alternative routes.
The canal, the world's second busiest and the only interoceanic way that operates with freshwater, between August and September lifted passage restrictions following a severe drought that forced a limit to daily transits and vessel drafts.
The Panama Canal Authority had been expecting a return to the full allotment of 36 transits per day, especially during peak periods, such as the last quarter of the year. But the open slots show many shippers have kept to their alternative routes.
In November, an average of 33.3 vessels transited through the waterway per day, while the average for October was 31.4 ships per day.
The canal's authority did not immediately reply to a request for comment.
Some vessels, including bulk carriers and liquefied natural gas (LNG) tankers, have continued using alternative routes when the cost of passing through Panama matches the extra fuel they must use to travel around the capes of Horn or Good Hope to transit between the Americas and Asia.
The canal's increase in passage fees in the last decade, something U.S. President-elect Donald Trump has recently complained about, has been an issue with some commodities producers and shippers, say analysts.
Trump recently said he did not rule out using military or economic action to take over the canal.
In the fiscal year that ended in September, the canal reported a 5% decrease in its toll revenue to $3.18 billion, despite large declines in tonnage handled and the total number of vessels that passed through.
Between the 2020 and 2023 fiscal years, the canal's toll revenue had increased almost 26% to $3.35 billion, according to its annual reports.
The canal has said it expects in this fiscal year to achieve an annual tonnage close to the 511 million tons it handled in 2023, and see up to 12,582 deep-draft vessel transits between the Atlantic and Pacific Oceans.

COLUMN-China torments and titillates seaborne coal market: Russell
China imported a record amount of coal in 2024, driving world imports of the fuel to an all-time high. So why are coal exporters starting 2025 in a deep blue funk?
For coal exporters, China is both their saviour and tormentor, as the record import volumes are only possible because seaborne prices have dropped to multi-year lows.
Prices for export coal have declined in order to remain competitive with China's domestic prices, with the world's biggest producer and importer of coal driving what happens in global coal markets.
China's coal imports rose to an all-time high of 542.7 million metric tons in 2024, up 14.4% from 2023's 474.42 million tons, according to customs data released on Monday.
There were several factors driving the increase, including lower hydropower generation, which boosted demand for thermal coal for electricity production.
However, it's likely the main factor behind China's record imports was the decline in prices for seaborne coal from top exporters Indonesia and Australia.
Indonesian coal with an energy content of 4,200 kilocalories per kg (kcal/kg) was assessed by commodity price reporting agency Argus at $49.97 a ton in the week to Dec. 30, down 13.5% for the year and the lowest since April 2021.
Australian 5,500 kcal/kg coal, a grade popular with Chinese buyers, was assessed at Newcastle Port by Argus

at $81.77 a ton in the week to Dec. 27, down 12.3% for the year and the weakest since July 2021.

The prices have started 2025 softly, with the Australian grade dropping to $81.01 a ton in the week to Jan. 10, while the Indonesian fuel slipped to $49.67.

The decline in seaborne thermal coal prices came as China's domestic prices also weakened, with consultants SteelHome assessing coal at Qinhuangdao port at 775 yuan ($106) a ton on Monday. This is slightly up from the recent low of 765 yuan a ton on Dec. 27, which was the weakest since June 2023, and down 17.6% from the 2024 high of 940 yuan in late February.

There is a bit of a chicken-and-egg situation with coal prices and import volumes, and it's not clear whether the strong level of shipments is a result of weakening prices, or if softer prices have allowed volumes to remain robust.

For China, imports picked up in the second half of the year as seaborne prices were declining, with the strongest month being November's 54.98 million tons.

But India, the world's second-biggest coal importer, showed a different pattern, with imports declining in the second half of 2024 even as prices weakened. India's total coal imports were 228.72 million tons in 2024, down a modest 2.7% from the record of 234.99 million in 2023, according to data compiled by commodity analysts Kpler.

UNCERTAIN 2025

The question for coal producers is whether seaborne demand will be as strong in 2025 as it was in 2024, and the outlook is less certain.

Global seaborne coal imports were 1.279 billion tons in 2024, up marginally from 1.276 billion the prior year, according to Kpler.

China may import less in 2025, with the China Coal Transportation and Distribution Association stating in a seminar last week that it expects imports to fall to 525 million tons.

India may also see lower imports if domestic output continues to rise and the government continues policies to encourage more consumption of local production.

Outside of the big two importers, it's hard to make a bullish case. Demand in Asia's other large buyers, Japan and South Korea, is likely to remain steady at best.

Europe's imports fell for a second year in 2024 to 88.52 million tons from 108.98 million in 2023, according to Kpler data. Despite the loss of pipeline Russian natural gas supplies, it's unlikely utilities will switch back to coal given environmental concerns.

Picture of the Day

A drone view shows manatees gathering in the warm-water outflows of Florida Power & Light Company's (FPL) power station at Manatee Lagoon in West Palm Beach, Florida, U.S., January 13. REUTERS/Marco Bell

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

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