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Top News - Oil

Trans Mountain oil pipeline change approved by Canadian regulator

The Canada Energy Regulator (CER) on Friday approved a request for a change in construction for the final stretch of the Trans Mountain oil pipeline expansion project, clearing the path for its completion early this year.

The C$30.9-billion ($23.05 billion) expansion will nearly triple the flow of crude on Trans Mountain from Alberta to Canada's Pacific Coast but has been plagued by years of delays and cost overruns.

Worries about further delays have weighed on Canadian heavy crude prices in recent months.

Trans Mountain, a Canadian-government owned corporation, had asked to be allowed to install smaller-diameter pipe in a 1.4-mile (2.3-km) section of the pipeline's route after encountering challenging drilling conditions due to the hardness of the rock in a mountainous area between Hope and Chilliwack in the province ofBritish Columbia.

Following a hearing in Calgary, Alberta on Friday, the CER said it approved Trans Mountain's request and would issue its reasons at a later time.

The CER had denied Trans Mountain's request on Dec. 5, prompting Trans Mountain to then ask the regulator to reverse the decision on the grounds it could cause a "catastrophic" two-year delay and billions of dollars in losses.

The project is scheduled to start operating by the end of March.

Prime Minister Justin Trudeau's Liberal government bought the pipeline in 2018 to ensure the expansion proceeded despite opposition.

The expanded pipeline will increase access for Canadian oil to refineries on the U.S. West Coast and in Asia.

North Dakota oil output off by up to 280,000 bpd due to cold weather - Pipeline Authority

North Dakota oil production has fallen by an estimated 250,000 to 280,000 barrels per day due to freezing weather, while natural gas output in the state declined by 700 million to 800 million cubic feet per day, the North Dakota Pipeline Authority estimated on Sunday. An Arctic blast is blanketing much of the United States, driving up power demand but also straining supplies as frigid temperatures curtail some oil and gas production. Power and gas supply disruptions have already occurred in parts of the country, including an outage on a natural gas pipeline in the Northwest over the weekend. North Dakota is the third-largest oil producer in the United States, with output totaling 1.3 million barrels of oil per day. It produces just 3.4 billion cubic feet per day of natural gas, however, a fraction of the 34.7 bcf per day produced in Texas, according to the latest figures from the U.S. Energy Information Administration.

"The Northern Border pipeline delivering natural gas to the Midcontinent is remaining full with Canadian gas backfilling the lost Bakken volumes," the Pipeline Authority said in a statement.

In Texas, the country's largest oil and gas producer, temperatures are now anticipated to be colder than previously expected, with multiple days of sub-freezing temperatures, the Texas Oil and Gas Association warned on Sunday. The group reported localized power outages in parts of Permian Basin oil fields but said there had not been significant changes in production, pressures or supply availability.

"Localized issues have occurred as anticipated with weather events; however, there has been minimal impact to the overall natural gas production and distribution system," TXOGA said.

Top News - Agriculture

India has no plans to import wheat for now - trade minister

India does not plan to import wheat and its farmers are likely to harvest a bumper crop that will boost stockpiles in the world's second-biggest producer of the staple, the trade minister said on Saturday.

"Ground reports indicate that the crop is quite good and this year's production is expected at a record 114 million metric tons," Piyush Goyal told reporters.

India banned wheat exports in 2022 after output was curtailed due to a heat wave, but more recently overseas sales picked up as Russia's invasion of Ukraine sent global prices to multi-year highs.

The government has sold around 6 million metric tons of wheat to local bulk buyers since June. 1, when the state-run Food Corporation of India started selling the grain from its warehouses.

Despite selling wheat from its granaries, inventories at state warehouses are likely to remain above the target of 7.46 million metric tons fixed for April 1, when a new marketing year starts, a top government official said earlier this month.

The country's wheat stocks at state warehouses stood at 16.47 million metric tons as of Jan. 1, the lowest since 2017.

Goyal said India would for now continue with its export curbs on wheat, rice and sugar.

"We are committed to protecting both consumers' and farmers' interests," he said.

India, also the world's second-biggest rice producer, last year banned overseas shipments of non-basmati white rice. And New Delhi has also stopped mills from exporting sugar this year.

Goyal also said his government has no immediate plans to allow duty-free imports of corn - also known as maize in India - turning down the poultry industry's demands. "Farmers will plant more maize this year," he said.

US corn stocks swell as world recovers from tighter supplies

U.S. corn inventories last month swelled to their largest level since 2018, the U.S. Department of Agriculture said on Friday, as global supplies recover from multi-year lows.

World grain supplies are becoming more comfortable after tightening due to the war in Ukraine, a major corn and wheat producer, and unfavorable crop weather.

A record U.S. corn harvest last year and lackluster U.S. export sales have contributed to growing stockpiles, and pushed corn futures prices to three-year lows in a blow to farmers.

"Stocks are building in the U.S. and the world instead of shrinking," said Don Roose, president of brokerage U.S. Commodities in Iowa.

U.S. corn stocks of 12.169 billion bushels on Dec. 1 were up 12.5% from a year earlier, when stocks set a nine-year low for that date, USDA data show. They exceeded analysts' estimates for 12.05 billion bushels.

Globally, the amount of corn left at the end of the marketing year is projected to hit a six-year high in 2023/24, after setting a two-year low the previous year and six-year low in 2020/2021, according to the USDA.

"There's plenty of corn out there," said Len Steiner, principal of food consultancy Steiner Consulting Group.

For wheat, U.S. stocks increased to 1.410 billion bushels as of Dec. 1, the largest since 2020 and above analysts' expectations for 1.387 billion bushels. A year earlier, stocks were about 7% smaller and hit the lowest level for Dec. 1 since 2007, according to the USDA.

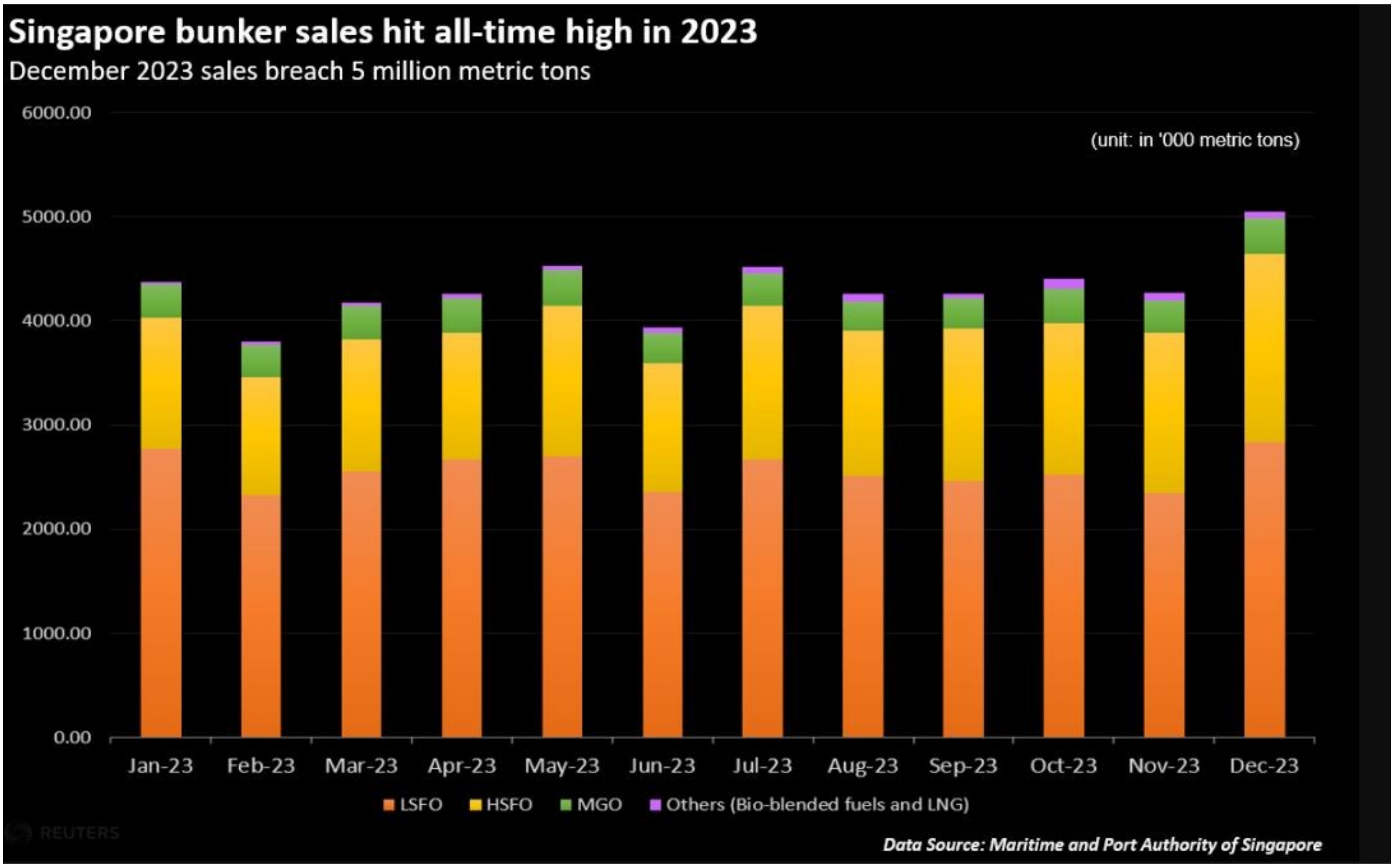
The USDA raised its estimate for global wheat ending stocks from December, though they remain at an eight-year low. The government also projected all U.S. winter wheat seedings for the 2024 harvest will fall 6% to 34.425 million acres.

Bigger-than-expected crop inventories added pressure on grain prices, which extended recent declines. Corn futures hit their lowest level since December 2020 at the Chicago Board of Trade and soybean futures set their lowest since November 2021 after the USDA raised yield numbers for the now harvested U.S. crop.

The USDA said U.S. soybean stocks on Dec. 1 were 3 billion bushels, down from 3.021 billion a year earlier and the lowest since 2020. Analysts had expected 2.975 billion bushels.

The USDA separately cut its soybean production estimate for Brazil by 2.5% to 157 million metric tons, below last year's record crop of 160 million tons. Hot, dry weather hurt farms in parts of Brazil, the world's top soybean exporter, and some analysts said USDA's forecast is still too high.

Chart of the Day



Top News - Metals

France, ArcelorMittal agree on $2 bln investment to cut French plant emissions

France and steelmaker ArcelorMittal have agreed on a 1.8 billion-euro ($1.97 billion) investment to cut greenhouse emissions at a steel plant in Dunkirk, northern France, finance ministry officials said on Sunday.
The French government's subsidy package, which could be up to 850 million euros, had already been cleared by the European Commission and is part of President Emmanuel Macron's strategy to cut emissions at France's 50 most polluting sites.
The money will finance electric furnaces and a direct reduction plant, which will cut French carbon emissions from the industrial sector by 5.7%, the finance ministry said in a statement.

Chile's SQM suspends operations at lithium salt flats due to blockades

Chile's SQM, the world's second-largest lithium producer, said it has suspended operations at the Atacama salt flat in Chile due to road blockades.
"Since we do not know how long the road blockade will continue, it is not possible for us to estimate the financial impact of the stoppage," the company said in a statement dated Saturday.
Indigenous groups for days blocked public roads that lead to mining operations in the south of the salt flat, the world's largest lithium deposit, where SQM and U.S. firm Albemarle extract the metal, preventing workers, supplies and lithium from entering or leaving.
The Atacama Indigenous Council, however, on Saturday said that protesters would end the occupation after the mining ministry promised that President Gabriel Boric would come to the area. It was not immediately clear if protesters remained in the area on Sunday.
The demonstrations were sparked by an agreement signed last month between SQM and state-run copper firm Codelco that indigenous leaders said sidelined local communities despite a recent government promise of a dialogue to discuss lithium mining in the Atacama.

Top News - Carbon & Power

Australian court lets Santos build pipeline for $4.3 bln Barossa gas project

Australia's Santos can proceed with construction of an undersea pipeline vital to its $4.3 billion Barossa gas project after a court on Monday ruled in favour of the oil and gas firm in a dispute with an Indigenous man looking to pause the work.
Work on the pipeline, which will connect the Barossa gas field to a processing plant in the northern Australian city of Darwin, was paused by court order in November after a suit by a member of an Indigenous group regarded as traditional land owners from the nearby Tiwi Islands.
Simon Munkara sought to halt work and force Santos to do a fresh assessment of the pipeline's impact on underwater cultural heritage. The applicants argued, among other things, that the pipeline would disturb the travels of, and anger, two "ancestral beings" - a rainbow serpent known as Ampiji and Jirakupai, or the Crocodile man.
However, Justice Natalie Charlesworth on Monday dismissed Munkara's application and lifted the November court injunction, opening the door for Santos to commence work on the pipeline.
Charlesworth said there was "significant division" among Tiwi Islanders over traditional accounts of Ampiji and Jirakupai and only a "negligible chance that there may be objects of archaeological value in the area of the pipeline route."
Santos shares traded up as much as 3.7% following the decision and then slipped to A$7.72, or 2.3% higher at 14:08 (0308 GMT).
Santos welcomed the decision in a statement and said it would continue pipelaying activity for the project.
The Environmental Defenders Office, which represented Munkara, did not immediately respond to Reuters when asked if it would appeal the decision.
The decision clears a major hurdle blocking the long-stalled project and boosts the company's fortunes at a time when shareholders are calling for a meaty premium in a potential merger with larger rival Woodside Energy.
Citi analysts had said a ruling against Santos could delay the vital growth project, where the company aims to start producing gas in the first half of 2025, by more than a year.
Woodside and Santos announced preliminary talks in December on an A$80 billion ($53.53 billion) tie-up, although the holiday break means a deal is unlikely before February.
The Barossa project, which is co-owned by South Korean energy company SK E&S and Japan's JERA, still needs several environmental plans approved to proceed. A revised drilling plan was approved by the petroleum regulator in December.

Frigid temps cut US natural gas supply as demand soars, Texas faces possible shortfall

U.S. natural gas output fell to a preliminary 11-month low on Sunday as frigid weather froze wells across the country, while gas demand for heating and power generation was on track to hit record highs.
In Texas the state's power grid operator, the Electric Reliability Council of Texas (ERCOT), forecast electric demand on Tuesday would top last summer's all-time high and warned power supplies could fall short on both Monday and Tuesday.

ERCOT on Sunday issued an appeal to the public calling for energy conservation from 6 a.m. – 10 a.m. CT (1200-1600 GMT) on Monday.
The operator asked Texas government agencies to implement all programs to reduce energy use at their facilities during that time.
"Operating reserves are expected to be low Monday morning due to continued freezing temperatures, record-breaking demand, unseasonably low wind," the grid operator said in a statement.
The drop in U.S. gas availability so far this week was the most in over a year, with supplies on track to fall by around 9.6 billion cubic feet per day (bcfd) from Jan. 8-14 to an estimated 11-month low of 98.6 bcfd on Jan. 14, according to data from financial firm LSEG.
That decline so far was small compared with gas supply losses of around 19.6 bcfd during Winter Storm Elliott in December 2022, and 20.4 bcfd during the February freeze of 2021.
In North Dakota, oil production was down by an estimated 250,000 to 280,000 barrels per day due to freezing weather, while gas output had fallen by 700 million to 800 million cubic feet per day, according to North Dakota Pipeline Authority.
Electricity supply and demand forecasts can change quickly, however, as power plant availability and weather patterns develop. The February 2021 freeze left millions in Texas without power, water and heat for days and resulted in over 200 deaths as ERCOT scrambled to prevent a grid collapse after an unusually large amount of generation shut.
Some of those power plants shut because they could not access enough gas supplies after frigid temperatures froze wells and other equipment, known in the energy industry as freeze-offs.

DEMAND SOARS
U.S. gas demand, including exports, will reach 164.6 bcfd on Jan. 15 and 171.9 bcfd on Jan. 16, according to LSEG.
Those daily demand forecasts would top the current all-time high of 162.5 bcfd set in December 2022 during Winter Storm Elliott, federal energy data from S&P Global Commodities Insights showed.
In Texas, ERCOT forecast power demand would peak at around 85,564 megawatts (MW) on Jan. 16 at around 8 a.m. local time, which would top the current all-time peak of 85,508 MW set in August 2023.
ERCOT estimated power use could top supplies by around 1,000 MW during the mornings of both Jan. 15 and Jan. 16. Those estimates, however, are subject to change and do not account for steps the grid operator may take to boost supplies and reduce demand.
One of the states hardest hit by the freeze over the past few days is Oregon, where roughly 164,000 homes and businesses were without power on Sunday, according to PowerOutage.us.
Portland General Electric, the state's biggest power company, said in a post on social media platform X that restoration efforts would continue through the weekend.
Portland General had about 126,000 customers still without power at midday on Sunday.
Next-day power prices at the Mid-Columbia (Mid-C) hub at the Washington-Oregon border soared to a record high of around $1,075 per megawatt hour (MWh), according to LSEG data going back to 2010.
That compares with Mid-C averages of $81 per MWh in 2023 and $52 from 2018 to 2022.
Northwest Pipeline, which supplies gas to states including Washington, Oregon, Idaho, Wyoming, Utah and Colorado, on Saturday declared force majeure following an outage at a gas storage facility but has since resumed

MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$72.82 / bbl	0.19%	1.63%
NYMEX RBOB Gasoline	$2.15 / gallon	0.11%	1.89%
ICE Gas Oil	$785.50 / tonne	0.03%	4.63%
NYMEX Natural Gas	$3.16 / mmBtu	-4.50%	25.86%
Spot Gold	$2,054.39 / ounce	0.28%	-0.40%
TRPC coal API 2 / Dec, 24	$104 / tonne	3.48%	7.22%
Carbon ECX EUA	€65.17 / tonne	-0.97%	-18.91%
Dutch gas day-ahead (Pre. close)	€31.75 / Mwh	2.98%	-0.31%
Malaysia Palm Oil (3M)	RM3,840 / tonne	-0.41%	3.20%
Index	**Close 12 Jan**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	302.66	0.12%	0.42%
Rogers International	26.44	-0.36%	0.44%
U.S. Stocks - Dow	37,592.98	-0.31%	-0.26%
U.S. Dollar Index	102.46	0.06%	1.11%
U.S. Bond Index (DJ)	427.62	0.21%	-0.72%

operations, company notices said. Officials at U.S. energy company Williams Cos, the pipeline's owner, said on Sunday challenges on the pipeline had been resolved and that its transmission systems were continuing to transport scheduled volumes.

Top News - Dry Freight

Container rates soar on concerns of prolonged Red Sea disruption, inflation

Container shipping rates for key global trade routes have soared this week, with U.S. and UK air strikes on Yemen stirring fears of a prolonged disruption to global trade in Red Sea, one of the world's busiest routes, industry officials said on Friday.

U.S. and British warplanes, ships and submarines launched dozens of strikes across Yemen overnight, retaliating against Iran-backed Houthi forces for attacks on Red Sea shipping, widening regional conflict stemming from Israel's war in Gaza.

Most container ships already were avoiding the nearby Suez Canal, a shortcut between Asia and Europe that handles 12% of global trade. Now, U.S. and UK militaries have advised all ships to steer clear of the conflict zone.

That stoked fears that rates for oil tankers and bulk carriers that ferry vital commodities could surge, raising the risk of a new round of global inflation.

The benchmark Shanghai Containerized Freight Index was up over 16% week-on-week to 2,206 points on Friday. The index, which measures non-contract "spot" rates for container shipments out of China's ports, has gained 114% since mid-December.

Rates on the Shanghai-Europe route rose 8.1% to $3,103 per 20-foot container on Friday from a week earlier, while the rate for containers to the unaffected U.S. West Coast soared 43.2% to $3,974 per 40-foot containers week on week, leading ship broker Clarksons said on Friday.

"The longer this crisis goes on, the more disruption it will cause to ocean freight shipping across the globe and costs will continue to rise," Peter Sand, chief analyst at freight platform Xeneta, said in Friday.

Major players in the ocean shipping industry that handles upwards of 90% of global trade are bracing for months of cost-stoking upheaval.

"Even if from today forward the Bab al-Mandeb Strait was to become safe and secure for transit, we expect it will take a minimum two months before vessels could assume normal rotational patterns," said Michael Aldwell, executive vice president for sea logistics at Kuehne + Nagel.

Major container ship owners such as Maersk and Hapag-Lloyd have switched Suez Canal-bound ships to the longer route around Africa's Cape of Good Hope. That has sent delays cascading through complex vessel schedules. Rates have at least doubled from a month ago on the most affected routes but remain below the pandemic's record highs. On Friday, four oil tankers turned around mid-voyage to avoid the Red Sea and five others either made diversions or paused navigation.

"Tanker rates will increase and futures are up this morning," said John Kartsonas, managing partner at Breakwave Advisors, who added that dry bulk remains the least affected sector.

Major importers like Tesla , Geely-owned Volvo Car and Ikea already have reported product shortages or warned of late-arriving goods.

Rerouting a ship around Africa adds roughly 10 days and $1 million in fuel costs for each one-way voyage between Asia and Europe.

Carriers are pulling vessels into the most affected European and Mediterranean trade lanes to compensate. That is reducing available vessel space for cargo moving on Transpacific and North-South routes and sending rates higher, Jefferies analyst Omar Nokta said in a note on Friday.

Vessel operators also are rolling out Red Sea-related surcharges and rationing less expensive, contract-rate space - forcing some customers' shipments into the pricier spot market.

"The price of a vast range of goods threatens to march upwards again," said Susannah Streeter, head of money and markets, Hargreaves Lansdown.

France's Senalia sees 2023/24 grain exports stir after slow start

Senalia, which operates France's biggest grain export terminal, said on Friday that its cereal shipments from Rouen port were picking up after a disappointing start to the season marked by stiff competition from cheaper Black Sea supplies.

Cooperative-owned Senalia loaded 1.67 million metric tons of cereals between July and December, the first half of the 2023/24 season, down nearly a third from 2.43 million over the same period in 2022/23, it said during a presentation.

However, activity was expected to accelerate in the second half of this season to bring full-year cereal loadings to around 4 million tons, close to last season's 4.1 million tons, Gilles Kindelberger, Senalia's chief executive, later told reporters.

"We've lacked competitiveness since the start of the season," he said, adding that "grain is starting to flow."

A sharp drop in French prices and the need for farmers and grain handlers to offload some supplies were boosting export activity, he said.

Port data compiled by LSEG has shown an upturn in loadings since last month, with large volumes being shipped to China and new loadings for Algeria and Morocco.

Morocco, which has become the biggest wheat export outlet for the European Union as Algeria has turned more towards Russian wheat, was expected to be the main destination for wheat loaded by Senalia this season, Kindelberger said.

Senalia's wheat volumes for China will be curbed by the decision of one trading firm to switch shipments from Rouen to a deep-water port, though in return the merchant would load equivalent volumes for Morocco via Senalia's terminal, he added.

Regarding market talk that some wheat shipments for China have been postponed , Kindelberger said it appeared that some deals initially due for loading in February-March had been pushed back.

Disruption to shipping in the Red Sea due to attacks by Yemen's Houthi forces was a concern for the grain trade but was not having an impact so far on Senalia, except for small volumes of barley shipped in containers to China affected by tensions in container shipping , he said.

Picture of the Day

Bill Couser, a cattle and grain farmer, inspects corn used as feed for his cows on his farm, in Nevada, Iowa, U.S., January 13. REUTERS/Evan Garcia

(Inside Commodities is compiled by Sreshtha Uniyal in Bengaluru)

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