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Top News - Oil

Trump says to unleash American fossil fuels, halt climate cooperation

President Donald Trump on Monday laid out a sweeping plan to maximize oil and gas production, including by declaring a national energy emergency to speed permitting, rolling back environmental protections, and withdrawing the U.S. from an international pact to fight climate change.

The moves signal a dramatic U-turn in Washington's energy policy after former President Joe Biden sought for four years to encourage a transition away from fossil fuels in the world's largest economy. But it remains to be seen if Trump's measures will have any impact on U.S. production, already at record levels as drillers chase high prices in the wake of sanctions on Russia after its 2022 invasion of Ukraine.

"America will be a manufacturing nation once again, and we have something that no other manufacturing nation will ever have: the largest amount of oil and gas of any country on Earth," Trump said during his inauguration speech. "And we are going to use it."

Trump later signed executive orders declaring a national energy emergency and withdrawing the United States from the 2015 Paris climate deal, the international pact to fight global warming. He also signed orders aimed at promoting oil and gas development in Alaska, reversing Biden's efforts to protect Arctic lands and U.S. coastal waters from drilling, revoking Biden's target for EV adoption, suspending offshore wind lease sales, and lifting a freeze on LNG export permitting.

Trump said he expects the orders to help reduce consumer energy prices and improve U.S. national security, by expanding domestic supplies and also bolstering allies. "We will bring prices down, fill our strategic reserves up again right to the top, and export American energy all over the world," he said.

Environmental groups have said they intend to challenge the executive orders in court.

The Biden administration had seen electric vehicle and wind energy technologies as crucial to efforts to decarbonize the transportation and power sectors, which together make up around half of U.S. carbon dioxide emissions.

Biden's administration sought to encourage electric vehicle use by offering a consumer subsidy for new EV purchases, and by imposing tougher tailpipe emissions standards on automakers.

It also sought to encourage clean energy technologies like wind and solar through tax credits that have drawn billions of dollars in new manufacturing and project investments.

The Democratic National Committee called Trump's day one agenda a "disaster for working families".

"Killing manufacturing jobs and giving a free pass to polluters that make people sick is hardly putting 'America first,'" said Alex Floyd, DNC spokesperson.

POWER INDUSTRY OVERHAUL

Trump had said repeatedly during his campaign he intends to declare a national energy emergency, arguing the U.S. should produce more fossil fuels and also ramp up power generation to meet rising demand.

U.S. data center power use, a major driver of growing electricity demand, could nearly triple in the next three years, and consume as much as 12% of the country's power to fuel artificial intelligence and other technologies, according to the Department of Energy.

Trump's declaration seeks to ease environmental restrictions on power plants to meet that demand, speed up construction of new plants, and ease permitting for transmission and pipeline projects.

"It allows you to do whatever you've got to do to get ahead of that problem," Trump told reporters while signing the order. "And we do have that kind of an emergency."

Sam Sankar, senior vice president for programs at Earthjustice, a non-profit group which is gearing up to fight Trump policies in the courts, said the declaration of an energy emergency in a non-war period is rare and untested, creating a potential legal vulnerability.

The first Trump administration had considered using emergency powers under the Federal Power Act to attempt to carry out a pledge to rescue the declining coal industry, but never followed through.

Trump's promise to refill strategic reserves, meanwhile, has the potential to lift oil prices by boosting demand for U.S. crude oil.

After the invasion of Ukraine, Biden had sold more than 180 million barrels of crude oil from the U.S. Strategic Petroleum Reserve, a record amount.

The sales helped keep gasoline prices in check, but sank the reserve - designed to buffer the United States from a potential supply shock - to the lowest level in 40 years.

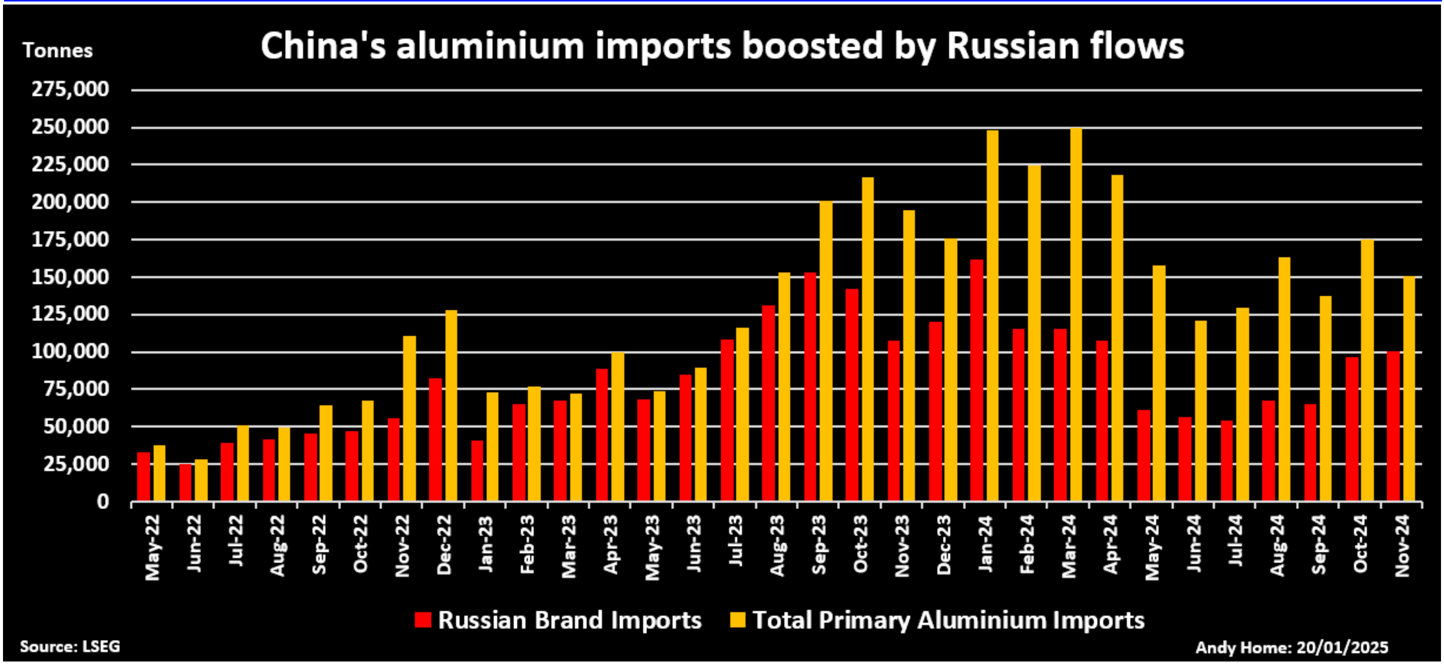
Trump says will likely stop buying oil from Venezuela

U.S. President Donald Trump said on Monday that his administration would likely stop buying oil from Venezuela and was looking "very strongly" at the South American country.

"It was a great country 20 years ago, and now it's a mess," Trump told reporters in the Oval Office hours after his inauguration. "We don't have to buy their oil. We have plenty of oil for ourselves."
Trump's envoy for special missions, Richard Grenell, had earlier said he spoke with multiple officials in Venezuela and would begin meetings early Tuesday, days after the outgoing Biden administration imposed new sanctions on the government of President Nicolas Maduro.
"Diplomacy is back," Grenell said in a post on X disclosing his initial calls.
"Talking is a tactic."
Grenell, who served as acting intelligence chief at the end of Trump's first term, also planned to meet with Venezuelan opposition officials in Washington on Tuesday, a source familiar with the matter said. No comment was immediately available from the Venezuelan communications ministry on Trump's comments or the outreach from Grenell.
Venezuela's oil exports to the U.S. soared 64% to some 222,000 bpd last year, making it its second-largest export market behind China, which took 351,000 bpd, down 18% compared to the prior year.
Since 2019, Venezuela's oil industry has been under U.S. sanctions designed to curb its oil income.
However, Chevron has been allowed since 2022 to ship Venezuelan oil to the U.S. to recoup unpaid dividends from joint venture partners.

'A NEW START'
During his campaign, Trump called Maduro "a dictator" after he pursued a "maximum pressure" campaign against him during his first term from 2017 to 2021, including imposing harsh sanctions on the South American country and its oil industry.
Former President Joe Biden briefly rolled back some of the Trump-era restrictions following electoral promises from Maduro but then reinstated them, saying the Venezuelan leader had reneged on pledges for a fair democratic vote.
Maduro and his government have always rejected sanctions by the United States and others, saying they are illegitimate measures that amount to an "economic war" designed to cripple Venezuela.
Maduro and his allies have cheered what they say is the country's resilience despite the measures, though they have historically blamed some economic hardships and shortages on sanctions.
Maduro has said Trump's re-election offers "a new start" for bilateral relations.
One of Trump's central campaign promises was the mass deportation of undocumented migrants, many of whom come from Venezuela. Sending them back likely would require cooperation from Venezuelan authorities.
In his announcement about Grenell's nomination, Trump said he would work in hotspots around the world, including Venezuela and North Korea.
Grenell served as Trump's ambassador to Germany, a special presidential envoy for Serbia and Kosovo peace negotiations, and as acting director of national intelligence during Trump's 2017-2021 term.
Grenell has had previous interactions with Maduro associates.
Reuters reported that in 2020 Grenell secretly met with a Maduro representative to try to work out the Venezuelan leader's peaceful exit from power after his 2018 re-election was considered a sham by most Western countries, but no agreement was reached.

Chart of the Day



Top News - Agriculture

Brazil's soybean harvest at slowest pace since 2021, says AgRural

Brazil's soybean harvest for the 2024/25 season had reached 1.7% of the planted area as of last Thursday, agribusiness consultancy AgRural said on Monday, the lowest level for this time of year since the 2020/21 cycle.
Work in the fields has been affected mainly by excessive rains in top grain-producing state Mato Grosso, where the harvesting pace so far is the slowest ever in the data series starting 2010/11, AgRural said in a statement.
Harvesting by Thursday was up from the 0.3% registered in the previous week but well below the 6% seen at the same time last year.
Adverse weather conditions have also impacted sowing of Brazil's second corn crop, which represents about 75% of the national production each year and is planted after soybeans are harvested on the same fields.
Second corn planting in Brazil's key center-south region had reached 0.3% of the expected area by Thursday, AgRural said, below the 4.9% seen a year earlier and the slowest pace since 2021, when farmers grappled with major planting delays. "There is too much rain in Mato Grosso and too little in Parana," the consultancy said, citing two major grain-producing states.

China's pig farming recovers, cattle and dairy firms still struggling, official says

China's imports of rapeseed from Canada, which had been surging since June, plunged in December after Beijing opened an anti-dumping investigation into the oilseed, Chinese customs data showed on Monday.
Beijing in September launched a one-year investigation into rapeseed imports from Canada after Ottawa imposed tariffs on Chinese-made electric vehicles, prompting importers fearing retaliatory anti-dumping duties to scale back purchases from Canada.
December shipments from Canada dropped 12% from the same period the year before to 588,181 metric tons. That was the first year-on-year decline in seven months and the smallest shipment volume since August.
More than half of Canada's rapeseed exports, also known as canola, make their way to China, the world's biggest oilseed importer.
China's total rapeseed imports rose in 2024 to 6.39 million tons compared to 5.49 million tons in 2023, customs data shows.
Nearly all of that, at 6.13 million tons, arrived from Canada, amounting to $3.29 billion.

Top News - Metals

BHP's iron ore, copper output surge on mine improvements

BHP Group said on Tuesday its iron ore production inched ahead in the December quarter, while its copper output surged 17% after improvements at its Escondida mine in Chile. The world's largest listed miner has completed an efficiency drive at its South Flank iron ore operations in Western Australia, delivering quarterly production of 73.1 million metric tons compared with 72.7 million tons in the same quarter last year.
That was largely in-line with the Visible Alpha consensus estimate of 72.8 million tons. In copper production, which is increasingly the miner's focus due to the global transition to energy that generates lower emissions, it recorded a 17% jump to 510,700 tons, driven by richer ore quality and improved processing efficiency at Escondida. The company is bullish on copper's long-term prospects, expecting a global copper deficit of 10 million metric tons a decade from now, which is driving its plans to spend at least $11 billion at the world's biggest copper mine, Escondida, and other projects in Chile.
BHP maintained its iron ore production forecast for Western Australia operations at 282 million to 294 million tons, and expects to deliver production at the higher end of this range. The company is also on track to meet the upper half of its 2025 guidance range at its BMA operations in Central Queensland, New South Wales Energy Coal division and the Samarco joint venture with Brazilian rival Vale. "We are well positioned to continue strong momentum into the second half with a number of assets now expected to deliver production in the upper half of their respective ranges, while maintaining tight cost control," BHP CEO Mike Henry said in a statement.
Shares of the miner rose 1% to A$40.67 per share in early trade, while the broader mining index gained 0.5%.
BHP expects its net debt balance to reach around $15 billion by the end of financial year 2025, towards the top end of its target range. This increase is primarily due to provisions related to the deadly 2015 Samarco dam collapse in Brazil.
Vale felt the impact of the same disaster, reporting a 15% decline in profits for the quarter that ended in September due to provisions related to the collapse.

Glencore open to deals as investors brace for more mining M&A

Miner and commodity trader Glencore said it is open to M&A transactions that create value for its shareholders, leveraging its position as a top three global copper producer. "As we have always said, M&A is something we are good at and we are always open to do transactions that are value-accretive for the company," a Glencore spokesperson said. Potential M&A deals were the chief preoccupation for investors in the sector in 2024, but BHP's $49 billion failed bid for Anglo American in May showed the difficulty of combining diversified producers.

Glencore made an approach to Rio Tinto, late last year with a proposition to merge the two mining companies but talks did not progress, according to two sources close to the matter. Neither company has commented on any talks. The spokesperson would not comment on the reports. Rio Tinto would benefit from more copper production through a deal with Glencore, but the world's second-largest miner had questions around how much it would have to spend and its culture compatibility with the Swiss company, a third source with direct knowledge of the matter said. "Glencore is a trader... and their operating assets are nothing but a captive source of material for them to trade against.

The culture clash would be quite something... but any deal can be done at the right price," said Abel Martins Alexandre, previously a Rio Tinto treasurer and a former managing director at Lloyds Bank. For example, Martins Alexandre said if Glencore had Rio Tinto's portfolio they may believe they could make more money out of trading the materials that Rio Tinto produces than Rio Tinto does alone, as this is not a trading entity.

Mining companies are racing to expand copper output, with demand poised to jump from use for energy transition applications such as solar panels, electric cars and data centres for artificial intelligence. At the same time, major producers are wary of paying hefty premiums that could put pressure on their balance sheets and irritate shareholders.

Glencore produces more than one million metric tons of copper a year, outpacing Rio's output by up to 40%. Glencore's valuation is cheap compared with peers, analysts say, and its share price lost 25% of its value in 2024. Diversified miners BHP and Rio Tinto's London shares lost 21% and 19% respectively, while Anglo's shares rose 20%. Glencore's coal operations will be perceived as a "poison pill" for other companies' shareholders, said Martins Alexandre. While most Western miners have sold assets of the carbon-intensive fossil fuel, Glencore has remained an industry outlier, amassing more of it over the past few years.

CASH DEALS

Reuters reported last year that Glencore had also been studying a potential combination with Anglo American after BHP's approach emerged. The company declined to comment.

Its 2023 failed attempt to acquire Teck Resources for $23 billion meant it had to settle for 77% of the steelmaking coal assets that the Canadian miner intended to spin off anyway. Teck, now mainly a copper miner with a market capitalization of $22 billion, would cost much more today.

Glencore is still hopeful that talks may restart with Rio Tinto, one of the sources with direct knowledge of the matter said. Glencore's spokesperson declined to comment. The company has always had an acquisitive strategy, but in recent years it has increasingly relied on cash for deals, reflecting management's belief that the company's stock is undervalued, RBC Capital Markets analyst Ben Davis said. Some institutional shareholders said they would be happy for companies like Glencore or Anglo American to be sold to bigger miners for premiums above 30%. They see synergies in overheads reduction,

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$77.24 / bbl	-0.82%	7.70%
NYMEX RBOB Gasoline	$2.13 / gallon	-0.69%	5.98%
ICE Gas Oil	$742.75 / tonne	-0.54%	6.83%
NYMEX Natural Gas	$3.91 / mmBtu	-1.01%	7.57%
Spot Gold	$2,728.45 / ounce	0.75%	3.99%
TRPC coal API 2 / Dec, 25	$114.75 / tonne	0.44%	3.05%
Carbon ECX EUA	€80.15 / tonne	0.20%	9.79%
Dutch gas day-ahead (Pre. close)	€49.60 / Mwh	2.52%	2.16%
CBOT Corn	$4.98 / bushel	0.96%	6.87%
CBOT Wheat	$5.60 / bushel	1.59%	-0.53%
Malaysia Palm Oil (3M)	RM4,200 / tonne	-0.14%	-5.58%
Index	**Close 20 Jan**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	374.82	-0.08%	5.05%
Rogers International	30.81	-1.09%	5.46%
U.S. Stocks - Dow	43,487.83	0.78%	2.22%
U.S. Dollar Index	108.50	-0.78%	0.01%
U.S. Bond Index (DJ)	435.57	-0.02%	-0.11%

or use of same infrastructure facilities at adjacent mines, for example. Other shareholders are however sceptical of big M&A for the mining sector, and executives are not "going to push the boundary", as none of the portfolios are perfect and some assets are more desirable than others, a mining banker said.

Top News - Carbon & Power

Trump withdraws from Paris climate agreement, again

President Donald Trump once again withdrew the United States from the Paris climate deal on Monday, removing the world's biggest historic emitter from global efforts to fight climate change for the second time in a decade.

The move places the United States alongside Iran, Libya and Yemen as the only countries in the world outside the 2015 pact, in which governments agreed to limit global warming to 1.5 degrees Celsius (2.7 degrees Fahrenheit) above pre-industrial levels to avoid the worst impacts of climate change.

It reflects Trump’s skepticism about global warming, which he has called a hoax, and fits in with his broader agenda to unfetter U.S. oil and gas drillers from regulation so they can maximize output.

Trump signed the executive order withdrawing from the pact in front of supporters gathered at the Capital One Arena in Washington. "I'm immediately withdrawing from the unfair, one-sided Paris climate accord rip-off," he said before signing the order. "The United States will not sabotage our own industries while China pollutes with impunity," Trump said.

Despite the withdrawal, United Nations Secretary-General Antonio Guterres is confident that U.S. cities, states and businesses "will continue to demonstrate vision and leadership by working for the low-carbon, resilient economic growth that will create quality jobs," said associate U.N. spokesperson Florencia Soto Nino, in a written statement.

"It is crucial that the United States remains a leader on environmental issues," she said. "The collective efforts under the Paris Agreement have made a difference but we need to go much further and faster together."

The United States has to formally notify U.N. Secretary General Antonio Guterres of its withdrawal, which - under the terms of the deal - will take effect one year later.

The United States is already the world’s top producer of oil and natural gas thanks to a years-long drilling boom in Texas, New Mexico and elsewhere, fueled by fracking technology and strong global prices since Russia’s invasion of Ukraine.

SECOND U.S. WITHDRAWAL

Trump also withdrew the U.S. from the Paris deal during his first term in office, though the process took years and was immediately reversed by the Biden presidency in 2021.

The withdrawal this time around is likely to take less time – as little as a year - because Trump will not be bound by the deal’s initial three-year commitment.

This time could also be more damaging to global climate efforts, said Paul Watkinson, a former climate negotiator and senior policy advisor for France. The U.S. is currently the world's second-biggest greenhouse gas emitter behind China and its departure undermines global ambition to slash those emissions.

"It will be harder this time because we are in the thick of implementation, up against real choices," Watkinson said.

The world is now on pace for global warming of more than 3 C by the end of the century, according to a recent United Nations report, a level scientists warn would trigger cascading impacts such as sea level rise, heat waves, and devastating storms.

Nations have already been struggling to make steep cuts to emissions required to lower the projected temperature increase, as wars, political tensions and tight government budgets push climate change down the list of priorities.

Trump’s approach cuts a stark contrast to that of former President Joe Biden, who wanted the United States to lead global climate efforts and sought to encourage a transition away from oil and gas using subsidies and regulations.

Trump has said he intends to unwind those subsidies and regulations to shore up the nation’s budget and grow the economy, but has said he can do that while ensuring clean air and water in the United States.

Li Shuo, an expert in climate diplomacy at the Asia Society Policy Institute, said the U.S. withdrawal risks undermining the United States' ability to compete with China in clean energy markets such as solar power and electric vehicles.

"China stands to win, and the U.S. risks lagging further behind," he said.

LNG traders divert six US cargoes to Europe from Asia

Traders diverted at least six cargoes of liquefied natural gas that were on course for Asia to Europe earlier this month, drawn by higher European prices and amid weak Asian demand, according to analysts and shipping data.

The diverted cargoes could help meet additional European demand as countries seek to replace piped Russian gas after the Ukraine transit deal expired on Jan. 1, while weather forecasts point to lower temperatures in northwest Europe. The vessels had loaded in the U.S. and were initially destined for China, South Korea, Thailand and Singapore, data from analytics firm Kpler showed. The vessels were then diverted in the Atlantic Ocean between Jan. 8 and Jan. 14, changing course for Europe. "The diversions are happening because Asian prices aren't keeping enough of a premium to European

prices to attract cargoes," said Martin Senior, head of LNG pricing at Argus, adding that nearly all Atlantic basin cargoes are heading towards Europe.
Asian spot LNG has slipped for two consecutive weeks, as ample inventory levels in east Asia and spot prices trading at around $14 per million British thermal units (mmBtu), seen as too high for some buyers, curb demand. Prices have eased nearly 5% since the start of the year to $13.90/mmBtu on Friday.
The benchmark front-month contract at the Dutch TTF hub closed at 47.40 euros per megawatt hour on Friday, or $14.27 per mmBtu. The Bushu Maru and Flex Vigilant vessels, which both loaded at Freeport LNG, diverted to Europe on Jan. 8 and Jan. 13, respectively. The Flex Vigilant was initially headed to Thailand.
Grace Dahlia, chartered by Glencore, loaded at Calcasieu Pass and was first China-bound but diverted for Turkey on Jan. 8.
After loading at Cameron LNG, Mitsubishi-controlled Diamond Gas Crystal diverted its route on Jan. 13, changing its destination from South Korea to Europe. LSEG data shows it is heading to Rotterdam in the Netherlands.
Meanwhile, tankers Maran Gas Sparta and Gaslog Georgetown diverted on Jan. 10 and Jan. 14, respectively, after loading at Sabine Pass. Glencore-controlled Maran Gas Sparta was heading to Singapore before pivoting to the Netherlands, while Gaslog Georgetown chartered by Cheniere Energy was previously going to China.
"We've seen more of China re-selling recently, they are reselling to Europe or within Asia and it is the second-tier players doing it because they don't have much storage capacity," said Kpler analyst Go Katayama. High LNG prices and weak domestic demand deterred the buyers from taking more supply while domestic gas production and pipeline supply from Russia has risen year-on-year, he added.

Top News - Dry Freight

Algeria tenders to buy 240,000 T corn and 50,000 T soymeal
Algerian state agency ONAB has issued international tenders to purchase up to 240,000 metric tons of animal feed corn and about 50,000 tons of soymeal, European traders said on Monday.
The deadline for submissions of price offers is Tuesday, Jan. 21. The new tenders were seen as indicating that Algeria may have made no purchase, or only minor purchases, in its previous tenders for corn and other animal feeds on Friday.
The corn is sought sourced from Argentina or Brazil only in up to six consignments of 30,000 to 40,000 tons, with shipment by Feb. 20 at the latest.
The soymeal is for shipment by Feb. 25 at the latest and can be sourced from optional origins.

Ghana delayed delivery of 370,000 t of cocoa in the 2023/24 season, official says
Ghana has delayed the delivery of 370,000 metric tons of cocoa in the 2023/24 season due to poor output, its food and agribusiness minister-designate told a parliamentary committee Monday, up from the 350,000 tons previously reported by Reuters.
The unprecedented move to delay delivery from the previous 2023/24 season to the ongoing season follows a sharp drop in production to a two-decade low, Eric Opoku said during his vetting process in parliament.
Reuters reported in June that Ghana, the world's No.2 cocoa producer, was looking to delay the delivery of up to 350,000 tons of cocoa beans to the following season due to poor crops.
Cocoa production in the West African country peaked in 2021, with output of over 1 million tons of beans. But it has been in rapid decline ever since, hitting its lowest level in decades last season.
Analysts say climate change and tree disease are responsible, while many farmers also blame the government for failing to clamp down on wildcat gold mining that has destroyed large parts of the cocoa heartland.
Opoku said production fell to "the lowest in two decades" in the 2023/24 season, citing production figures of below 550,000 tons provided by the cocoa marketing board (COCOBOD).
He said the poor cocoa output forced Cocobod to default on the repayment of a $800 million loan secured from international lenders to finance cocoa purchases that season.
Cocobod could not immediately be reached for comment.

Picture of the Day

An ice fisherman walks on a frozen Lake Champlain near Alburgh, Vermont, U.S., January 19. REUTERS/Carlos Osorio

(Inside Commodities is compiled by Arya Sinha in Bengaluru)

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

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