Oil | Agriculture | Metals | Carbon & Power | Dry Freight
Click on headers to go to that section

Top News - Oil

Trump calls for $1 trillion Saudi investment, lower oil prices

U.S. President Donald Trump on Thursday said he will demand Saudi Arabia and OPEC bring down the cost of oil and will ask Riyadh to increase a planned U.S. investment package to $1 trillion from an initial reported $600 billion.

His remarks come one day after Trump and Saudi Arabian Crown Prince Mohammed bin Salman discussed what the White House called the kingdom's "international economic ambitions" as well as trade issues.

Earlier on Thursday, the Saudi State news agency said the kingdom wants to put $600 billion into expanded investment and trade with the U.S. over the next four years.

"But I'll be asking the Crown Prince, who's a fantastic guy, to round it out to around $1 trillion," Trump told the World Economic Forum in Davos, Switzerland. "I think they'll do that because we've been very good to them."

He also called on the Gulf nation to cut oil prices, saying that could help end Russia's war in Ukraine.

"If the price came down, the Russia-Ukraine war would end immediately. Right now, the price is high enough that that war will continue - you got to bring down the oil price," Trump said, speaking remotely by video link.

"They should have done it long ago.

They're very responsible, actually, to a certain extent, for what's taking place," Trump added.

The Saudi government communications office did not immediately return a request for comment on Trump's remarks at the forum.

US crude stockpiles hit near 3-year low despite softer refinery demand, EIA says

U.S. crude oil inventories slipped to their lowest level since March 2022 last week, even as refining activity fell sharply, cutting demand for crude, the U.S. Energy Information Administration (EIA) said on Thursday. Distillate inventories also declined, while gasoline stockpiles rose during the week to Jan. 17, the EIA said.

Crude inventories fell by 1 million barrels to 411.7 million barrels, marking the ninth consecutive weekly decline, the EIA said. Analysts in a Reuters poll had expected a 1.6 million-barrel draw.

Crude stocks at the Cushing, Oklahoma, delivery hub fell by 148,000 barrels to 20.7 million barrels, the EIA said, a level analysts and market participants have warned is near operational minimums.

Refinery crude runs dropped by 1.1 million barrels per day, their largest weekly decline since Jan. 2024, while utilization rates fell by 5.8 percentage points in the week to 85.9%, the EIA said.

Crude futures extended their losses after the data showed the smaller-than-expected drawdown and drop in refining activity. Global benchmark Brent crude was trading at $78.55 a barrel, down 47 cents, by 12:31 p.m. EST (1731 GMT) and U.S. West Texas Intermediate crude was down 50 cents at $74.95 a barrel at that time.

"Gulf Coast refiners have moved into their maintenance season and I think we're going to see these low utilization rates certainly over the next month or so," said Andrew Lipow, president of Lipow Oil Associates.

"Gasoline inventories have risen nearly well over 30 million barrels since the end of November. So I feel that as we go into the summer driving season, gasoline inventories are going to be adequate," he added

Gasoline stocks rose by 2.3 million barrels in the week to 245.9 million barrels, the EIA said, in line with analysts' forecasts.

U.S. Gulf Coast gasoline inventories are at their highest level in a year, while product supplied, a proxy for demand, fell to its lowest last week since Jan. 2024.

Distillate stockpiles, which include diesel and heating oil, fell by 3.1 million barrels in the week to 128.9 million barrels, versus expectations for a 300,000-barrel rise, data showed.

Net U.S. crude imports rose last week by 184,000 barrels per day, the EIA said.

Top News - Agriculture

Argentina to slash grains export taxes in gift to hard-hit farmers

Agricultural powerhouse Argentina will temporarily lower taxes on its grains exports, the government said on Thursday, citing the improving health of the nation's economy and delivering on a campaign promise from libertarian President Javier Milei. The country's powerful agricultural groups have been pressuring for tax relief for the sector, which they argue is in a "critical" situation due to a drought and low crop prices.

Economy Minister Luis Caputo said export taxes on soybeans and subproducts, among others, will be lowered as of Monday and through June.

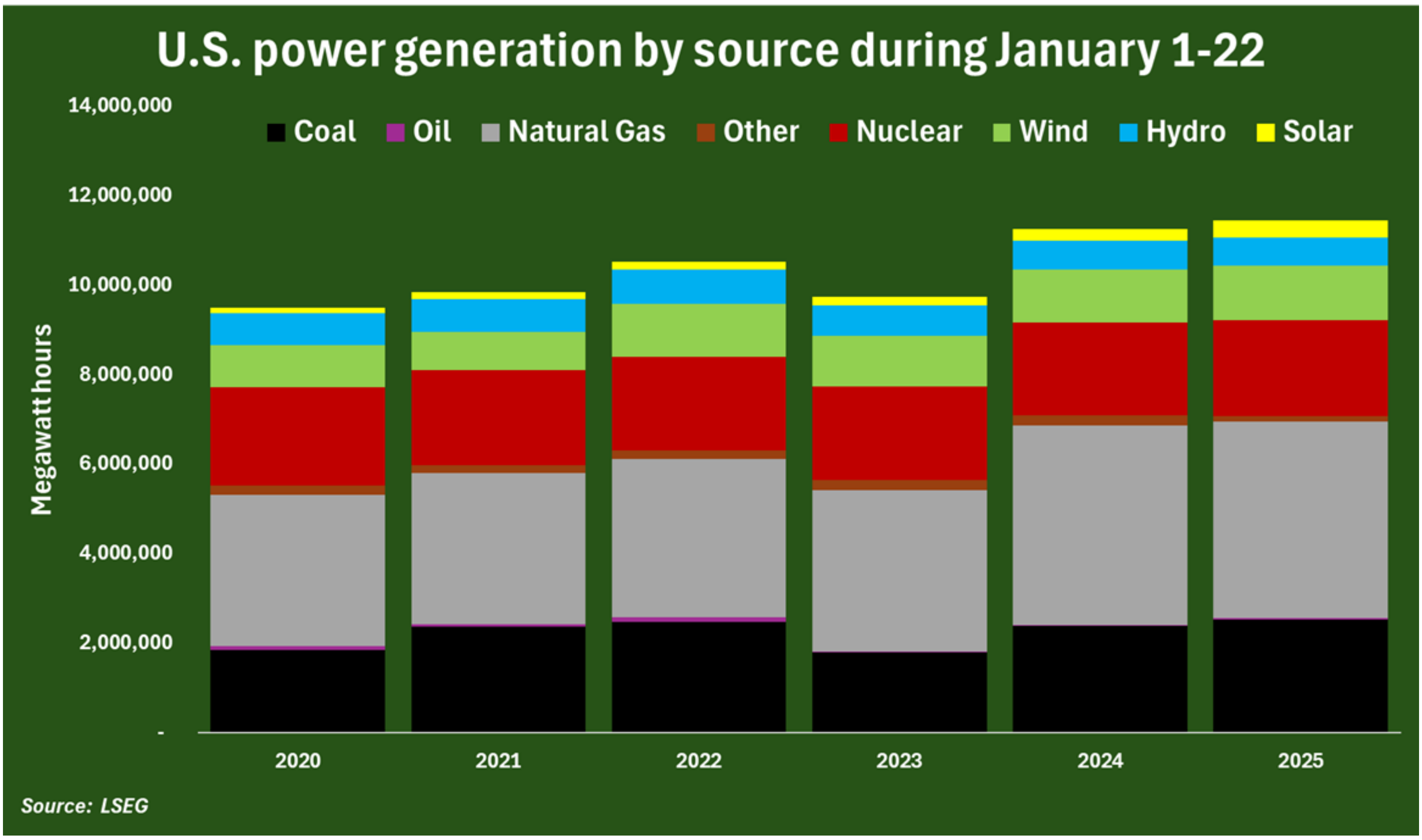
"This is a government that has come to lower taxes," said Caputo. Milei, who took office in December 2023, was heavily backed by the farming sector. He had promised to lower taxes on agricultural exports once the economic situation allowed it.

Taxes on soy exports will fall to 26% from 33%, tax rates on derivatives of the oilseed will fall to 24.5% from 31%, and for both wheat and corn they will go to 9.5% from 12%.
Argentina is the world's top exporter of processed soy oil and meal, the No. 3 for corn and a major producer of wheat and barley. Its crops have been hit by a lack of rains since late December.
Farmers cheered the measures announced on Thursday, with Miguel Simioni, head of the Rosario grains exchange, calling it a "step in the right direction."
Milei's government will also permanently get rid of tax exports on so-called regional economies.
"Just as President Milei promised during his campaign, we lowered taxes, true to his word," Caputo said on X.
The slash in funds coming into state coffers also comes as Argentina's economic activity grew in November for the first time since mid-2024, which analysts at J.P. Morgan said in a note confirmed a "V-shaped recovery."
"If this keeps up in December, (President Milei) will close his first year in office with 3.3% growth (in economic activity), with inflation and poverty coming down," Deregulation Minister Federico Sturzenegger said on X.

Coffee prices hit record highs amid Brazil supply concerns

Coffee futures on the Intercontinental Exchange (ICE) rose to record high prices on Thursday, supported by strong demand and concerns about supplies from Brazil, the world's largest producer and exporter.
Front-month arabica coffee on ICE, the global benchmark for coffee prices, rose more than 2% in early trading to hit an all-time high of $3.489 per lb. It settled up 0.6% at $3.4395 per lb. Prices had already jumped 4% on Wednesday.
Robusta coffee rose 0.6% to $5,482 a metric ton, after touching $5,543 earlier, its highest since late November.
Doubts over supply from top producer Brazil were underpinning prices, while a reduction in the certified arabica stocks at ICE added pressure.
"Longer term, there is a lot of concern for the next crop," said Tomas Araujo, a broker at StoneX.
The market will be on the lookout for updates on the crop estimates expected in the next 30 days, he added.
Brazil had its harshest drought in history in 2024 and coffee fields felt the lack of moisture.
Rains arrived later in the year, but trees did not have enough vitality to convert the flowering into good fruit load. Most analysts expect a smaller crop in 2025, after already-low production in 2024.
"Supply will be tight, there is no way around that," said Judith Ganes, a senior soft commodities analyst with J Ganes Consulting.
"The weather has improved recently (in Brazil), but that will not change the situation, the number of cherries are still the same," she said.

Chart of the Day



"There is not much coffee left at the hands of farmers," said a Brazilian broker based in Minas Gerais, the top producing state.
"Some traders and middlemen still have some stocks to sell," he added.
Ganes said the market has a vulnerability in the certified arabica stocks at ICE.
After increases late last year, stocks are falling and there is just a small volume of coffee awaiting graders' evaluation to be added.
"There is little that can be delivered at the exchange," she said.
In other soft commodities, raw sugar SBc1 rose 2.9% to 18.69 cents per lb.
Dealers said the cold weather in Southern U.S. gave some support, since it could hurt sugar production in Louisiana. White sugar rose 1.9% at $486.90 a ton. New York cocoa fell 1.1% to $11,552 a ton, while London cocoa lost 1.8% to 9,183 pounds per ton.

Top News - Metals

China's 2024 gold consumption slumps 9.58% y/y as high prices cut demand

China's gold consumption in 2024 slumped 9.58% on the year to 985.31 metric tons, data from the China Gold Association showed, as high gold prices curtailed jewellery demand.
Gold jewellery buying, which accounts for half of the total, plunged 24.7% to 532.02 tons, according to the data.
The sharp decline in retail purchasing came as the most-active gold contract on the Shanghai Futures Exchange climbed by 28% last year.

Meanwhile, purchases of gold bars and coins, which typically reflect safe-haven demand, jumped 24.5% over the year to 373.13 tons, the association said.
High prices significantly curtailed the domestic buying interest in gold jewellery, while industries such as electronics, which require gold and tin for chip production, saw relatively weak demand, said a metals derivative trader, who declined to be named due to company policy.
China's central bank also added gold to its reserves in December for a second straight month, after resuming its buys in November after a six-month hiatus, official data showed earlier this month.

OUTPUT

Also in 2024, China's gold output from domestically produced raw materials climbed by 0.56% to 377.24 tons, association data showed.
Output of gold from imported raw materials increased 8.83% for the year to 156.86 tons, bringing China's total gold output last year to 534.11 tons, an annual increase of 2.85%.

Trump's tariffs could redirect metal flows, Alcoa CEO says

Alcoa will likely send its Australian output to the U.S. if the United States imposes tariff on Canadian imports, the aluminum producer's CEO William Oplinger said on Thursday.
U.S. President Donald Trump has threatened tariffs on numerous countries including close allies such as Canada and Mexico, and Oplinger's comments show how shipping flows could be upended by such levies - adding potential costs to consumers worldwide.
"We would be optimizing our global system based on any new tariff structures ... there is a potential for metal to come out of Australia and go into U.S. if there is a massive tariff dislocation," Oplinger told Reuters.
The company produces 2.2 million metric tons of aluminum per year, of which 900,000 metric tons are manufactured in Canada.
A majority of the Canadian output goes to the United States.
Earlier this week, Trump said he was thinking about imposing 25% duties on imports from Canada and Mexico on Feb. 1.
Alcoa would likely reroute its Canada-made aluminum to Europe to avoid any potential tariff, Oplinger said.
"If there is 25% tariff on Canadian metal, and only 10% on non-Canadian metal, that differential will attract metal into the U.S. from the Middle East and India."

Any potential tariff will add about $1.5 billion to $2 billion in costs for aluminum consumers in the United States, Oplinger said, adding that industries such as packaging and automotive will likely see the most impact.

GREEN ALUMINUM DEMAND

Alcoa's biggest market for low-carbon aluminum remains Europe, where the company ships nearly half of the material it produces.
Using clean energy such as hydropower to make the metal allows the producers to charge a premium as manufacturers using green aluminum in their processes can generate more carbon credits, which can be used to offset an entity's emissions.
Alcoa charges a 1% premium, coming up to between $20 and $40 per ton, since there is more supply than demand for low-carbon aluminum.
"There is ample supply, but that supply is not growing ... by the end of the decade you should see demand outstripping supply, which should drive premiums higher for low-carbon aluminum," Oplinger said.

Top News - Carbon & Power

China stimulus to lift 2025 gas imports, but trade war may curb growth

China's natural gas imports are forecast to rise in 2025, with liquefied natural gas shipments headed for a record as economic stimulus plans lift demand from industries, although analysts and traders said trade tension with the U.S. may cap growth. Gas imports via pipeline and LNG into the world's second-largest economy are expected to rise to about 200 billion cubic metres (bcm) this year, according to estimates from three energy consultancies, up about 10% from record 2024 imports of 131.7 million metric tons (181.8 bcm).

While industrial demand will generally support gas import growth, some sectors will drive the gains more than others.

Rystad Energy, which sees industrial demand for gas increasing 10.5 bcm year-on-year, expects steelmaking, ceramics and glass production to see more demand growth as they are more likely to react to China's efforts to encourage domestic demand and boost the property market, said analyst Wei Xiong.

Manufacturing, however, could be hit if trade conflict with the U.S. escalates under President Donald Trump, she said.

Annual demand growth from China's power and residential sectors is expected to come in at 7.2 bcm and 5.9 bcm, respectively, Wei also said, as 17.8 gigawatts of gas-fired power capacity was added last year, mostly in southern China.

State major China National Petroleum Corp said industrial gas demand for 2025 will grow "fairly fast" as China quickens infrastructure development and expands the manufacture of electric vehicles, lithium batteries and solar panels.

CNPC forecast this week that China's overall gas demand would rise 6.2% in 2025 to a record 448.5 bcm.

CNPC also expects import dependence the next few years to hold near 45%, which would put imports this year at about 200 bcm, matching the estimates of the consultancies.

China is also set to install 20 GW of gas-fired power plants this year to bring total natural gas capacity to 160 GW, CNPC said.

An acceleration in the development of gas pipelines and import terminals under China's 2021-2025 five-year plan will lead to higher consumption as well, said ICIS analyst Wang Yuanda.

LNG DEMAND RISKS

China will import a record high 79 million to 86 million

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$74.63 / bbl	0.01%	4.06%
NYMEX RBOB Gasoline	$2.09 / gallon	-0.08%	4.21%
ICE Gas Oil	$720.75 / tonne	0.63%	3.67%
NYMEX Natural Gas	$3.86 / mmBtu	-2.28%	6.11%
Spot Gold	$2,773.17 / ounce	0.71%	5.69%
TRPC coal API 2 / Dec, 25	$118.9 / tonne	1.73%	6.78%
Carbon ECX EUA	€81.00 / tonne	0.30%	10.96%
Dutch gas day-ahead (Pre. close)	€48.70 / Mwh	-0.14%	0.31%
CBOT Corn	$4.96 / bushel	-0.70%	6.44%
CBOT Wheat	$5.63 / bushel	-0.88%	0.04%
Malaysia Palm Oil (3M)	RM4,174 / tonne	-0.38%	-6.16%
Index	**Close 23 Jan**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	373.01	0.00%	4.54%
Rogers International	30.52	-0.20%	4.47%
U.S. Stocks - Dow	44,565.07	0.92%	4.75%
U.S. Dollar Index	107.76	-0.26%	-0.67%
U.S. Bond Index (DJ)	437.24	-0.31%	0.28%

tons of LNG this year, according to the forecasts, as new long-term contracts kick in and new import terminals start up.
China, the world's top importer, shipped in 76.65 million tons of LNG last year, the most in three years but below a 2021 record, customs data showed.
U.S. LNG cargoes destined for China could be disrupted, however, if trade tensions with the U.S. give rise to tariffs. In 2019, Beijing slapped punitive tariffs on U.S. LNG, retaliating for Washington's increase in tariffs on Chinese goods. The stakes are higher now, with China importing 4.16 million tons of U.S. LNG in 2024, nearly double 2018 volumes.
High Asian spot prices and China's protracted property crisis could also curb LNG imports.
Spot prices around $14 per million British thermal units (mmBtu) are already too high, said a trader with a privately controlled Chinese gas importer, noting that piped gas from Russia and Central Asia is more affordable.
Weaker demand for building materials amid China's property crisis also has industrial gas users such as glass and ceramics makers buying cheaper domestic pipeline gas and cutting LNG purchases, said two traders dealing with these customers.

COLUMN-US power firms crank up dirty fuel use to fight cold snap: Maguire

Power generators have boosted output from high-polluting coal and oil-fired power stations this year to help battle an extended cold snap enveloping much of the country.
Coal-fired power production across the lower 48 states was the highest since at least 2019 during Jan. 1-22, and up 6% from the same period last year, data from LSEG shows.
Production from plants that burn fuel oil - used mainly as a backup to gas-fired plants - soared 170% from the same days a year ago to the highest in three years.
Output from natural-gas-fired plants - the primary power source in the U.S. - declined by 2% from last year's record levels, but is holding close to the highest production rate ever for this time of year.
The broad swell in fossil-fuel-fired output came just as large swathes of the country got slammed by an extended bout of below-normal temperatures, which forced power firms to lift output from every available resource.
But the fossil boom also took place just as the second administration of U.S. President Donald Trump vowed to step up output and use of fossil fuels in U.S. energy production.
That raises the question of whether power producers now feel they have a license to continue deploying high levels of fossil fuels for power; or will they continue to build up clean generation capacity and phase out fossil use over the long run?

COLD SNAP

Temperature readings across several parts of the United States plunged well below normal for several days so far in 2025.
Average recorded temperatures across the Midwest, Atlantic Coast, the Plains states and throughout the South all swooped far below the long-term averages recorded in those areas, according to LSEG.
To meet the resulting rise in demand for heating, power producers throughout the country cranked production from all available sources from Jan. 1-22.
Nuclear power plant output climbed by 3.7% from the same days in 2023 to 2.14 million megawatt hours and the highest since 2020, while wind output climbed 1.5% to a record 1.2 million MWh.
However, a nearly 3% decline in output from hydro plants - due to an enduring drought in key areas - ensured that power firms had to also lift production from fossil fuel facilities. Coal-fired production was 2.5 million MWh during the Jan. 1-22 period, compared to 2.3 million MWh the year before, while fuel-oil-fired plants lifted output to 44,420 MWh from just 16,420 MWh over the same dates in 2023.
Gas-fired plants generated 4.38 million MWh of power from Jan. 1-22, down 2% from the year before. Output from solar farms was 386,112 MWh over the first three weeks of 2025, up 51% from the same dates in 2023. In all, the temperature plunge across such a large swathe of the country for such an extended period clearly necessitated the use of all power resources so far in 2025, including the use of some of the highest-polluting plants in the country.
Once temperatures return to normal, power trackers will be monitoring whether generation firms dial down fossil fuel use again, or if the strong support for fossil fuels in the White House results in a sustained rise in the burning of polluting fuels throughout the U.S. generation system.
(The opinions expressed here are those of the author, a market analyst for Reuters.)

Top News - Dry Freight

Rio Tinto flags Q1 shipments hit after cyclone-induced rail disruptions

Rio Tinto warned that its first-quarter shipments could be affected by disruptions to its rail operations following record rainfall along Western Australia's Pilbara coastline due to tropical cyclone Sean.
A railcar dumper at the East Intercourse Island (EII) port facility, which handled 45 million metric tons of total iron ore shipments in 2024, had experienced severe flooding, the producer of the steel-making commodity said.

The situation is currently under assessment with preliminary findings indicating that the EII dumper may be out of operation for three to four weeks for repair work, Rio said. "Recovery works within the broader Iron Ore system are progressing, with the majority of rail and port operations now returned to operations," the company said, adding it was maintaining its overall shipment forecast for 2025.

Heavy rains led Rio Tinto to report a 1% fall in its iron ore shipments in the December quarter, highlighting the recurring impact of severe weather conditions on production, particularly in the rain-stricken Pilbara region.

Meanwhile, Port Hedland, which is integral to iron ore shipments from miners such as BHP Group and Fortescue, reopened on Monday after the threat posed by the cyclone subsided, with operations resuming following clearance from the Pilbara Ports Authority.

Thailand believed to pass in 195,000 T feed wheat tender, traders say

A group of importers in Thailand is believed to have rejected all offers and made no purchase in an international tender for up to 195,000 metric tons animal feed wheat which closed on Wednesday, European traders said on Thursday. Prices were regarded as too high. A minor purchase could not be ruled out but traders believed no substantial volume was bought.

It is believed the group instead purchased an unknown volume of animal feed corn from the Asian region for March and April shipment. The feed wheat tender had sought shipment in three consignments of up to 65,000 tons each in a series of possible combinations in July, August and September. Reports reflect assessments from traders and further estimates of prices and volumes are still possible later.

Picture of the Day

An uncut flower for export is seen in a plantation, ahead of Valentine's Day, at Sacha Rose farm, in Quito, Ecuador, January 23. REUTERS/Karen Toro

(Inside Commodities is compiled by Arya Sinha in Bengaluru)

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