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

Top News - Oil

Eni plans to list Vaar unit to fund green drive
Energy group Eni is looking to list its Norwegian oil and gas joint venture Vaar Energi as part of moves to use cash from legacy fossil fuel businesses to fund its green drive.
Eni and its Norwegian private equity partner HitecVision said on Monday they planned to list a minority stake in Vaar on Euronext's Oslo exchange in what could become one of the largest ever stock market debuts in Norway.
Eni, headed by chief executive Claudio Descalzi, will remain a majority shareholder in a venture that one source close to the matter said could be valued at between $10 billion and $13 billion in an initial public offering (IPO).
"Descalzi knows this is a long-haul process and he's using the higher margins of the gas business to fund the green future," says Roberto Lottici, fund manager at Banca Ifigest.
Lottici, who holds Eni shares, said the IPO was a signal Eni believed the transition was a gradual process and gas still had a role.
Last year, Eni raised its climate ambitions with a pledge to be carbon neutral by 2050 to keep pace in an industry under pressure from investors and regulators to curb emissions.
The group has said it expects its oil production to peak in 2025 with gas gradually filling the void in the upstream portfolio.
The Vaar listing is one of a series of spin-offs as Eni plans to rejig its business model and speed up its transition to renewable energy.
Last year it entered talks with BP to merge their oil and gas operations in Angola to form one of Africa's largest energy companies.
"My focus is to demonstrate what a strong company Vaar is, and then valuation will follow from that," Vaar Chief Executive Torger Roed told reporters on Monday.
On offer will be existing shares held by Eni and HitecVision, which currently own 69.85% and 30.15% respectively. Eni is expected to maintain a stake of "50-plus" percent, Roed said.
"They've been clear about wanting to remain a majority owner," he added.
A source close to the matter said it was likely less than 30% of Vaar would be listed, depending on investor appetite.
Energy IPOs have been a tough sell in recent years, with high-profile companies including Wintershall DEA and Neptune Energy repeatedly delaying listings. But oil and gas prices have surged in recent months, reviving investor appetite.
Italian broker Bestinver Securities said the IPO would allow Eni to speed up its investments in clean energy, estimating a sale of 20% could fetch around 3 billion euros ($3.40 billion).
Vaar produced around 247,000 barrels of oil equivalent a day in the third quarter of 2021 and targets around 350,000 barrels a day by the end of 2025, the company said.
Natural gas, the price of which has soared in recent months amid Europe's energy crisis, represented 37% of Vaar's third-quarter output.
Financial advisors involved in the IPO are DNB Markets, J.P. Morgan, Morgan Stanley, SpareBank 1 Markets, ABG Sundal Collier, BofA Securities, Carnegie, Jefferies and Pareto Securities.

U.S. oil CEOs offer opposing views on crude output growth
The chiefs of major U.S. oil companies Occidental Petroleum Corp and ConocoPhillips offered differing outlooks on the growth of U.S. oil output at a conference on Monday, as the industry rebounds from shutdowns during the first stage of the coronavirus pandemic.
Oil prices have surged to seven-year highs in the last several weeks, with international benchmark Brent crude hitting nearly $90 per barrel, bolstered by tight worldwide supply and resurgent global demand.
ConocoPhillips Chief Executive Officer Ryan Lance told an audience at the Argus Americas Crude Summit in Houston that he was bullish about markets as high oil prices "will persist for a while."
"What we're seeing is a call right now that there's more supply needed. That's why prices are where they are today," he said, adding that he expects U.S. output to grow by about 800,000 barrels per day (bpd) this year. Output is likely to eventually eclipse the record 13 million bpd reached in late 2019, he said.
Occidental Chief Executive Officer Vicki Hollub was more measured in her forecast, saying the United States would likely surpass 12 million bpd at some point - but fall short of that all-time record.
The U.S. Energy Information Administration (EIA) predicts annual crude production to average 11.8 million bpd this year and 12.4 million bpd in 2023. That average would be a full-year record, even though it is less than the monthly record of 12.97 million bpd set in November 2019.
Oil production in the Permian Basin, the country's top shale oil field, set a record in December and is expected to keep climbing through this month and next, according to EIA forecasts.
As crude prices rise, with $100 a barrel in sight, "the re-

turns to the different basins start to make sense," said Ozzie Pagan, head of commodity financing Americas at Macquarie Group.

More growth could once again make U.S. shale a swing factor in production as the Organization of the Petroleum Exporting Countries and allies, known as OPEC+, have struggled in recent months to meet targets for higher production. Tensions in Ukraine as Russia amassed troops near its borders, and unrest in Kazakhstan and Libya have all added to the supply concerns.

The world's top oilfield services companies in their quarterly results said they expect demand to keep rising. Schlumberger NV's chief executive, Olivier Le Peuch, said he expects an industry "supercycle" as demand is expected to exceed pre-pandemic levels before the end of the year. Oil and gas producers are likely to step up spending on drilling new wells and boost output as oil prices rise.

"There will be more capex this year than last year," said Jason DeLorenzo, managing partner at EnCap Investments LP. "In addition to the fact that we're going to have a healthy price environment, we're also starting to see some cost inflation on the capex side."

Producers are expected to increase their budgets 13% this year from last year, according to brokerage Cowen & Co, which tracks capital expenditures.

Top News - Agriculture

Brazil's soybean harvest reaches 5% as Mato Grosso gathers pace -AgRural

The harvesting of Brazil's 2021/22 soybean crop has reached 5% of the estimated area as work in top producing state of Mato Grosso picked up pace under improved weather conditions, agribusiness consultancy AgRural said on Monday.

The figure, which takes into account areas harvested as of last Thursday, came in 4 percentage points above the previous week. In 2020/21, when the oilseed was planted later due to weather issues, harvesting had reached 0.7% by this point.

AgRural said soybean yields in Mato Grosso were satisfactory, while in the southern state of Parana they remain low due to a severe drought. In Rio Grande do Sul, also affected by the lack of rainfall, harvesting had not yet started.

"In the rest of the country, crops are developing well and the harvest is beginning in several states. Despite some losses due to excessive rains in Matopiba (a five-state area located mainly in northeastern Brazil) and Minas Gerais, expectations point to a great crop in all of these states," the consultancy said.

AgRural currently sees Brazil's 2021/22 soybean crop at 133.4 million tonnes.

As the oilseed harvesting gathers pace, the consultancy also noted the planting of Brazil's center-south 2022 second corn crop had reached 5% of the estimated area, also buoyed by Mato Grosso.

It noted that corn sowing in Parana was being affected by lack of soil moisture, which could lead to some areas being replanted if it does not rain in the coming days.

Good conditions help EU winter crops, winter hardiness a concern

Warmer temperatures and increased rain has benefited winter crops in most parts of Europe, though a lack of hardiness due to mild conditions could leave some grain crops exposed to frost, the EU's crop monitoring service MARS said on Monday.

Grain crops such as barley and wheat in northern and central-eastern parts of Europe have almost fully hardened by now, but areas around the Black Sea have limited snow cover, and a a cold snap would lead to frost damage, especially in late-sown fields, MARS said.

However, its simulations suggested that no frost had occurred so far in the EU, it added.

The favorable conditions has led to a significant increase in rapeseed sowing area of 12.1% in France and 8.7% in Germany, and has allowed some crops that were lagging behind to partially catch up, the monitor said.

The Mediterranean region from southern Spain to northern Italy has had a rain deficit, but there is no significant impact on winter crops so far, MARS said.

Persistent drought conditions in Morocco have negatively impacted the growth and development of winter crops, and rain is "imminently needed" to sustain adequate crop growth in western and central Algeria, the monitor said.

MARS does not give area estimates but issues yield forecasts later in the growing season.

Top News - Metals

Rio Tinto and Mongolia settle feud over Oyu Tolgoi copper mine

Rio Tinto Plc, and the Mongolian government said on Tuesday they have reached an agreement to end a long-running dispute over the $6.93 billion expansion project for the Oyu Tolgoi copper-gold mining project.

The deal marks a positive development for the Anglo-Australian mining giant, which is reeling from Serbia's rejection last week of its proposed lithium mine as well as local opposition to projects in Guinea, the United States and elsewhere.

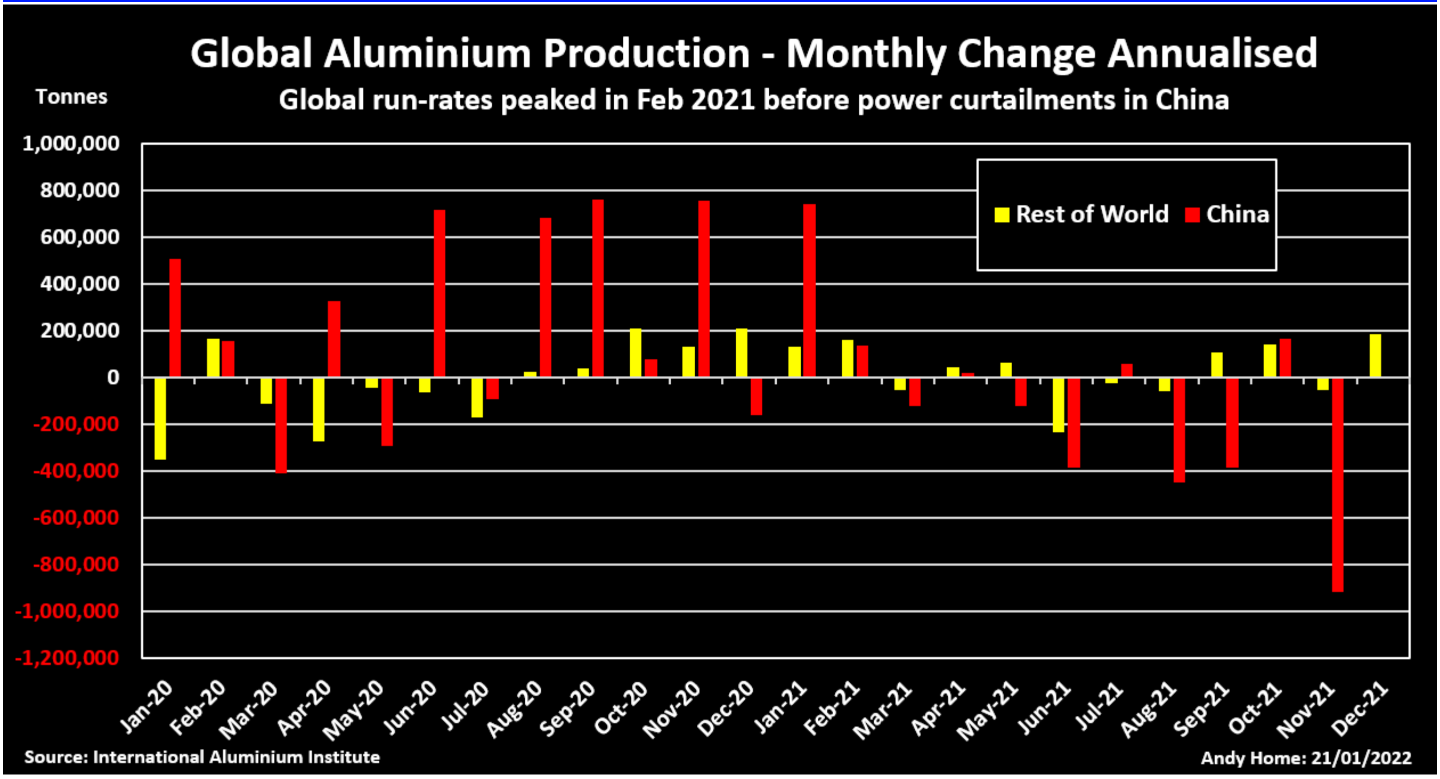
"It's a major relief. It's a huge step forward for us," Rio Chief Executive Jakob Stausholm told Reuters via phone from Ulaanbaatar ahead of a flight to the mine site for a ribbon-cutting ceremony later on Tuesday with Prime Minister Oyun-Erdene Luvsannamsrai.

"We are very comfortable with this outcome and, more than anything, achieving a full reset of the relationship," said Stausholm, who became CEO last year.
Stausholm visited Mongolia multiple times in recent months in an attempt to salvage the project amid mounting concerns that the economic benefits of the project for Mongolians were being eroded.
Mongolia owns 34% of Oyu Tolgoi, one of the world's largest-known copper and gold deposits. Rio controls the rest through its 51% stake in Toronto-listed Turquoise Hill Resources Ltd and operates the mine.
As part of the deal, Turquoise Hill will waive $2.4 billion in debt owed to it by the Mongolian government. Additionally, operations will soon start on the underground portion of Oyu Tolgoi, with first production expected in the first half of 2023. The expansion will be paid for with cash, the rescheduling of existing debt repayments, and prepaid sales of copper concentrate to Turquoise Hill.
The project also committed to buying electricity from the Mongolian grid once it is able to meet supply. Rio said it will work to help add renewable power to the grid. In the meantime, the government extended an agreement to import power from China through 2023.
Rio's original 2009 agreement on the mining project called for the construction of a new coal-fired power plant to supply electricity. The updated deal does not include that plant and instead Rio aims to source wind power, the company said. Stausholm said the deal's multiple terms reflect "an elegant solution" to the complex issues that had strained relations with the government. "It is possible to do something for the benefit of the people of Mongolia and also for the benefit of our investors," he said.
Luvsannamsrai, Mongolia's prime minister, said the deal "demonstrates to the world that Mongolia can work together with investors in a sustainable manner and become a trusted partner."

Sibanye Stillwater ends $1 billion Brazil mines deal, seller considers action

Sibanye Stillwater said on Monday it had abandoned a $1 billion deal to buy the Santa Rita nickel mine and Serrote copper-gold mine in Brazil after a "geotechnical event".
The South African precious metals miner, which had aimed to bolster its battery metals business with the Brazilian deal, said the event at Santa Rita would have had a material and adverse impact on mining operations there. It did not elaborate.
"A wholly owned subsidiary of Sibanye Stillwater has today given notice of termination," the company said in a statement, adding the related transaction for the Serrote copper mine was conditional on the closing of the deal for Santa Rita. A spokesperson for Appian Capital Advisory, a London-based investment company which advises two affiliated private equity funds which in turn own the Brazilian mines, said they believed there was no basis for the termination. The spokesperson said that the "geotechnical event" referred to by Sibanye amounts to a localised fracture that occurs in the normal course of

Chart of the Day



open pit operations. "To remedy the condition of the area in question, some amount of additional waste will need to be mined earlier in the mine plan which equates to less than 1% of the mine's volume over a 34 year mine life," Appian said.
Appian said it did not agree that the fracture constituted a material adverse event and the spokesperson said it would take all necessary action to enforce its legal rights.
Sibanye has been diversifying into metals used in electric vehicle batteries in a bid to transform itself from a gold and platinum group metals producer to a diversified miner with a "green metals" portfolio.

Top News - Carbon & Power

UK government commits 32 mln pounds for floating wind projects

The British government said on Tuesday it will commit nearly 32 million pounds ($42 million) to fund the development of floating offshore wind projects to help lessen its dependence on gas, the price of which has increased sharply.
The 31.6 million pounds of funding will be matched by a further 30 million pounds from industry to accelerate renewable energy deployment, the government added.
Floating wind farms, which can be deployed in deeper waters than conventional turbines, are an emerging technology with far higher costs than projects fixed to the seabed, but these costs are expected to fall as more projects are brought online.
The government said 11 projects would receive funding to develop new technologies to enable turbines to be located in the windiest parts of Britain's seas as it seeks to become a world leader in floating wind.
The projects include one by Marine Power Systems in Swansea to develop a floating foundation and integrated wave energy generator and one by Cerulean Winds for a floating foundation system and wind turbine for deployment at an offshore oil and gas facility in the North Sea or West of Shetland.
"These innovative projects will help us expand renewable energy further and faster across the UK and help to reduce our exposure to volatile global gas prices," said UK energy minister Greg Hands.
The amount committed is small compared to the nearly 700 million pounds raised last week in a Crown Estate Scotland auction to develop Scottish offshore wind projects, where BP, Shell and utility Iberdrola's Scottish Power were among the winners of seabed rights.
The 17 winning Scottish projects in that leasing round will produce nearly 25 GW in the next decade, helping to provide low-carbon power in line with a UK-wide goal to cut emissions to net zero by mid-century.

COLUMN-Indonesia's coal ban sends prices soaring, other exporters fail to step up: Russell

Indonesia's short-lived ban on exporting coal has sent ructions through the seaborne market for the fuel in Asia, with the fallout likely to last beyond the initial shortage of available cargoes.
The short-term impact of the sudden ban announced on Jan. 1 by the world's largest exporter of the polluting fuel was to send prices for cargoes from other major shippers soaring back toward last year's record highs.
The longer-term impact is that the key planks of being cheap and reliable, promoted by the coal industry in its battle for survival against cleaner energy alternatives, are seriously undermined.
Indonesia's government imposed a month-long ban on Jan. 1 on coal exports in a bid to ensure sufficient domestic supplies, but by Jan. 20 restrictions were being eased with 139 companies allowed to ship the fuel overseas.
However, it's likely that the seaborne market will be short of several million tonnes in January and February as it will take time for Indonesia's shipments to return to more normal levels.
The supply crunch is being exacerbated by the inability of some major exporters, such as Russia and South Africa, to boost their shipments, with only Australia likely to ship more coal in January than it did in December.
Indonesia is on track to export 17.7 million tonnes of coal in January, according to vessel-tracking and port data compiled by commodity consultants Kpler.
This will be some 43% below December's 31.29 million tonnes and the weakest month since Kpler starting compiling data in January 2017.
Australia's exports of all grades of coal are expected by Kpler to be around 31.29 million tonnes in January, up from December's 29.74 million and the highest since September last year.
But much of the gain in Australia's exports in January is likely to be for coking coal used to make steel, rather than thermal coal for power plants. Australia's thermal coal shipments are likely to be around 17.22 million tonnes in January, up just 380,000 tonnes from December's 16.84 million, according to Kpler.
Russia's coal exports are estimated at 9.70 million tonnes in January, down from 13.23 million in December, while South Africa is forecast to export 4.5 million tonnes in January, down from 5.43 million the previous month.
The shipping data makes it clear that coal supply issues extend beyond Indonesia and the other major exporters, Australia excepted, have been unable to take advantage of the shortage created by Jakarta's ban.

PRICE SURGE

With coal in short supply it's not surprising that prices have rallied, with the benchmark Australian thermal coal price, the Newcastle Port Weekly Index, as assessed by commodity price reporting agency Argus, surging to $243.97 a tonne in the week to Jan. 21.

This is up 59% from the recent low of $153.10 a tonne in the week to Nov. 12, and the price is closing in on the record high of $252.72, reached in the week to Oct. 15.
There have been reports of a Newcastle cargo changing hands at more than $300 a tonne, which if confirmed would show the desperation of some buyers to secure coal.
Russian coal prices at the eastern port of Vostochny have also surged, with IHS McCloskey assessing cargoes at $233 a tonne last week, up from recent lows around $155 in mid-November. South African thermal coal for export from Richards Bay has also gained, rising to $162.58 a tonne last week from the recent low of $125.35 at the start of 2022.
These prices are likely to moderate as Indonesian cargoes return to the market and also as the peak northern winter demand period winds down. But high coal prices and the threat of resource nationalism, as shown by Indonesia's sudden export ban, point to a more worrying longer term future for seaborne coal in Asia.
Price sensitive buyers such as India and the Philippines will be forced to look at alternatives to importing coal, either from producing more domestically or switching to alternatives such as renewable energy plus storage or natural gas.
Traditional buyers such as Japan and South Korea may be better placed to afford high prices, but they too will be looking at alternatives given their long-term commitments to net-zero carbon emissions.
China, the world's biggest coal importer, will also likely seek to minimise imports by keeping domestic output at high levels and investing more in alternatives.

Top News—Dry Freight

Maersk to tackle air pollution at ports with ship-charging buoys

Shipping group Maersk plans to install hundreds of offshore charging stations around the world to allow vessels to power themselves with electricity instead of fossil fuels while waiting outside ports, it said on Tuesday.
Maersk is aiming to limit carbon emissions and cut air pollution from the around 3,500 commercial vessels that each day consume fuel oil to generate power while laying idle at ports around the world.
Congestion and bottlenecks at major ports like Shanghai, Rotterdam or Los Angeles during the pandemic due to lack of labour and growing import demand have resulted in more toxic exhaust fumes from ships waiting to discharge, causing health problems for nearby urban areas.
Stillstrom, a new company owned by Maersk's offshore

MARKET MONITOR as of 07:15 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$83.92	0.73%	10.77%
NYMEX RBOB Gasoline	$2.42	1.11%	7.61%
ICE Gas Oil	$763.25	1.33%	12.93%
NYMEX Natural Gas	$3.91	-3.00%	7.96%
Spot Gold	$1,841.84	-0.07%	0.80%
TRPC coal API 2	-	-	-
Carbon ECX EUA (Dec '22)	€ 83.98	0.54%	3.70%
CBOT Corn	$6.20	-0.24%	4.68%
CBOT Wheat	$8.07	0.78%	3.86%
Malaysia Palm Oil (3M)	R5,268	0.15%	11.99%
Index (Total Return)	**Close 24 Jan**	**Change**	**YTD Change**
Rogers International	24.36	-1.40%	-
U.S. Stocks	34364.5	0.29%	-5.43%
U.S. Dollar Index	96.022	0.29%	-0.05%
U.S. Bond Index (DJ)	457.8659	-0.42%	-2.99%

marine service division, has developed technology that will allow vessels to charge while moored to a buoy connected to land via a transmission line.

The group aims to install between three and 10 buoys at up 100 ports by 2028, which will cut carbon emissions by 5 million tonnes a year while reducing air and noise pollution, Stillstrom manager Sebastian Klasterer Toft told Reuters.

"We know that air pollution is a big problem at ports near urban areas, and these buoys will allow ships to turn off their engines," Toft said.

"Our ambition is that ships should use green power instead of fossil fuels while laying idle at ports."

The first such buoy operating at commercial scale will be installed between July and September this year at an offshore wind farm operated by Orsted.

Tests will be conducted for six to nine months, followed by a commercial roll-out at between 50 and 100 ports by 2028, Maersk said.

The company is already in talks with several ports around the world. Coaster vessels consume three to five tonnes of shipping fuel a day while idle, and the largest commercial vessels such as container ships consume up to 10 tonnes, according to Maersk.

Russian wheat prices down with weaker rouble

Russian wheat export prices fell last week as the rouble weakened against the dollar, taking a hit from fears related to a stand-off between Moscow and the West over Ukraine, analysts said on Monday.

The West fears Russia may invade its neighbour. Russia denies planning an attack, but says it could take unspecified military action if a list of demands are not met.

Russian stocks fell and wheat prices in Chicago rose last week amid these tensions.Russian wheat with 12.5% protein content loading from Black Sea ports for supply in February stood at $326 a tonne free on board (FOB), down $2 from the previous week, the IKAR agriculture consultancy said. Sovecon, another consultancy, pegged wheat down $1 at $331 per tonne, with barley stable at $295 a tonne. Russian wheat exports are down by 40% since the start of the 2021/22 marketing season on July 1 owing to a smaller crop and an export tax that had been set at $95.8 per tonne for Jan. 26 to Feb. 1. The weather remains favourable for the 2022 crop, with healthy precipitation in the majority of winter wheat-producing regions last week, Sovecon said. It kept its forecast for Russia's 2022 grain crop unchanged at 81.3 million tonnes, up from 75.9 million tonnes in 2021.

Picture of the Day

Performers stage a protest outside the offices of Spanish energy firm Repsol after the government said Repsol had spilt some 6,000 barrels of oil into the ocean which the company has blamed on unusual waves triggered by a volcanic eruption in Tonga, in Lima, Peru. REUTERS/Sebastian Castaneda

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(Inside Commodities is compiled by Jerin Tom Joshy in Bengaluru)

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