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Top News - Oil

Chevron pledges $75 bln for share buybacks as cash grows
Chevron Corp on Wednesday said it would triple its budget for share buybacks to $75 billion, the oil industry's most ambitious shareholder payouts to date, as high oil and gas prices pad profits.
The oil industry has been facing calls from investors and the White House to put last year's record earnings from sky high energy prices into more drilling, acquisitions, or to reduce prices for consumers.
Chevron on Friday is expected to report profits for 2022 doubled to $37.2 billion, according to estimates by Refinitiv. It has budgeted $17 billion on new oil and gas projects this year, up $2 billion from last year.
Chevron's disclosure of the share buyback and a 6% increase in its quarterly shareholder dividend signaled it will allocate a big chunk of its profits to reward shareholders. It did not set a timetable for the buybacks.
Chevron and Exxon Mobil are poised to post record annual profits for 2022 of nearly $100 billion combined, analysts forecast.
Those unprecedented earnings led analysts at Citi on Wednesday to ask if one of the two might buy BP, Shell or TotalEnergies.
U.S. oil producers overall are increasing their budgets for new energy projects this year, but the expenditures will be dwarfed by the amounts paid to shareholders.
The White House criticized the move in a statement. Last year the administration of President Joe Biden called for oil producers to instead invest in production to reduce energy prices for consumers and raise investments in renewable energy.
“For a company that claimed not too long ago that it was ‘working hard’ to increase oil production, handing out $75 billion to executives and wealthy shareholders sure is an odd way to show it," said White House spokesperson Abdullah Hasan.
The U.S. oil majors' valuations are about 40% above European rivals, Citi said. BP's market value is about $108 billion, compared to Chevron's $346 billion and Exxon's $466 billion.
Exxon Mobil, which led shareholder returns among oil majors last year, last month increased its buyback plan to $50 billion through 2024.
Chevron's buyback plan is smaller than those for large technology companies such as Apple. As of September, Apple has authorized $405 billion in buybacks and repurchased more than $90 billion in shares during the previous 12-month period.
Chevron shares rose almost 3% in after-market trade.
The energy industry last year was one of the top sectors in the S&P 500 index after trailing the broader market for years.

EXCLUSIVE-Equinor joins Western oil firms' retreat from Nigeria -sources
Norway's Equinor has launched the sale of its stake in an offshore Nigerian oilfield, joining a retreat by Western energy firms from the West African country as they focus on newer and more profitable operations, three industry sources said.
The company has hired investment bank Standard Chartered to run the sale process, which could raise up to $1 billion, the sources said.
Equinor and Standard Chartered declined to comment.
Equinor was entitled to net production of around 25,000 barrels per day of oil equivalent (boed) through its 20.2% stake in the Agbami field, which is operated by Chevron, according to its website.
Production in the field has been declining rapidly in recent years, down from 36,000 boepd in 2019 and 29,000 boepd in 2020.
Several Western oil giants including Exxon Mobil, Shell and TotalEnergies, are seeking to exit or scale back their presence in Nigeria, particularly in onshore operations which have been plagued by theft and devastating spills for years.
However, Shell was forced to pause the sale of its onshore assets last year after a Supreme Court ruling that said it had to wait for the outcome of an appeal over a 2019 oil spill.
Exxon's sale also hit regulatory hurdles.
Equinor's exit is part of the company's efforts to focus on newer and more profitable assets, the sources said.
Nigeria's offshore oil and gas operations remain lucrative due to their larger scale, better security and attractive financial terms offered by the government.
The oil sector received a boost after Nigerian President Muhammadu Buhari in 2021 signed into law an oil overhaul bill that had been in the works for nearly two decades and which offered operators long-term fiscal stability.
Equinor launched the sale process after last year signing a deal with Nigeria's national oil company NNPC to extend by two decades the licence for offshore block OML 128, which is part of the Agbami field.
The Norwegian company, which has been present in Nigeria since 1992, also holds a 53.85% stake in exploration licence OML 129, according to its website.
Equinor's profit soared to a new record last year, driven

by European gas prices hitting all-time highs in the wake of Russia's invasion of Ukraine last February.

Operations outside Norway account for around a third of the company's total oil and gas production.

Top News - Agriculture

Argentina soy sales lag previous year at 80.6% of harvest

Soybean sales from Argentina's 2021/2022 harvest covered 80.6% of the 44 million tonne harvest as of last week, below the 82.6% sold from the previous season at the same time, data from its agricultural ministry showed Wednesday.

Between Jan. 12-18, producers sold 42,000 tonnes of soy, one of the lowest weekly volumes reported in recent months.

Producers have sold 76.3% of Argentina's 2021/2022 59 million tonne corn harvest, the ministry said Tuesday, below the 78.5% sold from the previous season in the same period.

Producers have also sold 51.8% of Argentina's 2022/2023 wheat campaign, which the government has projected at just 13.4 million tonnes due to drought.

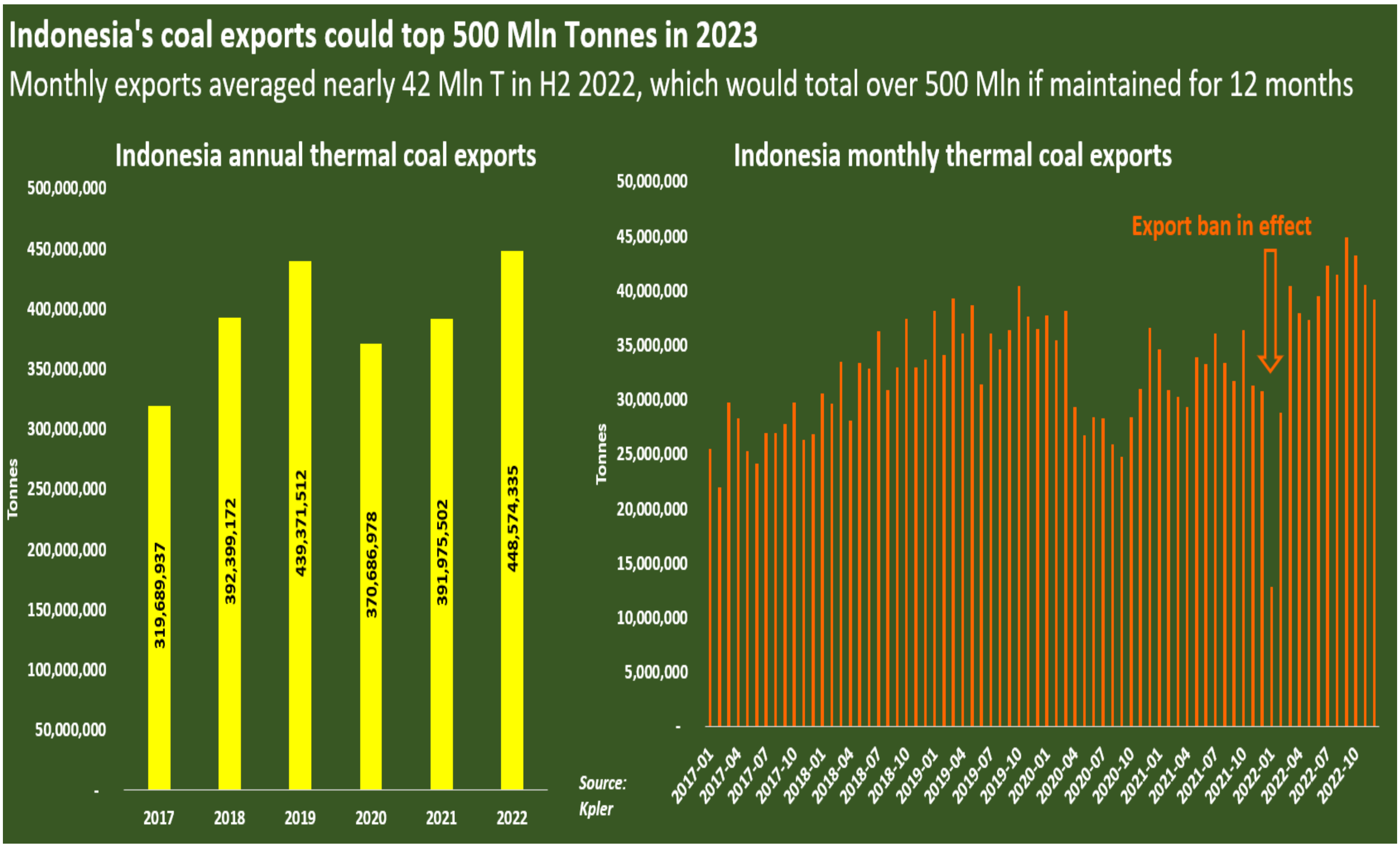
India to offer 3 mln tonnes wheat to bulk consumers to cool prices

India will provide 3 million tonnes of wheat to bulk consumers such as flour millers, as part of efforts to bring down prices, which jumped to a record high on Wednesday, a government official told Reuters.

The allocation is more than traders' expectations of around 2 million tonnes. The market was waiting for government permission for nearly two months as supplies dwindled at the tail end of the wheat marketing year even as demand surged.

"There's this consensus that bulk users will be allowed to buy up to 3 million tonnes of wheat from government stocks," said the official who did not wish to be named in line with official rules. Wheat prices in India, the world's biggest consumer of the grain, are scaling new peaks, as farmers and traders have run out of stocks.

Chart of the Day



On Wednesday, wheat prices in the Indore market - a benchmark - jumped to a record 29,821 rupees ($365.61) a tonne, up nearly 9% so far this month after rising 37% in 2022.
In New Delhi, wheat prices rose nearly 1.5% to a record 32,500 rupees.
India banned exports in May 2022 after a sudden rise in temperatures clipped output, even as exports picked up to meet the global shortfall triggered by Russia's invasion of Ukraine.
Traders say record-high wheat prices despite the export ban indicate a far bigger drop in last year's output.
According to government estimates, wheat output fell to 106.84 million tonnes in 2022 from 109.59 million tonnes a year earlier.
"In a fortnight, prices have jumped by around 300 rupees. The government decision could bring down prices, but a big correction is unlikely," said a New-Delhi-based dealer with a global trade house.
"Record high prices forced many flour mills to close operations, and now they would be fighting for the allocation to secure supplies from the 3 million tonnes of quota for bulk users," he said.

Top News - Metals

U.S. worker shortage denting Freeport-McMoRan's copper output

Freeport-McMoRan Inc warned on Wednesday that its struggle to find workers in the United States is limiting the amount of copper it can produce for the green energy transition.
The worker shortage reflects the talent crunch facing the broader mining industry, as well as the wider macroeconomic trend of workers jumping between jobs in the wake of the coronavirus pandemic.
Freeport, which operates seven mines in the United States, including North America's largest mine, has 1,300 job openings in the country, more than 10% of its U.S. workforce. The company's U.S. copper production fell 7% last quarter from the same period in 2021. For 2023, the company expects its U.S. copper output to slip nearly 1% from 2022 levels.
"We could have in 2022 produced more (copper) if we were fully staffed. And I believe that is the case again this year," President Kathleen Quirk told investors on Wednesday after the company posted better-than-expected quarterly results.
Executives noted they are not seeing the same trends in South America or Indonesia, where Freeport also operates large mines.
"Our work is hard work. And it's harder to drive a big haul truck (at a copper mine) than it is to drive an Amazon or UPS or FedEx truck," said Chief Executive Richard Adkerson, who called the worker shortage a "strategic challenge" for the Phoenix-based company.
Freeport plans to give "substantial" pay raises to its U.S. staff this year, Adkerson said. The company is working to train replacement workers, but added that the experience level of its staff in the United States is not what it was even five years ago.
"I think that does have some implications on our ability to develop a mine in the U.S.," Quirk said. More than half of Freeport's estimated 235 billion pounds of copper resources are in the United States, and Adkerson has called the country key to Freeport's growth plans.

EARNINGS

Freeport on Wednesday posted fourth-quarter net income of $697 million, or 48 cents per share, compared with $1.1 billion, or 74 cents per share, in the year-ago period.
Excluding one-time items, Freeport posted a quarterly profit of 52 cents per share, ahead of analysts' estimate of 46 cents per share, according to Refinitiv data.
Freeport reported average realized copper prices of $3.77 per pound in the quarter, compared with $4.42 a year earlier. The company expects its annual capital expenditure to be about $5.2 billion, higher than $3.5 billion marked in 2022.
Despite recent macroeconomic concerns, especially in China, Freeport said it has not seen slowing demand for the red metal. "If we could produce more, our customers would want it," Quirk said.

Chile mine delays to slow copper growth; peak seen lower, later -regulator

Copper production in Chile, the world's largest producer of the red metal, will grow at a slower rate this decade than previously hoped, a government report seen by Reuters showed, with peak output later and lower than estimated a year ago.
Likely output of the red metal will peak at some 7.14 million tonnes in 2030, two years later than anticipated as delays hit mining projects in the Andean nation, according to an unpublished report from regulator Cochilco obtained by Reuters.
That is well below the 7.62 million-tonne 2028 peak the regulator had estimated in its decade outlook a year ago.
"Lots of important projects in the next decade haven't advanced in engineering or environmental baselines during the pandemic," the report said, adding that its outlook was "quite lower than projections made in previous years."
Production snarls in Chile could prop up the global price of the metal, which has soared since 2020 past $9,000 per tonne. Also, protests in neighboring Peru have curbed production in major mines at the world's No. 2 copper producing country.

Despite the expected slower growth in Chile, the report forecasts production to grow 17% to 6.58 million tonnes by 2033. Expected output will be 5.345 million tonnes in 2022, 5.467 million tonnes this year and 5.891 million tonnes in 2024.
The report states that its projections depend on all planned mining projects in the current portfolio coming online, adding that projects to maintain and expand current mines would not be enough on their own to meet projections.
"It's necessary for all the new initiatives on the national investment portfolio to materialize, which would contribute 17% of production towards 2033," the report added.
In a response to questions from Reuters, Cochilco research head Víctor Garay said the peak couldn't come earlier as new projects needed studies and analysis, which "take a long time".
Chile's copper sector, the country's top exporter, has demanded more "legal certainty" for investment after the government recently denied permits for the Dominga iron and copper project and amid uncertainty over a new constitution.
On Wednesday the chief executive of miner Freeport-McMoRan Inc said Chile expansion projects were on hold until the country's political situation was clearer.
The report showed a production fall last year versus 2021 but said that this "should close the cycle of production losses associated with the (COVID-19) pandemic."
There will also be a likely production drop after the 2030 peak as some operations close or produce less "without expected replacement projects that would allow continuity."

MARKET MONITOR as of 07:10 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$80.41 / bbl	0.32%	0.19%
NYMEX RBOB Gasoline	$2.59 / gallon	-0.47%	4.33%
ICE Gas Oil	$956.75 / tonne	-0.08%	3.88%
NYMEX Natural Gas	$2.88 / mmBtu	-6.06%	-35.62%
Spot Gold	$1,943.47 / ounce	-0.13%	6.53%
TRPC coal API 2 / Dec, 23	$162.5 / tonne	-1.81%	-12.04%
Carbon ECX EUA / Dec, 24	€88.38 / tonne	0.32%	0.43%
Dutch gas day-ahead (Pre. close)	€57.10 / Mwh	-5.82%	-24.44%
CBOT Corn	$6.74 / bushel	-0.07%	-0.63%
CBOT Wheat	$7.40 / bushel	-0.13%	-6.41%
Malaysia Palm Oil (3M)	RM3,753 / tonne	0.00%	-10.09%
Index (Total Return)	**Close 25 Jan**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	302.02	-0.16%	0.23%
Rogers International	28.40	-0.23%	-0.94%
U.S. Stocks - Dow	33,743.84	0.03%	1.80%
U.S. Dollar Index	101.64	-0.27%	-1.82%
U.S. Bond Index (DJ)	410.79	0.04%	4.62%

Top News - Carbon & Power

EXCLUSIVE-Qatar in talks to join TotalEnergies' $27 bln Iraqi energy project -sources

Qatar is in talks to acquire a stake from French company TotalEnergies' $27 billion cluster of energy projects in Iraq, three sources told Reuters, as Baghdad hopes to stem efforts by Western energy companies to exit the country.

A major investment by a Gulf state would mark an important win for Iraqi Prime Minister Mohammed al-Sudani, who took office last October following more than a year of political turmoil, and would also be considered a step towards countering Iranian influence.

QatarEnergy is looking to acquire a stake of around 30% in the project, one source said. Energy companies rarely own 100% of projects and prefer partnerships to reduce risk.

After a flurry of deals after the U.S. invasion over a decade ago, international oil companies have been trying to leave Iraq due to poor returns from revenue sharing agreements.

When TotalEnergies and Baghdad in 2021 signed an agreement to build four giant solar, gas, power and water projects in southern Iraq over 25 years, hopes for an exodus reversal were high. Exxon Mobil, Shell and BP have all sought to scale back their operations in Iraq in recent years.

But the project, aimed at boosting the country's economy and reducing its dependency on Iranian gas, is yet to take off.

The TotalEnergies deal with Iraq, which will require an initial investment of $10 billion, followed a visit from French President Emmanuel Macron in September 2021.

The terms of the deal, which have not been made public or previously reported, had raised concerns among Iraqi politicians and were unprecedented for Iraq, sources close to the deal told Reuters in February 2022.

The deal includes the construction of a natural gas gathering network to supply local power stations through the expansion of the Ratawi field, building a large-scale seawater treatment facility to boost output from other fields using water injection and a large solar power plant in the Basra region.

But there has been little progress since then. Sources told Reuters last year that disputes over terms had risked scrapping the project.

QatarEnergy and the Qatari government communications office did not immediately respond to a request for comment about the talks.

TotalEnergies did not confirm the deal when contacted by Reuters.

A senior Iraqi oil ministry official said he was not aware of QatarEnergy plans to acquire a stake in the TotalEnergies' project.

SUDANI TO PARIS

Iraq's Sudani is travelling to Paris on Thursday and will meet Macron, a spokesperson for the Elysee said.

One of the sources told Reuters Sudani would also meet TotalEnergies Chief Executive Officer Patrick Pouyanne in a bid to end the deadlock.

QatarEnergy and TotalEnergies have been talking about a stake in the project, and even though no final agreement has been reached yet, there was a lot of confidence it would materialise, two of the sources said.

Arab nations including Saudi Arabia have been trying to counter Tehran's influence in Iraq.

Iraq and France in December jointly organised a conference in Jordan to show support for Baghdad, which has faced crises ranging from Islamic State militants, climate change, corruption and instability since the 2003 U.S.-led invasion.

Qatar attended as did Middle East foes Saudi Arabia and Iran.

The French and Qatari energy companies have close partnerships in Qatar's giant liquefied natural gas (LNG) production as well as major energy projects around the world including in Guyana, Namibia and South Africa.

Pouyanne told investors following the deal announcement that Iraq was a core part of TotalEnergies' focus in the Middle East and the deal was a "win-win" for Baghdad and his company which will be paid via oil sales from the Ratawi field, one of four projects in the agreement.

He also said TotalEnergies was looking for partners in the projects, in which it wanted to keep a 40% to 50% share.

Russia's Sakhalin 2 may double LNG revenue as top buyers stay despite Ukraine crisis

Russia's Sakhalin 2 liquefied natural gas (LNG) project could generate twice the revenue this year that it did before the Ukraine conflict thanks to long-term deals with Asian buyers and higher prices, according to analysts and Reuters calculations.

State-run top shareholder Gazprom stands to benefit from the boost which comes as Russia ramps up its military spending almost a year after sending troops into neighbouring Ukraine.

Moscow has already tapped its rainy day fund, boosted domestic borrowing and is considering raising taxes.

Shell quit Sakhalin 2 as one of the many Western firms which pulled out of Russia after Moscow launched what it dubbed its "special military operation".

Renewed deals with Asian buyers could secure demand for 6.5 million tonnes of LNG annually from Sakhalin 2, according to contractual volume data from the international group of LNG importers and Reuters calculations.

That could generate $3.8 billion to $4.5 billion in revenue for Sakhalin 2 shareholders this year, according to

Masanori Odaka, a senior analyst on Rystad Energy's gas and LNG team.
The project could earn another $7.45 billion this year if it keeps production in line with 2022 and sells 4.9 million tonnes of LNG on the spot market, according to Alexei Kokin, chief analyst at Russia's Otkritie brokerage.
The project was forecast to produce 11.4 million tonnes of LNG last year, a senior official from Russia's Sakhalin region had said, but the final figure is yet to be released.
In 2021, Sakhalin 2's revenue totalled $5.7 billion and net profit was $2 billion.
But Asia spot LNG prices jumped 42% in 2022 to average $38.80 per million British thermal units.
With spot prices in Asia estimated to be higher than long-term deals, marketing additional volumes could be challenging, Rystad's Odaka said.
China's Sakhalin LNG imports more than doubled in 2022 to 33 cargoes, Refinitiv Eikon data showed.
It was not immediately clear what would happen to the 2.75 million tonnes of LNG previously taken annually by Taiwan's CPC, whose contract ended last year, by Shell and by Gazprom Global LNG, which was nationalised by Germany last year in its sanctions stand-off with Russia.
All three have stopped receiving LNG supplies from Sakhalin 2, their officials said.

SHAREHOLDERS
After Shell's departure, the Kremlin created a new entity to run Sakhalin 2, one of the top LNG plants globally.
Japanese shareholders Mitsui & Co and Mitsubishi Corp applied to retain their stakes.
They hold a combined 22.5% stake alongside Gazprom, which has a 50% holding.
Shell's 27.5% stake is now held by Sakhalin Energy.
Russia has yet to name a new shareholder to replace Shell.
Sakhalin Energy, the managing company for Sakhalin 2, did not reply to a Reuters request for comment.
Last week, Osaka Gas Co Ltd became the latest Japanese company to renew its deal to buy Sakhalin 2. It will take 200,000 tonnes of LNG per year, or about 2% of its output.
South Korea's KOGAS continues to offtake LNG under its 10-year contract, its spokesman said, and Japanese Hiroshima Gas, Kyushu Electric, Saibu Gas, Toho Gas, Tohoku Electric and Tokyo Gas have also renewed their deals.
While Asian energy firms have declined to provide specifics of their renewed agreements, they have said conditions were either similar or little changed from previous deals.

Top News - Dry Freight

COLUMN-Beware Indonesia's coal export heft in 2023: Maguire
The world's top thermal coal exporter shocked global markets a year ago by temporarily banning coal exports to protect domestic power producers, sending coal prices soaring and kicking off an historically volatile year for coal and other power fuels.
But since then Indonesia has made a different mark on the global coal arena by setting a new record pace for shipments that if sustained puts it on course to be the first country to surpass half a billion tonnes of coal exports in a single year.
With global power markets still disrupted by the fallout from Russia's invasion of Ukraine - which severed pipelined natural gas supplies to Europe - demand for all power generation fuels is on track to scale record heights in 2023.
That means that despite efforts to transition global energy systems away from fossil fuels, Indonesian coal sales may hit a new milestone this year, with commensurate repercussions for emissions of carbon dioxide and other gases that are already at record concentrations in the earth's atmosphere.

HISTORIC CLOUT
Jakarta's surprise coal export ban on January 1 came at the height of last winter, and forced major importers to scramble for replacement supplies from other exporters such as Columbia, South Africa and Australia.
At the time, the move had been expected to permanently dent Indonesia's export potential as key customers took steps to reduce reliance on a single supplier by diversifying their coal purchase streams.
But Russia's invasion of Ukraine changed all that.
As Europe's top natural gas supplier and the third largest global thermal coal exporter in 2021, Russia's so-called special operations in Ukraine upended power fuel markets across Europe, and ignited a fresh climb in coal prices to all-time highs by late February.
In turn, those high prices quickly lured Indonesia coal flows back onto global markets.
For 2022 as a whole, total Indonesian thermal coal exports hit 448.5 million tonnes, a record sum that was 56 million tonnes (14.4%) larger than 2021's total, ship tracking data from Kpler shows.
That haul came despite shipments dropping by nearly 60% in January from the month before, and stayed stunted in February, as the government's partial ban on shipments jammed coal flows from Indonesia and sowed widespread confusion in international coal markets.

PEAK POTENTIAL
So far in 2023, Indonesian exports have not been hindered by any unexpected government manoeuvres,

and are on track to hit 37.4 million tonnes in January, compared to just under 13 million tonnes a year ago, according to Kpler.

That January 2023 estimate is below the average monthly pace of Indonesian exports for the second half of 2022, which was 41.9 million tonnes and would equate to an annual total of 503.5 million tonnes if maintained over 12 months.

However, there are several factors in play in 2023 that may lift demand for Indonesian coal over the coming months.

Of primary importance is China's economic reboot following a subdued 2022, when Beijing's strict zero-COVID measures stifled industrial activity - and coal demand - across the world's largest coal consumer.

In late 2022, China announced a slew of stimulus and easing measures designed to restore economic activity across the country, and a recent Reuters poll of economists sees China's economy growing by 4.9% in 2023.

Increased industrial activity late last year already lifted coal imports in November and December to their highest since late 2021, and further fuel purchases look likely by the top purchaser of Indonesian coal as China's economy gathers further momentum.

The planned implementation of energy product sanctions on Russia by the European Union this year is another factor likely to support global coal demand.

Europe is set to ban imports of Russian oil products from February 5 in a move designed to apply further financial pressure on Moscow in response to the Ukraine invasion.

In turn, that move is expected to further tighten supplies of all industrial fuels, and spur additional import demand of alternatives such as coal.

India's tight domestic coal stockpiles are another bullish factor supporting Indonesia's coal export potential.

The world's second largest coal consumer depends on imports for nearly a quarter of its coal supplies, 65% of which came from Indonesia in 2022.

In combination, these factors have the potential to steer Indonesian coal flows to new heights in 2023, with an ominous 500 million tonne total easily achievable for the year as a whole.

Iraq buys 150,000 tonnes of wheat from Australia - Trade Ministry

Iraq has bought 150,000 tonnes of wheat from Australia, the Trade Ministry said in a statement on Wednesday.

European traders said in initial assessments that Iraq’s state grains buyer is believed to have purchased about 150,000 tonnes of wheat that was expected to be sourced from Australia in an international on Wednesday.

Picture of the Day

Hard coal is delivered to the BTB energy supplier's old thermal power station in Schoeneweide, Berlin, Germany, 2023. REUTERS/ Christian Mang

(Inside Commodities is compiled by Indrishka Bose in Bengaluru)

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

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