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Top News - Oil

Trafigura assesses Red Sea risks after tanker attacked by Houthis

Commodities trader Trafigura said on Saturday it was assessing the security risks of further Red Sea voyages after firefightersput out a blaze on a tanker attacked by Yemen's Houthi group a day earlier.
The U.S. military said a U.S. Navy ship and other vessels provided assistance after the Marlin Luanda was hit by a Houthi anti-ship missile.
"No further vessels operating on behalf of Trafigura are currently transiting the Gulf of Aden and we continue to assess carefully the risks involved in any voyage, including in respect of security and safety of the crew, together with shipowners and customers," a Trafigura statement said.
Some shipping companies have suspended transits through the Red Sea, which is accessed from the Gulf of Aden, and taken much longer, costlier journeys around Africa to avoid being attacked by Yemen's Iranian-backed Houthi group, which began launching waves of exploding drones and missiles at vessels on Nov. 19 in response to Israel's military operations in Gaza.
The Houthi attacks have primarily targeted container vessels moving through the Red Sea. Many fuel tankers have kept using the route.
A notable exception is QatarEnergy, the world's second largest exporter of liquefied natural gas, which earlier this month stopped sending tankers via the Red Sea, citing security concerns.
Over several hours early on Saturday the Marlin Luanda's crew battled a blaze in one cargo tank on the vessel's starboard side, Trafigura's said in a statement.
By Saturday afternoon, the blaze was extinguished and all crew were safe, Trafigura said.
"The vessel is now sailing towards a safe harbour," Trafigura said, adding that the firefighting effort had been supported by Indian, U.S. and French navy vessels.
The Marshall Islands-flagged Marlin Luanda issued a distress call on Friday and reported damage, U.S. Central Command said in a post on X, formerly Twitter. The USS Carney and other coalition ships were providing assistance to the tanker, it said.
India's navy deployed INS Visakhapatnam, a guided missile destroyer, after receiving a distress call from the Marlin Luanda, which had 22 Indian and one Bangladeshi crew on board, an Indian Navy spokesman said.
The tanker was carrying Russian naphtha purchased below the price cap in line with G7 sanctions, a Trafigura spokesperson said on Friday.
U.S. and British warplanes, ships and submarines have responded to the Houthi attacks on shipping in recent weeks with dozens of retaliatory strikes across Yemen against Houthi forces.
About eight hours after the Marlin Luanda incident, the U.S. military destroyed a Houthi anti-ship missile that was aimed into the Red Sea and ready to launch, Central Command said.
The missile "presented an imminent threat to merchant vessels and the U.S. Navy ships in the region", it said.
The Houthis' Al-Masira television said on Saturday that the United States and Britain launched two air strikes that targeted the port of Ras Issa, Yemen's main oil export terminal.
It was not clear if this was the strike referred to by Central Command, and the U.S. Fifth Fleet did not immediately respond to a request for comment.
The British Defence Ministry declined to comment.

OPEC+ unlikely to decide oil policy on Feb 1, will wait several weeks - sources

OPEC+ will likely decide its oil production levels for April and beyond in the coming weeks, OPEC+ sources said, adding that a meeting of a key ministerial panel next Thursday would take place too early to take decisions on further output policy.
Leading ministers from the Organization of the Petroleum Exporting Countries (OPEC) and allies led by Russia, known as OPEC+, will meet online. The panel, named the Joint Ministerial Monitoring Committee (JMMC), can call for a full OPEC+ meeting or make recommendations on policy.
Five OPEC+ sources who declined to be named said the committee would probably not make any changes to existing policy during the meeting. One of them added the meeting would mainly discuss the group's production levels.
"There will be no recommendations at the next JMMC meeting," this source said. The source added that a decision on whether or not to extend a portion of the group's voluntary oil output cuts into April would likely come at the end of February, while another said the decision's timing was not yet clear.
OPEC, the Saudi Energy Ministry and the Russian Energy Ministry did not respond to requests for comment.
Oil prices have found support from more positive sentiment about demand this week and rising geopolitical tensions from attacks by the Iran-aligned Houthi group on Red Sea shipping. Brent crude was trading near $82 a barrel on Friday.
Last November, OPEC+ agreed to voluntary output cuts totalling about 2.2 million barrels per day (bpd) for the first quarter of this year led by Saudi Arabia rolling over a 1 million bpd voluntary reduction. If these cuts are unwound, OPEC+ would begin to return 2.2 million bpd to the market from the beginning of April. This would leave 3.66 million bpd of output cuts agreed in earlier steps still in place. The group's de facto leader Saudi Arabia has said that the cuts could continue past the first quarter if needed. Previous decisions to extend voluntary cuts have come at least one month before the month of

implementation. A Russian delegate told Reuters there was no evidence some additional steps were needed, but added that member countries had not started their deliberations yet. Another of the OPEC+ sources said: "April onward policy might be deliberated at least." The JMMC usually meets every two months and brings together leading countries within the alliance, including Saudi Arabia, Russia and the United Arab Emirates.

Top News - Agriculture

EXCLUSIVE- ADM postpones some exec bonuses amid accounting probe -memo

Archer-Daniels-Midland Co will delay paying performance bonuses to some executives until its financial statements are completed and audited, according to a staff memo seen by Reuters.

The delay, detailed in a memo sent to staff on Thursday, comes days after ADM sidelined its chief financial officer and brought in outside lawyers to launch an investigation into accounting practices last week.

The investigation is focused on the nutrition segment, a relatively small unit of the grains trading giant's business which played an outsized role in executive compensation.

Compensation from ADM's performance incentive plan for members of the company's executive council, including any who retired last year, would be postponed, the note said.

ADM declined to comment.

Payments to other employees would be paid in March on the company's normal schedule, according to the staff memo.

The executive council includes several top executives and heads of other ADM businesses. Reuters could not determine exactly how many people are on the council.

According to the company's website detailing what it calls its Senior Leadership, of the 19 people listed, 14 are cited as being members of the executive council in their biographies.

News of the investigation into accounting practices sent ADM shares tumbling 24% on Jan. 22, the biggest fall since 1929, according to the Center for Research in Security Prices.

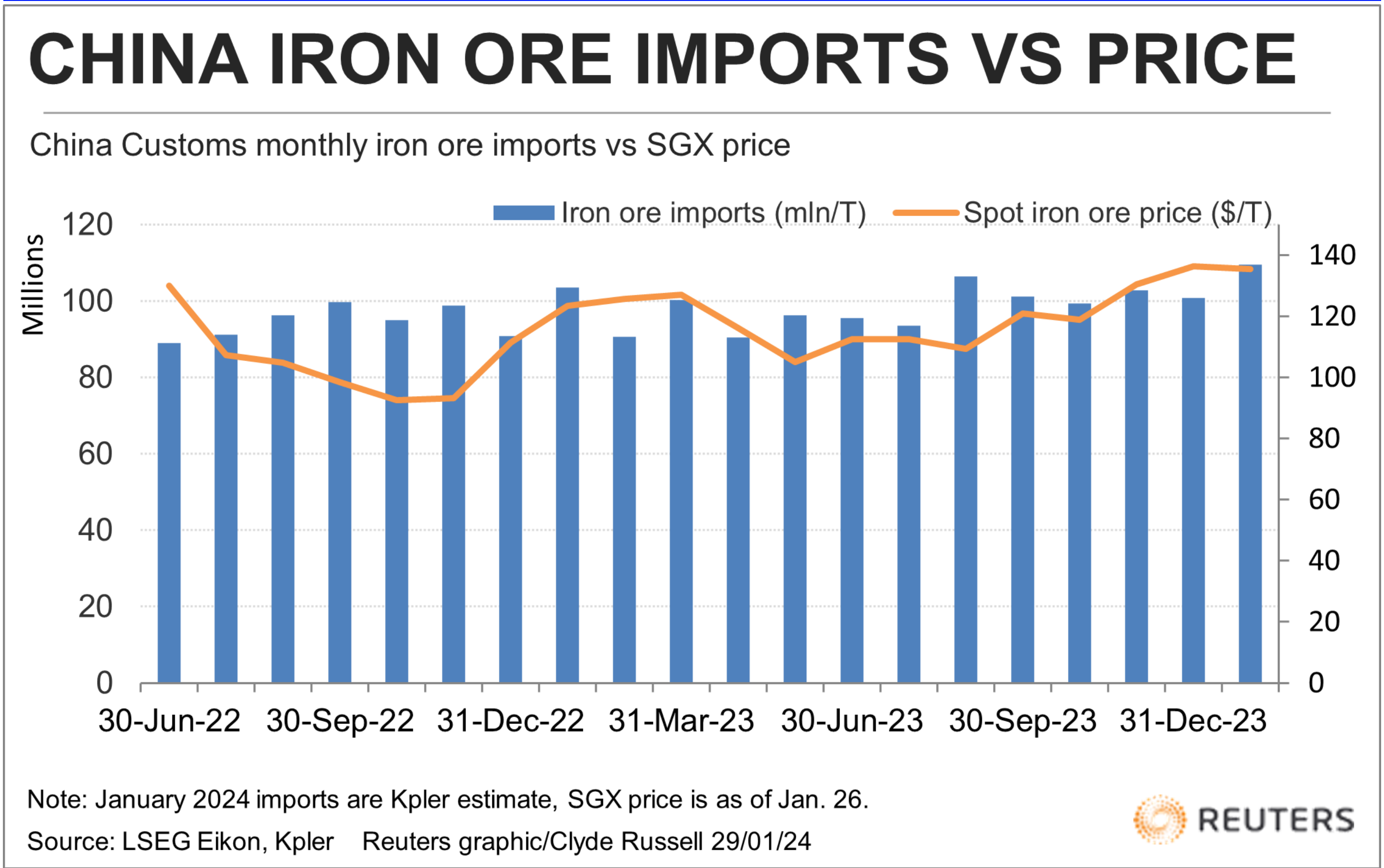
ADM has delayed the release of its full-year 2023 financial results until further notice.

The probe focuses on ADM's Nutrition reporting segment and "intersegment transactions," the company has said. It started after ADM received a request for information from the U.S. Securities and Exchange Commission, ADM said. The SEC declined to comment.

A change by ADM's Compensation and Succession Committee in 2020 tied half of long-term executive compensation to operating profit growth of the Nutrition segment, according to ADM proxy statements.

Previously, the long-term compensation had been based

Chart of the Day



on ADM's adjusted earnings, return on invested capital and relative total shareholder returns, according to the filings.
The Nutrition unit accounted for just 9.3% of ADM revenue that year, LSEG data showed.
ADM in 2023 reported average Nutrition operating profit growth from 2020 to 2022 of a larger-than-forecast 21.4% and which topped the company's average adjusted return on invested capital target. As a result, seven ADM executives were awarded more than 841,000 performance share units, twice the targeted payout, the proxy statements showed.
Those PSUs were valued at nearly $69 million when they vested in February 2023.

COLUMN-Funds continue cultivating massive CBOT grain, oilseed short -Braun
Speculators have built their most bearish-ever January view across U.S. grains and oilseeds, and the collective net short is among the largest on record, driven by further selling in soybeans and meal last week.
Money managers’ combined net short across Chicago-traded corn, wheat, soybeans and soy products, plus Kansas City and Minneapolis wheat, totaled 554,019 futures and options contracts as of Jan. 23. That is the sixth-largest all-time behind five weeks in April and May 2019.
Soybean meal was the only major CBOT grain or oilseed to notch losses in the week ended Jan. 23, falling nearly 3%. Soybeans were up 1%, wheat rose 2.5%, soybean oil rose 2% and corn was up 0.7%.
But funds were sellers of corn and soybeans that week despite the pop off multi-year lows. The managed money net short in CBOT corn futures and options rose by less than 5,000 contracts to 265,285 contracts, though new gross longs entered the mix for the first time in a month. That is funds’ most bearish corn stance for the date and is among the most bearish all-time, behind a few weeks in 2019 and 2020. Money managers expanded their net short in CBOT soybean futures and options to 91,842 contracts from 76,797 a week earlier, marking their most bearish soy position since February 2020. Gross longs have come out of the market for 10 consecutive weeks through Jan. 23.
The epic soybean meal sell-off continued through Jan. 23, as money managers increased their net short by nearly 15,000 contracts to 19,016 futures and options contracts, the most bearish since October 2021.
In the eight weeks through Jan. 23, funds were net sellers of nearly 155,000 meal contracts of 100 short tons each. Prior to 2024, the largest eight-week meal sell-off was under 100,000 contracts.
Open interest in CBOT corn, soybean and soybean meal futures and options continued the upward surge last week, rising 6%, 7% and 3%, respectively, in the week ended Jan. 23. Corn open interest is average for the date and soybeans are above average, but meal open interest is easily record-high for January.
The selling trend continued between Wednesday and Friday, as most-active soybeans lost 2.4% and soymeal shed 3.4%, though corn futures were basically unchanged. Corn and soybeans avoided fresh lows in the last three sessions, but soymeal futures finished at $349 per short ton on Friday, their lowest settle in more than two years. Excellent weather in top meal exporter Argentina has weighed on the market as has better weather for Brazil, which is in the early stages of harvesting what is expected to be a sufficiently large soybean crop. U.S. corn export sales have been average though those of soybeans are sluggish, reflecting sagging demand in China and ample supplies in South America.
Most-active CBOT wheat futures continue to hover around $6 per bushel, though soybean oil has been sinking for months, reaching an eight-month low of 46.08 cents per pound on Friday.
Money managers hold decently large net shorts in both wheat and soyoil, but there has been little change in recent weeks. They were mild net buyers of both in the week ended Jan. 23. Both the CBOT wheat net short of 64,541 futures and options contracts and the soyoil net short of 44,705 contracts as of Jan. 23 are consistent with the previous few weeks' averages.

Top News - Metals

Chinese copper smelters propose output cuts on concentrate tightness -sources
China's top copper smelters on Friday have proposed cutting their output, three sources familiar with the matter said on Friday, as tight supplies of copper concentrate ore for processing have cause treatment charges to fall.
The China Smelters Purchase Team (CSPT), a group of the country's top copper smelters, held an online meeting on Friday to discuss how to deal with a sharp drop in spot copper concentrate treatment charges (TC), or the price they receive for smelting the ore concentrate into copper, the sources said.
The TC prices are set as a function of smelter capacity and tend to fall when there is less concentrate supply and more smelting capacity available.
Despite agreeing to a proposal to cut production, no specific plans on reducing output were concluded during the meeting, the sources said.
At the meeting on Friday, smelters also proposed a floor level for TCs at $50 per ton, the sources said.
"This appears to have been an emergency meeting in response to the tight concentrate market which is seeing terms now as low as the $20s for sales to smelters," said analyst Craig Lang at CRU Group.
"The CSPT account for around 76% of China's copper smelter output, so any coordinated response to cut production would be expected to take some of the heat out of the concentrates market in the near term," Lang added.
Spot TCs for imported copper concentrate into China fell to $27.94 per metric ton on Friday, a drop of 33% from last week, according to data from Shanghai Metals Market.
The benchmark TC this year was settled by global miners and Chinese smelters at $80 per ton, the first drop in three years.
Concentrate supplies have tightened because of disruptions, including the closure of First Quantum's

Cobre mine in Panama, and Anglo American cutting production guidance, combined with a large smelting capacity expansion globally.
To secure supply Chinese smelters have had to accept the lower TCs.
The TCs have derailed from market fundamentals because some traders held off from selling stocks and exacerbated the tightness in the concentrate market, said two of the sources.

Chinese companies to invest up to $7 bln in Congo mining infrastructure
Chinese construction companies will invest up to $7 billion in infrastructure projects as part of an agreement over their Sicomines copper and cobalt joint venture in the Democratic Republic of Congo, they said on Saturday.
Both parties agreed to maintain the current structure of the shareholding, while the Chinese partners, Sinohydro Corp and China Railway Group Limited, will pay 1.2% of royalties annually to Congo, according to a statement.
President Felix Tshisekedi's government had been revisiting the deal struck by his predecessor Joseph Kabila under which the Chinese partners agreed to build roads and hospitals in exchange for a 68% stake in the joint venture with Congo's state mining company Gecamines. Under the deal, the Chinese investors committed to spending $3 billion on infrastructure projects, but the state auditor - Inspection Generale des Finances (IGF) - last year demanded that commitment be increased to $20 billion.
Tshisekedi instructed his government to hold talks with the investors ahead of a visit to China in May 2023. He had aimed to boost Congo's stake in the joint venture to 70% from 32%. "It is a win-win deal," IGF head Jules Alingete said in a press conference, adding that negotiations had not been easy.
Ernest Mpararo, head of the Congolese Anti-Corruption League, said the announcement was a step forward but flagged that Sicomines remained exempt from paying taxes.
He also pointed to money owed under the last agreement. A 2023 IGF report found that only $822 million of the $3 billion promised for infrastructure investments had been spent.
Congo is the world's biggest producer of cobalt, a key component in batteries for electric cars and mobile phones. It is also the world's third-largest copper producer. Its mining sector is largely dominated by Chinese companies. Tshisekedi, who won a second mandate in December, had signposted the agreement in his Jan. 20 inauguration speech.

MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$78.24 / bbl	0.29%	9.20%
NYMEX RBOB Gasoline	$2.32 / gallon	-0.08%	10.34%
ICE Gas Oil	$870.50 / tonne	4.19%	15.95%
NYMEX Natural Gas	$2.66 / mmBtu	-2.10%	5.61%
Spot Gold	$2,032.59 / ounce	0.71%	-1.45%
TRPC coal API 2 / Dec, 24	$94.5 / tonne	-2.07%	-2.58%
Carbon ECX EUA	€63.54 / tonne	-0.06%	-20.94%
Dutch gas day-ahead (Pre. close)	€28.20 / Mwh	4.83%	-11.46%
CBOT Corn	$4.55 / bushel	-0.27%	-6.10%
CBOT Wheat	$6.08 / bushel	-0.53%	-5.00%
Malaysia Palm Oil (3M)	RM3,955 / tonne	-1.54%	6.29%
Index	**Close 26 Jan**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	313.82	0.44%	4.12%
Rogers International	27.02	-0.26%	2.62%
U.S. Stocks - Dow	38,109.43	0.16%	1.11%
U.S. Dollar Index	103.42	-0.01%	2.06%
U.S. Bond Index (DJ)	425.30	-0.02%	-1.26%

Top News - Carbon & Power

Biden pauses LNG export approvals after pressure from climate activists

U.S. President Joe Biden on Friday paused approvals for pending and future applications to export liquefied natural gas (LNG)from new projects, a move cheered by climate activists that could delay decisions on new plants until after the Nov. 5 election.

The Department of Energy (DOE) will conduct a review during the pause that will look at the economic and environmental impacts of projects seeking approval to export LNG to Europe and Asia where the fuel is in hot demand.

The review will take months and then will be open to public comment which will take more time, Energy Secretary Jennifer Granholm told reporters in a teleconference.

Biden said in a statement: "During this period, we will take a hard look at the impacts of LNG exports on energy costs, America's energy security, and our environment."

The pause "sees the climate crisis for what it is: the existential threat of our time," said Biden, a Democrat.

Administration officials vowed that the pause would not hurt allies, as it has an exemption for national security should they need more LNG.

Companies and countries in Europe rely on steady supplies of LNG from the U.S., which became world's top LNG exporter last year, as the region tries to wean itself off pipelined gas from Russia after its 2022 invasion of Ukraine. U.S. allies in Asia also covet LNG as they seek to slow coal consumption.

A spokesperson for the European Commission, noting the exemption for national security emergencies, told Reuters, "This pause will not have any short- to medium-term impacts on the EU's security of supply."

Karoline Leavitt, a campaign spokesperson for former President Donald Trump, a Republican, said the decision was "one more disastrous self-inflicted wound that will further undermine America’s economic and national security."

The last review of LNG export projects was in 2018 when export capacity was 4 billion cubic feet per day (bcfd). That capacity has tripled and is set to shoot higher by 2030 with projects under construction.

The growth has set off protests from environmentalists and youth groups, part of Biden's base. Activists say new LNG projects can harm local communities with pollution, lock in global reliance on fossil fuels for decades, and lead to emissions from burning gas and from leaks of the powerful greenhouse gas methane.

Environmentalists hailed the move and canceled sit-in protest planned at DOE headquarters next month.

"This is a milestone," said Roishetta Ozane, founder and director of The Vessel Project of Louisiana and a leading voice in the opposition to the LNG build-out, who said her family's health is affected by these terminals. "It sets the stage for potential rejections and slows down progress of these projects."

Michelle Weindling, political director of the youth-based Sunrise Movement said the pause would help Biden get support from young voters in November.

"It needs to be seen that leaders are leading boldly and unapologetically to solve this crisis," she said.

Swaths of U.S. industry, ranging from chemicals, steel, food and agriculture, also oppose unrestricted exports of U.S. gas, saying it raises risks for fuel prices and reliability.

Only four projects with export approvals pending at the DOE would be affected by the pause, an administration official said without naming them. The projects could include ones by Sempra Infrastructure, Commonwealth LNG and Energy Transfer, the DOE's website showed. Sempra is confident its projects would help displace more carbon-intense fossil fuels, including coal, and provide gas to allies, a spokesperson said. The other companies did not immediately respond to requests for comment.

LOUISIANA PROJECT CP2

Upset with Biden's approvals last year of oil and gas projects in Alaska, climate activists have focused on stopping Venture Global's Calcasieu Pass 2 (CP2) pending LNG project in Louisiana, which would be the nation's largest.

CP2 first needs approval by the Federal Energy Regulatory Commission (FERC), which could consider it as soon as February, before its exports are considered by the DOE.

The DOE said the pause applies to all current and future pending applications until the review is complete. That means the pause could include projects like CP2 if approved by FERC, which only voted down an LNG project once, a move it later reversed.

An administration official said in the call that "projects like CP2 really speak to this question of are we over-building?"

A Venture Global spokesperson could not be immediately reached but the person said this week that a pause could send a "devastating signal to our allies that they can no longer rely on the United States." Germany accounts for nearly half of CP2's current contracted capacity of LNG.

EU assessing future Russian gas flows via Ukraine - official

A European Union official on Friday declined to speculate on whether a contract to import Russian gas via Ukraine will be extended beyond the end of 2024, but said the bloc was assessing all scenarios to ensure its preparedness.

Russia slashed gas deliveries to Europe since its Feb. 2022 invasion of Ukraine, prompting a European drive to replace Russian fuel with alternative supplies and renewable energy.

An end to the five-year gas pipeline transit agreement between Moscow and Kyiv could cause European gas prices to rise slightly, but is unlikely to compromise Europe's overall security of energy supplies, analysts said on Friday.

"What we are doing is working closely with the member states... so as to anticipate all possible scenarios and ensure preparedness accordingly," the EU official said.

Since the Ukraine war began, Norway has overtaken

Russia as Europe's top pipeline gas supplier and the EU has hiked its imports of liquefied natural gas from countries including the United States.
Kremlin spokesman Dmitry Peskov said on Friday Russia would find alternative routes to export its gas if Ukraine does not extend the agreement beyond its Dec. 31 expiry. Ukraine has previously said it will not join talks on a renewal of the contract.

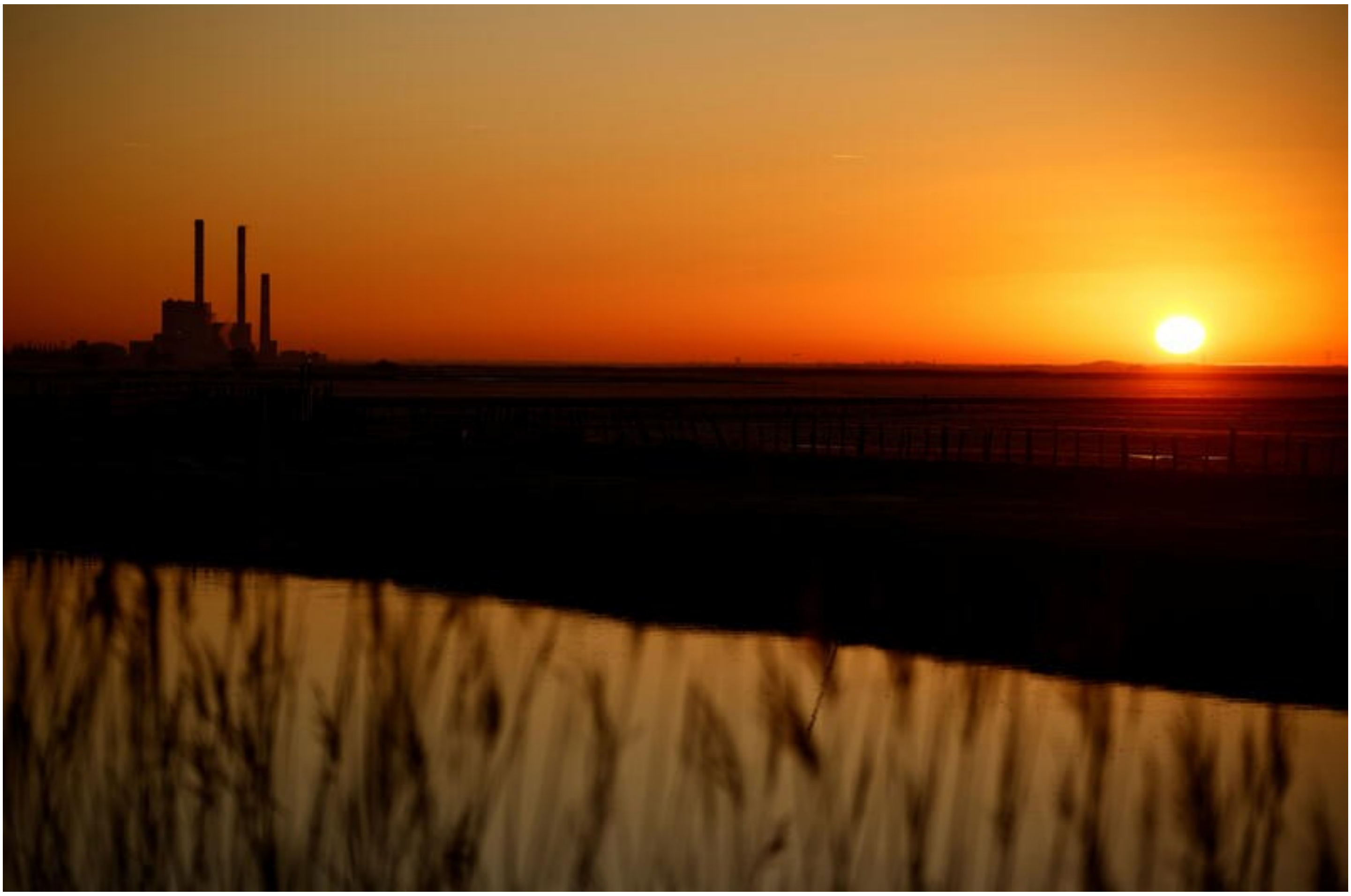
'DISCUSSED SOLUTIONS'
European gas buyers may agree to take Russian gas at the Russia-Ukraine border if the contract is not renewed, Slovak transmission system operator Eustream said on Friday.
Slovak Prime Minister Robert Fico said after visiting Ukraine on Wednesday that Slovakia was interested in finding a solution that would allow gas flows through Ukraine to continue.
"There is still the option being discussed to include a third party in the process, for example a consortium of European customers, who would take over the gas on the Russia-Ukraine border," Slovakia's Eustream said.
"This European party would then order shipment of the natural gas from the Ukrainian transmission system operator, and hand it over at the Ukraine-Slovak border from where it would be shipped further under the same regime as at present under valid transmission contracts."
"It is one of the discussed solutions, while Ukrainian representatives have said publicly that they have interest in being a reliable partner."
Slovakia is partially dependent on Russian pipeline gas supplies and also ships gas from Ukraine further, mainly to Austria.
Europe receives around 12 billion cubic metres of gas per year through the Ukraine route, according to S&P Global Commodity Insights, but is no longer reliant on Russian gas.
"Europe would physically be able to get by without this gas," said Jacob Mandel, Senior Associate at Aurora Energy Research.
European gas prices have dropped to around a tenth of the peak they hit during the 2022 energy crisis. EU-wide gas storage is unusually full for the time of year, at 73% of capacity, Gas Infrastructure Europe data show.

Top News - Dry Freight

Argentina gets China OK for wheat exports for first time
Chinese customs authorities have included Argentine companies in its list of those approved to export wheat to China for the first time, a statement by the Argentine government said on Friday, potentially opening up sales to the huge Asian market.
Argentina is a major wheat producer and exporter globally, though its previous harvest was battered by a drought, leaving few stocks for export. The government estimates wheat exports at 3 million metric tons worth $1 billion in a drought-hit 2023.
The current 2023/24 wheat harvest, however, was far stronger, ending at over 15 million tons, the Buenos Aires grains exchange said this week. Main cash crops soy and corn are also seeing a major revival due to better rains this season.
The South American country's government said in an "important step", Chinese customs had included Argentine firms in its quarantine registrations system for those allowed to export meat and vegetable products to China.
"In this way, the market for the export of Argentine wheat to the Asian giant is operational for the first time," it said.
The move comes after the two sides agreed on export protocols for products including wheat in October.
Argentina's current main wheat export destination is Brazil.
China, the world's top wheat producer and consumer, saw its 2023 crop suffer quality issues after heavy rain hit key growing areas just ahead of the harvest. Analysts have said they believe China needs to import milling wheat to blend with its rain-hit domestic crop.

More grain ships divert from Red Sea this week after attacks
More ships carrying grain were diverted from the Suez Canal to sailings around the Cape of Good Hope this week after attacks on vessels in the Red Sea, shipping analysts said on Friday.
“Another 16 vessels were confirmed diverted this week, taking the total grain cargoes diverted to some 3.9 million tons, up from 3.0 million tons last week, said Ishan Bhanu, lead agricultural commodities analyst at data provider and analysts Kpler.
About 7 million metric tons of grain cargoes normally transit the Suez Canal into the Red Sea each month.
Continued attacks on shipping by Iran-aligned Houthi militia despite U.S.-led air strikes on the group's positions in Yemen mean more bulk carriers transporting grain are avoiding the Red Sea.
The Houthis, who control much of Yemen, have launched drone and missile attacks on ships in solidarity with Palestinians in Gaza. The Houthis say they have been targeting vessels that had Israeli links or had been sailing to Israel.
“Many of the diverted ships are carrying U.S. grain cargoes showing caution with this freight,” Bhanu said. “One ship which sailed from the U.S. Gulf for China actually transited the Suez Canal southbound but stopped south of Suez for 11 days before heading north again and transiting the canal northbound, then sailing past Gibraltar.”
However, substantial numbers of grain vessels are still sailing through the Red Sea, Bhanu said.
He estimated that some 2.4 million tons of grain will transit the Suez Canal in January compared with 6.6 million tons in December 2023 and 6.4 million tons in January 2023.
“Ships previously chartered are often sailing through the Red Sea but it is increasingly hard to book vessels for new cargoes,” said a German grain trader. “It is obvious that the air strikes are not going to quickly stop the attacks.”

Picture of the Day



The Electricite de France (EDF) coal-fired power plant is pictured as the sun rises in Cordemais near Nantes, France, January 19. REUTERS/Stephane Mahe

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

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

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