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

Top News - Oil

Texas oil regulator advises pipeline operators to prepare for severe winter conditions

The Texas oil regulator on Sunday advised oil and gas pipeline operators to secure equipment and facilities after forecasts for severe weather over the next several days.
The Railroad Commission of Texas (RRC), which oversees the state's oil and gas industries, issued the notice after the National Weather Service forecast wintry precipitation and ice accumulations across several parts of the state.
The oil regulator advised the operators to secure all personnel, equipment and facilities to prevent injury or damage, and monitor and prepare operations for potential impacts.
It also asked the operators to "heed" all watches, warnings and orders issued by local emergency officials and monitor weather reports.
"Significant icing possible due to freezing rain. Total ice accumulations of one-tenth to one quarter of an inch, particularly on elevated surfaces and bridges. Some sleet will be possible," the National Weather Service said in a forecast for portions of north central, northeast and south central Texas.
The Electric Reliability Council of Texas, which operates most of the state's power grid, also issued a notice for a potential freezing precipitation event for the Panhandle, north, west and central areas of the region beginning on Monday through Thursday.
Millions of Texans were left without power, water and heat for days during a deadly winter storm in February 2021 after the shutdown of a large amount of electric generation and gas pipelines.

TotalEnergies buys extra Canada oil sands project stake, squeezing Suncor

France's TotalEnergies will buy an extra stake in western Canada's Fort Hills oil sands mine from Teck Resources, the companies said on Friday, leaving partner Suncor Energy with a smaller slice than planned in a project that has struggled with operational challenges.
Suncor announced in October an agreement to buy Teck's 21.3% interest in the mine, but TotalEnergies on Friday said it would exercise its right to first refusal and buy an additional 6.65% of Teck's share for C$312 million ($234 million) on the same terms as Suncor's deal with Teck.
"We still expect the sale of our entire interest in Fort Hills to close in the first quarter," said Teck spokesperson Chris Stanell.
Fort Hills is a 194,000 barrel per day (bpd) open-pit truck and shovel mine, where raw oil sands bitumen is extracted and then sent to upgraders. The project has struggled with operational challenges, delaying production increases and raising costs.
In December TotalEnergies filed an application in the Alberta Court of King's Bench challenging the validity of the right of first refusal notice it received from Teck.
Teck said TotalEnergies did not succeed in its court application.
The deal means operator Suncor will expand its majority interest to just under 69% of Fort Hills, instead of 75.4% as planned.
"Fort Hills partners have a Right of First Refusal and Total is exercising their right to acquire a portion on a pro-rata basis," Suncor spokesperson Sneh Seetal said. "We will acquire the rest as originally planned."
TotalEnergies, which also owns a 50% stake in the Surmont oil sands project, said last year it wants to spin-off its Canadian oil sands operations as the assets do not fit its low-emissions strategy.
"Total didn't want Suncor to get the asset for a song," said Jonah Resnick, an analyst with energy consultancy Wood Mackenzie. "For Total, increasing its overall working interest means they have a little bit more to add to the table for the new entity they're spinning out."
Shareholders will vote on the spin-off plan at TotalEnergies' annual general meeting in May.
Buying an additional stake in Fort Hills takes the company's total share of the project to 31.23%.
"By seizing this opportunity to grow its business under attractive conditions, TotalEnergies EP Canada will deliver value to the future shareholders of the spin-off entity", Jean-Pierre Sbraire, CFO of TotalEnergies, said in a statement.

Top News - Agriculture

EXCLUSIVE-Indian sugar mills to close early as rain hits cane supply - govt official

Sugar mills in India's top producing state Maharashtra are set to stop cane crushing 45 to 60 days earlier than last year as heavy rain has curtailed sugar cane availability, a senior state government official told Reuters on Friday.

The western state of Maharashtra, which accounts for more than a third of the country's sugar output, could produce 12.8 million tonnes of sugar in the 2022/23 marketing year that began on Oct. 1, down from an earlier forecast of 13.8 million tonnes, Maharashtra's sugar commissioner Shekhar Gaikwad said.

Lower sugar output could prevent the world's second-biggest exporter from allowing additional exports, potentially supporting global prices and allowing rivals Brazil and Thailand to increase their shipments.

India has allowed sugar mills to export only 6.1 million tonnes of the sweetener in the current season and, out of that, mills have already contracted to export 5.7 million tonnes.

"Excessive rainfall curtailed sugar cane's vegetative growth. This year lower cane is available for crushing," Gaikwad said.

A few mills in the central part of the state could start winding down operations in 15 days, and by the end of April all except three or four mills could have stopped crushing, he said.

Sugar mills in Maharashtra were operational until mid-June in 2021/22 as they were struggling to harvest a record crop.

Maharashtra, which often surprises the global sugar market with wide swings in production, has so far produced 6.76 million tonnes of sugar, slightly higher than the last year's 6.67 million tonnes.

LOWER EXPORTS

In 2021/22 Maharashtra produced a record 13.7 million tonnes, higher than the initial estimate of 11.2 million tonnes, allowing New Delhi to export a record 11.2 million tonnes.

But this year, sugar production in Maharashtra and neighbouring Karnataka was revised down and will not allow India to export additional sugar sought by the industry, a Mumbai-based dealer with a global trading firm said.

As the sugar exports quota was nearly exhausted, the Indian Sugar Mills Association and other trade bodies were requesting the government to allow additional exports of up to 4 million tonnes.

"Industry was banking on higher production in Maharashtra to convince government for higher exports. But instead of rising, Maharashtra's production is going down," the dealer said.

India mainly exports sugar to Indonesia, Bangladesh, Malaysia, Sudan, Somalia and the United Arab Emirates.

COLUMN-Funds defend CBOT corn long but sell soymeal after historic run-up -Braun

Chicago grain and oilseed futures slipped early last week amid the lack of fresh news to support recent highs, particularly as rain fell on drought-stricken crops in major exporter Argentina.

Speculators were net sellers across the soy complex and in wheat in the week ended Jan. 24, but they extended their net long in CBOT corn to an 11-week high of 201,797 futures and options contracts, up nearly 10,000 on the week.

New gross longs were the primary reason for the move, as has been the case in most recent weeks when funds were net corn buyers. Gross corn shorts are more plentiful than at this point in the last two years, but they remain relatively light and are below the recent July 2022 peak.

Most-active CBOT corn futures fell more than 1% in the week ended Jan. 24, though they rose by nearly the same degree over the last three sessions despite expectations for additional rain in Argentina’s farm belt over the next several days.

CBOT corn ended at $6.83 per bushel Friday, up 5% from the month’s low and stronger than the year-ago $6.36. Both corn and wheat futures found late-week strength over potentially re-escalating tensions in the Black Sea and concerns that supply there may not be sufficient.

Most active CBOT wheat futures fell more than 2% in the week ended Jan. 24, including a 16-month low of $7.12-1/2 on Jan. 23. Money managers pushed their net short to another multi-year high of 73,933 futures and options contracts.

That is up nearly 9,000 on the week and is the largest fund wheat short since May 2019.

Money managers’ bearish CBOT wheat views are stronger than usual but well off the record 162,327 contracts set in April 2017. Funds’ net wheat short frequently exceeded 100,000 contracts throughout 2016 and 2017, but that was accompanied by strong open interest, contrary to the current situation.

Most-active CBOT wheat had traded between $4.16 and $4.37 per bushel in April 2017. On Friday, the contract settled at $7.50, up about 2% in the last three sessions.

SOY COMPLEX

Money managers in the week ended Jan. 24 were net sellers of CBOT soybean meal for the first time in nine weeks as futures, which fell more than 4% during the period, are sensitive to Argentine weather.

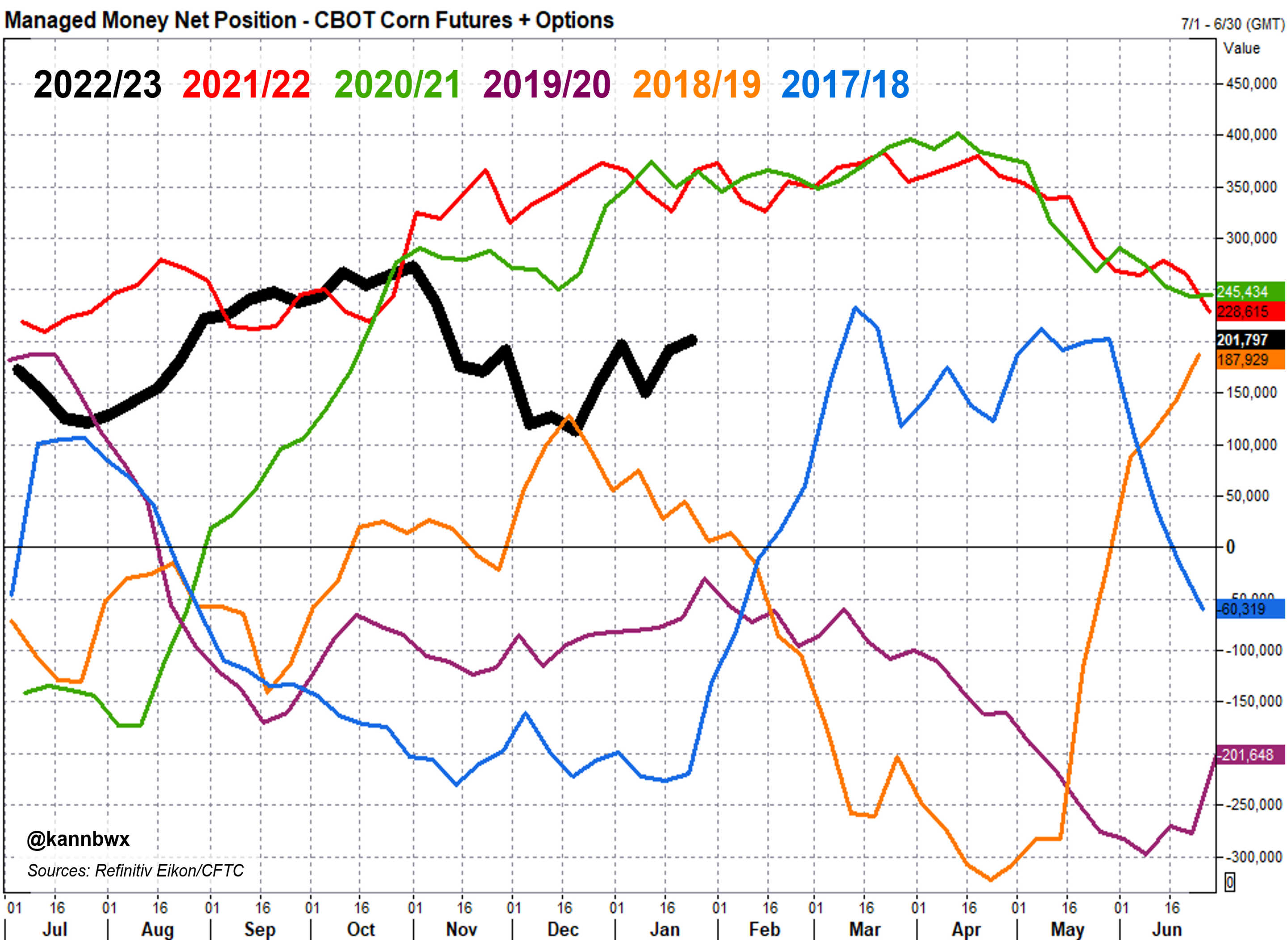
Their net long fell to 135,503 CBOT soymeal futures and options contracts from the all-time high of 150,939 a week earlier. Exiting longs were more prominent, but some shorts poked their heads in.

CBOT soybean oil futures also fell more than 4% through Jan. 24 and money managers cut about 18,000 futures

and options contracts off their net long, which fell to 35,961. That is their least bullish stance since August and their least bullish January view in four years.
In CBOT soybeans, money managers axed over 22,000 contracts from their net long position, which fell to 146,261 futures and options contracts. That marked their biggest round of net soy selling since June. Most-active futures shed more than 3% during the period.

Soybeans fell on Friday, settling at $15.09-1/2 per bushel, but the contract rose more than 1% in the last three sessions on a pickup in U.S. soybean demand. Soyoil sank fractionally in the same time frame, but soymeal was up 3%, finishing the week at $473.50 per short ton.

Chart of the Day



REFINITIV An LSEG Business

Top News - Metals

Australia searches for tiny radioactive capsule believed lost on desert highway

Rio Tinto Ltd apologised on Monday for the loss of a tiny radioactive capsule believed to have fallen from a truck that has sparked a radiation alert across parts of the vast state of Western Australia.

It is unclear how long the radioactive capsule, part of a gauge used to measure the density of iron ore feed, has been missing.

The gauge was picked up by a specialist contractor from Rio's Gudai-Darri mine site on Jan. 12. When it was unpacked for inspection on Jan. 25, the gauge was found broken apart, with one of four mounting bolts missing and screws from the gauge also gone.

Authorities suspect vibrations from the truck caused the screws and the bolt to come loose, and the radioactive capsule from the gauge fell out of the package and then out of a gap in the truck.

Authorities are now grappling with the daunting task of searching along the truck's 1,400 kilometre (870 mile) journey from north of Newman - a small town in the remote Kimberley region - to a storage facility in the northeast suburbs of Perth - a distance longer than the length of Great Britain.

"We are taking this incident very seriously. We recognise this is clearly very concerning and are sorry for the alarm it has caused in the Western Australian community," Rio's iron ore division chief Simon Trott said in a statement.

The silver capsule, 6 millimetres (mm) in diameter and 8 mm long, contains Caesium-137 which emits radiation equal to 10 X-rays per hour.

Authorities have recommended people stay at least five metres (16.5 feet) away as exposure could cause radiation burns or radiation sickness, though they add that the risk to the general community is relatively low.

The state's emergency services department has established a hazard management team and has brought in specialised equipment that includes portable radiation survey meters to detect radiation levels across a 20-metre radius and which can be used from moving vehicles.

Trott said Rio had engaged a third-party contractor, with appropriate expertise and certification, to safely package and transport the gauge.

"We have completed radiological surveys of all areas on site where the device had been, and surveyed roads within the mine site as well as the access road leading away from the Gudai-Darri mine site," he said, adding that Rio was also conducting its own investigation into how the loss occurred.

Analysts said that the transport of dangerous goods to and from mine sites was routine, adding that such incidents have been extremely rare and did not reflect poor safety standards on Rio's part.

The incident is another headache for the mining giant following its 2020 destruction of two ancient and sacred rock shelters in the Pilbara region of Western Australia for an iron ore mine.

COLUMN-While Dr Copper waits for China, China buys more copper: Andy Home

Doctor Copper has started the new year with a fresh spring in his step as investors bet on a powerful demand boost from China's post-COVID reopening.

London Metal Exchange (LME) three-month metal is currently trading at $9,345, up 12% on the start of January, with funds jumping back into copper as a proxy for the China recovery story.

Yet it's not as if China, the world's largest copper user, has been absent from the market.

The country's net imports of refined copper totalled 3.64 million tonnes last year, an increase of almost 300,000 tonnes on 2021 and the second highest tally after the record-breaking year of 2020.

Imports of mined concentrates, meanwhile, notched up a new annual record of 25.32 million tonnes and those of copper scrap were the highest since 2018.

The mystery is where all this metal has gone since visible inventories within China remain historically low.

BOOMING IMPORTS

The strength of last year's imports was even more surprising given the financial problems at privately-owned Maike Group.

One of China's top import channels abruptly halted all its copper purchases in the summer of 2022 after it ran out of cash to pay suppliers.

This has created a ripple effect of supply shortages and higher premiums for users in the Shanghai area and Guangdong province, where Maike was a particularly powerful player.

But it has clearly had minimal impact on the overall flow of refined copper into China.

Nor has there been any surge in arrivals of unwanted Russian metal such as seen in aluminium. China's imports of primary aluminium leapt by 59% last year as metal was redirected from Western markets. But China's imports of Russian copper actually fell by 20% to 324,000 tonnes in 2022.

Last year's refined metal import boom was mirrored in the raw materials markets, with record inflows of copper concentrate and a 5% increase in imports of recyclable copper.

Tighter purity thresholds introduced in 2021 mean that last year's 1.77 million tonnes of scrap imports contained a lot more copper than the historical norm.

While shipments from Europe and the United States have bounced back from the low levels of 2020, when the Chinese government was threatening an outright ban on scrap imports, those from Hong Kong have collapsed.

The authorities appear to have closed what was for many years a back door for lower-grade material.

REFINITIV® An LSEG Business

With more copper flowing across all channels into China, the country should be awash with the stuff.
Yet it doesn't seem to be.
LOW STOCKS
China's visible copper inventories are currently trending sharply higher as they always do over the Lunar New Year holiday season.
The Yangshan premium, a closely-watched indicator of China's spot import appetite, has plunged to a nine-month low.
But this year's stocks rebuild is taking place from very low levels.
Inventory in Shanghai's bonded warehouse zone has risen from 20,400 tonnes in November to 82,000 tonnes, according to Shanghai Metals Market. This time last year bonded inventory was over 200,000 tonnes and in 2021 it was higher still at 350,000 tonnes.
Copper stocks registered with the Shanghai Futures Exchange jumped by 70,700 tonnes to 140,000 tonnes in the first three weeks of January before the holiday period.
Even allowing for more rebuild in the next few weeks, the seasonal surge is muted relative to previous years. The post-holiday peak was 168,000 tonnes last year, 200,000 tonnes in 2021 and 380,000 tonnes in 2020.

HIDDEN DEMAND?
One possible explanation for all the missing copper is that China's demand held up much better than expected during a year of rolling lockdowns.
While purchasing managers indices (PMI) are still indicating contracting manufacturing activity, they are not nearly as weak as they were during the original 2020 COVID-lockdown period. The official PMI fell to 47.0 in December but it was as low as 35.7 in February 2020.
Moreover, it's possible that China's government-led drive towards renewable power infrastructure is generating a copper-specific stimulus in the form of more power lines, solar panels, wind farms and electric vehicles.
Goldman Sachs expects so-called "green demand" to account for 68% of total demand growth in China this year, offsetting continued weakness in the property sector. ("Copper: The end of surplus", Dec. 6, 2022)
The investment skew towards decarbonisation may have altered copper's traditional relationship with broader indicators of manufacturing activity.

RESTOCK?
There is also the strong possibility that China has been restocking into a low price environment.
The record imports of 2020 took place in a year when LME copper crashed and burned to below $5,000 per tonne, creating a not-to-be-missed bargain-buying opportunity.
Copper was trading above $10,000 per tonne in the first four months of 2022 before sliding to a July low of $6,955, an equally tempting prospect for price-sensitive Chinese buyers.
China's net imports of refined copper were running below year-earlier levels through May but steadily accelerated over the second part of the year.
One intriguing possibility is that China's national stockpile managers have also been restocking.
There has been persistent speculation the State Reserve Bureau (SRB) has been importing copper. The Bureau doesn't give much away, but it's worth remembering that it sold at least 110,000 tonnes of state copper as recently as 2021 when the price surged to above $10,000 per tonne.
The lower prices over the second half of 2022 would have been a tempting opportunity to replenish its secretive stockpiles.
If state reserve managers agree with Goldman Sachs' prognosis that copper is heading for a structural supply deficit with resulting higher prices, they might have been tempted to buy even more.
Goldman suggests that a sign of restocking by China's copper sector would be net refined imports being consistently higher than 280,000 tonnes per month.
Actual net imports averaged 284,000 tonnes per month in the first half of the year and 322,000 tonnes per month over the second half of 2022.
While the copper market awaits the great Chinese copper restock, it may already have started.

Top News - Carbon & Power

India asks utilities to not retire coal-fired power plants till 2030 – notice
India has asked utilities to not retire coal-fired power plants till 2030 due to a surge in electricity demand, according to a federal power ministry notice reviewed by Reuters, just over two years after committing to eventually phase down use of the fuel.
The energy-hungry nation said last May it plans to reduce power generation from least 81 coal-fired plants over the next four years, but the proposal did not involve shutting down any of its 179 coal power plants. India has not set a formal timeline for phasing down coal use.
"It is advised to all power utilities not to retire any thermal (power generation) units till 2030 and ensure availability of units after carrying out renovation and modernisation activities if required," the Central Electricity Authority (CEA) said in a notice dated Jan. 20 sent to officials in the federal power ministry.
The CEA, which acts as an advisor to the ministry, cited a December meeting where the federal power minister had asked that ageing thermal power plants not be

REFINITIV
An LSEG Business

retired, and to instead increase the lifetime of such units "considering (the) expected demand scenario".

The federal power ministry did not immediately respond to emailed requests for comment.

India, the world's second largest-consumer, producer and importer of coal, fell short of its 2022 renewable energy addition target by nearly a third. Coal accounts for nearly three-quarters of annual electricity generation.

Power demand in India has surged in the recent months due to extreme weather, rising household use or electricity as more companies allowing employees to work from home, and a pickup in industrial activity after easing of coronavirus-related restrictions.

Peak power demand met - a measure of maximum power supplied during the day - rose to a record of as much as 210.6 GW on Jan. 18, 1.7% surpassing the previous peak of 207.1 GW at the height of an intense heatwave last April that caused India's worst power crisis in six and a half years.

"Peak power demand has already risen 5% this year. If it increased by another 3-4%, we could be staring at another crisis," a senior official at a utility in a southern Indian state said.

"There is no question of retiring old coal units," the official said, speaking on condition of anonymity because he is not authorised to speak to the media.

COLUMN-Asia thermal coal prices slip as China, India buy less: Russell

Asia's seaborne thermal coal markets are losing heat, with both prices and volumes declining as winter demand passes and Europe's energy crisis eases.

Prices of the main traded grades for coal used in power plants dropped to their lowest in months last week, and to the weakest in a year in the case of one of the major Australian varieties.

Australian coal at Newcastle Port with an energy value of 5,500 kilocalories per kg (kcal/kg), as assessed by commodity price reporting agency Argus, slipped to $129.87 a tonne in the week to Jan. 27, the lowest since the week to Jan. 21, 2022.

This grade of coal is most commonly bought by Indian utilities, and was the preferred Australian thermal grade among Chinese buyers prior to Beijing's unofficial ban on Australian cargoes, imposed amid a diplomatic dispute in mid-2020.

While the Chinese ban has been lifted, it's unlikely that buyers will flock back to Australian thermal coal, given the availability of cheaper, and similar quality, coal from Russia.

The higher quality 6,000 kcal/kg Newcastle grade also dropped last week, with the index ending at $307.47 a tonne, the lowest since April and 31% below the record high of $442.89 reached in early September.

The price of Newcastle 6,000 kcal/kg physical cargoes compiled by globalCOAL was even weaker, ending last week at $294 a tonne, dropping below $300 for the first time since April last year.

This grade is more commonly purchased by buyers in Japan and South Korea, usually on a contract basis, meaning the spot market accounts for only a small portion of overall volumes.

The weakness in prices wasn't limited to Australian thermal coal, with Indonesian grades also dropping.

Indonesia is the world's largest exporter of thermal coal, while Australia ranks second and Russia third.

Lower quality Indonesian coal with an energy value of 4,200 kcal/kg ended last week at $80.39 a tonne, the lowest since early September.

This grade is preferred by Chinese utilities for its low sulphur and ash content, and is also sought by Indian power plants as it is cheaper than alternatives from Australia and South Africa.

Russian thermal coal from Vostochny port, which is largely being bought by China after Japan curbed imports following Russia's invasion of Ukraine, has also been weakening.

The price dropped to $157 a tonne in mid-January, the lowest since December last year.

VOLUMES SLIP

The softer prices for thermal coal are occurring as demand for seaborne cargoes appears to be weakening among Asia's top two importing nations.

China, the world's biggest coal importer, is forecast to import 23.96 million tonnes of all grades in January, down from 28.33 million in December, according to data compiled by commodity analysts Kpler.

If January's final arrivals are in line with Kpler's estimate, it will be the weakest month for Chinese imports since August.

India, the second-ranked importer, is expected to land 16.20 million tonnes in January, roughly in line with December's 16.22 million, but it's worth noting that December was the weakest month for imports since February 2022.

Imports by Japan and South Korea, the third- and fourth-biggest coal importers in Asia, appear to be slightly stronger in January than in December.

However, January is historically a strong month for the two North Asian countries, with imports falling away in subsequent months as the peak winter demand period passes.

Overall, the picture from both softer prices and volumes is that Asia's coal demand remains solid, but the froth in the market caused by Russia's invasion of Ukraine and the subsequent threat to Europe's energy supplies appears to be evaporating.

MARKET MONITOR as of 07:17 GMT			
Contract	**Last**	**Change**	**YTD**
NYMEX Light Crude	$78.96 / bbl	-0.90%	-1.62%
NYMEX RBOB Gasoline	$2.57 / gallon	-1.08%	3.52%
ICE Gas Oil	$922.50 / tonne	-1.65%	0.16%
NYMEX Natural Gas	$2.66 / mmBtu	-14.35%	-40.49%
Spot Gold	$1,927.74 / ounce	0.02%	5.66%
TRPC coal API 2 / Dec, 23	$148 / tonne	-8.92%	-19.89%
Carbon ECX EUA / Dec, 24	€93.48 / tonne	0.35%	6.23%
Dutch gas day-ahead (Pre. close)	€53.50 / Mwh	-6.14%	-29.20%
CBOT Corn	$6.85 / bushel	0.29%	0.96%
CBOT Wheat	$7.51 / bushel	0.10%	-5.30%
Malaysia Palm Oil (3M)	RM3,943 / tonne	1.05%	-5.53%
Index (Total Return)	**Close 27 Jan**	**Change**	**YTD Change**
Thomson Reuters/Jefferies CRB	302.30	-0.66%	0.32%
Rogers International	28.56	-0.51%	-0.37%
U.S. Stocks - Dow	33,978.08	0.08%	2.51%
U.S. Dollar Index	101.93	0.09%	-1.54%
U.S. Bond Index (DJ)	410.72	-0.12%	4.65%

Top News - Dry Freight

Indonesia 2023 coal exports forecast above 500 mln tonnes -minister

Indonesia plans to produce 695 million tonnes of coal this year and sees exports of 518 million tonnes, Energy and Mineral Resources Minister Arifin Tasrif said on Monday.

That would be higher than Indonesia's 2022 coal production of 687 million tonnes and exports of 494 million, he said.

Production last year was higher than the production target of 663 million tonnes despite an export ban at the start of the year that caused some miners to hold back output and heavy rain flow that disrupted activities.

Arifin expects that coal prices will remain elevated this year after 2022's record prices caused by supply disruptions from the war in Ukraine.

"Coal prices is expected to still hold up well in 2023 because of global energy (supply and demand) balance problems that still needs some supports from coal," he told reporters.

Indonesia's government-set monthly coal benchmark price peaked at $330.97 per tonne in October. It was $305.21 per tonne this month.

Arifin also said the country consumed 10.45 million kilolitres (kl) of biodiesel made from palm oil in 2022 and is targeting 13 million kl of consumption this year.

The world's top palm oil producer is expected to implement a B35 programme in February, which would mandate that some diesel fuel contain 35% palm oil, up from 30% currently.

South Korea's MFG bought about 68,000 tonnes feed wheat – traders

South Korea's Major Feedmill Group (MFG) purchased about 68,000 tonnes of animal feed wheat thought likely

to be sourced from Australia in a private deal on Friday without issuing an international tender, European traders said.
It was purchased at an estimated $343.85 a tonne c&f including a surcharge for additional port unloading.

Seller was believed to be Australian trading house GrainCorp with wheat shipment between May 15 and June 15 for arrival in South Korea around June 30, they said.

Picture of the Day

The sun rises behind the cooling towers of Kendal Power Station, a coal-fired station of South African utility Eskom, as the company's ageing coal-fired plants cause frequent power outages, near Witbank, in the Mpumalanga province, South Africa, 2023. REUTERS/

(Inside Commodities is compiled by Indrishka Bose in Bengaluru)

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

To subscribe to Inside Commodities newsletter, **click here**.

© 2023 Refinitiv. All rights reserved.

Refinitiv
28 Liberty Street, New York, NY 10005

Please visit: **Refinitiv** for more information.

Privacy statement

REFINITIV®

An LSEG Business