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

Top News - Oil

Shell's Q4 profit falls to $3.66 billion; sets $3.5 billion share buyback plan
Shell reported a fourth-quarter profit of $3.66 billion, missing estimates, on lower refining margins and lower liquefied natural gas (LNG) trading, while saying it would buy back shares worth $3.5 billion.
The oil major also announced a 4% increase in its dividend.
Since taking office two years ago CEO Wael Sawan has focused on cutting costs and realigning the company with its most profitable sectors - oil, gas and biofuels - while shifting away from renewable power generation.
The world's top oil and gas companies experienced a decline in profits through 2024, following record earnings in the previous two years, as energy prices stabilised and oil demand weakened.
Shell reported adjusted earnings, its definition of net profit, of $3.66 billion for the quarter ended Dec. 31, down from $7.31 billion a year earlier.
That was short of the $4.09 billion expected by analysts polled by Vara Research.

PREVIEW-Wall Street braces for oil refiners' lower Q4 earnings, tariff plans
Wall Street is bracing for a sharp decline in U.S. oil refiners' fourth-quarter profits as fuel demand softened, while seeking clarity on the sector's preparations for President Donald Trump's threatened tariffs on crude imports from Canada and Mexico.
U.S. refiners have seen earnings slide from record levels in 2022, when a recovery in demand following the COVID-19 pandemic and Russia's invasion of Ukraine drove up fuel prices. That demand has since slowed, and now Trump's promise to set a 25% tariff on oil imports from Canada and Mexico by Feb. 1 could further hit profits by driving up the cost of crude.
U.S. gasoline retail prices decreased for the second consecutive year in 2024. Weaker demand for the transport fuel, the most consumed oil product in the U.S., during the summer of 2024 compared to 2023 helped to build inventories. In the second half of 2024, prices averaged 10% lower than in the second half of 2023, according to the U.S. Energy Information Administration (EIA). The U.S. gasoline futures crack spread, or price difference with the U.S. benchmark West Texas Intermediate crude, which is a theoretical measure of a refinery's profit margin, fell below $11 a barrel to a one-year low in December. The ultra-low sulfur diesel futures crack spread eased to a nearly two-month low of under $22 a barrel during the month. "Refining margins have really come off the boil a lot and crack spreads are quite low," said Stewart Glickman, equity research analyst at CFRA Research. "We expect earnings performance in the fourth quarter to be pretty tepid," he said.
Valero, the second-largest U.S. refiner by capacity, is set to kick off refiner earnings on Thursday, with analysts forecasting profits of 7 cents per share, down from $3.55 per share a year ago, according to data from LSEG.
Marathon Petroleum, which is the top U.S. refiner by volume, is forecast to report per share profit of 12 cents, compared with $3.98 per share a year ago, LSEG estimated.
Phillips 66 is expected to report earnings of negative 23 cents per share, compared with $3.09 per share a year ago, according to LSEG estimates.
Oil majors and Exxon Mobil earlier this month signaled that weaker refining margins in the fourth quarter would also dent their profits.
Shares of Valero slipped more than 6% in 2024, while Phillips 66 fell more than 15% during that period.
Shares of Marathon Petroleum closed 2024 down 8% for the year.

TARIFF CONTINGENCIES
Investors are also keen to hear from U.S. refiners in the earnings season on how they are preparing for the potential impact of the tariffs on imports from Canada and Mexico, which the White House on Tuesday said Trump still planned to go ahead with on Feb. 1.
Canada has been the top source of U.S. oil imports for over two decades and supplied more than half of the total U.S. crude imports in 2023, according to the EIA.
The new tariff could drive up the cost of crude for refiners, particularly in the Midwest that processes about 70% of the 4 million barrels per day (bpd) of crude imported from Canada.
"Obviously, refiners have to plan for the scenario," said Brian Kessens, portfolio manager at Tortoise Capital.
Many U.S. refining facilities are configured to run heavier oil grades - like those from Mexico and Canada. Some were buying an outsized amount of Canadian crude at year-end to help cushion against potential tariff impacts.
U.S. crude oil imports from Canada rose by 689,000 barrels a day in the week ended Jan. 3 to 4.42 million bpd, the highest on record going back to June 2010, EIA data showed.
U.S. refiners HF Sinclair, Phillips 66 and Par Pacific Holdings have "elevated exposure" to Canadian crude, while Delek and Valero have limited exposure, TD Cowen analysts said in a note.

Top News - Agriculture

India's coffee output dips, clouds export outlook despite record prices

India's coffee exports are expected to decline more than 10% in 2025 due to lower production and reduced carry-forward stocks from last season's crop, even as beans fetch record high prices, industry officials told Reuters on Wednesday.

The South Asian country, a major tea producer, is also the world's seventh-largest coffee grower. The country mainly produces robusta beans used to make instant coffee, but also grows the more expensive arabica variety.

Lower exports from India could further tighten global supplies, already squeezed by weaker output from top producer Brazil, which would support benchmark futures that hit a record high this week.

"Although prices are higher, the smaller crop will result in lower export volumes," Chengappa Pradhan, researcher at Volcafe, the coffee trading arm of ED&F Man, told Reuters.

Exports in 2025 could fall by more than 10% from the prior year's record 295,402 metric tons, he said.

Output is expected to fall this year as higher summer temperatures and water scarcity impacted the conversion of coffee flowers into cherries, while later heavy rains lead to fruit dropping, said Marvin Rodrigues, a coffee grower.

"This year, harvesting was delayed due to rains. Early trends suggest lower yields," said Rodrigues.

The country harvested 374,200 tons of coffee, including 261,200 tons of robusta and 113,000 tons of arabica in the 2023/24 marketing year ended in September 2024, the state-run Coffee Board estimated.

"We have not yet finalised the number for the current season's production. We are receiving reports of lower yields. Our estimate will be finalised after conducting a detailed survey," said an official with Coffee Board.

DEPLETED STOCKS

The rally in coffee prices in 2024 and European Union Deforestation Regulation (EUDR) regulation led to higher Indian exports in 2024, but that brought down inventories to a negligible level, said Ramesh Rajah, president of the Coffee Exporters' Association of India.

"Lower carry forward stocks would bring down available surplus for exports," Rajah said.

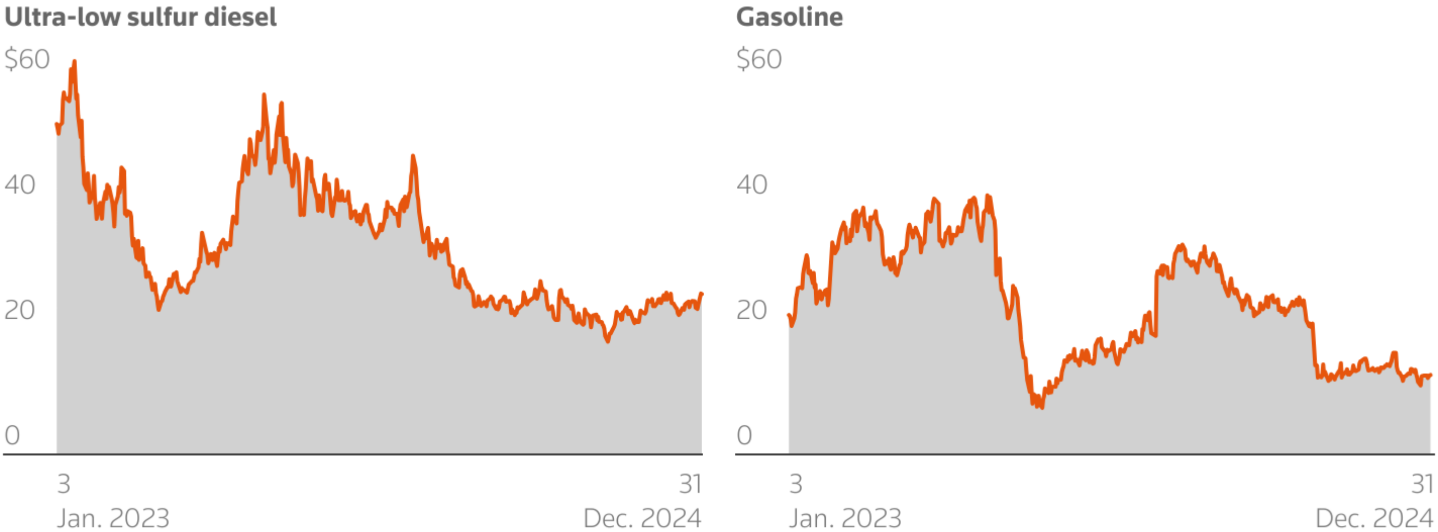
European countries such as Italy, Germany and Belgium are among key buyers of Indian coffee.

The initial deadline for the EUDR, which aims to prevent the import of commodities linked to deforestation, was December 2024, which has since been delayed to

Chart of the Day

U.S. refined product margins slump

U.S. gasoline and diesel futures crack spreads, or price difference with U.S. benchmark West Texas Intermediate crude, have dropped sharply over the past two years.



Note: In dollars per barrel

Source: LSEG Data

December 2025 for large operators and traders.
European buyers bought more coffee than required in 2024 anticipating the EUDR, but they are now slowing down purchases because of record prices, Rajah said.
Demand for Indian arabica is a bit subdued, but there is good demand for Indian robusta, which is fetching premium over the benchmark London futures, Rajah said.
Indian robusta was being offered at a premium of $250 per ton over London futures, dealers said.
"Farmers have witnessed prices rally month after month, and many are holding back their crops in anticipation of further gains," said Pradhan of Volcafe.

COLUMN-Brazil's slow corn planting may further squeeze tight world stocks -Braun

With global corn supplies set for decade lows later this year, Brazil's corn harvest cannot afford a mishap.
Brazilian corn stocks are particularly tight heading into 2024-25, and planting of the second corn crop, which accounts for almost 80% of the country's corn production, is off to a slow start.
Brazil's second corn output is predicted to rise modestly this year versus last, though if that fails, it could spell opportunity for the United States.
Second corn in top growing state Mato Grosso was just 1% planted as of last Friday, the date's slowest pace since 2011 but nearly identical to 2021. Both of those years plus 2016, another slow year, coincided with some of the state's poorest corn yields.
Untimely rains have delayed Mato Grosso's soybean harvest, which also delays corn planting. This shifts the corn yield formation window to potentially overlap with the onset of dry season.
Farmers in Mato Grosso, on average, plant about 11% of their corn crop this week, so planting efforts should be at least 12% complete by Friday to maintain a somewhat comfortable pace. The last week has been favorably drier, though rains could resume over the next several days.
Brazil's No. 2 corn grower Parana has planted 9% of its second corn as of this week, a relatively normal pace.
Late corn planting in the southern state presents frost damage risks late in the season, which were prominent four years ago.
Brazil has just as much to lose when things go wrong in Parana versus Mato Grosso, since yields tend to fluctuate more in Parana. That state's 2020-21 second corn yield fell 50% below the long-term trend, while Mato Grosso's 2015-16 result was about one-third below.
The two states account for two-thirds of Brazil's second corn harvest.
Southern neighbor and fellow exporter Argentina is battling dryness this season due to La Nina, the cool phase of the equatorial Pacific Ocean. Brazil's second corn yields do not correlate as well with La Nina or El Nino as do Argentina's crops, but Brazil's best outcomes typically do not coincide with stronger La Ninas.
La Nina affects Brazil's southernmost state of Rio Grande do Sul in a similar way as it does for Argentina, but the state does not raise second corn.

TIGHT STOCKS

In mid-2024, Brazil harvested its second-largest second corn crop, some 12% smaller than in the prior record year. However, Brazilian corn exports since July are down around 29% on the year.
Shipments to China, which was the destination for 29% of Brazilian corn cargoes in calendar year 2023, are down more than 90% on the year for the July–January period.
The lighter shipments have not loosened Brazilian corn inventory since domestic consumption has been strong.
The U.S. Department of Agriculture pegs 2024-25 Brazilian corn stocks-to-use at 2.1%, a 42-year low and down from 7.1% in the prior year.
USDA's Brazilian counterpart Conab has a slightly different take as 2.8% stocks-to-use in 2024-25 would be up from 2.1% in the prior year but well below the near-15% levels of 2020-21.
For comparison, USDA predicts 2024-25 U.S. corn stocks-to-use at 10.2%. The lowest reading so far this century was 7.4% in 2012-13.
This suggests Brazil's corn crop has little room for error, and any shortfall could result in a loss of global export share. This may help extend the winning streak for U.S. corn exporters, who have enjoyed above-average sales in recent months.
Together, the United States and Brazil account for about 57% of global corn exports.
Both suppliers are lamenting the loss of Chinese business, which could theoretically resurface at any time.
If China pops back into the Brazilian corn market, that could feel like a loss for the United States.
But with thin Brazilian stocks, Chinese purchases could indirectly push other Brazilian customers to U.S. supplies, especially later this year if the U.S. corn crop rebounds as expected.

(Karen Braun is a market analyst for Reuters. Views expressed above are her own.)

Top News - Metals

Glencore reports lower metals production in 2024
Glencore reported lower copper, cobalt, zinc, nickel and thermal coal production in 2024, in line with guidance.
The company said it produced 951,600 metric tons of copper in 2024, down 6% from 1.01 million tons in 2023, the lower end of its outlook of between 950,000 and 1.01 million tons.
Copper is used in electric vehicle wiring and batteries, green energy plants and data centres. Grade erosion at existing mines is expected to exacerbate a predicted supply gap caused by rising demand for the energy transition.
Glencore said it will provide production guidance for 2025 and beyond at its annual financial results on Feb. 19.
It had previously said it expects its full-year marketing earnings before interest and tax (EBIT) in the $3 billion-$3.5 billion range, around the top end of its long-term forecast range of $2.2 billion-$3.2 billion.
The trading division, whose profit hit a record $6.4 billion in 2022, includes coal, oil, liquefied natural gas and related products, as well as metals.
The miner has kept its coal business after concluding the purchase of Teck Resources' TECKb.TO coking coal assets and securing backing from a majority of its investors who see lucrative earnings from the fossil fuel. Its 2024 steelmaking coal production increased to 19.9 million tons from 7.5 million tons.
Glencore is one of the largest producers and exporters of thermal coal, mining 99.6 million tons in 2024, down from 106.1 million tons in 2023.

London gold market queues up to borrow central bank gold after big shipments to US, sources say
London bullion market players are racing to borrow gold from central banks, which store bullion in London, following a surge in gold deliveries to the United States on speculation of potential import tariffs there, two sources familiar with the matter said.
The minimum waiting time to load gold out of the Bank of England, which stores gold for central banks, has reached four weeks, one of the sources said. In normal times, the release time is a few days or a week.
The BoE declined to comment when asked about the queue.
U.S. President Donald Trump has not mentioned precious metals in his tariff plans, but the risk has been enough to boost gold deliveries to New York as part of the market sought to hedge its positions on the U.S. COMEX exchange and part sought to benefit from a jump in the price premium of COMEX futures over London spot prices.
London is home to the world's largest over-the-counter gold trading hub, where market players trade directly with each other rather than via an exchange.
"The key with the BoE is that they are not a commercial vault so not prepared to handle the onslaught of gold borrowing banks are requesting from the central banks," said Robert Gottlieb, an industry expert and former head of precious metals at Koch Supply and Trading.

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$72.64 / bbl	0.03%	1.28%
NYMEX RBOB Gasoline	$2.05 / gallon	-0.40%	2.16%
ICE Gas Oil	$704.50 / tonne	-0.39%	1.33%
NYMEX Natural Gas	$3.18 / mmBtu	-10.10%	-12.52%
Spot Gold	$2,766.09 / ounce	0.30%	5.42%
TRPC coal API 2 / Dec, 25	$115 / tonne	1.41%	3.28%
Carbon ECX EUA	€83.00 / tonne	0.06%	13.70%
Dutch gas day-ahead (Pre. close)	€51.40 / Mwh	6.31%	5.87%
CBOT Corn	$5.05 / bushel	-0.44%	8.48%
CBOT Wheat	$5.74 / bushel	-0.35%	2.04%
Malaysia Palm Oil (3M)	-	-	-
Index	**Close 29 Jan**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	371.14	0.45%	4.02%
Rogers International	30.19	0.55%	3.34%
U.S. Stocks - Dow	44,713.52	-0.31%	5.10%
U.S. Dollar Index	107.95	-0.04%	-0.49%
U.S. Bond Index (DJ)	439.33	-0.16%	0.76%

The size of so-called Loco London free float, the amount of gold readily available to the London OTC market stored in London, has fallen after the jump in supplies to New York.
Over the last two months, 12.2 million troy ounces of gold were delivered to COMEX-approved warehouses, raising stocks there by 70% to 29.8 million ounces, the highest since August 2022.
Reports of the flow of gold to New York attracted the attention of the British parliament's Treasury Committee, one of whose members asked BoE Governor Andrew Bailey on Wednesday whether he saw any risks in this development.
"We are not in the gold standard anymore, it doesn't have significance for policy in that sense," Bailey replied, referring to an extinct monetary system where gold backed the value of a currency.
However, London remained a major gold market, and "if you want to be involved in that market and you want to trade and use your gold, you really need to have it in London," Bailey added.
Deliveries to the U.S. left less free-float metal in London vaults, the metal that is not owned by central banks or holdings of physically-backed gold exchange-traded funds. This in turn boosted demand from players in London who are ready to lease their gold and make it available to the OTC market.
Liquidity challenges in other large trading hubs are less pronounced than in London but are being felt globally, said Alexander Zumpfe, a precious metals trader at Heraeus Metals.
"The logistical complexities of moving large quantities of gold, particularly from Europe to the U.S., are amplifying these stresses. Asia has also seen some knock-on effects, particularly in markets like Singapore and Hong Kong," Zumpfe added.

Top News - Carbon & Power

EU won't ban Russian LNG until it secures alternatives, diplomats say
The European Commission did not propose a ban on Russian liquefied natural gas in its latest package of sanctions because member states raised concerns about first securing alternatives including from the United States, EU diplomats said.
"First you have to have a deal because otherwise you will be left without gas from Russia and without the U.S.," one of the diplomats said.
In June last year, the European Union banned transshipments of Russian LNG in a further package of restrictions on Russia imposed over its 2022 full-scale invasion of Ukraine.
Moscow had been using northern European ports to do ship-to-ship transfers of LNG for onward journeys to Asia. Since the ban took effect, more Russian LNG has stayed in Europe, prompting some member states to push for tighter rules and an all-out ban.
However, the Commission did not propose tougher measures after pushback from some member states. EU sources said the cold winter weather, gas stocks drawdown and the timing of the Feb. 23 German election put a further dampener on the idea.
"There was never an original measure, so I don't think it's useful to talk about it in terms of watering down," one European diplomat told Reuters.
"The general idea was floated by the Commission in confessionals in order to test the waters...Apparently one or more member (state) signalled enough opposition for the Commission not to deem it opportune to propose such a measure now."
U.S. President Donald Trump said he wants the EU to buy more U.S. LNG and that he will make more of it available. It is unclear when the EU could secure more U.S. LNG in the short term as exports are already at full capacity.
Trump overturned a moratorium on new LNG projects put in place by his predecessor as president, Joe Biden, but major new capacity will not come onstream until 2030.
The U.S. exported 70% of its LNG to Europe in December.

IEA comes under pressure from former oil market chief to cut energy transition focus
The International Energy Agency's former oil industry and market chief criticized the agency's focus on the global energy transition in a report released on Wednesday, and said the IEA should concentrate on oil and gas supplies.
The IEA is under fire from the administration of President Donald Trump for a shift in recent years toward a focus on clean energy policy. A senior member of Trump's Republican party and other oil industry representatives were present at a Washington event to mark the report's release.
The Paris-based IEA has provided research and data to industrialized governments for more than half a century to guide policy on energy security, supply and investment.
As member countries rapidly build renewable energy supplies and seek input on policies for the shift toward a low-carbon economy, the IEA has shifted with them.
That has drawn criticism from the oil industry, Republicans and Trump and his team, who are refocusing U.S. energy policy on increasing oil and gas output and say that the previous administration's focus on renewables is driving up energy costs.
Trump's campaign last year identified the IEA's climate focus as an issue he could address as president. Trump has leverage over the IEA because the U.S. provides a quarter of its funding. The IEA has also angered other global oil producer countries including Saudi Arabia.
The report published on Wednesday, titled Energy

Delusions, was written by the IEA's former head of oil industry and markets, Neil Atkinson, and Mark Mills, director of think tank the National Center for Energy Analytics.
The authors launched the report on Capitol Hill on Wednesday alongside Wyoming Republican Senator John Barrasso and Alan Armstrong, CEO of pipeline firm Williams and current president of the National Petroleum Council. The authors said the report was aimed at influencing the new administration.
The report identifies 23 assumptions made by the agency that led to what it calls a flawed conclusion that global oil output would peak by 2030, and that no new oil and gas investment was needed.
The report says the IEA underestimates growth in emerging economies as well as in plastic and petrochemicals markets, and overestimates the pace of electric vehicle adoption.
"The promotional aspirations and flawed assumptions underlying IEA's peak-demand scenarios have serious implications, given the obvious global economic and security considerations in planning for and delivering reliable, affordable energy supplies," the report said.
The IEA said the report was "full of rudimentary errors" and "fundamental misrepresentations about both energy systems in general and IEA modelling in particular", in a statement issued on Wednesday. The agency said it welcomes ideas for improving its analysis.
"The report also incorrectly suggests the IEA’s oil demand projections are an outlier – in reality, the projections are well aligned with comparable scenarios of other organisations, including major oil companies," the agency said in a statement.
Barrasso, who led a Congressional report criticizing the IEA for its green focus, declined to respond when asked whether he thought IEA chief Fatih Birol should be replaced, but said the agency risks losing its relevance.
"They are going to get ignored because they are basing their proposals on aspirations that are never going to happen and the world is seeing that and elections are rejecting what they want," he said on the sidelines of the event.

Top News - Dry Freight

Russia's grain exports to drop by 20% in 2024/5 due to bad weather
Russian grain exports will fall by one-fifth from last season's record to 57 million metric tons in 2024-2025, after the harvest was hit by bad weather, Agriculture Minister Oksana Lut said on Wednesday.
Lut said Russian companies exported 37 million tons in the first half of the export season and that an almost 70% cut in export quotas for the second half of the season was to protect the domestic market.
"We have already set export quotas to ensure the internal market's needs are met," Lut told an agriculture conference in Moscow. Russia, the world's top exporter of wheat, is aiming to boost agriculture exports by 50% by 2030.
The country's traditional breadbasket regions suffered from extreme weather in 2024, including early spring frosts, droughts, and heavy rains in some areas. An autumn drought during the winter crop sowing campaign affected the 2025 harvest.
"One of the most difficult seasons - I really wouldn't want something like that to happen again. But it's the weather, there's nothing you can do about it," Lut said.
According to Lut, 82% of the winter grain crop, sown across 19.2 million hectares, was in good condition. The total sowing area for the 2025 harvest in Russia will increase by 1 million hectares to 84 million hectares, she added.
The ministry's estimates for crop conditions differ in methodology from those of the state weather forecasting agency, which reported that 38% of winter crops were in poor condition.

RUSSIAN SEEDS A PRIORITY
Lut said one of the top priorities for the agriculture sector is to ensure a domestic supply of seeds. Russia cut seed imports by almost 60% this year, but it still depends on them, including from Western countries, for one-third of its needs.
Many farmers complain about the quality of domestically produced seeds, but Lut warned them that they have no choice.
"Domestic seed breeding is our responsibility. We cannot avoid it. We should not resist; we need to accept it. Yes, we will work on quality," she said.
She likened the rejection of Russian seeds to an initial popular rejection of Russian-made food 10 years ago, when Moscow banned food imports from the European Union, a measure seen as the starting point for the rapid rise in the country's agricultural output.
Russia also banned the commercial planting of genetically-modified crops in 2016, aiming to position itself as a supplier of non-GMO food products.
Lut said Russia stopped importing genetically modified soy for animal feed after harvesting seven million metric tons of non-modified soy last year. She pledged that soy harvests, as well as exports to China, will increase further.
Lut also urged Russian producers to search for other markets for rapeseed oil after the European Union set

prohibitive import tariffs last year. She said Russia can start exporting rice next year, with the harvest expected to reach 1.5 million tons.

LDC says Brazil soymeal cargo returned from port for reprocessing

A cargo of Louis Dreyfus Company soymeal destined for export from the southern Brazilian port of Paranagua was returned for reprocessing at one of the company's local plants, the grain processor told Reuters on Wednesday.
LDC declined to provide details such as the timeline of the refusal, the size of the cargo and destination, or the nature of the issue with the cargo.
However, a person with knowledge of the matter said LDC's soymeal was sent by trucks to the port but subsequently rejected last week for containing impurities.
Brazil's ability to track agricultural commodities cargoes has come under heightened scrutiny after China suspended five local soybean exporters, citing product non-conformities earlier this month.
"The Louis Dreyfus Company clarifies that, with regard to the aforementioned cargo, given the absence of any type of adulteration or harmful agents, it carried out the procedure established in current legislation, returning the cargo for reprocessing," the company said in a statement.
The port authority said since January, 44 trucks loaded with soymeal have been turned down due to the presence of extraneous materials such as sticks and pieces of unprocessed soybeans. The port declined to name the companies responsible for the cargoes. In this case, there was no need to dispose of the loads, which may be returned to the origin for removal of the impurities.
Confirmation that LDC's soymeal has been refused came after authorities at the port of Paranagua disclosed that 51 separate truck-loads carrying 2,200 tons of soymeal were rejected for "product adulteration", without naming the companies involved.
LDC said none of its soy processing plants in the states of Parana, Mato Grosso and Goias had sent allegedly contaminated soymeal products to Paranagua.
The source said the soymeal cargo's origin was LDC's factory in Ponta Grossa in the state of Parana.

Picture of the Day

A drone view shows a damaged wind turbine that was blown over during Storm Eowyn, in Inverin, Ireland, January 29. REUTERS/ Clodagh Kilcoyne

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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

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

LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

Please visit: **LSEG** for more information

Privacy statement