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# Top News - Oil

**UK must reconsider Shell and Equinor's North Sea gas, oil projects, court rules**

Britain's approvals for two vast North Sea oil and gas fields were overturned by a Scottish court on Thursday, in a significant win for environmental campaigners which casts doubt on the future of new fossil fuel projects in the UK.

Shell and Equinor fought to uphold approval for the projects in the face of challenges by Greenpeace and Uplift, which argued the approvals unlawfully failed to take into account the emissions that would come from the oil and gas being used, known as downstream emissions.

The Court of Session in Edinburgh ruled that, as Britain's decisions to approve the projects were unlawful, the decisions must be retaken.

"The public interest in authorities acting lawfully and the private interest of members of the public in climate change outweigh the private interest of the developers," Judge Andrew Stewart said in a written ruling.

Stewart allowed the three companies to continue work on the projects, but added that "no oil or gas may be extracted" until the government retakes the decisions.

A Shell spokesperson said in a statement: "Today's ruling rightly allows work to progress on this nationally important energy project while new consents are sought."

The spokesperson added: "Swift action is needed from the government so that we and other North Sea operators can make decisions about vital UK energy infrastructure."

Equinor said it was "pleased with the outcome which allows us to continue with progressing the Rosebank project while we await new consents".

LANDMARK RULING

The judicial reviews by Greenpeace and Uplift came after a landmark ruling by the United Kingdom's Supreme Court which said planning authorities must consider the impact of burning, rather than just extracting, fossil fuels when approving projects.

This prompted Britain to announce it would not defend Greenpeace and Uplift's cases, having also dropped its opposition in other, similar cases. The government said in response to the Scottish ruling that it would provide new guidance in the spring which would allow developers to seek fresh approvals from the regulator under revised rules that take into account last year's ruling. "Our priority is to deliver a fair, orderly and prosperous transition in the North Sea in line with our climate and legal obligations, which drives towards our clean energy future of energy security, lower bills, and good, long-term jobs," a Department for Energy Security and Net Zero spokesperson said.

Greenpeace hailed the ruling as a "historic win", with senior campaigner Philip Evans saying in a statement: "The age of governments approving new drilling sites by ignoring their climate impacts is over."

Shell is developing the Jackdaw gas field, which it previously said could provide enough fuel to heat 1.4 million homes, while Equinor and its partner Ithaca Energy are developing the Rosebank oil and gas field.

All three companies say the projects are vital to Britain's energy security and that delays would lead to huge financial costs and lost jobs. North Sea fossil fuel production has declined sharply since its peak in the late 1990s and the Labour government has said it will not issue any new oil and gas licences as it strives to reduce the country's fossil fuel use to help meet its climate targets. "(The government) should use this moment to set out a new path for the North Sea, reaffirming their commitment to no new oil and gas, and prioritising clean energy," said Greenpeace's Evans.

Tessa Khan – executive director of Uplift, whose challenge only related to Rosebank – said the government must reject any effort to push the project through. "To do otherwise would undermine its ambitious clean growth plans." The ruling comes a day after finance minister Rachel Reeves set out her plans to grow the economy, saying she would seek to cut back regulation and legal cases that throttle investment.

Shell, Equinor and Ithaca last year accepted that the approval of the Jackdaw and Rosebank fields were unlawful because downstream emissions were not considered, but asked the Court of Session to nonetheless not overturn their approval.

**Russia's oil output down 2.8%, gas production up 7.6% in 2024, deputy PM says**

Russia's oil and gas condensate production reached 516 million metric tons, or 10.32 million barrels per day, in 2024, Deputy Prime Minister Alexander Novak told the energy ministry's in-house magazine on Thursday, around 2.8% lower compared to 2023.

Russia has been holding down its oil production due to an agreement with the Organization of the Petroleum Exporting Countries (OPEC) and its allies, known as OPEC+. Russian's oil industry is also under Western sanctions, including an embargo on seaborne Russian oil imports and a price cap of $60 per barrel, due to Moscow's conflict in Ukraine. Novak said Russia's natural gas output rose by 7.6% to 685 billion cubic metres (bcm) last year, while exports of liquefied natural gas (LNG) increased by 4% to 47.2 bcm. Russia has so far defied predictions of severe declines in its oil supply, including from the Paris-based watchdog International Energy Agency, which in March 2022 said it was possible markets would lose three million bpd of Russian crude. Russia has managed to redirect all of its crude oil exports affected by Western sanctions to what it terms "friendly" countries, such as China and India.

OPEC+ DEAL

Novak praised the OPEC+ agreement, saying it was beneficial to Russia.

"The deal has a positive effect on the income of our country. Due to rising prices for Russian oil, the share of oil and gas revenues in the federal budget in 2024 amounted to about 30%," he said. According to the finance ministry, Russia's oil and gas revenues jumped by 26% last year to $108 billion after falling by 24% in 2023 on weaker oil prices and declining gas exports. Novak said oil exports amounted to 240 million tons last year. This was up from 238.3 million tons in 2023 and in line with government forecast.

## Top News - Agriculture

**India braces for warmer February, wheat crop at risk, sources say**

India is set to see above-average temperatures in February, with key wheat- and rapeseed-growing states likely to see maximum temperatures up to 5 degrees Celsius above average on some days in a risk to crops, two weather bureau sources said.

As the world's second biggest wheat producer, India is counting on a bumper harvest in 2025 to avoid costly imports, following three straight years of poor crop yields since 2022.

After a sharp, sudden rise in temperatures in February and March shrivelled the crop, India, also the world's second-biggest wheat consumer, was forced to ban exports of the staple in 2022.

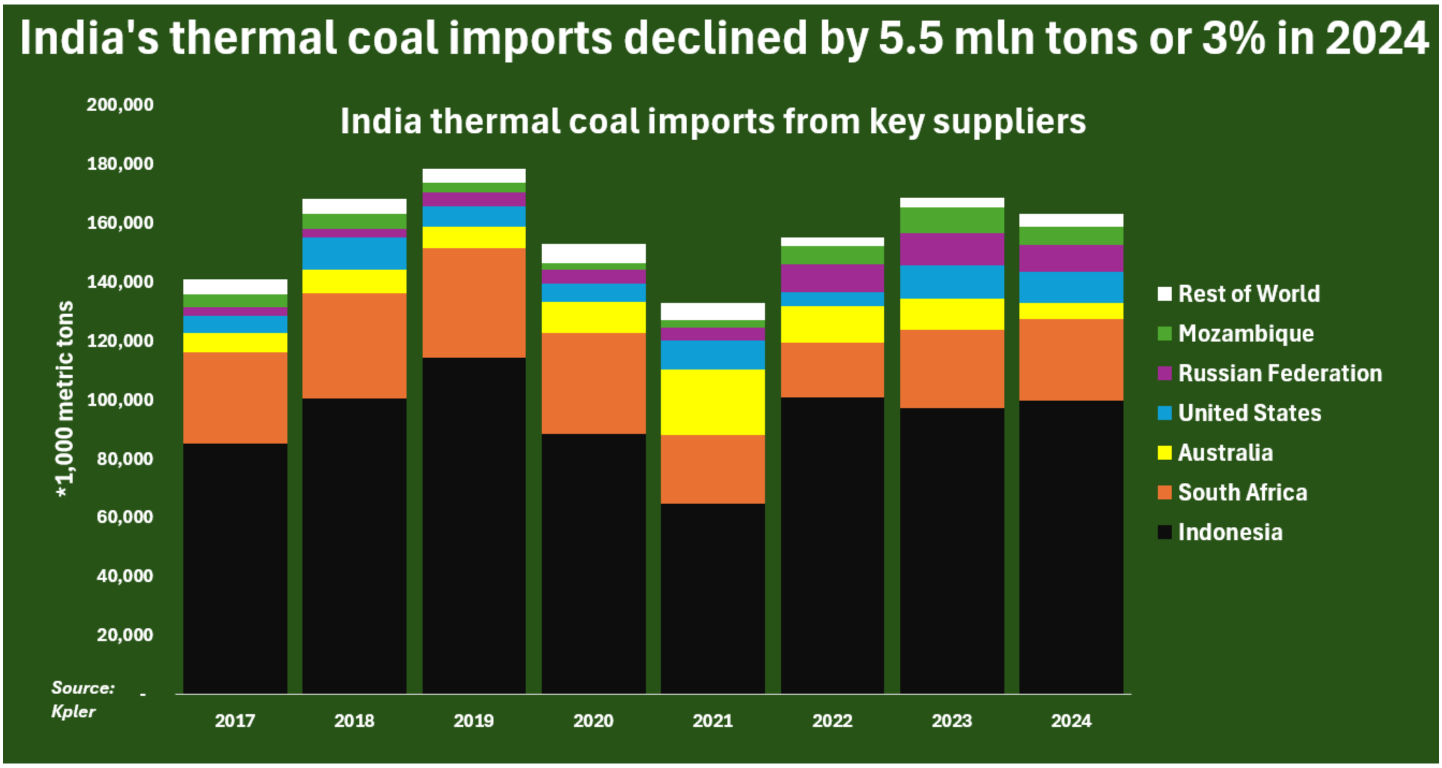
Higher temperatures during the grain formation stage could reduce yields for the fourth straight year, trimming overall production and forcing authorities to lower or remove the 40% import tax to facilitate imports to tide over shortages.

Maximum and minimum temperatures in northern, central, and eastern states are likely to be above normal in February, said a senior official at the India Meteorological Department, who did not wish to be identified ahead of the official announcement from the weather office.

The weather office is likely to issue its forecast for February on Friday.

"On a few days of February, maximum temperatures could rise 5 degrees Celsius above average in some states," the official said. India's Punjab, Haryana, and Uttar Pradesh states in the north, along with Madhya Pradesh in central India, form the country's top wheat-growing regions. "In the second half of February, daytime

## Chart of the Day



temperatures in the northern and northwestern parts of the country could see a sharp rise," said another IMD official. Winter-sown crops such as wheat, rapeseed, and chickpeas are planted from October to December and require cold weather conditions during their growth and maturity stages for optimal yields. "If temperatures remain higher than normal for a prolonged period, it can negatively impact yields by creating moisture stress," said Ashwini Bansod, vice president for commodities research at Phillip Capital India, a Mumbai-based brokerage. Hot and unseasonably warm weather leads to lower production and sharp drawdowns in state reserves. As a result, wheat prices hit a record 33,250 rupees ($384.05) per metric ton earlier this month. Any drop in the rapeseed crop could force India, the world's biggest vegetable oil importer, to step up its cooking oil imports, said a Mumbai-based trader with a global trade house. The area under rapeseed, the country's main oilseed crop, is already down from last year.

**USDA December soy crush seen at 217.6 million bushels, analysts say**

The U.S. soybean crush likely rose in December to a record-high 6.529 million short tons, or 217.6 million bushels, according to analysts surveyed by Reuters ahead of a monthly U.S. Department of Agriculture report due on Monday.

If the average of eight analyst estimates is realized, it would be up 3.6% from the 210.0 million bushels crushed in November and up 6.6% from the December 2023 crush of 204.3 million bushels. U.S. soybean processors have significantly increased crush capacity in recent years by expanding existing plants or building new ones to meet soaring demand for vegetable oil as a biofuel feedstock. Several of those new facilities came online in the past six months. Crush estimates for December 2024 ranged from 214.0 million to 223.0 million bushels, with a median of 217.1 million bushels. The USDA is scheduled to release its monthly fats and oils report at 2 p.m. CST (2000 GMT) on Monday, Feb. 3. U.S. soyoil stocks as of Dec. 31 were estimated at 1.734 billion pounds, based on the average of estimates from six analysts. The oil stocks estimate, if realized, reflects a 7.5% jump from the prior-month supply that totaled 1.613 billion pounds but a 4.9% decline from the end of December 2023, when stocks totaled 1.824 billion pounds. It would also be the tightest end-of-December oil supply on record dating back to 2015. Estimates ranged from 1.680 billion to 1.775 billion pounds, with a median of 1.738 billion pounds.

The National Oilseed Processors Association said its members, which account for at least 95% of soybeans processed in the United States, crushed a record 206.604 million bushels in December. End-of-month oil stocks rose 14% to 1.236 billion pounds, the largest since July.

## Top News - Metals

**BHP contracts Fluor, Hatch to expand South Australia copper operations**

BHP Group has commissioned two engineering firms to expand its copper smelter and refinery facilities in South Australia, including at Olympic Dam, one of its biggest copper projects, the world's largest listed miner said on Friday.

BHP has contracted a joint venture between Fluor Australia and Hatch Pty to carry out the proposed expansion in stages, with an investment of more than A$40 million ($25 million) in the first stage for strategy and planning.

Phase one of the expansion would involve an upgrade of the existing smelter and refinery at Olympic Dam to a two-stage smelter and extension of refinery facilities with capacity to produce more than 500,000 tonnes per year, BHP said.

A final investment decision on phase one of the smelter and refinery expansion is currently scheduled for the first half of fiscal 2027, BHP said.

Fluor Australia is a subsidiary of Texas-based Fluor Corp, which has been involved in design and construction of several projects across the world, including expanding a BHP iron ore mine in Western Australia in 2007.

Engineering firm Hatch has also previously undertaken designing work for the miner to design an electric smelting plant in Australia.

**U.S. Steel posts muted quarterly results amid Nippon deal snag**

U.S. Steel reported fourth-quarter loss and revenue that matched Wall Street estimates on Thursday, dented by price declines and a bumpy demand environment.

The industry has been struggling, as distributors have refrained from purchasing material in excess of their inventory amid a supply glut fueled by domestic production and imports.

U.S. Steel is attempting to salvage an about $15 billion sale to Nippon Steel and navigate rivals Cleveland-Cliffs and Nucor vying for a shot at a takeover.

Activist investor Ancora has nominated nine candidates to U.S. Steel's board of directors, as it looks to oust its CEO David Burritt and push the company to pull the deal with Nippon . On an adjusted basis, the company lost 13 cents per share during the quarter ended Dec. 31, in line with analysts' estimates, according to data compiled by LSEG. The company's overall quarterly revenue fell 15% to $3.5 billion from a year ago, but met estimates.

# Top News - Carbon & Power

**EXCLUSIVE-Japan weighs Alaska LNG pipeline pledge to win Trump's favour**

Japan is considering offering support for a $44 billion gas pipeline in Alaska as it seeks to court U.S. President Donald Trump and forestall potential trade friction, according to three officials familiar with the matter.

Officials in Tokyo expect Trump may raise the project, which he has said is key for U.S. prosperity and security, when he meets Japanese Prime Minister Shigeru Ishiba for the first time in Washington as soon as next week, the sources said.

Japan has doubts about the viability of the proposed 800-mile pipeline – intended to link fields in Alaska's north to a port in the south, where gas would be liquefied and shipped to Asian customers – because of the overall costs of the gas relative to other sources. But it is prepared to offer to explore a deal if asked, the officials said.

Tokyo may include such a commitment among other concessions, such as buying more U.S. gas and increasing defence spending and manufacturing investment in the U.S., to reduce the $56 billion bilateral trade deficit and stave off the threat of tariffs, one of the people said.

The White House did not immediately respond to a request for comment about the meeting. Japan's foreign ministry said it was premature to discuss the matter.

Details of Japan's possible interest in the Alaska project have not been previously reported. The officials spoke on the condition of anonymity because they were not authorised to talk to the media.

Among the executive orders Trump signed when he took office on Jan. 20 was one promising to unleash Alaska's resource potential, "including the sale and transportation of Alaskan LNG to other regions of the United States and allied nations within the Pacific region".

Trump has framed the gas project as a win for Alaska and U.S. allies in Asia seeking a stable source of energy. But Japan already has plentiful access to LNG, and its companies traded some 38 million tonnes last year, more than half its domestic consumption.

Still, the Alaska pipeline could help Japan diversify supplies away from riskier sources like Russia, which accounts for about one-tenth of its gas imports, and the Middle East.

Ishiba said in parliament on Friday that while Japan needed to reduce reliance on fossil fuels, "there are things that we should request from the U.S. in terms of stable energy supply". He did not give specifics nor mention the Alaska project.

## MARKET MONITOR as of 07:35 GMT

| Contract | Last | Change | YTD |
|---|---|---|---|
| NYMEX Light Crude | $73.17 / bbl | 0.60% | 2.02% |
| NYMEX RBOB Gasoline | $2.08 / gallon | 0.63% | 3.50% |
| ICE Gas Oil | $708.75 / tonne | -0.11% | 1.94% |
| NYMEX Natural Gas | $3.06 / mmBtu | 0.43% | -15.77% |
| Spot Gold | $2,799.74 / ounce | 0.21% | 6.71% |
| TRPC coal API 2 / Dec, 25 | $115 / tonne | 1.41% | 3.28% |
| Carbon ECX EUA | €83.09 / tonne | 0.52% | 13.82% |
| Dutch gas day-ahead (Pre. close) | €51.35 / Mwh | -0.10% | 5.77% |
| CBOT Corn | $4.96 / bushel | -1.20% | 6.39% |
| CBOT Wheat | $5.75 / bushel | -0.65% | 2.27% |
| Malaysia Palm Oil (3M) | RM4,292 / tonne | 0.30% | -3.51% |
| **Index** | **Close 30 Jan** | **Change** | **YTD** |
| Thomson Reuters/Jefferies CRB | 369.74 | -0.38% | 3.62% |
| Rogers International | 30.35 | 0.53% | 3.89% |
| U.S. Stocks - Dow | 44,882.13 | 0.38% | 5.50% |
| U.S. Dollar Index | 108.06 | 0.24% | -0.40% |
| U.S. Bond Index (DJ) | 438.62 | 0.16% | 0.59% |

The officials cautioned that Ishiba will not be able to make firm commitments on LNG, including investing in the Alaska project, when he meets Trump. Any deal would have to offer reasonable pricing and flexibility, including allowing Japanese buyers to resell LNG they purchase, a fourth official said.

TARIFF THREAT

Trump has mooted a range of tariffs on foreign goods but revealed little about his approach to economic and security ties with Japan since his return to the White House.

But the subject has dominated political discourse in Japan, a key U.S. ally and top foreign investor, which was rattled during Trump's first term by his tariffs on steel imports and his demands for Tokyo to pay more to host American troops.

Media attention in Tokyo has centered on whether Ishiba, who became prime minister last year and heads a minority government, can replicate the bond that former Japanese leader Shinzo Abe forged with Trump during his first term.

Abe, who was assassinated in 2022, was the first foreign leader to meet Trump after his 2016 election win, and the pair became close confidants and golfing partners.

Without such familiarity with Trump's inner circle, Ishiba's administration has sought counsel from U.S. lawmakers and policy experts with ties to both Japan and Trump.

They include Senator Bill Hagerty of Tennessee, a former U.S. ambassador to Tokyo, and Kenneth Weinstein, the Japan chair at the Hudson Institute, a conservative think tank.

Weinstein told Reuters he had encouraged Japan to deepen energy partnerships with the U.S. and that the Alaska project warranted serious consideration. Hagerty's office did not respond to questions.

Ado Machida, a Tokyo-based businessman who served on Trump's transition team after his 2016 election victory, said an offer by Japan to buy more LNG and support the Alaska LNG pipeline would be "probably the easiest" way to win over Trump.

"Trump's going to want to know what Japan will do for him," said Machida, adding that he had spoken to Japanese government officials about the proposal.

State banks such as the Japan Bank for International Cooperation (JBIC) could provide financing for the Alaska project to trading firms such as Mitsubishi Corp and Mitsui & Co, which Japan relies on to secure oil, gas and coal reserves overseas, one of the officials said.

In 2022, Mitsubishi reached an agreement with Alaska Gasline Development Corporation (AGDC), the state-owned company overseeing the LNG proposal, to assess the feasibility of producing ammonia there. Mitsubishi has not committed to the project beyond an assessment.

Mitsubishi and Mitsui declined to comment on potential investments and discussions about the Alaska LNG project. JBIC said it would consider providing support on a case-by-case basis, taking into account factors such as any involvement by Japanese companies.

In a statement to Reuters, a spokesperson for AGDC said it had held talks with Japanese energy leaders about the project, without offering specifics.

First approved during Trump's earlier term, the project received Federal Energy Regulatory Commission authorisation in 2020 and final legal approval in 2022, despite opposition from environmental groups.

This month, AGDC said it had entered into an agreement with developer Glenfarne to advance the pipeline.

**COLUMN-India's lower coal imports mean bad news for power emissions: Maguire**

India lowered imports of thermal coal by over 5.5 million tons in 2024 from the year before, according to data from Kpler, which may seem like good news to climate trackers monitoring trends in the world's second-largest coal consumer.

But total coal-fired power generation hit new highs in India last year, so lower imports mean that higher volumes of domestic coal were burned for power instead, and that's bad news for emissions levels.

India's domestically-mined coal is generally of lower quality and can contain over twice as much ash as most imported coal. That combination means that power plants need to burn greater volumes of Indian coal than imported coal to generate the same amount of power, and can generate more ash and toxic emissions when burning local coal compared to imported coal. The trend of using more local coal and reducing coal imports looks set to continue as the government aims to become more self reliant in terms of energy supplies and ensure support for the local mining industry, which is a major employer. And that means India's coal use and power emissions look set to keep climbing even as the country also boosts renewable energy capacity and faces growing international pressure to curb coal consumption.

NEW HIGHS

India's power producers generated a record 1,221 terawatt hours of (TWh) of coal-fired electricity in January to November of 2024, according to Ember.

That total was 5.1% more than during the same months in 2023, and marks the fourth straight year of coal-fired expansion. Coal-fired plants accounted for 73.4% of total electricity generation over the first eleven months of 2024, which is slightly down from 2023's record of 74.2% but remains the highest coal share among all large economies.

Emissions for coal-fired generation also climbed to a new record of 1.1 billion tons of carbon dioxide ($CO_2$), and were also up by around 5% from 2023.

WIDER USE

India's consumption of coal for power also expanded geographically in 2024, with a growing share of coal use taking place outside the traditional largest coal-burning states .

Chhattisgarh, Uttar Pradesh, Madhya Pradesh and Maharashtra - with a combined population of 475 million - are the top coal-burning states in the country, and have historically accounted for roughly half of India's total coal-fired generation. In January to November 2024, the share of coal-fired output in those four states dropped to around 45% and the lowest in five years, as growth in other states accelerated. The collective coal-fired output of the top four coal states was around 552 TWh in January to November of 2024, which is up around 2% from the same months in 2023.
All other Indian states generated 669 TWh of coal-fired electricity in the first eleven months of 2024, which was up 8% from 2023 and the highest on record.
States including Odisha, Andhra Pradesh, Punjab, Bihar and West Bengal all lifted coal-fired output to new highs last year, and rely on coal for over 75% of electricity generation.
Each of those states also saw coal-fired power emissions climb to fresh highs in 2024, and are likely to see further rises in both coal generation and pollution as the country steps up use of locally-sourced coal for power.
And with the ash content of local coal typically around 25% or more, per the Observer Research Foundation, compared to around 10% for imported coal, greater coal use will yield higher emissions.
That in turn will further elevate India's total power sector pollution loads, even as the country tries to roll out growing volumes of clean power capacity.

***(The opinions expressed here are those of the author, a market analyst for Reuters.)***

## Top News - Dry Freight

**COLUMN-China passes on US soybeans despite Brazilian delays -Braun**
Brazil’s slow soybean harvest means that supplies are not reaching buyers as quickly as they might have hoped. But China, the destination for more than 70% of Brazil’s annual soy exports, does not appear concerned.
A delayed Brazilian harvest can sometimes widen the export window for U.S. soybeans, but both overall shipments and participation from China have recently been lackluster.
U.S. soybean export sales to China spiked for a week in mid-January, but that may have been a one-off event. Weekly volumes have been mostly below average in the last couple of months, even when compared against relatively lighter expectations.
As of Jan. 23, U.S. export sales to China for the 2024-25 marketing year accounted for 47% of all bookings, a 17-year, non-trade-war low. Another 9% of sales are assigned to unknown destinations, which is close to normal and not indicative that Chinese purchases are being hidden.
Volume-wise, Chinese bookings of U.S. soybeans are down 3% on the year, similar to the year-on-year reduction that the U.S. Department of Agriculture predicts for China’s 2024-25 soy imports.
But China’s recent intake has fallen well short of that mark due to smaller shipments from Brazil.
November-December imports declined 15% on the year despite an equivalent rise in U.S. arrivals.
Aside from the Brazilian delays, China’s agriculture minister last week said that the country’s hog sector had recovered from a loss-making phase, which in theory would support soybean demand. Chinese soybean crush margins have also improved in recent weeks.
These factors and stats prevent a favorable spin on China’s involvement in the U.S. soybean market as of late. Some industry members suggested China stocked up on U.S. soybeans ahead of potential trade tariffs, but U.S. export data does not support that idea. Chinese arrivals may remain thinner for several more weeks as Brazil’s January exports likely fell well short of last year’s levels as well as previous expectations.
But Brazilian bean supplies should be plentiful from next month, and they are competitively priced.
Shipping lineups suggest Brazil’s February soy exports will top average levels and possibly even challenge year-ago volumes, despite this year’s harvest delays. It is not all bad news for the United States.
Despite USDA’s below-average 2024-25 export forecast, U.S. soybean sales to non-China destinations are the third-highest ever for the date and up 30% on the year. Sales to Europe in particular are well above normal.
But China is still critical, accounting for 54% of all U.S. soybean exports in 2023-24.
It is unclear if this trade flow will be threatened further since U.S. President Donald Trump as of Thursday was considering imposing tariffs on Chinese goods, potentially as early as this weekend.
However, soybean prices are reflecting the grim situation, especially relative to corn. U.S. farmers this spring are expected to ditch a significant number of soybean acres versus last year in favor of the yellow grain, which could help keep U.S. soybean supplies in check.

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

**Morocco stops German feed grain imports over foot-and-mouth disease**
Morocco has halted imports of feed grains from Germany following an outbreak of foot-and-mouth disease, the head of Morocco's grain trade federation (FNCL) said on Thursday.
The import suspension affected "all untreated plant-based feed intended for animal consumption from Germany due to the foot-and-mouth disease outbreak there," Omar

Yacoubi told Reuters.
A source at Morocco's food safety agency ONSSA confirmed that plant-based imports from Germany for animal feed had been "suspended" until Germany is declared free of foot and mouth again or certifies local regions that are free of the disease.
Germany announced its first outbreak of foot-and-mouth disease in nearly 40 years on Jan. 10 in a herd of water buffalo near Berlin in the Brandenburg region.
That remains the only reported case so far.
The outbreak has led to trade restrictions from some countries including Britain on livestock-related goods from Germany.
Germany's agriculture ministry said on Jan. 13 that the loss of Germany's status as a country free of foot-and-mouth disease meant exporting a wide range of farm products outside the European Union would no longer be possible.
Traders have reported that exporters have sourced some feed barley cargoes for Morocco in France instead of Germany in response to the trade restriction.
However, other importing countries were still accepting German feed grain and one cargo of German barley initially sold for Morocco would be shipped to Tunisia, traders said.
Foot-and-mouth disease is a highly infectious virus that causes fever and mouth blisters in cloven-hoofed ruminants, such as cattle, swine, sheep and goats, but poses no danger to humans.
The disease occurs regularly in parts of the world including in Africa but Morocco has not recorded an outbreak since 2019.

## Picture of the Day


*A climate activist protests outside Shell's global headquarters in London, Britain, January 30. REUTERS/Isabel Infantes*

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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

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