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## Top News - Oil

### Shell's 2023 profit falls 30% to \$28 billion, dividend boosted

Shell on Thursday reported a 2023 profit of \$28 billion, down 30% from the previous year's record as oil and gas prices cooled, still allowing the firm to increase its dividend by 4% and extend its share repurchases.

Shell posted fourth-quarter adjusted earnings, its definition of net profit, of \$7.3 billion, exceeding analysts' expectations of \$6 billion profit but down from a record \$9.8 billion a year earlier.

Strong liquefied natural gas (LNG) trading results in the quarter helped offset weaker refining and oil trading results.

Shell increased its dividend by 4% quarter on quarter to \$0.344 per share and announced the repurchase of a further \$3.5 billion of its shares over the next three months, a similar rate to the previous quarter.

Its share distributions in 2023 reached nearly \$23 billion, representing more than 10% of Shell's market value and over 40% of its cash flow from operations.

"As we enter 2024 we are continuing to simplify our organisation with a focus on delivering more value with less emissions," Chief Executive Officer Wael Sawan said.

### ANALYSIS-Russian oil flows through Red Sea still face lower risks

Tankers carrying Russian oil have continued sailing through the Red Sea largely uninterrupted by Houthi attacks on shipping and face lower risks than competitors, according to shipping executives, analysts and flows data. Russia has become more dependent on trade through the Suez Canal and the Red Sea since it invaded Ukraine, which led to Europe imposing sanctions on Russian imports and forced Moscow to export most of its crude to China and India. Before the war, Russia exported more to Europe.

The number of Russian ships passing through the Red Sea has registered a slight decline since December, according to oil analytics firm Vortexa, but traffic last week was still around 20% higher than on average in 2023.

That contrasted to more extensive disruptions overall to oil tanker sailings through the Red Sea in the past two weeks.

Shipments of diesel and jet fuel from the Middle East and Asia to Europe – one of the major east-to-west oil trade routes – nearly came to a halt in the days following the first round of U.S.-led retaliatory strikes on Yemen on Jan. 11, Vortexa data show.

Russia has close ties to Iran, which backs the Houthis, and that may have helped prevent attacks.

Ships carrying Russian oil for the most part have no links to Israel, the United States or Britain. The Houthis have said they are targeting ships connected to those countries

in attacks to show solidarity with Palestinians in Gaza.

G7 sanctions on Russia's oil trade over the Ukraine war contributed to rapid growth in the shadow fleet of vessels transporting sanctioned crude and fuel. Those vessels are leased by companies typically registered outside countries that have imposed sanctions on Russia. They also use maritime services and insurance from countries that do not impose sanctions.

With fewer clear connections to Western companies, those vessels are less likely to be a target.

"Most Russian crude and fuel is transported by the shadow fleet, so its unlikely going to be in the crosshairs of Houthi attacks," said veteran oil trader Adi Imsirovic.

"The Houthis are targeting ships linked to certain countries."

Many vessels carrying Russian cargoes are indicating they are not tied to Israel via signals from automatic identification systems (AIS) - which publicly broadcast information including a vessel's position and destination, Vortexa analyst Mary Melton said.

Russia, a partner to key Arab powers like Saudi Arabia and the United Arab Emirates in addition to its ties with Iran, has condemned what it called the 'irresponsible' strikes.

Chinese officials have put pressure on Iran to rein in attacks on ships in the Red Sea and ensure those attacks do not hurt Chinese interests, Iranian sources and a diplomat told Reuters last week.

### ATTACK

A Houthi attack late last week on a tanker carrying fuel which originally loaded in Russia was unlikely to impact wider Russian trade flows as that specific vessel was targeted because it had ties to British and American companies, Vortexa's Melton said.

"The tanker had ties to both US and UK based corporate entities, so other vessels carrying Russian cargoes without these ties do not face a similar risk," she said.

The attacked tanker Marlin Luanda is owned by Oceanix Services, a company registered in the UK to a London address, according to data from another tracking firm Kpler.

Global commodities trader Trafigura, which owned the cargo, said it was assessing the security risks of further Red Sea voyages.

Four tankers carrying Russian Urals crude passed through the Bab-el-Mandab strait with another three heading south through the Red Sea since the attack on the Trafigura vessel on Jan. 26, Kpler data show.

The flow of Russian oil should continue provided it makes economic sense and insurance cover can be procured given the level of demand from India and China, Ian Wilkinson, VP of sales excellence at Inchcape Shipping Services told Reuters.



Western tankers, however, will likely re-route away from the Red Sea and sail around the Cape of Good Hope, said Shefali Shokeen, a lead shipping analyst with a Dubai-based shipowner. Either way, shippers are facing higher costs. In the Red Sea, shipowners are charging higher freight rates and crew fees, and war risk insurance premiums have surged. Crew fees have doubled, while war risk premiums now amount to around 1% of the value of a ship, versus 0.5% about 10 days ago, excluding discounts, according to industry sources.

For instance, costs to charter 1 million barrel-capacity Suezmax ships to send Iraqi oil to Mediterranean refineries have climbed by \$2.50-\$3.50 a barrel for freight, while insurance has roughly tripled to between 10 and 15 cents a barrel, according to a trader with a European refiner. The alternative route via the Cape of Good Hope adds two to three weeks to sailing time and an extra 3,300 nautical miles in fuel consumption, in addition to emissions taxes for those owned by or calling at EU states.

## Top News - Agriculture

### EU plans curbs on Ukraine farm imports to calm angry farmers

The European Commission on Wednesday proposed measures to limit agricultural imports from Ukraine and offer greater flexibility on rules for fallow land in a bid to quell protests by angry farmers in France and other EU members.

The Commission said it would extend the suspension of import duties on Ukrainian exports for another year to June 2025. They were originally suspended in 2022 to support Ukraine's economy following the Russian invasion, which has hit shipments via the traditional Black Sea route.

The Commission proposal, which will require approval from EU governments and the European Parliament, introduces an "emergency brake" for the most sensitive

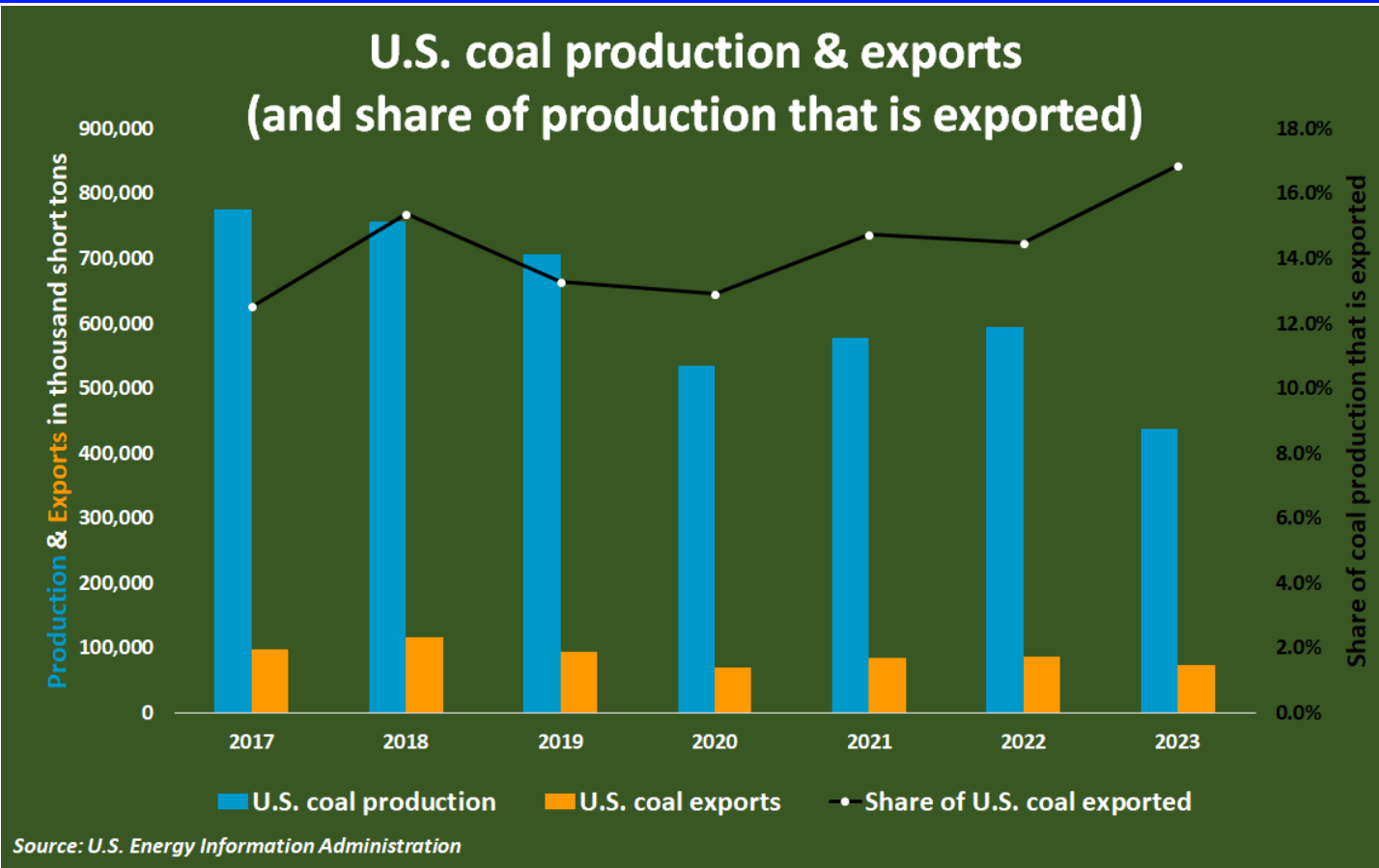
products - poultry, eggs and sugar - allowing tariffs if imports exceed the average levels of 2022 and 2023. It also allows the Commission to impose measures if the markets of one or more EU members are disrupted by a surge of imports of other farm produce, such as grains. In critical cases, these could be in place 21 days after a request is made.

Ukraine's EU neighbours - Bulgaria, Hungary, Poland, Romania and Slovakia - have complained that the farm imports have upset their markets, leading to protests by farmers and truckers.

Ukrainian Prime Minister Denys Shmyhal welcomed the proposed extension and expressed hope that the controls would avoid future conflicts.

"We also expect that the measures developed will remove harmful unilateral bans on the import of our

## Chart of the Day



agricultural products from Poland, Slovakia and Hungary," he said in a post on Telegram messenger.

With polls pointing to gains by the far-right in European Parliament elections in June, French President Emmanuel Macron, also called on Tuesday for clear measures on Ukrainian imports. French farmers have been protesting for more than two weeks over rising costs and cheap food imports.

Arnaud Rousseau, head of France's main farmers' union FNSEA, said the Commission was acting "woefully" late, that controls were required immediately and that the emergency brake limits should be set at 2022 levels. EU sugar imports from Ukraine rose 1,000% in 2023, while egg imports more than doubled and poultry imports were 50% higher.

Philippe Gelin, head of France's largest poultry group LDC, also called the reference dates, including 2023, problematic.

French and Belgian farmers set up dozens of blockades on highways and on access roads to a container port on Wednesday, a day before an EU summit.

The Commission also proposed exempting EU farmers for 2024 from a requirement to keep a minimum share of their land fallow while still receiving EU farm support payments.

Farmers could instead grow nitrogen-fixing crops such as lentils or peas or catch crops that grow between plantings of a main crop, without applying plant protection products.

The Commission has also proposed to renew for a year the duty suspension for imports from Moldova until July 2025.

### **Argentina farm regions set for heat wave, then scattered rains: grains exchange**

Argentina's farm regions are set for a heat wave over the next week, followed by rains that will douse the northern, western and southern regions, but largely miss the center-east zone, the Buenos Aires grains exchange said on Wednesday.

"The outlook will start with winds from the tropics, raising the temperature to above normal in most of the agricultural area," the exchange said in its weather report covering the first week of February.

"Towards the end of the outlook, a storm front will produce moderate to abundant rains over the north, west and south of the farming area, but without reaching much of the center and east."

Argentina, one of the world's top exporters of processed soy, the No. 3 for corn, and an important wheat supplier, is recovering from a drought-hit campaign last year, with better rains so far this season helping push up harvest forecasts.

However, the grains exchanges have warned that recent boosts to their production forecasts for corn and soy could be reversed without good rainfall in the weeks ahead.

## **Top News - Metals**

### **Vietnam rare earths output drops as China's grows, US says**

The U.S. geological agency has sharply revised down estimates on Vietnam's rare earths output and expects a further drop despite its rich resource base, according to an annual report, which showed a rise in dominant producer China's output.

The U.S. Geological Survey's (USGS) estimates, published late in January, came only a few months after Vietnamese authorities arrested in October corporate executives who were partnering with Western companies to develop rare earths mining projects in Vietnam. There is no clear link between the USGS revision and the arrests.

Rare earths are used in multiple industries, including electric vehicles, auto batteries and renewables, and have several applications in electronic and military products.

Despite having the world's second-largest deposits, estimated at around 22 million tons of rare earths oxide (REO) equivalent, Vietnam extracted only 1,200 tons in 2022, the statistics from the USGS show, down from 4,300 tons the agency had previously estimated for 2022. Output fell to just 600 tons last year, according to USGS's new data, despite Vietnam's plans to boost output to about 20,000-60,000 tons a year by the end of the decade.

The USGS did not immediately reply to a request for comment about its revised estimates. Vietnam does not publish data on its rare earths mining output nor on its trade of the minerals.

While Vietnam's estimated output fell, the USGS estimated global rare earths mining production grew to 350,000 tons last year from 300,000 tons in 2022, largely due to an increase in China's output to 240,000 tons from 210,000 tons as Beijing raised its quotas last year. Myanmar's production tripled to 38,000 tons in 2023 from 12,000 tons a year earlier.

### **HOBBLED PLANS?**

Before the arrests over allegations of illegal trading, Vietnam was planning new tenders for mining concessions at its largest rare earths mine, which is still largely untapped, Reuters reported in September, citing an executive at Australia's mining company Blackstone Minerals Ltd.

Blackstone and Vietnam's environment ministry, which is in charge of mining projects, did not immediately reply to requests for comment about whether the tenders were still planned.

Australian Strategic Materials, another mining company, had also partnered with VTRE in May for the supply of about 100 tons of rare earths oxides by the end of last year. The company did not immediately reply to a request for comment about the state of that deal.

The United States has agreed to boost cooperation on rare earths with Vietnam, whose large untapped resources are seen as an alternative source of the minerals. China has the world's largest deposits, with 44 million tons estimated, and dominates the extraction and processing of the critical minerals.

The USGS revised down its estimates of U.S. rare earths

reserves to 1.8 million tons from 2.3 million previously estimated. It also halved its estimates for Russia's deposits to 10 million tons from 21 millions. The U.S. embassy in Hanoi had no immediate comment.

### Boliden plans to cut output and jobs at Tara zinc mine, source says

Swedish miner Boliden's plans to shrink operations and reduce targeted output at its Tara zinc mine in Ireland when it restarts this year, a source close to the matter told Reuters.

The mine was put on care and maintenance in June after prices of the galvanizing metal hit a three-year low and Boliden has begun talks with staff over a planned resumption in the second quarter of this year.

Tara is Europe's largest zinc mine and among the biggest globally, producing more than 300,000 metric tons of zinc

concentrate a year at its peak, Boliden's website says. The restart plan, however, proposes a one-week closure for the mill every three weeks, 150 job losses and a production target of 180,000 tons of zinc concentrates a year, down from 198,000 tons last year, the source said. Talks are continuing and the mine could restart in the second quarter at the earliest if agreement is reached, Boliden spokesman Klas Nilsson said, adding that external market conditions have not changed significantly since the mine entered care and maintenance. Zinc prices are about 25% lower than a year ago and the consensus forecast in a Reuters poll of analysts this week projected a zinc market surplus of 300,000 tonnes in 2024. Trafigura-owned Nyrstar halted two U.S. zinc mines late last year because of weak prices and inflation and this month closed the Budel zinc smelter in the Netherlands.

## Top News - Carbon & Power

### Czechs ask French, S.Korean firms for binding bids for up to 4 nuclear blocks

The Czech government said on Wednesday it would seek binding bids to build up to four nuclear power plant units instead of one, widening a long-running tender aimed at keeping nuclear power a big part of the country's energy mix in the coming decades.

The government said it would invite the amended bids from South Korea's KHNP and France's EDF by April 15. Another bidder for the tender, U.S. group Westinghouse, did not meet conditions.

Seeking bids for more units will help push prices per block by up to a quarter if four were built, government officials said.

"Based on (the bids), we will then select a supplier and decide whether we will have more reactors built or not," Prime Minister Petr Fiala said at a press conference.

The Czech Republic has long sought more nuclear power capacity as it needs to replace ageing units in the coming decades and cover rising consumption while shutting coal-fired plants and facing limits to renewable power.

Majority state-owned utility CEZ has been running the

## MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$75.86 / bbl	0.01%	5.88%
NYMEX RBOB Gasoline	\$2.46 / gallon	10.46%	17.01%
ICE Gas Oil	\$853.00 / tonne	-0.23%	13.62%
NYMEX Natural Gas	\$2.15 / mmBtu	2.33%	-14.52%
Spot Gold	\$2,041.89 / ounce	0.23%	-1.00%
TRPC coal API 2 / Dec, 24	\$96 / tonne	-0.26%	-1.03%
Carbon ECX EUA	€64.75 / tonne	0.92%	-19.44%
Dutch gas day-ahead (Pre. close)	€29.45 / Mwh	-1.01%	-7.54%
CBOT Corn	\$4.57 / bushel	-0.38%	-5.63%
CBOT Wheat	\$6.02 / bushel	-0.54%	-5.86%
Malaysia Palm Oil (3M)	RM3,795 / tonne	-1.22%	1.99%
Index	Close 31 Jan	Change	YTD
Thomson Reuters/Jefferies CRB	312.72	-0.56%	3.75%
Rogers International	27.14	-0.40%	3.10%
U.S. Stocks - Dow	38,150.30	-0.82%	1.22%
U.S. Dollar Index	103.76	0.47%	2.39%
U.S. Bond Index (DJ)	427.59	0.43%	-0.73%



tender for the multi-billion dollar project to build one new unit at its Dukovany nuclear power plant and had sought only indicative offers for more units. CEZ has agreed a financing model with the government for the construction of the new Dukovany unit - which remains in place - but management has said the company could not replicate the model four times. Finance Minister Zbynek Stanjura said on Wednesday an expert group would draft financing models for any further blocks, without giving details what it would mean for CEZ.

The government has been looking at ways to restructure CEZ, possibly taking larger control of its production unit, as it considers ways to finance a bigger nuclear buildup. Fiala also said following Russia's invasion of Ukraine in 2022 that the state needed control of power production. CEZ is one of central Europe's biggest companies and has a market capitalisation of \$21 billion. Its shares are around one-year lows, and down 1% on Wednesday, and have been held back by uncertainty over its future structure. The government expects a decision on the nuclear supplier in June. With the binding option for three additional units in place, a decision on the number of units may be taken later. Industry Minister Jozef Sikela said it may be reasonable to build two units in one location together or in succession, which would mean two at Dukovany and possibly two later at CEZ's Temelin nuclear power plant. The project's timetable aims to bring the first unit online in 2036.

#### **Republican says US House to vote on reversing Biden's LNG exports pause-Bloomberg**

The U.S. House of Representatives will vote next month on a measure to overturn the Biden administration's

moratorium on approvals of new liquefied natural gas exports, Bloomberg reported, citing a Republican lawmaker.

The measure will be voted on the week after next, the report said, citing Representative Cathy McMorris Rodgers, the chair of the House Energy and Commerce Committee. The measure could get wide support in the House, which is controlled by Republicans, though if it passed there, it would not likely pass in the Democratic-controlled Senate. President Joe Biden, a Democrat, announced the permitting pause on Friday to allow time for his administration to take a "hard look" at the environmental and economic impact of LNG exports to big markets in Asia and Europe that the U.S. does not have free trade agreements with.

Republican lawmakers slammed the moratorium which applies to pending applications for LNG exports, and future ones that could come before the Department of Energy, if the Federal Energy Regulatory Commission (FERC) first votes to approve more LNG projects.

The moratorium, which will likely be in effect until after the Nov. 5 election, was criticized by House Speaker Mike Johnson, a Republican, who said it was made to "please radical climate activists in the Democratic party."

Johnson's office did not immediately respond to queries about the timing of any vote. The pause could affect timing of Venture Global's Calcasieu Pass 2 terminal project in Louisiana, if it is approved by FERC. CP2 would be the largest U.S. LNG terminal, once approved. Johnson, who is from Louisiana, has said the pause benefits Russia, which still supplies Europe with gas via pipeline, despite the region weaning itself off Russian gas after Moscow invaded Ukraine in 2022.

## Top News - Dry Freight

### **Thai rice export volumes seen down 14.4% in 2024 on lower production**

Thailand expects to export 7.5 million metric tons of rice in 2024, down 14.38% year-on-year, due to lower production and increased competition, the commerce ministry said on Thursday. Rice production is expected to drop 5.87% in 2024, impacted by the El Nino weather phenomenon, the ministry said in a statement. Rice exports from Thailand, the world's second-largest shipper of the grain, "face competition and many challenges," the ministry said, citing expected higher global supply and lower imports from trade partners. Thai rice exports in January jumped, however, up about 44% year-on-year to 1.12 million metric tons, the ministry said, without giving details. Indonesia may also buy less Thai rice than last year because of a large stockpile, while top rice exporter India could lift its export ban, the ministry said. Thailand's government in December said Indonesia was seeking to buy 2 million metric tons of Thai rice in 2024. In 2023, Thailand's rice exports rose 13.6% year-on-year to 8.76 million metric tons, beating a target of 8 million tons, with the value up 28.4% on the year, ministry said. The rice exports last year accounted for 1.8% of

Thailand's total shipments in value terms.

### **Iran's SLAL said to have bought about 200,000 T soymeal in tender- traders**

Iranian state-owned animal feed importer SLAL is believed to have purchased about 200,000 metric tons of soymeal expected to be sourced from Argentina and Brazil in international tenders which closed on Tuesday, European traders said on Wednesday.

No purchase was initially reported of 120,000 tons of feed barley also sought in the tenders.

One supplier was said to have sold 100,000 tons of soymeal and two others sold 50,000 tons each, traders said. Prices were unavailable. Both the soymeal and barley were sought for shipment in March and April. Payment problems for Iranian businesses because of western sanctions had made participation in recent tenders from Iran difficult, traders said. Food is exempt from Western sanctions on Iran over its nuclear programme, but sanctions have hit Iran's financial system, creating complex and erratic payment arrangements. Traders said Iran was offering payments in both this weeks tenders via banks in Turkey and Iraq.

**Picture of the Day**

*A puppet named Miss Better, symbolising the sugar beets agriculture, sits on a toy tractor, during a blockade by farmers on the A4 highway to protest over price pressures, taxes and green regulation, grievances that are shared by farmers across Europe, in Jossigny, near Paris, France, January 30. REUTERS/Yves Herman*

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

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