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Top News - Oil

OPEC+ to review oil cut extension in March, ministers leave policy unchanged

OPEC+ will decide in March whether or not to extend voluntary oil production cuts in place for the first quarter, two OPEC+ sources said on Thursday after a ministerial panel meeting made no changes to the group's output policy.
Last November, OPEC+ agreed to voluntary output cuts totalling about 2.2 million barrels per day (bpd) for the first quarter of this year led by Saudi Arabia rolling over a 1 million bpd voluntary reduction.
Oil prices have found support from expectations of interest rate cuts and amid rising geopolitical tensions, notably attacks by the Iran-aligned Houthi group on Red Sea shipping. Brent crude was trading above $81 a barrel on Thursday.
The two OPEC+ sources, who declined to be identified, said the cuts will be reviewed in March and an announcement will then be made when they are up for renewal as has been customary with OPEC+ voluntary cuts so far.
OPEC member Algeria said on Thursday it was ready to carry on with its voluntary cut beyond March if needed, while Kuwait said it was committed to the curbs without saying whether they should be extended.
Earlier on Thursday, leading ministers from the Organization of the Petroleum Exporting Countries (OPEC) and allies, led by Russia, known as OPEC+, met online to discuss the market and oil output levels, and made no changes to policy.
"The meeting was a very healthy, quick meeting and what we noticed is that there is good cohesion among members. There was reiteration of commitments," another OPEC+ source said.
The panel, known as the Joint Ministerial Monitoring Committee (JMMC) can call for a full OPEC+ meeting or make recommendations on policy. It reviewed November and December oil production data and noted a "high conformity" of countries with output decisions, OPEC said in a statement after the meeting.
OPEC's statement highlighted compliance, saying the "committee will continue to monitor" countries' conformity with output decisions made in June 2023, the November 2023 voluntary cuts and an earlier voluntary cuts round in April 2023.
If the first quarter voluntary cuts are unwound, OPEC+ would begin to return 2.2 million bpd to the market from the beginning of April. This would leave in place 3.66 million bpd of output cuts agreed earlier.
Riyadh has said that the cuts could continue beyond the first quarter if needed. Previous decisions to extend voluntary cuts have been made at least a month before their implementation.
The Saudi government, in a surprise announcement this week, ordered state oil company Aramco to halt its oil capacity expansion plan and to target a maximum sustained production capacity of 12 million bpd, 1 million bpd below a target announced in 2020.
Russian Deputy Prime Minister Alexander Novak said on Thursday, after participating in the OPEC+ meeting, that the situation in the oil market is stable
The JMMC usually meets every two months and brings together leading OPEC+ countries, including Saudi Arabia, Russia and the United Arab Emirates. The next meeting is on April 3.

Power loss forces BP to shut biggest US Midwest refinery

BP was purging its 435,000 barrel-per-day (bpd) Whiting, Indiana, refinery of hydrocarbons on Thursday after a transformer failure caused a plant-wide power outage and forced an evacuation of all but the most essential workers, said people familiar with plant operations.
It is not yet clear how long it will take BP to restart the refinery, which is the company's largest in North America and the biggest in the Midwest, said the two sources, who were not authorized to speak publicly.
BP said the refinery shut down following an apparent power outage, which forced employees to evacuate office buildings.
"We have activated our emergency response team," the company said in a statement
News of the Whiting refinery outage, which occurred at midday, pushed up gasoline and diesel price in the area on fears of tighter fuel supply, and cut Canadian crude prices on worries of lower demand.
Late on Thursday afternoon, BP began sending nitrogen into some of the units to purge hydrocarbons from them as others continued to burn off hydrocarbons through the refinery safety flare system, the sources said.
Flaring burns off volatile hydrocarbons that cannot be processed normally because of a shutdown. Without flaring, the hydrocarbons could cause a fire or explosion.
While a refinery as large and complex as Whiting could resume operations within a week, restart times can vary widely following power outages, said John Auers, managing director of Refined Fuels Analytics.
"Restarting depends on how quickly you can restore power and if you have any damage," he said.
"You can manage power outages but its very complex. You don't have instrumentation when you lose power, so you don't know what's going on in the units," Auers added.
The sources said the evacuation was the largest they had seen in years at that plant, which is located next to Lake Michigan and 20 miles (32 km) southeast of downtown Chicago.
"They heard a loud pop and then there was the power

failure," one of the sources said. The Whiting refinery was previously shut by an Aug. 24, 2022 fire in a single electrical line that also knocked out the plant's cooling water supply. It took a week and a half to restart the refinery after that fire. Chicago gasoline and diesel cash differentials jumped between 15 and 20 cents in late Thursday trading to 30 cents per gallon below the gasoline and diesel benchmarks, respectively, on the New York Mercantile Exchange. Western Canadian Select (WCS) for March delivery, which settled at $18.10 a barrel under West Texas Intermediate (WTI) on Wednesday, was sold off on the Whiting news and settled at $19.00 a barrel under WTI, according to brokerage CalRock. WCS prices at the Cushing, Oklahoma storage hub eased 25 cents, while those at Houston fell 30 cents, according to data from price provider General Index.

Top News - Agriculture

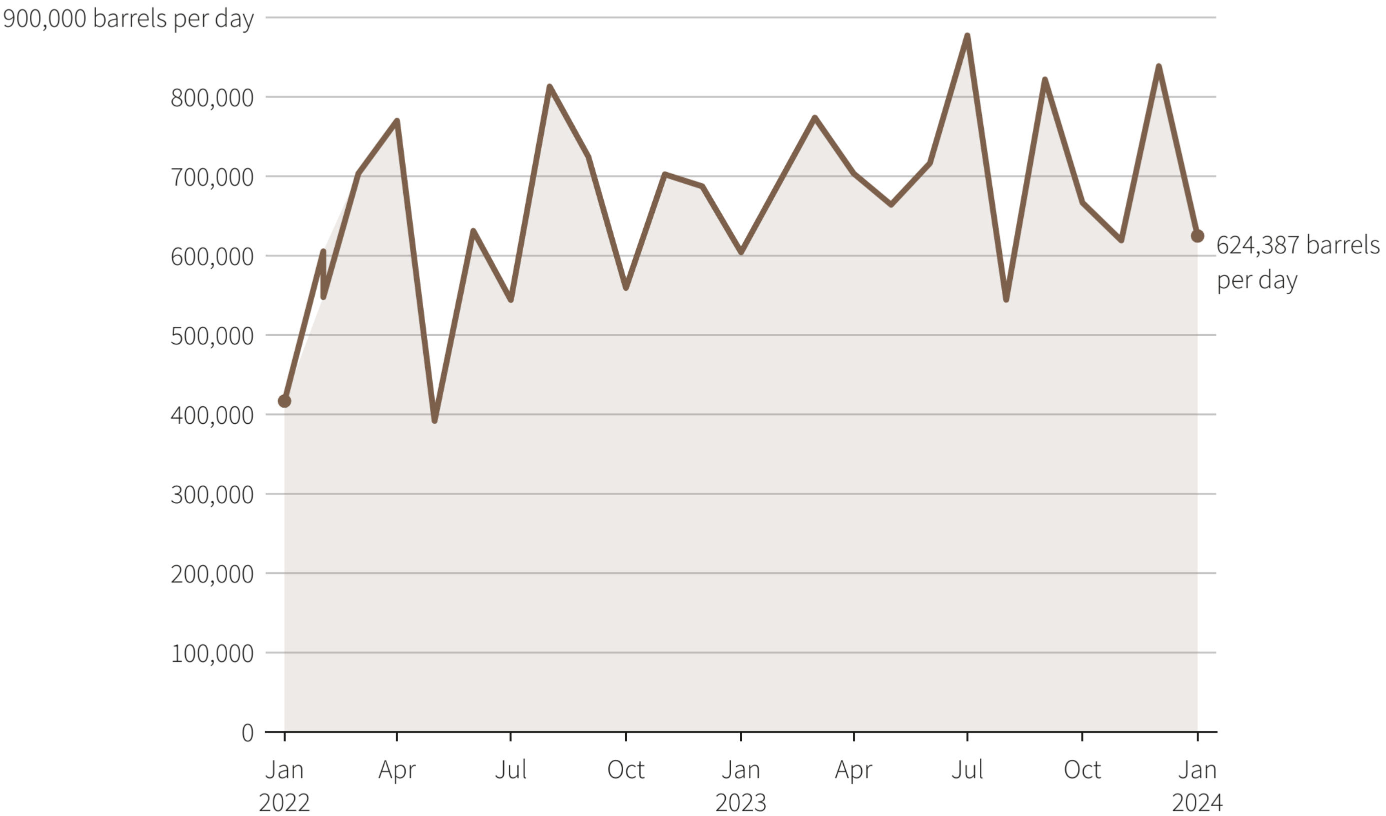
French farmers' union call for end of blockades as anger spreads in Europe

Two of France's main farming unions on Thursday urged protesters who have staged hundreds of tractor blockades across the country to go back home, after the government announced measures to try to quell the anger in a movement that has spread across Europe. While some local grievances vary, the unrest, also seen in Belgium, Portugal, Greece and Germany, has exposed tensions over the impact on farming of the EU's drive to tackle climate change, as well of opening the door to cheap Ukrainian imports to help Kyiv's war effort. Farmers' complaints across Europe include being choked by green rules, taxes, rising costs and unfair competition

Chart of the Day

Venezuela's oil exports fell in January amid power outages

Crude and fuel exports from Venezuelan ports decreased in January to 624,387 bpd as power interruptions affected the country's main oil terminal, Jose.



Figures in barrels per day (bpd)

Source: PDVSA's loading schedules, tanker tracking data, LSEG's Eikon

LSEG DATA & ANALYTICS

from abroad. The frustration came to a head in Brussels earlier in the day, where farmers threw eggs and stones at the European Parliament, and started fires and set off fireworks as they demanded EU leaders at a summit nearby do more to help them.

"We want to stop these crazy laws that come every single day from the European Commission," Jose Maria Castilla, a farmer representing the Spanish farmers' union Asaja, said in Brussels.

With the call from some of the French unions, the question now is whether farmers will they lift their blockades in France - and what will happen to protests that have spread across Europe.

FRENCH PLEDGES

The French farmers had stepped up their tractor protests from Monday after more than two weeks of demonstrations. Wary of further escalations, the government promised on Thursday to offer them more protection, including by better controlling imports and giving farmers extra aid.

"Everywhere in Europe the same question arises: how do we continue to produce more but better? How can we continue to tackle climate change? How can we avoid unfair competition from foreign countries?," Prime Minister Gabriel Attal said, as he announced the new measures in Paris.

In response to the array of pledges, Arnaud Rousseau, of France's main farmers union FNSEA said it was "time to go home" and lift the blockades.

Arnaud Gaillot of the Young Farmers' union said the same. But both warned that other types of protests would continue - and that they would take back to the streets if the government did not follow on its promises.

EU LEADERS MEET FARMERS

The protests across Europe come as the far right, for whom farmers represent a growing constituency, is seen making gains in June's European Parliament elections.

In Brussels, European Commission chief Ursula von der Leyen and Belgium Prime Minister Alexander De Croo - who holds the EU's rotating presidency - were set to meet the European farmers' lobby COPA-COGECA after the summit of EU leaders. Von der Leyen said the European Commission would work with Belgium on a proposal to reduce farmers' administrative burdens.

"To the farmers that are outside. We see you and we hear you," European Parliament President Roberta Metsola said. Small groups had tried to tear down the barriers erected in front of the parliament - a few blocks from where the summit was taking place - but police fired tear gas and sprayed water at the farmers with hoses to push them back. A statue on the square was damaged.

Security personnel in riot gear stood guard behind barriers where the leaders were meeting at European Council headquarters. The pockets of unrest diminished during the day and the tractors began leaving in the afternoon. Farmers have already secured several measures, including the bloc's executive Commission proposals to limit farm imports from Ukraine and loosen some environmental regulations on fallow lands, which several EU leaders welcomed as they arrived at the summit. And Irish Prime Minister Leo Varadkar echoed French President Emmanuel Macron's opposition to signing a trade deal with the Mercosur group of South American countries in its current form - another key demand for farmers. But German Chancellor Olaf Scholz reiterated his support for the deal.

SUPPLY CHAIN IMPACT

Farmers across Europe staged protests during the day.

In Portugal, farmers used tractors to block at least three roads linking their country to Spain.

Hundreds of Greek farmers with black flags - to symbolise what they say is the death of agriculture - drove their tractors across the centre of Greece's second-biggest city Thessaloniki. "No farmers, no food, no future" one banner read. One tractor was carrying a black coffin.

"We hope to shake them up (with our protest), we hope they are frightened and change the laws they have enacted," farmer Vassilis Kanods said.

At a protest in Italy, a tractor carried a sign reading: "You are destroying our future."

Meanwhile, one of Belgium's biggest supermarket chains Colruyt said on Thursday three of its distribution centres were blocked by protesting farmers, leading to disruptions in its supply chain. Belgian media reported that 1,400 trucks were stuck at the port of Zeebrugge, blocked by farmers. In France, Eric Hemar, the head of a federation of transport and logistics employers, said delays had cost transport firms about 30% of their revenues over the past 10 days.

Top News - Metals

China's production costs will determine how low LME nickel prices go - Macquarie

The costs of making a low-grade product, nickel pig iron (NPI), in China will be key for nickel prices, which fell by 45% on the London Metal Exchange (LME) in 2023 and face further pressure, Macquarie said on Thursday.

Nickel was the worst performer among LME metals in 2023 when it posted its biggest fall since 2008, due to rising production of low-grade nickel products in Indonesia and China.

Prices have dipped deep into the cost curve for the industry with more than 60% of global production being cash flow negative at the price of $16,000 per tonne, Macquarie analyst, Jim Lennon said in a research note.

Prices could rise in the second half of 2024 if more supply cuts take place around the globe, he said.

LME nickel fell by 0.5% to $16,195 per metric ton by 1600 GMT.

However, as of now, the biggest chunk of global supply is in Indonesia and China where ore prices have fallen sharply in recent months, leading to lower costs, especially for NPI, Lennon said.

In past years, NPI prices were set by the price movements of the LME nickel contract, against which high-grade nickel, known as Class 1, can be delivered. This relationship weakened in 2022 as different low-grade products made the market more fragmented and now, according to Macquarie, has reversed due to the arrival of

large capacity to convert NPI into matte and then into nickel sulphate or metal.
"Oversupply in NPI capacity is so large that NPI prices will now set the level of LME prices. The bad news for LME prices is that NPI costs are still falling," Lennon said.

Glencore reports lower 2023 copper, nickel, cobalt output; flags further falls
Miner and trader Glencore on Thursday reported lower copper, nickel and cobalt production in 2023 and signalled a further decline in output this year.
Copper, nickel and cobalt are materials used for electric vehicles, a key plank of the energy transition.
"Production challenges have become common in the industry, and a lack of supply growth in most commodities in mining should lead to a squeeze higher in prices over the next 12+ months," Jefferies analysts said.
"Higher prices over time should offset the negative impact of declining volumes for Glencore," they added.
The London-listed company reiterated its expectation that 2023 profits from its trading division would be $3.5 billion, above its long-term guidance range between $2.2 billion and $3.2 billion.
Glencore said it produced 1.01 million metric tons of copper in 2023, down 5% from 2022 and compared to its previous guidance of 1.04 million tons.
It now expects copper production of between 950,000 and 1.01 million tons this year, reflecting the sale of its Cobar mine in Australia.
Analysts have forecast a copper deficit from this year on signs that supply may not be as robust as previously thought after Panama ordered the closure of First Quantum's FM.TO 350,000 ton-a-year mine and major producers Anglo American, Codelco and Vale Base Metals lowered their guidance.
Glencore produced 97,600 tons of nickel in 2023, lower than its revised October guidance, partly due to a maintenance shutdown of its Murrin Murrin mine in Australia. It expects 2024 production of about 80,000 to 90,000 tons.
Other producers including the world's largest listed miner BHP have put nickel projects on ice to counter falling prices for the metal.
Glencore's cobalt production stood at 41,300 tons in 2023. The company expects this to be between 35,000 and 40,000 tons this year.

MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$74.25 / bbl	0.58%	3.63%
NYMEX RBOB Gasoline	$2.43 / gallon	0.38%	15.59%
ICE Gas Oil	$832.25 / tonne	-2.60%	10.86%
NYMEX Natural Gas	$2.05 / mmBtu	0.10%	-18.38%
Spot Gold	$2,055.15 / ounce	0.01%	-0.36%
TRPC coal API 2 / Dec, 24	$96 / tonne	-0.26%	-1.03%
Carbon ECX EUA	€62.36 / tonne	0.27%	-22.41%
Dutch gas day-ahead (Pre. close)	€28.55 / Mwh	-3.06%	-10.36%
CBOT Corn	$4.57 / bushel	-0.22%	-5.53%
CBOT Wheat	$6.12 / bushel	0.45%	-4.26%
Malaysia Palm Oil (3M)	RM3,767 / tonne	-0.82%	1.24%
Index	**Close 01 Feb**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	309.66	-0.98%	2.74%
Rogers International	27.06	-0.29%	2.79%
U.S. Stocks - Dow	38,519.84	0.97%	2.20%
U.S. Dollar Index	102.98	-0.07%	1.63%
U.S. Bond Index (DJ)	429.43	0.58%	-0.30%

Top News - Carbon & Power

Timing opportune for European renewable power supply deals - PPA platform

Prices of European power purchase agreements (PPA) for green electricity fell 2% in the fourth quarter of 2023, making a case for buyers to strike new deals ahead of an expected rise in demand, price tracking platform LevelTen said on Thursday.

PPAs, bilateral long-term agreements between corporate power users and wind and solar project developers, give consumers supply security and developers a guaranteed income stream, making it easier to arrange financing.

Corporate buyers are eager to lock in a carbon-free power supply to comply with a 2023 European renewable energy directive requiring 42.5% of EU electricity be renewable by 2030.

In a report, LevelTen said PPA prices for wind and solar energy across the 16 European countries that it monitors in its market-averaged index dropped by 2% in the October to December period from the previous three months to 85.38 euros ($92.31) a megawatt hour (MWh). It cited improvements to supply chains for solar modules and improved regulatory measures to boost wind capacity.

LevelTen prices capture contracts running over five to 20 years. The prices are settled against hourly day-ahead wholesale market prices.

Purchases may prefer to look for PPAs now rather than wait for an easing of inflationary pressures and further reductions in equipment prices, said Plácido Ostos, LevelTen's Director of European Energy Analytics.

"Demand is very likely to remain high because of the macroeconomic trend towards electrification, and as Europe's green hydrogen sector expands, likely raising demand for clean energy capacities significantly in the coming years," he said.

Swiss advisory Pexapark on Monday released a report putting the 2023 European volume of contracted PPA capacity at 16.2 gigawatts (GW), up 40% year-on-year.

US LNG exports fall in January on Arctic freeze, plant outages

Cold weather and outages at second-largest exporter Freeport LNG cut U.S. liquefied natural gas (LNG) exports last month below the December record, LSEG ship tracking data showed. U.S. producers exported 8.3 million metric tons (MT) of the superchilled gas, down nearly 5% from December's 8.7 MT, which cemented the U.S. role as 2023's largest LNG exporter, LSEG data showed.

Weaker exports are set to continue this month. Freeport LNG said it expects one of three liquefaction units at its Quintana Island, Texas, plant will be out of service for about a month to address problems with an electric motor that appeared during the state's mid-January Arctic freeze.

Of January's exports, Europe remained the dominant receiver, taking 5.54 MT, or 67% of the total, compared to Asia's 1.42 MT, or 17%. Europe's share rose from December, when 61% of volumes went to Europe, while Asia's take fell from 26.6% the prior month, according to the ship tracking data.

Attacks by militants on vessels using the Red Sea and continued drought at the Panama Canal have led more LNG tankers to take a longer journey to Asia from the U.S., crossing the Cape of Good Hope.

Transit challenges at the Panama Canal and the Red Sea could lead this year to more U.S. LNG shipped to Europe or remaining in the Americas, with less going to Asia, said Ira Joseph, an LNG export and senior research associate at Columbia University's Center on Global Energy Policy.

"You could have the situation where the market could be able to trade more efficiently without the risk of having to go through either canal," Joseph said.

In Europe, benchmark prices inched down to $8.7 per million British thermal units (mmBtu) from $8.8 mmBtu on the week. Asian spot prices dipped to $9.2 week-on-week from $9.6 per mmBtu as demand in East Asia was muted, consultancy Rystad energy reported late last week.

Latin America increased its share, to 8.1% of January shipments from less than 6% in December. The cargoes went to Brazil, the Dominican Republic, Columbia and Jamaica, according to LSEG data.

Freeport LNG has suffered a series of operating problems since it returned to full service last year following a fire and explosion in 2022.

"One of our refrigeration electric motors at our liquefaction facility experienced an electrical issue that will necessitate a replacement of the motor with an on-hand spare," the company told Reuters in an email.

Top News - Dry Freight

Turkey sells 150,000 metric tons durum in export tender - traders

Turkish state grain board TMO is believed to have provisionally sold 150,000 metric tons of durum wheat in an export tender for the same volume on Thursday, European traders said. The highest price was assessed at $404.80 a ton FOB, traders said. The sale is still subject to approval by the Turkish government in coming days. Traders said Turkey is tapping a bumper durum harvest and high stocks to reverse its usual role as an importer of the hard wheat used in foods including pasta. Turkey has been making heavy sales of durum in recent months, especially to Mediterranean and Middle Eastern countries, in a world durum market with tight supplies. Only non-Turkish companies were permitted to offer in Thursday's export tender. Loading should be between Feb. 19 and March 15 at the ports of Mersin, Mersin/ Tasucu and Iskenderun. Reports reflect assessments from traders and further estimates of prices and volumes are possible later.

Taiwan buys 89,650 metric tons US-origin milling wheat

The Taiwan Flour Millers' Association purchased an estimated 89,650 metric tons of milling wheat to be sourced from the United States in a tender on Friday, European traders said.

The purchase involved various wheat types for shipment from the U.S. Pacific Northwest coast in two consignments.

The first consignment for shipment between April 3-17 includes 26,100 tons of U.S. dark northern spring wheat of a minimum 14.5% protein content, bought at an estimated $325.91 a ton free on board (fob) totalling $366.79 per ton cost and freight (c&f) including ocean shipping to Taiwan, they said.

It also includes 12,300 tons of hard red winter wheat of a minimum 12.5% protein content at $290.27 a ton fob/ $331.15 a ton c&f, along with 5,250 tons of soft white wheat with protein content of 8.5%-10% at $257.94 a ton fob/$298.82 a ton c&f.

The second consignment for shipment between April 21 and May 5 includes 27,150 tons of U.S. dark northern spring wheat of a minimum 14.5% protein content at an estimated $325.91 a ton fob/$364.91 a ton c&f, they said.

It also includes 12,950 tons of hard red winter wheat of a minimum 12.5% protein content at $298.36 a ton fob/ $337.36 a ton c&f, and 5,900 tons of soft white wheat with protein content of 8.5%-10% at $257.94 a ton fob/ $296.94 a ton c&f.

Trading house CHS was believed to be the seller of both the first and second consignments.

The association bought 82,975 tons of U.S. wheat in its previous tender on Jan. 5, and its tenders traditionally provide an accurate snapshot of U.S. wheat export prices in Asian markets.

Reports reflect assessments from traders, and further estimates of prices and volumes are still possible later.

Picture of the Day

Residents with their dog walk in front of a canoe sitting on a cracked ground at a Sau reservoir, as the Iberian peninsula is at its driest in 1,200 years, in Sant Roma De Sau, Spain, January 31. REUTERS/Nacho Doce

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

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

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