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# Top News - Oil

**Big Oil bleak on refining profits going into 2025**
Big Oil executives this week saw little prospect of a near-term improvement in refinery profits after Chevron, Exxon Mobil and Shell all reported fourth-quarter earnings that were hit hard by a downturn in the margins for producing fuel.
An increase in global refining capacity in 2024, combined with sputtering demand growth has hurt refining margins.
Chevron's shares declined 4% after it reported a loss in its refining business for the first time since 2020, causing the No. 2 U.S. oil producer to miss Wall Street's profit estimate.
"This trend we have seen of margins softening through 2024 is something you can expect to continue to see, to extend into 2025," Chevron CEO Mike Wirth said in an interview.
"It was a weak fourth-quarter, there's no doubt about it," he said on a post-earnings conference call in response to a question from an analyst about the refining downturn.
"I'm not going to call it a perfect storm, but it was a quarter in which everything went one way and it was negative."
Wirth said Chevron would focus on what it can control in order to bounce back, including lighter scheduled maintenance for refineries over the next year.
Exxon Mobil's shares fell 2.5% after it reported a 75% plunge in adjusted earnings from refining compared with the third quarter. The broader S&P 500 Energy Sector index was down 2.8% on Friday.
The refining business remains under pressure from additional fuel supply entering the market after new refineries opened in different countries around the world, said Exxon's Chief Financial Officer Kathryn Mikells in an interview.
"That's really what we're watching as we look ahead to 2025," she said.
The No. 1 U.S. oil producer still beat profit estimates with higher production from the Permian basin, the top U.S. oilfield, and Guyana, the latest oil hotspot.
UK-based Shell said on Thursday that while it had no plans to exit the refining business, it did not plan to expand either.
The company's fourth-quarter earnings nearly halved from the previous year to $3.66 billion, partly due to weaker refining margins.
Shell sold its refining and chemicals hub in Singapore last year and plans to shut down another plant in Wesseling, Germany.

HIT TO INDEPENDENT REFINERS
While higher oil and gas production helped cushion oil majors from the impact of lower refining profits, the pure-play refiners took a hit as fuel demand faltered in the U.S. and China, the two largest oil consumers.
Phillips 66's fourth quarter profit plummeted to $8 million from $1.26 billion in the year-ago quarter. Valero's refining profit dropped 73% in the fourth quarter.
Two U.S. refineries are set to close this year and limited capacity additions beyond 2025 will help support refining margins over the long term, said Valero CEO Lane Riggs on Thursday.
Investors were also worried about U.S. President Donald Trump's threats to impose tariffs on crude imports from Canada and Mexico on Feb. 1, which could raise costs for U.S. refiners.
French oil major TotalEnergies will report fourth quarter results on Feb. 5 and British oil producer BP reports on Feb. 11.
BP has warned that a drop in refining margins and the impact of turnaround and maintenance activity would result in an up to $300 million decrease in profit quarter-on-quarter.

**ANALYSIS-Trump's oil tariffs a boost for European and Asian refiners**
U.S. President Donald Trump's trade tariffs on Canadian and Mexican oil imports will offer European and Asian refineries a competitive advantage against their U.S. rivals, analysts and market participants told Reuters.
Trump on Saturday ordered 25% tariffs on Canadian and Mexican imports and 10% on goods from China starting on Tuesday to address a national emergency over fentanyl and illegal aliens entering the U.S., White House officials said. Energy products from Canada will have only a 10% duty, but Mexican energy imports will be charged the full 25%, they said.
The tariffs on the two biggest sources of U.S. crude imports will raise costs for the heavier crude grades U.S. refineries need for optimum production, industry sources said, cutting their profitability and potentially forcing production cuts.
That provides refiners in other markets an opportunity to make up the difference. The U.S. is currently an exporter of diesel and importer of gasoline.
"Less U.S. diesel exports would support European margins, while more export opportunities may remain in the strongly pressured gasoline market," consultancy Vortexa's chief economist David Wech said.
"So overall a positive for European refiners, but likely not for European consumers," he added.
"European margins may improve because the U.S. Northeast will have to import more gasoline," an executive at a brokerage said. "I think European and

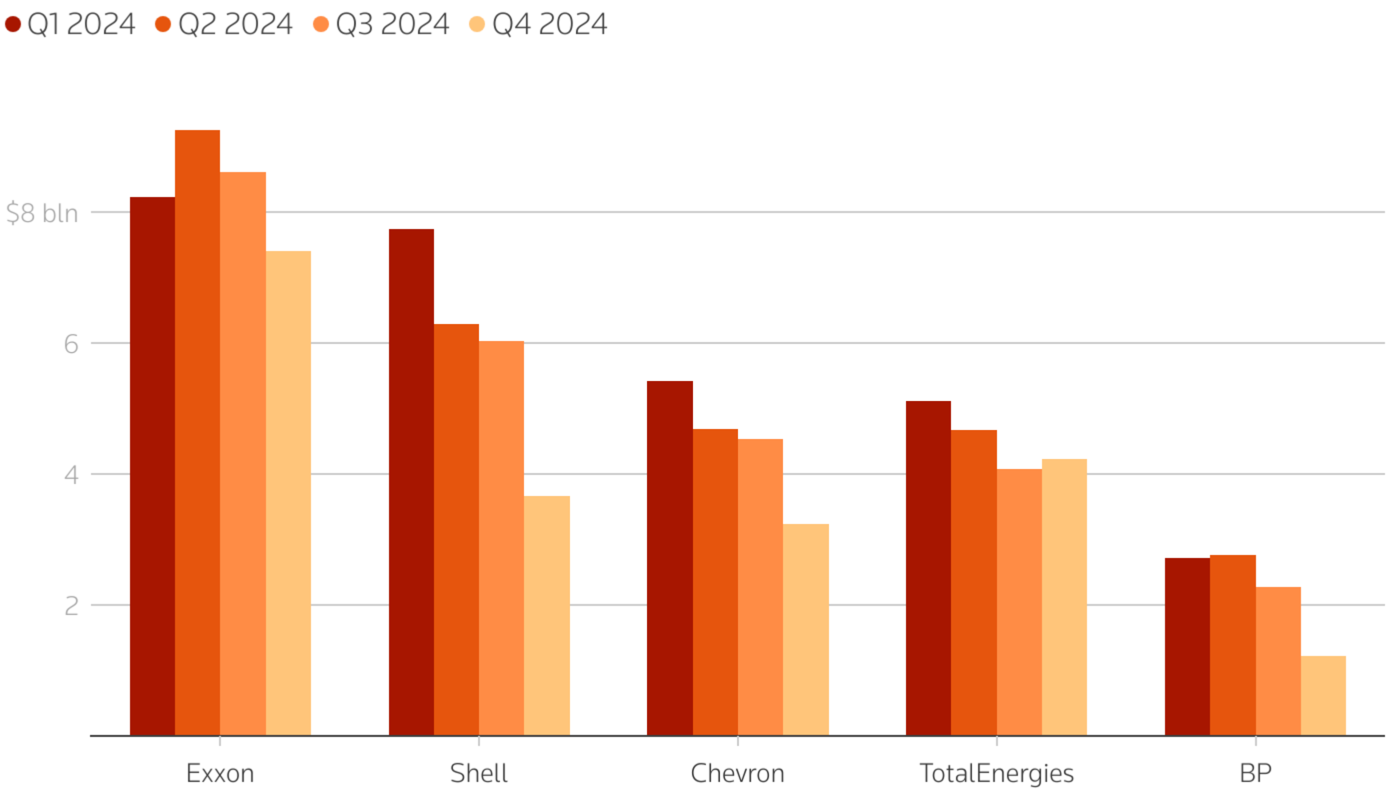
Asian refiners are the big winners."
Tariffs would also likely force impacted crude sellers to discount prices to find buyers, said Matias Togni, founder of analytics firm Next Barrel. Asian refiners are well poised to soak up that discounted Mexican and Canadian crude, something that could also buoy their profit margins, he said.
Asian refiners could get the competitive advantage because they have the equipment to run heavy crudes and are also in the midst of raising their run rates, said Randy Hurburun, head of refining at Energy Aspects.
The Trans Mountain pipeline expansion (TMX) in Canada, which launched last May, means the pipeline can now ship an extra 590,000 barrels per day to the Canadian Pacific Coast.
Higher TMX shipments to China could substitute imports from Venezuela and Saudi Arabia, trading sources said.
Asia-Pacific refiners could also exploit fuel arbitrage opportunities to the U.S. West Coast, which might be hit by higher feedstock costs incurred from sourcing crude from further afield, Vortexa's Wech added.
To be sure, there are expectations Midwest refiners will continue to buy Canadian crude, even with the tariff, and could simply pass the costs on to their customers at the pump.
"Folks in the Midwest could look forward to spending an extra 20 or 25 cents a gallon," said Stewart Glickman, Equity research analyst at CFRA Research.

US FEEDSTOCK CONUNDRUM
Canadian and Mexican crude accounted for around 28% of U.S. refiners' crude diet in 2023, Energy Information Administration data (EIA) showed, with inland refineries in the Midwest especially reliant on Canadian barrels.
U.S. refiners' ability to run more abundant supply of light WTI crude in place of Canadian and Mexican oil will be limited because of their different qualities, analysts said.
"More use of WTI in domestic refiners is probably limited in scope, they really need the residual fuels," Sparta Commodities analyst Neil Crosby said.

## Chart of the Day

**Big Oil profits squeezed in 2024 by lower crude prices**

Oil companies also faced weaker refining margins




Note: Q4 2024 figures for TotalEnergies and BP are estimates

By Sheila Dang • Source: LSEG

Although some U.S. refineries have completed upgrades to process more light crudes, this would lead to an underloading of secondary units, weighing on both economics and efficiency, said Energy Aspects' Hurburun.
"When you put friction in the system, and particularly around crude optimization for a refiner, you're likely to come up with higher costs as a result," Deloitte's global sector leader for oil, gas and chemicals, John England said.
U.S. imports of Canadian crude hit their highest on record in the week to Jan. 3, according to the EIA, a potential sign of refiners stocking up with tariffs looming. Imports have slipped slightly since, last at 3.72 million bpd in the week to Jan. 24, but remain elevated on the year according to the EIA.
Meanwhile, U.S. refiners have already seenearnings slide from record levels in 2022. Oil major Chevron, for example, reported fourth-quarter earnings below Wall Street estimates, after weak margins dragged its refining business into a loss for the first time since 2020.
Tariffs and subsequently higher prices could further impinge on U.S. refiners' ability to turn a solid profit.
"The mechanics of putting tariffs on Mexico and Canada are very tricky for competitiveness of the U.S. system," Sparta's Crosby added.

## Top News - Agriculture

**COLUMN-Unprecedented clash forms between funds' CBOT corn and wheat views -Braun**

The recent buildup of speculators' massively bullish Chicago corn bets has been well publicized.
But the growing and now unparalleled rift between investors' corn and wheat positions may have been less apparent.
In the week ended Jan. 28, money managers increased their net long position in CBOT corn futures and options to 350,721 contracts from 311,678 in the prior week, establishing their most bullish view since May 2022.
The move stemmed primarily from new gross long positions and came despite a 1% decline in most-active CBOT corn futures during the week.
CBOT wheat futures fell 2.4% in the week ended Jan. 28, and money managers expanded their net short in CBOT wheat futures and options to a 14-month high of 110,782 contracts. That was up about 19,000 on the week, a good portion owing to new gross shorts.
There has never been such a disparity between money managers' corn and wheat positions since records began in 2006, and this has become increasingly distinct over the last five weeks.
The closest examples where funds were super bullish corn and super bearish wheat are from early 2023 and mid-2016. Interestingly, some of the largest ever weekly corn selloffs occurred directly following these two periods.
However, the current situation deviates so significantly that these past examples may not be relevant. Also, the time of year plus the size of funds' corn position might favor the maintenance of bullish corn bets in the near term.
Corn and wheat's sometimes interchangeable use means that their prices can move in tandem, though wheat's premium to corn is already relatively low at 77-1/2 cents per bushel as of Friday. That is in the lowest 14% of all data within the past five years.
CBOT corn futures over the past few months have been supported by strong U.S. demand and shrinking global supplies, and more recently by weather concerns for South American crops. However, dominant Russian supplies have held down wheat prices.
But grain bulls now face potentially severe headwinds from the United States' fresh trade war against Mexico, Canada and China, which in 2023 accounted for half of all U.S. agricultural and related product exports.
U.S. President Donald Trump on Saturday imposed 25% tariffs on Mexican and most Canadian imports and 10% on goods from China, starting on Tuesday.

SOYBEANS, CATTLE, COTTON

Most-active CBOT soybeans lost 2.1% in the week ended Jan. 28, but money managers increased their net long position to a 14-month high of 56,496 futures and options contracts from 40,330 a week earlier.
Short covering was the primary feature of the week across the soy complex. Money managers extended their net long in CBOT soybean oil futures and options to a 10-week high of 39,768 futures and options contracts versus 24,214 in the prior week.
They also cut their large net short position in CBOT soybean meal futures and options through Jan. 28 to 52,291 contracts, down about 9,000 on the week. Both soyoil and soymeal futures had posted losses during the period. CME live cattle futures soared again to all-time highs last week, and money managers established a record net long position as of Jan. 28 totaling 156,909 futures and options contracts.
However, they forged a record net short in ICE No. 2 cotton futures and options of 53,574 contracts, up more than 5,000 on the week. Cotton futures hit nearly six-month lows on Friday as China's relatively light purchases of U.S. cotton as well as impending tariff fears weighed on prices.
The United States on Saturday reopened the door for Mexican cattle imports, which have been blocked since November due to screwworm cases. This is among factors that have recently supported cattle futures, though it is unclear how the tariffs may impact this trade flow.

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

**EXCLUSIVE-ADM to make layoffs soon to cut costs, sources say**

Global grain merchant Archer-Daniels-Midland will soon start laying off employees as part of a global effort to cut costs as low crop prices erode profit, three people briefed on the matter told Reuters on Friday.

Operations in the United States would be the focus of the cuts, one of the sources said.

Corn, soybean and wheat prices hit four-year lows in 2024 as global stocks of the food staples ballooned to multiyear highs and whittled down profit margins for agribusinesses like ADM that make money from storing, processing and trading around the world.

ADM has previously said it is focused on controlling costs as the global grains glut and low prices dragged down profit, and warned that the current challenging commodities cycle would continue through 2025.

Rival agribusiness Cargill in December began laying off employees around the world in a drive to cut headcount by 5%.

It was unclear how many jobs would be affected at ADM. The company declined to comment on Friday.

The most heavily impacted region would be the United States, with the focus on operational areas including plants, ports and warehouses, one source said. Layoffs would also take place, however, across all regions and departments, the source added.

ADM executives were expected to address the restructuring after the company posts fourth quarter results on Tuesday, the source added.

## Top News - Metals

**FOCUS-Africa's big copper countries set their sights on the profits of trade**

Africa's biggest copper producers, the Democratic Republic of Congo and Zambia, are working on deals to gain exposure to metal trading as a demand surge linked to artificial intelligence and the shift to greener energy promises hefty profits.

Metals trading has long been the preserve of international trading houses, such as Glencore.

Congo and Zambia, which together represent more than 13% of global copper supply, have over the last year increased their focus on securing a share of the mined metal that they too can trade for profit.

Congo state-owned miner Gecamines is close to finalising a deal with Glencore to secure an allocation of about 51,000 metric tons of metal from Kamoto Copper Company (KCC), two sources familiar with the details told Reuters. They did not indicate any date for finalising the

**MARKET MONITOR as of 07:35 GMT**

| Contract | Last | Change | YTD |
|---|---|---|---|
| NYMEX Light Crude | $74.19 / bbl | 2.29% | 3.44% |
| NYMEX RBOB Gasoline | $2.34 / gallon | 13.45% | 16.26% |
| ICE Gas Oil | $722.25 / tonne | 1.55% | 3.88% |
| NYMEX Natural Gas | $3.28 / mmBtu | 7.59% | -9.85% |
| Spot Gold | $2,787.76 / ounce | -0.47% | 6.25% |
| TRPC coal API 2 / Dec, 25 | $115 / tonne | 1.41% | 3.28% |
| Carbon ECX EUA | €82.64 / tonne | -1.54% | 13.21% |
| Dutch gas day-ahead (Pre. close) | €54.00 / Mwh | 5.16% | 11.23% |
| CBOT Corn | $4.86 / bushel | -1.42% | 4.35% |
| CBOT Wheat | $5.67 / bushel | -0.96% | 0.76% |
| Malaysia Palm Oil (3M) | RM4,360 / tonne | 1.66% | -1.98% |
| **Index** | **Close 31 Jan** | **Change** | **YTD** |
| Thomson Reuters/Jefferies CRB | 368.05 | -0.46% | 3.15% |
| Rogers International | 30.26 | -0.28% | 3.59% |
| U.S. Stocks - Dow | 44,544.66 | -0.75% | 4.70% |
| U.S. Dollar Index | 109.66 | 1.19% | 1.08% |
| U.S. Bond Index (DJ) | 439.32 | -0.19% | 0.75% |

agreement.
Glencore declined to comment.
Gecamines owns 25% of KCC and is negotiating for an allocation of the metal equivalent to its shareholding in the mine, the sources said. Gecamines has already been trading almost 100,000 tons of copper, equal to its 20% shareholding in Tenke Fungurume Mining after reaching a deal with Chinese owner CMOC Group in July 2023.
Gecamines Chairman Robert Lukama did not immediately respond to Reuters' questions.
The Congolese government is meanwhile seeking greater control over the sale of the metals in projects where it holds a stake, one of the sources said. Congo owns 20% in Ivanhoe's Kamoa-Kakula mine, which aims to produce 520,000-580,000 tons of copper this year.
Ivanhoe declined to comment. Gecamines also aims to secure more metal from its shareholding in producers including Zijin Group, the source said. All the sources asked not to be named because they were not authorised to speak publicly.

CAPE TOWN INDABA
The quest for copper is likely to be keenly debated when global investors, executives and government officials gather at next week's Mining Indaba conference in Cape Town.
African governments' efforts to maximise their share of profits, which historically have been concentrated in the hands of international companies, will also be a sensitive issue following events this month in Mali, where gold mining executives were arrested to force compliance with new mining rules.
The potential profits of copper could be huge as demand is stoked by its uses in AI, electric vehicles and the transition to greener power, while new supplies are hard to find, increasing the bargaining power of the resource-holders.
Investors' perception of Congo and Zambia, which straddle the African Copperbelt, is that they are difficult places to invest, hence Verisk Maplecroft's Resource Nationalism Index categorises them as high risk.
Traders and some analysts said joint ventures had the potential to offer mutual benefits and to defuse tensions as the African governments seek expertise while firms such as Swiss trader Mercuria, previously less established in Africa than some houses, seek a greater presence on the continent.
Zambia and Mercuria in December set up a jointly owned copper trading unit that has started negotiations with almost all the producers in the country, two separate sources told Reuters. Mercuria has set aside an initial budget of about $500 million to buy copper from local producers, backed by additional lines of credit as more metal supply becomes available, one of the sources said.
Mercuria did not respond to emailed questions.
Zambia plans to start by buying copper on commercial terms, before negotiating for physical metal equal to its shareholding, instead of just relying on dividend payouts for profits as it has until now, the two sources said.
Zambia owns between 10% and 20% in projects involving local units of Vedanta Resources, First Quantum Minerals and Barrick Gold through state firm ZCCM-IH.

NO SILVER BULLETS AND DOUBTS OVER DIVIDENDS
As a means to reward resource-holding governments, dividends have generated friction as governments have questioned whether the amounts paid to them are fair.
Indigo Ellis, managing director strategy and risk advisory at J.S. Held LLC, said dividends based on the volume of metal mined could help.
She also said government involvement in trade could give them the influence over price they crave.
"Government-implemented trading builds up scope for locally controlled value addition and thereby increases the government’s influence over the market for copper or cobalt – which is the ultimate aim," she said.
But for all the activity, many analysts are doubtful governments will make easy profits from trade.
Hugo Brennan, head of EMEA Research at risk intelligence company Verisk Maplecroft, said shifting towards metals trading was as unlikely as dividends to be a silver bullet.
"One can foresee disputes around the division of mineral production and who trades with whom as readily as those that have previously emerged around dividend payments," he said. Others said the risk was that private investors would be deterred. "Trying to capture greater market share from your own sales, how much do you really benefit from that and how much are you going to upset the investors," Ben Davis, analyst at RBC Capital Markets, said.

**INSIGHT-How two former employees are driving Mali's hardball talks with Barrick**
Two former company executives with inside knowledge of Barrick Gold's operations in West Africa are helping to drive Mali's demands for a payment of around $200 million from the Canadian miner, according to people familiar with the talks.
Mamou Toure and Samba Toure, key members of the government's negotiating team, both used to work in Mali for Randgold, a mining company that is now part of Barrick.
Mali's military-led government, which in December seized three metric tons of gold from Barrick worth about $245 million, has given the miner until Saturday at midnight to respond to its demands.
It wants Barrick to pay 125 billion CFA francs ($199 million) in back taxes, according to a source familiar with the situation.
If a deal is finalised, Mali would return the seized gold and release four Barrick executives detained since late November, the source said.
Barrick has publicly rejected the charges against its employees, without specifying what they are. According

to a court document reviewed by Reuters, they include money laundering and financing of terrorism.
Barrick did not answer questions about the status of the talks and Mali's mines ministry did not respond to a request for comment.
The dispute has ramifications for global miners and other foreign investors who poured billions of dollars into West Africa and are now forced to play by a new set of rules as the military governments of Mali, Niger and Burkina Faso seek a bigger share of mining revenues.
"The standoff with Barrick is a snapshot of just how far military-led governments in the Sahel are willing to go to compel foreign operators to comply with new regulations that align with their pursuit of resource nationalism," said Beverly Ochieng, senior analyst for Francophone Africa at Control Risks.
Reuters spoke to more than 20 people - including mining executives, consultants, diplomats and people with direct knowledge of the talks - to form a picture of the negotiations. The sources requested anonymity because of the sensitivity of the situation.
The two Toures are among a small group of key players on the Malian side, which also includes junta leader Assimi Goita and Minister of Finance and Economy Alousseini Sanou, according to nine people familiar with the matter.
The men, while they share a surname, are not related. Samba Toure, the older by decades, was the more senior of the two at Randgold, where he was West Africa operations director. Mamou was underground manager for the Loulo mine.
But it is Mamou who is now the more influential negotiator for Mali, due in part to his close relationship to the powerful finance minister Sanou, the sources said.
It was Mamou's consultancy Iventus that won the contract to audit foreign mining companies in Mali, which led to a new mining code in 2023 and renegotiations of the miners' contracts. Samba now works for him at the consultancy.
"It's Mamou who is currently the boss," said one person who formerly worked with them both, adding that Samba's experience and technical knowledge was nevertheless crucial in decision-making. "The decisions come much more from Samba than from Mamou."
In response to Reuters' detailed questions, Mamou said that for decades gold production had not benefitted the people of Mali as it should have. Mali is Africa's second-largest gold producer.
"It is only natural that the state ask for a rectification," he told Reuters. "The state has made a great effort to reach an agreement, which is why all the other companies have reached an agreement with the state."
Samba Toure did not respond to a request for comment.

ACRIMONIOUS TALKS

While other Western miners - including Canada's B2Gold, Allied Gold and Australia's Resolute - have struck deals with Mali in recent months, Barrick's negotiations have dragged on acrimoniously.
The military governments in Mali, Niger and Burkina Faso are using legal disputes, arrests and nationalisations, as well as threats to deepen their ties with Russia, to assert greater control over their gold and uranium wealth.
But Ochieng of Control Risks said that did not mean Western operators were unwelcome. "Several Western mining companies have been allowed to expand operations and take on new assets provided they comply with the latest regulations and taxation demands," she said.
After seizing power in 2020, Mali's junta pledged to scrutinise its mining sector so the state would benefit more from gold prices running at all-time highs.
Some companies, like B2Gold, reached an agreement swiftly. Others, like Australia's Resolute, whose CEO was detained while in Mali for talks, took longer.
B2Gold told Reuters it was proceeding with planned investments this year at its Fekola gold complex after reaching the deal. Resolute on Thursday told an investor call that it hoped its deal paved the way for better collaboration with Mali's government as it develops the Syama mine.
Relations with Barrick, however, deteriorated last year. After authorities arrested four Malians working for Barrick in September, the company paid 50 billion CFA francs ($80 million) and they were released. But Mali, which is seeking a total of around $350 million, demanded further payments.
Mali represents 14% of Barrick's gold output and the company generated $949 million in revenue from its operations there in the first nine months last year.
In early November, Bristow told Reuters the company had offered Mali 55% of the economic benefits from its Loulo-Gounkoto mine complex - similar to an agreement the miner struck with Tanzania about five years ago.
But when Barrick did not pay a second tranche, Mali accused the company of breaking its commitments and demanded the remaining sum be paid at once rather than in tranches. It began blocking Barrick's exports in early November.
Discounting VAT credits, Mali says Barrick has 125 billion CFA francs left to pay.
When no payment came, four employees were detained again in late November and Mali issued an arrest warrant for Barrick CEO Mark Bristow on Dec. 5.
Nevertheless, contacts continued behind the scenes. One source who spoke to Barrick senior management told Reuters on Dec. 6 that Barrick was close to paying a second tranche of 50 billion CFA. But no payment was made and the conversations stalled. Formal talks resumed on Tuesday.
Freddie Brooks, metals & mining analyst at BMI, a FitchSolutions company, said that under Bristow's leadership Barrick had probably the highest tolerance for operational risk of any major miner.
If they can't negotiate a compromise with Mali's military junta, it won't be for lack of trying," he said.

CLASHES WITH BRISTOW

Samba Toure quit Randgold around nine years ago after a quarrel in an online meeting with Bristow, who was CEO of that company at the time, according to someone who has worked with both Toures.

The rift deepened after Samba handed in his resignation and was not allowed to dispose of his vested Randgold share options, domiciled in London. Mamou Toure had already left Randgold in 2015, following a dispute with Bristow over the use of foreign contractors, one of the sources said. Barrick did not respond to a request for comment on the circumstances of the Toures' departures.

When the government announced its plans to audit the mines, Mamou won the consultancy contract with his firm Iventus Mining. It was Samba Toure who directed the audits, two sources said. After Mali created a state-owned mining company, SOREM, in 2022, Samba was named chairman of the board, with Mamou appointed as a director.

The influence of the Toures is not unchallenged, however. Last summer, junta leader Goita grew frustrated with the negotiations and brought in the director of state security, Modibo Kone, one of the five colonels-turned-generals who lead the junta, one source said. A second source confirmed Kone's involvement in the talks.

On at least one occasion, the finance minister has also taken over negotiations and instructed Mamou to stand down after he went too far in his demands, according to one source familiar with the talks. Five sources said that the mines minister, a technocrat with no ties to the military, has been sidelined. However, Mamou denied that, noting the ministry has two representatives on the negotiating commission. The commission takes its orders from the mines ministry as well as the finance ministry, he said. Mali's finance ministry and presidency did not respond to requests for comment. It was not possible to reach the state security service.

SPECIAL FORCES RAID

With exports banned and Barrick's mines producing up to half a ton of gold weekly, stockpiles were rising in its secure "gold room" at the Loulo-Gounkoto mine complex. As of Dec. 27, Barrick held just over 3 tons in its vaults, according to a Jan. 2 court order seen by Reuters, which authorised its seizure. At mid-morning on Jan. 11, a helicopter landed at the mine complex's landing strip unannounced. Four special forces soldiers, a customs agent, two officers of the state mining directorate, and other plainclothes officials disembarked and presented paperwork to Barrick staff authorising them to seize the gold, one of the sources said.

"They shipped a first quantity and came back in the evening for a second shipment," the source said, adding that it was all over by 7:00 pm. For now, the gold seized from Barrick's mines is sitting in the vaults of the state-owned Banque Malienne de Solidarite in Bamako. The bank declined to comment.

Barrick, which confirmed the seizure of the gold, says it has suspended operations at Loulo-Gounkoto.

The Jan. 2 order said the seizure was a preventative measure as part of the charges of money laundering and other unspecified financial crimes that have been levelled at Bristow and other Barrick employees under Mali's laws.

Barrick is resisting the government's demand to migrate to the new 2023 mining code largely because of increased taxes under the code, two sources said.

Pending next year is the renewal of Barrick's mining permit. The government has signalled it could refuse it. One source, who has consulted for the Malian government, said the government was seeking leverage for that negotiation, while the company wanted to clinch a long-term renewal under favourable terms.

"I think they don't trust each other, but no one has an interest in a break-up," the person said.

Some investors, however, are anticipating a tough road ahead for Barrick in Mali, including the possibility the company could lose its assets.

"The market has already factored in all the risks on Barrick shares, and the possibility that not much of production is going to come from Mali anytime soon," said Martin Pradier, materials analyst at Toronto-based Veritas Investment Research Corporation, which covers Barrick.

## Top News - Carbon & Power

**EU removes energy crisis gas price cap**

The gas price cap introduced by the European Union during its 2022 Russian gas crisis will expire on Friday, having not been triggered since its inception.

The cap would have applied if gas prices surged to unusually high levels, responding to months of soaring energy prices caused by Russia cutting gas supplies after its invasion of Ukraine.

The cap was designed to kick in if European gas prices hit 180 euros per megawatt hour - a level the benchmark EU price has not reached since the depths of Europe's energy crisis in 2022, when it surpassed 300 euros/MWh. The benchmark front-month gas contract at the Dutch TTF hub was trading above 52 euros/MWh on Friday - its highest since late 2023, but still far below prices during the 2022 energy crisis.

The European Commission's decision to let the price cap expire signals that the worst of Europe's energy crisis has passed. Despite cold snaps this winter, EU gas storage is relatively full and countries have ramped up their non-Russian gas supplies. In a statement on its website, the Commission said the price cap had not been triggered and did not need extending, "thanks to factors such as structural demand decline, reliable LNG and pipeline imports from trusted partners, and enhanced import infrastructure".

"Luckily, we never again got into the situation in which we could find out if the instrument was effective or not," one EU diplomat said. The cap had split opinion among EU countries and industry, with Germany among those concerned it would disrupt the functioning of energy markets or hamper Europe's ability to attract gas supplies in price-competitive global markets. Industry association Eurogas said on Friday that it supported the phasing out of emergency measures introduced during the energy crisis.

"It is difficult to assess the real effectiveness of these measures and they might create market distortions," said Eurogas head Andreas Guth. Other countries, including Italy, had wanted the EU to keep the price cap and redesign it to limit prices at far lower levels.

**EXCLUSIVE-Mexico's Pemex, billionaire Slim renegotiate deepwater gas project**

Mexican billionaire investor Carlos Slim's team and state energy company Pemex are discussing substantial changes to a deal to develop the country's first deepwater natural gas field, five sources familiar with the matter told Reuters.

Slim's Mexican holding company Grupo Carso signed a deal last year to partner with Pemex to develop the Lakach field in the Gulf of Mexico, seeking to revive a project the state company had abandoned twice due to high costs.

Since then, Mexico's relationship with the U.S. has come under increased strain from U.S. President Donald Trump's threats of tariffs, mass deportations and military strikes on cartels.

In response, Mexican President Claudia Sheinbaum's government has redoubled its efforts, which began under her predecessor during the first Trump presidency, to wean the country off gas imports from the United States.

Representatives of Pemex and Grupo Carso have discussed different schemes to make Lakach profitable, at a lower gas price than they had initially projected, the sources said. Grupo Carso wants to add two nearby fields with similar expected resources, Piklis and Kunah, to increase the potential profitability of the venture, four of the sources said.

It was unclear how much the addition of the two fields, which two sources said was close to being finalized, would raise the price for an investment that sources said would earn Slim substantial political clout. Pemex did not immediately respond to a request for comment. A spokesman for Slim declined to comment. The sources asked not to be named because they were not authorised to speak publicly on the issue. In recent years, Slim has been increasing his investments in the energy sector, with stakes in shallow-water fields Zama, Ichalkil and Pokoch.

Piklis and Kunah, each of which has two wells drilled, were declared strategic priorities by Sheinbaum's government last year as Pemex aims to increase overall gas production to 5 billion cubic feet per day (cfd), up from around 3.7 billion cfd.

Slim's team also floated the possibility of putting the venture on ice or pulling out, three sources said, in what one of them added was a negotiation strategy for a better deal. Earlier development plans for the field were for a startup in 2026 and a relatively short production span of eight years, according to official records. That timeline looks unlikely, the sources said. The field, located some 90 kilometers (56 miles) from the Gulf port of Veracruz, holds an estimated 900 billion cubic feet of gas. Lakach needs a lot more investment, added another source, who reviewed development plans. Pressure is low at the existing well there, making production a challenge. Another seven wells drilled since 2007 were abandoned because they did not produce any gas, official records show. So far, Pemex has spent $1.4 billion on it and was authorized by the regulator to spend another $400 million. A fall in gas prices has added to the challenge of making the investment profitable. The benchmark Henry Hub Natural Gas Spot Price is about $3 per million Btu, down about a third from a year ago and well below the $6 per million Btu initially assumed for the project, one of the sources said.

DEEP FREEZE

Apart from the prospect of Trump's comeback reshaping ties between the two neighbors, Mexico has other reasons to seek energy independence. Supplies from the north have been disrupted. In 2021, energy outages in Texas caused by a deep freeze extended for a week. Republican Governor Greg Abbott directed its natural gas providers not to ship outside the state. Exports of gas to Mexico via pipeline fell by about 75%.

But developing Mexico's own resources is not straightforward.

Pemex wants to develop the offshore field using a service contract where partners finance projects upfront, a mechanism used prior to the country's energy sector liberalization, which was curtailed by Sheinbaum's resource nationalist predecessor. Developing Lakach will require both resources and expertise from private companies, whose participation the government has sought to limit in recent years. A lack of infrastructure to pipe the gas away is another issue, the sources said. Plans to produce gas from the field were first shelved in 2016, and then again after previous partner New Fortress Energy pulled out in 2023.

## Top News - Dry Freight

**China's COFCO says it is committed to Brazil soy-buying moratorium**

Chinese state-owned grain trader COFCO is committed to Brazil's soy-buying moratorium, Allan Virtanen, the company's global director of communications and sustainability said on Friday, despite pressure from local farmers to make it more flexible.

Virtanen was addressing a press conference and declined to comment further.

The soy moratorium program is a voluntary commitment by global grain traders not to buy soy grown in areas of Amazon deforestation after 2008. COFCO is one of Brazil's largest grain exporters, having shipped 17 million metric tons of agricultural commodities from the South American country in 2024.

Sergio Ferreira, COFCO's director of operations in Brazil, told reporters the company is on track to start operating a new grain terminal at Port of Santos in April, indicating the importance of Brazil for its global shipping.

The new terminal, called STS11, will handle 14.5 million tons of commodities including soybeans, corn, sugar and soymeal per year when fully operational in 2026. STS11 is COFCO's biggest export port terminal anywhere in the world, the executives said.

**Iran's SLAL tenders for corn, barley and soymeal, traders sayIranian state-owned animal feed importer**

SLAL has issued international tenders to purchase up to 120,000 metric tons of corn, 120,000 tons of barley and 60,000 tons of soymeal, European traders said on Monday.

The deadline for submission of price offers in the tenders is Tuesday, Feb. 4, they said. The company does not comment on tenders. Shipment for the corn and barley is sought in March and April, and in May and June for the soymeal. The corn can be sourced from Brazil, Europe, Russia, Ukraine or elsewhere in the Black Sea region, including Turkey. The barley can be sourced from the European Union, Russia, Ukraine or elsewhere from the Black Sea region, including Turkey or Kazakhstan.

The soymeal can only be sourced from Brazil or Argentina. Payment problems for Iranian businesses because of western sanctions had made participation in recent tenders from Iran difficult, traders said. While food is exempt from the sanctions imposed over Iran's nuclear programme, they have hit Iran's financial system, creating complex and erratic payment arrangements. Traders said Iran was offering payment in all the new tenders via two banks, one in Iraq and one in Turkey.

## Picture of the Day

*An offshore oil rig support vessel leaves the harbour at St John's, Newfoundland, Canada, February 2 after tariffs were imposed by the U.S. on Canadian exports. REUTERS/Greg Locke*

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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