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Top News - Oil

Venezuela's January oil exports fell 25% amid outages at terminal

Venezuela's exports of crude and refined products fell by 25% in January to some 624,000 barrels per day (bpd) as power outages hit the main oil export terminal, according to vessel tracking data and internal documents from state oil firm PDVSA.

The U.S. this week said it would reimpose energy sanctions in April if President Nicolas Maduro's administration does not stick to a deal to accept conditions for a fair presidential election. Analysts said this would hurt the country's ability to collect cash from its crude exports.

The OPEC-member country's oil exports increased almost 12% last year despite operational mishaps, boosted by Washington's move to ease sanctions amid negotiations with Maduro. Venezuela used the easing to resume sales to its former top markets: the United States, Europe and India.

But loading delays linked to power outages and crude quality issues impacted exports again last month, the documents showed.

January export volumes were 25% below oil shipped in December, but marked a 3% increase versus the same month a year ago, according to the data.

Venezuelan crude exports by U.S. oil producer Chevron declined to 107,000 bpd, from 233,000 bpd in December. The company, along with Italy's Eni, Spain's Repsol and France's Maurel & Prom, weeks ago began shipping Venezuelan oil to countries including India and China under U.S. authorizations.

Venezuela also exported some 286,000 metric tons of oil byproducts and petrochemicals in January, below the 400,000 tons shipped in December.

Maduro's key political ally Cuba, which struggles to meet domestic fuel demand, received 32,000 bpd of Venezuelan crude, gasoline and fuel oil last month, slightly above December but below the average of last year, the data showed.

If the U.S. reimposes sanctions on the country's oil and gas sector, PDVSA would be forced to give price discounts and sell cargoes through intermediaries again, analysts say.

Exxon pursues lawsuit despite activist investor climb-down

Exxon Mobil said Friday it will continue to pursue a lawsuit against two activist investors even after they withdrew a shareholder proposal on climate change, setting up a clash over what constitutes legitimate debate between a public company and its owners.

Exxon had taken the rare step in January of filing the lawsuit to block the shareholder measure from being voted on at its annual meeting.

In response, activist investors Arjuna Capital and Follow This said Friday that they had withdrawn the proposal, which called on Exxon to reduce its emissions.

But Exxon said it would continue with the suit, which questions the motivations of the investors and notes the rising number of resolutions being filed for corporate ballots.

"We believe there are still important issues for the court to resolve. There is no change to our plans, the suit is continuing," Exxon said in an emailed statement.

In addition to seeking approval to skip a vote on the resolution, Exxon had sought attorneys' fees and expenses and that the court enter "other and further relief as the Court may deem just and proper."

Exxon's unusual legal action has been closely watched by investor activists worried the move could lead other companies to block shareholder resolutions in court, rather than through the usual process of appealing to regulators.

The case was assigned to a judge with a track record of ruling in favour of conservative causes and could set a precedent for similar investors' claims.

Natasha Lamb, chief investment officer of Massachusetts-based Arjuna Capital, said via email that "there is no basis for Exxon to continue this attack" once the proposal was pulled back.

"This amounts to tactics of intimidation and bullying" to silence investors, she said.

Mark van Baal, founder of Amsterdam-based Follow This, said it had promised not to refile the proposal with Exxon, so the company "has no reason to continue the lawsuit."

Their investor proposal had called for Exxon to set targets to reduce emissions, including those produced by the burning of its products, known as Scope 3 emissions.

Exxon is the only one of the five Western oil majors which does not have such targets.

Exxon has said Arjuna and Follow This were driven by an "extreme agenda" and that their proposals do not serve investors' interests. The company has had rocky relations with investors at times, including in 2021 when three directors were replaced in a shareholder campaign.

Shareholder resolutions calling on companies to take steps on environmental, social and corporate-governance (ESG) issues have drawn increasing attention at corporate annual meetings as investors pay more attention to climate change and workforce diversity.

Top U.S. fund firms, however, have cooled their support for many of the resolutions, amid pressure from conservative politicians who say the ideas can distract companies from their main duty to earn profits.

Traditionally at this time of year companies appeal to the U.S. Securities and Exchange Commission (SEC) for permission to leave scores of resolutions off their ballots. Various business groups had argued the SEC was allowing too many resolutions to go to a vote, and Exxon had argued that the agency's current application of its rules was not serving investors' interests.

Exxon, however, has also said it supported the resolutions process broadly and was in talks with the proponents of other shareholder measures. Agency disclosures show Exxon has filed traditional appeals with the SEC to skip votes on subjects including plastics pollution and climate-related asset sales.

Top News - Agriculture

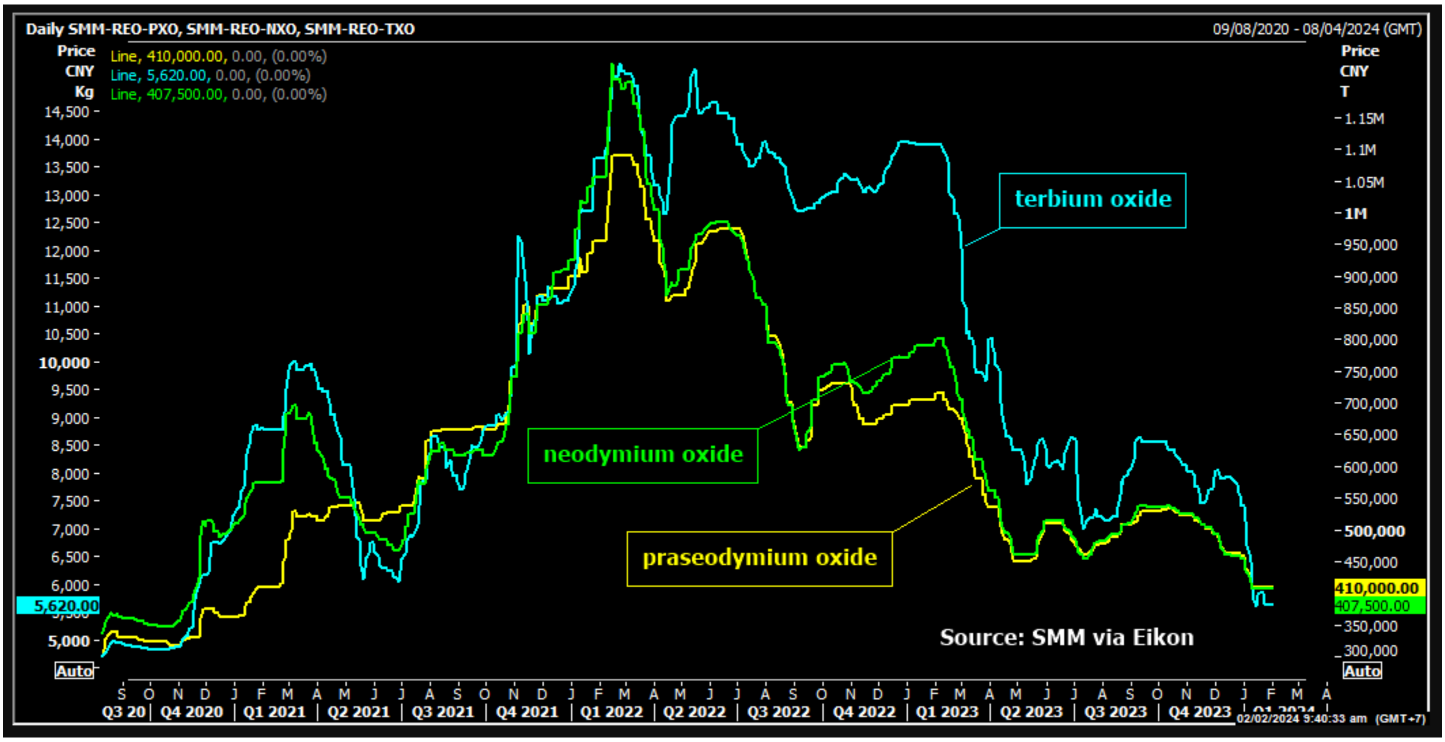
Turkey to discuss 'new mechanism' for Ukraine Black Sea grain exports with Russia - minister

Turkish President Tayyip Erdogan will discuss a new mechanism to allow Ukrainian grain exports through the Black Sea with his Russian counterpart Vladimir Putin during his upcoming visit to Turkey, Foreign Minister Hakan Fidan said on Sunday.
Putin is expected to visit Turkey on Feb. 12 to meet Erdogan, a Turkish official previously said, in what will be the Russian leader's first trip to a NATO ally since Moscow's invasion of Ukraine in February 2022.
There are efforts to find "new methods" to transport Ukrainian grain to the world markets, Fidan said in an interview with private A Haber television.
"The previous grain deal worked within a certain mechanism, now it has been seen that there is a possibility of going with a different mechanism, and now there are efforts to concretise this possibility," Fidan said, adding that Erdogan will raise this issue in his meeting with Putin in Turkey.
Ankara has sought to persuade Russia to return to the Black Sea Grain Initiative, which Moscow pulled out of in July 2023, a year after it was implemented. The accord was brokered by the United Nations and Turkey to provide safe passage to exports from Ukrainian ports.
Kyiv has said talks were underway to revive the deal, but Moscow said there was no prospect of reinstating it.
Fidan said some ships had managed to transport Ukrainian grain from the Black Sea, even without the accord in place.
"We want to make clear this de-facto (situation) with the new mechanism," he said.

China to push development of high-yield crops, mechanise to raise food supply

China will boost the development of high-yielding crop varieties to raise production, state media reported on Saturday, citing a key rural policy document, as Beijing pushes for greater use of bio-technology and mechanisation in its food security measures.
The world's largest grains importer reported a record corn crop last year and bumper harvests of other grains, but Beijing continues to strive for greater output and lower imports, particularly amid rising tensions with some trade partners, climate-related disasters and military conflicts.
In its annual rural policy blueprint, known as the "No. 1 document", the State Council, China's cabinet, said it will stabilize its grain planting area and implement grain yield improvement projects with good seeds, machines and fields, state news agency Xinhua reported.
It said it will “vigorously implement” actions to increase the use of agricultural machinery and equipment by improving the subsidy policy for the purchase and use of machines.
It added that it will consolidate the results of the expansion of soybean planting and support the

Chart of the Day



LSEG DATA & ANALYTICS

development of high-oil, high-yield varieties. It will also expand the planting of oilseed crops including rapeseed and camelia, it said.
China has in recent months approved the production and sale of genetically modified soybeans and corn seeds, paving the way for commercial planting of GM crops this year.
The policy said it will increase seed research and accelerate the selection, breeding and promotion of good varieties that are urgently needed for planting.
China, whose population of 1.4 billion is shrinking, also said in the policy that it will “focus on solving the problem of who will farm the land”.
The farming population in the world's second-largest economy has been aging as young people move to the city, raising concerns about a labour shortfall.
The policy set a goal of building a modern agricultural management system with smallholder farmers at its core.
It outlined plans to develop and modernize the countryside and farming practices, by reintroducing the "Ten Million Project" initiated in 2003 by President Xi Jinping, who was then a governor in Zhejiang province.
"The project seeks to revamp entire villages and connect numerous villages into a network encompassing fields, infrastructure, and industry chains," the Sino-German Agricultural Centre said in a note.
Additionally, the policy document said it will raise the minimum purchase price of wheat, expand planting insurance and subsidies, and deepen agricultural cooperation along the Belt and Road Initiative.

Top News - Metals

FOCUS-Western miners lag as oil powers enter race for Africa's critical metals
Risk aversion is likely to leave major Western miners lagging in a race to tap Africa's reserves of critical raw materials that has gathered pace now Middle Eastern oil powers have begun to emulate China's years of investment on the continent.
Attracting the capital needed to advance copper, cobalt, nickel and lithium projects in Africa will be high on the agenda when executives, bankers and government officials gather in Cape Town, South Africa, for the annual African Mining Indaba beginning on Monday.
For the big listed miners, the problem is convincing board members anxious to keep shareholders onside, an issue China and the state-backed funds from the Middle East with a mandate to diversify from oil and gas do not face.
Major mining companies' mergers and acquisitions teams have been busy negotiating in countries including Democratic Republic of Congo, the world's top cobalt supplier, and third biggest source of copper. Potential deals in the country, however, are being held up in the boardrooms of Rio Tinto and BHP Group, two sources with direct knowledge of the matter told Reuters.
The sources said boards were mindful of the shareholder focus on ESG (environmental, social and governance) concerns and past scandals in countries viewed as high risk.
The reserves of a country such as Congo, however necessary for the transition to cleaner energy, have to be weighed against political strife, the danger of corruption and a lack of vital infrastructure.
Rio Tinto and BHP have held informal talks with Ivanhoe Mines to explore partnerships in the Canada-listed miner's Western Foreland project in Congo, one of the world's richest copper deposits, the sources said. They spoke on condition of anonymity because they were not authorised to speak publicly on the issue.
Anglo American has also sought projects in Congo, showing interest in Eurasian Resources Group's (ERG) assets in the country, a third source said, adding a potential deal might have foundered as the company tries to control costs.
Rio, BHP and Anglo declined to comment.
"Any mining company knows that it will face tough questions from shareholders if it makes a move into the DRC," Patrick Edmond, Managing Consultant for Africa at advisory firm J.S. Held, said.
"The majors especially will need to think very carefully about how to answer investors' questions, and how to build strategies to succeed in the DRC in a way where the rewards for shareholders outweigh the risks."
Other African countries also have challenges that alarm many investors.
After a wait of almost three decades, Rio Tinto has begun advancing the giant Simandou iron ore project in Guinea. It almost walked away from the deposit in 2016, citing the risk of operating in the West African country.
Together with BHP and Anglo, Rio also backs smaller explorers in Angola, Malawi, Rwanda, Tanzania and Zambia, but the majors have avoided bigger deals.

RISING COSTS
The costs of gaining a stake are being inflated by an increased appetite for critical minerals needed for the transition to a greener economy, of which Africa's copperbelt, stretching from southern Congo and Zambia to Botswana, has an abundance.
Oil powers Saudi Arabia and United Arab Emirates are among those most able to take risk.
For Western companies, the hunt for assets is complicated by emerging challenges in jurisdictions previously seen as safer.
Copper and lithium mining projects in Latin America, for example, are threatened by factors including adverse weather conditions, a lack of water, poor ore grades and regulatory challenges that have sometimes forced existing mines to close.
Chinese miners, meanwhile, have strengthened their hold in Congo and are broadening investment throughout Africa.
Late last year, state-backed MMG agreed to spend $1.9 billion to buy Khoemacau copper mine in Botswana.
Meanwhile, Saudi Arabia "is a neutral player with a big wallet," and together with the UAE "could potentially be a source of funding for Africa," Ivanhoe CEO Marna Cloete told Reuters. China's Zijin Mining has a 39.6% stake in Ivanhoe's Kamoa-Kakula copper mine.
Ivanhoe, founded by billionaire Robert Friedland, said in

Top News - Metals

December investors interested in helping advance its Western Foreland project range from "major international corporations to sovereign wealth funds".
Saudi Arabia's mining company Ma'aden last year formed a joint venture with Ivanhoe Electric for mining projects in Saudi. It also created a fund set to source iron ore, lithium, copper and nickel abroad.
A unit of Abu Dhabi's giant International Holding Company (IHC) agreed to invest $1.1 billion in Zambia's Mopani Copper Mines in return for a 51% stake.
"It behoves us to take advantage of our natural competitive advantages to try and knit together a mineral strategy that stretches from Asia to the tip of Southern Africa," Robert Wilt, Chief Executive Officer of Ma'aden, told Reuters.

Rare earths prices seen rebounding in second half of 2024 -analysts
Rare earth prices have likely bottomed out and are poised to rise later this year on demand from electric vehicles (EVs) and wind powerand as dominant producer China is expected to pull back on expanding output quotas, analysts said.
Rare earths are a group of 17 elements used in products from lasers and military equipment to magnets found in EVs and consumer electronics. Prices surged to their highest in a decade in 2022 only to plunge last year on increased production in China and slower-than-expected demand growthcrippled by the country's patchy post-pandemic economic recovery.
The price in China of praseodymium oxide, one of the most widely used rare earth elements, fell 34% in 2023, while terbium oxide and neodymium oxide tumbled to their lowest levels since late 2020 last month, Shanghai Metals Market (SMM) data showed.
However, further downside for rare earths is likely to be limited as prices, particularly for neodymium-praseodymium (NdPr) oxide, used in permanent magnets, fell 38% last year and are near the production cost level, said SMM analyst Yang Jiawen.
NdPr oxide is likely to see an 800-metric-ton deficit globally in 2024, flipping from last year's 6,600-ton surplus, Guolian Securities wrote last month.
"We expect extra supply to be more or less cleared by end-2024, as demand catches up with supply through continually increasing electric vehicle sales and wind turbine production," said analyst Willis Thomas at CRU Group.

CHINA QUOTA
Last year, China issued a third batch of rare earth output quotas, the first time it issued a third set of quotas in a year since 2006, with the total quota for the year at a record high of 255,000 tons, up 21.4% from a year earlier.
However, China's quotas are expected to increase at a slower rate this year, at between 10% to 15%, analysts at information provider Baiinfo said in a research note.
"We do expect another increase in production quota for both mining and separation ... but not to the extent we

MARKET MONITOR as of 07:41 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$72.27 / bbl	-0.01%	0.87%
NYMEX RBOB Gasoline	$2.38 / gallon	-0.05%	12.95%
ICE Gas Oil	$822.75 / tonne	1.14%	9.59%
NYMEX Natural Gas	$2.08 / mmBtu	-0.05%	-17.34%
Spot Gold	$2,028.96 / ounce	-0.47%	-1.63%
TRPC coal API 2 / Dec, 24	$96 / tonne	-0.26%	-1.03%
Carbon ECX EUA	€63.88 / tonne	0.76%	-20.52%
Dutch gas day-ahead (Pre. close)	€28.70 / Mwh	0.53%	-9.89%
CBOT Corn	$4.52 / bushel	-0.28%	-6.56%
CBOT Wheat	$6.03 / bushel	-0.82%	-5.71%
Malaysia Palm Oil (3M)	RM3,778 / tonne	0.37%	1.53%
Index	**Close 02 Feb**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	307.45	-0.71%	2.00%
Rogers International	26.64	-1.55%	1.20%
U.S. Stocks - Dow	38,654.42	0.35%	2.56%
U.S. Dollar Index	104.08	0.16%	2.71%
U.S. Bond Index (DJ)	431.93	0.58%	0.28%

have seen last year," said analyst Ross Embleton at Wood Mackenzie.
China, which accounts for 70% of rare earths mining and 90% of refined output, according to the United States Geological Survey, has controlled its supply of the strategic resource through the quota system since 2006.

Top News - Carbon & Power

COLUMN-Asia LNG imports are robust, but record supply keeps spot prices muted: Russell

The spot price of liquefied natural gas (LNG) is continuing to meander at low levels amid ample supply from major exporters and signs that winter demand is easing in the top-importing regions of Asia and Europe.
The spot price for LNG delivered to north Asia ended at $9.60 per million British thermal units (mmBtu) in the week to Feb. 2, up slightly from the seven-month low of $9.50 the previous week.
Spot LNG prices have broken their usual seasonal pattern of rising during the northern winter and again in summer, but declining in the shoulder periods between peak demand.
The Asian spot price reached its lowest point for 2023 in early June at $9.00 per mmBtu and only managed a small rally heading into winter, peaking at $17.90 on Oct. 20, before trending weaker to its current level.
The softness in the spot price came despite strong growth in imports in Asia, with volumes hitting a record high of 26.49 million metric tons in December, according to data compiled by commodity analysts Kpler.
This exceeded the previous high of 26.15 million tons from January 2021, and the strength seen in December was largely carried over into the start of 2024, with January imports being assessed at 26.13 million tons.
December's imports were 12.6% higher than the same month in 2022, while January's were 11.8% more than the same month a year earlier.
The rise in Asia's winter imports was largely driven by China, which regained from Japan the title of the world's biggest buyer in 2023, with December arrivals at 8.14 million tons and January's at 7.78 million, gains of 12.1% and 28.2% respectively.
India, Asia's fourth-largest LNG buyer, also saw robust year-on-year gains, with December imports of 1.86 million tons being 41% up on the same month in 2022, while January's 2.26 million was 98% higher, and was the strongest month since October 2020.
The strength in Asian LNG demand was enough to offset slightly weaker imports in Europe.
LNG imports by Europe were 11.2 million tons in January, which was down 8.2% from the same month in 2022, while December arrivals were 11.75 million, some 12% weaker than the same month a year earlier.
However, it's worth noting that December 2022 was the highest month on record for Europe's LNG imports, while January 2023 was the third-strongest.
Furthermore, the volumes for December 2023 and January 2024 are the fourth- and sixth-highest in Kpler data going back to 2009, so it would be difficult to characterise Europe's imports over the current winter as weak, even if they are down from the previous winter.
Europe's LNG imports shifted structurally higher in the wake of Russia's February 2022 invasion of Ukraine, which led to sharply lower pipeline natural gas imports from Russia and a determination on the part of Western European countries to end dependence on Moscow for energy.
SUPPLY RECORDS
With demand in Asia strong and that in Europe relatively solid, the spot price of LNG is being kept low by robust supply, especially from top exporters the United States and Australia.
U.S. LNG exports hit a record high of 8.55 million tons in December, which helped the country claim the mantle of the world's biggest shipper of the super-chilled fuel for 2023.
U.S. shipments eased to 8.07 million tons in January, but this was still the second-highest on record and 19.7% higher than in the same month in 2023.
Australia's exports also hit a record high in December, being assessed at 7.22 million tons by Kpler, eclipsing the previous high of 7.18 million from March last year.
January shipments were 7.08 million tons, up 2.3% from the same month last year.
Qatar, the world's third-biggest LNG exporter, saw record shipments in January of 7.58 million tons, beating the previous high of 7.47 million from January 2018.
With LNG demand likely to ease in coming months as the northern winter ends, it's likely that spot prices will struggle to rally, especially if export volumes hold up from the major producers.
The opinions expressed here are those of the author, a columnist for Reuters.

ANALYSIS -US LNG export pause leaves EU, industry at odds over energy security

Europe will have enough gas supply for the next 10 years and thereafter despite a move by the U.S. administration to pause approvals on new liquefied natural gas (LNG) plants, EU energy officials and analysts said, dismissing industry's warnings.
Gas companies - and lobby groups who learned of the move ahead of the decision and unsuccessfully opposed it according to documents seen by Reuters - warned it would compromise global energy security and efforts to reduce carbon dioxide emissions.
The U.S. has become the biggest exporter of LNG to Europe, as EU countries have raced to replace Russian fuel following Moscow's invasion of Ukraine in 2022. Over 60% of U.S. LNG exports went to Europe in the last two years.
U.S. President Joe Biden last week paused approvals for applications to export from new LNG projects to review the climate change and economic impact of such projects.
A European Commission spokesperson told Reuters the U.S. decision "will not have any short-to-medium term impacts" on the EU's security of gas supply.
Europe has survived two winters without Russian pipeline gas, helped by lower heating demand due to mild weather and as high energy prices forced some industries to shut.

Even with new projects paused, the U.S. is set to expand its LNG capacity.
"There's a number of U.S. projects that are already under construction or that already have approval," said Jacob Mandel, Senior Associate at Aurora Energy Research.
U.S. LNG capacity will almost double to about 24.5 billion cubic feet per day (bcfd) by the end of 2028 if all of the approved projects are built. Longer term, the European Union's gas consumption is expected to fall as the bloc shifts away from fossil fuels to meet climate change goals, so the region may not need the additional U.S. LNG - although strong demand growth elsewhere in the world means that LNG is likely to find a market.
"The EU will become a declining gas consuming region, the signals are downward," said Anne-Sophie Corbeau, a researcher at Columbia University's Center on Global Energy Policy.
"Between growing biomethane, Norwegian gas, some African gas, Azeri gas and declining production, we might just see eventually a progressive decline of our LNG demand, especially post 2030, and this is precisely for that period that the Biden decision would matter," she said.

A 'WORRYING' SIGNAL
Germany's gas importers SEFE and Uniper, Japan's top LNG buyer JERA and lobby groups have warned that the U.S. decision might compromise energy security worldwide.
SEFE and JERA plan to buy gas from Venture Global LNG's Calcasieu Pass 2 plant, one of the projects affected by the pause.
"The planned review could have negative consequences for Germany's and Europe's energy security in the future, for example in the form of price increases due to volume shortages on the market," said Germany's largest gas trader, Uniper.
U.S. energy firms in regions like the Permian might have to burn excess natural gas when producing oil if they have no outlet to sell it, thus adding to global warming, said a senior source at a major U.S. energy company.
"The decision ... could affect the trajectory and pace of the sector's growth and have potential to tighten the market in the long run," said Giles Farrer, head of gas and LNG asset research at Wood Mackenzie.
The International Gas Union, which has over 150 members, said the U.S. decision "is highly worrying... (and) will harm global energy security and emission reduction".
U.S. industry group LNG Allies urged Washington to allow the market to decide which new LNG projects should be built.
"Most energy outlooks expect global growth in LNG demand to continue well into the 2030s. If U.S. supply doesn't rise to meet that demand, will countries needing natural gas turn back to Russia? Or to coal?" a memorandum from LNG Allies said.

Top News - Dry Freight

Turkey to discuss 'new mechanism' for Ukraine Black Sea grain exports with Russia - minister
Turkish President Tayyip Erdogan will discuss a new mechanism to allow Ukrainian grain exports through the Black Sea with his Russian counterpart Vladimir Putin during his upcoming visit to Turkey, Foreign Minister Hakan Fidan said on Sunday.
Putin is expected to visit Turkey on Feb. 12 to meet Erdogan, a Turkish official previously said, in what will be the Russian leader's first trip to a NATO ally since Moscow's invasion of Ukraine in February 2022.
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Fidan said some ships had managed to transport Ukrainian grain from the Black Sea, even without the accord in place. "We want to make clear this de-facto (situation) with the new mechanism," he said.

Ukraine's agri exports via alternative Black Sea corridor at 14.3 mln T
Ukraine exported 14.3 million metric tons of agricultural products via its alternative Black Sea corridor in the last six months, Deputy Prime Minister Oleksander Kubrakov said on Saturday.
Kubrakov said more than 660 ships had exported more than 20 million metric tonnes of cargo of all types to 32 countries since the corridor was set up in August 2023, after Russia quit a U.N.-backed Black Sea grain initiative.
"Ports of greater Odesa are increasing their cargo shipments," Kubrakov said on the Telegram messaging app. "In January, 6.3 million tons were exported, which almost equals levels before the war."
Setting up the alternative corridor has been a major boost for Ukraine, a leading global food product producer and exporter. The Ukrainian economy is export-led but its exports were disrupted and remained weak since Russia's invasion in February 2022.
Kubrakov said a further 104 ships were preparing to carry more than 3 million tonnes of cargo, but gave no details of the type of products they would carry.

Picture of the Day

Residents walk on cracked ground next to the village of San Roman de Sau, at Sau reservoir which was partially submerged, though it later re-emerged, as the Iberian peninsula is at its driest in 1,200 years Spain, January 31, 2024. REUTERS/Nacho Doce

(Inside Commodities is compiled by Kishan Nair in Bengaluru)

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