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Top News - Oil

Saudi Arabia keeps Arab Light crude price to Asia unchanged in surprise move

Top oil exporter Saudi Arabia unexpectedly kept March price of its flagship Arab Light crude to Asia unchanged at a more than two-year low, an Aramco statement showed on Tuesday, as the OPEC leader strives to maintain its market share.
Saudi Aramco set the official selling price (OSP) for March -loading Arab Light to Asia at $1.50 a barrel over the Oman/Dubai average, same level as the previous month.
The state oil giant made its biggest cut on the OSP in 13 months for February cargoes to a 27-month low amid competition from rival suppliers.
The March price was lower than the market expectations that forecasted Saudi to raise the OSP by about 55 cents following the improved market structure and supply disruption concerns amid escalating Middle East conflicts.
"(The stable price) is most likely came as Saudi Arabia is keen to secure its market share," a trading analyst with a North Asian refiner said.
"Saudi's crude allocations to China have dropped heavily in recent months."
Chinese refiners asked for low supplies for January- and February-loading Saudi crude due to high prices.
While also keeping March Arab Heavy crude price unchanged, Saudi Aramco marginally cut Arab Extra Light and Arab Medium prices to Asia, according to the statement. For other regions, Saudi Aramco did not adjust its March OSPs to northwest Europe, but lowered Arab Light price to the United States by $0.30 a barrel.

Exxon shareholder proposal withdrawal may end lawsuit: judge

Exxon Mobil told a federal judge on Monday that the lawsuit it filed against two shareholder activists should continue even after the groups withdrew a climate resolution, as the largest U.S. energy company tried to keep the suit going despite a skeptical comment from the court.
Exxon's filing came in response to an order issued on Friday in which U.S. District Judge Mark Pittman told Exxon to file a status update "on or before" Monday as to what claims or issues remain before the court.
"As it stands now, the Court struggles to see what the ongoing case or controversy is in this matter given the only relief sought from the Court was a declaration that Exxon may exclude Defendants proposal from its annual shareholder meeting," Pittman wrote.
Exxon filed the lawsuit in January against Arjuna Capital of Massachusetts and Follow This, an Amsterdam-based climate activist group, aiming to block their shareholder proposal.
Exxon's suit had sidestepped the usual process whereby companies ask U.S. regulators for permission to skip votes, raising concerns the move would silence investors' voices.
On Friday the groups said they had withdrawn the resolution, but Exxon said the litigation would continue because there were "still important issues for the court to resolve." Its complaint questioned the motivations of the investors and noted a rising number of resolutions being filed.
In its filing, Exxon repeated accusations that the activists hope to constrain its business rather than increase shareholder value, and that they seek to "micromanage" company business. Without a ruling in its favor, Exxon wrote, the groups or others could file a similar proposal in future years.
"There is no good reason to believe they will stop," Exxon said, adding that the U.S. Securities and Exchange Commission "permits this type of conduct under its current application of the rules."
Now that the proposal has been withdrawn, the two shareholders have a strong argument that Exxon's claims are moot, said Eric Talley, a Columbia University corporate law professor.
The U.S. Constitution gives federal courts authority to decide "cases and controversies." Where there is no controversy to address, courts typically dismiss the case.
Talley said that the case now looks like an attempt to garner a ruling to wield against other similar proposals.
"I can imagine a law firm that represents a lot of these companies that get shareholder proposals wouldn't mind having a holding on the books saying this is excludable," he said.

Top News - Agriculture

Brazil second corn planting at fastest pace since records began in 2013 AgRural

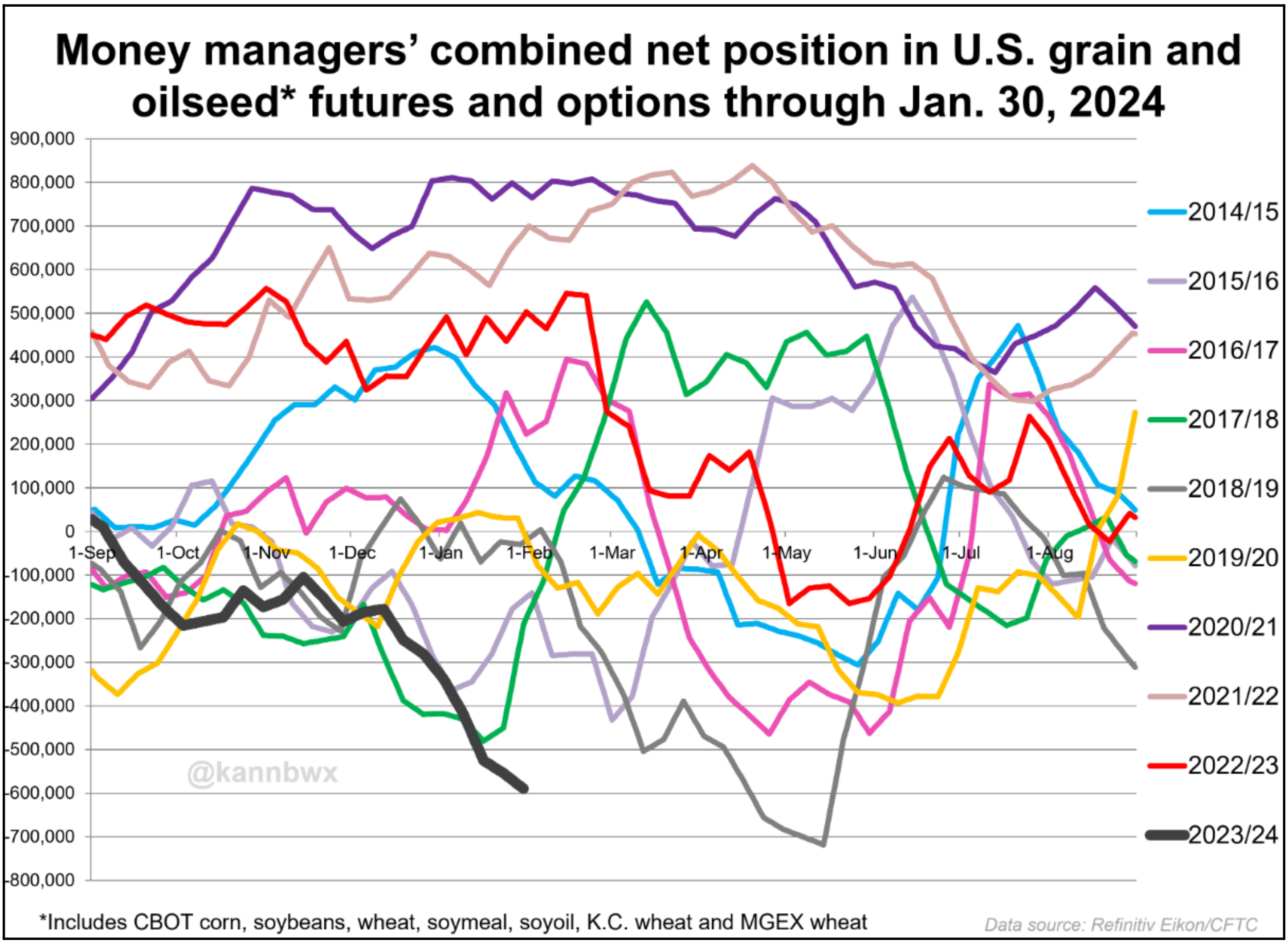
Brazilian farmers have sown 27% of the area expected to be planted with second corn in the center-south, marking the fastest pace for second corn planting since records began in 2013, agribusiness consultancy AgRural said on Monday. Sowing of Brazil's second corn, which represents about 75% of the national output in a given year, is up 11% from the previous week, according to AgRural data.
Second corn is planted after soybeans are harvested in

the same fields. Because Brazil's soybean harvest was delayed in some areas due to weather problems, planting second corn fast is crucial as farmers try to avoid sowing it outside the ideal climate window, which usually closes in late February. Farmers can extend planting to mid-March, though that would represent higher climate risk.
"The sooner the better," said Adriano Gomes, an AgRural analyst, referring to the sowing of corn. He said that as the winter sets in, rains diminish in the center west, raising the prospect of vital showers ending at a decisive stage for second corn's development.
Brazil is the world's largest soybean producer and exporter, as well as a leading corn exporter. Brazil had harvested 16% of the 2023/24 soybean crop as of Thursday, AgRural said, up 5 percentage points from the previous week.

Brazil farmer selling lags as soy sinks in Chicago - Safras

The sale of Brazil's new soybean crop was estimated at 31.9% of the production projected for the country, 12.6 percentage points below the historical average, according to consultancy Safras & Mercado on Monday.
Safras blamed slow Brazilian farmer selling on growers hoping for a market rebound. "A drop in prices completely halted negotiations," said Safras soybean analyst Luiz Fernando Roque. "Growers have been hoarding soy as they awaited better prices that ended up not coming."
Soybean futures on the Chicago Board of Trade touched a December 2020 low on Monday, reaching $11.96 per bushel. The fall occurred despite adverse weather conditions in Brazil in the beginning of the season, which spoiled part of the crop here, especially in top farm state Mato Grosso. Brazil is the world's biggest soybean producer and exporter.
While the climate has challenged farmers in Brazil, the value of benchmark soy contracts reflect the good prospects for Argentina's soy harvest. According to forecasts, Argentina's production could double in size compared to the previous season, when the crop was hit by a severe drought. Despite delayed soy sales compared to the historical average, the pace of farmer selling is slightly ahead of that seen at this same time last

Chart of the Day



year, when 30.5% of the crop had been sold, Safras said. Safra predicts production of 151.3 million metric tons of soybeans in the 2023/24 cycle, with the volume already sold estimated at 48.2 million tons. According to Roque, farmer selling tends to advance as Brazil's supply increases with the development of the harvest, even if prices do not improve.

Brazil had harvested 16% of the 2023/24 soybean crop as of last Thursday, agribusiness consultancy AgRural said, up 5 percentage points from the previous week. "The farmer who is undercapitalized will have to sell in the coming months to raise cash," Roque said. "So ... even at a lower price in February, [or] from March onwards, the pace of business will improve a little."

Top News - Metals

Anglo American considers deeper cost cuts in face of worst downturn in years

Anglo American may consider deeper cost-cutting measures unless market conditions improve after a fall in prices and a downturn in the platinum group metals (PGMs) sector that is the worst in 35 years, CEO Duncan Wanblad said on Monday. The diversified miner announced sweeping cuts last year to save about $1.8 billion.

Speaking on the sidelines of the African Mining Indaba in Cape Town, Wanblad told Reuters in an interview he did not see signs of any early PGM recovery, although diamond prices showed faint signs of strengthening. "To the extent that market conditions continue, we will have to cut deeper and we will just knuckle down and get it done," Wanblad said. "I absolutely understand how difficult this is."

A drop in palladium and rhodium prices has squeezed profits for Anglo's South African units. At its iron ore unit in South Africa, a lack of sufficient rail capacity to ship material to port has also weighed. South African platinum miners have depended on automakers' use of PGMs to curb exhaust emissions from conventional cars and trucks and face uncertain demand as the world pivots towards electric vehicles.

The country's Mineral Council said on Monday restructuring across the PGM sector could result in between 4,000 and 7,000 job cuts. Wanblad declined to say how many jobs Anglo American plans to cut at its South African mines, but said it was "very probable" jobs would be affected. The miner is also scouting for new copper opportunities in African countries, including the Democratic Republic of Congo, the CEO said.

Anglo is searching for assets that comply with investors' environmental, social and governance (ESG) considerations, Wanblad said, while declining to say whether the company is currently in any talks.

DRC, the world's top cobalt supplier, and No. 3 copper producer, has "some fabulous rocks", the CEO said. "We certainly have looked in the DRC and we will continue to look in the DRC," Wanblad said. "There's some great prospects there potentially. But ... it has to work in the first instance, economically and in the second instance, ethically."

US DFC boosts Congo funding, bids to de-risk world's top cobalt supplier

The US International Development Finance Corporation (DFC) said it was scaling up financing and guarantees for mining projects in Democratic Republic of Congo, to help de-risk and unlock private sector investment in the world's top cobalt producer.

The DFC could more than double its investment in the mining sector in African countries, including DRC, to about $1.4 billion from $750 million invested in 2023 in a major drive to secure future supplies of critical metals, Nisha Biswal, the deputy CEO, told Reuters. While some of the financing is targeted for mining projects, the DFC is also allocating money to infrastructure such as roads and power supply to limit investment hurdles that are holding back private sector investment, she said.

"We are leaning in on our own financing, not only in the mineral sector but writ large in places like DRC with the hopes of being able to de-risk and bring in private, you know more private capital," Biswal said on the sidelines of the African Mining Indaba event.

Chinese-state backed mining companies have tightened their hold on minerals including copper, cobalt and lithium in Congo and the rest of Africa to guarantee future supplies. US financing could help widen the pool of investors and introduce competition, said Biswal, adding that the US send its biggest delegation ever to this year's African mining conference. "As long as we using competition to create a race to the top and not a race to the bottom, I think that's a good thing," she said.

The DFC is building a pipeline of projects it plans to invest in, some of which are undergoing screening and due diligence. "We have a very healthy pipeline that we've built up in critical minerals and you're going to start to see those investments announced as soon as they go through that process," Biswal said.

The US government is also backing the Lobito rail corridor project that seeks to help ease shipments from the central African copperbelt to Angola's coast on the Atlantic. The spending will continue even as prices for some commodities such as cobalt have come off because the future fundamentals are still strong, Biswal said. "Do I wish we had gotten in the game earlier? Of course," Biswal said. "But... DFC came online four and half years ago and I think we've come in really strong. We've scaled up really fast."

Top News - Carbon & Power

Germany outlines $17 bln plan to subsidise gas-to-hydrogen shift

Germany's government has agreed plans to subsidise gas power plants that can switch to hydrogen, the economy ministry said on Monday, with a price tag of $17 billion in subsidies as part of efforts to supplement intermittent renewable energy and speed up the transition to low carbon generation.

The announcement follows pressure from the industry, impatient for detail after the government had promised the strategy last year as Germany counts on hydrogen to help the country move away from gas and coal. The tender process for the four gas plants with total capacity of up to 10 gigawatts (GW) would take place soon, the ministry said, without specifying when.

The state support for companies to build and operate the future hydrogen-ready gas power plants will total around 16 billion euros ($17 billion), including capital and operating subsidies, two coalition sources told Reuters on Monday. The ministry said hydrogen transition plans should be drawn up by 2032 to enable the plants to be fully switched to hydrogen between 2035 and 2040.

EnBW board member Georg Stamatelopoulos said that while the agreement was an important step, the 10 GW goal was too low to ensure an accelerated exit from coal-fired power by 2030, a swift tender process was key given such projects take 6-8 years.

RWE said it planned to take part in the tenders. The government will also subsidise power plants running exclusively on hydrogen with a capacity of up to 500 megawatts for energy research purposes, the ministry said, without providing financial details.

In addition, Berlin said on Monday a new design for the electricity market would introduce a market-based capacity mechanism, to be agreed around the middle of this year to be operational by 2028.

It would reflect increased renewables in Germany's energy mix, following criticism from environmental campaigners that capacity mechanisms to pay utilities to ensure baseload capacity when intermittent solar and wind power fall short have been used to subsidise fossil fuel production.

DETAILS STILL TO COME

Germany's Deutsche Umwelthilfe environmental group said the agreement, including the financing and tender design remained vague and may lead to gas power plants being built that do not get converted to hydrogen.

It said the agreement considers deploying expensive or uncertain technologies that are still in development, such as nuclear fusion and carbon capture, instead of relying on existing solutions.

Utilities association BDEW said the agreement must be followed promptly by a concrete legislative proposal so the first call for tenders takes place this year.

MARKET MONITOR as of 07:30 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$72.92 / bbl	0.19%	1.77%
NYMEX RBOB Gasoline	$2.44 / gallon	0.31%	15.65%
ICE Gas Oil	$835.25 / tonne	2.11%	11.26%
NYMEX Natural Gas	$2.08 / mmBtu	-0.14%	-17.30%
Spot Gold	$2,026.90 / ounce	0.11%	-1.73%
TRPC coal API 2 / Dec, 24	$96 / tonne	-0.26%	-1.03%
Carbon ECX EUA	€62.54 / tonne	-0.21%	-22.18%
Dutch gas day-ahead (Pre. close)	€27.80 / Mwh	-3.14%	-12.72%
CBOT Corn	$4.55 / bushel	0.28%	-6.10%
CBOT Wheat	$6.01 / bushel	0.25%	-6.10%
Malaysia Palm Oil (3M)	RM3,826 / tonne	0.63%	2.82%
Index	**Close 05 Feb**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	308.10	0.21%	2.22%
Rogers International	26.71	0.24%	1.44%
U.S. Stocks - Dow	38,380.12	-0.71%	1.83%
U.S. Dollar Index	104.25	-0.19%	2.88%
U.S. Bond Index (DJ)	427.16	-1.88%	-0.83%

Utility Uniper said it expects to build some of the new capacity: "As soon as we have been able to examine the details, we will decide whether and with which investments we will participate," Chief Executive Michael Lewis said in a statement.
Germany last year agreed with the European Commission to tender 8.8 GW of new hydrogen plants, and up to another 15 GW that will run initially on natural gas before being connected to the hydrogen grid by 2035 at the latest, but Berlin and Brussels have disagreed on how the gas plants would be subsidised.
The German government will discuss whether further gas capacity is needed beyond the 10 gigawatts planned, a spokesperson for the economy ministry said on Monday.
Chancellor Olaf Scholz, Economy Minister Robert Habeck and Finance Minister Christian Lindner also agreed to remove obstacles to the construction and operation of electrolysers, which can use renewable energy to separate hydrogen from water, the ministry said.
Germany's power plant strategy was supposed to be ready last year, but a constitutional court ruling that vetoed 60 billion euros ($64.5 billion) of debt earmarked for climate projects forced the government to rethink its budget.
The planned plants will be crucial for Berlin to convince the eastern producers of brown coal, the most polluting kind, to phase out coal-fired stations earlier than the official date of 2038 and help Germany to reach its greenhouse emissions targets faster.

US says allies 'reassured' LNG pause does not affect current exports

U.S. allies concerned about steady supplies of liquefied natural gas (LNG) are reassured when they understand President Joe Biden's pause on LNG export approvals does not affect currently permitted shipments, a U.S. State Department official said on Monday.
"I've found that our allies who raise these issues with me, tend to be quickly reassured when you explain to them what this is, which is a pause," not a reversal, Geoffrey Pyatt, an assistant secretary for energy resources, told reporters in a call. "This policy will have no impact on currently permitted LNG exports."
Biden said the pause would give time for the Department of Energy to take a "hard look" at the environmental and economic impacts of the booming industry. The pause could stop approvals for exports from LNG projects until after the Nov. 5 election.
More than 150 lawmakers in the Republican-controlled U.S. House of Representatives wrote to Biden on Sunday urging him to end the review and approve all pending applications. "Policies supporting LNG exports will grow our economy, create good paying jobs, and strengthen the energy security of our allies," they said in a letter.
The U.S. is the world's top LNG exporter and Pyatt said the shipments would roughly double by the end of the decade as already approved projects ramp up. "When you lay all of this out, it's pretty clear that there is no reason for concern among our allies, whether they be in Asia like Japan, or in Europe," Pyatt said.
Germany's gas importers SEFE and Uniper, Japan's top LNG buyer JERA and lobby groups say 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.
Europe will have enough gas supply for the next 10 years and beyond despite the U.S. pause, EU energy officials and analysts said, dismissing industry's warnings.

Top News - Dry Freight

China's export of aluminium covered by EU carbon tax down 30% in 2023

The volume of aluminium product exported by China to the European Union which was covered by the bloc's carbon border tariff fell 30% in 2023, the China Nonferrous Metals Industry Association (CNIA) said on Monday.
The EU launched the first phase of the Carbon Border Adjustment Mechanism (CBAM) in October, as it tries to stop more polluting foreign products from undermining its green transition.
While the bloc will not begin collecting any CO2 emission charges at the border until 2026, EU importers have to report the greenhouse gas emissions embedded during the production of the targeted imported products, including energy-intensive steel, cement and aluminium.
China is the world's top producer and exporter of aluminium, a light metal widely used in cars, packaging and construction.
Aluminium products under the CBAM target from China to the EU totalled 689,000 metric tons last year, down 30% compared to 2022.
The main types were aluminium structures, aluminium plate, sheet and strip, according to a report published the aluminium branch under CNIA, citing customs data. The volume accounted for 9% of China's total exports of those products, it said.
Total trade value for those products declined 26% to 22.76 billion yuan ($3.16 billion), the report added.
Top destinations in the EU for Chinese shipments were Germany, France and Italy.

Iran's SLAL tenders for 120,000 T barley and 120,000 T soymeal

Iranian state-owned animal feed importer SLAL has issued international tenders to purchase at least 120,000 metric tons of animal feed barley and 120,000 tons of soymeal, European traders said on Monday.
The deadline for submission of price offers is

Wednesday, Feb. 7, they said.
The soymeal can be sourced from Brazil or Argentina only. The barley can be sourced from the European Union, Russia, Kazakhstan, Ukraine or elsewhere in the Black Sea region.
Both tenders seek shipment in March and April. SLAL told traders it could buy more than the nominal tender volumes. Payment problems for Iranian business because of Western sanctions had made participation in recent tenders from Iran difficult, traders said.
Food is exempt from Western sanctions on Iran over its nuclear programme, but sanctions have hit Iran's financial system, creating complex and erratic payment arrangements.
Traders said Iran was offering payment in both tenders via banks in Turkey and Iraq.
In previous tenders reported on Jan. 31, SLAL is believed to have purchased about 200,000 metric tons of soymeal expected to be sourced from Argentina and Brazil but no barley purchase was reported by traders.

Picture of the Day

A motorcyclist arrives at a fuel station shrouded in fog on a winter morning on the outskirts of Lahore, Pakistan, February 5, 2024. REUTERS/Thomas Suen

(Inside Commodities is compiled by Kishan Nair in Bengaluru)

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