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Top News - Oil

Saudi Aramco steeply raises Arab Light official prices for Asia

Saudi Aramco, the world's leading oil exporter, sharply increased crude prices for March shipments to buyers in Asia amid rising demand from China and India as U.S. sanctions disrupt Russian supply.

Aramco raised the official selling price for flagship Arab Light crude by $2.40 to $3.90 per barrel above the Oman/Dubai benchmark average, Saudi Aramco said in a statement on Wednesday.

The oil exporter steeply increased crude prices for March shipments across all other regions as well.

Aramco raised March prices for buyers in northwest Europe and the Mediterranean by $3.20 a barrel for all crude grades, and raised the OSPs for grades it sells to the United States by 10-30 cents a barrel.

The hike in Arab Light price for Asia was broadly in line with expectations with the $2-$2.50 increase forecast in a Reuters survey of three of four Asian refining sources.

On January 10, the administration of former U.S. President Joe Biden imposed fresh sanctions on Russian producers, tankers and insurers, further tightening global oil supply from the world's second-largest producer and limiting vessel availability.

In response, Chinese and Indian refiners scrambled to secure alternative cargoes, driving spot premiums for Oman and Dubai crude to their highest levels since November 2022.

OPEC+, which accounts for nearly half of global oil production, decided in early December to delay the start of planned output increases by three months, pushing them to April.

The group also extended the full unwinding of its production cuts by a year, now set to conclude at the end of 2026.

OPEC oil output falls for second month in January on Nigeria, Iran, survey finds

OPEC oil output fell in January for a second month, a Reuters survey found, as a drop in exports from Nigeria and Iran offset a rebound from the United Arab Emirates where field maintenance had curbed output in December.

The Organization of the Petroleum Exporting Countries pumped 26.53 million barrels per day last month, down 50,000 bpd from December's revised total, the survey showed on Wednesday, with Nigeria and Iran posting the largest drops.

The modest decline in output came as the wider OPEC+ group is keeping production cuts in place until the end of March due to global demand concerns and rising output outside the group. OPEC+ on Monday decided to stick with its plan to start raising output in April.

Nigerian production slipped by 60,000 bpd, the survey found, reflecting lower exports, although domestic usage is increasing as the Dangote refinery ramps up.

Iran's output, which hit the highest since 2018 last year despite U.S. sanctions, also fell by 60,000 bpd, the survey found. It may soon be curbed by tighter sanctions from the administration of U.S. President Donald Trump, Goldman Sachs and other analysts have forecast.

Output in OPEC's top two producers, Saudi Arabia and Iraq, edged lower, the survey found.

OPEC's biggest rise, of 90,000 bpd, came from the UAE, the survey found. A source said partial field maintenance continued in January, having started in December.

While the survey indicates the UAE and Iraq are pumping below their targets and December data provided by OPEC's secondary sources puts them not far above, other estimates such as those of the International Energy Agency suggest they are pumping significantly more.

Libya's output rose by 40,000 bpd, continuing a recovery after the resolution of a dispute over control of the central bank that had led to production cuts.

The country is exempt from OPEC+ agreements to limit output.

The Reuters survey aims to track supply to the market and is based on flows data from financial group LSEG, information from other companies that track flows such as Kpler, and information provided by sources at oil companies, OPEC and consultants.

Top News - Agriculture

EXCLUSIVE-US food purchases for foreign aid halted despite waiver, sources say

The U.S. has stopped purchases for foreign food aid programs since the Trump administration began a sweeping review of federal aid spending, despite a waiver issued nearly two weeks ago for food assistance, according to nine sources.

The freeze in purchases of wheat, soybeans and other commodities produced by U.S. farmers could hinder or halt the operations of organizations that provide millions of tons of food each year to help alleviate poverty in countries such as Madagascar, Tanzania and Honduras, the sources said.

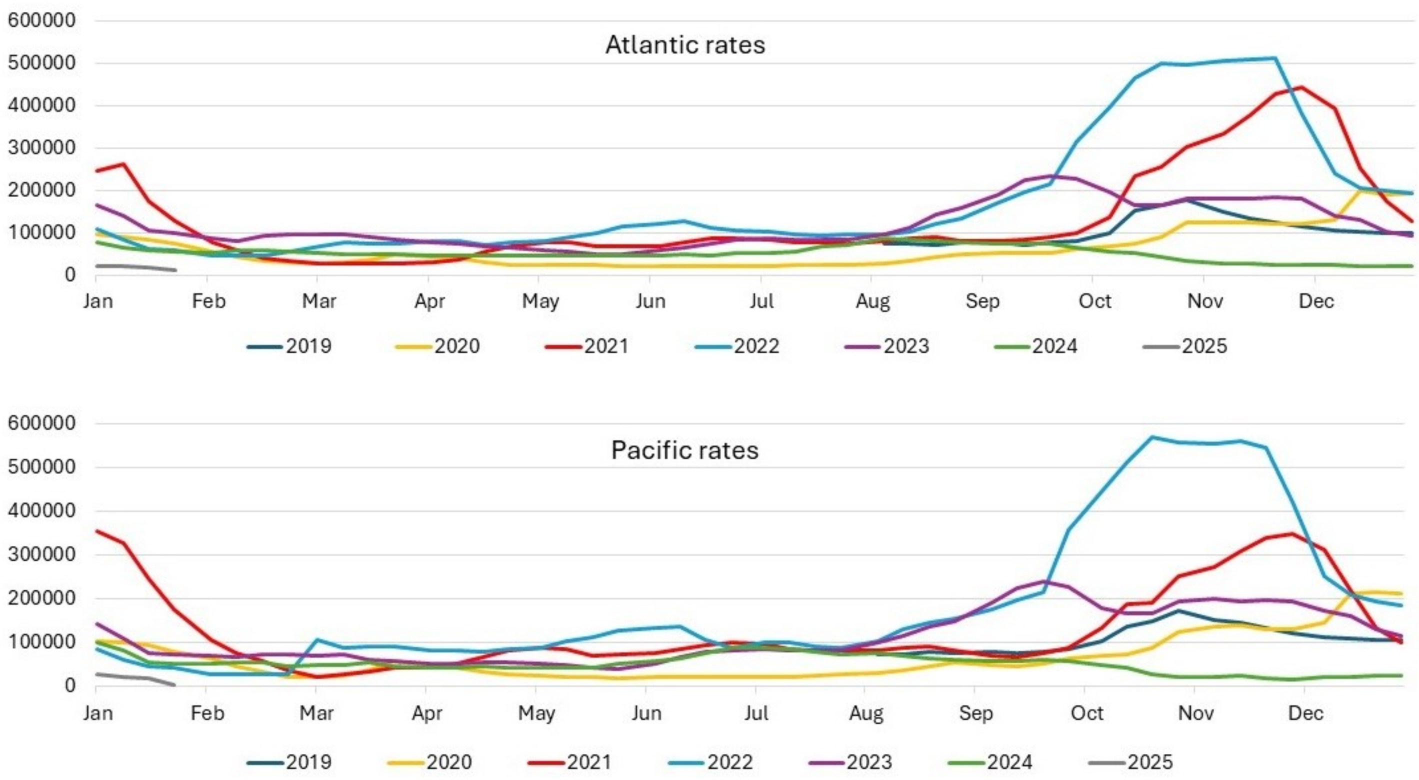
It also means added pain for U.S. farmers, already facing low commodity prices and uncertainty from potential tariffs in an emerging trade war, and who see foreign aid

programs as opportunities to promote their farm products abroad, four of the sources said.
The sources requested anonymity for fear of retribution.
"Down the road it could definitely lead to more vulnerable populations not being able to access food," said Virginia Houston, director of government affairs for the American Soybean Association. "It also hurts our supply chains," she said.
Commodity purchases and shipments for the Food for Progress, Food for Peace, and McGovern-Dole Food for Education programs were frozen after Trump signed a Jan. 20 executive order - shortly after his inauguration - pausing U.S. foreign aid for 90 days, two sources told Reuters.
It was unclear why the food purchases remained halted into February, however, after Secretary of State Marco Rubio on Jan. 24 issued a waiver to the aid freeze for food assistance. That waiver applies to "core life-saving medicine, medical services, food, shelter, and subsistence assistance".
"This one just kind of got thrown out with the bathwater," said one source who works to implement U.S. government food aid contracts.
The U.S. Department of Agriculture and State Department did not respond to requests for comment.
The USDA administers Food for Progress and Food for Education, while USAID, a State Department agency that has been functionally shuttered by the Trump administration, administers Food for Peace.
In 2024, USDA purchased more than a million metric tons of U.S. crops, including soybeans, rice, and wheat, for a total of more than $510 million across the three programs, according to agency data.
Planned grain sales for Food for Progress alone in January and February totaled about 315,000 metric tons, worth $150 million, said one source familiar with the program contracts.
Food for Peace, meanwhile, provided nearly 4 billion pounds of American-grown food to 58 million people globally in 2022, according to the U.N. World Food Programme, which counts the U.S. as its largest single donor.
Seven sources said the USDA has not issued any communication about the pause in purchases.
One organization that received an award from Food for Progress in 2024 told Reuters it expected a $1.5 million installment of their grant this week but has not heard anything from the agency.

"COULD BE DEVASTATING"
About 60,000 metric tons of soy products worth $23 million, bought under the Food for Progress program, cannot be delivered, American Soybean Association's Houston said.

Chart of the Day

LNG freight rates in the Atlantic and Pacific basins fall to fresh multi-year lows
Prices from Spark Commodities assessed for 174-2stroke vessel (USD/day)



Grants to purchase 235,000 metric tons of U.S. wheat under Food for Progress have also been paused, said Dalton Henry, vice president of policy for U.S. Wheat Associates, a trade group that promotes exports.
"We hope to see that pause lifted," Henry said. "It is an important program that uses U.S.-grown wheat to support development projects and, in the process, gives us a chance to showcase the quality and value of U.S. wheat in local markets."
Purchases of U.S. wheat for aid programs have recently ranged from about 250,000 metric tons up to about 1 million metric tons per year, the group said.
Other deals for 25,000 metric tons of rice and 20,000 metric tons of soybean meal are "circling the drain" due to the freeze, according to the source that works to implement aid contracts. Those deals were in the works before Trump was inaugurated.
For farmers, the loss of sales to food aid programs could be devastating, said Gordon Stoner, a retired farmer in Montana who sold peas for food aid in 2021.
"They're a large buyer and suddenly if this U.S. aid program remains suspended, or terminated, or whatever the administration is doing, that market goes away for us," Stoner said.

Brazil roasters fret over fake coffee as prices soar
The Brazilian coffee industry is worried that sky-high coffee prices are leading some companies to expand offerings of what it calls fake coffee in the local market, as they seek to attract consumers who are feeling the pinch.
Brazil's coffee roasters association, ABIC, recently identified in groceries powdered products marketed as coffee, but that are mostly not made with the bean.
"It is a clear attempt to fool consumers," said Celirio Inacio da Silva, ABIC's executive director, adding that those powders could contain coffee waste such as peels or leaves, other vegetable pulp and artificial coffee flavoring.
Coffee prices in Brazil - the world's largest producer of the beans and the second-largest drinker of the beverage after the United States - have risen more than 50% in the last three months. Global prices hit all-time highs due to limited supplies following weather woes in producing countries.
ABIC said it has reached out to Brazilian health agencies and the Agriculture Ministry asking if such products are being sold legally.
One such product is called Oficial do Brasil, it said. Its package is similar to roast and ground brands sold locally, displaying a picture of a hot cup of coffee.
The description on the package reads, "traditional coffee flavor beverage." In smaller letters lower down, it says "artificial coffee flavor."
"We never said it was coffee," said Master Blends, the company that produces Oficial do Brasil, in a statement.
"We created a product to meet the demand of a class of consumers that is suffering from high prices," the company said, adding that the product is government-approved.
Anvisa, the Brazilian food and drug regulator, did not immediately respond to a request for comment regarding the product's approval status.
Such products currently sell in Brazil for around one-third of the price of regular coffee.

Top News - Metals

Financial industry groups raise concern on LME's OTC trade plans, sources say
Two financial industry groups have raised concerns with the London Metal Exchange (LME) about its plans to require private deals between members and clients to be carried out on its own platform, five sources with knowledge of the matter said.
The LME wants its members to transact so-called over-the-counter (OTC) trades of up to 10 lots, equivalent to 250 metric tons of copper for example, on its Select trading system. It also wants them to hedge such trades on Select.
This contrasts with COMEX, which is part of U.S.-based CME Group and offers copper, aluminium and other metal contracts. COMEX does not require its members to carry out OTC trades on its systems.
The Futures Industry Association (FIA) and the Association for Financial Markets in Europe (AFME) sent a joint letter to the LME laying out members' concerns in December.
This unusual step followed a meeting with LME members, who would normally raise objections and concerns via working groups.
LME brokers typically complain about revenue raising moves such as trading and clearing fee hikes and costs of other requirements such as reporting OTC trades.
"We recognise the LME's ongoing efforts to enhance transparency and market structure and are engaging constructively with them on relevant proposals," AFME and FIA said in response to a request for comment.
Three of the sources said LME members had also raised the issue with Britain's Financial Conduct Authority (FCA).
The watchdog declined to comment on this or whether it had been consulted about the LME's plans.
The LME said its aim is to increase transparency and liquidity and it welcomed feedback "from all LME stakeholders" on a market structure modernisation plan announced in September.
"We are confident that the planned measures will lead to better outcomes for the market as a whole," the LME said in response to a request for comment
"We expect the changes will require some of our members to adapt their business models ... full details of the measures will be put forward and formally consulted

on in the first half of 2025," the 148-year old exchange added.

Initially the LME published a white paper on its proposals. At that time it had planned only to consult on changes to its Rulebook needed to implement the proposals.

Industry sources say members want the LME to drop its plans requiring its members to transact OTC orders for its most liquid three-month and monthly contracts of up to 10 lots on Select from the second half of 2025.

LME members also want to know how the 10 lot number was determined. They are worried it will not stop there and that the exchange will keep raising the limit to draw in more OTC trades.

A proposal that OTC contracts amounting to less than 10 lots using LME prices must be hedged on its own electronic system has led some to suggest that the LME is trying to ban brokers and banks from netting their buy and sell orders internally and stop them from hedging on other exchanges, such as COMEX.

Chinese firms control around 75% of Indonesian nickel capacity, report finds

Chinese firms control about 75% of Indonesia's nickel refining capacity, raising concern over supply chain control and environmental risks, Washington-based global security nonprofit C4ADS has said in a report.

According to the report, Indonesia's 8 million metric ton refining capacity was distributed across 33 companies, but ownership tracing showed shareholder overlap, and ultimately Chinese companies controlled about three-quarters of smelting capacityas of 2023.

"As Indonesia aims to use the nickel industry for economic growth, this substantial foreign influence could limit its ability to control and shape the industry for its benefit," said the report, released on Tuesday.

The reliance on Chinese-controlled nickel production also places U.S. and European automakers at a competitive disadvantage in the global EV market amid increasingly restrictive policies against trade with China, the report said. Nickel is a key battery component.

Indonesia's mining ministry did not immediately comment.

An Indonesian official said last year that Chinese companies were approaching Indonesian and South Korean firms for potential partnerships to reduce their stakes in smelters and make their product more accessible to the U.S. market.

President Prabowo Subianto formed a task force to develop the downstream mineral industry with domestic financing to "gradually reduce perception that foreigners got the most benefits," Mining Minister Bahlil Lahadalia said last month.

The C4ADS report found that two Chinese companies, Tsingshan Holding Group and Jiangsu Delong Nickel Industry Co Ltd, accounted for more than 70% of Indonesia's refining capacity as of 2023.

The two were among the earliest investors when

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$71.35 / bbl	0.45%	-0.52%
NYMEX RBOB Gasoline	$2.29 / gallon	0.26%	14.03%
ICE Gas Oil	$701.00 / tonne	0.14%	0.83%
NYMEX Natural Gas	$3.36 / mmBtu	-0.12%	-7.62%
Spot Gold	$2,859.69 / ounce	-0.19%	8.99%
TRPC coal API 2 / Dec, 25	$113 / tonne	-1.95%	1.48%
Carbon ECX EUA	€80.95 / tonne	-0.21%	10.89%
Dutch gas day-ahead (Pre. close)	€53.76 / Mwh	2.83%	10.73%
CBOT Corn	$5.06 / bushel	0.20%	8.59%
CBOT Wheat	$5.85 / bushel	0.00%	3.91%
Malaysia Palm Oil (3M)	RM4,392 / tonne	1.34%	-1.26%
Index	**Close 05 Feb**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	371.92	-0.42%	4.23%
Rogers International	30.26	-1.11%	3.59%
U.S. Stocks - Dow	44,873.28	0.71%	5.47%
U.S. Dollar Index	107.77	0.17%	-0.66%
U.S. Bond Index (DJ)	439.81	0.77%	0.87%

Indonesia started a push for domestic processing of nickel ore - a move that has made it the world's dominant producer.
Last year, a court in Central Sulawesi sentenced two workers at Indonesia Tsingshan Stainless Steel to seven months jail for negligence that led to a fire and deaths at a Tsingshan facility in December 2023. In early 2023, two workers were killed in clashes at the PT Gunbuster Nickel Industry smelter in North Morowali owned by Jiangsu Delong Nickel Industry.
Tsingshan's unit Eternal Tsingshan and Jiangsu Delong's joint-venture Obsidian Stainless Steel did not immediately respond to requests for comment. Jiangsu Delong could not immediately be reached for comment.
Tsingshan has been selling stakes in some of its smelters, including an October deal with Indonesian state miner Aneka Tambang for 30% of PT Jiu Long Metal Industry.

Top News - Carbon & Power

LNG shipping rates plunge on increasing vessel availability
Shipping costs for liquefied natural gas (LNG) cargoes have tumbled to five-year lows as newly built carriers added to the global fleet outpace shipping demand and shorter average journey times have increased vessel availability.
Atlantic freight rates assessed for vessels with two-stroke engines capable of carrying 174,000 cubic meters of LNG, the most common type in the market, were at $4,250 per day on Tuesday, according to pricing agency Spark Commodities. Prices on Friday plunged to $3,500 a day, the lowest ever in Spark's data which goes back five years.
The Atlantic rates are down 82% since the start of the year and have dropped over 90% from the same time last year.
Rates for the same class of ship on Pacific routes have nearly halved so far this year, dropping to $11,000 a day on Tuesday, Spark's data showed. That is lowest ever for its dataset and is down nearly 80% from last year.
"The global LNG fleet grew further in 2024, but global LNG loadings have only inched higher, leading to this oversupply of vessels as the market waits for a large increase in LNG export capacity over the next 18 months," said Deng Xiaoyi, deputy head of global LNG freight pricing at Argus.
Deng added that charterers with extra shipping capacity at hand and shipowners are competing to let out their available vessels.
"Firms with extra shipping capacity have been willing to heavily reduce their offers rather than idling their vessels, to help them to partly recover their operational costs and cut their losses.
For the older but still common vessel with tri-fuel diesel engines carrying 160,000 cubic meters of LNG, Atlantic rates were negative for the past week, hitting a record low of minus $2,750 a day on Monday before paring losses to reach minus $1,000 a day on Tuesday, said Spark Commodities analyst Qasim Afghan.
The only other time negative rates occurred was in February 2022, just before the Russian invasion of Ukraine, Afghan said, but only lasted for two days.
"Negative round-trip freight rates indicate that shipowner earnings don't fully cover the fuel expenses associated with ballasting their vessel back to load port for a round-trip voyage in the Atlantic basin," he said. Market sources earlier forecast that LNG shipping rates could extend losses into 2025, when new tankers were added at a faster rate than LNG production was rising. Higher delivered prices in Europe also incentivized U.S. cargoes to remain in the Atlantic versus travelling to Asia, increasing vessel availability as it results in shorter average journey times. At least six LNG cargoes were diverted from Asia to Europe in January.
Chinese tariffs on U.S. LNG and record amounts of newbuild vessels due to enter the market this year will compound this effect, said Spark's Afghan, adding that freight rates could remain at current levels for the rest of the month.
"The U.S. arbitrage to Asia is currently assessed to remain closed for the rest of 2025... and would require a significant shift in the JKM-TTF spread for that market signal to shift to Asia," he said, referring to the spread between Asia's benchmark Japan-Korea-Marker price for LNG and European gas prices at the Dutch TTF hub.
On Tuesday, the TTF price was $15.76 per million British thermal units of gas versus $14.41 per MMBtu for the JKM.

TotalEnergies CEO doubles down on US LNG, downplays Trump tariff fears
TotalEnergies will expand its investment in U.S. liquefied natural gas over the next decade as the French company seeks to cement its position as a major exporter of U.S. LNG, its CEO told Reuters on Wednesday, dismissing fears by American market watchers that more exports could boost U.S. gas prices.
In an interview with Reuters, TotalEnergies CEO Patrick Pouyanne said he believed President Donald Trump’s administration will implement pragmatic policies that will support U.S. energy production even as the world faces a new era of tariffs and trade wars.
“What they want is very simple: jobs and billions of dollars in the U.S,” he said.
Since becoming CEO in 2014, Pouyanne has shifted Total’s focus away from Russia to low-cost oil and gas production in the Middle East, Brazil, and the U.S., while also growing electricity and renewables.
Total reported on Wednesday that it made $18.3 billion

last year, as a strong LNG trading division offset weak oil refining profits.
While rivals including Chevron, Exxon Mobil and BP invested heavily over the past decade in shale oil and gas production, the French firm has largely opted to invest in LNG projects that have given it access to more than 10 million metric tons of U.S. LNG annually to supply global customers.
“We have enough to grow the U.S. position for the next decade, and I’m sure we’ll do it,” he said.
Pouyanne, 61, said TotalEnergies could invest in expansion projects at its Cameron and Rio Grande LNG facilities on the Gulf of Mexico.
“We can extend Cameron LNG," he said, adding a fourth train, or production facility. "We can extend Rio Grande," he said, to include a fifth, sixth or seventh train.
The U.S. is expected to nearly double its LNG export capacity by the end of the decade. Some economists have warned this could constrain domestic supplies and lead to higher energy bills for Americans, which could then prompt Trump to reconsider his stance on LNG exports.
Pouyanne said that the U.S. has abundant gas supplies due to its vast shale reserves, but that the country needed to invest in pipeline infrastructure to deliver the gas to demand centers along the coasts.
“If you look at the history of the evolution of the U.S. gas price, the spikes are more linked to the lack of infrastructure than the lack of resources,” he said.

EUROPEAN SUPPLY WORRIES
Europe has become the main buyer of U.S. LNG since losing access to Russian supplies following Moscow’s invasion of Ukraine in February 2022.
While Total has become a major supplier of that American LNG, the company has also continued to supply Russian LNG to Europe from that country's Yamal LNG export facility.
Pouyanne said Total’s ability to source the superchilled gas from all geographies will help it minimize the risk to profits from tit-for-tat tariffs like those between China and the U.S.
“Fundamentally it’s a political game, because China’s purchase of U.S. energy is quite limited – in fact, they purchase from portfolio companies like us. What we will do is take more LNG from Qatar or from Australia, and the US LNG we will send to other customers,” the CEO said.
Even so, Pouyanne cautioned Europe away from banning Russian LNG before 2027, saying the market would not be able to reroute 18 million tons of Russian supply until new projects start up worldwide.
He instead urged the European Union to negotiate with Trump for guaranteed LNG, sign more long-term contracts and to reconsider its carbon taxes, which have driven up the cost of electricity.

Top News - Dry Freight

Bottleneck at key Brazil grains transshipment facility clears
Operations at a large grain transshipment hub linking the heart of Brazil's farm country to the port of Santos have returned to normal after being disrupted by thousands of trucks unable to quickly unload grains, a truckers' transportation lobby told Reuters on Wednesday.
Lines with as many as 3,500 trucks had formed at the Rondonopolis facility in Mato Grosso, which is operated by Rumo, according to a statement on Tuesday from ANATC, which represents 2.2 million truckers.
"The situation is alarming. Unloading time can take up to 24 or even 48 hours," Carley Welter, institutional director at ANATC, said in the Tuesday statement.
Rumo said on Wednesday truck lines formed at Rondonopolis in late January but noted that the situation has been resolved, with no bottlenecks.
"The unloading system works through a scheduling service and truck drivers' punctuality is key to avoid queues and minimize waiting time," Rumo said.
Logistics disruptions come as Brazil's soybean export program is off to a slow start. According to shipping data, Brazil's soy exports in January fell to 1.3 million metric tons from 2.4 million tons in the same month last year.
Grains exporters' lobby Anec said on Wednesday that rains have disrupted soy harvesting, the flow of trucks and ship loading times, which could reduce Brazil's soy export volumes in February.
Brazil, the world's biggest soybean producer and exporter, will harvest a record soy crop of about 170 million metric tons in 2025.
It is expected to ship some 7 million tons more than last year, according to oilseed lobby Abiove. Brazil competes with the United States and Argentina in global markets, sending most of its soy to China.
A fire broke out at Rumo's Rondonopolis facility last week. The firm reiterated that operations were continued after it was controlled, without providing details on any impact on operations.
More than eight trains leave daily from Rumo's facility to Santos, each loaded with more than 11,500 tons of grain, it said.
Mato Grosso, Brazil's biggest soy state, should reap around 47 million tons this year.

Rabobank projects record soybean crop in Brazil in 2024/25
Rabobank on Wednesday joined several agribusiness consultancies in predicting that Brazil will harvest a record soybean crop in 2024/25, saying that output of the oilseed should total 170 million metric tons this season.
That would be 15 million tons more than in 2023/24, when

farmers in the world's largest soybean producer and exporter grappled with adverse weather conditions.
Improved weather this season should help yields recover and allow for a record crop even if uncertainties remain in some key areas such as Rio Grande do Sul state, which has been facing hot and dry conditions, Rabobank analyst Marcela Marini said.
Marini noted on a live broadcast with industry group Ocepar that the crop in the top-producing state of Mato Grosso was "coming out pretty well" while in neighboring Goias state conditions were "excellent".
Several firms including Celeres, StoneX, AgRural, Hedgepoint, Safras & Mercado, Agroconsult and AgResource have forecast Brazil's soybean crop to top 170 million tons this season.
Rabobank also estimated exports to total 103 million tons and local soybean crushing to hit 56.5 million tons in 2025, up from 98 million and 55 million in the previous year, respectively.
Eyes are now on potential soybean harvest delays that may impact sowing of Brazil's second corn crop, as they could narrow the window for planting and make corn more exposed to climate risks.
Brazil's second corn is planted after soybeans are harvested in the same areas and represents about 75% of national production in a given year.
Rabobank estimated Brazil's total corn production in 2024/25 to reach 126 million tons, up from 122 million in the previous cycle, but warned of delays especially in Mato Grosso state.
"Corn planting in most regions should be done by the end of February, but it is super delayed," Marini said.

Picture of the Day

A drone view shows UV lights illuminating soilless vegetable cultivation in the greenhouses of market gardener Stoll Legumes in Mathod near Yverdon, Switzerland, February 5. REUTERS/Denis Balibouse

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

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

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LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

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