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Top News - Oil

Diamondback, Endeavor Energy in talks to create $50 billion company, sources say

U.S. shale oil rivals Diamondback Energy and Endeavor Energy Resources are close to finalizing a roughly $25 billion cash-and-stock deal that would create an oil and gas company valued at more than $50 billion, sources said on Sunday.

Diamondback could announce a transaction as soon as Monday that would give its shareholders more than half of the combined companies, the people said, which would become the largest, pure-play oil producer in the Permian shale field.

Reuters in December reported that Endeavor Energy Partners was exploring a sale that could value the largest privately held oil and gas producer in the Permian basin at between $25 billion and $30 billion.

Endeavor and Diamondback did not immediately respond to a request for comment.

The combined company would be the third-largest oil and gas producer in the Permian, the top U.S. oilfield that straddles West Texas and New Mexico. Its oil and gas volumes would be behind Exxon Mobil and Chevron, which have announced recent deals.

PRESSURE TO COMBINE

"This is a layup in terms of the acreage overlap and fit," said Dan Pickering, chief investment officer of Pickering Energy Partners. The combined company would replace Pioneer Natural Resources, which is being acquired by Exxon, as the top solely Permian producer, he said.

Permian producers are consolidating in a race to lock in future drilling inventory and output from the top U.S. oilfield. The deal is likely to put additional pressure on the remaining firms to combine for greater efficiencies and scale, analysts said.

But future deals are unlikely to match the sheer size of Permian shale deals in recent months, said Andrew Dittmar, a senior vice president at data analytics firm Enverus. He ruled out any competing bids for Endeavor.

Diamondback's use of cash and stock will allow Endeavor founder Autry Stephens and family to retain a major role in the largest oil company in Midland, Texas, where both companies are based, said Dittmar.

"Their (drilling) inventory is extremely high quality that will make the combined companies a very attractive investment on Wall Street. I imagine it will be well received by the market on Monday," he said.

Diamondback fended off competition from other parties including ConocoPhillips, the Wall Street Journal earlier reported. The sale would come almost 45 years after Texas oilman Stephens started the company that would become Endeavor.

Endeavor's operations span 350,000 acres (1,416 square kilometers) in the Midland portion of the Permian Basin. Stephens, a former appraisals engineer who became more known through his appearances on the TV documentary series Black Gold, grew Endeavor by acquiring the unloved acreage of his competitors and managing to extract oil and gas profitably. To lower his production costs, Stephens created and used his own fracking, construction, trucking and other services companies.

Premium of US oil over natgas hits 11-year high on natgas price plunge

The collapse of U.S. natural gas prices this week elevated the oil-to-gas ratio to its highest since May 2012, which should prompt energy firms to drill for more oil and less gas.

Gas prices collapsed to a three-year low for a third day in a row on Friday, having fallen by 28% so far this year, on near record output and as mostly warmer-than-normal weather this winter depressed demand for heating.

That caused utilities to leave more gas in storage than usual this winter. Analysts forecast that stockpiles were currently around 15% higher than normal for this time of year.

Oil futures, meanwhile, were up about 6% so far in 2024.

The oil-to-gas ratio, or the level at which oil trades compared with gas, jumped to 41-to-1 on Friday.

On an energy equivalent basis, oil should only trade six times over gas.

So far in 2024, crude prices have traded about 30 times over gas. That compares with 30 times over gas in 2023 and 20 times over gas during the prior five years (2018-2022).

The ratio peaked at 54-to-1 in April 2012 and bottomed at minus 20-to-1 in April 2020 when oil futures traded below zero.

With oil now even more valuable than gas per unit of energy, analysts expect producers to cut the number of rigs drilling for gas and increase their search for oil.

But it will be tough to reduce gas output because a lot of oil - especially in shale oil producing basins like the Permian in Texas and New Mexico and Bakken in North Dakota - comes out of the ground with what the industry calls associated gas - gas that is a by-product of crude output.

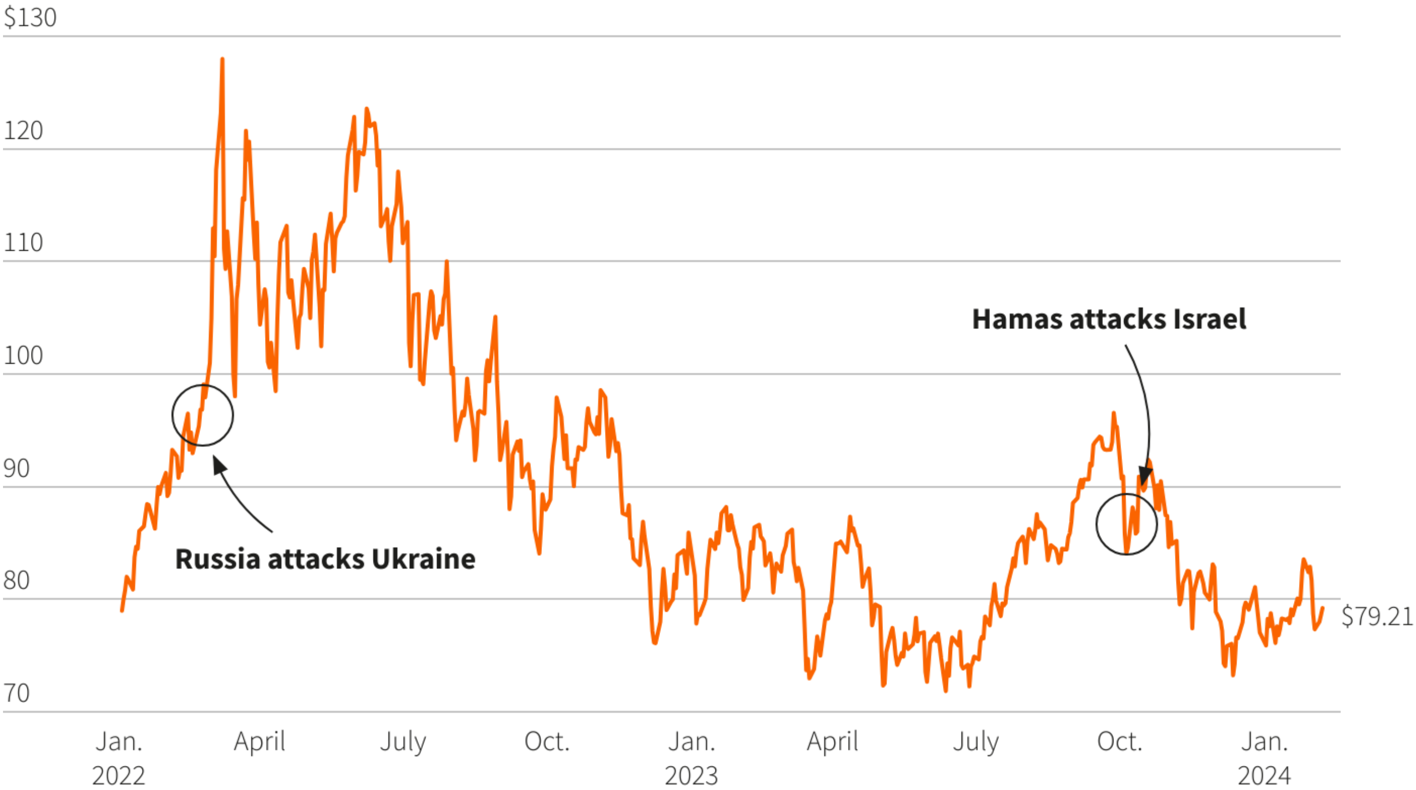
The U.S. Energy Information Administration (EIA) projected gas production would rise to 104.37 billion cubic feet per day (bcfd) in 2024 and 106.46 bcfd in 2025 from a record 103.75 bcfd in 2023.
Most of those increases will come from the Permian and Bakken shale oil producing basins where EIA projected output through the end of February has soared by 12% and 13%, respectively, over the past year.
During the same time, however, EIA projected gas output in the biggest shale gas producing basins would rise by just 2% in Appalachia in Pennsylvania, Ohio and West Virginia, and decline by 3% in the Haynesville area in Louisiana, Texas and Arkansas.

Top News - Agriculture

Ukraine plans same 2024 sowing area as 2023, has concerns on wheat quality -minister
Ukraine expects its 2024 spring sowing area to be the same as last year, though it could see a slight decrease in the worst case scenario, Agriculture Minister Mykola Solsky told Reuters on Friday.
Ukraine is a major global grain and oilseeds producer but its harvests have decreased since Russia invaded and occupied significant swathes of territory. The war, now in its 24th month and with no end in sight, has driven up global grain prices and disrupted supplies, especially to poorer countries.
"I don't expect any drastic changes in terms of sowing area. If the sowing area is smaller, it will be a very insignificant decrease," Solsky said in an interview, providing the first official outlook for the 2024 sowing season.
Ukrainian farmers sowed a total of 12.75 million hectares of spring crops for the 2023 harvest, including 5.7 million hectares of various grains.
The acreage included 4 million hectares of corn, 5.3 million hectares of sunflower and 1.78 million hectares of soy beans.
Solsky said farmers had sown a smaller area of winter wheat last autumn due to poor weather and this could force them to increase the area sown to spring wheat.

Chart of the Day

Oil prices have fallen since the start of the Israel war



Note: ICE Europe Brent Crude Electronic Energy Future. Market close prices. Data as of Feb. 7, 2024
Source: LSEG | Y. Chen | Breakingviews | Feb. 8, 2024

Ukraine sowed 280,000 hectares of spring wheat last year. Ukraine sowed 4.2 million hectares of winter wheat for the 2024 harvest versus around 4.4 million hectares a year earlier.

"There will definitely be no increase in the overall sowing area. I admit its reduction, and the question immediately arises what to sow then? We have three options only - sunflower, soy and corn," the minister said.

He said farmers would try to increase the area sown to soy, but a lack of high quality soy seeds could prove a serious obstacle. He also noted that relatively low sunflower seed prices and a mandatory crop rotation would prevent a future increase in the area sown to sunflowers.Ukraine harvested around 28.7 million metric tons of corn in the 2023 harvest, threshing almost 91% of the sown area. Some corn still remains unharvested in the fields.

QUALITY CONCERNS

Solsky said farmers' shortage of funds caused by the war and difficulties with exports had forced them to save money and use lower quality wheat seed.

He said winter wheat had survived the winter so far without serious damage but the quality of the future harvest was unclear. "There is one problem - it seems to me that our seeds are getting worse and worse," Solsky said.

"It seems to me that farmers are saving money on winter wheat seeds... and (this is) one of the reasons for the worse quality of wheat."

Ukrainian farmers' incomes have declined significantly due to difficulties in exporting the 2022 and 2023 harvests resulting from limited shipping capacity from seaports and the expensive logistics of using land corridors.

It is crucial for Ukraine to preserve its farming industry. Before Russia's full-scale invasion, Ukraine was the world's fourth-largest grain supplier and in value terms the commodity accounted for half of all Ukrainian exports.

Ukraine harvested almost 110 million metric tons of grains and oilseeds before the war, but in 2023 the combined harvest had fallen to just over 81 million tons because much of the territory was occupied or mined.

COLUMN: Shrinking Brazilian soy harvest balanced by creep-up of prior crop

Top exporter Brazil's soybean harvest will be smaller than originally thought after excessive heat and dryness clipped yields in key growing areas, but much of the recent crop cuts has been offset by stealthy expansions in last year's output.

This trend with previous harvests has been ongoing for seven years, a span that contains both great and poor crops, and it likely reflects that demand, particularly exports, has been pushing maximum limits imposed by prior supply assumptions.

Additionally, benchmark estimates from the U.S. Department of Agriculture and its Brazilian counterpart Conab vary drastically when it comes to Brazil's 2023-24 soybean potential, though the difference is not unprecedented.

USDA on Thursday reduced Brazil's 2023-24 soybean harvest to 156 million metric tons from 157 million last month, disappointing analysts looking for something closer to 153 million. Earlier in the day, Conab slashed the crop to 149.4 million tons from 155.3 million in January.

In October, USDA had Brazil's 2023-24 soy output at 163 million tons and the 2022-23 crop at 156 million, but the agency on Thursday bumped last year's harvest to 162 million tons from 160 million estimated in January, basically erasing the effects of this year's crop losses on the balance sheet.

That will mark seven consecutive harvests where USDA's final Brazilian soybean figure is larger than what was reported in the October after harvest, the first month of the new global soybean marketing year.

USDA's 2022-23 Brazil soy harvest peg is up nearly 4% in the last four months, more than in the previous six years, where final production was as much as 3% higher than in October. In its report on Thursday, USDA cited nearly finalized crush and export data causing the lift in last year's output.

It is possible USDA's reluctance to make the expected 2023-24 crop cuts is tied to this tendency for production to drift higher after the fact due to bigger demand numbers, and this phenomenon has triggered a full data overhaul in the past.

In February 2019, USDA revised nearly 20 years of data on Brazil's soybean stocks after the prior year's exports far outpaced what was possible under previous supply ideas.

Conab did something similar a while later, withholding its soybean supply and demand table from its monthly reports from early 2020 to mid-2021 while data reevaluation was ongoing.

AGENCY DEVIATIONS

USDA's 2023-24 Brazilian soy crop estimate sits 6.6 million tons (4.4%) above Conab's, a difference equivalent to about 243 million bushels - slightly smaller than U.S. soybean ending stock levels in the past three seasons.

This is the second-largest February deviation between the agencies since 2022, when USDA's figure sat 6.8% above Conab's.

Differences did not exceed 1.5% in other recent Februarys. It is not clear which agency was closer in the end because they currently hold a 5 million-ton difference in 2021-22 production, USDA being higher.

But Conab has a slight skill advantage over USDA when comparing each agency's February number against the final number reported by that agency. Between 2016 and 2023, Conab's February projection deviated by an absolute average of 4.4% from its reported final, and USDA's February estimate held a 5.5% difference with its own final number.

For context, a 5.5% difference on a 155 million-ton crop amounts to 8.5 million tons (313 million bushels).
Conab has not changed its 2022-23 soy crop peg from 154.6 million tons since at least October, when it started issuing forecasts for 2023-24. Conab and USDA have begun maintaining increasingly different final Brazil soy production numbers in recent years, and it is not clear why.

Top News - Metals

FOCUS: Rio Tinto wrangles investors over water contamination claims
Global mining giant Rio Tinto, which sparked outrage after destroying an ancient Indigenous site in Australia in 2020, faces new pressure from socially conscious investors and lenders, this time on water practices at two of its mines.
A group representing UK pension funds, Local Authority Pension Fund Forum (LAPFF), has raised concerns about the company's water management at its Oyu Tolgoi copper mine in Mongolia and an ilmenite mine in Madagascar.
It's a burr in the saddle for CEO Jakob Stausholm, who was brought in to restore the company's social license after it blew up an Aboriginal rock shelter at Juukan Gorge.
Questions around Rio Tinto's environmental credentials could complicate its efforts to secure government approvals to build a lithium mine in Serbia and dig a giant copper mine in Arizona, both projects long delayed by local protests.
"Rio Tinto already has significant reputational risk stemming from Juukan Gorge, so its water challenges in Madagascar and Mongolia (as two pressing examples) pose a huge threat of further reputational damage," LAPFF Chair Doug McMurdo told Reuters.
Given growing incidents of litigation around water management globally and tougher regulations coming into place, these challenges are also a highly financially material issue, he said.
Rio Tinto said it recognised the importance of water to its host communities and that it was "committed to driving effective water stewardship and enhanced transparency for stakeholders."
LAPFF, whose members hold more than GPB 350 billion ($445 billion) in UK pension funds, has been trying to build support for a resolution that would press Rio Tinto to undertake independent water impact assessments at its mine sites.
"There is a sense that companies have been greenwashing and that they need to face a reckoning. Shareholder resolutions are a good way to bring that reckoning," McMurdo said, speaking about companies in general. Water practices in the mining industry were of particular concern, he said.
Rio Tinto was graded an "F" by environmental adviser

MARKET MONITOR as of 07:50 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$76.51 / bbl	-0.43%	6.78%
NYMEX RBOB Gasoline	$2.56 / gallon	-0.30%	21.58%
ICE Gas Oil	$913.00 / tonne	-0.57%	21.61%
NYMEX Natural Gas	$1.80 / mmBtu	-2.65%	-28.48%
Spot Gold	$2,024.79 / ounce	0.03%	-1.83%
TRPC coal API 2 / Dec, 24	$93.3 / tonne	-2.56%	-3.81%
Carbon ECX EUA	€58.17 / tonne	-1.05%	-27.62%
Dutch gas day-ahead (Pre. close)	€26.80 / Mwh	-2.62%	-15.86%
CBOT Corn	$4.43 / bushel	0.28%	-8.52%
CBOT Wheat	$5.97 / bushel	-0.46%	-6.72%
Malaysia Palm Oil (3M)	RMNULL / tonne	-	-
Index	**Close 09 Feb**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	315.35	0.30%	4.63%
Rogers International	26.94	-0.06%	2.32%
U.S. Stocks - Dow	38,671.69	-0.14%	2.61%
U.S. Dollar Index	103.99	-0.12%	2.62%
U.S. Bond Index (DJ)	423.63	-0.33%	-1.65%

CDP for failing to disclose its water data to the group since 2016. Other major miners, too, have been given fail ratings for non-disclosure.

TAILINGS SEEPAGE

LAPFF circulated an investor briefing late last year that said Oyu Tolgoi's copper operations have affected ground water quality outside the mine lease and questioned whether its tailings dam was watertight.

Civil society group Accountability Counsel, which works with Mongolian herders, told Reuters that some livestock became ill and died after mine operations began, which herders blame on worsening water quality.

Their concerns have not been adequately addressed by Rio Tinto, it said.

Rio Tinto said Oyu Tolgoi has a rigorous water monitoring programme in place and results were consistently shared with communities, lenders, regulators and in public reports. It said it is taking action to fix the seepage.

"The seepage has not impacted the water quality of herder wells or of any users to any extent as confirmed by monitoring data," Oyu Tolgoi said in a November 2023 report. Reuters was unable to quantify the number of livestock affected or whether they died as a result of poor water quality.

However, the seepage which has been ongoing since 2018 has been declared an environmental incident by the project's lenders, which include the European Bank for Reconstruction and Development (EBRD), Oyu Tolgoi said in a report in November.

That requires the Oyu Tolgoi mine to undertake a remedial action plan.

To be sure, lenders are unlikely to pull funding for the $7 billion project, but given the precious nature of water in the arid region, EBRD spokesman Anton Usov said the bank is closely monitoring Rio's remedial action plan.

"Lenders have to ensure that OT is held accountable for its failure to comply with lenders' environmental and social framework," said Julio Castor Achmadi, communities associate of Accountability Counsel.

In Madagascar, a local advocacy group says tailings dam failures in 2010, 2018 and 2022 at Rio's QIT Madagascar Minerals (QMM) ilmenite mine, which produces titanium dioxide for paints, have worsened water quality, contributed to fish deaths and spurred conflict in the Anosy region.

The Andrew Lees Trust is pushing for "independent audits ... in order to provide the transparency and accountability required to resolve the current QMM challenges and meet international standards."

Rio Tinto said it had compensated local fisherfolk, that an independent report it commissioned found no conclusive link between its mine activities and observed dead fish, and it has supported local leaders and authorities to resolve unrest.

INDEPENDENT REPORTS QUESTIONED

In both locations, LAPFF and advocacy groups say Rio Tinto's water audits don't give the full picture of the impact of its operations.

Critics of Rio’s planned mines in Serbia and Arizona say they are also worried about the company's practices, according to the investor briefing.

The pension fund group decided to hold off filing its proposed resolution until April 2025 after Rio Tinto engaged with it and acknowledged in a December report that it could do better at its Madagascar site.

In the Madagascar report, Rio Tinto said it recognised greater transparency and equity around its water management was required.

"We must address these concerns," Rio Tinto said.

Pressure groups sue LME for allowing trade of 'polluting' Indonesian metal

Two pressure groups have filed a legal action against the London Metal Exchange (LME) for allowing the sale on its platform of metal produced in Indonesia that they allege is polluting local rivers used by indigenous communities, they said on Thursday.

The London Mining Network (LMN) and the Global Legal Action Network (GLAN) said in a statement papers have been filed in London's High Court asking for a judicial review.

They say the LME is breaching British anti-money laundering and proceeds of crime legislation. Reuters confirmed that court documents were filed at the court on Tuesday.

"The LME believes that the claim filed by the London Mining Network and the Global Legal Action Network is misconceived and intends to resist that claim," the exchange said in response to a request for comment.

The LME requires companies that trade on the exchange, the world's largest and oldest forum for trading metals, to undergo audits for sustainability.

The 147-year-old LME is in the process of suspending or delisting 10% of its metals brands until their producers provide it with responsible sourcing information, which includes requirements for environmental management.

But the LMN and GLAN say the LME's sustainability framework is not enough.

"If successful, this case will force the LME to revisit the rules under which it lists metal for trading on its exchange," the two groups said in a statement.

"This in turn will force metal producers to adapt their mining practices if they want to keep being able to access this platform which is essential for them to reach customers and to sell their products."

The court action will allege mining waste is being dumped from the giant Grasberg copper mine in West Papua Indonesia owned by Indonesia's state mining company and U.S.-listed Freeport McMoRan, which is also the operator of the mine. The legal action is not against Freeport.

"In West Papua, indigenous communities are suffering the effects of mining waste pollution from the Grasberg mine being dumped into the water sources that they rely

on for basic needs like drinking, cooking and bathing," the release said.
Freeport said in a sustainability report on its website that tailings disposal in Indonesia is reliable and safe.
"Nearly three decades of engineering analyses, extensive monitoring and data collection, and computer modelling confirm that the current tailings management system poses the lowest risk to people and the environment," the Freeport report said.
GLAN and the LMN say copper derived from Grasberg and traded on the LME is "criminal property" as it is produced in circumstances that would breach British criminal law if they were to occur in Britain.
"The LME is a recognised investment exchange, which means it has specific legal obligations around identifying and mitigating the risk of financial crime on its platform," said Leanna Burnard, a lawyer with GLAN.
The LME is owned by Hong Kong Exchanges and Clearing (HKEx).

Top News - Carbon & Power

National Grid, Constellation Energy agree on LNG supply deal for Mass. facility
Britain's National Grid on Friday said it reached an agreement with gas-supplier Constellation Energy that would allow it to keep operating its Everett gas-import terminal for six years.
The Everett, Massachusetts, facility supplies natural gas to power plants and other utilities across New England. It was set to close with the May retirement of Constellation's Mystic Generating Station, a gas-fired power plant.
"The agreement will maintain a reliable and available supply of liquefied natural gas (LNG) for National Grid's 950,000 residential and business natural gas customers during peak heating demand days," National Grid said in a statement.
Massachusetts has to approve the agreement by May 1 to assure the Everett terminal continues to operate.
In November, Federal Energy Regulatory Commission Chairman Willie Phillips and North American Electric Reliability Corp CEO James Robb wrote that there were concerns about local gas utilities' "ability to ensure reliability and affordability in the region without Everett."
The two firms asked the state to expedite hearings on requests to keep the terminal open that would raise residential heating bills by about $3.30 per month in the first year's winter months, and between .3% and 1% in contract years two through six.
"The agreement is the most viable alternative available for meeting peak demand between now and 2030, while avoiding the need to build new gas infrastructure," National Grid said.

COLUMN-Brazil's hydro power adds to global gas surplus
Brazil's gas imports fell to their lowest level for two decades in 2023 as its brimming hydroelectric reservoirs and rapid wind and solar deployment hit thermal power demand.
Imports were the lowest since 2003, National Agency for Petroleum, Natural Gas and Biofuels data shows, at 6.5 billion cubic metres (228 billion cubic feet) in 2023, from 9 billion cubic metres in 2022 and 16.9 billion cubic metres in 2021.
Volumes have been trending steadily lower since 2015, apart from a brief surge in 2021 when Brazil turned to gas-fired power to make up for the loss of hydroelectric due to severe drought.
Brazil's electricity system relies heavily on hydroelectric power, which has accounted for between two-thirds and three-quarters of total generation in the last five years.
That leaves gas-fired units and other thermal power plants playing a reserve role meeting peak loads, covering seasonal variations in river flows, and providing back up when low water levels constrain hydro output.
Most gas arrives via pipeline from neighbouring Bolivia but marginal needs have been satisfied by liquefied natural gas (LNG) imports from the U.S. and elsewhere in the Atlantic Basin.
In the second and third quarters of 2021, Brazil's drought and higher LNG imports contributed to the rise in gas prices in the United States and Europe, even before Russia's invasion of Ukraine in 2022.
More recently, however, plentiful water behind the major hydro dams has ensured high levels of generation and sharply cut the need for imported LNG.
This has relieved the pressure on gas supplies around the Atlantic Basin and contributed to the progressive decline in gas prices since late 2022 and throughout 2023.
Hydro generation recovered to 445 billion kilowatt-hours (kWh) in 2023 from a low of just 378 billion kWh in 2021, according to the National Electricity System Operator.
As a result, gas-fired generation fell to 19 billion kWh from 69 billion kWh over the same period, while other fossil fuel generation fell to 16 billion kWh from 39 billion kWh.
Hydro resources have remained relatively comfortable despite lower than average precipitation across most of Brazil since the middle of 2023 as a result of El Nino.
Reservoirs in the Southeast-Midwest electricity transmission region, Brazil's largest, were storing enough water to generate 92 billion kWh at the start of February.
Resources were down from 115 billion kWh a year ago but were still 30 billion kWh (+48% or +1.28 standard deviations) above the prior ten-year seasonal average.

WIND AND SOLAR
Massive deployment of wind and solar generation has also cut into demand for gas and other fossil fuels.
Wind generation has grown at a compound annual rate of

15% over the last five years to reach 94 billion kWh in 2023 from 46 billion kWh in 2018.
Solar growth has been even more spectacular at an average 71% per year reaching 50 billion kWh in 2023 from 3 billion kWh in 2028.
So far, solar and wind generators have mostly met incremental load growth, displacing some coal and other fossil fuels, and had little impact on gas.
Increased wind and solar generation (+95 billion kWh) has satisfied most of the increase in total generation (+106 billion kWh) since 2018.
But if large-scale wind and solar deployment continues it will start to cut the already-low residual share of gas-fired generation even further, cutting Brazil's import bill and making more gas available to consumers in Europe and Asia.

Top News - Dry Freight

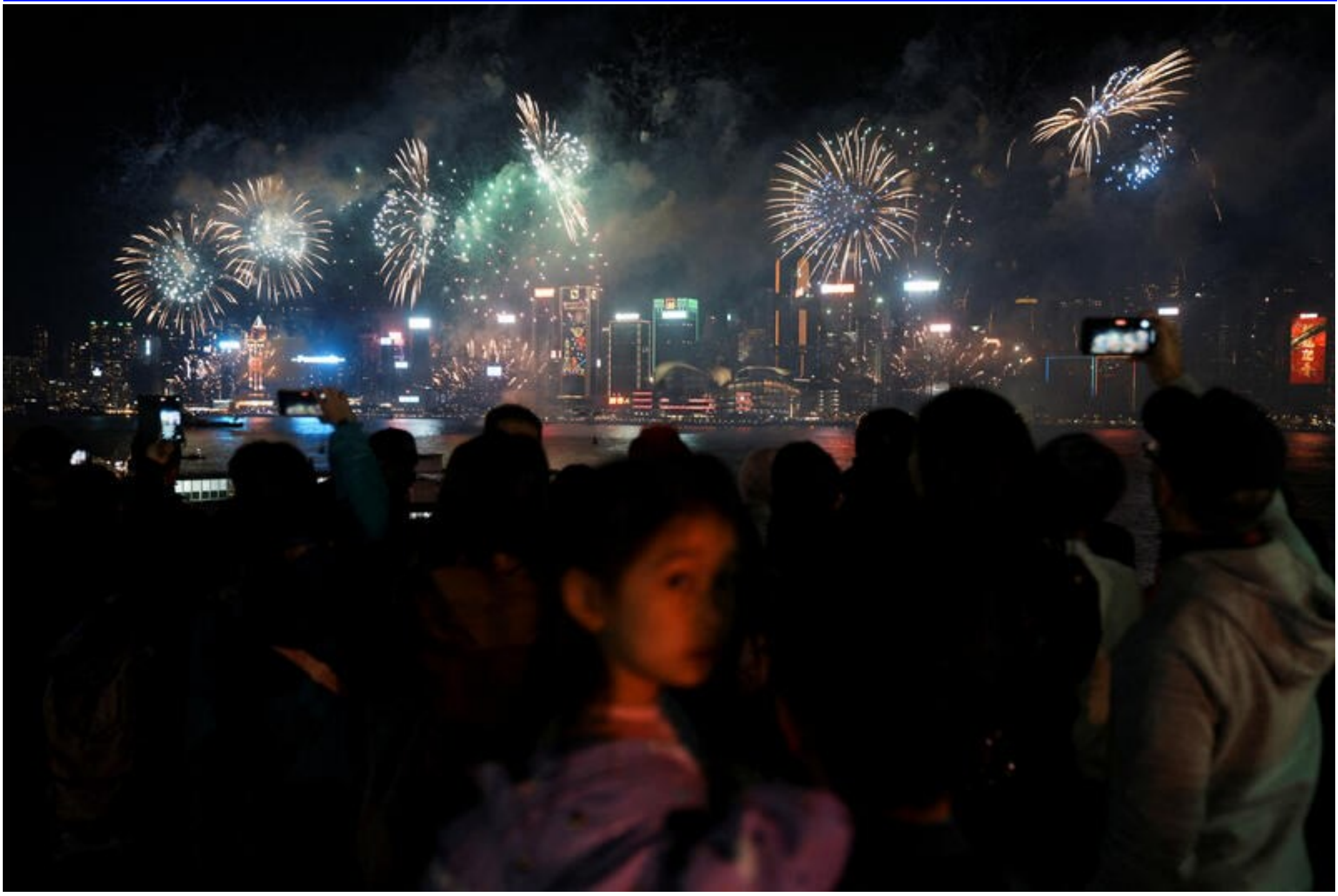
More grain ships diverted from Red Sea due to Houthi attacks

More ships carrying grain were diverted from the Suez Canal to sailings around the Cape of Good Hope this week as concern about attacks on vessels in the Red Sea continued, shipping analysts said on Friday.
"Another 13 vessels were diverted this week taking the total cargo diverted away from the Red Sea route to around 5.2 million metric tons of grains in about 90 ships since the attacks started late last year," said Ishan Bhanu, lead agricultural commodities analyst at data provider and analyst Kpler.
About 7 million tons per month of grain cargoes usually transit the Suez Canal into the Red Sea, but bulk and other shipping has dropped significantly as Iran-backed Houthi militants have continued attacks on shipping despite U.S.-led air strikes on Houthi positions in Yemen.
"U.S. and European cargoes continue to avoid the Red Sea," Bhanu said. "Not a single vessel in the Atlantic carrying grain to Asia is heading towards the Suez Canal."
The Atlantic shipments would include large U.S. grain exports to Asia.
"Almost all cargo originating in the Black Sea, mainly exports out of Russia and Romania, continues to travel through Suez and the Red Sea," Bhanu said. "Only three such vessels diverted to take the longer route among dozens sailing."
Vessels in the Red Sea broadcast messages on the automatic identification system (AIS) to seek safe passage to show they are not involved in the Middle East conflict, including ships under Chinese ownership, he said.
Commodity traders said it was still possible to find bulk carriers for Red Sea grain shipments.
"There are shipowners willing to take the risk," a German grain trader said. "But it is clear the air strikes and naval forces are not enough to end the attacks on ships in the immediate future."

Brazil's coffee exports jump 45.4% to January record -Cecafe

Brazil's green coffee exports jumped 45.4% in January compared with a year earlier, industry group Cecafe said on Friday, hitting a record high for the month.
Farmers shipped abroad a total of 3.67 million 60-kilo bags of green coffee in January.
Cecafe president, Marcio Ferreira, said the monthly performance was positive, given the ongoing logistical bottlenecks in the country.
According to a report by Cecafe and startup ElloX Digital, 85% of shipments out of the port of Santos were rescheduled or delayed in January.
"This problem has been spreading since last year, when cyclones and tropical storms in the southern region of Brazil directed vessels from southern ports to other destinations, such as Santos, which generated a backlog of cargo," Ferreira said in a statement.
Exports of the arabica variety grew 31.1% to 3.21 million bags.
Shipments of robusta coffee, which has seen a surge last year, soared more than 500% to 457,787 bags.
The variety "remains very competitive on the international market and has been making up for the deficit caused by crop failures in important producers such as Vietnam and Indonesia," added Ferreira.

Picture of the Day



Fireworks explode over the Victoria Harbour on the second day of the Lunar New Year of the Dragon, in Hong Kong, China February 11, 2024. REUTERS/Lam Yik

(Inside Commodities is compiled by Rohit James in Bengaluru)

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

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