

[Oil](#) | [Agriculture](#) | [Metals](#) | [Carbon & Power](#) | [Dry Freight](#)*Click on headers to go to that section***Top News - Oil****INSIGHT-Russia braces for oil output cuts as sanctions and drones hit**

Russia may be forced to throttle back its oil output in the coming months as U.S. sanctions hamper its access to tankers to sail to Asia and Ukrainian drone attacks hobble its refineries.

The United States imposed sanctions last month that targeted 180 Russian tankers while Kyiv has stepped up drone attacks to improve its bargaining position amid expectations that U.S. President Donald Trump will press Russian leader Vladimir Putin to negotiate an end to the war in Ukraine.

Trump has said stopping the conflict is a priority and that he could impose new sanctions on Russia if his goals are not achieved.

Reuters has spoken to three oil executives and more than 10 traders, refining executives, and port agents about the impact of these latest sanctions.

Three Russian oil executives, asking not to be named due to the sensitivity of the issue, said the reality was clear: Russia will have no choice but to slow oil production.

There is a growing glut of crude in Russia due to falling exports and reduced refining production which can only be addressed by lowering output, they said. Russia has little storage capacity and Ukraine has attacked some of these facilities with drones in recent weeks.

The output cuts could start small, with Russia's production slipping below 9 million barrels per day (bpd) in the coming months, but may accelerate if tanker shortages and refining outages persist, the executives said.

There are already signs of weakening crude exports in trading data.

Volumes from Russia's western ports of Primorsk, Ust-Luga, and Novorossiisk in January were down 17% from a year earlier, Reuters calculations based on traders' data showed.

Russia no longer publicly discloses its export data.

Three years into the war, Russia has withstood wave after wave of sanctions, including the G7 imposing a \$60 per barrel price cap on its oil sales. U.S. sanctions have not aimed to stop Russian exports, but to cap the price at which Russia can sell and to ensure it complies with the rules.

Most European buyers walked away, but China and India have increased purchases, taking oil at a generous discount.

SHADOW FLEET

Russia has looked to minimise the impact of sanctions by amassing a fleet of own tankers, often called the "shadow fleet" as it does not use Western services and insurance.

The latest U.S. sanctions have hit that fleet hard.

Washington said it was taking sweeping action against Russia's energy industry, Moscow's key source of revenue.

The impact has been swift, with the cost to transport a

cargo from Russia's Pacific port of Kozmino to China up fivefold in January, trader data showed.

Traders and shipbrokers said the sanctions have closed some Chinese and Indian ports to a fifth of the fleet. Many Chinese and Indian buyers are also now insisting on deliveries using tankers not targeted by the sanctions and are buying more Saudi, UAE, and Iraqi oil, traders said.

As a result, Russian firms and traders have stored 17 million barrels aboard ships since Jan. 10, up from zero at the start of the year, Goldman Sachs estimates. The figure could rise to 50 million barrels in the first half of 2025.

The rate of idling and drifting by ships carrying Russian fuel has risen by 300% in some areas, Windward, a marine analytics firm, estimates. Many are anchored in the Sea of Crete and waters off the coast of Portugal and Madagascar, it said.

Russia's Arctic fields producing over 300,000 bpd are struggling to find tankers and may cut output, traders said.

Moscow has already accepted lower crude output levels in agreement with Saudi Arabia and others in the so-called OPEC+ group of oil-producing countries.

Those cuts are aimed at supporting oil markets, but they also reduce Moscow's potential income.

Collectively OPEC+ members plan to begin easing their output cuts from April but for Russia that may now prove more difficult.

Putin already faces a budget deficit that has totalled more than \$100 billion since the war began, finance ministry statements and data show. Any hit to oil income impacts the economy directly, with oil revenue of \$192 billion in 2024, according to the International Energy Agency. Russia's federal revenue in 2024 totalled \$383 billion, the finance ministry has said.

ATTACKS ON PLANTS

Russia's daily output of around 9 million barrels, already well below a record 11.25 million reached in 2019, includes approximately 5 million bpd earmarked for its own refineries.

But there has been a rise in the number of Ukrainian drone attacks since January which have hit eight Russian refineries as well as oil depots and industrial sites.

The attacks have knocked out around 10% of Russian refining capacity, Reuters calculations based on traders' data showed. Like its crude exports, Russia no longer makes refining data public.

Major sites including the Ryazan, Volgograd, and Astrakhan refineries have shut fuel production and it will take weeks or months to restore it, said industry sources familiar with the plants' operations.

Ukraine also attacked Russia's limited oil storage as well as pipelines and pumping stations, disrupting flows to export ports and refineries in January, traders said.



One of Russia's biggest ports, Ust-Luga on the Baltic Sea, cut loadings to a four-year low in January, utilising only half its capacity, traders said, citing problems with pipelines.

ADAPTING TO SANCTIONS

Russia has built up a fleet of very large crude carriers (VLCCs) and mid-sized Suezmax tankers since 2022. One of its responses to January's sanctions has been to seek out smaller vessels.

Russian oil dealers have bought at least 12 smaller Aframax tankers since January to address the sudden shortage, one shipbroker familiar with the transactions said. He asked not to be named due to the sensitivity of the issue.

Aframax can carry up to 800,000 barrels, a Suezmax up to 1 million barrels, and a VLCC up to 2 million barrels. Russia's buying has helped boost prices for used Aframax tankers which have spiked to around \$40 million from around \$15 million last year, according to shipbrokers.

At the same time, the cost of shipping oil to China in an Aframax tanker has jumped to \$6.5 million-\$7.5 million from \$1.5 million last year, traders said, though that is still well below the record \$20 million seen when prices spiked in 2022.

Washington has said it sees Moscow's spending more on tankers as a win as it diverts money from the war in Ukraine.

"Eventually, they will get other ships, other companies and so on," said Adi Imsirovic, an analyst at the Surrey Clean Energy consultancy and former oil trader at Russia's Gazprom. He said in the short term Russia will have to swallow the higher costs.

Many analysts including the International Energy Agency (IEA) have predicted a steep decline in Russian oil output since 2022, forecasts which have failed to materialise. But one Russian oil executive told Reuters the level of complexity now involved in refining and selling oil was becoming too much.

"Everyone is waiting for this war to be over," he said.

Exxon seeks permit for its eighth oil, gas project in Guyana as output rises

A consortium led by Exxon Mobil has requested environmental permits from Guyana for its eighth project, the first that will generate gas not linked to oil production, and to explore another well at its massive offshore block, the head of the U.S. oil major in Guyana said on Wednesday.

Exxon plans to boost output capacity this year to 940,000 barrels per day (bpd) versus the 616,000 bpd it produced in 2024 after upgrades at two of its three floating oil facilities and the arrival of a fourth vessel, Alistair Routledge, president of Exxon Guyana, said at a press conference. The consortium, which includes Hess and CNOOC, is responsible for all production in Guyana. It aims to lift production capacity to more than 1.7 million bpd by the end of 2029 once its first seven offshore projects are online, Routledge said.

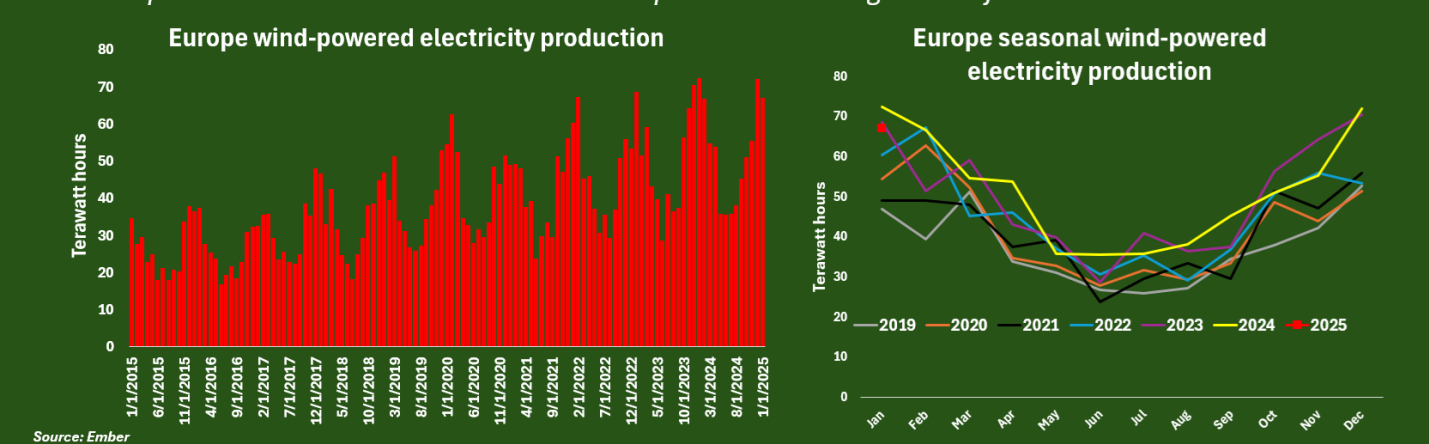
In 2030, the eighth project, Longtail, is expected to add up to 250,000 barrels per day of crude output capacity and 1 billion cubic feet per day of gas production, he added. Guyana has been pressing Exxon to produce and deliver more natural gas, part of the government's strategy to rely on the fuel for power generation, to industrialize the country and begin petrochemical and liquefied natural gas (LNG) businesses that can expand revenue. The consortium recently completed a long-awaited appraisal of its gas resources, which will allow a more accurate calculation of total resources available for output, said Routledge. "All of that data is now being put back into the geologic models, reservoir models, in order to inform us of what sort of upstream development might be possible," he said. The study could help integrate Exxon's efforts with a large development awarded by Guyana to Fulcrum LNG last year, aimed at designing and building the country's first LNG project.

Routledge said Exxon has not had recent conversations with the company. Guyana's economy achieved its fifth consecutive year of double-digit growth in 2024, expanding 43.6%, driven by crude production. Oil output rose 58% from 391,000 bpd in 2024.

Chart of the Day

Europe's wind power output dropped to three-year seasonal lows in January 2025

Low wind speeds at turbine level have curbed wind production throughout major wind farm areas since late 2024



PROJECTS IN A ROW

The Exxon group's fourth project, Yellowtail, is on track to start up soon upon arrival of a floating production storage and offloading (FPSO) facility from Singapore, built by SBM Offshore, the company said.

Exxon expects to start pumping oil from its fifth, sixth and

seventh projects - Uaru, Whiptail and Hammerhead-between 2026 and 2029. "This year, we'll actually be undergoing installation activities, which have started for Uaru. We'll be doing some for Whiptail, as well as completing the work on the Yellowtail project," Routledge said.

Top News - Agriculture**FOCUS-Drought leaves Canadian farmers unpaid, reveals holes in safety net**

Canadian farmer Bill Prybylski planned to buy a new tractor with proceeds from crops sold to two grain companies in early 2024.

He delivered the grain before both companies declared bankruptcy, leaving him short C\$165,000 (\$113,487.86) they owed. Now Prybylski has no money to replace his old tractor.

Hundreds of Canadian farmers have received delayed payments for their crops or not been paid at all, as a growing number of grain-buying firms declare bankruptcy amid drought and low commodity prices, according to interviews with dozens of farmers, a government agency, and a review of bankruptcy documents.

Farmers are discovering they are not necessarily protected from the failures, revealing holes in Canada's farm safety net.

The bankruptcies are adding to farmer troubles in Canada, the world's top canola and No. 3 wheat producer, while they also brace for tariffs from the United States. Prybylski, who farms in Willowbrook, Saskatchewan, is relying on a line of credit to cover the shortfall until he harvests the next crop in autumn.

"Where do we cut our expenses? Or how do we get more revenues to do the things we need to do?" Prybylski asked. As planting season approaches, he needs to buy fertilizer, seed and fuel. Farmers can sell crops to companies that operate storage terminals, merchants and other farmers who fatten livestock. They are generally paid a few weeks after they deliver grain and have long incurred most of their costs, a problem for those who deliver to a buyer that goes broke before paying.

Canadian farmers have some financial protection through the federal government-run Canadian Grain Commission, which regulates crop transactions, oversees grain company failures and at times covers some of what farmers are owed by failed companies. The CGC pays compensation from bonds and other security that licensed companies are required to post.

The CGC managed four company failures in 2024, compared to zero or one most years, and the most since at least 2001, according to government data.

But some unlicensed companies have also failed, suggesting the troubles may be broader.

Farmer Christi Friesen said grain buyer Agfinity tried to delay paying her for three loads of peas, though it ultimately paid the C\$75,000 it owed plus interest. Agfinity declared bankruptcy on November 25.

"I needed to fight," said Friesen, who farms 5,000 acres (2,023 hectares) of cropland in Alberta's Peace region. "I kept being a pain in the ass." Discovering that some failing companies, such as Agfinity, are unlicensed, has

alarmed farmers, as has finding out that some licensed companies are not fully insured. The situation "has fully exposed that we are not secure," said southern Saskatchewan farmer Cheryl Jolly-Nagel. Companies directly buying crops from farmers must, by law, be licensed with the CGC, with few exceptions. For legal enforcement, the agency must complain to the Public Prosecution Service of Canada, which then decides whether to take action. The CGC has not made such a complaint in at least seven years, said spokesperson Christianne Hacault.

Other flaws in farmer protections are the CGC's requirement that farmers report non-payment within 90 days, and licensed firms who fail to post adequate security, farmers say. The CGC is holding consultations with farmers about its protection system, Hacault said. "We know there are gaps." The federal agriculture minister's office, which oversees the CGC, did not respond to a request for comment. Agfinity owner Joseph Billett told Reuters that reduced sales due to smaller crops, farmers' reluctance to sell at low prices and competition from imports of U.S. corn to feed cattle pushed the company over the edge.

"These three factors made profitability very challenging, and for us, impossible, these past few years," Billett said.

DUST BOWL

Farmers in the western half of Canada's Prairies have grown stunted crops for four years due to dry conditions. In some places, farmers say they are facing the worst prolonged drought since the 1930s Dust Bowl. Crop insurance claims between 2021 and 2024 shot up seven-fold compared to the previous four-year period due to drought-damaged crops, according to agencies in Alberta and Saskatchewan.

Numerous small grain companies, brokers and merchants are among Canadian crop buyers, unlike some countries that are dominated by global players. In the United States, farmers also had low prices to deal with, but their crops had better growing conditions, allowing them to salvage revenue. Some states regulate grain companies so that farmers have protection against non-payment, but the situation varies state-to-state. In Canada, some companies have avoided bankruptcy, but are still struggling. Farmer-built North West Terminal in Unity, Saskatchewan, said in September it would stop buying grain at least through July to avoid losses. In an interview, NWT CEO Jason Skinner said intense competition to buy reduced crops hit his company, though it has avoided bankruptcy. "We've seen some significant headwinds and . . . margins that aren't covering costs," Skinner said. In May, LSM Grain picked up two truckloads of red lentils, worth about C\$50,000, from Saskatchewan farmer Kelly

Arthurs, but did not pay him. The CGC revoked LSM's license in July.

The company could not be reached for comment. Arthurs complained to the CGC within 90 days of delivering his grain and was eventually compensated. But 17 farmers owed a combined \$842,000 by LSM waited too long and will not qualify for compensation, according to a bankruptcy document and the CGC. Prybylski is one of them.

Global Foods and Ingredients also went broke owing Prybylski money in the spring. He submitted his complaint in time to qualify for coverage, but only received 75% of what he was owed because Global had posted insufficient security.

A law firm representing Global Foods did not respond to a request for comment. Arthurs said he felt so much stress from months of fighting to get paid that he may quit farming. "It's time to retire."

Rains refresh driest areas in Argentina's grains belt

Heavy rains have drenched the most-parched parts of Argentina's key agricultural region in recent hours, the Rosario Grains Exchange said on Wednesday, bringing relief to the soy and corn crops.

The showers are the most recent in a wave of storm fronts which have rolled through the region in recent days, this time hitting areas which still needed more rain. "The rains reached the extreme northwest of the region, a zone which had been left out of last week's rainfall and which needed these millimeters (of precipitation)," the exchange said in a weather report. Argentina is the world's leading exporter of soybean oil and meal, and the third-largest exporter of corn. The exchange pegs the nation's corn harvest at 48 million metric tons, with the soybean harvest likely coming in under 53 million tons. The exchange is set to publish its monthly crop report on Wednesday afternoon, in which it could revise its estimates.

Top News - Metals

ANALYSIS-As gold eyes glittering milestone, bear case also rises

Gold prices have marched into uncharted territory as bulls latch on to economic uncertainty created by U.S. import tariff plans, but behind the prize of hitting a record \$3,000 per ounce, some flags of a bear case are also being planted.

Bullion has had a storming start to 2025, smashing eight records to rise more than 10% by February 11. That followed its biggest annual gain in 14 years in 2024, on a heady mix of strong central bank purchases, geopolitical uncertainties and monetary policy easing.

Gold's appeal as a haven from risk strengthened further as newly elected U.S. President Donald Trump turned to

MARKET MONITOR as of 07:32 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$70.73 / bbl	-0.90%	-1.38%
NYMEX RBOB Gasoline	\$2.29 / gallon	-0.89%	14.10%
ICE Gas Oil	\$708.25 / tonne	-3.48%	1.87%
NYMEX Natural Gas	\$3.70 / mmBtu	3.90%	1.95%
Spot Gold	\$2,919.50 / ounce	0.55%	11.27%
TRPC coal API 2 / Dec, 25	\$113 / tonne	-1.09%	1.48%
Carbon ECX EUA	€79.92 / tonne	-0.46%	9.48%
Dutch gas day-ahead (Pre. close)	€55.85 / Mwh	-2.02%	15.04%
CBOT Corn	\$5.05 / bushel	0.15%	8.37%
CBOT Wheat	\$5.87 / bushel	-0.17%	4.36%
Malaysia Palm Oil (3M)	RM4,563 / tonne	-1.26%	2.59%
Index	Close 12 Feb	Change	YTD
Thomson Reuters/Jefferies CRB	376.58	-0.58%	5.54%
Rogers International	30.83	-0.64%	5.53%
U.S. Stocks - Dow	44,368.56	-0.50%	4.29%
U.S. Dollar Index	107.56	-0.35%	-0.86%
U.S. Bond Index (DJ)	439.10	-0.48%	0.70%

tariffs to aid struggling domestic industry, despite the risk of sparking a trade war.

When Trump raised tariffs on steel and aluminium this week, spot gold hit a record \$2,942.70 per ounce. "What we have seen is the change in the motive for safe-haven buying - from being driven by the Middle East uncertainty to the threat and realisation of tariffs," said Philip Newman, managing director at consultancy Metals Focus.

The scale of last year's growth, which started before the Federal Reserve started easing interest rates, was unexpected, with investors apparently willing to disregard the opportunity cost of holding zero-yielding gold. The market also often de-coupled from other usual headwinds such as a stronger dollar. "Strikingly, gold was rallying as inflation eased, and it looked as though all of our understanding of how gold prices behaved was being challenged," said independent analyst Ross Norman. Gold bulls have been emboldened by concerns that U.S. tariff plans could affect gold supplies to the United States, where Comex gold futures trade. As a result, the premium at which most-active U.S. gold futures trade over the London spot price - historically just a few dollars - saw wild volatility and widened to \$40 per ounce just before Trump's inauguration on January 20 and more than \$60 during the inauguration week. Market players sought to benefit from a lucrative arbitrage opportunity or to cover their existing Comex positions, with the premium attracting massive deliveries to Comex gold inventories. These have jumped by 18.6 million troy ounces, worth \$54 billion, since late November. As bullion market players in London - home to the world's largest over-the-counter gold trading hub - rushed to borrow gold from central banks storing bullion in Bank of England vaults, the waiting time to load gold out of the BoE swelled. Switzerland and Asia-focused hubs saw a jump in supplies to the U.S., and gold lease rates surged both in London and India.

ACTIVITY PREDICTED TO FADE

But by Tuesday, the Comex premium had narrowed to \$28 per ounce, and even while residuary inflows to Comex gold stocks continue, traders and analysts expect the activity to fade.

"Following a surge of gold imports into New York, it seems likely that the dislocation between New York futures prices and the London OTC market is nearing an end," said John Reade, senior market strategist at the World Gold Council. "As the next few weeks pass, queues getting gold from the Bank of England's vaults should diminish, easing an apparent shortage of liquidity in the London market." Nicky Shiels, head of metals strategy at MKS PAMP SA, said that while prices could break out towards \$3,200, resolution of physical gold dislocations attributed to tariffs and potential structural changes including reduced risk appetite, reduced participation and reduced liquidity are increasingly bearish. She said her firm's average price forecast for 2025 would remain at \$2,750, with no intention to revise forecasts up. "If anything, the recent structural developments these past months have strengthened the bear case for gold," she said. Further pointing to potential easing in the rally once the situation with tariffs becomes

clear, jewellery demand has been depressed by high gold prices, with discounts offered in key markets India and China.

Cartier maker Richemont said in November it was having to be "extremely cautious" about passing on soaring gold prices in its pricing of watches and jewellery. Emerging market central banks, according to BofA Securities, are at risk of reducing gold buying if domestic currencies weaken on the U.S. tariffs. Physically backed gold exchange-traded funds, which store bullion for investors, have also been relatively quiet, seeing inflows in Europe-listed funds but outflows in North America in January. From a technical perspective, gold has been in the overbought zone of its relative strength index since the start of February. And gold can meet strong resistance around big milestones like \$3,000 - gold faltered just above the \$2,000 level several times before a decisive break last year.

Barrick Gold beats profit estimates, announces new share buyback

Canada's Barrick Gold announced a new \$1 billion share buyback program as higher gold prices helped the company beat analysts' estimates for fourth-quarter profit on Wednesday.

Shares of the company rose 6.6%, their highest since early November, as the gold miner also more than doubled its free cash flow in the quarter.

Gold prices rose over 27% in 2024, their biggest yearly rise since 2010, driven by safe-haven demand, interest rate cuts and buying from central banks.

Higher gold prices have buoyed gold miners' earnings last year as they earned more on mining and selling the yellow metal.

It scrapped its previous share buyback program that was in place from February 14, 2024, having repurchased \$498 million under it last year.

However, Barrick on Wednesday lowered its gold output forecast for the year to between 3.2 million ounces and 3.5 million ounces, from 3.9 million ounces in 2024, following the temporary closure of its Loulo-Gounkoto mine in Mali. Barrick shuttered the mine in January amid an ongoing dispute with authorities in the West African country over a new mining law that seeks to steeply raise royalty taxes and the state's ownership in mining projects. The closure has also weighed on Barrick's share price performance, the company said. Since Reuters exclusively reported in September that the Malian junta-government arrested four Barrick employees, the company's shares had fallen over 10%, as of Tuesday's close. CEO Mark Bristow told Reuters in an interview that the company would resume operations at its shuttered mine once authorities in the country allow it to resume gold shipments. The company's 2024's gold output also came in below 2023's 4 million ounces, largely due to a slower-than-expected ramp up at the Pueblo Viejo mine in the Dominican Republic.

On an adjusted basis, Barrick posted a profit of 46 cents per share for the quarter ended December 31, compared with estimates of 41 cents, according to data compiled by LSEG. All-in sustaining costs (AISC), an industry metric reflecting total expenses, however, rose to \$1,451 per ounce in the quarter, from \$1,364 per ounce last year.

Top News - Carbon & Power

European energy industry urges EU not to cap gas prices

Europe's gas and energy trading industries have urged the European Union not to cap gas prices, as Brussels seeks ways to protect consumers and businesses from energy price spikes.

The European Commission is preparing a package of measures, due to be proposed on February 26, to improve industries' competitive edge and help bring down energy prices. Benchmark European gas prices rose this week to a two-year high of 58 euros per megawatt hour (MWh), boosted by cold weather and depleting gas storage tanks.

That has added to concerns about the higher energy prices European firms face, compared with competitors in the U.S. and China.

Industry participants are worried that this could prompt Brussels to revive the idea of capping gas prices, weeks after a previous EU gas price cap introduced during the 2022 energy crisis expired after never once being triggered.

"We believe this measure, if announced, could have far-reaching negative consequences for the stability of European energy markets and the security of supply across the continent," the industry groups said in a letter to Commission President Ursula von der Leyen.

A cap would "harm the trust" in the EU's benchmark gas price, prompt market participants to switch to use other reference gas prices outside the EU, and make it harder for Europe to attract liquefied natural gas cargoes in price-competitive global markets, the letter said. Its signatories included industry associations Eurogas, Energy Traders Europe, the association of energy exchanges Europex, and financial markets association AFME.

The Financial Times reported on Wednesday the Commission is considering a gas price cap as part of this month's package of support for industry, citing people with knowledge of the talks.

A senior EU official told Reuters on Wednesday the idea was not being considered.

The prime minister of Norway, Europe's largest gas supplier, said placing a price cap on gas had been discussed with Europe three years ago and that Brussels understood that this was not an answer to the challenge of high gas prices.

"Energy can take other ways, other directions. What Europe really needs to do is to get on with new power generation from renewable sources and from existing sources," Jonas Gahr Stoere told Reuters on Wednesday.

The EU's previous gas price cap had also been opposed by industry and by national governments, including Germany and the Netherlands, who warned it would hamper Europe's ability to secure fuel supplies.

The cap was designed to kick in if European gas prices hit 180 euros per megawatt hour. It was never triggered, as the benchmark EU gas price has not reached that level since Europe's energy crisis in 2022, after Moscow slashed gas deliveries to the region.

COLUMN-Recovering wind output may help cool Europe's heated gas market: Maguire

Wind-powered electricity production across Europe dropped by over 7% in January from the same month in 2024, depriving regional power producers with a key source of clean energy right when demand for heating neared its annual peak.

That wind shortfall triggered a jump in Europe's electricity generation from natural gas to the highest in three years, and helped support a rally that has pushed up benchmark regional natural gas prices more than 15% so far this year. Wind model forecasts are now projecting a rebound in regional wind production, however, which should help lift overall power generation across Europe over the coming weeks, and may set the stage for a cooldown in gas use and prices.

WEAK WINDS

Total wind-powered electricity production in Europe was just over 67 terawatt hours (TWh) in January, according to energy think tank Ember, which marked a roughly 7% drop from the same month in 2024 and the lowest January total since 2022. As wind farms are the fifth-largest source of electricity in Europe (after gas, nuclear, hydro and coal), the drop in wind production relative to expectations forced regional power firms to replace that lost supply with output from alternate sources. Natural gas was the main substitution, and gas-fired power output jumped nearly 6% in January from a year earlier, to the highest tally for the month since January 2022, just before Russia's invasion of Ukraine snarled regional gas flows. That elevated gas usage sparked a draw-down in regional gas inventories, in turn underpinning bullish gas market sentiment so far this year.

REBOUND

The latest wind projection models run by LSEG call for an upturn in wind generation in key markets over the coming weeks, which should help alleviate the tight power supply situation across Europe. In Germany, Europe's largest wind power producer, wind production is expected to remain below the long-term average through February 20, and then rebound to mainly above the long-term average through the end of March. A similar output pattern is projected in the United Kingdom, which is Europe's second-largest wind producer and largest gas-fired power generator.

If these increases in wind generation materialise as projected, power producers in both countries may be able to cut back on gas-fired production while maintaining overall power output levels. Both countries may also be able to curb power imports as local wind production rises, thereby freeing up power supplies across Europe more generally. That in turn may set the stage for a cooling in regional benchmark TTF gas prices, which have climbed to their highest since early 2023 and stoked fresh concerns about energy inflation across Europe.

(The opinions expressed here are those of the author, a market analyst for Reuters.)

Top News - Dry Freight

Tropical cyclone forces closure of ports in Western Australia's Pilbara region

Western Australia's ports of Dampier and Varanus Island will be closed at 6 p.m. (1000 GMT) due to Tropical Cyclone Zelia, the ports' operator said, with emergency services in the state warning of the potential for significant damage.

Zelia, which has been upgraded to the strongest possible Category 5 storm, is due to make landfall on Friday in the remote Pilbara region, home to major ports used for commodities exports, Australia's Bureau of Meteorology (BOM) said. "The intensity of Tropical Cyclone Zelia means there is significant threat to lives and property and I urge people to follow the directions of emergency services in the Pilbara," Darren Klemm, head of Western Australia's Department of Fire and Emergency Services, told a news conference. The Port of Dampier, which mostly ships iron ore from Rio Tinto, and Varanus Island, a gathering and processing hub for oil and gas, have started clearing vessels, Pilbara Ports said in a statement. The closures come after Pilbara Ports on Wednesday shut Port Hedland, the world's biggest export point for iron ore and used by BHP Group, Fortescue and billionaire Gina Rinehart's Hancock Prospecting.

Port Hedland is at particular risk from the cyclone because its buildings are older, Klemm said. "If the track was to shift more to the east and we would see a significant impact on Port Hedland," he said. Category 5 storms have a maximum wind speed of more than 280 kph (174mph) the BOM's Western Australia manager James Ashley told the news conference. Storms of Zelia's magnitude are rare, with the last hitting in April 2023, he added.

Argentina grains waterway tender falls apart as government launches probe

A controversial government tender to dredge Argentina's Parana River, a major grains shipping lane, fell apart on Wednesday with only one bidder taking part, leading

authorities to launch an investigation into potential sabotage of the process. The South American country, the world's top exporter of soy oil and meal, and the No. 3 for corn, will hold a new tender after Belgium's DEME Group was the only firm to bid. The process had been mired in allegations of rigging. The head of the nation's state ports agency said the new process would be carried out after the investigations for possible sabotage conclude. DEME said in a statement it did not know why other competitors, including the current contractor, did not apply and that it hoped the new process would have the highest international standards of transparency. "We are going to go out to investigate and chase this down with all our might," said presidential spokesperson Manuel Adorni, adding the government had asked the competition watchdog to investigate "possible pressure from the sole bidder." Iñaki Miguel Arreseyygor, executive director of the National Ports and Navigation Agency, in a press conference added: "The full weight of the law will be imposed on those involved in this attempt to sabotage the bidding process." "Once this process is closed, we at the agency will start working on the new specifications immediately," he added. DEME had last month alleged that the tender was set up in a way to favor the firm that currently dredges the Paraná River, Belgian rival firm Jan de Nul. That company has been involved in dredging the key grains thoroughfare for decades. In a surprise twist, DEME ended up the sole firm to bid for the contract to dredge the river, part of a route from inland areas of Paraguay, Bolivia and southern Brazil out to sea. Argentina ships 80% of its farm exports along the waterway.

Adorni said the government had previously committed to cancelling to tender if there was only one bidder. Argentine prosecutors earlier this week had also reported evidence of "serious and evident irregularities" in the wording of the latest tender. Jan de Nul and Argentina's economy ministry, which led the tender, did not immediately respond to a request for comment.

Picture of the Day

Irving Oil Refinery, Canada's largest oil refinery, is seen in Saint John, New Brunswick, Canada February 12 in a drone view. REUTERS/John Morris

(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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