Oil | Agriculture | Metals | Carbon & Power | Dry Freight
Click on headers to go to that section

Top News - Oil

China refiners buy more Brazilian, W.African crude as sanctions, tariffs disrupt supply

Chinese refiners have stepped up purchases of Brazilian and West African crude as they reorganise sourcing around sanctions and tariff disruptions, and after prices of Middle Eastern grades surged.

Tougher U.S. sanctions on Russia and Iran as well as Beijing's new import tariffs on U.S. oil in response to duties imposed by President Donald Trump, have disrupted trade patterns and lifted costs for the world's top crude importer.

China's crude imports from Brazil will pick up in the second half of February and full month volumes could hit 3 million metric tons, or 800,000 barrels per day (bpd), the highest in at least eight months, said Vortexa senior analyst Emma Li.

Kpler data showed a 49% month-on-month increase in Brazilian crude and a 36% month-on-month rise in Angolan crude for China's expected imports this month.

More cargoes from those regions are expected in March and April given the risks and uncertainty over sanctioned oil, according to traders and analysts.

China's newest refiner Shandong Yulong Petrochemical, due to start its 200,000 bpd crude unit in March or April, recently bought a large volume of Western African crude for March arrival, loaded in late February or early March, trade sources said.

Yulong bought a total of four shipments of Angolan oil including Dalia, Plutonio and Girassol and one cargo of Nigerian Nemba, all for March delivery, according to a trader with knowledge of the transactions.

The refiner also bought two April shipments of Brazilian crude, they said.

State trader Unipec bought more than 20 million barrels of Brazilian crude for April delivery, a separate trade source said.

The enhanced appetite for Brazilian and Western African crude has pushed up premiums by about 50% since the U.S. sanctions on January 10, and comes as refiners seek to avoid Gulf crude due to high prices, said traders.

Saudi Arabia, the No.2 crude supplier to China after Russia, hiked its crude prices for March shipments to the highest in more than a year.

Chinese buyers will takeless crude from Saudi Arabia in March, a tally of allocations from market sources last week showed.

"Chinese refineries that are not exposed to fuel oil import tariffs and reductions in fuel oil consumption tax rebates continue to see healthy margins," said June Goh, a senior oil analyst at Sparta Commodities.

"In order to capitalise on this, they will be looking for crudes that are non-sanctioned and Brent-related to capture the narrow Brent-Dubai spread," she added.

Beijing's 10% tariffs on U.S. crude imports also make Brazilian Tupi and West Africa options for Chinese buyers after maxing out Canadian TMX grade purchases, said Goh.

Singapore set for multi-year high diesel imports in Feb while exports falter, sources say

Singapore is set to import multi-year high diesel volumes for February, according to data from two shiptrackers and trade sources, as sellers shipped cargoes to Asia's key oil storage hub amid tepid demand elsewhere.

February diesel arrivals into the city-state are slated to top 6.7 million barrels, data from Kpler, LSEG and trade sources showed. This level is a two-year high, LSEG data showed.

Meanwhile, diesel outflows from Singapore were headed for a one-year low of around 3.9 million barrels, Kpler data showed.

March spot market differentials, including deals on the trading window and refiner sale tenders, both fell into discounted territory last week as a result.

Ample supplies in Asia are likely to pressure free on board (FOB) Singapore prices and widen the east-west arbitrage price spread, enabling some sellers to start pivoting their cargoes west in the near-term, multiple trade sources said.

The east-west arbitrage price spread - usually represented by the exchange of futures for swaps (EFS) - has been at wider discounts since the end of January, LSEG data showed, with more India-origin barrels heading to Europe in the second half of February.

"Arrivals into Singapore for February are indeed on the high side," said LSEG Oil Research senior analyst Charles Ong, which he attributed to higher volumes from South Korea and Taiwan.

South Korea-loading cargoes "have limited places to go to", he said, given that demand from key buyer Australia may have been covered partly by Indian-origin cargoes discharging there this month at a three-month high.

Top News - Agriculture

High temperatures return to Argentina's grains belt, rains expected later

Argentina's key agricultural region will see maximum temperatures above 35 degrees Celsius (95°F) in the coming days, followed by rainfall in the early part of next week, the Buenos Aires Grains Exchange said on Wednesday.

Argentina, the world's leading exporter of processed soybeans, and the third largest supplier of corn, keeps a close watch over both crops, which are currently in critical stages of development and key to the South American nation's economy.

The exchange's weekly report indicated that these high summer temperatures would affect almost the entire agricultural area of Argentina.

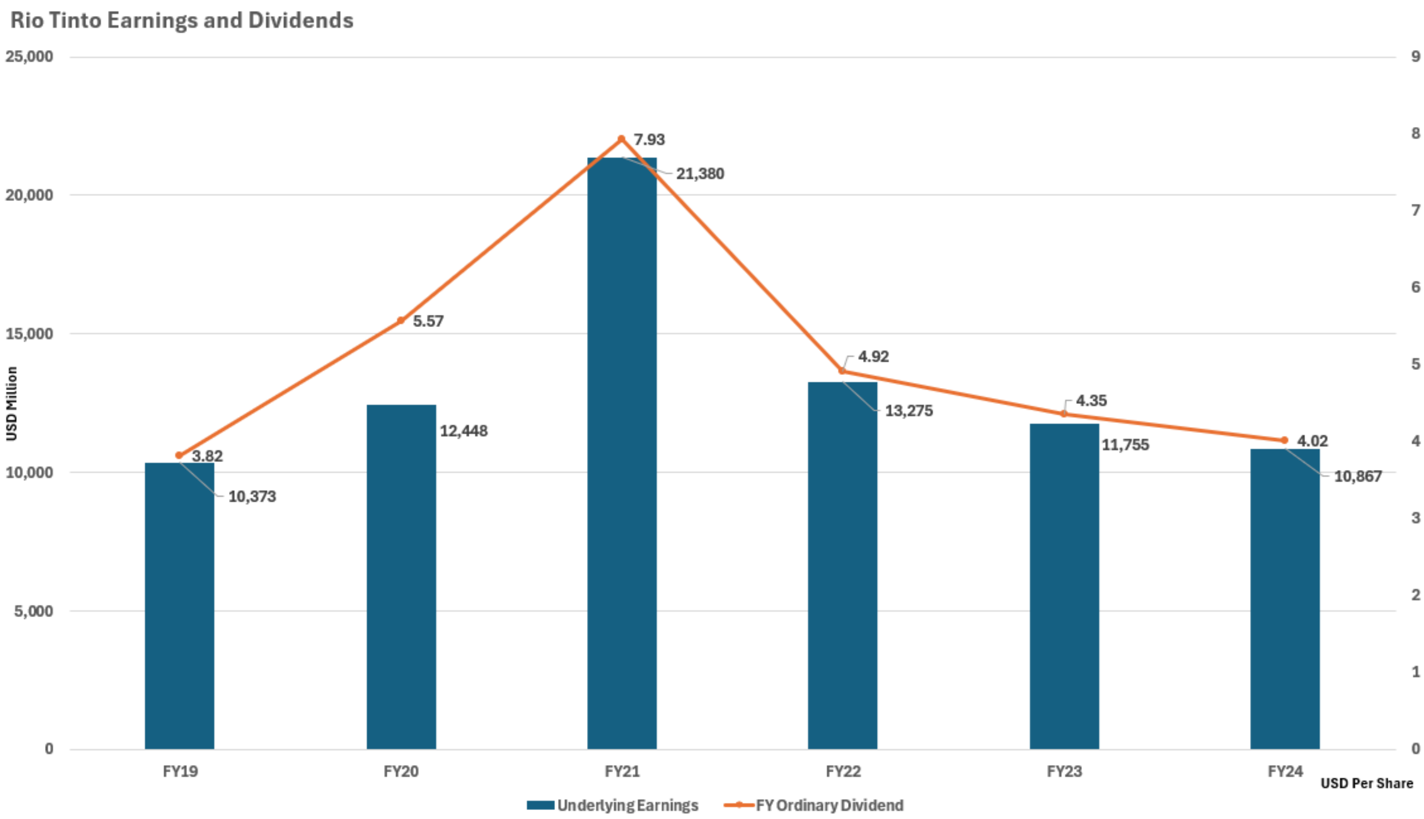
The subsequent rains are expected to range between 10 and 25 millimeters (0.4 inch to 1 inch) in the south of Argentina's grains heartland and less than 10 millimeters in other agricultural areas, according to the report.

The Grain Exchange estimates soybean production for the 2024/25 season at 49.6 million metric tons and a corn harvest of 49 million tons.

Brazil 2024/25 soy forecast cut due to drought during crop tour

Brazilian soybean farmers will reap 171.3 million metric tons of soybeans in the 2024/25 season, less than the 172.4 million tons forecast in January, agribusiness consultancy Agroconsult said on Wednesday after inspecting about half of the fields in a nationwide crop tour. Though 1.1 million smaller than forecast in January, the crop will be 15.8 million tons larger that last season's, and will still be a record. Problems in Rio Grande do Sul and Mato Grosso do Sul, where farmers "abandoned" some areas and losses are "irreversible" in some places, have been offset by good yields in other states, the consultancy said. In Mato Grosso, for example, Agroconsult expected average yields at 63 bags per hectare before the crop tour started. The yield forecast has now been increased to 66.5 bags per hectare, a new record. For the first time in history, Mato Grosso's soy output may surpass 50 million tons, Agroconsult said. Agroconsult also rose the estimated Brazilian soybean planted area by 100,000 hectares to 47.6 million hectares, up 1.7% from last season.

Chart of the Day



Top News - Metals

Rio Tinto opposes bid to cut London listing, 2024 profit hits five-year low

Rio Tinto does not support a push by some shareholders to consolidate the company's dual-exchange share listing in Sydney, its CEO told Reuters on Wednesday as the miner reported its lowest full-year underlying earnings in five years.

Rio in a separate statement recommended its shareholders in London vote against a resolution requesting a review of its dual-listed structure at its annual general meeting in April. Shareholder pressure forced top listed miner BHP to review its dual listing structure and ultimately consolidate it in Australia in 2022. "We are a global company, we have global investors, and London kind of works for us. I just don't believe that you're going to change fundamentally your value by (swapping) exchange," CEO Jakob Stausholm said in an interview. Activist investor Palliser Capital and more than 100 other shareholders in December sought a shareholder resolution calling for Rio's dual-listed model to be reviewed and urged the miner to keep only its listing in Australia. Their reasoning is that such a move would bolster the company's share price. Some companies have left London in recent years for the United States or other markets, under pressure from investors seeking to boost the value of their shares. Miner and commodity trader Glencore said on Wednesday that it was studying moving its primary listing to another exchange. Rio, the world's largest iron ore producer, reported underlying earnings of $10.87 billion for 2024, compared with $11.76 billion a year ago. Visible Alpha consensus was for $11 billion. Sydney-based portfolio manager Andy Forster of Argo Investments said he did not have a strong view on the listing structure, but he liked Rio's full-year dividend of $4.02 a share even though it was the lowest since 2019. The 60% payout ratio - the top end of the miner's long-term dividend policy payout range of 40% to 60% - "shows confidence in growth to grow earnings to be able to maintain payout and fund capex," he said. Rio's Australian-listed shares fell 2% in early trading on Thursday, in line with weakness across diversified miners. Iron ore prices moderated last year on weak demand from China's struggling property sector and high port-side inventories, which dented the miner's earnings from the raw material used in steelmaking and offset growth in its copper and aluminium segments. Underlying operating earnings for Rio's iron ore division fell 19% for the year, while its aluminium business posted a 61% increase in annual underlying operating earnings. Meanwhile, the ramp-up at the Oyu Tolgoi mine in Mongolia, a strong performance at Escondida in Chile and higher refined copper production at Kennecott in Utah following the restart of the smelter led to a 75% rise in underlying operating earnings for the company's copper business. Rio, which derives most of its profits from iron ore but is increasingly focused on copper, declared a final ordinary dividend of $2.25 per share, below last year's $2.58. Rio expects total losses of 13 million metric tons of iron ore from tropical cyclones that have hit Australia's west coast and snarled iron ore shipments so far this year. "Production guidance has remained the same, even on iron ore, but the company has run out of wiggle room for catching up on Pilbara iron ore volumes if there are any more interruptions at the port," RBC Capital Markets analysts said in a note. The company expects Pilbara iron ore unit cash costs on a free-on-board basis to be between $23 and $24.5 per wet metric ton for the current year, slightly higher than the unit cost of $23 per ton last year. Also in Australia, Stausholm told reporters Rio would decide the future of its Tomago aluminium smelter, which is struggling due to high power prices, by mid-year.

EU considers tighter steel import curbs over Trump's new tariffs

The European Commission is investigating whether to tighten its current system of quotas on steel imports to protect EU producers from new tariffs U.S. President Donald Trump plans to impose on incoming steel and aluminium on March 12.

The European Union has safeguards in the form of tariff-free quotas per quarter and country for various categories of steel dating from 2018. They were designed to prevent a flood of metal exports being diverted from the United States to the bloc following Trump's metals tariffs in his first term. Trump has said the new 25% steel and aluminium tariffs will apply to all countries, cancelling exemptions and duty-free quotas for major suppliers. The previous tariff for aluminium from 2018 was 10%. Leopoldo Rubinacci, deputy director-general for trade at the European Commission, told a hearing at the European Parliament that the EU executive had started a review of the safeguard measures and planned to conclude it by the end of March. "One question that we have... is that because the scope of the measures on steel and the duties on aluminium are increased whether there is a need to have a new safeguard or look at other means of protecting the market," he told lawmakers. The European Commission has also said it will look into extending the safeguards, or having an alternative mechanism, beyond mid-2026. Under World Trade Organization rules, safeguards can only be in place for a maximum of eight years, meaning they will run out during Trump's second term in mid-2026. The European Commission concluded in 2018 that Trump's steel and aluminium tariffs were a "safeguard in disguise", meaning the United States needed to compensate its trading partners. "By and large, I do believe that the legal analysis that was made at the time still stands," Rubinacci said. The EU's response in 2018 was counter-tariffs on U.S. exports, including bourbon and motorcycles. These countermeasures are currently suspended until the end of March.

Top News - Carbon & Power

Exxon plans large-scale gas project in oil-dominated Guyana
U.S. oil major Exxon Mobil plans to boost natural gas output and supply in Guyana through a large-scale project announced on Wednesday, following the government's call for more gas to fuel onshore power and petrochemical projects.
The "Wales Gas Vision", outlined by Exxon's Guyana head, Alistair Routledge, at an energy conference in Georgetown, is set to provide gas for several petrochemical and power projects through a $1 billion pipeline completed last year.
The government will take a portion of the gas, produced by Exxon at its massive Stabroek Block and transported through the pipeline for power generation and natural gas liquids production.
Also planned is a gas processing and liquefied natural gas (LNG) offshore facility to be built by U.S. company Fulcrum LNG.
Exxon might be in charge of building a separate set of pipelines to transport the gas the government is entitled to as profit gas to Fulcrum LNG's facility, energy minister Vickram Bharrat told Reuters on the sidelines of the conference.
The plant will allow LNG exports and gas supply to Guyana's Berbice area for producing fertilizers and alumina.
Exxon and the government have not disclosed total investment figures for the projects.
A complete assessment of gas resources at Exxon's block is needed for that, and Exxon must decide how it will use its portion of the gas to be produced, Bharrat said.
But the government believes there is enough gas for commercial projects, the minister added.
Guyana is aiming to add natural gas to an energy mix dominated by oil output, helping to open new sources of revenue, Bharrat said.
"There will be a shift towards gas utilization and monetization," the minister said at the conference. The government is expected to launch its ambitious gas strategy this year.

GAS TO FLOW
The Exxon-led consortium in Guyana, in which U.S. Hess and China's CNOOC participate, plans to ramp up gas output in the coming years, especially through projects involving gas not associated with oil, such as Longtail.
A final investment decision for Longtail, which would be the group's eighth project in the South American country

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$71.95 / bbl	-0.42%	0.32%
NYMEX RBOB Gasoline	$2.32 / gallon	0.06%	15.55%
ICE Gas Oil	$725.50 / tonne	0.17%	4.35%
NYMEX Natural Gas	$4.23 / mmBtu	-1.10%	16.52%
Spot Gold	$2,953.30 / ounce	0.70%	12.56%
TRPC coal API 2 / Dec, 25	$107.5 / tonne	2.14%	-3.46%
Carbon ECX EUA	€73.30 / tonne	-0.97%	0.41%
Dutch gas day-ahead (Pre. close)	€47.65 / Mwh	-4.07%	-1.85%
CBOT Corn	$5.17 / bushel	0.83%	10.90%
CBOT Wheat	$6.08 / bushel	0.29%	8.13%
Malaysia Palm Oil (3M)	RM4,673 / tonne	0.02%	5.06%
Index	**Close 19 Feb**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	382.99	0.36%	7.34%
Rogers International	31.41	1.80%	7.53%
U.S. Stocks - Dow	44,627.59	0.16%	4.90%
U.S. Dollar Index	106.98	-0.18%	-1.39%
U.S. Bond Index (DJ)	440.43	0.04%	1.01%

and deliver up to 1.2 billion cubic feet per day (bcfd) of gas, is expected next year.

Exxon is "ready to deliver gas" to shore, Routledge said at Guyana's Energy Conference.

The group's fourth floating oil production facility, built by SBM Offshore that departed from Singapore this week, will start operations in the third quarter, Exxon said.

US regulators approve Venture Global increase in Plaquemines LNG capacity, exports

U.S. federal regulators on Wednesday gave Venture Global LNG permission to increase the export capacity of its Plaquemines, Louisiana, LNG plant.

Regulators in a statement said they had approved the plant increasing production capacity to 27.2 million metric tons per year of the superchilled gas, up from 24 million tons.

The capacity increase means the second largest LNG exporter in the United States will be able to grow overseas shipments from Plaquemines by about 13%, strengthening the U.S. as the world's largest exporter of the fuel.

Venture Global in January became one of the most valuable U.S. LNG companies when it began trading publicly.

Venture told investors last month its strategy is to have extended commissioning periods so it can maximize profits through spot sales at prices higher than it can get under long-term contracts, and to produce at well above the plant's design capacity to sell excess LNG on the spot market.

Plaquemines is expected to be in commissioning for almost three years when phase 1 and 2 are combined, with all the profits going to the company and its long term customers receiving their first cargoes in 2026 and 2027.

Regulators acknowledged the increase in LNG capacity would have an adverse environmental impact but said it remained at acceptable levels and was not inconsistent with public interest. "We acknowledge that, the project will increase the atmospheric concentration of GHGs (green house gases) and will contribute cumulatively to climate change, but we are unable to characterize these emissions as significant or insignificant," FERC said.

U.S. President Donald Trump has declared an energy emergency and has vowed to grow U.S. energy production and exports.

Top News - Dry Freight

Brazil's No.1 coffee exporter sees smaller trading volumes in 2025

Brazilian coffee co-op Cooxupe, the country's largest exporter of the beans, projects that it will receive nearly 10% less coffee from farmers in 2025 compared with last year, or around 5.6 million 60-kg bags.

Cooxupe's President Carlos Augusto Rodrigues de Melo told Reuters at the co-op's headquarters in Guaxupe that the dry, hot weather last year will cut coffee production in the areas where it operates in Minas Gerais and Sao Paulo states, despite better crop care applied by farmers.

"Farmers even bought more crop inputs since coffee prices were good; they took good care of the trees, but the crop will still be smaller," said Melo.

He noted, however, a recent improvement in the fields after good rains in the last two months, adding that estimates could be revised up a bit going forward.

That evaluation is in line with views from some experts, although it would not change the context of limited supplies from Brazil, the world's largest producer.

Cooxupe estimates it will export 4.9 million bags of coffee in 2025 versus 5 million bags in 2024. The co-op accounts for around 10% of Brazil's total annual exports.

Brazilian exports hit a record high last year despite only average production in the last two crops. Analysts believe high coffee prices led farmers, co-ops and merchants to sell off whatever they had in stocks.

Jordan issues tender to buy up to 120,000 T wheat, traders say

Jordan's state grain buyer has issued an international tender to buy up to 120,000 metric tons of milling wheat which can be sourced from optional origins, European traders said on Wednesday.

The deadline for submission of price offers in the tender is Feb. 25.

A new announcement had been expected by traders after Jordan made no purchase in its previous tender for 120,000 tons of wheat on Tuesday.

Shipment in the new tender is sought in a series of possible combinations in 50,000 to 60,000-ton consignments.

Possible shipment combinations are between May 15-31, June 1-15, June 16-30, July 1-15 and July 16-31.

A separate tender from Jordan for up to 120,000 tons of animal feed barley also closes on Wednesday.

Picture of the Day

Workers spray insecticide on onion plants at a farm, in Faridpur, Bangladesh, February 19. REUTERS/Mohammad Ponir Hossain

(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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