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Top News - Oil

Venezuela's oil exports remain almost unchanged, middlemen seek deals

Venezuela's oil exports remained almost unchanged in November at 651,000 barrels per day (bpd) even as an easing of U.S. sanctions is now allowing sales to trading houses, according to shipping and tanker tracking data.
Washington in October temporarily lifted oil sanctions on the country as a way to encourage a presidential election in 2024, which prompted spot sales of Venezuelan crude and fuel oil to traders mostly bound for China.
State company PDVSA also has recently negotiated cargo sales bound for India through intermediaries.
However, stagnant crude production, long-standing loading delays and some shippers' aversion to sending vessels to Venezuela are reshuffling exports to different customers, without increasing total volumes shipped.
A total of 40 vessels departed Venezuelan ports last month carrying an average 651,000 bpd of crude and fuels, and 434,000 metric tons of petrochemicals and byproducts. The petroleum exports declined 2.3% from October, while the byproducts increased from 229,000 tons the previous month.
Sales through intermediaries took 57% of total, while Chevron's exports of Venezuelan crude to the United States declined to some 144,000 bpd from 178,000 bpd in October, according to the data.
Venezuela's crude output averaged 786,000 bpd in October, according to official figures reported to OPEC, below a peak of 820,000 bpd in August, a target of 1 million bpd set for this year and an OPEC quota of 1.9 million bpd.
The stagnant production has driven PDVSA to offer trading houses and intermediaries a large portion of its oil stocks for exports.
PDVSA's heavy crude inventories from Venezuela's main production region, the Orinoco Belt, fell to 3.5 million barrels at the end of November, the lowest number so far this year, according to a company document seen by Reuters.
Analysts have warned that Venezuela will obtain little financial relief from the U.S. sanction easing, which allows the country to cash oil sales through mid-April, if PDVSA is unable to increase crude output and exports.
Besides seeking spot cash oil sales, PDVSA also has ramped up fuel imports since October. In November, the company discharged some 50,000 bpd of naphtha and gasoline blend stock supplied by Chevron and Spain's Repsol as part of U.S-authorized oil swaps.

COLUMN-Record U.S. oil output challenges Saudi mastery: Kemp

U.S. crude oil production set a record for the second month running in September, highlighting the challenge to Saudi Arabia and its OPEC+ partners as they cut their own production to boost prices.
Repeated OPEC+ output cuts since the fourth quarter of 2022 have thrown a lifeline to U.S. producers, averting a deeper slump in prices and conceding more market share to them.
U.S. crude and condensate production increased by 224,000 barrels per day (b/d) to 13.24 million b/d in September from August, according to the U.S. Energy Information Administration.
Crude and condensate production had increased by 342,000 b/d over the previous three months (annualised growth of 11%) and was 750,000 b/d higher than a year earlier (an increase of 7%).
The large increase in domestic production has contributed to the accumulation of crude inventories and softening of prices since the start of the fourth quarter.
In the most recent month, production increased in the federal waters of the Gulf of Mexico (+108,000 b/d) and Alaska (+19,000) as well as in the Lower 48 states (+97,000).
Lower 48 production climbed to a record of 10.8 million b/d, surpassing the pre-pandemic peak of 10.5 million b/d set in December 2019.
Lower 48 output had increased by 210,000 b/d over the previous three months (an annualised rate of +8%) and 750,000 b/d over the previous year (an increase of +7%).

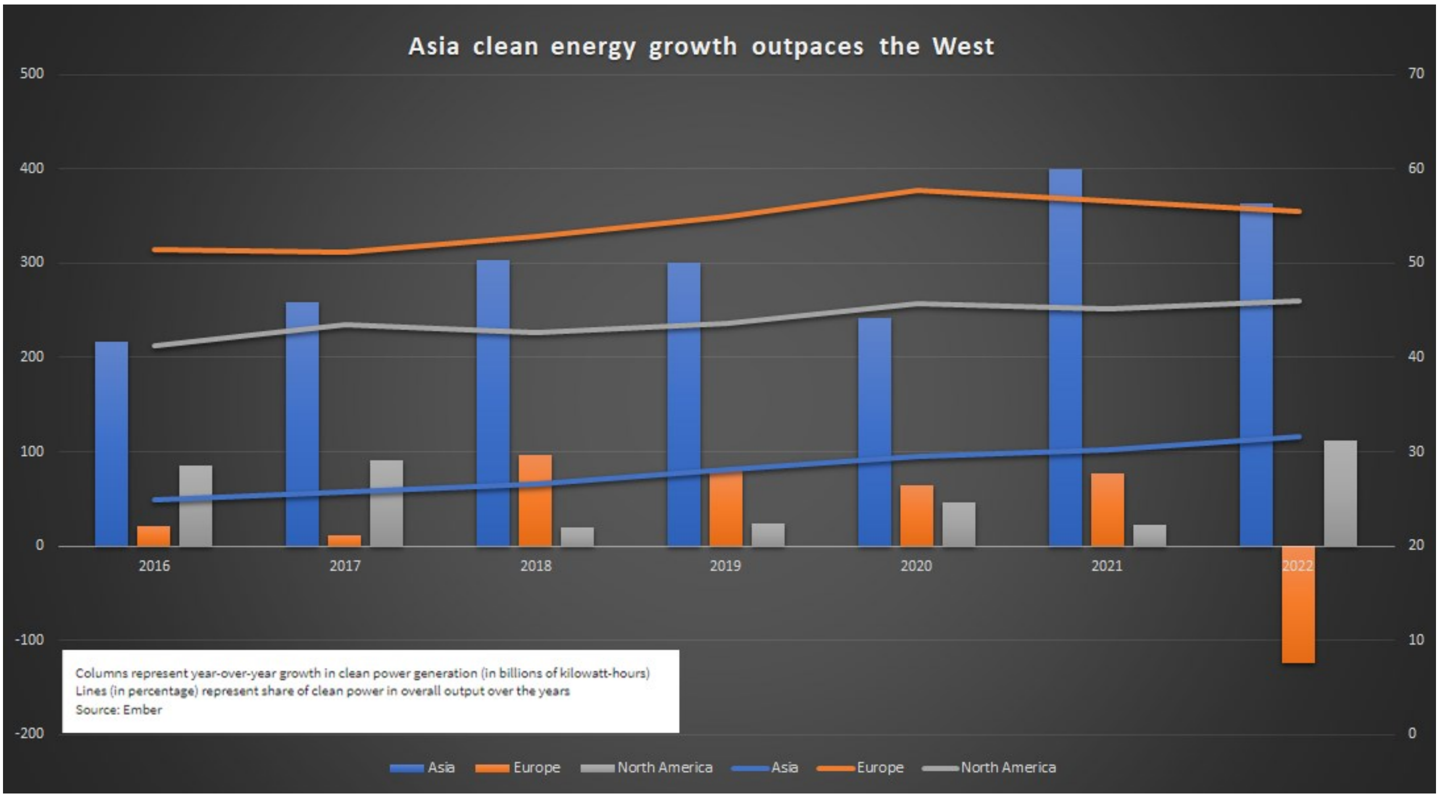
BOOSTING DRILLING EFFICIENCY

There are few signs Lower 48 production growth is slowing despite the slump in prices and fall in the number of active drilling rigs over the last year.
Inflation-adjusted front-month U.S. crude futures prices have fallen from an average of $121 per barrel in June 2022 to $90 in September 2023 and further to $77 in November 2023.
Drilling activity usually turns down around 4-5 months after prices and production turns down 10-12 months after prices fall.
Roughly in line with this, the number of rigs drilling for oil dropped from an average of 623 in December 2022 to 510 in September 2023 and 498 in November 2023.
Nonetheless output has continued to increase as drillers boost efficiency by focusing on the most prospective sites

and boring longer horizontal well sections to maximise contact with oil-bearing rock.
U.S. producers have also benefited from repeated OPEC+ cuts that have stabilised prices at a relatively high level and blunted the price signal to cut drilling further.
Front-month prices averaged $90 in September 2023, which was slightly higher than $87 the same month a year earlier after taking inflation into account.
By November, prices had fallen to average of $77 but that was almost exactly in line with the inflation-adjusted average since the start of the century.
The market is being rebalanced through OPEC+ cuts and increases in the group's collective spare capacity rather than changes in prices and U.S. production.

EMBRACING RIVAL PRODUCERS
Saudi Arabia, together with its closest OPEC+ partners, has reluctantly resumed its traditional role of swing producer balancing the market by its own output.
Meanwhile, U.S. shale firms and other non-OPEC non-shale (NONS) producers have stepped into the same role as free riders as North Sea producers in the 1980s.
Free riders have been the primary beneficiaries from Saudi Arabia and its allies' determination to avert an accumulation of crude inventories and lift prices.
Enlarging the control group has always been Saudi Arabia and OPEC's preferred strategy for dealing with free riding.
In the 1980s, there was a (failed) attempt to reach out to the United Kingdom and other North Sea producers to share the burden of supporting prices.
Since the 1990s, there have been repeated attempts to bring in Russia and other former Soviet states, culminating in the Vienna Agreement and Declaration of Cooperation in 2016.
U.S. antitrust laws prevent U.S. shale producers from being part of any formal cooperation arrangement with OPEC+.
But OPEC has already reached out to other non-OPEC non-shale producers such as Brazil to try to bring them formally or informally into the coordination system.
The outreach to Brazil, and probably eventually to Guyana and the other NONS, fits with the historic pattern of embracing fast-growing rival producers.
For a production-control arrangement to work, it must control a sufficient share of global production, with free riders playing only a moderate role.
If lifting prices causes too much unrestricted growth outside the cartel, there must either be a volume war and price slump to restrict uncontrolled producers, or they must be brought inside the control system.

Chart of the Day



For now, Saudi Arabia and its OPEC+ partners have opted to try to get rivals into the system rather than launch another volume war.

U.S. GAS PRODUCTION

Like crude, U.S. gas production hit a record seasonal high in September of 3,126 billion cubic feet (bcf), according to the Energy Information Administration.
But unlike crude, there are pronounced signs production growth is decelerating in response to very low prices and in the absence of a swing producer to hold them higher.
Gas production had increased by only 55 billion cubic feet (+1.8%) in September 2023 compared with the same month a year earlier.
Production growth has slowed consistently since the middle of 2022 in response to the sharp fall in prices.
Real prices have fallen from an average of more than $9 per million British thermal units (79th percentile) in August 2022 to just $2.23 (2nd percentile) in April 2023 and were only $3.06 (12th percentile) in November 2023.
While growth is slowing, the lags involved have ensured surplus inventories have accumulated.
Working inventories in underground storage had climbed to 3,836 bcf on Nov. 24, the highest for the time of year since 2020 and before that 2016.
Inventories were 186 bcf (+5% or +0.67 standard deviations) above the prior 10-year seasonal average and the surplus has shown no signs of disappearing so far this year. In the central and eastern Pacific Ocean, El Niño conditions are strengthening, with the current episode on track to be one of the strongest in the last 40 years.A strong El Niño is associated with warmer-than-normal temperatures across the northern tier of U.S. states between December and February and a reduction in nationwide heating demand of around 7%.
So although rebalancing of the gas market is well underway, prices may have to remain very low for a few more months to ensure excess inventories are depleted.
(John Kemp is a Reuters market analyst. The views expressed are his own.)

Top News - Agriculture

Canadian wheat, canola harvests expand, rebound from dry conditions

Canadian farmers will harvest more wheat and canola than was expected several months ago, as crops rallied from dry conditions that threatened yields, a government report showed on Monday.
Statistics Canada's crop estimates tend to increase in the annual December report, but the agency's raised estimate for all-wheat production surpassed industry expectations.
Global wheat ending stocks have fallen four years in a row, with Canada's drought and heavy rain in Australia tightening this year's supplies, offset somewhat by a big Russian harvest.
Canada is the world's fourth-largest wheat exporter and the biggest canola exporter.
Statistics Canada estimated all-wheat production at 32 million metric tons, the second-lowest in six years, but an increase from its September estimate of 29.8 million. The new estimate exceeded the average industry expectation of 31.1 million tons in a Reuters poll.
"It's a pretty big jump from the fall report. Yields came off quite a bit better than expected," said Brian Voth, president of farmer advisory IntelliFarm. Timely late-summer rains may have revived some crops, he said.
Farmers harvested 24.8 million tons of spring wheat, the wheat milled for baking flour, up from StatsCan's previous estimate of 22.6 million and the average trade estimate of 24 million.
Growers produced 4 million tons of durum, the hard wheat used to make pasta, the second-smallest harvest in 13 years amid tight global supplies and a slight reduction from StatsCan's previous estimate.
The StatsCan report is based on a farmer survey.
Farmers produced 18.3 million tons of canola, up from 17.4 million in the previous report but down 2% from last year. StatsCan's estimate matched the average trade guess.
ICE Canada January canola futures eased slightly, little changed from before the report.

US crop insurance provides billions in profit for insurers -gov't agency

Roughly one-third of U.S. government spending to insure the nation's crops since 2011 has gone to insurance companies that derive more than $1 billion in profit from the program each year, according to a government watchdog's report released on Monday.
The federal crop insurance program, administered by the U.S. Department of Agriculture, is meant to protect farmers from financial losses after natural disasters or other events that result in crop losses or price declines.
The USDA worked with 13 privately held insurance companies to provide 1.2 million crop insurance policies at a cost of $17.3 billion in 2022, said the report from the Government Accountability Office (GAO).
From 2011 through 2022, the federal government paid about $36.6 billion to the insurance companies, about a third of the program's total cost of $107.7 billion, the GAO said.
During that time, the companies' underwriting gains, or profits, averaged $1.4 billion annually and their rate of

return was nearly 17%, compared with a market rate of around 10%. USDA's target rate of return negotiated with insurers is 14.5%.
"This GAO report shows that a shocking proportion of the subsidies intended to support the cost of writing crop insurance policies for all farmers are being eaten up by companies and agents," said U.S. Senator Cory Booker, a Democrat, who requested the GAO report.
The GAO said that adjusting the rate of return closer to market rate and reducing subsidies for the highest-income farmers would together save the government hundreds of millions of dollars.
To do so, the GAO recommended that Congress repeal a provision of the 2014 farm bill that stipulates any change to crop insurance agreements cannot reduce insurers' underwriting gains.
USDA declined to comment.
Crop insurance costs are rising as climate change worsens, a 2022 report by the Environmental Working Group found.

Top News - Metals

First Quantum agrees with Zambian firm to fast-track copper project
Canada's First Quantum Minerals and a Zambian mining company have signed an agreement to fast-track the development of a copper project in Africa's second-biggest producer of the metal, the companies said on Monday.
Zambia has ambitions to triple its copper output and has reviewed its tax policy to increase mining exploration and output.
First Quantum is already a major miner in the southern African country.
Its agreement with Zambia's Mimosa Resources envisages mining at the Fishtie copper project starting from 2026, ramping up to maximum production of 30,000 metric tons of copper a year by the end of the decade, First Quantum and Mimosa Resources said in a joint statement.
First Quantum reiterated it thought the investment climate in Zambia had improved.
Mimosa Resources is expected to lead the raising of a total investment of $200 million for the project.

INSIGHT-Western start-ups seek to break China's grip on rare earths refining
Start-up tech firms are racing to transform the way rare earths are refined for the clean energy transition, a push

MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$73.17 / bbl	-1.22%	-8.83%
NYMEX RBOB Gasoline	$2.14 / gallon	0.61%	-13.71%
ICE Gas Oil	$788.00 / tonne	-2.29%	-14.44%
NYMEX Natural Gas	$2.71 / mmBtu	-3.66%	-39.42%
Spot Gold	$2,033.50 / ounce	-1.81%	11.46%
TRPC coal API 2 / Dec, 23	$112 / tonne	0.67%	-39.38%
Carbon ECX EUA	€70.37 / tonne	-2.92%	-16.20%
Dutch gas day-ahead (Pre. close)	€39.75 / Mwh	-9.54%	-47.40%
CBOT Corn	$4.86 / bushel	0.21%	-28.36%
CBOT Wheat	$6.23 / bushel	3.28%	-22.07%
Malaysia Palm Oil (3M)	RM3,766 / tonne	-2.79%	-9.77%
Index	**Close 04 Dec**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	304.61	-1.12%	1.09%
Rogers International	27.12	-0.73%	-5.39%
U.S. Stocks - Dow	36,204.44	-0.11%	9.22%
U.S. Dollar Index	103.60	-0.10%	0.08%
U.S. Bond Index (DJ)	415.46	-0.29%	5.86%

aimed at turbocharging the West's expansion into the niche sector that underpins billions of electronic devices.
The existing standard to refine these strategic minerals, known as solvent extraction, is an expensive and dirty process that China has spent the past 30 years mastering. MP Materials, Lynas Rare Earths and other Western rare earths companies have struggled at times to deploy it due to technical complexities and pollution concerns.
Rare earths are a group of 17 metals used to make magnets that turn power into motion for electric vehicles, cell phones and other electronics. While U.S. scientists helped develop solvent extraction for rare earths in the 1950s, radioactive waste from the process gradually made it unpopular in the United States.
China began to rapidly expand in the industry starting during the 1980s and now controls 87% of global rare earths refining capacity, according to the International Energy Agency. That prowess has helped propel the country's economy to the second-largest in the world.
Emerging Western rivals now offer the tantalizing prospect of processing the minerals in faster, cleaner and cheaper ways, if they can successfully launch.
"The existing rare earths refining process is a nightmare," said Isabel Barton, a mining and geological engineering professor at the University of Arizona. "That's why there are so many companies promising new methods, because we need new ones."
Interviews with nearly two dozen industry consultants, academics and executives show that if one or more of these novel processing technologies succeed as hoped by 2025, they could slash reliance on Chinese rare earths technology and its toxic by-products while also bolstering plans by Western firms to charge premium prices for the strategic minerals.
While none have launched commercially - and some industry consultants and analysts question whether they will be able to do so soon - a cadre of firms are pushing forward with aggressive development plans.
On a former U.S. Air Force base in Louisiana, Ucore Rare Metals aims to process rare earths by mid-2025 using a technology known as RapidSX that it says is at least three times faster than solvent extraction, produces no hazardous chemical waste and requires only a third of the physical space.
"Our goal is to re-establish a North American rare earths supply chain," Michael Schrider, Ucore's chief operating officer, said during a visit to the site.
Formed in 2006, Ucore initially planned to mine a rare earths deposit in Alaska. But the company changed tack in 2022 to focus on refining, not mining, a pivot born from what two executives said they saw as a flaw in the West's strategy to weaken China's minerals dominance by trying to master both steps simultaneously.
Ucore, which has been testing its process with Pentagon funding, is in talks now with 17 mining companies to buy lightly processed supplies of rare earths known as concentrate, ship them to the Port of New Orleans, then truck them to a 80,800-square foot warehouse that will be outfitted with the RapidSX technology beginning in January.
Rare earths miners increasingly say they are content to focus on digging up rock - rather than compounding their operations with the added step of processing.
"Mining companies should focus on finding new deposits," said Luisa Moreno, president of Defense Metals, which aims to open a rare earths mine in British Columbia within four years and is interested in licensing Ucore's technology. "You probably should let refining be handled by others that specialize in that."
Rainbow Rare Earths plans by 2026 to deploy rare earths refining technology in South Africa developed by its Florida-based partner K-Technologies that uses a process known as continuous ion exchange, used by some lithium producers.
Startup Aether is developing nanotechnology that programs proteins to selectively bind with and extract rare earths from ore deposits.
In Norway, privately-held REETec says its proprietary refining process emits 90% less carbon dioxide than solvent extraction and should be operational by late 2024.
And privately-held Phoenix Tailings earlier this year began refining small amounts of rare earths in Massachusetts using a process that it says is free of emissions and waste.
"There are technologies that can be developed that are far better than solvent extraction," said Robert Fox, a scientist at the U.S. Department of Energy's Idaho National Laboratory. The lab last month agreed to research new refining techniques for privately-held U.S. Critical Materials, which is developing a rare earths deposit.

SKEPTICISM
Despite the hunger for new refining techniques, industry consultants warned that manufacturers may be expecting too much and too soon from this so-far unproven group of nascent technologies, especially given the world's aggressive electrification targets.
Ucore's technology, for example, has never worked at commercial scale and is not expected to gain patent protection until next year, a timeline that industry consultants flagged as a cause for concern given strong rivalries for intellectual property.
"The time horizon needed to develop all these new refining technologies will be longer than many expect," said Frank Fannon, a minerals industry consultant and former U.S. assistant secretary of state. Talks of production within a few years "creates a false sense of security for policymakers."
Yet the need for alternatives is rising, especially in the wake of Beijing's decision earlier this year to curb exports of germanium, graphite and other metals. That has sparked concerns that rare earths could be next.
Fannon and several U.S. politicians have called for Western governments to create central rare earths

processing hubs, a plan already being pursued by Canada.
In Saskatchewan, government scientists are working to launch their own rare earths processing technology after attempts to buy Chinese technology sputtered in 2020.
"We looked at existing technologies and said, 'There's a better way of doing this,'" said Mike Crabtree, CEO of the Saskatchewan Research Council (SRC), which is funded by the provincial government. "We wanted to put our own spin on it."
Using artificial intelligence, the company designed processing equipment it believes is more efficient than Chinese rivals. Rather than needing up to 100 people to run, as with traditional solvent extraction, the SRC estimates that only four people will be needed to run its plant, which it hopes to open by the end of 2024.
While the SRC's goal is to spur mining across Canada, Crabtree said he is open to licensing the technology for use anywhere in the world.
"This entire sector as a whole needs to grow outside of China in order to support the energy transition," he said.
Crabtree and the SRC expect their facility to cost more to build than Chinese rivals but less to operate, a function of their desire to make processing equipment that has no waste and recycles acid and other key chemicals.
And while MP Materials and others have struggled to tailor their processing equipment to specific geological deposits, SRC, Ucore and others say they believe their new refining processes will be able to process the critical minerals from multiple locations across the globe.
"These new sources for rare earths are going to be paramount if we're going to reach global net zero targets," said Steve Schoffstall of the Sprott Energy Transition Materials ETF, which holds shares in several rare earths companies. Shares of Ucore rose more than 6% on Monday in Canadian trading after the Reuters story, while shares traded over-the-counter in the United States gained nearly 8%.

Top News - Carbon & Power

Global CO2 emissions from fossil fuels to hit record high in 2023 -report

Global carbon dioxide emissions from burning fossil fuels are set to hit a record high this year, exacerbating climate change and fuelling more destructive extreme weather, scientists said.
The Global Carbon Budget report, published on Tuesday during the COP28 climate summit, said that overall CO2 emissions, which reached a record high last year, have plateaued in 2023 due to a slight drop from uses of land like deforestation.
Countries are expected to emit a total 36.8 billion metric tons of CO2 from fossil fuels in 2023, a 1.1% increase from last year, the report by scientists from more than 90 institutions including the University of Exeter concluded.
When land use emissions are included, global CO2 emissions are set to total 40.9 billion tons this year.
Emissions from coal, oil and gas all rose, driven by India and China. The Chinese rise was caused by its economy reopening after COVID-19 lockdowns, while India's was a result of power demand growing faster than the country's renewable energy capacity, leaving fossil fuels to make up the shortfall.
The year's emissions trajectory pulls the world further away from preventing global warming exceeding 1.5 degrees Celsius above pre-industrial times.
"It now looks inevitable we will overshoot the 1.5C target of the Paris Agreement," said Exeter's Professor Pierre Friedlingstein, who led the research.
Countries agreed in the 2015 Paris Agreement to keep warming well below 2C and to aim for 1.5C. Scientists have said more than 1.5C will unleash more severe and irreversible impacts including fatal heat, catastrophic floods, and the death of coral reefs. "Leaders meeting at COP28 will have to agree rapid cuts in fossil fuel emissions even to keep the 2C target alive," Friedlingstein said.
The IPCC, the U.N.'s climate science panel, has said world emissions must plummet 43% by 2030, to stick to the 1.5C limit.
Instead, emissions have charged higher in recent years. The COVID-19 pandemic caused a brief blip in that trend, but emissions are now back up to 1.4% above pre-COVID levels.
Researchers from the Helsinki-based Centre for Research on Energy and Clean Air (CREA) said last month China's greenhouse emissions could start going into "structural decline" as early as next year due to record-high renewable energy installations.
China produces 31% of global fossil fuel CO2 emissions.
The new report cited some bright spots, with emissions in the U.S. and European Union both falling, driven in part by coal plants being retired.
Overall, 26 countries representing 28% of the world's emissions are now in a downward trend. Most are in Europe, the researchers said.

ANALYSIS-Asian power generation gets cleaner, even as coal emissions rise

Asia boosted clean electricity output and slashed its share of fossil fuels faster than North America and Europe from 2015, data shows, underscoring resistance by Asian nations to a western push to choke private financing for coal-fired power.
There is wide agreement that increasing clean power, such as wind and solar, is central to curbing carbon emissions to fight climate change. On Saturday at the U.N. climate summit, 118 governments, led by the U.S. and the European Union, pledged to triple the world's renewable energy capacity by 2030.

However, China and India did not back the COP28 pledge as it was twinned with curbing use of fossil fuels, which they see as essential to reliably meeting rapidly rising power demand.

Bolstering their view, even with coal, higher financing costs and weaker access to funds, Asia outpaced Europe and North America in fighting climate change by key measures since the Paris climate agreement of 2015, a Reuters analysis of data found.

Asia boosted clean power, including hydro and nuclear, as a share of overall power output by about 8 percentage points to 32% between 2015 and 2022, a review of data from energy think tank Ember showed.

By comparison, clean energy's share in the power mix in Europe rose over 4 percentage points to 55%, while in North America it climbed by more than 6 percentage points to 46%.

"There cannot be any pressure on India to cut down emissions," India's power and renewable energy minister R.K. Singh said on Nov. 30.

Asia slashed the share of fossil fuels in power generation by 8 percentage points to 68% in 2022 from 2015, abating more gas and coal use than Europe and North America.

Over the same period, Europe's dependence on fossil fuels fell 4 percentage points while North America's narrowed by 6 percentage points.

"The data shows that the West is not moving fast enough on scaling up renewables and storage," said Hogeveen Rutter, who works with private companies on behalf of the International Solar Alliance (ISA).

Rutter said delays in approvals for renewables, storage projects and grid interconnections in Europe and the U.S. have hampered growth of clean energy use in the West.

ASIAN EMISSIONS RISE

To be sure, fast-growing Asia, home to half the world's population, accounts for three-fifths of global emissions from power generation, including from sectors exporting goods and services to the west.

And India and China continue to build new coal-fired plants to meet rapidly growing electricity demand.

That means power generation emissions by Asia will continue to climb, after having risen nearly 4% annually since the Paris accord as electricity demand has soared, while emissions in Europe and North America declined, the Ember data showed.

However, Asian governments have argued that the world's wealthiest countries should help poorer countries cut emissions, citing rich nations' higher per capita emissions and their unabated fossil fuel use in the last century.

This year, western nations expressed unwillingness to fund early retirement of polluting plants in Indonesia - the world's seventh largest coal-fired power generator, despite commitments to help it decarbonise.

"Asian countries with access to finance have been able to move much quicker, while other parts of Asia need more concessionality to catch up. This illustrates the need for the West to assist with concessional funding for storage to move away from coal," ISA's Rutter said.

Funding shortages and high-priced tariffs for renewables have hindered Indonesia's move away from coal, while access to funds have enabled rapid expansion of green energy in China, analysts say.

A report released on Monday estimated developing countries will need $2.4 trillion a year in investment to cap emissions.

WEST TURNS TO GAS

Some western nations are looking to curb finance for coal, calling it the "number one threat" to climate goals.

Despite challenges, Asia, along with Europe and North America, have cut the share of coal in power use, although at a slower pace. However, both Europe and North America are increasing use of natural gas - often described as a transition fuel - to make up for part of the decline in coal-fired power generation, while gas makes up a shrinking share of power generation in Asia.

The share of gas rose 3 percentage points to 26% of European power generation in 2022 from 2015, with North America boosting the share of gas-fired power by 6 percentage points to 36%, despite tepid power demand growth.

Cuts in nuclear power have slowed Europe and North America's fight to reduce emissions, although nuclear's share of their power mix remains well above Asia's.

"The progress the West has made is to cut use of dirty coal and use relatively less-polluting gas," said Ghee Peh, an analyst at the Institute for Energy Economics and Financial Analysis.

India, the world's second largest coal user, has argued for the phase-down of all fossil fuels instead of singling out coal, and plans to oppose the plan to ban private finance for coal. It wants rich nations to invest more in energy storage to back up renewables.

"We cannot phase out fossil fuels unless we have nuclear or until storage becomes viable," Singh said.

Top News - Dry Freight

War risk insurance rates edge up after surge in Red Sea ship attacks

War risk insurance premiums edged up for Red Sea voyages after three vessels were attacked in the area on Sunday and fears grow over worsening perils for commercial shipping, maritime and insurance sources said on Monday.

The incidents are the latest in a series of attacks in Middle Eastern waters since a brutal war between Israel and the Palestinian Islamist group Hamas broke out on Oct. 7.

The three commercial vessels came under attack in international waters in the southern Red Sea, the U.S. military said on Sunday.

Yemen's Iran-backed Houthi group claimed drone and missile attacks on what it said were two Israeli vessels in the area.

"It has now become clear the Houthis will attack anything at sea with links to Israel or Israelis, regardless of how feeble the links may be, and regardless of the potential for collateral damage to non-Israelis, for example crew members," Jakob Larsen, head of maritime safety & security with shipping association BIMCO, told Reuters.

Israeli military spokesperson Rear Admiral Daniel Hagari said the two ships cited by the Houthis had no connection to Israel. U.S. Central Command said the three vessels were connected to 14 separate nations.

Larsen said the industry would welcome a strengthened naval presence in the area.

"Faced with a threat from military formations such as the Houthis, merchant ships rely on protection from naval units," he said.

"There is little a merchant ship can do to protect itself against weapons of war. Re-routing away from the area is a valid consideration, especially for ships at heightened risk."

LONGER ROUTES

Israeli container line Zim said last week it was diverting some of its vessels away from the area, meaning longer journey times, as a temporary measure.

The London insurance market has listed the southern Red Sea among its high risk areas and ships need to notify their insurers when sailing through such areas and also pay an additional premium typically for a seven-day cover period.

Insurance industry sources said that war risk premiums had stayed firm on Monday at between 0.05% to 0.1% of the value of a ship, from around 0.03% estimated last week before the attacks. This translates into tens of thousands of dollars of additional costs for a seven-day voyage.

Transportation costs in this region are expected to rise further, said Corey Ranslem, CEO of British maritime risk advisory and security company Dryad Global.

"The escalation in insurance premiums will contribute to higher costs," he said.

"Additionally, the increase in perceived risk may lead to a significant number of vessels opting to by-pass the region altogether, preferring longer routes such as circumnavigating the Horn of Africa."

The U.S. military said on Sunday it would "consider all appropriate responses in full co-ordination with its international allies and partners".

Ships sailing under the Bahamas flag registry have been among the vessels hit in the various attacks.

The Bahamas delegation told an already scheduled assembly session of the U.N. shipping agency in London on Monday that what was emerging was a "deliberate attack on international shipping" in a critical region.

"Whether you are directly involved in this aspect, all of us eventually pay for it - every nation that depends on international shipping," the Bahamas delegation said.

In January, shipping associations scaled back risk assessments in the Indian Ocean, which the Rea Sea leads into, after Somali piracy was brought under control.

Ukraine grain exports down at 13.4 mln T so far in 2023/24 – ministry

Ukraine's grain exports have fallen to around 13.4 million metric tons so far in the 2023/24 July-June marketing season, agriculture ministry data showed on Monday.

The ministry said that by Dec. 5 last year, Ukraine had exported 18.3 million tons of grain.

Ukraine exported 3.86 million tons of grain in November, including 1.3 million tons of wheat and 2.4 million tons of corn, the ministry data showed.

Traders union UGA said Ukrainian combined grain and oilseed exports rose to 4.5 million tons in November from 3.5 million tons in October largely because the country has been actively increasing its exports via an alternative shipping route.

After pulling out of a U.N.-brokered deal that guaranteed safe shipments of Ukrainian grain via the Black Sea, Russia has been repeatedly attacking Ukrainian port infrastructure.

In August, Kyiv opened an alternative "humanitarian corridor" which runs along Ukraine's southwest Black Sea coast, into Romanian territorial waters and onwards to Turkey.

Ukrainian cargo exports through the new route have exceeded seven million tons since August, President Volodymyr Zelenskiy said on X social media platform on Monday.

SMALLER SHIPMENTS

The volume exported this season includes 5.9 million tons of wheat, 6.5 million tons of corn and 876,000 tons of barley. In the previous season by this point, Ukraine had exported 6.9 million tons of wheat, 9.8 million tons of

corn and 1.48 million tons of barley.
The ministry said traders had exported 305,000 tons of grain so far in December compared with 393,000 tons by Dec. 5, 2022.
The ministry gave no explanation for the drop but traders and farmers' unions have said blocked Ukrainian Black Sea ports and Russian attacks on the country's Danube River ports were key factors.
Ukraine has traditionally shipped most of its exports through its deep water Black Sea ports.
Ukraine's government expects a harvest of 79 million tons of grain and oilseeds in 2023, with its 2023/24 exportable surplus totalling about 50 million tons.

Picture of the Day

Power-generating windmill turbines and power lines are seen in a snow-covered wind park in Krauschwitz, Germany, December 4. REUTERS/Fabrizio Bensch

(Inside Commodities is compiled by Archak Sengupta in Bengaluru)

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