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Top News - Oil

US crude stocks fall as refinery demand grows, EIA says

U.S. crude stocks fell by more than expected last week as refiners ramped up operations, offsetting a rise in crude imports, the Energy Information Administration (EIA) said on Wednesday.

Crude inventories fell by 5.1 million barrels to 423.4 million barrels in the week ended Nov. 29, the EIA said, compared with analysts' expectations in a Reuters poll for a 671,000-barrel draw.

Crude stocks at the Cushing, Oklahoma, delivery hub rose by 50,000 barrels.

"We've seen the return of refineries from seasonal maintenance, leading to a drop in crude oil inventories and a commiserate rise in gasoline and diesel stocks," said Andrew Lipow, president of Lipow Oil Associates.

Brent and U.S. crude futures rose after the data showed the larger-than-expected draw in crude stocks.

U.S. crude oil production hit a record high last week, at 13.513 million bpd, the data showed.

Refinery crude runs rose by 615,000 barrels per day (bpd) last week, to their highest level since July 12.

Refinery utilization rates rose by 2.8 percentage points to 93.3%.

"A pop in refining activity with runs climbing to a high not seen since the summer has resulted in a see-saw of crude inventories drawing and products building," said Kpler lead Americas oil analyst, Matt Smith.

"Stronger imports were unable to derail this week's crude draw as exports came in firm, while steady implied demand for the products week-on-week has been unable to deter builds amid higher refining activity," he added.

Net U.S. crude imports rose by 1.64 million bpd, the EIA said, while crude exports fell by 428,000 bpd to 4.24 million bpd.

Imports of crude from Iraq rose to their highest since June 2023, at 397,000 bpd.

Meanwhile, U.S. gasoline stocks rose by 2.4 million barrels to 214.6 million barrels, compared with analysts' expectations for a 600,000-barrel build.

U.S. gasoline futures edged lower after the data.

Gasoline supplied, a proxy for demand, rose by 231,000 bpd in the week to 8.74 million bpd, according to the data.

And the four-week average for total product demand was about 4% above last year's levels, at 20.45 million bpd.

Distillate stockpiles, which include diesel and heating oil, rose by 3.4 million barrels 118.1 million barrels, versus expectations for a 900,000-barrel rise, the EIA data showed. U.S. heating oil futures edged down after the data.

Unipetrol reports delayed Russian oil flows as imports ruling looms

Refiner Unipetrol reported delays in Russian oil deliveries to the Czech Republic via the Druzhba pipeline on Wednesday, while EU envoys failed to agree on whether to allow it to import products made from Russian crude from neighbouring Slovakia.

Its operations were not affected, the unit of Polish refiner Orlen said, but added it had approached the government about an oil loan in light of "the dynamic situation in the regulatory environment".

On Wednesday evening, diplomats in Brussels discussed the future of the EU exemption that allows the Czech Republic to import diesel and other products made from Russian oil.

The exemption is part of a proposed 15th package of sanctions on Russia.

Diplomats said talks would resume on Friday.

In the meantime Czech Industry Minister Lukas Vlcek said the government had approved lending Unipetrol 330,000 metric tons of oil from state reserves.

Czech pipeline operator Mero said it was investigating the oil pipeline delivery delays and that alternative supply routes were in use.

"The Czech Republic's oil supply is not threatened in any way," it said in a statement, adding that supply via the western route through the TAL and IKL pipelines was running without any problems.

The products imports exemption expires on Dec. 5 and deciding on its future requires unanimity.

Two sources familiar with the discussions said that one option being considered is a six-month extension. If no consensus is reached the exemption will lapse.

The Czech Republic last month said it was not looking to extend the exemption.

Separately, oil supplies to Slovakia were uninterrupted, its oil pipeline operator said.

The Czech Republic aims to end consumption of Russian oil in July next year after an upgrade to a transalpine pipeline allows it to ramp up shipments from the west, Mero said last month.

Top News - Agriculture

Analysts say data shows Russian winter crops in worst state ever

The share of winter crops in Russia for the 2025 harvest in poor condition or have not sprouted is at an unprecedented level of over 37%, analysts from ProZerno centre said on Wednesday, citing state weather forecasting agency data.

The agency provides its winter crops data to the Agriculture Ministry but does not disclose it to the public. The agency and the ministry did not immediately respond to a Reuters request for comment.

The analysts said, quoting the data, that share of winter crops in good conditions amounted to 31%, compared with 74% last year.

"In total across Russia, only 5.48 million hectares of winter crops are in good condition, which is the smallest area of good crops entering winter in the last 23 years," the analysts said.

They said the share of crops in bad conditions was the largest ever recorded. At the same time last year, the share of crops in poor condition stood at 4%. The average share of crops in bad condition in the last five years stood at 8%.

Russia officially estimates grain harvest this year at 130 million metric tons, after making a slight downward revision due to bad weather that hit many grain-producing regions.

The government did not provide an estimate for next year's harvest. In an officially published report for November the state weather forecasting agency highlighted bad weather conditions for winter crops in a number of grain producing regions but did not provide an estimate for the affected share of the crops.

Soy traders push to weaken ban on buying from deforested Amazon

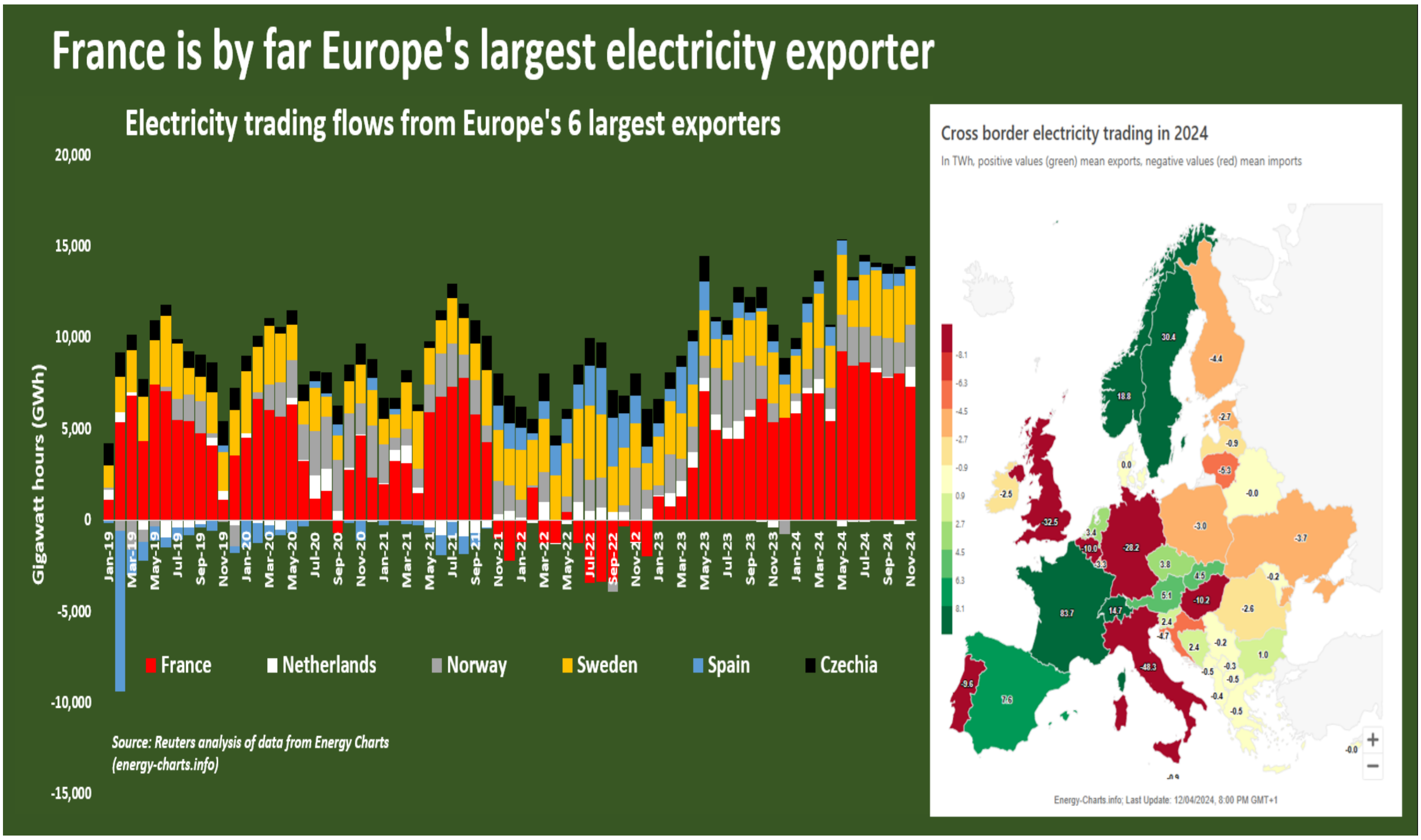
Multinational grains traders operating in Brazil are seeking to weaken an agreement that forbids buying soybeans from farms on deforested land in the Amazon rainforest, environmental advocates involved in the discussions said on Wednesday.

Soy traders including ADM, Cargill, Cofco and Bunge signed up for the "Amazon soy moratorium" in the mid-2000s, pledging to stop buying soy from farms in the Brazilian rainforest that were deforested from 2008 onward.

Scientists and conservationists have praised the voluntary moratorium for slowing deforestation in the Amazon, the world's largest rainforest and a bulwark against climate change because its trees absorb vast amounts of climate-warming greenhouse gas.

The moratorium is enforced by a working group including representatives of trading companies, environmental advocacy groups and the government.

Chart of the Day



In recent meetings of that group, grains traders have proposed changing the moratorium rules, Carolina Pasquali, executive director of Greenpeace Brasil, said in an interview.
The current agreement bars soy purchases from a whole farm if it includes areas deforested since 2008. But traders now propose a distinction between individual soy fields, letting growers export from one part of a farm while planting soy on newly deforested areas nearby, Pasquali said.
"It makes the moratorium lose its meaning," she said. "Farmers failing to comply (with the end to deforestation) would still be able sell their soy."
Abiove, which represents those trading firms and all major soy purchasers in Brazil, said it was holding discussions on the moratorium, but did not confirm details of any proposal.
Abiove members ADM, Cargill, Cofco, Bunge and Louis Dreyfus referred questions to the association.
The Guardian newspaper reported earlier that Abiove members planned to vote next week on whether to push for the proposed moratorium changes.
Even if Abiove members were to back such a move, environmentalist groups and government signatories to the agreement would need to agree to the change, Pasquali said.
Other nonprofits also told Reuters they oppose the change. Under Brazil's forestry code, landowners in the Amazon can legally clear up to 20% of their property. However, a surge in deforestation in the early 2000s sparked calls for action by the private sector, which feared a wider boycott of soy exports.
Brazil is the world's largest producer and exporter of soy. Environmentalists argue weakening the moratorium could open up a huge amount of the Amazon region to soy planting.
"It is very much an enormous amount of land that was deforested after 2008 in the Amazon," said Jean-François Timmers, an anti-deforestation campaigner with the World Wide Fund for Nature.
"We're talking about millions of hectares."
In its statement to Reuters, Abiove noted that Brazilian state lawmakers are pushing legislation "that significantly harm the signatories of the Soy Moratorium."
The state of Mato Grosso passed a law stripping tax breaks from firms that adhere to the moratorium.
Abiove said it defends the soy moratorium while "striving to balance the demands of both farmers and consumers, including updates to the current model to ensure its effectiveness."

Top News - Metals

Nippon Steel committed to U.S. Steel takeover, aims to close in Dec, says executive
Japan's Nippon Steel is committed to its $15 billion acquisition of U.S. Steel and is confident of completing it by year-end, a senior executive said, despite strong U.S. opposition including from President-elect Donald Trump.
"We will not give up on the deal... There is no global strategy without the U.S.," Nippon Steel Vice Chairman Takahiro Mori told Reuters this week, after returning from his eighth visit to the United States since the deal was announced a year ago.
With U.S. Steel, Nippon Steel aims to raise its global steel production capacity to 85 million metric tons per year from 65 million tons now and the asset is core to its goal of lifting production capacity to more than 100 million tons in the long-term.
The transaction has faced stiff resistance from politicians and the United Steelworkers (USW), a major labour group.
Trump reiterated his opposition to the deal this week.
Asked whether U.S. Steel's CEO David Burritt would remain in place, Mori said Nippon Steel would select the right person as CEO from various candidates, including Burritt, but no decisions had been made.
Mori, who has been leading the talks, held discussions with politicians and local stakeholders in Pittsburgh, where U.S. Steelhas its headquarters, during his latest U.S. trip, but did not meet members of the incoming Trump administration.
He declined to comment on whether he had met USW President David McCall during the visit.
"We sensed growing support from the local community," Mori said, noting that discussions had shifted to more substantive issues, such as the project's intrinsic value, since the conclusion of the U.S. presidential election.
"We are close to 100% confident of closing the deal by the end of the year," he said.
Nippon Steel, the world's No.4 steelmaker, has obtained all necessary regulatory approvals outside the U.S., and is awaiting reviews from the Committee on Foreign Investment in the United States (CFIUS) and clearance from the U.S. Department of Justice (DOJ) under antitrust laws.
The Japanese steelmaker has promised not to transfer any U.S. Steel production capacity or jobs outside the United States.
It has also said it would not interfere in any of U.S. Steel's decisions on trade matters, including decisions to pursue trade measures under U.S. law against unfair trade practices. Trump returns to the White House on Jan. 20, though President Joe Biden has also said U.S. Steel should remain an American-owned company.

FINANCING OPTIONS
The CFIUS is due to deliver its decision this month. The committee could approve the deal - potentially with provisions to address national security concerns - or recommend that the president blocks it. It can also extend the review period. If approval from U.S. authorities is not granted, the Japanese company is open to pursuing all possible measures, including legal action, to secure the deal, Mori said.

To finance the acquisition, Nippon Steel has already raised some funds via hybrid financing and sold some assets, part of an effort to strengthen its financial position.
"We have a number of options for permanent financing, including capital increase. We will select the most appropriate financial tools," Mori said.
In case the company decides to pursue a secondary share issue, it will not make a significant dilution for the current shareholders, he added.
The deal is being closely watched in Japan, a close U.S. ally and its biggest foreign investor. Last month, Japanese Prime Minister Shigeru Ishiba sent a letter to Biden, urging him to approve the acquisition.
Mori said the company did not request the letter but acknowledged its significance.
"It's important to note that the Japanese government is strongly supporting this deal and closely monitoring the proper procedures. I am very grateful for that."

Rio Tinto lifts 2025 guidance for capex, copper output

Anglo-Australian mining group Rio Tinto, on Wednesday lifted its capital expenditure guidance for 2025 and forecast higher copper production, mostly on an anticipated 50% output surge from its Mongolian assets.
Across operations, it is projecting 3% compound annual growth from 2024 onward.
While Rio Tinto's profits primarily stem from iron ore, it is increasing its focus on copper, demand for which is expected to benefit from the energy transition.
The miner aims to reach annual copper production of 1 million metric tons by 2030, evolving into a major player in the clean energy supply chain focusing on high-quality, low-emission raw materials.
"As we ramp up the Oyu Tolgoi underground copper mine (in Mongolia), deliver the Simandou high-grade iron ore project in Guinea, and build out our lithium business through the proposed acquisition of Arcadium, we are underwriting a decade of profitable growth," CEO Jakob Stausholm said.
The company expects overall capital expenditure to rise to $11.0 billion for fiscal 2025 - $1 billion above a previous forecast - from $9.5 billion in 2024.
The Simandou iron ore project in Guinea, set to be the world's largest new iron ore mine, will add around 5% to global seaborne supply when it comes on line at the end of 2025. Rio plans to spend about $6.2 billion on the development, with more than half on port and rail infrastructure.
Rio in October agreed to buy lithium producer Arcadium for $6.7 billion, a strategic move set to make it the world's third-largest lithium miner, significantly boosting its presence in the electric vehicle battery supply chain.
Its Rincon starter project in Argentina achieved first lithium production last week, it said, but the huge Jadar project in Serbia, marred by environmental protests, could take at least two years to secure permits to go ahead.

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$68.59 / bbl	0.07%	-4.27%
NYMEX RBOB Gasoline	$1.95 / gallon	-0.08%	-7.62%
ICE Gas Oil	$658.75 / tonne	-1.13%	-12.25%
NYMEX Natural Gas	$3.08 / mmBtu	1.35%	22.67%
Spot Gold	$2,648.31 / ounce	-0.06%	28.40%
TRPC coal API 2 / Dec, 24	$117.5 / tonne	-1.47%	21.13%
Carbon ECX EUA	€68.13 / tonne	0.40%	-15.23%
Dutch gas day-ahead (Pre. close)	€46.75 / Mwh	-3.41%	46.78%
CBOT Corn	$4.29 / bushel	-0.23%	-11.36%
CBOT Wheat	$5.50 / bushel	0.23%	-14.07%
Malaysia Palm Oil (3M)	RM5,129 / tonne	1.93%	37.84%
Index	**Close 04 Dec**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	342.03	-0.21%	13.48%
Rogers International	28.34	-0.68%	7.65%
U.S. Stocks - Dow	45,014.04	0.69%	19.43%
U.S. Dollar Index	106.19	-0.13%	4.79%
U.S. Bond Index (DJ)	446.33	0.46%	3.63%

The world's largest iron ore producer said it expects copper production in fiscal 2025 of 780,000-850,000 tons, against 660,000-720,000 tons a year earlier.
It maintained its projected capital expenditure for decarbonisation through 2030 at the lower end of the $5 billion-$6 billion range, having last year cut the budget from a previous estimate of $7.5 billion.
Rio is dual listed in Sydney and London, where its shares were down 12% and 14% respectively this year.
On Wednesday activist investor Palliser Capital demanded Rio Tinto scrap its primary listing in London and unify its corporate structure in Australia, saying about $50 billion in shareholder value has already been lost due to the dual listing. "So far, we have not got anything that tells us that the structure we have is not the best structure," Stausholm told investors in London.

Top News - Carbon & Power

EXCLUSIVE-Shell slows offshore wind spending, splits power business in CEO review
Shell is stepping back from new offshore wind investments and is splitting its power division following an extensive review of the business that was once seen as a key driver of the company's energy transition strategy.
The changes are part of a company-wide review launched in 2023 aimed at reducing costs as CEO Wael Sawan focuses on activities with the highest returns.
In many cases that has meant reducing spending on low-carbon and renewable businesses and increasing the focus on oil, gas and biofuels.
“While we will not lead new offshore wind developments, we remain interested in offtakes where commercial terms are acceptable and are cautiously open to equity positions, if there is a compelling investment case,” a company spokesperson said in a statement.
Shell and other major energy companies have in the past touted offshore wind as a key market they can invest in as part of the world's energy transition, drawing on their decades-long experience in offshore oil and gas production.
But the sector has been hit in recent years by soaring costs, supply chain issues and rising interest rates, leading companies to review investments as profit margins narrowed.
Shell's retreat mirrors moves by rivals BP and Equinor that have slowed investments in renewables and low-carbon business as they face investor pressure to boost returns and maintain large shareholder payouts.
Their change of direction reflects two major developments - the energy shock from Russia’s invasion of Ukraine and a drop in profitability for many renewables projects.
Shell will continue to develop offshore wind projects already underway, it said.
The company in recent months has retreated from several offshore wind projects, including in South Korea and the United States.
The changes were announced in an internal presentation by Shell Energy boss Greg Joiner on Wednesday, two company sources said.

SHELL ENERGY SPLIT
Shell Energy, which includes renewables, power generation and supply to customers, will be split into two separate power generation and trading units, the company spokesperson told Reuters.
"These two parts of our business will work closely together.
In line with our simplification drive, the change is aimed at improving focus, accountability and delivery," the person said.
Joiner will become head of Shell Power, while David Wells will lead Shell Energy, Shell said.
Shell, one of the world's largest energy traders, will focus on selling power to customers and developing battery storage sites.
"In selected markets, we see increasing value in using batteries and flexible gas-fired power plants to manage intermittency and help us to meet our customers’ needs as renewables play increasing roles in power markets," it said.
Shell currently has around 3.4 gigawatts (GW) of renewable capacity in operation around the world.
In 2023, it sold around 279 terawatt-hours (TWh) of electricity to customers, equivalent to about 88% of Britain's power consumption.
As part of Sawan's strategy, Shell plans to grow its liquefied natural gas division and steady its oil production by the end of the decade.
Shell in recent months scaled back operations in offshore wind, solar and hydrogen, sold retail power businesses, refineries and some oil and gas production, including in Nigeria.
In March, the company weakened a 2030 carbon reduction target and scrapped a 2035 objective, citing expectations for strong gas demand and uncertainty in the energy transition, angering climate-focused investors and activists.

ANALYSIS-German gas levy limbo raises risk of higher costs for edgy neighbours
The collapse of Germany's governing coalition risks delaying a draft law on waiving a costly gas storage levy for foreign buyers from next year and raising tension with European neighbours that face higher prices.
Supply security is already worrying European governments as cold weather has pushed gas prices to their highest in nearly 13 months, and a Russian transit deal to supply gas to Europe via Ukraine expires at the end of the year.
Germany's gas neutrality charge, which storage operator Trading Hub Europe (THE) receives for gathering and releasing volumes from German caverns, Europe's largest, will increase by 20% from January, THE said last month. That could add 7% to energy costs in countries such as Austria and the Czech Republic, according to Reuters' calculations based on current gas prices.

With an annual gas import bill of several billion euros, Austria has estimated it has paid more than 50 million euros ($53 million) for the German levy since 2022.
Parliamentary sources from the various parties within Germany's coalition, which collapsed in November, say infighting meant a November timetable for the bill was scrapped and that the main opposition party will not support urgent bills ahead of a vote of confidence by Chancellor Olaf Scholz in mid-December.
Asked about the status of the legislation on Wednesday, a spokesperson for the Berlin Economy Ministry said it depended on the parliamentary process. Time is, however, short ahead of a snap election in February.
In the gas markets, dealers said the impact has already been to make deals harder, reducing earnings through market trade and pushing some customers towards seeking Russian gas.
"Our members have reported adverse effects on liquidity and prices spreads in forward markets around Germany as a result," said Doug Wood, chair of the Energy Traders Europe association's gas committee. The group represents 170 member companies.

RUSSIAN RISK
In the event Germany, owner of 23 billion cubic metres of storage capacity, reneges on legal obligations, traders say buyers would be forced to continue to rely on the Russian supplies Europe is trying to avoid.
Czech Prime Minister Petr Fiala said he was unhappy about the use of Russian gas, but cost was a concern.
"The fact that, momentarily, traders are using cheaper gas from Russia is a reality, and I am not happy about it," he said on platform X.
Flows into the country from Slovakia, via Russia and Ukraine, accounted for over 90% of supplies in November and fourth quarter totals to date were at 77% versus 38% in the third, data from Czech pipeline system operator Net4Gas showed.
Austria has sought to pressure Germany into swiftly passing the required amendment.
"Europe is in global competition. We cannot afford such national regulations," Alfred Stern, CEO of Austrian utility OMV, told Germany's Sueddeutsche Zeitung on Nov. 27.
Germany agreed to legislate for the waiver after Austria, Hungary, Slovakia and the Czech Republic successfully complained to the European Commission earlier this year that they should not pay for THE's costs.
THE, appointed by the government to fill parts of Germany's gas cavern infrastructure in the energy crisis in 2022, excluded border transition points, or virtual trading hubs, when calculating the new fee, assuming the law would be passed.
An EU Commission spokesperson said Brussels upholds concerns that the present fee disturbs the internal market and makes diversification from Russia harder.
"We urge Germany to ensure that the law abolishing the cross-border element of the storage fee is in place as soon as possible," the spokesperson said.
THE has said its procedure is to only write bills for January sales at the end of March.
It is possible the legislation will have been finalised by then.
Failing that, however, German media and parliamentary sources have also said the conservative CDU party, which is tipped to win February elections, could expedite the bill once in office.

Top News - Dry Freight

Grains for gold: Indian export curbs drive boom in barter smuggling
Guards on either side of a border checkpoint between India and Bangladesh scour vehicles and frisk passengers in a hunt for illicit consignments of gold and drugs, as well as food staples such as sugar, grain and even onions.
"We caught smugglers in August who were transporting sugar concealed beneath a layer of sand in their vehicle," said an officer of India's Border Security Force (BSF) in the northeastern city of Shillong, who sought anonymity.
Despite such efforts, illegal barter trade of gold for food items has surged since mid-2022, as India's export curbs fuelled a vast disparity with prices in Bangladesh, causing combined government revenue losses of billions of dollars.
The smuggling distorts India's bullion trade with discounts from official prices, hides unaccounted wealth, and weakens New Delhi's efforts to curb food inflation by limiting exports. At the same time it undermines Bangladesh's import reduction measures aimed at boosting local farmers' production.
The practice of smuggling gold to buy grain has persisted even after India, the world's second-largest gold consumer, slashed 9 percentage points from its import duty in July, taking it to the lowest in more than a decade.
It is driven by significantly higher food prices in Bangladesh, which traditionally relies heavily on Indian supply.
But instead of simply exploiting the price difference between Indian and overseas gold, grey market operators use gold to barter for items such as sugar, wheat, and onions smuggled into Bangladesh.
The goods are concealed, said a BSF officer, citing the example of a smuggler in India's West Bengal state, arrested in October with 4.7 kg (10.3 lb) of gold worth 35.1 million rupees ($414,000) stashed in his motorcycle's air filter.
He had been offered just 10,000 rupees to ferry 18 gold biscuits into India to pay for food items already smuggled into Bangladesh, said the officer, who spoke on condition of anonymity.
On India's border with Bangladesh, the BSF follows a non-lethal policy that reduces deterrence, unlike the western border with Pakistan, where officers carry firearms to block illegal entry, the officer added.

LUCRATIVE ARBITRAGE

Traditionally the biggest supplier of grains to Bangladesh, India imposed curbs on exports of staples such as wheat, sugar, rice, onions and pulses to rein in food inflation from 2022.

But gold prices have rallied more than 50% since the middle of that year, encouraging wider activity by grey market operators to exploit the arbitrage opportunity as food prices in Bangladesh spiked as much as 150% over those in India.

The gold-for-grain trade flourished as India steadily tightened curbs on food exports over the past two years, said a grains dealer in the eastern city of Kolkata, who spoke on condition of anonymity.

More than 2 million metric tons of staples have been smuggled into Bangladesh each year in exchange for gold, up from less than 300,000 tons before India's curbs, officials estimate.

"The government limits farm exports to quickly lower local prices. But smuggling weakens that strategy, and farmers end up bearing the brunt of the restrictions," said Balwant Holkar, a trader in Lasalgaon in the western Indian state of Maharashtra.

Meanwhile, India's illegal imports of about 156 metric tons of gold last year, worth about $9 billion, were up from 100 tons in 2022, the World Gold Council (WGC) says.

Nearly a third originated from Bangladesh, say industry and government sources, with the bulk used to settle payments for smuggled grain, the BSF and India's Directorate of Revenue Intelligence (DRI) officials told Reuters.

New Delhi lost an estimated $1.6 billion in unpaid taxes last year to gold smuggling, industry officials estimate from WGC data.

IMPORT DEPENDENCY

India banned exports of wheat in mid-2022 and curbed those of white rice and sugar in 2023, while levying high taxes on shipments of onions and parboiled rice.

But Bangladesh kept import taxes high, making it even more attractive to smuggle grain across a porous border stretching more than 4,000 km (2,500 miles), said a Dhaka-based grains trader, who sought anonymity as the matter is sensitive.

In 2012, when India increased gold import duties, smugglers earned a margin of 54,000 rupees a kilogram, which rose to a peak of 1.3 million rupees in mid-2024, industry estimates show.

Despite the July tax cut, margins remain lucrative, at 700,000 rupees per kg.

"Even after accounting for operational expenses, grey market operators still realise significant profits," said James Jose, secretary of the Association of Gold Refineries and Mints.

"This is why smuggling persists, even after the duty reduction."

Gold refining in India yields very thin margins, but grey market operators offer hefty discounts because they evade taxes, said Harshad Ajmera of wholesaler JJ Gold House in Kolkata. "You can't compete with them," Ajmera said. "You just lose market share."

India's sugar export ban drove a surge in global prices, roughly doubling the price of the sweetener in Dhaka over its price in eastern India, luring grey market players.

To pay for items from India, Bangladeshi buyers use cartels to deliver the gold across the border, where Indian suppliers exchange it for cash in Kolkata to start a new trade cycle.

After India banned exports, Bangladesh's official imports of raw sugar dropped 25% in the fiscal year ending in June, to 1.386 million metric tons.

That gap was bridged with about 450,000 tons of smuggled sugar, mostly paid for with gold, said some participants in official trade.

"For the last few years, there's been no shortage of work," said an Indian courier living near the border, adding that he got paid immediately on delivering gold from Bangladesh at a day's notice.

Ivory Coast cocoa exporters fear drop in supplies after poor weather

Multinational cocoa exporters operating in Ivory Coast, the world's top cocoa producer, fear a drop in supplies from farmers in the coming months after adverse weather hit crops, raising the prospect that some of them might default on contracts.

So far this season, the volume of beans arriving at ports is up 34% on the same time in 2023-24.

But last season was the worst in a decade, according to the director of a European buyer, speaking on condition of anonymity.

"If you compare arrivals to 2022, a normal season, we are 15% below that.

That means the situation isn't rosy, despite appearances," said a second European exporter.

In the west and southwestern regions that produce more than half of Ivory Coast's cocoa, joy has given way to disappointment after heavy rains damaged crops.

"We were happy at the start of October, but the rains arrived and ruined everything.

Today we only have a few pods to harvest and nothing more," said Daniel Konan Kanga, a farmer who owns six hectares in the western city of Duekoue.

"There's nothing more to harvest," said Simon Djedje, who owns five hectares in the southwestern region of Soubre.

In the Ivorian bush, cooperatives, buyers and middlemen say the bulk of the main harvest was completed in November, and shortages are expected to last through February or March.

Typically, the main crop peaks in December, and the mid-crop harvest begins in April.

"I don't see how we can meet our target volumes with two or three months of low arrivals," said another director at a multinational exporter in the port of San Pedro.

"It's clear that production will be weak for two months through January and February, maybe even March.

It will be untenable."

Picture of the Day

A Kashmiri shepherd watches over his flock of sheep grazing in central Kashmir's Ganderbal district, December 4. REUTERS/Sharafat Ali

(Inside Commodities is compiled by Nandu Krishnan in Bengaluru)

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

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