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Top News - Oil

Woodside-Santos $52 billion merger clouded by competition, price concerns

Australia's Santos Ltd shares jumped on Friday on the prospects of a possible $52 billion merger with its bigger rival Woodside, but investors were cautious about the competition and valuation hurdles to a deal.

Woodside and Santos after market hours on Thursday confirmed speculation they were in preliminary talks to create a major oil and gas company, with assets in Australia, Alaska, the Gulf of Mexico, Papua New Guinea, Senegal and Trinidad and Tobago.

Santos shares jumped nearly 11% in early trade to hit their highest level in five weeks, but pared gains to 6% around 0345 GMT. Woodside trimmed early losses and was down 0.5%.

Both companies' have lagged the global energy share market boom amid struggles securing environmental approvals for major growth projects. UBS analysts say a deal would provide the scale required to fund the decades long energy transition and could unlock $200 million in cost savings.

"It's a dramatic concentration of control," said Tim Buckley, a director at think tank Climate Energy Finance. "But I would emphasize it's coming from a point of weakness. It's coming from a point of ongoing massive underperformance."

A bid price with a sufficient premium to satisfy disappointed Santos shareholders is going to be the "biggest issue", said Matthew Haupt, a portfolio manager at long-time Santos shareholder Wilson Asset Management.

"We'd like to see a very compelling offer from Woodside with a premium built in to entertain this idea," he said. "I just don't know if Woodside are willing to pay up."

UBS analysts modeled an implied bid price for Santos between A$8.20 and A$8.88, with the lower value reflecting a typical "control premium" of 20%. By comparison, Santos shares hit a high of A$7.58 on Friday, reflecting uncertainty about how a deal would be structured.

The mooted deal would complete the consolidation of Australia's four biggest homegrown oil and gas companies. Woodside just last year combined with BHP Group's oil and gas business, while Santos acquired Oil Search in 2021.

With the talks revealed, Santos could potentially attract interest from a major European player with interests in the region, UBS analyst Tom Allen said. French giant TotalEnergies co-owns LNG assets in Papua New Guinea and Australia with Santos.

COMPETITION CONCERNS

Analysts say a potential Woodside takeover of Santos would create a dominant player in Australia's domestic gas market and prompt close scrutiny from the competition regulator, which is concerned about soaring local gas prices.

Selective divestments could assuage the regulator, with Santos' Varanus Island and Cooper Basin assets likely candidates, according to Jarden analyst Nik Burns.

The issue will be getting agreement on price for mature assets in a market with only a handful of interested mid-sized players, for instance Beach Energy, he said.

"What's the market appetite to take these assets? It's not like there is a large playing field of potential buyers," said Burns, who was previously investor relations head for Beach.

The Australian Competition and Consumer Commission said on Thursday it would consider if a public merger review into the impact on competition was required if the deal goes ahead.

Russia and Saudi Arabia urge all OPEC+ powers to join oil cuts

Saudi Arabia and Russia, the world's two biggest oil exporters, on Thursday called for all OPEC+ members to join an agreement on output cuts for the good of the global economy only days after a fractious meeting of the producers' club.

Hours after Russian President Vladimir Putin went to Riyadh in a hastily arranged visit to meet Saudi Crown Prince Mohammed bin Salman, the Kremlin released a joint Russian-Saudi statement about the conclusion of their discussions.

The Organization of the Petroleum Exporting Countries (OPEC), Russia and other allies agreed last week to new voluntary cuts of about 2.2 million barrels per day (bpd), led by Saudi Arabia and Russia rolling over their voluntary cuts of 1.3 million bpd.

"In the field of energy, the two sides commended the close cooperation between them and the successful efforts of the OPEC+ countries in enhancing the stability of global oil markets," said the statement released by the Kremlin.

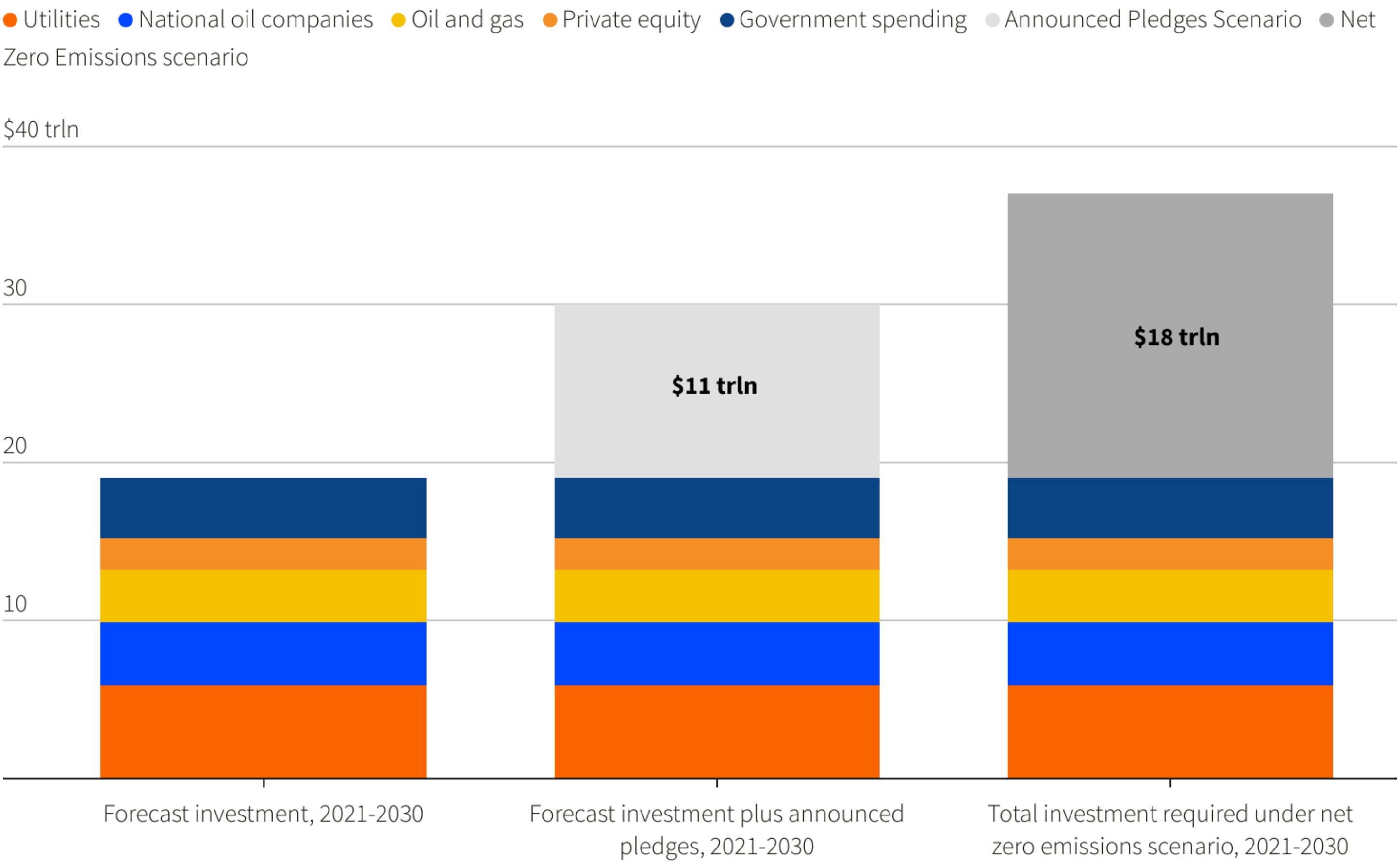
"They stressed the importance of continuing this cooperation, and the need for all participating countries to join to the OPEC+ agreement, in a way that serves the

interests of producers and consumers and supports the growth of the global economy," the statement, which was in Russian, added.
The Russian version used the word "join" while an English translation of the statement, also released by the Kremlin, used the word "adhere" to the OPEC+ agreement.
Saudi state news agency SPA said that the crown prince, known as MbS, and Putin had emphasised in their meeting the need for OPEC+ members to commit to the group's agreement.
Oil market sources said that such an explicit public remark from the Kremlin and the kingdom about "joining" cuts appeared to be an attempt to send a message to members of the OPEC+ club who had not cut or not cut enough.
The biggest member of OPEC excluded from the cuts is Iran, the economy of which has been under various U.S. sanctions since 1979 after the seizure of the U.S. embassy in Tehran.
Iran is boosting production and hopes to reach output of 3.6 million bpd by March 20 next year.
After his return to Moscow from Saudi Arabia, Putin on Thursday held talks with Iranian President Ebrahim Raisi in the Kremlin, along with Russia's Deputy Prime Minister Alexander Novak and Defence Minister Sergei Shoigu.

PUTIN IN RIYADH
Mystery still surrounds Putin's trip to Riyadh and Abu Dhabi, on which he was escorted by four Russian fighter jets, and it was not immediately clear what particular issue was so important for Putin to make a rare overseas trip.
The Kremlin said Putin and MbS also discussed the conflicts in Gaza, Ukraine and Yemen, the Iranian nuclear programme and deepening defence cooperation.

Chart of the Day

Energy transition has a $18 trln funding gap to 2030



Note: Energy sector capex is based on the 270 largest energy companies, private equity, and existing direct government investment. Forecast investment includes cumulative, committed investments, 2021–2030, by energy companies, energy-focused private equity investors, and energy-focused venture capital
Source: IEA, BCG | A. Alias | A. Currie | Breakingviews | Dec. 7, 2023

MbS, 38, has sought to reassert Saudi Arabia as a regional power with less deference to the United States. Saudi Arabia is the biggest purchaser of U.S. arms.
Putin, who sent troops into Ukraine in February 2022, says Russia is engaged in an existential battle with the West and has courted allies across the Middle East, Africa, Latin America and Asia amid Western attempts to isolate Moscow.
"With regard to the crisis in Ukraine, the Russian side expressed appreciation for the humanitarian and political efforts undertaken by His Royal Highness Mohammed bin Salman," the joint statement said.

OPEC+ DISCORD?
Producer group OPEC+, the members of which pump more than 40% of the world's oil, had to delay its meeting over disagreements with African producers about output, though some traders said they suspected a deeper schism inside the group.
After the producers decided to cut supply, oil prices fell to a five-month low - a clear sign that the market had expected more forthright action from OPEC+.
Putin and MbS, who together control a fifth of the oil pumped each day, were shown smiling and engaging in an effusive handshake as Putin emerged from his car in the Saudi capital.
Both MbS and Putin, 71, want and need high prices for oil, the lifeblood of their economies. The question for both is how much of the burden each should take on to keep prices aloft, and how to verify the burden.
At the talks with MbS, Putin said that a planned visit by the prince to Russia had been changed at the last minute, prompting him to visit Riyadh.
"We awaited you in Moscow," Putin told MbS with a smile. "I know that events forced a correction to those plans, but as I have already said, nothing can prevent the development of our friendly relations."
Putin then said: "But the next meeting should be in Moscow."
The crown prince said through a Russian translator that he was ready to do that.
"Then we are agreed," Putin said.

Top News - Agriculture

ANALYSIS-US farmers plan big 2024 soy crops, 'gut says' less corn
U.S. farmers are likely to plant more soybeans in 2024 as rising demand for soy-based biofuels should boost profits, and many plan to cut back on corn acreage with futures prices for that grain hovering around three-year lows.
A larger U.S. soybean crop would help meet booming demand for renewable diesel fuel and animal feed at a time when drought is slashing soybean production in Brazil, the world's top supplier. Another top supplier, Argentina, lacks soybeans after a severe drought last year.
Meanwhile, U.S. corn supplies are ample after a record-large crop in 2023. By Sept. 1, before the 2024 crop is harvested, U.S. corn stockpiles are projected to top 2.1 billion bushels, a five-year high.
Along with normal crop rotation to keep soils healthy, farmers look at profitability of each crop. They factor in seed costs which are high this year for both corn and soybeans, along with inputs such as pesticides and fertilizer. Corn needs more fertilizer than soybeans.
Chris Gibbs, a farmer in western Ohio, expects to cut back on corn in 2024, seeking better profits in soybeans.
"My gut is I'm going to plant a little less corn just because of cost," Gibbs said. "Cash corn is now at cost of production, and soybeans, we are still making a profit."
Gibbs' plan lines up with early forecasts from the U.S. Department of Agriculture and at least one private firm showing expanded U.S. soybean acreage in 2024 and a reduction in corn acres. On Nov. 7, the USDA projected growers would plant 87 million acres to soybeans in 2024, up 3.4 million acres from 2023. Corn plantings would fall to 91 million acres, down 3.9 million acres, USDA said.
S&P Global released similar projections last month, pegging U.S. corn plantings at 91.350 million acres and soybean plantings at 87.150 million acres, according to an S&P document seen by Reuters.
U.S. farmers are already making crop decisions, months before planting begins in April and May. Seed and fertilizer retailers frequently offer discounts to producers who book before winter. Corn and soy crop insurance policies must be purchased by mid-March.
Labor costs can be a factor. Corn produces three times as much grain per acre as soybeans, which can tie up equipment and crews during harvest, along with grain storage space.
Markets play a key role in decisions about crop acreage in the months leading up to planting.
Corn futures on the Chicago Board of Trade are near the lowest since late 2020. Benchmark CBOT soybeans bounced after nearing a two-year low and are currently 12% higher than they were in late 2020.
"We didn't make money on corn (in 2023)," said Phil Volk, a North Dakota farmer. "If we can hold that $13 (in soybeans), it seems like a high price... that a person can make money with."

TIGHT SCENARIO FOR SOYBEANS
One supply-demand gauge for grains involves measuring the stocks left at the end of the marketing year as a percentage of total use. For corn, this stocks-to-use ratio is expected to reach 14.9% by Sept. 1, 2024, a five-year high. The USDA projected that a year later, corn ending

stocks would rise to 18% of total use, the most in 20 years.
The scenario is much tighter for soybeans. At 245 million bushels, the USDA's forecast for how much soy is left over before the next harvest represents just 5.9% of total use, a three-year low, with a modest projected increase to 6.5% in 2024/25.
"The soybean market is saying we need to be more aggressive and make sure that we re-purchase some of those acres," said Frayne Olson, an economist with North Dakota State University.
Soy acres have expanded sharply in recent years in North Dakota, traditionally a wheat-growing state. Two new soy crushing facilities in North Dakota look poised to create long-term demand for the oilseed, part of a nationwide wave of expansion in soy processing to supply vegetable oil to renewable diesel makers.
Export demand will be a wild card for the corn and soybean markets in the coming months, potentially affecting planting decisions. The USDA has projected a drop in U.S. soybean exports in the current marketing year after a bumper crop in Brazil dominated sales to China, the world's biggest soy buyer.
The USDA expects U.S. soy exports to recover next year, depending largely on the size of the current soy crop in Brazil, where adverse weather has slowed planting.
Export demand for U.S. soybeans picked up in October and November as China made a series of U.S. soy purchases that coincided with mounting worries about Brazilian crop prospects.
"We are facing more (soy export) competition, but there is a bigger market to be had," said Iowa State University agricultural economist Chad Hart.

INSIGHT-West Africa counts on chemicals to curb new cotton pest

Without pausing to wipe the sweat from their brows, workers in northern Ivory Coast picked cotton by the handful - a crop saved by the use of extra insecticides after a new pest wreaked record damage across West and Central Africa last season.
The Indian cotton jassid or Amrasca biguttula insect appeared as if from nowhere across much of the region's cotton belt in 2022-23, injecting a toxin into the plants that led to a near 25% production slump year-on-year. Some countries lost over half their forecast harvest.
"It destroyed us. It spoiled all the fields," recalled Issouf Kabe Coulibaly, who along with other farmers in the Ivorian department of Korhogo struggled to support his family and racked up debts due to last season's losses.
The crisis highlighted the region's vulnerability to invasive species and a reliance on chemical solutions that research shows will not in the long term protect a crop that supports millions and is a prized foreign currency earner for cash-strapped governments from Benin to Burkina Faso.

MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$70.69 / bbl	1.89%	-11.92%
NYMEX RBOB Gasoline	$2.04 / gallon	0.44%	-17.56%
ICE Gas Oil	$773.50 / tonne	0.62%	-16.02%
NYMEX Natural Gas	$2.58 / mmBtu	0.43%	-42.35%
Spot Gold	$2,030.23 / ounce	0.26%	11.28%
TRPC coal API 2 / Dec, 23	$112 / tonne	1.36%	-39.38%
Carbon ECX EUA	€69.65 / tonne	1.21%	-17.05%
Dutch gas day-ahead (Pre. close)	€40.25 / Mwh	3.21%	-46.74%
CBOT Corn	$4.88 / bushel	0.72%	-28.06%
CBOT Wheat	$6.43 / bushel	1.42%	-19.56%
Malaysia Palm Oil (3M)	RM3,748 / tonne	0.78%	-10.21%
Index	**Close 07 Dec**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	296.92	0.43%	-1.46%
Rogers International	26.33	-0.06%	-8.16%
U.S. Stocks - Dow	36,117.38	0.17%	8.96%
U.S. Dollar Index	103.78	0.23%	0.25%
U.S. Bond Index (DJ)	419.65	-0.34%	6.93%

This year, the use of rapidly trialled and approved new pesticides has kept the tiny grasshopper-like insects at bay.

Production across West and Central Africa's 10 cotton-growing countries is forecast to hit 4.9 million 480-pound bales in 2023-24 - a 22% rebound from the previous marketing season, the U.S. Department of Agriculture (USDA) said in September.

By harvest time in late November, the sun-soaked fields around Korhogo were so thick with cotton bolls they appeared frosted. Working in a line, the labourers plucked the white puffs from waist-high plants and stuffed them into sacks. "If the medicine had not been effective we would not have had enough cotton this year. Thank God we believe a solution has been found," said farmer Yaridiouma Soro, whose harvest was around two thirds smaller than usual last season.

FARMERS' HESITANCY

When the full scale of the jassid crisis became clear last season, cotton producers knew urgent action was needed.

"The scale was unprecedented. We had never seen this ... the year was catastrophic," said Eugene Konan, head of research and development at COIC, one of the largest Ivorian cotton firms.

Much was at stake. Cotton provides 8-12% of the gross domestic product of Benin, Burkina Faso, Chad, and Mali, according to World Trade Organization data from 2019, when the four were the region's top producers.

Experts from the eight-nation PR-PICA cotton production programme joined forces to find a solution before the sowing season kicked off in May, testing and recommending three new pesticides for farmers in the region to use.

"In the short term, it's the obvious choice. This year they could not afford to lose 30 or 50% of production again," said Thierry Brevault, who studies how to sustainably intensify crop production at French agricultural research centre CIRAD.

Across West Africa, anxious farmers treated their cotton with the new chemicals as instructed.

"We had a product to fight the bug but we were all afraid - I reduced my surface area by almost 5 hectares," said Coulibaly, who usually plants up to 15 hectares.

The USDA said similar hesitation has led to a 5% year-on-year drop in the area planted with cotton in Ivory Coast and an 8% drop in Benin with some farmers switching crops entirely.

The worries were unfounded. At Coulibaly's farm, workers tossed armfuls of cotton onto a truck headed to a depot, where it was heaped into huge drifts - testament to the efficacy of the new chemical regime.

"We hope that next year all our producers will return to cultivation," said COIC's Konan.

VICIOUS CYCLE

The bounce back may be short-lived however and researchers warn that more work needs to go into finding long-term solutions.

Insecticides should be used against Amrasca biguttula only with precaution as known cases of resistance have been reported in India and Pakistan, according to the Industry group Insecticide Resistance Action Committee (IRAC).

"In West Africa, the answer remains the use of insecticides ... But it doesn't really solve the problem. It's a vicious cycle," Brevault said by phone.

"We will encounter resistance sooner or later. Eventually these products will no longer work."

Developing pest-resistant cotton varieties, expanding the use of monitoring systems so chemicals are only used when needed, researching alternative bio-controls, and learning how to tackle jassids at a different part of their life cycle should be prioritised, he said.

The economic argument for investing in sustainable tools is clear. Biological invasions cost Africa up to $79 billion between 1970 and 2020, mostly due to the damage they caused, according to a 2021 study in the journal Niobiota that warned that such costs were increasing exponentially over time.

"We can expect more and more new invasives to come to the region - to West African countries," said entomologist Lakpo Koku Agboyi at the non-profit Centre for Agriculture and Bioscience International (CABI).

He said this was partly due to weak border controls that allowed non-native species to hitch a lift undetected from elsewhere and warming temperatures, which can change a species' range or spur its spread.

Genetic tests show the new jassid in West Africa found its way over from Asia although it's not known when this happened or what caused its population to explode, said Brevault, who ruled out climate change as a factor.

Some farmers in Korhogo are wary of the chemical approach to tackling pests.

"For me it’s the pesticides that are not very effective," said septuagenarian Navaga Tuo, standing in a field that was brown rather than white. He decided to plant maize this season after losing much of his cotton in 2022-23.

Encouraged by his neighbours' bountiful harvests, Tuo plans to return to cotton next season and protect his crop as directed, but he is concerned about using more chemical sprays.

"We must find a solution to eliminate the jassids. Apart from agriculture we have no other profession," he said, plucking corn cobs from dried-out stalks and tossing them to the ground.

Top News - Metals

Anglo American preps sweeping cost cuts as price rout bites -sources

Anglo American is preparing to freeze spending on growth and widen job cuts in South Africa, going far beyond its initial savings target and paving the way to mothballing some higher-cost platinum mines, sources familiar with the matter said.

Anglo's sweeping spending cuts could be announced as soon as Friday, when the miner updates investors on its three-year outlook, five sources said.

The sources said measures include shelving an ambitious plan to boost output at Anglo American Platinum's key Mogalakwena mine, and, if metals prices remain depressed, place on care and maintenance some shafts at the Amandelbult complex in the longer term, which had been initially targeted for mechanization and output expansion.

A concentrator plant at Amandelbult could also be placed on care and maintenance, one of the sources said.

The moves are likely to result in further job cuts at the operations and lower output guidance, the sources added.

The global miner had initially targeted saving $500 million by cutting corporate jobs and some costs at head offices in Johannesburg, London and other locations.

Scaling down on spending could save an additional $1 billion by end of 2024, with most expected from its platinum operations, one of the sources said, as the company becomes the latest to feel the impact of a price rout ripping through the world's top platinum producer South Africa.

Anglo American declined to comment.

South Africa's platinum mining output has been declining gradually over the past decades as investors balk at investing in new mines amid threats to the metal's future demand from a rapidly growing battery electric vehicle sector.

Platinum, palladium and rhodium are used in devices that curb exhaust emissions from diesel and petrol engines.

A rapid and precipitous plunge in palladium and rhodium has already forced other South African producers including Sibanye Stillwater and Impala Platinum to swiftly move to cut jobs in a bid to preserve margins.

Anglo is also expected to cut jobs and costs at its other South African unit - Kumba Iron Ore, where stockpiles have grown to 9 million tons by September on worsening rail bottlenecks.

Anglo Platinum is expected by a group of 11 analysts to account for 12% of the group's net earnings at $1.3 billion this year, down from 30% or $4.4 billion in 2022.

The plans come as Anglo Chief Executive Duncan Wanblad seeks to develop a $9 billion Woodsmith fertilizer project in Britain, on which the company announced a $1.7 billion writedown in February.

"Higher-cost assets have been under pressure for some now, particularly at older, labour-intensive mines (...Amandelbult). As the industry transitions to newer, mechanized mines (Mogalakwena...), older, higher cost mines will be rationalized," said BofA Securities analysts.

Palladium prices have plunged to a five-year low while rhodium, which soared to record highs of almost $30,000 an ounce in 2021, has since fallen to about $4,400 an ounce. Platinum prices have fallen 16% this year.

STALLING GROWTH

The sector's cost-cutting measures, also taken by junior platinum miners, come as Africa's most industrialized economy grew just 0.3% in the first nine months of this year.

Platinum mines earned the country about 275 billion rand (about $14.6 billion) in export receipts last year, according to Minerals Council South Africa data. The mines, some of which are among the world's deepest, employ about 175,000 workers.

Some of those jobs are now evaporating.

Sibanye, the biggest mining employer in South Africa, in October said it plans to cut about 4,000 jobs and close some shafts. Rival Impala has a voluntary job cut process up to the end of the year, a spokesperson said.

"If the numbers are low then we may need to do more capital rationalization. More cost savings could include deeper labour initiatives like consulting with the unions (on section 189 process) or extending the voluntary separation process," the spokesperson said.

The sector's woes may get even worse as EVs penetration increases in coming years.

"There will be significant demand destruction for PGMs, especially palladium and rhodium, though limited for platinum, starting 2028 due to battery electric vehicle penetration, and as PGMs demand for auto-catalysts decline," Citigroup analysts said.

Australia's Liontown in talks with US Defense Dept on tantalum supply

Miner Liontown Resources is speaking with the United States Department of Defense about supplying tantalum from its Australian operations if the U.S. passes a new regulation by year end as expected, its chief executive told Reuters on Thursday.

Lining up a tantalum deal with the U.S. defense department would provide the company a crucial endorsement and potentially future funding as it develops its Kathleen Valley lithium mine, seen as one of the most promising deposits of the metal.

The project in Western Australia will also produce tantalum, a critical material in electronics and for metal alloys to make missiles and tanks more heat-resistant, among other uses.

Liontown is due to start production in mid-2024.

"The company has ... engaged in constructive discussions with the U.S. Department of Defense regarding the potential for the DoD to procure Liontown's tantalum – another designated critical mineral, and a secondary product that Liontown will produce at the Kathleen Valley Project," Liontown CEO Tony Ottaviano said. The supply deal hinges on amendments to legislation expected to come into place by year end that will classify Australia as a domestic supplier to the U.S.
"The amendments ... shape as a key catalyst to designate Australia as a 'domestic source of supply' which would expand the US DoD's remit as a potential offtaker and funder of allied critical mineral supply," Ottaviano said.
Unlike other Australian lithium producers, Liontown does not have significant Chinese equity ownership, which makes it a potentially attractive partner for the U.S. government as it seeks to ease dependence on China for critical minerals.
The initiative could be included as an amendment to the National Defense Authorization Act annual legislation that determines how the U.S. Department of Defense will use its nearly $900 billion annual budget.
A final text on the bill is expected within days, with the House of Representatives and the Senate due to vote on it by the end of December.
Kathleen Valley is expected to produce around 430 tonnes (950,000 lb) per annum of 30% tantalum concentrate, equivalent to around 285,000 lbs.
The Pentagon is looking to buy 53,000 lbs of tantalum for its current fiscal year, which started in October, according to a statement by the Defense Logistics Agency.
Liontown raised A$1.13 billion ($713 million) in funding for its flagship lithium project in debt finance and a fully underwritten equity issue in October after top lithium producer Albemarle walked away from an A$6.6 billion bid.
Albemarle cited "growing complexities" after Hancock Prospecting, an iron ore miner controlled by Australia's richest person, Gina Rinehart, gatecrashed the deal by raising its Liontown stake to 19.9%, likely enough to block the deal.

Top News - Carbon & Power

EU members seek to add nuclear, e-fuels to clean tech goals

EU governments agreed on Thursday that nuclear and sustainable fuels should be added to a list of strategic "net-zero" technologies that the European Union should promote so its industry can compete with Chinese and U.S. competitors.
The bloc plans to set a target of producing by 2030 at least 40% of the products it needs to reduce greenhouse gas emissions - such as solar and wind power equipment, heat pumps and fuel cells.
Ministers for the 27 EU members agreed at a meeting in Brussels to include nuclear power and "sustainable alternative fuels" as strategic technologies.
Both are controversial, given opposition of some EU members to nuclear power, while alternative fuels could include e-fuels for which Germany secured an exemption from an EU law to end sales of CO2-emitting cars from 2035.
The Net-Zero Industry Act (NZIA), debated by EU ministers, is a centrepiece of the European Union's push to ensure it is not only a leader in reducing greenhouse gas emissions, but is also a manufacturing base for clean tech.
The act proposes streamlining the granting of permits, limiting to 18 months a process that can take many years and requiring the EU to designate single points of contact for manufacturing project promoters.
Public authorities conducting tenders will have to award contracts for net-zero technologies based not only on price, but also on sustainability criteria and on a push to ensure that a single source is not supplying more than 65% of EU demand.
For a number of products, notably solar panels, Chinese supply is above that level.
The final law, which may enter force next year, will follow negotiations between EU government and European Parliament representatives.
The parliament has backs adding nuclear technology. Lawmakers also want to include components, materials and machinery to produce net-zero technologies and to shorten the permit-granting process to a maximum of 12 months.

Brazil's priciest power transmission auction expects few bidders

Brazil's largest-ever power transmission auction by expected investment volume may see little competition, experts and executives said, as the need for billions of dollars in investments and tech expertise may dissuade potential bidders.
In the last five years, Brazil's transmission lines auctions have had on average at least six bidders for each allotment, according to national energy regulator Aneel, but the trend could change if the current outlook is confirmed.
Brazil is expected to sell three power transmission projects at next week's auction, scheduled for Dec. 15, totaling 4,470 kilometers (2,778 miles) across more than five states.
Planned investments currently sit at 21.7 billion reais ($4.42 billion), the largest amount ever demanded in a similar auction in Brazil.
Chinese company State Grid and Brazil's largest power utility Eletrobras are considered the top candidates to take the auction's darling, an 18 billion real line requiring

expertise on high-voltage direct current (HVDC), a system both have experience operating.
While Eletrobras has already publicly showed it intends to bid, State Grid told Reuters that while the company is "always alert to business opportunities in power transmission," it does not comment on specific moves related to auctions.
Given the capex needed, potential bidders include alliances between fund managers and utilities, a partnership model seen in recent transmission auctions in Brazil, said Jose Roberto Oliva Junior, partner at law firm Pinheiro Neto Advogados.
Local power transmission companies, such as Isa Cteep, which was a big winner in the year's first auction, and Taesa have already said they will not bid.
Ana Calil and Leonardo Miranda, partners within law firm TozziniFreire Advogados' infrastructure and energy area, also said they are not expecting new players, like real estate firms, which sometimes enter the contest, to bid in next week's auction.

Top News - Dry Freight

Romania's plan to boost Ukraine grain transit very achievable, minister says
Romania's objective to boost the monthly transit capacity for Ukrainian grain through its Black Sea port of Constanta to four million metric tons is edging closer as infrastructure projects advance, the transport minister said on Thursday.
Transit through Romania was a record 3 million tons in October alone, minister Sorin Grindeanu said, speaking after a meeting with officials from Ukraine, Moldova, the European Commission and the United States to assess Ukraine's biggest alternative export route for grains.
"This shows there is room to reach 4 million tons," he said. He added a European Union-funded project to enable round-the-clock navigation on the Danube river's Sulina canal, which goes to Constanta, has been finalised and will become operational pending staff training.
Moldova, bordering Romania and Ukraine, was also upgrading checkpoints and railroad infrastructure to help transit.
Ukrainian Deputy Prime Minister Oleksandr Kubrakov said the export of goods through Romania amounted to over 3 million tons on average since the start of 2023, half of which was grain, with road checkpoints much improved, while existing railroad infrastructure has not been used to its full capacity.
Ukraine is one of the world's biggest grain exporters, and Constanta has become Ukraine's largest alternative export route since Russia invaded in February 2022, with grains arriving by road, rail or barge across the Danube.
During January-October, Ukraine shipped 11.7 million tons of grain through Constanta, the port authority told Reuters, up from 10.5 million at the end of September and from 8.6 million in total in 2022.
"The Danube corridor is the most effective of the solidarity lanes that the European Commission has put in place after the attack of Russia on Ukraine," said Magda Kopczynska, the Commission’s director general for mobility and transport.
"It will remain so not only now during the war, but it needs to remain an important connecting element when it comes to transport integration of both Ukraine and Moldova with the European Union."

South Korea’s MFG bought some 68,000 T corn in private deal -traders
South Korea's Major Feedmill Group (MFG) purchased an estimated 68,000 metric tons of animal feed corn in a private deal on Thursday without issuing an international tender, European traders said.
It was expected to be sourced from either the United States, South America or South Africa.
It was bought at an estimated $263.25 a ton c&f plus an additional $1.50 a tonne surcharge for additional port unloading. Seller was believed to be trading house Cargill with corn arrival in South Korea around April 15, 2024.
Shipment if sourced from the U.S. Pacific Northwest coast would be between March 2-March 31. If sourced from South Africa, only 50,000 tons can be supplied.
The deal continues brisk purchasing by Korean importers this week as corn prices remain at attractively low levels and ahead of world supply and demand forecasts from the U.S. Department of Agriculture (USDA) on Friday.

Picture of the Day

A Palm Civet stands near Arabica coffee cherries in a coffee plantation owned by state plantation firm PT Perkebunan Nusantara XII in Bondowoso, in Indonesia's East Java province. REUTERS/Sigit Pamungkas

(Inside Commodities is compiled by Archak Sengupta in Bengaluru)

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