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Top News - Oil

Saudi crude prices to Asia slump to four-year low on weak demand

Saudi Aramco, the world's biggest crude oil exporter, has cut its January 2025 prices for Asian buyers to the lowest level since early 2021, it said on Sunday, as weak demand from top importer China weighs on the market.

Aramco cut the official selling price (OSP) for flagship Arab Light crude by 80 cents to 90 cents per barrel above the Oman/Dubai benchmark average, the producer said in its price list for buyers.

Lower prices will make Saudi Arabian crude more competitive with rival Russian and U.S. oil in Asia.

The Arab Light OSP is the lowest since January 2021 when global demand was hit by the coronavirus pandemic, but is still considerably above prices seen at the peak of the Saudi-Russia market share war in 2020, when the grade sold at a discount of as much as $5.90 a barrel, Reuters data showed.

Aramco's prices follow OPEC+'s decision on Thursday to extend production curbs into the first quarter of 2025, with the Saudi Energy Minister Prince Abdulaziz bin Salman saying it would not make sense to bring additional barrels back into the market at a time when stocks usually build.

"As mirrored in last week's OPEC+ decision, the cut in OSP is unlikely to be an attempt to reclaim market share but more of a reflection of sluggish demand from the region in general and from China in particular," said Tamas Varga of oil broker PVM.

China's crude oil imports are on track to peak as soon as next year as its transport fuel demand begins to decline, ending the country's decades-long run as the dominant driver of expanding oil consumption.

The Arab Light Asia price cut was in line with the 70-90 cents per barrel reduction forecast in a Reuters survey of six Asian refining sources, largely tracking a slump in Middle East benchmark prices last month.

Saudi Aramco also steeply cut prices for European consumers while keeping prices steady for those in the United States.

OPEC+, made up of the Organization of the Petroleum Exporting Countries and their allies, has repeatedly postponed the production hike, citing weak global demand and in particular the slowdown in Chinese demand.

Russia's oil tsar says Trump's moves to defend US producers 'fitting'

Igor Sechin, the head of Russia's largest oil producer Rosneft, on Saturday said he approved of U.S. President-elect Donald Trump's proposals to defend domestic energy producers. Speaking at a conference in Qatar, he said that Trump's promises during his election campaign involved "fitting" economic measures, including protecting domestic energy producers and the market.

Trump's return to the White House on Jan. 20 is viewed with cautious optimism by some in Russia, though others in Moscow think another U.S. president will change little.

Russia's ties with the United States under the Joe Biden administration tanked to a post-Cold War low over a number of issues, including the conflict in Ukraine.

Russian President Vladimir Putin congratulated Trump on winning the U.S. election, praising him for showing courage when a gunman tried to assassinate him, and said Moscow was ready for dialogue with the Republican president-elect. Last month, Trump pledged big tariffs on the United States' three largest trading partners - Canada, Mexico and China - detailing how he will implement campaign promises, which many say could trigger trade wars. "It's not surprising that Canada, Mexico, China and Europe will have to suffer. After all, Donald Trump is the president of the United States, not Mexico or Canada," Sechin said.

During his election campaign, Trump also pledged to boost domestic oil and natural gas output.

Sechin also said that Trump would likely lift all restrictions on hydrocarbons production, reduce taxes and divert investments to the "real" energy sector from "illusory" alternative sources.

Top News - Agriculture

First shipment of Egypt's delayed Russian wheat purchase begins loading, sources say

The first shipment from Egypt's purchase of 430,000 metric tons of Russian wheat began loading on Saturday, following a nearly three-month delay, three sources with direct knowledge of the matter told Reuters.

The shipment, consisting of 63,000 tons, has so far loaded 17,650 tons from the Novorossiysk Grain Processing Plant in Russia that is part of the OZK Group, which also controls the terminal.

Demetra Grain Holding is also a major shareholder in the terminal.

The shipment is expected to depart the port this week to arrive in Egypt before the end of the year, the sources said. Egypt's Ministry of Supply did not immediately respond to a request for comment.

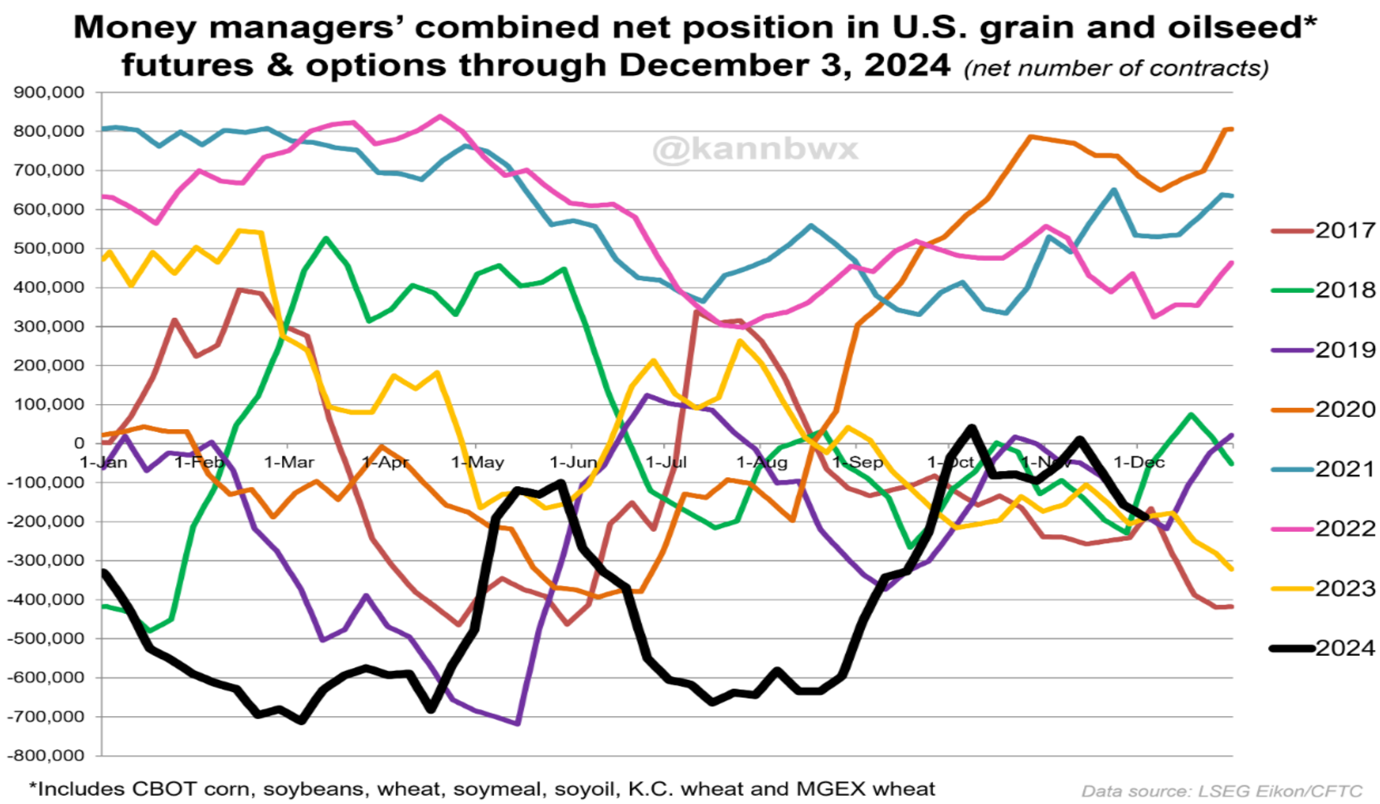
The Ministry of Supply in September said it had secured the wheat through a direct purchase at $235 per ton, in a shift from the international tenders it traditionally uses to procure supplies.

Details of the supplier and payment terms were not disclosed.
Sources told Reuters it was not linked to the Air Force-affiliated Mostakbal Misr, which recently assumed responsibility for importing Egypt's strategic commodities, taking over from the General Authority for Supply Commodities (GASC).
Egypt, one of the world's biggest wheat importers, has been trying to take advantage of lower global prices to secure more grain, which it uses for subsidised bread for tens of millions of Egyptians.
Reuters reported in August that Egyptian President Abdel Fattah al-Sisi ordered GASC's biggest ever tender in August, seeking more than half of GASC's needs at once. But GASC only managed to secure 7% of its target due to higher than expected prices.
GASC then engaged in direct negotiations with suppliers and after weeks of talks, the Ministry of Supply said it had contracted 430,000 tons of Russian wheat for October shipping. But the shipments were delayed, first to November and then to December.

COLUMN-Funds' CBOT corn optimism a bright spot in a largely bearish market: Braun
Speculators' commanding net shorts in U.S. wheat, soybeans and soybean meal might make the overall market bearishness feel heavier than normal.
But U.S. grain and oilseed sentiment is actually right in line with typical levels for this time of year, propped up by funds' modestly optimistic views in corn.
As of Dec. 3, money managers' combined net short position across U.S. grain and oilseed futures and options sat just below 200,000 contracts, similar to the year-ago levels. By comparison, the combined net short back in March had topped 700,000 contracts, narrowly missing 2019's all-time high.
The strongly bearish market views back in March were underpinned by a huge CBOT corn net short of around 300,000 futures and options contracts. But funds are on the opposite side of the fence now, retaining their net long for a fifth consecutive week through Dec. 3.
Money managers trimmed their net long in CBOT corn to 88,220 contracts in the week ended Dec. 3 from 97,442 in the prior week despite a 1% rise in most-active futures.
CBOT corn rose another 1.8% in the following three sessions, topping at $4.40-1/2 per bushel on Friday, the most-active contract's highest price since June 28.

SOYBEANS AND PRODUCTS
Despite having nearly erased them, investors may have retained their bullish bets in CBOT soybean oil through Friday as prices hit two-week highs on a restrengthening in global vegoils.
Money managers had cut their net long in CBOT soybean oil futures and options to 9,427 contracts in the week ended Dec. 3, marking their third week of heavier net selling.
Speculators remain firmly bearish in both meal and beans. The managed money net short in CBOT soybean meal eased slightly through Dec. 3 to 73,299 futures and options contracts after having nearly reached all-time highs a week earlier.

Chart of the Day



Money managers were also net buyers in CBOT soybean futures and options, reducing their net short to 72,217 contracts from 81,472 a week earlier. Soybean futures had risen nearly 1% through Dec. 3, and they drifted slightly higher in the following sessions.
Both soybeans and vegoils found support late last week after the canola crop in Canada, the top exporter of the oilseed and its oil byproduct, was pegged well below market expectations. Strong soy crop prospects for Brazil kept bean price gains in check.

WHEAT AND LIVESTOCK
In the week ended Dec. 3, the managed money net short in CBOT wheat futures and options hit a 16-week high of 69,386 contracts with funds adding a sizable number of gross short positions for a fourth consecutive week.
Their net short in Minneapolis wheat futures and options reached a record of 32,154 futures and options contracts, replacing the November 2023 high of 30,998.
Funds' Kansas City wheat net short hit a four-month high of 38,430 contracts, similar to their year-ago stance.
CBOT wheat futures fell to contract lows on Wednesday before bouncing to end the week on news that top wheat exporter Russia's winter grain crops are in the worst-ever condition.
Briefly in livestock, money managers forged record net long in CME lean hog futures and options as of Dec. 3 having pushed that position above 100,000 contracts for the first time in late October. Funds also hold their most bullish-ever live and feeder cattle views for the time of year. The U.S. Department of Agriculture on Tuesday will publish its final supply and demand report of 2024.
Although it is expected to be relatively quiet, traders should look out for any changes to U.S. demand, particularly on the export front following the recent strong sales volumes.

Top News - Metals

China's central bank resumes gold purchases after six-month hiatus in Nov
China's central bank resumed buying gold for its reserves in November after a six-month pause, official data by the People's Bank of China (PBOC) showed on Saturday.
The PBOC was the world's largest official sector buyer of gold in 2023. Resumption of its purchases may support Chinese investor demand which was muted since the PBOC paused its 18-month buying streak in May.
China's gold holdings rose to 72.96 million fine troy ounces at the end of November, up from 72.80 million troy ounces a month earlier.
The value of China's gold reserves fell to $193.43 billion at the end of last month from $199.06 billion at the end of October. November was gold's first monthly price drop since June due to a post-U.S. election sell-off driven by Donald Trump's win. Spot prices for the precious metal are down 5% since hitting a record high of $2,790.15 an ounce on Oct. 31, but are still up 28% so far this year.
"The resumption will send a signal that the PBOC has grown accustomed to these record high price levels and is prepared to build reserves regardless," said Ole Hansen, head of commodity strategy at Saxo Bank.

Adani smelter expansion will cut India's refined copper imports, government says
India will no longer need to rely on refined copper imports once billionaire Gautam Adani's new copper smelter ramps up its capacity, the federal Ministry of Mines said on Friday.
India, which identified copper as a critical mineral last year, relies on imports to address shortfalls and meet the robust demand in the world's fastest-growing major economy.
Copper's main consumers include the construction sector, home appliance manufacturers, and industries involved in the green energy transition, such as electric vehicles, solar, and wind power plants.
Kutch Copper Ltd, a subsidiary of Adani Enterprises Ltd, has already started operations and is expected to reach full capacity by February-March next year, the mines ministry said.
"Once achieved, India will be self-sufficient in refined copper, and will not have to rely on imports," it said in a statement.
The $1.2 billion copper plant in the western city of Mundra in Gujarat will have an initial capacity of 500,000 metric tons, with plans to scale up to 1 million by 2028-29, a Kutch Copper Ltd executive told Reuters earlier this year.
U.S. authorities last month accused Adani Group Chairman Gautam Adani and seven others of being part of a $265 million scheme to bribe Indian officials, and of misleading U.S. investors while raising funds there.
The ports-to-power conglomerate has termed the allegations "baseless" and said it would seek "all possible legal recourse".
India imported around 363,000 tons of refined copper cathodes in the fiscal year to March 2024, with Japan accounting for two-thirds of imports, the mines ministry said.
India's copper imports have surged since the 2018 closure of Vedanta's Sterlite Copper smelter, which produced about 400,000 tons of the metal.
India's refined copper production is estimated at around 555,000 tons per year against domestic consumption of more than 750,000 tons. India imports around 500,000 tons of copper a year to meet the shortfall.
New Delhi's drive towards clean energy and electric vehicles, and other similar shifts, are expected to double the country's copper demand by 2030.

Top News - Carbon & Power

No concerns over Trump vow to lift LNG exports cap, Qatar energy minister says
Qatar has no concerns about U.S. President-elect Donald Trump's promise to lift a cap on liquefied natural gas (LNG) exports, Qatar's Energy Minister Saad al-Kaabi said on Saturday, adding his country would cope with any competition.
"And you know even if you open up LNG and say we're going to export another 300 million tons from the U.S. or 500 million from the U.S., all these projects are driven by private enterprises that look at the commercial viability of projects," Kaabi, who is also the chief executive of state-owned QatarEnergy, said during the Doha Forum.
Asked about the impact of Trump's return to the White House on Qatar-U.S. relations, particularly in energy, Kaabi said oil and gas projects were multi-decade plans and "survive governments", but later added he thought Trump was "good for business". Kaabi said the European Union should thoroughly review the Corporate Sustainability Due Diligence Directive (CSDDD), which will require larger companies operating in the bloc to check if their supply chains use forced labour or cause environmental damage and act to take action if they do. Kaabi said the penalty can be up to 5% of a company's total worldwide revenue, adding it would have far-reaching complications and harm companies in the bloc as well as firms operating there.
"So to me, my message to Europe and to the EU Commission is that: are you telling us I don't want your LNG into the EU? Because I sure am not going to supply EU with LNG to support their requirements for energy and then be penalized with my total revenue worldwide going to EU. So there's something wrong there," he said.
He also said the Qatar Investment Authority, the estimated $510 billion sovereign fund, and other institutional investors would consider investing elsewhere to avoid penalties.
EU "economies are not doing great, so they need foreign direct investments and they need support," he said.

EXCLUSIVE-BP seeks buyers for US natural gas pipeline system stake, sources say
BP is seeking buyers for a stake in its U.S. natural gas pipeline network, four people with knowledge of the matter said. The British energy company could raise up to $3 billion from the sale, two of the people said, with one of them adding that BP may sell up to a 49% stake in the business.
The sale process is part of BP CEO Murray Auchincloss's drive to reduce the company's debt levels, which have risen over the past year, another two people said.
BP declined to comment. All four people were speaking on condition of anonymity as they were not authorised to speak publicly.

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$67.71 / bbl	0.76%	-5.50%
NYMEX RBOB Gasoline	$1.93 / gallon	0.64%	-8.46%
ICE Gas Oil	$653.00 / tonne	0.81%	-13.02%
NYMEX Natural Gas	$3.24 / mmBtu	5.36%	28.92%
Spot Gold	$2,648.66 / ounce	0.60%	28.41%
TRPC coal API 2 / Dec, 24	$116.05 / tonne	-1.23%	19.64%
Carbon ECX EUA	€68.59 / tonne	0.41%	-14.66%
Dutch gas day-ahead (Pre. close)	€46.30 / Mwh	-0.15%	45.37%
CBOT Corn	$4.40 / bushel	-0.06%	-9.14%
CBOT Wheat	$5.60 / bushel	0.49%	-12.43%
Malaysia Palm Oil (3M)	RM5,118 / tonne	-0.20%	37.54%
Index	**Close 06 Dec**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	343.29	-0.02%	13.90%
Rogers International	28.11	-0.20%	6.76%
U.S. Stocks - Dow	44,642.52	-0.28%	18.45%
U.S. Dollar Index	106.05	-0.01%	4.65%
U.S. Bond Index (DJ)	448.58	0.09%	4.15%

With its share price languishing, BP is facing investor pressure to improve performance and profitability amid concerns over the company's energy transition strategy.
It has plans to sell stakes in its Lightsource BP solar business as well as its U.S. onshore wind division and offshore wind operations. Auchincloss, who is seeking to increase cash flow and reduce debt, will update the company's strategy in February.
Net debt rose to $24.3 billion at the end of September, from $22.3 billion a year earlier, due to lower than anticipated asset disposals, BP said in its third quarter results.
The company's shares have lost more than 18% of their value so far this year, a worse performance than any of its rivals. Shell's shares are down 3% year-to-date while ExxonMobil is up 14% and Chevron is nearly 7% higher.
The U.S. oil and gas pipeline sector has undergone increasing consolidation in recent years as production grows and problems with permitting for new pipelines make existing assets more valuable.
BP owns around 1,500 miles (2414 km) of pipelines that transport 1.1 million barrels of crude, natural gas and fuels per day across the United States, according to its website.

Top News - Dry Freight

Russia raises wheat export duty by nearly a third
Russia, the world's largest wheat exporter, will raise its wheat export duty by almost 32%, the government said on Friday, as the country seeks to curb exports in the face of high inflation and potential supply crunch due to the poor state of winter crops.
The duty has been climbing since mid-August from a level as low as 257 roubles ($2.60) to 4,871.5 roubles per ton, but so far has failed to hinder exports, which have been proceeding at a near record pace in recent months.
The duty hike also comes as leaked data from the state weather forecasting agency showed that over 37% of winter crops are in poor condition or have not sprouted due to a low level of moisture in the ground.
This compares with only 4% of crops in bad condition last year and marks the worst level ever recorded.
Deputy Prime Minister Dmitry Patrushev, the top official in charge of agriculture, said in comments on the data the outlook for next year was difficult to predict, although the situation was not critical yet.
Leading consultancies have stuck to their forecasts for now.
"This is not quite a drama yet, these are data from around Nov. 20 and the condition of the crops may have already improved," said Sovecon's Andrei Sizov, saying that he maintained his wheat harvest forecast of 81.6 million tons.
"We interpret this situation not so much as bad, but rather as exceptionally uncertain," said IKAR's consultancy's Dmitry Rylko, whose 2025 wheat forecast stands at 79-89 million tons. He said he disagreed with the weather agency's methodology for defining the crop's condition.
European traders said they suspected the Russian authorities decided to raise export taxes as Russian wheat continues to be offered very cheaply, possibly the cheapest high-volume origin with export shipments still running at a very high level.
"Despite the Russian export taxes, export quotas, minimum export price and apparent punishment of companies which have broken the minimum export price, Russian wheat continues to be offered in export markets very cheaply in large volumes," one German trader said.
Traders said the move would potentially be supportive for world prices but only if Russian export prices increase.
According to Sovecon, the export prices were largely flat in the last two weeks with export volumes gradually falling.

LOW PRICES
Russia, unhappy about low global prices for wheat, has set an unofficial price floor for its wheat, according to Reuters sources, and sought to remove intermediaries from international trade. The country is also fighting inflation, with price growth for some staple foods in double digits this year.
Traders said Russian 12.5% protein wheat for December/ January delivery was late this week around $223-$227 a ton on a free-on-board (FOB) basis, among the cheapest in the world, and down from $226-$231 late last week.
The Agriculture Ministry calculated the duty based on an indicative price of $233 per ton.
Last month, Russia cut the wheat export quota that will be applied in the second part of the export season from Feb. 15 to June 30, 2025, by two-thirds to 11 million metric tons.
Analysts from Rusagrotrans, Russia's flagship grain rail carrier, predicted that as a result of the curbs and bad weather, Russian wheat exports will fall to 41-42 million tons in the 2024/25 season from 55.5 million in the previous season. They estimated that so far this season Russia exported a record 29 million tons of wheat to global markets, implying that exports are set to slow down sharply even before the quota is implemented in February.
Wheat constitutes about 90% of all winter crops in Russia. In an officially published report, the weather forecasting agency said lack of moisture was observed in bread basket regions in the south of Russia as well as in the central area.
"If moisture accumulation does not occur by winter, we risk not just having a poor harvest, but no harvest at all," said farmer Igor Rozhnov from Black Earth Voronezh region.

Indonesia to import corn, raw sugar in 2025 for industrial use amid food self-reliance push

Indonesia will import 900,000 metric tons of food-grade corn and 3.4 million tons of raw sugar in 2025, senior minister overseeing food affairs Zulkifli Hasan said on Monday, adding that imports were only for industrial raw materials. The import announcement comes as Indonesia has set a target to reach food self-reliance in the next four years under the presidency of Prabowo Subianto, who took office in October.

Zulkifli told reporters that there may only be imports for raw materials next year and not for direct consumption.

Indonesia has already said that next year it may not import rice, a staple food in the Southeast Asian country of about 280 million people. However, if imports were needed it would likely be a small amount of rice depending on supplies, said Zulkifli.

Indonesia's rice output is estimated to fall 2.43% this year to 30.34 million metric tons, due to a delay in planting and the harvest season after dry weather in 2023, the statistics bureau said in October. Indonesia's rice output target for next year is at 32 million tons.

Picture of the Day

A drone view shows a solar farm in Mitzpe Ramon, Israel, December 7. REUTERS/Ilan Rosenberg

(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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