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Top News - Oil

China's Nov crude oil imports rebound on lower prices, stockpiling

China's crude oil imports jumped in November from a year earlier for the first annual growth in seven months, data showed on Tuesday, driven by lower prices of Middle East supplies and additions to the national stockpile.
The world's top crude oil buyer took in 48.52 million metric tons last month, data from the General Administration of Customs showed, up 14.3% from 42.45 million tons a year earlier and equivalent to about 11.81 million barrels per day.
Daily average imports were the highest since August 2023 and up from a low base in November 2023 of 10.33 million bpd. Despite the rebound, year-to-date imports were 1.9% lower, potentially pointing to a decline for the whole of 2024.
A decline from 2023 would mark the third annual fall in the past five years after pandemic-triggered drops in 2021 and 2022.
Refiners in November bought more oil from Saudi Arabia and Iraq following sharp cuts in the official selling prices, offsetting some of the decline in imports of Iranian oil because of reduced loadings in October.
Loadings at export terminals, including Iran's Kharg Island hub, had dropped significantly in October from September, with ship owners concerned about possible Israeli attacks on Iranian oil facilities, according to tanker trackers Kpler and Vortexa.
China's newest refiner Shandong Yulong Petrochemical ramped up a 200,000 bpd crude unit to around 90%. Yulong Petrochemical is also aiming for trial runs on a second unit of the same size as early as January.
The new refinery's increased runs and China's issue of an additional crude oil import quota of at least 5.84 million tons (116,800 bpd) to independent refiners for 2024 should help to lift December imports, according to traders.
China has also asked state oil companies this year to add 8 million tons of crude to its emergency stockpiles to boost supply security.
Stockpiling in the eastern province of Shandong, where most refiners are located, started in late September with imports of Russian and Middle East crude, Vortexa analyst Emma Li wrote in a report.
The November data also showed China's natural gas imports, comprising both liquefied natural gas (LNG) and piped gas, declined 1.4% on the year to 10.80 million tons. Year-to-date volumes are up 12% over the same period last year at 120 million tons.
Exports of refined oil products, which include diesel, gasoline, aviation fuel and marine fuel, rose 3% from a year earlier to 5.23 million tons and were up versus October's 3.96 million tons, which was the lowest since April 2023. Exports of gasoline rebounded in November as refiners dashed to secure higher profits before changes to export tax rebates took effect in December.

US to offer minimum acreage required at Alaska oil and gas auction

The Biden administration will offer oil and gas drilling leases in Alaska's Arctic National Wildlife Refuge at a sale on Jan. 9, the U.S. Interior Department said on Monday. The agency will make 400,000 acres available to drillers at the auction, the minimum required by a law that mandated the sale.
ANWR is a 19 million-acre refuge for species including polar bears and Porcupine caribou. The wild landscape lacks roads and public facilities, but its 1.6 million-acre coastal area along the Beaufort Sea is estimated to have up to 11.8 billion barrels of recoverable oil.
The Bureau of Land Management, the division of Interior that will oversee the sale, said the acreage on offer will avoid areas important to polar bear denning and caribou calving. Alaska's elected officials have sought for years to open drilling in the reserve to secure jobs and revenue for the state. The U.S. Congress opened up ANWR to oil and gas development as part of the 2017 tax bill.
U.S. Senator Dan Sullivan, a Republican from Alaska, complained about the scale of the planned sale and said the administration was ignoring the will of Indigenous people who would benefit from oil and gas development in ANWR.
"The good news is we will soon be working with the Trump administration that, unlike Biden-Harris, has a proven track record of responsible oil and gas production and Alaska resource development, and respects the voices of the Iñupiat people of the North Slope," Sullivan said in an emailed statement.
A native group, Voice of the Arctic Inupiat, said in a statement that the sale's size undermined potential economic potential for the region. Oil industry group the American Petroleum Institute also criticized the offering, though drillers largely failed to turn out four years ago for the first and only ANWR oil and gas auction.
The previous administration of President-elect Donald Trump sold oil and gas leases in ANWR in 2021, but the sale generated just $14.4 million in high bids, with an Alaska state agency as the sole bidder for most of the acreage sold. Biden's Interior Department canceled the leases in 2023, citing a flawed environmental analysis.
An Alaska-based environmental group said oil and gas development in ANWR would destroy an important ecosystem. "The Arctic Refuge deserves to remain a place of refuge, not an industrial oilfield lining the pockets of big oil executives," Kristen Miller, executive director of Alaska Wilderness League, said in a statement.
The 10-year leases will be sold for a minimum of $30 an acre. Companies that extract fuels on the leases will pay royalties of 16.67% to the U.S. government, according to a sale document.
Bids will be opened and read via a livestream on BLM's website.

Top News - Agriculture

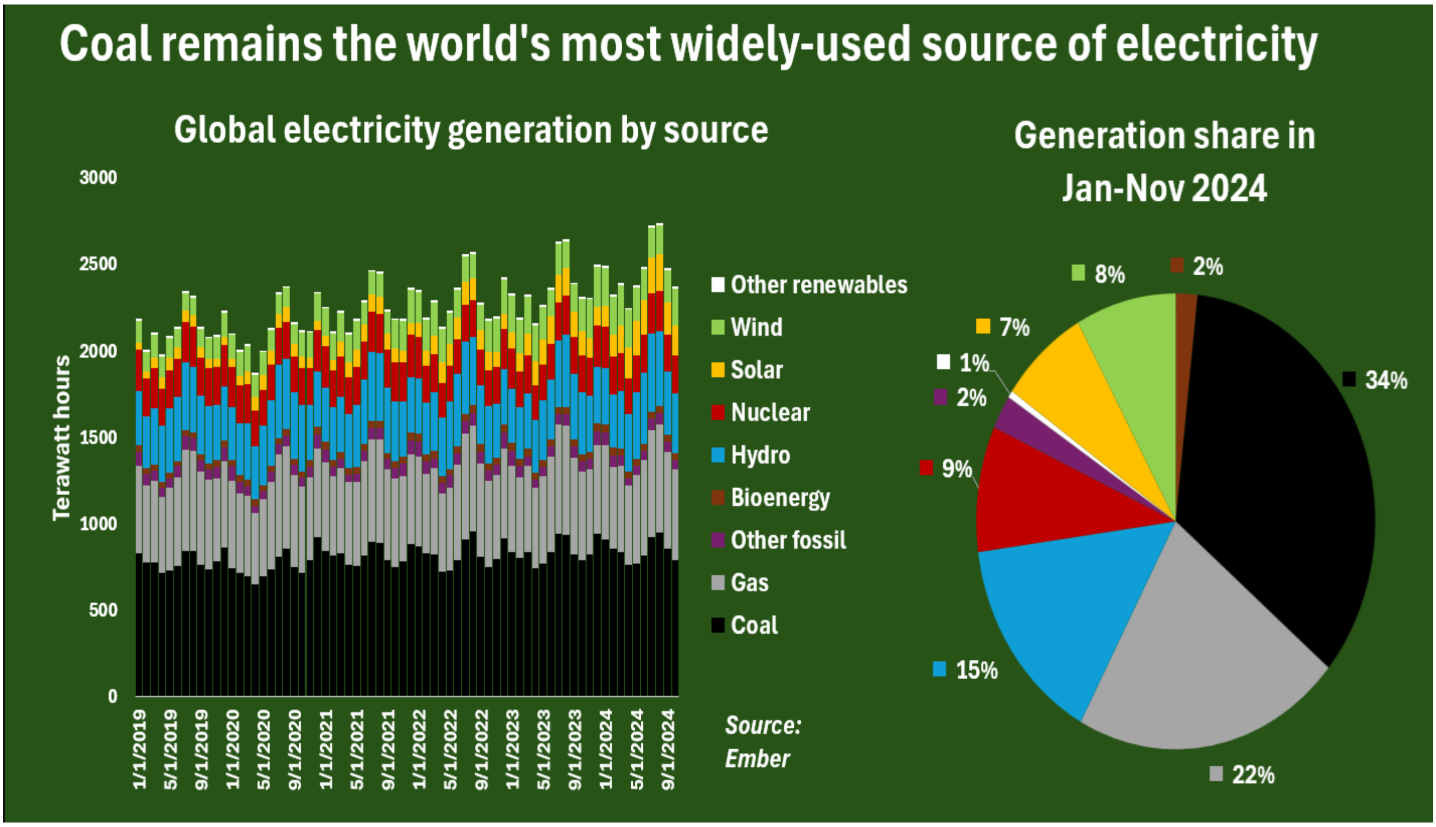
China soybean imports slip 9% in Nov but on course for record annual high

China brought in 7.15 million metric tons of soybeans in November, less than expected due to a decrease in Brazillian arrivals, but the world's biggest oilseed buyer remains set for record annual imports.
November arrivals dropped 9% from 7.92 million tons in the same month a year earlier, according to Reuters calculations of customs data released on Tuesday.
That was less than analysts' estimates of 7.5-8.5 million tons. The bigger-than-expected drop was due to a decrease in arrivals of old Brazilian soybeans, said Wan Chengzhi, an analyst at Capital Jingdu Futures.
In recent months, China has taken in larger-than-usual shipments of U.S. supply due to worries over the potential for renewed U.S.-China tensions hitting agriculture trade.
U.S. President-elect Donald Trump has said he will impose tariffs on Chinese imports, sparking concerns about a trade war and spurring farmers and traders to race to ship soybeans to China before Trump's inauguration on Jan. 20.
Most U.S. soybeans had been shipped to China in October, Wan said. "Considering the shipping time, U.S soybeans purchased in October will arrive in China around December, so import volume in December will be higher than that in November."
Total soybean imports for the January-November period jumped 9.4% year-on-year to 97.09 million tons, the customs data showed.
China imported a record 100.31 million tons of soy in 2020. The large arrival volumes have weighed on China's most active soymeal futures on the Dalian Commodity Exchange, which have fallen since October to near their lowest since July 2023.
Crush margins in China's key processing hub of Rizhao have also shrunk to a loss of about 274 yuan ($37.80) per ton of soybean processed from a profit of about 78 yuan ($10.70) in November.

Brazil breaks annual coffee export record after November bump

Brazil, the world's largest coffee producer, broke its annual record of green coffee exports in November, even with December's exports still underway, local industry group Cecafe said on Monday.
In the year through November, Brazil exported 42.7 million 60-kilogram bags of green coffee, already surpassing the previous annual record from 2020, when the country shipped 40.6 million bags during the full year, Cecafe data showed.
Global coffee prices have soared to their highest in nearly 50 years in recent weeks due to poor weather in Brazil

Chart of the Day



and Vietnam, boosting potential gains for farmers while also challenging traders who face crippling hedging costs on exchanges and a scramble to receive the beans they pre-bought.
Brazil's record was set after exports rose 2.7% in November from a year earlier to 4.29 million 60-kg bags, Cecafe said. Cecafe had posted record monthly coffee exports of 4.57 million bags in October, while preliminary data released by the government last week pointed to an all-time high in November, which did not happen, according to the industry group.
Both the government and Cecafe could adjust their numbers in the future.
Brazil's exports of arabica coffee increased some 9% in November year-on-year to 3.58 million bags in the month.
Meanwhile, shipments of robusta - a variety commonly used by the industry to make instant coffee and blends - declined nearly 21% last month to some 714,000 bags.
It was the first monthly fall for robusta exports since May 2023, as Brazil's shipments of the variety had been surging amid reduced supply from other producing countries, such as Vietnam.
"When analyzing the performance of Brazilian coffee exports, in theory, we should only have reasons to celebrate, but the reality is a little more cruel," Cecafe President Marcio Ferreira said in a statement, pointing to logistics issues faced by exporters at Brazilian ports.
A Cecafe survey showed 1.7 million bags were not shipped in 2024 through October due to delays and changes to ships' launch times.

Top News - Metals

FOCUS-Lithium supply surplus set to stay with battery makers' help

Many lithium mines, led by Chinese operators, are maintaining production of the raw material needed for electric vehicle (EV) batteries, in defiance of prices weak enough to trigger mass output cuts - providing a boon for battery makers.
The continued production raises the prospect of years of oversupply and of weak prices.
Some battery makers own mines or have injected cash into operations to keep them operational, company reports show. Mines were also maintaining production to retain market share and good relations with governments and because closures and restarts can lead to technical issues, according to interviews with miners, consultants and analysts.
So far, around a dozen lithium producers have temporarily shut loss-making mines, trimmed output or delayed expansions. Many others are still operating, meaning the global supply glut of the mineral needed for batteries for stationary storage, as well as for EVs, is likely to last for several years and keep prices low, the industry insiders and analysts said.
The lithium hydroxide price has slid nearly 90% since touching a peak of $85 per kilogram in December 2022, after soaring by more than sevenfold during the previous 18 months. Global lithium supply is forecast to rise by 25% this year and 15% in 2025, UBS said.
"There are some assets in production that shouldn’t really be, but for their own reasons, they’re ploughing on," Martin Jackson, head of battery raw materials at CRU, said. He estimated about 10% of production is loss-making. China has some of the highest lithium mine costs, but many Chinese-owned lithium mines at home and in Australia and Africa are unlikely to close because they are integrated into downstream supply chains, analysts and consultants said.
They noted China's government regards its world leading EV and battery sector as strategic and is keen to keep it thriving with steady raw material supplies and low costs.

CHINA'S ZIMBABWE MINES
An expected surge in EV sales and a spike in lithium prices in 2021 and 2022 ago led to an increase in new mines.
After prices fell in response to oversupply and weaker-than-expected EV sales, investment in lithium mines continued, and last year jumped by 60%, the International Energy Agency said.
Some of the investment stemmed from China's quest to ensure lithium supplies abroad, including Zimbabwe, which has become the world's fourth biggest supplier of mined lithium in the space of a few years.
All four operating mines are majority-owned by Chinese companies but are making scant profit or suffering losses, according to Cameron Perks, product director of lithium at consultancy Benchmark Mineral Intelligence.
None of them has shut down despite costs ranging from $600 to $1,000 per metric ton of material sold compared to a price of $765 per ton, said Perks, who visited mines in the country in recent weeks.
The price is based on spodumene concentrate containing 6% lithium (SC6), a semi-processed material resulting from separating other minerals from lithium ore.
"There's a common understanding that Chinese parent companies could absorb some costs downstream," he said.
"There's also the political aspect in China, wanting to secure their supply chains outside of Australia and Canada, where they've had some pushback."
He said the highest cost mine in Zimbabwe, Arcadia, is owned by Zhejiang Huayou Cobalt, which also produces downstream battery cathode materials.

AUSTRALIA MINES GET OUTSIDE SUPPORT
In Australia, where costs are also high, some companies plan to tough it out with support from battery makers, rejigging mine plans and offsetting losses in lithium with profitable production of iron ore, copper or nickel.
Mineral Resources (MinRes) last month said it was putting its Bald Hill mine under care and maintenance.

However, it also left two other mines producing, although at lower levels, including Mt. Marion, which has higher costs than Bald Hill on an SC6 basis due to lower grades, according to Luke Allum at consultancy Project Blue.
The two other mines are jointly owned so MinRes has to consult with its partners. Mt. Marion mine is 50% owned by China's Ganfeng Lithium, which manufactures batteries as well as being a lithium producer.
"The sweetener for MinRes at Mt. Marion is the mining services contract from Ganfeng, where they get a little extra revenue," said Allum. Australia's Liontown Resources has kept its new Kathleen Valley mine in operation by trimming output during its ramp-up.
Liontown, which posted an annual net loss after tax of A$64.9 million, has been supported by South Korean battery maker LG Energy Solution (LGES), which supplied $250 million in funding in July.
LGES, which got a 10-year extension to its lithium supply deal from Liontown, has benefited from weak lithium prices, with an official telling an earnings call in July: "Due to weak metal prices, the advanced automotive battery division posted an increase in revenue."

India's steel expansion could hinder net zero emission goal, GEM says

India's plans to ramp up coal-powered steelmaking capacity could impede the country's goal of net-zero carbon emissions by 2070, Global Energy Monitor (GEM) said in a report on Tuesday.
India's Prime Minister Narendra Modi has set 2070 as the target for achieving net zero emissions, two decades later than what scientists recommend to avoid catastrophic climate impacts.
But a push to produce more steel to meet rising demand driven by India's rapid economic growth and increasing infrastructure spending risks raising greenhouse gas emissions. "India's ongoing investments in new coal-based steelmaking, coupled with a young fleet of emissions-intensive blast furnaces ... jeopardise the country's net zero by 2070 target and risk saddling the country with upwards of $187 billion in stranded assets," said GEM, a US-based research group tracking global energy projects. The additional blast furnace capacity could result in another 680 million metric tons of carbon dioxide-equivalent emissions from India's steel sector, GEM said in its report.
India, the world's second-biggest producer of crude steel, aims to reach a capacity of 300 million metric tons by 2030, up from the current 180 million metric tons.
India has the world's largest pipeline of steelmaking capacity under development - projects that have been announced or are in the construction phase - totalling around 258 million metric tons per year, GEM said. Steel producers in the world's fastest-growing major economy generate 2.55 metric tons of carbon dioxide per ton of crude steel produced, 38% higher than the global average of 1.85 tons, it said. Currently, 85% of the energy used in the steel sector comes from coal, GEM said.
Steelmaking from coal-based blast furnaces accounts for 69% of steel capacity under various stages of development, compared with 13% from electric arc furnaces, it added.

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$67.99 / bbl	-0.56%	-5.11%
NYMEX RBOB Gasoline	$1.95 / gallon	-0.63%	-7.52%
ICE Gas Oil	$660.75 / tonne	-0.30%	-11.99%
NYMEX Natural Gas	$3.17 / mmBtu	-0.50%	25.93%
Spot Gold	$2,666.96 / ounce	0.31%	29.30%
TRPC coal API 2 / Dec, 24	$113.8 / tonne	-1.94%	17.32%
Carbon ECX EUA	€66.45 / tonne	0.12%	-17.32%
Dutch gas day-ahead (Pre. close)	€44.95 / Mwh	-2.92%	41.13%
CBOT Corn	$4.41 / bushel	-0.17%	-8.88%
CBOT Wheat	$5.56 / bushel	-0.49%	-13.06%
Malaysia Palm Oil (3M)	RM4,994 / tonne	-2.46%	34.21%
Index	**Close 09 Dec**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	346.69	0.99%	15.02%
Rogers International	28.40	1.03%	7.86%
U.S. Stocks - Dow	44,401.93	-0.54%	17.81%
U.S. Dollar Index	106.16	0.01%	4.76%
U.S. Bond Index (DJ)	448.97	-0.27%	4.24%

Top News - Carbon & Power

BP forms offshore wind joint venture in renewables retreat

BP and Japanese power generator JERA have agreed to join forces to form one of the world's largest offshore wind operators, a major step in CEO Murray Auchincloss' efforts to reduce BP's focus on renewables.

BP's retreat from offshore wind reflects a similar trend at rivals Shell and Equinor, which are trying to boost near-term profits by spending more on higher-return oil and gas operations.

The 50-50 venture, called JERA Nex bp, will pool together almost all of their operating assets and development projects with a potential generation capacity of 13 gigawatts (GW), the two companies said in a statement.

The partners have agreed to provide up to $5.8 billion in funding for projects approved by the joint venture by 2030, with BP contributing up to $3.25 billion and JERA paying up to $2.55 billion as BP's assets in the JV have yet to be developed.

The JV will rank among the world's five largest offshore wind operators behind Orsted, Iberdrola and RWE, JERA Chief Renewable Energy Officer Satoshi Yajima told reporters.

BP's Auchincloss has been under pressure since taking over as CEO in January as the company's shares have underperformed rivals amid concerns over its energy transition strategy.

BP shares closed 4.3% higher, outperforming the sector on Monday. BP shares have declined 15.5% so far this year, compared with a 1.4% drop for rival Shell.

Jefferies analyst Giacomo Romeo said the JV confirms his view that BP will be able to lower its annual capital spending below $16 billion and divest over $3 billion of assets.

Offshore wind was a pillar of former CEO Bernard Looney's strategy to reduce BP's greenhouse emissions by rapidly building up renewables capacity and slowing investments in oil.

Surging development costs, supply chain issues and higher inflation have nevertheless heavily weighed on the offshore wind sector in recent years.

Auchincloss has said he will take a pragmatic approach by focusing on the most profitable operations. BP plans to sell its U.S. onshore wind business and a stake in its solar business Lightsource BP.

"This will be a very strong vehicle to grow into an electrifying world, while maintaining a capital-light model for our shareholders," Auchincloss said in Monday's statement.

Reuters reported in October that BP was considering selling a minority stake in its offshore wind business, citing sources with knowledge of the matter. In June Reuters reported, citing sources, that the company had paused investments in new offshore wind projects.

Hours after the announcement, BP's head of offshore wind Matthias Bausenwein informed staff he was leaving the company, a spokesperson said.

Last week, Shell signalled it was slowing down spending on new offshore wind projects.

BP and JERA will contribute interests comprising around 1 GW of net generating capacity from operating wind farms and a pipeline of projects with around 7.5 GW of capacity, and further secured leases with around 4.5 GW of potential capacity.

JERA, which is owned by Tokyo Electric Power Company (TEPCO) and Chubu Electric Power, first entered offshore wind in 2019. It later spun out its renewables assets into JERA Nex, which owns and operates wind farms in Europe, Asia and Australia.

"We can't grow just by ourselves. We need scale, we need a more diversified portfolio, we need a fuller set of capabilities, and BP is the best choice for us," JERA CEO Yukio Kani told Reuters.

BP entered the offshore wind market in 2019. It has a development pipeline with a generation capacity of 9.7 GW focused in the British North Sea, Germany and the U.S. East Coast. It currently does not have any offshore wind farms in operation.

JERA Nex bp will be based in London. Its CEO will be nominated by JERA and the chief financial officer by BP.

Kani said JERA will recommend current Jera Nex CEO Nathalie Oosterlinck to lead the JV.

The deal is expected to be completed by the end of the third quarter of 2025.

Bank of America is acting as financial adviser to BP and Rothschild for JERA.

China's Nov coal imports rise 26%, set annual record

China's coal imports rose 26% year-on-year in November, taking total arrivals for the year to a record high, customs data showed on Tuesday, as imported supply was cheaper than domestic coal.

Coal imports totaled 54.98 million metric tons last month, up from 46.25 million tons in October, according to the data from the General Administration of Customs.

November imports was the highest on record for the month.

From January to November, imports rose 14.8% to 490.03 million metric tons. That has already exceeded the total imports seen in 2023, setting a fresh annual record.

In 2023, China imported 474.42 million tons of coal.

For 2025, imports should be roughly flat with this year, analysts with the China Coal Transportation and Distribution Association, an industry group, told a seminar last month.

Top News - Dry Freight

China Nov copper imports hit one-year high

China's November copper imports hit a one-year high, customs data showed on Tuesday, fueled by firm demand and lower inventories, as well as more shipments from Africa. Imports of unwrought copper and products stood at 528,000 tons last month, up 4.3% from October's imports, data from the General Administration of Customs showed. The figure was the highest since last November, when imports reached 550,566 tons.

The data includes anode, refined, alloy and semi-finished copper products.

"Copper consumption has been quite good this year, as evidenced by the home appliance production data in China," said Zhao Yongcheng, a principal analyst at Benchmark Mineral Intelligence (BMI).

Manufacturing and service activities in the world's top metals consumer both expanded at moderate rates last month, as shown by official and private surveys.

Domestic inventories declined further over the past month amid robust demand for the metal used widely in the power, construction and transportation sectors.

Deliverable copper stocks on the Shanghai Futures Exchange fell last month to a nine-month low of 108,775 tons on Nov. 29, down 29% from 153,221 tons on Nov. 1.The higher imports came amid a drop in copper prices, in China and globally, as investors sold off bullish positions on the potential for tariffs under U.S. President-elect Donald Trump and disappointment over the lack of aggressive Chinese stimulus. Meanwhile, there was an increase in copper shipments from Africa, mainly from the assets owned by Chinese companies like CMOC Group, Zhao said. For the first 11 months of the year, unwrought copper imports totalled 5.13 million tons, a year-on-year increase of 1.7%, the data showed. Imports of copper concentrate last month stood at 2.25 million tons, down 7.8% from a year earlier.

Copper concentrate imports totalled 25.6 million tons for the first 11 months, up 2.2% from a year earlier.

China Nov iron ore imports drop on expectation of weak seasonal demand

China's iron ore imports in November fell 1.91% from October, customs data showed on Tuesday, as shipments slowed ahead of the slow season for steel demand when colder weather disrupts construction work in the country's north.

The world's largest iron ore consumer imported 101.86 million metric tons of the steelmaking ingredient last month, data from the country's General Administration of Customs showed.

This was down from 103.84 million tons in October and lower than the 102.74 million tons in November 2023.

"The trend is in line with our expectations as pressure on miners to lift shipments to achieve annual targets has eased after a wave of high shipments earlier this year," said Pei Hao, an analyst at international brokerage Freight Investor Services (FIS).

"Ore demand did pick up last month, but that was mainly reflected in the drawdown in portside inventory."

Portside stocks fell 0.4% during November to stand at 148.5 million tons late in the month, data from consultancy Steelhome showed.

December imports will likely rise as some miners ramp up shipments to meet annual targets, said Jiang Mengtian, an analyst at consultancy Horizon Insights.

In the first 11 months of 2024, China's iron ore imports climbed 4.3% from the year before to 1.124 billion tons, the data showed.

STEEL TRADE

China's steel exports in November rose 15.9% from a year earlier to 9.28 million tons, but decreased 17% from a nine-year high of 11.18 million tons in October.

Exports in the first 11 months of 2024 jumped 22.6% compared to the same period of 2023, to 101.15 million tons, and were 12% higher than the total of 90.26 million tons for all of last year.

"November steel exports remained high as rush shipments continued due to concerns over tariffs imposed by U.S. President-elect Donald Trump," said Horizon Insights' Jiang. "We expect total steel exports this year to surpass the record high set in 2015."

China imported 473,000 tons of steel products last month, down 11.8% from October and 22.5% lower year-on-year, with the January-November total at 6.19 million tons, a drop of 11.3% year-on-year.

Picture of the Day

An aerial view shows cargo and tankers ships sailing in the Mediterranean sea in front of the port in Barcelona, Spain, December 7. REUTERS/Jon Nazca

(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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