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Top News - Oil

US net crude oil imports to fall by 20% in 2025 to lowest since 1971, EIA says

U.S. net crude oil imports are forecast to fall by 20% next year to 1.9 million barrels per day, their lowest since 1971, the Energy Information Administration said on Tuesday, pointing to higher U.S. production and lower refinery demand.

The EIA expects the United States to produce 13.52 million bpd of oil in 2025, up from 13.24 million bpd in 2024, it said in its December Short-Term Energy Outlook (STEO). Meanwhile U.S. refiners are set to process 16 million bpd of crude oil in 2025, down by 200,000 bpd compared with 2024, the EIA said.

The decrease in refinery runs is partially due to a reduction in U.S. refinery capacity that will also contribute to the lower crude oil net imports in 2025, the EIA said.

"With refinery retirements already announced and rising production, fewer imported barrels will be needed while exports are likely to tick higher with greater crude availability," said Matt Smith, Kpler lead Americas oil analyst.

Phillips 66 said in October that it will shut its large Los Angeles-area oil refinery late next year, and chemical maker LyondellBasell Industries detailed its long-announced plan last month to permanently shutter its Houston refinery in 2025.

And a proposal by President-elect Donald Trump to impose 25% import tariffs on all products from Canada and Mexico, including crude, could further crimp imports into the United States, Smith added.

Global oil demand is expected to average around 104.3 million bpd next year, the EIA said, down from its previous forecast of 104.4 million bpd. Global oil output is forecast to average 104.2 million bpd in 2025, down from the prior forecast of 104.7 million bpd, according to the report.

The EIA now expects spot Brent crude prices to average $73.58 a barrel in 2025, down from its previous forecast of $76.06 per barrel. U.S. WTI spot prices will average $69.12 per barrel in 2025, down from its last estimate of $71.60.

Gunvor plans to cease fuel production at Europoort oil refinery

Global commodities trading house Gunvor intends to mothball the processing units at its Europoort oil refinery in Rotterdam and use the Dutch site as a terminal only, a company spokesperson told Reuters.

Gunvor said it had consulted the works council at the refinery over its plans after conducting an internal review on the future financial outlook of the refinery.

"Gunvor's decision is based on how European processing margins have significantly weakened creating structural disadvantages for European refining," Gunvor's statement said, citing a growing uptake of electric vehicles, new refinery capacity in the Middle East and Africa, and higher operating costs due to steep inflation.

Gunvor undertook a temporary economic shutdown at the plan in late November, because of a lack of viable feedstocks.

It shuttered the plant's two crude distillation units back in 2020.

Gunvor said its other projects within the framework of the energy transition are not affected by the mothballing of fuel production at the refinery.

Top News - Agriculture

US corn stocks expected to hit two-year low as exports rise, USDA says

U.S. farmers and grain handlers will have less corn than expected in storage before next year's harvest as exports rise to the second-highest level on record, the U.S. Department of Agriculture said on Tuesday.

Low prices and ample supplies have boosted demand for U.S. corn after farmers harvested massive crops for the past two years.

Inventories for 2024-25 are now expected to fall to a two-year low, compared with a five-year high in November.

Strong export sales have been a bright spot for farmers amid rising trade tensions with top crop importers such as Mexico and China, due to tariff threats by President-elect Donald Trump.

USDA cut its outlook for China's global corn imports from November. The agency raised its estimate for Mexico's imports, though, signaling that solid U.S. export sales are expected to continue, said Rich Nelson, chief strategist at Allendale.

Chicago Board of Trade corn futures extended gains to their highest level since June after USDA released its estimates for tighter stocks and higher exports.

"A lot of folks weren't anticipating an increase as large as what we saw in demand," said Angie Setzer, partner at Consus Ag.

U.S. corn ending stocks for 2024-25 are projected at 1.738 billion bushels, down from 1.938 billion in November, USDA said in the monthly report. Analysts expected 1.906 billion, according to a Reuters poll.

USDA raised its estimate for 2024-25 corn exports to 2.475 billion bushels, compared with its November estimate for 2.325 billion bushels.

It also increased its forecast for how much corn will be used to produce ethanol.

"U.S. corn has been the cheapest option for many buyers, depending on freight, sending them our way to get their needs filled," said Arlan Suderman, chief commodities economist for brokerage StoneX.

Importers in Spain, for example, are buying U.S. corn at a pace not seen in at least six years, traders and analysts said this week.
For soybeans, USDA pegged 2024-25 U.S. ending stocks at 470 million bushels, unchanged from November.
USDA raised its forecast for U.S. soyoil exports to 1.1 billion pounds from 600 million pounds, following strong sales.
U.S. wheat ending stocks are seen at 795 million bushels, compared with 815 million last month.

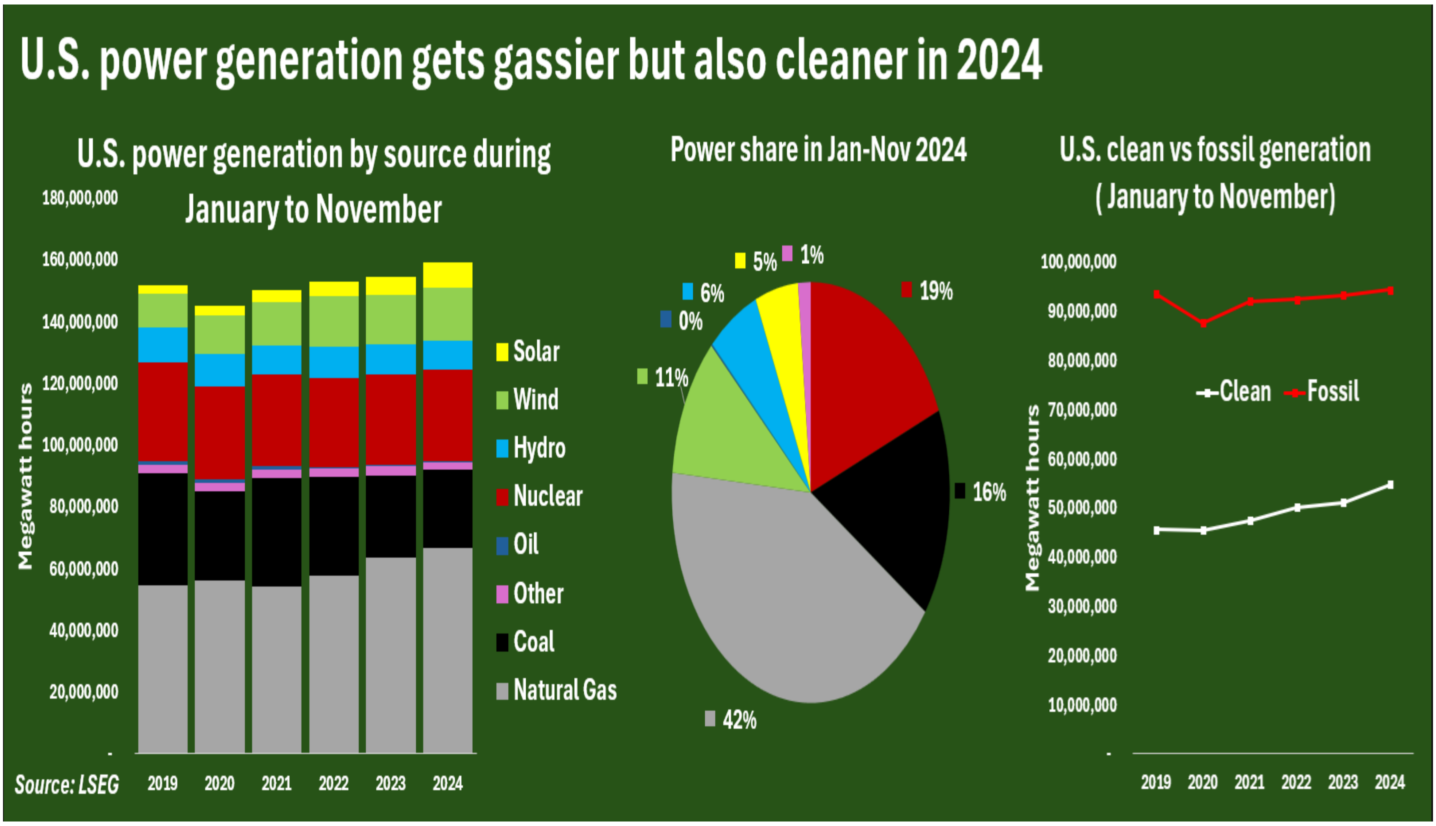
India sugar output to rebound to record next year, could revive exports

India is likely to produce a record amount of sugar in the next marketing year from October after millions of farmers expanded cane cultivation, encouraged by ample water supplies and declining prices of competing crops, farmers and industry officials told Reuters.
The rebound in production would allow the world's second-largest sugar producer to resume exports in 2025/26, they said, after a lack of rain cut cane yields and led to two years of restrictions.
Indian exports could cap global sugar prices, traders said, by increasing supplies in the world market at a time when dry weather is widely expected to reduce shipments from top producer Brazil.
"Last year, we couldn't plant cane because water wasn't available for irrigation.
This year, we have ample water since the rainfall was good," said farmer Amar Chavan, who planted cane across 2.4 hectares (6 acres) in the Solapur district of the western state of Maharashtra.
Solapur farmers depend on the Ujjani dam, which is at 100% of capacity, compared with just 25% last December.
Reservoirs in Maharashtra and neighbouring Karnataka, which together provide water for nearly half of India's sugar production, are holding much more water than in 2023, government data showed.
India's annual monsoon rains are crucial in determining the plantation area for the water-intensive sugarcane crop. This year, cane-growing regions of Maharashtra and Karnataka received up to 39% more rain than average. "Farmers are planting sugarcane in full swing. This planting activity is setting the stage for a record-breaking sugar harvest next season," said Prakash Naiknavare, managing director of the National Federation of Cooperative Sugar Factories.
He noted that the cane planted this year will be ready for harvest in the next marketing year.
The country's sugar production in the current season is set to fall to 28 million metric tons, down from 31.9 million tons in the last year and below annual consumption of around 29.6 million tons, the federation estimates.

BETTER RETURNS

But ample water is not the only reason behind the farmers' drive for higher cane planting. Many farmers shifted to cane after receiving poor returns from alternative crops such as soybeans and cotton.

Chart of the Day



"Farmers shifted to other crops from sugarcane last year due to water scarcity, but they ended up incurring losses. Now they are seeking a crop that will provide assured returns," said B. B. Thombare, managing director of Maharashtra-based sugar mill Natural Sugar & Allied Industries.
Increased cane planting will enable India to export 3 million to 5 million tons of sugar in the next season, provided the weather remains favourable and there are no major pest infestations, said Ashwini Bansod, vice president for commodities research at Phillip Capital India.
India, whose sugar export markets include Indonesia, Bangladesh and the United Arab Emirates, was the world's No. 2 exporter during the five years to 2022/23, with volumes averaging 6.8 million tons annually.

Top News - Metals

US says review of Nippon-US Steel tie-up ongoing as US Steel shares tumble

A national security review of Nippon Steel's $15 billion bid for U.S. Steel is ongoing and President Joe Biden will see what it yields before making a decision on whether to block it, the White House said on Tuesday, cautioning he still opposes the tie-up.
The statement comes after shares of U.S. Steel tumbled more than 10% on Tuesday afternoon following a Bloomberg report suggesting the deal would be killed in short order.
CFIUS, a powerful committee charged with reviewing foreign investments in U.S. firms for national security risks, has until Dec. 22 to make a decision on whether to approve, block or extend the timeline for the deal's review, Reuters has reported.
"The President's position since the beginning is that it is vital for U.S. Steel to be domestically owned and operated," Saloni Sharma, a White House spokesperson said in a statement. "As we have said before, the President will continue to see what the CFIUS process yields. We have not received any CFIUS recommendation. The CFIUS process was and remains ongoing," she added. Bloomberg's initial headline read that Biden was "set to" block the deal, suggesting a final decision had been made, but the outlet later updated it to say he "plans to" kill it, echoing prior comments and leaving the door open to a last minute change. CFIUS declined to comment.
Japan's Nippon Steel said it was inappropriate that politics continued to outweigh true national security interests.
"Nippon Steel still has confidence in the justice and fairness of America and its legal system, and – if necessary – will work with U. S. Steel to consider and take all available measures to reach a fair conclusion," it added in a statement.
U.S. Steel said the transaction should be approved on its merits.
"The benefits are overwhelmingly clear," it said in a statement. "Our communities, customers, investors, and employees strongly support this transaction, and we will continue to advocate for them and adherence to the rule of law."
The two companies are poised to pursue litigation over the process if Biden decides to block the merger.
The acquisition has faced opposition within the U.S. since it was announced last year with both Biden and his incoming successor Donald Trump both publicly indicating their intention to block it.
CFIUS told the two companies in September the deal would create national security risks because it could hurt the supply of steel needed for critical transportation, construction and agriculture projects.
Despite opposition, including from the United Steelworkers union, Japan's Nippon has pressed on in pursuit of a deal, promising to not transfer any U.S. Steel production capacity or jobs outside the U.S. if the merger succeeds.
Nippon 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.
In a bid to win over support from workers, Nippon Steel said on Tuesday it planned to give employees $5,000 each if the deal with U.S. Steel closed. It also pledged 3,000 euro ($3,160) closing bonuses to employees in Europe, which would result in a nearly $100 million total payment to employees.

Copper output from Chile's Codelco flat in October, BHP's Escondida rises

Chile's state-run copper miner, Codelco, posted flat production in October compared to the same month last year while the country's largest copper mine, BHP's Escondida, saw output jump more than a fifth, data from copper commission Cochilco showed on Tuesday.
Codelco, the world's largest copper producer that is struggling to boost declining output, posted total production of 127,900 metric tons, unchanged from last year.
The company's own production, excluding minority stakes in Freeport McMoRan's El Abra and the local unit of Anglo American, amounted to 119,900 tons, a 0.5% increase from the year before.
The figure is 2.9% above a target set by Codelco in its 2024 plan for 116,500 tons, according to an internal document previously seen by Reuters.
Reuters reported last month that a separate Codelco internal memo showed output in October would exceed its target by that amount.
The company is aiming to speed up production to meet its annual targets in an effort to revive output from a 25-year low.
Copper output at the BHP-controlled Escondida mine rose 22% during the month to reach 108,000 tons, while at the Collahuasi mine, jointly run by miners Glencore and Anglo American, production of the key industrial metal fell nearly 10% to total 49,500 tons, the data showed. In total, Chile's production rose 6.4% from October 2023 to 488,900 tons.

Top News - Carbon & Power

ANALYSIS-Rival LNG supplies, Sakhalin's depleting fields give Japan an exit from Russian gas

As Japan's long-term contracts to secure liquefied natural gas (LNG) from Russia's Sakhalin-2 project near expiration, rival producers see opportunity to fill the supply gap, even as Tokyo looks to switch to cleaner energy, industry insiders say.

The country's declining demand for gas plus geopolitical pressure on Tokyo to curb its reliance on fuels from Russia mean Japanese buyers may not want to renew all of their contracts with a supplier long favoured for its proximity and reliability.

Japan, the world's second biggest liquefied natural gas (LNG) buyer, depends on Russia for 9% of its LNG, or 6 million metric tons per year, 5 million of which come from the long-term contracts at Sakhalin-2 run by the Kremlin-controlled Gazprom. The project also has strong ties with Japanese industry, with trading giants Mitsui and Mitsubishi owning a combined 22.5% in the project.

Sakhalin-2's big advantage over rivals is that it is located just a few days away from Japan by sea. By comparison, shipments from Australia, Canada and the U.S. are more than a week away.

But with Japan's western allies seeking to isolate Moscow over its war on Ukraine, Sakhalin-2 is out of favour, though the project is exempt from U.S. sanctions.

"Maintaining the same level of supply from Russia may prove challenging due to the agreement among G7 members to reduce reliance on Russian energy," an official at Japan's industry ministry said, adding that final decisions rest with buyers, which include several Japanese utilities. The source could not be named due to the sensitivity of the issue.

At the same time, with Japan's sluggish power demand and its push towards cleaner energy, the need for LNG is set to fall. Tokyo wants gas to make up 20% of the country's power generation by 2030, down from 33% last year, and renewables to grow to 38% from 26% over the same period.

"There is a lot of renewable energy produced in our region, so the question of whether to renew the contract or not will depend on future renewable energy capacity," an executive at one of the Sakhalin-2 buyers from Japan told Reuters.

Japan's long-term pacts for Sakhalin-2 will expire between 2026 and 2033, starting with top power generator JERA's 0.5 million ton annual supply agreement.

RIVAL SUPPLY

Since Russia's 2022 invasion of Ukraine triggered fresh sanctions, Japanese buyers have increased reliance on allies such as the United States and Australia, as well as Malaysia and Oman, securing equity in LNG projects and long-term supply. Rivals to Russian LNG are looking to build on that.

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$68.80 / bbl	0.31%	-3.98%
NYMEX RBOB Gasoline	$1.97 / gallon	0.25%	-6.47%
ICE Gas Oil	$668.00 / tonne	0.04%	-11.02%
NYMEX Natural Gas	$3.21 / mmBtu	1.49%	27.68%
Spot Gold	$2,692.32 / ounce	-0.05%	30.53%
TRPC coal API 2 / Dec, 24	$113.8 / tonne	-1.94%	17.32%
Carbon ECX EUA	€68.02 / tonne	-0.23%	-15.37%
Dutch gas day-ahead (Pre. close)	€45.50 / Mwh	1.22%	42.86%
CBOT Corn	$4.50 / bushel	0.11%	-7.13%
CBOT Wheat	$5.64 / bushel	0.40%	-11.81%
Malaysia Palm Oil (3M)	RM4,922 / tonne	-0.59%	32.28%
Index	**Close 10 Dec**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	348.42	0.50%	15.60%
Rogers International	28.67	0.97%	8.91%
U.S. Stocks - Dow	44,247.83	-0.35%	17.40%
U.S. Dollar Index	106.52	0.12%	5.12%
U.S. Bond Index (DJ)	447.75	-0.13%	3.95%

Supplies from new projects in Alaska and western Canada are well-positioned, only a few days further away than Sakhalin and with less geopolitical risk.
U.S. Senator Dan Sullivan of Alaska has visited Japan and South Korea four times in the last two years to pitch the yet-to-be-developed Alaska LNG project to Asian buyers, meeting in August with Japanese government officials including then-Prime Minister Fumio Kishida.
"This remarkable resource is a strategic asset, not just for the U.S. and Alaska, but for our allies in Asia. It will help us immensely in fending off an aggressive CCP (Chinese Communist Party) and get our allies in Japan and Korea off of Russian gas," he told Reuters by email. President-elect Donald Trump, meanwhile, is preparing to approve export permits for new LNG projects that had been halted under the Biden administration, sources told Reuters.
In May, the Business Council of Canada, an advocacy group, opened a new office in Japan.
"One of the top markets we are looking at is LNG," said special adviser Heather Exner-Pirot, citing the opportunity to displace Russian supplies as Canada prepares to start LNG exports, including to Japan, next year through the Shell-led LNG Canada project. Two smaller LNG projects are due to start operating in 2027 and 2028.
Canadian gas companies are in talks with Japanese firms to supply more LNG, with production set to begin not far behind the expiration of the Sakhalin-2 contracts, an industry source said.
Australia's Woodside Energy also sees opportunity to beef up LNG sales to Japan, including from the U.S., Chief Executive Meg O'Neill has said, as it already has strong ties to Japanese companies.

UNCERTAIN BUYERS AND SUPPLY
While those LNG developers court Japan, there is uncertainty over new Russian contracts as Sakhalin-2's main gas field, Lunskoye, nears depletion. Stable production is expected only until 2033, Russian news agency Interfax reported in June, citing Gazprom.
Gazprom has bet on developing the Yuzhno-Kirinshoe offshore field nearby, but the U.S. imposed sanctions on it in 2015. The field was initially expected to start producing in 2021 but Gazprom secured a drilling platform for its first well only in July.
Japan has locked in LNG supply to meet demand through 2030, said Daisuke Harada, a research director at the state-owned Japan Organization for Metals and Energy Security (JOGMEC).
"However, there is a possibility that in the early 2030s there could be an LNG shortage ... so some companies don't necessarily need to renew their contracts (with Sakhalin-2), while some may have no choice but to do so," he said.
JERA President Hisahide Okuda said in late November that it had not yet made a decision on whether to renew its Sakhalin-2 contracts, but a company source told Reuters that the project's proximity to Japan is a key attraction.
"If we can buy without impact of any sanctions we will continue to source it for energy security," the source said, declining to be named due to the sensitivity of the matter.
The Sakhalin-2 project plays "a very important role in Japan's energy security", Japan's industry ministry, or METI, said by email, noting that global LNG supplies are expected to be tight. It declined to comment on specific contracts. Sakhalin-2's project operator, Sakhalin Energy, and Gazprom did not reply to requests for comment.
Mitsui and Mitsubishi declined to comment.
Japan is increasingly active in trading LNG - it traded 38.3 million tons in the previous fiscal year, or six times the volume it buys from Russia - giving it the flexibility to divert cargoes to the domestic market.
"Buyers can allow Sakhalin-2 contracts to expire without impairing Japan's energy security," said Christopher Doleman, LNG specialist at the Institute for Energy Economics and Financial Analysis.
But utilities still prefer the cheapest source of gas.
Yumiko Yao, an LNG executive with Tokyo Gas, which has a 1.1 million tons per annum contract with Sakhalin-2 expiring in 2031, said the utility has a social responsibility to serve their customers.
"If we stop buying from Russia, we have to buy from other places which could have a higher price. If we, as a country, stop entirely buying from Russia, I think it is going to have a huge effect on our customers," she said.

US natgas output to decline as demand hits record high in 2024, EIA says
U.S. natural gas production will decline in 2024 while demand will rise to a record high, the U.S. Energy Information Administration (EIA) said in its Short Term Energy Outlook (STEO) on Tuesday.
The EIA projected that dry gas production will ease from a record 103.8 billion cubic feet per day in 2023 to 103.2 bcfd in 2024 as several producers reduce drilling activities. Those producers reduced drilling after average monthly spot gas prices at the Henry Hub benchmark fell to a 32-year low in March, and have remained relatively low since.
In 2025, EIA projected that output would rise to 103.7 bcfd. The agency also projected that domestic gas consumption would rise from a record 89.1 bcfd in 2023 to 90.5 bcfd in 2024 before easing back to 90.2 bcfd in 2025.
If the projections are correct, 2024 would be the first time that output declines since 2020, when the COVID-19 pandemic cut demand for the fuel. It would also be the first time demand increases for four years in a row since 2016.
The latest projections for 2024 were lower than EIA's 103.3 bcfd supply forecast in November but higher than the agency's 90.0 fbcfd demand forecast.
The agency forecast that average U.S. liquefied natural gas (LNG) exports would reach 12.0 bcfd in 2024 and 13.7 bcfd in 2025, up from a record 11.9 bcfd in 2023.
The agency projected that U.S. coal production would fall from 578.0 million short tons in 2023 to 508.8 million tons in 2024, which would be the lowest level since 1964, and 472.3 million tons in 2025, which would be the lowest since 1962, as gas and renewable sources of power displace coal-fired plants.
EIA projected that carbon dioxide (CO_2) emissions from fossil fuels would ease from 4.795 billion metric tons in 2023 to 4.772 billion metric tons in 2024 as coal use decreases, before edging up to 4.796 billion metric tons in 2025 as coal and petroleum use increases.

Top News - Dry Freight

Russian wheat Egypt bought in September finally on way

A first shipment of 66,000 metric tons of Russian wheat out of the 430,000 that Egypt bought in September left the port of Novorossiisk on Tuesday after delays, an Egyptian source with direct knowledge of the matter said, confirming LSEG shipping data reported earlier by Reuters.

Egypt's Ministry of Supply said in September that its General Authority for Supply Commodities (GASC) had contracted 430,000 tons of Russian wheat for October shipment.

Details of the supplier and payment terms were not disclosed. The shipments were delayed, first to November and then to December.

Russia made no official comment on the deal, but its Grain Exporters and Producers Union (Rusgrain), which reflects the government's line on export policy, said the deal had likely involved an unknown middleman.

Russia has since clamped down on foreign intermediaries in its international wheat trade, introducing informal restrictions, to help boost prices for its wheat in both international tenders and direct purchases.

The departure of bulk carrier Wadi Almolouk follows Egypt's decision to appoint Mostakbal Misr for Sustainable Development as the state's new designated importer of strategic commodities, replacing GASC.

Mostakbal Misr serves as the development arm of the Egyptian Armed Forces. Rusgrain confirmed the Agriculture Ministry received an official letter about the decision and said it would work with Mostakbal Misr.

Russia's agricultural watchdog confirmed it had issued all the necessary phytosanitary certificates for the wheat shipment.

The Egyptian-flagged Wadi Almolouk is due to reach Egypt's port of El Dekheila before the end of the year.

EU 2024/25 soft wheat exports down 29% by Dec 8

Soft wheat exports from the European Union since the start of the 2024/25 season in July had reached 10.24 million metric tons by Dec. 8, down 29% from 14.41 million tons a year earlier, data published by the European Commission showed on Tuesday.

EU barley exports totalled 2.03 million tons, down 43% from 3.11 million tons in the corresponding period of 2023/24.

However, the Commission said export data for Italy has not been complete for the past four weeks and that data for France has ben incomplete since the beginning of the calendar year.

Export data for Bulgaria and Ireland has been incomplete since the beginning of marketing year 2023/24.

A breakdown of this season's volumes showed Romania remained the leading EU soft wheat exporter by far, with 2.81 million tons so far, followed by Lithuania with 1.35 million tons, Latvia on 1.33 million tons, France with 1.19 million tons and Germany on 1.12 million tons.

The data also showed exports of about 280,000 tons of wheat to Morocco, with total shipments at 999,000 tons in 2024/25, still well below last season, when they stood at 2.1 million tons.

Traders in November reported a wave of of purchases by Moroccan importers for nearby shipment.

In imports, the volume of maize shipped into the EU so far this season had reached 8.83 million tons, up 11% from 7.99 million tons a year earlier.

EU soft wheat imports were at 3.96 million tons, down 3%.

Picture of the Day

A firefighter stands next to a fire engine during sunset while the Franklin Fire burns in Malibu, California, U.S., December 10. REUTERS/Ringo Chiu

(Inside Commodities is compiled by Nandu Krishnan in Bengaluru)

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