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Top News - Oil

Occidental lands $12 billion takeover of shale producer CrownRock

Occidental Petroleum on Monday agreed to buy closely-held U.S. shale oil producer CrownRock in a cash-and-stock deal valued at $12 billion including debt, expanding its presence in the largest U.S. shale oilfield.
The deal comes amid a new wave of shale consolidation underpinned by Exxon Mobil's $60-billion proposed deal for Pioneer Natural Resources and Chevron's $53-billion agreement for Hess in October.
Big producers are using the post-pandemic profit boom to prepare for a future with lower oil prices, as they look to gain scale in basins they already operate to cut costs.
"We found CrownRock to be a strategic fit," said Chief Executive Vicki Hollub. "Where we are looking at oil prices being long term, that it would help us in (oil) downturns."
If approved, the CrownRock takeover would make Occidental a bigger player in the U.S. shale than Chevron and Hess combined. The deal is expected to close in the first quarter of 2024 and would boost Occidental's Permian production by 170,000 barrels of oil and gas per day in the Midland, to 750,000 boed.
Occidental's total production was 1.2 million boed at Sept. 30.
The deal will also add immediate cash flow for investors, Hollub said, or about $1 billion considering WTI oil at $70 per barrel. Occidental said almost half of CrownRock's 1,700 undeveloped locations could generate profits with WTI at $40 per barrel.
"This acquisition adds scale that will be important to us for the Midland basin and will enable us to do cost over time," Hollub said.
U.S. oil is trading at about $71 per barrel, encouraging higher output as members of the Organization of Petroleum Exporting Countries pare oil quotas.
Occidental's shares rose 0.8% to $56.90.
But not all analysts approved the deal, as Occidental just recently recovered from the widely criticized, debt-laden purchase of Anadarko Petroleum in 2019.
"We are pretty negative on this deal," said Sankey Research analyst Paul Sankey. "You're adding a load of debt, when arguable you should be paying with shares."
CrownRock would significantly expand Occidental's leverage, increase reliance on future asset sales and put buybacks on hold just as after the Anadarko acquisition, said Piper Sandler investment bank.
Occidental said it will finance the purchase with $9.1 billion of new debt, the assumption of CrownRock's $1.2 billion of existing debt. It will issue $1.7 billion in common stock.
Hollub said the company plans to reduce its debt by about $15 billion and by at least $4.5 billion in the next 12 months from asset sales and cash flow.
Occidental had about $18.6 billion in long-term debt as of Sept. 30, and the deal would increase its debt to nearly $28 billion.
The deal puts the onus on shareholders to pay off the debt, but fixes the return for doing so, said Cole Smead, CEO of Smead Capital Management, who owns about 5.9 million shares in its U.S. portfolio.
"An all equity deal, in comparison, makes it tougher to buy back stock later," he said.
North America may end up with only ten oil and gas after the current consolidation wave with Occidental being one of them, said Smead.
Hollub said in a CNBC interview that Warren Buffett's Berkshire Hathaway, which had helped finance the Anadarko purchase, was not involved in the CrownRock deal.
Occidental said it will raise its quarterly dividend by 4 cents, to 22 cents a share, and expects to retain its investment-grade credit ratings.
Reuters first reported in September that CrownRock was preparing to explore a sale that could give it an enterprise value of well over $10 billion.

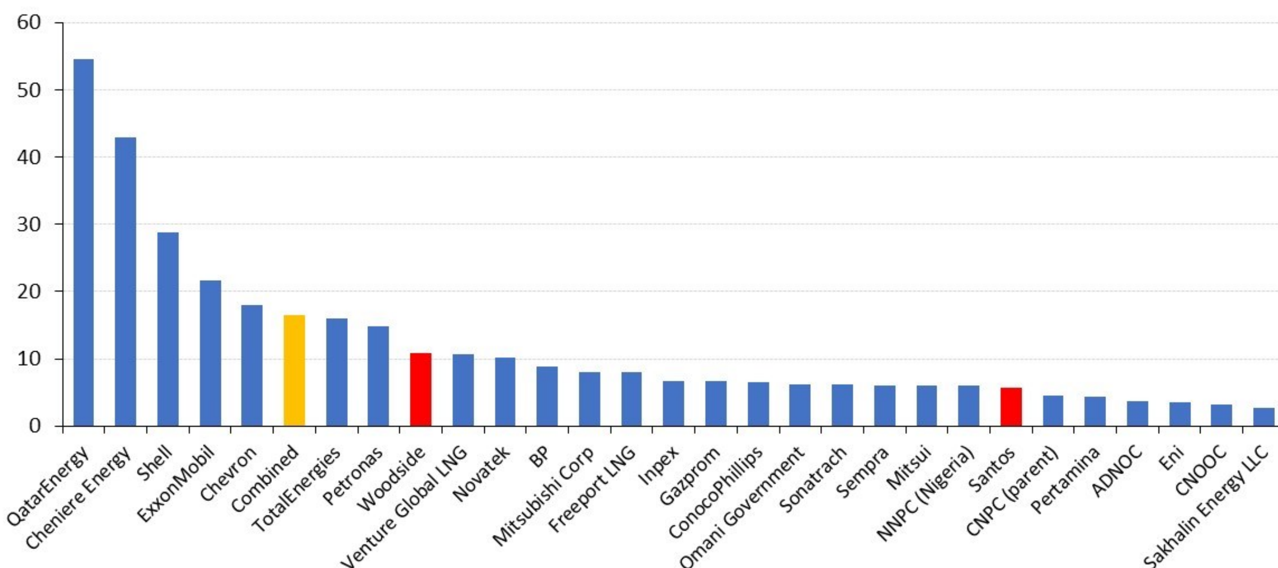
Russian, Iranian oil sellers boost prices as Venezuelan crude rallies

Sellers of sanctioned oil from Russia and Iran are hiking offer prices to China after Venezuelan crude rallied following the suspension of U.S. sanctions on the South American producer, trade sources said.
Washington's six-month waiver of sanctions on Venezuela has intensified competition for the OPEC producer's heavy oil, lifting prices and reducing supply to top buyer China.
That has forced some Chinese independent refiners, known as teapots, to seek the next-cheapest oil, which comes from Russia and Iran, with demand expected to rebound in early 2024 when Beijing issues new annual import quotas.
This could help boost oil revenues for Moscow and Tehran and lessen the impact of sanctions imposed by Western countries to curb funding for Iran's nuclear programme and the Ukraine war.
"Iran and Russia have seized a good timing to hike prices, which will undoubtedly help them to increase their revenue," a China-based trader said.
In two months, discounts for Venezuelan crude delivered to China have narrowed to $11 per barrel from $20 below

benchmark ICE Brent, slowing demand from teapots, while Indian refiners and international trading houses such as Vitol, Gunvor and Trafigura have resumed purchases with the lifting of sanctions.
So far, only one deal for Venezuelan crude to China in January has been spotted, two Chinese market sources said, at a discount of $11 a barrel against ICE Brent on a delivered basis.
That compares with discounts as deep as $14 a month earlier and around $20 when the U.S. sanctions were in place.

STEPPING UP FOR IRAN, RUSSIA CRUDES
Venezuela ships mostly heavy sour grades to China, including Merey and Boscan. These were on average more than $7 a barrel cheaper than medium-sour Iranian Light crude and more than $10 lower than light-sweet Russian ESPO crude over the past year, according to traders.
"People chose Venezuelan crude mainly for its low prices," said another China-based trader.
"Very few refiners are willing to pay such high prices for such low quality crude."
The price surge for Venezuelan oils has deterred Chinese buyers struggling with thin margins and limited crude import quotas, pushing them towards the Russian and Iranian grades.
ESPO Blend oil cargoes loading in January traded at parity to a premium of 10-30 cents per barrel to ICE Brent at Chinese ports on a delivered basis, according to the traders, rebounding from small discounts for December-loading cargoes.
"Chinese demand is back. They actively ask for ESPO, and Urals is also considered," said one Russian oil seller.
High freight costs on trans-Pacific routes also improved demand for ESPO, which is exported from the Far East Russia port of Kozmino, a short distance from China, the seller said.
The bullish sentiment also buoyed demand and prices for Iranian oil, traders said. Iranian oil discounts narrowed sharply to $6 a barrel against ICE Brent, from $13 a barrel two months ago, they said.

Chart of the Day



Top News - Agriculture

Russian wheat export prices rise further as weather hampers shipments

Export prices for Russian wheat rose further last week as the situation with shipments from ports remained difficult due to difficult weather conditions, analysts say.
The price of 12.5% protein Russian wheat scheduled for free-on-board (FOB) delivery in January was $241 per metric ton, up $5 from the previous week, the IKAR agriculture consultancy reported.
The Sovecon agriculture consultancy pegged the same class of wheat at $237-241 a ton FOB last week compared to $236-239 the week before.
According to the head of IKAR, Dmitry Rylko, market participants are set for an increase, including the need for more expensive grain supplies from northern regions.
In addition, ongoing supply issues due to inclement weather are impacting prices.
"The weather in December will be far from optimal and the colossal volumes that have accumulated over November will be difficult for us to load," said Rylko, suggesting that it would take months to clear the accumulated volumes.
Russia exported 0.69 million tons of grain last week, up from 0.45 million tons the previous week. The exports included 0.61 million tons of wheat, compared with 0.37 million tons the previous week, Sovecon wrote, citing port data.
Its first estimate of wheat exports in December is 4.0-4.4 million tons, compared with 4.1 million tons a year ago.
Egypt's GASC has resumed buying tenders, with the latest one last week resulting in the purchase of 420,000 tons of Russian wheat at $265 per tonne FOB for January shipment.
Harvesting of the 2023 crop is almost complete.
Sowing of winter grains was carried out on an area of 18.6 million hectares, up from 17.7 million hectares last year, Sovecon wrote.
The state of winter crops in Russia is better on average than last year, with only 4% in poor and thinned condition, a meteorological official said.
The Russian Federation began on Monday state purchase interventions announced for this year. At the end of the first auction 15,930 tons of grain were sold.
The Ministry of Agriculture earlier announced its intention to purchase up to 2 million tons of grain for the intervention fund.

Brazil's green coffee exports up 18.2% in November - industry group

Brazilian green coffee exports rose 18.2% in November compared to a year earlier, as shipments of the robusta variety soared in the period, exporters association Cecafe said on Monday.
Farmers shipped abroad 4.1 million 60-kg bags of green coffee in November, according to Cecafe.
Exports for the arabica variety shrank 3.4% to 3.24 million bags.
For robusta coffee shipments were 677.9% above November 2022, continuing a trend seen in previous months as global producers such as Indonesia and Vietnam have been reporting lower yields.
Cecafe President Marcio Ferreira said the booming robusta exports were fueled by increased production of the variety "as a result of significant productivity gains, new plantings and continuous quality improvement."

Top News - Metals

Tighter supplies to create tailwind for copper prices

Mine closures and disruptions have rapidly changed the landscape for copper supplies and prompted analysts to lower their forecasts for surpluses in a positive signal for prices of the industrial metal.
Copper prices on the London Metal Exchange on Friday headed towards the four-month highs of $8,640 a metric ton seen on December 1, partly due to Anglo American lowering its production guidance.
The London-listed miner said output next year would amount to 730,000-790,000 metric tons, down 20% from a previous estimate, while for 2025 it expects to produce 690,000 to 750,000 tons, down 18% from its previous estimate.
Anglo is putting one of the processing plants at its Los Bronces operation in Chile on care and maintenance and plans for its Quellaveco facility in Peru have "been adjusted" to safely navigate a geotechnical fault line.
"(Anglo's) newly issued guidance for 2026 was also well below our numbers," said Macquarie analyst Alice Fox.
"Vale announced new guidance this week that was below our expectations as well, but not to the same scale ...the outlook for prices is more bullish if demand holds up."
Brazil's Vale estimated its copper production at 320,000 to 355,000 tons in 2024 versus 325,000 tons this year.
Macquarie now expects copper market surpluses of 100,000 and 287,000 tons for 2024 and 2025 respectively, down from previous forecasts of 203,000 and 369,000 tons.
Global copper production next year and in 2025 is expected to be around 27 million tons.
Disruptions at First Quantum's Cobre mine in Panama, accounting for 1% of global mined supply last year, are also on the watchlist. Its future is uncertain due to the country's top court declaring as unconstitutional First Quantum's contract to own and operate the mine.

Even before Anglo's announcement, Bank of America analyst Michael Widmer had removed Cobre Panama from his estimate of copper supplies for next year and switched his forecast from a small surplus to a deficit.
"To us, a restart looks unlikely before the May 2024 general elections in Panama at the earliest, i.e. once a new administration is established with which First Quantum may begin negotiating a contract," Widmer said.
"While elections could bring change, we now assume a potential restart of Cobre Panama in the fourth quarter of next year."

COLUMN-China 2023 steel output set to rise despite property woes: Russell
China's steel output is expected to rise for the first year in three in 2023 as a soft domestic property sector is compensated by strong vehicle manufacturing and rising exports.
China, which makes about 55% of the world's steel, produced 874.7 million metric tons in the first 10 months of the year, up 1.4% from the same period in 2022, according to official data.
Figures from the China Iron and Steel Association suggest November output was about 76.3 million metric tons, bringing the total for the first 11 months to around 951 million.
Assuming December's production is at least 75 million metric tons, the annual total is likely to come in around 1.026 billion, which would be higher than the 1.01 billion in 2022.
China's steel output has held above 1 billion metric tons since first crossing the mark in 2020, when a record 1.053 billion was produced.
Since the all-time high Beijing has placed an informal target that annual steel output should not exceed what was produced in the previous year.
While 2023's expected production is likely to be only modestly higher than that of 2022, it's perhaps surprising given the travails of the property sector.
Property construction accounts for about 35% of China's steel demand and the sector has been plagued this year by major developers experiencing liquidity crunches and falling sales, with sales by floor area declining 7.8% in the first 10 months of the year from the same period in 2022.
However, hopes of a revival in coming months have been sparked by Beijing's moves to stimulate the sector by easing lending requirements, with sentiment further buoyed by a slight rise in new home prices in November, the third straight monthly gain.
But it's outside of property that steel has performed better in 2023, with China's automobile production hitting a

MARKET MONITOR as of 07:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$71.84 / bbl	0.73%	-10.49%
NYMEX RBOB Gasoline	$2.07 / gallon	0.70%	-16.60%
ICE Gas Oil	$781.75 / tonne	0.45%	-15.12%
NYMEX Natural Gas	$2.43 / mmBtu	0.08%	-45.63%
Spot Gold	$1,987.09 / ounce	0.29%	8.92%
TRPC coal API 2 / Dec, 23	$112 / tonne	1.36%	-39.38%
Carbon ECX EUA	€67.63 / tonne	0.52%	-19.46%
Dutch gas day-ahead (Pre. close)	€36.10 / Mwh	-6.23%	-52.23%
CBOT Corn	$4.83 / bushel	0.31%	-28.76%
CBOT Wheat	$6.14 / bushel	0.70%	-23.16%
Malaysia Palm Oil (3M)	RM3,769 / tonne	0.75%	-9.70%
Index	**Close 11 Dec**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	298.26	-0.36%	-1.02%
Rogers International	26.24	-1.15%	-8.46%
U.S. Stocks - Dow	36,404.93	0.43%	9.83%
U.S. Dollar Index	103.87	-0.22%	0.33%
U.S. Bond Index (DJ)	416.45	0.00%	6.11%

record high in November of 3.093 million units, up 7% from October and 29% from November last year.

CARS, EXPORTS

Industrial output rose 4.6% year-on-year in October, the strongest gain since April and an acceleration from the 4.5% pace in September, while infrastructure investment climbed 5.9% on the first 10 months of the year from the same period in 2022.

Machinery, infrastructure and vehicles account for just under 50% of China's steel demand, and these sectors are all showing solid growth.

China is also exporting more steel products, with shipments in the first 11 months of the year totalling 82.66 million metric tons, up 35.6%, or 20.71 million tons, from the same period last year.

It's also likely that Beijing has been willing to see steel mills boost overall production in 2023 from 2022 levels as it helps lift economic growth, which has been struggling to gain momentum since China ended its strict zero-COVID-19 policy at the end of last year.

Steel prices have also recovered in recent weeks, with rebar futures in Shanghai ending at 4,037 yuan ($562) a metric ton on Monday.

This is below the recent closing peak of 4,069 yuan a metric ton on Nov. 21, but also 11.4% higher than the recent five-month low of 3,632 yuan on Oct. 23.

Rebar inventories, as monitored by consultants SteelHome, dropped to 3.49 million metric tons in the week to Dec. 8 from 3.55 million previously.

Rebar stockpiles usually drop heading into the northern winter, but the current level is below the 3.65 million from the same week in 2022 and the 4.20 million in 2021.

This suggests that steel mills may have room to increase output early in the new year, especially if they expect the property sector to continue its so far tentative turnaround.

(The opinions expressed here are those of the author, a columnist for Reuters.)

Top News - Carbon & Power

New COP28 draft deal stops short of fossil fuel 'phase out'

A draft of a potential climate deal at the COP28 summit on Monday suggested a range of measures countries could take to slash greenhouse gas emissions, but omitted the "phase out" of fossil fuels many nations have demanded - drawing criticism from the U.S., EU and climate-vulnerable countries.

The draft has set the stage for contentious last-minute negotiations in the two-week summit in Dubai, which has laid bare deep international divisions over whether oil, gas and coal should have a place in a climate-friendly future.

A coalition of more than 100 countries have been pushing for an agreement would for the first time promise an eventual end to the oil age - but are up against opposition from members of the oil producer group OPEC.

COP28 President Sultan Al Jaber - who has previously used the conference to call for a paradigm shift - urged the nearly 200 countries at the talks to redouble their efforts to finalize a deal ahead of the scheduled close of the conference on Tuesday, saying they "still have a lot to do".

"You know what remains to be agreed. And you know that I want you to deliver the highest ambition on all items including on fossil fuel language," he said.

The new draft of a COP28 agreement, published by the United Arab Emirates' presidency of the summit, proposed various options but did not refer to a "phase out" of fossil fuels.

Instead, it listed eight options that countries could use to cut emissions, including: "reducing both consumption and production of fossil fuels, in a just, orderly and equitable manner so as to achieve net zero by, before, or around 2050".

Other actions listed included tripling renewable energy capacity by 2030, "rapidly phasing down unabated coal" and scaling up technologies including those to capture CO_2 emissions to keep them from the atmosphere.

Alden Meyer, a senior associate at environmental think tank E3G, criticised the new deal as "basically an a la carte menu that allows countries to individually choose what they want to do."

Despite the fact emissions from burning fossil fuels are by far the main driver of climate change, 30 years' worth of international climate negotiations have never resulted in a global agreement to cut their use.

The text triggered a protest from dozens of delegates who stood in near silence, holding hands and lining the long route into a room where negotiators gathered, forcing them to run an eerie gauntlet before getting back to work.

"Please give us a good text," one delegate pleaded as negotiators filed in.

U.S. Special Climate Envoy John Kerry told the meeting, which ran for around three hours, that the draft agreement had to be strengthened.

"We're not where we're meant to be in terms of the text," Kerry said. "Many of us have called for the world to largely phase out fossil fuels, and that starts with a critical reduction this decade."

Speaking with voice worn hoarse by the summit, he said the outcome of COP28 was existential: "This is a war for survival".

EU chief negotiator Wopke Hoekstra told reporters the draft was "clearly insufficient and not adequate to addressing the problem we are here to address."

Representatives from Pacific Island nations Samoa and the Marshall Islands, already suffering the impacts of rising seas, said the draft was a death sentence.

"We will not go silently to our watery graves," said John Silk, the head of the Marshall Islands delegation.
"We cannot sign on to a text that does not have strong commitment on phasing out fossil fuels," Samoa environment minister Cedric Schuster told reporters.
Dan Jorgensen, the Danish climate minister, said he believed many countries opposed the current text. "So, it was clear that this is only the starting point and that we are not even close to getting a result."
A new draft document is expected early on Tuesday, which would leave little time for further disagreement ahead of the conference's scheduled close at 0700 GMT. COP summits rarely finish on schedule.
Sources familiar with the discussions said the UAE had come under pressure from Saudi Arabia, de facto leader of the OPEC oil producers' group of which UAE is a member, to drop any mention of fossil fuels from the text.
Saudi Arabia's government did not respond to requests for comment on Monday.

CONSENSUS
It was unclear if China, currently the world's top greenhouse gas emitter, supported the draft.
Leaving their pavilion late on Monday, senior members of the China delegation, including chief envoy Xie Zhenhua, did not respond to questions.
But observers noted that some of the language in the document was in line with China's previous policy positions, as well as parts of the Sunnylands agreement signed by China and the United States in November.
The Sunnylands agreement did not use phrases like "phasing out" but instead called for the accelerated substitution of coal, oil and gas with renewable energy sources, and backed the pledge to triple renewable energy by 2030.
Speaking to ministers and negotiators on Sunday, a representative for Saudi Arabia's delegation said a COP28 deal should not pick and choose energy sources but should instead focus on cutting emissions.
That position echoes a call made by OPEC in a letter to its members earlier in the summit, seen by Reuters, which asked them to oppose any language targeting fossil fuels directly.
Deals at U.N. climate summits must be passed by consensus among the nearly 200 countries present.
Developing nations have said any COP28 deal to overhaul the world's energy system must be matched with sufficient financial support to help them do this.
"We need support as developing countries and economies for a just transition," said Colombia's Environment Minister Susana Muhamad. Colombia supports phasing out fossil fuels.
Despite the rapid growth of renewable energy, fossil fuels still produce around 80% of the world's energy.
Negotiators told Reuters that other OPEC and OPEC+ members including Russia, Iraq and Iran, have also resisted attempts to insert a fossil fuel phase-out into the COP28 deal.

COLUMN-Europe's top economies slash carbon intensity of electricity: Maguire
The carbon intensity of electricity production across Europe's largest economies has dropped by nearly a quarter over the past five years, thanks to steep cuts in fossil fuel use for power generation and rapid expansions in renewable electricity output.
Average carbon dioxide emissions per kilowatt hour (KWh) of electricity in Europe's six largest economies - Germany, France, United Kingdom, Italy, Spain and The Netherlands - was 253 grams through November of 2023, data from electricitymaps.com shows.
That cumulative total is down from more than 330 grams in 2018, and reveals a broad push across key countries to decarbonise power systems as part of efforts to cap overall pollution and slow climate change.
In tonnage terms, the lower carbon intensity of Europe's six largest power systems has resulted in a decline of 156 million tonnes of carbon dioxide and equivalent gases over the first 11 months of 2023 compared to the same period in 2018, data from think tank Ember shows.
UNEVEN PROGRESS
While all major economies have made cuts to carbon intensity in recent years, progress varies greatly due to the different power system set-ups in each country.
France, which has the lowest overall power system carbon footprint due to its high use of nuclear power, emitted less than 15 million tonnes of CO2 through November.
The country's carbon intensity in 2023 averaged 44 grams of CO2 per KWh, which is down by 15.2% from 2018's levels and by more than 38% from the average in 2022, when curtailed nuclear reactor output forced French utilities to burn record volumes of natural gas to generate electricity.
Towards the other end of the power emissions spectrum lies Germany, which as Europe's largest economy emitted more than 134 million tonnes of CO2 from the use of fossil fuels in electricity generation through November, Ember data shows.
Germany's power system is 9.5 times more carbon intensive than France's, averaging 419 grams of CO2 per KWh through November.
That reading sharply exceeds the 376 grams of CO2 in Italy, 305 grams in the Netherlands, 219 grams in the United Kingdom and 154 grams in Spain, electricitymaps.com data shows.
However, Germany's carbon intensity pales in comparison to the 782 grams of CO2 emitted per KWh of electricity generated in Poland, which has Europe's most coal-dependent power system.

That said, despite relying on coal for over 60% of total electricity generation, Poland's power producers have also managed to sharply reduce their overall carbon intensity in recent years, which totalled more than 960 grams of CO_2 per KWh in 2018.

STEEP CUTS

Poland's 18.8% cut to electricity carbon intensity since 2018 roughly matches the scale of the cut seen in Germany over the same period, and exceeds the 14% cut seen in Italy.
However, those cuts trail the 25% reduction in the carbon intensity of electricity production in The Netherlands since 2018, and the nearly 46% drop seen in Spain, where more than 40% of electricity was sourced from wind and solar sources in 2023 compared to less than 30% in 2018.
As every major European economy is set to expand renewables generation further each year through the rest of this decade, the region's overall carbon intensity will continue to decline, and will likely help the region emerge as the global hub for low-carbon electricity generation by 2030.

(The opinions expressed here are those of the author, a columnist for Reuters.)

Top News - Dry Freight

Panama Canal drought to delay grain ships well into 2024

Bulk grain shippers hauling crops from the U.S. Gulf Coast export hub to Asia are sailing longer routes and paying higher freight costs to avoid vessel congestion and record-high transit fees in the drought-hit Panama Canal, traders and analysts said.
The shipping snarl through one of the world's main maritime trade routes comes at the peak season for U.S. crop exports, and the higher costs are threatening to dent demand for U.S. corn and soy suppliers that have already ceded market share to Brazil in recent years.
Ships moving crops have faced wait times of up to three weeks to pass through the canal as container vessels and others that sail on more regular schedules are scooping up the few transit slots available.
The restrictions could continue to impede grain shipments well into 2024 when the region's wet season may begin to recharge reservoirs and normalize shipping in April or May, analysts said.
"It's causing quite a disruption both in expense and delay," said Jay O'Neil, proprietor of HJ O'Neil Commodity Consulting, adding that the disruption is unlike any he's seen in his 50 years of monitoring global shipping.
The Panama Canal Authority restricted vessel transits this autumn as a severe drought limited supplies of water needed to operate its lock system. The Authority did not respond to request for comment on grain shipment delays.
Only 22 daily transits are currently allowed, down from around 35 in normal conditions. By February, transits will shrink further to 18 a day.
Grain ships are often at the back of the line as they usually seek transit slots only a few days before arriving, while others like cruise and container ships book months in advance.
The Authority also offers the rare available slots to its top customers first, none of which are bulk grain haulers, O'Neil said.
Any scheduled slots that come available are auctioned off, but demand is exceptionally high. Some slots have gone for $1 million or more, untenable costs for the traditionally thin-margin grain trading business.
"The grain trades and the bulk carrier segment are going to be the last customers to go through the Panama Canal. I would not rely on the Panama Canal any time soon," said Mark Thompson, senior trader at Olam Agri.
Wait times for bulk grain vessels ballooned from around five to seven days in October to around 20 days by late November, O'Neil said, prompting more grain carriers to reroute.
Options include sailing south around South America or Africa, or transiting the Suez Canal. But those longer routes can add up to two weeks to shipping times, elevating costs for fuel, crews and freight leases.
The benchmark Baltic Dry Index, considered a benchmark for bulk grain freight, spiked to a 1-1/2 year peak on Dec. 4, more than doubling from a month earlier.
While grain prices have fallen from 2020 peaks, higher freight costs will be passed on to grain and oilseed importers who buy for human food and livestock feed.
"Commercial companies have been finding ways to navigate around the problem. But undoubtedly it costs the end-user more money," said Dan Basse, president of Chicago-based consultancy AgResource Co.
In the second half of October, only five U.S. Gulf grain vessels bound for east Asia transited the Panama Canal, while 33 sailed east to use the Suez Canal instead, according to a U.S. Department of Agriculture (USDA) report. In the same period last year, 34 vessels used the Panama Canal while only seven used the Suez.
Some U.S. exporters have also been rerouting crop shipments to Asia to load from Pacific Northwest ports instead.
But that, too, comes at a higher cost as those facilities source grain mostly via rail as opposed to the cheaper barge-delivered loads supplying Gulf Coast exporters.
Only 56.8% of all U.S. corn exports in October were shipped from Gulf Coast ports this year, down from 64.9% in October 2022 and 72.1% in October 2021, according to USDA weekly export inspections data.

Argentina temporarily suspends grains export register

Argentina on Monday temporarily suspended its grains export register - a move that comes one day before new President Javier Milei is set to announce a series of economic measures.

Milei was on Sunday inaugurated as president of Argentina, one of the world's leading grains exporters. Gustavo Idigoras, head of the grains chamber CIARA-CEC, said the chamber had received an official communication on Monday afternoon about the suspension, which came into effect at 5 p.m. (2000 GMT) and will remain in force "until further notice". Various Argentine governments have in the past suspended the grains register only to reopen it days after announcing economic measures.

Milei's economic announcements are expected to include far-reaching fiscal changes and cuts to social spending. Markets are also speculating on a possible devaluation of the local peso.

Picture of the Day

A motorbike drives in front of power-generating windmill turbines on the Cambrai-Arras road during sunset in, Bourlon, France, December 8. REUTERS/Pascal Rossignol

(Inside Commodities is compiled by Archak Sengupta in Bengaluru)

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

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