Oil | Agriculture | Metals | Carbon & Power | Dry Freight

Click on headers to go to that section

Top News - Oil

Global diesel prices to rely on refinery closures for support in 2025

The global diesel market will likely find price support in 2025 from the closure of about 1% of refining capacity, traders and analysts said, offsetting current weakness and structural downward pressure as the world shifts to cleaner fuels.

The market ends 2024 on shaky ground, despite peak seasonal demand, as margins in the world's key energy hubs in Singapore, northwest Europe and the U.S. Gulf have come off November's firm levels as some refineries returned from maintenance shutdowns.

About 1 million barrels per day of refining capacity in Europe and the United States is expected to permanently shut down next year in response to weak profits, Reuters calculations show, while world demand is expected to rise slightly.

"For 2025, we are constructive on European diesel prices due to the capacity closures, still low forward margins that will keep utilisation levels relatively low, and a slight rebound in demand," Energy Aspects analyst Natalia Losada said.

For now, seasonal demand is offering limited support. Consultancy FGE Energy expects European diesel and gasoil demand to contract by 230,000 bpd year-on-year over January and December even amid forecasts that the northern hemisphere winter will be the coldest in 10 years, on low road fuel use.

The return from maintenance this month of refineries like Saudi Arabia's Yasref and Kuwait's Al Zour will boost supplies from the Middle East, they added.

Asian diesel cracks recovered to three-month highs for most of November, but have crept lower in December to average below $15 a barrel.

U.S. ultra-low sulphur diesel futures hit a $26 per barrel premium against West Texas Intermediate crude oil futures on Nov. 26, the highest since July, but the crack has since eased to a near two-month low of under $22 by Dec. 5. Margins in Europe followed a similar trajectory, hitting a 16-week high of $18.70 per barrel on Nov. 26, then softening by more than $2 by Dec. 11.

SUPPORT IN 2025

Distillate fuels like diesel and gasoil have a range of uses including as a motor fuel, for heating and powering factories.

But a shift in global car and truck fleets to cleaner or renewable fuels, particularly in China, has slashed demand.

Still, the International Energy Agency expects gasoil and diesel demand to expand next year by 95,000 bpd – up from a 180,000 bpd contraction this year - and traders and analysts say there are other factors that could support the market in 2025.

The refinery closures include Scotland's Grangemouth refinery, LyondellBasell Industries' 263,776 bpd Houston refinery and Phillips 66's and 139,000-bpd Los Angeles refinery.

Gunvor Group announced on Dec. 10 plans to cease fuel production at its 75,000 bpd refinery in Rotterdam.

JP Morgan expects European diesel margins to trade at about $17-$19 a barrel next year, rising to $21 in 2026 as refinery shutdowns outpace demand contraction.

It expects U.S. margins to remain strong, averaging $25 in 2025 and $28 in 2026.

Also, shipping rules set to come into effect in May, making the Mediterranean region an Emission Control Area (ECA), are expected to bolster gasoil demand by about 50,000 bpd, traders say, as the industry moves away from dirtier fuel oil.

While Asian refiners who typically export to Europe will benefit from less European capacity, two traders said lighter refinery maintenance shutdowns and new refinery expansions next year are expected to keep Asian prices under pressure.

Fresh additions to refining capacity in China, India and Indonesia will likely total more than 800,000 bpd next year, Reuters calculations show.

FGE forecasts Asia's diesel cracks to average less than $14 a barrel for the first half next year - slightly lower or stable relative to current levels.

Canadian oil producers forecast higher production in 2025

Three of Canada's biggest oil producers, Suncor Energy, Cenovus Energy and Imperial Oil, on Thursday projected higher production in 2025, betting on resilient demand for Canadian crude in U.S. and international markets.

Fuel demand in the United States, the biggest destination for Canadian crude, is expected to rise next year as U.S. industrial activity will likely benefit from a cut in borrowing rates, according to the U.S. Energy Information Administration.

Oil exports to the U.S. could slow, however, if incoming U.S. President Donald Trump follows through on his pledge to add a 25% tariff to Canadian goods unless Ottawa clamps down on the flow of illegal immigrants and drugs across the border.

Calgary, Alberta-based Suncor forecast 2025 production to be between 810,000 and 840,000 barrels per day (bpd) next year, a 4.4% rise at midpoint compared to projected output for 2024. More noteworthy, BMO Capital Markets Analyst Randy Ollenberger said in a note, is that the company is well-positioned to beat its 2024 production guidance of 770,000-810,000 bpd "raising the question whether a repeat could occur in 2025."

Cenovus forecast a 4.4% increase in 2025 crude output, targeting 805,000 to 845,000 barrels of oil equivalent per day, primarily driven by the start-up of the Narrows Lake oil sands project.

Imperial Oil, majority-owned by Exxon Mobil Corp, expects a 3.1% production increase.

Canadian producers are benefiting from the start-up of the Trans Mountain pipeline expansion earlier this year, which has nearly tripled the flow of oil to Canada's Pacific Coast from landlocked Alberta, boosted the price of Canadian crude and opened up market access to refineries in Asia and the U.S. West Coast.

Suncor also forecast a slight rise in refinery throughput volumes to between 435,000 and 450,000 bpd in 2025.

The company forecast capital spending for 2025 would fall 3% from this year to between C$6.1 billion ($4.31 billion) and C$6.3 billion.

Imperial expects to spend C$1.9 billion-C$2.1 billion in 2025, above analysts' estimates, and also increased its 2024 capital expenditure by 9% to C$1.85 billion.

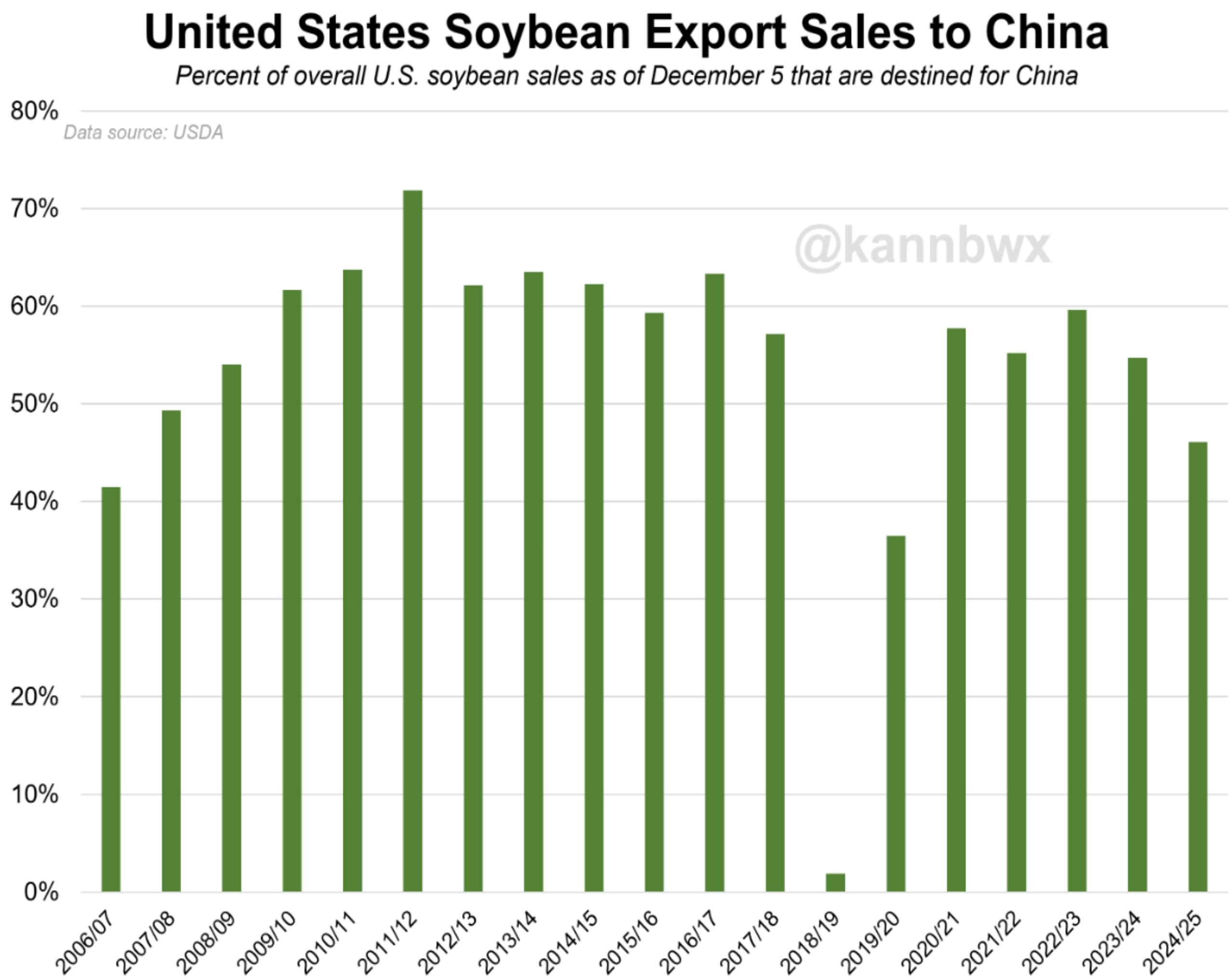
Company CEO Brad Corson said the higher spending was mainly related to the timing of multi-year projects and opportunities such as additional drilling at its Cold Lake oil sands project.

"Where it makes sense for us to accelerate some of that work we're doing that, so we can be most efficient with the capital dollars," Corson told analysts on a call.

Imperial shares were last down 6% on the Toronto Stock Exchange at C$97.85.

Suncor shares were last down 1.8% at C$53.09, while Cenovus, which expects to keep 2025 capital spending broadly in line with 2024, dipped 0.7% to C$21.55.

Chart of the Day



Top News - Agriculture

GIWA raises Western Australian wheat harvest estimate by 495,000 tons

The Grain Industry Association of Western Australia (GIWA) on Friday raised its estimates for wheat, barley and canola production in the state, saying yields from the ongoing harvest had continued to exceed expectations.
Western Australia is one of the biggest cropping areas in Australia, a major exporter of agricultural goods.
Crop yields also exceeded expectations in New South Wales, and the government said this month it expects a nationwide harvest of 31.9 million tons of wheat, up from 26 million tons in the 2023/24 season and 20% above the 10-year average.
However, widespread rain during harvesting in southeastern Australia lowered the quality of some grain.
Western Australia is now on track to produce 10.825 million metric tons of wheat, GIWA said in a monthly crop report released as the harvest is winding down.
That is 495,000 tons more than the 10.33 million tons it forecast for the state last month and around 1.5 million tons more than it predicted in September, when crops were still maturing.
GIWA also raised its estimates for barley production to 5.087 million tons from 4.52 million tons a month ago and for canola to 2.83 million tons from 2.59 million tons a month ago.
The size of the harvest is remarkable considering that relatively little rain fell in Western Australia before and during the growing season, GIWA said.
"Pre-harvest estimates of grain yields for wheat, barley and canola have ended up being well below actual yields. The total tonnage for the state will easily end up being the third largest harvest on record."
Wheat protein levels are low across the state due to dilution from the high yields and barley malt deliveries are lower than in recent years. GIWA said.
The larger-than-expected Australian wheat harvest is coming in at a time when plentiful supply of grain is holding benchmark Chicago futures near four-year lows, though many analysts expect the market to tighten in the new year.

Conab, Abiove raise forecasts for Brazil's 2025 soybean crop

Brazilian national crop agency Conab and oilseed crushing group Abiove on Thursday increased their estimates for the country's 2025 soybean crop, which could reach record levels following improved weather conditions. Farmers in the South American nation, the world's largest soy producer and exporter, are set to see yields recover in the new season after grappling with adverse weather in the previous cycle, which affected overall production of the oilseed.
Conab forecast Brazil's 2024/25 soybean crop would reach 166.21 million metric tons, up 12.5% when compared to the previous season and slightly above the agency's November estimate of 166.14 million tons.
"Weather conditions have been favoring crop development and planting, which by Dec. 1 had reached 90% of the estimated area," Conab said in a statement.
Brazil's soybean area is seen growing 2.6% in 2024/25 to 47.37 million hectares (117.05 million acres).
In a separate report, oilseed crushing group Abiove projected the country's 2025 soybean production at a record 168.7 million tons, a 10% year-on-year growth and exceeding the 167.7 million tons it had estimated in November.
Abiove also raised its soybean export forecast by 300,000 tons to 104.4 million tons, which would represent a 6.2% increase from 2024.
Both figures would eclipse records set in 2023, Abiove said.

Top News - Metals

Rio Tinto expands Argentina lithium plans, eyes Codelco tie-up in Chile

Rio Tinto is on the shortlist to partner Chilean state miner Codelco on a new lithium project, and has expanded production plans for the battery metal at its plant in Argentina, CEO Jakob Stausholm told Reuters on Thursday.
The South America moves are part of the global miner's efforts to lock in its position as one of the world's biggest miners of lithium, a metal needed for electric cars that can be found in large brine deposits in Chile and Argentina.
The plans follow Rio's $6.7 billion takeover of Arcadium Lithium, which when complete would put Rio on track to become the world's third largest lithium miner behind leader Albemarle and Chile's SQM.
Rio Tinto's Argentina project, at the Rincon salt flat, now represents a $2.5 billion investment, Stausholm said, including plans to boost total capacity to 60,000 metric tons. The expansion would see a main plant have a 57,000-ton capacity, up from a prior plan for 50,000 tons, due to finalized engineering work that showed the potential for higher output.
Construction is scheduled to begin mid-2025, with initial production expected in 2028.
A 3,000-ton starter plant is already complete, with no further capital costs. It produced its first ton of lithium last week using direct lithium extraction (DLE), an innovative process meant to quicken production and reduce water use that numerous rivals are attempting to implement at commercial scale.
Stausholm said he hoped the acquisition of Arcadium, expected to close in mid-2025, would help Rio improve its extraction technology.
Arcadium operates two of Argentina's main lithium mines, using a blend of DLE and traditional evaporation ponds.
Rio's Argentina expansion plans come as lithium prices have plunged due to Chinese oversupply and a slowdown in electric vehicle (EV) sales.

Stausholm said the Rincon project's capital costs per ton are relatively low, and that the company is betting on long -term lithium demand. "What matters is what will the price be in 2030," Stausholm said. "We are absolutely convinced that we will see significant yearly growth in lithium for the next 10, if not 15 years."
Chile is the world's no. 2 lithium producer, while Argentina ranks fourth. In Chile, Stausholm said Rio is on the shortlist to partner with giant copper miner Codelco at the Maricunga salt flat that it is looking to develop.
Codelco did not immediately respond to a request for comment. It is set to select a partner, who will get a 49% stake, early next year.
Maricunga is Chile's most important lithium deposit after the Atacama salt flat where Albemarle and SQM operate, and represents Codelco's first lithium project from scratch.
"We are watching that development closely," Stausholm said.

India to decide soon whether to curb steelmaking raw material imports, source says

India will reach a decision soon on whether to impose import restrictions on metallurgical coke, a key ingredient in steelmaking, a source with direct knowledge of the matter told Reuters.
India, the world's second-largest producer of crude steel, proposed a plan in April to protect local suppliers of low-ash metallurgical coke by imposing country-specific quotas to limit annual imports to 2.85 million metric tons for one year.
Leading steelmakers such as JSW Steel and ArcelorMittal Nippon Steel opposed the move, saying it would hit output, and the government has been consulting with the industry.
Those consultations have concluded, and the decision is now pending with the federal trade ministry, the source said on Wednesday.
"The decision is expected very soon," said the source, who spoke on condition of anonymity as the deliberations are sensitive.
"There are conflicting pressures weighing on the decision with steel industry on one side and met coke producers on the other." The trade ministry's Directorate General of Trade Remedies (DGTR) said in April the curbs were meant to protect domestic met coke producers from rising imports, which have increased by more than 61% over the past four years.
It proposed quotas on imports from major suppliers including China, Japan, Indonesia, Poland and Switzerland.
In June, India's federal steel ministry also wrote to the trade ministry, saying the curbs would hit local steel production.
The federal trade ministry did not respond to a Reuters email seeking comment.

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$70.14 / bbl	0.17%	-2.11%
NYMEX RBOB Gasoline	$2.00 / gallon	0.11%	-5.07%
ICE Gas Oil	$678.50 / tonne	-0.22%	-9.62%
NYMEX Natural Gas	$3.45 / mmBtu	-0.29%	37.03%
Spot Gold	$2,681.92 / ounce	0.02%	30.03%
TRPC coal API 2 / Dec, 24	$113.25 / tonne	0.22%	16.75%
Carbon ECX EUA	€65.92 / tonne	-0.27%	-17.98%
Dutch gas day-ahead (Pre. close)	€42.80 / Mwh	-4.55%	34.38%
CBOT Corn	$4.43 / bushel	-0.11%	-8.47%
CBOT Wheat	$5.57 / bushel	-0.27%	-12.90%
Malaysia Palm Oil (3M)	RM4,875 / tonne	-0.93%	31.01%
Index	**Close 12 Dec**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	351.86	-0.13%	16.74%
Rogers International	28.71	-0.61%	9.06%
U.S. Stocks - Dow	43,914.12	-0.53%	16.52%
U.S. Dollar Index	107.15	0.19%	5.74%
U.S. Bond Index (DJ)	446.26	-0.58%	3.61%

Top News - Carbon & Power

Venture Global's Plaquemines plant to produce first LNG ahead of controversial long commissioning

Venture Global LNG is on track to inaugurate liquefied natural gas (LNG) production at its Plaquemines export plant in Louisiana as soon as this week, LSEG data showed on Thursday.

This will mark the first new U.S. plant in two years to produce the superchilled gas, beating Cheniere Energy's Corpus Christi midscale expansion project to market. It also kicks off a commissioning period of up to two years in which Venture Global retains all revenue from the shipments.

The 20 million metric tons per annum (MTPA) export plant was set to draw over 100 million cubic feet (mmcfd) of natural gas for the first time on Thursday, LSEG data showed.

U.S. regulators gave Venture Global permission on Thursday to commission its sixth of 18 blocks at Plaquemines, a document showed. Each block has two trains and utilizes 150 mmcfd of gas.

Some long-term contract customers of the Louisiana facility may wait up to two years to get their cargoes under the commissioning schedule, which extends to 2026 in the first phase and to 2027 in the second, a separate document showed.

Similar waits at another Venture Global plant, Calcasieu Pass, have led to contract disputes sent to arbitration by BP, Shell, Edison, Repsol and Orlen. The disputes could cost Venture Global billions of dollars if it loses the cases, documents in a July offer of senior notes showed.

Having sales contracts in place for the LNG plant aided Venture Global's financing efforts for the new facility. But the company has earned increased profits by selling on the spot market. During commissioning, the company contends that the plant is not operating optimally and it is not bound to deliver contracted cargoes.

"A key element of our business strategy is to generate proceeds from the sale of LNG...prior to the relevant project achieving COD (commercial operation date)," Venture Global said in its offering. COD marks the end of commissioning.

Shell said its experience with Venture Global makes it view the LNG developer as "an unreliable supplier." Exxon Mobil, EDF, Petronas, and Chevron, which have announced purchase deals for Plaquemines, declined to comment. Venture Global said Shell's criticism was "the height of hypocrisy," noting the late start of Shell's Canada LNG plant. "Our business model and plan for simultaneous operations ... has been disclosed to our customers, regulators and financial stakeholders," a Venture Global spokesperson said.

OVER BUDGET

The LNG exporter's first plant has been in commissioning mode since March 2022.

Through December 2023, it sold 360 cargoes on the spot market, earning operating profits of $8.4 billion, a separate investor document showed.

Plaquemines has gone more than $2.3 billion over budget as the company seeks to stay on schedule.

Venture Global plans to run the plant at 15% above nameplate capacity, bond documents showed.

Venture Global has not signed a new customer contract since June 2023, when Reuters reported that the company was facing arbitration with Italian electric company Edison.

Britain launches plan to ease development of clean energy projects

Britain on Friday launched a plan to make it easier for developers to build clean energy projects which it hopes will help the country meet its climate targets and create jobs.

Britain has a target to largely decarbonise its power sector by 2030 which will mean reducing its reliance on gas-fired power plants and rapidly increasing its renewable power capacity.

The National Energy System Operator last month said reform of the system for connecting new projects to the grid, along with an overhaul to the planning process, would be needed for the target to be met.

"Billions of pounds of clean energy projects have been held up by a clogged-up planning system, and a dysfunctional power grid queue that means renewables projects cannot get online," the Department for Energy Security and Net Zero (DESNZ) said in a statement.

Under the new plans onshore wind projects over 100 megawatts will be placed under the Nationally Significant Infrastructure Project regime in England, making it easier for them to get planning consent.

It will also change the system for new projects to gain connection to the power grid by making sure slow-moving or stalled projects are removed from the queue to make room for viable ones.

To spur investment in new renewable projects Britain holds annual auctions, inviting developers to bid for government-backed price guarantees for the electricity produced, called Contracts for Difference (CfDs).

Under the new plans announced on Friday the government said these auctions would be expanded to enable projects to get funding agreed before their planning permission has been finalised which it said would help more projects get built.

Top News - Dry Freight

Russia bans sunflower, corn seeds imports from four countries

The Russian agricultural watchdog has banned imports of sunflower and corn seeds from companies in Chile, France, Hungary, and Turkey, it said on Thursday, in line with Moscow's policy to reduce dependency on seed imports.

Over the last decade, Russia has become a major agriculture exporter and is striving to become a global agricultural superpower. However, it remains reliant on seed imports, primarily from Western countries.

In November, the Russian Agriculture Ministry said it planned to gradually decrease seed imports from Western countries.

The national food security strategy mandates that domestically produced seeds to constitute 75% of total demand, and while figures vary depending on the seed type, they are significantly below this target. The lowest share if domestically produced sugar beet seeds, which stands at 8%. The watchdog attributed the ban on one company in each of the four countries to the discovery of pests such as sunflower phomopsis, corn leaf spot, and the brown marmorated stink bug in imported seeds.

The targeted companies are the Hungarian unit of the agrichemicals and seeds group Syngenta, which is Chinese-owned and integrated into Sinochem Holdings Corp, France's Lidea, Turkey's GLS Tohumculuk and Chile's Pinto Piga Seeds. In 2023, Russia introduced import quotas for sunflower and corn seeds, but these quotas were not fully enforced this year as Russian farmers have switched to domestically produced seeds.

Export demand may push Ukraine wheat prices up in Dec-Jan, producers say

The volume of wheat export contracts from Ukraine in December totals 1.1 million metric tons and high demand from exporters may increase prices by $20 to $25 per ton in December-January, major Ukrainian agricultural producers' union UAC said.

The union said late on Wednesday traders had exported 136,000 tons of Ukrainian-origin wheat in the first nine days of December.

It said that demand for Ukrainian wheat remained strong, especially in Spain, where last week Ukrainian feed wheat was contracted at $237-$238 per ton for delivery in January.

"We can expect a gradual increase in wheat prices in December-January, which may reach $20-$25 per ton," UAC said in a report.

Agricultural consultancy APK-Inform said this week that Ukrainian milling wheat export prices rose $2 a ton over the last seven days to reach $207 to $218 per ton carriage paid to (CPT) Black Sea as of Dec. 11.

Ukraine has exported a total of 9.13 million tons of wheat so far in the 2024/25 July-June season, farm ministry data shows.

The ministry has said no more than 16.2 million tons of wheat can be exported this season.

First deputy farm minister Taras Vysotskiy told Reuters last month that wheat exports in December and the remaining months of this season would not exceed 1 million tons a month and exporters would switch from wheat to corn.

Picture of the Day

A drone view shows Gary Works, the largest integrated steel mill in the U.S., in Gary, Indiana, U.S., December 12. REUTERS/Vincent Alban

(Inside Commodities is compiled by Nandu Krishnan in Bengaluru)

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

To subscribe to Inside Commodities newsletter, **click here**.

LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

Please visit: **LSEG** for more information

Privacy statement