Oil | Agriculture | Metals | Carbon & Power | Dry Freight
Click on headers to go to that section

Top News - Oil

China Nov refinery throughput rises for first time in eight months

China's refinery throughput in November recorded its first rise in eight months, official data showed on Monday, as Beijing's economic stimulus measures began to underpin manufacturing activity and oil demand.

Refiners processed 58.51 million metric tons of crude oil last month, data from the National Bureau of Statistics showed, equivalent to 14.24 million barrels per day (bpd). That marked a yearly increase of 0.2%, snapping a series of consecutive declines since April. It was also up from October's 14.02 million bpd.

"A series of stimulus packages from Beijing helped to expand industrial activity and infrastructure construction, supporting diesel demand," said Ye Lin, a Beijing-based analyst at Rystad Energy.

As a result, operating rates among many independent refiners also improved, she added.

Data released on Monday showed that China's industrial output growth accelerated slightly in November, in line with previous reports that showed expansion in manufacturing and services activity in the world's second-largest economy.

The country's newest refiner Yulong Petrochemical was operating its 200,000 barrel per day (bpd) crude unit around 90% in November, up from around 60-70% in late September when it came online, trade sources said last month.

Operating rates for small-to-medium refiners stabilised in recent weeks, following better seasonal demand, after they had previously cut run rates due to sluggish margins, a survey by local consultancy JLC showed.

Some refiners also received additional quotas for crude oil imports in November, which enabled them to replenish their feedstock to ramp up production.

Calculations from the statistics bureau's figure released for November of last year, at 59.53 million tons, indicate that throughput this November should have contracted 1.7%, which suggests that the agency has revised down the year-ago figures.

For the first 11 months of the year, the statistics bureau's data showed throughput was 649.10 million tons, or 14.14 million bpd, down 1.8% from a year earlier, the sixth decline for year-to-date volumes.

Rystad's Ye expects refinery throughput will decline for the full year.

China's November domestic crude oil production rose 0.2% year-on-year to 17.25 million metric tons, according to the data. Year-to-date, crude oil output was 194.92 million metric tons, up 1.9% from a year earlier.

Natural gas production rose 3.1 % in November over a year earlier to 20.7 billion cubic meters (bcm). Output for the year to date was 224.6 bcm, up 6.4%.

Iranian oil prices to China hit new multi-year highs as sanctions hit shipping, sources say

The price of Iranian crude oil sold to China has risen to the highest in years as fresh U.S. sanctions have tightened shipping capacity and driven up logistics costs, trade sources and analysts said.

Rising prices for Iranian oil as well as Russian crude are raising costs for independent Chinese refiners that account for about a fifth of demand at the world's top crude importer, underscoring challenges ahead as the Trump administration is expected to ramp up pressure on Iran.

Some of the refiners are switching to supplies not under sanction restrictions, including from the Middle East and West Africa, to meet seasonal winter and pre-Lunar New Year demand, traders said.

Discounts for Iranian Light crude have narrowed to about $2.50 per barrel against ICE Brent on a delivered ex-ship (DES) basis to China, versus discounts narrower than $4 in early November. Discounts for Iranian Heavy crude have also narrowed to around $4-$5 a barrel from about $7 in early November, traders said.

Iranian oil prices have been climbing since October when exports from the OPEC producer dropped following concerns of Israeli attack on Iranian oil facilities.

A ramp-up in sanctions by the Biden administration last week on Iran froze some ships that deliver Iranian oil to China via ship-to-ship oil transfers off Singapore and Malaysia, according to the sources and LSEG shipping data.

China's imports of Iranian crude oil and condensate dropped by 524,000 barrels per day (bpd) to a four-month low of 1.31 million bpd in November versus the previous month, data from shiptracking firm Kpler showed.

"Tougher U.S. sanctions on tankers involved in Iranian oil flows have tightened shipping capacity," Xu Muyu, a senior analyst at Kpler, wrote in a report.

This was particularly acute during the second leg of the journey, where vessels in the greater Singapore region transfer onboard cargoes from Iran and head to China, she said, adding that floating storage in the region has been rising in the past three weeks.

Washington sanctioned 45 of the 147 tankers involved in Iranian crude oil shipments this year, Xu said.

Several of the sanctioned Very Large Crude Carriers (VLCCs), including FT Island, Vanity and Elva, are floating off Malaysia, shipping data on LSEG showed.

Ceres I, the VLCC which was involved in a collision off Singapore in July and has previously delivered Iranian oil to China, has also been designated. Another sanctioned tanker, Phonix, sailed away from China on Friday, LSEG data showed. The VLCC has since discharged its cargo at Rizhao port in Shandong province, trade sources said.

DEMAND PICKS UP

Iranian oil prices were also partly supported by a recovery in China's demand as independent refiners bought more crude after receiving additional import quotas from the government and have raised their fuel output slightly, analysts said.

In Shandong, the hub for the independent refiners, operating rates rose slightly since mid-November after run cuts in October on weak margins, a survey by consultancy JLC showed.

Despite higher prices for Iranian oil, their margins from processing imported crude flipped to a profit of 123 yuan ($16.93) per ton in the week to Dec. 11, following losses in October and November, according to JLC.

Consultancy Oilchem said gasoline and diesel shipments from Shandong to other Chinese ports hit a three-year high in November, another sign of demand improving.

Chinese crude imports grew annually for the first time in seven months in November, driven by lower prices and stockpiling.

Top News - Agriculture

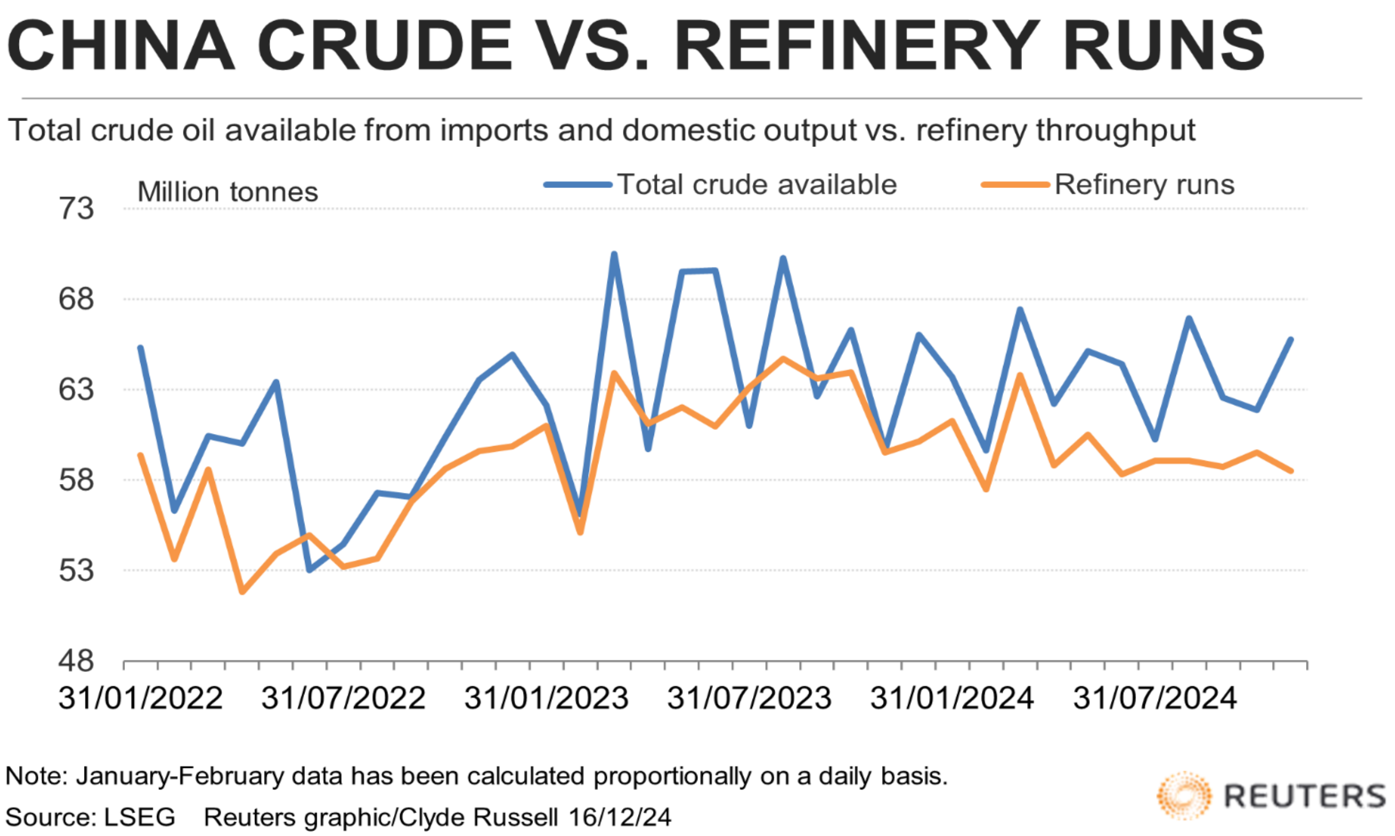
India's rice stocks surge to record high, boosting export prospects

Rice inventories in India surged to a record high at the start of December, reaching more than five times the government's target and potentially boosting overseas shipments from the world's biggest exporter of the staple food. Rice reserves, including unmilled paddy, in state granaries totalled 44.1 million metric tons on Dec. 1 against a government target of 7.6 million tons, data compiled by the Food Corporation of India showed. Wheat stocks on Dec. 1 stood at 22.3 million tons against a targetted 13.8 million tons. Higher rice stocks would allow India to boost shipments without jeopardising domestic supplies. Last year's patchy monsoon rains led New Delhi to restrict exports of all grades. The expectation of a bumper crop prompted India to remove export curbs on all rice grades, except for broken rice.

In the middle of overflowing grain bins, Indian farmers have gathered a record rice crop of 120 million tons from this year's summer season, which accounts for nearly 85% of total rice output. As the new crop rolls in, stocks at the Food Corporation of India are set to increase further in the months to come, raising storage concerns in the world's second-biggest rice producer. The Food Corporation of India is expected to buy 48.5 million metric tons of the new summer-sown rice in the marketing year that began on Oct. 1, up from 46.3 million tons bought from farmers in 2023-24. This year's copious monsoon rains prompted farmers to expand planting areas. Unlike rice, India does not allow wheat exports.

Indian wheat prices have jumped to a record high due to strong demand, limited supplies, and a delayed release of stocks from its government warehouses to augment supplies.

Chart of the Day



COLUMN-Funds fortify bullish corn bets after USDA's supply slashing: Braun

Speculators last month turned optimistic toward Chicago-traded corn for the first time in more than a year as U.S. exporters were posting jaw-dropping sales volumes.

In fact, U.S. corn demand has been so good that it forced the U.S. Department of Agriculture last Tuesday to slash its U.S. corn carryout estimate by 10%. That was well below analyst expectations and below year-ago levels, too.

In the week ended Tuesday, Dec. 10, money managers expanded their net long position in CBOT corn futures and options to 165,890 contracts from 88,220 a week earlier. The new stance is their most bullish since February 2023.

That move included the addition of more than 53,000 gross long positions, the most for any week since November 2021. Most-active CBOT corn futures rose nearly 4% during the week before notching a six-month high on Wednesday of $4.51-1/4 per bushel.

Money managers' bullish corn views perhaps make sense given that 2024-25 U.S. corn carryout ideas have tumbled more than 30% since the start of this year. But they stick out relative to funds' bearish wheat and soybean takes.

Whenever speculators are sufficiently net long in CBOT corn, they also tend to hold net longs in CBOT wheat and soybeans, or at least in the combination of the two. As of Dec. 10, money managers' net shorts in wheat and soybeans combined to 125,099 futures and options contracts.

This anomalous spread between funds' corn views and their wheat and soybean views could imply that one or more of these positions are out of bounds and due for a correction.

When it comes to funds' bullish corn and bearish soy positions, the recent setup most closely resembles that from June and July 2019. Wet weather caused extreme delays in both U.S. corn and soybean planting that year, but only corn futures posted notable gains as U.S. soybean stocks were flirting with 1 billion bushels.

U.S. soybean stocks in 2024-25 are not expected to be anywhere near that burdensome, but they are seen up nearly 40% on the year. Money managers in the week ended Dec. 10 cut their net short position in CBOT soybean futures and options to 58,320 contracts from 72,217 a week earlier, predominantly on short covering. That is their most bearish soy view for the time of year since 2019.

They also pared their net short in CBOT wheat to 66,779 futures and options contracts from 69,386 a week earlier. Most-active wheat had climbed 2.6% that week.

Money managers through Dec. 10 held their net short in CBOT soybean meal at near-record levels, trimming it very slightly to 72,427 futures and options contracts.

They also boosted their net long in CBOT soybean oil by about 8,000 to 17,519 contracts after three weeks of active selling.

Corn futures fell 1.6% over the last three sessions while wheat dropped 1.7% and meal recorded 2% losses. Soybeans and soyoil declined fractionally, though traders will be waiting to see if heavier U.S. soybean sales at the end of last week carry into this one.

Top News - Metals

Some Japan buyers agree to 30% higher aluminium premiums for Q1, sources say

Some Japanese aluminium buyers have agreed to pay a global producer a premium of $228 per metric ton over the benchmark price for shipments from January to March, up 30% from this quarter, two sources directly involved in the talks said.

The fourth consecutive quarterly increase, the figure exceeds the $175 per ton paid in the quarter from October to December. It is also the highest premium since 2015, though slightly lower than the initial offers of $230-$260 made by producers.

Japan is a major Asian importer of the light metal and the premiums for primary metal shipments it agrees to pay each quarter over the benchmark London Metal Exchange (LME) cash price set the yardstick for the region. Negotiations between other buyers and sellers are still ongoing.

The agreement comes amid concerns over tighter supply in Asia after China said it would cancel a 13% export tax refund for aluminium semi-manufactured products from Dec. 1. The move is expected to boost ingot demand from Asian rolling mills outside China to produce semi-finished products, a source at a global producer said, noting that inquiries for the primary metal is already increasing.

Strong global alumina prices, which prompted some producers to reduce aluminium output, along with civil unrest in Mozambique, have heightened worries over tighter global supply and higher premiums, the source said.

The sources declined to be identified due to the sensitivity of the matter.

Russian aluminium producer Rusal said in November that it will cut output by more than 6% in response to high global alumina prices and as tight monetary policy and an economic slowdown dampen domestic demand for the metal.

Last week, Australia's South32 said that it has withdrawn its output forecast for its Mozal Aluminium smelter in Mozambique amid post-election civil unrest.

"Although Japanese domestic demand remains sluggish, we settled at $228 due to overseas supply risks and the possibility that prolonged negotiations could push prices even higher," another source at a Japanese end-buyer said.

China Nov crude steel output falls on shrinking margins, demand

China's crude steel output in November fell 4.3% from October, official data showed on Monday, dampened by tighter margins and seasonally weakening downstream steel consumption.

The world's largest steel manufacturer produced 78.4 million metric tons of crude steel last month, down from 81.88 million tons in October, data from the National Bureau of Statistics (NBS) showed.

That suggested average daily output of about 2.61 million tons, compared with 2.64 million tons in October and 2.54 million tons in November 2023, according to Reuters calculations based on the data.
"The month-on-month fall in output in November is mainly because steel margins had been squeezed by diminishing seasonal demand and resilient iron ore prices," said Ge Xin, deputy director at consultancy Lange Steel.
Pointing to the tighter margins, steel rebar prices slipped 2.1% in November, while iron ore prices gained 3.1% over the same period, LSEG data showed.
About half of China's steel mills were operating at a profit by the end of November, down from about two-thirds in late October, data from consultancy Mysteel showed.
"Steel consumption has contracted since the middle of November, and this is especially the case in the northern region where cold weather disrupted construction activities," Ge said.
The output last month was up 2.5% from a year earlier, the data showed.
December output is expected to fall further from November's levels as some mills have started annual maintenance, analysts said. However, they forecast December's output would be higher compared with December 2023.
Output in the first 11 months of 2024 slipped 2.7% on the year to 929.19 million tons, the bureau said.
Ge expected China's total crude steel output in 2024 to decline by around 2% from 2023.

Top News - Carbon & Power

China's coal output hits record daily high in November
China's coal output rose to a record daily high in November, data from the statistics bureau showed on Monday, setting the world's largest coal industry on track for another record year.
China mined 427.98 million metric tons last month, according to the National Bureau of Statistics.
Average daily production in November was 14.27 million tons, the highest level on record.
By comparison, average daily output was 13.28 million tons in October and 13.82 million the month before that.
In November, the state-owned asset regulator urged state enterprises to increase output in anticipation of winter heating demand, leading analysts to expect production increases in the final two months of the year.
The November figure brought coal output over the first 11 months of the year to 4.32 billion metric tons.
That was up 1.2% year-on-year, putting China on track to surpass last year's record high of 4.66 billion metric tons.

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$71.02 / bbl	-0.38%	-0.88%
NYMEX RBOB Gasoline	$2.01 / gallon	-0.18%	-4.81%
ICE Gas Oil	$689.00 / tonne	-0.04%	-8.23%
NYMEX Natural Gas	$3.19 / mmBtu	-2.65%	27.01%
Spot Gold	$2,655.00 / ounce	0.25%	28.72%
TRPC coal API 2 / Dec, 24	$111.75 / tonne	-1.32%	15.21%
Carbon ECX EUA	€63.71 / tonne	-1.12%	-20.73%
Dutch gas day-ahead (Pre. close)	€41.25 / Mwh	-3.62%	29.51%
CBOT Corn	$4.50 / bushel	1.75%	-7.08%
CBOT Wheat	$5.62 / bushel	1.72%	-12.16%
Malaysia Palm Oil (3M)	RM4,802 / tonne	-2.12%	29.05%
Index	**Close 13 Dec**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	352.73	0.25%	17.03%
Rogers International	28.80	0.31%	9.40%
U.S. Stocks - Dow	43,828.06	-0.20%	16.29%
U.S. Dollar Index	106.85	-0.15%	5.44%
U.S. Bond Index (DJ)	443.68	-0.43%	3.01%

Russia's Novatek working with lobbyists to thaw US relations, sources say
Russia's largest liquefied natural gas producer Novatek is working with lobbyists in an attempt to rebuild U.S. relations after Washington imposed sanctions on its mammoth Arctic LNG 2 project, two sources familiar with the matter said.
Russia's relationship with the United States hit a post-Cold War low after Moscow's invasion of Ukraine in 2022, with President Joe Biden's administration imposing sanctions on hundreds of entities and individuals for backing the war effort.
These include Novatek's Arctic LNG 2, which was set to become Russia's largest LNG plant.
The return of U.S. President-elect Donald Trump to the White House on Jan. 20 is being viewed with cautious optimism by some in Russia, although others think it will change little.
Trump pledged during his campaign to end the nearly three-year-old war within 24 hours of his inauguration, if not before. Novatek is seeking to rebuild relations with the West, in anticipation of an end to the war in Ukraine, one source said.
Its senior executive and management board member, Denis Solovyov, travelled from Moscow to Washington in recent days to begin work with a U.S. lobbying firm, the sources said. Novatek and the lobbyists plan to approach U.S. government entities in the coming weeks, the sources said.
Assistant Secretary of State for Energy Resources Geoffrey Pyatt told Reuters that the State Department was aware of Novatek's visit to Washington but suggested that the company would make little headway with the Biden administration during its remaining weeks in office.
"Now is not the time for business as usual with Russia," Pyatt said.
"Russia is in the penalty box and it's my job to ensure it stays there as long as possible - certainly as long as the illegal war continues."
Solovyov declined to comment when contacted by phone.
Novatek did not respond to a request for comment.
Novatek hopes to get its flagship Arctic LNG 2 off the current sanctions list, the second source said.
Sanctions have led to Arctic LNG 2 declaring force majeure on supplies and suspending its production.
Both sources, who spoke on condition of anonymity due to the sensitivity of the matter, said that Novatek will use its tax status to appeal to the West and make the case that it is not a financial contributor to Russia's war effort.
Other Russian gas firms such as Gazprom pay corporate tax, which is considered one of the largest contributors to Russia's budget and therefore indirectly financing the war.
Novatek-owned Yamal LNG, which is not sanctioned, enjoys significant tax relief such as zero export duty on LNG and gas condensate, as well as a zero mineral extraction tax rate for production of these fuels, a presentation to investors shows.
The project has a 12-year tax exemption starting from when it became profitable, meaning it does not have to make payments to the Kremlin until 2030.

Top News - Dry Freight

EXCLUSIVE-Russian grain exports to Syria suspended due to uncertainty
Russian wheat supplies to Syria have been suspended because of uncertainty about the new government and payment delays, Russian and Syrian sources said on Friday, while two vessels carrying Russian wheat for Syria did not reach their destinations.
Russia, the world's largest wheat exporter, was a staunch supporter of Bashar al-Assad and supplied wheat to Syria through complex financial and logistical arrangements, circumventing Western sanctions imposed on both Syria and Russia. A Russian source close to the government told Reuters supplies to Syria have been suspended because exporters are concerned by uncertainty over who will manage wheat imports on the Syrian side following the change of power in Damascus.
"I think no one would dare supply wheat to Syria under the current circumstances," the source, who spoke on condition of anonymity due to the sensitivity of the situation, told Reuters.
Shipping data shows one vessel, the Mikhail Nenashev, is anchored off the Syrian coast, while another, the Alpha Hermes, is heading towards the Egyptian port of Alexandria after remaining off the Syrian coast for several days.
The Syrian General Establishment for Cereals Processing and Trade (Hoboob) used to conduct wheat purchasing tenders but has increasingly relied on a network of international intermediaries to maintain Russian supplies despite sanctions.
Rebel leader Ahmad al-Sharaa's Islamist group, which ousted al-Assad in a swift campaign in Damascus last week, is asserting its authority over Syria's state by deploying police and installing interim officials.
However, they have yet to establish a new administration in Hoboob or create another commodity importing agency, according to Syrian sources, who also spoke on condition of anonymity.

RUSSIAN AND INTERIM GOVERNMENT IN CONTACT
A Syrian source told Reuters that vessels were delayed because of uncertainty over payments and that Russia and the interim government were in communication regarding the issue. A Russian industry source said Russian exporters were in contact with the Syrian side.
Russian Deputy Foreign Minister Mikhail Bogdanov said on Friday that Russia has made direct contact with the political committee of Syria's Islamist rebel group, Hayat Tahrir al-Sham, aiming to maintain its military bases in Syria. He did not comment on the wheat trade.
Given there was no payment from the Syrian side for the delivered wheat, a Russian industry source said the cargo of about 60,000 metric tons loaded on the two vessels might be sold to another buyer.
The two vessels can carry a combined 33,000 tons of wheat.

However, part of the Russian grain trade with Syria is conducted using sanctioned Syrian vessels that are not visible on tracking systems.
Eduard Zernin, head of the Russian Grain Producers and Exporters Union, told Reuters this week that Russian grain exporters did not plan to unilaterally stop supplying wheat to Syria.
Zernin estimated Syria's imports at about 2 million metric tons of wheat per year, and said Syria was not a major consumer. A disruption in Russian wheat supplies, however, could cause hunger in the country of over 23 million people. Dmitry Rylko from IKAR consultancy estimated wheat exports to Syria at 300,000 tons so far this season, with the country ranking 24th among Russian wheat buyers. Syrian imports vary from year to year depending on its own harvest.
Syria could produce up to 4 million tonnes of wheat in a good year, which would be enough for domestic needs and allows for some exports. However, war and successive droughts have eroded its crop, forcing the country to rely on imports from the Black Sea region to sustain a bread subsidy programme essential for its population.

Brazil's robusta coffee state expects to repeat large exports in 2025

Brazil's top robusta coffee producer, the state of Espirito Santo, expects to repeat in 2025 the large export volume it achieved this year, when the country became an alternative for supplies from Vietnam, the world's largest robusta grower.
Espirito Santo state accounted for 6.6 million bags of the total Brazilian robusta exports of 8.7 million bags from January to November, according to the Coffee Commerce Center of Vitoria (CCCV), the industry group gathering market participants in the state.
CCCV's head Fabricio Tristao said that including arabica coffee and instant coffee, the state will ship nearly 11 million bags in 2024, adding that the number shows more than 300% growth from two years ago.
Total Brazilian robusta exports will likely end the year above 9 million bags, from little more than 4 million bags last year. The country gained a large share of the global trade for that type of coffee in 2024 due to limited availability of robustas from Vietnam, who faced weather woes.
Robustas are largely used to make instant coffee, but have gained popularity in the industry both as a blend with arabica coffee in roasted ground offerings as well as a single origin product, due to quality improvement.
"For next year, we expect to keep similar volumes of shipments," said Tristao, who is also an executive for trader Olam.
According to him, the crop in the state is developing well so far.
Most analysts see Brazil's 2025 robusta crop in better shape than the arabica coffee crop, which suffered more with extended dry periods in regions such as Minas Gerais and Sao Paulo.
Robusta is also a more resistant variety than arabica. It suffers less during droughts or when facing extreme temperatures.

Picture of the Day

A general view of the cooling towers at the Drax Power station near Selby, Britain, December 13. REUTERS/Phil Noble

(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