BusinessWorld THURSDAY, FEBRUARY 15, 2024 EDITOR FRANCISCO P. BALTAZAR

OPEC secretary general believes oil long-term demand is robust

DUBAI — Saudi Arabia's decision to postpone oil capacity expansion plans should not be interpreted as an assessment that demand for crude is falling, the Organization of Petroleum Exporting Countries' (OPEC) secretary general said on Tuesday.

"First of all I want to be clear I cannot comment on a Saudi decision... but this is in no way to be misconstrued as a view that demand is falling," Haitham Al Ghais told Reuters in Dubai on the sidelines of the World Governments Summit.

The Saudi government on Jan. 30 ordered state oil company Aramco to lower its target for maximum sustained production capacity to 12 million barrels per day (bpd), one million bpd below a target announced in 2020 and set to be reached in 2027.

Sources have told Reuters the kingdom's surprise reversal of its oil expansion plan was at least six months in the making and based on an assessment that much of Saudi Arabia's excess capacity was not being monetized.

Saudi Arabia is the world's largest oil exporter and de facto leader of the OPEC.

OPEC raised its world oil demand forecasts for the medium and long term in its annual outlook published in October.

Its World Oil Outlook said it expects world oil demand to reach 116 million bpd by 2045, around six million bpd higher than the previous year's report, with growth led by China, India, other Asian nations, and Africa and the Middle East.

"We stand by what was published in our latest outlook we firmly believe that it is robust," Mr. Al Ghais said.

OPEC is due to release the 2024 edition of the outlook later this year and Mr. Al Ghais said he would have to "wait and see" until September or October when it is due if numbers vary.

"But we believe now our numbers stand and are very solid numbers," he said.

"If anything, changing narratives we are seeing now... a lot of countries in the world turning back and slowing down and rethinking their net zero goals... that will create further long-term demand for oil."

ANGOLA'S EXIT

Mr. Al Ghais also said he was not concerned about Angola's exit from the group, announced in December.

"It is not the first time a member exits the organization for its own considerations," he said.

We have had members leave and members join and we have had some that leave and rejoin so I'm not too concerned about that."

Angola said on Dec. 21 that it would leave OPEC, a decision that prompted a drop in oil prices at the time and that some analysts said raised questions about the unity of both OPEC and the wider OPEC+ alliance.

Mr. Al Ghais said the country was welcome to rejoin if it wished to do so in the future.

The nature of production cuts being implemented by OPEC+, which brings together OPEC and its allies including Russia, being voluntary is a reflection of the group's flexibility, Mr. Al Ghais said.

"For now it's probably the most suitable way," he said.

"A voluntary cut is a sovereign decision by a country to adjust its production. It shows the inherent flexibility in our approach and that we have several means and ways to attend to market stability." — ***Reuters***

DEAN CALMA / IAEA/FLICKR.COM

DR. FATIH BIROL, executive director of International Energy Authority (IEA), at the Second International Conference on Climate Change and the role of Nuclear Power 2023: ATOMS4 Net Zero, Oct. 9, 2023.

IEA to launch security program for minerals critical to energy sector

PARIS — The International Energy Agency (IEA) is launching a program to secure the supply of minerals critical to energy security, as demand rises fast while manufacturing remains in the hands of a few key producers, its executive director said on Tuesday.

Fatih Birol said the production of electric cars, solar panels and other energy equipment requires a steady supply of minerals such as lithium, cobalt, and copper.

The IEA continues to keep an eye on oil and gas markets, Mr. Birol said, but the supply chain of energy technologies is an important emerging security challenge.

"It is the reason we are embarking on a critical minerals security program," he said in a speech.

"Currently, we are A, not able to keep up with the demand, and B, the ability of manufacturing these critical minerals is concentrated in one single country or two," he said.

He did not give further details, but said the program was "inspired by our oil security mechanism," which requires member countries to hold 90 days' worth of oil stocks that can be released in the event of global supply disruptions.

China is the main producer for 30 out of 50 critical materials, according to a US Aerospace Industries Association paper last year, and is the world's top miner and processor of rare earths.

The country last year imposed curbs on exports of gallium and germanium and types of graphite in an effort to protect its dominance in strategic metals.

The IEA's move comes as countries escalate efforts to cut emissions, requiring ready supplies of critical minerals such as lithium, copper, nickel, cobalt, manganese, and graphite used in batteries, and rare earth elements used in wind turbines and electric vehicles.

That new demand has stirred concerns about price volatility and security of supply, and the IEA has warned that even in an electrified, renewables-rich energy system, geopolitics remains a key consideration.

Last July, the agency published its inaugural Critical Minerals Market Review and hosted in September the first-ever international summit on critical minerals and their role in clean energy transitions. — ***Reuters***

California agency rejects Chrysler-parent Stellantis bid to void rivals' emissions deal

WASHINGTON — A California agency has rejected Chrysler-parent Stellantis's bid to void a 2019 state emissions deal with rival automakers, according to a letter seen on Tuesday by Reuters.

California's Office of Administrative Law declined to accept the automaker's petition filed in December to overturn the California Air Resources Board (CARB) agreement and said the automaker could file suit or pursue the issue with the air resources board.

The automaker, which did not immediately comment on Tuesday, said in December it was seeking to address "the competitive disadvantages arising from our continuing exclusion and to preserve our ability to best serve our customers by fairly allocating our products to all states."

Ford, Honda, Volkswagen, and BMW struck a voluntary agreement with California on reducing vehicle emissions and Volvo Cars, owned by China's Geely, joined soon afterward. Stellantis has since sought to join the voluntary agreement but been rebuffed.

In December, Stellantis said it would temporarily cut one shift at its Detroit assembly plant that builds Jeep sport utility vehicles and its Toledo, Ohio, assembly plant that builds the Jeep Wrangler, would move from an alternative work schedule to a traditional two-shift operation, citing California emissions regulations.

Stellantis said CARB intends to pursue retroactive enforcement of greenhouse gas emissions standards against automakers including Stellantis but "is not retroactively enforcing these same regulations against" automakers in the voluntarily agreement.

The agreement allows participating automakers to comply based on national sales, while Stellantis and other automakers are measured by sales in the 14 states following the California rules, which hinders them from selling electric models in the other states.

CARB did not immediately comment.

Stellantis has been limiting shipments of gasoline-powered vehicles to dealers in states adopting California's emissions rules and sales of plug-in EVs to states adopting California rules.

In January, the Environmental Protection Agency held a hearing on CARB's request to approve its rules adopted in August 2022 to ban the sale of gasoline-only powered vehicles by 2035 and require at least 80% electric-only models by then.

In June, Reuters reported Stellantis paid a record $235.5 million for not meeting US fuel economy requirements. — ***Reuters***

Gold slips key $2,000 level for first time in two months

GOLD PRICES fell below the key $2,000 per ounce level to a two-month low on Tuesday, as a stronger-than-expected US inflation report tempered prospects of an early interest rate cut from the US Federal Reserve.

Spot gold was down 1.3% at $1,993.29 an ounce by 01:56 p.m. ET (1856 GMT), its lowest since Dec. 13.

US gold futures settled 1.3% lower to $2007.20.

Data showed US consumer prices increased more than expected in January amid an increase in the costs of shelter and healthcare.

Fed policy makers will probably wait until June before cutting interest rates, traders bet after the US CPI data. Higher interest rates increase the opportunity cost of holding bullion.

Following the inflation data, the dollar jumped 0.7% to a three-month high against its rivals, making gold more expensive for holders of other currencies. The US 10-year Treasury yield also rose.

The CPI print triggered "large-scale Commodity Trade Advisor liquidations in gold markets... but prices would need to revisit the $1,950 per ounce range to spark the next algorithmic selling program," TD Securities wrote in a note.

Investors will now focus on retail sales data on Thursday and producer price index numbers on Friday. The market will also listen to comments from a slew of Fed officials this week.

Several US Fed officials, including Chairman Jerome Powell, said last week they want to see more evidence inflation will continue to decline before cutting rates.

Elsewhere, spot platinum was down 1.9% at $871.99 an ounce; palladium fell 4.1% to $855.59; and silver lost 2.8% at $22.05. — ***Reuters***

SPOT PRICES

TUESDAY, FEBRUARY 13, 2024

METAL	
PALLADIUM free $/troy oz	870.54
PALLADIUM JMI base, $/troy oz	886.00
PLATINUM free $/troy oz	881.88
PLATINUM JMI base $/troy oz	888.00
KRUGGERAND, fob $/troy oz	1,991.00
IRIDIUM, whs rot, $/troy oz	4,990.00
RHODIUM, whs rot, $/troy oz	4,340.00
GRAINS (February 8, 2024)	
(FOB Bangkok basis at every Thursday)	
FRAGRANT (100%) 1st Class, $/ton	896.00
FRAGRANT (100%) 2nd Class, $/ton	881.00
RICE (5%) White Thai- $/ton	639.00
RICE (10%) White Thai- $/ton	638.00
RICE (15%) White Thai- $/ton	622.00
RICE (25%) White Thai- $/ton (Super)	622.00
BROKER RICE A-1 Super $/ton	496.00
FOOD	
COCOA ICCO Dly (SDR/mt)	4,294.31
COCOA ICCO $/mt	5,691.42
COFFEE ICA comp '2001 cts/lb	186.76
SUGAR ISA FOB Daily Price, Carib. port cts/lb	23.00
SUGAR ISA 15-day ave.	23.18

LIFFE COFFEE

New Robusta 10 MT - $/ton

	High	Low	Sett	Psett
March	3,338	3,275	3,284	3,324
May	3,210	3,157	3,163	3,192
July	3,118	3,071	3,077	3,107
Sept.	3,030	2,991	2,998	3,027

LIFFE COCOA

(Ldn)-10 MT-£/ton

	High	Low	Sett	Psett
March	4,881	4,719	4,852	4,769
May	4,721	4,564	4,701	4,610
July	4,436	4,290	4,416	4,320
Sept.	4,264	4,126	4,244	4,154

COCONUT

MANILA COPRA (based on 6% moisture)		
Peso/100kg		Buyer/Seller
Lag/Qzn/Luc	23	3,300.00/3,350.00
Philippine Coconut Oil - Crude		
CIF NY/NOLA		61.25
FOB RAIL/NOLA		64.25
COCONUT OIL (PHIL/IDN), $ per ton, CIF Europe		
Oct./Nov.'23		0.00/1,080.00
Nov./Dec.'23		0.00/1,060.00
Dec./Jan.'24		1,010.00/1,050.00
Jan./Feb. '24		1,015.00/1,060.00

LONDON METAL EXCHANGE

LME FINAL CLOSING PRICES, US$/MT	3 MOS.
ALUMINUM H.G.	2,225.50
ALUMINUM Alloy	1,820.00
COPPER	8,260.00
LEAD	1,998.00
NICKEL	16,261.00
TIN	27,571.00
ZINC	2,314.50

Oil prices up as geopolitical tensions continue

HOUSTON — Oil prices settled higher on Tuesday as geopolitical tensions continued in the Middle East and eastern Europe, but gains were curtailed as investors reined in expectations for the US Federal Reserve interest rate cuts.

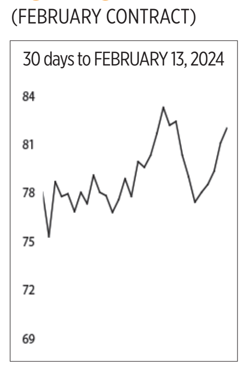
Brent futures settled 77 cents higher or 0.94% at $82.77 a barrel at 2:30 p.m. EST (19:32 GMT). US West Texas Intermediate (WTI) crude settled 95 cents higher or 1.24% at $77.87 a barrel.

On Monday, oil prices were near flat after gaining 6% last week, with the conflict in the Middle East keeping prices elevated.

The US rejected Russian President Vladimir Putin's suggestion of a ceasefire in Ukraine, according to sources.

The rejection "punctuates that there is not really an end game in terms of a ceasefire or a peace deal until Ukraine gets what it wants," said John Kilduff, partner at New York-based Again Capital.

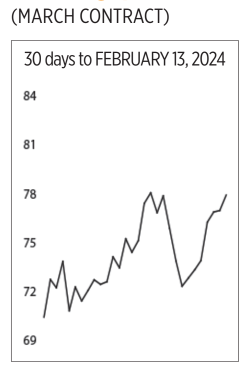
ASIA-DUBAI
(FEBRUARY CONTRACT)



DOLLARS PER BBL

Feb.	6	7	8	9	13
$/bbl	78.00	78.50	79.32	81.05	81.95
Average (February 1-13)					**$79.43**
Average (January 2-31)					**$78.84**

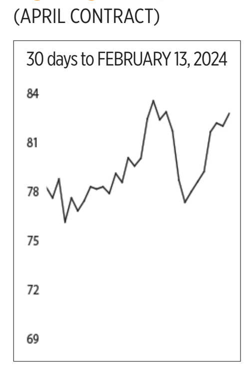
NEW YORK-WTI
(MARCH CONTRACT)



DOLLARS PER BBL

Feb.	7	8	9	12	13
$/bbl	73.86	76.22	76.84	76.92	77.87
Average (February 1-13)					**$74.88**
Average (January 2-31)					**$73.86**

LONDON-BRENT
(APRIL CONTRACT)



DOLLARS PER BBL

Feb.	7	8	9	12	13
$/bbl	79.21	81.63	82.19	82.00	82.77
Average (February 1-13)					**$80.05**
Average (January 2-31)					**$79.15**

Source: REUTERS

Fears of further escalation of the war in the Middle East also stoked worries about the oil supply outlook.

Talks involving the US, Egypt, Israel, and Qatar on a Gaza truce ended without a breakthrough as calls grew for Israel to hold back on a planned assault on the southern end of the enclave, crammed with over a million displaced people.

Yemen's Iran-aligned Houthis have kept up attacks in the Red Sea, claiming solidarity with Palestinians and striking vessels with commercial ties to the US, Britain, and Israel.

Indicating tighter supply, the premium of the WTI front-month over the seventh month and 13th month held at a three-month high. The premium of the Brent front-month over the seventh month was at its highest in more than two months.

A US government report showed consumer inflation stayed elevated last month. Fed policy makers are now expected to wait longer before cutting interest rates. This could dampen economic growth and oil demand, and it also boosted the dollar to three-month peaks, which reduces demand for oil among buyers paying in other currencies.

US crude oil inventories rose last week, while fuel stockpiles fell, according to market sources citing American Petroleum Institute figures released late on Tuesday. — ***Reuters***

Wall Street plunges as hot inflation sparks sell-off

WALL STREET'S main indexes tumbled on Tuesday after a higher-than-expected consumer inflation reading pushed back market expectations of imminent interest rate cuts, driving US Treasury yields higher.

The Dow Jones Industrial Average posted its biggest one-day percentage drop in nearly 11 months, after a Labor department report showed US consumer prices increased above forecasts in January amid a surge in the cost of shelter.

Markets have rallied this year on bets that the Fed would start trimming rates in May. The S&P 500 closed above 5,000 for the first time on Friday. The Dow is also trading near a record-high level, and on Monday the Nasdaq briefly surpassed its record closing high from November 2021.

After the release of the inflation data, bets by traders for a rate reduction in May of at least 25 basis points dropped to 36.1%, from about 58% before the data, while expectations for June stood at 74.3%, the CME FedWatch tool showed.

Rate-sensitive mega-caps like Microsoft, Alphabet, Amazon.com, and Meta Platforms fell between 1.6% and 2.2%, as yields on US Treasury notes across the board spiked to two-month highs.

Most chip stocks such as Micron Technology, Qualcomm, and Broadcom also dropped, sending the Philadelphia SE Semiconductor index down 2%.

Real estate, consumer discretionary and utilities led losses among the 11 major S&P 500 sector indexes, with real estate falling to a low of more than two months.

The small-cap Russell 2000 index also fell 4.3%, the biggest one-day drop since June 16, 2022.

The latest data comes on the heels of a modest revision to inflation in the last quarter of 2023 that left investors briefly relieved on the trajectory of inflation.

The Cboe volatility index, a market fear gauge, hit its highest level since November.

The S&P 500 lost 68.67 points or 1.37% to end at 4,953.17 points, while the Nasdaq Composite lost 286.95 points or 1.8% to 15,655.60. The Dow Jones Industrial Average fell 524.63 points or 1.35% to 38,272.75.

It marked Dow's biggest one-day percentage loss since March 22, 2023.

Among top movers, JetBlue Airways soared 21.6% after activist investor Carl Icahn reported a 9.91% stake, adding that the carrier's stock is "undervalued."

Arista Networks shares fell 5.5% after the cloud solutions provider forecast current-quarter adjusted gross margin below expectations, while Marriott International lost ground after the hotel operator forecast annual profit below Street expectations.

Shares of software firm Cadence Design Systems dropped 4% following a bleak quarterly sales forecast, while toymaker Hasbro lost after a steeper-than-expected drop in holiday-quarter sales and profit.

Tripadvisor stock jumped 13.8% as the online travel agency formed a special committee to evaluate deal proposals.

Declining issues outnumbered advancers by a 10-to-1 ratio on the New York Stock Exchange and a 4.9-to-1 ratio on the Nasdaq.

On US exchanges 12.9 billion shares changed hands compared with the 11.71 billion moving average for the last 20 sessions. — ***Reuters***