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Railroads get reprieve in NorthAm tariff spat

Washington, 3 February (Argus) — North American railroads today won an 11th hour reprieve in a looming trade war, buying them more time to make sure freight operations are not disrupted by a possible tariff clash next month.

US president Donald Trump on 1 February issued executive orders to impose 25pc tariffs on imports from Canada and Mexico from 4 February. But, after last-minute wrangling between Trump and his two counterparts, the three leaders agreed to delay measures and countermeasures by a month to allow for more negotiations.

Most major US carriers interchange rail freight with Canada, Mexico or both. International trade represents roughly 37pc of total US rail traffic, according to the Association of American Railroads (AAR).

If manufacturers and retailers pull back on imports, volume could drop. Shipments of automobiles and parts, which often cross borders multiple times, could be significantly affected.

"As an interconnected network serving the US, Canada, and Mexico, railroads will be closely monitoring how these policies impact the customers we serve," the Association of American Railroads (AAR) said. The group's members include carriers in the US, Canada and Mexico. "Freight railroads have long supported policies that strengthen the US economy, enhance supply chain resilience, and help keep American industries competitive in a global marketplace."

Canadian Pacific Kansas City is most likely to be affected the most because it serves all three nations. But chief executive Keith Creel last week said, "We still have investment that is not pulling back, it's doubling down". The railroad said today it is focused on working with customers to meet their needs.

Canadian National (CN), which operates in the US and Canada, said it is focusing on what it can control and how it partners with customers in order to adjust as necessary.

"We've considered a range of options and have a plan for various scenarios," CN said. "The key for us will be to be nimble and adjust quickly as the situation unfolds."

Wheat: Ukraine fob prices rise

London, 3 February (Argus) — Higher offers pushed up Ukraine's spot milling wheat prices on a fob Pivdennyi-Odesa-Chornomorsk (POC) on Monday, on continued support from the lower volumes left to export from the country for the rest of the season (July-June) than in previous years.

Ukraine has shipped out over two thirds of the total export volume forecast for the current marketing year, compared with only half this time last year, according to data from Ukraine's agriculture ministry and *Argus*' forecasts.

Meanwhile, 11.5pc wheat prices on a cpt POC basis edged lower, with at least some traders focusing on feed wheat purchases.

Elsewhere, Australian wheat could be set to increase its market share until northern hemisphere new-crop wheat starts entering the market, likely in late June or July.

Australia's wheat harvest is largely finished, and crop volumes in West Australia have surpassed earlier output estimates, with 20.4mn t of grains delivered to bulk handler CBH — compared with Grains Industry Association of Western Australia's earlier forecast of the state's total crop output of 19.9mn t. The association had projected wheat to make up 54pc of this volume. Western Australia accounts for 27pc of national wheat output.

But Australia's ability to capture those markets that have been dominated by Black Sea sellers could be squeezed by Argentinian wheat, particularly given larger output and exports on the year forecast for Argentina in 2024-25.

Argentina's farmers had sold 61pc of total projected wheat exports by 22 January, according to data from Argentina's economy ministry and US Department of Agriculture (USDA) forecasts. This is lower than the 64pc of estimated total exports sold at this point a year ago.

Further out, weather conditions remains in focus for 2025-26 northern hemisphere winter wheat crops. Snow is forecast for Russia's winter wheat areas in the coming days, which could give the crops some respite after unfavourably dry conditions in previous months.

As for the US, above-normal precipitation is forecast across major US winter wheat producing areas in the coming weeks, according to the US' National Weather Service.

Feed grains: French barley prices edge lower

London, 3 February (Argus) — French barley prices in the country's domestic market could have passed their peak, following a spate of demand last week.

French barley was in the limelight in recent trading sessions, supported by thin supplies of alternative origins and phytosantiary restrictions against competing German product to major destinations, including Morocco.

But bids for French barley fell to a €14/t discount to Euronext March futures for March-delivered cargoes cpt Rouen, compared with buyers at a €12/t discount late last week.

Exporters are likely to have covered the bulk of Morocco-bound sales, alleviating some support to bids. But demand for French barley remained present further forward, with buyers bidding at a €15-€16/t discount to Paris-listed May futures for deliveries three months ahead.

Elsewhere, offers of Ukrainian corn exporting from Danube River ports rose on Monday, erasing their discount to those from deepwater ports for the first time since 15 January even though the bulk of demand focused on shipments from Pivdennyi, Odesa and Chornomorsk (POC). Offers of corn went up by some $2/t higher from the previous trading session on a fob Reni/Izmail basis, despite a lack of buyers in the market for coaster-sized shipments from the country's shallow water ports. Meanwhile, offers of corn shipping from Ukraine's deepwater ports held steady.

And in Ukraine's domestic market, corn prices were unchanged, as much of the market adopted a wait-and-see approach in the wake of the US' tariff moves. But fresh demand supported prices of both feed-grade wheat and barley on a cpt POC basis. Limited remaining supply of feed crops in Ukraine prompted some buyers to ramp up bids in order to secure volumes to cover prior sales, according to market participants. That said, the country's export market was less lively, with activity pressured by waning availability.

Weekly wrap of grains and oilseeds insights

Wheat

The global wheat market saw increased volatility last week on funds' short covering and geopolitical factors. Wheat export availability for the second half of the current season is sharply down in the Black Sea and other major exporting regions. Global demand for wheat, meanwhile, is up, at least partially as a result of higher corn prices globally. As for 2025-26 wheat production, weather conditions remain in focus. In addition to frost damage to US wheat, excessive rains in France, and lack of precipitations in Russia, there is also a risk of hot weather arriving six weeks before the harvest in India and Pakistan. Delays in corn plantings in Brazil could impact the wheat market in 2025-26 as much as corn, given Brazil's historically strong market share in the world corn trade from July to November.

Factors to watch:

- Tight global corn market boosting demand to feed wheat
- Funds holding very short positions on Euronext and in Chicago
- Heatwave forecast for India and Pakistan

Corn

The US market remains a key driver for the rest of the world, with Chicago futures nearing $5/bu and export sales continuing at pace, and the ethanol market feeling the impact. Rain has offered some relief to Argentina, but not enough to significantly improve prospects, while wet weather in Brazil causes growing concern for safrinha planting. Lower corn production in South America will mean more demand for US exports. In this context, eyes are on Canada and Mexico's responses to the US' new import tariffs. In particular, Mexico's current drought could make its dependence on corn imports stronger.

Factors to watch:

- Weather conditions in Argentina and Brazil
- Canada and Mexico's responses to the US' tariffs
- Soy/corn price ratio encouraging Mexican farmers to plant corn

Barley

Global demand for feed barley is back, and it benefits the French origin. Feed barley prices in Rouen managed to exceed €210/t for the first time since last June, supported by shipments to Morocco, Saudi Arabia, Libya and Tunisia. After a sluggish start to the campaign, French exports are gaining momentum, consequently reducing the country's ending stock projections for the 2024-25 marketing year. The malting barley market remains muted amid limited seasonal demand.

Factors to watch:

- French feed barley found demand in non-EU countries
- Barley market could win some feed market share in the medium term on the US' tariff moves

Rapeseed

The US' announced import tariffs have brought volatility to the global oilseed market. A slowdown in trade flows between Canada and the US could put a stop to the expansion of Canadian crushing capacities. In this context, likely lower Canadian canola prices could pressure EU rapeseed prices. The US biofuels market could also find itself facing a lack of raw materials, especially soybean oil. In the short term, a seasonal fall in supply of Argentinian old soybean crop, coupled with a delayed harvest in Brazil, are likely to impact crush rates in these countries, supporting soybean meal prices in Chicago. On the vegetable oils side, rapeseed oil has attracted some buyer interest from the biofuel and agri-food industries recently, thanks to improved competitiveness against other vegetable oils in Rotterdam.

Factors to watch:

- US imports of canola oil and Chinese used cooking oil (UCO) have spiked in the past two years, and the US biofuels sector now depends on these imports
- Adverse weather in South America
- Rapeseed oil is now the cheapest in the EU complex
- Tight rapeseed supply in France's physical market

Sunflower

A lack of supply in the physical market is pushing French prices back up towards a marketing-year high at Saint-Nazaire. At the end of December, local French traders had collected only 1.16mn t of sunflower seeds, compared with 1.84mn t the previous year, and multiple regions are facing quality issues. As for vegoils, sunflower oil remains competitively priced relative to palm oil and is attracting strong demand within the EU.

Factors to watch:

- Monthly reports from the USDA and MPOB
- Impact on the global market from trade tensions between the US and Canada, Mexico and China

Agenda

- 06 Feb: US weekly export sales
- 07 Feb: StatCan on Canadian stocks of principal field crops
- 10 Feb: MPOB report
- 11 Feb: USDA WASDE report
- 11 Feb: Agreste report on French acreages
- 13 Feb: CONAB report

Brazil corn: Cargo market on the rise

Sao Paulo, 3 February (Argus) — Port differential levels increased as sellers and buyers returner to the Brazilian Santos/Tubarao and Barcarena/Itaqui corn cargo markets, as the Brazilian real continuest to appreciate steadily to the US dollar.

Today marked the eleventh consecutive day of upward movements of the country's currency to the US dollar, the longest streak since April 2005. The real ended the day at its strongest level since November at R5.81/$1, following the most recent developments on the US tariffs saga.

But movement in Brazil's grain market remains slow, as planting for the 2024-25 winter corn crop is at its early stage. Few participants are available for negotiations, while fewer sellers and buyers remain with a constant presence in the market. That sudden withdrawal and subsequent return of offers and bids is also behind sharp rises or decreases in port differentials.

Movement is set to accelerate and become more stable as the middle of the year approaches, alongside the start of the harvest. The Brazilian corn export season starts around July and usually peaks in August-September.

Price and Data

Description	Unit	Price	Date
Corn Ukraine cpt POC spot	USD/t	214-	3.02.2025
Wheat 11.5pc Ukraine fob POC spot	USD/t	235,50↑	3.02.2025
Wheat 12.5pc Russia fob Novorossiysk spot	USD/t	242↓	3.02.2025
Soybean oil Argentina waterborne fob upriver USD/t month 1 - Houston close	USD/t	980,175↓	3.02.2025
Rapeseed oil fob Dutch Mill RSO - London close	USD/t	1.095,636↑	3.02.2025
Sunflower oil fob northwest Europe 6 ports spot - London close	USD/t	1.187,500↓	3.02.2025

↓ Price dropped in comparison to last report.

↑Price raised in comparison to last report.

*This item did not exist in previous report.

-Price has not changed.

References:

www.direct.argusmedia.com