CSI Daily News 3.03.2025

Rising supply may cap Chinese wheat prices

Beijing, 3 March (Argus) — Wheat values rose in February on resumed consumption from the milling and feed sectors. But price increases may be capped as reserve sales typically rise in March-April, which could add supplies to the market.

Millers gradually resumed operations in mid-February after lunar new year holiday suspensions, with average run rates in the North China Plain (NCP) — the country's major wheat cropping and consuming region — ranging at 37-40pc in the week to 28 February. This was a noticeable rise from 20-25pc in late January before the new year period, prompting more wheat trade flows to the processors, according to market sources.

A rise in demand from the animal feed sector also contributed to the price rise. Recent price surges in both corn and soybean meal forced some feed producers to switch their grain component to wheat. Corn and wheat are both sources of energy in feed rations, but wheat contains more protein, which may also reduce soybean meal usage.

The spread between wheat and corn in the last week of February narrowed to 230-240 yuan/t ($31.60-32.90/t) in the NCP's Shandong and Henan provinces, and even fell below Yn100/t in Hebei province, driven by surging corn prices. This is compared with Yn405/t earlier this year.

Reserve sales to add supply

Provincial and state-owned reserve firms began to sell previous wheat procurements through auctions in February, with some 130,000t of wheat reserves traded to downstream processors last month in Shandong and Henan. The average trading price stood at Yn2,400-2,450/t, with premiums pegged at Yn10-55/t to the bottom end of the range settled by the reserve firms, according to market sources. Current auction prices are in line with the market levels if processors secure volumes from traders.

Reserve sales typically accelerate in March-April, as firms need to manage inventories before the new crop harvest in May. Market participants will be observing upcoming auction volumes and prices, as wheat supplies may increase and weigh on spot prices.

China has set its minimum support programme (MSP) price for wheat produced in 2025-26 at Yn2,380/t. If spot values remain at current levels, MSP purchases may not happen in 2025. There have been no purchases under the MSP since 2020 because spot prices have stayed above MSP levels — the price floor to guarantee farmers' profits.

China’s rapeseed oil stocks rise on higher imports

Beijing, 3 March (Argus) — China has received bulk volumes of rapeseed and rapeseed oil (RSO) from the global market in 2024 and early 2025, lifting domestic supplies, although demand from the catering sector has been flat.

China announced an anti-dumping probe into Canadian rapeseed in September 2024, but overall rapeseed arrivals last year outpaced 2023 levels because of bulk purchases before the probe began. China received 6.39mn t of rapeseed in 2024, up by 16pc on the year, customs data show. Rapeseed arrivals are expected to reach some 3-5 cargoes/month in the first quarter of 2025, market sources said, further adding to supplies.

Domestic crushers have accelerated operations because of the bulk arrivals, raising RSO supplies and stocks. China's RSO stocks in 2025 have been higher than year-earlier levels. RSO stocks held by crushers in coastal regions reached some 650,000t by late February, nearly doubling from 330,000t in the same period in 2024, according to market sources. Besides RSO produced from imported seeds, crushers also used local rapeseed, adding to overall RSO supplies.

RSO imports have also continued to arrive in China. The country received some 170,000-200,000 t/month of RSO in the first quarter of 2024, and market participants expect arrivals at a similar pace in the first quarter of this year.

Spot refined RSO prices were 470 yuan/t ($64/t) higher than refined soybean oil on 3 March in southern China's Guangdong province. The RSO price has made it less competitive compared with soybean oil. The supply increases have been met with flat demand, which means China's RSO stocks are unlikely to decrease considerably in March.

EU reports 'worrying' ammonia pollution

Brussels, 3 March (Argus) — Ammonia emissions in the EU — of which more than 90pc are generated by agriculture — remain "worryingly flat" and have even increased in some member states, the European Commission said today.

But emissions of other key air pollutants decreased over 2005-24, the commission said today in its fourth clean air report. Sulphur dioxide (SO2) and nitrogen oxide (NOx) emissions fell by more than 80pc and 50pc, respectively, over that timeframe. And emissions of non-methane volatile organic compounds (NMVOCs) and fine particulate matter (PM2.5) dropped by over 30pc over the two decades, the report said.

But some EU states still have some way to go, the commission said. For NMVOC and ammonia emissions, eight and 10 EU states, respectively, need to reduce their emissions by over 10pc from 2022-30, the commission said. And 21 member states could miss their 2030 ammonia emissions reduction commitments, the report said. "These member states must take significant additional action to reduce ammonia emissions at source by promoting good agricultural practices, including as part of member states' implementation of the common agricultural policy," the commission said.

The bloc's 2016 national emissions ceiling directive set emissions reduction commitments for five important air pollutants, compared with a 2005 baseline — NOx, NMVOCs, SO2, PM2.5 and ammonia. Today's report set higher ammonia emissions reduction commitments for Denmark (-24pc), Finland (-20pc), Sweden (-15pc), the Netherlands (-13pc), Romania (-13pc), Hungary (-10pc), Lithuania (-10pc) and Germany (-5pc). Several other countries face minimal ammonia emissions reductions for the rest of the decade, notably Estonia, Ireland, Austria and Poland, which all need to lower ammonia emissions by 1pc by 2030.

Separate EU reports today highlighted that pollution is still too high, particularly concerning noise, microplastics, nutrients and waste.

Abares pegs Australia's wheat output at 34.1mn t

Kyiv, 3 March (Argus) — Australia's wheat production in the 2024-25 season (October-September) is set to increase to 34.1mn t, the third-largest crop on record, according to the Australian Bureau of Agricultural and Resource Economics and Sciences (Abares).

The new forecast is up from Abares' December projection of 31.9mn t, and compares with the US Department of Agriculture's February forecast of 32mn t, and *Argus*' 32.9mn t.

The new Abares projection is 31pc up on the year and 28pc above the 10-year average.

"Wheat production in New South Wales and Western Australia — the two largest wheat producing states — is estimated to rebound by 82pc and 64pc, respectively, in 2024–25, largely driven by increased production in northern cropping regions of both states," the latest report said.

Abares now forecasts the country's 2024-25 barley production at 13.3mn t, up from 11.7mn t in December. This is 23pc up on the year and 17pc above the 10-year average.

"This forecast reflects an estimated 10pc increase in area and above average national barley yields," the report said.

As for canola, Abares now pegs its 2024-25 production at 5.9mn t, up by about 300,000t from the December estimate, but 2pc lower on the year on "a decrease in total area planted offsetting higher yields," it said.

"Area planted, however, remains above the 10-year average resulting in expected canola production remaining 31pc above the 10-year average to 2023–24," the report said.

Tunisia buys 25,000t of wheat in tender

Kyiv, 3 March (Argus) — Tunisian state-run grains buyer ODC has bought 25,000t of milling wheat from trading firm Finagrit in a tender that closed on Friday, market participants have said.

Finagrit was awarded the tender at $262.12/t cfr Tunisia for shipment on 25 March-15 April.

In Tunisia's previous successful milling wheat tender in late January, ODC secured 100,000t of milling wheat at $260.77-263.55/t cfr Tunisia for shipment in March-April from Cargill and Buildcom.

Tunisia has bought about 1.38mn t of milling and durum wheat through various tenders for 2024-25 (July-June), *Argus*-aggregated data show. The US Department of Agriculture has pegged Tunisia's imports at 1.8mn t this season.

Grains, oilseeds and veg oils tenders

Buyer	Issued	Closes	Status	Cargo	Shipment/delivery	Price	Seller	Notes
Jordan's MIT	27-Feb	11-Mar	Open	100,000-120,000t milling wheat	May-July			cfr Aqaba
Jordan's MIT	27-Feb	5-Mar	Open	100,000-120,000t feed barley	May-July			cfr Aqaba
Tunisia's ODC	27-Feb	28-Jan	Closed	25,000t milling wheat	25 Mar - 15 Apr	$262.12/t	Finagrit	cfr optional origin
Algeria's OAIC	24-Feb	25-Feb	Closed	50,000t milling wheat	Apr-June			cif Mostaganem and/or Tenes
Jordan's MIT	20-Feb	26-Feb	Presumed unrewarded	100,000-120,000t feed barley	Apr-May			cfr Aqaba
Jordan's MIT	19-Feb	25-Feb	Presumed unrewarded	100,000-120,000t milling wheat	May-July			cfr Aqaba
Japan's MAFF	18-Feb	20-Feb	Closed	96,160t milling wheat	21 Mar - 31 May			US (HRW, WW), Can (CWRS)

								, Aus (ASW)
Jordan's MIT	13-Feb	19-Feb	Closed	60,000t feed barley	2h June	$240.75	Viterra	cfr Aqaba

Weekly wrap of grains and oilseeds insights

Wheat

Prices of Chicago-listed wheat futures lost 8.1pc last week. There were several factors — the cold snap in the US has been and gone, the US Department of Agriculture's (USDA) first figures for this year's US crop, and various geopolitical factors — but all served as a pretext for funds to sell and take profit after two months of rising futures prices. In reality, the global balance sheet remains tight. Looking towards the new crop, southern Russia and Ukraine are forecast dry weather for the coming days. This year's La Nina event is exacerbating drought in Turkey and Pakistan, while India is now forecast record-high temperatures and could potentially face a situation similar to 2022, when the country lost 6mn t of crop potential just before the harvest. Wheat in the US and Brazil also face a risk of drought, and prices could easily regain a premium to reflect this risk.

Factors to watch:

- Record-high temperatures in India
- Drought in Turkey and Pakistan

Corn

The US corn market is weighing on the global complex, with no new developments to help shore up prices. The USDA last week announced 94mn acres of corn planted in the US, towards the higher end of market expectations. Together with projected yields — at 181 bushels/acre (bu/acre), with the USDA seeming to have taken on board market feedback that previous projections were too high, given that the long-term upwards trend in yields cannot hold forever — this puts US corn production in 2025 at a record 395.88mn t. But this does little to ease tight supply in the shorter term, with current US stocks still tight. And in Europe, talk of mycotoxins affecting corn quality this year raises the question of what supplies will be available particularly towards the end of the marketing year.

Factors to watch:

- Tight supply in the US for the current marketing year
- French corn consumption relatively high so far in 2024-25

Barley

French barley prices at Rouen are coming back under pressure from the wider grains complex. For the new crop, weather has improved in France, but only 69pc of winter barley areas are rated by FranceAgriMer in good-to-excellent condition, which adds pressure to the spring planting campaign over the coming weeks to go smoothly.

Factors to watch:

- France's malting barley planting at 56pc, helped along by dry weather

Rapeseed

Euronext rapeseed futures have once again tested a low point before rebounding, for both the old crop and new crop contracts. But the futures market remains under pressure from a macroeconomic context, driven by falling oil prices, likely US import tariffs, and the developments around Ukraine. In the wider complex, the USDA confirmed a drop in US soybean planted areas in its forum last week, but pressure comes from South America, where Brazil's harvest is underway and recent rain has given confidence to Argentina's producers. Australian Bureau Abares revised up its forecast for Australia's canola crop to 5.9mn t, above the USDA's 5.6mn t.

Factors to watch:

- Likely US tariffs on Canada
- EU rapeseed imports ahead of average so far in 2024-25
- Stocks of soymeal from high soybean crush rates in the EU

Sunflower

Prices for sunflower seeds delivered to Saint-Nazaire in France are back at their highest since November 2022. Support comes in part from a recent surge in palm oil prices. The world's major palm oil exporters are now under pressure to rebuild their stocks. New market developments are needed to support prices any further and counter pressure from the soybean harvest in South America and a strong pace of rapeseed imports into Europe.

Factors to watch:

- Malaysian palm oil balance sheet in MPOB report
- Ukraine agriculture ministry projects 5pc drop in sunflower planted areas in favour of corn

Agenda

- 5 Mar: Last trading day for Euronext corn Mar25 futures
- 6 Mar: US export sales report
- 10 Mar: Last trading day for Euronext wheat Mar25 futures

- 10 Mar: MPOB report
- 11 Mar: USDA Wasde report
- 13 Mar: Conab report

Wheat: Tight market lacks short-term drive

Paris, 3 March (Argus) — Black Sea wheat prices were dragged into the downwards curve by Paris-listed futures on Monday, as relatively small purchases in North African state buy tenders last week signalled few outlets for exporters in the shorter term.

Tunisia's ODC booked just a single 25,000t cargo of wheat in its buy tender for late-March-mid-April shipment, taking trading firm Finagrit's offer at $262.12/t cfr and rejecting offers from 12 other traders. Meanwhile Algeria's OAIC closed a tender seeking wheat for delivery to the country's small ports only, limiting traders to offering coaster-sized volumes only. Market participants expect traders to cover with Ukrainian and Romanian-Bulgarian wheat, with some showing a preference in loading from EU ports to Algeria, market participants said.

In the fob market, prices at both Pivdennyi-Odesa-Chornomorsk (POC) and Constanta-Varna-Burgas (CVB) ports fell on Monday, with neither origin yet fully committed for March-April and competing with each other for spot demand.

Sellers of Australian wheat also found demand from milling wheat buyers lacklustre. Traders held offers of Australian Standard White (ASW9) wheat on a cfr Indonesia basis in the mid-$270s, but buyers in southeast Asia showed next-to-no demand at those levels, market participants said. Pressure could come from the Australian Bureau of Agricultural and Resource Economics and Sciences' (Abares) latest upwards revision to the country's 2024-25 (October-September) crop. Abares now pegs wheat output at 34.1mn t, the third-largest on record. This is up from its December projection of 31.9mn t, and above both the US Department of Agriculture's February forecast of 32mn t, and Argus' 32.9mn t.

That said, Australia could be the first major exporter to find a surge in demand, should conditions deteriorate in India. India is forecast record-high temperatures ahead of its harvest, which will begin this month but only truly enter full swing when the key producing regions start harvesting in April.

Another potential driver of demand for imports is in China, where a cold snap to the country's wheat regions that began on Sunday poses a serious risk to crops. Snow cover reaches about 10-20cm in parts of Hunan province, which could increase soil moisture, but recent warm weather conditions mean that the crop has developed at an accelerated rate so far and all the more at risk of damage, according to market participants.

Feed grains: Uncertainty weighs on Black Sea corn

London, 3 March (Argus) — Ukrainian corn shed value at the start of the week, pressured by thin demand and lower competing US prices on weaker underlying Chicago-listed futures.

Buyers and sellers eyed Ukrainian corn prices $3/t and $2/t lower, respectively, from Friday's trading session on a fob Pivdennyi/Odesa/Cornomorsk (POC) deepwater ports basis. That said, fob-basis buyers were few and far between, and were outnumbered considerably by sellers.

Exporters also vied to catch the attention of destination buyers, reducing offers of cargoes delivered to Mediterranean ports in Spain and Turkey, market participants said. Offers of Ukrainian corn on a cif Spanish Mediterranean ports basis fell below $250/t for the first time since 21 February. This, despite a relative lack of competition pressure from the US – where market participants largely adopted a wait-and-see approach on geopolitical volatility – and Brazil, where the Carnival holiday kept many traders away from the market.

Black Sea corn prices also faced some pressure from wider complex weakness, with Chicago-listed May corn futures shedding about 16 ¢/bushel (¢/bu) in the morning trading from the previous trading session.

Offers of corn shipping from the Romanian-Bulgarian ports of Constanta-Varna-Burgas (CVB) also felt the pressure on a euro basis, but a strengthening exchange rate to the US dollar offset these losses.

In the US, 114,000t of corn was sold by private exporters for shipment to Mexico in the 2024-25 crop year (September-August), according to a Monday announcement from the US Department of Agriculture (USDA). This brings US corn commitments to Mexico to over 17.7mn t for the current season – some 72pc of total USDA-forecast corn imports to the country.

Elsewhere, the Australian Bureau of Agricultural and Resource Economics and Science (Abares) revised its forecast for the country's 2024-25 barley output higher compared with its previous estimate. Increased planted areas and above-average yields have boosted expected production some 23pc higher on the year, and 17pc above the previous ten-year average, at 13.3mn t.

US agricultural tariffs could hit in April: Trump

New York, 3 March (Argus) — US president Donald Trump said today that his administration could impose broad tariffs on agricultural products early next month.

US farmers should "get ready to start making a lot of agricultural product to be sold INSIDE of the United States", Trump said on his social media platform Truth Social today. Tariffs on what he called "external product" will go into effect on 2 April, he added.

It is unclear if the planned tariffs on agricultural products are part of an earlier commitment to impose "reciprocal" tariffs on trading partners that tax US products, also currently planned for April, or if this would supplement that action. Trump said today he plans on Tuesday to impose a 25pc tariff on most Canadian and Mexican imports, a move that likely will hit agricultural products like Canadian canola oil, as well as a 10pc tax on Canadian energy imports. Trump said there was "no room for a deal" to avoid what would be a continent-wide trade war.

The White House and US trade representative did not immediately respond to requests for comment on how agricultural products fit into the administration's plans.

Trump is scheduled to address Congress on Tuesday evening and may use that speech to provide additional clarity on his tariff decisions.

Tariffs on agricultural products could potentially target a broad array of products beyond conventional crops, potentially including biofuels or alternative biofuel feedstocks. US oilseed processors have lobbied for more muscular restrictions on imports of tallow and used cooking oil, which have surged in recent years as new renewable diesel plants open up and seek the lowest-carbon inputs from around the world.

But farmers and agribusinesses have been wary of a more sweeping trade war, since retaliatory tariffs from other countries would cut off export markets for US goods.

Trump today issued an executive order that would retroactively double a 10pc China tariff rate that went into effect on 4 February.

Despite the existing 10pc tariff, China is still a large buyer of US agricultural products like soybeans.

China's state-run *Global Times* said today that Chinese officials were weighing retaliatory measures that would "likely" affect "US agricultural and food products".

Biofuel producers, already hurt by delayed biofuel blend mandates and uncertainty about a new federal tax credit, would have to shoulder the blow if US trade partners retaliate. US biorefineries exported an all-time high 1.9bn USG of ethanol last year as domestic demand waned because of constraints on higher blends and because of an increasingly efficient light-duty vehicle fleet. Ethanol producers have lobbied for targeted tariffs on Brazilian ethanol but are leery of more sweeping trade barriers.

Punitive US tariff on China imports set to double

Washington, 3 March (Argus) — An executive order issued today by US president Donald Trump will double punitive tariffs on all imports from China to 20pc.

Trump on 4 February imposed a 10pc tariff on all Chinese imports. He justified the doubling of the rate on Beijing's alleged unwillingness to cooperate in curbing the flow of precursors for making the illegal drug fentanyl. Today's order appears to retroactively set the earlier 10pc tariff to 20pc.

The new rate would be in addition to all tariffs imposed on imports from China in 2018-2024.

A month ago, Trump suggested that the latest salvo in his trade war with China could be temporary and that it could be rolled back after a possible deal with Chinese president Xi Jinping. Trump suggested then that a virtual summit with Xi was imminent.

But no such meeting has taken place since Trump took office. The two leaders last spoke on 18 January, two days prior to Trump's inauguration.

Speaking to reporters at the White House this afternoon, Trump suggested that broad tariffs on all imports from China could rise further.

"It depends on what they do with their currency, it depends on what they do," Trump said, but added that he expected China's retaliatory moves to be moderate.

Beijing on 10 February responded to Trump's first tariff action by imposing its own 10pc tariff on imports of US crude, coal and LNG. It likely will retaliate again after the additional 10pc tariff goes into effect on Tuesday.

The initial salvo of trade and investment restrictions targeting China had a muted effect on commodity and financial markets last month as the US exports China retaliated against are a relatively small part of its energy flows. China took delivery of just 200,000 b/d of US crude in 2024, or 1.7pc of its total imports. US LNG made up around 6pc of last year's shipments to China, according to Chinese customs data.

China imports more significant volumes of US agricultural products and LPG, but Beijing has spared these from any additional taxes. And Chinese importers of US-sourced LNG could avoid the tariffs by reshuffling trade flows — delivering non-US cargoes to China, while reselling their US offtake into other markets.

Price and Data

Description	Unit	Price	Date
Corn Ukraine cpt POC spot	USD/t	221,50↓	3.03.2025
Wheat 11.5pc Ukraine fob POC spot	USD/t	238↓	3.03.2025
Wheat 12.5pc Russia fob Novorossiysk spot	USD/t	251	3.03.2025
Soybean oil Argentina waterborne fob upriver USD/t month 1 - Houston close	USD/t	1.007,95↓	3.03.2025
Rapeseed oil fob Dutch Mill RSO - London close	USD/t	1.142,542↑	3.03.2025
Sunflower oil fob northwest Europe 6 ports spot - London close	USD/t	1.210↓	3.03.2025

↓ Price dropped in comparison to last report.

↑Price raised in comparison to last report.

-Price has not changed.

References:

www.direct.argusmedia.com