

Peanut Blog

An ounce of information



China's Oilseed Market: Soybean at 19.9 MMT, Peanut at 18.4 MMT in 2024/25

China's oilseed production is forecasted to rise in MY 2024/25, driven by higher yields in soybeans, peanuts, and rapeseed.

Soybean production is estimated at 19.9 MMT due to favorable weather, while peanut output is projected to increase to 18.4 MMT with stable planting areas. Despite a decrease in the soybean planting area, yield improvements are expected to offset this reduction, ensuring a steady supply. However, domestic prices remain low, challenging local farmers' profitability as imported soybeans continue to dominate the crushing market. Meanwhile, rapeseed production is stable, though discrepancies exist between official and industry estimates. The government may implement reserve purchases to support prices.

Key Highlights

- # Soybean production for MY 2024/25 forecast at 19.9 MMT due to higher yields.
- # Peanut production forecast raised to 18.4 MMT, with stable planting areas.
- # Low domestic soybean prices challenge farmer profitability.
- # Government may consider reserve purchases to stabilize local markets.
- # Rapeseed production is stable, with some discrepancies in reported estimates.

In the latest forecast, China's soybean production for MY 2024/25 is expected to reach 19.9 million metric tons (MMT), showing a slight increase from the previous year. This increase is attributed to higher yields, particularly in key regions such as Heilongjiang, due to favorable weather conditions and stable planting. However, domestic prices remain low, averaging 4,384 yuan/MT, driven by high imports and an oversupply of imported soybeans in the crushing market. Many industry insiders suggest that more than 3 MMT of the domestically produced soybeans might enter the crushing sector, as weak demand for food-grade soybeans persists.

For peanuts, MY 2024/25 production estimates were raised to 18.4 MMT, supported by stable yields and favorable growing conditions. Despite fluctuations in peanut prices, strong returns have encouraged farmers to maintain peanut planting areas, particularly in leading provinces. However, high competition from lower-priced vegetable oils could continue to pressure peanut oil prices, affecting farmers' margins.

Rapeseed production remains relatively stable, with official estimates placing MY 2024/25 production at 15.8 MMT, though industry estimates vary. The winter rapeseed crop accounts for the majority of production and has been planted successfully in key regions. Concerns about overestimation by official sources have been raised, suggesting discrepancies in production data. As a result, domestic policies may focus on ensuring market stability through price support and government reserve purchases if market conditions continue to depress prices.

Finally

China's oilseed market shows steady production but faces challenges from low prices and high import competition. Government interventions may help stabilize farmer incomes.