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Top News - Oil

EXCLUSIVE-Venezuela's PDVSA resumes light crude imports as output dwindles

Venezuela's state oil company PDVSA has resumed regular imports of light crude as its own output of medium and light grades dwindles, creating bottlenecks for producing exportable blends, according to company documents and vessel tracking data.
U.S.-sanctioned Venezuela and Iran had a swap agreement that allowed PDVSA to import crude and condensate between 2021 and 2023 and use them as diluents for its heavy oil. But debts and disagreements over projects have stalled the exchange since last year, leaving the Venezuelan company with fewer options to source imports.
In December, a vessel carrying about 600,000 barrels of an unidentified imported light crude discharged at PDVSA's main terminal, Jose. Another tanker carrying a similar volume of light oil discharged at the same port last month, according to company shipping records seen by Reuters.
The Liberia-flagged vessel that discharged in January departed from China's Dongjiakou port, according to ship monitoring service TankerTrackers.com. But it was not immediately possible to identify the crude's origin.
PDVSA did not immediately reply to a request for comment.
The company increased exports in January to some 867,000 barrels per day (bpd) of crude and fuel, including almost 300,000 bpd to the United States, as the government of President Donald Trump warned about a possible cut in U.S. imports of Venezuelan crude.
The country's overall crude output rose slightly to 1.05 million bpd in January from 1.01 million in December, according to independent calculations.
However, PDVSA's long-standing struggles to provide enough diluents for its oil blending operations have worsened in recent months as output at Monagas North, a key region for producing the country's lightest crude grades, dwindles amid a lack of gas for reinjection into oilfields, sources close to operations said.
A key gas processing complex that had a major fire in November has not fully recovered supply to PDVSA's oilfields, the sources added.
Venezuela imported some 73,000 bpd of Iranian condensate and crude in 2022, which fell to about 40,000 bpd in 2023. Last year, PDVSA only made sporadic purchases of foreign crude cargoes, which averaged less than 15,000 bpd, according to LSEG vessel tracking data and company records.
As Venezuela's imports of foreign crude fell amid a less active trade with Iran, PDVSA's discharge of imported heavy naphtha from some of its joint-venture partners, including U.S. Chevron, has stabilized in recent years, contributing to fewer operational hiccups at the country's main output region, the Orinoco Belt.

South Korean petrochemical firms' profits plunge in 2024 as oversupply persists

South Korean petrochemical companies LG Chem and Lotte Chemical both made losses in 2024, dragged down by oversupply which is set to persist this year, while trade turmoil has dampened the global economic outlook, company executives said this week.
Petrochemical producers in Europe and Asia have been consolidating, as years of capacity build-up in top market China and high energy costs in Europe have squeezed margins.
Lotte Chemical, which reported results on Friday, showed that its 2024 operating losses deepened by some 157% year-on-year to 895 billion won ($619.62 million). This marked its biggest loss in operating income since 2011, the company's data showed. Financial data from before 2011 was not publicly available.
The company's basic materials division, which includes petrochemicals, cut its operating loss by roughly 52% in the fourth quarter from the previous quarter to 175 billion won.
LG Chem, which reported earnings on Monday, showed that 2024 operating profits fell 63.75% from the previous year to 916.8 billion won, the lowest since 2019.
Its petrochemical division posted a fourth-quarter operating loss of 99 billion won.
Both companies cited a global glut as a key problem in the petrochemicals industry.
"The continued market downturn was driven by an oversupply in Northeast Asia from continued capacity expansion and China's sluggish economic recovery," Yang Cheol Ho, head of strategy for LG Chem’s petrochemical division, said on a call on Monday.
Oversupply is expected to persist for years with new plants still coming online in the Middle East and China.
"We do expect continued overcapacity and uncertainties in global demand, especially under Trump 2.0," a senior Lotte Chemical executive said on Friday.
U.S. President Donald Trump has imposed 10% tariffs on all Chinese imports, prompting retaliatory duties from China.
Both companies, while noting recovery in Chinese

demand was slow, were largely optimistic about demand recovery in the sector's biggest consumer.
"There are very strong measures being taken to try to stimulate consumption," an LG Chem company spokesperson said, adding that this could lead to a gradual recovery in domestic demand in China for home appliances.
A Lotte Chemical spokesperson said they are waiting for further announcements from Beijing on its stimulus plans in March.
Beijing in January added more home appliances to the list of products in its consumer trade-in scheme in an effort to revive its struggling consumer sector.
The stimulus scheme boosted last year's consumption growth by more than 1 percentage point, according to the country's commerce ministry.
LG Chem is targeting revenues of 26.5 trillion won in 2025 and is likely to maintain its capital expenditure at close to 2 trillion won. It cut its capex last year by around 30% from 2023.

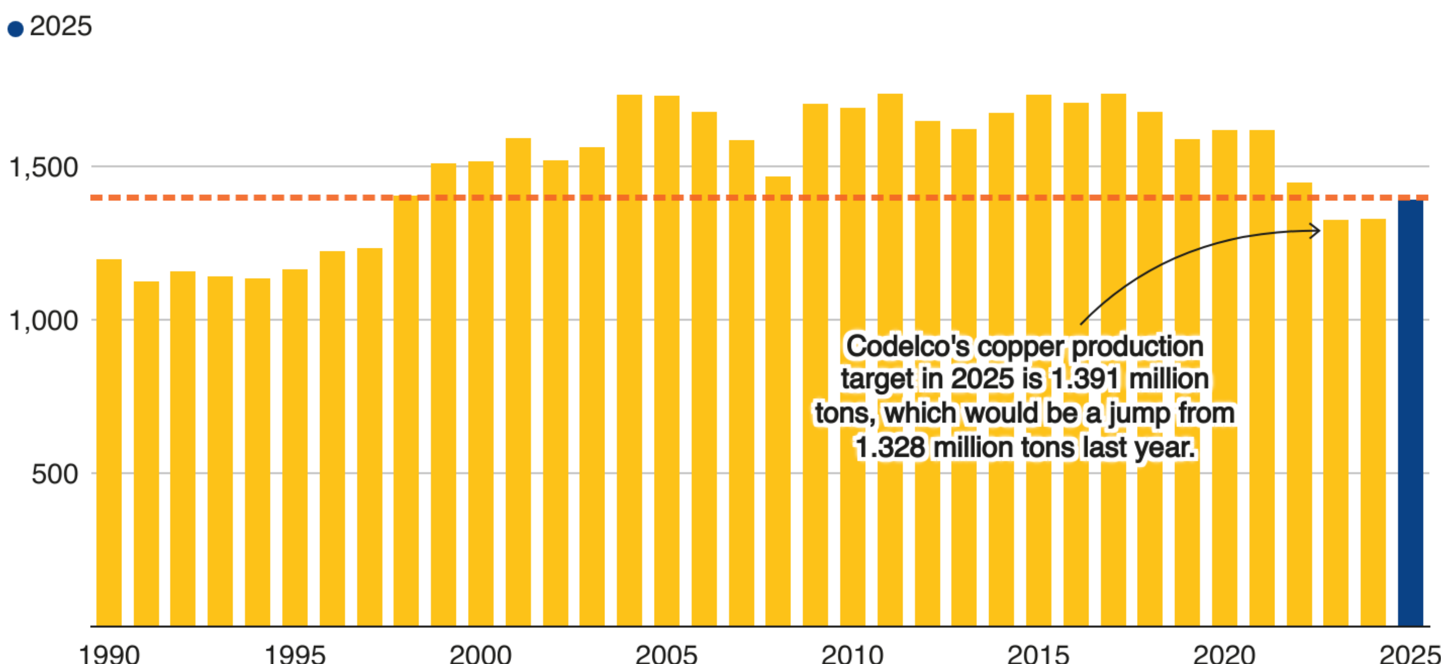
Top News - Agriculture

US farmers turn to Airbnb, corn mazes to outlast agricultural downturn
A dead-end dirt road cutting through rural Wisconsin leads to a pasture dotted with shaggy-coated Highland cattle, fluffy Icelandic sheep and a vintage Airstream trailer that farmer Brit Thompson turned into an Airbnb to capitalize on an explosion of urbanites looking to spend time in the countryside.
Her guests, mostly Chicago-area professionals, offer a steady flow of income in an increasingly unstable agricultural economy.
Thompson, who also raises animals for meat at her farm, Pink River Ranch, is one of many farmers turning to the $4.5 billion agricultural tourism industry, according to U.S. Department of Agriculture (USDA) data, and offering activities and overnight stays as consumer demand for rural experiences grows and farm income declines.
Farmers whose crops are used to make food, feed livestock and produce vegetable oils are struggling to turn a profit after corn and soy prices sank to four-year lows in 2024.
Revenue from Thompson's Airbnb has helped her endure

Chart of the Day

Codelco: Copper crunch

Chilean state miner Codelco's is targeting copper production of 1.391 million metric tons this year, a document seen by Reuters shows, as it looks to bounce from output at a quarter of a century low.



Note: Data in thousand metric tons of Codelco total production; 2025 is target in the company's budget seen by Reuters
• Source: Cochilco, Codelco management

volatile commodities markets and far outpaced what she made from selling beef and lamb to restaurants and directly to consumers, she said. Free-roaming tabby cats on her property are now accustomed to the sound of guests' tires crunching on the gravel driveway and come running toward those bringing in the extra income - and the extra affection.
The guests arrive nearly every weekend during her peak season, drawn by the area's spring-fed and trout-rich streams, forested hiking trails and unpolluted night skies. Thompson's bookings soared as nearby cities shut down during the pandemic.
Agritourism boomed during COVID as people chose to vacation on farms and in rural areas, drawn by the promise of socially distanced fun in the countryside. The industry has continued to grow since, driven by increasing numbers of city dwellers seeking peace and solitude and farmers seeking additional ways to infuse their farms with much-needed cash.
"Now that we're back to normal, people are still remembering those experiences and they've brought those activities into their family traditions," said Suzi Spahr, director of the International Agritourism Association.
Nationally, about 7% of farms offer agritourism opportunities, which also includes sales of farm products to visitors, said Lisa Chase, an extension professor at the University of Vermont. Many increased their revenue by $25,000 to $100,000 per year through agritourism enterprises, and some farms can make upwards of $1 million a year from running bed-and-breakfasts, pick-your-own apple orchards and other farm experiences, she said.
The number of farmstays, an accommodation at a farm, listed on short-term rental platforms in the U.S. increased by 77% over the past five years, roughly twice the increase in overall listings, data firm AirDNA said. Airbnb, as well as popular campsite booking websites HipCamp, Harvest Hosts and The Dyrt, also said their platforms have seen substantial increases in farmstay listings over the past few years.

LEAN TIMES
Agritourism dollars are a welcome boon in the face of low crop prices, high interest rates, and steep costs for seeds, fertilizer and labor, farmers and industry experts said. Farm income has dropped 23% from 2022 in one of the biggest declines in history, according to the USDA, and the American Farm Bureau says the agricultural economy is in a recession.
While U.S. farm income is expected to improve this year, the upturn is largely due to federal government aid. Income from selling crops has continued to decline.
This year could bring further financial pain for farmers if trade wars with Canada, Mexico and China are prolonged. U.S. President Donald Trump announced tariffs on goods from the three countries on Feb 1, but later offered a 30-day reprieve to Canada and Mexico after those countries offered some concessions.
"We're able to weather some of these tighter or negative margin years because we've diversified the way we earn money," said Kaylee Heap, 35, co-manager of Heap's Giant Pumpkin Farm, a sprawling corn and soybean farm in Illinois.
"It's the reason we diversified. If we just focused on row crops, we'd be having a different conversation."
In the fall, Heap's customers can pick sunflowers, mums and pumpkins; bump along on hayrides; and wander through a corn maze. The farm also produces commodity corn and soy, often for international export.
Not all farms are suited for tourism. Some have inaccessible locations or owners who are unwilling to open their property to strangers. Insurance and compliance with government regulations can also be costly.
But income from recreation and tourism can help families maintain ownership of their farms, pay off debt and provide jobs to younger generations, who sometimes prefer curating Airbnbs and building websites over monitoring soil moisture and grain futures prices, farmers said.
"You cannot survive as a family farm only farming," said Catherine Topel, 56, a North Carolina hog producer who hosts an Airbnb cabin and campsites through HipCamp. "The cabins, the camping – it makes you sustainable and resilient in hard times, and it gives you flexibility to enter into other enterprises instead of toeing the line of what your dad did and what your dad's dad did."
The desire to raise children in a rural setting and share their agricultural lifestyle with visitors also motivates farmers to open their property to the public, farmers said. Thompson, 33, says she enjoys teaching guests about sustainable grazing, as well as fishing from her riverbank with her five-year-old daughter, who reels in fat catfish with a miniature hot-pink fishing rod. "The younger generation finds the farm doesn't have to be this long litany of depression and bad prices," said Ryan Pesch, an extension educator at the University of Minnesota. "They say: 'Why don't we do this other thing?' They see opportunities and entrepreneurship," he said.

Malaysia palm oil stocks hit 21-month low in January as output plunges
Malaysia's palm oil stocks fell more than expected in January to their lowest level in 21 months even as exports dropped and imports rose, due to a plunge in output, data from the industry regulator showed on Monday.
The drop in inventories in the world's second-largest palm oil producing country after Indonesia could support benchmark futures, traders said, following a sharp decline from their highest in about 2-1/2 years in November.
Malaysia's palm oil stocks fell 7.55% in January from December to 1.58 million metric tons, the lowest level since April 2023, the Malaysian Palm Oil Board said.
Crude palm oil production slumped 16.8% in January

from December to 1.24 million tons, also the lowest since April 2023, as floods reduced yields. Palm oil exports slid 12.94% to an 11-month low of 1.17 million tons, it said. A Reuters survey had forecast inventories at 1.65 million tons, with output seen at 1.32 million tons and exports at 1.15 million tons. The board's data for January is bullish for prices, as inventories and production dropped more than anticipated by the market, said Anilkumar Bagani, research head of Mumbai-based vegetable oil broker Sunvin Group.

"MPOB has given a shocker to the market with an outrageous drop in January end palm oil stocks, surpassing every estimate out there and sharply lower from 2.02 million tons a year ago," Bagani said. Malaysia's production has struggled to recover and is likely to fall further in February, which will provide additional support to the market, said a Mumbai-based dealer with a global trade house. Malaysian stocks fell despite a sharp rise in imports, which also surprised the market, he said.

Top News - Metals

Trump's steel and aluminium tariffs rattle makers of the metals

U.S. President Donald Trump's plan to impose new 25% tariffs on all imports of steel and aluminium into the United States weighed on shares of producers in Asia on Monday as it threatened to disrupt trade flows in the metals.

The tariffs, which Trump said would be announced on Monday and be in addition to existing duties, sparked warnings from steelmakers in Asia about the impact on prices, profitability and volumes and broader worries that they could push up inflation and drag on economic activity.

Canada, Brazil, Mexico, South Korea and Vietnam are the biggest sellers of steel into the U.S., according to government and American Iron and Steel Institute data, while Canada is the dominant supplier of imported aluminium.

In South Korea, the industry ministry said on Monday it held an emergency meeting with steelmakers in Seoul to discuss measures to minimise the impact of potential tariffs.

"We are concerned that the potential change would lead to export price hikes and reduction in the 70% quota volumes," said an official at Hyundai Steel, referring to South Korea's annual duty-free steel quota of 70% of volumes shipped to the U.S. on average from 2015-17, agreed during the first Trump administration.

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$71.47 / bbl	0.66%	-0.35%
NYMEX RBOB Gasoline	$2.33 / gallon	0.45%	16.03%
ICE Gas Oil	$712.25 / tonne	0.89%	2.45%
NYMEX Natural Gas	$3.41 / mmBtu	3.17%	-6.03%
Spot Gold	$2,893.68 / ounce	1.16%	10.29%
TRPC coal API 2 / Dec, 25	$114.25 / tonne	1.11%	2.60%
Carbon ECX EUA	€83.37 / tonne	1.32%	14.21%
Dutch gas day-ahead (Pre. close)	€55.70 / Mwh	2.58%	14.73%
CBOT Corn	$4.97 / bushel	-0.75%	6.66%
CBOT Wheat	$5.93 / bushel	-0.38%	5.47%
Malaysia Palm Oil (3M)	RM4,527 / tonne	0.51%	1.78%
Index	**Close 07 Feb**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	371.44	0.03%	4.10%
Rogers International	30.49	0.16%	4.38%
U.S. Stocks - Dow	44,303.40	-0.99%	4.13%
U.S. Dollar Index	108.30	0.24%	-0.17%
U.S. Bond Index (DJ)	442.39	-0.47%	1.46%

The company, which supplies steel to Hyundai and Kia's car plants in the U.S., has said previously that it was considering building a new steel plant in the U.S. to blunt the impact of potential Trump tariffs.
Hyundai Steel shares fell as much as 2.9% amid a broader decline among South Korean steelmakers.
"The negative impacts from the changes in tariffs would be unavoidable," said an official with Dongkuk Steel, noting that the U.S. is a profitable market for it now.
Chu Xinli, an analyst at China Futures, said U.S. demand would be reduced by higher prices and slower inflows of steel, which is used in automaking, appliances and construction.
"Those that are poised to flow into the U.S. will be redirected to other countries and regions, such as the EU and Asian countries, which will see a change in the global steel trading pattern," Chu said.
India's metals index was that country's top sectoral decliner on Monday, down about 2.5%.

DEMAND THREATENED
The impact of the tariffs could be wide ranging.
"I suspect U.S. manufacturers will have to wear higher prices as a result of these 25% tariffs. Its import reliance is high, around 40%-45% for aluminium and 12%-15% for steel," said Daniel Hynes, senior commodity strategist at ANZ in Sydney.
Iron ore futures fell on Monday as the tariffs threat triggered risk-off sentiment despite evidence of recovering demand in top buyer China, while aluminium was up narrowly on what one analyst said was concern that supply could tighten. "One of the impacts of these tariffs is depressed global economic activity," said Kyle Rodda, senior financial markets analyst at Capital.com in Melbourne. Some countries were making the case for exemptions from Trump's tariffs.
Australia's trade minister said its steel and aluminium exports to the U.S. create "good paying American jobs" and are key to shared defence interests, as Canberra presses Washington for a tariff exemption.
Shares of Australia's BlueScope Steel, however, rose to a more than two-month high on Monday, buoyed by expectations that its U.S. business would gain from the tariffs.
Charu Chanana, chief investment strategist at Saxo in Singapore, said slower demand could counter the potential inflationary impact of the tariffs.
"The bigger concern is the uncertainty and the shift towards a more protectionist world," she said.

EXCLUSIVE-Chile's Codelco targets 2025 copper output jump to 1.39 million tons, document shows
Chilean state miner Codelco, the world's largest copper producer, is targeting production of 1.391 million metric tons of the red metal this year, according to an unpublished government decree approving its 2025 budget reviewed by Reuters.
The firm, which is battling to lift production off quarter-century low levels, has also authorized 2025 investments of $4.727 billion, made up of $3.972 billion plus Value Added Tax, the document showed.
The copper production target, if hit, would mark an increase from last year's 1.328 million tons and maintain the firm's momentum as it looks to revive output that has been hit by delays to projects, accidents and declining ore grades.
In calculating its budget, Codelco forecast a copper price of $4.30 per pound and expects a cash cost of $1.98 per pound, the document showed. It expects operating revenue of $22.23 billion, leading to a pre-tax net profit of $3.105 billion.
The 2025 investment figure is slightly higher than the $4.6 billion the company invested in 2024. The investments mainly focus on projects to overhaul key mines to deal with lower grade ores.
If Codelco hits its 2025 target, it would mark the second consecutive year of increased output. The company was able to turn around its quarter-century production slump in 2024 after a mad dash at the end of the year pushed it past the 2023 figure of 1.325 million tons.
Employees and company insiders said the strategies used, including delaying maintenance and reducing downtime, were hard to maintain as the company has still been struggling with lower ore grades and delays in major projects to revamp its key mines.
Codelco reported a consolidated EBITDA of $4.022 billion from January to September 2024 and will report its final financial results for the year at the end of March.

Top News - Carbon & Power

Baltic states switch to European power grid, ending Russia ties
The Baltic states of Estonia, Latvia and Lithuania completed a switch from Russia's electricity grid to the EU's system on Sunday, severing Soviet-era ties amid heightened security after the suspected sabotage of several subsea cables and pipelines.
European Commission President Ursula von der Leyen hailed the move, years in the planning, as marking a new era of freedom for the region, in a speech at a ceremony in Vilnius alongside the leaders of the three countries and the Polish president.
"These chains of power lines linking you to hostile neighbours will be a thing of the past," von der Leyen said.
Debated for many years, the complex switch away from the grid of their former Soviet imperial overlord gained momentum following Moscow's annexation of Crimea in 2014 and its invasion of Ukraine in 2022.
It is designed to integrate the three Baltic nations more

closely with the European Union and to boost the region's energy security.
"This is freedom, freedom from threats, freedom from blackmail," von der Leyen said, adding that the wider European continent was also liberating itself from the use of Russian natural gas.
Ukrainian President Volodymyr Zelenskiy said in his nightly video address that Kyiv had taken the same step in 2022 "and the Baltic states are also ridding themselves of this dependence.
"Moscow will no longer be able to use energy as a weapon against the Baltic states."
After disconnecting on Saturday from the IPS/UPS network, established by the Soviet Union in the 1950s and now run by Russia, the Baltic nations cut cross-border high-voltage transmission lines in eastern Latvia, some 100 metres from the Russian border, handing out pieces of chopped wire to enthusiastic bystanders as keepsakes.

China renewable stocks slide after state planner scales back subsidies
Chinese renewable energy stocks fell as much as nearly 4% after the market open on Monday, following an announcement by the state planner and energy regulator on the scaling back of subsidies for renewable power producers.
China's clean energy indexes - the CSI New Energy Index, SSE STAR New Energy Index, and CNI New Energy Index - were down by 1.55%, 1.54% and 1.38%, respectively, as of 0601 GMT. Shares of clean energy-related companies dropped. Chinese solar producer Tongwei traded down 2.77% after losing nearly 4% earlier in the session.
The National Development and Reform Commission and the National Energy Regulator stated in a Sunday notice that new projects completed after June would transition to a system of electricity payments that would allow the government to recoup some profits. Similar overseas contracts guarantee a minimum price for energy produced, while also allowing governments to recover excess revenue if prices exceed a set threshold.
The policy was in line with market expectations and the overall trend of falling tariffs for renewables projects, Pierre Lau, Citi's head of Asian utilities and clean energy research, said in a note. Lau said the average solar tariffs of a small independent power producer could fall by more than 10% this year. No unreasonable costs and conditions, such as mandatory energy storage requirements, should be imposed on clean energy, according to the notice. This signals the end of a policy that has driven the rollout of much of China's battery energy storage capacity. Projects operating before June this year will continue to follow the previous policy, where power prices cannot exceed local coal-fired benchmark tariffs, and will still benefit from purchase guarantees for a portion of their power.
Shares of Longi Green Energy, the world's largest solar manufacturer, slipped 1.42%. Peers Jinko Solar and JA Solar were down around 2% each, and shares of key wind turbine manufacturer MingYang fell 1.61%. By contrast, the Shanghai Composite Index was up 0.5%.
The tweak came after China broke its own records for new solar installations in 2024 with installed capacity up 45% from the previous year. The policy also follows the lifting of a guarantee last year that grid operators would buy nearly all the power generated by renewable producers at a fixed rate.

Top News - Dry Freight

Brazil soy sales lag on high freight costs, traders' caution
The sale of Brazil's new soy crop has lagged, according to analysts on Friday, reflecting high freight costs, a stronger local currency and trading companies' extra caution to close purchases.
Advance sales of Brazil's 2024/25 soybean crop hit 39.4% of total expected production, according to consultancy Safras & Mercado. This is above the 31.9% seen in the same period in 2024. But it is below the five-year average of 43.2%.
"Freight is the main factor limiting business," said Guilherme Palhares, head of food and beverages at Santander research. He noted that to reduce risks, traders are only buying freight services when the soy they will purchase has a committed client.
Brazil heavily relies on trucks to ship grains to port. Higher freight costs in 2025 come as diesel prices rise and local farmers need to ship a record soy crop north of 170 million tons.
Excess rains have also contributed to the problem, as they have disrupted harvesting work in Mato Grosso state. Heavy showers mean truckers face muddy roads or shipping of abnormally high volumes all at once.
Road freight from Mato Grosso's Sorriso to the river port of Miritituba rose around 40% since the beginning of January, to 270 reais ($46.64)/ton, according Mato Grosso farmer-backed group IMEA.
From a farmers' perspective, interest to sell their soy has been hampered by the currency's strengthening to 5.8 reais per dollar from 6.
The Santander analyst said Brazilian growers still hope for better prices due to possible problems with Argentine's soy harvest, affected by drought.
Come April, they will be more likely to sell as input bills are due, he said.
Premiums at the port of Paranagua for soybean shipments in March remain negative, according to data from Cepea, from Esalq/USP.
"The high freight rates end up putting a lot of pressure on

the premium," said Francisco Queiroz, soybean analyst at the agro consultancy at Itaú BBA.

ANALYSIS-Global wheat import demand dented by local output, economic woes

Global wheat imports are likely to drop this year as slowing economic growth among top buyers, a stronger greenback and higher local cereal output curb grain buying, putting pressure on prices despite world inventories headed for nine-year lows.

Slower purchasing by top importers could put a cap on grain prices by offsetting concerns that unfavourable weather in the Black Sea region, the world's biggest exporting area, India and the United States will curtail output. Lower Chinese intake, meanwhile, will hurt Australian farmers who have just finished harvesting a near-record crop and had come to rely on China's demand in recent years.

Top importer China is expected to buy less than half of last year's volume in the first six months of 2025, while demand growth is likely to slow in Indonesia, the world's second-biggest wheat buyer, and Egypt, the No.3 purchaser, millers, traders and analysts said.

Higher Chinese wheat output and a rebound in Indonesia's rice production will limit shipments there, while a bigger crop in Iraq will keep one of the Middle East's largest buyers from splurging on imports, traders and analysts said.

"One structural market factor that may be softening demand longer term is increasing production in key import markets, like China," said Dennis Voznesenski, an analyst at Commonwealth Bank in Sydney.

China's wheat output is forecast to rise in the year to June 2025 by 2.6% from the previous period, according to estimates from the U.S. Department of Agriculture on January 22.

The USDA also said imports in the period may drop by 37% from a year earlier to 8 million metric tons, citing data from the China National Grains and Oils Information Center.

"The volatile geopolitical environment we are currently experiencing, including real wars and trade wars, is prompting importing countries to ramp up domestic production to reduce their reliance on global supply chains," Voznesenski said.

The declining imports are set to occur amid a tightening of global stockpiles, with the USDA expecting inventories to drop to their lowest in nine years by the end of June.

Wheat consumption may also slump in major buyers because of lower growth, with China's economy expected to slow in 2025, while Indonesia's growth is stagnating and Egypt's GDP in 2023/24 expanded less than a year earlier.

Foreign wheat import costs have risen or held steady despite international prices hitting a four-year low in 2024 as many emerging market currencies have declined against the dollar.

China's yuan has been weakened by the U.S.-China trade dispute and Indonesia's rupiah and Egypt's pound are near all-time lows versus the greenback.

CHINESE DELAYS

China recently delayed imports of up to 600,000 metric tons, with traders expecting declining purchases in coming months.

Darin Friedrichs, co-founder of Shanghai-based Sitonia Consulting, is bearish on Chinese wheat demand for the next six months, adding: "The 2024 (Chinese) crop had nearly perfect weather, production broke records, and the quality was very good. There isn't much need for imports."

Chinese importers have booked around 1 million tons for March arrival, which is "down on recent years where sales were double or triple for the same time," said Rod Baker, an analyst at Australian Crop Forecasters.

Rival Asian importers are also cutting purchases.

Indonesian rice output is set to rebound this year after El Nino weather effects depleted the crop last year, with the government projecting production will increase to 32.8 million tons, from 30.62 million tons in 2024.

That is helping food processors to switch back to locally produced rice flour from imported wheat.

The struggling rupiah is also crimping wheat purchases, said a senior executive at the Indonesian Wheat Flour Producers Association, who asked to remain unidentified since they are not authorized to speak to media.

"The buying power has dropped due to the strong dollar," he said.

Egyptian wheat purchases will likely fall this year. State-grain buyer Mostakbal Misr purchased 1.267 million tons at the end of December, enough to last the country until June it said then. However, it procured another roughly 250,000 tons in January.

Egypt's previous state buyer, the General Authority for Supply Commodities, typically purchased 4 million to 5 million tons per year.

In 2024, Egypt imported about 14.7 million tons of wheat through state and private-sector buyers, according to trade data reviewed by Reuters.

"The big importer Egypt is suffering from serious economic problems with growth low and the country needing finance from Arab donors to help it with wheat purchases," said a German grains trader.

Major Middle Eastern buyer Iraq said in October it would halt wheat imports for its subsidy programme because of 1.5-million-ton crop surplus from a bumper harvest.

Picture of the Day

A high voltage line from Russia crosses the border with Russia near Vilaka, Latvia February 8. REUTERS/Ints Kalnins

(Inside Commodities is compiled by Nachiket Tekawade in Bengaluru)

For questions or comments about this report, contact: **commodity.briefs@thomsonreuters.com**

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