

# CHINA WHEAT MARKET UPDATE

March 24, 2026

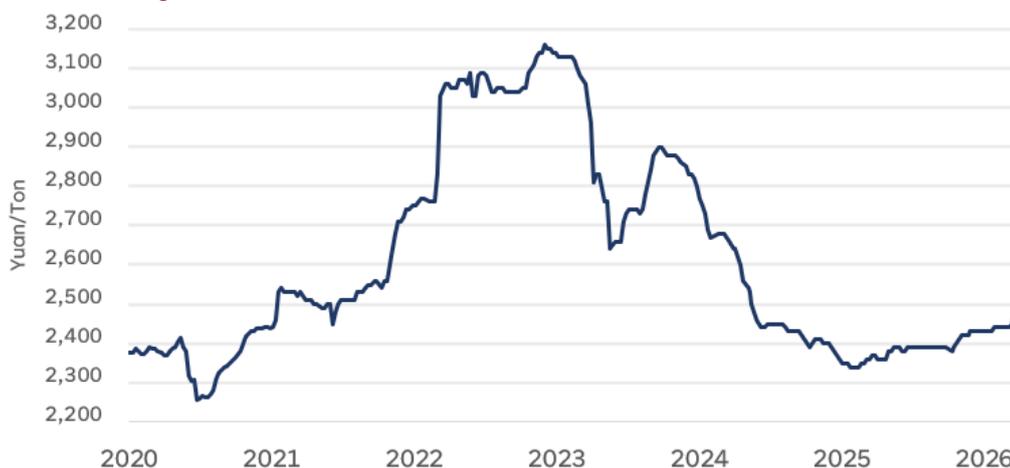
## Summary

Wheat prices have continued to rise, reaching the highest level in nearly two years. Prices have been supported by the rise in corn prices, and Sinograin has increased the volumes of its national auctions to add supply to the market. Concerns about the yield of this year's crop remain. Conditions are reported as worse than last year, but weather agencies and local governments are now reporting much better conditions.

## Prices

The average wheat price in Henan is 2470 yuan per ton, up 4.2% year on year, and the highest since May 2024. Prices in Hubei are 2492 yuan per ton, up 2.5% year on year, and the highest since July 2024.

### Henan Average Wheat Prices



Prices are still well off their 2022-highs, but have been rallying in 2026 to the highest in nearly 2 years

These prices are provincial averages, and some flour companies are reported to be paying up to 2600 yuan per ton.

The most recent national reserve auction saw an average price transacted of 2441 yuan per ton for wheat primarily from the 2017 crop, and this is 64 yuan per ton higher than the average auction price at the beginning of the year.

## Production

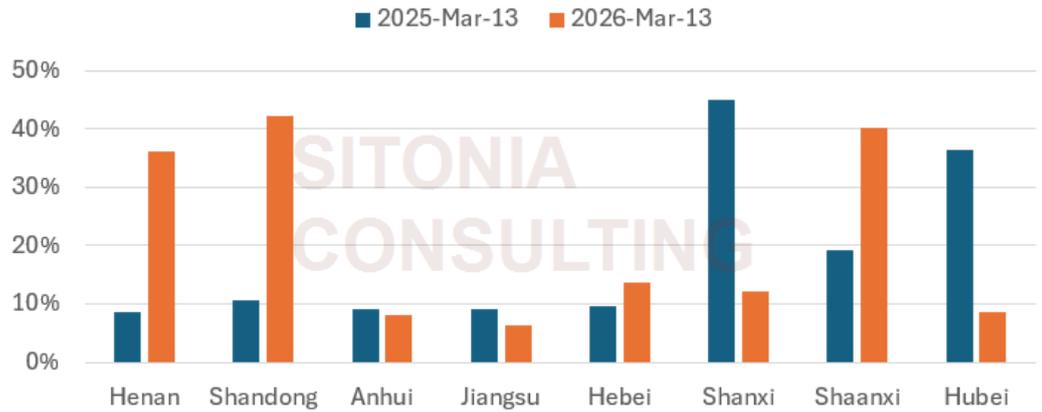
As of March 13, the National Meteorological Center reported that 36% of Henan's wheat crop was Class 3, or in weak condition. This is up 9% for the same time in 2025. Henan is the largest wheat producer in China, accounting for 27% of production.

In Shandong province, 42% of the wheat crop was classified as Class 3. This is up from 11% for the same time in 2025, and Shandong is the second-largest wheat producer, accounting for 19% of production.

Other areas are seeing better conditions. Anhui had 92% of wheat ranked as Class 1 or Class 2 (good or average), up from 91% in 2025. Anhui accounts for 13% of production.

Hebei had 86% ranked as Class 1 or 2, down slightly from 91% in 2025, and accounts for 11% of production.

### Percent of Crop Rated Class 3 (Weak)



However, crop conditions can be difficult to assess in China. The National Meteorological Center traditionally reported the portion of the crop ranked Class 1, 2, or 3 based on remote sensing. On March 20, they switched to a 5-tier scale based on remote sensing of biomass and VHI (vegetative health index) and reported that 87.2% of the wheat crop had either the same or better growth relative to 2025.

Henan blocks access to its provincial government website to users outside of China. But published an article on March 23 reported that 89.5% of its wheat was now Class 1 or 2, and this was up from “less than 50%” in January.

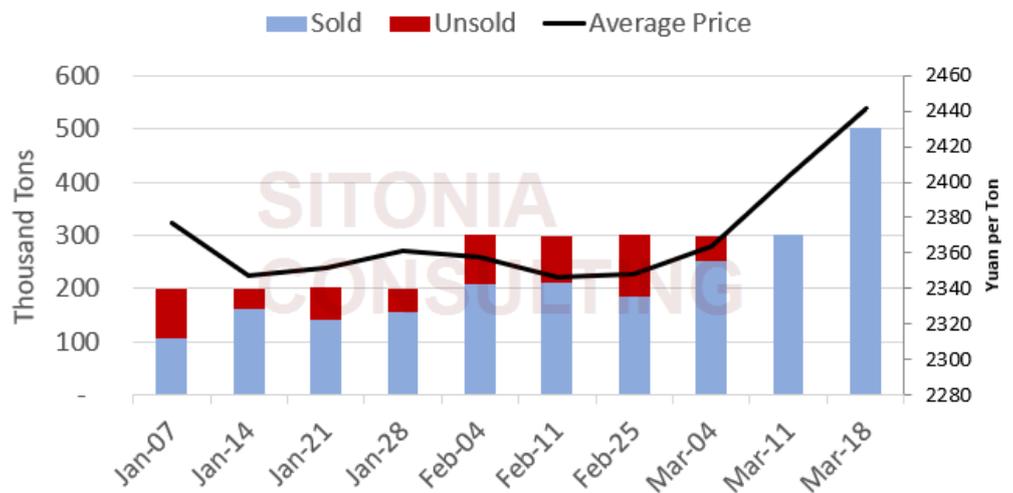
The delayed planting was unavoidable due to unusually heavy rains during the traditional planting period. Because of that, the crop has less time to reach its full potential. However, local governments in China are expected to help farmers improve production and achieve a “bumper harvest”. That can lead to overly optimistic assessments of the condition of the crop and its yield.

Due to the late planting last year, the crop has also been behind on growing degree days. Compared to last year’s crop, Henan saw 38% less accumulated degree days over 0°C from sowing to the overwintering period. Warmer temperatures in February helped to close that gap, but at the beginning of March, the province still saw 13% degree days over 0°C.

### Auctions

Sinograin started national reserve auctions for wheat in January. As of March 24, there have been 10 rounds of auctions, with 2.8 million tons offered, and 2.2 million tons purchased by the market. This has mostly been reserve wheat from the 2017 crop.

#### National Auctions of Reserve Wheat



In January, the weekly auction volume was 200k tons each week, but this was increased to 300k tons in February.

Government reports of crop conditions in state media have avoid comparisons to last year, or to averages, and have instead focused on improvements seen since last autumn

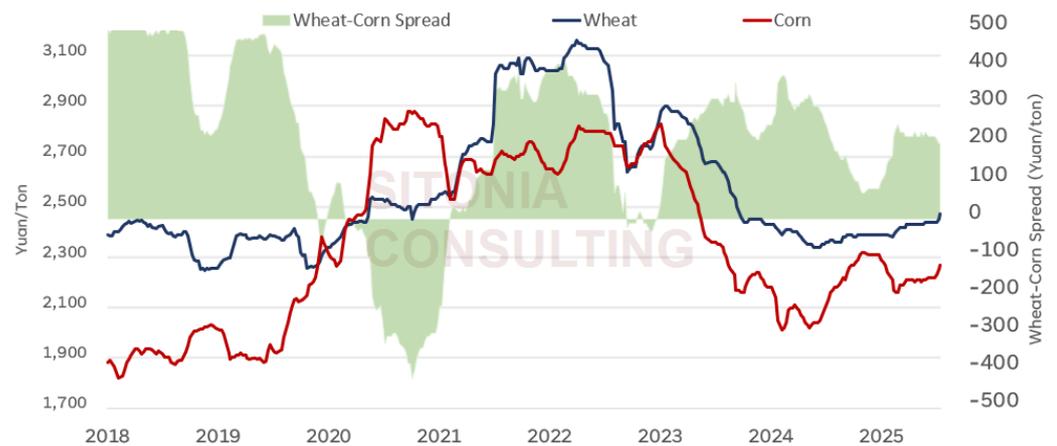
Due to strong demand and rising prices, the volume for the March 18 auction was increased to 500k tons. This auction also allowed broader participation, including from feed companies. The prior auctions had limited participation only to flour millers.

The March 18 auction saw 100% of the 500k tons purchased by the market, the second consecutive week that the auction sold out. The average purchase price rose 38 yuan per ton from the previous to 2441 yuan per ton, the highest price seen in the 2026 national wheat auctions. Based on this strong result, it was announced that the auction for March 25 would be increased to 800k tons.

**Feed Demand**

Feed demand for wheat has increased recently due to the increase in corn prices, along with the tighter supply of high-quality corn due to damage to the crop from rains in northern China during last autumn's harvest.

**Wheat - Corn Prices and Spread**



Feed companies are purchasing wheat despite the relatively high premium, indicating tightness in supplies of high-quality corn

As a rule of thumb, it is economical for feed producers to use wheat if the price premium is 100 yuan per ton or less, relative to the price of corn. Due to the higher protein content of wheat, it can be economical to use wheat, even if it is more expensive than corn.

In northern China, wheat is around 150-200 yuan per ton more expensive than corn, but there has been an increase in feed producers purchasing wheat. Due to mold damage to the local crop last autumn, feed companies have been purchasing corn from northeast China. At this point in the marketing year, supplies in northeast China are becoming tight, and wheat is priced favorably relative to the cost of having corn from the northeast delivered.

**Food Demand**

Flour millers have been squeezed by the rise in wheat prices and the increased competition from feed companies.

Operating rates increased after the Chinese New Year holiday but are lower than this time last year. Flour millers are also not able to pass on costs due to weaker downstream demand, and this has pressured their margins, with many companies operating at a loss.

**Imports**

Imports in January and February were 1.29 million tons, up 1287% year on year, compared to the minimal imports of just 93k tons for the same period in 2025. January's imports were 970k tons, the highest monthly imports since June 2024.

From marketing year 2020/21 to 2023/24, China's average imports were 11.5 million tons per year. This reached a peak in 2023/24, with imports of 13.4 million tons.

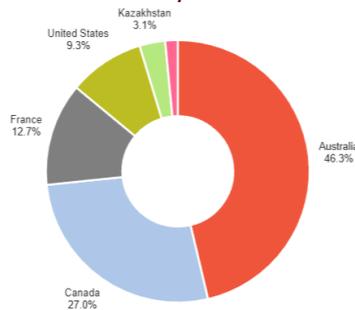
Imports were reduced sharply in 2024/25 to just 3.8 million tons. Imports are now strongly ahead of last year's pace.

For January and February 2026, imports were primarily from Canada, which accounted for 52% of imports, followed by Australia at 40.5%.

January and February imports were up 1287% year on year, illustrating the dramatic swings in imports due to government policy

Australia has been China's largest source of wheat imports in recent years. From 2022 to the present, Australia has accounted for 46.3% of China's wheat imports. Australia also imports most of its nitrogen fertilizer from Middle Eastern countries, which are seeing production and shipments disrupted due to the war, and this could reduce Australia's production.

### *China Wheat Imports 2022-2026*



### **Outlook**

Wheat prices in China have risen and are being supported by the rise in corn prices. Corn prices have risen because imports were dramatically reduced, and an estimated 30 million tons of corn production was not usable as feed due to mold issues. Wheat imports were also dramatically reduced last year but are now rebounding.

This is also before we factor in the uncertainty around the upcoming wheat crop. Feed mills are buying old-crop wheat due to the economics, not stockpiling based on the expectation that the upcoming crop could be lower than last year.

Sinograin has been increasing the auctions of wheat in response to tightness in both the wheat and corn markets. This has helped to calm markets slightly for now.

Sinograin also has large stockpiles of wheat from last year. 16.4 million tons were purchased at the government's minimum price floor to support prices last year.

These stocks help as a buffer, but lower imports last year, combined with a reduction in this year's domestic production, could lead to a tighter supply situation and an increase

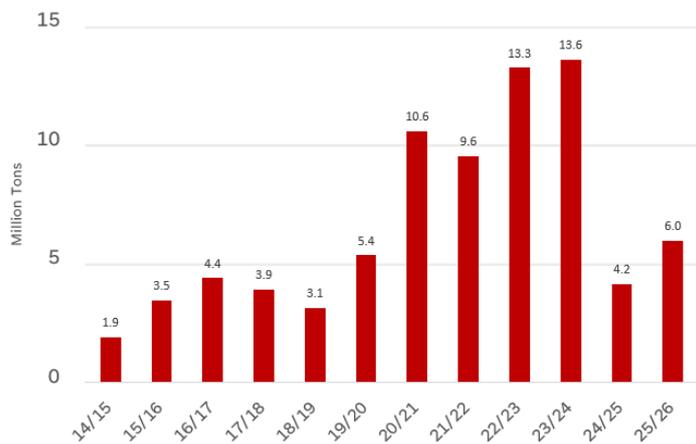
### **About Sitonia Consulting**

Sitonia Consulting provides research, analysis, and consulting focused on Chinese agricultural markets, including grains, oilseeds, proteins, and government policy.

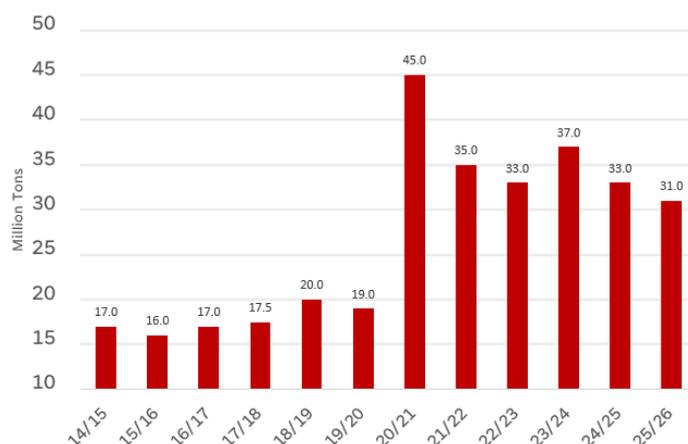
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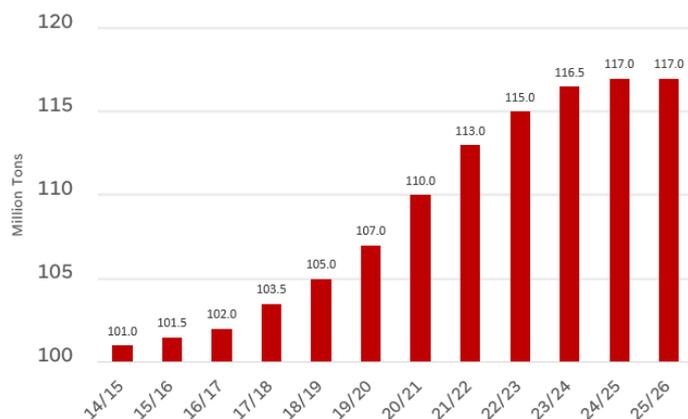
### USDA China Wheat Imports



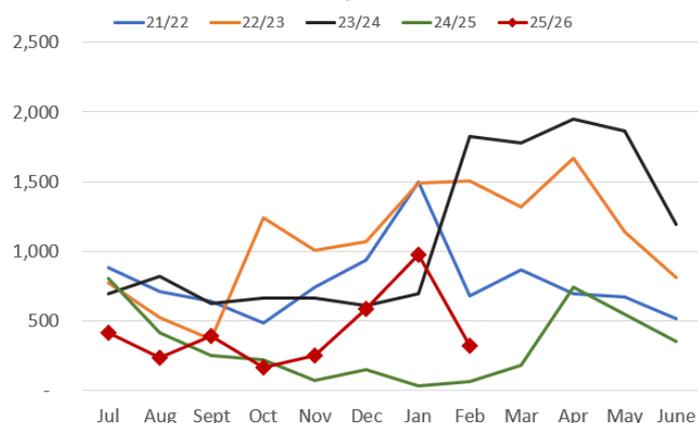
### USDA China Wheat Feed Use



### USDA China Wheat FSI



### China Seasonal Wheat Imports



### China Wheat Imports

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Jul	115	199	915	882	773	691	800	410
Aug	119	94	686	706	523	819	410	230
Sept	266	138	1,054	637	364	620	250	390
Oct	211	254	618	478	1,238	660	220	160
Nov	125	426	801	740	1,002	660	70	250
Dec	218	466	875	933	1,068	610	150	580
Jan	578	309	1,492	1,499	1,486	690	29	970
Feb	116	311	973	676	1,507	1,820	64	320
Mar	264	556	439	861	1,316	1,780	178	
Apr	197	338	895	693	1,668	1,950	740	
May	190	795	785	667	1,140	1,860	545	
June	282	894	752	510	807	1,190	350	
<b>Total</b>	<b>2,681</b>	<b>4,780</b>	<b>10,284</b>	<b>9,283</b>	<b>12,891</b>	<b>13,351</b>	<b>3,806</b>	<b>3,310</b>

### USDA China Wheat Balance Sheet

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
<b>Beginning Stocks</b>	129.5	138.1	150.0	139.1	136.8	138.8	134.5	127.8
<b>Area Harv. (Mil HA)</b>	24.3	23.7	23.4	23.6	23.5	23.6	23.6	23.6
<b>Yield (Ton/HA)</b>	5.42	5.63	5.74	5.81	5.86	5.78	5.94	5.94
<b>Production</b>	131.4	133.6	134.3	136.9	137.7	136.6	140.1	140.1
<b>Imports</b>	3.1	5.4	10.6	9.6	13.3	13.6	4.2	6.0
<b>Total Use</b>	125.0	126.0	155.0	148.0	148.0	153.5	150.0	148.0
<b>Feed Consumption</b>	20.0	19.0	45.0	35.0	33.0	37.0	33.0	31.0
<b>FSI Consumption</b>	105.0	107.0	110.0	113.0	115.0	116.5	117.0	117.0
<b>Exports</b>	1.0	1.0	0.8	0.9	0.9	1.0	1.0	1.0
<b>Ending Stocks</b>	138.1	150.0	139.1	136.8	138.8	134.5	127.8	124.8