

INDIA'S WHEAT EXPORTS SET TO SURGE AMID BLACK SEA SUPPLY UNCERTAINTY

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After five consecutive record crops, India is struggling with mammoth wheat inventories

India's wheat exports are expected to accelerate with a flurry of enquiries from buyers seeking alternatives to Black Sea shipments as Russia's invasion of Ukraine threatens to disrupt supplies from the two major producers.

After five consecutive record crops, India is struggling with mammoth wheat inventories and both the government and private traders are keen to capitalise on any opportunity to sell the grain on the world market.

India is the world's biggest rice exporter, shipping 20 million tonnes last year, but wheat shipments have been hampered by unfavourable global prices - at least until now.

The Black Sea belt is the world's largest supplier of wheat but given the current uncertainty, demand would shift to India, Nitin Gupta, vice president at Olam Agro India, told Reuters.

"Also, wheat availability in the world market anyway remains limited until April-May, and India can easily tap this opportunity," he said.

India, which exported 6.12 million tonnes of wheat in 2021 against 1.12 million tonnes a year earlier, is likely to sell 4 million tonnes of the grain in the first half of 2022, traders said.

Apart from India, in the face of any long-term Black Sea supply disruption, Australia could become another top supplier.

Kyiv has significantly climbed the ranks of grain exporters over the last decade and was likely to take third place this year, but the conflict with Russia has left markets doubting whether it can maintain its export effort.

Ukraine's military has suspended commercial shipping at its ports, threatening grain and oilseed exports.

"For the first time in many years, India has received so many enquiries for both prompt and long term deliveries of wheat," said the chief of a global trading firm who didn't wish to be identified in line with his company's policy.

"We haven't seen such interest in Indian wheat, at least not in our recent memory."

Indian suppliers, who have been exporting wheat at \$305 to \$310 a tonne free on board, could sell at \$330 a tonne, said trader Rajesh Paharia Jain at Unicorp Pvt Ltd.

On Monday, benchmark wheat prices in Chicago were up 6.1% at \$9.12-3/4 a bushel, after earlier touching \$9.35 a bushel.

Bangladesh, the Philippines, South Korea, Sri Lanka and the United Arab Emirates are among

the main buyers of Indian wheat, but new buyers such as Lebanon could also turn to India.

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