

India's wheat exports could quadruple to 8-year high as global prices rally

India's wheat exports in 2021 could quadruple from a year ago to the highest level in eight years as a rally in global prices and higher freight costs make Indian wheat lucrative for Asian buyers.

Higher exports would help the world's second biggest producer bring down record inventories and provide Asian buyers with cheaper supplies amid a rally in global prices due to limited supplies from major exporters such as Russia and Canada. There is good demand for Indian wheat for human consumption and feed purpose as well.

In the first eight months of 2021, India's exports surged 887% from a year ago to 3.07 million tonnes on good demand from Bangladesh, Sri Lanka, Indonesia, Nepal and the United Arab Emirates, according to data compiled by the trade ministry. The bulk of exports last year were in the final four months.

In recent deals, two cargoes of around 100,000 tonnes of Indian wheat were sold to flour millers in Indonesia, while one cargo of about 50,000 tonnes was bought by feed makers in the Philippines. On C&F (cost and freight) basis Indian wheat is competitive in the Asian market.

Asian buyers save \$10 to \$15 on freight when they buy from India rather than Russia or Ukraine, said the Mumbai-based dealer. India harvested a record 109.52 million tonnes of wheat in 2021 and state-run agencies are holding a record 51.8 million tonnes, more than double the required buffer norm.

A surge in exports has lifted Indian prices to \$305 per tonne on a free-on-board (FOB) basis, compared to \$260 three months back. Even after the price rise Indian wheat is cheaper. Until mid-2022 exports would continue at the current pace.

Source: The Hindu Business Line