

Wheat hits fresh record high over delay in stock release

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WHEAT PRICES HIT a fresh record high on Monday, following a delay in releasing extra stocks by the government to boost supplies and calm the domestic market reeling from shortages triggered by last year's lower crop output, dealers and farmers said.

India, the world's second-biggest producer of wheat, banned exports in May 2022 after a sudden rise in temperatures clipped output, even as exports picked up to meet the global shortfall triggered by Russia's invasion of Ukraine.

Record-high wheat prices despite the export ban indicate a far bigger drop in last year's output, traders say. According to government estimates, wheat output fell to 106.84 million tonnes in 2022 from 109.59 million tonnes a year earlier.

"Farmers have sold their crop, traders' are running out of



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stocks, but demand is robust," said Gopaldas Agarwal, a trader based in the central Indian city of Indore. "Demand-supply mismatch is pushing up prices,

and prices will remain firm until supplies start from the new season crop." Farmers plant wheat in October and November, with harvests from March.

Wheat prices in the Indore market—a benchmark—jumped to a record ₹29,375 rupees (\$361.09) a tonne, up nearly 7% so far this month after rising 37% in 2022.

In New Delhi, wheat prices rose nearly 2% on Monday to a record ₹31,508.

Local wheat prices could rise by another 5% to 6% unless the government releases stocks in the next 15 days, said a dealer with a global trading firm. He did not wish to be named in line with his company's policy.

"Even bulk consumers like wheat flour millers are struggling with lower supplies and higher prices," said Rajesh Paharia Jain, a New Delhi-based trader.

"Clearly, for the government, there is no time for procrastination." Authorities have repeatedly said the government would offer 2 to 3 million tonnes of wheat from its reserves to help flour millers and biscuit makers as part of efforts to cool record-high prices. —REUTERS