

**Food security**

## Wheat prices rise almost 6% as India export ban shakes markets

Chicago futures hit limit after New Delhi curbed shipments to combat surging food prices



Analysts said the developing world would probably be hit the hardest by India's ban on wheat exports © Channi Anand/AP

**Hudson Lockett** in Hong Kong and **Nic Fildes** in Sydney 11 HOURS AGO

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Wheat prices rose by the maximum amount allowed on Monday after India imposed a ban on exports, stoking pressure on food costs as tight global supplies roiled international markets.

Futures traded in Chicago rose as much as 5.9 per cent to \$12.47 a bushel, their highest level in two months. Wheat prices have risen more than 60 per cent this year, driven up by disruption from Russia's invasion of Ukraine. The two European countries account for [almost a third](#) of the world's wheat exports.

India, the world's second-biggest wheat producer after China, had filled a gap in markets left by decreased output from Ukraine thanks in part to a bumper harvest of 7mn tonnes last year, even as inclement weather reduced the crops of other big exporters.

But after denying it would halt exports, India [reversed course](#) over the weekend after domestic inflation surged to the highest level in eight years on the back of rising food prices.

New Delhi said it was introducing the ban, with some exceptions, "in order to manage

the overall food security of the country and to support the needs of the neighbouring and other vulnerable countries”.

“It just exacerbates the food shortage risk, particularly for developing nations and those historically dependent on foodstuffs out of that region,” said Robert Rennie, global head of market strategy at Australian bank Westpac.



The sudden shift followed two months of [searing heatwaves](#) in India, with temperatures of up to 45C across swaths of the wheat belt. Relief from the annual monsoon season could still be weeks away.

Soaring food and fuel prices also prompted the Bank of India to [raise interest rates](#) this month for the first time in four years.

Tobin Gorey, director of agricultural strategy at Commonwealth Bank of Australia, said the wheat export ban would be a “shape shifter” for global markets.

“The trade will likely need to replace at least some Indian wheat in the pipeline,” Gorey said. “We suspect that will create an initial flurry of trading but the market will take some time to assess the details.”

The export ban was announced just days after the US Department of Agriculture

forecast that global wheat [production would drop](#) for the first time in four years in 2022-23. The UN World Food Programme said this month that the war in Ukraine had exposed the fragility of global supply chains to sudden shocks, with serious consequences for food security.

Westpac's Rennie said the impact of the ban was likely to hit developing markets in Africa and the Middle East the hardest, as the developed world [moved to shore up supply](#).

“It’s the humanitarian issues that are developing which, unfortunately, I think we should be more focused on,” he said.

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