
Wheat Set for Biggest Weekly Gain Since July on Supply Surprise
2020-12-11 17:00:23.477 GMT

By Kim Chipman and Anatoly Medetsky

(Bloomberg) -- Wheat futures headed for the biggest weekly advance in five months after the U.S. surprised analysts with a cut in the the forecast for global inventory. Russia, the world's top shipper, considered an export tax on the grain as President Vladimir Putin railed about rising food prices. World stockpiles will be 316.5 million tons, down from 320.5 million projected in November, the U.S. Department of Agriculture said Thursday in a monthly report. Analysts expected an increase to 321.3 million. The agency cited demand in China, Pakistan and other nations.

"A 3% increase in global wheat feed demand should add another layer of price support," Jacquie Holland, an analyst at Farm Futures, said in a note.

On Friday, consultant SovEcon cut its Russian wheat-output estimate 5.2% to 76.8 million tons on adverse weather.

Government officials are considering an export tax in addition to a proposal to set a grain-shipment quota for a few months next year, according to an industry group. This week, Putin expressed surprise at sharp price increases for staples including bread and sunflower oil.

Wheat futures for March delivery jumped 3.2% to \$6.155 a bushel at 10:55 a.m. on the Chicago Board of Trade after reaching \$6.185, the highest for a most-active contract since Nov. 25.

This week, the grain has surged 7%, heading for the biggest gain since July 10.

A moderate Russian export tax or quota may spur uncertainty about deliveries and push more business to shippers including the European Union or U.S., Naomi Blohm, senior market adviser at Total Farm Marketing in West Bend, Wisconsin, said in a note.

--With assistance from Megan Durisin.

To contact the reporters on this story:

Kim Chipman in Chicago at kchipman@bloomberg.net;

Anatoly Medetsky in Moscow at amedetsky@bloomberg.net

To contact the editors responsible for this story:

David Marino at dmarino4@bloomberg.net
Patrick McKiernan

To view this story in Bloomberg click here:
<https://blinks.bloomberg.com/news/stories/QL6JIDDWLU6Q>