

(<https://www.axios.com/russia-ukraine-wheat-supplies-25ada311-cc08-4418-bdd2-d1b61ffe3cf8.html>, retrieved 2/23/2022)

Russia's Invasion Of Ukraine Puts Wheat Supplies At Risk

Nathan Bomey, 23 February 2022

A key ingredient in bread, cereal and baked goods is facing the prospect of supply disruptions as Russia barrels down on Ukraine.

Why it matters: Russia and Ukraine were two of the top five largest exporters¹ of wheat before the pandemic, leading experts to fear that a war could disrupt supplies at a time when the market for the agricultural commodity is already stressed.

- “A prolonged conflict would create bread shortages [and increase consumer prices] this fall,” Alan Holland, CEO of sourcing technology company Keelvar, told² CNBC.

The big picture: Global wheat supplies plunged to a five-year low in 2021, while prices hit an all-time high, according to the U.S. Department of Agriculture.³

- Poor growing conditions in the Northern Hemisphere have strained wheat markets in recent years.

Threat level: General Mills — the maker of Wheaties cereal — warned Tuesday that it has been facing “acute supply shortages on its refrigerated dough, pizza and hot snacks,” though it did not specify whether wheat was a primary reason.

- Kellogg CFO Amit Banati told investors earlier this month that wheat inflation is putting pressure on the cereal maker.

Keep in mind: Americans are already grappling with a 40-year high in inflation.

- In January, the price of flour and prepared flour mixes was up 10.3%⁴ year-over-year, while the price of bakery products like doughnuts, crackers and pies was up 9.9%.

Yes, but: Ukrainian wheat exports have held steady in recent weeks even as fears mount that “ongoing tensions with Russia is likely to put pressure” on exports, according to S&P Global Platts.⁵

- A State Department spokesperson told Axios it is “committed to working with partners on any potential implications for agricultural markets.”

What we're watching: Whether economic sanctions will affect food exports from Russia or Ukraine and whether war or other action by Russian President Vladimir Putin will disrupt wheat supplies.

¹ [https://oec.world/en/profile/hs92/wheat#:~:text=In%202019%2C%20the%20top%20exporters,and%20Ukraine%20\(%243.11B\).](https://oec.world/en/profile/hs92/wheat#:~:text=In%202019%2C%20the%20top%20exporters,and%20Ukraine%20(%243.11B).)

² https://www.cnbc.com/2022/02/23/impact-of-russia-ukraine-on-supply-chains-food-metals-commodities.html?utm_term=Autofeed&utm_medium=Social&utm_content=Main&utm_source=Twitter#Echobox=1645621028

³ <https://www.ers.usda.gov/data-products/wheat-data/>

⁴ <https://www.bls.gov/news.release/cpi.t02.htm>

⁵ <https://www.spglobal.com/platts/en/market-insights/latest-news/agriculture/022222-ukraine-wheat-prices-tumble-as-tensions-intensify-exports-firm>