

## The Yo Yo Peanut



### MARKET HIGHLIGHTS

Indian market heated up amid strong domestic demand for peanut oil. Senegal started to sell its new crop. USA carryover from 2019 crop to be a combination of poor & good material. Brazil planting is expected to be up by 2 to 3%. China has imposed duties of 45% on kernels and 25% on farmer stock for American peanuts. Real supply position is to be seen after the Chinese New Year holiday.

## A discriminate market...

**1 Oil?:** Export of peanut oil is expected to double in 2019-20 owing to higher demand from China. India witnessed a sudden spurt in the export of peanut oil, with exporters having booked orders worth over 30,000 tons in Apr-Nov 2019. Last year, oil millers exported about 15,000 tons of peanut oil. Chinese demand for peanut oil is rising amid crop failures in various growing belts. This is positive for the 350 oil millers in the Saurashtra region. Last year, around half the millers were forced to shut shop due to lower supply of the oilseed and lacklustre overseas demand. At present peanut oil fetches \$1,375 - \$1,400 a ton in the world market. If such demand sustains, oil price could touch \$1,600 a ton, possibly in our dreams.



**2 Bumper Crop & Damp Profit:** Irregular distribution of the south west monsoon in 2019 has impacted the 3Ps of Indian farming – productivity, prices, and profitability – unevenly, according to a Crisil analysis. Despite this fact, overall farm profits per hectare may grow 7 to 9% on-year in crop year 2019-20. A total of 15 crops are linked to MSP (minimum support price) based on parameters such as crop productivity, output, international, domestic demand-supply scenario, share of government procurement, exports, farm gate prices, and

evolving cost dynamics indicates. In the crop year 2018-19, farm profits jumped 26% on-year over a low base of the preceding year (2017-18), which had seen per-hectare profits decline due to low mandi prices following a bumper crop. The outlook for this year is muted in comparison, though a rise in mandi prices for kharif and higher productivity for rabi crop would lend support to overall profitability per hectare.

**3 FPO:** Farmers Produce Organizations would be set up in every village & district and they would be trained to produce quality peanut for export to other countries. Peanut seed were supposed to be used for only four to five crop seasons, however farmers were cultivating the same seed for 20-25 seasons, which ultimately affects yield and quality. High quality breeder seed which can be highly resistant and could yield more, would be distributed to farmers interested in exporting their produce by following the requirements of European Union regarding drying and storage of export quality peanut. The responsibility is on the government, processing industries and also farmers to ensure only varieties needed by the industry were provided.

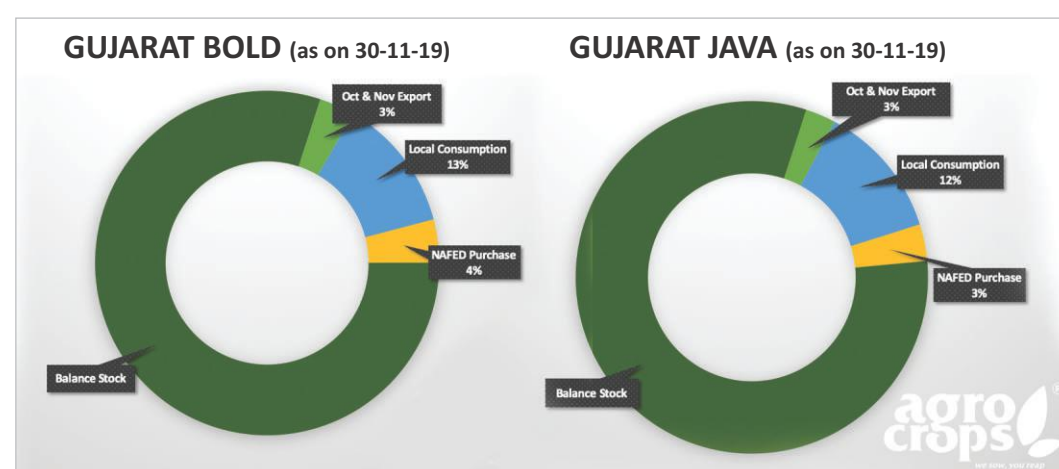


## QUOTES MARKET TREND UPWARD

<b>BOLD 3035</b> AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'19 \$1310 FOB CROP PRICE TERMS	<b>BOLD 4045</b> AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'19 \$1270 FOB CROP PRICE TERMS	<b>BOLD 5560</b> AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'19 \$1240 FOB CROP PRICE TERMS
<b>BOLD 6065</b> AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'19 \$1225 FOB CROP PRICE TERMS	<b>BOLD 7080</b> AFLATOXIN B1B2G1G2:20PPB BIRD FEED OCT'19 \$1210 FOB CROP PRICE TERMS	<b>BLANCHED 4151</b> AFLATOXIN B1B2G1G2:4PPB CHINA OCT'19 \$1650 FOB CROP PRICE TERMS
<b>JAVA 5060</b> AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'19 \$1380 FOB CROP PRICE TERMS	<b>JAVA 6065</b> AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'19 \$1350 FOB CROP PRICE TERMS	<b>BLANCHED 5161</b> AFLATOXIN B1B2G1G2:4PPB CHINA OCT'19 \$1640 FOB CROP PRICE TERMS

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### Peanut Stock Levels



...the market is on ventilator(oil) support...

### Indian Peanut Market

Currently, the rabi season peanuts are being planted. Rabi peanut acreage will rise because of good rainfall and reservoirs used for irrigation are at good capacities across the country. A total of 120 reservoirs in the country that has higher water levels. Peanuts are planted throughout January and harvested (java) in April.

Peanut may be in excess but consumption is still positive. With interest in health, people who had diverted to other edible oils, are now back to peanut oil. Reflecting a rise in crushing demand for peanuts had created scarcity of peanut for export. Shortage in market supplies has kept the prices firm for export.

Export of peanut oil gave some stability to the market. The crushing activity is in full swing and oil prices have also strengthened due to increased exports and higher demand from China. Apart from oil export, India has challenges to fulfil the demand arising from Vietnam, Indonesia and Malaysia who are loyal consumers of the Indian peanut.

When the going gets tough, the tough get going.

Godspeed India!

Happy Peanut Year 2020!

...trade migration is good for the peanut industry...

### International Peanut Market

**USA:** Georgia and Alabama, are dealing with an extremely difficult crop. A percentage of the early planted crops survived better is of good quality. The rest of Southeast crop is affected by aflatoxin in both rainfed and irrigated acreages. It would be difficult for the shellers to not only segregate the farmer stock, but also sort the produce to high quality. Overall good quality peanut is estimated to be only 30%. Issues of the supply/demand will demonstrate itself on a monthly basis, especially for those shellers having sold heavy volumes with stringent specification.

**Argentina:** New crop plantings are completed. Expectations are still for a decrease of 10 to 12%. Through June next year, there is no additional supply to speak of coming from either the USA or Brazil. The market price will be whatever Argentina want it to be. Shellers are very well sold out, and for what they have left they are awaiting news from the Argentine government on potential additional export taxes.

**Brazil:** New crop plantings are almost done. Plantings were late. What remains to be planted is in the Tupa region. After delays by the lack of timely rains, moisture was adequate. Plantings are expected to be up by 2 to 3% as against the expected 5 to 6%. Current peanut crop is sold out. New crop is being offered at \$ 1550 ranges for blanched wholes.

**China:** The Sudanese government was concerned after signing a trade protocol specifically for peanuts going to China, allowing exporters to contract any quantity of crushing material with extra cleaning and fumigation to which exporters rushed. But the Sudanese and Chinese governments are negotiating and will most probably find a solution. China will concentrate on buying farmer stock with some quantity of kernels finding their way to China through Vietnam.

**South Africa:** Rainfall in the peanut states were late, whereas other areas received very good rains. The official release for the department of agriculture of South Africa, planting intentions 48,000 ha which should give a production of 52,000 tons of peanut kernels for the harvest year 2020.