

Get in bears, we're going to mars

MARKET HIGHLIGHTS

Indian peanut price rose again to a new high again, amid healthy demand for sowing seeds and demand from peanut oil companies. China is seen missing from the USA's buyers list this year. Brazil has a problematic crop and offers are scarce. Argentina has a good crop as harvest gets underway.

It's a weather dependent market

1 Cyclone Vayu: Ahead of the South-West monsoon, official entry into Gujarat this year spell of showers triggered by cyclonic storm Vayu has brightened the sowing prospects. Gujarat regions have received nearly 10 per cent of their normal rains. After the vayu triggered rains, peanut sowing jumped from 5,200 ha to about 22,900 ha. Peanut cultivation is expected to rise this season compared to last year as farmers see better prospects for the crop. Major reason is because prices are ruling above MSP and there is a strong indication of a further hike in the MSP for the next year. Gujarat produced bumper peanut crops for the past two seasons, resulting into a massive procurement activity by State and Central agencies to protect farmers from losses.



2 Rains are here, but where are the seeds? The first time in half a decade, there was rain in June in South India. It enabled farmers to prepare the ground for sowing. About 0.15 mn hectares are set to be cultivated, predominantly peanut this year. It was planned about 75,000 metric tons of seeds for distribution to the farmers. The monsoon showers prompted farmer to rush to the seeds distribution centres but majority of them had to return empty-handed citing delay in the arrival of seeds stocks, officials postponed distribution twice in June.

The sowing season would most likely end by the first week of July. After the farmers' unrest had spread all over the districts, officials held a meeting on the situation of distribution and the stocks procurement schedules.

3 Win-win for farmers - oil millers: The Gujarat government and National Agricultural Cooperative Marketing Federation of India (Nafed) conducted a joint exercise to revive over 140 closed peanut oil mills in the state. There are nearly 350 peanut oil mills in Gujarat. Of these, half are closed, mainly due to short supply of raw material. Generally,

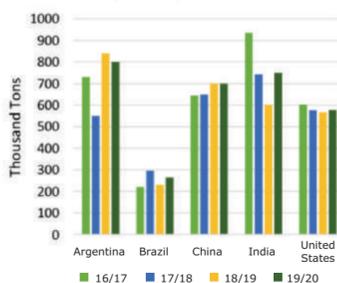
Nafed is procuring peanut directly from farmers and releasing stock in phased manner to buyers. However, oil millers are facing practical problem of short supply of raw material despite peanut stocks stored in Nafed warehouses. Farmers are switching to other crops like cotton and hence peanut cultivation area has gone down in the state. To solve these, it was decided to involve oil millers in the purchase of peanut to ensure adequate supply to oil mills. It would be win-win situation for farmers, oil millers and the state government. Farmers would get good price for their produce and oil millers would get ready buyer. The state government would get good quality edible oil extracted from locally-grown crop.

PEANUT PRICE BEST QUOTES MARKET TREND UPTREND

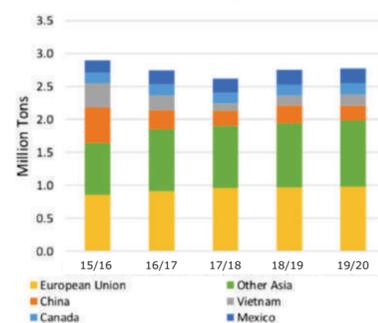
BOLD 3035 AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'18 \$1450 FOB CROP PRICE TERMS	BOLD 4045 AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'18 \$1440 FOB CROP PRICE TERMS	BOLD 5560 AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'18 \$1410 FOB CROP PRICE TERMS
BOLD 6065 AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'18 \$1390 FOB CROP PRICE TERMS	BOLD 7080 AFLATOXIN B1B2G1G2:20PPB BIRD FEED OCT'18 \$1365 FOB CROP PRICE TERMS	BLANCHED 4151 AFLATOXIN B1B2G1G2:4PPB CHINA OCT'18 \$1600 FOB CROP PRICE TERMS
JAVA 5060 AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE JAN'19 \$1690 FOB CROP PRICE TERMS	JAVA 6065 AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE JAN'19 \$1675 FOB CROP PRICE TERMS	BLANCHED 5161 AFLATOXIN B1B2G1G2:4PPB CHINA OCT'18 \$1580 FOB CROP PRICE TERMS

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Peanut Exports by Major Exporters



Major Peanut Importers



...demand is fuelled by domestic demand with international demand following suit...

Indian Peanut Market

Gujarat the largest producer and exporter of the peanut in India has gained interim momentum due to the ongoing crisis in Sudan. Given the poor performance, exporters and experts are apprehensive that the exports from Gujarat would not cross 0.25 mn tons for entire 2018-19. However, the exports picked pace after the unrest gripped Sudan since December '18. About 42 percent of Gujarat's total peanut exports were made during December to March'19.

Coupled with Sudan crisis, low crop & quality problems in Mozambique helped India capture market demand from China, Vietnam, Indonesia, Philippines and Malaysia, resulting in the revival of export volumes. However, the majority of the escalation on the peanut prices across various types is attributable to the local market, while export demand is wide spread, the quantum is still very limited.

With tight liquidity and a possible delay in harvest, could result in a potentially higher prices, and hence both domestic & export buyers had jumped in to cover their requirements, reluctantly. There may not be any easing of price levels prior to the new crop production estimates and arrival of interim crops which may happen during the month of July.

Godspeed India!

...farmers demanding a higher price for farmer stock as a result of lower yields...

International Peanut Market

USA: USDA offered to exchange bulk 2017 forfeited peanuts for commercial peanut butter. The 2017 peanuts totaled 121,684 tons and if commodity credit corporation can find manufacturing capacity, those peanuts will be out of the system. Peanut exports are predicted to decrease only 1.8 percent this year. August 2018 through January 2019 shows a decrease of only 1.5 percent. The Southeast crop has quality issues, specifically aflatoxin and damage.

Argentina: The 2018-19 Argentine peanut production is expected to reach 876,850 shelled tons, 2.9 percent more than in the previous estimate due to a higher yield, which may be 2.47 shelled tons per hectare, 0.7 tons more, according to the Argentina's Peanut Chamber (CAM). Until now biggest part of the crop is good, but there are some lots already damaged or with some losses.

China: The total planting area for the new crop is expected to be more or less the same as last year, with about 5 - 10 percent fluctuations. It is known that more peanuts are planted in Northeast China than last year, and the total area planted in Shandong is less. Prices in China are at a high level and without the import tariffs installed by China on USA Peanuts.

Brazil: The lower yields and aflatoxin issues are having quite a big impact on the total production and execution of contracts. With farmers demanding a higher price for farmer stock as a result of lower yields and aflatoxin issues made Brazil difficult to compete with Argentina on price.