



www.agrocrops.com

# Monthly edition from the *Pnutking* **Peanut Post**

PEANUT TOP STORIES • CROP NEWS • MARKET NEWS • PRICE TRENDS • KNOWLEDGE

DECEMBER 2021 | VOL 52

INDIA 5060 \$1200 • CHINA B 4151 \$1450 • ARG 4050 \$1400 • USA 4050 \$1400 • BRZ 4050 \$1250 • SEN 8090 \$1050 ▲ PRICE TREND

#peanut pride

**What are the most important attributes of successful peanut producing country?**



We analyze oilseed markets since 1958. Global peanut trade increased fivefold in the past 40 years, with many new players. Acreage must be defended permanently against other food, energy & fibre crops. Mr Siegfried Falk Co-editor of OIL WORLD

## FACTOID



### Peanut on Plates!

Weight loss, diets incorporated with peanuts, peanut butter and peanut oil have more acceptability amongst the subjects of all age groups and have shown to provide long term weight maintenance. In another research exclusively on school children it was found that there was weight loss in peanut fed group whereas the children without peanut diet gained weight in a span of 2 years. In-fact the peanut and peanut butter consumption improved the feeling of fullness and satisfied the consumers better than the carbohydrates snacks like rice cakes in equal quantities.

## Subdued demand and ample production

**Procurement Party** Procurement of peanut had undertaken in the State under the Centre's Price Support Scheme (PSS). Peanut procurement was held at 155 centres in 28 districts. Till the end of November, 0.23 million farmers have registered to participate in peanut procurement. The market prices of good quality peanuts remained higher than the market price in the current market situation. As against the MSP of Rs 55.50 per kg, market prices hover above Rs 60.00 per kg for quality peanuts. As per the Central procurement guidelines, each farmer can sell up to 2.5 tons of peanut on a single business day.

### Oil Prices To Cool Off

The peanut oil prices were set to dip on the back of good domestic production. Peanut oil prices in the major retail markets across the country have declined by Rs 5-10 per kg after the stock limiting measures taken by the government. The spiralling cost of edible oil in the last few months has burnt a hole in the pockets of Indian

consumers. The Union government had to step in multiple times since February to control the prices of the commodity. The Centre even completely waived off

overarching impact on local edible oil prices as distribution costs have declined.



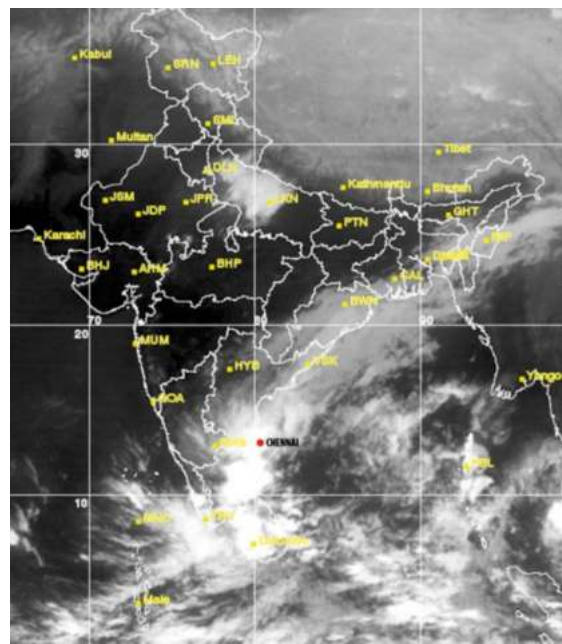
custom duty on imported edible oil to temper the prices. The reduction in fuel rates also has an

**TN meets GJ** Jamnagar farmers cultivating G-9, K-66 peanut varieties to supply to Tamil Nadu state as seeds. The traders from Tamil Nadu are paying high rates for these two varieties and providing as the yield of these varieties remains high. Tamil Nadu farmers sow peanut in December during the South-East monsoon season and harvest it in March. TN grows the second peanut crop in the summer, beginning from April and harvests it in June-July. In March, the peanut harvest is of good quality and retained some part of their harvest as seed for the next crop cycle while the rest is in the market. But the size of pods and kernels of peanut harvested in June-July remain small due to climate. Therefore, farmers need fresh seed stock for sowing during the South-East monsoon season every year, and thus Tamilnadu farmers marched to Gujarat.

## Bull, Bear, Bunny Market?

Gujarat accounts for around half of India's peanut production, the state government estimates the size of the crop to around 4 million metric tonnes annually. The first crop of this year's Kharif season has hit the significant buying points of Gujarat. The fresh arrivals are coming every day, and the volumes are likely to increase substantially by the end of December. The peanut price is on the stable side and may not fall drastically since the government's increased the minimum support price (MSP) for the Bold variety to Rs 55.50 per kg (Rs 52.75/kg last year), which acts as significant support for peanut price. Better infrastructure has enabled farmers

to store their produce for a longer period and sell when they get a reasonable price. Defatted peanut cake price have risen by 18% from Rs 38,000 per ton to Rs 45,000. Farmers' hopes of harvesting standing Java peanut crops has washed away as extended rain has caused damage in several districts of Southern India. Global markets are in a blue funk on reports of a new and dangerous variant of the corona virus omicron. If the nation tries to build its buffer stocks to tackle Covid-times, there may not be room for a fall in prices. This year a bumper crop coincided with bumper market prices. Godspeed India!



## MARKET HIGHLIGHTS

- Indian bumper crop peanut arrivals softened the prices.
- USA shipper's with better pricing can compete efficiently with the Argentinian crop.
- Argentinian export volumes reduced by approximately 5-10% because of higher ocean freight and scarcity of vessels.
- Brazil with less demand in their regular import markets, exporters find it hard to sell stocks.
- Chinese local consumption of peanut is not healthy after the new outbreak of the novel corona virus.
- Senegal govt has announced an MSP of 550FCA per kg. For export, the FOB price is \$1100 FOB.

## GLOBAL MARKETS

### American Advantage!...

**USA** The USA received a better-quality crop than last year compared to farmer stock and shelled one's. Price will play a huge role as the market is too optimistic about tackling the current supply chain disruptions experienced in the previous months. With increasing inland transport prices, ocean freights, the end cost for exporting the peanut may go up. USA shipper's with better pricing; it would be easy to compete with the Argentinian crop. With heavy inspection for aflatoxin and pesticides in the loop for US peanuts, Argentina had taken the upper hand on the European market.

**Argentina** Argentina received rain, which helped the planters to start sowing peanuts after a dry spell in previous months. It is far from achieving a high planting area, and analysts are not optimistic about achieving maximum sowing because of the La-Nina effect. Ocean freight plays a spoil-sport in exports, but with added freight clause and comfortable sold out the quantity of around 75% to EU, shippers feel little relaxed. Export volumes reduced by approximately 5-10% because of higher ocean freights and availability of vessels.

**Brazil** For 2022 crop planting is expected to increase by around 3-5% solely because of the higher farmer-stock prices during the 2021 crop. Plantations completed sowing for the next crop season, and the harvest may advance than expected because of earlier planting. Fear on La-Nina looming among planters, and as per analysts, the fear is much earlier to comment. Ocean freight and vessel availability are not supportive this year, and December would be a preparation time for the subsequent crop shipments. But exporters still find it hard to empty the cargo in their warehouse. With less demand in consuming markets, exporters find a hard way to close the loads. The farmer stock prices reduced a bit for the 2021 crop, but the trend may change adversely in the coming days.

**China** After the epic rainfall in China this year, total production volume stood 2% lesser than the earlier estimates. Northeast and Hebei contributed significantly this year to peanut production. Production and arrival volumes are stable, but with lesser demand on exports and competitive prices from Sudan and USA, Chinese sellers facing huge pressure on selling the crop in the local market. Local consumption is not healthy after the new outbreak of novel

coronavirus. Peanut's farmer gets lesser economic benefits than corn, which pushes a more significant shift of farmers to shift crop in the upcoming crop season.

**Sudan** New crop shipment of Sudan will be ready by the 3rd week of December. And the prices of cargo would be around FOB - Port Sudan - \$1050 to \$1100. Freight cost affecting the shipments a lot, as the costs would be around \$2000/20' against the pre-pandemic levels of \$700-800/20' containers—external factors like political and transportation issues solved in Sudan. But the ongoing ocean freight and lower Chinese demand situation may kill the business in Sudan.

**Nigeria** Nigeria harvest is over, and in general, all the commodities prices are soaring. Peanut new crop price is \$1.05 per kg locally.

**Senegal** Senegal govt has announced an MSP of 550FCA per kg. For export, the FOB price is \$1100 FOB. Due to the freight rate increase, the shipments are not as expected comparatively, the Chinese demand has expected to be significantly less during this crop season.

## DEMAND TRENDS

- Indonesia and Malaysia posted small hikes in demand, but it is not a healthy trend to revive the market. Vietnam is still reeling under demand slump, and a sign of recovery is not to be seen. **(Asia).**
- The Philippines didn't supply enough air to the flattened demand, post-December recovery signs are bleak too. **(Asia).**
- Local demand is minimal, with duty cut-off's in oil palm and soybean relaxed edible oil market prices to a certain extent. **(Asia).**
- Chinese peanut demand is not expected to increase, creating enormous buckles on African origins like Sudan and Senegal, which traditionally exports lots of peanuts every crop year. **(Africa).**
- Continuous lockdown hampered Russian demand for peanuts to historical low, even during Christmas, however overall Import volumes stood at healthy rates (yikes!). **(CIS).**
- Demand slump created pressure in key markets like China, EU, and India. The global peanut market is in cross roads. Every hero needs a villain, if the market needs to find a direction it needs a trigger (good or bad). **(pnutking).**