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

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INDIA 5060 \$1310 ▲ CHINA B 4151 \$1405 ▲ ARG 4050 \$1350 ▼ USA 4050 \$1350 ▼ BRZ 4050 \$1030 ▼ SUD 8090 \$1100 ▲ **PRICE TREND**

#peanut pride

What do you think is so special about the peanut industry as compared to other nut industry?



The peanut industry is a mature one that has had to pivot through many twists and turns in the market over the years. What makes our industry so special in my mind is that we have a product that seems to be able to adjust to population needs at any given moment.

Ms Samara Sterling, Research Director at The Peanut Institute

FACTOIID



Soaped with peanut?

Senegal is one of the primary exporter of peanuts, controlling about 5% of the total volume of exports. However, in the early 1800s, the French started their experiments to produce soap from peanut oil since the French consumers did not like the soft yellow soap from British made from palm oil. In the 1820s, the French encouraged peanut planting in the colony of Senegal to improve the supply of peanuts for soap manufacturing. In 1833, peanuts was exported to France, where they were transformed into soap. The trade increased to 205 tons after French soap makers found that they could mix peanut oil and olive oil to produce a soap that consumers preferred.

Consequences of War

The Causes of Cost The prices of peanut oil in Gujarat have shot up 53 per cent in the past two calendar years. The retail price of peanut oil, which was at Rs 107 a litre in January 2020, shot up to Rs 164 by December 2021. Similarly, the wholesale prices of peanut oil (15Kg) rose from Rs 1,555 to Rs 2,349 during the same period. The tax on imported crude soybean oil, palm olein oil and sunflower oil was reduced to 0 per cent in October 2021 from the earlier 15 per cent. The state has shifted imported refined palm olein oil from the "prohibited" to the "exempted" category. It has also announced a "National Edible Oil" mission to increase the production of oilseeds. The hike in peanut oil prices is due to a shortage of labourers due to the Covid pandemic, difficulties in purchasing, transportation and a jump in international prices of edible oils on war.

Need for S(p)eed Cultivation of peanuts in Anantapur is likely to shrink further in the coming Kharif season due to the shortage of subsidized



seeds. Peanut accounts for 86 per cent of Anantapur's total farming. Deficit and erratic rains have affected peanut cultivation, resulting in farmers suffering losses. Considering the harsh conditions, the Department of

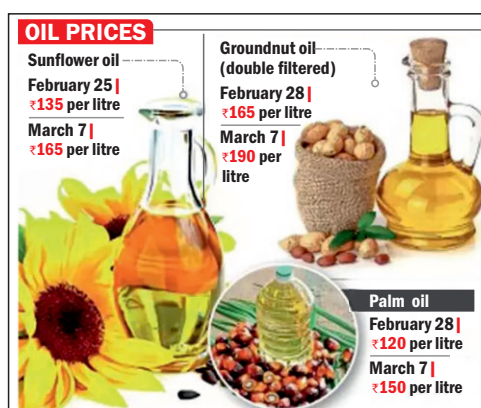
Agriculture has been distributing subsidy seeds to farmers. It had distributed and planned 0.29 mn subsidy seeds in 2021 and planned 0.24 mn for the current Kharif cultivation. Lack of water resources and a dip in groundwater levels have made farmers shy away from cultivating peanuts.

Bumper Price Peanut fetched a record price of Rs 73 per kg in Adoni market yard. Such high prices were not in the record for the crops in the history of the market yard. According to agriculture officials, of the total cultivable area of 0.85 mn hectares, the peanut was cultivated in 85,000 hectares. Due to heavy rains and cyclones at the beginning of Kharif, almost 50 per cent of the crops were damaged. In the Rabi season, crops dried up due to less rainfall. These factors led to less yield, which increased the demand and prices of peanuts. The prices crossed the support prices announced by the government Rs 56 per kg.

Demand Outpace Production

India produces about 10 million tons of edible oils in 2021-22, compared with local consumption of 23 million tons. Consumption to climb in India by 17% over the next four years. It is highly challenging for India to be 'self-reliant' on edible oil in the coming years. India's preference for edible oils largely depends on the respective region's oilseed. People in the South and West prefer peanut oil, while in the East and North use mustard, rapeseed oil. Technically sesame oil is the most expensive oil in India. But it is used in minimal quantities; peanut oil remains the most expensive. Going ahead, the peanut seed scarcity has a serious impact. The Ukraine-Russia war impact has impacted edible oil prices across the

country. The hike in peanut oil prices is due to the huge demand in the market to fill the supply gap of Sunflower oil. Farmers were selling for oil extraction instead of keeping or supplying seed for rabi season. The state government now concentrated on the procurement of sowing seeds for the upcoming crop season. No matter what the market situations are, the peanut farmers made good margins in the past 3-5 crop cycles and that keeps the production and yield of peanut harvest growing. Rising acreage, production, yield and realisation, with declining exports from India could lead India soon to start importing peanuts. Will the exporters accept the new role? Godspeed India!



MARKET HIGHLIGHTS

- Indian peanut oil prices upsurge amid enormous demand in the market to fill supply gaps of Sunflower oil.
- American meteorologists predicted a dry spell in the south region, peanut acreage may impact this crop year.
- Argentine peanut crops received good rain, which accounts for 80-85% of the average rainfall, helping crop growth.
- Brazil's peanut harvest completed around 60-70% of the area, the demand is comparatively lesser than in yesteryears.
- Chinese peanut market demand increased on higher interest from oil producers, the exporters are contributing their best to keep the prices intact.
- Sudan is near the end of the exporting season. Hence the price is expected to go on an uptrend due to demand.

GLOBAL MARKETS

Peanuts! Take Diversion

USA Manufacturers and shellers covered their position and secured until the end of this year. Carry-over stock and uncontracted farmstock peanut constitute a significant concern. Demand prevailed for peanuts, and the shellers expected to close the supplies as soon as possible. On the farming side, the sowing of the crop has not started until now. The sowing of corn has expected to increase this year after Russia – the Ukraine war. But it is unsure how it will impact peanut acreage, and it is much earlier to predict. Meteorologists predicted a dry spell in the south region, and peanut acreage may impact this year.

Argentina Like every other peanut origin, Argentina had a moment to cheer and be cautious about the growing crop. Peanut crops received good rain, which accounts for 80-85% of the average rainfall, helping the crop growth. La Nina didn't affect yield as feared by shellers during the start of the sowing of the crop. Temperatures in peanut growing regions are reducing at night, has expected to impact the yield. Meteorologists informed that the temperature is likely to decrease in the coming days, which may create frost on the crop, which is in a healthy stage until now. Import demand in the Netherlands and other regions is

comparatively lesser. With Russia – the Ukraine war, most containers not able to reach their destinations at the right time, which impacts the shippers and importers. After a continuous reduction of freights in the previous months, freight rates increased again. Importers are wary of placing new bookings since the transit time for vessels is much higher because of the ongoing congestion in most of the ports in Europe.

Brazil Brazil had a good crop this year, even though the crop faced some issues with drought. Harvest completed around 60-70% of the area, and the demand is comparatively lesser than in yesteryears. Shellers and farmers in Parana and Matto Grosso do Sul face some minor Aflatoxin issues and quality constraints, but the crop output is comparatively better. Shellers are working closely with the Agriculture department to discuss the current situation and manage the ongoing situation to make the end meet for peanut exports. Since Russia and Ukraine have consumed most peanut exports, peanut exporters need to look for new peanut crop destinations. Exporters are pushing for shipments to Algeria, Canada, Mexico and South Africa, but the demand is not meeting their expectations. Trends in peanut oil are also not on healthy ground; hence the

exporters are working on new market. Since the export kernels are not allowed for export to China, exporters are working with the government to open a new avenue.

China Oil producers are increasing the market demand, and the exporters are contributing their best to keep the prices intact. All peanut products, including peanut meals, had a reasonable need on the domestic market. A sudden rise in Covid infections affected the supply chain, with port closures impacting export prospects for the cargo. Peanut import volume reduced by around 81% y-o-y from 2021 to 2022.

Sudan End of the season almost for exporting. Hence the price is expected to go on an uptrend due to demand. The current price is the \$1100 FOB range.

Nigeria Since exports are sluggish this year due to higher freight rates and inflation, the domestic market dominates, and peanuts are sold at \$1.2 on average per kilo locally.

Senegal Peanut price remains at 550 FCA, and due to low demand from China and minimal presence in Senegal by the Chinese, most goods are supplied to oil crushing.

DEMAND TRENDS

- Oil consumption increased after the suspension of sunflower seed and oil exports to India from Ukraine and Russia. The impact on peanuts is enormous, the situation will normalize only after restoring exports from war-hit regions. **(Asia).**
- Peanut prices in Europe are almost stable as uncertainty looms over the market. Heavy congestion exists in all ports of Europe, which affect the supply chain to a certain extent. **(Europe).**
- Peanut demand is growing in Indonesia for matching the demand for Ramadan. It is expected to grow until May. **(Asia).**
- After a lull in local demand for peanuts in China, it started to increase in March. Also, there is a good demand for local and export markets for blanched peanuts. **(Asia).**
- Indonesia currently stopped importing Indian peanuts temporarily and updated its prior notice system. Sudden demand in local markets leading to haywire price trends. Exporters in India are stranded with shipments. Growing uncertainties in prime selling time in unfortunate for the new crops in India. **(Pnutking).**