

#peanut pride

How did you step into the peanut field/industry?



I joined Aboissa in 2017 and fell in love with the oil industry. I took an opportunity to reactivate the company's peanut oil business and today we are one of the market leaders. Melinda Rodrigues, Peanut Oil Specialist. Aboissa Commodity Brokers

FACTOID



Peanut plantation in Mars

In Mars planet, the ratio of peanuts suggested are 1/4 cup per day per person which provides 324 calories. In optimal growing conditions a single plant will yield somewhere between 50 to 75 peanuts. There are roughly 90 peanuts in 1 cup a single plant should feed at least 2.1 person per day. These numbers would allow the producer to store 50% of harvested peanuts to use as a food supply and sowing for future needs.

Inflation or Farmer Profits

Oily Trends According to the trend from 167 price collection centres, retail prices of edible oils had declined significantly in the range of Rs 5-20 per kg in the major retail markets across the country. The all-India average retail price of peanut oil was ruling at Rs 180 per kg. India is one of the largest importers of edible oils as its domestic production cannot meet its domestic demand. Around 56-60 percent of the edible oils consumed in the country have met through imports. The government is taking steps to improve the production of secondary edible oils to reduce import dependence. International prices of edible oils are under pressure due to a shortfall in global production and an increase in export tax/levies by the exporting countries.

Cotton Clouds Cotton area could increase 20-25 percent next year as per Cotton Association of India. Due to the high prices, orders and demand for cottonseed from dealers around the country have surged by 50-60%.

This increased rate will entice farmers away from other crops such as soybean, peanuts, and chillies towards cotton significantly. Peanut prices in Gujarat are over Rs.55 per kg, while cotton prices are around Rs.100 per

chilli to cotton. C.A.I. has also proposed a moderate increase of 3-5 percent in the minimum support price (M.S.P.) to protect growers' interests.

Sustainable Peanut

The majority of the farmers growing peanut had heavily lost in the Anantapur district due to nature's vagaries, which calls for adopting climate-resilient agriculture. Dryland farmers from Anantapur district follow some essential instructions given by agriculture scientists regarding fine-tuning their farming practices, right from selecting the crop type for sowing to applying fertilizer to overcome the vagaries of nature due to climate change. Reducing the soil temperature by resorting to natural mulching or inter-cropping minimizes the loss to farmers due to vagaries of nature. Currently, schemes are available to subsidize collection centres, cold storage and registered farmer producer organization groups could approach them for funding.



kg. Farmers in Gujarat may switch from peanut to cotton, while farmers in South India may switch from

registered farmer producer organization groups could approach them for funding.

'Weak Demand, Great Hope'

Last year, the prices of peanuts were high during the season amid Chinese peanut oil demand from India. In addition, the domestic players had also purchased peanuts in large quantities. But this year, neither is China importing nor are the domestic players showing bullishness. The market arrivals are on the rise, while the prices are in a declining trend, not supported with trade volumes on the sell-side. Domestic and international peanut counters traded range-bound without fresh trade inquiries forming the undercurrent. With supply rising even as demand is down, peanut oil prices have fallen up to Rs 3/kg.



On the other hand arrival of a new crop (Java peanuts) from South India is well underway. States such as Tamilnadu, Karnataka, Andhra Pradesh and Telangana contribute 26 percent of Indian peanut production, putting further downward pressure on the prices. Summing up, peanut prices are likely to trade range-bound in the coming week. Factors that could drive the market are dollar strength, freight rate fluctuations, new demand from Vietnam, Indonesia, Philippines. In addition, exports to Indonesia during the Ramadan festival may help add upward pressure on the prices. Godspeed India!

MARKET HIGHLIGHTS

- Gujarat supplies dominated the pricing in the Indian market amid several factories shutting down due to no parity.
- American exports to China and Mexico posted a lesser demand, whereas exports to Japan increased.
- Argentinian meteorological team predicted a dry spell for a while, and growers are waiting on hope with some rain soon.
- Major exports from Brazil to Russia (more than 100k tons) and Algeria (40k tons).
- Chinese supplies should be stable after the Chinese New Year, and the price may not rise in the near term.
- Sudan new crop is good but hampered by the container supply.

GLOBAL MARKETS

Farming Success!

USA The quality of the peanut crop has been the best in recent years. The base aflatoxin of the crop is around 15 ppb which is much better than the previous crop. Production is estimated to be about 3.2 million tons, with most volume contracted already with buyers. F.O.B. prices are comparatively competitive, but higher freights make things more challenging for shipments. On the export market, both China and Mexico posted a lesser demand, whereas the exports to Japan increased a lot in 2021, and shipments tend to grow this year. Carry-over stock may increase because of the lesser exports along with a similar production volume like 2021. High future Soybean prices may impact peanut crop area in the upcoming crop. Peanut is in a safer zone than corn which is more vulnerable at the present stage.

Argentina The meteorological team predicted a dry spell for a while. Growers are waiting on hope with rain soon; as per earlier estimates, reducing the sowing and dry spell may impact the volumes. Peanut growing areas received some minimal rainfall during the end of December, and with later dry season makes

growing crops on tough phase. As per earlier estimates, productivity may reduce y-o-y. Export to favourite destinations is facing issues because of higher freights. More than 70 percent of the peanuts are exported to Europe, and there is a reduction in peanut oil exports because of a decline in Chinese demand.

Brazil Brazil received massive rain during December. Heavy rains lashed out the Parana and the Rio Grande do Sul regions, where the peanut grown areas are comparatively lesser. The rains helped the peanuts grow in Sao Paulo, contributing around 90% of Brazil peanut production. Meteorologists predict more rains before harvest in Sao Paulo. Brazil peanut industry shows a weak trend in the latter part of the year. Peanut oil exports rose to an all-time high by around 84k tons, and China made the major purchase. In contrast, the exported volume is comparatively higher. The major export is bound to Russia by more than 100k tons, followed by Algeria by 40k tons.

China Price in the local market on a downward trend in Shandong, Henan and Jiangxi. Arrivals to the local oil producers are

stable, which keeps the costs intact on the market. In some regions with less demand, peanut oil production facilities stopped production. Supplies should be stable after the Chinese New Year, and the price may not rise in the near term.

Sudan Sudan had a better crop, and the container supply situation hampers the shipper's interest. Container scarcity took the worst turn as shippers from the E.U. & Gulf regions pay higher prices to move the containers from Sudan. Shippers informed that shipments could start to pick only by mid-Feb.

Nigeria Nigeria's domestic demand has the upper hand, and prices are still higher, \$1 per kg supplied locally. Expecting significantly lesser volume for export in this calendar year.

Senegal Senegal price ranges start from 450 FCA. Exports are not hot like last year, and the presence of Chinese is significantly lesser.

DEMAND TRENDS

- Indian market saw ups and downs amid fluctuations in the local demand after a massive peak in the previous month. Market prices have been stable to weak, leading to the closure of factories; primary demand was only from Indonesia. (Asia).
- Chinese demand is down to its all-time low, and the market may reveal an accurate picture after the Chinese New Year. Shipper target blanched peanut shipment to ASEAN, and it may peak in March mid. (Asia).
- After the new year celebration, Russia, C.I.S., and the Balkan countries faced a demand slump. The movement of peanut is comparatively seen less during 2021 in retail and snack food producers. (C.I.S).
- Indonesian purchasers are cautiously covering their demand. Most importers faced heavy damage because of fungus and mouldiness, and the market prices were inferior amid over-supply in January. (Asia).
- Demand slightly picked up in the Philippines market, and the movement of Christmas sales didn't bring any cheer to the Philippines market, unlike the earlier years. (Asia).
- Bearish trend continues in international markets after an oversupplied New year. Heavy stocks available at the importer's warehouse and the continuous Covid wave reduced the overall demand for peanuts in the market. The market will resurge in the coming months as the world countries start re-opening their needs. (pnutking).