

#peanut pride

Can you describe how the peanut products will evolve in the next 30 years?



Next 30 years – Research will find resistant varieties to disease, using less water to produce. As an ingredient, peanut less expensive that taste good, reasonable priced.

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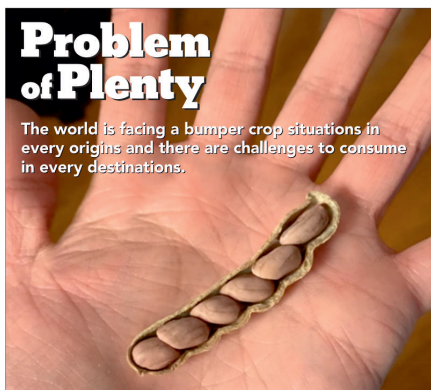
## Cautiously Optimistic Market

**Peanut Power Play** Gondal and Rajkot APMCs, the two biggest controlled-wholesale markets of peanut, started regulating arrivals of the peanut this week as increasing numbers of farmers carted their harvest to the market, leading to space constraints. The Kharif harvesting season is at its peak, yards of primary agricultural produce market committees (APMCs) in Saurashtra are flooded with peanuts, forcing APMCs to regulate this crop's arrivals even as prices remain firm. On October 20, Gondal APMC recorded the arrival of 2300 tons of peanut. There is a two-kilometre queue of vehicles loaded with peanuts outside the market yard.

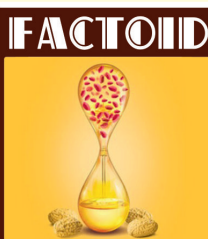
anyone to hold stocks equivalent to more than two months' requirement. The impact of the steps cooled down the retail prices of edible oils in between 1 to 3 per cent in the last month. Compared to the previous

year, data sourced from the department of consumer affairs show that peanut oil is still 19 per cent higher.

**Kitchen's Budget 2022** While the new crop peanut estimate is higher than last season, edible oil prices may not see a reduction in the opening season. Many consumers stock up for the entire year in the October to November period when fresh oil floods the market. However, oil millers and exporters claim this year may prove to be exceptional as the peanut oil price are expected to remain high. A 15-litre peanut oil tin price touched Rs 2,600 even as the government had to slash import duty on edible oil twice to curb inflation in the domestic market this year. Yet, the prices remained stable between Rs 2,400 and 2,500. When the price difference between other edible oils and peanut is narrow, China buys peanut oil only. However, if the price difference is more than 25 per cent, China then imports other oils.



**Limited Stock amid Stock Limits** During Diwali festivities to check the abnormal surge in edible oil prices, 18 states are in the process of imposing stock holding limits on oilseeds and edible oils. The decision helps not to allow



### Multifaceted Peanut oil!

Peanut oil is an excellent food ingredient in many applications. The oil is free from aflatoxins and allergens. Salad dressings prepared with peanut oil resist oil separation for three months or longer at room temperature. Although more expensive than other commodity oils, the superior performance as a frying oil will ensure adequate supplies for the retail/foodservice sectors. Over the past several decades' trait-modified peanut oils (high oleic acid) have been developed. The marked improvement in oxidative stability offered by high oleic peanuts and oil should stimulate commercialization. Industrial uses for high-oleic peanut oil include engine lubricants, oleo-chemicals, and hydraulic fluids.

## Farmers gone Nuts, Will the market?

As expected, Gujarat is harvesting a bumper crop with a record of 3.85 million tons for the Kharif season. It is about 8.74% higher when compared to 3.54 lakh tonnes produced in the previous year. The production is up mainly due to the rainfall ranging between average and excessive during August and September. The area sown decreased to 1.9 million hectares against the 2.06 million hectares sown last year; the decrease is due to a shift in acreage from peanut to soybean and other crops. Thanks to the good rain and no significant damage, yields have jumped to 2020 kg per hectare vs 1715 kg per hectare in the previous year. Gujarat Government decided to buy peanut in-



price discovery. Godspeed India!

shell at a minimum support price (MSP) of Rs 55.50 per kg for a maximum of 2.5 tons per farmer.

In anticipation of bumper peanut crops in the key growing states, the market prices fell during October (mildly). The prices depend on complex factors, including international prices and domestic demand. Post-Diwali festival, a higher gap is expected between domestic consumption and supply, adversely impacting the steady-strong market trends. Indian trader shippers are desperately finding deals in vain. Even though India exports less than 10%, it plays a major role in determining local

### MARKET HIGHLIGHTS

- Indian Kharif harvesting season is at its peak; all the major markets are flooded with peanuts.
- USA freight rates are at a historical high, which could create a severe impact on E.U. exports.
- Argentinian crop had a good demand with E.U. 70% of the production is so far contracted.
- Brazil new crop plantings were 30% completed, expecting more rain to complete the plantings.
- Chinese peanut price is stable amid weak demand, farmers are stubborn.
- Northern Nigeria new crop peanut is ready for export; it completed 90% of the harvest.

### GLOBAL MARKETS

### Anchored demand!...

**USA** U.S. crop situation looks healthy. The last rains did not affect the peanut crops. Chinese demand for U.S. peanuts are expected to be low this year. Prices are steady in the local market. Peanut exports to China & Canada, usually the favourite destinations for U.S. peanuts, could be lower this year. Mexico shows considerable demand for U.S. peanuts. Woes for the following new crop has started as the cotton prices increased and gained interest among the farmers. Currently, farmers started hedging for cotton, which may impact the intended planting acreage of the new peanut crop in succession. Freight rates are at a historic high. It could severely impact the exports to E.U.

**Argentina** Argentinian crops has good demand in the Europe market. Nearly 70% of the harvest has been contracted so far. Amid container demand, a massive crunch on cargo shipping, and shellers cautiously planning shipments without disruptions. Rotterdam faced the heat as the quantity available in the warehouse began dwindling, creating enormous pressure to execute the sales contract. Ocean freight increased by around 300% y-o-y. Chances of reduction in

ocean freight is remaining bleak with the shippers facing more heat from customers. The condition could follow till 2nd quarter of the next year.

**Brazil** Brazil peanut is facing the effect on both new and old crops. New crop plantings completed around 30%. The planters expect more rains to complete the remaining plantings. With a message of drought and La Nina looming in Brazil, sowing area may go down this year. Adding stress to these factors, Inflation, Ocean freights and shipper's profitability are putting business on the back foot. With severe expectations from the farmyards, shippers are finding it tough to export to the E.U. at a higher price. Russia leads the import destination, but y-o-y the volume is comparatively lower.

**China** Peanut prices across the country is stable amid weak demand. Farmers are reluctant to sell at lower levels. Henan shows a marginal demand, whereas, in areas like Xiangzhou, Xiangyang, Hubei were not much active in purchases. Moisture in crop is still on the higher-end, and the wholesalers are making a calculative purchases to maintain stock levels. Y-o-y demand comparison show

poor trends on demand. Hubei and Anhui shows stable demand for now. China is unlikely to import Indian peanuts above the price range of \$1050-\$1100/ton.

**Sudan** Sudan is reeling under military control. Ports closed on emergency period, the peanut exports could start by the mid of November. New crops came out well, and weak Chinese demand may take a toll on the Sudan markets. Current price for the old crop at 450 SDG EXW. There is plenty of left over old crops.

**Nigeria** New crop is ready to export from Northern parts of Nigeria, where almost 90% of the harvest is done and dried. The current price is 550 Nairas per kg at a farm house sale.

**Senegal** The climate conditions of peanut growing areas was good during the crop tenure. The new crop should reach the market by December 1st week. In central regions such as the Kaolack region, Fatick harvest completed by more than 80% and are being dried due to high moisture levels. Exports majorly rely on Chinese demand and impending weak demand in the market. Old crop fetched 550 CFA/kg in the market.

### DEMAND TRENDS

- Bulk arrivals in the market with average quality started disturbing the steady price trends in the Indian market. Gujarat is the only source for the whole of Indian demand now. (Asia).
- Local demand is relentless amid the festival season. Oil stock limits imposed by the Indian government could find results only after festival holidays. (Asia).
- Indonesia, Vietnam, and Malaysian demand set to trend low, speed of purchase was limited among the importers from peanut consuming countries. Even though Indonesia shows a minor uptick in demand, comparing 2020 crop demand talks are much lesser. It does not meet the expectations of the Indian market. (Asia).
- Chinese demand is bleak; it is expected to recoup only by the Chinese new year. (Asia).
- Peanut trade volume in Western Europe has reduced, with increasing ocean freight rates, prices of peanuts may go up in the coming days. (EU).
- Key import markets such as CIS and in Europe has not shown a positive result. Peanut demand is obsolete in these regions, and the fast spreading of Covid – 19 hampered its Christmas demand to historic lows. (CIS).