

#peanut pride

Why should we need improved peanut varieties?



Majority of small-scale peanut farmers use traditional varieties, which give low yields and may be vulnerable to moisture stress, heat, diseases, and other stresses. Modern varieties offer much higher yields, tolerance to biotic and abiotic stresses, and more stable production.

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## FACTOID



### Did you know about peanut husk contribution to the paper industry?

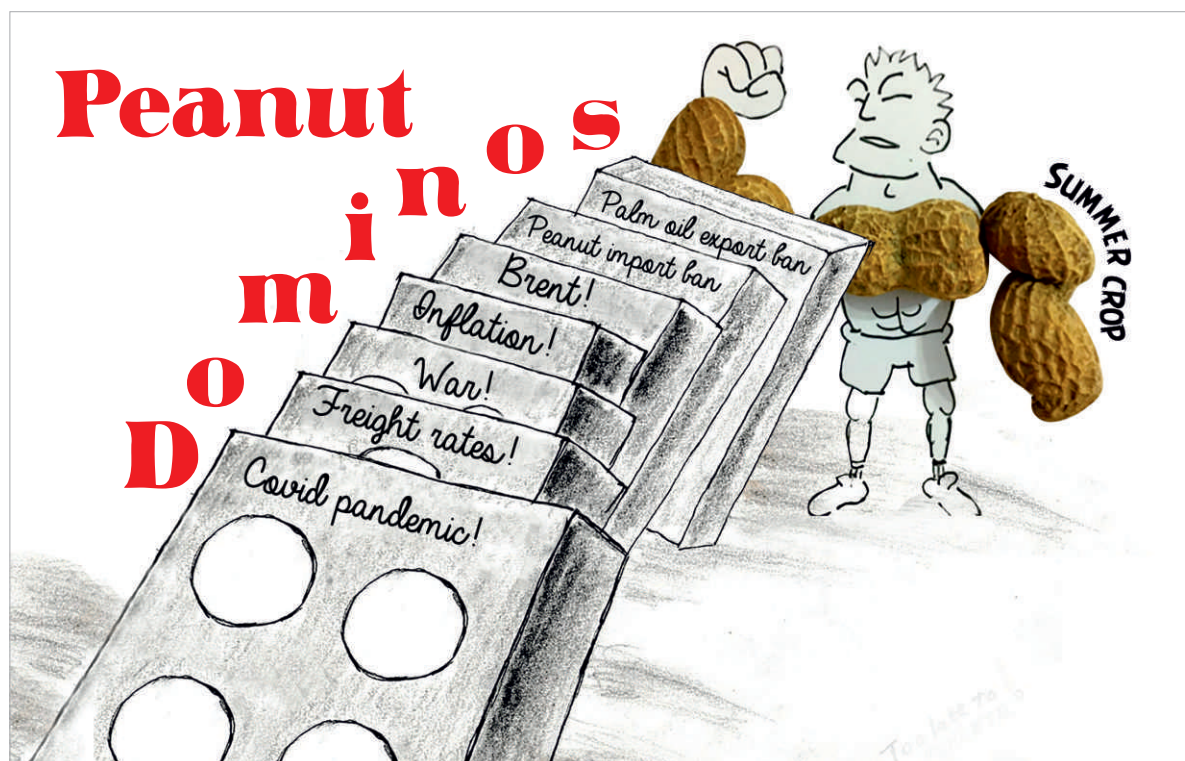
Paper is one of the primary product for basic human needs. Therefore, it is essential to have optimum tensile and tear strength. Paper-based materials made with peanut hull pulp as an ingredient make it many-fold stronger than those made only with pure wood pulp because of its long fibre length and high inter fibre bonding ability. In addition, peanut shells being a cheap source and good strength become a boon to the paper industry.

## Trigger for Self-Reliance on Edible Oil

**Diplomatic Pressure** Indonesia has decided to ban cooking oil exports and raw materials to reduce domestic shortages and hold down skyrocketing prices. The ban came into force on April 28 and continues for an undetermined length of time. Indonesia and Malaysia are the world's largest exporters of palm oil, which plays an essential role in their economies. Both account for 85 per cent of global palm oil production. Indonesia contributes 50 per cent of the total palm oil requirement in India annually. The news will push Malaysia's oil prices higher, the primary alternate sourcing market for India. Indian Economic Survey blamed the rising cost of oil and fats, and it was a significant driver of inflation in the foods and beverages category in FY 22.

**Summer Shot** Gujarat reported record sowing of summer crops this year. It attributes to adequate availability of water and demand pushing up prices of the crops. As per the data of the state agriculture department, the

progressive sowing area of the 2022 season under all summer crops has crossed one million hectares (mh) against the last three year's average sowing of 0.89 mh.



Due to MSP and higher market prices coupled with the availability of groundwater, the state is witnessing increased acreage in summer sowing. As a result, farmers earned handsomely during the previous two

years. Peanut acreage has gone up from 49,200 hectares to 60,000 hectares per year, especially in Saurashtra and North Gujarat regions.

### Nutty Network

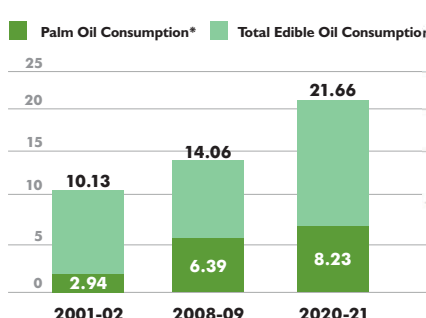
Groundnut Network Group – Asia is a platform of public and private sector partners along the peanut value chain to engage in peanut product design, development, testing, and delivery. The GNG-A is also a platform for continued knowledge sharing on new tools and technologies to be used in peanut breeding and testing to enhance the rate of genetic gains. Information shared on crucial industry traits like kernel size, kernel size distribution, and blanch ability in the peanut breeding pipeline. Insisted the need for all the seed and food industry stakeholders and researchers to collaborate effectively to promote India's high oleic value chain. The critical discussion was around the technical aspects, including a field visit to the screening nursery for drought tolerance under managed stress environment.

## Supplementary Revenue For Farmers

Summer crops are cultivated in the remaining season between Rabi and Kharif. The Indian government promotes it to minimise imports of oilseeds. Peanut summer crop seeding began in the last week of February to the first week of March, with harvest between May to June. Gujarat has increased summer peanut sowing by over 22 per cent this year. As per the data of the state agriculture department, the progressive sowing area of the 2022 season peanut acreage has gone up from 49,200 hectares to 60,000 hectares which gives about 250k tons of peanut in-shell. There has been good demand for a peanut from oil mills and exporters over the past couple of months. Encouraged by the trend, and water availability farmers have opted for peanuts this year. During the current season, peanut

has been reaping good returns for farmers. The quality of summer harvest remains good because there are fewer chances of diseases and pests in hot weather. The efficient maximum temperature is 35°C; temperature beyond 40°C, may create damage to crops.

Palm Oil Consumption in India



estimated to be lower this year at 350.72 million tonnes (mt) against 367.76 mt last year, according to the USDA. Will the summer crop acts as a supporting factor for the above three impacts? Godspeed India!

### Triple Threat:

- 1) Indonesian ban on crude and RBD palm oil.
- 2) The Ukraine war. Ukraine and Russia are the top suppliers of sunflower oil, making up over 60 per cent of the total exports.
- 3) Soybean production is

## GLOBAL MARKETS

### A Mixed Bag of Instability

**USA** Sowing of other significant crops is getting attention as the profits and prices are higher. In the upcoming crop year, the crop area of peanuts may reduce if the price and demand sustain in the same manner. Peanut is a crop that shows less inflation than the previous years. But manufacturers and shellers had secured the best stocks till the next new crop. Peanut market in the U.S. is getting higher demand on local and the export volume majorly restricted to the traditional regions Canada and Mexico. Shippers are doing their best to regain their market share in Europe, but the demand cycle in Europe makes it challenging to penetrate the market.

**Argentina** Farming costs increased in Argentina, making it worse among the shippers and on the flip side, the price is stagnant in the European market. Associated expenses related to shipping are rising, resulting in lower profitability of shippers. The supply chain faces massive disruptions as there is an enormous demand for the containers. Additionally, shipping lines increased the freight of containers by around 50-70% from last year. Manufacturers and farmers are expecting a

reduction in the sowing area of the crop in the coming years if the situation persists.

**Brazil** The price of in-shell had reduced attributed to the lower demand in the import market, and the price reduction had decreased by around 50% y-o-y. After the price increase last year, farmers who newly entered into the peanut farming are facing the heat. Matto Grosso Sul and Parana show higher defects because of drought conditions. In addition to the above areas, part of Sao Paulo also had higher drought effects on the peanut crop. Furthermore, aflatoxin contamination is a serious concern this year. Therefore, the peanut crop area to reduce if any change-over hasn't happened this year. On the demand side, the market is on a fire-bed after the significant consumers, Ukraine and Russia, are on war mode. These markets are the major importers, and the demand-supply chain is affected forever.

**China** Weekly spot market prices are solid in the Chinese market, and while the consumption of peanuts shrank. Storage

volumes are also not significant as the local players consume the crop. Crude Palm oil policy changed in Indonesia, which increased the prices of the peanut prices directly. Purchasers are keen on purchasing the product and keeping the product prices higher. Spring season plantation of peanuts started, and production is to increase by around 20-30%. Export prices also increased in the international markets after the demand from Indonesia and the relative needs.

**Sudan** Peanut season closes with decent export volumes. Local demand is also at reasonable levels, expecting prices to go on an uptrend due to demand. The current price is the \$1100 FOB range.

**Nigeria** Since Local demand fuelling the market, and peanuts are sold at \$1.25 on average per kilo locally.

**Senegal** Peanut price remains at 650 FCA, demand is stable in the local market, but the export demand is very minimal as Chinese logistics and lockdowns hampers prospective business.

## MARKET HIGHLIGHTS

- Indian summer crop peanut reported record sowing of summer crops this year with a 23% increase in acreage.
- American peanuts are getting higher demand on local, export volume shrinks.
- Argentinian peanut farming costs increased, making it more challenging among the shippers.
- Brazil's peanut price reduction attributed to the lower demand; new entrants to the industry facing the heat.
- Chinese consumption of peanuts has increased. Storage volumes are not significant as the local players started their consumption.
- Nigeria's local demand was fuelling the market, and local peanuts at \$1.25 on average per kg local.

## DEMAND TRENDS

- Oil prices keep the prices of peanuts intact in the Indian market after peanut consumption rose to healthy levels. Expect consumption to keep growing. However, information on the palm oil export ban created higher ripples on the market. **(Asia).**
- Peanut prices in the import markets are stable, making things more challenging for the shippers to match the market prices. Furthermore, it is tougher to export peanut crops with higher container demand. In addition, congestion in Rotterdam added more pressure to the exporters. **(Europe).**
- Indonesian peanut demand is expected to flare-up in coming days after the market reopens post Ramadan. **(Asia).**
- Peanut prices in China are rising and coming to 2021 levels. As a result, local demand is also catching – up on blanched peanuts and peanut oil. **(Asia).**
- Local factors are playing a massive role in the market of exporters. For example, regional demand is getting shot-up in India and China, creating an uptrend. The functions of uptrend could outweigh the functions of downtrend in the near term with a new crop supplies. **(pnutking).**