Peanut market seen subdued

The market prices for winter and summer crop ruled lower than MSP (minimum support price). NAFED which is a state agency nominated for procurement, could not even procure half the targeted quantity in seven of the 11 peanut growing states. The procurements are affected due to lower quality of production. More than half the arrivals are below FAQ standards. Apart from procurement, the state agency has other challenges such as upkeep of all the procured stocks which is about more than a million tons of peanut shells from the crops of 2016, 2017 and 2018.

Rain-fed (up)

India ranks first in rain-fed agriculture, both in area and value of produce. About 61 percent of India’s farmers rely on rain-fed agriculture. Over the years, farmers in rain-fed areas have been facing several adversities such as climate variability, crop failure and non-remunerative prices. Among the 61 percent rain-fed agriculture, 69 percent is oilseeds farming. The average yield in rain-fed areas is about 1.1 tonnes per hectare and in the irrigated areas it is about 2.8 tonnes per hectare. Even though the MET department announced that India could have a full blown monsoon in 2019, the damage to the agro sector is already done in 2018. The country is reeling under dire state of water scarcity and rising temperatures. With global warming, methodolgy, the state of the economy and intent to modernise farming puts the Indian peanut sector far away compared to its peers.

Shutter for stock Farmers are unwilling to sell their produce to processors at the market price, which is lower than MSP leading to closure of units across several peanut growing states. It has affected the direct employment of nearly 7,000 people and indirectly of over 10,000 people. The shelling units in major districts in Gujarat processes 300,000 tonnes in one season that spars 7-8 months. This year, the number has come down to 75,000 to 90,000 tonnes. There are other market participants who got affected other than the direct peanut industry participants; the stockiest. With poor crop projections and government support to MSP, the stockiest had a bullish view at the beginning. With poor crop projections and government support to MSP, the stockiest had a bullish view at the beginning.

India’s peanut export shipment declined by 8% and it is at 0.35 million tonnes during April-December 2018. This is lower than the corresponding figures of 0.38 million tonnes during last year. The country exported a total of 0.50 million tonnes of peanut kernel in 2017-18. There is still a large amount of unsold peanut with lower demand. Although there is a strong ‘wait and see’ and ‘hand to mouth’ attitude in consumption side, the poor crop prospects caused by wavering and concerning rainfall in the country could trigger some positivity in demand. China started enquiries with large scale orders for the Indian boulds 5050, & 5050 and big size Javas from the new crop. The sustainability of this demand and routing of the shipments are critical to clarify for the Indian stocks. All is not lost, it is never that situation when it comes to peanut. God Speed India!

MARKET HIGHLIGHTS

A subdued market activity with optimism on both side of the market, demand-supply. Chinese prices started to skyrocket, price trend in other Afro-Asian region did not take off. The peanut market demand is witnessing contraction-deflation stagflation.

China: Starting from 1 of April 2019, the Chinese Value Added Tax (VAT) will be reduced from 16% to 13%...