



Rainless crop, powerless demand & a fireless market

MARKET HIGHLIGHTS

A subdued market activity with optimism on both side of the market (demand/supply). While 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.

Peanut market seen subdued

1 Low in prices & procurement

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 targetted 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.



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 poor irrigation methodology, the state of the economy and intent to modernise farming puts the Indian peanut sector far away compared to it's peers.

3 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 two major districts in Gujarat processes 300,000 tonnes in one season that spans 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 of 2018 season who ended up purchasing the shells at exorbitant prices and are stranded in the current market conditions.

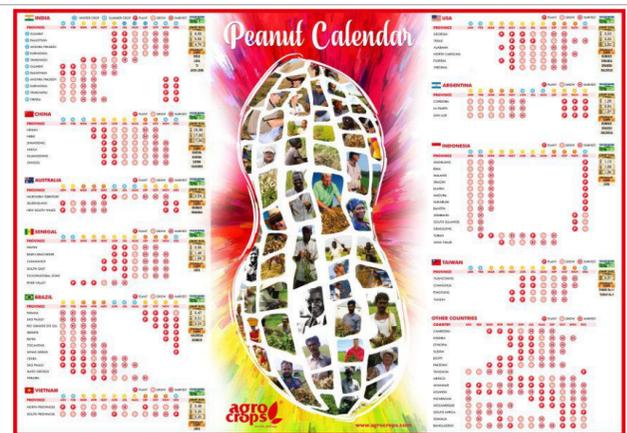
2 Rain-fed(up)

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. Amongst 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

PEANUT PRICE BEST QUOTES MARKET TREND STABLE

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| BOLD 3035 AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'18 \$1350 FOB CROP PRICE TERMS | BOLD 4045 AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'18 \$1180 FOB CROP PRICE TERMS | BOLD 5560 AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'18 \$1170 FOB CROP PRICE TERMS |
| BOLD 6065 AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'18 \$1165 FOB CROP PRICE TERMS | BOLD 7080 AFLATOXIN B1B2G1G2:20PPB BIRD FEED OCT'18 \$1100 FOB CROP PRICE TERMS | BLANCHED 4151 AFLATOXIN B1B2G1G2:4PPB CHINA OCT'18 \$1500 FOB CROP PRICE TERMS |
| JAVA 5060 AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'18 \$1270 FOB CROP PRICE TERMS | JAVA 6065 AFLATOXIN B1B2G1G2:4PPB HUMAN GRADE OCT'18 \$1250 FOB CROP PRICE TERMS | BLANCHED 5161 AFLATOXIN B1B2G1G2:4PPB CHINA OCT'18 \$1460 FOB CROP PRICE TERMS |

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“...there is a strong 'wait and see' and 'hand to mouth' attitude in consumption side...”

Indian Peanut Market

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 bolds 4050, & 5060 and big size Javas from the new crop. The sustainability of this demand and routing of the shipments are critical to clarity for the Indian stocks. All is not lost, it is never that situation when it comes to peanut.

God Speed India!

“...Chinese Value Added Tax will be reduced from 16% to 13%...”

International Peanut Market

Argentina: Argentina has very lower stock left to sell on 2018 crop with most of what is available being grade 2 and grade 3 material. Some great prices can be obtained for such material. As to the 2019 crop, Rains have been abundant. The only issue this year has been some period of lower than normal and ideal temperatures which has delayed some of the development of the plants, but nothing to be concerned about at least at this time. Shellers have sold very little of 2019 crop in the hopes of better prices. Latest price for whole blanched has been around \$1530 to \$1550 - CFR Rotterdam.

Brazil: Brazil has sold much of their old crop. On new crop, part of the crop has suffered partially from a drought in December/January which will reduce yields some. The fields that were affected could have a 10% decrease in production at this time, but the question is how much of the total area was affected. Thus at this time, estimated that the overall reduction will probably equal the increase in plantings, thus overall a zero effect vs. last year. Prices for new crop Brazilian whole blanched are lower than Argentine prices. Between \$1480 to \$1520. CFR Rotterdam.

USA: The farmer stock contracts being offered at roughly \$ 400 ton. Offers on new crop edibles have also either gone away or moved higher. At the moment, plantings will probably be the same as last year. Cotton is still weaker than what it was, but any run in cotton prices could potentially push a little more cotton plantings. There are some questions about the quality of the 2018 crop especially as to what percentage of the crop was affected by the hurricane, either through warehouse damage or crop damage. Secondly, the market seems to feel that despite the projected healthy carryover, the carryover for the year after could be much lower depending on 2019 crop plantings and 2018 crop quality issues.

China: Starting from 1 of April 2019, the Chinese Value Added Tax (VAT) will be reduced from 16% to 13%, this, in theory, will be in favour for the suppliers and customers in Europe. Majority of the stocks are in the hands of either the farmers or peanut traders. They believe that the price will increase even further and therefore are reluctant to sell.