Indian Peanut Market

Currenty, the rabi season peanuts are being planted. Rabi peanut acreage will rise because of good rainfall and reservoirs used for irrigation are at good capacities across the country. A total of 120 reservoirs in the country that has higher water levels. Peanuts are planted throughout January and harvested (July in April). Peanut may be in excess but consumption is still positive. With interest in health, people who had diverted to other edible oils, are now back to peanut oil. Reflecting in a rise in crushing demand for peanuts had created scarcity of peanut for export. Shortage in market supplies has kept the price firm for export.

Export of peanut oil gave some stability to the market. The crushing activity is in full swing and oil prices have also strengthened due to increased exports and higher demand from China. Apart from oil export, India has exported about 15,000 tons of peanut oil. Chinese demand for peanut oil has been amid crop failures in various growing belts. This is positive for the 250 oil mills in the Saurashtra region. Last year, around half the mills were forced to shut shop due to lower supply of the oilseed and lacklustre overseas demand. At present peanut oil fetches $1,375 - $1,400 a ton in the world market. If such demands sustain, oil prices could touch $1,600 a ton, possibly in over a month or two.

Bumper Crop & Damp Profit: Irregular distribution of the southwest monsoon in 2019 has impacted the 3% of Indian farming – productivity, prices, and profitability – unevenly, according to a CRISS analysis. Despite this fact, overall farm profits per hectare may grow by 7% on-year in crop year 2019-20. A total of 15 crops are linked to MSP (minimum support price) based on parameters such as crop production, output, international, domestic demand-supply scenario, share of government procurement, exports, farm gate prices, and evolving cost dynamics indicates. In the crop year 2018-19, farm profits jumped 26% onyear over a low base of the preceding year (2017-18), which had seen per-hectare profits decline due to low mandi prices following a bumper crop. The outlook for this year is muted in comparison, though a rise in mandi prices for kharif and higher productivity for rabi crop would lend support to overall profitability per hectare.

FPO: Farmers Produce Organizations would be set up in every village & district and they would be trained to produce quality peanut for export to other countries. Peanut seed were supposed to be used for only four to five crop seasons, however farmers were cultivating the same seed for 20-25 seasons, which ultimately affects yield and quality. High quality breeder seed which can be highly resistant and could yield more, would be distributed to farmers interested in exporting their produce by following the requirements of European Union regarding drying and storage of export quality peanut. The responsibility is on the government, processing industries and also farmers to ensure only varieties needed by the industry were provided.

MARKET HIGHLIGHTS

Indian market heated up amid strong domestic demand for peanut oil. Senegal started to sell its new crop. USA carryover from 2019 crop to be a combination of poor & good material. Brazil planting is expected to be up by 2 to 3%. China has imposed duties of 43% on kernels and 25% on farmer stock for American peanuts. Real supply position is to be seen after the Chinese New Year holiday.