MARKET HIGHLIGHTS

India continues to see renewed interest as the monsoons began to be active again. Despite higher peanut demand in Europe, supply has been distorted. Africa continues to see sales and farmers in the East African regions have started selling their harvest. Brazil is looking at exporting 250,000 tons this year. Owing to Chinese local prices and poor quality US peanuts are concerns of the East & West.

Committed peanut frontline...

1. Rain Rush: Gujarati farmers rush for peanut seeds as monsoon rains approaching with a cyclical storm next week. Peanut cultivation in the State is expected to jump by at least 20-25 per cent to hit a record 1.90m ha, up from the 1.85m ha. For 2020. Going by the possible rise in the peanut area, there will be demand for about 0.24mn tons of peanut kernels. Saurashtra remains a heartland for peanut cultivation with over 1.26mn ha under peanut cultivation - more than 80 per cent of the State’s total peanut area. Improved water availability from last year’s good monsoon and the Met Department’s prediction of a timely, normal monsoon this year has brightened the prospects for peanut cultivation.

2. Farmer Bulls: Due to attractive realization, improved water availability and a near-normal monsoon outlook for the kharif season, peanut cultivation in the heartland of Gujarat is set to jump this season. Farmers favor peanuts over cotton as there are MSP benefits along with great demand prospects. Peanut prices are above the MSP, whereas cotton is below the MSP. Compared to last year, the contracted demand is about 20-25 per cent lower. As per the third advance estimate of the Gujarat government, total output for kharif season is estimated at 8.45mnt. The sowing seed prices have risen steadily and are at all time high.

Indian Peanut Market

The recent lockdown announcement made on 30 May 2020 have put conditions that are varied as per the states and containment zones. The economic indicators project a dangerous situation across all industries but there is reason to cheer as the harvest from summer crop (TJ & Java) in Gujarat is bountiful. It is noteworthy that one should take caution dealing summer crop, it is heartland for modulus.

The current stockholding can be classified region wise as follows:

- Southern Region: Shellers and shippers have selected stock for sowing demand. Old crop Java still is available with shellers for sowing. What’s not gone for sowing will supply to market but it is highly unlikely (exacting big sowing demand). And of course the new crop is coming abundantly.
- Central Region & Others: New crops start to emerge, overall it is a good crop. Given the current situation of market, movements and money, traders and trading exporters are quiet while trading importers are looking for cheap deals & low quantity. Almost all of the trading fraternity burnt their books since March until now. There are several disposition scenarios & defaults too. It is highly likely to see business and industries shutting down, especially those who do not have a diversified portfolio of markets. While the banking system & foreign exchange is conducive for growth, businesses could not materialise the opportunities while depending on the SEEA markets. Fortunately, our belief systems have lots of hope on miracles and miracles do default too. It is highly likely to see business and industries shutting down, especially those who do not have a diversified portfolio of markets. While the banking system & foreign exchange is conducive for growth, businesses could not materialise the opportunities while depending on the SEEA markets. Fortunately, our belief systems have lots of hope on miracles and miracles do default too.

International Peanut Market

USA: Peanut butter demand up 31% in the first quarter and up by 20% in April alone. Snacks demand up by 6% in the first quarter. The US exported 49,279 tons, an increase of 36%. The EU27+UK continues to crumble with a decline of 77% for the US peanuts. Japan imports were up with an increase of 35%; Canada up by 25%; Mexico up by 26%; China/Vietnam up by 49%. Argentina: New crop started with good growing conditions however the export availability is forecasted to drop by 8.560,000 tons for the 2020 crop. The European market will need all they can get from Argentina for the second half of this year. Nominal Argentine prices are at $4.610 on blanched wholes and $1600 - $1750 for blanched splits. Cif Rotterdan.

Brazil: Good weather cycle and on time completion of harvest resulted in better yields. Brazil is looking to potentially export 250,000 tons this year which would represent at least a 20% increase over last year. Moreover, the exchange rate is currently favorable for exports.

China: Local prices have started to decline. During May, prices corrected nearly 300-500PB, especially for the round type. Demand for crushing dropped, this could be post-covid recovery phenomenon. Despite the downturn, there is hope for the market to revive in June & July as there are limited stock while the US peanuts continue to arrive at the Chinese ports.

Africa: Nigeria is facing a lot of challenges for exporting as intercity movements and transportation costs are high besides congestion in the port which is creating the chaos. Sowing for new crop is about to begin in June. Zambia harvesting is completed, it could be available by June-end. Ethiopia & Malawi completed the harvest. Malawi is expecting a good crop with higher prices. Mozambique is quoting $1000-$1050 while Tanzania dropped from $1050 to $675. Both these origins have questionable quality.