A market with no bandwagon

Domestic craving for peanuts, rattled exports

The Turnaround Plan: While a tech-
driven surge in consumption is awaited, imports are restricted to protect industry. While a commodity is in short supply, it is logical to expect its price to rise and benefit producers; but ironically, Indian oilseeds are a target for imports. In the absence of remunerative prices, growers have no incentive to improve agronomic practices and input management. This alarming situation is unsustainable and deserves to be disrupted creatively. The most desired policy objective for the oilseed and vegetable oil sector is ‘to balance growers’ and consumers interests alike by ensuring remunerative price for growers and affordable cooking oil for consumers. Subsidized edible oil under government welfare programs such as the targeted public distribution system (PDS) will help advance the country’s nutrition security and allow the financially needy to access cooking oils at affordable rates.

SALE ON SALE NOW: NAUED Following bumper peanut crop projections for the ongoing season, the National Agricultural Cooperative Marketing Federation (NAFED) has procured over 0.71 mn tons of the peanut crop from the growing States. Par NAFed data, as of January 16, it had procured 0.37 mn tons of peanuts from Gujarat at the minimum support price (MSP) of Rs 50,900/kg.

Its procurement across the Gujarat stood at 0.25 mn tons under the Price Support Scheme (PSS). Apart from Gujarat, NAFED procured 0.18 mn tons of peanut from Rajasthan and 0.02 mn tons from Andhra Pradesh during the given period. It has been given the mandate to procure up to 25 per cent (0.80 mn tons) of the total projected crop under the PSS. NAFED started its peanut sale from 20th February onwards.

The Oil Economy: edible oils in India fell up to 10 per cent in January, dragged by 18 per cent drop in crude palm oil prices in Malaysia and Indonesia. The stalled supply of palm oil owing to the Coronavirus outbreak in China has suppressed prices. Despite the price slide, domestic crude palm oil prices were 42 per cent higher year-on-year in January. International crude palm oil prices slumped 20 per cent in January, primarily due to the restrictions posed by India and scare of coronavirus. In the past one-week, crude palm oil prices in Malaysia and Indonesia have fallen 10 per cent as supply to China has stalled. Peanut oil prices fell 4.35 per cent in January to Rs 110,000 per metric tons, but have steadied in the past one week. The price in January was 12.4 per cent higher than that a year ago.

With domestic demand taking over consumption, exporters are left with fewer choices. The active markets for now is Indonesia, while the rest are still biting on to adjust the new crop prices. Following the arrival of the Indian crop, Indonesia, Thailand, Vietnam and China, along with the French market, were actively buying and have now turned to the Indian peanut.

Recent Crop Activities

The peanut crop website is a haven for the traders. This year, traders are dealing with the high aflatoxin negative (15ppb) fail rate stood at 34.5% early January. The EU import continues to decline with a drop of 31.4%, but other major markets were up, with Canada up by 8.01%, Mexico up by 13.6% and shipments to China/Vietnam were up by 5.2%.

Argentina: Temperatures have been high and rains have fallen. The weather forecast for the next six-weeks calls for temperatures and good chances of rain. The current crop supply has declined with few offers of small quantities. Consequently, prices went up to around $1700/1750 CFR Rotterdam for blanched wholes.

Brazil: Prices for new crop have gone up much higher, with prices at the $ 1750/1800 CFR Rotterdam for blanched wholes. The real question when it comes to the Brazilian new crop is when will it be available. There are many shellers who will need to fulfill their contractual obligations.

China: The situation in China seems to get better every day. As from last week, most provinces in China have zero new cases. The good news is that most factories started to work last week. The impact to the domestic peanut demand could be huge. It is unknown if they will be an impact in the supply side as well with logistical constraints in the moment. This could resolve as a potential bull sign for importers of Chinese peanut.

South Africa: The CCFB reported on January 29, 2020 a planned area of 37,100 ha, much less than the 46,900 ha has been estimated. Estimated that South Africa could be producing up 32,000 tons for the 2020 crop, it will fail to assume a crop of 37,000 to 40,000 tons at this point.

Senegal: Large peanut orders from Chinese traders have cut Senegal’s traditional selling season short this year; rewarding farmers with high profits but leaving local traders with thin margins. Most of the activity associated with the peanut trade has shifted to nearby villages, such as Senguil, where Chinese buyers have set up shop. The local peanut-processing companies have been very busy to supply supplies, and several have been formed to lay off staff.

The world’s first diesel engine was run on peanut oil.

The series of contracts could be problematic as market prices rule above the sold price...

Indian Peanut Market

The market witnessed uncertainty amid the Covid-19 outbreak. India is not an exception on the panic spread in the peanut market. Due to border shutdown between VN-CN, there were several lots of peanut stranded at port of Haiphong. The VN traders took advantage of the stranded prices (as usual) by discounting heavily on the agreed prices. Exporters had relatively less/erratic demand mirrored by the situation in international markets. One of the active markets for now is Indonesia, while the rest are still biting on to adjust the new crop prices. Following the arrival of the Indian crop, Indonesia, Thailand, Vietnam and China, along with the French market, were actively buying and have now turned to the Indian peanut.

The Peanut Growers

When a commodity is in short supply, it is driven boost to farm output is called for, a merit to improve agronomic practices and input management. This alarming situation is unsustainable and deserves to be disrupted creatively. The most desired policy objective for the oilseed and vegetable oil sector is ‘to balance growers’ and consumers interests alike by ensuring remunerative price for growers and affordable cooking oil for consumers. Subsidized edible oil under government welfare programs such as the targeted public distribution system (PDS) will help先进的 country’s nutrition security and allow the financially needy to access cooking oils at affordable rates.

The Oil Economy: Edible oils in India fell up to 10 per cent in January, dragged by 18 per cent drop in crude palm oil prices in Malaysia and Indonesia. The stalled supply of palm oil owing to the Coronavirus outbreak in China has suppressed prices. Despite the price slide, domestic crude palm oil prices were 42 per cent higher year-on-year in January, at Rs 110,000 per metric tons, but have steadied in the past one week. The price in January was 12.4 per cent higher than that a year ago.

With domestic demand taking over consumption, exporters are left with fewer choices. The active markets for now is Indonesia, while the rest are still biting on to adjust the new crop prices. Following the arrival of the Indian crop, Indonesia, Thailand, Vietnam and China, along with the French market, were actively buying and have now turned to the Indian peanut.

Recent Crop Activities

The peanut crop website is a haven for the traders. This year, traders are dealing with the high aflatoxin negative (15ppb) fail rate stood at 34.5% early January. The EU import continues to decline with a drop of 31.4%, but other major markets were up, with Canada up by 8.01%, Mexico up by 13.6% and shipments to China/Vietnam were up by 5.2%.

Argentina: Temperatures have been high and rains have fallen. The weather forecast for the next six-weeks calls for temperatures and good chances of rain. The current crop supply has declined with few offers of small quantities. Consequently, prices went up to around $1700/1750 CFR Rotterdam for blanched wholes.

Brazil: Prices for new crop have gone up much higher, with prices at the $ 1750/1800 CFR Rotterdam for blanched wholes. The real question when it comes to the Brazilian new crop is when will it be available. There are many shellers who will need to fulfill their contractual obligations.

China: The situation in China seems to get better every day. As from last week, most provinces in China have zero new cases. The good news is that most factories started to work last week. The impact to the domestic peanut demand could be huge. It is unknown if they will be an impact in the supply side as well with logistical constraints in the moment. This could resolve as a potential bull sign for importers of Chinese peanut.

South Africa: The CCFB reported on January 29, 2020 a planned area of 37,100 ha, much less than the 46,900 ha has been estimated. Estimated that South Africa could be producing up 32,000 tons for the 2020 crop, it will fail to assume a crop of 37,000 to 40,000 tons at this point.

Senegal: Large peanut orders from Chinese traders have cut Senegal’s traditional selling season short this year; rewarding farmers with high profits but leaving local traders with thin margins. Most of the activity associated with the peanut trade has shifted to nearby villages, such as Senguil, where Chinese buyers have set up shop. The local peanut-processing companies have been very busy to supply supplies, and several have been formed to lay off staff.