Surprise flood boosts trade

Jump Starting the Season: October 19th the first day of procurement, state government has informed 8500 farmers to visit the procurement centres with their peanut and only 300 farmers were turned up to sell their produce. There has been a high demand for peanuts from exporters particularly oil mills and as a result of it, prices of good quality peanuts in the open markets hovered around ₹ 60 per kg, which is much higher than Minimum Support Price (MSP) of ₹ 52.75 per kg. Peanut with high moisture content fetched price of ₹ 50-52 per kg whereas State procurement centre did not procure peanut above 8 percent moisture. Processor exporters buy peanut directly from farmer location. Still there are a lot of sprouting and rain damaged peanuts to deal with.

Flood of Oil: Triggered by low yields & consequences of restarting the nation after the pandemic, China seems to stock-up oil and nuts in a frenzy. There were volatile peanut oil deals between ₹1500-2000. Peanuts were traded between ₹990 & ₹1150 (Boid). The agenda of India seems to have dislocated several demands for the Indian peanuts as price situation turned dynamic, it is like a climax happening right at the start. It is also putting several shippers in a double jeopardy. India’s peanut oil export is estimated to reach 70,000 tonnes by the end of 2020-21 but the price (losses) to pay to get there is going to be very high. China could possibly slow down or streamline its purchases by the end of 2020 as it would have covered the CNY by then.

The HO HO Hero: ICRIsat together with the Indian Council of Agricultural Research developed two peanut varieties with high oleic acid content. The two varieties, named Girnar 4 (ICCGV 15085) and Girnar 5 (ICCGV 15090). These varieties contain about 80% oleic acid as compared to regular varieties (45-50% oleic acid). High levels of oleic acid results in lower levels of low-density lipoprotein (LDL) cholesterol (‘bad’ cholesterol) and maintains levels of high-density lipoprotein (HDL) cholesterol (‘good’ cholesterol), making these peanut the healthier choice. It has an oleic:linoleic acid ratio of 17:1, higher levels of oleic acid also indicate longer shelf life, which is good for use in the confectionary industry.

Powerplaying peanut

2020 season marked by plenty of rains and floods in several parts of the country. Wet weather may affect the quality of peanut and therefore, there are chances of farmers’ peanut being rejected for not meeting fair average quality norms in procurement centre. Farmers so far had sold 0.47 mm tons of inshell peanut to govt., while the rest chose to sell in the open market as prices picked up. About 52 per cent of farmers sold in government procurement centre. There’s a lot of talk about low production and yield from various sources. The possibility of yield losses being compensated by the increase in acreage, to end up at a near-average production between 4.5mm to 5.4mm tons. Peanut market demand has risen and exports are expected to rise by 10% in 2020-21, as exporters are getting good orders from China, Southeast Asia and Europe. India exported 34,335 tons of peanut in August 2020, as against 19,223 tons same period last year. During April to August 2020, peanut exports were 13% higher year-on-year to 174,610 tons, valued at Rs 1,570 crore. As per IOPEC estimate, India’s new crop peanut output is expected to reach 7.7mm tons. Godspeed India!

WWF (World Wide Factor): The Weather

USA: Rain events resulted in crop harvesting being delayed by about 2 weeks. Floods in parts of Southeast belt and lowerer temperatures may result in an average yield. China is moving forward with the purchase of farmer stock peanut at high prices. According to the national peanut board, internal peanut consumption has increased.

Argentina: The availability of 2020 crop is depleting and limited, there has been some trading around $1550 CFR EU port. 2021 crop is still being planted. Argentina may face challenges with the rain and cold weather if harvest is late in the season. La Nina may affect the weather in Argentina for their 2021 crop. Brazil: January through August, Brazil exported 186,772 tons of peanuts. On peanut oil, it exported for the same period 50,554 tons with over 73% to China. Brazil continues to be under drought conditions with low rains for new crop planting.

China: Excess rain in the peanut belt delayed harvest. China peanut importers importing high oleic runners from Argentina and US farmer stock peanuts at higher prices. Production is estimated at 17 million tons vs. 15.45 million tons in 2019, an increase of 10.03%.

Africa: Senegal crop is expected to be 1.3 million tons this year. South Africa is running out of local supply of peanuts. Ivory coast price levels as $870 FCR, which makes the origin more attractive in the Asian market.

FACTOID

How often an invention is made when a peanut cluster bar melts?

Percy Spencer, a raytheon engineer was testing a military-grade magneto and suddenly he noticed a peanut butter candy bar in his pocket had begun to melt. Shortly after this incident, the microwave oven was born.

What do you think so special about the peanut industry as compared to other nut industry?

I love the peanut industry because there are so many great people all around the world that make it up. Peanuts is not dominated by any one region or player. Every year the weather deals a different hand and we have to adapt, peanut people are very resilient.
Mr. Daniel Whitehouse, Murs Wrigley.

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