The Peanut Prognosis

The 2020 peanut crop in India has distinctive inferences. The acreage rose by 20 percent while the yield grew by 33 percent. As such, Indian peanut growers witnessed a record yield in 12 years. The yield growth is correlated with the rainfall, especially this year signifying the timely on-set and departure of the rainfall coupled with demographic implications of Covid lockdowns, leading many unemployed people to do farming for a living.

Peanut oil prices are seen steady as of now, but we project it to go lower amid surplus carryover and the upcoming big crop despite rising demand. Peanut oil consumption is on the rise and the price stability could continue only until the festive season. The Indian peanut export to prime locations is projected to grow by 8-10% based on our statistical analysis, however imports by major Asian importers (Indonesia, Vietnam, Philippines and China) is likely to witness a dip by 3-5%.

We have not factored multiple waves of the Covid - 19 & the implications of a vaccine in this analysis. Peanut consumption in India and China is growing at a rate of 1-2% annually which accounts for an increase of demand by around 2-0.3 mn tons in world market. Rainfall did not play a spot-light in market arrivals like last year and the trend is healthy. Peanut farming touched a record status in India. The record crop will create new challenges such as post-harvest & marketing.

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Godspeed Indian Peanuts!

NAFED begins procurement of peanut as per the new MSP from October 1. The procurement will be held for 90 days as per the Government norms. The registration process for the farmers will begin on October 1 and ends by October 20. The procurement will be made at an MSP of Rs 52.75 per kg ($730/ton approx.). First advance estimates have been released by the Department of Agriculture, Cooperation and Farmers Welfare, the production of peanut for the year 2020-21 has been estimated to record 9.54 million tons as against 8.36 million tons in the previous year. This year’s plentiful monsoon rains have helped farmers plant a record acreage. New crop peanut arrivals from the major peanut producing states are expected in the second week of October. Peanut crops over a 1.3 mn hectares would have got damaged due to excessive rainfall. These estimates would undergo revision based on extending of the survey. Despite the increase in peanut production, the price of peanut, oil has not decreased. In the last two months, China has imported more than 50,000 tonnes of peanut oil from India, it is expected that demand will continue to rise in the coming days. Godspeed India!

This time for America!

USA: USDA crop outlook report has shown a strong increase in production area from 390,900 ha. Estimates on yields have gone down from 4.73 tons per ha to 4.69 tons per ha. Harvest is on the way amid initial dry weather conditions and excess rains during harvest. Buyes have to be extra careful on the quality of the crop.
Argentina: Argentina in the process of sowing new crop peanut. Weather conditions have not been as favorable this winter with limited rains registered in the main peanut production areas. Forecasts on the short-medium term does not look promising.
Brazil: Brazil seems to be suffering the lack of rains. An increase in planting area intentions are expected. After record exports during Jan-July shipments of about 160,000 tons, the market has witnessed a strong contraction in Brazilian offers due to high farmer stock prices.
China: Northeast China has received good rains which has allowed a good crop development. On the other hand, traditional growing areas such as Shandong and Henan received a lot of rains during the growing cycle. China could have a good crop with an increase in production of 2-8 percent but the size of the peanut could be affected.
Africa: Excess rain in Senegal caused minor crop damage in few areas. Harvest is expected to be completed by October as rainfall frequency decreases. Nigeria new crop started arriving and expected to go full swing by October.