In a perilous market

Diminishing demand poses a structural problem for the peanut industry, globally...

Rabi Crop: The acreage under Indian peanuts in the ongoing rabi season is likely to be 10% lower in 2018-19. The decline in acreage is mainly due to scanty rains during the crucial southwestern monsoon season in the main growing regions of the commodity. Absence of sufficient soil moisture may not lead to proper germination of the seed and could also lead to a drop in crop yield which makes farmers less eager to grow peanut this rabi season. The government has set a production target of 1.38 mn tons for peanut, against 1.44 mn tons in the previous year. It is noteworthy to mention that Rabi crop is all about jute type peanuts and covers mostly the Southern & Eastern regions.

Indian Peanut Market

The fall in global peanut price and the fall in Indian peanut production are the primary causes for the fall in Indian imports. Indian peanut exports fell despite the weakness in the local currency against the US Dollar. Persistent weakness in peanut exports were witnessed since the MSP regime kicked in. While global prices are going down, Sudan, Mozambique, Tanzania & Senegal gave a knee-jerk reaction to the market momentum and even made the Chinese market to adjust their price level lower. At present, there is no arbitrage between the Chinese & the Indian peanut price trends. Stocks in India remains to be on the higher surpassing demand, and supporting the farmer prices. Indian peanut demand is usually seen strong in the Southeast Asian markets, unless the demand shows up; there is no reason for prices to move up. India will soon regret to offer at competitive levels to recover from storm strikes. Goodspeed India!

MARKET HIGHLIGHTS

High花生价格, as the state government cancelled the annual subsidy for the state’s peanut farmers, which saw procurement of peanuts drop by 70% in the last season. Peanut prices in the current season have dropped by nearly 350 growers were affected due to scorching demand & stagnant market conditions with a huge fluctuation in the international market, the players of the market, once again, showed their weakness. Dissonance between demand and supply poses an uncertain gravity for the global peanut trade. Prices of peanut along with several commodity inputs have moved in a price period, which could be high risk in peanut trade.