Monsoon give India a miss...

No rain, no gain: Two months ago, the monsoon clouds covered the country and left many across India soaked in glee. The farmers could sow their crop, the water levels in reservoirs and dams were rising and yes, the traffic was a nightmare in urban centres. But, in Gujarat, particularly in Kutch region and Ahmedabad district, monsoon is yet to make its presence felt. While farmers cry over lack of irrigation water amid scanty rain, the government sees weak monsoon as a spoil sport for the kharif crop.

Winter gets warmer: There is great concern for rains. Experts see quality getting hampered due to ill-timed rains during the harvest period. Also, there is an increased risk of pest attack due to cloudy and wet weather. The water-logged farms and increased moisture level, has increased the possibility of deterioration in quality and also in the crop. The disappearance of rains, moisture stress has returned. The crop is in dire need of rains.

Indian Peanut Market

Stock levels of old crop peanuts in India are at almost the same levels as when the 2017-18 crop started (about 0.5-0.6 million tons) which is going to serve the local market more than enough. With increasing import duties coupled with dollar movement, the local peanut oil production could tick upwards.

Majority of the Indian peanut trade is with Indonesia, Philippines, Vietnam, Malaysia and Thailand, they have gone weaker, demand is shifting towards downfall while supply is very competitive from African origins. Peanuts from Africa is taking market share quietly.

With a lot of uncertainty such as weather conditions, currency movements, strong MSP (minimum support price) target set-up by the government due to the upcoming election year 2019, poor stock levels at buyer’s side, brouws an imbalance in demand-supply situation, potentially leading to a bullish sentiment.

In such instance, it would be quiet nice to have a mathematical formula to tell if the market will go up or down. The absence of certainty is perhaps a blessing in disguise as in India is probably going to fuel a bull run in the market. God speed India!