In 2017-18, peanut oil production was about 0.7 mn tons but looking to the production estimates this year the oil production would be about 0.3 mn tons. A rise in peanut oil prices during this season have chances to shift consumers to other oils. The recent rise in price is due to the import ban and less availability of peanuts for crushing.

Price Pushups: Estimates of lower production of peanut, this festive season may cause conscience in the market. The price of edible oil has already started increasing this week and it may rise further in coming days. Peanut production in Gujarat would be about 1.3-1.5 million tons in 2018-19 as against 3.2 million tons in 2017-18. Oil millers estimate that peanut oil production also will be reduced by 55-57% this year.

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Indian Peanut Market

The optimism about export of HPS Peanut is expected to be lesser then last year and export of Peanuts has not an international market due to disparity. However, a weak rupees is not all that bad for agriculture commodities, with exporters and analysts expecting it to help boost exports and support prices. Farmers are likely to benefit from getting higher prices for their produce.

In the last two weeks, the market was seen firming up. Buyer sentiments seen unstable and there are expectations that future delivery would fetch lower prices than the current market. India’s peanut partner China is looking to buy Senegal and Sudan peanuts due to price mismatch between China & the Indian market. Demand from China has become more sensitive for better quality peanuts.

We expect the Indian peanut sector to do “higher-quality demand segments” this year, considering the lower crop output in Argentina and South Africa. While peanut processors are trying to take advantage of the dollar volatility to attract importers who are looking for reasonable price levels; intervention by the government with MSP schemes and fluctuating in the domestic market and festival season demand, sets the floor for a perfect price market and the floor must go on.

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International Peanut Market

USA: Georgia produces 50 percent of the nation’s peanuts. The hurricane exposed vulnerability in the Georgia peanut industry. Georgia had harvested about 40 percent of the crop before the hurricane, so it has some good peanuts in the pipeline. This storm will reduce production but not enough to affect prices.

China: Northeast China harvested the peanut about 10 days earlier due to the favorable climate. Peanuts from these areas are still undergoing natural sun drying process and will make their entrance to the market in about one to two weeks. Quality is above average, however, large size peanut in shells (count 7/9 and 9/11) are limited.

Argentina: Argentina’s peanut industry expects substantial losses in revenue as a result of a reduction of export refunds, as well as the scarce opportunities for access to financing sources. Soil moisture conditions seem to be adequate for a normal start, apart from some dry spots. Most of the farms are ready to commence new crop planting between 15th and 30th of October.

South Africa: South Africa reported a final crop estimate of 13,750 tons. South African peanut industry seems to disagree with these numbers, and expect the final crop to be closer to 40,000 tons. That is a huge loss compared to the initial crop expectations for this year at 85,000 tons and looking for suitable imports to fulfill the need of the industry.