MARKET HIGHLIGHT

Since the month of December, peanut prices had dropped significantly but the bottom has already been reached and the situation is now prospective. Farmers, traders and shellers are in sympathy to make markets stronger. With the Indian rupee weaker, it gives more pricing power than the rest of the competition resulting in higher demand.

On Your Mark, Get Set, Go!

Strong domestic prices causing shellers not to yield to low prices.

Market Trend: The farmers have risen with the fresh harvest in the southern states. If the market changes for the better, it will be in March and expected to surge on occasion of Ramadan festival which is celebrated from May – June’18. If the market does change, it will be from March and expected to continue. Not only the market looks prospective, businesses will be getting out of the blues on arrival of new peanut crop and festivals. Moreover, it is the financial year end closing in India, generally businesses would want to raise their purchases for stock purposes.

Contrary to the bullish sentiment, Telangana groundnut Farmers have demanded the minimum support price (MSP) to be increased. Currently they are getting INR 18.00 to 40.00 per Kg, which is lesser than last year. Hence, farmers are demanding that the minimum support price should be INR 60.00 per Kg as the quality of the crop was good.

Considering the record crop of 2017 with 3.2mn tons and the large unsold stock of groundnut lying with the farmers, the Central government had rushed to rescue by announcing additional procurement of 0.1mn tons on January 25. However, even after a month of the announcement, the procurement could not be resumed owing to storage constraints. Most of the warehouses are fully occupied by groundnut. Transporting groundnut to a distant location would also add to the costs. All the nearby warehouses across the mainland for groundnut are full.

On the occasion of Ramadan festival...

Indian Peanut Market:

In general, the prices were stable. Market is still struggling since the demand and supply were flushed during January and February, however there are several enquiries and demand seen lately. After the month of March, the market is expected to have a free flow of supply.

Peanut prices can touch higher on the occasion of Ramadan festival. Moreover the farmers are reluctant to sell the groundnut to oil mills, leading to hoarding in raw material sourcing for the mills and they are holding on to their produce in the hope it will be procured at a higher rate foreseeing the upcoming demands from local and international market.

With new harvest of 2018 Spanish/Java peanuts, and a hefty stock load of 2017 bumper crop, and a slate of festivals lined up, the market has a prospective demand-supply situation and we are excited! God speed India!

...Peanut prices can touch higher on the occasion of Ramadan festival...

...Buyers only buy hand-to-mouth and do not want to keep many stocks...

International Peanut Market:

Argentina: Argentina is focused on the new crop and it’s development, market is still struggling a lot with the quality of the 2017 crop. Complaints on the grounds of Mold, FFA, PV, Ataxia, moisture, rancid taste. EU warehouses are full with these rejected lots, some are not even applicable for bird feeding purposes.

USA: There was a small delay in November due to heavy rain and frost, but nothing drastic. The yields are looking good in general and the physical parameters are promising. There is not a big price gap between Jumbo and Medium Rumen due to availability. Though USA is one of the cheapest origin for EU quality, the demand remains low and are not eager to cover for whole 2018. There are still buyers that believe the prices will go down due to crop volume. The carry-over from the 2016 crop (500,000 - 1,000,000 MT) brings extra pressure, which puts less attractive for the domestic market and unfortunately the Chinese buyers did not buy that much as expected (they cannot get the desired price for their High Oleic demand).

China: The Chinese peanut market is still very weak, which has been going on for a few months now. Buyers only buy hand-to-mouth and do not want to keep many stocks. Similar to Argentina, there is a lot of blended material available of the spot market, unfortunately for the owners, these lots cannot compete with the cheaper prices from Brazil. Quality wise it is a very proper origin to buy, especially for the Red skin and Huijia type 50/40, 60/70 and 70/80 were considered as the perfect replacement for the Runner type. The availability of the bigger size kernels is less than expected that makes the 24/28 raw and 25/27 blanched more firm. Peanut prices prevailing for the varieties such as Java 3540 at RM 1500, Bold 4050 at RM 7200, Bold crushing grade at RMB 6200.

South Africa: The 2017 crop came out very positively (after having 5 years of drought and lowest crop ever), however there is still quite some quantity left and shellers are eager to sell their stocks (since nobody has cold storage over there).

Peanut snack brand

[Copyright © 2018 Agrocrops, All rights reserved]