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PEANUT TOP STORIES / CROP NEWS / MARKET NEWS / PRICES / KNOWLEDGE

MARKET HIGHLIGHT
We saw a sappy slide in the Indian market due to several factors. Firstly, demonetisation which made farmers hold back stocks and secondly the GST era prompting stockists/traders to hold back from stocking. It had inverse reaction to govt action, resulting in surplus stocks and unwilling mind to let go. A perfect jinx.

BULLS BLINKED, BUT DON'T GET TOO BEARISH!
IT'S ONLY AN AVERAGE PEANUT CROP
IN INDIA

2017 Winter Crop of Peanut in India

NO MORE, NO LESS, WITH AN EXCESS
CARRY OVER STOCK

The field survey of the Gujarat peanut crop is yet to begin, but there are tales of harvest already. This is because the farmer’s had their own stock of seeds for farming. Gujarat had an early start with sowing activity in some places. As far as the statistics of peanut farming, the reported numbers stack up “average”. Overall peanut acreage is down by 15% as of September ’17. The big decline happened in the Java type (Spanish). Gujarat & Rajasthan which majorly contributes to the Runners/Bolts have seen a stable to marginal decline in acreage, with Rajasthan declining by 10% in acreage. Although this is bad news on acreage, yields are expected to remain stable due to timely rainfall.

The primary reason for decline in peanut farming interest was due to carry over stocks & cotton gaining price realization to the farmers. Peanut being a nitrogen fixing crop on the soil, cotton yielding better market returns and rain being good (cotton plants need soil moisture during early days), cotton was the best choice for farmers to rotate crops. The next harvest i.e. 2018 summer crop of peanut could be good if peanuts are sown in the cotton harvested fields as it would be the ideal condition for peanut farming.

The harvest for the Bolts (Runners) are expected to start by end of September to early October. Other varieties such as Tj & Java (Spanish) are expected to hit the market by Oct mid. Unlike the worst quality of summer crop harvest 2017, we expect the winter crop to be good yield in kernels size. On Average, the yields are expected to move over from 0.80-1.1 tones to 1.3-1.5 tones. Due to rain damaged sesame seed crops this time, peanut sowing were done on those fields to replace the sesame crop. These figures were not assessed as far as the quantum of sesame crop that were rain damaged is very sizable.

Apart from the yield, we expect the aflatoxin risk to have mitigated by timely rainfall. In this winter crop peanut, we could expect very low aflatoxin from peanut farming. However, pest harvest conditions has not changed much and that may be a concern for mycotoxins.

We shall update more information after our field survey is completed.

How these stocks get depleted especially when the edible oil market is showing prolonged weak trend

Indian Peanut Market: The Gujarat govt. is holding nearly 130k tons of shells. While the shellers are empty handed, farmers are holding nearly 10-15% of the previous crop. Apart from Gujarat, even other states in the South are in similar condition with Govt & market men holding stocks. It is to be seen how these stocks get depleted especially when the edible oil market is showing prolonged weak trend. Perhaps India will have same situation as America with a huge carry-over stock and the next harvest on hand. This trend can potentially erode the opportunity for the new & developing peanut growing countries to compete in the international peanut trade, especially Mozambique, Sudan, Tanzania, Senegal, Myanmar & Vietnam.

International Peanut Market: The fire in peanut business is gone with more stocks everywhere, these stocks are finding its value as per merits of the quality. To add to this fire, border trade between Vietnam and China are shutting down or shut down. Geopolitical tension with North Korea triggering stress on border trades will continue to be a bottleneck for the free flow of goods between Vietnam, China & Korean borders. Harvest from USA is expected to be 3.7M Tons, India 6M Tons, China 18M Tons, Sudan 1.3M Tons, Senegal 900k Tons, South Africa 80k Tons. China is not expected to buy from India in a big way this time due to other cheaper options. China is expected to buy from Sudan and Senegal at lower price band of 800-900/ton. We do not expect demand from Vietnam due to border control issues.

With a variety of quality and over stock in the global supply market, I recollect the sayings of my good friend and a very experienced peanut trader from Indonesia: ”In a good market, 20 container stock is too little & in a bad market, 2 container is over stock“. Ms. Hendry, Medan (Indonesia).

In this market situation, only a serious peanut player with the best quality can survive. Godspeed everyone!

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Click here and download http://www.agrocreps.com/peanut-calendar.php...geopolitical tension with North Korea triggering stress on border trades will continue...