The state government doubles the procurement budget to handle MSP on war-footing basis!

**Market Trend:** Local farmers had led the protest, as the minimum support price (MSP) did not meet the cost of cultivation of peanut crops. The MSP should be higher in order to ensure that farmers get remunerative price and food security of the country is not compromised. On the other hand, the key oilseed growing region in Karnataka, farmers not even getting half of the price of groundnut seeds they spent for sowing. If the government began purchasing under MSP on time, farmer could have benefited and their losses could have been reduced. However, the procurement of three major state government although delayed and poorly managed and much to the dissatisfaction of the farmer has in fact lent support and effect to the market.

**GST Issues**
- The Central government has recently increased import duty on edible oil imports, but the move did not help lift the sentiment in the markets. Primary cause for poor sentiment has been GST related issues. At first the government mandated a 5% GST on all peanut trade, domestic or exports. While the current GST rate said to be revised at 0.10%, the GST refunds have not yet commenced. A lot of working capital of the market players remains with the government in the form of refunds, thereby crippling all the industry participants.
- At present the shellers input GST stands at 5%, while they can only charge 0.10% GST to the exporters when selling to them, this makes shelling business cash starved. What the government has done is somewhat paradoxical.

**International Peanut Market:**
- USA: With reports of the crop doing well and being a good and big crop, buyers have gone into hibernation. Shellers are still trying to sell some of their higher priced farmer stock purchased earlier in the season. The traditional international buyers have been slightly more active and have started to buy at the cheaper levels, but there again, they are looking at plenty of supply coming from the US and Argentina. USDA exported for September: Sept 17 vs. Sept 16: 23'928 mt vs. 32'220 mt, a drop of 25.74%. The most noticeable volume drops coming from Europe and Japan, probably due to quality.
- Brazil: With reports of the crop doing well and being a good and big crop, buyers have gone into hibernation. Shellers are still trying to sell some of their higher priced farmer stock purchased earlier in the season. The traditional international buyers have been slightly more active and have started to buy at the cheaper levels, but there again, they are looking at plenty of supply coming from the US and Argentina. USDA exported for September: Sept 17 vs. Sept 16: 23'928 mt vs. 32'220 mt, a drop of 25.74%. The most noticeable volume drops coming from Europe and Japan, probably due to quality.
- Argentina: The situation on the 2017 crop is strange. On one side, Argentina has a tough crop with all kinds of quality problems created by the lengthy and rainy harvest. By all accounts most Argentine shellers seemed to be very well sold. Moreover, as we all know Europe needs Argentina for its blanched peanuts, thus there is really no need for Argentine shellers to compete with the low US prices considering the lack of blanching capacity in the US. But, once US shellers started to offer low prices on blanched peanuts, Argentine shellers started to compete. Argentina has always been its worst enemy.
- China: Some areas were affected by drought at the beginning of the season and then some other areas were affected by flooding & kharif harvesting. Despite all the somewhat negative reports we are receiving, China doesn’t have the huge crop that many were expecting, but still has a decent crop probably in the 1.7 million range. The US will need for China to buy a lot of 2017 crop.

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

**Crouching Tiger, Hidden Dragon**

The state government doubles the procurement budget to handle MSP on war-footing basis!

**Infectious with bearish sentiments early into the season, the supply in the production area had reduced considerably. In the state of Gujarat, where there are over 3000 factories, only a meagre 20% seen operating, much of the activities thats going on in the market right now are for government procurement, domestic trading (domestic market consumes nearly 80% of the peanut production), stockist, crushing and finally to export supply. None of the peanut player had seen such a trend in the market ever in the history of their peanut career with the industry, it is never too late to have your first lesson. In addition to the peanut industry calamities, the peanut export subsidies were also withdrawn in the recent months. The Indian peanut industry did weather a lot of incidents and unforeseen effects. With demand at present in its lowest level, sentiments on the supply side very “determined”, we foresee a stable & a strong market. Perhaps the unexplained strength of the Indian rupee vs. the dollar has brought questionable lack of purchase...