

Peanut Blog

An ounce of information



Bumper harvest, weak export may bring down groundnut oil prices

Groundnut oil prices are likely to decline in the coming months, potentially becoming cheaper than other cooking oils.

This anticipated drop is attributed to a bumper groundnut harvest this year and a weakening export market.

Gujarat's groundnut production is estimated at 42 to 45 lakh tonnes, significantly higher than last year's 30 to 35 lakh tonnes. Despite the govt's minimum support price (MSP) of Rs 1,357 per 20 kg, current market prices hover between Rs 1,050 and Rs 1,200. Farmers are holding back their produce, expecting better rates.

Praful Desai, a peanut and groundnut oil exporter, said, "The peanut price is very high here because the govt is procuring at support price, and farmers are not ready to sell in the market at a cheaper price. As a result, our export price is \$900 per ton for peanuts while our African countries are selling at \$750 to \$800." At present, the groundnut oil is being sold at around Rs 170 per kg, and oil millers expect a reduction of Rs 5 to Rs 8 per kg.

India's peanut exports took a hit due to increased production in China and African countries such as Nigeria, Sudan, and Ghana. Exporters are struggling as India's export price of \$900 per tonne is less competitive compared to \$750 to \$800 offered by African nations.

Gujarat, which usually exports 5 lakh to 6 lakh tonnes of peanuts and one lakh tonnes of oil annually, is expected to see drop to one lakh tonne of peanuts and 25,000 tonnes of oil this season.

Additionally, lower global prices of oil cakes—produced as a byproduct during peanut crushing—are limiting oil producers' ability to pay higher prices to farmers. Samir Shah, President of the Gujarat State Edible Oils and Oil Seeds Association, said, "50% of crushed peanuts yield oil cakes, but their reduced prices globally prevent us from offering better rates to farmers."

By March, the increased availability of groundnuts—both from govt procurement and farmers releasing their stock—is expected to flood oil mills, driving down groundnut oil prices further.

Source: <https://timesofindia.indiatimes.com/city/rajkot/bumper-harvest-weak-export-may-bring-down-groundnut-oil-prices/articleshow/116661678.cms>