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Report Highlights:

FAS/Managua projects marketing year 2024/25 peanut production to rebound to a record high of 230,000 metric tons on sustained high area planted and improved growing conditions following a damaging El Niño cycle in 2023/24. Higher than average temperatures and extended periods without precipitation during key periods of seed development drove a 12 percent decline in yields and a projected increase in the volume of lower quality peanuts bound for crushing in marketing year 2023/24. Current projections for a neutral or La Niña weather cycle (associated with cooler temperatures) arriving later in 2024 would significantly benefit Nicaraguan peanut quality and production volume in marketing year 2024/25.

OILSEEDS

Area Harvested

FAS/Managua expects Nicaraguan marketing year (MY) 2024/25 area harvested to remain high at 48,000 hectares (ha) on continued peanut profitability and the anticipated end of the current El Niño weather cycle. MY 2023/24 area harvested increased by nine percent over MY 2022/23, in part due to drier conditions allowing heavy equipment greater access to peanut fields during the harvest period. However, the main driver of higher area harvested in MY 2023/24 was an increase of 3,000 hectares of area planted, as sugarcane farmers in the Pacific coastal area increased rotations into peanuts on sustained profitability and subsequent benefits to sugarcane yields following a rotation of peanut production. Industry sources indicated additional hectares of less productive land was drawn into MY 2023/24 production due to relatively strong price signals.

Production

FAS/Managua projects MY 2024/25 peanut production to increase 14 percent to 230,000 MT, on an in-shell basis, with sustained area planted at 48,000 hectares and anticipated cooler weather patterns in 2024. Peanuts remain an attractive option in the Pacific coastal lowlands, such as Masaya and Tipitapa, even as farmers face relatively higher production costs – notably on fertilizers and machinery parts / repairs – following the 2019 tax reform that applied value added taxes of up to 29 percent on agricultural inputs for the first time. Another complicating factor that growers will continue to face heading into the MY 2024/25 crop is a potential shortage of skilled equipment operators, as large numbers of these individuals have left Nicaragua since 2021 in response to deteriorating political conditions at home and significantly higher earning potential in the United States. Access to finance continued to improve in 2023 and looks likely to remain relatively cheap due to reported high levels of liquidity among local banks and broader macroeconomic stability; the Central Bank of Nicaragua reported record high reserves of \$4.5 billion in March 2024.

Industry sources estimate MY 2023/24 production at 201,000 MT, an increase of 4 percent from MY 2022/23. The 3,000-ha increase in area planted was partially offset by a 12 percent decline in agronomic yields in MY 2023/24, due to El Niño-related weather conditions and increased pest damage. Though no hurricanes damaged crops in the MY 2023/24 production cycle, higher than average temperatures caused appreciable deterioration in industrial yield, seed quality, and plant productivity as above average precipitation in the key growing areas of Chinandega and Leon evaporated before it could benefit peanut plants. Further affecting yields in that region were periods of 30 to 45 days in September and October 2023 without any rain; that period is critical for seed fill and still technically within Nicaragua's rainy season. Farmers also reported increased losses due to pest damage, as well as increased production costs to mitigate higher pest pressures.

Nicaragua produces runner type peanuts, with more than 90 percent of the crop and its coproducts destined for export. Peanut exports are directed mainly to Europe, Mexico, and Central America. The local peanut industry supports more than 20,000 workers along the value chain, adding over \$90 million to the Nicaraguan economy in 2023.

More than 90 percent of peanut production is concentrated in the departments of Leon and Chinandega on the West coast of the country, where volcanic soils are highly suitable for peanut production. The remainder of production occurs on the South-Central Pacific Coast in Managua and Masaya departments. The two main shellers in Nicaragua are private companies that also grow peanuts. However, independent peanut producers account for 95 percent of total peanut production.

Farmers usually prepare production areas in late April, May, and June, before planting the new crop in July and August, if permitted by weather conditions. Harvest begins in November and concludes by early January.

Consumption

FAS/Managua projects MY 2024/25 Nicaraguan total peanut consumption at 50,000 MT, mostly for crushing; FAS/Managua projects MY 2024/25 crushing volumes at 35,000 MT, or 15 percent of the total crop. Crushing for oil is a residual activity in Nicaragua, as edible grade peanuts command economically significant price premiums above so-called ‘oil stock’ peanuts. Farmers retain approximately five percent (about 10,000 MT) of the total crop every year for planting seeds. A very small percent of the total peanut crop (approximately 5,000 MT) is consumed on the local Nicaraguan market as snack foods, confections, and desserts.

Trade

FAS/Managua projects MY 2024/25 peanut exports to increase nearly 30 percent to 180,000 MT, on expectations of higher yields, improved quality, and stable market prices. Nicaraguan shellers’ exports to the European Union have been growing, and industry sources expect that trend to continue into 2025. CY 2023 peanut exports were approximately 97,000 MT on a shelled basis, according to preliminary data from the Nicaraguan Central Bank.¹ Nicaragua typically exports peanuts to Europe, Mexico, Central and South America. In MY 2022/23, exports to the European Union comprised 54 percent of total Nicaraguan peanut exports, with Mexico a distant second place at 19 percent. Nicaraguan peanuts face stiff competition from Argentine-origin peanuts in South American markets.

Stocks

FAS/Managua projects that shellers will generally not carry stocks from MY 2024/25 into the following year. The peanut industry distributes all the peanut harvest before the start of the new production cycle.

OILS

Production

FAS/Managua projects approximately 35,000 MT of ‘oil stock’ peanuts to be crushed for oil in MY 2024/25, in-line with historical volumes and crushing rates, generating a total of 13,000 MT of peanut

¹ USDA converts shelled peanut volumes to an in-shell basis using a conversion factor of 1.33.

oil. According to industry sources, approximately 35,000 MT of peanuts are expected to be crushed for oil in MY 2024/25, as farmers expect a more stable rainy season in MY 2024/25 after coming from El Niño year. In MY2023/2024 approximately 45,000 MT of peanuts were crushed, as a result from poor quality seeds and yield reduction.

Consumption

FAS/Managua expects less than two percent of peanut oil produced in MY 2024/25 to remain in the domestic market. Industry sources indicate that none of the peanut oil produced in Nicaragua is consumed in the domestic market. Nicaraguan oil consumption is predominantly lower value vegetable oils, such as soybean oil, that are more affordable for Nicaraguan consumers.

Trade

FAS/Managua projects MY 2024/25 peanut oil exports to reach 13,000 MT, down from MY 2023/24 on expected improvements in peanut quality and lower volumes of oil-stock seeds in 2025. Practically all Nicaraguan oil production is exported as ‘crude’ peanut oil; in 2023, Nicaragua exported 59 percent of its oil to the European Union, 30 percent to China, and 11 percent to the United States.

Stocks

FAS/Managua projects MY 2024/25 peanut oil stocks to be relatively small. Nicaraguan crushers generally do not hold appreciable volumes of oil stocks (if any) at the end of the marketing year.

Production, Supply and Distribution:

Oilseed, Peanut	2022/2023		2023/2024		2024/2025	
Market Year Begins	Aug 2022		Aug 2023		Aug 2024	
Nicaragua	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	44	44	45	48	0	48
Area Harvested (1000 HA)	44	44	45	48	0	48
Beginning Stocks (1000 MT)	1	1	1	1	0	1
Production (1000 MT)	193	215	200	201	0	230
MY Imports (1000 MT)	1	0	1	0	0	0
Total Supply (1000 MT)	195	216	202	202	0	231
MY Exports (1000 MT)	143	160	150	140	0	180
Crush (1000 MT)	40	40	40	45	0	35

Food Use Dom. Cons. (1000 MT)	6	5	6	5	0	5
Feed Waste Dom. Cons. (1000 MT)	5	10	5	11	0	10
Total Dom. Cons. (1000 MT)	51	55	51	61	0	50
Ending Stocks (1000 MT)	1	1	1	1	0	1
Total Distribution (1000 MT)	195	216	202	202	0	231
Yield (MT/HA)	4.3864	4.7778	4.4444	4.1875	0	4.7917
(1000 HA) ,(1000 MT) ,(MT/HA)						

Oil, Peanut	2022/2023		2023/2024		2024/2025	
Market Year Begins	May 2023		May 2023		May 2024	
Nicaragua	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	40	40	40	45	0	35
Extr. Rate, 999.9999 (PERCENT)	0.35	0.325	0.35	0.3556	0	0.3714
Beginning Stocks (1000 MT)	1	1	1	0	0	0
Production (1000 MT)	14	13	14	16	0	13
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	15	14	15	16	0	13
MY Exports (1000 MT)	13	14	13	16	0	13
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	1	0	1	0	0	0
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	1	0	1	0	0	0
Ending Stocks (1000 MT)	1	0	1	0	0	0
Total Distribution (1000 MT)	15	14	15	16	0	13
(1000 MT) ,(PERCENT)						

Attachments:

No Attachments