



March 4, 2024

The European market has been very fairly quiet this past month. Inventories though are continuing to drop, and the market is getting very tight.

Prices for spot goods in Europe have already increased and should continue to increase until such time relief can come from Argentina, but probably not before July.

The US market is tight due to the lower crop, lower grades, higher aflatoxin incidence and strong exports. If exports continue their strong performance, prices could firm up further.

Very little left in Argentina for the current crop. New crop has recovered from their dry spell. Good weather needed now through harvesting.

Brazil has struggle with their new crop. Quality and yields could be in jeopardy.

Current crop Chinese market has moved up slightly, but demand continues to be weak. New crop plantings will soon start, and expectations are flat.

USA

To date USDA national tonnage report has 2,969,627 fst inspected including 28,664 fst of seg 2/3's.

The supply has tightened considerably because of the continued strong increase in exports. If exports continue at this pace, the carryover at the end of July 2024 would be around 850,000 fst, which would be the lowest carryover since the 2019 crop.

Consequently, the market has somewhat strengthened, especially for the short term (February through April). The blanched market is extremely tight.

Market prices are nominally 68 for splits, 69/70 for mediums and jumbos 70 to 73 cents. Short term and quality are commanding premiums.

I believe that the market will continue being firm through at least October. The stronger the exports are, the firmer the market will get.

All eyes are on the Argentine new crop. Any issues with their new crop would strengthen the market further and longer.

Corn continues to be extremely weak. Cotton has recovered some with a March rate of 97.56, but December 24 cotton, even though slightly higher, is at 82.85. The base of about 1.5, brings the price to about 84.35. This price is definitely getting better, but peanuts are still a better return for farmers. Having said that, I believe we will get a decrease in corn acres, and an increase in cotton and peanut acres. At this point, peanuts acres are expected to be 5 to 8% up. And the market needs at least a 5% increase in peanuts. Planting expectations will be available from the USDA on March 28. New crop farmerstock contracts have started to surface at us\$ 525.- per fst.

Consequently, we have also started to see some 24 crop domestic business taking place in the high 50's.

USDA Stocks and processing: January 2024.

Jan 24 vs. Jan 23: Peanut candy **down 20.53%**, Peanut Snacks **down 16.59%**, Peanut butter **up 2.77%**, Other products **up 17.44%**, Total edible **down 5.28%**, Inshell **down 25.07%**

Aug 23-Jan 24 vs. Aug 22-Jan 23: Peanut candy **down 1.22%**, Peanut snacks **down 10.99%**, Peanut butter **up 0.99%**,

Other products up 8.53%, Total edible down 1.56%, Inshell down 6.68%

Exports for December 2023 continue to be strong:

Dec 2023 vs. Dec 2022: the US exported 46,977 mt, an increase of 49%. Exports to the EU continue to be very strong with an increase of 473%, the UK was up 215%, China was up 77%, Japan was up 46% and Canada was up 9%.

Surprisingly Mexico was the only major market with a decline with 9% lower than last year.

Aug-Dec 2023 vs. Aug-Dec 2022: The US exported 228,829 mt, an increase of 41%. The EU was up 281%, Mexico up 11%, Canada up 6%, China up 11% and the UK up 132%. Japan was down 26%.

Argentina

The Argentine crop is doing fairly well considering the extreme heat and lack of rain they had during the last half of January and beginning of February. Good rains have fallen since then. February and March are the key months for the developing stage of the crop. It will be important for the crop to receive adequate and timely rains until the end. Due to that heat and dry period in January/February, a record crop might no longer be in the cards. But a good crop is still possible. Although all this depends a lot on the weather through harvesting.

The Argentine peanut chamber released their first crop estimate calling for plantings of 405,000 has vs. 373,795 has for the 2023 crop, an increase of 8.35%.

Very little left to sell out of the 2023 crop.

New crop levels are around us\$ 1800/1850.- on whole raw and us\$ 1900/1950.- on whole blanched.

Brazil

Brazil is very difficult to assess at this time.

With the planting season having lasted longer than normal and the erratic weather, it is difficult to figure out what the Brazil production will be. Weather has certainly been better for the later planted peanuts.

Despite the fact that Brazil planted apparently 10% more, I fear that the yield losses will negate the increase.

More importantly though, what will be the quality. The erratic weather should have a negative impact on the quality; thus, I expect lower than normal quantities for West Europe, and probably higher quantities for non-EU markets.

China

The Chinese New Year just finished, and it is unclear how the market will develop.

I understand that plantings for the new crop should be very similar to last year.

Demand though continues to be the sticky issue.

Futures have recovered some being above Rmb 9100.-

India

According to the Agriculture ministry, as of February 2, 2024, 4.881 Lakh has been planted vs. 5.682 the year before, a drop of 14.10%.

Africa

South Africa: CEC came out on February 28, 2024, with the planting estimate calling for 41,200 has with a projected production of 64,395 tons vs. 31,300 has for 2023 and a production of 53,000, an increase of 21.5%.

I still have doubt about this increase, but for sure the weather has been extremely dry in South Africa which should result in much lower yields.

You all have heard as well about the Pick and Pay recalls of 3 peanut brands.

Now the National Consumer Commission (NCC) have requested all manufacturers of peanut butter to test for aflatoxin

and present their results within 14 days from the notice. Moreover, the NCC has extended the same call to other suppliers of products with peanuts.

It will be interesting to see how the market gets affected by this both on the supply as well as the demand.