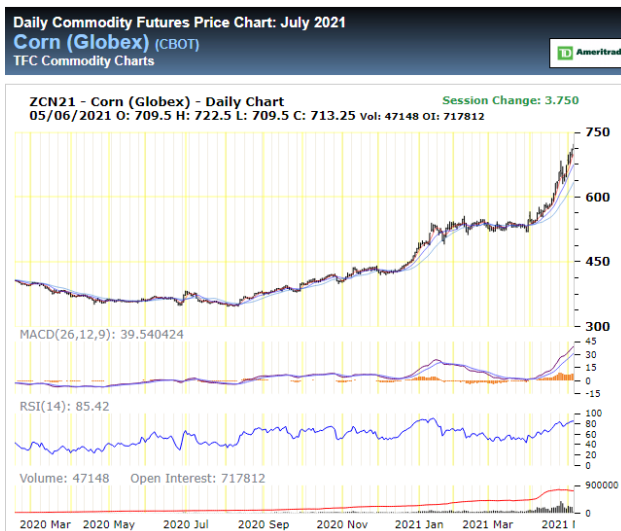
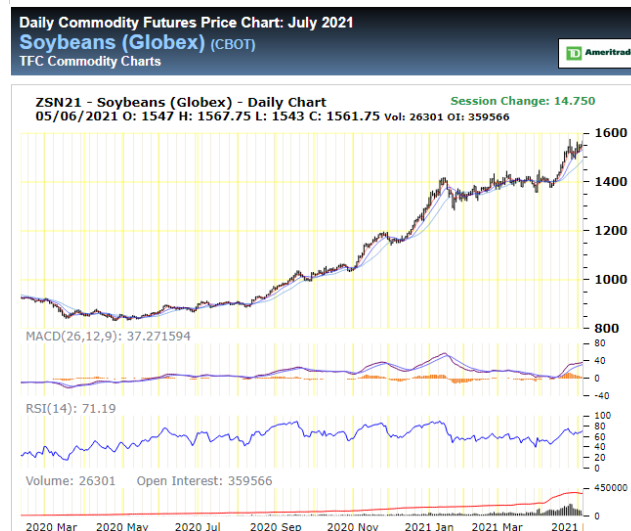
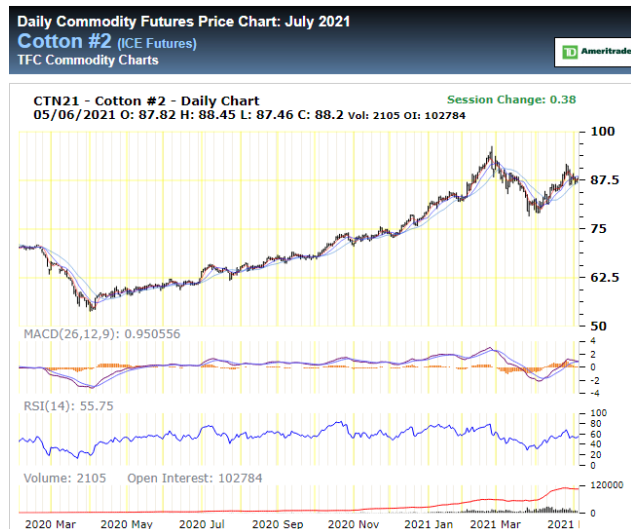




May 9, 2021



The peanut market has been absolutely uneventful this past month. Outside a continuing very strong and short inshell market and a tight birdfood market, the edible market both internationally and USA domestically have been extremely quiet. The international market is seeing some movement on the spot market. The quietness of the market is very puzzling in spite of extremely bullish commodities markets, especially soybeans and corn. Looking at those prices, I guess I wouldn't worry much about its impact on the current situation as planting decisions have already been made for the US and probably for China. One has to wonder though how long this run up will continue and what impact it will have for future crops. Argentine shellers will soon have to start negotiating land rent for the 2022 crop. I think that a slight contraction of peanut plantings and/or higher land rent will certainly happen. Brazil is a little different since peanuts are grown either as a rotation crop with sugar cane and have also found new areas to be planted in. India is currently in the midst of its summer crop, but the winter crop will be planted soon. It is unclear what impact commodity prices and the scary Covid 19 pandemic will have on the country and its crop. Despite cotton having seen a jigsaw market for the past several months, it is not unlikely that cotton prices continue to rise which needs to be looked at carefully as it would result in potentially losses of acres and/or higher farmerstock prices in the US for the 2022 crop. And lastly China where

continuing strong commodity prices should certainly result in continuing higher prices for peanut oil maintaining China's appetite for foreign peanut oil and peanuts

The worldwide peanut supply situation seems adequate at this time. What keeps me up at night right now is the above and the US and Chinese new crop. Tough to tell where prices are going. I have difficulty finding many bearish scenario. The only one would be a decline in commodity prices. But I can find many bullish possibilities.

USA

Extremely quiet market on both current and new crop.

On current crop, the market seems to be very well covered with buyers still somewhat uncertain on the domestic demand. We are continuing to see strong demand for farmerstock from China with a lack of selling interest from the shellers. It seems that what needed to be sold out of this crop has been sold. Further sales of current crop have also been difficult considering the logistical issues both on the ocean front as well as on the trucking front. Shellers do not seem very long and happy keeping their good quality farmerstock as a edge against new crop and potential issues for the new crop.

The new crop market has seen a lack of activity. Buyers are one side uncertain about the peanut demand going forward (after seeing very strong increase due to Covid) and are not convinced that mid 50's prices are sustainable. Sellers on the other side are well sold basis what they have contracted, probably see continuing strength in Chinese demand going forward and are probably worried about acres for 2022 crop, not counting the fact that the 2021 crop has not been planted yet. Looks to me that this standoff will last for a little while.

No word yet on the EU tariff situation either on peanuts or peanut butter. Unless something is done soon, the peanut tariff on USA peanuts will go back to 25% in July and will increase to 50% on USA peanut butter in June. Obviously this is a deterrent to any buyers wanting to buy USA peanuts going forward.

USDA plantings estimated at 11% this week, vs. 13% last year and 15% for the 5 year average.

USDA Stocks and Processing: March 2021

Mar 21 vs. Mar 20: Peanut Candy **up 4.18%**, Peanut Snacks **up 1.82%**, Peanut Butter **up 5.93%**, Total Edible **up 3.95%**, Inshells **down 14.25%**

Aug 20-Mar 21 vs. Aug 19-Mar 20: Peanut Candy **up 7.53%**, Peanut Snacks **up 4.96%**, Peanut Butter **up 4.20%**, Total Edible **3.52%**, Inshells **down 2%**

USDA exports: March 2021

Mar 2021 vs. Mar 2020: 49'526 mt exported vs. 49'279 mt a year ago, an increase of 0.5%. With all the logistics issues, shipment to China have slowed down. Shipment to China were 17'908 mt vs. 19'466 mt a year ago, a decrease of 8%. Shipment to Mexico are finally back up with an increase of 5.31%. Canada was surprisingly down 19.16%. Japan had a strong month with an increase of 64.08%. And the bleeding is over for the EU27 with an increase of 27.99%.

Aug 20-Mar 21 vs. Aug 19-Mar 20: 377'345 mt were shipped the first 8 months of the year vs. 344'781 mt a year ago, an increase of 9.44%. China continues to be the clear no.1 with an increase of 85.55%. With the exception of Japan that shows an increase of 17.83%, all other markets are down with the EU27 down 42.93%, the UK down 51.32%, Mexico down 11.40% and Canada down 6.19%.

Argentina

The Argentine new crop is developing fairly well although yields will not be as good as last year. It is predicted that Argentina will have about 100'000 mt less to export out of this new crop vs. last crop. The crop will not be as mature as last year which should help the small kernel market. Only about 10% has been harvested so far. Weather has somewhat behaved so far and the next 2 weeks forecast looks good. Lets hope for continuing good weather during the harvest for Argentina to have a good crop.

Prices are around us\$ 1550.- Cfr Rotterdam for blanched wholes.

Argentine exports:

Peanuts: 55'688 mt exported in February.

Peanut oil: 5'944 mt exported in March.

Brazil

The Brazilian new crop harvest is almost complete. Overall a decent crop both quantity and quality wise despite the challenges of the extended planting time which resulted in many growing and harvesting challenges.

The Brazilian market continues to be strong fueled by strong demand for farmerstock from crushers, shellers and Chinese demand, although I have heard that Chinese buying prices for peanut oil have been lowered lately.

Brazil exports for March 2021:

Peanuts: 13'702 mt exported. 7'014 mt to Russia, 925 mt to Ukraine, 925 mt to Algeria, 775 mt to South Africa and 1'431 mt to the EU.

Peanut oil: 4'849 mt exported. 3'178 mt to China and 1'662 mt to Italy.

China

The Chinese peanut futures have remained at the low end of the spectrum but have slightly rebounded today with the last settled price of RMB 10'518.-

Market has been very slow in China with plenty of arrival of imported peanuts, especially from Sudan, and consequently prices have gone down. Nevertheless prices for peanut oil have not changed much. With prices for other competing oils being very strong, there is really no reason for peanut oil to go down. It will be interesting though to see if the combination of high prices for competing crops and lower prices for peanuts end up affecting the peanut planted area. It is impossible at this time to ascertain what will be planted as some report a potential increase and others report a potential decrease. But considering the current situation, I would say a decrease is more likely than an increase.

All I can tell you is that here in the USA, we continue seeing strong interest for farmerstock both for current and new crop. Moreover all peanut oil producing countries are continuing to see strong demand from China.

Statistics for February 2021:

Imports:

59'944 mt of peanuts imported in February with 28'644 mt from Sudan, 21'815 mt from USA, 7'225 mt from India and 1'44 mt from Argentina.

137'424 mt of peanuts imported Jan-Feb 2021 with 64'691 mt from USA, 35'045 mt from Sudan, 31'317 mt from India and 4'000 mt from Argentina.

37'160 mt of peanut oil imported in February with 29'948 mt from India, 4'541 mt from Sudan and 1'083 mt from Argentina.

99'298 mt of peanut oil imported Jan-Feb 2021 with 81'389 mt from India, 10'061 mt from Sudan and 4'165 mt from Argentina.

India

Please find attached a good report on India from my good friends at Agrocrops.



www.pnutking.com | www.agrocrops.com

Monthly edition from the Pnutking Peanut Post

PEANUT TOP STORIES • CROP NEWS • MARKET NEWS • PRICE TRENDS • KNOWLEDGE

MAY 2021 | VOL 45



MARKET HIGHLIGHTS

- Indian summer crop peanut has sown in 0.73 million ha, 62.53% crops harvested.
- USDA crop estimate came out last week with a 2.33% decrease in expected peanut planting in the US.
- Erratic rains in Argentina and lower than average temperatures could result in lower yields this year.
- Brazil harvest in full swing, about 30 to 35% of the crop have harvested.
- Chinese market has been slow with weak demand and ample supply from domestic market and imports.
- South Africa CEC issued their 2nd estimate calling for a production of 57,900 tons on 38,550 ha, 0.9% lower.

PRICE TREND INDIA 5060 \$1340 ▲ CHINA B 4151 \$1600 ▼ ARG 4050 \$1450 ▲ USA 4050 \$1550 ▲ BRZ 4050 \$1300 ▲ AFR 8090 \$1000 ▼

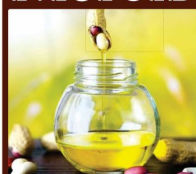
Troubled present, optimistic future

① Covid 2.0: APMC yards in Gujarat have suspended trading activities following a sharp rise in Covid-19 positives, leaving farmers in the state sitting on a pile of harvested winter crops and a worried lot. It is one of the largest market yards in the Saurashtra region; last month, it announced suspension of trading activities till further notice to avoid gatherings at the yard and prevent further spread of the pandemic. The suspension of trading when the harvest season is at the peak could result in a blow to farmers. It is an uncertain scenario to farmers, and they are clueless since there is no definite reopen time. Consuming markets like hotels, restaurants closed in many big cities, peanut prices have started to decline.

② Shiny Summer: Gujarat state to witness a 16.4% rise in peanut sowing for the summer season of 2021. Sowing of summer crops is in full swing despite increasing the number of Covid-19 cases, with the area expanding by 16.4% from last year to 6.78 million hectares. During March-May, summer crops were planted between the rabi and Kharif season, starting with the monsoon in June. Due to intermittent rains during this period, the moisture content in the soil is suitable for the growth of crops. We expect a good harvest as the water in major reservoirs across the country is around 21% more than in the last ten years. Sowing is progressing well in states including West Bengal, Karnataka, Gujarat, Madhya Pradesh, Andhra Pradesh, and Tamil Nadu.

③ Kharif Prediction: India Meteorological Department (IMD) forecasted a normal monsoon this year, estimating 98 percent of the long period average of 89 centimeters, and crop production in the upcoming Kharif season has expected to be good. Last year peanut production was bumper, and the coming year has expected to be good if things go by the current IMD predictions. All four monsoon months (June to September) have expected to receive good rains. More area will come under peanut as sowing in Gujarat. The rise in prices of oilseeds is motivating farmers to switch from coarse cereals to oilseeds. Over the last three months, peanut oil prices have gone up to Rs 12 per kg from Rs 200 to 212.

FACTOID



Peanut oil is Medicinal!

Peanut oil is high in monounsaturated "good" fat and low in saturated "bad" fat, which is believed to help prevent heart disease and lower cholesterol. It might help to reduce fatty build up in blood vessels. Peanut oil is sometimes applied directly to the skin for arthritis, joint pain, dry skin, eczema, and other skin conditions.

Undisrupted harvest



Amidst the current pandemic situation, farmers and agricultural laborers are sweating and toiling against all

adversities to ensure that food reaches our homes. Their silent efforts, coupled with timely intervention by the Central and state governments, have confirmed minimal or no disruption to

harvesting activities. As a result of the proactive steps taken, harvesting of Rabi Crop is on schedule, and timely procurement is also has ensured for the benefit of the farmers. Peanut, which has sown in 0.73 million ha, 62.53% of crops has harvested. Even though agriculture and allied activities are exempted from government restrictions so far, several markets across India remain closed as cases continue to skyrocket. APMC

has suspended trading activities following a sharp rise in Covid-19 positive cases. Peanut prices have shown a downtrend at the beginning of the month amidst fears of a possible lockdown causing demand destruction. On the other, the suspended trading would create a supply glut. As a result, farmers will flood the markets with their produces when they resume trading. This incident could further squeeze the prices following a sharp jump in supplies within a relatively short time as localized lockdowns have stagnated market demand. At the same time, any following stricter restrictions in the coming days has expected to slow down trading activity and disrupt supply operations, covid is viral not just on humans. Godspeed India!

Price & supply dynamics may change!

#peanut pride

USA: The 2021 crop USDA crop estimate came out last week with a 2.33% decrease in expected peanut plantings. Corn and soybean prices were up, and cotton has started to go up after a sharp decline; this could impact new crop peanut plantings. An average US crop will result in a sufficient carryover, but the unknown is the demand from China. China should continue to be a strong buyer of US peanuts.

Argentina: The erratic rains in some areas combined with lower than average temperatures will probably result in lower yields this year; potential decent to good crop is still there. The harvest for most of the Argentine crop will have delayed.

Brazil: Harvest in Brazil is in full swing and will continue due to the extended and delayed

plantings. Producers are very optimistic about yields and quality. So far, 30 to 35% of the crop has harvested.

China: The Chinese market has been relatively quiet with seemingly weak demand and ample supply from both the domestic market and imports. China imported 99,298 tons of peanut oil, with India leading with 81,389 tons, Sudan 10,061 tons, and Argentina 4,165 tons.

Africa: Tanzania total production expecting 0.68 mn tons from 9 regions (+/- 2%). Tanzania offers \$1000 CFR ranges. Mozambique is expecting a good crop of 80k tons. In South Africa, the CEC issued their 2nd estimate production of 57,900 tons on 38,550 ha, 0.9% lower than their 1st estimate.

Which country do you foresee will be a leading net supplier of the peanut produce after 10 years?



Looking to the top five exporters nowadays, Brazil and Argentina have three essential attributes to take this position: land availability, quality production (food safety) and low internal consumption. Let's work on it! :-)

Mr Jose Rossato. Vice president, Coplana.