



**April 1, 2024**

A Happy Easter to all of you.

The current crop market continues to be firm both internationally as well as US domestic.

The USDA just announced surprisingly low prospective plantings for the 2024 crop. If plantings are not revised upward by end of June, both the current and new crop US market prices will move upward.

It looks as if Argentina will produce a good 2024 crop relieving the pressure on the European market.

Nevertheless, problems with the Brazilian new crop will tighten some supply for the EU market.

## USA

The USDA released their peanut prospective plantings for the 2024 crop on March 28, 2024 (figures hereunder)

The expected plantings for peanuts which were supposed to be up are basically unchanged from last year. The differences are the Southeast is up (with GA up 6%), the V/C and Delta are flat, and the Southwest is down (TX down 29%).

Corn is down in the Southeast, VC and Delta as expected, but the surprise is that cotton is up and not peanuts (at least overall). The biggest surprise is obviously Texas that is down 29%. If acres would have remained flat in Texas, US plantings would be up 4%. It is early, and these are only prospective plantings. We will all have to wait for the USDA June 28 acreage report to have a clearer picture. Peanuts are by far the better alternative for the farmers. A couple other things to consider: one is rotation and second is financial pressure. Farmers would prefer not to break rotation, but with financial pressures mounting for the farmers, some might have no choice in planting more of the crop that makes more money. The other issue linked to financial pressure is input cost. Those input costs have increased dramatically the past several years (and yes, they have come down some this past year), but farmers might try not applying all the necessary inputs to save some money, which could impact yields negatively. Lastly is bank financing and the role it will play in what the farmers can plant.

If cotton prices stay where there are, I think there is a good chance that we could see higher peanut plantings than announced by the USDA, but the question is will Texas reverse that big decline.

The first impression of the market is that the shellers and especially the buyers do not believe those numbers. The market was in general expecting a 5 to 8% increase in plantings. I currently have the carryover of the 2023 crop at around 800,000 fst if exports continue their run. Flat plantings for the 2024 crop would result in a carryover below 1 million fst for the 2024 crop with an average yield of 4000 lbs (i.e. no room for error). That is why, the market needs at least a 5% increase.

The market for the 2024 crop until now has been in the high 50's. Despite the market not believing those USDA planting numbers, I wouldn't be surprised to see the market firm up slightly until shellers feel more comfortable with the planting situation.

The 2023 crop remains very firm with prices in the 60's and low 70's for jumbos.

## Peanut Area Planted – States and United States: 2022-2024

State	Area planted			Percent of previous year
	2022	2023	2024 <sup>1</sup>	
	(1,000 acres)	(1,000 acres)	(1,000 acres)	(percent)
Alabama .....	165.0	175.0	180.0	103
Arkansas .....	33.0	35.0	35.0	100
Florida .....	152.0	160.0	170.0	106
Georgia .....	685.0	775.0	820.0	106
Mississippi .....	15.0	18.0	20.0	111
Missouri <sup>2</sup> .....	(NA)	(NA)	22.0	(X)
New Mexico <sup>3</sup> .....	6.5	11.0	(NA)	(X)
North Carolina .....	117.0	124.0	120.0	97
Oklahoma .....	18.0	16.0	15.0	94
South Carolina .....	71.0	77.0	85.0	110
Texas .....	157.0	225.0	160.0	71
Virginia .....	29.0	29.0	24.0	83
United States .....	1,448.5	1,645.0	1,651.0	100

USDA Stocks and processing: February 2024.

Feb 24 vs. Feb 23: Peanut candy **up 4.83%**, Peanut Snacks **down 19.45%**, Peanut butter **up 5.94%**, Other products **up 34.87%**, Total edible **up 1.13%**, Inshell **down 15.47%**

Aug 23-Feb 24 vs. Aug 22-Feb 23: Peanut candy **down 0.29%**, Peanut snacks **down 12.25%**, Peanut butter **up 1.69%**, Other products **up 11.81%**, Total edible **down 1.17%**, Inshell **down 7.81%**

Exports for January 2024 continue to be very strong:

Jan 2024 vs. Jan 2023: the US exported 50,727 mt, an increase of 67%. Exports to the EU continue to be very strong with an increase of 353%, the UK was up 85%, China was up 293% (probably the most surprising number), Japan was up 48% and Canada was up 17%. Surprisingly Mexico was the only major market with a decline of 18%.

Aug 2023-Jan 2024 vs. Aug 2022-Jan 2023: The US exported 279,557 mt, an increase of 45%. The EU was up 292%, Mexico up 6%, Canada up 7%, China up 43% and the UK up 128%. Japan was down 9%..

### Argentina

The Argentine new crop is doing well and has recovered well from the drought it suffered earlier.

Eventhough some early planted fields are starting to get harvested, the general harvesting is probably a month away.

Now, we just need going harvesting weather to ensure a good quantity and quality crop.

Business has been somewhat slow with buyers thinking that prices have to come further down. Current levels are probably in the mid \$1800's for blanched wholes. Considering that the European market is completely empty and will remain empty for several more months, considering the crop problems that Brazil is having (the EU imports roughly 50,000 mt from Brazil), and finally considering the shorter than expected plantings in the USA (at this time), there is no real reason for the Argentine market to go much further down. The US won't be able to compete with prices below us\$ 1900.- on blanched basis. So, basis current cost and market data, I would say that we have reached a low for Argentine prices. The only reasons for prices to go lower is the Argentine want to push the prices down which obviously wouldn't surprise me knowing the Argentine shellers.

### Brazil

It is very difficult to ascertain the situation of the Brazilian new crop. The crop is for sure in trouble, but how bad is the question. With a long planting and therefore harvesting time that will last another 2 months, it will be hard to figure out the extent of the problem. There have been droughts, there has been period of too much rain, and to make matters worse for shipments to Europe, the pesticides issue is still very much an issue. Brazill will have first to deliver new crop against 2023 crop contracts that were not fulfilled. Thereafter try to fulfill existing 2024 crop contracts. Then and only then, will they be able to evaluate what they can sell. Obviously each sheller has their own particular situation. But it certainly doesn't look for the Brazilian origin. It looks as if Brazil will have to rely a lot more on markets outside the EU which could put some downward pressure on prices for those markets.

To make matters worse, because of the poor crop, farmers are looking for higher prices. And with the peanut oil market struggling both on demand and prices, things don't look too promising at this time for Brazil.

Brazil exports for February 2024:

Peanut oil: 3,895 mt were exported in February, bringing the total year to date to 7,488 mt (this compares to 13,555 mt for the same period a year ago, a decrease of 45%). For February, 1,553 mt went to China and 1,390 mt to Italy.

Peanuts: 17,873 mt were exported in February, bringing the total year to date to 41,512 mt (this compares to 37,460 mt for the same period a year ago, an increase of 11%). For February, 3,968 mt went to Russia, 5,005 mt to the EU, 1,500 mt to South Africa, 1,200 mt to Ukraine.

### **China**

The Chinese market has strengthened slightly lately. Difficult to ascertain the real reasons for this. Demand remains fairly weak, but it seems that supply is tighter than first thought. Difficult to believe when the crop was so much bigger.

China is China. No one can ever figure out what the real numbers are.

The futures have risen to Rmb 9398.-.

New crop plantings should commence very soon. Everything points to similar plantings to last year.