



**June 5, 2023**

### June 2023 Peanut market report

- The international market, especially the European market, continues to be active.
- The US domestic market, after much activity a month ago, has gone back to sleep.
- Argentina is in the midst of their harvest. Weather is so far cooperating for the harvest.
- Brazil has completed their harvesting.
- India is finishing the harvest of their Rabi crop and starting with the planting of their Kharif crop.
- The US and China are in the middle of their planting season.

### USA

The US export market continues to be active with mostly Western European buyers continuing to cover themselves with the US origin vs. Argentina. Prices for raw wholes have gone up to us\$ 1625/1650.- Cif Rotterdam and us\$ 1925/1950.- for blanched. Most of the activity has been on 2022 crop, with smaller volume of 2023 crop being transacted. With seemingly substantial volume having been transacted, many shellers are either off the market or at slightly higher levels than the one mentioned. Part of the reluctance to sell from some shellers is due to the amount of selling into the domestic and international market having taken place the past couple of months, the probable tight positions shellers are in with the farmerstock they have already bought and the uncertainty on the planting increase and quality of the 2023 crop.

The domestic market, despite being inactive lately, is slightly firmer with prices of 57/58 cents on splits, 58/59 on mediums and 59/60 on jumbos, The 56/57/58 cents market of a couple months ago seem to be gone because of what I previously said.

Plantings for the 2023 crop is in full swing. 72% planted as of May 28 according to USDA (vs. 75% on a 5 year average). The US should still increase their plantings substantially, but it might not be as much as what many first thought. Despite the USDA forecast for an increase of 6.7%, many were predicting the increase to be possibly 10 to 12%. I think that today we are probably looking at an increase of 8 to 10%. The next forecast will come from the USDA on June 30<sup>th</sup>.

It is very tough at this moment to evaluate the supply/demand as I do not have a feel for the total 2023 crop output and for total exports for this year and next year. The one thing that will probably alleviate the probable strong increase in exports is the slowdown in domestic consumption.

USDA Stocks and processing: April 2023. Another bad month for consumption with edible down 12.30% with all categories down big numbers.

Apr 23 vs. Apr 22: Peanut candy **down 8.71%**, Peanut Snacks **down 39%**, Peanut butter **down 4.74%**, Other products **down 18.59%**, Total edible **down 12.30%**, Inshell **down 5.73%**

Aug 22-Apr 23 vs. Aug 21-Apr 22: Peanut candy **down 7.73%**, Peanut snacks **down 12.58%**, Peanut butter **up 3.61%**, Other products **down 26.64%**, Total edible **down 2.54%**, Inshell **up 8.28%**

USDA exports: March 2023

Mar 23 vs. Mar 21: the US exported 42'356 mt, a decrease of 3% over last year. Mexico was up 36% and Japan up 123%. China was down 10%, Canada down 8%, the EU down 8% and the UK down 90%.

Aug-Mar 23 vs. Aug-Mar 22: the US exported 269'593 mt the first eight months of the year, a decrease of 4% over last year. Mexico was up 2%, Canada up 5% and Japan up 19%. China down 15%, the EU down 8% and the UK down 41%.

## **Argentina**

The harvest of the 2023 crop is advancing fast with the weather being mostly dry.

Most shellers seem to agree that yield will be around 1.8 to 1.9 kgs per has which would result in exports between 450'000 to 500'000 mt. Despite the exports of last year being 712'000 mt which would be a shortfall of 262'000 to 212'000 mt, I still believe that the shortfall should be look at on the basis of a demand of 650'000 mt, thus a shortfall of 150'000 to 200'000 mt. Still substantial though as this would be equivalent to 235'000 fst to 315'000 fst for the US.

The question though is that number correct or will the crop actually be better than this? It will take a while to figure that one out and the market I guess will tell us. So far though quality seems to be good. The aflatoxin reports that came early in the harvesting season seem to have gone away. Kernels are for sure smaller.

## **Brazil**

Brazil is done with their harvesting. Despite the heavy rains that have plagued part of the Brazilian harvest, expectations are still for a crop similar in size (possibly slightly bigger than last year) and decent quality.

Despite all that, I think Brazil is still somewhat limited in their ability to increase dramatically their exports to Europe because of aflatoxin and mainly pesticides.

Prices doesn't seem to be the biggest hurdle with prices in the mid to high us\$ 1900.- Cfr for blanched whole kernels, in line with US prices.

Two issues that Brazil is tackling with at the moment:

1. The currency exchange rate.
2. The weak oil market because of China.

Brazil exports for April 2023:

Peanut oil: 14'470 mt exported in April, bringing the total year to date to 37'406 mt. For April, 12'394 mt went to China and 2'075 mt to Italy.

Peanuts: 23'433 mt were exported in April, bringing the total year to date to 80'114 mt. For April, 8'215 mt went to Algeria, 3'300 mt to Russia, 2'591 mt to the EU, 4'125 mt to South Africa.

## **China**

China is in the middle of their planting season and should be done very soon. The plantings will be increased but by how much. Numbers, as usual, are all over the board with numbers as low as 5% and as high as 20% being reported. My guess is probably closer to 10%.

Prices in China are somewhat weak with demand being very slow, but also with no major push from anybody to get rid of material. The peanut oil market seems to be the weakest. It is unclear if there will be any impact from the complete stops of shipments from Sudan due to their internal conflict. The futures market paints a gloomy picture with prices having plummeted to Rmb 9'834, although closing today at Rmb 10'158.

Imports for April 2023:

Peanuts:

China imported 113'946 mt incl. 44'561 mt from Sudan, 62'813 mt from Senegal, 4'200 mt from USA and 1'525 mt from Argentina.

For the 1<sup>st</sup> 4 months of the year, China imported 430'601 mt (an increase of 161.35% vs. last year) incl. 267'454 mt from Sudan, 128'815 mt from Senegal, 21'682 mt from USA, 5'981 mt from India and 5'999 mt from Argentina.

Peanut oil:

China imported 21'984 mt incl. 10'492 mt from India, 4'784 mt from Brazil, 3'975 mt from Sudan and 2'280 mt from Argentina.

For the 1<sup>st</sup> 4 months of the year, China imported 109'995 mt (an increase of 185.37% vs. last year) incl. 63'754 mt from India, 26'552 mt from Brazil, 10'815 mt from Argentina and 5'476 mt from Sudan.