



Market Report July 1st 2016/USDA Crop Report June 30th 2016

Please find below, the USDA crop estimate of June 30, 2016.

Nobody believed in the previously reported 9% decrease in plantings. This estimate shows that plantings are 3.82% down and the harvested area is forecasted at 2.30% down.

The Southeast is slightly lower than what I would anticipated, the Southwest is up as predicted, so is the V/C. If we apply yield averages for the past 3 years, we come up with a potential crop of 3'033'167 fst.

The Southeast crop is slightly dry at this time. Argentina continues to have issues with the weather with the crop harvested only at 35 to 40%. Consequences of this enormous harvest delay are mounting. More rains are unfortunately predicted.

At this point all Argentine shellers are still withdrawn. Very difficult to have a handle on where prices are, but one should look at prices of close to us\$ 1500.- Cfr Rotterdam. We could see these prices go even higher. The more delays in harvest, the more losses on quantity and quality, and the higher the prices will be. The US can only satisfy a certain quantity of EU material. Thus we are now seeing prices for US peanuts for EU quality going higher as well. Nevertheless, with the Argentine weather problems, the dry weather in the USA and the previous sales effected by US shellers, US shellers have now mostly withdrawn from the market. US Domestic prices have also gone higher from the low 40's to above the mid 40's. It will be difficult for US domestic prices to go much higher as there is only so much demand for normal USDA negative quality. Nevertheless, having said that, I believe that also depends on the following 3 factors:

First, the oversupply from the 2015 crop which at this point seems to be a mystery; export numbers do not corroborate with shellers account of sales to China. Either export number for May and June have to increase drastically or forfeitures will be heavy as predicted. Time will tell.

Secondly, will the Chinese appetite for US peanuts continue for the 2016 crop. If we believe that China did plant a lot more, then the Chinese I believe will still be interested but at a given price i.e. low price (comparatively to EU); and I believe that demand will only be March forward. Time will tell as well.

Third, plantings for the 2017 crop. We have seen cotton plantings go higher this year. More support from the government and/or or higher prices for cotton, could end up reducing plantings for peanuts for the 2017 crop.



USDA crop estimate

June 30, 2016

State	Area Planted			Area Harvested		
	2015	2016	%	2015	2016	%
Alabama	200,000	175,000	-12.50%	197,000	173,000	-12.18%
Florida	190,000	145,000	-23.68%	180,000	136,000	-24.44%
Georgia	785,000	760,000	-3.18%	777,000	750,000	-3.47%
Total SE	1,175,000	1,080,000	-8.09%	1,154,000	1,059,000	-8.23%
Arkansas	NA	20,000		NA	19,000	
Mississippi	44,000	40,000	-9.09%	42,000	39,000	-7.14%
Total Delta	44,000	60,000		42,000	58,000	
New Mexico	5,000	5,000	0.00%	5,000	5,000	0.00%
Texas	170,000	190,000	11.76%	168,000	187,000	11.31%
Oklahoma	10,000	13,000	30.00%	9,000	12,000	33.33%
Total SW	185,000	208,000	12.43%	182,000	204,000	12.09%
North Carolina	90,000	80,000	-11.11%	88,000	79,000	-10.23%
South Carolina	112,000	115,000	2.68%	82,000	111,000	35.37%
Virginia	19,000	20,000	5.26%	19,000	20,000	5.26%
Total V/C	221,000	215,000	-2.71%	189,000	210,000	11.11%
Total USA	1,625,000	1,563,000	-3.82%	1,567,000	1,531,000	-2.30%