



January 2, 2024

January 2024 Peanut Market

Happy New Year to all my peanut friends around the world.

May this New Year bring all of you and your families joy, health, prosperity and happiness.

The market has been somewhat quiet the past month although the market saw a couple major developments.

One is the ocean freight increases in some parts of the world (mainly from China) due to most major carriers avoiding the Red Sea due to the war. This is just a temporary issue, but one that has already increased prices on peanuts from China who had been lately very competitive on prices, especially blanched peanuts.

Secondly is the increase in prices in China due to oil manufacturers entering the market (especially Luhua).

Lastly is the announcement of the 15% export tax on peanuts from the Argentine government. This tax doesn't seem to be yet set in stone and has yet to be ratified. But I believe it is a foregone conclusion that there will be an export tax levied on Argentine exporters and that will have long lasting effects.

The US domestic market has seen some activity only strengthening current market levels.

USA

As of December 29, 2023, the 2023 crop stands at 2,939,140 fst according to the USDA national peanut tonnage report. Quality continues to be an issue for many.

Market has seen many of the uncovered buyers step in the market to cover large volume of 2023 crop. This has in turn solidified the current market levels in the high 60's with jumbos reaching 70 cents per lbs. Spec material continues to go at a premium.

Some buyers are thinking that the potential for a strong increase in plantings for the 2024 crop could potentially lower the prices for the 2023 crop. I guess, if there is there is any chances for prices to go down, that would be the only reason. Nevertheless, the smaller size 2023 crop, the quality issues the shellers have to deal with and the stronger exports should continue to keep this market at current market levels. And that is provided there are no other surprises with either cotton and/or corn prices or other world peanut crop production. We have already heard about the unexpected potential export tax in Argentina. And with world weather going haywire, god knows what else is in store for our beloved peanut market.

USDA Stocks and processing: November 2023. All categories were down in November.

Nov 23 vs. Nov 22: Peanut candy **down 17.81%**, Peanut Snacks **down 13.52%**, Peanut butter **down 7.65%**, Other products **down 13.18%**, Total edible **down 10.34%**, Inshell **down 10.72%**

Aug 23-Nov 23 vs. Aug 23-Nov 23: Peanut candy **down 4.71%**, Peanut snacks **down 8.13%**, Peanut butter **up 1.61%**, Other products **up 1.99%**, Total edible **down 1.30%**, Inshell **down 0.40%**

Exports continue to be strong:

Oct 2023 vs. Oct 2022: the US exported 43,921 mt, an increase of 26%. Exports to the EU continue to be very strong with an increase of 163%, the UK was up 131%, Mexico was up 10% and Canada was up 1%. China was down 26% and Japan was down 2%.

Aug-Oct 2023 vs. Aug-Oct 2022: The US exported 135,320 mt, an increase of 38%. The EU was up 225%, Mexico up 26%,

Canada up 3% and the UK up 60%. Japan was down 39% and China down 14%.

On December 19, 2023, the EU announced a further suspension of retaliatory tariffs until March 31, 2025. The EU retaliatory tariffs were in response to 2018 US tariffs on import of steel and aluminum.

Argentina

The Argentine government announced on December 19, 2023 new export taxes for several commodities including an increase of 2% for soybeans, 3% for corn, sunflower, sorghum and wheat and an increase of 15% for peanuts. The export tax would be based on FOB prices. And it would be effective as soon as it is ratified. That should be equivalent to roughly us\$ 250.- per mt. I understand that Argentine shellers are in the midst of challenging this new export tax by having talks with the ministry of Agriculture. It would be a devastating blow to the Argentine industry. Not only for this crop season where shellers were already dealt a big blow with lower yields due to a drought, but also going forward. The tax has not yet been ratified, and, considering that peanuts is not the only commodity impacted, there will be lots of commodity groups that will try to convince the government to either cancel or lower those export taxes. Nevertheless, considering the economic situation of Argentina, I believe it is a foregone conclusion that there will be an export tax on peanuts, the question what percentage.

I doubt we will see any selling done until a decision is made on that export tax, and one can expect prices to rise accordingly. Not a big issue on current crop as very little is left to sell, but a potential major impact on new crop.

The crop is now finally planted and doing very well in general due to beneficial rains. Let's hope for the good weather to continue through harvesting. The short term forecast looks good.

Plantings have probably increased 2 to 7%, depending on who one talks to.

Argentina exported 3,201 mt of peanut oil during November, bringing the year to date to 53,743 mt.

Brazil

Plantings in Brazil should be finally done. I still hear that plantings should be up 10% which I have a hard time believing with all the planting delays and issues with the market, especially crushing.

Lots of farmerstock is still available for the current crop with a quality that is not suitable for the EU. What's left is either for other less aflatoxin and pesticides stringent markets or for oil. China is by far the largest importer of peanut oil from Brazil. And with China weak economy, weak currency and seemingly plentiful peanut supply, one can expect exports to China to continue the current weak trend. Year to date peanut oil exports from Brazil are already 35% lower than last year.

Brazil exports for November 2023:

Peanut oil: 5,713 mt exported in November, bringing the total year to date to 89,849 mt (this compares to 138,966 mt for the same period a year ago, a drop of 35.34%). For November, 3,452 mt went to China and 2,016 mt to Italy.

Peanuts: 28,953 mt were exported in November, bringing the total year to date to 283,618 mt (this compares to 268,980 mt for the same period a year ago, an increase of 5.44%). For November, 10,935 mt went to Russia, 4,625 mt to Algeria, 6,014 mt to the EU, 1,426 mt to South Africa and 1,425 mt to UK.

China

The currency exchange has strengthen somewhat being at 7.10 today vs. 7.30 a month ago. With the US\$ weakening probably due to expectations of lower interest rates to come, export prices could continue to increase, and imports would be slightly more interesting. The biggest issue at this time though is the weak economy with no economical reversal in site.

The futures market last settled prices was RMB 9,064.-, slightly higher than last month level.

November 2023 shipments:

Imports:

Peanuts:

Nov 2023: 2,331 mt imported vs. 28,412 mt the same period last year. 2,100 mt came from Sudan.

Jan-Nov 2023: 653,874 mt imported vs. 639,666 mt the year before, an increase of 2.22%. 345,453 mt came from Sudan, 172,479 mt from Senegal, 113,560 mt from USA, 12,327 mt from Argentina, 6,671 mt from India.

Peanut oil:

Nov 2023: 12,074 mt imported vs. 25,557 mt the same period last year. 5,835 mt came from India, 2,934 mt from Argentina and 2,354 mt from Brazil.

Jan-Nov 2023: 227,396 mt imported vs. 190,005 mt the year before, an increase of 19.68%. 102,888 mt came India, 79,631 mt from Brazil, 27,407 mt from Argentina, 8,773 mt from Sudan, 4,204 mt from Nicaragua and 2,422 mt from Senegal.

Africa

Sudan will have a hard time selling their lower peanut new crop with the current Red Sea maritime issues.

This situation together with the higher prices that the Sudanese were asking for their peanuts should make it easier for Senegal to sell their seemingly good and increased production.