



October 6, 2017

On September 28, the World Customs Organization (WCO) decided to place blanched peanuts under the 12.02 tariff classification code, same as raw peanuts. This is good news for most origins. As another industry colleague recently mentioned, this might prove difficult for the Chinese as China use the 20.08 HS code. The Chinese exporters get 15% tax refund when exporting blanched peanuts, so its an important item. Anyway, cant report much at this time. As soon as here more on this item, I will let you know. Otherwise not much to report on the market. The expected record US crop seem to have spooked everybody at least in the US.

USA

USDA Peanut Stocks and Processing for August:

- August 2017 vs. August 2016: Peanut candy down 2.91%, Peanut snacks down 9.75%, Peanut butter up 1.68%, Total down 1.36%, Inshells up 24.75%

US exports September 16 through August 17: final numbers are out. The US exported 460'307 mt vs. 578'375 mt, a drop of 20.41%. I was off a little bit when I mentioned 25% early in the season. China has showed again how much of an impact they can have on US exports. Exports to China/Vietnam totaled 91'670 mt vs. 242'434 mt a year ago, a drop of 164%. On a good note, The Netherlands were up 52% (although the EU 28 was only up 8%) and Mexico was up 18%. Canada ended up the year just 1% up.

The National Tonnage Report only shows 839'354 fst harvested vs an estimated crop of 3.89 million fst. The Seg 2/3 are extremely lot with only 3'015 fst so far. The harvested number is probably above 1 million fst but there are lots of delays in the graded tons. Many are reporting yields that are not as good as expected (but expectations were also great). Regardless of this piece of slightly bad news, we are still looking at a record crop. That we end up at 3.5, 3.6 or 3.7 million fst does not make much difference for the market. It will slightly help have a reduction in the surplus. I still estimate that a 3.7 million fst crop will give the US a surplus of 950'000 fst after taking the regular carryover for Aug/Oct. The good news is that the quality of this crop is excellent so far both for damage and aflatoxin.

As I said earlier, the market is at a standstill. The expected record crop has pushed the buyers away for the 2017 crop. There seem to be 2 to 4 cents differential between what sellers and buyers want. And I don't see that changing for a while. The market needs to figure out many things: what crop size we will have (2017 crop) , what crop size we could potentially have next year, what are the potential effect of the 2019 crop farm bill, how many tons will potentially be forfeited, what will the government do both on forfeitures and repayment rate to name just a few things, what will shellers do on uncontracted tons, how many tongs were contracted vs. uncontracted, etc..... Too many things to digest at this time.

Argentina

Not much to report on that front. I don't believe you will find many seller for raw peanuts as the quality might be doubtful (after the poor harvest the Argentine experienced) but one will still find sellers of blanched peanuts. Difficult to evaluate where the prices are as they seem to be a big difference of price between sellers. Raw whole peanuts are between us\$ 1350.- and us\$ 1450.- Cfr Rotterdam with blanched peanuts between us\$ 1550.- and us\$ 1650.-.

India

All I can report on India is that the Gujarat government reported on September 24 a procurement price on 900 Rupee vs a market of 600 to 650 Rupee starting October 25. This seems to be purely a political motivation more than a market related event. Despite lower plantings, the Indian crop looks as if it will be producing a good crop at this time.

South Africa

The CEC issued their final crop estimate on September 28, 2017 calling for a production of 92'050 mt on 56'000 has planted.