



June 8, 2021

Market in general is very quiet at the moment.

West Europe is continuously receiving heavy shipments from Argentina, hence no supply issue. West European buyers have been very active the past month.

East Europe has Brazil to rely on as a main supplier, but other origins such as India have become an issue with the higher prices.

The US domestic market is in the midst of its new crop plantings and all eyes will be focused on the weather.

The Chinese market continues to be weak domestically. Nevertheless export prices continue to be out of reach due to freight costs.

The birdfood market continues to be extremely firm and will most probably continue to be firm with a lack of supply of cheap material.

The inshell market is extremely tight with no real supply from anywhere including the US. The supply will most probably continue to be extremely quiet through the end of the year.

Lastly the US and the EU are working hard it seems at solving the duty issue, but no solution yet.

USA

USDA Peanut plantings update on June 7: 87% planted. The Southeast and the V/C are very dry at the moment, whilst the SW and Delta region have received rains. Regardless soil moisture is very short in every single state with the exception of Arkansas. Some chances of rain in the SE and the VC this week or so (with some rains having fallen lately). We have never lost a crop in May/June, but one has to wonder if this drier pattern will be a trend for the summer. The long range forecast calls for most of the SE, the VC and SW to have above normal temperatures, for the SW to have as usual below normal rainfall and for the SE and the VC to have above normal rainfall.

I am hearing of some replanting and somewhat lower seed sales. Not exactly sure what it means at this time. We will have to wait for the certified acres to come out before having a better idea of what has been planted, but I would not be surprised to see plantings down 3 to 5%. Not a real issue though. All depends on the weather during July and August, yields and quality.

Looking at the supply/demand, things have not changed. Good yields give the US enough supply for the normal domestic and export markets. The one unknown, but certainly the most important, is the demand from China. The same demand from China as in the past couple of years and the US carryover for July 31, 2022 remains about the same as my forecasted carryover for July 31, 2021. Obviously this depends on what the carryover will be for this year and what the 2021 crop will be.

The market seems to have tighten up some lately with the hot weather we have experienced in the Southeast and the VC. I still believe that shellers are very well sold on the current crop and very well sold on new crop vs. what has been contracted. Thus no need for shellers to take additional risk (at least not at lower levels which is what manufacturers seem to want). Manufacturers on the other hand are still seemingly very well covered for this year. For next year, I would contend that manufacturers are probably 50 to 60% covered on average. Prices are still roughly in the mid 50's (lower/higher depending on grades and quality).

USDA Stocks and Processing: April 2021. Consumption continues to be healthy. For some reason Inshells were not reported.

Apr 21 vs. Apr 20: Peanut candy **+32.29%**, Peanut Snacks **+4.13%**, Peanut Butter **-1.11%**, Total Edible **+4.40%**, Inshells not reported

Aug 20-Apr 21 vs. Aug 19-Apr 20: Peanut Candy +10.02%, Peanut Snacks +4.86%, Peanut Butter +3.56%, Total Edible +3.62%

USDA exports: April 2021.

Apr 21 vs. Apr 20: 36'694 mt exported vs. 77'619 mt a year ago, a 52.63% decrease. China down 77.84% (with only 11'516 mt exported vs. 51'978 mt a year ago). Canada was down 19.98% and Mexico was down 14.11%. Japan was up 49.03% and the EU27 was surprisingly up 77.22%. Not a great month to say the least. These are the lowest exports in the past 4 years and this is due mainly due to China that has become the most important market for the US.

Aug 20-Apr 21 vs. Aug 19-Apr 20: 414'039 mt exported vs. 422'399 mt a year ago, a drop of 1.98%. China is still up 27.04% and Japan is up 20.98%. Otherwise all other markets are down with Mexico down 11.65%, Canada down 7.87% and the EU27 down 35.81%.

Argentina

Argentina should end up with record shipments out of their 2020 crop estimated at 750'000 mt.

The 2021 crop harvest is in full swing. Probably 40% harvested to date. Some concerns/delays due to rains and frost, but nothing really abnormal until now. Quality seems good at the moment and the exportable quantity is still forecasted to be about 10% lower vs. last crop. Prices continue to be nominally at us\$ 1450.- for whole kernels. All eyes are on the EU duty for US peanuts. If nothing is solve until July 11, the EU will reimpose a 25% duty on USA peanuts which will certainly push Argentine and Brazilian prices up for the EU.

Lastly land rent for the 2022 crop will be pushed to record level due to very high soybean and corn prices. This could certain lead to a decrease in the peanut acreage for the 2022 crop.

Export statistics:

Peanut kernels: 64'668 mt were exported in March 2021.

Peanut oil: 5'944 mt were exported in April 2021 and 19'209 mt were exported between Jan-Apr 2021.

Brazil

Despite the difficulty experienced with the planting of the 2021 crop, Brazil seem to have produced on average a very good crop both for yields and quality. This should allow them to push their exports further up. The only difficulty that Brazilian shellers are continuing to have is the pressure on farmerstock prices mainly due to extremely high peanut oil prices.

Brazil export statistics: April 2021

Peanut oil: 9'350 mt exported in April with 6'532 mt to China and 2'728 mt to Italy. For Jan-Apr 2021, 17'780 mt were exported with 10'810 mt to China and 6'826 mt to Italy.

Peanuts: 23'907 mt exported in April with 10'433 mt to Russia, 3'500 mt to Algeria, 2'600 mt to South Africa, 2'025 mt to Ukraine and 1'875 mt to the Netherlands. For Jan-Apr 2021, 59'071 mt exported with 26'201 mt to Russia, 5'700 mt to South Africa, 5'650 mt to the Netherlands, 4'525 mt to Algeria and 4'375 mt to Ukraine.

China

The Chinese market continues to be weak with seemingly sufficient local supply and continued heavy arrivals from mainly Africa. This gives especially crushers the ability to buy hand to mouth at lower prices. Despite the peanut futures being at a low of RMB 9'260.-, crushers are buying at RMB 9000.- or lower. With pressure from foreign origin arrivals and Chinese farmers/traders having to move their long position before the hot weather (storage issues), this weakness is bound to continue for a while.

All eyes will then be focused on the new crop. As usual, it is extremely difficult to estimate plantings. We continue hearing reports of plantings being potentially down 5 to 10% due to switches to other crops. Other though believe that there wont be any declines. Logically, the higher prices of competing crop gave farmers the opportunity to switch to some other crops, thus I would assume a 5% decline at this time. But with such a huge country, it is impossible for anybody to accurately ascertain what has been planted. Weather so far has cooperated but we are very early in the season. As with other origins, July and August will be key for the development of the crop.

With higher prices for other vegetable oils, potential decrease in plantings and continued strong oil demand, I expect Chinese prices to come back to higher levels by end summer/early fall at which point crushers will buy and prepare themselves for the Chinese New Year.

China statistics: April 2021.

Peanut imports: 163'976 mt imported vs. 137'080 mt the year before, an increase of 19.62%. Imports from Senegal with 68'143 mt were up 1.55%, imports from Sudan with 67'649 mt were up 55.56% and imports from the USA with 20'470 mt were down 1%.

For Jan-Apr 2021, China imported 447'330 mt, down 7.88% vs. a year ago. Sudan with 173'947 mt was up 38.73%, USA with 113'603 mt was up 54.24%, Senegal with 108'227 mt was down 55.07% and India with 37'213 mt was up 55.24%. It needs to be noted that imports from the USA for Oct 20-Apr 21 were 177'236 mt, up 49.46% vs. the same period a year ago.

Peanut oil imports: 33'817 mt imported vs. 11'099 mt the year before, an increase of 304.69%.

For Jan through Apr 2021, 171'994 mt were imported, an increase of 165.38%. India was the leader with 136'928 mt, an increase of 422.37%, Sudan with 15'303 mt, was up 157.14%, Argentina with 9'500 mt was down 54.38% and Brazil with 5'052 mt was down 37.56%.

The figures for peanut oil for Argentina and Brazil do not match the export numbers from those 2 countries, thus I would take the export numbers as the correct numbers. We know for a fact that China has bought all the oil they could get their hands one from those 2 countries, hence the reason why worldwide oil prices are so high and why Brazilian prices are so high domestically.

India

The Rabi crop is coming to an end. The following estimated figures are from the IOPEPC calling for an increase of 22.85% in production. As much as I would like to believe such increase, I still remember the shortfall that India had with their latest Kharif crop:

Groundnut: Rabi-summer 2020 production estimates						Groundnut: Rabi-summer 2021 production estimates					
State	Area	Share	Yield*	Production*		State	Area	Share	Yield*	Production*	
	(ha)	(%)	(kg/ha)	(tonnes)	(%)		(ha)	(%)	(kg/ha)	(tonnes)	(%)
Karnataka	205600	22.82	768	157901	9.37	Karnataka	237000	22.51	1006	238422	11.52
Tamil Nadu	133300	14.79	3471	462684	27.45	Tamil Nadu	130600	12.4	3471	453313	21.89
Telangana	116300	12.91	1965	228530	13.56	Telangana	111255	10.56	1965	218616	10.56
Odisha	110700	12.28	1389	153762	9.12	Odisha	112000	10.64	1964	219968	10.62
Uttar Pradesh	86000	9.54	2500	215000	12.76	Uttar Pradesh	103234	9.8	2500	258085	12.47
Andhra Pradesh	69000	7.66	2399	165531	9.82	Andhra Pradesh	123532	11.73	2400	296477	14.32
Maharashtra	61100	6.78	768	46925	2.78	Maharashtra	109829	10.43	868	95331	4.6
Gujarat	60100	6.67	1856	111546	6.62	Gujarat	59600	5.66	1603	95562	4.62
West Bengal	59000	6.55	2430	143370	8.51	West Bengal	66000	6.27	2949	194634	9.4
Total	901100	100	1870	1685249	100	Total	1053050	100	1966	2070408	100

The Ministry of Agriculture forecasts an increase of 11.93% for the Kharif crop. Long time to go but some positive news. The monsoon are also forecasted to be good and consistent. There are some reports that farmers could switch some of their cotton crop to peanuts, soybeans and/or corn.

Africa

South Africa: the CEC latest report (4th forecast) is unchanged with 38'550 has producing 57'900