



April 7, 2021

Parts of the market are seeing some activity with prices going up. That would be the case for the Inshell market where one would find the supply being very tight regardless if in the USA or in Europe, no matter what origin. Consequently we have seen prices go up sharply with levels above us\$ 2100.- Cif. The birdfood market is another market that continues to be very strong with very little supply due to a shortage from India. Lastly the spot Rotterdam market for edible peanuts has seen a little more activity lately; this should probably continue and intensifies until new crop arrivals from Brazil and especially Argentina.

The rest of the market, namely the US domestic market and the international Cif markets are seeing very little activity.

USA

The 2021 crop USDA crop estimate that came out last week was pretty much as expected with a 2.33% decrease in expected peanut plantings. A non event for peanuts, but a bigger event for other commodities with corn and soybean prices shooting up, and even cotton has started to go up after a sharp decline since my last month report. Not much time left to plant corn, but still some time to plant more soybeans, Could impact peanut plantings a little more, but nothing drastic. The important thing from now is as usual the weather.

Looking at the supply/demand, the story hasn't changed. A normal US crop will result in a sufficient carryover, but the unknown is the demand from China. As I previously said, as long as other commodities prices continue to be strong consequently keeping peanut oil prices high in China, China should continue to be a strong buyer of US peanuts, especially farmerstock, thus keeping the carry over fairly tight. With that in mind, prices should remain fairly stable at the mid 50's levels as long as the US and China have good crops.

No word yet on a resolution on the EU duty on USA peanuts. As of now, the duty will be 25% as of [July 1st, 2021](#).

USDA Peanut Stocks and Processing for February: peanut consumption numbers continue to look good. Unfortunately, due to an error in reporting by a major candy manufacturer, all Peanut Candy numbers since August 2020 were revised downward by 29.08 million lbs hence the reason why the YTD edible consumption went from 5.94% to 3.45% despite February being up 3.12%.

Feb 21 vs. Feb 20: Peanut Candy down 1.94%, Peanut Snacks **up 4.21%**, Peanut Butter **up 5.25%**, Total Edible **up 3.12%**, Inshells **up 8.83%**

Aug 20-Feb 21 vs. Aug 19-Feb 20: Peanut Candy **up 8.08%**, Peanut Snacks **up 5.43%**, Peanut Butter **3.93%**, Total Edible **3.45%**, Inshells down 0.03%

USDA exports for February:

Feb 21 vs. Feb 20: exports from the US for February continue to be strong with 42'974 mt exported vs. 37'583 mt a year ago, an increase of 14.34%. China continue to be the leader with 16'406 mt, an increase of 65.06% vs. a year ago. The EU 27 is the laggard with a decrease of 53.71%. Mexico continue to be weak down 14.27%. Canada is back up with an increase of 19.22% and Japan is up 9.01%.

Aug 20-Feb 21 vs. Aug 19-Feb 20: The US exported 327'819 mt vs. 295'502 mt a year ago, an increase of 10.94%. China is 47.28% of all US exports and is up 110.25% from a year ago with 154'997 mt. With the exception of Japan which is up 2.30%, all other markets are down. Mexico down 13.75%, Canada down 4.12% and the EU27 down 47.93%.

Argentina

The Argentine peanut crop is developing fairly well (some better than others). Most of the areas have received rains lately and temperatures have risen some. The erratic rains in some areas combined with the somewhat lower than normal temperatures will probably result in lower yields this year, although the potential of a decent to good crop is still there. With the exception of some early plantings being harvested, I believe that the harvest for most of the Argentine crop will be delayed. It is important for Argentina to get good temperatures the next month with one more good rain probably. Thereafter we need good temperatures and no rain to allow for a speedy harvest.

Hereunder is the latest crop estimate. With projection of 721'725 mt of exports for the 2020 crop, it comes to no surprise that price have not risen. The International market, especially Europe needs all the Argentine peanuts they can get. Despite the expectation of a lower new crop, the export forecast is still plentiful and should allow prices to remain stable as long as worldwide supply is supplemented by other origins.

COMERCIAL YEAR (from 01/06 to 31/05)	AREA		YIELD (Kernel Basis)	SUPPLY				DEMAND					ENDING STOCKS
	Planted	Harvested		Initial Stock	Production	Imports	Total	Domestic Market + Blanched shrink	Oilstock	Seeds	Exports	Total	
	Hectareas		Tm/Ha	Metric Tons (kernel Basis)				Metric Tons (kernel Basis)					Tm
2018/19 ¹	388.000	388.000	2,55	0	989.813 1.414.019	0	989.813	63.500	209.185	55.000	662.128	989.813	0
2019/20 ¹	351.733	351.214	2,78	0	976.375 1.394.821	0	976.375	57.000	145.000	52.650	721.725	976.375	0
2020/21 ¹	385.592	385.592	2,36	0	909.997 1.299.996	0	909.997	73.730	160.000	52.650	623.617	909.997	0

¹ Estimated

It seems to have been a quiet month on the business front with prices fairly unchanged with raw wholes around us\$ 1450.- and blanched at us\$ 1600.- Cfr Rotterdam, and possibly slightly lower from some.

The bigger story though is how much competition will the Argentine shellers have from other commodities for the 2022 crop and how expensive will rent land be.

Argentine peanut exports: 55'838 mt exported in January.

Argentine peanut oil exports: 1'951 mt in January and 4'483 mt in February with (all to China except 2'500 mt for the US).

Brazil

Harvest in Brazil is in full swing and will continue to be for a while due to the extended and delayed plantings. It is very difficult this year to ascertain the size and quality of the crop, but in general it seems that producers are very optimistic about yields and quality. There is still a long way to go before harvest is complete, thus optimal weather conditions are necessary. 30 to 35% of the crop is now harvested.

Prices have been following Argentine prices with obviously discount for non EU origins. Farmer stock origination is still under pressure with the high international oil prices.

Brazilian peanut exports: 11'715 mt exported in February with 5'342 mt to Russia/Ukraine, 1'500 mt to South Africa and 3'362 mt to EU/UK.

Brazilian peanut oil exports: 1'894 mt shipped in February with 301 mt to China and 1'549 mt to Italy.

Looking at exports since 2016, it is quite impressive to see the increase Brazil has had for peanuts:

2016	107'396 mt out of which	Russia 31.92%,	Algeria 15.41%,	EU 27.53%
2017	165'818 mt	Russia 32.78%	Algeria 12.86%	EU 28.41%
2018	222'357 mt	Russia 37.96%	Algeria 15.85%	EU 22.89%
2019	204'118 mt	Russia 42.81%	Algeria 11.23%	EU 21.38%
2020	263'924 mt	Russia 37.89%	Algeria 12.71%	EU 17.86%

Peanut oil data:

2016	45'398 mt out of which	China 55.22%	Italy 42.92%
2017	48'683 mt	China 39.30%	Italy 58.28%
2018	63'430 mt	China 62.80%	Italy 36.48%
2019	48'676 mt	China 74.81%	Italy 23.43%
2020	67'437 mt	China 74.15%	Italy 25.05%

China

The Chinese market has been relatively quiet with seemingly weak demand and ample supply from both the domestic market and imports. Consequently prices have gone down a little. Peanut oil prices though seems fairly stable. We continue to see strong demand from China especially for farmerstock with no business taking place considering the lack of availability of 2020 crop.

I still believe that Chinese demand for foreign origins will continue to be strong as long as commodity prices continue to be strong allowing Chinese peanut oil crushers to buy peanut oil, farmerstock and kernels.

Chinese futures reflect the decline in price with the last traded price at RMB 10622.- (and was as low as RMB 10358.- a few days ago).

Jan-Feb 2021 import statistics shows 137'481 mt of peanuts imported into China with the USA leading with 64'691 mt, Sudan with 35'045 mt and India with 31'317 mt. This is an decrease of 18.52% vs. the same period last year.

On peanut oil, China imported 99'298 mt with India leading the way with 81'389 mt, Sudan with 10'061 mt and Argentina with 4'165 mt.

Export numbers shows 22'474 mt exported, about the same as the previous year.

Africa

South Africa: the CEC issued their 2nd estimate calling for a production of 57'900 tons on 38'550 has, 0.9% lower than their 1st estimate.