



October 1, 2024

October 2024 Peanut Market Report

In general, a quiet market, but with many developing situations.

The Southeast of the US was just hit a few days ago by Helene, a category 4 hurricane. It brought devastation to many states in the Southeast and the Carolinas. It is unclear at this stage what the extent of the damages are, but I can report that GA had massive power outages (with no news as to when power will be restored for many), some damages to plants, buying points and warehouses. It looks as if East GA was the most affected in GA. As to the severity of those damages, it is unclear. It is also unclear what the damages to the fields were. Rainfall was anything between a couple of inches to over 10 inches. Some fields will benefit from the rain and others won't. The good news, if there are any, is that the weather forecast looks dry for the foreseeable future barring another hurricane which we obviously don't need at this time (keeping a close eye on a tropical disturbance in the Caribbean that could either form into a hurricane or disappear as it is encountering a lot of wind shear). Keep all the people affected in your prayers as this is an extremely difficult time for all those affected.

Starting at midnight last night, 14 US ports in the Gulf of Mexico and East Coast went on strike. This will inevitably create many issues for the trade and the economy. It will be interesting to see if the disruptions coming from this strike will only affect the US trade or as well the world trade. We have already seen higher freight rates because of issues affecting the Middle East.

Argentina continues to be dry although some rain is forecasted for a week from now. Planting time is fast approaching, and rain is much needed. Plantings are expected to increase 5 to 10% for the new crop. I understand that Adecoagro had a warehouse destroyed by fire (12,000 tons from what I hear).

Brazil continues to be extremely dry and is in dire need of rain. Forecast calls for potential rains during the second half of October. There have been many fires destroying sugar cane fields. The planting of the new crop is already delayed and with the forecast continuing to be dry, plantings will be very late.

A couple weeks ago, India imposed a 20% basic custom duty on crude palm oil, crude soy oil and crude sunflower oil from September 14, 2024. It will effectively increase the total import duty on the three oils to 27.5% from 5.5% as they are also subject to India's Agriculture Infrastructure and Development Cess and Social Welfare surcharge. Imports for refined palm oil, refined soy oil and refined sunflower oil will be subject to a 35.75% import duty against the earlier duty of 13.75%. It is unclear at this time what the effect will be, but in the long run it could potentially push more consumption of peanut oil which in turn could push prices up.

Western European stocks are finally starting to get filled although shipments from Argentina are still not what they should be. Prices have finally started to go down on the spot in Rotterdam.

The birdfood market in Europe seems to be completely empty. Not a good omen with the fallside being the most important time of the year.

USA

The 2024 crop was already delayed before hurricane Helene. The hurricane just made things more difficult. And with a

low carryover from the 2023 crop, the industry on all sides could be facing a very difficult October. Those shellers and buying points that have been affected by the hurricane will be busy assessing damages and starting repairs as soon as they have power. Other shellers will hopefully be able to make up for the slower supply. Thereafter, we will all have to assess the impact of the hurricane to the crop. So far, only 99,840 fst have been inspected (reported by the National Tonnage report), or 2.98% of the last crop estimate. So, we are a long way from the end of the harvest and weather will continue to be a factor to watch for the many weeks to come and could certainly affect the size and quality of this crop.

Tough to ascertain the price especially for the short term. I have to expect October prices to go slightly higher considering the tight supply.

New crop, prior to the hurricane, were still quoted at 58/59 for jumbos, 57/58 for mediums, 56/57 for mediums. We could see some slightly higher prices, especially for the next 3 months. Lots though will depend on the quality and size of the final crop.

As to prices for Europe, I think that it will take a while for everybody to assess if quality enables shellers to offer additional quantities to the EU.

As money funds reversed their earlier historical short position, many commodities, including cotton, have started to go up. Dec 25 cotton is still in the 73's, but this change of strategy from money funds and the crop damage from the hurricane bear watching as this could have an impact potentially on new crop (2025) plantings.

USDA Stocks and processing: August 2024. The marketing year has not started well. After being down 4.10% for the previous marketing year, the edible demand is down 11.25% for the start of this marketing year. Quite frankly not surprised about candy as the combination of high inflation together with historical high prices for cocoa is taking its toll. Snacks is a more surprising number; there are probably many reasons for the continuous decline, but I believe that part of the decline is due to a marketing neglect (in favor of cashews it seems). For peanut butter, probably not a complete true number; we will have to wait for other months to see a trend.

Aug 24 vs. Aug 23: Peanut candy down 13.73%, Peanut Snacks down 3.68%, Peanut butter down 13.84%, Other products up 29.62%, Total edible down 11.25%, Inshell down 9.02%

Argentina

The market had weakened some lately even though logistics issues linger.

Many, because of the very big supply from the 2024 crop, are expecting prices for Argentine peanuts to decline for the first half 2025. As much as I understand the thinking behind it, I also see that Brazil has no additional supply for the EU out of the 2024 crop, Brazil and Argentina are plagued by drought for the plantings of their 2025 crop (which has already delayed plantings in Brazil) and the US is having a delayed and difficult harvesting season that has only started. India does have a potential good new crop which has already affected prices downward, and China potentially will have a decent quality which might enable them to be competitive into Europe, but Argentina is the European market. So, a decline is possible but not guaranteed and the decline should be slower than most people think.

Hereunder the latest Supply/Demand from Argentina:

TABLA DE OFERTA Y DEMANDA 2024

AÑO COMERCIAL	ÁREA		RENDIMIENTO (en grano)	OFERTA				DEMAND					STOCKS FINALES
	Sembrada	Cosechada		Stock Inicial	Producción	Importaciones	Total	Mercado Interno + Pérdidas Blanchado	Molienda	Semillas	Exportaciones	Total	
	Hectareas	Kg/Ha	Toneladas Métricas (en granos)				Toneladas Métricas (en granos)					Tm	
<i>(DE JUNIO A MAYO)</i>													
2020/21	417.247	412.365	2,64 3,78	24.283	1.090.293 1.557.562	0	1.114.576	74.000	203.277	61.500	713.540	1.052.317	62.259
2021/22	417.115	415.895	2,44 3,49	62.259	1.014.784 1.449.691	0	1.077.043	74.325	171.731	52.000	729.936	1.027.992	49.051
<i>(DE JUNIO A ABRIL) 11 MESES</i>													
2022/23*	373.795	371.920	1,77 2,53	68.270	658.298 940.426	0	726.568	71.500	88.686	54.300	469.742	684.228	42.340
<i>(DE MAYO A ABRIL) 12 MESES</i>													
2023/24**	416.490	416.039	2,70 3,803	42.340	1.123.305 1.604.722	0	1.165.645	82.500	202.195	60.000	740.950	1.085.645	80.000

* Estimado

** Proyectado

NOTE: En esta ocasión presentamos tablas con diferentes marcos temporales, ya que modificamos el calendario de nuestra temporada estimada: antes era de junio a mayo, ahora estamos cambiando a un período de mayo-abril. Para permitir una modificación ordenada, presentamos la temporada 2022-23 como un período de 11 meses.

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Brazil

Several continuing major issues at the moment:

The low supply of EU material and the consequent large supply of non-EU material.

The lack of export demand for peanut oil.

The continuing drought affecting new crop plantings.

No solutions that I know of at the moment on any of those.

Continuing coverage from Argentina of EU material and high yield losses to cover from Brazilian production.

High farmerstock prices not matching low peanut oil prices. And poor Chinese demand with low prices.

Brazil exports for August 2024:

Peanut oil: 5,230 mt were exported in August, bringing the total year to date to 43,525 mt (this compares to 70,600 mt for the same period a year ago, a decrease of 37.79%). For August, 1,767 mt went to China, 1,557 mt to Italy, 859 mt to

Netherlands and 1,125 mt to USA.

Peanuts: 23,101 mt were exported in August, bringing the total year to date to 147,718 mt (this compares to 201,348 mt for the same period a year ago, a decrease of 26.54%). For August, 5,435 mt went to Russia, 5,452 mt to Algeria, 3,854 mt to the EU, 2,506 to Ukraine, 1,275 mt to South Africa, 795 to Colombia, 525 mt to UAE and 450 mt to the UK.

China

The Chinese market continues to be weak. Future prices have been hovering just above Rmb 8000.- this past month, but today they are at Rmb 7906.-. On a positive note, forward prices are above Rmb 8000.-.

The Chinese government has recently announced several measures to revive their sluggish economy. But so far, peanut consumption continues to be weak.

The Chinese currency bears watching as it has made significant moves lately. It is important to follow it as it could affect both exports and imports.

Report received from Wang Jun in China:

Overall situation

Harvest started from South China since late August/early September, almost completed in Shandong province and has started in Northeast China already.

Shandong Province

Overall crop shall be best considered as fair crop comparing with previous two crop years, yield is about 15-20% smaller due to dry weather during flowering and pegging stage and the excessive rainfalls afterwards.

Production in the province is smaller than last year. Despite of planted area increase in western Shandong, total production from the West may be about 10% smaller than last crop thanks to the excessive rainfalls in late July and August, yield is estimated to be about 15-20% smaller.

In Qingdao Nearby area, peanut in flat fields is not doing well, both yield and quality. Farmers are saying that yield is more than 20% smaller than last crop, but better than a poor crop-we shall call it an average crop the best. Excessive rainfalls resulted in higher percentage of molded shell, but kernels are still good and well matured.

In Hilly areas, the situation is somewhat more encouraging comparing with flat fields-yield drops slightly but quality is still up to expectation, overall shall be considered a fair to good crop

Yantai/Weihai Area-situation is similar to Qingdao area- those in hilly areas are doing better than in flat fields. Although farmers we visited said they are not satisfied with the production, we think it still a satisfying crop year.

As usual, we discussed with farmers about price for wheat/maize and expectations on peanut price, most of whom are not satisfied with price offered by dealers-price of wheat has dropped by over 10%, while price of maize dropped by more than 15%-almost 20%, but nobody can tell what caused the price drop of maize-as production of maize has been not good.

Northeast China

Harvest started in this region since last week or so, the situation so far is good-weather condition has been accommodating since plantation till today, and the good weather these days are good news to harvest and drying. Both Virginia type and Hsuji type are doing better and are considered good to very good, we still need some time to confirm how much production increase in this area.

Henan

Production from Henan Origin is slightly smaller than last year. Peanuts in South Henan is not good, while yield and quality of peanut from Northern part is still good, Overall crop situation should be considered an average crop.

The increase in planted area in Henan countered off yield reduction in South Henan.

Market Situation

In general, the market is rather weak!

Dealers from Qingdao nearby and Weihai Yantai areas started to test water by offering a price about 20-25% lower than last year for inshells-unfortunately farmers are not buying it. Dealers have their reason to offer lower price as price of maize/wheat are both lower, no reason to offer higher price for peanuts but farmers are thinking otherwise. They said they invested more on fertilizer, labor costs etc on peanuts and need a higher price in return for such investments.

Crushing plants are also lowering their bid for crushing materials gradually. Wilmar officially started from around CNY7600/MT from September 26th and has cut to CNY7500/MT in 4 days, while their Henan factory started from CNY7900/MT since early September to about CNY7600/MT maximum today.

Situation of imported peanuts is no better, Sudanese peanuts has been offered around CNY8100-8300/MT one week ago, which has dropped to about CNY7600-7800/MT on September 29th.

China has approved Nigeria Malawi and Chad as approved origins of imported peanuts, but it still need time to find out what impact it will bring to Chinese peanut price.

Market participants are all expecting weak peanut market and take a wait-and-see position, this may be a little dangerous if all are on the bearish side. We have such experience before when buyers entered market simultaneously which may push the market upward quickly and sharply.

India

Hereunder a report received from M.Lakhamsi.

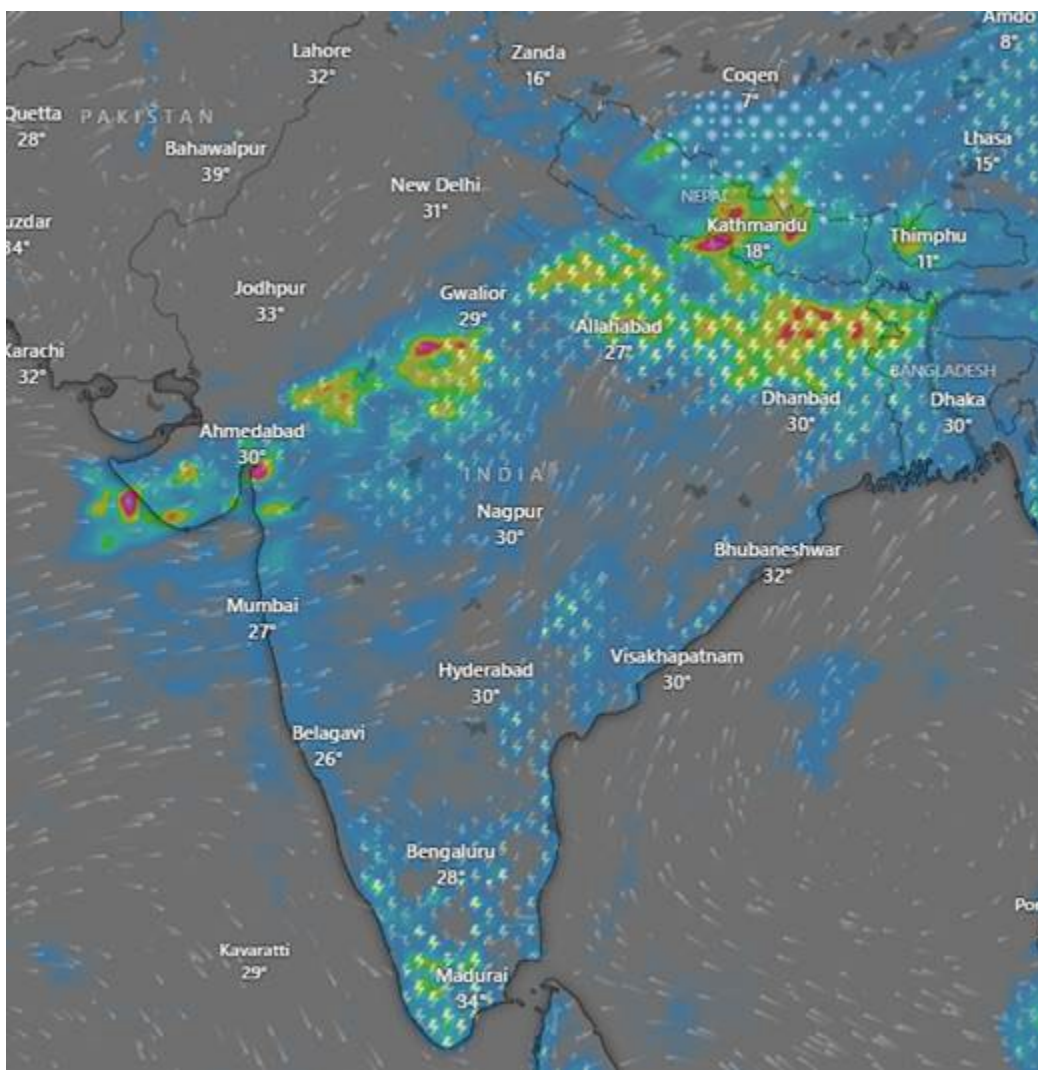
Below is the sowing data as on 23.09.2024 with a comparison from 2023. As you can see, the area under groundnut sowing has increased by about 9 %. We can safely assume yields to be the same as last year at least since we have not had any significant weather related issued this season leading us to a crop which should be higher than what we produced last season.

Area: In lakh (100,000) hectare

Crop	Area Sown (2024)	Area Sown (2023)
Oilseeds	193.84	190.92
- Groundnut	47.85	43.75
- Soybean	125.11	123.85
- Sunflower	0.76	0.73
- Sesamum	11.31	12.24
- Niger	0.73	0.80
- Castor	8.00	9.50
- Other Oilseeds	0.08	0.05

Trade estimates, on the other hand, are talking of an increase between 15 – 20 % in the planting areas as compared to last year.

After an eventful season that saw an abundance of rainfall over the past four months across 85 percent of India's geographical region, the southwest monsoon commenced its withdrawal on Monday, 23rd September, as per the Indian Meteorological Department (IMD). With this, one might think that all discussions about dry spells, wet spells, and other weather-related challenges to our crops are put aside until the next monsoon in June 2024. However, we experienced a wet spell in Gujarat during the last week and going into the weekend, which we hope everyone enjoyed. Below is the forecast for the weekend that just passed, showing rain in Gujarat and Central India, which would delay the peanut crop by at least 7 – 10 days and potentially lead to some sprouty kernels in pockets.



At the same time, periods of bright sunshine and temperatures already in the low thirties Celsius have led to commencement of harvest for many crops and groundnut is one of them. Some of the early harvest material could go from edible grade to crushing grade thanks to this rainfall. The peak arrivals will commence only after 15 – 20 October as the Bold and the Java variety both have different growth periods and it's the combination of both varieties which will lead to arrivals of over 200,000 bags of inshells very day just in the peanut bowl of Gujarat.