



June 28, 2024

July 2024 Peanut Market

A quiet, but strange market.

The international market was probably looking forward to much cheaper prices with the potential of a very good Argentine new crop. As much as the potential for the crop came to fruition, other negative factors are impacting the market. Brazil has had one of its worse crops in terms of quality making it very difficult for them to have any additional availability for Western Europe. Combined with the low Rotterdam stocks, the summer months will continue showing a tight supply. The end of the year will rely purely on the US new crop. Prices have certainly come down some, but are now firm.

The US domestic market is still tight for current crop, but the new crop is expected to be a much larger crop increasing the carryover situation. The planted acres for the new crop are much higher than last year giving the US a potential for a substantial increase in production. Meanwhile, weather will be the key. It always is, but it seems that the weather is getting a lot more erratic lately. The Southeast of the US (especially Georgia) has experienced lately unseasonably high temperatures with very little precipitations.

USA

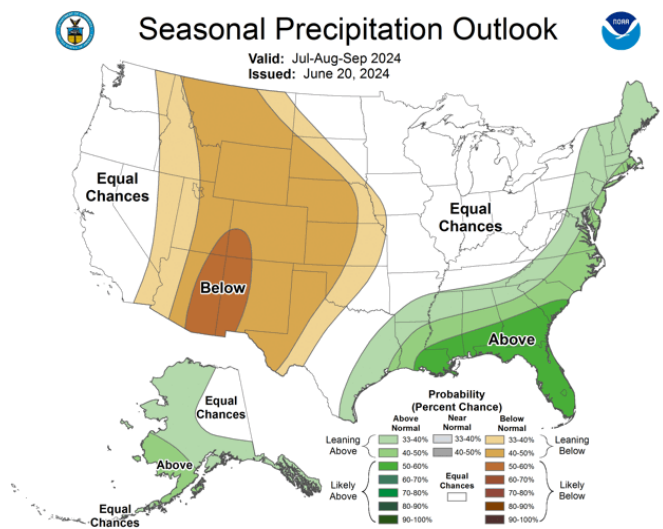
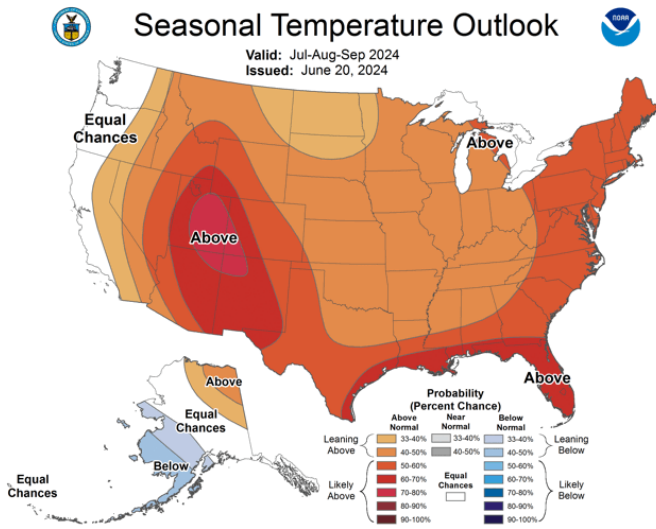
The US market is very quiet with shellers having sold and manufacturers having covered what they wanted.

The current crop market is in the mid to high 60's with very little interest from buyers. Consequently, we have seen a little weakening for anybody wanting to sell although there is not much left to sell. Moreover, the potential delay of the 2024 crop could push those current crop prices back up.

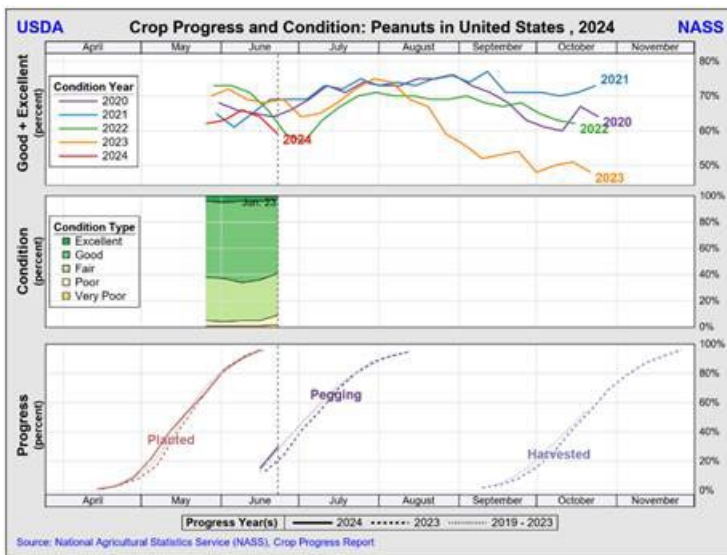
The new crop market is still in the mid to higher 50's. The market did weaken a little from the 57/58/59 levels (for splits, mediums and jumbos) the past month, but the weather conditions are probably pushing prices back up to those levels, that is for those shellers wanting to sell additional new crop.

The bigger question now is the weather. The past three weeks, the Southeast and the Virginia/Carolinas have had to endure very high temperatures (high 90's) and received no rainfall to speak of. Not an issue yet for those late planted peanuts, but definitely an issue for those plants that are pegging. The good news though is that there has been some rains since yesterday, not everywhere though. Let's hope for this current pattern to continue as we need rain on a consistent basis to ensure good yields and a good quality. Most important though is to get rains during July and especially August.

Looking at the summer forecast (see hereunder), we continue to have a forecast of above than normal temperatures, but above normal precipitations. The key though on precipitation is when. If one looks at the rainfall of Albany, GA, one will notice that it has received more rain YTD (27.80 inches vs. 22.71 inches normal), but that for June the MTD is 0.17 inches vs. 4.05 inches normal. That was through June 25th.



Not exactly the start the US was looking for.



And now the numbers we have all been waiting for, the USDA came out with their crop estimate, reporting an increase in planted acres of 6.81% and harvested acres of 8.13%. I would obviously be wary of the Texas harvested acres that will probably end up being smaller than estimated by USDA, that is unless Texas gets unusual amounts of rain. Numbers hereunder.

Peanut Area Planted and Harvested – States and United States: 2023 and 2024

State	Area planted		Area harvested	
	2023 (1,000 acres)	2024 (1,000 acres)	2023 (1,000 acres)	2024 ¹ (1,000 acres)
Alabama	175.0	170.0	171.0	167.0
Arkansas	35.0	35.0	34.0	34.0
Florida	160.0	170.0	152.0	161.0
Georgia	775.0	850.0	770.0	845.0
Mississippi	18.0	21.0	16.0	20.0
Missouri ²	(NA)	22.0	(NA)	21.0
New Mexico ³	11.0	(NA)	10.0	(NA)
North Carolina	124.0	125.0	123.0	124.0
Oklahoma	16.0	15.0	15.0	14.0
South Carolina	77.0	85.0	74.0	82.0
Texas	225.0	240.0	180.0	210.0
Virginia	29.0	24.0	29.0	24.0
United States	1,645.0	1,757.0	1,574.0	1,702.0

(NA) Not available.

¹ Forecasted.

² Estimates began in 2024.

³ Estimates discontinued in 2024.

USDA Stocks and processing: May 2024. The demand struggles continue, and peanut butter is not being spared. The inflation plaguing our economy is showing its effect. Even peanut butter that usually fares better than most products has been hit hard with the brands bearing the brunt of the decline.

May 24 vs. May 23: Peanut candy **down 20.57%**, Peanut Snacks **down 10.79%**, Peanut butter **down 9.21%**, Other products **up 16.16%**, Total edible **down 10.98%**, Inshell **down 17.59%**

Aug 23-May 24 vs. Aug 22-May: 23: Peanut candy **down 5.64%**, Peanut snacks **down 12.78%**, Peanut butter **down 1.44%**, Other products **up 15.18%**, Total edible **down 4.04%**, Inshell **down 9.50%**

Exports for April 2024 cooled off considerably after a terrible export month to Mexico and China:

Apr 2024 vs. Apr 2023: the US exported 49,061 mt, an increase of 13%. Exports to all major markets were up except for China, which is no surprise, with a decrease of 33%. the EU continue to be very strong with an increase of 109%, the UK up 428%, Canada up 8%, Mexico up 12% and Japan up 35%.

Aug 2023-Apr 2024 vs. Aug 2022-Apr 2023: The US exported 422,133 mt, an increase of 34%. The EU was up 243%, Mexico up 3%, Canada up 7%, China up 9% and the UK up 161%. Japan, the only country that was down, with a decline of 3%..

Imports: January through April 2024

Peanut oil YTD:11,342 mt imported (7,028 mt from Argentina, 2,202 mt from Nicaragua, 1,429 mt from Brazil)

Peanuts YTD: 12,484 mt imported (6,622 mt from Mexico, 1,972 mt from Germany (unsure what that is), 954 mt from Argentina, 925 mt from China, 639 mt from Japan)

Argentina

The latest supply/demand of the Camara del Mani has the planted hectares at 405,00 has, but the SAGyP (The Secretariat of Agriculture, Livestock and Fisheries) reported a planted area of 430,000 has which is down from their previous report which was 450,000 has.

It does not change anything, just potentially means that they might be a few more peanuts from Argentina.

As to the harvest, 70% is probably harvested at this point. The crop is for sure delayed, but the lack of rains is ensuring a continuing good quality.

The market prices are continuing to be fairly stable/firm in view of the amount of interest, especially for early positions. Prices (when one can find an offer) are probably around us\$ 1750.- on redskins and us\$ 1880.- to us\$ 1900.- on blanched on Cfr Rotterdam basis dependent on positions and sellers. The largest shellers seem very comfortable with the amount of interest they are getting not only from manufacturers, but also from Brazilian shellers and will probably wait until they have certainty on the US new crop before changing their position towards the market. Consequently, I see the prices direction more to the upside currently.

Brazil

Not much to say on Brazil that I have not said before.

It is unclear what the production of Brazil was this year although yields were down, Quality is and continue to be the major problem for the current crop. The question remains as to where all the Brazilian peanuts are going to end up. There won't be any additional sales to Europe. Brazilian shellers are covering sales from purchases from Argentina. Russia could be a possibility, although quality restrictions and enforcement could prove to be a challenge for Brazil. As long as Algeria turns a blind eye on aflatoxin levels, they will continue to buy; other wise Brazil will really struggle to get rid of their peanuts. Peanut oil sales will continue to be difficult with low buying prices coming from China and a continuing firm farmerstock market price in Brazil.

Despite the current quality issues, Brazil was surprisingly removed from Annex 1 in the EU which basically means that there won't be any more increased inspection for pesticides and aflatoxin as it was the case until now.

Brazil exports for May 2024:

Peanut oil: 7,590 mt were exported in May, bringing the total year to date to 25,197 mt (this compares to 48,273 mt for the same period a year ago, a decrease of 47.80%). For May, 2,626 mt went to China, 3,623 mt to Italy and 1,285 mt to Netherlands.

Peanuts: 18,967 mt were exported in May, bringing the total year to date to 88,288 mt (this compares to 107,973 mt for the same period a year ago, a decrease of 18.23%). For May, 5,773 mt went to Russia, 4,666 mt to Algeria, 2,718 mt to the EU, 950 mt to the UK, 525 mt to South Africa.

China

The Chinese market continues to be quiet and weak. Futures are lower than Rmb 9000.-, with the latest price at Rmb 8876.- and forward months going at a discount.

The Chinese crop is developing well with some parts of Henan and East Shandong being affected by drought.

Report received from one our trusted contact in China:

New crop plantation completed all over the country, hereunder is a recap of our recent field tour.

Planted area update:

Shandong Province:

Overall planted area increased slightly all over the province, mainly happened in Western Shandong, While in Eastern part, the planted area remains similar or slightly smaller.

Rough idea is that the increase shall be less than 5% all over the province comparing with 23 Crop, those planted after harvest of wheat is also included, which just completed until last week in western Shandong.

No substantial change in Qingdao area comparing with last year, farmers have other options such as vegetables, wheat and maize, although price of wheat is about 5% lower than last crop, farmers still give priority to wheat/maize considering investment and labor costs.

A slight increase is expected in Yantai area, mainly in hilly areas. Farmers are encouraged to plant more peanuts due to lower than expected price of wheat/maize, as farmers have no other choice but to rotate with peanuts, and they are relatively satisfied with peanut price of last crop. Some farmers visited are saying about 5-10% increase in some villages, but I think the increase may not exceed 5% and can be neglected considering the total lands available.

Planted area in Weihai area is also similar to previous crop in general, but a significant reduction is also witnessed in some areas, as in Yantai area, planted area mainly increased in hilly areas, while more lands are used to plant wheat and maize. Farmers also complained about low buying price for maize/wheat since last year, but still acceptable, as costs of fertilizer/pesticides also started to drop.

Northeast China:

The most optimistic but also questionable estimation for this area is 30% increase in planted area! According to our source and field tour, overall increase can be between 15% maximum, area increased significantly in inner Mongolia(neighboring Jilin/Liaoning. This is based on last years' increase of 15-20%, so there is still potentiality to see enlarged area.

Variety wise, farmers are planting more runner type(a type similar to Hsuji) and red skin, area of Virginia type has not increased that much. Nowadays Northeast China is the main producing area of peanuts targeting EU market, but weather conditions during harvest is crucial to quality and production.

Henan:

The planted area also increased last year, but did not maintain same pace this year, roughly similar planted area comparing with previous year, and we need to see how the recent drought is affecting peanut growth in this province.

Crop Development

Currently new crop is developing relatively OK, but in Henan province and western Shandong, the dry weather is causing problems to growth and emergence rate, The situation in northeast China and eastern Shandong is relatively OK, but rainfalls is also needed in the coming days.

Market Situation

Crushing plants are gradually withdrawing from market, local demands for edibles have been weak the whole crop year, while sales of edible peanut oil has not been active either, perhaps the weak economic situation is holding sales back. Weak demands have also pushed raw materials price lower in the past three or four weeks steadily. We can take red skin as an example, this variety can be easily manipulated due to crop size, price increased by over 30% in April, but today price dropped by almost another 30% more or less.

Price of other varieties also remains lower due to slow sales, export market is not active due to lower price from Argentina and crazy freight market.

China Outbound freight for 20'container to EMP has increased by about 200% since late March while shipping space is also short. We were informed that this trend will not stop in July. Today's freight for 40'container to UK is over USD8400 and 20' over USD5000.

May 2024 shipments:

Imports:

Peanuts:

May 2024: 87,034 mt imported vs. 98,730 mt the same period last year. 58,249 mt came from Senegal, 19,588 mt from Sudan and 8,666 mt from USA.

Jan-May: 341,877 mt imported vs. 529,331 mt the same period last year, a drop of 35.41%. 227,666 mt came from Senegal, 63,575 mt from Sudan and 45,917 mt from USA.

Peanut oil:

May 2024: 19,838 mt imported vs. 22,104 mt the same period last year. 16,145 mt came from India, 2,467 mt from Brazil and 655 mt from Argentina.

Jan-May: 112,256 mt imported vs. 132,099 mt the same period last year, a drop of 15.02%. 84,958 mt came from India, 13,025 mt from Brazil, 8,231 mt from Argentina and 2,545 mt from Nicaragua.

India

Planting for the Kharif crop is under way.

Monsoons were delayed in some parts and temperatures in India have been scorching.

It is early, but weather will have to be watched throughout the growing season.

The minimum support price was increase for the kharif crop for many commodities with peanuts getting an increase of 6.4%.