



March 14, 2017

USA

USDA stocks and processing for January:

- January 17 vs. January 16: Peanut candy down 6.73%, Peanut snacks down 4.33%, Peanut butter up 5.05%, Total up 0.17%, Inshells down 20.89%
- Aug 16-Jan 17 vs. Aug 15-Jan 16: Peanut candy up 9.37%, Peanut snacks down 7.57%, Peanut butter up 3.57%, Total up 1.34%, Inshells down 15.13%

Exports

- Jan 17 vs. Jan 16: total exports 36'776 mt vs. 29'489 mt (a 24.71% increase)
- Aug 16-Jan 17 vs. Aug 15-Jan 16: 244'083 mt vs. 185'013 mt (a 31.93% increase)

China and Vietnam continue to be the biggest impact with an increase of 31'805 mt over the 4 months' period, followed by The Netherlands with an increase of 10'568 mt and by Mexico who had an increase of 9'558 mt. We still believe that we will see these exports numbers start going down now that sales to China seem to have slowed down considerably. Not much activity in the market this past month for either current or new crop.

Current crop: Shellers have little left to sell until the new crop. The domestic market has been in the low 60's for negative material. Nevertheless, not much demand from buyers. Quality still remains the biggest question for the rest of the season. The market is tight, and will get tighter if quality worsens. The export market has been very quiet has well. No interest to speak of with the exception of the Chinese having come back in the market for lower quality material. Nevertheless, not much availability there either at this time.

New crop: lots of business took place earlier in the year, but activity has since then slowed down considerably. Domestic buyers seem to have covered what they wanted and are happy to wait for more news. With plantings intentions around the corner and expectations of an increase in plantings in the Southeast, it is unlikely that we will see domestic manufacturers back in the market for a while. Domestic market is still between 53 and 55 cents depending on grade.

Exports customers are not showing interest in buying any US at this time expecting prices for Argentine peanuts to drop if Argentina has a good crop. EU quality can be found in the low 60's and us\$ 1450.- Cif Rotterdam.

Argentina

The Argentine current crop market is very sluggish with most of the good material being sold out. Most businesses taking place at this time is for lower quality (i.e. higher FFA material).

The new crop is progressing very well. If weather continues to cooperate, some harvesting should start at the end of the month. But as we all know, the key for Argentina is to also have good weather during harvesting which over the years has been Argentina biggest problem. Prices have remained flat to gone down slightly the past month. Shellers have already sales in their books and they would rather wait for more certainty on harvesting weather (last year disaster is

still in their minds). Buyers, despite many probably being tight for the period April through June, believe that prices should go down if Argentina ends up with a good crop thus they are waiting to do any further buying. Prices are hovering around us\$ 1500 Cfr Rotterdam with blanched at around us\$ 1650.

Brazil

Despite heavy rain late in the season, Brazil has started their harvesting and are positive on their crop with first shipment starting in April. Prices are slightly lower than Argentina at this time.

China

Chinese buyers have been very quiet this past month. As described hereunder by one of our source in China, the market in China has been weak. It will be interesting to see market developments in the coming month and what impact it has on Chinese new crop plantings.

With the Chinese New Year holidays finally ending (Feb.28), the price of the raw peanuts started declining, little by little. One reason is the lower demand after CNY; the second reason is: with the weather becoming warm Gradually, peanuts from Jilin, Northeast China, are coming to the market More and more, especially the frozen kernels, the farmers are eager to Sell them out, recently, the brokers from other areas, are also willing to Sell the stocks, even with a discount of 100 or 200 yuan per mt.

The third reason might be: more quantity of imported peanuts come from Africa and India, these peanuts are welcomed by the crushing factories because they have high oil content; the fourth reason might be: the crushing Factories, with more choices, are very strict in accepted specifications, which Resulted in the actual decrease of the raw peanuts.

Presently, the market is weak, the brokers are unwilling to keep more stock, but since the planting season is coming soon. Big crushing factories might Raise the price, or at least maintain the price stable, to encourage the farmers to plant more peanuts instead of other products.

South Africa

The new South African crop estimate calls for 52'500 has planted with an estimated production of 88'175 mt of farmerstock. This would mean a yield of 1.68 mt which is high for South Africa. Nevertheless, with the good rains that South Africa received, this forecasted yield is possible. Having said that, some of my contacts believe that plantings are not higher than 40'000 has which would give a production of 60 to 70'000 mt. The crop has about another month to go before harvesting start.