



June 30, 2023

July 2023 Peanut Market Report

The peanut world has been extremely quiet lately with the exception of the buying of US peanuts by European buyers which has been quite active the past month.

Otherwise, quiet on all fronts.

The USDA just announced a planting increase of 10%.

The Southeast has seen plenty of rain the past couple of weeks.

Argentina is slowly finishing their harvesting and evaluating the extent of the losses. 30 to 40% depending on who you talk to.

Brazil probably needs to sell, but between relatively high prices for farmerstock, low prices for oil, issues with pesticides, and competition from the US, selling is not easy, at least not to Western Europe.

China finished their plantings and plantings should be up 10 to 15%. The Chinese domestic market is extremely quiet.

India is facing issues with late monsoons.

If it was not for the US, international market prices would have skyrocketed. For the next 12 months, the price direction should be directly linked to the US new crop quantity and quality.

USA

Hereunder is the latest crop estimate from the USDA.

Peanut Area Planted and Harvested – States and United States: 2022 and 2023

State	Area planted		Area harvested	
	2022 (1,000 acres)	2023 (1,000 acres)	2022 (1,000 acres)	2023 ¹ (1,000 acres)
Alabama	165.0	170.0	162.0	167.0
Arkansas	33.0	35.0	32.0	34.0
Florida	150.0	175.0	142.0	165.0
Georgia	685.0	760.0	680.0	755.0
Mississippi	15.0	16.0	14.0	15.0
New Mexico	7.3	6.0	6.4	6.0
North Carolina	117.0	130.0	116.0	128.0
Oklahoma	18.0	16.0	17.0	15.0
South Carolina	71.0	85.0	68.0	82.0
Texas	160.0	155.0	120.0	140.0
Virginia	29.0	30.0	28.0	30.0
United States	1,450.3	1,578.0	1,385.4	1,537.0

¹ Forecasted.

No surprise here. Planted acres are 8.81% higher and harvested acres are 10.94% higher. We all expected acres to be a little higher than the last estimate, especially in view of cotton prices vs. peanuts.

Southwest harvested acres will depend on abandonment, and this is all dependent on the weather. They had a good start with some unexpected precipitations which has alleviated a lot the drought concerns, but the extreme high temperatures plaguing the Southwest at the moment could hurt the crop. And those temperatures are forecasted to be present throughout the growing season.

The Southeast, after being unseasonably cool for the season and dry, has received tremendous amounts of rain last week and the week before. Temperatures have as well risen. All this is good for the beginning of the crop. But as I always say, we have never made or lost a crop in June. But it certainly is a decent start with the exception potentially for

some seed vigor and germination issues in the Southeast. Now let's hope for a good July, August and September. The market has been extremely quiet on the domestic front. Current crop prices are stable and firm at 61, 62, 63 cents for respectively splits, mediums and jumbos.

Mot of the activity on current crop has been in the export market, especially Europe where we have seen strong buying taking place this past month. Obviously, the business to Europe is fetching premiums vs. the domestic market. There has also been strong demand for blanched material for the export market which has resulted in a tight blanching slot situation for the coming several months. And we could see that continue throughput next year (and that is without a crop problem).

The new crop market has been somewhat dead. Domestic buyers, especially the ones who didn't cover or didn't cover much, are hoping for prices to come down with the higher peanut acres. Shellers on the other hand are comfortable waiting to know more about the crop especially considering that many of them are probably well sold vs. their farmerstock purchases. Prices are remaining firm at 57, 58, 59 cents for splits, mediums and jumbos. As to the European business, it seems that shellers have been unwilling to add on sales to their already existing European book until such time they feel good about the new crop expectations especially on quality.

Cotton is still one think to look at carefully. Prices have tanked and are now sub 80 cents. But we have seen that situation before. The Southwest weather needs to be looked at carefully, as a bad Southwest cotton crop, could impact cotton prices which in turn could impact prospects for plantings for the 2024 crop. I know. I know. You will tell me that we have just planted the 2023 crop and cotton prices are very low. But still, keep an eye on it.

USDA Stocks and processing: May 2023. Thank god for peanut butter.

May 23 vs. May 22: Peanut candy **down 5.20%**, Peanut Snacks **down 13.60%**, Peanut butter **up 13.61%**, Other products **down 6.90%**, Total edible **up 3.79%**, Inshell **up 405.96%**

Aug 22-Apr 23 vs. Aug 21-Apr 22: Peanut candy **down 7.55%**, Peanut snacks **down 4.36%**, Peanut butter **up 4.66%**, Other products **down 24.13%**, Total edible **down 0.21%**, Inshell **up 17.47%**

USDA exports: April 2023

Apr 23 vs. Apr 21: the US exported 43'536 mt, a decrease of 2% over last year. China was up 34% showing the increase in buying of a couple months ago, the EU27 was up 43%, but all other major markets were surprisingly down with Mexico down 22%, Canada down 14%, Japan down 30% and the UK down 75%.

Aug-Apr 23 vs. Aug-Apr 22: the US exported 313'129 mt the first nine months of the year, a decrease of 4% over last year. Canada was up 2% and Japan was up 8%. Otherwise, all other markets were down with Mexico down 1%, China down 7%, the EU27 down 2% and the UK down 45%.

Argentina

No real news for Argentina.

The harvesting is probably 85 to 90% done. Quality is good. Yields are as low as predicted (final numbers to be determined but 1.6 to 1.8 mt kernel yield per ha are probably where it is). Exports are still expected to be around 450'000 mt.

I think the biggest issue facing the Argentine industry at this moment is the price difference between the US and the Argentine prices The Argentine shellers have some volume of 2023 crop to sell and are asking levels of us\$ 1850.- to us\$ 1950.- for raw and us\$ 2050.- to us\$ 2150.- for blanched Cfr Rotterdam. These values are roughly us\$ 150.- to us\$ 300.- higher than US prices. Argentine hopes that either the US has a bad crop and US levels rise to Argentine levels and/or that sufficient demand remains for purely Argentine origin (that is if a manufacturer cannot switch origin).

To make matters worse, the Argentine shellers are currently negotiating land rent for the 2024 crop at levels fairly comparable to 2023 crop rates. This means having to sell at relatively high prices to make a profit. I estimate that if yields were to average 2.5 mt per ha, prices should be around us\$ 1800/1850.- on blanched and us\$ 1650/1700.- on raw for Argentine shellers to make a profit.

The question though, with the losses that Argentina will face this year, will they plant less or more for the 2024 crop?

Brazil

It is unclear what the crop size of the new crop was, but it seems we are very close (+/- 5%) to last year. Quality seems to be ok, but I understand that many shellers are having issues having lots meet EU requirements for pesticides. The biggest issue at this time is farmerstock prices and us\$ /real exchange rate. Farmers are still wanting fairly high prices (Real 100 to 110.-). Oil prices have come down rapidly with prices closing in on us\$ 1700.-.

Brazil exports for May 2023:

Peanut oil: 10'868 mt exported in May, bringing the total year to date to 48'273 mt. For May, 10'094 mt went to China and 654 mt to Italy.

Peanuts: 27'860 mt were exported in May, bringing the total year to date to 107'973 mt. For May, 9'123 mt went to Algeria, 4'781 mt to Russia, 4'345 mt to the EU, 1'725 mt to South Africa, 1'500 mt to Ukraine.

China

Plantings are done in China. Still no information as to how much plantings were increased. Best guess 10 to 15%.

This time of the year is the slow period in China, And it has indeed been very slow in China.

Peanut oil demand seems to be poor which has in turn pushed the Chinese peanut oil buyers to either not buy or lower their purchase price. After being close to us\$ 2100.- Cfr China at one point, prices are now closer to us\$ 1700.-. A difficult time for especially the Brazilian industry that has seen a surge in crushing capacity for peanut oil.

Chinese futures have been trading in a range of the Rmb 13000 to Rmb 13400.-.

India

There has been a large deficit of rains for the kharif crop which could potentially result in lower plantings for oilseeds including peanuts. But heavy monsoon rains are happening which could alleviate the problem.

India is set to reinstate peanut futures for peanut inshells.

HT MINT, NEW DELHI 19 JUNE 2023

NCDEX set to resume groundnut futures

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After a gap of over 13 years, a commodity bourse National Commodity and Derivatives Exchange (NCDEX) is set to launch futures contracts in groundnut (in shell) to bridge a gap in oilseeds complex futures because of a ban in several high-volume commodities. The groundnut futures contract will restart on Tuesday and the current contracts will be available for trading during July-September 2023.

The last time NCDEX launched a futures contract in groundnut was in 2006, which was withdrawn in December 2009 because of business-related issues.

Going forward, the exchange will add new contracts according to the launch calendar. The futures contract on the commodity exchange will be for groundnut (in shell), which is not for direct human consumption, and Bikaner in Rajasthan will be the delivery centre, while Gondal in Gujarat will be an additional point of delivery, the contract documents show.

The transaction charges in the edible seed would be ₹3 per lakh of trade. Both the unit of trade or lot size and the delivery unit will be 5 tonnes with ₹1 tick size. The minimum initial margin is 12%. It will be a compulsory

delivery contract, meaning the trade will settle in delivery on expiry.

"The re-launch of groundnut futures contracts will provide a transparent and efficient mechanism for price discovery and risk management.

It will facilitate improved price stability, enable hedging opportunities, and offer a valuable tool for market participants, including farmers, processors, traders, and end-users,"

Sudhakar Desai, president, Indian Vegetable Oil Producers' Association, said.

Groundnut is a key kharif crop and accounts for about half of the major oilseeds pro-

duced in the country. It is largely grown in Gujarat, followed by Rajasthan, Tamil Nadu, Andhra Pradesh, Karnataka, Madhya Pradesh, Maharashtra and West Bengal. In 2022-23 (July-June) crop year, the country is estimated to have produced 10.3 million tonnes (mt) of groundnut, according to the government's third advance estimate. Groundnut or peanut is sown across 4.5-4.6 million hectares in India, the second-largest producer in the world.

The Commodity Participants Association of India (CPAI) president Narendra Wadhwa said groundnut derivatives offer immense value and opportunities for commodity traders because of their diverse application and high demand.

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