



**December 8, 2023**

## **December 2023 Peanut Market Report**

The tale of two different markets continues in the International market.

One market for Western Europe with US supplies tightening, Argentina and Brazil with no additional 2023 crop to speak of, but with a slight help coming from China lower prices. That market is relying heavily on getting re-supplied by a new good Argentine crop. That will not happen until mid-next year, and don't expect the market to be re-supplied before sometime September or October. Let us hope once again for good weather in Argentina as another crop failure would have disastrous and drastic consequences. Western Europe has relied way too long on supplies from Argentina. Argentina has mostly delivered until now, but with weather patterns worldwide seemingly changing, it might be prudent for the Western European industry to start looking more aggressively at alternatives for the future. There again, the Western European stringent quality requirements are not helping. The other market is looking at all kinds of alternative supplies being China, India, Brazilian quality not suitable for West Europe and Africa. Prices have consequently gone down, although have stabilizes lately.

### **USA**

The new crop is coming in very slowly. The Tonnage report only shows 2,746,971 fst inspected vs. the USDA last estimate of 2,991,580 fst, i.e. 91.82% inspected vs. estimate. The Southeast is at 93.52% but lacking 131,522 fst vs. estimate. Whereby Texas is only at 58.97%, lacking 134,565 fst vs. estimate. So, what does all that mean for the crop size. Well, I think there is a chance we reach the estimate number for the Southeast, but no chance for Texas to reach the number, as I mentioned several times in previous reports. Texas should end up being 50,000 to 75,000 fst (if not 100,000 fst) short of the estimate. So, a 2.9 million fst crop is feasible and not a guarantee (and that's the max number that I think we will end up with).

Seg 2/3's stand at 22'893 fst. There again, showing some of the problems the Southeast crop faced this year. And what about quality (aflatoxin) of the Southeast crop. That's a difficult question. Different shellers will have different opinions. Alabama with its low irrigation percentage and lack of rain during the growing season is faring the worst. Georgia is a mixed bag with a good quality in the eastern part, mostly good coming from irrigated fields, and bad and fair from dryland in the west of the state. The JLA Southeast failure rate percentage as of November 30th is currently showing 7.8% failing edible limits. Definitely much worse than the past three years that were at respectively 5.0%, 2.4% and 1.8%, but definitely not as bad as 2018 and 2019 that had failure rates of respectively 16.7% and 29.5%. Moreover, it is too early to show a trend as not enough peanuts have been shelled and probably many problematic loads were shelled early. But it gives at least an indication of the issues the Southeast crop is facing. Having said all that, the Southeast dodged a bullet as quality is not as bad as first thought.

Domestic demand continues to be good on peanut butter but seems to be struggling a little bit on candy and snacks. So, it wouldn't surprise me to see demand slightly down for the year.

My supply/demand picture has worsened since my last report due to my expectations of the crop being worse. I now show a carryover of just above 900,00 fst based on a 2.9 million fst crop. Enough, but getting tighter.

Pricing wise, not much has changed since my last report. Prices are firmly in the high 60's. Tight specs material continue to be at a premium, premium dependent on who is offering (2 to 4 cents). EU material is even harder to find and is at a much steeper premium. The lower the crop is and the higher the prices will go. Wouldn't be a surprise to see prices for negative material being in the low 70's.

USDA Stocks and processing: October 2023.

Oct 23 vs. Oct 22: Peanut candy **down 1.77%** , Peanut Snacks **down 11.80%**, Peanut butter **down 4.28%**, Other products **down 2.11%**, Total edible **down 5.20%**, Inshell **up 18.08%**

Aug 23- Oct 23 vs. Aug 23-Oct 23: Peanut candy **down 1.47%**, Peanut snacks **down 5.54%**, Peanut butter **up 4.76%**, Other products **up 6.03%**, Total edible **up 1.73%**, Inshell **down 3.41%**

### **Argentina**

On November 16, 2023, the Secretary of Agriculture announced peanut planting estimate of between 390,000 to 395,000 has which would be an increase of between 5.4% and 6.8% vs. last year.

Plantings are probably 95% done at this time and should be completed shortly.

Rains have fallen sporadically. Some areas have had good rains, while other didn't receive much. Rain accumulation is definitely behind historical values.

Temperatures have been all over the board. Some low temperatures were experienced the early days of November, then very high temperatures thereafter, then high temperatures again end November.

With minimal soil moisture available, Argentina will need regular rainfalls to ensure a good growing season. Let's hope that the extreme high temperatures that plagued Brazil don't start in Argentina.

Cfr Rotterdam prices seem to be stable at us\$ 2100.- for raw wholes and us\$ 2300.- for blanched wholes although very little is available to sell.

New crop prices are around us\$ 1850/1900.- for raw wholes and us\$ 2000/2050.- for blanched wholes.

Argentina exported 2,929 mt of peanut oil during October, bringing the year to date to 50,542 mt.

### **Brazil**

Brazil new crop plantings are probably 90% done. Rains have fallen lately, and the crop seems to be in good condition despite the planting delays and the record high temperatures that Brazil has experienced lately.

Plantings are expected to be 10% higher than last year.

As to EU material, nothing available for current crop. New crop prices being offering at similar levels as the Argentine.

Brazil exports for October 2023:

Peanut oil: 5,760 mt exported in October, bringing the total year to date to 84,136 mt (this compares to 124,621 for the same period a year ago, a drop of 32.49%). For October, 3,285 mt went to China and 2,407 mt to Italy.

Peanuts: 26,097 mt were exported in October, bringing the total year to date to 254,666 mt (this compares to 242,655 mt for the same period a year ago, an increase of 4.95%). For October, 8,333 mt went to Russia, 4,025 mt to Algeria, 5,274 mt to the EU, 1,225 mt to South Africa, 1,075 mt to UK.

### **China**

The Chinese market has stabilized seemingly due to Luhua (the biggest crusher in China) entering the market. This is also seen in the futures market with prices having stopped their decline and settling at Rmb 8796.- on Friday (today it jumped and settle at Rmb 8974.-).

Going forward will probably all depend on domestic demand for the Chinese new lunar year. If demand is good, prices have a chance to stay stable and possibly go up slightly. If demand is not good, then prices could resume their decline after the Chinese new year. This is extremely important for plantings of the 2024 crop as weaker prices would push farmers to look for other alternatives than peanuts (and vice versa).

China is continuing to see strong demand from the export market, but Southeast Asia's demand is weak.

October 2023 shipments:

Imports:

Peanuts:

Oct 2023: 9,336 mt imported vs. 39,041 mt the same period last year. 6,162 mt came from USA, 2,442 mt from Sudan.

Jan-Oct 2023: 651,543 mt imported vs. 611,254 mt the year before, an increase of 6.59%. 343,353 mt came from Sudan, 172,479 mt from Senegal, 113,434 mt from USA, 12,327 mt from Argentina, 6,671 mt from India.

Peanut oil:

Oct 2023: 16,186 mt imported vs. 26,014 mt the same period last year. 6,353 mt came from India, 6,194 mt from Brazil and 2,430 mt from Argentina.

Jan-Oct 2023: 215,321 mt imported vs. 164,448 mt the year before, an increase of 30.94%. 97,054 mt came India, 77,277 mt from Brazil, 24,474 mt from Argentina, 8,773 mt from Sudan, 4,204 mt from Nicaragua and 2,422 mt from Senegal.

## **India**

According to the latest IOPEPC estimate, the kharif 2023 crop plantings were 43,91,400 lakh has, with expected yields of 1,562 kgs for an estimated production of 68,57,849 lakh tons (converts to 62.21 million mt).

This represents a 4% decrease in yields, but a 5% increase in production.

Quality of the crop seems to be decent.

India is getting a lot of interest from the international markets, thus market prices have turned around and now pushing upward.

On peanut oil, it will be interesting to see if China, with its weak peanut market and large supply, continues to buy the large quantities from India that they have been buying the past several years.. My guess is either India lowers its prices or China will reduce those imports drastically. China will be concentrating on imports from Africa (mainly Senegal and Sudan).

## **Africa**

- South Africa:

According to the CEC, the 2023 crop final planted area was 31,300 has with a production of 52,660 tons.

Back at the end of October, CEC has sent producers intentions to plant 42,550 has for the 2024 crop. My understanding is that the lack of rains during this new planting season might result in much lower plantings (25,000 to 30,000 has) which will for sure push South African manufacturers to look to imports greater quantities.

- Senegal: Senegal is seemingly looking at having a good quality and quantity crop. In addition to the usual interest from China (which should be at lower prices this year), Senegal should get strong demand from South Africa (due to their crop shortages) and the birdfood market as well as Southeast Asia (although I hear that Southeast Asia demand is weak as well).
- Sudan is starting to offer their new crop which could be 40 to 50% lower than last year.