



January 27, 2025

FEBRUARY 2025 Peanut Market Report

The market continued to be quiet this past month, although not unexpected, with many people either on vacation (South America), returning from vacation and a market, at the moment, that doesn't seem to have any worry about peanut supply.

Argentina and Brazil had increases in their plantings (12% and 20% respectively) and their crops are developing well. China's demand continues to be weak to flat with plentiful supply options, the strong US\$ being an issue (exchange rate standing at 7.27 today) on imports, but of course being an advantage on exports making them fairly competitive. At least they were competitive until such time Argentine and Brazilian prices started to come further down. India had a good kharif crop and is very competitive towards non-EU markets.

The US, despite a smaller than expected crop, has sufficient supply for its key export markets. And plantings for the new crop should be similar to the previous season.

Demand internationally is probably flat to slightly up. But buyers are staying out of a market they believe has plenty of supply, feeling prices going down further and a US\$ that's increasing their cost by 5 to 10% (depending on timeline comparison). Demand in the US is slightly down and not looking to get much better at this point. I had the opportunity to talk to several manufacturers about the US demand. Many are talking about the Ozempic craze (weight loss drug) which is impacting food demand in general, and of course potentially peanuts. Studies shows that users of such drugs are cutting their food expenses by 6 to 9% depending on the their income. One piece of good news though is that peanuts are a fantastic source of protein, thus could be a boom if marketed accordingly. Users of those type of medicine have to supplement their diet with protein.

Everything looks bearish at the moment, but that's all based on the premise of good crops everywhere in the world. How likely is this? The Argentine and Brazilian crop still have to be harvested. The Chinese and USA crop still have to be planted. It will be interesting to see how much risk appetite buyers have.

And how can I forget the discussion on new tariffs. Nothing has been decided, nor announced yet, by the new US administration, but there have been threats of 25% tariffs on Canada and

Mexico, 10% additional tariffs on China and potentially 10% tariffs on all other countries. Who knows what will be done, but it will certainly change the demand and supply landscape.

This is shaping up to be an interesting year.

USA

The domestic market in the US is unchanged with prices in the low to mid 60's (61 to 64 cents) for splits to jumbos. Manufacturers are well covered and shellers have a full book. So, no pressure on either side.

Despite being in January, plantings for the 2025 crop are in the mind of everybody. Cotton continues to be weak. But corn has moved from \$425.- back in November to almost \$490.-, definitely an alternative for the irrigated farmers. Looks to me that whatever peanuts gains from cotton could be lost to corn, thus a flat planting scenario. The only issue in that scenario is that peanut could lose irrigated acres.

Looking at yields, we used to take 4000 lbs as average to calculate the potential production. Considering the lower yields we have had the past couple of years, the declining trend since 2012 posing the question about the vigor of the GA 06G (the main planted variety), the lack of rotation and the poor financial situation of the farming community which could impact inputs, I think the best we can calculate today with is 3900 lbs and maybe lower (the last 5 years average yield is 3881 lbs).

No word on yet on contracting. Probably will take a while.

USDA Stocks and processing: December 2024. Well, a surprise for the end of the year with consumption up 7.81% on edible and even inshells managed to be up 2.26%. Certainly didn't see this one coming. Candy continues to be down which is not a surprise.

Dec 24 vs. Dec 23: Peanut candy down 4.90%, Peanut Snacks up 13.12%, Peanut butter up 9.65%, Other products up 16.28%, Total edible up 7.81%, Inshell up 2.26%

Aug 24-Dec 24 vs. Aug 23-Dec 23: Peanut candy down 5.52%, Peanut snacks up 3.78%, Peanut butter down 0.88% , Other products 36.12%, Total edible down 0.11%, Inshell down 7.32%

Exports for November 2024 were better than I expected thanks to Canada and especially China, but I believe China is only a temporary good news probably shipping the last of the 2023 crop and seg 2/3's from the 2024 crop.

Nov 2024 vs. Nov 2023: the US exported 45,938 mt, a decrease of 3% vs. the same period last year. Canada and China continue their increases, up respectively 9% and 222%. Mexico finally back in the black up 1%. Otherwise, the EU27 was down 61%, the UK was down 60% and Japan was down 74%

Aug-Nov 2024 vs. Aug-Nov 2023: the US exported 159,010 mt, a decrease of 14% vs. the same

period last year. Same story here with Canada up 10% and China up 117%. Mexico down 18%, the EU27 down 57%, the UK down 54% and Japan down 57%.

Peanuts YTD (Jan-Nov): 33,637 mt imported, an increase of 7% vs. the same period last year. 20,335 mt from Mexico, 3,876 mt from Argentina, 1,972 mt from Germany, 1,998 mt from China, 1,598 mt from Canada, 778 mt from Japan, 660 mt from Paraguay, 490 mt from Brazil, 573 mt from India.

Peanut oil YTD (Jan-Nov): 26,183 mt imported, an increase of 38% vs. the same period last year.

15,186 mt from Argentina, 4,403 mt from Nicaragua, 4,439 mt from Brazil and 1,142 mt from India.

Argentina

Despite current high temperatures, weather conditions have been good thanks to timely rains. The crop is progressing fairly well. But there is still at least 2 months to go before any harvesting will take place.

Market is not seeing much buying interest hence prices have seen some decline the past months. But with very little business taking place, it is difficult to ascertain exact levels. Buyers are unfortunately well covered and not feeling any pressure, thus prices are justifiably going down. Whole blanched kernels are apparently around us\$ 1600.- Cfr Rotterdam.

Brazil

Despite delays in plantings and heavy rains, the Brazilian crop is doing fairly well. Some harvesting should take place soon, but with the delays that Brazil faced during plantings, harvesting will most probably last longer than normal, probably through May. Quality and quantity are therefore still unclear.

On another note, there has been a lot of discussion in Brazil about the non-renewal of article 351-A of the ICMS regulation. I suggest that you refer to hereunder link which I was referred to.

<https://planetacampo.canalrural.com.br/noticias/crise-no-amendoim-paulista-jose-rossato-explica-os-impactos-da-perda-de-incentivos-fiscais/>

Brazil exports for 2024:

Peanut oil: 4,356 mt were exported in December, bringing the total year to date to 61,699 mt (this compares to 96,278 mt for the same period a year ago, a decrease of 35.92%). 3,217 mt went to China and 1,108 mt to Italy.

Peanuts: 30,054 mt were exported in December, bringing the total year to date to 238,266 mt

(this compares to 305,171 mt for the same period a year ago, a decrease of 21.94%). 4,575 mt went to Russia, 3,851 mt to Algeria, 1,402 mt to the EU, 1,375 mt to South Africa, 1,433 mt to Colombia.

China

Futures prices are still weak, at Rmb 7906.- today.

Market is still somewhat weak to flat.

Chinese new year will be celebrated in a couple of days, but it doesn't look like demand has improved any.

It will be interesting to see what the peanut market does after the Chinese new year as plantings of the new crop is coming up soon.

Latest report from my good friend Wang Jung:

there are not much to say as raw materials market has been rather quiet since my last market report.

Crushing plants stopped a few days ago at a price ranging from CNY7100-7800/MT for crushing peanuts and ungraded ones, daily delivered volumes shall be about 200-400MT, recently delivered volume shall be considered as moderate or even small comparing with their peak season delivered volume.

Total volumes crushing plants have purchased since harvest of new crop is not big comparing with their crushing capacity, but as discussed before, I believe that they are still facing pressures from peanut retailing market.

Snackfood demands has not increased despite of Lunar new year, this has continued for a while due to unfavorable economic expectations, the latest stimulus has proved to be of no effect so far.

Raw materials market has increased slightly by about CNY100/MT, not that much considering weak demands. I am a little surprised at the quietness of export market as Chinese peanut price has been more than attractive, however, when discussing with some dealers, they are not optimistic that price will increase sharply and quickly after lunar new year.

My impression is similar as feedback from EU customers indicated that their sales are slow and planned to postpone shipments by about 3-4weeks, this may prevent raw materials from increase further.

Availability of farmerstock is still sufficient, and shall not be able to be sold very quickly unless price is low enough, what puzzled me is that some Chinese exporters are offering raw peanuts(not blanched) at much lower price to EU, which is abnormal based on current raw

material price, I think that such offers will bring more chaos to market.

Sales of imported peanuts remains slow as well, I am wondering if some are being exported again in name of Chinese peanuts at cheaper prices, but most need to be sold to crushing plants, that is why I think that overall peanut market will remain sluggish.

Freight from China to EU is falling back, we may be expecting freight for 20'container to touch USD2200 after Chinese new year, comparing with three weeks, freight may drop by about USD600-800/teu due to unfavorable export to Europe.

India

Interesting report from my good friends at M.Lakhamsi:

This year has been quite a challenge for the peanut trade. The crop has been quite large and hence prices have declined, which is logical. What is not logical is that while the currency has weakened against the USD, prices have continued to remain flat or low. This means a double whammy in dollar terms. In spite of this attractive pricing, which is constant for the last 2 months, significant extra demand has not picked up for Indian peanuts other than the usual trades to South East Asia etc.

The kharif crop harvested in Oct – Nov 2024 is estimated at 10 Million tons of inshells across India. Gujarat government has procured and is procuring about 900,000 mt of inshell. Other states combined would also procure about 900,000 – 10,00,000 mt of inshell so we are seeing a disappearance of about 20% of the crop into government procurement. All this material, at a later date will need to be liquidated. About 3 – 3.5 million tons is traded between local consumption as kernels, oil (local and export) and export of kernels. About 4.5 million tons is between farmers and traders even now. So it would be safe to say we produced about 20 % more this season. The yields on certain varieties have been quite good and this contributed significantly to the increase in numbers.

Government warehouses are already quite full with soya beans and groundnuts as of now and we have wheat, chick peas etc which will be harvested next month onwards. To support farmers, there will be procurement initiated at the minimum support prices. The groundnut procurement ends by 8 – 9 Feb and we have to see what happens to the market once this intervention is out of the way. The fact that warehouse availability is reducing is an added challenge that the government is facing.

New material has also started arriving in some of the South Indian states, adding to the supply. There is decent offtake for now locally but we have to see how this pans out over the next few days. Quality for Java / Spanish is very nice.

Coming to Rabi, prices are not attractive for the peanut farmer so we may see some decline

but since many of them do it historically for crop rotation as well as fodder, the numbers could be similar to last year. Getting accurate numbers of planting intentions at this stage is a challenge.

Freight rates, while normal for the Far East, which is our biggest market, have continued to remain high for the Med Ports, UK, North Europe etc. Lower rates would surely have helped us get some additional volumes for EU etc.