



August 30, 2024

September 2024 Peanut Market Report

USA

The US domestic market is almost nonexistent with basically no buyers and no sellers. Buyers are well covered and are awaiting (hoping should I say) for the new crop to come down in prices prior to make any additional purchases. Shellers, with most probably holding a fairly tight position with no real long position to speak of, are probably awaiting to see what prices they will have to pay for farmerstock prior selling any additional volumes of 2024 crop. And that one is a big guess. First, we all must figure out what crop the US will produce, not only in terms of quantity but also in quality. Once that is known, then all shellers will have to assess what quantity they will handle as well as what quality they will have to deal with. Thereafter comes mainly the cotton prices for next year's plantings, the Chinese 2024 crop and the Argentine 2025 crop. Despite several of these factors being unknown at this time, let us also not forget that farmers have 9 months from loan time to decide on their unsold peanuts. Therefore, it could take quite some time for one to ascertain their farmerstock prices. The farmers financial situation will also come into play when deciding how much farmerstock to sell and when. Lastly, with the downside revision of the USDA carryover, prices could easily stay where they are or even go up depending on the crop size and quality.

Let's talk now about the new crop. The Southeast has many different crops. The early planted one and the late planted one. Then you have Central and West GA, and Alabama who have not received any big rains for quite a while now (probably around 3 to 4 weeks). Extreme East GA and the Virginia/Carolinas though received big amounts of rains recently from hurricane Debby (which was beneficial, but also probably hurts some fields). And then you have to consider the irrigation percentage for each state. All this makes it extremely complicated to ascertain both the quantity and the quality of the crop, especially in the Southeast. The weather is supposed to continue being dry until next Tuesday, at which point the weather patterns seemingly will change (with 50% chance of rain every day for 10 days), hopefully bringing some relief to the crop, especially in Central and West GA and Alabama. The harvest is probably 3 to 4 weeks away for the early planted fields, and at least a couple more weeks if not more for the late planted fields. Thereafter, we will obviously need some dry weather to harvest the crop. For sure, the current dry pattern in most of the Southeast is definitely impacting yields and quality. Good rains are needed urgently.

As I mentioned last month, the USDA corrected the stocks and processing reports. The changes were shocking. According to my calculations for the carryover, their corrections resulted in my carryover being reduced by almost 300,000 fst. Talk about an error. I guess we all thought (and the market told us) that the carryover was tight, but not as tight as just announced. The latest carryover announced by the USDA was (per my calculation) 754,000 fst. So, if we now take that number, and if we consider a crop of 3.4 million fst, a flat domestic market and a reduction in exports of 10%, the carryover for next year could be 1.225 million fst. Still a lot of moving parts though. But a lower crop (which could very easily happen) and/or problems of quality and/or better domestic consumption (which could easily happen after a 4% drop this past year) could tighten up that carryover very easily.

So, don't expect much lower prices and don't expect those prices to come down fast (if they do come down at all). Prices could easily go up. Too many moving parts at

this point to have a good feel.

Lastly, hereunder is the USDA latest supply/demand that makes no sense whatsoever.

Their ending stocks doesn't match their latest stocks and processing. The last piece of the puzzle missing though is export numbers which will come out next week.

Everybody has always the same question: what is residual. The answer is I have no idea, and I am not sure the USDA does either.

They have an increase in domestic consumption of 6.69% for next year. Very aggressive in my views.

They have the exports rising 1.63%. Well, anybody that knows anything about the international peanut market knows that won't happen.

The only think I will add is that if the USDA numbers were somewhat close to reality, the peanut market would have gone through the roof.

Year beg.	Area		Yield	Supply				Disappearance					Ending Stocks
	Planted	Harvested		Beginning Stocks	Production	Imports	Total	Domestic Food	Crush	Seed & Residual	Exports	Total	
Aug1/Jul3 1													
	1,000 acres		Lbs/Acres	Farmerstock short tons									
2022/23	1,449	1,381	4,012	1,180	2,771	52	4,003	1,601	398	390	599	2,987	1,016
2023/24	1,645	1,574	3,742	1,016	2,945	53	4,014	1,495	330	605	738	3,168	846
2024/25	1,800	1,744	3,890	846	3,393	50	4,289	1,595	438	594	750	3,377	912

USDA Stocks and processing: July 2024. The domestic consumption for peanut candy, peanut snacks and inshells continues to struggle. But peanut butter is back on track being up for the month.

Jul 24 vs. Jul 23: Peanut candy down 11.01%, Peanut Snacks down 4.15%, Peanut butter up 9.89%, Other products up 56.12%, Total edible up 3.96%, Inshell down 2.42%

Aug 23-Jul 24 vs. Aug 22-Jul: 23: Peanut candydown 7.14%, Peanut snacks down 10.94%, Peanut butter down 1.85%, Other products up 20.61%, Total edible down 4.10%, Inshell down 5.81%

Exports for June 2024 cooled off considerably (July figures will be available September 4th):

Jun 2024 vs. Jun 2023: the US exported 34,963 mt, a decrease of 29%. The only market that was up was the UK up 26% and Japan up 12%. All other markets were down with Mexico down 8%, Canada down 14%, China down 76% and the EU down 18%.

Aug 2023 - Jun 2024 vs. Aug 2022 – Jun 2023: The US exported 504,706 mt, an increase of 24%. All major markets were up except for China that is finally lower, down 7%. The EU up 163%, Mexico up 3%, Canada up 6%, Japan up 2% and the UK up 128%.

Imports: January through June 2024

Peanut oil YTD: 14,546 mt imported, an increase of 51% (7,133 mt from Argentina, 4,403 mt from Nicaragua, 1,807 mt from Brazil and 600 mt from India)

Peanuts YTD: 18,037 mt imported, an increase of 16% (10,406 mt from Mexico, 1,972 mt from Germany, 1,314 mt from Argentina, 1,358 mt from China, 641 mt from Japan, 514 from Canada, 418 mt from Paraguay, 231 mt from Brazil, 266 mt from India)

Argentina

The Argentine, although already very well sold on 2024 crop (70 to 80% by some accounts), are somewhat anxiously awaiting to see what the US crop situation will be, but more importantly what its impact on international prices will be. Cheaper prices from the US could certainly push the Argentine to have to sell their remaining balance of 2024 crop at cheaper prices, not counting its impact on the 2025 crop. More of an issue on raw, then blanched but still. The Argentine must be rejoicing though about these new USDA numbers and the lack of rain.

Argentina is shipping all they can at this point, although shipments have been impacted by lower imports which in turn has resulted in less container availability for exports. And of course, this means higher freight costs.

As for the 2025 crop, the weather continues to be dry in Argentina, but planting time is still 1 month and half away. So, there is still time. There is certainly lots of optimism which could lead to a 5 to 10% increase in plantings.

Brazil

The current crop situation in Brazil hasn't changed much. Low availability of EU peanuts and high availability of higher aflatoxin peanuts. Despite the fact that there seems to be 2 different farmerstock prices depending on the quality, the low quality prices has yet to substantially come down enough to enable exporters to make a real dent in their stocks. The same situation applies to peanut oil.

As for the new crop, the start of the planting season is about a month away and weather predictions are good. Despite the poor 2024 crop, it is expected that Brazil will increase their plantings by 10%

China

Chinese futures closed at Rmb 8748.- with forward month well below in the Rmb 8400's

Hereunder a report from Wang Jun:

Visited some production areas and seems that the rainy weather is causing some problems to new crop in Henan and part of Shandong, but not that damaging as previously imagined.

Overall crop situation is still OK, but as said last time, I don't expect a good 2024 crop.

Situation in Northeast China is better than expected too, although there are reports of floods in Liaoning and Jilin on local medias.

Harvest will start from early September from Western Shandong, and seaflower inshells from western Shandong will be available for shipment from end September/early October if weather accomodates, while in Eastern Shandong, harvest should start around Moon Festival holiday (mid September), and end September/early October in Northeast China

Overall market is weak considering the carryover from previous crop and availability of imported peanuts, it is widely agreed that new crop will not open high due to

weak demands, but we need to watch speculators' action and importers who may need to boost new crop price to promote selling price of imported peanuts.

Anyway, all depends on production and quality of new crop.

July 2024 shipments:

Imports:

Peanuts:

Jul 2024: mt imported vs. mt the same period last year. mt came from Senegal, mt from Sudan and mt from USA.

Jan-Jul: mt imported vs. mt the same period last year, a drop of %. mt came from Senegal, mt from Sudan and mt from USA.

Peanut oil:

Jul 2024: mt imported vs. mt the same period last year. mt came from India, mt from Brazil and mt from Argentina.

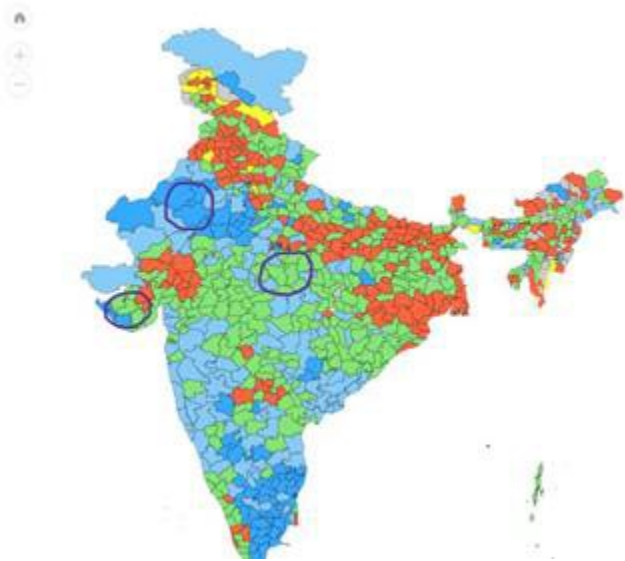
Jan-Jul: mt imported vs. mt the same period last year, a drop of %. mt came from India, mt from Brazil, mt from Argentina and mt from Nigeria.

India

Hereunder an interesting take on the Indian crop from M Lakhamsi:

Rainfall Distribution

The rainfall map for India on 19 August 2024 reveals encouraging conditions for groundnut cultivation. A significant portion of districts shows adequate rainfall (depicted in green), with some areas experiencing marginal excess (light blue). This timely precipitation bodes well for the kharif season. Some of the major growing areas are circled for ease of identification.



Crop Prospects

With favorable weather persisting over the next 45 days, we anticipate a substantial groundnut crop after about two months. The well-timed rains are conducive to healthy plant growth and yield across India. At the same time we are already seeing a few bags of new crop Javas in parts of Gujarat from those farmers who planted really early.

Stock Situation

1. **Gujarat and Rajasthan:** Although material stocks are currently low, the demand outlook remains positive due to the impending new crop. Market dynamics favor these regions.
2. **Central India:** Similar to Gujarat and Rajasthan, Central India faces low stock levels. However, strategic planning can mitigate supply challenges.
3. **East India:** The java type of material is still available in sufficient quantities. East India continues to be a reliable supplier.
4. **South India:** For the Spanish/Java variety, South India operates on a hand-to-mouth basis. Careful inventory management is crucial.
5. **Peanut Oil Demand:** While demand for peanut oil is currently slow, the upcoming festival season (leading up to Diwali) is expected to boost consumption.

Shipping Considerations

- **Far East Ports:** Raw material availability aligns well with the demand for Java/Spanish types. Shipping to Far East destinations remains feasible.
- **EU Markets:** Challenges arise here due to material availability and exorbitant freight rates. Choice grades are limited.
- **Bolds:** Harvested only once a year, bold grades face scarcity. Western destinations pose logistical hurdles.

Hereunder another report from another source:

India Groundnut crop report

Demand: - For Runners variety the Prices are Stable for Long time at 1140 FOR Mundra levels though there is no demand from China.

Some demand for Blanch peanuts still exists in MENA region at \$1460/t and \$1400/t respectively for Blanched whole and Blanched splits.

Little demand From Romania is evident at \$ 1650/t and 1600/t for blanch whole and blanch splits respectively for human feed.

SEA demand for Spanish type varieties is good at the decreased prices of approx. \$ 1000/t the prices were stable \$1070/t for quite some time but got corrected due to expectation of huge new crop of Spanish varieties.

Oil demand from China at \$1575/t for 3% FFA condition, local demand very less due to lower prices of competing oils.

Carry forward from last crop is expected to be 250 k to 300k tons.

New Kharif Crop: -

- Overall, India Acreage is 10% higher compared to Last year.
- Out of 4.6 million hectare 2 million ha is under cultivation of Runners type varieties rest 2.6 million hectare is different Spanish type varieties.
- Weather have been favourable since the beginning the crop, crop had received good rainfalls with proper intervals, yields are expected to be very good, and the production is expected to rise by min 20% compared to Last year's due to favourable Climatic conditions. Not heard of any pest or disease infestation on the crop any states of India.

India Acreage YOY since 2019 to 2024 in Lakh Ha

