



April 30, 2024

MAY 2024 Peanut Market Report

The month of April has been a quiet one for the peanut market.

The US 2023 crop remains firm.

The US 2024 crop is soon to be planted, with the general consensus that plantings will be higher than announced by the USDA.

The Argentine new crop has slowly started to be harvested and shows good potential.

Brazil has been plagued with weather issues and crop delays which is inadvertently impacting crop quality.

The Chinese 2023 crop remains weak to flat domestically.

The Chinese 2024 crop is about to be planted and expectations are flat.

The 2024/2025 market seems to be priced for close to perfect crops in Argentina, USA and China.

Argentina after receiving rains lately seems to be in the clear for a good harvesting season (at least according to the weather forecast).

The US and China have not even planted their crop.

USA

The US 2023 crop market, despite being firm, is not seeing much interest either domestically or internationally. Most domestic manufacturers are very well covered through new crop. All that remains is some fill in enquiries here and there. Shellers on the other hand are not very long. Prices are holding firm at 66/67 for splits, 68 for mediums and 70 and above or jumbos (negative specs). Internationally, we are still seeing interest from Mexico and Europe (although relatively small interests). Western Europe, with Argentina soon to ship new crop peanuts, is waiting as long as it can to fill in holes until new crop Argentine is available.

Price will most likely hold firm for the rest of the season considering the low projected carryover. I am still estimating that the carryover will be around 800,000 fst vs. the USDA 978,000 fst with the difference basically being export numbers.

The US 2024 crop market has seen some activity at levels of 57 cents for splits, 58 for mediums and 59 cents for jumbos (negative specs) although most of the coverage was done prior to that. Most buyers are not believing the USDA prospective plantings numbers and feel that plantings will be higher, in view of the continuing low corn prices and especially the declining cotton prices (now below 78 for Dec 24). The industry will have more clarification once we get the USDA crop estimate at the end of June, As much as I agree with the buyers that plantings will be slightly higher than announced by the USDA, we still need to have good yields. A 5 year average yield would ensure that we have a healthy (but not overwhelming) carryover. And let's not forget about the potential La Nina. Current forecast shows higher than normal temperatures and higher than normal rainfall and a higher incidence of hurricane. The key word though is timing. This market has a lot more potential on the downside than on the upside. But buyers tend to chase perfection. Moreover, I think there is a chance that the US ends up exporting more out of the 2024 crop than out of the 2022 crop because of the issues that Brazil is having.

USDA Stocks and processing: March 2024.

- Not surprised about candy lower numbers. Tough to keep up with so many price increases due to record high cocoa prices.

- Concerned about the continuing decline in peanut snacks and the lack of promotion and innovation.
- Surprised about the sharp decline in peanut butter. Wonder if there weren't any plants down.

Mar 24 vs. Mar 23: Peanut candy **down 14.80%**, Peanut Snacks **down 16.54%**, Peanut butter **down 13.68%**, Other products **up 7.82%**, Total edible **down 14.04%**, Inshell **down 20.54%**

Aug 23-Mar 24 vs. Aug 22-Mar 23: Peanut candy **down 2.53%**, Peanut snacks **down 12.74%**, Peanut butter **down 0.43%**, Other products **up 11.32%**, Total edible **down 2.95%**, Inshell **down 9.54%**

Exports for February 2024 cooled off some but are still very strong:

Feb 2024 vs. Feb 2023: the US exported 49,939 mt, an increase of 41%. Exports to the EU continue to be very strong with an increase of 253%, the UK up 88%, China up 53%, Mexico finally reverse the downturn with an increase of 12%. Canada was down 2% and Japan down 16%.

Aug 2023-Feb 2024 vs. Aug 2022-Feb 2023: The US exported 329,496 mt, an increase of 44%. The EU was up 287%, Mexico up 7%, Canada up 6%, China up 45% and the UK up 124%. Japan was down 11%..

Argentina

The new Argentine crop harvesting is underway although very slowly after the latest rains. The good news, those rains probably and actually help both those fields that still needed one last rain and those fields that needed moisture to loosen up the dry soil. Obviously, good weather will be needed throughout the harvesting to ensure a good quantity and good quality crop, but expectations (as you can see from hereunder supply/demand from the Argentine Peanut Chamber) are for an increase in exports of 33.41% after a decline of 30.7% last year.

Prices seem to be unchanged from last month. Although one would be find it hard to get any offers today.

I have not changed my feeling about the Argentine prices going forward. Normal demand for Argentina combined with potentially additional demand coming from the problems the Brazilian are having with their crop should enable the Argentine to keep market prices at or close to current levels. At the minimum, there is no reason for those prices to go down until at least the market knows what the US 2024 crop is.

SUPPLY AND DEMAND 2024

COMERCIAL YEAR (from June to May)	AREA		YIELD (Kernel Basis)	SUPPLY				DEMAND					ENDING STOCKS
	Planted	Harvested		Initial Stock	Production	Imports	Total	Domestic Market + Blanched shrink	Oilstock	Seeds	Exports	Total	
	Hectareas		Tm/Ha	Metric Tons (kernel Basis)				Metric Tons (kernel Basis)					Tm
2021/22	417.115	415.895	2,44 3,49	62.259	1.014.784 1.449.691	0	1.077.043	74.325	171.731	52.000	729.936	1.027.992	49.051
2022/23*	373.795	371.920	1,77 2,53	68.270	658.298 940.426	0	726.568	77.000	87.725	54.300	507.543	726.568	0
2023/24**	405.500	401.445	2,48 3,54	0	995.584 1.422.262	0	995.584	73.000	185.479	60.000	677.105	995.584	0

* Estimated

** Forecast

Brazil

The situation for the new Brazilian crop is unclear. The crop output seems to be close to last year due to higher plantings, but quality is the big question. Harvest has been delayed and will probably not be done before June. Weather has plagued the Brazilian crop from the beginning. Some areas had too much rain, some had too much dry weather and other areas had both. So, in addition to the usual pesticides issues for Europe, Brazil will have more issues with aflatoxin this year. To what extent, that is the big question. Some already had issues fulfilling 2023 crop contracts that had to be postponed to this year. There will be of course some good quality peanuts, but I believe the quantity will be much lower than anticipated. I believe shipment to Western Europe will be lower. The question though: will shipments to other major markets such as Russia and Algeria be affected; and I believe the answer is yes, but to what extent.

The situation with farmerstock is unchanged with farmers wanting higher prices than the market can bear. The peanut oil is also unchanged with prices offered by the Chinese being lower than what the Brazilian can afford to sell.

Brazil exports for March 2024:

Peanut oil: 3,812 mt were exported in March, bringing the total year to date to 11,300 mt (this compares to 22,936 mt for the same period a year ago, a decrease of 51%). For March, 1,286 mt went to China and 1,210 mt to Italy. Peanuts: 13,652 mt were exported in March, bringing the total year to date to 55,164 mt (this compares to 56,680 mt for the same period a year ago, a decrease of 3%). For March, 2,760 mt went to Russia, 1,801 mt to the EU, 2,100 mt to South Africa, 1,310 to Colombia, 800 mt to Mexico, 625 mt to Algeria and 600 mt to Ukraine.

China

Chinese prices are flat to down. And future prices are showing the same trend with a current price of Rmb 9032.- and forward months at a decline. With the summer months looming and its implications on the quality of peanuts, I wouldn't surprise me to see some decline in prices in the months to come as farmers and dealers have to empty their stocks.

Demand seems to continue to be sluggish on the domestic side. With the seemingly weakness in the peanut oil consumption, It actually surprises me that we have not seen a further decline in prices which makes me wonder about either last year carryover and/or the 2023 crop production, although China did have much stronger exports and much lower imports.

Plantings for the 2024 crop is about to start with all indications pointing toward similar plantings to last year. If the Chinese economy doesn't recover faster, we could see another difficult year for imports especially out of Africa.

India

Report from Agrocrops:

Southern new crop harvest proceeds slowly, with one more month of steady supplies before dwindling. Despite a robust 2024 yield, profits suffer due to weak pricing and demand in export and local markets. Gujarat's summer crop arrives alongside Maharashtra's, both showing promise. Surplus stock from Winter 2023 aids upcoming sowing, boosting prices mildly. Tj 8090 trades between \$1150 to \$1200 to Indonesia, while demand remains sluggish in Vietnam, China, Malaysia, and Thailand for Indian peanuts.