



October 3, 2023

October 2023 Peanut Market Report

The market is somewhat unchanged for current crop Argentina and Brazil.

Argentina has very little left to sell for current crop and prices are certainly not going to go down.

Brazil still has peanuts, but not suitable for Western Europe. Shellers are more worried about fulfilling their current contract to Western Europe vs. Selling additional goods.

New crop plantings for South America are around the corner with expectations of increases.

Brazil has received rains and will start to plant soon.

Argentina is still dry and desperately needs rain to start planting.

India seems to have received adequate rainfall and hoping for good weather throughout the rest of the season.

China has had a good growing season and is looking at a good crop. The difficult economic problems that the country is facing, the weak demand, the weak currency should push China to gain market share in the international market this year.

The US has had difficulties as of late. Dry weather in the Southeast will lower yield and quality expectations.

All this means higher prices for the international market. The question is for how long.

Prices for the US domestic prices will also be higher, at least until the 2024 crop.

USA

The market has completely changed since my last report.

The crop conditions hereunder tell the story.

Alabama is in bad shape. The rains that came through the Southeast the past month has completely avoided Alabama. And with only 11% irrigated land, conditions are looking bleak.

There will be a lot more failed acres than normal, yields will be lower and quality will be suspect.

Georgia crop conditions look bad, but I think the crop is not as bad as depicted on this chart.

West GA definitely has some problems, but there is also a lot of irrigation. Central and East GA are seemingly in good shape.

There will definitely be pockets of problems with the Southeast crop and I would expect yields to be lower than last year.

Texas is still a big question. Weather has definitely improved, but I think it is too little too late. I think there is very little chance that Texas harvests 205'000 acres. Probably closer to 180'000 acres.

Average yields are another big question. My best guess would be the same as last year.

Having said all that, I think we can still expect a crop of 3 million to 3.05 million fst. But yields for the above 3 states will be key.

Based on that, the carryover should be very similar to this past year, so enough peanuts. Although we need to ascertain quality and see how domestic demand performs, if there is enough EU quality to meet demand and what quantity China will buy.

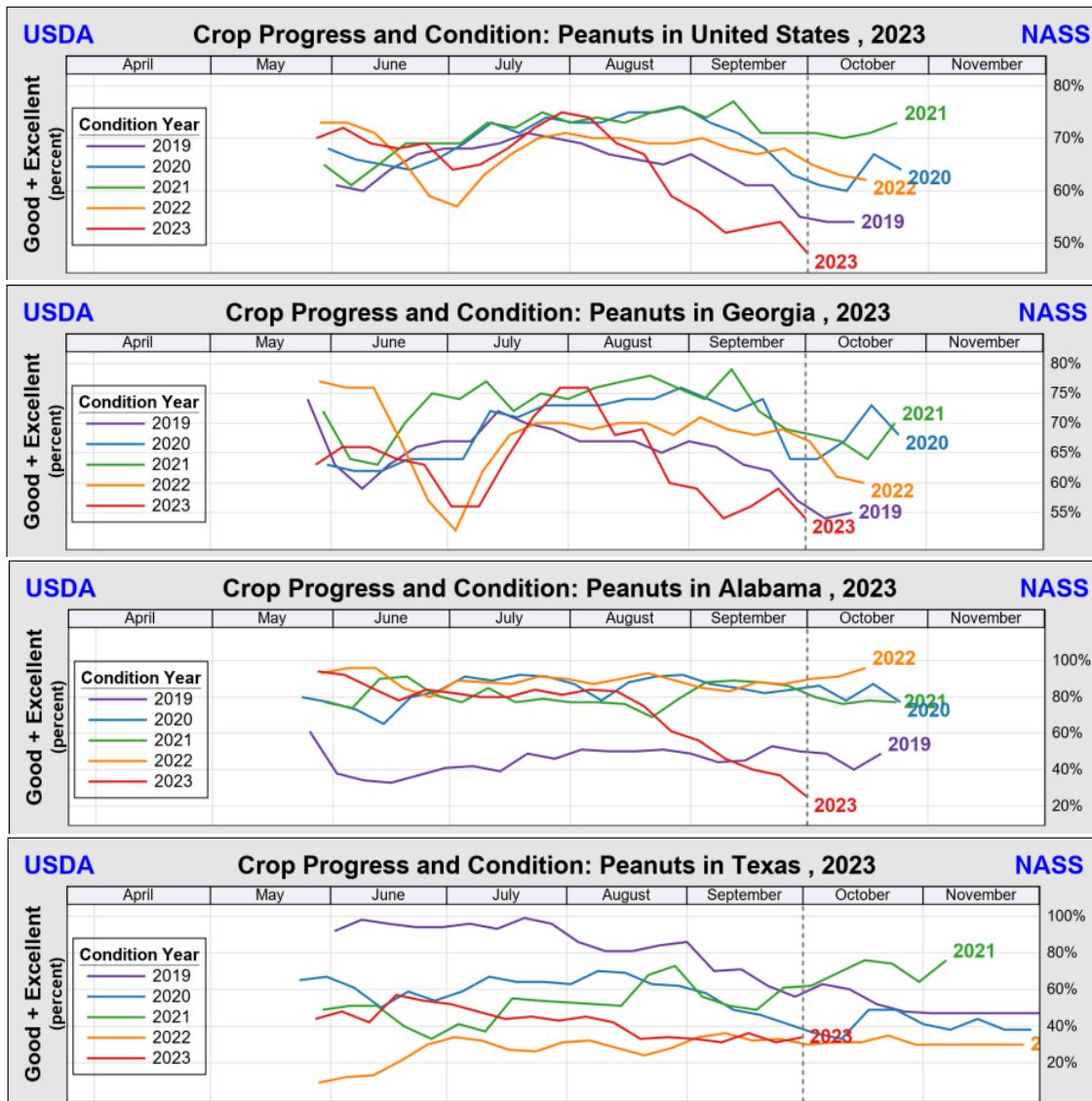
The biggest thing at this point, I believe, is uncontracted farmerstock. Price for uncontracted farmerstock will probably go up which could push the edible market higher.

Quality will definitely go at a premium, the question at what premium.

Most shellers at this time are trying to ascertain what quantity they will handle and what quality they will have to deal with. It will be different for each sheller.

Many shellers are off the market. Prices for negative material are probably at best 61/62 cents for splits, 62/63 cents for mediums and 63/64 cents for jumbos.

I think it will take quite some time to figure out the premium for tight specs.



USDA Stocks and processing: August 2023. Demand was reported way up in August. These increases look too big, thus will most probably revised at one point, but otherwise a good start of the season.

Aug 23 vs. Aug 22: Peanut candy up 11.45%, Peanut Snacks up 17.87%, Peanut butter up 28.62%, Other products down 33.93%, Total edible up 21.70%, Inshell up 7.55%

USDA exports: July 2023.

Jul 23 vs. Jul 22: the US exported 42'692 mt, an increase of 23% over last year. China was up 71%, the EU27 was up 166%, the UK was up 45% and Mexico was up 6%. Canada was down 13% and Japan down 80%

Aug-Jul 23 vs. Aug-Jul 22: the US exported 450'031 mt this past season, an increase of 4% over last year. The EU27 was up 30%, China was up 14%, Canada was up 2% and Mexico was flat. Japan was down 11% and the UK was down 29%.

USDA imports of peanut oil : August 2022 through July 2023: 28'161 mt imported, a decline of 21% vs. the previous year. 21'932 mt were from Argentina and 4'403 mt from Nicaragua.

Argentina

The Argentine export tax has been officially cancelled. A small benefit to the Argentine shellers in this difficult year.

Very little information on current crop. Also very little left to sell. At best I would think CFR Rotterdam prices for wholes would be around us\$ 2100.- for raw and us\$ 2300.- for blanched.

New crop planting expectations are anything between 2% down to 15% up. With many commodities down, peanuts is definitely a good alternative. Financial issues might cause some problems though. The biggest issue at the moment is weather. It has been dry and the peanut area needs urgently to receive rain to start plantings. Otherwise we will have late plantings which is never good in Argentina.

Brazil

Brazilian market continues to be quiet with still good amount of farmerstock available although at high prices. Brazilian will struggle to compete for sales of peanuts and peanut oil with China and India coming into the market. The Chinese market situation will also make it difficult for Brazil to sell their oil at decent prices.

Very little left for Western Europe, as pesticides and aflatoxin issues persist.

As to the new crop, conditions have improved the last several days with sufficient moisture to start peanut planting. Expectations still are for an increase of 10 to 15%.

Brazil exports for August 2023:

Peanut oil: 6'107 mt exported in August, bringing the total year to date to 70'600 mt (this compares to 92'418 for the same period a year ago, a drop of 23.61%). For August, 4'660 mt went to China and 1'444 mt to Italy.

Peanuts: 34'509 mt were exported in August, bringing the total year to date to 201'348 mt (this compares to 182'141 mt for the same period a year ago, an increase of 10.55%). For August, 11'511 mt went to Russia, 7'964 mt to Algeria, 5'769 mt to the EU, 1'200 mt to UK, 1'089 mt to Ukraine, 775 mt to South Africa.

China

China is currently celebrating the 7 day Golden week which will end October 7th.

The Chinese new crop seems to have developed well and should produce a good quantity and good quality crop.

Demand continues to be weak.

The Chinese currency continues to be weak with the us\$/Rmb now at 7.30, a good thing for exports but a bad thing for imports.

The future market is down closing at Rmb 10'378.

Consequently prices have dropped us\$ 150/200.- per mt the past several weeks.

This will certainly make China a strong competitor for the international market, especially for blanched material.

Many private label manufacturers will probably jump on the opportunity to avoid paying the big premiums for Argentine and also USA.

It might be more difficult though for brand manufacturers to take the opportunity.

As for the Chinese market, unless the market surprisingly rebounds, we could see reduction in imports.

They will import all they can probably from Senegal and whatever gets produced and exported from Sudan (as those 2 countries don't have much choice).

As to the US, they will probably be aggressively buying seg 2 and 3 farmerstock as they are discounted vs. seg 1.

For seg 1, China buying interest is below what US shellers are willing to pay for farmerstock, thus it is difficult to imagine that China will buy big quantities, unless certain shellers need to move low quality seg 1.

The weak Chinese market will also pose problems for especially Brazil, but also Argentina for peanut oil. There is a big disparity in prices between what the Chinese want (and can) to pay vs. what the Brazilian and Argentine want and can afford to sell.

Imports for August 2023:

Peanuts:

China imported 19'033 mt incl. 15'625 mt from USA, 1'528 mt from Sudan and 1'410 mt from Senegal.
For the 1st 8 month of the year, China imported 630'292 mt (an increase of 17.48% vs. last year) incl. 339'272 mt from Sudan, 171'706 mt from Senegal, 97'554 mt from USA, 12'277 mt from Argentina and 6'671 mt from India.

Peanut oil:

China imported 13'765 mt incl. 8'240 mt from Brazil, 3'309 from India and 1'050 mt from Argentina.
For the 1st 8 month of the year, China imported 180'612 mt (an increase of 57.19% vs. last year) incl. 78'980 mt from India, 66'185 mt from Brazil, 20'896 mt from Argentina, 8'773 mt from Sudan.

India

According to the Agriculture Ministry report for Kharif sowing, as of September 21st 43.89 Lakh ha. were planted vs. 45.51 in 2022, a drop of 3.56%.

Despite erratic rainfall both timewise and regionwise, the crop is doing good.

Prices seem to have started to go down already.

China will unlikely be a big buyer this year, at least not at interesting prices.