



June 1, 2024

## June 2024 Peanut Market Report

The European market seems to have woken up to the fact that Brazil had a terrible crop and that there won't be any relief coming from them. Consequently, stocks in Western Europe continue to be very low with most of the early shipments coming from Argentina being spoken for. That situation should last for several more months. This is keeping the Rotterdam spot market very firm. It is unclear what the extent of the crop problems are in Brazil, but one should not expect Brazil to sell any additional material to Western Europe. The crop has issues not only with quantity, but especially quality.

Argentina crop is delayed but still in good condition. It is imperative for the Argentine shellers and for the international market that the weather cooperates until the end of the harvesting. The market though shouldn't expect much lower prices, at least not in the short to medium forecast. Thereafter, lots depends on the US new crop. The Chinese new crop has been planted with expectations ranging from a 0 to a 10% increase. The US new crop plantings are slightly delayed, but conditions are adequate throughout. The industry still believes that the plantings will be much higher than last year.

### USA

The US market continues to be fairly quiet.

The 2023 crop is staying firm with a carryover that around 850,000 fst depending on domestic consumption and export numbers. The majority of the manufacturers are well covered through October 2024. A couple shorts seem to be present due to some defaults in the market. Market prices are firm in the 60's for splits and mediums, and low 70's for jumbos.

The 2024 crop plantings are slightly delayed with 67% of the crop planted as of May 26 according to the USDA. Moisture is adequate in all parts of the country. The weather forecast continues to call for higher temperatures and higher precipitations for this summer with possibly an extremely active hurricane season. The industry continues to believe that plantings will be higher than the USDA March estimate. I share those beliefs (especially in view of the decline in cotton prices this past month) and I also believe that Texas will be much higher than predicted. It looks like that manufacturers have covered a good percentage of their 2024 crop needs, waiting for prices to drop with the expectations of a much bigger crop. Prices though are staying stable at 57 for splits, 58 for mediums and 59 for jumbos with many shellers reluctant to sell much more 2024 crop until they feel comfortable about plantings, weather conditions and Argentina.

USDA Stocks and processing: April 2024. The demand struggles continue especially for Peanut Candy and Peanut Snacks. Not surprising for Candy with record cocoa prices. And not surprising for Snacks when other nuts are being promoted vs. peanuts.

Apr 24 vs. Apr 23: Peanut candy **down 16.18%**, Peanut Snacks **down 16.53%**, Peanut butter **down 1.18%**, Other products **up 45.90%**, Total edible **down 6.09%**, Inshell **down 14.62%**

Aug 23-Apr 24 vs. Aug 22-Apr: 23: Peanut candy **down 3.93%**, Peanut snacks **down 13.07%**, Peanut butter **down 0.51%**, Other products **up 15.06%**, Total edible **down 3.26%**, Inshell **down 10.08%**

Exports for March 2024 cooled off considerably after a terrible export month to Mexico and China:

Mar 2024 vs. Mar 2023: the US exported 43,576 mt, an increase of 3%. Exports to the EU continue to be very strong with

an increase of 161%, the UK up 871%, Canada up 11%. Mexico was the big surprise with exports down 25%. China was down 41%, but that is not surprise after being ahead of pace until now. Japan was down 3%.

Aug 2023-Mar 2024 vs. Aug 2022-Mar 2023: The US exported 373,072 mt, an increase of 38%. The EU was up 269%, Mexico up 2%, Canada up 7%, China up 24% and the UK up 146%. Japan, the only country that was down, with a decline of 9%..

Imports: March 2024

Peanut oil YTD: 7,979 mt imported (7,028 mt from Argentina, 334 mt from India, 350 mt from Brazil)

Peanuts YTD: 9,312 mt imported (4,666 mt from Mexico, 896 mt from Argentina, 626 mt from China)

### **Argentina**

The new crop harvest is in full swing despite a few delays. 20 to 30% of the crop is probably harvested at this point. Freezing temperatures have been experienced recently, but seemingly having no effect at the moment on quality. Yields though could be slightly affected.

Considering the delays in the crop, the good sales volume most shellers have in their books, the quantity and quality problems of the Brazilian crop, the European market that is empty and the lack of alternative supply through November this year, the US higher prices on current crop, and the new crop plantings that have yet to be completed, Argentine shellers are either withdrawn or at higher prices. Smaller shellers might still be lower but probably not for long. I think at best today whole blanched would be at \$1850.- Cfr Rotterdam if not higher. It looks like that in the short to medium term, prices are more likely to go up then down.

2025 crop land renting has started, and the first indications are that prices will be as expensive as this past year, despite the drop in soybeans and corn prices.

Exports of Peanut oil YTD through April: 18,145 mt exported vs. 21,025 mt the same period last year.

### **Brazil**

The Brazilian crop seems to have been hit hard by the weather this year. Difficult to get accurate information with losses in quantity and quality variable depending on regions.

There are many reports of Brazilian shellers either washing out contracts to Europe or covering from Argentina. Brazilian exports to Western Europe will be greatly reduced this year. And it is unlikely that there will be any more sales to Western Europe until next year.

The big question though is: will Brazil be able to fulfill their commitments and make additional sales to their major markets of Russia and Algeria and/or will Russia and Algeria accept lower quality. This is an important question as otherwise those markets will have to cover from Argentina, giving the Argentine another opportunity to keep their prices at higher levels.

Surprisingly though, it seems that the farmerstock prices are staying high. Shellers will undoubtedly face severe losses. The Brazilian crushers should have more availability for oil, but at what price.

Brazil exports for April 2024:

Peanut oil: 6,307 mt were exported in April, bringing the total year to date to 17,606 mt (this compares to 37,406 mt for the same period a year ago, a decrease of 53%). For April, 3,509 mt went to China, 1,854 mt to Italy and 440 mt to USA (YTD to USA is 1,734 mt).

Peanuts: 14,156 mt were exported in April, bringing the total year to date to 69,321 mt (this compares to 80,114 mt for the same period a year ago, a decrease of 13%). For April, 3,123 mt went to Russia, 2,205 mt to Algeria, 1,852 mt to the EU, 1,900 mt to South Africa.

### **China**

The Chinese market continues to be weak and quiet. The new crop plantings are over, and the crop is seemingly developing well. Unclear at this time what was planted with the market estimating a 0 to 10% increase.

Prices are flat to slightly down. The future market price is at Rmb 9194.-, fairly stable the past month.

March 2024 shipments:

Imports:

Peanuts:

Mar 2024: 87,616 mt imported vs. 193,013 mt the same period last year. 56,084 mt came from Senegal, 15,927 mt from Sudan and 13,060 mt from USA.

Jan-Mar 2024: 109,730 mt imported vs. 316,655 mt the same period last year, a drop of 65.35%. 59,371 mt came from Senegal, 27,143 mt came from USA, 20,360 mt from Sudan.

Peanut oil:

Mar 2024: 25,455 mt imported vs. 26,743 mt the same period last year. 19,726 mt came from India, 2,753 mt from Argentina and 1,683 mt from Brazil.

Jan-Mar 2024: 66,764 mt imported vs. 88,011 mt the same period last year, a drop of 24.14%. 48,911 mt came from India, 7,572 mt from Brazil, 5,987 mt from Argentina and 2,188 mt from Nigeria.

## **India**

The following reported by Agrocrops:

The Winter crop 2023 stocks are plentiful and in excellent quality condition. Sowing for the Winter 2024 crop will begin in mid-June, with optimistic planting intentions due to market prices being above the Minimum Support Price (MSP) range and projections of an excellent monsoon. However, demand from both domestic and export markets is lower than usual for this time of year. This may be due to competition from origins like Mozambique (\$1080) and Tanzania (\$950), which are supplying at lower prices, and China, which is refraining from buying peanuts or oil from India. 60% of the Spanish crops are sold out, but there are several stocks in cold storage due to price disparities. Edible oil prices are trending lower, with cake prices hitting an all-time low.

## **Local Market info**

The summer crop from Gujarat has started arriving in the market. India is seeing new crop harvests from three states, all producing Spanish-type peanuts ranging in size from 40-50 to 140-160 per ounce. On average, the summer crop yield in Gujarat is estimated to be 120%, with Sabarkantha seeing an exceptional yield of 150%. However, some areas like Maharashtra and Bengal are experiencing short crops, lasting only a month. The expected market price for the new crop is between Rs. 90-98 for the 80-90 caliber peanuts. There is an expectation of slow demand during the June-August period.