



July 30, 2024

August 2024 Peanut Market Report

Quiet summer markets both internationally and US domestically.
 Very tight West European market with high prices for spot goods.
 Relief from hot and dry weather finally arrived in the US 10 days ago.

USA

The latest USDA Supply/Demand came out with the following numbers:

| Year beg. | Area | | Yield | Supply | | | | Disappearance | |
|------------|-------------|-----------|-----------|------------------------|------------|---------|-------|---------------|-------|
| | Planted | Harvested | | Beginning Stocks | Production | Imports | Total | Domestic Food | Crush |
| Aug1/Jul31 | 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 |
| 2023/24 | 1,645 | 1,574 | 3,742 | 1,016 | 2,945 | 53 | 4,014 | 1,545 | 330 |
| 2024/25 | 1,757 | 1,702 | 4,000 | 1,001 | 3,405 | 50 | 4,466 | 1,649 | 438 |

Harvested acres up 8.13%. FSA will report their first acreage data in mid-August which will give an indication of exactly how many acres were actually planted.

Yields up 6.89 %: a tall order with the weather we have had so far and despite those good rains received during the second half of July.

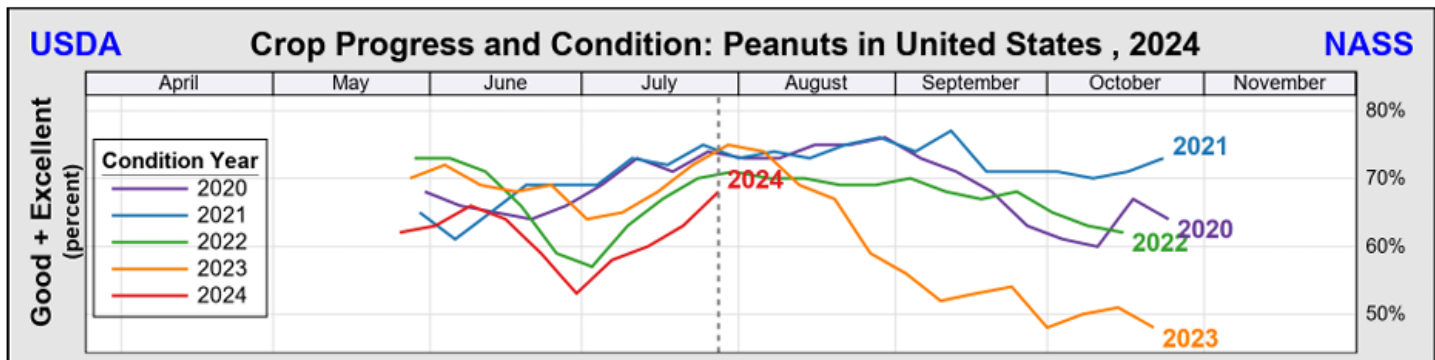
Domestic consumption up 6.73%. Not sure how they came up with that number. I don't doubt that consumption could go up, but 6.73%?

Exports similar to this past year. The only way that happens is if China buys more peanuts. Europe has bought a lot of the Argentine 2024 crop and will not buy anywhere near what was bought this past year.

I think that, at this point, a crop between 3.3 million and 3.35 million fst is what could happen. That is, if the weather cooperates. Consequently, I estimate the US would probably have a carryover of between 1.27 to 1.31 million fst. A higher domestic consumption could shrink that number.

After a very hot and dry June and first half July, the last 10 days saw great amounts of rainfall throughout the Delta, Southeast and the Virginia/Carolina areas. Those rains were extremely beneficial as the crop, especially the early planted peanuts, was in trouble. At this point, I would say that the early planted peanuts lost their maximum yield potential, but the late planted peanuts didn't. The key, for both yield and quality potential, for both the early and late planted peanuts will be the weather the next couple of months. The long-range forecast still calls for above normal temperatures and above normal rainfall for the Southeast.

As you can see from hereunder Crop progress and condition chart, we had quite a reversal in July vs. June.



The market is unchanged at this point.

For 2023 crop, there is probably not much of a long in shellers hands, and buyers are basically covered.

For 2024 crop, shellers are probably not very long based on their farmerstock purchases. With the crop having a couple of months to go and not knowing what they will have to pay for further purchases of farmerstock, shellers seem to have adopted a careful attitude toward selling. Shellers might sell 1 cent less than previously, but that's about it. Buyers on the other hand are probably rejoicing with this rain falling on the peanut crop the past 10 days. This will make them wait even more then before looking for much cheaper prices.

There has been some demand coming from Europe, but with the risks on quality having been elevated from the early stress on the crop, shellers are unlikely wanting to take the EU risk at this point.

USDA Stocks and processing: June 2024. The domestic consumption continues to struggle. Candy have been hit hard lately; one has to think that the inflation and record cocoa prices are the biggest reasons. Snacks were surprisingly up, the first positive month since August last year. Peanut butter (especially brands) is struggling although only down 2.74% YTD. Inshell continues to struggle as well.

Jun 24 vs. Jun 23: Peanut candy down 16.53%, Peanut Snacks up 0.66%, Peanut butter down 11.16%, Other products up 45.06%, Total edible down 9.19%, Inshell down 6.88%

Aug 23-May 24 vs. Aug 22-May 23: Peanut candydown 6.78%, Peanut snacks down 11.51%, Peanut butter down 2.74%, Other products up 18.11%, Total edible down 4.73%, Inshell down 8.82%

The USDA made some major changes in the latest stocks and processing numbers to the Farmerstock inventory dating back to August 2023. No idea why but would certainly have a major impact on the carryover number. I will wait until next month, when July numbers come out, to evaluate if this was an error or what the consequences of those changes are.

Exports for May 2024 cooled off considerably especially to Europe:

May 2024 vs. May 2023: the US exported 45,513 mt, an increase of 3%. Exports to all major markets were up except for China, which is no surprise, with a decrease of 24%. The EU was still up but only by 9%, the UK up 12%, Canada up 25%, Mexico up 9% and Japan up 27%.

Aug 2023 - May 2024 vs. Aug 2022 – May 2023: The US exported 469,744 mt, an increase of 31%. All major markets are up with the EU was up 202%, Mexico up 4%, Canada up 8%, China up 5%, Japan up 1% and the UK up 145%.

Imports: January through May 2024

Peanut oil YTD: 12053 mt imported, an increase of 27% (7,091 mt from Argentina, 2,201 mt from Nicaragua, 1,806 mt from Brazil)

Peanuts YTD: 15,348 mt imported, an increase of 22% (8,650 mt from Mexico, 1,972 mt from Germany, 1,075 mt from Argentina, 1,087 mt from China, 641 mt from Japan)

Argentina

The Argentine market is unchanged, and prices are staying at the higher levels. Most of the big and medium shellers are apparently well sold and probably awaiting more news on the US new crop before deciding what to do on their position

balance. At this point, with the Western European market empty of stocks, apparent slight delays in shipments created by some shipping lines, lack of EU availability from the US and Brazilian covering quality shorts from Argentina, Argentine shellers have no reason to lower their prices, quite the contrary.

Brazil

Brazil continues to struggle with its quality. I understand that the quality issues of this crop have resulted in a two-tier market for farmerstock. One for good quality and one for bad quality, with a 30% price differential between the two. With falling peanut oil export prices, it might help some although I feel that the crushers will continue to struggle to sell at a positive margin. Moreover, one has to find buyer which these days is tough in China.

With sinking soybean prices, we could potentially have an interesting scenario in Brazil, whereby some acres could go from soybean to peanuts which could potentially push the acres for the new crop to be increased by 10 to 15%. Such an increase could stretch the entire system. Marketing wise, not an issue as long as the quality is suitable for West Europe. But any issues with the quality could create a freefall in farmerstock prices, peanut oil prices and prices for non-EU destinations.

Brazil exports for June 2024:

Peanut oil: 7,005 mt were exported in June, bringing the total year to date to 32,202 mt (this compares to 57,735 mt for the same period a year ago, a decrease of 44.22%). For June, 3,872 mt went to China, 1,793 mt to Italy, 666 mt to Netherlands and 650 mt to USA..

Peanuts: 19,803 mt were exported in June, bringing the total year to date to 108,090 mt (this compares to 134,058 mt for the same period a year ago, a decrease of 19.37%). For June, 4,506 mt went to Russia, 3,439 mt to Algeria, 3,267 mt to the EU, 1,625 to Ukraine, 1,275 mt to South Africa.

China

The Chinese market is fairly flat. Future prices are flat as well with the latest closing at Rmb 8918.- with forward pricing in the Rdm 8700's.

The crop is seemingly doing well from what I understand despite some parts having had drought stress and other parts having had too much rain. Overall, though pretty good.

As to exports, things are getting even more difficult with freight rates being very high again.

The Chinese economy continue to be at a standstill. If the Chinese consumption continues as is, and if the Chinese new crop is as plentiful as last year, it could make it very difficult for Brazilian peanut oil and US farmerstock.

June 2024 shipments:

Imports:

Peanuts:

Jun 2024: 73,762 mt imported vs. 58,593 mt the same period last year. 32,193 mt came from Senegal, 30,947 mt from Sudan and 10,485 mt from USA.

Jan-Jun: 415,639 mt imported vs. 587,924 mt the same period last year, a drop of 29.30%. 259,859 mt came from Senegal, 94,522 mt from Sudan and 56,402 mt from USA.

Peanut oil:

Jun 2024: 24,254 mt imported vs. 18,027 mt the same period last year. 19,628 mt came from India, 2,891 mt from Brazil and 862 mt from Argentina.

Jan-Jun: 136,509 mt imported vs. 150,126 mt the same period last year, a drop of 9.07%. 104,586 mt came from India, 15,916 mt from Brazil, 9,094 mt from Argentina and 2,546 mt from Nigeria.

India

According to the Agriculture Ministry, sowings for peanuts for the Kharif oilseeds as of July 19, 2024 is up 12.64 % vs. last year. Monsoons since June 1, 2024 are slightly lower than normal.