

Est. 1986

GOLDEN

PEANUT AND TREE NUTS

March 19, 2015

U.S.

The US market continues to be quiet with few buyers and few quantities to be covered until the new crop. On the other hand there aren't many sellers. The market has stayed fairly stable to slightly up with prices in the 54/55 cents range FOB SE. When looking at the supply/demand, one can notice that Runner peanuts are tight with the other varieties being oversupplied. Nobody can point out though what quantity would be available should anybody need any volume. As stated before, shellers still have at least 7 months of production. Any surprise on the quality would reduce whatever availability there is at this point.

Planting intentions for the new crop will soon come out. In view of the returns on peanuts and the weakness on other commodities, there shouldn't be much surprise in what gets planted in the US. Runners should get at least a 20% boost and Virginias could be reduced by as much. Despite a reduction in Virginia supply, the carryover on Virginias won't change much.

New crop prices are pretty much unchanged, hovering just above the mid 40's. Shellers and buyers seem to be comfortable with what has been contracted. Shellers will unlikely go very long, thus the prices will unlikely go down much given pressures on margin today. There are 2 opportunities for the market to go down. One is with forfeitures, but one has to wait till the end of next year and has to be willing to take delivery of old crop. Much depends on how much 16 crop will be planted then. The other is with the repayment rate, but that would only be on farmerstock that has not been contracted. The repayment rate would have to come down not only substantially, but the timing would have to be good as otherwise you would get close to forfeitures. And that option would probably be only viable if shellers have any extra shelling capacity.

Argentina

The Argentine new crop is doing very well despite very heavy rains. The crop is probably looking as good as ever, but many are questioning and/or wondering about the weather. Harvest is about to start. It is crucial for the weather to be dry during the harvesting as otherwise similar problems to last year could happen i.e. loss in yields and loss in quality. With the low prices of the market, it is crucial for the Argentine shellers to have good yields as otherwise tremendous losses will be suffered. Prices on blanched have been rumored to be around us\$ 1450.- to us\$ 1550.- CFR Rotterdam.

China

Chinese prices continue to be much more expensive than the world market. As much as it is difficult to get any accurate information, the US has slightly participated in the sales to China with about 20,000 mt. it is rumored that China has been buying very aggressively from India and lately from Africa, but no quantities are known at this time. Once the Chinese have exhausted their opportunities with India and Africa, we could see more sales being done from the US.

China has seen, the past several years and particularly this past year, its market share decline on the world market.

The market is now wondering what China will do with its new crop. High prices should result in much higher plantings, but logic doesn't always prevail in China.

South Africa

South Africa received beneficial rains last month and received a few more rains since then. Nevertheless this new crop has suffered from drought which will for certain impact yields at the farm and yield for the shellers. Shellers will certainly have less 60/70 and above. SAGIS just came out with their new crop estimate close to 70,000 mt.

General

The market is also battling the strengthening of the US\$. Those who bought and didn't cover their currency exposure find themselves in a bind. Those who didn't buy face a higher price.