



Aldebaran Commodities B.V. Peanut market report March/April 2008.

Dear client,

Seems that after a long winter sleep peanut market is awakening again.

On the supply side there are many interesting elements at the moment to consider. China overnight increased prices with US\$ 100,00 per ton, and for the Virginia type is even completely withdrawn from the market. As already known, Virginia crop has been very problematic quality wise and now on import it turns out that not every lot passes the stringent aflatoxine control. Not only shellers are reluctant to offer new shipments, also CIQ officials are not issuing certificates for every port of destination anymore. Current market on Hsuji 40/50 cpo is at US\$ 1.800,00 CIF Rotterdam basis, but no one is really pushing these offers since there seems to be a real problem with availability of raw material in Liaoning. On FCA Rotterdam basis prices are at the moment more attractive at around US\$ 1.750,00 FCA, but also here limited quantities available and at the end price will reflect the current CIF level. There where we were hoping that China would at least be able to meet all possible demand with regards to quantity, we now have to fear that this origin is not a source that will never fall dry.

In Argentina the crop has reached a decisive stage. Current conditions are considered good, but some (southern) regions do need some rain still, in order for the kernels to mature. Also to improve harvesting conditions the soil needs to be softened a little. From current crop no serious offers available, only bits and pieces at various levels. In general one could say market on Runner 40/50 cpo is at US\$ 1.700,00 for 40/50 cpo and blanched at US\$ 100,00 premium. Same price for current crop and new crop. Normally shipment would be possible end of April for raw material, but general idea is that crop will be delayed by 15 to 30 days. Considering the crop development, we may expect a large crop with relatively high percentage of small kernels. As a result, larger grades like 38/42 cpo will go at a premium beyond the normal differential.

In America planting intentions are still rather positive. Some weeks ago expectations were that about 20% more acreages would be planted compared to last season. But due to market development of some other products like cotton and corn peanuts might loose some terrain again. But still, even with plantings ending up 10 to 15% higher, Usa should be able to enter the export market as a serious player again. Current prices are not very competitive, but for new crop – November onwards – America should be able to supply Medium Runners at the current level of the Argentine market. But for the European market, this will only be of influence for the position 2009.

Bird feeding market has been relatively active the last week. Due to lack of supply, prices increased further to US\$ 1.275 / US\$ 1.300,00 CIF UK basis for Indian 70/80 cpo. No competition from Africa or other countries and even from India at these historically high levels; buy while supply lasts! Latest positions will be April, and after that we have a gap in supply till the new Java crop comes out. There is no security stock available, and if we will have the same market as last year we will have a very hot summer!

Inshell market is extremely difficult to predict. Supply is as tight as a, but question is what the demand will be at these levels. Current market for Chinese inshell 11/13 cpo at US\$ 1.500,00 CIF, and 9/12 (no real 9/11 from this crop) is at US\$ 1.600,00 CIF Rotterdam basis. There is not a lot available at these levels, but maybe that supermarkets will significantly reduce the quantities if they see no room for good margins in the store. Usa is not able to compete, and Egypt is already finished with last crop. Other problem is that (especially on inshells) CIQ is very unpredictable in issuing the required export certificates and buyer's in Hamburg, Valencia and Greece have already noted this direct shipment is not always possible any more. In previous years we have seen that from one day to the other CIQ decided not to issue certificates at all, and that might create a real panic situation since there are no stocks available in Europe. Best is to ship as soon as possible, and calculate with storage charges.

In brief, market till the end of this year still holds many risk with crop figures that are not known. As from January onwards there should be more options for relief if Usa has indeed a good crop and China is also able to bring supply on high level again. Advise, cover big part of 2008, and monitor closely market development for 2009 positions.

Please contact us for firm and detailed offer.

Regards,
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