ALDEBARAN Commodities B.V.

Nuts & Dried Fruits

Dear client,

In this particular market report we will put our focus on peanuts from South Africa, which is rather surprising because in previous years their export quantities have been reduced to a mere of 30.000 metric tons.

We happily can say that South Africa as an origin is back, due to the fact that the forecast for the 2014 crop is around 95.000 metric tons. Although almost 60% of the crop was planted 30 days later due to weather conditions, and this part of the crop will only be available during end of June 2014 for harvesting, a large amount of peanuts are already harvested and ready for export. First reports on the quality is excellent and apparently aflatoxin does not seem to be a problem. The rate of the ZAR against the US$ dollar is about 10,75 as per today which gives for domestic demand for peanut butter at ZAR 14, a price of about US$ 1,300 and ZAR 16 for 70/80 count, a price of US$ 1,490. Basically these prices are domestic prices and for export we estimate that on average a selling price CIF Europe would come around US$ 1,750 CIF EU. First shipment are already available and when you feel to do something there please show us your interest. But happily we can say again, South Africa is back on the export market.

The other major factor we can conclude out of this is that importing peanuts (from Argentina, India, etc.) to compete South African domestic market will be extremely difficult due to the given price levels. Which is another reason to take into account for the world market.

With regards to the other origins we still see the effects of the rain in Argentina, but this effect we estimate is rather small – only a temporarily delay between 2-4 weeks. Of course high prices contracts will be shipped on time and Argentine shippers will try to make the most of it, but that is the game. Although a small percentage of 5-10% could be effected and shellers do not make money on selling raw peanuts, and prefer to sell blanched due to export rebates. This will create especially some spot buying from consumers/dealers who are currently caught out by this. And please note that current stocks especially for Runner 38/42 either Argentine/USA/Brazilian seems to be the most effected.

For shipment July 2014 onwards we do not see many problems appearing. The world market is currently dominated by the USA on availability and prices. It seems that when the next couple of months growing in the States will be without problems weather wise we will see a very stable market developing.

Regarding the USA peanut market, attached you can find a crop progress which is specified per 8 states. An average of 93% is planted, which is above the 2009-2013 average (90%). Though, some states, like Oklahoma and Virginia, are still behind planting schedule.

Finally, also attached the peanut production estimation from Argentine.

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Prices on FCA Rotterdam basis are as follows:

Packaging Quantity	Total MT	Origin	Grade	Crop	Price US$
200 bags	10	Argentine	Runner count 40/50	2013	1,425
20 BB	25	Argentine	Runner count 38/42	2012	1,275
31 BB	38,75	Argentine	Runner count 38/42, Blanched	2012	1,525
10 BB	12,5	Argentine	Runner count 38/42, Blanched	2013	1,595
20 BB	25	Argentine	Runner count 60/70	2013	1,600
846 cartons	17	Argentine	Roasted diced 2-4mm	2013	2,500
137 cartons	2,74	Argentine	Roasted Splits	2013	2,300
400 bags	10	Argentine	Splits Blanched	2013	1,435
60 BB	66	Chinese	Red Skin count 60/70	2013	1,750
680 cartons	17	Chinese	Virginia Shandong count 24/28	2013	1,800
654 bags	16,35	Chinese	Virginia Shandong count 28/32	2013	1,750
540 cartons	13,5	Chinese	Virginia Shandong count 34/38	2012	1,750
418 bags	12,5	Chinese	In-shell count 9/11	2012	1,650
1440 bags	38	Chinese	Pumpkin seeds GWS grade A	2013	4,485
22 BB	22	USA	Jumbo Runner	2012	1,225
42 BB	42	USA	Jumbo Runner, Blanched	2012	1,500
15 BB	15	USA	Medium Runner, Blanched	2012	1,500

Prices on CNF Rotterdam afloat basis are as follows:

Fcl Quantity	Total MT	Origin	Grade	Crop	Price US$
1 fcl / 20 BB	25	Argentine	Runner Splits, Blanched	2013	1,330
2 fcl's / 40 BB	40	USA	Jumbo Runner (ETA 15-06-2014)	2013	1,240

Kindest regards,
Paul, Nurcan en Mark
Trade Department

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Third Argentine Peanut Production Estimate

The Cereals Board of Cordoba presented the third peanut production estimate for in shell peanut 2013/2014 for the provinces of Cordoba, La Pampa and San Luis.

Adding to the production of Cordoba, La Pampa and San Luis, the production for in shell peanut reaches 981,721 tons, which means a decrease of 3.4% regarding the tonnage harvested last year.

The estimated yield for in shell peanut is 29.4 qq / ha, 10% higher than that reached in the season 2012/2013.

The production cut from the previous cycle is attributed not only to the number of hectares lost but also to the delay in the gathering tasks due to the prevailing weather conditions in May.

Peanut Production in Cordoba, La Pampa, San Luis

				2013/2014 (*)		
MANÍ, CÓRDOBA - LA PAMPA - SAN LUIS	**2010/2011**	**2011/2012**	**2012/2013**	**2° Estimación Abril**	**2° Estimación Abril**	**% Variación interanual**
Has. sembradas	307.441	359.422	387.865	342.126	342.126	-11,8
Has. a cosecharse	307.441	359.422	380.479	337.058	334.465	-12,1
Rendimiento en Caja (qq/ha)	33,6	28,4	26,7	31,1	29,4	10,1
Producción en caja (Tns.)	1.033.293	1.022.516	1.016.249	1.047.358	981.721	-3,4

(*) provisory value-Source: Departament of Agro-economic Information _ Cereals Board of Cordoba

Regarding the harvest, the departments that show much progress are Tercero Arriba, Río Cuarto and Juarez Celman with 18%, 15% and 9% respectively; while in the departments, such as Rio Segundo, Rio Primero, and Gral. San Martin, the threshing tasks have not started.
The unsettled weather conditions, rains and high prevailing relative humidity during April and May, have not favored the normal drying of the pods. The delay in days between the digging and the harvest deepened, making possible losses in the yield and deterioration in the peanut quality
To date, there are reports of some 7,661 hectares of peanut lost in Cordoba. The main causes are flooding (Departments Juarez Celman – Pte. Roque S. Peña - Rio Segundo), drought (Department General Roca), and hail (Tercero Arriba).
Zonal peanut referents agree that beyond the lost acres due to the reasons mentioned above, the biggest problem that is being seen is the loss of production because of the delay in the gathering tasks.
When the threshing could be taken up again normally, there will be complications, such as pods detachment, sprouted kernels, fungus in kernels; and it should be evaluated for the presence of aflatoxins in them.

The INTA of General Cabrera reported that the delay in the peanuts maturity, the forecasts of frosts and then the frequent cloudy days with rain or drizzle (in the first 15 days of May, there were 12 days with rains or drizzles equal to or greater than 0.3 mm) have contributed to slow down the progress of the peanut threshing, which was between 15 and 20% of progress as at May 31.
Yields are good, with lots of up to 50 qq / ha with very good kernels /pods relation, but of relative quality, moisture higher than 18%, and high percentage of loose kernels.

The GPW's agronomists believe that the harvest will be slow, if these conditions prevail. We believe that the central peanut area of Argentina has a delay of 20 to 25 days regarding last season, being more significant towards the central and south region.
GPW estimate a general harvest progress which does not exceed 20% till June 8, 2014.