

Dear client,

Please find below an update on the peanut market.

A few weeks ago we mentioned that we – **Aldebaran** – has withdrawn from the market. This is still applicable for spot goods and shipment during July/August. The situation, especially in Argentine has become even more worse and frankly speaking we have no clue what will happen in the near future and the directions that the origins will follow. One thing is 100% certain and that is that packers are having difficulties with shipping pending contracts. We have already experienced the following situations:

- delay in shipment
- requests for shipping other counts than contracted (38/42 raw instead of small kernels 60/70 – 80/100)
- no goods available at all for shipment
- bird feeding contracts are being executed with edible peanuts, buyers do not have any choice but to accept any kind of grade such as raw splits and splits blanched (levels for these goods are at minimum of USD 1300 CIF)

Bottom line, the market is experiencing a lot of difficulties with existing contracts and all packers are focused on that. Buyers are pushing for information and goods, but at the moment there is not much that we can do but wait.

IMPORTANT: in case you have overstock or unsold goods afloat or in origin, any kind of peanut origin/size/crop, please contact us and we will do our best to move them. Many thanks in advance!!

ARGENTINA ---- * Can we speak of a market?!?! *

CHINA ---- * Who offers good quality?!?! *

USA ---- * Nothing available, rumor has it?!?! *

Others ---- * How long will they keep pressing the mute-button?!?! *

ARGENTINA

We did not imagine this before the new crop was available, but the situation has even got worse. Some even mention that it is worse than the terrible crop year of 2008. So far only 45% has been harvested due to rain and non-excess to the fields. Because they stay too long in the ground the quality gets worse day by day. Crop loss is now 20-25%, so packers are only focused on getting the peanuts as much as possible out of the ground and fulfill pending contracts (they have sold 80% of their crop back then already). Expected volume is 400.000 – 450.000 MT compared to 550.000 MT of last year. Some packers extrapolate this situation to the future and are already giving heads up about the situation. For example, we have a contract for about 500 MT of 70/80 raw and we are already informed that the packer cannot ship more than 3 or 4 loads of 70/80 of this contract and that the rest shall be 38/42. Disaster!! To give you an idea of the current value of the Argentine peanuts -> USD 1500 CIF Rotterdam for Runner 40/50 raw and USD 1700 CIF Rotterdam for Runner 40/50 blanched. And these are only minimum prices of the small packers. Imagine what the prices of the high BRC-certified packers are?!?!

CHINA

The crop is progressing well and according to the standard situations. Some areas have too much rain and floods (southern China) and some are a bit dry (northern China). In the past 2 weeks, the main peanut belt of Shandong and Liaoning could use some more rain, but this news is not much excited.

As mentioned in our previous reports, China has planted more compared to last year, included also new provinces such as inner Mongolia. some mention 15-20% increase, but this change in the upcoming 4 months.

We do not receive that much offers from origin, only a few packers are offering current crop. Some even mention that the current stocks are high of aflatoxin. Therefore, within the current market it is very important to know whom you deal with and how trustworthy they are with their quality. Till the new crop, packers will only sell material unless they receive attractive counter prices, otherwise they remain to stay out of the market. We even noticed that having accredited certifications does not mean everything. Even BRC certified packers are not shipping goods.

USA

Compared to last year, US has exported much more peanuts. Biggest factor was China undoubtedly, having imported 158.450 MT from US compared to the 33.914 MT from last year. We do not expect that they will remain buying that much from USA, especially if 1) their new crop is as much big(ger) than they say and 2) if India recovers from their peanut productions.

Due to the situation in Argentina, their prices are quite similar to USA. Till now USA raw peanuts were more expensive than Argentine but this has changed due to withdraw of Argentina. It is more likely to receive US peanuts than Argentine peanuts. However, we still think that the prices of USA will increase due to the tight supplies. The overbooking of blanching facilities (and the lack of enough facilities) have caused a delay in shipment of these peanuts as well.

So far the new crop is looking good and people are positive. It is dry and hot in South Georgia, but rain is needed in the Southeast. There have been some scattered storms in the past couple days, but these were not really mentionable. US is counting on more rains, especially in Georgia and the Southeast. Pegging is present in about 80% of peanut crops in Georgia and 67% nationwide.

Some packers have already made contracts for the new crop. One of our sources even mentioned that US is booked with the presales of November, December and January. Virginias and in shells will be, similar to the current crop, very tight and this will boost the prices up.

OTHER ORIGINS

- Brazil is still not offering. All the peanuts that come out of the field are either edible or have aflatoxin of 6-10 ppb. These are being blanched immediately or being shipped to non-EU countries and continents such as Russia and Africa.
- Egypt is showing activities with their new crop in shells which will be shipped per September/October. Problem that this origin faced in the past was aflatoxin and buyers in Europe still have this fear. Overall they prefer USA origin but this is out of the question for months now.
- Due to the historic drought, South-Africa will need to buy 50.000 – 60.000 MT of peanuts to cover their demands. With other words, more pressure on the other origins.
- Indian summer crop has finished and winter crop will only be available as per November/December onwards.

Aldebaran's view

- Are you able to book spot material? Please book them immediately because gone = gone and the knowledge of receiving new material is not secured.
- Do you have raw material that are not grade 1? Do not resell them or offer them as bird feeding, but blanch them (if you have the possibility). Most probably this will be more interesting than booking blanched material from origin now.
- When your contract is in default and your contracted count is not being shipped, we recommend you to consider the alternatives that are being offered. Better to have some different counts now that ending up without any peanuts at all.

REMINDER: in case you have overstock or unsold goods afloat or in origin, any kind of peanut origin/size/crop, please contact us and we will do our best to move them. Many thanks in advance!!

Kindest regards,
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