

Dear client,

Due to the holidays, we will discuss the peanut market briefly.

Aldebaran is still withdrawn of the market. Prices in general keep getting firm and availability of spot goods have entered into historical low levels. The market is still waiting for news from Argentina as this origin is still the most “changeable” market. The situation in all the other origins are quite known so people know what they can expect, though Argentine can still bounce back with a bang.

At the moment we have the following **UNSOLD** goods left:

- Argentine runner 40/50 blanched crop 2015 at USD 1775 /mt FCA Antwerp
- Bolivian Bayo 28/32 crop 2015 at USD 1525 /mt FCA Rotterdam
- Bolivian Bayo 38/42 crop 2015 at USD 1500 /mt FCA Rotterdam
- Bolivian Colorado raw splits crop 2015 at USD 1425 /mt FCA Rotterdam
- Chinese Red skin 60/70 crop 2015 at USD 2075 /mt FCA Rotterdam
- South-African Spanish type 60/70 crop 2015 at USD 2050 /mt FCA Antwerp

Prices are excl. pallets and subject availability. When you have a firm interest, do let us know!

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 ---- * Harvesting, harvesting and.... still harvesting *

CHINA ---- * 2015 crop pretty much sold out, anxiously waiting for October/November 2016 *

USA ---- * 2015 crop pretty much sold out, all eyes on the 2016 crop as per November 2016 *

BRAZIL ---- * 2016 crop pretty much sold out, bits and pieces from time to time *

ARGENTINA

Unfortunately, since our last report 1 month ago, the situation has not improved. Harvesting is still going on. Only a few say that they have finished it, but the majority is still busy with the last 20/30% hectares. Last time we mentioned mid-August as the finish, now this have moved up to mid-September (some even say end of September). Nobody could have even dreamed (read: have nightmares) of this kind of delay. Because of this, most packers are still withdrawn of the market and they do not want to offer a single lot before harvesting is completed. A few even said this withdrawal might even be prolonged till May 2017 as they feel they need all the peanuts for their pending contracts (having in mind that a big part will fail quality analysis).

Argentina speaks of a crop loss of 25-30%, but we would not be surprised if this will become 35% after harvesting has been completed. Total expected volume of 2016 crop lies between 900.000 – 1.000.000 MT in shell whereas last year it was about 1.400.000 MT in shell. About 30-35% less than expected. The average yield is difficult to say, as there are so many different yields in the same land. Most expect a low yield, with 2500-2700 kWh/ha max. For sure that offers will be given on limited basis up and till May 2017. We do feel that packers will have the tendency to ask to switch pending whole contracts for big kernels and splits contracts as the crop is quite mature with lots of splits.

We hear mix messages as far as quality. Some say it is OK but with some mouldy kernels without aflatoxins. Others speak more dramatically and refer to the high moisture and internal damage. Though a lot of lots will fail the standard European quality and aflatoxin parameters, Argentine prefers to blanch them instead of selling them as bird feeding material. They feel they have an advantage over USA as far blanching and fully want to use this. Though this is good for the blanching market, it is yet again another downfall for the bird feeding market. There are already zero small kernels available, which pretty much makes the bird feeding market non-existence and buyers are forced to use edible peanuts for their birds (and pay the edible prices of course). The comeback of the bird feeding peanuts will only be known as per May 2017. Another problem that comes to the surface is the local Argentinian industry for small kernels and the big questions of if there will be enough seed for the 2017 crop.

One of our sources came with the following calculations:

- The yields not higher than 2600 kHz/ha, which means - considering a net area after losses of floods earlier this season of appr. 310/315.000 ha - a crop of 806/810.000 MT clean and dry in shells.
- 75/76% of this can be kernels which means appr. 610.000 kernels. At least 16% of waste should be taken for the process and to get HPS quality which may increase during the season if the damage gets bigger.
- Leaving up about 510.000 MT of HPS of all sizes mainly big counts and splits.
- At least 50.000 MT of this needs to be planted for the next season.
- The domestic market takes at least 30/40.000 MT.
- Basically all of this leaves appr. 420.000 MT for the export market, which is nothing compared to the 760/780.000 MT last year.

All with all, we could say that Argentina keeps this rollercoaster ride, which has been active for the past 4/5 months, actively going on.

USA

In the past few months we saw a lot of USA peanuts buying activities from Europe. The fact that Argentine kept his hands of the market forced the buyer to turn to USA peanuts. We also think that this origin is and will become very important, at least until May 2017. USA has pretty much sold all their 2015 peanuts (with some of course keeping some quantities behind and/or trying to see if they can sell it at higher prices) and some packers are fully focused on the 2016 crop. So far the crop looks good and we do not expect any delays. The export demand will be mainly effected by Europe and China. China will (most likely) buy less because of their expected large crop. There is still interest from many Chinese parties to buy USA fst but unfortunately for them there are not many sellers in this department. On the other hand, Europe will even buy more than now due to the situation in Argentina.

CHINA

The Chinese spot market is pretty much empty; some European sellers even hold on to their 2015 spot crop as they know they can sell it a premium price within a few weeks. This is partly caused by the fact that more and more packers ask their buyers to switch pending contracts from current crop to new crop. Some say because of aflatoxin issues, but we would not surprise if they did this because

of lack of material, farmers have been sold out for a while now.... and of course the cheaper new crop material). On the other hand, prices are less firm than

So far we receive positive news about the new crop. Henan, Shandong and Liaoning; they all look good. Except for the western part of Jilin which is dry and has high temperature. Since April we mentioned a bigger yield compared to last year and some figures mentioned a yield of around 17 million tons of in shell. Some packers started to offer new crop already, but pricewise they still differ too much of each other and they are more guessing than being firm. As the new crop is still in the land, the weather during the harvest will be the critical point. Prices will become more firm by the end of September/early October.

On September 8th, the annual Chinese peanut conference will be held in Qingdao. We are looking forward to that day as we think it will give the peanut market a certain shift. We will talk more about this conference in our next issue.

BRAZIL

We could say that Brazil is the quickest one out of the 4 origins mentioned in this contract. They have practically sold everything from the beginning, or so they say. Common habit of course is to hold back some quantities and sell them in a more profitable market, such as now. It also differs per packers. Some say that every offer they come up with is being taken immediately by for example Russia, this country especially desires wholes and splits blanched. Others packers come with European edible quality but calculate their prices based on the current situation in Argentine, though sometimes price is not the biggest factor. There are still buyers to prefer Argentine edible peanuts over Brazilian edible peanuts and with that the Brazilian packers stays behind with its offer. We could say that this only implies to shipment from origin, since spot Brazilian peanuts are hardly to find.

Aldebaran's view

- If you have a small kernels contract with Argentine, start looking for other options because these are not available as far as we know. Be flexible (and grateful) if you can find whole kernels as alternative. Most probably you will need to accept splits in the end as well, something that peanut paste making company should take without having 1 sec of a doubt.
- When you have pending current crop contracts with Chinese suppliers, better to have them shipped already instead of waiting for September/October. Chance of delays during that time is big and by the time you have received them, buyers will be more focused on new crop (and their lower prices of course).
- Please move on if you still think you can get bird feeding peanuts from origin. The only lots that will arise are the one that most probably will fail EU quality acceptance. When you can get "cheap" edible peanuts, buy them immediately and use it for the birds.

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,
Paul, Nurcan, and Mark
Trade department



Aldebaran Commodities B.V.
Rotterdam | The Netherlands

Direct +31-107620510 (Paul)
Direct +31-107620514 (Nurcan)
Direct +31-107620515 (Mark)

www.aldebaran.nl | trade@aldebaran.nl

Please check our website for our weekly market reports

Aldebaran Commodities B.V., Maastraat 17, 3016 DB Rotterdam, P.O. Box 23053, 3001 KB Rotterdam
Phone +31 (0)10 436 4937, Fax +31 (0)10 436 4865, Internet www.aldebaran.nl
Chamber of Commerce Rotterdam 24271671, VAT no. NL 8055.08.181 B.01