

Dear client,

Please find below our last peanut report of 2016. We hope that you have enjoyed all of reports during this year. The peanut market in general is currently under big pressure and we believe this pressure will grow even more. We as Aldebaran think it is possible that price levels will reach USD 2000 /MT soon, especially on raw materials, and that blanched goods will end up cheaper than raw goods.

We will keep this report short by only mentioning some highlights. We have also added our current unsold stocks as far as peanuts + cashews. Looking forward to your feedback, thoughts and interests.

1. Update Reclassification of blanched peanuts - EU duty from 11.2% to 12.8%

Aldebaran has given their ZERO SUPPORT for this decision. This has been expressed in joint letter signed by ESA, FRUCOM, ENA and the American Peanut Council that was sent on 16th November to the Commission (DG TAXUD) and the embassies of the US, Argentina, China, Nicaragua, India and South-Africa. The Argentinean government has requested its embassies in various countries (in particular Germany, the Netherlands, Luxembourg, Belgium and Spain, and also third countries) to intensify their diplomatic efforts in order to secure as much support against this decision as possible. It seems that a WCO member has already formally opposed this decision, and Argentina is also considering doing the same. ESA, FRUCOM and ENA will meet the Commission (DG TAXUD) this Thursday 1st December. ESA, FRUCOM and CAOBISCO are in contact with their members and national associations in order to reach out to Member States to oppose this decision.

The EU members will discuss this issue at the next Trade Policy Committee (TPC) meeting on 9 December. Hence, the we cannot say anything firm yet. Some say that the import tax will be active per 1st of January, but we all hope that it will not come that far. Not to mention the impact that it will have on contracts that have been made before this news. We will keep you posted with a rapid alert when more news arises.

2. Argentina

Problems from Argentina al building up. More and more packers are failing to ship their existing contracts. Pretty much all raw contracts are being forced to be changed in blanched contract, or are being cancelled. Grade 2 is also a common grade that is currently being shipped, causing many claims from the EU market. Bottom line, Argentina cannot wait to get finish the over sold 2016 stocks in their warehouse and focus on the 2017 crop.

3. USA

News from this origin is either disappointing or there is no news at all with packers not offering at all. The record of no rain was set in 1908, which has been broken by now. Latest tonnage report was of 18th November, stating 2,530,063 tons. If you add 2.75 million ton yield, which gives a carry-out of 833,00 tons and take out 10% as failing or quality losses, you would receive below 600,00 tons. All of with it does not look promising and buyers that bought USA peanuts are desperately looking for alternatives.

4. China

Prices from China are becoming firmer by the day (increase between USD 200-300 since September), especially since the purchasing needs of the oil crushers are increasing again. Exporters are having more and more difficulties finding proper EU quality material and are reluctant of shipping to EU purely because of rejection-fear. The Chinese buying interest has started again, amongst one of them is the US. As usual it reflects a big volume interest so prices will definitely follow an upward trend.

5. India

This origin and their economy is going through a tough and unstable time due to the 500 and 1000 currency denominations. Entire country is now rushing to change these banned denominations and all the markets and auctions yards have been closed until end of this month. Also in some areas agricultural products are being sold at 10% premium with the exchange of old banned currency notes. This has led to an increase in prices of all the commodities. India is also facing serious issues in running the factory as due to the non-availability or short supply of legal currency denominations. Labor payments are getting delayed and workers are not willing to accept the old denominations. All of this is causing potential delay in shipments, some say that the industries might close down for some time.

Prices for Bold and Java's are increasing, especially since the EU sees this origin as a good alternative for the problems with the Runner type, despite the aflatoxin risk.

6. Brazil

Brazil is fully focused on their 2017 crop and expect a plantings increase of 10-15%. Offers for EU quality raw peanuts is still limited because of the fear of EU rejections, so a big part of their raw peanuts will be shipped to non-EU countries. Packers will start offering bird feeding material after harvesting (between March – May), but for sure that these prices will be in the same price range as edibles. Drought can be expected by late January because of La Nina. Looking at the market in general, Brazil is the most favorable as far as receipt of Runner type peanuts.

Last but not last, please find below are current unsold goods in store (all FCA EEC cleared basis)*.

Please contact us when you have a firm interest for them.

Packaging quantity	Total MT	Origin	Grade	Crop	Price U\$ /MT	Comments
40 big bags	50,00	Argentine	Runner 38/42 blanched	2015	1.825	BRC-packer, aflatoxin certificate dates 07/2016
6 big bags	6,00	Argentine	Runner 38/42 blanched	2016	1.855	
14 big bags	17,50	Argentine	Runner 60/70 blanched	2015	1.755	BRC-packer , aflatoxin certificate dates 05/2016
9 big bags	13,75	Argentine	Runner splits blanched	2015	1.735	Aflatoxin certificate dates 07/2016
1.520 poly bags	38,00	Chinese	Red skin 50/60	2014	1.875	BRC-packer , aflatoxin certificate dates 10/2015
708 poly bags	17,70	Chinese	Red skin 60/70	2014	1.850	BRC-packer , aflatoxin certificate dates 10/2015
1.980 cartons	49,50	Chinese	Virginia Shandong 24/28	2015	1.850	BRC-packer , aflatoxin certificate dates 09/2016
760 bags	19,00	Chinese	Virginia Shandong 35/39 blanched ORGANIC	2015	1.990	Aflatoxin certificate dates 09/2016

Packaging quantity	Total LB	Origin	Grade	Crop	Price US\$ /LB
1.100 cartons	55.000	Vietnamese	LBW330	2016	4,50
441 cartons	22.050	Vietnamese	SW320	2016	4,45
580 cartons	29.000	Vietnamese	WW240	2016	5,15
1.400 cartons	70.000	Vietnamese	WW320	2016	4,75
1.400 cartons	67.200	Vietnamese	WS	2016	3,55

**All prices and volumes are subject availability/final confirmation and do not include pallets/shrink foil.*

Kindest regards,
Paul, Nurcan, and Mark
Trade department

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