

Dear client,

First of all the best wishes for 2012 for you and your family.

Last weeks of 2011 were relatively quiet market wise, with only some spot interest for immediate delivery.

We have to see how market will develop into the new year. Some industries still closed this week and China as origin will only return to work tomorrow.

Argentina not offering at the moment to Europe. Usa has been able to pay more favourable prices, and what ever shellers will be able to generate as free stock in their position will most possible be offered to the Usa first. Also first positions from the new 2012 crop from Argentina will go into the new quota that will open in April. Without any C+F offers in the market, we have to reconstruct the market based on last traded prices on FCA basis. For 40/50 cpo blanched these were at US\$ 2.450,00 FCA and for raw 40/50 cpo at US\$ 2.350,00. But at these level very limited quantities available.

New crop could use some more rains to fully develop, but still has a long way to go so should not be an serious argument yet for prices to increase. But it could be an argument for shellers not to offer new crop aggressively today.

China only has very limited time left to get shipments on the water before their New Year celebration, and not to much has been shipped so far. Local CIQ officers have been very slow in issuing the mandatory EU Health Certificates. This has already created some problems with supply at the end of last year, and will continue to be a problem in the weeks ahead of us. As a result spot market for Chinese Virginia's raw and blanched - as well as inshells - has increased in stead of lowered with the new crop in sight. Following the New Years celebrations on 19th of January, for about 4 weeks there will be hardly any serious export activities in China. This will create a cap in supply that can not be filled with local stocks. Any demand that needs to be physically covered before March, will have to be covered now. Stocks will disappear quickly when the reality of the market becomes clear for more players involved. What the prices from China will be after their new year is difficult to predict. But major crushing companies have postponed their buying decision, but ultimately will have to make a move. An other element that is making it difficult for exporters to quote prices is that there is a rumour in the market that China would change the policy for blanched material. Currently exporters receive a 15% subsidy on blanched peanuts, but if that percentage will be lowered or reduced to zero Chinese blanched peanuts will be in line with Argentine prices again.

Situation in the Usa has not changed much, the demand for peanuts is still strong and with the problems of their own crop they welcome imports from Argentina. Usa will not be able to export any serious quantities this year.

Bird-feeding market with the extreme mild winter conditions in Europe is very calm. Lack of supply has not created any real problems due to even grater lack of demand. But on the calendar we still have some winter weeks, so snowflakes and colder temperatures could still generate more activity at this segment in the market. Locally in Europe no cheap material available, and India currently quoting around US\$ 1.700,00 C+F but will not arrive before March.

Inshells market not extremely active, but with the absence of shipments from China and Egypt spot market remains firm. Egypt has over sold the crop, and this has created problems for many industries at the end of last year. Also the fact that Usa is not able to supply the market with volumes of inshells will have to result in partly loss of turnover and partly roasters will have to shift to Chinese in order to secure supply.

From supply side still no easy market, but panic could be avoided since the high prices we see now for peanuts will have an influence on the consumption as well.