



## **Aldebaran Commodities B.V. - Peanut market report for January 2008**

Dear client,

First of all, we want to wish you all the best in this new year that we find ourselves in. We sincerely hope that both you and your family will have a healthy and prosperous year!

Second, regarding business, we can state that we have experienced a turbulent year in which prices have nearly doubled and availability has become a word that haunted us in our dreams at night. I don't need to tell you that the market experienced rapidly increasing prices and an expected downfall in availability. From October 2007, most buyers were realizing that availability would become a big issue, especially from January 2008 onwards until new Argentine crop in May/June 2008.

Looking at the situation today, 21<sup>st</sup> of January 2008, we see that this expectation (read: fear) has become reality. Stocks in Rotterdam have minimized during the last couple of months and the stocks that are still left are already sold for about 95%. The market is now waiting on new supplies from China which mainly exist of Redskins and some containers with Hsuji's. A lot of people are waiting for the raw Virginias to enter the market, but no significant quantities have been shipped yet due to the risk of aflatoxine when entering the EU.

Current market situation is that Argentina is not able to offer anything from the 2007 crop and resellers market is at US\$ 1.700+ on C+F Rotterdam basis. For new crop no offers yet, since weather conditions are not very favorable, currently 40 degrees Celsius in Cordoba region. Indication is that prices will remain for new crop at the same level as current market so no indications that Argentina will lower their prices. What has become evident, is that total edible demand (globally) is bigger than what Argentina would be able to supply. During the last 2 years they have found very profitable outlets for their product outside the EU.

America is in a very difficult situation at the moment. Their 2007 crop will not be large enough to meet domestic demand, so possibly we will see import from third countries again into the import quota. That immediately sets a high bottom in this market.

In China the domestic market might ease a little after Chinese new year, but any positive effect will be "compensated" by higher sea freight and further devaluation of the US\$. Apart from that, Chinese government is considering further tax rebate cuts for peanut exporters. Price for Hsuji's 40/50 is 1650,= C+F Rdam at the moment.

Other origins like Brazil, some African countries and India can not be considered suppliers for human consumption market. Brazil has neglected existing contracts by selling the few peanuts that they had on new contracts instead of honoring old contracts and delivering the peanuts against old prices (e.g. US\$ 800,= p/mt C+F EMP!!!). Countries like Senegal, Ghana and Malawi are currently only producing birdfeed material and even then they have problems to stay under maximum allowed aflatoxine levels.

In shell market very quite at the moment. New demand together with open standing contracts are there, but supply lacks. China is the only one offering and shipping in shells at the moment. Egypt can not be considered as a valid supplier anymore. Several attempts to get some goods delivered against existing contracts have failed and there is no light at the end of the tunnel so far.

Birdfeed market not very active. Local stocks don't exist and India's prices increased during last week. Lowest possibilities at the moment at US\$ 1200,= p/mt C+F for prompt shipment.

Summarizing all of the above, buyers should (have) consider(ed) covering their needs until at least June 08 if they are willing to put their hopes on Argentina's new crop. Buyers that don't want to take a change nor gamble with their nuts on the 2<sup>nd</sup> half of 2007, we advise to analyze the total need until the end of the year and start covering it.

For more information, please feel free to contact us at any time.

With kind regards,

Paul, Menno and Niels