

Dear client,

Please find below our latest updates on the peanuts. We have also attached a price sheet of the most common origins in general over the past 7 years. Early this week we sent out a list of unsold blanched spot goods. Feel free to contact us for this list or for other types of peanuts...or for our others products:

- Cashews
- Pumpkins
- Brazil nuts
- Pecans
- Almonds
- Macadamias

## **ARGENTINA**

It is no surprise to tell you about the drought situation in Argentina; it is the topic of the day and will remain to be during the upcoming few weeks. Luckily, it does not apply for all regions, but the longer the rain stays away, the higher chance on experiencing a bad crop. Last year there was too much rain for months causing delay in harvesting, this year it is the totally opposite. Some areas are already affected that drastically with no chance on recovery but with guaranteed low yield expectations. The biggest fear of drought is obviously high aflatoxin, which goes inside the kernels. Similar to last year we expect that the % of raw export to EU will become less due to this, these peanuts will either go to non-EU or need to be blanched. Kernels with 20-30 PPB could be blanched to have the aflatoxin removed however, anything above that will become very difficult. As far as small kernels 50/60 – 80/100, our message since 2 years remains the same -> difficult to obtain with big chance of default (or offering big count as replacement), even if you have firm prices and/or contracts. Be careful with this!

We have spoken with several players in the market. Though the situation is not favorable at all, (there is no need to repeat all the issues everybody is listing currently and mention them here), we remain being optimistic and that the requested rain will fall in March causing the pressure on the world market in general to go down. Unlike crop 2017 and its terrible quality, we hope that the 2018 crop will be good and promising as Argentina is still a very important import origin for EU. We will update you during April again.

- ➔ *We need to wait a few more weeks to know what Argentina will do and what effect their situation will have on the other origins.*
- ➔ *All shellers have pulled out of the market due to high aflatoxin fear and low yields etc.*
- ➔ *Giving 2018 crop prices now would be pure fortune telling.*
- ➔ *More will be known during the International Peanut Forum, held in Athens Greece from 11-13 April 2018.*

## **BRAZIL**

Brazil is at full bloom with harvesting the new crop (between 5-15%) and we are hearing mixed messages from this origin. Some say that quality is looking very good and others say the opposite due to irregular weather conditions like last year. However, since a couple of weeks there is big pressure on Brazil due to the situation in Argentina and some shellers have decided to withdraw from offering and wait until they have harvested like 50% during the next 20-25 days (clear crop position) or more and of course until the situation in Argentina is more known (what will Argentina do with her prices). Be careful with shellers that still give old prices, rumor has it they will default on their contracts. The old interesting prices from Brazil (giving lately during Gulf Food) are surely not valid anymore. Currently buyers (that are flexible with origins) are looking to cover their needs for whole 2018 right away but from Brazil, this will not be given for sure (max 2 or 3 months latest, nothing later). We expect that blanched material from Brazil will increase with USD 100-200 /MT in a short time.

The Brazilian domestic market is still very firm leading the export market to become less attractive, similar to what happened in 2016 causing noticeable low export figures. Unlike last year, exporters are trying to take more risks and want to try shipping raw kernels to Europe again; surely, this will affect the prices of raw kernels in general due to the relatively competitive prices from Brazil. Similar to Argentina, more will be known in April.

- ➔ *Low competitive prices are history.*
- ➔ *Another 3-4 weeks are needed to review new crop quality.*
- ➔ *Prices to be expected to increase with USD 100-200/MT.*

## **USA**

This origin has also reached its bottom levels and some shellers have even pulled out of the market or increased their prices with USD 50 /MT. The shellers are OK with their sales so far (thanks to Argentine crop 2017 low quality + no raw peanut from Brazil + intolerance towards Chinese peanuts) and there is no pressure to get some business in the books. On top of that, farmer stock prices are still being determined and there are still quite some uncertainties from the government and the amount of acres that could be planted for the next crop. Needless to say that USA is still very expensive and difficult in blanched peanuts, these should be fixed before new crop shipment starts so that one can be assured about their booked quantity.

- ➔ *Bottom prices have been reached already.*
- ➔ *Shellers are not eager to get sales in their books.*

## **CHINA**

Recently (after Gulf Food could be said) we see more activity going on in China. The market is still stable (oil crushing factories are keeping it low key as well), but prices are slowly going up, especially for the EU quality peanuts which are becoming less available such as the big counts 24/28 and 25/29. Be careful with offers that are extremely low, big chance that the quality will be poor or that the shipper will default eventually. Hsuji type has increased with USD 50-100 /MT. Most surprising is the Red skin which has increased with USD 200/MT so far and we expect that another USD 100/MT will be added for this variety as well. Normally we would say that now is the time to cover yourself with this product for 2018, but after last huge surprise of the Red skins (market dropped with USD 500 /MT) it is better to remain buying only for the upcoming 3 months. One thing is sure, prices will not drop.

On the spot market, there is still large volume of 2016 crop available but we expect that these will be sold quickly if the increasing trend remains. Especially Red skin crop 2016 will be sold at their original purchasing price again without any huge loss anymore. Except for blanched material, which sellers (including ourselves) struggle with selling. Sales have slowed down or customers are already covered. Next to Chinese blanched, there is still plenty of Argentine and Brazilian blanched spot left, and since these origin have the preference over China, it will be a challenge to move Chinese blanched quickly. However, we feel that this will change soon depending on what Argentina and Brazil will do with their new crop blanched prices. It is all connected with each other.

Concerning the 15% export tax refund for Chinese exporters, we were informed that the Chinese customs would hold a conference with the WCO in March. Once more is known, we will inform you.

- ➔ *All varieties are slowly increasing in price, except for Red skins, which went up with USD 200 /MT already.*
- ➔ *Availability of big size kernels for EU market are becoming tight.*

## **INDIA**

The demands were slow during January and February and we saw some slight decreases on the prices. In general, we can say that the market was quite stable during 2018 so far. We have been informed that the Gujarat government has procured 800,000 tons of In-shells since November 2017 and that they have permission to procure another 100,000 tons from the Central Government. However, for now we have been informed that they are not going ahead with this additional purchase. It remains to be seen when the government will unload this purchase back in the market but even today local prices are below the Minimum Support Price levels and farmers would love to sell to the government.

Beside the slow export to Europe, there is also a slow demand this season with China, a large buyer until last year, practically out of the market expect the initial period of November – December last year. Other large markets for the Bolds, which are traditionally Russia, Algeria etc., have been buying more and more of the Brazilian peanuts, outpricing India as an origin. On the Javas, there is still a good interest from the Far East markets of Indonesia, Malaysia etc. as the goods arrived quickly as compared to African origins, which have been making inroads into these markets as well. For the larger Javas, India has a very healthy domestic demand and some shipments to South Africa, EU and the Far East.

The crop from South India, which is mainly Javas, is showing decent arrivals since the last few weeks already and we expect supply to continue for the next 3-45 days. Question is the state of planting for Summer Javas in Gujarat. There is a shortage of water in this region so the expectation is lower planting and hence a smaller crop. This could lead to a jump in prices for Javas ex India eventually. Especially around the period of the Ramadan period during May-June 2018.

- ➔ *Slow demand and export due to competition from Africa.*
- ➔ *Prices expected to increase due to water shortage.*

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)

---

Aldebaran Commodities B.V., Maasstraat 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](http://www.aldebaran.nl)  
Chamber of Commerce Rotterdam 24271671, VAT no. NL 8055.08.181 B.01