

Dear client,

Please find below our latest updates on the peanuts. In general, the first 3 months of 2018 have been very quiet and we finally see some activity going on within the EU buyers. Though one would think that the demand is high due to problems and delay within each origin (see below), there are still big volumes of unsold goods available in Europe. Many people are trying to sell their spot goods, especially the 2016 crop from USA and China.

We have also attached a **price sheet** of the most common origins in general over the past 7 years.

Feel free to contact us in case you are in a need for goods, either prompt collection or on shipment basis. Just to remind you that besides peanuts, we can also supply:

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

Next to the regular (edible) peanut origins, we also have a good position in the **bird feeding market**. We can supply you these peanuts from:

- India
- Argentina
- USA
- Africa (Sudan, Senegal, Gambia, Nigeria, Ivory Coast, Ghana, Tanzania and Malawi)

Finally yet importantly, if you have demand for **organic peanuts**, do let us know. We have some availability in spot Egyptian and Chinese origin, but can quote you these on shipment basis from origin as well.

### **ARGENTINA/BRAZIL**

The situation in Argentina has become worse. First no rain during the growing peanut and then suddenly constantly rain during the harvesting period. It is delaying the process (about 70-80% still needs to be harvested) and the fear of a very small crop in combination with very bad quality is getting bigger by the day. In general, Argentina has stepped out of the market. There are some that dare to give quotations but at very unreasonable prices. It made customers take their attention towards other origins which are gratefully consuming this opportunity by increasing their prices, for example Brazilian has increased their prices for 38/42 blanched with USD 500 /mt compared to January. They have made quite a progress in becoming a favorable supplier for the EU market since 3-5 years. Quality wise Brazil has nothing to worry about, all is looking good. The available for whole blanched EU quality is OK, splits blanched on the other hand is limited and in general raw kernels to EU is still a sensitive topic due to aflatoxin fear. On the '19 crop, Brazil accepts and increase of 10%, but they still struggle with the competition of soy beans (easy commodity).

All with all, people are very anxious and do not know what they can expect. The fear of Argentina not being able to fulfil their contracts is growing as well, especially contracts that were concluded before March 2018. It is better to wait and see, rather than taking drastic decisions now. We are more concerned that after the disastrous crops of 2016 and 2017 – and now this problematic 2018 – the EU buyers will divert more and more to other origins like Brazil, but also towards USA which is on raw currently the most favorable origin for EU. Brazil on the other hand prefers only to quote up and till September/October, because they have the gut feeling that they will get more money if they wait until Argentina situation is more clear.

See below the latest **supply and demand estimation** from Camara (31/03/18). During the International Peanut Forum (April, Athens) they spoke of an official loss of 35%, but this figure will go likely towards the 50%. Another 4 weeks will be needed to get things clear and to find out how big the problems (aflatoxin, FFA, blanching slots pressure, etc..). Next to Argentina's figures, see attached the **estimated world peanut production**, showcased during the INC, Sevilla May 2018.

## ARGENTINA OFFER AND DEMAND



Commercial Year (from 01/06 to 31/05)	AREA			OFFER				DEMAND					ENDING STOCK
	Planted	Harvested	Yield (Kernel Basis)	Initial stock	Production	Imports	Total	Internal Market + Blanched Seeds	Oilstock	Seeds	Exports	Total	
	hectares	ha	Tn/ha	Metric Tons (kernel basis)				Metric Tons (kernel basis)					
2015/16 <sup>1</sup>	385.000	337.500	2,06	97.880	794.930 1.135.690 <sup>3</sup>	0	892.789	62.800	190.000	60.000	580.000	892.800	0
2016/17 <sup>2</sup>	402.000	352.006	2,18	0	876.841 1.252.631 <sup>3</sup>	0	876.841	60.520	215.000	60.000	541.321	876.841	0
2017/18 <sup>2</sup>	423.000	423.000	1,83	0	689.913 1.014.578 <sup>3</sup>	0	689.913	64.000	170.000	55.000	400.913	689.913	0

1 Estimated  
2 Projected  
3 In shell

## USA

During the IPF, delegates were informed about the government safety net program for cotton, a ground ruling decision that is already impacting the peanut business. Farmers are switching to cotton. The USDA predicts a planting decrease of 18-20% in combination with a big surplus. Prices for raw are going up and the offers for 2017 crop are very limited. For blanching nowadays, you have to calculate with an upcharge of USD 300-350 /mt which is totally not interesting compared to other origins.

It is planting time and decisions on what to plant have been made by now. The decision was easy for some producers, especially contract growers, who plant for rotation and pray for a good crop. But for many, it is the market price that dictates planted acres. Most industry insiders agree that unless prices for farmer-stock peanuts increases, the estimate is right on target and could even be lower if cotton prices increase to more than 80 cents /lb by planting time. With the seed cotton program now eligible for the Price Loss Coverage (PLC) program, cotton acreage should increase. Meanwhile, prices for farmer-stock peanuts have not changed as of early planting time.

At the moment it will not stop raining in the SE which is causing an even larger decrease in plantings of 2-7%. So far, about 75% has been planted, but it is expected that a part needs to be replanted after the storm. Cotton prices continue to rally as well. See attached the latest crop figures. We have also attached an article about cotton in USA.

## CHINA

Situation in China has been quite stable in the past few weeks with limited activity going on. Stable prices, limited quantity of good peanuts and low demand. There is not much firm demands going on. Farmers in North-East China (main supplying area for the EU market) have basically sold all of their good quality peanuts. Plantings of the new crop is almost finished, we read reports about a planting reduction of 30% in North-East China due to the dry weather (no info is yet available regarding the other origins). This is twice the estimation that was given during the IPF, mainly caused due to low peanut prices, bad quality 2016 crop, and increased subsidies on maize and soybeans. If this 30% becomes a reality, most likely prices for the '18 crop EU quality will go up.

The oil crushing market will keep a low-key profile due to low imported quantity (mainly from Senegal) and steady prices and that it will be picked up from July onwards.

Usually, when one goes towards the summer, they tend to push their sales more due to the warm weather, but we do not expect this this year and that prices will remain steady even after the summer. Virginia prices have been quite stable, whereas Hsuji type prices increased and the Red skin prices even more.

## INDIA

Monsoon rains started in India early this time. Wide spread rainfall is reporting from all regions and it is very good for Indian agricultural sector. Sowing of crops will start earlier and harvesting of peanut new season will be also earlier. An 5-20 % more output is expected for all major crops in the coming season. The Indian peanut sector should do better even on export front considering the Argentinian situation, but also compared to other peanut origins. Most importing countries are looking for reasonable price levels and we see a rising interest for the Indian origin.

The local peanuts prices are under pressure in the current peanut market. To dispose groundnuts purchased under minimum support price (MSP) scheme in Gujarat, is considering allowing millers to crush the oilseeds on job work basis to supply oil through the public distribution system (PDS). It has allowed crushing of 100.000 tons of groundnut stored in National Agricultural Cooperative Marketing Federation of India (Nafed) warehouses across Gujarat.

"This is on trial basis as for the first time in India, groundnut is being processed under price support scheme (PSS) stock," said a top official of Nafed. Nafed has procured about 830.000 tons of groundnut in Gujarat, where farmers have harvested a bumper crop of 3.2 mil tons during 2017-2018 kharif season. Besides, Nafed is saddled with a carryover stock of 50.000 tons. These are all stored in about 800 warehouses.

The market for Indian current crop continues to be weak. There are plenty of goods left to be sold. Indian processors are starting to push their material before the new crop is coming. India continues to have slow demands as China (huge buyer until last year) is practically out of the market because they have a good and big crop themselves.

Please keep in mind that the temperature in India is rising which will have influence on the quality (see attached the **weather forecast and surface temperature**). There is still a lot of competition with the African market and Indian processors try to keep their prices low to compete with this origin.

## **EGYPT**

Aldebaran has received the following statistics of the season 2017-2018 from the authority regarding peanuts export from Egypt. Egypt exported about 38.000 tons from September 2017 – end of March 2018. The expected total volume by the end of the crop (end of May) is around 43.000 tons. This relates to in-shells (70%) and kernels (30%).

This season brought also a big loss for the exporters because of the following reasons;

- They cultivated big quantities of goods
- Big percentage of the goods were small sizes (many 13-16) sold at low prices
- Level of prices were low and cost of cultivation were high

What do we expect next season? Right now, it is too early to make firm conclusions but most of the exporters decided to cultivate about 20% less compared with last year. In addition, the local costs are rising like the renting costs for the land, petrol increasing and the transport costs. The first indications show that the prices will rise due of these reasons. We will have more clear figures during July 2018.

Kindest regards,  
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