

Dear client,

Please find below our latest updates on the peanuts.

The summer has almost ended in Europe and people are slowly returning to their working habitat.

Market has been quite quiet this summer, with some activity here and there. We think that this will continue for a few weeks more and that per mid-September the demands will come. On top of that, more info will be known by then about the new crop from USA and China, key players in the peanut world. There are also some tenders pending of which we heard decisions will fall in September, but most of them are for shipment 2020. Many buyers are well covered until December 2019.

For the spot market, we have some availability. Please scroll below to find out. If you are missing a certain, do not hesitate to contact us via our contact details below.

ARGENTINA

Argentina has finished their harvest early August, which is delay of 1-2 months. Compared to the past 3 years (delay up to 8 months), this still sounds reasonable. Quality wise the crop is also much better than previous year with yields around 3200/3300kg per hectare. Argentina expects 550.000-580.000 MT of kernels for export, whereas last year this was around 380.000-400.000 MT due to drought.

Position wise Argentina is also in a good position, having in mind the situation in Brazil (see below) and USA with still 4 months left till new crop and the many issues they had with their 2018 crop. because of this buyers are eager to buy from Argentina (this origin is still very important to Europa and vice versa). However, this fairytale might get some negative turn. For example, due to political reasons the peso was devalued with about 15% (for a moment it hit 30% lower). So far it did not have a very big impact on the peanut market. The devaluation gives the exporter more dollars per peso, you would think that this should create more business and that the exporter would for example lower its price in order to get more business in other words more dollars. However, Argentina absorbs these devaluations very fast, most of their costs are rated in dollars which causes costs to increase. Big issue is the political situation, towards October, everyone is getting more cautious. For example the farmer who rents the land is going to ask more in this to be on the safe side, same goes for those that do the land labors. As a chain reaction, all these costs could be reflected in higher peanut prices.

BRAZIL

Situation in Brazil is everything but positive. We are hearing – and experiencing unfortunately – one delay after another. Needless to say which shippers are defaulting, one shipper in particular. Bookings are made but suddenly you receive the news – a few days before or after the ETD – that the loads have been rejected on aflatoxin at the dry port or that the loads “did not make the internal analysis”. We can imagine some truth in this but completely would be bullish. We think that some shippers

either give priority to certain customers or use these loads to sell at higher levels. We just hope that they learn from this and will act differently while selling the new crop. Plantings for the new crop seem to be similar to current crop.

USA

The saga of aflatoxin rejections on the 2018 crop from USA continues slowly, on top of that, new EU regulations (669/2009) have caused a renewed 10% chance on aflatoxin selection at the European ports (this used to be max 1%). There is also a chance that the EU will add tariffs on some USA products such as peanuts, but this decision is not sure yet and will only take place as of next year. Shippers are now more cautious plus their 2018 crop prices are not competitive with Argentinian prices. Nowadays the warehouses are full with USA peanuts, but mainly with the surplus of the 2017 crop. However, since buyers are focused on receiving current crop (and Argentine and Brazil shipping 2019 crop) they are afraid to take these goods. Showing the proper certificates or offering at very low prices are the only options to get these stocks moved. Other issues that keep the USA market on eggshells, are (1) the import tariff battle between USA and China and (2) the latest development of hurricane Dorian (category 5), currently hitting the Bahama's heavily. Our prayers go to the people over there.

CHINA

There is currently not much to say about this origin, besides that prices currently are extremely high and that the plantings of new crop has decreased compared to last year. Current crop has been almost sold out, some parcels are still left but they are either offered at low levels (bad quality) or at high levels (OK quality). China has bought and is still buying a lot from India, causing Indian price to go up. Some shippers are offering new crop but most of them prefer to wait till September (where the annual peanut conference in Qingdao takes place). For the time being, new crop prices are similar to current crop, if not even higher. This especially implies for organic peanuts from China, we expect prices will be known from October onwards. In general, word is that the new crop might be delayed due to heavy rains lately, causing high moisture.

EGYPT

Prices for the new crop (shipments starting from October) are known, but compared to other origins, Egypt is always on the very expensive side, in particular during pre-shipping the new crop. Reason for this is the good faith they have in their peanuts, usually top quality especially their inshells. They know that their goods will be bought anyway by the major industries whom are willing to pay that price for such quality. Besides conventional, they also have a good position in organic peanuts. What is left of the crop, needs to be sold latest March/April, otherwise they will be shipped unsold to Europe due to cold storage needs. From that moment on, prices for Egyptian peanuts will drop drastically. We have some very nice splits blanched on spot available, please scroll down.

SOUTH-AFRICA

Again, South-Africa had a very small crop with 18.000 MT of peanuts. This meant a shortage of 100.000 MT for the domestic market. They have become a net importer, buying heavily from India (just like China), Argentina and USA.

In addition to above facts, here is wat we can advise as Aldebaran in general:

1. Due to the fact everybody is running a very tight book nowadays, there could be a sudden demand due to delays of Brazilian contracts, Indian exporters defaulting on the cheaper contracts and USA blanched contract delays.
2. Although the market is quiet, and everybody feels warehouses are full up (which they are but mostly unsold rejected goods by various origins such as USA, Argentina and Egypt), this might be the quiet before the storm (we have seen it before).
3. In shell market is extremely tight. USA is more or less sold out (first shipments October onwards), China is expensive with above USD 1500 CIF levels and their new crop is delayed, Egypt came out with new crop prices but very expensive. We see a real problem there.
4. Good thing is that when you can accept a peanut with some quality faults, like spotting or previous crop, you can pick up good and cheap deals.

Please find below our current unsold **CONVENTIONAL** and **BIRDFEEDING** products (based on FCA EEC cleared Holland, unless different mentioned).

There are some crop 2017 goods mentioned on this list, all are in good and healthy condition.

All are subject availability and final confirmation.

Packaging quantity	Total MT	Origin	Grade	Crop	Price FCA /mt
ARGENTINA					
20 big bags	25,00	Argentinian	Runner 38/42	2019	1425
20 big bags	25,00	Argentinian	Runner 60/70	2019	1435
20 big bags	25,00	Argentinian	Runner splits blanched	2018	1355
20 big bags	25,00	Argentinian	Runner splits blanched	2019	1395
BOLIVIA					
6 big bags	7,50	Bolivian	Runner 38/42 blanched	2018	1525
CHINA					
780 vacuum bags	19,50	Chinese	whole/splits blanched	2017	1200
800 vacuum bags	20,00	Chinese	Hsuji type 50/60	2018	1735
75 vacuum bags	1,88	Chinese	Virginia Shandong 20/24	2018	1790
640 vacuum bags	16,00	Chinese	Virginia Shandong 21/25 blanched	2018	1790
760 vacuum bags	19,00	Chinese	Virginia Shandong 215/29 blanched	2018	1700
NICARAGUA					
27 big bags	29,00	Egyptian	Splits blanched (big splits)	2018	1225

16 big bags	16,00	Egyptian	Splits blanched (small splits)	2018	1225
INDIA					
800 vacuum bags	20,00	Indian	Bombay Bold 50/60	2018	1425
NICARAGUA					
44 big bags	47,00	Nicaraguan	Splits blanched	2018	1375
SOUTH-AFRICAN					
304 poly bags	7,60	South-African	Common-Natals 60/70	2017	1795
USA					
24 big bags	24,00	USA	Jumbo runner blanched	2017	1325
11 big bags	11,00	USA	Jumbo runner	2018	1425
40 big bags	40,00	USA	Medium runner	2017	1275
40 big bags	40,00	USA	Medium runner blanched	2017	1275
OTHERS					
30 big bags	25,00		Smalls and pieces FOR BIRDFEEDING		875
400 paper bags	8,00		Peanut meal blanched		1000

Kindest regards,
Paul, Nurcan, and Ronald
Trade department

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