



June 14, 2017

Despite the weather issues affecting the Argentine 2017 crop, the market has been surprisingly quiet. Buyers seem comfortable waiting to put more coverage on. US domestic buyers have put a good amount of coverage in the books, and with the US new crop doing well, they are happy waiting (for hopefully lower prices). International buyers, especially Western European ones, are surprisingly quiet with the problems faced by Argentina. Argentina still is the major supplier of Western Europe. The US can be an alternative for raw material, but for blanched, the US doesn't have the capacity to be an alternative to Argentina. With only a quarter or so of the Argentine new crop having been harvested, buyers are taking a big risk. Difficult to see prices coming down any, but easy to see price go up should the weather in Argentina not cooperate.

USA

USDA stocks and processing: bad month for April. We went from edible consumption being up over 2.21% through March, to up 0.98% through April. Looking at the swings of numbers we have had the past several months, one start wondering at the accuracy of the numbers. Let's hope that the last month to show some positive consumption numbers.

- April 17 vs. April 16: Peanut candy down 11.7%, Peanut snacks down 22.10%, Peanut butter down 3.75%, Total edible down 9.60%, Inshells down 4.49%
- Aug 16-Apr 17 vs. Aug 15-Apr 16: Peanut candy up 6.94%, Peanut snacks down 8.07%, Peanut butter up 3.36%, Total edible up 0.98%, Inshells down 13.35%

USDA exports:

- April 17 vs. April 16: 36'140 mt vs. 67'201 mt a 46.22% decline. The biggest decline coming from China/Vietnam down 28'167 mt or 82.12%, and Mexico down 5'272 mt or 39.42%. On a positive note, Canada continues its good run being up 1'150 mt or 14.61%, and The Netherlands up 2'613 mt or over 105%.
- Aug 16-Apr 17 vs. Aug 15-Apr 16: 377'651 mt vs. 336'790 mt, up 12.13%, but half of the increase we had a month ago.

Current crop market is at a standstill with still little offers from shellers but also little interest from buyers. Prices are stuck at the low 60's.

New crop plantings are almost done with 95% having been planted, on pace with the 5-year average. Good rains have fallen throughout the Southeast belt. The new crop is looking good at this time. Market is unchanged from last month, with shellers slightly higher than they were previously (but still 53 to 55 cents depending on the cuts with EU obviously going at a premium) and buyers feeling comfortable waiting (with the coverage they have) considering the forecasted increase in plantings and the crop looking good.

Argentina

Most of the Argentine new crop has been dug, but only a quarter to a third (at best) has been harvested. The weather has somewhat cooperated lately but the number of hours allowing harvesting on a daily basis has not allowed for a speedy harvesting. Another frost is schedule for the end of this week. Chances of rain are going back up 10 days from now, but this is only a forecast.

Quality is definitely suffering. I am actually surprised to see shellers still offering with the risks that still exist. I am also surprised to continue hearing prices of around us\$ 1600.- Cfr Rotterdam on blanched mediums/jumbos.

China

The Chinese market continues to be weak, with basically demand being the issue.

New crop plantings have started but delayed by a heavy drought in many of the most important provinces. As much as my contacts are predicting a slight increase in plantings for the whole country, this is largely dependent on many provinces receiving necessary rains to complete plantings.

South Africa

The South African CEC continue to call for a new crop production of 86'600 tons on 56'000 has with their 4th estimate of May 26. I still believe these numbers to be too optimistic. The price I reported last month was only available for a short while as prices have moved back up to the mid us\$ 1700's Cfr Rotterdam.