



2010 Southern Peanut Growers Conference

Peanut Market

By

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July 23, 2010



U. S. Supply

- 2005 Crop - 2,410,000 farmer stock tons
- 2006 Crop – 1,737,225 farmer stock tons
- 2007 Crop – 1,815,000 farmer stock tons
- 2008 Crop - 2,573,950 farmer stock tons
- 2009 Crop - 1,844,175 farmer stock tons
- 2010 Crop - 2,151,253 (USDA est. 6/30/10)
 - 2.112.000 (USDA est. 7/12/10)



2009 Crop Demand (usage)

- Demand for the U.S. Crop 2,068,000 tons
- Demand includes:
 - domestic usage – 1,461,000 tons
 - seed - 110,000 tons
 - crushing for oil - 97,000 tons
 - exports - 400,000 tons



Supply and Demand – 2009 Crop

- Supply 1,844,000 tons '09 Crop
+ 963,000 tons carry-in
+ 60,000 tons imports
2,867,000 tons
- 2,068,000 tons Demand
799,000 tons Carry-out (Jul 31, 2010)
- This is 163,000 tons less than last year, but still a few too many peanuts.



Peanut Market (7/23/10)

- 2009 crop shelled peanuts have ranged from the low 50-cent on early sales to the mid 40's, today.
- The latest USDA '10 Crop estimate of 2,151,253 tons has the market in a holding pattern (shut down). This will grow the carry-out from the '10 crop and is weakening the '09 Crop prices.
- NASS reported on 6/30/10, Planted Acres of 1,290,000 acres, an increase of 17% over 2009. This was a big surprise to the industry, especially the SW acres. The industry was expecting an increase of 8 to 10%.
- This will likely push Farmer Stock prices down for '09 Crop, from the initial levels of \$450/ton. The market will not support this.
- We thought higher cotton prices would dampen the excitement on peanuts. Dec '10 cotton closed at \$.7719/lb. on 4/22/10, just as planting decisions were being finalized.



Other Market Factors

- China is not offering peanuts at competitive levels to EU. 2010 Crop, June estimate, was revised upward to 14.8 mil MT, about the same as 2009 (14.7 mil MT)
- Argentina reduced acres 20% for the 2010 crop. Harvest is complete with mixed results in the crop. Some freeze damage and reduced yields.
- If China does not get competitive with the US and Argentina, the US may have additional export sales to the EU, which would help our long position.

Supply and Demand (est. 2010 Crop)

- Supply 2,112,000 tons '10 Crop (USDA est. 7/12/10)
 - + 799,000 tons carry-in
 - + 60,000 tons imports
 - 3,010,000 tons
 - 2,134,000 tons Demand
 - 837,000 tons Carry-out (Jul 31, 2011)

- Carry-out would be up 38,000 tons from the '09 crop carry-out and would tend to soften the market.

2010 Crop

- Estimated Harvested Acres
2010 – 1,261,000 ac x 3,200 lbs/ac = 2,017,600 tons
2010 - 1,261,000 ac x 3,400 lbs/ac = 2,143,700 tons
- 3160 lb/ac (5 yr. avg.) *last two years 3400 lb/ac yields
- Even if we drop back to the 5 year avg. (about 3,200 lbs/ac), we still have a large carry-out from the '10 Crop (742,000 tons)
- I see this as a critical year on yields. The last two years have set record yields at over 3400 lbs/ac. If this year is close to 3400 lbs, this will set a new trend in peanut yields. I think as a result of new varieties, improved farming practices, better land and rotations and of course we have had good weather.
- The industry will need to reduce acres for the 2011 Crop. Likely in the 1.1 mil to 1.175 ac. (8 to 10 %)

** All forecast subject to Weather, Pest, Weather and Hurricanes (weather) **



Summary

- It looks like plenty of peanuts for the '09 and '10 marketing years.
- This will mean a weaker market for these years, until we see what is contracted and planted for the '11 Crop.
- Weather, harvest conditions and final yields on the '10 Crop and competitive crop markets, will determine how we move forward with the '11 Crop Peanuts