



PEANUT MARKETS 2010

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2012 Farm Bill



Hearings Start April 2010

- Representative Peterson: stay within funding baseline
- FARM PROGRAMS: conservation & nutrition
- NO New Money
- FREEZE Budgets: Farm Subsidies



Peanut Title



- Maintains Market Loan Assistance Program With:
 - Base Acres (No New Base)
 - Direct Payment: \$36 ton (attacks likely)
 - Counter Cyclical Payments
 - \$355 Loan
 - \$495 Target Price
- \$104 ton max.

Direct Payments & Counter Cyclical

- Peanuts: \$36/ton
- Counter Cyclical: \$104 MAX
- 2008: \$0
- 2009: February
- Average: \$445-\$459 trigger
- CC = \$14 possible





Peanut Outlook



SUPPLY

- 2008 Crop: 2,573,950 tons (UP 40%)
 - 2009 Supply: 2,939,000 tons
- 2009 Carry Forward: 1,059,000 tons

DEMAND

- 2,140,000 tons
- 2009/10 Carry Forward: 800,000 tons



Peanut Outlook



DEMAND

- Demand for US Crop: 2,140,000 tons
- Demand includes:

Domestic Usage: 1,327,000 tons

Seed: 110,000 tons

Crushing for Oil: 228,000 tons

Exports: 375,000 tons

Residual: 100,000 tons

2,140,000 tons



Peanut Outlook



DEMAND

2009-10 (Through February 2010)

- Peanut Candy: up 1.0%
- Snack Peanuts: down 11.7%
- Peanut Butter: up 8.5%
- In-Shells: down 9.2%
- OVERALL: up 3.2%



Peanut Outlook



Peanut Supply/Demand

2009 Production:	1,844,000
2009 Carry Forward:	<u>1,059,000</u>
	2,903,000
Domestic Consumption:	<u>2,140,000</u>
Carry Forward:	763,000

- This is 265,000 tons less than last year!



Peanut Outlook



EXPORT DEMAND (Aug-Dec)

- **2008-09: down 17.7%**
- Raw Shelled Peanuts: down 28.9%
 - Peanut Butter: up 1.09%
- In-Shell Peanuts: down 19.0%

U.S. Peanut Acreage



1,000 Acres Harvested

State	2007	2008	2009
Alabama	157	193	152
Florida	119	140	105
Georgia	520	685	505
Mississippi	18	17	18
N. Mexico	10	8	7
N. Carolina	90	97	66
Oklahoma	17	18	13
S. Carolina	56	68	48
Texas	187	253	155
Virginia	21	24	12
US Total	1,195	1,507 (-1%)	1,081 (-29%)



Prices



****Farmer Stock****

- **National Posted Price:** \$439.40 ton (Runner)
\$443.26 ton (Virginia)
\$435.11 ton (Spanish)
- **Weekly Prices Received by Farmers:** \$426 ton

- **Option Contracts:**

		<u>2010</u>
Runners:	\$400/ton	\$450/415
Virginias:	\$550-600/ton	\$500 +
Spanish:	\$500/tons	\$525
Valencia:	\$550-600/tons	\$0



Factors Driving Market

Prices of Competing Commodities

	<u>2008-09</u>	<u>2010- March</u>
• Corn:	\$3.76/bushel	\$3.71/bushel
• Soybeans:	\$9.80/bushel	\$9.52/bushel
• Cotton:	\$0.56/pound	\$0.82/pound
• Wheat:	\$5/bushel	\$4.88/bushel

Factors Driving Market

ON THE FARM

- Contract Prices
- Over-Supply of Peanuts
- Government Guarantees are lower than Banks willing to pay
- Uncertainty



Factors Driving Market



AT THE SHELLER



December 08-January 09

Jumbos: \$0.48

Mediums: \$0.45

No. 1s: \$0.42

Splits: \$0.44

December 09-January 10

Jumbos: \$0.48

Mediums: \$0.48

No. 1s: \$0.42

Splits: \$0.44

- Estimate of 800,000 CF - market trading slow.
- Buyers in “wait and see” mode, waiting to see their demand and expecting higher prices.
- Markets waiting to see acres planted in ‘10.

Factors Driving Market

United States

- Demand: Peanut Butter Strong
- Good Supply/Acres?
- Salmonella Scare: over with more regulations/checks



Exports

- Argentina Production: Dry Early – Late Crop
- China: acreage reduced (tonnage 12.7m tons from 14.3m tons)
- India: reduced 200,000 tons to 5m



Agriculture is Changing

- Climate Bill- Global Warming
 - Cap & Trade
- JOBS & ECONOMY
 - Highest Priority
- Rural Economy – weak but improving
- Nutrition Program: Demanding
 - 38m: 1 in 8 receive Food Stamps
 - \$1 Billion a year in New Funding



THANK YOU!

Questions or Comments?

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