PEANUT MARKETS 2010

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Editor, Peanut Farm Market News
Executive Secretary, National Peanut Buying Points Association
2012 Farm Bill

Hearings Start April 2010

• Representative Peterson: stay within funding baseline

• FARM PROGRAMS: conservation & nutrition

• NO New Money

• FREEZE Budgets: Farm Subsidies
• 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: 1,059,000
Domestic Consumption: 2,140,000
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

<table>
<thead>
<tr>
<th>State</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>157</td>
<td>193</td>
<td>152</td>
</tr>
<tr>
<td>Florida</td>
<td>119</td>
<td>140</td>
<td>105</td>
</tr>
<tr>
<td>Georgia</td>
<td>520</td>
<td>685</td>
<td>505</td>
</tr>
<tr>
<td>Mississippi</td>
<td>18</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>N. Mexico</td>
<td>10</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>N. Carolina</td>
<td>90</td>
<td>97</td>
<td>66</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>17</td>
<td>18</td>
<td>13</td>
</tr>
<tr>
<td>S. Carolina</td>
<td>56</td>
<td>68</td>
<td>48</td>
</tr>
<tr>
<td>Texas</td>
<td>187</td>
<td>253</td>
<td>155</td>
</tr>
<tr>
<td>Virginia</td>
<td>21</td>
<td>24</td>
<td>12</td>
</tr>
<tr>
<td><strong>US Total</strong></td>
<td><strong>1,195</strong></td>
<td><strong>1,507 (-1%)</strong></td>
<td><strong>1,081 (-29%)</strong></td>
</tr>
</tbody>
</table>
**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:
  - Runners: $400/ton
  - Virginias: $550-600/ton
  - Spanish: $500/tons
  - Valencia: $550-600/tons

2010
$450/415
$500 +
$525
$0
## Factors Driving Market

### Prices of Competing Commodities

<table>
<thead>
<tr>
<th>Commodities</th>
<th>2008-09</th>
<th>2010- March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn:</td>
<td>$3.76/bushel</td>
<td>$3.71/bushel</td>
</tr>
<tr>
<td>Soybeans:</td>
<td>$9.80/bushel</td>
<td>$9.52/bushel</td>
</tr>
<tr>
<td>Cotton:</td>
<td>$0.56/pound</td>
<td>$0.82/pound</td>
</tr>
<tr>
<td>Wheat:</td>
<td>$5/bushel</td>
<td>$4.88/bushel</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>December 08-January 09</th>
<th>December 09-January 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jumbos: $0.48</td>
<td>Jumbos: $0.48</td>
</tr>
<tr>
<td>Mediums: $0.45</td>
<td>Mediums: $0.48</td>
</tr>
<tr>
<td>No. 1s: $0.42</td>
<td>No. 1s: $0.42</td>
</tr>
<tr>
<td>Splits: $0.44</td>
<td>Splits: $0.44</td>
</tr>
</tbody>
</table>

- 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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