

AN OVERVIEW ON BRAZILIAN PEANUT CROP 2020/21

The pandemic generated a strong increase in food consumption around the world, reflected in the Brazilian market by the sharp increase in kernel crushing from 120,000 m/t to 160,000 m/t (+ 33%), in exports from 176,000 m/t to 257,000 m / t (+ 44%) and in the domestic market compared to the previous year (+ 30%). Highlighting that 67% of exports were concentrated in the first half, due to the sharp increase in prices of shelled peanuts in the second half of the year.

Concerning the harvest of the current crop, planted late between November and December, area harvested until mid-March was 25%. With little rain forecast, another 50% will be harvested in the next 30 days. The balance will be harvested by mid-May.

In general, the market points to 250 thousand hectares planted, 70% of which are in good condition; 10% under regular conditions, 12% of the areas suffered from low rainfall and another 8% of the areas with critical levels of rainfall.

Thinking positively, we can have regular productivity at 70% (3,250 kg of kernel / ha) and lower productivity in 30% of the areas (2,400 kg per hectare) with an average of 3,000 kg / ha and a total of 750,000 m/t plus 82,000 m / t of FLK, volumes very close to those harvested in the 2019/20 crop.

For the near future, we will have an increase in crushing capacity from the current 250,000 m/t to 300,000 m/t, which will have an increasing role in price formation, greater than the domestic market of 300,000 m/t and greater than the market export volumes currently around 250,000 m/t, if Chinese imports continue to grow at current levels.

Apparently the prices paid by European importers have no room to rise, at the moment, they buy as much as possible from Argentina, hoping that prices will stabilize for Brazil to make new offers to the market.

For this year, we expect very fair margins for kernel exporters, new and important exporters arriving on the market. The break-even point will be found by confirming domestic demand. Currently relatively weak due to distribution uncertainties with the effects of the pandemic. Large companies in the domestic market speak more and more frequently about the possibility of importing from Argentina, if the high prices practiced in the domestic market prevail as at the end of last year's crop. Per capita consumption has gone from 0.6 kg to 1.75 kg in the last 20 years, but it is still low, and the prices of other foods have also increased sharply.

In any case, exports depend a little on this new price balance. After that, kernel exporters, perhaps, have a greater supply of peanuts.

Strong changes will occur in the relationship between beneficiaries and their suppliers due to the pressure exerted by the crushers and their high export prices. The scenario is favorable for producers who currently work with adequate profit margins and are able to invest heavily in expanding production. Many of these important producers are now developing their kernel processing and marketing capabilities.

The expansion to Central do Brasil areas continues.

Best Regards,

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