

Another Wave of Peanuts in 2015?

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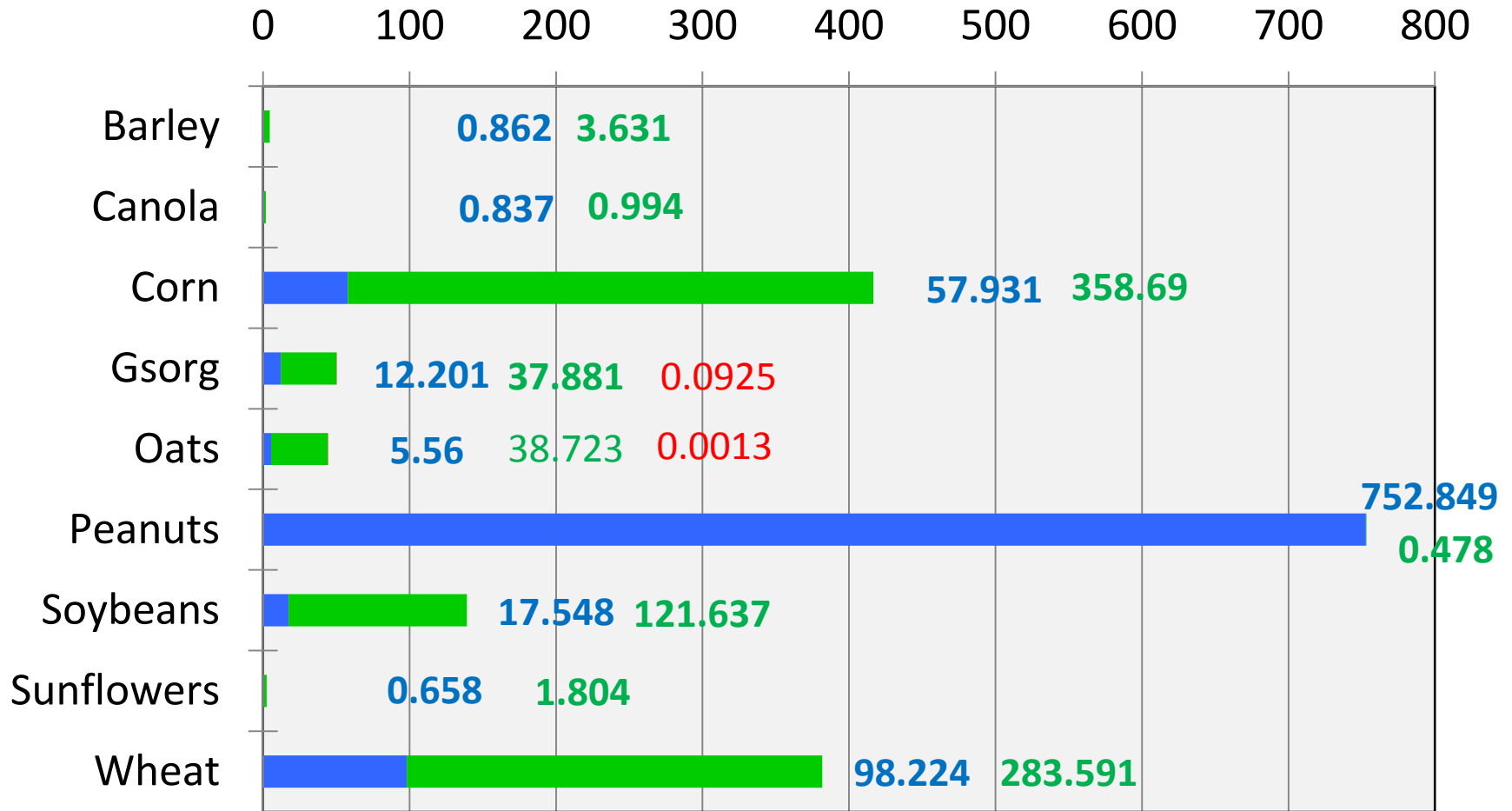
Peanut Situation

- 2015 Production Up
 - US Planted Acreage up 20% to 1,620,000 acres
 - US Yield Projection 3,996 lb/ac (raised from 3,950)
- USDA projects overall peanut use up 12%.
- 2014 Peanut Butter use up 7% driving overall edible use up shows big increase of 12.7% in first 6 months.



Georgia Base Acres by Program Election

Thousands



■ PLC ■ ARC-CO ■ ARC-IC

extension.uga.edu | 1-800-ASK-UGA1

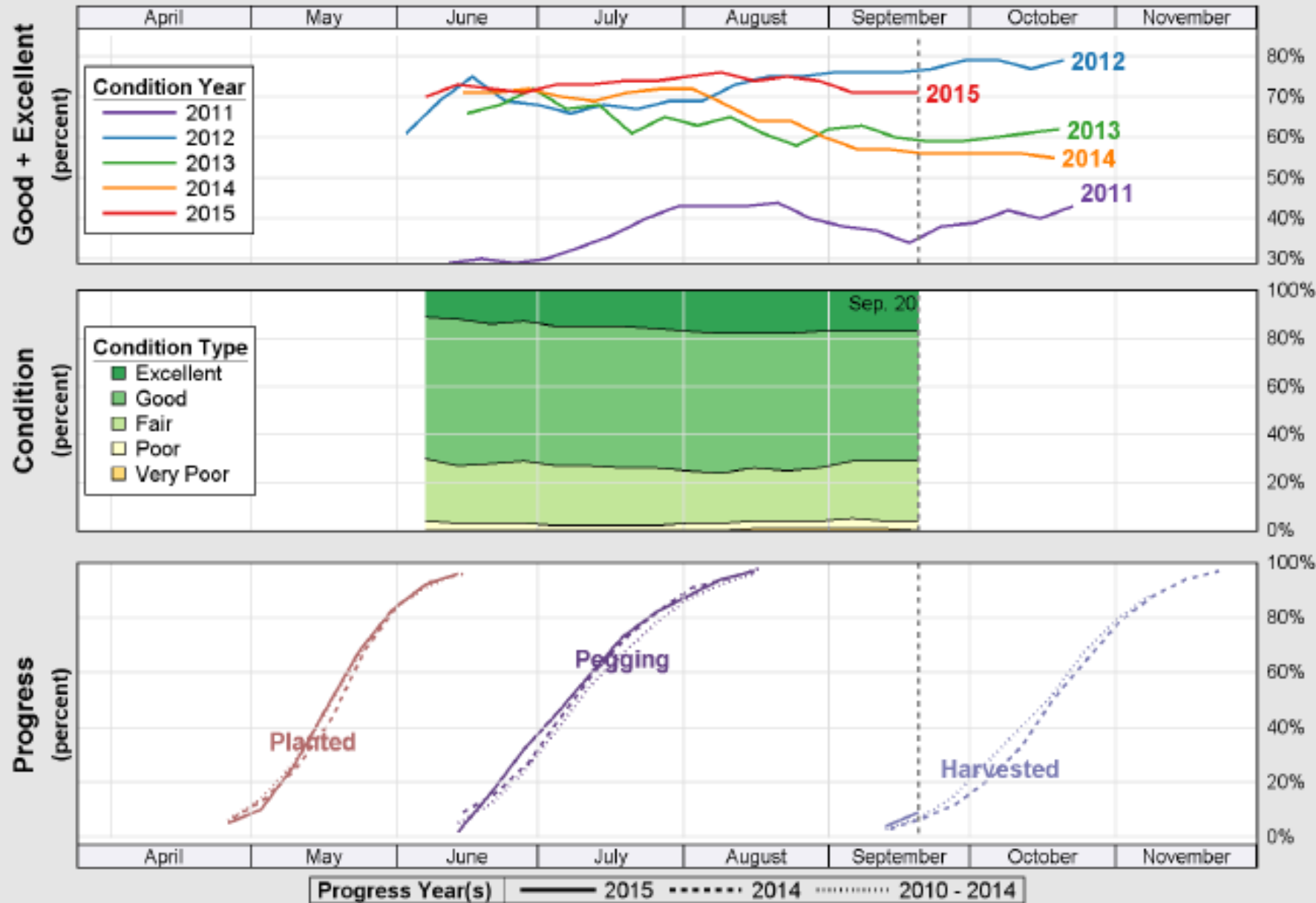
Comparison of ARC/PLC Elections and 2013 DCP/ACRE Enrolled Bases - By State and Crop ^{1/}

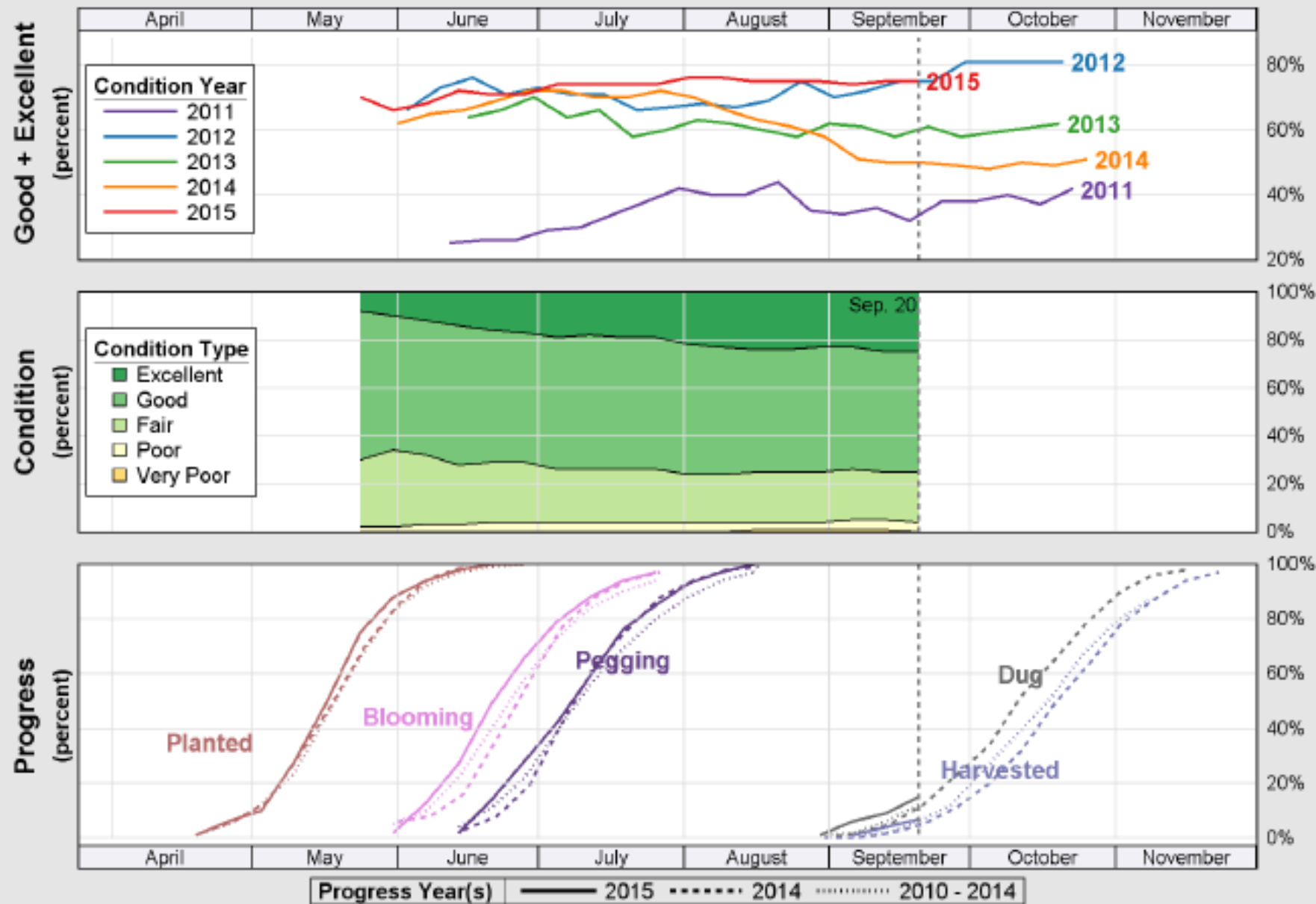
State	Covered Commodity	All ARC/PLC Program Elections		2013 DCP/ACRE Enrolled Base		Difference (2014 minus 2013)	
		Farm Count	Base Acres	Farm Count	Base Acres	Farm Count	Base Acres
GEORGIA	BARLEY	771	4,493	924	6,221	(153)	(1,728)
GEORGIA	CANOLA	107	1,831	49	396	58	1,435
GEORGIA	CORN	19,160	416,621	19,173	468,945	(13)	(52,324)
GEORGIA	GRAIN SORGHUM	6,041	50,175	6,154	51,324	(113)	(1,150)
GEORGIA	OATS	4,679	44,284	4,745	42,122	(66)	2,162
GEORGIA	PEANUTS	17,267	753,328	10,394	507,668	6,873	245,660
GEORGIA	SOYBEANS	7,921	139,185	5,807	99,067	2,114	40,118
GEORGIA	SUNFLOWERS	470	2,462	292	861	178	1,602
GEORGIA	WHEAT	15,275	382,111	15,305	445,383	(30)	(63,272)
GEORGIA	GENERIC 2/	25,185	1,456,949	24,343	1,461,724	842	(4,775)

Peanut Acreage

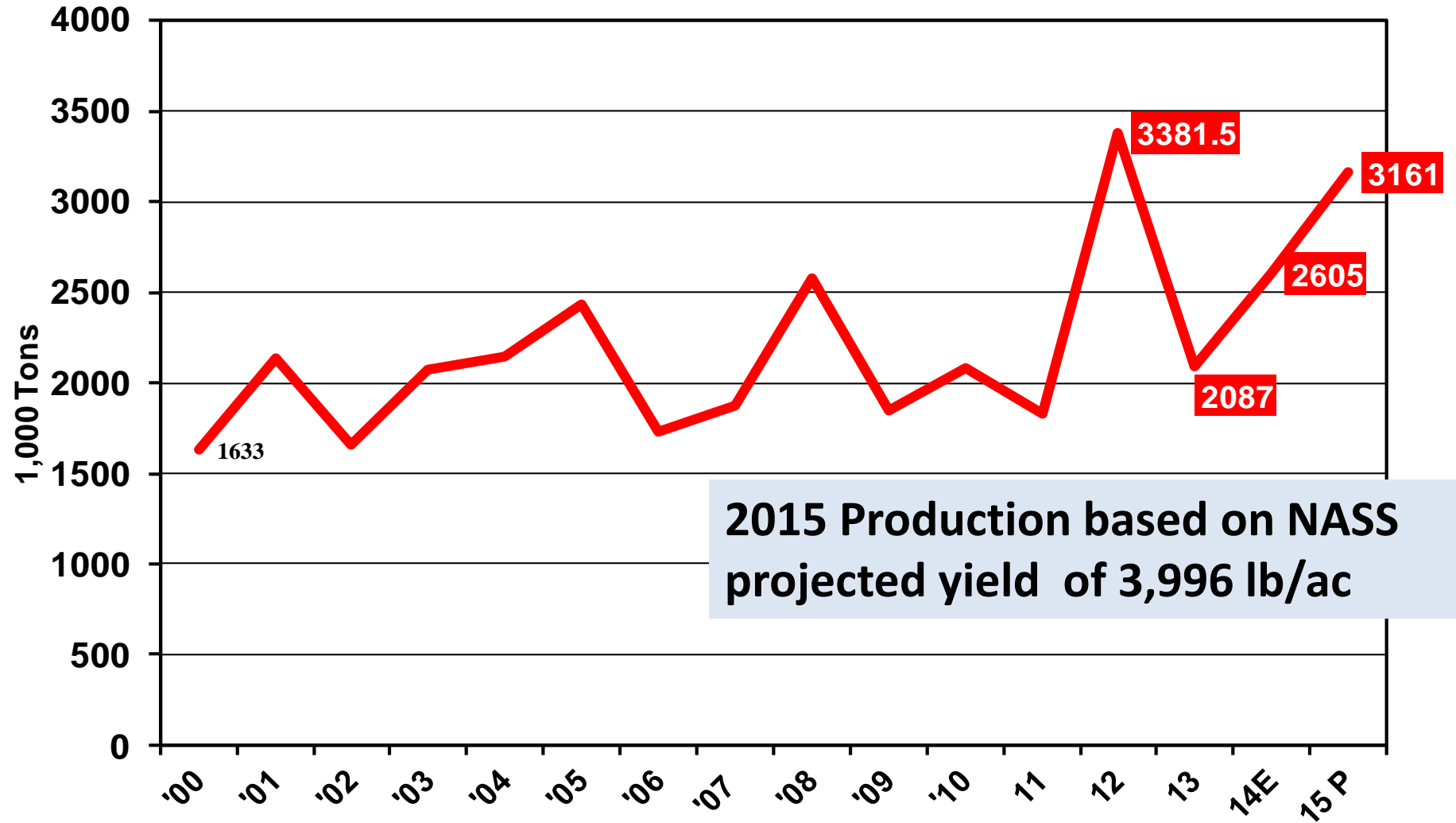
State	2013	2014	2015*	2015-2014	% Change
	<i>1,000 acres</i>				
AL	140	175	200	25	14%
FL	140	175	185	10	6%
GA	430	600	790	190	32%
MS	34	32	43	11	34%
SE	744	982	1,218	236	24%
NM	7	5	5	0	0%
OK	17	12	10	-2	-17%
TX	120	130	165	35	27%
SW	144	147	180	33	22%
NC	82	94	90	-4	-4%
SC	81	112	113	1	1%
VA	16	19	19	0	0%
VC	179	225	222	-3	-1%
				5	20%

Source: USDA NASS Crop Production Reports





U.S. Peanut Production



Shelled Edible Use in Primary Products, Total Shelled & In-Shell Use

<i>1,000 lbs</i>	Aug 14' to Jul 15'	% Diff from Prev. Year
Candy	375,856	-5%
Peanut Butter	1,303,775	7%
Snacks	428,796	-.4%
Total*	2,667,944	+ 3.8%
In-Shell	141,579	-0.76%

Source: Peanut Stocks and Processing, NASS, USDA

* Includes all shelled peanuts crushed regardless of grade

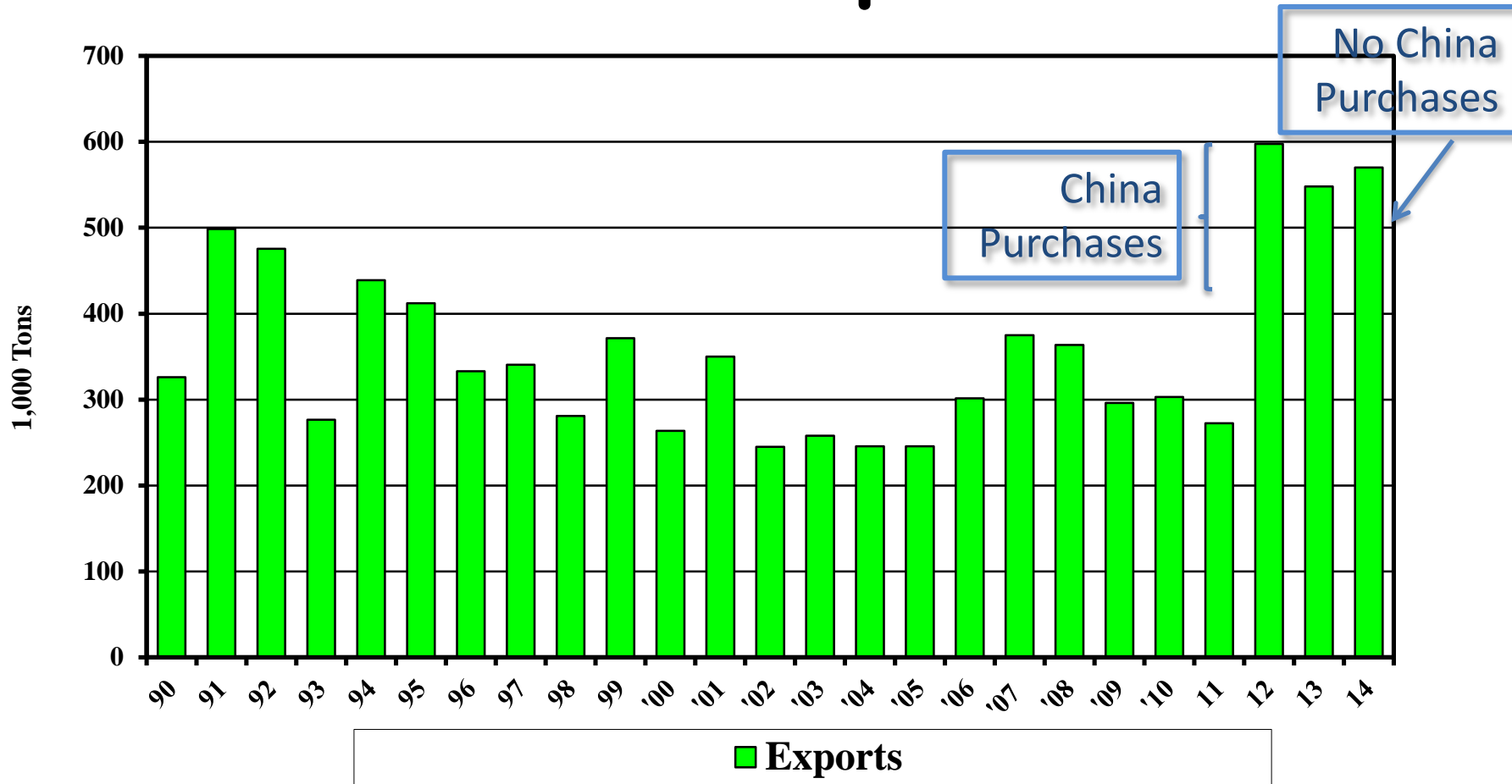


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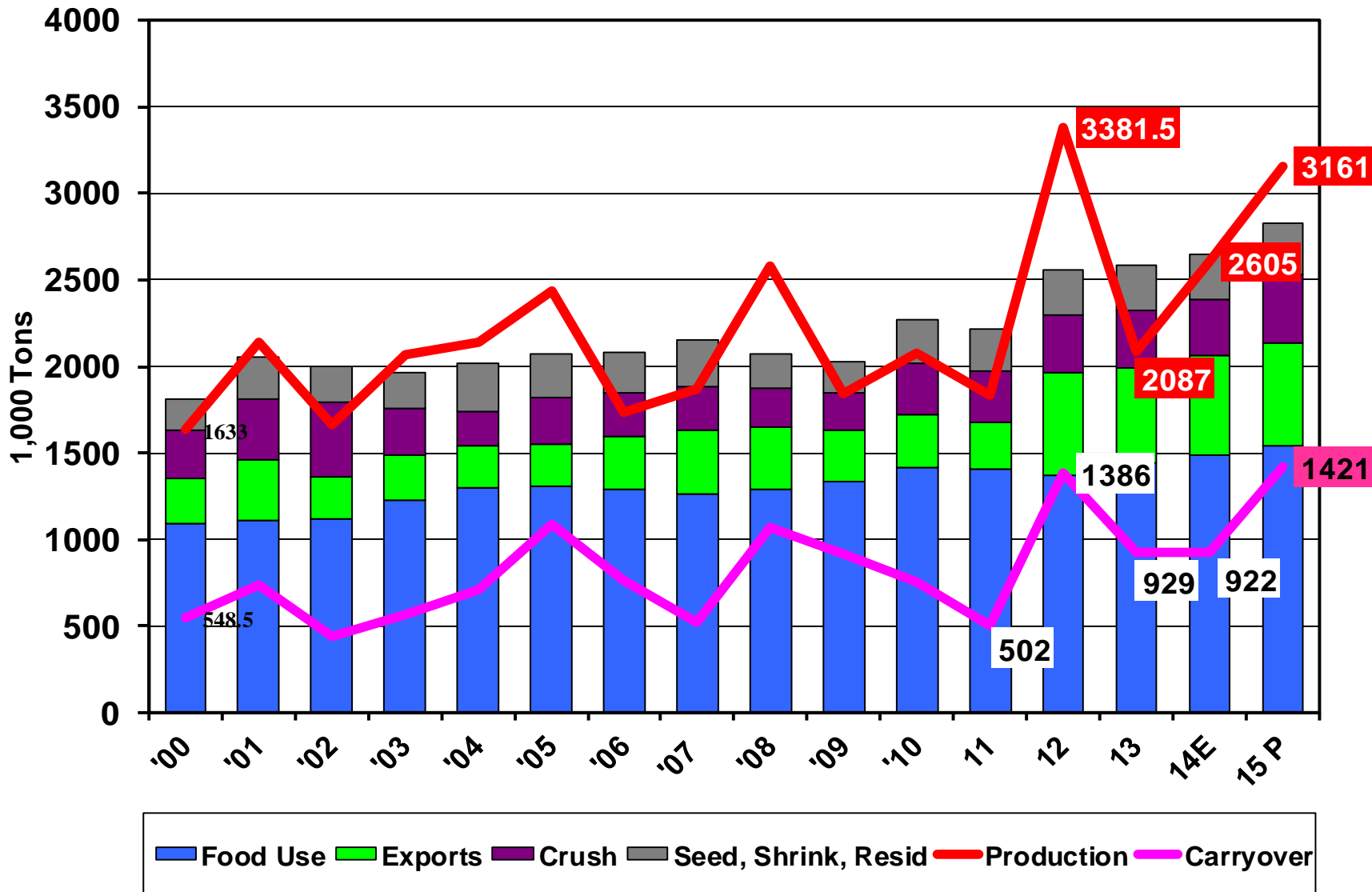
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Peanut Exports



Source: Oil Crops Outlook, ERS, USDA

Peanut Production, Use, Carryover



2014 Crop Supply and Demand by Type

	VA/Val	VA/VAL %	Runner	Runner %	Spanish	Spanish %	TOTAL
13 Crop Carry In							
Farmer Stock	106,250	20.06%	415,162	78.37%	8,350	1.58%	529,763
Shelled	41,100	11.89%	285,723	82.65%	18,860	5.46%	345,683
Roasted	36,577	100.00%		0.00%		0.00%	36,577
Oil Stock	3,372	20.00%	12,308	73.00%	1,180	7.00%	16,861
TOTAL	187,299	20.16%	713,193	76.78%	28,390	3.06%	928,882

SUPPLY							
EST. CROP PRODUCTION	495,000	19.01%	2,061,000	79.15%	48,000	1.84%	2,604,001
SEED SET ASIDE (ON FARM & SHELLER)	5,700	19.00%	24,000	80.00%	300	1.00%	30,001
IMPORTS	0	0.00%	35,000	100.00%	0	0.00%	35,001
TOTAL FOR SALE	682,299	19.12%	2,809,193	78.74%	76,390	2.14%	3,567,882

DEMAND							
TOTAL EDIBLE	257,550	17.00%	1,212,000	80.00%	45,450	3.00%	1,515,000
SEED & RESIDUAL	33,000	12.00%	233,750	85.00%	8,250	3.00%	275,000
U.S. PNT. TOTAL	290,550	16.23%	1,445,750	80.77%	53,700	3.00%	1,790,000
CRUSHED FOR OIL	17,500	5.00%	332,500	95.00%	0	0.00%	350,000
EXPORT DEMAND	104,500	19.00%	440,000	80.00%	5,500	1.00%	550,000
TOTAL DEMAND	412,550	15.34%	2,218,250	82.46%	59,200	2.20%	2,690,000

	VA/Val	VA/VAL %	Runner	Runner %	Spanish	Spanish %	TOTAL
CARRY OUT 8/1 (need 550,000 to cover Aug-Oct)	269,749	30.73%	590,943	67.31%	17,190	1.96%	877,882
Days Supply	239		77		106		119



2015 Crop Supply and Demand by Type

	VA/Val	VA/VAL %	Runner	Runner %	Spanish	Spanish %	TOTAL
14 Crop Carry In							
Farmer Stock	198,060	27.41%	511,205	70.74%	13,390	1.85%	722,655
Shelled	48,352	16.84%	227,669	79.31%	11,042	3.85%	287,063
Roasted	20,168	100.00%		0.00%		0.00%	20,168
Oil Stock	3,506	17.00%	16,497	80.00%	618	3.00%	20,621
TOTAL	270,086	25.71%	755,371	71.91%	25,050	2.38%	1,050,507
SUPPLY							
EST. CROP PRODUCTION	360,160	11.54%	2,716,408	87.07%	43,097	1.38%	3,119,665
SEED SET ASIDE (ON FARM & SELLER)	5,700	19.00%	24,000	80.00%	300	1.00%	30,000
IMPORTS	0	0.00%	35,000	100.00%	0	0.00%	35,000
TOTAL FOR SALE	630,246	14.99%	3,506,779	83.39%	68,147	1.62%	4,205,172
DEMAND							
TOTAL EDIBLE	267,750	17.00%	1,260,000	80.00%	47,250	3.00%	1,575,000
SEED & RESIDUAL	30,000	12.00%	212,500	85.00%	7,500	3.00%	250,000
U.S. PNT. TOTAL	297,750	16.32%	1,472,500	80.68%	54,750	3.00%	1,825,000
CRUSHED FOR OIL	18,050	5.00%	342,950	95.00%	0	0.00%	361,000
EXPORT DEMAND	104,500	19.00%	440,000	80.00%	5,500	1.00%	550,000
TOTAL DEMAND	420,300	15.36%	2,255,450	82.44%	60,250	2.20%	2,736,000

	VA/Val	VA/VAL %	Runner	Runner %	Spanish	Spanish %	TOTAL
CARRY OUT 8/1 (need 650,000 to cover Aug-Oct)	209,946	14.29%	1,251,329	85.17%	7,897	0.54%	1,469,172
Days Supply	182		203		48		199



Mazur & Hockman Inc.
PEANUT BROKERS

Up from 77 days

Up from 119 days

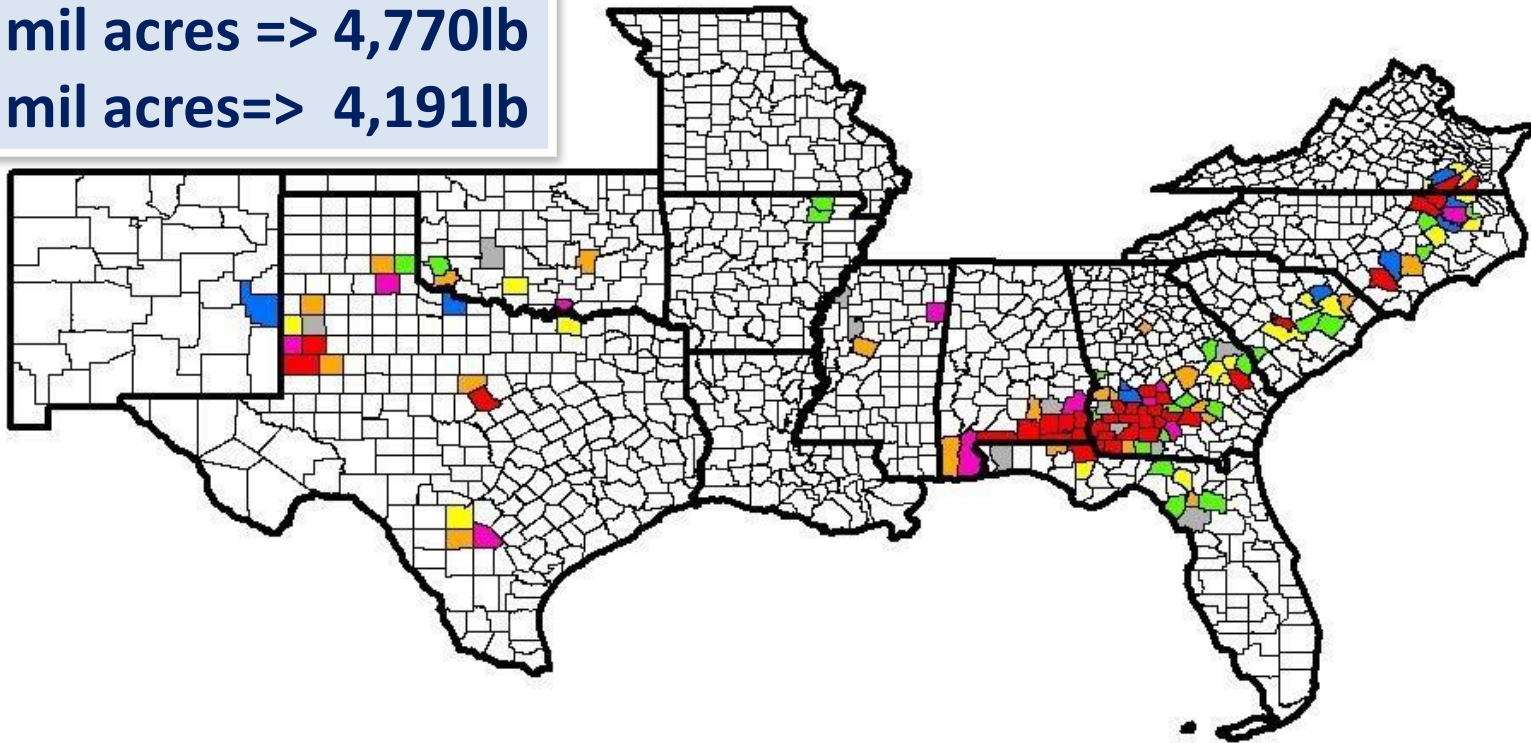


2014 U.S. PEANUT WAREHOUSE CAPACITY

3,352,750 total tons

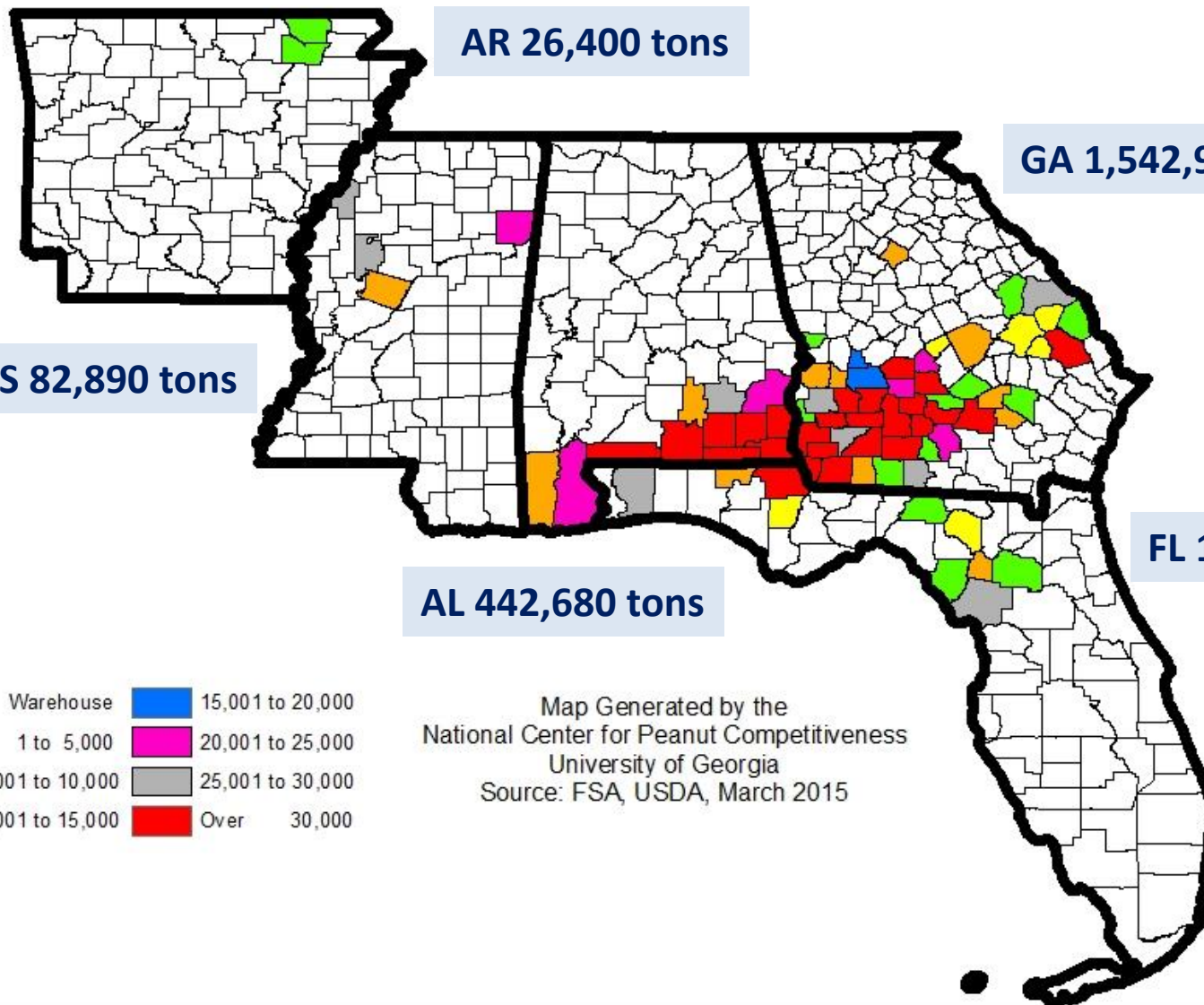
1.5 mil acres => 4,770lb

1.6 mil acres => 4,191lb



Map Generated by the
National Center for Peanut Competitiveness
University of Georgia
Source: FSA, USDA, March 2015

2014 SOUTHEAST PEANUT WAREHOUSE CAPACITY



Map Generated by the
National Center for Peanut Competitiveness
University of Georgia
Source: FSA, USDA, March 2015

PEANUT FARM MARKET NEWS 2015

A Peanut Hotline Service of The Spearman Agency, Tyron Spearman, Editor
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PEANUT MARKETING NEWS – September 18, 2015 – Tyron Spearman, Editor (120)

JULY PEANUT EXPORTS - July '15 peanut exports totaled 42,061 short tons, farmer-stock basis, and were down 22.99 % from July '14 totals. For the season (Aug. '14-July '15), US peanut exports were down 2.13 %.

NATIONAL POSTED PRICE

SHELLED MKT PRICE

MARKET LOAN

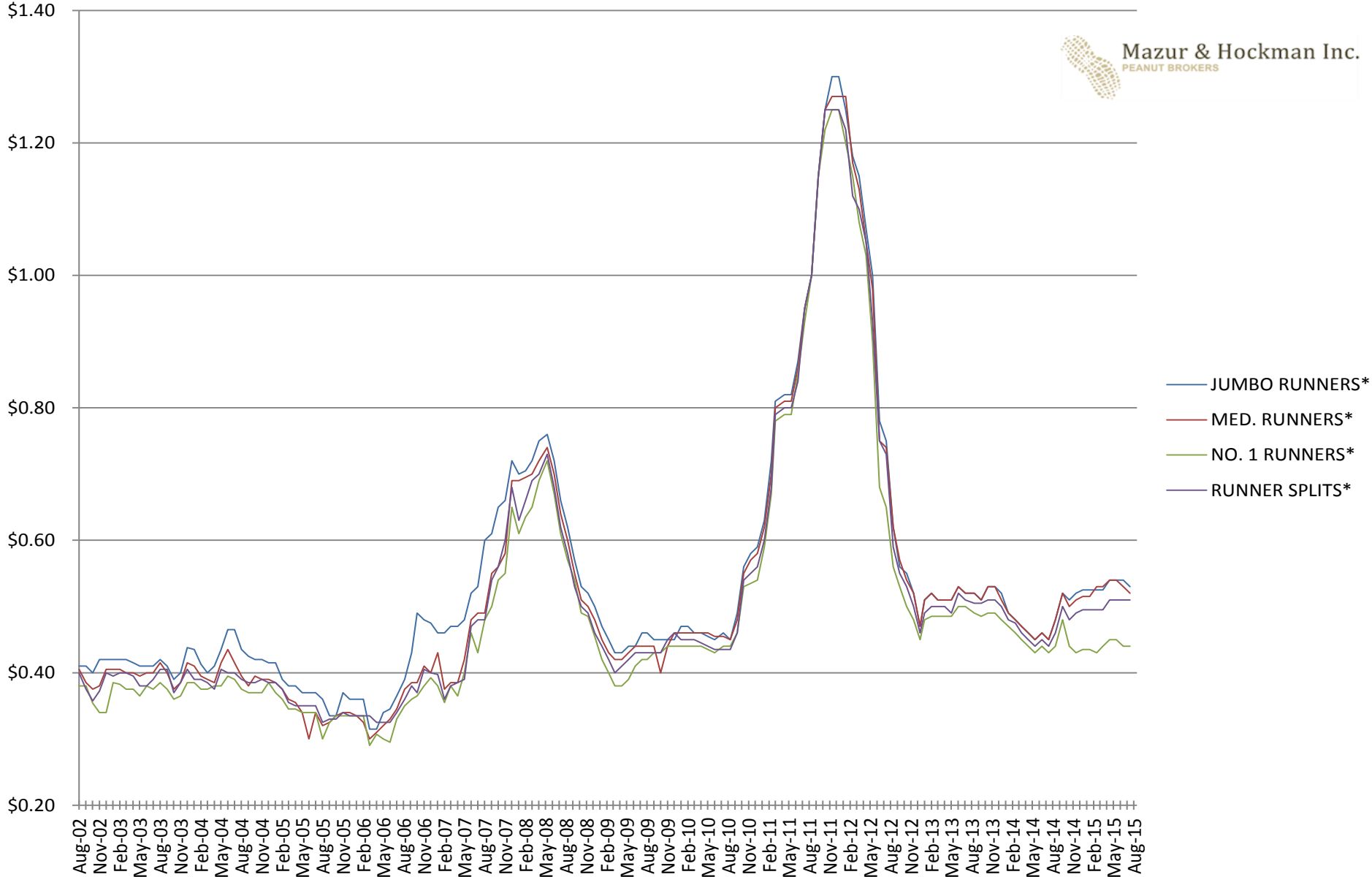
WEEKLY PRICES

from USDA each Tuesday at 3 PM,
 next day at 12:01 am EST.

USDA - 9 - Mo. loan
 F - Final Est. (I) - Inspected

Average prices (USDA)
 Marketing by type/farm price

Week- Sept 15, 2015	Date – Sept 18, 2015	Date -Sept , 2015 (tons)			Date – Sept 11, 2015
\$424.51 per ton/Runners	SHELLED MARKET PRICE		2013 Crop	2014 Crop	Runners - withheld
\$407.34 per ton/Spanish	Runners (SGL)	Date	9-18-14	9-18-15	Spanish - withheld
\$429.28 per ton/Valencia	Current Crop - \$.52 lb, J/Ru	Loans	1,432,215	2,122,852	Virginias - \$.260 - \$520 t
\$429.28 per ton/Virginia	New Crop - \$.45 M /\$.45 J	Redeemed	1,402,817	2,050,977	Valencia
Same as last week	9-23-14 Med Run \$.50 lb. J	In Loan	29,398	71,875	Information withheld
	9-23-13 Med \$.54/\$.55 lb J	Est. tons	2,087,090(F)	2,605,090(F)	To avoid disclosing
		Inspected	2,097,886(I)	2,603,515 (I)	Virginias - 4,059,000 lbs
2014 Forfeitures - 111,125 tons	Repayment Quantity related to Market Gain - 143,475 tons			Total - 8,555,000 lbs	
	Market Gain - \$14.3 million - Average gain - \$99.51 per ton.			Aver - \$.223 = \$446t	
9 Mo Loan Maturity	June – 5,352	July – 33,778 t	Aug – 3,783 t	Sept – 11,737	Oct – 17,222 t
Average price received by farmers	April, 2015 \$0.221 - \$442 T	May, 2015 \$0.225 - \$450 T	June, 2015 \$0.216 - \$432 T	July, 2015 \$0.216 - \$432 T	2014-2015 AVE \$.220- \$440 T.



2014 Peanut PLC Payments

- 2014 Marketing Year Average Price = \$440 per ton according to NASS August *Agricultural Prices* Report.
- \$535 Reference Price - \$440 MYA = \$95/ton PLC payment rate.
- Adjust for 85% of base and sequestration and comes to about \$75/ton per base acre.

Example

PLC Peanut Program

Reference Price	\$0.2675	/lb	\$535.00	/ton
2014 MYA Price	\$0.2200	/lb	\$440.00	/ton
2014 National Loan Rate	\$0.1775	/lb	\$355.00	/ton
*PLC Rate	\$0.0475	/lb	\$95.00	/ton
PLC Yield per acre	3,000	lbs	1.5	tons
Base Acres	1			
85% of Base Acres	0.85			
PLC Payment	\$121.13	/ba	\$80.75	/ton
Minus 7.2% Sequester	\$8.72			
Total PLC Payment	\$112.40	/ba	\$74.93	/ton

*Ref Price - Higher of MYA Price or Loan Rate

ba = base acre

PLC Payment Rate, Not Payment

- PLC Payment Rate for peanuts is \$95/ base acre.
- After adjusting for 85% payment factor and sequestration of 7.2%, it becomes \$74.93/base acre.
- What is your peanut base?
 - Add your permanent peanut base plus the generic acres attributed (temporary base) to peanut base.
 - Remember it's prorated on covered commodities planted!



\$ 0.0475 PLC Payment Rate \$95.00 per ton
Base
500 Acres
3000 Payment Yield

		PLC Payment Yield							
		2500	3000	3500	4000	4500	5000	5500	6000
Base Acres	100	\$9,367	\$11,240	\$13,114	\$14,987	\$16,861	\$18,734	\$20,607	\$22,481
	200	\$18,734	\$22,481	\$26,228	\$29,974	\$33,721	\$37,468	\$41,215	\$44,962
	300	\$28,101	\$33,721	\$39,341	\$44,962	\$50,582	\$56,202	\$61,822	\$67,442
	400	\$37,468	\$44,962	\$52,455	\$59,949	\$67,442	\$74,936	\$82,430	\$89,923
	500	\$46,835	\$56,202	\$65,569	\$74,936	\$84,303	\$93,670	\$103,037	\$112,404
	600	\$56,202	\$67,442	\$78,683	\$89,923	\$101,164	\$112,404	\$123,644	\$134,885
	700	\$65,569	\$78,683	\$91,797	\$104,910	\$118,024	\$131,138	\$144,252	\$157,366
	800	\$74,936	\$89,923	\$104,910	\$119,898	\$134,885	\$149,872	\$164,859	\$179,846
	900	\$84,303	\$101,164	\$118,024	\$134,885	\$151,745	\$168,606	\$185,467	\$202,327
	1000	\$93,670	\$112,404	\$131,138	\$149,872	\$168,606	\$187,340	\$206,074	\$224,808
	1100	\$103,037	\$123,644	\$144,252	\$164,859	\$185,467	\$206,074	\$226,681	\$247,289
	1200	\$112,404	\$134,885	\$157,366	\$179,846	\$202,327	\$224,808	\$247,289	\$269,770

Peanut Outlook

- 2015 Crop: early contracts were offered for \$400 per ton. Later contracts at \$375 per ton for runners. Expect \$375-\$385 per ton.
- High Oleic premium of \$25 per ton to continue?
- Peanut acres will be influenced by 2014 Farm Bill (i.e. rotation with regard to generic base, other covered commodities prices).
- Shift to more peanuts because of low cotton and corn prices and PLC payment expectations...but
- Payment limits and having a “home” to store peanuts may play bigger role in 2016 acres, causing them to contract.

<http://deltafarmpress.com/peanuts/university-arkansas-webinar-discuss-peanut-market-outlook>



Webinar Registration

Topic: Peanut Market Outlook and Farm Bill Update

Description: Peanut acres are up in the Southeast in response to low prices across the board for row crops and to potential PLC payments. An update on the market outlook for peanuts and the potential for program payments will be given as well as issues with marketing the 2015 crop and payment limitations. Presenter: Nathan B. Smith – Associate Professor and Extension Coordinator for Department of Agricultural and Applied Economics, University of Georgia.

Time: Sep 24, 2015 11:00 AM (GMT-5:00) Central Time (US and Canada)



Marketing Loan Gain

- Marketing Loan Gain is triggered when the Loan Repayment Rate (LRR) falls below the loan rate.
- In the case of peanuts, the National Posted Price (NPP) is the LRR.
- Generally posted weekly at 3pm on Tuesdays.
- <http://www.fsa.usda.gov/FSA/epasReports?area=home&subject=ecpa&topic=fta-pn>.

2015 Peanut Loan Rates

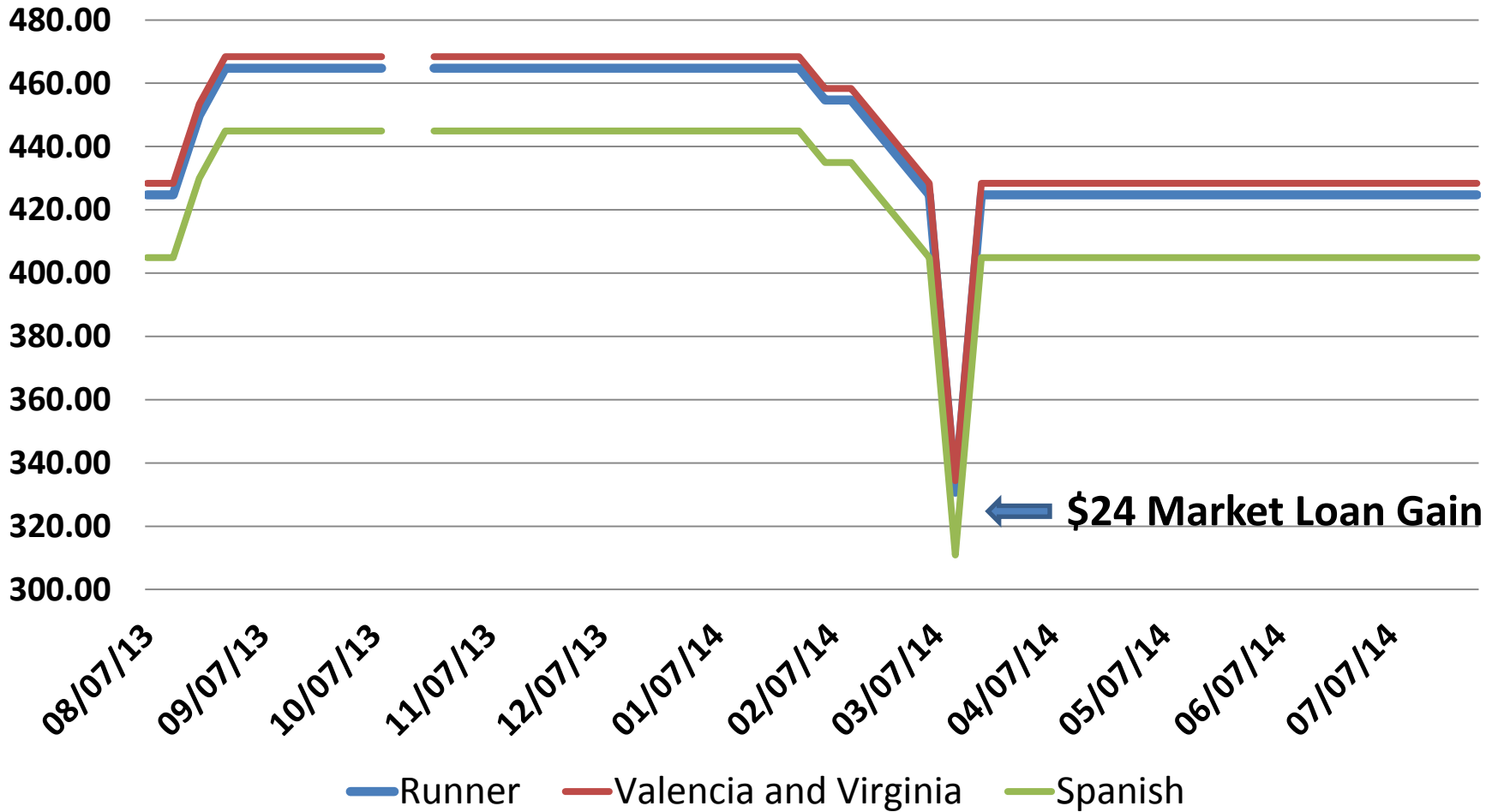
- The rates take effect Aug. 1, 2015, which is the beginning of the peanut crop year.
- For an average grade ton of peanuts for the 2015 crop year, loan levels by type are:

Runner-type peanuts	\$354.51 per ton
Spanish-type peanuts	\$337.34 per ton
Valencia-type peanuts	\$359.28 per ton
Virginia-type peanuts	\$359.28 per ton

- Marketing assistance loans for the 2015 peanut crop is available through Feb. 1, 2016.



Peanut National Posted Price: 2013/14



Source: Farm Service Agency
extension.uga.edu | 1-800-ASK-UGA1

US Peanut Price and Marketings: 2013/14



Source: NASS QuickStats

extension.uga.edu | 1-800-ASK-UGA1

Market Loan Gains at Various Tons

	Market Loan Gain
Tons	\$24.00
200	\$4,800
400	\$9,600
600	\$14,400
800	\$19,200
1000	\$24,000
1200	\$28,800
1400	\$33,600
1600	\$38,400
1800	\$43,200
2000	\$48,000
2200	\$52,800

Market Loan Gains and LDPs now count against the \$125,000 payment limitation.

\$ 0.0475 PLC Payment Rate \$95.00 per ton

500 Base Acres

3000 Payment Yield

	PLC Payment Yield							
	2500	3000	3500	4000	4500	5000	5500	6000
100	\$9,367	\$11,240	\$13,114	\$14,987	\$16,861	\$18,734	\$20,607	\$22,481
200	\$18,734	\$22,481	\$26,228	\$29,974	\$33,721	\$37,468	\$41,215	\$44,962
300	\$28,101	\$33,721	\$39,341	\$44,962	\$50,582	\$56,202	\$61,822	\$67,442
400	\$37,468	\$44,962	\$52,455	\$59,949	\$67,442	\$74,936	\$82,430	\$89,923
500	\$46,835	\$56,202	\$65,569	\$74,936	\$84,303	\$93,670	\$103,037	\$112,404
600	\$56,202	\$67,442	\$78,683	\$89,923	\$101,164	\$112,404	\$123,644	\$134,885
700	\$65,569	\$78,683	\$91,797	\$104,910	\$118,024	\$131,138	\$144,252	\$157,366
800	\$74,936	\$89,923	\$104,910	\$119,898	\$134,885	\$149,872	\$164,859	\$179,846
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1100	\$103,037	\$123,644	\$144,252	\$164,859	\$185,467	\$206,074	\$226,681	\$247,289
1200	\$112,404	\$134,885	\$157,366	\$179,846	\$202,327	\$224,808	\$247,289	\$269,770

What Happened?

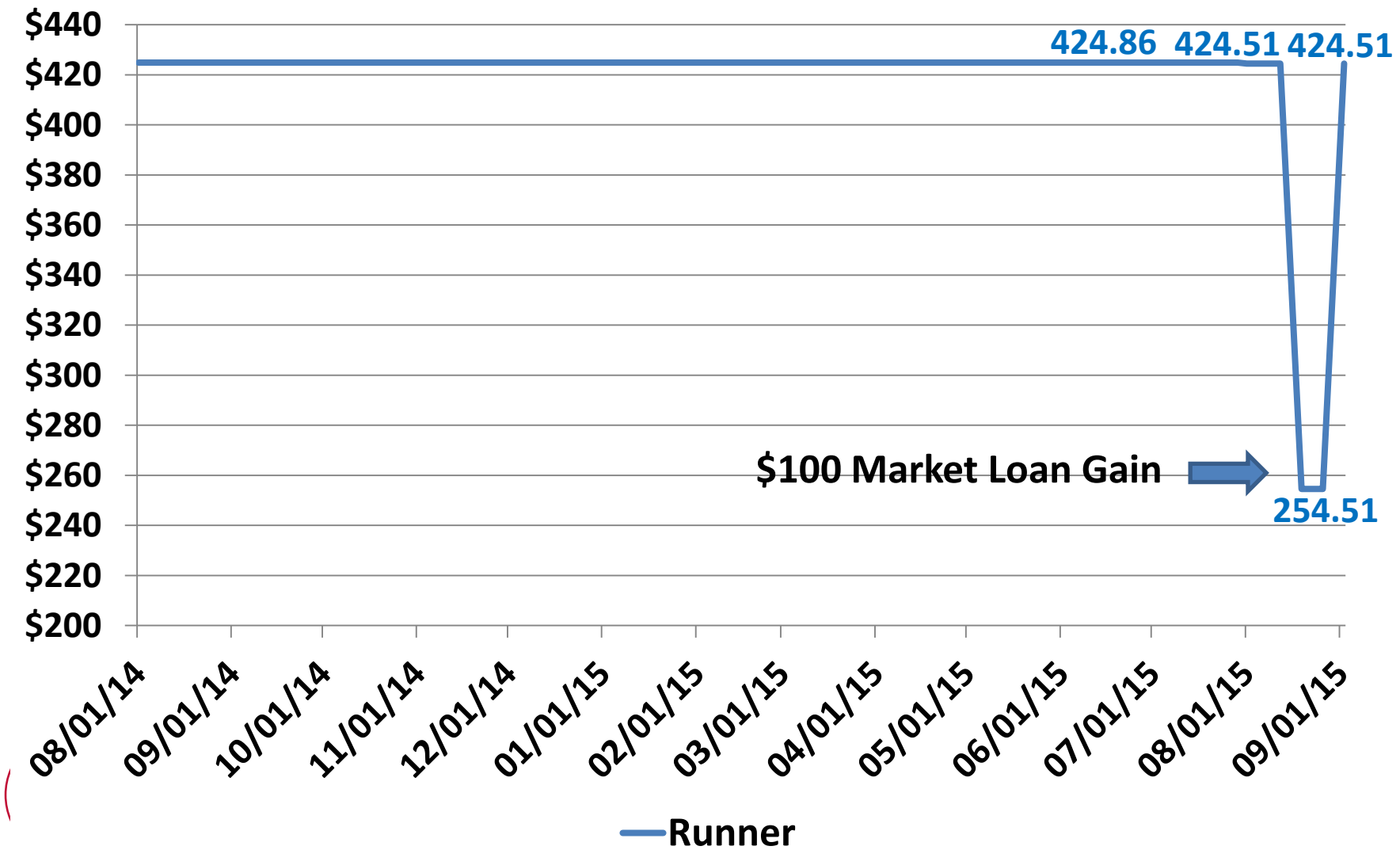
- The expectation was that a MLG/LDP on peanuts would be realized on 2015 crop due to the projected size of the crop, approaching size of 2012.
- Surprised with the LRR being lowered \$170 per ton for 2014 crop (US MYA price came out at \$440/ton, runners \$416/ton), more so by the magnitude of the drop and the timing.

National Posted Price for Peanuts

- On 8/18/15 the NPP “decreased \$170 for Runner, Virginia, and Spanish peanuts.”
 - * \$254.51 per ton for Runner peanuts
 - * \$237.34 per ton for Spanish peanuts
 - * \$429.28 per ton for Valencia peanuts
 - * \$259.28 per ton for Virginia peanuts
- Effective 08/19/15 at 12:01 am Eastern Time until the next announcement occurs. The next announcement is scheduled for 09/01/15 at 3:00 pm Eastern Time.



Peanut National Posted Price: 2014-15



Market Loan Gains at Various Tons

	Market Loan Gain		
Tons	\$24.00	\$34.00	\$100.00
200	\$4,800	\$6,800	\$20,000
400	\$9,600	\$13,600	\$40,000
600	\$14,400	\$20,400	\$60,000
800	\$19,200	\$27,200	\$80,000
1000	\$24,000	\$34,000	\$100,000
1200	\$28,800	\$40,800	\$120,000
1400	\$33,600	\$47,600	\$140,000
1600	\$38,400	\$54,400	\$160,000
1800	\$43,200	\$61,200	\$180,000
2000	\$48,000	\$68,000	\$200,000
2200	\$52,800	\$74,800	\$220,000

Market Loan Gains and LDPs now count against the \$125,000 payment limitation.

Reason for Drop in Posted Price

- “Loan repayment rates, during the period covered by this announcement, reflect a temporary two-week adjustment to encourage redemptions of outstanding loan balances and make way for 2015-crop peanuts in warehouses.”

Source: USDA FSA News Release “Weekly National Posted Prices for Peanuts” August 18, 2015.



Who Does It Impact?

- Producers with peanuts in the loan during this time period and,
 - Loan is redeemed during the active period or,
 - The Repayment Rate is locked in for the 60-day period and loan is redeemed later during the 60-day period.

How Can Loan be Redeemed?

- Producer with un-contracted peanuts in the loan will redeem and sell peanuts. Pays the loan back at the LRR, plus handling and associated fees, accrued interest.
- Designated agent or attorney-in-fact for a Producer with contracted peanuts (option contract) in the loan redeems loan on behalf of the producer.

LDP's

- Producer with 2015 crop peanuts could apply for LDP by forgoing the loan.
- For non-stored peanuts, probably should have completed CCC-633 and signed before inspected.

Option Contracts

- Sheller buys the right to buy peanuts according to contract specifications by paying an “option premium”.
- Can exercise the right during the time period specified in contract.
- Sheller or marketing association act as producer’s agent or attorney-in-effect on marketing loan.
 - Generally allows peanuts to be enrolled and redeemed on producer’s behalf.



Power of Attorney

- Power of attorney appoints “attorney-in-fact” in connection with FSA and CCC programs.
- Under an option contract it is likely the sheller or Designated Marketing Association (DMA) or Cooperative Marketing Association (CMA).
- POA likely appointed for “Conducting all marketing assistance loan and LDP transactions.”

Where Do We Go From Here?

- 2015
 - On contracted peanuts, notify the sheller, DMA, CMA your peanut base tonnage in effort to avoid large tonnage in loan late in the marketing year.
 - On un-contracted peanuts, wait and forfeit to the government if there is a MLG or sell when the NPP is above the loan rate.
 - Generic Marketing Certificates - Possibly solve the problem for 2015?

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Where Do We Go From Here?

- 2016
 - Add an entity if possible to increase the payment limitation.
 - Limit the amount you contract.
 - Modify contracts some way:
 - share in MLG's,
 - control of redemption of the peanuts.

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Thank You



Partial support provided by growers for
economics education and research

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