Peanut Blog
An ounce of information



Tightening U.S. Peanut Crop Meets Soft Demand And Firming Export Prices

U.S. peanut yields and grades are slipping below last year as acreage shrinks, while flat domestic demand shifts focus to exports and firmer FOB prices.

U.S. peanuts are entering the final stretch of harvest with yields and grades tracking modestly below last year, tightening the 2026/27 balance sheet just as domestic demand remains weak and export demand becomes increasingly decisive. October's weather volatility – from early-month rainfall and Hurricane Isaias–related delays to a later window of near-ideal harvest conditions – has defined this crop. Around 65–70% of U.S. acres are now harvested, with yield and movement data slowly improving but still pointing to a smaller, lower-grade crop than last season. Against flat U.S. food usage and sizable carryover, the market is pivoting toward exports, while firmer FOB indications out of India and Brazil hint at a cautiously constructive price environment.

Prices
FOB indications show a mild but broad firming trend in key export origins. Brazilian raw peanuts (FOB Brasília) have inched up to 1.28 EUR from 1.27 EUR. Indian java types (FOB New Delhi) have also gained, with java 70–80 now at 1.18 EUR, java 60–70 at 1.19 EUR, and java 50–60 at 1.30 EUR. Bold varieties are following, with bold 60–70 at 1.05 EUR, bold 50–60 at 1.06 EUR, and bold 40–50 (FOB Gondal, Gujarat) at 1.105 EUR.
This steady appreciation across grades and origins suggests that international markets are beginning to price in reduced planted acres, modest yield losses, and lower South American output, even while end-user demand signals remain subdued.

ORIGIN	TYPE	LOCATION	TERMS	LATEST PRICE (EUR)
Brazil	Raw	Brasília	FOB	1.28
India	Java 70–80	New Delhi	FOB	1.18
India	Java 60–70	New Delhi	FOB	1.19
India	Java 50–60	New Delhi	FOB	1.30
India	Bold 60–70	New Delhi	FOB	1.05
India	Bold 50–60	New Delhi	FOB	1.06
India	Bold 40–50	Gujarat – Gondal	FOB	1.105

Supply & Demand
October has been pivotal for the U.S. crop. Early-month rainfall and the October 9 Hurricane Isaias landfall delayed digging and picking across much of the peanut belt, but a subsequent spell of near-ideal harvest weather has allowed producers to push harvest completion to an estimated 65–70% of acreage. Yield and movement data have improved as more fields are cut, yet they still trail last year, and grades are generally weaker than expected.

USDA has revised 2026/27 U.S. production down to about 2.5 million tons, with lingering downside risk if late-harvested fields confirm current yield softness. Around 40% of total acreage was planted after June 1, and this later crop is especially vulnerable to cooler overnight lows in the mid- to upper-40s and any renewed rainfall that could trigger further harvest delays and quality losses.

Global fundamentals add to the constructive picture. Significant cuts in planted area in the U.S., together with reported production decreases in Argentina and Brazil, reduce export availability from the Americas. With cotton prices relatively attractive, some acreage competition is likely to persist in future seasons, limiting the scope for a rapid rebound in peanut area and keeping medium-term supply risk skewed to the downside.

On the demand side, the tone remains soft. Domestic U.S. food use is essentially flat, offering very little help in absorbing the heavy carryover from the previous 2025 crop year. Overall offtake shows few convincing signs of acceleration, and current kernel buying does not signal imminent physical tightness. As a result, export demand is the crucial balancing item: stronger European interest in U.S. origin is possible as South American supplies shrink, which could tighten the market materially later in the 2026/27 marketing year if yields or quality disappoint.

Weather & Harvest Outlook
Short-term weather risks for the U.S. peanut belt are mixed. After Hurricane Isaias–related disruptions earlier in October, fields have largely benefited from drier, more favorable conditions, helping harvest catch up. However, the later-planted 40% of acreage is moving into a more weather-sensitive window, where cooler nights can cap yield potential and showers can impede fieldwork and heighten quality risks such as pod loss and aflatoxin exposure.

Seasonal outlooks for November point to generally warmer-than-normal conditions across much of the southern U.S. with an active storm track in parts of the Southern Plains and Southeast, consistent with an intensifying El Niño pattern. This combination suggests that, while a widespread early freeze is unlikely, intermittent rainfall episodes may still slow harvest in pockets and could prolong field exposure for late-dug peanuts, reinforcing downside risks to both yield and grade.

Key Drivers & Fundamentals
Bullish drivers: A significant reduction in planted acreage, delayed harvest, and weaker yields collectively point to a smaller effective crop. Production cuts in Argentina and Brazil increase the likelihood that EU buyers will lean more heavily on U.S. origin. Competitive cotton prices may constrain peanut acreage expansion going forward, structurally underpinning values.
Bearish drivers: U.S. domestic demand remains sluggish, with flat food use and only tentative signs of a broader demand recovery. Large carryover stocks from the 2025 marketing year continue to cushion the market against immediate supply shocks, and current kernel buying patterns do not yet indicate physical scarcity in the nearby positions.
Balance sheet implications: With USDA production near 2.5 million tons and demand still muted, the 2026/27 balance sheet is tightening mainly via lower output rather than surging consumption. The real inflection point will come if late-harvest yield/quality losses intersect with stronger export pull, potentially transforming a comfortable stock situation into a more finely balanced environment late in the marketing year.

Trading Outlook (Next 4–8 Weeks)
Shellers / processors: Consider locking in a portion of nearby physical coverage while FOB levels in Brazil and India are only modestly higher, given tightening U.S. and South American supply and potential late-season quality downgrades. Retain some flexibility for Q3–Q4 2027 needs in case demand remains sluggish.
Roasters / industrial users: Current kernel availability and flat domestic demand argue against panic buying. Gradual scale-down coverage strategies on modest price dips appear appropriate, with closer attention to basis and grade differentials as more definitive late-crop quality data emerge.
Exporters / traders: Monitor EU and Mediterranean demand closely. With production shortfalls in Argentina and Brazil, U.S. origin could gain share; early positioning in higher-grade lots may be rewarded if quality issues become more pronounced as harvest wraps up.

3-Day Directional Price Indication
Brazil FOB Brasília (raw): Slightly firm tone expected as U.S. yield concerns and South American production cuts support offers.
India FOB New Delhi (java & bold): Mild upward bias likely to persist amid higher replacement costs and improving export interest.
Europe (CFR, various origins): Stable to slightly firmer sentiment anticipated, with buyers selectively extending coverage but still constrained by soft downstream demand.

Source: https://commodity-board.com/tightening-u-s-peanut-crop-meets-soft-demand-and-firming-export-prices