



NEWSLETTER

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June 2019

Almond Industry Position Report

	May 2019
	<i>Million Lbs</i>
Carry-in August 1, 2018	359.0
2018 Net Marketable Crop (Received to date)	2,222.6
Total Supply	2,581.6
Sold Shipped & Not Shipped	
Domestic	802.3
Export	1,504.8
Total Sold	2,307.1
Uncommitted Inventory (Not Sold)	274.5

Position Report

Shipments came storming back in May with a record 178 million pounds being shipped which is 12.8% ahead of last year and representing the strongest growth month to date. Domestic was flat but for the first time of the crop year, exports held their own by being up a whopping 22.3% compared to May of last year. Prior to this month, it had been domestic market that was the star but this trend reversed. Most of this uptick came by way of pent up demand in Europe and the Middle East who had been buying hand to mouth in hopes of lower prices. That didn't quite pan out. Commitments are now very strong and a healthy 24.2% ahead of last year. For all intents and purposes, current crop is accounted for and carry out will be around 300 million pounds or less. Taking the above numbers as well as current receipts, the industry is roughly 90% sold.

The Market

With the inventory being so tight, the market has firmed for current crop and to a lesser extent so has new crop. Buyers held firm all the way up until INC of last month. After INC, buyers didn't get the support they had anticipated and prices slowly crept up. The Subjective Estimate of 2.5 billion pounds has been received well and has not spooked any buyers or sellers. As an industry, we need at least 2.5 billion in order to sustain current demand growth. Since harvest is projected to be delayed a bit this year, premiums have been attached to first available shipments. Buyers are going to be in deep need of material by the time new crop comes around. This has created a pinch in the market and will probably take sometime into the fall before the pipeline becomes adequately supplied. The Objective Estimate comes out July 3rd and will help guide the market moving into new crop.

The most dramatic event of this current market is the confluence of pricing across the almond type spectrum. At present day, the premium assigned to high grade NP and Carmel types is all but gone as the bottom continues to shoot up. The only item with any significant added value over Standard material is NPX larger sizes and NP inshell. Other than that every variety, grade and size is all within a nickel to a dime--max. This is a far cry from just a couple years back when we saw a spread of \$0.70 per lb. from bottom to top and a nickel between each size. As plant-based dieting continues to infiltrate the masses, then almonds will continue to be used as input material for a host of products thus suggesting this trend isn't going away anytime soon. Also, new acreage has been mainly of soft-shell types like Independence and Nonpareil. Cal and Mission types supply is decreasing as a percentage of the crop thus creating the current basic supply and demand scenario.

“Buyer & Seller of Quality California Almonds”