

**November 2013 Almond Position Report**  
**Bonus Holiday 'Sing-Along' Song Inside!**

November 2013 shipments are 198 million pounds. This is 7.9% higher than the November 2012 shipments of 184 million pounds.

**2013 Almond Supply**

Carry-in from the 2012 crop:	317 million pounds
2013 crop forecast:	1.85 billion pounds
Less 3% loss / exempt:	55 million pounds
Less Shipments to date:	752 million pounds
Less commitments:	479 million pounds
Remaining unsold supply:	881 million pounds

**Shipments & Receipts**

Seller's Perspective: Thank you. Thank you. Thank you. If it were not for the little people like you (we mean that figuratively of course, in terms of your net worth only; not physically, in terms of your stature - so please don't be upset...), we would not be the glitterati that we are today. Who would have thought that planting almonds 10 – 20 years ago would have made us richer than venture capitalists? Certainly not Leon Dermenjian...but we digress. We are amazing people, growing an amazing product. These are amazing times and we are reaping amazing profits. It will be an amazing holiday season for us. So special thanks to you, the figuratively little people - domestically and abroad - for continuing to buy these nuts, so that we and our families may prosper...at least while California still has water. May the deity (-ies) of your choice shower you with the rewards you seek for all eternity (eternal bliss, virgins, an unending supply of Lindt Crema Catalana chocolates, getting stranded on a deserted island with the 1984 versions of Jaclyn Smith & Sela Ward).....wait, what were we talking about?.....Oh yes, may you be showered in eternity...We will take the cash today.

Buyer's Perspective: It is our pleasure to serve as your fertilizer. We are honored to have the opportunity.<sup>1</sup> But just for the sake of thoroughness, we should mention that crop receipts season-to-date are also 10% ahead of last year (1.737 billion this year v. 1.576 billion last year). Yes, we know, the crop was early. Yes, we know, receipts will taper off dramatically next month. We certainly hope so....because if they don't, and if we see a 2 billion pound crop (as some still suggest), then California will have collectively taken us for a monumental joy ride. We know that California wouldn't do that, not even in its new and beautiful Chevy Stingray.

**Commitments**

Seller's Perspective: Domestic commitments up 16%; export commitments up 26%; overall commitments up 21%.....please feel free to keep waiting for the price drop....we'll be getting a tan in the Maldives. You know, they're sinking and it would be a shame not to see that beautiful part of the world and visit with those cute little indigenous Maldivians who will all be living a Waterworld existence soon. Your heart nearly breaks.

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<sup>1</sup> Click here: [History of the World Part I](#)

**Buyer's Perspective:** Good commitments assuming a 1.85 billion pound crop. Let's see what kind of demand we are going to see after the holidays.

### **Domestic Shipments**

**Seller's Perspective:** Another record – up 8% over last season. The news concerning the health benefit of tree nuts is reaching an ever-increasing number of consumers through a myriad of media outlets. Even the most 'shielded' US consumers now have an inkling that eating nuts in moderation is great for their health. Still wondering how domestic almond consumption is going to fare in coming years? Just click here and any doubts you have will be extinguished:<sup>2</sup> [NBC Nightly News Story on Nuts](#)

This news story is referring to the study published in *The New England Journal of Medicine*, arguably the most prestigious medical publication in the world. The study (conducted by researchers at Dana-Farber Cancer Institute, Harvard School of Public Health and Brigham and Women's Hospital) essentially sets forth that 'the frequency of nut consumption [is] inversely associated with total and cause-specific mortality, independent of other predictors of death.'<sup>3</sup>

**Buyer's Perspective:** That's a compelling news story. We don't doubt the ongoing strength of the domestic market.

### **Export Shipments**

**Seller's Perspective:** The second best export shipments ever at 139 million pounds. Ahead of last November's 129 million pounds and only behind the record set in November 2011 of 159 million pounds. The growth came from Europe, which picked up the slack for the under-performing Asia-Pacific region which is down 29% overall. Though Japan, South Korea and Taiwan were up, it was not nearly enough to offset the losses from China/HK -48%, Vietnam -17% and India -31%.

Western Europe was up an astounding 72% for the month of November, with every major market (except for the United Kingdom) showing huge gains. The Spanish crop is sharply down and this has helped the surge in California almond imports (Spain is up 141% for the month and 32% for the season). Western European

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<sup>2</sup> You have to sit through the 30 second advertisement in the beginning, but it's worth it because Dr. Oz is included in this clip, with his signature silken hair and sporting a lovely shirt in what may seem to be a shade of Byzantium purple to the bourgeois, but which is clearly a Tyrian purple to the more discerning, trained eye. Ahhh...Dr. Oz...As my grandmother used to say, "If Oprah or Dr. Oz say it's true, then it must be true!" What more powerful endorsement could anyone ask for than one from the very same lady who until the end espoused the healthy virtues of cooking with Crisco and who reportedly bathed her grandson in tubs filled with Evian water?

<sup>3</sup> [The New England Journal of Medicine](#), November 21, 2013. "Association of Nut Consumption with Total and Cause-Specific Mortality". Now if that quote doesn't leave you yearning for a handful of nuts, we don't know what will! Leave it to medical publications to put things in sexy and easy-to-understand terms. Basically, they are saying that a diet including nuts of all kinds reduces your chances of death. This is not to be mistaken with 'Highlander' style immortality (if you must ask, then you neither know Christopher Lambert nor Queen's [It's a King of Magic](#) album). It just means that you will likely live a healthier and longer life...you may rest assured that you will still eventually die.

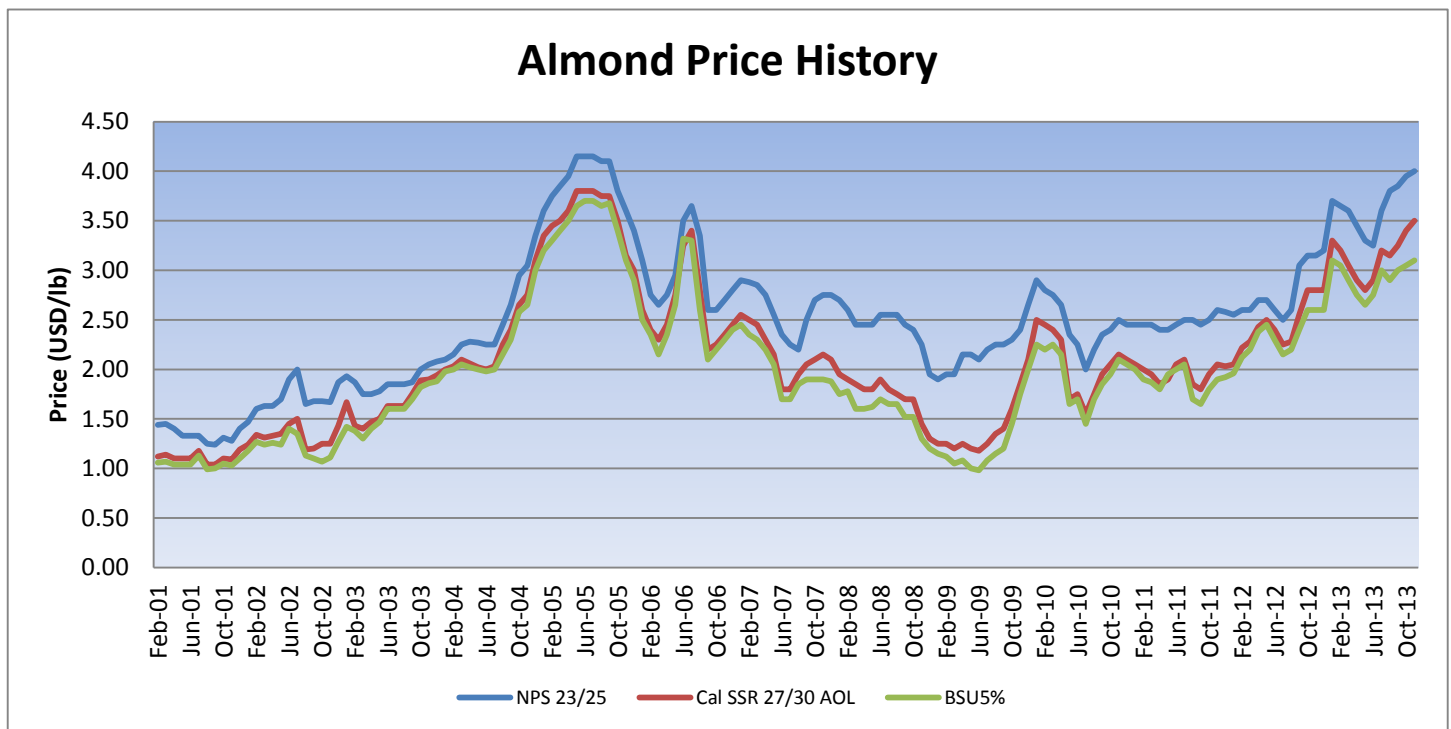
2670 West Shaw Lane, Fresno, California 93711 U.S.A.  
 Telephone (559) 435-2664 • Fax (559) 435-8520 • [www.dercofoods.com](http://www.dercofoods.com) • e-mail: [derco@dercofoods.com](mailto:derco@dercofoods.com)

strength compensated for weakness from Eastern Europe (-16%), leaving Europe as an entire region up more than 20 million pounds (59%).

The Middle East is up 88% (more than 9 million pounds), led by the United Arab Emirates, up 5.4 million pounds (170%) and Turkey, up 3.5 million pounds (80%).

**Buyer's Perspective:** Some of the more prosperous markets are holding their own and even showing gains, but this is coming at a high price (no pun intended). California is making it unaffordable for developing markets to buy almonds. India's lack of inshell Nonpareil purchases are well documented. Perhaps more concerning is the fact that Chinese shipments are slowing down – some would say uncomfortably so.<sup>4</sup> Season-to-date shipments between August-November were at 18 million pounds in 2006; 19.5 million in 2007; 46.8 million in 2008; 79 million in 2009; 104 million in 2010; 139 million in 2011; 141 million in 2012; down to 124 million in 2013. How important will this be when the crops get bigger?

**Prices**



<sup>4</sup> We were all concerned when Xi Jinping's austerity program began to target higher-end food products, including those that contain almonds. We noticed sales drop and were not amused. But now it's gotten serious. The ban limiting items that can be served at official banquets has been broadened from expensive Chinese baijiu and cigarettes, to now include bird's nest, hairy crab and shark fin soup. This has gone too far. There is something indescribably delicious about knowing that you are eating soup made from an animal that was caught, had its fin cut off for your culinary pleasure, and was then thrown back alive, to helplessly sink to the bottom of the ocean. That says 'yummy' to every discerning palate we know and Xi Jinping is selfishly and communistically taking this delicacy away. Where is the petition? PETA be damned! "Shark fins and Samsonite suitcases caught in China austerity drive" Dec. 8, 2013; Demetri Sevastopulo; [The Financial Times Ltd.](http://www.ft.com)

**Water**

California is not getting enough and the long-term outlook looks dire. For a detailed report on water, see Paramount's almond reports. Mr. Brian Ezell does a very thorough job of cataloging the water situation in California's Central San Joaquin Valley. When I was a child, Freddy Krueger kept me up at night<sup>5</sup>, now it's Paramount's water reports.

**Conclusion**

Most any way that you look at the November position report, it was bullish. Though California did not set an overall shipment record this November, a look at the historical shipments for the first four months of the season (August – November) would show that California has shipped 752 million pounds for the 2013 season. This is 42 million pounds more than in 2011 (which had the second highest total at 710 million pounds) and 51.5 million pounds more than last season at this time. Not bad.

Growers and processors in California are now looking at the following:

- Highest domestic November shipments ever;
- Second highest overall November shipments ever, done despite the fact that 2 of the largest markets were down:
  - China/HK /Vietnam down (45.5%) compared to last November and down (12.3%) season-to-date
  - India down 31% compared to last November and down 22% season-to-date
- Western Europe up, showing huge increases while still maintaining high prices for spot goods;
- US domestic market continues to break records;
- The water allocation for 2014, under current projections, looks bleak.

With the exception of a few markets that may slow down to digest inventory, the global demand outlook for January - August 2014 looks strong. Tree nut prices are up, but the health messaging and versatility of almonds is driving 'multi-polar' global demand. It is difficult for many to accept the combination of these shipment numbers and these prices.....but all you have to do is look (at least in the US) at all the new products, the innovation, and the increased consumption of almond milk. Don't take it from us – ask Mark Janzen, CEO of Blue Diamond. He will set you straight (and he's much better looking, too). With that bright smile and those boyish good looks, if they would just put his picture on the cartons, Almond Breeze would sell even faster!

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<sup>5</sup> Click to watch: [Freddy Krueger at his best](#)

2670 West Shaw Lane, Fresno, California 93711 U.S.A.  
Telephone (559) 435-2664 • Fax (559) 435-8520 • [www.dercofoods.com](http://www.dercofoods.com) • e-mail: [derco@dercofoods.com](mailto:derco@dercofoods.com)

Now it's just a question of final receipts, California patience, and seller demand. Next month we will have a good indication of the final seasonal receipt total. The other two factors will play out more slowly. One thing is clear (at least for us): don't bet against the California almond industry, unless you have very deep pockets.

During this holiday season, remember that "Every man serves a useful purpose: A miser, for example, makes a wonderful ancestor." Laurence J. Peter (1919 - 1988)

Happy Holidays,  
**DERCO FOODS**

Turn on your speakers (if you dare), click on the following and sing-along: [Derco Happy Holidays](#)

*(Important note: Despite audio that may seem to depict the sounds of animals in pain, we can assure you that no animals were harmed during the taping of this song. In fact, to the best of our knowledge, no animals were even present during taping. Sadly, there was only so much that the author could do to carry the group on his 'vocal shoulders' and his failings are painfully audible.)*

*Special thanks to Ghassane Habib, Scott Markarian and Jorge Cortes for their technical assistance. It may not seem apparent, but a lot of background work goes into making something this bad!*