

January 2016 Almond Position Report

January 2016 shipments are 129 million pounds. This is 12% higher than the January 2015 shipments of 115 million pounds.

2015 Almond Supply

Carry-in from the 2014 crop:	376 million pounds
2015 crop size:	1.87 billion pounds
Less 2% loss / exempt:	37 million pounds
Less shipments to date:	837 million pounds
Less commitments:	445 million pounds
Remaining unsold supply:	928 million pounds

Shipments & Receipts

Shipments for January are 129 million pounds. This is higher than January 2015, but lower than January 2012 (153 million), 2013 (156 million) and 2014 (160 million). It is also important to remember that in January 2015 we were dealing with a port slowdown situation which made it difficult to ship containers out of California. Receipts are 1.872 billion pounds, on course for a final 1.88 – 1.90 billion pound crop.

Commitments (Almonds that are sold, but not yet shipped)

Domestic commitments are 198 million pounds, down 23%. Export commitments are 246 million pounds, down 5%. Total commitments are 445 million pounds, down 14%. Uncommitted inventory (the almonds left to sell for the remainder of the season) is 928 million pounds. This is up 33% from last season.

Domestic Shipments

Sales in the US market are down 15%. There is no doubt that the high prices of almonds impacted the shipments. Now that prices have come down for the past several months, we expect the domestic market to become more active.

Export Shipments

Exports are up 35% (84 million pounds v. 62 million pounds in January 2015). This increase was due primarily to Europe, which was up a total of 21 million pounds (+98%). Every country in Europe with the exception of Sweden was up significantly. Some of the increases were huge: Belgium +50%; France +128%; Germany +81%; Italy +142%; Netherlands +76%; Spain +109%; UK +91%. Western Europe was +100%; Eastern Europe was +75%.

China/HK was +35% (6.9 million pounds v. 5.1 million pounds). Vietnam was +24% (1.4 million pounds v. 1.1 million pounds). Japan was +51%. South Korea and Taiwan were both -21%.

India was -43%, importing only 3.9 million pounds (compared to 6.9 million pounds in January 2015).

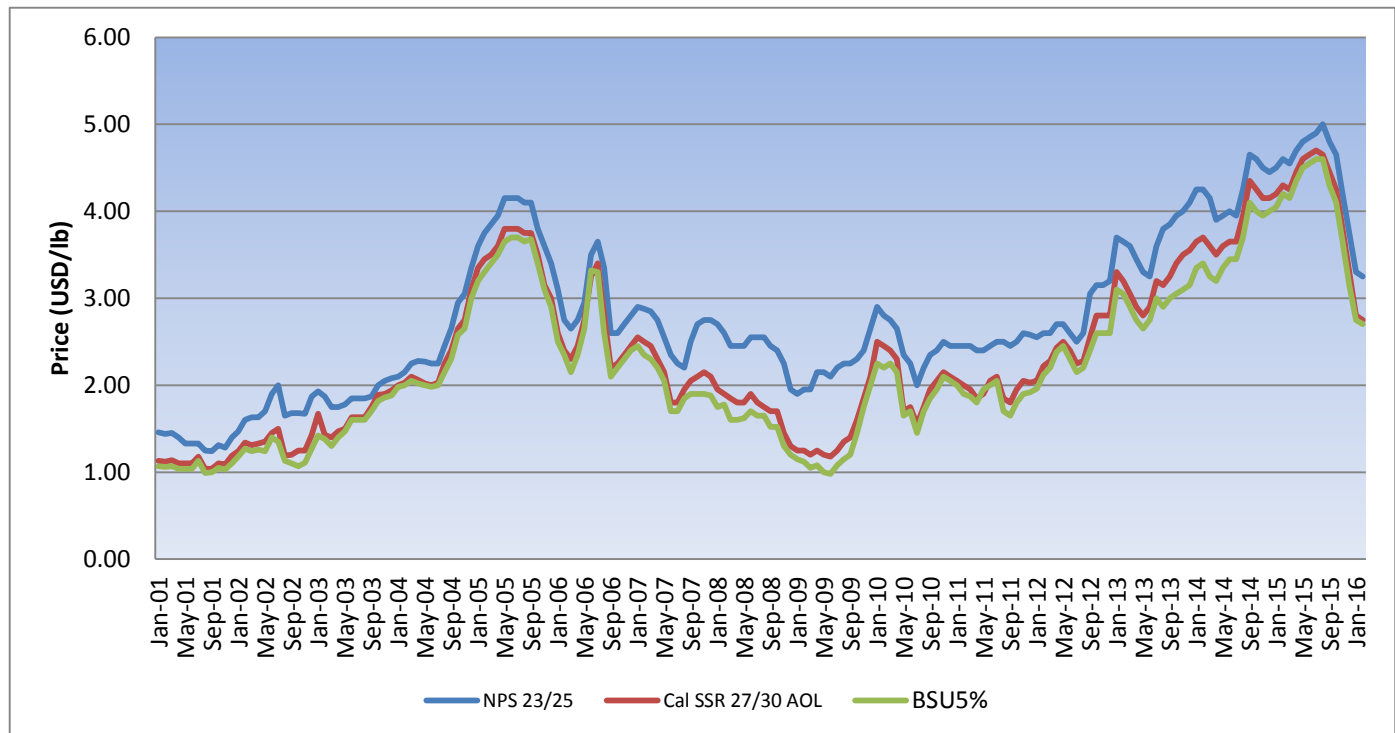
The Middle East was down 4% overall. Lebanon was +35%; Saudi Arabia was +140%; Turkey was -35%; UAE was -19% (6.5 million pounds v. 7.99 million pounds in Jan 2015). Egypt was +332%.

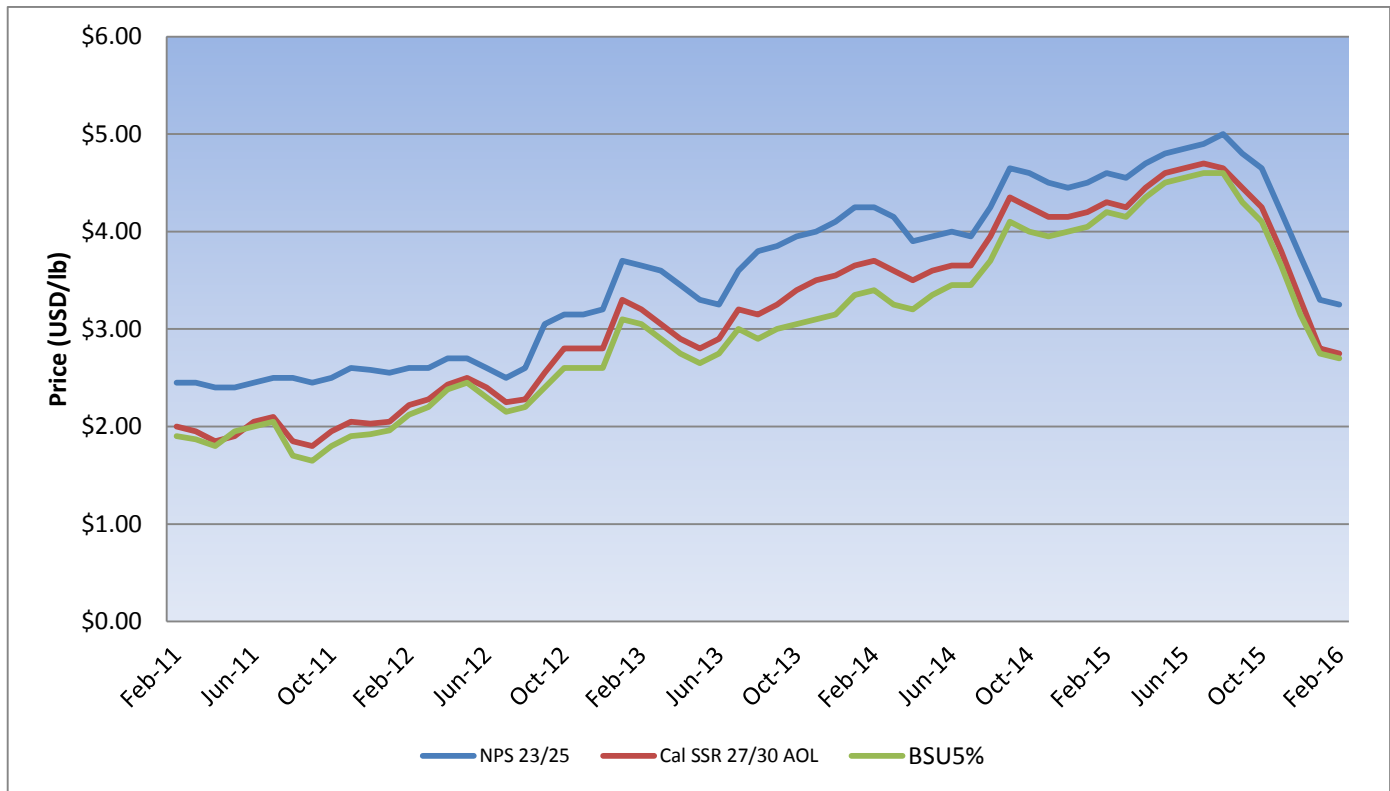
Regional Shipments

Here are the shipment totals for shelled and inshell almonds to major global markets (in pounds):

	<u>August 2015 - January 2016</u>		<u>August 2014 - January 2015</u>		<u>% Change</u>
<u>EUROPE</u>	Shelled	Inshell	Shelled	Inshell	
France	10,704,816	80,823	9,630,924	51,318	11%
Germany	45,503,264	62,699	60,344,593	31,260	-25%
Italy	25,375,492	1,032,398	18,631,947	1,199,977	33%
Netherlands	18,940,306	0	24,461,403	0	-23%
Spain	77,976,338	740,708	62,684,607	556,364	24%
U.K.	14,195,095	0	12,699,238	0	12%
<u>MIDDLE EAST</u>					
Israel	3,298,123	282,992	3,118,712	408,312	2%
Jordan	1,782,000	126,000	1,265,500	358,470	17%
Saudi Arabia	4,992,200	407,280	3,401,725	135,973	53%
Turkey	8,520,200	3,994,444	13,529,433	4,490,276	-31%
UAE	17,261,688	3,210,431	36,304,263	7,640,314	-53%
<u>ASIA</u>					
China/HK	35,010,175	42,080,593	40,290,700	44,117,318	-9%
Japan	31,142,419	242,252	28,379,443	82,048	10%
South Korea	17,215,647	0	24,844,900	0	-31%
Taiwan	4,534,130	209,384	6,683,400	309,527	-32%
Thailand	1,566,225	0	1,922,600	0	-19%
Vietnam	1,038,947	10,390,412	883,252	17,173,775	-37%
India	5,432,258	65,544,671	4,280,886	70,161,609	-5%

Prices





Conclusion

Demand in January was strong and prices increased by around \$0.20 per pound. During the past two weeks, demand slowed down and prices have fallen by about \$0.20 per pound. The market is back where it started at the beginning of January.

This season, we are simply not seeing the grower confidence that pushed this market to record highs during the past several years. Whenever there has been a recovery, it has been followed by another almost immediate decline. This has left buyers confused because compared to years past, almonds are now reasonably priced. Buyers are wondering why California is failing to hold the market. It seems that there are simply too many factors that are leading growers, who have taken an increasing role in marketing their own almonds, to be pessimistic.

- The crop size came in close to the National Agricultural Statistics Service (NASS) estimate of 1.85 billion pounds but higher than the unofficial grower consensus during the summer of 1.7 billion pounds.
- Growers are showing a complete lack of marketing discipline. After a few days of good sales, they withdraw from the market. Then once sales slowdown, they jump back in, pushing their processors to sell immediately.
- Though California is still in drought, we had more rain and snow this year than in the past 4 years. The psychological impact of this has resulted in lower prices. The real impact, however, is that federal water allocation will still be very limited.
- Bloom weather is looking good at this point, with only a few days of rain forecast for the coming few weeks.



2670 West Shaw Lane, Fresno, California 93711 U.S.A.

Telephone (559) 435-2664 • Fax (559) 435-8520 • www.dercofoods.com • e-mail: derco@dercofoods.com

- Markets like India are still in chaos due to the high prices and the ensuing defaults. There are still containers stuck at the ports in India. Shippers are growing increasingly frustrated and lawsuits are being filed.
- Europe, after a big buying push in January, has gone quiet.
- It remains to be seen what the final verdict is for Chinese New Year sales.

On the other hand, February is expected to be another good shipment month. We anticipate that a majority of the commitments, especially all of those to the Middle East, N. Africa and China/HK are going to ship in February or latest early March. With the exception of European industrial users, most of the buyers around the world have requested immediate shipments. Also, we expect the market in India to recover soon. With shipments down 43% in January, and very little buying from that market so far, soon inventories there will be dwindling.

We expect shipments for the rest of the season to be good. Prices are attractive and many markets remain uncovered for the longer term. As we have said for most of this season, our advice is to buy for your immediate needs and not to build a large inventory position. Unless bloom weather changes dramatically, the 2016 crop should be a good one and prices are unlikely to increase dramatically.

Let us know if we may be of further service.

Best Regards,
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