

February 2013 Almond Position Report

February 2013 shipments are 160 million pounds. This is up 6.8% from the February 2012 shipments of 149.8 million pounds.

Analysis of the 2012 Almond Season

Carry-in from the 2011 crop:	335 million pounds
2012 receipts:	1.865 billion pounds
Less 3% loss / exempt:	55 million pounds
Less Shipments to date:	1.176 billion pounds
Less commitments to date:	373.8 million pounds
Remaining unsold supply:	595 million pounds

Shipments & Receipts

February 2013 shipments were a new record, breaking the previous record of 149.8 pounds set in February 2012.

Crop receipts slowed down compared to last month. At 1.865 billion pounds received through the end of March, it now does not appear that this crop will exceed 1.9 billion pounds.

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

Commitments are down for the month of February, as buyers were hesitant to book while prices were falling. Domestic commitments are down 4% compared to last February. Export commitments are down 17%. Total commitments are down 11% (373.8 million pounds in February 2013 v. 421.5 million pounds in February 2012). Uncommitted inventory is up 4.5%.

Domestic Shipments

Domestic shipments were 43.18 million pounds. This is up 11.5% compared to last February (38.74 million pounds), which was the previous record. Five of the past seven months have set new domestic shipment records. Demand for almonds in the USA continues to simply be amazing. This trend is expected to continue.

Export Shipments

Export shipments were fragmented for the month of February. Though overall exports were up by an impressive 5.2%, and set a new record at 116.83 million pounds, not all countries participated equally. In fact, there was great disparity between countries, even in the same region.

China/Hong Kong was down 40%. Vietnam was down 78%. India was up an amazing 80% (300 containers of inshell almonds shipped to India in February). France was up 7%; Germany up 12%; The Netherlands up 17%; Spain up 7%. The UK was down 6%. Russia was up 96%. Saudi Arabia was down 51%; Turkey was down 55%; Kuwait was up 507% and the United Arab Emirates were up 298%. Algeria was down 67%; Egypt was up 15%.

Regional Shipments

Here are the shipment statistics for shelled and inshell almonds to major global markets (in pounds) for the 2012 almond season:

	<u>August 2012 - February 2013</u>		<u>August 2011 - February 2012</u>		<u>% Change</u>
<u>EUROPE</u>	<u>Shelled</u>	<u>Inshell</u>	<u>Shelled</u>	<u>Inshell</u>	
France	14,895,812	31,633	15,502,176	0	-4%
Germany	72,148,503	92,573	65,586,415	126,499	10%
Italy	20,013,134	912,789	25,934,015	1,124,009	-23%
Netherlands	23,439,685	15,257	24,242,139	62,406	-3%
Spain	84,274,878	399,332	92,815,540	993,796	-10%
U.K.	15,783,393	0	12,512,809	0	26%
Russia	28,744,860	2,363,165	21,885,581	441,383	39%
<u>MIDDLE EAST</u>					
Egypt	2,737,000	586,269	6,423,600	966,878	-55%
Israel	1,848,967	0	2,917,602	124,433	-39%
Jordan	3,329,500	489,205	3,972,400	374,776	-12%
Lebanon	2,485,500	3,500	4,015,025	10,589	-38%
Saudi Arabia	6,234,025	216,935	10,446,611	422,294	-41%
Turkey	12,093,900	16,321,405	19,018,427	18,880,365	-25%
UAE	47,198,665	9,419,186	48,832,124	9,930,229	-4%
<u>ASIA</u>					
China/HK	71,489,254	105,311,958	100,915,903	87,316,030	-6%
Japan	37,479,513	265,941	33,907,239	56,815	11%
South Korea	28,338,675	0	22,341,485	0	27%
Taiwan	8,035,020	901,568	7,798,443	839,719	3%
Thailand	2,405,175	0	1,686,625	317,360	20%
Vietnam	343,200	11,478,373	1,744,093	13,907,978	-24%
India	2,672,572	95,662,886	4,038,505	78,175,203	20%
Pakistan	751,000	2,087,462	2,523,750	2,061,375	-38%

Conclusion

After January's shipment report and despite the strong numbers, almond prices during the past 30 days fell – by as much as \$0.35 per pound depending on the variety, grade or size. Why did this happen?

- Buyers who had initially helped to feed the daily price increases which resulted in prices going up around \$0.50 per pound suddenly lost confidence in the market as Nonpareil prices neared \$4.00 per pound and BSU5 prices neared \$3.30 per pound.
- India and Dubai had big shipments (as they do again this month) and publicized that they would be off the market until they saw prices in California firming.
- Importers without the ability to pay for and warehouse all they had bought started discounting prices. This caused prices in overseas markets to fall well below the levels at which California was offering.

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- Chinese demand did not immediately come back after the Chinese New Year holiday.
- Sellers who had been withdrawn, or who had been offering only small amounts, jumped aggressively into the market to try to take advantage of the higher prices that they felt slipping away.
- The combination of all the above led to daily price decreases.

With the strength of shipments this month, the expected strong shipments in March, and the fact that it seems clear that this crop will not exceed 1.9 billion pounds this year, we expect that the almond market is going to stabilize and potentially firm again as we head into the coming months.

Though we don't expect much activity from India and the Middle East, we do expect Chinese demand to be strong between now and the new crop. We also expect stable demand from Europe and the domestic (US) market.

Best Regards,
DERCO FOODS

Enjoy the comics on the next 2 pages. They are drawn in good faith, good humor and good friendship. We are all lucky to be in this great almond industry with responsible and honest growers, processors, traders, importers, distributors and end-users.

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