DERCO FOODS.®

INTERNATIONAL DIVISION

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March 2014 Almond Position Report

March 2014 shipments are 151 million pounds. This is 7.6% higher than the March 2013 shipments of 140 million pounds.

2013 Almond Supply

Carry-in from the 2012 crop:	317 million pounds
2013 crop receipts to date:	2.003 billion pounds
Less 3% loss / exempt:	59 million pounds
Less Shipments to date:	1.370 billion pounds
Less commitments:	353 million pounds
Remaining unsold supply:	538 million pounds

Shipments
Crop receipts through the month of March are now at 2 billion pounds. Shipments for the 2013 season are up 4% compared to the 2012 season. California has shipped 1.37 billion pounds so far, with 4 months to go in the season.

Commitments (Almonds that are sold, but not yet shipped)
Domestic commitments are 171 million pounds, down 6.55% compared to last March. Export commitments are 182 million pounds, up nearly 26%. Total commitments are up 7.8% and uncommitted inventory is up 4.7%. The April – July shipment average for the past 3 years is 535 million pounds. The average for the past 5 years for this same period is 500 million pounds. If we ship the 3-year average this season, that will leave a carry-out going into the 2014 season (on August 1) of 355 million pounds. If we ship the 5-year average, then the carry-out going into the 2014 season will be 390 million pounds.

Domestic Shipments
Domestic shipments were a new record at 57 million pounds. This was up 9% over the previous record, which was 52 million pounds set last March. Domestic shipments have now set a record for 7 out of the past 8 months of this season.

Export Shipments
Exports are up 6.6% after being down 19% in February. China/HK were down 41% for the month of March. The declines from this region have been considerable. China/HK was down 74% in February, down 73% in January and down 72% in December. Vietnam was up 273% (on relatively limited volume of 971,000 pounds), after being down 76% in February, down 67% in January and down 93% in December. India was up 35%, with total imports of 7.67 million pounds, after being down 34% in February, down 33% in January and down 44% in December.

Shipments to Western Europe were up 8%. Shipments to Central and Eastern Europe were down 43% after being down 53% in February. Europe as an entire region was up 1%.

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The Middle East was up 68% as a region after being down 21% in February. Turkey was up 202%; the United Arab Emirates was up 78%, after being down 49% in February and down 47% in January. Saudi Arabia was up 6%; Egypt was down 50% after being down 66% in February; Israel was up 952% after being up 367% in February and up 281% in January.

Regional Shipments

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

	August 2013 - March 2014		August 2012 - March 2013		% Change
EUROPE	**Shelled**	**Inshell**	**Shelled**	**Inshell**	
France	16,490,391	81,474	17,399,097	62,729	-5%
Germany	92,731,782	125,220	82,207,367	92,573	13%
Italy	36,007,300	1,594,377	23,073,134	1,047,668	56%
Netherlands	31,816,826	0	27,383,676	15,257	16%
Spain	123,507,222	2,767,540	97,480,878	592,837	29%
U.K.	19,901,734	44,490	17,674,283	6,728	13%
Russia	26,189,051	430,760	32,673,110	2,680,453	-25%
MIDDLE EAST					
Egypt	2,885,500	210,065	3,298,000	708,120	-23%
Libya	833,094	451,459	271,000	395,705	93%
Israel	3,639,950	241,228	1,922,967	0	102%
Jordan	6,567,450	613,646	3,956,250	611,587	57%
Lebanon	3,665,325	0	3,505,500	3,500	4%
Saudi Arabia	8,843,250	245,224	7,339,525	236,765	20%
Turkey	21,810,899	19,908,327	12,444,900	16,440,851	44%
UAE	54,377,321	6,429,648	50,527,715	9,815,992	1%
ASIA					
China/HK	63,888,434	63,462,473	75,288,636	109,416,201	-31%
Japan	52,364,101	216,628	44,032,992	297,266	19%
South Korea	35,481,934	161,091	32,831,895	0	9%
Taiwan	10,726,831	415,598	8,720,520	901,568	16%
Thailand	2,819,120	0	2,743,175	0	3%
Vietnam	866,397	14,090,029	387,200	11,695,001	24%
India	2,902,481	75,069,173	3,110,972	100,921,441	-25%
Pakistan	262,000	922,851	751,000	2,087,462	-58%

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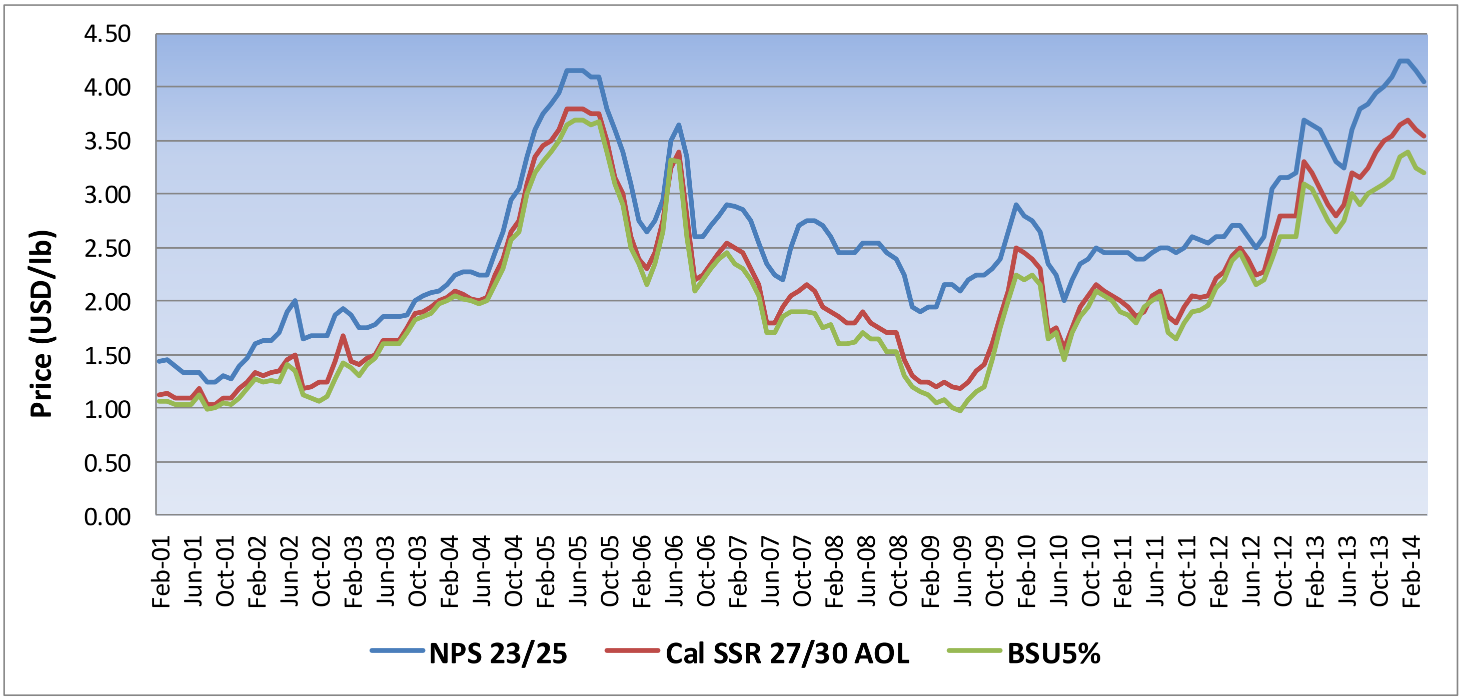
Prices



Conclusion

During the past few weeks, prices have declined for certain varieties and sizes by around $0.20 per pound. This report will likely put an end to the weakness and set a temporary price floor until the May 1 subjective estimate.

Initial thoughts are that the 2014 crop will likely be somewhere around 2 billion pounds. No one knows what the drought condition will do to the trees during the hot summer months. How much of the crop will be lost and how quality will be impacted are the big questions without clear answers.

New crop is trading at a $0.20 per pound discount to the current crop, on limited volume. Sellers are cautious to not book too much forward and buyers are cautious as they do not want to pay current prices in case the subjective estimate is over 2 billion pounds and prices come down further.

Most of the markets overseas are low on inventory and there is more buying to do – but at these prices and with so many unknowns, buyers are reluctant to take big positions.

Our advice during this time of unknowns remains the same:

- Buy what you need for the next 30-60 days and follow the market.

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- Remember that what has historically constituted 'too high' or 'too low' prices no longer applies. China is down 31% for the season and India is down 25% for the season…..and yet we are seeing record prices and record shipments. Who would have forecast such as scenario just 8 months ago?

We are dealing in a new world of much greater demand for almonds and tree nuts in general. Comparing current prices to what they have been in the past is not an accurate way to predict what will happen in the coming weeks and months. Just look at inshell Nonpareil prices. 3 years ago business started with California at $1.60 per pound; 2 years ago it started at $1.85 per pound; last year it started at $2.15 per pound and this year early business has been done around $2.70 per pound for the 2014 crop.

No one knows where the floor is anymore. With California expecting a reduction in Nonpareil production in 2014, we may see larger price gaps between BSU5, sized Select Sheller Run, and Nonpareil.

We are at your service should you have any questions or comments.

Best Regards,
DERCO FOODS