

### April 2015 Almond Position Report

April 2015 shipments are 151 million pounds. This is 9.7% higher than the April 2014 shipments of 137.7 million pounds.

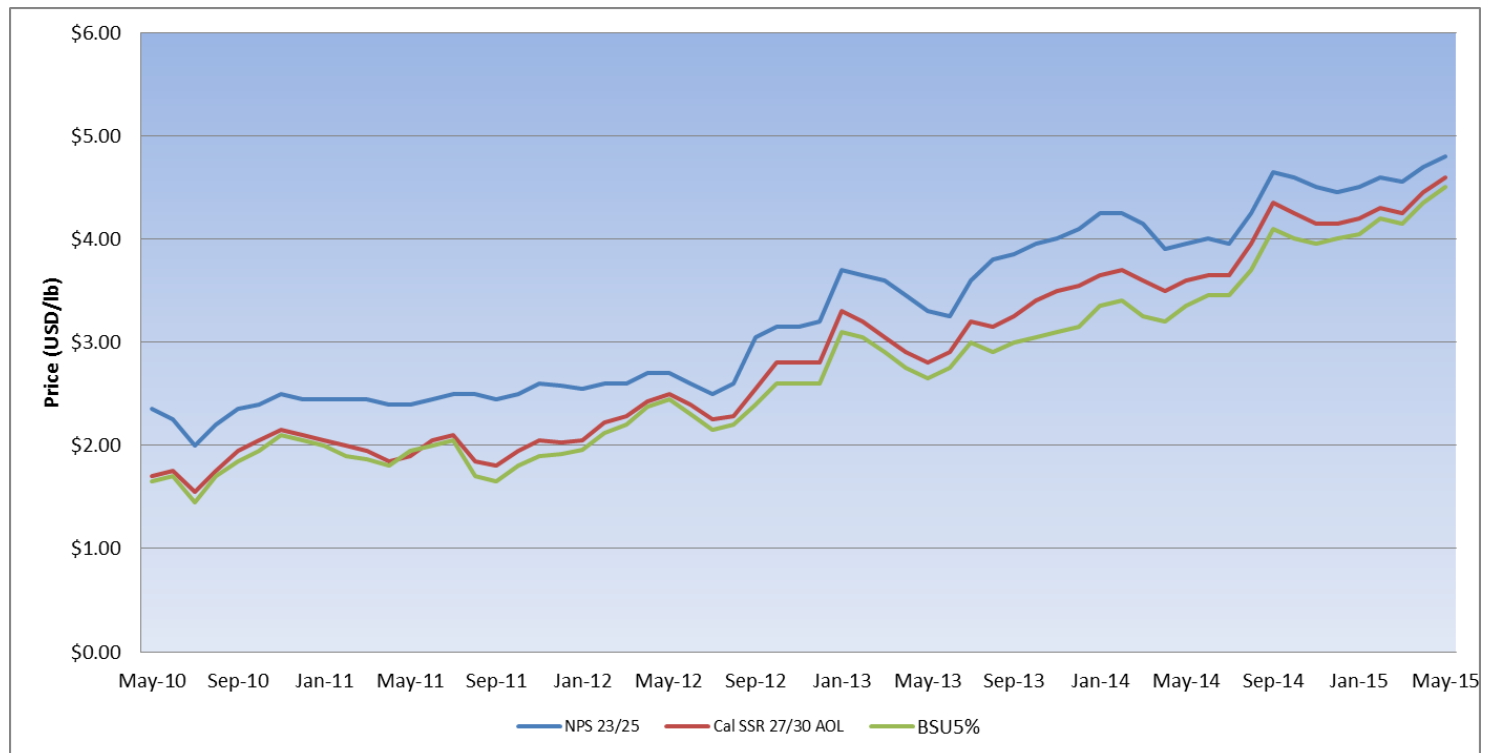
#### 2014 Almond Supply

|                              |                      |
|------------------------------|----------------------|
| Carry-in from the 2013 crop: | 350 million pounds   |
| Estimated 2014 crop size:    | 1.863 billion pounds |
| Less 3% loss / exempt:       | 55 million pounds    |
| Less shipments to date:      | 1.399 billion pounds |
| Less commitments:            | 365 million pounds   |
| Remaining unsold supply:     | 393 million pounds   |

[Insert every bullish factor that you can think of here. Now dismiss any suggested bearish factors. Lather. Rinse. Repeat.]

#### **Prices**

Here is the updated 5 year price chart:



1. There is not going to be any meaningful rainfall between now and harvest – so the rain we got for the 2015 season is all the rain we’re going to get. Not enough.  
“The word 'meaningful' when used today is nearly always meaningless.” Paul Johnson
2. Commitments are up nearly 14%. An impressive 168 million pounds were sold in April. We anticipate the actual carry-out on July 31<sup>st</sup> to be around 330 million pounds or less (assuming shipments May-July mirror the 2013 season).  
“What we anticipate seldom occurs; what we least expected generally happens.” Benjamin Disraeli (1804 - 1881)
3. Australian almonds are selling well, but the Australian crop only supplements what California supplies. The Australians are beneficiaries, once again, of the protective price umbrella that California has opened for all almond producing origins.  
“It's no use carrying an umbrella if your shoes are leaking.” Irish Proverb
4. There is more demand to come from Europe, the Middle East, many Asian countries and the US domestic market. Imports to China are likely to be problematic – and we are not convinced that the 6+ million pounds of almonds that have shipped from California to China/Hong Kong/Vietnam are actually going to find a home in that region. With the ongoing government crackdown on all unofficial import channels, a more likely scenario is that much of that tonnage may be resold to the Middle East. Cash flow challenges in HK and on the Chinese mainland are serious. But not to worry, at least you don’t have inshell walnuts afloat to Vietnam, right?  
“Life is nothing but a competition to be the criminal rather than the victim.” Bertrand Russell (1872 - 1970)
5. California growers are now in a ‘defensive’ selling mode. At current prices, even a \$1 per pound drop will still result in healthy grower profits. When that fear of “loss creation” is taken out of the sales equation, even usually more cautious growers are emboldened. This way of thinking, adopted by an entire industry, results in a positive self-fulfilling cycle of even higher prices. Of course this cycle will not last indefinitely and the ultimate correction could be very painful. But a big correction will not come unless the supply scenario changes dramatically. When that happens is anyone’s guess.  
“The conventional view serves to protect us from the painful job of thinking.” John Kenneth Galbraith (1908 - 2006)
6. The Spanish crop estimates are ranging from 53,000 – 75,000 metric tons. Spain will have a good crop and that will bring minor relief to Europe. But Spanish growers are smart and they are going to ensure that they, and not the end users, are the primary beneficiaries of the higher prices. The Spanish will not engage in charitable almond sales.  
“A bone to the dog is not charity. Charity is the bone shared with the dog, when you are just as hungry as the dog.” Jack London (1876 - 1916)

7. The Subjective Estimate released last week predicts a 2015 crop of 1.85 billion pounds. With the givens that we have today, it would seem that we are going to be looking at a supply situation that is very similar to what we had this past season.  
“When in doubt, predict that the present trend will continue.” Merkin's Maxim
8. New crop inshell Nonpareil is trading (or at least being offered) at \$3.60 per pound. This comes out to \$5.14 per pound on 70% meat yield. That is why there are few motivated kernel sellers now for the new crop, and few motivated buyers of Nonpareil above \$5 per pound. In the eyes of California sellers, there is no reason why new crop should be trading at a discount to current crop. In the eyes of buyers, a starting point this high is a precursor to impending tragedy.  
“I have come to the conclusion that my subjective account of my motivation is largely mythical on almost all occasions. I don't know why I do things.” J. B. S. Haldane (1892 - 1964)

### **Conclusion**

Don't sell short.

Best Regards,  
**DERCO FOODS**