DERCO FOODS®

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June 2016 Almond Position Report

June 2016 shipments are 174 million pounds. This is 15.4% more than the June 2015 shipments of 150.8 million pounds.

2015 Almond Supply

Carry-in from the 2014 crop:	376 million pounds
2015 crop size:	1.89 billion pounds
Less 2% loss / exempt:	38 million pounds
Less shipments to date:	1.672 billion pounds
Less commitments:	263 million pounds
Remaining unsold supply:	296 million pounds

Receipts, Shipments & Inventory v. 2014 Season

Receipts:	+1.44%
Total supply v. 2014 season:	+3.3%
Shipments v. 2014 season:	-1.03%
Uncommitted inventory:	+41%

2016 Subjective Almond Estimate: 2.0 billion pounds (2,220 pounds per acre)
2016 Objective Almond Estimate: 2.05 billion pounds (2,278 pounds per acre)

Shipments

Shipments of 174 million pounds were a new record, smashing the previous record of 152.8 million pounds set in June 2014. June 2016 was the second biggest shipment month of the entire 2015 season. The past 3 months (April – June) all set new shipment records…..proving that attractive prices and buyer confidence both matter.

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

Domestic commitments are +2.4% and Export commitments are -0.90% compared to June 2015. Total commitments are +0.82%. Uncommitted inventory is now 296 million pounds pounds (+41% compared to last season). If shipments for July are the same as last year (122 million pounds), the carry-out will be about 438 million pounds. A carryout in this range, combined with a 2.05 billion pound new crop represents a very manageable supply situation for the California almond industry. Growers have found their confidence. The firm pricing that we have seen since the NASS Objective Estimate will continue now after this June shipment report.

Domestic Shipments

Domestic shipments were -1.8% at 53.36 million pounds. This was a negligible decline from June 2015 and the same amount that was shipped during June 2014. Domestic shipments are recovering as lower prices filter down to end users and consumers.

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Export Shipments
For the third straight month, exports lead the shipment growth. Exports were up to every major region in the world with the exception of the Middle East.

Asia was up 51%, with China/HK +77%, Vietnam +1473%, Taiwan +112%, India +31%, Pakistan +492%, South Korea +51%. Japan was the sole large importing country that was down for the month at -13%.

Western Europe was up 41%: France +15%, Germany +39%, Italy +34%, Netherlands +54%, Spain +75%, UK +6%.

The Middle East was -49%. Jordan was +41%, Lebanon was +28%, Israel was +12%. Saudi Arabia was -70%, Turkey was -65% and the UAE was -48%. In North Africa, Algeria was +540% and Egypt was +780%. The political instability in the region, the recent acts of terror, and the lack of Nonpareil Extra #1 have all impacted shipments to the region.

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

	August 2015 - June 2016		August 2014 - June 2015		% Change
EUROPE	**Shelled**	**Inshell**	**Shelled**	**Inshell**	
France	21,332,292	113,177	18,447,452	68,090	16%
Germany	91,545,543	124,466	113,632,026	40,365	-19%
Italy	50,171,735	1,667,861	37,353,547	1,539,618	33%
Netherlands	44,169,512	0	40,780,856	0	8%
Spain	179,954,065	1,056,304	139,943,193	1,155,042	28%
U.K.	29,711,953	34,746	26,889,521	31,500	10%
MIDDLE EAST					
Israel	7,757,073	443,989	6,217,937	408,312	24%
Jordan	7,696,250	500,713	4,992,625	712,310	44%
Saudi Arabia	12,813,256	557,845	12,157,775	429,675	6%
Turkey	23,932,483	12,656,930	27,569,323	7,634,687	4%
UAE	49,444,103	5,500,577	82,569,983	10,448,099	-41%
ASIA					
China/HK	67,079,843	69,271,228	58,666,182	63,155,173	12%
Japan	57,787,340	375,493	61,044,986	182,313	-5%
South Korea	41,409,894	0	49,740,588	0	-17%
Taiwan	8,643,862	209,384	10,181,450	309,527	-16%
Thailand	3,747,550	0	3,704,099	0	1%
Vietnam	2,330,932	18,007,108	1,281,152	20,513,583	-7%
India	8,269,006	111,120,982	12,019,761	108,883,443	-1%

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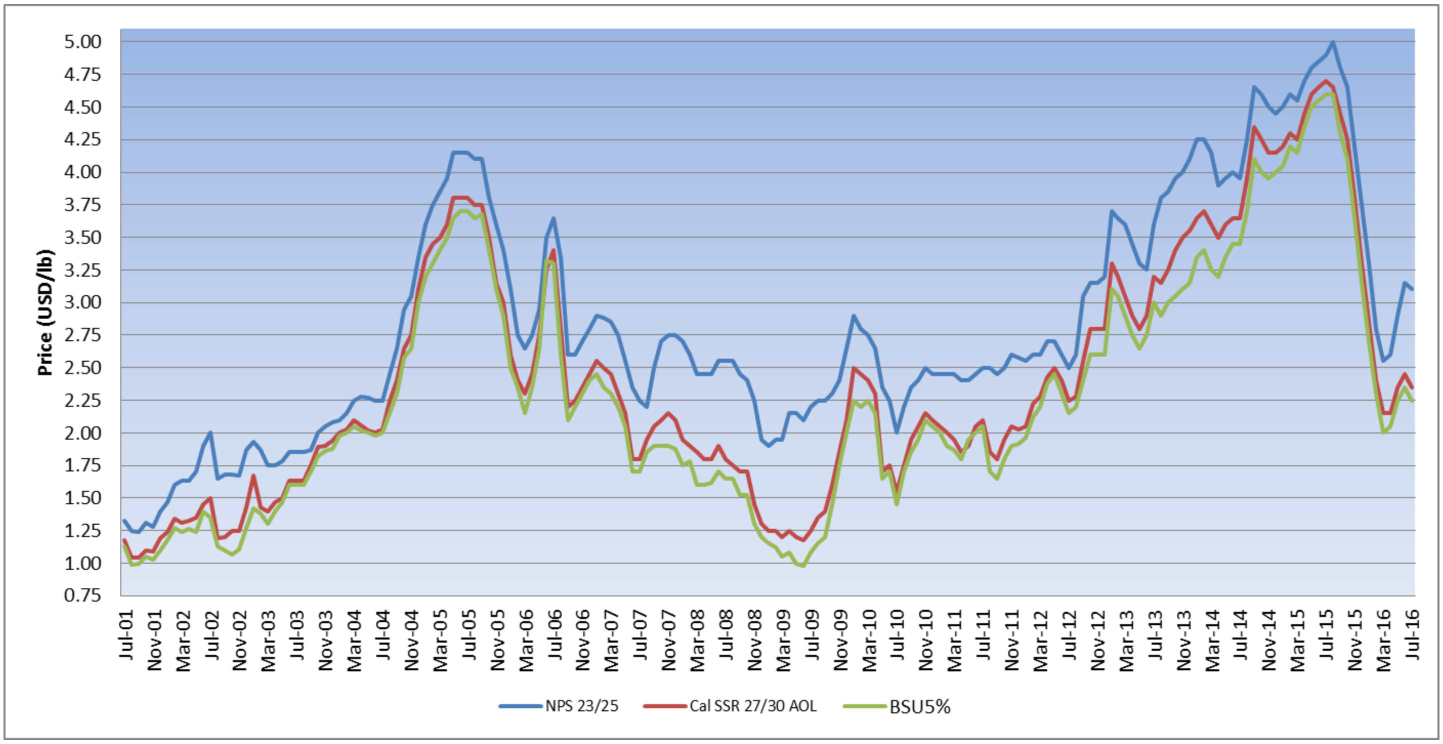
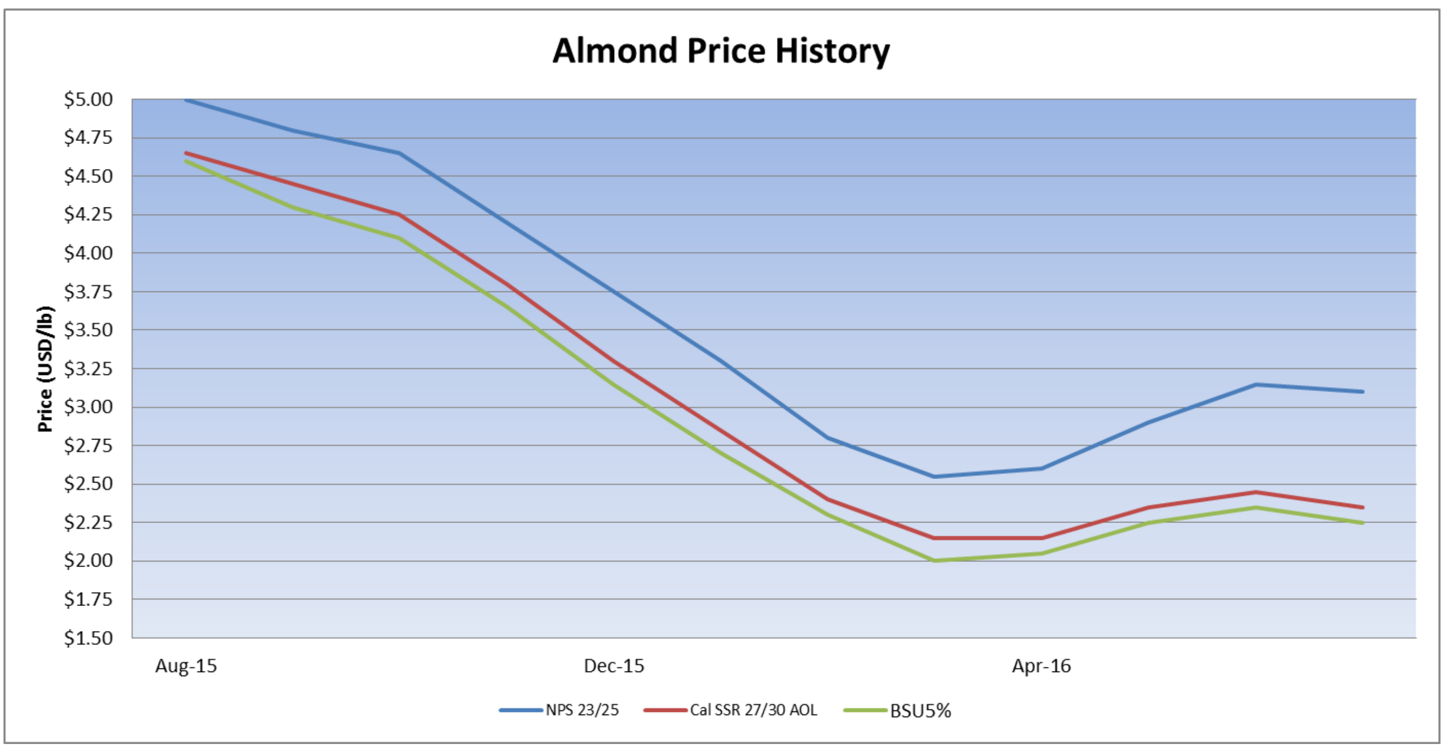
Prices





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Conclusion
As we had indicated in our previous report, we did not expect NASS's objective estimate to be very different from the subjective estimate. Now the number we have to work with until the November shipment is out (in mid-December): 2.05 billion pounds. With strong shipments April – June, and likely another strong July coming, the carry-out situation has all of a sudden become very manageable and growers are once again in control of the market.

Everyone's hope is that prices will remain in a trading range that will allow all those in the almond chain to be profitable. Almonds under $2 are too cheap and almonds over $4 are too expensive. Plenty of money can be made by all parties in between. This is not to say that the elemental emotions of greed and fear will not take over – they always do – but hopefully after a very difficult season like 2015, the greed will be tempered a little to allow a greater amount of liquidity in the market.

If California can ship over 1.8 billion pounds of almonds in a year like 2015, why would anyone doubt its ability to ship 2 billion pounds during the 2016 season, when prices are more moderate and demand as strong as ever? A total estimated supply in 2016 of 2.4 – 2.5 billion pounds all of a sudden is no longer worrisome.

Our teams in China, Dubai, India and California are at your service.

Best Regards,
DERCO FOODS