

## **November 2009 Almond Position Report**

### **Bonus Christmas Poem Inside!**

November 2009 shipments are 148 million pounds. This is up about 23% from the November 2008 shipments of 118 million pounds.

#### Analysis

Carry-in from the 2008 crop year:	413 million pounds
Estimated 2009 Crop Receipts:	1.35 billion pounds
<b>Less 3% loss / exempt:</b>	<b>(40 million pounds)</b>
Total available supply:	1.723 billion pounds
Less shipments to date:	571 million pounds
Remaining supply:	1.15 billion pounds

#### **Shipments**

Seller's Perspective: A new record for November – at 145.4 million pounds, obliterating the previous record set during November 2007 of 129.5 million pounds.. More importantly, this is now a new record for shipments for the first 4 months of any season, breaking the previous record by 61 million pounds (12%).

Buyer's Perspective: We're taking an early winter vacation.

#### **Receipts**

Seller's Perspective: 7% below last year, at 1.224 billion pounds. Seemingly on target to be close to the CASS estimate of 1.35 billion.

Buyer's Perspective: We hear that Brazil is nice this time of year.

#### **Domestic**

Seller's Perspective: At 35.9 million pounds, November 2009 shipments are up nearly 16% compared to last November. But the domestic record remains 41.8 million pounds, set during November 2007.

Buyer's Perspective: Or maybe Buenos Aires....they say it's the most European city in the Americas.

#### **Export**

Seller's Perspective: 109.5 million pounds, a new record. The previous record was 87.7 million pounds in November 2007.

Buyer's Perspective: The Caribbean is appealing, but we worry about those hurricanes. You know, Bill Gates' patent titled "Water alteration structure risk management or ecological alteration management systems and methods" is still in the early stages. No help for us this year.

#### **Committed Inventory**

Seller's Perspective: Domestic commitments are up over 5%. Export commitments are up over 39%. Uncommitted inventory season to date is 582 million pounds. Assuming that we will receive another 130 million pounds of almonds this season (and make the CASS estimate of 1.35 billion pounds), then the uncommitted inventory would be around 710 million pounds – a seemingly very manageable figure considering (a) that we have another 8 months of shipments; (b) that December is likely to be another big record; (c) that

2670 West Shaw Lane, Fresno, California 93711 U.S.A.  
Telephone (559) 435-2664 • Fax (559) 435-8520 • [www.dercofoods.com](http://www.dercofoods.com) • e-mail: [derco@dercofoods.com](mailto:derco@dercofoods.com)

neither China, nor the Middle East, nor Europe are booked heavily for the January – July period; and (d) that we need to carry-out at least 200 million pounds to have any hope for a smooth transition into the 2010 crop.

Buyer's Perspective: Mexico would be nice, if it were safer...is Cancun also affected by the drug cartels?.... Still, so many options.

## **Conclusion**

This was a bullish monthly report. There is really no other objective way to look at it. Some noteworthy comments:

- China has become California's largest export market, taking 76.5 million pounds during the first 4 months of the season. We predicted this would eventually happen, though we are surprised by the speed at which it happened. We should not underestimate the umbrella of protection that high pistachio prices have afforded the California almond industry. With growing global pistachio supplies, the extent of this growth in future years will be more difficult to predict.
- The leading regional destination is still Europe, at 45.3%, but Asia-Pacific is not far behind at 35.6%. The Middle East now accounts for 13.7% of exports.
- This spectacular shipping month was accomplished despite the fact that India was down 13% this November as compared to last year – and down 24% season to date. How heavily is India banking on Australia's Nonpareil crop...and aren't the Australians watching these shipments and starting to salivate?
- Most other tree nuts are priced higher than almonds. Almonds are still trading at historically reasonable levels. Looking at the 10 year average, Cal/Butte/Padre SSR 27/30 AOL today is still \$0.10 - \$0.20 per pound below the \$1.96 average. BSU5% is also \$0.10 - \$0.20 per pound below the \$1.86 per pound average. Nonpareil 23/25 is trading at about \$0.10 per pound above the \$2.31 average, but this can be accounted for by the fact that Nonpareil is now in greater global demand than ever before, and supplies this year are lower than last year.
- If the Chinese actually consume the massive quantities that they have bought in November (and December) for the Chinese New Year holiday, and if they come back for more purchases February onwards – this will put a continued strain on the availability of Nonpareil, Carmel, Carmel types, California Supremes, some select sheller run grade material, and virtually every variety of inshell. And all this without even taking the Middle East and Ramadan demand into consideration.

The global demand dynamic is shifting. Whether this year is an anomaly due to the higher prices of other nuts remains to be seen. What seems a foregone conclusion is that, no matter what happens during this coming bloom (February – March 2010), if buyers need almonds between now and the new crop in August, prices are unlikely to be better than they are today. The tough part is going to be getting an offer between now and after the holidays in mid-January. The reality is that most growers / processors are already heavily booked for December, and they are under no pressure to sell anything well into January.

For now there is no question that California will do what it does best....raise prices by limiting supply. Looking at the raw supply data, this probably needs to happen. But it will be overdone, just like the walnut industry is in the midst of doing as we write this report. The corrections are always over the top. Best to go on a long vacation. Enjoy the poem – it was written just for you.

Best regards,  
**DERCO FOODS**

2670 West Shaw Lane, Fresno, California 93711 U.S.A.  
Telephone (559) 435-2664 • Fax (559) 435-8520 • [www.dercofoods.com](http://www.dercofoods.com) • e-mail: [derco@dercofoods.com](mailto:derco@dercofoods.com)



## **Twas The Night Before the Conference<sup>1</sup>**



Twas the night before the conference, when all through Modesto  
The trucks were all coming from Chico to Fresno  
The growers were smiling as they came to check in  
The prices were up from the gutter they'd been in.

The Doubletree was humming with Bud and Coors Light,  
The bar was bustling with shouts of delight.  
We all said that one dollar was fit for a whore,  
And now at one-seventy we're asking for more!

We're not greedy, or naïve or forgetful and such,  
But we think that two dollars is surely not much.  
It's not cheap to buy Orvis and fish on warm sands,  
Or pay for my arm candy's diamond demands.

You've seen Tiger, you know just how hungry men get.  
You have to keep girlfriends and find ones not met.  
My wife got me here, for that I applaud her,  
But now that I'm richer, I need someone hotter.

We're pushing up prices by holding back offers,  
That's the best way we know to rebuild our large coffers.  
Last year with Alonso and some other such crooks,  
They screwed us by screwing with their very own books!

But this year our clients they love us much longer,  
From the prices they bought, each day things just get stronger.  
NP and Sonora and Butte-Padre as well,  
They're all going up, just not as fast as Carmel.

You might've read camel, though Carmel's what they buy,  
Now that brings us to the Mid East and our love for Dubai.  
Their real estate holdings may be too late to sell,  
But their almond transshipping is hotter than hell.  
Our almonds to Iran on small ships they are heading,  
Ahmadinejad's a bit nuts so our nuts are just fitting.

The Turks our good friends lets us park our jets there,  
They're buying our nuts with Ottoman savoir-faire.  
Their coffee delightful, Kebabs spectacular,  
May not be European, but trying to be secular.  
Ataturk was a stud, his young Turks even greater,  
If prices are up, no need for a negotiator.

---

<sup>1</sup> 37<sup>th</sup> Annual Almond Industry Conference held in Modesto, California – December 9-10, 2009.

2670 West Shaw Lane, Fresno, California 93711 U.S.A.  
Telephone (559) 435-2664 • Fax (559) 435-8520 • [www.dercofoods.com](http://www.dercofoods.com) • e-mail: [derco@dercofoods.com](mailto:derco@dercofoods.com)



The Koreans - in the South - well they're all quite hoppin'  
They like walnuts and almonds and lots of home shopping.  
They blog and they surf and eat kimchi as they please;  
But on chips and on scratches they're like Japanese.



And while we're in Asia, let's thank the Chinese  
They buy and they buy and they buy more to please.  
Only one kid per family the government will give,  
Just think what would happen if two were to live!  
Please pray that Hong Kong and Haiphong and the army,  
Keep the channels wide open so shipments stay balmy.

We can't forget India, the subcontinent exotic,  
Where Bollywood and Slumdogs and buyers neurotic.  
There's Infosys, Reliance, Tata and Wipro,  
Makes one want to dance to the tune of Jai Ho!  
With Bhatia and Bhatia and Bhatia importing,  
First Nonpareil now Carmel the buyers exhorting.

Europeans how can one ever easily discount,  
Twenty-seven sovereign countries, no one ever can recount.  
On matters of afla, no loads are truly tested,  
They each have their labs and Greek ports are congested.  
Barcelona, Rotterdam, and Piraeus are sordid,  
Rejected at 4 but 3.9 gets imported.

In February when limits are finally raised,  
Frucom from dear Brussels will mightily be praised.  
For now we're just shipping and crossing our fingers,  
That an asshole from customs won't squeeze our dear zingers.

Well now we must part, so we wish you Merry Christmas,  
Don't forget all the ways that the Buddha has blessed us.  
Whether Allah or Yahweh or Jesus you pray to,  
When prices go up and you've stock, just say THANK YOU!

**Happy Holidays to You and Your Loved Ones – Laugh Often in 2010**

