

### **December 2012 Almond Position Report**

December 2012 shipments are 159 million pounds. This is up 1.3% from the December 2011 shipments of 157 million pounds.

#### **Analysis of the 2012 Almond Season**

|                               |                                  |
|-------------------------------|----------------------------------|
| Carry-in from the 2011 crop:  | 335 million pounds               |
| 2012 projected crop receipts: | 1.85 billion pounds <sup>1</sup> |
| Less 3% loss / exempt:        | 55 million pounds                |
| Less Shipments to date:       | 859 million pounds               |
| Less commitments to date:     | 376 million pounds               |
| Remaining unsold supply:      | 895 million pounds               |

#### **Shipments & Receipts**

December 2012 was a very strong shipment month. Despite the fact that many regions are down for the season, 159 million pounds was the second biggest December in history, behind December 2010 (161 million pounds). This was a surprise to many, who believed that shipments would be down 10% or more compared to December 2011.

More importantly, receipts through the end of December were 1.74 billion pounds. Last year during the same period, receipts were 1.757 billion pounds. But what everyone should note is that the 2011 crop was a late crop and the hulling facilities were working into the spring months. This year that is not the case. There is a strong argument to be made now by California sellers that the final crop size may not even make 1.85 billion pounds.

#### **Commitments**

Commitments are down. Domestic commitments are down nearly 14%, export commitments are down 22%. Total committed shipments are down 18%. Buyers may want to point to this as a sign that demand is down, but we advise against this kind of thinking. There is a lot more buying to do, and this season more than any before, buyers are being cautious in not building big inventory positions. They are buying just what they need, at the last possible moment.

#### **Domestic Shipments**

Domestic shipments are the second biggest ever at 39.15 million pounds. The record was in December 2010, when shipments were 40.6 million pounds. The US market remains extremely healthy and the demand for almonds is very strong. Virtually every magazine has advertisements on almonds and many of the online diet / health sites recommend snacking on almonds. Consumers are becoming more familiar with almonds every day and their attitude towards the health benefits of almonds is very positive.

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<sup>1</sup> Last month we revised this number down from 2.1 billion to 1.9 billion; and now we are revising down to 1.85 billion pounds.

### Export Shipments

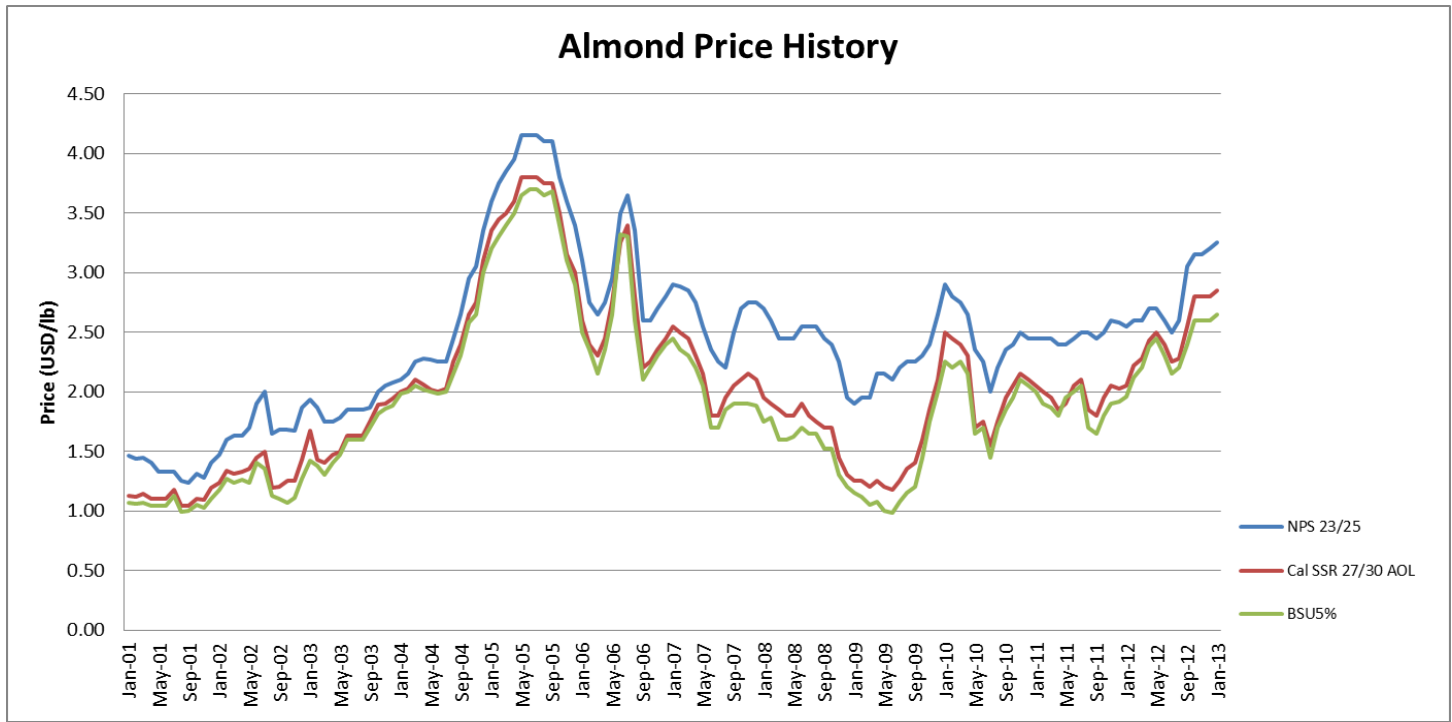
Exports for December were 120.10 million pounds. This is just less (0.4%) than the record of 120.56 million pounds set in December 2011. This was a surprisingly strong number, considering the fact that the Middle East is down 48% for the month of December. Europe is down 5%, with Western Europe down 7%. The growth for almonds is clearly coming from the domestic market and from Asia – where China/Hong Kong is up 57% in December; Japan up 19%; South Korea up 28%; Vietnam up 668%; and India up 54%.

The Asia Pacific region imported 16 million pounds more almonds in December 2012 compared to December 2011. For this same time period, Europe as a region was down over 2 million pounds and the Middle East was down 12 million pounds.

### Regional Shipments

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

| Country      | <u>August 2012 - December 2012</u> |            | <u>August 2011 - December 2011</u> |            | <u>% Change</u> |
|--------------|------------------------------------|------------|------------------------------------|------------|-----------------|
|              | Shelled                            | Inshell    | Shelled                            | Inshell    |                 |
| China/HK     | 61,481,843                         | 94,306,152 | 74,864,559                         | 66,607,647 | 10%             |
| Japan        | 26,763,728                         | 170,706    | 23,301,682                         | 24,401     | 15%             |
| South Korea  | 20,297,715                         | 0          | 16,339,275                         | 0          | 24%             |
| Taiwan       | 6,108,510                          | 901,568    | 5,375,226                          | 823,969    | 13%             |
| Thailand     | 1,732,425                          | 0          | 1,041,100                          | 257,360    | 33%             |
| Vietnam      | 607,200                            | 10,488,331 | 1,482,093                          | 11,508,883 | -15%            |
| India        | 1,963,774                          | 64,541,493 | 3,214,908                          | 62,047,997 | 2%              |
| Pakistan     | 350,000                            | 1,845,578  | 2,143,250                          | 1,584,382  | -41%            |
| Egypt        | 1,790,500                          | 254,843    | 4,050,800                          | 485,847    | -55%            |
| Israel       | 1,483,569                          | 0          | 2,029,302                          | 124,433    | -31%            |
| Jordan       | 2,036,000                          | 330,930    | 2,535,900                          | 296,026    | -16%            |
| Lebanon      | 1,742,000                          | 0          | 2,738,750                          | 10,589     | -37%            |
| Saudi Arabia | 4,179,925                          | 138,460    | 6,154,111                          | 257,649    | -33%            |
| Turkey       | 7,939,724                          | 13,966,619 | 12,746,717                         | 14,209,935 | -19%            |
| UAE          | 21,868,615                         | 7,037,407  | 41,627,812                         | 9,525,171  | -43%            |
| France       | 10,060,339                         | 31,633     | 11,209,705                         | 0          | -10%            |
| Germany      | 51,460,803                         | 92,573     | 45,618,460                         | 126,464    | 13%             |
| Italy        | 14,112,984                         | 640,469    | 18,396,965                         | 914,319    | -24%            |
| Netherlands  | 15,769,188                         | 15,257     | 16,658,836                         | 30,924     | -5%             |
| Spain        | 55,488,425                         | 241,683    | 66,917,193                         | 683,710    | -18%            |
| U.K.         | 11,815,116                         | 0          | 8,152,619                          | 0          | 45%             |
| Russia       | 18,848,506                         | 1,440,842  | 14,681,196                         | 338,714    | 35%             |



## Conclusion

This was one of the most bullish reports we have seen in a while. The reason was that shipments came better than expected and receipts came on the lower side of what was expected. With an early crop and a smooth harvest, if this crop was going to exceed 1.9 billion pounds, the receipts figure needed to be much bigger.

For now, there is not much to say. It is clear that inventories in the Middle East are very low. During the past 10 days prices have been going up on a daily basis as there has been very strong demand for shelled Nonpareil, Carmel and Monterey. The Indian market has been pushing up the inshell prices. Early this week the price for inshell Nonpareil moved over \$2.42 per pound based on 70% meat yield (\$3.45 per pound kernel price).

Demand from China for inshell is very strong. Now that the naming issue in China has been resolved (the new name for almonds is going to officially change in April 2013 from “xing ren” to “badan mu”) we expect shelled demand to return. Shelled almond imports were down 38% in China for December; but this was offset by a huge increase in inshell shipments, up over 12 million pounds (+238%).

We expect that after this December shipment report, prices will move higher. Our recommendation for buyers who have not purchased for the coming 60-90 days is to buy what they can promptly. Offers will probably be limited as growers assess this new receipts figure, but we do not see many plausible arguments for lower prices in the coming several months. Focus will soon shift to the bloom, but until the outcome of bloom is known, this crop will be virtually sold out.

Best Regards,  
**DERCO FOODS**