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### **February 2018 Almond Position Report**

February 2018 shipments were 190.13 million pounds. This is +24.9% compared to February 2017 shipments of 152.26 million pounds.

#### **2017 Almond Supply**

Carry-in from the 2016 crop:	399 million pounds
2017 estimated crop size:	2.25 billion pounds
Less 2.5% loss / exempt:	56 million pounds
Less shipments to date:	1.42 billion pounds
Less commitments:	524 million pounds
Remaining unsold supply:	649 million pounds

#### **Receipts, Shipments & Inventory v. 2016 Season**

Receipts:	+5.86%
Total supply v. 2016 season:	+4.36%
Shipments v. 2016 season:	+12.09%
Uncommitted inventory:	-11.60%

#### **Receipts & Shipments**

Receipts through the month of February are 2.25 billion pounds, which is an increase of about 8 million pounds from last month. At the end of February, receipts are historically about 99.2% received. Based on this average, the final crop size would be about 2.27 billion pounds. However, being that receipts only increased by less than 8 million pounds this past month, it seems very unlikely to expect receipts to increase another 17 million pounds in the next couple months. With that said, it would appear that the final crop size will be +/- 2.26 billion pounds. Shipments of 190.13 million pounds are a new record, surpassing February 2017 shipments by about 38 million pounds and bettering the previous record of 160.02 million pounds set in February 2013.

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

Domestic commitments of 217 million pounds are +19.67% and Export commitments of 307 million pounds are +1.99% compared to February 2017. Total commitments of 524 million pounds are +8.64% compared to last year. New sales for the month of February were about 113 million pounds.

#### **Domestic Shipments**

Domestic shipments were +3.7% at 53.75 million pounds. This is the second largest February or about 0.72 million pounds less than the record set in February 2014. New domestic sales for the month of February were about 18 million pounds.

#### **Export Shipments**

Export shipments were +35.8% at 136.38 million pounds. This is a new record surpassing February 2017 shipments by about 36 million pounds and bettering the previous record of 116.83 million pounds set in February 2013. New export sales for the month of February were about 95 million pounds.



## **Conclusion**

As expected, February shipments set a new record. What was surprising was the small increase in crop receipts this past month. With an increase in receipts of less than 8 million pounds, it now appears that the final crop size will be 2.26 billion pounds or less. As recently as last month, California was expecting a final crop size in the range of 2.28-2.30 billion pounds. Shipments year-to-date are up 12.09%, whereas receipts are only up 5.86%. With that said, California is now in a very comfortable sold position of 75% of total marketable supply. The ending inventory continues to shrink with each passing month. This year's transition between crop years is setting up to be even tighter than the previous two seasons.

One month ago, bloom conditions were looking very good given the unseasonably warm weather in late January and early February. Bloom looked poised to start early and end quickly. Then, during the week of February 19<sup>th</sup>, California experienced multiple nights of below freezing temperatures in many of the growing regions in California. The Eastern San Joaquin Valley and the Sacramento Valley appear to have been hit the hardest. The following week, California received multiple days of rain, high winds and cold daytime temperatures. These conditions are good for California's snowpack, but not ideal for bee pollination. We went from a potential flash bloom to a bloom that has now lingered on for over a month. Thankfully, weather conditions have been ideal in California this past week.

While it is impossible to quantify the damage, it is safe to say that the 2018 crop will not produce at its full potential. Initial expectations for the 2018 crop were +/- 2.5 billion pounds. Early estimates (which are purely guesses at this time) as to the percentage of crop damage have ranged from as little as 5% to as much as 20%. Based on a 2.5 billion pound crop, this would equate to a 2018 crop size in the range of 2.375 to 2.0 billion pounds. Ultimately, it will be at least another few weeks or more before we have a better idea to the degree of damage. Up until two weeks ago, prices have been trading in an attractive range for the last two years. During this time, global consumption has been increasing and California has been able to effectively move larger crops. Let us hope that the damage to the 2018 crop is kept to a minimum and with the large increase in bearing acres California will have plenty of almonds to sell this upcoming season.

As always, our teams in China, Dubai, India and California are at your service.

Best Regards,  
**DERCO FOODS**