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March 2017 Almond Position Report

March 2017 shipments were 178.19 million pounds. This is +10.6% more than March 2016 shipments of 161.08 million pounds.

2016 Almond Supply

Carry-in from the 2015 crop:	412 million pounds
2016 crop size:	2.131 billion pounds
Less 2% loss / exempt:	43 million pounds
Less shipments to date:	1.447 billion pounds
Less commitments:	440 million pounds
Remaining unsold supply:	613 million pounds

Receipts, Shipments & Inventory v. 2015 Season

Receipts:	+12.98%
Total supply v. 2015 season:	+12.37%
Shipments v. 2015 season:	+25.50%
Uncommitted inventory:	-5.50%

Receipts & Shipments

Receipts through the month of March are 2.131 billion pounds. It now appears that final receipts will be less than 2.14 billion pounds. Shipments of 178.19 million pounds were the second largest March on record or about 12 million pounds less than March 2015 shipments. If remaining shipments match last season, the carry-out from the 2016 crop will be about 400 million pounds. This would translate to final shipments for the 2016 crop of about 2.105 billion pounds, surpassing the previous record of 1.937 billion pounds shipped from the 2013 crop.

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

Domestic commitments are -8.02% and Export commitments are +14.19% compared to March 2016. Total commitments are +3.99%. Uncommitted inventory is now 613 million pounds (-5.50% compared to last season). New sales for the month of March were about 135 million pounds.

Domestic Shipments

Domestic shipments were +34.8% at 56.20 million pounds. This is less than 1 million pounds shy of the record set in March 2014. Domestic monthly shipments have exceeded last year's shipments every month this season. New domestic sales for the month of March were about 53 million pounds.

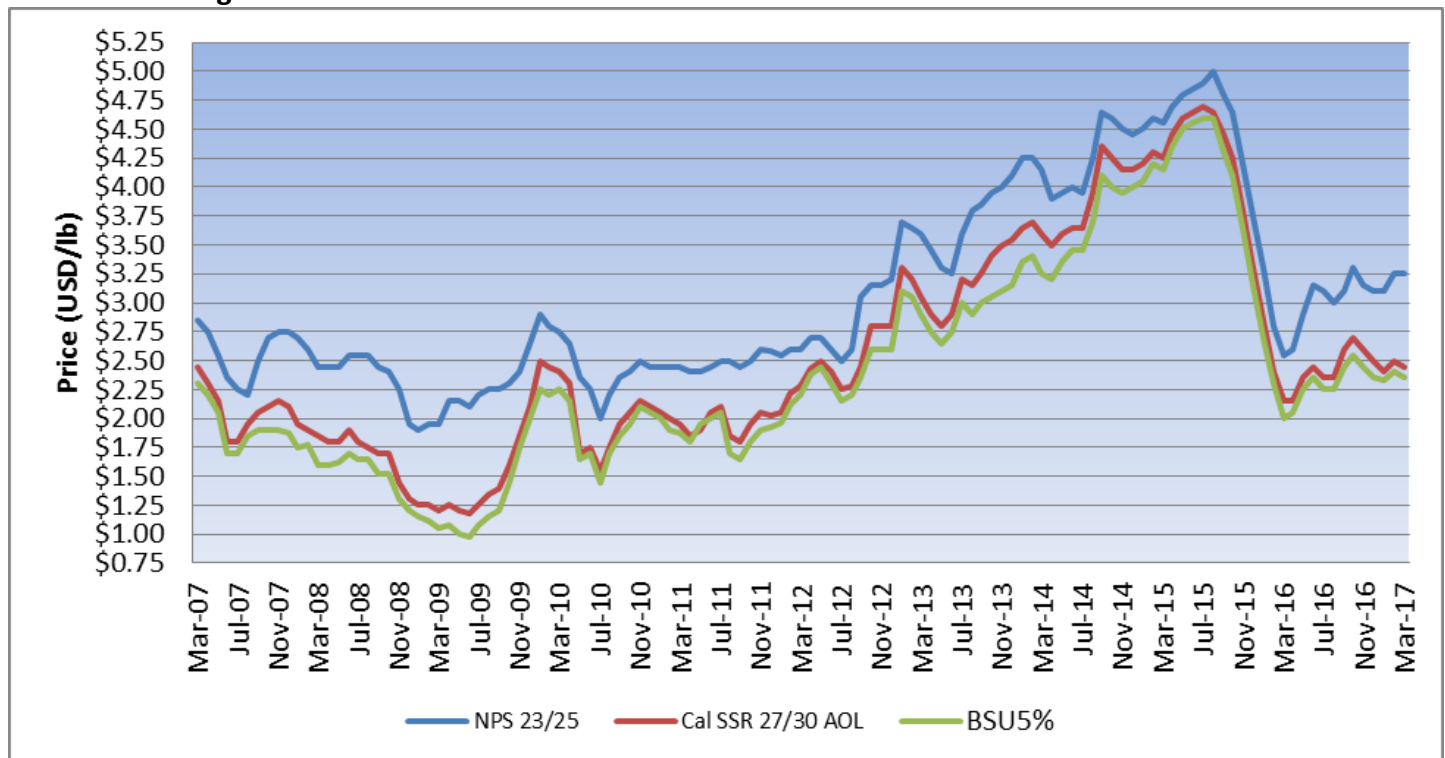
Export Shipments

Export shipments were +2.2% at 121.99 million pounds. This is the second largest March or about 12 million pounds less than the record set in March 2015. As you recall, March 2015 was the first "normal" shipment month after the West Coast port slowdowns. New export sales for the month of March were about 82 million pounds.

Regional Shipments

	<u>August 2016 - March 2017</u>		<u>August 2015 - March 2016</u>		<u>% Change</u>
<u>EUROPE</u>	<u>Shelled</u>	<u>Inshell</u>	<u>Shelled</u>	<u>Inshell</u>	
France	18,639,328	31,735	16,626,717	97,064	12%
Germany	80,919,678	124,394	64,160,614	62,699	26%
Italy	40,392,967	1,147,096	37,544,135	1,348,198	7%
Netherlands	33,865,947	0	29,525,270	0	15%
Spain	129,431,483	1,901,692	117,719,708	891,914	11%
U.K.	23,745,628	0	19,536,923	0	22%
<u>MIDDLE EAST</u>					
Israel	7,108,830	95,923	5,347,873	282,992	28%
Jordan	6,374,275	498,171	3,775,000	420,188	64%
Saudi Arabia	15,229,794	457,256	8,873,656	495,263	67%
Turkey	19,289,638	21,776,076	13,412,949	7,911,000	93%
UAE	43,059,061	5,918,926	31,330,388	4,024,626	39%
<u>ASIA</u>					
China/HK	68,733,623	55,771,308	43,968,507	53,425,873	28%
Japan	46,474,400	203,420	40,720,914	342,697	14%
South Korea	35,987,030	0	26,006,321	0	38%
Taiwan	8,918,472	282,047	6,288,868	209,384	42%
Thailand	2,942,910	0	2,191,725	0	34%
Vietnam	4,174,128	34,043,147	1,613,551	13,122,144	159%
India	4,800,501	127,408,418	6,463,128	78,470,637	56%

Historical Pricing



Conclusion

It is difficult to make bearish arguments following today's report. Crop receipts look poised to stay below 2.14 billion pounds. So long as shipments keep pace with last year for the remaining 4 months, the ending inventory will be in line or potentially less than last season. Most buyers have been delaying their purchases for both current and new crop until after the release of the first unofficial 2017 crop estimate. After the release of said report last week – estimating the 2017 crop at 2.27 billion pounds – the reaction in the market was minimal. Prices for most items (both current and new crop) decreased by about \$0.05/lb.

After today's report, we expect to see a stable, if not potentially firm market in the near term. Most buyers appear largely uncovered looking to the months ahead. Taking into account year-to-date shipments plus commitments, California is about 75% sold. With that said, we see little downside to current crop pricing for now. Initial offers in the market this afternoon are similar to the levels traded prior to the crop estimate released last week.

The 2016 acreage report will be released on April 26th. The grower subjective crop estimate will be released on May 10th. These reports will be the next major pieces of information to influence new crop pricing. Until then, it seems likely that growers will look to maintain a minimal new crop discount of about \$0.05/lb to current crop levels.

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

Best Regards,
DERCO FOODS