

**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%.

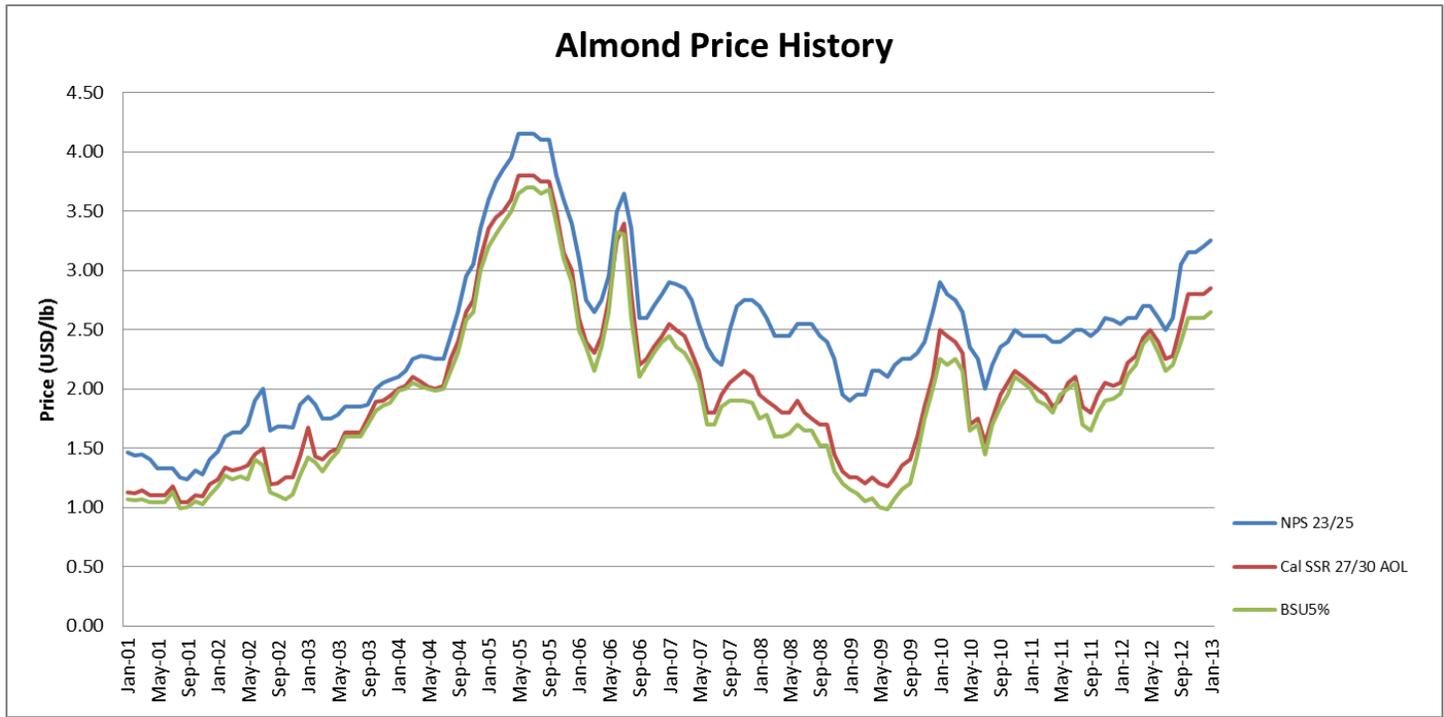
The Asia Pacific region imported 16 million pounds more almonds in December 2012 compared to December 2011. For this same time period, Europe as a region was down over 2 million pounds and the Middle East was down 12 million pounds.

### Regional Shipments

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

Country	August 2012 - December 2012		August 2011 - December 2011		% Change
	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%

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### 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,  
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