

### June 2019 Almond Position Report

June 2019 shipments were 165.17 million pounds. This is +5.4% compared to June 2018 shipments of 156.76 million pounds.

#### 2018 Almond Supply

Carry-in from the 2017 crop:	359 million pounds
2018 crop size:	2.269 billion pounds
Less 2% loss / exempt:	45 million pounds
Less shipments to date:	2.110 billion pounds
Less commitments:	283 million pounds
Remaining unsold supply:	190 million pounds

#### Receipts, Shipments & Inventory v. 2017 Season

Receipts:	+0.41%
Total supply v. 2017 season:	-1.17%
Shipments v. 2017 season:	+0.10%
Uncommitted inventory:	-28.84%

#### Receipts & Shipments

Receipts through the month of June are 2.269 billion pounds, which is +0.41% or up about 11 million pounds compared to this same time last season. Shipments of 165.17 million pounds is the third largest June or about 12 million pounds less than the record set in June 2017.

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

Domestic current crop commitments of 144 million pounds are +23.03% and Export current crop commitments of 139 million pounds are +13.82% compared to June 2018. Total current crop commitments of 283 million pounds are +18.32% compared to last year. New current crop sales for the month of June were about 86 million pounds. New Crop commitments of 231 million pounds are about 75 million pounds higher than at this same time last year.

#### Domestic Shipments

Domestic shipments were -8.2% at 57.15 million pounds. This is the third largest June or about 8 million pounds less than the record set in June 2017. New domestic sales for the month of June were about 20 million pounds.

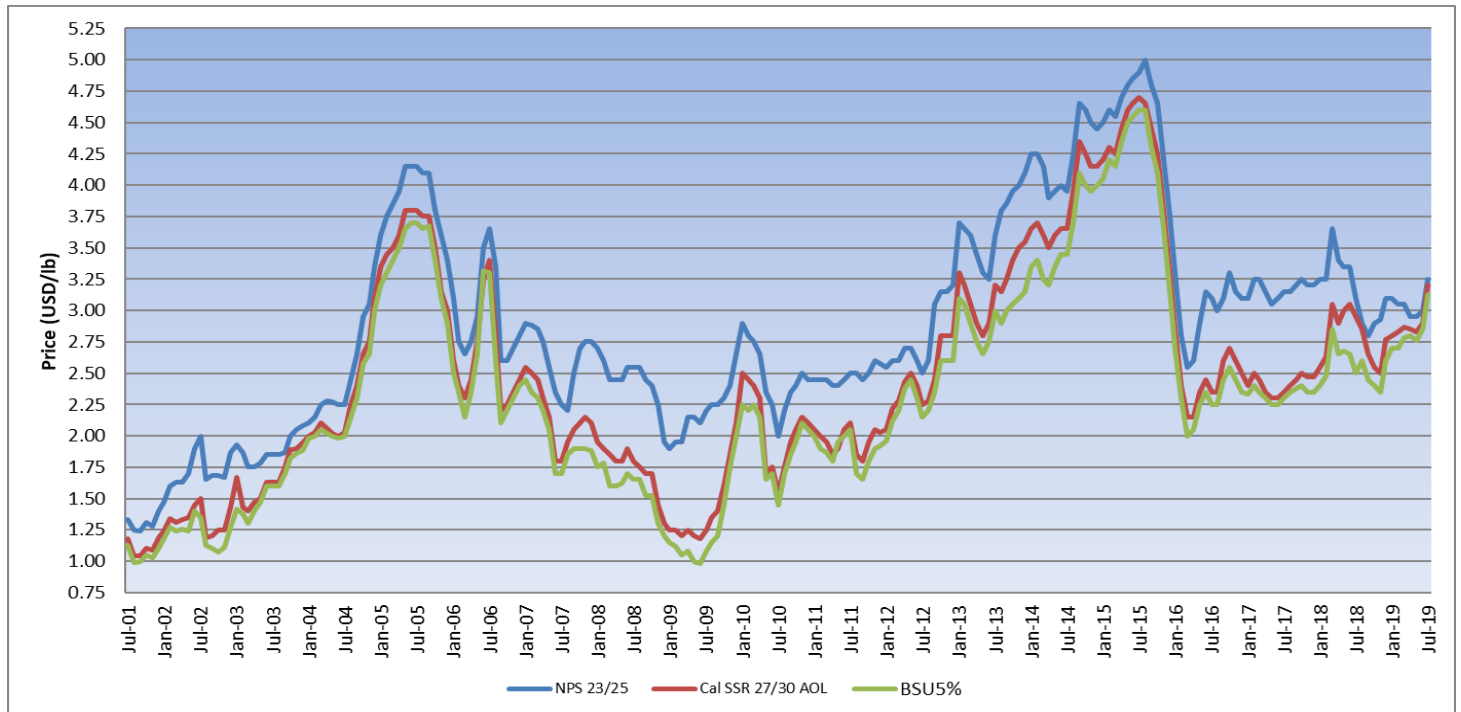
#### Export Shipments

Export shipments were +14.3% at 108.02 million pounds. This is the third largest June or about 13 million pounds less than the record set in June 2016. New export sales for the month of June were about 66 million pounds.

### Regional Shipments

	Aug 2018 - June 2019		Aug 2017 - June 2018		% Change
	Shelled	Inshell	Shelled	Inshell	
<b>EUROPE</b>					
France	28,072,569	17,474	27,370,389	34,934	2%
Germany	102,315,885	67,597	124,819,618	0	-18%
Italy	60,046,473	1,511,089	63,495,852	1,990,218	-6%
Netherlands	65,283,794	0	48,062,807	1,156	36%
Spain	178,897,627	1,426,561	188,107,446	1,161,604	-5%
U.K.	30,304,309	0	32,767,765	31,067	-8%
<b>MIDDLE EAST</b>					
Israel	9,942,990	1,111,443	8,447,105	149,042	29%
Jordan	10,242,050	439,397	8,515,475	730,380	16%
Saudi Arabia	19,508,996	459,267	13,435,700	554,651	43%
Turkey	21,188,624	14,136,202	28,883,941	22,011,899	-31%
UAE	59,897,491	6,346,884	52,602,380	9,301,786	7%
<b>ASIA</b>					
China/HK	65,149,868	57,296,539	89,986,281	75,045,191	-26%
Japan	77,324,659	235,664	73,851,486	224,790	5%
South Korea	54,735,821	0	48,159,183	0	14%
Taiwan	8,804,409	392,022	9,134,778	322,633	-3%
Thailand	6,351,726	525,573	4,669,152	0	47%
Vietnam	30,738,197	25,069,587	14,317,254	38,695,569	5%
India	4,032,503	213,131,814	6,068,161	184,093,629	14%

### Historical Pricing



## Conclusion

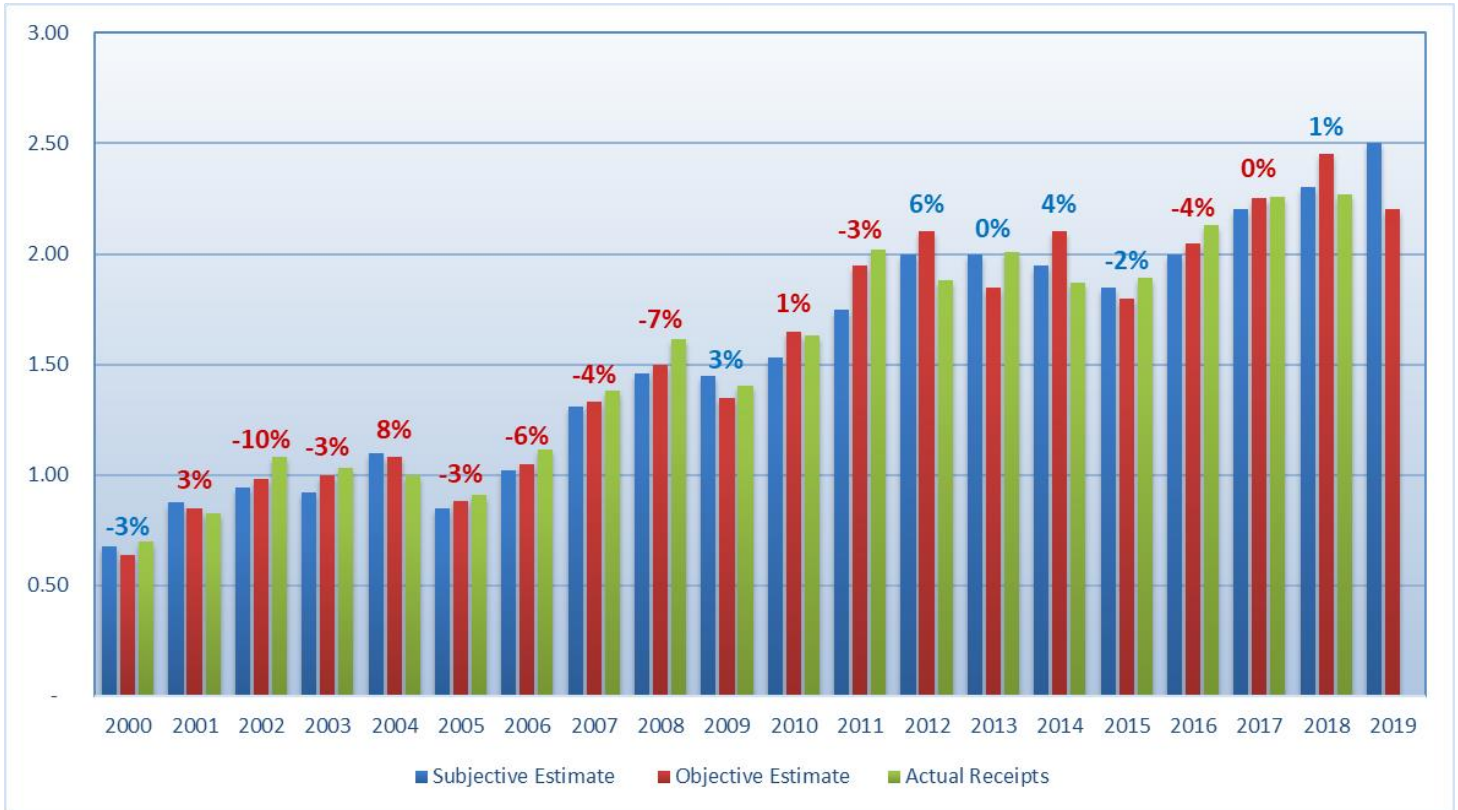
June shipments of 165.17 million pounds were in line with industry expectations. New (current crop) sales during the month of June totaled about 86 million pounds, down 19 million pounds compared to a year ago. Year-to-date shipments now stand at 2.110 billion pounds compared to 2.108 billion pounds last season. California is currently 93% sold (shipments + commitments) compared to 90% sold at this same time last year. Should California ship the same tonnage next month as it did a year ago, the carryout (before the final loss and exempt adjustment) will fall just below 330 million pounds. Current crop inventories are extremely low in California. Availability of sized material in all varieties is virtually sold out. If buyers are still in need of current crop almonds and are fortunate enough to get their hands on what they are looking for, be prepared to pay a premium.

All of the talk in the industry for the past week has been surrounding the shockingly low new crop Objective Estimate, which was released at 2.20 billion pounds last Wednesday. Buyers and sellers alike are questioning the accuracy of the 2019 crop Objective Estimate. Industry estimates leading up to the Objective Estimate had ranged between 2.45-2.60 billion pounds (245-400 million pounds higher). Additionally, 2.20 billion pounds is 60 million pounds less than the 2017 crop (based on 1,000,000 bearing acres) and 70 million pounds less than the 2018 crop (based on 1,070,000 bearing acres). With 1,170,000 bearing acres forecast for the 2019 crop, a crop of 2.2 billion pounds would equate to an average yield per acre of 1,880 pounds – the lowest yield per acre in the past 10 years.

Immediately after the release of the Objective Estimate, new crop offers from California increased by as much as \$0.40/lb from previously concluded levels. Limited business has been reported at or near these higher levels, but for the most part, selling interest from growers and packers has far exceeded buying interest from global markets this week. Should the crop in fact come in closer to higher estimates, both buyers and sellers have shared their concerns over the potential consequences of the industry marketing the 2019 crop based on 2.20 billion pounds. The first few months of the crop year are especially crucial in establishing a strong foundation for the entire season. Diwali, Christmas and Chinese New Year only come once a year. Should buyers be too conservative in their purchases for these important holidays, it is very difficult to make up potential lost tonnage later in the season. California will definitely be keeping a close eye on receipts as soon as harvest begins to see if a change in sales strategy is needed.

Given the tight transition between crop years and with California roughly 75 million pounds further sold on new crop compared to a year ago, it would be unrealistic to expect prices to immediately drop back down to pre-Objective Estimate levels. However, in the last couple days, business has started to take place at levels about \$0.20-0.25/lb higher than pre-Objective Estimate prices, as opposed to the \$0.40/lb initial increases seen right after the report. For example, there was an influx of offers for NPX 23/25 AOL at the beginning of this week between \$3.35-3.40/lb FAS. In just the last two days, we have seen traction on both the buying and selling side for this same item between \$3.20-3.25/lb FAS. Europe is arguably facing the most difficult transition between crop years. Current crop BSU5% has been trading between \$3.10-3.15/lb FAS this week, while limited new crop BSU5% has been traded between \$3.00-\$3.10/lb FAS. It would appear that the tight price spread between the top and bottom of the market will continue through at least the early part of this next season.

The following is a comparison of the subjective estimate, objective estimate and final crop receipts since the 2000/2001 season. The estimate that was closer to the final crop receipts, in terms of percentage, is shown above each crop year.



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

Best Regards,  
**DERCO FOODS**