

August 2018 Almond Position Report

August 2018 shipments were 154.23 million pounds. This is **-8.5%** compared to August 2017 shipments of 168.57 million pounds.

2018 Almond Supply

Carry-in from the 2017 crop:	359 million pounds
2018 Estimated crop size:	2.450 billion pounds
Less 2% loss / exempt:	49 million pounds
Less shipments to date:	154 million pounds
Less commitments:	515 million pounds
Remaining unsold supply:	2.091 billion pounds

Receipts, Shipments & Inventory v. 2017 Season

Receipts:	-12.12%
Total supply v. 2017 season:	-10.70%
Shipments v. 2017 season:	-8.51%
Uncommitted inventory:	+47.15%

Receipts & Shipments

Receipts through the month of August are 189 million pounds. A later harvest, a smaller ending inventory and Nonpareil receipts forecasted/reported to be down, all contributed to the lower receipts figure. Shipments of 154.23 million pounds are about 14 million pounds less than last year and 16 million pounds less than the record set in August 2016.

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

Domestic commitments of 225 million pounds are **-18.33%** and Export commitments of 290 million pounds are **-27.78%** compared to August 2017. Total commitments of 515 million pounds are **-23.94%** compared to last year. New sales for the month of August were about 238 million pounds.

Domestic Shipments

Domestic shipments were **-0.3%** at 67.05 million pounds. This is the second largest August on record or about 0.20 million pounds less than the record set last year. New domestic sales for the month of August were about 91 million pounds.

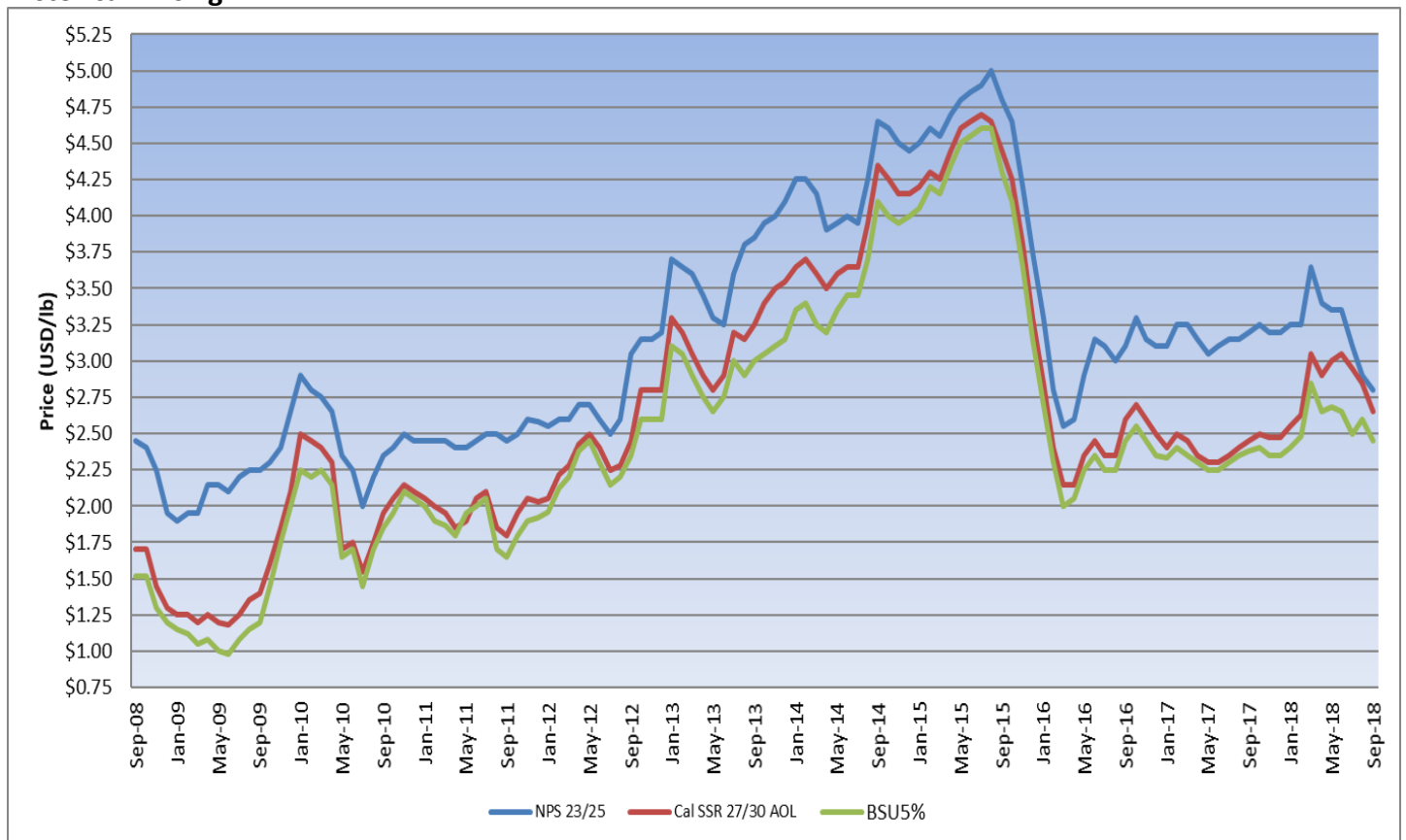
Export Shipments

Export shipments were **-14.0%** at 87.18 million pounds. This is about 14 million pounds less than last year and about 24 million pounds less than the record set in August 2016. New export sales for the month of August were about 147 million pounds.

Regional Shipments

	<u>Aug-18</u>		<u>Aug-17</u>		<u>% Change</u>
	<u>Shelled</u>	<u>Inshell</u>	<u>Shelled</u>	<u>Inshell</u>	
<u>EUROPE</u>					
France	1,874,200	17,474	2,090,363	0	-10%
Germany	6,288,924	22,365	10,568,342	0	-40%
Italy	2,453,941	32,495	4,727,750	22,279	-48%
Netherlands	3,455,070	0	4,239,400	0	-19%
Spain	12,355,203	17,120	17,543,942	41,421	-30%
U.K.	1,915,183	0	3,072,394	30,775	-38%
<u>MIDDLE EAST</u>					
Saudi Arabia	391,750	0	216,250	0	81%
Turkey	697,300	33,750	1,590,044	1,594,165	-77%
UAE	1,028,500	193,657	1,972,200	127,387	-42%
<u>ASIA</u>					
China/HK	3,028,152	1,607,897	2,963,110	1,526,375	3%
Japan	2,977,711	0	3,683,063	0	-19%
South Korea	4,173,466	0	2,512,957	0	66%
Thailand	478,200	131,525	198,000	0	208%
Vietnam	2,022,499	648,551	270,000	738,608	165%
India	520,994	21,706,293	912,594	19,577,513	8%

Historical Pricing



Conclusion

As expected, August shipments were down compared to last season. While a later harvest and a carryout 40 million pounds less than last year have contributed to the less than stellar figures, higher tariffs and weaker foreign currencies continue to have the greatest impact on overseas markets. Nonpareil receipts, which were initially reported to be coming in 15-30% down compared to last season, have improved as harvest has moved north of Kern and Fresno counties. Many in the industry are of the opinion now that Nonpareil receipts may end up closer to the 910 million-pound NASS estimate, which would still be slightly down compared to last season.

Nonpareil has come under the most pressure recently. While demand for NPIS has been strong and consistent from India in recent months, a lack of buying interest from China and Turkey has led to prices decreasing the past couple weeks. Nonpareil kernel demand has also been sluggish. This doesn't come as a surprise when three of the largest overseas Nonpareil kernel markets (China, the Middle East and Turkey) have been arguably hit the hardest by tariffs and a stronger USD. In addition, a larger percentage of the ending inventory this past season was surprisingly made up of Nonpareil kernels. Whether a seller needs to increase their new crop sold position or generate cashflow, one can see why some sellers in California have been offering Nonpareil more aggressively than other varieties.

Since the release of the Objective estimate, the price spread between BSU5% and NPX 23/25 AOL has gone from as high as \$0.85/lb to as little as \$0.50/lb. Today's prices are historically very attractive for most items. Many sellers in California have been reluctant to participate at these lower levels, making the argument that prices are more than fair, but buyers are simply lacking confidence. In all fairness, why would buyers come in to buy if they continue to see weaker prices every few days. While it is safe to assume that shipments to China, The Middle East and Turkey will likely to be down this season, shipments to India, Europe and the U.S. domestic market are expected to be up given today's pricing. I think most buyers and sellers would agree that in the current global environment both the upside and downside from today's prices is limited. This of course could change rather quickly in the event certain tariffs were lifted or the Turkish Lira and/or the Iranian Rial improve drastically. For now, a little price stability on the part of California would go a long way in giving buyers the confidence needed to return to the market.

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

Best Regards,
DERCO FOODS