

September 2018 Almond Position Report

September 2018 shipments were 168.85 million pounds. This is **-11.4%** compared to September 2017 shipments of 190.58 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:	323 million pounds
Less commitments:	557 million pounds
Remaining unsold supply:	1.880 billion pounds

Receipts, Shipments & Inventory v. 2017 Season

Receipts:	-1.29%
Total supply v. 2017 season:	-4.10%
Shipments v. 2017 season:	-10.04%
Uncommitted inventory:	+103.87%

Receipts & Shipments

Receipts through the month of September are 833 million pounds, which is **-1.29%** or down about 11 million pounds compared to this same time last season. Shipments of 168.85 million pounds are about 22 million pounds less than last year and about 33 million pounds less than the record set in September 2016.

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

Domestic commitments of 240 million pounds are **-12.07%** and Export commitments of 317 million pounds are **-29.37%** compared to September 2017. Total commitments of 557 million pounds are **-22.82%** compared to last year. New sales for the month of September were about 211 million pounds.

Domestic Shipments

Domestic shipments were **-0.7%** at 50.08 million pounds. This is 0.36 million pounds less than last year and 8.12 million pounds less than the record set in September 2016. New domestic sales for the month of September were about 65 million pounds.

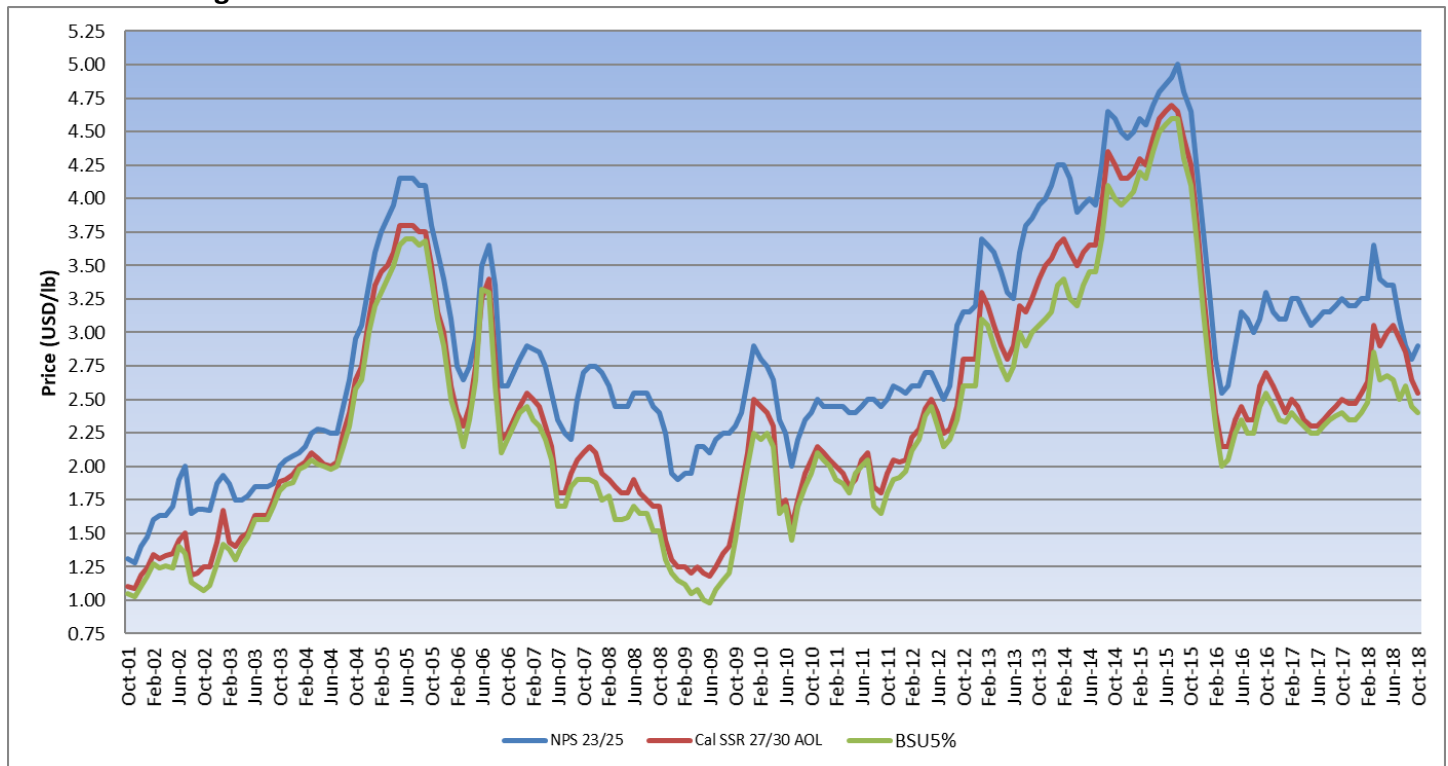
Export Shipments

Export shipments were **-15.2%** at 118.77 million pounds. This is about 21 million pounds less than last year and about 25 million pounds less than the record set in September 2016. New export sales for the month of September were about 146 million pounds.

Regional Shipments

	<u>Aug 2018 - Sept 2018</u>		<u>Aug 2017 - Sept 2017</u>		<u>% Change</u>
	<u>Shelled</u>	<u>Inshell</u>	<u>Shelled</u>	<u>Inshell</u>	
<u>EUROPE</u>					
France	3,500,270	17,474	3,502,682	0	0%
Germany	11,580,674	22,365	17,782,787	0	-35%
Italy	6,324,746	251,263	9,003,550	438,554	-30%
Netherlands	8,159,415	0	6,951,716	0	17%
Spain	24,296,174	319,003	27,158,252	277,133	-10%
U.K.	3,671,337	0	5,330,269	30,775	-32%
<u>MIDDLE EAST</u>					
Israel	380,600	246,079	875,085	30,609	-31%
Jordan	936,000	63,900	987,500	110,065	-9%
Saudi Arabia	2,151,750	32,733	964,250	0	127%
Turkey	1,486,100	1,287,750	3,206,644	9,136,201	-78%
UAE	5,265,150	525,006	10,000,986	2,868,054	-55%
<u>ASIA</u>					
China/HK	6,231,854	11,973,811	14,054,978	15,179,351	-38%
Japan	7,479,141	110,455	9,063,405	79,508	-17%
South Korea	7,322,686	0	5,925,581	0	24%
Taiwan	396,925	176,230	775,219	124,986	-36%
Thailand	1,009,100	131,525	349,600	0	226%
Vietnam	4,099,591	5,378,252	2,021,000	7,875,075	-4%
India	1,077,994	54,851,696	1,599,423	49,251,530	10%

Historical Pricing



Conclusion

For the last several weeks, the almond industry was anticipating September shipments to be down. With that in mind, today's report didn't come as much of a surprise. However, you could argue that commitments and new sales were not as strong as many in the industry expected. Year-to-date shipments are 36 million pounds less than last year and commitments are 165 million pounds less than last year. It is worth noting that October shipments will likely account for a larger than normal percentage of September's commitment figures given how focused buyers have been on prompt shipment. Based on the 2.45 billion-pound estimate, California is currently 32% sold (shipments + commitments) compared to 41% at this same time last season. There are many in the industry who strongly believe that this crop will be at least 100 million pounds less than the estimate, which would improve California's sold position should this materialize.

After the release of the August shipment report last month, pricing in California dropped down to the lowest levels we have seen this season. Buyers from all global markets took notice and quickly came in to buy. With buyers taking a very disciplined hand-to-mouth approach, most of the business was for October and early November shipment. China, with its well-documented challenges this season, was arguably the most active market the last few weeks. As expected, India is carrying the export market, while shipments to the U.S. domestic market are tracking nearly identical to last year. Shipments to Western Europe are down, but given the smaller carryout and later harvest, this isn't completely unexpected. Unfortunately, markets like Turkey and Dubai are still feeling the effects of a strong USD, with YTD shipments down to their markets by 78% and 55% respectively.

In the past three weeks, prices have rebounded and increased by about \$0.15/lb from the lows seen in mid-September. Today, most packers are indicating that their production is fully booked through first half November, with premiums available for those who can still accommodate an October shipment. We will likely see an increase in selling interest after today's report. Given the slow start to shipments this season, we also expect to see an increase in buying interest, especially from a few key markets who are uncovered and unaffected by current geopolitical issues. Like much of last season, many expect to see prices continue to trade within a tight range, with limited upside and downside from current price levels.

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

Best Regards,
DERCO FOODS