

October 2018 Almond Position Report

October 2018 shipments were 247.11 million pounds. This is +0.3% compared to October 2017 shipments of 246.49 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:	570 million pounds
Less commitments:	587 million pounds
Remaining unsold supply:	1.603 billion pounds

Receipts, Shipments & Inventory v. 2017 Season

Receipts:	+1.61%
Total supply v. 2017 season:	-0.82%
Shipments v. 2017 season:	-5.85%
Uncommitted inventory:	+17.89%

Receipts & Shipments

Receipts through the month of October are 1.554 billion pounds, which is +1.61% or up about 25 million pounds compared to this same time last season. Shipments of 247.11 million pounds are a new record, surpassing October 2017 shipments by 0.62 million pounds and bettering the previous record of 246.49 million pounds set in October 2017.

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

Domestic commitments of 253 million pounds are -2.17% and Export commitments of 334 million pounds are -20.21% compared to October 2017. Total commitments of 587 million pounds are -13.32% compared to last year. New sales for the month of October were about 277 million pounds.

Domestic Shipments

Domestic shipments were +6.7% at 68.18 million pounds. This is a new record surpassing the previous record of 64.23 million pounds set in October 2014 and bettering October 2017 shipments by 4.27 million pounds. New domestic sales for the month of October were about 81 million pounds.

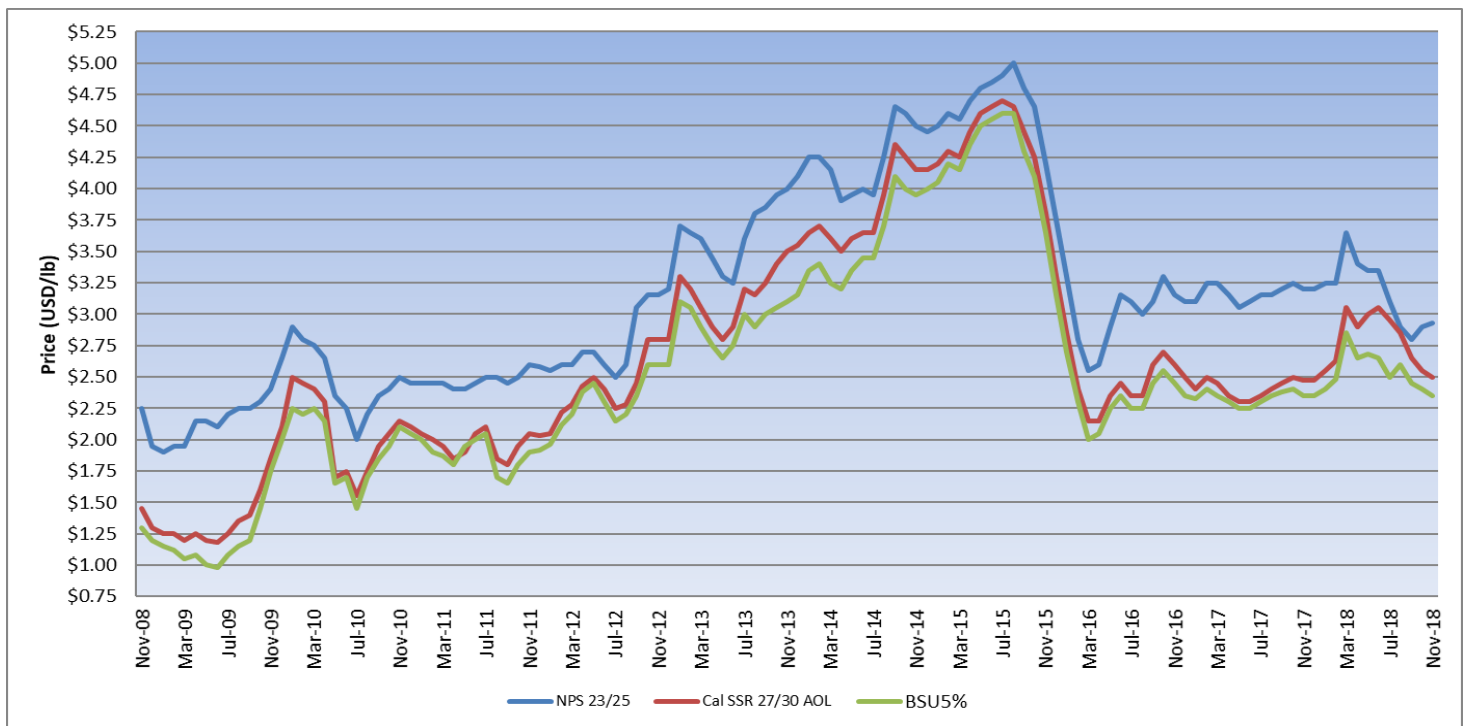
Export Shipments

Export shipments were -2.0% at 178.93 million pounds. This is the second largest October or 3.65 million pounds less than the record set in October 2017. New export sales for the month of October were about 196 million pounds.

Regional Shipments

	<u>Aug 2018 - Oct 2018</u>		<u>Aug 2017 - Oct 2017</u>		<u>% Change</u>
	<u>Shelled</u>	<u>Inshell</u>	<u>Shelled</u>	<u>Inshell</u>	
<u>EUROPE</u>					
France	6,020,650	17,474	5,807,640	0	4%
Germany	23,285,252	37,629	30,861,726	0	-24%
Italy	14,764,946	393,337	15,323,010	835,500	-6%
Netherlands	14,426,206	0	11,820,916	0	22%
Spain	44,788,237	401,509	44,861,211	357,555	0%
U.K.	6,505,119	0	8,631,348	30,775	-25%
<u>MIDDLE EAST</u>					
Israel	1,256,200	370,801	1,508,585	31,833	6%
Jordan	1,515,000	95,850	1,627,950	237,865	-14%
Saudi Arabia	3,690,500	126,509	2,412,100	0	58%
Turkey	3,400,500	3,611,490	6,029,544	14,656,139	-66%
UAE	11,085,650	1,554,402	17,583,586	4,861,941	-44%
<u>ASIA</u>					
China/HK	15,863,844	28,610,937	31,906,951	32,335,770	-31%
Japan	15,783,071	110,455	16,428,287	112,828	-4%
South Korea	12,283,970	0	9,934,556	0	24%
Taiwan	1,724,925	284,018	1,950,469	187,633	-6%
Thailand	1,539,650	131,525	815,775	0	105%
Vietnam	8,459,491	14,963,834	3,092,375	14,812,341	31%
India	1,852,411	80,823,742	2,128,973	78,332,212	3%

Historical Pricing



Conclusion

October shipments exceeded expectations. With the industry anticipating October shipments to be down about 10% compared to last year, a new record comes as a pleasant surprise and is nothing short of amazing given the current geopolitical landscape. Today's report reinforces how resilient our industry truly is and goes to show that business always finds a way even in the most difficult global environments. Year-to-date shipments are about 35 million pounds less and commitments are about 90 million pounds less than last year. As anticipated, a greater percentage of September commitments did in fact ship in October. This combined with very strong demand for Prompt/October shipment in the weeks following the September position report contributed to today's record shipments.

Year-to-date receipts are about 25 million pounds ahead of last season. At this time last year, receipts were 67.6% received. If we assume that California is the same percentage received this season, this equates to a crop size of about 2.3 billion pounds. Harvest this year started a little later than last season. However, with greater capacity and with many huller/shellers indicating that they expect to finish earlier this season than a year ago, a crop size closer to 2.35 billion pounds rather than the estimate of 2.45 billion pounds seems more realistic based on today's figures. If we use a crop size of 2.35 billion pounds, California is currently about 44% sold (shipments + commitments) compared to about 49% at this same time last season. Given how strong demand has been for Prompt/November shipment in recent weeks and with the vast majority of packers fully booked for November (and even into first half December), a new shipment record for November is definitely within reach.

Similar to last month, a large percentage of demand in recent weeks has come courtesy of China. It has been encouraging to see demand from the Middle East, especially from Dubai increase in the last few weeks as well. While demand from Europe and especially India has been lackluster this past month, business has picked up slightly in the last week or two. We expect to see a continued increase in demand from these markets in the coming weeks. Domestic demand remains strong as U.S buyers are happily taking advantage of attractive pricing in a growing consumer market. Buyers outside of the U.S have been solely focused on a hand to mouth purchasing strategy. In such markets, we tend to see more pricing stability, and much like today, surprisingly strong shipments.

After today's report, we expect buyers will be a little more willing to take on an inventory position for later shipments. While we also expect to potentially see a slight increase in pricing, sellers will likely continue to sell into this market. With California currently undersold (even based on a smaller than expected crop) compared to historical figures, this would help further increase its sold position and more importantly take away some of the much-anticipated selling pressure during the second half of this season.

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

Best Regards,
DERCO FOODS