

### March 2019 Almond Position Report

March 2019 shipments were 184.95 million pounds. This is **-4.6%** compared to March 2018 shipments of 193.95 million pounds.

#### 2018 Almond Supply

|                              |                      |
|------------------------------|----------------------|
| Carry-in from the 2017 crop: | 359 million pounds   |
| 2018 Estimated crop size:    | 2.27 billion pounds  |
| Less 2% loss / exempt:       | 45 million pounds    |
| Less shipments to date:      | 1.589 billion pounds |
| Less commitments:            | 464 million pounds   |
| Remaining unsold supply:     | 531 million pounds   |

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

|                              |               |
|------------------------------|---------------|
| Receipts:                    | +0.36%        |
| Total supply v. 2017 season: | <b>-1.21%</b> |
| Shipments v. 2017 season:    | <b>-1.69%</b> |
| Uncommitted inventory:       | <b>-4.79%</b> |

#### Receipts & Shipments

Receipts through the month of March are 2.265 billion pounds, which is +0.36% or up about 8 million pounds compared to this same time last season. Shipments of 184.95 million pounds are the third largest March or about 9 million pounds less than the record set in March 2018.

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

Domestic commitments of 225 million pounds are +14.31% and Export commitments of 239 million pounds are **-2.48%** compared to March 2018. Total commitments of 464 million pounds are +5.01% compared to last year. New sales for the month of March were about 148 million pounds.

#### Domestic Shipments

Domestic shipments were **-4.1%** at 60.71 million pounds. This is the second largest March or about 2.57 million pounds less than the record set in March 2018. This is the first month since September 2018 that Domestic shipments have not been a new record. New domestic sales for the month of March were about 48 million pounds.

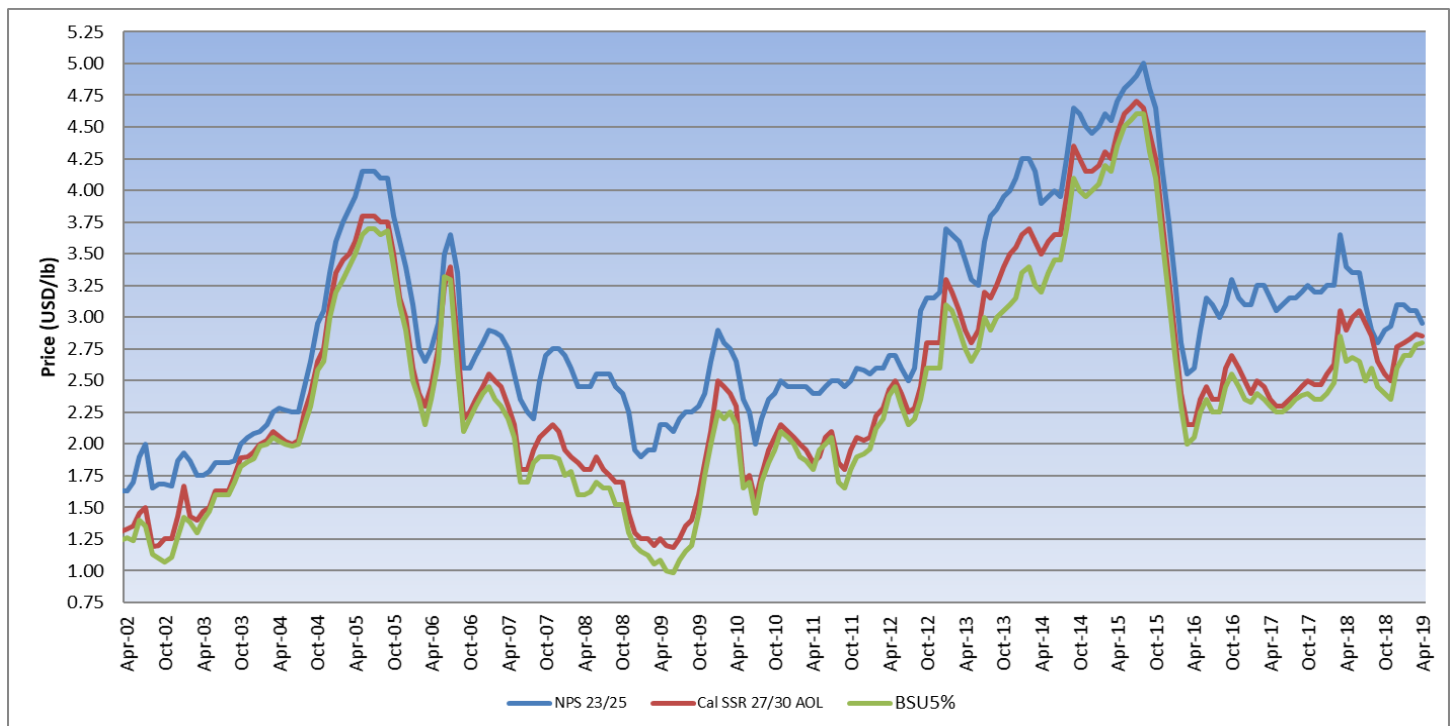
#### Export Shipments

Export shipments were **-4.9%** at 124.24 million pounds. This is the third largest March or 9.64 million pounds less than the record set in March 2015. New export sales for the month of March were about 100 million pounds.

## Regional Shipments

|                           | <u>Aug 2018 - Apr 2019</u> |                | <u>Aug 2017 - Apr 2018</u> |                | <u>%</u>      |
|---------------------------|----------------------------|----------------|----------------------------|----------------|---------------|
|                           | <u>Shelled</u>             | <u>Inshell</u> | <u>Shelled</u>             | <u>Inshell</u> | <u>Change</u> |
| <b><u>EUROPE</u></b>      |                            |                |                            |                |               |
| France                    | 21,276,861                 | 17,474         | 22,196,832                 | 34,934         | -4%           |
| Germany                   | 75,103,634                 | 67,597         | 94,208,791                 | 0              | -20%          |
| Italy                     | 43,053,221                 | 1,476,268      | 49,526,905                 | 1,974,118      | -14%          |
| Netherlands               | 49,099,542                 | 0              | 38,442,465                 | 0              | 28%           |
| Spain                     | 130,816,945                | 1,207,192      | 138,707,115                | 987,711        | -5%           |
| U.K.                      | 23,393,295                 | 0              | 25,772,354                 | 30,775         | -9%           |
| <b><u>MIDDLE EAST</u></b> |                            |                |                            |                |               |
| Israel                    | 8,602,390                  | 1,016,142      | 6,775,865                  | 149,042        | 39%           |
| Jordan                    | 8,270,900                  | 281,203        | 6,471,475                  | 593,941        | 21%           |
| Saudi Arabia              | 16,668,400                 | 364,047        | 11,282,550                 | 497,870        | 45%           |
| Turkey                    | 15,847,557                 | 12,220,829     | 20,903,319                 | 22,055,803     | -35%          |
| UAE                       | 51,141,641                 | 5,962,163      | 43,826,880                 | 8,880,124      | 8%            |
| <b><u>ASIA</u></b>        |                            |                |                            |                |               |
| China/HK                  | 53,155,250                 | 51,804,545     | 81,085,640                 | 70,650,144     | -31%          |
| Japan                     | 54,732,737                 | 235,664        | 51,888,776                 | 192,489        | 6%            |
| South Korea               | 41,818,517                 | 0              | 36,407,385                 | 0              | 15%           |
| Taiwan                    | 7,430,459                  | 392,022        | 7,688,278                  | 322,633        | -2%           |
| Thailand                  | 4,327,561                  | 461,803        | 3,213,230                  | 0              | 49%           |
| Vietnam                   | 23,255,248                 | 23,412,555     | 10,139,278                 | 34,782,030     | 4%            |
| India                     | 3,383,668                  | 166,710,422    | 5,224,301                  | 158,506,368    | 4%            |

## Historical Pricing



## Conclusion

March shipments of 185 million pounds were in line with expectations. This was the third largest March on record, behind March 2015 and March 2018. New sales during the month of March totaled about 148 million pounds, reflecting an active month. To put this in perspective, new sales during March 2018 were about 112 million pounds. Year-to-date shipments now stand at 1.59 billion pounds compared to 1.62 billion pounds a year ago. Receipts increased by a little less than 3 million pounds this past month. The 2018 crop looks to final around 2.27 billion pounds. California is currently 79% sold (shipments + commitments), which is the same percentage that the industry was sold at this time last year.

March was a very active month. Demand was particularly strong from India for both nearby and later shipments. Due to an earlier Diwali this year, 2019 crop shipments will not arrive in time for their festival demand. As a result, India must secure its Diwali needs from the 2018 crop. Given this dynamic, we are likely to see less early demand for 2019 crop NPIS from India. Also, it is worth noting that Diwali 2020 is almost one month later than Diwali 2019. This means that India can cover a larger percentage of their 2020 Diwali needs from early shipments of the 2020 crop. This will likely result in less late season 2019 crop year demand, contrary to what we are seeing this season. Until the past week, we had seen a firming trend on current crop NPIS since mid-February. Even with a quieter market this past week and slightly weaker prices, we expect demand from India to continue through the remainder of the crop year.

In addition to India, Europe was also very active this past month. In recent weeks, we have seen a slight shift in demand from nearby shipment to shipments spread throughout the summer months. For much of the month of March, BSU5% was trading around \$2.80/lb FAS. Sized Cals were priced slightly higher, trading in a tight range of \$2.83-2.90/lb FAS depending on variety and size. Demand from the Middle East has been spotty as buyers are more focused on processing and trading their current inventories ahead of Ramadan. Without a trade agreement in place between China and the U.S., Chinese demand continues to be weak on current crop. Limited business has been taking place on new crop NPIS, but this too has slowed in recent days. In the past week, prices have weakened by about \$0.05/lb for all items as we are seeing more selling interest from California than buying interest from overseas markets.

After a robust month of buying, most buyers had decided to take a break this past week as the industry awaited the release of the March shipment report and the TNT crop estimate. In addition to the March shipment report, TNT released their 2019 crop estimate today at 2.53 billion pounds. With industry expectations ranging anywhere between 2.45-2.65 billion pounds in recent weeks, TNT's estimate is well within expectations. A crop size of 2.53 billion pounds would represent an increase of 260 million pounds from the 2018 crop. It will be interesting to see how the market reacts to this estimate in the coming weeks. The next scheduled estimate is the grower Subjective Estimate, which will be released on May 10<sup>th</sup>.

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

Best Regards,  
**DERCO FOODS**