

May 2019 Almond Position Report

May 2019 shipments were 178.72 million pounds. This is +12.9% compared to May 2018 shipments of 158.30 million pounds.

2018 Almond Supply

Carry-in from the 2017 crop:	359 million pounds
2018 Estimated crop size:	2.268 billion pounds
Less 2% loss / exempt:	45 million pounds
Less shipments to date:	1.945 billion pounds
Less commitments:	362 million pounds
Remaining unsold supply:	275 million pounds

Receipts, Shipments & Inventory v. 2017 Season

Receipts:	+0.45%
Total supply v. 2017 season:	-1.14%
Shipments v. 2017 season:	-0.32%
Uncommitted inventory:	-25.53%

Receipts & Shipments

Receipts through the month of May are 2.268 billion pounds, which is +0.45% or up about 10 million pounds compared to this same time last season. Shipments of 178.72 million pounds are a new record, surpassing the previous record of 178.07 million pounds set in May 2016.

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

Domestic commitments of 181 million pounds are +36.32% and Export commitments of 181 million pounds are +14.10% compared to May 2018. Total commitments of 362 million pounds are +24.22% compared to last year. New sales for the month of May were about 108 million pounds.

Domestic Shipments

Domestic shipments were -0.2% at 66.16 million pounds. This is the second largest May or 130 thousand pounds less than the record set in May 2018. New domestic sales for the month of May were about 39 million pounds.

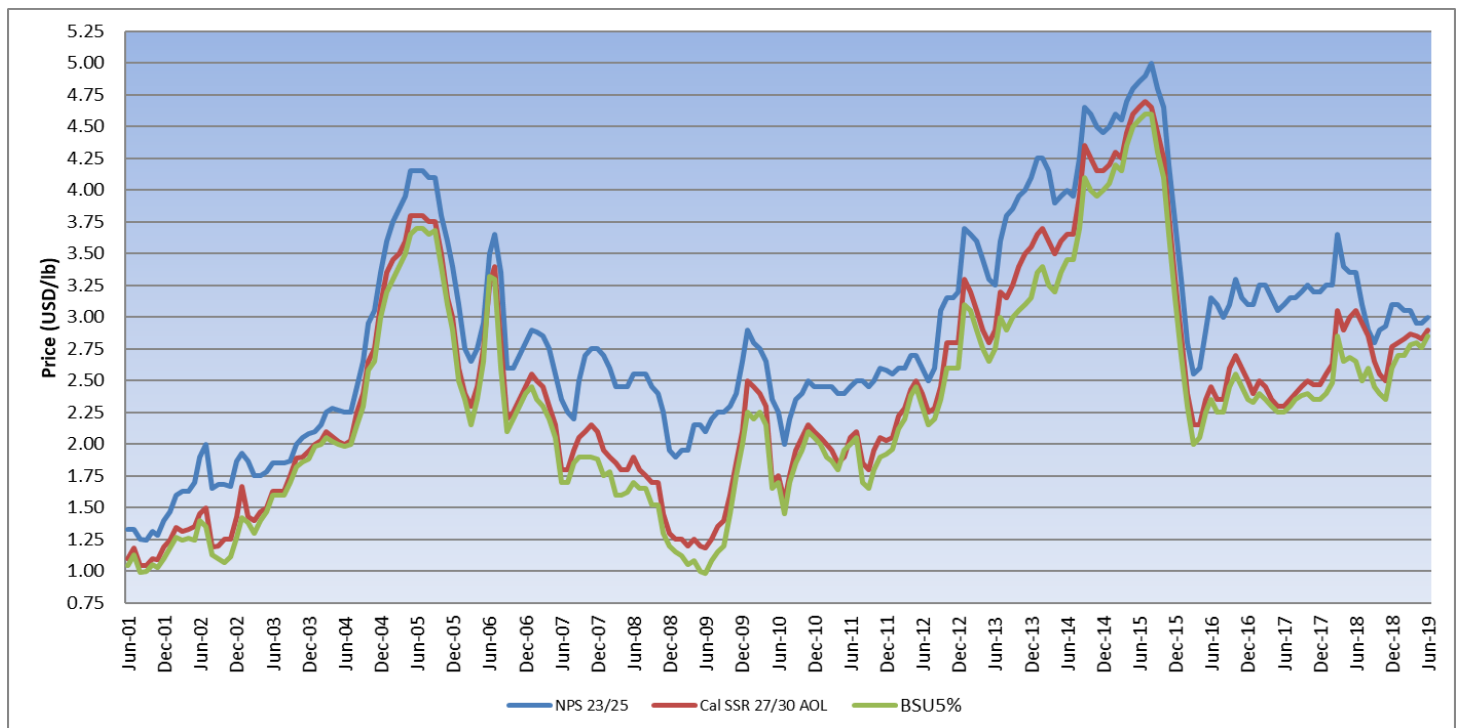
Export Shipments

Export shipments were +22.3% at 112.56 million pounds. This is the second largest May or 12.15 million pounds less than the record set in May 2016. New export sales for the month of May were about 69 million pounds.

Regional Shipments

	<u>Aug 2018 - May 2019</u>		<u>Aug 2017 - May 2018</u>		<u>% Change</u>
<u>EUROPE</u>	<u>Shelled</u>	<u>Inshell</u>	<u>Shelled</u>	<u>Inshell</u>	
France	25,660,994	17,474	25,870,692	34,934	-1%
Germany	94,612,320	67,597	114,044,836	0	-17%
Italy	54,067,971	1,511,089	59,926,145	1,990,218	-10%
Netherlands	58,929,134	0	44,809,607	1,156	32%
Spain	164,151,545	1,363,178	171,302,790	1,068,218	-4%
U.K.	28,611,666	0	30,664,432	31,067	-7%
<u>MIDDLE EAST</u>					
Israel	9,649,740	1,111,443	8,038,105	149,042	31%
Jordan	9,818,050	439,397	8,211,475	714,405	15%
Saudi Arabia	19,028,996	459,267	12,424,100	528,852	50%
Turkey	20,012,074	14,136,202	27,032,141	21,995,276	-30%
UAE	56,803,591	6,346,884	49,832,230	9,053,417	7%
<u>ASIA</u>					
China/HK	58,705,483	53,928,494	86,902,920	73,617,677	-30%
Japan	70,844,605	235,664	66,642,600	224,790	6%
South Korea	51,456,755	0	44,697,767	0	15%
Taiwan	8,530,409	392,022	8,678,778	322,633	-1%
Thailand	5,407,526	461,803	4,163,804	0	41%
Vietnam	27,500,886	24,038,858	12,716,451	38,159,126	1%
India	3,797,539	198,011,315	5,729,836	174,225,433	12%

Historical Pricing



Conclusion

May shipments of 178.72 million pounds are a new record and arguably a little higher than industry expectations. New sales during the month of May totaled about 108 million pounds, up 32 million pounds compared to a year ago. Year-to-date shipments now stand at 1.94 billion pounds compared to 1.95 billion pounds last season. Receipts increased by 2.34 million pounds this past month. Based on a final crop size of 2.268 billion pounds, California is currently 89% sold (shipments + commitments) compared to 86% sold at this same time last season. Should California ship the same tonnage during the final two months as it did last year, the carryout will likely fall below 350 million pounds. With commitments up considerably compared to last season, we can expect another strong shipment month for June and potentially July. With that said, the industry can be looking at an even lower ending inventory figure.

During the past month, global markets remained active. Demand from China has increased as inventory levels of both NPIS and NPX kernels are low in the local market. India continues to buy what little NPIS remains in California, with the vast majority of packers now sold out or very close to it. Recent trades for NPIS have been reported around \$2.40/lb FAS, although the local market in India continues to trade about \$0.10/lb lower. Local prices are expected to increase as we approach Diwali. Demand from Europe has also increased this past month, but especially in the last two weeks. Prices for BSU5% have increased by about \$0.10/lb in this short period of time, with the most recent trades reported as high as \$2.90/lb FAS. With a slightly later harvest expected and with a carryout shaping up to be the lowest it has been in recent memory, the transition between crop years is going to be very tight. We advise buyers to cover their current crop needs as soon as possible.

Since the release of the April shipment report last month, the Subjective Estimate was released towards the lower end of industry expectations at 2.50 billion pounds. Although new crop activity has been limited, new crop commitments are up 52 million pounds compared to this same time last year. Based on a crop size of 2.50 billion pounds and a carry-in of 350 million pounds, California is currently a little less than 5% sold for the 2019 crop. We have seen a little more buying interest for new crop in the last couple weeks as both current crop demand and prices have increased. Alternatively, many buyers are choosing to wait for the Objective Estimate on July 3rd in hopes of a larger estimate and potentially more attractive prices. Hopefully by this time next month, the industry will have a better idea of what to expect for the months ahead.

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

Best Regards,
DERCO FOODS