DERCO FOODS®

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August 2019 Almond Position Report

August 2019 shipments were 147.73 million pounds. This is -4.21% compared to August 2018 shipments of 154.23 million pounds.

2019 Almond Supply

Carry-in from the 2018 crop:	318 million pounds
2019 estimated crop size:	2.200 billion pounds
Less 2% loss / exempt:	44 million pounds
Less shipments to date:	148 million pounds
Less commitments:	561 million pounds
Remaining unsold supply:	1.765 billion pounds

Receipts, Shipments & Inventory v. 2018 Season

Receipts:	+5.73%
Total supply v. 2018 season:	-5.52%
Shipments v. 2018 season:	-4.21%
Uncommitted inventory:	-55.92%

Receipts & Shipments

2019 crop receipts are 200 million pounds, which is +5.73% compared to 2018 crop receipts of 189 million pounds. August shipments of 147.73 million pounds are 6.5 million pounds less than last year and 22.29 million pounds less than the record set in August 2016.

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

Domestic commitments of 218 million pounds are -3.15% and Export commitments of 343 million pounds are +18.35% compared to August 2018. Total commitments of 561 million pounds are +8.95% compared to last year. New sales for the month of August were about 193 million pounds.

Domestic Shipments

Domestic shipments were -6.9% at 62.45 million pounds. This is 4.6 million pounds less than last year and 4.8 million pounds less than the record set in August 2017. New domestic sales for the month of August were about 62 million pounds.

Export Shipments

Export shipments were -2.2% at 85.28 million pounds. This is 1.9 million pounds less than last year and 25.94 million pounds less than the record set in August 2016. New export sales for the month of August were about 131 million pounds.

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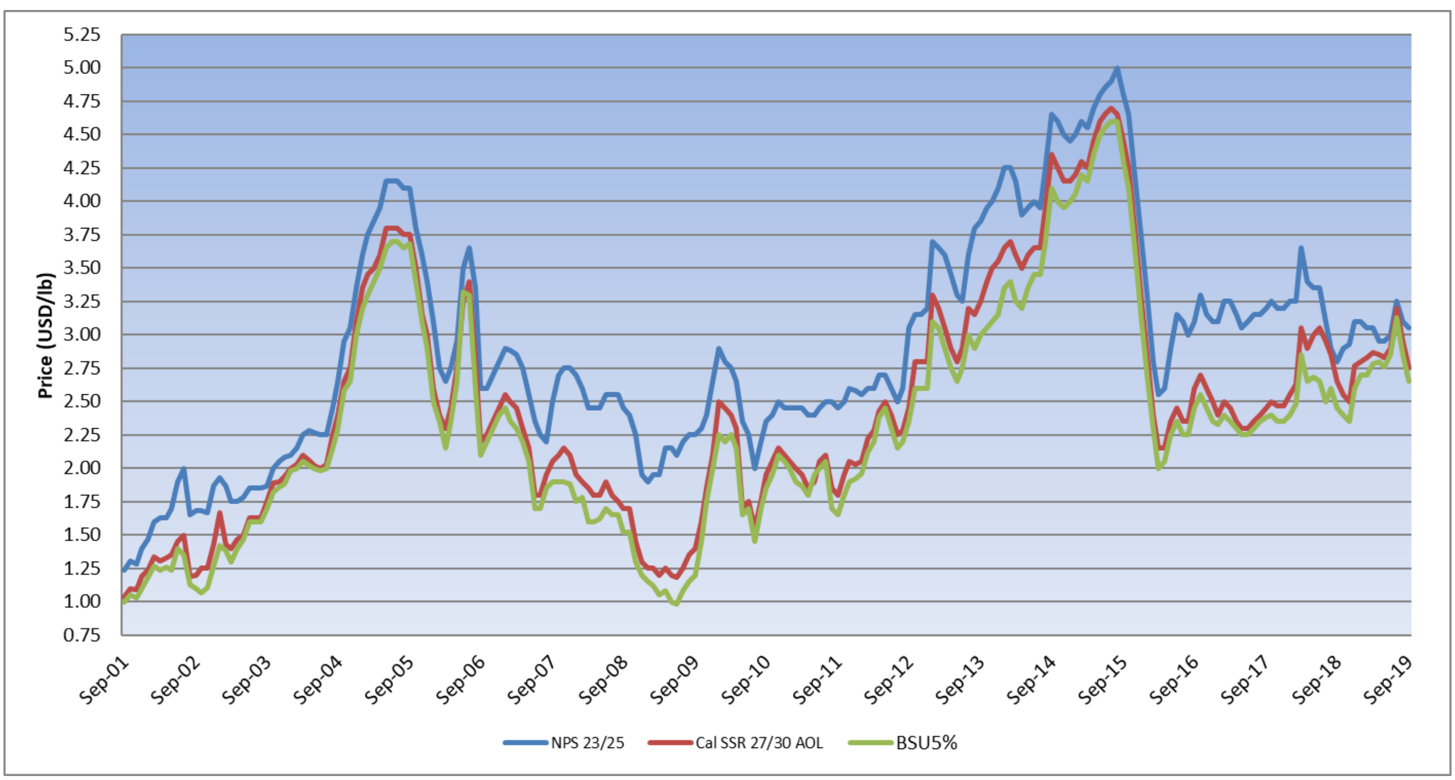
Regional Shipments

	August 2019		August 2018		% Change
EUROPE	**Shelled**	**Inshell**	**Shelled**	**Inshell**	
France	1,810,330	0	1,874,200	17,474	-4%
Germany	6,655,680	0	6,288,924	22,365	5%
Italy	4,162,700	55,751	2,453,941	32,495	70%
Netherlands	3,690,473	0	3,455,070	0	7%
Spain	13,792,790	30,087	12,355,203	17,120	12%
U.K.	1,432,854	0	1,915,183	0	-25%
MIDDLE EAST					
Jordan	353,500	0	84,000	0	321%
Saudi Arabia	608,000	0	391,750	0	55%
Turkey	642,000	402,160	697,300	33,750	43%
UAE	2,655,150	329,511	1,028,500	193,657	144%
ASIA					
China/HK	1,228,888	1,756,601	3,028,152	1,607,897	-36%
Japan	2,433,727	0	2,977,711	0	-18%
South Korea	1,988,782	0	4,173,446	0	-52%
Thailand	584,000	0	478,200	0	22%
India	341,925	19,421,025	520,994	21,706,293	-11%

Historical Pricing



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Conclusion

August shipments of 147.73 million pounds were respectable given the later harvest and more importantly, the lack of 2018 crop inventory. The ending inventory from the 2018 crop was adjusted downward by about 1 million pounds from the previous report. New sales for the month of August were about 193 million pounds compared to 238 million pounds a year ago. With that said, commitments continue to exceed last year by 8.95% or about 46 million pounds. Based on a crop size of 2.20 billion pounds, California is currently 29% sold (shipments + commitments). You can make the argument that California is currently marketing the 2019 crop based on 2.40 billion pounds. Assuming a crop size of 2.40 billion pounds, California is currently 27% sold. At this same time last season, California was 26% sold. As you can see, whether the crop is 2.20 billion pounds or 2.40 billion pounds, California is currently further sold this season compared to last year.

Domestic shipments for the month of August were down 4.6 million pounds compared to a year ago. Again, this shortfall can likely be attributed to a lack of available inventory to close out the 2018 crop year. On the export side, shipments were down 36% to China/HK mainly due to higher tariffs, China buying much larger volumes from Australia and buyers remaining cautious as prices slowly decreased over the last several weeks. Shipments to India were down 11%. 2018 crop availability combined with a later harvest in California likely were the culprits. India has also been hesitant to purchase new crop in any meaningful volumes due to a lack of stability in pricing. However, given the lower shipment figures for August, India was quick to return to the market after the report today, with trades being reported at or slightly higher than pre-shipment report levels. On a more positive note, shipments to Europe were up 14% compared to last August. Much of this business was contracted in late Spring and early Summer when inventory levels were slightly higher from the 2018 crop.

Harvest continues to progress throughout the state. Nonpareil receipts in the Southern counties and the Westside are reported to be up anywhere from 10-20% compared to a year ago. As you move North to the Central counties, Nonpareil receipts are reportedly flat to down 10% on average. Finally, in the Northern counties, Nonpareil receipts are seen down 10-20% on average. Sizing overall is trending a full size smaller (or more) than a year ago, with the largest kernels being reported in the counties where receipts are the furthest down. Attention will soon turn to the pollinator receipts. If pollinator receipts follow the same trend as Nonpareil receipts, the earlier higher estimates circulating in the market a few months ago are likely off the table. As mentioned above, California would appear to be marketing this crop based on 2.40 billion pounds. A crop of this size lends itself to very little growth in shipments. As a result, the industry can likely expect stable to slightly firmer prices in the event global demand picks up in the coming weeks.

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

Best Regards,
DERCO FOODS