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January 2020 Almond Position Report

January 2020 shipments were 220.50 million pounds. This is +5.2% compared to January 2019 shipments of 209.61 million pounds.

2019 Almond Supply

Carry-in from the 2018 crop:	318 million pounds
2019 estimated crop size:	2.520 billion pounds
Less 2% loss / exempt:	50 million pounds
Less shipments to date:	1.272 billion pounds
Less commitments:	600 million pounds
Remaining unsold supply:	916 million pounds

Receipts, Shipments & Inventory v. 2018 Season

Receipts:	+11.45%
Total supply v. 2018 season:	+8.26%
Shipments v. 2018 season:	+4.50%
Uncommitted inventory:	+11.90%

Receipts & Shipments

2019 crop receipts are 2.509 billion pounds, which is +11.45% compared to 2018 crop receipts of 2.251 billion pounds. January shipments of 220.50 million pounds are a new record, surpassing the previous record of 209.61 million pounds set in January 2019.

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

Domestic commitments of 299 million pounds are +19.84% and Export commitments of 301 million pounds are +3.91% compared to January 2019. Total commitments of 600 million pounds are +11.28% compared to last year. New sales for the month of January were about 210 million pounds.

Domestic Shipments

Domestic shipments were +9.0% at 71.17 million pounds. This is a new record, surpassing the previous record of 65.30 million pounds set in January 2019. New domestic sales for the month of January were about 50 million pounds.

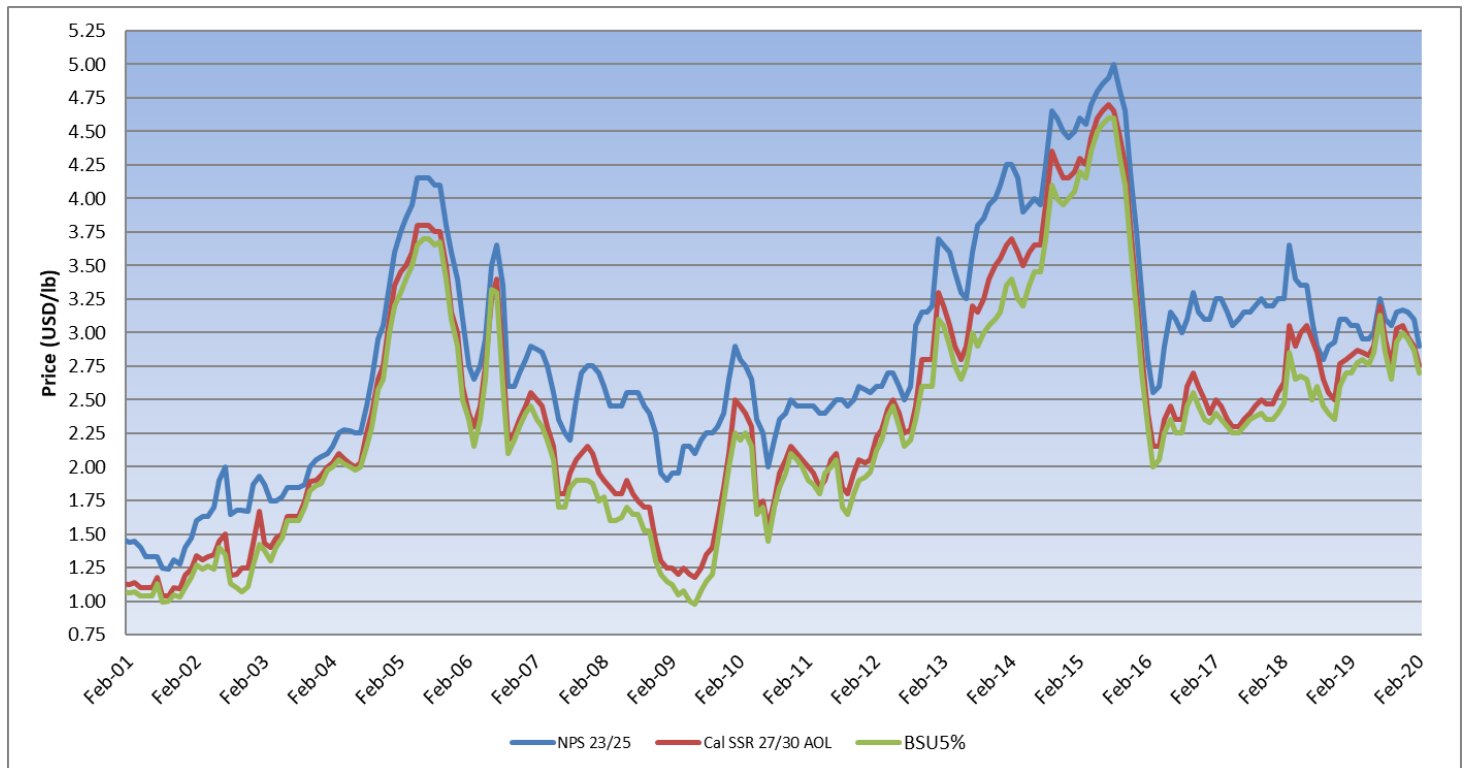
Export Shipments

Export shipments were +3.5% at 149.32 million pounds. This is a new record, surpassing the previous record of 144.31 million pounds set in January 2019. New export sales for the month of January were about 160 million pounds.

Regional Shipments

	<u>8/1/19-1/31/20</u>		<u>8/1/18-1/31/19</u>		<u>% Change</u>
<u>EUROPE</u>	<u>Shelled</u>	<u>Inshell</u>	<u>Shelled</u>	<u>Inshell</u>	
France	17,341,654	0	15,540,646	17,474	11%
Germany	64,197,634	61,200	52,347,113	67,597	23%
Italy	37,235,745	1,360,762	31,203,516	1,004,175	20%
Netherlands	37,023,203	19,958	35,994,742	0	3%
Spain	105,487,624	939,415	92,050,890	896,881	15%
U.K.	17,087,740	0	16,812,280	0	2%
<u>MIDDLE EAST</u>					
Jordan	5,965,350	400,731	5,722,750	188,530	8%
Saudi Arabia	14,702,850	422,408	11,748,050	280,136	26%
Turkey	24,757,750	16,125,596	12,396,091	9,114,565	90%
UAE	51,322,553	7,805,730	40,803,978	5,129,942	29%
<u>ASIA</u>					
China/HK	33,320,437	46,263,474	49,811,214	50,605,656	-21%
Japan	42,593,113	109,721	38,254,873	111,063	11%
South Korea	28,263,559	0	29,356,908	0	-4%
Thailand	2,966,640	1,079,434	3,232,800	326,204	14%
India	1,067,424	150,816,693	2,956,411	140,538,078	6%

Historical Pricing



Conclusion

January 2020 shipments were a new record, surpassing last year's record by more than 10 million pounds. January was the first month this season where both domestic and export shipments were new records. With total commitments up 11.28% (domestic +19.84% and export +3.91%), February is shaping up to be another strong shipment month and likely another record. New sales for the month of January were 210 million pounds, compared to 180 million pounds last year. Receipts during the month of January increased by 124 million pounds, compared to 49 million pounds last January. Year-to-date receipts are currently 2.509 billion pounds. At this time last season, California received an additional 9 million pounds before the end of the season. Assuming California receives between 10-20 million more pounds this season, the final 2019 crop size would be 2.52-2.53 billion pounds. Based on a final crop size of 2.53 billion pounds, California is currently 67% sold (shipments + commitments) compared to 68% sold at this same time last season.

Although it was great to see such strong shipments, this is likely overshadowed by the large increase in receipts. As recently as last month, many in the industry were of the opinion that the top-side potential for the 2019 crop was 2.5 billion pounds. Now that receipts have exceeded this figure (with more still to be received), today's report is arguably more bearish than bullish. Based on a final crop size of 2.53 billion pounds, California would need to ship 80 million more pounds (+8%) over the course of the remaining 6 months compared to last year in order to bring the ending inventory/carry-out down to 400 million pounds. To get the carry-out down to 350 million pounds, California needs to ship 130 million pounds more (+12%) over the course of the next 6 months compared to last season. With commitments tracking ahead of last season by 61 million pounds (with a large percentage of those commitments to ship in the next 60 days), California is taking a positive step in the right direction.

Over the course of the past month, pricing in California has been trending downwards for all items. After the release of today's report, some limited business has been reported \$0.05-0.10/lb less than pre-shipment report levels. It is worth noting that current prices for most items are very similar to the levels traded in the late Spring and early Summer of 2019 when expectations for the 2019 crop size ranged between 2.50-2.60 billion pounds. Although the industry didn't believe the 2.20 billion-pound official estimate, it did adopt a new range between 2.35-2.45 billion pounds. Over the course of the first 6 months of the season, prices in California increased by about \$0.30/lb for most items. Fast forward to today and we can see that almonds are again trading at levels in line with initial crop expectations.

Bloom will take place over the next several weeks in California. Should California receive favorable bloom conditions, most growers in the central and northern producing regions would expect their yields per acre to improve for the 2020 crop compared to this season. In the southern producing region and the Westside, yields per acre are expected to be slightly down after a very strong showing this crop year. This of course is purely based on the rationale that with the right bloom/growing conditions, production tends to increase after a down year and decrease after a strong year. When you take this into account, along with the increase in bearing acreage, most people would expect (as of today) for the 2020 crop to be at least comparable (if not larger) than the 2019 crop. By next shipment report, we should have a little better feel for the 2020 crop having gone through most, if not all of bloom.

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

Best Regards,
DERCO FOODS