

February 2020 Almond Position Report

February 2020 shipments were 201.78 million pounds. This is +7.9% compared to February 2019 shipments of 186.95 million pounds.

2019 Almond Supply

Carry-in from the 2018 crop:	318 million pounds
2019 estimated crop size:	2.550 billion pounds
Less 2% loss / exempt:	51 million pounds
Less shipments to date:	1.473 billion pounds
Less commitments:	589 million pounds
Remaining unsold supply:	755 million pounds

Receipts, Shipments & Inventory v. 2018 Season

Receipts:	+11.87%
Total supply v. 2018 season:	+8.63%
Shipments v. 2018 season:	+4.96%
Uncommitted inventory:	+9.75%

Receipts & Shipments

2019 crop receipts are 2.531 billion pounds, which is +11.87% compared to 2018 crop receipts of 2.262 billion pounds. February shipments of 201.78 million pounds are a new record, surpassing the previous record of 190.13 million pounds set in February 2018 and bettering February 2019 shipments by about 15 million pounds.

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

Domestic commitments of 292 million pounds are +22.39% and Export commitments of 297 million pounds are +12.94% compared to February 2019. Total commitments of 589 million pounds are +17.43% compared to last year. New sales for the month of February were about 192 million pounds.

Domestic Shipments

Domestic shipments were +10.2% at 64.36 million pounds. This is a new record, surpassing the previous record of 58.41 million pounds set in February 2019. New domestic sales for the month of February were about 58 million pounds.

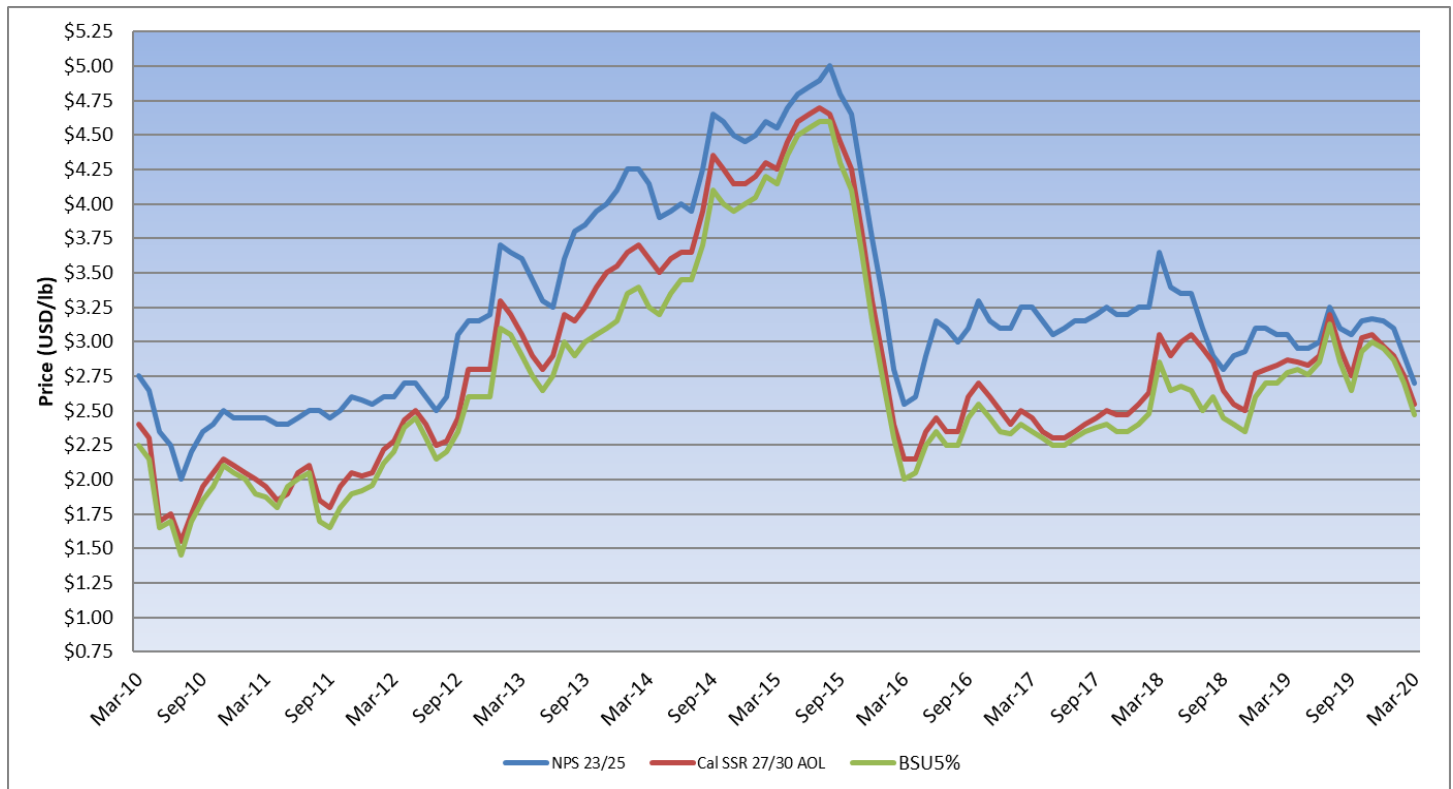
Export Shipments

Export shipments were +6.9% at 137.42 million pounds. This is a new record, surpassing the previous record of 136.38 million pounds set in February 2018 and bettering February 2019 shipments by about 9 million pounds. New export sales for the month of February were about 134 million pounds.

Regional Shipments

	<u>Aug 2019 - Feb 2020</u>		<u>Aug 2018 - Feb 2019</u>		<u>% Change</u>
	<u>Shelled</u>	<u>Inshell</u>	<u>Shelled</u>	<u>Inshell</u>	
<u>EUROPE</u>					
France	20,136,314	0	18,754,481	0	7%
Germany	75,604,620	122,400	63,370,740	67,597	19%
Italy	44,486,519	1,642,548	37,148,616	1,183,339	20%
Netherlands	43,848,131	16,958	42,534,792	0	3%
Spain	122,766,998	1,106,849	112,099,107	1,132,620	9%
U.K.	20,098,962	0	20,083,135	0	0%
<u>MIDDLE EAST</u>					
Jordan	7,285,350	400,731	7,130,400	188,530	5%
Saudi Arabia	16,905,100	454,174	14,299,200	364,047	18%
Turkey	28,698,055	17,326,006	14,059,555	11,583,760	79%
UAE	57,797,053	8,043,866	47,332,686	5,474,563	25%
<u>ASIA</u>					
China/HK	34,621,856	46,652,296	51,679,167	51,256,372	-21%
Japan	51,767,099	109,721	46,557,397	111,063	11%
South Korea	32,613,319	0	34,276,162	0	-5%
Thailand	3,406,740	1,079,434	3,843,161	427,643	5%
India	1,504,899	173,161,180	3,075,135	154,384,122	11%

Historical Pricing



Conclusion

February shipments of 201.78 million pounds are a new record and in line with industry expectations. Given the current supply scenario, anything less than record shipments for the remainder of the crop year would be a step backwards for the industry. New sales for the month of February were 192 million pounds compared to 150 million pounds last year. With prices decreasing by about \$0.25/lb in the past month, strong new sales were to be expected as buyers took advantage of more attractive pricing. With total commitments up 17.43% (domestic +22.39% and export +12.94%), you can expect record shipments for next month, as well. Receipts currently stand at 2.531 billion pounds, which is an increase of about 22 million pounds from last month. Based on industry expectations for a final crop size of around 2.55 billion pounds, California is currently 73% sold (shipments + commitments) compared to 74% sold at this same time last year.

Shortly following the release of the January shipment report last month, prices quickly began to decrease. With greater than expected supply combined with excellent bloom conditions, sellers scrambled to increase their sold positions. NPIS went from \$2.20/lb down to \$2.00/lb. NPX 23/25 AOL went from \$2.95/lb down to \$2.75/lb. BSU5% went from \$2.70/lb down to \$2.50/lb. For the last two weeks, we have seen prices stabilize at these levels. With the global spread of the Coronavirus, this too is creating uncertainty in markets around the world. You can make the argument that this is also factored into current pricing. On an encouraging note, the number of new cases and the death rate has been decreasing in China to the point businesses are reopening and new demand from Chinese buyers has been seen in the last couple weeks.

Last season, California shipped 860 million pounds between March and July. Year-to-date shipments are currently tracking 5% ahead of last season. Assuming California maintains this 5% increase in shipments for the remainder of the season, the carry-out will be about 440 million pounds. In recent weeks, there has been talk in California of a potential 2020 crop size of +/- 2.75 billion pounds. Should a crop of this size materialize, combined with a carry-in of 400+ million pounds, the industry will be looking at a total saleable supply of over 3 billion pounds compared to 2.82 billion pounds this season. Even with a larger carry-out this season, buyers should expect for a few items to still be a little more difficult to find towards the end of the season. Although the 2019 crop is 280 million pounds larger than the 2018 crop, it is worth noting that receipts for Mission-Type varieties are about 10% down or 48 million pounds less than last year. Nonpareil, Independence and Monterey varieties are largely responsible for the increase in crop size this season.

By this time next month, we can expect to see the first unofficial crop estimates being released in the industry. New crop sales have been limited to date. With the potential for a larger supply next season, we expect buyers to remain patient and wait for more information before covering their new crop needs. As for current crop, a continued hand-to-mouth buying strategy is to be expected.

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

Best Regards,
DERCO FOODS