

August 2020 Almond Position Report

August 2020 shipments were 193.05 million pounds. This is +30.7% compared to August 2019 shipments of 147.73 million pounds.

2020 Almond Supply

Carry-in from the 2019 crop:	450 million pounds
Estimated 2020 crop size:	3.000 billion pounds
Less 2% loss / exempt:	60 million pounds
Less shipments to date:	193 million pounds
Less commitments:	1.056 billion pounds
Remaining unsold supply:	2.141 billion pounds

Receipts, Shipments & Inventory v. 2019 Season

Receipts:	+35.83%
Total supply v. 2018 season:	+39.28%
Shipments v. 2018 season:	+30.68%
Uncommitted inventory:	-173.73%

Receipts & Shipments

2020 crop receipts are 272 million pounds, which is +35.83% compared to 2019 crop receipts of 200 million pounds. August shipments of 193.05 million pounds are a new record, surpassing the previous record of 170.02 million pounds set in August 2016 and bettering August 2019 shipments by 45.32 million pounds.

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

Domestic commitments of 413 million pounds are +89.42% and Export commitments of 643 million pounds are +87.24% compared to August 2019. Total commitments of 1.056 billion pounds are +88.09% compared to last year. New sales for the month of August were about 288 million pounds.

Domestic Shipments

Domestic shipments were +5.6% at 65.93 million pounds. This is the third largest August or about 1.32 million pounds less than the record set in August 2017. New domestic sales for the month of August were about 35 million pounds.

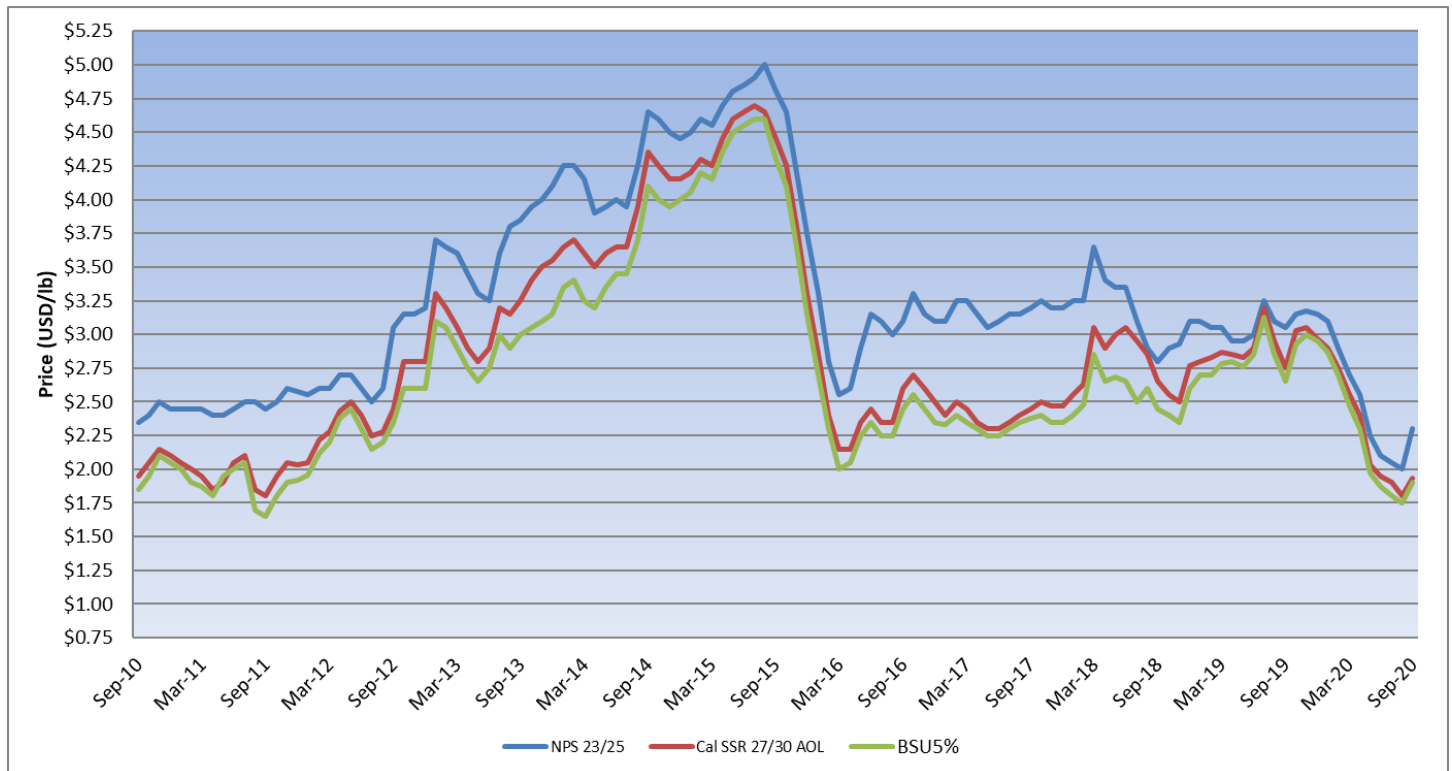
Export Shipments

Export shipments were +49.1% at 127.12 million pounds. This is a new record, surpassing the previous record of 111.22 million pounds set in August 2016 and bettering August 2019 export shipments by 41.87 million pounds. New export sales for the month of August were about 253 million pounds.

Regional Shipments

	<u>August 2020</u>		<u>August 2019</u>		<u>% Change</u>
	<u>Shelled</u>	<u>Inshell</u>	<u>Shelled</u>	<u>Inshell</u>	
<u>EUROPE</u>					
France	2,652,700	0	1,810,330	0	47%
Germany	9,458,496	0	6,655,680		42%
Italy	7,065,000	95,413	4,162,700	55,751	70%
Netherlands	5,907,177	0	3,690,473		60%
Spain	15,506,133	31,707	13,792,790	30,087	12%
U.K.	2,521,050	0	1,432,854	0	76%
<u>MIDDLE EAST</u>					
Jordan	802,000	31,950	353,500	0	136%
Turkey	570,016	1,016,171	642,000	402,160	52%
UAE	3,207,800	1,123,930	2,655,150	329,511	45%
<u>ASIA</u>					
China/HK	2,488,117	1,989,347	1,228,888	1,756,601	50%
Japan	2,753,364	0	2,433,727	0	13%
South Korea	2,923,636	0	1,988,782	0	47%
Thailand	733,800	0	584,000	0	26%
India	153,250	40,387,837	341,925	19,421,025	105%

Historical Pricing



Conclusion

The 2020 crop year is off to a fantastic start. August shipments were a record 193.05 million pounds, up about 45 million pounds compared to last year. With a larger carry-in from last season, attractive prices and an increased appetite for new crop NPIS, this doesn't come as a complete shock. Crop receipts through August are up 35% or about 72 million pounds more than last season at this time. August was a very active month with new sales of about 288 million pounds compared to 193 million pounds in August 2019. Total commitments are up 88% or 494 million pounds more than last year, with both domestic and export commitments up 89% and 87% respectively. Based on a crop size of 3.00 billion pounds, California is currently 37% sold (shipments + commitments) compared to 25% sold at this same time last season. Buyers have been clearly taking advantage of historically low prices, while California has been willing to sell!

Since the July shipment report, prices in California have increased by about \$0.20/lb or more for most items. Several factors have contributed to this increase:

- Global demand from all major markets has increased dramatically this past month.
- Early crop receipts have reflected smaller sizing compared to the last few seasons.
 - Growers are reporting that average sizes for Nonpareil and Independence varieties are at least a full size smaller than last year.
- Demand for NPIS from India and more recently China, has been very robust.
- With Nonpareil kernel prices heavily discounted to unsized NPIS, there has been a lack of selling interest from California to offer kernels.
 - This dynamic has slowly changed in the last two weeks with buyers finally agreeing to pay higher prices for NP kernels, particularly in sizes 25/27 and 27/30.
- Demand from the U.S domestic market for standard and commercial grade material has been substantial, resulting in prices on the lower end of the market also increasing by as much as \$0.20/lb.
- Buying interest has exceeded selling interest for much of the past month.
 - With commitments tracking considerably higher these last few months, seller participation has been limited, especially as packers' find their season pools very well sold for this time of year.

Based on early receipt data, crop size expectations continue to range within initial industry estimates. While it is very encouraging to see such strong shipments and commitments on the books, there is still a much larger supply of almonds to move this season. We would expect continued participation from sellers, particularly call pool growers, in the weeks ahead as prices have increased to more palatable levels. It is also worth noting that we may see a slowdown in demand from several overseas markets – especially India and some countries in Europe – given such strong shipments and likely forward commitments. With that said, there does appear to be several key markets that are still uncovered for the next few months – in particular The Middle East and China. For now, sellers appear to be in the driver's seat, but given the increased supply in California, we would expect to see a willingness to continue to sell into what is expected to be a firm market for the weeks and (hopefully) months ahead.

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

Best Regards,
DERCO FOODS