DERCO FOODS®

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July 2021 Almond Position Report

July 2021 shipments were 229.39 million pounds. This is +27.3% compared to July 2020 shipments of 180.13 million pounds.

2020 Almond Supply

Carry-in from the 2019 crop:	450 million pounds
2020 crop size:	3.107 billion pounds
Less 2% loss / exempt:	62 million pounds
Less shipments to date:	2.898 billion pounds
Less commitments:	344 million pounds
Remaining unsold supply:	253 million pounds

Receipts, Shipments & Inventory v. 2019 Season

Receipts:	+21.78%
Total supply v. 2019 season:	+24.00%
Shipments v. 2019 season:	+22.16%
Uncommitted inventory:	+39.11%

Receipts & Shipments
2020 crop receipts are 3.107 billion pounds, which is +21.78% compared to 2019 crop receipts of 2.551 billion pounds. July shipments of 229.39 million pounds are a new record, surpassing the previous record of 180.13 million pounds set in July 2020. 2020 crop shipments of 2.898 billion pounds are +22.16% compared to 2019 crop shipments of 2.372 billion pounds.

Commitments (Almonds that are sold, but not yet shipped)
2020 crop domestic commitments of 163 million pounds are +4.86% and 2020 crop export commitments of 181 million pounds are +66.21% compared to July 2020. Total 2020 crop commitments of 344 million pounds are +30.13% compared to last year. New 2020 crop sales for the month of July were about 78 million pounds. New 2021 crop sales during the month of July were about 115 million pounds.

Domestic Shipments
Domestic shipments were +4.0% at 70.89 million pounds. This is a new record, surpassing the previous record of 68.15 million pounds set in July 2020. New 2020 crop domestic sales for the month of July were about 26 million pounds. New 2021 crop domestic sales during the month of July were about 22 million pounds.

Export Shipments
Export shipments were +41.5% at 158.50 million pounds. This is a new record, surpassing the previous record of 111.98 million pounds set in July 2020. New 2020 crop export sales for the month of July were about 52 million pounds. New 2021 crop export sales during the month of July were about 93 million pounds.

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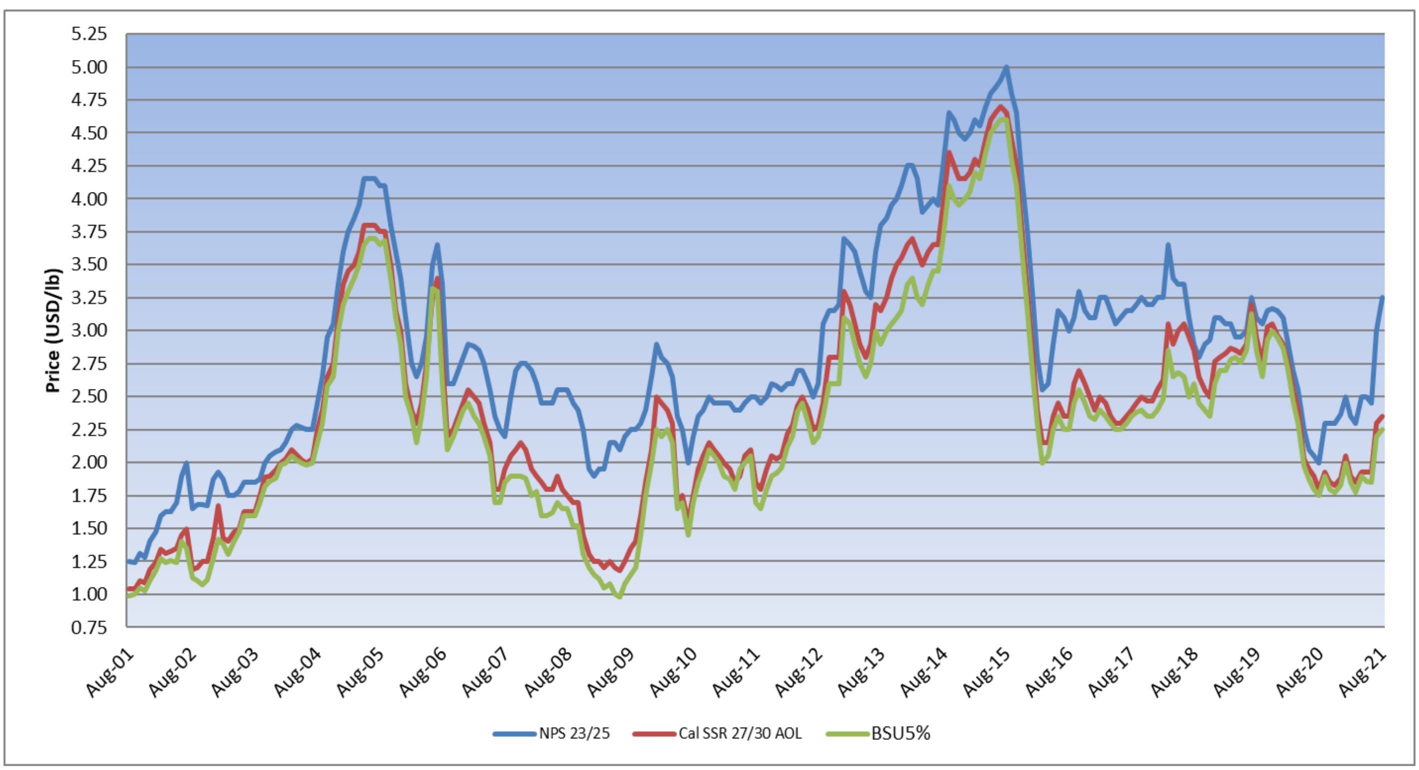
Regional Shipments

	Aug. 2020 - July 2021		Aug. 2019 - July 2020		% Change
EUROPE	**Shelled**	**Inshell**	**Shelled**	**Inshell**	
France	34,854,433	0	30,523,920	0	14%
Germany	157,048,969	61,200	133,804,641	122,400	17%
Italy	94,794,356	1,996,488	74,641,053	2,026,646	26%
Netherlands	93,644,439	0	73,737,117	16,958	27%
Spain	237,521,133	1,422,376	191,215,143	1,348,314	24%
U.K.	41,471,497	0	34,140,937	0	21%
MIDDLE EAST					
Israel	15,288,110	366,060	13,389,450	1,124,077	8%
Jordan	11,972,375	820,674	11,937,150	687,170	1%
Saudi Arabia	22,777,260	296,868	22,610,391	537,455	0%
Turkey	53,415,283	13,283,177	43,486,101	17,895,423	9%
UAE	110,221,974	12,396,564	75,974,238	10,343,413	42%
ASIA					
China/HK	85,428,551	76,916,868	45,997,411	52,549,907	65%
Japan	92,019,947	3,460	84,778,124	172,622	8%
South Korea	76,676,062	0	56,096,995	0	37%
Vietnam	29,208,591	4,808,548	13,476,894	900,790	137%
India	8,517,272	353,549,428	2,808,574	252,963,458	42%

Historical Pricing



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Conclusion

July 2021 shipments of 229.39 million pounds are a new record, bettering the previous record in July 2020 by 49 million pounds. Total 2020 crop shipments of 2.898 billion pounds are also a massive new record, surpassing 2019 crop shipments by about 526 million pounds. Even with an increase in total supply for the 2020 crop of 24%, the industry has succeeded in increasing shipments by more than 22% – an accomplishment many would have doubted was possible a year ago. New 2020 crop sales during the month of July were about 78 million pounds, bringing the ending uncommitted inventory to 253 million pounds compared to 182 million pounds a year ago. As of today – before the final loss and exempt figures are adjusted – the carryout from the 2020 crop is 596 million pounds compared to 450 million pounds last year. New 2021 crop sales during the month of July totaled 115 million pounds. To date, new crop commitments are 442 million pounds compared to 696 million pounds at this time last year.

With shipments up substantially compared to a year ago, it comes as no surprise that shipments to all major markets were up for the 2020 crop year. Export shipments were up 30.78%, while domestic shipments were up a modest 4.37%. It is worth highlighting some of the key export markets responsible for the large increase in shipments. First and foremost, 2020 crop shipments to India were up 106 million pounds compared to a year ago, solidifying itself as the country with the single largest shipments in the world. Shipments to Europe during the 2020 crop year increased by 146 million pounds, with Western Europe increasing by 126 million pounds and Eastern Europe increasing by 20 million pounds compared to last season. 2020 crop shipments to China/HK increased by 64 million pounds, with all of Northeast Asia increasing by 95 million pounds. 2020 crop shipments to the Middle East increased by 43 million pounds, in large part due to the UAE increasing shipments by 36 million pounds compared to a year ago. Lastly, shipments to North Africa increased by 45 million pounds, with the largest increase seen in Morocco, which increased by 38 million pounds.

The industry can't take for granted that the main driver for these record shipments this past season was price. At today's higher prices, global shipments are likely to decrease and will need to if the 2021 crop is 2.80 billion pounds. However, even with a crop of 2.80 billion pounds and a carry-in of 600 million pounds, the total supply for the 2021 crop year will only be about 150 million pounds less than this past season. This is where you can make the argument that the fear of an ongoing drought in California is currently being factored into today's higher prices. Growers and processors are wanting to be less sold going into the winter months this season. This is already evident with California being 254 million pounds less sold than at this same time last year.

Last month, the Objective Estimate was released on the lower end of expectations at 2.80 billion pounds. Prior to the estimate, much of the industry was expecting a crop size in the range of 3.00-3.20 billion pounds. In the past month, prices have increased anywhere from $0.30-0.80/lb depending on item. The largest increase can be seen on Nonpareil – for both inshell and kernels. This is understandable given that NASS is forecasting a shorter Nonpareil crop and given the fact that NPIS and good quality NPX were in large part sold out this past Spring before the end of the crop year. With demand for NPIS being so strong this past season and with inshell bringing such a large premium, California will undoubtedly make more NPIS as a percentage of the Nonpareil crop size. However, depending on how short the Nonpareil crop is this upcoming season, supply of NPIS may very well still be down. With that said, supply of good quality NPX will likely be even further down compared to a year ago.

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California continues to manage through unprecedented shipping difficulties, which has led to delays in shipments, longer transit times, increased freight costs and lower inventory levels at some destinations. In turn, prices in local markets have also increased as replacement costs from California have continued to rise. Unfortunately, there appears to be little relief in sight when it comes to shipping. With this in mind, demand for early shipments from several markets will likely remain strong, which should keep prices firm.

Harvest in just underway in California, with some processors reporting lower yields and smaller sizing on their early receipts. It is worth noting that early receipt information has a tendency to be negative, with yields and sizing typically improving as more of the crop is received. In the coming weeks, the industry will have a better feel for how the 2021 crop is trending. Just about the only thing certain for now is that this upcoming season is going to be another interesting one!

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

Best regards,
DERCO FOODS