

ALMOND MARKET update

Monday, November 12th 2018

October 2018 SHIPMENTS REPORT

The Almond Board of California released the October position report.

Following a disappointingly weak September report, the market quieted and pricing softened a month ago. The few cent loss quickly recouped as activity resumed. Pricing softened slightly again about 10 days ago as more sellers entered the market, but activity picked up considerably over the past several days and brought a firmness back. The Middle East has been very active, and China has seemed to steadily buy.

DEMAND

October Shipments: 247m lbs +0.3% (-6% YTD)

Exports: +385m lbs -9.2% YTD

US Shipments: 185m lbs +2% YTD

Total Supply: 1.88b lbs -0.8% YTD

Commitments: 587m lbs -13.3%

Uncommitted inventory: 725m lbs +17.9%

Currency: USD strengthening, not helping much buyers (USD 1.13/Euro)

2018 CROP

Receipts YTD were 1.55 billion lbs. +1.6 %

<i>figures expressed in Lbs</i>	October 2018 Position Report					
	month			Crop year		
	CY	PY	%	2018-2019	2017-2018	%
Carryin				359.012.851	398.677.112	-9,95
Crop receipts				1.553.625.843	1.529.072.022	1,6
2% L/E				- 31.072.517	- 30.581.440	1,6
New Crop Marketable				1.522.553.326	1.498.490.582	1,6
TOTAL SUPPLY				1.881.566.177	1.897.167.694	-0,8
Shipments Usa	68.183.455	63.912.003	6,7	185.311.214	181.601.089	2,0
Shipments Export	178.926.226	182.576.345	-2,0	384.880.204	424.035.698	-9,2
TOTAL SHIPMENTS	247.109.681	246.488.348	0,3	570.191.418	605.636.787	-5,9
TOTAL INVENTORY				1.311.374.759	1.291.530.907	1,5
Committments Usa				252.857.841	258.469.940	-2,2
Committments Export				333.729.603	418.280.333	-20,2
TOTAL COMMITMENTS				586.587.444	676.750.273	-13,3
UNCOMMITTED INVENTORY				724.787.315	614.780.634	17,9

Receipts & Shipments

Receipts through the month of October are 1.554 billion pounds, which is +1.61% or up about 25 million pounds compared to this same time last season. Shipments of 247.11 million pounds are a new record, surpassing October 2017 shipments by 0.62 million pounds and bettering the previous record of 246.49 million pounds set in October 2017.

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

Domestic commitments of 253 million pounds are -2.17% and Export commitments of 334 million pounds are -20.21% compared to October 2017. Total commitments of 587 million pounds are -13.32% compared to last year. New sales for the month of October were about 277 million pounds.

Domestic Shipments

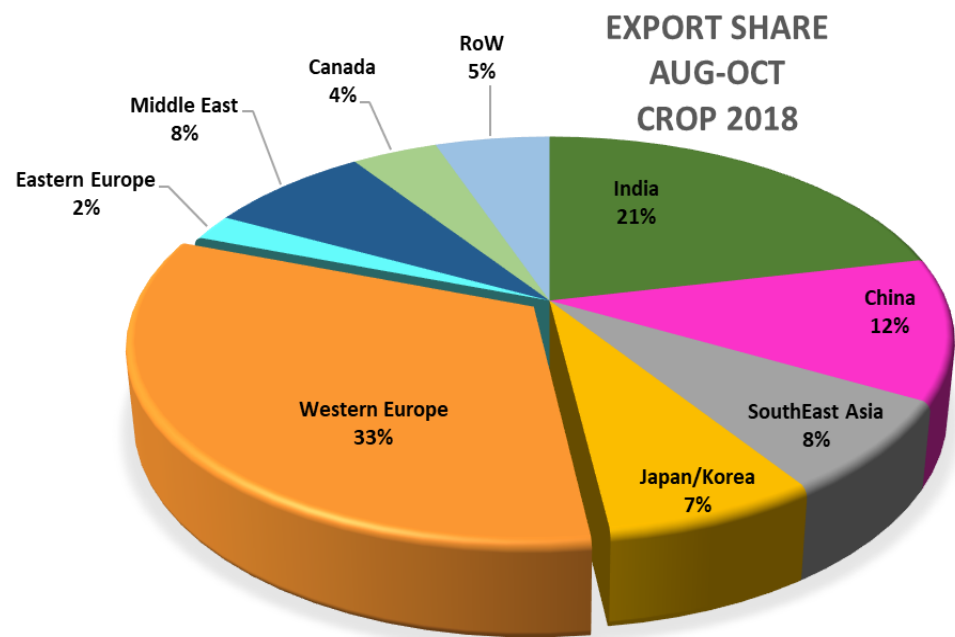
Domestic shipments were +6.7% at 68.18 million pounds. This is a new record surpassing the previous record of 64.23 million pounds set in October 2014 and bettering October 2017 shipments by 4.27 million pounds. New domestic sales for the month of October were about 81 million pounds.

Export Shipments

Export shipments were -2.0% at 178.93 million pounds. This is the second largest October or 3.65 million pounds less than the record set in October 2017. New export sales for the month of October were about 196 million pounds.

Top 10 importers Crop 2018 - 2019

Aug - Oct	Tot - m/lbs	Chg PY	Export Share
India	82,6	2,6%	21,5%
Spain	45,2	-0,1%	11,7%
China/HK	44,5	-30,8%	11,6%
Vietnam	23,4	30,8%	6,1%
Germany	23,3	-24,4%	6,1%
Japan	15,9	-3,9%	4,1%
Canada	15,7	13,1%	4,1%
Italy	15,2	-6,2%	3,9%
The Netherlands	14,5	22,0%	3,8%
UAE	12,6	-55,0%	3,3%
Total top 10	292,9	-10,9%	76,1%
	Chg PY		



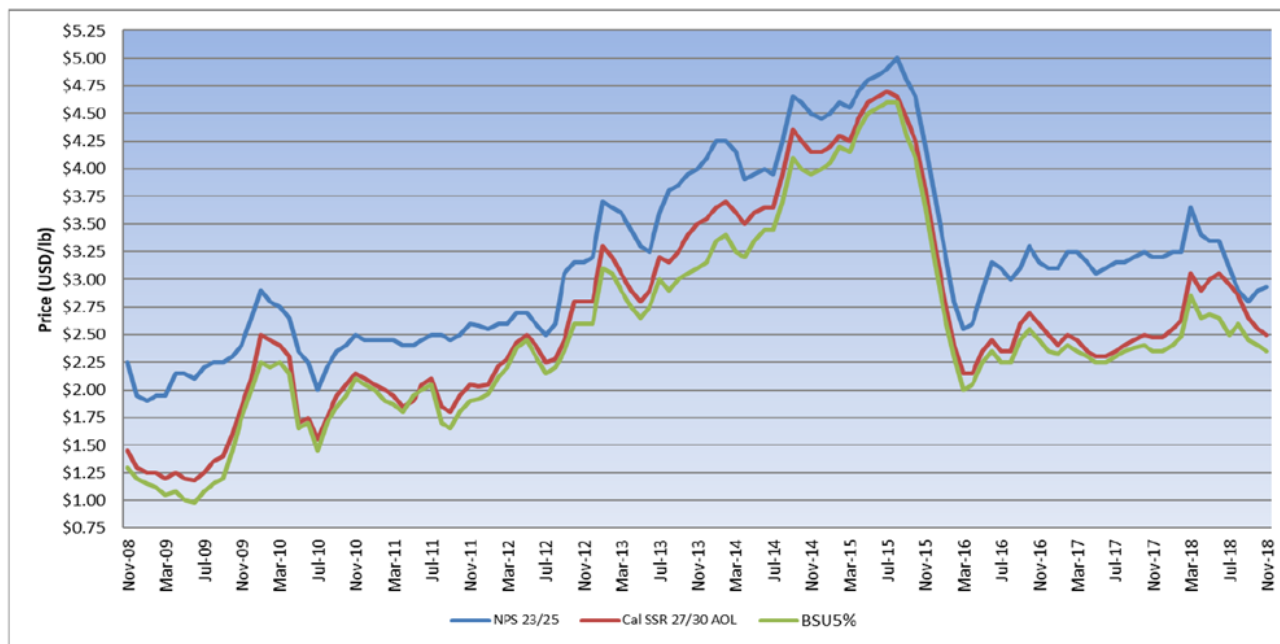
Market Outlook

Harvest is complete. Shelling is going quickly and most are on track to finish earlier than last year.

Insect Damage remains below last year and historically high at 1.7%

Crop size (volume) seems on track for 2.30 billion lbs. based on receipts. Industry expectations seem to remain in the 2.3 to 2.35 billion lb. range.

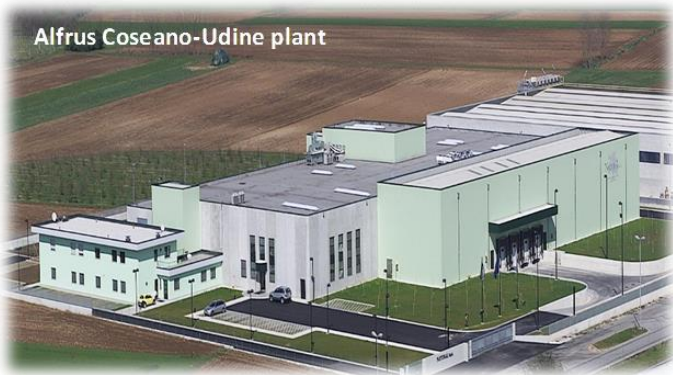
Historical Pricing



The market is starting to take more form now as business is getting done at market levels that are good for all parties. Given the later crop, shipments are starting to catch up. Additionally, the USD strength versus the other currencies continues to add pressure.

With favorable weather and expectations of an even bigger crop coming, prices should remain stable through the crop year. It is still suspected that particular sizes and varieties may become harder to find as we get into the crop year. Thus we are continuing to see pricing differentials between Nonpareil and the other California varieties closer than historically seen.

Demand for November and December is looking very strong. Business should remain consistent and growth will match supply for the foreseeable future.



Similar to last month, a large percentage of demand in recent weeks has come courtesy of China. It has been encouraging to see demand from the Middle East, especially from Dubai increase in the last few weeks as well. While demand from Europe and especially India has been lackluster this past month, business has picked up slightly in the last week or two. It is expected to see a continued increase in

demand from these markets in the coming weeks. Domestic demand remains strong as U.S buyers are happily taking advantage of attractive pricing in a growing consumer market. Buyers outside of the U.S have been solely focused on a hand to mouth purchasing strategy. In such markets, farmers tend to see more pricing stability, and much like today, surprisingly strong shipments.



After today's report, we expect buyers will be a little more willing to take on an inventory position for later shipments. While we also expect to potentially see a slight increase in pricing, sellers will likely continue to sell into this market. With California currently undersold (even based on a smaller than expected crop) compared to historical figures, this would help further increase its sold position and more importantly take away some of the much-anticipated selling pressure during the second half of this season.

Coming up

November Position Report: December 11, 2018

As always, please advise your needs so our teams in Bari and Coseano facilities may assist you.

Thank you for your continued trust and business.