

ALMOND MARKET update

Friday, October 12th 2018

September 2018 SHIPMENTS REPORT

DEMAND

Sept shipments: : 169 m/lbs -11.4% (-10% YTD)

Exports: 119 m/lbs -15.2% (-14.7% YTD)

US Shipments: 50 m/lbs -0,7% (-0,5% YTD)

Tot supply: 1.18 b/lbs -4,1%

Committments: 557 m/lbs -22.8%

Uncommitted inventory: 295 m/lbs +103.9%

Currency: The EURO strengthened slightly, currently at 1.16 to the Euro

2018 CROP

Receipts YTD were 833 m/lbs. vs. 844 m/lbs YTD.

The Almond Board released the September position report for the 2018 crop today. Receipts are off versus same time last year by -1.29%, which may not seem like much if not for the estimate stating a much larger crop coming...logic indicates we should be receiving more tonnage as a result.

Shipments: September shipments trail last year's shipments by 21.73 million pounds. Additionally, for the new crop year this puts the industry behind by -36 million pounds YTD versus this same period last year. This mirrors the first two months of last year as well. If we follow the same pattern as we did last year, from October thru April

each month was a record shipment month. Will that be repeated?

Prices: After the release of the August shipment report last month, pricing in California dropped down to the lowest levels we have seen this season. Buyers from all global markets took notice and quickly came in to buy. With buyers taking a very disciplined hand-to-mouth approach, most of the business was for October and early November shipment.

<i>figures expressed in Lbs</i>	September 2018 Position Report					
	month			Crop year		
	CY	PY	%	2018-2019	2017-2018	%
Carryin				359.012.851	398.677.112	-9,95
Crop receipts				833.373.867	844.226.706	-1,3
2% L/E				16.667.477	16.884.534	-1,3
New Crop Marketable				816.706.390	827.342.172	-1,3
TOTAL SUPPLY				1.175.719.241	1.226.019.284	-4,1
Shipments Usa	50.079.897	50.442.039	-0,7	117.127.759	117.689.086	-0,5
Shipments Export	118.774.469	140.139.648	-15,2	205.953.978	241.459.353	-14,7
TOTAL SHIPMENTS	168.854.366	190.581.687	-11,4	323.081.737	359.148.439	-10,0
TOTAL INVENTORY				852.637.504	866.870.845	-1,6
Committments Usa				240.359.889	273.346.267	-12,1
Committments Export				316.827.901	448.603.168	-29,4
TOTAL COMMITMENTS				557.187.790	721.949.435	-22,8
UNCOMMITTED INVENTORY				295.449.714	144.921.410	103,9

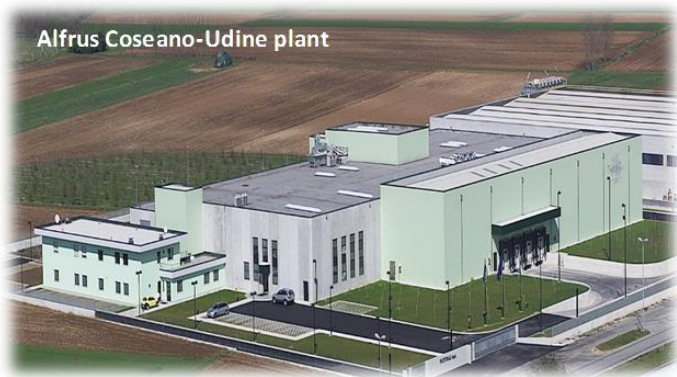
In the past three weeks, prices have rebounded and increased by about \$0.15/lb from the lows seen in mid-September. Today, most packers are indicating that their production is fully booked demand for October and November is looking very strong.

Pricing is matching demand very well at the current market levels we are seeing today. Business should remain bullish for the foreseeable future. There might likely be an increase in selling interest after today's report.

Given the slow start to shipments this season, we also expect to see an increase in buying interest, especially from a few key markets who are uncovered and unaffected by current geopolitical issues. Like much of last season, many expect to see prices continue to trade within a tight range, with limited upside and downside from current price levels.

Top 10 importers Crop 2018 - 2019

Aug - Sep	Tot - m/lbs	Chg PY	Export Share
India	55,9	10,0%	27,1%
Spain	24,6	-10,3%	11,9%
China/HK	18,2	-37,7%	8,8%
Germany	11,6	-34,8%	5,6%
Canada	9,6	3,8%	4,7%
Vietnam	9,5	-4,2%	4,6%
The Netherlands	8,2	17,4%	4,0%
Japan	7,6	-17,0%	3,7%
S.Korea	7,3	23,6%	3,5%
Italy	6,6	-30,4%	3,2%
Total top 10 Chg PY	159,1	-15,5%	77%



Crop estimate: crop estimate remains confirmed at 2.45 billion pounds for 2018. However, there are many in the industry who strongly believe that this crop will be at least 100 million pounds less than the estimate

Sold position: Based on the 2.45 billion-pound estimate, California is currently 32% sold (shipments + commitments) compared to 41% at this same time last season.

Market Outlook: The commitments are reflecting both the buyer's uncertainty/unwillingness to purchase out in advance and seller's unwillingness to sell too far out. The grower is not confident in the supply.

The harvest is almost complete. Reports are describing Nonpareil off and kernels smaller, but to what degree is only speculation, as it is early in the processing timeline. Quality appears to be better than

last year. The pollinizers are also said to be off versus last year, thus far the Carmel is indicating high doubles once more.

Year-to-date shipments are 36 million pounds less than last year and commitments are 165 million pounds less than last year. It is worth noting that October shipments will likely account for a larger than normal percentage of September's commitment figures given how focused buyers have been on prompt shipment.

As expected, India is carrying the export market, while shipments to the U.S. domestic market are tracking nearly identical to last year. Shipments to Western Europe are down, but given the smaller carryout and later harvest, this isn't completely unexpected. Unfortunately, markets like Turkey and Dubai are still feeling the effects of a strong USD, with YTD shipments down to their markets by 78% and 55% respectively.

Coming up

October Position Report: November 9, 2018

For those of you attending SIAL Paris, we invite you to visit us at Alfrus booth Hall 5 a H 155.

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

Thank you for your continued trust and business.



Alfrus Bari plant