

ALMOND MARKET update

Monday, October 29th 2018

EU Buyers vs California Growers

As you probably know, Alfrus was present with its own booth at recent Sial 2018 in Paris (Oct 21 – 25). Our show turned out to be successful beyond our own expectations given the large number of visitors we have received this year.

Among others, we also had the opportunity to meet with some of our California packers/growers, with whom we took the chance to share/collect information on California growers/packers mood as well as European buyers mood on respective selling and buying activities.

What follows confirms different opinions from both sides, which are at the base of current almond market stalemate. We are happy to share them with you.

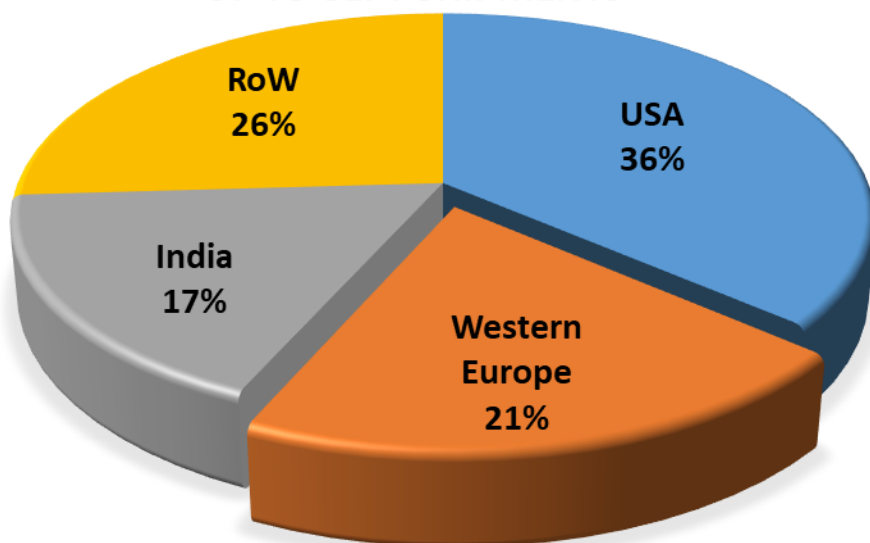
EU Buyer perspective:

- Forecasted record crop, around 2.40 Billion lbs. (2.35 Net of SD), while California carried in 350M lbs. which means California **total supply forecasted at 2.70 B lbs.**
- So far, growers have held on pricing so tight that they have lost a lot of consumption in Europe. It's already too late for Christmas season. Hardly growers will get that back.
- California total shipments are down 10% this year. China is down significantly from higher Tariffs and Mid-East is way off from poor currency exchange. Growers will be lucky to ship 2.1B lbs. this year.
- This means California will **carry in 600 M lbs.** into the 2019 crop.
- In addition, these crops are not getting smaller. California will add another 80,000 acres this year, and a lot more are maturing into their prime. A "normal" season should produce **2.60 B lbs. for 2019.**
- This means **California total supply for 2019 will be 3.20 B. LBS.!!!**
- Given the circumstances, growers would better drop prices now to get ahead of this wave!

CA Grower perspective:

- EU buyers need to relax on the crop size.
- Most of the packers are saying they are down 10 -20%. Many hullers on the west side, south valley and north valley started later and finished earlier this year. Even if mid-state is up, let's say the crop is 2.3 for now. **(2.25 after loss and exempt)**
- Packers haven't sold anything because there's nothing to sell!
- Growers can agree on China and Mid East, however, top 3 markets, USA, EU and India will all be up. The increase from markets 1,2,3. **Shipments will remain steady at 2.25 B Lbs.**
- This means Growers, will **carry in roughly 350 M lbs.**, the same amount as last year (which would be another record low by % of crop).
- "Thank goodness we should have a bigger crop next year (**might even be 2.50**). We're going to need it"

**ALMONDS TOP MARKETS
UP TO SEPT SHIPMENTS**



Because of current selling/buying impasse, prices are showing slight increases. October shipments are expected to confirm reductions of shipments, if so, we'll see how they will impact on market and prices.

As usual, we will continue to monitor market conditions, and won't miss to keep you further updated.

Coming up

October Position Report: November 9, 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.