



NEWSLETTER

8800 South Minturn Road - Le Grand California 95333 USA
 Office 559-665-8500 FAX 559-665-8588
www.minturnnut.com

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Almond Industry Position Report

January 2016

	<u>Million Lbs</u>
Carry-in August 1, 2015	376.6
2015 Net Marketable Crop (Received to date)	<u>1,834.6</u>
Total Supply	2,211.2
Sold Shipped & Not Shipped	
Domestic	490.5
Export	<u>791.8</u>
Total Sold	1,282.3
Uncommitted Inventory (Not Sold)	(928.9)

Position Report

Shipments of California Almonds totaled 129.2 million pounds up 13.9 million pounds when compared to last January. Total shipments for the year stand at 836.9 million pounds down 8.8% compared to last year for the same period. Our Industry is currently 58% sold on the 2015 crop.

The Market

After seven years of riding a strong wave of increasing demand and prices pushing higher, it is apparent we have lost the wind in our sails. The question asked the most now is what happened to our once robust almond market? Now having the luxury of looking in the rear view mirror we can see clearly the events that shifted our market place. Opening prices for a crop at record high levels usually never ends well. Buyers like to start lower build momentum then go higher. The stronger dollar against other world currencies made our almonds even more expensive. The economy in our emerging markets (China, The Middle East, & India) began softening mid last year. Dubai went through a commodity melt down that started in August and carried over into autumn yanking a couple billion dollars plus of liquidity out of that market. By late October India began to waffle on picking containers up and paying for the product. Today there are containers sitting on the docks in India that have been sitting there for too long and have not been paid for. Some buyers have defaulted; others are trying to renegotiate contracts. In short India is a mess. The good news is shipments into India this past month were light so things are hopefully going to stabilize soon. The crop turning out larger than the estimate did not help either. At this point extra supply is not what we are looking for. High prices have choked down demand in both the Export market as well as our Domestic market. The market has become a weather and bloom market this past week and will continue in this mode until it becomes clearer on the new crop size. But the truth is we see no shortage of almonds at this time. The price has dropped a little over two dollar's per-pound over the past four to five months. This report may seem a little straight forward and direct but we feel you are owed the truth. Sugar coating things as serious as the events that have unfolded on our industry for this 2015 crop does not improve anything. So where do we go from here is another frequently asked question. We may go lower if this new crop starts looking pretty good. But the quicker we find a true floor the faster our recovery begins. Cheap almond prices spur demand and get people excited about eating almonds again. Almonds still are a terrific food. Low prices will discourage new plantings encourage poor producing orchards to be pulled. The last two market correction our industry endured we saw demand increase sharply and the pain didn't last as long as we all feared. Long term we still have an optimistic view for profitability producing almonds but short term things may get a little rough. It is important we all understand the potential challenges so we can properly prepare for the down turn in prices. Minturn Nut will continue to be transparent with our business practices and fight for solid competitive grower returns.

“Buyer & Seller of Quality California Almonds”