

Update



THE LATEST ALMOND BUSINESS NEWS

September 2016

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2015 Patronage Dividend Payment

The 2015 Crop Patronage Dividend Payment was mailed on September 21, 2016. The table below shows the values earned by the different variety groups. **These values do not include the Volume Premiums that may be earned by each grower for bulk deliveries, the amounts possible under the Domestic Production Activities Deduction will be listed on the grower's 2016 IRS Form 1099-PATR Tax Statement and the values that will be applied to the 2016 IC-DISC and listed on a IRS Form K-1.**

	Average	Average of High Quality	Maximum With All Premiums
Nonpareil, Sonora & Independence Inshell	\$3.47	\$3.50	\$3.52
Nonpareil & Supareil Meats	\$3.43	\$3.45	\$3.49
Sonora & Independence Meats	\$3.27	\$3.32	\$3.35
Carmel	\$3.16	\$3.18	\$3.20
Monterey	\$3.13	\$3.14	\$3.16
California, Price, Fritz, Wood Colony	\$3.07	\$3.08	\$3.10
Butte and Padre	\$3.04	\$3.05	\$3.07
Mission/Neplus	\$2.98	\$3.00	\$3.02
Peerless Bleaching (per Inshell lb)	\$1.07	N/A	\$1.09

Once again, this payment surpasses the value paid by most other handlers. We are proud to consistently offer the most competitive payments to our grower owners.

Demand for Blue Diamond's products remain strong. The success of our efforts has been rewarded with unprecedented growth in the number of new growers and acreage committed to Blue Diamond this year. We appreciate this vote of confidence and look forward to maximizing the returns of each grower who entrusts Blue Diamond with their almonds.

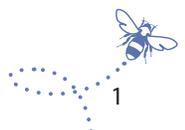
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Save the Date!!!
Blue Diamond Growers Annual Meeting
Wednesday, November 16, 2016
Modesto Centre Plaza



Market Status

Almond Board Industry Position Report: August 2016

Million Pounds Kernel Weight	
Carry-In August 1, 2016	412.0
Receipts - 2016 Crop (Net)	352.2
Total Supply	764.2
Shipments 8/1/16 - 8/31/16	
Domestic	58.8
Export	111.2
TOTAL	170.0
Computed Inventory	594.2
Commitments (Sold, Not Delivered)	
Domestic	205.6
Export	276.2
TOTAL	481.8
Uncommitted Inventory	112.4

To start the new crop year, the Almond Board of California reported that shipments for the month of August continued to be robust with volume in excess of 170 million pounds. This represents a high watermark for the month of August and an improvement of 35 million pounds over 2015, setting records both for domestic and export markets. As predicted last month, strong commitments would result in steady volumes.

Shipments for August were a marked improvement over last year's abnormal volume. The market was in such turmoil due to a rapid series of price declines that volume suffered significantly as buyers were wary of making purchases. The significance of a record August for 2016 is important because you have to look all the way back to the 2013 record of 148 million pounds, and this August far exceeded that by 22 million pounds.

On the production side, early receipts for the 2016 crop are coming in steady and strong for the most part, however, the Sacramento Valley is seeing production below 2015. By contrast, production in the San Joaquin Valley is up, with the greatest gains seen in the southern part of the Valley. Although up 4 percent in total for August, data thus far is not sufficient to predict crop size. Good initial incoming receipts give merit to the prediction that the crop

will be slightly larger than the 2.05 billion pound USDA NASS Objective Estimate.

As already noted, record shipments of 170 million pounds were 22 million pounds higher than the prior record set in 2013. The increase was driven by early Nonpareil shipments to India of 35 million pounds, up 21 million pounds from last August. Additional international activity for the month was also encouraging with China up 7 percent, Europe up 37 percent and the Middle East up 38 percent. Even after adjusting for India's rapid start, shipments are solidly ahead of last year. On the domestic front, the U.S. market recorded its largest monthly increase over a prior year since the 2014 crop. Domestic volume, near 59 million pounds, is an 8.9 percent increase over last year.

For the first Position Report of each new marketing year, the beginning inventory is reset to reflect actual losses reported in the prior year. This year the recalculation resulted in a loss of 9.9 million pounds, reflecting the actual loss exempt percentage of 2.52 percent versus the 2 percent forecasted figure. The recalculation has produced a beginning inventory, or carryin, of 412 million pounds as of August 1, 2016.

Market Perspective

With most early 2016 commitments to be delivered in the fall, shipments can be expected to increase in September and October. Since January, shipments in international markets have been rising. In September, we see the U.S. market also growing as a result of the moderation in pricing.

Total 2016 supply remains an open question, but the shipment and commitment increases will contribute to a more stable, confident almond market to begin the year. Commitments are up 110 million pounds, a full 30 percent over last August. The result of these strong commitments means that we actually start the second month of the crop year with nearly half the committed inventory of only 112 million pounds, down 48 percent from the previous August. Compared to 2015, the industry is starting this year at a more moderated price level. This is in contrast to the situation last year in which the start of harvest coincided with all time high prices that fell sharply through the fall.

Assuming no surprises with the incoming crop, all hopes are that the market will be stable through the fall. As we look forward to next season already, the good growing conditions seen in 2016 could help to produce an abundant crop in 2017. Of course, adequate rain and snowpack this winter and favorable weather during bloom are also critical factors.

The Almond People

