

Update



THE LATEST ALMOND BUSINESS NEWS

February 2017

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Market Status

Almond Board Industry Position Report: January 2017

The recently issued January Almond Board of California Position Report reinforces the strong demand trends seen all year. All time high January domestic volumes, which lead to a record overall total shipment volume for the month, were the highlight of the Position Report.

Total crop receipts rose just above the 2.1 billion pound mark with a bit more expected to be received over the next 90 days. January shipments of 165.8 million pounds showed continued strength, up 28% over last year. Most notably, the U.S. market increased 28% for January, equaling the rate of increase in the combined export markets. U.S. shipments rose 15 percent above last year, a strong rebound fueled by more moderate and stable 2016 crop almond pricing.

With seasonally strong January new commitments of 159 million pounds, the total California almond supply is approximately 65 percent shipped and committed. The outlook for ending inventory in July appears flat to declining from the 412 million pounds carried in from last year.

A pattern of rain events characterized by atmospheric river conditions have persisted since the beginning of bloom. Due to the extremely wet and muddy conditions, growers have had significant difficulties gaining access to fields to make fungicide applications for bloom. Many growers have been limited to aerial applications as the only option. Additionally, the train of storms has slowed down bee activity due to strong winds and rain. All eyes will be focused on the outcome of bloom to see what crop set looks like and overall the impact of adverse bloom weather.

Market Perspective

The 2016 crop continues to be consumed at a rate that indicates year-end inventory, or carryover, will be equal to or less than last year's 412 million pounds.

Almond market prices continue selling within a relatively narrow range, with minimal change in the past few weeks. With approximately 65 percent of the crop shipped and committed, continued

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Million Pounds Kernel Weight	
Carry-In August 1, 2016	412.0
Receipts - 2016 Crop (Net)	2,066.0
Total Supply	2,478.0
Shipments 8/1/16 - 1/31/17	
Domestic	335.9
Export	780.8
TOTAL	1,116.7
Committed Inventory	1,361.3
Commitments (Sold, Not Delivered)	
Domestic	212.9
Export	278.3
TOTAL	491.2
Uncommitted Inventory	870.1

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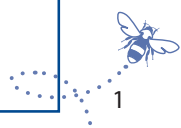
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strong demand, and a mixed weather forecast for the bloom, prices are not likely to move significantly until there is a better sense of the 2017 crop. We have seen relative tightness in Nonpareil supply, which has resulted in a larger price gap.

FOOD SAFETY

Each year in this issue of Update we ask our growers to consider the issues that may affect the safety of the crops they produce.

When considering food safety issues, most people think of microbial contamination, usually with *E. coli* or *Salmonella*. However, in addition to microbial contamination, growers should also be aware of opportunities for non-almond nut meats to contaminate their almonds during the harvest. One of the beneficial attributes of the almond is its very low allergen rate. However, contamination by walnuts, acorns, pistachios or other nut meats could pose serious health risks for our consumers. Foreign material contamination can also be a serious problem. Metal, glass and plastics are just a few of the foreign materials that can contaminate a grower's delivery, all of which can pose serious issues should they be passed on to the consumer.

Food safety issues have made headlines in the past few years and caused serious economic hardships for the growers involved and in some cases, for growers who were implicated, but not involved. While food safety issues are obviously a concern for consumers, the risk of loss to producers should be just as obvious.

Contamination incidents within the almond industry and in the peanut and pistachio industries have already focused regulators' attention on nuts and have created special reviews of how nut processors handle their products to ensure absolute safety. As part of the regulatory efforts to monitor almond production, the California Department of Public Health has classified almond shellers as food processors, requiring registration and permitting by the Department.

The passage of federal food safety legislation has inspired significant discussion within the food industry on the potential costs of implementation and the possible repercussions to farmers. While regulations have been proposed enforcing the legislation, the full cost to growers and food processors has yet to be determined. No doubt, there will be changes in the way growers do business.

Prevention is the best way to reduce the potential for contamination. The best way growers can prevent contamination or adulteration of the almonds they produce is to implement a set of procedures or practices that guide them and their employees through the various cultural practices used during the year. Through the Almond Board of California, the almond industry has developed production guidelines intended to reduce the incidence of food borne pathogens. The guidelines, compiled as Good Agricultural Practices, are designed to

assist producers in minimizing microbial hazards during the production and harvest seasons. Taken together with Good Manufacturing Practices and Sanitation Standard Operating Procedures adopted by almond handlers, these programs provide a framework for a Hazard Analysis and Critical Control Point program by proactively eliminating or minimizing potential sources of contamination.

Copies of the GAP manual, along with a GAP Self-Audit and Seven Practices of Successful Almond Growers, are available on the Blue Diamond website at www.bluediamondgrowers.com/grow-with-us/ or from your Field Supervisor. If you have not yet done so, we urge you to obtain a copy of these documents and incorporate them into your daily farming operations.

BLUE DIAMOND POLITICAL ACTION PROGRAM

Protecting grower interests within the state and federal legislatures and government agencies continues to be a priority of Blue Diamond Growers. Raising visibility and strengthening understanding of agriculture and the almond industry is vital to ensuring these interests are met. This is assisted with your PAC contributions.

We recently mailed a contribution form with our *At The Capital* update and hope you were able to make a contribution. Therefore, Blue Diamond wants to thank those who have contributed to Blue Diamond's Political Action Program. Your contribution allows Blue Diamond to have a presence in both the state and federal government. For any questions, or if you would like to make a contribution, please contact the Communications and Public Affairs department at 916-446-8326.

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