Update



THE LATEST ALMOND BUSINESS NEWS

April 2016

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Market Status

Almond Board Industry Position Report: March 2016

Industry shipments for March reported by the Almond Board of California totaled 161.1 million pounds. This compares favorably with historic shipments for the month and reflects steady demand for California's production. While 15.3% less than the amount shipped in March 2015, one must remember that the resolution of labor issues at West Coast ports in early 2015 allowed backed up shipments to flow freely during March, producing a whopping 25.6% increase over the prior year's performance. Taken in that light, March 2016 shipments reflect solid performance for the month and should help to bolster confidence.

Million Pounds Kernel Weight				
Carry-In August 1, 2015	376.6			
Receipts - 2015 Crop (Net)	1,848.5			
Total Supply	2,225.1			
Shipments 8/1/15 - 3/31/16				
Domestic	384.5			
Export	768.5			
TOTAL	1,153.0			
Computed Inventory	1,072.1			
Commitments (Sold, Not Delivered)				
Domestic	194.4			
Export	228.8			
TOTAL	423.2			
Uncommitted Inventory	648.9			

March shipments included product contracted last fall at higher prices, as well as more recent sales at lower price levels. It is evident that many markets purchased hand-to-mouth over the winter months as prices declined and still require additional tonnage before the supplies become available from the 2016 harvest. Over the last six weeks market volatility has subsided significantly. This is beneficial for an industry that is looking for stability and confidence.

Contract issues still exist in a few markets where buyer defaults have created a degree of turmoil, however these problems are being solved as the industry moves forward. While year-to-date industry shipments of 1,153 billion pounds trail the prior year by 7.65%, specific markets are showing continued good demand. China is only 7% behind in year-to-date shipments versus the prior year. The EU market, which is up 6%, has also enjoyed healthy shipments, riding on the shoulders of Spain, which is up 23%. India is 12% behind last year. The UAE is down a significant 49% while a number of other Middle East markets have seen an increase in shipments. On the domestic side of the equation, the North American market is down 8.9% year-to-date. This is a reflection of higher prices contracted last summer and fall, and consumer resistance to prices on store shelves today.

As the market adjusts to the existing conditions and aligns with expected supply, pricing is reigniting significant demand in all markets. China, India and the Middle East will react more quickly due to the way almonds are traded there and can quickly be introduced into the market place. North

America, Japan and EU customers may not be able to move as quickly due to more established long-term commitments. The combination of the current price levels that are attractive to customers worldwide, combined with the excellent health and nutritional value of almonds, will continue to propel strong consumer preference for California's production.

Market Perspective

Looking forward, the USDA National Ag Statistics Service Subjective Crop Estimate will be published on May 10. This number will dictate market direction until the Objective Estimate in June. The 2016 crop has enjoyed a strong bloom and relatively good post pollination weather. Although El Nino has brought relief to California by way of above normal rain which has helped to raise reservoir levels in the northern part of the state, the central and southern parts of the San Joaquin Valley still remain firmly in the grip of drought conditions. On April 1st, the U.S. Bureau of Reclamation announced a full 100% allocation to growers north of the delta which is good news for the Sacramento Valley. However, by stark contrast, a mere 5% allocation will be available for Central Valley Project for irrigation districts south of the Delta, meaning that west side almond growers will still have to rely on limited, poor quality, groundwater to get through another season. Those growers on the east side of the South San Joaquin served by the Friant canal system will fair only slightly better at 40% of their water allocation, still certainly not enough to make the full irrigation requirement to produce an almond crop. Even as future water concerns temper enthusiasm for the 2016 crop, buyers will gain confidence assuming future estimates mirror early impressions. At that point the market can better gauge what type of crop is on the trees, and we expect to see more stability and predictability, which benefits all involved in our industry.

ALMOND BOARD ASSESSMENT INCREASE

During the April 12 Almond Board of California board meeting, the Board of Directors approved an annual assessment increase from 3 cents per pound to 4 cents with a limit of three years due to the anticipated increase in almond production by that time. The additional funds will advance the Board's ability to defend the almond industry's reputation, promote sustainability as the crop of choice and drive enhanced global promotions to increase consumer demand. Please see the attached communication from the Almond Board with additional details.

2016 CROP ASSIGNMENTS

While we are still a few months away from harvest, it is not too early to start thinking about the paperwork that needs to be completed before the harvest begins. Crop assignments have recently been mailed out to all members with assignments that ended in the 2015 crop year. Please complete these forms with all pertinent signatures and return them to us as soon as possible. Contact your Field Supervisor if you require assistance or need additional forms.

2015 CROP MAY PROGRESS PAYMENT

The 2015 Crop May Progress Payment will be mailed on May 5, 2016. This payment is being made on a good meat pound basis and is in the amount of \$0.55 for all Nonpareil, Sonora and Independence Inshell deliveries, and for all Nonpareil & Supareil Meat deliveries. All other shelling deliveries will be paid at a rate of \$0.45, while Peerless Inshell deliveries will be paid at the rate of \$0.16 per inshell pound.

The next scheduled payment for the 2015 crop will be the Patronage Dividend Payment, currently scheduled for mid-September.

Those requiring additional funds prior to the Patronage Dividend may obtain a maximum of \$0.25 per pound through the Accelerated Payment Program. Please contact your Field Supervisor for additional information.

The table below shows the overall payments to date for the 2015 crop.

	Overall	Average	Maximum
Variety	Average	High Quality	Possible
Nonpareil/Sonora Inshell &			
Independence Inshell	\$2.57	\$2.60	\$2.62
Nonpareil/Supareil Meats	\$2.53	\$2.55	\$2.59
Sonora/Independence Meats	\$2.36	\$2.41	\$2.44
Carmel	\$2.30	\$2.32	\$2.34
Monterey	\$2.31	\$2.32	\$2.34
Calif, Price, Fritz, Wd Colony	\$2.31	\$2.32	\$2.34
Butte/Padre	\$2.31	\$2.32	\$2.34
Mission	\$2.25	\$2.27	\$2.29
Neplus	\$2.19	\$2.25	\$2.29
Peerless Inshell	\$0.82	N/A	\$0.84

AUTO-DEPOSIT

For several years, Blue Diamond has offered the opportunity for those receiving payments from crop proceeds to have the funds automatically deposited into the payee's bank account. This program helps reduce our costs of administering payments and allows the recipient to receive the funds in a timelier manner, as deposits are made on the date of the payment, while checks can take at least two days to be processed and reach the recipient by U.S. mail.

Anyone interested in having their payments automatically deposited in their bank account should contact their Field Supervisor for the necessary forms.

WEED I.D. AND MANAGEMENT WORKSHOPS

The Almond Board of California (ABC) will host workshops in various locations May 10–12 in conjunction with University of California weed specialists and staff. The workshops will take place in orchards where growers and PCAs can hone their weed identification skills and learn about weed management with consideration for resistance issues. Attendees will also learn how to monitor weeds and keep records for use in planning weed management programs.

Workshops will be held in Arbuckle, Turlock and Bakersfield. Registration is open to growers, PCAs and industry members.

The "In-the-Orchard Weed Identification and Management" workshops are second in a series of three workshop programs held by the Almond Board this growing season. The third and final workshops will address harvest dust management and renewable energy; dates and locations will be announced later.

ABC has been hosting workshops for several years to continue education around sustainable practices. These events are part of ABC's California Almond Sustainability Program (CASP). Growers who participate in the program help the almond industry by providing the data to demonstrate that almond growers and processors are good stewards of the land and are considerate of neighbors and the consuming public. At the same time, it is an opportunity for growers to reflect on their management practices.

In addition to the annual workshops, CASP offers eight online sustainability modules and measurement tools for California almond growers. The tools are designed to aid growers in making effective and efficient crop input decisions and also to meet certain reporting requirements for their operations. This includes a nitrogen calculator, a mapping tool and an irrigation calculator. All tools are available at SustainableAlmondGrowing.org.

The modules are offered online to allow growers to continue their sustainability education past the workshops, and to serve as an online database for each grower's operation. These modules allow growers to modify and revisit online forms, which gives them the ability to measure and track how they have implemented sustainability practices over time. All information recorded in the modules is held strictly confidential, and is shared only in aggregate to represent the almond industry as a whole.

The weed ID and management workshops will be held:

- •May 10, Nickels Soil Lab, Green Bay Road, Arbuckle
- +May 11, Genzoli Ranch, 1130 North Commons Road, Turlock
- +May 12, Southern Star Ranch, 14400 Panama Lane, Bakersfield

All workshops begin at 8:30 a.m. and conclude by 1 p.m. A complimentary lunch will be served.

To RSVP for a workshop, please contact Rebecca Bailey at rbailey@almondboard.com or (209) 343-3245.

GROWER COMMUNICATIONS

As part of our efforts to improve communications with California's almond growers, we will be expanding our efforts to reach our member/growers through an expansion of electronic communications.

For many years, the Update newsletter has been one of the prime means of communicating with Blue Diamond members, as well as with non-member growers. However, recent surveys of members and non-members indicate that they are relying increasingly on email communications and blogs as a means of receiving important information on the market and for industry news.

In the coming months, we will be increasing our use of email to communicate with Blue Diamond's member and non-member growers. This will allow us to tailor communications to target audiences and to reach all audiences in a more timely manner, by eliminating the time needed for printing and mailing of paper newsletters.

To help us ensure that we are reaching as many growers as possible, we urge you to register your email address with us by visiting the Blue Diamond Growers website at www.bluediamondgrowers. com/contact-grower-relations/.

As we increase the use of email communications, the Update newsletter will continue to be used, but on a more periodic basis as needed to ensure that we are reaching as many growers as possible.

BLUE DIAMOND DELIVERY BINS

Now that the harvest has been completed and deliveries are winding down, it is very important that we collect all of our delivery bins for inspection, repair and sanitation.

If you have any Blue Diamond delivery bins or observe any Blue Diamond bins that have not been collected, please contact your Field Supervisor or the Salida Membership office at 209-545-6225 so that we may arrange to pick them up.



The Almond People



New Trees? Old Trees? Orchard Pulled?

CHANGES TO YOUR ACREAGE

Some growers have already begun the process of removing older, low-producing orchards. Please remember to contact your Field Supervisor when you make any changes to your plantings. Orchard removals, plantings, purchases and sales should be reported as soon as possible.

Accurate acreage information, both of the variety planted and the ages of the trees, is critical to our planning process as it allows us to more accurately forecast our membership's production potential.

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