

Update



THE LATEST ALMOND BUSINESS NEWS

June 2016

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July 2016 District Meetings

Please mark your calendar for the July 2016 District Meetings. To reserve a seat at your local meeting, please fill out and send in the enclosed postage-paid RSVP card or contact the Salida Membership office at 209-545-6225. We hope to see you there.

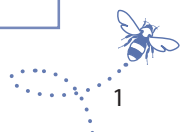
Monday, Tuesday, Wednesday, Thursday
July 11, 12, 13 & 14, 2016

Attendance at the District Meetings is by invitation only. Invitations to the July District Meetings were mailed to all Blue Diamond members with the May issue of Update

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Market Status

Almond Board Industry Position Report: May 2016

Million Pounds Kernel Weight	
Carry-In August 1, 2015	376.6
Receipts - 2015 Crop (Net)	1,856.7
Total Supply	2,233.3
Shipments 8/1/15 - 5/31/16	
Domestic	488.8
Export	1,009.8
TOTAL	1,498.6
Computed Inventory	
734.7	
Commitments (Sold, Not Delivered)	
Domestic	156.6
Export	205.2
TOTAL	361.8
Uncommitted Inventory	
372.9	

Another month of strong shipments that continue to follow the path of recent month's robust levels is the headline that can be gleaned from the most recent Almond Board of California May 2016 Position Report. Shipments in May were a record 178.1 million pounds, nearly 28 percent higher than what was shipped in May of the previous year. May is the second record breaking month in a row and the fourth month in a row with shipment volumes in excess of 150 million pounds.

Export shipments since January have totaled 549 million pounds, which is higher volume than during the same period of any previous year. Although the Asia-Pacific region is off only 2 percent in total volume compared to last year, shipments increased 89% for May compared to May of 2015. A very clear change displaying a turnaround in volume. Another notable bright spot is that Western Europe is up 7 percent year to date, with an increase in May deliveries of 14 percent. The major takeaway is that all export regions are experiencing vigorous demand since prices have reset to levels last seen in 2012 and early 2013.

Domestic almond shipments were up a modest 2 percent in May, but with a respectable volume of slightly over 53 million pounds. As mentioned last month, the domestic market will be slower to respond and see increases in volume as in-store retailer prices are

still a bit higher because they are working off product purchased largely before any price corrections occurred.

Overall, the marketable 2015 crop is further settling in at 1.856 million net pounds, having had a trickle of new receipts show up on the ledger and reflecting adjustments of the year's intake. The current inventory of 735 million pounds on-hand is up compared to last year. Even with higher inventory on hand, new commitments of almonds sold, but not yet delivered, is nearly 362 million pounds, a 9 percent bump overall. The key significance of this accounting is that based on those commitments, 372 million pounds remain as uncommitted inventory, alleviating significant predictions and concerns for a large carry out especially with two more sales months to go. This also better prepares the industry to accept the larger incoming 2016 crop. Certain varieties are appearing to be in tighter supplies as inventories thin, and some buyers are already looking to the new crop for almonds with narrow variety and size specifications.

Market Perspective

Continued momentum in the market due to active buyers should continue for the immediate future. Sales commitments are up, and uncommitted inventory is forecast to be in a reasonable range giving credibility to supply and demand fundamentals, which should keep the almond market attractive to buyers. Trade prices have come up in recent months, but remain at levels far below the record highs seen last year.

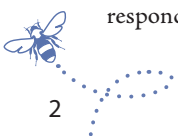
With the NASS Subjective Estimate of 2.0 billion pounds, and expectations of a crop realistically closer to 2.1 billion pounds, supply and demand appear more balanced heading into the 2016 crop than in the past 3-4 years.

2016 crop demand for California almonds should be the largest in history, as an ample supply is intersecting with early prices that make almonds attractive to major food companies and buyers.

A 5-6% increase over 2013 crop demand would keep inventory levels stable. Pushing the increased demand through existing California capacity will present a challenge this year.

DISTRICT DIRECTOR/LIAISON ELECTIONS

Blue Diamond members are encouraged to exercise one of their rights and responsibilities as owners of the cooperative: electing members of the Board of Directors and Grower Liaison Committees. The annual election is an opportunity for members to help shape policy through the ballot box or run for a seat of their own. Member involvement is crucial to the success of any cooperative and is even more so to Blue Diamond as it competes in a fast-changing, highly competitive industry.



Board of Directors:

Annually, three board seats are subject to an election either to re-elect the incumbent or choose a new director. Each seat represents a specific district. The director position from Districts 2, 8 and 9 are those that will stand for election during the 2016 cycle.

Those considering running for a director position should understand there is a significant time commitment for the three-year position. All day board meetings occur typically five times each year. Directors also participate on various committees of the Board which typically occur the day before a board meeting. In addition, attendance at Grower Liaison Committee (twice a year) and Advisory Committee (once a year) meetings is common practice. Additionally, the board and management have an annual three-day strategic planning session. Invitations to represent Blue Diamond at political fundraisers and other events/meetings also commonly occur. Preparation time for board and committee meetings and the travel time to meetings and events needs to be considered.

Directors should:

- Act in a manner consistent with their fiduciary duties of loyalty and care.
- Demonstrate integrity and independent judgment, including the ability to understand and exercise sound judgment on issues related to the corporation's goals.
- Have business or professional skills and experience that will contribute to the effectiveness of the Board and its committees.
- Intend to foster long-term value for the corporation's members.
- Act in the interests of all members rather than any particular member constituency, while understanding and balancing the concerns of other stakeholders, including employees, customers, and communities.
- Be willing to challenge management constructively about corporate strategy, the adequacy of internal resources and the soundness of controls, and to insist upon a management tone and environment that values accuracy in accounting, transparency in reporting and integrity in business conduct.
- Be able to work as part of a team in an environment of trust.
- In light of their other commitments, be willing and able to devote the time and effort necessary to serve as an effective director, including preparation for board and committee meetings.

Requirements for nomination:

- A petition signed by 15 members from the district in which the potential nominee wishes to run, filed by September 1st.
- An optional statement of candidacy (written statement of not more than 500 words stating the candidate's qualifications and interest in being a director) filed by September 10.

Grower Liaison Committees:

Blue Diamond has a Grower Liaison Committee (GLC) made up of

nine growers elected by the membership in their respective districts for three-year terms, plus three members appointed by the committee. Three GLC positions in each district are up for election each year. The GLCs meet two times each year with their district director and management to receive business and crop updates.

To be nominated as a candidate, file a petition signed by five Blue Diamond members in your district by September 1st. Incumbent members from each committee are responsible for ensuring that there is at least one candidate for each vacancy on the committee.

The following are the directorial district designations:

District 1: Tehama, Butte, Glenn, Shasta, Plumas, Lassen, Modoc, Siskiyou, Trinity, Humbolt, Del Norte Counties.

District 2: Colusa, Yolo, Solano, Lake, Napa, Sonoma, Marin, Mendocino, Sutter, Yuba, Sacramento, Sierra, Nevada, Placer, El Dorado, Amador Counties.

District 3: Contra Costa, Alameda, Calaveras, San Francisco, San Mateo, Santa Cruz, Santa Clara Counties and the portion of San Joaquin County west and north of a line described as follows: from the southern San Joaquin County line one-fourth mile west of Austin Road north to Highway 99; then one-fourth mile east of Austin Road north to Road J7; then east to Jack Tone Road; then north to Highway 4; then east to the San Joaquin County line.

District 4: The portion of San Joaquin County east and south of the same line described in District 3.

District 5: The portion of Stanislaus County north of the Tuolumne River and east of the San Joaquin River.

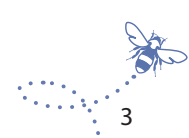
District 6: The portion of Stanislaus County south of the Tuolumne River and west of the San Joaquin River.

District 7: Merced County north of Highway 140 and the San Joaquin River.

District 8: Merced County south of Highway 140 and the San Joaquin River, Madera, Mariposa and Fresno Counties.

District 9: Kern, Kings, Tulare Counties, and Maricopa County in Arizona.

If you are interested in either a Director or Grower Liaison Committee position, please call your local Field Supervisor or the Salida Membership Department at (209) 545-6225.





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.

Field Supervisors

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Upper Sacramento Valley
530-864-0619

Jereme Fromm
West San Joaquin & Northern
Stanislaus
209-596-9520

Brian Noeller
Southeastern Stanislaus
209-417-2010

Mike Griffin
Northern Fresno
Southern Madera
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Mike Grindstaff
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KC Stone
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Ernie Reichmuth
Northern Madera
Southern Merced
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Matt Willson
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