

Update



THE LATEST ALMOND BUSINESS NEWS

December 2016

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Almond Board Industry Position Report: November 2016

The Almond Board of California issued the November Position Report highlighting strong export sales and a better read on the incoming crop. Sales commitments for future months remain strong, tracking 28 percent ahead of last year, indicating that there is consistent demand to absorb the 2016 crop.

New crop receipts for November were 372 million pounds, bringing gross receipts to 1.93 billion pounds. Historical post-November receipt trends indicate that the 2016 California almond crop will finalize short of 2.1 billion pounds. The market uncertainty over a potentially larger crop has been eliminated. During the recent

Almond Conference, the Almond Board of California and Land IQ presented a new perspective on California almond acreage. Overall, Land IQ assessed that California almond acreage is 5 percent greater than NASS acreage estimates. This has no impact on total 2016 production, but does demonstrate that California almond yields per acre have been modestly overstated based on NASS data.

November shipments exceeded the prior year by 33.5 percent or 47 million pounds. Shipments year-to-date show a 38.9 percent increase, nearly 222 million pounds greater in total than last year. Domestic shipments remain at a strong 12.5 percent above the 2015 crop, while export shipments exceed last year by 53 percent. Export shipments were led by large gains in China and the Middle East, with year-over-year growth in every major geographic region.

Total commitments in November were just under 550 million pounds. To put that in perspective, 2016 crop commitments remain 120 million pounds and 28 percent beyond last year. The overall situation presents well at this point in the season with 12.5 percent less uncommitted inventory compared to last year.

Market Perspective

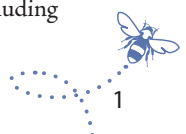
Despite unprecedented early shipments and commitments, 2016 crop almond prices have seen a short-term softening in recent weeks. The weakness is largely attributed to a few factors including

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Million Pounds Kernel Weight	
Carry-In August 1, 2016	412.0
Receipts - 2016 Crop (Net)	1,891.6
Total Supply	2,303.6
Shipments 8/1/16 - 11/30/16	
Domestic	229.3
Export	565.3
TOTAL	794.6
Committed Inventory	1,509.0
Commitments (Sold, Not Delivered)	
Domestic	251.7
Export	298.3
TOTAL	550.0
Uncommitted Inventory	959.0



the ultimate size of the 2016 crop, a strengthening dollar and monetary policy change in India.

One circumstance that has created some uncertainty is the pending changes to national monetary policy in India. In an effort to eliminate tax evasion based on a largely cash economy and to eliminate black market transactions, the government has decided to call in high value cash denominations of the Rupee. This exchange and deposit process has been slow and has caused some concern in world markets. It appears that this may result in some short-term delays, however, almond shipments and demand remain strong as reputable handlers such as Blue Diamond have not been significantly impacted. In fact, India is up 46 percent altogether in 2016, and prospects look good for the remainder of the year.

The Position Report makes it evident that the 2016 crop is less likely to reach or exceed 2.1 billion pounds. Taking a holistic view, this year's supply is 55 percent shipped and committed through four months, versus 45 percent last year. Until projections of next year's crop begin to change the equation, the repeated strong shipments and commitments experienced through November should put a bit more stability to 2016 crop almond prices.

WINTER SANITATION KEY FOR (NOW) CONTROL

Winter is the primary time to lay a solid foundation for Navel Orangeworm (NOW) control. Navel Orangeworm is the primary pest of almonds, presenting as worm damage, the main reason for rejects at harvest.

Numerous University of California and USDA studies have demonstrated that removal of overwintering "mummy" nuts has the most significant impact on in-season NOW populations by limiting first generation egg-producing moths. Research has shown that for each mummy left on the tree, a one percent damage level can be expected. That corresponds with a threshold recommended by UC IPM of no more than two mummy nuts per tree to stay at or below a two percent damage level. In the South San Joaquin Valley, this threshold can be as low as 0.5 nuts per tree given the higher NOW pressure experienced in this area. Of course, in-season NOW control measures should still be conducted based on orchard monitoring, as winter sanitation helps to reduce the population by limiting emerging adult moths that lay eggs, but cannot eliminate risk entirely.

Mummy nut removal can be done anytime during the winter months by shaking or hand polling trees. Although a primary concern of soft-shell variety, mummies should also be removed in hard-shell varieties to minimize over-wintering larvae. Nuts can be removed without damage to the upcoming crop until bud swell in late January to early February. Mummy nuts should be ground up and destroyed by flail mowing no later than mid-March prior to the first NOW flight of the season.

2016 CROP JANUARY PROGRESS PAYMENT

The 2016 Crop January Progress Payment will be mailed on Tuesday January 10, 2017. The payment will be made in the amount of \$0.65 per good meat pound for all Nonpareil and Sonora deliveries, as well as for Supareil meat deliveries. All other shelling varieties will be paid at the rate of \$0.50 per good meat, with the exception of Neplus, which will be paid at the rate of \$0.45 and Mixed deliveries, which will be paid \$0.40 per good meat pound. Peerless inshell will be paid at the rate of \$0.18 per inshell pound.

Totals paid to date (depending on quality premiums) as of the January Payment are listed below:

Variety	Overall Average	Average of High Quality	Maximum Possible
Nonpareil & Sonora Inshell	\$1.38	\$1.40	\$1.42
Nonpareil & Supareil Meats	\$1.33	\$1.35	\$1.39
Sonora Meats	\$1.28	\$1.31	\$1.34
Independence Inshell	\$1.17	\$1.20	\$1.23
Independence Meats	\$1.14	\$1.17	\$1.19
Carmel & Winters	\$1.16	\$1.17	\$1.19
Monterey	\$1.15	\$1.16	\$1.19
Calif, Price, Fritz, Wd Colony	\$1.16	\$1.17	\$1.19
Butte/Padre	\$1.16	\$1.17	\$1.19
Mission	\$1.10	\$1.12	\$1.14
Neplus	\$1.07	\$1.10	\$1.14
Peerless Inshell	\$0.42	N/A	\$0.44

For those growers requiring additional funds, a total of \$0.40 per good meat pounds is available under the Accelerated Payment Program after the January Progress Payment.

2017 PRE-HARVEST ADVANCE RATE ANNOUNCED

The Pre-Harvest Advance Program is available to all growers who have purchased crop insurance and wish to receive funds in advance of the 2017 harvest. The available rate has been set at \$0.75 per pound, based on the crop insurance guaranteed production coverage.

Growers who have not purchased crop insurance will be eligible for a Pre-Harvest Advance on or after June 1st and may receive payment based on their estimated production at that time. Please contact your Field Supervisor for details.

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