

STRATAMARKETS ALMOND REPORT

GLOBAL MARKET PRICES, ANALYSIS AND NEWS

WEEKLY MARKET RECAP

Australia Begins to Compete for Inshell Buyers in India

Prices strengthened in the U.S. FAS market during the week ending December 22 as packers raised offers following what they interpreted to be a positive November 2020 position report.

Benchmark STDS and NPX 23/25 climbed 6 cents/lb and 4 cents/lb on the week, respectively. NPX 20/22 showed the largest move, jumping 15 cents/lb on the week. Twelve additional assessed items also firmed.

"For the first time this crop year, it feels like a sellers' market," a packer said. "I don't think it's going to run away, at least not before bloom, but I also... don't see it going back down like it did after the peak in September," he added, referring to the price decline that began in late September.

Numbers reported December 15 in the latest position report from the Almond Board of California (ABC) helped fuel last week's upswing. Sellers raised offers immediately after the report and continued to do so in the days that followed. Some buyers who were covered for the near term pulled out of the market; other buyers with immediate needs purchased at the higher price levels.

Market participants said buyers for the U.S. domestic market were quiet in recent days. But participants noted good demand from most parts of the globe.

WEEKLY PRICE ASSESSMENTS, US FAS, \$/lb

ASSESSMENT PERIOD: DEC 15 - DEC 22
WEEKLY MARKET CLOSE (WMC) DATE: DEC 22

ITEM	LOW	HIGH	WMC	WEEKLY CHANGE (WC)
STDS	1.91	1.93	1.92	+0.06

NONPAREIL

NPIS	1.60	1.75	1.68	+0.07
NPX 27/30	2.05	2.07	2.14	+0.07
NPX 25/27	2.19	2.21	2.20	+0.08
NPX 23/25	2.53	2.55	2.54	+0.04
NPX 20/22	3.00	3.10	3.05	+0.15
NPS 23/25	2.45	2.47	2.46	+0.04

CALIFORNIA

CAL SSR 30/32	1.99	2.01	2.00	+0.08
CAL SSR 27/30	2.00	2.02	2.01	+0.08

BUTTE PADRE

BP SSR 30/32	2.03	2.05	2.04	+0.05
BP SSR 27/30	2.04	2.06	2.05	+0.05

CARMEL TYPE

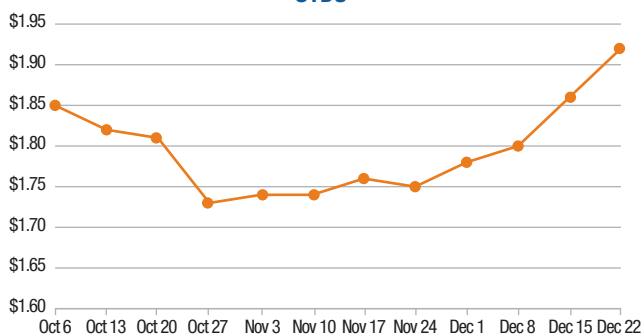
CAR SUP 27/30	2.03	2.06	2.02	+0.09
CAR SUP 23/25	2.18	2.20	2.19	+0.09

INDEPENDENCE

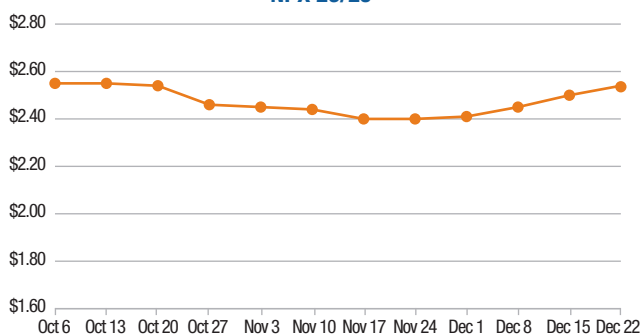
IIS	1.44	1.49	1.53	+0.05
-----	------	------	------	-------

WMC PRICES, US FAS, \$/lb

STDS



NPX 23/25



Weekly Market Recap cont'd...

Australia begins selling to India

In the inshell market, participants said a grower in Australia began offering NPIS to buyers in India in recent days at a price equivalent to a \$2.40/lb crack out, adding that trades were done at that price level. California and India are transacting NPIS at roughly the same level. Participants said that Australia's larger-sized almonds combined with the price the grower in Australia is asking will make them competitive with California almonds.

Still, demand in recent days for California almonds in India remained strong despite the new competition from Australia. NPIS traded multiple times from \$1.61/lb to \$1.68/lb FAS, with the higher trades done later in the December 15 to December 22 assessment period. All trades were done for prompt shipment on a 70% sliding scale.

Almond demand in India's wholesale market remained strong last week, bolstered by a 10% reduction in wholesale market prices and high cashew prices, which are said to be prompting a switch to almond consumption. Even though wholesale market prices are declining in India, importers there are selling into the wholesale market at low prices booked months ago in the U.S. FAS market, allowing them to secure margins of between 10% and 15%, a broker in India said.

Market participants said strength in NPIS prices was partly responsible for the price increase seen for NPX 27/30 almonds. That item climbed 7 cents/lb on the week.

Buyers in India appeared less interested in IIS, with no trades verified for the item. Market participants said packers were reluctant to offer IIS at prices lower than a 10 cent/lb discount to NPIS, which is higher than the most competitive bids. The gap between bids and offers appeared to prevent IIS deals from getting done in recent days.

Demand from Japan remained brisk. One almond exporter in California who sells to Japan said he saw a significant increase in buying interest from the country. Some of that buying interest appeared to be for prompt shipment, which packers continue to have difficulty fulfilling given the persisting shipping constraints.

Participants said a good dollar to yen exchange rate combined with the recent uptick in prices – and the view that the upswing could continue – prompted Japan's current buying interest.

FOUR-WEEK ROLLING AVERAGE, US FAS, \$/lb

ITEM	WMC	WC
STDS	1.84	+0.04

NONPAREIL

NPIS	1.59	+0.05
NPX 27/30	2.02	+0.05
NPX 25/27	2.11	+0.04
NPX 23/25	2.48	+0.04
NPX 20/22	2.90	+0.10
NPS 23/25	2.38	+0.03

CALIFORNIA

CAL SSR 30/32	1.90	+0.04
CAL SSR 27/30	1.91	+0.04

BUTTE PADRE

BP SSR 30/32	1.93	+0.05
BP SSR 27/30	1.94	+0.05

CARMEL TYPE

CAR SUP 27/30	1.90	+0.05
CAR SUP 23/25	2.05	0.07

INDEPENDENCE

IIS	1.46	+0.03
-----	------	-------

STRATAMARKETS

PRICE ASSESSMENT GUIDE

Stratamarkets utilizes a transparent procedure for gathering price information and producing our price assessments. We created and maintain a document, the *Stratamarkets Price Assessment Guide*, to explain this procedure. The document also explains item abbreviations and the market locations, timing, and trading terms and conditions that our price assessments reflect. To request a copy, please send an email to hello@stratamarkets.com.

Weekly Market Recap cont'd...

Chinese New Year buying mostly finished

Demand from Europe appeared decent in recent days, helping lift prices for STDS. However, one weak spot in an otherwise healthy global demand story in recent days was China. Demand from China was sluggish last week and some packers said they expect interest from China to be weak for several months, with Chinese New Year buying largely over.

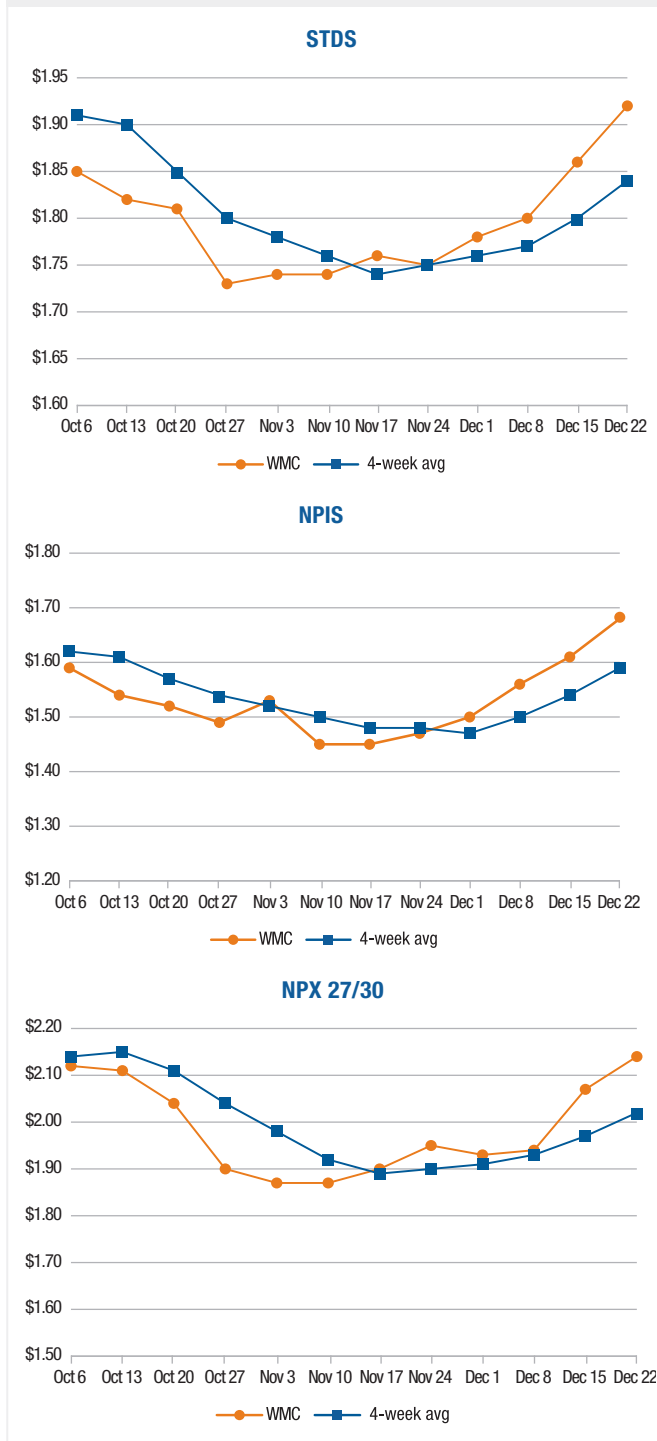
Moreover, a broker in California with clients in China said the government there has asked workers at a port near Shanghai to quarantine beginning in January due to concerns of a new Covid-19 outbreak. The port that could be affected is a key transit point for almonds heading to a nearby city where multiple roasting companies reside.

Market participants continued to talk last week about pricing trends they see developing. Some participants believe buyers could begin to move from NPX 23/25 to smaller-size NPX 25/27 given the price premium NPX 23/25 commands to most items. That could start to bolster prices for NPX 25/27, which increased 8 cents/lb during the period ending December 22. Some participants are also seeing the emergence of a bifurcated market – one for higher-priced, 27/30-sized and larger almonds, and another for lower-priced, 30/32-sized and smaller almonds.

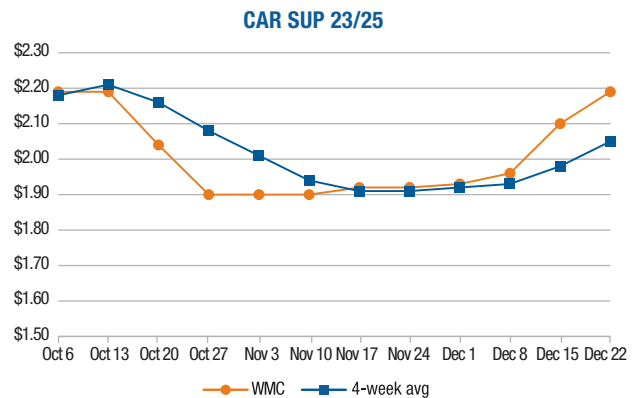
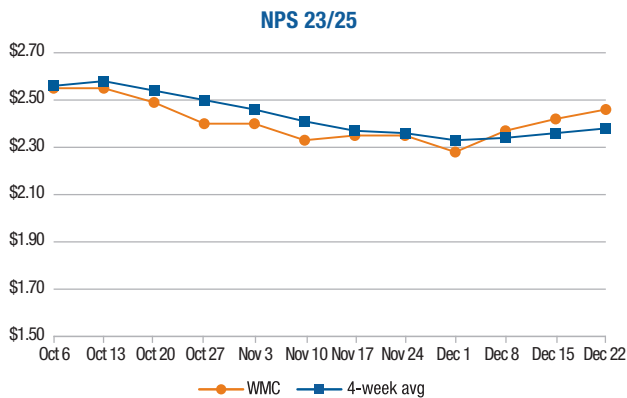
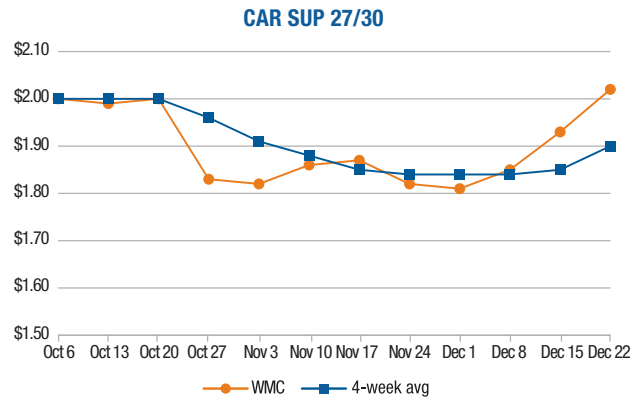
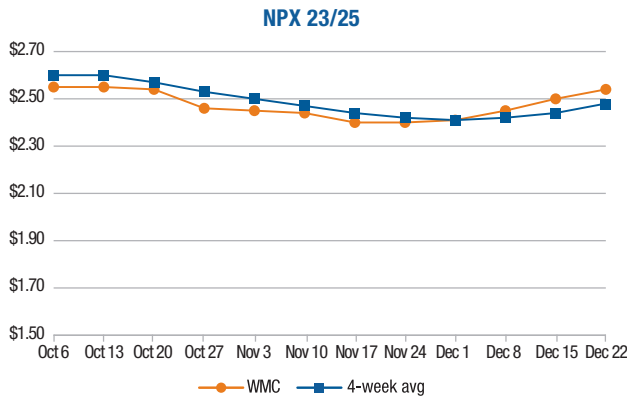
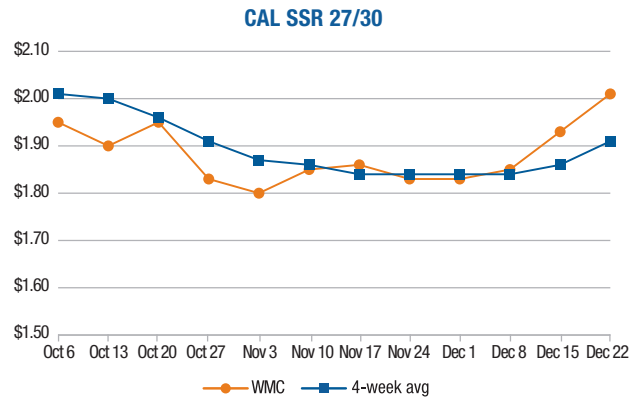
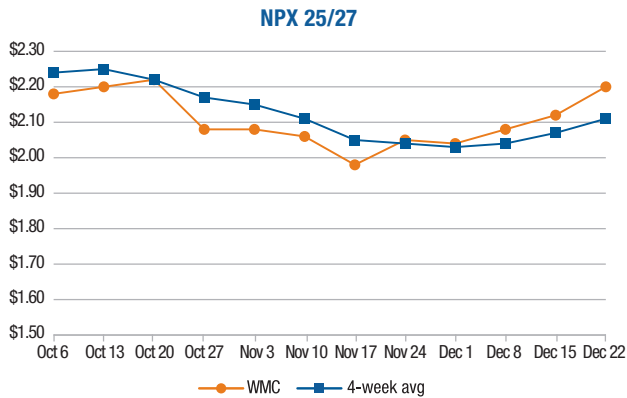
Looking ahead, participants on both the buy and the sell side appeared to agree that the next event that could swing prices in either direction is the bloom in California, which will start in February. In the meantime, while buyers note that California still has roughly 1 billion pounds of almonds to sell and 1 billion pounds to ship, sellers appear comfortable with their position and confident they can continue to sell and ship at a pace brisk enough to leave them with a manageable carry-out. Some participants have already begun to speculate that December shipment numbers could rival November shipment numbers.

“Demand is strong at these prices, and frankly, there isn’t a lot of downside,” a trader said. “There aren’t many reasons to be bearish anymore.”

WMC VS 4-WEEK ROLLING AVERAGE, US FAS, \$/lb



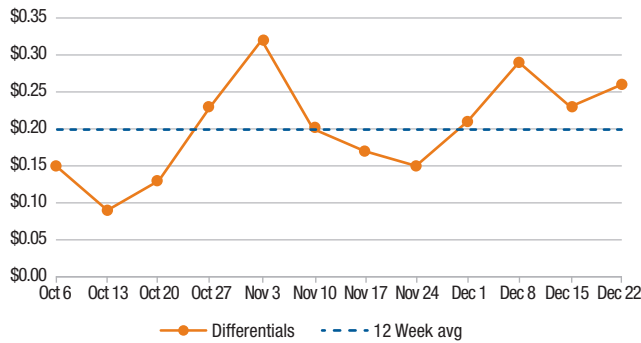
WMC VS 4-WEEK ROLLING AVERAGE, US FAS, \$/lb



FORWARD PRICES FOR STDs, US FAS, \$/lb

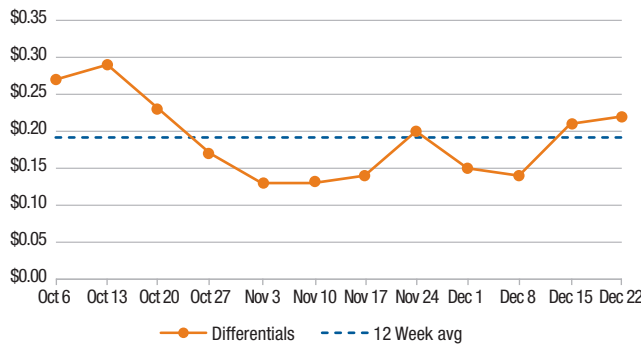
PROMPT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
	Q1 2021			Q2 2021			Q3 2021			Q4 2021		
	\$1.94			\$1.97			\$1.99			\$2.01		
	\$1.92											

NPIS 70% KERNEL DIFFERENTIAL TO NPX 27/30, US FAS, \$/lb

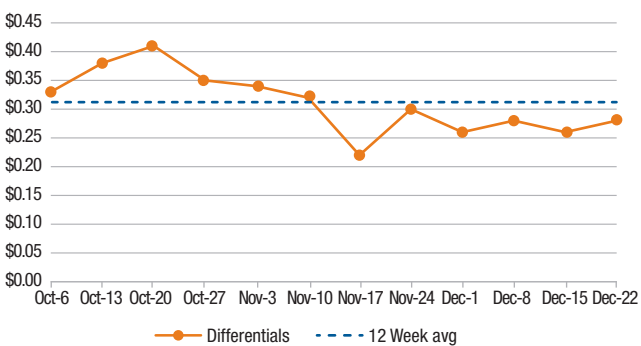


PRICE DIFFERENTIALS TO STDS, US FAS, \$/lb

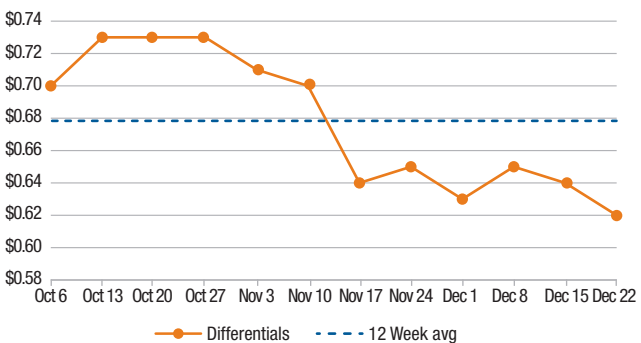
NPX 27/30



NPX 25/27



NPX 23/25



MONTHLY PRICES, US FAS, \$/lb

ITEM	SEP	OCT	NOV	CURRENT MONTH AVERAGE
STDS	1.89	1.80	1.75	1.84

NONPAREIL

NPIS	1.59	1.54	1.48	1.59
NPX 27/30	2.09	2.04	1.90	2.02
NPX 25/27	2.18	2.17	2.04	2.11
NPX 23/25	2.47	2.53	2.42	2.48
NPX 20/22	2.69	2.90	2.72	2.90
NPS 23/25	2.42	2.50	2.36	2.38

CALIFORNIA

CAL SSR 30/32	1.95	1.89	1.83	1.90
CAL SSR 27/30	1.97	1.91	1.84	1.91

BUTTE PADRE

BP SSR 30/32	1.97	1.90	1.84	1.93
BP SSR 27/30	2.00	1.91	1.85	1.94

CARMEL TYPE

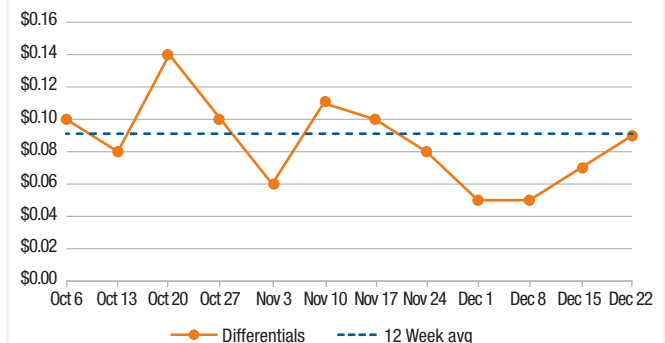
CAR SUP 23/25	1.97	1.96	1.84	1.90
CAR SUP 25/27	2.11	2.08	1.91	2.05

INDEPENDENCE

IIS	1.50	1.39	1.39	1.46
-----	------	------	------	------

PRICE DIFFERENTIALS TO STDS, US FAS, \$/lb

CAL SSR 27/30



WMC ASSESSMENT RATIONALE¹**STDS**

Trades were verified at \$1.91/lb and \$1.92/lb FAS for prompt shipment. Trades heard at higher levels of \$1.94/lb and \$1.95/lb FAS could not be verified.

NONPAREIL**NPIS**

Multiple trades were verified between \$1.61/lb and \$1.68/lb FAS on a 70% sliding scale for prompt shipment. The higher trades were done toward the end of the assessment period, with a bid heard at \$1.70/lb FAS and an offer verified at \$1.75/lb FAS at the end of the period. The assessment was based on the higher trade value of the week given the price increase during the period.

NPX 27/30

A trade was verified at \$2.16/lb FAS for Q1 2021 shipment. The assessment was calculated by subtracting 2 cents/lb from that trade value given the 2 cents/lb contango seen from the prompt to the Q1 2021 period.

NPX 25/27

No trades were verified. The best bid was verified at \$2.20/lb FAS, with the most competitive offer also heard at \$2.20/lb FAS.

NPX 23/25

Trades for NPX 23/25 J-spec were verified at \$2.63/lb and \$2.65/lb FAS toward the end of the assessment period. The assessment was based on the midpoint of those values minus 10 cents/lb to account for the J-spec price premium to USDA grade. A \$2.51/lb FAS bid was seen at the end of the period.

NPX 20/22

No trades were verified. A bid and offer were verified at \$3.00/lb and \$3.10/lb FAS, respectively, toward the end of the assessment period.

NPS 23/25

No trades, bids, or offers were verified. The assessment was based on the item's 8 cents/lb discount to NPX 23/25 seen last week.

CALIFORNIA**CAL SSR 30/32**

No trades, bids, or offers were verified. The assessment was determined by subtracting 1 cent/lb from the CAL SSR 27/30 assessment to account for the size difference.

CAL SSR 27/30

A bid for the item was verified at \$2.06/lb for Q2 2021 shipment. A packer later sold a similar item, Independence SSR 27/30, to that bid at the same price for the same shipment period. The CAL SSR 27/30 assessment was determined by subtracting 5 cents/lb from that value to account for the 5 cents/lb contango seen from the prompt to the Q2 2021 period.

BUTTE PADRE**BP SSR 30/32**

Two trades were verified for a similar item, BP SSR 36/40, at \$2.00/lb FAS and later in the assessment period at \$2.01/lb FAS, both for prompt shipment. The BP SSR 30/32 assessment was determined by adding

3 cents/lb to the higher-level BP SSR 36/40 trade to account for the size difference.

BP SSR 27/30

No trades, bids, or offers were verified. The assessment was determined by adding 1 cent/lb to the BP SSR 30/32 assessment value to account for the size difference.

CARMEL TYPE**CAR SUP 27/30**

A trade for the item was verified at \$2.05/lb FAS for March to April 2021 shipment. The assessment was calculated by subtracting 3 cents from that value to account for the contango seen from the prompt to the March and April 2021 period.

CAR SUP 23/25

No bids, offers, or trades were verified. The assessment was calculated by assuming a 17 cents/lb price differential between it and CAR SUP 27/30, which is equal to the price differential between the two items seen last week.

INDEPENDENCE**IIS**

No trades were verified. A bid was verified at \$1.52/lb FAS on a 70% sliding scale for prompt shipment.

¹Trades discussed here reflect values net commissions.

**STRATAMARKETS ALMOND REPORT**

ISSUE - 4 | WEDNESDAY, DECEMBER 23, 2020

ISSN: 2766-0699

If you have any questions about the *Stratamarkets Almond Report* please email: hello@stratamarkets.com

Stratamarkets, LLC publishes the Stratamarkets Almond Report, which contains information, price indices, assessments, and other related information, graphs, tables, and images ("Data"). Stratamarkets, LLC and its affiliates disclaim any and all warranties, express or implied, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use as to the Data, or the results obtained by its use or as to the performance thereof. Data in this publication includes independent and verifiable data collected from actual market participants. Stratamarkets, LLC and its affiliates do not guarantee the adequacy, accuracy, timeliness and/or completeness of the Data or any component thereof or any communications (whether written, oral, electronic, or in other format), and shall not be subject to any damages or liability, including but not limited to any indirect, special, incidental, punitive or consequential damages (including but not limited to, loss of profits, trading losses and loss of goodwill).