

STRATAMARKETS ALMOND REPORT

GLOBAL MARKET PRICES, ANALYSIS AND NEWS

MARKET HIGHLIGHTS

- Prices climb across the complex on crop forecast predicting diminished 2021 almond production in California.
- Selling interest appears to increase after a quiet start to the week.
- Buyers in China search for competitive prices for current crop kernel items and new crop inshell.

ANALYSIS AND NEWS HIGHLIGHTS

- The 2021 California almond crop forecast from Terra Nova Trading and GLM Trading was smaller than many market participants expected.
- The firms estimate a 2.8-billion-pound output for 2021 – down 300 million pounds from the current crop.
- “The forecast was definitely encouraging for California,” a packer says.

WEEKLY PRICE ASSESSMENTS, US FAS, \$/lb

ASSESSMENT PERIOD: APR 13 - APR 20
WEEKLY MARKET CLOSE (WMC) DATE: APR 20

ITEM	LOW	HIGH	WMC	WEEKLY CHANGE
STDS	1.86	1.91	1.87	+0.02

NONPAREIL

NPIS	1.87	1.92	1.89	+0.06
NPX 30/32	2.05	2.07	2.06	+0.06
NPX 27/30	2.14	2.24	2.15	+0.03
NPX 25/27	2.24	2.26	2.25	+0.08
NPX 23/25	2.50	2.63	2.54	+0.03
NPX 20/22	2.87	2.89	2.88	+0.03
NPS 23/25	2.43	2.45	2.44	+0.03

CALIFORNIA

CAL SSR 30/32	1.90	1.92	1.91	+0.02
CAL SSR 27/30	1.92	1.94	1.93	+0.02

BUTTE PADRE

BP SSR 36/40	1.95	1.97	1.96	+0.02
BP SSR 30/32	1.97	1.99	1.98	+0.02
BP SSR 27/30	1.99	2.01	2.00	+0.02

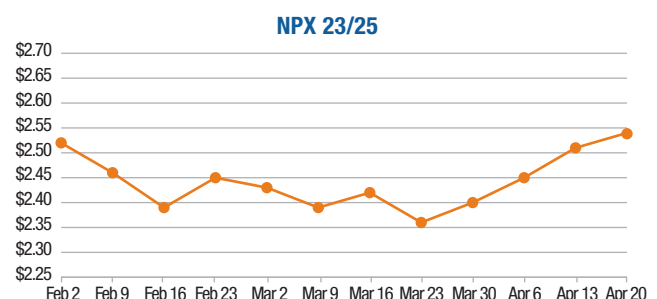
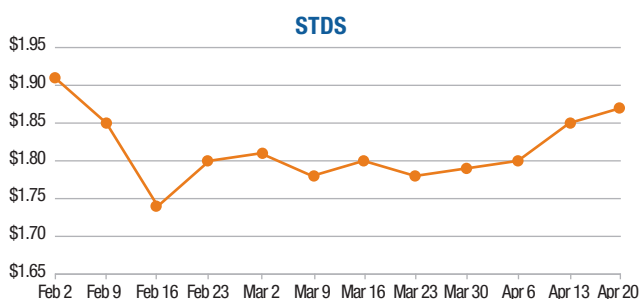
CARMEL TYPE

CT SUP 27/30	1.97	1.99	1.98	+0.03
CT SUP 23/25	2.04	2.06	2.05	+0.07

INDEPENDENCE

IIS	1.70	1.72	1.71	+0.06
INDX 23/25	2.10	2.12	2.11	+0.10

WMC PRICES, US FAS, \$/lb



WEEKLY MARKET RECAP

Crop Forecast Lifts Prices

Prices increased in the global almond market during the week ending Tuesday following a report predicting California's 2021 almond production will be 300 million pounds less than current crop output.

All 17 assessed items showed gains. Benchmark STDS and NPIS climbed 2 cents/lb and 6 cents/lb on the week, respectively. INDX 23/25 gained 10 cents/lb.

Activity was quiet at the start of the week as market participants waited for the release of the 2021 California crop forecast from U.S.-based Terra Nova Trading and U.K.-based GLM Trading.

The forecast, released on Wednesday, estimates California's 2021 crop will produce 2.8 billion pounds of almonds, less than the 3.1 billion pound current crop. (See article on page 6 for more on the forecast and market reaction to it.)

Sellers reacted by raising offers or pulling them from the market. At least two brokers said business was quiet for much of the week as a result.

"I have nobody offering anything today," a broker said on Monday.

However, selling interest appeared to increase on Tuesday. A U.K.-based trader said he came to work Tuesday morning to find more offers than he expected in his email inbox.

"Suddenly, the treasure trove opened up in terms of offers from California," the trader said. "I have 1,000 tons of almonds offered to me overnight that I hadn't even asked for."

The trader said offers were for a variety of items, from generic SSRs to sized Nonpareil Extras. A packer in California said he wouldn't be surprised to see an uptick in selling interest, adding that he has also seen an increase in buying interest.

"Increasing prices should pull people out of the woodwork," the packer said.

Most assessed items have been steadily increasing since late March when talk began of a shortage of inshell and some kernel items. Bullish March shipments reported in early April provided additional price support. The TNT/GLM Trading forecast lifted prices even higher.

Market participants said demand from China increased this week, particularly for current crop kernel items and new crop inshell. A U.S.-based trader on Monday said he

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

ITEM	WMC	WC
STDS	1.83	+0.02

NONPAREIL

NPIS	1.83	+0.04
NPX 30/32	1.99	+0.03
NPX 27/30	2.09	+0.04
NPX 25/27	2.17	+0.04
NPX 23/25	2.48	+0.05
NPX 20/22	2.88	+0.01
NPS 23/25	2.38	+0.04

CALIFORNIA

CAL SSR 30/32	1.87	+0.02
CAL SSR 27/30	1.89	+0.02

BUTTE PADRE

BP SSR 36/40	1.93	+0.01
BP SSR 30/32	1.95	+0.01
BP SSR 27/30	1.97	+0.01

CARMEL TYPE

CT SUP 27/30	1.94	+0.02
CT SUP 23/25	1.97	+0.03

INDEPENDENCE

IIS	1.65	+0.03
INDX 23/25	2.04	+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...

saw strong demand from China for new crop NPIS.

"I could probably do 30 to 40 loads at \$1.75 [FAS], but I only have one offer," the traders said, referring to new crop NPIS demand from China.

Inshell demand from India was quiet for most of the week. Demand from India appeared to strengthen toward the end of the week, with a trade for NPIS verified on Tuesday at \$1.96/lb CIF for June and July shipment on a 70% sliding scale.

A broker said the uptick in demand is partly due to prices strengthening in India's domestic market.

"Earlier, the gap between domestic and California has been 30 cents, but today that gap has narrowed to 20 cents, and we have seen the buying coming," the broker said. "The markets have actually bounced back."

The increase in domestic demand in India appears to be the result of coronavirus-related buying. A second wave of the pandemic is spreading through the country.

New Crop

Meanwhile last week, new crop buying continued to ramp up, market participants said.

New crop STDS traded at \$2.00/lb FAS for Q4 2021 and Q1 2022 shipment, a 13-cent premium to current crop. At the close of the April 13 to April 20 assessment period, bids for new crop STDS were left at \$1.95/lb FAS.

Other verified new crop trades last week include the following:

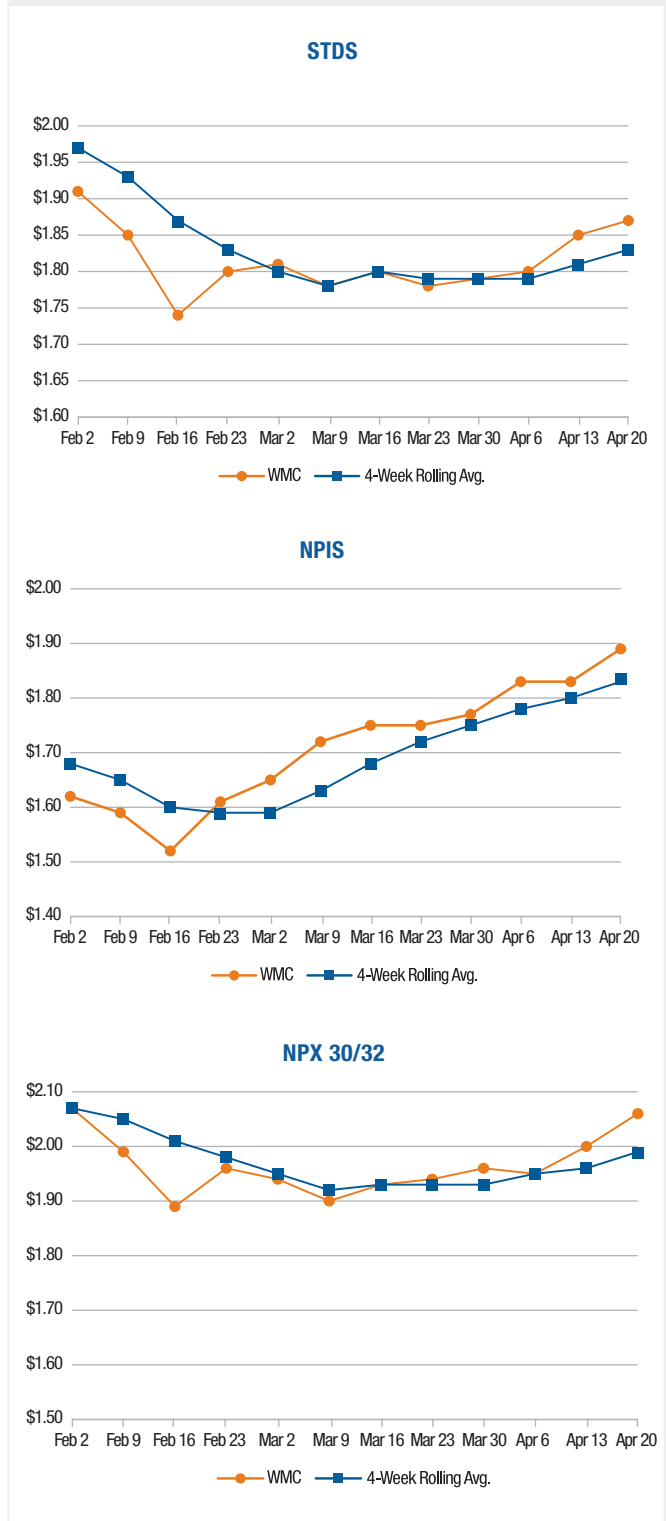
- New crop NPX 23/25 traded at \$2.45/lb FAS for September shipment, a 9-cent discount to current crop.
- New crop NPX 25/27 traded at \$2.25/lb FAS for September shipment and \$2.30/lb FAS for September to December shipment, a slight premium to current crop.
- NPX 27/30 traded at \$2.15/lb FAS for September shipment, equal to current crop.

A packer referred to earlier said he is further sold for new crop this month compared with last April.

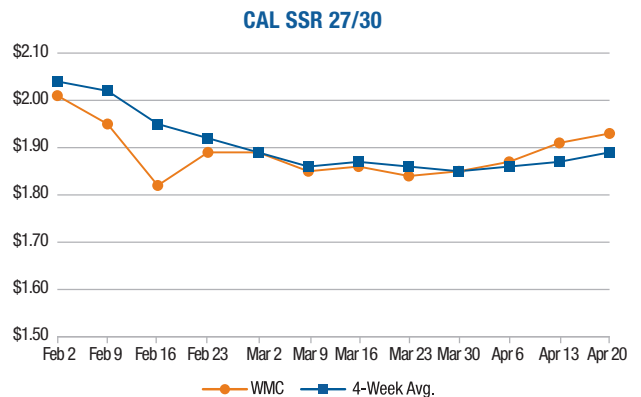
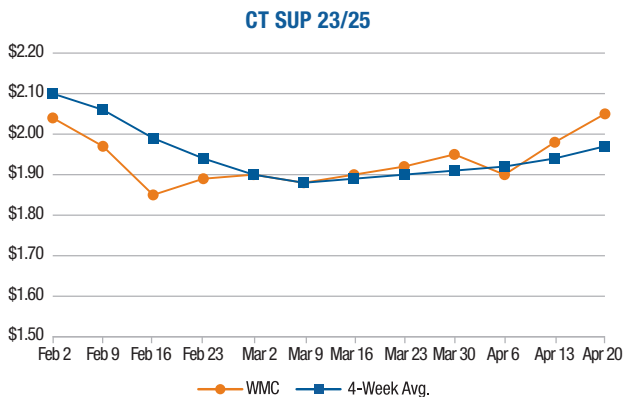
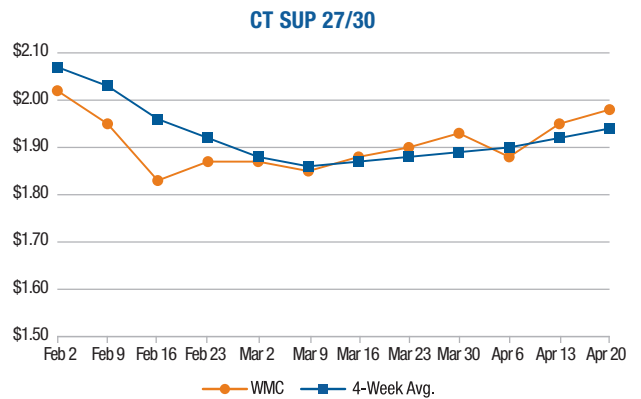
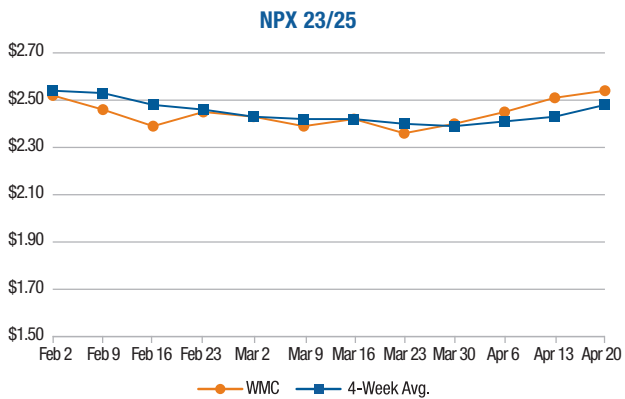
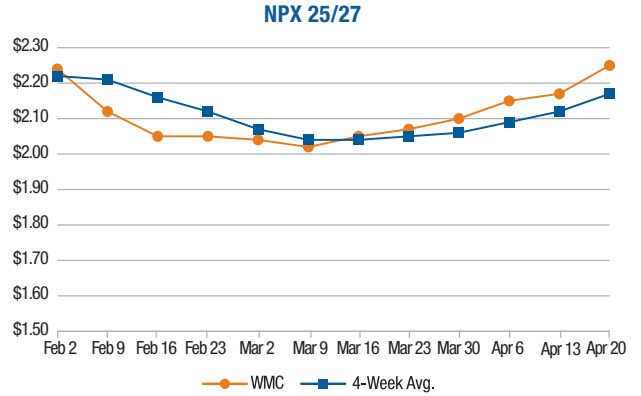
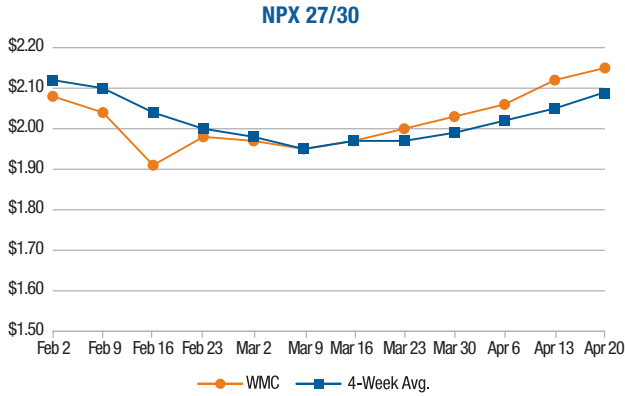
"I've hit a point where I'm done doing new crop Standards now," the packer said. "I've sold enough."

On Thursday, the U.S Department of Agriculture's (USDA) National Agricultural Statistics Service (NASS) is scheduled to release its latest California almond acreage report. Market participants will be watching to see how the NASS almond acreage estimate lines up with the 1.28-million acre estimate used by TNT and GLM Trading in its 2021 crop forecast calculation.

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



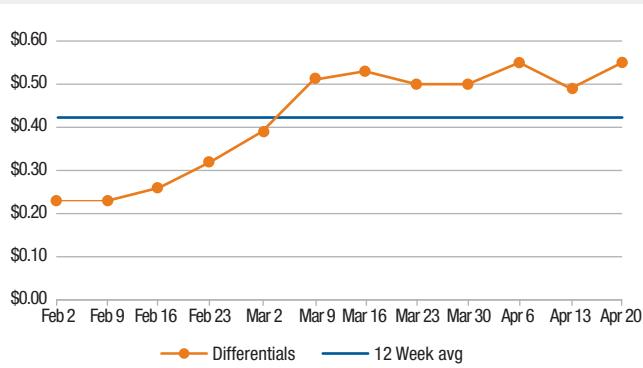
WMC VS 4-WEEK ROLLING AVERAGE, US FAS, \$/lb



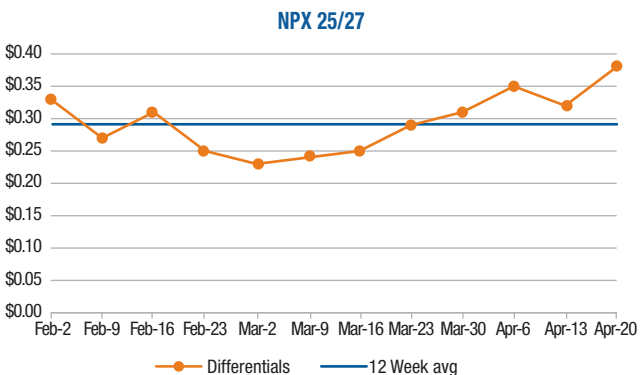
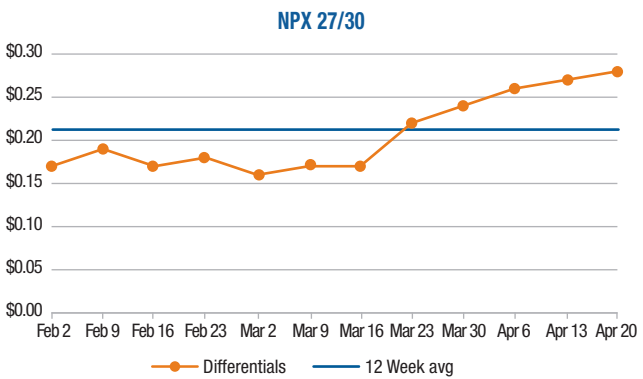
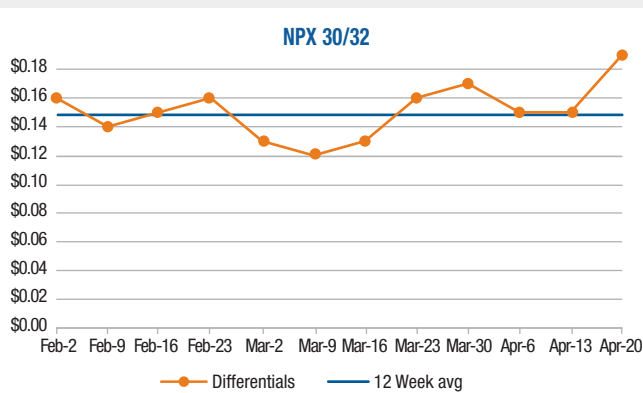
FORWARD PRICES FOR STDS, US FAS, \$/lb

PROMPT	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
	Q3 2021			Q4 2021			Q1 2022			Q2 2022		
\$1.87	\$1.94			\$2.00			\$2.00			\$2.00		

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



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



MONTHLY PRICES, US FAS, \$/lb

ITEM	JAN	FEB	MAR	CURRENT MONTH AVERAGE
STDS	1.98	1.83	1.79	1.84

NONPAREIL

NPIS	1.71	1.59	1.73	1.85
NPX 30/32	2.07	1.98	1.93	2.00
NPX 27/30	2.14	2.00	1.98	2.11
NPX 25/27	2.22	2.12	2.06	2.19
NPX 23/25	2.55	2.46	2.40	2.50
NPX 20/22	3.04	2.94	2.88	2.88
NPS 23/25	2.47	2.36	2.30	2.40

CALIFORNIA

CAL SSR 30/32	2.04	1.91	1.84	1.88
CAL SSR 27/30	2.05	1.92	1.86	1.90

BUTTE PADRE

BP SSR 36/40	2.07	1.93	1.89	1.94
BP SSR 30/32	2.08	1.96	1.92	1.95
BP SSR 27/30	2.10	1.97	1.93	1.97

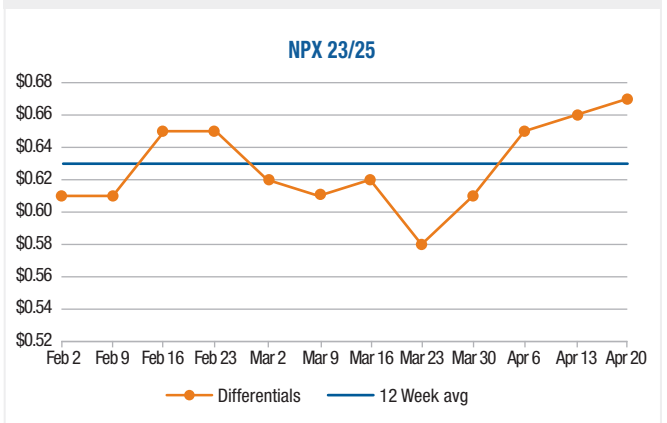
CARMEL TYPE

CT SUP 27/30	2.08	1.92	1.89	1.94
CT SUP 23/25	2.12	1.94	1.91	1.98

INDEPENDENCE

IIS	1.53	1.42	1.55	1.67
INDX 23/25	2.18	2.04	1.98	2.05

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



ANALYSIS AND NEWS

California's 2021 Almond Production Will Fall Short of Last Year's Crop by 300-Million Pounds, a New Forecast Predicts

One of the first forecasts of California's 2021 almond crop was smaller than many market observers expected.

The widely anticipated estimate from U.S.-based Terra Nova Trading and U.K.-based GLM Trading, released on April 14, puts California's 2021 crop at 2.8 billion pounds – 300 million pounds lower than the 3.1-billion-pound current crop.

Packers in California increased their offers following the release of the forecast. All 17 items assessed by Stratamarkets showed gains on the week.

"In January, people had really been thinking 2.9 to 3 billion pounds," said a U.K.-based trader from a rival firm. "2.8 is on the lower end of what they could have said."

A packer in California echoed that view:

"It was a good number for the industry," said the packer, adding that the forecast was more bullish than he expected. "I'm excited to see that."

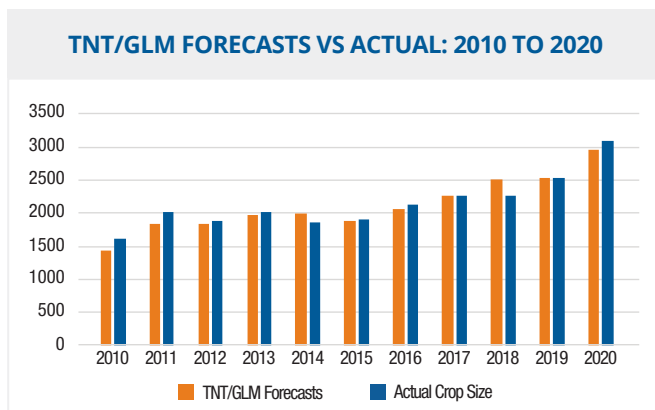
However, another U.K.-based trader said the forecast is unlikely to provide price support beyond the immediate period.

"This gives California an excuse and confidence to raise prices," he said. "But fundamentally, it doesn't change anything."

TNT and GLM Trading buy and sell almonds and are impacted financially by market prices. They have earned a reputation over the years for producing accurate forecasts, and their estimates are widely discussed.

"I think the work they do for the forecast is quite substantial," said the U.K.-based trader referred to earlier.

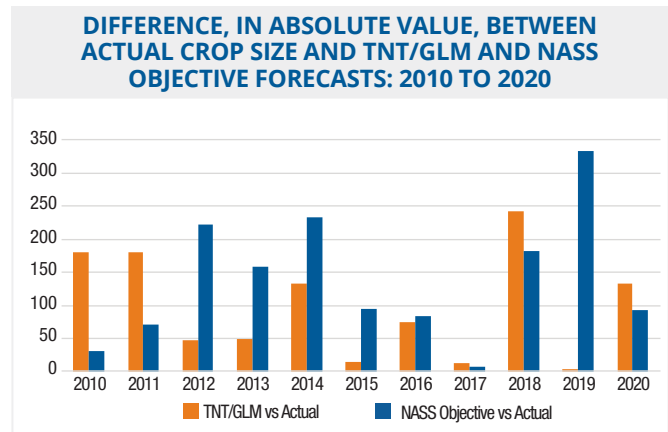
The chart below shows the TNT/GLM forecast versus actual crop sizes from 2010 to 2020:



The TNT/GLM forecast precedes two forecasts from the U.S. Department of Agriculture's (USDA) National Agricultural Statistics Service (NASS), scheduled for release in May and July. The NASS July estimate, referred to as the objective forecast, is considered the most thorough of the two NASS forecasts.

The TNT/GLM forecasts missed the actual crop size by an average of 97-million pounds annually during the 2010 to 2020 period. The NASS Objective forecast missed the actual crop size by an average of 137-million pounds annually.

The chart below shows the deltas, in absolute values, between the two forecasts and the actual crop sizes from 2010 to 2020:



To conduct the forecast, three members of the firms visited 365 almond orchards during a seven-day period in early April, according to a five-page summary of the findings. The report puts the 2021 crop yield estimate at 2,190 pounds per acre and 2021 bearing acres at 1.28 million.

Other conclusions from the report:

- The Nonpareil crop "does not look as heavy as last year and we saw many orchards with bud failure..."
- The Northern California growing region "is clearly taking a break this year after producing a 'monster' crop in 2020."
- The Southern California growing region is "the best area of the state with some inconsistent yet decent crops."

JJ Magdaleno, a partner at TNT who helped conduct the forecast, said one of his takeaways from the estimate is that there may be room for a small price uptick.

"From the handlers in California, I think it's an exhale of relief because I think a lot of them thought if you have three billion pounds again, it's just going to be an uphill battle all year," Magdaleno said.

But even if the TNT/GLM forecasts hits the mark, a large carry-out this crop year could still mean California packers will have a significant quantity of almonds to sell for the foreseeable future.

WMC ASSESSMENT RATIONALE**STDS**

A trade was verified at \$1.86/lb FAS at the close of the April 13 to April 20 assessment period with offers at \$1.90/lb FAS. Earlier in the period, trades were verified at \$1.90/lb FAS. The item was assessed at \$1.87/lb FAS.

NONPAREIL**NPIS**

A trade was verified at \$1.96/lb CIF to India for June and July shipment on a 70% sliding scale, which converts to \$1.91/lb FAS. Another trade was verified at \$1.90/lb CIF to China for prompt shipment on a 70% fixed rate, which converts to \$1.87/lb FAS. The item was assessed at \$1.89/lb FAS based on the average of the two trades.

NPX 30/32

The item was bid at \$2.05/lb FAS and offered at \$2.07/lb FAS at the close of the period. No trades were verified. The item was assessed at \$2.06/lb FAS.

NPX 27/30

A trade was verified at \$2.15/lb FAS at the close of the period. Earlier in the period, the item was bid at \$2.15/lb FAS and offered at \$2.29/lb CIF to the Middle East, which converts to \$2.24/lb FAS. The item was assessed at \$2.15/lb FAS.

NPX 25/27

A trade was verified at \$2.25/lb FAS for May and June shipment at the close of the period. A bid and offer were also verified, each at \$2.25/lb FAS. The item was assessed at \$2.25/lb FAS.

NPX 23/25

The item was bid at \$2.53/lb FAS and offered at \$2.55/lb FAS at the close of the period. No trades were verified. Bids and offers were also verified at less-competitive levels. The item was assessed at \$2.54/lb FAS.

NPX 20/22

No trades, bids, or offers were verified. The item was assessed at \$2.88/lb FAS based on its 34-cent premium to NPX 23/25 last week.

NPS 23/25

No trades, bids, or offers were verified. The item was assessed at \$2.44/lb FAS based on its 10-cent discount to NPX 23/25 last week.

CALIFORNIA**CAL SSR 30/32**

No trades, bids, or offers were verified. The item was assessed at \$1.91/lb FAS based on its 4-cent premium to STDS last week.

CAL SSR 27/30

No trades, bids, or offers were verified. The item was assessed at \$1.93/lb FAS based on its 2-cent premium to CAL SSR 30/32 last week.

BUTTE PADRE**BP SSR 36/40**

No trades, bids, or offers were verified. The item was assessed at \$1.96/lb FAS based on its 9-cent premium to STDS last week.

BP SSR 30/32

No trades, bids, or offers were verified. The item was assessed at \$1.98/lb FAS based on its 2-cent premium to BP SSR 36/40 last week.

BP SSR 27/30

No trades, bids, or offers for prompt shipment were verified. The item was assessed at \$2.00/lb FAS based on its 2-cent premium to BP SSR 30/32 last week.

CARMEL TYPE**CT SUP 27/30**

A trade was verified at \$1.98/lb FAS for May shipment. A similar item, CT SSR 27/30, traded at \$1.92/lb FAS, which converts to a CT SUP 27/30 price of \$1.97/lb FAS. Earlier in the period, a trade for pasteurized CT SUP 27/30 was verified at \$2.05, which converts to an unpasteurized price of \$1.99/lb FAS. The item was assessed at \$1.98/lb FAS.

CT SUP 23/25

A trade was verified at \$2.05/lb FAS for May shipment. No bids or offers were verified. The item was assessed at \$2.05/lb FAS.

INDEPENDENCE**IIS**

No trades, bids, or offers were verified. The item was assessed at \$1.71/lb FAS based on its 18-cent discount to NPIS last week.

INDX 23/25

No trades, bids, or offers were verified. A trade was verified for pasteurized INDX 23/25 at \$2.17/lb FAS, which converts to an unpasteurized price of \$2.11/lb FAS. Also, an offer for INDX 25/27 was verified at \$2.09/lb FAS, which converts to an INDX 23/25 offer of \$2.14/lb FAS assuming a 5-cent price premium to INDX 25/27. The item was assessed at \$2.11/lb FAS.

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