

STRATAMARKETS ALMOND REPORT

GLOBAL MARKET PRICES, ANALYSIS AND NEWS

MARKET HIGHLIGHTS

- Prices decline following forecast of increased almond production in California.
- Inshell emerges as a bright spot for sellers, with NPIS prices gaining 1 cent/lb on the week after a slow start.
- Buyers lower new crop bids, finding resistance from packers to transact.

ANALYSIS AND NEWS HIGHLIGHTS

- A period of low trade liquidity might have arrived with the new NASS forecast as sellers and buyers dig into divergent views of market fundamentals.
- “Basically, nobody is following the idea that this is going to be a 3.2-billion-pound crop,” a packer says.
- Market participants brace for diminished trade activity until July, when NASS is scheduled to release its second forecast of California’s 2021-2022 almond production.

KEY PRICES, US FAS, \$/lb

ASSESSMENT PERIOD: MAY 11 - MAY 18
WEEKLY MARKET CLOSE (WMC) DATE: MAY 18

ITEM	LOW	HIGH	WMC	WEEKLY CHANGE
STDS	1.77	1.79	1.78	-0.08

NONPAREIL

NPIS	1.83	1.97	1.85	+0.01
NPISKW	2.61	2.81	2.64	+0.01
NPX 30/32	2.01	2.03	2.02	-0.08
NPX 27/30	2.00	2.10	2.08	-0.09
NPX 25/27	2.13	2.18	2.17	-0.13
NPX 23/25	2.39	2.53	2.40	-0.13
NPX 20/22	2.73	2.75	2.74	-0.13
NPS 23/25	2.29	2.31	2.30	-0.13

CALIFORNIA

CAL SSR 30/32	1.82	1.84	1.83	-0.07
CAL SSR 27/30	1.84	1.92	1.85	-0.08

BUTTE PADRE

BP SSR 36/40	1.83	1.92	1.84	-0.07
BP SSR 30/32	1.89	1.91	1.90	-0.01
BP SSR 27/30	1.91	1.93	1.92	-0.01

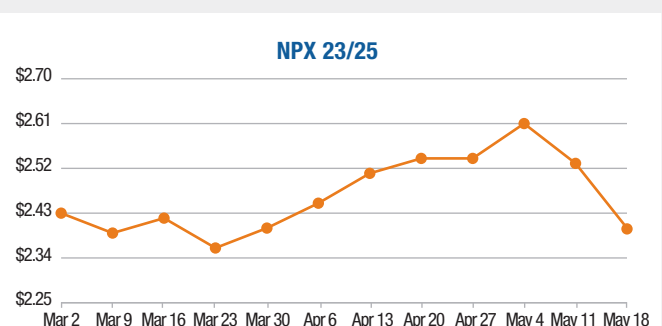
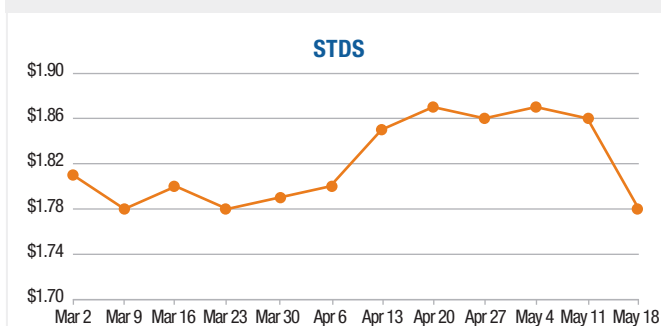
CARMEL TYPE

CT SUP 27/30	1.92	1.94	1.93	+0.03
CT SUP 23/25	1.99	2.01	2.00	-0.10

INDEPENDENCE

IIS	1.61	1.71	1.65	+0.01
IISKW	2.30	2.44	2.36	+0.01
INDX 23/25	2.02	2.04	2.03	-0.07

WMC PRICES, US FAS, \$/lb



WEEKLY MARKET RECAP

Forecast of Increased Almond Production in California Pulls Prices Down

Prices fell in the global almond market the week ending Tuesday in reaction to a new U.S. Department of Agriculture (USDA) crop forecast.

Assessed kernel items lost from 1 cent/lb to 13 cents/lb on the week after the USDA's National Agricultural Statistics Service (NASS) estimated that California will produce another record quantity of almonds in the coming 2021-2022 crop year.

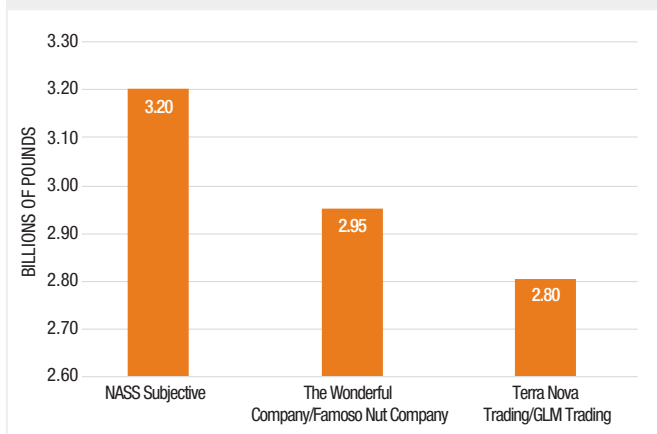
Buyers reacted to the 3.2-billion-pound NASS forecast by lowering bids. Packers largely withdrew from the market.

"Buyers are trying to push the market down by 20 cents from last week," a U.S.-based broker said. "I'm seeing a lot of reluctance and pushback from packers. I don't think much business was booked is the feeling I get from customers."

NASS released its forecast on May 12 at the start of the current assessment period. It's the third California almond production forecast released since April. Production estimates have increased with each forecast.

The chart below shows estimates for 2021-2022 California almond production from the three forecasts. For more on market reaction to the NASS forecast, see the article on page 6:

CALIFORNIA 2021-2022 ALMOND CROP FORECASTS



One bright spot for sellers last week was inshell prices.

At the start of the assessment period, demand from India for current crop inshell was weak, with NPIS trades heard at \$1.80/lb FAS for prompt shipment, 4-cents lower compared with prices the previous week. Market participants said there was little buying interest at current offer prices from California.

NEW CROP TO CURRENT CROP PRICE DIFFERENTIALS, US FAS, \$/LB

ITEM	DIFFERENTIAL*	WEEKLY CHANGE
STDS	+0.02	-0.06
NONPAREIL		
NPIS	-0.20	-0.07
NPX 30/32	+0.03	+0.03
NPX 27/30	+0.04	+0.09
NPX 25/27	+0.02	+0.05
NPX 23/25	-0.02	+0.08
NPX 20/22	-0.02	+0.08
NPS 23/25	-0.02	+0.08
CALIFORNIA		
CAL SSR 30/32	-0.02	-0.10
CAL SSR 27/30	-0.02	-0.10
BUTTE PADRE		
BP SSR 36/40	-0.02	-0.10
BP SSR 27/30	-0.02	-0.10
CARMEL TYPE		
CT SUP 27/30	-0.05	0.00
CT SUP 23/25	-0.08	0.00
INDEPENDENCE		
IIS	-0.25	-0.12
INDX 23/25	-0.08	0.00

*Differentials reflect new crop minus current crop prices

STRATAMARKETS

PRICE DATA GUIDE

We maintain a document, the *Stratamarkets Price Data Guide*, to explain in detail the price data published in this report and in our data platform. The guide defines item abbreviations; market locations, timing, and trading terms and conditions that our price data represents; and how we produce our price data. To request a copy, please send an email to hello@stratamarkets.com.

Weekly Market Recap cont'd...

“The Indian market is still at a disparity to origin prices, and buyers are not really aggressively chasing it,” an India-based trader said. “We need one month of low shipment figures from the U.S. to bring the local market back. Other than that, I don’t know how this market is going to push itself up.”

However, NPIS prices firmed later in the assessment period with trades verified at \$1.90/lb CIF to India on a 70% sliding scale, which converts to \$1.85/lb FAS. Market participants pegged IIS at a 20-cent discount to NPIS with no IIS trades verified.

Except for the week ending May 11, NPIS prices have either gained or held ground every week since February 16, when prices began to climb from a low of \$1.52/lb FAS. Packers say there is little remaining.

New Crop

Demand last week appeared to be more focused on trying to book new crop than current crop as buyers attempted to leverage the NASS forecast.

New crop STDS traded at \$1.80/lb FAS for Q4 2021 and Q1 2022 shipment. The new crop STDS price premium to current crop STDS shrank to 2 cents last week from 8 cents the previous week.

New crop NPIS traded at \$1.65/lb FAS for September and October shipment on a 70% sliding scale, putting the new crop NPIS discount to current crop NPIS at 20 cents. New crop IIS traded at \$1.40/lb FAS for October shipment on a 70% sliding scale, putting the new crop IIS price discount to current crop IIS at 25 cents.

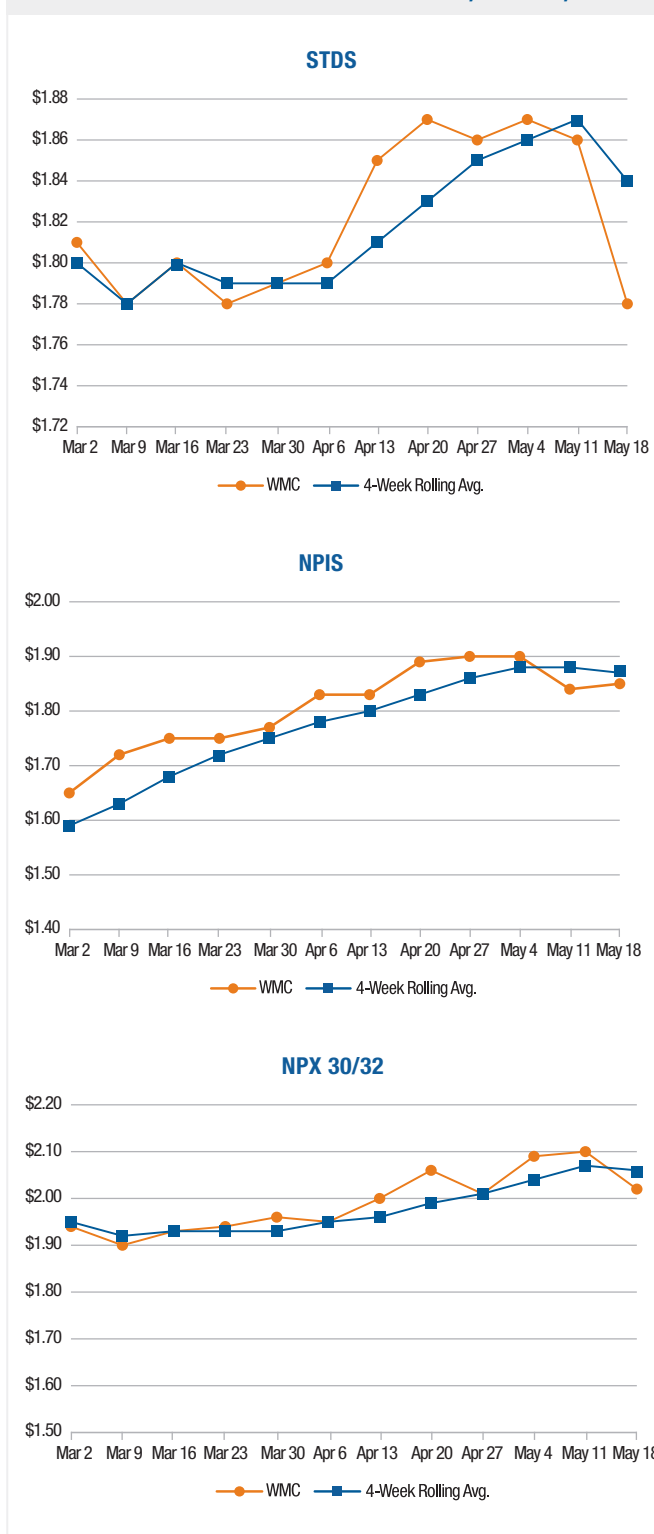
Other verified new crop trades last week include the following:

- NPX 25/27 traded multiple times at \$2.22/lb CIF Qingdao for October shipment.
- CAL SSR 36/40 traded at \$1.83/lb FAS.
- CT SSR 32/34 traded at \$1.90/lb FAS for Q4 2021 shipment.

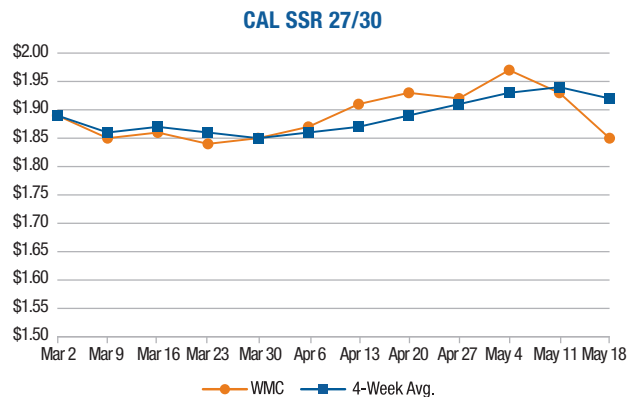
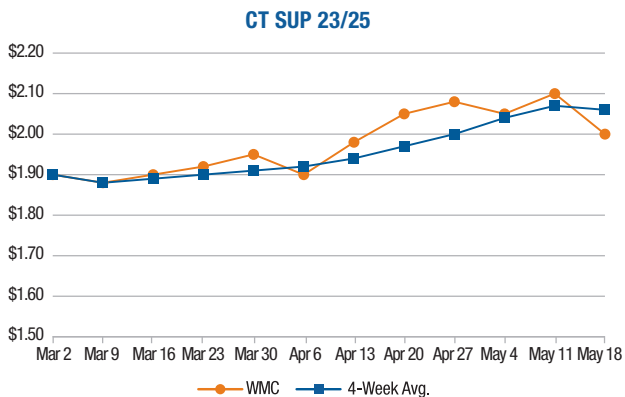
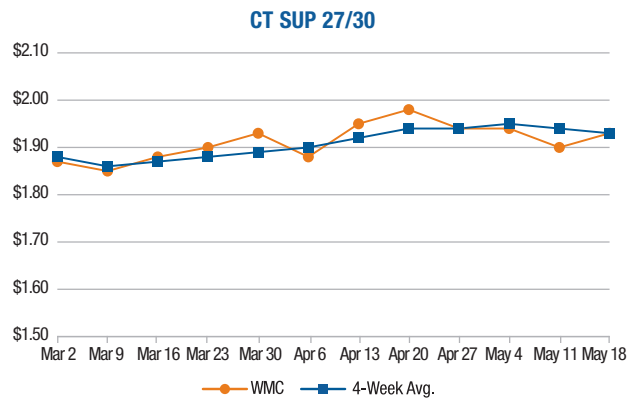
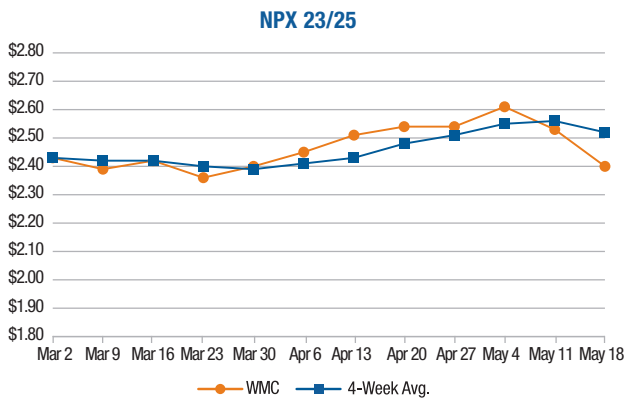
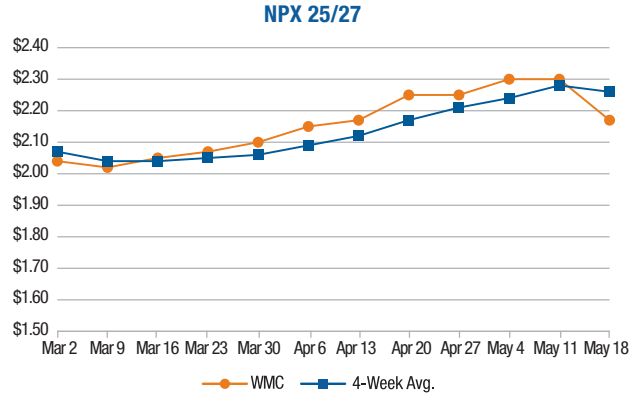
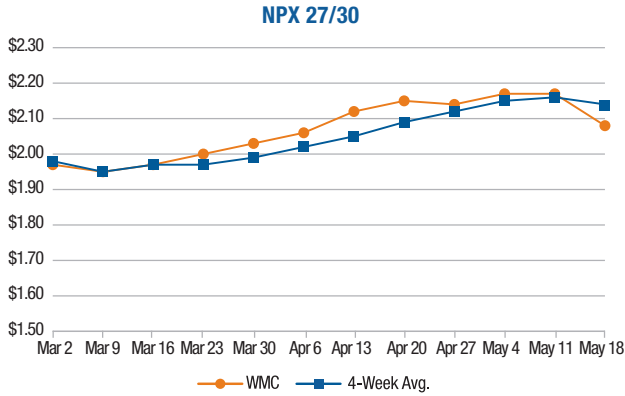
Though buyers showed interest in purchasing new crop following the forecast, packers for the most part declined to engage. Some packers expect the deadlock to continue.

“It’s going to be the slowest new crop selling for this time of year than we’ve seen in a long time,” a packer predicted. “Buyers are trying to get things booked 10 cents below last week’s prices, and nobody is biting.”

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



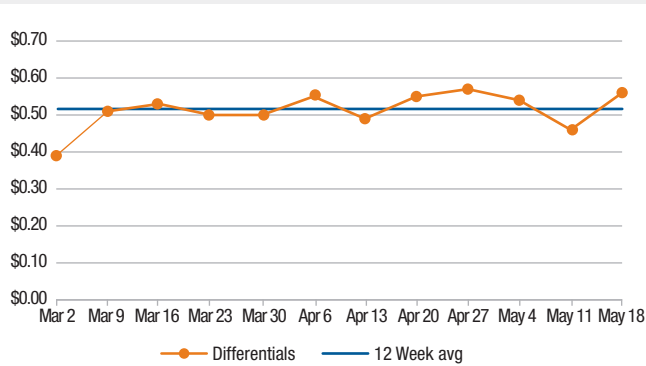
WMC VS 4-WEEK ROLLING AVERAGE, US FAS, \$/lb



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

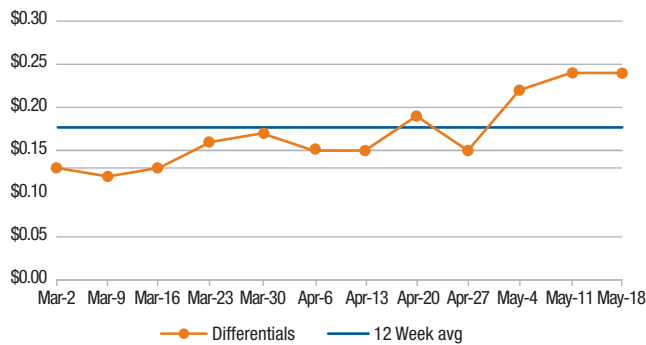
PROMPT	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
	Q3 2021			Q4 2021			Q1 2022			Q2 2022		
\$1.78	\$1.79			\$1.80			\$1.80			\$1.80		

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

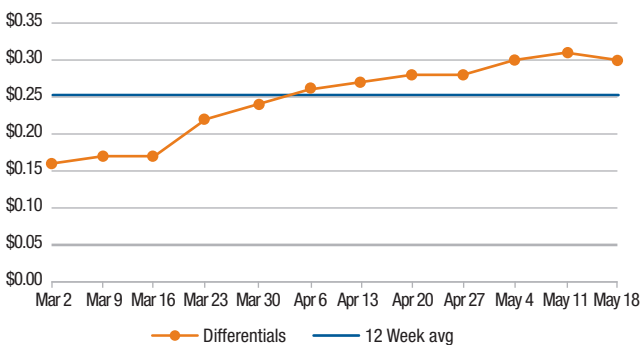


PRICE DIFFERENTIALS TO STDS, US FAS, \$/lb

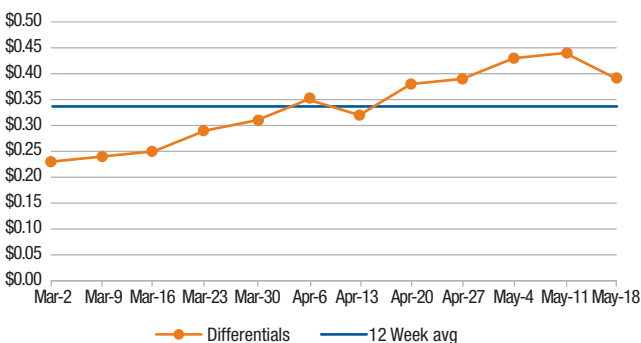
NPX 30/32



NPX 27/30



NPX 25/27



MONTHLY PRICES, US FAS, \$/lb

ITEM	FEB	MAR	APR	CURRENT MONTH AVERAGE
STDS	1.83	1.79	1.85	1.84

NONPAREIL

NPIS	1.59	1.73	1.86	1.86
NPX 30/32	1.98	1.93	2.01	2.07
NPX 27/30	2.00	1.98	2.12	2.14
NPX 25/27	2.12	2.06	2.21	2.26
NPX 23/25	2.46	2.40	2.51	2.51
NPX 20/22	2.94	2.88	2.88	2.85
NPS 23/25	2.36	2.30	2.41	2.41

CALIFORNIA

CAL SSR 30/32	1.91	1.84	1.89	1.89
CAL SSR 27/30	1.92	1.86	1.91	1.92

BUTTE PADRE

BP SSR 36/40	1.93	1.89	1.94	1.90
BP SSR 30/32	1.96	1.92	1.95	1.92
BP SSR 27/30	1.97	1.93	1.97	1.94

CARMEL TYPE

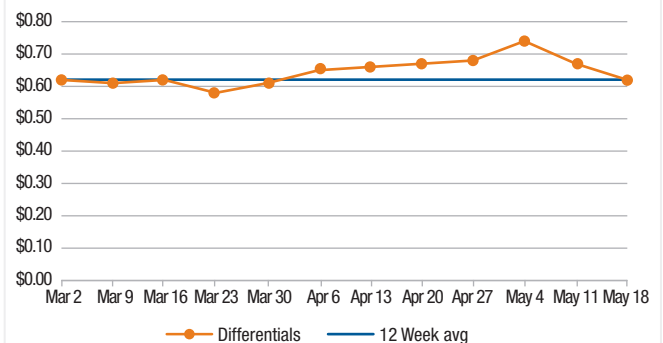
CT SUP 27/30	1.92	1.89	1.94	1.92
CT SUP 23/25	1.94	1.91	2.00	2.05

INDEPENDENCE

IIS	1.42	1.55	1.69	1.68
INDX 23/25	2.04	1.98	2.06	2.08

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

NPX 23/25



ANALYSIS AND NEWS

USDA's NASS Predicts Another Year of Record Almond Production in California

A new California almond crop forecast rejected by sellers and embraced by buyers could usher in a period of low trade liquidity in the global industrial market as the two sides dig into divergent views of market fundamentals.

The 2021 California Almond Forecast, released May 12 by the U.S. Department of Agriculture's (USDA) National Agricultural Statistics Service (NASS), estimates the state will produce 3.2-billion pounds of almonds in the coming crop year – about 100 million pounds more than the state is tracking toward this crop year.

The forecast prompted buyers to lower bids for current and new crop purchases while packers throughout the state expressed disbelief in the estimate.

"Basically, nobody is following the idea that this is going to be a 3.2-billion-pound crop," a packer said. "I think everybody will proceed with their handles thinking it will be a 2.95-billion-pound crop."

Another packer compared the forecast to a 2019 NASS estimate that predicted the state would produce 2.2-billion pounds of almonds. Actual output that crop year reached 2.56-billion pounds, 360-million pounds more than NASS predicted.

"I don't think anyone believes [the new forecast] any more than they believed the 2.2-billion-pound estimate from 2019," the packer said. "My primary reaction was, 'well, it looks like I'm not going to sell for a while.'"

NASS forecast

Gary Keough, a NASS director who oversees the forecast, said the newly-released estimate is based on information NASS received from almond growers.

"It incorporates information that growers had around May 1 for acres they were going to harvest and what they were projecting their yields to be," Keough said.

NASS surveyed 500 growers by phone from April 19 to May 6 to produce its estimate, according to a two-page report summarizing the findings. The report forecasts bearing acreage at 1.33 million and a yield of 2,410 pounds per acre, which is 3% lower than the 2020 yield.

The report also notes that even though California just experienced a dry winter and its snowpack and water levels are below normal, warm temperatures provided good bloom conditions. The report predicts the 2021-2022 crop will be the largest on record.

"Pollination activity was reported to be very good with long overlapping bloom periods," the report said.

"Excellent growing conditions in April benefitted the crop's development and disease pressure was low."

NASS forecast higher than other estimates

The NASS forecast, commonly referred to as the subjective measure because it relies on surveys, marks the third forecast since April of California's 2021-2022 almond production.

On April 14, Terra Nova Trading and GLM Trading released a forecast estimating 2.8-billion pounds of output from California. On May 10, The Wonderful Company and Famoso Nut Company, two California-based packers, released a forecast estimating statewide production at 2.95-billion pounds.

The gap between the NASS forecast and the two previous forecasts partly explains why the NASS estimate surprised many packers.

"People are pretty much shocked," a California-based trader said. "It was a depressing figure."

Some sellers contend the NASS forecast is flawed because it fails to account for the challenges growers will face accessing affordable water in a period of drought. Those challenges, sellers say, mean growers could remove more bearing acreage than NASS estimates and prompt growers to take stricter approaches to irrigation to reduce water costs, which could negatively impact yields.

In a May 13 market update, Blue Diamond Growers wrote that the yield NASS estimates would be the third-highest yield in California's history.

"With a short water supply, Blue Diamond expects a crop that will not exceed 3.0 billion lbs and could end up short of that pending summer growing conditions," the company wrote in its market update.

The company also said there will be "considerable market confusion" following the NASS forecast.

"This will likely delay some new crop activity as buyers and growers reach a temporary impasse over pricing," the market update said.

In June, NASS will begin visiting almond orchards to conduct field surveys for a second and final forecast of 2021-2022 production. Keough said those field surveys will reveal if bearing acreage and yields are lower than grower-reported levels captured in the survey.

"There may be some adjustments at that time," Keough said.

NASS is scheduled to release that forecast on July 12.

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

ITEM	WMC	WC
STDS	1.84	-0.02
NONPAREIL		
NPIS	1.87	-0.01
NPX 30/32	2.06	-0.01
NPX 27/30	2.14	-0.02
NPX 25/27	2.26	-0.02
NPX 23/25	2.52	-0.04
NPX 20/22	2.86	-0.03
NPS 23/25	2.42	-0.03
CALIFORNIA		
CAL SSR 30/32	1.89	-0.02
CAL SSR 27/30	1.92	-0.02
BUTTE PADRE		
BP SSR 36/40	1.91	-0.03
BP SSR 30/32	1.93	-0.02
BP SSR 27/30	1.95	-0.02
CARMEL TYPE		
CT SUP 27/30	1.93	-0.01
CT SUP 23/25	2.06	-0.01
INDEPENDENCE		
IIS	1.70	-0.01
INDX 23/25	2.08	-0.02

WMC ASSESSMENT RATIONALE

STDS

Trades were verified at \$1.77/lb FAS and \$1.79/lb FAS during the May 11 to May 18 assessment period. The item was assessed at \$1.78/lb FAS based on the average of the trades.

NONPAREIL**NPIS**

The item traded at \$1.90 CIF to India (\$1.85/lb FAS) on a 70% sliding scale at the close of the assessment period. Bids were seen at \$1.83/lb FAS with offers between \$1.94/lb CIF to India and \$1.99/lb CIF to India. The item was assessed at \$1.85/lb FAS based on the trade.

NPX 30/32

Offers were verified at \$2.10/lb FAS. No trades or bids were verified. The item was assessed at \$2.02/lb FAS based on its 24-cent premium to STDS last week.

NPX 27/30

No trades were verified. The item was bid at \$2.00/lb FAS. Offers ranged from \$2.05/lb FAS to \$2.15/lb FAS. The item was assessed at \$2.08/lb FAS based on the midpoint of the bid and average of the offers.

NPX 25/27

A trade for pasteurized NPX 25/27 was verified at \$2.22/lb EXW, which converts

to an unpasteurized FAS price of \$2.17/lb FAS. Bids were verified at \$2.10/lb FAS and \$2.15/lb FAS. No offers were verified. The item was assessed at \$2.17/lb FAS based on the trade.

NPX 23/25

Offers were verified at \$2.50/lb FAS and \$2.55/lb FAS. A bid was verified at \$2.40/lb FAS early in the assessment process. A trade was heard but not verified at \$2.40/lb FAS. The item was assessed at \$2.40/lb FAS based on its 23-cent premium to NPX 25/27 last week.

NPX 20/22

No trades, bids, or offers were verified. The item was assessed at \$2.74/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 \$2.30/lb FAS based on its 10-cent discount to NPX 23/25 last week.

CALIFORNIA**CAL SSR 30/32**

A trade was verified at \$1.83/lb FAS. No bids or offers were verified. The item was assessed at \$1.83/lb FAS.

CAL SSR 27/30

A trade was verified at \$1.85/lb FAS. At the end of the assessment period, an offer was seen at \$1.92/lb FAS. The item was assessed at \$1.85/lb FAS based on the trade.

BUTTE PADRE**BP SSR 36/40**

The item was offered at \$1.92/lb FAS. No trades or bids were verified. The item was assessed at \$1.84/lb FAS based on its 1-cent premium to CAL SSR 30/32 last week.

BP SSR 30/32

No trades, bids, or offers were verified. The item was assessed

at \$1.90/lb FAS assuming a 6-cent premium to BP SSR 36/40.

BP SSR 27/30

No trades, bids, or offers were verified. The item was assessed at \$1.92/lb FAS assuming a 2-cent premium to BP SSR 30/32.

CARMEL TYPE**CT SUP 27/30**

Trades were verified at \$1.92/lb FAS and \$1.93/lb FAS, with the latter trade occurring at the close of the assessment period. The item was assessed at \$1.93/lb FAS.

CT SUP 23/25

A trade was verified at \$2.00/lb at the close of the assessment period. No bids or offers were verified. The item was assessed at \$2.00/lb FAS based on the trade.

INDEPENDENCE**IIS**

The item was bid at \$1.61/lb FAS with offers ranging from \$1.75/lb CIF to India to \$1.77/lb CIF to India on a 70% sliding scale. The item was assessed at \$1.65/lb FAS based on its 20-cent discount to NPIS last week.

INDX 23/25

Early in the assessment period, pasteurized INDX 23/25 was bid at \$2.07/lb EXW, which converts to an unpasteurized FAS price of \$2.02/lb. No trades or offers were verified. The item was assessed at \$2.03/lb FAS.



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