

# STRATAMARKETS ALMOND REPORT

GLOBAL MARKET PRICES, NEWS & ANALYSIS

## WEEKLY MARKET RECAP

### Holidays, record precipitation in California soften global almond pricing

Most global almond prices moved lower during the week ended Tuesday, as record precipitation in California as well as bearish sentiment about the pace of shipments contributed to the softening market.

Significant volumes of rain and snow from two so-called "atmospheric rivers" fell across California in December, with much of it coming in the final two weeks of the year. As of Tuesday, California's snowpack was 150% of normal for the date, according to California state data.

"It's certainly changing the picture," said a broker based in Germany, though he was quick to point out that more rain would be needed to move California out of drought.

STD5 trade was most active during the week, with a trade reported Tuesday at \$1.92/lb FAS for February shipment, and bids at \$1.90/lb FAS and \$1.92/lb FAS for prompt shipment. Bids were also reported for March shipment at \$1.90/lb FAS and \$1.94/lb FAS.

Forward trades were reported at \$1.99/lb FAS for March through May shipment and \$1.98/lb FAS for May through July shipment. In addition, November/December shipment was offered at \$2.10/lb FAS.

STD5 were assessed at \$1.92/lb FAS, down 5 cents on the week, based on the trade. This assessment was also down 2.3% from the year-ago week, and marks the first time this crop year the STD5 assessment has dipped below last year's assessment.

"Many warehouses are still full, so buyers will need to review their holiday sales and they will have to buy for this year, but so far they have not been able to find many sellers," said the German broker. "In the short term there is not much demand; what they need to buy is June forward."

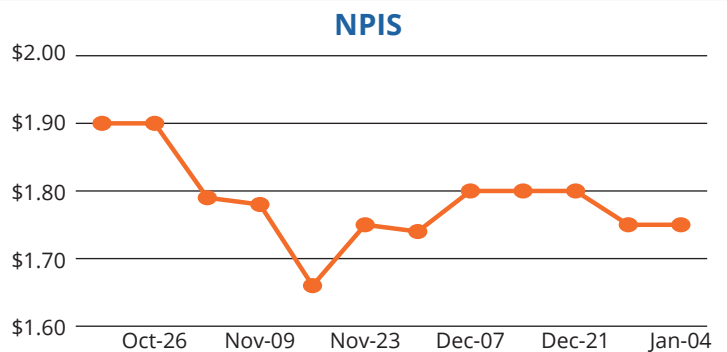
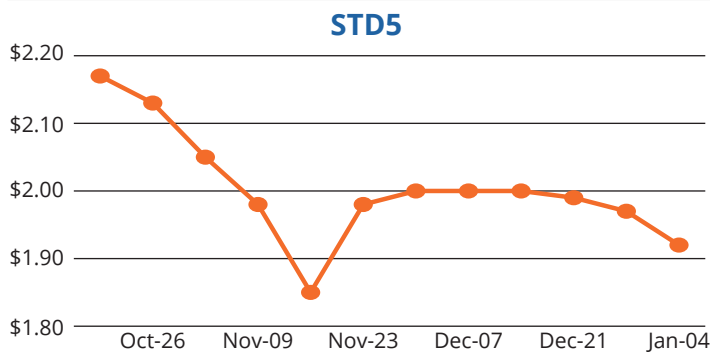
(Weekly Market Recap continues to page 6)

## KEY PRICES, US FAS, \$/lb

ASSESSMENT PERIOD: DEC 28 - JAN 04  
WEEKLY MARKET CLOSE (WMC) DATE: JAN 04

ITEM	LOW	HIGH	WMC	WEEKLY CHANGE
STD5	1.92	1.95	1.92	-0.05
<b>NONPAREIL</b>				
NPIS	1.75	1.81	1.75	0.00
NPISEM	2.50	2.59	2.50	0.00
NPX 30/32	2.20	2.29	2.20	-0.09
NPX 27/30	2.31	2.42	2.39	-0.05
NPX 25/27	2.60	2.75	2.68	-0.02
NPX 23/25	2.88	2.88	2.88	-0.02
NPX 20/22	3.29	3.29	3.29	-0.02
NPS 23/25	2.83	2.83	2.83	-0.04
<b>CALIFORNIA</b>				
CALSSR 30/32	2.05	2.05	2.05	-0.05
CALSSR 27/30	2.06	2.06	2.06	-0.05
<b>BUTTE PADRE</b>				
BPSSR 36/40	2.04	2.06	2.04	0.00
BPSSR 30/32	2.07	2.07	2.07	0.00
BPSSR 27/30	2.09	2.09	2.09	0.00
<b>CARMEL TYPE</b>				
CTS 27/30	2.12	2.23	2.12	-0.07
CTS 23/25	2.17	2.18	2.18	-0.06
<b>INDEPENDENCE</b>				
INIS	1.56	1.56	1.56	0.00
INISEM	2.23	2.23	2.23	0.00
INX 23/25	2.40	2.40	2.40	-0.01
<b>MONTEREY</b>				
MIS	1.23	1.23	1.23	-0.04
MISEM	2.05	2.05	2.05	-0.07

## WMC PRICES, US FAS, \$/lb



## NEWS & ANALYSIS

### California facing another record carry-out in 2022

California could be confronting a carry-out this crop year of nearly 800 million lbs if shipments continue to lag last year, a fact that some in the industry have already started to accept.

The 2020-2021 crop year ended with a record carry-out of 608 million lbs, largely due to a record harvest of 3.1 billion lbs. Last year's harvest also meant shipment records for 11 out of 12 months during the crop year.

Shipments this crop year, however, are noticeably behind, even though total supply is roughly equal to last year. And while there are reasons for the slowdown, including the global supply chain crunch, the result could be another dramatic increase in the carry-out.

"We think that if these sellers don't get rid of their inventory, they're going to be carrying in 800 (million lbs)," said a California-based broker.

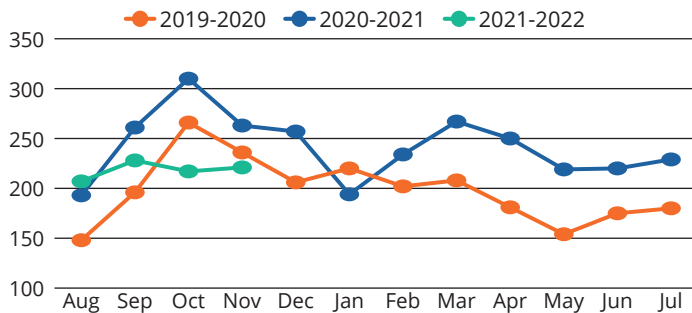
In July, the USDA forecast a California almond harvest of 2.8 billion lbs. With the 2020-2021 carry-in of 608 million lbs, total supply this year equals roughly 3.4 billion lbs.

Total supply in 2020-2021 also equaled roughly 3.4 billion lbs, based on a harvest of 3.1 billion lbs and a carry-in of 318 million lbs.

During the last crop year, shipments averaged about 242 million lbs/month, including a record high of 310 million lbs in October 2020.

Through November of this crop year, shipments are averaging 218 million lbs/month, according to an analysis of Almond Board of California (ABC) data.

#### MONTHLY SHIPMENTS, MILLION LBS



Source: Almond Board of California

If shipments continue at that pace, the carry-out for the current crop year would be roughly 789 million lbs.

The carry-out could be even larger if the current harvest is more than 2.8 billion lbs.

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#### MONTHLY PRICES, US FAS, \$/lb

ITEM	OCT	NOV	DEC	CURRENT MONTH AVG.
STD5	2.25	1.97	1.99	1.92
<b>NONPAREIL</b>				
NPIS	1.99	1.74	1.79	1.75
NPISEM	2.84	2.49	2.55	2.50
NPX 30/32	2.67	2.32	2.32	2.20
NPX 27/30	2.76	2.47	2.50	2.39
NPX 25/27	3.13	2.78	2.74	2.68
NPX 23/25	3.37	2.94	2.92	2.88
NPX 20/22	3.76	3.42	3.34	3.29
NPS 23/25	3.27	2.87	2.86	2.83
<b>CALIFORNIA</b>				
CALSSR 30/32	2.41	2.11	2.10	2.05
CALSSR 27/30	2.43	2.13	2.13	2.06
<b>BUTTE PADRE</b>				
BPSSR 36/40	2.40	2.06	2.08	2.04
BPSSR 30/32	2.45	2.14	2.11	2.07
BPSSR 27/30	2.47	2.16	2.13	2.09
<b>CARMEL TYPE</b>				
CTS 27/30	2.52	2.15	2.19	2.12
CTS 23/25	2.67	2.28	2.30	2.18
<b>INDEPENDENCE</b>				
INIS	1.77	1.58	1.60	1.56
INISEM	2.53	2.25	2.28	2.23
INX 23/25	2.77	2.41	2.40	2.40
<b>MONTEREY</b>				
MIS	1.61	1.38	1.29	1.23
MISEM	2.68	2.29	2.15	2.05

#### METHODOLOGY & SPECIFICATIONS GUIDE

The *Stratamarkets Methodology & Specifications Guide* explains the price assessments published in this report and in our data platform. The guide explains item abbreviations, defines the markets we assess, and describes how we gather price information and produce the price assessments. To request a copy, please send an email to [hello@stratamarkets.com](mailto:hello@stratamarkets.com).

If that is the case, “we are going to have a pretty similar crop (to 2020-2021), with lower shipments and the marketable amount is higher than last year, so that puts us at risk of having a huge carry-out,” said a Spain-based broker.

Were the industry to reach the forecasted 2021-2022 carry-out of 500 million lbs, shipments would need to equal roughly 254 million lbs/month. So far this crop year, shipments peaked at 228 million lbs in September.

Cargoes that continue to be rolled are among the main frustration facing packers, along with less demand from destination ports, particularly Europe, which took advantage of low pricing last year to build up inventories.

Many expect Europe to return to the market this quarter as it begins buying for the latter half of the year.

But shipping remains a constraint, with little signs of relief ahead.

Nearly 85% of California’s almonds are exported through the Port of Oakland, according to the ABC. The remainder is shipped through the ports of Los Angeles and Long Beach.

While the Port of Oakland has struggled with labor, construction and a lack of service from the steamship lines, the shipping situation is more acute in Southern California, and arguably symbolic of the global logjam.

Compton, California-based Pacific Drayage Services (PDS), which sends a daily email update on vessel traffic, reported Monday the combined ports of Los Angeles and Long Beach had 13 container vessels at anchor and another 101 headed for the combined ports. That includes vessels that have already arrived but are loitering or drifting offshore.

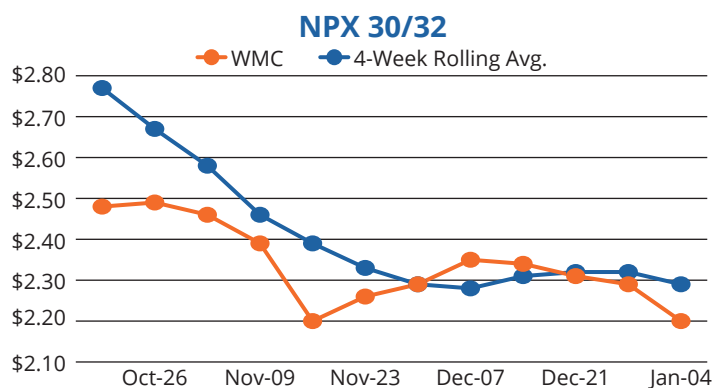
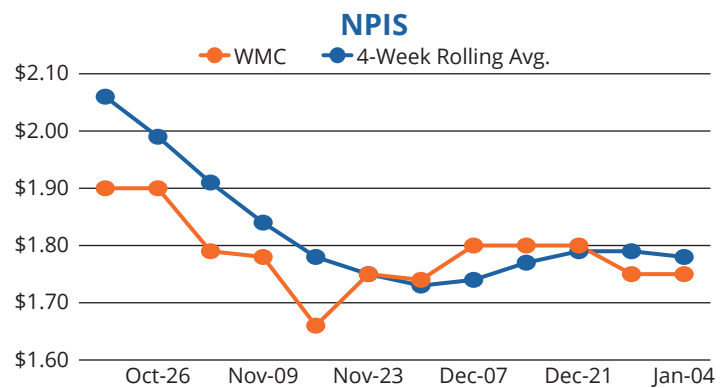
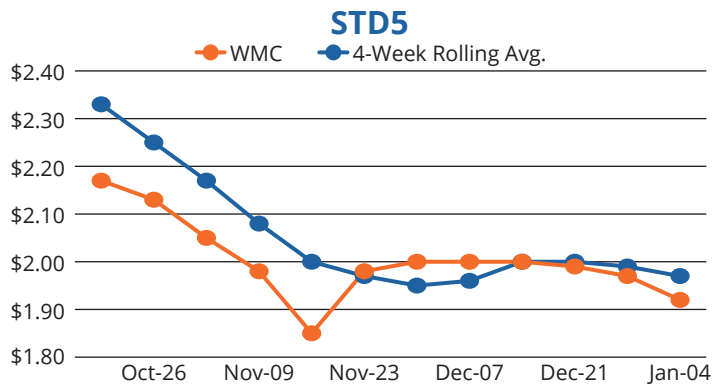
For comparison, the combined ports had 36 container vessels at anchor and another 8 set to arrive the first week of September 2021, according to PDS.

Storage, which is already an issue for some packers due to lower shipments, is likely to become an even bigger problem.

“California doesn’t have the infrastructure to consistently handle a (large) crop,” said a Central California packer. “There’s not enough bins, not enough warehouse space and especially not

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



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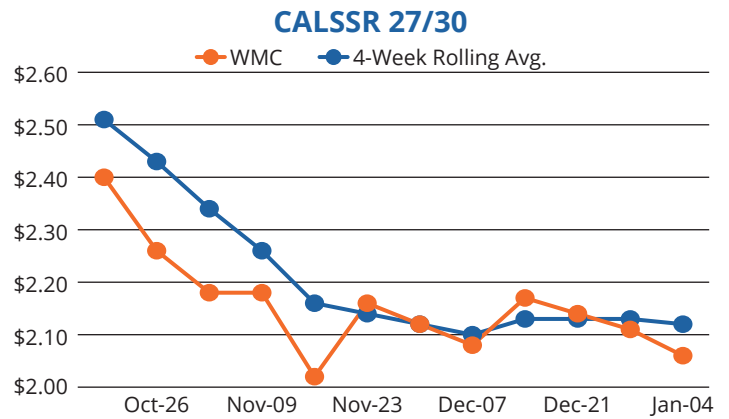
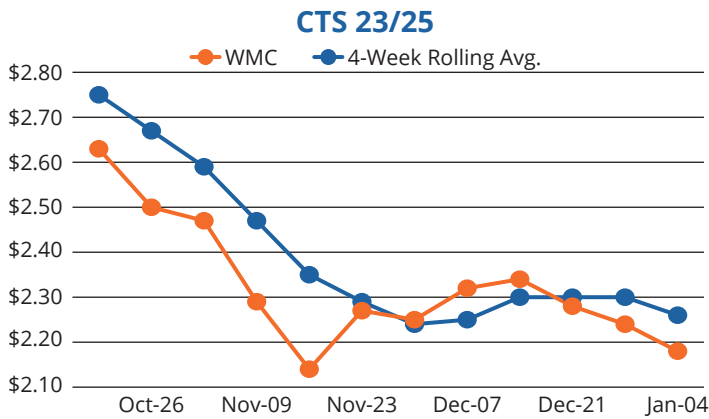
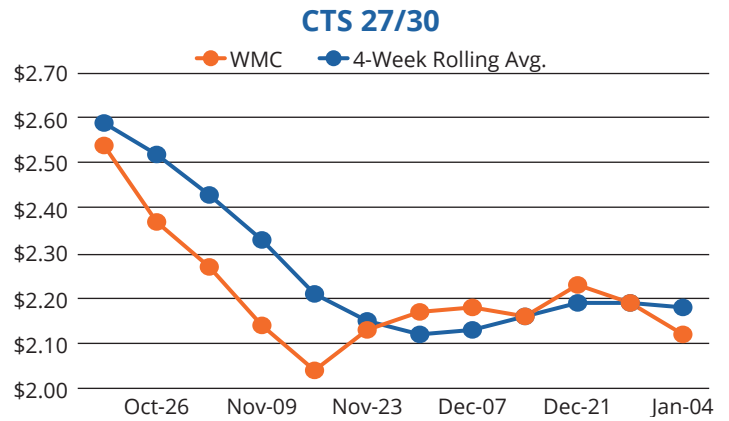
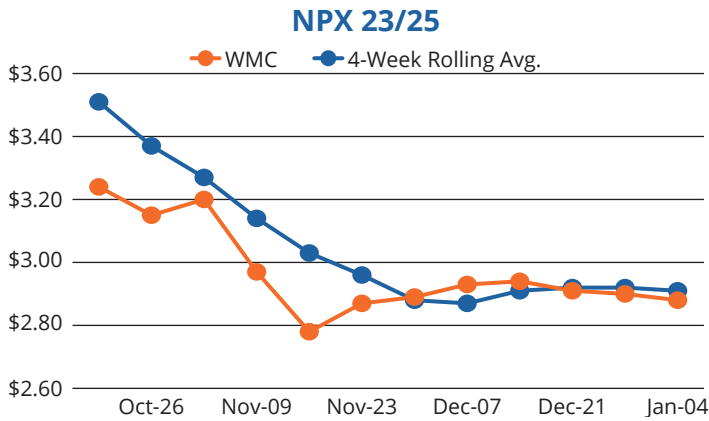
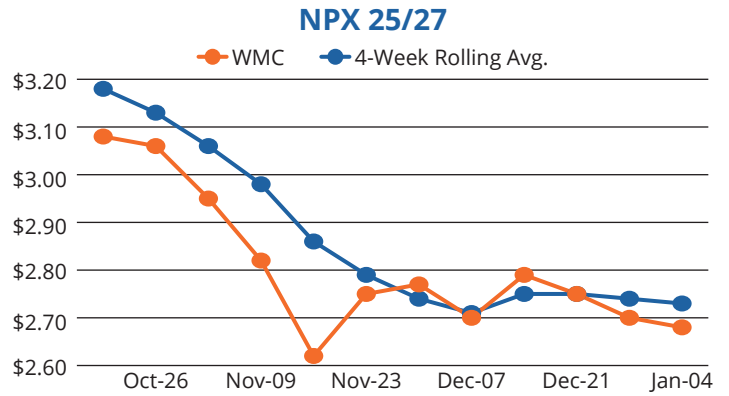
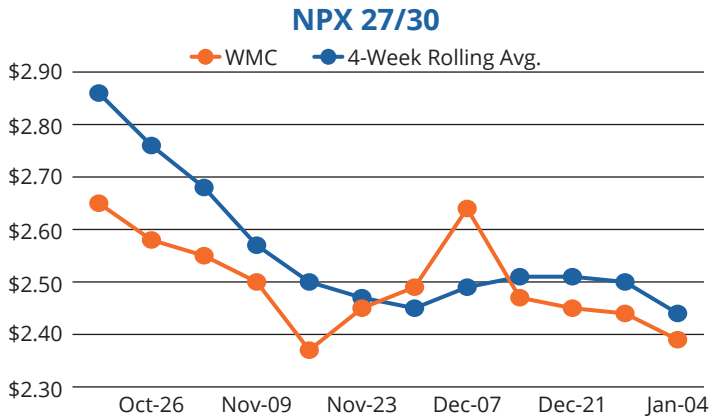
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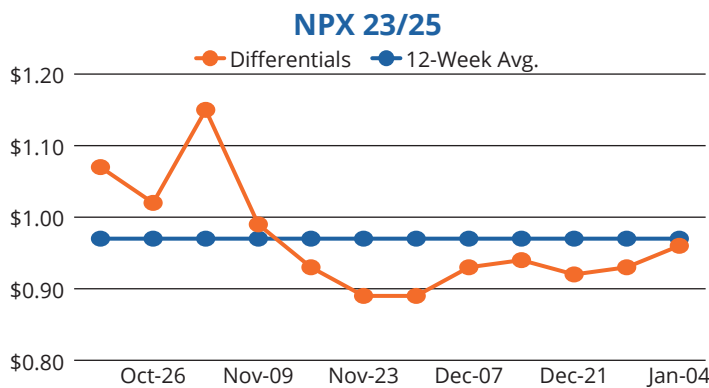
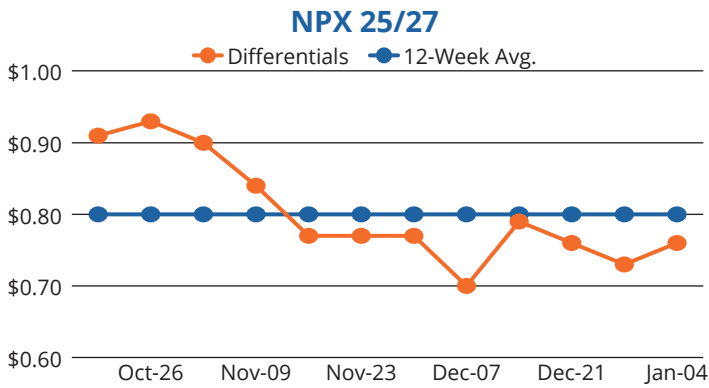
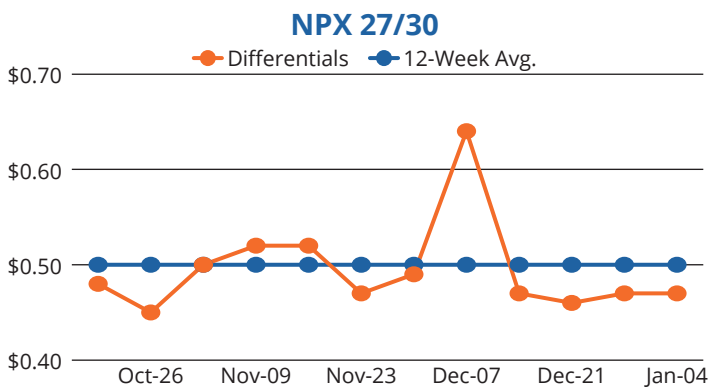
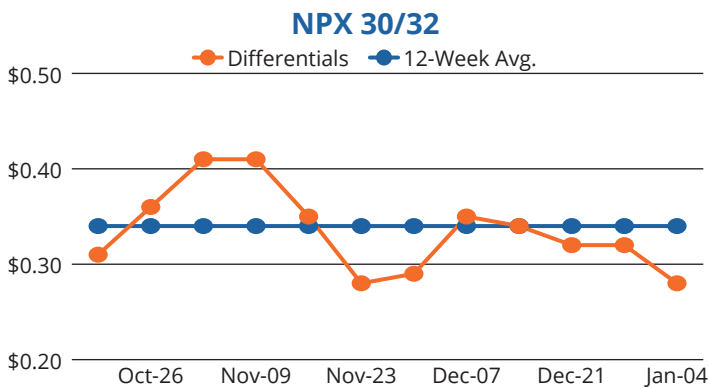
WMC VS 4-WEEK ROLLING AVERAGE, US FAS, \$/lb



FORWARD PRICES FOR STD5, US FAS, \$/lb

PROMPT	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
	Q2 2022			Q3 2022			Q4 2022			Q1 2023		
	\$1.99			\$2.08			\$2.13			\$2.15		
	\$1.92											

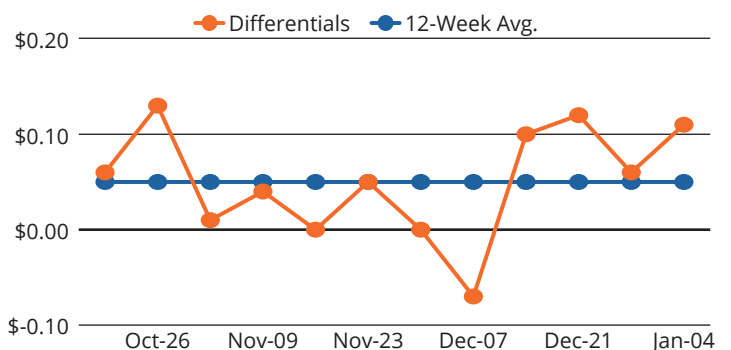
**PRICE DIFFERENTIALS TO STD5, US FAS, \$/lb**



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

ITEM	WMC	WC
STD5	1.97	-0.02
<b>NONPAREIL</b>		
NPIS	1.78	-0.01
NPISEM	2.54	-0.02
NPX 30/32	2.29	-0.04
NPX 27/30	2.44	-0.06
NPX 25/27	2.73	0.00
NPX 23/25	2.91	-0.01
NPX 20/22	3.31	-0.03
NPS 23/25	2.87	0.01
<b>CALIFORNIA</b>		
CALSSR 30/32	2.09	0.00
CALSSR 27/30	2.12	0.00
<b>BUTTE PADRE</b>		
BPSSR 36/40	2.06	-0.01
BPSSR 30/32	2.09	-0.01
BPSSR 27/30	2.11	-0.02
<b>CARMEL TYPE</b>		
CTS 27/30	2.18	-0.01
CTS 23/25	2.26	-0.04
<b>INDEPENDENCE</b>		
INIS	1.59	-0.01
INISEM	2.27	-0.01
INX 23/25	2.42	0.01
<b>MONTEREY</b>		
MIS	1.27	-0.02
MISEM	2.12	-0.03

**NPISEM DIFFERENTIAL TO NPX 27/30, US FAS, \$/lb**



**(Weekly Market Recap continued from page 1)**

The holidays were also said to have played a role in the market this week, with fewer bids and offers seen. There were 23 trades reported to Stratamarkets during the week, down from 29 the previous week, and 64 in the week leading up to Christmas.

Europe was largely out of the market last week due to the holidays, which included a bank holiday Monday in the United Kingdom. Market participants reached Tuesday said they expect market activity to pick up later this week, partly to beat next week's position report.

The Almond Board of California is scheduled to release the December position report on January 11, and most market participants expect the report to show lower shipment numbers for the month.

"I think buyers will come into the market this week," said a London-based broker. "If you think the shipping report is going to be bad, why wait."

Shipments in December 2020 totaled 257 million lbs, but shipments this crop year have not exceeded 228 million lbs.

Nonpareil kernel prices moved lower on the week, though larger kernels such as NPX 20/22 and NPX 23/25 were only off two cents from the prior week.

Large kernels continue to command a relative premium to smaller kernels due to their increased scarcity this year.

NPX 30/32, however, dipped 9 cents on the week, and its spread to NPX 20/22 widened this week to \$1.09. The spread was 67 cents at the start of the crop year.

Carmel Type kernel prices also dipped, with CTS 23/25 declining 6 cents on the week. Its spread to NPX 23/25 widened on the week, to 70 cents. The spread was 47 cents at the start of the crop year.

Inshell prices were flat on the week due to light demand from India. A new COVID-19 curfew was announced Tuesday in Delhi, and market participants there expect concern about the Omicron variant will negatively impact domestic almond demand.

A buyer in Punjab said shipping concerns have added to the uncertainty, saying "there is no surety when goods will get shipped and when they arrive."

Transit times have increased. One packer verified this week that cargoes shipped to India in September have yet to arrive.

The uncertainty showed in the market this week, with just one NPIS bid reported, but many more offers.

"There is a lot of hunger to buy, but no courage," said an India-based broker.

Stratamarkets assessed NPIS, basis 70% SS, at \$1.75/lb FAS during the week, unchanged from the previous week. INIS was assessed at \$1.56/lb FAS, basis 70% SS, also unchanged on the week.

No almond items gained value during the week. The Stratamarkets Almond Index dipped to \$2.33/lb FAS, down 4 cents from the prior week. The index started the crop year at \$2.71/lb FAS.

**(News and Analysis continued from page 3)**

enough cold storage space, and so for us to be able to handle (large) crops consistently, everything has to be firing on all cylinders, and there's no margin for error, and we especially can't afford a slowdown in shipping."

The ABC's December position report will be released January 11. A second California-based broker, citing an industry source, said the industry "will be lucky to ship 200 million lbs" in December.

In December 2020, the industry shipped 257 million lbs.

"I think that 200 million lb mark is the limit," said a third California-based broker.

However, the third California broker believes a larger carry-out may help the industry get through a potentially smaller harvest from the state's next crop due to damage from the ongoing drought.

Of course, record precipitation last month may hasten the drought's end, but drought-related stress could limit the size of California's 2022 almond crop even if the drought ends before then.

The third California broker is also optimistic California's almonds will find a home somewhere.

"We'll need some of that (800 million lbs) for next crop year, and California is better at marketing these things than in years past, so we don't really need to panic," said the second California broker. "You hang onto it, and find a place to move it."



## WMC ASSESSMENT RATIONALE

### STD5

The item traded at \$1.92/lb FAS for prompt shipment at the close of the December 28 to January 4 assessment period, and at higher levels earlier in the period. The item was assessed at \$1.92/lb FAS, down 5 cents on the week, based on the closing trade.

### NONPAREIL

#### NPIS

The item traded at \$1.87/lb CIF India, 70% SS, for prompt shipment with a 25/27 AOL size guarantee. The item was offered at higher levels. The item was assessed at \$1.75/lb FAS, flat on the week, based on the trade, which was discounted for freight and sizing.

#### NPX 30/32

The item traded at \$2.20/lb FAS for prompt shipment late in the assessment period. The item was offered at higher levels earlier in the period. The item was assessed at \$2.20/lb FAS, down 9 cents on the week, based on the trade.

#### NPX 27/30

The item was offered at \$2.40/lb FAS and bid at \$2.35/lb FAS, both for prompt shipment. A trade was reported but not verified at \$2.40/lb FAS. The item was assessed at \$2.39/lb FAS, down 5 cents on the week, based on the offer.

#### NPX 25/27

The item was bid at \$2.60/lb FAS and offered at \$2.75/lb FAS, both for prompt shipment. No trades were reported, though trades for higher-specification items were reported but not verified. The item was assessed at \$2.68/lb FAS, down 2 cents on the week, based on the verified bid and offer.

#### NPX 23/25

The item was offered at \$2.90/lb FAS for prompt shipment. No trades were verified. NPS 23/25 traded at \$2.82/lb FOB for February-June shipment. The item was assessed at \$2.88/lb FAS, down 2 cents on the week, based on the trade, which was adjusted higher for freight and grading.

#### NPX 20/22

No trades, bids or offers were reported. The item was assessed at \$3.29/lb FAS, down 2 cents on the week, based on its 41-cent premium to NPX 23/25 last week.

#### NPS 23/25

The item traded at \$2.82/lb FOB for February-June shipment. No bids or offers were reported. The item was assessed at \$2.83/lb FAS, down 4 cents on the week, based on the trade, which was adjusted higher for freight.

## CALIFORNIA

### CALSSR 30/32

No trades, bids or offers were reported. The item was assessed at \$2.05/lb FAS, down 5 cents on the week, based on its 1-cent discount to CALSSR 27/30 last week.

### CALSSR 27/30

No trades, bids or offers were reported. CALSSR 25/27 traded at \$2.10/lb FOB for prompt shipment. The item was assessed at \$2.06/lb FAS, down 5 cents on the week, based on the CALSSR 25/27 trade, which was adjusted to account for sizing and freight.

## BUTTE PADRE

### BPSSR 36/40

The item traded at \$2.04/lb FAS for prompt shipment at the close of the assessment period. Earlier in the period, the item traded at \$2.06/lb FAS for prompt shipment. The item was assessed at \$2.04/lb FAS, flat on the week, based on the closing trade.

### BPSSR 30/32

No trades, bids or offers were reported. The item was assessed at \$2.07/lb FAS, flat on the week, based on its 3-cent premium to BPSSR 36/40 last week.

### BPSSR 27/30

No trades, bids or offers were reported. The item was assessed at \$2.09/lb FAS, flat on the week, based on its 2-cent premium to BPSSR 30/32 last week.

## CARMEL TYPE

### CTS 27/30

The item traded at \$2.12/lb FAS for prompt shipment at the close of the assessment period. Earlier in the period, the item traded at \$2.23/lb FAS, which was deemed non-repeatable. The item was assessed at \$2.12/lb FAS, down 7 cents on the week, based on the closing trade.

### CTS 23/25

No trades, bids or offers were reported. CTSSR 23/25 traded at \$2.12/lb FAS and \$2.13/lb FAS, both for prompt shipment. The item was assessed at \$2.18/lb FAS, down 6 cents on the week, based on the CTSSR 23/25 trades, then adjusted higher for grading.

## INDEPENDENCE

### INIS

The item traded at \$1.68/lb CIF India, 70% SS, for prompt shipment with a 25/27 AOL size guarantee. The item was offered at higher levels. The item was assessed at \$1.56/lb FAS, flat on the week, based on the trade, which was discounted to account for freight and sizing.

### INX 23/25

No trades, bids or offers were reported. INX 20/22 traded at \$2.45/lb FAS for prompt shipment. The item was assessed at \$2.40/lb FAS, down 1 cent on the week, based on the INX 20/22 trade, which was discounted to account for the larger size.

## MONTEREY

### MIS

Early in the period, the item was offered at \$1.39/lb CIF China, 60% limited SS, for prompt shipment. No trades or bids were reported. The item was assessed at \$1.23/lb FAS based on its 7-cent discount on an edible meat basis to CTS 27/30 last week.

# MARKET TRADES

## STRATAMARKETS ALMOND REPORT

### DAILY TRADE SUMMARY: DEC 28, 2021 TO JAN 04, 2022<sup>1</sup>

ITEM	TRADE (\$/lb)	SHIPMENT	TERMS	DATE TRADED	DATE REPORTED	VERIFIED <sup>2</sup>
<b>STANDARDS</b>						
STD5	1.92	Feb	FAS	01/04/2022	01/04/2022	Yes
STD5	1.99	Mar-May	FAS	12/30/2021	01/04/2022	Yes
STD5	1.95	Feb/Mar	FAS	12/31/2021	01/03/2022	Yes
STD5	1.99	Feb	CIF Valencia	12/31/2021	01/03/2022	Yes
<b>NONPAREIL</b>						
NPIS (Sized)	1.87	Prompt	CIF India 25/27 AOL, 70% SS	01/03/2022	01/03/2022	Yes
NPS 23/25	2.82	Feb-Jun	FOB 5 loads, bags	01/04/2022	01/04/2022	Yes
NPX 23/25	2.85	Prompt	CIF Hong Kong	01/04/2022	01/04/2022	No
NPX 27/30	2.40	NA	FAS	01/04/2022	01/04/2022	No
NPX 30/32	2.20	Prompt	FAS	01/03/2022	01/03/2022	Yes
NPXJ 25/27	2.90	May	FAS	12/30/2021	12/30/2021	Yes
NPXK 25/27	2.66	NA	CIF Singapore	01/04/2022	01/04/2022	No
<b>CALIFORNIA</b>						
CALSSR 25/27	2.10	Feb/Mar	FOB 2 loads, bags	01/03/2022	01/04/2022	Yes
<b>BUTTE PADRE</b>						
BPSSR 36/40	2.04	Prompt	FAS to North Africa, 2 loads	01/03/2022	01/03/2022	Yes
<b>CARMEL TYPE</b>						
CTS 27/30	2.12	Feb	FAS AOL, 1 load, cartons	01/04/2022	01/04/2022	Yes
CTS 27/30	2.23	Jan/Feb	FAS	12/30/2021	12/30/2021	Yes
CTSSR 23/25	2.12	Jan	FAS	12/30/2021	01/03/2022	Yes
CTSSR 23/25	2.13	Feb	FAS	12/30/2021	01/03/2022	Yes
CTSSR 36/40 HS	2.15	Feb/Mar	FAS AOL, low FM, 2 loads	12/31/2021	12/31/2021	Yes
<b>INDEPENDENCE</b>						
INIS (Sized)	1.68	Prompt	CIF India 25/27 AOL, 70% SS,	01/03/2022	01/03/2022	Yes
INX 20/22	2.45	Prompt	FAS to Middle East	01/03/2022	01/03/2022	Yes
INX 23/25	2.40	Prompt	EXW Dubai		01/03/2022	Yes
INX 25/27	2.20	Prompt	FAS	01/03/2022	01/03/2022	Yes
INX 27/30	2.20	Prompt	FAS to Middle East	01/03/2022	01/03/2022	Yes

<sup>1</sup> Trades reported to Stratamarkets after 12 p.m. U.S. Pacific Time on the day preceding the publication of this report are not included but will be shown in the following week's summary.

<sup>2</sup> Verified trades signify trades reported to Stratamarkets by a counterparty or broker directly involved in the trade. Credible trades reported to Stratamarkets by a market participant not directly involved in the transaction are labeled as not verified.