



# Almond Methodology & Specifications Guide

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## 1 Introduction

Stratamarkets provides companies in the global almond market with price assessments that can be used for multiple business purposes. This document explains our price assessments and the methodology we use to produce them.

The document begins with our core principles. It explains our price assessments, how we gather information from market participants to produce the assessments, our publishing schedule, and our methodology. The document then explains our calculated price data sets and the distinction between price assessments and calculated prices. The document concludes with information about our correction procedure and the guide revision history.

## 2 Principles

### 2.1 Independence

Stratamarkets is an independent, information-service firm that provides price assessments, news and analysis, and other market intelligence for companies in the almond market. We do not buy or sell almonds. We believe this independence allows us to do our job with balance and impartiality, giving us a unique ability to provide price data that all market stakeholders can trust.

### 2.2 Accuracy

We strive to provide accurate, market-reflective price assessments using an established and consistent methodology. We track trade in the global almond market daily and use price information from market participants to produce our assessments. We strive to verify the integrity of the price information we receive to create the most accurate price assessments possible.

### 2.3 Transparency

We believe being transparent about our assessment methodology will foster trust in our assessments. Transparency begins by explaining the process, which is the objective of this document. Market participants can contact us to discuss our procedure for assessing almond prices and ask questions about specific prices. Upon request, we will provide market participants with source data we use to produce our price assessments and other data sets.

## 3 Methodology and Specifications

### 3.1 Price Assessments

Stratamarkets provides weekly price assessments for 18 items that trade in the global container market. The items and their specifications are identified in Table 1 below.

**Table 1: Price Assessments**

Item	Variety	USDA Grade	Size	Terms	Delivery Location	Shipment Period <sup>1</sup>	Min Quantity (LB)
STD5	Any	US Standard Sheller Run <sup>2</sup>	Unsize	FAS	Oakland, Long Beach	0-56 days	45,000
NPX 20/22	Nonpareil	US Extra No. 1	20/22	FAS	Oakland, Long Beach	0-56 days	45,000
NPX 23/25	Nonpareil	US Extra No. 1	23/25	FAS	Oakland, Long Beach	0-56 days	45,000
NPX 25/27	Nonpareil	US Extra No. 1	25/27	FAS	Oakland, Long Beach	0-56 days	45,000
NPX 27/30	Nonpareil	US Extra No. 1	27/30	FAS	Oakland, Long Beach	0-56 days	45,000
NPX 30/32	Nonpareil	US Extra No. 1	30/32	FAS	Oakland, Long Beach	0-56 days	45,000
NPS 23/25	Nonpareil	US No. 1 (Supreme)	23/25	FAS	Oakland, Long Beach	0-56 days	45,000
NPIS	Nonpareil Inshell	Ungraded	Unsize	FAS 70% SS	Oakland, Long Beach	0-56 days	45,000
CALSSR 27/30	California Type	US Select Sheller Run	27/30	FAS	Oakland, Long Beach	0-56 days	45,000
CALSSR 30/32	California Type	US Select Sheller Run	30/32	FAS	Oakland, Long Beach	0-56 days	45,000
CTS 27/30	Carmel Type	US No. 1 (Supreme)	27/30	FAS	Oakland, Long Beach	0-56 days	45,000
CTS 23/25	Carmel Type	US No. 1 (Supreme)	23/25	FAS	Oakland, Long Beach	0-56 days	45,000
BPSSR 27/30	Butte/Padre	US Select Sheller Run	27/30	FAS	Oakland, Long Beach	0-56 days	45,000
BPSSR 30/32	Butte/Padre	US Select Sheller Run	30/32	FAS	Oakland, Long Beach	0-56 days	45,000
BPSSR 36/40	Butte/Padre	US Select Sheller Run	36/40	FAS	Oakland, Long Beach	0-56 days	45,000
INIS	Independence Inshell	Ungraded	Unsize	FAS 70% SS	Oakland, Long Beach	0-56 days	45,000
INX 23/25	Independence	US Extra No. 1	23/25	FAS	Oakland, Long Beach	0-56 days	45,000
MIS	Monterey Inshell	Ungraded	Unsize	FAS 60% SS	Oakland, Long Beach	0-56 days	45,000

All price assessments are quoted in U.S. dollars. For each item, we provide prices for the low value of the week, the high value of the week, and the Weekly Market Close (WMC). Definitions of each of these can be found in the following table:

<sup>1</sup> Price assessments reflect trade for shipment within 56 days (8 weeks) from the data of transaction.

<sup>2</sup> The STD5 grade differs from the USDA specification in allowing for 5% and not 2% Serious Defects.

**Table 2: Definitions**

WMC	Low	High
Reflects our assessment of the market-clearing price at 12 p.m. U.S. Pacific Time (8 p.m. GMT) on Tuesday.	Reflects the lowest verified trade of the assessment week. In the absence of a verified trade, this will reflect the average of all verified bids during the assessment week.	Reflects the highest verified trade of the assessment week. In the absence of a verified trade, this will reflect the average of all verified offers during the assessment week.

### 3.2 Timing

Our assessment week begins Tuesday at 12 p.m. U.S. Pacific Time and ends on the same day and time the following week. We upload our weekly price assessments to our data platform every Tuesday by 8 p.m. U.S. Pacific Time. We publish the weekly price assessments in the *Stratamarkets Almond Report* every Wednesday by 6:30 a.m. U.S. Pacific Time.

### 3.3 Data Collection

We actively encourage companies to report price information to us. Price information we seek includes trades, bids, and offers for activity in the container-sized market. We accept price information from companies through phone calls, email, instant messaging tools, and other channels. We do not identify the names of companies that report price information.

### 3.4 Methodology

We use a market-on-close (MOC) methodology to produce our price assessments. This means our assessments reflect the **market-clearing value** at a particular **point in time**, which is Tuesday at 12 p.m. U.S. Pacific Time.

We determine the market-clearing value by considering reported trades, bids, and offers we gather from market participants and other information. Market reporters with knowledge of the almond market oversee our price assessment process. The process begins by collecting and timestamping price information we receive daily from market participants. We scrutinize the information we receive and reconfirm price information that appears off-market with participants. We then group the data into four tiers as defined in the following table:

**Table 4: Data Tiers**

Tier	Data Type	Definition
1	Verified, standardized trades	Trades that meet the terms as defined in Table 1 of this document and that have been verified as accurate by one or both counterparties to the trade.
2	Verified, non-standardized trades	Trades that do not meet the terms as defined in Table 1 but can be converted to the terms we assess using accepted industry practices. The trades must be verified as accurate by one or both counterparties to the trade.
3	Verified bids and offers	Bids and offers that meet the terms as defined in Table 1 and that are verified as executable by the company either issuing the bid and/or offer or receiving it. Bids and offers that are viewed by market participants as non-executable <sup>3</sup> will not be considered verified.
4	Unverified trades, bids, or offers	Trades, bids, or offers that market participants have reported hearing but with which they have not been directly involved.

### Normalization Process

Our price assessments reflect FAS values for specific varieties, grades, and sizes as defined in Table 1. We frequently receive trades, bids, and offers for items that do not match our assessed parameters. However, this off-specification trade activity can still be used to inform our price assessments.

Here are three examples:

- Trades executed on a CIF basis can be netted back to FAS prices by subtracting freight rates.
- Trade for pasteurized items can be netted back to unpasteurized prices by subtracting the cost of pasteurization.
- Trade for smaller or larger-sized items can be normalized to the assessed size by adding or subtracting the difference in value between sizes.

The table below shows several deviations we encounter and how we normalize these prices to our specifications defined in Table 1. We reserve the right to adjust these values based on prevailing market conditions:

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<sup>3</sup> A bid or offer would be considered non-executable if market participants report being unable to sell to or buy from the bid or offer.

**Table 5: Adjustments**

Deviation	Rule	Adjustment (cents/lb)
Japan or Korea grades	Premium to U.S. Extra No. 1	5-15 cents depending on prevailing market conditions
Confectionary grades	Premium to U.S. Extra No. 1	5
5 pieces per ton foreign material	Premium to U.S. Extra No. 1	10
10 pieces per ton foreign material	Premium to U.S. Extra No. 1	5
Pasteurized or treated	Premium to unpasteurized	6
FOB, EXW	Discount to FAS	3
CIF, CNF, CRF	Premium to FAS	Varies by delivery location

**Assessment Process**

We utilize the concept of trade **repeatability** to help us determine the market-clearing price. A trade is repeatable when it can be transacted more than once by a broad range of market participants. We consider trades that are not repeatable to be one-off transactions and therefore not reflective of the market-clearing price.

We strive to base our price assessments on tier 1 data. However, we also rely on data from other tiers to help us assess the market-clearing value. If no tier 1 data is available for an item, we default to the next-highest tier to calculate the assessment. We also rely on established correlations between items to help us determine the market-clearing price.

Multiple market reporters conduct the weekly assessment process to ensure we're adhering to our rules and to minimize errors. After the process is complete, we upload the price assessments to our data platform and publish them in our market report. The following diagram illustrates the process:

**Diagram 1: Price Assessment Process**



### 3.5 New Crop Price Assessments

We assess prices for new crop trade from May to July. We publish these assessments in the *Stratamarkets Almond Report*. We assess prices for eight items and consider trades, bids, and offers that reflect trade for the first available shipment periods. The assessed items and assessed shipment periods are defined in the following table:

**Table 6: Assessed New Crop Shipment Periods**

Item	Shipment Period
STD5	Oct, Nov, Dec
NPX 23/25	Aug, Sep, Oct
NPX 27/30	Aug, Sep, Oct
NPIS	Aug
CALSSR 27/30	Oct, Nov, Dec
CTS 23/25	Oct, Nov, Dec
INIS	Sep
INX 23/25	Oct, Nov, Dec

## 4 Calculated Prices

We create supplemental prices by performing various calculations on our weekly price assessments. Calculated prices include:

### 4.1 Inshell Edible Meat Prices

We provide weekly NPIS, INIS and MIS edible meat prices. We calculate these prices by dividing the assessed WMC, Low, and High prices for NPIS and INIS by 70%, and for MIS by 60%. These prices are defined in the following table:

**Table 7: Calculated Prices**

Item	Abbreviation	Calculation
NPIS Edible Meat	NPISEM	NPIS WMC, Low, and High divided by 70%
INIS Edible Meat	INISEM	INIS WMC, Low, and High divided by 70%
MIS Edible Meat	MISEM	MIS WMC, Low, and High divided by 60%

### 4.2 Stratamarkets Almond Index (SAI)

The SAI is a weekly index and equals the unweighted average of 15 weekly kernel price assessments and our three inshell price assessments on an edible meat basis. We update the SAI every Tuesday.



**Table 8: Stratamarkets Almond Index**

Name	Abbreviation	Weekly Assessments Included in Index
Stratamarkets Almond Index	SAI	Unweighted average of the following items: STD5, NPISEM, NPX 30/32, NPX 27/30, NPX 25/27, NPX 23/25, NPX 20/22, NPS 23/25, CALSSR 27/30, CALSSR 30/32, CTS 27/30, CTS 23/25, BPSSR 36/40, BPSSR 30/32, BPSSR 27/30, INISEM, INX 23/25, and MISEM.

**4.3 Monthly Prices**

We create monthly prices for the items we assess by calculating the monthly average of the WMC prices for the named month.

**4.4 Four-Week Rolling Average Prices**

We create four-week rolling average prices for the items we assess by calculating the average of the WMC prices for the current week and the preceding three weeks.

**5 Corrections**

From time to time, we may inadvertently provide flawed price assessments by overlooking data inputs we received during the data collection process, performing a miscalculation on data inputs, or inadvertently failing to adhere to our methodology. When these or other mistakes occur, we will correct the price assessment(s) and notify subscribers.

However, we will not issue corrections based on data inputs market participants provide after our Tuesday 12 p.m. U.S. Pacific Time cutoff.

Upon request, we will provide market participants who want to review our assessment process with data sets we used to produce a price assessment, along with a detailed explanation of the rationale applied.

**6 Guide Changes**

The global almond market is dynamic. We therefore continuously seek feedback from market participants to ensure that our approach to assessing market prices is up-to-date and consistent with industry practices and conventions. We will consult as many market participants as possible before making changes that affect how we calculate our price assessments. We welcome your thoughts and feedback on how to improve the process.

## 7 Appendix

### 7.1 Abbreviations

Abbreviations appear throughout our daily and weekly market reports, and in our data platform. We use abbreviations to identify items that market participants trade and for other purposes. When using abbreviations, we strive to follow industry convention when possible.

Item abbreviations refer to a combination of three classifications in this order: 1.) Variety; 2.) Grade; and 3.) Size. For example, in the abbreviation NPX 23/25, "NP" means Nonpareil variety, "X" means U.S. Extra No. 1 grade, and "23/25" identifies the size of the almond.

There are a few exceptions. Standards (5% SD) is a commonly traded basket of almonds that is graded but not sized (typically) and includes multiple varieties. Its abbreviation is STD5. Also, inshell almonds refer to a specific variety that have not been shelled and therefore have no grade and no size (typically).

The tables below identify and explain the abbreviations we use:

#### Varieties

**Table 9: Varieties**

Abbreviation	Definition
BP	Butte Padre
C	Carmel
CAL	California Type
CT	Carmel Type
IN	Independence
M	Monterey
MT	Mission Type
NP	Nonpareil

#### Grades

**Table 10: Grades**

Abbreviation	Definition
S	U.S. No. 1 (Supreme)
SSR	U.S. Select Sheller Run
X	U.S. Extra No. 1
XJ	U.S. Extra No. 1, Japan Specification <sup>3</sup>
XK	U.S. Extra No. 1, Korea Specification <sup>4</sup>

## Inshell

**Table 11: Inshell**

Abbreviation	Definition
INIS	Independence Inshell
INISEM	Independence Inshell Edible Meat
MIS	Monterey Inshell
MISEM	Monterey Inshell Edible Meat
NPIS	Nonpareil Inshell
NPISEM	Nonpareil Inshell Edible Meat

## Other Abbreviations

**Table 12: Other Abbreviations**

Name	Abbreviation
AOL	And/Or Larger
CIF	Cost, Insurance and Freight
C&S	Chip & Scratch
CONF	Confectionary Grade
CNF	Cost, No Insurance and Freight
DV	Direct Verifiable
EXW	Ex Works
FAS	Free Alongside Ship
FM	Foreign Material
FOB	Free On Board
HS	High Specification <sup>5</sup>
PAST	Pasteurized, Treated
PEC	Pre-Export Check certificate (for aflatoxin)
SC	Straight Count
SD	Serious Defects
SS	Sliding Scale
STD5	Standard 5

## 7.2 Revision History

### January 2021

We stopped subtracting commission rates from trades to calculate weekly price assessments. Assessments prior to this change reflected values net commissions.

### February 2021

We added an assessment for Independence Inshell (IIS). We changed the names of CAR SUP 27/30 and CAR SUP 23/25 to CT SUP 27/30 and CT SUP 23/25, respectively.

**March 2021**

We added two calculated prices: NPISKW and IISKW.

**May 2021**

We added assessments for new crop to current crop price differentials.

**June 2021**

We increased the assessed shipment period from 42 days (6 weeks) to 56 days (8 weeks).

**August 2021**

We added the MIS assessment and the calculated MISKW price.

**September 2021**

We added Trade Abbreviations and Off-Specification Adjustments sections in the appendix.

**November 2021**

We added the Stratamarkets Almond Index (SAI).

**December 2021**

We changed the following assessment names: STDS to STD5; IIS to INIS; and INDX 23/25 to INX 23/25. We replaced the term Kernel Weight with Edible Meat, in line with industry naming conventions. As a result, the names for the calculated Edible Meat prices were changed from NPISKW to NPISEM; IISKW to INISEM; and MISKW to MISEM.

**January 2022**

We changed the adjustment for Japan/Korea specification from a fixed 10 cents to a variable 5 to 15 cents, depending on prevailing market conditions.

**May 2022**

We updated new crop assessed items, assessed shipment periods and the publishing schedule for new crop assessments.