



# Market Report



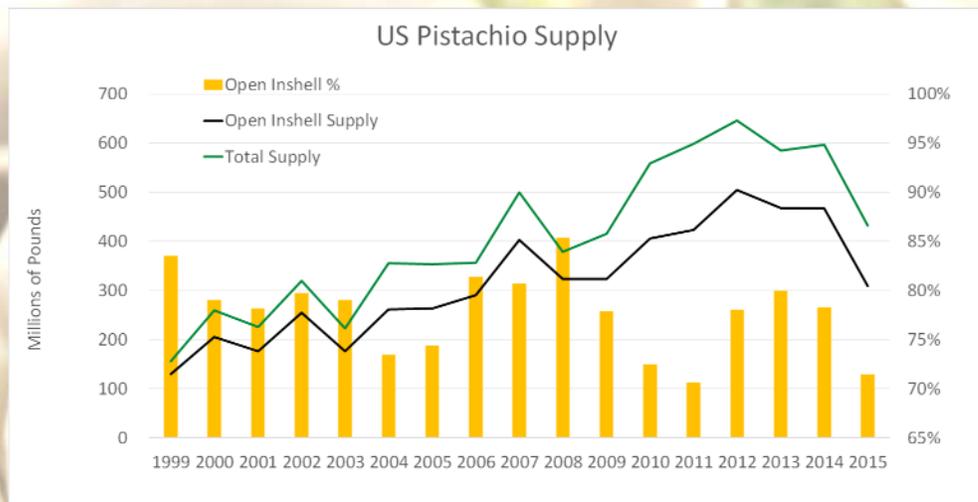
October 7, 2015



Volume 12, Issue 7

The 2015 US pistachio harvest is winding down, and it is truly a year to remember, or in the case of many growers, a year to forget. We will end the season with a crop of about 270 million pounds, the lowest per acre yields in 27 years, and the lowest yields ever for many growers. The pistachio supply, especially open inshell, is down substantially from a year ago. Pricing has opened at levels \$0.20 to \$0.30 higher than the same time last year. Packers and buyers alike are nervous about selling and buying, as the 2016 crop prospects are on both parties mind.

Total pistachio supplies for the 2015-16 year are the smallest since 2008, and inshell supply is the lowest since 2006. The 2015 crop was not only small in volume, it was higher in closed nuts and shelling stock (heavy stain, adhering hull, deformed shells, and undersized nuts) than any crop since 2010. Open inshell supply (carryin from the 2014-15 crop year plus the 2015 crop) is down 34% from a year ago, as can be seen in the attached graph.



2015 open inshell raw US extra #1 prices have opened in the \$5.45 to \$5.55 range. It is not surprising, given the sharp reduction in supply. We've heard there are significant supplies of pistachios held by customers in Europe and Asia, but a 34% decline at origin far exceeds those stocks. So pricing has, for the moment, overpowered other headwinds: a stronger dollar, weak Chinese demand, economic woes in Europe, and weak domestic demand. As we see it, the only factor that will bring down prices from current levels is the prospect of a large crop in 2016. That won't have much effect until later in the year, when processors attempt to clear out remaining inventory.

At about 270 million pounds, the crop is much smaller than anyone predicted before the harvest began. At the writing of this newsletter, we are 2 days from the end of harvest, and the crop we're receiving is from growers who are shaking trees for the 3rd time. That has never happened in our 25 years of processing, and 33 years of growing pistachios. The extremes in yields from areas with sufficient chilling to those that did not are dramatic. We've seen yields from trees planted in the same year vary from 6,000 pounds per acre to less than 20 pounds per acre.

As mentioned in an earlier newsletter, the quality of the 2015 crop is mixed. The most important quality parameter is navel orangeworm (NOW) damage. From that aspect, the 2015 crop is superior to the 2014 crop, and far better in quality than the 2013 crop. To the growers who delivered their crop to us this year, Thank you for delivering a clean crop! By other quality measures, such as staining, closed shell percentage, and nut size, the 2015 crop is poorer than the past few crops.