



Market Report



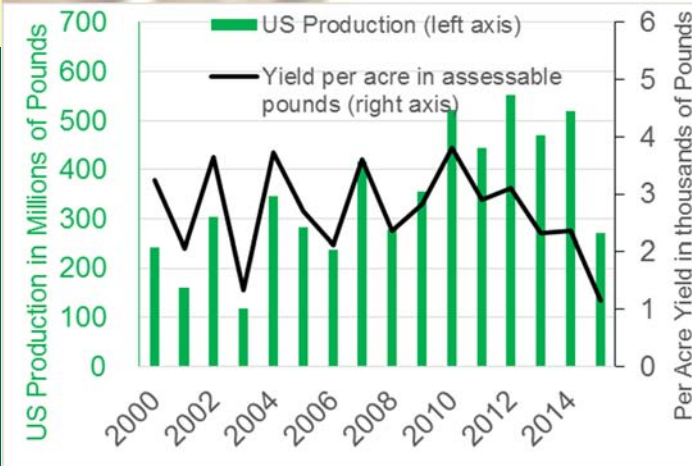
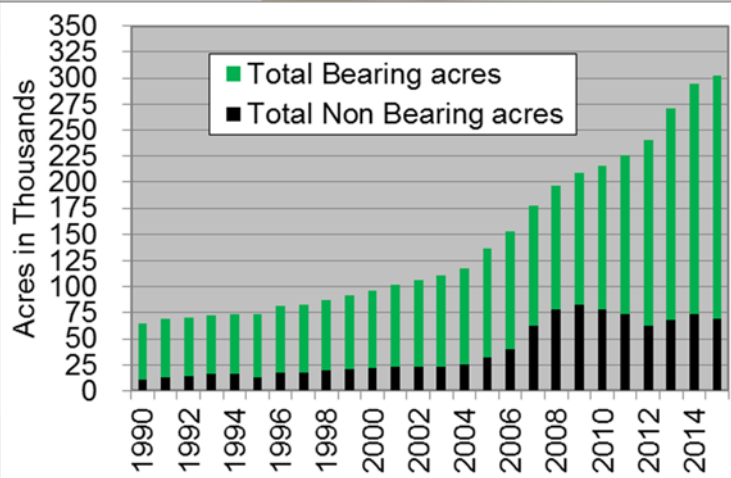
December 31, 2015

N
NICHOLS FARMS

Volume 12, Issue 9

If pictures are worth a thousand words, we've done a lot of writing this month! Instead of 1 page, there are 4 this month, and most of it is the very short history of the pistachio industry in California.

At right is the planted acreage. Beginning in about 2005, plantings really took off. Between 2005 and 2010, 90,000 acres were planted in California. Due to water and lack of chilling issues, that acreage has significantly underperformed. That acreage is now 7-12 years old, and some year soon will produce a large crop.



The evidence of underproduction is to the left. The per acre yields, at less than 1,200 pounds, were the lowest in 30 years.

While there were low yielding orchards everywhere in California this past year, young orchards were more affected by the warm winters in the past 2 years.

With more than 230,000 acres now in production, expect production records to fall when we have adequate winter chill and irrigation supplies.

On the right is a history of Q1 shipments to the domestic market. The green bars are the shipments by year, while the black checked line represents the long term growth at 1.8% per year over the past 20 years. There have been periods of greater growth, 2007 to 2010 is a good example. Strong industry promotion led by Paramount and excellent quality (low NOW) led to greater growth during this time period. Domestic 1st quarter shipments have been in decline for the past 4 years, including this year, as rising prices have pushed consumers to other snacks.

Before we get into exports, we'll take a quick look at the 2016 crop prospects.

