



Market Report



July 19, 2016



Volume 13, Issue 2

We haven't published a newsletter in 6 months. I plead guilty to the combination of depression over the lack of receipts and shipments, writer's block, and a bit of laziness. Henceforth, I will attempt to do a better job of appraising you to our view of the crop and market.

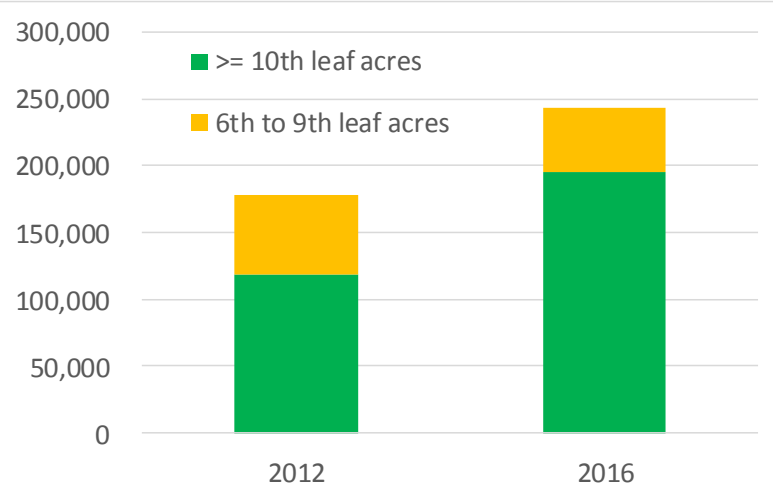
For most of the past 6 months, there hasn't been a lot to talk about. In February, the only noteworthy things to discuss were the lack of 2015 crop, slow movement of said 2015 crop, and the prospect for a large 2016 crop. Our opinion at that time was prices would hold near their current levels until shortly before harvest. Instead, prices broke sharply near the beginning of June from the ~\$5.05 level to the ~\$3.85 level for US extra #1 size 21/25 open inshell raw pistachios.

The price adjustment was overnight, and since then, prices have remained fairly stable. Export customers were encouraged both by the amount of the price decrease, and the stability since then, and have begun booking significant volume from the 2016 crop for shipment October forward. In contrast, last year at this time there was close to zero interest in booking new crop business.

In our domestic market, there has been a noticeable increase in retail promotion. Processors want to close out the year with minimal inventory going into a large crop, and promotions really help move the crop. Despite the tiny 2015 crop, there are sufficient supplies to ramp up sales during the summer, creating momentum going into a year where pistachios will be plentiful.

As far as the 2016 crop is concerned, early estimates ranged from 500 million to 800 million pounds. It is our opinion that crop will be about 800 million pounds due to:

- Mostly sufficient winter chilling
- The perception by most that bloom overlap was good
- Nut filling looks normal, as opposed to the 2015 crop, where nut filling in many areas was abnormally low
- The very short 2015 crop synchronized most of the acres in California to an "ON" year
- The crop **LOOKS** very good
- There is a 50% increase in mature trees since the record 552 million pound crop in 2012 (graph at right)



We've spoken to a number of growers about when harvest will start, and most believe harvest will begin during the week of August 22nd, and be in full swing during the week of the 29th. It's on the early side due to significant production of Golden Hills, a relatively new variety that harvests 7 to 10 days ahead of Kerman, the industry standard.

Should there be a significant market or crop development between now and the beginning of harvest, we'll publish another newsletter. Once harvest begins, we'll make weekly updates about quality and estimated crop size until both are well known.