



Crop Report



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The 2016 pistachio harvest has ended. At over 901 million pounds, it is larger than most expected. Deliveries at the end of the crop were poor quality, worse than usual for the end of a crop. Pricing for inshell has stabilized at \$3.30 to \$3.50 per pound for US extra #1 size 21/25 raw (unroasted) inshell pistachios. Kernel prices continue to slide, as demand trails supply.

With the 2016 harvest complete, and pricing in place, it is worth taking a look at some supply and movement scenarios. First, we'll take a look at the inshell supply. At right is a graph showing the total inshell supply for the last 7 crop years. The total supply for each year is broken into 3 categories: what was shipped, processing loss, and what was carried out into the subsequent year.

For the 2016/17 marketing year, we've assumed shipments will double the depressed numbers from the 2015 crop. It's a huge jump, but doable given the large US supply, reduced crops in Iran and Turkey, and significantly lower prices.

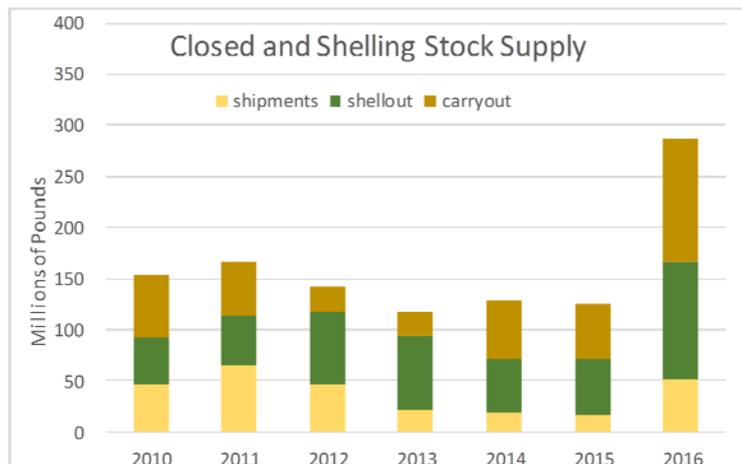
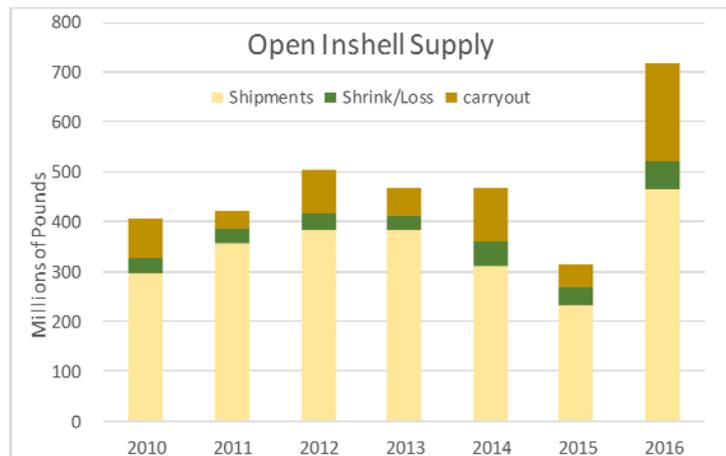
Processing losses have ranged from 7% to 11% over the past 6 crop years. For this example, we used 8%. Part of this processing loss ends up as kernels due to good inshell ending up in reject streams (closed shell, color sorting) during processing.

The final portion of the crop supply is carryout to the subsequent crop. As can be seen above, open inshell carryout is about 200 million pounds. It bears repeating: with normal processing loss and doubling shipments, the US industry will carryout 200 million pounds of open inshell!

We've made the same graph for closed and shelling stock. This supply has ranged from 120 million pounds to 165 million pounds for the preceding 6 crop years. This year, the supply is nearly 290 million pounds. Some of the product is sold as closed or shelling stock, but most of this product ends up being shelled for kernels.

Under the scenario shown, about 50 million pounds will be shipped as closed/shelling stock, 120 million shelled to produce about 60 million pounds of kernels, and 120 million pounds carried into the next crop year. For these assumptions to be realized, kernel shipments will need to double, and closed shell shipments triple.

As mentioned in the first paragraph, inshell prices have stabilized. Prices at retail are coming down, and shipment demand is strong. The kernel situation is more problematic. It takes time to develop products using kernels as an ingredient, and demand, at least for the present, is behind the huge supply of kernels described above. It is the principal reason kernel prices continue to fall. Current prices for US extra #1 80% whole kernels are in the \$6.50 to \$6.75 per pound range this week, but that may not be true next week.



Thanks to all our growers, harvesters, and truckers who made the 2016 harvest one for the ages!