



# Crop Report



March 20, 2017

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Volume 14, Issue 3

Shipments from the record 2016 crop remain strong. Inventory levels at the mid point of the marketing year are at record levels. Prices for inshell pistachios have strengthened in the past 4 weeks about \$0.25. Prospects for the 2017 crop are good, with abundant rainfall for the summer irrigation season, and adequate chilling this past winter.

First, a look at shipments and inventory levels. We are at the mid-point of the marketing year, with the crop 100% received and six months of shipments behind us. At 28-Feb, 2017, inventory stood at record levels; processors at origin held 580 million pounds. Open inshell inventory was at 376 million pounds; closed inshell (Closed) and shelling stock (SS) together stood at 203 million pounds of inventory.

Open inshell shipments through the first six months of the marketing year stood at 295 million pounds. This is up dramatically from 128 million through February of last year. Based on historical shipments and the recent inshell price increases mentioned above, we see shipments in the second half of the year to be in the 150 million to 200 million pound range. Carryout of open inshell will be in the 200 million to 250 million pound range.

Shipment increases of closed and mechanically opened inshell pistachios are keeping pace with open inshell. Kernel shipments are lagging; they are up about 50% compared to last year. At least in our case, demand for kernels is strong. Shipments have been impacted by slow processing due to high levels of defects. We expect kernel shipments to pick up as we go through the year, as capacity to process kernels is added. Closed shell carryout will depend upon sales and shipment of closed shell pistachios more than kernel shipments. Two months ago we said there was enough closed shell and shelling stock to produce 100 million pounds of kernels. Since that time, we've shipped 6.3 million pounds of kernels and 11 million pounds of closed, mechanically opened closed shell, and shelling stock. So we've used up about 6% of the supply per month during January and February, or 22-24 million pounds. Based on that rate, expect carryout of closed shell and shelling stock to be in the 100 million pound range going into the 2017 crop year.

With strong shipment rates and a difficult crop to process (both inshell and kernels), prices held at opening levels until early February. Since that time, prices for open inshell have trended up, and now sit at \$3.80 to \$3.90 for US extra #1 open inshell, size 21/25. Kernel prices have been stable, but there has been a wide spread in quality and pricing offered since harvest. Current prices for US extra #1 whole kernels are in the \$6.50 to \$7.00 range.

Now, on to the latest iteration of the 2017 crop prospects. Most growers and processors we've talked to believe the 2017 crop potential is 450 million to 700 million pounds (pretty wide range!). Our opinion is we don't know how big it will be, but we very much believe the 2017 crop potential is now greater than 3 months ago. Chilling was of great concern in mid-December; now we can see bloom will be uniform, with good overlap between male and female trees. Rainfall has been abundant, and the snowpack in the Sierra Nevada Mountains, upon which most of California growers depend upon for summer irrigation, is 50% to 100% **ABOVE** average.

Some of the early varieties of pistachios will bloom this coming week; we saw pollen flying in an orchard on the 18th of March. The weather has been mild for the past 10 days, but a return to stormy and unsettled weather is forecast for most of this week. Kerman, the predominate variety in California, will probably bloom the first week in April, after the storms this week. Speculation about the crop size will continue after the bloom, and not know the size of the 2017 crop until harvest is well underway. Until then, we wish you strong sales, rising prices, and an abundant bloom for the 2017 crop.

