



Market Report



March 20, 2014



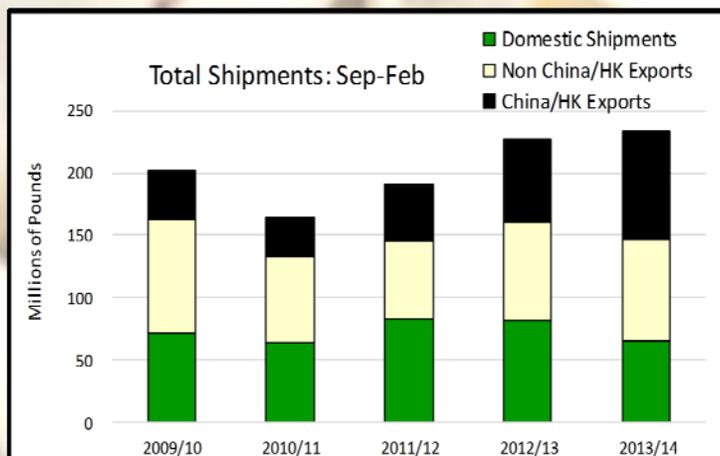
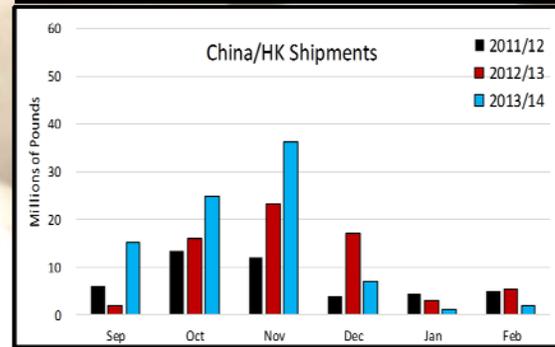
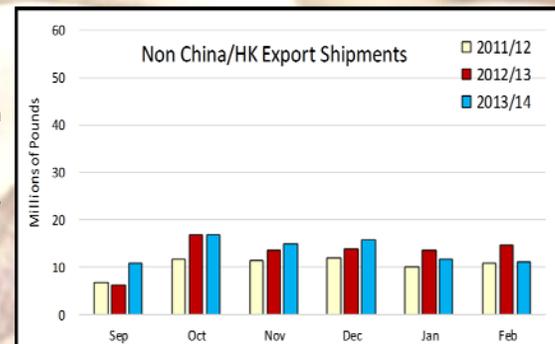
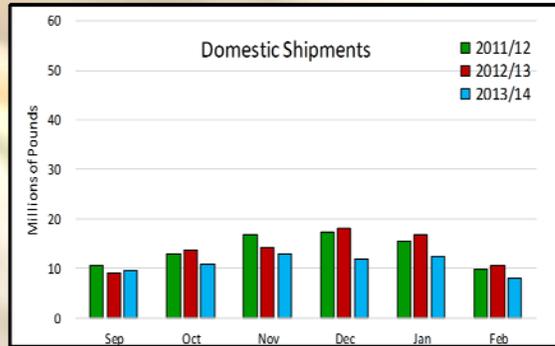
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The pistachio market remains quiet. Inshell pistachio shipments over the past 3 months have dropped precipitously. Water availability is still the number one issue to pistachio growers. Bloom is rapidly approaching, and the consequences of a dry and warm winter on bloom will soon be known.

Water availability is driving market prices in a number of California crops, as almonds, pistachios, and processing tomatoes compete in water short areas for limited supplies. We believe the pistachio crop will get adequate water this year due to good returns, but every grower's situation is different. Water is being used as a lever for grower commitments by processors, the first time in a number of years.

Dry and warm weather is expected, and pistachios will shortly be blooming. Pistachios require a significant amount of cold weather during dormancy (chilling), and while the chilling hours as measured in most locations are quite high, the effect of much warmer than usual daytime highs is not yet known. When chilling is inadequate, we see long bloom periods, with poor overlap between male and female trees. Long bloom periods translate to variable maturity on the tree during harvest, and a lower percentage of the crop actually being collected.

As to the drop in inshell pistachio shipments, breaking down the cause is beyond a one page newsletter. It is interesting to observe where the drop occurred. At right are graphs for the past 3 years of monthly shipments to our domestic market, export markets other than China/HK, and shipments to China/HK. It can be seen that both domestic shipments and exports to markets other than China/HK are relatively even, while shipments to China are very seasonal, and have increased rapidly over the past 3 years. The drop we've seen over the past 3 months is due to seasonal variation in Chinese buying, but the highs and lows in shipments this year are more severe than in past seasons.



The graph on the left shows total open inshell pistachios shipments for the first 6 months of the season over the past 5 marketing years. Domestic shipments are flat over the past 5 years, as are exports to non China/HK destinations. Only growth in the Chinese market has pushed shipment increases.

Pricing for open inshell continues to slip due to falling shipments, but the market is very thin. Prices are in the \$4.50 range for US extra #1, size 21/25, although we've heard some lower numbers.