



# Crop Report



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Yes, it has been quite a while since we've published a newsletter. Let's blame it on an extended writer's block! The fact of the matter is, until recently, there was little to write or talk about except good news: strong export demand, a weaker dollar, record domestic shipments, and rising prices. After a dry and warm early winter, March and April have been cold and wet.

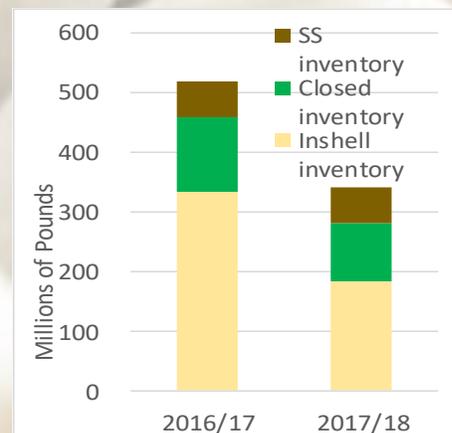
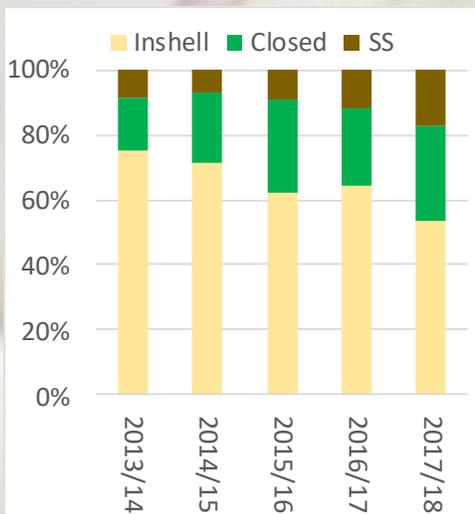
Most conversations in recent days and weeks revolve around 3 topics:

- Chinese tariffs imposed on US pistachios
- 2018 Iranian crop prospects
- 2018 US crop prospects

There is no doubt the recent imposition of an additional 15% duty on US pistachios is bad for US producers and exporters. In addition to increasing US inshell pistachio prices by \$0.50 to \$0.75, imposition of the duties has halted Chinese processing of US pistachios for re-export. It will go from bad to worse if not resolved prior to the 2018 crop marketing year. The prospect for the crops in Iran and the US are always a topic this time of year. We don't know a lot about the Iranian crop, but have been told it is an "off" crop, and a poor "off" crop to boot. Here in California, the bloom is about over. We've seen orchards with uniform bud break, and good overlap between male and female trees. We've seen orchards with erratic bud break and less than optimal overlap. In general, most growers have breathed a sigh of relief. Fears of a repeat of the low chill, disastrous 2015 crop have eased, and estimates for the 2018 crop are rising.

March was and April has been much colder and wetter than typical. It may or may not have helped pistachio orchards meet their necessary chilling requirement, but it certainly pushed back bloom to later in the season. Later blooming and later maturing crops typically have less stain and insect issues, and we hope this is the case with 2018 crop. Last year, quality looked very good until mid July, when record heat delayed maturity and accelerated insect development. After two poor quality crops back to back, our industry needs a clean 2018 crop, with low stain, low defects, and minimal insect damage.

As mentioned earlier, shipments have been strong this crop year. Through March, inshell shipments are up 2%, and kernel shipments are up 30% over the record shipment levels a year ago. At the same time, March ending inventory for inshell is down 45% from a year ago, while closed shell and shelling stock (SS) are down 21% and 2%, respectively (graph at right). Inshell inventories are tight for two reasons: strong demand, and the poor quality of the past two crops. In fact, quality has been worse than average for the past several years, as can be seen in the graph (left). These are April 1st industry inventory averages for the past 5 years. Shelling stock and closed shell as a percentage of inventory have consistently increased, while open inshell as a percent of the crop has declined.



We'll give a more in depth analysis of the 2018 crop potential next month.