



Crop Report



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The 2018 pistachio harvest is entering the third week. Harvest activity is picking up after a slow start to the season. We expect the peak of harvest to be the 10th to 25th of September. Inventories of inshell pistachios at origin and held by buyers are minimal. Prices for inshell pistachios to be shipped in September and October are above \$4.00 per pound.

We are roughly 10% through the 2018 harvest. We don't yet have a grasp of the overall quality of the crop, especially navel orangeworm infestation, but a few clues have emerged. While Kerman remains the predominant variety in California, most acres planted in the past 10 years are Golden Hills. Growers and processors like Golden Hills for a variety of reasons. There are a few negatives which are starting to emerge as orchards hit their teenage years. We've summarized what we know in the table below (all comments are relative to the predominant industry variety, Kerman):

Grower Positives	Grower Negatives	Processor Positives	Processor Negatives
Lower winter chill requirement	Greater salt sensitivity?	Early harvest	Greater breakage
Low blanking	Greater disease sensitivity	Larger nut size	Higher NOW infestation
Low closed inshell	Higher navel orangeworm infestation (NOW)		Higher staining and adhering hull
Early harvest	Higher staining and adhering hull		
Early production	Reshake conflicts with Kerman first shake		
Higher yield?	Short harvest window		

Golden Hills typically matures 7 to 10 days earlier than Kerman, and 90% of our receipts to date are Golden Hills. We estimate the total US crop to be less than 20% Golden Hills. Our crop impression may change over the next week(s) as receipts shift from Golden Hills to Kerman. The Golden Hills crop has been higher yielding than expected, with small nut size, and inconsistent quality. Staining and NOW infestation in some Golden Hills fields has been very high, and nonexistent in others.

Most estimates of the crop have been about 900 million pounds. In 2016, the crop was just under 900 million pounds. The Golden Hills crop in 2018 is significantly larger than 2016, so to hit 900 million pounds, Kerman yields can be down marginally from 2016. We don't yet have a grasp on Kerman yields. Kerman receipts have been low in NOW and stain (as is usual at the start of harvest), with small nut size. Closed shell and blanking is high in some fields. Generally, growers are trying to remove 80% plus on the first shake, when the inshell quality is greatest. We've seen numerous fields of Kerman in the past 3-4 days where removal much less than 80%. The combination of high blanking and poor removal will reduce the total crop if widespread.

In summary, yields have been above expectation to this point, and unharvested crops look good. 900 million pounds is achievable unless a large part of the Kerman crop is high in blanks and has poor tree removal. The good news is in 2 weeks we'll know answers to both of those questions.

Very little of the 2018 crop has been sold to date. Current inshell prices are \$4.00 plus per pound, and reflect 2017 crop pricing and/or a premium for early 2018 crop shipments. The industry basically ran out of inshell pistachios before new crop became available. At current price levels, buyers are covering immediate needs for shipment in September and October. Buyers and sellers are waiting for a better idea of the 2018 crop size, and how much of the total is salable inshell.