

CROP REPORT



September 19, 2019

It is September 19th, and the 2019 California pistachio harvest is in its 4th week. Here at Nichols Farms, we are 50% complete in receiving the 2019 crop. We began processing and shipping the 2019 crop earlier this week.

Results thus far have been encouraging as to quality of the crop. Insect damage and staining are comparable to the high quality 2018 crop, with the bonus of larger nut size from the 2019 crop.

The greater unknown is the size of the 2019 crop. We've talked to growers who have harvested more than expected and less than expected. Some growers have not yet begun to harvest, and others have completed both the initial harvest and a second harvest. For most of the year, thoughts as to crop size have been in the 700 million to 800 million pound range. We see nothing to persuade us differently at this point in the season. We do think the final total will be on the lower end of the range. Of course, this is free advice, and you get what you pay for!

The greatest issue for growers to date has been when to harvest. Few orchards have had uniform maturity. For growers

with large crops on the tree, it has been an easy decision to harvest twice, but for those orchards with "off" or smaller crops, determining the best timing for a single harvest has been difficult. We expect more orchards to receive a second shake, which is atypical for an "off" crop year. This means a drawn out harvest season, with the likelihood of some diminished quality harvests toward the end of the season.

The 2019 crop size is but one of many factors that will determine pricing for the 2019 crop. A smaller 2019 crop and limited carry-ing stocks are certainly bullish for the California industry. The bearish signs are a significant Iranian crop, a strong US dollar, and much higher Chinese tariffs than a year ago. We believe pricing will be slightly higher than the fall of 2018. From there, demand will drive pricing as we move through the year to an expected large 2020 crop.

Chuck

