

September 2020 UPDATE

September 25, 2020



September Month-End Harvest Update

Last week we wrote: “There is always one busy week during pistachio harvest, especially during “on” crop years. We are in the middle of the busiest receiving week of the season.” This year, one week has turned into **two weeks!** Most believe the crop is between 1.0 and 1.1 billion pounds.

The quality of the 2020 crop continues to amaze. It is low in damage and large in nut size. Closed inshell is lower than any recent crop. That said, it has been a tough harvest season. There have been numerous reasons it’s been challenging for growers, harvesters, truckers, and huller/dryers:

- 1. Covid has made hulling operations difficult. In past harvests, team members moved from various parts of the operation with ease. In today’s world, we isolate teams at one hulling line. There are also fewer people in the work force due to Covid-related conditions.**
- 2. Harvesters are having a hard time keeping their crews intact. Harvest crews are smart; they know their skills are in demand. They are willing to move to new employers if the harvest stops for as little as one day.**
- 3. Related to the above shortage of harvest employees is the fact there are more harvest machines running in 2020 than any previous harvest. As the season moved into prime harvest timing, these additional machines have stressed the delivery and hulling and drying capacities.**
- 4. Truckers bear the brunt of criticism when trailers don’t arrive on time at the field or at the plant. Sometimes it is their fault, but most often it is trying to keep up with an impossible task. It’s difficult (impossible?) to create trucks, drivers, and trailers at a moment’s notice.**
- 5. The heat early in harvest, and the smoke and humidity part way through harvest were hard on everyone involved, and didn’t help shaking conditions, tree maturity, or dryer operations at the huller. The past week has been a reprieve, and we’ve seen better drying at the huller, and accelerating maturity in the field.**

Every “on” crop year we hear about processor A who is “overloaded”, or processor B who “cut off harvester C”. While this may happen on a rare occasion, we attribute most of this to harvest gossip. Hulling and drying pistachios is hard, and we’ve been doing it for 30 years, but only for 6 weeks at a time! And most growers are very good about telling us their plans, but not all. The problem, as we see it, is there is an overcapacity of hulling and drying in the pistachio industry for 102 weeks out of every two years. But that other two weeks, there isn’t enough. Growers, harvesters, and processors don’t know how to operate under these conditions; none of us do it often. By the time we all figure it out, we’re back to overcapacity. It does amaze people from other industries to see how we “don’t” schedule harvest in the pistachio industry!

We do expect harvest to wind down quickly this year (normal overcapacity state). Orchard maturity in the various growing regions was close together this year. Along with more harvest machines, the crop will get off the trees and through hulling and drying. Our receiving will drop in half next week as a result, and reshaken orchards should be harvested very timely.

Please see additional slide deck link for more detail on quality through early this week. Receipts have been mostly Kern for the past 10 days. We will send out another report within the next two weeks, and report on market conditions and all but the last of the 2020 receiving season.

Chuck