



Market report – July 2023

Product information

Almonds

All eyes are on the objective estimate on 7th July, this will provide the latest estimate on crop size for 2023, there has been some fluctuation in previous estimates which has led to unstable prices since bloom, initially increasing before softening. Weather was particularly poor during the bloom period, not in the form of frost but more around rainfall, storms and in particular a low temperature that limited bee flight hours for pollination. These factors mean there is still uncertainty over the crop size for 2023. This meant new crop started trading at a premium to the still plentiful 2022 crop, this remains the case at the moment although the gap has reduced slightly. The early estimates such as the one conducted by TNT suggested a small crop size of 2.29 billion lb's, this added fuel to the fire of price increases. More recently the subjective estimate suggested a slightly higher figure of 2.5 billion lb's, which would be approx. 3% lower than 2022.

In terms of the latest shipment figures, May 2023 was down 24% YOY at 195.7 million lb's, this continues a recent trend of lower sales and shipments due to the pricing increases post-bloom. There has been a real softening of the market for current crop to help try and stimulate some sales, if the objective estimates comes in high then we may see prices fall further, and also more importantly this would include new crop, however if it comes in low then we may see new crop prices rise again. Whatever the outcome on 7th July, it is sure to shape the outcome of the Californian almond outlook for 2023/24.

Whilst the drought situation was high on the agenda last year (and the impact may still be influencing the crop size this year), a better winter and spring has meant that the water levels are now much better, and there is a large snowpack as an insurance policy also. This bodes better for the short to medium term in terms of water levels.



Cashews

The cashew market remains relatively suppressed in pricing terms, there are early signs of reasonable crops from Africa, however Asia is not expecting a large crop, especially in Vietnam and Cambodia. With the market price so low, and high levels of raw cashew nuts (RCN) being imported into Vietnam, it is putting the supply chain under considerable pressure, with large up-front payments required. There are some shoots of recovery for the industry noted in May's shipment report from Vietnam, with 54,000mt exported. Pricing remains at a good level, especially with the recent improvement in currency, a good time to secure material still. With supply remaining fairly strong, answers to questions around demand will set the tone for the next period.

Walnuts

It is very much status quo in the walnut market currently, demand is lower than ideally desired by the industry, and supply from multiple origins is good. The crop in the US is expected to be good, although there are differing opinions on exact figures. There are some new crop offers out there, but more clarity should be provided over the coming couple of months to provide a more stable view. The longer-term prospects are good for the product, California Walnuts are keen to promote their sector, any NPD work can be discussed with both us and them to help achieve this. There was a large purchase from the USDA this year, buying some generally lower quality material for end users such as food banks, this helped kick start some demand. Pricing remains at the low levels it has reached over the past 6 months or so, a good time to cover up until end of Q1 2024 until we have more information on new crop levels.

Pecans

After significant price increases during 2022, the price of pecans has come down during 2023, this was mostly related to the lack of demand being seen across much of the nut and dried fruit industry. There are some signs of issues around US/Mexico crop levels, and also quality, for 2023. This may ultimately mean that pieces will be in more plentiful supply than we have been accustomed to recently. Inventory stocks for pecans are generally low though, so any demand increase, which is expected, would mean the market will strengthen significantly. This will lead to price increases towards the end of 2023, so it is a good idea to cover the rest of the year.



Pistachios

Frosts in Iran at a crucial time of crop development in 2022 led to a low return, reducing supply options from this region, many customers and processors have been switching to US material in 2023, and in some cases Spanish (although this is a small crop). The Iranian crop has now returned two short crops in a row, exacerbating the supply issue. After a challenging couple of years, everything is pointing towards 2023 crop being more positive for Iran, pricing is expected in September and shipments October/November onwards. In fact global supply on pistachios is expected to rise 37% in 2023/24. Supply remains hand to mouth in the short term. Pricing for current crop remains high but has softened slightly recently. The US is also expecting a good crop, although they are likely to have to compete with Iran once again.

Hazelnuts

The crop level in Turkey is expected to be over 800,000mt, this would be the third bumper crop in a row with good weather at just about all the key periods. With this news you would expect the pricing to reduce, however the TMO set a recommended new crop price at a relatively high level of 68TL/kg. The Turkish lira has dropped significantly (around 25%) against the major currencies since the election, this has actually led to a window for buyers to take advantage of. Most buyers are now covered for Q3 2023. It will be interesting to see how the market develops over the rest of the year, it remains a market that seems to enjoy interventions rather than a genuine supply-demand relationship, with Erdogan's recent victory meaning it is likely nothing will change drastically moving forward.

Macadamias

Macadamias have been trading at an attractive level for the last 12 months or so now, especially at the S4 grade and below, meaning it is a great time to look at NPD work for such products as pastes etc. Supply is good from nearly all origins, and the product is expected to continue to move from strength to strength over the coming years. Now is a good time to secure material at any grade.

The logo for Petrow Food Group features a stylized leaf icon to the left of the word "PETROW" in a bold, green, sans-serif font. Below "PETROW" is the phrase "FOOD GROUP" in a larger, bold, green, sans-serif font.

Peanuts

Argentina is expecting a poor year for 2023 crop due predominantly to drought, with production expected to be down around 50%, this has led to a scramble for suitable product. Many have switched across to US material and some others to Brazil, however there are some concerns around general quality and also pesticide levels in the latter. As a result of the poor yield expected in Argentina, pricing has moved up accordingly. It is more important than ever to have a longer term strategy on supply of peanuts.

Dates

After a poor year caused by the early monsoon weather and flooding in Pakistan, it is hoped for better fortunes when it comes to 2023 crop. The flooding devastated the 2022 crop and made it very difficult to secure Aseel dates via Pakistan. Many switched across to Sayer variety, but the price followed suit because of the problems experienced in Pakistan. Availability of both varieties for 2022 crop is now nearly non-existent, but new crop pricing is expected from Pakistan over the coming weeks.

Coconut

The coconut market remains at a low price level currently, this is generally dictated by coconut oil via the palm kernel oil market, meaning there are still attractive price levels to be agreed. The recent improvement in currency, alongside the falling freight rates, have helped to further improve the situation for buyers. Still a very good time to secure coconut for at least the rest of the year.