PETROW
FOOD GROUP

MARKET REVIEW
AUGUST 2024

MARKET MOVEMENT

- Global conflicts – Ukraine/Russia/Gaza/Iran
- Currency – currently trading at 1.29 USD to 1 GBP (24/07)
- East to West shipping remains hugely challenging
- Recent surge in global shipping demand and reduced supply
- Lack of empty containers, particularly in Asian ports
- Freight price from far east now rapidly increasing again
- Inflation remained at 2% - lowest level in nearly 3 years
- Rate cut confirmed by BoE in August – down to 5%
- Weather – El Nino effect on coconut/cashews – dry/hot conditions

MARKET MOVEMENT

Almonds

- Shipment report from June 2024 206.16m lb's (up 10.5% YOY) – received as a strong month vs traditional June figures
- Commitments well above last year – 271.28 million lb's 2024 vs 122 million lb's 2023
- Not many other offers available now for 2023 crop, especially not small almonds
- Objective estimate received on 10/07 at 2.8 billion lb's – lower than previous estimates of 2.9-3.1 billion lb's
- Market firmed as a result – mainly due to the lower estimate and smaller carry-in expected in 2023
- Bearing acreage has now peaked – expected to be in decline once figures are available in the Autumn
- No real indicators now until crop processing starts – pricing likely to remain firm
- Still a little scepticism in the market as to whether the estimate will be as low as 2.8 billion lb's

MARKET MOVEMENT

Walnuts

- Not much product left from current crop in US, lower carry over expected out of 2023 crop
- Initial expectations for 2024 crop are in the region of 700 thousand mt's, lower than 2023
- Potential concerns over extreme heat in California currently – not historically good for walnuts
- Chilean crop approx. 30% down YOY – limited offers available

Cashews

- Excess heat and lack of rain (El Nino) has affected the Northern Hemisphere harvest
- Pricing rose rapidly from Vietnam due to export ban in Ivory Coast and poor Asian crops
- Ivory Coast ban now partially lifted allowing material already at port to move, although pricing remains high
- Vietnam shipped 70,000mt of kernels in June, demand remains strong, outstripping current supply
- Some packers withdrew from market while price rises occurred, fewer offers for long term contracts available currently
- Freight rates also rising as part of a double hit for cashew pricing

Hazelnuts

- Weather been favourable recently, risk of frost has passed, effect and potential for stink bug still to be seen
- Links to cocoa market not ideal for hazelnuts, both at really high levels but commonly found together
- Buyers continue to cover hand to mouth in the hope of slightly cheaper pricing from 2024 crop

MARKET MOVEMENT

Pecans

- Market remains relatively tight on supply and steady in price, demand really holds the key over coming months
- South African crop availability approaching, awaiting news of pricing

Peanuts

- Planting area reached 406,000 hectares in Arg at an average yield of 3.49 mt/hectare, possible crop of 700,000mt
- Pricing is reasonable currently on blanched Argentinian material, 2024 crop expected to be back to “normal”
- Argentina the only realistic and available origin for reliable, consistent supply to EU/UK currently

MARKET MOVEMENT

Pistachios

- Heading towards maximum carry over of 50,000mt from 2023 Iranian crop
- Reports of limited frost in Iran earlier in year
- 2024 crop downgraded from 200,000mt to 175,000mt
- 95,000mt of Iranian pistachios exported in first 10 months of crop year (90% up YOY)
- Iranian pistachios now deemed as “high risk” import for the UK – extra checks required
- US crop expected to be shorter in 2024 – possibly less than 1 billion lb’s
- Shipments slowing down out of US due to lack of available supply until new crop
- Some fears over extreme heat in California currently
- Health benefits of pistachios leading to increase in consumption

MARKET MOVEMENT

Cocoa

- Lack of supply versus huge demand – imbalance supposedly here to stay for at least remainder of 2024
- Hugely inflated pricing – e.g. cocoa butter chips have more than tripled in price since we last purchased

Coconut

- Pricing remains higher across different major origins due to El Nino effect – Philippine processors sold out through 2024
- Red sea causing freight increases and supply disruption, freight lead-times longer amid diversions and container shortages
- Typhoon risk in Q4 – strong La Nina normally follows El Nino pattern