PETROW
FOOD GROUP

MARKET REVIEW
OCTOBER 2024

Macro Movements

Upside

- Freight price peaked East to West – now falling
- Currency – currently 1 GBP = 1.30 USD

Downside

- Shipping remains challenging – lead times, empty containers, vessels, US east coast strikes
- Not just Asia, affecting other ports worldwide
- Weather effects on cashew, coconut and cocoa

Product Levels Movement/News

Almonds

- Shipment report from August 2024 168.3m lb's down 20.6% YOY – second consecutive month below 200m lb's
- Commitments down 2.3% YOY
- Objective estimate received on 10/07 at 2.8 billion lb's – lower than previous estimates of 2.9-3.1 billion lb's
- Initial material being processed showing poor yields, long way to go but 2.8 billion lb's seems to be the ceiling now
- Market firmed considerably as a result – mainly due to the lower estimate and smaller carry-in expected in 2023
- Pricing likely to remain firm for remainder of 2024, until more is known about the total crop
- Bearing acreage has now peaked – expected to be in decline once figures are available in the Autumn
- Crop amounts likely to reduce in coming years, with this year providing near perfect conditions
- Buyers were holding out for 3.0 billion lb's +, now growers are sceptical about reaching 2.8 billion lb's
- India still to really come to market post-Diwali, Europe remains relatively uncovered

Product Levels Movement/News

Walnuts

- 2023 crop now pretty much sold out
- 2024 crop estimate at 670,000mt, 19% decrease on 2023
- Decrease caused by heatwaves and lack of chilling hours for the trees
- Bearing acreage reducing for walnut trees in California
- Demand remains stronger for US kernels, pricing firmed considerably for 2024 crop year
- Chilean crop approx. 30% down YOY leading to price increases

Cashews

- Excess heat and lack of rain (El Nino) has affected the Northern Hemisphere harvest in 2024
- Pricing rose rapidly from Vietnam due to export ban in Ivory Coast and poor Asian crops
- Concern over levels of RCN reaching Vietnam for processing, and also quality of RCN
- Pricing now firming again after recent surge in demand
- September shipments exported from Vietnam just under 60,000mt – demand strong
- Current period normally shows strong demand, scope for pricing could rise further before 2025 crop
- Freight rates rose as part of a double hit for cashew pricing in 2024 – they are now dropping again

Product Levels Movement/News

Pecans

- Limited inventory remaining for pecan halves until 2024 crop is available
- Concern over the impact of Hurricane Helene on pecans in Georgia
- Pricing for pieces has remained consistent throughout the year – firmed slightly recently
- Supply and demand in reasonable balance

Hazelnuts

- Initial crop showing relatively poor quality, high levels of rotten nuts in Black Sea region
- Ferrero announced buying price for kernels below their inshell equivalent prices
- 2024 crop estimated to be no lower than 670,000mt
- Market firmed recently following Ferrero's actions
- High inshell price is preventing the market from falling

Product Levels Movement/News

Peanuts

- Planting area reached 406,000 hectares in Argentina at an average yield of 3.49 Mt/hectare
- 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
- Production up 15% on initial estimates, quality looks relatively good
- Shipments incredibly tight coming out of Buenos Aires due to vessel availability/space on vessels
- US and Brazil both in drought condition, waiting to understand harvest in US and levels of planting in Brazil

Product Levels Movement/News

Coconut

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

Cocoa

- Lack of supply versus huge demand – imbalance to stay for at least remainder of 2024 and into Q1 2025
- Hugely inflated pricing during 2024 – e.g. cocoa butter has fallen slightly from the peak levels, powder now rising