



ALMONDCO

Premium Quality Australian Almonds

# UPDATE

OFFICIAL CUSTOMER NEWSLETTER OF ALMONDCO AUSTRALIA - Winter, 2008

## 2008 crop harvest complete

### Market Report

Compiled by Marketing Manager Amos Weigall as of July 8, 2008

The Australian Crop is now fully harvested with hulling and shelling also nearing completion.

#### Nonpareil

Nonpareil yields have been slightly below estimate and this is being attributed to the severe water restrictions affecting most growing regions during the Spring growth period.

Kernel shape is consistently flatter than last year which gives rise to kernels appearing larger than the designated count by weight. The kernel weight is lighter than in 2007 when record small sizing was experienced.

Quality is generally pleasing and has initially appeared similar to the 2007 crop. However additional losses during processing have been significantly higher than expected.

Losses during early processing were excessively high due to skin flaking caused by low moisture levels.

These losses subsided as the main harvest followed. **The overall effect has been a reduction on estimated volume of 13%, which is below the intake level of 2007.**

#### Carmel and Pollinators

These varieties also have followed a similar path to Nonpareil with respect to quality and tonnage.

As in 2007 high levels of doubles are again concerning. The severity varies between orchards and has affected count 23 and larger kernel in both Carmel and Price varieties. The occurrence of doubles has

significantly impacted on the availability of larger sizes in Carmel.

Sizing of Carmel and Price is typically two count sizes smaller than average, with peak sizing in Carmel being 27 kernels per ounce and Price 32 kernels per ounce. The severe drought conditions have also accelerated removal of the less productive varieties as well as older orchards.

Varieties such as Fritz - Mission are in rapid decline, similarly varieties like Johnson, Baxendale and Chellaston are also being removed.

#### USA Crop/ Market Update

The subjective estimate seemed to be an "out of the box" total of 1.46 billion pounds to most, who had expected the 2007 total of 1.38 billion pounds to be similar in 2008.

The subsequent effect, being mostly a reduction in price of processing material was shortlived. The market through June has been buoyed by continuing significant record total shipments in April and May. Sales within the US for May have fallen behind the stronger levels in 2007 however steady growth is still occurring over the year.

There is an anticipated shortening of the forecast almond carryout of 2007-08, to under 250 million pounds or less.

The June 30, 2008 objective almond forecast for the 2008-2009 crop year is 1.50 billion pounds, according to the USDA's National Agricultural Statistics Service. This forecast is based on 660,000 bearing acres.

The forecast is up 3 percent from the May 7, 2008 subjective forecast and is up 9 percent from this year's crop to date of 1.380 billion pounds as of May 31, 2008.

The market, while characteristically tentative prior to the realization of the next crop, is a little surprised by the size of the objective estimate. Pricing of the current crop is unlikely to be affected greatly as most product is already committed. The average kernel weight reported in the objective estimate is down by 3 percent from last year. While this is a preliminary figure there is the underlying suggestion that kernel size will have a similar distribution to 2007. Similarly when kernel weight is down a further increase on estimate is less likely.

The relative affordability of almonds within the rising prices of the nut category will only lead to heightened demand. This realization may take some time to eventuate and is subject to the whims of market confidence **however the present equation points to a stable market.**

While current pricing was thought to be sustainable the **input costs of growing have rapidly escalated.** Bee hive costs, fertilizer and weed control products have seen increases ranging up to 700%, with fuel also being a key input on farm and for transportation to market. These pressures and the relative pricing of almonds in the nut category are keenly observed by the growers, with the general feeling being that prices have reached their floor.



## Who is the new man in purple tights?

Berri teenager Jake Langdon joined the Almondco staff earlier this year as a trainee marketer.

Jake has spent the first half of the year getting a solid understanding of the industry and how Almondco works.

He has spent time working on the factory floor in most departments and has also been assigned a wide range of duties within administration, including logistics during the peak of the season.

It has been a steep learning curve for the former Glossop High School student but he says he has enjoyed the opportunity to finish school and get into a work environment.

Away from work, Jake is an up and coming footballer who plays A grade for Berri. He was named the Riverland Football League's Best First Year Player last season.



Jake Langdon and his father Roger. Right: Jake as the Phantom earlier this year.

Jake lost his mother Jan to cancer earlier in the year and the Berri Football Club held a Purple Night to pay tribute to her memory. It was a memorable occasion and one that explained why Jake made the once-in-a-lifetime decision to wear tights and dress like a superhero.



The new Governor of South Australia, Rear Admiral Kevin Scarce and his wife Elizabeth made a visit to the Almondco facility at Renmark in April. General manager Brenton Woolston took the vice regal couple on a tour of the plant.

## Exports set to sky rocket

Almond exports are predicted to be worth almost \$500 million by the year 2020.

The latest figures released by the Australian Nut Industry Council show that the almond industry is set to experience massive growth in production and overseas sales. The ANIC figures show that almond exports will be the driving force behind the industry's success, with exports to be worth \$346 million in four years. Last year they were valued at \$88 million.

Developing nations like China and India have been identified as markets with significant potential.

## Californian Imports to Australia

Date	Metric Tonnes	Change
Aug-May 2007	1683	
Aug-May 2008	953	-43%

## Dangerous mite must be stopped

Almondco is right behind an industry push to protect Australia's bee population from a dangerous mite known as Varroa Destructor.

The Varroa mite is the natural enemy of the bee and if it was to find its way into Australia, it could wipe out the wild bee population.

The impact this would have on industries such as ours that rely on pollination would be quite severe. There are not enough commercial bee operations to meet the nation's pollination requirements.

Our industry, along with many others, have formed a new alliance to be known as Pollinators Australia, which will attempt to lobby our cause and fight for the protection of bees.

The Varroa mite has had a devastating impact on bee populations around the world and Australia is the only remaining Varroa-free zone.

