



MERIDIAN MONITOR

MARKET NEWS AND INDUSTRY INFORMATION FOR MERIDIAN'S VALUED CUSTOMERS

In a nutshell...

- Water shortage gains attention
- Almond bloom slows sales

Water Shortage Update

US pistachio prices have been prone to increases over the last few weeks due to improved demand and concerns over forthcoming output arising from severe water shortages. Last month, it was announced that State Water Project (SWP) users will receive 15% of their contracted amounts, and Federal Water Project (FWP) users 0% of contracted volumes. In a February 20th market report, Nichols Farms described the situation as “grim” and warned that current environmental restrictions on transporting water means that any additional rainfall will have little impact on increasing water supply to growers in these projects. In addition, large, or “on” year crops need more water in order to maximize nut splitting and overall quality. As a result, most growers and packers expect some reduction in total yield, and potentially much lower quality, the report added. Indeed, Jim Zion, managing director of the Meridian Nut Growers Alliance, told *The Public Ledger*: “Poorly timed irrigations or none at all will affect pistachio crop size and quality.” Growers will need to buy or trade water or rely on well water, he noted. Ali Amin of Primex International said that the bulk of affected growers are on the west side of the San Joaquin valley. Most of the planted area on the east side has underground water and growers there might now have to drill new wells to increase their groundwater supply. “The problem is that well drillers are booked six months to a year out,” he added. If California had enough water it could produce 450m pounds this year, Mr. Amin said, but in view of the reduced allocations his “rough guess” now would be 350m to 400m pounds. Nichols stated that prices had gained due to the 2009 crop concerns and higher interest over the last six weeks. After a slow November and December, sales for immediate and future delivery picked up substantially from early January. Mr. Amin said: “We certainly have seen a lot more enquiries since January and we have done a lot more business.” Mr. Zion added: “We have seen demand pick up from all destinations, not only the EU.” Nichols quoted export prices in the range of \$2.90 to \$3.45 a pound FAS California and explained that the lower end quotes were for produce from the 2007 crop, and having higher stain and defect levels. In higher quality markets such as the EU and Japan, prices were between \$3.20 and \$3.45 a pound FAS, dependent on grade and size, it said. Nichols predicted that prices would hold firm at least until more is known about the 2009 crop. Mr. Amin claimed that prices could remain high beyond the bloom period if the water situation is still unclear by then and he noted that growers in Iran have also been lowering their crop expectations – to a range of 100,000 to 120,000 tones from 150,000 tones previously. Mr. Zion added that owing to the US and Iranian supply uncertainties, buyers will begin to cover some of their 2009/10 needs as a hedge against price increases.

By Julian Gale *The Public Ledger*

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Almond Update

Inquiries continue to come in for many Asian and Middle East countries with little availability from packers as many are holding until after bloom.

EU remains quiet with some second hand asking for prices but no confirmed business. Reports that EU importers are holding plenty of inventory on BV Std continue to flow in but when they'll start to sell again remains to be seen.

NP almonds continue to firm up with little availability of Supreme or better material. Similar situation with Carmel variety.