



## May-2010 Commodity Update

### Peanuts

<b>Weather/Growing/ Harvest Conditions</b>	<ul style="list-style-type: none"> <li>2008 crop was a record crop resulting in a large carry over. 2009 crop production declined by about 28%. Market strengthening now that the carryover has been shipped.</li> </ul>
<b>Quality</b>	<ul style="list-style-type: none"> <li>Kernels will be large due to new varieties and excellent growing conditions. It is widely believed that peanut butter grades will be in short supply.</li> </ul>
<b>World Demand</b>	<ul style="list-style-type: none"> <li>World demand and US consumption is relatively unchanged compared to last year.</li> </ul>
<b>World Supply</b>	<ul style="list-style-type: none"> <li>Expected to be down due to declines in Argentina, US and China.</li> </ul>
<b>Future Outlook</b>	<ul style="list-style-type: none"> <li>Supplies expected to tighten by next summer – especially for Virginias and peanut butter grades.</li> </ul>

### Pecans

<b>Weather/Growing / Harvest Conditions</b>	<ul style="list-style-type: none"> <li>Weather for 2010 crop development has been favorable thus far. The potential exists for this to be a better than average short crop due to good pollination, dry spring weather and good rainfall in late May and early June.</li> </ul>
<b>Quality</b>	<ul style="list-style-type: none"> <li>Too early to tell</li> </ul>
<b>World Demand</b>	<ul style="list-style-type: none"> <li>Heavy demand from China continues to drive prices higher.</li> </ul>
<b>World Supply</b>	<ul style="list-style-type: none"> <li>2010 is expected to be the “short crop” so total supply will likely be less than last year.</li> </ul>
<b>Future Outlook</b>	<ul style="list-style-type: none"> <li>World supplies are static as acreage has not significantly increased.</li> </ul>

### Walnuts

<b>Weather/Growing / Harvest Conditions</b>	<ul style="list-style-type: none"> <li>The CASS final harvest report was for 436 thousand inshell tons. Weather thus far has been favorable for development of the 2010 crop. Most growers are cautiously optimistic this crop will be larger than last year as all varieties look good.</li> </ul>
<b>Quality</b>	<ul style="list-style-type: none"> <li>Too early to tell</li> </ul>
<b>World Demand</b>	<ul style="list-style-type: none"> <li>China reports drought conditions in the walnut growing regions that could negatively impact their 2010 crop. Strong buying interest from China and Turkey for inshell Chandlers continue to keep prices firm.</li> </ul>
<b>World Supply</b>	<ul style="list-style-type: none"> <li>The California Walnut Board reports shipments through March are 44% above last year due to heavy inshell exports and strong domestic consumption.</li> </ul>
<b>Future Outlook</b>	<ul style="list-style-type: none"> <li>Additional plantings of new varieties should provide stable and steadily increasing supplies.</li> </ul>

### Almonds

<b>Weather/Growing / Harvest Conditions</b>	<ul style="list-style-type: none"> <li>The CASS Subjective Estimate for the 2010 crop was 1.53 bil lbs. Combined with the low carryover, supplies will be approximately the same as last year.</li> </ul>
<b>Quality</b>	<ul style="list-style-type: none"> <li>Too early to tell.</li> </ul>
<b>World Demand</b>	<ul style="list-style-type: none"> <li>The Almond Board reports shipments through March are 16% higher than last year fueled by heavy export shipments and strong domestic consumption.</li> </ul>
<b>World Supply</b>	<ul style="list-style-type: none"> <li>Total world supply will be nearly the same for three consecutive years.</li> </ul>
<b>Future Outlook</b>	<ul style="list-style-type: none"> <li>As non-bearing acreage continues to come into production future crops will continue to increase.</li> </ul>

### Macadamias

<b>Weather/Growing / Harvest Conditions</b>	<ul style="list-style-type: none"> <li>Shipments continue to be late from all origins. Packers in Australia report disappointing yields and volume from early shelling.</li> </ul>
<b>Quality</b>	<ul style="list-style-type: none"> <li>Quality normal.</li> </ul>
<b>World Demand</b>	<ul style="list-style-type: none"> <li>Processors report a higher recovery of whole kernels than normal contributing to the shortage of broken grades from last year.</li> </ul>
<b>World Supply</b>	<ul style="list-style-type: none"> <li>World supply seems tight as demand has yet to be impacted by high prices.</li> </ul>
<b>Future Outlook</b>	<ul style="list-style-type: none"> <li>Increasing acreage in Africa and Australia as nonbearing trees come into production will offset decline in Hawaii.</li> </ul>

## Cashews

<b>Weather/Growing / Harvest Conditions</b>	<ul style="list-style-type: none"> <li>Excessive high temperatures in Vietnam have caused some damage to the second crop. The amount of damage has yet to be determined.</li> </ul>
<b>Quality</b>	<ul style="list-style-type: none"> <li>The only concern for quality will be the second crop in Vietnam. The first crop quality appears to be fine and there has been no word of any problems with the Indian crop.</li> </ul>
<b>World Demand</b>	<ul style="list-style-type: none"> <li>Demand is escalating globally.</li> </ul>
<b>World Supply</b>	<ul style="list-style-type: none"> <li>There will be enough supply to meet global demand, but inventories are expected to be unusually low for the remainder of the calendar year.</li> </ul>
<b>Future Outlook</b>	<ul style="list-style-type: none"> <li>The market has strengthened due to the speculation of damage to the second crop in Vietnam. Inventories domestically and at origin are low and demand has increased causing a squeeze in the market.</li> </ul>

## Pistachios

<b>Weather/Growing / Harvest Conditions</b>	<ul style="list-style-type: none"> <li>California crop is looking to be at lower end of range around 360MMlbs. Combining lower production range and CY'08 carryover, estimate California will have 20% lower supply in CY'09 as compared to last on CY '07.</li> </ul>
<b>Quality</b>	<ul style="list-style-type: none"> <li>Excess of blanks or empty shells.</li> </ul>
<b>World Demand</b>	<ul style="list-style-type: none"> <li>Demand for California pistachios continues to grow in Europe as a result of Iranian supply and quality issues. Tight supplies will keep prices at historical highs.</li> </ul>
<b>World Supply</b>	<ul style="list-style-type: none"> <li>Global pistachio crop in CY'09 will be 17% less than CY'08. Iranian crop is now near the 180M ton area down 10% from initial estimates. Global inventories are low because of the CY'08 Iranian crop failure.</li> </ul>
<b>Future Outlook</b>	<ul style="list-style-type: none"> <li>Future crops will continue to get larger as significant non-bearing acreage in California comes into production over the next several years.</li> </ul>

## Pine Nuts

<b>Weather/Growing / Harvest Conditions</b>	<ul style="list-style-type: none"> <li>There has been no indication yet of any weather problems affecting the '09/10 crop. New crop will not be available for shipment until November.</li> </ul>
<b>Quality</b>	<ul style="list-style-type: none"> <li>No indication of any problems other than small crop.</li> </ul>
<b>World Demand</b>	<ul style="list-style-type: none"> <li>Demand has increased in spite of costs reaching record levels.</li> </ul>
<b>World Supply</b>	<ul style="list-style-type: none"> <li>Small crop which will keep prices at record high levels.</li> </ul>
<b>Future Outlook</b>	<ul style="list-style-type: none"> <li>Not enough supply to meet demands for this crop year.</li> </ul>