



PANOCHÉ CREEK
PACKING, INC.

IN A NUTSHELL

Predictions and Trends for the California Almond Market

October 2008

Market update:

Well, these are certainly some interesting times. When Warren Buffet says it is bad you know it is REALLY BAD!! So we ask ourselves how all of this will affect our buyers, our bankers, our almond processor, etc. It is so bad that when I make this statement, all of you readers know what I am referring to without "IT" being defined.

The good news is that the September shipping numbers were very solid and will keep optimism afloat in our industry anyway. Better news was that our final returns on 2007 crop were awesome relative to those from Blue Diamond. We paid 29 cents per pound more than they did for the Sonora meats, 17 cents more for Mixed, 15 cents more for Monterey, etc. Yes, they were within a few cents on a few varieties but really.... we hammered 'em! When they say they are a nonprofit organization they aren't kidding.

Prices dropped at the front end of harvest. Buyers were well covered from the large 2007 crop carry-in and did not need much coverage for August and September shipments. Some handlers don't begin selling until the new crop arrives and then they tried to sell almonds into positions that lacked demand. Buyers continue to ask for January - June 2009 positions much more regularly than October - December 2008. Growers have withdrawn following the September ABC report.

Current prices NET to the farm:

Nonpareil 25/27	\$2.00
Carmel 27/30	\$1.44
Butte/Padre	\$1.30

Grower's Corner: by Frank Roque

2008 – A Unique Crop

As we enter into the twilight of the 2008 harvest we remember every year is different. This one is even more unique. It is the largest crop ever, looking to be at least the estimate of 1.5 billion pounds. We are seeing extremes in many areas, both positive and negative.

On the positive side, in many cases yields are at record levels. This is mostly in the Nonpareil but other varieties such as Wood Colony are showing increases as well. Young trees also stand out in my mind as exceptional. I have never seen this many 3rd leaf orchards go over 500 pounds. Some have even exceeded 1,000 pounds. In quality, we are seeing the lowest percentage of serious defects ever. Everyone says a big crop means more almonds, same amount of worms. I would also like to think we are learning and getting better at controlling the pests that threaten our livelihood. With the almond prices that we have seen in recent months, it becomes even more important to protect our crops. Finally, I do not remember a harvest in recent past that has not been interrupted by a real rain shower. It looks to me like we have 90% of the crop out of the field with no threat of rain for the next 10 days. Needless to say, when harvest is done we will all be praying for rain!

“ALMOND MARKETING NONPAREIL”

On the negative side, we have input costs such as fertilizer, bees, labor, fuel, machinery, etc. skyrocketing. I'm questioned constantly, "How am I going to make it with these input costs?" My answer is always "yield, yield, yield!" It is tough to cut corners and still maximize yield, but we must become more efficient. Contributing a lot to these higher prices is the economy melting down before our eyes. This is strengthening the dollar (\$1.349 vs. Euro) which unfortunately is not helping with our European trading partners. In reality, our product remains very affordable. On top of all of this, we are in the middle of a regulatory drought and a real drought. The amount of money spent this year on pumps and wells alone is unprecedented. Growers must protect their investment of permanent crops in a year where we may see only 10% water in the Westlands Water District and massive water cuts statewide. Not to mention water that has been taken away from us to support hypocritical environmental agendas.

As I write on the uniqueness of the 2008 crop, the potential of the 2009 crop being even more unique looms largely on all of our minds.

Farming News: by Barry Watts

Postharvest Activities

The importance of postharvest irrigation and fertilization cannot be overemphasized. As the harvest wraps up, it might seem like the trees do not require much attention. The temperatures are cool and we have irrigated a time or two. Quite the opposite is true. Right now the tree is trying to store water and carbohydrates for next year. This energy will be stored until spring when it will be used for bloom and the initial shoot growth.

Irrigation – Between the end of harvest and the trees losing their leaves, they will use 7-10 inches of water. As root activity increases after harvest it is important to satisfy the tree's demand for water. For those with plenty of water, it is a good idea to begin recharging the profile for next year's water use. For those who are tight on water, the University of California has developed a website to display a summary of its research regarding "*Irrigation Management for Almond Trees under Drought Conditions*". <http://ucmanagedrought.ucdavis.edu>

Fertilizer – Every orchard is unique with its fertilizer requirements. Sampling leaf tissue and almond hulls will help determine what nutrients are deficient. Two common nutrient deficiencies in most almond growing regions are Zinc and Boron. Zinc sprays are usually done postharvest between late October and mid-November. A Zinc application done during this time will allow for Zinc to be stored in the tree for next year's bloom. It will also knock the leaves off of the tree this fall allowing the tree to begin an early dormancy. Consult your Pest Control Advisor with rates and timings of materials.