

# PECAN COMMODITY WORKSHOP

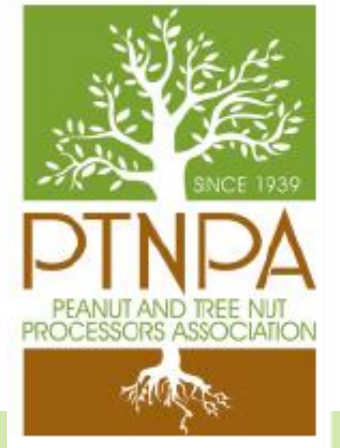
Daniel J. Zedan

Nature's Finest Foods, Ltd.



Specializing in the marketing of tree nuts!

Renaissance Indian Wells | January 20/21, 2019



# 2018/2019 Pecan Market

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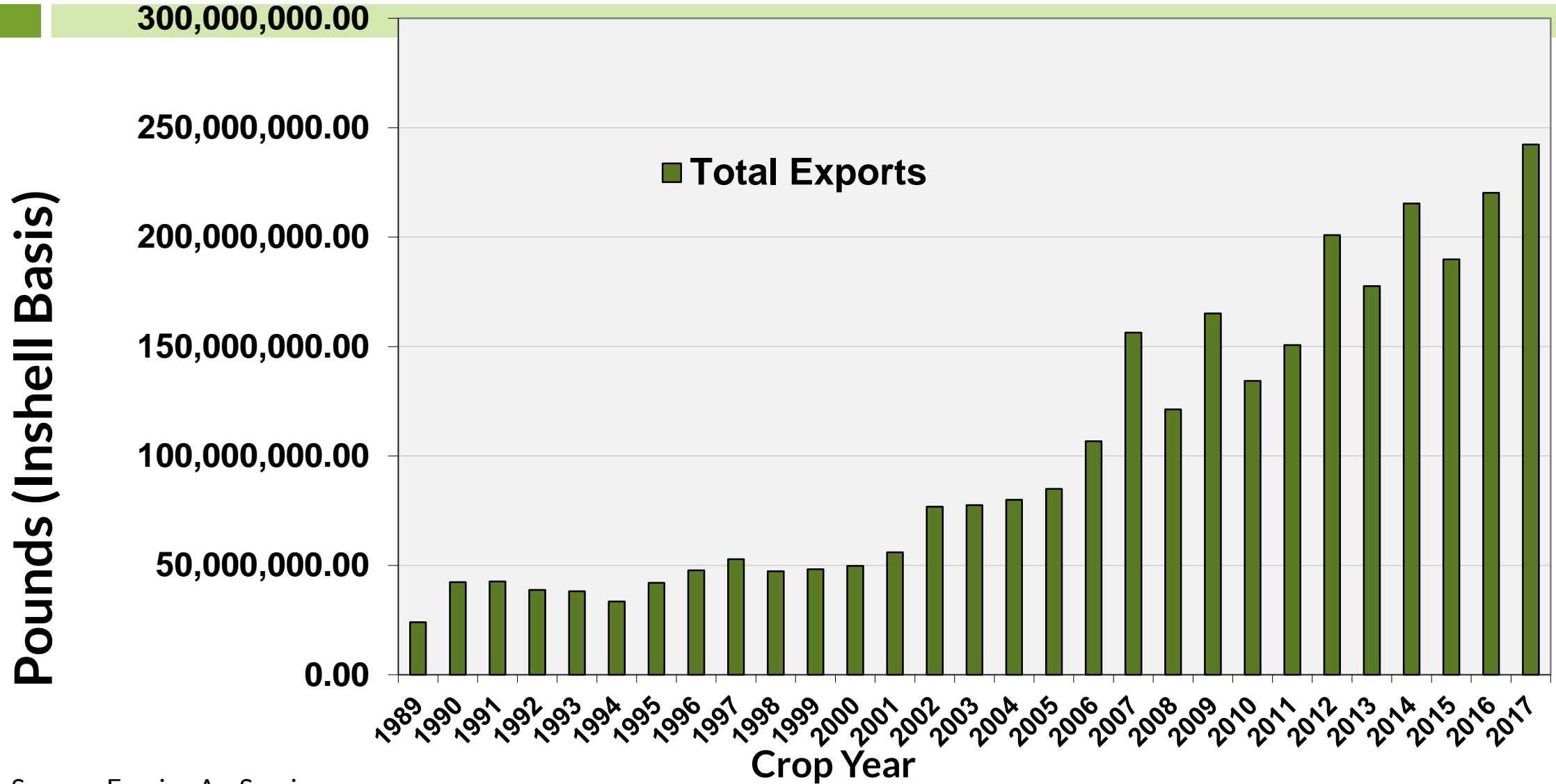
- Current market conditions
- Short-term market impactors
- Long-term market impactors
- Industry initiatives

# Product Available for Sale by US

	2017	2018 (Est.)
Prior Year Carry-Out	155,128,580	187,731,000
US Crop	293,850,000	278,900,000
Mexican Imports to US	253,296,635	250,000,000
<b>Total Supply</b>	<b>702,275,215</b>	<b>716,631,000</b>
Carry-Out	187,731,000	185,000,000
Consumption	514,544,215*	531,641,000*
*NOTE: NFF Estimates		

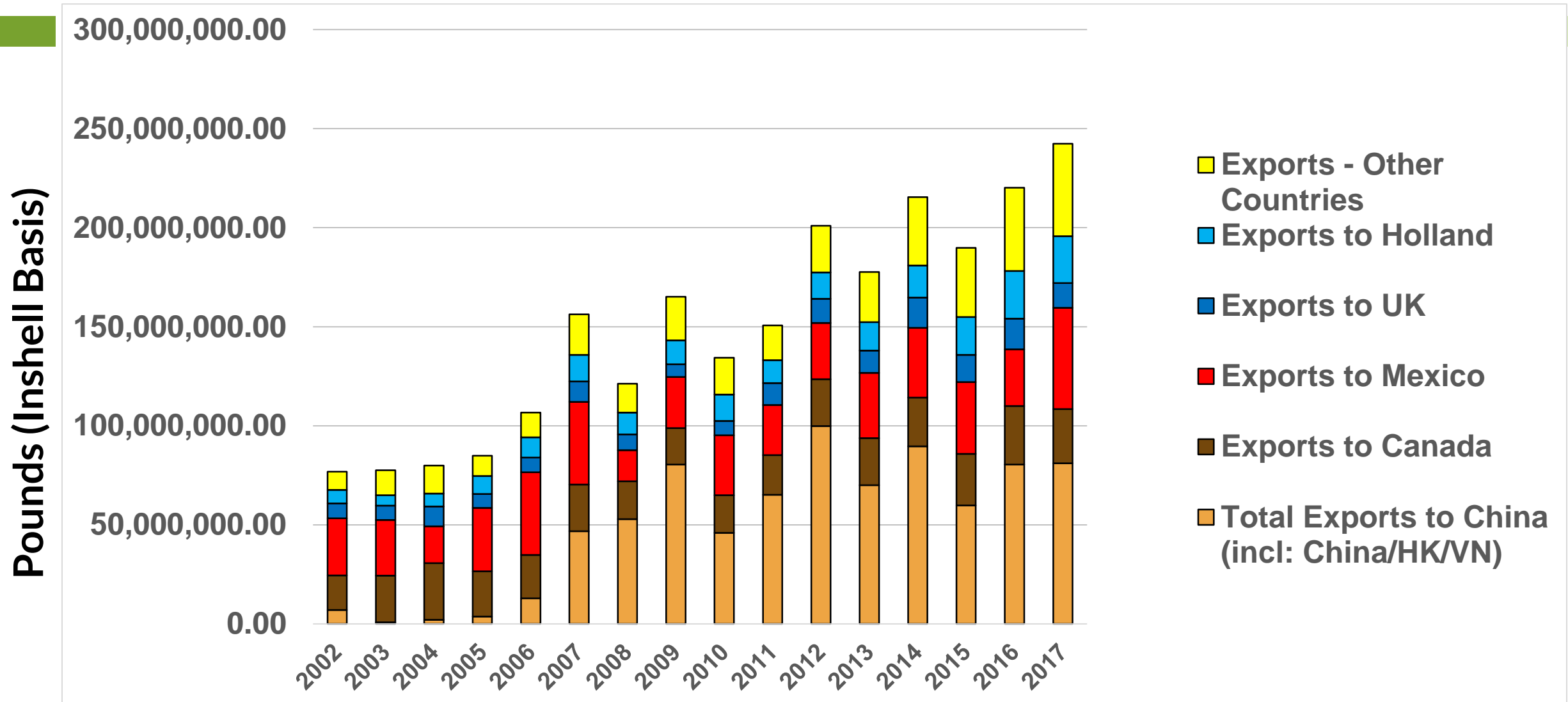
Note: Figures are expressed in pounds, inshell basis, and do not take into account US Inshell sent to Mexico for shelling. **Carry-in meats are converted assuming a 44% yield. Mexican import meats are converted assuming a 50% yield.** Data Sources: USDA NASS & FAS, USDA Market News & Nature's Finest Foods

# US Pecan Exports



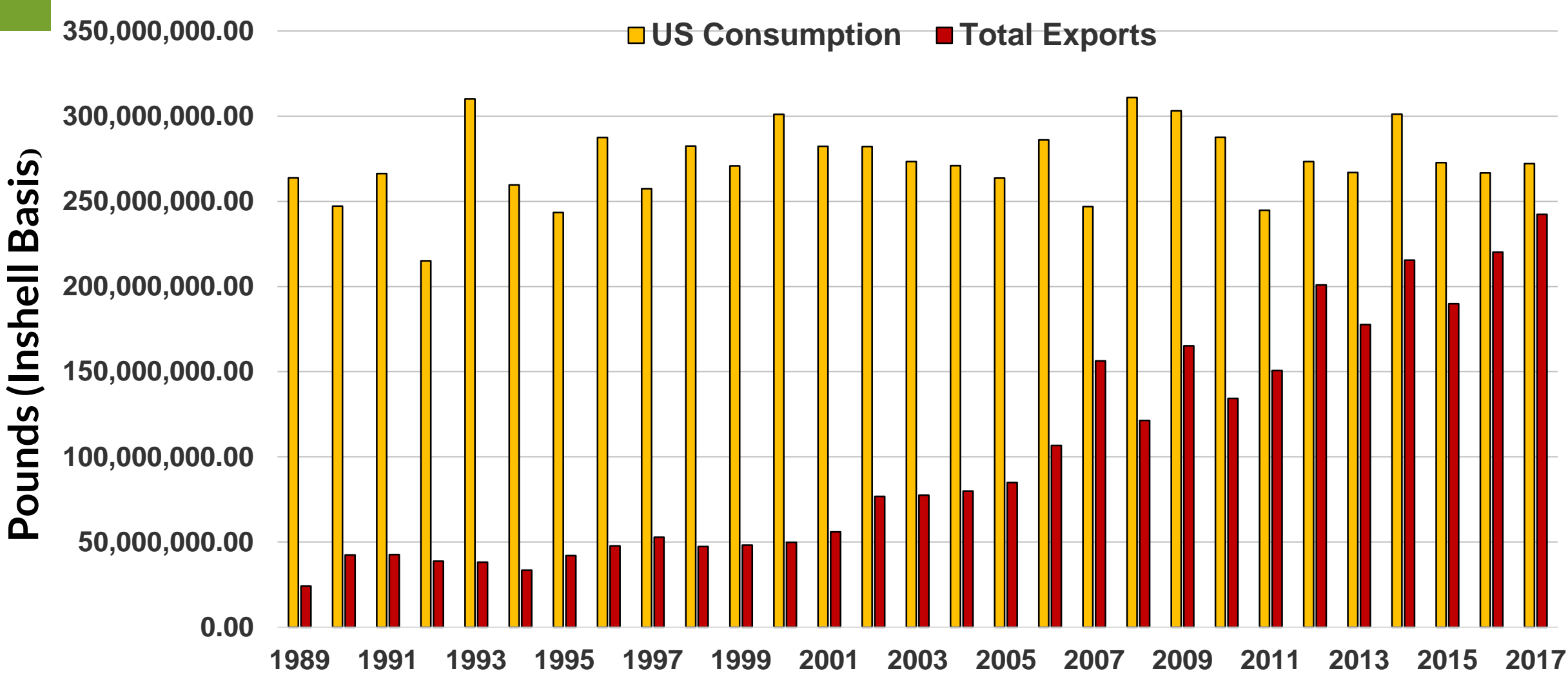
Source: Foreign Ag Service

# Breakdown of US Exports



Source: Foreign Ag Service & Nature's Finest Foods

# US Consumption vs Total Exports

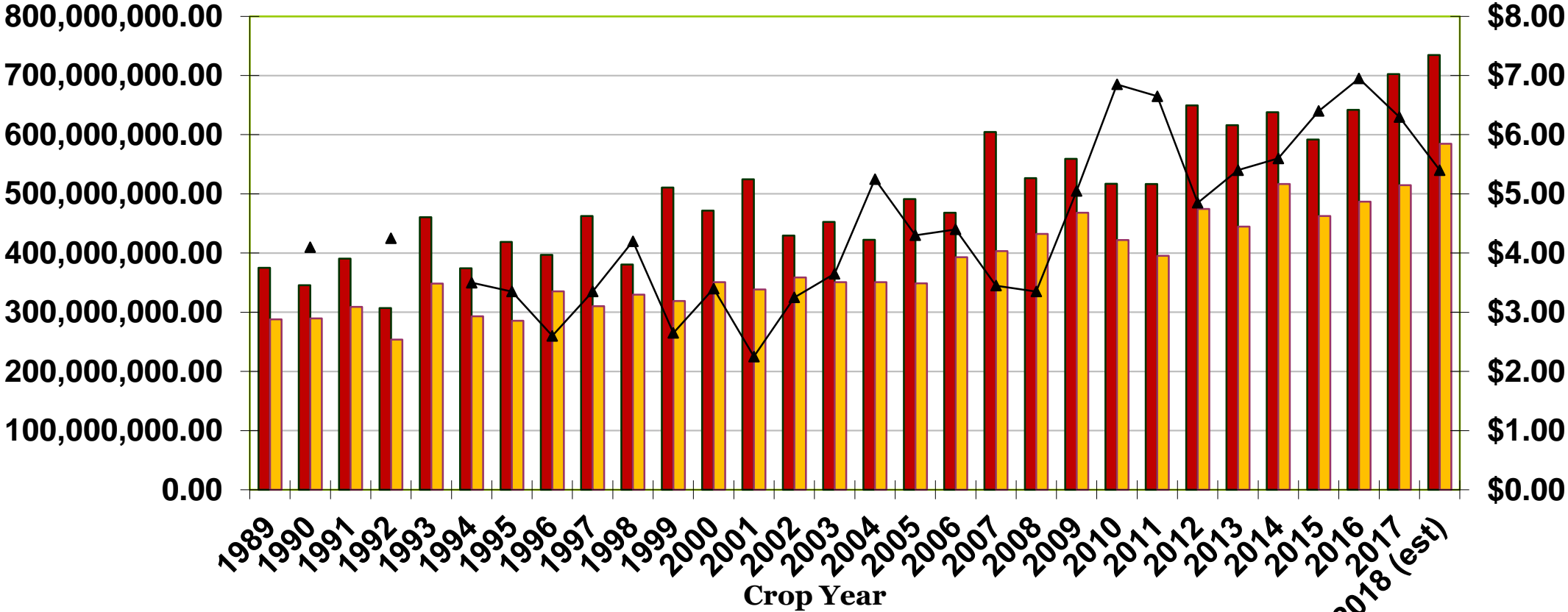


Source: Foreign Ag Service & Nature's Finest Foods

# US Supply Vs Consumption & Price

Pounds (Inshell Basis)

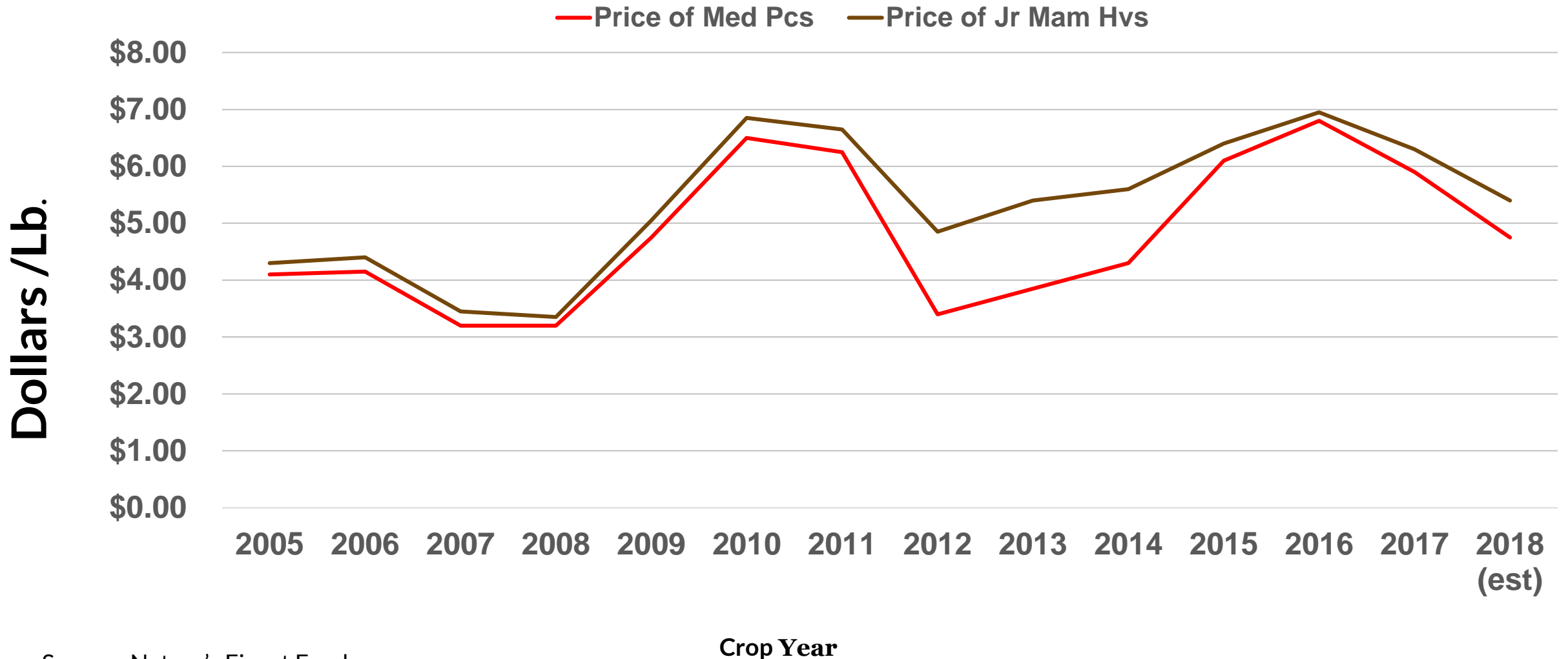
■ Total Supply ■ Consumption ▲ Price of Jr Mam Hvs



Price (dollars)

Source: USDA National Ag Statistics Service, Foreign Ag Service and Nature's Finest Foods.

# Price Comparison: Jr Mammoth Halves & Medium Pieces



Source: Nature's Finest Foods

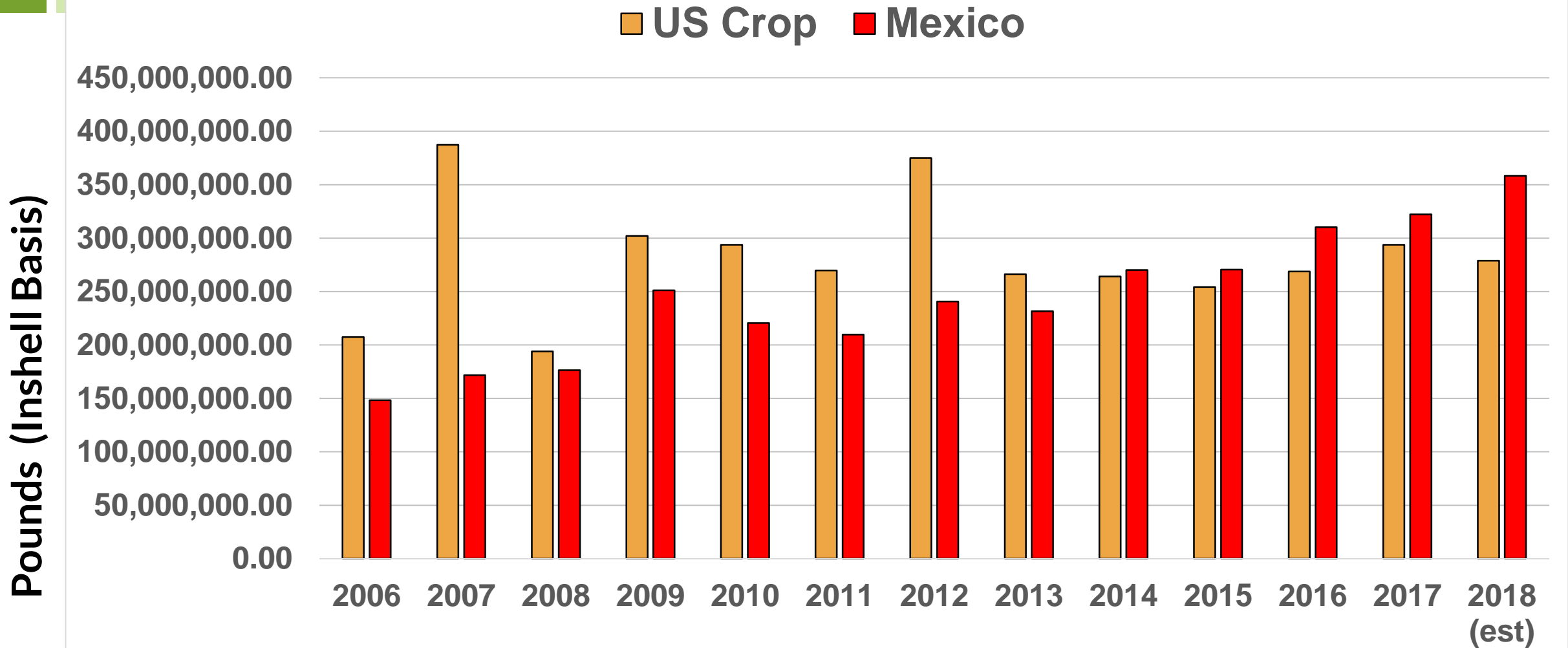


# 2018 Market Impactors

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- Heavy rains throughout US Pecan growing region
- Hurricane Irma (2017), Hurricanes Florence and Michael (2018)
- US – China Trade Dispute
- China's over-purchase on inventory in 2017
- South Africa's growth as a competitive factor in the Chinese market
- Production increases in South Africa and Mexico

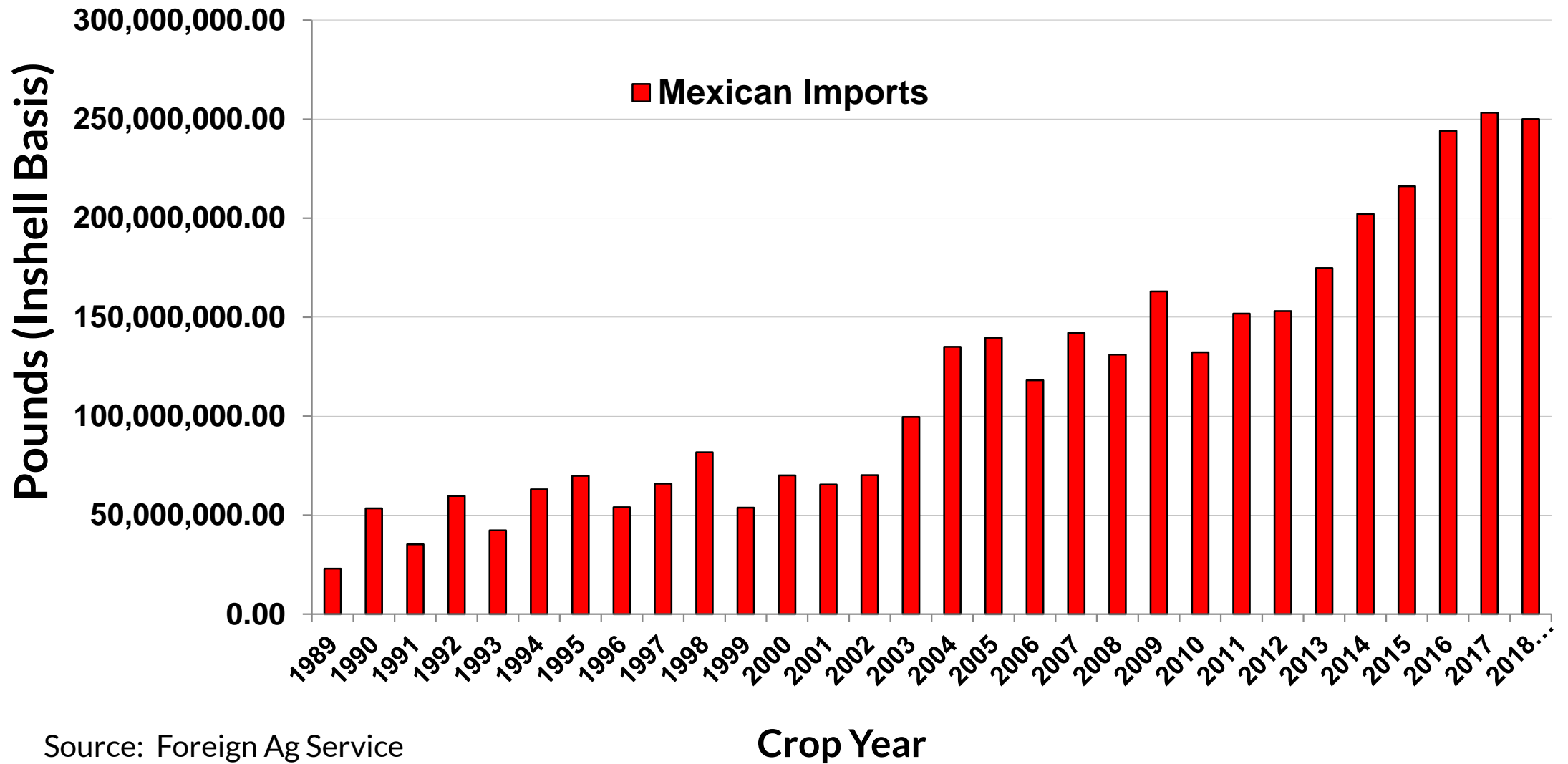
# Pecan production United States vs Mexico



Source: USDA NASS, Foreign Ag Service, Mexican Agriculture Information Service & Nature's Finest Foods

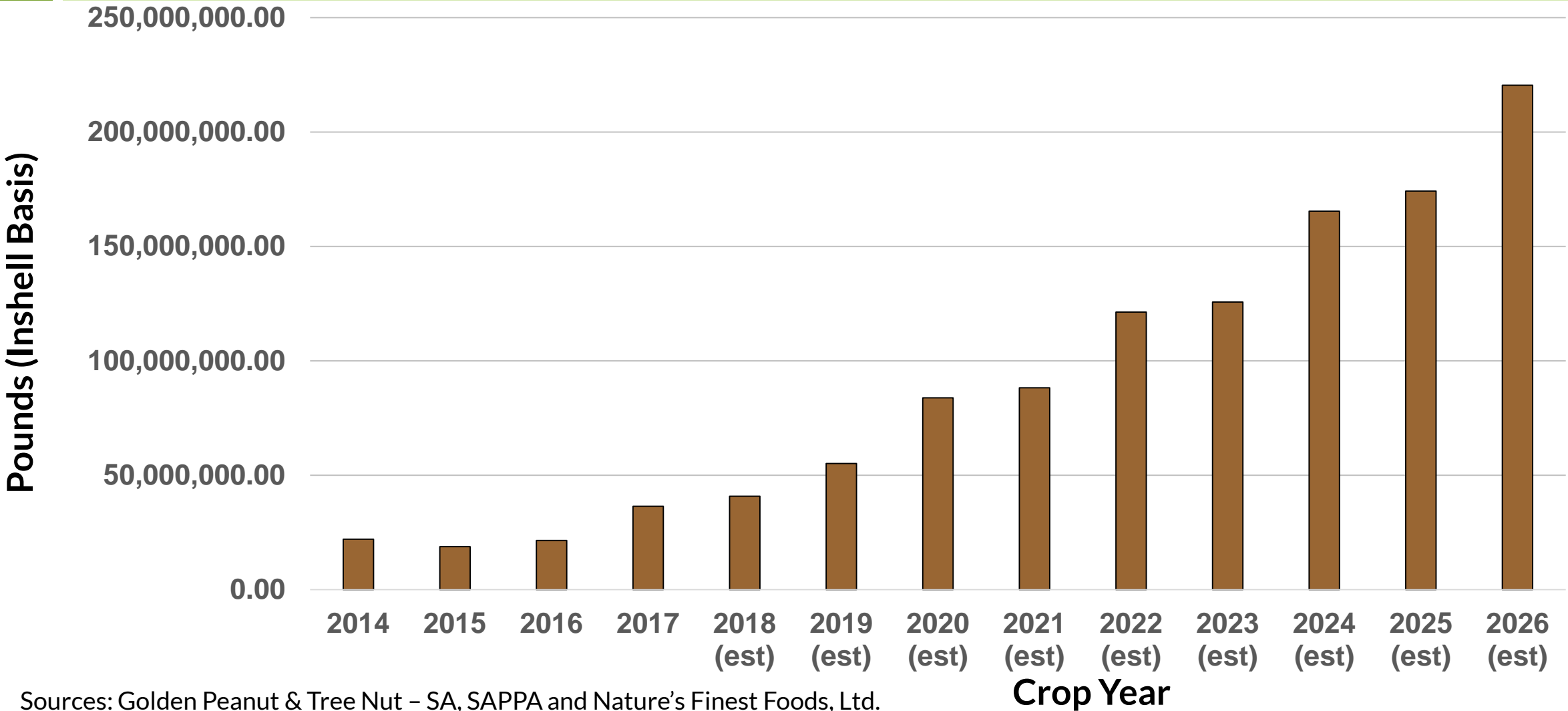
Crop Year

# Mexican Exports to US



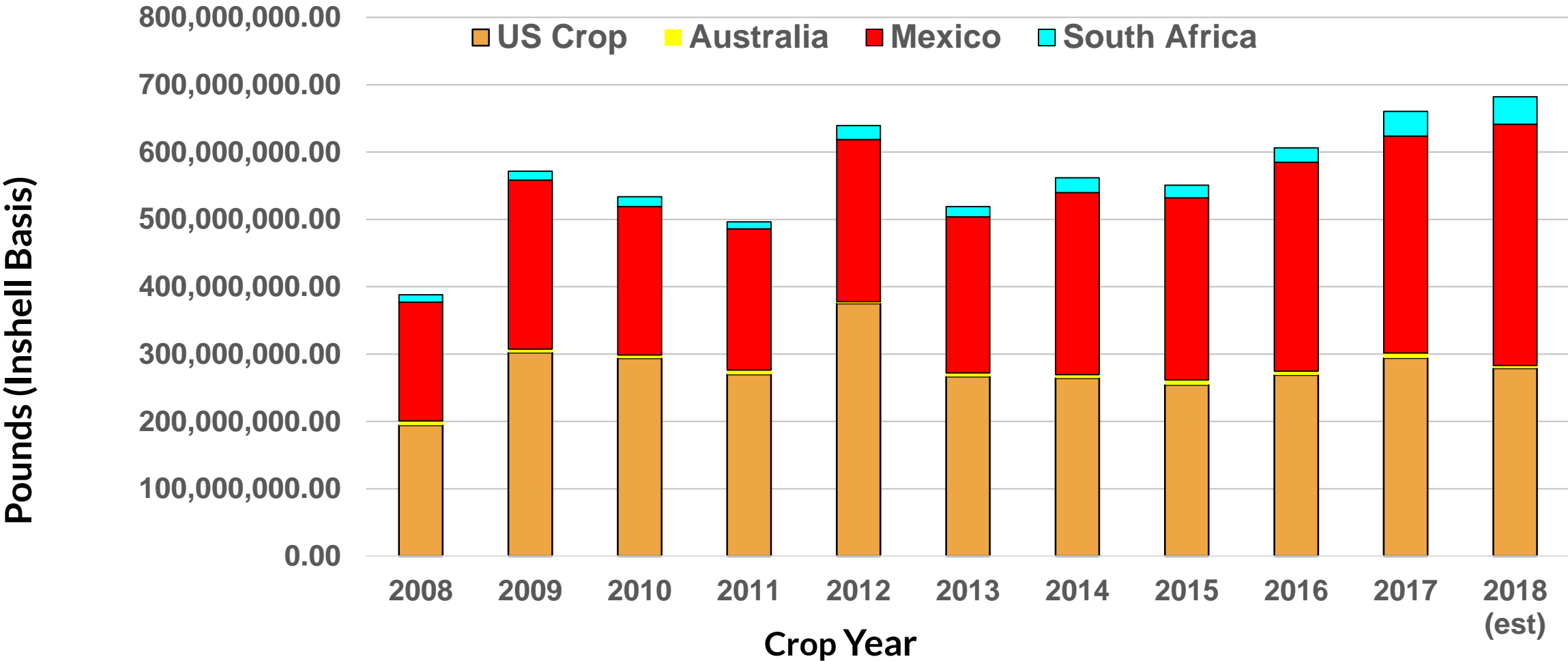
Source: Foreign Ag Service

# South Africa Pecan Production



Sources: Golden Peanut & Tree Nut – SA, SAPPA and Nature’s Finest Foods, Ltd.

# Projected World Pecan Production



Sources: Stahman Farms -Australia, Golden Peanut & Tree Nut – SA, Agricultural Information Service – Mexico, USDA NASS

# Long Term Market Impactors

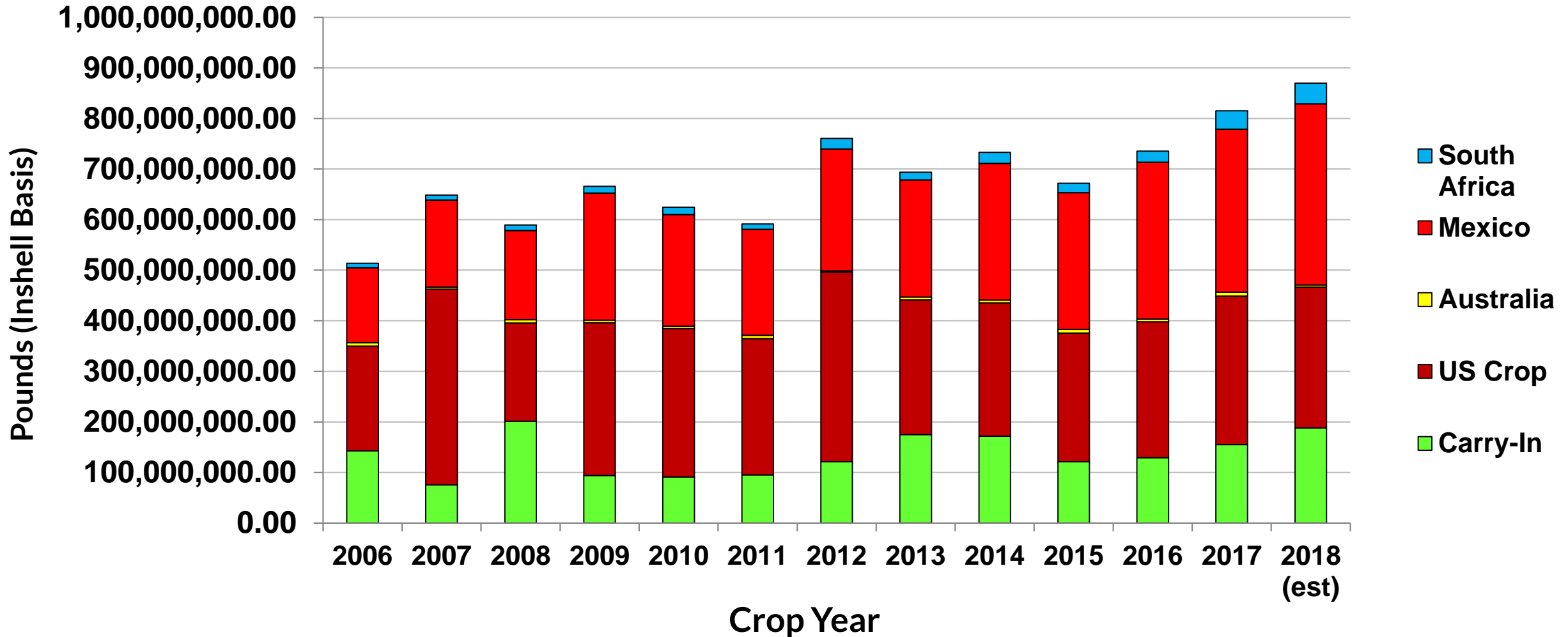
- Continued production increases in Mexico and South Africa
- Additional Plantings in China
- Mexico's ability to meet GFSI Food Safety Standards and shift to selling directly to US Market
- Cheap Labor and minimal regulatory burden in Mexico, S. Africa, China and other developing pecan producers
- Major US firms changing payment terms, conditions of contracting, etc.

# World Supply - Inshell Pounds

Country	2017	2018 (est.)
United States	293,850,000	278,900,000
Mexico	322,245,875	358,245,446
South Africa	36,375,900	40,785,100
Australia	7,716,100	4,188,740
US Carry-In	155,128,580	187,731,000
<b>WORLD TOTAL</b>	<b>815,316,455</b>	<b>869,850,286</b>

Sources: USDA NASS, Stahman Farms-Australia, Golden Peanut & Tree Nut-SA, Bester-SA, Mtebeni Valley Farms, SA, Agricultural Information Service - Mexico, Nature's Finest Foods, Ltd.

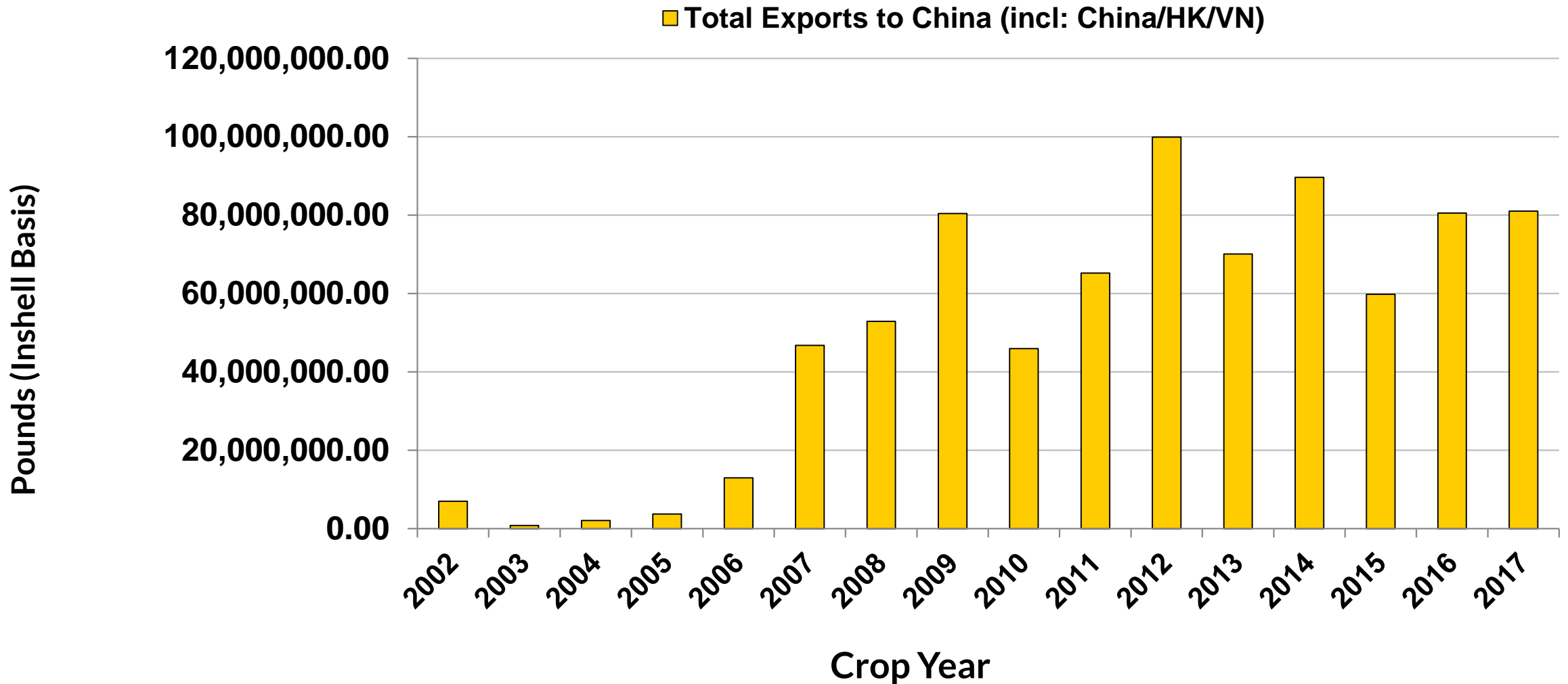
# World Pecan Supply



Sources: USDA NASS, Stahman Farms -Australia, Golden Peanut & Tree Nut – SA, Bester, SA, Mtebeni Valley Farms, SA, Agricultural Information Service - Mexico

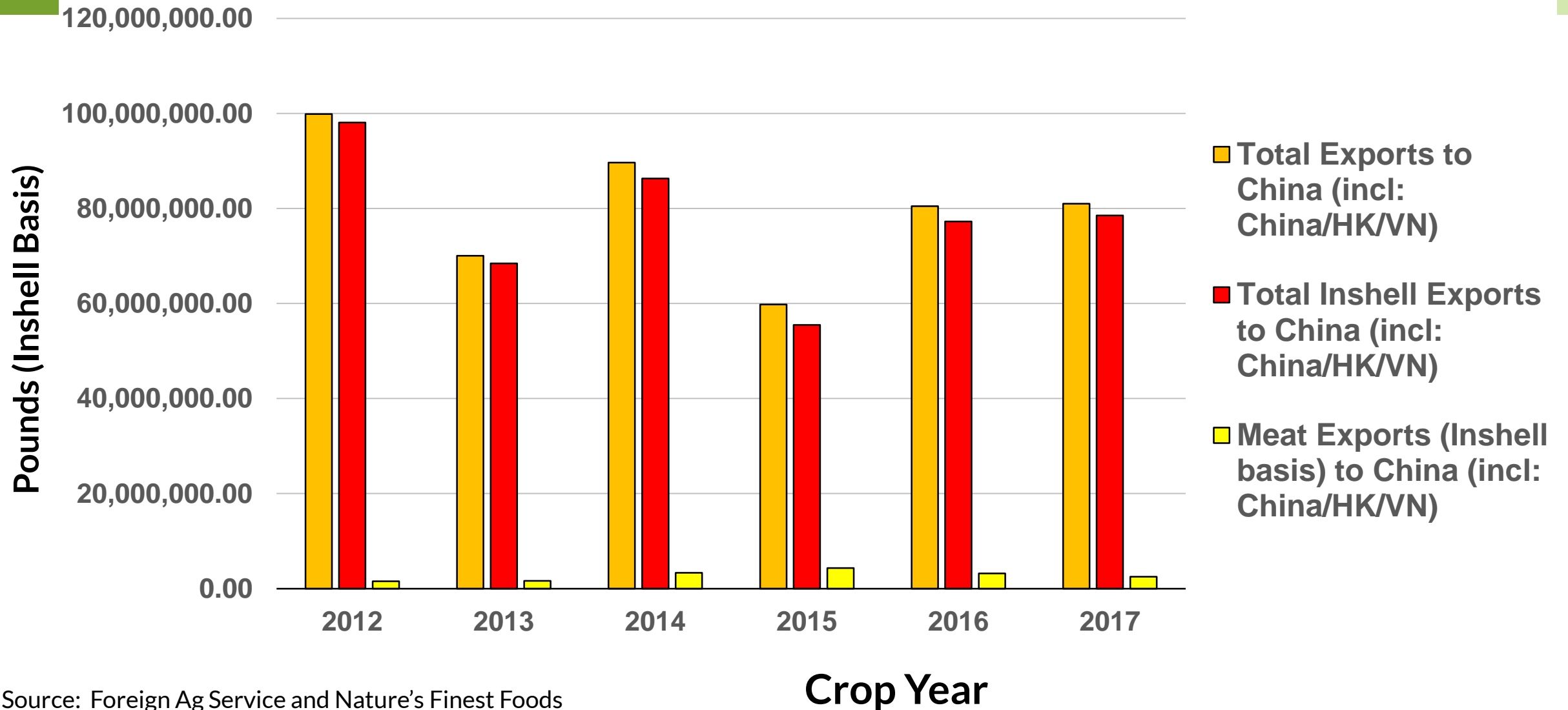


# US Exports to China

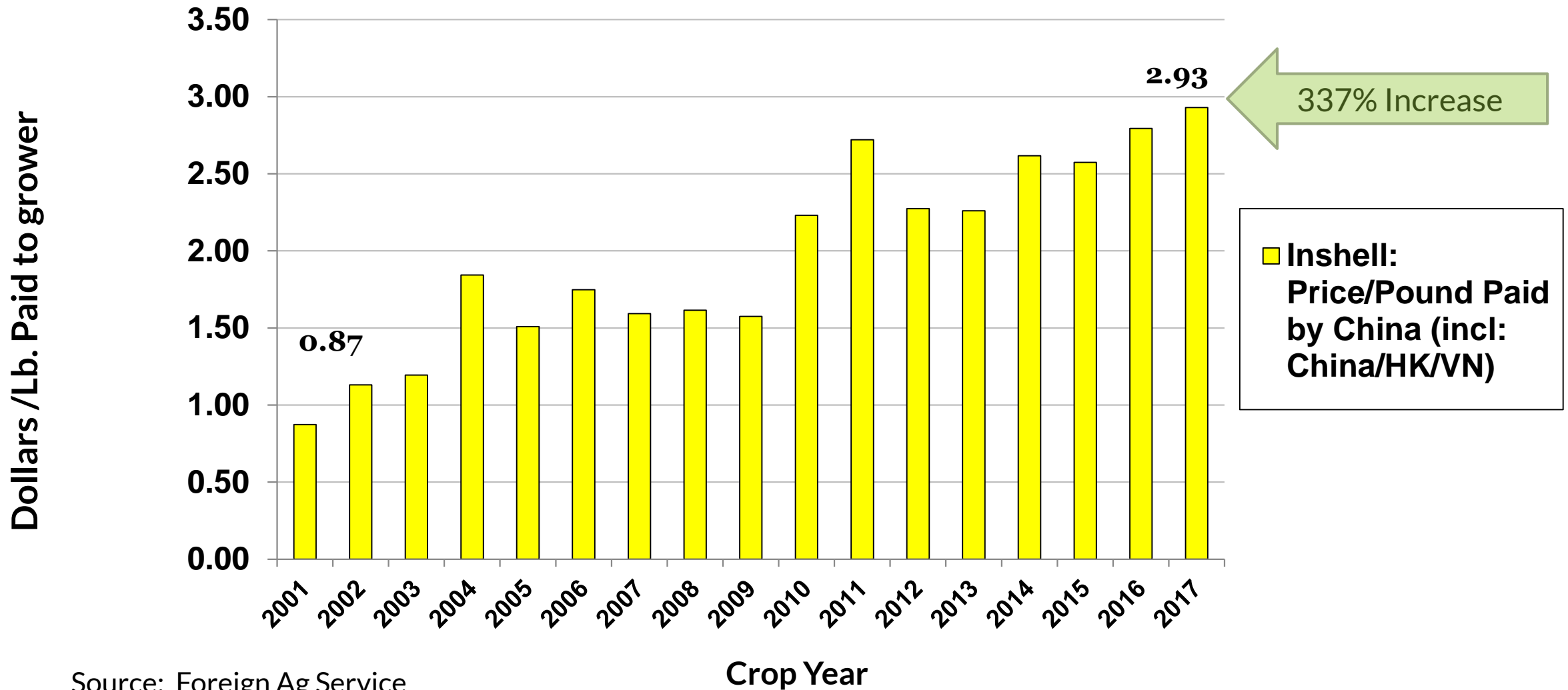


Source: Foreign Ag Service, Nature's Finest Foods

# Breakdown of US Exports to China

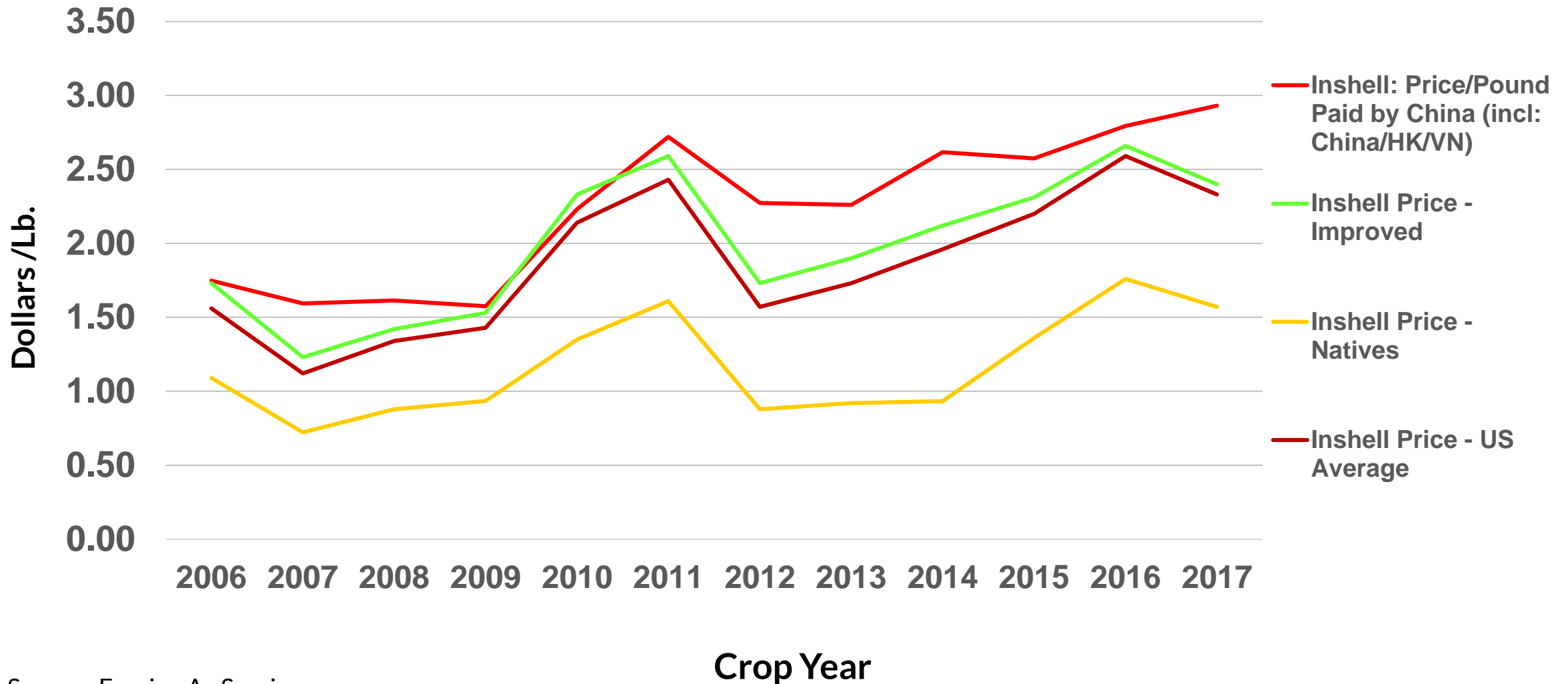


# Price paid to Grower by China



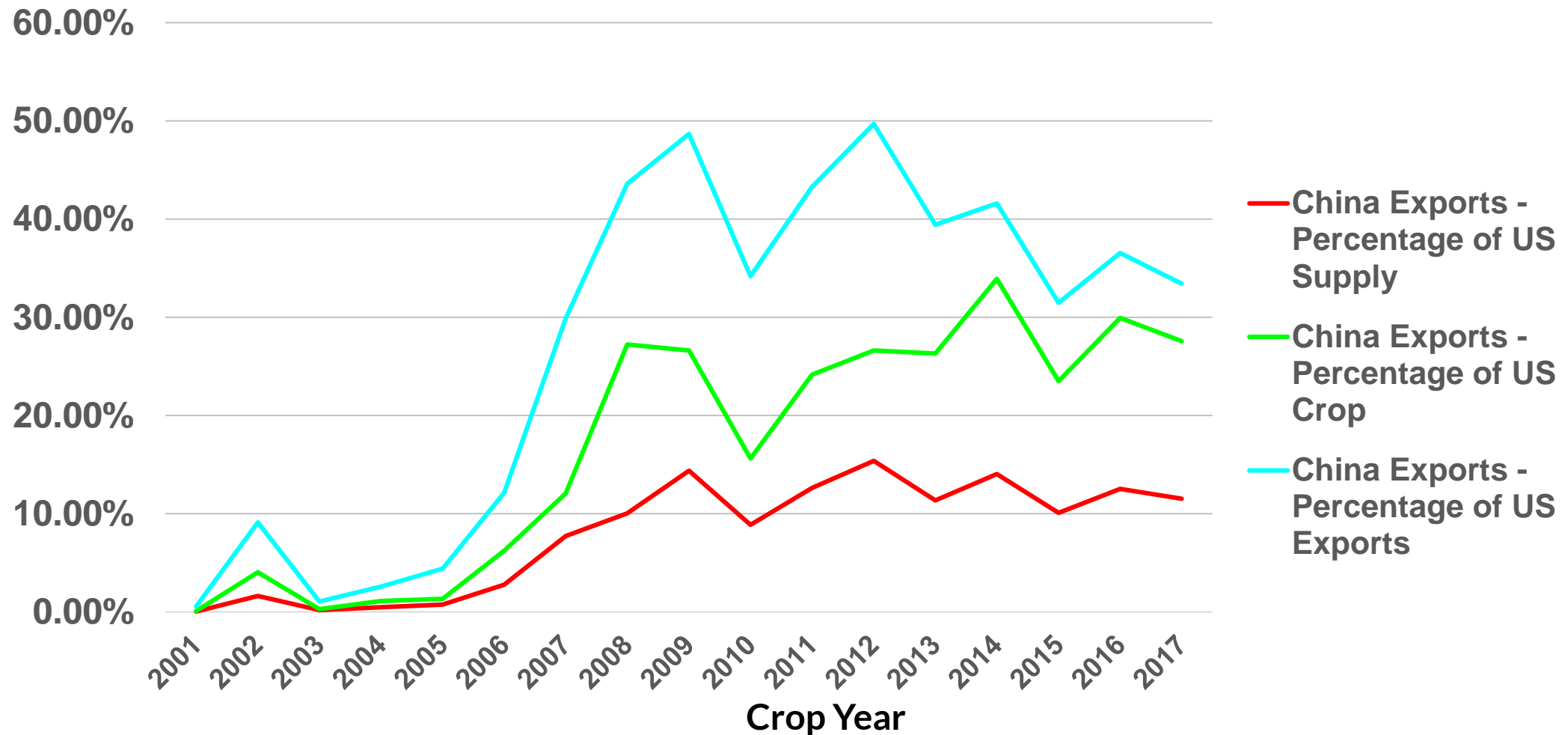
Source: Foreign Ag Service

# Average Prices Paid to Grower



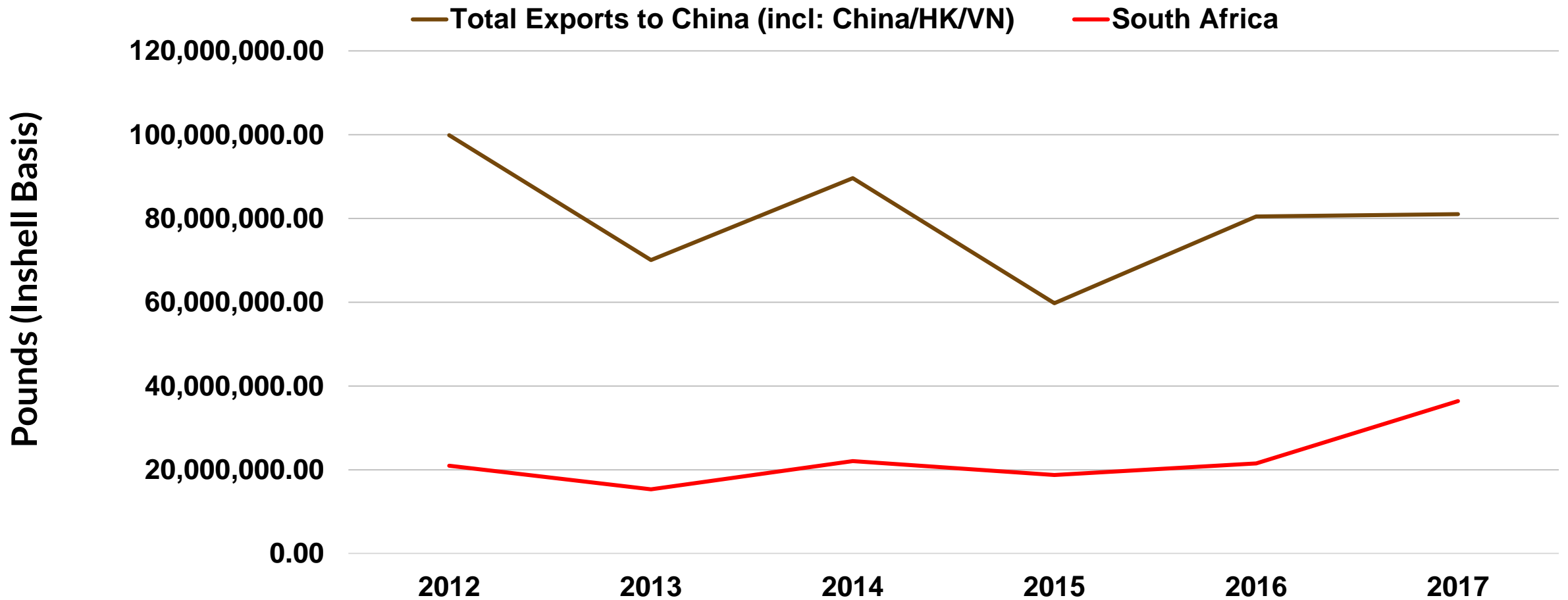
Source: Foreign Ag Service

# US China Exports- Percentage of US Crop, Supply & Exports



Sources: USDA National Ag Statistics Service, Foreign Ag Service, Nature's Finest Foods, Ltd.

# US Exports to China vs S. African Production



# Industry Initiatives

- NPSA Shelf-Life Study and Chef's Summit
- NPSA & APC joint effort to establish new Standards for the Grades of Shelled Pecans
- APC Marketing/Launch of new Brand – *American Pecans: The Original Supernut*
- APC Launch of Annual and Monthly Industry Statistical Reports
- APC contracting of The Boston Consulting Group to develop an industry strategic plan
- APC Acreage Survey

# Questions?

