

2018 Crop Overview



2018/2019 Pecan Market

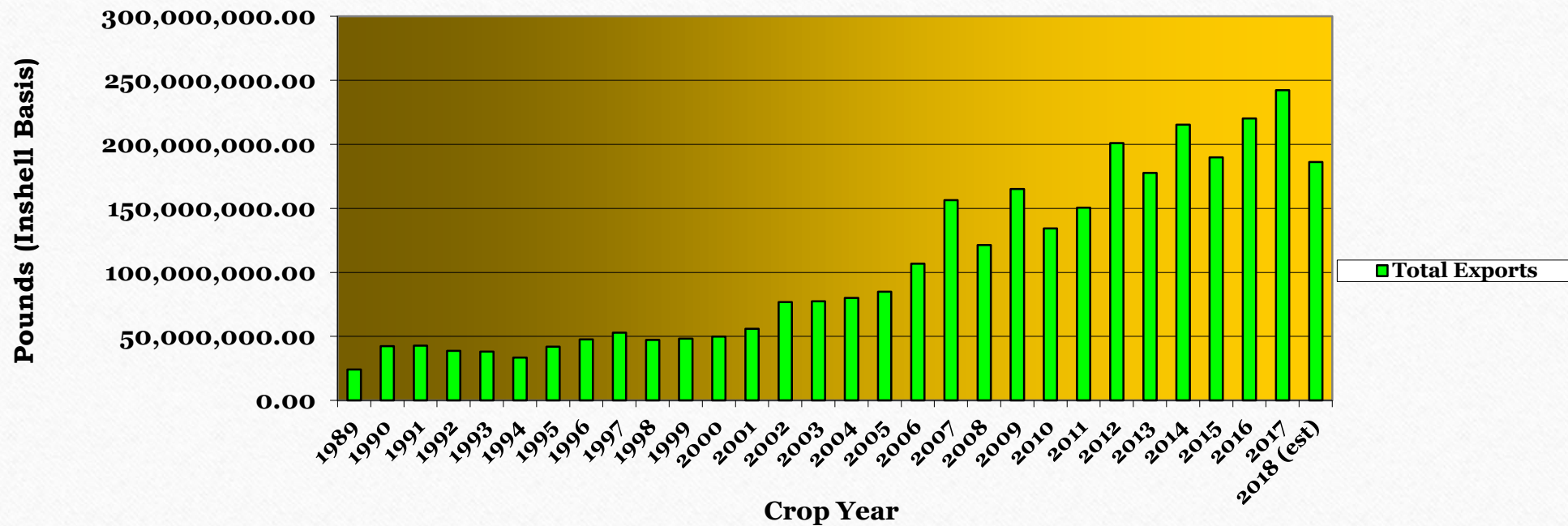
- ❖ Current supply
- ❖ Short-term market impactors
- ❖ Long-term market impactors
- ❖ Industry initiatives

Product available for sale by US

	2017	2018 (Est.)
Prior Year Carry-Out	155,128,580	180,259,589
US Crop	293,850,000	278,900,000
Mexican Imports to US	253,296,635	276,826,697*
Total Supply	702,275,215	735,986,286
Carry-Out	187,731,000	250,968,690*
Consumption	514,544,215*	485,017,596*
*NOTE: NFF Estimates		

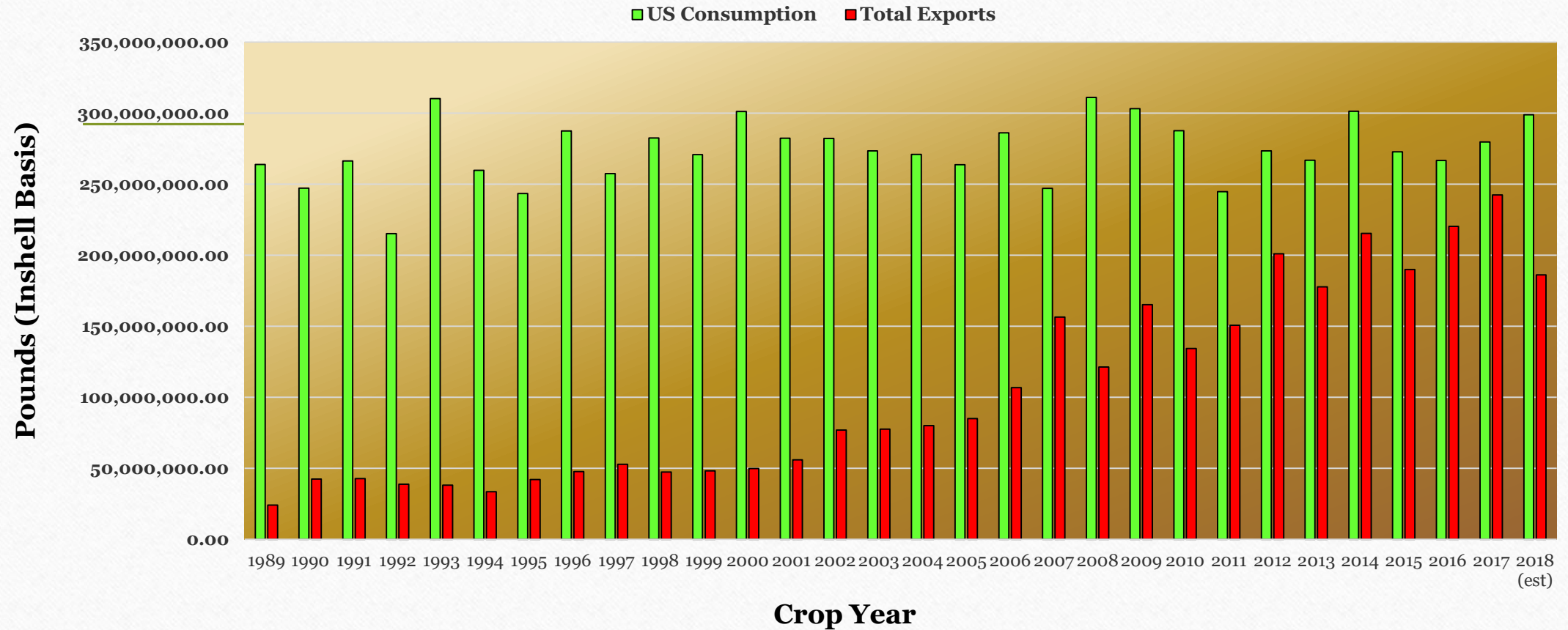
Note: Figures are expressed in pounds, inshell basis, and do not take into account US Inshell sent to Mexico for shelling. ***Carry-in meats are converted assuming a 44% yield. Mexican import meats are converted assuming a 50% yield.*** Data Sources: USDA NASS & FAS, USDA Market News & Nature's Finest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

US Pecan Exports



Source: Foreign Ag Service

US Consumption vs Total Exports



Source: Foreign Ag Service & Nature's Finest Foods

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	40,123,720
Australia	7,716,100	4,409,200
US Carry-In	155,128,580	180,259,589
WORLD TOTAL	815,316,455	861,937,955

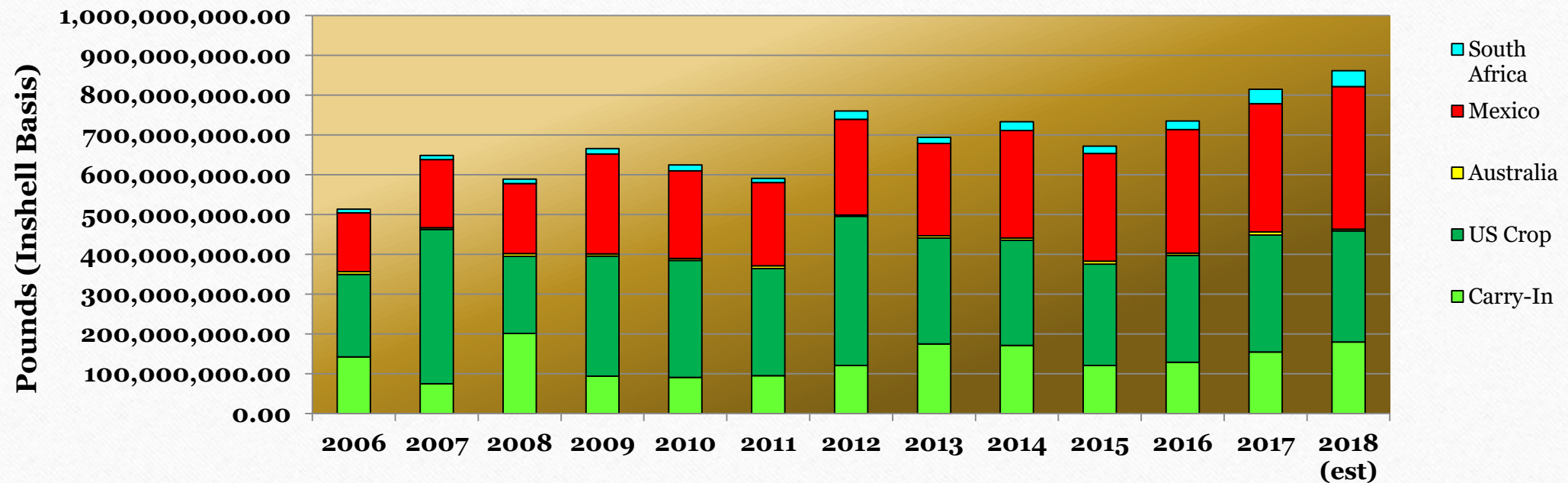
Source: USDA NASS, Stahman Farms-Australia, Golden Peanut & Tree Nut-SA, Bester-SA, Mtebeni Valley Farms, SA, Agricultural Information Service - Mexico, Nature's Finest Foods, Ltd.

Mexican Supply Data

Inshell Pounds (Metric Tons)

Organization	2015	2016	2017	2018
Comenuez	122,714	142,140	114,750	141,720
Agricultural Information Service	122,714	140,712	146,170	162,499

World Pecan Supply

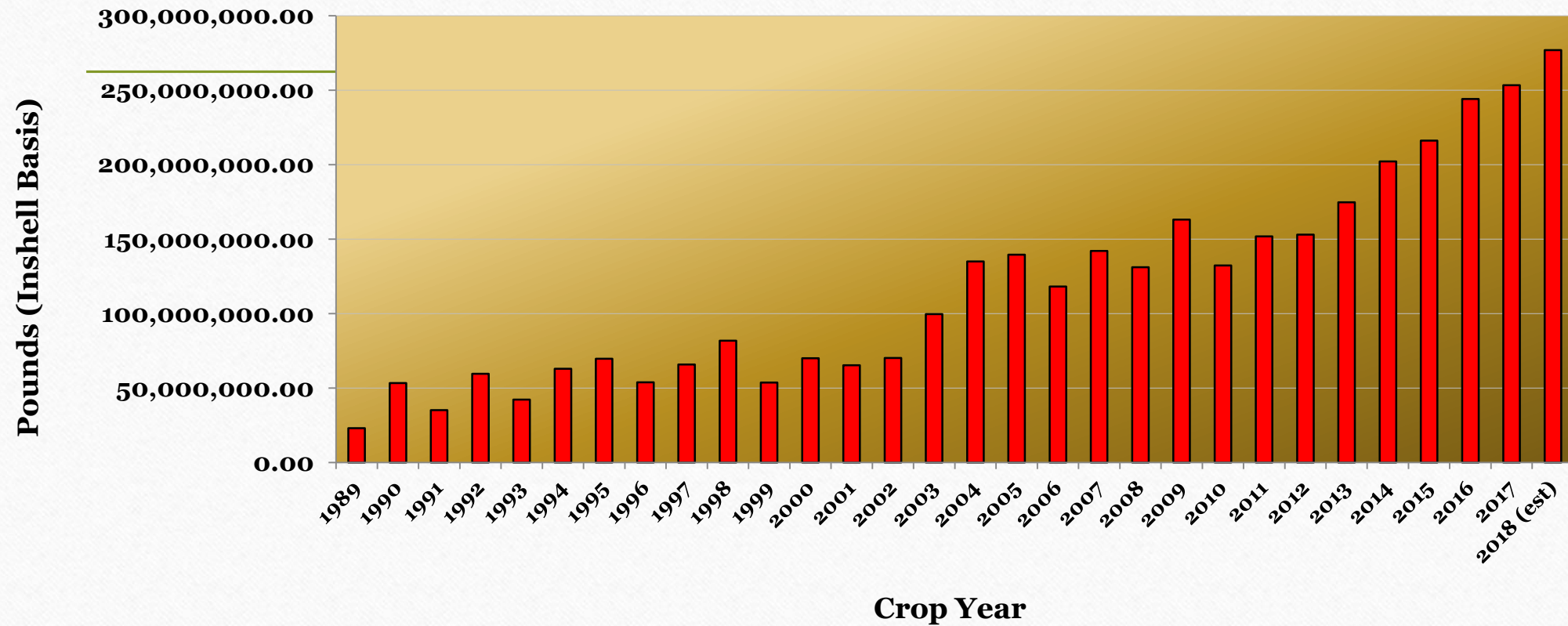


Source: USDA NASS, Stahman Farms -Australia, Golden Peanut & Tree Nut – SA, Bester, SA, Mtebeni Valley Farms, SA, Agricultural Information Service - Mexico

2018 Market Impactors

- ❖ 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
- ❖ Production increases in South Africa and Mexico

Mexican Exports to US



Source: Foreign Ag Service

Breakdown of Mexican Exports to US

	March 4, 2017	March 4, 2018	March 4, 2019
Inshell	59,138,232	49,679,780	74,969,581
Shelled Kernels	<u>57,758,956</u>	<u>48,763,303</u>	<u>64,887,058</u>
Converted	174,656,144	147,026,386	204,743,697
7/31 Crop Year Final	235,604,383	233,273,657	276,826,951*

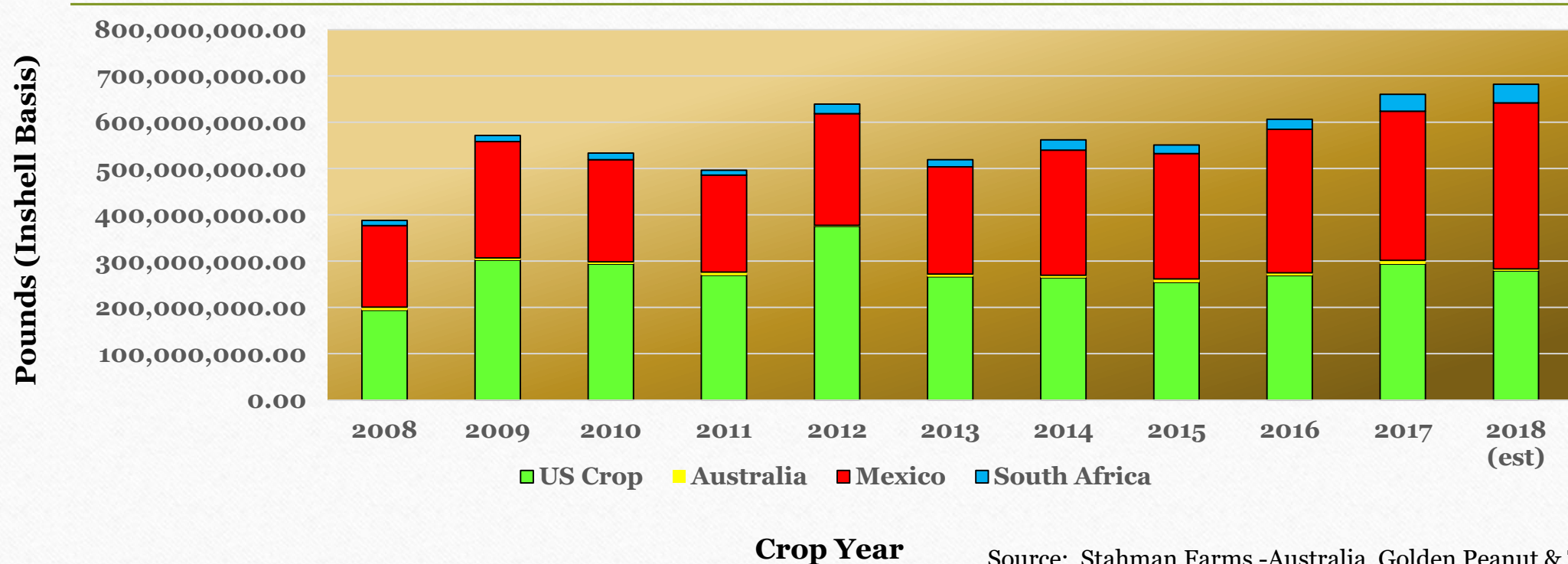
*NOTE: NFF Estimate of Gross Exports assuming 50% conversion of meats to inshell

Source: USDA Federal State Market News

Long Term Market Impactors

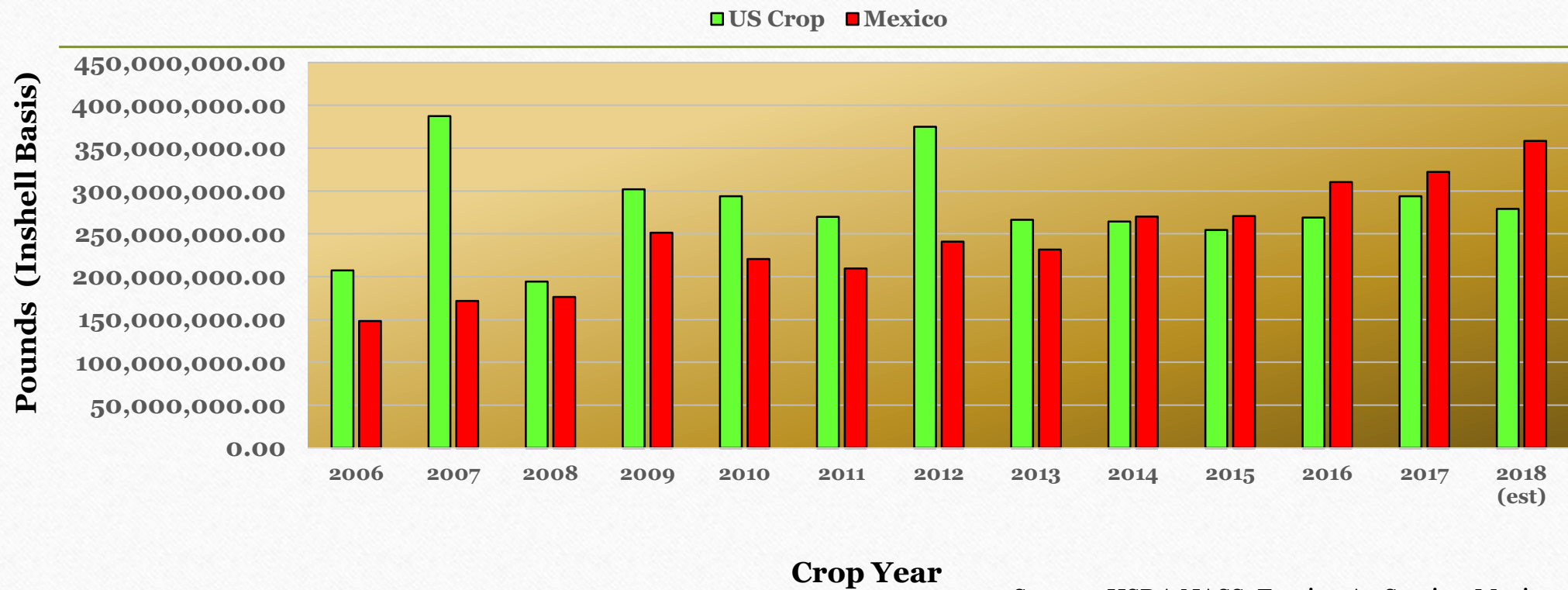
- ❖ Continued production increases in Mexico and South Africa (including new plantings in Zambia, Namibia & Zimbabwe).
- ❖ Cheap Labor and minimal regulatory burden in Mexico, S. Africa, China and other developing pecan producers
- ❖ Mexico's ability to meet GFSI Food Safety Standards and shift to selling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

Projected World Pecan Production



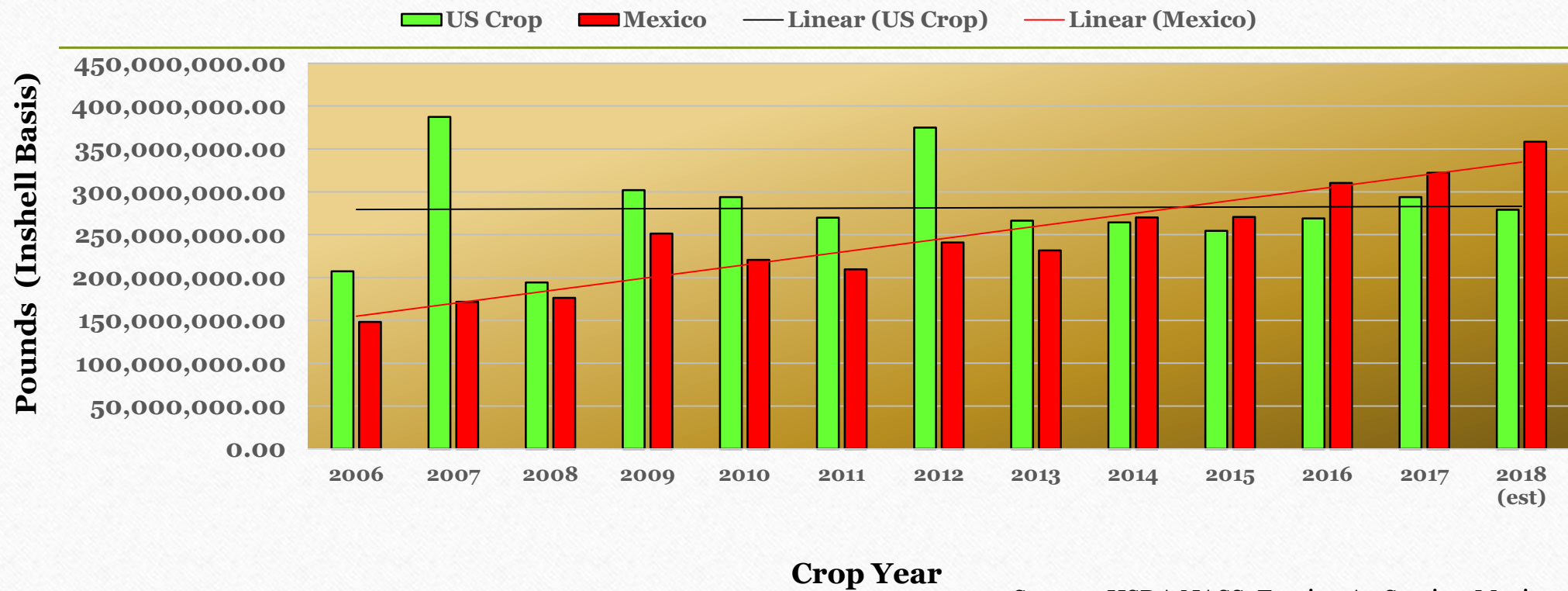
Source: Stahman Farms -Australia, Golden Peanut & Tree Nut – SA, Agricultural Information Service – Mexico, USDA NASS

Pecan production United States vs Mexico



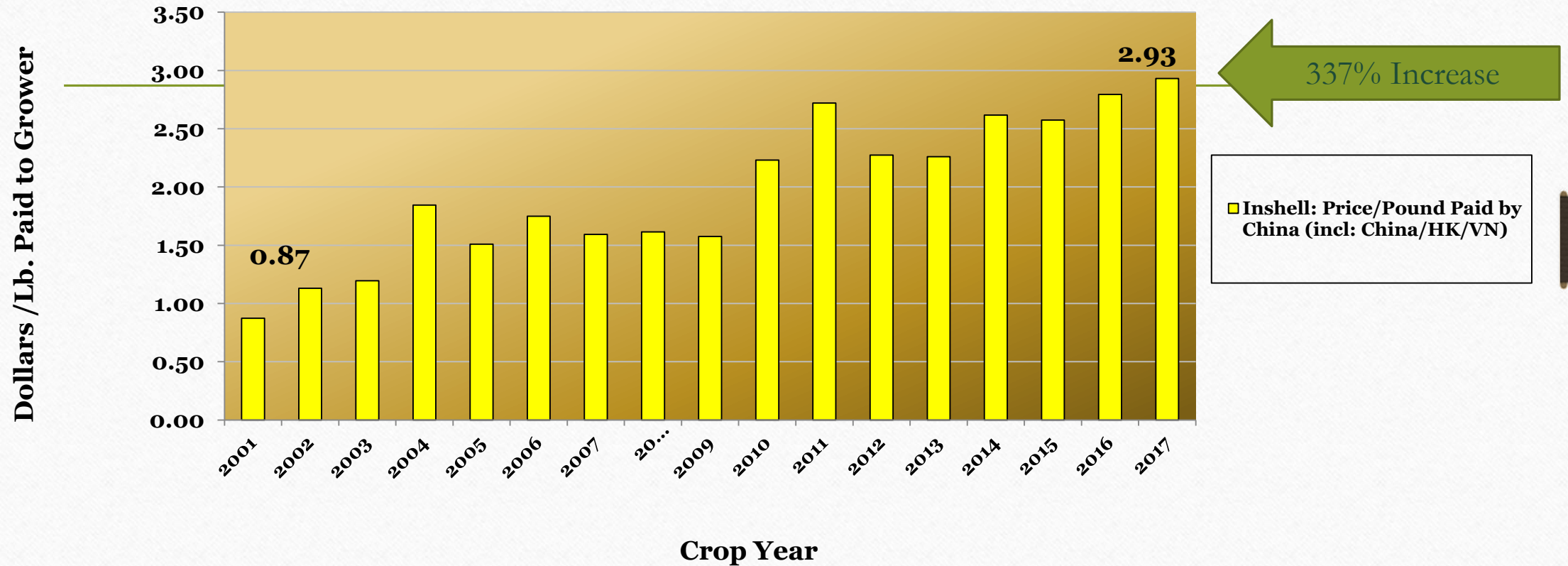
Source: USDA NASS. Foreign Ag Service, Mexican Agriculture Information Service & Nature's Finest Foods

Pecan production United States vs Mexico



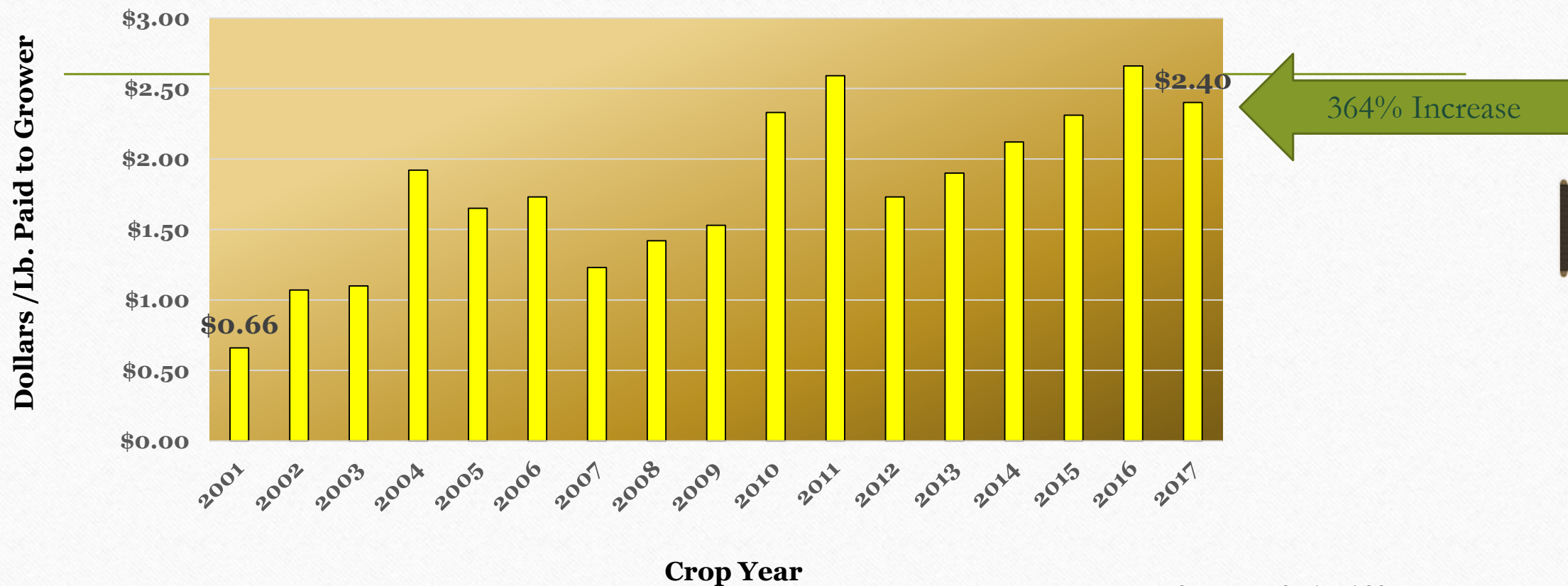
Source: USDA NASS. Foreign Ag Service, Mexican Agriculture Information Service & Nature's Finest Foods

Price paid to Grower by China



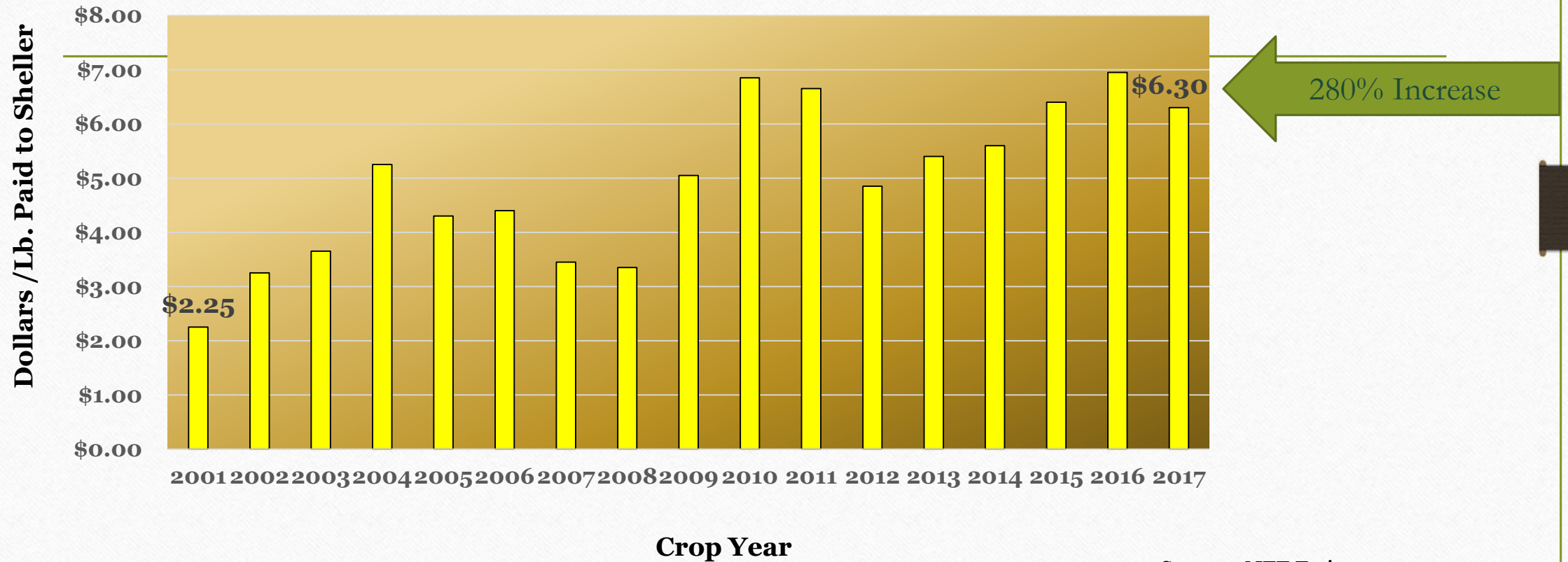
Source: Foreign Ag Service

Price paid to Grower for Improved Inshell



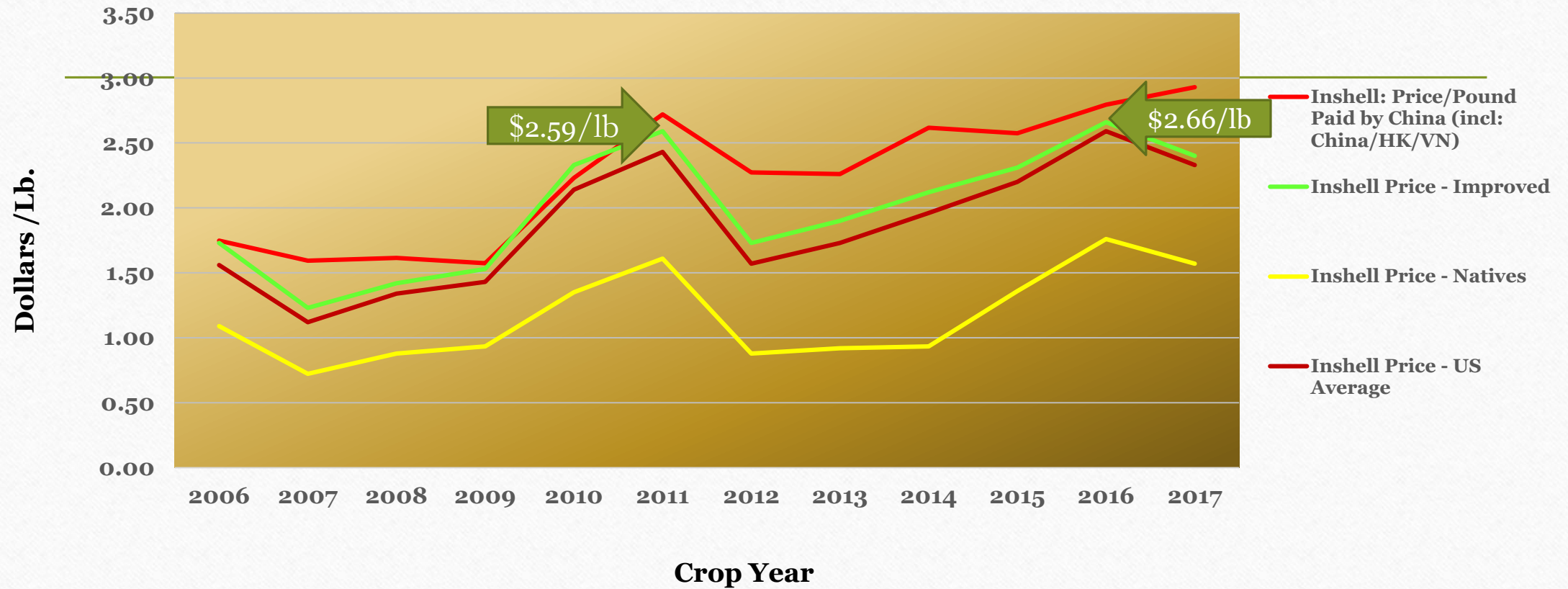
Source: USDA NASS

Price paid to Sheller for Jr Mammoth Halves



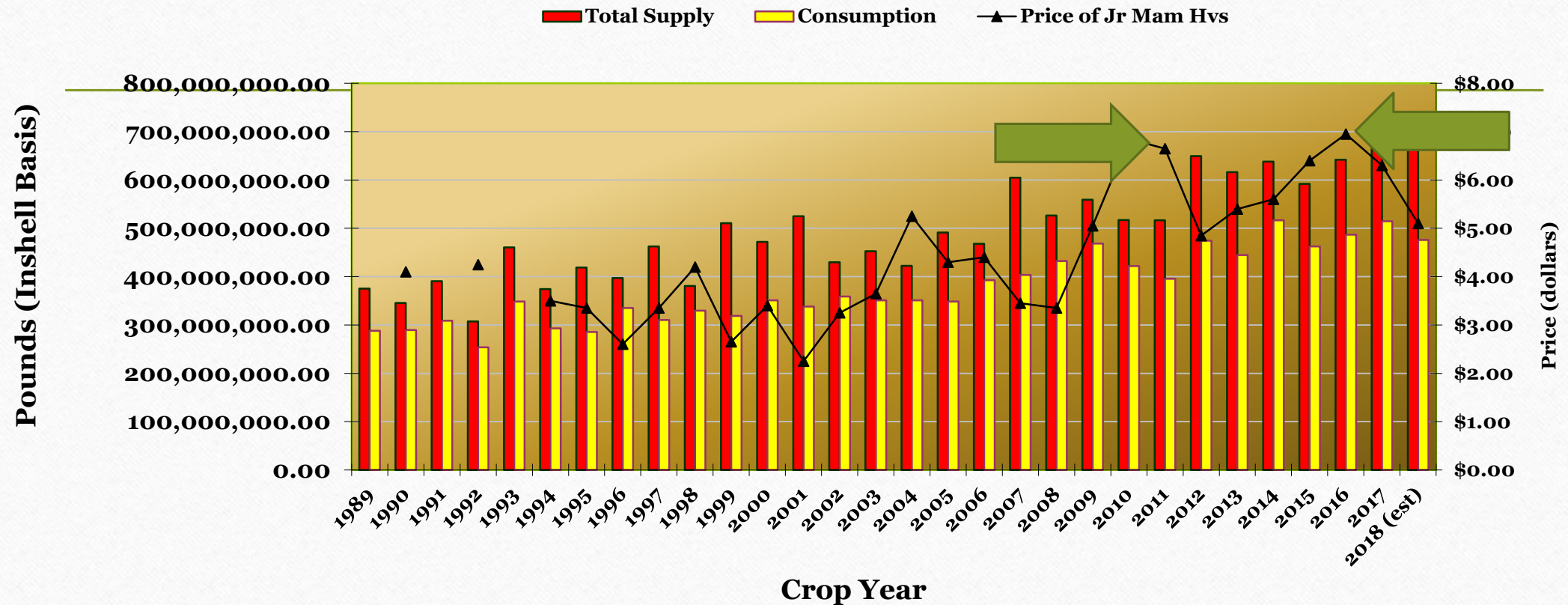
Source: NFF Estimate

Average Prices Paid to Grower



Source: Foreign Ag Service

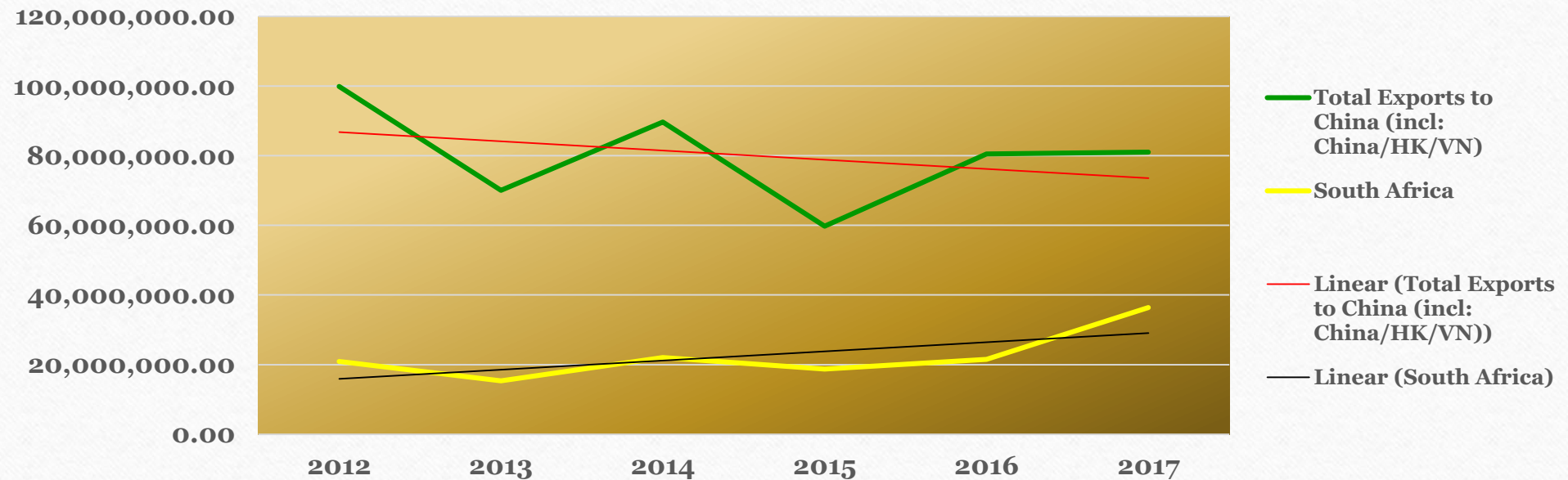
US Supply Vs Consumption & Price



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

US Exports to China vs S. African Production

Pounds (Inshell Basis)



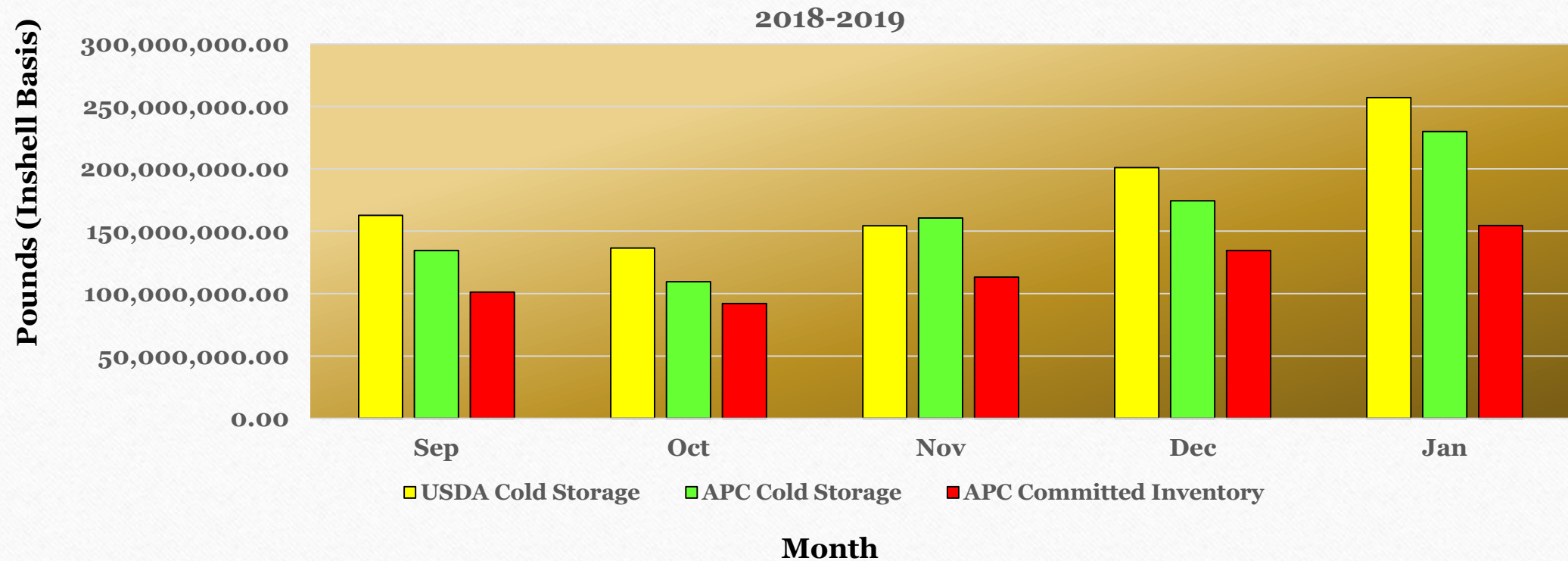
Crop Year

Source: USDA Foreign Ag Service, Golden Peanut & Tree Nut – SA, Nature's Finest Foods, Ltd.

American Pecan Council Initiatives

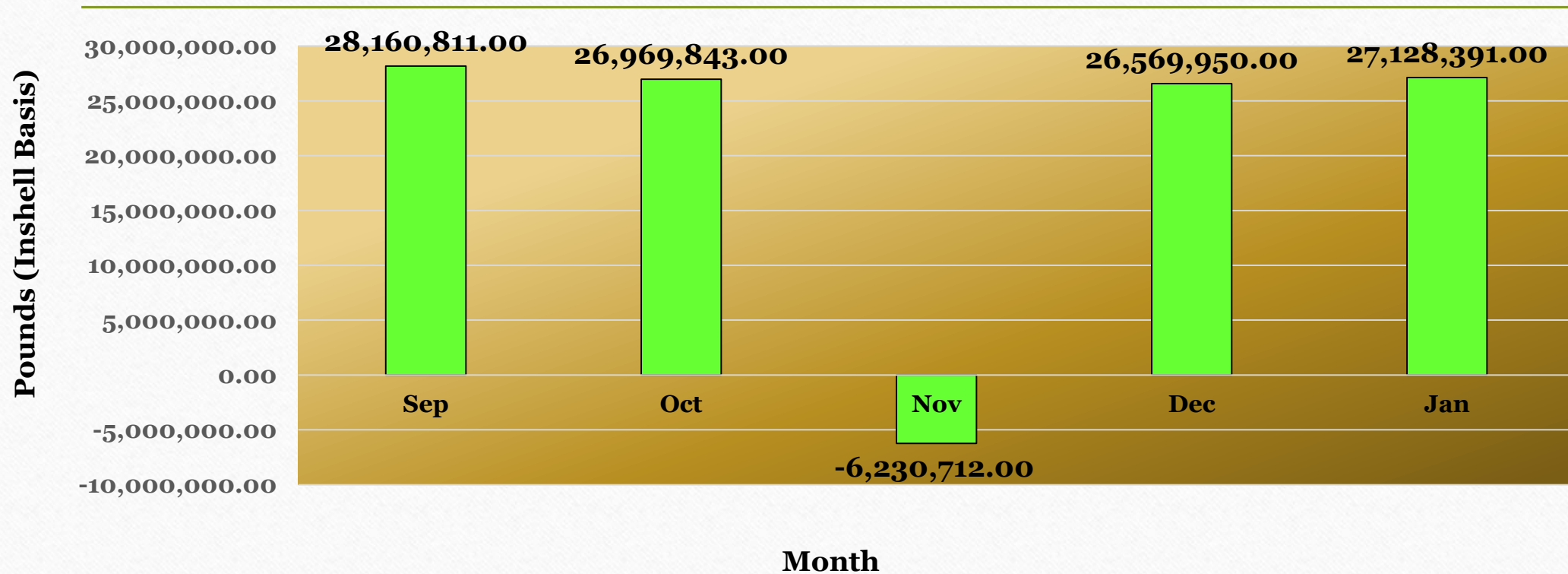
- ❖ APC Marketing/Launch of new Brand – *American Pecans: The Original Supernut*
- ❖ APC Launch of Annual and Monthly Industry Statistical Reports
- ❖ APC contracting of The Boston Consulting Group to develop an industry strategic plan
- ❖ APC Acreage Survey

Cold Storage Holdings- NASS, APC & Committed Inventory



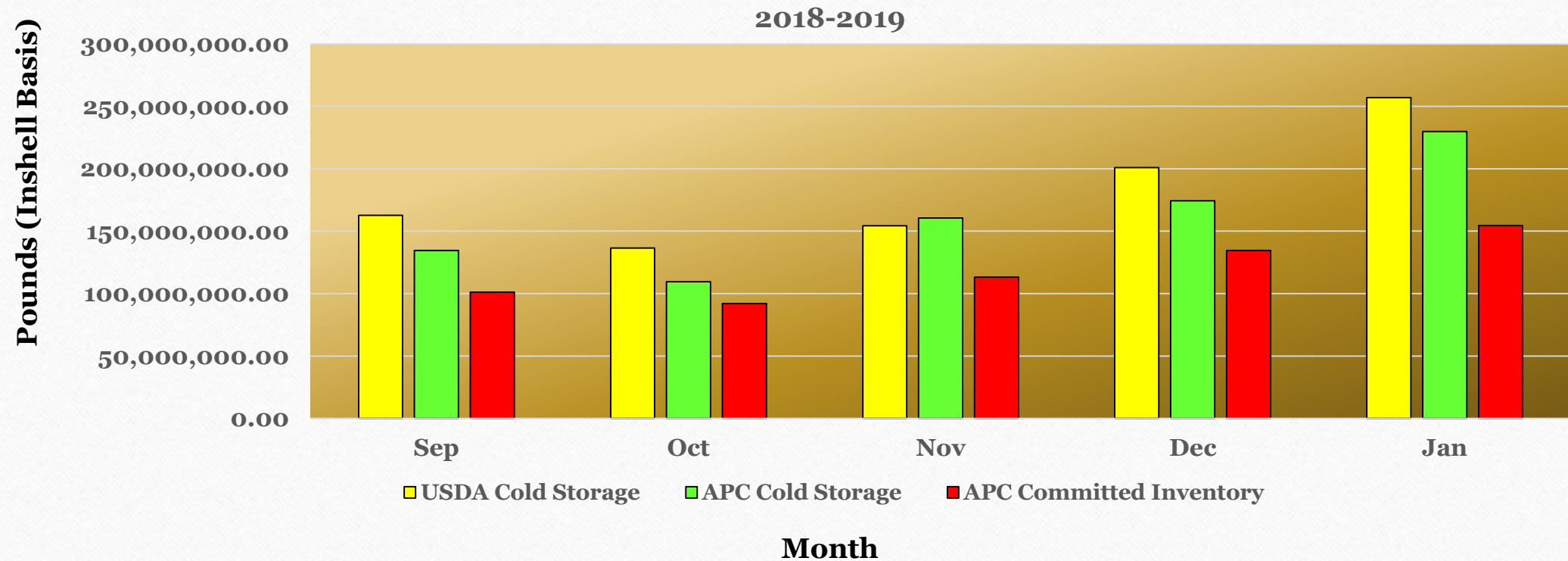
Source: USDA NASS, American Pecan Council

Cold Storage Holdings- Difference: NASS v APC



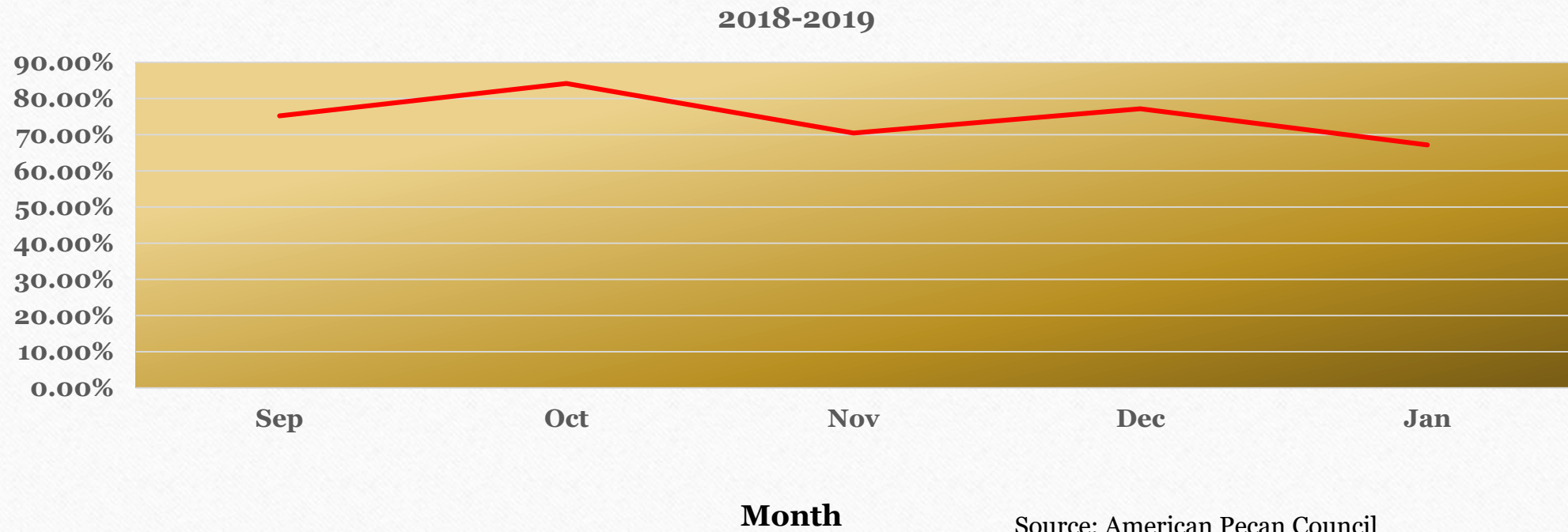
Source: USDA NASS, American Pecan Council

Cold Storage Holdings- NASS, APC & Committed Inventory



Source: USDA NASS, American Pecan Council

Committed Inventory In Cold Storage



Source: American Pecan Council



Questions?
