

12 August 2009

# Almond

## Short Term Report



## **Almond short term report: A sequel to The Seasonal Report released on 06 June'09 "Northward Voyage of Almond"**

Almond futures have witnessed significant gains in prices since its inception on the exchange platform on 12 May'09. Especially in the month of July, the market movement was quite in tune with the expectations. Prices went up from Rs 331 per Kg in the beginning of July to make a high at 362 levels on 05 August 2009.

As per our seasonal report titled "Northward Voyage of Almond" released on 06 June 2009, the market witnessed a high at 362 levels (Almost near to our target of 370), supported by the strong fundamental factors of lower production estimate and strengthening consumption demand.

### **Interaction with Almond**

Almond, known as the king of nuts, is a highly nutritious food and largest traded dry fruit across the globe. It accounts for 36% of the global exports of tree nuts by value. California is the largest producer of almond followed by Spain.

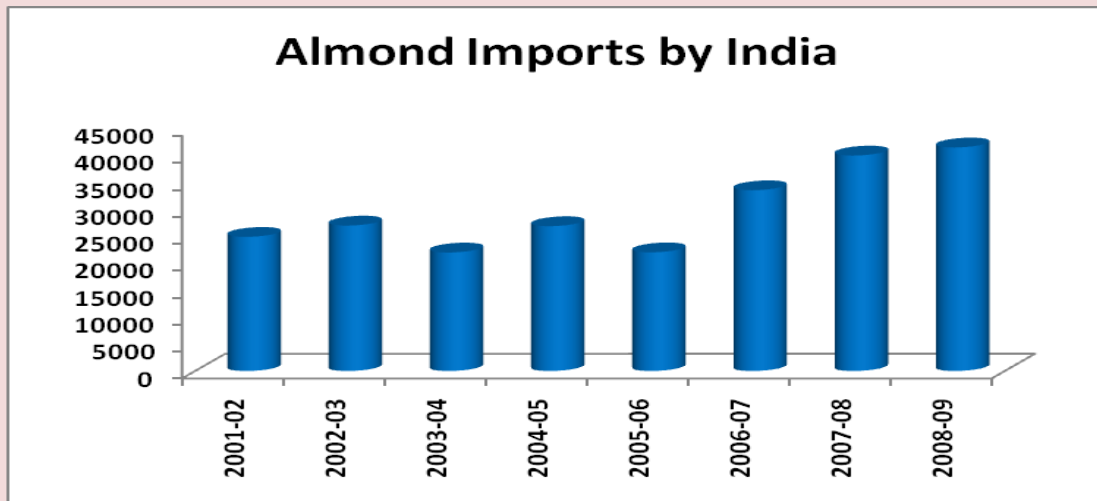
As per the major producing regions of California and Australia, the Almond seasonal calendar is bifurcated across the globe. The California production cycle starts from October to January. The blooming takes place in the month of February. The nuts mature in March and dries in June. Harvesting and shipping takes place in July – August. The shipments from U.S.A. reach India by the month of September.

Australian almond blossoms in August and harvested in March. The produce from Australia is available fresh in India March onwards. Afghanistan and Iran almond season is July to October. Indian almonds from Kashmir are harvested in September.

The principal producing countries are the U.S.A., Spain, Italy, Portugal, Morocco, Tunisia and Turkey. But, the major almond exporting countries for India are California, Australia, Iran and Afghanistan. It is marketed in various forms: in-shell, shelled, blanched, slivered, chopped, flour, roasted, sweetened, salted and other forms. In India, it is imported in in-shell form to the tune of 95 percent.

United States of America is the single largest exporter of Almonds accounting for 92% of total world exports followed by Australia (3%), Chile (2%) and EU-27 (2%). European

Union – 27 is the largest importer of Almonds having a share of 54% in total world imports followed by India (12%), Japan (7%), Canada (6%) and Hong Kong (5%).



Almond imports have been on a continuous rise since 2005-06. Imports were 42,500 tonnes in 2008-09, up by 33 percent as compared to last year on account of increased demand in the country.

The news and press releases from Almond of California impacts the price trend across the globe. Besides this, the consumption demand from EU and India, being the two largest consumption centres impacts the price trend significantly.

### Important Factors

- As per the objective estimate by Almond Board of California, the 2009 crop is projected to be 17% down to 1.35 billion pounds as compared to 2008 crop
- The Nonpareil crop (The basis variety for MCX Almond futures) is projected even lower at 26% this year
- The tight balance between Nonpareil supply and Nonpareil demand is resulting in upward price pressure.
- Consignments starts its arrival at Indian Ports by the end of September
- Time for harvesting of Almond in Kashmir is September
- Demand strengthening due to upcoming festival seasons across the country

- ▣ According to Statistics for 2008-09, Indian consumption is boosted 33-percent from the previous estimate to 42,500 tonnes due to the expected record-sized U.S. crop and consequent increase in supply.
- ▣ The other major supporting factor is the shipment number announced by Almond Board of California for the month of June. It is announced at 118.4 million pounds, which adds one more brick to the growing foundation of continued increases in almond consumption across the globe.
- ▣ Despite the global economic recession shipment numbers have been on a continuous rise.
- ▣ As the reports, China consumption has increased 118 percent, the Middle East up by 54 percent and the U.S. growing to a 3 percent year till date increase.
- ▣ Even Western Europe consumption gained ground in June, out-shipping last year by 6 million lbs and up by 15% for the month of June.
- ▣ Depreciation in rupee is also helping the gain in prices.
- ▣ Spot rate is hovering around Rs 350 per quintal in the major market at Delhi.

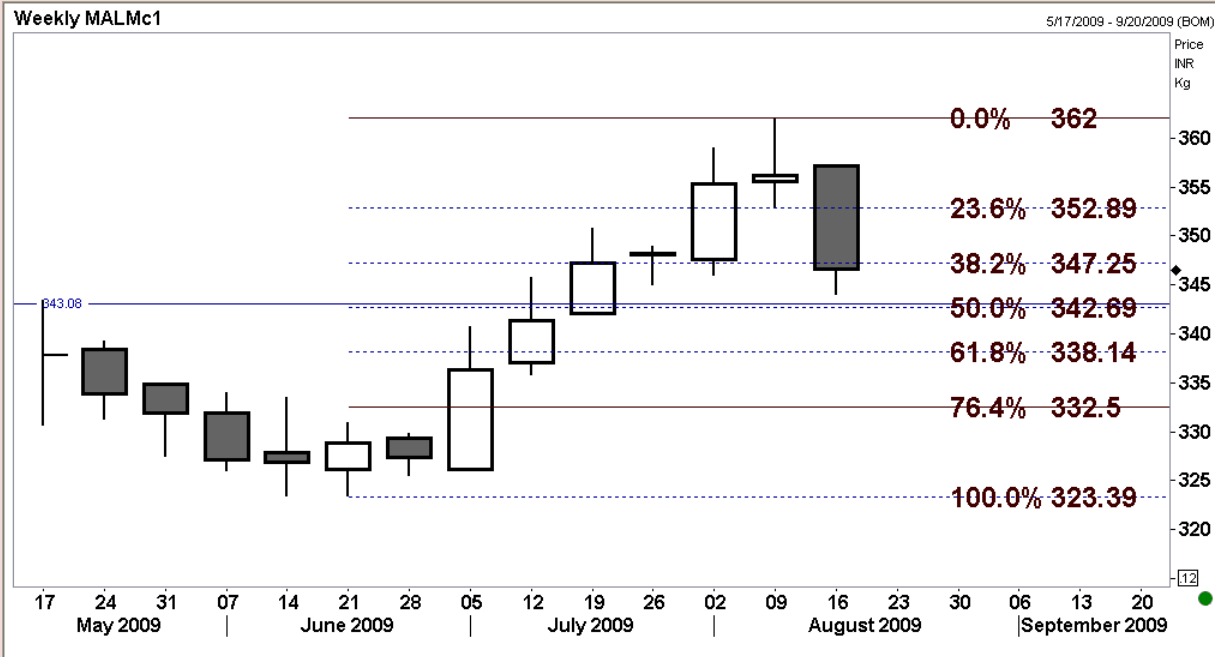
## **Outlook**

Recently the price has been undergoing correction on the lower side due to continued long liquidation upon the recent gains. The overall outlook for this nut is still bullish. Supported by the fundamental factors of lower production estimates and increasing demand due to upcoming festival season, Almond futures are expected to continue its uptrend in the coming month. The potential upside of 370 levels is likely to be achieved in next two months.

## **Technical Outlook**

The most active Almond future prices were seen trading lower after making a huge rally from the low of 323.5 (June 2009) to 362(August 2009).The closing of previous week candle renders "*Shooting star*" pattern signaling a reversal trend and expecting prices to see a lower correction. Market is trading near to 50% retracement (342) of the range 362-323.5 levels. If market breach and sustain below the support at 342 then likely to test

338(61.8%) then 332(76.4%) levels. Moreover, prices are witnessing a stiff support at 343 levels (Previous swing resistance) sustain above the same expected to resume its uptrend.



**Supports:** 338, 330

**Resistance:** 347, 355, 380

**Recommendation:** Almond- September-MCX: Buy 1<sup>st</sup> lot at market price and 2<sup>nd</sup> lot at 340/338 targeting 362 then 375/80 with stop below 330, today's closing rate 345

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