

# Tree Nuts Outlook

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## Almond, Walnut, and Hazelnut Production Forecast To Drop

As the 2019/20 domestic season is already underway for most tree nuts, anticipated smaller almond, walnut, and hazelnut crops signal reduced U.S. tree nut supplies. In the previous season (2018/19), record- to near-record production of most U.S. tree nuts, along with overall imports and beginning stocks that are on track with recent trends, have led to overall record supplies and generally lower grower prices (table 5). Only pecan and macadamia nut production declined. The marketable quantity of all U.S. tree nuts, led by almonds, walnuts, and pistachios, was estimated at 3.5 billion pounds (shelled basis) in 2018/19, up 9 percent from the previous season and 4 percent above the 2016/17 previous record.

**Almond crop expected to be smaller in 2019/20:** Another record-setting domestic crop and fairly large beginning stocks together drove down U.S. almond grower prices in 2018/19 (August-July), boosting overall demand for U.S. almonds (table 5). While exports remained almost steady from the 2017/18 high, ending stocks fell to a recent 5-year low, suggesting fairly robust domestic demand. According to the *2019 California Almond Objective Measurement Report*, released by NASS on July 3, a 2.20-billion-pound crop (shelled basis) is forecast for the 2019/20 season, down 4 percent from 2018/19 on lower yields. Bearing acreage continued to rise in 2019 but wet weather during bloom hindered pollination and strong winds damaged some trees and knocked off some nuts, reducing nut set per tree. The forecast smaller crop and lower stocks carried over from last season should put upward pressure on 2019/20 grower prices.

**Walnut production forecast to decline in 2019/20:** Large beginning stocks and near-record domestic production boosted overall supplies in the United States in 2018/19 (September to August), driving U.S. walnut grower prices to their lowest level since 2009 (table 5, reported on shelled basis). Combined with abundant supplies, the low prices are aiding export and domestic demand for U.S. walnuts and reducing ending stocks. The *2019 California Walnut Objective Measurement Report*, released by NASS on August 31, forecast walnut production to decline to 1.26 billion pounds (or 630,000 tons), in-shell basis, down 7 percent from last year on lower average per-acre yield, likely supporting 2019/20 walnut grower prices.

**Hazelnut production faces a decline in 2019/20:** Following an “on-year” cycle in the alternate bearing tendency of hazelnut trees, Oregon’s 2019 hazelnut crop is forecast 4 percent smaller than the 2018 crop. Huge carryover stocks in 2019/20 (July-June) as a result of last season’s

record supplies could ease the upward pressure on hazelnut grower prices this season due to the expected smaller crop.

**Strong demand for U.S. pistachios in 2018/19:** Despite bumper supplies in the United States, overall robust demand for U.S. pistachios in the 2018/19 season (September-August) significantly improved grower prices from lows of the past two seasons. Domestic availability and export volume are on track to finish the season at record levels. Thus far, data from the Administrative Committee for Pistachios back strong domestic shipments in the 2018/19 season through July. For the same period, data from the U.S. Census Bureau show significantly higher exports volumes to date, including Hong Kong, China, and Germany, among the top foreign markets for U.S. pistachios. Despite higher overall shipments, a record-setting domestic crop will likely leave 2018/19 ending stocks at above-average levels. If realized, these large carry-over supplies will help alleviate market impacts associated with an anticipated reduced crop in 2019/20 due to the alternate bearing tendency of pistachio trees.

**Lower pecan prices in 2018/19 despite small crop:** Domestic pecan production in 2018/19 is at its lowest level in nearly a decade. However, record-setting imports and above-average beginning stocks helped steady overall domestic supplies and, along with slowed exports, drove 2018/19 grower prices down from the previous season. The lower prices in 2018/19 drove the crop value down from the record \$709.2 million in 2017/18 to \$425.3 million—the lowest since 2009/10. NASS will release the initial U.S. pecan production forecast for the 2019/20 season in its October 2019 *Crop Production* report.

**Smaller macadamia nut crop boosted prices:** Hawaii's production declined on reduced acreage and average yields, putting upward pressure on 2018/19 grower prices. The smaller crop and higher prices slowed export volumes to several markets, including Hawaii's top macadamia nut foreign markets—China, Japan, and Canada. Imports, largely from South Africa, Kenya, and Australia, rose to a record high, offsetting the loss in production.

Table 5--Tree nuts: Supply, utilization, and grower price in the United States, by commodity and marketing year, 2014/15-2018/19

Season <sup>1</sup>	Utilized production	Loss and exempt <sup>2</sup>	Marketable production <sup>3</sup>	Imports	Beginning stocks	Total supply	Ending stocks	Exports	Utilization		Season-average grower price	
									Domestic	Per capita		
-----1,000 pounds (shelled basis)-----												
											Pounds	\$/lb
<b>Almonds</b>												
2014/15	1,870,000	58,124	1,811,876	31,190	350,564	2,193,629	376,614	1,269,201	547,813	1.71	4.00	
2015/16	1,900,000	43,494	1,856,506	31,776	376,614	2,264,896	412,001	1,272,345	580,550	1.80	3.13	
2016/17	2,140,000	46,984	2,093,016	26,585	412,001	2,505,017	398,677	1,436,305	670,035	2.07	2.39	
2017/18	2,270,000	54,734	2,215,266	32,518	398,677	2,637,443	359,013	1,534,833	743,598	2.28	2.53	
2018/19 P	2,280,000	55,821	2,224,179	32,293	359,013	2,583,193	319,173	1,524,042	739,979	2.25	2.44	
<b>Hazelnuts</b>												
2014/15	26,100	41	26,059	10,861	4,023	40,943	1,289	16,002	23,652	0.07	1.80	
2015/16	23,312	551	22,761	9,224	1,289	33,274	211	19,298	13,765	0.04	1.40	
2016/17	35,106	741	34,365	11,508	211	46,084	3,106	25,372	17,605	0.05	1.35	
2017/18	25,600	85	25,515	13,775	3,106	42,396	1,401	20,039	20,956	0.06	1.15	
2018/19 P	40,800	261	40,539	16,764	1,401	58,704	6,524	20,622	31,557	0.10	0.90	
<b>Pecans</b>												
2014/15	128,112	-	128,112	103,964	78,133	310,210	54,323	99,944	155,943	0.49	1.96	
2015/16	104,513	-	104,513	113,712	54,323	272,548	55,633	79,731	137,184	0.43	2.20	
2016/17	127,935	-	127,935	132,637	55,633	316,205	69,489	103,655	143,062	0.44	2.59	
2017/18	141,146	-	141,146	137,100	69,489	347,734	80,081	113,472	154,182	0.47	2.33	
2018/19 P	104,460	-	104,460	160,000	80,081	344,541	83,300	90,400	170,841	0.52	1.75	
<b>Walnuts</b>												
2014/15	506,052	886	505,166	21,166	34,325	560,658	73,992	355,701	130,964	0.41	1.67	
2015/16	526,957	870	526,087	10,782	73,992	610,861	56,571	427,263	127,026	0.39	0.84	
2016/17	608,431	883	607,548	15,731	56,571	679,850	49,372	446,957	183,521	0.57	0.93	
2017/18	557,143	884	556,259	12,740	49,372	618,370	56,046	399,382	162,943	0.50	1.25	
2018/19 P	596,725	883	595,842	9,000	56,046	660,888	59,000	425,034	176,854	0.54	0.65	
<b>Macadamias</b>												
2014/15	-	-	20,898	21,963	na	42,861	na	8,594	34,267	0.11	0.87	
2015/16	-	-	21,352	25,262	na	46,615	na	10,841	35,774	0.11	0.97	
2016/17	-	-	19,081	17,478	na	36,558	na	13,327	23,231	0.07	1.00	
2017/18	-	-	22,261	21,145	na	43,406	na	9,978	33,428	0.10	1.10	
2018/19 P	-	-	16,037	28,076	na	44,113	na	7,281	36,832	0.11	1.19	
<b>Pistachios</b>												
2014/15	246,332	-	246,332	910	38,471	285,714	79,032	139,538	67,144	0.21	3.57	
2015/16	134,593	-	134,593	1,151	79,032	214,776	51,133	90,456	73,188	0.23	3.29	
2016/17	446,299	-	446,299	1,363	51,133	498,795	126,769	231,847	140,179	0.43	1.68	
2017/18	226,915	-	226,915	1,585	126,769	355,269	39,548	178,953	136,768	0.42	1.69	
2018/19 P	487,457	-	487,457	1,400	39,548	528,405	80,000	295,000	153,405	0.47	2.65	
<b>Other nuts</b>												
2014/15	-	-	-	476,875	-	476,875	-	136,183	340,693	1.07	-	
2015/16	-	-	-	476,174	-	476,174	-	135,298	340,877	1.06	-	
2016/17	-	-	-	491,929	-	491,929	-	124,291	367,638	1.13	-	
2017/18	-	-	-	519,977	-	519,977	-	138,589	381,388	1.17	-	
2018/19 P	-	-	-	473,197	-	473,197	-	117,309	355,889	1.08	-	
<b>Total</b>												
2014/15	2,797,494	59,052	2,738,442	666,931	505,516	3,910,890	585,250	2,025,163	1,300,476	4.07	-	
2015/16	2,710,727	44,915	2,665,812	668,081	585,250	3,919,144	575,549	2,035,232	1,308,364	4.06	-	
2016/17	3,376,852	48,609	3,328,244	697,232	575,549	4,601,024	647,413	2,381,753	1,571,858	4.85	-	
2017/18	3,243,064	55,704	3,187,361	738,839	647,413	4,573,613	536,089	2,395,245	1,642,279	5.03	-	
2018/19 P	3,525,479	56,964	3,468,514	720,730	536,089	4,725,333	547,997	2,479,688	1,697,648	5.17	-	

P = Preliminary. <sup>1</sup> Season begins in July for hazelnuts, macadamias, and other tree nuts (includes Brazil, pignolias, chestnuts, cashews, and mixed nuts); August for almonds; September for pistachios and walnuts, and October for pecans. <sup>2</sup> Utilized production minus marketable production, which includes inedibles and noncommercial usage. <sup>3</sup> Marketable production is used to calculate consumption.

Source: USDA, Economic Research Service calculations.