17th Annual Australian Almond Conference

Pullman Hotel Melbourne

Vernon Crowder
SVP, Senior Research Analyst
November 8th – 10th, 2016
What’s the Future Hold for the Almond Industry?

I. Rabobank

II. What’s Happening In California

III. Global Production and Consumption

IV. Financial Markets

V. Looking into the Future
I

Rabobank
Rabobank – A Global Financial Services Leader

One of the World’s Safest Commercial Banks

Dedicated expertise in food & agriculture

Over $800 billion in assets

40+ countries

50,000+ employees serving over 8 million clients

FAR has a team of 94 professionals in 10 different Countries: A truly global team
II What’s Happening in California
Prices Have Peaked...Again

Source: California Almond Board, Rabobank, 2016
Non-Bearing Hectares Lags Price Trend

Source: USDA, Rabobank, 2016
Almond Hectares Continues to Expand

Non-bearing Hectares

<table>
<thead>
<tr>
<th>Thousand Hectares</th>
<th>06/07</th>
<th>07/08</th>
<th>08/09</th>
<th>09/10</th>
<th>10/11</th>
<th>11/12</th>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
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<tbody>
<tr>
<td></td>
<td>60</td>
<td>50</td>
<td>40</td>
<td>30</td>
<td>15</td>
<td>10</td>
<td>15</td>
<td>20</td>
<td>30</td>
<td>90</td>
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</table>

Bearing Hectares

<table>
<thead>
<tr>
<th>Thousand Hectares</th>
<th>06/07</th>
<th>07/08</th>
<th>08/09</th>
<th>09/10</th>
<th>10/11</th>
<th>11/12</th>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
<th>16/17</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>300</td>
<td>250</td>
<td>200</td>
<td>150</td>
<td>120</td>
<td>90</td>
<td>80</td>
<td>80</td>
<td>100</td>
<td>400</td>
<td>500</td>
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</table>
Historical Land Value Trends Have Been Breached

<table>
<thead>
<tr>
<th>Region</th>
<th>CAGR ‘99-2010*</th>
<th>CAGR 2010–’15</th>
<th>Difference</th>
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<tbody>
<tr>
<td>Sacramento Valley Northwest</td>
<td>5.8%</td>
<td>18.4%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Sacramento Valley South</td>
<td>3.9%</td>
<td>16.1%</td>
<td>12.2%</td>
</tr>
<tr>
<td>Sacramento Valley Yuba-Sutter</td>
<td>5.3%</td>
<td>20.0%</td>
<td>14.7%</td>
</tr>
<tr>
<td>San Joaquin Valley North</td>
<td>7.0%</td>
<td>9.7%</td>
<td>2.7%</td>
</tr>
<tr>
<td>San Joaquin Valley Central</td>
<td>5.6%</td>
<td>19.7%</td>
<td>14.0%</td>
</tr>
<tr>
<td>San Joaquin Valley South</td>
<td>6.8%</td>
<td>17.1%</td>
<td>10.3%</td>
</tr>
</tbody>
</table>

Source: California Chapter ASFMRA, Rabobank 2016
Almond Land Values California

source: California Chapter ASFMRA, Rabobank 2016
What Would the Supply Response Have Been?

**Labor Shortages/Costs**
- Jobs are physically demanding
- Economic growth in Mexico
- Stricter immigration enforcement
- Decrease of birthrates

**Environmental Considerations**
- Air quality
- Water quality
- Soil health
- Climate changes
- Food safety

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*Drought Relief, but Not Eliminated*
As of October 18, 2016

High Prices Made Old Trees Profitable

Source: USDA, Rabobank 2016
Global Production & Consumption
In-shell Demand is Increasing

Source: GATS, Rabobank 2016
Export Shipments by Region

Source: GATS, Rabobank 2016
Global Production Trends...Excluding the US

Source: Australian Almond Board, INC, Rabobank 2016
Global Production and Consumption Trends

Thousand mt

Source: INC, Rabobank 2016
IV Financial Markets
USD/FX Index

**Bloomberg DXY Index**

**Weighting**

<table>
<thead>
<tr>
<th>Currency</th>
<th>Weight</th>
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<tbody>
<tr>
<td>EUR</td>
<td>32%</td>
</tr>
<tr>
<td>GBP</td>
<td>9%</td>
</tr>
<tr>
<td>JPY</td>
<td>18%</td>
</tr>
<tr>
<td>CAD</td>
<td>11%</td>
</tr>
<tr>
<td>CHF</td>
<td>4%</td>
</tr>
<tr>
<td>KRW</td>
<td>3%</td>
</tr>
<tr>
<td>CNH</td>
<td>3%</td>
</tr>
<tr>
<td>BRL</td>
<td>2%</td>
</tr>
<tr>
<td>AUD</td>
<td>6%</td>
</tr>
<tr>
<td>MXN</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Bloomberg, Rabobank 2016
Historic AUD to USD

Source: Bloomberg, Rabobank 2016
The Last 6 Years...And the Next 12 Months

Historic Avg. = 0.78

Source: Bloomberg, Rabobank 2016
Looking into the Future
What’s the Future Hold?

Source: Australian Almond Board, INC, Rabobank 2016
Rabobank N.A.

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