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Almonds Booming DownUnder

Report Categories:
Tree Nuts
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Report Highlights:
Australia is the world's second largest almond producer with six percent of world output after the United States, which accounts for 85 percent of the total. Significant new investment has occurred in part as a response to the ongoing drought in California, which is the main U.S. almond producing region. In 2014/15, almond production in Australia reached 75,000 MT, up sharply from 16,000 MT a decade before, and is expected to reach 90,000 MT in the next few years. The orchard area planted to almonds has increased to 29,000 hectares, with 80 percent planted over the last decade and a ten percent expansion planned in the next few years. The Australian almond industry is the leading horticultural export industry, with sales forecast to exceed US$700 million in three years; supported by expanded acreage and investment, a lower Australian dollar and increasing world demand. In addition, domestic consumption of almonds has doubled to 0.9 kilograms per person and a wide range of new products have been developed.

Industry Overview

Australia is the world's second largest almond producer with six percent of world output after the United States, which accounts for 85 percent of the total. Significant new investment has occurred in part as a response to the ongoing drought in California, which is the main U.S. almond producing region. In 2014/15, almond production in Australia reached 75,000 MT, up sharply from 16,000 MT a decade before, and is expected to reach 90,000 in the next few years. The orchard area planted to almonds has increased to 29,000 hectares, with 80 percent planted over the last decade and a ten percent expansion planned for the next few years. The Australian almond industry is the leading horticultural export industry, with sales forecast to exceed US$700 million in three years; supported by expanded acreage and investment, a lower Australian dollar and increasing world demand. In addition, domestic consumption of almonds has doubled to 0.9 kilograms per person and a wide range of new products have been developed.

Production

Production of Australian almonds is forecast to around 82,000 MT in 2015/16 and almond plantings continue to expand. Almond trees take three years to bear a crop, and seven to eight years to reach mature production levels with yields averaging 3.2 MT per hectare. With over 1,000 hectares or four percent of Australian almond plantings not yet bearing and one third of bearing trees not yet fully mature, the industry's production will continue to trend upwards in coming years regardless of future plantings. The main almond variety in Australia is Nonpareil, which was imported from California in 1982. Large scale orchards are now located in the Riverland, Sunraysia and Riverina regions of Australia near the Murray River.

In Australia, almond trees start to bloom from late July to early August. Weather conditions during August usually determine the length of the pollination period, with flowering from four to six weeks in duration. Almond kernels develop in a shell surrounded by a hull and the nuts dry in the shell before they are harvested. Harvest usually occurs between February and May when the kernel is at an acceptable moisture level. The large scale of almond orchards and mechanized harvest systems enable production to be comparatively efficient, with low labor input needs compared to most other horticultural industries. Trees are mechanically shaken commencing during February and continuing through to April.

The harvested fruit including hull, shell and kernel are stockpiled before processing to remove the hull to produce in shell product, or removal of hull and shell to produce kernel. Product that is damaged during processing can be used to produce a range of natural and blanched products including slivers, slices, pieces and almond meal. The majority of almonds are shelled during processing, and the hull and shell are most commonly used as stock food, compost or mulch. The Australian export marketing year runs from March after harvesting has been completed over the previous three months.

The severe drought in the Californian central valley has been a key driver of increased world prices of almonds while Australian export returns have benefited from the lower Australian dollar in recent years. Shortfalls in almond production in the United States due to droughts in California have caused prices to rise to almost double their long-term level. High prices to almond growers are attracting growers from

other industries such as wine grapes which is experiencing record low prices due to oversupply in the wine grape and wine markets, in Australia and internationally.

Almond prices for growers have increased from US$3.30 a kilogram in 2012 to US$6 per kilogram in 2014 and over US$8 a kilogram in 2015. The ongoing Californian drought has also stimulated interest from overseas investors seeking to either purchase Australian almond orchards or develop new plantings. Victoria's Sunraysia region accounts for more than two-thirds of Australia's almond groves, with smaller plantings in NSW's Riverina region, the Swan region of Western Australia and in South Australia's Adelaide Plains and Riverland areas. These regions in Victoria were selected for increased plantings of almond orchards partly because of the greater certainty of water availability under the water licensing system in Victoria.

Consumption

Domestic consumption of almonds has doubled to 0.9 kilograms per person and a wide range of new products have been developed such as gluten free almond meal. Industry surveys suggest that Australian households are increasing their consumption of almonds but only one fifth buy almonds on a regular basis. Raw or roasted kernels are consumed as snacks and manufactured goods such as breakfast cereals and snack bars use almonds, almond paste and almond milk as ingredients. Almonds are also widely used in home cooking and restaurant dishes. Gluten free almond meal is becoming more popular as a substitute for flour in baking. The high protein content of almonds has led encouraged the use of almonds in a range of food products. Larger sized almonds typically command a price premium over smaller almonds.

Trade

Globally, Australian almonds are considered to be of a high quality and are free of many pests and diseases that impact production levels in other countries. Australian almonds are harvested during the months of February to April each year, while harvesting of the northern hemisphere based U.S. almonds crop occurs between May and July. Nearly three-quarters of the US$370 million of almonds harvested in 2014 were exported, with India accounting for US$75 million in sales. Total export sales of Australian almonds for 2014/15 were 48,910 MT which was almost 60 percent higher than the previous year. Total domestic sales were 20,802 MT comprised of 18,856 MT of Australian product and 1,946 MT of imported product which is flat compared to last year. India remains the most important single market.

Research and Development

Levies on almond production in Australia are combined with funding from the Australian government to support almost thirty projects in the research and development levy program. Around US$2 million was invested into R&D projects in 2014. These covered plant health: pathology, chemicals and human nutrition. Research on almond production has focused on options such as the development of high density orchard systems and greater water security. The Almond Board of Australia (ABA) has developed a cooperative relationship with the Almond Board of California (ABC) and shares research on the industry. It was agreed in 2014 that representatives of both organizations will present at each other's research and annual conferences.

Table 1: Australian almond tree production by major variety and maturity, 2014 (MT)

Variety	2009	2010	2011	2012	2013	2014
Carmel	11,681	10,561	14,091	15,718	26,922	19,834
Nonpareil	18,686	21,219	17,154	25,766	36,305	33,772
Price	4,023	3,936	4,196	5,796	7,212	7,124
Monterey	97	181	328	429	689	704
Peerless	693	747	765	715	949	970
Other	1,223	2,437	1,092	1,161	1,284	830
Total	36,403	39,081	37,626	49,585	73,361	65,060

Source: Australian Almond Growers Association (2015).

Table 2: Harvested area of the Australian almond industry, 2014

Region and State	Current area harvested (hectares)	Share (%)
Sunraysia, Victoria	19,420	68
Riverland, South Australia	5,570	18
Adelaide, South Australia	730	3
Riverina, New South Wales	3,260	11

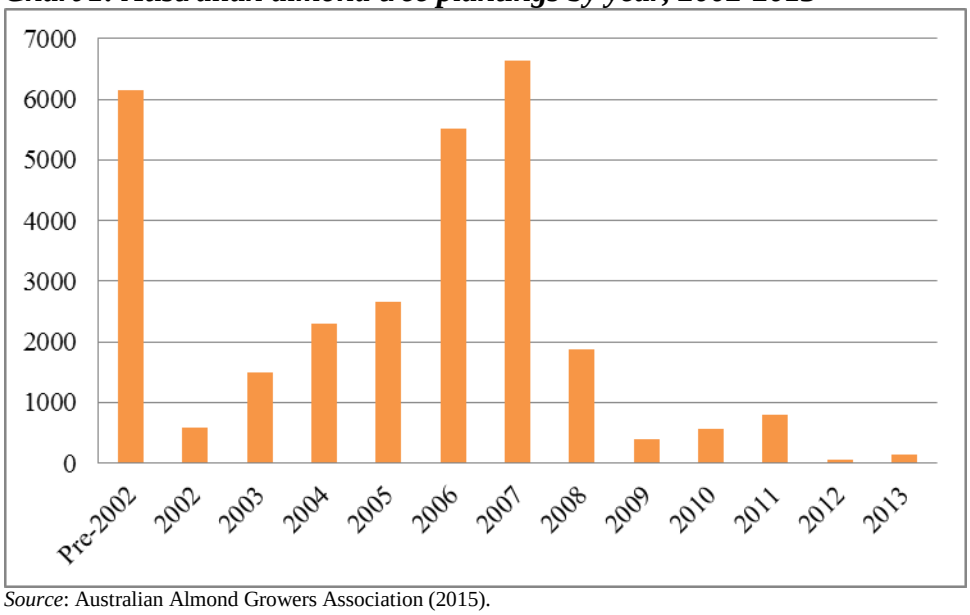
Source: Australian Almond Growers Association (2015).

Table 3: Australian almond tree plantings by major variety and maturity, 2014

Variety	Non-bearing trees	Maturing trees	Fully Mature trees	Area of plantings (ha)	Share of plantings (%)
Carmel	364	3,247	5,590	9,201	32.2
Nonpareil	470	4,706	9,276	14,453	50.6
Price	39	1,131	2,231	3,401	11.9
Monterey	129	211	95	435	1.5
Peerless	3	63	343	410	1.4
Other	3	122	562	686	2.3
Total	1,008	9,480	18,097	28,586	100.0

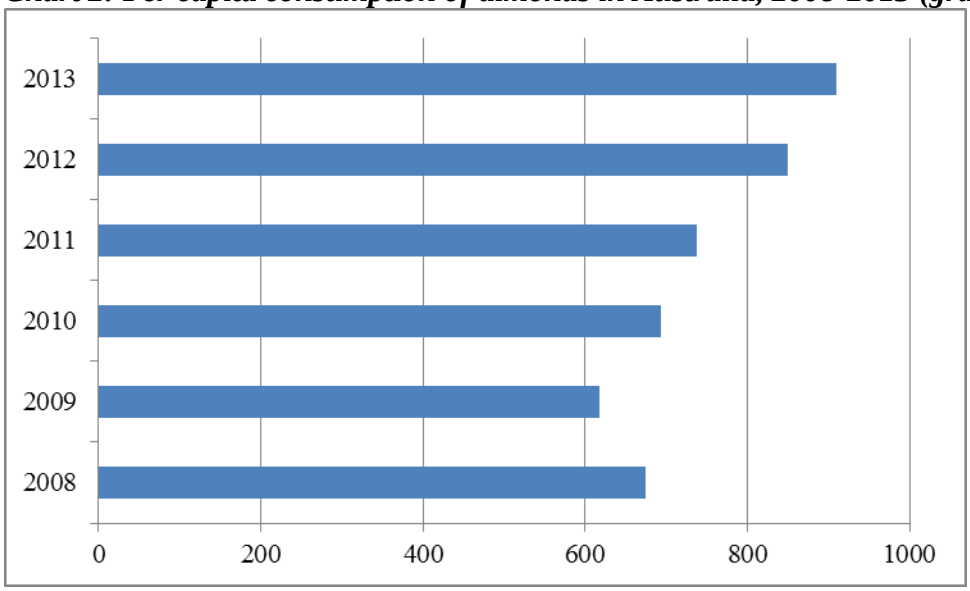
Source: Australian Almond Growers Association (2015).

Chart 1: Australian almond tree plantings by year, 2002-2013



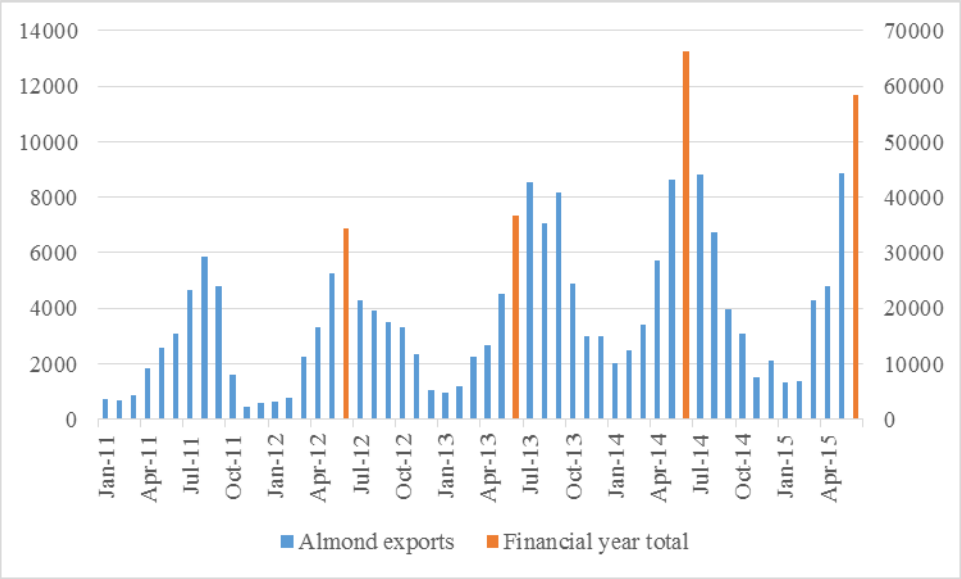
Source: Australian Almond Growers Association (2015).

Chart 2: Per capita consumption of almonds in Australia, 2008-2013 (grams per person)



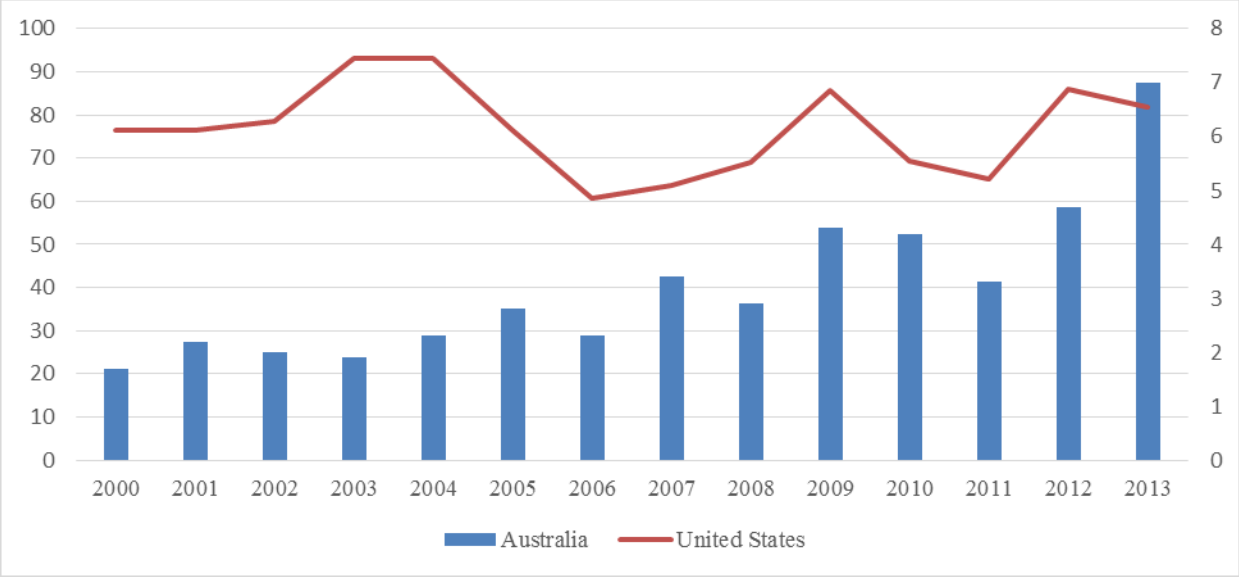
Source: Australian Almond Growers Association (2015).

Chart 3: Australian almond exports, 2011-2015 (MT)



Note: Financial year = July-June
Source: World Trade Atlas.

Chart 4: Almond production in the United States and Australia
(share of world production, %, LHS is the United States)



Source: Almond Association of Australia