HAZELNUT MARKET

Since the low of the end of June the market raised 25% to new abnormally high levels.

The increase was caused by the 461 000t estimated for 2016 crop by the Turkish government. While in the past this estimate was not really considered by the market, this year the Turkish political context and the fact it was announced by the Minister of Agriculture in person gave it weight to producers who are now totally removed from the market.

The mid-July final estimate of the Exporters Union was revised slightly downward whereas considering the excellent weather conditions in May and June we rather expected an upward revision: 587 000t against 604 000t counted mid-May. This decrease is due to more than normal fruit drop in the region of Akcakoca. The difference is not much, but psychologically it goes the wrong way.

Overall this campaign will have the same volume as the previous one:

- In Turkey, a 587 000t crop will provide the same available as 730 000t last year.
Indeed, we ended last season without carry while this year there is 140 to 150 000t of hazelnuts in stock: An amount of 90/100 000t (mainly growers consignments) is listed among exporters, crackers, Manavs and we estimate 60/ 70 000t stored in the farms.
- In Georgia / Azerbaijan we consider a 70 000t crop against 100 000t last year.
- In Italy another beautiful 120 000t crop.

Missing nuts in the Caucasus will be compensated by good stocks in the warehouses of the users while last year, given the huge price difference between the 2014 and 2015 crops, everyone closed with minimum stocks.

Unfortunately, the effect is not the same for the Turkish grower, between expecting a big crop without any carry or expecting a smaller one while possessing large stocks. Therefore, even though according to fundamental analysis there is no risk, the psychological elements will predominate in the fourth quarter and the market will be uncertain.

The first 2016 hazelnuts will be available next week and we will see if as in the past a significant amount will be offered from the fields.