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DeFranco sees highest almond & walnut prices ever

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The main business of D. DeFranco & Sons in Los Angeles is doing value added packaging of fresh produce items, specifically washed and trimmed green beans and washed and trimmed ready-to-cook super sweet corn, for retail. But for many years, the company has also had a sizeable holiday-oriented in-shell nut business.

The company distributes the nuts, in one-pound, two-pound, four-pound and 50-pound bags, to supermarkets in Southern California and to large wholesalers in Western Canada and throughout much of the United States other than the Northeast, according to President Paul DeFranco.

Prices are higher this year for almonds and walnuts than they have been in more than half a century.

“All I know is our contracted prices from almond and walnut growers here in California are the highest in 60 years,” DeFranco said Oct. 11. “We are contracted for walnuts greater than \$2 a pound. I’ve been working here for 32 years, and it is the first experience of contracting walnuts from growers at greater than \$2 a pound. It is unbelievable!”



Paul DeFranco Customers are “all jumping out of their chairs,” he said. “We have a 25 to 30 percent price increase” from 2012, and customers “want to know why.” By the time they add freight and distribution costs and get the product into the stores, “you are talking about \$3-4 a pound.”

Pecan prices are even higher. “We are contracting at \$2.70 to \$2.80” with a pecan shipper in California, he said. “They grow an excellent product, and we buy from them.”

Pistachios “are wild also,” DeFranco continued. Growers continue to plant trees to try to keep up with growing demand, and still prices rise. “I visited a grower in December this past year,” in the Central Valley of California, who had just planted 3,000 acres of pistachios.

One nut variety that seems to be stable in pricing is hazelnuts out of Oregon, he said. “We handle the Barcelona variety in-shell,” and pricing on those was predictably similar to last year.

High farm gate prices obviously mean high retail prices, and they will be high enough this season to deter some consumers, or to cause them to buy fewer nuts than they normally would.

“I’m a consumer,” DeFranco said. “I go to the store. I see these prices. I’ll buy a bag, just because it is seasonal, but that’s all. I wouldn’t make a second purchase. But that’s me. I’m a conservative average-income person. Of course, people with higher income can buy as much as they desire, but I always look at the mainstream middle-income consumers. It sure costs a lot of money to live, especially in California.”

So why are the prices of some nut varieties so high? “It’s world demand,” DeFranco said. Demand is so strong from foreign countries that almond and walnut processors “could ship everything export and I don’t think it would be a hindrance on their business.”

Are other countries “not growing nuts?” he asked. “Why this huge demand from California?” With demand so high worldwide, “you would think other countries would see this and start planting trees.”

The nut producers D. DeFranco & Sons does business with are not the largest producers in the state, but they are sizeable family businesses, he said. They include “the third or fourth largest packers of almonds in the state of California, [and] the third or fourth largest packers of walnuts.”

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