

## April 2018 Walnut Report

### 2017/18 Walnut Supply (inshell tons)

|                                             |                |
|---------------------------------------------|----------------|
| Carry-in from prior season:                 | 55,976         |
| 2017 Crop Receipts:                         | 627,798        |
| Total available for shipment:               | 683,774        |
| <b>Less: shipments to date thru Apr 30:</b> | <b>493,086</b> |
| Remaining supply:                           | 190,688        |

April 2018 shipments of 41,595 inshell equivalent tons were about equal to April 2017 shipments (-1%).

- Inshell shipments were 6.1 million pounds for the month of April, an increase of 1.0 million pounds (+20%) compared to April of 2017.
- Season to date inshell shipments are 292.7 million pounds through April, a decrease of 97 million pounds (-25%) compared to the same period last season.
- Shelled shipments were 34.0 million pounds for the month of April, a decrease of 1 million pounds (-2%) compared to April of 2017.
- Season to date shelled shipments are 305.8 million pounds through April, a decrease of 24 million pounds (-7%) compared to the same period last season.

Below are some of the major walnut markets and the relative statistics (in pounds):

| Country      | <u>Sep 2017 - Apr 2018</u> |            | <u>Sep 2016 - Apr 2017</u> |             | % Change Shelled | % Change Inshell |
|--------------|----------------------------|------------|----------------------------|-------------|------------------|------------------|
|              | Shelled                    | Inshell    | Shelled                    | Inshell     |                  |                  |
| USA          | 118,099,860                | 18,899,472 | 129,432,699                | 12,353,075  | -9%              | 53%              |
| Canada       | 11,988,018                 | 2,752,641  | 11,310,356                 | 2,242,312   | 6%               | 23%              |
| Germany      | 45,739,360                 | 11,631,920 | 42,809,791                 | 14,369,314  | 7%               | -19%             |
| Italy        | 3,719,830                  | 43,933,545 | 4,080,130                  | 53,397,119  | -9%              | -18%             |
| Netherlands  | 7,549,895                  | 3,255,806  | 5,276,708                  | 3,220,072   | 43%              | 1%               |
| Spain        | 16,695,519                 | 18,727,954 | 17,027,290                 | 22,414,382  | -2%              | -16%             |
| U.K.         | 5,670,836                  | 1,257,966  | 7,617,982                  | 234,852     | -26%             | 436%             |
| Israel       | 8,071,434                  | 590,606    | 9,188,016                  | 1,539,727   | -12%             | -62%             |
| Jordan       | 1,013,040                  | 396,131    | 3,186,243                  | 1,668,347   | -68%             | -76%             |
| Lebanon      | 0                          | 4,271,612  | 0                          | 2,946,979   | 0%               | 45%              |
| Morocco      | 0                          | 6,397,551  | 0                          | 6,171,615   | 0%               | 4%               |
| Saudi Arabia | 1,134,507                  | 441,288    | 5,031,434                  | 1,412,496   | -77%             | -69%             |
| Tunisia      | 0                          | 2,247,315  | 170,548                    | 603,399     | -100%            | 272%             |
| Turkey       | 998,866                    | 79,516,306 | 765,494                    | 119,749,804 | 30%              | -34%             |
| UAE          | 2,824,755                  | 27,571,661 | 7,767,573                  | 23,881,768  | -64%             | 15%              |
| Australia    | 6,913,586                  | 30,267     | 6,680,105                  | 66,046      | 3%               | -54%             |
| China        | 2,833,450                  | 9,069,930  | 4,178,085                  | 6,997,053   | -32%             | 30%              |
| Hong Kong    | 1,219,604                  | 10,282,097 | 2,244,013                  | 32,839,442  | -46%             | -69%             |
| Vietnam      | 100,780                    | 17,435,633 | 580,400                    | 41,119,886  | -83%             | -58%             |
| Thailand     | 459,638                    | 0          | 2,278,499                  | 353,101     | -80%             | -100%            |
| India        | 0                          | 22,596,548 | 63,855                     | 31,090,983  | -100%            | -27%             |
| Japan        | 31,948,886                 | 0          | 26,380,221                 | 0           | 21%              | 0%               |
| Korea        | 21,628,388                 | 1,340,012  | 23,393,451                 | 1,150,766   | -8%              | 16%              |



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April walnut shipments from California were good, surpassing the 40,000-ton mark for the 3<sup>rd</sup> straight season. Inshell shipments were up despite limited remaining inventory and kernel shipments are on par with prior season. The industry is well-positioned to move the majority of the crop ahead of the 2018 harvest.

- Strong inshell walnut shipments in April were driven by Turkey (+14%), UAE (+113%) and Algeria, and offset by weaker shipments to China/HK/Vietnam (-79%) and India (-84%).
- Shelled walnut shipments were led by Spain (+31%), UK (+38%) and Japan (+7%) and offset by weaker shipments to US (-3%), Germany (-5%), Israel (-59%), UAE (-39%) and Korea (-3%).

Through April 30, total shipments of 493,086 inshell equivalent tons represents about 79% of the 2017 crop or about 72% of total supply. These figures are in line with the average of the past 5 seasons.

If shipments the remainder of the season (May – Aug) are equal to last season's totals, the carryout would be manageable at about 69,000 inshell tons (or about 11% of the crop). Assuming shipments trail last season by 10% for the remainder of the crop year, the carryout would increase to about 81,000 inshell tons (or about 13% of the crop). Once again, these figures are in line with averages over the past 5 seasons.

Looking at remaining inventory in California, the majority of tonnage is light halves and is being held by the larger processors who have cold storage capability and supply buyers on year-round contracts. There is little inshell inventory remaining in California and most processors are pricing low and high half count kernels at similar prices due to a shortage of light large pieces. The majority of the smaller processors who do not have cold storage are sold out until new crop.

Harvest in Chile is nearing the end. The Serr crop was smaller than anticipated with good quality. The Chandler crop is good in terms of volume with smaller nut sizing reported. Some rain damage has been reported in the southern growing regions.

The market has softened from Chile over the past few weeks due to slower than expected sales activity and shortage of storage space creating a need to ship. The current market is about \$0.40/kg (inshell basis) below opening levels. With larger production in Chile and higher unsold inventory in California, it is not surprising to see the market move down to more reasonable levels. Early business done at higher prices was primarily for first shipments.

It is too early to for predictions about the 2018 walnut crop but all indications look good so far. Growing regions have sufficient water and bloom weather was good. Current expectations are for a good crop.

Please let us know if we may be of further service.

Best regards,  
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