

January 2023 Walnut Report

2022/23 Walnut Supply (inshell tons)

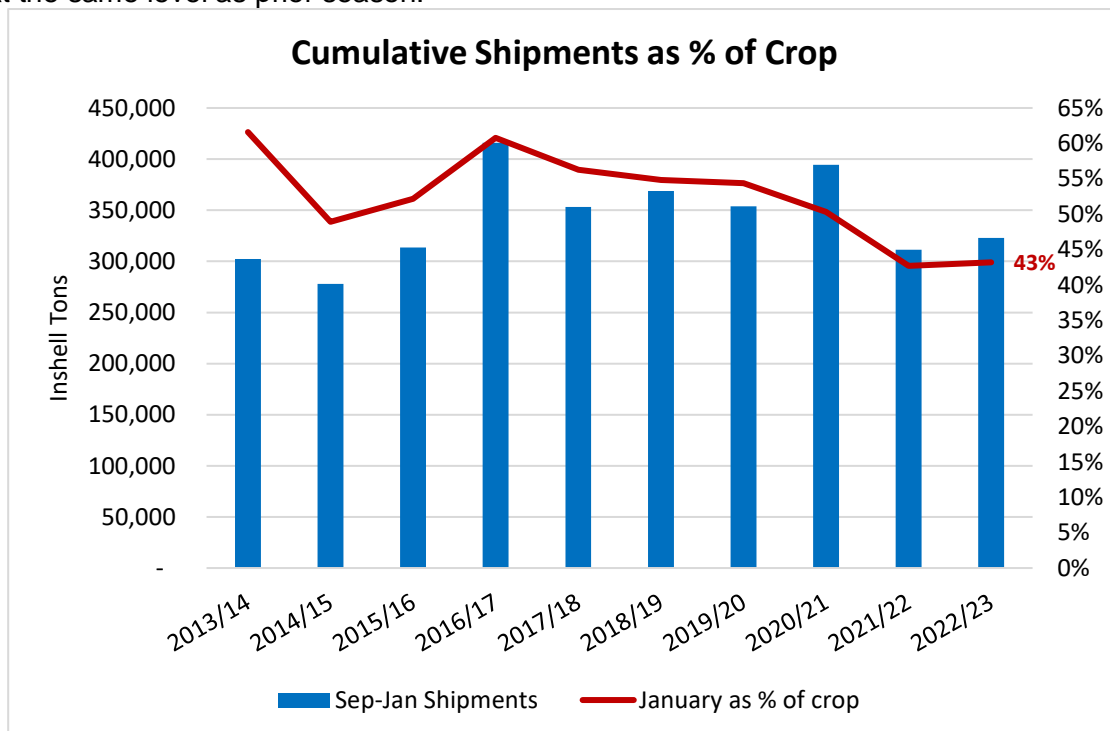
Carry-in from prior season:	137,969
<u>2022 Crop Receipts (to date):</u>	<u>747,870</u>
Total available for shipment:	885,839
<u>Less: Shipments to date thru Jan 31:</u>	<u>323,891</u>
Remaining unshipped supply:	561,948
<u>Less: Commitments as of Jan 31:</u>	<u>200,000</u>
Remaining supply available for sale:	361,948

Supply

- The December 31, 2022 inventory report announced crop receipts 747,870 inshell tons. It is possible that some receipts will continue being reported at slower pace but this should be close to final receipts.
- Purchase Commitments (sales that are not yet shipped) of about 200,000 inshell equivalent tons slightly exceeds commitments at this time last season which were about 195,000 inshell tons. The majority of these commitments consist of shelled walnuts.
- Remaining supply available for sale as of January 31 was about 362,000 inshell equivalent tons. Many growers in California believe this figure is actually lower due to a lower-than-normal shellout rate and higher than normal levels of defects and dark color in this season's crop. At this time, we cannot objectively measure remaining "marketable supply".

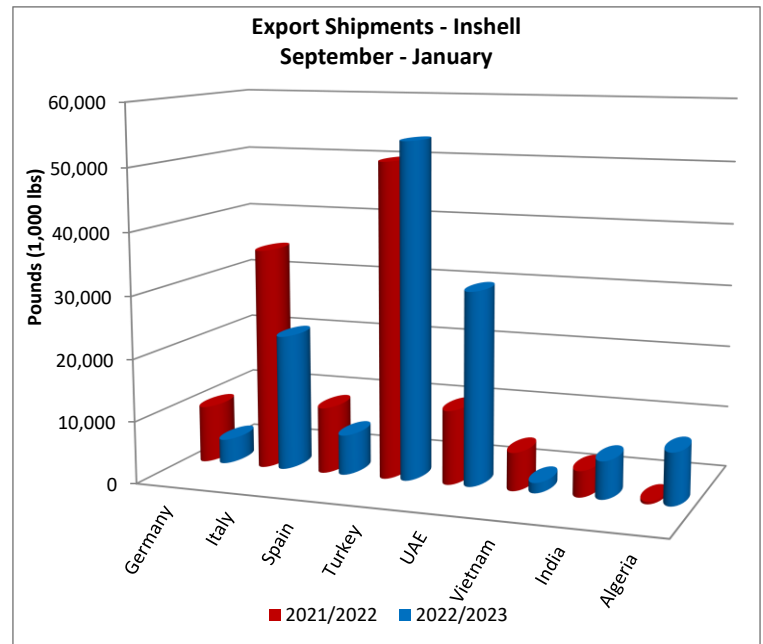
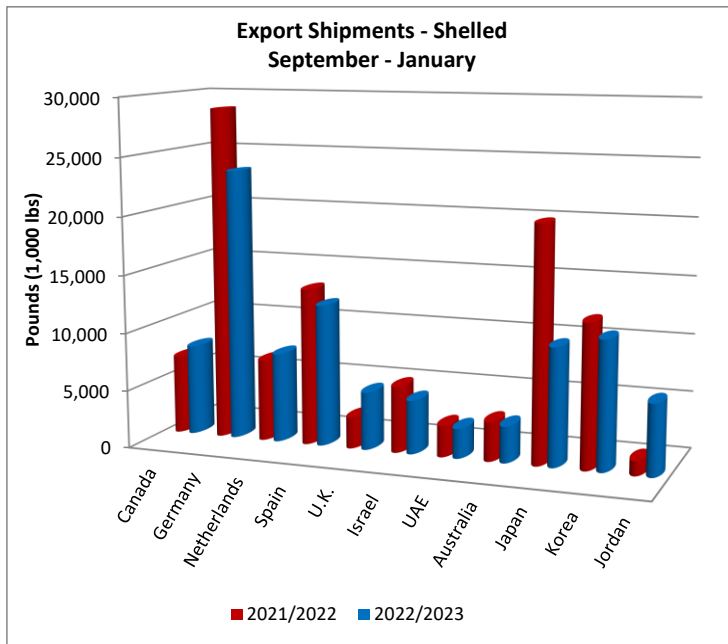
Shipments

January shipments of inshell and shelled walnuts were strong, putting season to date shipments of both ahead of last season's pace. Buyers are taking advantage of historically low pricing and which is acting to improve global demand. The graph below illustrates overall shipments growing over prior season with shipments as a % of the crop at the same level as prior season.



- Inshell walnut shipments were 26.1 million pounds for the month of January, an increase of +6.8 million pounds (+36%) compared to January 2022.
- Season to date inshell shipments are 160.9 million pounds through January, an increase of +3.8 million pounds (+2%) compared to the same period last season.
- Shelled walnut shipments were 48.1 million pounds for the month of January, an increase of +9.4 million pounds (+24%) compared to January 2022.
- Season to date shelled shipments are 213.7 million pounds through January, an increase of +9.2 million pounds (+5%) compared to the same period last season.

Regional Shipments



North America: January shelled walnut shipments demonstrated strong growth to USA (+33%) and Canada (+30%). Season to date growth to both countries is +15%. Demand in this region is growing as lower prices are being pushed through to the consumer level.

	<u>Inshell Pounds</u>			<u>Shelled Pounds</u>		
	<u>Sep 2021 - Jan 2022</u>	<u>Sep 2022 - Jan 2023</u>	<u>% Change</u>	<u>Sep 2021 - Jan 2022</u>	<u>Sep 2022 - Jan 2023</u>	<u>% Change</u>
USA	7,923,395	6,211,371	-22%	86,321,271	99,431,373	15%
Canada	1,993,349	3,575,306	79%	6,864,993	7,871,670	15%
North America	10,040,744	9,890,723	-1%	93,193,304	107,551,465	15%

Europe: January shipments of shelled walnuts to Europe were strong overall (+53%) which puts season to date shipments nearly on pace with prior season (-3%). We anticipate shelled shipments to continue growing in this region over the next few months as buyers have now eaten through most inventory of prior crop year and/or Chilean origin product. Inshell walnut shipments remained weaker in January (-6%) continuing the trend for this season (-44%). Lower quality inshell in terms of color and defects has buyers cautious despite low prices.

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Germany	9,196,040	3,957,281	-57%	28,797,795	23,512,833	-18%
Italy	35,719,271	21,920,568	-39%	2,137,691	2,700,431	26%
Netherlands	3,211,457	1,078,116	-66%	7,126,007	7,752,188	9%
Spain	10,668,858	6,476,209	-39%	13,584,809	12,283,054	-10%
U.K.	56,438	2,205	-96%	2,718,808	5,011,370	84%
Europe	60,529,982	33,676,885	-44%	57,036,896	55,169,151	-3%

Middle East / Africa: Both inshell and shelled walnuts are showing strong growth this season which continued in January. Inshell shipments are +95% for January and +49% season to date. Shelled shipments are +76% for January and +53% season to date. Growth is being driven by a combination of factors including historically low prices, earlier timing of Ramadan, difficulty in exporting walnuts from China earlier in the season due to COVID restrictions (this has now eased).

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Algeria	396,828	8,377,039	2011%	0	0	n/a
Egypt	3,350,532	1,587,312	-53%	261,360	83,160	-68%
Iraq	485,012	745,731	54%	0	420,950	n/a
Israel	485,920	704,745	45%	5,734,706	4,643,415	-19%
Jordan	175,816	617,288	251%	1,259,610	6,133,015	387%
Lebanon	1,761,740	3,738,586	112%	0	42,000	n/a
Morocco	1,366,852	3,395,074	148%	0	0	n/a
Pakistan	220,460	1,410,484	540%	0	0	n/a
Saudi Arabia	0	176,368	n/a	540,698	1,128,837	109%
Turkey	50,656,134	53,940,177	6%	115,817	1,658,087	1332%
UAE	11,920,565	31,039,642	160%	2,723,834	2,579,593	-5%
Middle East / Africa	70,998,817	105,776,538	49%	11,237,113	17,183,848	53%

Asia / Pacific Rim: January shipments to this region were weak with inshell **-56%** and shelled **-31%** compared to January of 2022. Inshell shipments are notably lower to India where buyers are anxiously awaiting the beginning of Chilean harvest and Vietnam where it seems the re-export business is slowing. Shelled shipments are notably lower to Japan (**-46%**) and Korea (**-34%**). These are high quality markets that we hope to see more active in the coming months.

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Australia	0	0	n/a	3,403,245	3,147,056	-8%
China	837,748	925,932	11%	80,800	15,300	-81%
Hong Kong	0	44,092	n/a	555,110	282,060	-49%
India	4,186,401	6,065,697	45%	36,080	192,240	433%
Japan	0	0	n/a	20,231,899	10,136,899	-50%
Korea	868,046	996,607	15%	12,357,952	11,074,758	-10%
Taiwan	66,138	69,796	6%	3,285,976	3,090,480	-6%
Vietnam	6,125,867	1,647,479	-73%	345,963	727,670	110%
<u>Asia / Pacific Rim</u>	<u>12,084,200</u>	<u>9,749,603</u>	<u>-19%</u>	<u>41,899,498</u>	<u>30,959,901</u>	<u>-26%</u>

Summary

January shipments from California were strong overall for both inshell and shelled walnuts. Pricing is at levels lower than we've seen anytime in recent history. This pricing trend positions walnuts as an exceptional value at a time when the cost of most food items is moving higher due to inflationary pressures.

There is still substantial unsold inventory in California. However, with demand picking up due to attractive pricing, many growers have substantially improved their sold positions in the past 2 months. Also note that the inventory will eventually be reduced due higher levels of dark colored walnuts and walnuts with other defects. This product will be moved to non-traditional markets or disposed of oil stock or animal feed.

In the coming weeks, we anticipate seeing opening pricing from Chile. Some buyers are excited to see the typical high quality product from Chile and will happily pay a premium. Other buyers will see California walnuts as an attractively priced alternative.

We look forward to seeing many of you at Gulfood. Please let us know if our offices in Dubai, India or the US may be of further assistance.

Best regards,
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