

January 2013 Walnut Report

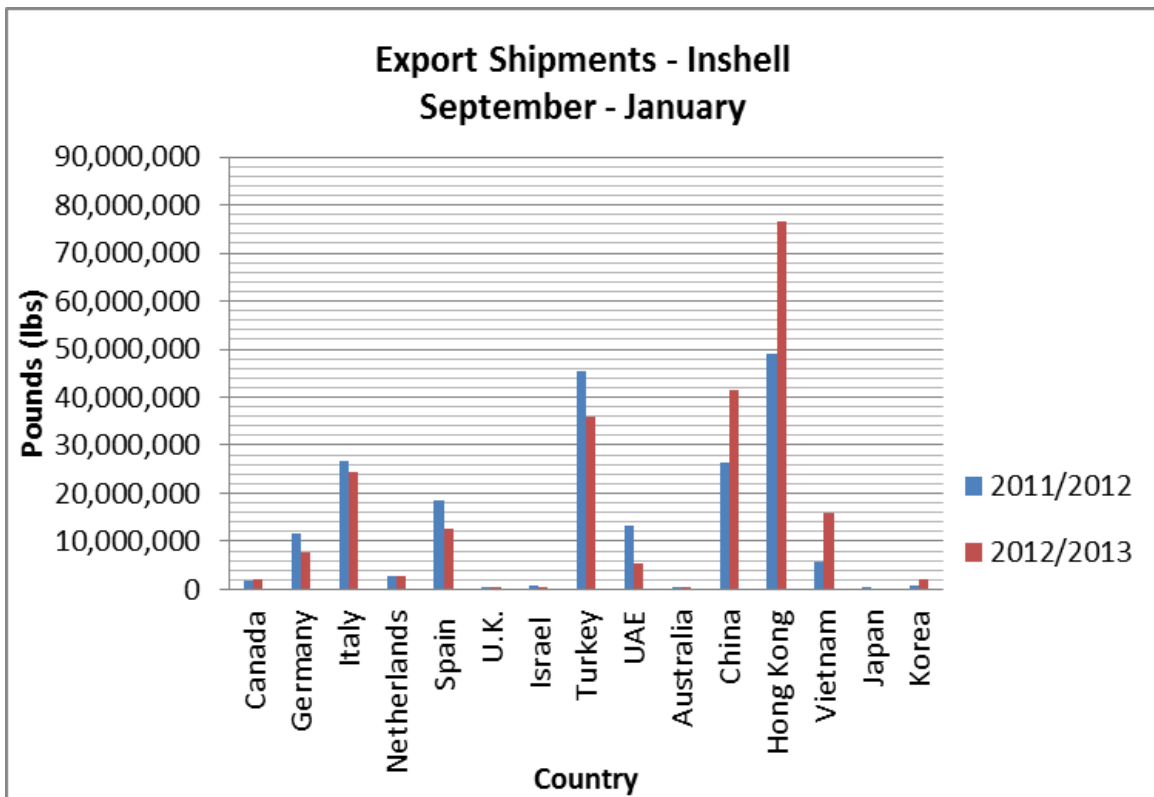
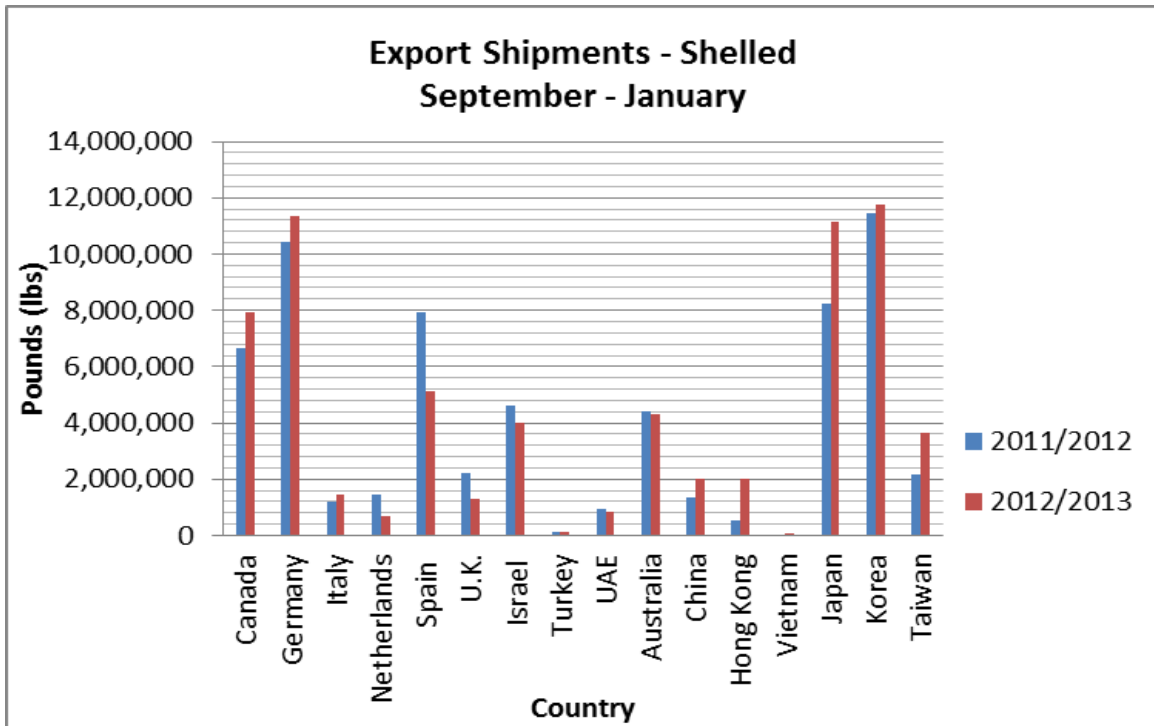
Overall January 2013 shipments were 40,067 inshell equivalent tons compared to 35,377 inshell equivalent tons for January 2012. This is an increase of 13%.

- Inshell shipments were 20 million pounds in January 2013 compared to 10 million pounds in January 2012, an increase of 98%.
- Shelled shipments were 27 million pounds in January 2013 compared to 26 million pounds in January 2012, an increase of 1%.
- Season-to-date (September 2012 through January 2013) inshell shipments are up just under 10% compared to the 2011/12 season.
- Season-to-date (September 2012 through January 2013) shelled shipments are up 3% compared to the 2011/12 season.
- Season-to-date (September 2012 through January 2013) overall shipments are 292,439 inshell short tons, compared to 280,200 inshell short tons shipped last year during the same period. This is an increase of 4.4%.

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

Country	Sep 2012 - Jan 2013		Sep 2011 - Jan 2012		% Change Shelled	% Change Inshell
	Shelled	Inshell	Shelled	Inshell		
USA	66,044,654	11,679,027	66,325,074	12,603,965	0%	-7%
Canada	7,935,380	1,999,526	6,641,361	1,744,350	19%	15%
Germany	11,329,505	7,666,511	10,443,622	11,679,303	8%	-34%
Italy	1,462,706	24,477,737	1,169,959	26,793,329	25%	-9%
Netherlands	703,929	2,728,799	1,463,880	2,702,288	-52%	1%
Spain	5,124,746	12,485,432	7,909,891	18,543,267	-35%	-33%
U.K.	1,295,370	132,184	2,230,682	352,736	-42%	-63%
Israel	4,008,712	589,638	4,601,150	712,118	-13%	-17%
Turkey	133,760	36,040,757	129,600	45,523,564	3%	-21%
UAE	860,307	5,245,936	961,307	13,291,109	-11%	-61%
Australia	4,311,192	55,069	4,403,321	30,314	-2%	82%
China	2,024,137	41,405,125	1,349,250	26,305,451	50%	57%
Hong Kong	2,023,370	76,545,721	552,473	49,141,197	266%	56%
Vietnam	2,090	15,966,826	0	5,636,117	0%	183%
Japan	11,136,099	0	8,244,948	87,100	35%	0%
Korea	11,757,150	1,937,566	11,466,646	776,623	3%	149%
Taiwan	3,661,115	104,720	2,143,010	46,351	71%	126%

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Here is the updated supply scenario (all figures in inshell short tons):

Carry-in from 2011/12 season:	49,018
<u>2012 crop production (thru Jan 31):</u>	<u>497,010</u>
Total available for shipment:	546,028
<u>Less shipments to date:</u>	<u>292,439</u>
Remaining supply:	253,589

- Shipments of inshell walnuts to China, Hong Kong and Vietnam continue at a rapid pace. Strong demand from this region is making up for reduced shipments to other regions and keeping prices firm.
- China, Hong Kong & Vietnam have collectively purchased 65% more inshell California walnuts so far this season, an increase of 26,417 inshell short tons compared to the same period last year. A marginal Chinese crop has contributed to the increased demand for California walnuts.
- Shelled walnut shipments for the month of January were in line with prior year in all regions. The 3% season-to-date increase in shelled walnut shipments is driven by growing demand from Asia (Japan, Korea and Taiwan). Reports from China indicate slower demand for California hand-cracked kernels exported from China.
- Shipments of inshell walnuts to the Middle East were strong for the month of January, up 25% over January 2012. However, season-to-date inshell shipments to the Middle East remain down 29% (over 18 million lbs) led by Turkey (down 21% or 9.5 million lbs) and U.A.E. (down 61% or 8 million lbs).
- Strong demand from China has kept overall shipment numbers ahead of prior year and helped to keep prices firm. With this market now shut down for the Chinese New Year celebration, the questions now are:
 - How much post-Chinese New Year demand will China have?
 - Are stronger January shipments to the Middle East indicative of things to come or will they turn to other origins (Chile)?
 - Will shelled demand from Asian markets stay firm or will they turn to Chilean origin (particularly Korea where there is not duty on Chilean imports)?
 - As inventory of good quality crop from Eastern European growing regions runs out, will European buyers increase buying activity from California?

Let us know if we may be of further service.

Best regards,
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