

March 2013 Walnut Report

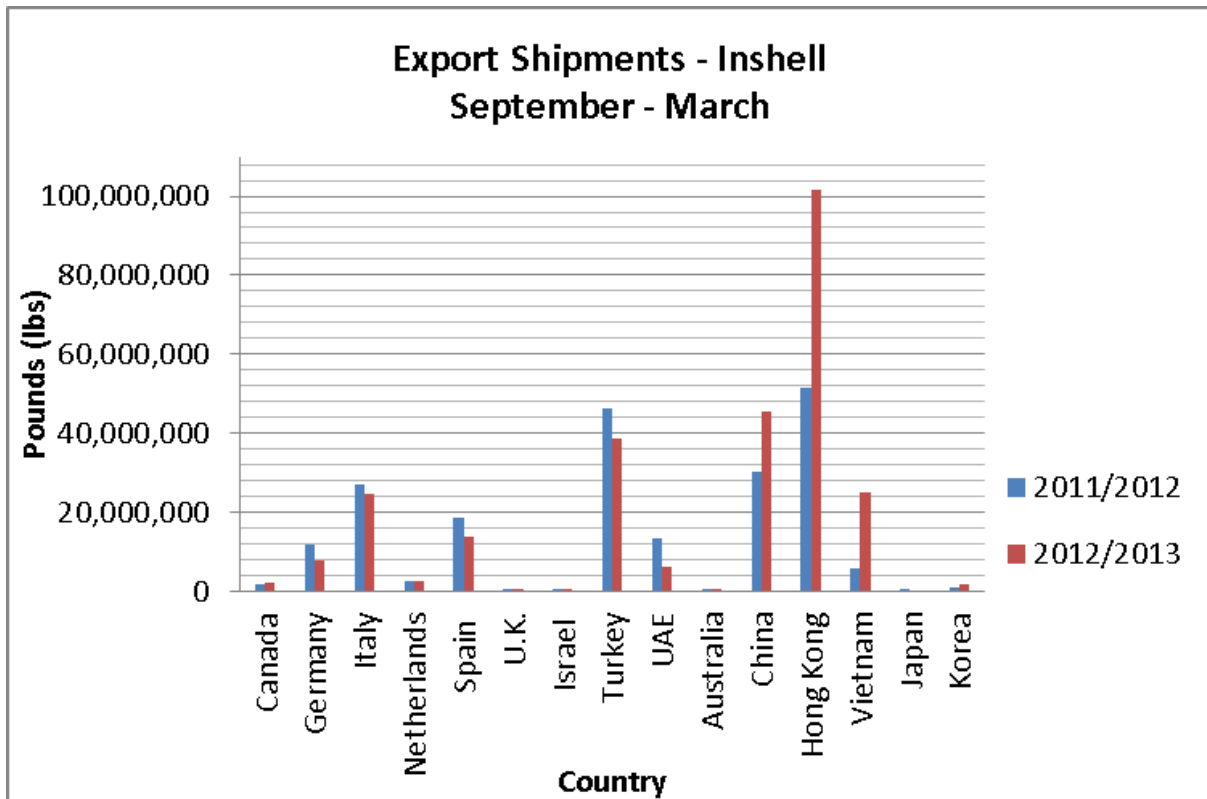
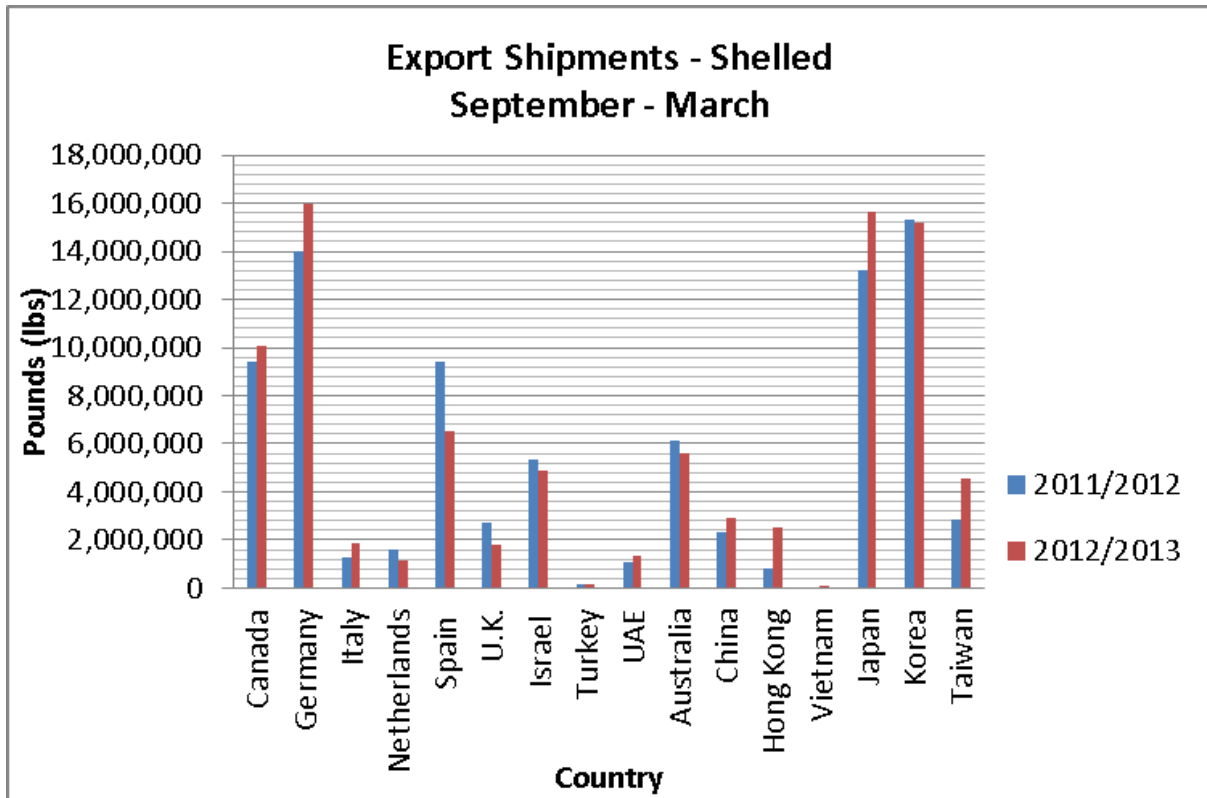
Overall March 2013 shipments were 33,807 inshell equivalent tons compared to 29,836 inshell equivalent tons for March 2012. This is an increase of 13%.

- Inshell shipments were 17.5 million pounds in March 2013 compared to 4.4 million pounds in March 2012, an increase of 299%.
- Shelled shipments were 22.3 million pounds in March 2013 compared to 24.1 million pounds in March 2012, a decrease of 7.5%.
- Season-to-date (September 2012 through March 2013) inshell shipments are up 25.6% compared to the 2011/12 season.
- Season-to-date (September 2012 through March 2013) shelled shipments are up 1.2% compared to the 2011/12 season.
- Season-to-date (September 2012 through March 2013) overall shipments are 367,840 inshell short tons, compared to 339,147 inshell short tons shipped last season during the same period. This is an increase of 8.5%.
- Crop receipts of 494,758 inshell short tons are an increase of about 35,000 short tons, or 8% over prior season.

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

Country	Sep 2012 - Mar 2013		Sep 2011 - Mar 2012		% Change Shelled	% Change Inshell
	Shelled	Inshell	Shelled	Inshell		
USA	97,025,649	16,872,777	100,001,947	16,097,432	-3%	5%
Canada	10,083,231	2,102,416	9,413,022	1,826,430	7%	15%
Germany	16,002,347	7,820,833	13,976,123	11,855,671	14%	-34%
Italy	1,856,835	24,791,845	1,298,099	27,013,829	43%	-8%
Netherlands	1,133,850	2,728,799	1,593,080	2,702,288	-29%	1%
Spain	6,516,384	13,629,520	9,413,909	18,432,945	-31%	-26%
U.K.	1,819,084	132,184	2,692,682	352,736	-32%	-63%
Israel	4,905,872	633,730	5,319,603	712,118	-8%	-11%
Turkey	133,760	38,604,584	129,600	46,409,859	3%	-17%
UAE	1,355,133	6,111,908	1,077,907	13,379,229	26%	-54%
Australia	5,588,220	99,069	6,107,839	62,360	-9%	59%
China	2,899,994	45,622,976	2,318,750	30,319,902	25%	50%
Hong Kong	2,512,975	101,792,015	792,408	51,426,617	217%	98%
Vietnam	44,090	24,837,721	0	5,636,117	0%	341%
Japan	15,646,470	0	13,216,722	87,100	18%	0%
Korea	15,212,358	1,937,566	15,339,285	776,623	-1%	149%
Taiwan	4,551,847	192,904	2,828,250	48,280	61%	300%

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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 Mar 31):</u>	<u>494,758</u>
Total available for shipment:	543,776
<u>Less shipments to date:</u>	<u>367,840</u>
Remaining supply:	175,936

- Strong shipments to Asia continue to drive the growth in total shipments from California.
 - March 2013 shipments of inshell walnuts to China, Hong Kong and Vietnam were 12.6 million pounds compared to 3.0 million pounds in March 2012. This is an increase of 325%. Season to date shipments are 97% larger than last season, an increase of 85 million pounds.
 - March 2013 shipments to Japan were 23% less than prior season. However, season to date shipments to Japan are 18% larger (2.5 million pounds) than prior season.
 - March 2013 shipments to Korea were 28% less than prior season. There are large inventories of California walnuts in Korea causing prices to be discounted.
- Season to date inshell shipments to the Middle East are 24% less than prior season.
 - March 2013 shipments to Turkey are nearly 1 million pounds (944%) more than March 2012. However, season to date shipments are 17% (7.8 million pounds) less than prior season.
 - Season to date shipments to U.A.E. are 54% (7.3 million pounds) less than prior season.
- Demand from Europe continues to be weak with reports of large inventory and requests for delayed shipment from California.
- California growers are nearly sold out of good quality and larger size inshell walnuts.
- Smaller growers in California are completely sold out as they do not have cold storage and need to ship their inventory before the weather gets too warm.
- Chilean walnut harvest is under way:
 - Quality and size of Chilean walnuts are reported to be good. Ample water in the region allowed for better quality than last year. Crop size is expected to exceed 40,000 inshell metric tons.
 - Turkish buyers are now focused on Chilean product. Buyers are most interested in Chandler variety but some growers are combining offers of Chandler and Serr varieties together.
 - Korean buying interest in Chilean shelled walnuts has been somewhat tempered by big inventories of California walnuts.
- Assuming April – August shipments are the same as last season (110,954 inshell short tons), the carryout into the 2013 crop will be 64,982 inshell short tons, up 32.6% over last season.

Let us know if we may be of further service.

Best regards,
DERCO FOODS