

## March 2017 Walnut Report

March 2017 shipments were 56,106 inshell equivalent tons. This is a record for the month of March and exceeds March 2016 by 12,581 tons (+29%).

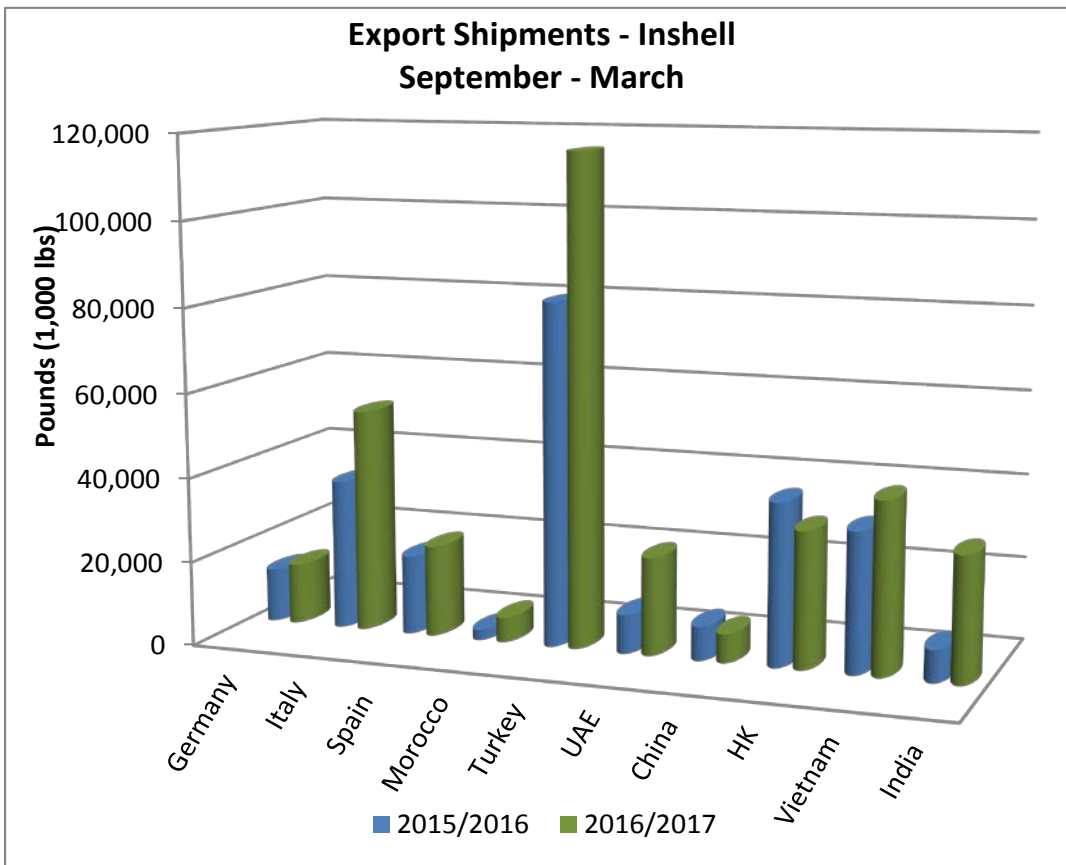
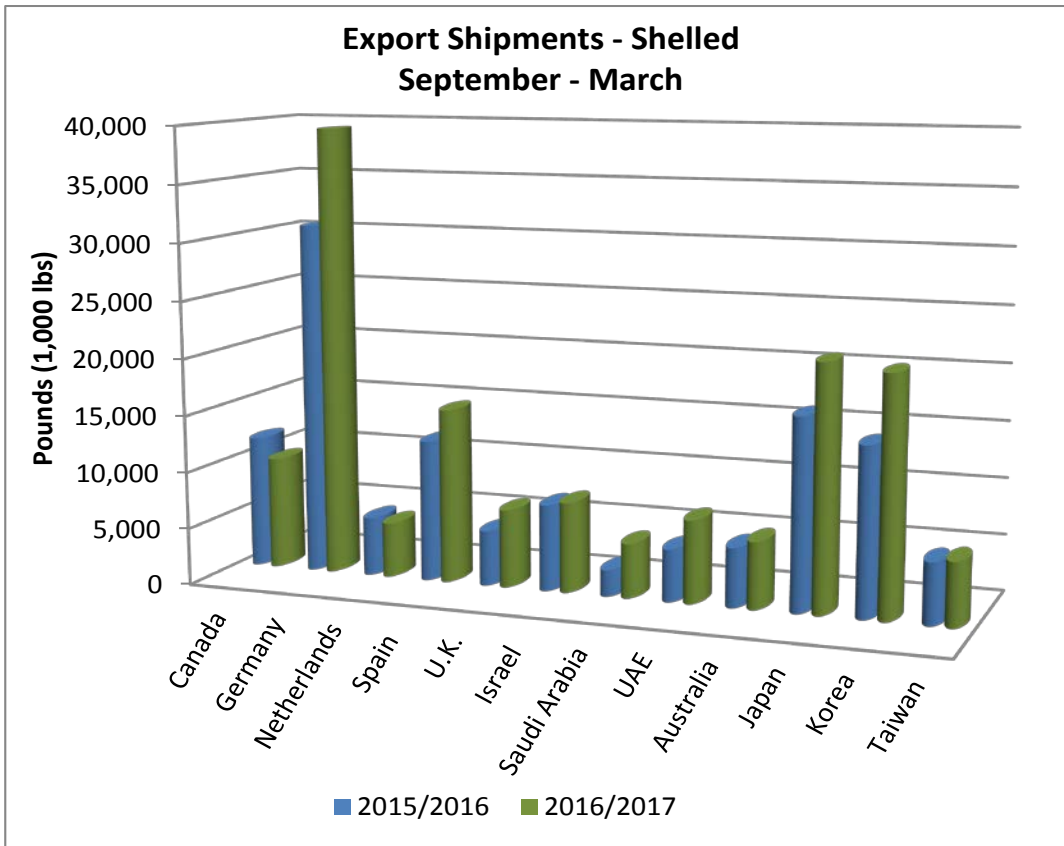
### 2016 Walnut Supply (inshell tons)

Carry-in from prior season:	65,170
2016 Crop Receipts:	675,797
Total available for shipment:	740,967
<b>Less: shipments to date thru Mar 31:</b>	<b>525,986</b>
Remaining supply:	214,981

- Inshell shipments were 14.2 million pounds for the month of March, an increase of 4 million pounds (+46%) compared to March of 2016.
- Season to date inshell shipments are 381.1 million pounds through March, an increase of 103 million pounds (+37%) compared to the same period last season.
- Shelled shipments were 45.9 million pounds for the month of March, an increase of 7 million pounds (+20%) compared to March of 2016.
- Season to date shelled shipments are 295.2 million pounds through March, an increase of 50 million pounds (+21%) compared to the same period last season.

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

Country	Sep 2016 - Mar 2017		Sep 2015 - Mar 2016		% Change Shelled	% Change Inshell
	Shelled	Inshell	Shelled	Inshell		
USA	115,026,025	12,290,744	98,265,151	13,348,830	17%	-8%
Canada	9,901,616	2,137,662	11,678,985	2,136,881	-15%	0%
Germany	39,500,643	14,408,115	31,006,647	12,737,684	27%	13%
Italy	3,921,552	53,220,751	2,783,531	35,784,788	41%	49%
Netherlands	4,820,922	3,091,103	5,171,336	1,840,731	-7%	68%
Spain	15,367,169	21,690,993	12,483,179	18,880,462	23%	15%
U.K.	6,868,924	231,372	4,882,785	401,644	41%	-42%
Algeria	1,020,014	1,500,968	498,120	633,877	105%	137%
Egypt	615,710	662,488	1,493,150	1,621,048	-59%	-59%
Israel	7,959,292	1,539,727	7,597,902	1,088,129	5%	42%
Jordan	2,962,743	1,668,347	2,306,128	397,472	28%	320%
Lebanon	0	2,946,979	98,340	1,360,109	-100%	117%
Morocco	220,460	5,907,063	0	2,426,336	N/A	143%
Saudi Arabia	4,801,834	1,412,496	2,331,386	374,322	106%	277%
Turkey	804,075	116,209,605	899,690	81,581,849	-11%	42%
UAE	7,292,155	23,265,756	4,627,317	9,200,757	58%	153%
Australia	5,902,355	22,046	5,231,165	84,000	13%	-74%
China	3,776,895	6,821,231	1,510,110	8,021,244	150%	-15%
Hong Kong	2,071,123	32,354,890	1,246,560	38,483,890	66%	-16%
Vietnam	538,400	40,751,994	693,666	33,201,673	-22%	23%
Thailand	2,132,624	353,101	2,541,075	2,552,990	-16%	-86%
India	63,855	29,710,984	10,010	7,635,468	538%	289%
Japan	21,427,286	0	16,802,502	0	28%	0%
Korea	20,815,712	1,150,766	14,746,190	975,720	41%	18%
Taiwan	5,627,957	259,472	5,419,048	207,577	4%	25%



March 2017 walnut shipments from California added to the strong shipment trend we've seen over the past 24 months. Total shipments of 59,198 inshell tons was the second largest March and is in line with the prior two seasons. Season to date shipments of 525,986 inshell tons have the industry on pace to ship the entire 2016 crop with little carryout.

Most California growers are sold out for the season. Existing inventory is mostly committed and offers are almost non-existent. Buyers who are short are scrambling to find product while those with inventory are happily taking profits.

Harvest in Chile is well under way and all reports so far are positive in terms of volume and quality. Business has been solid for new crop from Chile with some growers reporting to already be fully committed for inshell allocations. The shelled market started a bit slower but has now picked up speed as buyers are not able to access supply from other origins.

March 2017 shipments were up versus March 2016 in most major markets:

- North America was down -7% for shelled and down -41% for inshell for the month of March. With season to date shelled shipments up 17% over prior year (+15 million pounds), the overall trend remains positive. Buyers in the USA and Canada continue pulling from existing inventory at a steady rate and are busy covering any forecasted supply shortages before new crop is available.
- Europe was up 32% for shelled and down -44% for inshell for the month of March. For shelled, shipments to Germany drove the increase up 66% (+2.6 million pounds) while most other markets were fairly flat with last season. Season to date shipments are up 22% for shelled and 34% for inshell with nearly all markets showing good growth over prior year.
- Middle East / Africa was up 70% (+1.7 million pounds) for shelled and up 58% (+1.9 million pounds) for inshell for the month of March. Increased shelled shipments were driven by Israel, Saudi Arabia and the U.A.E. Increased inshell shipments were driven by Turkey and the U.A.E. Season to date shipments to this region are up 29% for shelled and up 57% for inshell. Most major markets showed good growth with Turkey leading the way (inshell shipments of 116 million pounds so far this season).
- Asia / Pacific Rim was up 46% for shelled and up 186% for inshell for the month of March. Higher shelled shipments were driven by Australia (+61%), China (+252%), Japan (+41%) and Korea (+9%) and Taiwan (+91%). Stronger inshell shipments were driven by India (+1,237%) and Vietnam (+118%). Season to date shipments to this region are up 29% for shelled and up 22% for inshell. Japan, Korea and Hong Kong have seen the biggest increases in shelled shipments while shipments of inshell to India have shown strong growth, being up 289% (+22 million pounds) over the prior season.

New business activity has been steady for Chilean origin walnuts. There is little new business taking place for California origin walnuts due to limited supply. Bloom is under way for the 2017 California walnut crop but it's much too early to know anything. Expectations are for a small carryout heading into the new crop which should turn into good demand and a stable market.

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

Best regards,  
DERCO FOODS