

May 2013 Walnut Report

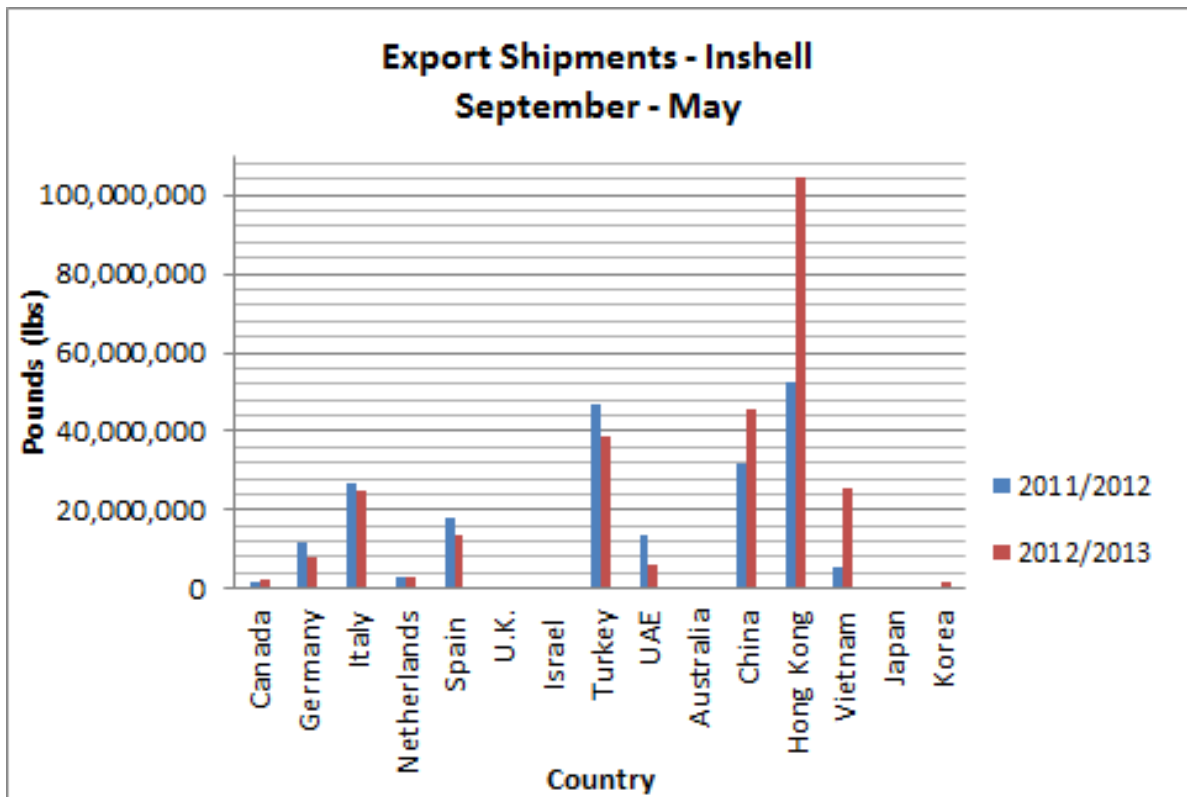
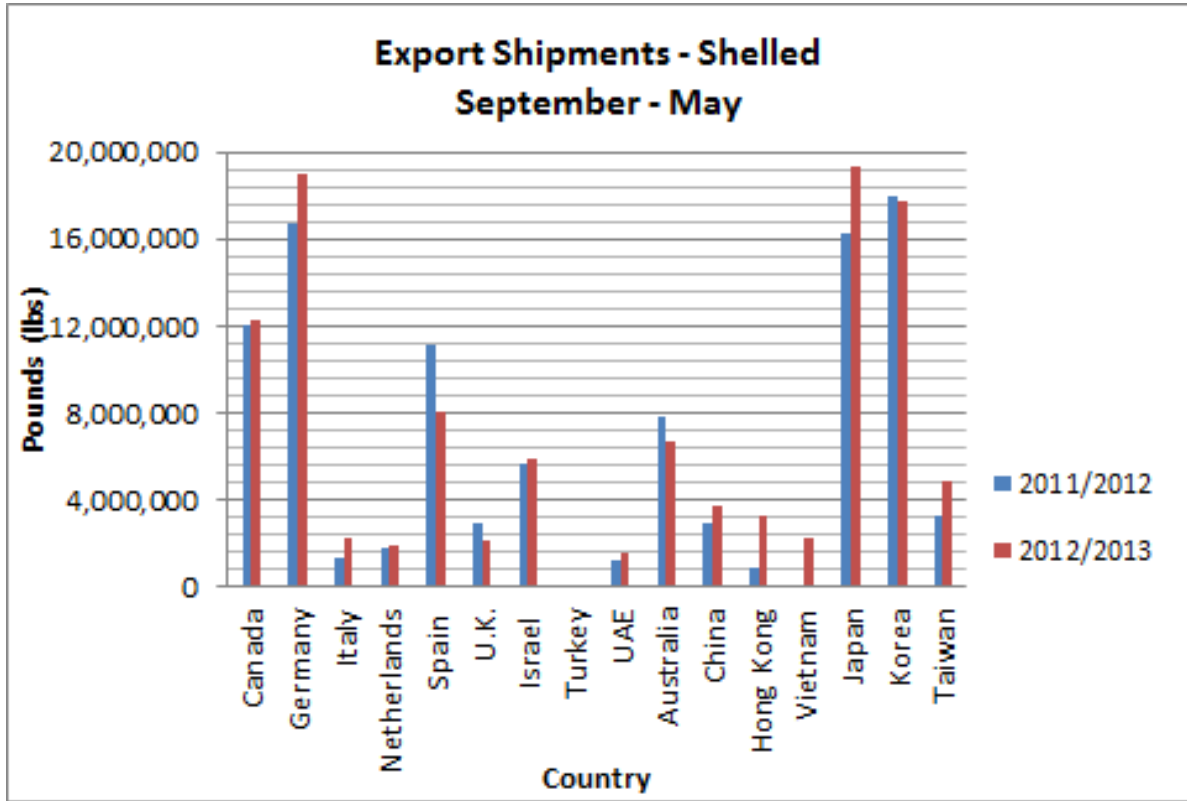
Overall May 2013 shipments were 29,923 inshell equivalent tons compared to 22,338 inshell equivalent tons for May 2012. This is an increase of 34%.

- Inshell shipments were 1.4 million pounds in May 2013 compared to 2.7 million pounds in May 2012, a decrease of 49%.
- Shelled shipments were 26.0 million pounds in May 2013 compared to 18.3 million pounds in May 2012, an increase of 42%.
- Season-to-date (September 2012 through May 2013) inshell shipments are up 26% compared to the 2011/12 season.
- Season-to-date (September 2012 through May 2013) shelled shipments are up 5% compared to the 2011/12 season.
- Season-to-date (September 2012 through May 2013) overall shipments are 426,043 inshell short tons, compared to 386,604 inshell short tons shipped last season during the same period. This is an increase of 10.2%.
- Crop receipts of 495,044 inshell short tons are an increase of about 37,530 short tons, or 8% over prior season.

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

Country	Sep 2012 - May 2013		Sep 2011 - May 2012		% Change	
	Shelled	Inshell	Shelled	Inshell	Shelled	Inshell
USA	121,995,056	17,899,883	121,608,347	16,751,521	0%	7%
Canada	12,259,394	2,241,176	12,059,669	1,922,190	2%	17%
Germany	19,041,283	7,864,925	16,723,169	11,855,671	14%	-34%
Italy	2,213,271	24,879,735	1,298,099	27,013,829	71%	-8%
Netherlands	1,909,302	2,816,983	1,828,450	2,702,288	4%	4%
Spain	8,058,461	13,753,726	11,131,901	18,186,201	-28%	-24%
U.K.	2,156,044	264,460	2,936,932	485,012	-27%	-45%
Israel	5,899,572	633,730	5,638,078	712,118	5%	-11%
Turkey	133,760	38,870,860	129,600	47,035,359	3%	-17%
UAE	1,611,393	6,376,368	1,263,441	13,335,045	28%	-52%
Australia	6,749,348	99,069	7,861,607	62,360	-14%	59%
China	3,683,924	45,843,252	2,952,200	31,561,576	25%	45%
Hong Kong	3,326,075	104,628,096	903,408	52,561,544	268%	99%
Vietnam	2,231,865	25,720,758	0	5,636,117	0%	356%
Japan	19,319,493	0	16,316,758	87,100	18%	0%
Korea	17,778,929	1,937,566	17,953,780	776,623	-1%	149%
Taiwan	4,905,267	192,904	3,251,000	48,280	51%	300%

2670 West Shaw Lane, Fresno, California 93711 U.S.A.
 Telephone (559) 435-2664 • Fax (559) 435-8520 • www.dercofoods.com • e-mail: derco@dercofoods.com



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

Carry-in from 2011/12 season:	49,018
2012 crop production (thru Mar 31):	495,044
Total available for shipment:	544,062
<u>Less shipments to date:</u>	<u>426,043</u>
Remaining supply:	118,019

- California growers are sold out of good quality inshell and light shelled product. Some inventory remains of Light Medium Pieces and Combination Halves and Pieces.
- Demand is muted for inshell as major markets still have inventory of 2012 crop or are sourcing from other origins such as Chile.
- Strong season to date shipments have been driven primarily by robust growth to Asian markets.
 - Season to date inshell walnut shipments to China, Hong Kong and Vietnam have increased by 86 million pounds or 96% over last season.
 - Post Chinese New Year demand has been soft.
 - There are reports contract defaults, with walnuts being left unclaimed at the ports.
 - Season to date shelled walnut shipments to Japan have increased by 3 million pounds or 18% over last season.
 - Season to date shelled walnut shipments to Korea are essentially unchanged, down 1%.
- Season to date shelled shipments to Europe are down 1% while inshell shipments are down 18% from last season. Among key inshell markets, Germany is down 34%, Italy is down 8% and Spain is down 24%.
- Season to date inshell shipments to the Middle East are 25% less than last season.
 - Inshell shipments to Turkey are 8.2 million pounds (17%) less than last season.
 - Inshell shipments to U.A.E. are 6.9 million pounds (52%) less than last season.
- Domestic market remains strong with inshell shipments up 1.1 million pounds (7%) over last season and shelled shipments unchanged compared to last season.
- Assuming June – August shipments are the same as last season (68,686 inshell short tons), the carryout into the 2013 crop will be 49,333 inshell short tons, unchanged versus last season.
- Outlook from California growers is that the 2013 crop will be about the same as the 2012 crop. Production from new plantings will be offset by lower yields from key varieties, including Chandler.
- California growers anticipate opening prices at levels above last season for inshell and shelled walnuts.

Let us know if we may be of further service.

Best regards,
DERCO FOODS