

June 2013 Walnut Report

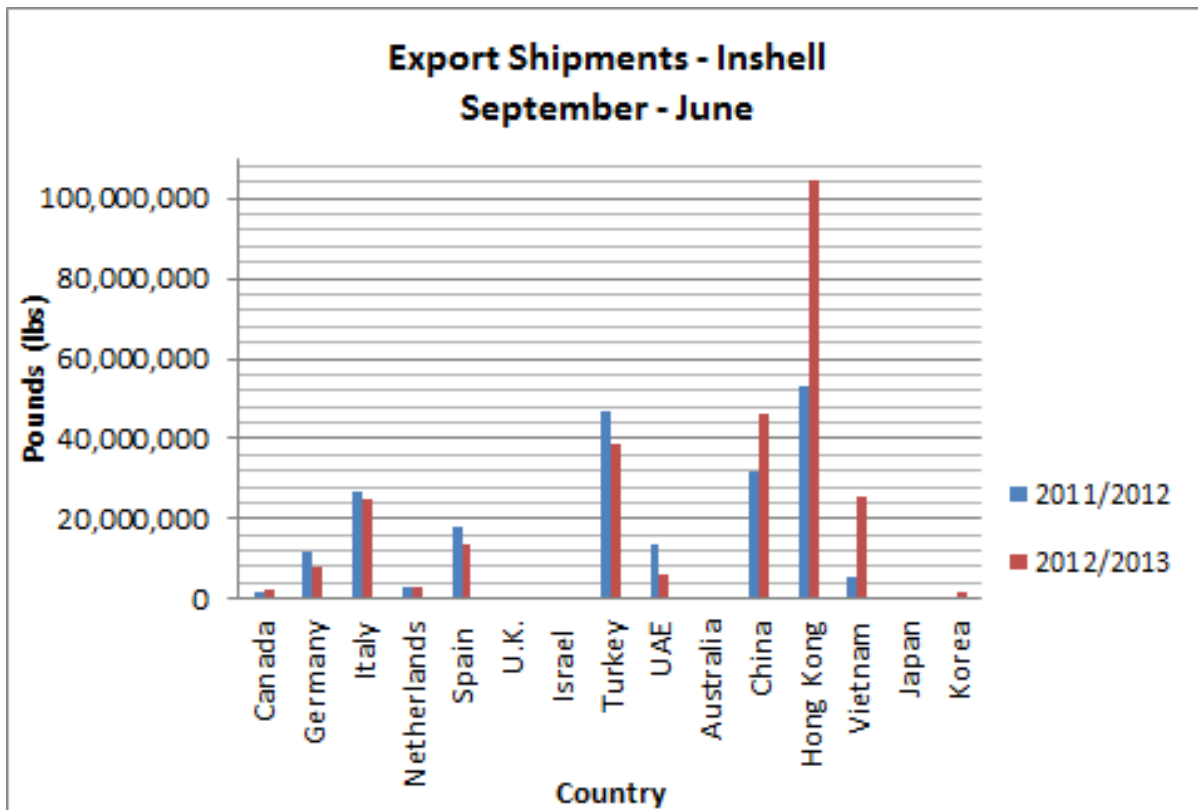
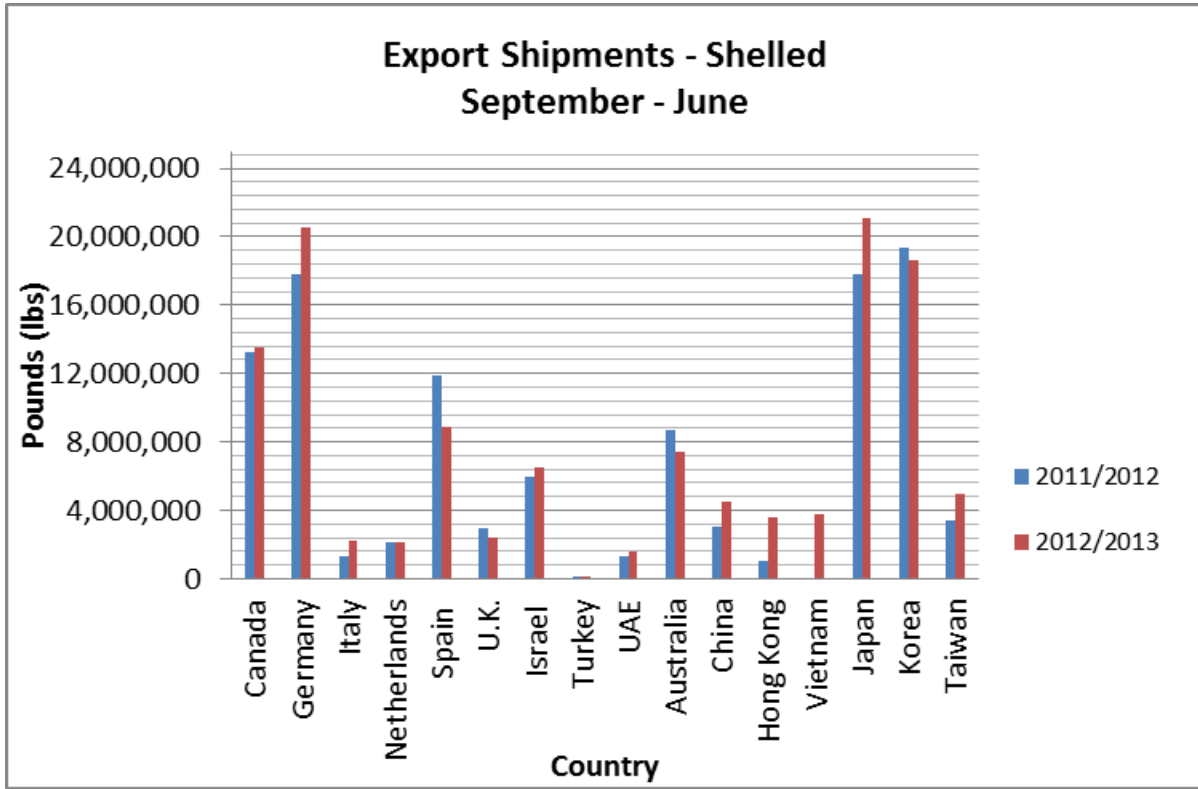
Overall June 2013 shipments were 26,736 inshell equivalent tons compared to 21,951 inshell equivalent tons for June 2012. This is an increase of 22%.

- Inshell shipments were 833 thousand pounds in June 2013 compared to 689 thousand pounds in June 2012. California has been sold out of inshell for a couple of months.
- Shelled shipments were 23.4 million pounds in June 2013 compared to 18.8 million pounds in June 2012, an increase of 24%.
- Season-to-date (September 2012 through June 2013) inshell shipments are up 26% compared to the 2011/12 season.
- Season-to-date (September 2012 through June 2013) shelled shipments are up 7% compared to the 2011/12 season.
- Season-to-date (September 2012 through June 2013) overall shipments are 453,398 inshell short tons, compared to 408,554 inshell short tons shipped last season during the same period. This is an increase of 11.0%.
- 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 - Jun 2013		Sep 2011 - Jun 2012		% Change	
	Shelled	Inshell	Shelled	Inshell	Shelled	Inshell
USA	134,565,293	18,181,287	132,487,864	16,826,769	2%	8%
Canada	13,492,811	2,302,991	13,247,914	1,928,190	2%	19%
Germany	20,555,409	7,864,925	17,765,571	11,855,671	16%	-34%
Italy	2,213,271	25,012,011	1,298,099	26,969,737	71%	-7%
Netherlands	2,120,199	3,037,443	2,093,567	2,702,288	1%	12%
Spain	8,902,484	13,777,321	11,860,441	18,186,201	-25%	-24%
U.K.	2,388,418	264,460	2,978,932	573,196	-20%	-54%
Israel	6,546,552	633,730	5,968,428	712,118	10%	-11%
Turkey	133,760	38,870,860	129,600	46,989,775	3%	-17%
UAE	1,611,393	6,376,368	1,286,435	13,335,045	25%	-52%
Australia	7,449,953	99,069	8,714,450	62,360	-15%	59%
China	4,482,191	45,933,252	3,015,200	31,649,576	49%	45%
Hong Kong	3,577,575	104,672,096	1,065,408	53,073,167	236%	97%
Vietnam	3,804,497	25,720,758	0	5,636,117	0%	356%
Japan	21,046,867	0	17,824,017	87,100	18%	0%
Korea	18,646,701	1,937,566	19,333,188	776,623	-4%	149%
Taiwan	4,998,359	192,904	3,364,250	48,280	49%	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>495,044</u>
Total available for shipment:	544,062
<u>Less shipments to date:</u>	<u>453,398</u>
Remaining supply:	90,664

- Season to date shipments are up 11% while 2012/13 supply is up only 8%. These are bullish numbers for California. Growers are sold out of good quality inshell and light shelled product. Grower sentiment is that the 2012 crop was easily sold and prices should be higher moving into the 2013 crop.
- Asia/Pacific region season to date shipments are up 98% (90 million pounds) for inshell and up 22% (12 million pounds) for shelled. Shipments to China, Hong Kong, Vietnam, Taiwan, Thailand and Japan have all increased significantly.
- Domestic shipments have also been strong with season to date shipments up 8% for inshell and 2% for shelled.
- Other important export markets have not experienced the same growth:
 - Season to date inshell shipments to Europe are down by 18% (10 million pounds) versus prior year.
 - Season to date inshell shipments to the Middle East are down by 25% (16 million pounds) versus prior year.
 - Economic problems in Europe and political unrest in the Middle East are limiting growth opportunities.
 - These regions also buy from other growing markets including Eastern Europe and Chile.
- California growing regions have been experiencing an early heat wave with temperatures exceeding 40 degrees Celsius for 2 weeks. It is unknown what damage this early heat may have done but has growers concerned about sunburn and lower yields. Growers anticipate a 2013 crop of similar size to 2012, as lower yields from some varieties will be offset by new plantings.
- There are reports circulating of early sales and prices are being increased on a daily basis. New crop price indications are already at or near the highest levels of the 2012/13 season.
 - Most California growers are not offering at this time as they wait for the crop to develop.
 - Major buying markets have not bought in large quantities, in fear of market correction when pipelines are filled.

Let us know if we may be of further service.

Best regards,
DERCO FOODS