

July 2014 Walnut Report

July 2014 shipments were 21,955 inshell equivalent short tons. This is 3,066 tons (-12%) less than July 2013. Season to date shipments through July of 477,615 inshell short tons are 1,619 tons (-0.3%) less than last season.

2013 Walnut Supply

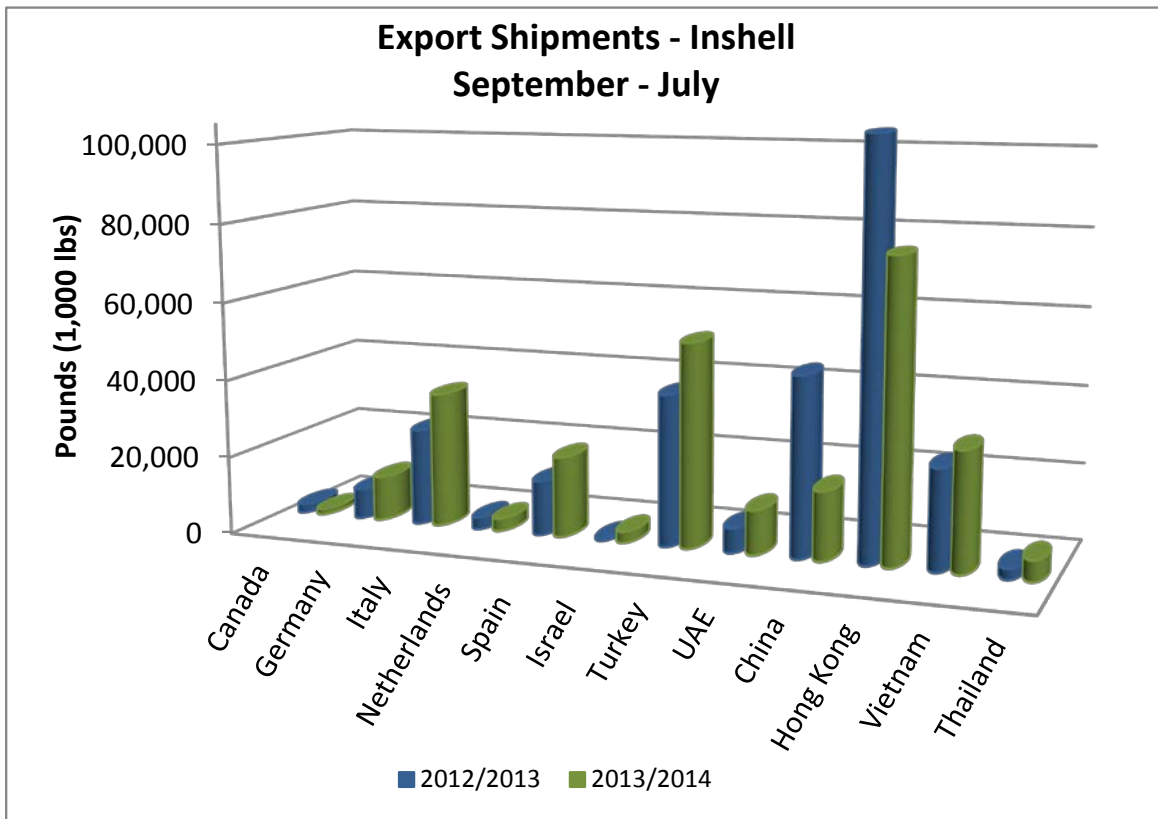
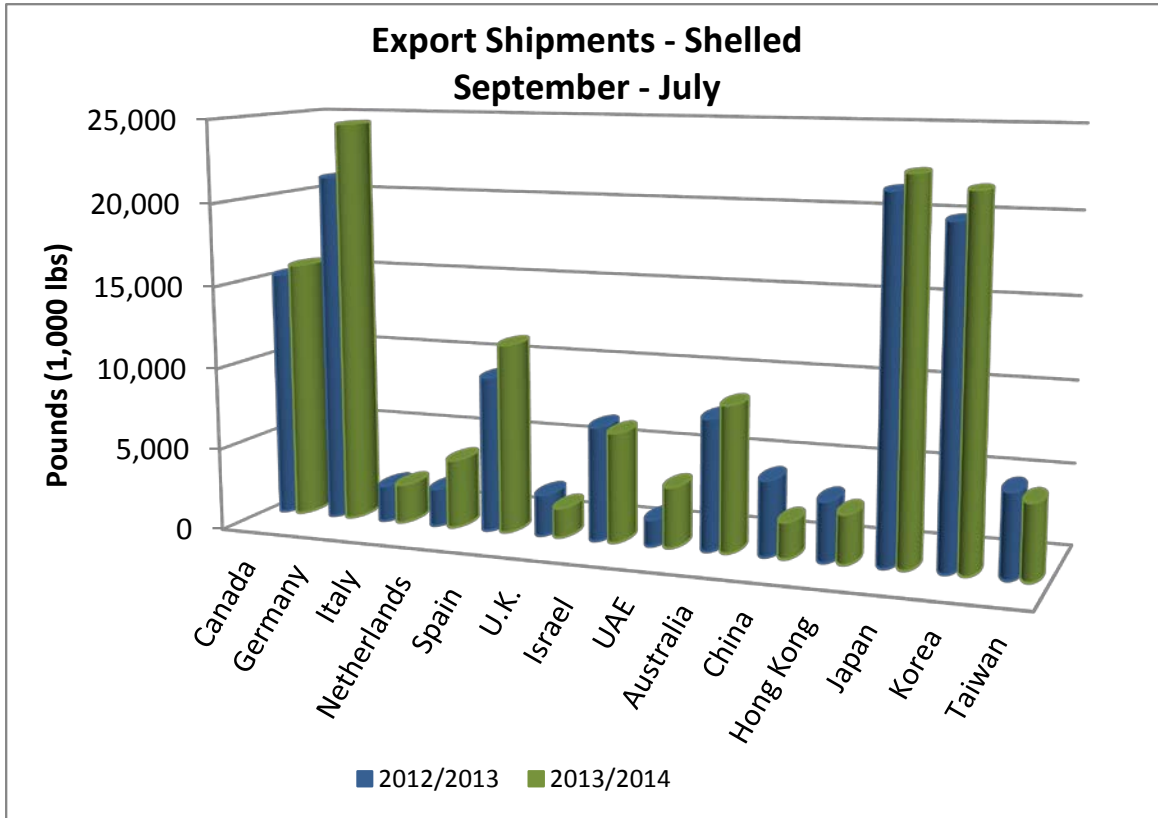
Carry-in from prior season:	45,888
2013 crop receipts to date:	488,993
Total available for shipment:	534,881
Less: shipments to date thru July 30:	477,615
Remaining supply:	57,266

- Lower shipment numbers for the month of July were expected as there is almost no inventory remaining in California. Packing facilities are largely closed for annual maintenance as they prepare for the 2014 crop.
- Inshell shipments were 91 thousand pounds for the month of July, a decrease of 752 thousand pounds (-89%) compared to July of 2013.
- Season to date inshell shipments are 295.8 million pounds through July, a decrease of 10.3 million pounds (-3%) compared to the same period last season.
- Shelled shipments were 19.4 million pounds for the month of July, a decrease of 2.4 million pounds (-11%) compared to July of 2013.
- Season to date shelled shipments are 292.1 million pounds through July, an increase of 2.5 million pounds (1%) compared to the same period last season.

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

Country	<u>Sep 2013 - Jun 2014</u>		<u>Sep 2012 - Jun 2013</u>		<u>% Change</u>	
	Shelled	Inshell	Shelled	Inshell	Shelled	Inshell
USA	145,617,390	13,321,879	146,684,466	18,217,591	-1%	-27%
Canada	15,789,718	1,447,310	15,165,421	2,309,711	4%	-37%
Germany	24,577,854	11,582,352	21,312,809	7,864,925	15%	47%
Italy	2,376,673	34,845,126	2,213,271	25,012,011	7%	39%
Netherlands	4,211,806	3,276,753	2,317,574	3,081,535	82%	6%
Spain	11,566,602	20,785,899	9,511,215	14,130,057	22%	47%
U.K.	1,803,864	390,249	2,514,418	264,460	-28%	48%
Israel	6,683,083	2,910,051	6,957,802	657,380	-4%	343%
Turkey	300,851	52,353,990	217,760	38,915,777	38%	35%
UAE	3,676,658	11,437,216	1,611,393	6,376,368	128%	79%
Australia	8,842,111	78,768	7,966,261	99,069	11%	-20%
China	2,189,872	17,667,663	4,577,266	45,958,902	-52%	-62%
Hong Kong	2,974,811	76,216,465	3,631,325	104,672,096	-18%	-27%
Vietnam	626,892	30,554,640	6,283,832	25,720,758	-90%	19%
Thailand	1,294,508	5,333,967	1,841,682	2,666,740	-30%	100%
Japan	22,557,330	0	21,566,832	0	5%	0%
Korea	21,735,990	858,897	20,009,374	1,937,566	9%	-56%
Taiwan	4,573,515	85,783	5,083,359	192,904	-10%	-56%

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- The 2013 California walnut crop has been sold out. Expected carryout of less than 40,000 inshell tons consists largely of small lots and lower quality material.
 - The 2013/14 crop year is characterized by a substantial drop in shipments to the Chinese market which were offset by increases to multiple markets including Western Europe and the Middle East / North Africa.
- The 2014 Subjective Crop Estimate made by California walnut handlers is 541,000 inshell short tons. This would represent an increase of over 52,000 tons (10%) from the 2013 crop.
 - A larger crop is also expected from China, with reports ranging from 10%-15% larger than last season. Accurate production figures are not available from this origin.
- Walnut inventory is low in most major markets. Buyers from several different origins have been competing for early shipments from California.
 - Inshell demand is from China, with the Middle East and Turkey now showing interest as well.
 - Kernel demand is from Europe, Japan and Korea.
- There is limited selling interest from California as most growers prefer to wait for the Objective Crop Estimate to be released on September 5th.
- Low inventory and limited selling interest has driven prices up near the highest levels from last season. We anticipate prices to stay firm for early shipment. For later shipment periods, it may be best to wait before booking.
- With a larger crop coming, limitations on storage and the need to generate cash flow will encourage sales as we approach and begin harvest.
- Growers expect harvest to begin about 1 week earlier than last season. This is welcome news for markets that are low on inventory.

Let us know if we may be of further service.

Best regards,
DERCO FOODS