

November 2014 Walnut Report

November 2014 shipments were 68,883 inshell equivalent short tons. This is 11,283 tons (-14.1%) less than November 2013.

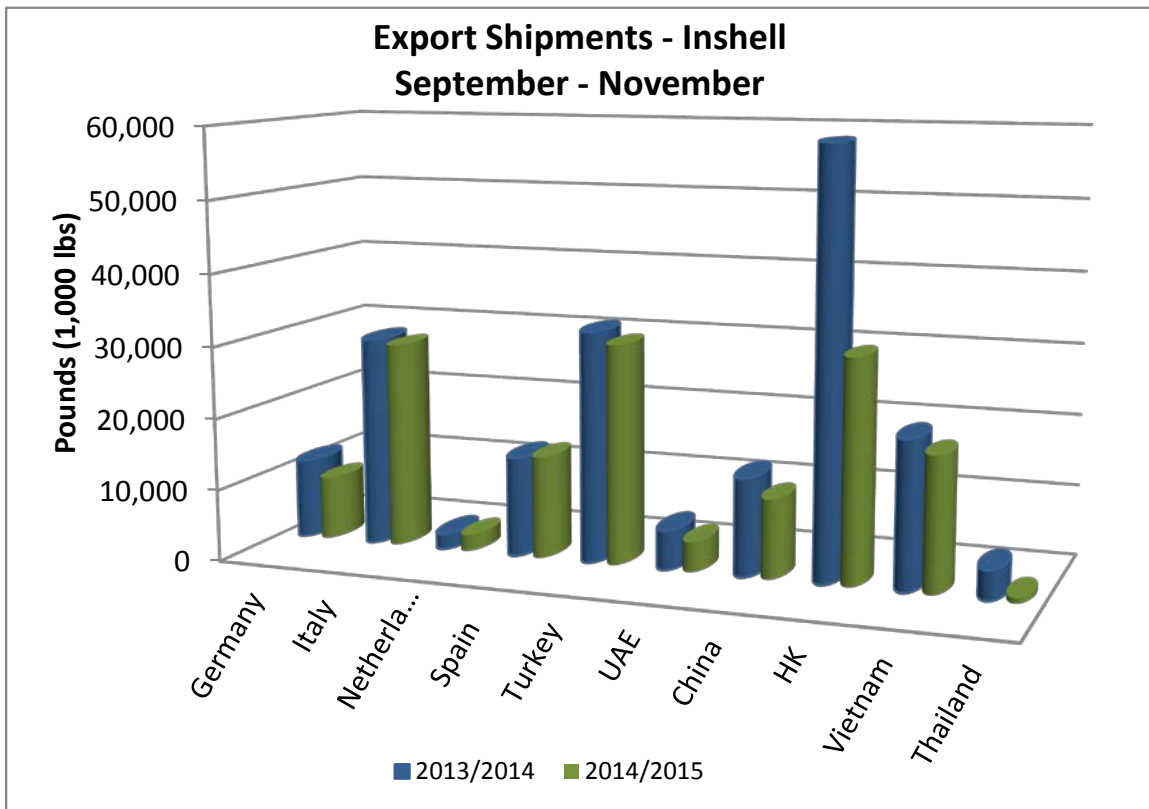
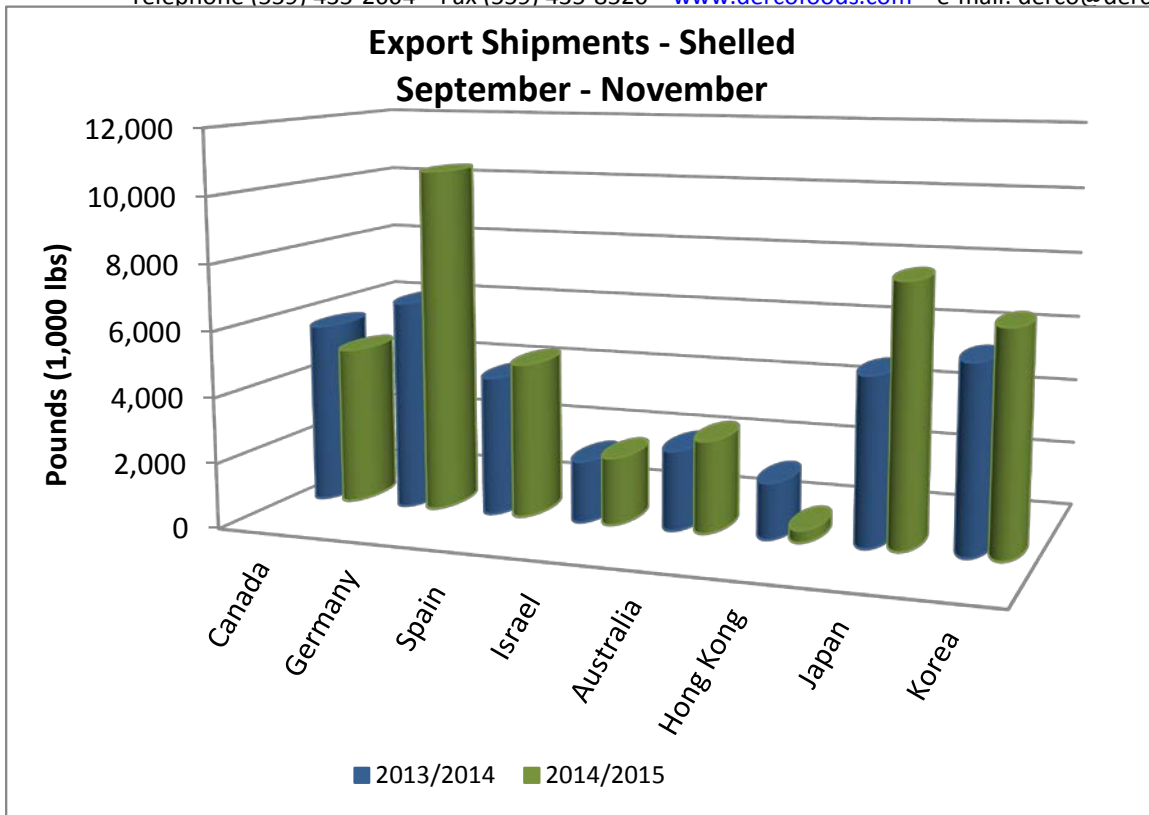
2014 Walnut Supply

Carry-in from prior season:	38,568
2014 Crop Receipts (through Nov 30):	558,059
Total available for shipment:	596,627
Less: shipments to date thru Nov 30:	195,811
Remaining supply:	400,816

- 2014 crop receipts through November 30th were 558,059 inshell short tons. This is up 69,066 tons (14.1%) from the 2013 crop.
- Inshell shipments were 51 million pounds for the month of November, a decrease of 28 million pounds (-36%) compared to November of 2013.
- Season to date inshell shipments are 167 million pounds through November, a decrease of 44 million pounds (-21%) compared to the same period last season.
- Shelled shipments were 38 million pounds for the month of November, an increase of 2 million pounds (+6%) compared to November of 2013.
- Season to date shelled shipments are 99 million pounds through November, an increase of 4.0 million pounds (5%) compared to the same period last season.

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

Country	<u>Sep 2014 - Nov 2014</u>		<u>Sep 2013 - Nov 2013</u>		% Change Shelled	% Change Inshell
	Shelled	Inshell	Shelled	Inshell		
USA	49,723,650	8,097,239	52,668,860	10,245,520	-6%	-21%
Canada	4,856,305	1,437,200	5,558,990	1,620,012	-13%	-11%
Germany	10,536,688	8,846,160	6,442,676	11,160,373	64%	-21%
Italy	801,814	28,826,522	815,225	29,456,480	-2%	-2%
Netherlands	931,871	2,290,889	1,052,257	2,174,453	-11%	5%
Spain	4,746,556	14,323,633	4,271,381	14,006,754	11%	2%
U.K.	769,084	368,736	352,094	373,635	118%	-1%
Israel	2,070,256	396,644	1,888,811	1,014,283	10%	-61%
Turkey	21,560	30,664,181	23,100	32,263,685	-7%	-5%
UAE	1,193,730	4,196,340	1,088,729	5,515,636	10%	-24%
Australia	2,811,275	0	2,431,475	56,768	16%	-100%
China	421,200	11,029,392	245,192	13,648,057	72%	-19%
Hong Kong	369,216	30,853,413	1,702,093	58,611,972	-78%	-47%
Vietnam	0	18,632,924	205,650	20,570,576	-100%	-9%
Thailand	151,801	705,472	501,785	4,099,206	-70%	-83%
Japan	7,871,505	0	5,097,697	0	54%	0%
Korea	6,706,607	16,800	5,661,198	16,800	18%	0%
Taiwan	1,894,194	79,092	1,766,480	65,942	7%	20%



- Shipments of inshell to China (China, Hong Kong, Vietnam and Thailand) are down over 35 million pounds (-37%) compared to the same period a year ago.
 - Some buyers chose to focus on the Chinese domestic crop this season. Yields and quality are reported to be good which provided a convenient replacement for California walnuts at a lower price.
 - There has been some activity the past few weeks for prompt shipment so that product will arrive in time for Chinese New Year, but volumes have been limited. Buyers are now focusing their attention on February onward shipment periods to replenish stocks after Chinese New Year.
- Season to date shipments to Western Europe are steady with inshell shipments down 3.4 million pounds (-6%) and kernel shipments up 4.7 million pounds (+35%).
 - Kernel shipments to Germany are up over 4 million pounds (+64%) versus the same period last season. Strong shipments are expected to continue as some shipments have been delayed due to port congestion.
 - Shipments of inshell are in line with last season to most major markets with the exception of Germany where shipments are down over 2 million pounds (-21%) versus last season.
- The Middle East and North Africa continue to purchase at a cautious but steady rate. Inshell shipments to the region are down by 4.3 million pounds (-11%) while kernel shipments to the region are up by 510 thousand pounds (+13%).
 - Inshell shipments are down in Turkey (-5%), U.A.E. (-24%), Israel (-61%) and Morocco (-75%).
 - Kernel shipments are up in Israel (+10%), Saudi Arabia (+58%) and U.A.E. (+10%).
- Shipments of inshell walnuts to India of over 1 million pounds so far this season represent substantial growth in this relatively new market for California walnuts. Last season only 310,000 pounds were shipped the entire year.
- Kernel shipments to Japan through November are up 2.7 million pounds (+54%) compared to the same period last season. There has been little new buying activity over the past month as buyers work through earlier purchases.
- Shipments of kernels to Korea through November are up 1 million pounds (+18%) compared to the same period last season. We anticipate buyers returning to the market after January 1st when the tariff on US walnuts drops 5%.
- The ILWU (International Longshore and Warehouse Union) has continued to cause delays and work stoppages at the ports of Oakland, Los Angeles/Long Beach, Seattle and Portland. This is causing delayed shipments, missed vessels and substantial economic loss. It is unclear how or when this situation will improve.
- New business remains slow as most major markets have purchased sufficient quantities and are now waiting to see if the market continues to soften before making additional purchases. Growers who did not participate in the market early have been aggressively trying to catch up. This has driven prices down \$0.25-\$0.35/lb from the preseason highs, depending on the product.
- The industry had about 400,000 tons of inventory at the end of November, compared to about 324,000 tons a year ago, an increase of about 76,000 inshell equivalent short tons. Of this quantity, it is reasonable to assume that about 20,000 tons could be added to the carryout so that there is a manageable supply to keep demand satisfied during the transition to new crop. To reach this manageable carryout level, the industry needs to ship about 20% more each month than they did last season for the remainder of the marketing year (December – August).

Let us know if we may be of further service.

Best regards,
DERCO FOODS