

November 2019 Walnut Report

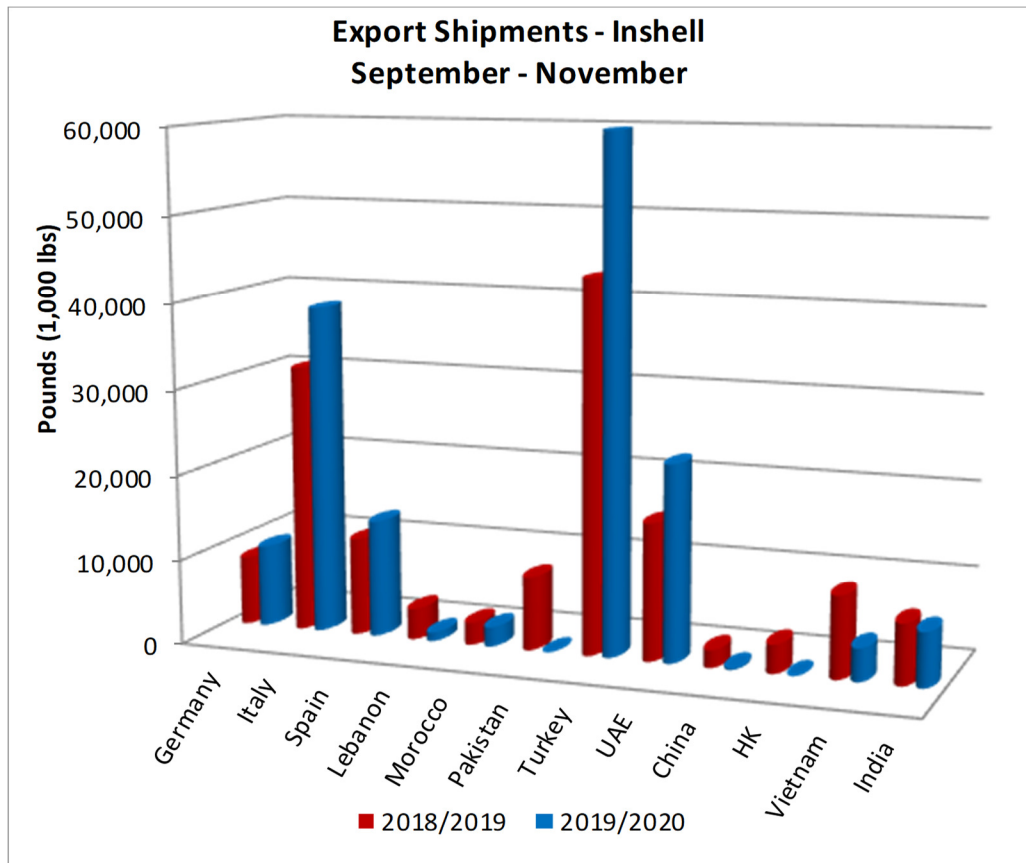
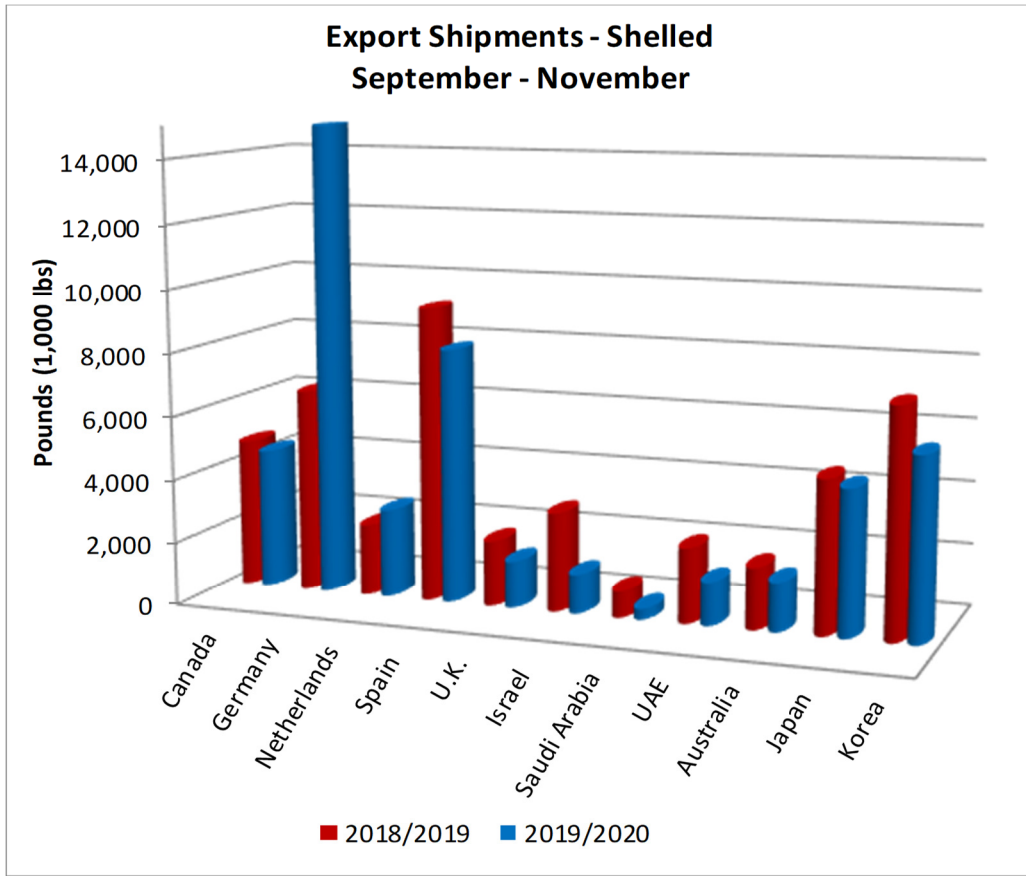
2019/20 Walnut Supply (inshell tons)

Carry-in from prior season:	66,179
<u>2019 Crop Receipts (thru Nov 30):</u>	<u>632,060</u>
Total available for shipment:	698,239
<u>Less: shipments to date thru Nov 30:</u>	<u>218,408</u>
Remaining supply:	479,831

- Crop receipts through November 30 are 632,060 inshell tons. This will likely be close to the final receipt number for the 2019 crop. This is also in light with the USDA estimate of 630,000 tons (turns out the US government did not have an evil plan to manipulate world walnut market pricing).
- Inshell shipments were 81.7 million pounds for the month of November, equal to November 2019.
- Season to date inshell shipments are 178.4 million pounds through November, an increase of 6.7 million pounds (+4%) compared to the same period last season.
- Shelled shipments were 50.6 million pounds for the month of November, an increase of 1.0 million pounds (+2%) compared to November 2019.
- Season to date shelled shipments are 113.7 million pounds through November, equal to the same period last season.

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

	<u>Inshell Pounds</u>			<u>Shelled Pounds</u>		
	Sep 18 - Nov 18	Sep 19 - Nov 19	% Change	Sep 18 - Nov 18	Sep 19 - Nov 19	% Change
USA	10,876,953	7,360,335	-32%	58,187,674	59,365,783	2%
Canada	2,460,387	1,870,057	-24%	4,705,104	4,434,118	-6%
Germany	8,238,024	9,760,307	18%	6,466,198	14,955,997	131%
Italy	31,502,736	38,702,090	23%	1,581,507	1,276,097	-19%
Netherlands	1,453,713	1,627,821	12%	2,271,386	2,803,144	23%
Spain	11,552,246	13,839,638	20%	9,328,963	8,055,082	-14%
U.K.	236,738	211,182	-11%	2,076,057	1,481,608	-29%
Egypt	749,564	1,146,392	53%	396,640	308,198	-22%
Israel	570,928	352,744	-38%	3,139,501	1,245,236	-60%
Jordan	925,196	88,092	-90%	932,000	336,020	-64%
Lebanon	3,647,979	1,035,234	-72%	84,046	-42,000	-150%
Morocco	2,639,767	2,292,232	-13%	0	0	0%
Pakistan	8,731,702	0	-100%	42,328	0	0%
Saudi Arabia	617,288	44,092	-93%	839,267	339,988	-59%
Turkey	43,559,159	60,978,819	40%	22,000	82,800	276%
UAE	16,138,854	23,046,608	43%	2,381,040	1,366,217	-43%
Australia	0	0	0%	1,945,888	1,546,440	-21%
China	2,064,167	220,460	-89%	609,630	406,750	-33%
Hong Kong	3,371,163	0	-100%	531,687	138,508	-74%
Vietnam	9,588,929	3,862,737	-60%	24,480	0	-100%
India	7,096,038	6,359,748	-10%	23,030	127,743	455%
Japan	0	0	0%	4,836,046	4,593,514	-5%
Korea	0	0	0%	7,174,574	5,752,340	-20%





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Crop receipts through November 30 are 632,060 inshell tons. This will likely be close to the final crop figure as harvest, hulling and drying was done by mid-November. This is -6% (-40,663 inshell tons) smaller than the 2018 crop. Despite the second guessing (by buyers and sellers alike) of the USDA crop estimate, it turns out the objective process was accurate.

Shipments for October-November are almost equal to those of 2018. This is a strong start to the season for California growers and comes despite pricing that is \$0.20-\$0.40/lb (inshell basis) higher than the same period last season. Estimated marketable inventory of 477,000 inshell tons is 8% less (-44,000 inshell tons) than at the end of November 2018.

November inshell walnut shipments were driven by growth to Germany (+115%), Italy (+34%), Spain (+126%), Algeria (+350%), Turkey (+19%) and U.A.E. (+8%). This was offset by weaker shipments to USA (-36%), China/HK/Vietnam (-73%), Lebanon (-68%) and Pakistan (-100%). Low inventory positions in several markets led to strong early demand for inshell walnuts. Buyers are now receiving early shipments and trying to sell and lock in profits before returning to the market. We anticipate another round of buying for the January-February shipment period in preparation for Ramadan.

Season to date shelled walnut shipments were driven by growth to USA (+4%), Germany (+73%), Spain (+26%) and Korea (+24%). This was offset by weaker shipments to the Middle East/North Africa (-49%) and Japan (-11%). Consumption in local markets is reported to be good.

The past 2-3 weeks has been slower from a new business point of view. This period is typically slow as buyers have made initial purchases and are waiting to receive and sell their walnuts before coming back into the market for additional purchases. We anticipate an active market in January for markets preparing for Ramadan (as most product will need to ship by mid-February to arrive in time).

Chinese origin walnuts (inshell and shelled) are making gains in several key markets including Turkey and the Middle East. Low prices coupled with high meat yield and good color are attracting buyers. Buyers are reporting good consumption in these markets and beginning to replace some of the early (non-Chandler) California varieties. Chandler continues to present a good value and in terms of price, yield, color and product consistency.

Total supply from California is down compared to prior season and demand has been steady. Challenges continue in the forms of competing origins, tariffs/trade barriers, currency fluctuation, border closures and competing nuts. Walnuts continue to gain market share in key regions due to perceived value in terms of price, quality and health benefits. We expect demand to continue being steady for the near future and keep market prices relatively stable.

Current price indications (subject to confirmation):

- Inshell Jumbo/Large Chandler \$1.42/lb
- Inshell Bleached Jumbo Hartley \$1.52/lb
- LHP20 \$3.25/lb
- LHP40 \$3.35/lb
- Chandler LHP20 \$3.35/lb
- Chandler LHP40 \$3.50/lb
- Chandler LH80 \$3.75/lb
- FAS California

Please let us know if we can be of service.

Best regards,
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