

November 2020 Walnut Report

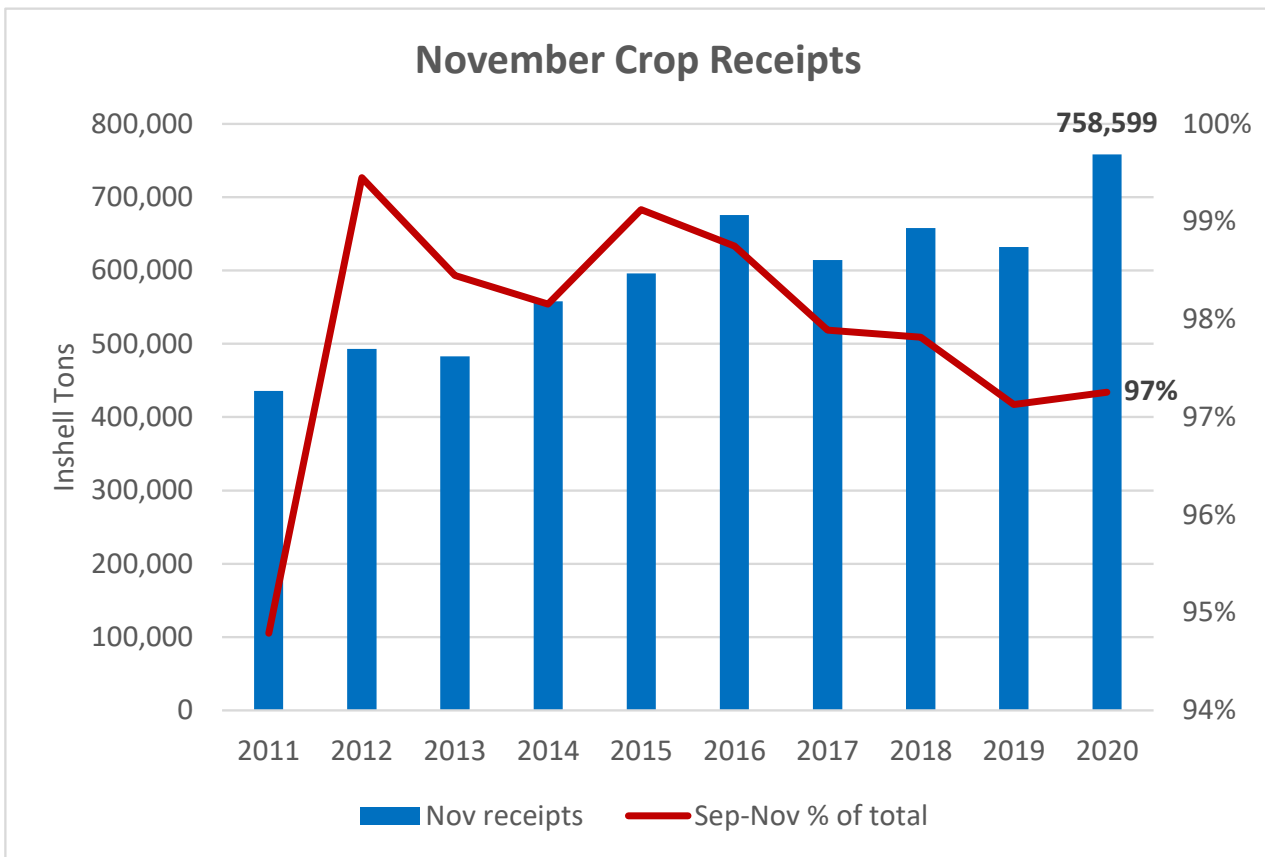
2019/20 Walnut Supply (inshell tons)

Carry-in from prior season:	63,985
<u>2020 Crop Receipts:</u>	<u>780,000</u>
Total available for shipment:	843,985
<u>Less: Shipments to date thru Nov 30:</u>	<u>249,320</u>
Remaining supply:	594,665

Receipts

- Crop receipts through November 33 are 758,599 inshell tons. This is up 126,539 tons (+20%) over November of 2019. This is record production for California.
- Based on the Objective Crop Estimate of 780,000 inshell tons, the crop was 97% received as of November 30th.
- Over the past 10 seasons, the industry has been an average of 98% received as of November 30th. The low was 95% in 2011 and the high was 99% in 2012, 2015 and 2016. The crop appears to be tracking close to the Objective estimate of 780,000 tons.

The below chart shows receipts as of November 30th over the past 10 years in tons and as a % of final production:



Shipments

- Inshell walnut shipments were 101.2 million pounds for the month of November, an increase of 19.8 million pounds (+24%) compared to November 2019.
- Season to date inshell shipments are 207.2 million pounds through November, an increase of 29.1 million pounds (+16%) compared to the same period last season.
- Shelled walnut shipments were 55.8 million pounds for the month of November, an increase of 5.3 million pounds (+10%) compared to November 2019.
- Season to date shelled shipments are 127.4 million pounds through November, an increase of 13.6 million pounds (+12%) compared to the same period last season.

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

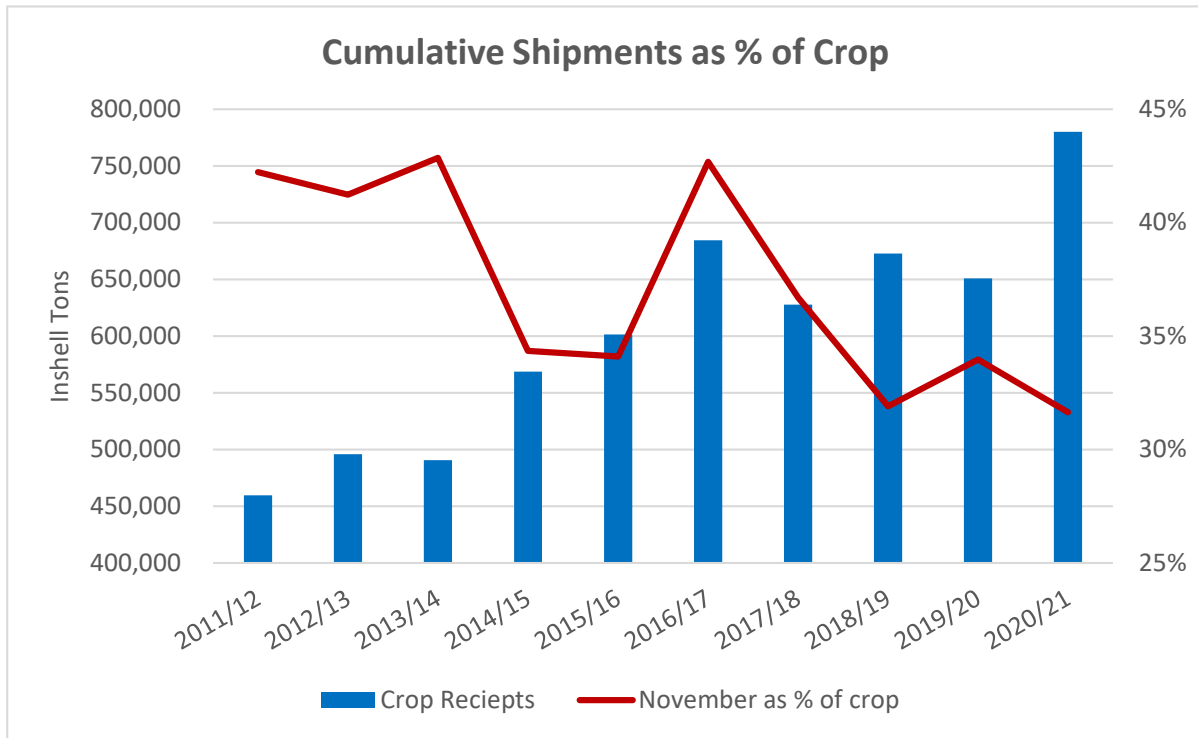
	Inshell Pounds			Shelled Pounds		
	Sep 19 - Nov 19	Sep 20 - Nov 20	% Change	Sep 19 - Nov 19	Sep 20 - Nov 20	% Change
USA	7,360,335	8,293,260	13%	59,365,783	64,981,819	9%
Canada	1,870,057	3,044,291	63%	4,434,118	4,983,127	12%
Germany	9,760,307	7,860,639	-19%	14,955,997	12,547,859	-16%
Italy	38,699,885	32,108,473	-17%	1,276,097	978,217	-23%
Netherlands	1,627,821	1,334,334	-18%	2,803,144	3,269,925	17%
Spain	13,460,469	11,101,397	-18%	8,055,082	6,240,420	-23%
U.K.	211,182	38,000	-82%	1,481,608	2,246,182	52%
Algeria	2,292,056	7,936,152	246%	0	0	n/a
Egypt	1,146,392	2,513,256	119%	308,198	711,700	131%
Israel	352,744	787,921	123%	1,245,236	3,364,345	170%
Jordan	88,092	485,012	451%	336,020	1,463,040	335%
Lebanon	947,050	2,195,078	132%	-42,000	0	n/a
Morocco	2,292,232	1,940,048	-15%	0	0	n/a
Pakistan	0	3,495,884	n/a	0	0	n/a
Saudi Arabia	44,092	353,644	702%	339,988	757,265	123%
Turkey	60,978,819	65,943,356	8%	82,800	126,328	53%
UAE	23,046,608	23,261,155	1%	1,366,217	2,757,132	102%
Australia	0	0	n/a	1,546,440	1,738,285	12%
China	220,460	2,544,466	1054%	406,750	12,300	-97%
Hong Kong	0	44,092	n/a	138,508	410,880	197%
India	6,524,932	21,657,930	232%	127,743	1,447,130	1033%
Japan	0	0	n/a	4,593,514	5,535,104	20%
Korea	0	0	n/a	5,752,340	6,913,642	20%
Taiwan	236,995	44,092	-81%	1,881,870	2,064,183	10%
Vietnam	3,862,737	4,229,705	10%	0	126,240	n/a

November shipments of 249,320 are a monthly record and come as welcome news in light of record production. Inshell shipments were particularly strong. Much of the increase in export shipments was to markets in the Middle East/Africa (+33% inshell and +120% shelled) and Asia (+174% inshell and +22% shelled). The US Domestic market is also reported to be strong for kernels (+8% compared to November 2019). Shipments to Europe were somewhat disappointing for November with inshell down -40% and kernels down -22%. Inventory on hand from the 2019 California crop and the 2020 Chilean crop as well as production from Eastern Europe have held demand below the levels from a season ago.

Shipments would have been even stronger if not for the extensive delays and cancellations in shipping which is affecting all exports. The shipping channels remain congested and we expect it to take some time before shipping returns to “normal”. With shipments being pushed later, some local markets are likely to see temporary strain in supply.

At current market prices, demand has been steady as buyers take advantage of increased purchasing power. We anticipate strong shipments in December and January despite the difficulties in procuring space for ocean transit. Good demand and limited available production capacity will keep near term pricing stable.

With record supply, shipments need to remain strong in the coming months. As an industry, shipments the remainder of the season (Dec-Aug) need to average about 20% above last season to achieve a carryout below 100,000 inshell tons. Assuming a crop size of 780,000 tons, the industry is about 32% shipped for the season. This is behind the 10-year average of 38% as of November 30th.



Please let us know if we can be of service.

Best regards,
DERCO FOODS