

July 2021 Walnut Report

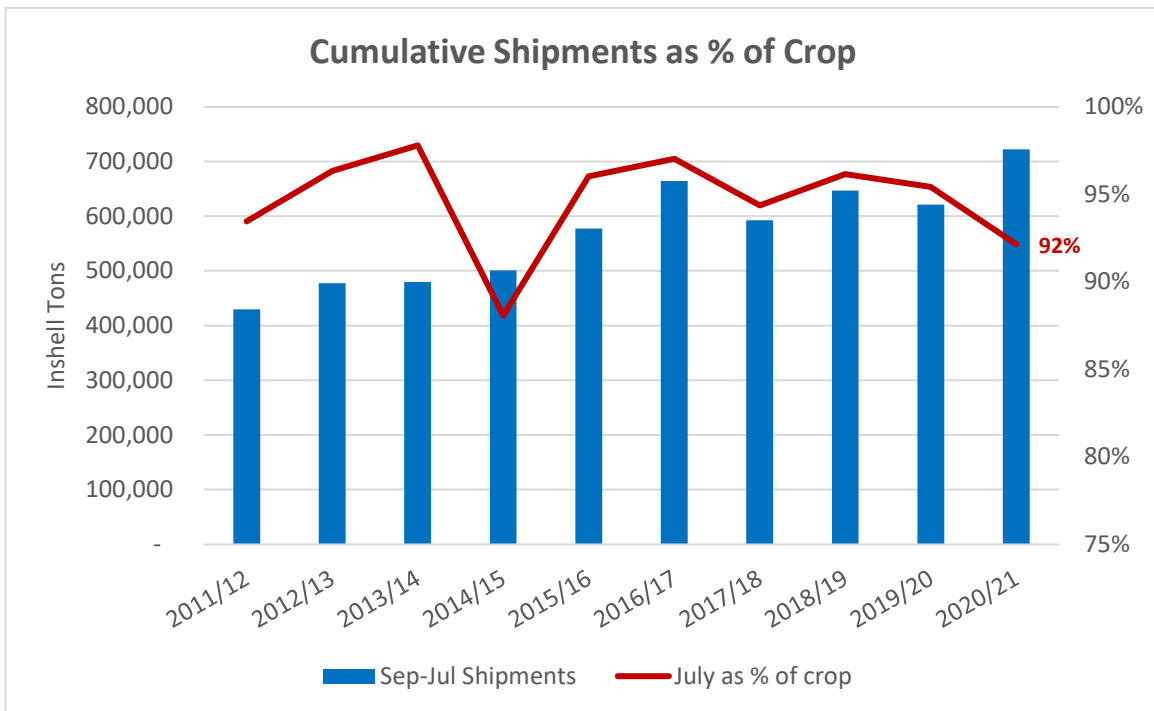
2020/21 Walnut Supply (inshell tons)

Carry-in from prior season:	63,985
<u>2020 Crop Receipts:</u>	<u>783,754</u>
Total available for shipment:	847,739
<u>Less: Shipments to date thru July 31:</u>	<u>727,780</u>
Remaining supply:	119,959

Shipments

- Inshell walnut shipments were 2.4 million pounds for the month of July, a decrease of **-882** thousand pounds (**-27%**) compared to July 2020.
- Season to date inshell shipments are 365.5 million pounds through July, an increase of 82.2 million pounds (**+29%**) compared to the same period last season.
- Shelled walnut shipments were 30.2 million pounds for the month of July, an increase of 5.6 million pounds (**+23%**) compared to July 2020.
- Season to date shelled shipments are 476.3 million pounds through July, an increase of 63.2 million pounds (**+15%**) compared to the same period last season.

July 2021 walnut shipments from California were up +16% over July 2020 and was the 5th consecutive month of record monthly shipments. Season to date shipments are up 17% over 2020 breaking the 700,000 ton mark. As of July 31, the California industry had shipped 92% of the 2020 crop.



Commitments (sold but not shipped) as of July 31 were 71,148 inshell equivalent tons. These commitments include both 2020 and 2021 crop walnuts. Assuming August shipments will be in line with prior season we can anticipate a carry-out from the 2020 crop in the range of 90,000 – 95,000 inshell tons. Much of this product is reported to consist of light amber/amber color and various sized pieces with almost no availability of light halves at this time.

Chile

The 2021 Chilean harvest is complete with the crop reported to be about 140,000 inshell tons which is slightly below early expectations. Demand has been strong throughout the season and the crop is now estimated to be 90%+ sold. While shipments to date are well ahead of prior season's pace, shipments would be even stronger if not for the congestion and delays in ocean shipments. Looking ahead, rain and snow has been well below normal so far this winter which may negatively affect production for the 2022 crop.

China

Early demand for Chinese origin walnuts is good especially from Turkey and the Middle East. With early inshell pricing at or below equivalent levels from California, coupled with meat yields in excess of 60%, buyers are jumping at the opportunity to lock in purchases for shelling. As production of high quality walnuts with high meat yield and light color continues to grow, we anticipate Chinese origin walnuts presenting competition for California for the foreseeable future.

Summary

As of the end of July, California and Chile are essentially sold out of walnuts. The Subjective crop estimate for the 2021 California walnut crop was 722,000 inshell tons, down -61,754 tons (-7.8%) from the 2020 crop. The Objective crop estimate is due out August 27th. Most markets worldwide are holding limited inventories and are already showing demand for early shipments of 2021 crop walnuts. With lower world production and strong early demand, opening pricing is well above levels seen early last season but still attractive in comparison to many competing tree nuts.

Please let us know if we can be of further assistance.

Best regards,
DERCO FOODS