DERCO FOODS®

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November 2023 Walnut Report

2023/24 Walnut Supply (inshell tons)

Carry-in from prior season:	140,805
2023 Crop Receipts (Obj. Estimate):	778,270
Total available for shipment:	919,075
Less: *Approx shipments to date thru Nov 30:	217,452
Remaining unshipped supply:	701,623
Less: *Approx commitments as of Nov 30:	265,416
Remaining supply available for sale:	436,207

**Estimated inshell equivalent tons using meat yield of 43.0% for calculation purposes*

2023 crop

Through November 30, walnut receipts are reported at 778,270 inshell tons. This already exceeds the Objective crop estimate of 760,000 inshell tons.

- Over the past 10 seasons, the average % received as of November 30 is 97%. If this holds true, the 2023 crop would be 802,340 inshell tons.
- Over the past 5 seasons, the average % received as of November 30 is 96%. If this holds true, the 2023 crop would be 810,698 inshell tons.

Regardless of the final crop receipt figure, California appears to have record production this season. Given the carry-in, overall supply is also at a record level.

Shipments

- Inshell walnut shipments were 46.7 million pounds for the month of November, a decrease of -2.3 million pounds (-7%) compared to November 2022.
- Season to date inshell shipments are 97.9 million pounds through November, an increase of +2.1 million pounds (+2%) compared to the same period last season.
- Shelled walnut shipments were 58.1 million pounds for the month of November, an increase of +10.0 million pounds (+21%) compared to November 2022.
- Season to date shelled shipments are 144.9 million pounds through November, an increase of +24.5 million pounds (+20%) compared to the same period last season.
- Total season to date shipments through November of about 217,000 inshell equivalent tons represents about 29% of the 2023 crop which is slightly better than the past couple of seasons (26% in 2021 and 25% in 2022, respectively). Prior to the past few seasons, with smaller overall production, the industry would regularly ship 35-45% of the crop by the end of November.
    - As walnut production has grown in California and other origins, the marketing season has been extended to a year-round schedule. California walnuts are now shipped domestically and overseas throughout the year.
    - As walnut production from other origins has grown in recent years, early-season California shipments have begun to face strong competition. The “traditional” fall season of heavy California walnut shipments has changed with fall shipments to some buying regions slower than in prior years but winter/spring shipments continuing at a stronger pace.

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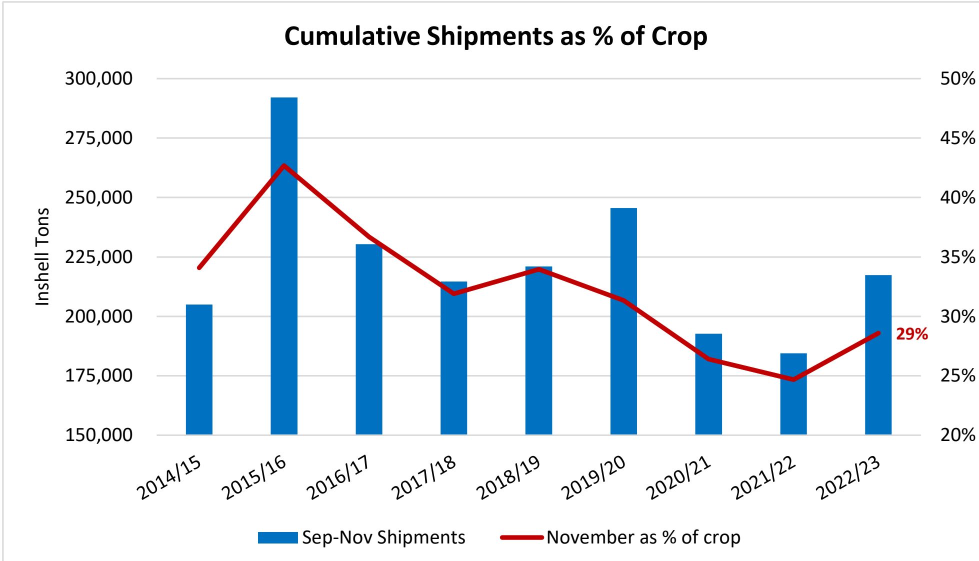

Regional Shipments

North America: Strong kernel shipments to the US Domestic market are a combination of good demand spurred by current pricing and shipments to the USDA Section 32 program. There is rumor of another USDA purchase beginning in early 2024 but details have not yet been confirmed. An additional purchase would be welcome news to California walnut growers.

	Inshell Pounds			Shelled Pounds		
	Sep 2022 - Nov 2022	Sep 2023 - Nov 2023	% Change	Sep 2022 - Nov 2022	Sep 2023 - Nov 2023	% Change
USA	5,102,131	5,156,255	1%	65,700,883	85,089,069	30%
Canada	3,392,075	1,413,708	-58%	5,651,024	4,392,185	-22%
North America	8,598,252	6,655,463	-23%	71,551,407	89,609,249	25%

Europe: Season to date shipments to Europe are improved over prior season when importers were holding large inventories from prior season as well as Chile. Inshell shipments are +27% and kernel shipments are +22% so far this season.

	Inshell Pounds			Shelled Pounds		
	Sep 2022 - Nov 2022	Sep 2023 - Nov 2023	% Change	Sep 2022 - Nov 2022	Sep 2023 - Nov 2023	% Change
Germany	1,977,556	2,810,624	42%	9,347,434	10,135,104	8%
Italy	15,996,314	21,026,139	31%	701,841	1,874,332	167%
Netherlands	959,067	1,110,998	16%	2,397,861	2,100,223	-12%
Spain	5,182,247	5,698,610	10%	7,095,251	8,411,141	19%
U.K.	2,205	6,614	n/a	2,990,073	4,944,463	65%
Europe	24,359,895	31,358,089	29%	23,867,695	29,117,417	22%

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Middle East / Africa: Shipments to the Middle East/Africa are weak in comparison to prior season. Inshell shipments are down -12% while kernel shipments are down -26%. Inshell shipments are significantly down to Algeria (-75%), Morocco (-31%) and UAE (-77%) but stronger to Turkey (+41%).

	Inshell Pounds			**Shelled Pounds**		
	Sep 2022 - Nov 2022	**Sep 2023 - Nov 2023**	**% Change**	**Sep 2022 - Nov 2022**	**Sep 2023 - Nov 2023**	**% Change**
Algeria	6,481,083	1,629,971	-75%	0	0	n/a
Egypt	1,234,576	1,234,576	0%	0	0	n/a
Iraq	661,196	2,072,324	213%	378,450	0	-100%
Israel	352,736	399,114	13%	2,129,614	2,728,482	28%
Jordan	352,736	44,092	-88%	2,863,695	126,000	-96%
Lebanon	2,599,488	3,038,637	17%	0	0	n/a
Morocco	2,292,774	1,584,225	-31%	0	0	n/a
Pakistan	837,748	220,460	-74%	0	0	n/a
Saudi Arabia	44,092	308,644	600%	485,148	663,299	37%
Turkey	24,762,990	34,813,243	41%	839,972	33,655	-96%
UAE	16,049,488	3,615,452	-77%	1,498,596	2,220,034	48%
Middle East / Africa	55,712,999	49,048,922	-12%	8,423,780	6,205,966	-26%

Asia / Pacific Rim: Strong inshell walnut shipments to Asia were driven by shipments to India (+138%). Kernel shipments are also up compared to last season to Australia (+70%) and Korea (+57%) but down to Japan (-2%).

	Inshell Pounds			**Shelled Pounds**		
	Sep 2022 - Nov 2022	**Sep 2023 - Nov 2023**	**% Change**	**Sep 2022 - Nov 2022**	**Sep 2023 - Nov 2023**	**% Change**
Australia	0	0	n/a	1,505,395	2,563,181	70%
China	925,932	308,644	-67%	15,300	0	n/a
Hong Kong	44,092	0	n/a	131,040	252,760	93%
India	3,307,393	7,878,807	138%	120,080	0	-100%
Japan	0	0	n/a	4,712,939	4,613,854	-2%
Korea	219,468	131,615	-40%	5,372,743	8,439,433	57%
Taiwan	67,946	66,138	-3%	1,881,600	1,656,610	-12%
Vietnam	998,711	1,410,944	41%	80,000	210,240	n/a
Asia / Pacific Rim	5,563,542	9,928,424	78%	15,027,691	18,961,774	26%

Summary

The walnut market in California has been more active but continues to be very sloppy with big price differences from one packer to another. Given record production and mixed results for early season shipments we are unlikely to see significant upward price movement in the near term. Packers who are undersold will continue to aggressively pursue business in an effort to reach sales goals before spring arrives with warmer temperatures.

Please let us know if our offices in Dubai, India, China, or the US may be of further assistance.

Best regards,
DERCO FOODS