

December 2023 Walnut Report

2023/24 Walnut Supply (inshell tons)

Carry-in from prior season:	140,805
<u>2023 Crop Receipts:</u>	<u>799,307</u>
Total available for shipment:	940,112
<u>Less: *Approx shipments to date thru Dec 31:</u>	<u>308,354</u>
Remaining unshipped supply:	631,758
<u>Less: *Approx commitments as of Dec 31:</u>	<u>245,644</u>
Remaining supply available for sale:	386,114

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

2023 crop

Through December 31, walnut receipts are reported at 799,307 inshell tons. This exceeds the Objective crop estimate of 760,000 inshell tons and should be close to the final receipt number.

Purchase Commitments

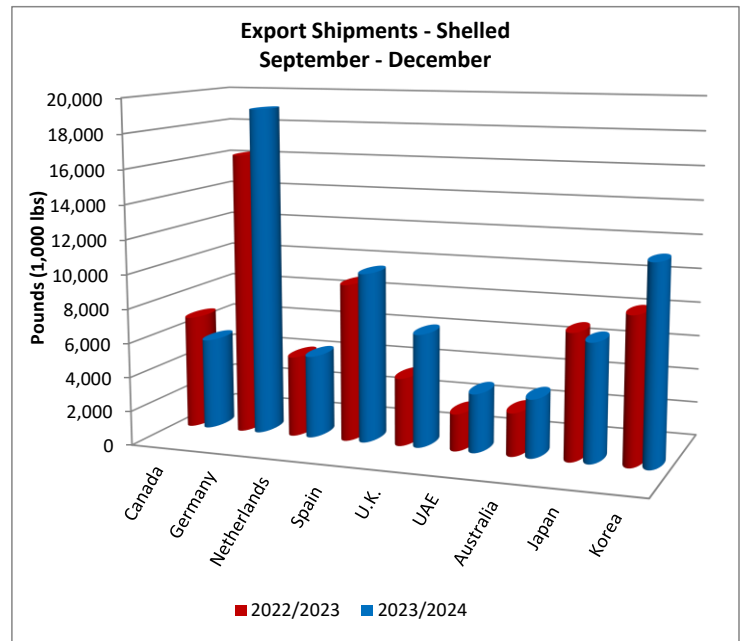
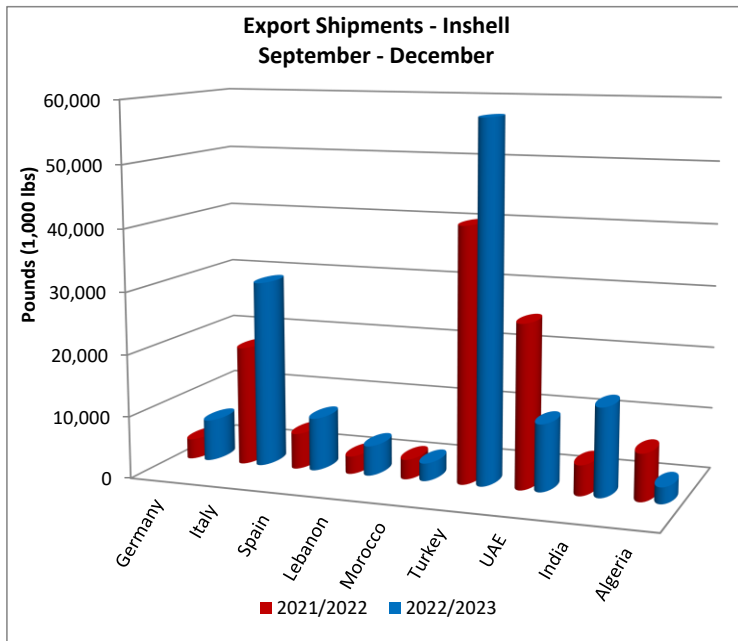
Future purchase commitments (sold but not yet shipped) as of December 31 were about 245,000 inshell equivalent tons. This is up 21,000 inshell tons (+9%) over December of 2022. This is indicative of buyers locking in attractive pricing for future shipment periods.

Shipments

- Inshell walnut shipments were 65.5 million pounds for the month of December, an increase of +26.7 million pounds (+69%) compared to December 2022.
- Season to date inshell shipments are 167.1 million pounds through December, an increase of +32.4 million pounds (+24%) compared to the same period last season.
- Shelled walnut shipments were 46.7 million pounds for the month of December, an increase of +1.3 million pounds (+3%) compared to December 2022.
- Season to date shelled shipments are 193.3 million pounds through December, an increase of +27.6 million pounds (+17%) compared to the same period last season.
- Total season to date shipments through December are about 308,000 inshell equivalent tons, an increase of 48,000 tons (+19%) compared to the same period last season.
 - Season to date shipments are 38% of the 2023 crop or 33% of total supply. This is an improvement over the past 2 seasons (35% in 2021 and 34% in 2022) but still trails the historical sold position for this period.
 - Adding purchase commitments, the 2023 crop is 69% committed.

Inshell Shipments: December shipments of inshell were strong to all regions compared to December of 2022. Notable increase in shipments were to USA (+670%), Germany (+202%), Italy (+178%), Spain (+379%), Iraq (+2,659%), Lebanon (+590%), Turkey (+23%) and India (+292%). These shipments reached all regions and came despite conflicts, shipping disruptions and economic challenges. The good quality of the 2023 California crop coupled with attractive pricing is driving steady demand for inshell walnuts.

Shelled Shipments: December shipments of kernels were mixed. Notable increases include to USA (+4%) where retail demand is reported to be strong plus the USDA purchase from prior season stretched into December. Other markets with growing shipments compared to prior season include Germany (+20%), the Netherlands (+7%), U.K. (+71%) and U.A.E. (+82%). Weaker shipments were seen to Spain (-34%), Israel (-29%), Jordan (-79%), Australia (-17%), Japan (-14%) and Korea (-3%).



Summary

December walnut shipments from California were strong and coupled with steady demand will help to keep the market stable. Given the record supply from California this season, there is still plenty of availability. While shipments are well ahead of prior season, comparing only to the 2022/23 season may not be sufficient analysis. Shipments last season were slow through December with lower quality across the crop and a sizeable USDA kernel purchase in the spring of 2023. This season is different as quality is much improved and we do not yet know if or when a USDA purchase may occur or how much volume it may consume.

Buyers are slowly returning to the market after a brief holiday pause in new business activity. Market prices are stable and, in some cases, slowly increasing but remain at historically attractive levels. In another month, some buyers will begin to look ahead to the 2024 Chilean walnut crop which will begin harvest in April/May. Given the good quality and availability of California origin walnuts, the market is likely to be competitive this spring with both origins selling at the same time.

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

Best regards,
DERCO FOODS