DERCO FOODS®

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January 2024 Walnut Report

2023/24 Walnut Supply (inshell tons)

Carry-in from prior season:	140,805
2023 Crop Receipts:	820,966
Total available for shipment:	961,771
Less: *Approx shipments to date thru Jan 31:	405,898
Remaining unshipped supply:	555,873
Less: *Approx commitments as of Jan 31:	243,321
Remaining supply available for sale:	312,552

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

2023 crop

Final 2023 crop receipts of 820,966 inshell tons was announced in the December 31 inventory report. This exceeds the Objective crop estimate of 760,000 inshell tons by 8% (+60,966 tons).

Purchase Commitments

Future purchase commitments (sold but not yet shipped) as of January 31 were about 243,000 inshell equivalent tons. This is up about +38,000 inshell tons (+19%) over January of 2022. This is indicative of buyers locking in attractive pricing for future shipment periods. This does not include the announced USDA Section 32 purchase of about 19.2 million kernel pounds (about 22,000 inshell equivalent tons) which is expected to ship from April to August.

Shipments

- Inshell walnut shipments were 48.9 million pounds for the month of January, an increase of +22.9 million pounds (+88%) compared to January 2023.
- Season to date inshell shipments are 208.6 million pounds through January, an increase of +48.0 million pounds (+30%) compared to the same period last season.
- Shelled walnut shipments were 57.7 million pounds for the month of January, an increase of +9.5 million pounds (+20%) compared to January 2023.
- Season to date shelled shipments are 259.4 million pounds through January, an increase of +45.4 million pounds (+21%) compared to the same period last season.
- Total season to date shipments through January are about 406,000 inshell equivalent tons, an increase of 82,000 tons (+25%) compared to the same period last season.
  - Season to date shipments are 49% of the 2023 crop or 42% of total supply.
  - Adding season to date shipments of 406,000 tons + purchase commitments of 243,000 tons, the 2023 crop is 79% committed and the 2023 total supply is 67% committed.

Inshell Shipments: January shipments of inshell were strong to all regions compared to January of 2023. Notable increase in shipments were to USA (+198%), Italy (+110%), Spain (+230%), Iraq (+100%), Lebanon (+135%), Turkey (+71%), UAE (+29%), and India (+159%). Good quality is being well received and buyers are taking advantage of aggressive pricing.

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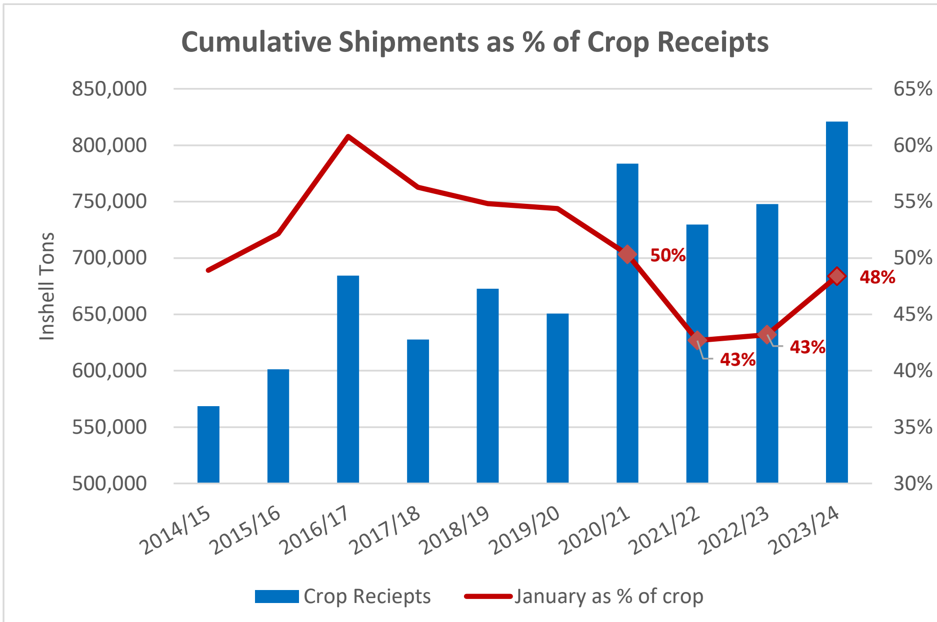
Shelled Shipments: January shipments of kernels also strong to most regions. Notable increases compared to January of 2023 include to USA (+9%), Germany (+50%), the Netherlands (+20%), Spain (+39%), U.K. (+74%), UAE (+287%), Japan (+18%), and Korea (+38%). Weaker shipments were seen to Italy (-4%), Israel (-16%), and Jordan (-17%).



Summary

January was the second consecutive month of exceptionally strong walnut shipments from California. Even with record production of 820,966 tons, remaining marketable supply is now less than the same time last season. California walnuts are perceived as a good value. Attractive pricing and good quality have been well received and buyers have moved in to lock in additional supply.

The market has been stable/firm in recent weeks. Buyers have been hesitant to chase prices higher as there is ample supply of walnuts from multiple origins. Warmer temperatures are coming in California which will encourage smaller growers to sell remaining inventory. Shipments and demand are good but product is still readily available which will limit the near-term upside of pricing.

Early expectations from Chile are for a smaller crop due to an uneven bloom. Any shortage of product from Chile will be easily made up for by marketable inventory from California. While first shipments of inshell Chandler won't happen until May, we expect to see opening pricing in the coming weeks during the traditional opening of the Chilean marketing season at or around Gulfood.

We see good momentum in the walnut market. Sellers are slowly moving pricing higher and cutting into losses at the grower level. Buyers are benefiting from good quality and attractive early purchase pricing which is fueling demand. We anticipate a stable market moving forward and more manageable carryout.

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

Best regards,
DERCO FOODS