DERCO FOODS®

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February 2024 Walnut Report

2023/24 Walnut Supply (inshell tons)

Carry-in from prior season:	140,805
2023 Crop Receipts:	823,549
Total available for shipment:	964,354
Less: *Approx shipments to date thru Feb 29:	487,945
Remaining unshipped supply:	476,409
Less: *Approx commitments as of Feb 29:	234,371
Remaining supply available for sale:	242,038

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

Purchase Commitments

Future purchase commitments (sold but not yet shipped) as of February 29 were about 234,000 inshell equivalent tons. This is up about +24,000 inshell tons (+11%) over February of 2023. This is indicative of buyers locking in attractive pricing for future shipment periods.

Shipments

- Inshell walnut shipments were 29.7 million pounds for the month of February, an increase of +8.9 million pounds (+43%) compared to February 2023.
- Season to date inshell shipments are 240.9 million pounds through February, an increase of +59.6 million pounds (+33%) compared to the same period last season.
- Shelled walnut shipments were 56.4 million pounds for the month of February, an increase of +11.6 million pounds (+26%) compared to February 2023.
- Season to date shelled shipments are 316.1 million pounds through February, an increase of +57.3 million pounds (+22%) compared to the same period last season.

Total season to date shipments through February are about 488,000 inshell equivalent tons, an increase of 102,000 tons (+27%) compared to the same period last season.

- Season to date shipments are 59% of the 2023 crop or 51% of total supply.
- Adding season to date shipments of 487,945 tons + purchase commitments of 234,371 tons, the 2023 crop is 88% committed and the 2023 total supply is 75% committed.

Inshell Shipments: February 2024 shipments of inshell were strong to all regions compared to February of 2023. Notable increase in shipments were to Germany (+89%), Italy (+256%), Spain (+198%), Algeria (+17%), Iraq (+2,512%), Lebanon (+169%), Morocco (+483%), Turkey (+55%), and India (+98%). The only notable decline compared to February of 2023 is to UAE (-67%). Good quality is being well received and buyers are taking advantage of aggressive pricing.

Shelled Shipments: February 2024 shipments of kernels were also strong to most regions. Notable increases compared to February of 2023 include to USA (+13%), Germany (+89%), the Netherlands (+94%), Spain (+23%), U.K. (+113%), Israel (+142%), UAE (+85%), and Taiwan (+43%). Notable declines compared to February of 2023 were to Turkey (-97%), Japan (-4%), and Korea (-29%).

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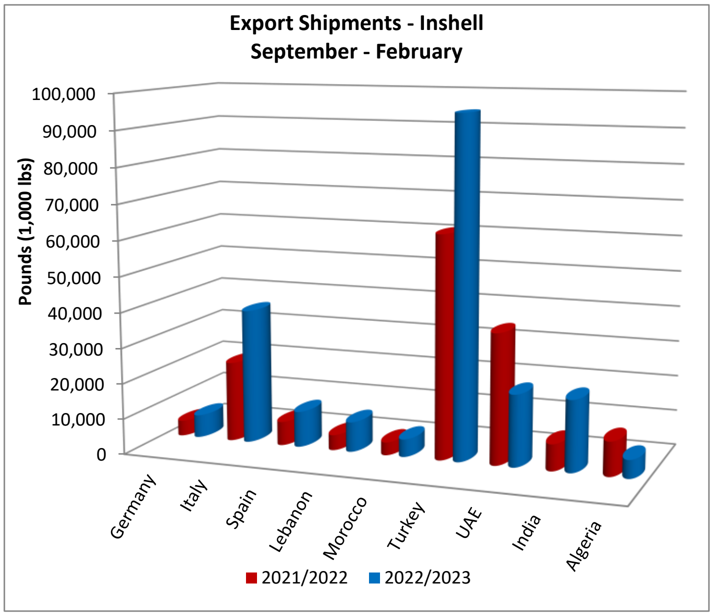

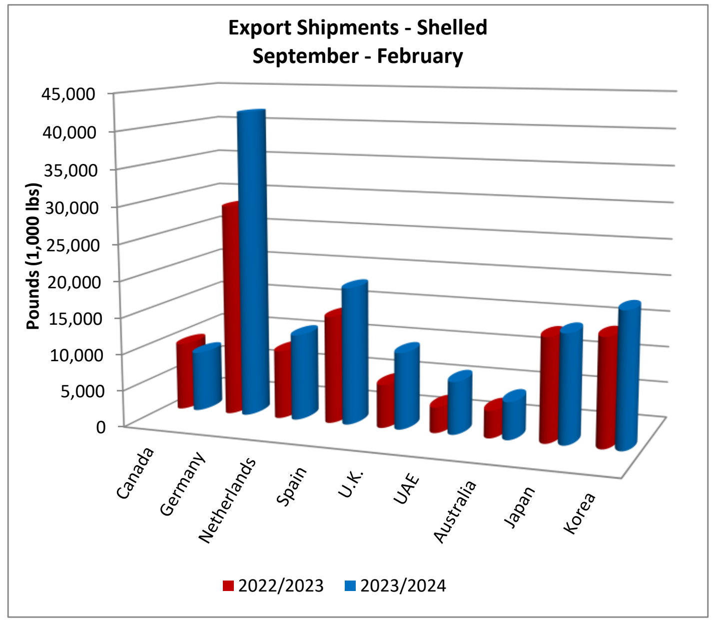

Summary

February 2024 was the third consecutive month of record monthly walnut shipments from California. Looking back over the past year, 8 of the past 12 months have been monthly shipment records. Shipments during September, October and November were also strong but did not set records as it would be nearly impossible to duplicate the huge demand for inshell walnuts we had from China in past seasons. Clearly the good quality and low prices of California walnuts are being well received in the market.

With six months remaining in the marketing year, California has already shipped 59% of the 2023 crop and has committed (shipped + sold for future shipment) 88% of the 2023 crop. Demand for inshell walnuts has been strong over the past month as buyers witnessed higher opening pricing from Chile during the Gulfood and MEWA food shows. Steady demand along with a good sold position has pushed prices a bit higher over the past few weeks but walnuts remain a good value.

Several packers report being sold out of inshell walnuts for the season while others are working through their last availability. Kernels are more readily available as shellers without cold storage work to move remaining inventory before the warmer weather arrives.

As usual, Chilean packers began selling in February with good demand seen for early shipments of inshell Chandler. Buyers and sellers are now taking a cautious approach as there is still ample time ahead of harvest. Expectations are for a 10-15% reduction in production compared to prior season due to lack of chilling hours and moisture in some growing regions. Smaller production in Chile coupled with limited inshell availability from California should help to keep the market firm in the months ahead.

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

Best regards,
DERCO FOODS