

January 2014 Walnut Report

January 2014 shipments were 40,308 inshell equivalent short tons were essentially equal to January 2013 shipments of 40,451 inshell equivalent short tons. Season to date shipments through January of 299,845 inshell short tons are 2% ahead of last season.

2013 Walnut Supply

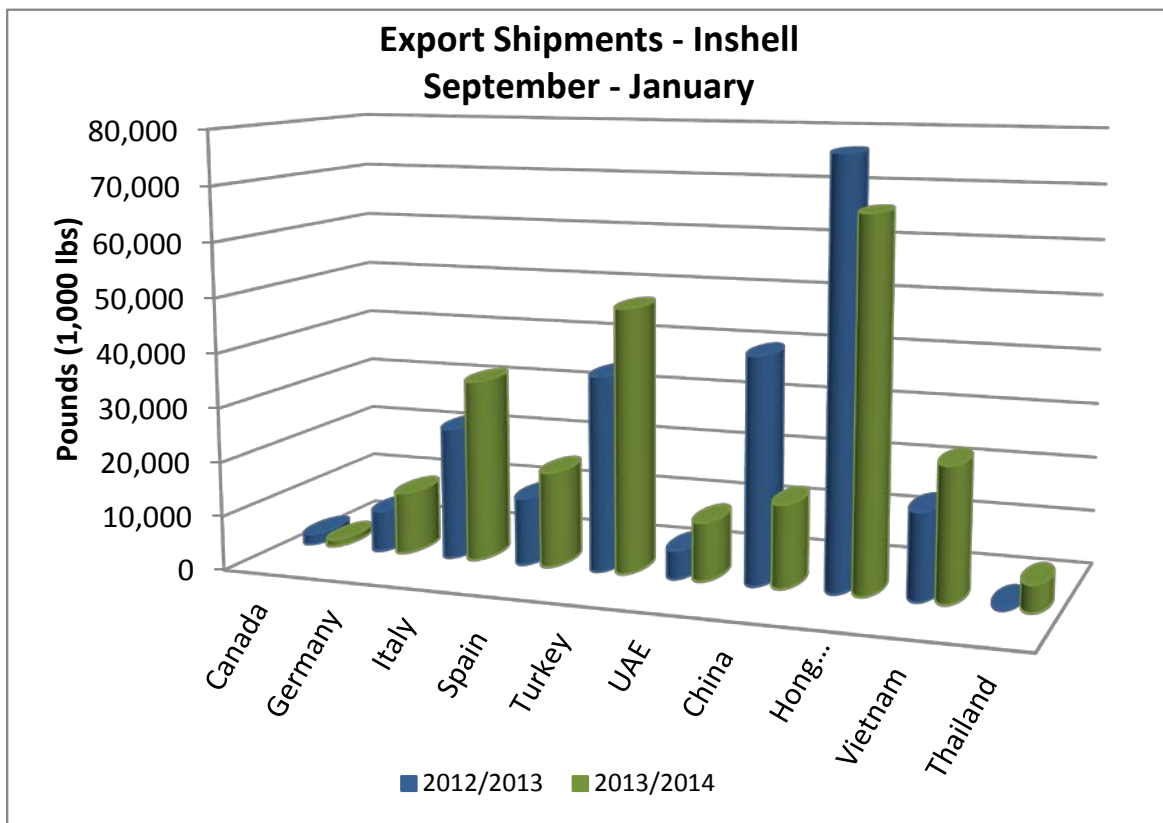
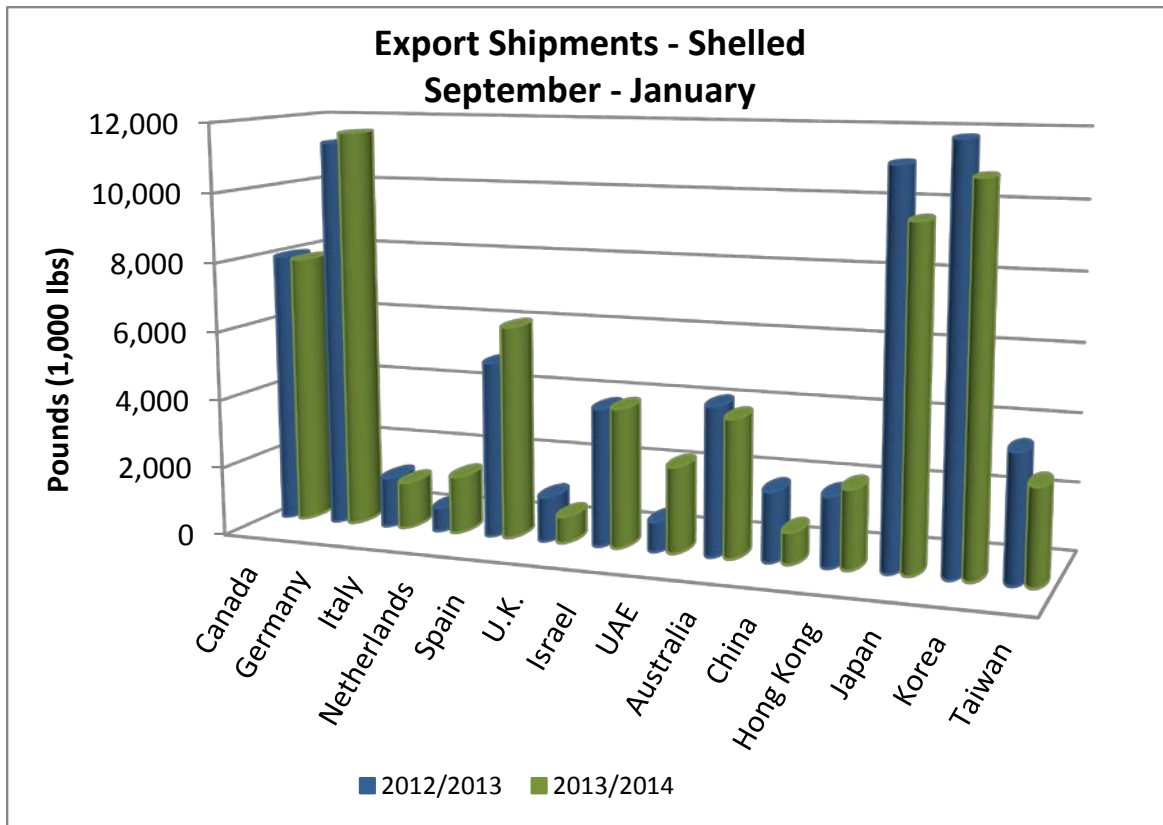
Carry-in from prior season:	45,888
2013 crop receipts to date:	488,301
Total available for shipment:	534,189
Less: shipments to date thru Dec 31:	299,845
Remaining supply:	234,344

- Assuming a final crop size of 488,301 inshell short tons, the 2013 crop is 62% shipped as of January 31st. Most growers report to be 80% or more committed for the season with many smaller growers done for the year.
- Inshell shipments were 22.9 million pounds for the month of January, an increase of 2.5 million pounds (12%) over January of 2013.
- Season to date inshell shipments are 263.6 million pounds through January, an increase of 15.8 million pounds (6%) over the same period last season.
- Shelled shipments were 25.6 million pounds for the month of January, a decrease of 1.3 million pounds (5%) compared to January of 2013.
- Season to date shelled shipments are 148.9 million pounds through January, a decrease of 1.4 million pounds (1%) compared to the same period last season.

Below are some of the major walnut markets and the relative statistics (in pounds):

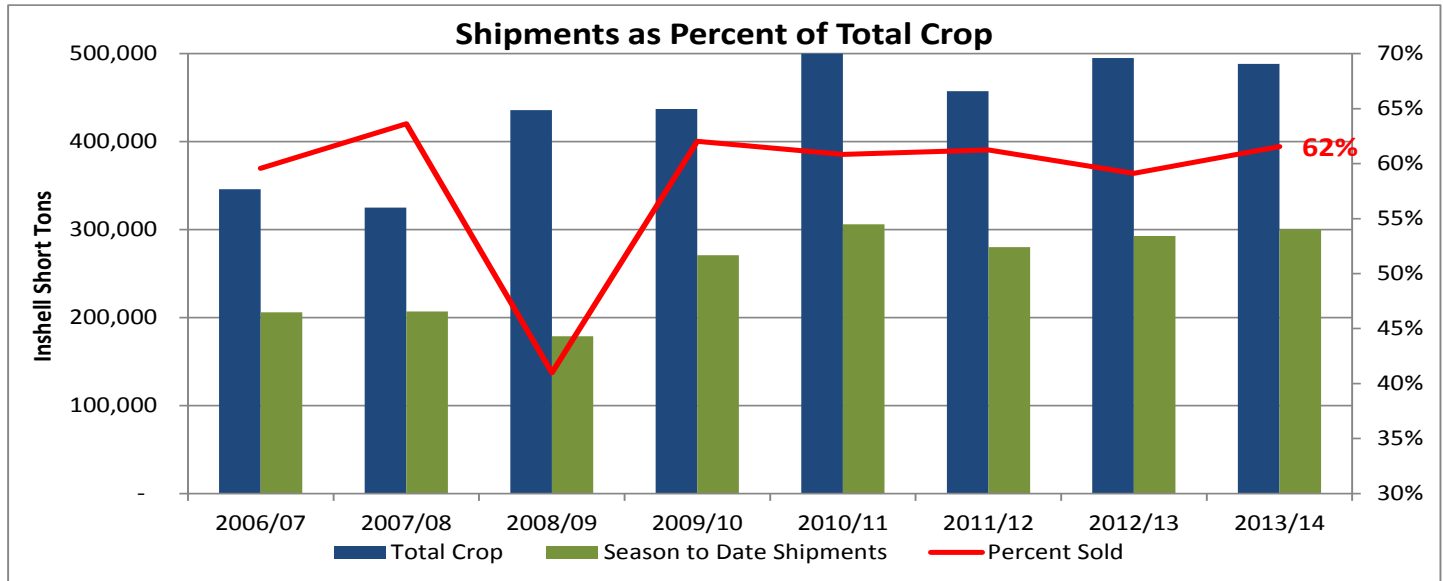
Country	Sep 2013 - Jan 2014		Sep 2012 - Jan 2013		% Change	% Change
	Shelled	Inshell	Shelled	Inshell	Shelled	Inshell
USA	75,617,151	12,085,714	76,823,068	13,205,828	-2%	-8%
Canada	7,877,779	1,300,734	7,935,380	1,999,526	-1%	-35%
Germany	11,627,183	11,513,403	11,329,505	7,666,511	3%	50%
Italy	1,361,389	33,596,164	1,462,706	24,477,737	-7%	37%
Netherlands	1,674,931	2,968,109	703,929	2,728,799	138%	9%
Spain	6,192,606	17,656,102	5,124,746	12,485,432	21%	41%
U.K.	769,384	390,249	1,295,370	132,184	-41%	195%
Israel	4,048,830	2,161,031	4,008,712	589,638	1%	267%
Turkey	68,100	48,561,793	133,760	36,040,757	-49%	35%
UAE	2,498,227	10,776,664	860,301	5,245,936	190%	105%
Australia	3,998,753	56,768	4,311,192	55,069	-7%	3%
China	910,892	15,248,998	2,024,137	41,405,125	-55%	-63%
Hong Kong	2,281,363	66,938,321	2,023,370	76,941,611	13%	-13%
Vietnam	331,650	24,443,678	2,090	15,966,826	15768%	53%
Thailand	727,380	4,981,230	313,040	521,242	132%	856%
Japan	9,654,146	0	11,136,099	0	-13%	0%
Korea	10,844,746	858,897	11,842,150	1,937,566	-8%	-56%
Taiwan	2,767,445	81,374	3,661,115	104,720	-24%	-22%

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- California growers are comfortably sold with 7 months until 2014 harvest. Those with inventory are confident that prices will hold. Good quality inshell walnuts have become difficult to find. Buyers are hesitant at current price levels but have limited options in the near future with other tree nuts also priced high. The drought in California is serious and will cause deficit irrigation in some parts of the state. We expect the 2014 walnut crop to bear minimal impact compared to other crops in California.



- Season to date shipments to Europe are up 37% (21.2 million inshell equivalent pounds) through January 31st. The biggest growth is in Germany, Italy and Spain.
 - New sales activity has been slow after the holiday season.
- Season to date shipments to the Middle East are up 45% (21.7 million inshell equivalent pounds) through January 31st. The growth is centered in Turkey and U.A.E. with Israel and Morocco also showing impressive gains.
 - New sales have slowed as Turkey faces currency devaluation and political problems and buyers in Dubai work to resell earlier purchases and lock in profits.
 - Additional demand is expected from this region as buyers prepare for Ramadan.
- Season to date shipments to Asia are down 17% (25.9 million inshell equivalent pounds) through January 31st.
 - Shipments of inshell walnuts to the Chinese market (including shipments reported to China, Hong Kong, Vietnam and Thailand) are 134.8 million pounds through January 31st. This is a decrease of 17.2% (23.2 million pounds) compared to last season.
 - Inventory levels in China are reported to be low.
 - With eroding profit margins, buyers have been slower to return to the market compared to last season. From February 2013 – August 2013, inshell walnut shipments to China were 42.1 million pounds compared to 10.3 million pounds during the same period of 2012.
 - Season to date shipments of shelled walnuts to Korea are down 8.4% (about 1 million pounds) versus last season. Buyers in Korea have taken a hand to mouth approach this season after buying too much last season and suffering through large inventories and price competition in their domestic market.
 - Season to date shipments of shelled walnuts to Japan are down 13.3% (about 1.5 million pounds) versus last season.

Let us know if we may be of further service.

Best regards,
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