

February 2014 Walnut Report

February 2014 shipments were 33,145 inshell equivalent short tons. This is 8,189 tons (19.8%) less than February 2013. Season to date shipments through February of 333,020 inshell short tons are essentially the same as last season.

2013 Walnut Supply

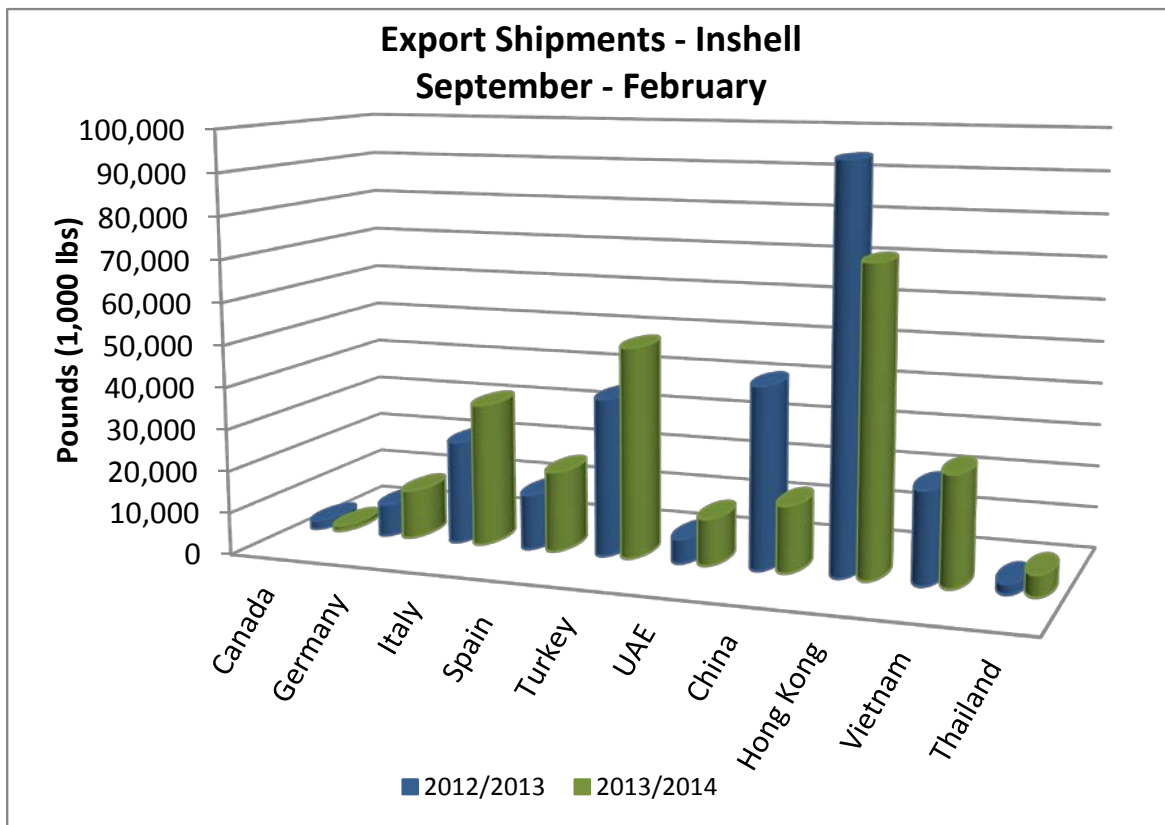
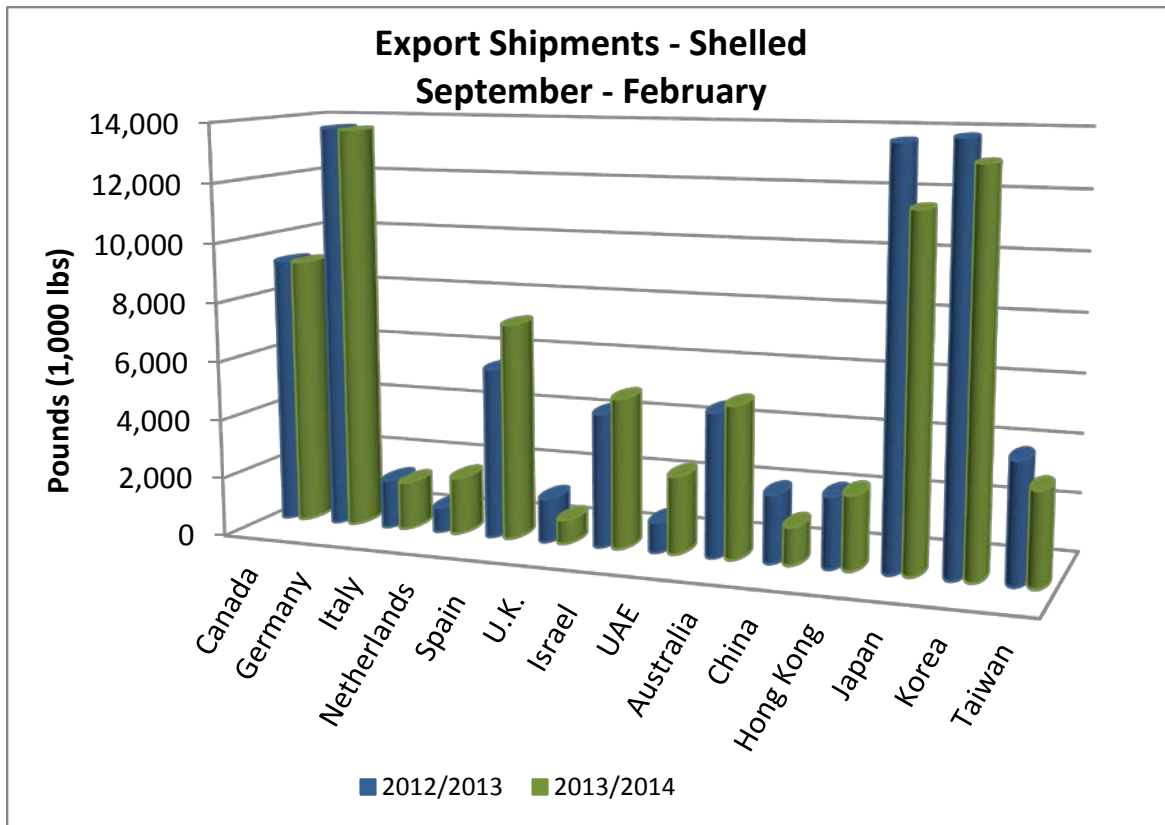
Carry-in from prior season:	45,888
2013 crop receipts to date:	488,844
Total available for shipment:	534,732
Less: shipments to date thru Feb 28:	333,020
Remaining supply:	201,712

- Assuming a final crop size of 488,844 inshell short tons, the 2013 crop is 68% shipped as of February 28th. Most growers report to be 85-90% or more committed for the season with many smaller growers done for the year.
- Inshell shipments were 14.1 million pounds for the month of February, a decrease of 18.5 million pounds (57%) over February of 2013.
- Season to date inshell shipments are 277.8 million pounds through February, a decrease of 2.6 million pounds (1%) over the same period last season.
- Shelled shipments were 23.1 million pounds for the month of February, an increase of 870 thousand pounds (4%) compared to February of 2013.
- Season to date shelled shipments are 171.9 million pounds through February, essentially equal to the same period last season.

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

Country	Sep 2013 - Feb 2014		Sep 2012 - Feb 2013		% Change	% Change
	Shelled	Inshell	Shelled	Inshell	Shelled	Inshell
USA	84,820,151	12,859,000	86,461,774	14,513,441	-2%	-11%
Canada	9,107,832	1,368,654	9,118,421	2,072,106	0%	-34%
Germany	13,671,335	11,645,679	13,725,048	7,776,741	0%	50%
Italy	1,619,000	34,081,676	1,646,993	24,609,965	-2%	38%
Netherlands	1,942,391	3,232,661	852,257	2,728,799	128%	18%
Spain	7,326,735	19,244,046	5,789,186	13,234,988	27%	45%
U.K.	811,184	390,249	1,484,508	132,184	-45%	195%
Israel	5,081,043	2,425,307	4,530,887	633,730	12%	283%
Turkey	105,500	50,061,205	133,760	37,576,297	-21%	33%
UAE	2,620,304	11,084,756	1,023,745	5,776,404	156%	92%
Australia	5,117,481	56,768	4,847,120	99,069	6%	-43%
China	1,265,892	15,778,378	2,286,037	43,072,911	-45%	-63%
Hong Kong	2,491,383	72,204,359	2,392,090	94,642,047	4%	-24%
Vietnam	456,800	26,118,839	2,090	21,970,218	21756%	19%
Thailand	1,042,532	5,113,506	355,040	2,404,908	194%	113%
Japan	11,636,210	0	13,681,024	0	-15%	0%
Korea	13,089,580	858,897	13,849,141	1,937,566	-5%	-56%
Taiwan	3,133,270	85,783	4,022,765	104,720	-22%	-18%

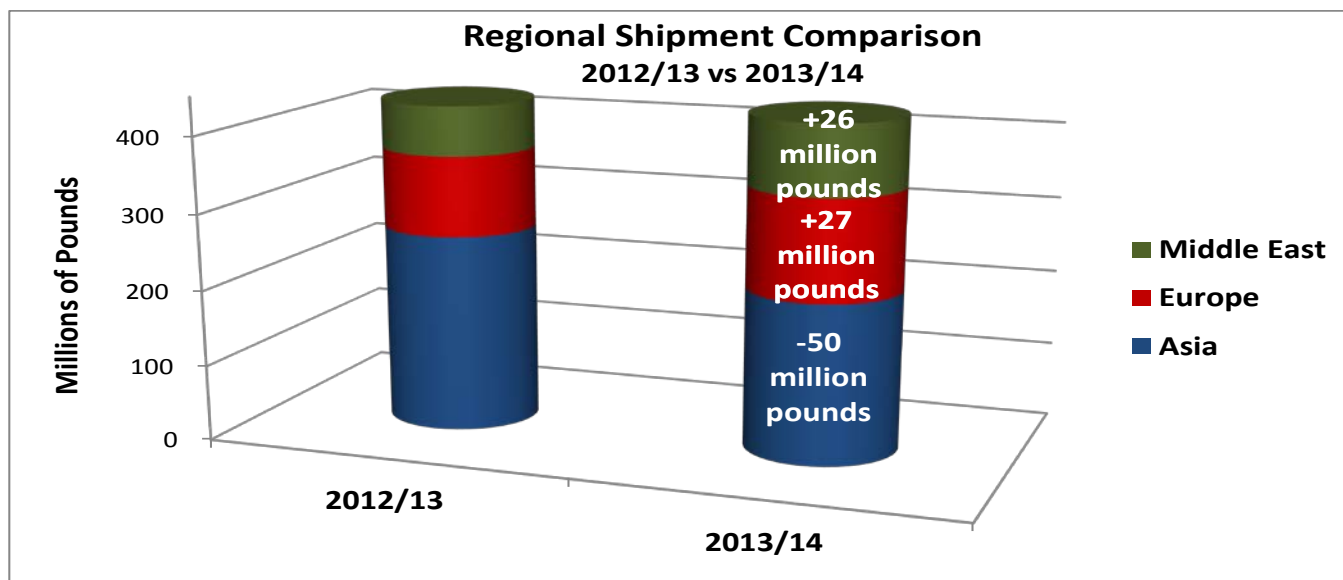
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- California has shipped almost 70% of the 2013 crop through the end of February and growers report that most remaining inventory is committed. Inshell has climbed to record high prices due to lack of inventory. Kernels remain available but prices are firm. With 6 months remaining until the 2014 harvest begins and little inventory remaining, there is little chance of any softening in prices.
- While shipments to key markets in Asia have suffered this season, the lost volume has been made up by strong demand from Europe and the Middle East.



- Asian markets have proven to be price sensitive this season. Inshell shipments to the region are down 27% (43.9 million pounds) compared to last season. Kernel shipments to the region are down 7% (3.0 million pounds) compared to last season.
 - Shipments of inshell walnuts to the Chinese market (including shipments reported to China, Hong Kong, Vietnam and Thailand) are 119 million pounds through February. This is a decrease of 26.5% (42.8 million pounds) compared to last season.
 - Inventory levels in China are low. Some buying interest remains, primarily for inshell Chandler. Low inventory in California is causing prices to go higher. Most buyers do not want to make big commitments at these levels.
 - Shipments of inshell walnuts to China during the month of February were down 72% (19.7 million pounds) compared to February of 2013. Buyers did not buy for post Chinese New Year shipment this year due to high prices and slow movement of inventory in the months ahead of the holiday.
 - Season to date shipments of shelled walnuts to Korea are down 5% (about 760 thousand pounds) versus last season.
 - Season to date shipments of shelled walnuts to Japan are down 15% (about 2.0 million pounds) versus last season.
- European markets have been active this season with inshell shipments up 45% (21.7 million pounds) and shelled shipments up 9% (2.3 million pounds) compared to last season.
 - The largest increases have been to Germany, Italy and Spain.
- Middle Eastern markets have also been active with inshell shipments up 27% (43.9 million pounds) and shelled shipments up 29% (2.2 million pounds) compared to last season.
 - The largest increases have been to Turkey, U.A.E., Israel and Morocco.
 - Additional demand is expected from this region as buyers prepare for Ramadan.

Let us know if we may be of further service.

Best regards,
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