

March 2015 Walnut Report

March 2015 shipments were 51,003 inshell equivalent short tons. This is 14,156 tons (+38%) more than March 2014.

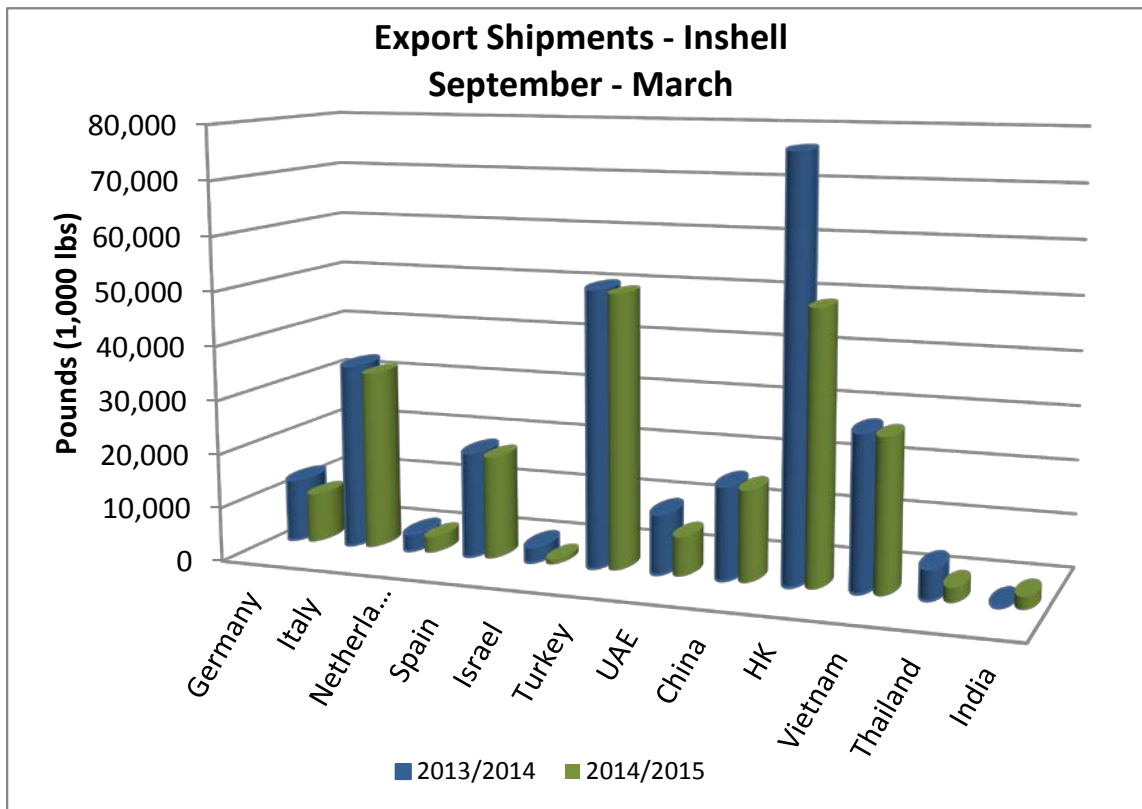
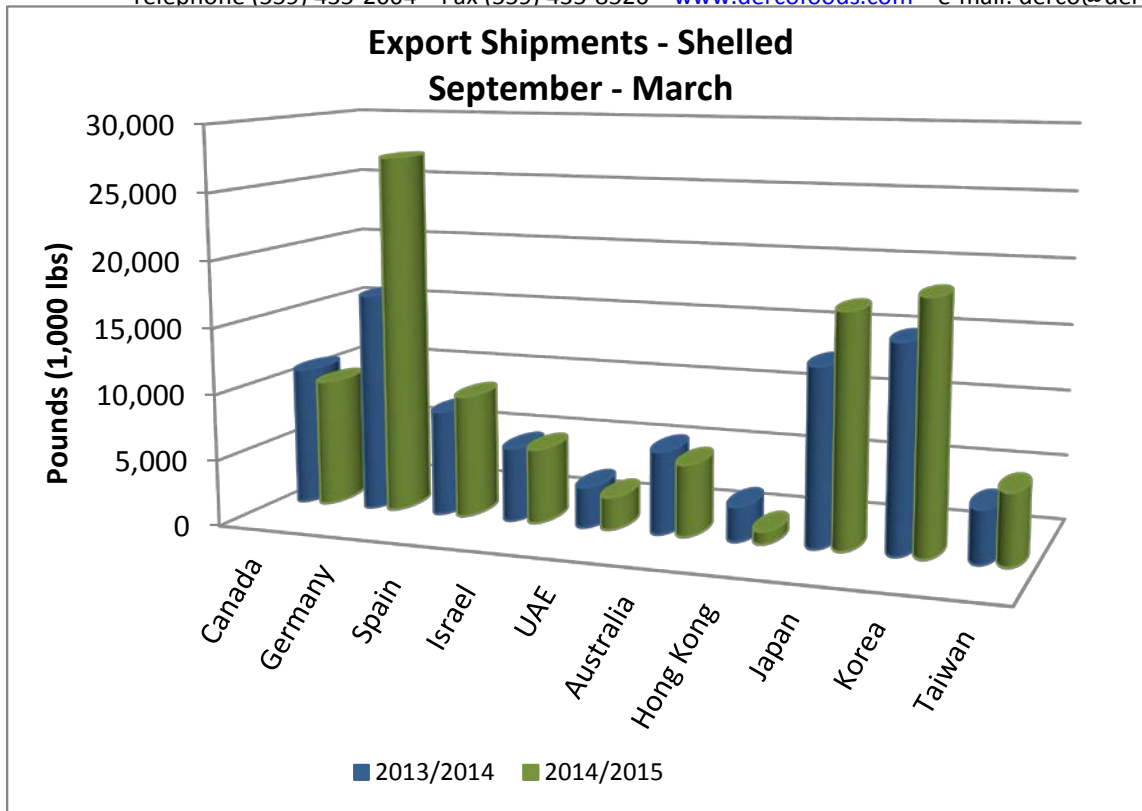
2014 Walnut Supply

Carry-in from prior season:	38,568
2014 Crop Receipts (through Mar 31):	561,789
Total available for shipment:	600,357
Less: shipments to date thru Mar 31:	370,963
Remaining supply:	229,394

- Inshell shipments were 23 million pounds for the month of March, an increase of 13 million pounds (+130%) compared to March of 2014.
- Season to date inshell shipments are 251 million pounds through March, a decrease of 42 million pounds (-14%) compared to the same period last season.
- Shelled shipments were 35 million pounds for the month of March, an increase of 23 million pounds (+23%) compared to March of 2014.
- Season to date shelled shipments are 217 million pounds through March, an increase of 15 million pounds (+7%) compared to the same period last season.

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

Country	Sep 2014 - Mar 2015		Sep 2013 - Mar 2014		% Change	% Change
	Shelled	Inshell	Shelled	Inshell	Shelled	Inshell
USA	96,361,033	14,851,782	99,759,788	14,536,917	-3%	2%
Canada	9,700,748	1,729,209	10,534,611	1,783,300	-8%	-3%
Germany	27,235,785	9,198,984	16,633,080	11,733,477	64%	-22%
Italy	1,847,750	33,253,349	1,831,207	34,537,936	1%	-4%
Netherlands	2,533,041	2,952,269	2,702,136	3,232,661	-6%	-9%
Spain	9,299,393	19,087,073	8,000,427	19,684,315	16%	-3%
U.K.	1,970,137	565,968	1,085,204	390,249	82%	45%
Israel	5,659,806	904,478	5,589,433	2,910,135	1%	-69%
Turkey	218,982	50,553,741	105,500	51,251,690	108%	-1%
UAE	2,470,317	7,244,540	3,077,542	11,128,848	-20%	-35%
Australia	5,421,450	0	6,260,771	55,768	-13%	-100%
China	944,800	16,782,522	1,400,892	17,225,492	-33%	-3%
Hong Kong	943,466	49,830,937	2,623,883	76,739,326	-64%	-35%
Vietnam	0	28,109,196	584,892	28,613,813	-100%	-2%
Thailand	216,149	2,659,167	1,126,532	5,642,427	-81%	-53%
India	77,520	2,280,298	0	221,368	n/a	930%
Japan	17,396,983	0	13,348,993	0	30%	n/a
Korea	18,694,211	986,567	15,435,735	858,897	21%	15%
Taiwan	5,367,806	101,138	3,994,783	85,783	34%	18%



Shipments of 51,003 inshell equivalent short tons is a record for the month of March and a 38% increase over March 2014. This strong shipment figure from California comes at a good time as inventory is high and new business has been slow.

- This figure was certainly boosted by the opening of the ports in California after the ILWU and PMA reached a tentative contract agreement. Containers that had been held by packers or truckers were finally shipped. We cannot quantify how much the port closures/slowdowns detracted from prior month's shipments or added to March.
- Season to date shipments are now equivalent to the same period a year ago. With a 2014 crop that was 15% larger (73,000 tons) than the prior year, current inventory remains well above last season's level.
- If California ships the same amount as was shipped a year ago for the remainder of this crop year (April – August 2014 shipments were 124,000 inshell short tons), the industry would be left with a carryout of about 107,000 tons. This is an increase of 68,000 tons (177%) versus last season.
- As the weather in California turns warmer, growers are actively putting product into cold storage. Those without cold storage facilities are leasing commercial space, selling product to other handlers at discounted levels or trying to move product for prompt shipment.

For March 2015, shipments were up versus March 2014 in most major markets:

- Kernel shipments to Western Europe were up 49% (2.5 million pounds) with Germany and Spain leading the way. Inshell shipments to this region also showed a jump of 70% (933 thousand pounds).
- Shipments to the Middle East/North Africa were up 60% (1.4 million pounds) for inshell and 113% (1.6 million pounds) for kernels. The biggest gains were to Israel, Turkey, U.A.E. and Saudi Arabia.
- Asian shipments were also strong collectively up 161% (9.2 million pounds) for inshell and 42% (2.9 million pounds) for kernels. Inshell shipments to China (HK, China, Vietnam and Thailand) were up 151%. Inshell shipments to India are up 574 thousand pounds (versus 0 prior year). Kernel shipment increases were led by Japan (up 78%) and Korea (up 90%).

Season to date shipments through March 2015 tell a different story.

- Western Europe is mixed with inshell shipments down 9% and kernel shipments up 37%.
- Likewise shipments to the Middle East/North Africa are also mixed with inshell down 12% and kernels up 15%.
- Japan and Korea have both shown impressive shipment growth this season with kernel shipments up 30% for Japan and 21% for Korea.
- The Chinese market has been the largest year-over-year decline with inshell shipments down 24% (31 million pounds). With growing domestic production, high opening prices from California and government pressure to clean up corruption, we don't know how this market will recover in future years.

2015 crop walnut bloom is in process and so far weather has been ideal. With larger crops possible from all origins, we anticipate the new crop market opening later and lower than in previous years. We will keep you informed about the 2015 crop development as we learn more in the coming months.

The drought in California has reached unprecedented levels. Walnuts are likely experience less harm this season than some other tree nuts (almonds and pistachios) because plantings are concentrated in areas that typically have good soil and above average access to water. The drought has become a national news story in recent weeks with mandatory water restrictions announced in California and multiple articles about water storage and use appearing in widely distributed news outlets.

Chilean walnut harvest is in full swing and reports indicate the crop will be in line with expectations of 65,000 inshell metric tons. We've seen mixed results from the market so far with a bit of softening taking place versus opening prices. Quality and color of the crop is reported to be good.

Let us know if we may be of further service.

Best regards,
DERCO FOODS