

May 2015 Walnut Report

May 2015 shipments were 65.1 million inshell equivalent pounds. This is 8.9 million pounds (+16%) more than May 2014 and represents the second highest shipments on record for the month of May, trailing only May of 2008.

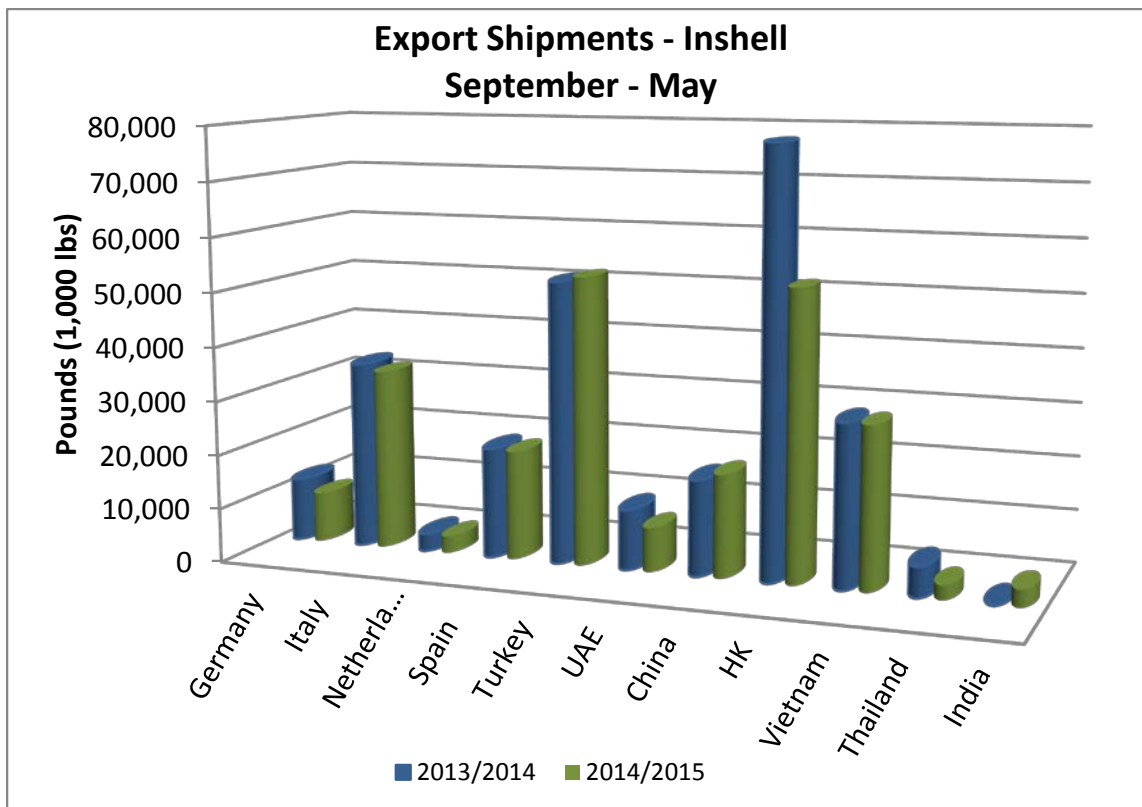
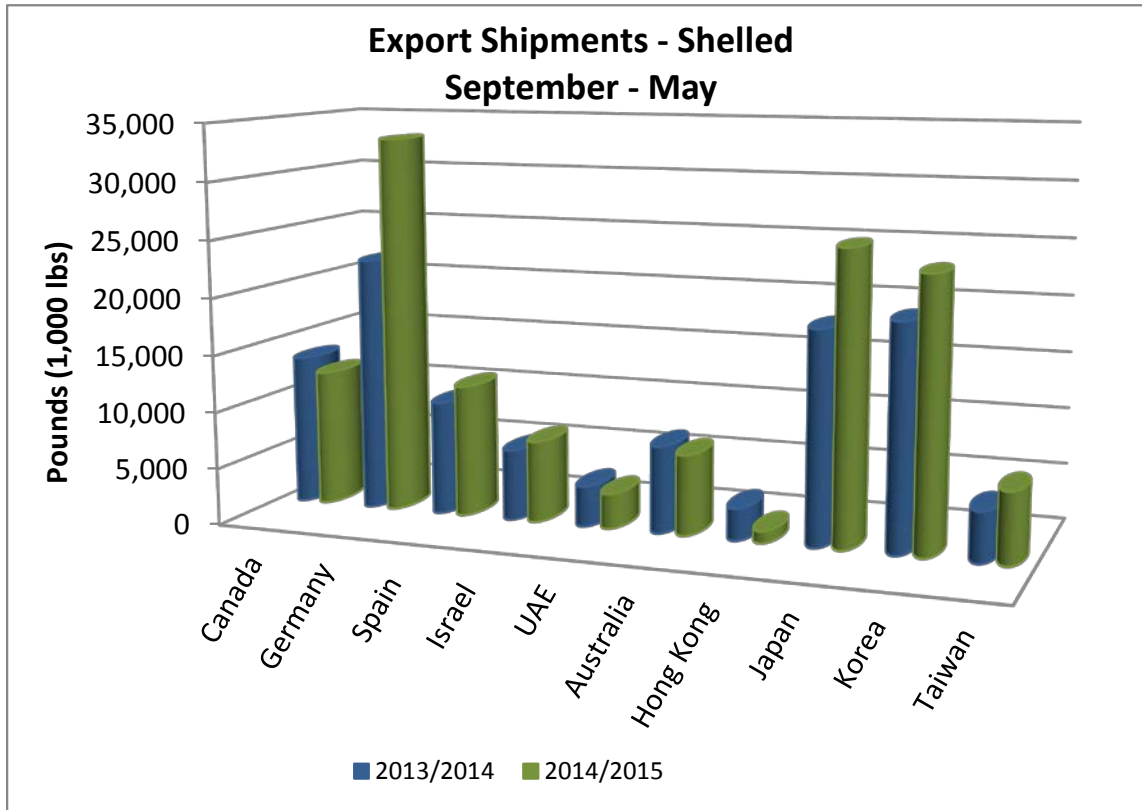
2014 Walnut Supply (1,000 pounds)

Carry-in from prior season:	77,136
2014 Crop Receipts:	1,137,060
Total available for shipment:	1,214,196
Less: shipments to date thru May 31:	890,830
Remaining supply:	323,366

- Inshell shipments were 4.7 million pounds for the month of May, an increase of 2.4 million pounds (+103%) compared to May of 2014.
- Season to date inshell shipments are 266 million pounds through May, a decrease of 32 million pounds (-11%) compared to the same period last season.
- Shelled shipments were 27 million pounds for the month of May, an increase of 2.7 million pounds (+11%) compared to May of 2014.
- Season to date shelled shipments are 275 million pounds through May, an increase of 20 million pounds (+8%) compared to the same period last season.

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

Country	<u>Sep 2014 - May 2015</u>		<u>Sep 2013 - May 2014</u>		% Change	
	Shelled	Inshell	Shelled	Inshell	Shelled	Inshell
USA	122,691,937	15,846,561	125,557,876	14,715,713	-2%	8%
Canada	12,055,743	1,890,456	13,277,034	1,804,910	-9%	5%
Germany	33,302,860	9,287,168	22,479,324	11,733,477	48%	-21%
Italy	1,917,250	33,576,024	2,352,423	34,845,126	-18%	-4%
Netherlands	3,137,557	3,128,637	3,885,446	3,276,753	-19%	-5%
Spain	11,666,609	20,273,349	10,048,130	20,564,855	16%	-1%
U.K.	2,622,584	565,968	1,488,064	390,249	76%	45%
Israel	7,191,348	904,478	6,248,333	2,998,235	15%	-70%
Turkey	304,660	53,178,175	174,851	52,177,622	74%	2%
UAE	3,086,234	8,143,679	3,560,586	11,172,848	-13%	-27%
Australia	7,072,685	22,046	7,655,337	78,768	-8%	-72%
China	1,362,800	19,011,635	1,721,642	17,754,596	-21%	7%
Hong Kong	1,043,002	53,105,356	2,800,853	78,019,821	-63%	-32%
Vietnam	41,976	29,834,294	626,892	30,033,712	-93%	-1%
Thailand	233,649	2,659,167	1,294,508	5,642,427	-82%	-53%
India	77,520	3,233,129	10	221,368	775100%	1361%
Japan	25,433,369	0	18,602,932	0	37%	0%
Korea	23,610,285	986,567	19,601,393	858,897	20%	15%
Taiwan	6,255,080	101,138	4,394,765	85,783	42%	18%





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Calculated inventory (see page 1) in California as of May 31st of 323.4 million inshell equivalent pounds is 63% greater than a year ago.

- If shipments for the remainder of the season (June – August) match shipments from a year ago, the carryout will be about 104,000 tons. This would be an increase of about 169% over last season.
- If shipments from California for the remainder of the season are in line with the record shipments from 2008/09, the carryout would be about 79,000 tons. This would be an increase of about 105% over last season.
- Despite the large inventory position, good quality light kernels are becoming difficult to find. Many smaller growers are sold out and prices for light color have been relatively stable in recent weeks.
- Larger inventories of light amber and amber colored kernels are more readily available.

Shipments during May 2015 of 65.1 million inshell equivalent pounds is the second highest shipment figure on record for the month of May. Strong shipments the past four months were needed to keep ending inventory at a manageable level heading into the 2015 crop.

- Inshell walnut shipments to China, Hong Kong and Vietnam were 1,480,754 pounds. This is in line with May 2014 shipments of 1,415,867 pounds. Season to date, shipments are down over 26 million pounds (-20.4%) compared to prior year. The market in China remains quiet amid ongoing customs investigations. California growers will be paying close attention to demand from China as we approach the 2015 harvest.
- Kernel shipments to Japan of 4,092,214 pounds are up 35% versus May of 2014. Strong and steady demand from Japan is welcomed by California growers in light of slow new sales volume to several other key markets.
- Kernel shipments to Korea of 2,071,972 are flat with May of 2014. Buyers continue to report large inventories and falling prices in the local market. Fresh 2015 Chilean crop is now competing with California product as well.
- Kernel shipments to Western Europe were up 4% compared to May of 2014, led by Spain (up 161%). Shipments to Germany also remain robust although down from May 2014. New business is reported to be slow with buyers looking only to cover immediate needs.
- Shipments to the Middle East/North Africa for the month of May were strong. Inshell shipments were up 306% led by Turkey. Kernel shipments were up 133% led by Israel.

Growers in California are reporting good crop progress for the 2015 walnut crop. Bloom weather was good and most varieties are reported to have a good set. The weather is now turning hot in the central valley and water restrictions are in place in most growing regions. We don't know what affect this may have on the crop size or quality. Limited new crop business has been reported with most buyers and sellers waiting for further news on the crop development.

Let us know if we may be of further service.

Best regards,
DERCO FOODS