

July 2015 Walnut Report

July 2015 shipments were 57.8 million inshell equivalent pounds. This is 13.6 million pounds (+31%) more than July 2014 and represents the highest shipments on record for the month of July.

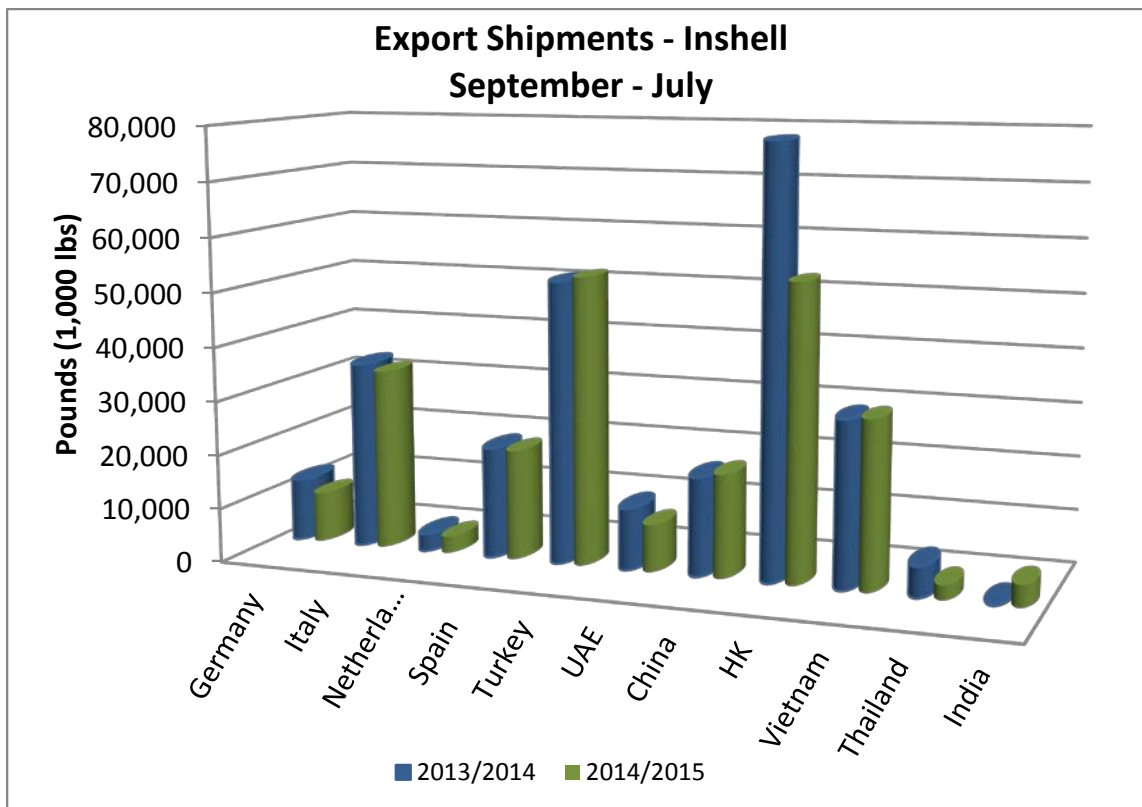
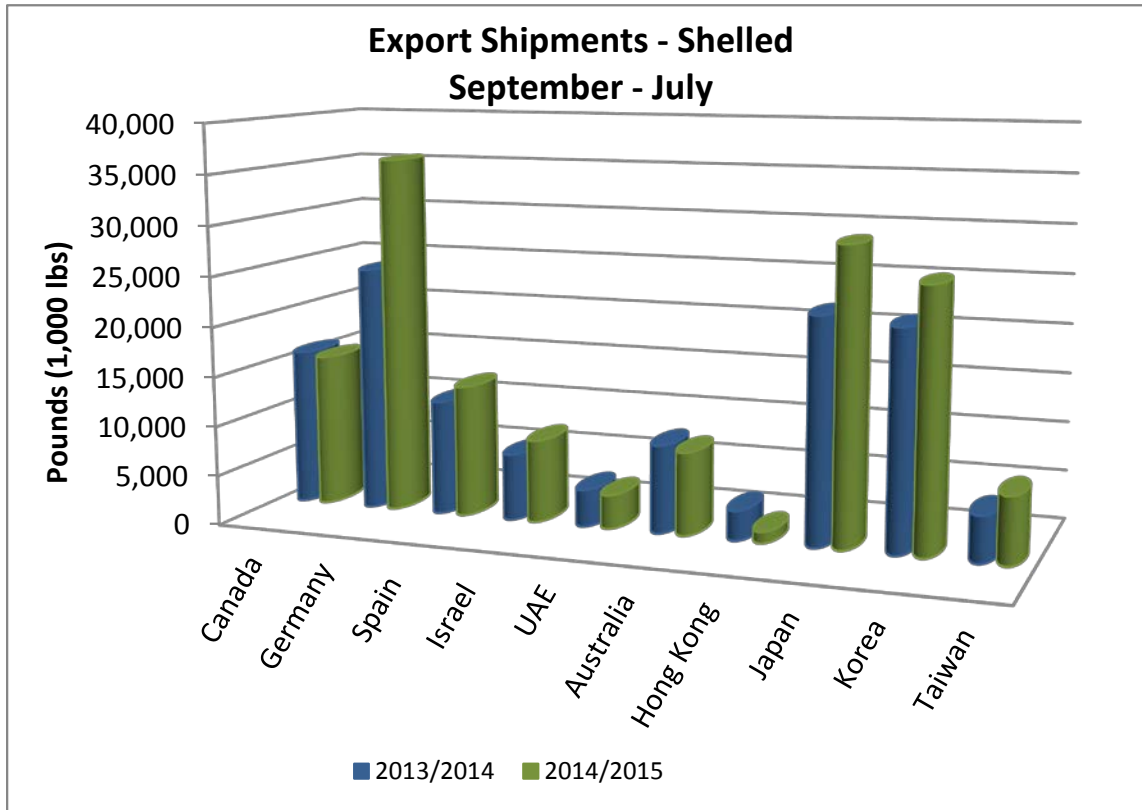
2014 Walnut Supply (1,000 pounds)

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 July 31:	1,011,381
Remaining supply:	202,815

- Inshell shipments were 2.1 million pounds for the month of July, an increase of 2.1 million pounds compared to July of 2014 when inshell shipments were essentially nil.
- Season to date inshell shipments are 271 million pounds through July, a decrease of 29 million pounds (-10%) compared to the same period last season.
- Shelled shipments were 24.5 million pounds for the month of July, an increase of 4.9 million pounds (+25%) compared to July of 2014.
- Season to date shelled shipments are 326 million pounds through July, an increase of 32 million pounds (+11%) 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 - Jul 2015</u>		<u>Sep 2013 - Jul 2014</u>		% Change	
	Shelled	Inshell	Shelled	Inshell	Shelled	Inshell
USA	151,956,852	16,732,041	147,746,034	14,649,299	3%	14%
Canada	15,426,386	1,949,806	15,789,718	1,806,590	-2%	8%
Germany	35,971,994	9,287,168	24,746,804	11,670,536	45%	-20%
Italy	1,989,621	33,620,292	2,376,673	34,845,126	-16%	-4%
Netherlands	3,431,557	3,084,545	4,253,806	3,276,753	-19%	-6%
Spain	13,300,675	20,405,898	11,566,602	20,651,551	15%	-1%
U.K.	3,484,345	599,588	1,803,864	390,249	93%	54%
Israel	8,336,531	904,478	6,708,083	2,998,235	24%	-70%
Turkey	339,860	53,178,175	300,851	52,221,714	13%	2%
UAE	3,399,979	8,707,545	3,718,678	11,437,216	-9%	-24%
Australia	8,341,625	22,046	8,842,111	78,768	-6%	-72%
China	1,648,900	19,011,635	2,189,872	18,239,663	-25%	4%
Hong Kong	1,135,731	54,105,216	2,974,811	78,372,557	-62%	-31%
Vietnam	770,421	30,884,679	626,892	30,598,640	23%	1%
Thailand	266,944	2,659,167	1,294,508	5,642,427	-79%	-53%
India	84,520	4,055,065	42,010	309,552	101%	1210%
Japan	29,373,862	0	22,557,330	0	30%	0%
Korea	25,976,687	986,567	21,862,870	858,897	19%	15%
Taiwan	6,716,890	101,138	4,615,515	85,783	46%	18%





2670 West Shaw Lane, Fresno, California 93711 U.S.A.

Telephone (559) 435-2664 • Fax (559) 435-8520 • www.dercofoods.com • e-mail: derco@dercofoods.com

Four of the past five months have been record shipments for the California walnut industry, with May falling only a few pounds short of a record. These strong shipments have helped get what appeared to be a large inventory down to a manageable level as we approach the 2015 crop. Calculated inventory (see page 1) in California as of July 31st of 2014 is 202 million inshell equivalent pounds puts California on pace for a carryout likely in the 170 million pound range. This inventory consists largely of light amber and amber colored kernels with very little inshell or light color kernels remaining.

The strong July shipment numbers were driven primarily by kernel shipments. Key markets include the USA (+22%), Canada (+48%), Japan (+11%) and Korea (+5%). July inshell shipments were boosted by shipments to India which were up 387% versus July of 2014.

Season to date through July, shipments are a mixed story. Inshell shipments from California are down 29 million pounds (-10%) versus the prior season. Lower shipments of inshell were seen in most major markets including Europe (-8%), the Middle East/North Africa (-7%) and Asia (-17%). Notable increases in inshell shipments were in the USA (+14%), Egypt (+48%) and India (+1,210%).

Shelled shipments were up versus last season overall by 32 million kernel pounds (+11%). This was driven by stronger shipments of kernels to Europe (+27%), the Middle East/North Africa (+28%) and Asia (+14%). The strong performance in Asia was driven by Japan, Korea and Taiwan. Strong overall kernel shipments offset the lower inshell shipments and helped keep the carryout at a manageable level.

California walnut growers continue to report good crop progress for the 2015 walnut crop. The unofficial grower estimate of 607,000 inshell short tons (about 1.2 billion inshell pounds) would represent an increase of 7.8% over last season's production. The objective crop estimate will be released on September 3rd. With another 1-2 months until harvest, depending on variety, it is too early to know anything about color or quality. We are still at risk of extreme heat during August/September or rain during harvest which could adversely affect the crop.

New crop continues to be thinly traded with prices softening over the past several weeks. Buyers have been patient in light of sufficient stocks on hand and expectations of a large new crop. Business is slowly increasing as buyers are moving into the market to take advantage of the recent softening. As soon as larger volume buyers move in, we may see a temporary floor set with more activity.

Let us know if we may be of further service.

Best regards,
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