

### August 2013 Walnut Report

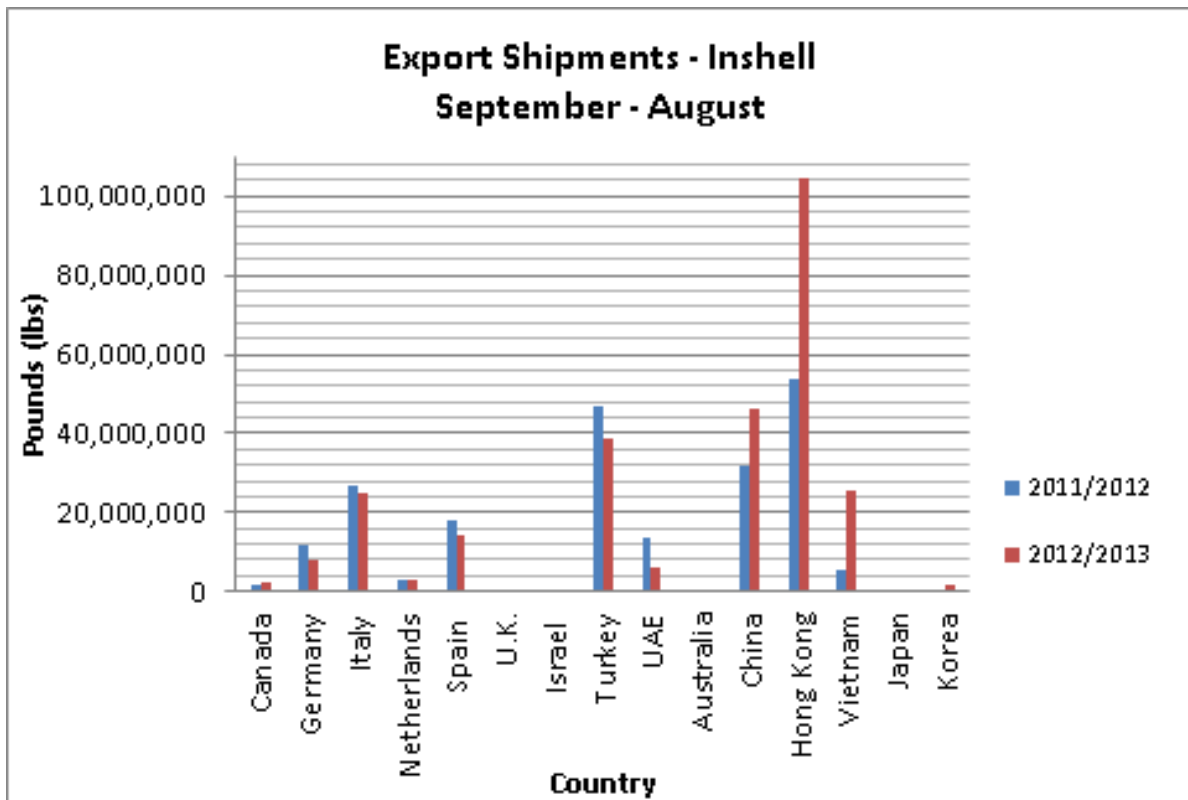
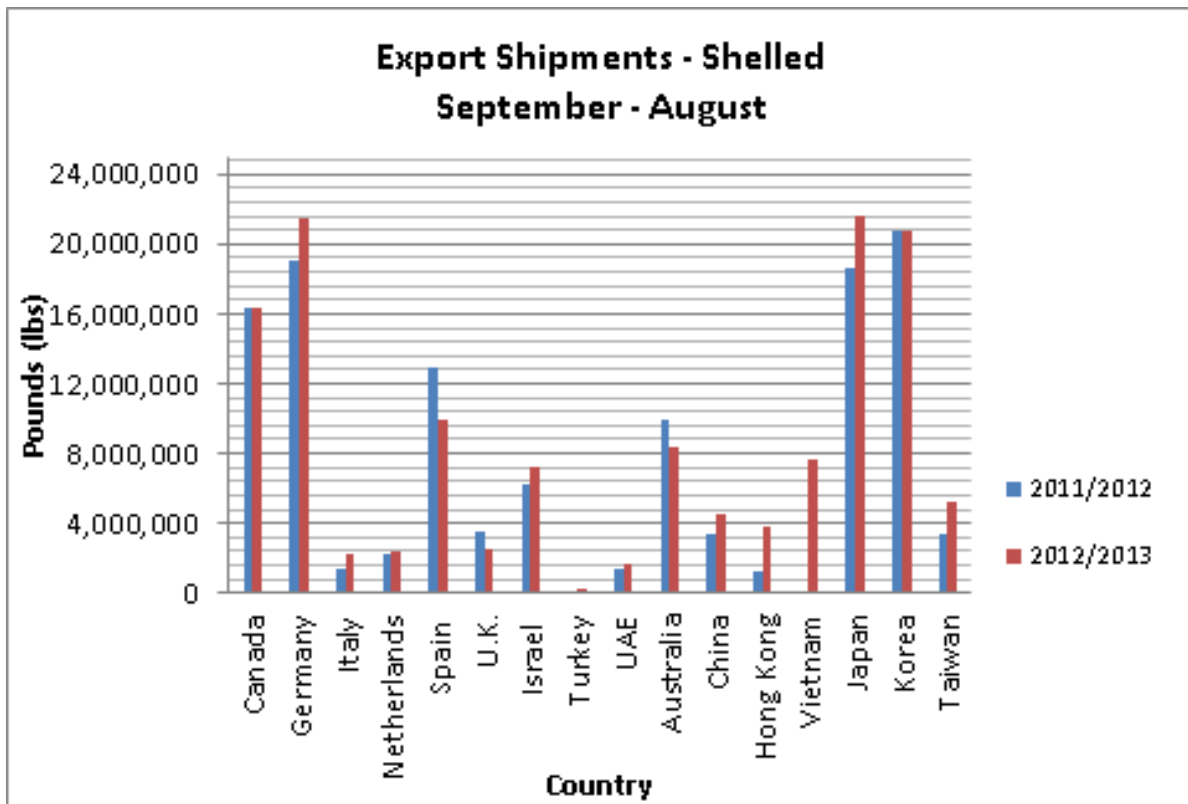
Overall August 2013 shipments were 18,542 inshell equivalent short tons compared to 22,076 inshell equivalent short tons for August 2012. This is a decrease of 16%.

- Inshell shipments were 31 thousand pounds in August 2013 compared to 511 thousand pounds in August 2012. California has been sold out of good quality inshell for several months.
- Shelled shipments were 16.5 million pounds in August 2013 compared to 19.0 million pounds in August 2012, a decrease of 13%.
- Season-to-date (September 2012 through August 2013) inshell shipments are up 26% compared to the 2011/12 season.
- Season-to-date (September 2012 through August 2013) shelled shipments are up 6% compared to the 2011/12 season.
- Season-to-date (September 2012 through August 2013) overall shipments are 497,043 inshell short tons, compared to 451,685 inshell short tons shipped last season during the same period. This is an increase of 10%.
- Crop receipts of 495,045 inshell short tons are 8% above prior season, an increase of 37,530 inshell short tons.

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

| Country     | <u>Sep 2012 - Aug 2013</u> |             | <u>Sep 2011 - Aug 2012</u> |            | <u>% Change</u> | <u>% Change</u> |
|-------------|----------------------------|-------------|----------------------------|------------|-----------------|-----------------|
|             | Shelled                    | Inshell     | Shelled                    | Inshell    | Shelled         | Inshell         |
| USA         | 157,961,399                | 18,249,089  | 158,301,387                | 16,870,489 | 0%              | 8%              |
| Canada      | 16,369,020                 | 2,309,711   | 16,279,454                 | 1,971,240  | 1%              | 17%             |
| Germany     | 21,477,896                 | 7,864,925   | 19,054,467                 | 11,855,671 | 13%             | -34%            |
| Italy       | 2,213,271                  | 25,012,011  | 1,320,099                  | 26,925,645 | 68%             | -7%             |
| Netherlands | 2,359,574                  | 3,081,535   | 2,240,590                  | 2,702,288  | 5%              | 14%             |
| Spain       | 9,872,581                  | 14,130,057  | 12,909,781                 | 18,186,201 | -24%            | -22%            |
| U.K.        | 2,532,418                  | 264,460     | 3,461,762                  | 573,196    | -27%            | -54%            |
| Israel      | 7,211,552                  | 657,380     | 6,303,950                  | 712,118    | 14%             | -8%             |
| Turkey      | 217,760                    | 38,915,777  | 141,600                    | 46,682,575 | 54%             | -17%            |
| UAE         | 1,611,393                  | 6,376,368   | 1,370,963                  | 13,379,045 | 18%             | -52%            |
| Australia   | 8,381,036                  | 99,069      | 9,883,956                  | 62,360     | -15%            | 59%             |
| China       | 4,577,266                  | 45,958,902  | 3,451,910                  | 31,649,576 | 33%             | 45%             |
| Hong Kong   | 3,803,315                  | 104,672,096 | 1,198,272                  | 54,006,306 | 217%            | 94%             |
| Vietnam     | 7,627,802                  | 25,720,758  | 0                          | 5,636,117  | 0%              | 356%            |
| Japan       | 21,654,532                 | 0           | 18,589,864                 | 87,100     | 16%             | 0%              |
| Korea       | 20,695,024                 | 1,937,566   | 20,773,771                 | 776,623    | 0%              | 149%            |
| Taiwan      | 5,225,079                  | 192,904     | 3,393,250                  | 48,280     | 54%             | 300%            |

2670 West Shaw Lane, Fresno, California 93711 U.S.A.  
 Telephone (559) 435-2664 • Fax (559) 435-8520 • [www.dercofoods.com](http://www.dercofoods.com) • e-mail: [derco@dercofoods.com](mailto:derco@dercofoods.com)



2670 West Shaw Lane, Fresno, California 93711 U.S.A.  
Telephone (559) 435-2664 • Fax (559) 435-8520 • [www.dercofoods.com](http://www.dercofoods.com) • e-mail: [derco@dercofoods.com](mailto:derco@dercofoods.com)

Here is the updated supply scenario (all figures in inshell short tons):

|                                |                |
|--------------------------------|----------------|
| Carry-in from 2011/12 season:  | 49,018         |
| 2012 crop production:          | 495,045        |
| Total available for shipment:  | 544,063        |
| <u>Less shipments to date:</u> | <u>497,043</u> |
| Remaining supply:              | 47,020         |

- 2012 Crop carry-out of 47,020 short tons is 4% less than prior season.
- 2012 Crop was largely sold out before summer.
- Export markets accounted for all of the increase in shipments. Domestic market was flat.
- Season to date shipments to Asia/Pacific region are up 96% (89 million pounds) for inshell and up 27% (16 million pounds) for shelled.
  - Shipments to the Chinese market (including China, Hong Kong and Vietnam) were the primary contributor to higher shipments to the Asia/Pacific region.
- Other regions were flat or down compared to prior season.
  - Season to date inshell walnut shipments to Europe are down 17% (10 million lbs) versus prior season.
  - Season to date inshell walnut shipments to the Middle East are down 24% (16 million lbs) versus prior season.
- The National Agricultural Statistics Service released the 2013 Crop Objective crop forecast of 495,000 inshell short tons...essentially the same as the 2012 crop.
  - Forecast is for record low nut set of 1,239 per tree, down 10% from last season.
  - Forecast is for 98.8% sound kernels.
  - All nut sizing measurements were above average.
  - Forecast bearing acres of 255,000 is 4% above last season.
- Limited new crop sales have taken place as prices have steadily risen on few offers in the market. Harvest has begun in the South part of California and other regions will begin shortly. More selling interest is expected in the coming weeks. In the near term, most major markets are uncovered and need to buy.

Let us know if we may be of further service.

Best regards,  
DERCO FOODS