

May 2019 Walnut Report

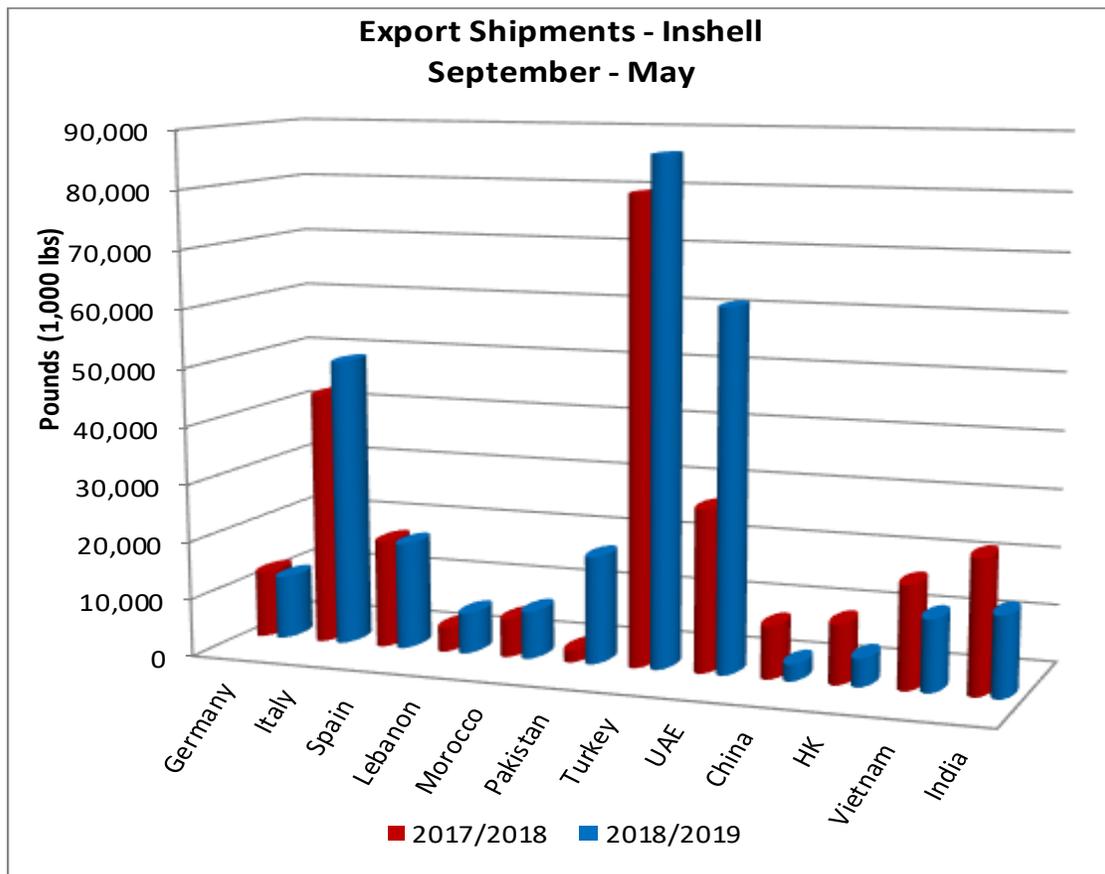
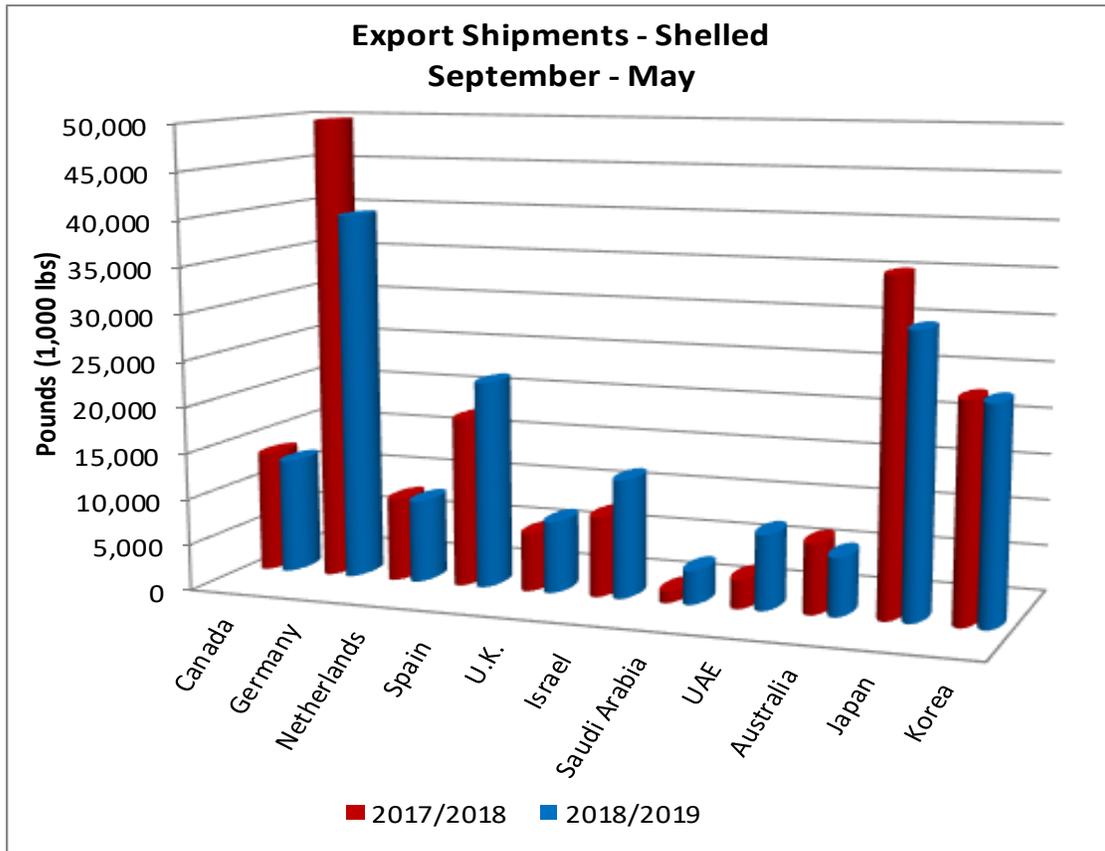
2018/19 Walnut Supply (inshell tons)

Carry-in from prior season:	63,539
<u>2018 Crop Receipts:</u>	<u>672,723</u>
Total available for shipment:	736,262
<u>Less: shipments to date thru May 31:</u>	<u>587,878</u>
Remaining supply:	148,384

- Inshell shipments were 2.6 million pounds for the month of May, an increase of 445 thousand pounds (+20%) compared to May 2018.
- Season to date inshell shipments are 336 million pounds through May, an increase of 40 million pounds (+14%) compared to the same period last season.
- Shelled shipments were 33 million pounds for the month of May, a decrease of 3.2 million pounds (-9%) compared to May 2018.
- Season to date shelled shipments are 370 million pounds through May, an increase of 28 million pounds (+8%) compared to the same period last season.

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

	<u>Inshell Pounds</u>			<u>Shelled Pounds</u>		
	Sep 17 - May 18	Sep 18 - May 19	% Change	Sep 17 - May 18	Sep 18 - May 19	% Change
USA	19,093,733	15,996,842	-16%	133,451,621	157,704,539	18%
Canada	2,759,179	3,047,635	10%	13,125,438	12,455,416	-5%
Germany	11,631,920	10,994,093	-5%	51,563,886	39,870,522	-23%
Italy	43,933,545	49,839,647	13%	3,892,230	4,938,491	27%
Netherlands	3,425,560	2,644,087	-23%	9,042,489	8,966,166	-1%
Spain	18,727,954	18,507,662	-1%	18,402,171	22,442,638	22%
U.K.	1,310,205	280,830	-79%	6,315,454	7,798,276	23%
Egypt	1,200,887	1,762,802	47%	554,842	1,167,410	110%
Israel	590,606	1,465,704	148%	8,712,674	12,850,430	47%
Jordan	440,223	1,784,254	305%	1,218,020	3,457,226	184%
Lebanon	4,271,612	7,062,896	65%	0	168,046	N/A
Morocco	6,662,111	8,238,179	24%	0	0	N/A
Pakistan	2,164,855	18,577,131	758%	0	42,328	N/A
Saudi Arabia	485,398	1,235,484	155%	1,213,507	3,659,740	202%
Turkey	80,001,790	86,438,887	8%	1,124,866	209,022	-81%
UAE	28,101,043	61,912,206	120%	3,132,884	8,133,390	160%
Australia	30,267	25,463	-16%	7,567,356	6,328,068	-16%
China	9,069,930	2,884,964	-68%	3,248,950	2,205,280	-32%
Hong Kong	10,346,030	4,867,349	-53%	1,322,854	1,365,388	3%
Thailand	0	1,455,036	N/A	497,638	249,490	-50%
Vietnam	17,854,507	12,423,995	-30%	100,780	192,480	91%
India	23,122,951	13,935,325	-40%	0	223,740	N/A
Japan	0	0	N/A	35,685,503	30,243,355	-15%
Korea	1,340,012	674,857	-50%	23,477,318	23,282,696	-1%





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May 2019 walnut shipments from California of 38,411 tons were down 8% from May of 2018. This follows five consecutive months of record California shipments. Many California growers are sold out until the 2019 crop and completely out of the market. There is little remaining unsold inventory in California.

If shipments the remainder of the season (June – August) match 2018, the carryout would be about 64,000 inshell tons. It would be difficult to achieve an industry wide carryout below this level as larger packers need some inventory to keep product on retail shelves during transition.

Chilean harvest began in March with the markets active early. Opening pricing was at levels where buyers were comfortable to purchase their requirements early. By the end of harvest, it was clear that the final crop is short of expectations (close to 130,000 metric tons compared to expectations near 150,000 metric tons). The smaller than anticipated supply coupled with active markets allowed for most growers to quickly sell the majority of their product early, leaving limited unsold inventory available at this time.

- Early sales to the Middle East were strong resulting in heavy shipments.
- Shipments to Turkey were less than anticipated as some buyers did not participate early in anticipation of a larger crop and lower prices. Those who still have demand will likely look to other Middle East markets including Dubai to meet additional demand.

Looking ahead to the 2019 California walnut crop, it is still too early to really know the size or quality. Early reports indicate a crop likely similar in size to last season. We're beginning to see some interest from both buyers and sellers in contracting early shipment periods of new crop. With steady demand and a crop thought to be of similar size, we anticipate a relatively stable market.

Please let us know if we can be of further service.

Best regards,
DERCO FOODS