WALNUT MARKET UPDATE

As we wrap up sales and shipments on the 2020 crop we look forward to the 2021 crop and want to share some updated information that can help with your financial decision making.

Over the past few months, the walnut market has started to improve. We had a record crop of 783,854 tons, 20% larger than 2019, and below average shipment numbers from September 2020 through February 2021, on average up 11% year over year. In March we saw improved shipment numbers of 24% year over year, followed by a 35% increase in April year over year. May and June were weaker at up 18% and up 11% respectively, year over year. We have seen record shipment numbers for four months in a row now which has started to move pricing up as California started to sell out of exportable walnuts. We expect July and August shipment numbers to be strong and leave us with a much more manageable carry-over than originally projected.

US NEW CROP UPDATE

The consensus so far on the size of the new crop is in the 690,000 ton to 730,000 ton range. Frost damage from November has been reported in all regions. We have heard of water shortage issues in certain regions with one ranch telling us they will be out of water at some point in August. New crop demand has been stronger than normal for the summer months and offers put the return to grower in the mid $.90's range on Chandler currently. Record temperatures and the drought are worrying everyone but we can say that the last drought brought some excellent quality walnuts so we will remain optimistic on that front until proven otherwise. New crop quality and crop size will drive this market one way or the other but the good news is that we are starting the year in a much better position with pricing levels 35% to 40% higher with increased demand and low inventory levels coming into the 2021 crop.

CHILE UPDATE

Chile's harvest came in light, down about 10% from what was expected. Quality out of Chile was good this year and reports show Chile is now sold out of in-shell with limited export quality kernels available at very high prices. This is extremely good news for the US market as demand shall remain strong coming into the 2021 crop.

CHINA UPDATE

China will continue to be a thorn in the global markets. A good crop is expected, with plantings continuing in the Xinjiang province. China has continued to grab market share in Europe, the Middle East, and Asia and will have leverage this year with US prices returning to 2019 crop levels.

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August 2021: Newsletter

DEAR GROWER,

Over the past couple of months and since our last newsletter, things have not been stagnant. The market has improved which is good news considering the record crop that was put out for the 2020 season. Record shipment numbers from March through June have really helped the overall market even though we continue to battle container and shipment delays. The carry-in to the new crop will be much smaller than projected with the industry doing a great job of moving the record crop albeit at non-sustainable pricing levels. There is strong demand for new crop as Chile and California are sold out of good exportable quality kernels and in-shell. The coffee shop talk out there is pricing for new crop at $.95 to $1.00 back to the grower for good quality Chandlers and we can confirm pricing is currently at $.95, which is welcome news from the growers we have talked to as of late.

A few factors influencing the reasons for the improvement in the pricing is the outlook of a smaller crop due to some frost damage, sunburn damage, and water shortage issues in certain regions. Many orchards are showing many singles and doubles but not a lot of triples. Some orchards do not seem to be facing any issues at all, however the Tulare's seem to be light. There is a variance of what we are seeing in different regions, but overall, the crop looks to be light with new crop estimates at 690,000 ton to 730,000 ton.

With this vision for the 2021 crop, we hope everyone has been managing and maintaining proper care of their orchards for good quality kernels allowing for a good payout back to our growers.

On a daily basis, we strive to seek out the best for our growers. We are currently looking to increase our shelling capacity. This need was created by an increase in quality growers to our grower list over the past couple of years. In addition, we have plans for future expansion that remain true to our existing growers and allow us to continue working with quality folks with quality walnuts.

With that said, remember we always welcome your calls for whatever you may need, and if you know of growers looking for a change for the better, pass our contact information on so we can all grow together.

Kevin Kajioka
General Manager

Marcus Lema
Grower Relations Manager

Tony Romo
Operations Manager

CALIFORNIA WALNUT INVENTORY (IN-SHELL TONS)

Carry-in from 2019 Crop Year:	63,985
2020 Walnut Receipts through June 2021:	783,754
Total Inventory:	847,739
Shipments through June 2021:	692,010
Remaining Inventory:	155,729

COMMITTED SHIPMENTS (IN-SHELL TONS)

Committed In-Shell:	4,828
Committed Shelled:	89,775
Committed In-Shell Tons:	94,603
% of Total Inventory Shipped:	81.6%
% of Current Crop Shipped	88.2%
% of Total Inventory Shipped+Committed:	92.8%
% of Current Crop Shipped+Committed	100.4%

JUNE 2021 WALNUT SHIPMENT REPORT UPDATE

- In-shell Equivalent Tonnage: 41,791 tons, an increase of 4,165 tons (+11.07%) versus June 2020
- In-shell: 2,341,000 pounds, a decrease of 2,862,000 pounds (-55.01%) versus June 2020
- Shelled: 35,502,000 pounds, an increase of 5,661,000 pounds (+18.97%) versus June 2020

WALNUT SHIPMENT REPORT UPDATE: SEASON TO DATE (SEPTEMBER 2020 – JUNE 2021)

- In-shell Equivalent Tonnage: 692,010 tons, an increase of 95,902 tons (+16.09%) versus the same period last year
- In-shell: 363,119,000 pounds, an increase of 83,038,000 pounds (29.65%) versus the same period last year
- Shelled: 446,134,000 pounds, an increase of 57,564,000 pounds (14.81%) versus the same period last year

WALNUT SHIPMENTS BY REGION THROUGH JUNE:

Shelled

- North America up 9,024,759 pounds (+4.87%)
- Europe up 5,954,544 pounds (+5.52%)
- Middle East/Africa up 17,372,798 pounds (+87.43%)
- Asia/Pacific Rim up 23,557,358 pounds (+31.79%)

In-Shell

- North America up 2,558,955 pounds (+20.38%)
- Europe up 1,729,825 pounds (+2.05%)
- Middle East / Africa up 49,513,292 pounds (+34.05%)
- Asia/Pacific Rim up 26,275,937 pounds (+76.04%)

COUNTRIES WITH LARGE IMPORT INCREASES/ DECREASES THROUGH JUNE

Shelled Pounds

- USA up by 7,957,469 (+4.64%)
- Canada up 1,091,510 (+8.05%)
- Germany down -3,295,378 (-5.74%)
- Spain up 718,073 (+3.12%)
- UAE up 2,950,773 (+58.01%)
- Israel up 6,072,802 (+85.47%)
- Japan up 4,892,351 (+14.74%)
- Korea up 12,635,778 (+58.98%)
- Taiwan up 3,298,602 (+ 57.44%)

In-Shell Pounds

- Italy down 2,423,965 (-4.77%)
- Spain up 214,016 (+1.17%)
- Germany up 1,740,923 (+14.58%)
- Algeria up 8,156,772 (+138.09%)
- Lebanon up 3,689,748 (+236.88%)
- Morocco up 2,510,084 (+44.81%)
- Pakistan up 6,459,947 (+2520.61%)
- Turkey up 18,926,724 (+20.89%)
- UAE up 5,845,344 (+16.60%)
- China up 4,691,955 (+544.73%)
- India up 18,980,446 (+107.59%)
- Vietnam up 2,413,139 (+16.86%)

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