

INVERNADA CHILE SHIPMENT REPORT

June 2020



We would like to begin this report with the positive news the climate has brought.



Climate

Last year Chile suffered the worst drought since we have registers with a total rain fall during the year 2019 of 82mm in Santiago. This year the situation is absolutely different, with a total rain fall accumulated in Santiago YTD of 160 mm which is very close to what is considered a normal year.

	Station	Rain Fall (mm) July 5th 2020				
		YTD 2020	YTD 2019	Normal TD	Déf/Sup (%)	Annual Normal
Central north	La Florida, La Serena Ad.	45.4	12.2	38.7	17.3	86.7
	Punta Ángeles faro	180.0	77.6	215.6	-16.5	413.1
Central	Eulogio Sánchez, Tobalaba Ad.	169.0	72.8	175.4	-3.6	367.8
	Quinta Normal, Santiago	160.0	53.3	173.7	-7.9	341.8
	Pudahuel Santiago	133.8	36.0	143.6	-6.8	276.9
South	General Freire, Curicó Ad.	323.4	112.8	351.4	-8.0	658.0
	General Bernardo O'Higgins, Chillán Ad.	380.3	435.2	595.3	-36.1	1058.8
	Carriel Sur, Concepción Ap.	533.6	412.6	573.6	-7.0	1090.6

*Source: Dirección Meteorológica de Chile.



Even more important than the rainfall, is the snow pack accumulated at the Andes mountain. When we take a look at a satellite picture the image explains itself.

These are great news for the quality of next season and the possibilities of a proper irrigation during the spring and summer time.

Also important is to mention that temperatures have dropped considerably thanks to the same and so, that will ensure enough chili hours during 2020 for a better crop in 2021.

Anyway, although these are great news so far, we are still far away of forgetting about drought which has lasted for 11 years already.

BORN IN



Market update

June shipments continue with the trend of showing some movement in line with historic values and catching up with normal values but lower than last year. Saying this we can see:

- Accumulated Walnuts shipments from Chile are **-35%** comparing to last year, but only **-3,7%** if we compare with 2018.
- June shipments were **-31,6%** comparing to 2019, but **+6,2%** comparing to 2018.

Chile	2018 Ytd	2019 Ytd	2020 Ytd	Var (20/19)
Crop volume MT	129.386	139.226	129.000	-7%
Carry in	0	1.609	580	-64%
Exports	48.916	72.342	47.109	-35%
Available stock MT	80.470	68.493	82.471	20%

*Source: Chilenut.

Although lower than 2019 May and June shipments are showing a good trend and are the second best May and June in history for Chilean walnuts after last year.

Total shipments	2017	2018	2019	2020
March	2.127	317	1.545	565
April	16.003	12.440	16.664	6.890
May	18.579	17.814	25.618	20.173
June	15.746	18.345	28.515	19.481



In-shell shipments

Inshell shipments are lower than usual with an accumulated **-38,4%** comparing to last year and **-10,3%** comparing to 2018. Although, behind regular inshell shipments accumulated, still can be appreciated a positive trend of shipments in May and June with a normal dynamism for those months.

Inshell shipments	2017	2018	2019	2020
May	13.993	14.380	20.690	15.336
June	8.475	11.034	17.017	11.386

This lower shipments of inshell are explained clearly by lower exports to the **Middle East** area (-59% comparing to 2019 and -40% comparing to 2018) which is showing a considerable decrease on imports. Ramadan, higher inventories of US walnuts and Covid seems to have affected the dynamism of the zone or at least the willingness to take purchasing positions.

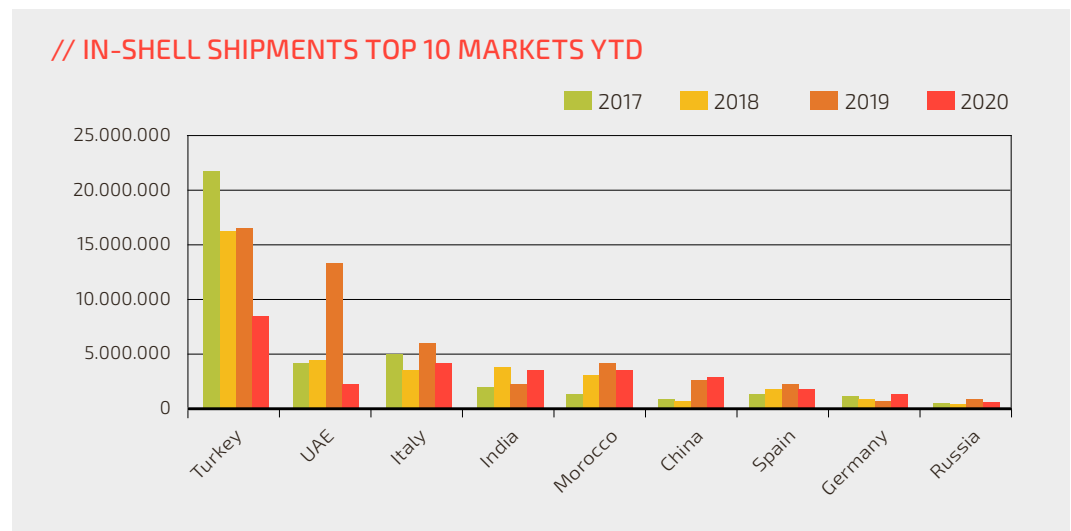
Other areas are showing normal levels of shipments where:

- **Europe** is -18,6% comparing to 2019 but +20% comparing to 2018.
- **Asia** is +27% against 2019 and +88% comparing to 2018.

In-shell	2017	2018	2019	2020
Middle East & Africa	27.625	24.376	35.435	14.449
Europe	7.841	7.113	10.573	8.603
America	295	610	604	659
Asia / Oceania	2.537	5.125	7.569	9.679

*Source: Chilenut.

When we analyse the shipments by country of destination we realize the drop is concentrated in two markets Turkey (-49%) and U.A.E (-84%) which are the main markets of inshell for Chile.





Kernels Shipments

Same as for inshell, the performance of kernels shipments accumulated is lower than last year **-24,9%** but in line with historic values for the time being, **+16,6%** comparing to 2018. The trend for May and June is positive although lower than 2019.

Kernel Shipments	2017	2018	2019	2020
May	2.142	1.635	2.346	2.288
June	3.635	3.480	5.473	3.829

*Source: Chilenuit, kernel basis.

When we look at the exports by Zone we can see that

- **Europe, -15,9%** comparing to 2019 but again higher than 2018 **+23,6%**
- **South America -43,9%** comparing to 2019 and **-38%** comparing to 2018.
- **Middle East & Africa -35%** comparing to 2019 and **+189%** comparing to 2018.

Kernels	2017	2018	2019	2020
Middle East & Africa	402	164	728	473
Europe	4.797	4.198	6.171	5.191
America	812	920	1.013	568
Asia / Oceania	443	285	732	257

*Source: Chilenuit.

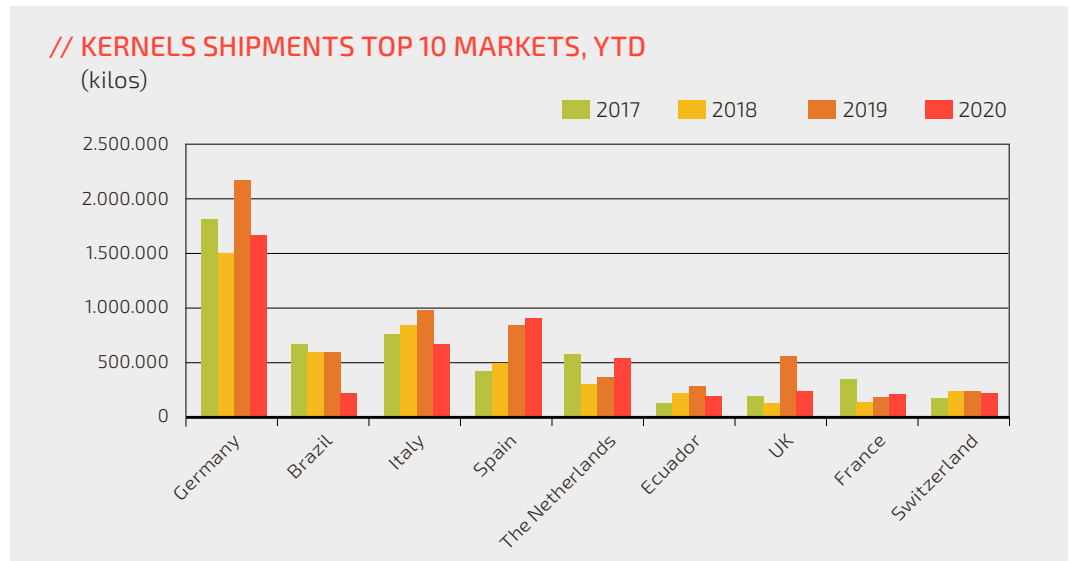
Main countries for Chilean kernels exports although are showing different performances while some are lower, other increases. It is pertinent to take a longer view to really see the evolution of their purchases and not only a short comparison year to year.

Europe (Main destination of Chilean kernels)

- **Germany -24%** comparing to 2019 but **+11%** comparing to 2018
- **Italy -33%** comparing to 2019 and **-19%** comparing to 2018
- **Spain +5%** comparing to 2019 and **+78%** comparing to 2018
- **The Netherlands +52%** comparing to 2019 and **+86%** comparing to 2018
- **UK -59%** comparing to 2019 but **+120%** comparing to 2018
- **France +26%** comparing to 2019 and **+69%** comparing to 2018
- **Switzerland -8%** comparing to 2019 but **+3%** comparing to 2018

When we look at South America the situation is different, and we clearly see a strong decrease in Brazil and some decrease in Ecuador. The difference with these two markets is that the sales window for Chile is a lot longer as Chile has a tax advantage.

- **Brazil -66%** comparing to 2019 and similar **-65%** comparing to 2018
- **Ecuador -38%** comparing to 2019 and **-20%** comparing to 2018.



Commitments and price indication

it is declared to be above 65% - 70% and considering already almost 40% of the crop has been shipped seems to be right. Seems that main packers that have a well-developed and diversified distribution are in a good position.

Inshell availability: Good quality start to be scarce and a bigger dispersion on offers is visible.

Chandler Prices	July
30 - 34mm	USD 2,70 - 2,85
34 - 36mm	USD 3,20 - 3,45
36mm+	USD 3,50 - 3,65

*CFR Prices.

Machine cracked kernels availability: Still a descent volume of kernels is available but mainly concentrated in lower grades, quarters or pieces, while halves extra light light 80% are difficult to be found.

Prices have been adjusting accordingly. Also darker colours, light and light amber are more present in the offers.

Machine cracked Kernel Prices	July
ELLHP80	USD 7,70 - 8,00
LHP80	USD 7,30 - 7,50
ELLHP40	USD 6,90 - 7,10
LHP40	USD 6,30 - 6,50
Quarters	USD 5,70 - 5,90

*CFR prices. ELL (Extra light light); L (Light).

Hand Cracked kernels availability. Availability of extra light kernels is scarce and most offers you can find in the market are of small operations or are processed abroad. Main Chilean packers are well committed on their sales of Extra light colour and now what people is trying to move are darker colours. Smaller packers and growers that do some hand cracking are offering some volume but there is no really volume behind it and standards are different.

Machine cracked Kernel Prices	July
ELHP90	USD 10,00 - 10,70
Quarters	USD 6,00 - 6,50

*CFR Prices. EL (Extra light).

Please feel free to contact us to discuss this report

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