

INVERNADA CHILE SHIPMENT REPORT

October 2020



Market update

Chilean shipments have been strong for the last 3 to 4 months. September reported another record volume shipment for the month with 15.964 metric tons.

- Accumulated Walnuts shipments from Chile are **-14%** comparing to last year, but **+6,1%** if we compare with 2018.
- September shipments were **+59%** comparing to 2019 and **+20,7%** comparing to 2018.

Chile	2017 Ytd	2018 Ytd	2019 Ytd	2020 Ytd	Var (20/19)
Crop volume MT	110.747	129.386	139.226	129.000	-7%
Carry in	0	0	1.609	580	-64%
Exports	91.254	95.748	118.692	101.556	-14%
Available stock MT	19.493	33.638	22.143	28.024	27%

*Source: Chilenut.

The trend of positive shipments continued during September.

Total shipments	2017	2018	2019	2020
May	18.579	17.814	25.618	20.173
June	15.746	18.345	28.515	19.481
July	12.522	18.996	18.997	19.739
August	15.192	14.619	17.338	18.744
September	9.279	13.216	10.015	15.964



In-shell shipments

Inshell shipments has been positive. Interesting is to see that there are some structural changes on the shipping timing for several markets that demand inshell walnuts. It used to be concentrated on first 3 months after harvest, but now later demand is raising from Europe, Russia and India.

September shipments, **+155%** comparing to last year, but the YTD it is still **-17%** although now is even with 2018.

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In-shell shipments

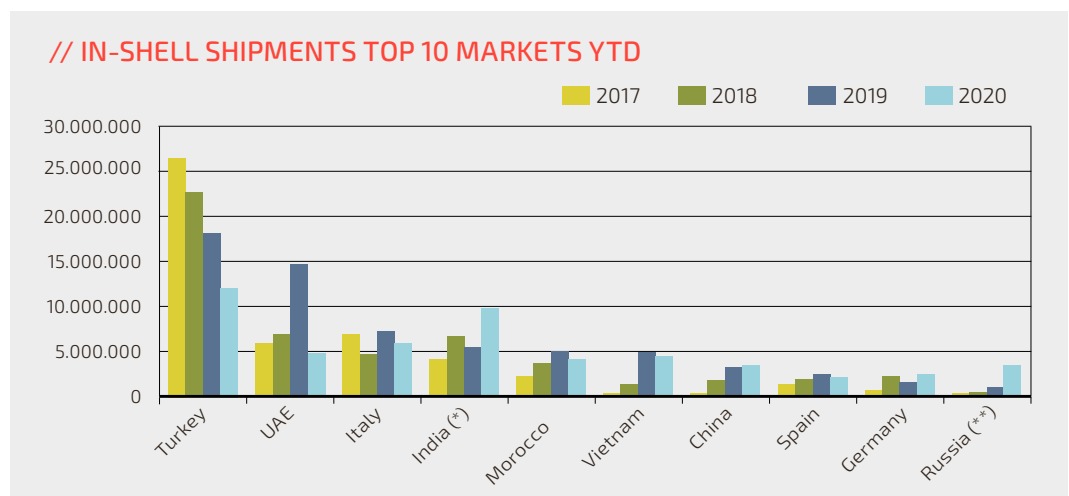
All areas had good inshell shipments for the month of September Middle East **+94%**; Europe **+221,3%**, América **+123,8%** and Asia **+167,5%**.

Accumulated shipments are still behind and this is explained by the drop in Turkey and Dubai in the Middle East area, all other areas are ahead previous years.

In-shell	2017	2018	2019	2020
Middle East & Africa	35.448	34.921	40.336	22.754
Europe	11.767	13.085	15.469	16.207
America	507	1.269	1.187	1.413
Asia / Oceania	5.490	11.335	15.245	19.702

*Source: Chilenut.

If we take a look at shipments of main 10 destination countries, we realize the decrease on volume of Turkey and Dubai.



Source: Chilenut. () Consider India + Pakistan; (**) Consider Russia+ Lithuania + Belarus



Kernels Shipments

September shipments were positive than last year **+26%** comparing to 2019.

Kernel shipments for the season has been normal, lower than last year **-11%** but **+17%** comparing to 2018. Also the trend seems to be positive and catching up with last year volumes.

Kernel Shipments	2017	2018	2019	2020
August	4990	3117	5.586	4.508
Acum August	14.445	12.607	18.554	15.133

*Source: Chilenut.

If we take a look at the shipments by zone, this type of product is clearly concentrated in the EU and although shipments are lower than last year **-8,6%** it is still the second best year, **+20,0%** comparing to 2018.

Kernels	2017	2018	2019	2020
Middle East & Africa	1.564	473	1.033	1.090
Europe	12.776	12.932	16.967	15.506
America	2.412	2.564	2.688	2.114
Asia / Oceania	806	757	1.424	910

*Source: Chilenut.

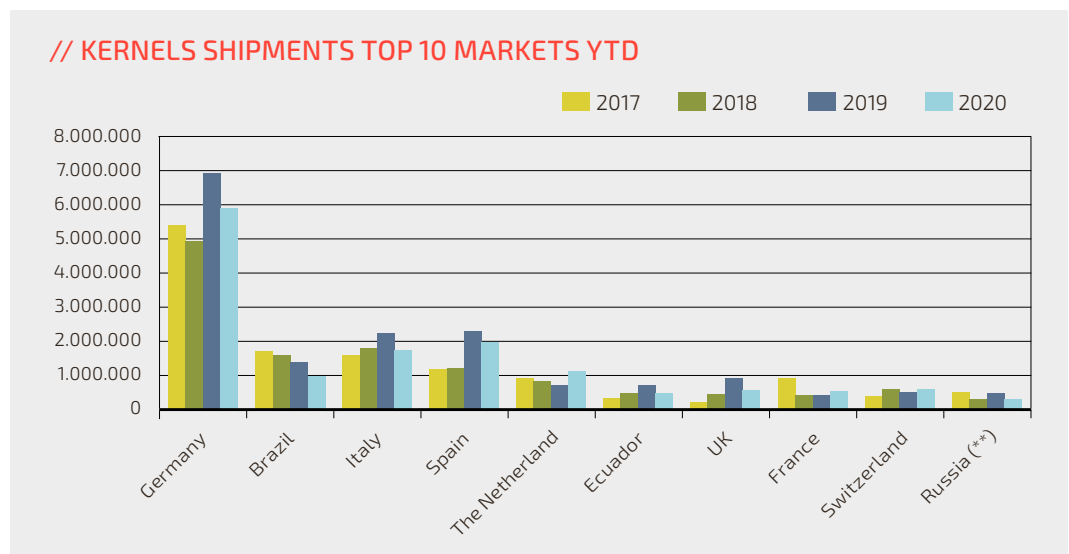
South America and specially Brazil is slow but at least this last month has shown a bit more action and normal numbers.

Europe (Main destination of Chilean kernels)

- **Germany -14%** comparing to 2019 but **+19%** comparing to 2018
- **Italy -20%** comparing to 2019 and **+1%** comparing to 2018
- **Spain -13%** comparing to 2019 and **+60%** comparing to 2018
- **The Netherlands +45%** comparing to 2019 and **+27%** comparing to 2018
- **UK -35%** comparing to 2019 but **+24%** comparing to 2018
- **France +20%** comparing to 2019 and **+15%** comparing to 2018
- **Switzerland +15%** comparing to 2019 and **+0%** comparing to 2018

South America

- **Brazil -27%** comparing to 2019 and similar **-37%** comparing to 2018
- **Ecuador -30%** comparing to 2019 and **+4%** comparing to 2018.





Market feeling

There is a positive trend with a lot of demand for walnuts in the US and people is also taking the remaining volume of Chilean crop.

Still there are uncertainties and challenges but the demand seems to be strong these days to cover the Christmas season that is approaching fast. Uncertainty is still around with second wave of COVID affecting the EU and new restrictions rose by governments.

In our believe the situation will remain stable with low prices but at least with a more active market than the one we faced during the year.



Availability and Prices

California prices started to increase a bit due to high demand driven for historic low prices and now seems to be reaching a point of balance. That is helping the market confidence to take longer positions and move volume.

Inshell: Availability is very scarce if any available. Prices softened pushed by US prices to a range of USD 2,60 – 2,65 per kilo CIF for a size 30 – 34mm Chandler.

Kernels machine cracked: There seems to be still availability of quarters and pieces together with some lower grades. Halves very scarce if any availability.

Prices dropped already to match US prices on quarters and pieces, halves seem to be higher but there is not volume behind that.

Kernels Hand cracked: Usually the product traded is Extra light but nowadays the availability of good quality extra light is limited and almost none, prices for that premium range remain above USD 9,50 or up to USD 10,00 per kilo. Some mixed product has been offered as extra light light mix at prices of USD 8,80 – USD 8,90 range.

Please feel free to contact us to discuss this report

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