

ADVANCED MARKET REPORT

JUNE 2021

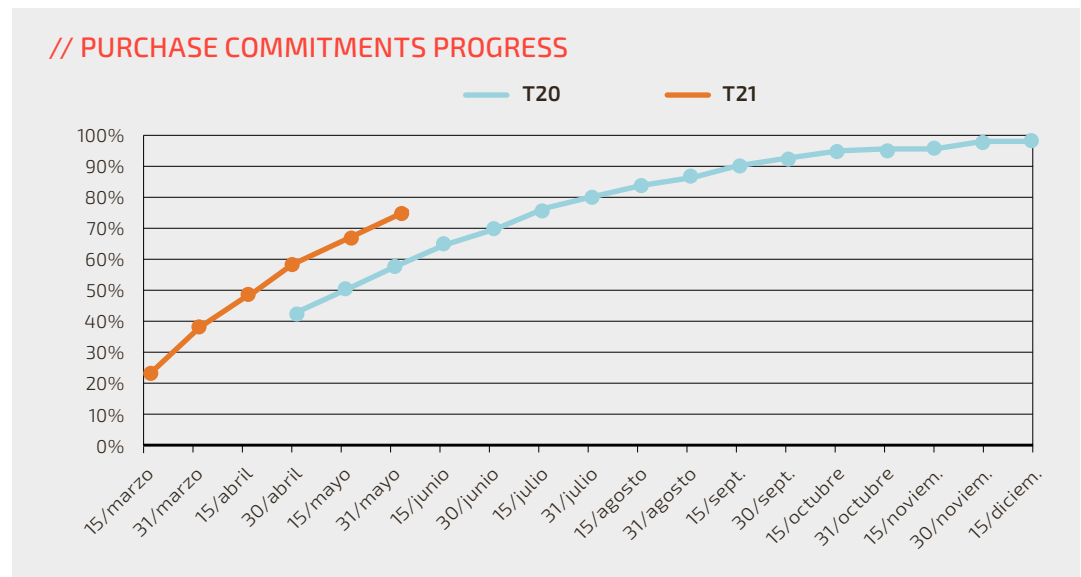


Market

The market continues strong, and prices are reflecting it. Inshell market is almost sold out and is hard to find volume of good quality inshells. Big sizes, 34 – 36mm and 36mm+ are hard to be found, many packers are already sold out on these grades or close to be.

Commitments declared continue increasing reaching on May 30th, 74% of the total crop. Scarcity's Sensation is palpable specially on inshell but also in kernels. Most packers do not have volumes for the big tenders and customers wanting large volumes, it is not rare if packers offer is reduced in volume and increasing on prices.

What we can see in the graph is that commitments of 2021 are ahead of 2020 by a month and a half.



Source: Chilenut

Inshell demand was strong, main markets such as Turkey, India, Dubai, Italy, Morocco demanded a lot and they still demand, taking the last loads available in the market. Russia, another player that has been taking relevance for Chile as a premium market, was slower in their purchases of inshell and now demanding for a product very specific that will be hard to find, good quality big sizes, Chandler.

Again, something interesting has happened in the market, there is a dissociation between prices of inshell and machine cracked kernels, where the inshell return is much better than kernels return, therefore many packers has decided to sell more walnuts as inshells instead of cracking them.

Although, there has been an important adjustment in kernels prices it is not comparable yet to the evolution of inshells prices when converted to kernels.

Machine cracked kernels are also having a good momentum and if they follow inshells we could expect further increment on prices. Demand is strong in Europe, where many customers were taking position on lower grades such as Large pieces and LHP20, that is bringing a balance to the production as complement with the strong sales of Halves 80%.

South America woke up, Ecuador and Brazil lately have been particularly active. These markets are very interesting as they usually purchase later, even during the spring and summer of the southern hemisphere, in this case it seems that their stocks are being consumed, great news and hope of a good recovery.



Shipments and logistics

Not all is good. Although shipments are ahead of last year and showing a very good dynamism, all logistics are disrupted, and several containers are being rolled as well as most booking confirmed at last minute, if they are confirmed. All packers are struggling to get their load shipped out. This story is not strange as it is happening all over the world and there is no certainty or a way of planning accordingly.

Shipments for the month of May are expected to be around 20% higher than May last year. Anyway, the potential of shipments was much more if there would have been enough availability of containers.

The **logistic situation** is getting worser and there is no sign of getting better in a short period of time. An important number of containers are gathering at the Port waiting to be shipped and this snowball continue growing, vessels are arriving with delay, ports having lower productivity by unloading and loading vessels, vessels are forced to leave not fully loaded and the cycle continue.

Not considering other delays that may happen on connecting ports the situation looks critical.

Let's hope it will get better.



Prices

The trend to increase continues, availability is scarce, many packers already sold out on their inshell volumes and some grades are almost none. Packers are waiting to advance with their processes and figure out what they will really have available, trying not to over commit on some product they will not have later.

USD per kilo	February	March	April	May	June
30 - 34mm	2,7	2,75	2,80 - 2,90	3,00 - 3,10	3,00 - 3,10
34 - 36mm	3,2	3,2	3,30 - 3,40	3,40 - 3,50	3,70 - 3,90
36mm+	3,4	3,5	3,60 - 3,70	3,80 - 3,90	4,00 - 4,10

For the **kernel market**, the trend is similar than for inshell. Prices are increasing and availability reduced considerably. Today, thinking on prices of LHP80 at USD 9,00 is not crazy while just few months ago was totally out of any estimation. Prices we see now are as follow, further increments may take place as volumes are getting short and there must be a correlation between inshell and kernels prices somehow.

USD per kilo	February	March	April	May	June
LHP80	7,90 - 8,00	8,00 - 8,10	8,10 - 8,20	8,35 - 8,45	8,60 - 8,70
LHP40	6,80 - 6,90	6,80 - 6,90	6,80 - 6,90	7,00 - 7,10	7,40 - 7,50
Large Pieces	5,65 - 5,70	5,70 - 5,75	5,75 - 5,80	5,95 - 6,05	6,10 - 6,20

Any doubt, don't hesitate to contact us,

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