INVERNADA CHILE SHIPMENT REPORT

September 2020

Market update

Is important to mention that from August 27th to September 2nd there was a trucks driver strike which disrupted shipments of las week of August delaying all that volume from August to September. We could be thinking that between 2.000 to 3.000 metric tones inshell equivalent that were supposed to be shipped in August finally were shipped in September due to this reason. Saying this let's check the numbers.

August shipments were very strong with a record of 18.744 metric tons inshell basis shipped during the month. Anyway, accumulated shipments are still behind last year but already surpassing 2018 shipments for the same period of time.

- Accumulated Walnuts shipments from Chile are **-21%** comparing to last year, but **+3,7%** if we compare with 2018.
- August shipments were **+8,1%** comparing to 2019, and **+28,2%** comparing with 2018 shipments

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	80.549	82.531	108.677	85.592	-21%
Current available stock MT	**30.198**	**46.855**	**32.158**	**43.988**	**37%**

**Source: Chilenut.*

The trend of positive shipments continued during August.

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

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In-shell shipments

Inshell shipments were strong for August, **+64,4%** comparing to last year, but the YTD is considerably lower than 2019 **-23,1%** and **-4,3%** comparing to 2018.

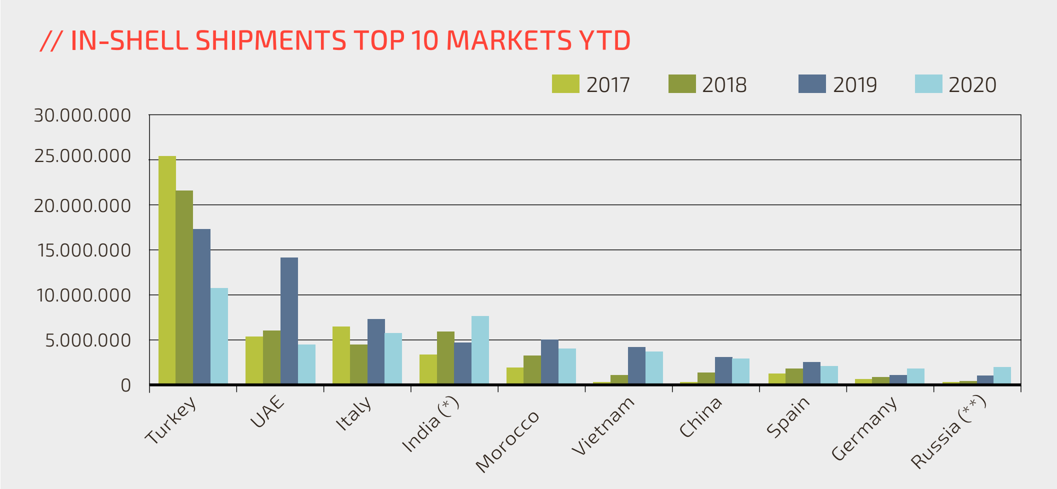
All areas had good inshell shipments for the month of August Middle East **+63,9%**; Europe **+65%**, América **+79,3%** and Asia **+63,8%**.

Accumulated shipments are still behind and this is explained by the drop in Turkey and Dubai in the Middle East area.

In-shell	2017	2018	2019	2020
Middle East & Africa	34.522	33.406	39.656	21.435
Europe	10.964	11.778	14.969	14.599
America	375	946	989	968
Asia / Oceania	4.614	9.915	14.084	16.596

**Source: Chilenut.*

If we take a look at shipments of main 10 destination countries, we realize the decrease on volume of Turkey and Dubai. Although July and August have been really good that won't compensate the decrease early in the season.



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

Kernels Shipments

August shipments were lower than last year **-19%**, higher than 2018 **+45%.**

Kernel shipments for the season seems to be normal, lower than last year **-18%** but **+20%** comparing to 2018.

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.*

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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 **-14%** it is still the second best year, **+25,2%** comparing to 2018.

Kernels	2017	2018	2019	2020
Middle East & Africa	1.377	344	975	839
Europe	9.886	9.657	14.062	12.093
America	1.796	1.972	2.144	1.517
Asia / Oceania	717	634	1.374	683

**Source: Chilenut.*

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

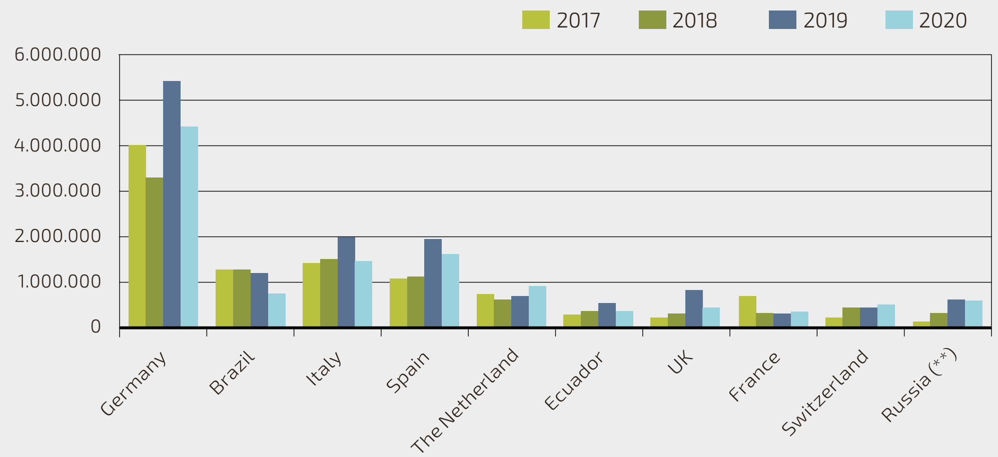
Europe (Main destination of Chilean kernels)

- **Germany** -18% comparing to 2019 but +32,7% comparing to 2018
- **Italy** -26% comparing to 2019 and -16,7% comparing to 2018
- **Spain** -18% comparing to 2019 and +41,9% comparing to 2018
- **The Netherlands** +32% comparing to 2019 and +44,8% comparing to 2018
- **UK** -45% comparing to 2019 but +36,5% comparing to 2018
- **France** +9% comparing to 2019 and +11,4% comparing to 2018
- **Switzerland** +14% comparing to 2019 and +16,6% comparing to 2018

South America

- **Brazil** -39% comparing to 2019 and similar -42% comparing to 2018
- **Ecuador** -30% comparing to 2019 and +2,9% comparing to 2018.

// KERNELS SHIPMENTS TOP 10 MARKETS YTD



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Market feeling

Despite the good and the positive trend of shipments of Chile, today the market is absolutely influenced by the new record crop of California.

COVID still is playing a roll too bringing uncertainty to the future and the economic effects of the pandemic in a short and medium term. Countries seems to get used to live with this situation but still a lot of questions marks to be answered.

Walnuts and nuts have been gotten a lot of positive publicity because they help the immunity system which nowadays is at the top list of every person concerns.

Availability and Prices

The news of California subjective and objective estimation of new walnuts crop pushed prices further down, although most of this information had already been absorbed by the drop of prices that took place from February till today, still this hit the market a bit.

Prices of California are historically low, bellow breakeven point in order to move volume.

Seems that crop is about 2 weeks later what is opening an opportunity for Chile to supply a little further Christmas season in the EU. Considering the disruptions on logistics we have had during the year it is not crazy at all to take certain precautions about supply for such an important period of sales.

Inshell: Well, In Chile inshell availability is practically none, maybe some baby size or some loads with a lower quality. Good loads are scarce right now and valuable.

Kernels machine cracked: As said in earlier reports availability is mainly Quarters, pieces and some lower grades such as light amber, amber or yellows. Prices had adjusted considerably and now, same as in the US, prices seem to be at the bottom and customers are taking longer positions considering the prices should not go further down.

Kernels Hand cracked: This niche market is concentrated mainly in Chile, it has also seen a considerable reduction on price because the market situation but also because colours of this year Chilean crop has turned a bit darker. Although the product is Extra light it tend to be in a lower grade of extra light comparing to previous years, something that could be related to the climate conditions and the stress the trees were exposed to because of the terrible drought suffered last year.

Please feel free to contact us to discuss this report

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