CHILEAN SHIPMENTS REPORT

OCTOBER 2021

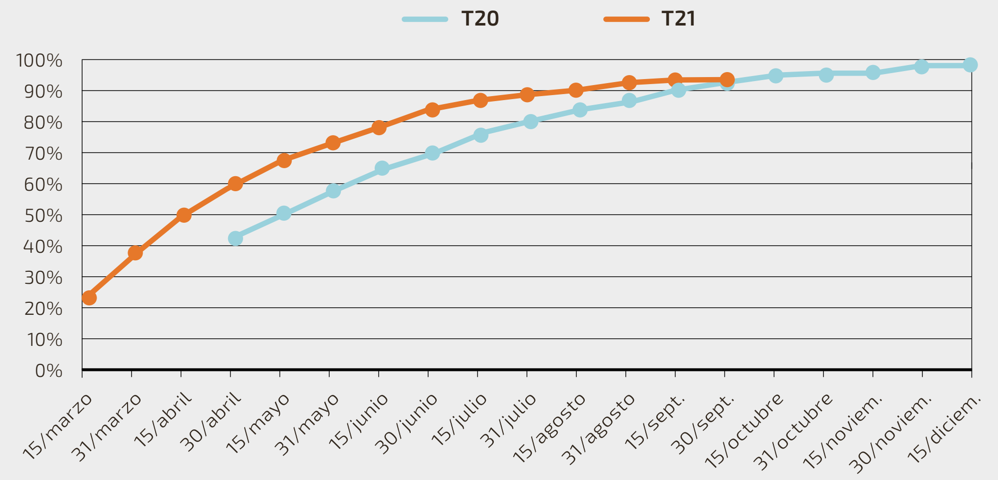
Market

The market shifted into US and northern hemisphere walnuts. Remaining inventory in Chile has been selling as it is processed.

Prices remaining stable as availability is considerably low.

Commitments by September 30th were reported at 94%. We can see that now the increase on commitments will move slowly till nearly 98% by end of the year as it usually ends.

// PURCHASE COMMITMENTS PROGRESS



Source: Chilenut

Shipments

September shipments were strong **+30%** compared to last year and a record for the month of 20.903 metric tons.

Inshell shipments continue leading the exports **+33%** in September and accumulated of +**26%** while Kernels were **+25%** and **+4%** accumulated.

The accumulated shipment reached 119.235 metric tons which is **+18%** compared to last year and above 80% of the total crop.

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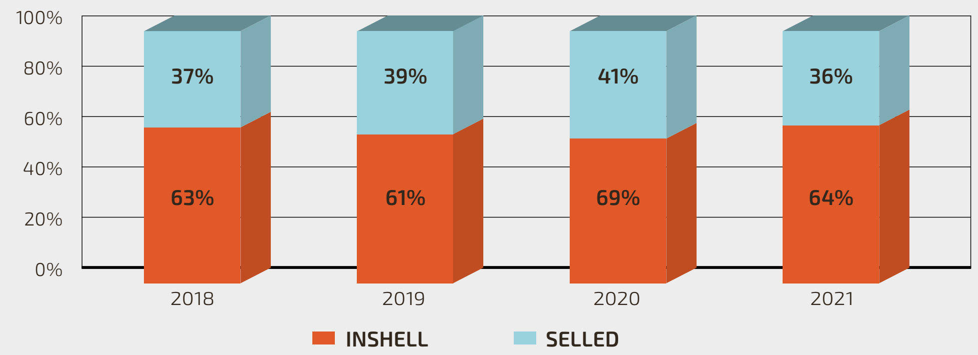
By combining Chile low inventories and US lower crop seems that prices will remain as they are for a while. Considering sizes of US walnuts were reported smaller that previous years we could foreseen and scarcity of light Halves in the market in a near future.

If we take a look at the exports by type of product, inshell or kernels we can see that Inshells showed a higher % of total exports of Chile:

// SHIPMENTS BY TYPE (VOLUME INSHELL BASIS EQUIVALENT)

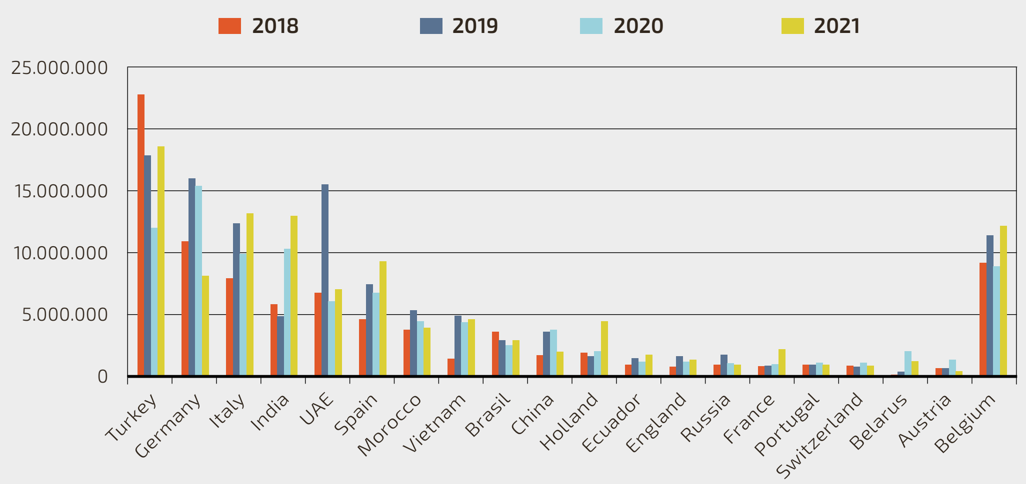


Source: Invernada based on Custom data of ASOEX.

Chilean shipments are well diversified although we keep opening new markets and strengthened our partnership with importers, distributors, and retailers to increase walnut consumption via supplying a fresh product.

It is remarkable how India is nearly to become the #1 destination country for Chilean walnuts. Turkey recovers from a bad trend understanding the quality of Chilean walnuts on counter season are hardly to be substituted.

// CHILEAN WALNUTS SHIPMENTS (KILOS INSHELL BASIS)



Source: Invernada based on Custom data of ASOEX.

A new request of India authorities for re-export walnuts is also coming into place. There is still uncertainty of how this might impact the trade from third countries into India but in the other hand we expect, it will also push purchases directly from India.

In Europe, Italy and Spain continue with a growth trend. Germany in the other hand purchased very late in the season and its numbers are still far behind what they usually purchase in Chile.

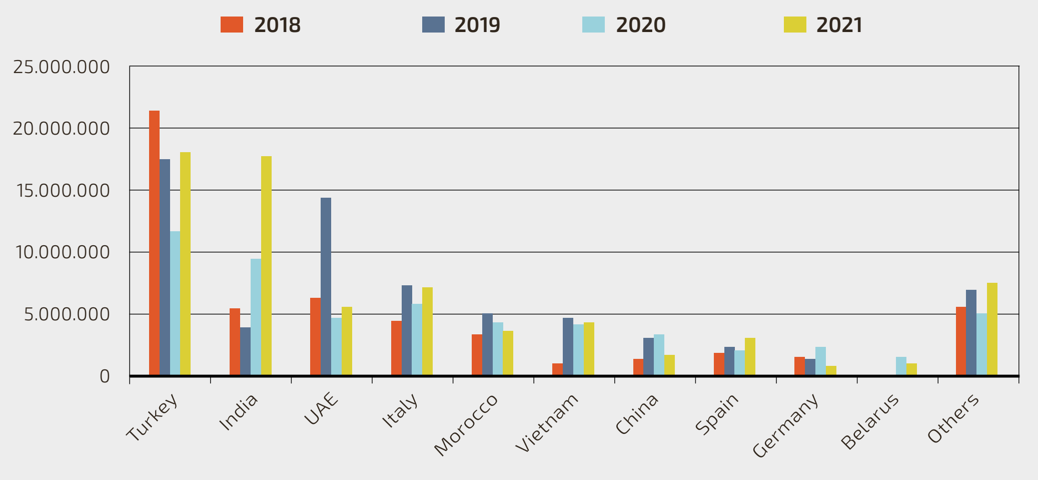
Morocco shows a negative number due to the reduction on the produced volume of SERR variety in Chile.

When we take a look at type of product, between inshell and kernels the situation is similar:

Inshell Shipments by Country of Destination

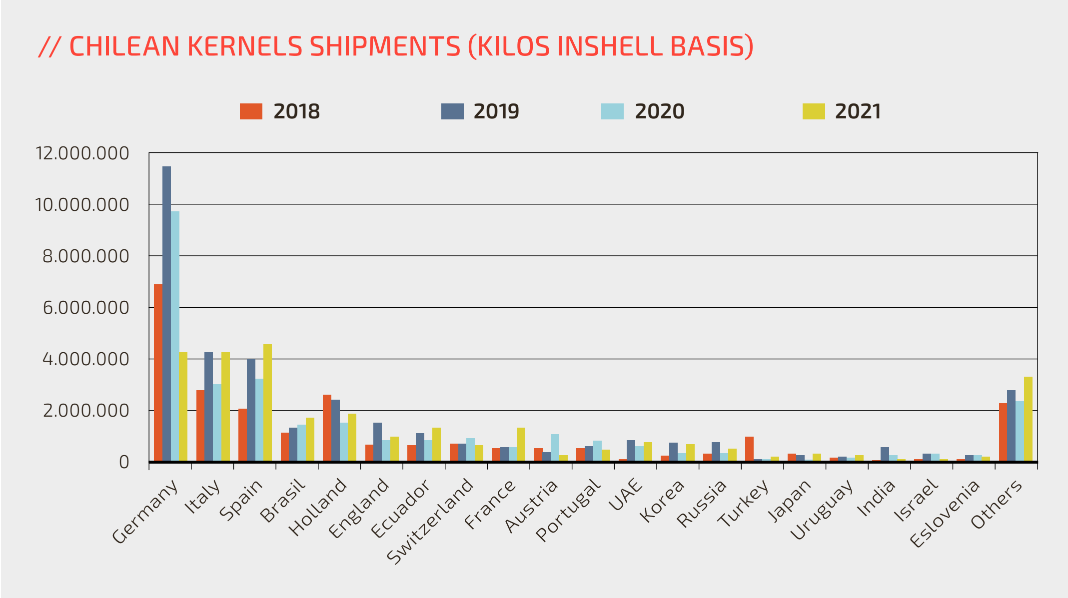
As said, the most remarkable is the growth of India who is about to become the largest market for Chilean walnuts.

// CHILEAN INSHELL SHIPMENTS (KILOS)



Source: Invernada based on Custom data of ASOEX.

Kernel Shipments by Country of Destination



Source: Invernada based on Custom data of ASOEX.

Most countries show a positive trend although the main market for Chilean kernels, Germany, showed negative numbers. Hope this will improve in the coming months with late shipments to Germany and it is really important for the industry to keep delivering fresh product to consumer in order to increase consumption.

Prices

With Anuga already gone, and California crop shorter, prices start to find their level and seems buyers are accepting this new price level.

As for Chile, Inshell offer is none.

Kernel prices remained stable thanks to the prices of California. In September we saw a subtle pression on prices as European buyer didn't want to pay the higher prices of US walnuts and that also push on Chilean prices but with the time seems prices are settling, and a new equilibrium is stablished.

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USD per kilo	LHP80	LHP40	Large Pieces
February	7,90 - 8,00	6,80 - 6,90	5,65 - 5,70
March	8,00 - 8,10	6,80 - 6,90	5,70 - 5,75
April	8,10 - 8,20	6,80 - 6,90	5,75 - 5,80
May	8,35 - 8,45	7,00 - 7,10	5,95 - 6,05
June	8,60 - 8,70	7,40 - 7,50	6,10 - 6,20
July	9,00 - 9,20	7,90 - 8,00	6,90 - 7,00
August	9,40 - 9,60	8,40 - 8,60	7,40 - 7,50
September	9,20 - 9,30	8,20 - 8,40	7,30 - 7,40
October	9,40 - 9,60	8,20 - 8,40	7,30 - 7,40

Volume in Chile is very limited and it is sold as it is produced.

Due to COVID-19, processing has been a challenge and so most packers have been forced to extend their cracking and packing operations. Usually by October most if not all the product was processed and this year it will continue till Mid or end November.

If you have any doubt about this report, please don't hesitate to contact us,

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