

INC Congress Dubai

Many of the industry members gather at Dubai in the INC congress. It was a really good event where beside the market itself we had the chance to talk about future trends for the industry and even more important, about consumers needs and preferences.

The world Agri-industry has challenges ahead, and so walnuts are not the exception. Sustainability, considering three main pillars: Economic, Social and environment will raise as a mayor demand from developed countries and as an urgent topic to be considered. Sunny Verghese, CEO of Olam Group gave us an encouraging speech about it and the future of agriculture.

Having consumers needs in the center of the industry seems to be a key aspect to boost consumption. Freshness of the product was the main attribute discussed and seems to be the key driver on consumers preferences, who are willing to pay for a fresh, consistent good quality product. Good examples of it were presented at the congress by Ralph Beranek, managing director of Seeberger.

We thanks to INC organizers for an impeccable event that help us all to change views on the market and share experiences. We will see each other in London 2023.



Crop 2022

Chilean harvest is finished and most of the fruit has been received by packers. The final total volume expected is still 170.000 MT as originally forecasted.

In terms of quality, it looks average for Chilean standards.

Serr variety have a very good quality, with nice color, good cracking our yield and reduced insect damage. Harvest was later than usual and was finally done almost at the same time than Chandler. SERR account for slightly above 10% of the total Chilean crop and is the second main variety, usually earlier than Chandler.

Chander variety. During harvest time, the ambient humidity was lower than usual, as a result, the hull tends to dehydrate instead of open up, causing the presence of stains on the shell. Despite of the kernels look, there are variations among different regions and farms, anyway the average is in line with a normal year for Chile where around 65% is considered as extra light and 25% to 30% as light.

Regarding size, the main reduction is on the percentage of 36mm+ which has been reduced by 5 points average from 15% to 10% roughly. All this went straight to the middle size range of 30 – 34mm.

Later in the harvest season, we had an important rain, which affected part of the crop. We estimate that nearly 10% of the Chandler crop might be affected, some only externally with a darker shell and some also with a higher presence of yellow and Light amber kernels.



Logistics

It is a worldwide challenge to transport product all over the world and Chile is not an exception. Although the situation is not critical, difficulties to get bookings, availability of containers, vessels leaving not fully loaded, unproductivity at port, containers rolled at port, are common, so a delay of about 2 to 3 weeks on shipments seems to be normal. Ideally is to plan and book in advance to avoid later delays. Also, the climate has been affecting as it did last year, and vessels eventually cannot stop at the port due to weather conditions.

Freight cost is another important subject. It has increased in some cases by 3 to 4 times rates we had last year, and that is certainly affecting the whole trade where FOB prices are similar or even lower than 2021 but CFR prices end up higher due to the shipping rates. Shipping lines are giving preference to Reefer containers and so we might see that some destinations who are taking reefer containers will get bookings and others will struggle a bit more.



Shipments

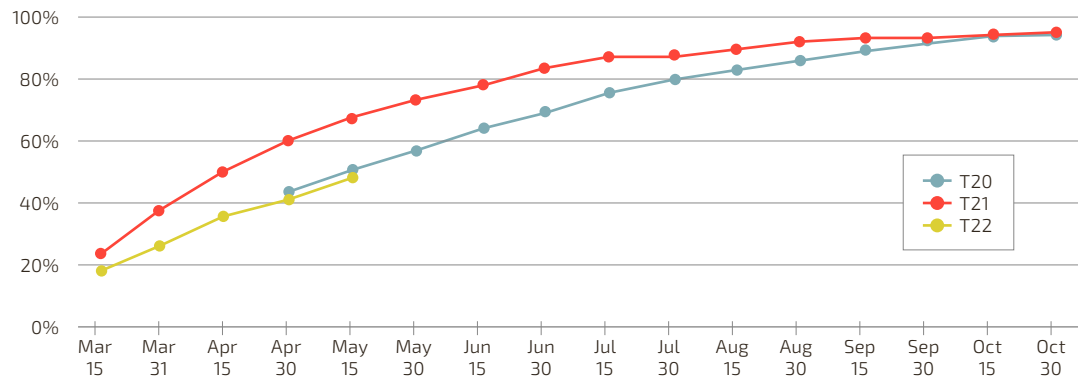
April, which we could consider as the first month for shipments of the new season is showing weak numbers, explained mainly because of a later crop than previous year together with logistics difficulties and some climate events that affected the possibilities of delivery with some vessels that didn't stop in Chile. However, this numbers are showing slower shipment than expected and a reflection of logistics difficulties.



Market

The market for Chilean walnuts has been very active since it started in February at Gulfood. Up to May 15th, commitments are showing normal values and good dynamism reaching 49% of the total volume. It is a positive figure considering the low-price level of Californian walnuts. The path of commitments is lower than last year which was extremely fast and jumped due to a reduction on Crop estimation, but equal to 2020 which we could consider as a normal year.

// PURCHASE COMMITMENTS PROGRESS



Source: Chilenut

The **Inshell market** has been the engine for Chilean season. Although there is not an official number, we could assume that between 60% to 70% of the inshell volume has been sold already. Most inshell markets have been actively demanding. India, The Middle East via Dubai, Turkey, China and Morocco were leading the purchases. Europe has been the exception as there was plenty of stock of US walnuts.

Most packers are in a very comfortable position with production of May and June already covered and now starting to book for shipments July onwards.

SERR variety is mainly sold already, were Morocco and Dubai lead the purchases. Demand is still there, although availability is very limited or none.

Chandler variety is still traded, and the market seems very strong. Prices has remained stable for the last 2 months and there is no sign it could softened.

// INSHELL USD PRICES

Per Kilo FOB

	30 - 34mm	34 - 36mm	36mm+
February	2,50 - 2,60	3,10 - 3,20	3,40 - 3,50
March	2,55 - 2,70	3,20 - 3,30	3,50 - 3,60
April	2,60 - 2,70	3,20 - 3,30	3,60 - 3,70
May	2,60 - 2,70	3,20 - 3,30	3,60 - 3,75

The **Kernels market** started slower, but constant demand has been faced, today we could say that around 30% to 40% of the kernel volume has been committed. Mayor tenders haven't taken place yet although regular customers for Chilean walnuts have been purchasing and taking their positions.

There has been a fair demand for halves 80% from the very beginning which has been balanced later with demand of large pieces from different markets.

There is still a long way for the kernel season as most buyers will use Chilean origin to cover their needs for the Christmas season.

Demand is raising, Europe seems to be getting active as well as South America. To our surprise, some traditional inshell markets in the Middle East and India are also buying kernels in a way to optimize the freight cost.

// KERNEL USD PRICES

Per Kilo FOB

	LHP80	LHP40	Large Pieces
February	7,40 - 7,60	6,50 - 6,70	5,50 - 5,80
March	7,60 - 7,80	6,50 - 6,70	5,50 - 5,80
April	7,60 - 7,80	6,50 - 6,70	5,50 - 5,80
May	7,60 - 7,80	6,50 - 6,70	5,50 - 5,80

**Hope to inform you well,
If you have any doubts about this report, please feel free to contact us,**

Cristobal Socías

SALES DIRECTOR

csocias@lainvernada.com

[+56942610295](tel:+56942610295)

David Valenzuela

MANAGING DIRECTOR

dvalenzuela@lainvernada.com