MARKET REPORT

June 2022

General Market overview

Market activity slow down a bit since the second half of May. Packers concentrate on processing and managing logistics to ship the crop and buyers are taking their time to further purchase.

Demand from quality conscious customers and markets that look for freshness, has been constant since February while price demanded customers have been delaying their purchases.

Considering that **crop was two weeks later, logistics** are disrupted and the fact that the main market destination (India) requires an extra week of fumigation, shipments seem to go on a normal trend.

Commitments are also in line with historic values, although lower than last season, which was particularly fast due to the decrease on the crop compared to original estimation.

Shipments

Shipments are behind last year (**-30%**) and slightly ahead of 2020. Part of it is explained because crop was two weeks later. Another fact is that the main destination for early shipments has been India, country that require an extra week of fumigation.

Taking it in consideration, shipments are showing a positive trend and numbers should be catching up as we start considering more weeks.

	2020	2021	2022
Kilos shipped (inshell basis)	22.384	32.714	24.091

Source: Chilenut, custom data. Acum to May 31st.

When we look at the accumulated shipments per week, we realize that the path is improving considerably, slightly above 2020 and with a positive number for the first half of June.

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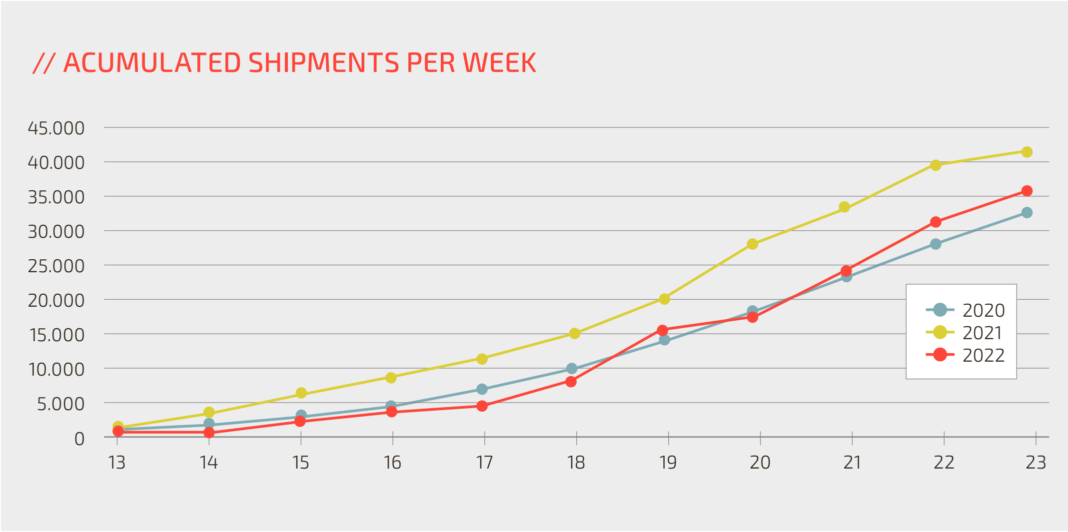

Inshell Market

Most packers are well committed on their inshell programs. The availability of good quality inshell is reduced because of a higher presence of stains and external damages.

As a market, India has lead purchases and that is reflected on the volumes shipped to that destination. Lately, the activity slowed down a bit as customers need to start receiving the goods and recovering cash for further purchases.

We have noticed a higher variation on prices which is related also to a higher variation on quality. Good quality inshells are traded at same values but alternative qualities with some higher tolerance on stains and a bit darker kernel colour can be traded 15 to 20 cents lower.

	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
June	2,55 - 2,70	3,10 - 3,30	3,50 - 3,75

FOB prices per kilo in USD.

By looking at inshell shipments we can see that India and UAE has been taking a big part of it, responding to early purchases. Also, Morocco has purchased what they use to, special SERR variety. Shipments to Turkey started slow but has been picking up as first commitments to India ad UAE already took place.

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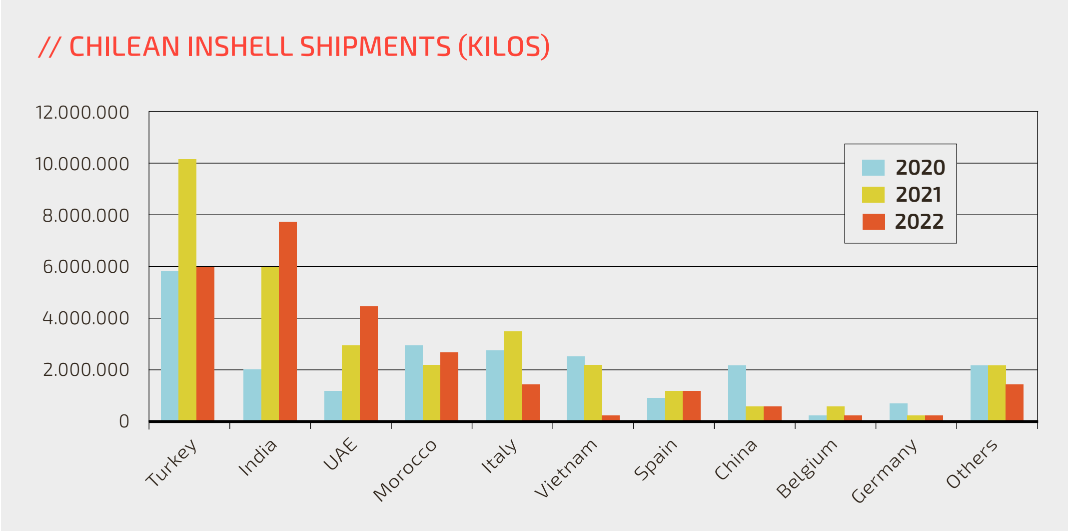

Source: custom data, ASOEX.

Kernel Market

The market for kernels has been moving slowly but constantly. Regular buyers of Chilean walnuts, that look for quality kernels, have been purchasing to secure the shipments and availability. In the other hand, price focused buyers, have been delaying their purchases, covering with US last year crop.

However, prices seem that have softened a bit on halves. Demand for large pieces (quarters) increased considerably during May and has maintained price levels.

	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
June	7,40 - 7,60	6,40 - 6,60	5,50 - 5,80

FOB prices per kilo in USD.

Shipments of kernels has been good. If we consider shipments until week 23, they are ahead of 2020 and closer to 2021. Shipments of the first half of June has been particularly strong.

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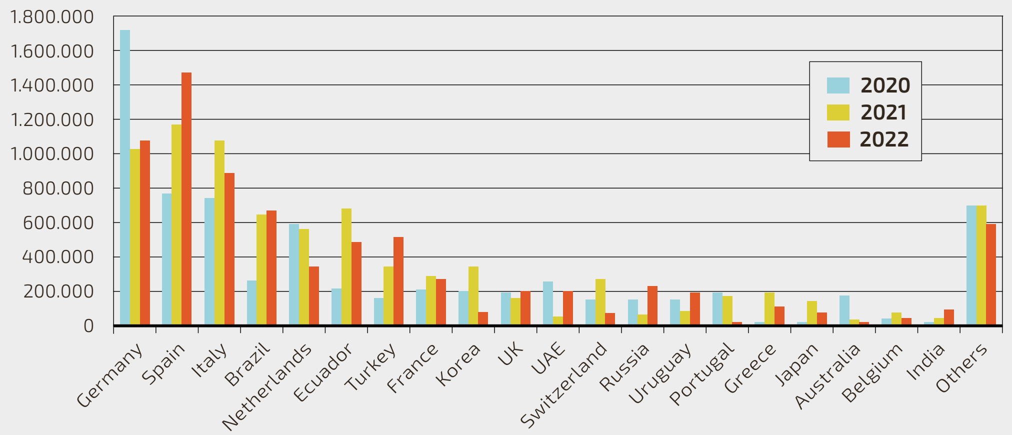
// ACCUMULATED SHIPMENTS UNTIL WEEK 23

	2020	2021	2022
Kilos (Eq Inshell basis)	7.323.511	8.543.660	8.036.263

Source: Custom data, ASOEX.

What is interesting to see is how Spain has been growing consistently over the last 3 years. We do know that quality demanded buyers have been purchasing large volume of halves and that can be seen on the shipments to Spain, while purchases of halves 40/60 are slower. As previous year there is a chance the market run out o halves at certain point.

// CHILEAN KERNELS SHIPMENTS (KILOS INSHELL BASIS, ACUM WEEK 23)



Source: custom data, ASOEX.

Now, it is the time when buyers start covering their Christmas programs. Considering all logistics challenges Chile should be covering an important part of the festivity season in order to secure availability when demands raise.

The rate of shipments from Chile should reach between 20.000 to 25.000 MT monthly in order reach Christmas season and consume the crop before end of the year as usual,

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

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