

MARKET REPORT

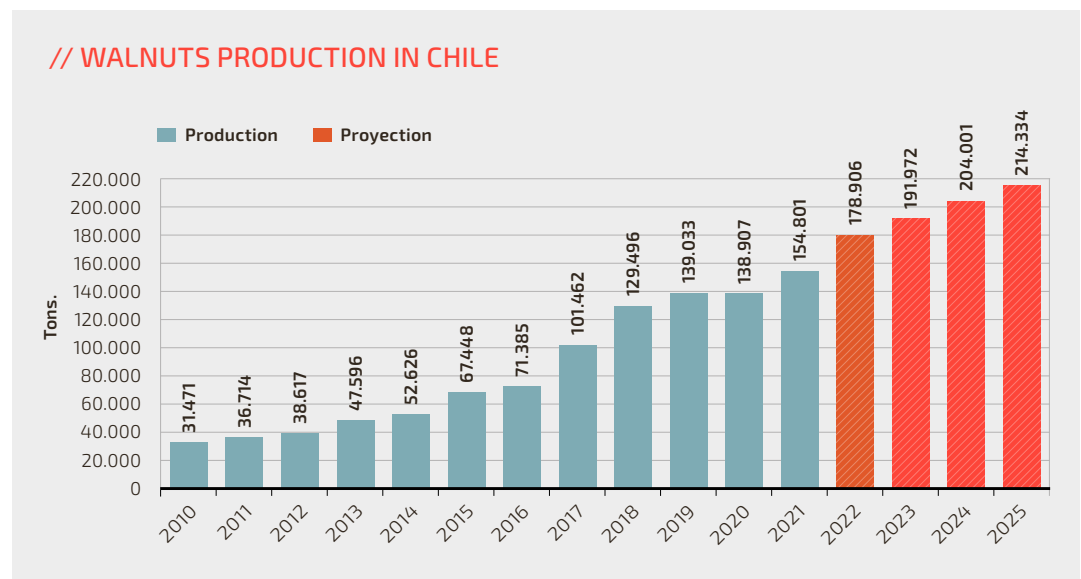
March 2023



Harvest

The 2023 harvest just started with the SERR variety in mid of March. So far, the quality looks good. Weather conditions have been optimal, and no rains have been forecasted in any of the productive areas. Volume wise, the output of the SERR variety is expected to be a little lower than last year.

Chandler's harvest is expected to start by early April. The volume per hectare seems like last year, which means that the total output will only grow per new hectares getting in bearing. According to Chilenut, Chile's total production is estimated at 191,972 metric tons, up by only 3.7% from 2022 (nearly 185,000 metric tons).



Source: Chilenut.

The sizes of walnuts are expected to be in line to those of last year, which is why the availability of big sizes is anticipated to be limited.

Weather conditions during the harvest of the Chandler variety are expected to be good. Overall, Chile should have a good weather for the harvest and as a result good quality to satisfy customer demand.



Market

The commercial season, as usual, started at **Gulfood**. The food show was busy and demand was strong. FOB prices of Inshell walnuts opened at 10% to 15% lower than last season. Kernel prices FOB opened at 20% to 25% lower than last year at Gulfood.

Markets reacted positively to the prices of the new season, demand was solid, and sales went well. It is estimated that nearly 19% of the volume has already been committed, with shipments scheduled for April – May and part of June.

Demand was driven mostly by the Inshell market and India was by far the most active buyer at the beginning. A few weeks after Gulfood, other markets have started to get active as well, including Russia, Lebanon, Morocco, UAE, and India, all of them looking to secure some shipments for May and June. Turkey is also expected to place some orders.

In the past two weeks, Europe has started to place orders as they also want to take part of May/June shipments to meet a demand of quality-conscious customers of both inshell and kernels.

Demand for kernels was weak at the beginning, but it has been showing signs of recovery as we get closer to the harvest. Low prices have driven sales and that is bringing a positive momentum.

There seems to be no correlation between the prices of inshell and kernel, as kernel prices are far too low and influenced by US prices. We have seen this before, and it seems that kernels are not getting the premium for quality and freshness that people are willing to pay on inshells. Somehow, the kernel market is more a commodity than the inshell market and tends to behave more as a fresh fruit market.



Freight Cost

A critical fact that is causing an impact is the cost of freight. Unlike last season, we can see now that the freight cost is 3 or 4 times lower than last year, which is resulting in considerable savings for customers. In the case of reefer containers, this results in savings of 50 cents per kilo, approximately. In the case of DRY containers, savings range from 20 to 30 cents per kilo. The effect on CFR prices is huge, and that is bringing demand and purchases back on track.



Consumption

This is the biggest question mark we all have. It seems that more informal markets, where the traditional distribution channel is more relevant, are reacting in a better way. Prices are moving according to market and all reductions on prices and saving are passed on to consumers much faster and directly. In more formal markets where large retailers control the distribution and prices, reductions and savings are not reaching consumers, which is why demand remains somehow depressed.



Price Evolution

Prices have remained stable since Gulfood. For premium quality, demand is strong, driven by India, Russia, Middle East, and other quality-focused customers that have been waiting for the new Chilean crop.

Alternative qualities are sold with a discount of 10 cents, approximately, to markets that are not looking for such a premium quality, but for average products.

// PRICE PER KILO FOB

Inshell	
Chandler 30 - 34mm	USD 2.30 - USD 2.40
Chandler 34 - 36mm	USD 2.80 - USD 2.90
Chandler 36mm+	USD 3.20 - USD 3.30
Kernels	
ELLHP80	USD 5.90 - USD 6.20
ELLHP40	USD 4.90 - USD 5.20
ELLP	USD 4.00 - USD 4.30

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

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