

# MARKET REPORT

May 2023



## Harvest

Harvest has finished in Chile, and as a summary we found:

### Volume

10% to 15% lower than last year, which means a total of nearly 170.000 metric tons. Coming down from around 187.000 metric tons in 2022.

### Yields

Normal, between 48% to 49% in average for Chandler, and 56% for SERR.

### Color

Chandler Extra light + light 90% or above, and extra light 70% in average. SERR Extra light + light 80%+, and Extra light 40%.

### Sizes

Size distribution Chandler:

	26 - 28mm	28 - 30mm	30 - 32mm	32 - 34mm	34 - 36mm	36mm+
2022	2,0%	6,0%	18,0%	34,0%	29,0%	12,0%
2023	3,0%	8,3%	23,4%	35,5%	22,9%	6,9%

Estimated availability of Chandler per size:

	34 - 36mm	36mm+
2022	48.807	20.196
2023	35.037	10.557
Var 22/23	-28%	-48%



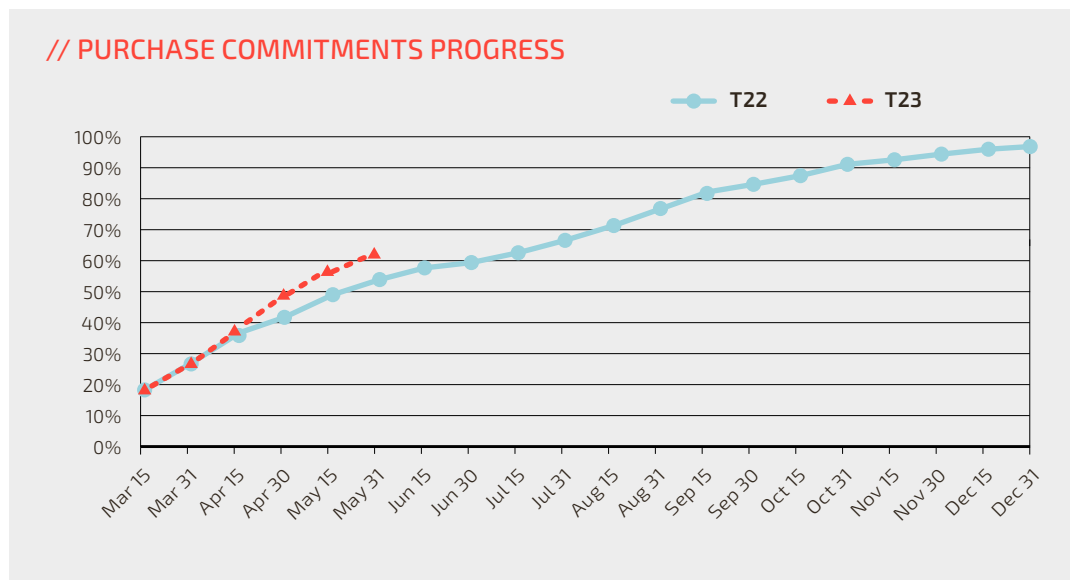
## Market

Demand has been strong since Gulfood, and that is reflected in higher commitments and shipments in comparison with 2022. Most packers have full booked their production capacity of June and July. Up to date, commitments are above 60% (see chart below), what is higher than last year.

Now, buyers are asking quotations to cover their need until end of year, trying to secure their positions for the festivity season when sales go up.



## Market



Source: Chilenut

### INSHELL MARKET

There are multiple factors helping the demand for inshell walnuts: scarcity of good quality inshell walnuts at destination markets, lower freight cost (returning to pre-pandemic level), better exchange rates and low initial prices, resulted in strong confidence of buyers.

A big volume was already committed from Chile, and buyers are now waiting to receive their first cargo in the next few weeks to start purchasing again. In July, it is expected another big wave of demand coming from India, meanwhile buyers of Turkey, Dubai and Europe have been purchasing to cover their needs until end of year.

Big sizes are well sold due to the lower availability. Packers are trying to full fill commitments already taken and what is left sell it to selected customers that commit on long programs. Prices of larger sizes raised considerably.

The standard Chandler 30 – 34mm where most of the volume is, have remained stable with a slight positive tendency on prices. It is expected that prices will remain steady.

Small sizes, bellow 30mm are usually cracked, although some of the volume will be sold as inshell. Prices remain cheap and is a good opportunity for processing countries such as India and Turkey.

### KERNEL MARKET

As inshell business has shown a better performance, Chilean packers are prioritizing their volumes to Inshell instead of cracking so the availability of kernels will be less this year.

The Kernel market has reacted positively during the last 6 - 7 weeks. Several buyers are now taking longer positions to cover the next 3 to 4 months. It is expected a shortage on supply of halves due to a lower % of halves from shelling process, and big demand for LHP80s since the very beginning as consequence of the lack of light kernels from US current crop.

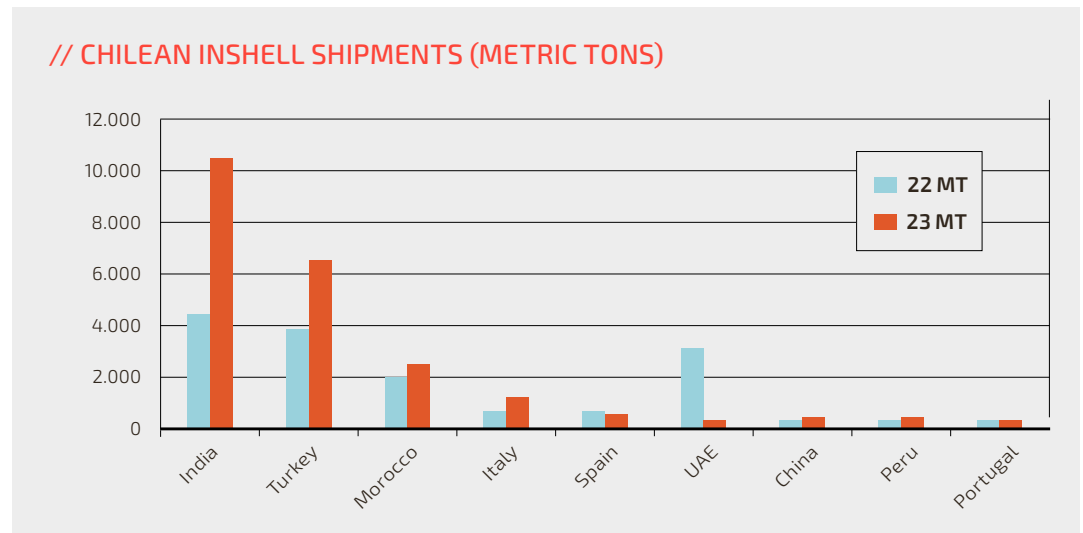
It is important to mention that until 3 weeks ago, there was a huge disbalance on equivalent price between the inshell and kernel market. Now this gap began to close due to the raise of kernel's prices.



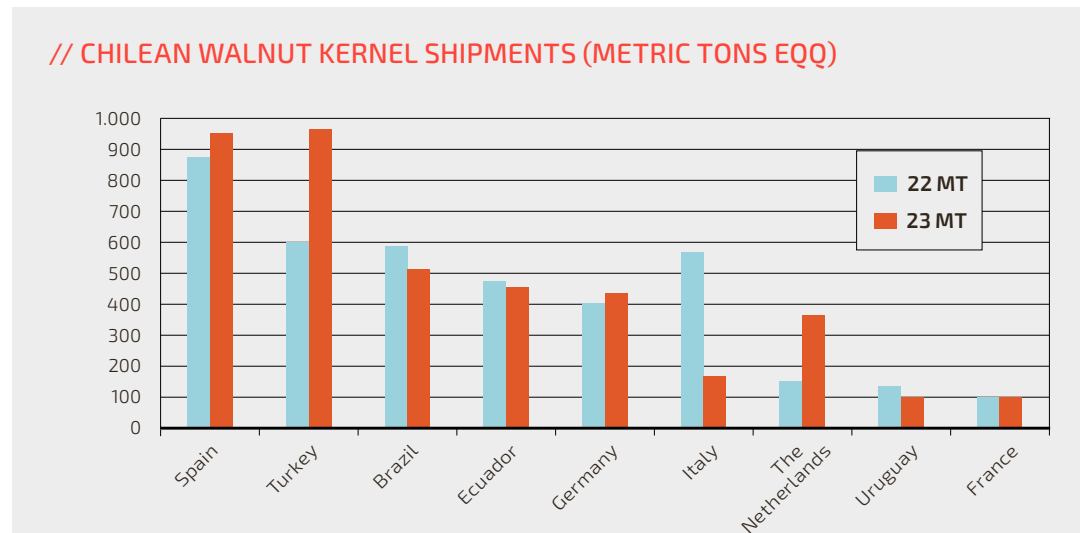
## Shipments

Shipments out of Chile are very good comparing to last year.

If we look at custom data until end of May there is an accumulated volume shipped of around 32.000 metric tones while last year only reached 24.226 metric tons, representing an increase of +32% comparing to last year. This is no minor, considering the harvest started 2 weeks later than last year, and early varieties were down in volume. Inshell shipments are up by +43% where the main destination markets have different performances:



The Kernel market is down by 1% what is understandable with a crop that started 2 weeks later.



## INC Congress, London

Another congress has just ended, and it was great to see so many people of the industry gathering. For those that missed the walnut round table, here you have a summary:

- Worldwide supply will decrease in the coming years due to the removal of several hectares on main growing countries.
- Recognition from US that of an important part of their carry over is not marketable.
- China is not expecting a production increase because they stopped planting few years ago. In main China areas recollection capacity depends on market price. Something similar occurs in India.
- Panelist from US and Chile recognized their growers are not making any money and their survival is at stake.
- Panelists discussed about How do we make the pie bigger and not smaller. Instead of thinking of less supply, we should focus on increase demand. This could be achieved by delivering a better product, which means, freshness, cold chain, cold storage, counter season supply, etc.

Beside the regular trading and price discussions, the most important and relevant talk was about changing the focus to the consumers and to the supply.



## Price Evolution

Prices have increased considerably in certain products where availability is scarce and has slightly increased on the others.

### // PRICE PER KILO FOB

Inshell	March	April	May
Chandler 26 - 30mm		USD 1.85 - USD 1.95	USD 1.85 - USD 1.95
Chandler 30 - 34mm	USD 2.30 - USD 2.40	USD 2.30 - USD 2.40	USD 2.45 - USD 2.60
Chandler 34 - 36mm	USD 2.80 - USD 2.90	USD 2.90 - USD 3.00	USD 3.25 - USD 3.50
Chandler 36mm+	USD 3.20 - USD 3.30	USD 3.40 - USD 3.50	USD 3.70 - USD 4.00

Kernels	March	April	May
ELLHP80	USD 5.90 - USD 6.20	USD 6.00 - USD 6.40	USD 7.00 - USD 7.30
ELLHP40	USD 4.90 - USD 5.20	USD 4.90 - USD 5.20	USD 5.80 - USD 6.10
ELLP	USD 4,00 - USD 4,40	USD 4,00 - USD 4,30	USD 4,20 - USD 4,50

We believe this price level will remain stable for the coming months as there seems to be a short supply until end of year.

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

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