



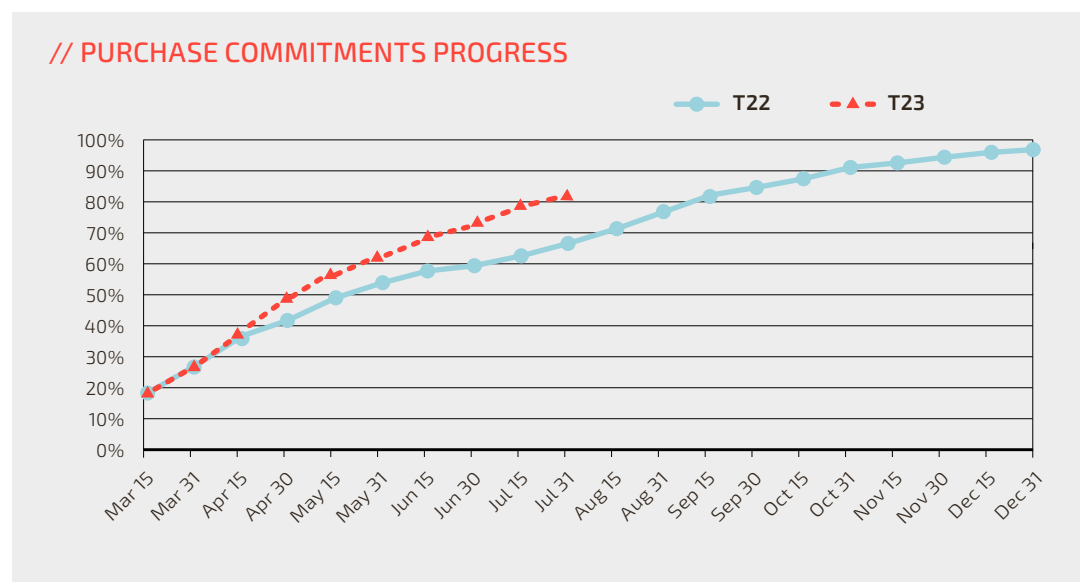
## Commitments

Commitments have reached a threshold of 81.9%, signifying a notable 13% lead compared to the previous year. This comfortably positions Chilean packers as they approach the latter phase of the Chilean season, seeking to fulfill shipments for Diwali, Christmas, and other year-end festivities.

As usual, during this time of the year, there is a range of offerings depending on quality. Some minor packers and growers are currently liquidating their inventories, while major industry participants focus their efforts on processing and executing their extant commitments.

The availability of premium inshell walnuts is scarce, and the supply of larger sizes, ranging from 34 to 36mm and beyond, is exceedingly limited. Pertaining to kernels, it is hard to find any offers of halves. This scarcity can be attributed to two primary factors. Firstly, a majority of packers have prioritized their inshell operations, as these have proven to be more financially rewarding. Consequently, the accessibility of kernels has dwindled substantially. Secondly, the inherent fragility of walnuts this year has substantially impacted the percentage of intact halves yielded during the cracking process.

While Large Pieces and pieces remain on offer, their overall volume is also diminished due to a lower proportion of the crop being earmarked for cracking.



Source: Chilenut

Shipments are markedly ahead of the preceding year, having reached a threshold of 90,677 metric tons equivalent, marking a 15% increment. This constitutes 53% of the estimated total crop, a substantial surge in comparison to the 42% recorded at the same time the previous year.

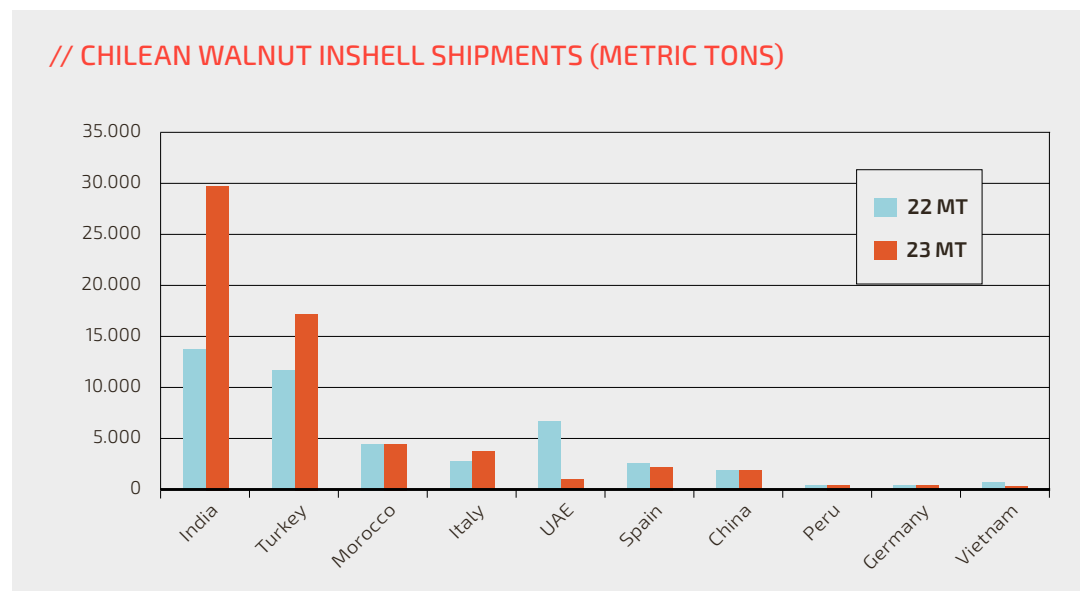
Given that Chile typically exports around 25,000 MT on a monthly basis, it is highly likely that the entirety of the volume will be dispatched by year's end. This, in turn, will facilitate the synchronization of the northern hemisphere crop with a pristine market.



## Market

### INSHELL MARKET

Inshell shipments continue to exhibit remarkable robustness, showcasing a notable growth rate of 25.2%. Noteworthy expansions have been observed in India and Turkey, which stand as the primary destinations for Chilean walnuts. Conversely, the United Arab Emirates lags considerably behind, experiencing a decline of 79%.



Source: Chilenut, ASOEX custom data.

### KERNEL MARKET

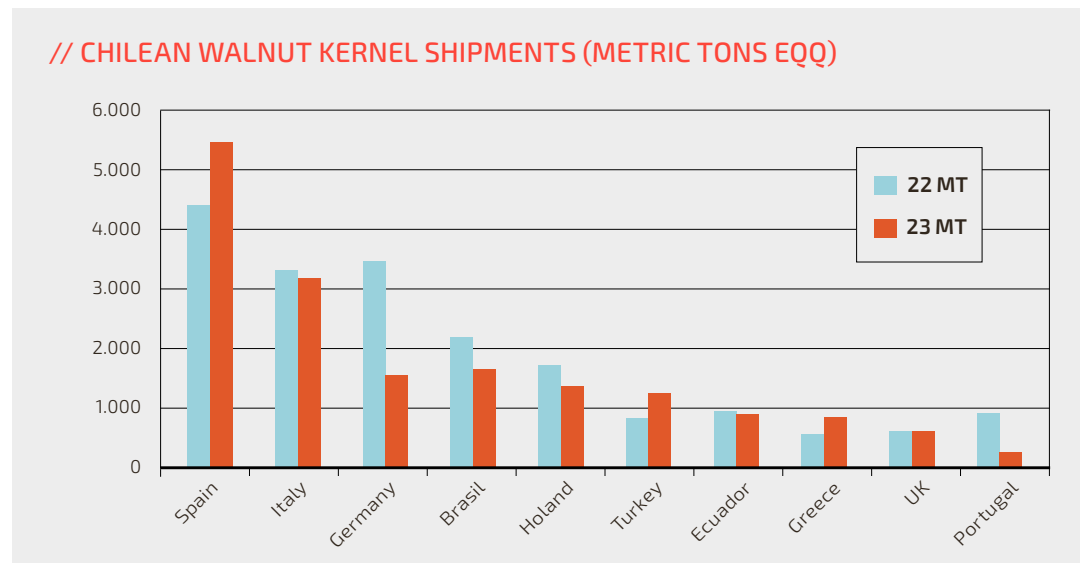
Kernel shipments have lagged behind the figures from the previous year, recording a decrease of 6.2%. Nonetheless, considering the likelihood of a diminished cracked volume compared to the previous year, the programs must be well advanced.

Presently, securing offers for halves proves to be a challenging endeavor. This is primarily due to the halves percentage derived from the cracking process, which is approximately 15 points lower than the normally, thus resulting in restricted or null availability.

Spain is the main destination for Chilean kernel and has constantly growing year after year. Turkey, has concurrently escalated its procurement of Chilean kernels, potentially serving as pivotal drivers in the forthcoming years specially as they have been taking all quality grades and colors.

Other markets are behind and presumably privileging cheaper offers that were available in the market from other origins. The Market is still trying to find a new and sustainable equilibrium which certainly will be above current prices, the question is when it will happen.

California has cleared its stock, assuming some of it is unmarketable. They have adjusted their shell out rate accordingly and so we can see how their carry over is estimated at very low levels. The lack of product availability can already be felt in the market, which has pushed prices up.



Source: Chilenut, ASOEX custom data.



## Price Evolution

Prices are showing a different trajectory related to their availability. Halves, increasing considerably if can find any offers and large pieces remaining stable for the time being. Some more variability has been perceived in inshell due to the offers of lower qualities which will soon disappear.

**// INSHELL - PRICE KILO FOB**

	Chandler 26 - 30mm	Chandler 30 - 34mm	Chandler 34 - 36mm	Chandler 36mm+
<b>March</b>		USD 2.30 - 2.40	USD 2.80 - 2.90	USD 3.20 - 3.30
<b>April</b>	USD 1.85 - 1.95	USD 2.30 - 2.40	USD 2.90 - 3.00	USD 3.40 - 3.50
<b>May</b>	USD 1.85 - 1.95	USD 2.45 - 2.60	USD 3.25 - 3.50	USD 3.70 - 4.00
<b>June</b>	USD 1.85 - 1.95	USD 2.45 - 2.60	USD 3.25 - 3.50	USD 3.70 - 4.00
<b>July</b>	USD 1.85 - 1.95	USD 2.35 - 2.60	USD 3.35 - 3.50	USD 3.80 - 4.00

// KERNELS - PRICE KILO FOB

	ELLHP80	ELLHP40	ELLP
<b>March</b>	USD 5.90 - 6.20	USD 4.90 - 5.20	USD 4,00 - 4,30
<b>April</b>	USD 6.00 - 6.40	USD 4.90 - 5.20	USD 4,00 - 4,30
<b>May</b>	USD 7.00 - 7.40	USD 5.80 - 6.10	USD 4,20 - 4,50
<b>June</b>	USD 7.00 - 7.40	USD 5.80 - 6.10	USD 4,20 - 4,50
<b>July</b>	USD 7,80 - 8.20	USD 6.00 - 6.25	USD 4,20 - 4,50



## China Tree Nut Conference

This year, the conference took place in Hangzhou, between August 2nd and August 4th. Nearly 500 individuals of the nut industry gather to talk about the current situation, crop estimations, consumers behaviors, innovation, and trends for future developments.

Invernada, was present in the event, following market trends and for a better understanding of Chinese offer and demand. It was particularly interesting noticing that China crop has somehow stabilized on the total volume and now the balance will depend more on demand facts.

// CROP ESTIMATES

China, although it is hard to obtain an accurate estimation since an important part of the orchards are planted wildy on the hills, it was confirmed that around 1.4 Million tons should be the potential crop of China. A different story is how much of that will be harvested, as the labor cost has increased over the last decade, and as has happened before, if the payback is not enough some of those remote areas won't be harvested.

- Hebei Province: 130.000 MT.
- Henan Province: 90.000 MT. 10% down due to the effects of frost.
- Yunnan Province: 400.000 MT. Affected by a heat wave in April – May and floods during summer.
- Xing Jiang Province: Between 400.000 and 600.000 MT.
- Other areas: 200.000 MT

In the other hand, consumption was strongly affected by the pandemic and the strict lockdowns which lasted more than 2 years and that were only ended early 2023. Now, expectations of a recovery are raising as the country could retake it's normal activity and dynamism.

Healthier nutritional habits of younger generations are driving demand and future growth for the nut industry. Quality of the product plays an important role too where taste is the final most important attribute, which is also related to freshness and particularities of certain varieties like Chandler which are more appealed to consumers preferences.

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

**Cristobal Socías**

SALES DIRECTOR

[csocias@lainvernada.com](mailto:csocias@lainvernada.com)

[+56942610295](tel:+56942610295)

**David Valenzuela**

MANAGING DIRECTOR

[dvalenzuela@lainvernada.com](mailto:dvalenzuela@lainvernada.com)