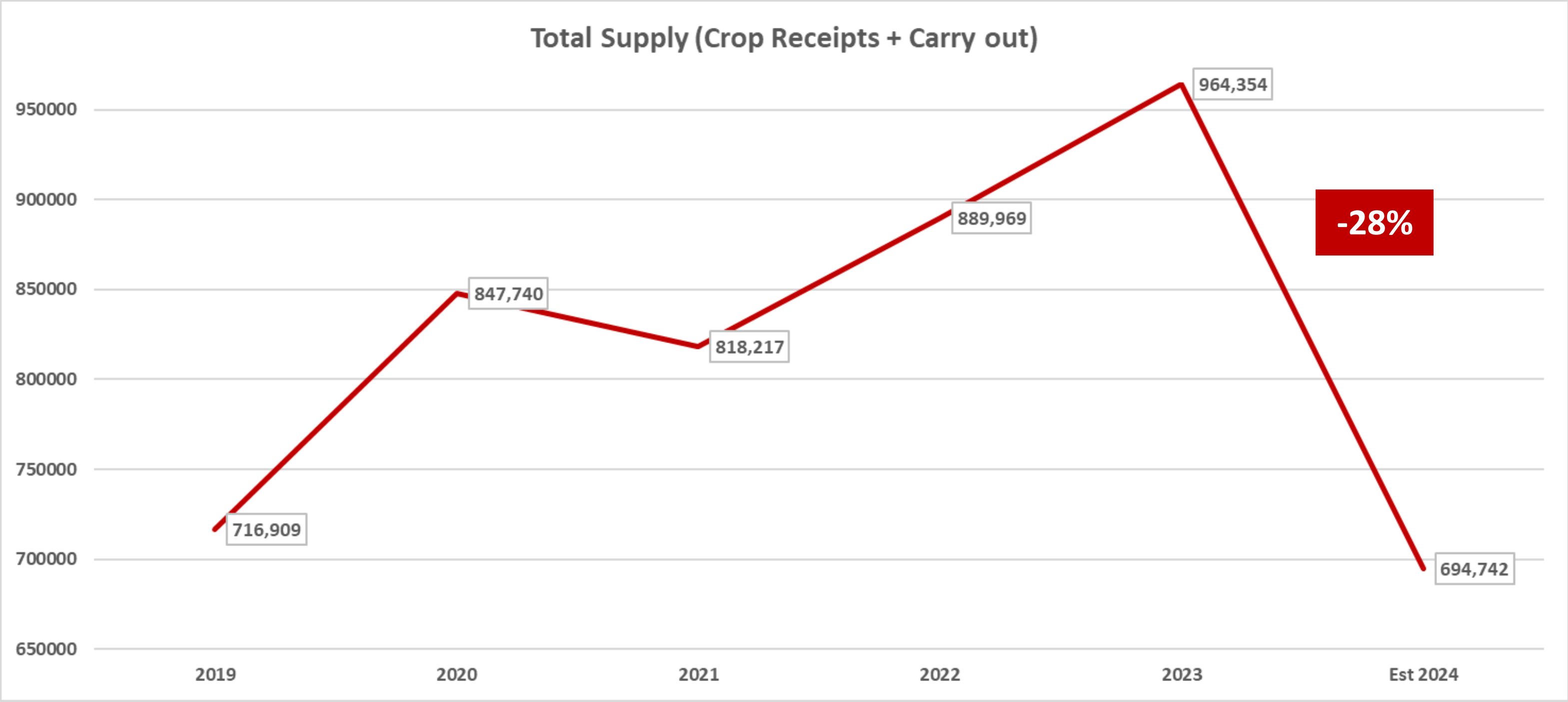
December 2024 Market Update | **Walnuts**

Supply

Starting with 2023 being a record California crop, combined with shortened chill hours in the winter, a prolonged bloom period, excessive July heat, and low prices leading to lower inputs into Walnut orchards for the 2024 crop season, the bountiful 2023 crop was followed by a surprising reduction in supply into the 2024 crop season. It is clear that, California does not have enough Walnuts to supply the global demand for our Walnuts, which has driven up values across all varieties and qualities as we head into the new year.

As 2024 comes to an end, crop receipts to packers continued to be far below industry expectations. As of the November report, California Walnut packers have received 576,859 tons of Walnuts. The 2024 crop seems to be settling around 600,000 tons, down 223,549 tons from 2023 crop season (-27%). Total supply for the 2024 crop season (Receipts + Carry out) is approximately 694,742 tons, down 28% versus 2023.

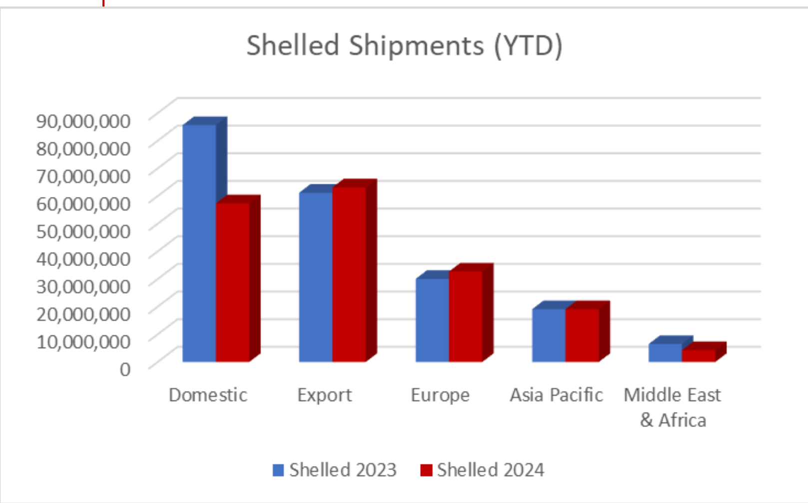
	2019	2020	2021	2022	2023	Est 2024	Δ	Δ tons
Total Supply	716,909	847,740	818,217	889,969	964,354	694,742	-28.0%	-269,612

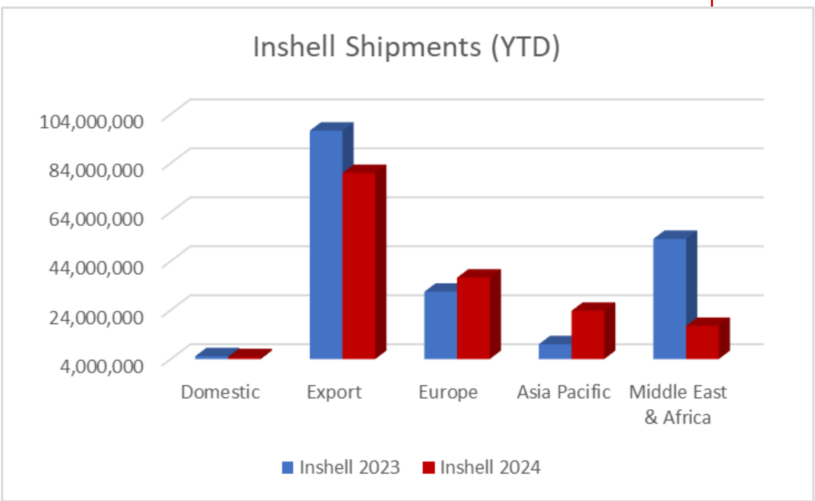


Global Demand

Shelled shipments for this season to date are down 18% versus last season, with shelled shipments in November down 9.2% versus prior year. This has been driven by the US market, which had a large USDA purchase included in 2023 that was not done in 2024. Shelled export shipments were noticeably up 8% versus a year ago driven by later first shipments into European market which was up 36% versus November 2023.

Inshell shipments are off 29.7% year to date and off 17.3% from last November. This is being driven by the Middle East and Northern Africa (MENA); markets that have shifted purchasing to China. Inshell shipments to MENA (-67%) and Domestic (-7.8%) are down. Notably, both Europe (+18.3%) and Asia-Pacific (+135.8%), driven by India, have seen significant increase in shipments in November. Year to date comparisons are below:





Inshell commitments in November have started to tail off as pricing on kernel market has firmed. Commitments through November have been strong with the market further committed than many expected, due to the decreased total supply. Using a 41.5% ISE and a total supply of 694,942 tons. Although the volume of total commitments plus shipments are lagging 2023, the pace of California commitments plus shipments is ahead of last season to date. Commitments plus shipments through November 2024 are 399,706 tons or 57.5% of total supply (694,942 tons). This is versus November 2023 497,197 tons or 51.6% committed plus shipped versus total supply (964,354 tons).

Summary

- California is facing an unprecedented drop in supply (down 28% vs. prior year)
- Shipments year to date are ahead of pace versus prior year, given the drop in supply.
- Commitments year to date are ahead of pace versus prior year.
- Despite higher pricing, demand from the European has remained robust as other markets have pushed demand toward lower price alternatives (i.e. MENA).
- California will need to continue to slow shipments to balance demand.
    - New crop Chilean product will not be in export markets until June/July 2025
    - California total supply will not be fully realized until December report.
- Pricing has risen to levels to slow demand and has stabilized at the higher levels. Pricing is likely to remain firm for the balance of the 2024 crop season.