

# INVERNADA CHILE SHIPMENT REPORT

August 2020



## Market update

July shipments were very strong with a record of 19.739 metric tons inshell basis shipped during the month. Anyway, accumulated shipments are still a long way behind.

- Accumulated Walnuts shipments from Chile are **-27%** comparing to last year, but only **-1,5%** if we compare with 2018.
- July shipments were **+3,9%** comparing to 2019, same as comparing with 2018 shipments

Chile	2017 Ytd	2018 Ytd	2019 Ytd	2020 Ytd	Var (20/19)
Crop volume MT	110.747	129.386	139.226	129.000	-7%
Carry in	0	0	1.609	580	-64%
Exports	64.976	67.912	91.339	66.848	-27%
<b>Available stock MT</b>	<b>45.771</b>	<b>61.474</b>	<b>49.496</b>	<b>62.732</b>	<b>27%</b>

\*Source: Chilenut.

As we have seen, the trend of shipments during last 3 months has been positive were shipments are above all historic values only surpassed by 2019.

Total shipments	2017	2018	2019	2020
May	18.579	17.814	25.618	20.173
June	15.746	18.345	28.515	19.481
July	12.522	18.996	18.997	19.739

We are facing a year very similar to 2018 in terms of numbers although the trend is a bit better.



## In-shell shipments

Inshell shipments were strong for July, **+10,9%** comparing to last year, but the YTD is considerably lower than 2019 **-30,7%** and **-7,5%** comparing to 2018.

Middle East **+66%** for July, seems they started buying more volume later in the season with Turkey **+118%** and UAE **+249%** for the month. Anyway, the accumulated shipments for this area are still low comparing with last year **-50,8%** and **-38%** comparing to 2018.

Europe also had a good month of inshell shipments **+24%**. While looking at accumulated shipments it is still behind last year **-9%** but **+25%** comparing to 2018.

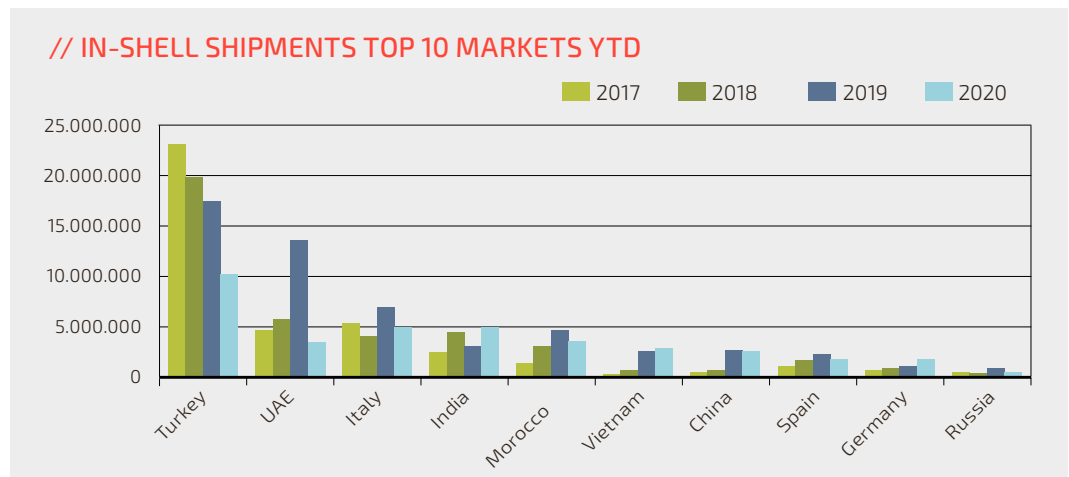
Asia is becoming the second largest zone for Chilean inshell shipments. Accumulated shipments are **+7,9%** comparing to 2019 and **+78%** comparing to 2018. Expectations are positive as India is demanding inshells to cover their festivity season and pushing for shipments during August.

In-shell	2017	2018	2019	2020
Middle East & Africa	30.172	30.221	37.993	18.710
Europe	9.379	9.875	13.645	12.414
America	376	859	875	765
Asia / Oceania	3.496	7.019	11.582	12.498

\*Source: Chilenut.

If we take a look at shipments of main 10 destination countries we realize the decrease on volume of Turkey and Dubai. Although July shipments were good, it looks hard to reach volumes of previous years.

UAE comparison with 2019 is particularly unfair as it was an outlier in terms of shipments volumes. Turkey in the other hand seems to be more a trend to reduce volumes from Chile as Ramadan is not longer possible to be covered by Chilean walnuts.





## Kernels Shipments

July shipments were normal, slightly lower than 2019 **-4,4%** but still second best for the month and **+5,4%** comparing to 2018.

Kernel shipments for the season seems to be normal, lower than last year **-18%** but **+11,9%** comparing to 2018.

Kernel Shipments	2017	2018	2019	2020
July	3673	3925	4.324	4.135
<b>Acum July</b>	<b>10.383</b>	<b>9.491</b>	<b>12.968</b>	<b>10.624</b>

\*Source: Chilenut.

If we take a look at the shipments by zone, this type of product is clearly concentrated in the EU and although shipments are lower than last year **-8,7%** it is still the second best year, **+17,5%** comparing to 2018.

Kernels	2017	2018	2019	2020
Middle East & Africa	493	299	851	607
Europe	7.746	7.339	9.441	8.620
America	1.202	1.466	1.587	995
Asia / Oceania	560	387	1.090	402

\*Source: Chilenut.

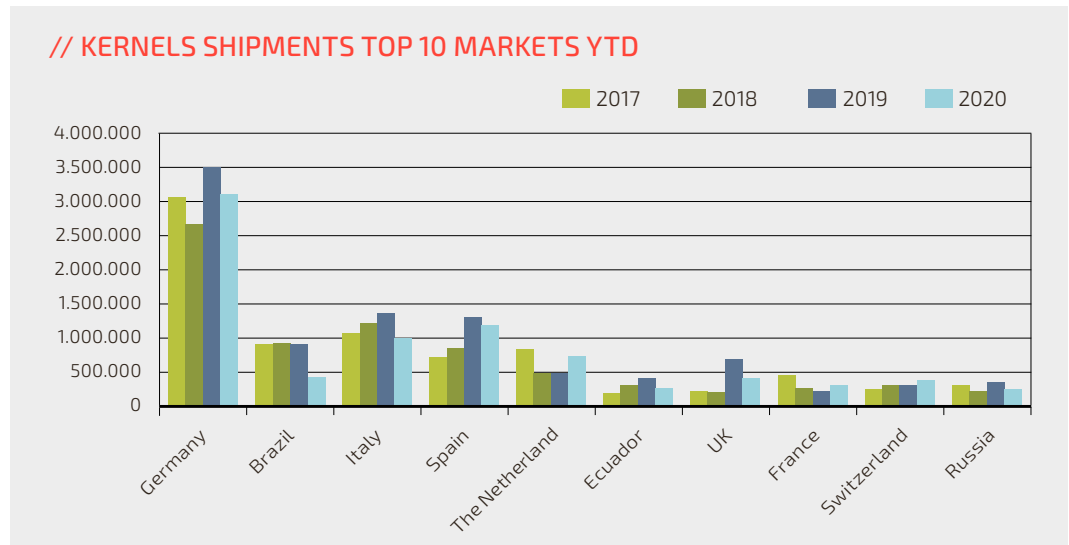
South America is still performing very poorly, with the two main markets, Brazil and Ecuador, very slow in their purchases. The market has been influenced by the current COVID situation in the area and also wrong signals given by the industry which has produce that customers delay their purchases as much as they can, reducing stocks and pressing on prices, but not generating volumes.

### Europe (Main destination of Chilean kernels)

- **Germany** **-12%** comparing to 2019 but **+16,5%** comparing to 2018
- **Italy** **-26%** comparing to 2019 and **-16,4%** comparing to 2018
- **Spain** **- 8%** comparing to 2019 and **+38,9%** comparing to 2018
- **The Netherlands** **+49%** comparing to 2019 and **+52%** comparing to 2018
- **UK** **-41%** comparing to 2019 but **+107%** comparing to 2018
- **France** **+18%** comparing to 2019 and **+14%** comparing to 2018
- **Switzerland** **+11%** comparing to 2019 but **+8,6%** comparing to 2018

### South America

- **Brazil** **-54%** comparing to 2019 and similar **-55%** comparing to 2018
- **Ecuador** **-40%** comparing to 2019 and **-23%** comparing to 2018.



## Commitments and price indication

By the time being it is declared that around 80% of the crop is already committed and 52% is already shipped as we can see. This means that around 34.000MT are sold, not shipped yet, or saying in other words that production of August and most of September is already committed. The position in terms of numbers seems to be normal for this time of the year, lower than last season but in line with historic values.

**Inshell Market:** The sensation in the inshell market is scarcity. Most packers seems to be well sold for their inshell programs and few loads can be found here and there. There is still demand for quality inshell walnuts, specially big sizes, what have helped prices remain stable during the last month or more, even with a tendency to increase a bit lately.

Chandler Prices	August
30 - 34mm	USD 2,75 - 2,85
34 - 36mm	USD 3,30 - 3,45
36mm+	USD 3,60 - 3,70

\*CFR Prices.

**Machine cracked kernels:** As said in previous reports, availability of halves extra light light 80% seems to be scarce and in the other hand availability of quarters and pieces still abundant. Prices are not clear as offers start to reduce and we are in the holiday period in the EU. Anyway, quarters and pieces are close to US levels for kernels today and halves remaining at same levels of previous month as there is no much availability from origin. From now on prices will be settled mainly by US product.

**Hand Cracked kernels:** This niche market has been moving slowly but constantly. Prices vary depending on special requests and qualities. Prices of Extra light halves goes from USD 9,50 to USD 10,50 and special requests as counting can be higher. Main Chilean packers of HC are sold out or close to be on their best quality products. There is a wide variation of offers from smaller operations in Chile and other hand cracking operations abroad, but the market continues moving the volumes and demand can be found from different markets and customers.

**India** has been surprisingly demanding due to the restrictions on labour mobility within the main cities and the convenience on selling kernels instead of pushing for inshells only. Seems to be a market for both products. Transit time is an issue from Chile, but alternatives can work.

**Dubai** demand has also increase lately. After a very slow initial purchases now the market is recovering stocks and moving some volume. Transit time from Chile is long but also alternatives are helping to cover their needs.

**Europe** is getting active again while people start returning from holidays and a second purchasing period of HC is starting to happen to cover Christmas season.

**Russia**, a mayor buyer of HC product from Chile, is a later buyer as their highest consumption season start in September – October till March. Usually their purchases take place in August and September to ensure some volume of quality product which later is not available.

**Please feel free  
to contact us to  
discuss this report**

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