

Crain Walnut Shelling, Inc.

2007 CALIFORNIA ENGLISH WALNUT CROP

CY 2007 Edition 1.



Crop Development Report

Los Molinos, California
September 8, 2007

To: All Friends, Customers and Forward Sales Staff
From : Charles R. (Chuck) Crain, Jr.
RE: California Walnut Crop Development

I just returned from a trip through major walnut growing regions in California, to see how the harvest was progressing and if growers were ready to start establishing values for early 2007 harvesting walnut varieties.

The walnut harvest starts in both the extreme Northern Sacramento Valley and the Southern San Joaquin Valley at the same time. The first harvesting varieties are the Serr, Ashley and Payne varieties. These are all minor varieties totaling about 12% of the California walnut crop production in 2006.

I visited with several growers that we know have early varieties and who traditionally harvest early in the season. Most of those growers had started harvest a few days earlier, but had stopped due to the recent hot weather. Daytime temperatures have climbed over 100 degrees for the past ten days which has kept the hulls from splitting allowing the nuts to fall free of the trees. This will be a temporary delay and these growers should get started again by the middle of next week. Though we have received some small quantities of early harvested product, it is not enough to get up and running.

Most growers that I visited with were surprised about the smaller crop estimate announced by C.A.S.S. last week, and are reluctant to establish values for the early deliveries until they have harvested a few orchards to see if they find the same results. This will delay our ability to establish sales prices at this time. The walnut California walnut crop is normally quite consistent, and if this estimate is correct, the total available supply to market will be 360,500 tons in-shell equivalent, down from 410,000 tons last year. This would represent a 13.7% decline in marketable supply from last year, at a time when growers were hoping for a comparable crop size to that of last years with a slightly higher price.

It is now apparent that the market will shape up a little slower than had otherwise been expected and we will not have any indications of what early new crop pricing will be for a few days. I will keep you posted as we start receiving product again and can see what the quality looks like. Thank you.

Best Regards,

Chuck Crain
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