

2009 CALIFORNIA ENGLISH WALNUT CROP

CY 2009 Edition 1.

6/5/09

Bloom Report As of 5/25/09

General Bloom Report-

The bloom is now 98% complete and any young flowers and newly formed nutlets are likely to fall from the trees in the next few days. Older Chandler plantings state-wide have 5-10% of the last set that is still uncertain as to whether it will stick. If it does stick, it will not make much difference in the crop size as they will be Baby Sized walnuts of smaller than 26mm diameter. It is hard to salvage the kernels from these smaller walnuts in the shelling process.

South Region-Fresno South

The early varieties appear to be down about 15-20% from last year's level. The Tulare variety is not as heavy as last year and the Serr variety is spotty with some very good crops and some lesser crops. Chandler orchards are definitely down from last year, with older plantings (trees 10 years and older) having the poorest crops. Younger orchards that did not have the stress last year from a large crop have a good crop set. The Chandler crop in this region is being reported to be down 20% from last year. Overall, this region accounts for about 25% of the California crop. There are no significant Howard plantings in this region. Considering new plantings coming into production, we feel that this region will be down 15% from last year.

Central Region- Northern San Joaquin Valley

The early varieties are very spotty and inconsistently set on the trees. Most Ashley and Payne growers indicate that they have an average crop. Serr growers have voiced opinions from a good crop to a poor crop. Vina growers are reporting a smaller crop than last year in the range of 10-15% less with smaller nut sizes being reported. Howard growers are reporting a very good crop and Chandler growers are all indicating a smaller crop estimated to be down about 20% with smaller nut sizes. Growers are concerned that the later Chandler nut set will size adequately. Tulare growers are very negative about the crop set, with only one grower indicating a reasonable crop. Most Tulare growers are indicating a 25% reduction in Tulare volume in this region. Considering new plantings coming into production, we feel that this region will be down the most from last year at slightly over 20% reduction from last year. This area comprises about 45% of the California walnut crop.

Northern Region- Sacramento Valley and North Coastal Region

The early varieties are down about 15% in crop set from last year. Nut size is good on these varieties with most of the nut set consisting of the first two sets, meaning there should be few Baby Sized walnuts. The Howard variety looks good, and since this variety suffered significant frost damage last year, it will likely be a larger contributor to the crop. (Continued next page)



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Older Chandler plantings have three distinct nut sets, with the last set still having potential to drop in the next few days. The total nut set as of today is estimated to be down about 15%, with few triples and mostly double and single nuts set. Generally for this variety to have a good crop, the nut set will consist of many triples and double nuts set and only a few singles. Since this region has the highest concentration of Chandler and Howard plantings, we feel that the good Howard crop will help offset a smaller Chandler crop but will still be down 20% from last year, even considering the new plantings coming into production.

Crop Summary-

My opinion is that the current crop set on orchards in production for at least one year will be about 365,000 in-shell tons. When adding new acreage coming into production this year, my estimate rises to 375,000 tons as a maximum crop before consideration for hot weather. If we have a normal summer, we will lose 10-20,000 tons equivalent and should have about 360,000 tons to market for the 2009/2010 crop year. Of this volume, there will be significantly less Chandler variety product to market. Last year we produced a record 176,846 tons of Chandlers and this year we expect to have 150,000 tons. Howard production last year was 30,599 tons and this coming year we expect 38,000 tons. All other varieties should be down significantly in volume.

Market Summary-

Shipments for California walnuts have picked up dramatically since March, with about twice last year's shipments for the period. Most of the increase is in the in-shell form, with Turkey continuing to expand purchases and China and Hong Kong starting to buy. Kernel shipments to date are up only slightly from last year. At this time, Chandler stocks are exhausted industry-wide and there are no more LHP available. The majority of the inventory is going to be in the Light Amber Grade and lower and a significant portion of that volume should be purchased by the USDA-AMS in the next two weeks for school lunches and other federal food help programs over the next 6 months. I expect the market to see a larger than normal spread between Chandler and Howard variety prices and non-Chandler variety products, similar to what we are now seeing in the almond industry between Nonpareil and California varieties.

We will continue to keep you apprised as crop and market developments occur.

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