

U.S. Walnut Supply Tightens as China Fills the Gap

The walnut industry in 2024 is witnessing a unique shift, driven by a significant production drop in the United States and increased competition from other major producers like China. This market shift has brought about notable price changes and raised questions for industry stakeholders about what the future holds. Here's a look at the latest developments shaping the walnut market.

U.S. Walnut Production Decline by 19%

California, the powerhouse of walnut production in the United States, is expected to produce approximately 670,000 tons this year, down from 824,000 tons in 2023. This 19% decline is attributed to a combination of factors, including a reduction in bearing acreage by 4% and challenging weather patterns, such as an unusually warm winter and extreme summer heat. These factors have affected crop yield while maintaining walnut quality, which remains high—a characteristic that California walnut producers take pride in.

This decline has implications not only for American consumers but also for international buyers, as U.S. walnuts are widely known for their consistent quality. As the volume of available walnuts shrinks, prices are expected to increase due to the simple mechanics of supply and demand.

Price Adjustments in the U.S. Walnut Market

With a smaller walnut harvest, prices in the U.S. walnut market have shown signs of upward movement. Current wholesale prices are ranging between \$3.40 and \$6.12 per kilogram, depending on the variety and quality. While this range remains within reach for many buyers, market analysts expect continued price shifts as global demand adjusts to lower U.S. supply.

For businesses and consumers alike, these prices may lead to tighter budgets or a reevaluation of purchasing patterns, especially if global walnut supply from other countries does not sufficiently meet the shortfall.

Chile's Walnut Export Challenges

Adding to the global walnut market's supply issues, Chile—another significant player in walnut exports—has experienced a considerable drop in export volume due to adverse climate conditions. Reports indicate that Chilean walnut production fell by approximately 20-30% across various regions, driven by delayed harvests and challenging weather.

Despite this setback, there is an optimistic outlook for Chilean walnut production in the coming season. Favorable spring weather conditions

and improved winter temperatures are expected to help growers return to their typical production levels, averaging around 7,000 to 8,000 kilograms per hectare.

China Steps Up to Meet Global Demand

China has emerged as a key player in the walnut market, producing approximately 1.4 million metric tons of walnuts in the 2023/2024 season. With its substantial output, China accounts for over half of the world's total walnut production, a volume that can help balance the supply shortage from the United States and Chile.

For U.S. exporters and buyers who rely on Californian and Chilean walnuts, this production volume from China offers an alternative source. However, it is worth noting that the quality and flavor profiles of Chinese walnuts may vary from those traditionally found in the U.S. and South American markets.

What's Next for Walnut Buyers and Sellers?

Given the current landscape, walnut industry stakeholders are navigating a more complex market. U.S. buyers might find themselves competing with international purchasers who have turned to the United States to secure their walnut supply amidst Chile's export issues. Conversely,

Chilean producers can look forward to a more favorable season next year if weather conditions hold steady.

Meanwhile, for businesses heavily invested in U.S. walnut production, the expectation of higher wholesale prices presents both challenges and opportunities. Sellers can potentially capitalize on the reduced supply, while buyers may need to consider alternative markets or adjust purchasing strategies to mitigate costs.

Conclusion

The walnut market in 2024 is shaped by declining production in key areas and a notable reliance on Chinese production to meet global demand. U.S. and Chilean producers are hoping for favorable conditions in upcoming seasons to restore their output, while businesses across the world keep a close watch on price trends.

For consumers and industry professionals alike, staying informed about these shifts will be essential in making smart purchasing and selling decisions in the coming months. The landscape may look uncertain now, but adaptation and strategic planning can help navigate these changes in the walnut market.