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Fruit and Tree Nuts Outlook

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Peach Supplies Increase for the Fresh Market, Driving Down Prices

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The next release is September 30, 2010.

Approved by the World Agricultural Outlook Board.

The index of prices received by fruit and tree nut growers in June remained above that of a year ago, as was also true in each month from January through May 2010. The index this June was reported at 148 (1990-92=100), 15 percent higher than the June 2009 index. Strength in the June index stemmed from grower price gains realized mostly for fresh-market lemons, oranges, apples, pears, and strawberries. Prices for processing oranges also averaged higher.

The first complete forecast for U.S. peach production in 2010 was released by USDA's National Agricultural Statistics Service (NASS) on July 7. The forecast has U.S. peach production for this year set at 2.25 billion pounds, up 2 percent from a year ago and matching volume produced in 2007. Though production in California is forecast to be down this year, output gains in several other States, including South Carolina and Georgia, are anticipated to drive overall production up slightly from a year ago. California's 2010 peach crop was set at 1.55 billion pounds, down 5 percent from a year ago, but that State's production of freestone peaches is forecast 1 percent larger, driving down fresh-market prices in June when shipments started to pick up.

On June 17, NASS released its first forecast for U.S. sweet cherry production in 2010, set at 630.8 million pounds, down 27 percent from record production in 2009, but higher than any output of previous years. Of the seven States with current forecast estimates, production is down from last year in each of the States except California. Production in Washington State, the country's largest producer, is forecast at 320.0 million pounds, down 35 percent from last year's record-setting crop. The Northwest cherry season started about 10 days earlier than last year. Growers also pruned heavily to assure a crop with plenty of large fruit. Although retail advertised cherry prices in June already declined seasonally given increased availability of supplies from the Northwest, prices in July were averaging higher than last year.

NASS forecast the 2010 U.S. tart cherry crop to be 195 million pounds, 46 percent below the revised 2009 production. If realized, production in 2010 will be 22 percent below the average production of the past decade (2000-09) and the second-smallest crop for the 10-year period.

Price Outlook

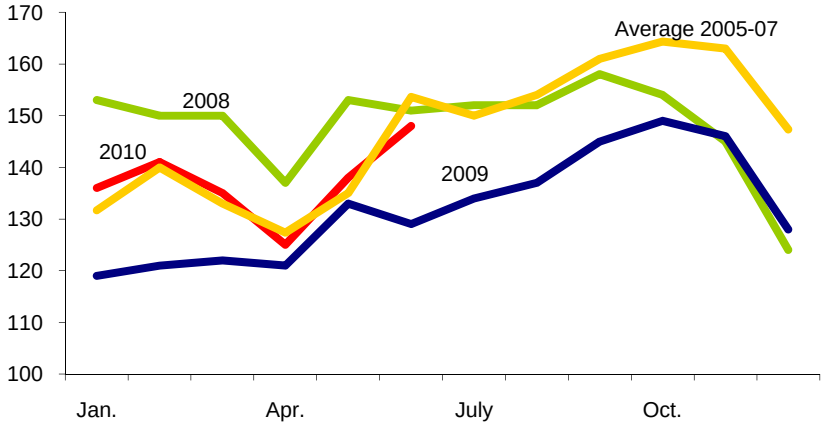
Fruit and Nut Grower Prices Remain Strong in June

The index of prices received by fruit and tree nut growers in June remained above that of a year ago, as was also true in each month from January through May 2010 (fig 1). The index this June was reported at 148 (1990-92=100), 15 percent higher than the June 2009 index. Strength in the June index stemmed from grower price gains realized mostly for fresh-market lemons, oranges, apples, pears, and strawberries (table 1). Prices for processing oranges also averaged higher. The price increases for these commodities in June more than offset significant price declines for fresh-market grapes, peaches, and grapefruit.

The higher June prices in the citrus market were attributed mostly to reduced availability in 2009/10 due to the smaller orange and lemon crops. Demand has been brisk for U.S. apples and pears in 2009/10 despite the bigger harvests last year. Harvest delays this year for several summer fruit crops due to the cold and wet spring weather also aided fresh-market demand for apples and pears toward the end of the season. As a result, strong movement of apples and pears to the fresh market in May left their industries with fewer supplies in cold storage than a year ago as of June 1, boosting their prices. Strawberry demand also was strong, with June strawberry shipments above last year's June volume, while grower prices for the month averaged 17 percent higher than last year.

The average peach grower price in June declined 27 percent from the June 2009 price due to larger shipments from the top three producing States—California, South Carolina, and Georgia. Since most of the crop is utilized for fresh use, a forecast bigger U.S. freestone peach crop for this year should continue to put downward pressure on fresh-market peach prices this summer. California's 2010 grape crop is forecast by USDA's National Agricultural Statistics Service to be

Figure 1
Index of prices received by growers for fruit and tree nuts
1990-92=100



Source: USDA, National Agricultural Statistics Service, *Agricultural Prices.*

Table 1--Monthly fruit prices received by growers, United States

Commodity	2009 May	2009 June	2010 May	2010 June	2009-10 change May	2009-10 change June
	Dollars per box				*Percent*	
Citrus fruit: 1/						
Grapefruit, all	6.21	8.23	4.67	5.40	-24.8	-34.4
Grapefruit, fresh	7.81	8.23	7.47	5.40	-4.4	-34.4
Lemons, all	5.68	11.34	9.73	10.97	71.3	-3.3
Lemons, fresh	11.18	17.98	23.36	24.36	108.9	35.5
Oranges, all	6.61	7.04	7.65	8.10	15.7	15.1
Oranges, fresh	10.18	11.15	12.01	11.31	18.0	1.4
	Dollars per pound					
Noncitrus fruit:						
Apples, fresh 2/	0.187	0.181	0.318	0.308	70.1	70.2
Grapes, fresh 2/	0.860	0.700	--	0.505	--	-27.9
Peaches, fresh 2/	0.423	0.411	0.540	0.302	27.7	-26.5
Pears, fresh 2/	0.259	0.321	0.257	0.327	-0.8	1.7
Strawberries, fresh	0.761	0.628	0.789	0.734	3.7	16.9

1/ Equivalent on-tree price.
2/ Equivalent packinghouse-door returns for CA, NY (apples only), OR (pears only), and WA (apples, peaches, and pears). Prices as sold for other States.
Source: USDA, National Agricultural Statistics Service, *Agricultural Prices*.

down fractionally from a year ago at 13.0 billion pounds. However, of this total, table-type grape varieties used mostly in the fresh market are forecast up 3 percent at 1.8 billion pounds. Hence, increased supplies for fresh use will likely result in lower 2010/11 grower prices for fresh-market grapes.

Fresh Fruit Retail Prices Weaken

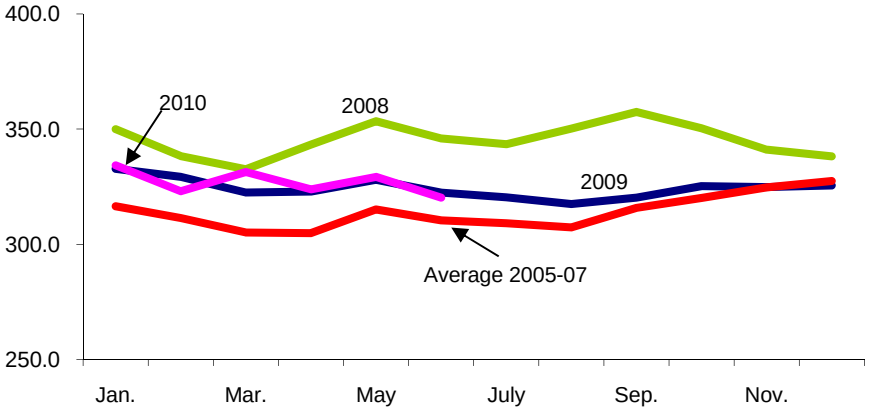
The U.S. consumer price index (CPI) for fresh fruit in June 2010 was 320.3 (1982-84=100), down less than 1 percent from the June 2009 CPI (fig. 2). The CPI was forced down by the lower retail prices in June for bananas, Anjou pears, and Thompson seedless grapes relative to the same time a year ago. Banana retail prices in June fell nearly 7 percent to $0.58 per pound; Anjou pears declined 4 percent to $1.33 per pound, and Thompson seedless grape by 5 percent to $2.08 per pound.

Though supplies ran tight in June for bananas sourced from Central and South America due to tropical storms and volcano eruptions, U.S. banana retail prices as reported by the U.S. Department of Labor, Bureau of Labor Statistics, averaged $0.58 per pound, down 7 percent from last year's June average price. Retail price data from USDA's Agricultural Marketing Service (AMS), however, have average advertised banana prices in June higher by 4 percent from a year ago. AMS shipment data indicate imports remained tight through mid-July and prices higher than last year by about $0.04 per pound.

Still early into the California grape season, increased supplies coming in from Mexico, along with lingering supplies from Chile, provided ample supplies to retailers during the month of June, driving down the retail prices for Thompson seedless grapes. Promotional volume will likely continue to remain ample in the next few months as the 2010 grape harvest in California's major-producing region gets in full swing with the anticipation that overall table grape output in the State

will be larger than last year. AMS data indicated Mexican supplies were building up in the U.S. market in June and shipments for 2010/11 through mid-July running 28 percent above the same period last season.

Figure 2
Consumer Price Index for fresh fruit
1982-84=100



Source: U.S. Dept. of Labor, Bureau of Labor Statistics, (http://www.bls.gov/data/home.htm).

Table 2--U.S. monthly retail prices, selected fruit, 2009-10

		2009		2010		2009-10 change	
Commodity	Unit	May	June	May	June	May	June
		--- *Dollars* ---		--- *Dollars* ---		--- *Percent* ---	
Fresh:							
Valencia oranges	Lb.	--	--	--	--	--	--
Navel oranges	Lb.	0.963	1.060	0.952	1.096	-1.1	3.4
Grapefruit	Lb.	0.869	0.931	0.900	0.956	3.6	2.7
Lemons	Lb.	1.392	1.445	1.594	1.597	14.5	10.5
Red Delicious apples	Lb.	1.147	1.183	1.259	1.262	9.8	6.7
Bananas	Lb.	0.622	0.617	0.571	0.577	-8.2	-6.5
Peaches	Lb.	--	1.711	--	1.949	--	13.9
Anjou pears	Lb.	1.365	1.385	1.267	1.325	-7.2	-4.3
Strawberries 1/	12-oz. pint	1.724	1.695	1.753	1.734	1.7	2.3
Thompson seedless grapes	Lb.	2.431	2.190	2.486	2.081	2.3	-5.0
Processed:							
Orange juice, concentrate 2/	16-fl. oz.	2.601	2.612	2.488	2.408	-4.3	-7.8
Wine	liter	8.527	11.786	8.359	10.992	-2.0	-6.7

-- Insufficient marketing to establish price.
1/ Dry pint.
2/ Data converted from 12-fluid-ounce containers.
Source: U.S. Dept. of Labor, Bureau of Labor Statistics (http://www.bls.gov/data/home.htm).

Bigger Freestone Peach Crop Driving Down Fresh-Market Grower Prices

The first complete forecast for U.S. peach production in 2010 was released by NASS on July 7, following a partial forecast reported the previous month, which included production for only the three major peach-producing States—California, South Carolina, and Georgia. The most recent forecast has U.S. peach production for this year set at 2.25 billion pounds, up 2 percent from a year ago and matching volume produced in 2007 (table 3). Though production in California is forecast to be down this year, output gains in several other States, including South Carolina and Georgia, are anticipated to drive overall production up slightly from a year ago.

Declining for a third straight year, the forecast estimate in July for California's 2010 peach crop was set at 1.55 billion pounds, down 5 percent from a year ago. California's freestone peach crop was revised down 3 percent from the initial forecast in June to 710 million pounds, 1 percent larger than in 2009. California's clingstone crop, on the other hand, was revised up 2 percent from the June forecast. Currently set at 840 million pounds, the forecast for the size of the 2010 clingstone crop, if realized, will be down 10 percent from the 2009 crop and also smaller than the two previous years.

Table 3--Peaches: Total production and season-average price received by growers, 2007-09, and indicated 2010 production

State	Production				Price		
	2007	2008	2009	2010	2007	2008	2009
	-- *Million pounds* --				-- *Cents per pound* --		
Alabama	6	14	9	14	52.5	51.5	62.5
Arkansas	0	9	3	9	65.0	55.5	70.0
California	1,898	1,718	1,638	1,550	17.5	17.2	19.9
Clingstone	1,006	852	938	840	15.2	17.4	16.9
Freestone	892	866	700	710	20.1	17.0	24.0
Colorado	26	28	26	28	77.5	71.5	83.0
Connecticut	2	2	3	2	90.0	100.0	90.0
Georgia	26	56	64	80	41.0	38.7	46.5
Idaho	14	16	18	16	57.5	34.1	43.9
Illinois	0	17	16	19	60.0	58.0	60.0
Kentucky	0	3	1/	1/	102.5	81.5	--
Louisiana	1	1	1/	1/	95.0	115.5	--
Maryland	7	7	8	8	58.5	57.5	56.0
Massachusetts	3	3	4	4	90.0	125.0	120.0
Michigan	41	28	34	29	42.7	33.1	36.2
Missouri	0	12	10	13	86.5	92.5	75.0
New Jersey	64	68	70	70	57.0	46.0	51.0
New York	13	11	13	12	31.7	46.1	42.3
North Carolina	1	11	8	13	56.5	50.5	49.5
Ohio	8	13	5	11	75.5	68.5	82.0
Oklahoma	2	2	1/	1/	79.5	80.0	--
Oregon	6	3	1/	1/	48.5	50.0	--
Pennsylvania	39	42	56	44	45.2	51.0	52.0
South Carolina	25	120	150	240	56.5	43.7	48.9
Tennessee	2/	3	1/	1/	--	79.0	--
Texas	14	16	10	26	97.5	105.0	95.0
Utah	9	10	12	8	33.4	43.4	52.0
Virginia	3	10	12	13	52.0	53.5	62.5
Washington	37	34	29	34	24.0	24.9	18.0
West Virginia	8	11	11	11	42.9	32.5	37.1
United States	2,254	2,271	2,208	2,254	22.5	24.5	27.4

-- = Not available. 1/ Estimates discontinued in 2009. 2/ No significant commercial production in 2007 due to freeze damage.
Source: USDA, National Agricultural Statistics Service, *Noncitrus Fruit and Nuts Summary,* various issues.

While the recent heat wave has limited fruit size in some growing areas, bigger crops are forecast this year for 13 (excluding California) of 23 freestone peach-producing States. Of the next two largest producers, South Carolina's 2010 crop is forecast up 60 percent from a year ago, at 240 million pounds. If realized, this will be their largest peach crop since 1994. The crop in Georgia is forecast to be 25 percent larger than a year ago at 80 million pounds, exceeding crop size of the past 3 years. Increases in freestone production are also forecast for Alabama, Arkansas, Colorado, Illinois, Maryland, Missouri, North Carolina, Ohio, Texas, Virginia, and Washington. The combined output growth in these States, including those in California, South Carolina, and Georgia, brings 2010 overall freestone production up 11 percent from last year, at 1.41 billion pounds.

Temperatures this past winter provided adequate chill to California peach orchards, setting a good start to the growing season. However, crop performance was affected by: colder than normal spring temperatures that slowed bloom progress; rains and lack of warm weather that led to pollination problems; and hail damage that affected various growing areas throughout the spring. Still, this year's California freestone crop managed to come out bigger than last year's freeze-reduced crop.

With the California crop being delayed somewhat by the cool temperatures this spring, tight early shipments boosted fresh-market peach grower prices in May by an average 12 cents per pound higher than the May 2009 average price. Also, because of reduced production and the strong earthquake in late-February, tight supplies this winter from Chile, the major supplier of fresh peaches during the domestic offseason, strengthened the market for fresh peaches much earlier in the year and contributed to the strong early-season prices received for U.S. fresh-market peaches. Imports from Chile were already winding down for the season when initial shipments from California arrived in the markets in May. AMS data show domestic shipments, primarily from California, picking up in June, driving down prices. According to NASS, the June average grower price was 30.2 cents per pound, down from 54.0 cents per pound in May and 10.9 cents lower than the June 2009 average price. Prices in July likely declined further as supplies continued to increase seasonally. Fresh-market peach supplies peak in July and prices often reach bottom levels for the season. Overall, with the freestone crop averaging over three quarters of the U.S. fresh-market peach crop over the past three years, the anticipated larger output volume for fresh use this year will likely put downward pressure on fresh-market grower prices during 2010.

At the retail level, AMS reported advertised prices for yellow flesh peaches holding up in June, averaging $1.54 per pound, about unchanged from the $1.55 per pound in June 2009. Prices remained unchanged from year-ago levels through early July. Prices were stronger seasonally earlier in the year and higher than last year's prices. The lack of supplies from Chile limited promotional volume for retailers during the first 5 months of this year, boosting average retail advertised prices each month during this 5-month period by $0.09 to $0.70 per pound higher than year-ago levels.

With the bigger freestone crop this year, ERS projects fresh-market peach production (including nectarine) to be up 4 percent from last year, reaching 1.50 billion pounds (table 2). The NASS estimate for the 2010 U.S. nectarine crop will not be available until January 2010 but estimates from the California Tree Fruit Agreement show the 2010 nectarine packout to be unchanged from last year. With

California producing almost all the U.S. nectarines, the overall nectarine output in 2010 will, therefore, likely be similar to last year. Combined with the forecast increase in domestic production is a projected 4-percent decline in total imports, based on the year-to-year import volume change during the first 5 months of 2010. The bulk of the fresh peach (including nectarine) imports enter the U.S. market during the domestic offseason from late fall through early spring. This year through May, cumulative imports were down 4 percent due to the lack of supplies from Chile. Despite the possibility of lower overall imports, this year's projected increase in fresh market production will keep total fresh-market supplies for domestic and export needs about 3 percent higher than a year ago.

Although peach exports in 2010, January through May (mostly to Canada), have been down from the same time last year, the expected larger U.S. freestone crop will likely increase export availability this summer when the domestic season gets fully underway, boosting overall exports. ERS also forecasts U.S. peach (including nectarine) consumption to increase to around 4.46 pounds per person in 2010, from 4.41 pounds in 2009.

Development of the clingstone crop in California was slowed by the wet, cold weather this spring. The clingstone crop, used mostly for processing, received more than adequate chill hours this winter but the bloom was not as strong as last year's bloom. The Late and Extra Late varieties had a lighter than normal fruit set with a wide range of sizes and harvest that began 5 days behind last year's harvest. In addition to weather factors, a continuing decline in bearing acreage also contributed to this year's smaller clingstone crop. According to the California Canning Peach Association, acreage removals totaling 1,415 acres were targeted for this year under the Tree Pull Program. Acreage coming into production this year from 2007 plantings total 969 acres, but after acreage removals, bearing acreage will be approximately 23,000 acres in 2010, the lowest throughout the 1990s and the past 10 years.

Table 4--Fresh peaches (including nectarines): Supply and utilization

Calendar					Consumption	
Year	Utilized production	Imports	Total supply	Exports	Total	Per capita
			-- Million pounds --			*Pounds*
1995	1,465.0	100.8	1,565.8	147.1	1,418.7	5.33
1996	1,249.4	97.6	1,347.0	167.1	1,179.9	4.38
1997	1,643.8	90.8	1,734.6	230.8	1,503.8	5.51
1998	1,394.4	77.5	1,471.9	176.5	1,295.5	4.69
1999	1,590.4	106.6	1,697.0	221.4	1,475.6	5.29
2000	1,654.8	97.3	1,752.1	254.7	1,497.5	5.30
2001	1,660.1	104.0	1,764.1	292.6	1,471.6	5.16
2002	1,674.5	103.3	1,777.8	271.9	1,506.0	5.23
2003	1,631.7	143.5	1,775.2	271.1	1,504.1	5.17
2004	1,575.5	165.1	1,740.6	230.4	1,510.1	5.15
2005	1,505.0	157.6	1,662.6	233.1	1,429.4	4.83
2006	1,427.0	133.3	1,560.3	190.5	1,369.8	4.58
2007	1,448.4	131.6	1,580.0	232.3	1,347.7	4.47
2008	1,664.6	148.7	1,813.3	264.6	1,548.6	5.09
2009	1,445.4	111.4	1,556.9	200.7	1,356.2	4.41
2010F	1,502.6	107.0	1,609.5	226.7	1,382.8	4.46

F=Forecast.
Source: USDA, Economic Research Service calculations.

2010 U.S. Sweet Cherry Production Down From Record Crop Last Year

On June 17, NASS released its first forecast for U.S. sweet cherry production in 2010, comprised of forecast crop size in seven of the eight States integrated in their annual sweet cherry production enumeration. Earlier in June, NASS reported their initial forecast for sweet cherry production in the three major producing States—Washington State, California, and Oregon. Current forecast estimates for the three major States did not change from the initial forecast in June. At 630.8 million pounds, U.S. sweet cherry production in 2010 is forecast down 27 percent from the record production in 2009, but higher than any output of previous years. Of the seven States with current forecast estimates, production is down from last year in each of the States except California (table 5). Despite sporadic rains and cool temperatures this spring, California's 2010 crop is forecast at a record high, up 15 percent from a year ago at 180.0 million pounds. Bearing acreage in 2010 is reported by the NASS California Field Office at 28,000 acres, unchanged from a year ago, but the average yield per acre this year received a 15-percent boost to 6,400 pounds, driving up total production in the State.

The 2010 sweet cherry crop in Washington State, the country's largest producer, is forecast at 320.0 million pounds, down 35 percent from the record-setting crop last year. If realized, production in Washington State will be 37 percent larger than the average crop size during 1999-2008. At 90.0 million pounds, Oregon's 2010 crop is forecast down 33 percent from a year ago but 19 percent above the average crop size of the previous 10 years prior to 2009. In addition to the resulting exhausted trees from the huge crops produced last year, wet and cool weather this growing season slowed development of the crop in Washington State while similar weather conditions hindered bloom, pollination, and growth of the crop in Oregon. Last year, the season was late in the Northwest and fruit set was very heavy, resulting in many small fruit. This year, relatively warm weather in the region early in the growing season forced many cherry orchards into early bloom. The Northwest cherry season started about 10 days earlier this year. Growers also pruned heavily to assure a crop with plenty of large fruit.

The cool temperatures this spring pushed back the start of California's season about a week to 10 days later than usual but were beneficial to the quality of the crop as it helped fruit to size up and increase sugar levels. In the Central Valley, where most of the early-season varieties are grown, cherry orchards were exposed to several

Table 5--Sweet cherries: Total production and season-average price received by growers, 2007-09, and indicated 2010 production

	Production				Price		
State	2007	2008	2009	2010	2007	2008	2009
	-- *Million pounds* --				-- *Cents per pound* --		
California	170.0	172.0	156.0	180.0	95.0	117.5	123.5
Idaho	3.0	3.8	12.0	3.0	105.0	156.0	55.0
Michigan	54.6	53.0	57.4	34.0	32.5	30.7	23.9
Montana	4.9	3.1	4.8	1/	81.5	136.5	74.5
New York	2.4	2.1	2.5	2.2	149.0	176.0	122.0
Oregon	70.0	62.0	134.0	90.0	72.5	105.0	72.5
Utah	2.5	0.1	3.1	1.6	69.0	122.0	114.0
Washington	314.0	200.0	490.0	320.0	103.0	146.5	51.5
United States	621.4	496.1	859.7	630.8	91.0	119.5	67.5

1/ The first estimate for 2010 will be released in January 2011.

Source: USDA, National Agricultural Statistics Service, *Noncitrus Fruit and Nuts Summary,* various issues.

rainstorms. Rains at or near harvest time are a serious threat to cherry crops because they often cause the cherries to split, rendering the fruit unmarketable. Luckily, the series of rainstorms were often followed by windy weather that helped in drying the cherries and thus, leaving the crop still in good condition. Supplies from California were completely cleaned up by late June, during which time volume from the Northwest was already coming in at significant volumes.

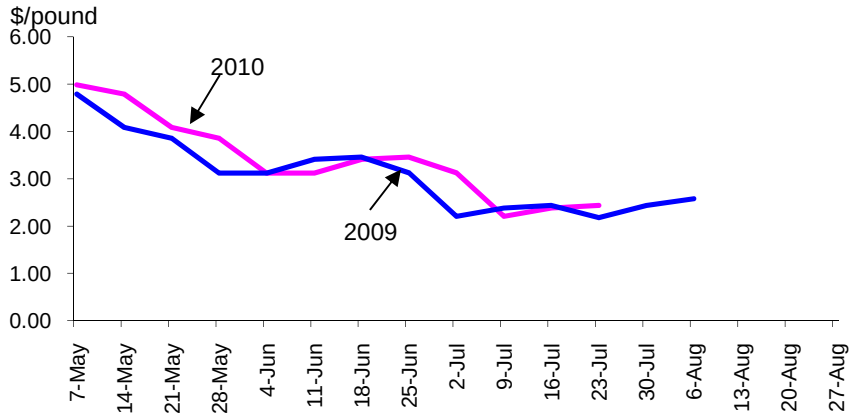
As of mid-May, free-on-board (f.o.b.) shipping-point prices for Brooks variety cherries in California's San Joaquin Valley (southern-half of the Central Valley) ranged from $38-$48 per 18-pound carton (11- row size), compared with a $40-$46 price range the same time a year ago. Increased cherry supplies from other growing districts in California and from the Northwest by early June moderated Brooks prices to around $30-$32, compared with $35-$40 from the same time last year. As of early June, California supplies were already shifting to California's Stockton-Lodi-Linden district, the largest cherry growing district, with f.o.b. prices for Bing variety cherries opening at $30-$32 per 18-pound carton (11-row size), comparable to the $30-$34 price range the same time last year. Despite the larger California crop, f.o.b. cherry prices in California were able to hold up to last year's levels through the remainder of their shipping season partly due to the good quality of the crop and reduced shipments and fine quality from the Northwest.

AMS began reporting shipments from Washington the second week in June. Although supplies have been building up seasonally peaking in early July, weekly volumes continued lower than year-ago levels through most of the last several weeks, boosting prices for Washington cherries. Cumulative shipments for the season through mid-July were down 12 percent from the same time last year. Early July f.o.b. shipping-point prices for Bing cherries in Washington's Yakima Valley and Wenatchee district ranged from $30-$32 per 18-pound carton (11-row size), up from $22-$24 the same time last year. Bing prices held at $30-$32 per 18-pound carton (11-row size) as of mid-July while last year's prices around the same time dropped to $14-$16 because of excess supplies. Prices for Rainier cherries in mid-July were at $38-$42 per 15-pound carton, up from $28-$30 last year. With supplies expected to continue smaller through the end of the season around mid-August, prices for other later variety cherries in the State such as Lapin, Skeena, and Sweet Heart also will likely be higher than last year.

Despite the overall smaller cherry harvest this year, retailers had sufficient promotional volumes for cherries this summer, not to mention increased availability of large-size fruit compared to last year. U.S. cherry retail prices in May and June averaged higher than or almost no change from the average prices consumers had to pay in May and June of 2009 even though initial supplies from California, the first to come in the market, were larger than last year (fig. 3). Based on AMS data, the average retail advertised cherry price in May this year was $4.10 per pound and in June was $3.26 per pound. Last year the same time, retail prices averaged $3.97 and $3.28 per pound, respectively. Though prices have already declined seasonally given increased availability of supplies from the Northwest in June, the July average price through the first three weeks, at $2.65 per pound, continued to decline from June but averaged about $0.31 a pound higher than the July 2009 price.

U.S. fresh cherry exports were at a record high in 2009, totaling 142.6 million pounds, up 41 percent from the previous year. In value terms, exports in 2009 were also the highest it has ever been, reaching $285 million, up from $272 million

Figure 3
U.S. cherry retail prices higher this summer



Source: USDA, Agricultural Marketing Service, Market News, (http://www.marketnews.usda.gov/portal/fv).

in 2008. Canada remains the leading U.S. fresh cherry export destination accounting for 45 percent of total export volume last year, followed by Japan with 14 percent, Taiwan with 10 percent, Hong Kong 7 percent, and South Korea, 6 percent. Exports rose to the top five markets. Of the other markets with at least a 1 percent share of total export volume last year, export gains to China far exceeded those for the top five markets.

Exports this year through May continue strong mostly due to increased supplies from California early this season and the good quality of the crop. Export demand is also aided by the weakness of the U.S. dollar and the improving global economic situation. Cherry export volume in May totaled 26.3 million pounds, up from 18.2 million pounds in May 2009. Exports are up to all the major markets and growth in China continues. While export prospects look positive for this year, the smaller U.S. crop may force total exports in 2010 down from the record volume last year.

U.S. cherry imports in 2010 through May totaled 12.5 million pounds, 13 percent higher than imports the same period last year. Chile supplied 96 percent of the total import volume to date, shipping a higher volume than last year. Other suppliers like Argentina, Canada, New Zealand, and Australia posted reductions.

U.S. Harvests Smaller Than Average Tart Cherry Crop in 2010

NASS forecast the 2010 U.S. tart cherry crop to be 195 million pounds, 46 percent below the revised 2009 production (table 6). Last year's production was revised down to 266 million pounds, from the preliminary estimate of 352.9 million pounds reported in NASS's *Noncitrus Fruit and Nuts 2009 Preliminary Summary* published back in January. If realized, production in 2010 will be 22 percent below the average production of the past decade (2000-09) and the second smallest crop for the 10-year period.

Due to the cold wet spring this year, production is forecast to decline in all seven States for which NASS reports annual tart cherry production. Most expect substantial production declines ranging from 38 percent to 61 percent, except for Washington State where crop size is forecast reduced moderately by 4 percent from

Table 6--Tart cherries: Total production and season-average price received by growers, 2007-09, and indicated 2010 production

State	Production				Price		
	2007	2008	2009	2010	2007	2008	2009
	-- *Million pounds* --				-- *Cents per pound* --		
Michigan	196.0	165.0	266.0	140.0	26.4	38.2	15.7
New York	11.3	9.6	11.2	6.7	34.3	41.3	24.3
Oregon	0.5	2.8	3.2	2.0	34.6	41.9	84.5
Pennsylvania	3.5	3.9	3.9	2.3	39.8	42.5	25.0
Utah	20.0	20.0	47.0	24.0	25.0	33.0	27.0
Washington	11.5	12.5	16.7	16.0	35.0	33.0	46.8
Wisconsin	10.4	0.6	10.9	4.3	28.4	35.0	20.8
United States	253.2	214.4	358.9	195.3	27.3	37.7	19.7

Source: USDA, National Agricultural Statistics Service, *Noncitrus Fruit and Nuts Summary,* various issues.

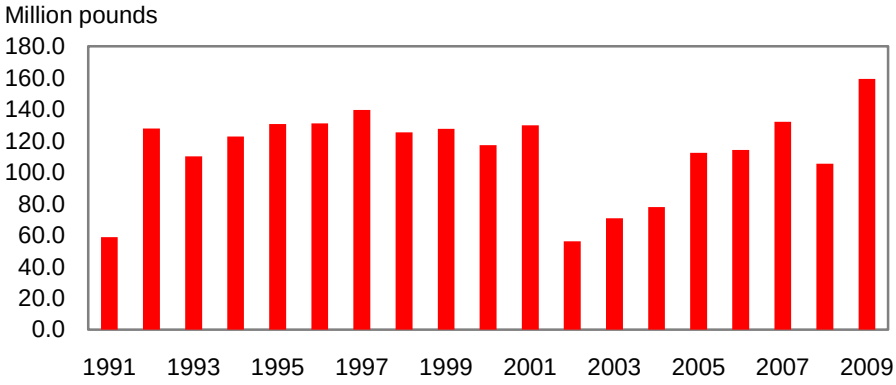
a year ago. Dampened by several frosts during the bloom period and cold rainy weather during pollination, the biggest decline in production is expected in Wisconsin where crop size is forecast down 61 percent to 4.3 million pounds.

Michigan will account for 72 percent of the U.S. tart cherry crop. Forecast at 140.0 million pounds, production in Michigan is down 47 percent this year from their 2009 crop and below output levels in each of the years from 2005-08. Frosts during the bloom period were the main culprit for the State's smaller tart cherry crop this year, although last year's big crop may have also depleted tree nutrient reserves for this year's crop. According to reports from the Cherry Industry Advisory Board, harvest already finished in southwest Michigan the week ending July 10 and moved heavily in the west central and northwest portion of the State. Harvest in Pennsylvania was done by then, ongoing in New York and Wisconsin, and were yet to begin in the western states.

The frozen fruit market is the main outlet for U.S. tart cherries. Close to 70 percent of domestic production moves through this market. The huge domestic crop in 2009 and lack of overall demand resulted in very large year-end inventories of frozen tart cherries. Based on NASS's *Cold Storage 2009 Summary*, frozen tart cherry stocks remaining in cold storage as of December 31, 2009 totaled 159.4 million pounds, 51 percent above the previous year and the highest ending inventories over the past two decades (fig. 4). To help alleviate the supply buildup, USDA had purchased about $21 million worth of tart cherry products to date for fiscal year 2010 for distribution to domestic feeding programs.

Though overall U.S. production this year is expected to be down sharply from the 2009 output and below average levels of the past 10 years, the large carryover inventories from last year will offset some of the anticipated decline in overall supplies, tempering some of the upward pressure on 2010 tart cherry prices. Import levels are also forcing down overall supplies as huge shipment cuts thus far from key suppliers such as Canada and Turkey have driven down import volume this year through May by 74 percent from the same period in 2009. Export demand for U.S. frozen tart cherries, on the other hand, appears to be improving from the lackluster performance last year, with year-to-date export volume up 15 percent from the same period in 2009. Export growth so far this year has been fueled by increased sales to Canada, Belgium, Germany, Japan, China, and Taiwan. As of June 1, inventory levels of frozen tart cherries have already declined nearly 33 percent from the initial level at the start of the year, but continue to be up substantially from the same time a year ago.

Figure 4
U.S. beginning stocks of frozen tart cherries in cold storage*



* Represents cold storage stocks on December 31of the previous year.
Source: USDA, National Agricultural Statistics Service, *Cold Storage Summary*, various issues.

2010 California Apricot Crop Smaller Than a Year Ago

On July 9, NASS released its final forecast for the 2010 U.S. apricot crop, set at 134.6 million pounds, down 2 percent from a year ago (table 7). If realized, crop size this year will be the smallest crop since the record low 89.0 million pounds output reported in 2006. Although production in California, the major apricot-producing State, is forecast up almost one percent from a year ago, reduced crops in Washington and Utah forced overall production down in 2010.

California's 2010 apricot crop was forecast to be 120.0 million pounds, up 0.8 percent from the 2009 crop but the second lowest, if realized, for this decade. As harvest continued to take place in the Central and San Joaquin Valley in July, the crop was reported to be in good condition. Slow maturity of the crop because of the cold weather this spring aided fruit size and helped minimize damage from the wet, cold conditions. Similar spring weather conditions resulted in poor pollination of the crop in Washington where this year's production is forecast at 14 million pounds, down 21 percent from last year. In Utah, the 2010 apricot crop was forecast at 600,000 pounds, down 6 percent from last year's 640,000 pounds, reflecting effects of cool weather and multiple frosts this spring.

Table 7-Apricots: Total production and season-average price received by growers, 2007-09, and indicated 2010 production

	Production				Price		
State	2007	2008	2009	2010	2007	2008	2009
	-- Million pounds --				*-- Cents per pound --*		
California	162.0	154.0	119.0	120.0	21.6	23.6	31.1
Utah	0.5	0.8	0.6	0.6	40.8	23.4	43.1
Washington	14.4	8.4	17.8	14.0	49.6	78.5	43.4
United States	176.9	163.2	137.4	134.6	23.9	26.6	32.7

Source: USDA, National Agricultural Statistics Service, *Noncitrus Fruit and Nuts Summary,* various issues.

Due to the relatively cold spring, harvest in California was delayed by about 8 to 10 days behind last year's harvest. According to AMS data, supplies did not build up until the second week in May but cumulative shipments for the fresh market through the first full week in July were up 23 percent from the same time last year, putting downward pressure on apricot prices. F.o.b. shipping-point prices (as of late May to second week in June) for some early-variety apricots in California's San Joaquin Valley such as the Earlicot and Poppycot varieties ranged from around $15-$17 per 2-layer tray pack carton for size 88's and $18-$21 for size 70-72s, down from $18-$20 and $23-25 the same time a year ago, respectively. Availability of Castlebrite and Patterson varieties started to build up around the second week in June, with f.o.b. prices in California's San Joaquin Valley in the range of $18-$20 and $17-$20, respectively, per 2-layer tray pack carton for size 70-72s. Last year the same time, f.o.b. prices for the Patterson variety apricots were higher in the range of $22-$24. No prices were reported in California for Castlebrite varieties around the same time last year. Over the past three years (2007-09), California accounted for 91 percent of all apricots produced in the United States and supplied more than three-quarters of the fresh-market crop.

Supplies transitioned to Northwest production around the last week in June and, although supplies were light at the start of their shipping season, California was still shipping significant volumes to the market. Specifically in the Yakima Valley and Wenatchee District, the primary varieties shipped thus far were Tomcot, Robada, Rival, and Castlebrite. Also dealing with a delayed crop, Northwest supplies were finally building up during the first week of July but cumulative shipments, June 20-July10, remained down substantially from volume the same time last year. Along with a good quality crop, the limited supplies have provided a boost to Northwest, apricot prices, especially since supplies from California as of mid-July have wound down for this season. Reported f.o.b. shipping point prices in Washington's Yakima Valley and Wenatchee District as of the second week in July were in the range of $21-$23 per 2-layer tray pack carton (rival variety-size 70-72s). Comparative prices in the growing region from last year were around $18-$20.

Processing supply availability in 2010/11, like in the fresh market, was delayed by this year's late harvest but matched with very good quality as fruit were able to size well and gain more flavor. In addition to the harvest delays, processors will face tight raw material supplies from the domestic apricot crop this marketing season (June through May) due to only a fractional increase in California's production and reduced outputs in the Northwest. The tight supplies should help bolster processing-use apricot grower prices in 2010/11. Season-average grower prices for processing-use apricots continued to increase year-after-year ever since U.S. apricot production fell to a record low in 2006/07 and in 2009/10 averaged $371 per ton. Apricots for canning are the most significant processed product use for U.S. apricots. The remaining supplies move through the dried and frozen markets. Domestic production represents the bulk of canned apricot consumption in the United States. Only about 2 percent come from imports, with China rapidly gaining in share of total imports in recent years and becoming the leading supplier of U.S. canned apricot imports beginning in 2007/08.

2010 California Prune Crop Remains Larger Than Average

California produces most of the prunes in the United States. NASS forecast California's 2010 prune crop at 150,000 tons, dried basis, down 10 percent from the revised 166,000 tons in 2009 but 39 percent above the average crop size during 2004-08. The NASS California Field Office reported prune bearing acreage in 2010 remaining steady at 64,000 acres, the same as the last 3 years, but the average yield per acre is estimated at 2.30 tons, down from 2.59 tons in 2009. Cooler weather and lighter fruit sets during the growing season contributed to lower yields this year but fruit quality and size is reported to be very good.

Virtually all of California's prunes are destined for the processing sector. Only a miniscule quantity moves through the fresh market and NASS does not report any of this data to avoid disclosure of individual operations. The bulk of California's prune production moves through the dried market. NASS also reports annual plum and prune production in four other States: Washington, Oregon, Michigan, and Idaho. Combined production in these four States normally only amount to about 4 percent the size of California's prune crop, and more than 50 percent of their combined production serves the fresh market. NASS production estimates for 2010 for these four States will be reported in *Noncitrus Fruit and Nuts 2010 Preliminary Summary* to be released in January 2011.

During the previous marketing season (2009/10, August-July), both the increase in domestic production and beginning stocks of prunes (dried basis) drove grower prices down from $1,500 per ton in 2008/09 to $1,200 per ton. Increases in domestic supplies in 2009/10 has exceeded demand from domestic processors and, despite increased exports during the season through May, left ending-season stocks still at a relatively high level. In an effort to help ease the supply situation, USDA had purchased about $10 million worth of prunes (dried plums) to date for fiscal year 2010 for distribution to domestic feeding programs. U.S. prune imports (dried basis) during 2009/10, August through May, doubled in volume from the same time last year, adding to the supply pressure. While 2009/10 imports to date were down from most sources, this was more than made up by sharply higher imports from Argentina, which comprised over three-fourths the total volume thus far. As of May 1, remaining inventories for the 2009/10 season are 72 percent higher than the inventory volume for the same period in 2008/09. Total domestic supplies for the 2010/11 marketing season (August-July) should, therefore, remain large due to the expected huge carryover volume from last season, likely easing the upward pressure on grower prices from this year's anticipated drop in California's production.

Production of Bartlett Pears Forecast To Decline in 2010

As of June 10, NASS's first forecast for Bartlett pear production in 2010 was set at 420,000 tons, down 5 percent from a year ago. Bartlett production, which account for about half of all the pears produced in the United States, is reported only from three States—California, Washington, and Oregon. The forecast reduction this year stem from small-to-moderate production declines anticipated in California and Washington. Crop size in Oregon is forecast to be unchanged at 60,000 tons. Over 60 percent of Bartlett pears produced each year serve the processing sector. On average over the past 3 years, the fresh market sourced nearly 30 percent of its domestic-grown pears from the Bartlett crop.

Production in California is forecast at 195,000 tons, down 3 percent from last year but unchanged from 2 years ago. Rains in California this spring destroyed some blooms and the cool weather slowed crop development. Despite the delay in harvest, the additional time to remain on the trees allowed fruit to gain more size. In Washington, production is forecast to decline 10 percent, to 165,000 tons. Above-average rainfall in Washington State this spring, along with windy conditions, caused some pollination problems during the bloom period. There were also some isolated reports of hail damage. With production expected to decline, together with the likely presence of larger size fruit (also in Washington), Bartlett pear grower prices should lean more favorably to growers in 20010/110, likely increasing from the $329 per ton average in 2009/10.

July Forecast for U.S. Citrus Production Up 1 Percent From May

With the harvest season for most citrus crops winding down or over, NASS's July *Crop Production* report contained only a small revision in the forecast for the total 2009/10 citrus crop. As of July 1, the all citrus crop was forecast at just under 11 million tons, 1 percent higher than the forecast in May (table 8). Much of the increase was due to an upward revision of Florida's Valencia orange production by 3 percent and a 9-percent increase in California's tangerine and mandarin crop. These increases more than offset a 6-percent drop in California's 2009/10 Valencia crop forecast. Small changes were also made to the Texas early/mid-season orange and Valencia crops, and to California's grapefruit production. The navel harvest was complete in early July with reports of high quality fruit from growers. The Valencia harvest is ongoing. Compared to the previous year, the 2009/10 season all orange crop is forecast down 871,000 tons (9.5 percent) from last season. A large 1.3 million ton decline in Florida's all orange crop—mostly used for processing—more than offset the 431,000-ton (25 percent) gain in California's predominantly fresh market orange crop from year-to-year. Grapefruit production is off 80,000 tons (6 percent) from last year, tangerine and mandarin production is up 159,000 tons (36 percent), and lemon production fell by 57,000 tons (6 percent).

Smaller Florida Orange Crop and Lower Yields Reduce Orange Juice Production

Along with the reduced year-to-year production of Florida oranges, the projection for Florida's 2009/10 frozen-concentrated orange juice (FCOJ) yield is also down from 2008/09. The current yield forecast of 1.56 gallons per box (at 42.0 brix) is up 1 percent from the June forecast but down 6 percent from last season's final yield of 1.66 gallons per box. The ERS 2009/10 production forecast for all U.S. orange juice is currently 840 million gallons (sse – single strength equivalent), 212 million gallons lower than the year before (table 9). The shortfall in domestic orange juice production has contributed to a stronger import pace than last year and slightly weaker exports, but domestic consumption is still expected to diminish slightly, and per-capita use is forecast to remain below 4 gallons for the third consecutive year.

With the supply of Florida oranges down, the U.S. average price for process oranges (equivalent on-tree returns per box) have strengthened somewhat from last season, averaging $5.27 per box during 2009/10 (November-June) compared to $5.09 the same period the previous year. Nevertheless, according to Nielsen data,

Table 8--Citrus: Utilized production, 2007/08, 2008/09 and forecast for 2009/10 1/

Crop and state	2007/08	2008/09	Forecast for 2009/10 as of 5-2010	Forecast for 2009/10 as of 7-2010
		1,000 tons 2/		
Oranges:				
Early/mid-season and navel:				
Arizona 3/	9	5	n/a	n/a
California	1,688	1,294	1,575	1,575
Florida 4/	3,758	3,807	3,087	3,087
Texas	68	55	57	58
Total	5,523	5,161	4,719	4,720
Valencia:				
Arizona 3/	6	4	n/a	n/a
California	637	450	638	600
Florida	3,901	3,506	2,835	2,925
Texas	9	7	11	12
Total	4,553	3,967	3,484	3,537
All oranges	10,076	9,128	8,203	8,257
Grapefruit:				
Arizona 3/	3	1	n/a	n/a
California	174	161	141	141
Florida	1,131	922	842	863
Texas	240	220	220	220
All grapefruit	1,548	1,304	1,203	1,224
Tangerines and mandarins:				
Arizona	15	9	17	17
California	251	251	341	371
Florida	261	183	214	214
All tangerines and mandarins	527	443	572	602
Lemons:				
Arizona	57	114	95	95
California	562	798	760	760
All lemons	619	912	855	855
Tangelos				
Florida	68	52	41	41
All citrus	12,838	11,839	10,874	10,979

n/a = Not available.
1/ The crop year begins with bloom of the first year shown and ends with completion of harvest following year. 2/ Converted from boxes to tons. Net pounds per box: oranges-Arizona (AZ) and California (CA)-75, Florida (FL)-90, Texas (TX)-85; grapefruit-AZ and CA-67, FL-85, TX-80; lemons-76; tangelos -90; tangerines-AZ and CA-75, FL-95.
3/ Arizona estimates discontinued in 2009/10. 4/ Includes Temples.
Source: USDA, National Agricultural Statistics Service, *Crop Production*, various issues.

the price of orange juice at U.S. retail outlets is down 4 percent year-to-date (through June 12), while volume also declined 1.1 percent, indicating continued weak demand. The current 2009/10 ERS forecast for domestic orange juice consumption is 1.165 billion gallons, 3.8 percent less than the year before, and a greater decline than that indicated by Nielsen which tracks about one-half of U.S. sales. However, the planned price increases and reduced use of promotions by leading orange juice brands announced in the May issue of *Citrus Industry* appear to have taken effect. The most recent 4 weeks of Nielsen data indicate that prices are 3.3 percent higher than the year-to-date average and sales volume declined 6.6 percent compared to the same period a year earlier. As a result, no significant changes were made to the U.S. orange juice supply and use balance presented in the May *Fruit and Tree Nuts Outlook* report.

Table 9--United States: Orange juice supply and utilization, 1990/91 to present

Season 1/	Beginning stocks	Production	Imports	Supply	Exports	Domestic consumption	Ending stocks	Per capita consumption
	----------	----------	----------	*Million sse gallons 2/*	----------	----------	----------	*Gallons*
1990/91	225	876	320	1,422	94	1,170	158	4.65
1991/92	158	930	286	1,374	107	1,096	170	4.30
1992/93	170	1,207	324	1,701	114	1,337	249	5.18
1993/94	249	1,133	405	1,787	107	1,320	360	5.04
1994/95	360	1,257	198	1,815	117	1,264	434	4.77
1995/96	434	1,271	261	1,967	119	1,431	417	5.34
1996/97	417	1,437	256	2,110	148	1,398	564	5.16
1997/98	564	1,555	281	2,400	150	1,571	679	5.73
1998/99	679	1,236	350	2,265	147	1,585	534	5.71
1999/2000	534	1,493	339	2,366	146	1,575	645	5.60
2000/01	645	1,389	258	2,292	123	1,471	698	5.18
2001/02	698	1,435	189	2,322	181	1,448	692	5.05
2002/03	692	1,251	291	2,235	103	1,427	705	4.93
2003/04	705	1,467	222	2,393	123	1,448	822	4.95
2004/05	822	974	358	2,153	119	1,411	623	4.77
2005/06	623	986	299	1,909	138	1,312	459	4.41
2006/07	459	889	399	1,747	123	1,248	376	4.16
2007/08	376	1,156	406	1,938	136	1,155	647	3.81
2008/09	647	1,052	317	2,017	125	1,212	680	3.96
2009/10 F	680	840	385	1,905	120	1,165	620	3.77

F = forecast.
1/ Season begins in October of the first year shown as of 1998/99, prior year season begins in December.
2/ SSE = single-strength equivalent.
Source: Prepared and calculated by USDA, Economic Research Service.

In contrast to the situation for processed oranges, the large production increase from California has contributed to plentiful supplies of fresh market oranges in 2009/10. ERS estimates fresh orange utilized production at 4.1 billion pounds in 2009/10, up from 3.8 billion pounds in 2008/09. While domestic consumption of fresh oranges is expected to stay relatively flat this season, exports have been exceptionally strong. Fresh orange exports are 30 percent ahead of last year's pace through April, and are on a pace to reach roughly 1.4 billion pounds. Lead markets for U.S. fresh orange exports include Canada (30 percent of U.S. exports), South Korea (21 percent), Japan (14 percent), and Hong Kong (11 percent). With higher supplies, fresh orange prices in California (equivalent on-tree returns per box) have averaged $12.13 per box so far this year (November-June), down from $12.96 per box for the same period last year.

Smaller Crops Support Grapefruit and Lemon Prices this Year

With supplies of grapefruit and lemons each down about 6 percent this marketing year, demand has been sufficiently strong to boost grower prices from year earlier levels. The U.S. all grapefruit price has averaged $7.30 per box in 2009/10 (September-June), compared to $5.51 per box last year, with average prices strengthening for both fresh and processing grapefruit. Prices for fresh grapefruit are higher than the previous year in Florida and Texas, but generally weaker in California. Similarly, the all lemon price has averaged $13.84 per box in 2009/10 (August-June), well above the $10.14 per box for the same period last year. The increase in tangerine production this year—up 159,000 tons (36 percent)—had the reverse effect on prices, with U.S. prices for all tangerines averaging $11.24 per box this marketing year (November-April) compared with $15.19 the previous year.

USDA Releases Semiannual Update on Citrus World Markets and Trade

On July 21, USDA's Foreign Agricultural Service (FAS) released the second issue of its twice-yearly *Citrus: World Markets and Trade* report. According to the report, global orange production and trade in 2009/10 are both expected to be 5 percent lower than the January forecast, with production now estimated at 49.8 million metric tons (mmt) and trade at 3.5 mmt. Production in 2008/09 was 52.4 mmt, and trade was the same as this year's estimate. Most of the 2.4 mmt decline from the January forecast is accounted for by Brazil, where excessive rain occurred during blossoming and development. The current forecast for Brazilian orange production is 16.2 mmt, down from 17.8 mmt in January's report. Mexico's orange crop was also reduced 450,000 mt based on data from the Mexican government, and South Africa's crop was dropped by 100,000 mt. The world's leading orange producers include Brazil (16.2 mmt), the United States (7.5 mmt), China (6.35 mmt), the EU-27 (6.2 mmt), and Mexico (3.45 mmt). Together, these five countries account for 80 percent of global production.

Although world orange production is estimated to have declined 5 percent from the previous year, orange juice production is unchanged from the January forecast of 2.2 mmt, as higher juice yields in Brazil offset the lower fruit production. Brazil and the United States dominate global orange juice production, accounting for 61 percent and 28 percent of world output, respectively. Brazil accounts for 87 percent of world orange juice exports, with the EU-27 (57 percent), the United States (19 percent), and Canada (6.9 percent) ranking as the leading importers.

The 2009/10 estimate for world tangerine and mandarin production was essentially unchanged from the January forecast, at 20.7 mmt—4 percent higher than production in 2008/09. China is by far the largest producer, with 65 percent of the crop, followed by the EU-27 (15 percent), Japan (5.3 percent), Turkey (4 percent), and the United States and Morocco each with 3 percent. China, Turkey, and Morocco are the leading exporters while Russia, the EU-27, and Vietnam are the most important importers.

World grapefruit production for 2009/10 is estimated at 5.5 mmt, just slightly below the January forecast and 6 percent higher than production in 2008/09. China produces 53 percent of the world total, followed by the United States with 20 percent, and smaller amounts coming mainly from Mexico, South Africa, Israel, and Argentina. About 15 percent of global production is traded, and the United States ranks as the leading exporter, with about 30 percent of the market, followed by South Africa (23 percent), Turkey (18 percent), and China (14 percent). The EU-27 (49 percent), Japan (22 percent), and Russia (14 percent) are the leading importers.

Combined lemon/lime production was raised slightly from the January forecast and is now estimated at 6 mmt, about 7 percent lower than in 2008/09. Mexico accounts for one-third of global output, followed by the EU-27 (26 percent), Argentina (17 percent), the United States (13 percent), and Turkey (11 percent). About one-quarter of world production is traded, with Mexico, Turkey, Argentina, and South Africa the leading players in the export market. The United States (mostly limes) and the EU-27 share the top spot among importers, each with 27 percent, followed by Russia (14 percent) and Saudi Arabia (9 percent).

Almond Forecast Increased in July

In July, NASS released the *2010 California Almond Objective Measurement* report which increased the production forecast by 8 percent from May's subjective forecast. The harvest will result from 740,000 bearing acres and should produce 1.65 billion pounds. If realized, the 2010 harvest will be 17 percent larger than the 2009 harvest of 1.41 billion pounds, exceeding the previous record-setting harvest of 1.63 billion pounds in 2008. The yield per acre is up 14 percent over last year at 2,230 pounds per acre, which would be the second highest per acre yield on record, if realized.

The variable spring weather had few negative effects on the upcoming crop. Nut sets and nut weights and measurements were higher than in 2009. Nut set is 5,956 per tree, a 7 percent increase over the 5,589 nuts per tree last year. Additional sprays were needed to reduce concerns about fungal infections and rot from wet weather. Some nut and tree losses were incurred from high winds but the damage was not significant. The cooler weather has hampered development and has pushed harvest back approximately two weeks but the trees remain healthy.

Value of utilized almond production for 2009 was $2.3 billion, an increase in the preliminary value of production estimate of $1.78 billion. The 2009 crop value is 2 percent less than the 2008 crop value and 5 percent less than 2007's crop.

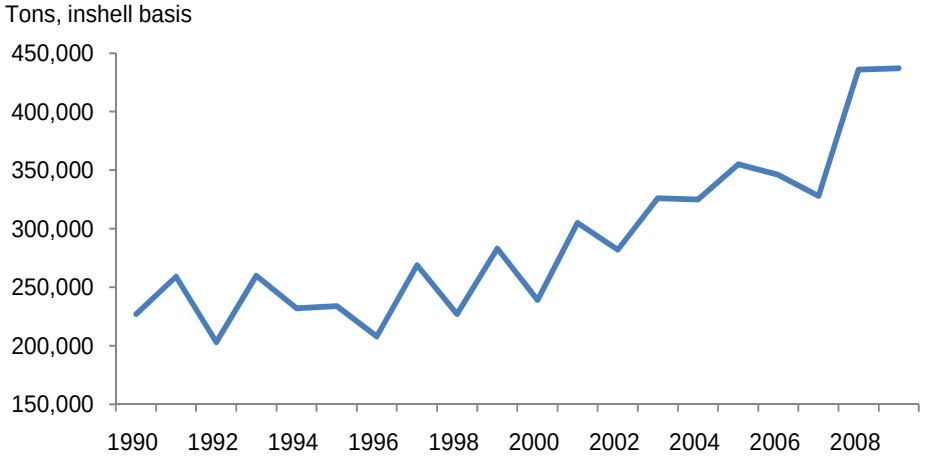
According to the U.S. Census Bureau, exports for the 2009/10 season, August through May, total 1.01 billion pounds (shelled basis), up 9 percent from 2008/09 exports. Spain remains the largest importer of California almonds with 120.8 million pounds from August until May, a decrease of 4 percent during the same time last season. Spanish imports are likely to increase during the 2010/11 season, as Spanish production this year is estimated to decline by over 40 percent due to a widespread freeze event that occurred during bloom, according to *Foodnews*. Combined with reduced inventories to meet current consumption levels, U.S. almond prices should remain the same or slightly elevated for the upcoming season.

Overall exports are down 3 percent from August 2009 to June 2010 when compared to the previous season. Current June exports are down 59 percent from last season's record-breaking June volume, according to the Almond Board of California. Compared to the 2007/08 June volume, exports were only down by 7 percent. The reduced export shipments have occurred since April 2010, with minimal increases in February and March. Western Europe has only increased their imports by one percent but account for 42 percent of total almond exports.

Walnut Production Remains Strong

The trend in California's walnut production over the last 20 years has moved upward to the 2009 harvest which reached 437,000 tons (fig. 5). NASS will report the 2010 forecast in the *Walnut Objective Measurement Report* on September 3, 2010. According to industry sources, rain lowered pollen levels but increased irrigation reservoirs and encouraged overall crop growth. Quality appears excellent with good-sized nuts giving rise to expectations of an average-sized walnut crop.

Figure 5
U.S. utilized walnut production, 1990-2009



Source: USDA, NASS, *Noncitrus Fruit and Nut Summary*, various issues.

The average grower price for the 2009 season was $1,690 per ton, a 32 percent increase over the 2008 average price. This price is 26 percent lower than the record-high 2007 price of $2,290 per ton. The value of the 2009 crop increased to $7.38 billion and regained some value as it was only 2 percent lower than the 2007 record value of $7.51 billion. The expected average-sized harvest for this year, along with increased global demand, may increase prices for the 2010 season.

Domestic consumption of shelled walnuts has increased 20 percent to 1.65 million pounds for the 2009 season, from 1.37 million pounds in 2008, according to the California Walnut Board. For the month of June domestic shipments are down for inshell and shelled walnuts by 86 and 4 percent, respectively.

Inshell walnut exports have been strong this season through June with 185.2 million pounds, an increase of 23 percent over last season's total exports of 150.2 million pounds, according to the California Walnut Board. Shelled exports have also increased for this season by 20 percent, with 127 million pounds year-to-date. June 2010 exports declined for both inshell and shelled walnuts by 56 and 46 percent, respectively. Europe's imports of California inshell year-to-date have remained close to last season's shipments, only declining 0.6 percent while shelled walnuts increased by 27 percent. Asia increased imports for California inshell year-to-date by 52 percent and shelled by 35 percent.

Turkey has increased imports of California inshell walnuts by 53 percent but has decreased shelled shipments by 30 percent year-to-date. Turkey imports almost 40 times more inshell walnuts than shelled walnuts. Industry experts attribute the increase in demand to the publicized health benefits of walnuts. Currently, Turkey is the largest export market for inshell California walnuts, importing over 48 million pounds from September 2009 until June 2010. The increase of inshell walnuts can be attributed to Turkey's investment in the nut processing industry, where they import inshell and then export as shelled according to FAS.

Average Crop Expected for Pistachios

While the official NASS forecast is several months away for 2010 California pistachio production, the industry is expecting an average-size crop. Unusually high rain and wind events during bloom might affect crop size due to shell blanks. The cool spring temperatures have delayed crop development and will push back harvest. Rain has caused increased disease pressure resulting in increased pest management measures. Even with the unusual temperatures, high spring rainfall, and increased pest pressure, crop quality remains good. An industry source speculates that the crop could be between 350-375 million pounds.

In its July *Noncitrus Fruits and Nuts 2009 Summary*, NASS estimated the 2009 California pistachio crop at 355 million pounds, up 28 percent from the 2008 crop. The 2009 crop was still below the 2007 crop of 416 million pounds. The average price per pound was $1.67, which was a decrease from the preliminary estimate of $2.04 in January 2010.

Exports of inshell pistachios for the 2009 season, September through May, are 175 million pounds, less than a 1-percent increase from last season's year-to-date of 174 million pounds. Belgium-Luxembourg is the largest importer of U.S. pistachios with 33 million pounds from September 2009 through May 2010, according to U.S. Census Bureau. Belgium has increased shipments by 17 percent from 28 million pounds during the same period in 2009.

Domestic inshell shipments have increased during the 2009 season to 103 million pounds, September-June, from the 2008 year-to-date shipments of 72 million pounds, a 44 percent increase according to Administrative Committee for Pistachios Inventory/Shipment reports. Current June inventory for open inshell pistachios is 46 million pounds, which is 10 percent below the end-of-season inventory last year of 52 million pounds. The low stocks, high demand, and weather uncertainty over the next couple of months approaching harvest may aid increasing grower prices.

Outlook Good for 2010 Pecan Crop

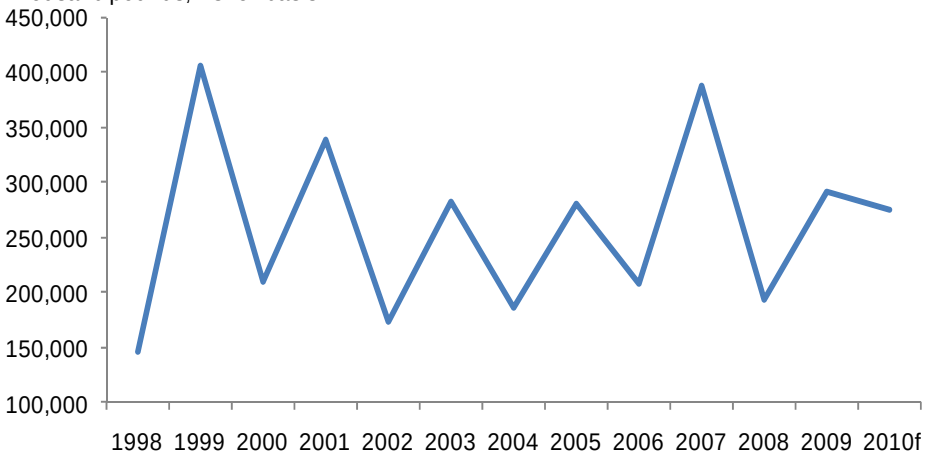
Although it is still early in the season to provide an exact measurement of potential harvest, the U.S. pecan industry gave an early-harvest estimate of 275 million pounds. This could be the largest offyear harvest in the past 12 years (fig. 6). The average offyear harvest is 207 million pounds over the last 30 years. In the southeast, nice spring weather has resulted in few scab problems and the nut drop seems to be light at this point in the season. Trees are performing well this season and foliage is healthy, all leading to a good 2010 crop and aiding in high expectations for the 2011 crop.

Total U.S. production of both improved and native varieties of pecans reached 292 million pounds (inshell basis) in the 2009 season. The 2009 crop was 50 percent larger than the 2008 harvest of 194 million pounds but 25 percent lower than in 2007. Georgia remains the top producer of improved pecan varieties with 79 million pounds. Utilized production of improved varieties totaled 241 million pounds in 2009, valued at $370 million. The production estimate for native varieties and seedlings was 51 million pounds, valued at $48 million.

Figure 6

U.S. utilized pecan production,1998-2010

Thousand pounds, inshell basis



f= Industry forecast.

Source: USDA, National Agricultural Statistics Service, *Noncitrus Fruit and Nuts Summary*, various

Early 2010/11 U.S. Grape Exports Slow, Cherries and Strawberries Posting Gains

Initial fresh-grape export volume for the 2010/11 marketing season (May-April) shows a 3-percent decline in May from the same period a year ago due to harvest delays and light early shipments from California's Coachella Valley where the U.S. season starts (table 10). Shipments to Canada, the top export destination, ran steady from last May, those to most other leading markets have not yet started for the season, while those to several small markets were down. Export prospects for U.S. grapes, however, should improve this summer as harvest in California's San Joaquin Valley bring in larger supplies and likely lower prices. Close to 40 percent of all U.S. grapes for the fresh market go to export markets each season. During the 2009/10 season, exports declined from the record 740.8 million pounds the previous season to 658.1 million pounds, with total value falling 5 percent to $580 million. Of the leading export destinations, export volume rose to Canada, Hong Kong, Indonesia, Australia, and Taiwan but fell 70 percent to Mexico. Partly due to the Mexican tariff dispute, exports to Mexico were down substantially in 2009/10, pulling it down to No. 5 in rank among the leading export destinations for U.S. grapes, from No. 2 over the past 10 years.

Exports of other summer fruit such as cherries and strawberries were higher in 2010 through May relative to the same period the year before. Cherry export volume posted gains to all major markets—Canada, Japan, South Korea, Taiwan, and the United Kingdom for a total year-to-date increase of about 43 percent. Quality and fruit size are aiding demand, but reduced production in the Northwest could limit export availability for the rest of the season. Year-to-date strawberry export volume

Table 10--U.S. exports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through May) 2009	Season-to-date (through May) 2010	Year-to-date change
		---------- *1,000 pounds* ----------		*Percent*
Fresh-market:				
Oranges	November-October	940,309	1,229,645	30.8
Grapefruit	September-August	528,640	515,481	-2.5
Lemons	August-July	181,164	177,141	-2.2
Apples	August-July	1,504,388	1,494,171	-0.7
Grapes	May-April	2,242	2,175	-3.0
Pears	July-June	322,390	353,108	9.5
Peaches (including nectarines)	January-December	15,349	13,097	-14.7
Straw berries	January-December	124,594	138,243	11.0
Cherries	January-December	18,984	27,055	42.5
		------ *1,000 sse gallons 1/* -------		
Processed:				
Orange juice, frozen concentrate	October-September	41,124	50,609	23.1
Orange juice, not-from-concentrate	October-September	44,206	42,040	-4.9
Grapefruit juice	October-September	10,944	6,633	-39.4
Apple juice and cider	August-July	6,577	14,143	115.0
Wine	January-December	39,876	44,073	10.5
		---------- *1,000 pounds* ----------		
Raisins	August-July	260,906	311,706	19.5
Canned pears	June-May	16,836	13,774	-18.2
Canned peaches	June-May	68,154	36,995	-45.7
Frozen straw berries	January-December	11,010	11,486	4.3
		---------- *1,000 pounds* ----------		
Tree nuts:				
Almonds (shelled basis)	August-July	927,872	1,011,866	9.1
Walnuts (shelled basis)	September-August	177,483	212,282	19.6
Pecans (shelled basis)	October-September	37,351	57,080	52.8
Pistachios (shelled basis)	September-August	89,728	92,799	3.4

1/ Single-strength equivalent.

Source: U.S. trade data provided by the U.S. Department of Commerce, U.S. Census Bureau.

increased 11 percent, with Canada accounting for 96 percent of total volume. Among the top export destinations for U.S. fresh strawberries, exports were up to Canada, Japan, and the United Kingdom but down sharply to Mexico.

Early 2010/11 Grape Imports Higher Than a Year Ago

U.S. fresh-grape imports for the new season (2010/11) started with 16 percent more volume this May than in May 2009. Nearly 75 percent of the imports were from Mexico, but import growth was attributed to sharply higher 2009/10 end-of-season shipments from Chile. Delays in the start of this season's Mexican grape harvest had their shipments to the United States in May down by 7 percent. Mexican supplies picked up in the U.S. market in June, according to AMS data, and 2010/11 imports through mid-July run 28 percent ahead of last season the same time. Shipments from Mexico typically overlap with California supplies until about July when Mexico's shipping season ends. Import demand for Mexican grapes remained robust in June and July despite the expected larger 2010 California table grape crop. Supplies from California's San Joaquin Valley, the major producing region, remained limited as crop maturity delays pushed grape harvest several days later than last year.

Mango and lime imports from Mexico are down in 2010 through May. Because of this decline, total year-to-date lime imports are down. Sharply higher mango shipments from Peru and the Dominican Republic and increases from Costa Rica have offset supply declines from Mexico thus far, carrying mango imports year-to-date up 4 percent. Rains affected mango supplies from Mexico's southern growing region, limiting imports during the earlier part of the year. By May, imports from Mexico rose above a year ago with the northern producing region already shipping.

Table 11--U.S. imports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through May) 2009	2010	Year-to-date change
		---------- *1,000 pounds* ----------		*Percent*
Fresh-market:				
Oranges	November-October	33,615	47,378	40.9
Tangerines (including clementines)	October-September	186,888	157,755	-15.6
Lemons	August-July	69,938	74,752	6.9
Limes	January-December	308,991	299,561	-3.1
Apples	August-July	194,121	193,192	-0.5
Grapes	May-April	83,568	97,294	16.4
Pears	July-June	169,947	125,519	-26.1
Peaches (including nectarines)	January-December	100,478	96,539	-3.9
Bananas	January-December	3,635,502	3,867,122	6.4
Mangoes	January-December	304,281	315,127	3.6
		------ *1,000 sse gallons 1/* -------		
Processed:				
Orange juice, frozen concentrate	October-September	164,758	200,133	21.5
Apple juice and cider	August-July	426,222	424,746	-0.3
Wine	January-December	99,597	99,923	0.3
		---------- *1,000 pounds* ----------		
Canned pears	June-May	63,482	62,926	-0.9
Canned peaches (including nectarines)	June-May	139,471	140,441	0.7
Canned pineapple	January-December	285,649	259,552	-9.1
Frozen straw berries	January-December	118,312	107,465	-9.2
		---------- *1,000 pounds* ----------		
Tree nuts:				
Brazil nuts (shelled basis)	January-December	8,052	5,102	-36.6
Cashew s (shelled basis)	January-December	103,626	101,640	-1.9
Pine nuts (shelled basis)	January-December	3,661	1,426	-61.0
Pecans (shelled basis)	October-September	47,582	71,601	50.5

1/ Single-strength equivalent.

Source: U.S. trade data provided by the U.S. Department of Commerce, U.S. Census Bureau.

Contacts and Links

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Data

The *Fruit and Tree Nuts Situation and Outlook Yearbook* has over 130 tables of annual or monthly time-series data on specific fruit commodities. Data include bearing acreage, production, prices, trade, per capita use, and more. To order a copy, call 1-800-999-6779.

Related Websites

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