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Fruit and Tree Nuts Outlook

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Crop Delays Boosts Early Summer Fruit Prices

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The next release is
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World Agricultural
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The index of prices received by fruit and tree nut growers in June, at 157 (1990-92=100), rose 9 percent from the May index and increased 18 percent above the June 2010 index. Year-to-year price increases in June for process grapefruit and fresh-market apples, grapes, peaches, pears, and strawberries drove the index up over the previous year, offsetting price declines for fresh-market lemons and oranges.

On July 12, USDA's National Agricultural Statistics Service (NASS) released its first complete forecast for U.S. peach production in 2011, pegged at 2.25 billion pounds, 2 percent below a year ago. This year's production in California is anticipated to reach 1.63 billion pounds, fractionally below a year ago. The State's clingstone crop is forecast down less than 1 percent but the freestone crop is unchanged from a year ago. Despite California's dominance in the country's peach production, total domestic freestone production in 2011 is forecast down 3 percent and is attributed to forecast reduced production in 11 other States. The decline in the freestone crop will likely put upward pressure on fresh-market peach prices this summer.

On June 23, NASS released its first forecast for the 2011 U.S. sweet cherry crop, set at 649.7 million pounds, 4 percent larger than in 2010. Production in the Northwest is expected to increase due to forecast larger crops in Washington State and Idaho. Production is also forecast higher in Michigan. These increases will more than compensate for the smaller crops in California, Utah, Oregon, and New York. Because California sweet cherries are the first to come in season from the domestic crop, delays in crop maturity and reduced production in the State bolstered early 2011-season sweet cherry prices.

Based on the NASS forecast released on July 12, grape production in California will reach 6.7 million tons in 2011, down less than 1 percent from 2010. While California's 2011 wine grape crop was forecast 6 percent smaller than in 2010, this reduction will be almost offset by increases in the table grape and raisin grape crop. Because California dominates in U.S. grape production, the bigger table grape crop suggests domestic fresh-market grape supplies will be ample in the 2011/12 marketing season. A cold, wet spring prolonged crop growth, pushing harvest about 2 weeks behind normal. This season's shipments through mid-July fell below the same period last season, resulting in higher grape prices thus far.

Price Outlook

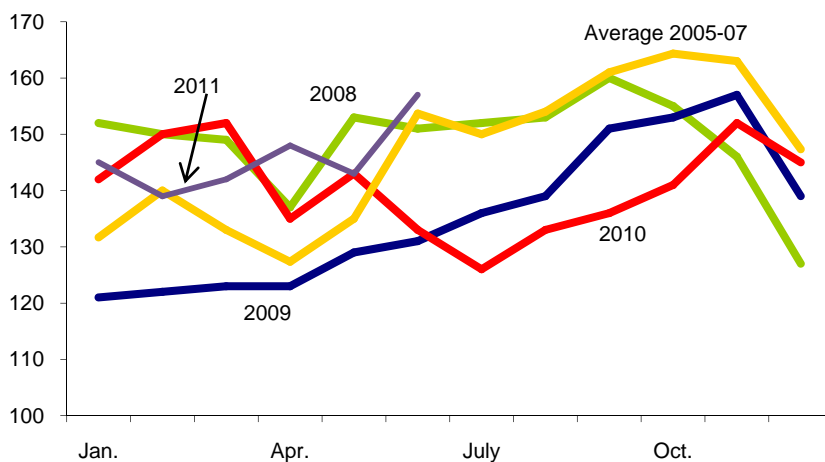
Fruit and Nut Grower Prices Higher in June

The index of prices received by fruit and tree nut growers in June, at 157 (1990-92=100), rose 9 percent from the May index and increased 18 percent above the June 2010 index (fig. 1). Based on USDA's NASS data, the month-to-month gain in the June index reflects grower price increases that month relative to May for most citrus fruit (grapefruit, lemons, and oranges) and for fresh-market apples and pears. Year-to-year price increases in June for process grapefruit and fresh-market apples, grapes, peaches, pears, and strawberries drove the index up over the previous year, offsetting price declines for fresh-market lemons and oranges (table 1).

Winding down of citrus, apple, and pear supplies from the previous season drove grower prices seasonally higher in June than in May. Moreover, colder-than-normal and wet weather this spring extended the growing period for many of this year's domestic summer fruit crops, delaying harvest this season. These delays contributed to the overall lightness of fruit supplies in late-spring, aiding fresh-market demand for remaining 2010/11 oranges, apples, and pears. Despite a bigger California navel orange crop in 2010/11, the expected smaller and delayed Valencia orange production in the State left little overlap between the two crops, helping to boost late-season navel demand.

Smaller U.S. apple and pear crops last year helped boost their 2010/11 fresh-market grower prices above the previous season. While a seasonal build-up of peach and strawberry supplies drove down their June prices from the prior month, the year-to-year price gains that month were due to lower shipments than the same time last year. Upward pressure on their prices will likely continue over the summer given that this year's strawberry crop in California is expected to fall slightly short of last year's record-high production and domestic production of freestone peaches,

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	2010		2011		2010-11 change	
	May	June	May	June	May	June
	-----Dollars per box-----				Percent	
Citrus fruit: 1/						
Grapefruit, all	4.05	5.40	6.77	9.50	67.2	75.9
Grapefruit, fresh	6.07	5.40	11.85	9.50	95.2	75.9
Lemons, all	9.13	11.24	10.41	12.79	14.0	13.8
Lemons, fresh	23.36	23.86	16.13	17.93	-31.0	-24.9
Oranges, all	8.00	8.85	7.45	8.12	-6.9	-8.2
Oranges, fresh	12.67	13.89	10.37	11.18	-18.2	-19.5
	-----Dollars per pound-----					
Noncitrus fruit:						
Apples, fresh 2/	0.229	0.208	0.256	0.263	11.8	26.4
Grapes, fresh 2/	--	0.325	--	0.635	--	95.4
Peaches, fresh 2/	0.540	0.294	0.645	0.323	19.4	9.9
Pears, fresh 2/	0.267	0.320	0.286	0.338	7.1	5.6
Strawberries, fresh	0.789	0.677	0.808	0.720	2.4	6.4

-- Insufficient number of reports to establish an estimate.

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 and Noncitrus Fruit and Nuts 2010 Summary*.

destined primarily for the fresh market, is forecast down 3 percent from a year ago. Fresh-market grape prices, on the other hand, will likely weaken this season compared with last season due to expected increased supplies. While California's 2011 grape production is forecast relatively unchanged from a year ago, fresh-market supplies could exceed last years' with the anticipated bigger table grape crop in the State.

Fresh Fruit Retail Prices In June Up From Last Year

The U.S. consumer price index (CPI) for fresh fruit this June was 325.9 (1982-84=100), up 2 percent from the June 2010 CPI (fig. 2). Pulling up the CPI were the higher retail prices for grapefruit, Red Delicious apples, bananas, Anjou pears, and Thompson seedless grapes in June relative to the same time last year (table 2). Retail price gains realized for these fruit more than compensated for the weaker lemon, peach, and strawberry prices.

Recovering from weather problems last year, banana supplies in major producing Latin American countries have started to build up, increasing banana imports in the United States after being tight the first few months of 2011. In June, however, imports were still down relative to June of last year, partly explaining the strong banana prices. U.S. banana retail prices averaged 6 percent higher than a year ago throughout the first half of 2011.

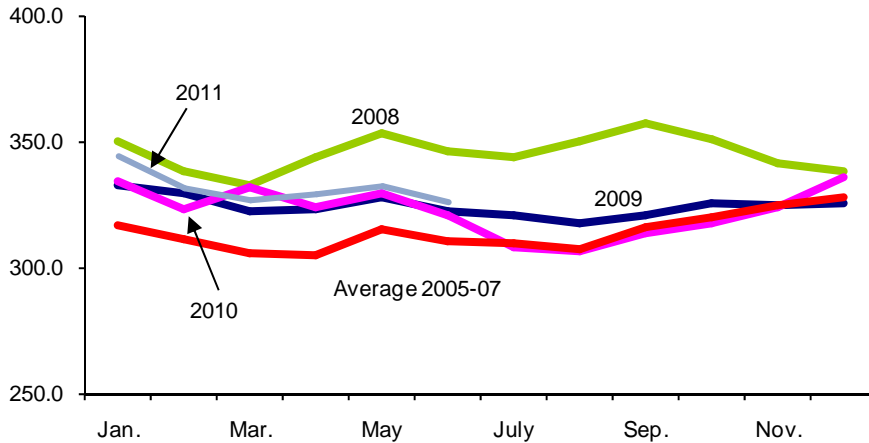
Tight early-season shipments of California grapes due to the delayed crop, coupled with lower imports from Mexico (based on Agricultural Marketing Service data), limited retail promotional volume in June, boosting grape retail prices during the month. As grape production transitions to California's main growing region—the San Joaquin Valley—seasonal increases in summer supplies are expected, driving prices lower. Anticipated increased table grape production in California this year should continue to provide retailers with ample promotional supplies. However, as

harvest was also delayed in the San Joaquin Valley and Mexico's shipments were finishing earlier than last year, domestic grape supplies remained below a year ago through the first four weeks in July, likely holding July retail prices for grapes above last year's levels.

Figure 2

Consumer Price Index for fresh fruit

1982-84=100



Source: U.S. Department of Labor, Bureau of Labor Statistics, <http://www.bls.gov/data/home.htm>.

Table 2--U.S. monthly retail prices for selected fruit, 2010-11

Commodity	Unit	2010		2011		2010-11 change	
		May	June	May	June	May	June
		--- Dollars ---		--- Dollars ---		--- Percent ---	
Fresh:							
Valencia oranges	Pound	--	--	--	--	--	--
Navel oranges	Pound	0.952	1.096	0.916	1.014	-3.8	-7.5
Grapefruit	Pound	0.900	0.956	0.984	1.055	9.3	10.4
Lemons	Pound	1.594	1.597	1.472	1.465	-7.7	-8.3
Red Delicious apples	Pound	1.259	1.262	1.306	1.317	3.7	4.4
Bananas	Pound	0.571	0.577	0.617	0.614	8.1	6.4
Peaches	Pound	--	1.949	--	1.767	--	-9.3
Anjou pears	Pound	1.267	1.325	1.503	1.389	18.6	4.8
Strawberries 1/	12-oz. pint	1.753	1.734	1.677	1.613	-4.3	-7.0
Thompson seedless grapes	Pound	2.486	2.081	2.828	2.378	13.8	14.3
Processed:							
Orange juice, concentrate 2/	16-fl. oz.	2.488	2.408	2.631	2.634	5.7	9.4
Wine	liter	8.359	10.992	8.395	11.928	0.4	8.5

-- Insufficient marketing to establish price.

1/ Dry pint.

2/ Data converted from 12-fluid-ounce containers.

Source: U.S. Department of Labor, Bureau of Labor Statistics, <http://www.bls.gov/data/home.htm>.

Fruit and Tree Nut Outlook

Smaller Freestone Peach Crop To Boost Fresh-Market Grower Prices

On July 12, NASS released its first complete forecast for U.S. peach production in 2011, pegged at 2.25 billion pounds, 2 percent below a year ago (table 3). A partial forecast reported back in June, which included production for only the three major peach-producing States—California, South Carolina, and Georgia—is now slightly higher based on current State-level forecasts. This change is attributed to an upward revision to the crop in Georgia. California is set to account for 72 percent of this year's total production, with South Carolina and Georgia harvesting 8 percent and 4 percent, respectively.

Unchanged from the initial June forecast, this year's production in California is anticipated to reach 1.63 billion pounds, down by a fraction from a year ago. The State's clingstone crop, used mostly for processing, is forecast down less than 1 percent to 860 million pounds, and the freestone crop, primarily for fresh use, is unchanged at 770 million pounds. Spring rains and below-normal temperatures in April slowed development of the clingstone crop. Extra-early and early varieties were reported to have a heavy set while late and extra-late varieties leaned more toward an average set. The State's freestone crop benefitted from adequate chilling hours this past winter. Favorable weather during the bloom period resulted in a good set. Early varieties that began harvest in May experienced some hail damage, although the crop was not impacted significantly.

Table 3--Peaches: Total production and season-average price received by growers, 2008-10 and indicated 2011 production

State	Production				Price		
	2008	2009	2010	2011	2008	2009	2010
	-- Million pounds --				-- Cents per pound --		
Alabama	14	9	12	11	51.5	62.5	51.5
Arkansas	9	3	6	5	55.5	70.0	67.5
California	1,718	1,638	1,634	1,630	17.2	19.9	17.7
Clingstone	852	938	864	860	17.4	16.9	16.3
Freestone	866	700	770	770	17.0	24.0	19.3
Colorado	28	26	28	26	71.5	83.0	93.5
Connecticut	2	3	2	2	100.0	90.0	105.0
Georgia	56	64	80	80	38.7	46.5	40.9
Idaho	16	18	15	17	34.1	43.9	45.4
Illinois	17	16	18	21	58.0	60.0	53.0
Kentucky	3	1/	1/	1/	81.5	--	--
Louisiana	1	1/	1/	1/	115.5	--	--
Maryland	7	8	8	8	57.5	56.0	57.0
Massachusetts	3	4	4	4	125.0	120.0	138.0
Michigan	28	34	28	40	33.1	36.2	46.1
Missouri	12	10	8	11	92.5	75.0	65.0
New Jersey	68	70	72	64	46.0	51.0	46.0
New York	11	13	12	12	46.1	42.3	60.0
North Carolina	11	8	11	10	50.5	49.5	54.5
Ohio	13	5	12	11	68.5	82.0	79.0
Oklahoma	2	1/	1/	1/	80.0	--	--
Oregon	3	1/	1/	1/	50.0	--	--
Pennsylvania	42	56	42	51	51.0	52.0	57.5
South Carolina	120	150	220	180	43.7	48.9	47.8
Tennessee	3	1/	1/	1/	79.0	--	--
Texas	16	10	28	13	105.0	95.0	105.0
Utah	10	12	9	7	43.4	52.0	34.6
Virginia	10	12	12	12	53.5	62.5	34.2
Washington	34	29	28	28	24.9	18.0	17.9
West Virginia	11	11	11	11	32.5	37.1	46.3
United States	2,271	2,208	2,301	2,254	24.5	27.4	27.2

-- = Not available. 1/ Estimates discontinued in 2009.

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

Despite California's dominance in the country's peach production, total domestic freestone production in 2011 is forecast down 3 percent from last year at 1.39 billion pounds, likely putting upward pressure on fresh-market peach prices this summer. The expected decline in the freestone crop is attributed to forecast reduced production in 11 out of the 23 States currently included in NASS's annual production survey for peaches. These 11 States include the second-largest producing State (South Carolina) and Alabama, Arkansas, Colorado, Maryland, New Jersey, North Carolina, Ohio, Texas, Utah, and Virginia. All report freestone production. Following a bumper crop last year, South Carolina's 2011 crop was hampered by hail damage and lack of rain, reducing crop size to 180 million pounds, 18 percent lower than in 2010. Regardless of drought conditions throughout this spring, the crop in Georgia fared quite well, forecast at 80 million pounds, unchanged from a year ago.

A slower growing season due to the cold, wet spring, particularly in California, limited early-season supplies, which mostly contributed to the record-high grower prices in May for fresh-market peaches. Reduced supplies from South Carolina and lower imports this spring also pressured prices higher. Relative to last year, imports from Chile were much lighter at the tail end of their peach shipping season to the United States in April, providing a greater marketing window for domestic peaches in May. Likewise, imports from Mexico in April and May were also very light. May prices averaged \$0.65 per pound, 19 percent higher than in 2010 and 49 percent above the previous 10-year average May price. Agricultural Marketing Service (AMS) data shows domestic shipments, especially from California, picking up in June, driving down grower prices that month to \$0.32 per pound. June prices, however, remained strong relative to the same time last year as well as the previous 10-year average for the month.

Seasonally rising shipments from other producing States, especially Georgia and South Carolina, also contributed to the lower grower prices in June compared with the previous month. Supplies are expected to continue to build up through July, the period when supplies typically peak for the season, likely causing further seasonal declines in prices. A winding down in supplies from Georgia and South Carolina beginning in August will offset some of the supply pressure. This year through early July, cumulative fresh shipments from the domestic crop are 3 percent above the same time last year due to larger shipments from California and Georgia.

Despite the higher prices at the farm level, consumers paid lower prices for the peaches they bought in May through early July, according to AMS data. Advertised retail prices for yellow flesh peach varieties in May averaged \$1.59 per pound compared with \$2.14 per pound in May 2010. Though retail prices have declined seasonally as well, prices in June and through early July remained below the same periods last year by 5 percent and 7 percent, respectively.

With the smaller freestone crop this year, ERS projects fresh-market peach production (including nectarines) to decline 6 percent from the 2010 output level, reaching 1.51 billion pounds (table 4). The NASS estimate for the 2011 U.S. nectarine crop will not be available until January 2012, but AMS data show domestic shipments for this year through early July almost the same as in 2010. Together with the forecast decline in domestic fresh-market production, total imports are projected to remain relatively flat from last year's 109.7 million pounds,

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

Calendar year	Utilized production	Imports	Total supply	Exports	Consumption	
					Total	Per capita
<i>-- Million pounds --</i>						
<i>Pounds</i>						
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	111.5	1,556.9	200.7	1,356.2	4.41
2010	1,600.8	109.7	1,710.5	244.6	1,465.9	4.73
2011F	1,505.1	109.5	1,614.6	225.0	1,389.6	4.44

F=Forecast.

Source: USDA, Economic Research Service calculations.

based on the year-to-year import volume change during the first 5 months of 2011. Most fresh peach imports enter the U.S. market from late fall through early spring, when there is no domestic production. As imports account for less than 10 percent of the peaches available for domestic consumption annually, this year's decline in fresh-market production will result in an overall drop in total fresh peach supplies, limiting availability in the domestic and export markets. ERS projects exports to be down by as much as 8 percent in 2011 relative to last year for a total of 225 million pounds, and domestic consumption lower, on a per capita basis, by 6 percent to an estimated 4.4 pounds.

The international market continues to represent a fairly minor outlet for U.S. fresh peaches, with exports only amounting to about 16 percent of all U.S. produced peaches for fresh use during the past 10 years. The remaining majority was marketed for domestic fresh use. Average annual export volume for this past decade, however, has increased by as much as 42 percent from the average volume during the 1990s. Canada remains the primary market for U.S. fresh peaches accounting for over 40 percent of total volume, followed by Taiwan and Mexico. Together, these top three markets account for about 90 percent of total U.S. fresh peach export volume.

Even as the forecast of less than a 1 percent decline in California's 2011 clingstone crop may suggest raw material processing supplies will be flat this year compared to last year, the California Canning Peach Association (CCPA) reported back in June that currently contracted production is expected to be down 9 percent from a year ago. Pullouts following the 2010 season totaled 1,833 acres, leaving bearing acreage for this season little changed from last season. Clingstone bearing acreage in 2010, at 23,000 acres, was the lowest in the past few decades. CCPA, however, reports that there are still over 800 unsold (uncontracted) acres in 2011, indicating an oversupply of canned peaches in the U.S. market that will continue to put downward pressure on grower prices for canning peaches. U.S. canned peach imports over the past 5 years have been higher than the historical average, with last year's import volume up 7 percent from the previous year. To help alleviate the surplus supply in the industry, USDA announced, on July 15, the intention to

purchase up to \$11.4 million of canned clingstone peaches for distribution to the child nutrition and other related domestic food assistance programs for fiscal year 2011/12.

Sweet Cherry Prices Ease as Supplies Improve

On June 23, NASS released its first forecast for the 2011 U.S. sweet cherry crop, consisting of crop size forecasts for seven of the eight States integrated in their annual sweet cherry production enumeration. The forecast calls for the U.S. crop to be 649.7 million pounds, 4 percent larger than in 2010 (table 5). Overall production in the Northwest is expected to increase due to forecast larger production in Washington State—the top sweet cherry-producing State—and in Idaho. Production is also forecast higher in Michigan (up 26 percent), the main producer in the country’s eastern half. These increases will more than compensate for anticipated smaller crops in California—the second-largest producing State—and in Utah, Oregon, and New York.

In the Northwest, where approximately two-thirds of U.S. sweet cherry production comes from, the extended cold weather this spring has had mixed effects on production. The cold weather slowed the growing season for sweet cherries in Washington State, delaying harvest by about 2 weeks. However, Washington’s 2011 sweet cherry crop is forecast at 360.0 million pounds, second only to the 2009 record crop of 490.0 million pounds. Compared with a year ago, this year’s crop is 15 percent larger. The unusually cool spring also pushed back development of the crop in Oregon by 2-3 weeks and production in the State is forecast 6 percent below a year ago at 72 million pounds. Though small relative to Washington and Oregon’s production, this year’s sweet cherry crop in Utah was almost completely wiped out by freezing temperatures, with production forecast at only 200,000 pounds, 91 percent below last year and the second-lowest harvest since the 1990s. Production in the State during the past two decades averaged 3.2 million pounds, not including the record low for this 20-year period of only 100,000 pounds reported in 2008. In contrast, the crop in Idaho is making a rebound from last year’s freeze-damaged crop, doubling in size to 7.6 million pounds. The first estimate for production in Montana will become available in January 2012, when NASS releases its *Noncitrus Fruit and Nuts 2011 Preliminary Summary*.

Table 5--Sweet cherries: Total production and season-average price received by growers, 2008-10 and indicated 2011 production

State	Production				Price		
	2008	2009	2010	2011	2008	2009	2011
	-- Million pounds --				-- Cents per pound --		
California	172.0	184.0	194.0	170.0	117.5	127.0	137.5
Idaho	3.8	12.0	3.8	7.6	156.0	55.0	111.5
Michigan	53.0	57.4	30.2	38.0	30.7	23.9	33.1
Montana	3.1	4.8	4.9	1/	136.5	74.5	98.0
New York	2.1	2.5	2.0	1.9	176.0	122.0	141.0
Oregon	62.0	132.0	76.3	72.0	105.0	39.9	104.5
Utah	0.1	3.1	2.2	0.2	122.0	114.0	93.0
Washington	200.0	490.0	312.0	360.0	146.5	53.0	115.5
United States	496.1	885.7	625.4	649.7	119.5	66.5	117.0

1/ The first estimate for 2010 will be released in January 2012.

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

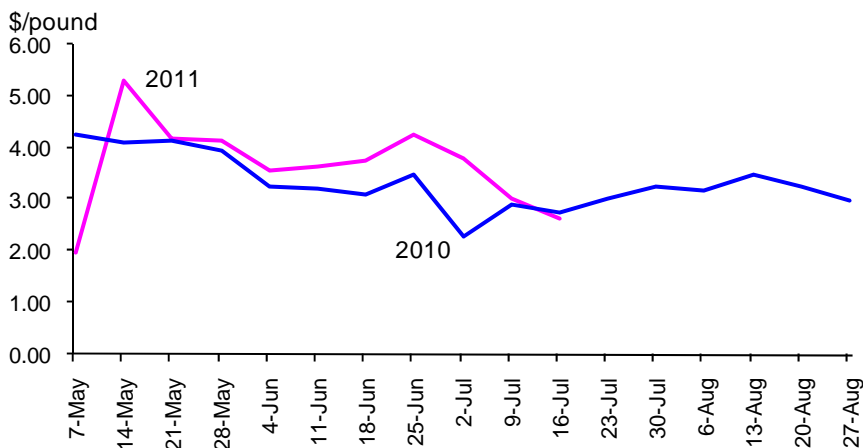
California sweet cherries also experienced a relatively cold and wet growing season this year, affecting the bloom and pollination stages and slowing crop development. Though the weather warmed up in early April, rains during the latter part of the growing period may have affected production in some growing areas. Sweet cherry growers always fret the possibility of rains near or at harvest time because, even with a good crop, fruit quality may be diminished and potentially lead to significant crop losses as sweet cherries are vulnerable to fruit splitting when exposed to wet weather during this growth stage. NASS forecast California's 2011 sweet cherry crop down 12 percent from a year ago, at 170 million pounds.

Because California sweet cherries are the first to come in season from the domestic crop, delays in crop maturity and reduced production in the State bolstered early 2011-season sweet cherry prices. In May, free-on-board (f.o.b.) shipping-point prices for this season in California were reported by AMS at a range of \$56-\$61 per 18-lb carton for Brook variety cherries (9 ½ row size) from the San Joaquin Valley, compared with \$46-\$56 in May 2010. Prices for these cherries remained strong in early June, averaging in the mid-to-high \$50s per 18-lb carton, compared with low-to-mid \$40s the same time last year. By mid-June, cherry harvest in California has moved up north to its main production region—the Stockton-Lodi-Linden District—with prices holding stronger than a year ago. California Bing variety cherries were quoted at \$62-\$65 per 18-lb carton (10 row size), compared with \$36-\$41 in June 2010. Continued tight supplies kept prices strong during the latter part of California's shipping season, partly due to the delays in crop maturity in the Northwest from the extended cold spring, providing little supply overlap between the two production regions. The prolonged growing period also meant that fruit stayed longer in the trees and had more time to increase sugar content, enhancing fruit flavor. From mid-June through early July, cumulative shipments from Washington and Oregon were both running over 40 percent lower than the same time last year.

Supplies in Washington State began to reach significant volumes in early July which helped ease prices from earlier in the season. Washington cherry f.o.b. prices were averaging \$31-\$33 per 18-lb cartons of Bing variety (all sizes) in the Yakima Valley and Wenatchee District, a narrower disparity from early July 2010 prices that averaged \$30-\$32. Prices for Rainier cherries in early July opened at \$40-\$42 per 15-pound carton, compared with last year's opening prices of \$40-\$45. As Washington supplies reach peak volumes for the season, there should be plenty of supplies to move well into mid-August, likely softening prices from a year ago.

Despite the late start to this year's U.S. sweet cherry season, retailers will find plenty of promotional volumes for good quality cherries this summer, likely driving U.S. consumer prices for cherries down from a year ago during the latter half of the season. Based on AMS data, retail advertised prices for U.S. cherries at the beginning of this season in May averaged \$3.91 per pound, 5 percent below the May 2010 average price (fig. 3). While weekly average prices were higher than a year ago throughout most of May, sharply lower prices during the first week of the month drove the monthly average down. The average prices in June (\$3.81 per pound) and through mid-July (\$3.17 per pound) remained higher by 17 percent and 19 percent, respectively, than last year's averages for the same period due to tight supplies. Heavy volume buildup from mid-July through mid-August is expected to put downward pressure on prices. As of the third week in July, prices were already averaging \$2.65 per pound, compared with \$2.76 the same time the previous year.

Figure 3
U.S. cherry retail prices declining



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

U.S. cherry sales to international markets were strong despite tight early-season supplies, likely aided by the weakness of the U.S. dollar and a fairly good quality crop. The U.S. Department of Commerce, U.S. Census Bureau reported U.S. cherry exports (including sweet and tart cherries) in May reached record levels for the month for both volume and value, totaling 27.4 million pounds and valued at \$87.7 million. Relative to the same time last year, exports in May were up 4 percent in volume and 8 percent in value. The top two markets for U.S. cherry exports—Canada and Japan—each received more than a third of total volume in May, with increases of approximately 7 percent from the same time last year. While volumes are much less than these top two markets, export increases to South Korea, China, the Netherlands, Singapore, Thailand, and New Zealand were significantly higher in May. The largest increase was to China, up 84 percent. Although supply limitations may have dampened export availability during the month of June, heavy volume for the remainder of the season could help bolster overall exports this year.

U.S. cherry imports in 2011 through May totaled 18.5 million pounds, 48 percent higher than imports the same period last year. Chile supplied 97 percent of total volume thus far and the remaining portion originated from Argentina, Mexico, and Australia. Import volumes from these four countries were up from the same period last year.

2011 U.S. Tart Cherry Crop Makes A Rebound

NASS forecasts the 2011 U.S. tart cherry crop to be 266.1 million pounds, 40 percent above the smaller-than-average 2010 crop of 190.4 million pounds, but below the bumper harvest of 358.9 million pounds in 2009 (table 6). If realized, production in 2011 will be 10 percent higher than average production of the past 10 years. Despite a cold and wet spring, production is forecast to increase in five of the seven States for which NASS reports annual tart cherry production, including Michigan—the largest producing State. The other States forecast to have bigger crops are Utah (up 4 percent from a year ago), Wisconsin (up 53 percent), Oregon (up 42 percent), and Pennsylvania (up 39 percent). Smaller crops are forecast for

New York (down 17 percent) and Washington State (down 22 percent) due to unfavorable conditions during pollination.

Development of this year’s crop in Michigan was behind normal due to an unusually cold spring. However, unlike last year, there was no killing frost. While blooms were in excellent condition, earlier expectations on fruit set did not quite materialize as cool, wet conditions and heavy cloud cover hampered pollination. Still, this year’s tart cherry production in Michigan is forecast at 210.0 million pounds, up 56 percent from last year’s frost-reduced crop.

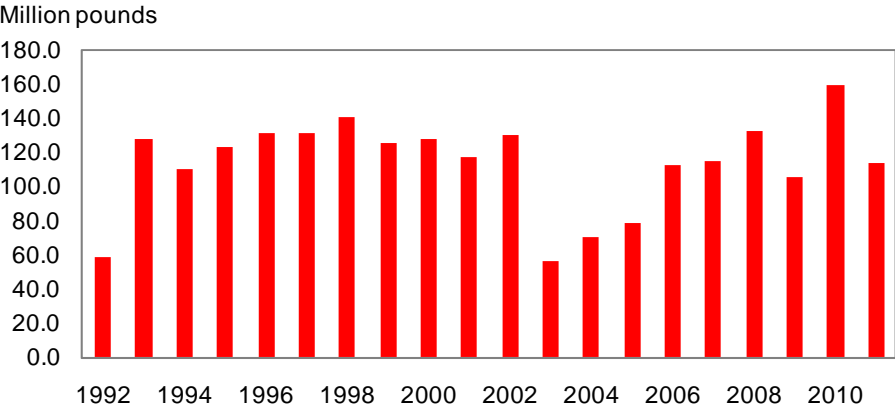
The United States produces tart cherries primarily for the frozen fruit market, which accounts for nearly 70 percent of domestic production. Based on NASS’s *Cold Storage 2010 Summary*, domestic frozen tart cherry stocks as of December 31, 2010 totaled 112.9 million pounds, down 29 percent from the level reported on December 31, 2009, but higher than the previous 5-year average. This decline in last year’s ending stocks would mean much lower beginning carryover supplies for the 2011 marketing season (fig. 4). The forecast increase in domestic production for this year, however, should help prevent a tight market in the United States, putting downward pressure on domestic tart cherry prices. During 2010, when tart cherry

Table 6--Tart cherries: Total production and season-average price received by growers, 2008-10 and indicated 2011 production

State	Production				Price		
	2008	2009	2010	2011	2008	2009	2010
	-- Million pounds --				-- Cents per pound --		
Michigan	165.0	266.0	135.0	210.0	38.2	15.7	20.6
New York	9.6	11.2	7.8	6.5	41.3	24.3	17.4
Oregon	2.8	3.2	1.2	1.7	41.9	84.5	31.7
Pennsylvania	3.9	3.9	2.3	3.2	42.5	25.0	13.0
Utah	20.0	47.0	23.0	24.0	33.0	27.0	27.0
Washington	12.5	16.7	15.4	12.0	33.0	46.8	22.8
Wisconsin	0.6	10.9	5.7	8.7	35.0	20.8	29.3
United States	214.4	358.9	190.4	266.1	37.7	19.7	21.7

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

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



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

production fell 47 percent from the previous year, average tart cherry grower prices rose 15 percent to 22.1 cents per pound. Correspondingly, production for the frozen fruit market in 2010 also declined by 47 percent, offsetting the high carryover inventories that year, and grower prices for tart cherries destined for this market averaged 22.3 cents per pounds, 14 percent higher than in 2009.

Though only a minor proportion of overall domestic supplies, U.S. imports of frozen tart cherries are also aiding the increase in this year's domestic supplies, with 2011 cumulative import volume during the first 5 months, at 2.7 million pounds, more than double last year's for the same period. Sharply higher shipments from key import suppliers, particularly Canada, Turkey, and Chile, have driven the present import growth. Imports from Canada to date were up 367 percent from the same time last year, totaling 2.3 million pounds, and those from Turkey increased 280 percent to 151,458 pounds. No frozen tart cherry imports from Chile were reported during the first 5 months of 2010, but this year to date, Chile has shipped a total of 257,941 pounds to the United States. The harvest in Poland, also a big player in exporting frozen tart cherries to the United States, is turning out to be larger than previously expected. While imports from Poland were significantly lower this year to date, the country's larger crop could boost their shipments to the United States during the second half of the year. Over the last five years, more than half of Poland's frozen tart cherry exports to the United States occurred during the second half of the year. Following increasing volumes since 2004, U.S. frozen tart cherry imports have been coming down after reaching 13.3 million pounds in 2007—the second highest following the record 18.6 million pounds in 2002. Despite the growth in imports thus far this year, overall U.S. frozen tart cherry imports in 2011 will likely be near last year's 8.5 million pounds.

U.S. frozen tart cherry exports have also shown strength thus far in 2011. Cumulative January-May export volume totaled 5.2 million pounds, up 54 percent from the same time last year. In value terms, 2011 exports reached \$3.5 million, the highest on record for this 5-month period, breaking the previous January-May record exports of \$2.6 million reported in 2008. More than half of this year's exports to date went to Canada, with export volume posting a 72-percent increase from the same period in 2010. Export volumes were up more sharply to Russia, Germany, France, Italy, Japan, China, and Taiwan. Exports continue to comprise a relatively small share of the market for U.S. frozen tart cherries, accounting for an annual average of 5 percent of overall domestic supplies.

Apricot Production Declines for a Third Straight Year

On July 12, NASS released its first forecast for the 2011 U.S. apricot crop at 118.4 million pounds, down 9 percent from 2010 and smaller than the two previous years (table 7). If realized, this year's crop size will be the third smallest after the record-low production of 89.0 million pounds in 2006 and the second smallest output of 109.0 million pounds reported in 1986. Approximately, 93 percent of domestic production is estimated to come from California, historically the leading apricot-producing State. California's 2011 production is forecast at 110.0 million pounds, down 7 percent from a year ago, and declines of over 30 percent each are forecast for Washington State and Utah's production.

Table 7--Apricots: Total production and season-average price received by growers, 2008-10 and indicated 2011 production

State	Production				Price		
	2008	2009	2010	2011	2008	2009	2010
	-- Million pounds --				-- Cents per pound --		
California	154.0	119.0	118.4	110.0	23.6	31.1	34.2
Utah	0.8	0.6	0.6	0.4	23.4	43.1	21.6
Washington	8.4	17.8	11.8	8.0	78.5	43.4	58.5
United States	163.2	137.4	130.8	118.4	26.6	32.7	36.4

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

Like most other fruit crops, cool temperatures and rains this spring slowed crop maturity in the three apricot-producing States, delaying harvest starts for the 2011/12 marketing season. Late spring rains hampered pollination of the crop in California but crop quality has been good. Harvest has been ongoing in the San Joaquin Valley and was expected to conclude by mid-July. Forecast production in Washington and Utah in 2011 was pegged at 8.0 million pounds and 350,000 pounds, respectively. A hard freeze in November 2010, a spring frost, poor pollination from the lower-than-normal temperatures, and precipitation this spring contributed to the smaller crop in Washington State. Production in Utah also experienced similar conditions, as well as a series of frosts.

Close to 80 percent of all U.S. apricots for fresh use come from California. Despite delays in harvesting, AMS data show that May and June apricot shipments from California exceeded those in May and June 2010, only falling behind in July (latest shipments run through mid-month for July when this report was released). Even with increased shipments, domestic apricot prices did not experience a drop from year-ago levels in May and June, perhaps due to the anticipated overall smaller crop and increased demand likely stemming from harvest delays in most summer fruit crops. Apricot shipments, including various varieties and interspecific varieties, increased over 30 percent each in May and June over the same time last year, but fell 26 percent into mid-July.

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 Popycot varieties, ranged from around \$15-\$17 per 2-layer tray pack carton for size 88's and \$21-\$23 for size 70-72s, compared with from \$15-\$17 and \$19-21 the same time a year ago, respectively. Significant volumes of Castlebrite variety apricots became available around the first week in June, with Patterson and Helena varieties becoming available more toward the second and third week of the month. F.o.b. prices for Castlebrites in June ranged from \$19-\$21 per 2-layer tray pack carton (size 70-72s) and \$13-\$16 for size 88s, compared with \$19-\$20 and \$14-\$16 the same time last year, respectively. Late June to early July f.o.b. prices for the Patterson variety and Helena varieties were around \$18-\$21 per 2-layer tray pack carton of size 70-72s. Last year the same time, f.o.b. prices for the Patterson variety apricots were \$ 17-\$20. No prices were reported for Helena apricots last year.

Supplies transitioned to Northwest production in early July, a week behind last year. With the smaller crop, this season's shipments from Washington State through mid-July were running 51 percent lower than the same time last year. Supplies have yet to build up to significant volumes before any price for the region could be reported.

Processing supply availability in 2011/12, like in the fresh market, was delayed by this year's late harvest and domestic raw material supplies are anticipated to be reduced as a result of three consecutive years of declining domestic production. This decline could help bolster processing-use apricot prices. Ever since domestic production dropped to a record low in 2006/07, season-average grower prices for processing-use apricots continued to increase year-after-year except in 2010/11, when the average price for the season slipped 1 percent to \$367 per ton. The 2010/11 average price dropped from the previous season despite reduced production, likely reflecting lackluster processor demand in the canned sector. Apricots for canning are the most significant processed product use for U.S. apricots. The remaining supplies are mostly destined for the dried fruit market. With almost steady production in California during the 2010/11 marketing season compared with the previous season, production that moved through the canned processing sector fell 17 percent to 19,100 tons, but the corresponding season-average grower price remained relatively unchanged. In comparison, production of California apricots in 2010/11 sold to the dried fruit processing market rose 11 percent to 10,000 tons and prices averaged \$400 per ton for the season, 11 percent higher than in 2009/10.

2011 California Prune Crop To Decline Another Year

NASS forecast California's 2011 prune crop at 122,000 tons, dried basis, down 4 percent from the revised estimate of 127,000 tons in 2010 and 11 percent smaller than the 2000-09 average crop size. The low temperatures and rains this spring delayed bloom development and pollination of the crop, slowing down overall crop growth. In some growing areas, orchards also experienced hail and frost, but no damage of significant magnitude to the crop was reported. Yields per acre increased from 2.08 tons (dried basis) in 2010 to 2.10 tons this year. However, after the 2010 harvest, a significant number of trees were removed, reducing bearing acres in 2011 to 58,000 acres, from 61,000 the year before, according to a survey of dried plum growers conducted by the NASS California Field Office.

California is the main producing State for prunes in the United States and virtually all of its prunes are destined for the processing sector, primarily to dried fruit processors. Annual plum and prune production in four other States—Washington, Oregon, Michigan, and Idaho—are also reported by NASS. The estimates for 2011, however, for these four States will not be available until January 2012 when NASS releases the *Noncitrus Fruit and Nuts 2011 Preliminary Summary* report.

As of April 30, 2011, remaining dried prune inventories for the 2010/11 marketing season (August-July) are 18 percent lower than inventory volume for the same period in 2009/10, based on data from the California Dried Plum Board. With this rate of decline, year-ending inventories in 2010/11, while declining from the previous season, will still be significantly above the previous 5-year average, likely tempering any upward pressure on prune grower prices resulting from the reduced crop. Although domestic production is expected to decline this year, continued large carryover inventories from the previous season will likely continue to provide sufficient supplies to meet domestic and export demand. Based on a 5-year per capita average, U.S. consumers eat an estimated 0.30 pounds of dried prunes each year.

Rising during the past two marketing seasons, U.S. dried prune exports are returning to levels achieved in the 1990s and earlier this decade. Japan, Germany, and Canada are the top three destinations for U.S. dried prune exports. Exports to both Japan and Canada (in volume terms) have increased these past two seasons while those to Germany have declined or remained fairly steady. Emerging with sharply higher imports the past four seasons is Russia, currently the fifth largest export market for U.S. dried prunes. Russia's share of total U.S. dried prune export volume has risen from less than 1 percent to around 6 percent within the last 10 years.

Production of Bartlett Pears Forecast To Increase In 2011

On June 9, NASS reported its first forecast for Bartlett pear production in 2011, consisting of forecast crop size in California, Washington State, and Oregon. Forecast production for 2011 was set at 414,000 tons, a 6-percent increase from a year ago. This growth reflects production increases in all three States despite the colder-than-normal, wet weather this spring.

Of the three States, California is forecast to produce the largest Bartlett crop in 2011, totaling 185,000 tons, up 8 percent from a year ago. Production in Washington is forecast at 170,000 tons, up 3 percent, while crop size in Oregon is forecast 8 percent larger at 54,000 tons. While up from a year ago, the lack of warm growing days this spring pushed harvest behind schedule. The forecast larger harvest this year will likely drive down 2011/12 marketing season grower prices for Bartletts from the 2010/11 average price of \$389 per ton. Bartlett pears account for more than half of all the pears produced in the United States.

Fresh-Market Grape Supplies To Remain Ample This Season

Based on the NASS forecast released on July 12, grape production in California will be almost unchanged from a year ago in 2011. Grape production in the State for this year was forecast at 6.7 million tons, down less than 1 percent from 2010. While California's 2011 wine grape crop was forecast to be 6 percent smaller than in 2010, this reduction will be almost offset by increases in table grape and raisin grape production. California's table grape production was forecast at 1.1 million tons in 2011, up 9 percent from the previous year. At the same time, raisin grape production was forecast to increase 6 percent, to 2.2 million tons. Wine grapes have a greater influence on production volume as they account for more than half of all the grapes produced in California.

Because California dominates U.S. grape production, the forecast bigger 2011 table grape crop in the State suggests domestic fresh-market grape supplies will be ample in the 2011/12 marketing season (May-June). California produces about 90 percent of all U.S. grapes and supplies 99 percent of the domestic fresh-market grape crop. Harvest of table grapes in July was still ongoing in California's Coachella Valley. Harvest was starting in the main producing area—the San Joaquin Valley—by mid-July. Crop development was prolonged by the cold and wet weather this spring, pushing harvest about 2 weeks behind. Hence, despite the anticipated large table grape production, California grape shipments for this season through mid-July were running 20 percent lower than the same period the previous season, resulting in higher grape prices thus far. In the Coachella Valley, f.o.b. shipping point grape

prices for the Sugarone variety ranged from \$21-23 per 18-lb container bagged (large size) in June and \$22-\$23 in early July. For the same period, Flame seedless grapes were reported at \$17-\$21 in June (medium-large size) and \$26-\$28 in early July. Last year around the same period, prices for these same varieties ranged from \$16-\$18 and \$13-\$14 for Sugarones (large) and \$13-\$14 and \$11-\$14 for Flame seedless grapes (large).

AMS reported that retail advertised prices for grapes in 2011/12 have been averaging higher thus far due to the lower shipments from California and reduced imports from Mexico. May prices averaged \$2.10 per pound for red/green grapes, versus \$1.85 in May 2010. Supply increases from the Coachella Valley drove down June prices from the previous month to an average \$2.34 per pound and down from the June 2010 average of \$1.56. Light early supplies from the San Joaquin Valley in July and an earlier finish to Mexican grape shipments this season reduced availability for retail promotions, pushing advertised retail prices higher in July. The July average price into the third week of the month was \$2.34 per pound. Last year, prices for this period averaged \$1.56 per pound.

July Forecast for U.S. Citrus Production Down Fractionally From May

Harvest is currently winding down for most U.S. citrus crops. For this reason, most production estimate changes this month were minimal. The July NASS *Crop Production* report estimated the total U.S. 2010/11 citrus crop at 11.6 million tons, down less than 1 percent from the May forecast (table 8). Most of the reduction was due to a downward revision of Florida's Valencia orange production, estimated down 1 percent from the May forecast, but still 6 percent higher than in 2009/10. Harvesting of Florida's Valencia crop was nearing completion toward the end of June. The Texas Valencia crop was also revised down slightly, while Texas early varieties were estimated 14 percent higher than in May. California's orange production estimate was unchanged from May. Harvesting of Valencias is ongoing in California's San Joaquin Valley, while the navel harvest was nearly complete in early July. The overall orange forecast was revised down nearly half a percent to 8.8 million tons, but remains 6 percent higher than the 2009/10 U.S. orange crop. Larger crops are forecast for all orange-producing States in 2010/11.

In contrast to oranges, production forecasts were raised this month for grapefruit and tangerines/mandarins. NASS raised grapefruit production forecasts for both Florida and Texas this month from the May forecast, up 2 percent and 3 percent, respectively. This increase raised the overall production estimate by nearly 2 percent to 1.2 million tons, down only fractionally from 2009/10, with annual gains in Texas nearly offsetting reductions in both Florida and California. The U.S. tangerine and mandarin forecast was raised by nearly 2 percent this month to 627,000 tons based on a larger crop in California. U.S. production of tangerines and mandarins is projected more than 5 percent higher than in 2009/10. Production forecasts for lemons and tangelos were unchanged this month at 940,000 tons and 52,000 tons, respectively.

Table 8--Citrus: Utilized production, 2008/09, 2009/10 and forecast for 2010/11 1/

Crop and State	Forecast for			Forecast for		
	2008/09	Utilized 2009/10	2010/11 as of 7-2011	2008/09	Utilized 2009/10	2010/11 as of 7-2011
	---- 1,000 boxes 2/ ----			---- 1,000 tons ----		
Oranges:						
Early/mid-season and navel:						
Arizona 3/	150	--	--	5	--	--
California	34,500	42,500	48,000	1,294	1,594	1,920
Florida 4/	84,600	68,600	70,000	3,807	3,087	3,150
Texas	1,300	1,360	1,700	55	58	72
Total 5/	120,550	112,460	119,700	5,161	4,739	5,142
Valencia:						
Arizona 3/	100	--	--	4	--	--
California	12,000	15,000	13,000	450	563	520
Florida	77,900	65,100	69,000	3,506	2,930	3,105
Texas	159	275	249	7	12	11
Total	90,159	80,375	82,249	3,967	3,505	3,636
All oranges	210,709	192,835	201,949	9,128	8,244	8,778
Grapefruit:						
Arizona 3/	25	--	--	1	--	--
California	4,800	4,500	3,500	161	151	140
Florida	21,700	20,300	19,900	922	863	846
Texas	5,500	5,600	6,100	220	224	244
All grapefruit	32,025	30,400	29,500	1,304	1,238	1,230
Tangerines and mandarins:						
Arizona	250	350	300	9	13	12
California	6,700	9,900	9,900	251	371	396
Florida	3,850	4,450	4,600	183	211	219
All tangerines and mandarins	10,800	14,700	14,800	443	595	627
Lemons:						
Arizona	3,000	2,200	2,500	114	84	100
California	21,000	21,000	21,000	798	798	840
All lemons	24,000	23,200	23,500	912	882	940
Tangelos						
Florida	1,150	900	1,150	52	41	52
All citrus				11,839	11,000	11,627

1/ The crop year begins with bloom of the first year shown and ends with completion of harvest the following year.

2/ Net pounds per box: oranges in Arizona (AZ) and California (CA)-80 (75 prior to the 2010-2011 crop year), Florida (FL)-90, Texas (TX)-85; grapefruit in AZ and CA-80 (67 prior to the 2010-11 crop year), FL-85, TX-80; lemons-80 (76 prior to the 2010-11 crop year); tangelos-90; tangerines and mandarins in AZ and CA-80 (75 prior to the 2010-11 crop year, FL-95).

3/ Arizona estimates discontinued beginning with the 2009/10 crop. 4/ Includes Temples.

5/ Totals may not be equivalent to the sum of the categories due to rounding.

Source: USDA, National Agricultural Statistics Service, *Crop Production*, various issues.

Larger Florida Orange Crop and Higher Juice Yields Increase Orange Juice Production in 2010/11

In addition to the year-to-year increase in production of Florida oranges, the projection for Florida's 2010/11 frozen-concentrated orange juice (FCOJ) yield is up from the 2009/10 estimate. The current yield forecast of 1.58 gallons per box (at 42.0 degrees Brix) is down 1 percent from the June forecast but up 1 percent from last season's final yield of 1.56 gallons per box. With a larger supply of Florida processing oranges and a higher juice yield, U.S. orange juice production is forecast higher in 2010/11. ERS forecasts 2010/11 U.S. orange juice production at 902 million gallons, single-strength equivalent (sse), an increase of more than 7 percent compared with 2009/10 (table 9). With larger domestic production, demand for imports has fallen. Season-to-date, imports are down 21 percent compared with last

Table 9--United States: Orange juice supply and utilization, 1986/87 to present

Season 1/ Beginning	stocks	Production	Imports	Supply	Exports	Domestic consumption	Ending stocks	Per capita consumption
-----Million sse gallons-----								Gallons
1986/87	204	781	396	1,381	73	1,106	201	4.57
1987/88	201	907	296	1,404	90	1,103	212	4.52
1988/89	212	970	272	1,454	73	1,148	233	4.66
1989/90	233	652	350	1,235	90	920	225	3.70
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	1,250	291	2,233	103	1,426	705	4.93
2003/04	705	1,467	222	2,393	123	1,448	822	4.96
2004/05	822	974	358	2,153	119	1,411	623	4.79
2005/06	623	986	299	1,909	138	1,312	459	4.41
2006/07	459	889	399	1,747	123	1,248	376	4.15
2007/08	376	1,156	406	1,938	136	1,155	647	3.81
2008/09	647	1,060	317	2,025	125	1,206	694	3.94
2009/10	694	843	328	1,865	147	1,160	558	3.76
2010/11F	558	902	265	1,725	220	1,100	405	3.53

F = Forecast.

SSE = Single-strength equivalent.

1/ Season begins in October of the first year shown as of 1998/99, prior-year season begins in December.

Source: USDA, Economic Research Service calculations.

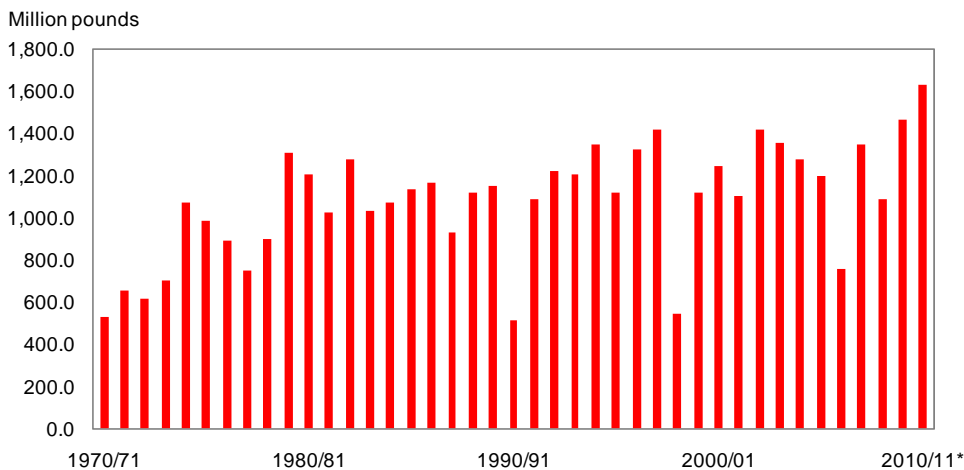
year. Total imports for 2010/11 are currently forecast at 265 million gallons sse, a reduction of more than 19 percent compared to last year. Increased U.S. production, along with a weak dollar and reduced European orange juice production, has resulted in a large increase in U.S. orange juice exports, now forecast at a record 220 million gallons sse—50 percent higher than in 2009/10.

Juice exports October-May to Canada—the United States' largest orange juice export market—are up more than 30 percent compared with last year and are at their highest level since 2007/08. Year-to-date exports to Belgium (the United States' second-largest orange juice export market) are up more than 200 percent compared with last year. Exports to Brazil, the United Kingdom, Mexico, and others are all well ahead of last year's pace.

While exports are forecast to climb, domestic consumption is expected to continue to decline. The current 2010/11 ERS domestic orange juice consumption forecast is 1.1 billion gallons—a reduction of 5 percent compared with 2009/10. This is a smaller decline than indicated by Nielsen retail scanner data through mid-June, which reports retail orange juice purchases down 7.1 percent year-to-date compared with 2009/10. Though retail sales are down, data from the Florida Department of Citrus indicate that bulk shipments (destined for food service and institutions) of orange juice are higher this year.

With higher Florida orange supplies, the U.S. average price for process oranges (equivalent on-tree returns per box) is down slightly from last season, averaging

Figure 5
U.S. fresh orange exports



* ERS forecast.

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

\$5.59 per box during 2010/11 (October-June) compared with \$5.62 over the same period the previous year. At the retail level, however, year-to-date average prices (through June 11) are up nearly 7 percent compared with 2009/10.

In the fresh market, the 13 percent production increase in California this year (coming entirely from early, mid-season, and navel varieties) boosted supplies of fresh oranges considerably from a year ago. ERS estimates fresh orange utilized production at 4.7 billion pounds in 2010/11, up from 4.2 billion pounds in 2009/10. While domestic consumption of fresh oranges is expected to grow this season due to the larger crop, growth in exports has outpaced the increase in domestic use. Fresh orange exports are currently 13 percent ahead of last year's pace through May and are the largest exports to date on record. With this record pace, fresh orange exports are projected to reach roughly 1.6 billion pounds this season (fig. 5). Higher fresh orange demand from Asia has driven the increase in U.S. exports this year. Compared with November-May of 2009/10, exports are up to South Korea by 21 percent, Hong Kong by 8 percent, Malaysia by 48 percent, and China by 22 percent. Lead markets for U.S. fresh orange exports include Canada (22 percent of total U.S. exports), South Korea (22 percent), Japan (13 percent), Hong Kong (12 percent), Malaysia (5 percent), and China (5 percent). With increased supplies this season, prices for fresh navel oranges in California (equivalent on-tree returns per box) have averaged \$11.71 per box so far this year (November-June), down from \$13.40 per box for the same period last year. Prices for California navels have been rising since March, however, due to rising consumer demand for fresh oranges.

Grapefruit Prices Down While Strong Demand Increases Prices for Lemons, Tangerines

Grapefruit prices are down 13 percent to date this marketing season compared with 2009/10, while strong demand has increased prices for lemon growers this season. The U.S. all-grapefruit price has averaged \$6.76 per box in 2010/11 (September-June), compared with \$7.81 per box for the same period last year. Smaller-than-normal fruit sizes contributed to lower grower prices for fresh grapefruit this

season, which brought down the all-grapefruit average. Prices for process grapefruit were up compared with last year. In contrast to grapefruits, the season-to-date all-lemon price average of \$12.85 per box is up 11 percent compared with \$11.61 for the same period last year. Despite a 5-percent increase in the production of tangerines/mandarins compared with last year, strong demand has pushed the U.S. grower price for all tangerines higher, averaging \$17.53 per box this marketing year (October-April) compared with \$14.20 in 2009/10.

USDA Semiannual Citrus World Markets and Trade Report Released

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 is forecast at 53.8 million metric tons (mmt) in 2010/11, up 4.7 percent from the January forecast. This rise in production is an increase of more than 9.3 percent from 2009/10. If realized, this would be the largest global orange crop on record. Most of the increase can be attributed to a much larger Brazilian crop, up 32 percent from 2009/10. Brazil had excellent weather during blossoming and fruit development, leading to a large second blossoming and a total crop forecast at 20.2 mmt. In contrast, South Africa's production estimate was reduced 21 percent from the January estimate to 1.3 mmt. Hail storms in South Africa's main growing areas of Groblersdal and Marble Hall damaged the blooms during the flowering stage. The world's leading orange producers include Brazil (20.2 mmt), the United States (8.0 mmt), the EU-27 (6.1 mmt), China (5.5 mmt), and Mexico (4.1 mmt). Together, these five countries account for more than 80 percent of global production.

Though higher production of oranges is forecast, global orange trade was revised downward 1.6 percent to 3.7 mmt based largely on reduced export supplies for South Africa. At the same time, exports were increased for the United States based on strong demand from South Korea and China. Exports from the EU-27 and Turkey were also raised this month, based on increased import demand from Russia and the Ukraine.

With the bulk of the increase in the global orange production forecast coming from Brazil's production of processing oranges, the global orange juice production forecast was also raised this month, up 5.4 percent from the January forecast to 2.3 mmt. Brazil's orange juice production estimate was raised 13 percent to 1.4 mmt. Brazil and the United States are the dominant global orange juice producers, accounting for 62 percent and 28 percent of world output, respectively. The 2010/11 global orange juice trade projection was raised nearly 6 percent from the January estimate to 1.6 mmt—an increase of more than 7 percent compared with 2009/10. Leading orange juice exporters include Brazil (79 percent) and the United States (10 percent), while the primary importers are the EU-27 (59 percent), the United States (14 percent), and Canada (8 percent).

World tangerine and mandarin production for 2010/11 was reduced 1 percent from the January forecast, estimated at 20.1 mmt—a reduction of 8 percent compared with 2009/10. Production forecasts were reduced for Argentina, the EU-27, and South Africa, but raised for the United States. China remains the world's largest producer with 62 percent of the global crop, followed by the EU-27 (16 percent), Japan (5 percent), Turkey (4 percent), Morocco (4 percent), and the United States (3

percent). China, Turkey, the EU-27, and Morocco are the leading exporters while Russia, the EU-27, and Vietnam are the largest importers.

World grapefruit production for 2010/11 was raised fractionally from the January estimate to 5.2 mmt, but remains 5 percent below the 2009/10 estimate. China is the world's largest grapefruit producer, responsible for 50 percent of the global total, followed by the United States (21 percent), Mexico (8 percent), and South Africa (7 percent). A reduction in the U.S. export forecast more than offset an increase for South Africa. The United States is the world's leading grapefruit exporter with 27 percent of the market, followed by South Africa (26 percent), Turkey (19 percent), and China (11 percent). The EU-27 (47 percent), Japan (21 percent), and Russia (16 percent) are the leading importers.

Combined lemon/lime production was raised slightly from the January forecast and is now estimated at 6.3 mmt—an increase of more than 7 percent from 2009/10. Mexico accounts for 30 percent of global production, followed by Argentina (20 percent), the EU-27 (19 percent), the United States (13 percent), and Turkey (12 percent). Less than a quarter of world lemon/lime production is traded. The export market is dominated by Turkey (30 percent), Mexico (29 percent), and Argentina (18 percent). The EU-27 and the United States are the primary global importers, responsible for 29 percent and 28 percent of the global total, respectively.

Record-Breaking Almond Harvest Anticipated for 2011/12 Season

Just 2 months after the release of the *2011 California Almond Forecast*, the harvest expectations have increased 11 percent above the original forecast of 1.75 billion pounds as reported in California's NASS field office *2011 California Almond Objective Measurement Report*. The current forecast is set at 1.95 billion pounds, which if realized would be 19 percent larger than last year's record-setting harvest. Value of the 2010/11 almond crop has been revised upward to \$2.84 billion dollars based on the large utilized production of 1.64 billion pounds sold at an average of \$1.75 per pound.

Development of the crop continues to be good due to ample chilling hours and a cold spring that increased the bloom period, providing overlap between varieties. Mountain snow melt has alleviated irrigation pressures this season, a primary concern for the past several years. As of July 17, almond growers are applying hull split sprays causing sporadic hull split in orchards throughout California. Low insect pressure has been noted during the growing season, reducing the need for miticide sprays to address spider mite issues. The crop is estimated to be 1 to 2 weeks behind schedule but growers are preparing the orchards for the 2011 harvest. Overall, the crop is shaping up well with heavy sets observed on several varieties and estimated yields per acre averaging 2,600 pounds—8 percent above the 2008 record of 2,400 pounds per acre.

Inshell almond exports to India through May 2011 are reported at 108.7 million pounds, a 26-percent increase from the 2009/10 season. India continues as one of the top export markets for U.S. almonds. Almonds (shelled and inshell) are the highest valued U.S. agricultural export to India, valued at \$232 million in 2010, and tree nuts rank 13th among total U.S. exports to India. The *Almond Industry Position Report* released in June 2011 by the Almond Board of California shows

exports to India from August 2010 through June 2011 at 97.2 million pounds, 27 percent higher than during the same period in 2009/10. Through May, Hong Kong has received 101.2 million pounds of inshell almonds followed by the United Arab Emirates with 25 million pounds. Spain is the top export market for U.S. shelled almonds from August 2010 through May 2011, with 118.5 million pounds. Germany and Hong Kong round out the top three shelled almond export markets. As of June 2011, total year-to-date almond exports totaled 1.1 billion pounds, 16 percent above 2009/10 exports through June.

Drought Continues in Pecan-Producing States

As the 2011 crop continues to develop and mature under drought conditions across much of the growing region, the first industry crop estimate is 246.5 million pounds. *Pecan South Magazine* released the tri-State meeting estimate in July, forecast at 22 percent below the “on” year 5-year average. Overall, the industry forecast is 16 percent below the 2010 harvest, which was an exceptional off-year harvest at 293.7 million pounds. Concern about drought-affected production primarily motivated the lower industry forecast, with unfavorable pollination conditions and freeze damage also reported.

Some cultivars have also suffered large nut drops already, such as Stuart and Desirable, with Stuart representing around 40 percent of the Georgia pecan crop. Georgia’s 2010 industry estimate was 78 million pounds, while the current industry estimate for 2011 is 80 million pounds. The *Georgia Crop Progress and Condition Report* from the week of July 11 estimates 10 percent of the pecan crop in very poor condition, with 28 percent and 41 percent reported in poor and fair condition, respectively. Only 7 percent of farmers reported an excellent crop. A year ago during the same week in July, only 1 percent of Georgia pecan farmers cited their crop in very poor condition, while 5 percent were in poor condition. Overall, 83 percent of producers reported either fair or good crop conditions, with 11 percent reporting an excellent crop at this time last year.

Texas is almost entirely under severe drought conditions, affecting expectations for the upcoming crop. The early industry estimate for the 2011 season is 45 million pounds, 36 percent lower than last year’s tri-State July production estimate. Irrigation is being relied upon heavily by Texas pecan growers in the southern high plains according to NASS’s *Texas Crop Progress and Condition Report* on July 11.

Pecan exports to Hong Kong for the 2010/11 season through May are 45.3 million pounds (inshell), down less than 2 percent from the same time last year. Shipments to Mexico through May 2011 stand at 37.5 million pounds (inshell), up from 20.1 million pounds over the same period in 2009/10. Vietnam rounds out the top three export markets for U.S. pecans with 8.9 million pounds. Canada is the main destination for shelled pecan exports, reporting 8.5 million pounds received season-to-date, followed by the Netherlands with 4.7 million pounds.

After Cold, Wet Weather Hazelnuts Begin to Develop

The upcoming 2011 harvest will represent an on-year cycle for the Oregon hazelnut industry. The 2010 season was noted by a low off-cycle harvest of 56,000 pounds inshell, down 40 percent from the 2009/10 harvest. Early in the development of the

2011 crop, a cold snap caused some freeze damage to the catkins. Winter rains and cold weather reduced pollination in some areas of the Willamette Valley, but damage is not widespread according to industry sources. The Barcelona variety looks good but there is some variability between the varieties and current nut sets. Overall, the crop looks to be close to an average on-cycle volume and, due to the cold, wet winter and spring weather, will be a couple weeks behind on harvest. Official numbers will be available in September.

Hong Kong remained the top export destination for Oregon hazelnuts for the 2010/11 season-to-date, with 16.2 million pounds inshell, down almost 60 percent from the same period in 2009/10. Shipments to Vietnam also decreased by 40 percent since 2009/10, to 6.8 million pounds inshell. International hazelnut producers supplemented hazelnut demand where the U.S. production fell short in 2010/11. Turkey produced 1.3 billion pounds in 2010/11, with 771 million pounds exported, according to Foreign Agriculture Service data. China rounded out the top 3 export markets with 4.5 million pounds inshell.

Fruit and Tree Nuts Trade Outlook

U.S. Orange and Peach Exports Gain This Season, Grapes Down

Orange export volume for the 2010/11 marketing season (November-October) shows a 13-percent increase through May compared with the same period a year ago due to a large U.S. orange crop and strong international demand (table 10). Currently, fresh orange exports through May 2011 are the largest volumes on record to date and are projected to reach 1.6 billion pounds this season. Asian markets dominate U.S. fresh orange exports, with four of the top five export markets located there.

Orange juice exports (both FCOJ and not-from-concentrate) are posting large gains through May, with a 68-percent and a 30-percent increase, respectively. This is due to the large supply for Florida processing oranges and a higher juice yield compared with 2009/10. Orange juice exports are expected to reach a record high this year, with season-to-date exports to top export destination, Canada, up more than 30 percent.

Initial fresh-grape export volume for the 2011/12 marketing season (May-April) was down from a year ago due to tight early-season supplies from California's Coachella Valley caused by the cold, wet weather this spring. The 2-week delay in the harvest has led to a 26-percent decline in export volume in May compared with the same time last year. However, as production transitions to the San Joaquin Valley—the main producing region—and with the ample crop anticipated for the summer, export volumes should rise as prices decline, especially as the weak value of the U.S. dollar continues to provide incentive to international buyers. Canada is the United States' top grape export destination, receiving 768,000 pounds this season to date, a decline of 47 percent compared with last May.

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

Commodity	Marketing season	Season-to-date (through May)		Year-to-date change
		2010	2011	
		----- 1,000 pounds -----		Percent
Fresh-market:				
Oranges	November-October	1,229,969	1,387,827	12.8
Grapefruit	September-August	515,213	476,217	-7.6
Lemons	August-July	177,191	196,231	10.7
Apples	August-July	1,495,589	1,608,557	7.6
Grapes	May-April	2,175	1,617	-25.7
Pears	July-June	353,762	317,198	-10.3
Peaches (including nectarines)	January-December	13,097	14,134	7.9
Strawberries	January-December	138,243	127,644	-7.7
Cherries	January-December	26,401	27,437	3.9
		----- 1,000 sse gallons 1/ -----		
Processed:				
Orange juice, frozen concentrate	October-September	50,609	84,869	67.7
Orange juice, not-from-concentrate	October-September	42,040	54,060	28.6
Grapefruit juice	October-September	6,627	8,998	35.8
Apple juice and cider	August-July	14,057	7,444	-47.0
Wine	January-December	42,858	46,469	8.4
		----- 1,000 pounds -----		
Raisins	August-July	311,698	267,193	-14.3
Canned pears	June-May	13,774	18,649	35.4
Canned peaches	June-May	36,956	49,744	34.6
Frozen strawberries	January-December	11,486	14,814	29.0
		----- 1,000 pounds -----		
Tree nuts:				
Almonds (shelled basis)	August-July	1,011,866	1,153,673	14.0
Walnuts (shelled basis)	September-August	211,963	266,731	25.8
Pecans (shelled basis)	October-September	57,080	69,780	22.2
Pistachios (shelled basis)	September-August	92,778	92,589	-0.2

1/ Single-strength equivalent.

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

Cherry exports are up slightly in 2011 through May relative to the same period last year. Shipments to Canada are at 10 million pounds, a 7-percent increase from 2010, making it the current top export market for U.S. cherries. Excellent quality and a weak U.S. dollar have motivated higher export volumes this year. As the larger crop continues to move from field to market, exports can be expected to increase. Peach exports are up 8 percent for the 2011 season, despite the slightly lower production relative to 2010's harvest. Canada remained the top export market, with 8.9 million pounds, followed by Mexico and China. Fresh peach exports to Canada were reduced by 14 percent compared with 2010 exports through May. For the same period, exports to Mexico increased to 1.6 million pounds, from 540 thousand pounds, a threefold increase, making up the difference in exports lost to Canada.

Early 2011/12 Grape Imports Higher Than The Previous Season

The 2011/12 U.S. fresh grape season started out with a 30-percent increase in imports compared with the previous season (table 11). The harvest delay for California grapes prompted higher imports due to higher prices. Mexico shipped 266,000 pounds of grapes in May—an increase of 40 percent over 2010. May trade data was the most recent from the U.S. Census Bureau at the time this report was released. However, Mexican grape shipments to the United States in June through mid-July were reported down 26 percent from the same time last year, according to AMS data. Mexican grape shipments end in July, reducing import shipments this summer.

U.S. mango imports are up 30 percent (January-May) compared with the same period in 2010. Last year, Mexican mangoes were affected by heavy rains, reducing importable supplies. In contrast, the current mango season is off to a

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

Commodity	Marketing season	Season-to-date (through May)		Year-to-date change
		2010	2011	
		----- 1,000 pounds -----		Percent
Fresh-market:				
Oranges	November-October	47,378	25,769	-45.6
Tangerines (including clementines)	October-September	157,755	208,002	31.9
Lemons	August-July	74,752	79,914	6.9
Limes	January-December	299,561	282,641	-5.6
Apples	August-July	192,860	177,098	-8.2
Grapes	May-April	97,294	126,748	30.3
Pears	July-June	125,519	163,748	30.5
Peaches (including nectarines)	January-December	96,539	94,208	-2.4
Bananas	January-December	3,869,027	3,884,509	0.4
Mangoes	January-December	323,150	422,652	30.8
		----- 1,000 sse gallons 1/ -----		
Processed:				
Orange juice, frozen concentrate	October-September	200,171	138,769	-30.7
Apple juice and cider	August-July	424,746	509,113	19.9
Wine	January-December	97,067	102,010	5.1
		----- 1,000 pounds -----		
Canned pears	June-May	62,883	61,360	-2.4
Canned peaches (including nectarines)	June-May	140,432	150,821	7.4
Canned pineapple	January-December	259,080	292,139	12.8
Frozen strawberries	January-December	107,465	112,009	4.2
		----- 1,000 pounds -----		
Tree nuts:				
Brazil nuts (shelled basis)	January-December	5,102	4,496	-11.9
Cashews (shelled basis)	January-December	101,640	101,534	-0.1
Pine nuts (shelled basis)	January-December	1,426	645	-54.8
Pecans (shelled basis)	October-September	71,580	90,959	27.1

1/ Single-strength equivalent.

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

strong start, with large volumes heading to the United States. Season-to-date imports of Mexican mangoes are up 17 percent. Peruvian mango shipments to the United States were also up this season to date, increasing 47 percent to 99 million pounds. Guatemala rounded out the top three mango markets with 39 million pounds, a 50-percent increase in shipments. Mexican lime shipments are down 6 percent, to 268 million pounds from 287 million pounds in 2010 through May. While Guatemalan lime shipments are up 17 percent to 7 million pounds, it was not enough to offset overall lime imports, which are down 6 percent so far this season.

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