



United States
Department
of Agriculture

FTS-320

Jan. 26, 2006



Electronic Outlook Report from the Economic Research Service

www.ers.usda.gov

Fruit and Tree Nuts Outlook

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California Avocado Production Likely To Increase in 2005/06, Florida Strawberry Supplies Ample

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The next release is
March 29, 2006

Approved by the
World Agricultural
Outlook Board.

The December 2005 grower price index for fruit and nuts declined seasonally from the previous month but was 11 percent higher than in December 2004. Relatively strong prices for apples and pears in December compared with the previous year, along with record-high strawberry prices, boosted the December index to a record high for any December since the nineties. The Consumer Price Index (CPI) for fresh fruit rose to a new high in December 2005. Retail prices for most citrus fruit in December remained higher than the previous year, along with prices for bananas and Red Delicious apples.

Based on the cyclical nature of avocado production, California will likely produce a big crop during the 2005/06 season, following last season's significantly reduced crop. Most avocado growing areas in California were not affected by the storms that swept through the northern section of the State this past December. This season's bigger crop and rising imports will likely put downward pressure on the prices avocado growers will be receiving during 2005/06.

Escaping hurricane damage in late October, the 2006 Florida winter strawberry season started off slow but picked up by mid-December. Cumulative shipments this winter through the second week of January have already surpassed those for the same time last season by about 4 percent. The larger supplies in recent weeks have already driven down strawberry prices.

USDA's National Agricultural Statistics Service (NASS) released its latest citrus crop forecast on January 12, 2006. The 2005/06 crop is now forecast at 11.7 million tons, 3 percent bigger than the 2004/05 crop, but 28 percent smaller than the average for the 5-year period 1999/2000-2003/04. It is also 14 percent below the initial forecast reported on October 2005. The first forecast of the season was based on survey data before Hurricane Wilma damaged crops, mainly in Southwest Florida and the Indian River District. While most of the decline in the January forecast is a result of the lower production expected from Florida, smaller Valencia orange and tangerine crops from California, as well as smaller navel orange and grapefruit crops from Arizona, were also forecast this January, compared with the initial forecasts made for that State in September 2005. Texas' grapefruit crop was also forecast to be smaller this January than its initial forecast in October.

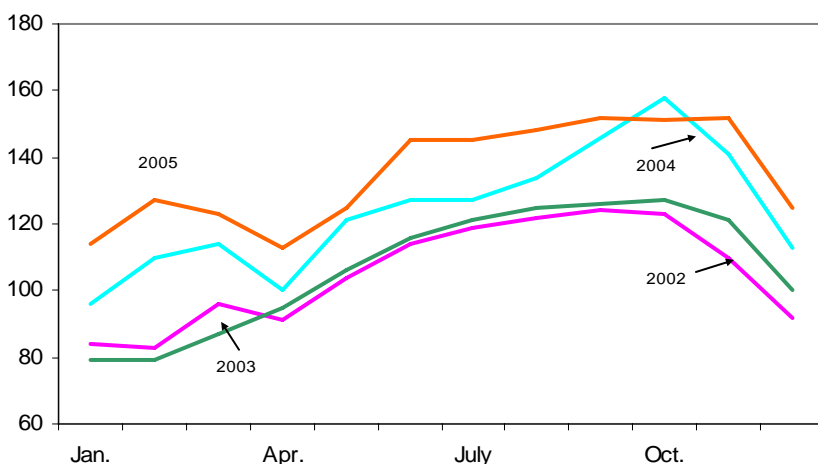
Price Outlook

Fruit Prices Drop in December 2005 but Remain Strong Relative to the Previous Year

The December 2005 grower price index for fruit and nuts declined seasonally from the previous month as it has done each year since the nineties. At 125 (1990-92=100), the index was down 18 percent from November but 11 percent higher than in December 2004 (fig. 1). Seasonal increases in supplies drove December grower prices for oranges, grapefruit, lemons, apples, and pears down from the previous month. Grape prices fell in December as well. Meanwhile, the December average grower price for strawberries was the highest it has ever been throughout the 1990s and recent years, partly reflecting the winding down of supplies from California and the late start to the Florida winter strawberry season. Strawberry prices averaged \$2.90 per pound, almost triple the price in November and 59 percent higher than in December 2004.

The table-grape harvest in California's San Joaquin Valley concluded by mid-December, but some shippers still had quite a few grapes in storage. Because the 2005 grape season started 1 to 2 weeks behind the previous season, end-of-year supplies were greater than in 2004, driving December grower prices for fresh-market grapes below the previous year. Bigger crops for most citrus fruit during the 2005/06 season than the heavily damaged 2004/05 crops have been driving citrus grower prices below those of the previous year, while the smaller harvest of apples and pears last fall continues to hold their prices higher. These relatively strong prices for apples and pears, along with record-high strawberry prices, boosted the December 2005 index to a record high for any December since the nineties. Strong demand and continued lower supplies compared with a year ago will likely keep apple prices above those of a year ago into 2006. While the overall U.S. pear crop for this season is smaller, Washington's bigger output of fresh-market pear varieties (excluding Bartletts, which are used mostly for processing) will likely drive down grower prices for fresh-market pears this winter.

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



Source: National Agricultural Statistics Service, USDA.

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

Commodity	2004		2005		2004-05 Change	
	November	December	November	December	November	December
	-----Dollars per box-----				Percent	
Citrus fruit: 1/						
Grapefruit, all	16.08	14.72	10.66	10.11	-33.7	-31.3
Grapefruit, fresh	18.30	18.89	17.47	14.64	-4.5	-22.5
Lemons, all	9.32	7.73	9.77	6.88	4.8	-11.0
Lemons, fresh	16.58	16.44	13.91	12.04	-16.1	-26.8
Oranges, all	5.34	3.27	8.82	4.42	65.2	35.2
Oranges, fresh	11.24	9.79	12.61	9.05	12.2	-7.6
	-----Dollars per pound-----					
Noncitrus fruit:						
Apples, fresh 2/	0.245	0.223	0.282	0.265	15.1	18.8
Grapes, fresh 2/	0.515	0.580	0.260	0.210	-49.5	-63.8
Peaches, fresh 2/	--	--	--	--	--	--
Pears, fresh 2/	0.220	0.223	0.255	0.241	15.9	8.1
Strawberries, fresh	1.900	1.820	1.020	2.900	-46.3	59.3

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: National Agricultural Statistics Service, USDA.

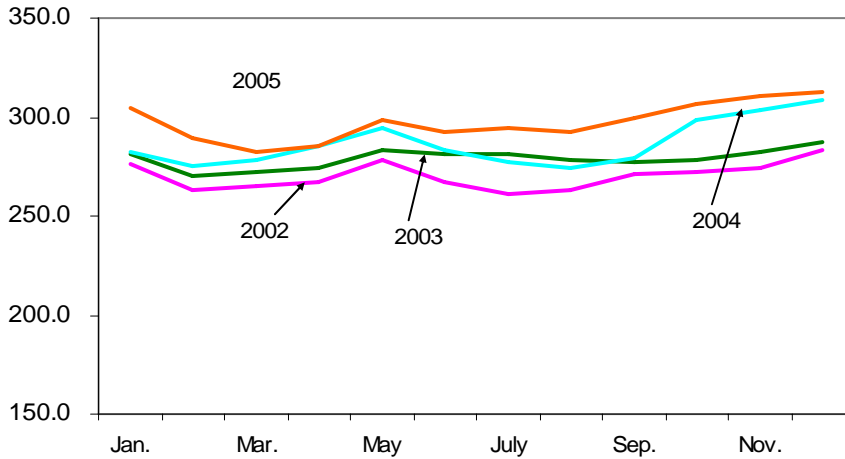
December Retail Fruit Prices for Most Fresh Fruit Continue Higher Than a Year Ago

The Consumer Price Index (CPI) for fresh fruit rose to a new high in December 2005. At 312.3 (1982-84=100), the CPI was up fractionally from the previous month and was 1 percent higher than the December 2004 CPI (fig. 2). December retail prices for most citrus fruit remained higher than the previous year, along with prices for bananas and Red Delicious apples (table 2). These strong prices offset the lower prices in December for Anjou pears, strawberries, and Thompson seedless grapes.

With large supplies of Thompson seedless grapes still left in storage at the end of the season, retailers had enough supplies to promote in December, pushing down retail prices for Thompson seedless grapes. Retailers are expecting fewer supplies of Thompson seedless grapes to be shipped from Chile this winter because of reduced production, likely boosting retail prices for this grape variety early into 2006.

Availability of other grape varieties from Chile, however, such as Red Globe and Flame seedless, is expected to be higher, likely putting downward pressure on overall retail grape prices this winter. Seasonally low supplies of strawberries helped drive up strawberry retail prices in December from the previous month, but larger end-of-season supplies from California in 2005 and increased imports from Mexico weakened prices from the previous year. After a slow start to the season, increasing supplies from Florida since mid-December have also been contributing to the decline in strawberry prices.

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



Source: Bureau of Labor Statistics, U.S. Department of Labor.

Table 2--U.S. monthly retail prices, selected fruit, 2004-2005

Commodity	Unit	2004		2005		2004-05 Change	
		November	December	November	December	November	December
		--- Dollars ---		--- Dollars ---		--- Percent ---	
Fresh:							
Valencia oranges	Lb	--	--	--	--	--	--
Navel oranges	Lb	1.080	0.865	1.172	0.885	8.5	2.3
Grapefruit	Lb	0.951	0.950	1.183	1.095	24.4	15.3
Lemons	Lb	1.173	1.159	1.459	1.509	24.4	30.2
Red Delicious apples	Lb	0.985	0.950	0.955	0.971	-3.0	2.2
Bananas	Lb	0.469	0.474	0.480	0.482	2.3	1.7
Peaches	Lb	--	--	--	--	--	--
Anjou pears	Lb	--	1.168	1.171	0.998	--	-14.6
Strawberries 1/	12-oz pint	3.185	3.602	2.244	2.666	-29.5	-26.0
Thompson seedless grape	Lb	2.768	3.098	2.497	2.757	-9.8	-11.0
Processed:							
Orange juice, concentrate 2	16-fl. oz	1.922	1.961	1.784	1.780	-7.2	-9.2
Wine	liter	6.816	7.610	7.600	8.443	11.5	10.9

-- Insufficient marketing to establish price.

1/ Dry pint.

2/ Data converted from 12 fluid ounce containers.

Source: Bureau of Labor Statistics, U.S. Department of Labor.

Larger 2005/06 California Avocado Crop Projected

Based on the cyclical nature of avocado production, California will likely produce a big crop during the 2005/06 season, following last season's significantly reduced crop. California is the Nation's major producer of avocados, accounting for over 85 percent of the U.S. crop. Florida produces over 10 percent, and the remainder of the crop is grown in Hawaii. Most of California's avocado-growing areas were not affected by the storms that swept through the northern section of the State this past December. Based on indications from the California Avocado Commission, the Economic Research Service projects the 2005/06 California avocado crop to reach about 272,000 short tons, up 80 percent from the previous season. If realized, this will be the largest crop reported for avocados in California since 1992/93. Production reached only 151,000 short tons in 2004/05, down 30 percent from 2003/04 (table 3). Aside from its cyclical pattern, production in 2004/05 was also affected by the heavy rains experienced during the winter.

Increased supplies from this season's bigger crop and rising imports will likely put downward pressure on the prices avocado growers will be receiving during 2005/06. The record-high imports in 2004/05, resulting mostly from allowing Mexico almost full access to the U.S. market, surpassed domestic production for the first time. Despite the significantly smaller crop in California in 2004/05, the large imports (up 71 percent from the previous season) prevented a steep rise in prices California growers received during that season, averaging \$1,840 per ton, up 5 percent from the previous season. In comparison, the production decline in

Table 3--Avocados: Production, season-average grower price, and value, by State, 1980/81 to date

Season	California			Florida			United States 2/		
	1/ Production Short tons	Price \$/short ton	Value \$ 1,000	Production Short tons	Price \$/short ton	Value \$ 1,000	Production Short tons	Price \$/short ton	Value \$ 1,000
1980/81	238,000	357	84,966	30,800	529	16,293	268,800	377	101,259
1981/82	157,000	689	108,173	25,800	501	12,926	182,800	662	121,099
1982/83	202,000	460	92,920	34,700	480	16,658	236,700	463	109,578
1983/84	247,000	370	91,390	27,000	460	12,409	274,000	379	103,799
1984/85	200,000	582	116,400	29,500	390	11,496	229,500	557	127,896
1985/86	160,000	1,020	163,200	28,500	576	16,415	188,500	953	179,615
1986/87	278,000	338	93,964	24,700	412	10,176	302,700	344	104,140
1987/88	180,000	1,140	205,200	29,000	312	9,048	209,000	1,030	214,248
1988/89	165,000	1,260	207,900	27,000	436	11,772	192,600	1,140	220,110
1989/90	105,000	2,280	239,400	33,500	332	11,122	139,050	1,800	250,940
1990/91	136,000	1,410	191,760	19,600	684	13,406	156,050	1,320	205,571
1991/92	156,000	1,170	182,520	28,300	476	13,471	184,720	1,060	196,386
1992/93	284,000	400	113,600	7,200	583	4,198	291,550	405	118,120
1993/94	139,000	1,810	251,590	4,400	820	3,608	143,650	1,780	255,418
1994/95	155,000	1,480	229,894	20,000	616	12,320	175,250	1,380	242,464
1995/96	171,000	1,370	234,831	19,000	596	11,324	190,250	1,300	246,428
1996/97	167,000	1,560	260,162	23,500	528	12,408	190,700	1,430	272,784
1997/98	154,000	1,710	263,473	24,000	584	14,016	178,250	1,560	277,754
1998/99	136,000	2,400	327,002	23,000	716	16,468	159,250	2,160	343,730
1999/00	161,000	2,110	339,594	22,000	748	16,456	183,300	1,950	356,410
2000/01	213,000	1,480	315,842	26,000	584	15,184	239,320	1,400	331,397
2001/02	200,000	1,790	358,000	23,000	676	15,548	223,300	1,670	373,890
2002/03	168,000	2,170	364,560	31,000	556	17,236	199,350	1,920	382,188
2003/04	216,000	1,760	380,160	17,000	808	13,736	233,380	1,690	394,367
2004/05	151,000	1,840	277,840	28,000	516	14,448	179,370	1,630	292,754

1/ Season beginning November 1 to November 30 (following year) for California and June 20 to February 28 for Florida.

2/ Includes Hawaii beginning 1988/89.

Source: National Agricultural Statistics Service, USDA.

2002/03 was only about half as much as in 2004/05, but imports increased 19 percent and prices rose 21 percent. Meanwhile, increased availability during 2004/05 enabled marketers to adequately meet market demand and likely made avocados more affordable to retail consumers, boosting consumption to an all-time high in last season, estimated at 3.0 pounds per person. Demand prospects appear bright again for the 2005/06 season, as supplies will remain ample and consumer prices will likely be lower.

California shipments have picked up in January after a slow start this season. Increased shipments from California thus far, combined with continued large increases in shipments from Mexico, are boosting 2005/06 avocado supplies in the United States. This supply gain is already being reflected in this season's prices. As of the second week of January 2006, South District California f.o.b. shipping-point prices for Hass avocados were \$26.25 to \$27.25 per 2-layer carton (36s), compared with \$30.25 to \$33.25 around the same time last year. Pricing for imported Hass was also lower. F.o.b. shipping-point prices for Mexican Hass avocados crossing through Texas ranged from \$25.25 to \$27.25 per two-layer carton (36s), compared with \$22.25 to \$23.25 last year, and those from Chile entering through the Port of Los Angeles were quoted at \$26.25 to \$28.25, compared with \$28.25 to \$30.25 the same time a year ago.

Chile has been the United States' leading source of imported avocados for over a decade until last year, when Mexican imports surpassed Chile's. For several years, Mexico sought to gain access to the U.S. avocado market, which was closed to it due to phytosanitary reasons. First, the U.S. ban on Mexican fresh Hass avocados was partially lifted in 1993, with approval to ship to Alaska. In November 1997, Mexican avocados were allowed entry into 19 northeastern States and the District of Columbia during a 4-month period from November through February. Then in November 2001, 12 more States were added to the approved areas for import, and the period of import was extended to 6 months, from October to April. Finally, effective January 31, 2005, a December 2004 ruling opened 47 of the 50 U.S. States (excluding California, Florida, and Hawaii) to year-round shipments of Mexican Hass avocados grown in the state of Michoacan, the main avocado-producing state in Mexico and the only state that is allowed to export to the United States. Michoacan alone accounts for about 80 percent of the Hass avocado acreage in Mexico.

Last year's imports from Mexico through November (the most recent data available) more than tripled in volume over the same time in 2004, reaching 263.9 million pounds. Imports from Chile for the same period increased 41 percent to 228.1 million pounds. More avocado acreage is expected to be coming into production in both Mexico and Chile this year, likely increasing their production for the 2005/06 season and boosting supplies available for export. In Mexico, favorable weather conditions, good agricultural practices, and the end to the restricted harvesting program (under which producers agree to harvest only 2 metric tons per hectare), combine with increased acreage to boost production potential in 2005/06. According to the Foreign Agricultural Service (FAS) of the United States Department of Agriculture (USDA), 2005/06 avocado exports from Mexico are expected to increase significantly and reach a record high, while a more moderate increase in exports is expected from Chile. Although there are still a large number of orchards in Chile that have yet to reach productive stage, new avocado plantings in the country are slowing down as recent lower prices in export markets have

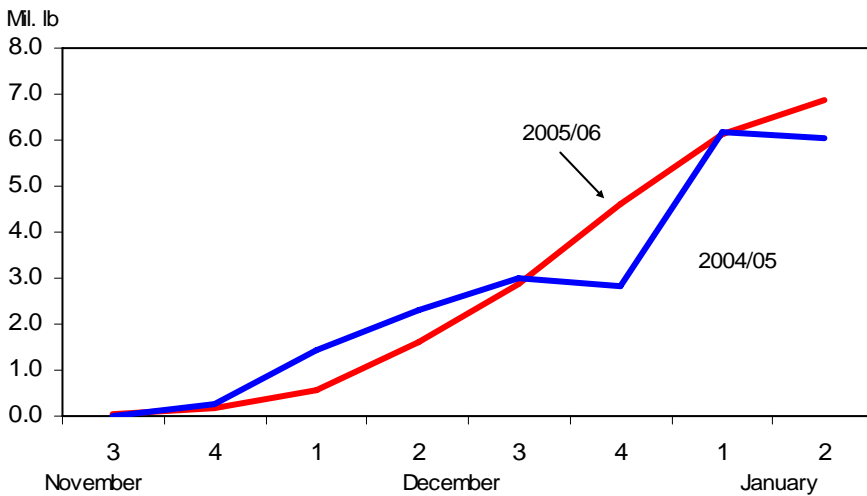
discouraged Chilean growers from continuing their aggressive expansion of the 1990s.

Season Starts Slow but Ample Supplies Likely for Florida Strawberries This Winter

Planting of Florida’s 2006 winter strawberry crop began during the first week in October 2005 and was finished early the following month. The first pick of the season occurred shortly thereafter. The crop was fortunate to have escaped damage from Hurricane Wilma, which swept through the southern Florida peninsula in late October. The crop was progressing fairly well early in the season, but shipments started off slow, lagging by about 25 percent through the third week in December 2005 compared with the same period the previous year, based on data from USDA’s Agricultural Marketing Service (AMS) (fig. 3). Despite the slow start to this season, partly due to fewer early varieties being planted, projections of a 2- to 3-percent increase in acreage from the Florida Strawberry Growers Association (FSGA) could bring overall supplies close to last year’s 178.9 million pounds.

Cool temperatures in mid-December helped boost berry development. By the last week in December strawberry shipments from Florida picked up, and as a result f.o.b. shipping point prices, which had held strong in December, weakened in early January. Larger supplies from Mexico, where production is expected to increase in 2005/06, have also been contributing to the lower prices. Cumulative shipments of Florida strawberries this winter through the second week of January have already surpassed supplies for the same period last season by about 4 percent. In early December, f.o.b. shipping-point prices for strawberries in Central Florida ranged from \$24.90 to \$26.90 per flat of 12 1-pint-baskets, medium-to-large berries. As of January 13, prices had already dropped to \$12.90 to \$14.90 per flat. During the same time last year, prices ranged from \$16.90 to \$18.90. Barring any major weather problems, shipments from Florida should continue to increase, reaching peak levels in March, and this should put additional downward pressure on prices.

Figure 3
Weekly shipments of fresh strawberries from Florida



Source: Agricultural Marketing Service, U.S. Department of Agriculture.

In California, early indications suggest that their strawberry supplies will be larger in 2006, given a projected 5-percent increase in planted acreage, based on the 2006 acreage survey results from the California Strawberry Commission (CSC). Shipments in January through the second week, a relatively low-volume period for the season, were up sharply from the same time last year. California is the dominant production region for strawberries in the United States, and their season runs almost year-round. The shipping season for California's early growing districts in the southern portion of the State (Oxnard, Orange County/San Diego) typically runs during the winter months and through the spring. Production then moves northward, with the heaviest shipments usually from April through June.

The Watsonville/Salinas growing district will continue to be the largest in 2006, accounting for 38 percent of California's strawberry acreage. However, the largest expansion in acreage will be in the Santa Maria District in the north, with a projected growth of 16 percent from a year ago. Acreage expansion in the Watsonville/Salinas district is projected at slightly over 5 percent, similar to the increase in the Oxnard area. Acreage in Orange County/San Diego, meanwhile, will be down 24 percent and in the San Joaquin area down 44 percent. These two districts combined will account for about 6 percent of the State's strawberry acreage.

Citrus Crop Forecast To Be Second Smallest Since 1991

USDA's National Agricultural Statistics Service (NASS) released its latest citrus crop forecast on January 12, 2006. The 2005/06 crop is now forecast at 11.7 million tons, 3 percent bigger than the 2004/05 crop—which was battered by three hurricanes—but 28 percent smaller than the average for the 5-year period 1999/2000-2003/04. The January forecast is also 14 percent below the initial citrus crop forecast reported on October 2005 (table 4). The first forecast of the season was based on survey data before Hurricane Wilma damaged crops, mainly in Southwest Florida and the Indian River District. While most of the decline in the January forecast is a result of lower production expected from Florida, smaller Valencia orange and tangerine crops from California, as well as smaller navel orange and grapefruit crops from Arizona, were also forecast this January compared with the initial forecasts made for that State in September 2005. Texas' grapefruit crop was also forecast to be smaller this January than its initial forecast in October.

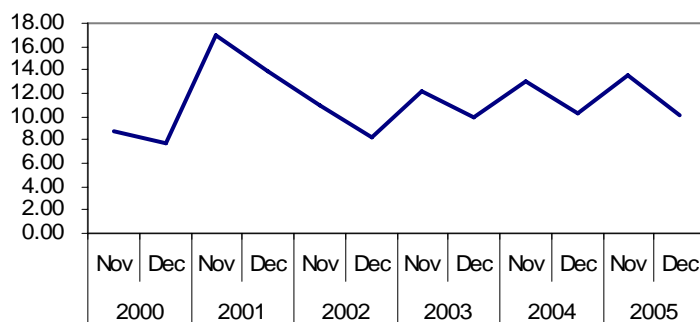
Fresh Orange Prices Relatively Stable Despite Smaller Crop

The 2005/06 fresh navel orange crop out of California and Arizona is forecast to be 2 percent smaller than last season. Grower prices for the first 2 months of the season (November and December), however, have not differed greatly so far from last season. While the November price, \$13.46 per 75-lb box, was 4 percent higher than last November, prices dropped in December to \$10.16 per box, 2 percent below last December (fig. 4). The navel oranges early this season are reported to be smaller than average for the past several seasons, putting downward pressure on prices.

Figure 4

California fresh orange prices, 2000-2005

\$/75 lb box



Slow Maturity and A Smaller-than-Average Processing Orange Crop Drives Up Grower Prices

The 2005/06 orange crop from Florida, while forecast to be 6 percent larger than last season at 7.1 million tons, will be smaller than in any season since 1991/92. At the same time, the fruit has taken longer this season to reach the appropriate maturity level to be harvested for juice. As a result, harvesting did not get fully underway until November, several weeks later than usual. With the expected small crop and reduced availability of fruit for processors, prices in November reached \$2.95 per 90-lb box, the highest in 7 years. December prices were also higher than usual, but fell from November prices as more fruit became available in the market. Prices should stay higher throughout the remainder of the 2005/06 season compared with the past few years, the result of higher demand so that processors can replenish inventories. Also, grower prices are likely to respond favorably to increased domestic demand for orange juice after several slow seasons. International demand had a lackluster beginning this season. However, should international demand pick up during the season, this will drive up overall juice movement and further pressure prices upward.

Grapefruit Production Forecast Up From Last Season

In January, NASS forecast the 2005/06 U.S. grapefruit crop at 1.1 million tons, 8 percent larger than in 2004/05, but 24 percent below the initial forecast in October. Florida’s crop estimate, reduced as a result of Hurricane Wilma, is forecast at 680,000 tons, 33 percent lower than the October forecast. Although this season’s crop would be 25 percent bigger than last season—when 2 hurricanes directly hit the Indian River District, the major grapefruit production region—it would be the second smallest since 1939/40. Also contributing to the lower grapefruit crop forecast this season is the projected 23 percent smaller Texas crop compared with last season. Slightly offsetting the production decline expected in Texas, however, is the projection that California’s grapefruit production in 2005/06 will be 201,000 tons, 4 percent higher than the October forecast, which was for the same size as last season’s crop.

Florida’s fresh grapefruit grower prices began the season at \$17.24 per 85-lb box in November, declining to \$13.98 per box in December. While prices were below last

season by \$3 to \$5 per box, they are considerably higher than any other November and December prices. The already anticipated smaller crop initially forecast for this season, coupled with the expected loss in production due to Hurricane Wilma, helped create high prices at the beginning of the season. Prices often decline between November and December.

Texas fresh grapefruit grower prices, \$27.60 per 80-lb box in October, declined in each of the following 2 months to \$18.10 in December. While the decline in monthly prices is normal as the season progresses, Texas prices this season are significantly higher than any other previous season at this time, excluding last season. The high prices this season reflect a smaller, high-quality crop, but also reflect the smaller Florida crop. Texas growers were able to benefit from the slow start to Florida's shipping season by shipping almost twice the number of boxes in October 2005 than in the previous October. According to FCAC data, by the end of the first week in January, Texas had shipped almost half its crop, compared with about 39 percent of the crop shipped by the same time last season.

Tangerine Crop Size Forecast Dropped Slightly in January, But Still Higher Than Last Season

The January NASS tangerine forecast of 406,000 tons was 4 percent lower than the initial October forecast. The crop, however, is forecast to be 23 percent higher than last season. The January forecast is slightly lower than October's for both Florida and California crops. While considerably higher than last season's hurricane-damaged crop, this season's tangerine crop is nearer the 5-year average (1999/2000-2003/04) of 410,000 tons.

Harvesting of Florida's Fallglo tangerine variety for fresh use was completed by the end of December, the same time as last season. Harvesting of the Sunburst variety, which accounts for 80 percent of the early-tangerine varieties from Florida, was nearly complete by the end of the first week of January. As of January 8, FCAC data shows about 92 percent of the crop going to fresh use had been shipped. Florida's Honey tangerine harvest was just getting underway at the beginning of January. The fruit size of the Honey tangerines is projected to be about the same as last season, but NASS survey data show fruit droppage to be lower than 8 of the last 10 years, resulting in an increase in the January crop forecast of 9 percent from December's, but 4 percent below the initial forecast in October.

Fresh tangerine grower prices have averaged \$17.40 per box from October through December, higher than in any other season during the 3-month period since 1992. Prices are likely to remain strong throughout the remainder of the 2005/06 season.

Spanish clementine imports, which compete for market share with domestic tangerines, are forecast by USDA's Foreign Agricultural Service (FAS) to be lower this season. Severe drought conditions in Spain have reduced citrus production and lowered the supply of clementines expected to be available for export. Some of the loss will be made up by increases in clementine imports from other countries, such as Morocco, but they may not be sufficient to offset the expected drop from Spain.

Table 4--Citrus: Utilized production, 2004/05 and forecast for 2005/06 1/

Crop and State	Utilized	Forecast for 2005/06		Utilized	Forecast for 2005/06	
	2004/05	as of 10-2005	as of 1-2006	2004/05	as of 10-2005	as of 1-2006
	1,000 Boxes 2/	--- 1,000 Boxes 2/ ---		1,000 Tons	--- 1,000 Tons ---	
Oranges:						
Early/mid-season and navel:						
Arizona	240	270	250	9	10	9
California	43,000	42,000	42,000	1,613	1,575	1,575
Florida	79,100	93,000	80,000	3,560	4,185	3,600
Texas	1,500	1,300	1,300	64	55	55
Total	123,840	136,570	123,550	5,246	5,825	5,239
Valencia:						
Arizona	190	200	200	7	8	8
California	18,000	13,000	12,000	675	488	450
Florida	70,500	97,000	78,000	3,173	4,365	3,510
Texas	270	230	230	11	10	10
Total	88,960	110,430	90,430	3,866	4,871	3,978
All oranges	212,800	247,000	213,980	9,112	10,696	9,217
Grapefruit:						
Arizona	140	120	100	5	4	3
California	5,800	5,800	6,000	194	194	201
Florida	12,800	24,000	16,000	545	1,021	680
Texas	6,600	5,400	5,100	264	216	204
All grapefruit	25,340	35,320	27,200	1,008	1,435	1,088
Tangerines:						
Arizona	400	500	500	15	19	19
California	2,800	3,200	3,100	105	120	116
Florida	4,450	6,000	5,700	211	285	271
All tangerines	7,650	9,700	9,300	331	424	406
Lemons:						
Arizona	2,400	3,800	3,800	91	144	144
California	19,000	19,000	19,000	722	722	722
All lemons	21,400	22,800	22,800	813	866	866
Specialty citrus:						
Temples--Florida	650	900	800	29	41	36
Tangelos--Florida	1,550	1,400	1,200	70	63	54
All specialty citrus	2,200	2,300	2,000	99	104	90
All citrus	269,390	317,120	275,280	11,363	13,525	11,667

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

2/ 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 and Temples-90; tangerines-AZ and CA-75, FL-95.

Source: National Agricultural Statistics Service, USDA.

Fruit and Tree Nut Trade Outlook

Strong Apple, Grape, and Walnut Exports Boosting U.S. Fresh Fruit and Tree Nut Exports in 2005/06

The 2005/06 marketing season is underway, with fresh fruit and tree nut exports through November 2005 up from the same period in 2004, mainly due to larger exports of apples, grapes, and walnuts (table 5). U.S. fresh apple exports for the season through November were up 31 percent. Despite a smaller apple crop in 2005, supplies were sufficient to meet domestic and international demand early in the season because the U.S. apple industry was still clearing up supplies from last season's big crop. However, with storage holdings now running below a year ago and grower prices averaging higher, growth in exports will likely slow. Apple exports this season through November were up to all major markets and most other markets, but the largest increase among the top markets was to Mexico, up 125 percent. Exports to relatively new markets such as China and India also posted large increases, up 111 percent and 43 percent, respectively. Reduced production in China during 2005/06 is boosting opportunities for U.S. apples in that market, as well as in other important markets for U.S. apples in Southeast Asia such as Malaysia, Indonesia, Thailand, and the Philippines, where China has shown an increased presence. Exports to Taiwan, the third largest export market for U.S. apples, were up 14 percent, but prospects for the season are being threatened by phytosanitary issues. During the 2004/05 season, a ban on U.S. apple exports to Taiwan took effect from December 2004 through April 2005 after three codling moth larvae were found in separate shipments during the fall of 2004. Fortunately, the timing of the temporary ban still allowed U.S. apple exports to this market to increase overall during 2004/05. Thus far this season, there has already been a second codling moth finding in a shipment of apples from Washington State in November. Should a third finding occur, Taiwan would be allowed to immediately place a ban again on U.S. apple exports for an indefinite period.

U.S. grape exports were also strong through November, driven in part by the increase in domestic production. Exports were down to the number one market, Canada, but were up to other top markets such as Mexico, Malaysia, Hong Kong, and China. A smaller U.S. pear crop in 2005 has curtailed pear exports through November, but expected larger fresh pear supplies (except for Bartletts) from Washington this winter will likely boost exports early this year. Most major citrus crops are projected to be slightly larger than last season, but early-season exports of oranges and grapefruit have lagged because supplies were still low. Orange exports were also limited by the smaller crop in California, which supplies most of the Nation's fresh-market oranges. Because both the Navel and Valencia orange production in California are forecast to be reduced in 2005/06, export prospects for U.S. oranges will likely be limited this winter and through the summer. As for grapefruit, a late start to this season's harvest contributed to reduced exports thus far.

Tree nut exports have been holding strong. The largest increase is in walnut exports, up 28 percent. Although almond exports make up the bulk of U.S. tree nut exports, walnut exports account for about 15 percent of the annual total volume exported. The U.S. tree nut industry has been proactive in increasing consumer

Table 5--U.S. exports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through November)		Year-to-date change
		2004	2005	
		--- 1,000 pounds ---		Percent
Fresh-market:				
Oranges	November-October	47,812	39,739	-16.9
Grapefruit	September-August	88,453	58,296	-34.1
Lemons	August-July	51,787	58,073	12.1
Apples	August-July	400,788	526,111	31.3
Grapes	May-April	613,952	670,636	9.2
Pears	July-June	179,803	164,851	-8.3
Peaches (including nectarines)	January-December	233,151	231,842	-0.6
Straw berries	January-December	178,466	202,554	13.5
Sweet cherries	January-December	94,066	98,384	4.6
		--- 1,000 sse gallons 1/ ---		
Processed:				
Orange juice, frozen concentrate	October-September	11,580	4,901	-57.7
Orange juice, not-from-concentrate	October-September	10,760	10,090	-6.2
Grapefruit juice	October-September	4,456	2,050	-54.0
Apple juice and cider	August-July	1,409	2,248	59.5
Wine	January-December	94,848	86,179	-9.1
		--- 1,000 pounds ---		
Raisins	August-July	100,888	86,832	-13.9
Canned pears	August-July	5303	3546	-33.1
Canned peaches	July-June	42,314	27,278	-35.5
Frozen straw berries	January-December	20,556	20,692	0.7
		--- 1,000 pounds ---		
Tree nuts:				
Almonds (shelled basis)	August-July	325,766	321,336	-1.4
Walnuts (shelled basis)	August-July	106,327	135,976	27.9
Pecans (shelled basis)	September-August	9,505	7,611	-19.9
Pistachios (shelled basis)	September-August	30,389	31,091	2.3

1/ Single-strength equivalent.

Source: Bureau of the Census, U.S. Department of Commerce.

awareness of the health benefits derived from nuts, and this has been a major driving force in building demand for U.S. tree nuts here and internationally. An on-year in the alternate-bearing cycle of walnuts has increased supplies available for export this season, and this will allow the industry to continue to meet the growing demand for walnuts worldwide. Meanwhile, a 10-percent smaller U.S. almond crop in 2005 is limiting export prospects this season. Almond exports through November were down about 1 percent, declining to big markets such as Spain and Italy.

Imports of Major Noncitrus Fresh Fruit Higher, Tree Nut Imports Lower

Smaller domestic crops pushed imports of major noncitrus fruit such as apples and pears higher for this season through November (table 6). Chile has shipped more apples and pears to the U.S. markets thus far, and shipments also increased from Canada and New Zealand for apples and from South Korea for pears. Reports of frost problems affecting supplies of early-variety grapes from Chile, the United States' leading supplier of grapes during the winter, slowed imports of Chilean grapes since late November and through December. According to the USDA's FAS, production of varieties such as Perlettes, Thompson, and Superior will be significantly reduced but output increases of other varieties such as Red Globe and Flame Seedless will help make up for early-variety production declines. Grape exports from Chile are expected to be similar to last season because their production is forecast to remain stable, according to FAS. While the most recent trade data available from the Bureau of the Census, U.S. Department of Commerce is through November at the time this report is released, shipment data published by USDA's Agricultural Marketing Service (AMS) indicate Chilean grape shipments started to

pick up in January. During the 2004/05 season, grape imports from Chile increased 5 percent from the previous season, totaling 2.5 million pounds.

U.S. banana imports, the country's highest volume fruit import, were slightly lower in 2005 through November due to hurricane-related disruptions on shipping and sourcing this past fall and recent storms and flooding affecting plantations in Central America, especially in Honduras. Production areas with extensive damage due to the heavy flooding may be out of production for several months, likely causing supply disruptions and the need for alternative sourcing in the coming months. Guatemala accounted for the largest shipments thus far, up 3 percent from the previous year. However, shipments were lower from Honduras (down 9 percent), Costa Rica (down 8 percent), and Ecuador (down 4 percent).

Lower imports of cashews pushed U.S. tree nut imports down slightly in 2005 through November. Adverse weather had affected cashew nut production in India, the number one supplier of this nut to the United States. Shipments from India were down 9 percent while shipments from two other leading suppliers, Vietnam and Brazil, were also lower.

Table 6--U.S. imports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through November)		Year-to-date change
		2004	2005	
		--- 1,000 pounds ---		Percent
Fresh-market:				
Oranges	November-October	2,360	689	-70.8
Tangerines (including clementines)	October-September	56,893	58,825	3.4
Lemons	August-July	56,750	47,960	-15.5
Limes	September-August	156,873	172,342	9.9
Apples	August-July	47,570	51,510	8.3
Grapes	May-April	657	1,021	55.4
Pears	July-June	11,333	14,248	25.7
Peaches (including nectarines)	January-December	142,268	143,751	1.0
Bananas	January-December	7,879,159	7,783,927	-1.2
Mangoes	January-December	577,405	550,491	-4.7
		--- 1,000 sse gallons 1/ ---		
Processed:				
Orange juice, frozen concentrate	October-September	44,434	38,109	-14.2
Apple juice and cider	August-July	101,661	138,523	36.3
Wine	January-December	157,029	176,084	12.1
		--- 1,000 pounds ---		
Canned pears	August-July	11,380	14,108	24.0
Canned peaches (including nectarines)	July-June	33,911	41,255	21.7
Canned pineapple	January-December	653,928	719,361	10.0
Frozen straw berries	January-December	119,664	147,974	23.7
		--- 1,000 pounds ---		
Tree nuts:				
Brazil nuts (shelled basis)	January-December	31,628	35,065	10.9
Cashew s (shelled basis)	January-December	277,331	248,893	-10.3
Pine nuts (shelled basis)	January-December	9,047	10,360	14.5
Pecans (shelled basis)	September-August	43,309	48,741	12.5

1/ Single-strength equivalent.

Source: Bureau of the Census, U.S. Department of Commerce.

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This article reports that strong economic growth is projected to lead to continued expansion of Indian apple demand, but the high cost of domestic and imported apples compared with other Indian fruit is likely to limit consumption to higher income consumers.

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