



United States
Department
of Agriculture

FTS-324

Sept. 28, 2006



Electronic Outlook Report from the Economic Research Service

www.ers.usda.gov

Fruit and Tree Nuts Outlook

Agnes Perez and Susan Pollack

2006 U.S. Crop Forecast Smaller for Apples and Grapes, But Bigger for Pears and Cranberries, Than a Year Ago

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The next release is
Nov. 30, 2006

Approved by the
World Agricultural
Outlook Board.

The grower price index for fruit and tree nuts in August was the highest for this month in over a decade. Higher grower prices in August for all oranges and fresh lemons, apples, grapes, and pears more than offset the lower grower prices for all grapefruit, processing lemons, and fresh peaches and strawberries, driving the August index up 13 percent from the same time last year.

The United States Department of Agriculture's National Agricultural Statistics Service (NASS) forecasts the 2006 U.S. apple crop at 9.62 billion pounds, down 2 percent from a year ago. Production declines expected in key producing States like Washington, Michigan, Pennsylvania, and Virginia will drive down overall production. Low carryover supplies from last season and this year's expected smaller harvest will help create a strong market for U.S. apples early in the 2006/07 season.

The 2006 U.S. pear crop is forecast up 1 percent from last year, at 1.67 billion pounds. Bartlett production in the Pacific Coast States (California, Oregon, and Washington) is forecast up 9 percent, while production of other pear varieties in the region, grown mostly for fresh use, is forecast down 8 percent. Although fresh pear shipments are expected to increase seasonally through the fall, grower prices are likely to remain high given the expected reduced production in Washington and lighter supplies of competing 2006 domestic apples.

The 2006 U.S. grape crop is forecast at 13.4 billion pounds, 14 percent smaller than a year ago. Crop size in California is forecast to decline 13 percent and combined output for other producing States is forecast down 20 percent. Grower prices for 2006/07 fresh grapes have been declining seasonally through August, but the smaller, good-quality crop this year will likely keep prices strong throughout the season.

NASS forecasts U.S. cranberry production in 2006 to be up 6 percent from a year ago, totaling 664 million pounds. Major hail damage to the Wisconsin cranberry crop after NASS released its forecast will result in a downward adjustment to the initial forecast. Lower carryover inventories and robust market demand will likely keep cranberry prices strong for the 2006/07 season.

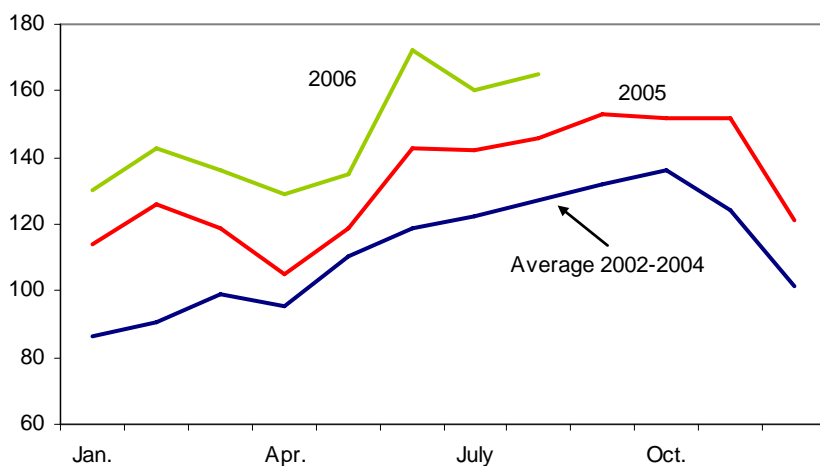
Grower Fruit Prices Remain Strong in August

The index of prices received by U.S. fruit and tree nut growers in August was the highest for this month in over a decade. The August index, at 165 (1990-92=100), was 13 percent higher than the August 2005 index and 30 percent above the average August index during 2002-2004 (fig. 1). Higher prices growers received for all (fresh and processing) oranges as well as for fresh lemons, apples, grapes, and pears contributed to the strength in the August index relative to a year ago (table 1). These higher prices more than offset the lower prices growers received for all grapefruit, processing lemons, and fresh peaches and strawberries.

Greater availability of fresh grapefruit supplies due to the bigger California grapefruit crop in 2005/06 compared with the previous season drove grapefruit grower prices below a year ago in August. However, prices still averaged higher than any August average price during previous years. Harvesting of 2005/06 Valencia oranges in California continued at a slow pace in August, holding prices above a year ago. August Valencia orange prices also strengthened from the previous month as supplies were getting depleted with the winding down of the season. A forecast for a small navel orange crop in California this season should keep orange prices high in the coming months.

A late start to the 2006/07 apple, grape, and pear season has pushed shipments behind a year ago. This, combined with strong market demand and only a small quantity of last season's apples and pears remaining in cold storage, drove up prices. With the 2006/07 harvest now in full swing, apple and pear prices are

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



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

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

Commodity	2005		2006		2005-06 Change	
	July	August	July	August	July	August
	-----Dollars per box-----				Percent	
Citrus fruit: 1/						
Grapefruit, all	16.62	13.50	13.82	9.42	-16.8	-30.2
Grapefruit, fresh	19.49	17.69	16.41	12.78	-15.8	-27.8
Lemons, all	12.32	11.75	17.80	21.19	44.5	80.3
Lemons, fresh	21.77	17.38	25.57	27.01	17.5	55.4
Oranges, all	6.55	4.90	6.86	15.94	4.7	225.3
Oranges, fresh	7.95	7.25	11.22	18.74	41.1	158.5
	-----Dollars per pound-----					
Noncitrus fruit:						
Apples, fresh 2/	0.157	0.211	0.336	0.399	114.0	89.1
Grapes, fresh 2/	0.265	0.265	0.480	0.410	81.1	54.7
Peaches, fresh 2/	0.288	0.372	0.340	0.352	18.1	-5.2
Pears, fresh 2/	0.334	0.292	--	0.298	--	2.1
Strawberries, fresh	0.506	0.654	0.640	0.612	26.5	-6.4

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

likely to moderate but expected smaller crops will likely keep their prices strong this season. Grower prices for fresh pears are also likely to be boosted due to a smaller Washington pear crop and the forecast smaller domestic apple crop.

August strawberry shipments were well ahead of the same time last year, putting downward pressure on prices. Fresh peach prices also weakened and fell below a year ago, as many varieties were running late, increasing shipments in August. Peach supplies will be winding down in the next couple of months, providing strength to their prices.

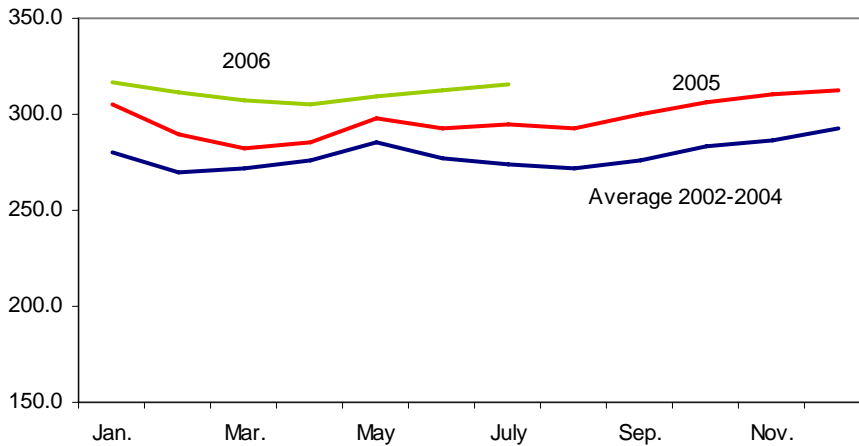
August Fresh Fruit Retail Prices Higher Than a Year Ago

The U.S. Consumer Price Index (CPI) for fresh fruit in August, at 312.5 (1982-84=100), was 7 percent above the August 2005 CPI and the highest for any August since the 1990s (fig. 2). The record-high August CPI reflected higher retail prices for Red Delicious apples, bananas, Thompson seedless grapes, Valencia oranges, and lemons (table 2). These higher prices more than offset the effects on the CPI of lower retail prices for peaches, strawberries, and grapefruit. The August CPI, however, had declined slightly from July, reflecting the weakening of prices for bananas, peaches, and Thompson seedless grapes.

Tighter apple supplies at the beginning of the 2006/07 marketing season have driven up August retail prices for apples. This was indicated by the strong CPI for apples in August, which, at 310.4 (1982-84=100), was 20 percent above last year and the highest ever achieved for the month. Apple supplies are increasing seasonally as harvesting is well underway, but the forecast smaller domestic crop in 2006 will continue to put upward pressure on fresh apple retail prices in the coming months. Tighter supplies of fresh navel oranges and grapes due to expected smaller crops in California this year will also provide a boost to retail prices this fall. Retail

prices for Thompson seedless grapes will also likely strengthen seasonally as they would typically during the fall as fresh-market domestic grape supplies begin to taper off.

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



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

Table 2--U.S. monthly retail prices, selected fruit, 2005-2006

Commodity	Unit	2005		2006		2005-06 Change	
		July	August	July	August	July	August
		--- Dollars ---		--- Dollars ---		--- Percent ---	
Fresh:							
Valencia oranges	Lb.	0.912	0.892	0.931	0.995	2.1	11.5
Navel oranges	Lb.	--	--	1.270	--	--	--
Grapefruit	Lb.	1.203	1.202	1.168	1.197	-2.9	-0.4
Lemons	Lb.	1.481	1.537	1.438	1.540	-2.9	0.2
Red Delicious apples	Lb.	0.965	0.977	1.146	1.235	18.8	26.4
Bananas	Lb.	0.494	0.487	0.508	0.492	2.8	1.0
Peaches	Lb.	1.364	1.454	1.388	1.326	1.8	-8.8
Anjou pears	Lb.	1.116	--	--	--	--	--
Strawberries 1/	12-oz. pint	1.808	1.807	1.759	1.804	-2.7	-0.2
Thompson seedless grapes	Lb.	1.929	1.701	2.534	1.821	31.4	7.1
Processed:							
Orange juice, concentrate 2/	16-fl. Oz.	1.834	1.852	1.940	1.989	5.8	7.4
Wine	liter	7.178	8.542	7.349	7.969	2.4	-6.7

-- Insufficient marketing to establish price.

1/ Dry pint.

2/ Data converted from 12 fluid ounce containers.

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

2006 U.S. Apple Production Down, Grower Prices Holding Strong

Low carryover supplies from last season and this year's expected smaller harvest will help create a strong market for U.S. apples early into the 2006/07 season. Total supplies of 2005 crop apples remaining in cold storage as of July 1 were down 25 percent from the same time last year and 14 percent below the 5-year average, according to the U.S. Apple Association. Because carryover volume is relatively small, it is expected to clean up fairly quickly coming into the new season, minimizing any downward pressure on pricing for this year's apple crop. The first forecast for U.S. apple production in 2006 by the United States Department of Agriculture's National Agricultural Statistics Service (NASS) is set at 9.62 billion pounds, down 2 percent from a year ago and 8 percent below 2004 (table 3). Although many apple-producing States expect increased crop size this year, declines anticipated in key States such as Washington, Michigan, Pennsylvania, and Virginia will drive down overall production. Most of these declines were influenced by weather problems, including frost, hail, heavy rains, and very dry weather. However, these problems varied for each growing region and State.

Production in the western United States is expected to decline 3 percent from a year ago. Washington's apple crop is forecast to be 3 percent smaller, at 5.6 billion pounds. The State produces approximately 90 percent of the apples in the region, and makes up more than half of the annual U.S. apple crop. In the Central region, over 65 percent of average annual production comes from Michigan, where production this year is forecast to decline to 680 million pounds, 13 percent below a year ago. Some in the industry, however, have pointed out that the Michigan crop was able to overcome problems with hail, frost, and wind and the crop appears to be sizing up better than current projections by USDA. Should this be the case, production in the region will likely be adjusted upward. USDA presently forecasts all the other States in the Central region with production increases, but the region's total production is still expected to decline 5 percent. The Eastern region of the country is the only region where production will be up, increasing 1 percent to 2.3 billion pounds. Among the 15 States in the Eastern region for which apple production is reported, all but six are expecting larger crops. Production in New York, the largest producer in the region, is forecast to increase 6 percent. Production declines are expected in Georgia, Maine, Maryland, Pennsylvania, South Carolina, and Virginia.

Because of its dominance in production, the projected smaller crop in Washington points to reduced fresh-market production in 2006/07. Based on a 3-year average of U.S. apple production sold for fresh use, the Economic Research Service (ERS) projects the 2006/07 U.S. fresh-market crop to be down about 2 percent from the 6.18 billion pounds produced in 2005/06 and about 9 percent below the record-high output of 6.64 billion pounds in 2004/05. Nevertheless, this year's production could still provide sufficient supplies to meet fresh-market demand. Relative to earlier years, the projected volume in 2006/07 remains greater than the 1999/2000-2003/04 average annual fresh-market production of 5.71 billion pounds (fig. 3). Based on the present crop forecast, domestic consumption of fresh apples will likely be down slightly from the estimated 16.9 pounds per person in 2005/06.

Table 3--Apples: Total production and season-average price received by growers, 2003-2005, and indicated 2006 production 1/

States	Production				Price		
	2003	2004	2005	2006	2003	2004	2005
	--- Million pounds ---				--- Cents per pound ---		
Eastern States:							
Connecticut	22	20	16	16	37.1	39.5	46.2
Georgia	13	12	14	12	10.6	22.8	23.6
Maine	44	47	31	28	29.8	32.0	34.1
Maryland	40	34	41	38	15.6	13.6	14.4
Massachusetts	43	42	29	31	34.6	38.1	44.8
New Hampshire	26	31	21	27	27.9	30.1	31.0
New Jersey	40	40	45	45	14.6	15.1	31.3
New York	1,070	1,280	1,040	1,100	14.5	15.1	16.5
North Carolina	135	155	130	172	13.2	13.2	11.7
Pennsylvania	442	405	515	450	10.3	10.1	10.0
Rhode Island	2	2	2	2	39.3	48.0	52.4
South Carolina	6	6	4	3	21.9	10.8	17.2
Vermont	42	42	33	35	26.6	22.5	30.4
Virginia	270	300	280	260	9.6	14.9	12.2
West Virginia	87	81	87	90	9.7	9.1	8.4
Total	2,281	2,496	2,287	2,308			
Central States:							
Arkansas	2	2	2/	2/	23.5	35.5	2/
Illinois	53	57	49	53	29.1	23.7	37.2
Indiana	51	60	50	57	26.3	21.9	29.4
Iowa	6	5	2	5	42.4	46.6	45.3
Kansas	3	3	2/	2/	27.3	27.6	2/
Kentucky	8	8	6	7	32.7	36.8	34.6
Michigan	890	730	780	680	11.7	12.3	12.5
Minnesota	27	25	22	23	43.6	46.8	53.5
Missouri	40	48	49	57	20.8	16.4	16.5
Ohio	90	90	99	104	27.4	27.6	28.6
Tennessee	12	11	9	11	25.2	26.3	26.8
Wisconsin	68	57	52	62	33.4	33.6	39.7
Total	1,250	1,095	1,117	1,059			
Western States:							
Arizona	7	37	22	30	7.8	15.3	24.0
California	450	355	355	360	17.8	14.9	21.0
Colorado	22	28	31	16	18.5	15.4	17.9
Idaho	70	80	70	70	20.2	11.8	17.9
New Mexico	2	5	2/	2/	30.7	41.8	2/
Oregon	133	163	145	155	17.5	16.3	15.7
Utah	28	32	38	22	23.0	26.8	15.9
Washington	4,550	6,150	5,800	5,600	25.9	16.0	21.3
Total	5,262	6,850	6,461	6,253			
United States	8,793	10,441	9,865	9,620	20.9	15.9	19.4

1/ Commercial production from orchards of at least 100 bearing-age trees.

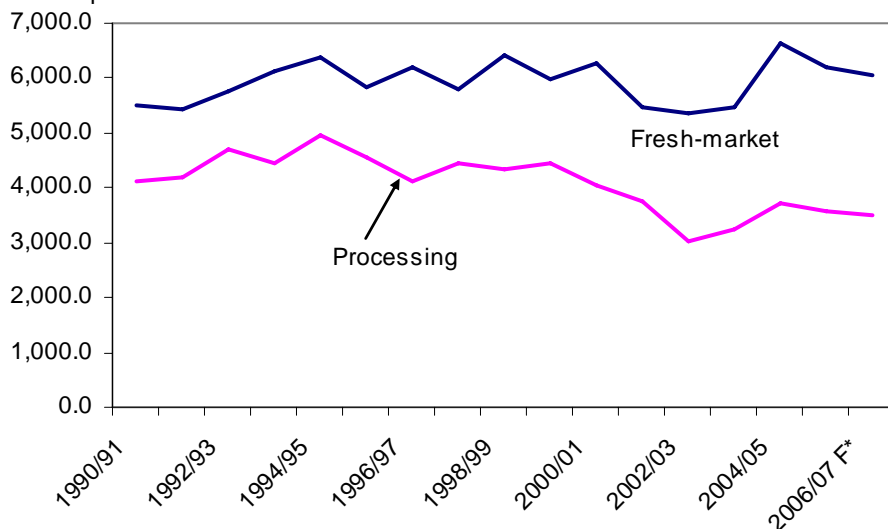
2/ Estimates discontinued in 2005.

Source: *Noncitrus Fruit and Nuts 2005 Summary and Crop Production*, National Agricultural Statistics Service, USDA.

Figure 3

U.S. production of fresh and processing apples

Million pounds



* 2006/07 production are forecast by the Economic Research Service, USDA.

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

Movement of 2005 apple supplies proceeded at a strong pace late in the 2005/06 season, retaining only a small proportion of last year's harvest in cold storage. Based on USDA figures, only 5 percent of all fresh apples in cold storage on November 1, 2005, remained in cold storage facilities by August 1, 2006. As a result, early 2006/07 season grower prices for fresh-market apples were strong, averaging 39.9 cents per pound in August compared with 21.1 cents the same time last year. Prices likely will remain strong in the succeeding months as season-to-date shipments continue to run below a year ago and carryover supplies become depleted. Also, continued strong demand in export markets will help boost domestic fresh-market apple prices.

Processing apple supplies in the United States are also likely to be reduced in 2006/07 due to the overall decline in production, especially among the major producers for the apple-processing sector (Washington, Michigan, Pennsylvania, and Virginia) with the exception of New York and California. ERS projects 2006/07 processing apple supplies to be down by about 3 percent from 2005/06, likely putting upward pressure on processing prices for the current season. In Michigan, where production is expected to be lower this season, the Michigan Processing Apple Growers Marketing Committee has already negotiated with several of the State's apple processors a minimum price schedule for 2006 processing apples. The negotiated minimum prices for specific varieties all appear to be higher than last year's agreed minimum prices. A minimum price for straight loads of 2006 juice apples was set at \$5.25 per hundredweight (cwt; 1 cwt=100 pounds), compared with \$4.25 per cwt in 2005. The minimum price agreed for under two-and-a-half-inch in peeler loads was \$4.50 per cwt, compared with \$3.75 per cwt last year.

The 2005/06 season-average grower price for processing apples in the United States declined to \$105.00 per ton, from an average of \$107.00 per ton in 2004/05, and was the lowest average price since 2000. Grower prices fell for juice and cider apples and apples for freezing and drying, while prices for canning apples remained unchanged. Processing production going into the fresh sliced product category last season accounted for 2 percent of total processing volume. Demand for fresh sliced apples remained strong in 2005/06 as indicated by a 31-percent increase in the quantity of apples used by processors to make this product and a corresponding 47-percent increase in the average price received by growers for the apples used. At the same time, processor demand for juice and cider apples was lackluster as reflected by a 5-percent drop in the average grower price for juice and cider apples and a 5-percent decline in processing use. The 2005/06 season-average grower price for juice and cider apples fell to \$65.20 per ton, the lowest average price over the past 6 years.

Domestic consumption of apple juice and cider during 2005/06, estimated at 1.87 gallons per person, declined from the record-high 2.10 gallons in 2004/05 and from 1.93 gallons in 2003/04. Demand, however, remained higher than during the 1990s and early 2000s when consumption averaged about 1.70 gallons per person. While ERS projects domestic apple production utilized for juice and cider to be down 6 percent in 2006 from the previous year, the expected larger production in China this year will likely boost U.S. apple juice imports in 2006/07, and will probably drive up domestic consumption for this season. On average, imports make up 75 percent of U.S. apple juice supplies (excluding inventories for which data are unavailable).

A number of key apple juice producing countries such as Poland, Hungary, Germany, and the United States are expecting production declines during 2006/07, but these declines will be partly offset by the expected slightly larger apple crop in China, the world's largest apple and apple juice producer. China will likely provide increased competition to U.S. apple juice exporters whose ability to export during 2006/07 will be limited by this year's lower domestic production, particularly to key markets such as Canada and Japan. These were the top export markets for the United States last season, accounting for over 70 percent of total export volume. Mexico was the third-largest market, accounting for about 5 percent of total export volume. U.S. apple juice exports rose 23 percent in 2005/06 from the previous season, increasing sharply to both Canada and Mexico, but declining significantly to Japan.

The U.S. apple industry also faced a strong export season for fresh apples in 2005/06, despite last year's smaller domestic crop. Exports from August 2005 through July 2006 totaled 1.49 billion pounds, 11 percent higher than the same time the previous year. Export growth mostly reflected the large increases in shipments to top markets, Mexico and Taiwan, and increased shipments to many important Asian markets like Malaysia, Indonesia, India, and Thailand. Last year's smaller apple crop in China helped increase export opportunities for U.S. apples in these Asian markets. U.S. fresh apple shipments also increased to key markets in Central and South America and the Caribbean, but shipments declined to Canada and Hong Kong.

Smaller apple crops in a number of important apple-producing countries, including Canada—the United States' largest export market—will increase marketing opportunities for U.S. fresh apple exports during 2006/07. However, the United

States' potential to export fresh apples will likely be limited by this year's smaller Washington crop. Moreover, larger production in China this year will likely provide increased competition for U.S. apples in several Asian markets, and an expected bigger apple crop in Mexico will likely diminish that country's demand for imported apples, of which the United States is their major supplier. USDA's Foreign Agricultural Service (FAS) forecast 2006/07 apple production in Mexico to be up 8 percent from a year ago.

U.S. Pear Crop Bigger in 2006

After declining for 2 consecutive years, U.S. pear production in 2006 is forecast at 1.67 billion pounds, up 1 percent from last year but down 5 percent from 2004, based on the August *Crop Production* report by NASS. Bartlett production in the three Pacific Coast States (California, Oregon, and Washington) is forecast to increase 9 percent, to 850 million pounds (table 4). Production of other pear varieties (non-Bartlett pears) in the region, grown mostly for fresh use, is forecast to decline 8 percent, reaching 770 million pounds.

Production of both Bartlett and other pear varieties are expected to increase in California and Oregon despite a cool and wet spring. Flooding and a heat wave also occurred in California this summer, but these weather problems did not result in any major damage to the crop. The heat wave, however, delayed crop development and resulted in smaller size fruit. In Washington, the Bartlett crop is 8 percent smaller than initially forecast, but 2 percent above last year, while the non-Bartlett pear crop is 19 percent smaller than a year ago. Production in some Washington orchards was hindered by a cool and windy spring, poor pollination, and frost problems. The initial forecast in June for the Bartlett crop in Washington was revised down to account for the damage caused by a major hailstorm in early July, affecting many orchards in Chelan and Okanogan Counties. Similar to apple growers in both these counties, some of the growers lost their entire crop.

Elsewhere in the United States, pear production for this year is forecast to total 51 million pounds, up 55 percent from the very small crop produced in 2005. Because there was no major crop damage reported this past winter, and spring conditions were generally favorable for pollination and fruit development, sharp increases in production are expected in New York, Michigan, and Pennsylvania. Production is also expected to increase in Connecticut, but will decline in Colorado and Utah. Combined production of these 6 minor producing States averages only 3 percent of the U.S. pear crop each year.

Supplies of 2005/06 Bartlett pears in cold storage were depleted in June while movement of other pear varieties remained brisk, driving up grower prices for fresh-market pears and also limiting 2006/07 early-season exports. NASS did not report an average grower price in July because of the late start to California's season, the first to market pears among the major producing States. However, movement of 2005/06 fresh pears (other than Bartlett varieties) remained strong in July as indicated by an 88-percent drop in cold storage supplies between June and July. Fresh pear shipments picked up in August but grower prices for fresh-market pears remained strong, averaging \$595 per ton, compared with \$583 per ton the same time last year. Although shipments are expected to increase through the fall,

Table 4--Pears: Total production and season-average price received by growers, 2003-2005, and indicated 2006 production

State	Production 1/				Price		
	2003	2004	2005	2006	2003	2004	2005
	--- Million pounds ---				--- Cents per pound ---		
Pacific Coast:							
California:							
Bartlett	434	446	332	390	10.8	12.6	14.9
Other	110	96	72	80	15.0	25.2	42.3
Total	544	542	404	470	11.7	14.9	19.8
Oregon:							
Bartlett	108	126	116	120	16.7	16.3	17.4
Other	312	300	268	290	16.2	17.9	16.5
Total	420	426	384	410	16.4	17.4	16.7
Washington:							
Bartlett	370	342	334	340	16.1	14.8	17.1
Other	474	390	496	400	14.8	19.9	17.3
Total	844	732	830	740	15.3	17.5	17.2
Three States:							
Bartlett	912	914	782	850	13.6	13.9	16.2
Other	896	786	836	770	15.3	19.8	19.2
Total	1,808	1,700	1,618	1,620			
Colorado	6	5	5	5	30.0	28.1	22.8
Connecticut	3	2	2	2	50.0	40.0	47.6
Michigan	10	7	4	7	13.0	15.6	21.2
New York	31	33	17	26	18.7	19.3	25.0
Pennsylvania	10	9	4	10	34.9	28.2	29.9
Utah	1	1	0	0	39.2	19.7	32.3
Total	60	57	33	51			
United States							
Bartlett	912	914	782	850	13.6	13.9	16.2
Other	956	843	869	821	15.3	19.8	19.2
Total	1,868	1,757	1,651	1,671	14.7	16.8	17.9

1/ Includes unharvested production and production not sold.

Source: *Noncitrus Fruit and Nuts 2005 Summary and Crop Production*, National Agricultural Statistics Service, USDA.

with supplies from Washington and Oregon (both supply large volumes to the fresh market) dominating the market, fresh-market pear prices are likely to remain strong given the expected smaller production in Washington and lighter supplies of competing 2006 domestic apples.

While a bigger Bartlett crop in 2006 points to increased supplies for processing, indications are that growers will be receiving more value for their processing pears. Three Pacific Northwest processors already agreed to a 2-year contract with the Washington-Oregon Canning Pear Association to pay a base cost of \$225 per ton of 2006 Northwest pears (No. 1 grade) and \$230 per ton for 2007. The base cost will be adjusted by \$1.00 per ton for each 1,000 tons of Northwest pears processed in the region that fall above or below a base tonnage of 140,000 tons, with a maximum adjustment of \$10 per ton. During the 2005/06 season, the price for No. 1 grade pears was \$215 per ton.

Growth prospects for U.S. fresh pear exports during 2006/07 will be limited primarily by this year's reduced production in Washington and higher domestic prices. At the beginning of the 2006/07 season in July, U.S. fresh pear exports declined 68 percent from the same time last year, to 3.7 million pounds. The decline in early-season export shipments was attributed to the late start to this

season, especially in California, which reduced available marketing supplies. Shipments to top foreign markets, Mexico and Canada, were both down sharply. Meanwhile, July imports of fresh pears nearly tripled in volume, at about 5.5 million pounds, with shipments from Chile, Argentina, the Republic of South Africa, New Zealand, and South Korea all up sharply.

U.S. canned pear exports for the first 2 months of the season were more than three times greater than the volume exported in June-July 2005. The bulk of the shipments went to Thailand and Canada, although shipments to Canada were down 16 percent. Most of the growth was from shipments to Thailand and Mexico. Thailand has become a major growth market for U.S. canned pears over the last 6 years, with its share of total export volume increasing from less than 1 percent during the 1990s to an average of 26 percent in recent years.

U.S. canned pear imports are also up sharply so far this season, with shipment volumes up from most major sources except Thailand and Argentina. June-July shipments from China more than doubled in volume from the same time last year. Significant growth in China's canned pear exports in recent years continue to stimulate expanded production in that country, which in 2006 is expected to be up 7 percent, according to FAS. Export markets account for over 60 percent of China's canned pear supplies as the domestic market prefers to consume fresh fruit. China has become the leading source of imported canned pears in the United States over the last 4 years, accounting for more than half the total U.S. import volume and surpassing shipment volumes from other leading suppliers such as Australia, South Africa, Spain, and Argentina. Shipments from Thailand have also shown significant growth in recent years, climbing up in rank and becoming the second-largest supplier to the United States, with nearly one-third of total import volume.

Grape Supplies Lower in 2006

The 2006 U.S. grape crop is forecast at 13.4 billion pounds, 14 percent smaller than a year ago, but bigger than the 2 previous years (table 5). Crop size in California is forecast to total 12.1 billion pounds, declining 13 percent from last year. Production in the State is expected to be reduced for all grape types, with wine-type grapes posting the largest decline, projected down 16 percent. Production of raisin- and table-type grapes is forecast down 11 percent and 9 percent, respectively.

California's expected production will make up 90 percent of the 2006 U.S. grape crop. Berry size for wine grapes is smaller than average due to a July heat wave, but the smaller grapes are expected to provide more flavor. Berry set for raisin grapes was light, resulting in larger berry size. Harvesting of raisin and table grapes for the fresh market is ongoing in the San Joaquin Valley. Harvest of table grapes in the Coachella Valley has ended.

Prospects from other producing States are also on the down side, with 2006 combined production forecast at 1.35 billion pounds, 20 percent below a year ago. This includes production declines in Washington, New York, Pennsylvania, Michigan, Ohio, and Texas. Although average production levels in Washington, New York, Pennsylvania, and Michigan fall well below the average produced in California, these four States are among the larger producers of grapes in the country.

Table 5--Grapes: Total production and season-average price received by growers in principal States, 2003-2005, and indicated 2006 production

State	Production				Price		
	2003	2004	2005	2006	2003	2004	2005
	-- Million pounds --				-- Cents per pound --		
Arizona	16	8	2	2	51.5	16.7	27.5
Arkansas	5	6	4	4	24.3	25.1	27.0
Georgia	6	7	7	7	48.9	58.0	69.5
Michigan	189	125	205	50	13.1	12.1	10.6
Missouri	6	7	8	9	30.5	36.0	38.7
New York	396	284	356	320	12.6	11.5	9.7
North Carolina	6	7	8	10	53.5	48.1	46.9
Ohio	16	10	17	12	17.5	20.9	15.9
Oregon	48	48	54	62	75.5	83.0	84.0
Pennsylvania	170	174	180	156	11.6	11.1	10.9
Texas	12	18	19	9	45.0	46.0	62.5
Virginia	7	7	11	13	65.0	65.0	68.0
Washington							
Wine	224	214	220	240	46.0	46.3	46.5
Juice	464	320	610	460	8.9	7.2	1/
All	688	534	830	700	21.0	22.8	17.1
Total 2/	1,565	1,234	1,701	1,354			
California:							
Wine	5,818	5,630	7,610	6,400	26.5	28.5	29.1
Table	1,464	1,540	1,734	1,580	30.1	34.8	22.2
Raisin 3/	4,440	4,076	4,612	4,100	8.5	15.3	12.3
All	11,722	11,246	13,956	12,080	20.1	24.6	22.7
United States	13,287	12,480	15,657	13,434	20.1	24.2	22.1

1/ Official price estimate for 2005 is not published. 2/ Some figures may not add due to rounding.

3/ Fresh weight of raisin-type grapes.

Source: *Noncitrus Fruit and Nuts 2005 Summary and Crop Production*, National Agricultural Statistics Service, USDA.

Production in Washington will represent 5 percent of the total U.S. crop. Forecast at 700.0 million pounds for 2006, crop size is 16 percent smaller than a year ago. Juice grape production is expected down 25 percent from the bumper crop produced last year, while wine grape production will be up 9 percent. In New York, Michigan, and Pennsylvania, damage due to frost contributed to lower production this year. Increased disease pressure was also a factor in New York and Pennsylvania.

Grower prices for fresh-market grapes for this season through August have been declining due to seasonally increasing supplies. However, the smaller, but generally good-quality crop this year has kept prices strong so far this season. Growers were paid an average of \$2,270 per ton (or \$1.14 per pound) in June when the season started, but prices had already dropped to \$820 per ton by August. Prices in June through August have been up sharply relative to last season and averaged higher for each of those months since prices were reported in 1995. The strong prices at the start of the season were also influenced by significantly lower imports from Mexico than a year ago. Table-grape harvesting in California will be winding down after the summer, reducing grape shipments to the fresh market, and likely keeping prices high this fall.

With the expected smaller crops in major producing States, total grapes crushed for wine will likely decrease during 2006/07, putting upward pressure on wine grape

grower prices. Domestic winery demand for grapes was strong in 2005/06 as indicated by the higher prices growers received for wine-use grapes even though processing supplies were up. U.S. growers received an average of \$543 per ton of grapes used in wine production during 2005/06, up from \$504 per ton the previous season. In California, the price strength mostly reflected price increases for wine-type grapes (both red and white). The 2005/06 average grower price for California wine-type grapes crushed by wineries increased 2 percent from the previous season, reaching \$583 per ton, whereas the corresponding average grower prices for California table- and raisin-type grapes used by wineries fell 39 percent and 18 percent, respectively.

The amount of grapes crushed for the juice-processing sector also increased in 2005/06, but official estimates of prices paid to growers were not published for that season. Average grape prices received by growers from juice processors have been declining over the three previous seasons, with the average \$173 per ton in 2004/05 being the lowest since the mid-1990s. Even though the quantity of grapes crushed for juice was smaller in 2004/05 compared with the previous year, record-high grape juice imports helped meet demand from domestic juice processors. U.S. grape juice imports during 2005/06 fell slightly from the record imports in 2004/05, but were 28 percent higher than the previous 5-year average. Imports from Argentina, Chile, and Brazil fell, but shipments from Mexico and Canada were higher.

California's raisin grape acreage, mostly consisting of the Thompson seedless variety, declined slightly in 2005 from the previous year. Bearing acreage declined almost 2 percent last year but nonbearing area increased sharply, particularly for varieties other than the Thompson seedless. Although commercially productive acreage was down last year, the average annual yield for the raisin grapes was up 15 percent, driving total raisin grape production in California 13 percent higher during 2005/06, at 2.3 million tons (or 4.6 billion pounds). About 70 percent of last year's raisin grape crop was dried, while the remainder was used for the fresh market and by the wine and other processing sectors. A small proportion of California's table grape crop was also dried to combine with the raisin grape crop to produce a total of 346,000 tons of raisins (dried basis) during 2005/06, up 25 percent from 2004/05, but 13 percent below the previous 5-year average.

At the same time that domestic raisin production increased during 2005/06, imports in the United States also rose, driving raisin grower prices below the previous year. Based on NASS statistics, the average price received by California grape growers for their raisin grapes declined from \$1,210 per ton (dried basis) in 2004/05 to \$940 per ton in 2005/06. Last season's average price, however, was still higher than the 2000/01-2003/04 average of \$524 per ton. This year's smaller raisin grape crop in California will likely help boost prices packers will be paying raisin growers during 2006/07. For 2006 and 2007, the minimum contract price for raisins will be \$1,210 per ton, according to the Raisin Bargaining Association, a cooperative of grape growers that negotiates raisin prices. Because the minimum price is based on a sliding scale, raisin prices could adjust down or up from the minimum agreed price depending on whether or not production falls above or below the range of 400,000 to 419,999 tons.

U.S. raisin imports from August 2005 through July 2006 climbed 8 percent to 47.7 million pounds, the largest amount imported since the 1998/99 season. The

increase in imports in 2005/06 mostly reflected larger shipments from major suppliers to the United States, particularly Chile, Argentina, Iran, Greece, and Turkey. At the same time, U.S. raisin exports in 2005/06 declined 4 percent from the previous season, to 241.4 million pounds, despite larger domestic production. Exports fell to the top markets—the United Kingdom, Japan, Canada, and China. Increased exports to Germany, a major market, and to a number of smaller markets such as Taiwan, Saudi Arabia, South Korea, Denmark, and Hong Kong, only partly offset declines to most major markets. For the 2006/07 season, foreign suppliers will continue to look favorably at the U.S. market for their raisin exports as domestic raisin production will be down and raisin prices will likely be strong. These same factors could limit export opportunities for U.S. raisins this season.

Strong Demand to Help Boost 2006/07 Cranberry Prices

On August 15, 2006, NASS released its forecast for this year's U.S. cranberry crop. Total production was forecast to increase 6 percent in 2006 from a year ago, reaching 664 million pounds (table 6). Production increases were to come from three of the five States for which NASS reports annual cranberry production, namely Wisconsin (up 2 percent), Massachusetts (up 23 percent), and Oregon (up 10 percent). Production declines were expected in New Jersey (down 8 percent) and Washington (down 14 percent).

Aiding potential crop size in 2006 was the fact that there was only minimal damage to the crops in Wisconsin, Massachusetts, and Oregon this past winter. Favorable growing conditions also promoted bloom and fruit set for the crop in Wisconsin. Along with these factors, new acreage has also helped boost yields in Wisconsin. In Massachusetts, this year's potential crop size could have been larger than what is currently forecast but above-average rainfall in May and into June limited bee activity and knocked petals off some of the bogs during the pollination stage. Production in Massachusetts is forecast at 175.0 million pounds. Growing conditions were fairly good in Oregon and New Jersey. While down from last year's big crop, forecast production in New Jersey, if realized, will be 12 percent larger than average crop size during 2002-04. Production potential in Washington was limited by hailstorm damage and poor pollination conditions.

Table 6--Cranberries: Total production and season-average prices received by growers, 2003-2005, and indicated 2006 production

State	Production				Price		
	2003	2004	2005	2006	2003	2004	2005
	-- Million pounds --				-- Cents per pound --		
Massachusetts	141	181	142	175	34.1	32.6	34.9
New Jersey 1/	48	40	53	49	31.9	31.2	34.0
Oregon	51	50	44	49	34.1	33.1	35.1
Washington	19	17	19	16	35.2	35.6	36.5
Wisconsin	361	330	366	375	34.0	33.0	34.1
United States	619	618	624	664	33.9	32.9	34.4

1/ Small quantities of fresh cranberries are included in processed to avoid disclosure of individual operations.

Source: *Noncitrus Fruit and Nuts 2005 Summary and Crop Production*, National Agricultural Statistics Service, USDA.

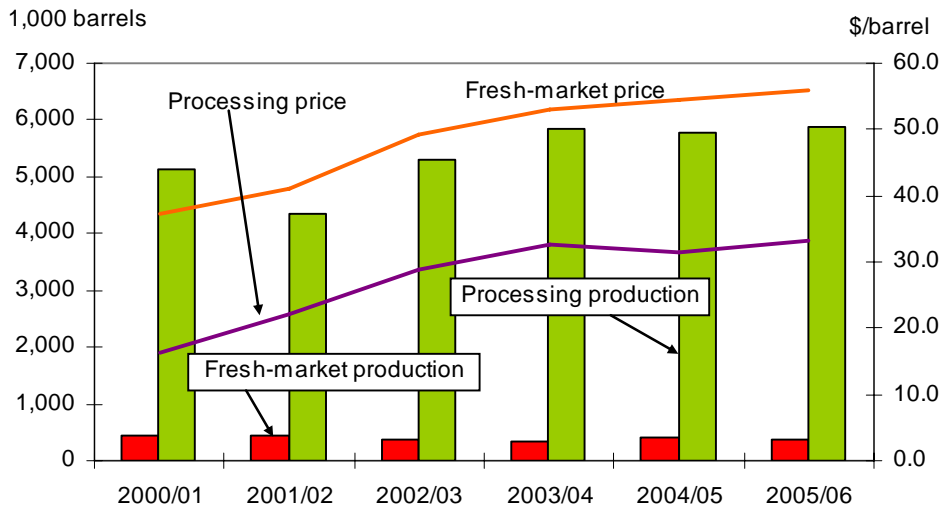
Following the release of NASS' production forecast, a hailstorm brought major damage to the cranberry crop in Wisconsin which will result in a downward adjustment to the initial production forecast. Preliminary indications are that between 100,000 to 300,000 barrels (1 barrel=100 pounds) of cranberries were damaged. In the aftermath of the hailstorm, the Cranberry Marketing Committee (CMC), the entity responsible for administering the cranberry marketing order, forecast that this year's Wisconsin crop will be 2 percent smaller than a year ago. Some Wisconsin growers experienced a total crop loss due to the storm. In addition, hail damage to cranberry vines will likely have lasting effects on next year's potential crop size. Wisconsin is the country's largest cranberry-producing State. Prior to the August hailstorm, production in the State was forecast by NASS at 375 million pounds, or more than half of the U.S. cranberry crop forecast for 2006. Had this been realized, this would have been a record-large crop for both Wisconsin and the United States as a whole.

Should production in Wisconsin decline by 2 percent from a year ago, forecast production in the United States will still likely remain above a year ago. Nevertheless, the U.S. cranberry industry is optimistic that robust market demand will keep cranberry prices strong for the 2006/07 season despite increased production. Beginning inventories for this season are estimated by CMC at 2.99 million barrels, down from 3.23 million barrels the previous season. The decline in inventories will likely offset increases in domestic production and imports, resulting in an overall reduction in total available supplies for processors during the 2006/07 season compared with last. The volume of sales to the processing sector, including those going to international markets, is projected by CMC to increase 4 percent to 7.1 million barrels. This increase, along with continued strong demand in the fresh market, will likely result in tight carryover inventories for the 2007/08 season.

The U.S. cranberry industry faced an excess market supply situation in the late 1990s which has led to record ending inventories of over 4.0 million barrels in 1999/2000. With the aid of a restrictive marketing order in effect in 2000/01 and 2001/02, which applied to all five major cranberry-producing States, the industry has been able to adjust inventories to more manageable levels in recent years. These inventory adjustments have brought about an improvement in processing cranberry grower prices from the very low levels received during 1999-2001. Despite an increase in domestic production in 2005/06, processing cranberry grower prices averaged 33.1 cents per pound, up from 31.4 cents the previous season and the 25.0-cent average during 2000/01-2003/04 (fig. 4). NASS first reported fresh and processing cranberry grower prices separately in 2000. Based on the average grower price for all cranberries, which mostly reflect trends in processing cranberry prices since 94 percent of the crop typically go to processing, recent improvements in the average grower price have not yet matched the higher prices received during the 1980s and through most of the 1990s (fig. 5).

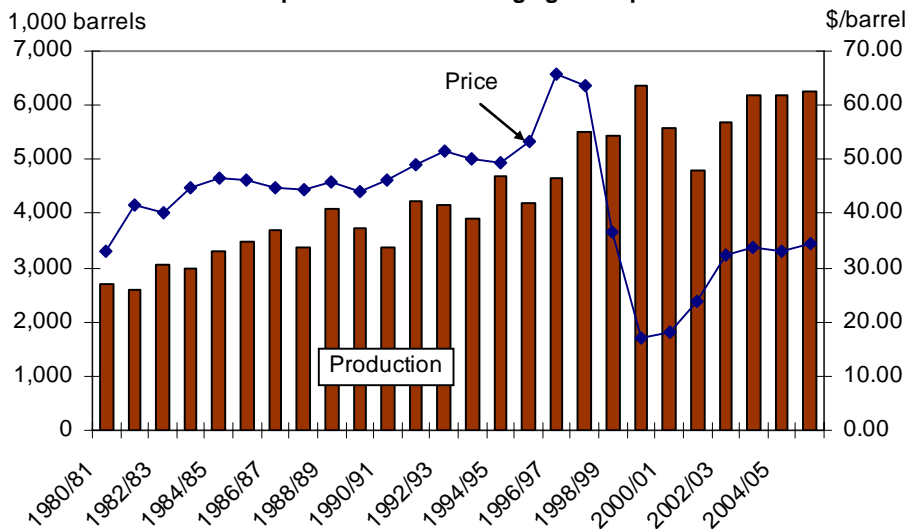
About 10 percent of available cranberry supplies in the United States are acquired from foreign sources, which for the 2006/07 season are forecast by CMC at 1.0 million barrels, up 6 percent from a year ago. Nearly all U.S. cranberry imports come from Canada. Although most enter the country as fresh cranberries, a majority of the imports are processed.

Figure 4
Fresh-market and processing cranberries: U.S. production and average grower price



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

Figure 5
U.S. cranberries: Utilized production and average grower price



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

The fresh market represents about 6 percent of the U.S. cranberry crop. Season-average grower prices for fresh-market cranberries have increased annually in the last 5 years. Continued strong market demand and lower fresh-market production boosted fresh-market cranberry grower prices to an average of 55.8 cents per pound during 2005/06, up from 54.6 cents in 2004/05 and the highest price received since 2000/01 (fig. 4). Expected production declines in Wisconsin and Washington will likely result in tighter fresh-market supplies during 2006/07, likely putting upward pressure on fresh-market cranberry grower prices this season. The hail storm in Wisconsin not only reduced crop size but also rendered a portion of the remaining

crop unsuitable for the fresh market. Because of tighter supplies, preliminary estimates from CMC indicate that fresh-market grower sales volume in 2006/07 will be down 7 percent from last season.

New Season California Navel Orange Crop Forecast Down

The first forecast for the California 2006/07 navel orange crop was released by NASS on September 12. According to results from the *California Navel Orange Objective Measurement Survey*, the forecast is for 1.2 million tons of navel oranges out of California this season, down 27 percent from last season and the smallest since 2001/02. This season's crop was hampered by a long, wet spring that reduced fruit set and a long hot spell in May and June that reduced fruit size at the start of the season. Some in the industry expect fruit size to increase as the season progresses, likely achieving larger fruit than last season.

According to the survey, the number of California's navel orange bearing acres increased by 1,000 over last year to 129,000 acres, the most ever. The number of trees per acre has also increased from an average of 127 trees in 2005/06 to 129 trees per acre this season. With more acres coming into production over the next few seasons and the increase in tree density per acre, the quantity of California navels available for domestic and international markets is likely to increase in coming years, barring adverse weather conditions. Navel availability is also likely to extend further into the winter and early spring as some of the new plantings are of later bearing varieties.

Florida's Citrus Acreage Declines

According to data from the *Commercial Citrus Inventory Preliminary Report* by NASS' Florida field office and the Florida Department of Agriculture and Consumer Services, the number of citrus acres in the State declined to 621,373 acres, 17 percent lower than the last inventory conducted in 2004, and lower than during the freezes in the 1980s (fig. 6) While the number of citrus acres have been declining since 1996, the decline over this 2-year period is the highest for any non-freeze year and the second biggest drop overall. The decline is attributed to the effects of numerous hurricanes, disease, and urban development pressures.

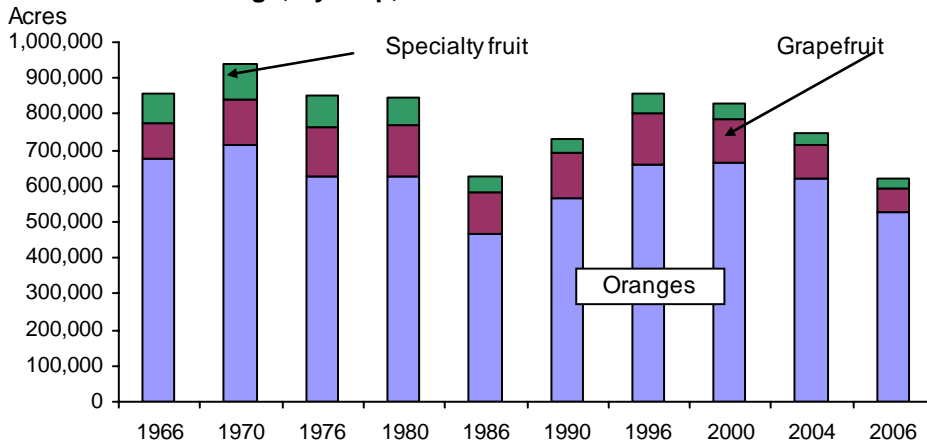
New plantings account for only 3 percent of total acres in 2006 and were not sufficient to compensate for acreage loss. Since 1998, there has been a net loss of citrus acres with growers not planting enough new acres to replace those where trees have been removed. In 2006, the net loss was almost three times that of 2004.

Orange acreage declined 15 percent to 529,241 acres, the lowest since 1986. Acreage for early-midseason orange varieties declined 18 percent while Valencia acreage declined 11 percent. Valencia oranges now account for 54 percent of all orange acreage, the highest since records have been kept. Most early-midseason and Valencia oranges go to processing for juice. The acreage for navel oranges, most of which go to the fresh market, declined 25 percent between 2004 and 2006.

While the number of acres and the total number of trees have been declining over time, the number of trees per acre has been increasing. In 2006, there was an

Figure 6

Florida citrus acreage, by crop, 1966-2006



Source: *Commercial Citrus Inventory, Preliminary Report*, National Agricultural Statistic Service, Florida Field Office.

average of 130 early-midseason trees per acre, up from an average of 127 trees in 2000. The number of Valencia trees increased from an average of 135 per acre in 2000 to 137 trees per acre in 2006.

Grapefruit acreage decreased 29 percent from 89,048 acres in 2004 to 63,419 acres in 2006, the biggest decline for all of Florida’s citrus crops. There was a bigger decline in the number of acres of red and pink seedless grapefruit than white grapefruit. However, because there were fewer acres planted to white grapefruit, its share of total grapefruit acres declined from 36 percent to 33 percent. With a large share of the grapefruit production in the Indian River District, it is not surprising that this area experienced the greatest loss of acreage, decreasing from 20 percent of Florida’s total citrus acreage in 2004 to 17 percent in 2006. The Indian River District was directly hit by several hurricanes in the past few years. The area is also located on Florida’s east coast where it receives some of the greatest pressure from urban development among all the citrus-growing areas.

Tangerine and other specialty citrus crop acreage fell 22 percent from 36,686 acres in 2004 to 28,713 acres in 2006. Acreage is now about half the number in the mid-1980s, and sharply down from the high of 101,615 acres in 1970. Due to decreased popularity of several early variety tangerines, acreage had been falling off in recent years and NASS stopped reporting any acreage for Robinson and Dancy varieties in 2004. With the greater decline in the remaining early varieties, Fallglo and Sunburst, the later maturing Honey tangerine acreage now accounts for almost half of all tangerine acreage in Florida.

Official Florida Citrus Crop Forecast Not Until October

While the official forecast of Florida’s citrus fruit will not be available until October 12, estimates of a smaller orange crop for the 2006/07 have been made by independent analyst. If these estimates are realized, domestic production of orange juice will be down this year. Brazil’s orange juice production and exports, however, are forecast to increase this season as a result of a bigger crop from a year ago, according to data from USDA’s Foreign Agricultural Service (FAS). An

increase in supplies from Brazil could put downward pressure on the world orange juice price in 2006/07.

How this will translate into prices for U.S. consumers depends largely on consumer demand. While there is talk of higher prices for not-from-concentrate (NFC) orange juice, weak consumer demand could spark the industry to run promotional programs that often include lower prices. With the 2005/06 season almost over as of the first week of September, industry statistics have been showing NFC movement slightly ahead of last season. That indicates that demand is beginning to pick up after a few years of decline. Chilled juice inventory (mostly NFC but includes a small amount of reconstituted orange juice) is slightly higher than the same time last year, giving the industry a slight buffer should harvesting begin a little later than normal due to slow fruit maturity. With indicators such as tighter supplies and stronger demand in 2006/07, higher prices at retail markets would not be surprising. Prices for frozen concentrated orange juice (FCOJ) will also likely be higher this season. Inventories were running about 36 percent behind last season in early September and, along with a smaller crop, will likely drive up FCOJ prices this year.

Walnut Crop in 2006 Forecast Down Slightly from Record 2005 Crop

NASS' California field office conducted the 2006 California Walnut Objective Measurement Survey between August 1 and August 24, 2006. From the results of the survey, NASS forecast this year's walnut crop at 350,000 tons, 1 percent smaller than last year's record-high crop, but 8 percent bigger than the 2004 crop. If realized, it would be the second biggest crop on record.

The average nut set per tree this year is 1,458, down 7 percent from 2005 and the lowest set since 1998. Offsetting the lower average nut set this year was the increase in the number of trees per acre and the stable number of bearing acres compared with last year. The average weight and length of this year's nuts are above average, and the kernel grade for 98 percent of the nuts surveyed was sound, about equal to last year and above most previous years. With the survey conducted after the July heat spell, it was able to take into account quality due to the extreme high temperatures. Some in the industry, however, have expressed concern that the number of poor quality nuts may be higher than estimated by the survey once harvesting is complete.

Walnut growers will likely receive higher prices for this year's crop. Despite increasingly bigger crops each year, prices have been climbing throughout much of the 2000s due to strong world demand. The smaller crop forecast for 2006, coupled with the lowest beginning stocks since 2000, will lead to tight supplies, driving up prices.

Hazelnut Crop Forecast to Be Largest in 5 Years

The 2006 hazelnut crop is forecast to reach 41,000 tons (in-shell basis) according to the NASS Oregon field office. If realized, it will be the largest crop since 2001, although it will be 17 percent below that record crop. The 2006 crop is seen as a

return to the biennial bearing nature of the hazelnut trees observed between 1992 and 2003, but off for the 2004 and 2005 seasons.

If this year's hazelnut crop reaches its forecast estimate, it would be 49 percent higher than in 2005 and 9 percent higher than 2004. The bigger crop is due to an increase in the average nut set per tree to 380 nuts in 2006, up from 271 nuts in 2005 and the highest since 2001, when there were 574 nuts per tree picked. As a result of the higher number of nuts per tree, the average size of hazelnuts this year is smaller and lighter than last year.

According to FAS, Turkey's hazelnut crop is forecast to reach about 772,000 tons, about 20 percent more than last year. Turkey's hazelnuts generally account for about 75 percent of world production. With the bigger crop in Oregon and a bigger crop in Turkey, Oregon's hazelnut growers can expect to receive lower prices for their product from processors this year.

Fruit and Tree Nuts Trade Outlook

2006/07 Exports Lower Thus Far for Fresh Grapes, Pears, and Peaches

U.S. exports of fresh grapes, pears, and peaches for the 2006/07 season through July lagged behind the same time last year (table 7). Smaller crops of grapes and peaches in California and resulting higher domestic prices reduced fresh-market export shipments of these commodities for this season thus far. May-July U.S. exports of fresh grapes were down 36 percent from the same period last year, and the lowest for this period over the last 6 years. Exports were down to most major markets, including Canada, Mexico, Malaysia, and Hong Kong. Fresh peach exports through July were down 31 percent from last year. Over 90 percent of the exported peaches went to Canada, Taiwan, Mexico, and New Zealand, with shipments down substantially to all these markets. Export capacity likely improved later in the summer as supplies of California grapes and peaches have increased for the later varieties harvested. Based on weekly shipment data from USDA's Agricultural Marketing Service (AMS), California fresh grape and peach shipments in August through mid-September were up 3 percent and 11 percent from the same time last year, respectively.

U.S. fresh pear exports fell sharply in July partly due to tight supplies caused by the late start to the 2006/07 marketing season in California. Exports are expected to increase entering into the fall season when U.S. fresh pear shipments peak. However, the forecast smaller crop in Washington, the country's leading supplier of fresh-market pears, will likely limit the overall export potential for fresh pears for this season.

Table 7--U.S. exports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through July)		Year-to-date change
		2005	2006	
		--- 1,000 pounds ---		Percent
Fresh-market:				
Oranges	November-October	1,188,773	1,154,016	-2.9
Grapefruit	September-August	498,259	549,986	10.4
Lemons	August-July	213,439	220,253	3.2
Apples	August-July	1,341,572	1,487,510	10.9
Grapes	May-April	83,142	53,410	-35.8
Pears	July-June	11,390	3,691	-67.6
Peaches (including nectarines)	January-December	134,940	93,380	-30.8
Straw berries	January-December	143,385	154,307	7.6
Sweet cherries 1/	January-December	89,223	84,057	-5.8
		--- 1,000 case gallons 2/ ---		
Processed:				
Orange juice, frozen concentrate	October-September	36,320	56,426	55.4
Orange juice, not-from-concentrate	October-September	55,353	55,957	1.1
Grapefruit juice	October-September	20,380	14,697	-27.9
Apple juice and cider	August-July	5,831	7,169	23.0
Wine	January-December	53,554	55,574	3.8
		--- 1,000 pounds ---		
Raisins	August-July	251,123	241,405	-3.9
Canned pears	June-May	1,383	4,396	217.9
Canned peaches	June-May	12,321	9,843	-20.1
Frozen straw berries	January-December	14,373	15,759	9.6
		--- 1,000 pounds ---		
Tree nuts:				
Almonds (shelled basis)	August-July	815,223	834,134	2.3
Walnuts (shelled basis)	August-July	136,378	203,903	49.5
Pecans (shelled basis)	September-August	28,482	31,901	12.0
Pistachios (shelled basis)	September-August	57,241	54,218	-5.3

1/ Beginning July 2005, includes tart cherries.

2/ Single-strength equivalent.

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

Imports Lower for Fresh Grapes So Far in 2006/07, But Higher for Pears

U.S. fresh grape imports from May through July lagged behind the same time last season by 37 percent, mostly due to lower shipments from Mexico (table 8). Lighter yields on early-season grape varieties, due to a relatively warm winter particularly in the primary producing regions of Sonora and Hermosillo, Mexico, limited available supplies for export. While grape supplies in Mexico were expected to come around for the later varieties, export shipments to the United States were still down sharply in June when they normally ship the heaviest volume. In July, imports from Mexico had already tapered off.

U.S. fresh grape imports usually bottom out during the summer months when domestic production peaks. Still, some imported grapes enter the U.S. market from Canada, Brazil, Italy, Mexico, and recently from South Korea. Based on shipment data from the Agricultural Marketing Service of USDA, U.S. fresh grape imports in August through mid-September were running about 17 percent ahead of the same time last year.

It is still too early to project what the size of the U.S. grape crop will be for next year. However, production in Mexico for marketing year 2006/07 (January 2007-December 2007) will be up 20 percent based on expected favorable weather and an increase in area harvested, according to FAS. Because Mexico's domestic market serves as a residual market for fresh grapes, Mexican grape export supplies are likely to increase for next year. The bulk of their exports are marketed in the United States.

Table 8--U.S. imports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through July)		Year-to-date change
		2005	2006	
		--- 1,000 pounds ---		Percent
Fresh-market:				
Oranges	November-October	63,879	59,276	-7.2
Tangerines (including clementines)	October-September	186,563	204,101	9.4
Lemons	August-July	84,496	82,648	-2.2
Limes	January-December	388,119	378,678	-2.4
Apples	August-July	206,716	284,349	37.6
Grapes	May-April	948,464	596,108	-37.2
Pears	July-June	1,836	5,494	199.2
Peaches (including nectarines)	January-December	142,808	110,645	-22.5
Bananas	January-December	4,988,184	4,977,197	-0.2
Mangoes	January-December	400,604	475,512	18.7
		--- 1,000 sse gallons 1/ ---		
Processed:				
Orange juice, frozen concentrate	October-September	284,805	231,163	-18.8
Apple juice and cider	August-July	471,285	417,627	-11.4
Wine	January-December	103,643	115,122	11.1
		--- 1,000 pounds ---		
Canned pears	June-May	5,929	13,362	125.3
Canned peaches (including nectarines)	June-May	13,392	22,452	67.7
Canned pineapple	January-December	457,015	450,128	-1.5
Frozen straw berries	January-December	114,356	141,408	23.7
		--- 1,000 pounds ---		
Tree nuts:				
Brazil nuts (shelled basis)	January-December	20,957	13,710	-34.6
Cashew s (shelled basis)	January-December	165,621	154,083	-7.0
Pine nuts (shelled basis)	January-December	6,484	4,820	-25.7
Pecans (shelled basis)	September-August	67,475	68,555	1.6

1/ Single-strength equivalent.

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

U.S. fresh pear imports in July, mostly from Chile and Argentina, were almost three times greater than the quantity shipped in July 2005. Fresh pear shipments from these two countries were already winding down in the United States as of July, with cumulative shipments for this year through July up 10 percent and 3 percent, respectively, from the same time last year, due partly to production increases in those countries. Pears from Argentina this year were less desirable for exports due to smaller fruit size. Nevertheless, their exports to the United States still increased due to tight fruit supplies in the United States this spring and early summer as weather extremes delayed the development of many domestic fruit crops, including pears. In Chile, area planted to pears continues to decrease but planting densities are increasing among old orchards being replanted. As a result, current production levels could be maintained in the coming years, suggesting that in the absence of any adverse weather, export capacity will not be hampered. Both Chile and Argentina sell most of their fresh pears to the export market. The European Union is their primary export market, but the United States also serves as an important market.

Contacts and Links

Contact Information

Agnes Perez (Noncitrus and tropical fruit), (202) 694-5255, acperez@ers.usda.gov
Susan Pollack (Citrus fruit and tree nuts), (202) 694-5251, pollack@ers.usda.gov

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