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# Fruit and Tree Nuts Outlook

Agnes Perez and Susan Pollack

## Bigger Crops Forecast for Most Stone Fruit and Almonds in 2007 Than A Year Ago

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Lower prices received by U.S. growers for fresh-market grapes, peaches, and grapefruit in June drove the fruit and nuts grower price index that month below a year ago for the first time in 2007. Larger crops of grapes and peaches, particularly in California, and grapefruit in Florida, drove down their prices significantly in June, more than offsetting fairly substantial grower price increases for oranges, lemons, fresh-use apples, pears, and strawberries.

The United States expects to harvest more stone fruit in 2007 than a year ago. This includes peaches, cherries, and apricots, all of which are classified as stone fruit. While weather problems mostly during the spring reduced crop size for certain stone fruit crops in other growing regions of the country, the expected bigger crops in California, where a vast majority of the stone fruit is grown, will be behind most of the growth in production this year. The U.S. Department of Agriculture's National Agricultural Statistics Service (NASS) forecast this year's U.S. peach crop to reach 2.05 billion pounds, 2 percent bigger than in 2006. Because of the larger production in California, grower prices for fresh peaches are averaging lower than a year ago despite reduced production in most other States. NASS also forecast increased production of sweet cherries (up 7 percent), tart cherries (up 11 percent), and apricots (up 95 percent). Meanwhile, prune production in California is forecast down 47 percent.

NASS increased its almond forecast for the 2007/08 marketing season by 2 percent from the initial forecast in May to 1.33 billion pounds (shelled basis). If realized, the new crop will be 19 percent bigger than last season and the biggest ever. For this year, it is estimated that there are an average of 7,413 nuts per tree, 10 percent higher than last year. The large number of nuts per tree has resulted in smaller-sized nuts than last season and reported limb splitting. The average kernel weight, reported to be 6 percent below last season, could result in lower grower prices since large kernels receive a price premium.

## Price Outlook

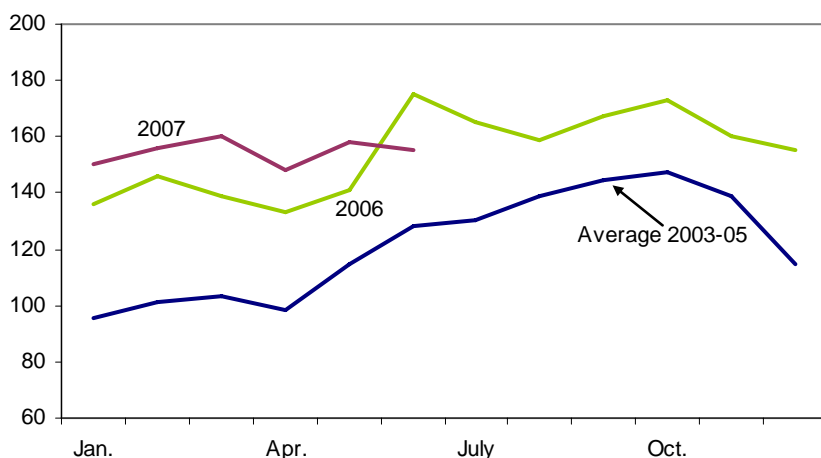
### *Fruit and Nuts Grower Price Index Falls Below A Year Ago in June*

Lower prices received by U.S. growers for fresh-market grapes, peaches, and grapefruit in June drove the grower price index for fruit and nuts that month below a year ago for the first time in 2007 (fig. 1). At 155 (1990-92=100), the June index was 11 percent lower than the June 2006 index and the only time that the June index had fallen below the previous year since 2002. The June index also fell 2 percentage points from the May index due to the weakening of prices for fresh-use oranges, peaches, and strawberries (table 1).

Supply increases stemming mostly from the expected larger crops of grapes and peaches, particularly in California, and grapefruit in Florida have driven their June prices down significantly from the same time last year, more than offsetting the fairly substantial grower price increases for oranges, lemons, fresh-use apples, pears, and strawberries. Smaller crops of these fruit were mostly behind these price gains, except for apples. Apple production rose slightly in 2006/07 but the lack of market competition this winter due to the freeze in California helped boost domestic demand for apples during those months, resulting in brisk movement of storage apples to markets. End-of-season apple inventories are at below-average levels, resulting in higher prices. The 2006/07 California Valencia orange crop is expected to be 19 percent short of last year's harvest mostly due to the effects of the January freeze, limiting fresh-market orange supplies for the rest of the season and likely keeping fresh orange prices high this summer.

The biggest price decline in June was for grapes. June grower prices for fresh-market grapes averaged 42.5 cents per pound, down 65 percent from last year's June average price. Fresh grape shipments from California's Coachella Valley were in full swing in June, running 18 percent ahead of the same period last year at the same time that import shipments, mainly from Mexico, were also up significantly,

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



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

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

Commodity	2006		2007		2006-07 Change	
	May	June	May	June	May	June
	-----Dollars per box-----				Percent	
Citrus fruit: 1/						
Grapefruit, all	11.41	10.98	4.85	9.76	-57.5	-11.1
Grapefruit, fresh	15.13	13.04	10.60	12.04	-29.9	-7.7
Lemons, all	15.09	16.98	25.94	29.32	71.9	72.7
Lemons, fresh	28.02	27.62	36.11	38.21	28.9	38.3
Oranges, all	7.13	7.05	10.58	11.30	48.4	60.3
Oranges, fresh	11.77	12.13	20.40	17.12	73.3	41.1
	-----Dollars per pound-----					
Noncitrus fruit:						
Apples, fresh 2/	0.232	0.221	0.269	0.296	15.9	33.9
Grapes, fresh 2/	--	1.215	--	0.425	--	-65.0
Peaches, fresh 2/	--	0.405	0.410	0.261	--	-35.6
Pears, fresh 2/	0.210	0.298	0.326	0.357	55.2	19.8
Strawberries, fresh	0.618	0.514	0.686	0.648	11.0	26.1

1/ Equivalent on-tree price.

2/ Equivalent packinghouse-door returns for CA, NY (apples only), OR (pears only), and WA (apples, peaches, and pears). Prices as sold for other States.

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

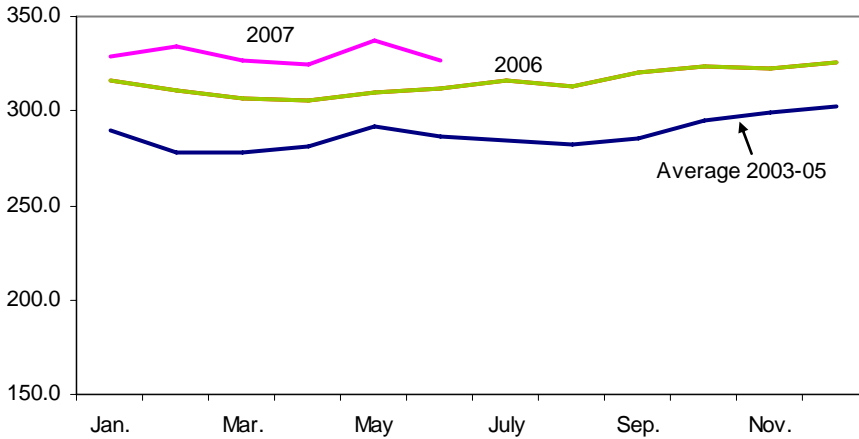
based on data from the U.S. Department of Agriculture's Agricultural Marketing Service (AMS). The shipping season for grapes in the Coachella Valley as well as from Mexico has ended but California's grape marketing season is still getting underway as production moves up to the major production region in the San Joaquin Valley. The initial production forecast in California for 2007 according to USDA's National Agricultural Statistics Service (NASS) is 12.4 billion pounds, 7 percent larger than a year ago. The California table grape crop alone is also expected up 7 percent and this larger production is expected to put downward pressure on fresh grape prices through much of the summer.

While weather problems have resulted in sharply lower production in many peach-growing States, larger supplies in California have influenced the grower price drop for peaches in June from a year ago. Relative to other producing States, California dominates the national market for peaches as well as other stone fruit—plums, nectarines, and apricots. Shipments of these other California stone fruit were also running ahead of a year ago in June, likely increasing market competition among them. California peach supplies are expected to continue to build up into the summer months likely keeping their market prices down.

### ***Consumers Pay More for Fresh Fruit in June***

Like most years, the consumer price index (CPI) for fresh fruit in June dropped from the previous month as supplies of domestic summer fruit increased (fig. 2). At 326.3 (1982-84=100), the June CPI fell 3 percentage points from the May CPI but increased 5 percentage points from the June 2006 CPI. Retail prices declined in June from the previous month for Anjou pears, Thompson seedless grapes, and strawberries, offsetting price increases for Navel oranges, grapefruit, lemons, Red Delicious apples, and bananas (table 2). Along with diminishing supplies of 2006/07 U.S. apples in cold storage, Navel orange and lemon harvesting in California was winding down, helping to drive up their prices.

Figure 2  
**Consumer price index for fresh fruit**  
 1982-84=100



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

Table 2--U.S. monthly retail prices, selected fruit, 2006-07

Commodity	Unit	2006		2007		2006-07 Change	
		May	June	May	June	May	June
		--- Dollars ---		--- Dollars ---		--- Percent ---	
<b>Fresh:</b>							
Valencia oranges	Lb.	--	--	--	--	--	--
Navel oranges	Lb.	0.990	1.119	1.268	1.321	28.1	18.1
Grapefruit	Lb.	1.091	1.128	0.917	0.970	-15.9	-14.0
Lemons	Lb.	1.451	1.441	1.751	1.766	20.7	22.6
Red Delicious apples	Lb.	1.021	1.053	1.112	1.130	8.9	7.3
Bananas	Lb.	0.514	0.511	0.503	0.512	-2.1	0.2
Peaches	Lb.	--	1.609	--	1.714	--	6.5
Anjou pears	Lb.	1.163	1.213	1.339	1.327	15.1	9.4
Strawberries 1/	12-oz. pint	1.734	1.650	1.862	1.781	7.4	7.9
Thompson seedless grapes	Lb.	2.395	2.478	2.748	2.035	14.7	-17.9
<b>Processed:</b>							
Orange juice, concentrate 2/	16-fl. Oz.	1.912	1.886	2.456	2.512	28.5	33.2
Wine	liter	7.348	7.998	7.340	9.406	-0.1	17.6

-- Insufficient marketing to establish price.

1/ Dry pint.

2/ Data converted from 12 fluid ounce containers.

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

Unlike the grower price index for fruit and nuts, the fresh fruit CPI in June remained above a year ago as it has since January. Bumping up the CPI were the higher prices consumers paid in June for apples, peaches, Anjou pears, and strawberries. California strawberry shipments have not caught up to last year and supplies of apples in cold storage are relatively low, boosting their prices. Meanwhile, banana retail prices in June remained steady.

### *Higher Production for Most Stone Fruit*

The United States expects to harvest more stone fruit in 2007 than a year ago. This includes peaches, cherries, and apricots, all of which are classified as stone fruit. While weather problems mostly during the spring reduced crop size for certain stone fruit crops in other growing regions of the country, the expected bigger crops in California, where a vast majority of the stone fruit is grown, will be behind most of the growth in production this year. The January freeze that resulted in significant losses to California's citrus crop had an opposite effect on much of the State's stone fruit crop, providing plenty of chilling hours to the tree fruits during their dormant stage and thus aiding the trees in producing stronger and more uniform fruit. Moreover, California's generally clear and warm spring weather this year was very conducive for pollination, helping increase fruit set. NASS forecasts U.S. production of peaches, sweet cherries, tart cherries, and apricots to be up in 2007, likely putting downward pressure on their prices.

### *Larger California Peach Crop Outweigh Production Declines In Other States in 2007*

The July NASS forecast for the 2007 U.S. peach crop is set at 2.05 billion pounds, 2 percent bigger than in 2006 but smaller than any other crop since the 1990s (table 3). Most of this year's increase in crop size stems from the forecast larger production in California, the dominant peach-producing State in the country. Unchanged from the initial NASS forecast in May, the California peach crop is expected to increase 18 percent in 2007, reaching 1.68 billion pounds. The State's output of clingstone peaches in 2007 is forecast at 900 million pounds, up 25 percent from a year ago, while its freestone production is forecast 11 percent higher, at 780 million pounds. Fruit quality is reported to be generally good, however, clingstone peaches are sizing smaller as a result of the heavy fruit set and the lack of labor available to carryout the thinning process.

Elsewhere in the United States, peach production is expected to be varied. For many States in the Atlantic region, crop conditions in 2007 are grim due to a devastating freeze in early April. The southeastern States, including South Carolina and Georgia, were the most affected. South Carolina and Georgia historically have been the country's second- and third-largest producers of peaches. This year, production in both States will be sharply reduced mostly due to the freeze, and a number of States, including Idaho, Colorado, Texas, Pennsylvania, Michigan, Washington, and New Jersey, will match or exceed their production. The freeze brought widespread damage to the crops in South Carolina and Georgia, with some growers reporting complete crop loss for this season. Moreover, drought conditions during the spring, particularly in Georgia, reduced fruit size and caused some fruit to drop prematurely off the trees. NASS forecast production in Georgia to be only 26 million pounds, down 68 percent from a year ago. If realized, this would be Georgia's smallest peach crop in the last 10 years. Production in South Carolina is forecast down 87 percent, and at only 16 million pounds, it will also be the smallest crop after the record-low in 1996. That year, a similar freeze heavily damaged the crop and reduced production to only 7 million pounds.

Table 3--Peaches: Total production and season-average price received by growers, 2004-2006, and indicated 2007 production

State	Production				Price		
	2004	2005	2006	2007	2004	2005	2006
	-- Million pounds --				-- Cents per pound --		
Alabama	28	24	18	12	33.1	40.4	51.5
Arkansas	9	10	8	0	42.1	55.0	51.5
California	1,950	1,738	1,424	1,680	13.5	16.1	19.0
Clingstone	1,078	968	718	900	13.2	12.7	14.6
Freestone	872	770	706	780	14.1	20.4	23.5
Colorado	26	24	28	26	47.2	54.0	65.5
Connecticut	2	1	2	2	80.0	80.0	90.0
Georgia	105	80	82	26	33.4	37.2	44.6
Idaho	18	16	18	16	37.6	48.4	32.8
Illinois	21	22	23	2	38.5	62.5	60.0
Indiana	2	1/	1/	1/	69.0	1/	1/
Kentucky	2	2	2	0	64.5	50.0	63.0
Louisiana	2	1	1	1	71.0	86.5	86.5
Maryland	8	8	7	7	27.9	46.0	51.5
Massachusetts	2	2	3	3	75.0	75.0	97.0
Michigan	37	28	38	40	27.5	28.5	35.0
Missouri	9	12	13	0	39.0	49.0	44.0
New Jersey	65	70	68	64	38.0	45.8	52.5
New York	12	9	14	13	35.9	34.5	33.4
North Carolina	7	12	11	2	42.0	42.5	48.4
Ohio	10	4	6	6	50.0	61.0	61.0
Oklahoma	4	4	4	4	51.5	50.5	55.0
Oregon	7	6	4	6	43.4	48.3	59.0
Pennsylvania	46	53	43	38	35.5	35.8	45.7
South Carolina	140	150	120	16	27.9	35.2	37.5
Tennessee	4	4	4	2/	53.5	64.0	70.5
Texas	24	18	3	22	76.0	84.0	82.0
Utah	10	9	11	10	31.4	38.8	33.6
Virginia	9	9	8	4	33.0	40.0	39.5
Washington	43	42	46	46	17.5	28.1	27.2
West Virginia	12	11	10	8	23.9	36.2	28.9
United States	2,614	2,369	2,020	2,054	18.8	22.4	26.0

1/ Estimates discontinued in 2005. 2/ No significant commercial production expected in 2007 due to freeze damage.

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

Production in New Jersey, New York, and Pennsylvania are forecast down 6 percent, 10 percent, and 12 percent, respectively, from a year ago, while in Michigan production is expected to be up 6 percent despite some crop damage associated with frost, particularly in the southwestern and Grand Rapids areas. In the Pacific Northwest, production in Idaho and Utah was also affected by an April freeze and is forecast down 11 percent. In Washington and Oregon, generally favorable growing conditions have led to crop forecasts that are unchanged and up 38 percent from a year ago, respectively.

Because of the larger production in California, grower prices for fresh peaches are averaging lower than a year ago despite reduced production in most other States. With supplies building up into the summer months, prices have also declined seasonally at the national level, averaging 41 cents per pound in May and dropping to 26.1 cents in June. Although the average price in June was down from 40.5 cents per pound in June 2006, it was only 4 cents lower than in June 2005 and 1-2 cents higher than in June 2003 and 2004. The late start to California's peach season last year drove 2006 prices well above average during the month of June, partly explaining the sharply lower June average price this year compared with a year ago. Based on data from the California Tree Fruit Agreement, 2007 packout through July 14 was running 30 percent ahead of the same time last year.

Although prices declined at the farm level, retail prices for fresh peaches rose above a year ago in June. The California peach marketing season was in full swing in July

and a continuing build up in their supplies will likely help moderate prices at the retail level in the next couple of months. The larger, good-quality fruit in California will help boost fresh peach consumption in the United States in 2007. Declining production in the last two years, along with lower imports during the U.S. production offseason, reduced the available supplies for domestic fresh use, driving down per capita consumption in 2005 and 2006 below the average-consumption level of the earlier 6 previous years. With production expected up this year and imports showing growth during the winter months, domestic per capita consumption of fresh peaches will likely return to the average levels of over 5.0 pounds per person.

The potential for promoting U.S. fresh peaches in international markets will be aided by increased supplies of good quality fruit from California and lower prices as well as the low value of the U.S. dollar making U.S. products cheaper in foreign markets. Export demand in May was very strong, with total export shipments more than double the volume shipped the same time last year. A majority of the shipments went to Canada where export volume rose 88 percent. Exports rose more sharply to Taiwan, increasing 504 percent. Although exports to Taiwan were low last year in May, the total volume shipped this year was also up 32 percent from May 2005. Exports to Mexico were down while those to some smaller markets in South America were up.

### ***U.S. Sweet Cherry Production Up in 2007***

NASS forecast U.S. sweet cherry production at 634.7 million pounds in 2007, up 7 percent from a year ago. If realized, it will be the highest production on record. With nearly ideal growing conditions, the more than doubling of the size of the crop in California, the second largest sweet cherry-producing State in the country, more than compensated for production declines in Washington and Oregon—the largest and third-largest producers, respectively (table 4). Together, these top three States account for 90 percent of the expected total production in 2007. The expected larger crops in Michigan (up 21 percent) and New York (up 1 percent) are also contributing to the overall increase in production this year. Meanwhile, production declines are expected in Utah (down 22 percent) and Idaho (down 47 percent) due to freezing temperatures during the bloom period.

Benefiting from favorable spring weather, California's sweet cherry production forecast is at a record high, set at 184.0 million pounds, up 119 percent from last year and 75 percent above 2005. Both 2005 and 2006, however, were below-average production years for the crop in California. Last year, a relatively cold and rainy spring hampered pollination of the trees, reducing crop size to only 84.2 million pounds—the smallest crop since the record-low in 1998. In 2005, a series of heavy rains around the peak harvest time caused a high percentage of fruit to split and crack, making them unmarketable.

The sweet cherry marketing season is very short. In California, shipments typically begin in early May and finish around the end of June. In Washington and Oregon, the marketing season is from June through mid-July. For this season, both weekly and cumulative shipments from California through mid-June were well ahead of the

Table 4--Sweet cherries: Total production and season-average price received by growers, 2004-2006, and indicated 2007 production

State	Production				Price		
	2004	2005	2006	2007	2004	2005	2006
	-- Million pounds --				-- Cents per pound --		
California	146.0	105.4	84.2	184.0	87.5	87.0	154.5
Idaho	6.2	3.4	7.6	4.0	69.5	97.5	55.5
Michigan	49.4	54.0	43.0	52.0	33.0	31.0	44.2
Montana	4.7	2.5	4.8	1/	100.5	176.5	92.5
New York	1.8	1.6	1.9	1.9	70.0	85.5	114.5
Oregon	86.0	57.2	110.2	80.0	57.5	72.5	45.5
Pennsylvania	0.8	2/	2/	2/	149.0	2/	2/
Utah	3.2	3.6	3.6	2.8	49.8	69.0	77.0
Washington	268.0	274.0	336.0	310.0	88.5	122.0	79.5
United States	566.1	501.7	591.3	634.7	78.5	99.5	81.0

1/ The first estimate for 2007 will be released in January 2008.

2/ Estimates discontinued in 2005.

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

same time last year, driving down sweet cherry prices. Shipments peaked around the end of May. During that time, free on board (f.o.b.) shipping point prices at California's Stockton-Lodi-Linden growing district, where a majority of the State's shipments originate, were quoted at \$30.00-\$36.00 for an 11-row, 18-pound carton of the Bing variety. On June 16, f.o.b. shipping-point prices ranged from \$28.00-\$30.00, down from \$40.00-\$43.00 the same time last year. Although California shipments have already wound down by mid-June, they remained well above the previous year and along with the increased presence of Washington cherries in the market as its season got underway put downward pressure on late-season California cherry prices. However, with California shipments already finished for the season, smaller shipments from Washington and Oregon have driven July cherry prices higher than a year ago.

Forecast production in Washington for 2007 is pegged at 310.0 million pounds, down 9 percent from a year ago but larger than any of the other earlier crops reported. Although blooms came in strong, some low-lying areas in the State's Yakima area experienced frost damage, particularly among the earlier varieties. However, with the reduced fruit set, the trees are expected to be better able to produce very good quality cherries. In Oregon, production is forecast at 80.0 million pounds, down 20 percent from 2006 but 40 percent above the very small crop in 2005. Frost damage, along with cool temperatures during the bloom period, decreased fruit set in some of the State's cherry growing areas, lowering yields for this year.

Unlike last year, increased supplies and lower prices for California cherries in 2007 helped promote sales to export markets. Valued at \$57.1 million, U.S. cherry exports totaled 21.9 million pounds in May, up 124 percent from the same period last year. There was a significant increase in exports to Japan (up 24 percent), the United State's most lucrative market for sweet cherries. Dramatic increases in exports also were reported for other major markets, including Canada, the United Kingdom, Taiwan, Australia, Hong Kong, and South Korea. Although trade figures reported by the U.S. Census Bureau include those for fresh tart cherries, sweet cherries make up a majority of the volume reported. During 2006, the high prices for California cherries were partially behind the significant declines in export shipments to key East Asian markets, driving overall exports down 11 percent from the previous year. While exports rose significantly to Canada and the United



Kingdom as well as to South Korea last year, shipments to Japan, Taiwan, and Hong Kong dipped 34 percent, 49 percent, and 27 percent, respectively.

Despite the smaller 2006 California crop, the available supplies for domestic fresh use last year increased as most other producing States, including Washington and Oregon had bigger crops and imports were up substantially. Domestic consumption of fresh sweet cherries reached a record-high, increasing to an estimated 1.1 pounds per person compared with an average of about 0.92 pound during the previous three years. Last year was the first year that per capita consumption exceeded 1 pound per person. With this year's record-large domestic crop and already increased imports this winter, there will again be plentiful supplies available to satisfy both domestic and export demand, likely keeping domestic demand at over 1 pound per person in 2007.

Most of the imported sweet cherries in the United States come from Chile, with availability mostly during the U.S. offseason. During 2006, imports from Chile rose 33 percent from the previous year and accounted for 87 percent of all the imported cherries in the United States that year, totaling 28.1 million pounds. Those from Canada and Argentina as well as those from much smaller suppliers such as Germany, Brazil, and Costa Rica also were up sharply, contributing to a 35-percent increase in total imports during 2006. Imports in 2007 through May were 10-percent above the same period last year, and although shipments from Chile were down less than 1 percent, this were offset by large increases from other southern hemisphere suppliers such as Argentina and Australia, and also from Canada and China.

### ***2007 Tart Cherry Production To Increase***

U.S. tart cherry production is forecast at 293.8 million pounds, up 11 percent from a year ago and the largest output in the last 5 years (table 5). The increase in overall production is mostly stemming from the bigger crop expected in Michigan, the dominant tart cherry-producing State in the country. Michigan's production, forecast at 230.0 million pounds, is up 21 percent from last year and higher than in any of the last 5 years. Production is up in Michigan despite some weather problems, including an early April freeze that damaged most of the flower buds in the southwest growing region of the State. Production losses from this region were offset by the very good growing conditions in the northwest portion of State during the bloom and pollination periods, resulting in high yields. Production increases are also forecast for New York (up 25 percent) and Wisconsin (up 160 percent) where crop growing conditions were generally favorable.

Meanwhile, four out of the seven States for which NASS reports annual tart cherry production are expecting reduced production in 2007. This includes Washington (down 19 percent from a year ago), Utah (down 43 percent), Oregon (down 76 percent), and Pennsylvania (down 17 percent). Light fruit sets in Washington and Oregon were triggered by a mix of rain and cold weather during the bloom and pollination period, including damaging frosts in Washington. In Utah, about two-thirds of the flowers failed to set, reducing yields, and in Pennsylvania, production will be down due to some freeze damage.

U.S. tart cherries are marketed mostly to the processing sector. Frozen tart cherries are the largest processing product category, accounting for about 70 percent of the total quantity processed each year. Stocks of frozen tart cherries held in cold storage at the beginning of this year and last year were up sharply from the relatively low levels of the earlier three previous years (fig. 3). The large beginning stocks, along with the increase in production this year, will mean more supplies will be available to processors during the 2007/08 marketing season, likely driving down grower prices for tart cherries and boosting processor demand.

While demand for tart cherries tends to be relatively stable from year to year, annual fluctuations in tart cherry supplies are much more pronounced, especially since a majority of production gets processed into storable products (frozen, canned, and other). In order to have a better handle in smoothing these supply swings and avoiding marketing problems, tart cherry production in Michigan, New York, Pennsylvania, Oregon, Utah, Washington, and Wisconsin operate under a Federal

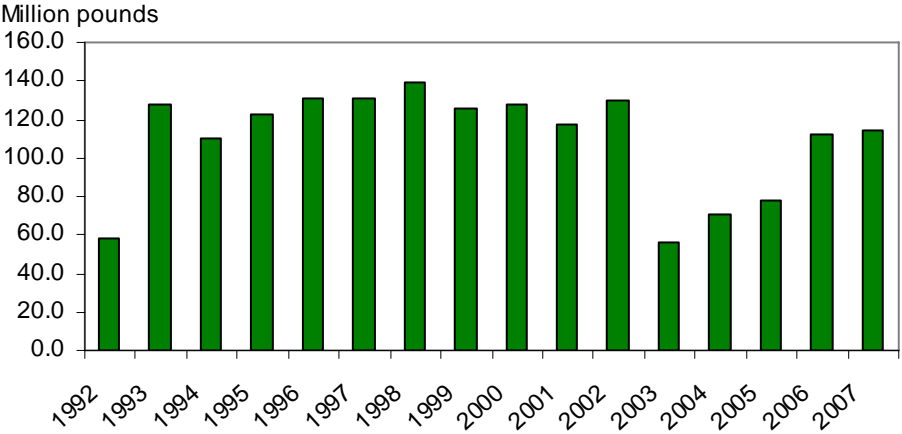
Table 5--Tart cherries: Total production and season-average price received by growers, 2004-2006, and indicated 2007 production

State	Production				Price		
	2004	2005	2006	2007	2004	2005	2006
	-- Million pounds --				-- Cents per pound --		
Colorado	0.2	1/	1/	1/	21.0	1/	1/
Michigan	149.0	208.0	190.0	230.0	33.5	22.9	19.2
New York	10.7	7.5	10.4	13.0	40.9	43.2	31.1
Oregon	3.9	0.3	3.4	0.8	36.9	38.0	27.6
Pennsylvania	3.0	2.6	5.2	4.3	35.3	31.5	28.3
Utah	22.0	28.0	28.0	16.0	23.8	23.3	26.5
Washington	17.5	16.5	22.3	18.0	30.9	23.9	25.9
Wisconsin	6.7	7.5	4.5	11.7	37.5	29.3	31.0
United States	213.0	270.4	263.8	293.8	32.8	23.8	21.6

1/ Estimates discontinued in 2005.

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

Figure 3  
**U.S. beginning stocks of frozen tart cherries in cold storage\***



\* Represents cold storage stocks on December 31 of the previous year.

Source: USDA, National Agricultural Statistics Service, *Cold Storage Summary*, various issues.

Marketing Order administered by USDA's Agricultural Marketing Service whereby free and restricted percentages are set on production to balance supply with demand, reduce possible oversupply situations that may lower prices substantially, and assure adequate supply in years of low production. Based on a review of current crop forecasts and inventory data by the Cherry Industry Advisory Board, the body that locally administers the marketing order, a preliminary diversion requirement of 52 percent was set, to be adjusted later this year when final crop figures become available.

### ***2007 California Apricot Crop Rebounds***

The 2007 U.S. apricot crop is forecast at 173.1 million pounds, 95 percent larger than a year ago and 6 percent bigger than the 2005 crop (table 6). Production increases are expected in California and Washington, but down in Utah. California accounts for over 90 percent of all the apricots produced in the United States. If realized this year, California's crop would be rebounding from last year's record-low crop, more than doubling in size to 160 million pounds and 6 percent greater than in 2005. Unlike in 2006 when in addition to freeze damage, rain and hail also contributed to the very small crop, only a little rain damage to this year's crop was reported during the bloom period. Orchards were reporting heavy fruit set and good quality fruit. Despite some frost problems the 2007 crop in Washington was also forecast larger than the two previous years, reaching 12.6 million pounds, while in Utah, crop size was forecast down 4 percent from a year ago.

California apricot harvest started around the second week in May with the early varieties. California shipments for this season through mid-June were more than twice the volume shipped the same time last year, driving down prices. Among the several available varieties in California's San Joaquin Valley, f.o.b. shipping-point prices for the Poppycot variety opened at \$15.95-\$19.95 per 2-layer tray pack of U.S. One (size 88s), down from \$23.95-\$29.95 during the same time last year. Prices were within the same price range for other early varieties such as the Earlicot and Castlebrite. Prices have declined seasonally by mid-June with increased volume shipped. Although prices have remained generally lower than last year, late-June and early-July prices have strengthened with the winding down of California's apricot season and the shipments from Washington just getting started.

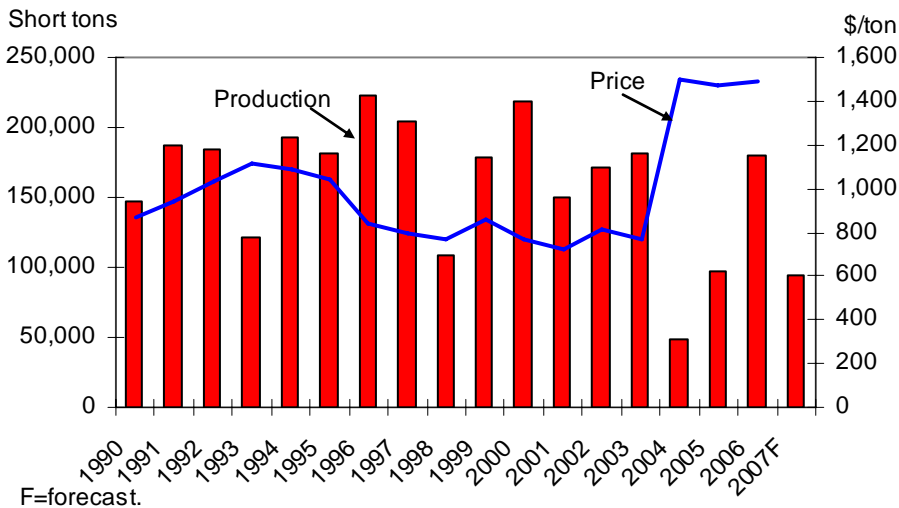
Table 6--Apricots: Total production and season-average price received by growers, 2004-2006, and indicated 2007 production

State	Production				Price		
	2004	2005	2006	2007	2004	2005	2006
	-- Million pounds --				-- Cents per pound --		
California	188.0	151.0	78.0	160.0	16.7	24.1	29.7
Utah	0.7	0.5	0.6	0.5	30.5	48.0	50.0
Washington	13.6	11.8	10.4	12.6	46.1	48.5	59.5
United States	202.3	163.3	89.0	173.1	18.9	26.0	33.3

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

Figure 4

**California prunes (dried basis): Production and season-average grower price**



F=forecast.

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

**2007 California Prune Production Down From A Year Ago**

NASS forecast California’s prune production in 2007 at 95,000 tons, dried basis, down 47 percent from a year ago and 2 percent below two years ago. If realized, it will be the second smallest crop since the record-low production in 2004 when a hot spell during full bloom had forced blooms to mature quickly prior to the completion of the pollination process, resulting in a very light fruit set (fig. 4). This year, in addition to the stress on the prune trees from coming off of a large crop a year ago, very warm temperatures during the spring once again shortened the bloom period. Production in 2006 reached 180,000 tons, up from 97,000 tons in 2005 and only 49,000 tons in 2004. Average production during 2000-2003 was estimated at 180,500 tons.

Virtually all of California’s prune production is sold to processors, primarily to manufacturers of dried fruit. Despite the large crop in 2006, prices paid to prune growers in California during the 2006/07 (August-July) season remained fairly stable with the previous two seasons when below-average crops led to supply shortages. Ending season inventories during 2005/06 remained at a relatively low level, offsetting some of the supply increase brought by the larger crop produced in 2006. Nonetheless, the relatively strong 2006/07 average grower price of \$1,490 per ton, dried basis, was mainly a part of a two-year industry agreement between growers and prune packers, in response to recent supply shortages, to keep prices for the season at favorable levels even if growers produced a normal-size crop. Although indications are that the ending inventories during 2006/07 will be larger than the previous season, it will be comprised mostly of smaller sizes. This, coupled with a significantly smaller crop this year, will likely result in insufficient supplies of main pitting sizes which could put upward pressure on 2007/08 grower prices.

### ***Production of Bartlett Pears Forecast To Increase Slightly in 2007***

USDA's first forecast of Bartlett pear production in 2007 is set at 435,000 tons, up 2 percent from a year ago and 11 percent larger than in 2005 which is so far the lowest production reported since the 1980s. The total forecast represents the combined production in California, Washington, and Oregon, the only three States for which USDA reports Bartlett pear production. Bartlett pears account for about half of all the pears produced in the United States.

While this year's Bartlett pear production in Washington is forecast to be down 4 percent from the previous 2 years, to 160,000 tons, the expected larger crops in California and Oregon will drive overall production up slightly. Production in California is forecast at 210,000 tons, up 6 percent from last year and 26 percent above two years ago. In Oregon, production is forecast to increase 8 percent, to 65,000 ton. Mostly favorable weather conditions during the bloom period have contributed to increased fruit set and yields in much of the production region however, some orchards in Washington State encountered problems with frost and poor pollination, resulting in slightly lower production.

The processing sector continues to serve as the primary marketing outlet for Bartlett pears. However, the share of production for processing use has declined in the last 10 years as a result of increases in lower-cost imports, primarily from China, and the shrinking structure of the U.S. canned fruit processing sector. During 2004/05-2006/07, an average of 66 percent of utilized Bartlett pear production was processed, down from about 74 percent in the late 1990s.

Along with the downward trend in Bartlett pear production over the past few years, the share of production going to the high-value fresh market has increased. In 2006, there were more Oregon Bartlett pears that moved through the fresh market than for those that were processed. Domestic demand for fresh-use pears was strong in 2006/07 that despite an overall increase in domestic fresh-market production, grower prices for all fresh-market pears increased along with imports. For the same period, processor demand was also strong as reflected by a 4-percent increase in the average grower price for all processing pears despite an increase in both domestic production and imports of canned pears. The forecast larger domestic production of Bartlett pears this year should bump up the available supplies for processor needs during the 2007/08 marketing season and together with increased foreign supplies, particularly from China whose exports are forecast to rise 10 percent in 2007, will likely put downward pressure on grower prices for processing pears.

### ***Second Consecutive Bumper Crop Forecast for Almonds***

NASS increased its almond forecast for the 2007/08 marketing season by 2 percent from the initial forecast in May to 1.33 billion pounds (shelled basis). If realized the new crop will be 19 percent bigger than last season and the biggest ever. Numerous factors contributed to the bumper crop: cold weather this past spring provided ample chill hours for optimal bloom set; the number of bearing acres increased 5 percent to 615,000 acres; a sufficient quantity of bees was available for pollination this spring despite reports throughout the country of declining bee populations due to colony decline disorder; weather conditions were favorable during pollination, allowing for heavy bee activity to pollinate blooms; and growers

were reported to be using improved water and nutrient delivery technologies. As a result, the average yield for this year is forecast at 2,160 pounds per acre, 13 percent higher than last year and 8 percent higher than in 2002, when the second highest acreage yield after this year's crop was produced. While this year it is estimated that there are an average of 7,413 nuts per tree, 10 percent higher than last year, the quantity is lower than the 8,100 nuts per tree in 2002. The increased density of trees per acre in the newer planted orchards helped drive up the average number of trees per acre, and contributed to the record yield this year.

The large number of nuts per tree has resulted in smaller-sized nuts than last season and reported limb splitting. The heavy crop and split limbs could affect the size of the 2008 crop since the trees will be stressed from this season's production. The average kernel weight, reported to be 6 percent below last season, could result in lower grower prices since large kernels receive a price premium.

The 2006/07 almond crop season will finish up at the end of July. According to the Almond Board of California's industry position report, this season has shown record shipments to the domestic market. With domestic shipments accounting for 35 percent of total shipments this season August through June, September through March and May and June had record-breaking shipments to markets within the United States. Through June, exports had been running slightly ahead of last season, but were lower than the previous 3 seasons. In total, net shipments (domestic and exports) were 15 percent ahead of last season and tied for second highest since the mid-1990s.

### ***Hazelnut Crop on Down Cycle of Alternate-Bearing Cycle***

The Oregon hazelnut crop is expected to be smaller this season than last as it continues to return to its alternate-bearing nature following 2 consecutively large crops in 2003 and 2004. According to industry sources, the 2007 crop is likely to be slightly above average for an off-cycle crop, with about 25,000 tons estimated to be harvested. The official forecast from NASS will not be released until August 21. If realized, this year's crop would be 42 percent smaller than last year's, about the same size as the last off-cycle crop in 2005, but about 28 percent more than the 2002 crop. The past winter provided ample chill hours to produce good flowering. Good weather in the spring was good for pollination and therefore the industry sees good nut set, contributing to the estimate.

The 2006/07 hazelnut marketing season ended in June. According to data from the Hazelnut Marketing Board, total domestic inshell shipments this season were 37 percent higher than last season, but 3 percent below 2004/05. The quantity of inshell hazelnuts available for domestic shipments is set by the Hazelnut Marketing Board. Like most domestically produced tree nut industries, hazelnut producers are strongly dependent on export markets because of low domestic tree nut consumption. Exports were higher this season, partially due to the bigger crop and also strong international demand. Although the average nut size was smaller this season, quality was high increasing demand in the international market in light of the reported poor quality of this season's Turkish hazelnut crop. About 62 percent of the exports were shipped to Hong Kong, followed by 15 percent to Vietnam, and 6 percent to Germany.

Shipments of hazelnut kernels (shelled nuts) were lower this season than the past 2 seasons, mostly due to lower availability. About 73 percent of the hazelnuts shipped as kernels went into the U.S. market this season. Canada receives the bulk of the export shipments.

U.S. hazelnut consumption is forecast to reach 22 million pounds for the 2006/07 season, the highest since 2002/03. On an individual basis, that quantity would translate into 0.07 pound per person (table 7).

Table 7--Hazelnuts (filberts): Supply and utilization (shelled basis), 1995/96 to date

Season 1/	Utilized production	Loss and exempt	Marketable production	Imports	Beginning stocks	Total supply	Ending stocks	Exports	Total consumption	Per capita
-----1,000 pounds-----										Percent
1995/96	30,186	1,591	28,595	11,182	343	40,120	1,725	13,268	25,127	0.09
1996/97	14,641	838	13,803	3,165	1,725	18,694	398	13,923	4,373	0.02
1997/98	34,136	2,712	31,423	8,628	398	40,449	1,380	20,308	18,760	0.07
1998/99	12,477	744	11,733	12,466	1,380	25,579	91	10,167	15,320	0.06
1999/00	31,561	1,040	30,520	12,713	91	43,324	5,609	11,327	26,389	0.09
2000/01	18,052	639	17,414	11,650	5,609	34,673	1,854	14,701	18,118	0.06
2001/02	39,600	1,512	38,088	15,195	1,854	55,137	6,784	22,529	25,823	0.09
2002/03	15,600	338	15,262	16,387	6,784	38,434	5,930	9,929	22,575	0.08
2003/04	30,224	734	29,490	10,902	5,930	46,321	3,633	25,589	17,099	0.06
2004/05	28,548	1,359	27,189	12,768	3,633	43,591	1,114	21,687	20,790	0.07
2005/06	20,806	783	20,023	12,515	1,114	33,651	540	25,919	7,192	0.02
2006/07 f/	37,116	1,554	35,562	14,198	540	50,300	2,298	26,045	21,957	0.07

f/ forecast. 1/ Season beginning July 1 of first year shown.

Source: Calculated and prepared by the U.S. Department of Agriculture, Economic Research Service.

## Fruit and Tree Nuts Trade Outlook

### Early 2007/08 U.S. Grape Exports Sluggish

U.S. grape exports for 2007/08 have started off slow due to very light supplies early in the marketing season (table 8). However, given the expected larger crop in California this year, export prospects are likely to improve this summer as the season gets in full swing, with increased supplies and lower prices. At nearly 5.8 million pounds, May shipments to international markets were down by more than half the volume shipped in May 2006. Canada, Malaysia, and the United Kingdom were the three biggest export markets for U.S. fresh grapes in May, accounting for 60 percent, 18 percent, and 11 percent of the total volume shipped. Although May shipments to Canada doubled, shipments to Malaysia and the United Kingdom were down substantially, driving down overall shipments. Also contributing to the overall lower shipments in May were the absence of exports to some markets for which the United States has had previous shipments that month, including China, Japan, and India as examples. About 25 percent of the exports in May 2005 went to these three markets.

Exports of other summer fruit such as peaches and sweet cherries were higher in 2007 through May. Export volume in May for both these fruit were more than twice the volume shipped the same time last year as harvest volumes were well ahead of a year ago in California, while fresh strawberry exports lagged due to tighter supplies and higher prices. Fresh strawberry exports from January through May were down 4 percent, mostly due to lower shipments to the top three markets—Canada, Mexico, and Japan. Shipments also declined to other major markets such as China, the Bahamas, and the United Arab Emirates, but were strong to Australia, the United Kingdom, and Taiwan.

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

Commodity	Marketing season	Season-to-date (through May)		Year-to-date change
		2006	2007	
		----- 1,000 pounds -----		Percent
Fresh-market:				
Oranges	November-October	1,021,949	610,101	-40.3
Grapefruit	September-August	517,645	833,419	61.0
Lemons	August-July	198,294	238,251	20.2
Apples	August-July	1,343,398	1,252,441	-6.8
Grapes	May-April	12,290	5,763	-53.1
Pears	July-June	320,660	274,296	-14.5
Peaches (including nectarines)	January-December	10,780	19,126	77.4
Straw berries	January-December	103,222	99,056	-4.0
Sweet cherries 1/	January-December	11,231	22,273	98.3
		----- 1,000 case gallons 2/ -----		
Processed:				
Orange juice, frozen concentrate	October-September	38,430	30,044	-21.8
Orange juice, not-from-concentrate	October-September	45,257	42,577	-5.9
Grapefruit juice	October-September	12,389	12,878	4.0
Apple juice and cider	August-July	6,164	6,365	3.2
Wine	January-December	40,788	44,208	8.4
		----- 1,000 pounds -----		
Raisins	August-July	196,536	205,037	4.3
Canned pears	June-May	23,491	19,368	-17.5
Canned peaches	June-May	63,664	40,178	-36.9
Frozen straw berries	January-December	9,546	12,999	36.2
		----- 1,000 pounds -----		
Tree nuts:				
Almonds (shelled basis)	August-July	716,549	718,804	0.3
Walnuts (shelled basis)	August-July	185,993	140,336	-24.5
Pecans (shelled basis)	October-September	22,648	30,119	33.0
Pistachios (shelled basis)	September-August	46,509	47,756	2.7

1/ Beginning July 2005, includes tart cherries.

2/ Single-strength equivalent.

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



U.S. tree nut exports in 2006/07 through May were up for all major crops except walnuts. Pistachio and pecan exports remained strong despite reduced production, as relatively high beginning stocks helped mitigate potential supply limitations resulting from the smaller crop. Exports rose most sharply for pecans, increasing fairly significantly to Mexico, Hong Kong, the Netherlands, and the United Kingdom, among its major markets. Exports to Canada, however, another leading market, were down by 3 percent. Dominating total U.S. tree nut exports, 2006/07 almond exports (August through May) were not much changed from the same period in 2005/06 but were much higher relative to previous seasons. Shipments were down to top markets—Spain, India, Germany, and the Netherlands. Declines, however, were offset by higher shipments to Japan, also a leading market, as well as to neighboring markets—Canada and Mexico, and to many Asian markets. With export demand for U.S. almonds trending up, the forecast increase in domestic production and large carryover stocks will help boost almond exports in 2007/08.

### ***Fresh Fruit Imports Up In 2007***

U.S. fresh fruit imports in 2007 through May rose more than 10 percent from the same period last year. Banana imports, accounting for a major share of all imported fresh fruit in the United States, rose 8 percent (table 9). Shipments were up significantly from key suppliers such as Guatemala, Costa Rica, and Honduras. Shipments from Ecuador and Colombia however, were down as they have since the first quarter of this year.

Like bananas, U.S. supplies of other tropical fruit such as mangoes and papayas and subtropical fruit such as limes are mostly provided by imports, the bulk of which originate from Mexico. This year through May, U.S. imports of papayas and limes from Mexico were up 35 percent and 20 percent, respectively. Mango imports, however, were down slightly. The heaviest shipments of imported Mexican mangoes to the United States occur during the spring and summer when Mexico's production is in season. Due to cold weather and rains, the Mexican crop was late maturing this year and has resulted in lower yields. While more recent trade data from the U.S. Department of Commerce, Census Bureau were not yet available at the time this report was prepared, AMS data indicate imports from Mexico in June through mid-July remained below last year.

Mexico is also a primary supplier of imported fresh grapes in the United States during the spring. This May, imports from Mexico were up 42 percent from last May. Production in Mexico for this year is expected to be larger than last year, aided mostly by more favorable weather during both the growing and harvesting period and an increase in area harvested. The good quality and ample supplies of Mexican grapes this year point to increased supplies available for exports, especially as Mexican grape producers tend to cater more to the export market. The United States is the largest destination for Mexico's grape exports. While Mexican shipments compete with early domestic supplies from California's Coachella Valley, they are finished before the majority of the grapes produced in California's San Joaquin Valley hit the market. Mexico's shipments wound down by early summer, with exports to the United States remaining above a year ago, based on AMS data.

Table 9--U.S. imports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through May)		Year-to-date change
		2006	2007	
		----- 1,000 pounds -----		Percent
Fresh-market:				
Oranges	November-October	19,753	109,206	452.9
Tangerines (including clementines)	October-September	158,752	201,519	26.9
Lemons	August-July	55,395	86,855	56.8
Limes	January-December	248,118	297,958	20.1
Apples	August-July	205,843	237,053	15.2
Grapes	May-April	228,300	301,958	32.3
Pears	July-June	163,425	206,496	26.4
Peaches (including nectarines)	January-December	110,605	120,685	9.1
Bananas	January-December	3,467,038	3,754,623	8.3
Mangoes	January-December	291,005	268,116	-7.9
		----- 1,000 case gallons 1/ -----		
Processed:				
Orange juice, frozen concentrate	October-September	187,443	249,107	32.9
Apple juice and cider	August-July	342,016	423,048	23.7
Wine	January-December	78,449	91,118	16.1
		----- 1,000 pounds -----		
Canned pears	June-May	60,544	78,144	29.1
Canned peaches (including nectarines)	June-May	107,017	185,596	73.4
Canned pineapple	January-December	335,198	310,684	-7.3
Frozen straw berries	January-December	115,264	120,872	4.9
		----- 1,000 pounds -----		
Tree nuts:				
Brazil nuts (shelled basis)	January-December	5,047	11,493	127.7
Cashew s (shelled basis)	January-December	104,451	105,094	0.6
Pine nuts (shelled basis)	January-December	3,697	3,409	-7.8
Pecans (shelled basis)	October-September	59,805	47,935	-19.8

1/ Single-strength equivalent.

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

## Contacts and Links

### Contact Information

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

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