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Fruit and Tree Nuts Outlook

Agnes Perez and Susan Pollack

California To Produce More Strawberries in 2008, Peach, Nectarine, and Plum Production Adequate

At 130 (1990-92=100), the index of prices received by fruit and tree nut growers in April fell 13 percent from March and 10 percent from April 2007. Sharply lower orange prices relative to last year were the main driver for pulling down the April index but price declines for fresh-market pears and strawberries also helped to offset the higher prices for grapefruit, lemons, and apples.

USDA's National Agricultural Statistics Service (NASS) first forecast for 2008 strawberry production in California and Florida is set at 2.4 billion pounds, only fractionally lower than last year. California, the main U.S. strawberry producer, is forecast to increase its production by 2 percent, to 2.2 billion pounds, setting a new record. Florida's winter crop was affected by a freeze and is estimated at 208.0 million pounds, down 22 percent. Despite a slow start, supplies are increasing seasonally in California, driving down strawberry prices.

The first official forecast for California's 2008 peach crop was pegged at 1.66 billion pounds, 11 percent smaller than last year. Production of freestone peaches, mostly for fresh use, is forecast to remain unchanged but supplies of clingstone peaches is expected to be reduced by 20 percent due to extensive frost damage in April. Early into this season, cumulative pack-outs for fresh-market peaches are below the previous season, driving prices higher.

A number of banana-producing countries experienced production setbacks due to unfavorable weather and the resulting lower U.S. imports during the first quarter, along with high fuel prices for shipping the fruit, have led to strong banana prices. This scenario also holds for the U.S. papaya market. Mango imports, on the other hand, are up sharply during the first quarter, driving down prices for the season thus far.

NASS estimates 740,000 acres were planted to almonds in 2007. Of those, 615,000 were bearing, with another 125,000 acres not yet bearing a commercial crop. With such a large number of nonbearing acres, the trend toward increasing bearing acreage will continue for several more years. The weather has been reported to be pretty good for this season's almond crop. A freeze in Northern California has been reported to have caused only minor damage to the crop there. With a good crop of nuts on the trees and an increasing number of bearing acres, NASS' first forecast for the 2008/09 almond crop is estimated to be 1.46 billion pounds, shelled basis, exceeding last year's record crop by 6 percent.

Contents

Price Outlook
Fruit Outlook
Fruit and Tree
Nuts Trade
Outlook
Contacts and Links

Tables

Grower prices
Retail prices
California stone
fruit production
Tropical fruit
production
Orange prices
Processing
Fresh-market
Orange juice
supply and use
Grapefruit prices
Lemon prices
Fruit exports
Fruit imports

Briefing Rooms

Fruit & Tree Nuts

The next release is
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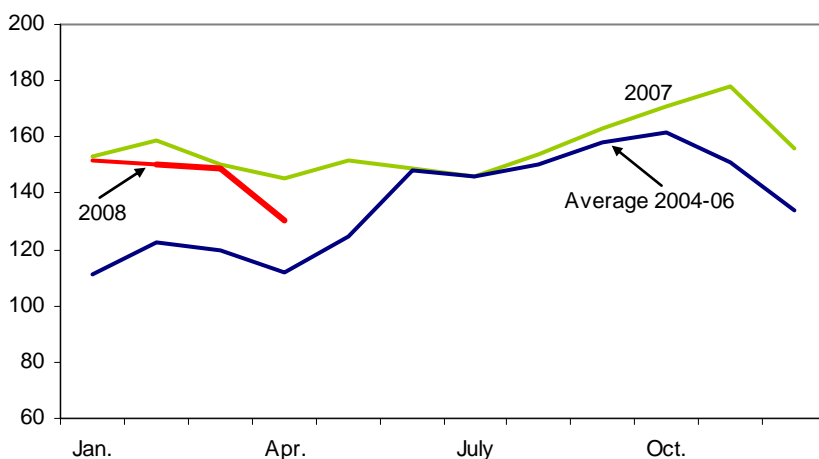
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Outlook Board

Grower Fruit Prices Show Bigger Dip in April

The index of prices received by fruit and tree nut growers in April fell 13 percent from March 2008 and was 10 percent lower than in April 2007. At 130 (1990-92=100), this month's decline in the index appears to be the largest so far during the first 4 months of 2008 (fig. 1). With bigger crops in Florida and California, orange grower prices in April continued to be sharply lower than last year and were the main driver that pulled down the April index (table 1). The lower orange prices, along with price declines of 18 percent and 4 percent for fresh-market pears and strawberries, more than offset the higher prices for grapefruit, lemons, and apples (table 1). Fresh-market orange prices were down 67 percent in April from a year ago. With the forecast 39-percent bigger harvest of 2007/08 California Valencia oranges, which will supply most of the fresh-use orange market this summer, orange prices will likely remain low relative to last year for the remainder of the season. Reduced supplies in 2007/08, strong international demand, and the possibility of smaller than anticipated new crop (2008/09) supplies due to a mid-April freeze in Washington portend to continued higher prices for apples in the coming months.

The April index dropped from the March index as prices for strawberries, lemons, apples, and grapefruit fell. With harvesting in California in full swing, seasonal increases in supplies of lemons and strawberries have driven down prices for those fruit in April. Projected record-high strawberry production in California in 2008 will continue to put downward pressure on strawberry prices for the remainder of spring and through the high-demand period of the summer months when shipments peak for the season. Meanwhile, as 2007/08 California lemons finish up for the season by early summer, strong demand and tighter supplies will likely lead to the strengthening of lemon prices in the coming months.

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 | 2007 | | 2008 | | 2007-08 Change | |
|---------------------|-----------------------------|-------|-------|-------|----------------|-------|
| | March | April | March | April | March | April |
| | -----Dollars per box----- | | | | Percent | |
| Citrus fruit: 1/ | | | | | | |
| Grapefruit, all | 2.91 | 2.10 | 3.14 | 2.89 | 7.9 | 37.6 |
| Grapefruit, fresh | 7.78 | 8.07 | 9.40 | 8.73 | 20.8 | 8.2 |
| Lemons, all | 8.68 | 9.18 | 39.77 | 28.18 | 358.2 | 207.0 |
| Lemons, fresh | 37.71 | 36.71 | 45.90 | 43.20 | 21.7 | 17.7 |
| Oranges, all | 10.58 | 10.62 | 6.07 | 6.21 | -42.6 | -41.5 |
| Oranges, fresh | 21.22 | 21.23 | 7.62 | 7.04 | -64.1 | -66.8 |
| | -----Dollars per pound----- | | | | | |
| Noncitrus fruit: | | | | | | |
| Apples, fresh 2/ | 0.292 | 0.281 | 0.344 | 0.335 | 17.8 | 19.2 |
| Grapes, fresh 2/ | -- | -- | -- | -- | -- | -- |
| Peaches, fresh 2/ | -- | -- | -- | -- | -- | -- |
| Pears, fresh 2/ | 0.272 | 0.299 | 0.256 | 0.246 | -5.9 | -17.7 |
| Strawberries, fresh | 0.889 | 0.646 | 0.953 | 0.621 | 7.2 | -3.9 |

1/ Equivalent on-tree price.

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

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

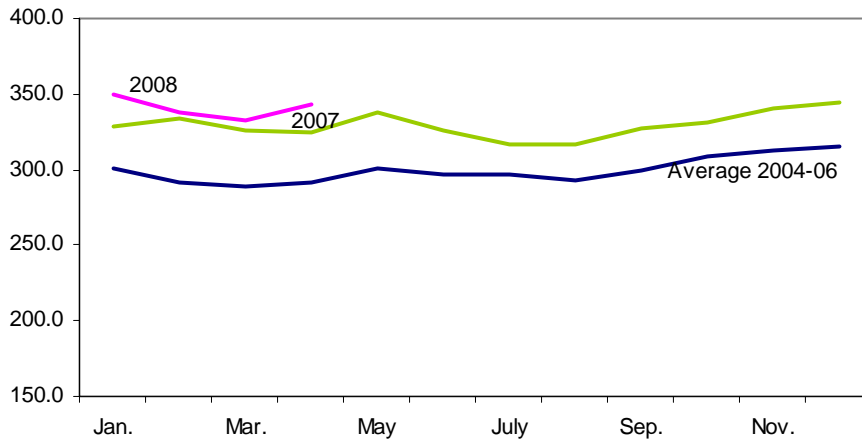
Retail Fresh Fruit Prices Remain Strong

The Consumer Price Index (CPI) for fresh fruit in 2008 remained strong relative to last year in each month through April (fig. 2). At 343.3 (1982-84=100), the CPI in April was 6 percent higher than the April 2007 CPI. Boosting the CPI in April 2008 were higher retail prices for bananas, Thompson seedless grapes, pears, strawberries, grapefruit, and lemons (table 2). Strong prices for these commodities more than compensated for the sharply lower prices U.S. consumers paid for navel oranges in April, along with fractionally lower prices for grapefruit.

Banana prices in April experienced the biggest gain, up 21 percent from the same time a year ago, to a record 62.7 cents a pound. Weather-reduced supplies in major producing countries in Central and South America and the Caribbean, along with high fuel prices for shipping bananas, put upward pressure on banana prices in the United States. Grape prices in April were also substantially higher than a year ago, up 17 percent, reflecting much lower supplies from Chile, the main source of grapes for the United States during the winter and early spring months.

Rainy weather damaged many of Chile's late-season grapes, limiting available supplies for exports. Chile's 2008 grape shipping season has ended and the U.S. market is now shifting to domestic production (starting with California's Coachella Valley crop) and imports from Mexico. Light early shipments strengthened grape prices in May from the previous month, according to retail prices reported by USDA's Agricultural Marketing Service (AMS). Prices for green and red grapes averaged \$1.97 a pound in May, compared with \$1.74 in April. Barring any weather problems, seasonal increases in supplies, both from domestic production and from Mexico, will likely drive down grape prices going into the summer months.

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, 2007-08

| Commodity | Unit | 2007 | | 2008 | | 2007-08 Change | |
|------------------------------|------------|-----------------|-------|-----------------|-------|-----------------|-------|
| | | March | April | March | April | March | April |
| | | --- Dollars --- | | --- Dollars --- | | --- Percent --- | |
| Fresh: | | | | | | | |
| Valencia oranges | lb | -- | -- | -- | -- | -- | -- |
| Navel oranges | lb | 1.301 | 1.243 | 0.898 | 0.931 | -31.0 | -25.1 |
| Grapefruit | lb | 0.920 | 0.888 | 0.859 | 0.883 | -6.6 | -0.6 |
| Lemons | lb | 1.845 | 1.791 | 1.919 | 1.968 | 4.0 | 9.9 |
| Red Delicious apples | lb | 1.068 | 1.104 | 1.209 | 1.205 | 13.2 | 9.1 |
| Bananas | lb | 0.510 | 0.517 | 0.597 | 0.627 | 17.1 | 21.3 |
| Peaches | lb | 1.774 | -- | 1.847 | -- | 4.1 | -- |
| Anjou pears | lb | 1.245 | 1.283 | 1.319 | 1.359 | 5.9 | 5.9 |
| Strawberries 1/ | 12-oz pint | 2.289 | 1.717 | 2.073 | 1.777 | -9.4 | 3.5 |
| Thompson seedless grapes | lb | 1.763 | 1.957 | 1.936 | 2.282 | 9.8 | 16.6 |
| Processed: | | | | | | | |
| Orange juice, concentrate 2/ | 16 fl oz | 2.463 | 2.517 | 2.543 | 2.559 | 3.2 | 1.7 |
| Wine | liter | 7.723 | 9.529 | 8.204 | 9.809 | 6.2 | 2.9 |

-- Insufficient marketing to establish price.

1/ Dry pint.

2/ Data converted from 12 fluid ounce containers.

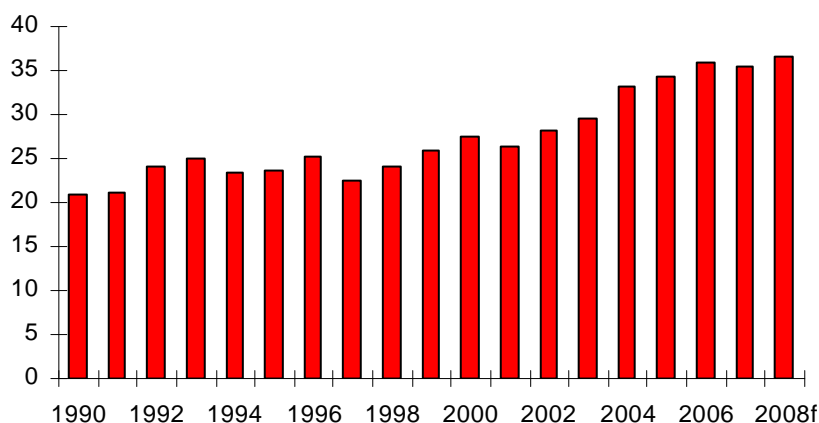
Source: U.S. Dept. of Labor, Bureau of Labor Statistics (<http://www.bls.gov/data/home.htm>).

2008 Strawberry Production Forecast Up in California But Down in Florida

USDA's National Agricultural Statistics Service (NASS) first forecast for 2008 strawberry production in California and Florida is set at 2.4 billion pounds, only fractionally lower than last year. California's production, which normally accounts for about 88 percent of the Nation's strawberry crop, is forecast to increase 2 percent to 2.2 billion pounds, breaking the record crop it produced last year. While the average yield per acre in the State is forecast to decline almost 1 percent this year, it will be offset by the additional 1,200 harvested acres from a year ago, increasing total crop size. Last year, strawberry growers in California harvested a total of 35,500 acres. Strong demand for fresh use domestically and abroad, along with higher grower prices, encouraged California strawberry growers to continue to increase acreage over the last several years. The average rate of acreage increase, however, appears to have slowed in the last three years (fig. 3). In Florida, the 2008 winter strawberry crop was estimated to decline 22 percent to 208.0 million pounds. Due to the freezing temperatures in early January, both harvested area and average yields were down, declining 4 percent and 19 percent, respectively.

Strawberry winter shipments from Florida have already ended while supplies are increasing seasonally in California, driving down strawberry prices. Prices received by U.S. growers have fallen from the strong prices in January, which averaged \$1.94 per pound. Average prices declined to \$1.28 per pound in February and to \$0.95 in March, and down further to \$0.621 in April. Despite declining prices, a late start to the season in California coupled with the lack of supplies from Florida, kept strawberry prices strong relative to last year through most of the winter. This, however, has now been reversed as California supplies already caught up in April, averaging 10 percent higher than a year ago through early May, based on weekly

Figure 3
California's strawberry harvested acreage increasing
1,000 acres



f = Forecast.

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

shipment data from AMS. Grower prices in April averaged 4 percent below the April 2007 average of \$0.65 per pound. Through mid-May, prices in California's Salinas-Watsonville and Santa Maria growing Districts were unchanged to slightly below the same time last year, with free-on-board (f.o.b.) shipping-point prices for a flat of 12 (1-pint) baskets of California strawberries ranging from \$10.90 to \$12.90 for medium-large berries, compared with \$12.90 per flat the same time last year. For the same period, f.o.b. prices for medium-large berries in 8 (1-pound) containers with lids ranged from \$8.90 to \$10.90, compared with \$10.90 to \$11.90 a year ago. Should there be no major weather problems along the way, supplies are expected to continue to increase, exerting more downward pressure on fresh-market strawberry prices in the coming months.

Frozen strawberry inventories at the start of this year were 14 percent higher than the average beginning stocks level of the previous 5 years, likely reducing processor demand for freezer berries in 2008. By April 1, supplies in cold storage remained high, estimated by NASS at 205.3 million pounds, up 36 percent from the same time last year. Cumulative deliveries of freezer berries (Grade No. 1, California) to processors beginning in March through the mid-May were 45 percent below what was reported the same time as last year by the Processing Strawberry Advisory Board (PSAB) of California. The sharp decline in freezer berry deliveries likely reflects the light supplies and strong fresh-market prices during the very early part of this season, as well as reduced processor needs based on frozen strawberry inventory levels earlier in the year. Deliveries of juice berries were also lagging, behind by 27 percent. Although deliveries to processors remain below last year thus far, strawberry production in California will likely increasingly shift to the frozen market heading up to the summer months as fresh-market prices continue to fall seasonally with increasing supplies.

Mid-April Freeze Affected Fruit Crops in Parts of Northern California and Washington

Unusually cold spring weather swept through the U.S. Pacific Northwest in mid-April reportedly causing freeze damage to some fruit crops such as peaches, nectarines, pears, prunes, grapes, apples, cherries, and walnuts in some northern California counties and apple and cherry crops in the Yakima Valley area of Washington. In California, the freezing temperatures mostly affected fruit crops in the Sutter and Yuba counties which produce a significant proportion of California's peaches and prunes. Together, the two counties accounted for 33 percent of California's production of clingstone peaches (primarily for the processing sector) and 47 percent of prunes, based on the California County Agricultural Commissioner's 2006 data. At the same time, walnut production in both counties amounted to about 10 percent of the total crop.

Many growers used sprinklers and wind machines to help protect their crops from the freezing temperatures, but in some locations early reports indicate that these methods were not very effective. In Washington, most fruit trees in the Yakima Valley, which includes Yakima, Benton, and Kittitas counties, were between bloom and petal fall when the freeze occurred. Both Yakima and Benton counties have significant acreage devoted to apples and sweet cherries. Like in California, crop losses varied within an area, with some growers reporting heavy crop losses. Washington is the Nation's largest producer of apples and sweet cherries. Due to

the cold weather, Washington's cherry crop is expected to be reduced and start around the second week in June, one week later than normal. Although supplies of early-season varieties such as the chelans are expected to be down sharply from last year, the industry still anticipates adequate promotable supplies from around July through early August. The quality of this year's crop is reported to be very good as the reduced crop has resulted to large, sweet cherries. Washington's apple crop also appears to be developing about one week behind normal. There are no indications yet on whether or not this year's crop will be reduced. Prior to the freeze, however, the industry was optimistic that production in 2008/09 will increase following two consecutive years of declining crop size. Crop damage assessments are ongoing at this time for all the crops affected by the mid-April freeze to determine the impact of the losses on each of the crop's overall production.

Smaller California Peach Crop Forecast for 2008

The first official forecast for California's 2008 peach crop, pegged at 1.66 billion pounds, was released by NASS on May 9. If realized, this will be 11 percent smaller than last year's crop and the second smallest since 1995 (table 3). Production of freestone peaches, mostly for fresh use, is forecast to remain unchanged at 860 million pounds but supplies of clingstone peaches is expected to be reduced, with crop size forecast down 20 percent to 800 million pounds. Bloom set was good for most varieties of clingstone peaches but the crop succumbed to extensive frost damage in April. Damage to the crop is still being evaluated. Early reports have indicated that production in the northern growing areas, particularly in Sutter and Yuba counties, were the most affected.

Preliminary estimates from the California Tree Fruit Agreement (CTFA), an entity that administers the marketing order programs on behalf of the State's peach, nectarine, and plum growers, have the fresh-market peach crop similar in size as last year's, consistent with NASS' forecast. Production estimates from NASS for both the 2008 California nectarine and plum crops will not be available until January 2009. However, pre-season estimates from CTFA indicate nectarine production will also be relatively unchanged (up 0.6 percent) from a year ago and plum production up 8 percent despite frost damage in Tulare County in April. Based on these projections, California's 2008 nectarine crop, although likely to be larger than crop size over the last three years, will be smaller in size than most years since 1990 (table 4). Similarly, California's plum production in 2008 will likely be higher than the last two years but fall below most other years (table 5).

Generally favorable weather this past winter and spring has aided California's 2008 peach, nectarine, and plum crops in achieving a strong and consistent bloom and a good, full set. Lots of chill hours this winter helped keep the trees healthy, enabling them to produce strong, more flavorful fruit with good sizing. Timing of the crops is also reported to be almost similar to last year, meaning there should be a steady flow of supplies throughout the season. Although crop size for peaches and nectarines is not expected to be any bigger than last years', California's production last year was relatively large. Hence, there should be adequate good quality supplies to meet domestic and international fresh-market demand in 2008 and with the weak value of the U.S. dollar making U.S. exports more affordable for other countries, U.S. peach and nectarine exports should continue strong as it did last year. Combined fresh peach and nectarine exports totaled 232.2 million pounds in

Table 3--Peaches: Production, utilization, and season-average grower price, California

| Year | Production 1/ | Utilization | | Grower price | |
|---------|---------------|--------------------------|-----------|-------------------|--------------|
| | | Fresh | Processed | Fresh | Processed 2/ |
| | | -----Million pounds----- | | --Dollars/pound-- | |
| 1990 | 1,555 | 384 | 1,171 | 0.22 | 0.11 |
| 1991 | 1,597 | 402 | 1,195 | 0.16 | 0.11 |
| 1992 | 1,759 | 430 | 1,329 | 0.14 | 0.11 |
| 1993 | 1,640 | 386 | 1,254 | 0.19 | 0.11 |
| 1994 | 1,717 | 440 | 1,277 | 0.12 | 0.09 |
| 1995 | 1,323 | 323 | 1,000 | 0.24 | 0.11 |
| 1996 | 1,715 | 459 | 1,256 | 0.28 | 0.11 |
| 1997 | 1,839 | 498 | 1,341 | 0.14 | 0.13 |
| 1998 | 1,712 | 432 | 1,280 | 0.20 | 0.11 |
| 1999 | 1,792 | 508 | 1,284 | 0.20 | 0.11 |
| 2000 | 1,808 | 538 | 1,270 | 0.19 | 0.13 |
| 2001 | 1,677 | 538 | 1,139 | 0.21 | 0.12 |
| 2002 | 1,870 | 556 | 1,314 | 0.21 | 0.12 |
| 2003 | 1,837 | 565 | 1,272 | 0.20 | 0.11 |
| 2004 | 1,858 | 518 | 1,340 | 0.17 | 0.13 |
| 2005 | 1,738 | 504 | 1,234 | 0.27 | 0.13 |
| 2006 | 1,424 | 484 | 940 | 0.30 | 0.15 |
| 2007 3/ | 1,866 | 562 | 1,304 | 0.25 | 0.15 |

1/ Utilized production. 2/ Prices are only for clingstones which represents about 80 percent of all California peaches processed. 3/ Preliminary.

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

Table 4--Nectarines: Production, utilization, and season-average grower price, California

| Year | Production 1/ | Utilization | | Grower price | |
|---------|---------------|----------------------|-----------|-----------------|-----------|
| | | Fresh | Processed | Fresh | Processed |
| | | -----Short tons----- | | --Dollars/ton-- | |
| 1990 | 232,000 | 229,500 | 2,500 | 2/ | 2/ |
| 1991 | 215,000 | 211,000 | 4,000 | 2/ | 2/ |
| 1992 | 236,000 | 233,000 | 3,000 | 2/ | 2/ |
| 1993 | 205,000 | 201,000 | 4,000 | 2/ | 2/ |
| 1994 | 242,000 | 238,000 | 4,000 | 2/ | 2/ |
| 1995 | 176,000 | 170,000 | 6,000 | 2/ | 2/ |
| 1996 | 247,000 | 239,800 | 7,200 | 2/ | 2/ |
| 1997 | 264,000 | 258,500 | 5,500 | 2/ | 2/ |
| 1998 | 224,000 | 207,600 | 16,400 | 2/ | 2/ |
| 1999 | 274,000 | 256,300 | 17,700 | 437.00 | 27.90 |
| 2000 | 267,000 | 260,700 | 6,300 | 407.00 | 24.00 |
| 2001 | 275,000 | 265,400 | 9,600 | 480.00 | 26.00 |
| 2002 | 300,000 | 300,000 | -- | 382.00 | -- |
| 2003 | 273,000 | 273,000 | -- | 436.00 | -- |
| 2004 | 252,000 | 252,000 | -- | 342.00 | -- |
| 2005 | 239,000 | 239,000 | -- | 504.00 | -- |
| 2006 | 218,000 | 218,000 | -- | 517.00 | -- |
| 2007 3/ | 242,000 | 242,000 | -- | 331.00 | -- |

1/ Production all utilized. 2/ Not published to avoid disclosure of individual operations. 3/ Preliminary.

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

2007, up 22 percent from the previous year, despite lower overall supplies. Fresh-market supplies were down 5 percent in 2007, mostly due to freeze-reduced crops in the southeastern portion of the country, including those in South Carolina and Georgia, and lower imports from Chile and Canada.

For this season, cumulative pack-outs for peaches and nectarines through May 17, 2008 are below the same time last year, driving prices higher. As of mid-May, the range in prices for various yellow flesh California well-matured peaches in the Central and Southern San Joaquin Valley averaged \$24.05 (f.o.b. shipping point) for a two-layer tray pack of size 48-50s, \$21.05 for 54-56s, and \$18.95 for 60-64s.

Table 5--Plums: Production, season-average grower price, and crop value, California

| Year | Utilized | Grower | Crop |
|---------|------------|-------------|---------------|
| | production | price | value |
| | Short tons | Dollars/ton | 1,000 dollars |
| 1990 | 223,000 | 603.00 | 134,412 |
| 1991 | 218,000 | 449.00 | 97,894 |
| 1992 | 250,000 | 252.00 | 63,033 |
| 1993 | 185,000 | 508.00 | 93,954 |
| 1994 | 247,000 | 321.00 | 79,358 |
| 1995 | 124,000 | 950.00 | 117,849 |
| 1996 | 228,000 | 420.00 | 95,831 |
| 1997 | 246,000 | 312.00 | 76,825 |
| 1998 | 188,000 | 529.00 | 99,388 |
| 1999 | 196,000 | 419.00 | 82,041 |
| 2000 | 197,000 | 442.00 | 87,115 |
| 2001 | 210,000 | 306.00 | 64,362 |
| 2002 | 201,000 | 386.00 | 77,586 |
| 2003 | 209,000 | 418.00 | 87,362 |
| 2004 | 144,000 | 516.00 | 74,347 |
| 2005 | 171,000 | 541.00 | 92,463 |
| 2006 | 158,000 | 688.00 | 108,648 |
| 2007 1/ | 142,000 | 665.00 | 94,397 |

1/ Preliminary.

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

For the same period last year, f.o.b. prices averaged \$22.95 48-50s, \$20.95 for 54-56s, and \$14.95 for 60-64s. Similarly, f.o.b. shipping point prices for various varieties of yellow flesh California well matured nectarines averaged \$27.55 for 54-56s and \$26.00 for 60-64s, compared with last year's averages of \$25.95 and \$22.95, respectively. Plum shipments have just started and because of the very light volume thus far, no prices have been reported yet by AMS as of mid-May.

Virtually all of California's clingstone peaches are produced for the processing sector. Hence, supplies of peaches for processors in 2008 will be limited by this year's expected smaller clingstone crop, likely putting upward pressure on peach prices California growers will receive from processors, which in 2007 averaged higher than the previous two years at \$304 per ton.

Banana Imports Down in 2008

As a number of banana-producing countries experience production setbacks due to unfavorable weather, the resulting light supplies imported into the United States as of this year's first quarter relative to a year ago has led to strong banana prices. Unseasonably cool temperatures in Central America have delayed crop maturity in much of the production region, affecting yields and causing harvest delays. Heavy rainfall and flooding in February also destroyed many hectares of bananas in Ecuador, the third-largest supplier of bananas to the United States. U.S. banana imports in 2008 through March totaled 2.18 billion pounds, 2 percent lower than imports during the first-quarter of 2007 but higher than any other first-quarter imports since the start of the new century, based on trade data from the U.S. Census Bureau. Imports totaled 8.82 billion pounds in 2007, 4 percent above the previous year and the highest since 2000 (table 6). Ninety-eight percent of this volume came from the United States' top five suppliers—Guatemala, Costa Rica, Ecuador, Honduras, and Colombia.

Table 6 --U.S. imports of fresh bananas, excluding plantains, by country, 1998-2007

| Country | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| ----- Million pounds ----- | | | | | | | | | | |
| Guatemala | 1,443 | 1,107 | 1,518 | 1,834 | 2,040 | 2,059 | 2,250 | 2,269 | 2,013 | 2,411 |
| Costa Rica | 2,405 | 3,536 | 3,001 | 2,386 | 1,987 | 2,152 | 1,908 | 1,814 | 2,044 | 2,286 |
| Ecuador | 2,381 | 2,578 | 2,152 | 2,087 | 2,253 | 2,144 | 2,026 | 1,994 | 2,192 | 2,048 |
| Honduras | 831 | 184 | 608 | 841 | 990 | 953 | 1,120 | 999 | 932 | 1,064 |
| Colombia | 915 | 1,336 | 1,329 | 1,045 | 1,117 | 1,035 | 1,024 | 1,133 | 1,045 | 832 |
| Other countries | 651 | 720 | 279 | 275 | 227 | 209 | 210 | 223 | 238 | 186 |
| World | 8,627 | 9,461 | 8,886 | 8,467 | 8,613 | 8,552 | 8,538 | 8,431 | 8,465 | 8,827 |

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

First-quarter 2008 imports fell significantly from Costa Rica, a major supplier in Central America. Imports were also down from Colombia and Peru in South America and the Dominican Republic in the Caribbean where production was hampered by severe damage during last year's tropical storms. Declines in imports from these countries more than offset the increases in imports from other countries, including Guatemala (up 5 percent), Ecuador (up 4 percent), and Honduras (up 24 percent) who are among the top 5 banana suppliers to the United States.

The higher imports from Ecuador reflect larger year-over-year shipments in January and February. In March, imports from Ecuador fell 8 percent from the previous month and was 2 percent below the volume in March 2007. AMS shipment data indicate that supplies coming in from Ecuador in April through early May were much lower, reflecting the effects of the recent flooding in the country which affected their banana plantations. Shipments from Costa Rica and Peru continue below last year for the season through early May.

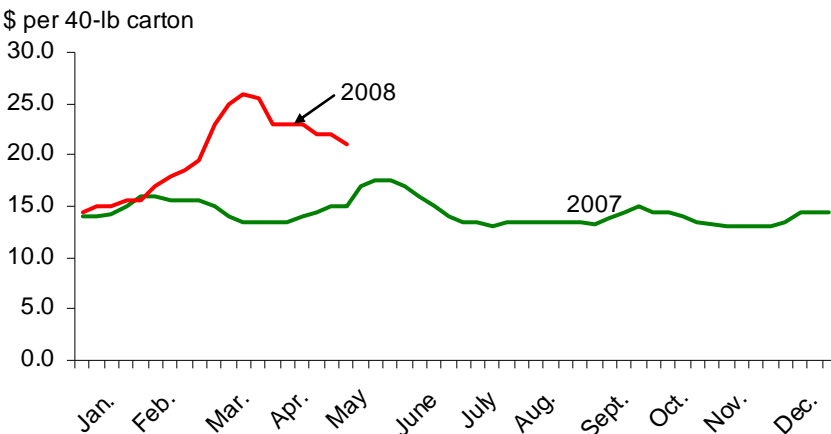
The tight supplies, along with higher fuel prices for shipping the fruit, continue to put upward pressure on banana prices in the United States. Banana prices in January at the Philadelphia wholesale terminal market were relatively steady from last year's, but prices escalated to higher levels than last year in February through mid-May (fig. 4). Prices also strengthened each month from January through March. When looking at the prices on a weekly basis, the highest quoted prices to date were in March when the range in prices went as high as \$25.00-\$26.00 per 40-pound carton. Weekly quoted prices, when averaged for the month, came to about \$19.00-\$20.00 from March through May, compared with \$14.00-\$15.00 the same time last year.

At the retail end, U.S. consumers are also feeling the pinch. According to data from the U.S. Bureau of Labor Statistics, banana retail prices increased each month from January through April (most recent month for which data is reported), reaching an all-time high of 62.7 cents per pound. Relative to last year, retail prices also held strong, with the monthly year-over-year change gaining momentum during the first four months of 2008.

Supplies are likely to remain tight for the remainder of the first half of 2008, keeping banana prices high. Although one might expect banana consumption in the United States to decline in 2008 in light of these two factors, the fact that bananas still remain relatively cheaper than other fresh fruit available to consumers here

Figure 4

Average weekly wholesale banana prices higher in 2008^{1/}



^{1/}Prices quoted at the Philadelphia terminal market.

Source: USDA, Agricultural Marketing Service, Market News portal.

<http://marketnews.usda.gov/portal/fv>

would suggest that demand will not change so drastically. Domestic consumption of bananas in 2007 was estimated at 26.2 pounds per person, slightly higher than the 4 previous years.

Early Papaya Supplies Short of Last Year's Level

U.S. papaya supplies in 2008 are dampened by a shortage of papaya volume coming in from Mexico and other major supplying countries in Central America and the Caribbean. Cumulative U.S. imports through March totaled 64.4 million pounds, down 22 percent from the same period a year ago but 17 percent above the average of the previous 5 years. Should imports continue lower for the season, this would reverse the trend in U.S. papaya imports which has been rising almost yearly since 1990. Cumulative first-quarter shipments from the United States' largest supplier, Mexico, fell 11 percent, along with sharper declines from last year's second and third largest supplier—Belize (down 58 percent) and the Dominican Republic (down 35 percent).

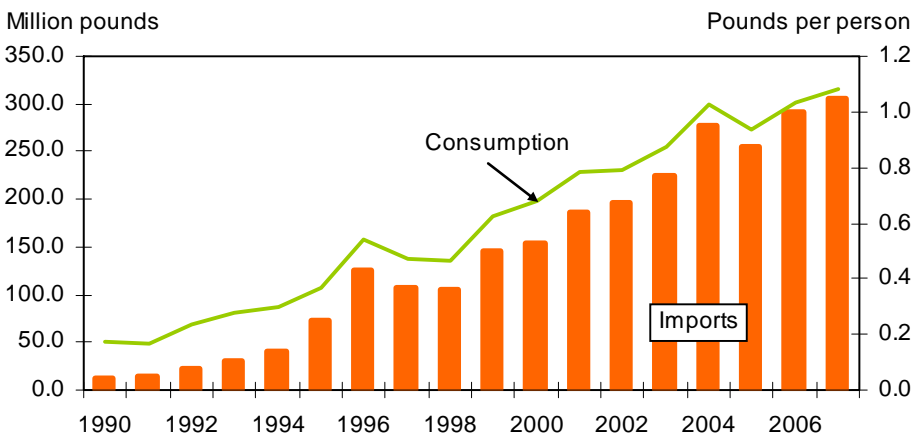
As domestic demand continues to grow, a shortage of import supplies and the rising cost of fuel are driving up 2008 papaya prices. Bad weather, ranging from heavy rains, flooding, and below-normal temperatures during the second-half of last year, was mostly to blame for the recent tight supplies of papayas across Central America and the Caribbean. Aggravating the supply situation in the affected groves was the difficulty in getting remaining supplies to target markets due to damages to marketing infrastructure such as roads and bridges. The hardest hit among the supplying regions was Belize, one among the leading sources of imported papayas for the United States accounting for about a quarter of total import volume over the last 3 years. Papaya groves in Belize were badly damaged by Hurricane Dean's category 5 winds and rain back in August 2007. Many tree trunks snapped broken, dropping to the ground many of the tree tops that held all the fruit. While new seedlings have been set in the groves soon after the hurricane, supplies in Belize are not expected to build up until this summer. Tropical storms and hurricanes also

affected production in parts of the Caribbean, including the Dominican Republic and Jamaica.

Imports play a critical role in the U.S. papaya market where demand for the fruit is growing an average 12 percent annually since 1990 (fig 5). Behind the growth in U.S. demand are the rapidly increasing ethnic populations in the country, particularly those of Hispanic, Asian, and Caribbean descents who are already familiar with papayas (but with familiarity and preference for specific varieties) and the main consumers of the fruit. However, a growing appetite among average U.S. consumers for new, health-promoting, and convenient food which papayas have a lot to offer have also likely contributed to increased demand. Papaya consumption in the United States already exceeded 1.0 pound per person in each of the past 2 years, up from only 0.18 pound in 1990. Outbreaks of the papaya ring spot virus have plagued Hawaii’s papaya plantations for many years, reducing yields and increasing production cost. As a consequence, Hawaii’s production has not kept up with the growth in domestic demand, furthering the growth in imports. Throughout the 1990s and into the 2000s, U.S. imports have been trending upward, setting a new record year after year, except in 1997, 1998, and 2005 (table 7). Now over 90 percent of domestic papaya demand is met by imports, up from an average 35 percent during the early 1990s.

Production in Hawaii during the first 3 months of 2008 was up 18 percent from the same period in 2007, but strong demand, particularly in the U.S. mainland and in export markets such as Canada and China, is partly responsible for the higher grower prices in January and February. Total fresh sales out-of-state during both those months averaged 60 percent higher than the same time last year. Heavy rains in early February weakened older trees and increased disease presence. Some of the older trees had to be removed but production was still compensated by younger, more productive orchards. The return of sunny conditions later in the month assisted younger plantings to make favorable progress.

Figure 5
Fresh papayas: U.S. imports and domestic consumption



Source: U.S. trade data from the U.S. Dept. of Commerce, U.S. Census Bureau and consumption estimates derived by USDA, Economic Research Service.

Table 7--U.S. imports of fresh papayas, by country, 1998-2007

| Country | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| ----- 1,000 pounds ----- | | | | | | | | | | |
| Mexico | 87,438 | 123,307 | 121,527 | 151,879 | 147,632 | 164,494 | 207,703 | 176,772 | 200,968 | 204,249 |
| Belize | 9,397 | 8,485 | 12,269 | 12,868 | 24,297 | 34,662 | 53,390 | 61,104 | 74,712 | 73,831 |
| Dominican Republic | 1,152 | 2,608 | 5,579 | 6,342 | 5,323 | 5,470 | 2,647 | 2,400 | 2,175 | 11,326 |
| Brazil | 1,102 | 6,229 | 10,301 | 11,220 | 12,820 | 15,825 | 10,700 | 10,134 | 8,073 | 9,183 |
| Guatemala | 67 | 0 | 0 | 326 | 724 | 769 | 914 | 2,740 | 2,248 | 3,396 |
| Jamaica | 4,562 | 4,194 | 3,411 | 3,480 | 4,189 | 3,294 | 2,197 | 2,277 | 2,907 | 2,186 |
| Other countries | 1,900 | 1,738 | 986 | 45 | 183 | 83 | 252 | 461 | 303 | 320 |
| World | 105,620 | 146,561 | 154,073 | 186,160 | 195,166 | 224,598 | 277,803 | 255,886 | 291,385 | 304,491 |

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

Hawaii's papaya utilized production in 2007 rose 16 percent from the previous year to 33.3 million pounds, following 5 consecutive years of decline. Both the number of farms producing papayas and bearing acreage in Hawaii increased in 2007, driving up production. While most of the production is centered in Hawaii County, recent production growth appears to be stemming from industry expansion in the Honolulu/Kauai/Maui region. Eight more Hawaii farms produced papayas in 2007 from the previous year for a total of 178 farms. Hawaii County housed 70 percent of these farms but their farm numbers remained unchanged from the year before. Papaya bearing acreage in the State of Hawaii totaled 1,395 acres in 2007, up 5 percent from the previous year. Hawaii County accounted for 89 percent of the bearing acreage last year but Honolulu/Kauai/Maui reported more significant acreage growth (up 35 percent versus 2 percent for Hawaii County). While production may continue to increase this year, recent fewer plantings will slow the growth in total papaya acreage and likely production in the near future. Non-bearing acreage fell 11 percent in 2007, with reduced area in both Hawaii County and Honolulu/Kauai/Maui.

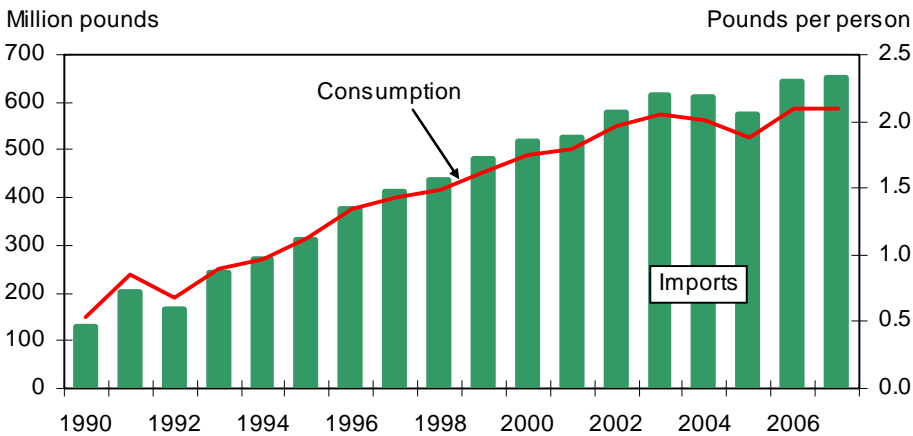
Mango Imports Continue To Rise

The demand for mangoes in the United States continues to grow. Thanks to industry marketing programs, there is greater awareness now for this tropical fruit than 20 years back when U.S. consumers ate only an estimated a half a pound of mango per person each year. Now, annual per capita consumption is estimated at over two pounds per person, with heavy reliance on foreign imports (fig. 6). While more traditional American consumers are beginning to know this fruit, the growing immigrant populations from Latin America and Asia remain the foundation for the growth in demand for mangoes in the U.S. market. Nearly all the mangoes we buy here come from Mexico, Ecuador, Peru, Brazil, Guatemala, and Haiti (table 8).

Mango imports in the United States continue to follow an upward path, increasing an average of 4 percent annually since 2000. In 2007, imports set a new record-high at 651 million pounds, although the annual import growth was a bit sluggish at only about 1 percent. With the exception of Peru, imports last year rose from most of the leading suppliers. The most notable increase, however, was from India—a long-time leader in world mango production but for many years has been banned from sending mangoes to the United States due to phytosanitary reasons. Shipments from India in 2007 rose from 44,525 pounds the previous year to 396,413 pounds. Shipments from Mexico, which account for the bulk of U.S. imports, only rose 2 percent last year compared with a 14-percent increase in 2006.

Figure 6

Fresh mangoes: U.S. imports and domestic consumption



Source: U.S. trade data from the U.S. Dept. of Commerce, U.S. Census Bureau and consumption estimates derived by USDA, Economic Research Service.

Shipments from Ecuador remained relatively unchanged from the previous year while declines were reported from Peru (down 13 percent) and Haiti (down 18 percent). Poor weather hampered supplies from South America whereas phytosanitary issues held back imports from Haiti. Imports of Haitian mangoes into the United States were blocked beginning in July 2007 after fruit flies were discovered in shipments back in late June. Pending results of USDA’s review of Haiti’s treatment and packaging procedures for mango exports, certification of all of the country’s mango exporting companies will remain suspended and no imports from that country will be allowed into the United States.

As of first-quarter 2008, mango imports totaled 157 million pounds, up 43 percent from the same time last year, driving down mango prices. Import volume through March 2008 was up from all supplying nations. This is in contrast to last year’s first quarter when weather-reduced supplies in important mango exporting countries in South America and harvest delays in Mexico’s early-season crop created a tight market which led to very strong early-season prices. More than half of first-quarter 2008 imports were from Peru, whose shipments were 54 percent higher than during the same time last year. Supplies from Mexico—the United States’ primary supplier of mangoes—increased 24 percent. A good growing season for Mexico’s 2008 mango crop is anticipated to provide large, good quality supplies of the fruit that will make its way here at more affordable prices relative to last year.

As the summer approaches, Mexican supplies arriving in the United States are increasing as other production regions of the country get their harvest underway. Mexico offers several varieties of mangoes that come in season in different times throughout the year. In general, though, supplies from Mexico are expected to reach peak levels for the season around June and July. Around late-March, f.o.b. shipping-point prices for Mexican Ataulfo mangoes crossing through Texas ranged from \$5.00-\$6.50 per 1-layer carton (12s), compared with \$7.00 per carton the same time last year. Around the same time, prices for Mexican Haden and Tommy Atkins ranged from \$2.75-\$3.50 per 1 layer carton (12s), compared with \$5.00-\$7.00 per carton last year. By mid-May, f.o.b. prices for Mexican Ataulfo mangoes have remained below last year and have come down from earlier in the year,

Table 8--U.S. imports of fresh mangoes, by country, 1998-2007

| Country | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| ----- 1,000 pounds ----- | | | | | | | | | | |
| Mexico | 356,240 | 360,105 | 366,856 | 344,744 | 361,485 | 381,953 | 383,760 | 350,476 | 397,802 | 406,640 |
| Ecuador | 11,596 | 22,910 | 38,922 | 42,037 | 47,311 | 60,177 | 55,194 | 53,093 | 68,498 | 68,821 |
| Peru | 8,007 | 25,090 | 27,111 | 34,288 | 45,227 | 45,375 | 66,857 | 65,816 | 74,104 | 64,353 |
| Brazil | 15,540 | 28,030 | 37,443 | 59,385 | 79,454 | 86,054 | 59,937 | 57,637 | 50,901 | 54,405 |
| Guatemala | 22,555 | 21,051 | 18,262 | 22,739 | 21,053 | 18,207 | 19,346 | 20,539 | 20,130 | 28,398 |
| Haiti | 15,748 | 20,159 | 22,397 | 12,957 | 18,456 | 13,368 | 17,779 | 20,703 | 22,632 | 18,531 |
| Other countries | 5,473 | 5,139 | 7,314 | 8,420 | 7,542 | 8,583 | 6,350 | 6,731 | 10,498 | 9,700 |
| World | 435,177 | 482,681 | 518,305 | 524,569 | 580,582 | 613,815 | 609,236 | 575,058 | 644,580 | 650,872 |

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

ranging from \$3.50-\$4.00 per 1-layer carton (12s). At the retail end, U.S. consumers in April and May were paying an average of \$0.94 for a mango fruit, down from over \$1.00 earlier in the year, based on the new retail price series reported by AMS beginning in October 2007.

Pineapple Imports Higher Early Into 2008

Overall import supplies of fresh and processed pineapples in the United States which comprise much of what is consumed in the country were up during the first 3 months of 2008 compared with the same period a year ago. Fresh pineapple imports were up 7 percent and those for canned pineapples and pineapple juice were up 15 percent and 36 percent, respectively.

First-quarter fresh pineapple import volumes were higher from most leading foreign suppliers, except Ecuador. The bulk of fresh pineapple imports were from Costa Rica, the top supplier to the United States and volumes sent from there were up a moderate 5 percent. Import volumes from other leading suppliers such as Mexico and Honduras showed more significant growth. U.S. fresh pineapple imports experienced year after year increases since 1996, reaching an all-time high of 1.5 billion pounds during 2007 (table 9). Over this time period, countries such as Costa Rica, Ecuador, Mexico, Guatemala, and Honduras, the top 5 ranking foreign suppliers of fresh pineapples to the United States, have strengthened their competitive position in the U.S. fresh pineapple market, increasing the total import share of domestic consumption from 58 percent to nearly 90 percent. Approximately 98 percent of all fresh pineapple imports coming into the United States come from these top five suppliers. Import volumes are generally trending up from these countries, boosting overall imports in the United States and subsequently aiding the rise in domestic fresh pineapple consumption. On a per capita basis, U.S. consumption of fresh pineapples has almost tripled in nearly the past two decades, increasing from about 2 pounds annually during the early to mid-1990s to an estimated record-high of 5.7 pounds in 2007.

U.S. imports of pineapple juice have generally fallen along with domestic production, reflecting declining domestic demand for pineapple juice (table 10). Imports which were in the 85- to 95-million-gallon range during the early 1990s were down to 67 million gallons in 2007. While having declined in volume, pineapple juice imports, like fresh pineapple imports, now account for a larger share of domestic consumption, averaging 90 percent during the past three years. The Philippines continues to be the No. 1 supplier of pineapple juice to the United States, accounting for more than half of total annual imports for the last several

years. Thailand, Costa Rica, Indonesia and Mexico complete the country's top 5 foreign suppliers of pineapple juice with a combined share of total imports averaging 43 percent during 2000-07. Imports in 2008 through March are up significantly from major suppliers, except from Costa Rica (up only fractionally from January-March 2007) and from Mexico (down 85 percent). Should imports remain higher through most of this year, even at a more moderate growth rate than earlier in the year, domestic per capita consumption of pineapple juice is expected to improve from last year's estimate of 0.25 gallon, which was slightly below the average during 2000-06 and the lowest since the late 1970s.

Despite some ups and downs, canned pineapple imports remained relatively stable over the past two decades. Thailand remained the leading supplier to the United States for the second consecutive year in 2007, outranking the Philippines, which historically has been first (table 11). Others in the list of top five foreign suppliers include Indonesia, China, and Malaysia. Imports fell 4 percent in 2007 from the year before, reflecting mainly shipment declines from Thailand (down 11 percent) and Indonesia (down 17 percent). Imports appear to be on a rebound in 2008, with first-quarter volume up 15 percent, reflecting increases from major suppliers except Malaysia.

Increased imports continue to put growing pressure on domestic production. Following a long-term downward trend, Hawaii's pineapple production continued to decline in 2006, the most recent year with available production data. Utilized production that year was pegged at 188,000 tons, 32 percent below the previous 5-year average and the lowest level reached since the late 1970s. In view of Hawaii's shrinking pineapple industry, this significant decline in utilized production in 2006 came earlier than expected as one of two remaining pineapple companies in the State ended their production operation in 2006 rather than their initial intention of continuing to operate until 2008. There were 100 fewer acres devoted to the crop in 2006, totaling 13,900 acres. Production disposition has been shifting in favor of the fresh market and historically for the first time, more production went to the fresh market than to the processing sector in 2006. Encouraged by strong market demand and higher grower prices for fresh-market pineapples, the fresh-market share of utilized production continues to grow, increasing from 34 percent in 2000 to 53 percent in 2006.

Table 9--U.S. imports of fresh and frozen pineapples, by country, 1998-2007

| Country | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|--------------------------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|
| ----- 1,000 pounds ----- | | | | | | | | | | |
| Costa Rica | 446,029 | 504,018 | 574,663 | 581,531 | 765,120 | 888,956 | 873,559 | 978,920 | 1,161,862 | 1,280,249 |
| Ecuador | 5,268 | 11,785 | 14,341 | 18,788 | 40,405 | 65,713 | 76,817 | 83,291 | 80,148 | 74,935 |
| Mexico | 41,009 | 33,530 | 38,505 | 54,180 | 39,799 | 33,421 | 60,102 | 61,238 | 49,697 | 64,815 |
| Guatemala | 1,018 | 3,846 | 1,681 | 5,581 | 1,617 | 6,471 | 38,840 | 71,889 | 73,144 | 60,599 |
| Honduras | 59,414 | 73,976 | 72,570 | 44,690 | 45,478 | 54,516 | 75,911 | 73,072 | 28,047 | 44,445 |
| Panama | 299 | 0 | 275 | 561 | 930 | 1,062 | 3,884 | 8,321 | 7,437 | 17,094 |
| Thailand | 6,505 | 4,722 | 6,255 | 8,021 | 6,845 | 9,255 | 8,894 | 10,032 | 7,769 | 7,410 |
| Philippines | 13 | 0 | 126 | 1 | 0 | 2 | 153 | 4,424 | 10,322 | 7,238 |
| Vietnam | 0 | 344 | 497 | 741 | 1,468 | 662 | 241 | 526 | 522 | 521 |
| Republic of South | 0 | 0 | 9 | 76 | 157 | 329 | 398 | 285 | 439 | 378 |
| Other countries | 3,938 | 474 | 2,369 | 1,480 | 826 | 2,262 | 948 | 1,174 | 2,076 | 1,136 |
| World | 563,493 | 632,697 | 711,292 | 715,651 | 902,645 | 1,062,649 | 1,139,747 | 1,293,172 | 1,421,462 | 1,558,820 |

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

Table 10--U.S. imports of pineapple juice, by country, 1998-2007

| Country | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| ----- 1,000 single-strength gallons ----- | | | | | | | | | | |
| Philippines | 33,963 | 33,459 | 34,971 | 39,319 | 38,754 | 48,821 | 40,820 | 36,971 | 38,191 | 35,540 |
| Thailand | 17,203 | 29,573 | 22,522 | 21,454 | 20,213 | 19,535 | 16,732 | 17,384 | 21,133 | 19,606 |
| Costa Rica | 1,598 | 3,073 | 2,124 | 1,953 | 3,716 | 2,885 | 1,634 | 2,655 | 3,251 | 4,742 |
| Indonesia | 5,244 | 9,795 | 6,260 | 6,924 | 10,224 | 8,625 | 6,451 | 7,991 | 7,146 | 3,539 |
| Mexico | 2,093 | 509 | 349 | 235 | 627 | 1,279 | 604 | 805 | 907 | 861 |
| Vietnam | 0 | 0 | 0 | 0 | 76 | 275 | 958 | 245 | 537 | 572 |
| China | 121 | 80 | 22 | 180 | 189 | 120 | 172 | 419 | 235 | 491 |
| Other countries | 1,279 | 1,735 | 1,234 | 633 | 1,593 | 2,373 | 970 | 1,222 | 1,385 | 1,161 |
| World | 61,502 | 78,224 | 67,482 | 70,698 | 75,391 | 83,912 | 68,343 | 67,692 | 72,785 | 66,511 |

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

Table 11---U.S. imports of canned pineapples, by country, 1998-2007

| Country | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| ----- 1,000 pounds ----- | | | | | | | | | | |
| Thailand | 109,955 | 257,272 | 183,580 | 168,261 | 183,595 | 224,135 | 240,722 | 280,029 | 320,931 | 286,203 |
| Philippines | 247,345 | 274,052 | 306,735 | 296,357 | 287,462 | 304,298 | 286,954 | 281,726 | 266,220 | 277,330 |
| Indonesia | 108,676 | 144,861 | 146,360 | 122,026 | 135,323 | 117,412 | 113,174 | 129,213 | 124,735 | 103,095 |
| China | 22,354 | 29,904 | 17,098 | 17,888 | 31,459 | 54,173 | 58,299 | 75,108 | 69,035 | 76,939 |
| Malaysia | 15,084 | 15,077 | 9,556 | 10,000 | 11,322 | 17,877 | 16,463 | 16,037 | 16,746 | 24,519 |
| Other countries | 44,985 | 37,258 | 41,046 | 33,604 | 35,297 | 26,845 | 10,108 | 8,736 | 10,063 | 7,686 |
| World | 548,399 | 758,424 | 704,376 | 648,136 | 684,457 | 744,740 | 725,720 | 790,850 | 807,730 | 775,773 |

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

Larger Orange Crops in 2007/08 Drive Down Grower Prices

The greater quantity of oranges produced in both Florida and California has driven down the prices growers are receiving this season for both processing and fresh oranges. NASS forecasts Florida's production at 7.6 million tons, 31 percent higher than last season, and California's production at 2.5 million tons, 42 percent higher than last season's frost damaged crop. If realized, this would be Florida's biggest orange crop since 2003/04 and California's biggest since 1997/98.

By mid-May, all of Florida's early and mid-season orange varieties, including navels and Temples had been harvested. Almost 40 percent of the Valencia oranges still remained, a higher percentage than either of the past 2 seasons. The quantity of oranges going to fresh use was down this season, partially due to the smaller navel crop that mostly goes to fresh use, but also due to fewer juice-variety oranges sold as fresh. As a result, only 2 percent of Florida's oranges were sold for fresh use this season, down from an average of 3 percent the past 2 seasons.

With the bulk of oranges going to processing, Florida orange grower prices are strongly correlated with orange juice demand as well as the size of their annual crop. This season the demand for orange juice as measured by juice movement has been slow. Together with the bigger crop, grower prices have declined, averaging \$5.60 per 90-lb box so far this season, October through April, down from the average of \$7.52 per box for the same period last season (table 12). However, prices are still considerably higher than any other season since the early 1990s. Although the crop is bigger and juice movement is slow this season, demand from processors has been strong. Oranges used for making frozen concentrated orange juice (FCOJ) was up 39 percent through May from the same time last season and

Table 12--Processing oranges: Average equivalent on-tree prices received by growers, Florida, 2002/03-2007/08

| Month | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 |
|--------------------|-----------------------------|---------|---------|---------|---------|---------|
| | -----Dollars/90-lb box----- | | | | | |
| October | 1.68 | 1.13 | -- | 0.40 | 4.25 | -- |
| November | 2.29 | 1.89 | 2.04 | 3.23 | 5.23 | 4.35 |
| December | 2.37 | 2.03 | 2.32 | 3.94 | 6.44 | 5.10 |
| January | 2.50 | 2.11 | 2.52 | 4.33 | 7.55 | 5.45 |
| February | 2.58 | 2.18 | 2.71 | 5.24 | 8.55 | 5.80 |
| March | 3.84 | 3.62 | 3.59 | 6.04 | 10.05 | 6.22 |
| April | 3.87 | 3.72 | 4.27 | 6.31 | 10.55 | 6.65 |
| May | 3.85 | 3.71 | 4.37 | 6.52 | 11.55 | |
| June | 3.74 | 3.85 | 4.26 | 6.78 | 11.15 | |
| July | -- | -- | -- | 6.28 | -- | |
| Oct.-April Average | 2.73 | 2.38 | 2.91 | 4.21 | 7.52 | 5.60 |

-- = Not available.

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

Table 13 --United States: Orange juice supply and utilization, 1986/87 to present

| Season 1/ | Beginning stocks | Production | Imports | Supply | Exports | Domestic consumption | Ending stocks | Per capita consumption |
|------------|----------------------------------|------------|---------|--------|---------|----------------------|---------------|------------------------|
| | -----Million sse gallons 2/----- | | | | | | | Gallons |
| 1986/87 | 204 | 781 | 396 | 1,381 | 73 | 1,106 | 201 | 4.57 |
| 1987/88 | 201 | 907 | 296 | 1,404 | 90 | 1,103 | 212 | 4.52 |
| 1988/89 | 212 | 970 | 272 | 1,454 | 73 | 1,148 | 233 | 4.66 |
| 1989/90 | 233 | 652 | 350 | 1,235 | 90 | 920 | 225 | 3.70 |
| 1990/91 | 225 | 876 | 320 | 1,422 | 94 | 1,170 | 158 | 4.65 |
| 1991/92 | 158 | 930 | 286 | 1,374 | 107 | 1,096 | 170 | 4.30 |
| 1992/93 | 170 | 1,207 | 324 | 1,701 | 114 | 1,337 | 249 | 5.18 |
| 1993/94 | 249 | 1,133 | 405 | 1,787 | 107 | 1,320 | 360 | 5.04 |
| 1994/95 | 360 | 1,257 | 198 | 1,815 | 117 | 1,264 | 434 | 4.77 |
| 1995/96 | 434 | 1,271 | 261 | 1,967 | 119 | 1,431 | 417 | 5.34 |
| 1996/97 | 417 | 1,437 | 256 | 2,110 | 148 | 1,398 | 564 | 5.16 |
| 1997/98 | 564 | 1,555 | 281 | 2,400 | 150 | 1,571 | 679 | 5.73 |
| 1998/99 | 679 | 1,236 | 350 | 2,265 | 147 | 1,585 | 534 | 5.71 |
| 1999/2000 | 534 | 1,493 | 339 | 2,366 | 146 | 1,575 | 645 | 5.60 |
| 2000/01 | 645 | 1,389 | 258 | 2,292 | 123 | 1,471 | 698 | 5.18 |
| 2001/02 | 698 | 1,435 | 189 | 2,322 | 181 | 1,448 | 692 | 5.05 |
| 2002/03 | 692 | 1,251 | 291 | 2,235 | 103 | 1,427 | 705 | 4.93 |
| 2003/04 | 705 | 1,467 | 223 | 2,395 | 123 | 1,450 | 822 | 4.95 |
| 2004/05 | 822 | 976 | 358 | 2,155 | 119 | 1,412 | 623 | 4.78 |
| 2005/06 | 623 | 988 | 299 | 1,910 | 138 | 1,314 | 459 | 4.40 |
| 2006/07 | 459 | 896 | 399 | 1,754 | 123 | 1,255 | 376 | 4.17 |
| 2007/08 f/ | 376 | 1,124 | 380 | 1,880 | 139 | 1,262 | 479 | 4.16 |

f = forecast.

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

2/ SSE = single-strength equivalent.

Source: Prepared and calculated by USDA, Economic Research Service.

fruit used to make single-strength orange juice was up by 6 percent. As a result of the large quantity of fruit going into juice making this season and the slow movement, ending stocks will likely be high for both FCOJ and not-from-concentrate orange juice (table 13).

California's biggest orange crop in about a decade has brought grower prices down 45 percent from last season's frost damaged crop year, but down only 7 percent from the average for the previous 3 seasons (2003/04 through 2005/06). Prices this

Table 14--Fresh oranges: Average equivalent on-tree prices received by growers,
California, 2002/03-2007/08

| Month | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 |
|-----------------------------|---------|---------|---------|---------|---------|---------|
| -----Dollars/75-lb box----- | | | | | | |
| November | 11.05 | 12.20 | 13.00 | 13.00 | 9.49 | 14.68 |
| December | 8.25 | 10.00 | 10.40 | 10.60 | 12.39 | 10.28 |
| January | 5.65 | 8.50 | 9.50 | 9.10 | 12.39 | 8.88 |
| February | 4.26 | 8.55 | 8.95 | 9.11 | 24.68 | 7.68 |
| March | 6.45 | 10.10 | 9.34 | 9.20 | 22.14 | 7.83 |
| April | 8.41 | 9.74 | 10.47 | 11.30 | 22.55 | 7.18 |
| May | 8.65 | 10.04 | 10.63 | 12.55 | 21.81 | |
| June | 7.09 | 11.22 | 9.02 | 12.99 | 18.03 | |
| July | 5.36 | 9.64 | 7.24 | 12.94 | 16.83 | |
| August | 5.64 | 11.04 | 6.84 | 14.84 | 14.63 | |
| September | 4.94 | 15.44 | 8.14 | 22.04 | 12.83 | |
| October | 4.84 | 21.23 | 7.84 | 19.04 | 9.63 | |
| Nov.-Feb. Average | 7.35 | 9.85 | 10.28 | 10.39 | 17.27 | 9.42 |

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

season have ranged from a high of \$14.68 in November when the season got off to a slow start and fruit availability was limited, to a low of \$7.18 in March as the navel season begins to wind down (table 14). The navel oranges are reported to be of good color, maturity, and sugar content, attributes helpful to drive consumer demand. As of May 10, AMS Market News data show California shipments running ahead of last season. The industry estimates the navel season will be winding down by mid-May with some late-variety navels available through June.

Retail prices for navel oranges have been averaging \$0.93 a pound from November through April, about 22 percent less than last season but the same as in 2005/06 (table 15). Among the top 20 retail markets surveyed by COGNOS Freshlook, the major retail markets for fresh oranges this season through mid-March were: Los Angeles—15 percent, New York—13 percent, and Baltimore/Washington and Chicago—7 percent each.

The big crop this season, along with good quality attributes have helped drive up orange exports this season. Shipments from November through March were up 53 percent from last season's freeze-reduced crop and 4 percent above the average for the previous 3 seasons. Nearly a third of all orange shipments went to Canada. While up from last season, the quantity shipped to Canada during this period was less than any season since 2001/02. South Korea, on the other hand, has become a rapidly growing market, accounting for a quarter of all oranges shipped this season through March. Fresh orange exports to South Korea have been growing at an average annual rate of 21 percent. Since the turn of the new century, shipments to South Korea have been exceeding those to Japan annually. During the past several seasons, quantities shipped to South Korea have at times exceeded the largest shipments to Japan since the late 1980s, early 1990s, when Japan became the second largest international market for U.S. oranges. Although dropping in its ranking to number 3 among export destination for U.S. fresh oranges, Japan's market still shows some growth potential, with this season's shipments averaging about the same or slightly higher than between 2001/02 and 2005/06.

Table 15--Fresh oranges: Retail prices, 2001/02-2006/07

| Month | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 |
|-------------------------|---------|---------|---------|---------|---------|---------|
| -----Dollars/pound----- | | | | | | |
| November | 1.00 | 0.97 | 1.08 | 1.17 | 1.20 | 1.08 |
| December | 0.74 | 0.86 | 0.87 | 0.89 | 0.96 | 0.91 |
| January | 0.71 | 0.79 | 0.84 | 0.84 | 1.09 | 0.91 |
| February | 0.71 | 0.73 | 0.80 | 0.92 | 1.38 | 0.89 |
| March | 0.73 | 0.73 | 0.78 | 0.89 | 1.30 | 0.90 |
| April | 0.74 | 0.74 | 0.82 | 0.88 | 1.24 | |
| May | 0.80 | 0.77 | 0.90 | 0.99 | 1.27 | |
| June | 0.88 | 0.88 | 1.01 | 1.12 | 1.32 | |
| July | 0.57 | -- | 0.91 | 0.93 | 1.08 | |
| August | 0.54 | 0.67 | 0.89 | 1.00 | 1.11 | |
| September | 0.59 | 0.71 | 0.88 | 1.08 | 1.07 | |
| October | 0.60 | -- | 0.90 | 1.42 | 1.04 | |
| Nov.-April Average | 0.77 | 0.80 | 0.86 | 0.93 | 1.19 | 0.93 |

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

Due to the greater availability of California navel oranges in U.S. markets, imports are down by 74 percent from last season from November through March. Despite the sharp decline in imports, shipments from Mexico have been higher than usual when compared with the 3 season's prior to last season. Reports early in the season from FAS' Mexican Agricultural attaché expect a good crop this season from Mexico, explaining some of the increase in shipments.

Bigger Grapefruit Crop in 2007/08 Drives Grower Prices Down Slightly

The U.S. grapefruit crop is forecast to reach 1.5 million tons this season, 5 percent bigger than last season, but 2 percent smaller than in 2006/07. Florida's crop accounts for 72 percent of the production this season and is the only crop among the 4 major producing States—Florida, Texas, California, and Arizona, that increased. Production is forecast to remain unchanged from last season in California and Arizona and to be down 3 percent in Texas.

Although the crop has improved in size from the devastation of the hurricanes in 2003/04 and 2004/05, this season's crop is less than half the size of a normal crop in the 1990s. With declining acreage and continued disease problems, especially in Florida, it is unlikely the industry will return to its average size of 2.2 million tons annually during that era. With price strongly related to crop size, this season's grower prices for fresh grapefruit have averaged about \$10.36 per 80-lb box, 1 percent down from last season and down 44 percent from 2004/05 and 31 percent from 2005/06, the hurricane seasons (table 16). Compared to bigger crop years, however, growers this season are receiving almost double the price per box which averaged \$5.57 annually throughout the 1990s.

Florida's grapefruit season was pretty well finished by mid-May. According to data from Florida's Citrus Administrative Committee (CAC), about 32 percent of the crop went to fresh use with the remainder sold to processors. The top domestic markets for fresh grapefruit were New York, Baltimore/Washington, Los Angeles,

Table 16--Fresh grapefruit: Average equivalent on-tree prices received by growers, 2003/04-2007/08

| Month | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 |
|---------------------------------|---------|---------|---------|---------|---------|
| -----Dollars per 80-lb box----- | | | | | |
| October | 9.72 | 16.05 | 21.85 | 15.15 | 11.74 |
| November | 6.86 | 19.93 | 14.66 | 12.42 | 14.20 |
| December | 6.26 | 18.87 | 14.37 | 11.88 | 9.30 |
| January | 6.14 | 19.41 | 15.29 | 9.93 | 10.19 |
| February | 6.52 | 18.93 | 13.89 | 8.25 | 8.98 |
| March | 7.46 | 18.32 | 12.60 | 7.78 | 9.40 |
| April | 6.75 | 18.91 | 12.11 | 8.07 | 8.73 |
| May | 7.54 | 17.78 | 15.13 | 10.44 | |
| Oct.-Apr. Average | 7.10 | 18.63 | 14.97 | 10.50 | 10.36 |

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

and Chicago. In the U.S. market, almost all the grapefruit sold for fresh use are red or pink. White grapefruit accounted for only 3 percent of total sales of Florida's fruit and most all of Texas' grapefruit are red. Texas' crop was completely harvested and shipped by CAC's May 11 report. Industry sources indicated that not all of this season's Texas grapefruit crop was harvested.

The CAC data also indicated that a larger share of Florida fresh grapefruit were exported than sold domestically. In 2007/08, exports of white grapefruit which make up 25 percent of the total were down 6 percent from last season. White grapefruit are still popular in Japan. Shipments of red/pink grapefruit increased fractionally from last season.

Total fresh grapefruit exports were down 11 percent this October through March over the same period last season. Shipments to Japan, which accounted for 51 percent of the total, fell 21 percent from last season. Shipments to Canada, the No. 2 market fell 7 percent. On the brighter side, European demand was strong this season with bigger shipments to the Netherlands, Belgium, France, and Germany. They were also up to South Korea and Taiwan.

Lemon Prices Rise In Light of Second Consecutive Small Crop

The 2007/08 lemon crop, forecast at 703,000 tons, is forecast to be 12 percent smaller than last season's revised crop size of 798,000 tons, which was damaged by freeze. California's crop is forecast to be 8 percent smaller than last season, and if realized it would be the smallest crop since 1998/99. Arizona's crop is 40 percent smaller than even last season's, and the smallest in recent history. While last season's smaller crop brought higher grower prices, the continued pressure on the industry to provide ample lemon supplies has further pressured prices higher. Last season, prices for fresh lemons averaged \$31.69 per 76-lb box (table 17). While prices were high coming into the season in late 2006, after the January 2007 freeze, prices doubled and remained high throughout the remainder of the season. With tight supplies coming into the 2007/08 season, prices began at nearly double last August's price and the highest for the month on record. So far this season, August through April, the grower price for fresh lemons averaged \$45.55 per box and is

likely to increase in the coming months as the demand for lemons grows with the onset of warmer weather which generally increases lemon demand.

AMS data show shipments this season through May 12 to be just slightly more than half the quantity shipped about the same time last season. While price may play a role in slower movement, other factors also play an important role. Primarily, early last season was a typical marketing year until almost half way through when the freeze damaged parts of the remaining crop. This season started out smaller than last season and there have been fewer fruit to market throughout the entire season.

Although domestic shipments have been lower than last season, consumers were unlikely to have noticed any supply shortages. To compensate for the smaller domestic crop, imports, predominantly from Mexico and Chile have been very strong this season. Through March, imports increased 62 percent over last season and more than 2.5 times greater than the average imports from 2002/03 through 2005/06. Mexico's shipments accounted for 70 percent of the imports this season, and were almost three times greater than the quantity shipped during this time in 2006/07. Chile's shipment accounted for about 25 percent of the total, slightly less than double last season. Shipments from Spain, the third major source of lemon imports into the United States, were down 10 fold, as Spain is also dealing with reduced production this season due to drought.

Although imports have provided for ample fresh lemon supplies in the market this season, retail prices are up. From August 2007 through April 2008, fresh lemon retail prices averaged \$1.95 per pound, 12 percent higher than last season's average of \$1.74 per pound and 47 percent higher than the average price from 2001/02 through 2006/07 at \$1.33 per pound. While the weaker value of the U.S. dollar would likely increase the price of imported products, the average unit value per pound of imported lemons declined slightly from last season. While the unit price was higher from Mexico, it was offset by a lower price from Chile. Further bringing down the price from last season was the small presence of Spanish lemons, which tend to be higher than from either of the other two countries.

Table 17--Fresh lemons: Average equivalent on-tree prices received by growers, 2003/04-2007/08

| Month | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 |
|---------------------------------|---------|---------|---------|---------|---------|
| -----Dollars per 76-lb box----- | | | | | |
| August | 17.70 | 20.31 | 15.72 | 27.01 | 43.40 |
| September | 13.87 | 19.73 | 13.41 | 31.32 | 46.10 |
| October | 10.96 | 17.87 | 12.06 | 34.04 | 48.04 |
| November | 10.23 | 16.39 | 12.35 | 26.48 | 48.00 |
| December | 8.98 | 16.53 | 12.33 | 18.27 | 42.68 |
| January | 8.17 | 16.33 | 10.99 | 16.22 | 45.54 |
| February | 9.72 | 15.40 | 13.47 | 37.26 | 47.10 |
| March | 13.80 | 15.00 | 16.00 | 37.71 | 45.90 |
| April | 16.40 | 17.71 | 23.82 | 36.71 | 43.20 |
| May | 17.10 | 26.71 | 28.02 | 36.11 | |
| June | 19.50 | 21.31 | 27.62 | 38.21 | |
| July | 21.00 | 20.51 | 26.22 | 40.91 | |
| Aug.-April Average | 12.20 | 17.25 | 14.46 | 31.69 | 45.55 |

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

Despite the smaller supply and higher prices this season, lemon exports have been the highest on record through March. Although grower prices are up this season, the weak dollar creates a favorable environment for lemon sales in international markets. While the average grower price between August 2007 and March 2008 increased about 61 percent from the same time last season, and U.S. retail prices averaged 12 percent higher, the unit value of fresh lemon exports averaged only 2 percent higher. As a result, exports have been strong to Japan, Canada, Australia, South Korea, and New Zealand, but down to China and Hong Kong. Together, these countries accounted for 99 percent of the exports so far this season. The strongest growth this season occurred from both Australia and New Zealand. Australia has been experiencing several years of drought and U.S. lemon shipments have nearly doubled in each of the past 2 seasons.

Almond Bearing Acreage Continues To Climb

NASS' 2007 California Almond Acreage Report, released May 1, estimates 740,000 acres were planted to almonds, 615,000 of which were bearing, with another 125,000 acres not yet bearing a commercial crop. With such a large number of nonbearing acres, the trend towards increasing bearing acreage will continue for several more years (fig. 7). Due to the continuing strong returns growers receive from almonds, producers who previously were planting program crops have been replacing some of the field crop acres to almonds. This has been especially noticeable with cotton acreage. With the continued growth in almond acreage, in 2007, more California acreage was planted to almonds than to rice, cotton, or wheat. Among the major crops produced in the State, only acres planted to feed corn and grapes exceeded the quantity planted to almonds.

The bulk of California's almond production is concentrated in the Central Valley, with about 64 percent from Kern, Merced, Stanislaus, and Fresno counties. Similarly, 62 percent of the nonbearing acreage is in Kern, Fresno, and Stanislaus. The nonpareil variety accounted for 38 percent of the bearing acres, followed by Carmel, Butte, Monterey, and Padre. Among the nonbearing acreage in 2007, nonpareil almonds accounted for a third, followed by Monterey, Butte, and Padre varieties.

NASS' preliminary forecast for the 2008 almond acreage is for a 7 percent increase, to 660,000 acres. In general the weather has been reported to be pretty good for this season's almond crop. A freeze in Northern California has been reported to have caused only minor to the crop there. Damage was expected to be much greater for other tree and vine crops, especially peaches, prunes, walnut, and grapes. The Central Valley and Southern-production region have been mostly dry, but strong winds have been reported. While the trees go through a normal shedding process during the early spring, the heavy winds may be contributing to an even heavier shedding, including viable nuts that would not usually drop from the trees under optimal conditions.

Despite concerns over the availability of bees for pollination due to colony collapse disorder, California almond growers reported they had sufficient bees to pollinate their orchards this winter. Along with having enough bees, there was good weather during pollination, allowing for good bloom set. With a good crop of nuts on the trees and an increasing number of bearing acres, NASS' first forecast for the

2008/09 almond crop is estimated to be 1.46 billion pounds, shelled basis. If realized, this season's crop would be another record breaker, exceeding last year's record 1.38 billion pounds by 6 percent. In May, NASS revised its forecast for the 2007 crop up 1 percent from its previous estimate of 1.36 billion pounds.

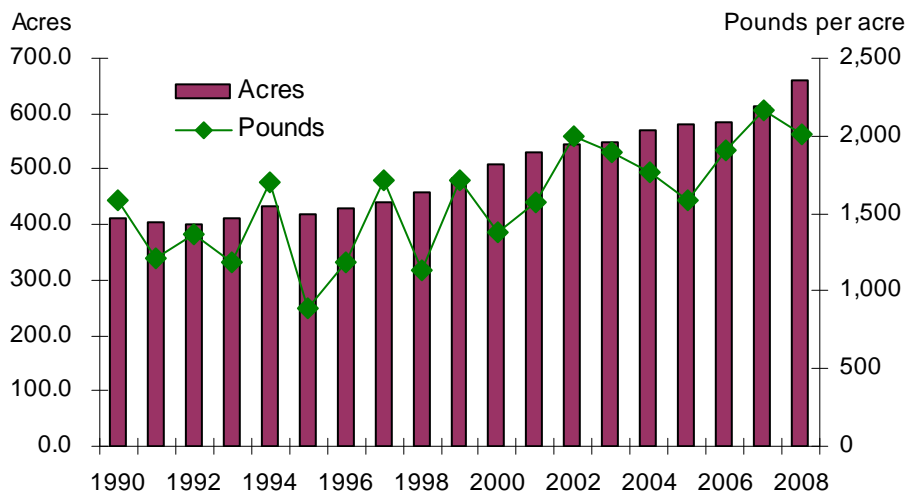
Although the industry faced a very large crop to market this past season, it has been able to increase sales, both domestically and abroad, to move much of its supplies. Domestic shipments, which account for about a third of the almonds shipped through April (the season runs August through July), were up 8 percent from the 2006/07 season, and exports, accounting for the remaining two-thirds of the shipments, increased 22 percent.

Exports to Spain, the No. 1 export market for U.S. almonds increased 50 percent from the previous season through April. A more average sized crop in Spain helped increase demand for U.S. almonds. Added to that, however, and likely more important, is the growing market for Spain's almond products in the world market. According to the Foreign Agricultural Service's Spanish agricultural attaché, California almonds and Spanish almonds are not really substitutes. The Spanish consume and market their almonds to be eaten as is. The Spanish claim almonds imported from California have a different oil content, texture, density, and taste that make them more suitable to use as a product in producing other goods, such as in making marzipan and candies.

The 2007/08 shipments were the first to be exported under the new Voluntary Aflatoxin Sampling Program (VASP) whereby shipments to Europe would be tested for aflatoxin by certified laboratories in the United States before being exported. As a result of the new program, shipments are expected to move through European ports more quickly than in the past and with fewer rejected, meaning more of the supplies shipped will reach their intended markets.

Figure 7

Almond bearing acreage increasing in California



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

Walnut Bearing Acreage Up in 2007

According to the NASS' *2007 California Walnut Acreage Report*, released May 23, California had 218,000 bearing acres of walnuts and another 25,000 acres not yet bearing a commercial crop last year. Most of the acreage is located in the San Joaquin and Sacramento Valleys, with bearing acreage concentrated in San Joaquin, Butte, Tulare, Stanislaus, and Sutter counties. The counties with the greatest number of nonbearing acres include Butte, San Joaquin, Sutter, Tehama, and Stanislaus. The number of nonbearing acres has been declining over the last several years, indicating that the growth in overall walnut acre, and potentially production, will be slowing in the near future. At present, the Chandler variety of walnuts occupies the greatest number of bearing acres, followed by the Hartley variety. The greatest number of nonbearing acres, however, is planted to the Chandler, Howard, and Tulare varieties.

As a result of the small crop this year, shipments have run behind last season both domestically and to international markets. Shipments of inshell walnuts were down 5 percent this September 2007 through April 2008 from the same time last season. Domestic shipments were down 12 percent and exports were down 3 percent. Domestic shipments accounted for about 17 percent of all the inshell walnuts marketed this season so far. Domestic shipments make up a much larger component of shelled walnut marketings. For the 2007/08 season, the domestic market received about 62 percent of the shelled walnuts shipped. Domestic shipments of shelled walnuts have been down 3 percent from last season through April and international shipments have been down 4 percent. In the international market, inshell walnuts shipments were up to Italy, the No. 1 market, but down to Spain and Germany the next biggest export markets. Shipments more than doubled to Turkey, making it the fourth biggest market this year.

Germany is the No. 1 market for U.S. shelled walnuts outside the United States. Its shipments were up this season, as were those to Spain, Italy, and the Netherlands. Shipments, however, to Japan, the No. 2 market fell 10 percent from September through April last season. Shipments were also down to Korea and Israel, and Australia, other big markets.

The first production forecast for the 2008 walnut crop will not be available until July. While this year would typically be a big crop year in the alternate bearing nature of the walnut trees, the freeze this year in late April was reported to have damaged walnut production, particularly in the northern counties, and can have an adverse effect on the quantity of walnuts available for marketing this season.

Fruit and Tree Nut Trade Outlook

Bigger Orange and Strawberry Crops in California Help Boost This Season's Exports

U.S. fresh orange and strawberry exports are significantly higher this season than last, with volumes through March up 54 percent and 26 percent, respectively. Bigger crops in California and resulting lower prices are helping to stimulate demand for U.S. fresh oranges and strawberries in export markets. Added to these are the positive fruit quality attributes of this season's crops such as improved sugar levels and good sizing, and also the weak U.S. dollar that is making U.S. exports cheaper for other countries. U.S. fresh orange exports this season are up to all the major markets—Canada, Japan, Hong Kong, South Korea, China, and Australia. Fresh strawberry exports to Canada, the United States' main market for the product, are up 25 percent. However, there are bigger export gains to other major markets, particularly to Mexico and Japan where the quantity of fresh strawberries sent by the United States were at least more than double those during last year's first quarter. Almost all the fresh strawberry exports this first quarter went to Canada.

U.S. exports of frozen strawberries are also strong this season, up 18 percent through March from the same time last year. While early season supplies of freezer berries delivered to processors remain below last year thus far, large ending stocks of frozen strawberries in 2007 has increased the available supplies to meet export demand during the first quarter of this year. Despite lackluster demand in Canada for U.S. frozen strawberries, exports are up sharply to Japan, South Korea, and the Bahamas, and up moderately to Mexico.

Table 18--U.S. exports of selected fruit and tree nut products

| Commodity | Marketing season | Season to date (through March) | | Year-to-date change |
|------------------------------------|-------------------|----------------------------------|-----------|---------------------|
| | | 2007 | 2008 | |
| | | ----- 1,000 pounds ----- | | Percent |
| Fresh-market: | | | | |
| Oranges | November-October | 491,683 | 756,056 | 53.8 |
| Grapefruit | September-August | 566,272 | 501,392 | -11.5 |
| Lemons | August-July | 169,503 | 210,825 | 24.4 |
| Apples | August-July | 1,065,462 | 1,093,137 | 2.6 |
| Grapes | May-April | 599,325 | 660,710 | 10.2 |
| Pears | July-June | 254,519 | 308,021 | 21.0 |
| Peaches (including nectarines) | January-December | 1,501 | 1,849 | 23.2 |
| Straw berries | January-December | 40,514 | 50,860 | 25.5 |
| Cherries | January-December | 23 | 630 | 2626.3 |
| | | ----- 1,000 sse gallons 1/ ----- | | |
| Processed: | | | | |
| Orange juice, frozen concentrate | October-September | 14,155 | 15,855 | 12.0 |
| Orange juice, not-from-concentrate | October-September | 32,496 | 49,514 | 52.4 |
| Grapefruit juice | October-September | 7,884 | 7,223 | -8.4 |
| Apple juice and cider | August-July | 4,728 | 5,864 | 24.0 |
| Wine | January-December | 24,640 | 29,538 | 19.9 |
| | | ----- 1,000 pounds ----- | | |
| Raisins | August-July | 169,360 | 210,064 | 24.0 |
| Canned pears | June-May | 18,220 | 12,129 | -33.4 |
| Canned peaches | June-May | 35,980 | 57,088 | 58.7 |
| Frozen straw berries | January-December | 6,876 | 8,080 | 17.5 |
| | | ----- 1,000 pounds ----- | | |
| Tree nuts: | | | | |
| Almonds (shelled basis) | August-July | 616,336 | 696,505 | 13.0 |
| Walnuts (shelled basis) | August-July | 121,081 | 167,585 | 38.4 |
| Pecans (shelled basis) | October-September | 23,766 | 32,754 | 37.8 |
| Pistachios (shelled basis) | September-August | 31,809 | 47,246 | 48.5 |

1/ Single-strength equivalent.

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

Lower Shipments From Chile Drive Grape Imports Down, Peach Imports Up This Season

U.S. fresh grape imports for this season through March are down 7 percent from the same time in 2006/07, declining from many countries but most importantly from Chile—the No. 1 U.S. source for imported grapes. Chile’s shipping season runs from November through April, the off-season for U.S. grapes. Imports from Chile this winter posted a 21-percent decline, mostly as a result of record cold temperatures that caused crop delays in all of the country’s grape production regions and rains that curtailed late-season volumes, limiting availability of supplies for export. Imports were also down from Brazil, Italy, Republic of South Africa, and Argentina.

U.S. fresh grape imports from Mexico, which represent most of the volume during the earlier part of the season, were up considerably despite increased domestic table grape production in 2007. Due to better weather conditions and improved yields, a significantly bigger crop in Mexico made it feasible to export so much more to the United States, the country’s primary export market, during the marketing year 2007/08 (May-April) compared with the previous season. Early indications are that Mexico’s 2008/09 crop has progressed well, showing a good set and promotable quality. While this could mean ample supplies available for export to the United States during the 2008/09 season, initial shipments (through mid-May) to the U.S. market are running behind last season by over 30 percent, based on AMS shipment data. This may just be due to timing of the crop as Mexican grape supplies are expected to come in heavily in the weeks ahead.

Similar to Chile’s grape crop, freezing temperatures and spring rains also delayed the maturity of most of the country’s stone fruit crops, resulting in lower shipments to the United States during the early part of their shipping season. Frost damage is reported to have had the most impact on Chile’s plum crop, reducing overall shipments for the season. The slow maturity of the stone fruit crops, however, helped increase fruit sugar levels and size, attributes that make for a better quality fruit that help promote increased demand. Most of Chile’s stone fruit crops are produced for the export market, with the United States as a top destination. Although down 15 percent in January from a year ago, shipment volumes for peaches (including nectarines) caught up considerably the next couple of months, driving up overall first-quarter imports. Not presented on table 19, plum imports through March were down 24 percent.

U.S. lime imports are barely changed through March, declining only less than 1 percent from the same time last year. Shipments from Mexico accounted for most of the volume and rose only fractionally. Shipments from relatively smaller suppliers in South and Central America declined sharply, making a bigger impact on overall first-quarter supplies. Domestic demand for imported pecan nuts is very strong in 2007/08. Despite having the largest U.S. pecan crop since the turn of the new millennium, supplies were pressured down somewhat by a 13-percent drop in 2007/08 beginning stocks from the previous season. U.S. imports of pecans this season through March are up 22 percent, increasing sharply from Mexico, the primary source, and the Republic of South Africa.

Table 19--U.S. imports of selected fruit and tree nut products

| Commodity | Marketing season | Season to date (through March) | | Year-to-date change |
|---------------------------------------|-------------------|-----------------------------------|-----------|---------------------|
| | | 2007 | 2008 | |
| | | ----- 1,000 pounds ----- | | Percent |
| Fresh-market: | | | | |
| Oranges | November-October | 71,027 | 18,385 | -74.1 |
| Tangerines (including clementines) | October-September | 194,507 | 143,270 | -26.3 |
| Lemons | August-July | 79,428 | 128,603 | 61.9 |
| Limes | January-December | 167,525 | 166,489 | -0.6 |
| Apples | August-July | 121,357 | 133,294 | 9.8 |
| Grapes | May-April | 1,114,327 | 1,028,660 | -7.7 |
| Pears | July-June | 137,269 | 107,431 | -21.7 |
| Peaches (including nectarines) | January-December | 118,129 | 122,163 | 3.4 |
| Bananas | January-December | 2,226,596 | 2,184,562 | -1.9 |
| Mangoes | January-December | 109,455 | 156,959 | 43.4 |
| | | ----- 1,000 case gallons 1/ ----- | | |
| Processed: | | | | |
| Orange juice, frozen concentrate | October-September | 175,019 | 221,553 | 26.6 |
| Apple juice and cider | August-July | 313,883 | 368,459 | 17.4 |
| Wine | January-December | 55,054 | 51,377 | -6.7 |
| | | ----- 1,000 pounds ----- | | |
| Canned pears | June-May | 65,312 | 61,915 | -5.2 |
| Canned peaches (including nectarines) | June-May | 142,300 | 161,203 | 13.3 |
| Canned pineapple | January-December | 187,729 | 215,795 | 15.0 |
| Frozen straw berries | January-December | 58,924 | 59,482 | 0.9 |
| | | ----- 1,000 pounds ----- | | |
| Tree nuts: | | | | |
| Brazil nuts (shelled basis) | January-December | 5,877 | 3,263 | -44.5 |
| Cashew s (shelled basis) | January-December | 63,057 | 60,809 | -3.6 |
| Pine nuts (shelled basis) | January-December | 2,153 | 3,013 | 39.9 |
| Pecans (shelled basis) | October-September | 39,605 | 48,407 | 22.2 |

1/ Single-strength equivalent.

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

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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- Receive weekly notification (on Friday afternoon) via the ERS website. Go to <http://www.ers.usda.gov/Updates/> and follow the instructions to receive notices about ERS outlook reports, Amber Waves magazine, and other reports and data products on specific topics. ERS also offers RSS (really simple syndication) feeds for all ERS products. Go to <http://www.ers.usda.gov/rss/> to get started.

Data

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

Related Websites

Fruit and Tree Nuts Briefing Room,
<http://www.ers.usda.gov/Briefing/FruitAndTreeNuts/>

Organic Farming and Marketing
<http://www.ers.usda.gov/Briefing/Organic/>

Vegetable and Melons Briefing Room
<http://www.ers.usda.gov/Briefing/Vegetables/>

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