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Fruit and Tree Nuts Outlook

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Citrus Fruit and Tree Nut Prices Strong, but Crop Movement Slower Than Last Season Through February

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The next release is
May 25, 2006

Approved by the
World Agricultural
Outlook Board.

The index of prices received for fruit and tree nuts for January and February were the highest since the index began in 1990. Grower prices rose between December and January for oranges and grapefruit. Prices were higher this January over last January for all oranges, apples, pears, and strawberries. The Consumer Price Index (CPI) for fresh fruit rose this January above December and last January, but declined seasonally in February. Consumers paid higher prices for fresh grapefruit, lemons, and bananas the first 2 months of 2006.

Demand for citrus fruit has been slow this season through mid-March. Shipments have been running behind last season for many fresh and processing citrus fruit, including fresh and processing oranges, fresh grapefruit, lemons, and honey tangerines. Delays in the beginning of the harvest season for some of the fruit, along with big beginning juice stocks and weak domestic and international demand, has resulted in smaller shipments.

Production was down for 2005/06 for almonds and pistachio nut crops, as well as the hazelnut crop, but was higher for both walnut and pecan crops. Tighter overall supplies this season have resulted in strong grower prices. Tree nut shipments have been running behind last season for the major nut crops, except for walnuts (no data are available for pecans), through February.

Cancellation of the Fruit and Tree Nuts Outlook January Issue

Beginning in 2007, the January issue of the Fruit and Tree Nuts Outlook will be discontinued. The remaining 5 issues released each year, March, May, July, September, and November, will continue as scheduled. Please send or email your comments to [Susan Pollack](mailto:Susan.Pollack@ers.usda.gov) (202) 694-5251; pollack@ers.usda.gov or [Agnes Perez](mailto:Agnes.Perez@ers.usda.gov) (202) 694-5255 at aperez@ers.usda.gov.

Price Outlook

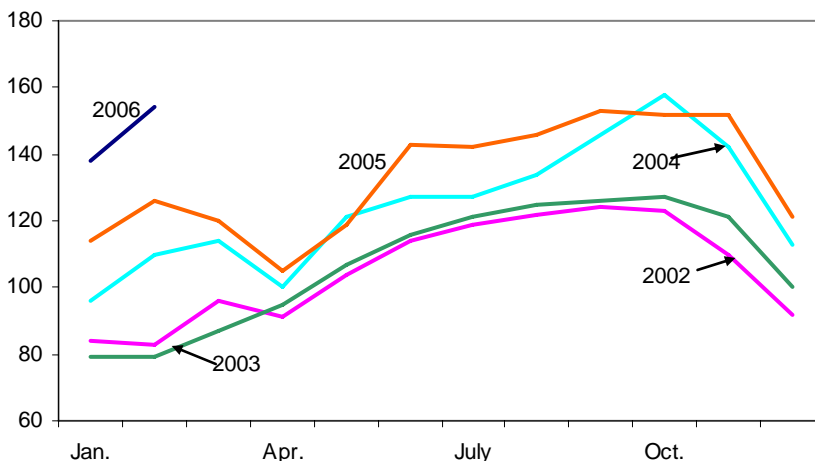
The Index of Prices Received for Fruit and Tree Nuts Reaches Record High

The index of prices received for fruit and tree nuts for January reached 138 (1990-92 = 100) and increased again in February to 154, the highest since the beginning of the index in 1990 (fig. 1).

January's index was 14 percent higher than the December index and 22 percent higher than that for January 2005. Grower prices rose between December and January for oranges and grapefruit, offsetting declines in prices for apples, pears, strawberries, and lemons. Strong prices received by Florida orange growers for processing oranges in January over December, helped drive up the overall price for oranges. Prices were higher this January over last January for all oranges, apples, pears, and strawberries (table 1). Rains in California in January caused disruption in navel orange harvesting, driving up grower prices. While California's fresh orange prices averaged higher this January over last, lower prices for fresh oranges in Florida, Arizona, and Texas drove down the total fresh price between January 2005 and January 2006.

The February index rose 16 percent from January and 22 percent from February 2006. Prices increased between January and February for grapefruit, oranges, and fresh lemons, but decreased for fresh apples, pears, and strawberries. From February 2005 to February 2006, orange prices shot up 54 percent, driven by higher fresh orange prices in California and the highest processing orange price in Florida since 1992. Fresh apple prices were also up this February from last due to the smaller 2005/06 crop.

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



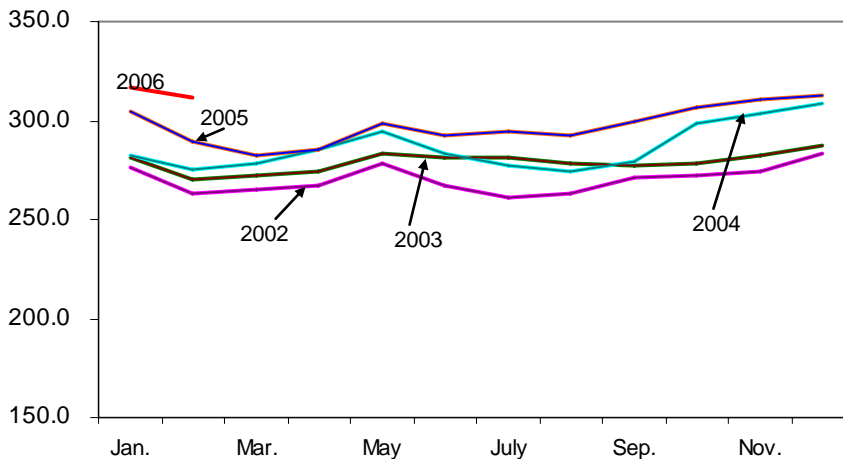
Source: National Agricultural Statistics Service, USDA.

Consumers Paid More for Fresh Fruit at Retail This January and February

The Consumer Price Index (CPI) for fresh fruit rose to 316.3 (1982-84 = 100) this January, 4 percent higher than January 2005 and 1 percent above December (fig. 2). Consumers paid more at retail outlets such as supermarkets for fresh grapefruit and lemons this January compared with last January, even though growers received lower prices for these fruit. They also paid higher prices for bananas. Flooding in parts of Honduras due to the heavy rains from Tropical Storm Gamma in late November 2005 affected some of the banana farms. This damage, along with damage to some of Guatemala's banana production areas from Hurricane Stan in October, reduced the quantity of bananas available for some of the major shippers until new production came on line. A result was higher prices at retail.

In February, the CPI declined seasonally from January to 311.2, but was 8 percent higher than in February 2005. Prices continued high for bananas and rose above January and the previous February for navel oranges, fresh grapefruit, and Red Delicious apples. Consumers also paid more this February than last for fresh peaches and Thompson seedless grapes, most of which were imported from Chile. Fresh strawberries were a bargain this February, with retail prices at \$ 1.981 per 12-oz pint, the lowest price since August 2005, and the lowest February price since 2000. Good quality and plentiful supplies from Florida and California helped drive down prices for consumers.

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



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

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

Commodity	2005		2006		2005-06 Change	
	January	February	January	February	January	February
	-----Dollars per box-----				Percent	
Citrus fruit: 1/						
Grapefruit, all	14.40	12.52	10.65	10.97	-26.0	-12.4
Grapefruit, fresh	20.08	19.29	15.53	14.86	-22.7	-23.0
Lemons, all	7.63	7.77	5.45	5.06	-28.6	-34.9
Lemons, fresh	14.93	15.95	10.22	10.74	-31.5	-32.7
Oranges, all	3.39	3.69	4.83	5.69	42.5	54.2
Oranges, fresh	8.90	8.41	8.63	9.44	-3.0	12.2
	-----Dollars per pound-----					
Noncitrus fruit:						
Apples, fresh 2/	0.215	0.203	0.260	0.259	20.9	27.6
Grapes, fresh 2/	--	--	--	--	--	--
Peaches, fresh 2/	--	--	--	--	--	--
Pears, fresh 2/	0.228	0.238	0.236	0.232	3.5	-2.3
Strawberries, fresh	1.400	1.120	1.420	1.150	1.4	2.7

1/ Equivalent on-tree price.

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

Source: National Agricultural Statistics Service, USDA.

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

Commodity	Unit	2005		2006		2005-06 Change	
		January	February	January	February	January	February
		--- Dollars ---		--- Dollars ---		--- Percent ---	
Fresh:							
Valencia oranges	Lb	--	--	--	--	--	--
Navel oranges	Lb	0.838	0.802	0.837	0.915	-0.1	14.1
Grapefruit	Lb	0.975	0.986	1.081	1.086	10.9	10.1
Lemons	Lb	1.143	1.334	1.435	1.399	25.5	4.9
Red Delicious apples	Lb	0.966	0.974	0.963	0.977	-0.3	0.3
Bananas	Lb	0.485	0.502	0.490	0.508	1.0	1.2
Peaches	Lb	--	1.757	--	1.963	--	11.7
Anjou pears	Lb	1.144	1.101	1.009	1.077	-11.8	-2.2
Strawberries 1/	12-oz pint	3.234	2.346	2.411	1.981	-25.4	-15.6
Thompson seedless grapes	Lb	2.706	1.883	2.590	2.015	-4.3	7.0
Processed:							
Orange juice, concentrate 2/	16-fl. oz	1.872	1.835	1.853	1.870	-1.0	1.9
Wine	liter	7.206	7.812	7.613	8.514	5.6	9.0

-- Insufficient marketing to establish price.

1/ Dry pint.

2/ Data converted from 12 fluid ounce containers.

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

Slow Citrus Movement Through First Half of the 2005/06 Season

Demand for citrus fruit has been slow this season through mid-March. Shipments have been running behind last season for many fresh and processing citrus fruit, including fresh and processing oranges, fresh grapefruit, lemons, and honey tangerines. Delays in the beginning of the harvest season for some of the fruit, along with big beginning juice stocks and weak domestic and international demand, has resulted in the smaller shipments reported by the U.S. Department of Agriculture's Agricultural Marketing Service (AMS) and the Florida Citrus Processors Association (FCPA) through mid-March. By this time, the bulk of the crops of early- to mid-season oranges in Florida, navel oranges in California and Florida, and early-season tangerines have been shipped. Valencia harvesting is just beginning to get underway in both Florida and California, and the shipment data do not reflect these crops.

California Fresh Orange Prices Second Highest in 4 Years

Although California fresh orange shipments from November through mid-March have been running behind last season, grower prices have been averaging higher than last season, and have been the highest since 2001/02 when a severe freeze destroyed about half the crop (table 3). A late start to the season, due to the slow maturing of the navel crop this year, put upward pressure on prices during the first few months of the season. By the end of February, shipments were reported by the industry to have reached average levels in the domestic market. Cold weather in late February appears to have had a positive effect on the fruit by accelerating fruit maturity rather than causing any major damage. However, with accelerating maturity there is the need to move the fruit to market before quality starts to decline. This may result in lower grower prices in coming months. Because the navel crop harvest began later than usual, there is still a sizable portion of the crop in the orchards.

Table 3--Fresh oranges: Average equivalent on-tree prices received by growers, California, 2000/01-2005/06

Month	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
---Dollars/90-lb box---						
November	8.73	17.05	11.05	12.16	12.96	13.46
December	7.63	13.85	8.25	9.96	10.36	10.16
January	7.23	12.75	5.65	8.46	9.46	9.56
February	7.76	11.51	4.26	8.53	8.94	9.86
March	10.21	10.39	6.45	10.11	9.47	
April	12.09	11.0	8.41	9.77	10.58	
May	11.11	8.86	8.65	10.16	10.77	
June	7.76	5.43	7.09	11.49	9.57	
July	6.32	5.13	5.36	10.05	7.95	
August	6.62	6.23	5.64	11.45	7.25	
September	8.42	6.33	4.94	15.85	8.66	
October	7.32	6.63	4.84	21.44	8.76	
Nov.-Feb. Average	7.84	13.79	7.30	9.78	10.43	10.76

Source: National Agricultural Statistics Service, USDA.

The Valencia crop harvest got underway in February, although it, too, is slow to mature this season. As a result, the California citrus industry anticipates that all of its navel crop may not be harvested in 2005/06. This is especially likely if the industry focuses on harvesting only its highest quality fruit in order to maintain grower prices.

California's Valencia orange crop is forecast at 413,000 tons for 2005/06, down 39 percent from last season, but the same as two seasons ago. The *2005/06 California Valencia Orange Objective Measurement Report* released March 10 by USDA's National Agricultural Service's (NASS) California Field Office reports that Valencia orange-bearing acres continued to decline, as they have since 2000. At the same time, the report shows no nonbearing acreage, indicating that most growers are not replanting or putting new acreage into Valencia production due to weak consumer demand. The decline in acreage and the alternate-bearing tendency of the trees account for the smaller crop this season. Although grower prices are likely to be up this season compared with last season due to the smaller crop, competition from other fruit and from navel oranges imported from the Southern Hemisphere is likely to keep any increase moderate.

Florida Processing Orange Prices Strong for the Early- to Mid-Season Crop

In March, NASS lowered its forecast for Florida's early- to mid-season orange crop for 2005/06 by 5 percent to 76 million boxes (3.4 million tons). Harvesting of the early- to mid-season crop was nearly completed by the third week in March. According to data from Florida's Citrus Administrative Committee (FCAC), as of March 12, 3.5 percent of the early- to mid-season crop remained on the trees, compared with 0.6 percent last season and 0.2 percent two seasons ago.

Data from the FCPA showed that as of March 5, the quantity of oranges delivered to processors was running 9 percent behind last season. Despite the weaker demand for oranges to date, grower prices were 39 percent above last season from October through February (table 4). Processors paid higher prices on the spot market and for current-season contract oranges, driving up grower prices.

Table 4--Processing oranges: Average equivalent on-tree prices received by growers, Florida, 2000/01-2005/06

Month	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
---Dollars/90-lb box---						
October	2.18	2.35	1.68	1.13	--	--
November	2.44	2.57	2.29	1.89	0.76	2.95
December	2.45	2.68	2.37	2.03	1.78	2.85
January	2.49	2.80	2.50	2.11	2.39	4.00
February	2.58	2.87	2.58	2.18	2.80	4.80
March	3.54	4.10	3.84	3.62	3.89	
April	4.10	4.17	3.87	3.72	4.20	
May	4.11	4.22	3.85	3.71	4.40	
June	4.08	4.16	3.74	3.85	4.55	
Oct.-Feb. Average	2.43	2.65	2.28	1.87	1.93	3.65

-- = Not available.

Source: National Agricultural Statistics Service, USDA.

As of mid-March, Valencia orange harvesting was just getting underway. Only a few processors had purchased Valencias by then, because acid levels were still running high. Most processors, however, will be moving to Valencias by the end of the month. As a result, it is possible that not all the early- to mid-season orange crop will be harvested.

The 2005/06 Florida Valencia crop is forecast at 3.5 million tons, 11 percent higher than last season, but the second-smallest crop since 1993/94. The small crop, along with high grower prices as Valencia harvest takes over from the earlier orange varieties, will likely keep grower prices high through the remainder of the season.

Based on the March crop forecast, the Economic Research Service (ERS) estimates that orange juice production for 2005/06 will be 973 million single-strength gallons, almost the same as for last season (table 5). However, because imports are forecast to be down from last season and beginning juice stocks were 26 percent below last season, orange juice supplies will likely be only 1.9 billion gallons, the lowest in over a decade. Reports of orange juice movement from the FCPA and retail data from AC Nielsen Scantrak show that orange juice demand was down from last season through early March. As a result, ERS estimates that orange juice consumption will decline this season to 4.51 gallons per person, the lowest since the early nineties after back-to-back freezes reduced the quantity of orange juice available.

Table 5--United States: Orange juice supply and utilization, 1995/96 to present

Season 1/	Beginning stocks	Production	Imports	Supply	Exports	Domestic consumption	Ending stocks 2/	Per capita consumption
--- Million sse gallons 3/---								Gallons
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
1999/00	534	1,507	339	2,380	147	1,588	645	5.65
2000/01	645	1,439	258	2,342	122	1,521	698	5.36
2001/02	698	1,432	189	2,319	181	1,446	692	5.04
2002/03	692	1,247	291	2,230	103	1,422	705	4.91
2003/04	705	1,464	223	2,392	123	1,447	822	4.95
2004/05	822	974	358	2,153	119	1,425	609	4.82
2005/06 f/	609	973	316	1,899	105	1,344	450	4.51

f = forecast.

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

2/ Data may not add due to rounding. Beginning with 1994/95 ending stocks, stock data includes chilled as well as canned and frozen concentrate juice.

Beginning in 1998/99, ending stocks reflect stocks on hand as of the first week in October.

3/ sse = single-strength equivalent. To convert to metric tons at 65 degree brix, divide by 1.40588.

Source: Economic Research Service and Foreign Agricultural Service, USDA.

Florida Grapefruit Grower Prices, Although Down From Last Season, Are Second Highest on Record

The prices Florida grapefruit growers received this season, October through February, have averaged \$10.16 per box, 32 percent below the same period last season, but 133 percent above two seasons ago (table 6). For the second year in a row, Florida's grapefruit production was damaged by hurricanes, although the effects were not as severe as in 2004/05. NASS forecast that Florida's grapefruit production, as of March 1, is 723,000 tons, up 6 percent from the February forecast and 33 percent higher than last season. While the 2005/06 crop is considerably bigger than last season, it is still much smaller than average. Compared with the 2003/04 crop, Florida's 2005/06 grapefruit crop is 58 percent smaller, the second smallest since 1939/40.

Fresh grapefruit utilization has been running behind last season through mid-March, according to data from the FCAC. As of March 12, 4.9 million boxes of grapefruit had been sold for fresh use, 78 percent of which were red grapefruit. While red grapefruit utilization has been 16 percent behind last season to date, white grapefruit utilization has been only 4 percent behind. Although grapefruit utilization has been behind from both Florida's Central and Southwest production regions, the Indian River Region, located on the East Coast and the biggest grapefruit production area, has been well ahead of last year. This region was badly damaged by last season's hurricanes, but though still hit by another hurricane this season it was able to bounce back from last season's devastation. The FCAC data also show that shipments to export market exceed domestic shipments so far this season. Almost all fresh white grapefruit have been exported, and an almost equal amount of red grapefruit has been shipped for export as was sold in the domestic market.

The small Florida crop has been beneficial to Texas grapefruit producers. For the second season in a row, Texas grapefruit growers have been receiving above-average prices for their fresh grapefruit (table 7). So far, grower prices have ranged from a high of \$27.60 per 80-lb box at the beginning of the season in October to \$13.90 per box in February, for an average price of \$19.20 per box. While prices averaged 24 percent below the same time period last season, they averaged 242 percent above two seasons ago, when national production was about average. According to FCAC data, which also include Texas shipments, fresh grapefruit shipments out of Texas were running about 5 percent behind last season as of mid-March. However, because the crop was 23 percent smaller this season, 98 percent of the crop had already been harvested, compared with 74 percent last season.

Grapefruit Juice Supply Likely To Be Tight in 2005/06

The small beginning grapefruit stocks, along with the small Florida crop in 2005/06, are likely to result in very tight grapefruit juice supplies this season. ERS forecasts that supplies should be around 91 million single-strength-equivalent gallons this season, 28 percent below last season, when beginning juice stocks were about double that quantity (table 8). Data from FCPA show that grapefruit juice movement continues to be slow this season, a trend for the last four seasons. Based on these data, the average American is likely to consume less than a fifth of a gallon

Table 6--Grapefruit: Average equivalent on-tree prices received by growers,
Florida, 2001/02-2005/06

Month	2001/02	2002/03	2003/04	2004/05	2005/06
--Dollars per 85-lb box--					
October	6.46	5.37	6.98	15.00	--
November	3.64	3.61	4.49	15.95	9.20
December	2.69	2.67	3.90	14.58	9.37
January	2.76	2.42	3.32	15.30	10.99
February	2.10	2.18	3.10	13.48	11.07
March	1.85	1.80	2.74	11.54	
April	1.61	1.37	2.12	10.46	
May	1.37	1.24	2.38	10.48	
Oct.-Feb. Average	3.53	3.25	4.36	14.86	10.16

-- = Not available.

Source: National Agricultural Statistics Service, USDA.

Table 7--Grapefruit: Average equivalent on-tree prices received by growers,
Texas, 2001/02-2005/06

Month	2001/02	2002/03	2003/04	2004/05	2005/06
--Dollars per 80-lb box--					
October	11.05	10.34	10.64	31.92	27.60
November	6.25	5.24	5.94	23.72	19.30
December	5.15	2.94	4.94	22.82	18.10
January	3.45	2.84	3.44	24.42	17.10
February	3.25	2.44	3.14	23.22	13.90
March	1.75	2.94	4.14	20.72	
April	3.05	4.34	4.84	18.62	
May	3.45	4.54	6.64	17.42	
Oct.-Feb. Average	5.83	4.76	5.62	25.22	19.20

-- = Not available.

Source: National Agricultural Statistics Service, USDA.

Table 8--United States: Grapefruit juice supply and utilization, 1995/96 to present

Year 1/	Supply				Utilization			
	Production	Imports	Beginning stocks	Total	Ending stocks	Exports	Total	Per capita
--- Million sse gallons 2/ ---								
1995/96	171	1	72	244	66	27	151	0.56
1996/97	192	0	66	258	86	21	151	0.55
1997/98	166	0	86	252	68	18	167	0.60
1998/99	171	1	68	240	54	24	161	0.58
1999/2000	203	5	54	263	82	33	148	0.52
2000/01	183	1	82	266	75	39	152	0.53
2001/02	179	0	75	255	84	36	135	0.47
2002/03	140	0	84	224	72	38	114	0.39
2003/04	147	0	72	219	66	42	111	0.38
2004/05	49	11	66	126	35	24	67	0.23
2005/06 f/	46	10	35	91	25	18	48	0.16

f = forecast

1/ Season begins in October of the first year shown. 2/ sse = single-strength equivalent.

Source: Economic Research Service, USDA.

of grapefruit juice this season. This would be a substantial decline from as recently as 2000/01, when the average American consumed over a half-gallon of grapefruit juice per year.

Bigger Lemon Crop in Arizona Drives Up Total U.S. Production in 2005/06

The Arizona lemon crop is forecast at 144,000 tons in 2005/06, 58 percent larger than last season. If realized, Arizona's crop would be the largest since 1995/96. At the same time, California's lemon crop remained unchanged from last season at 722,000 tons. Altogether, the 2005/06 lemon crop is forecast to total 866,000 tons, 7 percent higher than in 2004/05.

While Arizona's harvesting was virtually finished by March, California's shipments have been lagging behind those of last season. According to AMS shipment data, as of March 11, Arizona shipped about 1 percent more lemons than last season. California shipments, however, have been down 65 percent during the same period. Rains and fog have been a hindrance to California's lemon harvest, slowing the quantity of fruit available for shipping.

As a result of the bigger crop and slow fruit movement, grower prices for all lemons this season have averaged \$8.11 per 76-lb box (table 9). Prices in August, the first month of the season, at \$11.75 per box were the lowest monthly average price since the 1992/93 season. Harvesting begins in Arizona and southern California before moving to the big production areas in California. Arizona's big crop this season likely played a strong role in the lower August price. By November, when California's harvesting begins to dominate the market, prices recover, and at \$9.77 per box, were higher than in the previous three Novembers. From November through February, prices declined seasonally, and while they averaged lower than last season, they were above the previous two seasons (2002/03 and 2003/04).

Table 9--Lemons: Average equivalent on-tree prices received by growers, 2001/02-2005/06

Month	2001/02	2002/03	2003/04	2004/05	2005/06
--Dollars per 76-lb box--					
August	18.46	20.28	12.95	17.10	11.75
September	15.43	18.43	10.72	16.29	10.27
October	19.15	15.19	8.36	15.20	7.62
November	14.95	9.43	5.56	9.32	9.77
December	9.34	6.02	3.83	7.73	6.88
January	6.91	3.35	2.64	7.63	5.45
February	4.60	0.69	3.91	7.77	5.06
March	5.88	0.47	7.37	9.19	
April	8.47	4.60	9.69	12.18	
May	10.58	5.46	12.37	5.46	
June	15.50	5.77	14.85	20.08	
July	17.72	6.24	14.61	12.32	
Aug.-Feb. Average	12.69	10.48	6.85	11.58	8.11

Source: National Agricultural Statistics Service, USDA.

Fresh lemon imports from August 2005 through January 2006 were 15 percent lower than for the same period last season. About half the imports came from Chile and slightly less than half from Mexico. While Mexico's lemon shipments were running slightly behind last season during this period, its share of the imports has risen rapidly throughout the 2000s. In 2002/03, fresh lemon imports from Mexico accounted for only 6 percent of the total shipped to the United States, with most coming from Chile and Spain and the Bahamas. Since last season, Mexico has shipped about 45 to 46 percent of all the lemons imported into the United States. Mexico's biggest shipments to the United States occur from August through October, and occasionally into November, meaning they compete mostly with the early-season harvest in Arizona and southern California, another factor affecting prices early this season.

Tangerine Production Up in 2005/06, With Bigger Crops in Florida, California, and Arizona

The 2005/06 U.S. tangerine crop is forecast to total 382,000 tons, 15 percent bigger than last season, but 8 percent smaller than in 2003/04. Florida's crop is 17 percent bigger than last season's hurricane-damaged crop and accounts for 65 percent of total domestic tangerine production. California's tangerine crop increased 10 percent over last season as the number of bearing acres and yields per acre increased. Arizona's crop increased 27 percent from last season and accounts for 5 percent of U.S. tangerine production.

Fresh tangerine prices started off strong this season, with October and November prices the highest since 1993/94. Prices the first 2 months of the season averaged \$17.84 per 95-lb box, 8 percent higher than last season and 106 percent higher than in 2003/04 (table 10). The increase in supplies of specialty variety tangerines from California, such as clementines during the early months of the season, have helped boost overall fresh prices.

Table 10--Fresh tangerines: Average equivalent on-tree prices received by growers, United States, 2001/02-2005/06

Month	2001/02	2002/03	2003/04	2004/05	2005/06
--Dollars per 95-lb box--					
October	11.12	11.37	5.12	16.09	17.50
November	13.48	14.89	12.22	16.96	18.18
December	11.66	14.36	13.21	17.16	16.52
January	16.68	15.31	15.95	18.52	18.68
February	13.72	11.67	11.40	17.06	14.98
March	14.30	12.08	12.27	17.07	
April	17.42	13.05	15.23	20.38	
May	17.77	14.97	8.87	18.26	
Oct.-Feb. Average	13.33	13.52	11.58	17.16	17.17

Source: National Agricultural Statistics Service, USDA.

Value of 2005 U.S. Fruit and Tree Nut Crop Up From Previous 2 Years

NASS reported the 2005 value of fruit and tree nut production at \$16.0 billion, up 6 percent from 2004 and 20 percent from 2003 (table 11). Several States reported a decline in crop value, but far more States reported an increase, including the top two producers in 2005—California (up 10 percent from the previous year) and Washington (up 17 percent). California's 2005 fruit and tree nut production was valued at \$10.3 billion, accounting for 64 percent of the total. Washington's crop was valued at \$1.8 billion, accounting for 11 percent of the total.

Florida growers received the third-largest returns for their fruit and tree nut production, valued at \$1.4 billion in 2005. Significantly smaller crops of citrus in the State, due to hurricane-related losses and disease problems, offset the effects of sharply higher citrus prices in 2005, driving the the fruit and tree nut production value down 21 percent from 2004 and 10 percent from 2003. Florida's grapefruit production declined as much as 69 percent and its orange production as much as 38 percent in 2005 (the 2004/05 citrus season), reducing overall citrus production in the United States.

Most noncitrus fruit crops generated larger returns in 2005 (table 12). The largest increases in crop value were for black raspberries, dried prunes, wild blueberries, nectarines, and loganberries. Although all these fruit crops had increased production in 2005 (except nectarines), their prices held strong, driving up grower returns. These crops, however, accounted for only 2 percent of the total value of U.S. fruit and tree nut production.

Valued at \$3.0 billion, grapes continued to be the highest valued fruit and tree nut crop in the United States in 2005, accounting for 19 percent of the total. The 2005 U.S. grape crop value, however, was nearly unchanged from the previous year as declines in fresh-market grower prices, particularly in California, more than offset gains in fresh-market production, lowering the overall fresh-market grape crop value. Meanwhile, increases in processing grape production kept processing grape prices lower, but not enough to bring down the processing crop value.

The California almond crop generated the second-highest production value in 2005, at \$2.7 billion. Two consecutive years of declining production, along with continued strong demand in both the domestic and international markets, drove up almond grower prices enough to offset crop size reductions, increasing the almond crop value in the last 2 years.

Apples, oranges, and strawberries complete the top five highest value fruit and tree nut crops in the United States in 2005. Together these crops account for 29 percent of the total crop value. The value of the 2005 apple crop rose 8 percent from the previous year, while those for the orange and strawberry crops fell 19 and 6 percent, respectively. Reduced apple production drove apple grower prices high enough to raise the crop value in 2005. Meanwhile, production gains in the fresh strawberry market, particularly in California, lowered grower prices in that market, driving overall strawberry crop value down in 2005.

Most other tree nut crops also reported increases in crop value in 2005, including hazelnuts, macadamia nuts, pecans, and pistachios. Increases for hazelnuts and pistachios were primarily driven by grower price gains, whereas for pecans the increased value was more a function of increased production. Meanwhile, both production and price gains drove the macadamia nut crop value higher in 2005.

Table 11--Value of fruit and tree nut crops, by State, 2003-2005

State	Crop value			Share of U.S. value			Percent change	State ranking
	2003	2004	2005	2003	2004	2005	2004-05	
	--1,000 dollars--			--Percent--			Percent	
Alabama	11,371	8,603	12,511	0.1	0.1	0.1	45.4	28
Arizona	72,478	74,158	77,701	0.5	0.5	0.5	4.8	15
Arkansas	10,759	9,318	11,923	0.1	0.1	0.1	28.0	29
California	7,957,914	9,371,342	10,308,186	59.5	62.5	64.3	10.0	1
Colorado	17,869	16,944	19,224	0.1	0.1	0.1	13.5	25
Connecticut	9,740	9,390	7,742	0.1	0.1	1/	-17.6	34
Florida	1,519,503	1,736,671	1,375,912	11.4	11.6	8.6	-20.8	3
Georgia	122,138	141,311	153,456	0.9	0.9	1.0	8.6	8
Hawaii	157,490	146,427	146,776	1.2	1.0	0.9	0.2	10
Idaho	23,964	23,758	27,916	0.2	0.2	0.2	17.5	23
Illinois	23,486	19,497	28,786	0.2	0.1	0.2	47.6	22
Indiana	17,078	17,612	12,517	0.1	0.1	0.1	-28.9	27
Iowa	1,991	2,235	877	1/	1/	1/	-60.8	42
Kansas	2,451	3,757	4,160	1/	1/	1/	10.7	38
Kentucky	3,325	3,541	2,278	1/	1/	1/	-35.7	40
Louisiana	16,423	10,811	5,525	0.1	0.1	1/	-48.9	36
Maine	38,815	34,710	44,610	0.3	0.2	0.3	28.5	17
Maryland	10,032	6,775	10,015	0.1	1/	0.1	47.8	31
Massachusetts	62,945	73,633	58,838	0.5	0.5	0.4	-20.1	16
Michigan	273,349	283,219	282,855	2.0	1.9	1.8	-0.1	5
Minnesota	8,624	9,307	8,563	0.1	0.1	0.1	-8.0	32
Mississippi	5,228	1,150	1,150	1/	1/	1/	0.0	41
Missouri	14,460	13,835	18,897	0.1	0.1	0.1	36.6	26
Montana	3,163	4,473	4,094	1/	1/	1/	-8.5	39
New Hampshire	6,835	8,420	5,640	0.1	0.1	1/	-33.0	35
New Jersey	91,022	86,528	111,954	0.7	0.6	0.7	29.4	11
New Mexico	70,953	89,965	111,600	0.5	0.6	0.7	24.0	12
New York	215,650	254,039	242,589	1.6	1.7	1.5	-4.5	6
North Carolina	74,589	71,986	82,529	0.6	0.5	0.5	14.6	14
Ohio	36,616	36,928	39,237	0.3	0.2	0.2	6.3	19
Oklahoma	7,010	41,360	28,879	0.1	0.3	0.2	-30.2	21
Oregon	305,727	351,750	339,378	2.3	2.3	2.1	-3.5	4
Pennsylvania	101,595	93,198	105,061	0.8	0.6	0.7	12.7	13
Rhode Island	785	1,008	712	1/	1/	1/	-29.4	43
South Carolina	33,579	32,806	35,121	0.3	0.2	0.2	7.1	20
Tennessee	4,548	4,691	4,316	1/	1/	0.0	-8.0	37
Texas	100,122	119,464	224,056	0.7	0.8	1.4	87.6	7
Utah	17,868	17,952	22,599	0.1	0.1	0.1	25.9	24
Vermont	9,958	8,550	7,920	0.1	0.1	0.0	-7.4	33
Virginia	32,964	51,550	43,540	0.2	0.3	0.3	-15.5	18
Washington	1,707,066	1,568,086	1,834,726	12.8	10.5	11.4	17.0	2
West Virginia	12,580	10,022	11,641	0.1	0.1	0.1	16.2	30
Wisconsin	152,312	133,381	151,919	1.1	0.9	0.9	13.9	9
United States	13,366,375	15,004,161	16,027,929	100.0	100.0	100.0	6.8	

1/ Less than 0.05 percent.

Source: National Agricultural Statistics Service, USDA.

Table 12--Value of fruit and tree nut crops, by commodity, 2003-2005

Commodity	Crop value			Share of total value			Percent change
	2003	2004	2005	2003	2004	2005	2004-05
	--1,000 dollars--			--Percent--			Percent
Grapefruit	269,381	317,218	397,909	2.0	2.1	2.48	20.3
Lemons	291,425	269,753	351,897	2.2	1.8	2.20	23.3
Oranges	1,564,658	1,782,157	1,498,063	11.7	11.9	9.35	-19.0
Tangelos (FL)	11,489	10,021	8,004	0.1	0.1	0.05	-25.2
Tangerines	117,432	116,475	130,068	0.9	0.8	0.81	10.5
Temples (FL)	5,591	4,915	3,314	1/	1/	0.02	-48.3
Apples	1,817,240	1,647,983	1,786,674	13.6	11.0	11.15	7.8
Apricots	34,702	35,012	40,723	0.3	0.2	0.25	14.0
Avocados	394,367	292,754	--	3.0	2.0	--	--
Bananas (HI)	9,225	8,085	3/	0.1	0.1	--	--
Blackberries (OR)	28,986	33,407	32,743	0.2	0.2	0.20	-2.0
Cultivated blueberries	220,649	275,963	323,788	1.7	1.8	2.02	14.8
Wild blueberries (ME)	26,880	20,970	35,370	0.2	0.1	0.22	40.7
Boysenberries	3,725	7,168	7,158	1/	1/	0.04	-0.1
Sweet cherries	342,113	437,133	483,504	2.6	2.9	3.02	9.6
Tart cherries	80,210	69,501	65,296	0.6	0.5	0.41	-6.4
Cranberries	209,834	199,296	211,527	1.6	1.3	1.32	5.8
Dates (CA)	41,170	38,646	33,200	0.3	0.3	0.21	-16.4
Figs (CA)	15,373	20,214	--	0.1	0.1	--	--
Grapes	2,609,289	3,010,958	3,013,418	19.5	20.1	18.80	0.1
Guavas (HI)	925	1,166	--	1/	1/	--	--
Kiwifruit (CA)	20,472	19,977	--	0.2	0.1	--	--
Loganberries (OR)	189	131	188	1/	1/	1/	30.3
Nectarines (CA)	119,028	86,184	129,969	0.9	0.6	0.81	33.7
Olives (CA)	48,289	59,379	76,126	0.4	0.4	0.47	22.0
Papayas (HI)	13,069	12,361	10,971	0.1	0.1	0.07	-12.7
Peaches	454,286	461,629	509,745	3.4	3.1	3.18	9.4
Pears	273,142	296,291	315,240	2.0	2.0	1.97	6.0
Pineapples (HI)	101,470	83,104	79,288	0.8	0.6	0.49	-4.8
Plums (CA)	87,362	74,347	94,163	0.7	0.5	0.59	21.0
Dried Prunes (CA)	129,696	72,000	130,500	1.0	0.5	0.81	44.8
Prunes & Plums (4 States)	5,260	6,802	4,993	1/	1/	0.03	-36.2
Black raspberries (OR)	3,132	5,357	11,476	1/	1/	0.07	53.3
Red raspberries	40,774	51,723	45,052	0.3	0.3	0.28	-14.8
Raspberries (CA)	127,920	188,100	164,175	1.0	1.3	1.02	-14.6
Strawberries	1,375,142	1,460,077	1,383,064	10.3	9.7	8.63	-5.6
Tree Nuts							
Almonds	1,600,144	2,189,005	2,724,876	12.0	14.6	17.00	19.7
Hazelnuts	39,037	54,000	57,120	0.3	0.4	0.36	5.5
Macadamia nuts	32,330	41,245	46,800	0.2	0.3	0.29	11.9
Pecans	277,629	326,924	400,441	2.1	2.2	2.50	18.4
Pistachios	145,180	464,980	574,490	1.1	3.1	3.58	19.1
Walnuts	378,160	451,750	--	2.8	3.0	--	--
Total 2/	13,366,375	15,004,161	16,027,929	100.0	100.0	100.0	6.4

-- Data not available until July 6, 2006. 1/ Less than 0.05 percent. 2/ Includes estimated value of production for avocados, bananas, figs, guavas, kiwifruit, and walnuts based on 2004 value.

3/ Estimate for 2005 not published to avoid disclosure of individual operations.

Source: National Agricultural Statistics Service, USDA.

Smaller Almond Crop Boosts Prices

California's almond production for 2005 is forecast at 900 million pounds, down 10 percent from last year, and the third consecutive decline in production. While this year's crop is smaller than those of the past 3 years, it is still the fourth largest on record. Due to the declines in crop sizes the past 2 years, and to the strong export demand, stocks were also down at the beginning of the 2005/06, reducing the total almond supply this year.

According to data from the Almond Board of California, domestic and export shipments were 18 percent behind last season through the end of February. While export shipments have been down 20 percent so far this year, not all the almonds that had been sold had yet been shipped. Including the amount committed, almond exports this year are still likely to be lower than last year.

The smaller supply drove up almond prices for the first few months of the new season (August through December). The f.o.b. prices for nonpareil supreme almonds started off the season at \$4.15 per pound, up from \$2.30 to \$2.35 last August (table 13). From October through December, the price declined to an average of \$4.05 to \$4.10 per pound, but was still considerably higher than the last 2 years, when prices ranged from \$2.70 per pound last year and \$1.85 to \$2.25 2 years ago. As a result of the smaller crop, season-average almond grower prices reached \$3.08 per pound, 39 percent higher than last year and the highest price on record.

Pistachio Production Down in 2005, but Still Third Largest on Record

Pistachio production is also down in 2005, with the crop forecast at 139 million tons. While 18 percent smaller than last season's record high crop, the 2005 crop is likely to be the third largest on record. High beginning stocks this year will mean that total supply this year will be only 6 percent lower than last year, but the second-largest quantity in the domestic pistachio industry's history.

Despite ample supply, shipments from September 2005 through February 2006 were about 25 percent lower than last year and 4 percent behind 2003 during the same period, according to data from the California Pistachio Commission. International demand for American pistachios was down 24 percent this year from the same period last year; however, it was 43 percent higher than in 2003/04 and 29 percent higher than in 2002/03. Larger crops in Syria and Turkey increase the competition for U.S. pistachios in the world market, likely a big factor in this year's slower export movement.

The relatively strong export market, which has accounted for an increased share of the pistachios sold over the past few years, has helped drive up f.o.b. prices this year. From September through December, the f.o.b. price for U.S. No. 121/25 Ct. pistachio nuts have been averaging between \$1.05 to \$1.15 a pound higher than in 2003 (price data were not available for 2004), with prices ranging between \$2.85 to \$3.15 per pound compared with \$1.85-\$1.90 per pound in 2003.

Table 13--Free-on-board tree nut prices, 2002-2005

Month	Almonds			Pecans			Hazelnuts		
	Nonpareil supreme			Fancy halves			Large		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
--Dollars per pound--									
January	2.05	2.30	--	3.40-3.50	3.75	--	2.05	2.05	--
February	2.05-2.10	2.30	3.50	3.40-3.50	3.95	--	2.05	2.05	--
March	2.05-2.10	--	3.90	3.40-3.50	3.95	--	2.05	--	--
April	2.05-2.10	--	--	3.40-3.50	3.95	--	2.05	--	--
May	2.05-2.10	--	3.95-4.50	3.40-3.50	3.95	5.80	2.05	--	--
June	--	2.45	4.25	3.40-3.50	3.95	5.80	2.05	2.55	--
July	--	2.45	4.25	3.40-3.50	--	5.80	2.05	2.55	--
August	2.15-2.20	2.30-2.35	4.15	3.40-3.50	4.35-4.50	5.75	2.05	2.55	--
September	1.85	--	4.15	3.40-3.75	5.00	5.75	2.05	2.55	--
October	1.85	2.70	4.05-4.10	3.40-3.75	5.00	5.70	2.05	--	--
November	2.15-2.20	2.70	4.05-4.10	3.75	--	5.65	2.05	--	--
December	2.15-2.25	2.70	4.05-4.10	3.75	--	5.65	2.05	--	--
--Dollars per pound--									
	Macadamia nuts			Walnuts			Pistachios		
	Style 2			Light halves and pieces			U.S. No. 1 21/25 Ct.		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
--Dollars per pound--									
January	4.00-4.50	--	--	2.05-2.15	2.05-2.15	--	1.85-1.90	1.85-1.90	--
February	4.00-4.50	--	--	2.05-2.15	1.95-2.05	2.75	1.85-1.90	2.40	--
March	4.00-4.50	--	--	2.05-2.15	1.95-2.05	--	1.85-1.90	2.40	--
April	4.00-4.50	--	--	2.05-2.15	1.95-2.05	2.75	1.85-1.90	2.40	3.00-3.15
May	4.00-4.50	--	--	2.05-2.15	1.95-2.05	--	1.85-1.90	2.40	3.00-3.15
June	4.00-4.50	--	--	2.05-2.15	1.95-2.05	2.85	1.85-1.90	2.40	3.00-3.15
July	4.00-4.50	--	--	2.05-2.15	1.95-2.05	2.90	1.85-1.90	2.40	3.00-3.15
August	4.00-4.50	--	--	2.05-2.15	1.95-2.05	--	1.85-1.90	2.10	3.00-3.15
September	4.00-4.50	--	--	2.05-2.15	2.20-2.25	--	1.85-1.90	2.60	3.00-3.15
October	4.00-4.50	--	--	2.05-2.15	2.20-2.25	2.65	1.85-1.90	--	3.00-3.05
November	4.00-4.50	--	--	2.05-2.15	2.15-2.20	2.65	1.85-1.90	--	2.95-3.00
December	4.00-4.50	--	--	2.05-2.15	--	2.65	1.85-1.90	--	2.85-2.95

-- = Not available.

Source: Food Institute Report, January 2006.

Walnut Production Forecast To Reach Record High in 2005

Unlike California's other two major tree nut crops, the 2005 walnut crop is bigger this year than last year. The forecast is for 355,000 tons of walnuts to be harvested in 2005, 9 percent higher than in 2004. If realized, this will be the largest walnut crop on record. Beginning stocks, however, were about 18 percent lower than last year, and total supply is likely to be only 5 percent higher than last year.

Data from the Walnut Marketing Board show shipments up 2 percent from August 2005 through February 2006 compared with the same time last year. Shipments were down to domestic markets but up to international markets. While inshell shipments to the U.S. market were down 21 percent through February, shipments of shelled walnuts, which comprise about 10 percent of the market, were up 4 percent. Exports for inshell and shelled walnuts were up to the two major markets, Spain and Italy. Shipments have also been very strong this year to China, with inshell shipments increasing more than 400 percent from the same time last year, and shelled shipments increasing 39 percent. According to data from USDA's Foreign Agriculture Service, China's production and consumption of walnuts has been

growing in the past few years, and while its domestic production is forecast to be up this year, it needs imports to meet its increasing demand.

While NASS does not release the walnut grower prices until July 6, the f.o.b. prices from August to December are a good indicator that prices should be strong this season despite the big crop. The f.o.b. prices for walnut light halves and pieces averaged \$2.65 per pound through December, 40-to-60 cents above the last two seasons. Strong demand for walnuts on the international market and higher prices for other tree nuts likely helped keep walnut prices high for 2005.

Pecan Production Up in 2005

Pecan production is forecast at 269 million pounds in 2005, 40 percent higher than last year, but 8 percent smaller than the last "on cycle" crop in the trees' alternate bearing pattern in 2003. Much of the increase comes from the improved variety trees, which account for about 80 percent of the crop this year.

Georgia, Texas, and New Mexico account for 76 percent of the pecan crop this year, up from 67 percent in 2004. Georgia and Texas produce both improved varieties and native and seedling pecans, while New Mexico produces only new improved varieties.

Pecan grower prices have averaged \$1.54 per pound this year, 13 percent below last year, but the second-highest price since 1992. F.o.b. prices for pecan fancy halves were higher this year than for almonds, pistachios, and walnuts. Prices averaged between \$5.65 and \$5.75 per pound between September and December 2005, compared with \$4.35 to \$5.00 per pound last year and \$3.40 to \$3.75 in 2003.

Hazelnut Production Declines 25 Percent in 2005, Causing High Grower Prices

Oregon's hazelnut production is forecast at 28 million tons (inshell basis), 25 percent less than in 2004. After 2 consecutive years of big crops, the 2005 crop has returned to the usual alternate-bearing pattern of hazelnut trees. A loss of 100 acres in 2005 brought Oregon's hazelnut bearing acreage to 28,300 acres. While this year's crop was grown on more acreage than in 2003, it was 3 percent lower than the peak in 2002, when there were 29,200 acres in production. The Oregon hazelnut industry has been losing acreage due to its battle with Eastern Filbert Blight, a disease that destroys the trees.

Hazelnut shipments to domestic markets were down this year from August 2005 through February 2006, but ahead of those from the 2003 crop, according to data from Oregon's Hazelnut Marketing Board (HMB). Shipments of inshell hazelnuts are mostly large- and jumbo-sized nuts. The quantity of jumbo nuts shipped to U.S. markets so far this season is greater than for either of the 2 previous years. Jumbo hazelnut shipments, however, made up only 5 percent of the total. The industry shipped more jumbo, extra-large, and giant-sized kernels this year through February than during the same time last season. The bigger kernels command better prices, and an increase in the number of extra-large, jumbo, and giant kernels shipped improves grower returns.

Hazelnut export shipments were down from August through February, according to the HMB. Inshell hazelnut exports were down 41 percent from a year ago during this period, with smaller quantities shipped to Hong Kong, the major export market for inshell hazelnuts, as well as to Italy and Germany, the next-biggest markets. Kernel shipments were down 61 percent through February 2006 compared with the same time the previous year, with fewer countries purchasing this year's crop. Shipments were down to all the major markets, including the top 3—Israel, Canada, and Germany—but were up to Australia and Hong Kong.

Hazelnut grower prices have been increasing over the past 4 years, reaching a record \$2,040 per ton in 2005, 42 percent higher than last year and more than double the price received in 2002. As a result, the value of the 2005 crop is forecast to reach over \$57 million, an all time high for hazelnut producers.

Fruit and Tree Nut Trade Outlook

Exports Up for Apples and Lemons Through January

U.S. exports of fresh apples and lemons were higher for this season through January. Shipments of fresh apples rose 29 percent from August 2005 to January 2006 over the same period a year ago, despite a smaller crop this year (table 14). Shipments to Mexico, the number one market for U.S. fresh apples this year, increased 112 percent over the same time last year. In August, Mexico restructured its antidumping duties on Red and Golden Delicious apples from companies affiliated with the Northwest Fruit Exporters, most of which come from Washington. The new duty was put at 44.77 percent, slightly lower than the 46.58 percent duty in effect from 2002. (Apple growers in other U.S. States are still subject to the higher duty.) Also, a number of packinghouses in Washington were exempt from the new duty rate and assessed specific duties ranging from 0 to about 11 percent. Other packinghouses, who were exempt from the previous anti-dumping duty, continue to be exempt under the new ruling. At the same time that some U.S. packinghouses face lower duties this year, Mexico's Red and Golden Delicious apple crop is reported to be smaller, with quality issues. Together, these factors contributed to the increase in U.S. apples shipped to Mexico. Shipments were also up to major Asian markets, especially Taiwan, Hong Kong, and Malaysia, but fell slightly to Canada.

Lemon shipments have been strong this season from August 2005 through January 2006, with a large crop from Arizona providing plentiful supplies early in the season. Shipments have increased to Japan, the number one export market for U.S. fresh lemons, and account for 53 percent of all the lemon exports to date. Exports were also higher this season to Canada, Hong Kong, and China.

Table 14--U.S. exports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through January)		Year-to-date change
		2005	2006	
		--- 1,000 pounds ---		Percent
Fresh-market:				
Oranges	November-October	262,331	260,487	-0.7
Grapefruit	September-August	248,518	224,793	-9.5
Lemons	August-July	97,074	107,596	10.8
Apples	August-July	682,426	859,412	25.9
Grapes	May-April	665,086	803,546	20.8
Pears	July-June	253,606	247,731	-2.3
Peaches (including nectarines)	January-December	1,096	561	-48.8
Straw berries	January-December	4,742	10,269	116.6
Sweet cherries	January-December	231	1,425	516.3
		--- 1,000 case gallons 1/ ---		
Processed:				
Orange juice, frozen concentrate	October-September	17,474	21,933	25.5
Orange juice, not-from-concentrate	October-September	23,513	23,083	-1.8
Grapefruit juice	October-September	8,935	4,704	-47.4
Apple juice and cider	August-July	2,289	3,584	56.5
Wine	January-December	6,446	5,994	-7.0
		--- 1,000 pounds ---		
Raisins	August-July	135,903	124,910	-8.1
Canned pears	August-July	12,500	9,511	-23.9
Canned peaches	July-June	50,338	37,913	-24.7
Frozen straw berries	January-December	1,584	2,096	32.3
		--- 1,000 pounds ---		
Tree nuts:				
Almonds (shelled basis)	August-July	393,882	377,876	-4.1
Walnuts (shelled basis)	August-July	95,182	143,285	50.5
Pecans (shelled basis)	September-August	14,043	12,184	-13.2
Pistachios (shelled basis)	September-August	38,765	38,619	-0.4

1/ Single-strength equivalent.

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

Imports of Clementines, Bananas, and Frozen Strawberries Up From a Year Ago

Shipments of clementines from Spain to the United States increased 12 percent from October 2005 to January 2006 over the same time last year (table 15). Spain accounted for 94 percent of all the clementines imported into the United States this year. Shipments started off strong in October, with the quantity received this October bigger than for the previous three Octobers. By November, however, monthly shipments were smaller than comparable monthly shipments over the previous three years. Shipments are the largest in November and December and begin to slow down in January.

Banana imports increased 5 percent in January 2006 over January 2005. Bigger shipments arrived from Costa Rica this January, accounting for about a third of all the bananas coming into the United States for the month. The biggest January shipments from Costa Rica helped offset smaller shipments from Ecuador, Guatemala, Colombia, and Honduras.

January shipments of frozen strawberries into the United States have been growing annually since 2002, increasing at a rate of 39 percent a year. In January 2000, the U.S. imported 4 million pounds of frozen strawberries. By January 2006, the quantity had increased to 13 million pounds. January shipments account for about 5 percent of total frozen strawberry imports on an annual basis.

About half the shipments arrive between March and May. Mexico continues to be the major source of frozen strawberries to the U.S. market, although its share of the market has been dwindling in recent years as new players have grown in importance and increased the overall quantity of U.S. imports of frozen strawberries. In 2000, Mexican imports accounted for 87 percent of the total; by 2005, its share declined to 55 percent. In 2005, other big shippers included China, Argentina, Chile, and Ecuador. China's shipments have increased an average of 171 percent annually since 2000, with an almost-threefold increase between 2004 and 2005. Argentina's frozen strawberry shipments have grown 280 percent annually during the same time, more than doubling between 2004 and 2005. Argentina's shipments in 2005, however, were about half the quantity from China.

Table 15--U.S. imports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through January)		Year-to-date change
		2005	2006	
		--- 1,000 pounds ---		Percent
Fresh-market:				
Oranges	November-October	9,723	4,779	-50.9
Tangerines (including clementines)	October-September	130,956	146,639	12.0
Lemons	August-July	58,809	50,339	-14.4
Limes	January-December	52,950	43,773	-17.3
Apples	August-July	63,084	73,767	16.9
Grapes	May-April	550,567	628,561	14.2
Pears	July-June	20,269	22,111	9.1
Peaches (including nectarines)	January-December	61,823	37,212	-39.8
Bananas	January-December	649,721	678,780	4.5
Mangoes	January-December	38,125	35,619	-6.6
		--- 1,000 sse gallons 1/ ---		
Processed:				
Orange juice, frozen concentrate	October-September	709,356	816,250	15.1
Apple juice and cider	August-July	1,874,391	2,107,044	12.4
Wine	January-December	131,258	157,210	19.8
		--- 1,000 pounds ---		
Canned pears	August-July	22,015	27,947	26.9
Canned peaches (including nectarines)	July-June	51,168	64,092	25.3
Canned pineapple	January-December	75,426	89,905	19.2
Frozen straw berries	January-December	12,901	15,180	17.7
		--- 1,000 pounds ---		
Tree nuts:				
Brazil nuts (shelled basis)	January-December	3,176	910	-71.3
Cashew s (shelled basis)	January-December	29,196	20,008	-31.5
Pine nuts (shelled basis)	January-December	1,296	890	-31.3
Pecans (shelled basis)	September-August	48,852	42,842	-12.3

1/ Single-strength equivalent.

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

Commodity Highlight: Avocados

United States Is World's Third Largest Avocado Producer

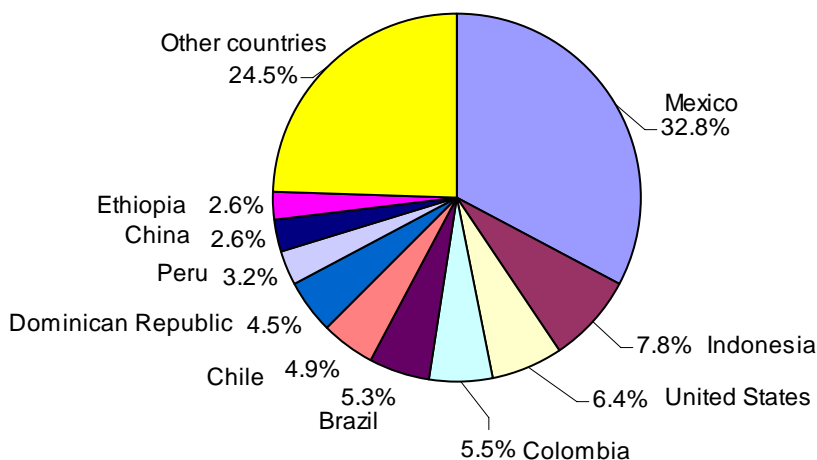
World avocado production has trended upward since the 1990s, reaching 3.2 million metric tons in 2005. Production increases since the late 1990s averaged 5 percent annually, up from 2 percent earlier in the decade. Larger gains in total harvested area—more than increases in yields—drove the growth in production that began in the late nineties.

Over 60 countries around the world produce avocados commercially. However, the top 10 avocado-producing countries supply 75 percent of the world's production (fig. 3). The United States ranks as the world's third-largest producer of avocados, with average annual production of about 193,000 metric tons, 6 percent of the world total. Aided by high yields and a large production area, Mexico is the number one producer, supplying over one-third of the world total. Indonesia has advanced to second place, surpassing Brazil and the Dominican Republic since the mid-1990s and the United States in more recent years. Production growth in Indonesia may be attributed to an almost triple expansion in harvested acreage between 1990 and 2004. Completing the top 10 producers are Brazil, Colombia, the Dominican Republic, Chile, Peru, Ethiopia, and China.

Fewer Farms and Less Acreage, but Domestic Avocado Production Increasing Slowly

The farm production structure for avocados in the United States appears to be shrinking. The Census of Agriculture reported that the total number of farms growing avocados in the United States has declined from 7,134 in 1997 to 6,251 in 2002. For the same period, the U.S. avocado industry also experienced a decline in total acreage, from 82,949 acres to 75,570 acres. Despite these declines, higher

Figure 3. World's leading avocado producers *



* Average share of 2003-2005 world production.

Source: Food and Agriculture Organization of the United Nations.

yields and more acres coming into production has helped increase U.S. avocado production by about 1 percent annually since 1997/98. Although weather factors and a 2-year productive cycle have caused swings in annual production, U.S. avocado growers produced an average of 199,440 short tons during 1997/98 to 2004/05. This is up from the average of 190,310 short tons produced from 1990/91 to 1996/97. The general upward trend in U.S. avocado production in the past decade and in recent years has been influenced by new varieties and improved production practices, including closer density plantings per acre, that have helped boost yields. Of the total avocado acreage reported in the Census of Agriculture in 2002, 88 percent generated commercial returns to avocado growers, while the remaining acres were still nonbearing. As these nonbearing acres become productive, the trend in production will likely continue upwards in the coming years.

More New Avocado Acreage in California Replacing Abandoned Acres

Based on the latest avocado acreage inventory summary from the California Avocado Commission (CAC), new avocado acreage in California increased sharply between 1997 and 2001. (Acreage is referred to as new when the area consists of replanted or newly planted trees that are less than 4 years old). CAC reported a total of 7,913 new acres in 2001, up from 990 acres reported from the previous survey in 1997. This new acreage is making up for the 3,568 acres of avocados reported abandoned as of 2001. While 64 percent of this abandoned acreage was in San Diego County, the number of new acres in the county, which totaled 2,517 acres, was higher than the 2,290 acres abandoned. This suggests continued higher production in the next few years, especially as these new plantings reach full production potential. Ventura County had the largest acreage of new plantings and replants, but it trails San Diego County in bearing acreage, accounting for 25 percent of total producing acres.

Avocado Orchards Are Mostly Small

A majority of the farms growing avocados in the United States are small operations. Approximately 83 percent of all the avocado orchards had less than 15 acres in production. Another 15 percent had between 15 acres and 99 acres in production. Only 2 percent of the orchards were considered large farm operations, with 100 or more acres. However, these big farms accounted for 37 percent of the production acreage. Farms with 1 to 14.9 acres in production accounted for 22 percent of total acreage, and farms with 25 to 99.9 acres accounted for 29 percent.

Most of Avocado Production Centered in California

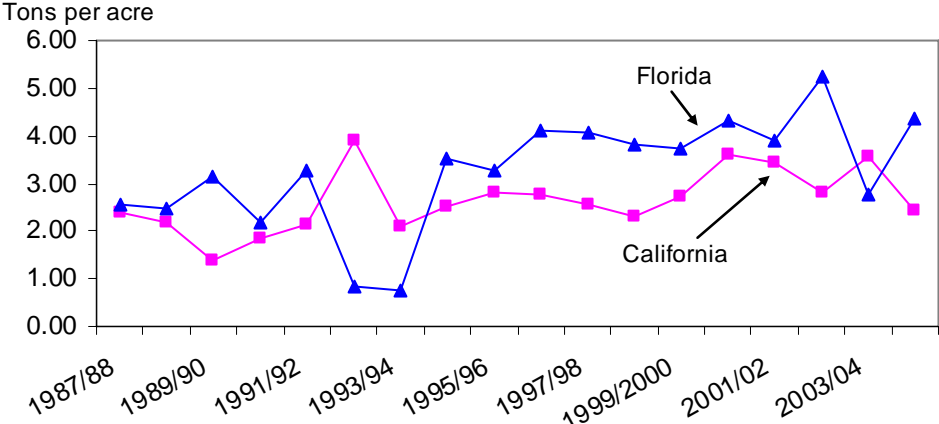
Because avocados grow only in tropical and subtropical climates, commercial production in the United States is limited mostly to California, Florida, and Hawaii. California is the dominant producer in the U.S. avocado industry. Nearly 5,000 of the farming operations that grew avocados in 2002 were in California, 839 were in Florida, 601 were in Hawaii, and 10 were in Texas. In terms of bearing acreage, California accounts for about 90 percent of the total, followed by Florida with 9

percent, based on annual statistics from the U.S. Department of Agriculture’s National Agricultural Statistics Service (NASS). Production in Hawaii is very small, with bearing acreage and production volume averaging only a fraction of the industry total. There have been attempts to commercially produce avocados in the lower Rio Grande Valley of Texas, but such ventures have been restricted by winter freezes. Although not reported annually, avocado acreage in Texas, totaling 135 in 2002, was only about half the size of the acreage in Hawaii—also a small production area—based on data from the Census of Agriculture.

California avocado growers produce approximately 89 percent of the U.S. avocado crop each year. Since 2000/01, California’s annual production has averaged 190,000 short tons, valued at over \$330 million. In comparison, Florida’s production equaled only about 13 percent of California’s annual crop, averaging 25,000 tons from 2000/01 to 2004/05. While the avocado industry in Florida is small relative to California’s, average yields per acre are higher (fig. 4). Florida avocados are generally bigger, increasing the weight of the fruit and boosting yields based on weight. Moreover, according to the California Avocado Commission, yields are generally lower in California because avocado trees, producing mostly the Hass variety, require a lot more energy to produce fruit with a higher oil content than the green-skinned varieties produced in Florida, and the desert conditions in the growing regions make it more challenging for pollination and fruit set.

In California, avocados are grown mostly in the southern coastal region, which includes San Diego, Ventura, Santa Barbara, and Riverside counties. The Census has shown large declines in avocado acreage in San Diego and Riverside between 1997 and 2002. Production is shifting to other areas such as Ventura and San Luis Obispo counties. Some of the factors driving these production shifts in Ventura County include lower water cost and growers planting avocado trees in place of Valencia orange trees due to poor returns on the Valencia oranges. In San Luis Obispo County, factors such as land and water availability and diversification of land used for grazing to more profitable ventures has boosted avocado production. Production acreages in both these counties have increased significantly between

Figure 4. Average yields of avocados in California and Florida



Source: National Agricultural Statistics Service, U.S. Department of Agriculture.

1997 and 2002. However, San Diego will likely continue to lead the State's avocado production in years to come as it still accounts for over 40 percent of total bearing acreage and 32 percent of new acreage.

In Florida, avocado production is centered mostly in Dade County, which houses 95 percent of the farms and 99 percent of the avocado acreage in the State. Avocado acreage was much larger in Florida prior to Hurricane Andrew in 1992. From 1987 to 1992, bearing acres in the State ranged from 8,000 acres to 12,000 acres, but with significant tree loss from the powerful winds of Andrew, about 3,000 acres were eliminated and very little has been replanted. In 2004/05, Florida had 6,400 acres of avocado trees of bearing age. Avocado production in Florida remains vulnerable to hurricane-related losses, such as those that occurred in 2005 from hurricanes Katrina, Rita, and Wilma.

Avocado Marketing Seasons Differ in California and Florida

U.S. consumers have access to avocado supplies year round. The harvest season in California usually runs from November through the following November; however, 75 percent of California's shipments take place between March and August. The long season is possible because avocados mature at different times depending on variety and the growing region's altitude and latitude. Also, avocados can remain on the tree for extended periods because they do not ripen until they are picked. The shipping season in Florida runs from June through February, but 90 percent of the shipments take place between July and December. California ships to much of the United States, including Florida and other States on the Eastern Seaboard. Florida sells primarily to Eastern U.S. markets.

Hass Variety Is Most Popular

At least two dozen varieties of avocados are grown commercially in the United States, but the Hass is the most widely available. It has thick, leathery skin that turns dark green-to-black as the fruit matures. It is known for its good eating quality, relatively high yields, and fairly dependable postharvest attributes. About 90 percent of California's avocado acreage is made up of the Hass variety. Bacon, Lamb-Hass, Fuerte, Zutano, Pinkerton, Gwen, and Reed are the other varieties grown in California. Bacon and Lamb each account for over 2 percent of production area, and Fuerte and Pinkerton for over 1 percent each.

The Lamb is a fairly new variety, released by the University of California. It was developed to overcome some negative characteristics of the Hass. It is Hass-like in appearance, but unlike the Hass, it produces medium- to large-size fruit, has better tolerance for extreme climatic conditions, is less sensitive to certain pests, and matures later than Hass, allowing the industry to extend the Hass season through December. The other varieties are green-skinned varieties (skin of the fruit remains green when mature).

Florida does not produce any Hass. Its production is comprised of several green-skinned varieties, including Booth, Lula, Taylor, Choquette, Hall, Monroe, Pollock, and Simmonds, among others. There are significant differences in size, texture, and

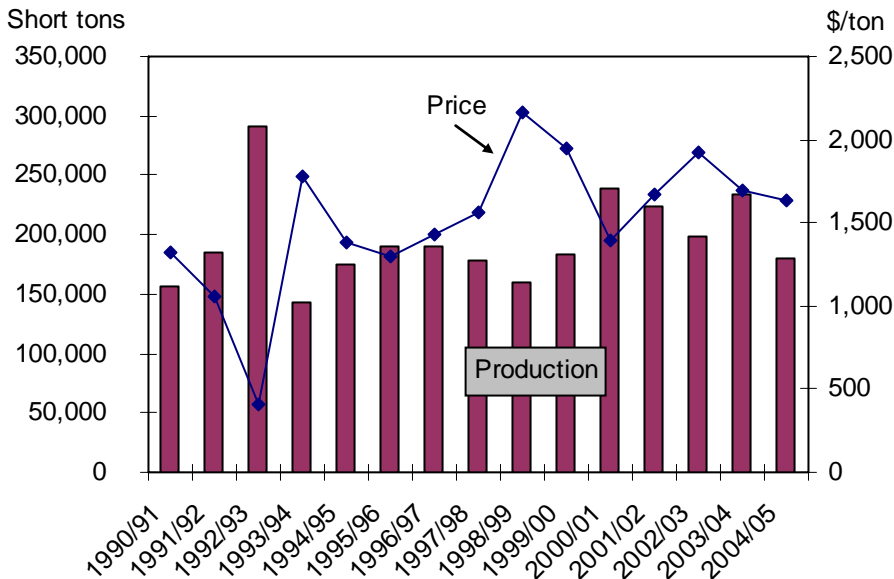
flavor between a Hass avocado and many of the green-skinned varieties. The Hass variety is small compared to many of the green-skinned varieties, weighing only a few ounces. Florida varieties are generally larger in size, some weighing as much as 3 pounds. Green-skinned varieties also have less fat but more moisture than the Hass, and thus are not as sweet and nutty tasting. Green-skinned varieties also tend to bruise more easily during shipment because of their thinner skin. Because they do not ship as well as the Hass, markets for Florida green-skinned varieties remain limited to the Eastern United States in the same way that California's green-skinned avocados remain in the West Coast market. For the Florida avocado industry, however, the predominance of the Hass also limits its opportunities to build new markets beyond its traditional outlets.

Avocado Prices Variable

Annual production swings, mostly due to weather factors and the cyclical nature of avocado trees, have resulted in year-to-year fluctuations in avocado grower prices in the United States. Prices generally declined in years with increased domestic production and rose in years with reduced production. Over the past decade, average U.S. grower prices only deviated from this inverse relationship between price and quantity produced during 1996/97 and 2004/05 (fig. 5). Because of California's large production share, fluctuations in U.S. average grower prices more closely mirror those in the State. Since the 1990s, season-average prices in California were mostly over \$1,000 per ton, except in 1992/93, when record-large production drove prices down to \$400 per ton. Record-high prices in the State were achieved in 1998/99, averaging \$2,400 per ton, when production fell 12 percent to 136,000 tons, the second lowest output in the State over the last 16 years.

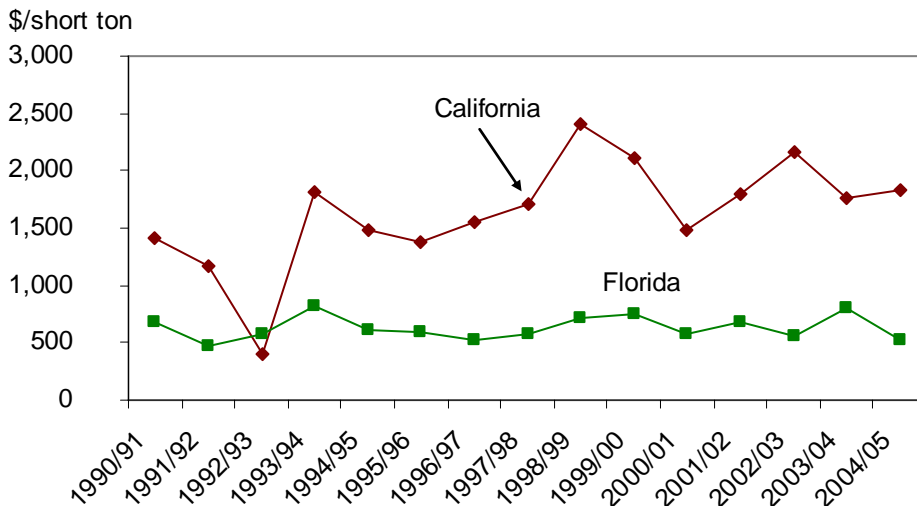
Average grower prices for green-skinned avocados in Florida are typically much lower than the prices growers receive for avocados in California (fig. 6). The season-average grower price for California avocados reported by the National Agricultural Statistics Service (NASS) mostly reflects prices for the Hass variety that constitutes most of State's production. Prices have differed between the two States by an average of about \$1,200 per ton since the mid-1990s. Besides greater availability and better shipping quality, the Hass is more popular among retailers because it is not as perishable as the Florida green-skinned fruit. At maturity, the Hass has a shelf-life of about 28 days, while most green-skinned avocados in Florida have a shelf-life of about 7 days. This is perhaps part of the reason retailers are willing to pay more for the Hass and why we often see green-skinned varieties cheaper than the Hass at grocery stores.

Figure 5. U.S. avocado production and season-average grower price



Source: National Agricultural Statistics Service, U.S. Department of Agriculture.

Figure 6. Season-average grower prices for avocados in California and Florida

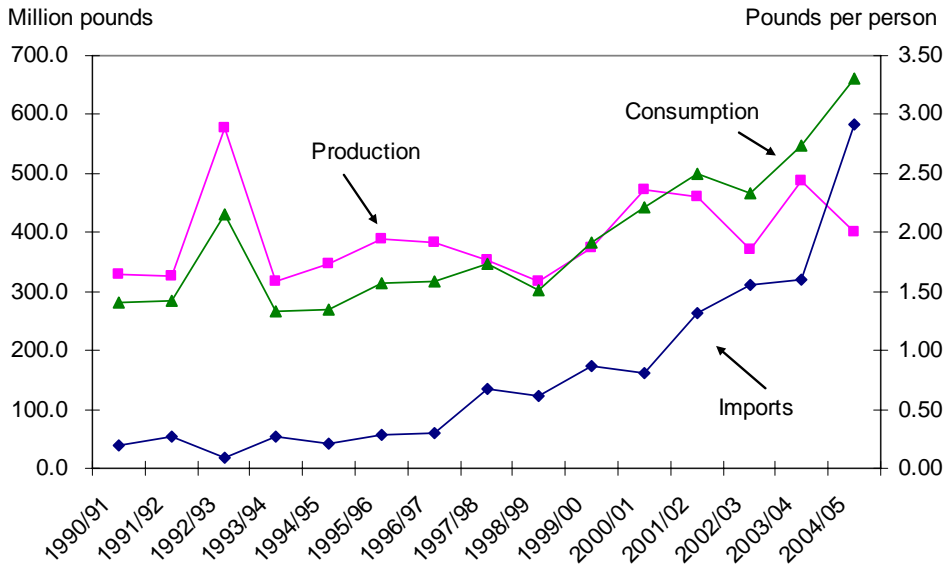


Source: National Agricultural Statistics Service, U.S. Department of Agriculture.

Domestic Demand for Avocados on the Rise

The growth in U.S. avocado consumption has been robust, increasing by more than 50 percent from an average of 1.6 pounds per person during the 1990s to an average of 2.6 pounds per person in the last 5 marketing years (fig. 7). Per capita consumption of avocados has increased 7.2 percent annually since 1990, far exceeding average consumption growth rates for leading fresh fruits, including oranges, apples, bananas, grapes, pineapples, and strawberries. Although avocado

Figure 7. Domestic fresh avocado supply and consumption



Source: National Agricultural Statistics Service and Economic Research Service, U.S. Department of Agriculture; Bureau of the Census, U.S. Department of Commerce.

consumption rose at a slower pace than consumption of fresh blueberries, cherries, cranberries, papayas, and mangos, U.S. consumers consumed more avocados than any of these commodities annually on a per capita basis.

Increased demand for avocados in the United States may be attributed to the country's large and growing Hispanic population and heightened interest in ethnic and health-promoting food in general, as well as to aggressive marketing and promotional efforts, specifically by the California avocado industry, to educate traditional American consumers about the fruit and its nutritional attributes. Avocados are popular among the Hispanic population because they are a traditional ingredient in Mexican and Caribbean food. In the United States, avocados are mostly consumed fresh in salads, as a side dish, or as guacamole.

The largest market for avocados in the United States is the West Coast, particularly California, where over one-third of the U.S. Hispanic population resides. Most of the avocados sold in California are Hass. Texas is also a large market because it has the second-largest Hispanic population. Consumers in markets west of Mississippi, and all those with Mexican and other Hispanic origins, have a strong preference for Hass over other varieties because this is what they have been accustomed to. Markets on the East Coast have large populations of Caribbean immigrants who prefer the green-skinned varieties. Nevertheless, the Hass variety is still widely available in these markets, with California and imports, mainly from Mexico and Chile, supplying them. Because Hass avocados are the most widely available, retail and food service markets prefer them for consistency. Also, Hass is the variety most heavily promoted by the industry, targeting traditional Hass consumers as well as those unfamiliar with avocados.

Avocado Imports Capturing a Growing Share of Domestic Consumption

While remaining relatively flat in the early 1980s, U.S. avocado imports began to trend upwards later in the decade and into the 1990s and in recent years. From an average of about 4 million pounds of imports in the early 1980s, imports rose to over 100 million pounds in 1997/98 and continued to increase more sharply in succeeding marketing years, to an all-time high of 583 million pounds in 2004/05.

With a growing market for avocados in the United States, imports have played an increasing role in fulfilling domestic demand. Imports as a share of domestic consumption rose from less than 1 percent in the early 1980s to an average of over 40 percent from 2000/01 to 2004/05, with some years posting much higher shares. For example, the California crop was smaller than for the previous 5 years in 2004/05, the same time that imports were at a record high. This marked the first year that imports exceeded domestic production, with imports accounting for nearly 60 percent of the supplies available to U.S. consumers. Most of the growth in imports in 2004/05 was from Mexico as it gained expanded access to the U.S. avocado market.

Avocados are imported into the United States throughout the year, but over three-quarters of annual import volume occurs during September to January, based on monthly import data from the U.S. Department of Commerce's Bureau of the Census. Nearly all of the fresh avocados imported into the United States each year come from Chile (which averaged 62 percent of total during 2002-2005), Mexico (27 percent), and the Dominican Republic (10 percent). Small quantities also arrive each year from the Bahamas and New Zealand and occasionally from other Latin American countries. Both Chile and Mexico ship Hass avocados. Imports from the Dominican Republic, meanwhile, are similar to some of Florida's green-skinned varieties.

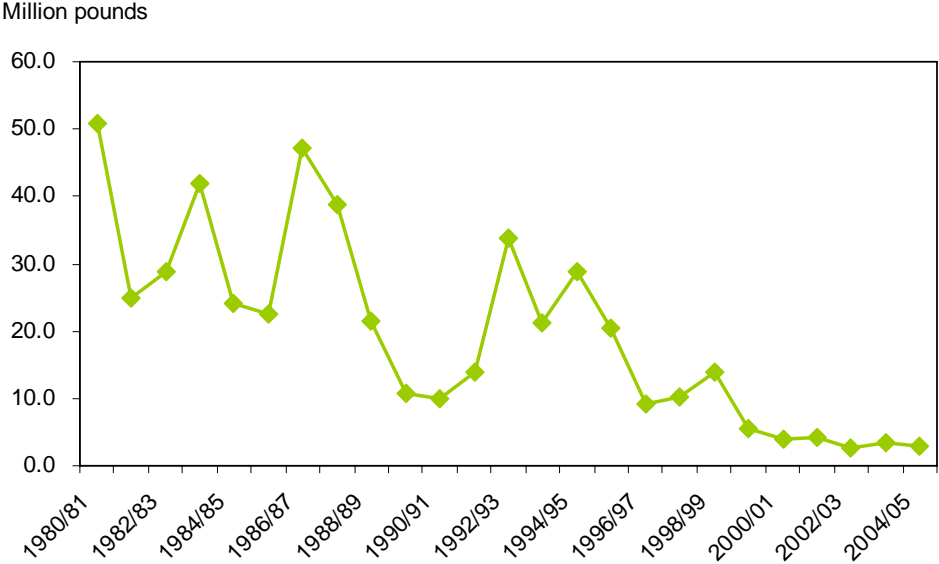
Chile has long been the United States' leading source of imported avocados, but Mexico took over this role in 2005 when its shipments to the U.S. market rose 247 percent, accounting for a 51-percent share of total imports. The sharp rise in shipments from Mexico was greatly influenced by a USDA ruling in December 2004, allowing Mexico to expand its distribution in the United States to 47 of the 50 U.S. States (except California, Florida, and Hawaii) on a year-round basis. Phytosanitary reasons prevented entry of Mexican avocados into the United States for many years, but continuing strides by the Mexican government toward expanded access in the U.S. market slowly but surely were successful. Imports from Mexico have risen from over 1.0 million pounds in 1993/94 to 582.5 million pounds in 2004/05.

Avocado Exports Are a Small and Shrinking Market

Export markets appear to be a shrinking outlet for U.S. avocados as rapidly expanding demand in the domestic market absorbs much of what is produced here. Since the 1990s, domestic production has been growing at an average rate of 7 percent annually, while per capita consumption has been increasing at 10 percent. U.S. avocado exports have been on a downward trend, declining from 51 million

pounds in 1980/81 to 10 million in 1990/91, and to 3 million in 2004/05 (fig. 8). Imports of avocados in the United States well exceed exports, and although important, exports account for less than 1 percent of domestic production. This share is down from an average of 7 percent in the early- to mid-1980s and from about 6 percent during the first half of the 1990s. There is, however, more incentive now for the U.S. avocado industry to seek further opportunities in export markets as it continues to lose a share of the domestic market to imports. There are about 17 countries serving as markets for U.S. avocados; however, over 80 percent of the exports go to Canada, Japan, and South Korea.

Figure 8. U.S. avocado exports from 1980/81 to 2004/05



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

Contacts and Links

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