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# Fruit and Tree Nuts Outlook

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## Lower U.S. Production Forecast for Most Stone Fruit in 2008

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The next release is  
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Approved by the  
World Agricultural  
Outlook Board

For the first time in 2008, the index of prices received by fruit and tree nut growers rose above a year ago in May and remained higher in June. At 152 (1990-92=100), the June index was 1 percentage point higher than the June 2007 index. Boosting the index were record-high June prices for lemons and apples and a price gain for peaches, which when combined more than offset the price declines for fresh-market strawberries and pears.

USDA's National Agricultural Statistics Service (NASS) July forecast for U.S. peach production in 2008 was set at 2.19 billion pounds, down 3 percent from a year ago. This decline may be attributed mainly to a 15-percent smaller crop in California, the dominant producer. Forecast estimates in July for California stand at 1.62 billion pounds. California's clingstone crop, primarily marketed to processors, is forecast down 24 percent to 760 million pounds. The freestone crop which is mostly destined for the fresh market is forecast down 4 percent to 860 million pounds. Favorable weather conditions prevailed in California's peach-growing regions during the bloom period but very cold temperatures in mid-April resulted in significant frost damage to the Clingstone crop. The smaller supplies mainly from this year's crop in California are bolstering 2008 peach prices.

The market for U.S. cherries is strong in 2008 with domestic production down this year and export demand robust. NASS forecast this year's sweet cherry crop at 499.2 million pounds, down 23 percent from the record-high production a year ago and 10 percent below the previous 5-year average crop size. The tart cherry crop is forecast at 177.3 million pounds, 30 percent smaller than last year's crop and the second smallest crop since 1990. Due mostly to frost damage and poor pollination weather, production declines were expected in major producing States, including Washington for sweet cherries and Michigan, both for sweet and tart cherries.

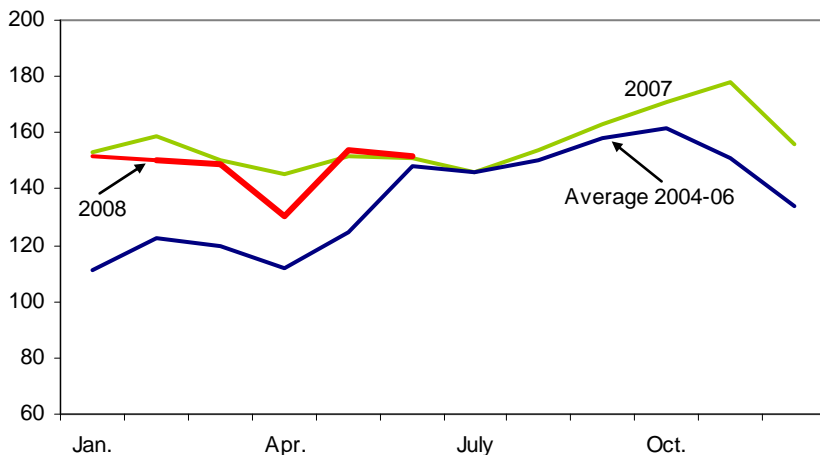
NASS forecast the 2008 U.S. apricot crop at 173.7 million pounds, down 2 percent from a year ago. Driving down overall production is a significantly reduced crop in Washington, the second largest producer next to California. A mid-April freeze wiped out many blooms from Washington's crop and poor pollination further reduced crop yields. While some California apricot growers were also affected by the mid-April freeze, total State crop size is forecast slightly bigger. However, prices for California apricots, the first to enter the market, have held strong.

### *Fruit Grower Prices Strengthen From a Year Ago in May and June*

For the first time in 2008, the index of prices received by fruit and tree nut growers rose above a year ago in May and remained higher in June (fig. 1). The May index, at 154 (1990-92=100), was up 2 percentage points from the May 2007 index and the highest so far in 2008. The boost in the May index was attributed to the higher grower prices for grapefruit, lemons, apples, and strawberries (table 1). In June, grower prices for fresh-market peaches and strawberries, processing oranges, and all grapefruit fell from the previous month, lowering the grower price index to 152. The June grower price index, however, was still relatively stronger than the previous year by 1 percentage point. Record-high June prices for lemons and apples and a price gain for peaches more than offset the price declines for fresh-market strawberries and pears. Brisk domestic and export demand provided the strength in lemon and apple prices, especially with very limited 2007/08 end-of-season supplies available. Early indications from industry sources suggest that the cool spring temperatures and frost have reduced production potential for apples in Washington, the largest apple-producing State in the country. A potentially smaller 2008 apple crop in Washington, coupled with low inventories in cold storage from last season, should keep the market strong for apples in the coming months.

Grower prices for fresh-market grapes also rose substantially above a year ago in June. Early California grape shipments were mostly from the Coachella Valley production region. This region's output only represents a small share of the State's overall crop, overlapping in season with imports from Mexico. Based on shipment data from USDA's Agricultural Marketing Service (AMS), Coachella Valley shipments were slightly ahead of a year ago in June and started a bit earlier than last year, but imports from Mexico were behind, partly aiding in keeping prices higher than a year ago for the month. California grape shipments for 2008 have now shifted to the San Joaquin Valley which is the center of grape production. Unlike

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	
	May	June	May	June	May	June
	-----Dollars per box-----				Percent	
Citrus fruit: 1/						
Grapefruit, all	4.49	9.89	5.12	6.77	14.0	-31.5
Grapefruit, fresh	10.44	12.04	10.74	8.10	2.9	-32.7
Lemons, all	8.14	13.04	20.77	26.63	155.2	104.2
Lemons, fresh	36.11	38.21	44.40	45.90	23.0	20.1
Oranges, all	11.12	11.07	6.95	6.91	-37.5	-37.6
Oranges, fresh	19.41	17.00	9.05	10.04	-53.4	-40.9
	-----Dollars per pound-----					
Noncitrus fruit:						
Apples, fresh 2/	0.269	0.296	0.339	0.408	26.0	37.8
Grapes, fresh 2/	--	0.385	--	0.485	--	26.0
Peaches, fresh 2/	0.410	0.261	0.474	0.273	--	4.6
Pears, fresh 2/	0.326	0.357	0.263	0.327	-19.3	-8.4
Strawberries, fresh	0.686	0.661	0.833	0.624	21.4	-5.6

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*.

last year, there was hardly any overlap in the two California production regions, also making for a strong market in June. The first official forecast for the 2008 California grape crop, released by USDA's National Agricultural Statistics Service this month, was set at 6.05 million tons, down 3 percent from a year ago. While production of wine-type grapes and raisin-type grapes are both forecast to be down, the table-type grape crop, mostly destined for the fresh market, is forecast 1 percent bigger. This increased production is expected to put some downward pressure on fresh-market grape prices this summer. However, as 2008 supplies build up, export market demand and table-grape needs from other processed grape product markets will likely moderate the effect of the forecast 1 percent gain in the table-grape production going into the fresh market this season.

Summer supplies of fresh-market oranges are expected to remain plentiful given the bigger 2007/08 Valencia crop in California and this will continue to put downward pressure on fresh-market grower prices. Grower prices for fresh-market peaches, on the other hand, will likely remain above a year ago as production in California gets fully underway with a smaller crop expected.

### ***Fresh Fruit Retail Prices Remain Strong***

U.S. consumers continue to face higher prices for many fresh fruit. The Consumer Price Index (CPI) for fresh fruit in June, estimated at 346.0 (1982=84=100), was 6 percent above the June 2007 index and the highest for any June index reported since 1989. Boosting the fresh fruit CPI were higher retail prices in June for apples, bananas, Anjou pears, Thompson seedless grapes, strawberries, grapefruit, and lemons. Of the various fruit retail price series for which the Bureau of Labor Statistics' bases its fresh fruit CPI calculations, only the prices for Navel oranges and peaches fell below a year ago in June. Prices for lemons, Red Delicious apples, bananas, Anjou pears, and strawberries were at record-high levels for the month. Apart from high fuel prices that are inflating the overall cost to ship fruit to various

markets, low supplies of apples, pears, and lemons at the end of the 2007/08 season, together with strong exports, are bumping up the prices for these fruit at the retail level. Continued low supplies in the next couple of months as marketing for these fruits transition to the 2008/09 season will likely keep prices strong. Banana supplies remain low as imports continue to be down from last year due to weather conditions several months ago that dampened supplies in important production regions. Banana retail prices have been climbing up since January, with the June average retail price being the highest so far for the year.

Table 2--U.S. monthly retail prices, selected fruit, 2007-08

Commodity	Unit	2007		2008		2007-08 Change	
		May	June	May	June	May	June
		--- Dollars ---		--- Dollars ---		--- Percent ---	
<b>Fresh:</b>							
Valencia oranges	Lb.	--	--	--	--	--	--
Navel oranges	Lb.	1.268	1.321	1.008	1.136	-20.5	-14.0
Grapefruit	Lb.	0.917	0.970	0.907	1.005	-1.1	3.6
Lemons	Lb.	1.751	1.766	2.004	2.157	14.4	22.1
Red Delicious apples	Lb.	1.112	1.130	1.254	1.362	12.8	20.5
Bananas	Lb.	0.503	0.512	0.630	0.633	25.2	23.6
Peaches	Lb.	--	1.714	--	1.707	--	-0.4
Anjou pears	Lb.	1.339	1.327	1.282	1.367	-4.3	3.0
Strawberries 1/	12-oz. pint	1.862	1.781	1.831	1.908	-1.7	7.1
Thompson seedless grapes	Lb.	2.748	2.035	2.530	2.062	-7.9	1.3
<b>Processed:</b>							
Orange juice, concentrate 2/	16-fl. Oz.	2.456	2.512	2.534	2.528	3.2	0.6
Wine	liter	7.340	9.406	8.119	10.926	10.6	16.2

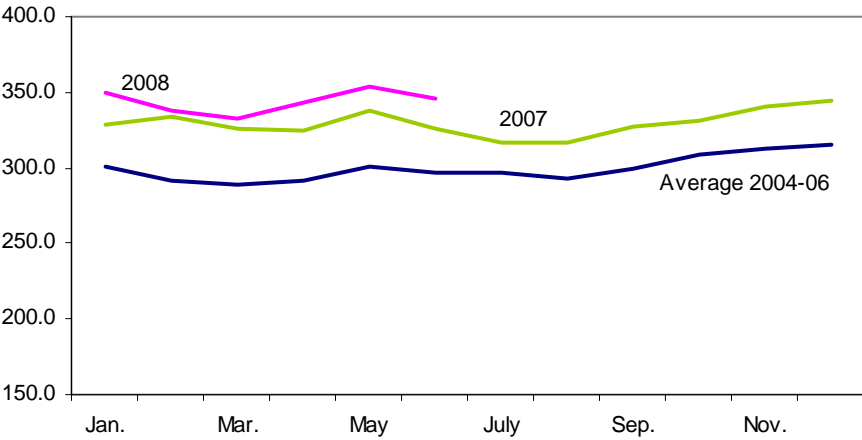
-- Insufficient marketing to establish price.

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>).

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>).

## Fruit Outlook

### *Smaller California Peach Crop Drives Overall Production Down in 2008*

USDA's National Agricultural Statistics Service (NASS) July forecast for U.S. peach production in 2008 was set at 2.19 billion pounds, down 3 percent from a year ago (table 3). The production decline is attributed mainly to a smaller crop in California, the country's dominant producer. Forecast estimates in July for California were unchanged from the initial forecast in June which totaled 1.62 billion pounds. However, production estimates for California in 2007 were revised up for the freestone crop, bringing the State's total production that year 2 percent higher at 1.90 billion pounds. With these revisions, forecast production in California for 2008, if realized, will be down 15 percent from a year ago, a slightly bigger decline than what was originally indicated. California's clingstone crop, primarily marketed to processors, is forecast down 24 percent to 760 million pounds. The freestone crop which is mostly destined for the fresh market is forecast down 4 percent to 860 million pounds. Favorable weather conditions prevailed in California's peach-growing regions during the bloom period but very cold temperatures in mid-April resulted in significant frost damage to the clingstone crop, specifically those in the northern growing areas. Some of the growers in the area had their crops completely wiped out.

Table 3--Peaches: Total production and season-average price received by growers, 2005-07, and indicated 2008 production

State	Production				Price		
	2005	2006	2007	2008	2005	2006	2007
	-- Million pounds --				-- Cents per pound --		
Alabama	24	18	6	20	40.4	51.5	52.5
Arkansas	10	8	0	10	55.0	51.5	65.0
California	1,738	1,424	1,898	1,620	16.1	19.0	17.5
Clingstone	968	718	1,006	760	12.7	14.6	15.2
Freestone	770	706	892	860	20.4	23.5	20.1
Colorado	24	28	26	30	54.0	65.5	77.5
Connecticut	1	2	2	2	80.0	90.0	90.0
Georgia	80	82	26	70	37.2	44.6	41.0
Idaho	16	18	14	21	48.4	32.8	57.5
Illinois	22	23	0	22	62.5	60.0	60.0
Kentucky	2	2	0	2	50.0	63.0	105.0
Louisiana	1	1	1	1	86.5	86.5	95.0
Maryland	8	7	7	9	46.0	51.5	58.5
Massachusetts	2	3	3	3	75.0	97.0	90.0
Michigan	28	38	41	32	28.5	35.0	42.7
Missouri	12	13	0	9	49.0	44.0	86.5
New Jersey	70	68	64	68	45.8	52.5	57.0
New York	9	14	13	11	34.5	33.4	31.7
North Carolina	12	11	1	12	42.5	48.4	56.5
Ohio	4	6	8	11	61.0	61.0	75.5
Oklahoma	4	4	2	4	50.5	55.0	79.5
Oregon	6	4	6	6	48.3	59.0	48.5
Pennsylvania	53	43	39	46	35.8	45.7	45.7
South Carolina	150	120	25	110	35.2	37.5	56.5
Tennessee	4	4	1/	4	64.0	70.5	1/
Texas	18	3	17	11	84.0	82.0	97.5
Utah	9	11	9	10	38.8	33.6	33.4
Virginia	9	8	3	8	40.0	39.5	52.0
Washington	42	46	37	34	28.1	26.1	24.0
West Virginia	11	10	8	11	36.2	28.9	42.9
United States	2,369	2,020	2,257	2,194	22.4	26.0	22.6

1/ No significant commercial production in 2007 due to freeze damage.

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

Despite a smaller freestone crop in California, increased production in most other States will lead to about a 6-percent gain in total fresh-market production for 2008 relative to a year ago as projected by the Economic Research Service. Of the remaining 27 freestone-producing States, 19 have bigger crops this year, including South Carolina and Georgia, the next two biggest producers. Combined production for the 19 States is forecast to almost double last year's and account for nearly a quarter of this year's U.S. peach crop. Peach crops in South Carolina, Georgia, and most other southern peach-growing States are much improved from last year's freeze and drought-stricken crops. South Carolina's 2008 crop is forecast at 110 million pounds, more than three times the size of last year's crop. This year's crop in Georgia is forecast at 70 million pounds, more than double the crop size in 2007. While large compared to last year, however, some damage from inclement weather diminished production potential in both South Carolina and Georgia, leaving this year's forecast production for the two States still below the average of the past few years. Favorable growing conditions prevailed in most growing areas in the Midwest as well as other Atlantic States, such as Pennsylvania and New Jersey, resulting also in bigger crops.

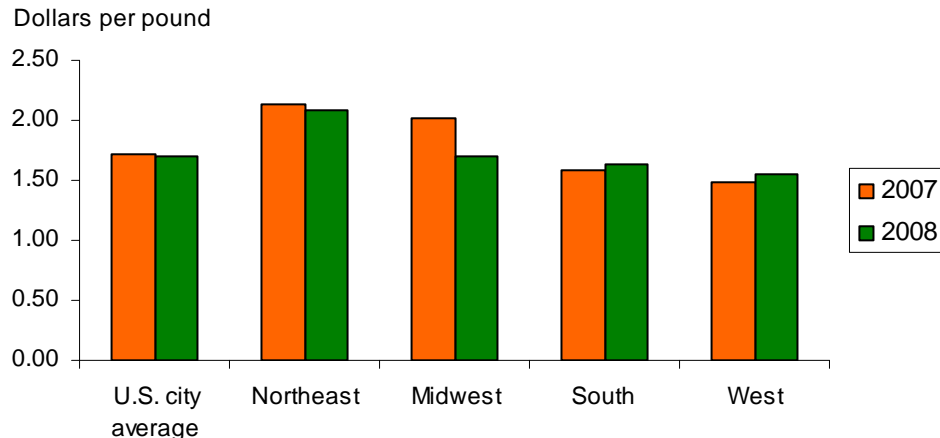
Besides California, smaller crops are forecast for seven other States in 2008. These States include Kentucky, Massachusetts, Michigan, New York, Oregon, Texas, and Washington. A cold, rainy spring reduced yields in Washington and Oregon while freeze damage in Michigan and hail damage in New York lowered production expectations.

The smaller supplies mainly from this year's crop in California are bolstering 2008 peach prices. Grower prices for fresh peaches averaged 47.4 cents per pound in May and 27.3 cents in June, 16 percent and 4 percent higher than in May and June last year. As the harvest got underway in most growing regions, prices fell in June from the previous month and will likely continue to do so through mid-summer. At the retail level, national-level prices for fresh-market peaches have not shown as much of a year-to-year gain as that indicated by U.S. grower prices. June 2008 U.S. retail prices for fresh peaches averaged \$1.71 per pound, almost as much as what consumers paid in June 2006. However, at this price level, consumers were paying about 7 percent higher for this produce than in any June from 2004-06. June 2008 retail price movements had offsetting effects regionally. Increased supply availability as a result of bigger overall crops in the Northeast and Midwest regions had consumers in these regions paying 3-percent and 15-percent lower prices in June than the same time last year (fig. 3). At the same time, reduced supplies in the West have resulted to higher retail prices in the region. Retail prices were also higher in the South despite increased supplies likely due to strong demand in eastern U.S. markets. Although U.S. fresh peach average retail prices may remain at relatively high levels, prices are likely to decline seasonally well into the summer months (July and August) with increased promotable volume for retailers.

NASS revised up its 2007 fresh-market production estimate to 885.0 million pounds. Although California's crop in 2007 was bigger than the prior year, drought-reduced crops in many other States drove down total fresh-market supplies. This decline, along with lower imports and strong export demand, limited the available supplies for domestic fresh use, bringing U.S. fresh peach consumption in 2007 to an estimated 4.46 pounds per person, the lowest since 1996. This year, the projected supply increase will likely boost domestic per capita consumption to about 4.70 pounds, even with early strong exports.

Figure 3

**Regional comparison of average retail prices for peaches in June**



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

January-May export shipments of U.S. peaches to international markets were up 16 percent from the same time last year. Most of these shipments occurred in May, the start of California’s peach shipping season. Shipments were up to all major markets, with significant gains to the top three markets—Canada, Taiwan, and Mexico. While the continued weakness in the U.S. dollar may continue to boost international demand for U.S. peaches, the smaller crop in California which makes up the bulk of exports, along with high fuel prices, could dampen export potential this year, especially to the very distant markets.

***2008 U.S. Sweet Cherry Production Below Previous 5-Year Average***

NASS forecast U.S. sweet cherry production at 499.2 million pounds in 2008, down 23 percent from the record-high production a year ago and 10 percent below the previous 5-year average crop size (table 4). Production declines are forecast for five of the eight producing States surveyed by NASS, including Washington—the largest producer and Michigan—the fourth largest. This year’s sweet cherry crop in Washington is forecast down 36 percent, at 200.0 million pounds. If realized, this will be the smallest crop that Washington has produced in the last five years. The decline in the State’s production may be blamed on poor pollination caused by cool temperatures during the bloom period and extensive crop damage from a mid-April frost, both of which affected mostly the earlier varieties. In California, the second-largest producer, plenty of chill hours this past winter and nearly ideal growing conditions during the spring resulted to a good set and fruit size. The crop is forecast 1 percent bigger than a year ago and the largest ever at 172.0 million pounds.

Similar growing conditions as in Washington prevailed in other parts of the West. In Oregon, however, the crop fared much better as some of the losses due to the frost were offset by new acreage coming into production this year. Oregon’s sweet cherry crop is forecast to be the same size as last years, at 70.0 million pounds. In Idaho, production is also forecast higher (up 40 percent from a year ago) despite the mid-April frost, but in Utah, production will be down 64 percent. Elsewhere,

Table 4--Sweet cherries: Total production and season-average price received by growers, 2005-07, and indicated 2008 production

State	Production				Price		
	2005	2006	2007	2008	2005	2006	2007
	-- Million pounds --				-- Cents per pound --		
California	105.4	84.2	170.0	172.0	87.0	154.5	95.0
Idaho	3.4	7.6	3.0	4.2	97.5	55.5	105.0
Michigan	54.0	40.0	54.6	50.0	31.0	38.8	32.5
Montana	2.5	4.8	4.9	1/	176.5	92.5	81.5
New York	1.6	1.9	2.4	2.1	85.5	114.5	149.0
Oregon	57.2	110.2	70.0	70.0	72.5	45.5	72.5
Utah	3.6	3.6	2.5	0.9	69.0	77.0	69.0
Washington	274.0	336.0	314.0	200.0	122.0	79.5	103.0
United States	501.7	588.3	647.3	499.2	99.5	81.0	91.0

1/ The first estimate for 2008 will be released in January 2009.

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

multiple spring frosts reduced yields in Michigan, with production forecast down 8 percent to 50.0 million pounds. Lack of rainfall during the growing season reduced yields in New York where production is forecast down 13 percent.

The domestic sweet cherry season starts off annually with California shipments. Marketing of 2008 California sweet cherries began in early May and ended in late June. Shipments through mid-June ran around 32 percent ahead of the same time last year, but the anticipation of short supplies in Washington along with strong demand domestically and in major export markets had kept sweet cherry prices from falling well below last year. As of June 14, free-on-board (f.o.b.) shipping-point prices quoted at California's Stockton-Lodi-Linden growing district where a majority of the State's cherry shipments originate ranged from \$28.00-\$34.00 for an 11-row, 18 pound carton of the Bing variety, about the same price range as last year. Prices quoted for bigger size cherries were also within the same price range as this time last year. By month's end prices remained relatively unchanged.

AMS began reporting this season's shipments from Washington the week of June 15 and cumulative shipments through mid July lagged volumes the same time last year by 58 percent, driving up prices. Last year, shipments started off earlier, with more overlap with California supplies. F.o.b. shipping point prices for Washington sweet cherries this summer are stronger as a result of the reduced supplies. On July 5, prices opened at \$42-45 per 18-pound carton of Bing cherries (11-row size and larger). In comparison to this time last year, prices were quoted at \$28.00 per 18-pound carton. As the harvest in Washington got in full swing by mid-month, prices ranged from \$38.00 to \$45.00, continuing sharply higher than last year. While production is expected to be much smaller, Washington's crop is reported to yield bigger and sweeter fruit this year. Frost damage to the crop in April not only reduced crop size but also acted as a natural thinner for the trees, leaving undamaged fruit with more nutrients and room to size bigger. In addition, warm temperatures later in the fruit development stage have increased fruit sugar levels. All these combined factors helped to boost cherry prices throughout the rest of the season.

Despite the higher prices, international demand for U.S. cherries was strong early into this season. Export volume in May, when 2008 California supplies first entered the market, totaled 24.5 million pounds and valued at \$75.5 million. The volume was up 11 percent and higher than most early-season exports since the turn



of the new century. Although trade figures reported by the U.S. Department of Commerce, Census Bureau include tart cherries, a vast majority of the cherry exports pertain to sweet cherries. Higher shipments to major markets such as Canada, South Korea, and the United Kingdom offset the lower shipments to Japan, the most lucrative market for California sweet cherries. Export demand early into this season was being met by the increased production in California. However, while the weakened U.S. dollar should encourage increased exports of U.S. products, the sharply reduced supplies from Washington will likely dampen mid-to-late season export shipments.

Serving the domestic market mostly during the U.S. offseason, U.S. cherry imports in 2008 through May were more than double the volume imported during the same period last year. Chile accounted for most of the imported supplies with substantial gains in shipments over last year. Imports from other major Southern Hemisphere suppliers such as Australia and Argentina were also up sharply but were down from New Zealand. While still small relative to domestic production, imports are increasingly becoming an important player in the U.S. cherry market, with its share of domestic consumption up from a relatively steady 3 percent during the 1990s to about 8 percent in the past two years. However, given its relative size, even with increased imports, the higher prices and the smaller domestic crop this year will limit domestic consumption. ERS projects U.S. consumption of sweet cherries in 2008 will fail to reach the record-breaking levels of the past two years, dropping to below 1.0 pound per person for the year.

### ***2008 U.S. Tart Cherry Crop Smaller***

The 2008 U.S. tart cherry crop is forecast by NASS at 177.3 million pounds, 30 percent smaller than last year's crop (table 5). If realized, this year's crop is 28 percent smaller than the previous 5-year average crop size and the second smallest crop since 1990, next to the record-low, freeze-reduced crop in 2002. Production declines are forecast in most tart-cherry producing States, including Michigan—the major producer. The tart cherry crop in Michigan is expected down 31 percent from a year ago to 135.0 million pounds. Crop yields were reduced by a series of spring freezes and rainy periods during pollination, particularly in the State's northwest and west central growing regions. Crop yields were also reduced in New York (down 19 percent), Pennsylvania (down 14 percent), Wisconsin (down 98 percent), and Utah (down 40 percent) mainly due to freeze damage. Hailstorms in New York and a big crop last year coupled with a very dry summer in Wisconsin also cut yields in both States this year. Despite a mid-April freeze, production in Washington and Oregon are forecast higher in 2008, increasing 44 percent and 180 percent, respectively, from a year ago.

Carryover stocks of frozen tart cherries at the beginning of this year, at 132 million pounds, were 16 percent above the same time in 2007 and well above the average of the previous 4 years (fig. 4). These large inventories will help offset some of the decline in overall supplies brought by this year's reduced production, easing some of the upward pressure on tart cherry grower prices. Partly fueled by strong first-half sales to export markets, particularly to Canada and the Netherlands, processor demand for U.S. tart cherries remains high. Inventory-levels of frozen tart cherries have already declined nearly 40 percent from earlier in the year, but relative to the same time last year as of June 1, inventories are still much higher.

Table 5--Tart cherries: Total production and season-average price received by growers, 2005-07, and indicated 2008 production

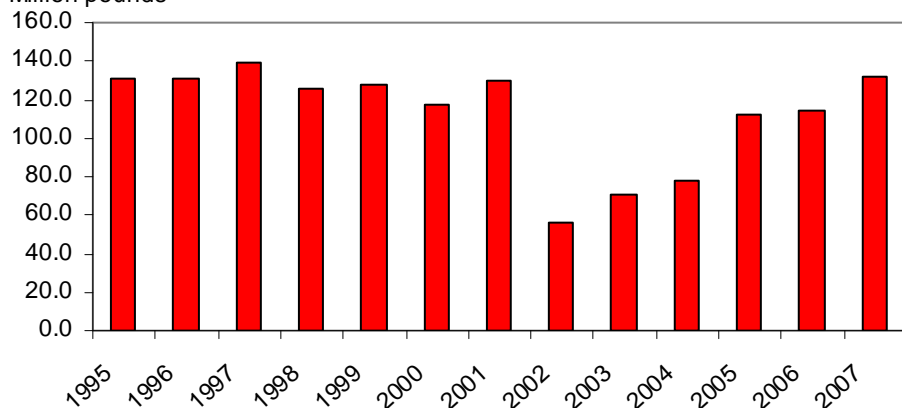
State	Production				Price		
	2005	2006	2007	2008	2005	2006	2008
	-- Million pounds --				-- Cents per pound --		
Michigan	208.0	190.0	196.0	135.0	22.9	19.2	26.4
New York	7.5	8.6	11.3	9.2	43.2	31.7	34.3
Oregon	0.3	3.4	0.5	1.4	38.0	27.6	34.6
Pennsylvania	2.6	5.2	3.5	3.0	31.5	28.3	39.8
Utah	28.0	28.0	20.0	12.0	23.3	26.5	25.0
Washington	16.5	22.3	11.5	16.5	23.9	25.9	35.0
Wisconsin	7.5	4.5	10.4	0.2	29.3	31.0	28.4
United States	270.4	262.0	253.2	177.3	23.8	21.5	27.3

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

Figure 4

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

Million pounds



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

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

**2008 U.S. Apricot Crop Slightly Smaller Than Last Year**

NASS forecast the 2008 U.S. apricot crop at 173.7 million pounds, down 2 percent from a year ago (table 6). Driving down overall production is a significantly reduced crop in Washington, the second largest producer next to California, producing 5 percent of the total U.S. crop. A mid-April freeze wiped out many blooms from Washington's 2008 crop. Poor pollination due to a relatively cool spring further reduced crop yields. Production in Washington is forecast at 9.0 million pounds, down 38 percent from a year ago. While some California apricot growers were also affected by the mid-April freeze, total State crop size is forecast slightly bigger. California's 2008 apricot production, which represents 94 percent of the U.S. crop, was revised down 6 percent from the initial forecast in June to 64.0 million pounds, 1 percent bigger than in 2007 and more than double the size of the freeze-damaged crop in 2006. Weather conditions this winter and spring were generally favorable, promoting excellent blooms and a good fruit set. Crop maturity was delayed by the cool weather in May, but this enhanced the quality of the crop with plenty of fruit sizing well and achieving high sugar levels. In Utah, optimal weather for the most part contributed to a 31-percent production increase.

Table 6--Apricots: Total production and season-average price received by growers, 2005-07, and indicated 2008 production

State	Production				Price		
	2005	2006	2007	2008	2005	2006	2007
	-- Million pounds --				-- Cents per pound --		
California	151.0	78.0	162.0	164.0	24.1	29.7	21.6
Utah	0.5	0.6	0.5	0.7	48.0	50.0	40.8
Washington	11.8	10.4	14.4	9.0	48.5	59.5	49.6
United States	163.3	89.0	176.9	173.7	26.0	33.3	23.9

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

California supplies are the first to enter the market, shipping from May through July. Despite slightly higher production in California this year, cumulative shipments of California fresh apricots through the second week in July were down 27 percent from last year, based on AMS weekly shipment data. Early-season prices for California apricots, such as for some of the more popular varieties like Castlebrite, Patterson, Earlicot, were slightly higher than last year. As harvest in California got underway, prices remained strong relative to last year's. This is likely because less production is moving through the fresh market as processor demands are being met. About 75 percent of California's production is for the processing sector, of which more than half is for canning. As of early July, California f.o.b. shipping point prices for the Patterson variety ranged from \$16.05-\$18.05 for a 24-pound carton (loose, #8), compared with \$9.95-\$11.95 the same time last year.

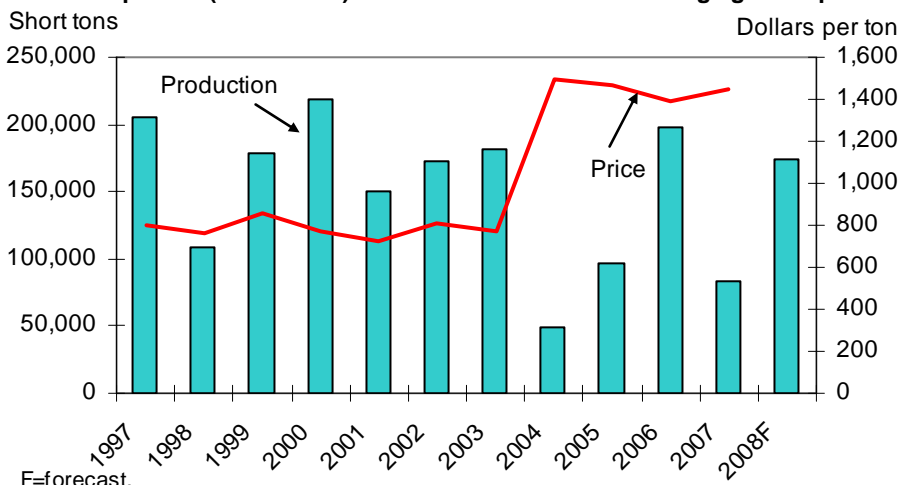
### ***2008 California Prune Crop Larger Than Last Year but Below Average***

NASS forecast California's 2008 prune crop at 120,000 tons, dried basis, up 45 percent from a year ago. Although production will be higher this year, last year's crop was the smallest ever and the forecast 2008 crop, if realized, will be below the average production of large-crop years during the 2000s, estimated at 173,000 tons. Coming off from a smaller-than-average crop in 2007, California prune growers were optimistic that this year's crop would have been a large crop because the trees had plenty of energy/nutrient reserves to produce much higher yields. However, a mid-April frost diminished earlier expectations of harvesting a bountiful crop this year, bringing widespread damage to the crop but with severe losses limited to low-lying areas.

A vast majority of California's prune production moves through the processing sector, primarily to manufacturers of dried prunes. Demand from processors will likely remain strong in 2008/09 as they face a second consecutive season of tight supplies, likely putting upward pressure on prune prices for the season. Ending inventories in 2008/09 will likely be drawn down as domestic production will fall short of normal, carryover inventories from last season are low, and recent international demand is strong. During the 2007/08 marketing season, California prune growers received an average \$1,450 per ton for their production, 4 percent higher than what they were paid in 2006/07, a large-crop year. With supplies expected to continue tight this season, grower prices should stay strong for the 2008/09 season.

Figure 5

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



F=forecast.

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

***Almond Production Forecast Revised Upward***

NASS has revised the forecast for the 2008 California almond crop to 1.5 billion tons, shelled basis, up 3 percent from May and 8 percent higher than last year’s record crop. If realized, the 2008/09 crop will be 1.5 times bigger than the average crop during 2002-06.

This year, it is forecast that production will average 2,270 pounds per acre, fractionally above last year’s 2,260 pounds, but 18 percent higher than in 2006. The forecast for higher yields will mean that yields per acre will have increased for the third consecutive year. In recent years, the almond crop has not been demonstrating much of the alternate bearing nature common to nut trees. This is largely due to changes in production management techniques. Due to these changes, producers are now able to plant increasingly more trees per acre, contributing to higher yields per acre. In 2008, there was an average of 107 trees per acre, up from 105 trees the previous 2 years and from less than 90 trees per acre prior to 1992.

A major factor contributing to the higher yields this year is the very strong almond set. While the trees bloomed a little later than average, the overlapping in bloom among varieties needed for cross pollination was very good this year. Bee activity was also strong. As a result, almond tree limbs in many areas were heavy with nuts.

For 2008, the average number of nuts per tree is estimated at 7,452, only slightly more than last year. Partially due to the heavy set, the average kernel weight per nut for all varieties is down 3 percent. The smaller kernel size could affect the price growers will receive for their almonds this season because bigger kernels command higher prices. However, overall quality is reported high, increasing the amount of marketable nuts. The good quality and the overall bigger crop this year will keep the value of the crop strong.

Table 7--U.S. almond supply and utilization, 1988/89 to 2007/08

Season 1/	Utilized production	Loss		Marketable production	Imports	Beginning stocks	Total supply	Ending stocks	Domestic consumption		
		and exempt							Exports	Total	Per capita
1988/89	590,000	25,460		564,540	480	227,894	792,914	270,061	363,970	158,883	0.65
1989/90	490,000	32,830		457,170	247	270,061	727,478	203,100	370,745	153,633	0.62
1990/91	660,000	44,250		615,750	132	203,100	818,982	241,360	391,680	185,942	0.74
1991/92	490,000	26,759		463,241	204	241,360	704,805	148,100	401,174	155,531	0.61
1992/93	548,000	26,700		521,300	256	148,100	669,656	131,113	385,792	152,751	0.59
1993/94	490,000	19,940		470,060	293	131,113	601,466	102,631	343,184	155,650	0.59
1994/95	735,000	38,788		696,212	391	102,631	799,234	204,849	453,773	140,612	0.53
1995/96	370,000	18,562		351,438	564	204,849	556,851	92,799	335,100	128,952	0.48
1996/97	510,000	23,696		486,304	1,248	92,799	580,351	48,287	374,512	157,553	0.58
1997/98	759,000	32,790		726,210	116	48,287	774,613	171,976	447,864	154,774	0.56
1998/99	520,000	24,600		495,400	184	171,976	667,560	91,834	410,388	165,339	0.60
1999/2000	833,000	34,400		798,600	226	91,834	890,660	175,850	439,534	275,275	0.98
2000/01	703,000	26,000		677,000	540	175,850	853,390	107,266	513,344	232,780	0.82
2001/02	830,000	29,300		800,700	882	107,266	908,848	80,922	585,723	242,203	0.84
2002/03	1,090,000	20,200		1,063,500	1,993	80,922	1,146,415	162,045	673,616	310,754	1.07
2003/04	1,040,000	21,800		1,011,100	3,248	162,045	1,176,393	148,940	698,896	328,557	1.12
2004/05	1,005,000	39,922		958,117	6,750	148,940	1,113,806	137,684	712,680	263,443	0.89
2005/06	915,000	36,470		875,275	11,050	137,684	1,024,009	112,222	728,470	183,317	0.61
2006/07	1,120,000	33,502		1,083,229	10,329	112,222	1,205,780	133,950	768,022	303,809	1.01
2007/08 f/	1,390,000	41,437		1,339,801	8,033	133,950	1,481,784	225,750	910,000	346,034	1.14

f/ forecast.

Source: Prepared by U.S. Department of Agriculture, Economic Research Service.

With the 2007/08 almond marketing season almost finished, ERS forecasts U.S. almond consumption to have reached a record high of 1.14 pounds per person (table 7). This would be 13 percent higher than the previous season. Exports are also forecast to set a new record high of 910 million pounds, 18 percent more than in 2006/07. Despite the strong demand from both domestic and international markets, the very large crop last season of 1.4 billion pounds has left a sizable portion of the crop unsold. Therefore, ending stocks are likely to be up, possibly being the biggest in 20 years. If this forecast holds true, that would result in very large beginning stocks coming into the new marketing season along with the even bigger crop. This could lower prices, especially early on in the marketing season as the industry tries to move out the beginning stocks.

### ***New Farm Bill Includes a Specialty Crops Title***

The 2008 farm bill, the *Food, Conservation, and Energy Act of 2008*, includes a title that is specific to specialty crops and organics. This is the first time in farm bill history that such a title has been included. While provisions concerning organic production have been included in farm legislation since 1990, this is the first time a title concerning issues specific to specialty crop production has been included.

The title focuses mostly on the health and well-being of specialty crop production. In light of the disease and pest problems facing many specialty crop producers, including Florida's citrus industry, and the concerns about the spread of these pests and diseases, along with the concern about introduction of others, the new legislation has provisions to identify and attempt to control these and future diseases and pests. Programs in the new Specialty Crops and Organics title include Plant Pest and Disease Management and Disaster Prevention, National Clean Plant Network, and the Pest and Disease Revolving Loan Fund. Another program, the Food Safety Education Initiative, is meant to educate people involved in the produce industries as well as the public about sanitary handling practices and ways

of reducing pathogens in fresh produce. Other provisions in the new title include incorporating specialty crops as part of each Census of Agriculture and appropriation to expand the Agricultural Market News Program's reporting of fruit and vegetable prices and movement data.

In the Nutrition Title, there are several provisions for fruit and vegetables, including purchase for domestic feeding programs such as the National School Lunch program and the Fresh Fruit and Vegetable Program, formerly a pilot program, whose goal is to provide fruit and vegetables to elementary schools where at least half the students receive free or reduced-price school meals. The Nutrition Title also encourages the purchase of locally grown foods.

## Fruit and Tree Nuts Trade Outlook

### *U.S. Exports Strong for Major Summer Fruit Except for Grapes*

U.S. exports in 2008 through May posted gains in volume shipped for fresh strawberries, cherries, and peaches (table 8). Although these U.S. products already have a high-profile presence in the international market, industry trade promotion efforts and the continued weakness of the U.S. dollar both have partly aided in furthering export demand for these products so far this year. Moreover, bigger strawberry and cherry crops in California, the major source for these exports, have also increased export potential. The majority of strawberry exports so far this year have gone to Canada. January-May shipments to Canada were up 19 percent while shipments to Mexico and to distant markets such as the United Kingdom, France, Japan, Hong Kong, New Zealand, Bahamas and Brazil increased more sharply. Cherry and peach exports also mostly went to Canada, with shipments up significantly. Early 2007/08 grape exports, however, were sluggish, dropping 43 percent in May from the same time last year. Limited domestic production at the beginning of the season, together with reduced imports from Mexico, has kept most of the supplies in the domestic market. U.S. grape exports were down 46 percent to Canada, which received more than half of all the volume shipped to foreign markets in May. Exports were strong to Hong Kong, but fell substantially to the United Kingdom, Malaysia, and many Caribbean countries. U.S. grape export will potentially improve in the coming months as harvesting in California's San Joaquin Valley gets fully underway with adequate table grape supplies expected and a crop that is showing very good quality.

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

Commodity	Marketing season	Season-to-date (through May)		Year-to-date change
		2007	2008	
		----- 1,000 pounds -----		Percent
Fresh-market:				
Oranges	November-October	669,642	1,124,254	67.9
Grapefruit	September-August	688,306	577,558	-16.1
Lemons	August-July	238,253	292,355	22.7
Apples	August-July	1,252,488	1,312,086	4.8
Grapes	May-April	5,763	3,260	-43.4
Pears	July-June	274,044	345,504	26.1
Peaches (including nectarines)	January-December	19,126	22,247	16.3
Straw berries	January-December	99,056	122,431	23.6
Sweet cherries 1/	January-December	22,273	25,865	16.1
		----- 1,000 case gallons 2/ -----		
Processed:				
Orange juice, frozen concentrate	October-September	30,044	26,130	-13.0
Orange juice, not-from-concentrate	October-September	42,605	62,808	47.4
Grapefruit juice	October-September	12,878	9,404	-27.0
Apple juice and cider	August-July	6,364	7,197	13.1
Wine	January-December	44,208	49,869	12.8
		----- 1,000 pounds -----		
Raisins	August-July	204,949	267,673	30.6
Canned pears	June-May	19,368	16,637	-14.1
Canned peaches	June-May	40,200	66,137	64.5
Frozen straw berries	January-December	12,999	13,524	4.0
		----- 1,000 pounds -----		
Tree nuts:				
Almonds (shelled basis)	August-July	718,758	835,870	16.3
Walnuts (shelled basis)	August-July	140,283	196,601	40.1
Pecans (shelled basis)	October-September	25,276	42,722	69.0
Pistachios (shelled basis)	September-August	47,762	75,129	57.3

1/ Beginning July 2005, includes tart cherries.

2/ Single-strength equivalent.

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

U.S. tree nut exports in 2007/08 through May were up for all major crops. Almond exports make up most of the country's tree nuts sales to foreign markets, totaling over 800 million pounds (shelled basis) and worth close to \$2.0 billion. With domestic production in 2007 at an all-time high, U.S. almond shipments to the world for the 2007/08 season through May continue to break record-high levels. Production is forecast to increase in 2008 as acreage keeps expanding, furthering the industry's export potential. Walnut exports in 2007/08 through May were strong despite the smaller crop harvested last year and relatively low carryover stocks at the beginning of the season. U.S. walnut exports for the season through May were up significantly to all major markets—Germany, Spain, Italy, Japan, Canada, and South Korea.

### ***Greater Imports of Mangoes and Lime for Most of 2008's First Half, Early 2008/09 Grape Imports Also Up***

U.S. mango and lime imports this year through May were each over 300 million pounds, posting gains of 15 percent and 3 percent, respectively, from the same period in 2007 (table 9). Mexico is the chief source for these imports. Mango imports from Mexico were up slightly and those from other important suppliers, including Peru, Ecuador, and Brazil were up more substantially. Lime imports were also up from Mexico and similarly, the increase was more moderate than from other smaller suppliers such as Ecuador, El Salvador, and the Dominican Republic.

U.S. grape imports in May were up 20 percent from the same time last year. May marks the beginning of the U.S. grape shipping season, often overlapping with Mexico. Providing over 80 percent of total imports during the month, shipments into the United States from Mexico were up 5 percent but a surge in supplies of

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

Commodity	Marketing season	Season-to-date (through May)		Year-to-date change
		2007	2008	
		----- 1,000 pounds -----		Percent
Fresh-market:				
Oranges	November-October	109,206	31,364	-71.3
Tangerines (including clementines)	October-September	201,594	145,910	-27.6
Lemons	August-July	86,839	130,184	49.9
Limes	January-December	297,958	308,164	3.4
Apples	August-July	236,625	231,009	-2.4
Grapes	May-April	302	364	20.6
Pears	July-June	206,496	170,469	-17.4
Peaches (including nectarines)	January-December	120,685	126,725	5.0
Bananas	January-December	3,754,623	3,691,068	-1.7
Mangoes	January-December	268,116	307,839	14.8
		----- 1,000 sse gallons 1/ -----		
Processed:				
Orange juice, frozen concentrate	October-September	249,107	279,827	12.3
Apple juice and cider	August-July	423,499	473,700	11.9
Wine	January-December	91,118	83,649	-8.2
		----- 1,000 pounds -----		
Canned pears	June-May	78,136	73,501	-5.9
Canned peaches (including nectarines)	June-May	185,830	189,464	2.0
Canned pineapple	January-December	310,684	326,996	5.3
Frozen straw berries	January-December	120,872	114,390	-5.4
		----- 1,000 pounds -----		
Tree nuts:				
Brazil nuts (shelled basis)	January-December	11,493	8,058	-29.9
Cashew s (shelled basis)	January-December	105,094	106,795	1.6
Pine nuts (shelled basis)	January-December	3,409	4,984	46.2
Pecans (shelled basis)	October-September	47,948	58,899	22.8

1/ Single-strength equivalent.

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



late-season Chilean grapes furthered the growth in imports. May imports from Chile were four times greater than what they shipped to the United States in May 2007. Industry sources indicated production in Mexico is down slightly from last year but crops in all of the country's major producing regions have progressed well, which helped promotable volume. Grape production in Mexico heavily caters to the export market with the United States at the top of the list. Last year, exports of Mexican grapes into the United States totaled 816,402 pounds, second highest on record.

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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/>

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