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Fruit and Tree Nuts Outlook

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Crop Production Forecast for 2009 Shows Record High for Sweet Cherries, Decline for Peaches

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The next release is September 29, 2009.

Approved by the World Agricultural Outlook Board

The index of prices for fruit and tree nut growers rose 17 percent in June from the previous month to 148 (1990-92=100). Driving up the June index from the previous month were higher grower prices for fresh oranges, lemons, and pears. Relative to a year ago, the index was the strongest it has been so far this year, holding steady from the 2008 June index. Higher prices for fresh oranges, grapes, peaches, and strawberries were just enough to offset price declines for fresh lemons, apples, and pears.

On July 10, USDA's National Agricultural Statistics Service (NASS) reported its first complete forecast for 2009 U.S. peach production. Forecast production was set at 2.14 billion pounds, down 5 percent from both the 2008 and 2007 crop. Most of the decline is attributed to a smaller crop in California. The forecast estimate in July for California's 2009 peach crop was set at 1.58 billion pounds, down 8 percent from a year ago and 17 percent below the 2007 crop. Due to the effects of an early-March freeze on production, along with reduced bearing acres, California's freestone peach crop was forecast 19 percent smaller than in 2008, at 700 million pounds, while the clingstone crop was forecast up 3 percent, at 880 million pounds. Reduced fresh-market shipments from a year ago as a result of the smaller domestic crop will likely bolster fresh peach grower prices throughout most of the summer.

NASS forecast U.S. sweet cherry production at 749.0 million pounds in 2009, up 52 percent from a year ago. If realized, this year's production will be the largest on record, surpassing the previous record production in 2007. The biggest increases were in the Pacific Northwest where production was mostly below average over the last 2 years. The large, good quality crop in this region has provided ample supplies to retailers this summer, driving down prices U.S. consumers had to pay for sweet cherries from a year ago.

NASS forecast the 2009 U.S. tart cherry crop to be the largest over the last 7 years, at 283.6 million pounds. If realized, this year's crop will be 32 percent larger than both the 2008 crop and the previous 6-year average crop size (2002-2006). With no major losses from winter and spring damage in its major growing region, tart cherry production in Michigan is forecast up 33 percent from a year ago. Despite of a cooler-than-normal spring, production is also forecast to increase in the next two largest producing States—Utah and Washington.

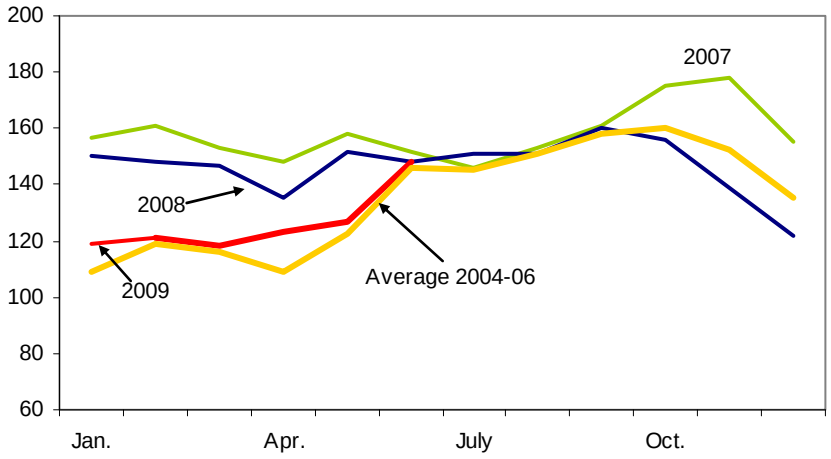
Price Outlook

Fruit and Tree Nut Grower Prices Gained Strength in June

The index of prices for fruit and tree nut growers rose 17 percent in June from the previous month to 148 (1990-92=100) and held steady from last year's June index (fig. 1). Driving up the June index from the previous month were higher grower prices for fresh oranges, lemons, and pears (table 1). The completion of California's navel orange harvest, along with a slow start to its Valencia harvest, strengthened orange grower prices in June. Supplies of Northwest U.S. pears wound down for the 2008/09 season, strengthening domestic fresh-market pear prices while the typical late spring and summer high demand season for lemons gave their prices a boost.

The grower price index for fruit and nuts this June was the strongest it has been so far this year relative to a year ago. Boosting the index this June to the same level as last June were higher prices for fresh oranges, grapes, peaches, and strawberries. These higher prices were just enough to offset price declines for fresh lemons, apples, and pears. Expected smaller harvests of Valencia oranges, grapes, and peaches in California this summer have already resulted in lighter early shipments, pushing their June average prices higher than in the same time last year. Imports of grapes, primarily from Mexico this time of the year, were also down considerably from a year ago, contributing to the higher prices for domestic growers of early-season grapes. Grape harvesting in California has already shifted from the Coachella Valley growing region to the major production region, the San Joaquin Valley. Despite seasonal increases in supplies of California grapes as well as peaches and Valencia oranges, the expected smaller crops are likely to limit supply availability throughout the rest of the summer, holding shipments down from a year ago and keeping their prices strong.

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	2008 May	2008 June	2009 May	2009 June	2008-09 change May	2008-09 change June
	Dollars per box				*Percent*	
Citrus fruit: 1/						
Grapefruit, all	4.94	6.61	5.53	--	11.9	--
Grapefruit, fresh	10.45	8.10	8.91	--	-14.7	--
Lemons, all	20.54	27.04	3.99	10.21	-80.6	-62.2
Lemons, fresh	44.40	45.90	10.08	17.98	-77.3	-60.8
Oranges, all	7.01	6.75	6.79	7.19	-3.1	6.5
Oranges, fresh	9.00	10.29	11.71	11.86	30.1	15.3
	Dollars per pound					
Noncitrus fruit:						
Apples, fresh 2/	0.362	0.412	0.187	0.181	-48.3	-56.1
Grapes, fresh 2/	0.210	0.295	--	0.795	--	169.5
Peaches, fresh 2/	0.480	0.269	0.403	0.361	-16.1	34.5
Pears, fresh 2/	0.263	0.327	0.259	0.319	-1.3	-2.4
Strawberries, fresh	0.833	0.619	0.761	0.691	-8.6	11.6

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*.

A bigger-than-expected apple harvest last year left the U.S. apple industry with large supplies to move during the 2008/09 season, driving down U.S. fresh-market apple prices. Despite continued strong movement to both domestic and international markets, fresh-market apple supplies in cold storage, as of June 1, were still up from average levels of the past five years, likely continuing to soften apple prices through the remainder of this summer. The 2009 harvest begins around late summer with early indications suggesting above-average crop size in a number of major producing States, including Washington, potentially continuing the low prices growers experienced this season. Lemon prices fell below last year in June as a result of the bigger 2008/09 crop in California, while pear prices continue to receive downward pressure from competing large supplies of apples in the market and the lack of demand internationally.

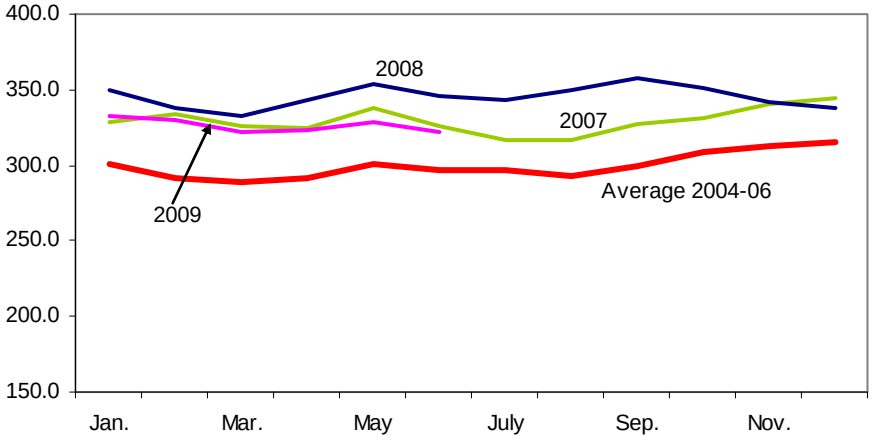
Fresh Fruit Retail Prices Remain Below a Year Ago

The U.S. consumer price index (CPI) for fresh fruit in June 2009 was 322.6 (1982-84=100), 7 percent lower than the June 2008 CPI (fig. 2). The decline in the CPI reflects the lower prices this June that U.S. consumers paid for most citrus fruit, apples, bananas, and strawberries (table 2). Of the various fruit retail price series for which the U.S. Bureau of Labor Statistics' bases its fresh fruit CPI calculations, only the retail prices for Anjou pears and Thompson seedless grapes rose above a year ago this June.

Ample supplies of apples, strawberries, and California navel oranges and lemons at grocery stores this June drove down their retail prices from a year ago. The average retail price for Red Delicious apples dropped 13 percent although other varieties of apples likely also were priced lower as suggested by a 15-percent drop in the June CPI for apples. Banana import shipments began to slowly pick up in the spring after a sluggish start earlier this year and retail banana prices dropped from a year ago in May and June. Average banana prices over the last two months, however, have remained fairly strong relatively to other previous years' average May and

June prices. In July and August, seasonal increases in grape supplies should lead to some downward pressure on retail grape prices from the previous month. However, relative to last summer, retail grape prices will likely remain higher as retailers face tighter supplies due to the reduced 2009 table grape crop in California.

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



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

Table 2--U.S. monthly retail prices, selected fruit, 2008-09

		2008		2009		2008-09 change	
Commodity	Unit	May	June	May	June	May	June
		--- *Dollars* ---		--- *Dollars* ---		--- *Percent* ---	
Fresh:							
Valencia oranges	Lb.	--	--	--	--	--	--
Navel oranges	Lb.	1.008	0.931	0.963	0.910	-4.5	-2.3
Grapefruit	Lb.	0.907	0.883	0.869	0.789	-4.2	-10.6
Lemons	Lb.	2.004	1.968	1.392	1.390	-30.5	-29.4
Red Delicious apples	Lb.	1.254	1.205	1.147	1.202	-8.5	-0.2
Bananas	Lb.	0.630	0.627	0.622	0.629	-1.3	0.3
Peaches	Lb.	--	--	--	--	--	--
Anjou pears	Lb.	1.282	1.359	1.365	1.292	6.5	-4.9
Strawberries 1/	12-oz. pint	1.831	1.777	1.724	1.849	-5.8	4.1
Thompson seedless grapes	Lb.	2.530	2.282	2.431	1.894	-3.9	-17.0
Processed:							
Orange juice, concentrate 2/	16-fl. oz.	2.534	2.559	2.601	2.623	2.6	2.5
Wine	liter	8.119	9.809	8.527	10.856	5.0	10.7

-- 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).

2009 U.S. Peach Production Down for a Second Straight Year

On July 10, USDA's National Agricultural Statistics Service (NASS) reported its first complete forecast for 2009 U.S. peach production. A partial NASS forecast was released the previous month, which included production for only the three major peach-producing States—California, South Carolina, and Georgia. The most recent forecast has U.S. peach production declining for a second consecutive year in 2009, with volume set at 2.14 billion pounds, down 5 percent from both the 2008 and 2007 crop (table 3). Most of the decline in overall production this year is attributed to a smaller California crop which represents around three fourths of the U.S. crop.

The forecast estimate in July for California's 2009 peach crop was set at 1.58 billion pounds, down 8 percent from a year ago and 17 percent below the 2007 crop. California's freestone peach crop was revised down 5 percent from the initial forecast in June to 700 million pounds, 19 percent smaller than in 2008. Effects of an early-March freeze on the freestone crop and reduced bearing acres together pulled down the production forecast. California's clingstone peach crop, however, remained the same as the June forecast of 880 million pounds, 3 percent above the 2008 crop. The freezing temperatures in early March did not cause any significant frost damage to the clingstone crop because bloom development for the crop during that time was not as far along as with the freestone crop.

Table 3--Peaches: Total production and season-average price received by growers, 2006-08, and indicated 2009 production

	Production				Price		
State	2006	2007	2008	2009	2006	2007	2008
	-- *Million pounds* --				-- *Cents per pound* --		
Alabama	18	6	14.0	10.0	51.5	52.5	51.5
Arkansas	8	0	8.8	6.0	51.5	65.0	55.5
California	1,424	1,898	1,718.0	1,580.0	19.0	17.5	17.2
Clingstone	718	1,006	852.0	880.0	14.6	15.2	17.4
Freestone	706	892	866.0	700.0	23.5	20.1	17.0
Colorado	28	26	28.0	26.0	65.5	77.5	71.5
Connecticut	2	2	2.4	2.4	90.0	90.0	100.0
Georgia	82	26	56.0	70.0	44.6	41.0	38.7
Idaho	18	14	16.0	20.0	32.8	57.5	34.1
Illinois	23	0	17.5	20.0	60.0	60.0	58.0
Kentucky	3	0	3.4	1/	63.0	102.5	81.5
Louisiana	1	1	0.9	1/	86.5	95.0	115.5
Maryland	7	7	7.0	7.8	51.5	58.5	57.5
Massachusetts	3	3	3.3	3.6	97.0	90.0	125.0
Michigan	38	41	28.0	40.0	35.0	42.7	33.1
Missouri	13	0	12.2	16.6	44.0	86.5	92.5
New Jersey	68	64	68.0	68.0	52.5	57.0	46.0
New York	14	13	11.0	13.0	33.4	31.7	46.1
North Carolina	11	1	11.2	8.8	48.4	56.5	50.5
Ohio	6	8	13.2	4.7	61.0	75.5	68.5
Oklahoma	3	2	2.0	1/	56.0	79.5	80.0
Oregon	4	6	3.2	1/	59.0	48.5	50.0
Pennsylvania	43	39	42.4	50.6	45.7	45.2	51.0
South Carolina	120	25	120.0	120.0	37.5	56.5	43.7
Tennessee	4	2/	3.2	1/	70.5	--	79.0
Texas	3	14	15.8	9.0	82.0	97.5	105.0
Utah	11	9	10.0	10.2	33.6	33.4	43.4
Virginia	8	3	6.4	4.8	39.5	52.0	53.5
Washington	46	37	33.6	40.0	26.1	24.0	24.9
West Virginia	10	8	11.2	10.6	28.9	42.9	32.5
United States	2,021	2,254	2,267	2,142	26.0	22.5	24.5

-- = Not available. 1/ Estimates discontinued in 2009. 2/ No significant commercial production in 2007 due to freeze damage.
Source: USDA, National Agricultural Statistics Service, *Noncitrus Fruit and Nuts Summary,* various issues.

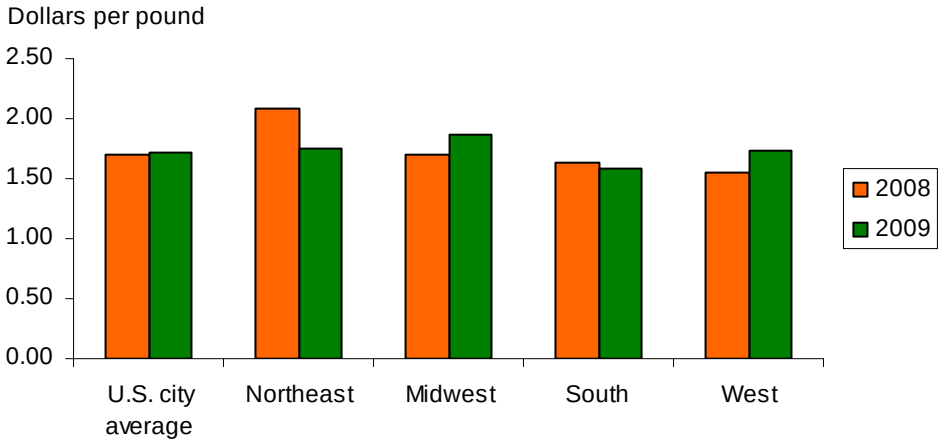
Generally favorable growing weather resulted in good crops in most other peach producing States. Eleven of the 23 freestone peach-producing States expect bigger crops this year while three others expect their crops to be unchanged from a year ago. Of the next two largest producers, South Carolina's crop is forecast unchanged from a year ago, at 120 million pounds and Georgia's crop is forecast 25 percent larger at 70 million pounds. Freestone production in eight other States was forecast to be down in 2009, including Alabama, Arkansas, Colorado, North Carolina, Ohio, Texas, Virginia, and West Virginia. This brings 2009 overall freestone production down 11 percent from last year, at 1.26 billion pounds. Over the past three years, about 75 percent of total freestone production was for fresh use.

Grower prices for early shipments of U.S. fresh-market peaches averaged 8 cents per pound lower than the average the same time a year ago in May. However, continued reduced shipments from a year ago as a result of the smaller domestic crop will likely bolster grower prices throughout most of the summer. With shipments down by about 10 percent in June, grower prices for fresh peaches averaged 36.1 cents per pound, up from 26.9 cents per pound in June 2008. June prices declined from the May average of 40.3 cents per pound as harvest got underway in most growing regions, building up overall supplies. As of mid-July, about 52 percent of California's fresh-market peach crop had been harvested, packed, and ready for shipment, based on packout estimates from California Tree Fruit Agreement (CTFA).

At the retail level, U.S. consumers paid about the same price for peaches this June as they did in June 2008, with the average price increasing only by a fraction to $1.711 per pound, based on data from the U.S. Department of Labor's Bureau of Labor Statistics. June 2009 retail price movements, however, at the regional level had offsetting effects. Decreased supply availability in the West as a result of reduced overall production in the region had consumers in that region paying 12-percent higher retail prices in June than in June 2008 (fig.3). The June retail price also rose in the Midwest, averaging 9 percent higher than in the same time a year ago, while in the South and the Northeast regions, average retail prices for the

Figure 3

Regional comparison of average retail prices for peaches in June



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

Table 4--Fresh peaches (including nectarines): Supply and utilization

Calendar Year	Utilized production	Imports	Total supply	Exports	Consumption	
					Total	Per capita
			-- Million pounds --			*Pounds*
1990	1,401.7	111.2	1,512.9	127.5	1,385.4	5.54
1991	1,663.7	114.2	1,777.9	153.3	1,624.6	6.41
1992	1,576.2	118.4	1,694.6	155.8	1,538.8	6.00
1993	1,568.0	91.9	1,659.9	139.3	1,520.6	5.85
1994	1,514.9	98.3	1,613.2	186.5	1,426.7	5.42
1995	1,465.0	100.8	1,565.8	147.1	1,418.7	5.33
1996	1,249.4	97.6	1,347.0	167.1	1,179.9	4.38
1997	1,643.8	90.8	1,734.6	230.8	1,503.8	5.51
1998	1,394.4	77.5	1,471.9	176.5	1,295.5	4.69
1999	1,590.4	106.6	1,697.0	221.4	1,475.6	5.29
2000	1,654.8	97.3	1,752.1	254.7	1,497.5	5.30
2001	1,660.1	104.0	1,764.1	292.6	1,471.6	5.16
2002	1,674.5	103.3	1,777.8	271.9	1,506.0	5.22
2003	1,631.5	143.5	1,775.0	271.1	1,503.9	5.16
2004	1,575.5	165.1	1,740.6	230.4	1,510.1	5.14
2005	1,505.0	157.6	1,662.6	233.1	1,429.4	4.82
2006	1,427.0	133.3	1,560.3	190.5	1,369.8	4.58
2007	1,448.4	131.6	1,580.0	232.3	1,347.7	4.46
2008	1,660.7	148.7	1,809.4	264.7	1,544.7	5.07
2009 F	1,429.4	119.2	1,548.6	185.1	1,363.5	4.43

F=Forecast.
Source: USDA, Economic Research Service calculations.

month fell by 3 percent and 16 percent. Bigger crops in the Northeast and normal-size crops in major producing States in the South likely have provided retailers with ample supplies to run price promotions on peaches during the month of June.

With the smaller freestone crop this year, ERS forecast fresh-market peach production (including nectarines) to be down 14 percent from last season to 1.43 billion pounds (table 4). The NASS estimate for the 2009 U.S. nectarine crop will not be available until January 2010 but CTFA packout data indicate a 21-percent decline in California supplies. Since California is the major nectarine producer in the country, its expected smaller crop will likely drive overall nectarine production down this year. U.S. imports of fresh peaches (including nectarines) this year through May were down 21 percent from the same time period a year ago, mostly reflecting significantly lower shipments from Chile. A majority of the imports enter the U.S. market during the late fall through early spring, the off season for domestic production. Together with the forecast decline in domestic production, a projected overall decline in imports of about 20 percent for 2009 should bring total supplies of fresh-market peaches and nectarines available for domestic and export needs down 14 percent from a year ago. ERS forecast U.S. fresh peach (including nectarines) consumption to decline by 13 percent this year over last year to 4.43 pounds per person.

U.S. fresh peach exports have been weak this year, January through May, declining 31 percent in volume over the same time period last year. Shipments were down by at least 30 percent to major markets, Canada, Taiwan, and Mexico. These declines are more than offsetting increased exports to New Zealand, also a major export market, and big increases to smaller markets in Central America.

2009 U.S. Sweet Cherry Production at a Record High

NASS forecast U.S. sweet cherry production at 749.0 million pounds in 2009, up 52 percent from a year ago. If realized, this year's production will be the largest on record, surpassing the previous record production of 621.4 million pounds in 2007.

Forecast bigger crops in 6 of the 8 sweet cherry producing States surveyed by NASS is driving overall production up in 2009 (table 5). The biggest increases were in the Pacific Northwest where production was mostly below-average over the last two years. Adequate chill hours this winter, good pollination weather, and younger trees' that are reaching full production are behind the production increases expected for much of this production region. California is the only State, among those surveyed by NASS, for which production is forecast down this year. Production in Montana, which typically account for less than 1 percent of total annual production, will not be reported until early next year.

Combined production in the three major States—Washington, California, and Oregon—will total 680.0 million pounds in 2009, 91 percent of annual total production, based on NASS State-level forecasts. The sweet cherry crop in Washington, the country's largest producer, is forecast at 400 million pounds, double the size of their frost-reduced crop last year and the largest on record. Oregon's 2009 crop is forecast up 117 percent from a year ago at 130 million pounds. If realized, it will be 67 percent bigger than the average crop size during 2000-07 and exceed the last record-large crop of 120 million pounds in 1988. In California, occasional rains and cool temperatures during the spring thinned out some of the cherry blossoms and early-June storms produced some damages, particularly to Brooks and Burlat varieties. California's 2009 sweet cherry crop is forecast at 150 million pounds, 12-13 percent smaller than the record-setting crops in 2007 and 2008 but averaging 34 percent bigger than any crop since 2000.

Cool temperatures this spring pushed the start of California's 2009 cherry season about a week behind last year's and finishing in late June. Based on weekly data from USDA's Agricultural Marketing Service (AMS), overall California shipments for this season were down 4 percent from the previous season. However, the lower supplies did not provide a boost to this season's California cherry prices. Faced with a very short marketing window soon before Northwest U.S. cherries enter the market, the strengthening of prices for this season's California cherries likely was inhibited by the anticipation of large Northwest supplies coming in the market.

As of the first week in June, the first reported free-on-board (f.o.b.) shipping point prices for California cherries for this season in the Stockton-Lodi-Linden district, the State's largest sweet-cherry producing district, ranged from $30-$34 for an 11-row, 18-pound carton of Bing variety cherries, compared with $36-$40 at the start

Table 5--Sweet cherries: Total production and season-average price received by growers, 2006-08, and indicated 2009 production

State	Production				Price		
	2006	2007	2008	2009	2006	2007	2008
	-- *Million pounds* --				-- *Cents per pound* --		
California	84.2	170.0	172.0	150.0	154.5	95.0	117.5
Idaho	7.6	3.0	3.8	8.0	55.5	105.0	156.0
Michigan	40.0	54.6	53.0	56.0	38.8	32.5	28.8
Montana	4.8	4.9	3.1	1/	92.5	81.5	136.5
New York	1.9	2.4	2.1	2.2	114.5	149.0	176.0
Oregon	110.2	70.0	60.0	130.0	45.5	72.5	104.5
Utah	3.6	2.5	0.1	2.8	77.0	69.0	122.0
Washington	336.0	314.0	200.0	400.0	79.5	103.0	146.5
United States	588.3	621.4	494.1	749.0	81.0	91.0	119.0

1/ The first estimate for 2009 will be released in January 2010.

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

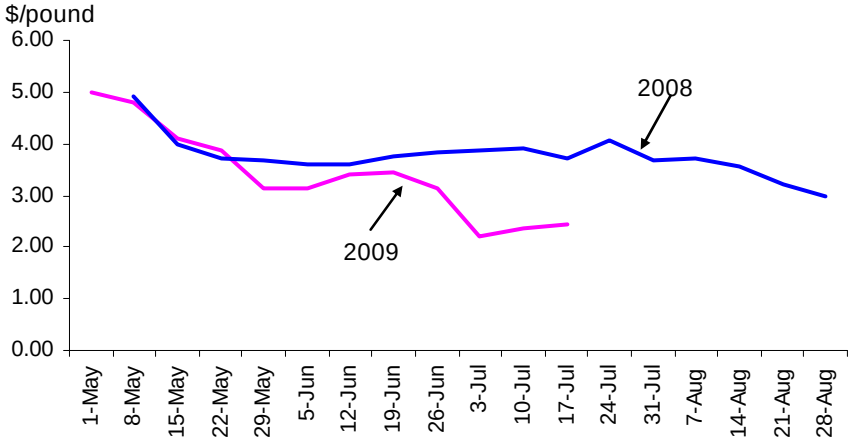
of the 2008 season. Prices quoted for bigger size cherries were also slightly lower. Prices dropped seasonally with increased supplies by mid-to-late June, and were hovering at about the same levels as last year, except for the bigger sizes which remained slightly below last season. Close to 70 percent of this year's California shipments were from the Stockton-Lodi-Linden growing district, about a quarter from the Central San Joaquin Valley, and the remainder from the Gilroy-Hollister-Santa Clara Valley. Cherries from the Central San Joaquin Valley generally kick off the sweet cherry season in California in early April with peak shipments around mid-May and finishing around mid-June. Shipments start to flow in from the Stockton-Linden-Lodi district by early May and those from the Gilroy-Hollister-Santa Clara Valley become available by late-May and last through late June, early July.

AMS began reporting this season's shipments from Washington the week of June 14 and cumulative shipments through mid-July were up 143 percent from the same time last year, driving prices down considerably. In late June, f.o.b. shipping point prices for this summer's Washington cherries opened at $22-$26 per 18-pound carton of Bing cherries (11-row size and larger) and dropping to $14-$16 per carton for the 11-row size by the middle of the month. Prices for the largest size cherries, however, remained relatively steady from earlier in the month. In comparison to mid-July prices last year, Washington Bing cherry f.o.b. prices were quoted at $30-$40 per 18-pound carton (11-row size). F.o.b. price range for the slightly bigger cherries (10 1/2s) was $35 to $42 per 18-pound carton.

AMS retail price data reveal U.S. consumers are paying less for sweet cherries this summer than a year ago (fig. 4). Because sweet cherries are among the pricier items in the retail produce section, growers are pushing for retailers to be more aggressive in their pricing promotions for cherries this summer especially under these hard economic times when average consumers are more likely to be careful with their spending. The large, good quality crop from the Pacific Northwest is helping to make this possible for retailers. In May, lack of supplies from California made it more difficult for retailers to offer price promotions for sweet cherries, with

Figure 4

Sweet cherries cheaper at the U.S. retail level this summer than last year



Source: USDA, AMS, Market News, (http://www.marketnews.usda.gov/portal/fv).

U.S. consumers having to pay an average $4.17 per pound, compared with $4.08 per pound in May 2008. With the availability of large and increasing supplies from Washington, retail prices in June fell to an average of $3.28 per pound, down from the previous month and down from $3.70 per pound the same time last year. By early July, prices dropped further to $2.21 per pound, declining $1.68 below the average price last year the same time.

The expected record-large production this year and these lower prices will likely help entice consumer demand, likely driving domestic consumption higher than the record-high of 1.23 pounds per person reached in 2007, also a bumper crop year. Despite some year-to-year fluctuations, mostly driven by annual production levels, domestic demand for fresh sweet cherries has been generally trending up since the 1990s, increasing an average 7 percent annually.

Shipments to international markets have slowed in 2009, January through May, mostly due to the lack of supplies from California early this season. Cherry export volume in May totaled 18.2 million pounds valued at $57.9 million. Last year in May, export volume was 24.5 million pounds valued at $75.6 million. Exports were down to each of the top 5 international markets for U.S. sweet cherries, declining slightly to Japan while falling considerably to Canada, South Korea, the United Kingdom, and Taiwan. Exports averaged 25 percent of the market for U.S. sweet cherries over the past 5 years.

U.S. cherry imports in 2009 through May were down 56 percent from the volume imported during the same period last year. Over 90 percent of the imports were from Chile, with shipments down 57 percent. Shipment declines from Argentina and Australia were much greater while shipments from Canada and New Zealand showed some growth.

2009 U.S. Tart Cherry Crop Largest in the Last 7 Years

NASS forecast the 2009 U.S. tart cherry crop to be the largest over the last 7 years, at 283.6 million pounds (table 6). If realized, this year's crop will be 32 percent larger than the 2008 crop and the previous 6-year average crop size (2002-2007). Tart cherry production in Michigan is forecast at 220.0 million pounds, up 33 percent from a year ago and accounting for 78 percent of the U.S. crop. Growing conditions in Michigan's northwest region, which produces more than half of the State's crop, faired better than last year. Crop development in the region was delayed by cool spring conditions. However, unlike last year, there were no reports of major damage from winter kill and spring freezes and the crop was reported in excellent condition. In the southwest and west central growing regions, cool and wet conditions affected pollination.

Despite a cooler-than-normal spring, 2009 production is forecast to also increase in the next two largest tart cherry producing States—Utah and Washington. This year's crop in Utah is forecast at 23 million pounds, up 15 percent from a year ago. In Washington, the crop is expected to reach 17.5 million pounds, 40 percent above last year. While having a much smaller production base than the top three States, the biggest production gain this year is reported for Wisconsin. Wisconsin's 2009 tart cherry crop is forecast at 8.3 million pounds, surpassing their harvest in 2008 by 1,283 percentage points. Last year, a warm spell in early January and a sudden

Table 6--Tart cherries: Total production and season-average price received by growers, 2006-08, and indicated 2009 production

State	Production				Price		
	2006	2007	2008	2009	2006	2007	2008
	-- *Million pounds* --				-- *Cents per pound* --		
Michigan	190.0	196.0	165.0	220.0	19.2	26.4	39.3
New York	8.6	11.3	9.6	8.4	31.7	34.3	41.3
Oregon	3.4	0.5	2.8	2.7	27.6	34.6	41.9
Pennsylvania	5.2	3.5	3.9	3.7	28.3	39.8	42.5
Utah	28.0	20.0	20.0	23.0	26.5	25.0	33.0
Washington	22.3	11.5	12.5	17.5	25.9	35.0	33.0
Wisconsin	4.5	10.4	0.6	8.3	31.0	28.4	35.0
United States	262.0	253.2	214.4	283.6	21.5	27.3	38.5

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

freeze reduced 2008 crop yields considerably in Wisconsin, driving their production down to 600,000 pounds, only less than 10 percent of their average-size crop. Forecast production in the other production States (New York, Oregon, and Pennsylvania) is down in 2009 from a year ago.

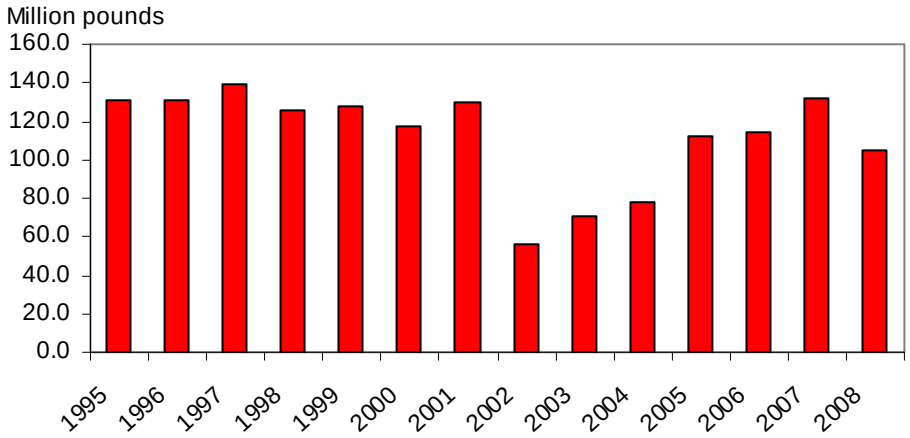
Tart cherry production in the seven primary producing States (Michigan, New York, Oregon, Pennsylvania, Utah, Washington, and Wisconsin) is regulated under a federal marketing order authorizing volume controls that create reserve supplies during heavy production years. Based on the expected large 2009 crop and carry-over stocks, the Cherry Industry Administrative Board (CIAB), the organization responsible for overseeing the national red tart cherry marketing order, set the preliminary regulation for "free" tonnage at 51 percent and "restricted" tonnage at 49 percent. Free tonnage refers to the portion of the current year's production which can be sold freely by tart cherry handlers. Restricted tonnage represents that portion of production retained by handlers in inventory or diverted into other market opportunities.

The initial regulation on "free" and "restricted" percentages will be adjusted in September when final crop estimates become available. The high initial "restricted" percentage of 41 percent for 2009 is fairly comparable to the final recommendation made by CIAB to the Secretary of Agriculture for the 2005-07 years, when production was also relatively large. In 2008 and 2004, relatively small production years, final "free" tonnage recommendations were 73 percent and 72 percent, respectively, and restricted tonnage was at 27 percent and 28 percent.

A high allotment set for restricted tonnage in 2009, combined with lower beginning inventories of frozen tart cherries than a year ago, will help ease any sharp downward pressure on tart cherry grower prices likely resulting from the expected large domestic production and weak first-half export performance. January-May export volume of U.S. frozen tart cherries lagged those of a year ago at the same time by 34 percent, with shipments to important neighboring markets, Canada and Mexico, and to the Netherlands, also a big market, all down. Reported NASS frozen tart cherry inventories at the beginning of 2009, at 105.4 million pounds, were 20 percent lower than in 2008 and 7 percent below the previous two years (fig. 5). Processors will be able to replenish inventory levels as harvest of the domestic crop takes place early this summer. More than 60 percent of the all tart cherries produced in the United States are processed into frozen tart cherries each year.

Figure 5

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



* Represents cold storage stocks on December 31of the previous year.
Source: USDA, National Agricultural Statistics Service, *Cold Storage Summary*, various issues.

2009 U.S. Apricot Crop Smaller Than the Last 2 Years

The NASS forecast for this year's U.S. apricot crop was pegged at 150.5 million pounds, 8 percent smaller than in 2008 and declining 2 years in a row (table 7). Driving down total production this year was the expected reduced crop in California, the major producing State. The NASS forecast for California's 2009 apricot crop was 132.0 million pounds, down 14 percent from the 2008 crop and 19 percent below the 2007 crop. California apricot growers attribute this year's smaller crop to frost early in the year. Forecast production in Washington for 2009 was set at 18.0 million pounds, more than double the size of their freeze-reduced and poorly-pollinated 2008 crop. If realized, production would be the largest on record for the State. In Utah, the 2009 crop was forecast at 500,000 pounds, down 39 percent from last year's crop as production in the State's southern growing region was hit hard by a frost.

Cumulative domestic shipments of apricots for the fresh market this season through mid-July were down 32 percent from the same period last year, based on AMS data. California shipments were down 43 percent while those from Washington were running 117 percent higher. While expected to be down in 2009, crop quality in

Table 7-Apricots: Total production and season-average price received by growers, 2006-08, and indicated 2009 production

	Production				Price		
State	2006	2007	2008	2009	2006	2007	2008
	-- *Million pounds* --				-- *Cents per pound* --		
California	78.0	162.0	154.0	132.0	29.7	21.6	23.6
Utah	0.6	0.5	0.8	0.5	50.0	40.8	23.4
Washington	10.4	14.4	8.4	18.0	59.5	49.6	78.5
United States	89.0	176.9	163.2	150.5	33.3	23.9	26.6

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

both California and Washington was reported good overall, boding well for prices. The lower shipments in California have driven their prices higher. At the height of the season in California in June, San Joaquin Valley f.o.b. shipping-point prices for Patterson variety apricots, a popular variety, were quoted in the range of $22-$24 per 2-layer tray pack carton, size 70-72s, higher than the prices quoted last year the same time by about $2 per carton. As supplies transitioned to Northwest production, increased shipments from Washington in July from a year ago led to slightly lower prices. F.o.b. shipping point prices in Washington's Yakima Valley and Wenatchee District as of the second week in July were at $20-22 per 2-layer tray pack carton, size 60-64s, and $20-$22 for size 70-72s. Comparative prices in the growing region from last year were around $28 per carton for size 60-64s and $26-$28 per carton for size 70-72s.

While weather influences fluctuations in annual production volume, declining market demand and foreign competition over the past several years, especially for canned apricots, have pressured California apricot growers to pull some trees and switch to more profitable crops. Apricot bearing acreage in California has declined year after year since 1998, from around 20,000 acres 11 years ago to 11,100 acres in 2008. Record production in California was reported in 1994 at 290 million pounds and near-record crops were achieved in 1997 at 264 million pounds and in 1998 at 226 million pounds. Since then, the highest ever-reported production was 188 million pounds in 2004. Higher yields per acre, however, which is strongly influenced by favorable weather during the growing period, more than offset the effects of lost acreage on production in five of the last 10 years, leading to annual production increases in those years. Significantly reduced yields in 2006 produced a very small crop, tightening supplies to processors during the 2006/07 season (June 2006-May 2007) and driving processing-use apricot grower prices up sharply from the previous season. Grower prices in California have continued to trend higher in the past two seasons, reaching a record high of $353 per ton (or $0.177 per pound) in 2008/09. Approximately 75 percent of California's apricot crop is destined for the processing sector each year, primarily for canning.

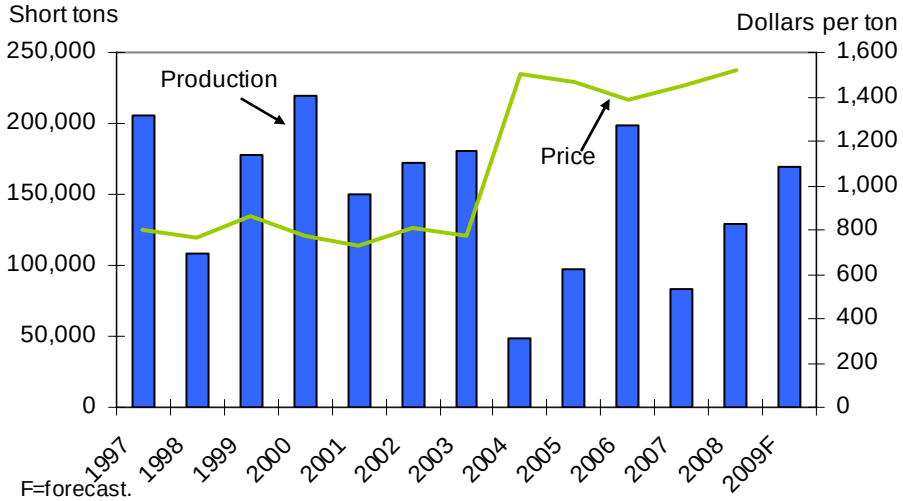
2009 California Prune Crop Larger Than Last 5 Years

NASS forecast California's 2009 prune crop at 170,000 tons, dried basis, up 32 percent from a year ago and 118 percent above the 2004-07 average crop size (fig. 6). According to a survey conducted by the NASS California Field Office, bearing acres for prunes remained the same as in 2008, totaling 64,000 acres but yields per acre were higher, averaging 2.66 tons (dried basis). California prune orchards experienced ideal conditions this growing season, resulting in excellent blooms and fruit set and producing good-size fruit.

As the size of California's prune crop increases to a more normal level in 2009, growers are increasingly concerned over the profitability of their crop especially as they continue to be pressured by increasing world production and the global economic crisis. Export markets serve as an important outlet for producers of California dried prunes, with over one-third of domestic supplies sold internationally each season (August-July). Increasing competition with South American production in the international market, particularly in Europe, has resulted to lower U.S. dried prune export volumes to this region in recent years.

Figure 6

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.

Both production and beginning stocks of dried prunes were at below-average levels in 2008/09 and as a result, grower prices improved last season, increasing from $1,450 per ton in 2007/08, a small production year, to $1,520 per ton. Total domestic dried prune supplies in 2008/09 nearly matched the relatively low level in 2007/08, and as a result ending stocks are likely to be low for the season. The expected increase in production this year will likely drive down 2009/10 California prune grower prices, however, low carryover supplies from last season (2008/09) will likely prevent any sharp drop in prices.

Production of Bartlett Pears Forecast To Increase in 2009

USDA's first forecast of Bartlett pear production in 2009 is set at 423,000 tons, up 3 percent from a year ago but the same as 2007 production. The total forecast represents the combined production in California, Washington, and Oregon, the only three States for which USDA reports Bartlett pear production. Anticipated production increases in Washington and Oregon will drive overall production up, offsetting an expected slightly smaller crop in California. Bartlett pears account for about half of all the U.S. pears produced annually and the processing sector serves as its primary market.

Production in California is forecast at 190,000 tons in 2009, down 3 percent from last year and 2 percent below two years ago. Production in Washington is forecast to increase 8 percent, to 170,000 tons, and in Oregon, growers expect to harvest 63,000 tons, 11 percent more than in 2008. In general, orchards in all three States reported minimal frost damage this winter and spring, even though in some cases, spring temperatures dropped below normal. Bloom and fruit set were reported to be good this spring overall. Washington growers, however, are reporting a large volume of small fruit. With production expected to increase, together with the presence of many small fruit (in Washington), Bartlett pear grower prices are likely to be down this season, declining from the $375 per ton average price in 2008/09.

July Forecast for U.S. Citrus Production Up 2 Percent from May

NASS's July *Crop Production* report showed a revised forecast for the 2008/09 citrus crop. As of July 1, the crop was forecast at 12.1 million tons, 2 percent higher than the forecast in the May report (table 8). Much of the increase was due to a 6-percent upward revision on Florida's Valencia orange production. The final Florida orange-row survey conducted by NASS June 30-July 1 showed that there were less than 2 percent of the rows not harvested. Most of the processing plants closed by the end of June, thus giving NASS a better indication of the amount of Valencia oranges utilized this season, indicating the increase in the forecast. Early-midseason and navel orange harvesting was finalized in May.

Table 8--Citrus: Utilized production, 2006/07, 2007/08 and forecast for 2008/09 1/

Crop and state	2006/07	2007/08	Forecast for 2008/09 as of 5-2009	Forecast for 2008/10 as of 7-2009
		1,000 tons		
Oranges:				
Early/mid-season and navel:				
Arizona	7	9	6	6
California	1,294	1,688	1,425	1,425
Florida 3/	2,952	3,757	3,807	3,807
Texas	68	64	66	55
Total	4,321	5,518	5,304	5,293
Valencia:				
Arizona	4	6	6	4
California	431	638	563	563
Florida	2,853	3,902	3,285	3,488
Texas	16	10	6	7
Total	3,304	4,556	3,860	4,062
All oranges	7,625	10,074	9,164	9,355
Grapefruit:				
Arizona	3	3	5	2
California	184	174	147	144
Florida	1,156	1,131	957	923
Texas	284	244	248	224
All grapefruit	1,627	1,552	1,357	1,293
Tangerines:				
Arizona	11	15	9	9
California	131	251	251	251
Florida	219	261	185	185
All tangerines	361	527	445	445
Lemons:				
Arizona	95	57	95	95
California	703	562	722	836
All lemons	798	619	817	931
Tangelos				
Florida	56	68	52	52
All citrus	10,467	12,840	11,835	12,076

1/ The crop year begins with bloom of the first year shown and ends with completion of harvest following year.
2/ Net pounds per box: oranges-Arizona (AZ) and California (CA)-75, Florida (FL)-90, Texas (TX)-85; grapefruit-AZ and CA-67, FL-85, TX-80; lemons-76; tangelos -90; tangerines-AZ and CA-75, FL-95. 3/ Includes Temples.
Source: USDA, National Agricultural Statistics Service, *Crop Production* , various issues.

Orange Juice Production Forecast Revised Up for 2008/09

Along with the forecast increase in Florida's Valencia crop between May and July, the projection for frozen-concentrated orange juice (FCOJ) yields also increased from 1.65 gallons per box to 1.66 gallons in July. As a result, ERS has revised its orange juice supply and utilization data (table 9). The increase in quantity of oranges and the juice yields drove ERS's forecast for orange juice production for 2008/09 up 3 percent from the May forecast to 1.1 million gallons single-strength equivalent (sse). Data from Florida juice processors and the U.S. Census Bureau show that exports, particularly of not-from-concentrate orange juice (NFC), have been strong so far this season. As a result, exports have been revised up 6 percent from May to 157 million sse gallons. Domestic consumption also has been revised upward between May and July. While domestic movement of FCOJ has been strong this season through June, NFC movement was down, moderating the forecast for per capita consumption to a 2-percent increase, to 3.88 sse gallons per person.

Data from Florida juice processors showed that most of the increased FCOJ movement is in bulk shipments, mostly for foodservice and institutional use. Nielsen Scantrak data, which tracks retail purchases, showed slightly weakened demand for NFC through early June over the same time last season, despite a 2-percent decline in the price per gallon. The only form of orange juice sold at retail that showed any growth over last season was the sale of reconstituted orange juice. According to the Nielsen data, sales of reconstituted orange juice were 4 percent higher this season, October 2008 through early June 2009, over the same period last season. The 8-percent decline in the price per gallon may have contributed to the increased sales, especially as consumers are looking for ways to cut their grocery bill during this economic slowdown. At an average of $4.70 per gallon, reconstituted orange juice was averaging $2.00 per gallon less than NFC, but only 6 cents per gallon more than FCOJ.

Table 9--United States: Orange juice supply and utilization, 1990/91 to present

Season 1/	Beginning stocks	Production	Imports	Supply	Exports	Domestic consumption	Ending stocks	Per capita consumption
	Million sse gallons 2/							*Gallons*
1990/91	225	876	320	1,422	94	1,170	158	4.65
1991/92	158	930	286	1,374	107	1,096	170	4.30
1992/93	170	1,207	324	1,701	114	1,337	249	5.18
1993/94	249	1,133	405	1,787	107	1,320	360	5.04
1994/95	360	1,257	198	1,815	117	1,264	434	4.77
1995/96	434	1,271	261	1,967	119	1,431	417	5.34
1996/97	417	1,437	256	2,110	148	1,398	564	5.16
1997/98	564	1,555	281	2,400	150	1,571	679	5.73
1998/99	679	1,236	350	2,265	147	1,585	534	5.71
1999/2000	534	1,493	339	2,366	146	1,575	645	5.60
2000/01	645	1,389	258	2,292	123	1,471	698	5.18
2001/02	698	1,435	189	2,322	181	1,448	692	5.05
2002/03	692	1,251	291	2,235	103	1,427	705	4.93
2003/04	705	1,467	222	2,393	123	1,448	822	4.95
2004/05	822	974	358	2,153	119	1,411	623	4.77
2005/06	623	986	299	1,909	138	1,312	459	4.40
2006/07	459	889	399	1,747	123	1,248	376	4.15
2007/08	376	1,146	411	1,933	151	1,146	636	3.78
2008/09 F	636	1,076	285	1,996	157	1,189	650	3.88

F = forecast.
1/ Season begins in October of the first year shown as of 1998/99, prior year season begins in December.
2/ SSE = single-strength equivalent.
Source: Prepared and calculated by USDA, Economic Research Service.

Texas' Citrus Production Down Due to Hurricane Damage in 2008

Also in its July 1 citrus forecast, NASS revised Texas' 2008/09 early orange crop down 17 percent to 55,000 tons, from 66,000 tons in May. Its grapefruit crop forecast declined 10 percent to 224,000 tons from 248,000 tons. With the season completed, the damage to the orange and grapefruit groves and tree production from Hurricane Dolly became more apparent. Dolly, which hit parts of Texas' citrus production area in July 2008, left behind more damage than was originally anticipated, resulting in the reduction in the final forecast for the crops this season.

Grapefruit Forecast Down in July

In July, the U.S. grapefruit production forecast for 2008/09 was revised downward to 1.3 million tons, 5 percent lower than in May, and 17 percent below the 2007/08 crop. If realized, this would be the smallest crop since the hurricane-damaged crops in Florida in 2004/05 and 2005/06. It would also be about half the size of U.S. grapefruit production during the early 2000s.

Harvesting was mostly completed in Florida, Texas, and Arizona by the end of May. Only California has grapefruit remaining to be marketed throughout the summer. Although crop size was smaller in each of the production States, weak demand for fresh grapefruit this season resulted in grower prices averaging lower than in either of the past 2 seasons even though they had bigger crops (table 10). From October 2008 through June 2009, fresh grapefruit prices averaged $8.26 per box, $1.54 a box less than last season and $2.42 less than 2 seasons ago. The lower grower prices were passed along to consumers in terms of reduced retail prices. At retail, a pound of fresh grapefruit averaged $0.86 this season, 8 cents less than last season and 12 cents less than 2 seasons ago.

Table 10--Fresh grapefruit: Average equivalent on-tree prices received by growers, 2005/06-2008/09

	2005/06	2006/07	2007/08	2008/09
	----------Dollar per box----------			
October	16.90	15.15	11.63	12.63
November	14.66	12.41	13.94	7.60
December	14.37	11.89	10.84	6.37
January	15.29	9.95	8.94	7.33
February	13.89	8.27	8.00	7.29
March	12.60	7.77	7.44	7.28
April	12.11	8.08	8.89	8.67
May	15.13	10.54	10.45	8.91
June	13.04	12.04	8.10	--
Avg. Oct-June	14.22	10.68	9.80	8.26

-- = Price not published to avoid disclosure of individual firms.

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

Almond Forecast Lowered in June

The 2009 California Almond Objective Measurement Report released by NASS on June 30 revised the forecast for the new season almond crop down from the initial forecast released in May. The new forecast is for 1.35 million pounds of shelled almonds, down 7 percent from the May forecast of 1.45 million pounds. If realized, this season's crop would be 17 percent smaller than last season's revised record high crop of 1.63 million pounds, and 3 percent smaller than the 2007 crop. While down from the previous 2 seasons, this crop will still be the third largest on record.

Weather factors, including wet weather during pollination, reducing bee activity, and freezing temperatures in March, damaging some almond orchards, contributed to the reduced crop size this season. These, and other weather issues, are expected to result in the harvest occurring about 2 weeks later than normal.

The smaller crop expected for the 2009/10 season should help boost grower prices after falling to a 5-year low in 2008/09, with its record crop. However, the industry is forecasting a very large inventory as the new marketing season begins in August, potentially dampening a price increase. The expected later harvest this season should bring up prices early in the new season, but will level off as the harvest gets fully underway.

Despite lower grower prices last season, $1.40 per pound, down 20 percent from the 2007/08 season and half the price in 2005/06, the value of the crop, at $2.3 billion, was the third-highest on record. Demand has been strong for the 2008/09 crop in both domestic and international markets. The 2008/09 crop's marketing season ends July 31. As of the end of June, the Almond Board of California (ABC) reported that the quantity already shipped to international markets were running 12 percent ahead of last season, and domestic shipments were 3 percent ahead. The quantity sold, but not yet delivered was 21 percent more than the same time last season for the international market and 31 percent more for the domestic market.

Western Europe is the biggest export market for U.S. almonds. Due to the economic downturn, shipments there this season through June were reported to be down 7 percent from the same time last season. Spain, the No. 1 market for U.S. almonds, received 1 percent fewer shelled almonds, the bulk of their shipments, but 4 times the quantity of inshell almonds. Inshell almonds are less expensive, and the increase, although still a fraction of the quantity of shelled almonds received, helped ofsett some of the reduction in the shelled almond shipments. The effects of the economic downturn felt in the United States and Europe have had less of an effect on some countries in the Middle East and Asia. Therefore, their buying power has remained strong during this season. The United Arab Emirate is a major market for U.S. almonds, and this season's shelled almond shipments, which account for most of their almond purchases, increased 56 percent; inshell almond shipments increased 67 percent.

U.S. almond shipments to Asia, predominantly China and Japan rose 40 percent this season through June over the same time last season. Shipments to Japan increased very modestly, while those to China almost doubled for shelled almonds and tripled for inshell almonds. Shipments of both inshell and shelled almonds also increased to India, the major U.S. export market for inshell almonds.

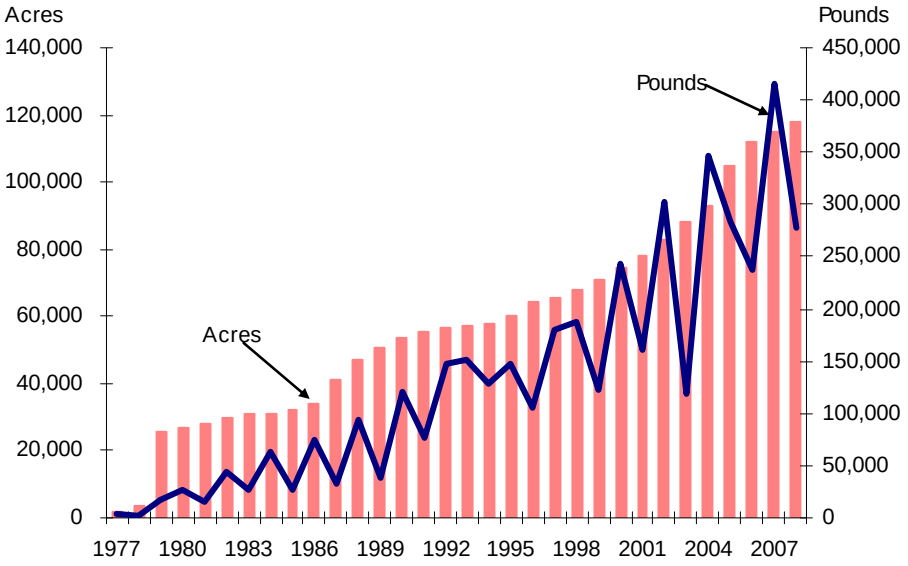
Outlook Good for 2009 Pistachio Crop

While it is several months away from the official NASS forecast for 2009 pistachio production, the industry is very optimistic about the crop. The Western Pistachio Association, which includes growers from California (which accounts for about 98 percent of production), Arizona, and New Mexico, is estimating a record crop, with the potential to reach 425,000 million pounds, in-shell. The 2009 crop should be an "on cycle" crop, meaning the trees are expected to have high yields, barring any weather or other factors that can adversely affect production. So far this season, the weather has been mostly good, although California is experiencing its third consecutive year of drought. Rains in May have helped growers, who are also supplementing their irrigation with well water or purchases from other sources. Pistachio trees are somewhat more drought tolerant than some of the other fruit and nut trees, and the water situation in the Central Valley has not affected production so far.

Adding to the likeliness of higher yields per tree this year is the expectation for continued increase in the number of bearing acres (the actual number will be released by NASS when it reports on this season's pistachio crop in January 2010) (fig. 7). From about 2003 through 2006, the number of acres being planted to pistachio trees grew rapidly. The early plantings have now become commercially productive, and contributed to the industries estimate for a record crop.

Pistachio shipments for the 2008/09 crop increased 11 percent between May and June to 84.4 million pounds. Although they are behind last season, with its record large crop, the quantity shipped this season September through June is in line with seasons with crops of similar sizes.

Figure 7
U.S. pistachio production and bearing acres, 1977-2008



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

Shipments stalled in March when a recall of pistachios was declared by Setton Pistachio of Terra Bella Inc., due to the determination of Salmonella in some of its products. At first, the recall put a halt to all pistachio shipments until the Food and Drug Administration could determine what products were affected. As the products to be recalled became better defined, shipments of the remainder of the pistachio crop picked up both domestically and in the export market.

NASS revised the price received by pistachio growers for its 2008 crop in its July *Noncitrus Fruits and Nuts 2008 Summary* to $1.98 per pound, up from $1.94 in its January publication. While the smaller crop in 2008 helped drive up prices to the second highest on record, other factors also came into play. Production in Iran, the world's biggest pistachio nut producer, was down about 30 percent for the year due to a severe frost, reducing the quantity of pistachios available on the world market. The Salmonella scare related to the U.S. pistachio crop also created a temporary supply shortage, further putting upward pressure on grower prices.

Big Hazelnut Crop Likely for 2009/10 Season

Although the initial hazelnut forecast for 2009/10 will not be available until August 25 2009, when NASS releases its hazelnut objective survey results, the industry is anticipating a big crop this season. In recent years, Oregon's hazelnut trees have not been demonstrating the alternate-bearing nature typical of the trees and of most nut trees. The last two crops were consecutively smaller after a big crop in 2006. With good weather and other growing conditions, the trees are in line to produce a heavy crop this year. The expectation of a smaller crop this season in Turkey, the world's biggest hazelnut producer, will be beneficial to moving the anticipated bigger U.S. crop this season.

In its July *Noncitrus Fruits and Nuts 2008 Summary*, NASS forecast the 2008 hazelnut crop at 32,000 tons, down 14 percent from 2007, and down 26 percent from 2006. It also revised the price received by hazelnut growers down 1 percent to $1,620 per ton from the January forecast of $1,630 per ton. As a result, the value of the crop was also revised downward to $51.8 million, 31 percent lower than last season, but the fourth highest on record.

Inshell hazelnut exports were up 2 percent this season, July 2008 through May 2009. Much of the increase was due to larger shipments to Hong Kong, the No. 1 export market for U.S. hazelnuts, up 73 percent from the same time period last season. Shipments to Vietnam, the No. 2 export market, however, were down 39 percent. Shipments of shelled hazelnuts were down 271 percent so far this season, mostly due to a 267 percent drop in shipments to Canada, the major export market.

Walnut Production Reached Record High in 2008

Walnut production in 2008 reached a record high of 436,000 tons, 33 percent higher than the 2007 crop, and 23 percent higher than the last record crop in 2005. Since the 2005 crop, walnut trees produced consecutively smaller crops for the next 2 years. With the new record large crop in 2008, it is normally expected that the 2009 crop will be down, especially as the trees try to regain energy after producing record high yields. The 2008 season, however, also included 5,000 new bearing acres, having trees that are just beginning to produce commercial-size crops. With these

new trees, and potentially more acres entering into production in 2009, a decline in production may possibly be less dramatic than in previous off cycle seasons.

The very large crop this season reduced grower prices by 47 percent from the 2007 record high price of $2,290 per ton to $1,210 per ton. As a result of the lower price, the value of the 2008 crop fell 30 percent from the record set in 2007 to $528 million. While the crop's value was the lowest in the past 3 years, it was still higher than any year prior to 2005.

Domestic demand for walnuts has been down this season, September 2008 through May 2009, according to data from the California Walnut Board. Shipments to domestic markets during this time period lagged 6 percent behind last season during the same time period, with most of the decline in shelled walnut shipments, which make up the largest share of the domestic market.

Fortunately for the industry, exports have been strong so far this season, up 29 percent during this period, bringing total shipments 11 percent higher than last season. About 82 percent of the walnuts shipped for export are inshell. Western Europe is the major destination for these walnuts, with Italy, Spain, and Germany the top 3 countries. So far this season, shipments increased to Italy over the same time last season, but were down to Spain and Germany. In general, inshell walnut shipments to Western Europe were up 4 percent over last season.

Much of the increase in exports this season has been due to very strong demand in the Middle East and Asia. This season, Turkey replaced Spain as the No. 1 market for U.S. inshell walnuts, receiving almost 31 million pounds through the end of May, doubling the quantity it received the same time last season. USDA's Foreign Agricultural Service attaché in Turkey reports that the country is building its nut processing industry and has been importing more inshell walnuts in recent years to process and export as shelled, explaining the rise in shipments this season. U.S. shipments to China and Hong Kong each grew by about 100 times the quantity they each received last season. China's economy has been fairly well shielded from the economic downturn being experienced in the United States and much of Europe, and its buying power is strong. In general, the Chinese are thought to be very health conscious and walnuts are reported to have many health benefits, fueling China's increasing demand for the product. At the same time, China is also increasing its production of walnuts, encouraged by government support programs to plant more walnut trees. Many of the trees have yet to become commercially productive. With China's walnut industry still in early stages, demand for U.S. walnuts is likely to continue to be strong. As its industry matures, demand for U.S. walnuts is likely to slacken somewhat. With such a big population with increasing incomes, however, China will likely continue to stay an important market for U.S. walnuts.

Exports Sluggish for Major Fresh-Market Summer Fruit

U.S. exports of fresh grapes, cherries, and peaches are down this season through May compared to last season the same time (table 11). California's 2009/10 grape shipping season got off to a slow start in the Coachella Valley where production volume was down from a year ago, contributing to a 31-percent decline in export shipments in May. Well more than half the export shipments were to Canada where total volume shipped was down by 25 percent. While generally favorable weather contributed to a good-quality crop in California this year, the expected smaller crop and higher domestic grape prices will likely limit exports in the coming months. Export prospects to Mexico for this season remain clouded by the absence yet of a resolution to the Mexican tariff dispute that had evolved earlier this year. Mexico imposed import tariffs on several U.S. products, including a 45 percent tariff on U.S. grapes in retaliation for the U.S. halting a cross border trucking pilot program instituted under the North American Free Trade Agreement. With this high tariff on U.S. grapes, U.S. growers and exporters are concerned about the likely possibility that this season's exports to Mexico will be significantly curtailed. Mexico is the United States' second-largest market for fresh grapes after Canada, representing around 13 percent of total export volume and valued at an average $53 million over the past three seasons 2006/07-2008/09.

While the global economic downturn and the stronger U.S dollar may have played some role in the sluggish exports of U.S. sweet cherries and peaches from January through May this year compared with the same period last year, a significant contributing factor is the reduced production in California this year. Cherry exports

Table 11--U.S. exports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through May) 2008	2009	Year-to-date change
		---------- *1,000 pounds* ----------		*Percent*
Fresh-market:				
Oranges	November-October	1,124,358	940,435	-16.4
Grapefruit	September-August	577,521	528,659	-8.5
Lemons	August-July	292,353	181,881	-37.8
Apples	August-July	1,313,364	1,504,445	14.5
Grapes	May-April	3,260	2,242	-31.2
Pears	July-June	345,678	322,449	-6.7
Peaches (including nectarines)	January-December	22,247	15,349	-31.0
Strawberries	January-December	122,431	124,594	1.8
Cherries	January-December	25,865	18,984	-26.6
		------ *1,000 sse gallons 1/* -------		
Processed:				
Orange juice, frozen concentrate	October-September	26,133	41,114	57.3
Orange juice, not-from-concentrate	October-September	62,819	44,206	-29.6
Grapefruit juice	October-September	9,405	10,944	16.4
Apple juice and cider	August-July	7,214	6,576	-8.8
Wine	January-December	49,869	39,876	-20.0
		---------- *1,000 pounds* ----------		
Raisins	August-July	267,620	260,907	-2.5
Canned pears	June-May	16,637	16,836	1.2
Canned peaches	June-May	66,178	68,154	3.0
Frozen strawberries	January-December	13,524	11,010	-18.6
		---------- *1,000 pounds* ----------		
Tree nuts:				
Almonds (shelled basis)	August-July	835,852	927,885	11.0
Walnuts (shelled basis)	September-August	154,786	177,483	14.7
Pecans (shelled basis)	October-September	45,617	37,351	-18.1
Pistachios (shelled basis)	September-August	75,131	89,823	19.6

1/ Single-strength equivalent.

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

were down to the top markets—Canada, Japan, South Korea, the United Kingdom, and Taiwan. Peach exports were down to the top three markets—Canada, Taiwan, and Mexico. Cherry exports this summer, however, may improve given the expected bigger harvests in the U.S. northwest production States, especially in Washington where the crop is expected to reach a record high.

Export demand for U.S. fresh strawberries so far this year continues to show positive growth, with January-May international shipments running around 2 percent above those of the same time last year. U.S. strawberry exports increased moderately to its top market, Canada, and rose sharply to other big markets, Hong Kong, Japan, and the United Kingdom. However, shipments to other important markets like Mexico and Australia were lackluster.

Early 2009/10 Grape Imports Down

May marks the start of the shipping season for U.S. grapes and the industry is anticipating the 2009 grape crop in California, the dominant grape-producing State, to be down 4 percent from a year ago, based on initial NASS forecasts. California's 2009 table-type grape crop alone is forecast down 13 percent from a year ago and this would suggest that domestic production for fresh-use grapes more than likely will be down in 2009/10. In May, U.S. fresh grape imports showed sluggish movement (table 12). Import volume was down 34 percent from the same time last May, mostly due to the low volume (down 32 percent from a year ago) coming in from Mexico. Mexican grape shipments accounted for 92 percent of total U.S. grape import volume in May. Industry sources have indicated that because of some weather-related problems as well as the removal of some poor performing acreage, grape production in Mexico this year would be significantly smaller than in 2008, likely limiting their exports for the 2009/10 season as it did in 2008/09. Mexico grows its grapes primarily for exports, with the United States as its leading market. Imports from Mexico overlap with the early-season production in the United States.

U.S. mango imports this year, January through May, totaled 304 million pounds, down 1 percent from a year ago. Imports from Mexico during this period were up 37 percent from the same period a year ago, however overall imports were driven down by significantly lower volumes received from a number of supplying countries in Central and South America and the Caribbean. For the same period, U.S. lime import volumes were down sharply also from these regions, nearly offsetting the volumes shipped from Mexico which had posted a 2 percent increase thus far. On average, Mexico supplies over 60 percent and 98 percent of all imported fresh mangoes and limes in the United States, respectively, each year.

Table 12--U.S. imports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through May) 2008	Season-to-date (through May) 2009	Year-to-date change
		---------- *1,000 pounds* ----------		*Percent*
Fresh-market:				
Oranges	November-October	31,384	33,589	7.0
Tangerines (including clementines)	October-September	145,909	186,940	28.1
Lemons	August-July	130,184	69,958	-46.3
Limes	January-December	308,164	308,991	0.3
Apples	August-July	230,733	194,725	-15.6
Grapes	May-April	127,010	83,568	-34.2
Pears	July-June	170,406	169,908	-0.3
Peaches (including nectarines)	January-December	126,725	100,478	-20.7
Bananas	January-December	3,691,068	3,635,502	-1.5
Mangoes	January-December	307,839	304,281	-1.2
		------ *1,000 sse gallons 1/* -------		
Processed:				
Orange juice, frozen concentrate	October-September	279,827	164,758	-41.1
Apple juice and cider	August-July	473,592	426,227	-10.0
Wine	January-December	83,649	99,597	19.1
		---------- *1,000 pounds* ----------		
Canned pears	June-May	73,742	63,493	-13.9
Canned peaches (including nectarines)	June-May	189,841	139,470	-26.5
Canned pineapple	January-December	326,996	285,649	-12.6
Frozen straw berries	January-December	114,390	118,312	3.4
		---------- *1,000 pounds* ----------		
Tree nuts:				
Brazil nuts (shelled basis)	January-December	8,058	8,052	-0.1
Cashew s (shelled basis)	January-December	106,795	103,626	-3.0
Pine nuts (shelled basis)	January-December	4,984	3,661	-26.5
Pecans (shelled basis)	October-September	58,899	47,465	-19.4

1/ Single-strength equivalent.

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

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Data

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

Related Websites

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

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