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Fruit and Tree Nuts Outlook

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Smaller Supply of Citrus This Summer, But More Sweet Cherries and Blueberries

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Approved by the World Agricultural Outlook Board.

The index of prices received by growers rose in May and again in June. Growers received higher prices in May, than April, for fresh grapes and pears. Prices rose in June for fresh apples, pears, strawberries, and oranges.

This May, consumers paid more for their fresh fruit than any other May. Prices were higher at the retail level for Red Delicious apples, Thompson seedless grapes, and fresh grapefruit. They were also higher for processed fruit product—orange juice and wine. Retail prices fell in June by 4 percent. Prices were below last June for bananas, peaches, and lemons.

The availability of fresh citrus this summer is down for both fresh oranges and lemons. As a result of the smaller crop this season, Valencia orange prices are higher than the previous three seasons. Throughout the spring, lemon prices have averaged higher than the last four seasons, excluding 2001/02.

While California Valencia orange growers are experiencing higher prices for their commodity, Florida orange growers, who market their crop for processing, have been experiencing the lowest prices for their oranges in recent history. A record-large crop, high orange juice stocks, and sluggish domestic demand, weakened processors' demand for new-season oranges, driving down prices.

This year's U.S. sweet cherry production is forecast at 553.1 million pounds, 11 percent above a year ago and the largest on record. The record crop should aid in meeting both domestic and international demand. The 2004 U.S. tart cherry crop is forecast to be 5 percent smaller than a year ago but larger than the weather-devastated crop in 2002.

Many cultivated blueberry producing States are reporting big crops this year, helping to boost overall production and maintain ample supplies for fresh and processing use in 2004. This crop has the potential to be a record-large crop.

Price Outlook

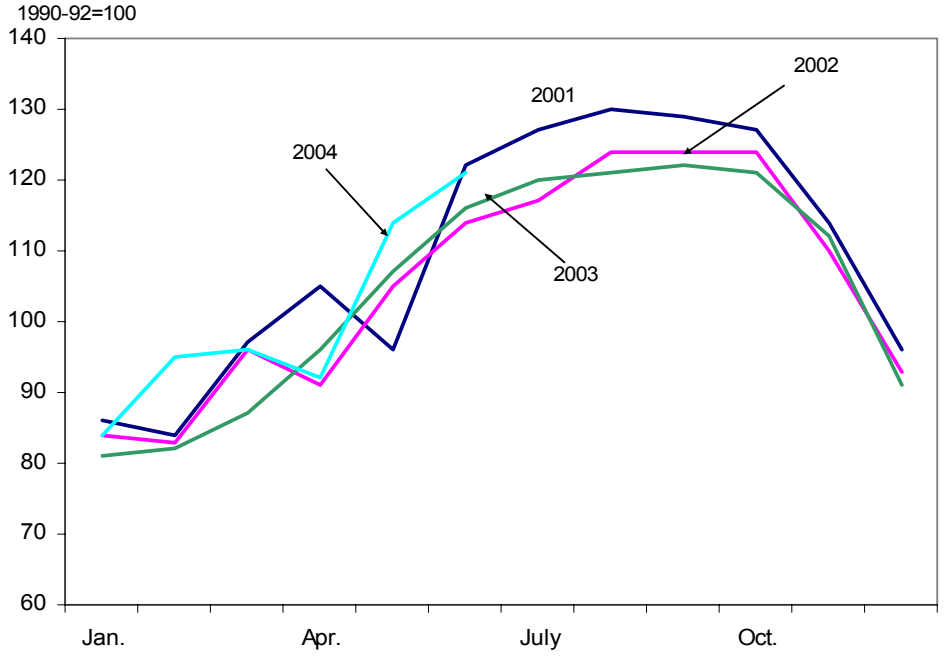
Grower Prices Up in May and June

The index of prices received by growers rose in May and again in June. The May index at 114 (1990-92=100) was the highest in 8 years (fig. 1). Higher prices for fresh grapes and pears led the way for the high overall index (table 1). Growers received an average of $1.015 a pound for fresh grapes in May 2004, more than twice the value of the May 2003, crop which averaged $0.48 per pound. A combination of lighter shipments out of California this May, along with a decline in imports from Mexico, reduced overall supply and drove up prices. Prices were also higher than the previous May for apples, peaches, strawberries, oranges, and tangerines, but lower for fresh-market grapefruit and lemons.

The grower price index rose again in June to 121. The June index is 6 percent higher than May and 4 percent higher than June 2003. It is the highest June index since 2001. Prices rose in June for fresh apples, pears, strawberries, and oranges. While fresh grapefruit prices rose above May, they were still lower than June 2003. The higher grapefruit price reflects the dominance of the California grapefruit crop in the marketplace, and a decreased quantity of fruit available. Lemon prices rose seasonally as they usually do during the summer months when demand is the highest.

Figure 1

Index of prices received by growers for fruit and tree nuts



Source: National Agricultural Statistics Service, USDA.

Consumers Paid More for Their Fresh Fruit at Retail This May

The Consumer Price Index (CPI) for May 2004 rose to 294.4 (1982-84=100). While fresh fruit prices typically rise in May as the winter fruit supplies dwindle and the summer fruit are just beginning to be harvested, the May index was the highest since the Economic Research Service has kept records. This May the index rose 4 percent above last May. With prices running ahead of 2003 for most months in 2004, the increase between April and May, however, at 3 percent, was not as great as some past seasons.

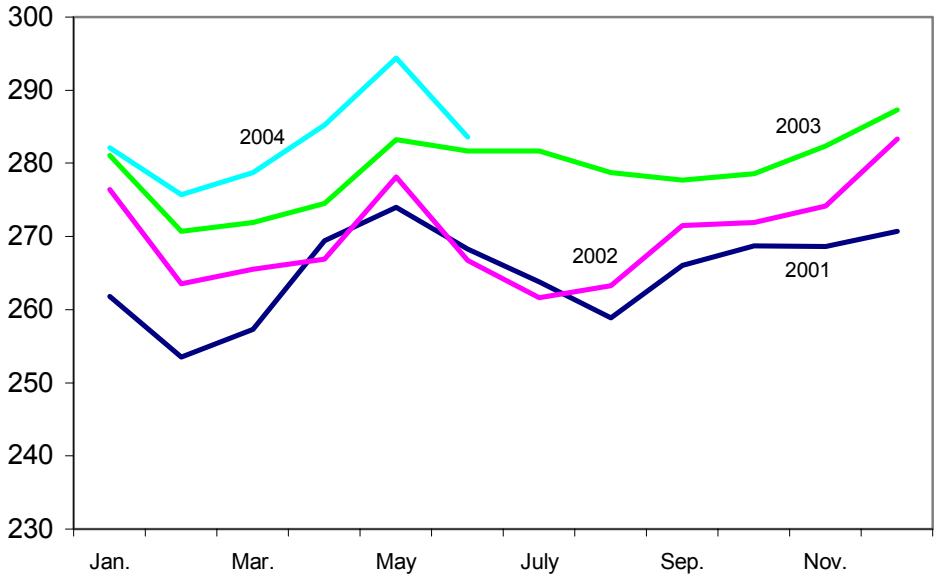
Consumers paid more in May at the retail level for Red Delicious apples, Thompson seedless grapes, and fresh grapefruit. With the importance of grapes in the market-place in May as the market transitions from citrus and imported fruit to domestic summer fruit, the increase in grape prices over last May was a leading factor in the very high May index (table 2). May retail prices were also higher than a year ago for frozen concentrate orange juice and wine.

The CPI declined 4 percent from May to June to 283.6. The June CPI was 1 percent above last June. This June prices were lower than last June for bananas, peaches, and lemons, offsetting the increase in prices for Thompson seedless grapes, strawberries, Red Delicious apples, grapefruit, and navel oranges. While grape prices were higher than last June they began to decline in June, falling 25 percent from May as shipments out of California grew seasonally.

Figure 2

Consumer Price Index for fresh fruit

1982-84=100



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

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

Commodity	2003 May	2003 June	2004 May	2004 June	2003-04 Change May	2003-04 Change June
	--Dollars per box--				Percent	
Citrus fruit: 1/						
Grapefruit, all	6.16	10.98	3.87	9.65	-37.2	-12.1
Grapefruit, fresh	10.19	13.36	8.53	11.26	-16.3	-15.7
Lemons, all	5.49	5.77	6.57	8.30	19.7	43.8
Lemons, fresh	16.36	18.26	16.35	17.95	-0.1	-1.7
Oranges, all	4.43	4.41	3.62	9.48	-18.3	115.0
Oranges, fresh	7.76	6.97	8.38	10.45	8.0	49.9
	--Dollars per pound--					
Noncitrus fruit:						
Apples, fresh 2/	0.218	0.224	0.294	0.300	34.9	33.9
Grapes, fresh 2/	0.475	0.500	1.015	0.450	113.7	--
Peaches, fresh 2/	0.433	0.228	0.455	0.233	5.1	--
Pears, fresh 2/	0.199	0.227	0.229	0.247	15.1	8.8
Strawberries, fresh	0.642	0.594	0.645	0.658	0.5	10.8

1/ Equivalent on-tree price.

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

Source: National Agricultural Statistics Service, USDA.

Table 2--U.S. monthly retail prices, selected fruit, 2003-2004

Commodity	Unit	2003 May	2003 June	2004 May	2004 June	2003-04 Change May	2003-04 Change June
		--- Dollars ---		--- Dollars ---		--- Percent --	
Fresh:							
Valencia oranges	Lb	--	--	--	--	--	--
Navel oranges	Lb	0.800	0.875	0.770	0.878	-3.8	0.3
Grapefruit	Lb	0.656	0.743	0.766	0.823	16.8	10.8
Lemons	Lb	1.246	1.382	1.172	1.178	-5.9	-14.8
Red Delicious apples	Lb	0.992	0.992	1.065	1.076	7.4	8.5
Bananas	Lb	0.505	0.521	0.491	0.498	-2.8	-4.4
Peaches	Lb	--	1.726	--	1.567	--	--
Strawberries 1/	12-oz pint	1.678	1.568	1.672	1.847	-0.4	17.8
Thompson seedless grapes	Lb	2.232	1.797	2.599	1.945	16.4	8.2
Processed:							
Orange juice, concentrate 2/	16-fl. oz	1.727	1.822	1.818	1.912	5.3	4.9
Wine	liter	6.597	6.060	6.763	7.338	2.5	21.1

-- Insufficient marketing to establish price.

1/ Dry pint.

2/ Data converted from 12 fluid ounce containers.

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

Fresh Summer Citrus in Short Supply

The availability of fresh citrus this summer is down for both fresh oranges and lemons. California's supply of Valencia oranges is expected to total only 488,000 tons, 37 percent lower than last season. The 2003/04 lemon crop is projected to reach 798,000 tons, 22 percent lower than last season.

Fewer California Oranges Available for the Summer Fresh Market, Improving Grower Prices

With the completion of the navel crop by early June, Valencia oranges will provide the bulk of the fresh oranges available in markets through fall. The Valencias compete with imported navel oranges from Southern Hemisphere countries, such as Australia and South Africa, and noncitrus summer fruit, such as peaches, nectarines, plums, and grapes.

As a result of the smaller crop this season, Valencia orange prices are higher than the previous three seasons, from March through June, for all uses. Despite the higher prices this season, growers who are members of the California Citrus Growers Association, have voted to limit shipments several times this season. While shipments had not reached the voluntary ceiling set by the Association, at 325,000 cartons a week, growers want to ensure they will have Valencia oranges available for marketing when the Southern Hemisphere navel season is finished and before the 2004/05 domestic navel orange harvest begins. In this way, growers can potentially receive higher prices, and hopefully ensure a smooth transition to marketing next season's navel oranges.

Limited Lemon Supplies Boosts Prices This Spring

While the 2003/04 lemon season started off with lower prices than at any time since 1992, prices improved in February and have been averaging above a season ago since then. Throughout the spring, from April through June, lemon prices have averaged higher than the last four seasons, excluding 2001/02 when the crop size was similar.

The lower prices at the beginning of this season can partially be attributed to the sufficient supply of lemons coming out of Arizona at that time of year, when it plays an important role in the market. The 2003/04 Arizona lemon crop was the same size as last season and 8 percent larger than two seasons ago. Once the smaller California crop in 2003/04 dominated the market, prices rose. With a new lower NASS estimate of the California crop size as a result of a heat wave in April, along with continued strong demand, prices this summer are likely to continue strong.

Record Supply of Florida Oranges and Juice Stocks Lower Grower Prices

While California Valencia orange growers are experiencing higher prices for their commodity, Florida orange growers have been experiencing the lowest prices for

their oranges in recent history. This season, Florida growers averaged $2.94 per 85-lb box for their Valencia oranges used for processing, 27 percent below last season. The processing season was mostly completed by the end of June-early July with only a few processors still operating. While prices improved towards the end of the season, they still remained considerably lower than the previous three seasons, when prices averaged $4.38 per box (fig. 3).

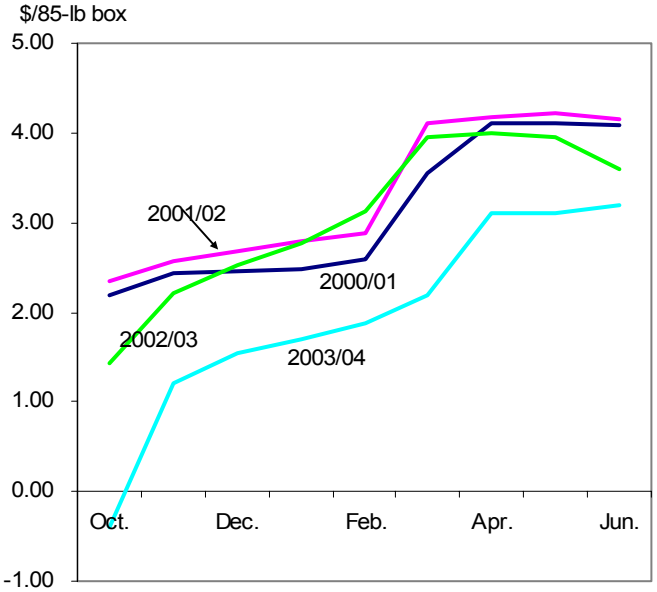
Total orange juice movement from October through early-July, was running almost 3 percent ahead of the same period last season. Frozen concentrated orange juice (FCOJ) movement increased 6 percent over the same period last season. Movement was strong for institutional use and bulk shipments, but continued to decline in retail sales.

While total chilled orange juice movement (not-from concentrate (NFC) and reconstituted FCOJ) rose 1 percent ahead of last season, domestic movement declined 3 percent. Strong export demand for NFC, for which the United States has the competitive advantage over Brazil in the world market, was responsible for all of the increase. Strong demand in Canada helped drive the increased demand in international markets. Shipments to Canada, which accounted for 86 percent of total exports from October 2003 through May 2004, increased 7 percent over the same time last season. Shipments also increased to the Netherlands, the Dominican Republic, Singapore, and the Bahamas. Exports to Caribbean nations rose this season with demand being generated from their strong tourist industries.

Despite the record-large orange crop this season, the quantity of NFC packed from this season's oranges was lower than a season ago. At the same time, the quantity of FCOJ that was reconstituted to be sold as chilled, was up, increasing the overall

Figure 3

Florida processing orange juice prices, 2000/01-2003/04



Source: National Agricultural Statistics Service, USDA.

quantity of chilled orange juice packed this season. On the other hand, the strong demand for FCOJ by institutions and bulk buyers increased the quantity of fruit used to make FCOJ above the previous two seasons. As a result, 60 percent of this season's oranges went to producing FCOJ, with the remaining 40 percent going to producing NFC. Last season, almost 48 percent of the crop went to producing NFC.

By the end of June all of the early- to mid-season oranges had been harvested and about 96 percent of the late-season Valencia oranges had been harvested. With the season winding down, most processors had closed their plants, with only a few remaining open to buy and process the remaining crop. USDA's National Agricultural Statistics Service indicated that a portion of this remaining crop may be left unharvested, a rare occurrence in the Florida orange industry.

2004 U.S. Sweet Cherry Crop Larger

USDA forecast this year's U.S. sweet cherry production at 553.1 million pounds, 11 percent above a year ago and the largest on record (table 3). Due to generally favorable conditions this past spring, production increases are anticipated for most sweet cherry-producing States, except for California and Utah where the crops are expected to be 6 percent and 23 percent smaller. Unusually warm weather conditions in the spring contributed to a good bloom in Washington, California, Oregon, and Michigan, the top four producing States. The crops also developed rapidly due to the warm weather, starting off their seasons earlier than last year.

Forecast production in Washington is smaller than earlier anticipated due to rains in June that have resulted in some fruit splitting. Crop losses due to the rains ranged from minimal to severe. The most seriously affected growing areas were Benton and Franklin counties. The current forecast for the Washington crop, however, still remains the largest on record, increasing 10 percent from a year ago, to 260.0 million pounds. The warm days and cold nights helped in the sizing of the fruit and in increasing sugar levels, positive attributes that should help boost consumer demand for the fruit. Although most of the increase in the Washington crop may be associated with the excellent weather throughout the pollination period, some of the increase in production may also be attributed to the increasing potential of young plantings.

In California, the crop is forecast at 130.0 million pounds and although smaller than a year ago, perhaps due to some stem-drop problems later in the season, overall crop size is the third largest on record, with good fruit quality. In Oregon, passing storms in early June did not result in any major damage to the crop, and production is forecast up 5 percent, at 86.0 million pounds. Michigan's crop has rebounded from the weather-devastated crop in 2002, more than doubling in size from a year ago at 60.0 million pounds. Lots of rainfall aided in fruit sizing, but there are concerns regarding the possibilities of cracking.

California cherries are the earliest to enter the fresh market. Cool and wet conditions in the spring of 2003 delayed the start of last year's California cherry season, creating overlapping seasons with the Washington crop. This, and the production increases in both States last year drove down 2003 prices. The 2003 season-average grower price for sweet cherries in California and Washington were

Table 3--Sweet cherries: Total production and season-average price received by growers, 2001-2003, and indicated 2004 production

State	Production				Price		
	2001	2002	2003	2004	2001	2002	2003
	-- Million pounds --				-- Cents per pound --		
California	110.6	111.0	137.6	130.0	78.0	87.0	81.0
Idaho	2.8	3.4	5.8	6.2	65.0	74.5	70.0
Michigan	46.0	5.4	26.0	60.0	24.1	42.8	44.9
Montana	4.6	4.7	4.1	4.4	56.5	92.0	80.0
New York	2.2	0.7	1.2	1.7	76.5	86.5	97.5
Oregon	80.0	62.0	82.0	86.0	42.1	46.6	54.0
Pennsylvania	1.2	0.7	0.7	1.4	113.0	124.0	118.0
Utah	1.4	0.8	4.4	3.4	39.6	77.0	45.0
Washington	212.0	174.0	236.0	260.0	68.0	82.5	71.5
United States	460.8	362.7	497.8	553.1	61.5	77.5	70.0

Source: National Agricultural Statistics Service, USDA.

reported at 81 cents per pound and 71.5 cents per pound, compared with 87.0 cents and 82.5 cents per pound the previous year. With not much of an overlapping season this year, prices are much more favorable. Early-season prices quoted during the first week in May in California's Stockton-Lodi-Linden district were strong, ranging from $38.00 to $44.00 for an 11-row, 18-pound carton of the Bing variety. Since then, prices have moved down seasonally as supplies increased. Closing season prices in early June were down to $26.00 to $30.00 and lower than prices the same time last year when the season started off late. Closing prices in late June last season ranged from $22.00 to $25.90. In the Washington growing districts, movement of supplies are increasing. Prices for a 20-pound carton of Bing cherries (10 row size) in the Yakima Valley and Wenatchee districts were quoted on June 21 at $40.00 to $45.00. Around the same time last year prices ranged lower at $26.00 to $30.50. As of early July, prices dropped lower to a range of $36.00 to $42.00, however they remained stronger than last year.

Record production in 2004 should aid in meeting both domestic and international demand. Strong exports are reported for this season through May, increasing more than twice the volume shipped in 2003, based on data from the Bureau of the Census. More than half of the export shipments went to Japan, with volume up 70 percent. Exports were also up significantly to other large markets, including Canada, Taiwan, the United Kingdom, and South Korea. Even with the large increase in exports, domestic consumption is forecast to increase to a record 0.97 pound per person in 2004, up from the estimated 0.92 pound last year.

Tart Cherry Production Down Slightly

The 2004 U.S. tart cherry crop is forecast at 215.1 million pounds, 5 percent smaller than a year ago but larger than the weather-devastated crop in 2002 (table 4). This year's smaller crop mainly reflects the lower production in Michigan, the largest tart cherry producing State in the country. Production in Utah, Wisconsin, and Colorado, however, are expected to be reduced as well. Poor pollination weather and a late freeze in early May had reduced the yield potential of the Michigan tart cherry crop, now forecast at 145.0 million pounds, 6 percent below a year ago. Heavy rains and cold temperatures during pollination also reduced yields in Wisconsin. With favorable growing conditions, production in New York, Oregon, Pennsylvania, and Washington are all expected higher.

Table 4--Tart cherries: Total production and season-average price received by growers, 2001-2003, and indicated 2004 production

State	Production				Price		
	2001	2002	2003	2004	2001	2002	2003
	-- Million pounds --				-- Cents per pound --		
Colorado	0.6	0.3	0.6	0.5	33.3	40.0	38.0
Michigan	297.0	15.0	154.0	145.0	18.4	47.9	37.6
New York	14.7	12.7	7.2	8.0	19.6	50.6	31.4
Oregon	2.4	3.2	1.4	3.9	25.7	37.0	36.1
Pennsylvania	3.9	3.8	3.9	4.2	12.7	55.8	43.4
Utah	12.0	3.0	26.0	23.0	21.8	24.0	27.0
Washington	26.5	20.5	20.1	22.5	17.2	39.8	32.3
Wisconsin	13.0	4.0	13.3	8.0	20.4	51.2	41.2
United States	370.1	62.5	226.5	215.1	18.6	44.8	36.0

Source: National Agricultural Statistics Service, USDA.

Most tart cherries produced in the United States are processed. Only less than 1 percent of production is for fresh use. Due to the smaller U.S. crop, processing use in 2004 will likely be down from a year ago but supplies will likely be adequate due to higher stocks offsetting the price effect expected with reduced production. As of June 30, 2004, stocks of frozen tart cherries were running 28 percent higher than a year ago. During 2003, the increase in production more than tripled processing use to 225.5 million pounds, with all processing categories (canned, frozen, and other) up from the previous year. However, 2002 was an unusual year, with processing use down significantly from earlier years as a result of freezing temperatures that practically destroyed the crop in Michigan. Processing use in 2003 remained lower than previous years since 1991.

Frozen tart cherries are the largest category in the U.S. tart cherry processing sector, accounting for more than half of the total quantity processed. Last year's larger supplies of frozen tart cherries and accompanying lower prices helped raise 2003 domestic consumption to an estimated 0.40 pound per person, up from the estimated 0.38 pound in 2002 but lower than in earlier years. For 2004, domestic consumption is likely to change little from last year.

U.S. Blueberry Production Likely Up in 2004

Large production increases expected in a number of cultivated blueberry producing States are helping to boost production, maintaining ample supplies for fresh and processing use in 2004. This year's U.S. cultivated blueberry production is forecast to be up 7 percent, based on preliminary crop estimates from the North American Blueberry Council (NABC). Applying this projected growth rate to USDA's 2003 cultivated blueberry production estimate yields a crop size of around 205.0 million pounds. If realized, this will be the largest crop on record.

Domestic production of cultivated blueberries is expected to increase in most blueberry-producing States, except in New Jersey (down 11 percent) and North Carolina (down 18 percent), two major producing States, and in Arkansas (down 6 percent), a relatively minor producer. The largest producing State, Michigan, will account for about one-third of the U.S. cultivated blueberry crop, but production there is expected to be up less than 1 percent. Temperatures dipped into the mid- to

upper-20s on two consecutive nights in early May, when the Michigan crop in the west-central growing region was in the early pink bud stage and the southwest region was in the early bloom stage. However, only some winter damage was reported. Much of the production increase to the overall U.S. crop is expected to come from Oregon (up 28 percent), Washington (up 15 percent), and Georgia (up 33 percent), also major producers. Large production increases are also expected in Florida and Indiana but production levels here are far less than the major producers. Generally favorable weather persisted during the pollination and growing periods in these areas.

Fresh-market production makes up about 52 percent of all cultivated blueberries in the United States. According to NABC estimates, U.S. blueberries for fresh use in 2004 will likely be up 4 percent from a year ago, attributed mainly to larger supplies in most of the smaller producing States. Fresh use supplies in Michigan, New Jersey, and North Carolina are expected to be reduced. The increase in overall fresh-use supplies should help drive down fresh-market blueberry grower prices, which in 2003 averaged $1.49 per pound. Given the anticipated overall increase in fresh-market supplies, lower prices, and the generally good quality of the crop, market demand will likely remain strong in 2004, with domestic consumption forecast to slightly exceed last year's estimate of 0.38 pound per person.

Fresh blueberry imports during January through May, mostly from Chile, were up sharply. However, the growth in imports during the second half of the year could slow down as a result of the expected decline in fresh-market production in British Columbia, Canada, the United States' largest foreign supplier of blueberries. Fresh blueberry exports have been favorable during the first 5 months of the year, increasing 9 percent. Most of the exports went to Canada but shipments were also up significantly to the United Kingdom, the Netherlands, Belgium, Australia, and the Bahamas.

Frozen blueberry supplies (cultivated and wild) from the domestic crop come mainly from Maine and Michigan. Maine produces wild blueberries, mostly for freezing, and accounts for the largest share of processed berries. Over the past 3 years, Maine supplied over 40 percent of all domestically-produced blueberries for processing. Production in the State this year will likely be below average, according to the Wild Blueberry Commission of Maine. Most of the decline in production this year is attributed to winter injury. The very cold winter during the first 6 weeks of this year, along with very little snow cover, killed many buds. Moreover, a cold, moist spring hampered pollination and also resulted in problems with *Mummyberry* disease. Growers have been applying fungicides to overcome this disease problem. With the cool summer so far, however, berry quality continues to look good. This, along with the expected smaller crop, should help boost prices that processors will be paying for the wild crop this year. Slightly higher carryover inventories as of June 1, 2004, and expected larger supplies from the cultivated crop, however, could keep wild blueberry prices from rising steeply. Last year, processors paid an average of 35 cents per pound for the wild blueberries. Peak harvest for the wild blueberry crop will occur in August.

In Michigan, 68 percent of this year's cultivated blueberries will be processed, up 11 percent from a year ago. Harvesting for processing was delayed due to rains and is expected to begin in early August. Processing supplies from other producing States such as Oregon, Washington, Georgia, Indiana, and Mississippi are

anticipated to increase as well, boosting overall cultivated blueberry production for processing up 11 percent, and likely resulting in lower grower prices.

Estimate for the 2004 Almond Crop Put Production At 1.08 Billion Pounds (Shelled Basis)

The 2004 California Agricultural Statistics Service estimates the 2004 California almond crop at 1.08 billion pounds (shelled basis), a 4-percent increase from last year's crop. While this estimate is 2 percent lower than the initial estimate in May, the crop is bigger than growers initially expected after unfavorable weather conditions during critical growing periods. Heavy rains and winds in mid-February, when the trees are blooming, were expected to reduce pollination activity by bees. However, this season, both the variety and pollinators bloomed at the same time, helping the set. Also, the blooms were strong and stayed on the trees much longer, despite the rains and winds.

The Almond Board of California reported in their June inventory report that the amount of almonds left uncommitted was 88 million pounds, down 11 percent from the same time last season. As a result, almond prices should stay strong for the 2004/05 season. In recent years, almond growers have been able to command good prices despite growing crop sizes. Strong international demand for U.S. almonds helps maintain high prices. With lower stocks likely coming into the new marketing season, the larger crop should not be as big a factor in determining prices as it is for other commodities.

Citrus Exports Strong in 2004

With much of the citrus season coming to an end, 2003/04 turned out to be a strong season for orange, grapefruit, and lemon exports. Fresh orange exports, from November through May, were mostly California navels. While the season's crop was smaller than last season, exports were up 5 percent (table). Shipments to the number one export market, Canada, fell fractionally, however, shipments to the number two market, South Korea, increased 21 percent. At the end of April, South Korea suspended navel orange imports from Fresno and Tulare counties, after it announced that its inspectors found the fungus *septoria citri* in shipments. Since the navel season was essentially finished by the time the suspension occurred, it had little effect on the quantity shipped this season. With strong demand for U.S. navels in South Korea, if a protocol can be established before the beginning of the new season, shipments should remain strong in 2004/05. Shipments were also up to Hong Kong, Malaysia, and Singapore, but fell to Japan and China.

Grapefruit exports rose 12 percent during the 2003/04 season. As the Florida grapefruit harvest wound down by early May, the Citrus Administrative Committee data showed strong demand for both white and colored (pink or red) grapefruit in export markets throughout the season, but weak domestic and Canadian demand. Exports were 15 percent higher to Japan this season than last. Japan accounted for 53 percent of all U.S. grapefruit exports. Many of the European Union countries, particularly France, the Netherlands, and the United Kingdom received bigger shipments this season than a season ago.

Table 5--U.S. exports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through May) 2003	Season-to-date (through May) 2004	Year-to-date change
		--- 1,000 pounds ---		Percent
Fresh-market:				
Oranges	November-October	1,126,264	1,177,797	4.6
Grapefruit	September-August	754,639	842,137	11.6
Lemons	August-July	187,134	197,963	5.8
Apples	August-July	1,009,176	887,820	-12.0
Grapes	May-April	16,738	15,484	-7.5
Pears	July-June	338,642	355,534	5.0
Peaches (including nectarines)	January-December	20,752	24,156	16.4
Strawberries	January-December	94,385	97,031	2.8
Sweet cherries	January-December	13,034	30,295	132.4
		--- 1,000 sse gallons 1/ ---		
Processed:				
Orange juice, frozen concentrate	October-September	22,805	29,419	29.0
Orange juice, not-from-concentrate	October-September	40,364	41,283	2.3
Grapefruit juice	October-September	27,558	24,516	-11.0
Apple juice and cider	August-July	4,913	4,895	-0.4
Wine	January-December	38,091	38,907	2.1
		--- 1,000 pounds ---		
Raisins	August-July	212,850	222,542	4.6
Canned pears	August-July	10,431	8,183	-21.6
Canned peaches	July-June	42,009	92,053	119.1
Frozen strawberries	January-December	7,802	7,275	-6.8
		--- 1,000 pounds ---		
Tree nuts:				
Almonds (shelled basis)	August-July	640,266	688,400	7.5
Walnuts (shelled basis)	August-July	152,195	176,530	16.0
Pecans (shelled basis)	September-August	34,602	34,804	0.6
Pistachios (shelled basis)	September-August	67,806	60,035	-11.5

1/ Single strength equivalent.

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

Fresh Fruit Import Supplies Stable in 2004

Fresh fruit imports rose only fractionally in 2004. Banana imports, the number one fresh fruit consumed by Americans, rose less than 1 percent.

Besides bananas, most of the spring fruit imports into the United States originate in Mexico. Mexico is the chief source of tropical fruit, such as mangos and papayas, as well as subtropical fruit like limes, and temperate fruit, particularly grapes. This year, imports of many Mexican fruit have been lower than the same time last year. While lime imports are running 1 percent ahead of last season from September through May, other important imports, such as mangos and grapes are behind for their season. The import of mangos fell 1 percent. The Mexican crop was late maturing this year, and shipments in the spring months have not caught up to last year.

Fresh grape imports for May mostly come from Mexico. This May, imports from Mexico fell 39 percent from last May. Inclement weather during the growing season resulted in a lighter crop of some varieties. Mexico began shipping its table grapes into the United States at the same time California Coachella Valley growers began shipping their grapes. Good quality and ample supplies in California decreased demand for imports from Mexico to meet consumer demand.

Table 6--U.S. imports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through May) 2003	Season-to-date (through May) 2004	Year-to-date change
		--- 1,000 pounds ---		Percent
Fresh-market:				
Oranges	November-October	24,254	24,154	-0.4
Tangerines (including clementines)	October-September	162,299	168,979	4.1
Lemons	August-July	38,892	32,344	-16.8
Limes	September-August	407,968	411,650	0.9
Apples	August-July	262,701	301,133	14.6
Grapes	May-April	136,744	83,046	-39.3
Pears	July-June	180,989	133,491	-26.2
Peaches (including nectarines)	January-December	122,905	138,042	12.3
Bananas	January-December	3,594,464	3,618,095	0.7
Mangoes	January-December	245,690	243,143	-1.0
		--- 1,000 sse gallons 1/ ---		
Processed:				
Orange juice, frozen concentrate	October-September	195,226	144,177	-26.1
Apple juice and cider	August-July	328,701	369,201	12.3
Wine	January-December	64,190	64,181	0.0
		--- 1,000 pounds ---		
Canned pears	August-July	28,148	39,847	41.6
Canned peaches (including nectarines)	July-June	97,444	68,941	-29.3
Canned pineapple	January-December	301,144	295,805	-1.8
Frozen strawberries	January-December	84,867	87,230	2.8
		--- 1,000 pounds ---		
Tree nuts:				
Brazil nuts (shelled basis)	January-December	4,125	7,368	78.6
Cashews (shelled basis)	January-December	82,933	102,308	23.4
Pine nuts (shelled basis)	January-December	2,817	4,444	57.8
Pecans (shelled basis)	September-August	31,963	47,151	47.5

1/ Single-strength equivalent.

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

Commodity Highlight: Apricots

The Apricot: An Early Summer Fruit

The apricot (Prunus armeniaca) belongs to the Rose family, which also includes plums, peaches, nectarines, cherries, and almonds. The apricot and all these other fruit are also botanically classified as stone fruit, characterized by having a fleshy fruit with only one seed enclosed in a stony endocarp called a pit. Its early bloom period allows for its availability in the market in the early summer. The apricot originated in China before it was introduced in the Mediterranean where it flourished. In the United States, this fruit was introduced by Spanish explorers in the 18th century. Although early settlement plantings were reported in Virginia, the apricot's inability to adapt well to areas with temperate climate made production there quite unsuccessful. Moving west, seedlings were planted in California in the Spanish missions, marking the beginning of a thriving apricot industry.

United States is Among the Top 10 Apricot Producing Countries in the World

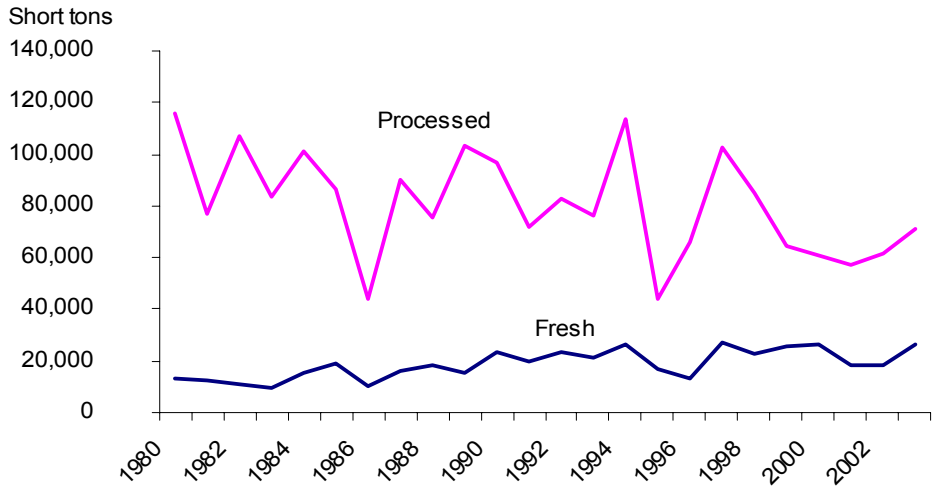
The United States ranks ninth in the world in apricot production, behind Turkey, Iran, Italy, Spain, France, Pakistan, Morocco, and the Syrian Arab Republic. With higher than world average yields, the United States is able to be among the leading producers, representing 3 percent of the world's apricot production. Although average yields in the United States in recent years surpassed those of larger producing countries, bigger acreages in these other countries have pushed their production higher. Based on data from the Food and Agriculture Organization (FAO) of the United Nations, average annual production in Turkey, the number one producer, was estimated at 408,333 metric tons during 2001-2003, 18 percent of the world total and nearly five times more than the United States' output. For the same period, Iran, the second largest producer with 12 percent of the world total, produced more than triple that of the United States.

Apricot harvested acreage has grown in most of the top 10 apricot-producing countries since 1990, except in Morocco, Spain, and the United States. Of these leading producers, harvested acreage has grown most rapidly in Iran and Pakistan. Harvested acreage in China and Algeria has also expanded sharply since 1990, but production in both countries continues to be restricted by yields that are significantly below the world average.

California Produces an Overwhelming Share of the Nation's Apricots

Apricot production has adapted well to the climate in California, making it the largest apricot-producing State in the country. Based on annual production reported by the U.S. Department of Agriculture's National Agricultural Statistics Service, California produces about 94 percent of the Nation's apricots. With over 16,000 acres in production, California's apricot industry is centered in the San Joaquin Valley, with Stanislaus, San Joaquin, and Merced counties leading in production. Washington is the second largest apricot-producing State, averaging 6 percent of total production annually during 1999-2003. Utah is the third largest producer, producing less than 1 percent of the U.S. crop.

Figure 4
Fresh and processed apricot production in the United States



Source: National Agricultural Statistics Service, USDA.

Annual production figures are only available for these three States, but commercial apricot production is also present in many other States. The most recent Census of Agriculture reported that there were a total of 2,698 farms across 44 States that commercially produced apricots in 2002. Nearly half of the farms were outside the three major producing States, but their combined production accounted for only 4 percent of U.S. bearing acreage.

Apricots Consumed in Various Product Forms

In the United States, apricots are one of the earliest fresh fruit available to consumers during the summer. The crop has a very short fresh season, beginning around mid-May and continuing through around mid-August. Consumers can turn to processed apricot products for year-round supply. Nearly 75 percent of U.S. apricots produced each year are destined for the processing sector. In California, about half of all the processing apricots are used for canning and the rest are processed into frozen, juice, and dried products.

Domestic Production Declining, Fresh-Market Outlet Growing

Apricot production in the United States has been erratic over the last two decades due mostly to the forces of weather. Over time, however, production has declined from 129,000 short tons in 1980 to 122,450 short tons in 1990 and to 97,580 short tons in 2003. Production during this period bottomed at 54,650 short tons in 1986 and peaked at 153,200 short tons in 1994. Bearing acreage has been declining steadily during the 1980s and again since the latter part of the nineties, contributing to the downward trend in production. At the same time, average yields per acre, while fluctuating over the years, have also trended down slightly.

U.S. apricots intended for processing and those for the fresh market followed divergent paths over the last several years (fig. 4). Processing production declined

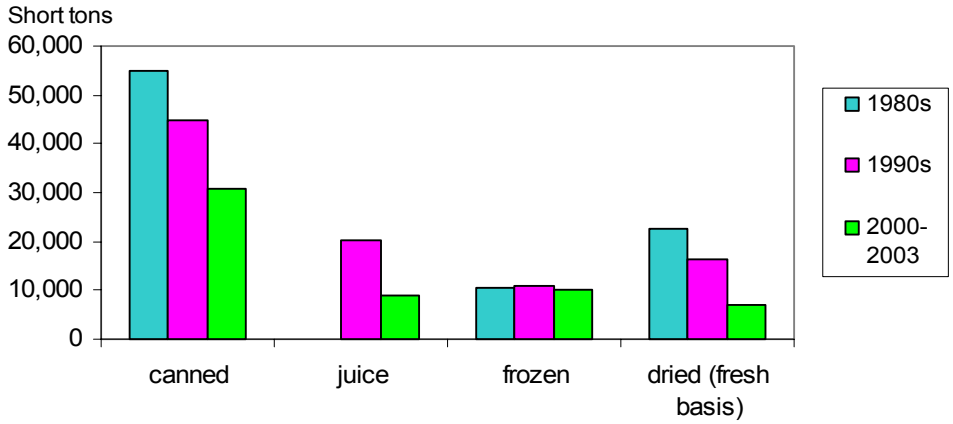
from 115,870 short tons in 1980 to 71,310 short tons in 2003 while fresh-market production increased from around 13,130 short tons in 1980 to 26,250 short tons by 2003. Growing competition from imports of processed apricot products and a general increase in consumption for all fresh fruit have encouraged growers to divert more and more of their production to the higher-valued fresh market. The share of U.S. apricot production marketed for fresh consumption has more than doubled since 1980, reaching an average of 27 percent during 1999-2003.

About 98 percent of all domestically grown apricots used for processing in the United States are sourced from California. This State's processing production has generally been on a decline since the early 1980s, with all major product categories (canned, frozen, dried, and juice) showing reduced quantities. (Production used for juice, however, was not reported until 1995.) Larger average declines were experienced for all the product categories during 2000-2003 than in the 1990s (fig. 5), with production used for making dried apricots declining most rapidly (down 56 percent) followed by those used for canning (down 31 percent). Average production shares for the different product categories have diminished since the 1980s, except for the frozen product whose production remained relatively steady over time. However, canned apricots remain the largest product category, accounting for half of all of California's processing supplies. Apricots going into freezing exceeded dried apricot production in the late nineties and in 2003, and accounted for 16 percent of total processing volume.

Consumption Trend for Canned and Dried Apricots On Opposite Paths

Despite declining domestic production, U.S. apricot consumption has remained relatively flat since the early 1980s as a result of increasing imports. Declining demand for canned apricots has been counteracted by the growth in demand for dried apricots (fig. 6). Per capita consumption of canned apricots has fallen from an average 0.48 pound during the 1980s to 0.33 pound during the 1990s and to 0.21 pound during 2000-2003. Although a larger quantity of the domestic crop is used for canning, rapidly increasing imports of dried apricots, especially since the

Figure 5
California apricots: Average production for processing use, by product category



Source: National Agricultural Statistics Service, USDA.

1990s, have increased availability of the product to U.S. consumers. This, along with changing consumer habits towards healthier eating and promotional efforts by the industry, helped boost domestic consumption of the product. U.S. per capita consumption of dried apricots exceeded per capita consumption of canned apricots in some years during the 1980s and consistently since 1991. Per capita consumption of dried apricots increased from an average of 0.38 pound during the 1980s to 0.67 pound during 2000-2003.

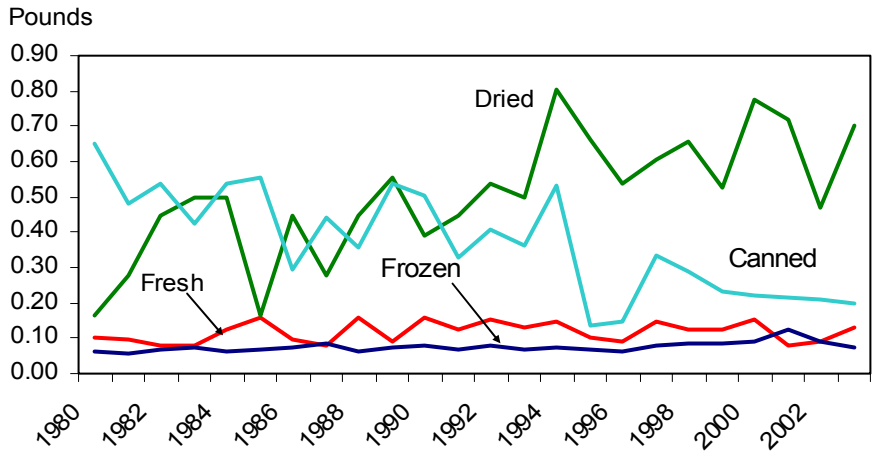
Imports of fresh apricots have also increased their presence in the U.S. market, but most of what is consumed in the country still comes from the domestic crop. Domestic fresh-market production has been increasing over the years, but the greater availability and variety of fresh fruit marketed during the summer, particularly during the 1990s have limited the growth in U.S. fresh apricot consumption. Per capita consumption of fresh apricots increased from an average of 0.11 pound during the 1980s to 0.13 pound during the 1990s. With a growing population, two seasons of below-average production contributed to the lack of growth in fresh apricot consumption in more recent years (2000-2003).

Fresh Import Supplies Grow

U.S. fresh apricot imports have been on the rise, increasing from an annual average of 1.5 million pounds during the 1980s to an average of 4.3 million pounds during 2000-2003. Throughout the nineties and in recent years, Chile has been the United States' top supplier of imported fresh apricots, accounting for an average of over 75 percent of the total annual import volume. The second largest foreign supplier is New Zealand, accounting for 20 percent of total imports. Due to counter-seasonal production schedules between the United States and these leading suppliers, fresh imports are generally not in direct competition with domestic production because most enter the U.S. market beginning in November and into the winter months when it is the off season for the domestic crop. Instead, imports extend the availability of the fruit to U.S. consumers each year and as a result, help in boosting consumption. Imports as a share of domestic consumption have risen from an average of 6 percent during the 1980s to 15 percent during 2000-2003.

Figure 6

U.S. per capita consumption of apricots*



* Fresh-weight equivalent.

Source: Economic Research Service, USDA.

Unlike fresh apricots, processed apricot products are storable commodities. Because these products are available to consumers anytime of the year U.S. processed apricots directly compete with their import counterparts. The United States is a net importer of dried apricots with import quantities averaging 900 percent more than what was exported over the last 13 years. Imports of dried apricots have also been generally trending upwards, surpassing domestic dried apricot production since the early 1980s. Nearly all the dried apricot imports in the United States are sourced from Turkey but there are other suppliers such as Argentina, Syria, Pakistan, Iran, and China who are making inroads in the U.S. market.

Declining domestic demand for canned apricots resulted in reduced imports of the product in the United States. U.S. imports of canned apricots declined from an average of 6.4 million pounds during the 1980s to 2.1 million pounds in the 1990s and to 1.6 million pounds during 2000-2003. Presently, more than half of U.S. canned apricot imports arrive from the Republic of South Africa. Data from the Bureau of the Census show that canned apricots from South Africa began to penetrate the U.S. market in the early 1990s and has since gained a larger share of the market. Its share has peaked from 18 percent in 1992 to 73 percent in 2000. Since then, South Africa's share has diminished due to declining shipments and growth in imports from Mexico and Argentina where the devaluation of the peso have made their products more competitive in the U.S. market.

Apricot Exports Growing

Export markets have been playing an increasing role in U.S. fresh apricot sales in recent years than in the past two decades. In 2000-2003, about 39 percent of the fresh-market crop in the United States was sold in export markets, up from an average of 15 percent during the 1980s and 28 percent during the 1990s. With increasing international demand, U.S. sales to export markets have risen from 3.3 million pounds in 1980 to 19.0 million pounds in 2003. Despite small fresh-market utilization in 2001 and 2002, sales to export markets remained strong, suggesting that these markets moved some quantities away from domestic consumption. Canada and Mexico are the major destinations for these exports, accounting for 54 percent and 41 percent of annual exports during 2000-2003.

The United States also experienced positive export growth for canned and dried apricots. Average canned apricot exports in the last 4 years increased 85 percent from those in the 1980s while dried apricot exports more than doubled. Canada and Mexico are large markets for these U.S. products. Asian markets are also key destinations for U.S. canned apricots, particularly to Thailand, Japan, South Korea, and the Philippines. European Union nations, on the other hand, are also important destinations for U.S. dried apricots, with Spain topping the list, accounting for over one-third of total U.S. dried apricot exports.

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