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Fruit and Tree Nuts Outlook

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2001/02 Fruit Prices Higher Due To Reduced Production

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U.S. fruit growers received higher prices in the fall of 2001 compared with the previous year. Prices averaged higher for apples, pears, tangerines, tangelos, and fresh-market oranges, grapefruit, and lemons. Most of these crops have a marketing season that extends through the following year, so fruit prices are expected to remain above a year ago through the winter of 2002. This is particularly the case for crops with smaller harvests this past fall such as apples, pears, fresh-market oranges, and fresh-market lemons.

Retail fruit prices in the fall of 2001 also averaged higher than the year earlier, mostly mirroring the pattern in grower prices. A 2-percent higher Consumer Price Index (CPI) for fresh fruit this past fall compared with the same period in 2000 reflected higher retail prices for apples, bananas, Thompson seedless grapes, grapefruit, and lemons. Also, the CPI for fresh oranges and tangerines this past fall averaged 13 percent higher. Reduced world banana production in the near-term may mean continued lower imports and higher prices for bananas in the United States in the coming months. Reduced U.S. crops of apples and lemons will also continue to be reflected in higher prices in the coming months. Retail prices for Thompson seedless grapes will likely continue strong as imports from Chile, the United States' major supplier of grapes, is expected to be smaller this winter.

California's avocado harvest in 2001/02 is expected to be 5 percent short of the large crop harvested during the previous season. Reduced production and the reported larger fruit size will help raise avocado prices this season.

Unseasonably warm weather from November through mid-December has hastened fruit maturity of this winter's (2002) early-season strawberry crop in Florida, resulting in much larger shipments than a year ago thus far. While prices early in the season averaged lower than last year, returns to growers were more profitable because larger volumes were shipped. By yearend, short-term supplies were affected by disruptions in harvesting as a result of freezing temperatures. Barring any other weather problems, supplies are expected to recover in the near-term.

Price Outlook

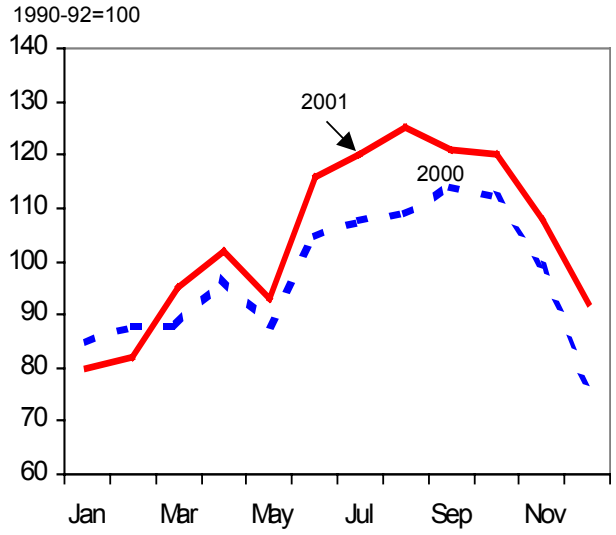
Higher Fruit Prices During Fall 2001 Likely To Continue This Winter

U.S. fruit growers received higher prices for their produce in the fall of 2001 compared with the previous year. Prices averaged higher for apples, pears, tangerines, tangelos, and fresh-market oranges, grapefruit, and lemons. Higher prices for these commodities boosted the grower price index for fruit and nuts during October to December 2001 to an average that is 12-percent above the October-December 2000 index (table 1). Most of these crops have a marketing season that extends through the following year, so fruit prices are expected to remain strong through the winter of 2002. This is particularly the case for crops with smaller harvests this past fall such as apples, pears, and fresh-market oranges and lemons.

Fresh apple prices averaged 20 percent higher during the fourth quarter of 2001 compared with the same period a year earlier. The smaller 2001 crop harvested this past fall and fresh-market apple holdings that are at a 10-year low are contributing to the stronger prices. Also helping to improve prices for this season are lower season-to-date imports of apples from Canada, a major supplier to the United States, particularly during the early part of the U.S. marketing season. Severe drought conditions affected yields in most apple-growing regions in Eastern Canada, resulting in lower apple production and exports. USDA's recent ban on Spanish clementines may have also created less competition for domestic fresh apple sales, thus improving apple prices, particularly over the holidays when Spanish clementines are in peak season. Although apple prices remained higher than a year ago, seasonal supply increases from the current crop forced fresh apple prices to trend downwards from a high of 24.2 cents per pound in October to 22.3 cents per pound in December. This downward movement in prices will likely continue through the first quarter of 2002 as it had in past years, especially with the competition from Chilean fruit imports.

With the smaller pear harvest this past fall and less competition from current apple supplies, fresh pear prices averaged 12 percent higher during the fourth quarter of 2001 than a year earlier. Lower carryover stocks will continue to boost prices above last year through the winter. As of January 1, 2002, cold storage stocks of fresh-market pears were down 5 percent from the same period a year ago, mainly reflecting lower stocks of other-than-Bartlett varieties, mostly utilized for fresh use. Although stocks of Bartlett pears were 28 percent higher during the same period, market demand appears strong as reflected in the dramatic reduction (down 58 percent) in the level of Bartlett stocks from December 1 to January 1. Similar to the seasonal movement in apple prices during the last 3 months of 2001, pear prices also trended down.

Figure 1
Index of prices received by growers for fruit and nuts



Source: National Agricultural Statistics Service, USDA.

Fresh strawberry prices improved from October through December, reflecting the winding down of California's marketing season and still limited supplies early in the Florida winter strawberry season. Grower prices in November and December of 2000 were unavailable for comparison. However, fourth-quarter 2001 prices averaged higher than fourth-quarter 1998 and 1999 prices. Central Florida f.o.b. prices (shipping-point basis) per flat of 12, 1-pint baskets of medium-large berries have already weakened from early-season levels. As the current Florida winter strawberry season which is expected to bring in larger volumes over last year comes in full swing around January and February, prices will likely average lower.

After averaging higher than a year ago through most of the summer, fresh grape prices averaged lower than a year earlier in October and November despite the smaller 2001 U.S. crop. However, prices gained strength again in December, averaging 13 percent higher than in December 2000 as harvesting for fresh consumption winded down.

Despite the forecast of larger crops of citrus for the 2001/02 marketing season, with the exception of lemons, fresh-market prices for most of these citrus crops averaged higher during the fourth quarter of 2001. Relative to last year, grower price increases were most significant for lemons (up 147 percent) and fresh-market oranges (up 58 percent) because of the very low prices received in 2000. In addition, while the overall 2001 U.S. orange crop is expected larger, California's smaller but high-quality crop this season points to lower fresh-market production. Overall it is the main supplier domestically. Thus far, higher fresh-market orange prices mainly represent prices of California navel oranges, which has a marketing season from November through June. Elsewhere, the bigger crop in Florida, the largest orange producer in the country, will likely drive down grower prices for processing oranges.

Fresh-market grapefruit prices averaged 10 percent higher during the fourth quarter of 2001 compared with the same period a year earlier. Prices were higher in October and November over last year as last season's crop winded down and new-crop supplies were still limited. As harvesting got underway, prices dropped to below a year ago in December and will likely continue to do so through the winter given this year's bigger crop. Processing grapefruit prices are also averaging lower thus far, but low juice stocks entering this season may help alleviate the downward pressure on prices.

At the retail level, fruit prices in the fall of 2001 also averaged higher than the year earlier, mostly mirroring the pattern in grower prices. The October-December Consumer Price Index (CPI) for fresh fruit averaged 2 percent higher than the 2000 October-December index (table 2). The stronger CPI reflects higher retail prices for apples, bananas, Thompson seedless grapes, grapefruit, and lemons. Although retail prices for fresh navel oranges during October-December 2000 were not reported, a 13-percent higher CPI for fresh oranges and tangerines this past fall compared with the previous year most likely

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

Commodity	2000			2001			2000-01 Change		
	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.
	---- Dollars per box -----						Percent		
Citrus fruit: 1/									
Grapefruit, all	4.77	2.80	2.35	5.29	3.06	2.30	10.9	9.3	-2.1
Grapefruit, fresh	6.00	4.76	4.00	7.55	4.88	3.86	25.8	2.5	-3.5
Lemons, all	4.94	2.29	1.76	20.37	19.34	11.36	312.3	744.5	545.5
Lemons, fresh	11.36	7.60	7.05	25.21	21.07	18.00	121.9	177.2	155.3
Oranges, all	1.50	2.69	2.46	5.12	3.19	3.44	241.3	18.6	39.8
Oranges, fresh	4.88	7.06	6.00	7.67	10.73	10.01	57.2	52.0	66.8
Noncitrus fruit:	---- Dollars per pound -----								
Apples, fresh 2/	0.218	0.185	0.181	0.242	0.233	0.223	11.0	25.9	23.2
Grapes, fresh 2/	0.345	0.375	0.375	0.300	0.300	0.425	-13.0	-20.0	13.3
Peaches, fresh 2/	--	--	--	--	--	--	--	--	--
Pears, fresh 2/	0.181	0.162	0.151	0.207	0.175	0.171	14.4	8.0	13.2
Strawberries, fresh	0.954	--	--	0.807	0.964	1.430	-15.4	--	--

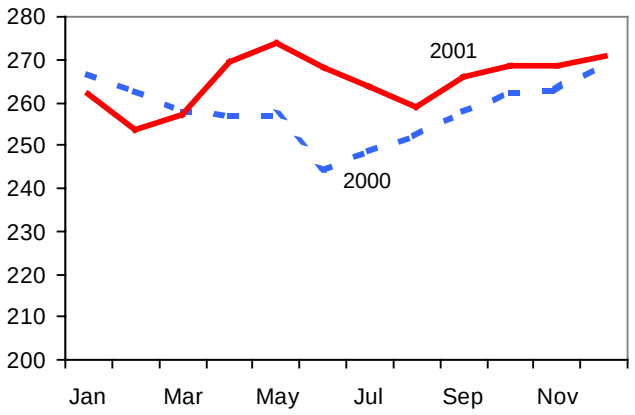
1/ Equivalent on-tree price.

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.

Figure 2

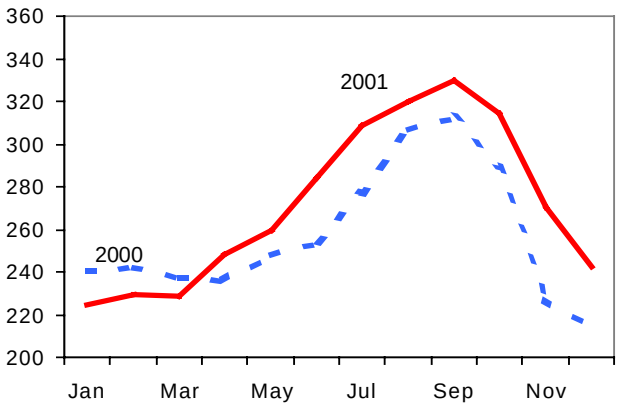
Consumer Price Index for fresh fruit



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

Figure 3

Consumer Price Index for fresh oranges*



* Includes tangerines.

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

indicates strong retail prices for fresh oranges. Also, the November-December 2001 average retail price for navels out performed any other average for the same period throughout the 1990s. Strawberry retail prices in October and November held strong as the 2001 California crop was not only smaller in volume over a year earlier but was coming to a close.

While mixed during the first half of 2001, banana prices remained consistently higher than the year earlier through the second half of last year as import shipments slowed. Industry reports of reduced world banana production in the near-term may mean continued lower imports and higher prices for this commodity in the United States in the coming months. Reduced crops of apples and lemons will continue to be reflected in higher prices in the coming months. While the harvest of grapes for fresh consumption has ended for 2001, retail prices for Thompson seedless grapes continue to be reported throughout the winter, mainly representing supplies of imported grapes. Retail prices for Thompson seedless grapes will likely continue to average higher than last year as imports from Chile, the United States' major supplier of grapes, is expected to be smaller this winter.

Table 2--U.S. monthly retail prices, selected fruit, 2000-2001

Commodity	Unit	2000			2001			2000-01 Change		
		Oct.	Nov.	Dec.	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.
		--- Dollars ---			--- Dollars ---			--- Percent ---		
Fresh:										
Valencia oranges	Lb	0.559	--	--	0.465	0.510	--	-16.8	--	--
Navel oranges	Lb	--	--	--	--	0.867	0.713	--	--	--
Grapefruit	Lb	0.706	0.592	0.581	0.730	0.672	0.598	3.4	13.5	2.9
Lemons	Lb	1.321	1.173	1.111	1.496	1.434	1.404	13.2	22.3	26.4
Red Delicious apples	Lb	0.899	0.833	0.816	0.894	0.915	0.893	-0.6	9.8	9.4
Bananas	Lb	0.496	0.479	0.487	0.503	0.509	0.505	1.4	6.3	3.7
Peaches	Lb	--	--	--	--	--	--	--	--	--
Anjou pears	Lb	--	--	--	--	--	0.984	--	--	--
Strawberries 1/	12-oz pint	1.619	--	--	1.996	2.137	2.526	23.3	--	--
Thompson seedless grapes	Lb	1.590	2.062	2.359	1.918	2.305	--	20.6	11.8	--
Processed:										
Orange juice, concentrate 2/	16-fl. oz	1.863	1.884	1.878	1.904	1.912	1.925	2.2	1.5	2.5
Wine	liter	5.400	5.539	5.412	6.385	6.085	5.948	18.2	9.9	9.9

-- 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.

U.S. Avocado Production Only Slightly Reduced In 2001/02

Not much affected by weather problems that hampered production of other fruit crops in 2001, California's avocado harvest in 2001/02 is expected to be only about 5 percent short of the large crop harvested during the previous season, according to the California Avocado Commission (CAC). If realized, this season's harvest will be the second largest (after 2000/01) since the record-large crop in 1992/93. Avocado prices will likely improve from last year not only because supplies are slightly reduced but also because the crop is reported to be of very good quality, with fruit size averaging larger than a year ago. Prices, however, will likely not surpass the very high prices received in 1998/99 and 1999/2000. This is most likely as the 5-percent reduction in domestic production will be partly offset by increased imports from Chile and Mexico, major suppliers whose export prospects for this season are projected higher due to expanded production.

California dominates production with over 85 percent of the U.S. crop, and harvesting usually begins in November and continues to the end of October. For this season, crop maturity returned to a more normal pattern following three consecutive years of later than normal maturity.

The 2000/01 California avocado crop totaled 426 million pounds (213,000 short tons), 32 percent larger than the prior year's crop and 57 percent larger than the crop in 1998/99 (table 3). It is also the largest crop since the record 568-million-pound crop in 1992/93. Although bearing acreage remained unchanged from the previous year at 59,000 acres, average yields in 2000/01 were about 32 percent higher. Grower prices averaged $1,470 per ton in 2000/01, down sharply from $2,110 per ton in 1999/2000 and $2,400 in 1998/99, the highest on record.

Table 3--Avocados: Production, season-average grower price, and value, by State, 1977/78 to 2000/01

Season	California			Florida			United States 2/		
1/	Production	Price	Value	Production	Price	Value	Production	Price	Value
	Short tons	Dollars/ ton	1,000 dollars	Short tons	Dollars/ ton	1,000 dollars	Short tons	Dollars/ ton	1,000 dollars
1977/78	107,000	740	79,180	10,700	690	7,383	117,700	735	86,563
1978/79	123,000	691	84,993	23,100	400	9,240	146,100	645	94,233
1979/80	75,000	1,496	112,200	27,300	597	16,298	102,300	1,256	128,498
1980/81	238,000	357	84,966	30,800	529	16,293	268,800	377	101,259
1981/82	157,000	689	108,173	25,800	501	12,926	182,800	662	121,099
1982/83	202,000	460	92,920	34,700	480	16,658	236,700	463	109,578
1983/84	247,000	370	91,390	27,000	460	12,409	274,000	379	103,799
1984/85	200,000	582	116,400	29,500	390	11,496	229,500	557	127,896
1985/86	160,000	1,020	163,200	28,500	576	16,415	188,500	953	179,615
1986/87	278,000	338	93,964	24,700	412	10,176	302,700	344	104,140
1987/88	180,000	1,140	205,200	29,000	312	9,048	209,000	1,030	214,248
1988/89	165,000	1,260	207,900	27,000	436	11,772	192,600	1,140	220,110
1989/90	105,000	2,280	239,400	33,500	332	11,122	139,050	1,800	250,940
1990/91	136,000	1,410	191,760	19,600	684	13,406	156,050	1,320	205,571
1991/92	156,000	1,170	182,520	28,300	476	13,471	184,720	1,060	196,386
1992/93	284,000	400	113,600	7,200	583	4,198	291,550	405	118,120
1993/94	139,000	1,810	251,590	4,400	820	3,608	143,650	1,780	255,418
1994/95	155,000	1,480	229,894	20,000	616	12,320	175,250	1,380	242,464
1995/96	171,000	1,370	234,831	19,000	596	11,324	190,250	1,300	246,428
1996/97	167,000	1,560	260,162	23,500	528	12,408	190,700	1,430	272,784
1997/98	154,000	1,710	263,473	24,000	584	14,016	178,250	1,560	277,754
1998/99	136,000	2,400	327,002	23,000	716	16,468	159,250	2,160	343,730
1999/00	161,000	2,110	339,594	22,000	748	16,456	183,300	1,940	356,410
2000/01	213,000	1,460	310,000	26,000	584	15,184	239,320	1,360	325,555

1/ Season beginning November 1 to November 30 (following year) for California and June 20 to February 28 for Florida.
2/ Includes Hawaii beginning 1988/89.
Source: National Agricultural Statistics Service, USDA.

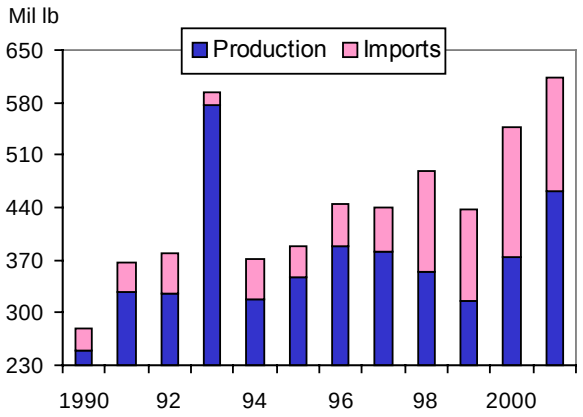
The Hass avocado is the leading variety in California, accounting for 91 percent of production. This is followed by Fuerte (1 percent) and other varieties (8 percent) such as Bacon, Gwen, Pinkerton, Reed, and Zutano. Hass will continue to dominate production during 2001/02, maintaining its varietal distribution share of 91 percent, according to CAC. While the Hass avocado is similar in some characteristics to other varieties (has good taste, easy to peel, and has excellent shelf life and shipping ability), the fact that it is the only variety produced year-round helps promote its popularity in the U.S. market.

Avocado production in Florida for the 2001/02 (April-March) marketing season is expected to be slightly smaller than the 2000/01 crop. The Florida Agricultural Statistics Service estimates commercial shipments at 45 million pounds, down 10 percent from shipments in 2000/01, but up from the previous 2 years. Except for some fruit scarring resulting from strong winds brought by Hurricane Michelle last October, avocado orchards in the State escaped any loss of fruit or damage to trees. Commercial shipments represent all of the State's production, excluding those that are for local fresh use. Commercial shipments from April through November were estimated at 39.9 million pounds, 89 percent of the total forecast for the State's commercial shipments.

Florida's 2000/01 avocado crop (52 million pounds) was 18 percent larger than the previous year and 13 percent larger than in 1998/99. Bearing acreage increased 2 percent to 6,000 acres and yields were also higher by 16 percent. The larger crop caused the average grower price to drop 22 percent, to $584 per ton. The price decline was large enough to offset the increase in crop size, resulting in a drop in the value of Florida's avocado crop to $15.2 million, down 8 percent from the previous year.

Over the last 5 years, domestic demand has accounted for 98 percent of U.S. avocado supplies. U.S. per capita consumption of fresh avocados reached 2.2 pounds in 2000/01, the highest level in the last 10 years. Consumption, up sharply during the 1980s, trended downward during the early 1990s following the 1990 California freeze that lowered production for several seasons. As production recovered gradually, so did consumption, particularly beginning in the mid-1990s. Although attributed in great part to the rise in the Hispanic population in the country,

Figure 4
U.S. fresh avocado production and imports



Source: National Agricultural Statistics Service, USDA.

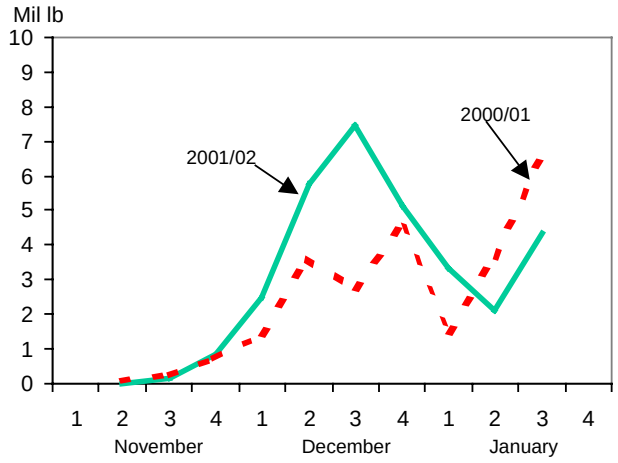
other factors such as rising consumer interest in healthy foods and trying new or ethnic products have also played a role in the growing demand for avocados in the United States. Due to strong domestic demand and the opening of the U.S. market to Mexican avocados in 1997, imports, although still smaller than domestic production, have risen dramatically over the last decade from 10 percent of domestic supplies in 1990 to over 25 percent in the last few years.

Despite the large 2000/01 U.S. crop, U.S. avocado imports from November 2000 through October 2001 were 16 percent higher than the volume during the same period the year before. Among the main suppliers, imports were up sharply from Chile, but down from Mexico and the Dominican Republic. As indicated earlier, U.S. avocado imports will likely increase in 2001/02 given the expected smaller domestic crop and increased production in Chile and Mexico. Export prospects for Mexico are even brighter now following the expansion of both the locations to and the period for which they can ship avocados into the United States, its largest export market.

Florida's Winter Strawberry Shipments Running Well Ahead of Last Year

Unseasonably warm weather from November through around mid-December 2001 has hastened fruit maturity of this winter's (2002) early-season strawberry crop in Florida, resulting in much larger

Figure 5
Weekly shipments of fresh strawberries from Florida



Source: Agricultural Marketing Service, USDA.

volumes shipped to markets compared with the same time a year earlier. Last winter, Florida produced 169.0 million pounds of strawberries, down from the record-large crop of 220.5 million pounds in 2000. For this winter, Florida strawberry acreage is forecast at 6,900 acres, 6 percent larger than in 2001 and 10 percent larger than 2000. Limited quantities were shipped from the State beginning around mid-November but shipments began to surpass the previous season's weekly shipment volumes during the last week of the month. F.o.b. prices in Central Florida (shipping-point basis) by late November ranged from $20.50 to $24.90 per flat of 12, 1-pint baskets of medium-large berries. F.o.b. prices this time in 2000 ranged from $26.75 to $28.75 per flat. By early-to-mid December, volumes were swelling and prices dropped to a range of $8.90 to $10.90 per flat. While prices averaged lower than last year early in the season, returns to growers were more profitable than last year because they were able to ship much more volume at the time when prices were at a premium and shipments from California, the major producer, were winding down.

Despite the good start for this season, growers were becoming concerned that continued warm weather would prevent the crop from producing more berries, affecting supplies later in the season. (Florida shipments typically peak around February and March). Growers were also concerned for the quality of the late-season crop because a more prolonged period of warm weather could reduce the amount of sugar produced by the berries. The lack of sweetness in berries makes it less appealing to consumers. By the third week of December, however, temperatures started to drop, diminishing some of these concerns.

Freezing- to near-freezing temperatures and plenty of rainfall occurred during December 30 through January 5. The crop escaped major damage as growers operated overhead sprinklers to form ice caps on plants as protection from the cold temperatures. While remaining ahead of last year, shipments in late-December and early into the new year declined dramatically, with prices improving. As of January 2, f.o.b. prices ranged from $12.90 to $14.90 per flat of 12, 1-pint baskets of medium-large berries and by January 16, f.o.b. prices rose to $14.90-$15.90. While the cold front slowed berry development, short-term supplies were also affected by the disruption in harvesting as growers allowed their fields to dry from the frost-protecting irrigation.

Barring any other weather problems, supplies from Florida are expected to recover in the near-term, likely forcing prices into a seasonal decline. Prices are also likely to average lower than a year ago through much of the winter due to the much larger supplies. Florida's fresh strawberry shipments from November 11, 2001, through January 12, 2002, as reported by USDA's Agricultural Marketing Service-Market News, were 48 percent ahead of the same period last year.

Early indications from the California Strawberry Commission suggest a likely 5-percent increase in California's strawberry acreage and production. Significant shipments from California start entering the market around February and March, although the heaviest volumes normally occur from April through June. California grows over 1 billion pounds of strawberries each year, about 83 percent of the U.S. strawberry crop. During 2001, California produced 1.41 billion pounds, down 7 percent from the previous year.

2001 Noncitrus Fruit Production Down from Previous Year

The 2001 utilized production of noncitrus fruit was estimated at 16.7 million short tons, down 12 percent from 2000 (table 4). Weather factors such as drought conditions, early-season frosts, and hailstorms affected yields in major fruit production areas, particularly California and Washington—large

producers in the western portion of the United States. These same factors also reduced production in key eastern fruit-producing States. U.S. utilized production decreased for all noncitrus crops except cultivated blueberries, red raspberries, cherries, dates, nectarines, olives, papayas, pears, and plums. Nearly 75 percent of utilized production came from the harvest of grapes, apples, and peaches. Utilized production for all three of these crops were down 15 percent, 11 percent, and 7 percent, respectively.

The preliminary estimate of the value of noncitrus fruit production for 2001 was $7.8 billion, down 1 percent from the previous year. Of the three leading noncitrus crops, grower price increases were more than enough to offset production declines for apples and peaches but not for grapes. As a result, the value of apple and peach production increased 14 percent and 1 percent, respectively, but the value of grape production decreased 9 percent. While the lower grape crop value had much of an impact on the overall decline in the value of the 2001 noncitrus fruit production, price increases were also not significant enough to offset production decreases for boysenberries, figs, pineapples, and strawberries. In addition, reduced production and lower grower prices for apricots, blackberries, wild blueberries, loganberries, black raspberries, and California prunes contributed to the overall decline. Meanwhile, growers received higher prices for red raspberries, dates, nectarines, olives, and pears despite increased production.

Table 4--Utilized production and value of noncitrus fruit, United States, 1999-2001

	Utilized production			Value of utilized production		
Crop	1999	2000	2001	1999	2000	2001
	--1,000 short tons--			--1,000 dollars--		
Apples	5,223.3	5,201.1	4,606.3	1,563,582	1,325,641	1,514,301
Apricots	90.5	87.8	75.2	35,377	32,346	26,472
Avocados	183.3	239.3	3/ 226.1	356,410	325,555	5/
Bananas, Hawaii	12.3	14.5	14.0	8,575	10,440	10,640
Berries 1/	198.3	229.1	213.7	316,064	327,940	299,228
Cherries, sweet	213.3	204.0	219.0	234,879	274,225	281,024
Cherries, tart	127.1	140.7	154.1	55,505	52,488	50,703
Cranberries	316.7	273.9	240.0	108,773	96,211	110,125
Dates, California	22.2	14.5	17.5	27,528	17,835	27,825
Figs, California	47.3	55.9	41.3	12,685	15,226	15,183
Grapes	6,234.7	7,687.3	6,520.3	2,926,910	3,072,217	2,794,241
Guavas, Hawaii	5.4	8.0	3/ 6.7	1,284	2,051	5/
Kiwifruit, California	24.0	30.5	22.5	15,215	13,888	5/
Nectarines, California	274.0	267.0	275.0	112,497	106,256	127,642
Olives, California	142.0	53.0	134.0	55,011	34,743	90,096
Papayas, Hawaii	21.2	27.3	27.5	15,929	16,007	14,130
Peaches	1,216.7	1,254.4	1,169.5	462,836	489,116	495,944
Pears	1,013.4	949.2	968.3	298,009	250,273	290,155
Pineapples, Hawaii	352.0	354.0	323.0	101,448	101,530	96,377
Plums, California	196.0	197.0	210.0	82,041	87,115	66,443
Prunes, California	478.5	625.1	372.4	142,065	154,770	101,080
Plums & prunes 2/	21.6	22.0	19.6	4,500	5,247	5,380
Strawberries	916.3	978.7	833.2	1,133,412	1,085,590	1,085,405
Total	17,330.1	18,914.3	4/16,689.6	8,070,535	7,896,710	7,840,194

1/ Berries include cultivated and wild blueberries, cultivated blackberries, boysenberries, loganberries, black and red raspberries, and all California raspberries. 2/ Idaho, Michigan, Oregon, and Washington. 3/ NASS data available on May 10, 2002. The avocado production for 2001 is based on estimates from the California Avocado Commission, Florida Agricultural Statistics Service, and ERS. The guava production estimate is an average of 1999-2000 production. 4/ Total estimates based on estimates for avocado and guava production. 5/ Uses 2001 production and 2000 prices to compute estimated value of 2001 crop of avocados, guavas, and kiwifruit. Source: National Agricultural Statistics Service, USDA.

Fruit and Tree Nut Trade Outlook

With the smaller 2001 harvest and anticipated higher prices, season-to-date exports of fresh-market apples, pears, and strawberries are running behind the previous season (table 5). Both fresh-market orange and lemon exports are also lower in volume thus far, reflecting the expected smaller crops for California oranges and lemons in 2001/02. Due to strong domestic demand, the rate of decline in exports, particularly for apples, strawberries, oranges, and lemons, is outpacing the expected rate of decline in domestic production.

Season-to-date (August-November) U.S. apple exports were down to Canada and to Mexico, both major markets in North America. Reduced production in the European Union (EU), particularly in the large-producing countries such as Germany, France, and Italy, has helped boost shipments of U.S. apples to this region thus far. Exports to key Asian markets, however, are down, notably to Taiwan and Hong Kong. Although season-to-date shipments to the Philippines were lower, the country's ban on most fruit and nut imports from China effective October 11, 2001, may have opened more opportunities for U.S. apple exports. U.S. exports most probably benefited from this ban during the holiday season because imported fruit are typically in high demand among Filipinos during this period as popular gift items. In Japan, the expected larger domestic apple crop and the continued sluggish performance of their economy are some of the factors keeping U.S. shipments to this market behind a year ago.

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

Commodity	Marketing season	Season-to-date (through November) 2000	Season-to-date (through November) 2001	Year-to-date change
		--- 1,000 pounds ---		Percent
Fresh-market:				
Oranges	November-October	64,050	37,376	-41.6
Grapefruit	September-August	143,234	147,670	3.1
Lemons	August-July	67,815	58,718	-13.4
Apples	August-July	506,784	440,444	-13.1
Grapes	May-April	561,985	572,623	1.9
Pears	July-June	188,049	178,356	-5.2
Peaches (including nectarines)	January-December	252,391	290,052	14.9
Strawberries	January-December	134,343	125,062	-6.9
Sweet cherries	January-December	78,949	84,021	6.4
		--- 1,000 gallons ---		
Processed:				
Orange juice, frozen concentrate	October-September	6,592	6,485	-1.6
Orange juice, not from concentrate	October-September	9,551	7,683	-19.6
Grapefruit juice	December-November	35,491	37,456	5.5
Apple juice and cider	August-July	2,185	2,688	23.0
Wine	January-December	66,616	70,057	5.2
		--- 1,000 pounds ---		
Raisins	August-July	101,464	94,088	-7.3
Canned pears	June-May	4,207	7,324	74.1
Canned peaches	June-May	15,428	9,930	-35.6
Frozen strawberries	January-December	39,884	39,566	-0.8
		--- 1,000 pounds ---		
Tree nuts:				
Almonds (shelled basis)	August-June	227,240	257,498	13.3
Walnuts (shelled basis)	August-July	56,864	59,248	4.2
Pecans (shelled basis)	July-June	9,977	8,828	-11.5
Pistachios (shelled basis)	September-August	6,894	9,334	35.4

-- = No data.

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

Season-to-date (July-November) shipments of U.S. fresh pears to the industry's largest export market, Mexico, were down 15 percent from the same period a year ago. Besides the smaller U.S. crop and higher prices, lower shipments are likely a result of the expected increased production in Mexico. The demand for fresh pears in Canada, also a major market for the United States, appears strong as imports are up despite increased domestic production. As for other key U.S. markets, exports remain strong to Taiwan and Venezuela but weak to Brazil due to its economic difficulties.

With the exception of shipments to Mexico, U.S. fresh strawberry exports (January-November) were down to major markets, including Canada, Japan, and the United Kingdom. U.S. exports of frozen strawberries were also lower as shipments declined to primary markets, notably Japan and Canada. Canada is a net importer of strawberries, with imports accounting for about 70 percent of domestic fresh strawberry supplies. Because most fresh strawberries imported into Canada come from the United States, Canadian consumers are finding the imported berries to be more expensive, especially as the Canadian dollar remains weak relative to the U.S. dollar. Shipments of frozen strawberries to Canada were lower, partly due to Canada's larger crop and higher beginning stocks during 2001. Meanwhile, U.S. shipments of frozen strawberries to Japan continue to face increased competition from relatively lower cost berries produced in China.

Season-to-date exports have held strong for fresh grapes, peaches, and sweet cherries, most of which were shipped during the summer months. Although domestic supplies were reduced by the smaller 2001 crops, strong demand internationally and good quality fruit from the U.S. crops helped boost exports for the season, especially for grapes and peaches. U.S. sweet cherries, on the other hand, were produced at much larger quantities during 2001, increasing the amount available for export. Sweet cherry shipments to Canada, the United Kingdom, and Hong Kong were higher, offsetting reduced shipments to Japan, the United States' primary export market, and to Taiwan, another large market in East Asia.

Expected larger U.S. citrus crops (except lemons) and good quality fruit will allow for sufficient supplies for exports during the 2001/02 marketing season. The smaller California orange crop, however, will limit the amount of fresh oranges for export as it is the Nation's dominant supplier of fresh-market oranges. Larger sizes for this season's oranges and grapefruit will help boost international demand, particularly in the major Asian markets where there is a preference for larger fruit. Season-to-date (September-November) exports of fresh grapefruit are up 22 percent, reflecting mostly increased exports to the EU. Early-season exports of fresh oranges, mostly navels, are down 42 percent, with lower shipments to its top three markets—Canada, Japan, and Hong Kong.

With larger supplies available for export, U.S. almond exports for the 2001/02 season thus far (August-November) are above last year. Because almonds make up nearly 70 percent of U.S. tree nut exports, the larger almond shipments to foreign markets, especially to the EU, India, Japan, and Canada, are holding total U.S. tree nut exports higher than a year ago this season. The inventory of pistachio nuts at the end of the 2000/01 season was up substantially from the previous season due to the record-large crop harvested in the fall of 2000. These very large stocks are keeping pistachio exports up thus far this season (September-November), despite the expected smaller crop harvested this past fall.

At the height of the Spanish clementine season, USDA's Animal and Plant Health Inspection Service (APHIS) banned imports of clemetines from Spain after inspectors detected multiple cases of live Mediterranean fruit fly larvae. Live detections were found and confirmed in food stores in North Carolina, Maryland, and Louisiana. All shipments that have not left the port and shipments that were still in transit from Spain are affected by this ban. The ban also included the removal of product from retail shelves in 20 States. Following investigation of Spanish inspection and control protocols, USDA is still unable to determine the cause of Spain's failure to control the Mediterranean fruit fly. The ban is expected to continue through the remainder of the import season and because Spain provides the bulk of clementine supplies in the United States, availability in U.S. markets will likely be down significantly from last year.

Imports of Spanish clementines increased consecutively over the last 7 years prior to 2001. Because of its popularity here in the United States, especially over the holiday season (heavy volumes

enter the U.S. market from November through January), future imports of Spanish clementines are likely to recover and grow once the import ban is lifted. Meanwhile, while the ban is still in effect, its absence in most U.S. markets will likely provide market opportunities for domestic fruit that are in season, such as apples, pears, oranges, and tangerines.

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

Commodity	Marketing season	Season-to-date (through November) 2000	Season-to-date (through November) 2001	Year-to-date change
		--- 1,000 pounds ---		Percent
Fresh-market:				
Oranges	November-October	209	522	149.8
Tangerines	October-September	3,044	2,310	-24.1
Lemons	August-July	36,874	40,139	8.9
Limes	September-August	102,514	20,726	-79.8
Apples	August-July	61,810	49,421	-20.0
Grapes	May-April	226,007	189,392	-16.2
Pears	July-June	15,078	15,670	3.9
Peaches (including nectarines)	January-December	81,995	104,054	26.9
Bananas	January-December	8,224,008	7,734,146	-6.0
Mangoes	January-December	493,527	501,258	1.6
		--- 1,000 gallons ---		
Processed:				
Orange juice, frozen concentrate	October-September	48,616	36,955	-24.0
Apple juice and cider	August-July	101,207	115,049	13.7
Wine	January-December	111,491	119,069	6.80
		--- 1,000 pounds ---		
Canned pears	June-May	1,383	12,329	791.5
Canned peaches	June-May	57,315	62,509	9.1
Canned pineapple	January-December	642,520	593,120	-7.7
Frozen strawberries	January-December	76,325	72,281	-5.3
		--- 1,000 pounds ---		
Tree nuts:				
Brazil nuts (shelled basis)	January-December	29,586	23,832	-19.4
Cashews (shelled basis)	January-December	172,456	175,743	1.9
Pine nuts (shelled basis)	January-December	3,877	6,513	68.0
Pecans (shelled basis)	July-June	19,167	8,282	-56.8

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

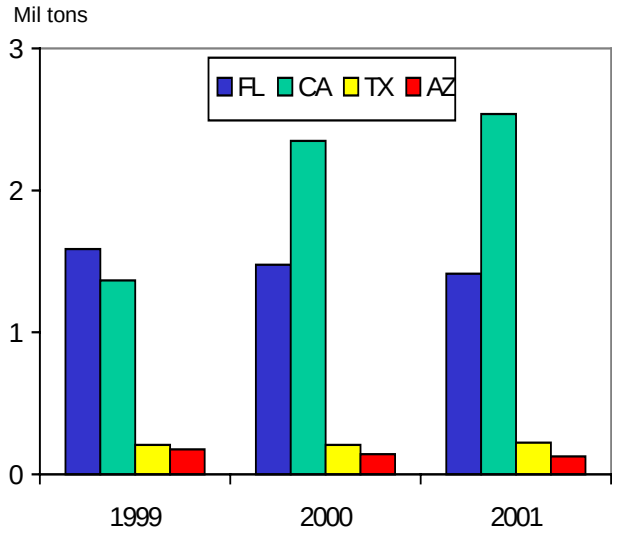
Commodity Highlight

Oranges: The Most Consumed Fruit in America

The orange is believed to have originated in southern China and Southeast Asia and was first brought to the United States by Columbus. The first established orange trees were in Florida. Production is now concentrated in Florida, producing 81 percent of the U.S. crop in 2000/01, while California has 18 percent, Arizona 0.3 percent, and Texas 0.7 percent.

U.S. orange production is the second largest in the world, behind Brazil. In the United States, there is a distinct dichotomy in the industry's production and marketing. In California and Arizona, the majority of the fruit is sold in the fresh market, while in Florida, most of the fruit is grown for processing, mostly to make juice. The origin of this dichotomy comes about naturally. In the western States, the climate is dry and nights during the growing season (the winter months) tend to be cool. As a result, the oranges are not very juicy and have thick skins. Also due to the climate, skin bruising is minimal during most seasons. These oranges are perfect for the fresh market because they are easily shipped with good appearance and are more likely to meet consumer expectations for the fresh market.

Figure 6
Fresh-market oranges: Production by State



Source: National Agricultural Statistics Service, USDA.

The climate in Florida is moist and warm. As a result, its oranges are juicy and thin-skinned. The thinner skin, often with minor blemishes due to moisture and wind, does not ship as well as the thicker skinned fruit, and the more blemished skin is less desirable by consumers. As a result, the

Table 7--Oranges: Production by State, 1989/90 to date

Season 1/	Florida	California	Texas	Arizona	United States 2/
			-- 1,000 short tons --		
1989/90	4,958	2,677	51	59	7,745
1990/91	6,822	961	3/	65	7,848
1991/92	6,291	2,528	1	89	8,909
1992/93	8,397	2,505	22	69	10,992
1993/94	7,848	2,385	23	71	10,329
1994/95	9,248	2,100	45	39	11,432
1995/96	9,149	2,175	40	62	11,426
1996/97	10,179	2,400	60	53	12,692
1997/98	10,980	2,588	65	38	13,670
1998/99	8,370	1,350	61	43	9,824
1999/00	10,485	2,400	71	41	12,997
2000/01	10,049	2,213	95	34	12,390

1/ Season beginning November-Arizona and California, and October-Florida and Texas.

2/ Some totals may not add due to rounding.

3/ Due to the severe freeze of December 1989, no commercial supplies were harvested.

Source: National Agricultural Statistics Service and Economic Research Service, USDA.

processing industry is concentrated in Florida, and most oranges are now grown for processing.

California Leads in Fresh-Market Oranges

In the western States, most oranges are of the navel and Valencia varieties. The navel oranges are the first to enter the market in late October or early November. American consumers tend to prefer the navel orange over other fresh varieties. Navel oranges comprised about 61 percent of California's and Arizona's orange crop in 2000/01. The Valencia orange is the other major variety for the fresh market. They enter the market after most of the navels have been harvested and sold, usually in mid-March. Valencias are in the market through much of the remainder of the year and must compete with other summer fruit, such as cherries, peaches, and plums.

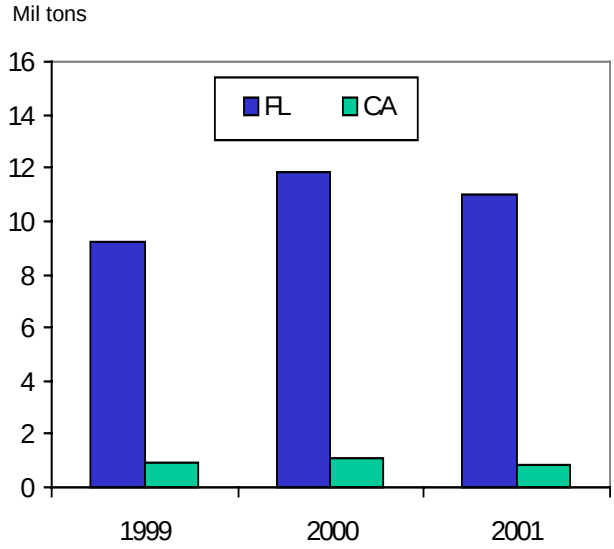
During an average season, about 80 percent of the oranges grown in California and Arizona are sold for fresh use. The remaining 20 percent are unacceptable for the fresh market or are oversupply and are sold for processing. While growers in these States can average about $8 per 76-pound box for fresh oranges during an average season, they are not able to cover their production and transportation costs for those oranges that they sell for processing. As a result, growers averaged a loss of about $2 per box over the past two seasons. Growers still market these oranges because they have already been harvested and they are trying to minimize their losses.

Florida is for Orange Juice

There are several orange varieties grown in Florida. Florida grows a small quantity of navel oranges that are mostly sold in the fresh market either locally or to eastern States. Oranges for processing are divided up into the early and mid-season and late varieties. Among the early- mid-season varieties are Ambersweet, Hamlin, pineapple, and Temple. The major late variety is the Valencia.

Processors use a combination of the different varieties to create specific blends of juice, depending on their customers. Some processors produce their own juice, however, many produce for either a large, brand name company, for private labels such as grocery stores, or bulk. There are over 20 processors producing orange juice in Florida this season.

Figure 7
Processing oranges: Production in Florida and California



Source: National Agricultural Statistics Service, USDA.

The production of orange juice for the mass market really came about in the 1940s. Prior to that there was canned juice or else fresh squeezed. During the forties, researchers for the U.S. Department of Agriculture's Agricultural Research Service created frozen concentrated orange juice (FCOJ) as a way of providing fruit to soldiers during World War II. After the war, the juice became popular in U.S. households as consumers found it more convenient than squeezing the fruit themselves. FCOJ reigned for the next 50 years.

In the 1990s a new form of orange juice became available to American consumers, not from concentrate orange juice (NFC), sold in cartons and ready to consume. During the economic boom of the nineties, NFC took hold. Consumers changed their preference at the retail level for NFC over FCOJ, despite the price disparity of about $2.50 per gallon during the 1999/2000 season.

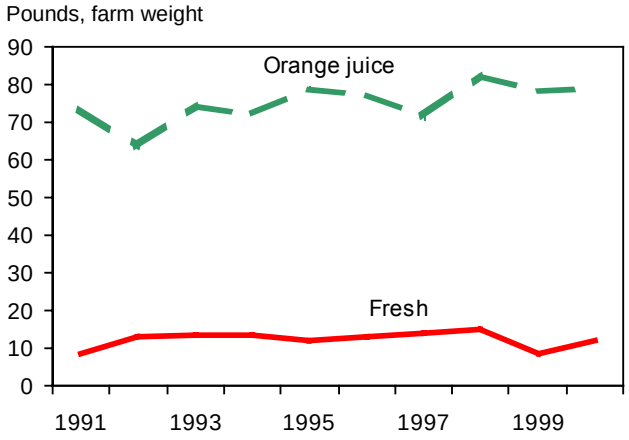
While NFC is popular at the retail level, frozen concentrate is sold to the food service industry and for institutional use. It is also shipped to northeastern States where it is reconstituted, mostly by dairies, into ready-to-serve orange juice, which is sold much like NFC.

Juice Drives Orange Consumption

Americans consume more oranges than any other fruit. For all uses, orange consumption averaged 91.5

Figure 8

Per capita orange consumption, 1990-2000



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

pounds in 2000. Much of this consumption took place as juice. An average American consumed 5.8 gallons (single-strength equivalent) of orange juice, equal to 79.5 pounds of fruit. Consumed fresh, Americans ate an average of 12 pounds in 2000, still well behind bananas and apples.

Purchased orange juice is mostly an American phenomenon. The United States leads the world in orange juice consumption from processed orange juice. In most other countries, consumers still buy fresh oranges and squeeze their juice at home. Purchasing processed orange juice, however, is growing in popularity in Europe and Japan as consumers in these countries look for more convenience.

The United States is the leader in exports of NFC orange juice, much of which goes to Canada, followed by the European Union, Mexico, Japan, and Singapore. While some single-strength orange juice is produced in Spain and Italy, it is not enough to meet the growing demand in the region. Brazil remains the leading producer and exporter of FCOJ. The majority of the FCOJ it produces is exported to the EU or the United States, since the United States does not produce enough juice to meet all its domestic needs. The U.S. industry's reliance on Brazilian FCOJ has declined in recent years as Florida's production has increased. While it is still necessary to import from Brazil, the U.S. dependence on imports as a share of consumption has declined from a high of 52 percent in 1985 to 21 percent in 2000.

During seasons with production shortfalls in Florida, usually due to weather-related problems, the share of imports as a proportion of domestic consumption can be expected to be somewhat higher than 21 percent, depending on stocks on hand. A high proportion of imports in 1985 was a result of production shortages in 1984 and 1985 due to the 1983 freeze.

Oranges for fresh use are almost all domestically grown. During an average season, California's and Arizona's crops are sufficient to meet the needs of Americans and still export about a quarter of the crop, mostly going to Canada, Japan, Hong Kong, South Korea, Malaysia, and China.

During the 1999/2000 season, a December freeze destroyed about half of California's crop and many packers turned to imports to meet end-of-season demand. Since then imports from Australia have grown, with shipment occurring mostly during the time Valencia oranges are in the market. Importers are able to obtain navel oranges from Australia because they are on an alternate season and they are able to get top prices at the retail level because demand for navels exceeds that for Valencia. As a result, orange imports may become an increasingly more important part of the U.S. fresh orange market, especially during the spring months.

Contacts and Links

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Data Tables

The following links provide the tabular data on fruits associated with this issue of the Fruit and Tree Nuts Outlook. You may choose links for Excel 97 workbook (spreadsheet) tables.

Compilations:

1. Apple production and price
XLS file:
http://www.ers.usda.gov/publications/fts/Jan02/Apple.xls

2. Grape production and price
XLS file:
http://www.ers.usda.gov/publications/fts/Jan02/Grape.xls

3. Peach production and price
XLS file:
http://www.ers.usda.gov/publications/fts/Jan02/Peach.xls

4. Pear production and price
XLS file:
http://www.ers.usda.gov/publications/fts/Jan02/Pear.xls

5. Strawberry production and price
XLS file:
http://www.ers.usda.gov/publications/fts/Jan02/Strawberry.xls

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.