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Fruit and Tree Nuts Outlook

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2007/08 U.S. Citrus Crop Forecast To Reach 12.5 Million Tons

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Approved by the World Agricultural Outlook Board

The index of prices received by fruit and nut growers dropped below last year's indices in June and has remained lower each month through October. Fresh orange, grapefruit, and apple grower prices were lower for September and October 2007 compared with the same time last year, but fresh lemon prices were higher. On the other hand, the Consumer Price Index for fresh fruit rose this September and October over last year, with higher prices for fresh lemons and bananas.

The 2007/08 U.S. citrus crop is forecast at 12.5 million tons, 22 percent higher than last season. Most of the increase is due to bigger orange and tangerine crops, while both the grapefruit and lemon crops are forecast to be smaller.

California is forecast to produce 2.2 million tons of oranges in 2007/08, 29 percent more than last year's freeze-damaged crop. Most of California's oranges go to fresh use. Florida's orange crop, most of which is processed, is forecast to reach 7.6 million tons in 2007/08. If realized, it would be the biggest crop since 2003/04, but still small compared with recent pre-hurricane season crops.

Grapefruit production for the 2007/08 season is forecast at 1.5 million tons, 5 percent lower than 2006/07, and the smallest crop since 1912, excluding the hurricane-damaged Florida crops in 2004/05 and 2005/06. Florida's crop, which accounts for about 70 percent of U.S. grapefruit production, is forecast to decline 8 percent from last season, to 1.1 million tons. Texas grapefruit production is forecast at 272,000 tons, 4 percent lower than last season, but the second biggest crop since 2000/01.

Lemon production is forecast at 684,000 tons for 2007/08. California's production is forecast to be 3 percent higher than last season, and Arizona's production is forecast to be 40 percent lower.

The 2007/08 tangerine crop is forecast to total 433,000 tons, 28 percent higher than last season. While Florida is expected to have a bigger crop than last season, it would be smaller than 2005/06. California's crop is forecast to be 61 percent bigger than last season and 30 percent bigger than 2005/06.

Price Outlook

Prices Received By Fruit and Nut Growers Remain Below Last Year

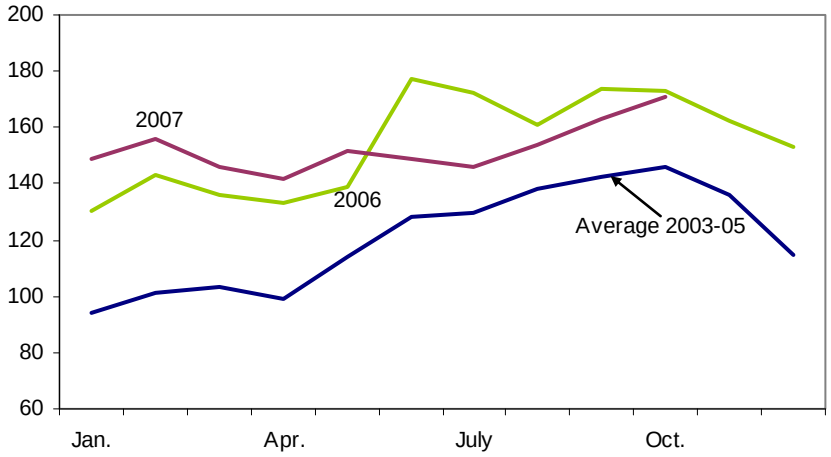
The index of prices received by fruit and nut growers dropped below last year's indices in June and has remained lower each month through October (fig. 1). While the index rose in both September and October, it has been averaging 9 percent a month below last year during the 5-month period.

The index rose from August to September to 163 (1990-92=100) and again in October to 171. While below last September and October, these indices are considerably higher than previous years, indicating that although growers are receiving prices below last year, they are above average prices for the commodities harvested at this time of year.

Citrus fruit for the 2007/08 season just began entering the market in late September, early October. The earlier start to California's fresh orange season, along with a good-sized crop, helped bring down orange prices this September and October over the same time last year (table 1). At the same time, tight lemon supplies from Arizona and the desert regions of California have driven all lemon, and especially fresh lemon prices higher from a year ago. In September, fresh lemon prices reached $46.10 per 76 pound box, 47 percent higher than last September and the highest September price on record. Prices increased another 4 percent between September and October to $48.04 per box, setting still another record. While lemon prices are likely to come down from these highs as the season progresses and move more into California's major production regions, prices are likely to remain high through the 2007/08 season.

Apple harvesting began on time this season after last season's late start. Because of the late start last season, prices were higher than usual for September and October. This year's prices, while still higher than usual for September and October, are lower than last year's very high prices.

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



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

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

Commodity	2006		2007		2006-07 Change	
	September	October	September	October	September	October
	Dollars per box				*Percent*	
Citrus fruit: 1/						
Grapefruit, all	11.38	11.17	8.49	10.16	-25.4	-9.0
Grapefruit, fresh	12.78	15.15	9.74	11.74	-23.8	-22.5
Lemons, all	27.80	28.83	32.37	34.71	16.4	20.4
Lemons, fresh	31.32	34.04	46.10	48.04	47.2	41.1
Oranges, all	17.96	13.89	7.93	5.24	-55.8	-62.3
Oranges, fresh	22.04	16.87	12.83	9.06	-41.8	-46.3
	Dollars per pound					
Noncitrus fruit:						
Apples, fresh 2/	0.420	0.362	0.379	0.361	-9.8	-0.3
Grapes, fresh 2/	0.455	0.415	0.435	0.520	-4.4	25.3
Peaches, fresh 2/	--	--	--	--	--	--
Pears, fresh 2/	0.142	0.284	0.170	0.264	20.1	-7.2
Strawberries, fresh	0.776	0.729	0.574	0.686	-26.0	-5.9

1/ Equivalent on-tree price.
2/ Equivalent packinghouse-door returns for CA, NY (apples only), OR (pears only), and WA (apples, peaches, and pears). Prices as sold for other States.
Source: USDA, National Agricultural Statistics Service, *Agricultural Prices*.

Consumer Price Index for Fresh Fruit Rose Seasonally In September and October

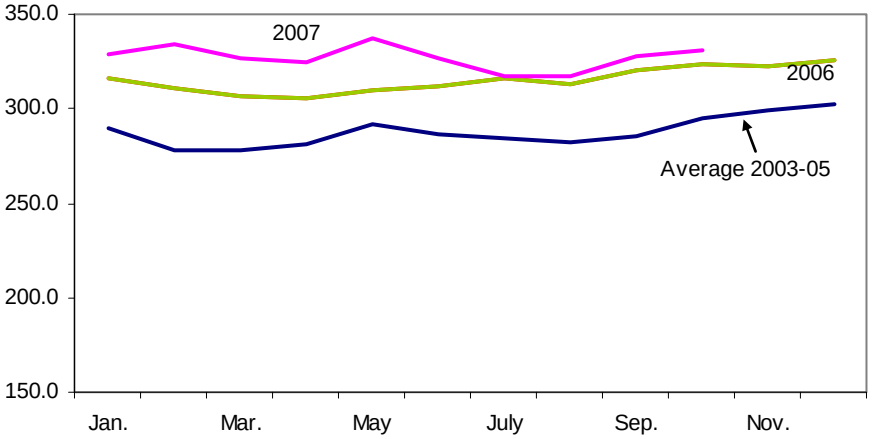
The Consumer Price Index (CPI) for fresh fruit rose 3 percent between August and September to 327.5 (1982-84=100) and 1 percent between September and October to 330.8, as new-season fall fruit enter the retail sector (fig. 2). The index typically increases in the early fall as harvesting moves away from summer fruit and turns to the fall crops, such as apples and citrus fruit. This September and October prices averaged about 2 percent higher than the same months last year. The index is being driven by higher retail prices for lemons, bananas, and navel oranges, offsetting lower prices for Red Delicious apples, strawberries, Thompson seedless grapes, and grapefruit.

Fresh banana prices averaged $0.51 per pound this September and October up from $0.48 last year. Since almost all the banana consumed in the United States are imported, the cost of transportation plays an important role in retail prices. Higher fuel prices this fall are being passed along in the prices consumers are paying for their bananas.

Navel orange prices are also higher this September and October over last year. Although this season's navel crop matured earlier than last, with more fruit in the marketplace early in the season, most of the oranges in September and early October would still include imports. Orange imports this September were below the amount imported last September, resulting in tight supplies and increasing prices. While October 2007 trade data are not yet available, imports are still likely to be below last year, and although there was California fruit in the market by mid-October, supplies were still tight and prices were high.

Although retail apple prices were lower this September and October than the same months in 2006, prices were higher than average for this time of year. Last season's late harvest resulted in very high prices at the beginning of that season, with record prices for the 2-month period. However, the smaller 2007 crop, along with tight inventories at the beginning of this season, kept prices higher than average for this time of year. Fresh Red Delicious apple retail prices in September throughout the 2000s, excluding last season, averaged $0.98 per pound; and for October, they averaged $0.94 per pound. This September, the retail price for Red Delicious apples was $1.178 per pound, 20 percent higher than the 2000 average; in October, the price dropped to $1.083 per pound 8 percent lower than September, but 15 percent higher than the 2000 average price.

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



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

Table 2--U.S. monthly retail prices, selected fruit, 2006-07

Commodity	Unit	2006		2007		2006-07 Change	
		September	October	September	October	September	October
		--- *Dollars* ---		--- *Dollars* ---		--- *Percent* ---	
Fresh:							
Valencia oranges	lb	1.077	--	1.066	1.043	-15.1	-8.3
Navel oranges	lb	1.483	1.423	1.503	1.542	--	--
Grapefruit	lb	1.228	1.235	1.032	1.144	-16.0	-7.4
Lemons	lb	1.650	1.775	1.819	2.015	10.2	13.5
Red Delicious apples	lb	1.256	1.138	1.178	1.083	-6.2	-4.8
Bananas	lb	0.479	0.489	0.505	0.508	5.4	3.9
Peaches	lb	1.485	--	1.450	--	-2.4	--
Anjou pears	lb	--	--	--	--	--	--
Strawberries 1/	12-oz pint	2.019	2.405	2.004	2.284	-0.7	-5.0
Thompson seedless grapes	lb	1.846	2.230	1.612	2.114	-12.7	-5.2
Processed:							
Orange juice, concentrate 2/	16 fl oz	2.013	2.015	2.590	2.574	28.7	27.7
Wine	liter	7.444	8.013	7.399	9.538	-0.6	19.0

-- Insufficient marketing to establish price.
1/ Dry pint.
2/ Data converted from 12 fluid ounce containers.
Source: U.S. Dept. of Labor, Bureau of Labor Statistics (http://www.bls.gov/data/home.htm).

Bigger Citrus Crop Forecast for 2007/08

USDA's National Agricultural Statistics Service (NASS) published its 2007/08 citrus forecast on October 12. According to their survey data, citrus production for the new marketing year will be at 12.5 million tons, 22 percent higher than last season. Most of the increase is due to bigger orange and tangerine crops. Both the grapefruit and lemon crops are forecast to be smaller this season than last.

California Orange Crop Comes Back after Last Season's Freeze

California is forecast to produce 2.2 million tons of oranges in 2007/08, 29 percent more than last year's freeze-damaged crop. If realized, it will be the second smallest crop since 2003/04, but 3 percent above the average production throughout the 2000s (excluding last season) of 2.1 million tons (table 3). The navel crop, which accounts for about 75 percent of California's oranges, is forecast at 1.6 million tons, 27 percent higher than last season. The Valencia crop is also forecast higher, at 563,000 tons, 36 percent higher than last season. The bigger California orange crop means there will be more oranges for the fresh market this season, since California produces the bulk of the fresh oranges in the U.S. market in the fall through winter months.

California's navel orange harvest got underway early this season. The fruit were reported to be of good quality and size. Both factors are very favorable towards boosting grower prices. This season should be very favorable for exports. A combination of the high quality of the fruit and big sizes are major factors in demand in the international market. Added to that is the present exchange rate that favors exports, with the weakened dollar making U.S. products less expensive abroad. All of this will add up to boosting fresh orange demand. While prices may not be as high as last season's reduced crop, strong demand should bring growers favorable prices this season.

Table 3--Oranges: Utilized production, 2004/05-2006/07 and forecast for 2007/08 1/

Crop and State	Utilized			Forecast 2007/08	Utilized			Forecast 2007/08
	2004/05	2005/06	2006/07	as of 10-2007	2004/05	2005/06	2006/07	as of 10-2007
	--1,000 boxes 2/--				*--1,000 short tons--*			
Oranges:								
Early/mid-season and navel 3/:								
Arizona	240	250	200	200	9	9	8	8
California	44,000	47,000	34,000	43,000	1,650	1,763	1,275	1,613
Florida	79,100	75,000	65,600	81,000	3,560	3,375	2,952	3,645
Texas	1,500	1,400	1,600	1,450	64	60	68	62
Total	124,840	123,650	101,400	125,650	5,283	5,207	4,303	5,328
Valencia:								
Arizona	190	200	100	100	7	8	4	4
California	20,500	14,000	11,000	15,000	769	525	413	563
Florida	70,700	72,700	63,400	87,000	3,182	3,272	2,853	3,915
Texas	270	200	380	350	11	9	16	15
Total	91,660	87,100	74,880	102,450	3,969	3,814	3,286	4,497
All oranges	216,500	210,750	176,280	228,100	9,252	9,021	7,589	9,825

1/ The crop year begins with bloom of the first year shown and ends with completion of harvest the following year.
2/ Net pounds per box: Arizona and California--75, Florida--90, and Texas--85.
3/ Navel and miscellaneous varieties in California and Arizona, and early- and mid-season (including Navel) varieties in Florida and Texas. A small quantity of tangerines is also included in Texas' data.
Source: USDA, National Agricultural Statistics Service, *Crop Production Report.*

Florida Orange Crop Forecast at 7.6 Million Tons

The NASS survey forecasts Florida's orange crop to reach 7.6 million tons in 2007/08. If production reaches this quantity, it would be the biggest crop since 2003/04. While bigger than each of the past 3 crops, all of which were affected by weather and disease, it would be 26 percent smaller than the average crop size for the 4 years prior to the 2004 and 2005 hurricanes, between 1999/2000 and 2003/04. The 2007/08 crop still shows that the industry has not fully recovered from the hurricanes. It also reflects the presence of major disease problems.

While the average number of early-midseason oranges per tree, excluding navels, are reported to be 52 percent higher than last season and Valencia tree fruit set are reported to be 59 percent higher, fruit sizes for all varieties were reported to be small. Therefore it would take more fruit to fill a box this season than last, reducing the box count from what might have been expected with the considerably higher yields.

On average, 95 percent of Florida's oranges are processed each season. Therefore, it is estimated that 7.2 million tons of Florida's oranges will be used to make juice in 2007/08. NASS forecast Florida's frozen concentrated orange juice yield per box for the 2007/08 season at 1.60 gallons per box, 3 percent below last season but slightly higher than the 10-year average of 1.59 gallons per box. Based on the forecast juice yield per box, the Economic Research Service estimates that 1.1 billion gallons of orange juice, single-strength equivalent, will be produced this season, 22 percent more than last season (table 4). Because production is expected to be higher this season, imports are likely to decline. At the same time, higher

Table 4--United States: Orange juice supply and utilization, 1990/91 to date

Season 1/	Beginning stocks	Production	Imports	Supply	Exports	Domestic consumption	Ending stocks 2/	Per capita consumption
	----------	----------	*Million sse gallons 3/*	----------	----------	----------	----------	*Gallons*
1990/91	225	876	320	1,422	94	1,170	158	4.6
1991/92	158	930	286	1,374	107	1,096	170	4.3
1992/93	170	1,207	324	1,701	114	1,337	249	5.2
1993/94	249	1,133	405	1,787	107	1,320	360	5.0
1994/95	360	1,257	198	1,815	117	1,264	434	4.8
1995/96	434	1,271	261	1,967	119	1,431	417	5.3
1996/97	417	1,437	256	2,110	148	1,398	564	5.2
1997/98	564	1,555	281	2,400	150	1,571	679	5.7
1998/99	679	1,236	350	2,265	147	1,585	534	5.7
1999/00	534	1,493	339	2,366	146	1,575	645	5.6
2000/01	645	1,389	258	2,292	123	1,471	698	5.2
2001/02	698	1,435	189	2,322	181	1,448	692	5.0
2002/03	692	1,251	291	2,235	103	1,427	705	4.9
2003/04	705	1,467	223	2,395	123	1,450	822	5.0
2004/05	822	976	358	2,155	119	1,412	623	4.8
2005/06	623	988	299	1,910	138	1,314	459	4.4
2006/07	459	891	399	1,749	123	1,250	376	4.2
2007/08	376	1,089	370	1,835	130	1,245	460	4.1

1/ Season begins in December of the first year shown. As of 1998/99, season begins the first week of October.
2/ Data may not add due to rounding. Beginning with 1994/95, stock data include chilled as well as canned and frozen concentrate juice. 3/ SSE = single-strength equivalent. 4/ Forecast.
Source: USDA, Economic Research Service.

supplies along with the favorable value of the dollar on the international market, exports should increase this season. With tight juice stocks coming into this season, processors will likely try to build up their juice inventories. Retail orange juice prices, however, are likely to stay about the same as last season or decline slightly as the season progresses and more fruit are juiced. As a result, domestic demand is likely to remain about the same as last season if not slightly lower.

Brazilian Orange Juice Production and Exports Expected Up This Season

Brazil, the world's biggest orange-juice producer, is forecast to produce 2 billion gallons, single-strength equivalent, of orange juice this season, 3 percent more than last season and the biggest quantity since 2004. Their processors are expected to export about 97 percent of this season's production, leaving ending inventories ahead of the past 2 seasons but still below normal levels. Brazil ships mostly frozen-concentrated orange juice (FCOJ), with its major markets being Europe and the United States. U.S. demand for Brazilian FCOJ is likely to be down this season due to Florida's bigger orange crop. Brazil continues to increase its production of not-from-concentrate orange juice (NFC) which increases competition for U.S. processors in the European market. The United States still does not import much NFC from Brazil.

Table 5--Brazilian FCOJ production and utilization, 1991-2007

Season 1/	Beginning stocks	Production	Domestic consumption	Exports	Ending stocks 2/
			--Million sse gallons 3/--		
1991	177	1,334	25	1,390	96
1992	96	1,610	25	1,532	148
1993	148	1,572	25	1,546	148
1994	148	1,583	31	1,482	218
1995	218	1,525	25	1,476	242
1996	242	1,620	24	1,660	177
1997	177	1,954	22	1,778	331
1998	331	1,665	26	1,586	418
1999	418	1,912	22	1,821	486
2000	486	1,683	21	1,778	370
2001	370	1,375	21	1,511	212
2002	212	1,904	21	1,757	337
2003	337	1,618	25	1,852	79
2004	79	2,084	28	1,992	142
2005	142	1,807	32	1,891	25
2006	25	1,985	39	1,936	35
2007	35	2,046	44	1,989	48

1/ Season begins in July. 2/ Data may not add due to rounding.

3/ SSE = single-strength equivalent. To convert to metric tons at 65 degrees brix, divide by 140588.

Source: *Brazil Citrus Semi Annual 2007* Attache Report, USDA, Foreign Agricultural Service.

Grapefruit Production Forecast Down for 2007/08

Grapefruit production for the 2007/08 season is forecast at 1.5 million tons, 5 percent lower than 2006/07, and the smallest crop since 1912, excluding the hurricane-damaged Florida crops in 2004/05 and 2005/06 (table 6). Florida's crop, which accounts for about 70 percent of U.S. grapefruit production, is forecast to decline 8 percent, to 1.1 million tons, the lowest in 75 years, excluding the hurricane years. A decline in both the number of trees and acres between 2006 and 2007 contributed to the decline in production. Smaller sized fruit were another factor. While fruit size is a seasonal factor limiting production, the drop in Florida's acreage, along with the very small number of nonbearing acres, is likely to be a limiting factor on Florida's grapefruit production in the future.

Texas grapefruit production is forecast at 272,000 tons, 4 percent lower than last season, but the second biggest crop since 2000/01. According to *The Valley Citrus Notes* produced by the Texas Cooperative Extension, this season's smaller crop is likely due to the alternate-bearing nature of most fruit trees. There was sufficient rain in the State's citrus growing region, the Rio Grande, and fruit size and quality are reported to be good.

California's grapefruit crop is forecast at 151,000 tons, 13 percent higher than last season, and Arizona's crop is forecast at 7,000 tons, 133 percent higher. These two crops were reported to be progressing well. The California/Arizona crops are usually harvested later in the season, after most of Florida's and Texas' harvests are completed.

The smaller crops out of Florida and Texas are likely to increase grapefruit prices in both the fresh and processing markets this season. Texas growers are likely to receive a price premium because there will likely be stronger demand for their higher quality, larger fruit. The below average size of Florida's grapefruit is likely to affect demand, especially on the international market which has become an increasingly important component of Florida's fresh grapefruit sales.

Table 6--Grapefruit: Utilized production, 2004/05-2006/07 and indicated 2007/08 1/

Crop and State	Utilized			Forecast for 2007/08 as of 10-2007	Utilized			Forecast for 2007/08 as of 10-2007
	2004/05	2005/06	2006/07		2004/05	2005/06	2006/07	
	--1,000 boxes 2/--				*--1,000 short tons--*			
Florida, all	12,800	19,300	27,200	25,000	545	820	1,156	1,063
Colored	9,400	12,800	17,900	16,000	400	544	761	680
White	3,400	6,500	9,300	9,000	145	276	395	383
Arizona	140	100	100	200	5	3	3	7
California	6,100	6,000	4,000	4,500	204	201	134	151
Texas	6,600	5,200	7,100	6,800	264	208	284	272
Total	25,640	30,600	38,400	36,500	1,018	1,232	1,577	1,493

1/ The crop year begins with bloom of the first year shown and ends with completion of harvest the following year.

2/ Net pounds per box: California and Arizona-67, Florida-85, and Texas-80.

Source: USDA, National Agricultural Statistics Service, *Crop Production Report.*

Grapefruit Juice Consumption in 2007/08 Forecast To Be Unchanged From Last Season

ERS forecasts that grapefruit juice consumption for the 2007/08 season will remain at 0.28 gallon per person, unchanged from 2006/07 but 37 percent higher than in 2005/06 and 23 percent higher than in 2004/05, both years with reduced production due to hurricane-induced crop losses (table 7). Should this level of consumption be reached, it would be about half the amount the average American consumed in the mid-1990s. The loss of many Florida grapefruit trees in recent years has contributed to lower consumption, especially since there are not many import sources to supplement reduced juice production. However, declining demand has been occurring throughout the 2000s, and a continued decline in demand may make it difficult for grapefruit growers to get strong prices for their fruit going to processing, despite the smaller crop. Weak domestic demand has been factored into the Florida Department of Citrus' outlook forecast for the new season, with the annual report providing a scenario that includes fruit abandonment (leaving fruit unharvested due to weak economic demand) even with the present crop size. A bright light in juice demand this season would be an expected strong export demand. With the present exchange rate, demand in the top three export markets—Europe, Japan, and Canada—should be strong this season, compensating somewhat for lackluster domestic demand.

Table 7--Grapefruit juice: Supply and utilization, 1995/96 to date

Season 1/	Supply				Utilization			
			Beginning		Ending		Consumption	
	Production	Imports	stocks	Total supply	stocks	Export	Total	Per capita
	Million gallons, single-strength equivalent							*Gallons*
1995/96	171	1	72	244	66	27	151	0.56
1996/97	192	0	66	258	86	21	151	0.55
1997/98	166	0	86	252	68	18	167	0.60
1998/99	171	1	68	240	54	24	161	0.58
1999/2000	203	5	54	263	82	33	148	0.52
2000/01	183	1	82	266	75	39	152	0.53
2001/02	179	0	75	255	84	36	135	0.47
2002/03	140	0	84	224	72	38	114	0.39
2003/04	147	0	72	219	65	42	111	0.38
2004/05	49	11	65	126	35	24	67	0.22
2005/06	80	6	35	121	42	19	60	0.20
2006/07	119	1	42	162	58	20	84	0.28
2007/08 2/	99	4	58	161	54	23	84	0.28

N.A. = Not available. 1/ Marketing season begins in December of the first year shown. As of 1998/99, marketing season begins in October. 2/ Preliminary.

Source: USDA, Economic Research Service.

Lemon Production Forecast Down in 2007/08

NASS forecasts 684,000 tons of lemons will be produced this season in California and Arizona, 3 percent lower than last season's freeze-reduced crop and 22 percent below the average crop size of 882,000 tons throughout the 2000s (table 8). While California's production is forecast to be 3 percent higher than last season, Arizona's production is forecast to be 40 percent lower. If realized, this will be the smallest crop in recent times. The lemon trees in Arizona and California's desert region have still not fully recovered from the effects of last January's freeze, reducing fruit set and driving down total production for the season. Because harvesting begins in these two areas first, supplies are likely to be tight through the early part of the season, resulting in high grower and consumer prices for at least the first few months of the harvest. As production moves towards California's major production areas, Ventura County, and to a lesser extent, the Central Valley, fruit availability should improve and prices should come down somewhat. Shipments coming from Mexico, which have been increasing in recent years, should further improve availability and consumer prices. Many California lemon handlers also work with Mexican growers to ensure they will have sufficient supplies to meet their customers' needs. By the summer months, however, when U.S. consumer demand for lemons is the strongest, this season's below average crop size may result in consumers paying in the over $2 per pound range, especially since this season's crop will be following already established high prices from last season.

Florida, California, and Arizona Tangerine Crop Forecast To Be Bigger This Season

The 2007/08 tangerine crop is forecast to total 433,000 tons, 28 percent higher than last season and 4 percent higher than the 2004/05 crop (table 9). Production increased in all the major tangerine-producing States—Florida, California, and Arizona. Production of Florida's early tangerine varieties—Fallglos and Sunbursts—is expected to be up 8 percent and the late-variety Honey tangerine crop is expected to be up 14 percent. While bigger than last season, neither of these crops is bigger than in 2005/06. Honey tangerines now account for almost half of Florida's tangerine production, followed by the Sunburst and then Fallglo. The number of bearing trees declined since last season for all three varieties. Fruit sizes are reported to smaller than average for all three. The share of nonbearing acreage to total planted tangerine acreage in Florida is quite low. Most of the newer acres are concentrated in Polk and Collier counties for the early varieties, and Polk, DeSoto, and Hendry counties for Honey tangerines. In some counties, there are no nonbearing acres, indicating there are many growers who are not replacing tangerine plantings that they may have lost due to weather and disease or removed as the trees' productivity declined.

California's tangerine industry is having the opposite experience. This season, California tangerines will account for about 40 percent of total domestic tangerine production, up from 32 percent the last 2 seasons. Its industry is growing rapidly with the total number of nonbearing acres almost equal to the number of bearing acres. California growers are planting many mandarin varieties of tangerines,

Table 8--Lemons: Utilized production, 2004/05-2006/07 and forecast for 2007/08 1/

State	Utilized			Forecast for 2007/08 as of 10-2007	Utilized			Forecast for 2007/08 as of 10-2007
	2004/05	2005/06	2006/07		2004/05	2005/06	2006/07	
	1,000 (76-lb) boxes				*1,000 short tons*			
Arizona	2,400	3,800	2,500	1,500	91	144	95	57
California	20,500	22,000	16,000	16,500	779	836	608	627
Total	22,900	25,800	18,500	18,000	870	980	703	684

1/ The crop year begins with bloom of the first year shown and ends with completion of harvest the following year.
Source: USDA, National Agricultural Statistics Service, *Crop Production Report.*

Table 9--Other citrus: Utilized production, 2003/04-2005/06 and forecast for 2006/07 1/

Crop and State	Utilized			Forecast for 2007/08 as of 10-2007	Utilized			Forecast for 2007/08 as of 10-2006
	2004/05	2005/06	2006/07		2003/04	2004/05	2005/06	
	1,000 boxes 2/				*1,000 short tons*			
Tangelos:								
Florida	1,550	1,400	1,250	1,300	70	63	56	59
Tangerines:								
Arizona	400	550	300	400	15	21	11	15
California	2,900	3,600	2,900	4,700	109	135	109	176
Florida	4,450	5,500	4,600	5,100	211	261	219	242
Total	7,750	9,650	7,800	10,200	335	417	339	433

1/ The crop year begins with bloom of the first year shown and ends with completion of harvest the following year.
2/ Net pound per box: tangerines--California and Arizona--75; Florida--95; tangelos--90; Temples--90.
Source: USDA, National Agricultural Statistics Service, *Crop Production Report*.

especially clementines and Murcotts. Clementines have become very popular in the United States and currently, almost all are imported. In the next few years, California clementines will become more available in the market and will likely reduce demand for imports.

California Kiwifruit Volume Likely Lower in 2007/08

Supplies of California kiwifruit are likely to be down by as much as 10 percent in 2007/08 from last season, based on indications from the California Kiwifruit Commission, a grower-funded organization that promotes the marketing of California kiwifruit. During the 2006/07 season, California's kiwifruit production was at 26,100 tons, about the average level produced during 2001/02-2004/05, based on statistics from USDA's National Agricultural Statistics Service. Applying the 10-percent downward adjustment to last season's production, crop size in 2007/08 is projected by the Economic Research Service to be around 23,000 tons, slightly below average. If realized, this will be the smallest crop since 1985 when 22,000 tons were produced.

Despite the freeze last January, bloom performance was generally favorable and reports are that the overall quality of the crop is good. However, fruit size appears to be smaller than last season, pushing overall volumes down. While the expected lower volume should support prices in 2007/08, the presence of many smaller sized fruit could offset some of the upward pressure on prices, because consumers generally prefer large kiwifruit. In the Central and Northern California District, bigger size fruit (size 27) and those falling under the upper bound of medium-size

fruit (size 30-33) are being priced at slightly higher than last season. F.o.b. (Free on board—packed and ready to ship) shipping point prices reported around mid-November for a 19.8 pound container loose Hayward variety U.S. One size 27 ranged from $16.00 to $17.00, compared with $14.00-$15.00 the same time last year. For the same period, prices for upper bound medium size fruit (size 30-33) ranged from $15.00-$16.00 compared with $13.00-$14.00 last year. Meanwhile, smaller fruit were quoted at around the same prices as last season.

The timing of harvesting for this year's crop is on a more normal schedule than last season's late start. Some growers already had begun picking in late September and harvesting is anticipated to continue well into November. During 2006/07, below-average-level yields and 500 less bearing acres drove production down 30 percent from the bumper crop of the previous season. Kiwifruit-bearing acreage has generally trended down since the late-1980s, although it has remained at 5,300 acres from 1997/98-2000/01 and at 4,500 acres during 2002/03-2005/06. Last season, bearing acreage declined to 4,000 acres, the lowest since 1984/85.

Production was on a downturn through much of the 1990s as acreage fell but has mostly stabilized in recent years. While the bulk of U.S. kiwifruit production is consumed domestically, imports now play a much bigger role in fulfilling domestic demand. Imports have trended upward throughout the 1990s and have consistently surpassed domestic production since 1994/95 (fig. 3). Most of the imports penetrate the U.S. market during the off season for California's crop and have helped moderate declines in domestic consumption resulting from declining to steady domestic production. Kiwifruit consumption in the United States averaged 0.44 pound per capita during 2000/01 to 2006/07, down from an average of 0.51 pound per capita during the mid- to late-1990s. Larger declines in consumption would have been greater without the growth in imports. About half of all the imported kiwifruit in the United States are supplied by Chile and one-third by New Zealand. Imports have also traditionally come from Italy and Greece.

Although imports helped boost kiwifruit supplies in the United States during 2006/07, the decline in production drove the season-average grower price up 47 percent from the previous season, to $911 per ton, enough to raise the total value of production to $23.1 million, 3 percent higher than in 2005/06. Cumulative imports from October 2006 through September 2007, totaling 112.9 million pounds, were up 29 percent from the same period the previous season. Shipments were down slightly from Chile but were up significantly from New Zealand and Italy.

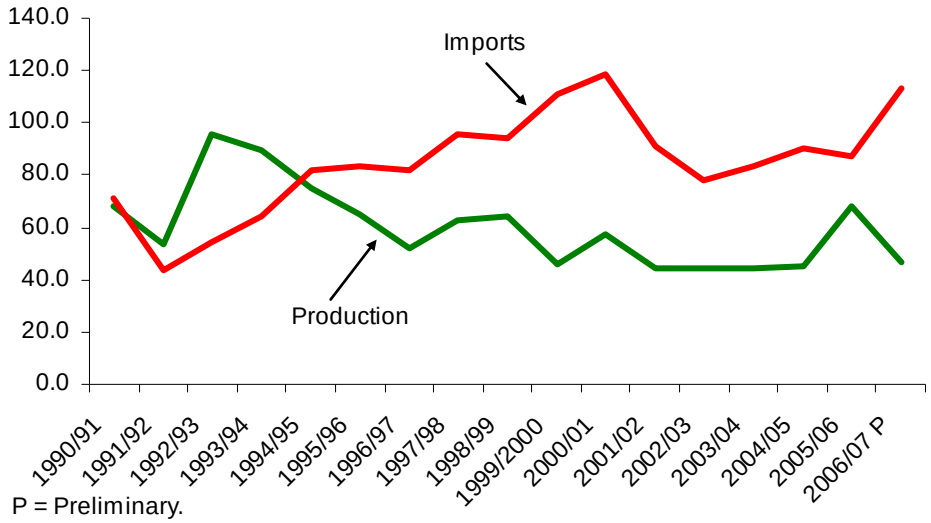
2007 California Prune Production Lower

Prune production in California will be down in 2007 as the orchards recover from stressed conditions after coming off of a huge crop of 180,000 tons (dried basis) last year. Yields were also sharply lower this year because very warm temperatures during the bloom period had a negative effect on pollination, reducing fruit set. Back in June, USDA's National Agricultural Statistics Service had initially forecast 2007 production to be 95,000 tons. In October, this forecast was further reduced to 90,000 tons, 50 percent below last year's production. Although 2006/07 year-end inventories were up significantly from the two previous seasons, they were comprised mostly of smaller sizes, according to the Prune Bargaining Association. Carryover inventory for the 2007/08 season will therefore include many smaller

Figure 3

Imports surpass domestic kiwifruit production

Million pounds



P = Preliminary.

Source: USDA, National Agricultural Statistics Service, *Noncitrus Fruit and Nuts Summary*, various issues; U.S. Department of Commerce, U.S. Census Bureau.

sizes and combined with a sharply reduced crop this year, will likely result in reduced domestic prune supplies, particularly for the prime pitting sizes, likely putting upward pressure on grower prices.

California is the country's primary producer of prunes, accounting for over 80 percent of total production. Other producing States based on the production survey conducted by NASS are Idaho, Michigan, Oregon, and Washington. Bearing acreage in California reached a record high in 2000, at 86,000 acres, but with continued sluggish domestic demand, bearing acres has since declined, reaching 65,000 acres in 2006. Production averaged over 130,000 tons during 2000-2006, down from over 170,000 tons during the 1990s.

The California prune industry has remained active in its efforts to boost domestic demand for prunes, highlighting the nutritional aspects of the fruit, its effectiveness as a digestive aid, introducing new packaging approaches to promote marketing of the product, and even changing the name "prunes" to "dried plums." Research indicated that target consumers, especially women ages 25-54, responded more favorably to the name dried plums. Domestic consumption of prunes, however, has declined for the fourth consecutive year in 2006/07, reaching a record-low of 0.17 pound per person (dried-weight basis). Average per capita consumption during 2002/03-2005/06 was 0.42 pound and this, too, has declined from an average of 0.53 pound during 1995/96-1999/2000.

In 2006/07, overall supplies (including production, imports, and carryover inventories) were up sharply from the previous season. But at the end of the season nearly half of these supplies remained uncommitted and in storage, a higher level than the last 5 years. Strong international demand for U.S. prunes in 2006/07 also directed more of the available supplies that season to export markets than to the domestic market. Fewer than 30 percent of marketed supplies were sold domestically, down from about 50 percent during the previous 4 seasons. U.S.

exports of dried prunes were strong to top markets—Japan, Canada, and Mexico—with an overall total increasing 59 percent from the previous season to 136.1 million pounds (processed weight).

Domestic demand for other traditional dried fruit has also diminished. USDA reports annual production for specific dried fruit such as apricots, apples, dates, figs, peaches, pears, prunes, and raisins. It is from this select group of fruit that ERS estimates dried fruit consumption. Based on this select group, prunes (dried plums) are the second most consumed dried fruit in the United States, following far behind raisins. Similar to prunes, domestic consumption has generally trended down from early-1990 levels for dried apples, dates, figs, and raisins (fig. 4). For these products, both acreage and production have declined as demand has diminished, likely due to competition from other products with strong market growth for their fresh use (apples, figs, and grapes). Raisin grapes have also benefited from increased demand for wine and juice. Data on other dried fruit—strawberries, raspberries, blueberries, and cranberries—are not available. In the last several years, however, there has been a growing presence of these dried fruit in the marketplace as they are now widely incorporated in many snack foods and cereal products as well as sold separately as dried fruit. Increased competition with these relatively newer dried fruit products could be partly causing the sluggish demand for prunes and other traditional dried fruit in the United States.

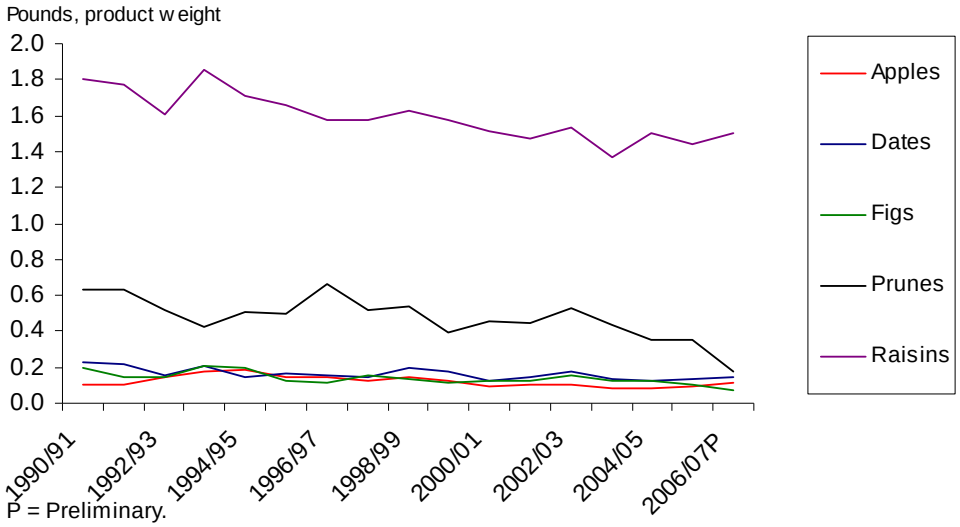
Recent Wildfires Cause Some Damage to California Avocados

The wildfires that swept through Southern California this past October raised concerns about the fires' impact on the State's avocado crop, which was in the midst of transitioning to the new crop season. There were seven counties in the State that were declared emergency disaster areas due to the wildfires, five of which have the largest acreage in avocado production—San Diego, Ventura, Santa Barbara, Riverside, and Orange counties. The California Avocado Commission (CAC) initially indicated that around 4,000 acres of avocado production, mostly in San Diego County, were affected by the wildfires in varying degrees of damage. This represents about 6 percent of the State's total bearing acreage for avocados. San Diego County had over 26,000 bearing acres in 2006/07.

Damage assessments are still ongoing and could take several weeks to determine the full scope of the damage to avocado orchards and its impact on the State's avocado industry. The fires burned down avocado trees and other production infrastructure, including irrigation lines. The strong Santa Ana winds that drove the fires also knocked fruit off the trees, affecting remaining fruit from the 2006/07 crop as well as new fruit for the 2007/08 season. The severity of the wildfire damage varied across the affected orchards. Some orchards were completely devastated, others partially burned, and some reported only superficial scorching of the foliage. Depending on the severity of the burn, some damaged trees may grow back but whether or not those trees would still be economically productive remains to be determined.

Prior to the recent wildfires, the industry expected 2007/08 production to improve from last season's below-average crop. Based on NASS estimates, the 2006/07 California avocado crop was only 135,000 tons, the smallest since 1989/90, when only 105,000 tons were produced. Production declined in 2006/07, partly due to the

Figure 4
Per capita consumption of select dried fruit in the United States



P = Preliminary.
Source: USDA, Economic Research Service calculations.

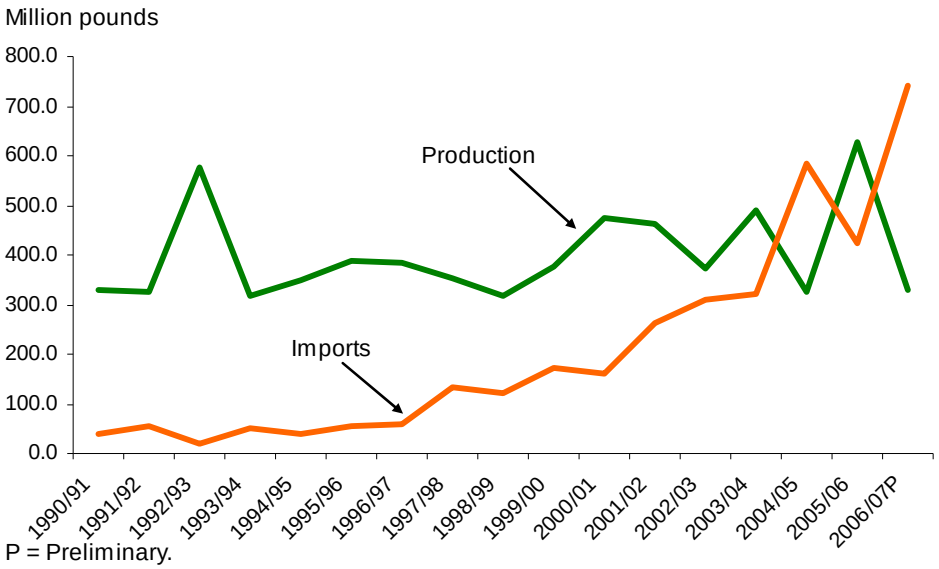
record-large crop harvested in 2005/06 that left avocado trees less productive last season and because of crop damages sustained from freezing temperatures last winter. California avocado growers produced a record-large crop in 2005/06, totaling 300,000 tons. Crop damage due to the recent wildfires and Santa Ana winds is expected to diminish the expected "on-year cycle" of production in 2007/08, but total volume is still likely to exceed the very small crop produced last season. CAC projections indicate that the 2007/08 crop will likely be 10 percent smaller than initially projected. Before the fires, crop size in 2007/08 was projected by CAC to be up 33 percent from last season, but now production growth is likely to be reduced to about 20 percent. If realized, this should provide around 162,000 tons in 2007/08, up from the 135,000 tons reported by NASS in 2006/07—slightly below average. NASS will release its first estimate of California avocado production for 2007/08 in July 2008.

Avocado demand in the United States has been trending upward at a much faster pace than domestic production. Americans consumed an average of 3.3 pounds per person annually, nearly double what they consumed in the mid- to late-1990s. Meanwhile, domestic production (including some from Florida and Hawaii) grew an average of 18 percent. While in most years domestic production, primarily from California, accounts for a bigger proportion of what is consumed in the United States, imports have shown a growing presence, aiding in fulfilling the rapid growth in demand (fig 5). Despite sharply higher imports from Mexico, the United States' largest supplier of imported avocados, the market for U.S. avocados remains strong early into the 2007/08 marketing season. Driving the market up are continued robust demand, dwindling end-of-season supplies from California's 2006/07 crop, a smaller than earlier anticipated new crop in California due to the wildfires, and significantly lower shipments from Chile, also a major supplier, due to the freeze last July that hampered their production. Mid-November f.o.b. shipping point prices for Mexican Hass avocados crossing through Texas were reported by USDA's Agricultural Marketing Service at $37.25-$38.25 for a 2-layer carton (32s), up from $23.25-$24.25 around the same time last year. Chilean Hass

avocados entering through Los Angeles were at $35.25-$37.25, from $20.25-22.25 last year.

Figure 5

Domestic production and imports of avocados in the United States



P = Preliminary.

Source: USDA, National Agricultural Statistics Service, *Noncitrus Fruit and Nuts Summary*, various issues; U.S. Department of Commerce, U.S. Census Bureau.

Exports Strong for Many Crops Through September

Exports have been strong this season, through September, for apples, grapes, pears, frozen strawberries, and tree nuts, excluding walnuts (table 10). The weakened dollar on the international market has made U.S. commodities less expensive abroad this year, increasing demand for many U.S. exports, including fruit and tree nuts. Coupled with increased demand, the high quality of the U.S. crops has driven up export shipments.

The bigger table-grape and raisin crop out of California in 2007 over 2006, helped drive up exports of these fruit. Fresh grape exports rose 16 percent from May through September, covering most of this year's season. Although higher than last year, 2007 exports were slightly below 2005. Fresh grape shipments were strong to all the major markets, which include Canada, Mexico, and Hong Kong. Exports to Australia, which only opened its market to U.S. grapes in recent years, increased more than fourfold between 2006 and 2007, and became the fourth major destination this year. Shipments also increased throughout Asia, except to Malaysia, China, and India, as well as to Central America. Although Central American markets are still small, relative to the top three markets, they have been growing in recent years. El Salvador and Guatemala are among the top 20 destinations for U.S. fresh grape exports.

Much of the 2007/08 tree nut season was only a few months old by September, but already exports are reported to be strong for almonds and pistachios. The 2007 almond crop is expected to set a record high and international markets are the major consumers. Export of in-shell almonds, 80 percent of which are shipped to India, increased 47 percent between last season and this season. Turkey, which has not received any U.S. in-shell almonds during this time period since 2001, was the second major destination for the first 2 months of the season. Exports also rose to the next biggest markets—Hong Kong and the Netherlands.

Shelled-almond exports rose 16 percent during the first 2 months of the season. Exports were strong to the top five markets—Spain, India, Germany, Canada, and the United Arab Emirate—but down to Japan, Italy, and the Netherlands, the sixth, seventh, and ninth biggest markets. The value of the shelled-almond exports for the first 2 months of the season totaled $230 million, 9 percent more than last season and the highest in the 2000s. Exports are likely to remain strong throughout the 2007/08 season and will help maintain U.S. grower prices, even with the very large crop.

In-shell pistachio nut export shipments rose 34 percent for the first month of the new season compared with last season. The value to the No. 1 export market for September, the Netherlands, rose twofold. Demand was also very strong from the Hong Kong/China market, as well as from France and Germany.

This season's walnut crop, forecast to be 8 percent smaller than last season along with tight beginning stocks, has contributed to lower exports. So far, August and September walnut exports were down 10 percent from last year.

Table 10--U.S. exports of selected fruit and tree nut products

Commodity	Marketing season	Season to date (through September) 2006	2007	Year-to-date change
		---------- *1,000 pounds* ----------		*Percent*
Fresh-market:				
Oranges	November-October	1,187,312	692,930	-41.6
Grapefruit	September-August	5,552	3,609	-35.0
Lemons	August-July	12,687	9,625	-24.1
Apples	August-July	134,609	166,379	23.6
Grapes	May-April	291,074	336,142	15.5
Pears	July-June	53,327	65,665	23.1
Peaches (including nectarines)	January-December	178,365	220,546	23.6
Straw berries	January-December	194,886	196,829	1.0
Cherries 1/	January-December	93,074	111,534	19.8
		------ *1,000 sse gallons 2/* -------		
Processed:				
Orange juice, frozen concentrate	October-September	64,493	44,588	-30.9
Orange juice, not-from-concentrate	October-September	73,358	78,086	6.4
Grapefruit juice	October-September	18,677	20,224	8.3
Apple juice and cider	August-July	1,124	962	-14.4
Wine	January-December	72,141	82,042	13.7
		---------- *1,000 pounds* ----------		
Raisins	August-July	48,411	50,704	4.7
Canned pears	June-May	8,052	3,387	-57.9
Canned peaches	June-May	18,328	15,736	-14.1
Frozen straw berries	January-December	19,686	24,691	25.4
		---------- *1,000 pounds* ----------		
Tree nuts:				
Almonds (shelled basis)	August-July	114,116	137,877	20.8
Walnuts (shelled basis)	August-July	10,864	9,836	-9.5
Pecans (shelled basis)	October-September	40,425	46,848	15.9
Pistachios (shelled basis)	September-August	4,957	7,916	59.7

1/ Beginning July 2005, includes tart cherries.
2/ Single-strength equivalent.
Source: U.S. Department of Commerce, U.S. Census Bureau trade data.

Strong Tropical Fruit and Nut Demand Drives Imports Through September

Strong U.S demand for tropical fruit has resulted in strong imports through September (table 11). In 2007, January through September, imports rose for bananas, the No. 1 imported fresh fruit, as well as for limes, canned pineapple, and cashew nuts. Only mango imports declined, and that was by less than 1 percent. Since the United States does not produce much of any of these commodities for commercial purposes, it is reliant on imports to fill domestic demand.

Lemon imports for August and September, the first 2 months of the 2007/08 season, increased 69 percent over the same time a year ago. With much smaller production out of Arizona and the desert region of California, the first areas to be harvested each season, imports from Chile and Mexico have risen to help meet demand in the U.S. market. Lemon imports will likely remain strong for at least another few months until harvest begins in central California, where the crop is more plentiful.

Orange imports mostly occur during the summer months after California's navel crop is finished for the season. The supplies for this period come from Southern Hemisphere countries, mostly Australia and South Africa. This past summer, despite Australia's drought, orange shipments rose 4 percent from the previous summer (July through September). Imports from South Africa, however, dropped 21 percent. To offset the decline from one of the top two sources of summer oranges, the United States imported fresh oranges from Peru for the second time ever (last season was the first time there were fresh orange shipments from Peru). Peruvian shipments rose sharply between last summer and this summer and were

the third-largest quantity of fresh oranges shipped to the United States during this period. Another newcomer to the U.S. fresh orange market this year was Chile. While Chile has been a major source of offseason fruit imports for many noncitrus fruit and some citrus, such as lemons, this is the first season the United States has received fresh oranges from there.

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

Commodity	Marketing season	Season to date (through September) 2006	2007	Year-to-date change
		---------- *1,000 pounds* ----------		*Percent*
Fresh-market:				
Oranges	November-October	138,552	225,736	62.9
Tangerines (including clementines)	October-September	226,889	268,154	18.2
Lemons	August-July	32,655	55,028	68.5
Limes	January-December	514,090	571,360	11.1
Apples	August-July	29,662	46,779	57.7
Grapes	May-April	623	856	37.5
Pears	July-June	8,214	10,813	31.6
Peaches (including nectarines)	January-December	110,981	121,011	9.0
Bananas	January-December	6,374,785	6,702,084	5.1
Mangoes	January-December	554,440	553,968	-0.1
		------ *1,000 sse gallons 1/* -------		
Processed:				
Orange juice, frozen concentrate	October-September	268,806	344,970	28.3
Apple juice and cider	August-July	65,205	81,879	25.6
Wine	January-December	144,135	161,436	12.0
		---------- *1,000 pounds* ----------		
Canned pears	June-May	22,559	25,114	11.3
Canned peaches (including nectarines)	June-May	43,211	73,972	71.2
Canned pineapple	January-December	611,035	579,083	-5.2
Frozen straw berries	January-December	153,145	159,480	4.1
		---------- *1,000 pounds* ----------		
Tree nuts:				
Brazil nuts (shelled basis)	January-December	18,940	21,163	11.7
Cashew s (shelled basis)	January-December	189,875	205,096	8.0
Pine nuts (shelled basis)	January-December	6,771	7,169	5.9
Pecans (shelled basis)	October-September	75,403	57,011	-24.4

1/ Single-strength equivalent.

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

Contacts and Links

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Data

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

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