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UNITED STATES DEPARTMENT OF AGRICULTURE
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OUTLOOK FOR FRUITS AND TREE NUTS

Talk by Andrew Duymovic

at the 1974 National Agricultural Outlook Conference
Washington, D.C., 1:15 P.M., Wednesday, December 19, 1973

The 1973/74 season is a good year for the fruit and tree nut industries, and consumers of these products are benefiting as well. However, problems do exist. Although this season provided greater quantities of fresh non-citrus fruit, and generally larger packs, supplies of processed non-citrus items are short once again. The U.S. citrus crop for the 1973/74 season is expected to be nearly as large as last season's record breaker, barring adverse weather.

Fruit prices at all levels are high this season relative to a year earlier, reflecting strong domestic and foreign demand. In November the index of prices received by farmers for fruit was 13 percent above a year ago, and is likely to remain above year-earlier levels through this winter.

Retail prices for processed fruit items are expected to advance during the months ahead due to smaller supplies of processed non-citrus products, and increased processing and marketing costs. In addition, consumer demand is strong in both the domestic and foreign markets.

Along with uncertainties regarding required inputs and services for the fruit industry, the current fuel situation has created yet another unknown, particularly concerning foreign demand and shipments to foreign markets which are important to the U.S. fruit industry.

CITRUS FRUIT

December 1 prospects point to a 1973/74 citrus fruit crop approximately 5 percent below last season's record crop. Most of the decrease is expected to take place in Florida--especially in the production of oranges. California also expects a substantially smaller orange crop. Prospects for Arizona and California lemons also point to a smaller 1973/74 crop.

Total orange production for 1973/74 is estimated at 207.6 million boxes, 7 percent less than last season, but still 9 percent above the crop of 2 years ago. About three-fourths of the total U.S. orange crop will come from Florida which expects a 6 percent smaller output this season. A smaller Florida crop is expected for both early, midseason, and navel varieties and Valencias. Prospective production for California is down 14 percent from last season's freeze-damaged crop. A 32 percent decline in the Valencia crop accounts entirely for the drop, while the Navel orange production is expected to be 7 percent larger than a year ago. Arizona's relatively small orange crop is expected to be sharply lower than last season. However, the Texas output, in continuation of an upward trend, is estimated at 8 million boxes, 8 percent more than a year ago.

A record crop of 68 million boxes of grapefruit is expected. This would be up 4 percent from the preceding season. A record 48 million boxes is expected in Florida, 6 percent above a year ago. The prospective crops of pink and white seedless are both at record levels while other grapefruit output is up 3 percent from a year ago. Production prospects for grapefruit in Texas continue the upward trend, 6 percent above last season. In Arizona, which normally produces less than 5 percent of U.S. grapefruit, the crop is also expected to be up 6 percent. However, a moderately smaller crop is expected from California.

Fresh market shipments of the 1973/74 Florida citrus crop started in September, a little earlier than last year. Through early December, Florida orange movement for fresh use approximated last year's pace, but movement to processors was up moderately. Despite a record crop in Florida, grapefruit movement was running behind year-earlier levels. Citrus movement from California-Arizona was also lagging, while shipments of fresh citrus from Texas were approximately at last year's pace.

Opening f.o.b. prices for both Florida and California oranges were moderately to substantially higher than a year ago on a light, early-season volume. But they have declined substantially as marketings have begun to increase in volume. Nevertheless, prices for both Florida and California oranges in early December were substantially above year-earlier levels. Despite a record carryover of frozen concentrated orange juice, orange prices through this winter may average slightly to moderately above year-earlier levels. Even with a larger grapefruit crop in prospect, early December f.o.b. prices were near year-earlier levels. This season's grapefruit prices may remain near 1972/73 levels if a smaller carryover of some items stimulates processor demand for new crop fruit and if fresh grapefruit exports keep increasing.

The 1972/73 Florida pack of frozen concentrated orange juice was a record 176 million gallons, up nearly a third from the previous season's output. An increase in the volume of oranges used for frozen concentrate and a higher juice yield per box of fruit produced the larger pack. Demand for frozen concentrate has been very strong. Total movement last season reached a record of 160 million gallons, up 14 percent from a year earlier, but packers' stocks remain sharply above a year ago. Carryover stocks of canned orange products at the beginning of the season were also up considerably. Thus, the general inventory situation will moderate the effects of the anticipated reduction in 1973/74 canned and frozen orange output in view of an expected smaller crop. So far this season

canned orange product pack has been below a year ago. Consumption of chilled orange juice has also shown substantial gains during the past season and further growth in demand for this product are anticipated.

Carryover of frozen concentrated grapefruit juice in Florida was 24 percent larger than a year ago, but the beginning stocks of canned grapefruit products were below year-earlier levels. However, with a record grapefruit crop for the 1973/74 season in prospect, the total supply of processed grapefruit products is likely to be ample.

Export Outlook

Exports of most citrus items from the United States rose substantially in 1972/73. Most fresh citrus export strength was in grapefruit and lemons. Since liberalization of import restrictions by Japan, U.S. exports of fresh grapefruit and lemon to Japan have expanded to 2.6 and 2.7 million boxes respectively. Furthermore, 1972/73 also brought the U.S. citrus industry some new customers from the Communist bloc - Soviet Union and Poland. California lemons moved to the Soviet Union, which purchased 150,592 boxes, and 11,961 gallons of frozen concentrated orange juice moved to Poland for the first time. Repeat sales are probable and exposure to U.S. lemons and frozen orange concentrate may open this market to other citrus products.

Exports of frozen concentrated orange juice to the European Community continued strong during 1972/73. The outlook for frozen concentrate is still promising although foreign competition is steadily increasing.

Key economic forces underlying the rise in U.S. citrus exports in 1972/73 included currency devaluation, and growing market affluence. The steady prices for most citrus items during 1972/73 plus devaluation made U.S. citrus more attractive to foreign buyers. Foreign demand will continue to expand, but this season's reduction in domestic supplies of lemons and oranges will likely contribute to curtailed export volume. Also, grapefruit sales to Japan may slow somewhat even though record grapefruit production is expected in 1973/74.

NON-CITRUS FRUIT

Deciduous fruit production during 1973 was nearly a quarter larger than the abbreviated crop of last season, but 2 percent under 1971. Much of the increase reflects the substantially larger grape crop this season, up 50 percent from last year's level. Tart cherries were the only major deciduous fruit for which 1973 production was drastically lower than year-ago levels. Although production of non-citrus fruit was generally larger, most grower prices for fresh fruit remained firm to moderately higher than 1972 levels, reflecting strong domestic and foreign consumer demand. The fresh market season is over for most deciduous crops, with the exception of apples, pears, grapes and cranberries.

The 1973 U.S. commercial apple crop at 6 billion pounds, is 4 percent more than last season. The crop in the Western States was big, 36 percent above last year, and more than offset smaller crops in the Central and Eastern States.

Fresh apple movement through December 1 from Washington State was running nearly 25 percent above a year earlier, reflecting the large crop. Processing usage is expected to be down this season reflecting the smaller Eastern and Central crops. The smaller supply of apples for processing use, and very low inventories of all processed apple products caused prices of apples for processing to reach all-time highs this season. The high prices for processing apples have made processors in the Central and Eastern States active competitors for available supplies.

Stocks of apples in storage are nearly 20 percent above a year ago, while exports of fresh apples this season through October are 16 percent above a year earlier. Despite the record crop in Washington, f.o.b. prices for fresh apples have remained high and will continue so the remainder of the season, due primarily to the strong processor demand.

A substantially larger U.S. grape crop, estimated at 3.8 million tons, has resulted in larger storage stocks of fresh grapes this season, greater crushing activity, and larger raisin output. Cold storage holdings at the end of October were over a third above a year earlier. Reported use of California grapes for crushing through November was 2.5 million tons (fresh basis), up sharply from 1.5 million tons during the same period last season. Fortunately for consumers of raisins, this year's production of raisins is expected to total over 200,000 tons, nearly double last year's record low of 105,000 tons.

Exceptionally strong winery and raisin demand created some record grower prices. The highest field price in the history of the raisin industry has been established this seasonwith packers agreeing to pay \$700 per ton for Thompson seedless raisins. Winery prices to growers have remained at last year's high level and occasionally higher despite this season's large crop. Shipping point prices for table grape varieties have been moderately lower to slightly above year-earlier levels.

The fall and winter pear crop on the West Coast is nearly a third larger than last year's utilized crop. The average price received by farmers for fresh pears in November was \$179 per ton, down slightly from the previous month but slightly higher than a year ago. The factor which may keep prices firm this season is the favorable market situation abroad. The 1973 pear crop in major exporting countries is slightly less than last year's small crop, while important European markets and Canada, the major importers of U.S. pears, also had smaller crops. Exports of fresh pears from July 1 through October this season were over 50 percent larger than the same period last year.

Despite the return to a more typical crop situation in 1973 and generally larger packs, smaller carryover stocks indicate 1973/74 will be another season of tight supplies for most processed non-citrus items.

Complete carryover and pack data available for canned items so far this season show total supplies are 4 percent below last year's tight supplies. Further, available data for 6 items indicate November 1 California canner stocks are 10 percent lower than last season, while movements from June 1 to November 1 were 5 percent higher this season, indicating a faster rate of disappearance.

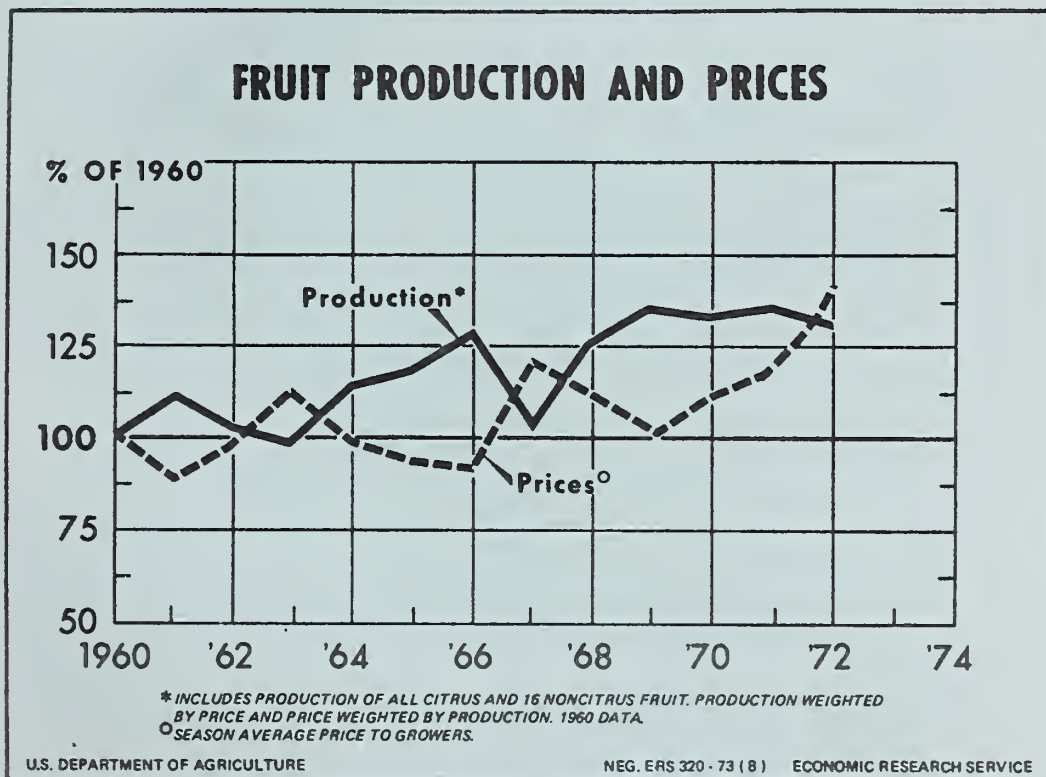
Canners' list prices have been raised reflecting the higher raw product costs, smaller supplies, and increased processing and marketing costs. The market will undoubtedly remain firm with retail prices advancing during the months ahead.

Based on partial data on movement of fruit to processors, the pack of frozen strawberries and blueberries will increase substantially this season. However, total supplies of frozen red cherries, peaches, blackberries, and black raspberries are down substantially. Furthermore, inventories of frozen fruit (excluding juices) on October 31 totaled 537 million pounds, 3 percent less than a year earlier.

Production of dried fruit for the current season was substantially above last season's limited output; but, wholesale prices are moderately to substantially above a year ago and will continue so reflecting strong domestic and foreign demand.

EDIBLE TREE NUTS

The production of the four major edible tree nuts (almonds, filberts, walnuts, and pecans) is expected to be substantially larger than last season. At an estimated 413,300 tons in-shell basis, supplies this season are a fifth above last year's utilized crop and slightly larger than in 1971.



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