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OUTLOOK FOR FRUIT AND TREE NUTS

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GENERAL PRICE PROSPECTS

The 1978/79 season will be another banner year for producers of fruits and tree nuts. This season's fruit and tree nut prices are expected to be moderately to substantially above last year's levels. Smaller supplies of most citrus and noncitrus fruits and strong demand in both fresh and processing markets are responsible. Smaller crops of almonds, pecans, and walnuts point to higher prices for those items, also, this holiday season and during the winter months ahead.

Prices received so far this year by growers for fresh and processed fruits have averaged sharply above a year earlier. The index of prices received reached a record high 274 (1967=100) in September, 57 percent above a year ago. The index fell 37 points (13 percent) in October as large supplies of fruit came on the market. However, the index was still 8 percent higher than in October 1977.

Prices received by applegrowers are expected to remain near last year's levels. Demand for apples for both fresh and processing outlets is expected to be good. The 1978 contract prices negotiated for most noncitrus fruit for processing are above last year's levels. Also, the smaller citrus crop will help keep prices relatively high and strengthen processor demand for noncitrus. Consequently, prices received by growers for fresh and processed fruit will average above year-earlier levels through the winter.

Wholesale prices of most processed fruit items have been moderately to substantially above a year ago. The October BLS wholesale price index for canned fruit continued to strengthen, advancing to 205.4 (1967=100), up from 201.4 in September, 3 percent higher than last year. With the higher contract prices of raw product, and higher processing costs, wholesale prices of canned fruit are expected to continue to rise. In response to good demand and tight supply of frozen concentrated orange juice (FCOJ), the wholesale price index for frozen fruits and juices has been well above last year. Prices are likely to remain higher as the citrus packers in Florida have announced a price hike for FCOJ.

Although wholesale prices for dried and dehydrated fruits had been considerably below year-earlier levels, they rose sharply in October because of the damage to raisin grapes in California resulting from the early September rains.

Retail prices for most fresh fruit have averaged sharply above a year ago. The Bureau of Labor Statistics (BLS) September retail price index for fresh fruit stood at 243.2 (1967=100), down slightly from a high of 252.8 in August, but well above the 180.4 of a year earlier. As supplies of fresh fruit increase seasonally, retail prices are expected

to continue to decline this fall. However, continued good demand combined with higher costs of marketing will keep the retail fresh fruit price index moderately to substantially higher this winter than a year earlier.

TABLE 1.—INDEX OF QUARTERLY PRICES RECEIVED BY GROWERS FOR FRESH AND PROCESSED FRUIT

Year	(1967=100)			
	1st	2d	3d	4th
1974.....	133	140	148	142
1975.....	129	152	140	130
1976.....	126	126	130	135
1977.....	122	147	164	135
1978.....	195	224	258	-----

TABLE 2.—QUARTERLY RETAIL PRICE INDEXES FOR FRESH FRUIT

Year	(1967=100)			
	1st	2d	3d	4th
1974.....	138	153	164	145
1975.....	150	171	177	149
1976.....	146	161	170	167
1977.....	172	190	193	186
1978 ¹	196	216	-----	-----
1978 ²	194	222	247	-----

¹ From 1973 to June 1978, these indexes were entitled "Urban Wage Earners and Clerical Workers," BLS discontinued these indexes as of June 1978.

² Starting with January 1978 a new index entitled "All Urban Consumers," replaces previous index.

FRESH CITRUS FRUIT

The first forecast of U.S. citrus production (excluding grapefruit in California's "other" areas) for the 1978/79 season is estimated at 13.8 million tons, down 3 percent from the 1977/78 utilized crop and 10 percent below the 1976/77 record. All crops, except tangerines, are expected to be smaller than they were during the past season. Tangerine production will increase in Florida and California.

Oranges

The first forecast for the 1978/79 season points to an orange crop of 215 million boxes, 2 percent below last season's crop and 12 percent below the 1976/77 output. In Florida, the round orange forecast calls for 167 million boxes, 800,000 less than last year. If current prospects are realized, Florida will produce four-fifths of the U.S. orange crop. California expects a crop of 38 million boxes—the smallest crop in recent years—the result of a smaller Valencia crop. Texas expects a slightly larger crop than last year, but this gain will be offset by a smaller crop in Arizona.

The smaller crop prospects for 1978/79, combined with small carry-over stocks of most processed items, will keep orange prices at high levels throughout this season. Current market prospects for oranges through the winter point to grower prices moderately to substantially higher than last year's high levels and will be reflected at the retail level in the months ahead.

Foreign demand for fresh oranges declined during the 1977/78 season. Through August, U.S. exports of fresh oranges totaled 308,271

metric tons, down 14 percent from the previous year. Canada, our largest customer, accounting for nearly half of our exports, reduced its purchases by 9 percent. This decline, coupled with smaller exports to nearly all of the European countries, overpowered the 104-percent increase in exports to Japan. Reflecting some U.S. progress in the "orange war," Japan agreed to increase imports of fresh citrus approximately threefold.

With the current low valuation of the U.S. dollar against other major world currencies, U.S. citrus will be a bargain abroad, and prospects for exports of oranges would normally be bright. However, the continued tight domestic supply situation, coupled with a large crop and aggressive marketing by Brazil, will keep exports at moderate levels.

Grapefruit

Prospects for U.S. grapefruit production, during the 1978/79 season, point to a crop of 68.4 million boxes (for California, includes desert fruit only) down 3 percent from last season and 4 percent below the 1976/77 total. Last year, California's "other" areas had a crop of 3.2 million boxes, so the total may approximate 72 million boxes.

Florida's total grapefruit forecast of 51 million boxes is down 1 percent from last year. The Texas grapefruit crop is estimated at 11 million boxes, down 8 percent from the previous season's total. Arizona is expected to harvest 2.6 million boxes, compared with 2.9 million last year. Prospective production in California's desert areas, at 3.8 million boxes, will be down 12 percent from the 1977/78 level. California grapefruit production in "other" areas will be forecast on December 8.

Grapefruit prices for the 1977/78 season were generally higher than a year earlier. Because the Florida grapefruit crop is maturing later than normal this year, shipments from Florida were negligible through early October and opening prices were high. In view of the smaller supplies and good demand, prices are expected to average near last year's levels through the winter.

Export demand for fresh grapefruit declined moderately during the 1977/78 season. Through August, the United States had exported 265,162 metric tons of fresh grapefruit, down 5 percent from the year-earlier figure. The overall decline was caused by an 18-percent drop in grapefruit exports to Japan. Exports to Canada and Europe were running ahead of the previous year's totals. Although the grapefruit crop is down from last year, it is still a large crop. With the dollar currently weak against the Japanese yen, prospects are for grapefruit exports to that country to rebound and for overall exports to be at high levels throughout the 1978/79 season.

Lemons

The California-Arizona lemon crop for 1978/79 is expected to total 26 million boxes (896 thousand metric tons), slightly less than last season and the same as the 1976/77 crop. The crop for California, which produced 20.4 million boxes last season, is forecast at 19 million boxes and Arizona's crop is expected to total 7 million boxes, up from 5.7 million a year earlier. In the desert areas of Arizona and California grades are good, conditions are excellent, and the fruit is sizing well.

The 1977/78 season average price received by growers for lemons in all areas for all uses was \$1.94 per box, up moderately from a year

earlier. Equivalent on-tree returns for fresh use, however, spurted to \$5.72 per box, nearly a third higher than the season before. Shipments of fresh lemons through October 21 were substantially smaller than a year earlier and f.o.b. prices, at \$8.01 per carton, were 14 percent higher than at the same date a year earlier. Prices have declined, but will probably average slightly higher this year than last.

PROCESSED CITRUS

Nearly three-fourths of the 1977/78 U.S. citrus crop was processed. The total of 19.5 million tons was 8 percent below the record set a year earlier. Sales of fresh citrus totaled 3.7 million tons, 3 percent less than in the 1976/77 season and 10 percent less than 2 years earlier. Approximately 82 percent of the oranges, 60 percent of the grapefruit, and 56 percent of the lemons were processed.

The 1977-78 net pack of Florida frozen concentrated orange juice (FCOJ) was 161.2 million gallons, up slightly from 158 million gallons a year earlier. The smaller crop and a below-average juice yield were responsible. Processors recovered 1.23 gallons of 45° Brix FCOJ per box from the 1977-78 crop. While the juice yield was well above the 1.07 gallons from the freeze-damaged crop a year earlier, it was still below the 1.29-1.31 gallons the industry had become accustomed to. Juice yield is currently estimated at 1.29 gallons of 45° Brix concentrate per box for the 1978-79 crop.

Because of higher prices, movement of FCOJ has been behind last season's pace. However, the weekly movement rate increased in September, due at least partially to anticipation of the new crop. However, because of the sharply smaller carry-in, stocks on October 21, at 44.7 million gallons, were slightly smaller than a year ago. Prices for FCOJ f.o.b. Florida packing plants had been steady at \$3.30-\$3.35 per dozen 6-ounce cans (unadvertised brands) throughout the season. Immediately after the first crop forecast of the 1978-79 season, however, a major packer raised the price to \$3.86 per dozen. Another went up to \$3.55. These prices could dampen product movement. Depending on the extent to which this rate of movement can be slowed, carry-out at the end of this season should be near or slightly below the 25-million-gallon level of last year.

FRESH NONCITRUS FRUIT

The 1978 noncitrus crop is forecast at 11.3 million tons, slightly below both 1977 and 1976. Because of good demand in both fresh and processing outlets, and smaller supplies, shipping point prices for most fresh noncitrus fruit were generally moderately to substantially above a year ago. They have declined seasonally, but are expected to remain relatively high during the 1978-79 season.

The final forecast for the 1978 U.S. apple crop was placed at 7.38 billion pounds (3.35 million metric tons). This was 11 percent above last season's total, and 14 percent higher than the freeze-damaged 1976 crop.

Opening f.o.b. prices for fresh apples at major shipping points were generally substantially above year-earlier levels. Prices have fallen with the increase in shipments. However, good demand, combined with a smaller prospective citrus crop is likely to keep apple prices near last year's high levels.

Prospective demand for fresh apples in Europe is not favorable. The 1978 apple crops in most of the European countries are expected to be substantially above the small 1977 production. France expects an apple crop 37 percent larger than in 1977. The apple crop in Germany, a key importing country on the continent, is expected to be 31 percent larger. Prospects for exports to Canada, our largest customer, are not encouraging because Canadian apple production is expected to be up 9 percent from 1977. In addition, U.S. apples will also be more expensive in Canada because of the decline in the value of the Canadian dollar. However, exports of apples to other parts of the world, particularly the Far East and Middle East are expected to increase.

The final forecast of U.S. grape production as of October 1, at 4.32 million tons (3.92 million metric tons), was 6 percent below the record expectations of a month ago, but slightly above last season's output. Larger crops were forecast for all States except California and Arkansas. Prospects in California now point to a crop of 3.8 million tons compared with the 4.1 million expected a month ago. California's 5 percent smaller output now accounts for 88 percent of the crop, compared with 93 percent a year ago. Damaging rains early in September reduced the prospective production for all varieties.

Through mid-October, shipments of fresh table grapes totaled 39.4 million pounds compared with 50.7 million pounds during the corresponding period a year ago. Shipping point prices have declined seasonally but they are still above year-earlier levels. By mid-October, Ribiers were quoted at \$8.13 per 23-pound lug in Kern County, Calif., slightly above a year ago. Emperors were quoted at \$7 per 23-pound lug, an increase of 12 percent over last year. Prices will remain higher throughout the season.

In early October, the Raisin Bargaining Association announced that the packers have accepted a field price of natural Thompson Seedless and Zante currants at \$1,600 per sweat box ton. One provision of the agreement called for packers to waive the grower rental charge for bins and boxes used for the 1978-79 crop. This price offer and rental charge provision were accepted by a majority of packers. This season's price for natural Thompson Seedless is \$760 per ton above 1977, reflecting the rain damage to the crop.

Through October 18, only 8,172 tons of natural Thompson Seedless raisins had been received by handlers and 17,102 tons of all types. This compares with 155,324 tons for the corresponding period a year earlier. The 1978 raisin output will be sharply below the 248,300 tons (dried basis) in 1977.

The final forecast of the 1978 U.S. pear crop placed production at 699,000 tons (634,000 metric tons), 11 percent below 1977. Output of Bartlett pears in Washington, Oregon, and California is forecast at 452,000 tons, off 17 percent from the 1977 total. Production of pears other than Bartletts, most of which are fall and winter varieties in the Pacific coast, is forecast at 203,000 tons, 4 percent above the 1977 crop. Due to poor pollinization weather last spring, pear production in other than Pacific coast States is forecast at 43,700 tons, down 9 percent from a year earlier.

Fresh market shipments of pears from the Pacific coast area so far this season through mid-October have been near last year's levels, even with a smaller crop. California's movement was down moderately,

but larger shipments from Oregon and Washington were offsetting. However, f.o.b. fresh Bartlett prices on the west coast have been sharply above year-earlier levels. In mid-October, the f.o.b. quotation for Bartlett pears at Sacramento, Calif., was \$13 per box U.S. No. 1 90-150's compared with \$8.88 a year ago. Prices for Washington Bartlett pears at Yakima-Wenatchee averaged \$10.63 U.S. No. 1 90-135's compared with \$8.50 a year ago. Opening f.o.b. prices for winter pears were also substantially higher than last year. Even though production of winter pears in the Northwest is moderately larger, late-season pear prices are not likely to weaken significantly.

Smaller carryover of canned pears and available supplies of Bartlett pears have resulted in higher prices for processing use. Growers and canners in California agreed to a field price of \$182.50 per ton for No. 1 grade Bartletts, an increase of 52 percent from 1977. The Washington-Oregon Canning Pear Association reported the cannery price for No. 1 Bartletts, 2 inches and larger at \$185 per ton compared with \$115 in 1977. These high prices will be reflected at the retail level.

PROCESSED NONCITRUS

With a slightly smaller noncitrus crop, the 1978-79 pack of most noncitrus fruit is likely to be less than that of a year ago. Thus, combined with the smaller carryover, total supplies of canned noncitrus products will be below year-earlier levels. Supplies of dried fruit, particularly raisins, are expected to be tight because of the damage from unseasonal rain in early September in California and subsequent poor drying weather. Frozen fruit and berry supplies are also expected to be smaller as deliveries of berries to processors have been substantially less than last year. The smaller supply plus higher cost of raw products and processing will further strengthen prices of processed noncitrus items at all levels.

The 1978 U.S. pack of frozen deciduous fruit and berries is expected to be smaller than the 636.6 million pounds packed in 1977. So far this season, receipts of strawberries delivered to California freezers totaled 116.6 million pounds through mid-October compared with 157.7 million pounds a year ago. Imports of frozen strawberries during the first 8 months of 1978 were also slightly less than the corresponding period a year earlier. In contrast, freezers' receipts of blackberries from Oregon have been substantially above year-earlier levels while those of blueberries from Michigan and Oregon are also expected to be substantially larger.

Reflecting a sharply smaller crop in Michigan, the freezers' pack of red tart cherries was substantially less than last year. Generally sharply larger packs were reported for the East, particularly New York and Pennsylvania, but sharply smaller packs in the Midwest were offsetting.

Cold storage stocks down

With the smaller cold storage holdings for most principal fruit, total cold storage stocks of frozen fruit and berries amounted to 560 million pounds on October 1, 11 percent less than the corresponding period a year earlier. Stocks of strawberries at 157 million pounds and red tart cherries at 78 million pounds were down 24 and 17 percent, respectively, from a year ago, but those of peaches were 17 percent larger.

Because of a sharply smaller frozen stock, wholesale prices of frozen strawberries reached a record high \$5.11 per dozen 11-ounce packages in September, up 4 percent from a year ago. With the smaller supplies of most processed noncitrus fruit in prospect, prices of frozen strawberries will remain higher during the 1978/79 season.

The 1978/79 pack of most canned noncitrus fruit will be moderately to substantially below last year's. Complete pack data for canned noncitrus items available so far this season indicate that the pack of canned Clingstone peaches amounted to 19.6 million cases (24 No. 2's) compared with 27.6 million cases last year. Even with a moderately larger carryover, total supplies of canned Clingstone peaches for this season are considerably smaller than the relatively high levels of a year ago. Because of smaller crops of Clingstone peaches and Bartlett pears, the pack of canned fruit cocktail totaled 11.7 million cases (24 No. 2's), a tenth below the year-earlier level. With the smaller carry-in at the beginning of the 1978/79 season, the total supply of canned fruit cocktail is smaller than 1977/78.

The Bartlett pear pack is one-third smaller than a year ago. With carryover of only 0.9 million cases, the total supply of canned pears, at 3.2 million cases (24-2½'s), is one-third smaller than last year and only slightly more than half as large as the year before. Recently, most California private label packers announced price increases for canned pears.

Reflecting the larger crop and smaller carryover, the total pack of canned apple products is expected to be larger this season. Apple processors will benefit from smaller supplies of other processed noncitrus items. Even with the larger supplies in prospect, prices of canned apple items will remain firm during the 1978/79 season.

Prices are moderately to sharply higher for all canned noncitrus. In view of higher costs of raw products, and higher costs of processing and marketing, prices of canned fruits at all levels will remain higher this year.

Exports of canned noncitrus fruit so far this season have shown a mixed pattern, but it is too early to establish a trend. Exports of canned peaches during the first 3 months of 1978/79 have remained strong, up 82 percent from the comparable period a year ago. A strong increase in canned cherry exports, except Maraschino cherries, from last year's low level was also reported. Exports of canned fruit cocktail were up 20 percent, and Maraschino cherries were up 3 percent, while exports of canned pears were down 7 percent from last year's level.

U.S. production of dried fruit for the 1978/79 season is expected to be considerably less than last season. Damaging rains early in September followed by cool, damp weather reduced production of raisin variety grapes to 1.75 million tons, off 5 percent from the September forecast. It includes all grapes for harvest as well as those laid for raisin production. The portion of the crop to be used for raisins is in poor condition and an abnormal amount will be diverted to other processing outlets. In mid-October, official estimates of the final outturn are not available. The production of dried prunes and other major dried fruit items in California was also adversely affected by the wet weather, but to a lesser extent than raisins.

TREE NUTS

The 1978/79 crop of the four major edible tree nuts—almonds, filberts, pecans, and walnuts—is estimated at 447,950 tons (in shell basis), down more than a fifth from last season. Sharply smaller crops of almonds and walnuts, and a substantially smaller crop of pecans, are responsible.

Almond production in California is forecast at 170,000 tons, down nearly a third from last year's final output. Reasons for such a short crop include: (1) poor pollinating weather, (2) an unusually warm winter that did not provide adequate dormancy and (3) loss of tree vigor due to 2 years of record crops and subnormal rainfall. The current healthy, vigorous State of California almond trees, however, portends a return to large crop again in 1979 and a continued strong industry growth pattern.

In response to excellent demand at home and abroad, the average price received by almond growers for the 1977 crop was \$1,030 per ton, up sharply from a year earlier. With a sharply smaller crop in prospect, grower prices will average much higher this year. Early spot prices have been more than 50 percent higher than last year.

The 1978 filbert crop is forecast at 11,800 tons, the same as last year, but 64 percent above the small 1976 crop. Oregon, nut sizes are larger than last year, and in Washington there are more single and double nuts and fewer triple nuts than a year ago. As usual, Oregon will produce about 97 percent of the U.S. filbert crop.

U.S. producers will benefit from the higher world filbert prices. Last year U.S. prices to growers averaged \$687 per ton, up from \$640 a year earlier. This year, boosted by higher world prices for filberts and shorter crops and higher prices for competing nuts, prices should average well above last year. In mid-October, growers were selling good quality new crop filberts at 42 cents per pound.

The October 1 forecast of the U.S. pecan crop places production at 212 million pounds, 10 percent less than last year but more than double the short 1976 crop. Dry weather in September throughout most of the South reduced the crop from earlier expectations, but in Georgia, the leading producer of improved varieties, the crop is heavy. This year, improved varieties are expected to account for 65 percent of the total crop. Improved varieties were only 58 percent last year.

Carryover stocks of pecans on September 30 were more than double those of a year ago. However, the pecan industry is still recovering from the disastrous 1976 season. Prices were at high levels last year, as distributors attempted to fill the marketing pipelines. Prices will continue at high levels this year reflecting the smaller pecan crop, smaller crops of almonds and walnuts, and high world prices for nearly all of the competing tree nuts.

Production of walnuts in California is forecast at 160,000 tons, 17 percent below last season's crop and 13 percent below the 1976 crop. This decline also reflects the effects of the prolonged California drought which persisted through last summer and the mild winter last year. Nut sizes are comparable to last year, but the set is below normal.

PER CAPITA FRUIT CONSUMPTION

Total civilian per capita fruit consumption decline in 1977 to 216 pounds per person (fresh weight equivalent), down from a post-World War II high of 219.8 pounds in 1976. Smaller citrus supplies, resulting from the January 1977 freeze were responsible for most of the decline. Consumption of most other fruits remained near year-earlier levels.

Per capita consumption of fresh fruit decreased slightly to 84.1 pounds—down from 86.6 in 1976—as the increase in noncitrus consumption failed to offset the substantial decline in citrus consumption. Per capita consumption of fresh citrus declined 12 percent to 26 pounds, with all citrus except lemons, limes, and tangelos sharing in the decline. Per capita consumption of processed fruit declined slightly from 132.2 to 131.9 pounds per person during 1977, due primarily to the decrease in canned citrus juice and dried fruit. Per capita consumption of processed noncitrus fruit increased slightly to 46.2 pounds per person with the largest gains in canned fruits (other than apples) and juices.

Preliminary estimates indicate that per capita consumption of fresh fruit will edge up to 84.3 pounds per person in 1978 due mostly to the larger apple crop in 1978. Consumption of fresh apples is expected to increase to 18.7 pounds per person in 1978 while fresh citrus consumption will decline about one-half pound per person to 26 pounds.

Per capita consumption of canned fruits will decline slightly for the calendar year 1978, down to about 19 pounds per person. Consumption of other processed fruit items will also be down slightly from year-earlier levels.

While forecasting fruit supplies a year ahead is, at best, risky, production trends and patterns indicate larger crops of summer fruits in California in 1979. A larger citrus crop could be expected as the Florida citrus groves continue to recover from the January 1977 freeze damage. The potentially larger apple crop is expected particularly from the main producing States. If these materialize, per capita fruit consumption could rebound to the 220-pound level in 1979.