

PEACH FUZZ



An exclusive membership newsletter published by California Canning Peach Association the cooperative bargaining association in the canning cling peach industry.

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HIGHLIGHTS OF THE 93rd ANNUAL MEETING

The Association's 93rd Annual Meeting was held on Tuesday, January 20th at the Sacramento Hilton Hotel. Our keynote speaker was Dan Dooley, an attorney with Bolen, Fransen & Sawyers who specializes in water law issues. Dan shared his views regarding the impact of the 2014 drought and the current water outlook for 2015. He also touched on provisions included in Proposition 1 (the Water Bond) approved by voters in November and closed by reviewing California's new groundwater regulation legislation and what growers should expect as the new regulatory apparatus is developed and begins to operate. He urged growers and others with a stake in decisions regarding future use of the State's groundwater supplies to get actively engaged in the process in order to protect their interests. In his remarks, CCPA President Rich Hudgins discussed the California cling peach industry's improved outlook following the establishment of a 2015 crop price agreement with processors at \$460/ton. He noted that the 2015 price represented an increase of \$81/ton which was more than double the Association's previous largest single year price increase. He added that it was hoped that this pricing would lead to much needed new plantings of peach orchards to enable us to meet the current market demand with domestically-grown canned peaches. He further noted that all canners were willing to offer growers 20-year contract terms for new plantings and urged the nurseries to bud a few more trees of our most desirable varieties for 2016 and 2017 plantings. In addition to calling for increased plantings, he also stressed the importance of making progress on the industry's three other top priorities – controlling costs, improving raw product quality, and finding new markets for our products. He closed his remarks noting that the path to success would require growers and processors to work together even more closely in the coming years.

CHILLING HOURS UPDATE

Chilling hours accumulated as of January 26 are significantly below last year's chilling hours and are far below the normal accumulation of chilling hours recorded for November 1-January 26. At this point, it appears that we are on track to post the lowest chilling hour total in the past 20 years (our previous low was 703 hours recorded at U.C. Davis in 1996). Many factors can influence actual crop yields and fruit trees can still be productive where chilling hours are less than recommended levels if there is sufficient cool weather (45-55 degrees) during dormancy. However, insufficient chilling hours can potentially cause delayed or staggered bloom with more erratic fruit sets. We have just over one month remaining to accumulate additional chilling hours before peach trees begin to break dormancy.

Chilling Hours Update YTD Nov. 1 – Jan. 26

<u>Area</u>	<u>Current</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Davis	449	842	825	888	805	786
Modesto	600	1,075	868	1,035	802	857

Comparison to Other Low Chilling Years: Nov. 1 – Jan. 26

<u>Area</u>	<u>Current</u>	<u>2006</u>	<u>2003</u>	<u>2002</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Davis	449	567	570	512	569	619	416
Modesto	600	708	791	702	704	692	639
Avg. Tons/Acre		<u>13.3</u>	<u>17.0</u>	<u>18.1</u>	<u>17.2</u>	<u>18.4</u>	<u>17.4</u>

PULLOUTS TO DATE TOTAL 1,523 ACRES

The Association's fieldstaff reports that pullouts to date now total 1,523 acres which amounts to 7.7% of the industry's 19,901 bearing acres in 2014. At this point, the Association is estimating that 1,000 acres will be planted this spring and that the industry's bearing acreage in 2015 will amount to approximately 18,900 acres. In an effort to spur additional plantings of cling peaches, Del Monte representatives recently announced a planting incentive program which will pay growers \$500/acre for orchards planted in 2015 or 2016 which are contracted to Del Monte. Payments will be made as soon as orchards are planted and the Del Monte contract has been signed. Seneca Foods continues to offer their own planting incentive program (first offered in 2014) which provides upfront payments for tree purchases and irrigation equipment which are treated as a loan to be repaid by the grower as the new orchards come into full production. All processors need additional peach acreage planted in order to meet current market demand.

Cling Peach Pullouts as of January 13, 2015

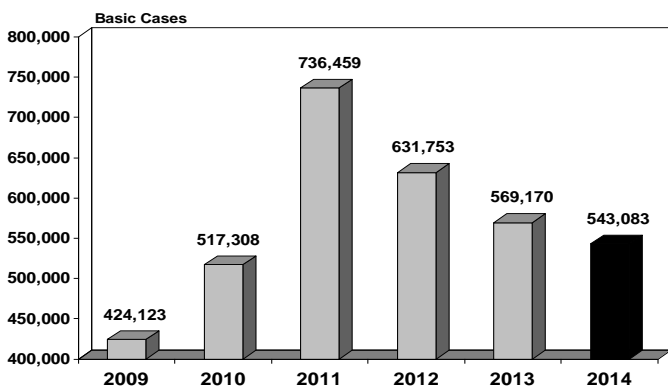
<u>Area</u>	<u>EE Acres</u>	<u>E Acres</u>	<u>L Acres</u>	<u>EL Acres</u>	<u>Total Acres</u>	<u>% of Bearing</u>
Yuba/Sutter	231	133	283	96	743	7.0%
Modesto	98	88	316	91	593	8.1%
Kingsburg	<u>81</u>	<u>40</u>	<u>47</u>	<u>19</u>	<u>187</u>	<u>9.1%</u>
TOTAL	<u>410</u>	<u>261</u>	<u>646</u>	<u>206</u>	<u>1,523</u>	<u>7.7%</u>

RETURN SERVICE REQUESTED

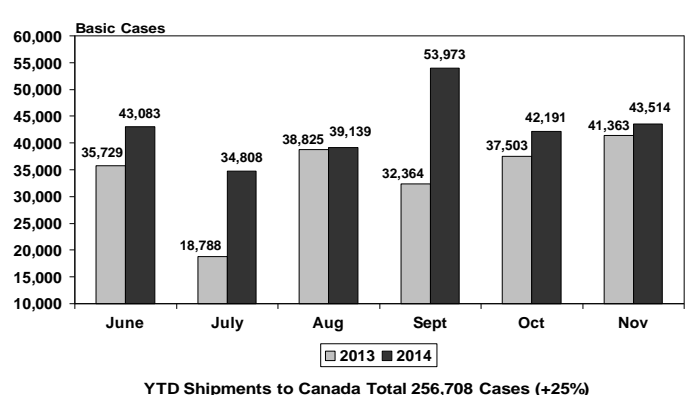
NOVEMBER EXPORTS UP 84%, IMPORTS DOWN 8%

Canned peach exports for November totaled 109,299 cases, up 84% from last November’s export figure of 59,358 cases (but still below Nov. 2013 shipments of 122,038 cases). Monthly shipments to Canada continue to show gains vs. last year for the first six months of the 2014/15 marketing year. In addition, shipments to Mexico in November totaled 53,925 cases, the best monthly sales volume for Mexico so far this year. Year-to-date export shipments now total 543,083 cases, down 5% from year-ago levels primarily driven by a 31% decrease in YTD shipments to Mexico. Canned peach imports for November totaled 458,977 cases, down 8% from last November’s import volume. China continues to account for more than 70% of the total import volume. Year-to-date imports now total 2,235,305 cases, down 10% from YTD imports last year. If imports for Dec. – May match year-ago volume, the U.S. will reach 4.2 million cases of canned peach imports for the 2014/15 marketing year.

**YTD Canned Peach Export Sales Trends
 June – November**



**Monthly Canned Peach Exports to Canada
 June – November**



SACRAMENTO CURRENTLY ON TRACK FOR DRIEST JANUARY EVER RECORDED

After a promising amount of December rainfall, Sacramento is on pace to have the driest January since rainfall recordkeeping began in 1877. As of January 27, only .01 inches of rainfall have been recorded in Sacramento this month. If no additional rainfall occurs before Saturday, we will break the previous record of .07 inches for the driest January in Sacramento which was set in 2007. The only other January with less than .20 inches of rainfall in Sacramento occurred in 1889 when .15 inches were recorded.

OF INTEREST

- The recently completed 2015 Board of Directors election has resulted in one change on the Association’s Board of Directors. Richard Lial of Escalon will represent District 6/7 along with incumbents Gary Darpinian and Peter Martini.
- Sunny Dale has been reelected to serve again as Board Chairman in 2015. Eric Spycher of Ballico has been elected as the Board’s Vice Chairman while Leonard Perez from Kingsburg was reelected as Board Secretary and Jasbir Bains from Yuba City was reelected as Board Treasurer for 2015.
- *Foodnews* reports that the South African peach harvest is in full swing with the industry expecting 162,000 MT of fruit this year, up 11% from last year’s 146,000 MT crop. Pricing has been settled at 6-8% higher than last year. The weak rand is expected to benefit South African canned fruit exporters this year.
- The two young climbers who recently completed a free-climb of El Capitan in Yosemite National Park reported that they ate canned peaches and occasionally sipped whiskey during their climb. We can’t argue with their results!