

# PEACH FUZZ



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

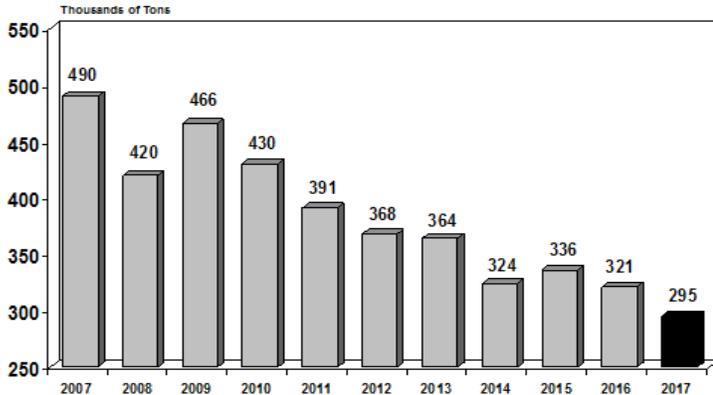
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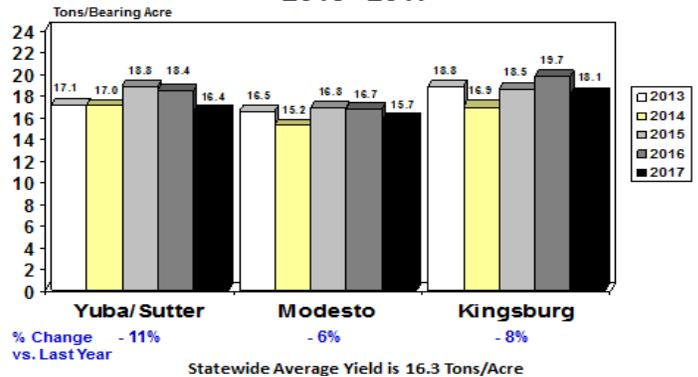
## CALIFORNIA CLING PEACH CROP DOWN 8% FROM LAST YEAR

According to the final 2017 delivery report issued by the California League of Food Processors, cling peach deliveries this year totaled 295,097 tons, down 8% from last year's 320,721 ton crop. The 2017 cling peach crop amounts to the smallest crop on the fewest bearing acres in modern history; yet the industry continues to struggle with oversupply issues. The Statewide average yield amounts to 16.3 tons/acre, down 8.4% from last year's 17.8 ton/acre average yield. The Yuba/Sutter area posted a 16.4 ton/acre yield which amounts to an 11% decrease from last year's 18.4 ton/acre average yield. The Modesto area posted a 15.7 ton/acre average yield, down 6% from last year's 16.7 ton/acre average yield. Kingsburg area yields amounted to 18.1 tons/acre, down 8% from their 19.7 ton/acre yield in 2016. The industry's total offgrade amounted to 4.8% vs. last year's 3.0% offgrade largely due to changes in the 2017 terms of sale. By all accounts, the 2017 peach harvest was a difficult one for both growers and processors. The extreme heat (Sacramento set a new record with 47 consecutive days over 90 degrees and also experienced 24 days over 100 degrees during June-August) impacted fruit quality and resulted in more soft & overripe peaches being delivered this year which caused cannery case yields to fall significantly, especially during the peak Ross delivery week. Many growers sorted more heavily in the orchards to avoid going over the 8% offgrade level. Fruit sizes were the best in six years while bruise/overripe offgrades were the highest in the last six years. Deliveries of mechanically harvested fruit this year amounted to 20,279 tons which represents just over 9% of all CCPA member deliveries. As a percentage of total deliveries, this was the highest figure in recent history. The 2017 canned peach pack in California is projected to be just 10.3 million cases, down 14% from last year's 12 million case pack.

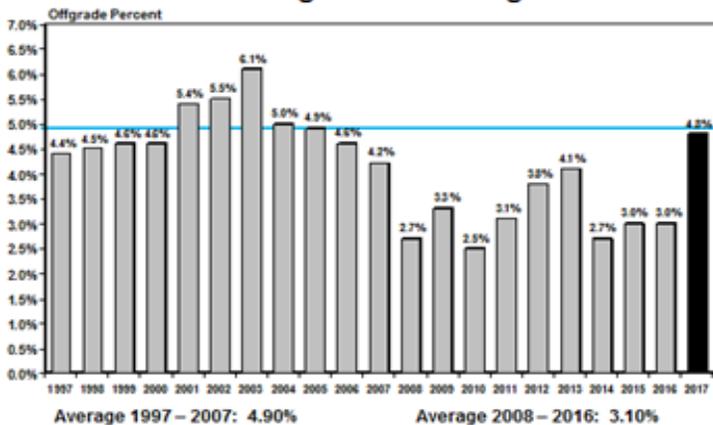
**Cling Peach Delivery Trends  
 Total Tons to All Processors**



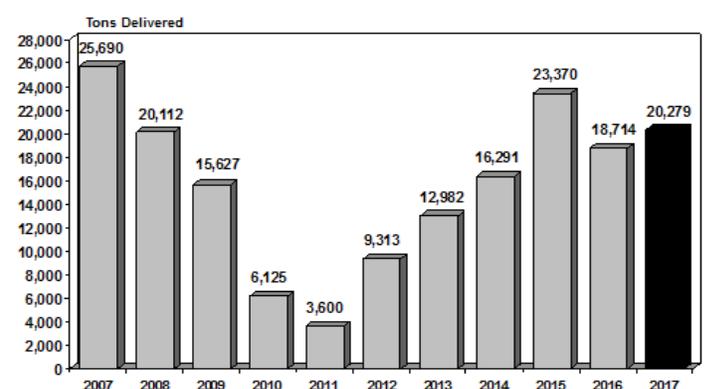
**California Cling Peach Industry  
 Yield/Acre Comparison By Area  
 2013 - 2017**



**California Cling Peach Production  
 Total Offgrade Percentage**



**CCPA Member Delivery Information  
 Machine Harvested Fruit  
 2007 – 2017**



## DEL MONTE TAKES BULK OF USDA CANNED FRUIT BUYS

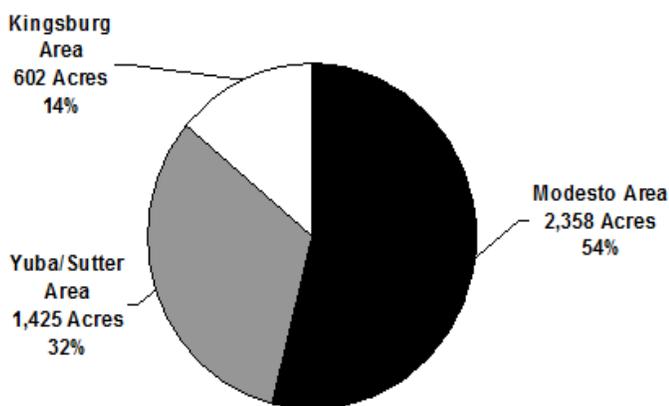
USDA officials have announced three separate canned peach or canned mixed fruit purchases for the 2017 pack. In total, the Department has purchased 640,224 cases of 6/10 diced peaches, 480,624 cases of 6/10 sliced peaches, 552,420 cases of 24/300 canned peaches, 594,540 cases of 24/300 mixed fruit, and 721,392 cases of 6/10 mixed fruit. Del Monte Foods was awarded a total of 2,399,232 cases (80%) of the total 2017 YTD USDA purchase volume of 2,989,200 cases. PCP was awarded the remaining 20% of this purchase volume. Seneca Foods bid on all three rounds but was not awarded a single case. Pricing on the most recent USDA purchase (June 19) ranged from \$1.89-\$3.69/case below USDA bid pricing in July, 2016 for delivery to California destinations. Total USDA purchases of canned peaches and mixed fruit items this year are currently below year-ago levels by 545,200 cases.

RETURN SERVICE REQUESTED

**GROWERS URGED TO CONSIDER PULLING ORCHARDS THIS YEAR**

The California canned peach industry has experienced a significant decrease in volume over the past 10 years. The 2017 peach crop amounts to nearly 200,000 tons less than our industry volume of 489,796 tons in 2007. Recognizing that the industry’s current 18,105 bearing acres will continue to produce more than our market can handle at sustainable price levels and that growers have planted a total of 4,230 acres of new orchards during the past two years which will be coming into production soon, the Association is urging growers with older orchards (or orchards with declining yields this year) to consider removing them this fall. The objective is to remove up to 3,000 acres (17% of current acreage) so that supply and demand are back in balance and selling prices can return to profitable levels for both growers and processors. The combination of our paid-for ton yield decrease, the \$35/ton decrease in price, and changes to our 2017 terms of sale resulted in peach growers experiencing a 20% reduction in gross revenue while our labor costs continued to increase in 2017. The 2017 grower returns are significantly below the latest U.C. Cooperative Extension cling peach production total cost figure of \$8,883/acre. With another California minimum wage increase occurring on January 1<sup>st</sup>, clearly it will be necessary to restore a balanced supply/demand position as quickly as possible so grower prices can return to sustainable levels for 2018. Shown below is a breakdown of all CCPA cash contracted acres 16 years and older. We will be spending more time discussing this issue at the Association’s District Meetings in mid-November. All growers are encouraged to evaluate your future peach farming plans carefully in the coming months.

**CCPA Cash Contract Acreage by Area  
 Orchards 16 Years & Older**



**Total Acres 16 Years & Older: 4,385**

**Largest Annual Cling Peach  
 Acreage Removals  
 1980 — 2016**

YEAR	ACRES PULLED	% OF TOTAL BEARING
1983	5,906	21%
1981	5,538	15%
1980	5,468	13%
2006	4,526	17%
1993	4,404	15%
2005	3,912	13%
2003	3,674	12%
1992	3,647	12%

**Removing 3,000 acres following the 2017 season amounts to 17% of the industry’s total bearing acreage this year.**

**OF INTEREST:**

- Canned peach exports for June/July totaled just 28,371 cases, down 71% from export shipments of 96,654 cases for the same period last year. Canned peach imports for June/July total 614,305 cases (61% from China).
- The CCPA has donated 190 canned peach gift packs to the Hurricane Harvey relief effort.
- Greg Longstreet has been named as Del Monte’s new Chief Executive Officer effective September 5<sup>th</sup>, 2017.
- All CCPA members are reminded to return all empty bins to your nearest receiving station during September.