

PEACH FUZZZ



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

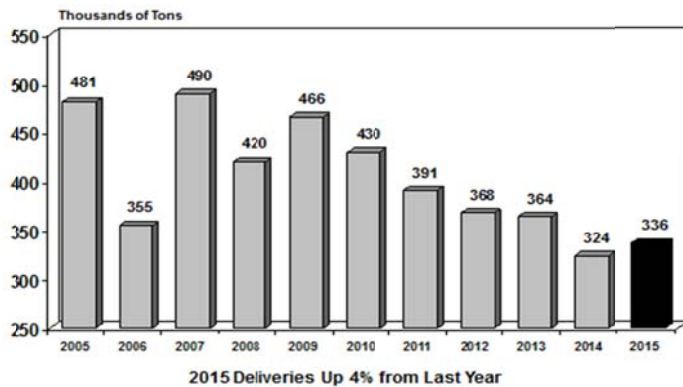
2300 River Plaza Drive / Suite 110 / Sacramento, CA 95833
 Sacramento: 916/925-9131 – Yuba City: 530/673-8526 – Modesto: 209/537-0715
 Website: <http://www.calpeach.com> E-mail: ccpa@calpeach.com

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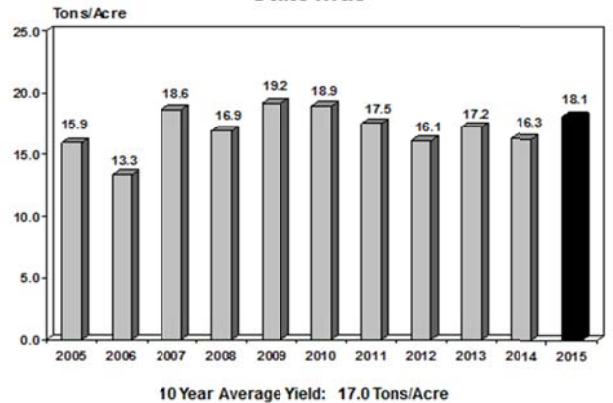
CLING PEACH CROP UP 4% FROM LAST YEAR

According to the September 5 delivery report issued by the California League of Food Processors, peach deliveries this year have reached 335,592 tons, up nearly 4% from last year's 324,458 ton crop. While harvest is complete for nearly all growers, it is estimated that there are less than 40 tons remaining to be picked this week. Based on this estimate, the final delivery figure for 2015 will reach just over 335,600 tons. This represents an 11,100 ton increase over the 2014 crop and amounts to a 2% increase over the industry's 328,893 Block x Block estimate. The Statewide average yield amounts to 18.1 tons/acre, up 11% from last year's 16.3 ton/acre yield. The 2015 yield/acre is the highest since 2010's 18.9 ton/acre crop. The Yuba/Sutter area posted an 18.8 ton/acre yield, up 11% from last year's 17.0 ton/acre yield. The Modesto area also posted an 11% yield increase this year averaging 16.8 tons/acre vs. just 15.2 tons/acre in 2014. Kingsburg area yields amounted to 18.5 tons/acre, up 10% from their 16.9 ton/acre yield last year. The industry's total offgrade amounted to 3.0% this year vs. 2.7% last year with greater amounts of undersize fruit this year accounting for the difference in total offgrade. The 2015 canned peach pack is projected to be 12.25 million basic cases which represents a slight decline over the 2014 pack of 12.3 million cases (slightly lower case yields in 2015). The 2015 pack, when coupled with a very low carryover inventory position entering the 2015/16 marketing year, will result in a very tight supply position with no increase expected in ending inventories going into the 2016 crop.

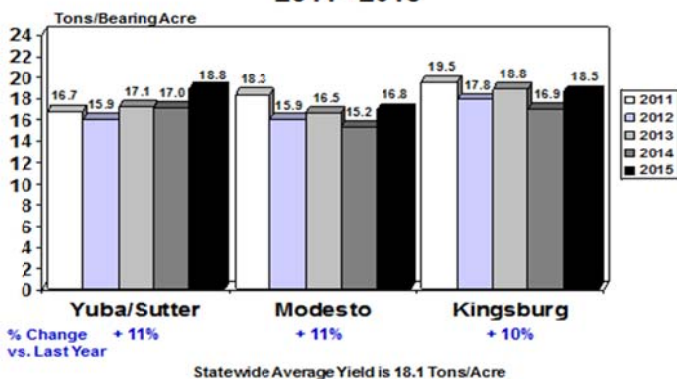
**Cling Peach Delivery Trends
 Total Tons to All Processors**



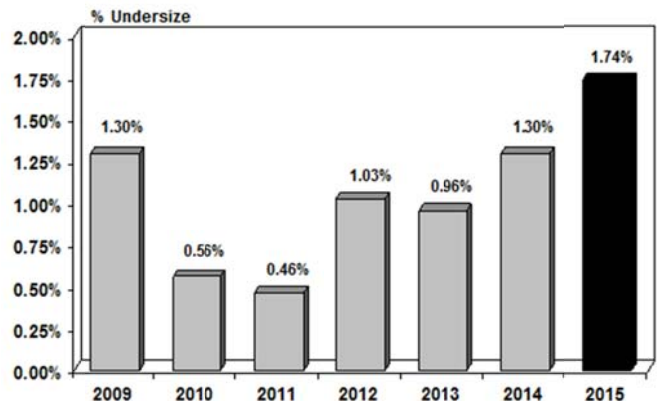
**California Cling Peach Yield Trends
 Statewide**



**California Cling Peach Industry
 Yield/Acre Comparison By Area
 2011 - 2015**



Undersize Fruit Delivery Trends



PULLOUTS TO DATE TOTAL 600 ACRES

The Association's fieldstaff report that pullouts following the 2015 harvest currently amount to 600 acres. This figure is 143 fewer acres than pullouts as of September 8 in 2014. The California League of Food Processors reports that there are 684 acres of 2013 plantings which will be moving into the bearing acreage category for 2016, so it is likely that our 2016 bearing acreage position will be slightly lower than our 18,538 bearing acres in 2015. Seneca Foods and PCP (cash contracts only) have both elected to match Del Monte's previously announced planting incentive program which will pay growers \$500/acre for orchards planted in 2016 (Seneca's offer covers 2017 as well). Payments will be made once the orchard is planted and the 20-year cannery contract is in place. In addition, Seneca Foods will continue to offer their orchard financing program (first offered in 2014) which covers tree purchases and irrigation equipment as a loan to be repaid by the grower as new plantings come into production. The Seneca financing program cannot be combined with this planting incentive program, the grower must elect one or the other on new plantings. Based on the industry's current supply/demand situation and the age of existing orchards, all processors need additional peach acreage planted in order to meet market demand.

RETURN SERVICE REQUESTED

USDA MAKES A THIRD 2015 CANNED FRUIT BUY

On August 18, USDA officials announced the results of their third canned peach buy for the 2015/2016 school year. Del Monte Foods was awarded 21,060 cases of 24/300 canned peaches, 34,656 cases of 6/10 sliced peaches, and 96,672 cases of 6/10 diced peaches. PCP was awarded (either directly or through a minority-owned bidder) a total of 58,320 cases of 24/300 canned mixed fruit, 22,680 cases of 24/300 peaches, and 7,296 cases of 6/10 diced peaches. Pricing for delivery to California shipping destinations ranged from \$28.90/case to \$38.46/case for 6/10 peaches. The better than expected 2015 crop allowed for more volume to be supplied to USDA this year vs. 2014 volume for school feeding programs.

2015 GREEK PEACH CROP COMES UP SHORT

According to a recent report in *Foodnews*, the 2015 peach harvest in Greece is expected to be down more than 25% from last year's deliveries of 425,000 metric tons. The article quotes Costas Apostolou, President of the Greek Canners Association, indicating that the shortfall may result in some contracts, especially for high quality products, not being covered due to poor quality and lack of raw product. As a result of the reduced 2015 crop, we expect that pricing for Greek canned peaches and peach puree will advance. However, the market situation has changed dramatically in the last 12 months due to the weakening of the Euro against the U.S. dollar. (The Euro has declined by 15% against the dollar for the year ending September 1, 2015.) It is expected that Greek canned peach imports into the U.S. market will increase this year due to shortfalls in our domestic supply and the continued impact of the Russian trade embargo.

JUNE/JULY EXPORTS DOWN 32%, IMPORTS UP 59%

Canned peach exports for June and July totaled 107,604 cases, down 32% from the 158,432 cases exported last year. Canadian sales volume dropped 34% to 51,504 cases, but still are more than double the sales volume of Mexico which posted a 61% decline to 24,564 cases. Canned peach imports for June and July amount to 797,756 cases, up 59% from last year's shipments of 501,938 cases. Chinese imports have risen 39% to 433,258 cases while Greek imports have risen 75% to 250,065 cases. Chile continues to be the third leading U.S. supplier with 60,259 cases with the rest of the world accounting for just 54,174 cases of canned peach imports.

OF INTEREST:

- All CCPA members are reminded to return any empty bins to your nearest receiving station during September.
- Del Monte Pacific has announced a \$12 million net loss for the first quarter of their 2015/2016 fiscal year. This represents a \$9 million improvement over the prior year, partially driven by improved results from their US-based subsidiary, Del Monte Foods, Inc.
- Seneca Foods has reported first quarter earnings of \$3 million compared to a net loss of \$0.1 million during the first quarter last year.
- PCP has finalized their 2014 Coop returns with total peach earnings of \$486.31/ton.
- Four varieties (Ross, Late Ross, Stanislaus & Starn) accounted for more than half of all 2015 peach deliveries.
- A total of 117 growers participated in the Association's juice fruit sales to Tree Top in 2015.
- CCPA members delivered a total of 23,375 tons of machine harvested fruit this year, up 43% from our 2014 delivery volume and nearly double our 2013 volume. It is expected that our volume of machine harvested fruit will continue to grow in 2016.