

# 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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## CURRENT CROP CONDITIONS

According to the CCPA’s fieldstaff, Statewide full bloom this year occurred on March 10 which is 12 days later than 2016’s full bloom date of February 27<sup>th</sup>. (The 2016 full bloom tied the record for earliest ever, the previous 4 years’ average bloom date is March 9<sup>th</sup>). At this point, southern growers are reported to be generally satisfied with the 2017 bloom, describing it as adequate although somewhat staggered. Despite above average rainfall during the month of February, growers were able to keep up with their bloom sprays and pruning is now finally coming to an end. There have been scattered reports of a tight pruning labor supply which creates additional uncertainty regarding access to an adequate labor supply for thinning and harvest. Yuba/Sutter area growers had to deal with the mandatory evacuation order issued on the evening of February 12<sup>th</sup> due to concerns regarding the integrity of the Oroville dam. The order was lifted several days later but growers have been working seven days a week to catch up on pruning, spraying, and shredding. High water levels in the rivers have resulted in approximately 400 acres of flooded peach orchards ranging from standing water in orchards to some orchards with 5-10 feet of water flowing through them for over a week. Now that river levels have dropped back down, growers are busy cleaning up the aftermath. Aside from flooded orchards, the Yuba/Sutter area bloom was long and steady and appears to be strong enough to set a normal peach crop in 2017. Chilling hours recorded at UC Davis for Nov 1 – Feb 28 were approximately 10% higher than last year with 874 hours this year compared to 796 hours last year and just 537 hours for 2014/15.

<b>Area</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Yuba City</b>	<b>March 10</b>	<b>Feb. 26</b>	<b>March 6</b>	<b>March 11</b>	<b>March 13</b>
<b>Modesto</b>	<b>March 12</b>	<b>Feb. 29</b>	<b>March 9</b>	<b>March 8</b>	<b>March 13</b>
<b>Kingsburg</b>	<b>March 4</b>	<b>Feb. 26</b>	<b>March 4</b>	<b>March 5</b>	<b>March 8</b>
<b>Statewide</b>	<b>March 10</b>	<b>Feb. 27</b>	<b>March 7</b>	<b>March 9</b>	<b>March 13</b>

## Total Chilling Hours Accumulated

<b>Area</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
Verona (YC)	1,014	975	750	1,258
Davis	874	796	537	957
Modesto	900	1,043	802	1,255
Parlier	824	1,056	1,105	989

## USDA ANNOUNCES PEACH BONUS BUY AWARDS

On March 15, USDA officials announced the awards for the canned peach bonus buy. Seneca Foods was awarded 95% of the total purchase volume (417,960 cases of 24/300 peaches and 12,768 cases of 6/10 peaches) while Del Monte Foods was awarded just 22,680 cases of 24/300 peaches and PCP was not awarded any volume. Pricing for this USDA buy is down significantly from July, 2016 levels as import volume during the past several years continues to weaken the U.S. canned peach market. The total bonus buy purchase amounted to \$6.99 million and it represents approximately 4,700 tons of raw product. YTD purchases of the 2016 canned peach pack now total 1.8 million basic cases.

## CONGRESSMEN LAMALFA & GARAMENDI INTRODUCE “BUY AMERICAN” BILL

On February 28, Congressmen Doug LaMalfa and John Garamendi introduced the bipartisan American Food for American Schools Act of 2017 (H.R. 1241) which will require schools participating in the National School Lunch and Breakfast Programs to purchase American food products with U.S. tax dollars – and increase the monitoring and enforcement of the existing Buy American provision for school food purchases. Congressmen LaMalfa and Garamendi were joined by 5 other original cosponsors: Jimmy Panetta (D-CA), Sean Duffy (R-WI), Mike Gallagher (R-WI), Walter Jones (R-NC), and Marcy Kaptur (D-OH). Following the bill’s introduction, Congresswomen Suzan Del Bene (D-WA) and Lucille Roybal-Allard (D-CA) have also agreed to cosponsor the legislation. H.R. 1241 is supported by a broad coalition of ag interests including: CCPA, National Council of Farmer Cooperatives, National Farmers Union, California Farm Bureau Federation, Ag Council of California, Northwest Horticultural Council, Del Monte Foods, Seneca Foods, Pacific Coast Producers, Wawona Frozen Foods, Tree Top, Sunmaid Growers of California, North American Blueberry Council, California Strawberry Commission, and the American Fruit and Vegetable Processors and Growers Coalition. We look forward to working with Congress and the Trump administration to strengthen the Buy American provision for school food purchases this year.

RETURN SERVICE REQUESTED

**DEL MONTE UPDATE**

Del Monte Pacific has reported 3<sup>rd</sup> quarter earnings of \$8.5 million on sales of \$604 million. Earnings for the first nine months of their 2016/17 fiscal year total \$19.9 million on sales of \$1.71 billion. Sales revenue for U.S. based operations declined 3% for the 3<sup>rd</sup> quarter and are down 6% for the first nine months of the fiscal year. Del Monte Pacific has reached agreement with BDO Unibank in February to extend their \$350 million bridge loan for two additional years on the same terms and conditions. In light of unsuccessful USDA bids and reduced sales in private label and foodservice channels, Del Monte Foods has placed a moratorium on contracting for new 2018 plantings and has indicated that they will not renew peach contracts with growers which expire following the 2017 season.

**CALIFORNIA RAINFALL TOTALS FAR ABOVE NORMAL**

California has experienced an extremely wet winter with far above average rainfall and Sierra Nevada snowpack. Storms are expected to resume in California next week with heavy rain expected in the valley and snow in the higher elevations. Sacramento is currently at 205% of normal rainfall for the July 1 – March 1 period. The five month period from October to February was the wettest in California since records began in 1895.

<u>Area</u>	<u>Rainfall Totals: July 1 – March 1</u>				<u>% of Normal</u>
	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>	
Yuba City	23.50"	12.03"	15.27"	15.77"	149%
Sacramento	27.62"	9.74"	13.67"	13.48"	205%
Modesto	14.03"	9.99"	9.16"	9.09"	154%
Fresno	12.58"	10.50"	4.72"	7.66"	164%

**YTD IMPORTS DOWN 17%, EXPORTS DOWN 34%**

Canned peach imports for June-January totaled 3,293,032 cases, down 17% from last year's 3,963,934 cases of import volume but only 2% below the 2014/15 import shipments. China continues to be the leading importer accounting for over 60% of total imports. The largest percentage gain this year occurred with South African imports which have posted a 141% increase over last year's volume. Canned peach export sales for June-January total just 278,682 cases, down 34% from last year's volume and down 60% from the industry's 2014/15 export shipments for the same period. Canada continues to be our largest export market this year accounting for 45% of total sales followed by Mexico with 58,383 cases and Venezuela with 24,246 cases.

**OF INTEREST**

- YTD pullouts following the 2016 season now total 784 acres which represents 4.4% of last year's 17,975 bearing acres.
- Christine Ivory, who previously served as PCP's District Manager in the Yuba/Sutter area, has recently accepted a Field Supervisor position at Blue Diamond Growers. If you know of someone who might be interested in this employment opportunity, please visit PCP's website (pcoastp.com) for more information or to apply for the position.
- The Association thanks many of our members who have already responded to our recent request for a \$50 Peach-PAC contribution this year (or a \$50 increase if you were already a contributor). Please contact your local CCPA field representative for more information if you wish to participate.
- Seneca Foods has reported net earnings of \$8.2 million for the 3<sup>rd</sup> quarter on sales of \$370 million. Earnings for the first nine months of their 2016/17 fiscal year total \$14.3 million on sales of \$980 million. YTD sales revenue is up \$7.9 million vs. the prior year.