

PEACH FUZZ



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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HIGHLIGHTS OF THE CCPA'S 96th ANNUAL MEETING

The Association's 96th Annual Meeting was held on Tuesday, January 23rd at the Sacramento Hilton Hotel. Our Keynote Speaker was Greg Longstreet, President and CEO of Del Monte Foods, Inc. Greg briefly reviewed his sales and marketing background noting that he was initially attracted to Del Monte as an organization due to the power of the Del Monte brand. He added that the company was focusing on understanding the changes in consumer's food purchasing decisions and noted that healthy fruit snacking is emerging as a growth opportunity for Del Monte. He further noted that several of Del Monte's new fruit snacking products utilized peaches with several other new product ideas on the drawing board. He added that the company had also recently launched a joint venture with their fresh produce counterpart (Del Monte Fresh) which should result in new sales opportunities for packaged fruit items in the produce department. He concluded his remarks by highlighting Del Monte's longstanding relationship with their growers and his optimism regarding our future together. In his remarks, President Hudgins noted that the rising cost and decreasing availability of labor represented the biggest challenge today faced by California peach growers. He added that these higher labor costs must be offset through a combination of higher raw product prices and increased mechanization in our orchard operations. He further noted that specialty crop growers are relying on Congress to develop a viable guest worker program without further delay so that growers have access to the future labor force needed to harvest our crops. He also addressed the Association's concern over the recent increase in new plantings which will soon have the potential to produce more fruit than the market can handle adding that the Association currently has several unsold orchards with very limited sales opportunities for additional fruit in 2018. He added that time was of the essence in removing additional acres so that supply and demand are back in balance and selling prices can return to profitable levels. He concluded his remarks by outlining the Association's ongoing efforts to assist our processor customers in regaining some of the lost ground in the foodservice sales channel by strengthening USDA's monitoring and enforcement of the Buy American requirements for school food purchases. The Peach Family dinner followed the meeting where outgoing Board Chairman Sunny Dale was recognized for his outstanding leadership.

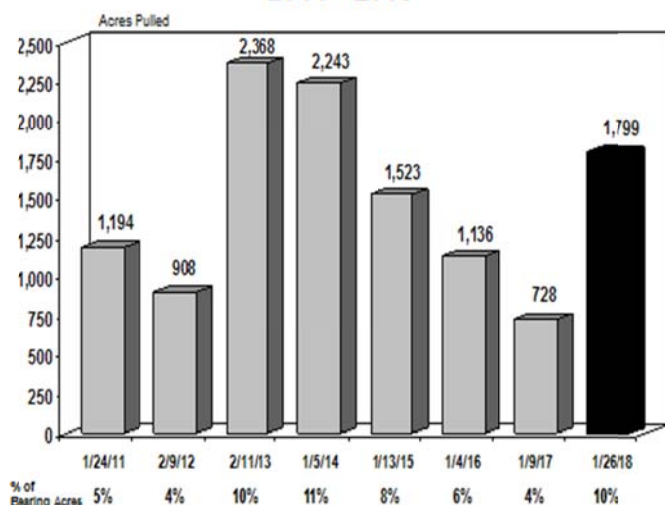
RANJIT DAVIT ELECTED AS NEW CCPA BOARD CHAIRMAN

The Association's Board of Directors has elected their new officers for 2018. Ranjit Davit was named as the Association's new Board Chairman following Sunny Dale's decision to step down after serving 5 years as Board Chairman and a total of 19 years on the Association's Board of Directors. Ranjit is from Live Oak and has served on the Board since 2003. He becomes just the 15th Board Chairman in our 96-year history. Other Board officers elected were Vice Chairman, Eric Spycher from Ballico, Secretary, Leonard Perez from Kingsburg, and Treasurer, Jasbir Bains from Yuba City.

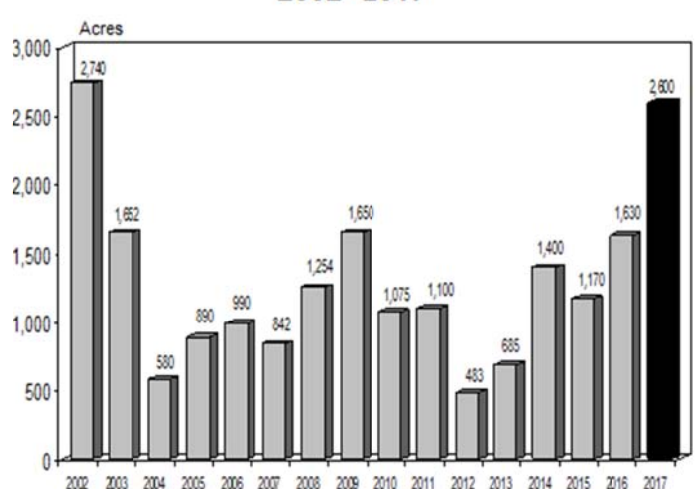
PULLOUTS TO DATE TOTAL 1,799 ACRES

The Association's fieldstaff report that pullouts to date following the 2017 harvest total 1,799 acres. This figure amounts to 9.9% of the industry's total bearing acreage in 2017. This represents the highest percentage of bearing acreage removed since 2013/14 pullouts which exceeded 11% of the state's bearing acreage. There are a total of 1,186 acres of 2015 plantings which will move into the bearing acreage category for next year, so current pullouts would result in 17,492 bearing acres in 2018. Given the industry's 10-year average yield of 17.4 tons/acre, this would generate a 2018 crop of 304,000 tons.

**Comparison of Cling Peach Acres Pulled
2011 – 2018**



**Cling Peach Acres Planted
2002 - 2017**



RETURN SERVICE REQUESTED

CHILLING HOURS UPDATE

Chilling hours accumulated as of January 31st are below last year's totals for all reporting locations. The Verona and Davis chilling hour totals amount to more than 90% of the previous three-year average while Modesto and Parlier are between 80-90% of their three-year average. A minimum of 800 chilling hours between November 1st to February 28th is considered necessary to satisfy the basic chilling requirements of a cling peach tree. If chilling hours recorded at U.C. Davis for February are the same as last year, we will reach 708 hours compared to 874 hours last year. The lowest number of chilling hours in recent history was 2014/15 when just 537 hours were accumulated for the Davis location.

<u>Area</u>	<u>Total Chilling Hours Accumulated</u>				
	<u>Current</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Verona (YC)	695	899	789	615	1,101
Davis	606	772	661	462	859
Modesto	672	791	843	637	1,100
Parlier	716	734	901	1,031	909

CALIFORNIA YTD RAINFALL TOTALS FAR BELOW AVERAGE

California has experienced below average rainfall amounts this year throughout the Central Valley. Rainfall totals for July 1 through February 1 range from 77% of normal in Sacramento to just 32% of normal in Fresno. In addition, California's Sierra Nevada snowpack is currently at 30% of normal.

<u>Area</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>Normal</u>	<u>% of Normal</u>
Yuba City	11.44	16.02	7.98	12.07	66%
Sacramento	8.92	19.37	7.62	9.89	77%
Modesto	9.44	10.55	3.55	6.63	54%
Fresno	10.17	10.06	1.80	5.56	32%

YTD CANNED PEACH EXPORTS DOWN 9%, IMPORTS DOWN 11%

Canned peach exports for June-November total 213,160 cases, down 9% from the 234,026 cases exported during the first six months of the 2016/17 marketing year. Canada and Mexico account for 88% of U.S. canned peach export sales volume this year. Shipments to all other countries amounted to just 26,612 cases, down 69% from the prior year's sales volume. Canned peach imports for June-November amount to 2,174,490 cases, down 11% from the 2,434,054 cases imported during the first six months of the 2016/17 marketing year. China and Greece account for over 80% of all U.S. canned peach imports this year.

OF INTEREST

- Seneca Foods has reported net earnings of \$7.7 million for the 3rd quarter of their fiscal year on sales of \$392.7 million. Earnings for the first nine months of their 2017/18 fiscal year total \$5.8 million on sales of \$1,049.2 million. YTD sales revenue is up 7.9% vs. the prior year due to a combination of increased sales volume and higher selling prices/more favorable sales mix.
- On February 2, Seneca Foods announced that they have acquired the maraschino cherry business of Burnette Foods. The business is based in Traverse City, MI and will allow Seneca to supplement its existing maraschino cherry operations. Terms of the acquisition were not disclosed.
- The recently completed 2018 CCPA Board of Directors election has resulted in three changes on the Association's Board. The newly elected Board members are Gurvinder Pamma (District 1), Robbie Bains (District 3), and Simon Sihota (District 10/11).