

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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CCPA's 2018 PRETHINNING ESTIMATE TOTALS 262,573 TONS

The Association's 2018 prethinning estimate, which is conducted by our Directors, Delegates and Committeemen in early May each year totals 262,573 tons. The 2018 crop estimate represents an 11% decrease from last year's 295,120 ton crop. It amounts to an average yield of 16.0 tons/acre which is 2% below last year's yield of 16.3 tons/acre. Lates are the only varietal group showing an increase in yield vs. last year with the largest yield decrease expected in Earlies. The estimated 2018 peach crop amounts to a reduction of over 32,000 tons vs. last year. The USDA's National Ag Statistics Service has also released their initial 2018 California cling peach crop estimate of 265,000 tons. The 2018 peach crop is projected to generate a pack of just 9.5 million cases of canned peaches which will be the smallest pack in modern history.

2018 Prethinning Estimate

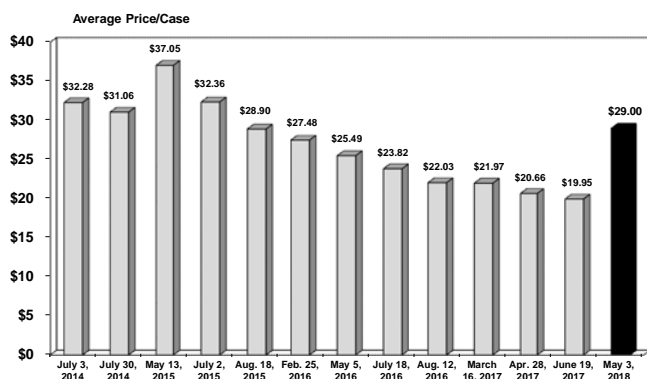
Tonnage by Area					
Area	Bearing Acres	Prethinning Estimate	2017 Deliveries	% Change vs. Last Year	Yield/Acre
Yuba/Sutter	9,365	153,513	169,398	-9%	16.4
Stockton	639	8,998	11,279	-20%	14.1
Modesto	4,689	74,445	82,703	-10%	15.9
Kingsburg	1,673	25,617	31,740	-19%	15.3
TOTALS	16,366	262,573	295,120	-11%	16.0

Tonnage by Varietal Group					
Varietal Group	Bearing Acres	Prethinning Estimate	2017 Deliveries	% Change vs. Last Year	Yield/Acre
Extra Earlies	4,307	53,411	64,578	-17%	12.4
Earlies	2,841	39,746	46,863	-15%	14.0
Lates	6,808	131,275	138,332	-5%	19.3
Extra Lates	2,410	38,141	45,347	-16%	15.8
TOTALS	16,366	262,573	295,120	-11%	16.0

USDA BID PRICES HIGHER IN 2018

On May 3, USDA officials announced the results of the first canned fruit purchase for the 2018/19 school year. PCP was awarded 62% of the canned peach and canned mixed fruit volume with the balance going to Del Monte Foods. Prices for this buy were significantly higher than last year's historically low USDA pricing with sliced 6/10 peaches for California destinations up \$9.05/case over year-ago levels. On June 1st, USDA officials announced the results of their second canned fruit purchase for the year. PCP was awarded 65% of the canned peach and canned mixed fruit total. Del Monte's pricing for 24/300 canned peaches to California destinations averaged \$17.42/case, up 35% from June, 2017 pricing.

Comparison of USDA Pricing for 6/10 Sliced Canned Peaches California Delivery Points



May 3 bid pricing is \$9.05/case above June, 2017.

Cases Awarded by Processor Second USDA 2018 Canned Fruit Purchase June 1, 2018

Item	Barrios			Total
	PCP	Del Monte	(PCP)	
24/300 Canned Peaches	293,220	29,160	35,640	358,020
24/300 Mixed Fruit	29,160	299,700	37,260	366,120
6/10 Mixed Fruit	169,632	93,936	29,184	292,752
6/10 Sliced Peaches	145,008	10,032	17,328	172,368
6/10 Diced Peaches	<u>181,488</u>	<u>93,936</u>	<u>31,008</u>	<u>306,432</u>
TOTALS	818,508	526,764	150,420	1,495,692
	(55%)	(35%)	(10%)	

Del Monte pricing for 24/300 canned peaches to CA destinations averaged \$17.42/Case, up \$4.56/case from June, 2017.

USDA BONUS BUY ANNOUNCED

In response to the Peach Association's request for a 2018 Bonus Buy to assist with the industry's realignment, USDA Under Secretary for Marketing and Regulatory Programs Greg Ibach announced on May 23rd that the Department intended to purchase \$18 million worth of canned peaches and mixed fruit for use in USDA's nutrition assistance programs. It is expected that all Bonus Buy awards will be completed by August 1, 2018. We thank USDA officials for their timely response to our Bonus Buy request and we also extend our thanks to Congressmen Garamendi, LaMalfa, Costa, Valadao, and Denham for their support of our request.

RETURN SERVICE REQUESTED

UPDATE ON 2018 PRICE NEGOTIATIONS

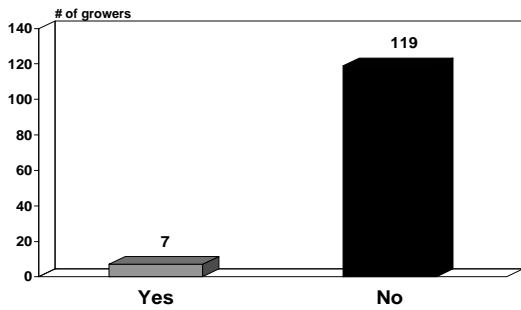
The Peach Association met with representatives of both Del Monte and Pacific Coast Producers during the first week in May to present our opening price offer for the 2018 crop. While discussions are continuing, we are currently struggling to find common ground regarding a price and terms of sale which would allow growers to recover higher labor costs this year. If we are unable to reach agreement on a 2018 peach price prior to harvest, processors will make weekly harvest advances to growers based on 75% of our three-year average price (\$468/ton) and the 2017 cash terms of sale will be utilized to calculate grower payments. The last time that peach pricing was not settled until September was in 2012.

PEACH GROWERS BECOMING MORE DISILLUSIONED

The Peach Association has recently completed a survey of our growers regarding their current view of the canned peach industry and future planting intentions. Over one-third of the Association's total membership responded to our survey questions accounting for 40% of our total bearing acreage. The clear message from our survey results is that peach growers are becoming more disillusioned about the current state of the industry as they continue to deal with higher labor costs and shrinking markets for canned peaches. When asked about plans to plant additional acres within the next three years, only 7 growers (5%) indicated that they planned to plant any additional peach acreage. Walnuts and almonds continue to be the most popular choices for new orchard plantings.

**CCPA Member Survey Results
 May 7, 2018**

Do you intend to plant any additional cling peach acreage in the next three years?

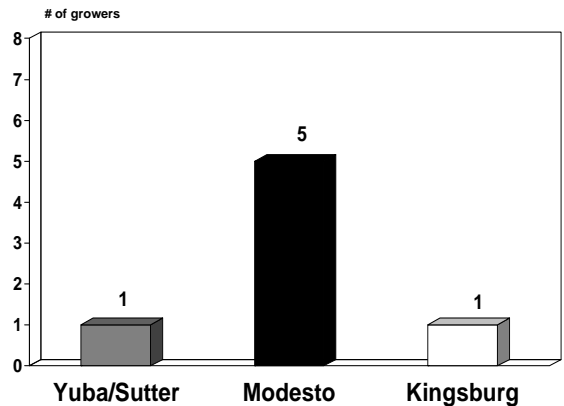


A total of 124 acres of additional plantings for growers answering "yes" to this question.

What are your main reasons for not planting additional peach acreage?

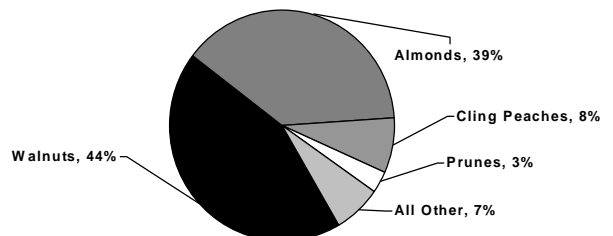
- Low Peach Prices.
- Industry Instability.
- Labor Shortages and Labor Cost.
- Risk vs. Return.
- No Contracts Available.
- Better Returns on Other Crops.

**Location of Growers
 Planning To Increase Peach Acreage**



**Results of CCPA's Grower Survey
 May 7, 2018**

What Permanent Crops Would You Be Most Interested in Planting?



OF INTEREST

- At their May 31st meeting, the California Cling Peach Board approved a \$2.90/ton grower assessment for 2018 which is unchanged from last year.
- Due to a reduced 2018 crop, the canning price for apricots has been set at \$800/ton, up from \$600/ton last year.
- YTD canned peach imports for June-March total 3,568,076 cases, down 8% from prior year levels. Canned peach exports are unchanged from year-ago levels at 355,919 cases.