

# 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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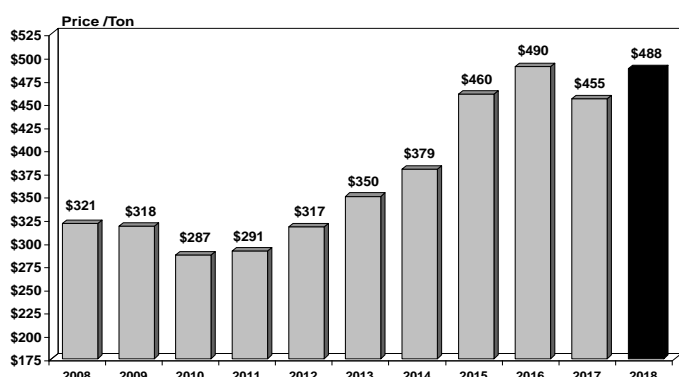
## CCPA BOARD RATIFIES 2018 PRICE AGREEMENT

At their July 3<sup>rd</sup> meeting, the Association's Board of Directors ratified a 2018 price agreement reached with Pacific Coast Producers. The 2018 base price is \$488/ton, up \$33/ton from last year's \$455/ton base price. The 2018 price agreement also contains several changes to the Terms of Sale. Payment for No. 2 fruit has been eliminated with increased penalties for excessive No. 2 fruit or undersize fruit deliveries. The minimum pressure for maturity has been raised to 3.6 pounds vs. last year's 2.9 pound minimum pressure threshold. The 3% constant tolerance for other general defects has been reinstated for 2018 deliveries. The machine harvest price differential has increased to \$30/ton, up \$10 from last year's \$20/ton price differential. We believe that these changes to 2018 terms of sale will address sizing and soft fruit concerns expressed by canners following the 2017 season while also responding to grower desires to reinstate the 3% constant tolerance for other general defects. The Association anticipates reaching agreement with Del Monte Foods in the coming days. In the meantime, growers delivering to Del Monte will continue to be paid a harvest advance of \$351/ton while utilizing our 2017 Terms of Sale. A summary of the 2018 Terms of Sale is detailed below:

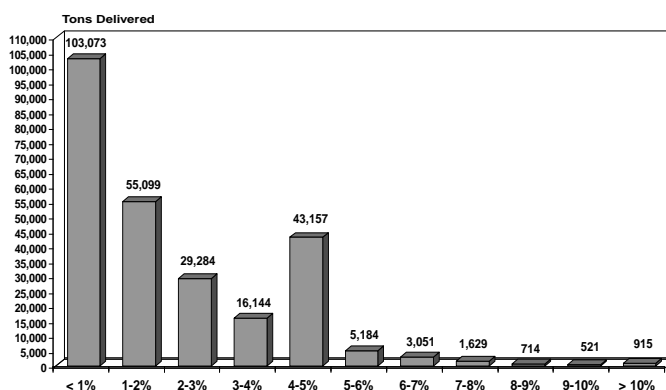
### SUMMARY OF 2018 TERMS OF SALE

Description	2017 Actual	Agreement for 2018																				
<b>EE PREMIUM</b>	\$55/ton: Loadels, Ceres Carson, Thiara & Calaveras	\$55/ton: Loadels, Ceres Carson, Thiara & Calaveras																				
<b>NO. 2 PEACHES</b>	\$40/ton: Stanislaus	\$40/ton: Stanislaus																				
	EE – Up to 4% Paid at full price.	EE – Up to <b>5%</b> have no value but are Excluded from Schedule of Values offgrade. No. 2's over 5% to be counted on Schedule of Values offgrade.																				
	All Other - Up to 2% Paid at full price.	<b>Canner option to reject loads with greater than 15% No. 2 Fruit.</b>																				
	Excess counted on Schedule of Values.	All Other Varieties – <b>Up to 2% No. 2's have no value but excluded from Schedule of Values.</b>																				
	Canner Option to Reject >15% No. 2's.	<b>No. 2's over 2% to be counted on Schedule of Values.</b>																				
	Loads with >10% No. 2's subject to a \$75/ton penalty on Schedule of Values (Excluding flat rate tons).	<b>Loads with greater than 7% No. 2's subject to a \$75/ton penalty on Schedule of Values. Canner option to reject loads with greater than 10% No. 2's.</b>																				
<b>UNDERSIZE REJECT LEVEL</b>	Canner Option to Reject Loads >10% Undersize Fruit.	Canner Option to Reject Loads >5% Undersize Fruit.																				
	Loads with >5% Undersize Fruit subject to a \$75/ton penalty on Schedule of Values. (Excluding flat rate tons)	Loads with >4% Undersize Fruit subject to a \$75/ton penalty on Schedule of Values. (Excluding flat rate tons)																				
<b>MATURITY CONSTANT TOLERANCE</b>	Minimum pressure 2.9 lbs.	Minimum pressure <b>3.6</b> lbs.																				
	No Constant Tolerance.	<b>3% Constant Tolerance.</b>																				
<b>INVISIBLE SPLITS</b>	50% Paid as No. 1 fruit & remaining 50% excluded from Schedule of Values.	50% Paid as No. 1 fruit & remaining 50% Excluded from Schedule of Values.																				
<b>SCHEDULE OF VALUES</b>	<table border="1"> <thead> <tr> <th>Offgrade</th> <th>Price/Ton</th> </tr> </thead> <tbody> <tr> <td>0 – 8%</td> <td>Base Price</td> </tr> <tr> <td>8 – 12%</td> <td>- \$40/Ton</td> </tr> <tr> <td>12 – 20%</td> <td>- \$80/Ton</td> </tr> <tr> <td>&gt; 20%</td> <td>\$75/Ton Flat Rate (Reject Option)</td> </tr> </tbody> </table>	Offgrade	Price/Ton	0 – 8%	Base Price	8 – 12%	- \$40/Ton	12 – 20%	- \$80/Ton	> 20%	\$75/Ton Flat Rate (Reject Option)	<table border="1"> <thead> <tr> <th>Offgrade</th> <th>Price/Ton</th> </tr> </thead> <tbody> <tr> <td>0 – 8%</td> <td>Base Price</td> </tr> <tr> <td>8 – 12%</td> <td>- \$40/Ton</td> </tr> <tr> <td>12 – 20%</td> <td>- \$80/Ton</td> </tr> <tr> <td>&gt; 20%</td> <td>\$75/Ton Flat Rate (Reject Option)</td> </tr> </tbody> </table>	Offgrade	Price/Ton	0 – 8%	Base Price	8 – 12%	- \$40/Ton	12 – 20%	- \$80/Ton	> 20%	\$75/Ton Flat Rate (Reject Option)
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<b>MACHINE HARVEST</b>	\$20/ton price differential. No differential for 2 <sup>nd</sup> pick. Processor Approval Required.	<b>\$30/ton price differential.</b> No price differential for 2 <sup>nd</sup> pick. Processor Approval Required.																				
<b>PAYMENT SCHEDULE</b>	75% on Delivery, Balance Oct. 1.	75% on Delivery, Balance Oct. 1. <b>(\$366/Ton)</b>																				

California Cling Peach Price Trends 2008 – 2018



Number 2 Fruit Distribution for 2017 Season



RETURN SERVICE REQUESTED

**2018 BLOCK X BLOCK ESTIMATE TOTALS 259,359 TONS**

The California League of Food Processors has released the industry's 2018 Block x Block estimate of 259,359 tons. This crop (which amounts to an average yield of 16.5 tons/acre) represents nearly a 36,000 ton decrease over last year's 295,120 ton crop. The Block x Block estimate is 3,214 tons less than the Association's 262,573 ton Prethinning Estimate conducted in early May. All areas of the state show double digit percentage declines in volume vs. year ago levels. The 2018 peach crop will be the smallest in modern history. Based on the Block x Block crop estimate, the California peach industry is projected to pack just 9.5 million cases of canned peaches this year, down 8% from last year's projected pack of 10.3 million cases.

**2018 Industry Block x Block Estimate**

<u>Area</u>	<u>Bearing Acres</u>	<u>Blk x Blk Estimate</u>	<u>2017 Deliveries</u>	<u>% Change vs. Last Year</u>	<u>Yield/Acre</u>
Yuba/Sutter	9,333	149,330	169,398	-12%	16.0
Stockton	561	9,302	11,279	-18%	16.6
Modesto	4,105	72,644	82,703	-12%	17.7
Kingsburg	1,698	28,083	31,740	-12%	16.5
<b>TOTALS</b>	<b><u>15,697</u></b>	<b><u>259,359</u></b>	<b><u>295,120</u></b>	<b><u>-12%</u></b>	<b><u>16.5</u></b>

<u>Varietal Group</u>	<u>Bearing Acres</u>	<u>Blk x Blk Estimate</u>	<u>2017 Deliveries</u>	<u>% Change vs. Last Year</u>	<u>Yield/Acre</u>
Extra Early	4,078	57,380	64,578	-11%	14.1
Early	2,885	42,438	46,863	-9%	14.7
Late	6,497	121,791	138,332	-12%	18.7
Extra Late	2,237	37,750	45,347	-17%	16.9
<b>TOTALS</b>	<b><u>15,697</u></b>	<b><u>259,359</u></b>	<b><u>295,120</u></b>	<b><u>-12%</u></b>	<b><u>16.5</u></b>

**2018 PEACH HARVEST UNDERWAY**

The 2018 peach harvest began in Kingsburg on June 11 which is 3 days later than last year's initial harvest date. Through July 4<sup>th</sup>, CCPA members have delivered a total of 1,486 tons with an average offgrade of 7.3%. While fruit sizes are much improved due to lighter Extra Early fruit sets, YTD deliveries reflect mixed maturity with nearly equal amounts of green and bruise/overripe offgrades. Initial indications are that the Ceres Carson crop is picking out below the Block x Block estimate. Harvest in the Yuba/Sutter area is expected to commence by Monday, July 9<sup>th</sup>.

**Offgrade Comparison Initial Kingsburg Deliveries**

	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Start Deliveries Thru</b>	June 4 July 4	June 8 July 4	<b>June 11 July 4</b>
<b>YTD Tons Delivered Total Offgrade</b>	5,535 3.13%	2,631 5.97%	<b>1,486 7.26%</b>
<b><u>Offgrade Detail</u></b>			
<b>Green</b>	0.36%	0.85%	<b>1.21%</b>
<b>Bruise &amp; Overripe</b>	0.44%	1.43%	<b>1.55%</b>
<b>Undersize</b>	1.51%	0.87%	<b>0.94%</b>
<b>Inv Splits</b>	0.21%	0.44%	<b>0.94%</b>
<b>No. 2 Fruit</b>	3.86%	2.24%	<b>2.43%</b>
<b>% Delivered 0-8%</b>	<u>97%</u>	<u>94%</u>	<b><u>93%</u></b>

**LATEST USDA CANNED FRUIT PURCHASES**

On June 22<sup>nd</sup>, USDA officials announced the results of their third canned fruit purchase for the year. PCP was awarded 76% of the 830,640 cases of canned peaches and mixed fruit purchased by USDA. Pricing for this purchase continues to be much improved over year ago levels. Del Monte pricing for 6/10 sliced peaches (delivered to California destinations) amounted to \$28.82/case vs. their USDA pricing of \$19.95/case in June, 2017. Bids for the \$18 million Bonus Buy were submitted earlier this week with awards to be announced no later than Tuesday, July 10<sup>th</sup>.

**OF INTEREST**

- CCPA members interested in signing up for one of our 2018 Early Final Payment Programs (cash contracts or PCP Coop Membership) are reminded that the signup deadline is July 15<sup>th</sup>. Participation in this program is contingent upon CCPA's receipt of a signed 2018 price agreement from the grower's processor prior to first delivery. Please contact your local CCPA field representative for more details.
- The recently enacted Senate Farm Bill included language to reiterate the original Congressional intent that school food purchases using taxpayer dollars adhere to the Buy American provisions. We thank Senators Sullivan, Smith and Donnelly for their leadership on this issue.