

# 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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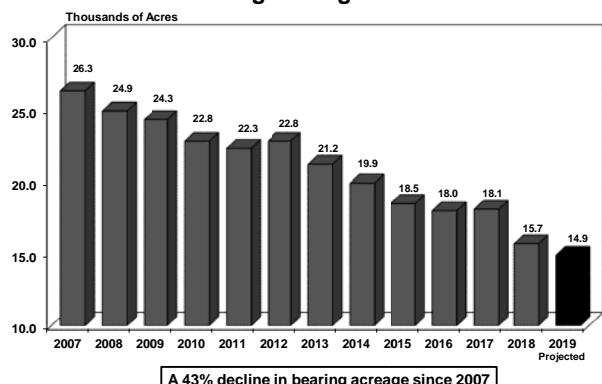
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## PEACH INDUSTRY REALIGNMENT CONTINUES

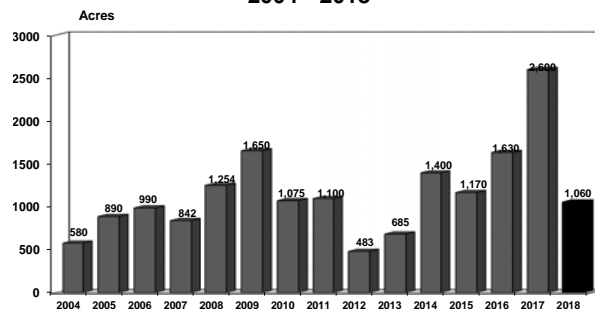
In light of increasing Chinese canned peach imports as well as Kroger’s decision to source more of their store brand canned peaches and fruit bowls from China this year, the Peach Association has recently requested that USDA officials approve a \$25 million Bonus Buy of canned peaches for the 2019 season. We are seeking a USDA response to this request no later than June 1 with all bids awarded by July 15<sup>th</sup>. To achieve our goal of reaching the proper balance between raw product supply and future demand for our products as grower’s rising labor costs drive raw product pricing higher, the Association is cautioning growers to think carefully before planting any additional orchards. It is very likely that canners will not renew any peach contracts expiring after the 2019 season. The Association also encourages growers with older orchards or orchards with contracts expiring in 2020 to consider removing them this fall.

**California Cling Peach Bearing Acreage Trends**



A 43% decline in bearing acreage since 2007

**Cling Peach Acres Planted 2004 - 2018**



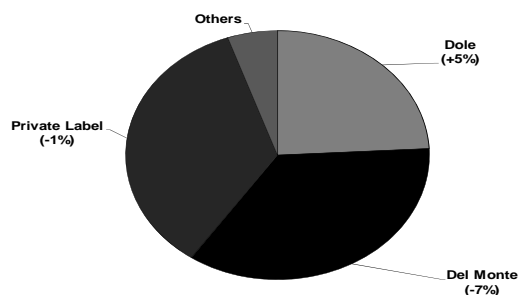
## CURRENT CROP CONDITIONS

According to the CCPA’s fieldstaff, our statewide full bloom this year occurred on March 18 which ties our record (set in 1990) for the latest full bloom date in modern history. Last year’s full bloom date occurred on March 14. While many peach growers report that they are generally satisfied with this year’s bloom, colder than normal temperatures are further delaying our 2019 crop development while our continued intermittent rain has required additional spraying this spring to protect this year’s crop. Final chilling hours recorded at U.C. Davis for 2018/19 amounted to 762 hours, down from 811 chilling hours recorded for 2017/18. The CCPA will be doing our 2019 prethinning estimate on Friday, May 17<sup>th</sup>. We encourage all Delegates and Committeemen to participate in this estimate.

## DEL MONTE FOODS UPDATE

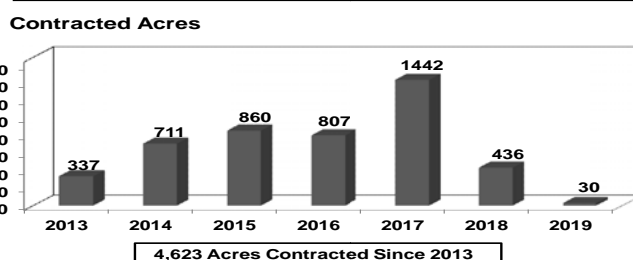
On March 8<sup>th</sup>, Del Monte officials reported financial results for the third quarter of their 2018/19 fiscal year. Del Monte Pacific’s third quarter sales of \$529 million represented a 6% drop from the prior year’s 3<sup>rd</sup> quarter results (excluding their discontinued business). YTD sales for ongoing business of Del Monte Foods, Inc are down 7% due to lower volume of branded product sales and a significant reduction in trade promotion spending. Del Monte Foods, Inc. has posted a \$60.5 million loss for the first nine months of their 2018/19 fiscal year. CEO Greg Longstreet reports that Del Monte has instituted a 10% list price increase on it’s core canned vegetable and canned fruit business effective February 1<sup>st</sup>. He added that Del Monte intends to address some of the company’s asset heavy infrastructure by focusing on assets that are not being utilized or running at undercapacity. He noted Del Monte will likely be making some major steps before the end of April to get their supply chain more in balance. The Association has previously reported that Del Monte will not be contracting for any new peach plantings in 2019. In hindsight, it appears that the \$500/acre peach planting incentive payments made to growers from 2015-2017 resulted in too many acres being planted relative to current market demand.

**Detail of Canned Peach Retail Sales in 2018**



Total Canned Peach Retail Sales Down 2% for 2018

**CCPA Member Acres on Cash Contracts 2013-2019 Plantings**



4,623 Acres Contracted Since 2013

Processors paid peach growers \$500/acre for 2015, 2016 and 2017 plantings

RETURN SERVICE REQUESTED

**CALIFORNIA RAINFALL TOTALS ABOVE NORMAL**

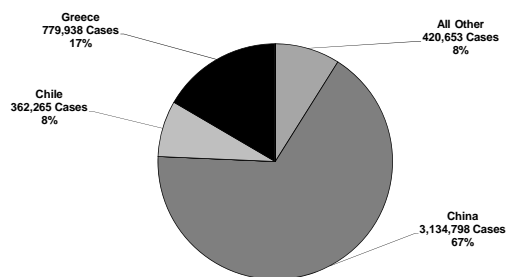
The major peach growing areas of the state have received above average rainfall this year. The Yuba City area is currently at 129% of normal for rainfall for the July1-March 31 period, but still below the 2016/17 total thru March.

<u>Area</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>Normal</u>	<u>% of Normal</u>
<b>Yuba City</b>	19.57	26.24	14.00	24.71	19.09	129%
<b>Sacramento</b>	14.81	30.00	13.36	20.31	16.23	125%
<b>Modesto</b>	13.44	15.30	5.78	11.91	11.13	107%
<b>Fresno</b>	13.43	13.66	6.25	9.08	9.72	93%

**2018 CANNED PEACH IMPORTS UP 9%**

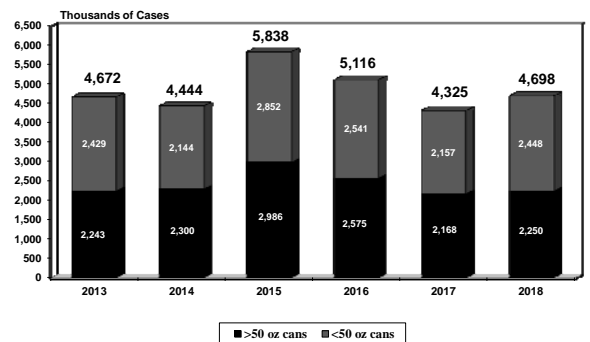
Canned peach imports into the U.S. market totaled 4,697,654 cases in 2018, up 9% from the prior year’s level. China accounts for 67% of this year’s import volume with significant increases in monthly shipments during the last three months of the year (December peach imports from China went up 66%). China’s import volume increased by 19% for the 2018 calendar year. Total 2018 canned peach import volume is the equivalent of 94,000 tons vs. domestic production last year of 256,200 tons. The canned peach imports entering the country last year were fairly evenly split between retail and foodservice sales channels. Retail accounted for 52% of the total volume (+13%) while foodservice sizes accounted for 48% of the total shipments (+4%).

**U. S. Canned Peach Imports  
 2018 Calendar Year**



**Total 2018 Imports: 4,697,654 Cases  
 Import Volume is Equivalent to 94,000 Tons of Peaches**

**U.S. Canned Peach Import Trends  
 2013 - 2018**



**PEACH MARKETING ORDER RENEWED FOR FIVE YEAR TERM**

On March 22, CDFA officials announced the results of the latest cling peach marketing order referendum vote. There were 107 ballots received during the four week voting period with 91% in favor of continuing the marketing order. As a result, the cling peach marketing order is now authorized to operate through May 31, 2024. The next California Cling Peach Board meeting is scheduled for Monday, April 29<sup>th</sup>.

**Recent Marketing Order Renewal Voting Results**

<u>Year</u>	<u>Yes Votes</u>	<u>No Votes</u>	<u>Total Votes</u>
<b>2019</b>	<b>97</b>	<b>10</b>	<b>107</b>
<b>2014</b>	<b>106</b>	<b>35</b>	<b>141</b>
<b>2009</b>	<b>171</b>	<b>31</b>	<b>202</b>
<b>2004</b>	<b>151</b>	<b>45</b>	<b>196</b>
<b>2001</b>	<b>217</b>	<b>43</b>	<b>260</b>
<b>1998</b>	<b>225</b>	<b>79</b>	<b>304</b>