

PEACH FUZZ



An exclusive membership newsletter published by California Canning Peach Association the cooperative bargaining association in the canning cling peach industry.

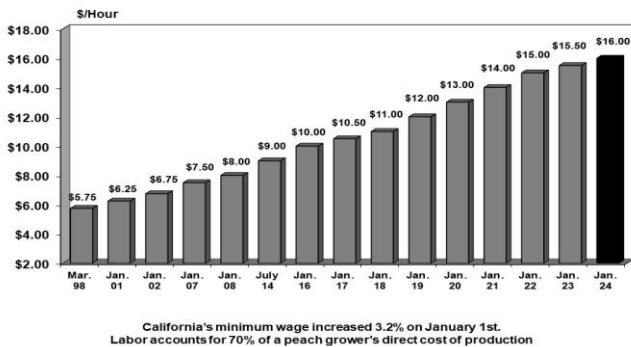
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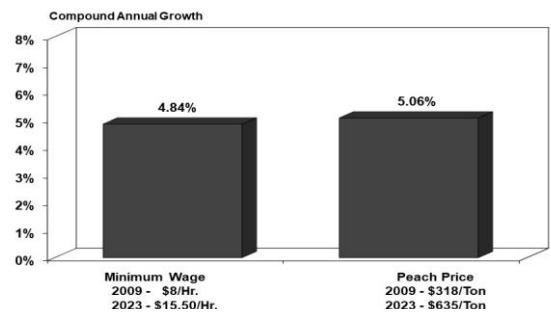
HIGHLIGHTS OF THE CCPA'S 102nd ANNUAL MEETING

The Association's 102nd Annual Meeting was held on Wednesday, January 31 at the Sacramento Hilton Hotel. Our 2024 Keynote speaker was Ken Johnson, Regional Director of Agribusiness for Umpqua Bank. Ken provided the audience with a lender's perspective on current interest rates, the overall ag banking environment, and the expectations that borrowers should have regarding their lenders. He stressed the importance of two way communication between borrowers and their loan officers adding that dealing with a loan officer who understands your business was a key part of any successful banking relationship. In his remarks, President Hudgins opened with a "Together We're Stronger" theme for the meeting. He noted that the cling peach industry was in a relatively balanced supply/demand position for 2024. He added that there was no doubt that growers would experience higher labor costs this year since California's minimum wage had risen by 3% to \$16/hour as of January 1st. He further noted that labor costs represent nearly 70% of a peach grower's direct cost of production. He cautioned about the dangers of overplanting peaches adding that the Association continues to urge our processor customers to avoid contracting for more acres that they will need to meet their customers' needs in 2027 when these new plantings come into production. He noted the Association is currently projecting a 9% increase in the peach industry's bearing acreage by 2026. He reviewed the Association's ongoing efforts to strengthen Buy American provisions for school food purchases as part of the next Farm Bill. He also highlighted the need to strengthen Buy American provisions when taxpayer dollars are being spent on food products in other areas. He showed a photo of Chinese canned peaches which are included in a food box program funded by the State of California noting that there would be plenty of fruits and vegetables available from California growers for this food box program. During the organizational meeting of the Peach Association's Board of Directors held immediately prior to the Annual Meeting, the Board re-elected Ranjit Davit from Live Oak as Board Chairman, Eric Spycher from Ballico as Vice Chairman, Leonard Perez from Kingsburg as Secretary, and Jasbir Bains from Yuba City as Treasurer. The Association also recognized the two Ron Schuler Memorial Scholarship recipients for 2023. Nevin Purewal from Yuba City and Nick Palm from Kingsburg each received \$1,500 scholarship awards.

California Minimum Wage Trends



Compound Annual Growth Rate for California's Minimum Wage and Peach Prices 2009 – 2023



YTD CHILLING HOUR AND RAINFALL TOTALS

Chilling hours accumulated as of February 22nd are the second lowest in recent history. With just seven days in the month of February remaining to be tallied, the 589 hours of chilling accumulated at U.C. Davis amounts to the second lowest number of chilling hours recorded during the past 50 years. (The lowest chilling hour total is 537 hours in 2015.) Last year, U.C. Davis recorded 1,152 chilling hours which is nearly double our 2023/24 chilling hours recorded. YTD rainfall figures have increased significantly during the past 30 days. All four weather recording stations now show 2023/24 totals amounting to the second highest figure during the past five years. The Verona area has logged over five inches of rainfall in less than one month while the Modesto area has posted nearly four inches of rain.

Total Chilling Hours: November 1 - February 22

Area	Current	2022/23	2021/22	2020/21	2019/20
Verona (YC)	732	1,169	1,107	1,094	1,047
Davis	589	1,043	860	735	750
Modesto	825	1,051	1,051	1,031	943
Parlier	761	1,180	1,052	1,073	1,008

Rainfall Totals (Inches): July 1 – February 22

Area	Current	2022/23	2021/22	2020/21	2019/20
Verona (YC)	12.80	15.67	11.94	4.76	7.09
Davis	18.49	21.63	13.93	3.96	8.95
Modesto	8.06	10.63	7.14	4.89	6.13
Parlier	6.31	6.52	5.56	3.54	3.19

RETURN SERVICE REQUESTED

PROJECTED 2024 ACREAGE AND PRODUCTION

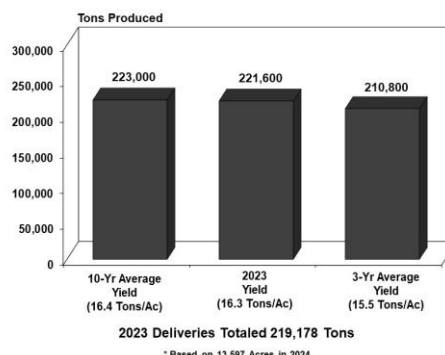
The Peach Association’s field staff reports that pullouts since the conclusion of last year’s harvest now total 241 acres which amounts to just 1.8% of the industry’s bearing acreage in 2023. We have a total of 441 acres of 2021 plantings which will move into the bearing acreage category for 2024. We are currently projecting approximately 13,600 bearing acres for the 2024 harvest (up from 13,424 acres in 2023). Given normal pullouts, the following years will continue to see acreage increases reaching a total of 14,680 acres in 2026. Using a range of potential 2024 yields per acre, the Association is projecting a total peach crop ranging from 210,800 tons up to 223,000 tons this year. The 3 year average yield of 15.5 tons/acre would result in a 3.8% decrease from our 2023 crop deliveries of 219,178 tons while our 10 year average yield of 16.4 tons/acre would result in a 1.7% increase in total volume.

Cling Peach Bearing Acreage Projections

Bearing Acres, 2023	13,424
Less: Projected Pullouts (2%)	<268>
Plus: 2021 Plantings	441
Bearing Acres, 2024	<u>13,597</u>
Less: Projected Pullouts (3%)	<408>
Plus: 2022 Plantings	720
Bearing Acres, 2025	<u>13,909</u>
Less: Projected Pullouts (4%)	<556>
Plus: 2023 Plantings	1,327
Bearing Acres, 2026	<u>14,680</u>

A 9% increase in acreage vs. 2023

Possible 2024 Peach Crop Scenarios*



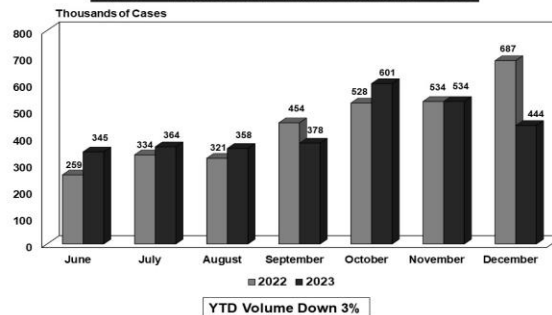
YTD CANNED PEACH IMPORTS DOWN 3%

Canned peach imports for June-December (7 months) now total 3,026,514 cases, down 3% from last year’s volume of 3,117,359 case volume. Imports for the month of December amounted to 444,442 cases, down 35% from December 2022 imports of 687,194 cases. At this point in the 2023/24 marketing year, China and Greece have nearly identical volumes entering the U.S. market accounting for a combined total of 2,612,848 cases which represents 86% of total imports. The 3,026,514 cases of imported canned peaches is the equivalent of 60,000 tons of cling peaches.

**Canned Peach Imports
 June – December
 2021 – 2023**

Country	2021	2022	2023	% Change
China	1,227,472	1,671,082	1,303,776	-22%
Greece	879,483	1,018,638	1,309,072	+29%
Thailand	1,421	833	82,922	N/A
Chile	195,645	134,770	33,152	-75%
Spain	112,003	157,105	176,647	+12%
South Africa	125,652	1114,860	102,122	-11%
All Other	32,330	20,071	18,823	-6%
TOTALS	2,574,006	3,117,359	3,026,514	-3%

**Monthly Canned Peach Import Volumes
 June – December 2023 vs Prior Year**



OF INTEREST

- Reports from South Africa indicate that processors are continuing to face “loadshedding” (not enough electricity available in the power grid) resulting in scheduled power outages as they receive and process fruit during their 2024 harvest season.
- The Peach Association is receiving reports that several new growers around Hanford and Tulare are planting peaches for Del Monte this year. If you know one of the new growers who has planted peaches in 2024, please encourage them to contact the Peach Association for more information regarding membership in the Association.
- Another private equity firm has encountered problems with their investment in California agriculture. Trinitas Farming, LLC filed for Chapter 11 last week with around \$188 million in debt. Trinitas Farming has 7,856 acres of almonds spanning 5 counties.