

Smaller Crop, Good Prices Predicted but Lots of Factor Have to Weigh In

The California Avocado Commission has estimated a 2014 crop at about 325 million pounds. While some see the number as a bit greater or a tad smaller, observers are saying there are a lot of factors that need to weigh in before the crop is made or not.

Phil Henry, president of Henry Avocado Corp., Escondido, CA, told *From the Grove* in mid-November that he had no quarrel with that number though the production in his groves are not off that much. The 325 million pound estimate, if it comes to fruition, will be only about two-thirds of the 2013 crop which came in near the 500 million pound mark.

“Our groves don’t fluctuate as much as some others so we don’t expect to be down that much, but we don’t disagree with that estimate at all,” Henry said.

Rob Wedin, vice president of fresh sales and marketing for Calavo Growers Inc., Santa Paula, CA, said in early December that at this point in time, “We sees a crop a bit less than the estimate...maybe 25 million pounds less.”

That would represent about 7.5 percent less than forecast but Wedin

is quick to add that while crop size talk is interesting in December, important factors will play out over the next couple of months that will have a significant impact on the ultimate size of the crop.

Rain/Weather

Maybe the most important factor is the amount of rain received in California’s avocado growing districts. While virtually all groves are irrigated, the vast majority of growers rely on rain to fill a significant portion of the trees’ needs. California is currently suffering through one of the worst calendar years ever for rain. While the 2012-13 rain year was bleak it doesn’t look as bad as the calendar year because November and December of 2012 saw well above average rainfall. Since January 1, precipitation in the Golden State has been meager at best, and the 2013-14 rainy season has not started out well.

“You need water to get size which creates the pounds,” said Wedin. “You just don’t know how much (irrigation) water growers will use if we don’t get the rain.”

He said both the cost of the wa-

ter and the availability will be factors as some Southern California water districts may be forced to cut back allocations. With the expectation of good per-pound pricing, growers might be expected to turn on the spigots but there is a benefit/cost equation that has to be factored in.

Henry added that on average, the size of the fruit is already larger than last year – which was plagued by small fruit – so he hopes fruit sizing will not be a major issue this year.

Wedin reminded that there are other weather factors such as wind and cold that could also play a role in the size of the crop. “Typically we have to get through February 15,” he said before growers know their crop is made.

He added that the cold snap in December might have damaged some fruit in isolated areas, especially in the more northern growing regions of the state.

Labor

Henry said the labor situation can factor into the size of the crop as even a relatively small crop, as 325 million pounds is, must be picked in a methodical fashion. While grow-

ers will want to keep their fruit on the trees to size, logistically some of the tonnage has to come off earlier than later. There were some labor issues this past year and it is possible that they will be exacerbated in 2014, especially if there is no solution on immigration reform. Henry said it may be more costly to get the fruit picked in 2014 because of the labor situation.

Competing Fruit and the Window of Opportunity

It is always difficult to look at what the marketing opportunities will be six months down the road, but there are indications that this is going to be a good marketing year for California avocados.

Henry said that while Peru's imports could be double last year, they are still expected to be under 100 million pounds and most of that tonnage will be sold on the East Coast. He said it appears that Chile will have another short crop and be out of the marketplace well before California gets going.

Wedin agreed stating that Chile is also struggling through a lack of rainfall situation which has not only hurt this year's crop, but will impact next year's crop that California competes with on the tail end of its season. It's too early to predict but because of the lack of rainfall, he said there could very well be less production from Chile in the U.S. marketplace in September and October of 2014.

As far as Mexico is concerned, Wedin said all indicators point to a crop very similar to this year. The Mexican industry, which operates on a crop year beginning in the spring, has not yet issued a crop estimate for 2014-15, but Wedin said it appears no new states will be certified for export to the United States and that Michoacán growers will once again be the sole exporter. "We expect to see that estimate at the end of April and I



am being told that it will be pretty close to the same as this year (2013-2014)."

So what will be the window of opportunity for California avocados?

Henry said a good market should exist for most of the season but it almost certainly will be better through the peak summer months than in late spring. "Pricing should be very good this year but it will depend on when you have to harvest," he said.

Aside from the aforementioned labor issue, Henry said there is cultural evidence that it is better for the trees to shed some of that fruit weight on the early end of the season. So some fruit will be picked and marketed in the spring that will not return the same amount to growers as later fruit.

While getting some fruit off for the Cinco de Mayo pull was very important this past year, Wedin does not believe that will be much of a factor in 2014. He expects the vast majority of the crop to be marketed from mid-May through September, and he said "Calavo is very bullish" on where the pricing level will be. He wasn't yet ready to give a projec-

tion but said he would have a number probably in March...and he expects it to be a good one.

He said the estimated crop size pencils out to a movement of about 18 million pounds of California avocados a week during the peak summer buying period, which is very doable considering Mexico brings in more than 25 million pounds per week on a regular basis during the spring months.

One More Look at 2013

By most measures, Wedin said 2013 was a good year for growers. "We had more pounds and a higher per pound price. So growers made more for their fruit and more per acre."

By his accounting, the California avocado crop returned about \$426 million to growers in 2013, which equates to an average per pound price of 87 cents and a return per acre of about \$7150, more than 15 percent greater than the previous year. "We saw an 11 to 12 percent increase in shipments accompanied by a better per pound price," said the Calavo executive. "I'd say that's a good year." 🥑