

USApple | Industry Update

March 14, 2024

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Roadmap



Production Estimates Review



USAppleTracker Storages



Movement Trends



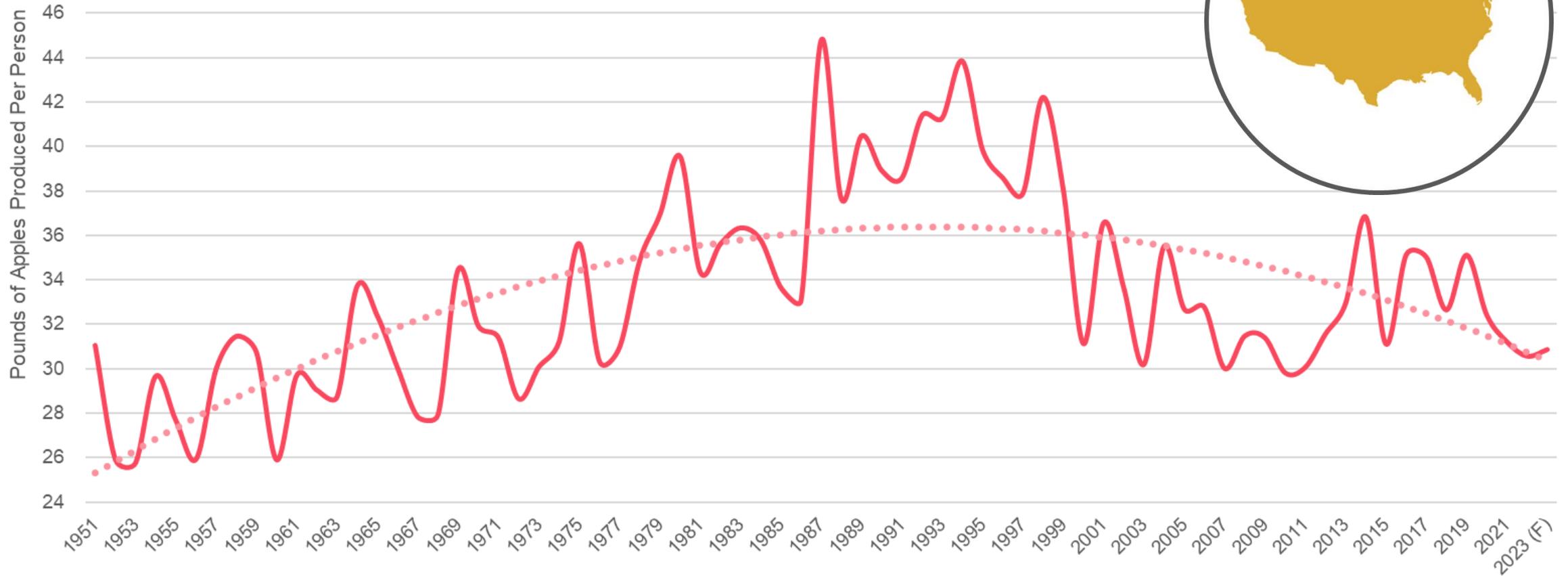
Import/Export Trends



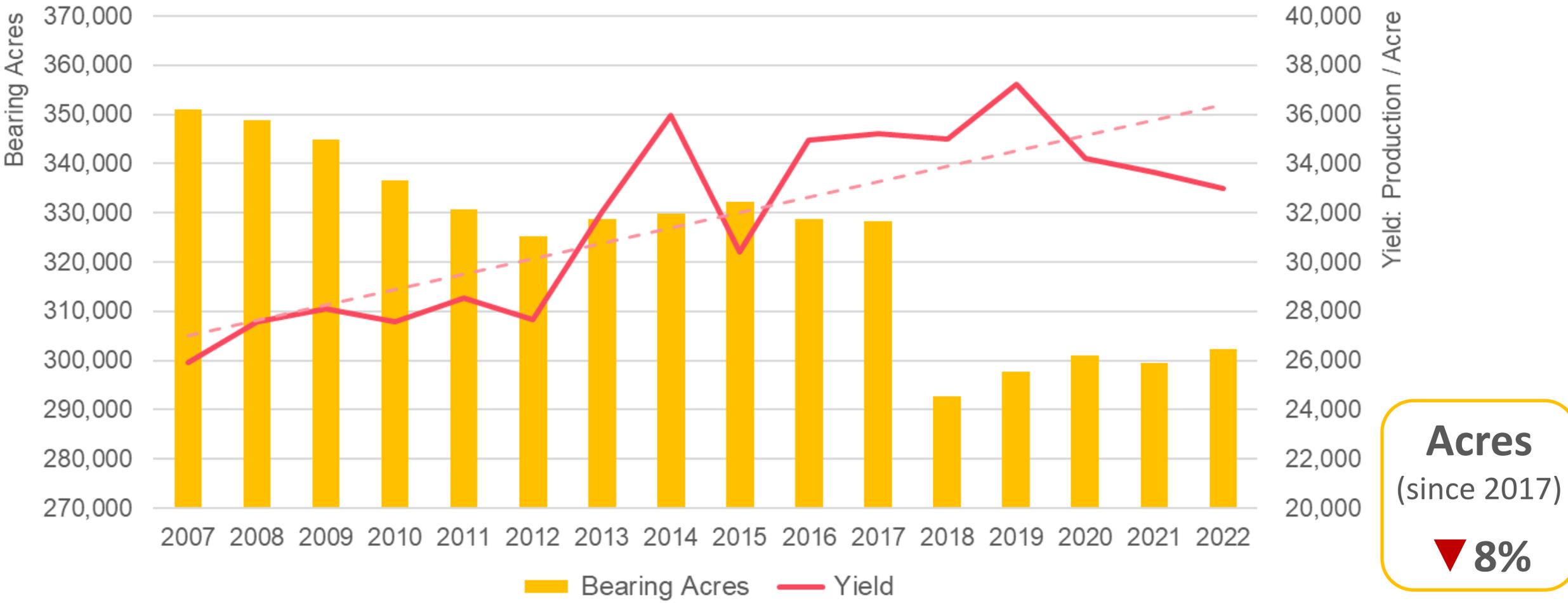
Other Relevant Issues



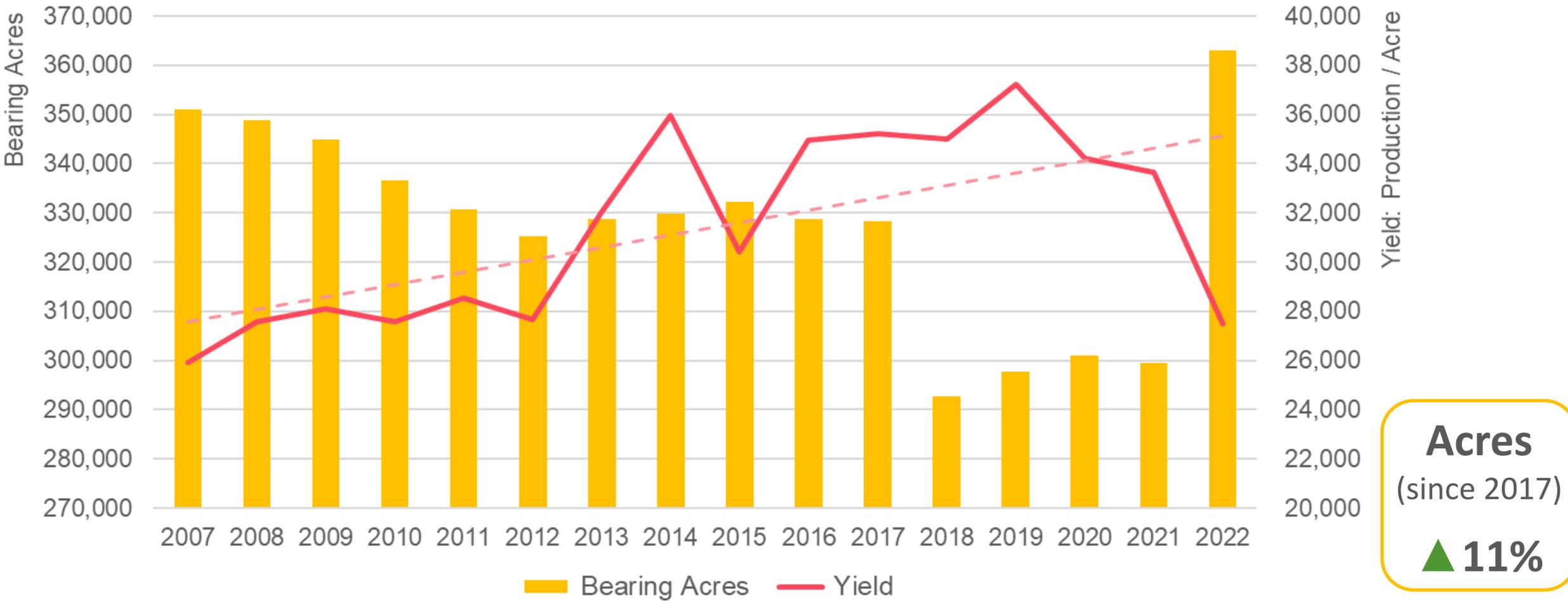
U.S. Apple Production: Per Capita



U.S. Apple Production: *Acreeage & Yield*

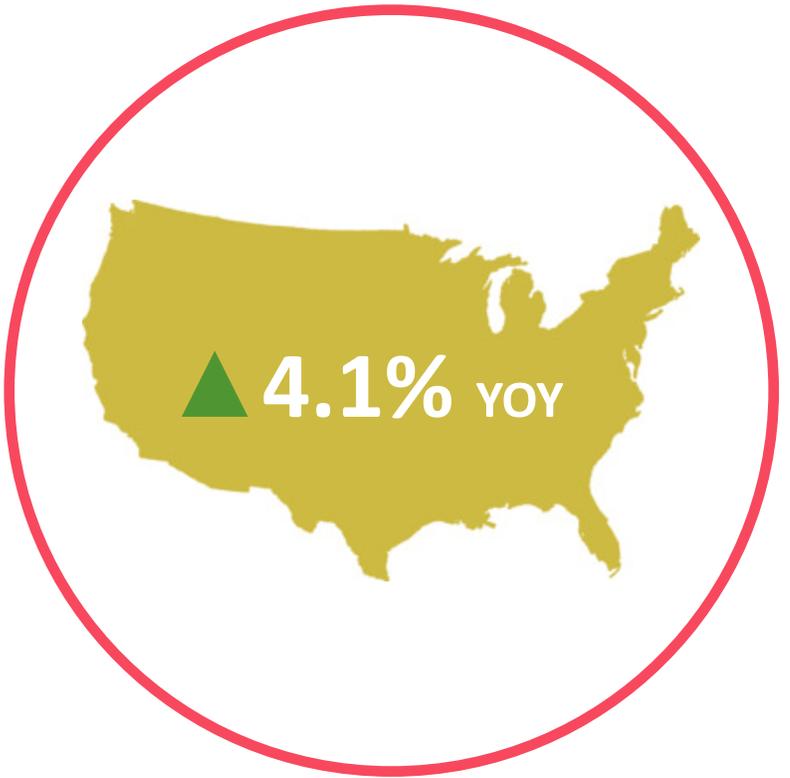


U.S. Apple Production: *Acreeage & Yield*



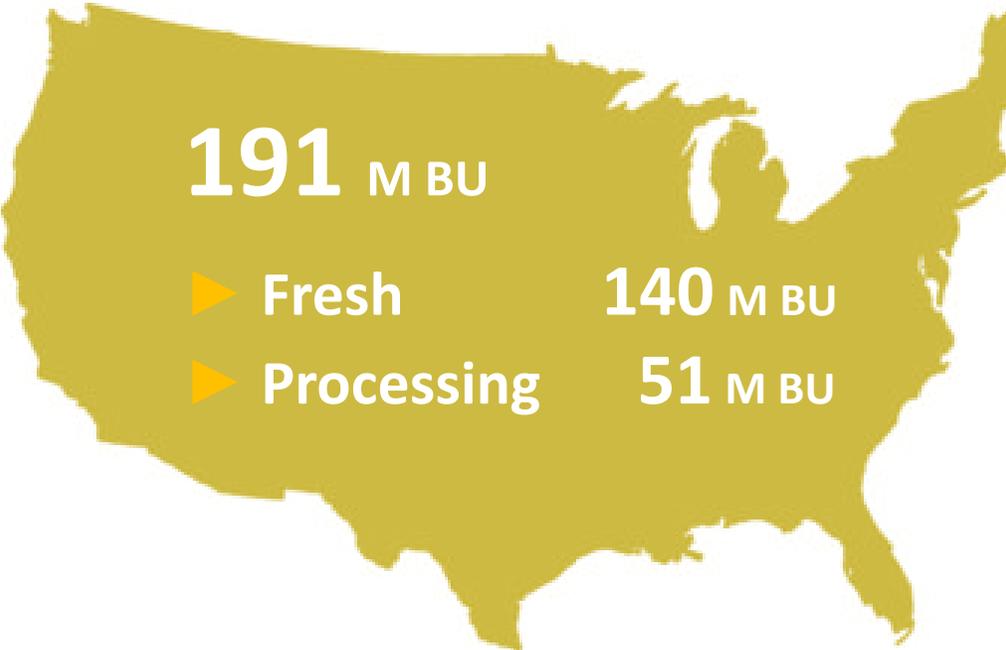
U.S Apple Production: Estimates Review

AUG 2023



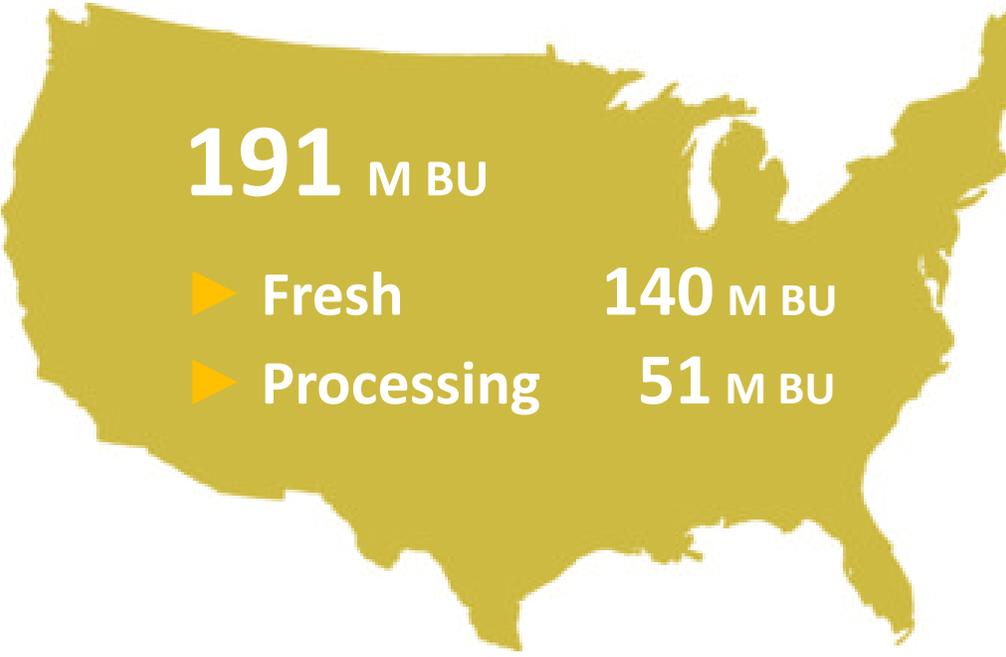
| | |
|--|----------|
| USDA Estimate | 236 M BU |
| USApple Adjustment <i>* includes "Other States"</i> | 256 M BU |
| Washington | 160 M BU |
| Michigan | 32 M BU |
| New York | 28 M BU |
| Pennsylvania | 11 M BU |
| California | 5 M BU |
| Virginia | 4 M BU |
| Oregon | 3 M BU |
| <i>Other States*</i> | 14 M BU |

USAppleTracker Storages: NOV 2023



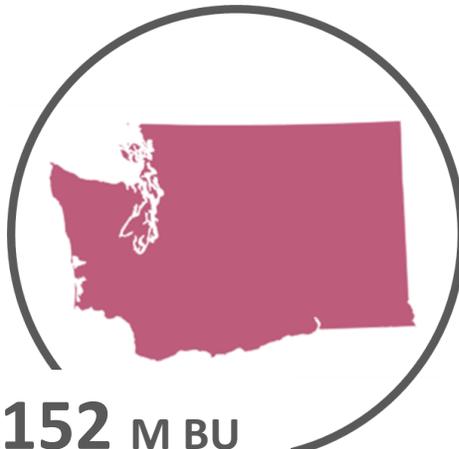
| | |
|----------------------|-----------------|
| November 2014 | 188 M BU |
| ▶ Fresh | 144 M BU |
| ▶ Processing | 44 M BU |

USAppleTracker Storages: NOV 2023



| | |
|----------------------------------|-------|
| Total Holdings YOY Change | ▲ 32% |
| ▶ Fresh | ▲ 36% |
| ▶ Processing | ▲ 23% |

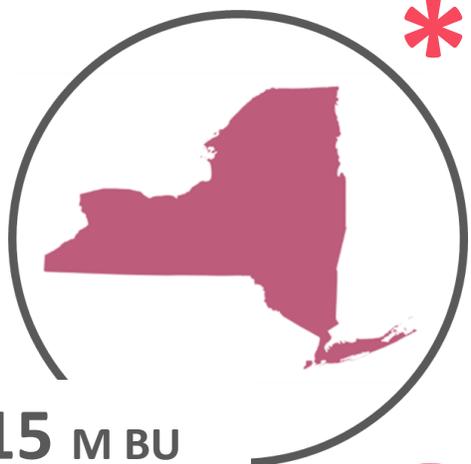
USAppleTracker Storages: NOV 2023



▲ 38% YOY

▲ 42 M BU YOY
90% of total growth

+ MI & PA



▲ 44% YOY

▲ 4.6 M BU YOY
10% of total growth

** 2 M BU of "new" storages added to sample*

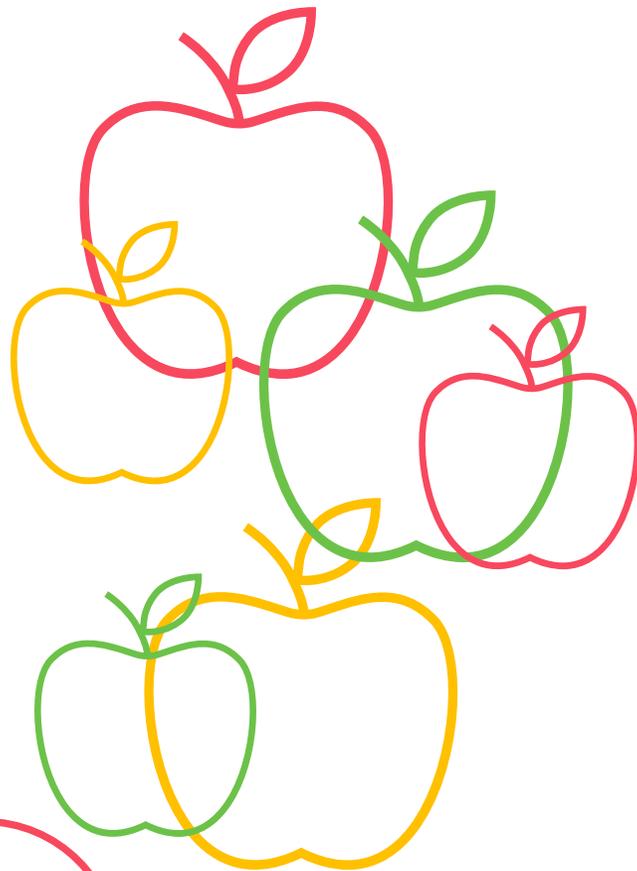


▼ 6% YOY

▼ 0.9 M BU YOY
26% above 5-year average

USAppleTracker Storages: NOV 2023

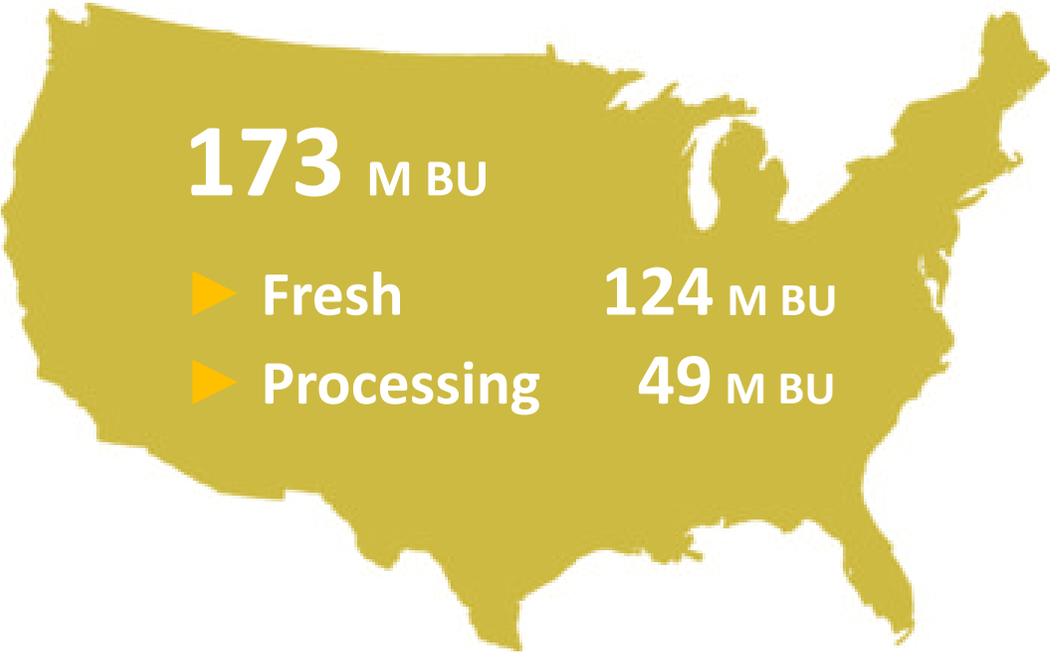
| | | |
|---------------------|---------|-----------|
| 1. Honeycrisp | 30 M BU | ▲ 62% YOY |
| 2. Gala | 29 M BU | ▲ 12% YOY |
| 3. Red Delicious | 26 M BU | ▲ 44% YOY |
| 4. Granny Smith | 23 M BU | ▲ 61% YOY |
| 5. Fuji | 18 M BU | ▲ 17% YOY |
| 6. Other Varieties* | 13 M BU | ▼ 16% YOY |



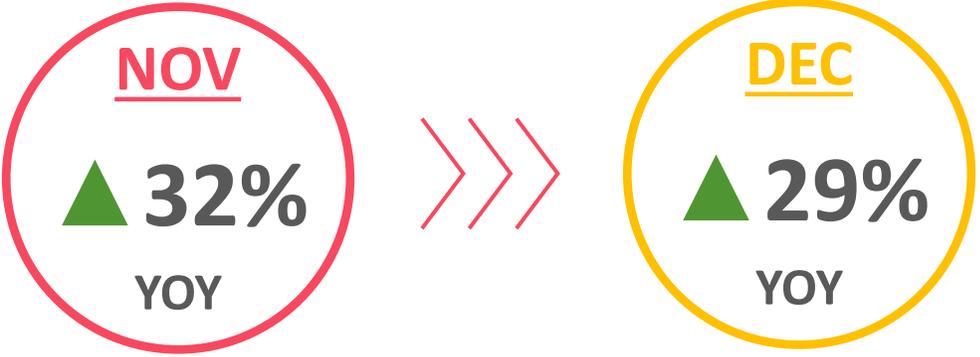
▲ 10%
YOY*

+ Envy® 4 M BU

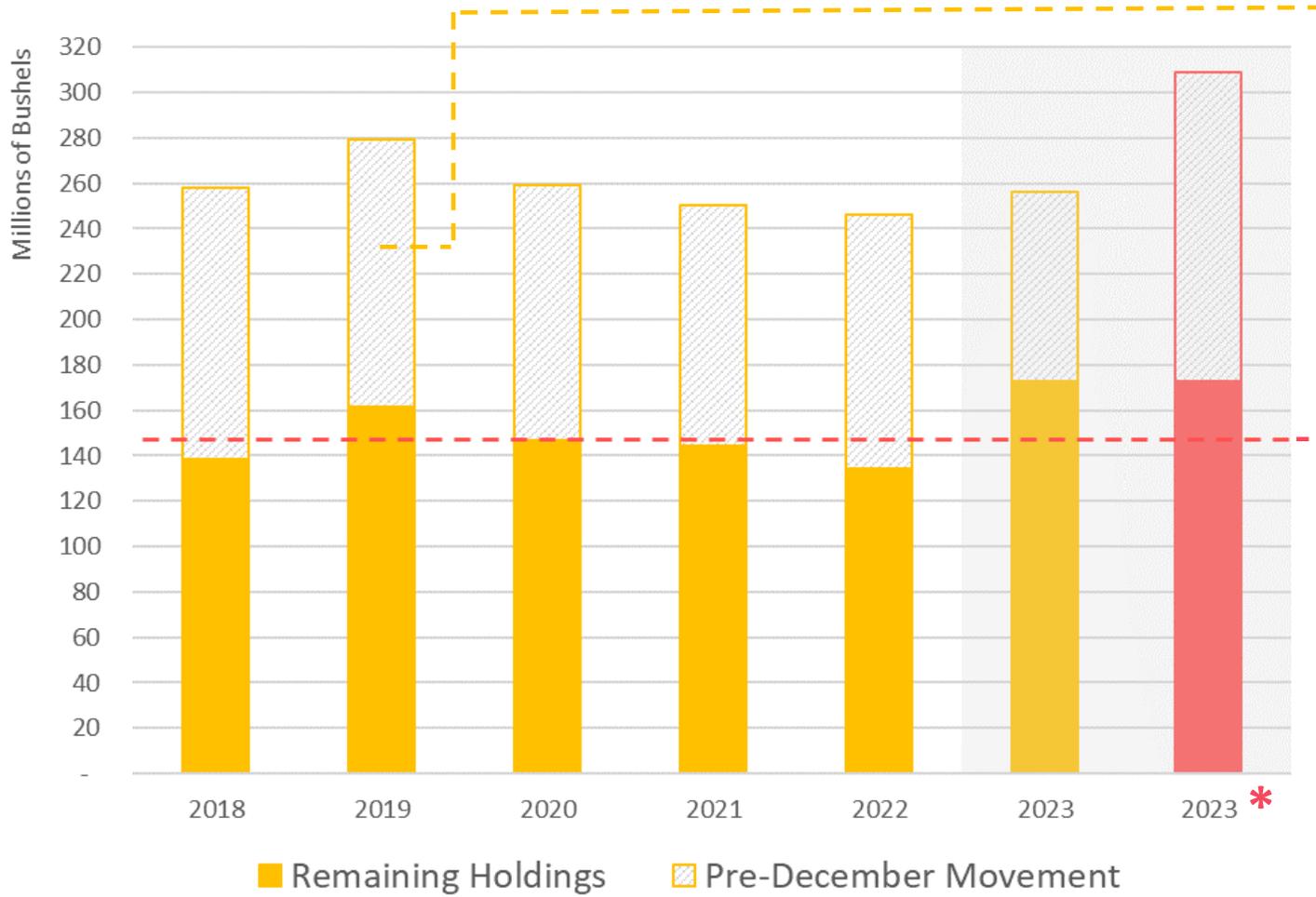
USAppleTracker Storages: DEC 2023



Some states – like *Pennsylvania* and *Oregon* – and some late-harvest varieties – like *York*, *Rome* and *Pink Lady*, had storages increase from November to December.



USAppleTracker Storages: DEC 2023



Over the past five seasons, December storage volumes were around **56%** of total final USDA production.

Conversely, on average, **44%** of U.S. apples produced, “move” prior to December 1st of any given year.

USApple August Estimate: 256.3 M BU

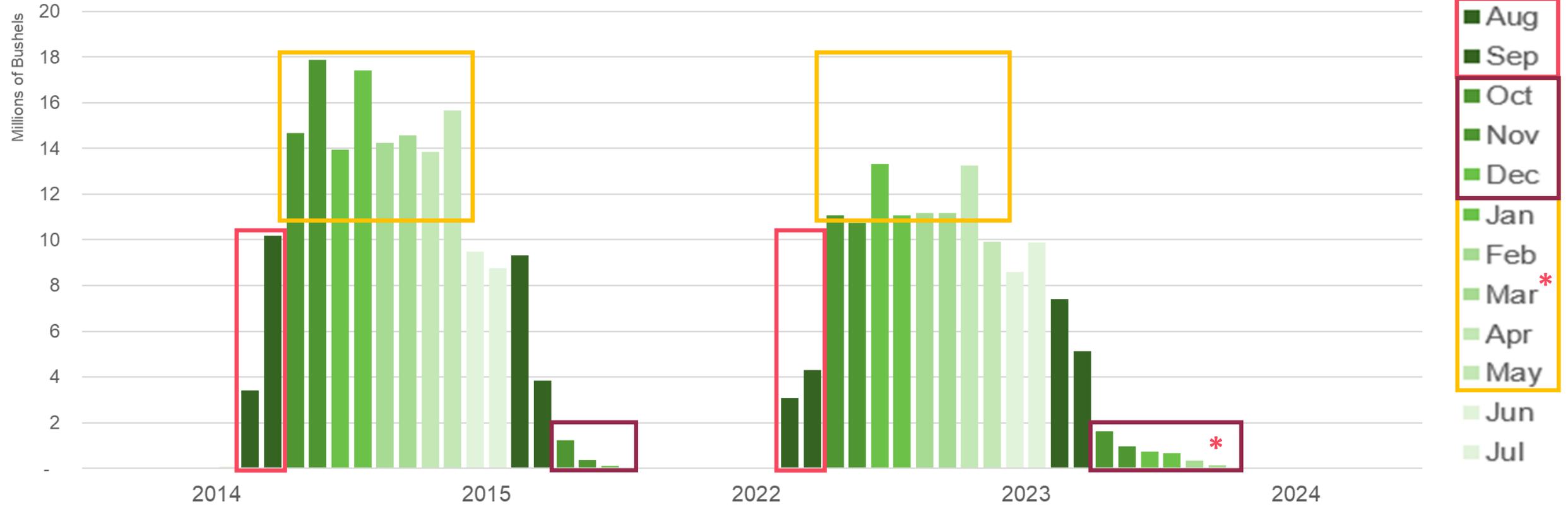
This season, either ...

- ▶ pre-December movement has been relatively slow (**33%** vs. 44%), or
- ▶ pre-December movement is on pace, production estimates were low.*

U.S. Apple Movement: AMS

Import/Export Season

Sum of Bushels

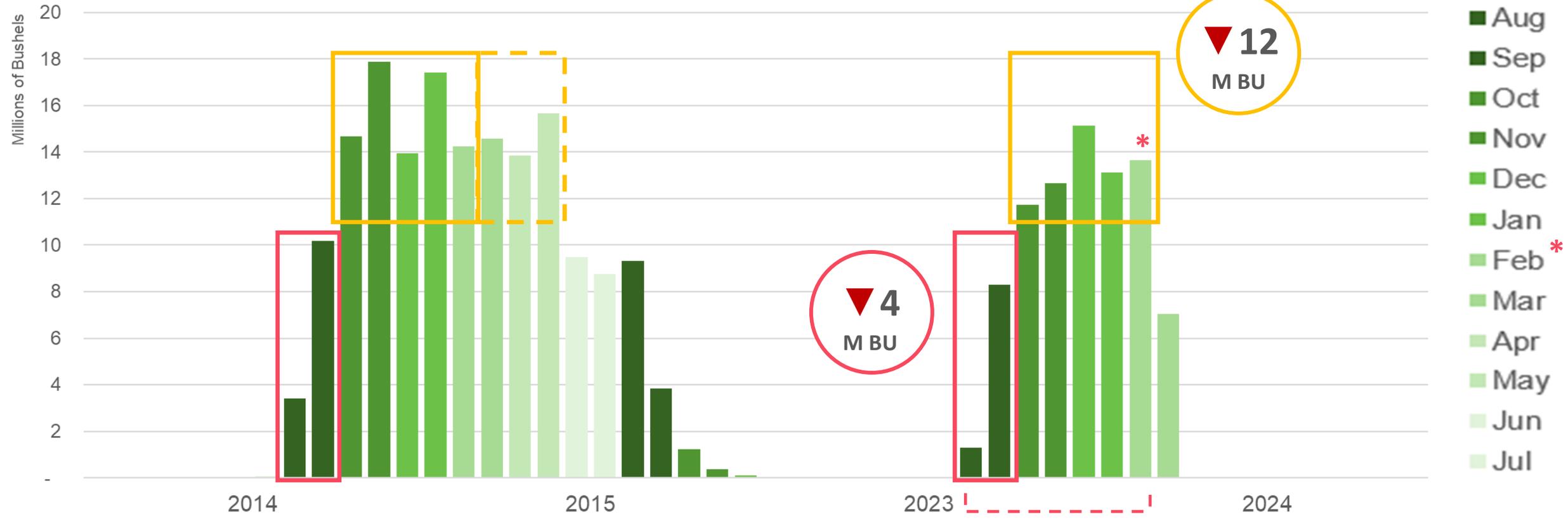


Years (Date)

U.S. Apple Movement: AMS

Import/Export ▾ Season ▾

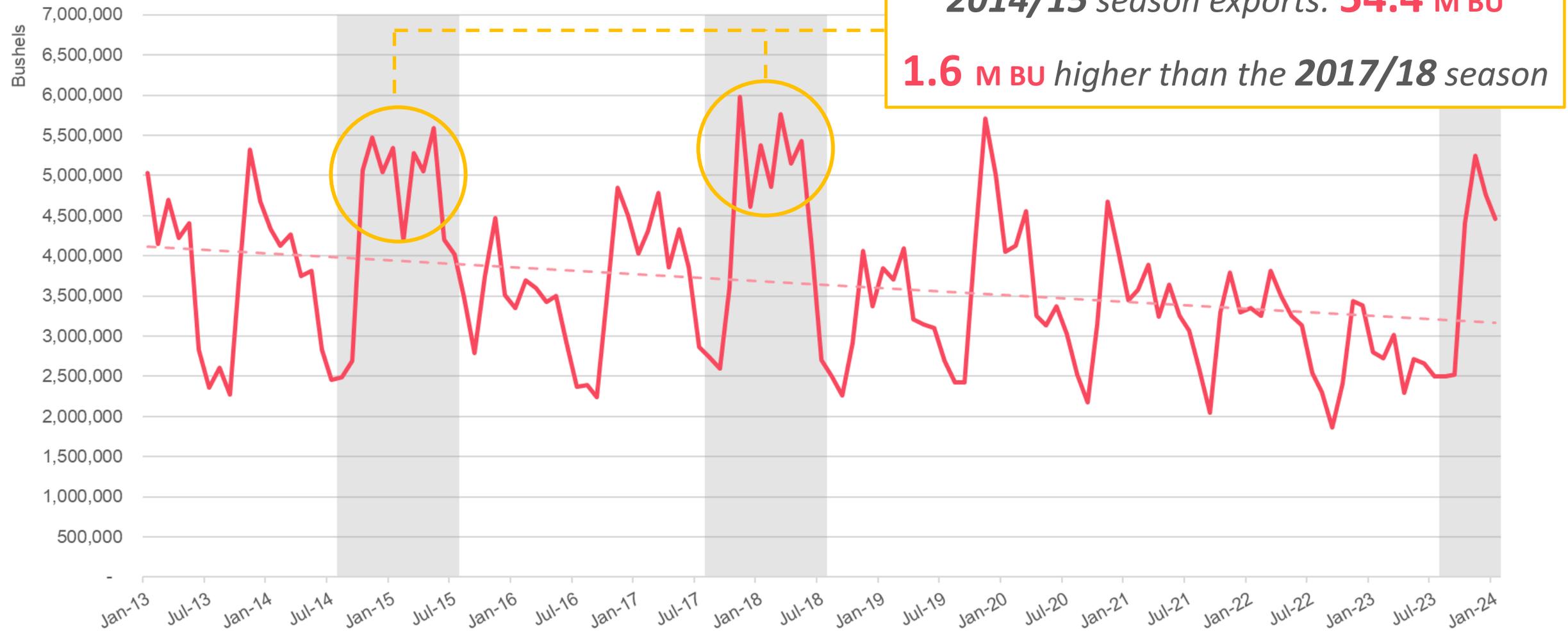
Sum of Bushels



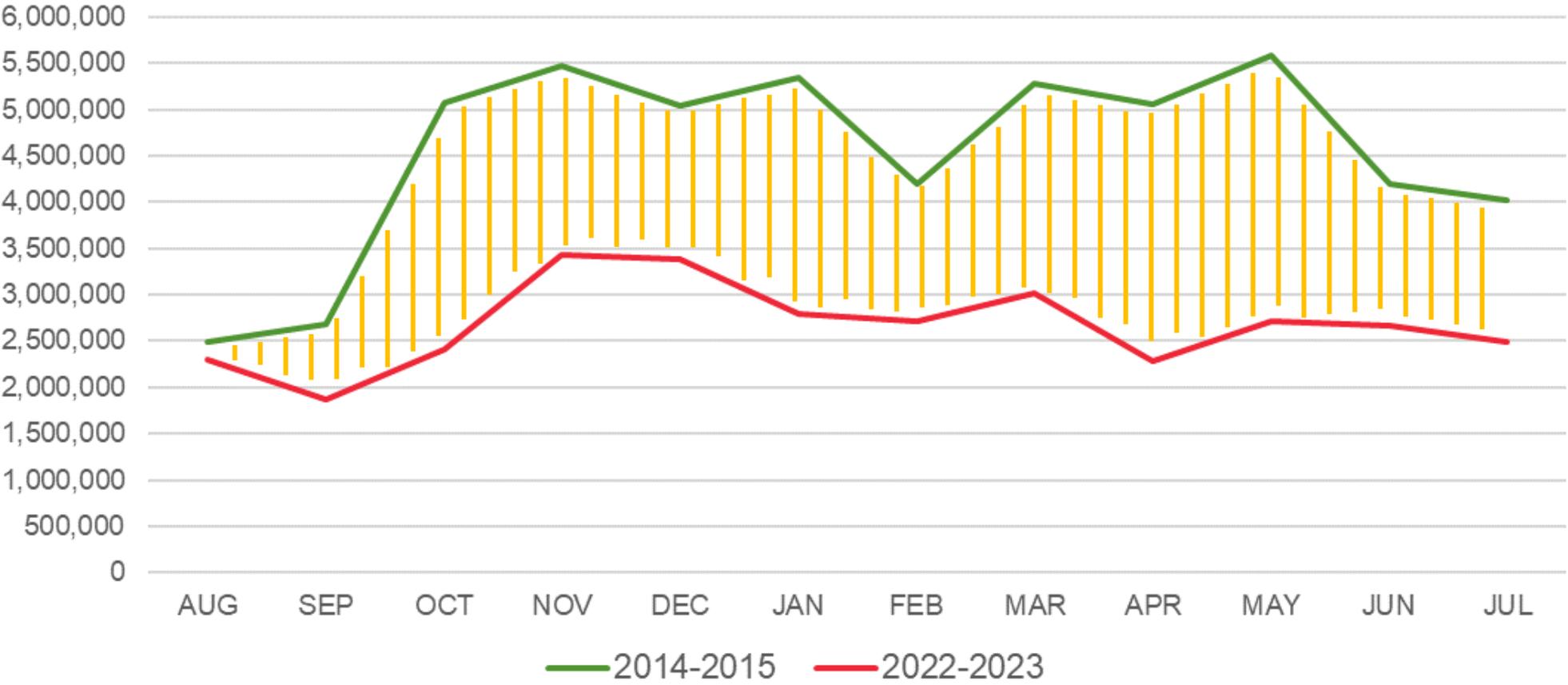
Years (Date) ▾

Over a month "behind" ... will need to keep Summer 2024 sales high and/or sell later into next season – into 2025?

U.S. Fresh Apple Exports



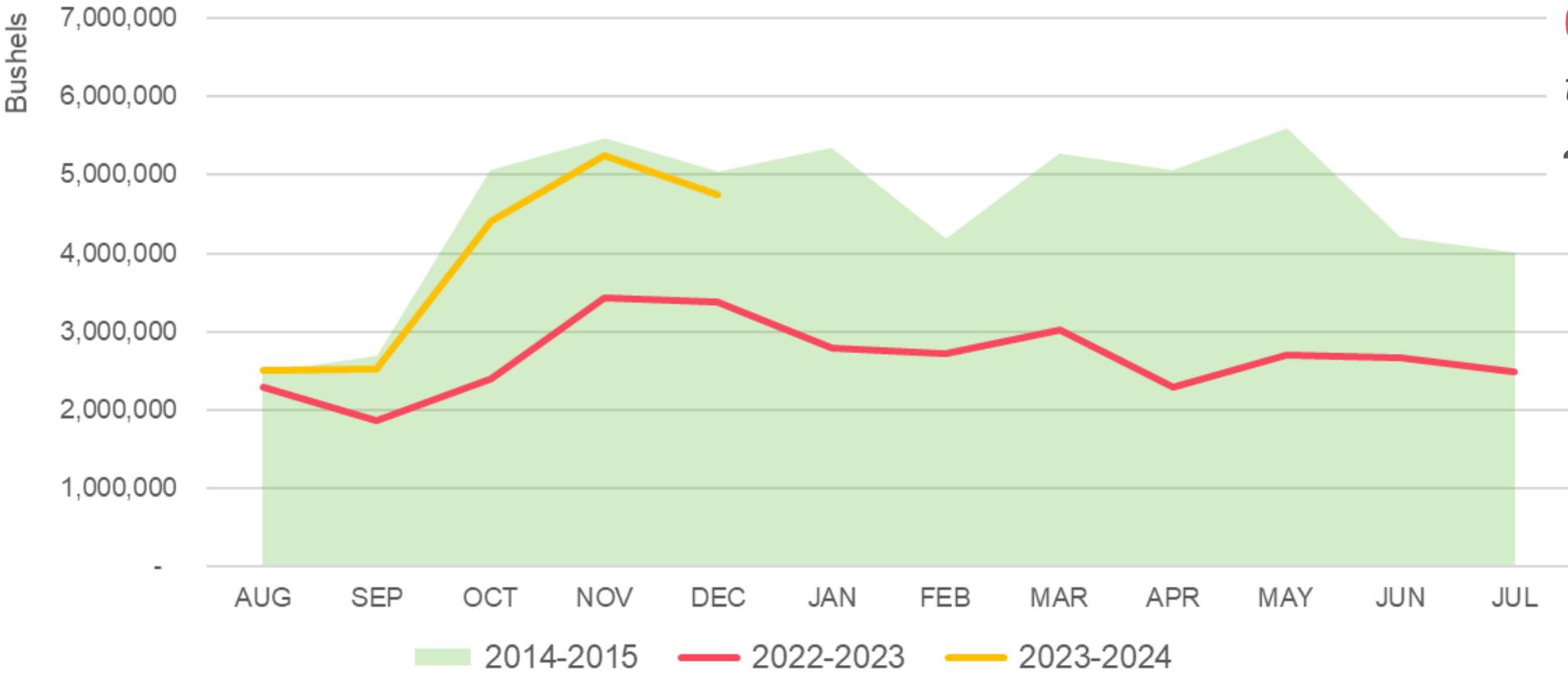
U.S. Fresh Apple Exports



22.3 M BU
*fewer exports
last season
vs. 2014-2015.*

▼ 41%

U.S. Fresh Apple Exports



6 M BU more exports this season-to-date vs. 2022-2023.

▲ **47%**

2+ M BU fewer exports this season-to-date vs. 2014-2015.

▼ **9%**

U.S. Fresh Apple Exports

1. Mexico: **5.1 M BU**

25% share | ▲ 44% YTD



2. Canada: **3.1 M BU**

15% share | ▼ 12% YTD



2022
AUG-DEC
8,000 BU

3. Taiwan

2.6 M BU

13% share | ▲ 120% YTD

4. Vietnam

1.7 M BU

8% share | ▲ 3% YTD

5. Dom. Rep.

750,000 BU

4% share | ▲ 2% YTD

6. Guatemala

720,000 BU

4% share | ▲ 163% YTD

7. Colombia

660,000 BU

3% share | ▲ 330% YTD

8. India

645,000 BU

3% share | ▲ 4500% YTD

9. Thailand

520,000 BU

3% share | ▲ 75% YTD

10. Hong Kong

505,000 BU

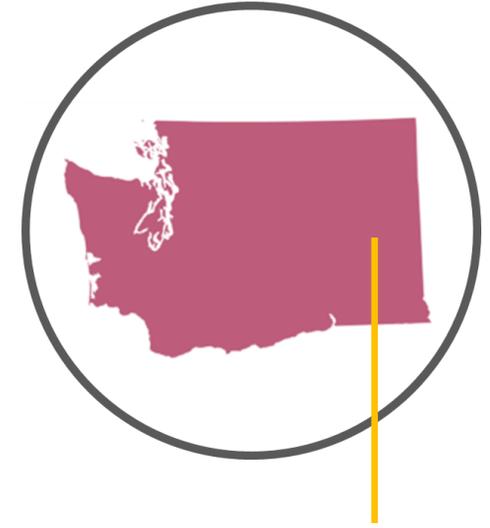
2% share | ▲ 46% YTD

22. Israel: **195,000 BU**

1% share | ▼ 49% YTD

WA Fresh Apple Exports

| | | |
|---------------------|----------|------------------------|
| 1. Gala | 4.7 M BU | 26% share ▲ 72% YOY |
| 2. Red Delicious | 4.5 M BU | 25% share ▲ 91% YOY |
| 3. Other Varieties | 3.0 M BU | 17% share ▲ 53% YOY |
| 4. Fuji | 2.8 M BU | 15% share ▲ 109% YOY |
| 5. Granny Smith | 2.2 M BU | 12% share ▲ 107% YOY |
| 6. Golden Delicious | 1.0 M BU | 5% share ▲ 111% YOY |



18.3 M BU
▲ 84% YOY

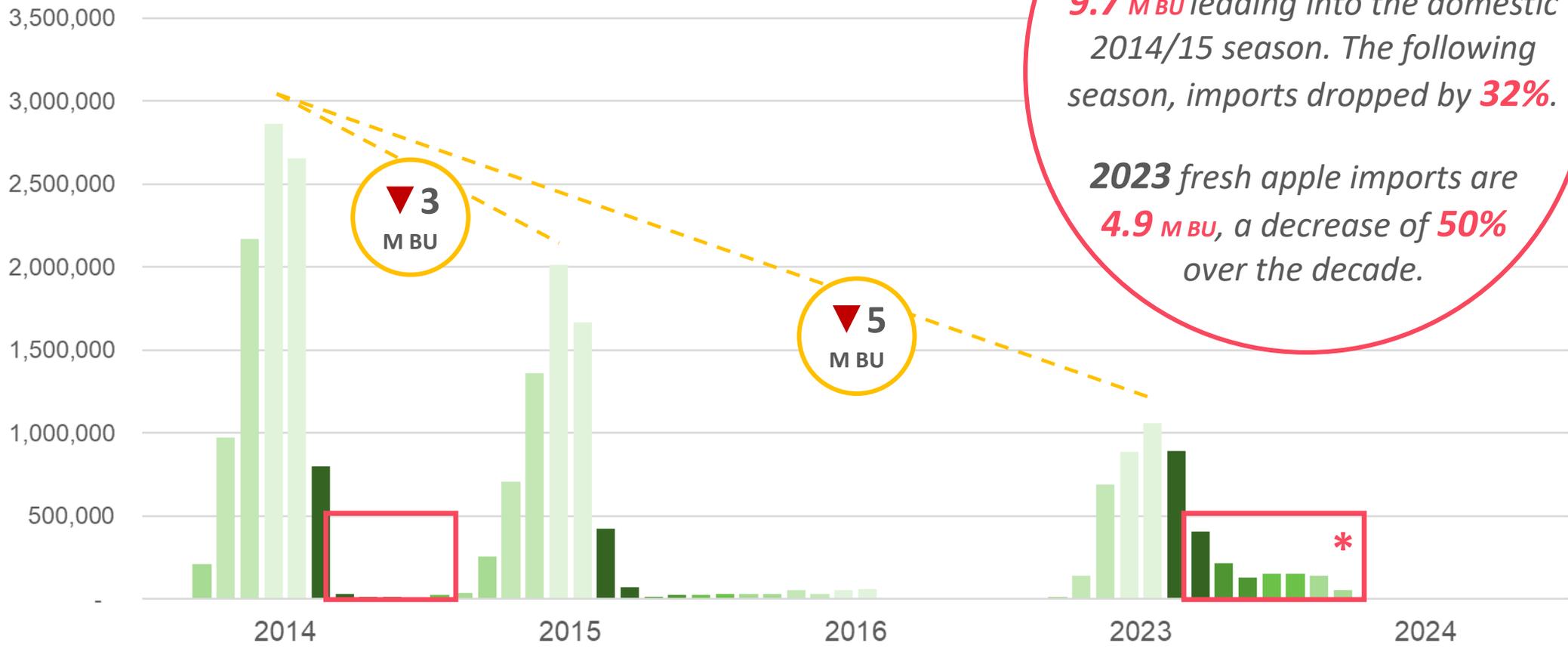
* Season to Date
(through FEB)

1.4%
Organic

U.S. Apple Movement: AMS

Import/Export Season

Sum of Bushels



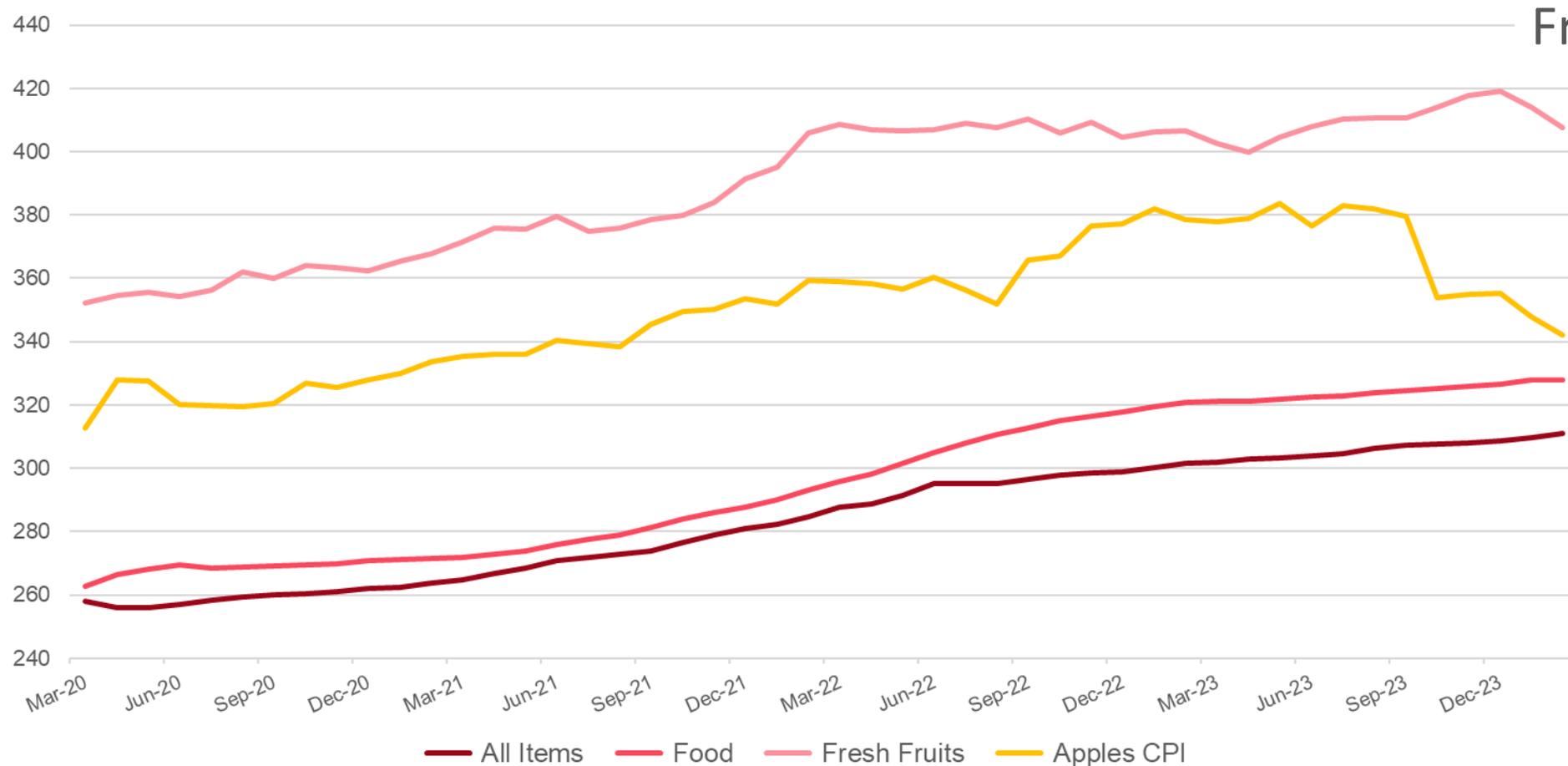
IMPORTS

2014 fresh apple imports were **9.7 M BU** leading into the domestic 2014/15 season. The following season, imports dropped by **32%**.

2023 fresh apple imports are **4.9 M BU**, a decrease of **50%** over the decade.

- Aug
- Sep
- Oct
- Nov
- Dec
- Jan
- Feb
- Mar *
- Apr
- May
- Jun
- Jul

U.S. Apple Price Inflation: CPI



Fresh Fruits: ▲ 16%

Apples: ▲ 9%

Food: ▲ 25%

All Items: ▲ 20%

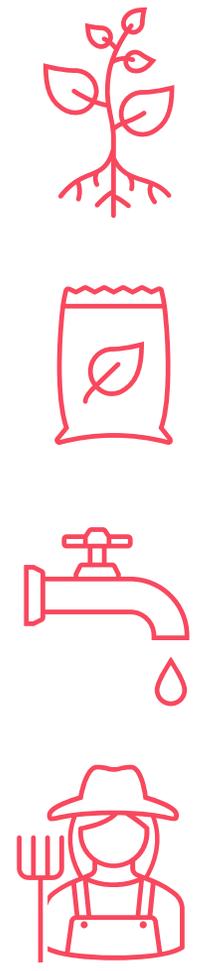
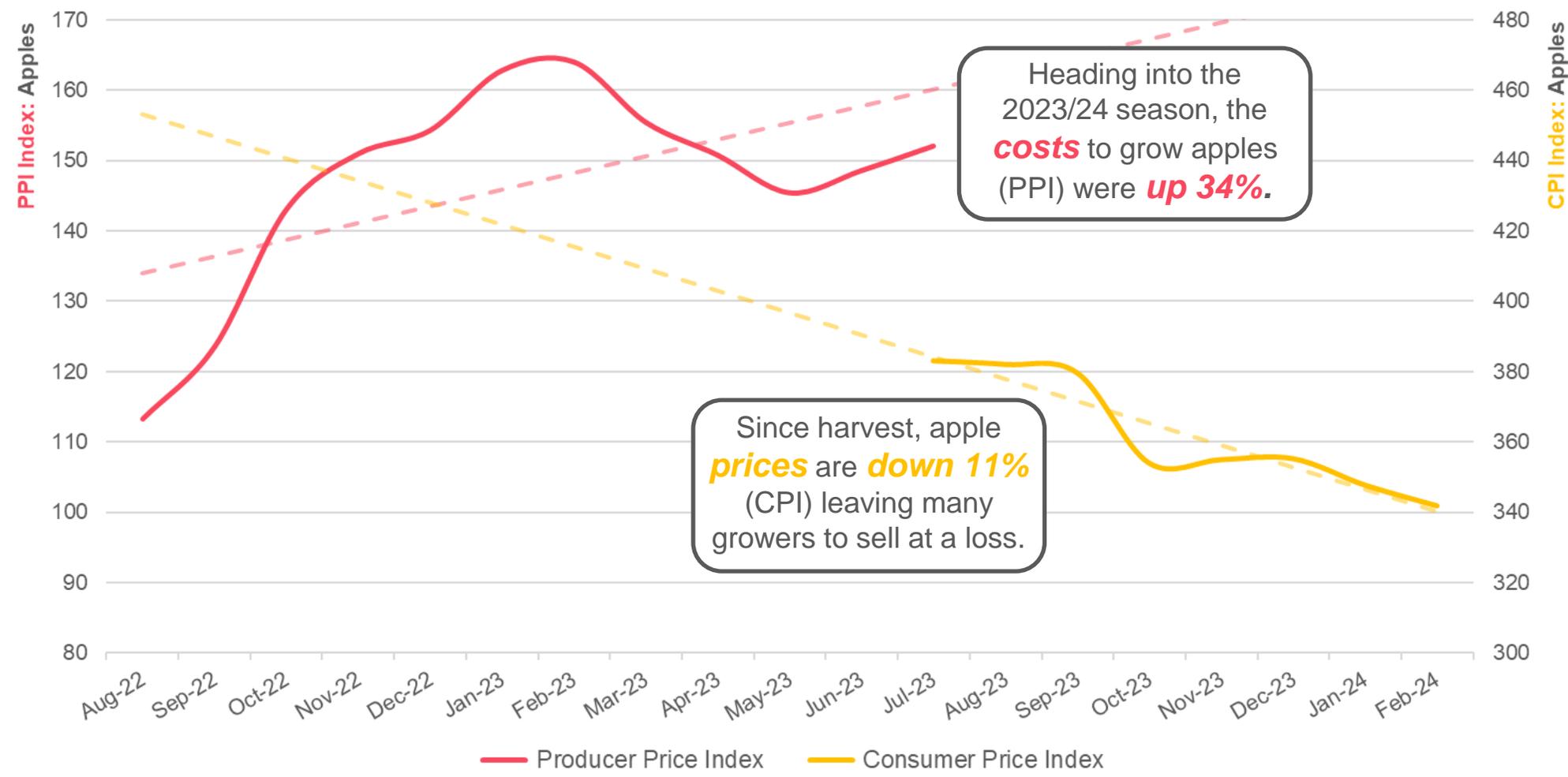


U.S. Apple Price Inflation: CPI

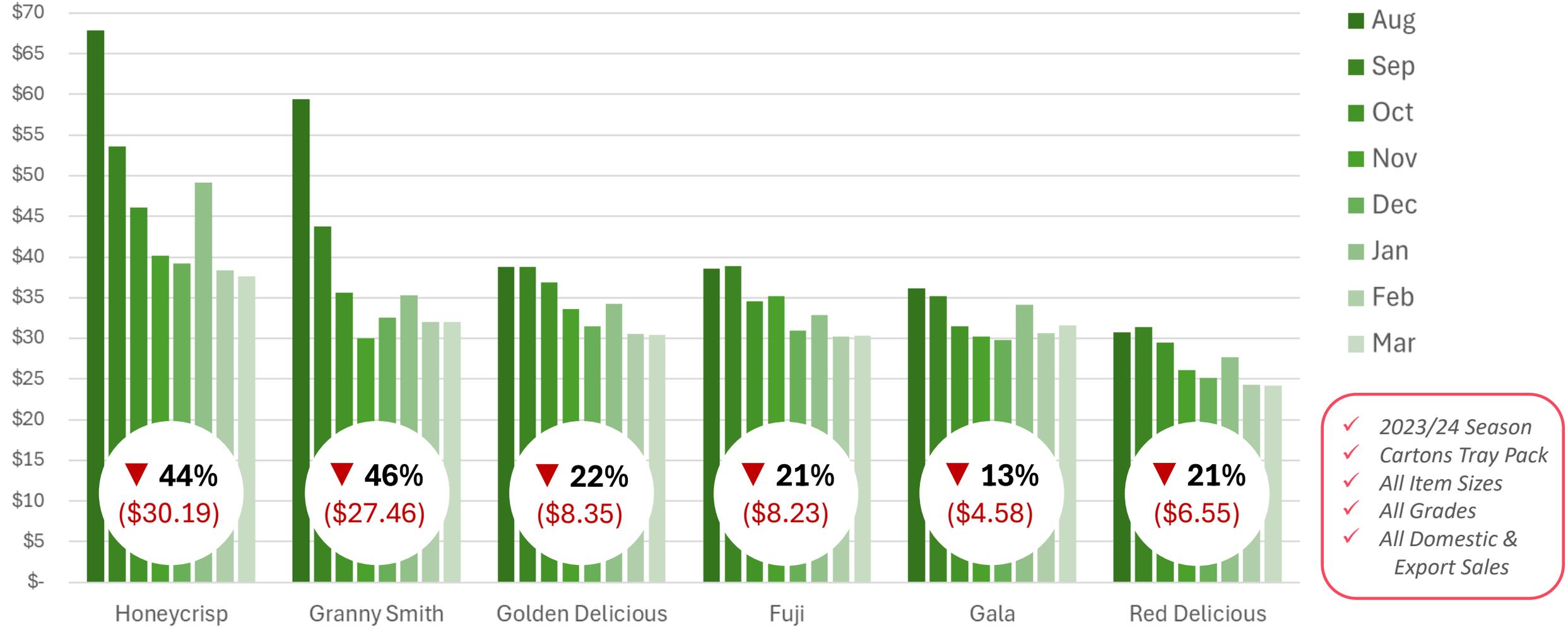
DEFLATION



U.S. Apple Price Inflation: PPI



U.S. Apple Price Inflation: Shipping-Point



U.S. Apple Labor Costs

2024 Adverse Effect Wage Rates (AEWR)



| | | |
|-------------------|------------|--------------------------|
| U.S. Average | \$17.00/hr | ▲ 5% YOY |
| Apple States | \$18.22/hr | ▲ 6% YOY |
| 2014 Apple States | \$11.20/hr | ▲ 63% <i>over decade</i> |



\$19.75/hr
▲ 6% YOY



\$19.25/hr
▲ 7% YOY



\$19.25/hr
▲ 7% YOY



\$18.50/hr
▲ 7% YOY



\$17.80/hr
▲ 5% YOY



\$17.20/hr
▲ 4% YOY



\$15.81/hr
▲ 6% YOY

U.S. Apple Labor Costs

Last passed in the House in 2021 ... died in the Senate.

*Among other provisions, it **would have** frozen the AEWR at 2021 levels for 1 year and **capped annual growth rates at 3.25%**.*

This would have been the worst-case scenario for 2024:



\$17.11/hr

▼ \$2.64/hr



\$17.42/hr

▼ \$1.83/hr



\$17.42/hr

▼ \$1.83/hr



\$15.69/hr

▼ \$2.81/hr



\$15.98/hr

▼ \$1.82/hr



\$14.98/hr

▼ \$2.22/hr



\$14.02/hr

▼ \$1.79/hr

USDA Commodity Procurement

| | | |
|-----------------|-----------------------------------|-----------------------|
| ✓ June 2023 | Section 32: Apple Products | \$20,600,000 |
| ✓ November 2023 | Apple Products | \$2,500,000 |
| ✓ December 2023 | Apple Products | \$26,500,000 |
| ✓ January 2024 | Section 32: Fresh Apples | \$56,000,000 |
| ✓ February 2024 | Fresh & Apple Products | \$1,750,000 |
| ✓ March 2024 | Fresh Apples | <i>Offer due 3/15</i> |

\$100,000,000 +



USDA Agricultural Marketing Service
U.S. DEPARTMENT OF AGRICULTURE

How to Become a Certified USDA Vendor

Questions?

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