

Organic Apple Outlook: 2015/16 Market Update & 2016 CY Forecast

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Organic Grower Meeting,
Benton City, WA
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"The Best Apple Flavors On Earth."

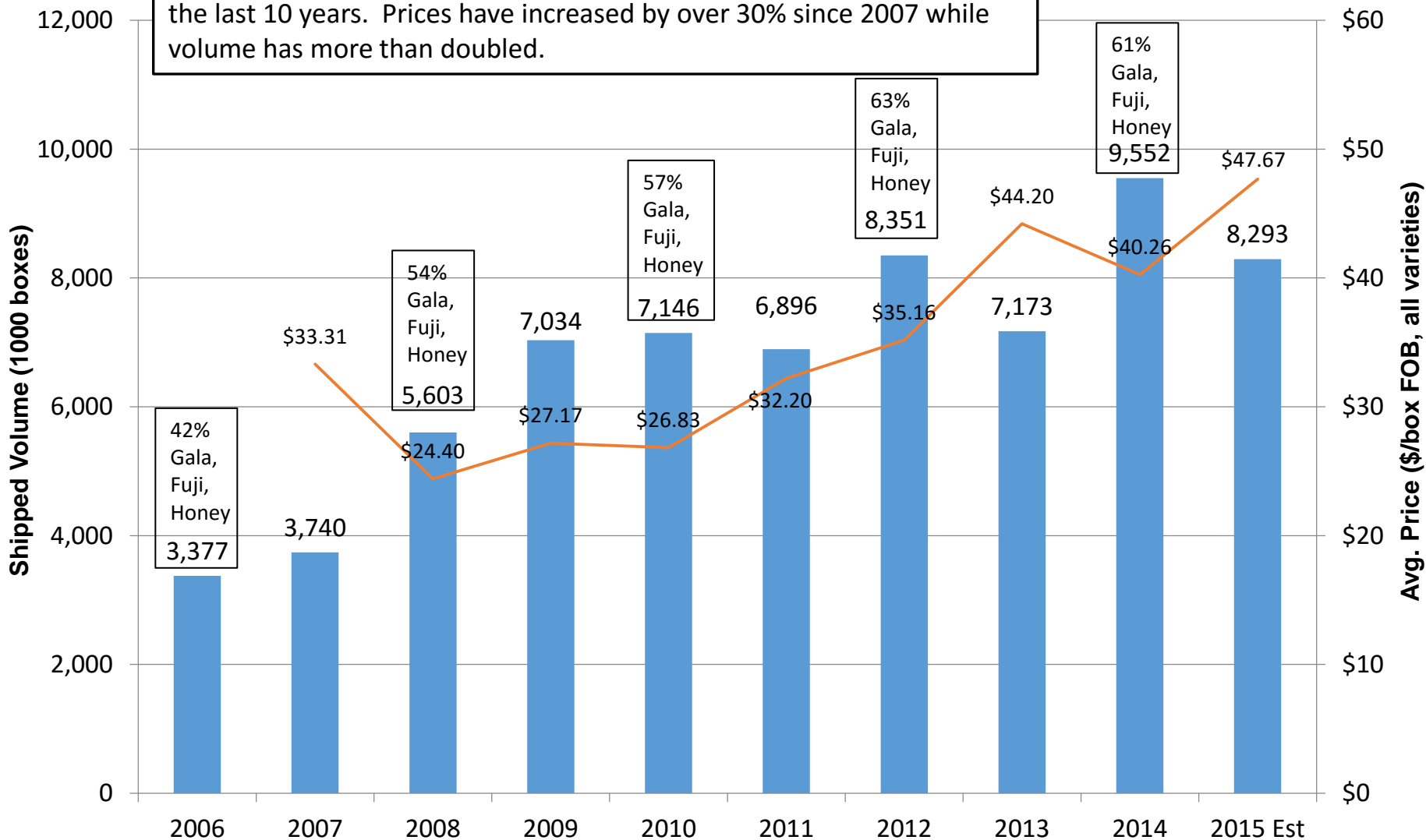


Topics of Discussion

- Discuss the outlook for the 2015 Organic Apple crop.
- Explore volume trends of organic apple production in Washington State (Fresh only).
- Explore total gross dollar trends of organic apple production in Washington State (Fresh only).
- Discuss indices for the 2016 Organic apple crop with variable amounts of Transitional fruit being certified.

WA State Organic Fresh Crop Apple Production

Organic Apple production and pricing has increased dramatically over the last 10 years. Prices have increased by over 30% since 2007 while volume has more than doubled.

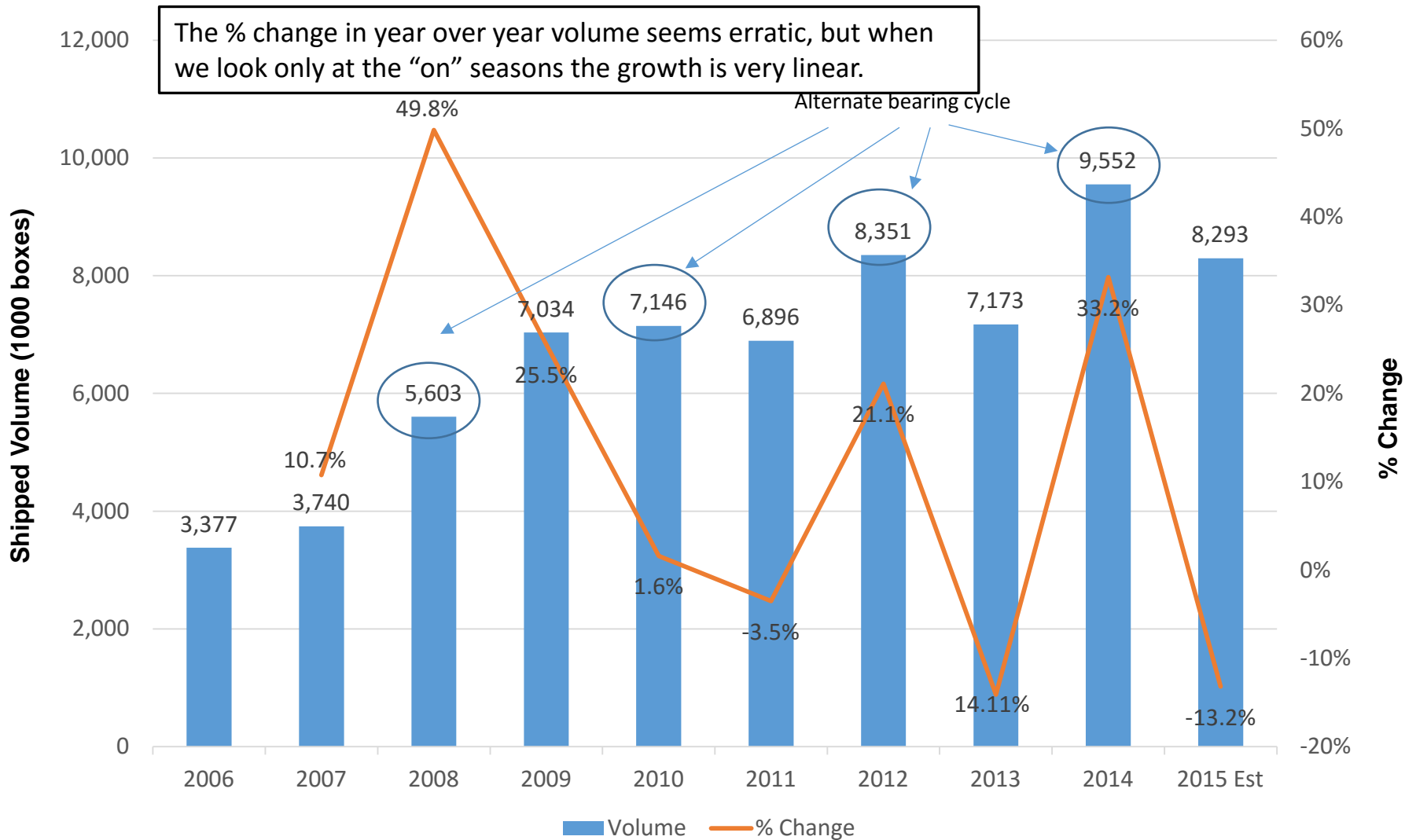


Crop Volume Analysis

Data on the shipped volume of fresh organic apples in Washington State have been tracked by industry organizations since the early 2000s. In slide 6, the growth of production over time is evident, as is the development of an alternate bearing pattern across all organic apples that is similar to that for all apples in the state. The blue bars represent the shipped volume each year, and the orange line represents the % difference from the previous year.

If one looks only at the “on” or high producing years (slide 7), then the growth pattern since 2007 becomes very linear. From this line, the size of the 2016 crop (an “on” year) can be predicted accurately ($r^2=0.99$) if conditions stay the same as in the past (e.g., same yields, packouts). This equals a projected 11.19 million boxes shipped for 2016.

WA State Organic Fresh Crop Apple Production Growth Trends

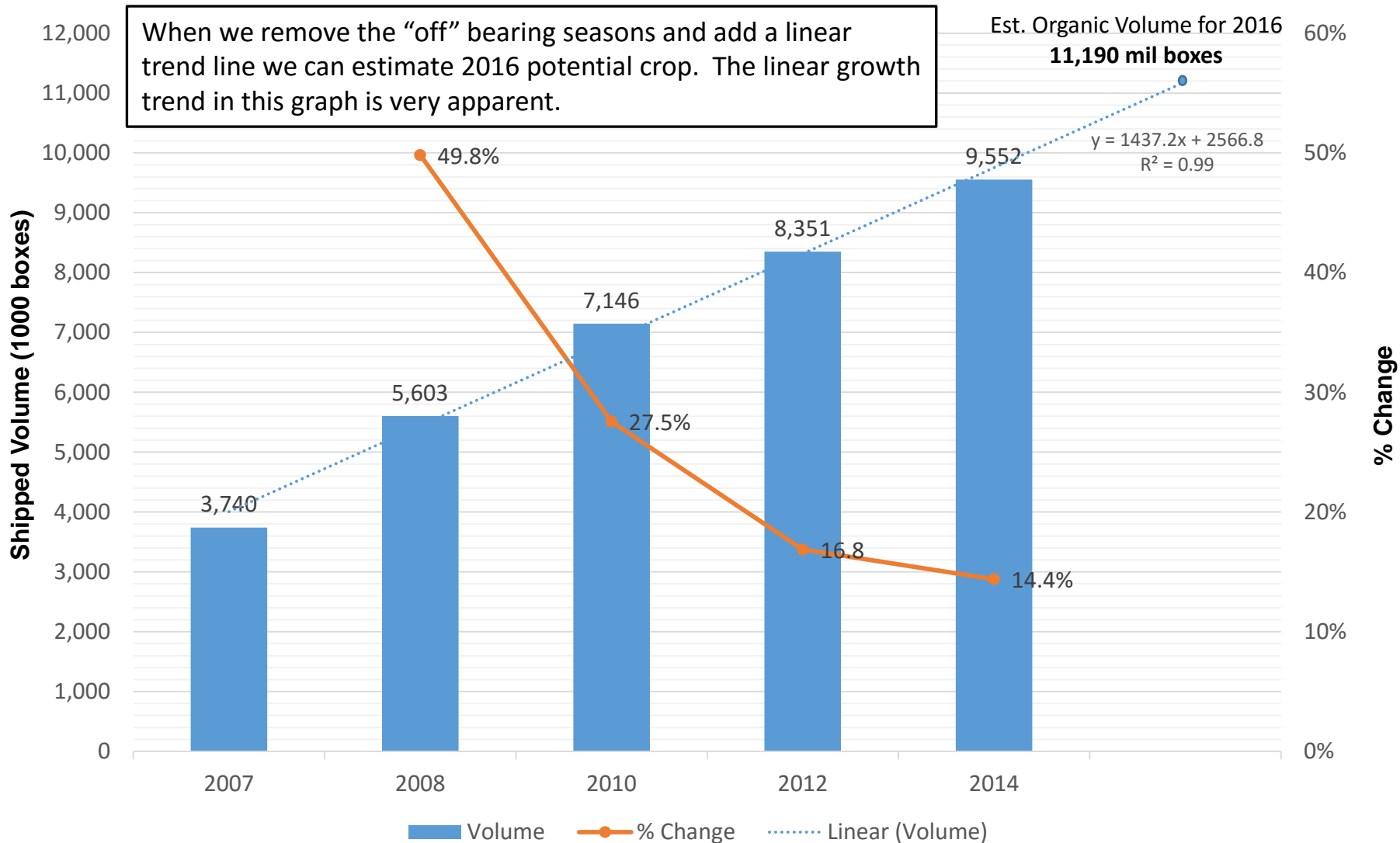


Crop year data and pricing from



WA State Organic Fresh Crop Apple Production

Growth Trends for “on” years

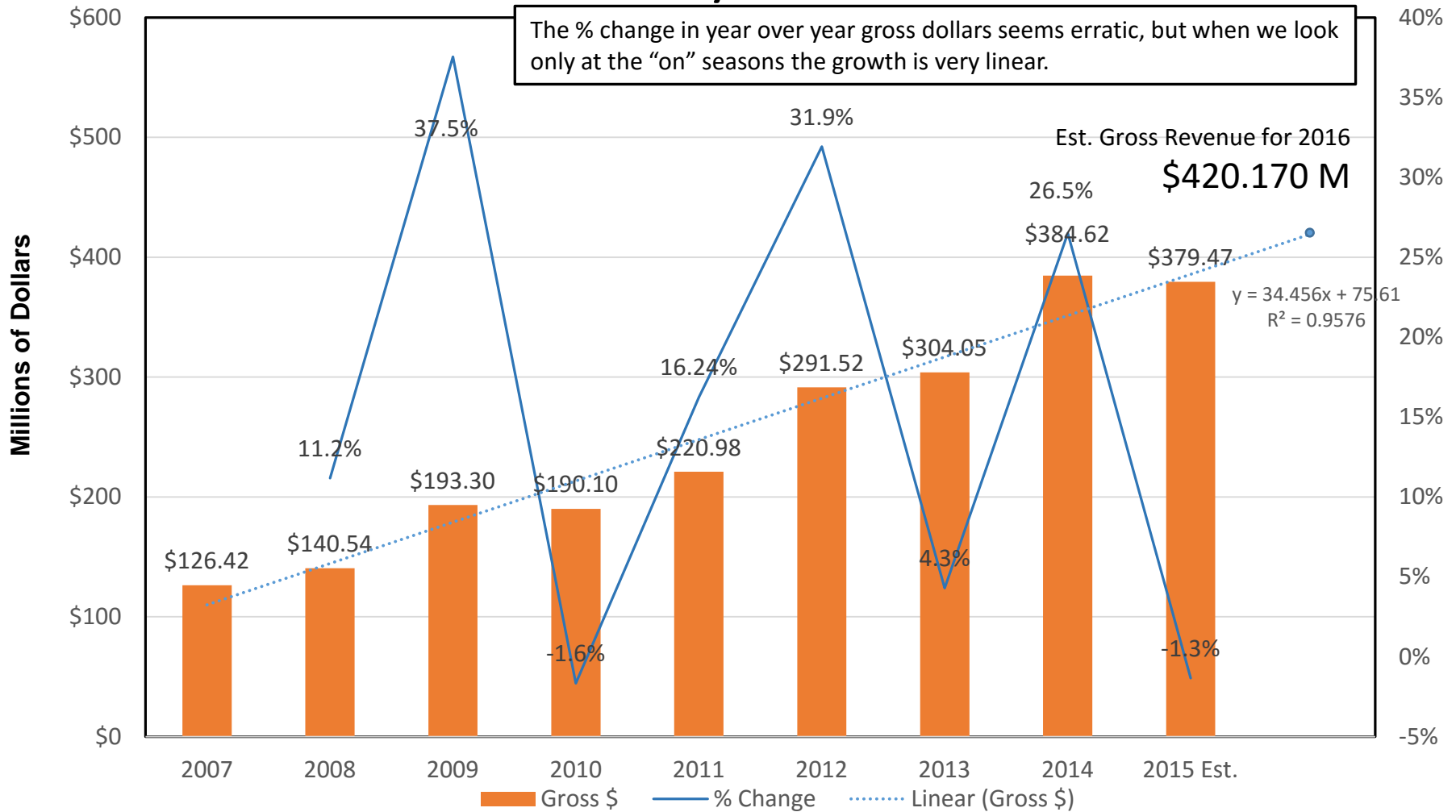


Total Gross Dollar Analysis

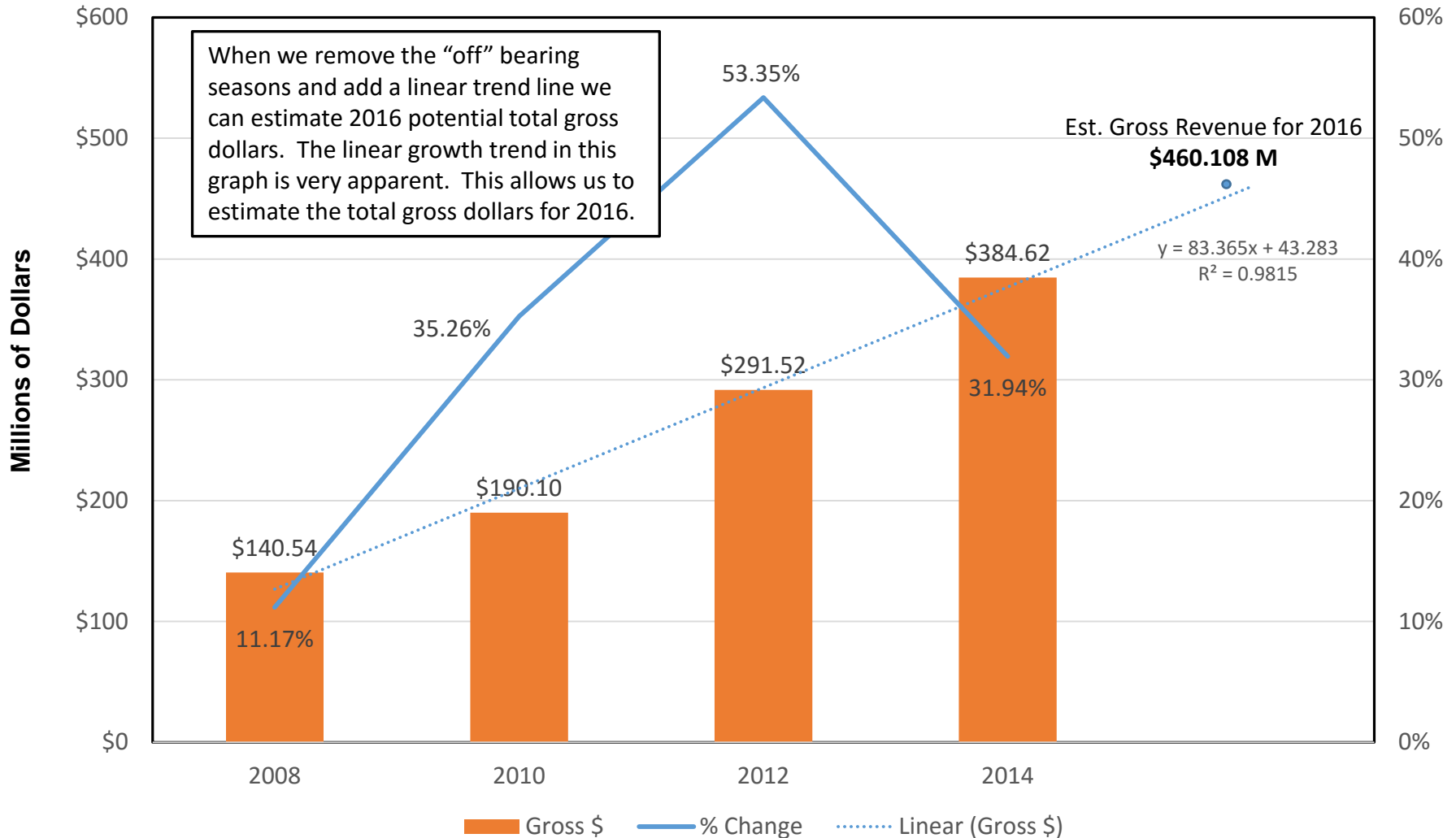
The annual gross dollars (FOB) for sales of Washington State organic apples are shown for 2007-2015 (estimated) in slide 10. Similar to volume, gross value fluctuates among years. If only the “on” years are examined (slide 11), then the increase in gross value is very linear, as it was for the increase in volume. The gross value of organic apples for 2016 can then be predicted to be \$460.1 million, up nearly 20% from the previous high in 2014 despite an estimated 17% increase in shipped volume for this same period.

In slide 12, the projected trends in shipped volume and gross value are combined to examine how the increase in volume may effect value, and thus ultimately the price per box of fruit. The projected price of \$41.12/box is shown on slide 14.

Total gross dollars FOB Washington State all years



Total gross dollars FOB Washington State “on” years only

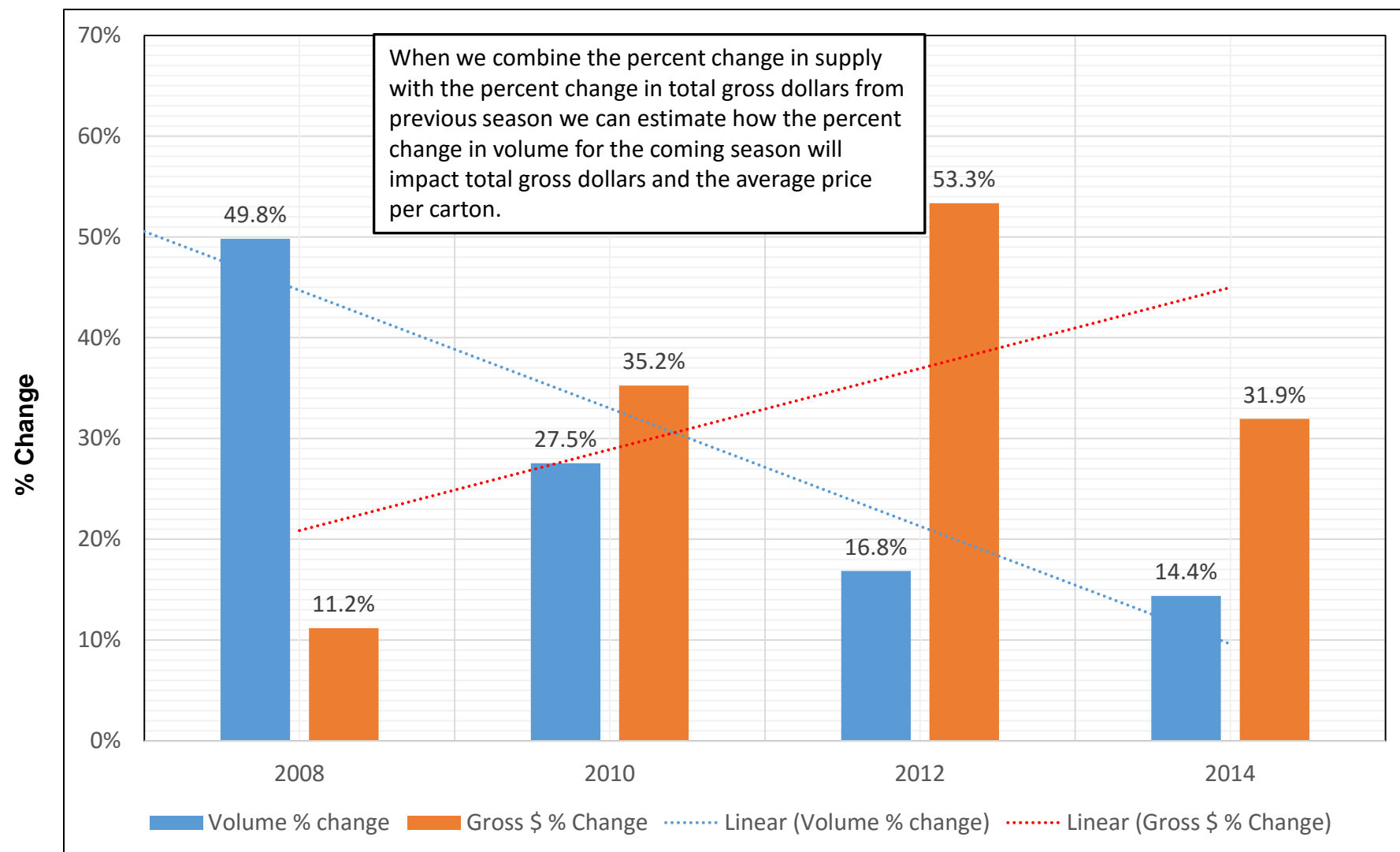


Crop year data and pricing from



WA State Organic Fresh Crop Apple Production

"on" year % change in Volume and Gross Dollars

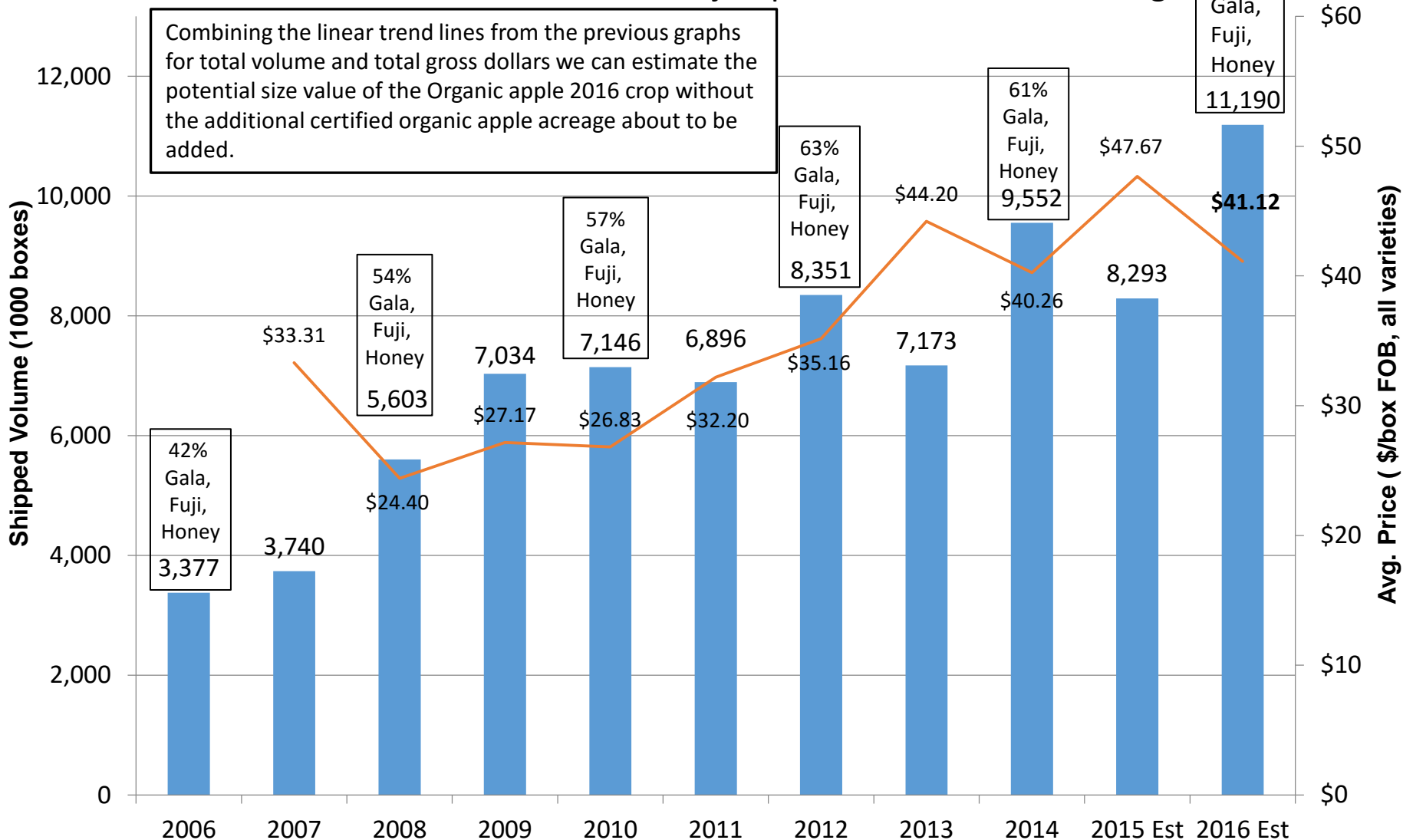


Indices of Current Trends

- “On” crop Year volume trends indicate an 11,190 million box organic apple crop in 2016.
- “On” crop year gross dollar trends indicate the value of the 2016 Organic apple crop around \$460,108,000.
- This would create an average price of \$41.12/box. This would be an increase from the CY 2014 average of \$40.25/box.
- These indices do not take into account the Transitional acreage about to be certified, or potential per acre yield increases that may be happening.

WA State Organic Fresh Crop Apple Production

2016 Est. without additional jump from Transitional Acreage



Crop year data from



Transitional acreage date from:
WSU Extension / Center for Sustaining
Agriculture and Natural Resources



What could the 2016 crop look like?

- As of Dec. 15, 2015 we know of 3,059 acres in transition.
- We now have indices of how the market could react.
- Yields on transition acres may average higher than the current levels, according to industry field consultants (slide 16). The recent average (2009-2012) yield for organic Gala apple was 38.9 bins/acre (462 observations), compared with an estimated 70 bins/acre for high density plantings.
- Certified apple acres in 2016 will depend on how much of the current transition acres can be certified that year, as shown in slide 17. This percent increase in area can then be related to the trend lines in slide 18 showing the supply and gross value. From this, estimates can be made of the influence of additional acres on the price per box of organic apples in 2016 (slide 19).

Constants used for Transitional fruit

Estimates of yields for high density organic apple plantings near full production.

All transitional acreage is for fresh crop production.

Variety	Yield per acre (bins)	Packs per bin (40# EQ)
Red Del.	65	18
Gold Del.	75	16
Granny Smith	75	18
Fuji	70	18
Gala	70	18
Braeburn	70	18
Pinks	60	18
Honeycrisp	70	11
Other	60	18

Washington State 2016 Organic Apple Crop Projection

	2014 CY Packed Vol.	2016 Est. Trans. Acres	2016 CY with 50% Trans acres	2016 CY with 75% Trans acres	2016 CY with 100% Trans acres	2016 CY with 125% Trans acres
Variety	2014	2016 Est.	2016 Est.	2016 Est.	2016 Est.	2016 Est.
Red Del.	908	151	996	1,041	1,085	1,129
Gold Del.	334	129	411	450	489	528
Granny	861	343	1,093	1,208	1,324	1,440
Fuji	2,198	564	2,553	2,731	2,909	3,086
Gala	2,952	879	3,506	3,783	4,060	4,336
Braeburn	241	12	249	252	256	260
Jonagold	32		32	32	32	32
Cameo	121		121	121	121	121
Pinks	692	117	755	787	818	850
Honeycrisp	693	754	983	1,128	1,274	1,419
Other	520	110	579	609	639	669
Total	9,552	3,059	11,279	12,142	13,006	13,869
% Change from CY 2014			18%	27%	36%	45%

Packed volume represented in 1,000 ctn units

Crop year data from

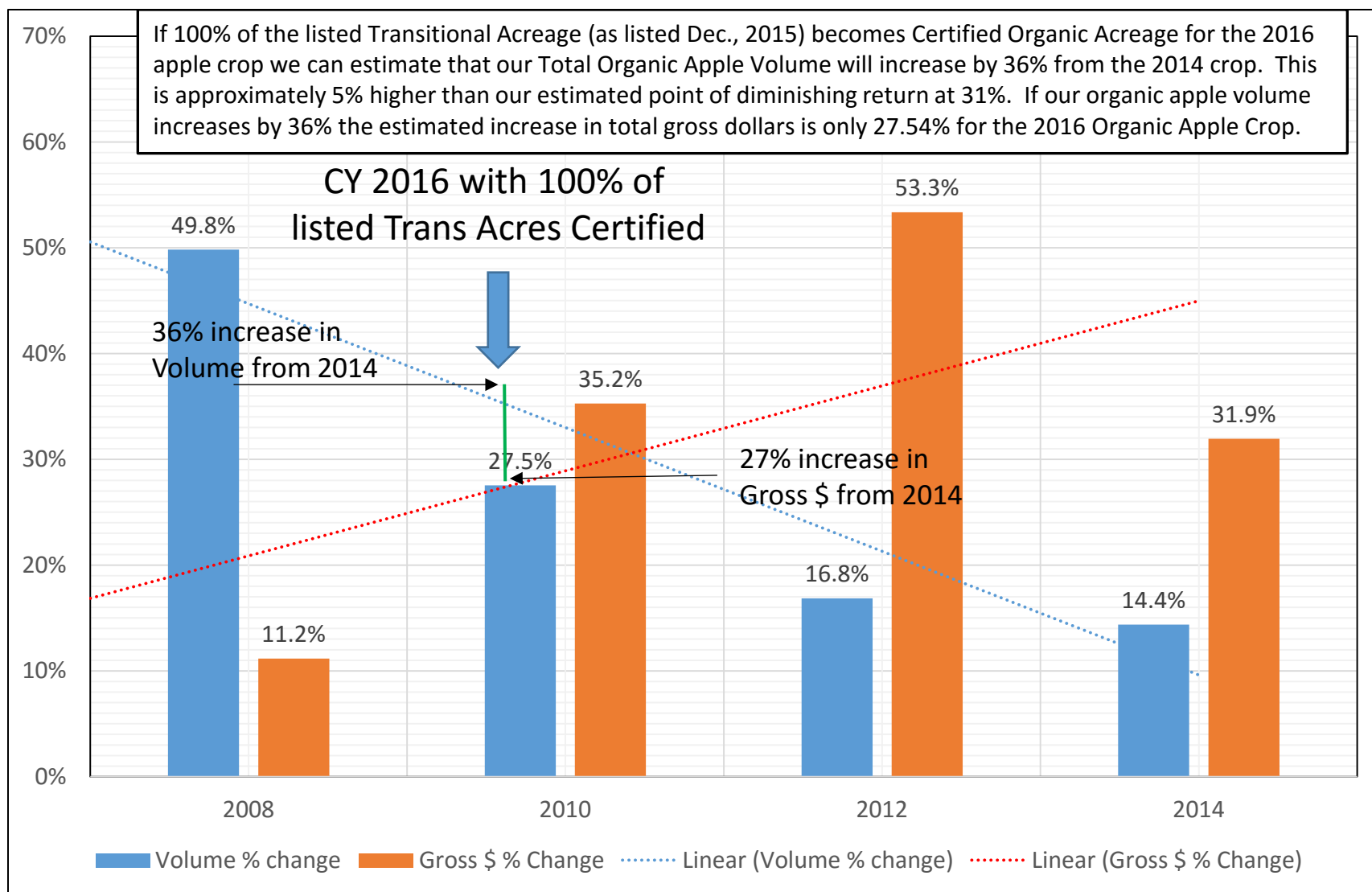


Transitional acreage data from:
WSU Extension / Center for Sustaining Agriculture and Natural Resources



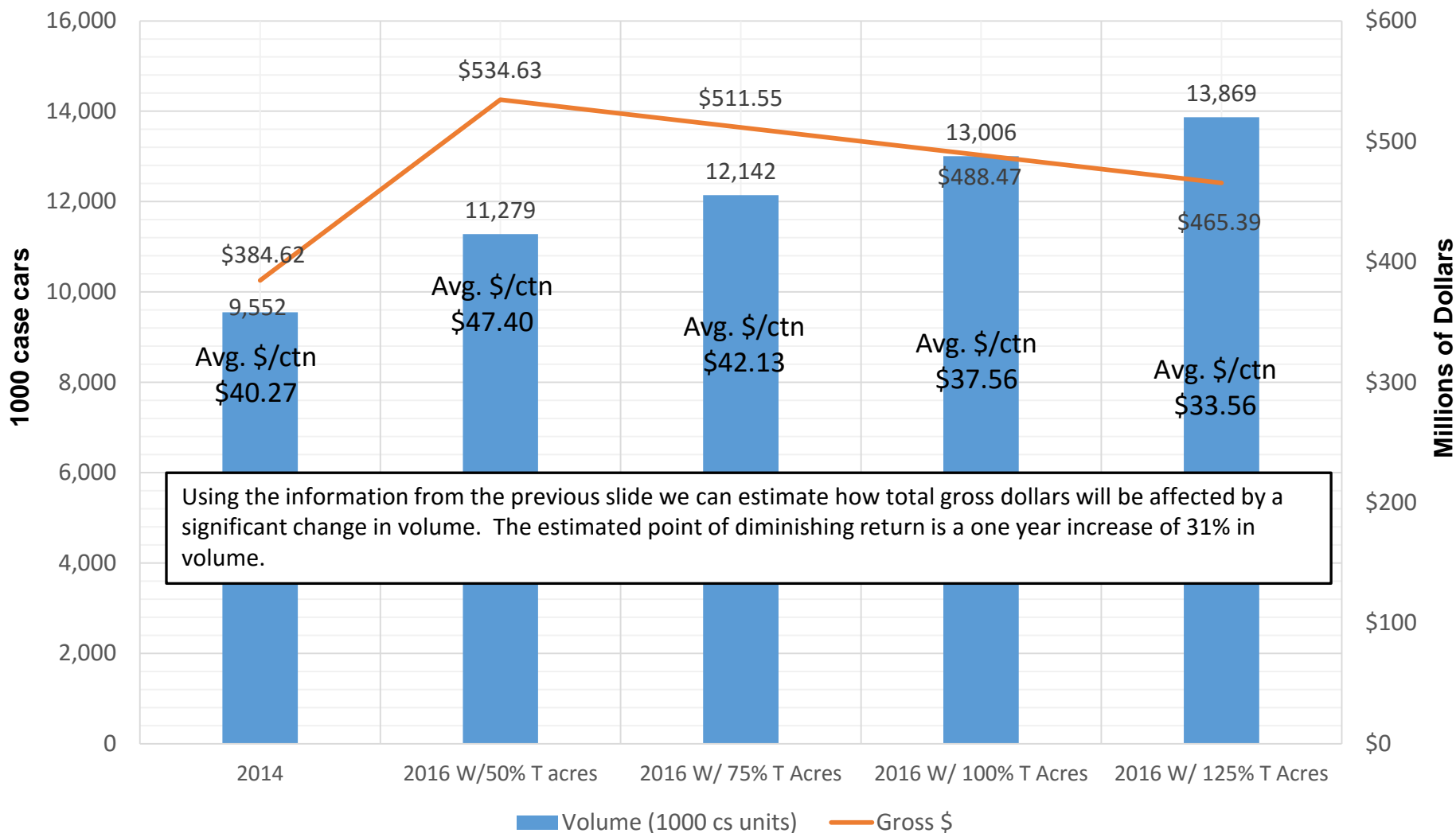
WA State Organic Fresh Crop Apple Production

“on” year % change in Volume and Gross Dollars



WA State Organic Fresh Crop Apple Production

Potential crop size and gross dollars for 2016



Crop year data from



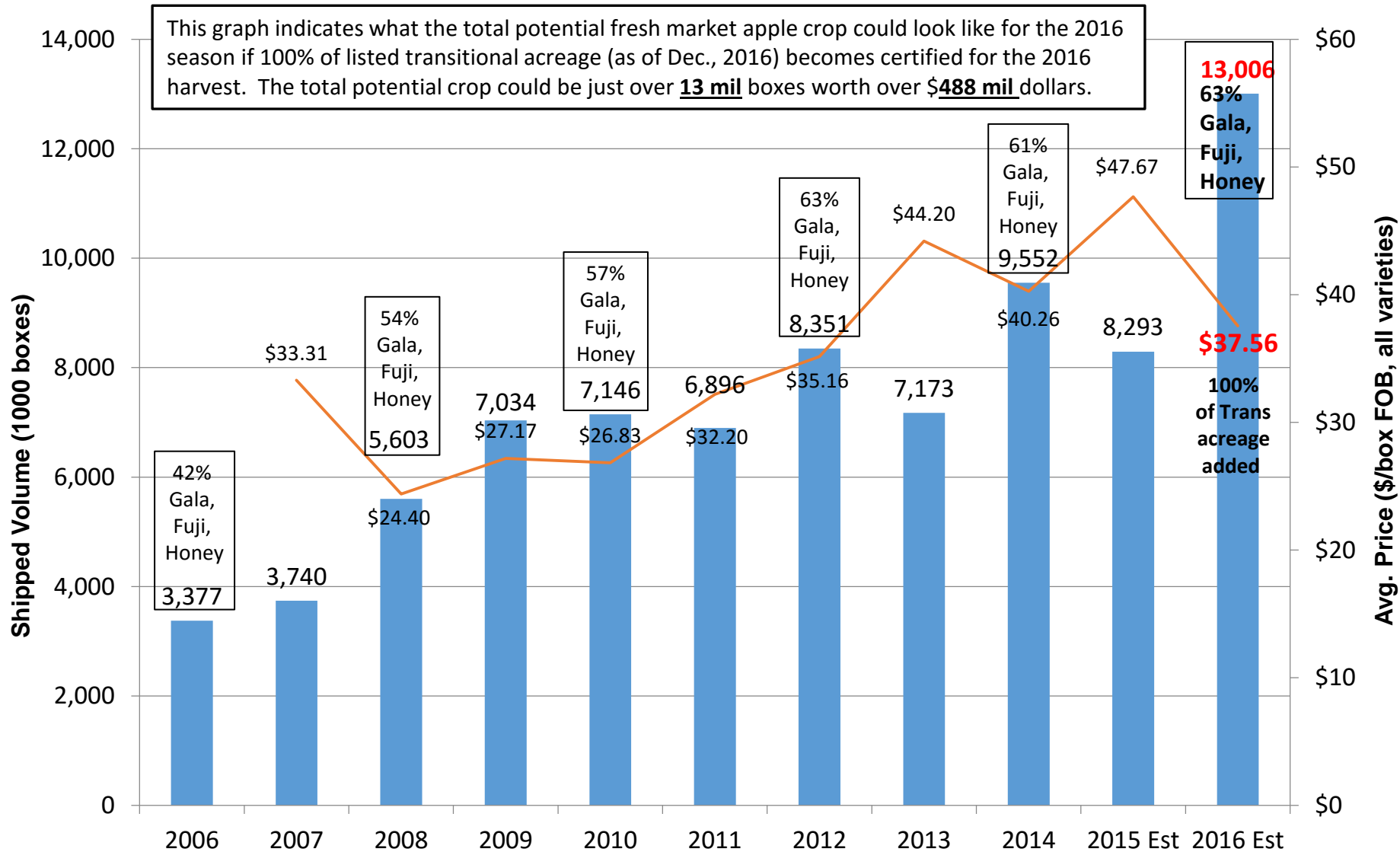
Washington State
Tree Fruit Association

Transitional acreage date from:
WSU Extension / Center for Sustaining Agriculture and Natural Resources



WA State Organic Fresh Crop Apple Production

This graph indicates what the total potential fresh market apple crop could look like for the 2016 season if 100% of listed transitional acreage (as of Dec., 2016) becomes certified for the 2016 harvest. The total potential crop could be just over **13 mil** boxes worth over **\$488 mil** dollars.



Crop year data from



Transitional acreage date from:
WSU Extension / Center for Sustaining Agriculture and Natural Resources

