Fruit Supply Outlook

Fruit supplies for the remainder of the 1974-75 season are expected to total substantially above a year earlier. Large citrus supplies continue to dominate the fruit scene. A record U.S. citrus crop of 14.2 million tons is indicated for the 1974-75 season in spite of recent subfreezing temperatures in California and Texas. Yearend stocks of most processed noncitrus products are ample for market needs. Cold storage holdings of major fresh deciduous fruits are also larger than a year ago.

For the first time during 1974, the index of prices received by growers for fresh and processed fruit declined during December to levels below a year earlier. The January 1975 index increased slightly from December 1974, but was still 3 percent below the same month a year earlier. During the first half of 1975 the index is expected to advance seasonally and will likely average near year-earlier levels.

Retail prices of fresh fruit also have declined since last fall, reflecting the seasonal increase in fruit supplies, especially citrus, but continued to average moderately higher than a year earlier. However, the January 1975 BLS retail price index for fresh fruit advanced slightly from December 1974. As remaining supplies of fresh fruit decline seasonally, consumer prices are likely to advance during the first half of 1975 and average moderately above the comparable 1974 period.

The Nation's orange crop is now expected to total a record 234 million boxes or 10.1 million tons. This output is 8 percent above last season and 4 percent above 1972-73. About three-fourths or 174 million boxes will come from Florida, which expects a 5 percent larger output. California's prospective orange crop at 50 million boxes would be the largest since 1946-47. With a large Navel crop this season, the supply for fresh market is expected to be adequate in spite of the diversion of freeze-damaged fruit to processing. Arizona's indicated production of 4.5 million boxes is 32 percent above last season, while the forecast for Texas as 5.1 million boxes is 23 percent smaller.

On-tree grower returns for all U.S. oranges in January were 13 percent below a year earlier. Large crop prospects combined with large carryover stocks of most processed items will keep downward pressure on orange prices. Current prospects for oranges through early spring indicate grower prices will continue below year-earlier levels.

Prospective grapefruit supplies at 58.8 million boxes are 10 percent less than last season. Florida's crop is expected to total 43 million boxes, 11 percent less than last season, while the Texas crop is 27 percent smaller. Through mid-February, the movement of fresh grapefruit into domestic marketing channels was substantially ahead of last year's pace, while exports and deliveries to processors were lower. With smaller remaining supplies available and recently improved export prospects, grower prices will advance and remain above year-earlier levels.

Indicated lemon supplies in California and Arizona are a record 25.5 million boxes, 46 percent above last season's small harvest. Total shipments of fresh lemons through mid-February were slightly above last season. Sales of lemons for processing are up sharply, reflecting the larger crop. Grower returns for fresh and processed lemons have averaged sharply below a year ago and are expected to remain low during the remainder of the season.

Supplies of fresh apples remaining in storage are 6 percent above a year ago. So far this winter, average U.S. apple prices to growers have been below year-earlier levels, reflecting larger supplies and slackening processor demand. However, later in the season when most of the fresh apples will come from Washington State, prices are expected to be slightly to moderately higher than a year ago.

In response to substantially larger cold storage holdings, shipping point prices for fresh winter pears have also been below year-earlier levels. Even though these prices may advance seasonally for the remainder of the season, they are likely to continue below year-ago levels.

The 1974-75 pack of canned noncitrus fruit will be considerably above last year's levels. Thus, even with a substantially smaller carryover, total supplies of canned fruit for the 1974-75 marketing season are considerably above those a year earlier. Despite a larger supply, canners' selling prices have increased as a result of higher costs for raw materials, processing, and marketing. The BLS index of wholesale canned fruit prices reached 170.4 (1967-100) in January 1975, an increase of 26 percent from a year ago. These higher wholesale prices have also been reflected at retail.

Storage holdings of frozen deciduous fruits and berries on February 1 were substantially above last season, with increases recorded for most items. Production of dried fruit for the 1974-75 season was moderately below a year ago. However, with a considerably larger carryin at the beginning of this season, supplies of dried fruit are ample. F.o.b. prices of both dried prunes and raisins have been below year-earlier levels reflecting the larger supply and lagging movement.

Disappearance has lagged for many processed noncitrus items - particularly canned and frozen - because of generally higher prices and a slowdown in economic activity here and abroad. In order to encourage an increase in the rate of movement, processors have offered promotion allowances for many items in recent weeks. Although there has been some weakening in prices, they are still substantially above year-earlier levels.