

Michigan Processing Apple Growers

NEWSLETTER



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US APPLE CROP UPDATE

Michigan – Southwest – Most of the area picked out at estimate. Most growers are finishing harvest this week. Size is reported to be good but quality was off on some varieties. **Ridge** – Red Delicious harvest is complete. Rome & Ida Red harvest is underway. Excellent size is reported on all varieties but quality was off because of hail. **Mason/Oceana** – Golden harvest is complete; Red Delicious harvest is winding down. Ida Red and Rome harvest is underway. Most growers will finish harvest by the end of the week or beginning of next. Quality is excellent and size is good. Overall, the area crop is picking out at 15-20% of last year's crop. **North** – Ida Red and Rome harvest is underway with Golden & Spy harvest almost complete. Some growers will finish harvest by the end of this week but overall harvest is expected to finish by the end of the month. Fruit size is adequate and quality is reported to be good. Growers picked out at or slightly above estimate for the area.

Processor demand has been excellent for all varieties. Because of the availability and quantity of out-of-state fruit coming into Michigan, growers are encouraged to make commitments on any unsold fruit.

Fresh market prices are at unprecedented levels but have adjusted slightly to \$20+ range. Movement is adequate due to apple availability in other regions. A larger-than-expected crop in Washington is having an impact on demand in other production areas.

New York - Greenings and Ida Reds are picking out shorter than estimate with most midseason varieties reported to have picked out at or near estimate. Adequate weather and excellent demand has resulted in many early varieties being diverted to the fresh market. Excellent demand for fresh and processing apples has offset the concern of hailed fruit throughout the region. Excellent size is reported. Harvest is expected to be complete in about 14 days. The crop is expected to be at or slightly short of the 27.4 million bushel estimate.

Pennsylvania - York and Rome harvest is now underway. Red Delicious and Golden harvest is now completed. Size and quality is reported to be good. Harvest is expected to be complete within 10 days. The crop is expected to be at or near the 9.75 million bushel estimate.

North Carolina - Harvest is now completed. Overall quality of the 2008 apple crop is reported to be good. The crop is expected to pick longer than estimated because of large fruit size. The crop was estimated at 3.9 million bushels.

Virginia - York and Rome harvest is underway, with Fuji harvest expected later this week. Growers are reporting the crop to be less than the 5.1 million bushel estimate. Harvest is expected to finish within 10-14 days or approximately 2-3 weeks earlier than last year. Overall quality is reported to be good. Processor demand is strong with out-of-state processors from Canada, Michigan and New York.



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Washington – Granny Smith harvest is underway with most regions expecting later varieties to pick out slightly ahead of estimate. Demand for processing apples is reported to be very strong. Packouts are reported to be excellent which may result in fresh packed boxes at last year's +90-million box range.

Ontario – 2008 has been one of the worst years in history for hail. The Spy crop is down considerably from last year, however large fruit size may cause the variety to pick out higher than early estimates. Excellent color is reported on most fresh varieties, but hail damage will greatly impact fresh pack outs. Harvest is expected to be completed in 14 days. The total crop is estimated to be 10.5 million bushels.

OCT. 1, 2008 USDA APPLE ESTIMATE
(000's bu.)

	5-Yr <u>Avg.</u>	Aug. <u>2008</u>	Oct. <u>2008</u>
Washington	129.3	128.6	128.6
New York	28.4	27.4	28.6
Michigan	19.1	12.9	12.6
California	8.8	7.6	7.6
Pennsylvania	10.8	9.5	10.5
Virginia	<u>5.9</u>	<u>5.5</u>	<u>5.5</u>
TOTAL	228.2	218.2	220.1

CHINESE APPLE JUICE CONCENTRATE
UPDATE

According to *FOODNEWS*, at the recent China Juice 2008 Conference, industry leaders announced a reduction in apple juice concentrate (ajc) production by 200,000 tons. The anticipated 2008 apple crop is projected to be similar or somewhat larger than 2007 which prompted the reduction.

The continued increase in Chinese apple production will ultimately affect total world production in the future. China processes approximately 30% of their crop. In 1996, Chinese apple volume reached a record high but declined until 2004. From 2004 forward, the region has increased production and has recovered from the earlier decline.

With that said, the decrease in ajc production for 2008 and the carry-in stocks from 2007, China may still have one million tons of concentrate to sell this season.

Reports have surfaced that China has stockpiled ajc in the US. This would allow China to make deliveries in a more timely manner as well as provide an additional advantage for China to play the US spot market.

Import data shows a 2.3% increase for Chinese ajc imports into the US for January-August 2008 while imports into Europe have decreased. Chinese ajc is more competitively priced in the US than in Europe. Chinese ajc is imported into the US duty free compared to imports into Europe at a 25.5% duty.

The industry has seen downward pressure on the ajc market. The *Food Institute Report* has quoted Chinese ajc prices at \$6.50-7.00 per gallon compared to \$10.00-11.00/gallon a year ago.

POLAND APPLE GROWERS CONTINUE
BLOCKADES OF PROCESSING PLANTS

According to *FOODNEWS*, Polish apple juice concentrate (ajc) prices have declined but European ajc production is uncertain, partly because of the continued grower blockades of processing plants in Poland and Hungary. Plants in Moldova have also been blockaded.

Although attempts between Polish growers and processors have failed to establish prices to date, growers have threatened to continue the blockades.

Prices of Polish ajc are priced at levels that will return little or no profit to growers. The Polish Ministry of Agriculture has also been involved in the dispute.

Further reports will follow to keep you updated on crop development and industry issues. Contact the sales desk at 1-800-292-2653 if you have any questions.

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