



MARKET SNAPSHOT CHERRIES

June 30, 2022

Executive Summary

Drivers for the cherry industry include a very short 2022 crop, limited demand and rising input and transportation costs.

- Prolonged cool and wet weather, along with hailstorms, will significantly lower yields and raise costs.
- Rising inflation may reduce discretionary income and may limit consumer demand.
- Rising input and transportation costs will pressure margins.

12-Month Profitability Outlook



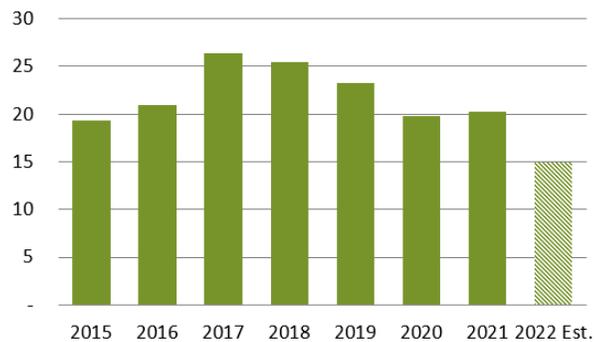
Northwest FCS' 12-month outlook foresees breakeven conditions for the Northwest cherry industry. Prolonged cool and wet weather, in addition to hailstorms, will significantly reduce the 2022 crop and raise breakeven prices at a time when high inflation is reducing consumers' discretionary income. Those with sufficient crops will enjoy strong returns while others will struggle. Rising input and transportation costs will pressure margins.

Supply

In mid-May, Northwest Cherry Growers estimated a 14.9 million 20-lb. box season for 2022. While this is significantly below average (see chart below), anecdotal reports suggest it could be even lower with significant variability depending on the location. Further, California's crop (already harvested) is estimated at 50% below average but with large fruit size. Unseasonably cold, wet weather along with hailstorms delayed bloom, limited pollination and damaged crops in the Northwest. In some areas, fruit is taking longer than usual to mature, increasing harvesting costs and incentivizing some growers to abandon the crop altogether. Some growers were able to utilize shade cloth to protect against hail, but most planted acres are not configured for shade cloth.

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Northwest Cherry Crops, millions of 20lb boxes



Source: Northwest Cherry Growers.

Demand

Demand for cherries has been strong so far this season. However, with inflation at 8.6% year over year in May, consumers will likely become more selective in their spending. While cherries are increasingly appreciated for their health benefits, they remain a luxury food item and may see lower demand in 2022. Exports should not play a large role this season given the small crop.

Pricing and Profitability

With a smaller crop, producers will need to see prices increase significantly over 2021 levels to cover expenses. Unfortunately, this comes at a time when consumers are becoming more cost conscious and input and transportation costs continue to rise.

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Additional Information

Northwest FCS Business Management Center

www.northwestfcs.com/Resources/Industry-Insights

USDA Agricultural Marketing Service

www.ams.usda.gov

Washington State Tree Fruit Association

www.wstfa.org

Learn More

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