



MARKET SNAPSHOT PEARS

June 30, 2022

Executive Summary

Drivers for the pear industry include a prolonged season for the 2021-22 crop, flat demand, rising imports, risk of a smaller than average 2022-23 crop and rising input and transportation costs.

- A larger 2021-22 crop extended supply late into the season, but is nearly wrapped up.
- Preliminary assessment of the 2022-23 crop looks favorable, but cool, wet weather risks a lower yield.
- Rising input and transportation costs will pressure margins and limit access to East Coast markets.

12-Month Profitability Outlook



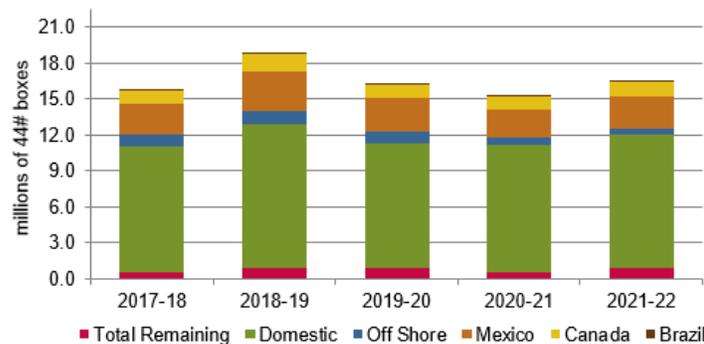
Northwest FCS' 12-month profitability outlook anticipates slight profits for growers. The 2021-22 crop extended supply later into the season, but is nearly wrapped up. Preliminary assessments of the 2022-23 crop are favorable, but prolonged cool, wet weather creates the risk of a smaller than average crop. Rising consumer inflation may lead to demand loss. In addition, rising input and transportation costs will continue to pressure margins and reduce competitiveness in East Coast markets.

Supply

2021-22 Crop

According to the Fresh Pear Committee's June 10 crop report, 94% of the 2021-22 crop has been moved out of packing warehouses with only Anjou and Red Anjou remaining (about 10% of total for both). A bigger crop is enabling packers to stretch supply further into the season, with a slight decline in quality.

Historical Northwest Pear Shipments



Source: Fresh Pear Committee, Pear Crop Report 39.

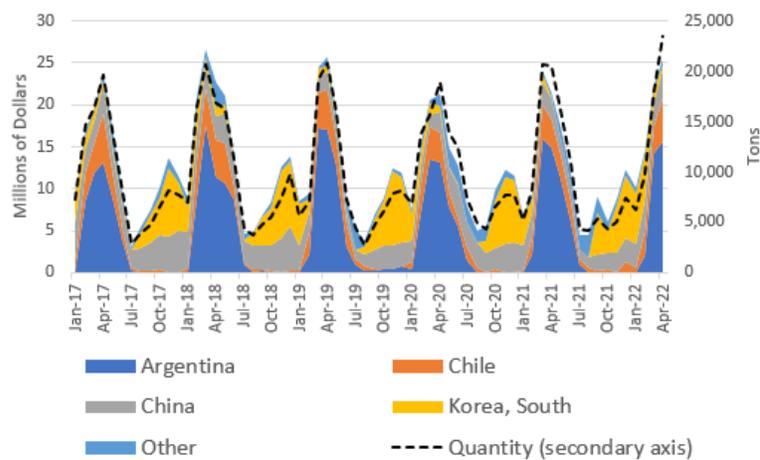
2022-23 Crop

Unseasonably cold weather has greatly impacted tree fruit crops. While pears appear to be faring well and early reports suggest good sizing and quality, there is increased risk of a shorter crop.

International Supply

Pear imports peak twice a year, first from February to May (from Argentina and Chile) and then October to January (from South Korea and China). The World Apple and Pear Association estimated a 6% decline in Southern Hemisphere production overall. Argentina's crop is reportedly down 30% due to a freeze; however, a fourth of their exports typically go to Russia, who accepts sizes that other countries generally don't. Argentina's added supply will need to find a new home and may compete with U.S. exporters in foreign markets. While a strong U.S. dollar is counterbalancing rising input and transportation costs, it is helping the relative competitiveness of foreign producers in U.S. markets. Imports appeared to be approaching their peak in April, on par with previous years in terms of value and exceeding in terms of quantity (largely due to increased supplies from China and Chile).

Pear Imports by Country

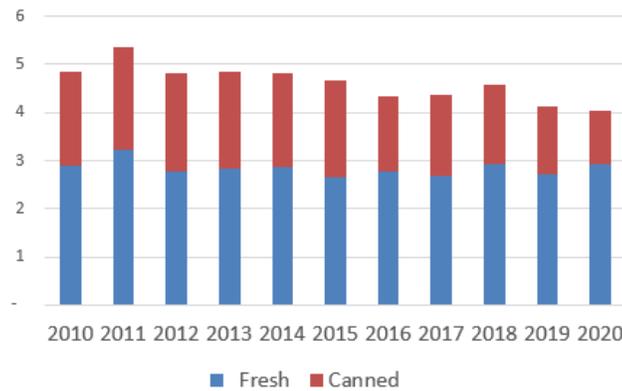


Source: Census Bureau.

Demand

With inflation at 8.6% year over year in May, consumers are likely to become more selective in their spending. Consequently, while pears are increasingly viewed as a staple food item and market demand for domestic fruit is generally strong, there may be some pullback in demand. Shipments to domestic markets and Mexico are up over last year, but flat to Canada and down for offshore markets. Per capita consumption in 2019 was revised down from initial estimates, and 2020 data shows flat growth. The gradual decline in pear consumption since 2011 is driven by the canned market, whereas fresh fruit has held constant.

Domestic Per Capita Pear Consumption



Source: USDA ERS, Fruit and Tree Nuts Yearbook data.

Pricing and Profitability

With strong pricing, the industry should be profitable to finish out the 2021-22 season. While the 2022-23 crop seems to be progressing well, prolonged cool and wet weather creates risk for a smaller yield. In addition, consumer inflation may lead to lower demand and rising input and transportation costs will continue to pressure margins and limit competitiveness in East Coast markets. As such, expect slight profits over the next year.

Share your feedback! [Click Here](#) to complete a two-minute survey about this Market Snapshot resource.

Additional Information

Northwest FCS Business Management Center
www.northwestfcs.com/Resources/Industry-Insights

USA Pears
www.usapears.org

USDA Agricultural Marketing Service
www.ams.usda.gov

USDA National Agricultural Statistics Service
www.nass.usda.gov

Washington State Tree Fruit Association
www.wstfa.org

Learn More

For more information or to share your thoughts and opinions, contact the Business Management Center at 866.552.9193 or bmc@northwestfcs.com.

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