

MARKET SNAPSHOT

Apples

March 31, 2024

Executive summary

AgWest Farm Credit’s 12-month outlook sees apple growers as generally unprofitable and packers as profitable for the 2023 crop. Drivers include low prices for the 2023 crop, improving inventory movement to retailers, increased usage of Whole Revenue Farm Protection and expectations for a 2024 crop size that is aligned with demand.

Industry drivers

Low prices impact producer profitability

Apple prices remain subdued due to the large 2023 crop, which is impacting producer profitability. Producers who sold fruit early in the season benefited from better prices.

Season-to-date prices

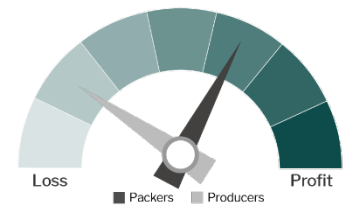
Variety	Conventional		Organic	
	2023 Crop	YOY Change	2023 Crop	YOY Change
Red Delicious	\$18.62	-16%	N / A	N / A
Granny	\$25.75	-14%	\$31.05	-23%
Gala	\$21.12	-27%	\$31.06	-18%
Fuji	\$22.83	-26%	\$31.43	-19%
Honeycrisp	\$30.47	-37%	\$49.16	-32%
Cosmic Crisp	\$32.24	-11%	\$40.75	-23%

Source: WSTFA March 13, Weekly Summary Bulletin Report. N/A: Not Available. YOY: Year-over-year.

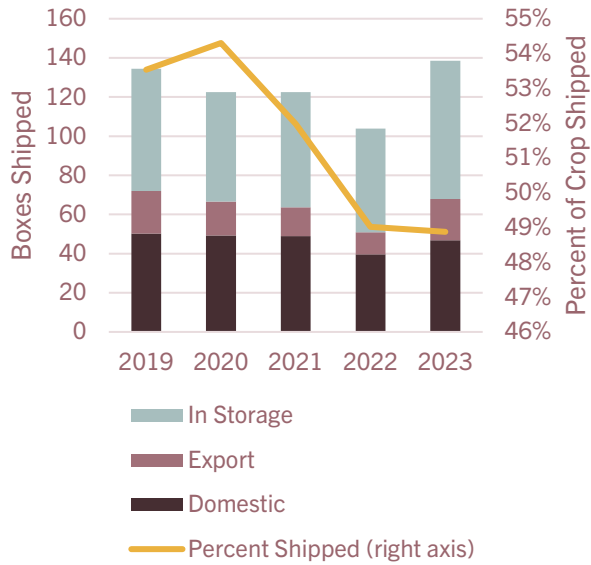
Inventory movement excellent

Lower pricing has stimulated domestic and international sales, and product movement to retailers is currently strong (see chart below). If this continues, the overlap between marketing of the 2023 crop and 2024 crop should be lessened and would benefit early spring pricing for the 2024 crop.

12-Month Profitability Outlook for the 2023 Crop



Season-to-date shipments to retailers by crop year



Strong season-to-date shipments suggest strong demand.

Source: WSTFA Shipment Report 28.

Shipping costs rise

Apple exports are surging; however, low water levels on the Panama Canal, escalating conflict on the Red Sea and rising energy prices are impacting global shipping costs and could lower export volumes. See our [Crop Inputs Snapshot](#) for more information.

Whole Revenue Farm Protection (WRFP) insurance reliance increases

WRFP claims on the 2023 crop are multiples higher than last season; however, several consecutive years of below-average returns are limiting paid benefits, which are calculated based on historic average returns. Looking forward, some growers are increasing coverage levels on the 2024 crop as another unprofitable year could greatly impact their businesses.

Industry hopeful for a smaller 2024 crop

Early indications suggest the 2024 crop will be better aligned with demand while also supporting packer profitability due to alternate bearing (crop sizes alternate between larger and smaller each year). Reduced apple supply should be supportive of higher prices.

Profitability

Most producers will recognize a loss on the 2023 crop, while most packers will profit from packing the large 2023 crop; however, those packing profits will primarily be generated in the 2024 calendar year. Reliance on Whole Revenue Farm Protection is increasing as a risk management tool. The industry expects the 2024 crop to be smaller and better aligned with consumer demand.

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

Additional information

AgWest Business Management Center

www.AgWestFC.com/industry-insights

U.S. Apple Association

www.usapple.org

USDA Agricultural Marketing Service

www.ams.usda.gov

Washington State Tree Fruit Association

www.wstfa.org

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

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