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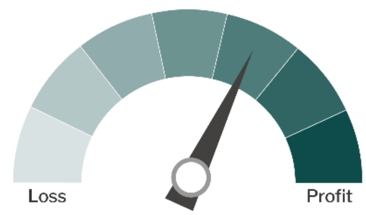
MARKET SNAPSHOT

Pears

Dec. 31, 2022

Executive summary

12-Month Profitability Outlook



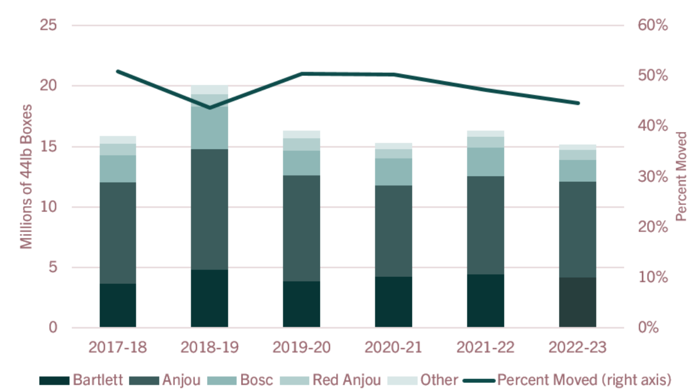
AgWest Farm Credit's 12-month outlook sees pear growers as slightly profitable. Drivers include favorable crop quality and size, steady demand, increased imports from Argentina and slightly improving crop input conditions.

Industry drivers

Crop quality and fruit size favorable

The total 2022-23 pear crop decreased 5.2% from 2021-2022 for a total of 15.1 million 44-pound boxes, or 6.7% below the five-year average. Bosc saw the biggest declines in volume, followed by Bartletts and Red Anjous. Quality and sizing are reportedly very good, though southern Oregon fruit is slightly smaller than other regions due to water curtailments.

Pear Crop Supply



Source: Fresh Pear Committee, Pear Crop Report.

Demand steady

As of Dec. 30, 45% of the 2022-23 crop has been shipped, down slightly from the five-year average of 48%, with declines to both domestic and export markets. Fortunately, domestic consumers continue to value pears, which is reflected in strong prices across staple varieties.

Season to Date Prices by Variety

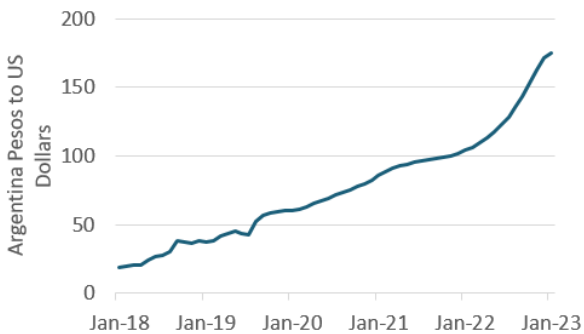
Variety	Conventional			Organic
	2020/21	2021/22	2022/23	2022/23
Bartlett	$30.66	$30.65	$33.45	$43.27
Anjou	$26.55	$28.25	$31.05	$42.03
Bosc	$30.76	$30.73	$36.17	$44.29
Red Anjou	$28.87	$28.59	$32.62	$42.98

Source: WSTFA January 4, 2023 Weekly Summary Bulletin Report.

Imports poised to increase

USDA's Foreign Agriculture Service expects the 2022-23 global pear crop supply to decrease moderately from last season while exports remain flat. Imports to the U.S. generally peak between January and July and supply primarily comes from Argentina, followed distantly by Chile. Argentina's 2022-23 crop is up 25% from last year (17% above its five-year average), its currency is in free fall (see chart below) and container shipping costs have returned to pre-pandemic levels (see Crop Inputs snapshot). Consequently, pear imports are likely to be cheap and abundant in 2023. In the long term, a severely weakening currency will increase political instability and challenge producers' ability to source inputs as imports become more expensive, potentially curtailing future production and/or export capacity.

Argentina Pesos to U.S. Dollars



Source: Organization for Economic Co-operation and Development.

The Argentinian peso depreciated nearly 75% against the dollar in 2022.

Crop input conditions challenging

Transportation costs are falling, which may improve access to distant markets and increase cost competitiveness of Argentinian imports. While fertilizer prices remain at historically high levels, they are trending down and should hopefully take some pressure off of growers next season. Energy prices remain volatile, but demand seems to be falling faster than supply for the time being. An emerging concern is political instability and rising COVID-19 infections and outcomes in China, a major supplier of agriculture parts, equipment and machinery. Please refer to our **Crop Inputs Snapshot** for a detailed analysis of crop input conditions.

Profitability

While the Northwest crop is slightly smaller than average, good quality, steady demand and favorable price conditions should drive grower profitability. Cheap imports from Argentina may put some competitive pressures on domestic growers, but ultimately they make up a small share of the supply.

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

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

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