

USApple | Industry Update

February 8, 2024

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Roadmap



Production Estimates Review



USAppleTracker Storages



Movement Trends



Import/Export Trends

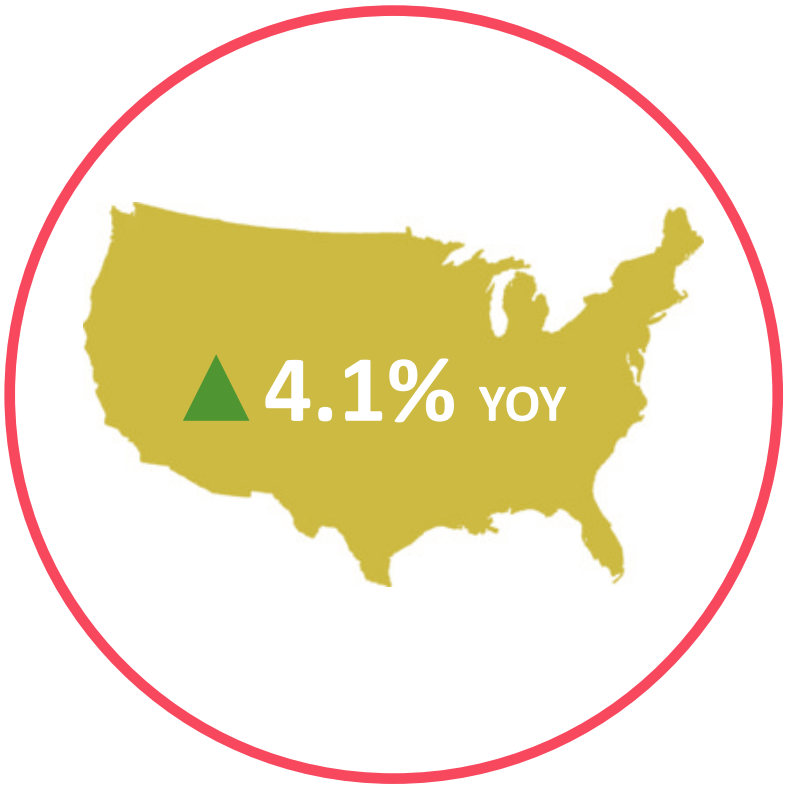


Other Relevant Issues



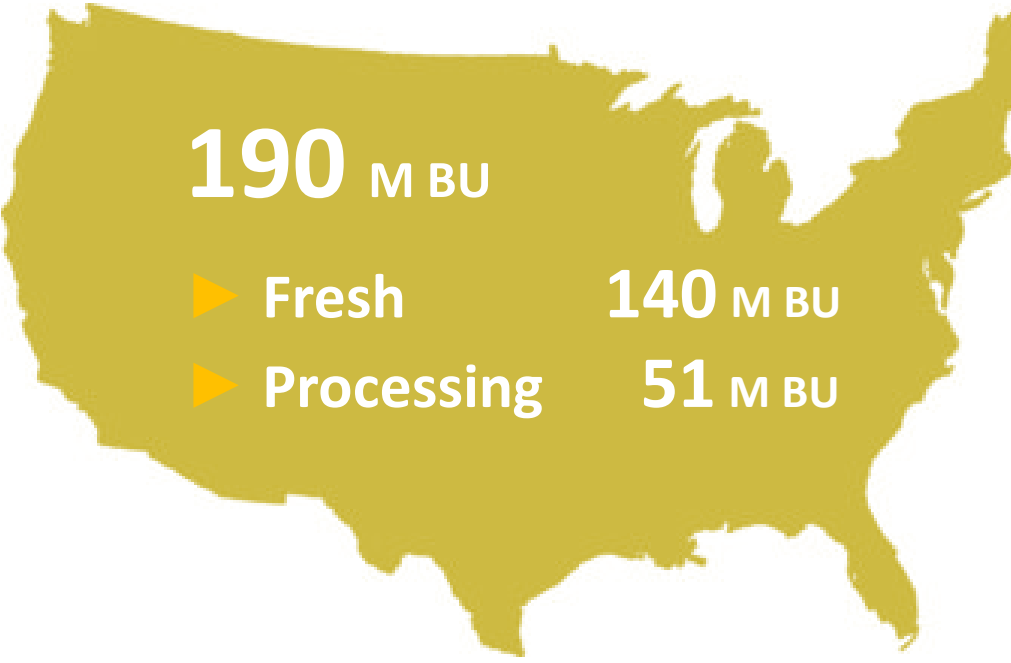
Production Estimates Review

AUG 2023



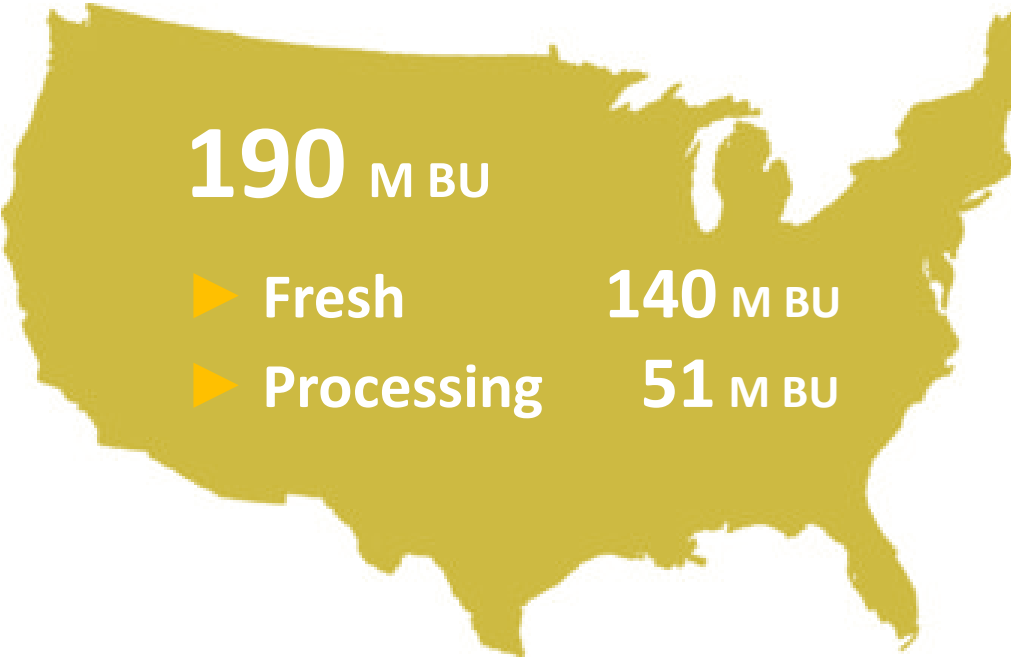
USDA Estimate	236 M BU
USApple Adjustment <i>* includes "Other States"</i>	256 M BU
Washington	160 M BU
Michigan	32 M BU
New York	28 M BU
Pennsylvania	11 M BU
California	5 M BU
Virginia	4 M BU
Oregon	3 M BU
<i>Other States*</i>	14 M BU

USAppleTracker Storages: NOV 2023



November 2014	188 M BU
▶ Fresh	144 M BU
▶ Processing	44 M BU

USAppleTracker Storages: NOV 2023



Total Holdings YOY Change	▲ 32%
▶ Fresh	▲ 36%
▶ Processing	▲ 23%

USAppleTracker Storages: NOV 2023



152 M BU

▲ 38% YOY



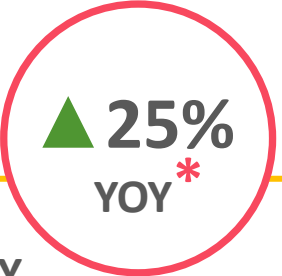
15 M BU

▲ 44% YOY



12 M BU

▼ 6% YOY



▲ 25%
YOY*

▲ 42 M BU YOY
90% of total growth

+ MI & PA

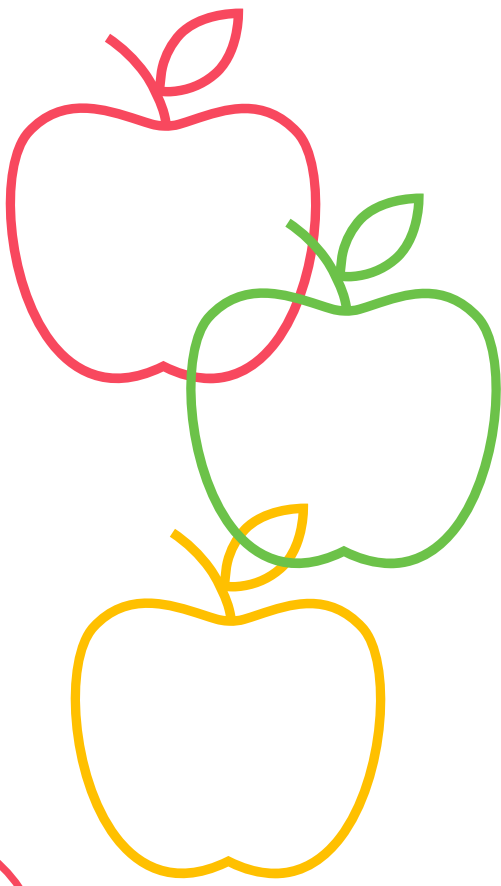
▲ 4.6 M BU YOY
10% of total growth

* 2 M BU of "new" storages added to sample

▼ 0.9 M BU YOY
26% above 5-year average

USAppleTracker Storages: NOV 2023

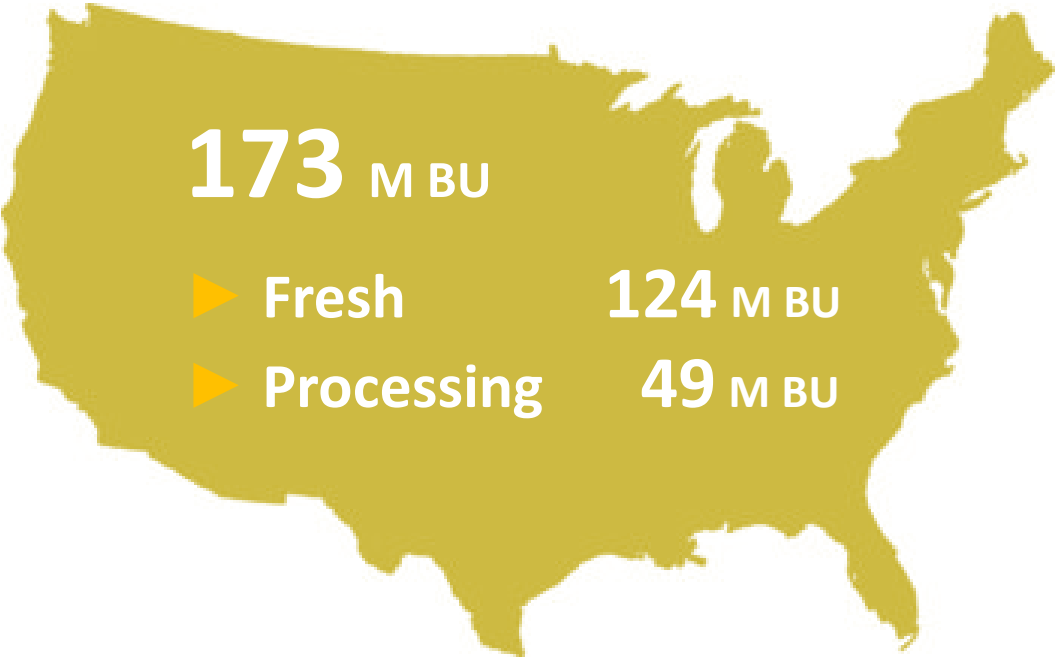
1. Honeycrisp	30 M BU	▲ 62% YOY
2. Gala	29 M BU	▲ 12% YOY
3. Red Delicious	26 M BU	▲ 44% YOY
4. Granny Smith	23 M BU	▲ 61% YOY
5. Fuji	18 M BU	▲ 17% YOY
6. Other Varieties*	13 M BU	▼ 16% YOY



▲ 10%
YOY*

+ Envy® 4 M BU

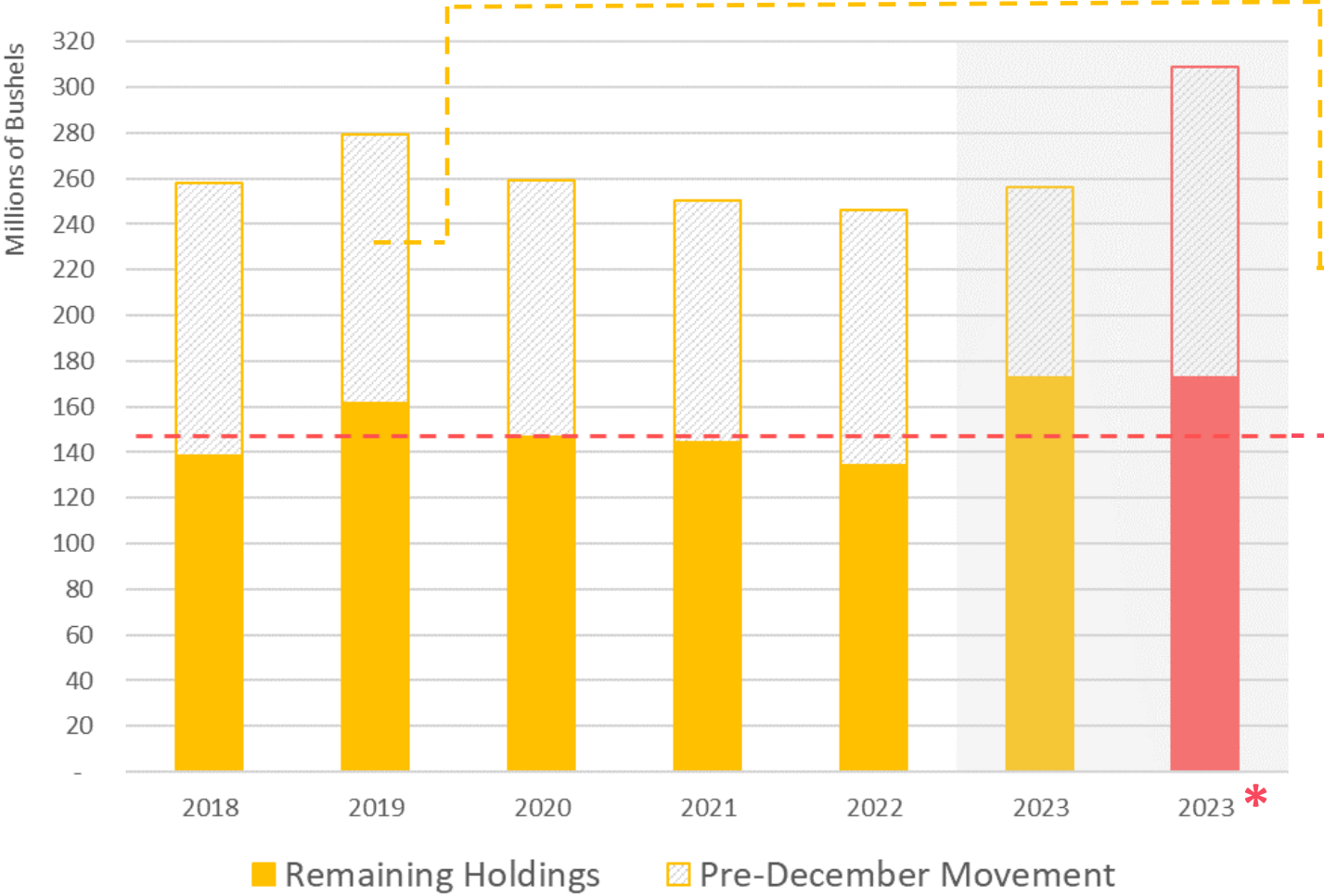
USAppleTracker Storages: DEC 2023



Some states – like *Pennsylvania* and *Oregon* – and some late-harvest varieties – like *York*, *Rome* and *Pink Lady*, had storages increase from November to December.



USAppleTracker Storages: DEC 2023



Over the past five seasons, December storage volumes were around **56%** of total final USDA production.

Conversely, on average, **44%** of U.S. apples produced, “move” prior to December 1st of any given year.

USApple August Estimate: 256.3 M BU

This season, either ...

- ▶ pre-December movement has been relatively slow (**33%** vs. 44%), or
- ▶ pre-December movement is on pace, production estimates were low.*

USAppleTracker: JAN 2024

STORAGES



112 M BU
▲ 33% YOY



44 M BU
▲ 20% YOY

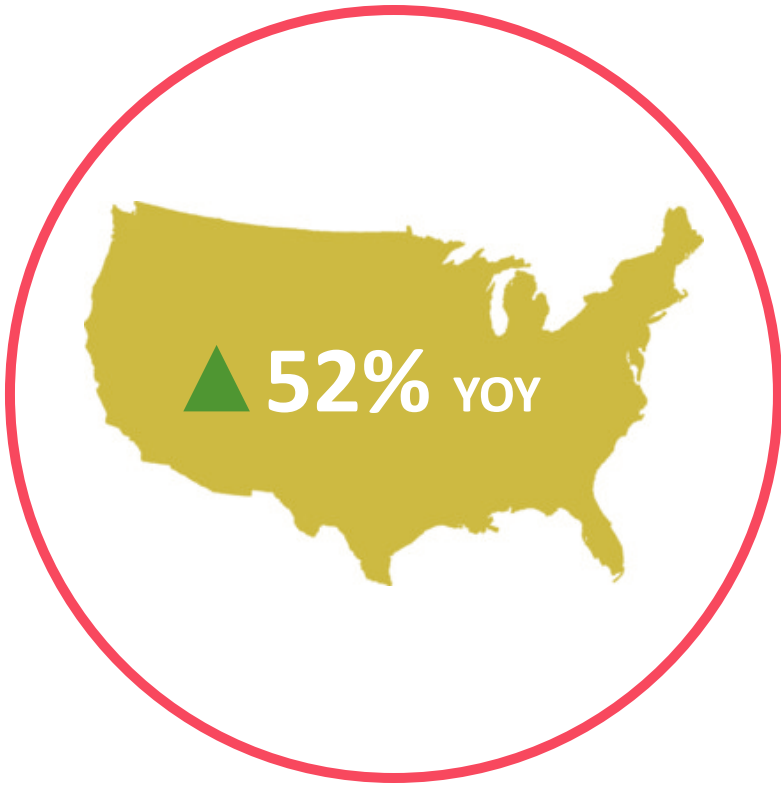
MOVEMENT (SEASON-TO-DATE: NOV & DEC)



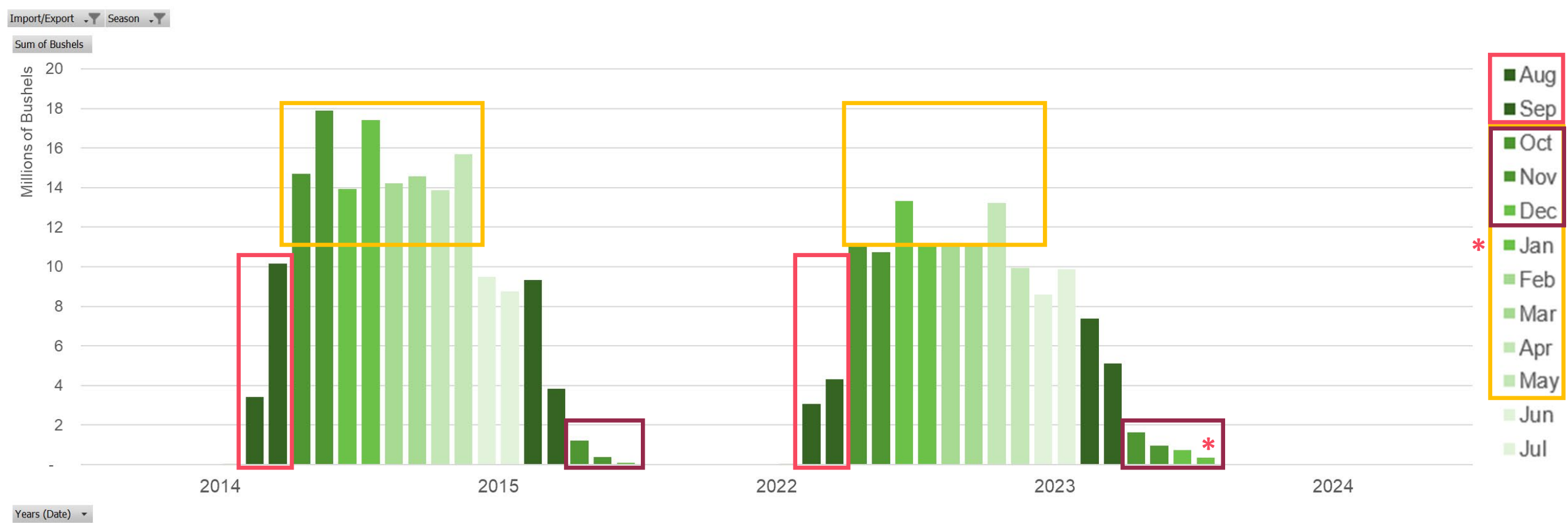
35 M BU vs. 23 M BU (NOV-DEC 2022)



20% of NOV storages moved thus far – on pace with last season (18%)



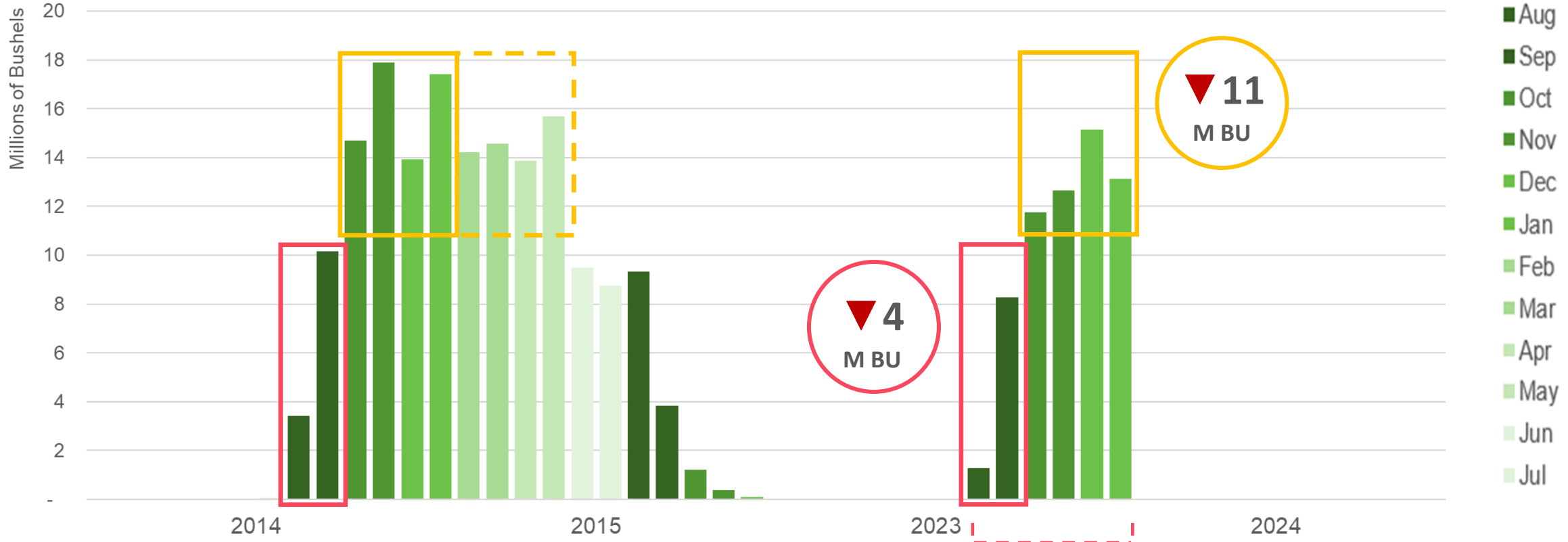
U.S. Apple Movement: AMS



U.S. Apple Movement: AMS

Import/Export Season

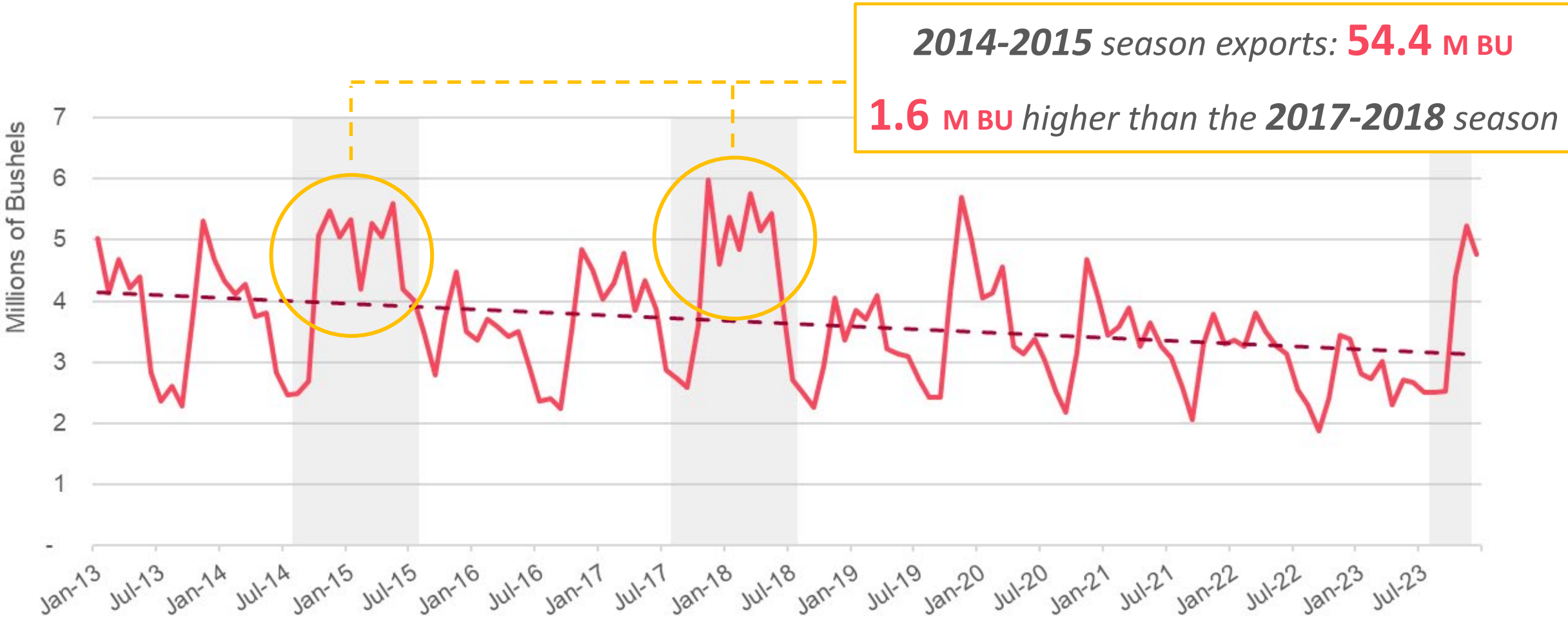
Sum of Bushels



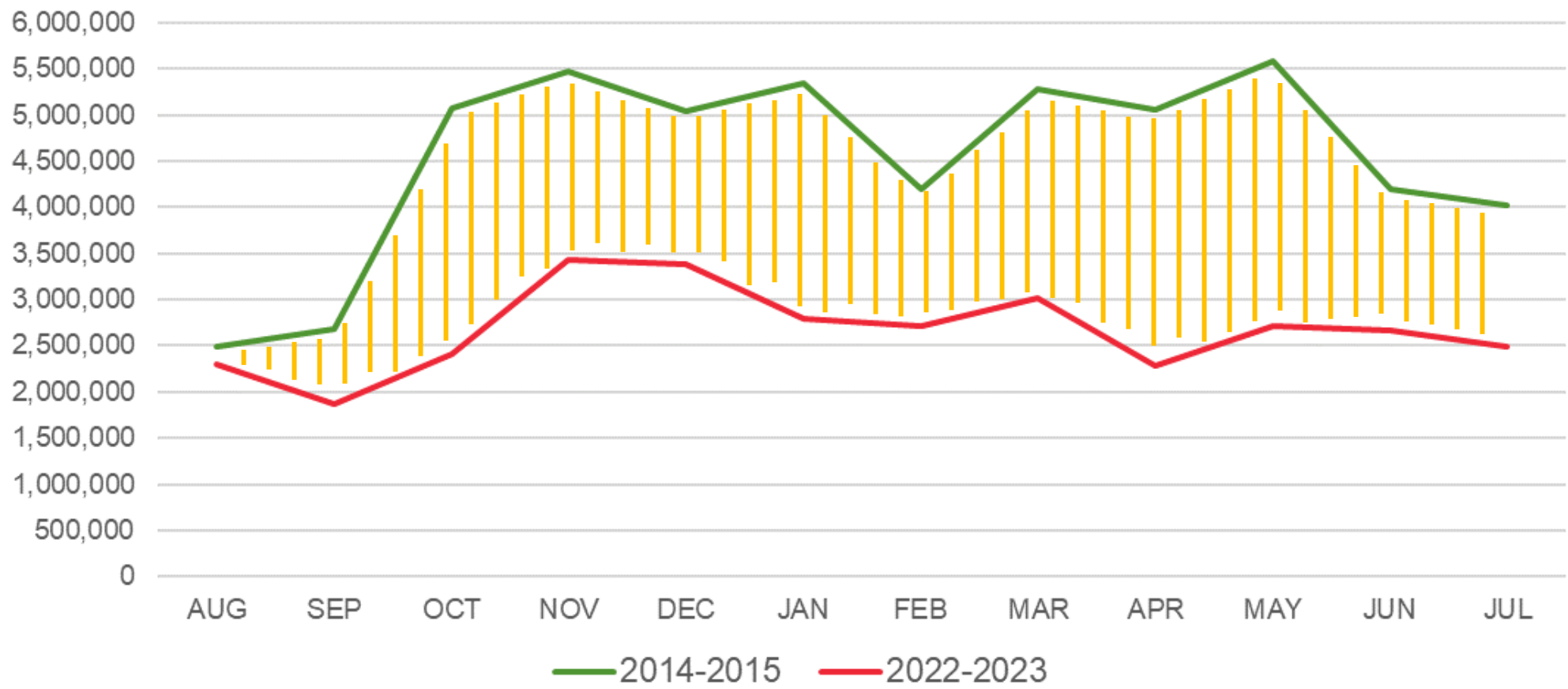
Years (Date)

Over a month "behind" ... will need to keep Summer 2024 sales high and/or sell later into next season – into 2025?

U.S. Fresh Apple Exports



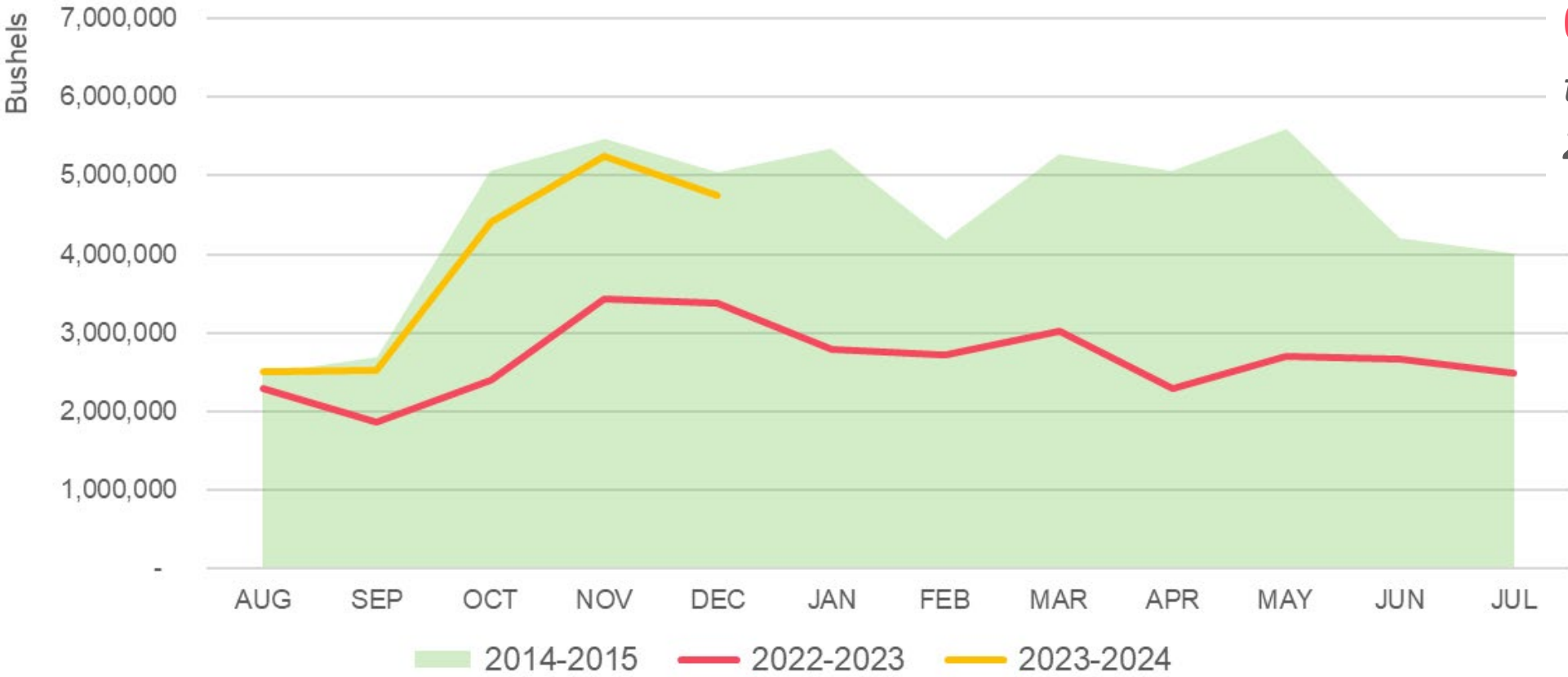
U.S. Fresh Apple Exports



22.3 M BU
*fewer exports
last season
vs. 2014-2015.*

▼ 41%

U.S. Fresh Apple Exports



6 M BU more exports this season-to-date vs. 2022-2023.

▲ **45%**

1 M BU fewer exports this season-to-date vs. 2014-2015.

▼ **6%**

U.S. Fresh Apple Exports

1. Mexico: **5.4 M BU**

28% share | ▲ 41% YTD



2. Canada: **2.8 M BU**

14% share | ▼ 15% YTD



2022
AUG-DEC
8,000 BU



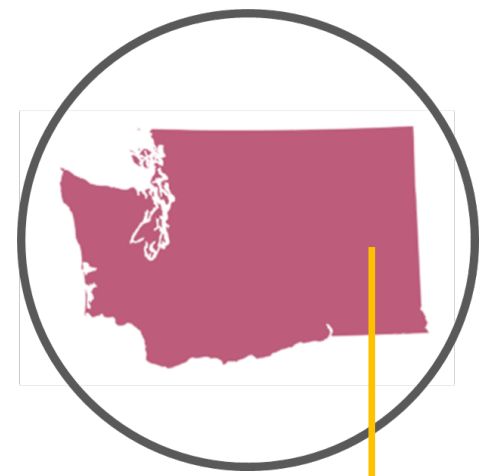
- 3. Taiwan **2.4 M BU** 12% share | ▲ 153% YTD
- 4. Vietnam **1.6 M BU** 8% share | ▲ 21% YTD
- 5. Dom. Rep. **805,000 BU** 4% share | ▲ 16% YTD
- 6. Colombia **630,000 BU** 3% share | ▲ 332% YTD
- 7. Guatemala **615,000 BU** 3% share | ▲ 147% YTD
- 8. India **585,000 BU** 3% share | ▲ 7200% YTD
- 9. Thailand **480,000 BU** 2% share | ▲ 115% YTD
- 10. Indonesia **470,000 BU** 2% share | ▲ 25% YTD



22. Israel: **155,000 BU**
1% share | ▼ 55% YTD

WA Fresh Apple Exports

1. Gala	3.8 M BU	28% share ▲ 75% YOY
2. Red Delicious	3.1 M BU	23% share ▲ 97% YOY
3. Fuji	2.3 M BU	17% share ▲ 145% YOY
4. Other Varieties	2.2 M BU	16% share ▲ 60% YOY
5. Granny Smith	1.7 M BU	12% share ▲ 114% YOY
6. Golden Delicious	600,000 BU	4% share ▲ 85% YOY



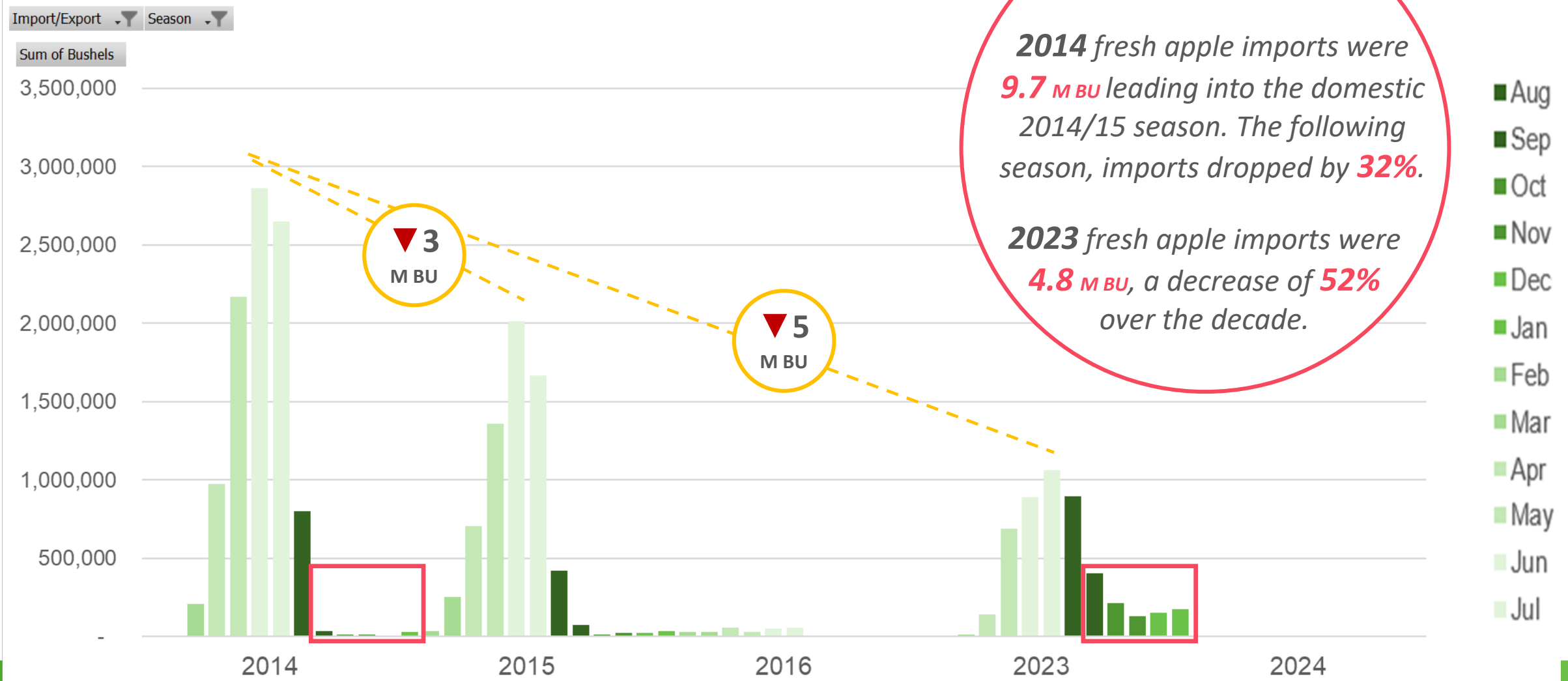
13.6 M BU
 ▲ **91% YOY**

* Season to Date
 (Mid-JAN)

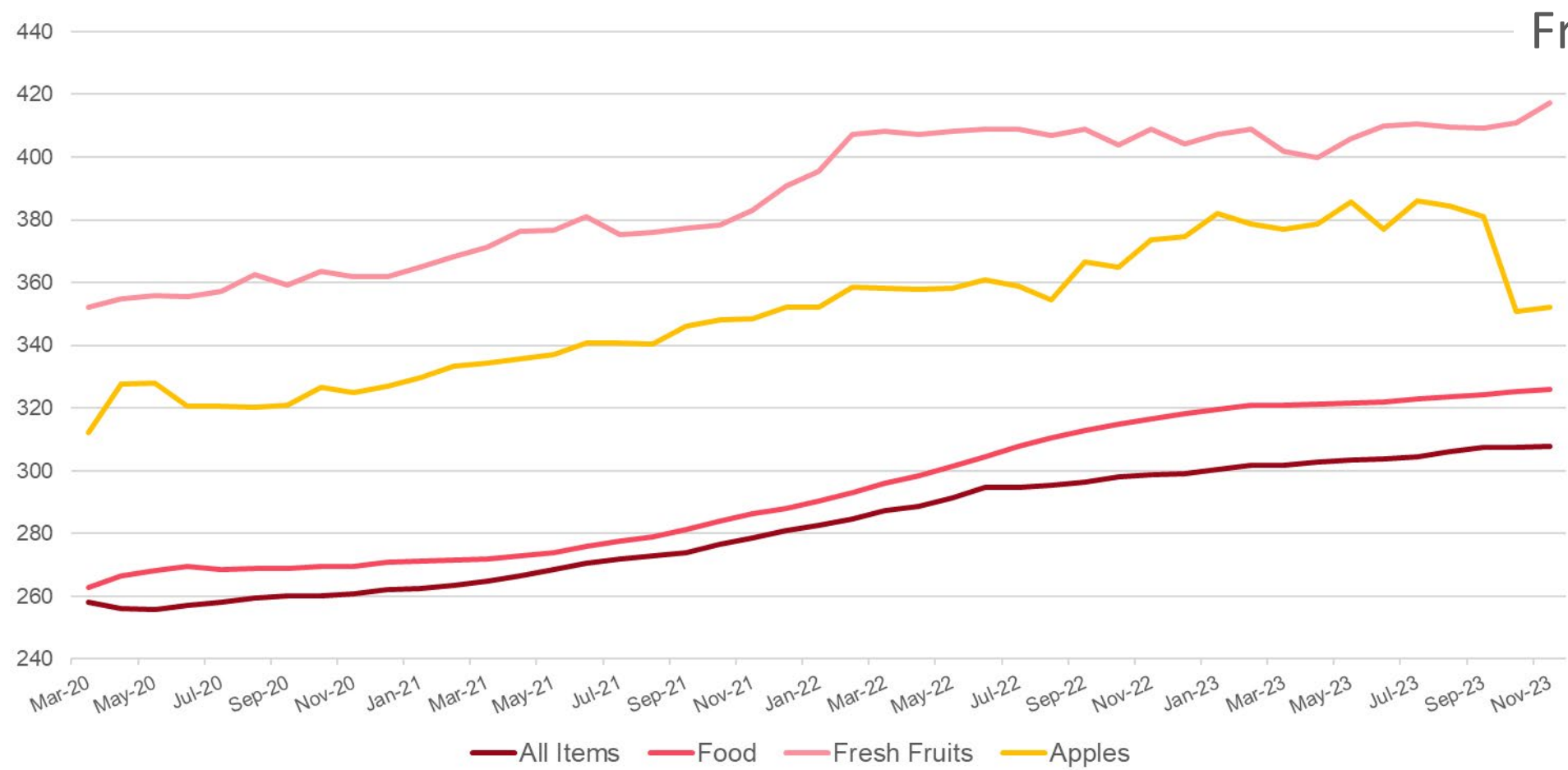
1.5%
Organic

U.S. Apple Movement: AMS

IMPORTS



U.S. Apple Price Inflation: CPI

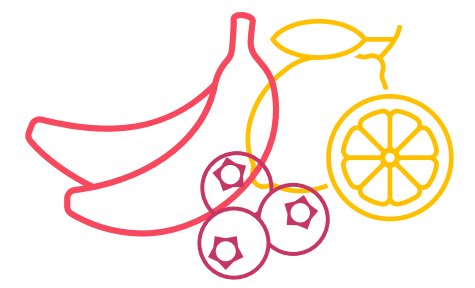


Fresh Fruits: ▲ 19%

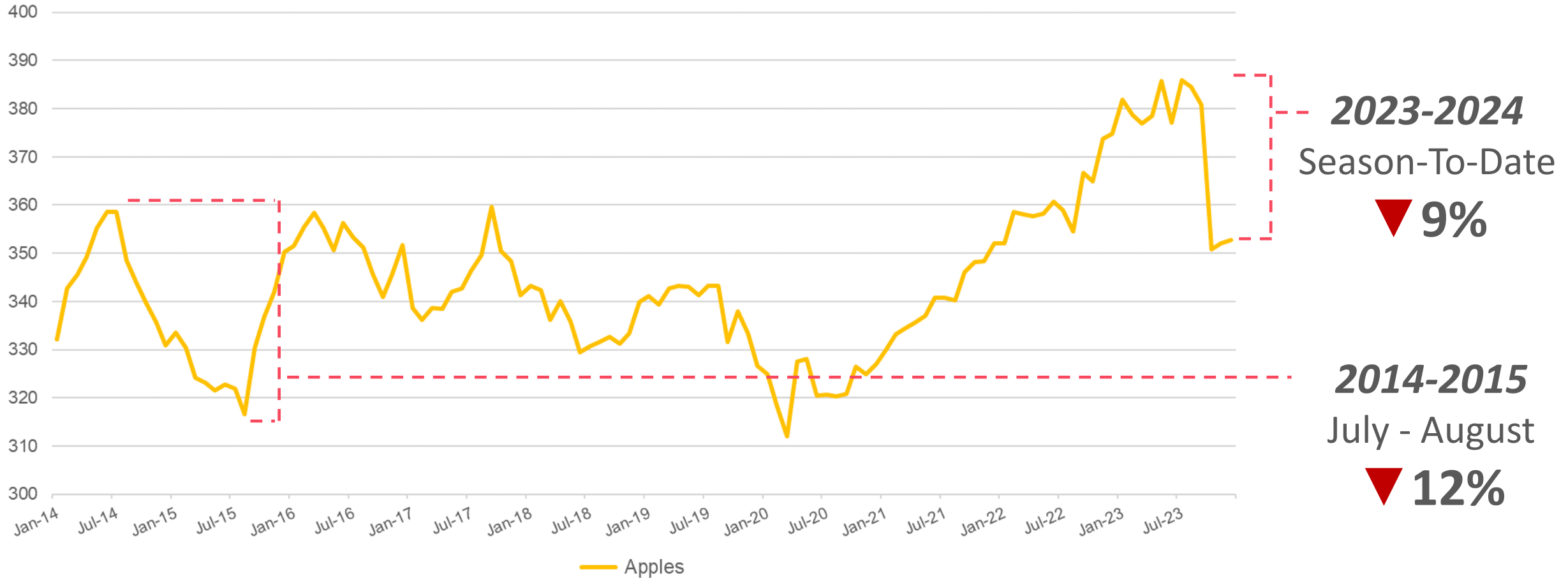
Apples: ▲ 13%

Food: ▲ 24%

All Items: ▲ 19%



U.S. Apple Price Inflation: CPI



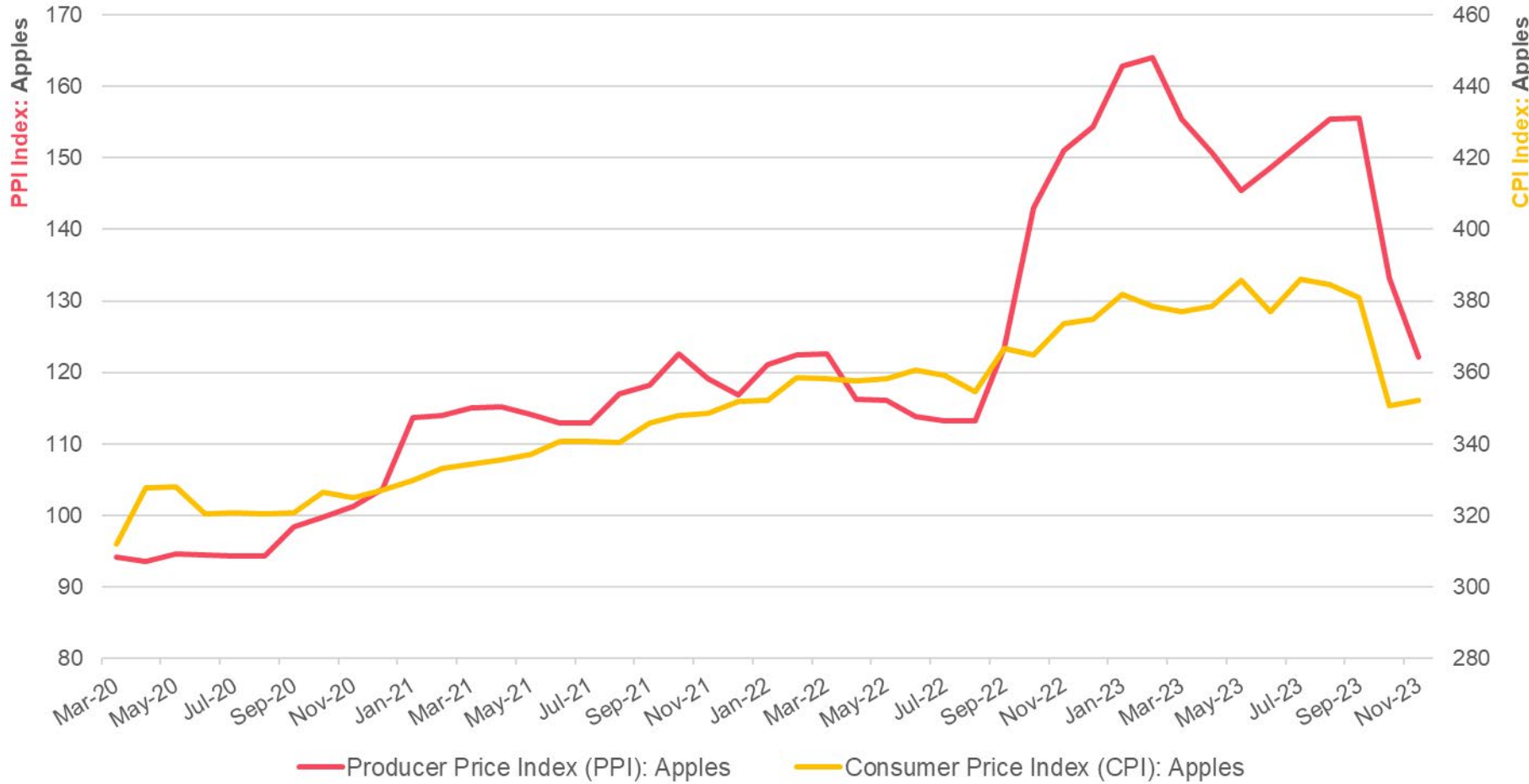
U.S. Apple Prices

USDA, Agricultural Marketing Service
Shipping Point Prices (Farm Gate)

- ✓ 2022 & 2023 Seasons
- ✓ Cartons Tray Pack
- ✓ All Item Sizes
- ✓ All Grades
- ✓ All Domestic & Export Sales

2023/24	FUJI		GALA		GOLDEN DELICIOUS		GRANNY SMITH		HONEYCRISP		RED DELICIOUS	
AUG	\$	38.55	\$	36.18			\$	59.45	\$	67.85	\$	30.77
SEP	\$	38.92	\$	35.24	\$	38.81	\$	43.74	\$	53.56	\$	31.40
OCT	\$	34.51	\$	31.53	\$	36.84	\$	35.66	\$	46.11	\$	29.51
NOV	\$	35.17	\$	30.23	\$	33.64	\$	29.97	\$	40.12	\$	26.07
DEC	\$	30.99	\$	29.80	\$	31.44	\$	32.56	\$	39.19	\$	25.15
JAN	\$	32.83	\$	34.17	\$	34.28	\$	35.30	\$	49.15	\$	27.66
Season-to-Date		-15%		-6%		-12%		-41%		-28%		-10%
	\$	(5.72)	\$	(2.01)	\$	(4.53)	\$	(24.15)	\$	(18.70)	\$	(3.11)

U.S. Apple Price Inflation: PPI



Since 2020,

... the cost to buy apples is **▲ 13%, ...**

... but the cost to grow apples is **▲ 30%.**

U.S. Apple Labor Costs

2024 Adverse Effect Wage Rates (AEWR)



U.S. Average \$17.00/hr ▲ 5% YOY
Apple States \$18.22/hr ▲ 6% YOY



\$19.75/hr
▲ 6% YOY



\$19.25/hr
▲ 7% YOY



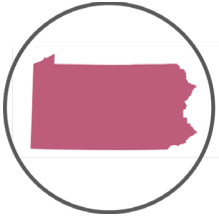
\$19.25/hr
▲ 7% YOY



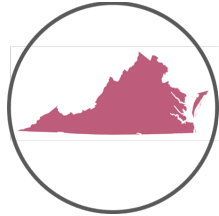
\$18.50/hr
▲ 7% YOY



\$17.80/hr
▲ 5% YOY



\$17.20/hr
▲ 4% YOY



\$15.81/hr
▲ 6% YOY

U.S. Apple Labor Costs

Last passed in the House in 2021 ... died in the Senate.

Among other provisions, it **would have** frozen the AEWR at 2021 levels for 1 year and **capped annual growth rates at 3.25%**.

This would have been the worst-case scenario for 2024:



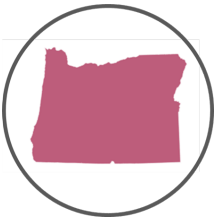
\$17.11/hr

▼ \$2.64/hr



\$17.42/hr

▼ \$1.83/hr



\$17.42/hr

▼ \$1.83/hr



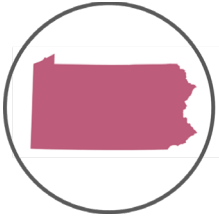
\$15.69/hr

▼ \$2.81/hr



\$15.98/hr

▼ \$1.82/hr



\$14.98/hr

▼ \$2.22/hr



\$14.02/hr

▼ \$1.79/hr

USDA Section 32

Fresh Apples

- 40-LB boxes 904,596
- 3-LB bags (Spring) 1,008,420
- 3-LB bags (Summer) 948,640

~ \$100,000,000

Processed Apples

- Applesauce cups 624,400 cases
- Applesauce cans 586,440 cases
- Frozen slices 113,520 cases

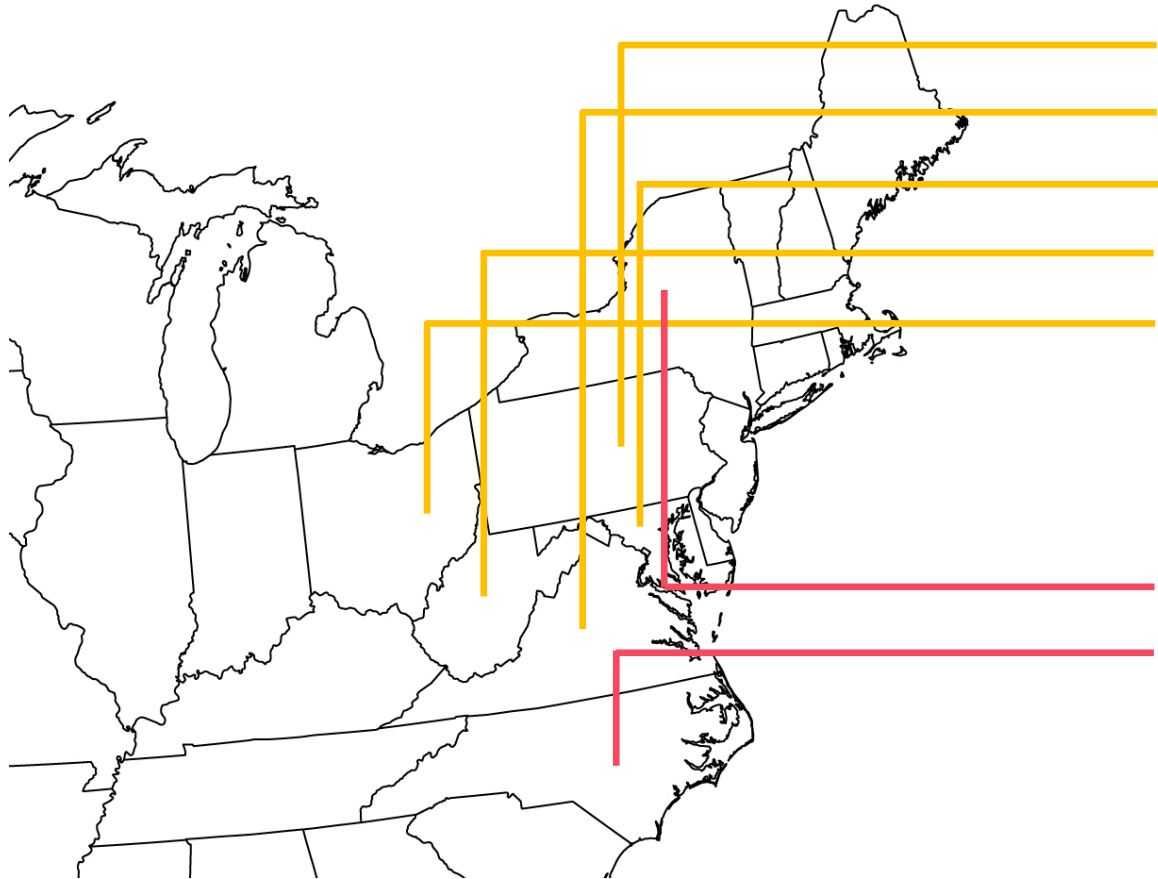
Additional fresh and processing apple buy for international aid markets.

Questions?

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USAppleTracker Storages: NOV 2023



PENNSYLVANIA	5,385,000	▼ 2% YOY
VIRGINIA	1,830,000	▲ 11% YOY
MARYLAND	590,000	▲ 26% YOY
WEST VIRGINIA	184,000	▲ 30% YOY
OHIO	35,000*	▲ 29% YOY

NEW YORK	14,935,000	▲ 25% YOY*
NORTH CAROLINA	758,000	▲ 36% YOY