



CROP REPORT

4.22.19

Valued Customers:

Welcome to the first NJFC Crop report for 2019!

California Tomatoes: As you can see by the photo at right (San Luis Reservoir) the weather has been very cooperative this year in providing healthy Sierra snowpack and California rains. After 5 long years of extreme water rationing, The San Joaquin Valley and California, the drought is over. However, the late winter and delayed spring have put a number of growers about 2-3 weeks behind, particularly in the Northern growing regions. We had similar challenges in 2017, particularly in the Sacramento Valley region. In The South we've had intermittent delays, but we're running closer to plan. Initial CTGA forecasts were in the 12.1 short tons range. With the late start, we could see closer to 11.5-12MM and a CTGA price agreement is still likely 60-90 days away. Weather next 10 days looks to have highs 72-88 with continued warming trend.

US carryover inventories continue to improve (reduce) over previous 2 years. We should continue to see pricing firm and exhaustion of older inventories. **We strongly encourage you to place your bookings no later than June 15 to ensure best quality and sufficient inventory for your needs.**

Northwest Sweet Cherries: Photos at right are first buds on trees from Wapato, WA. about a week ago. With the later





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Northwest spring, and cooler initial temperatures this year, we anticipate a smaller/later crop than last year. We should start processing premium canning cherries the first week of July. Place your bookings now for Retail & Foodservice cases and Industrial Juice concentrates and essences.

Northwest Cranberries: We have completed our pack of both conventional and organic Northwest cranberries and are still taking bookings for the 2019 Holiday season. If you haven't already provided your forecast needs to your salesperson, please contact them soon as quantities are limited and going fast!

Northwest Bartlett Pears: We expect a crop of about 85-90,000 tons out of The Northwest this year. About 65,000 tons out of Washington and another 20,000 tons from Oregon. Most pear orchards in the lower Yakima Valley are now in full bloom (photo at right) and we anticipate a harvest of approximately the third week of August. This will be about 2 weeks later than last year. This year's price per ton is still under negotiation with both Grower and Processor costs on the rise and pressure from cheap, lower quality Chinese fruit.

If you haven't booked your NW Pears, Cranberries, Cherries, Plums or Industrial juices, please get with your Regional Sales Manager quickly. Beware cheap, low quality imports! Purchase only, safe, USDA assured, Quality Pacific Northwest Grown and Processed Fruit!



Northwest Italian Plums: We expect total NW tonnage to be in the 750-1000 tons range and harvest will begin in mid-September. Plums continue to be the most cost effective canned fruit in terms of health benefits to price per ounce nationally. We're in a strong inventory position and continue to bid both Retail and Foodservice truckloads at very competitive pricing. We also have a full line of industrial plum juices, concentrates and essences.

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COSTS:

Find below cost communications affecting our 2019 Pack pricing. Having two high volume Canning facilities both for Pacific Northwest fruit and California tomatoes, our competitive purchase price of Cans is critical to the success of our business. NJFC has always and will continue to seek the most competitive pricing for all of our components so that we may pass along competitive finished goods pricing to our customers. Continuous improvement remains imperative as we continue to drive low cost production and maintain best in class operations. Having said that, we are currently on the receiving end of a number of unprecedented pricing actions by a number of our suppliers and vendors.

Cans/Tinplate: 25% tariff imposed on imported steel. NJFC received price increases of over 20% since January 2018.

Rail Rates: Continue to increase and are slated for another 6-8% hike in July.

Fiber: Increasing e-commerce shipments continue to confound supply and drive prices higher. Up 4.3% last 12 months. <https://fred.stlouisfed.org/series/PCU32221132221102>

Film: NJFC utilizes food grade polyethylene for pouched product and our prices have risen 4% over the past 12 months.

West and Northwest Utilities: Natural Gas; Electricity; other Utilities up 2-4% year over year.

Labor: Increasing minimum wage legislation in Washington, California and Oregon and strong employment have driven our labor costs up 3-5%.

Fuel Costs/Warehousing: We continue to see significant recent fuel and highway diesel rate increases, in addition to the 1.2-3% year over year trends. The Northwest and California currently have the highest diesel rates in the country. <https://www.eia.gov/petroleum/gasdiesel/> : <https://www.tccapital.com/tci-insights/current-freight-trends/> Our national warehousing rates have increased 5-6% for 2019.

Food Ingredients: Spices and raw tonnage for processing: +2-5% increases year over year. CTGA tomato pricing and NW fruit pricing yet to be negotiated for 19 Pack as of date of this letter. However, all Growers reporting higher production costs. We will advise as those data points come in.

Sincerely,

Jon

Jon K. Holt,
Sales & Marketing Director