

UPDATE TO THE TRADE

June 23, 2011

The Tri State ArkLaMiss Pecan Grower Convention was held last week. This group has come together merging the Pecan Producers Association and Louisiana Pecan Growers Association into one entity. This group is always the first group to estimate the upcoming crop. For the 2011/12 on-year season, they are estimating 246 million inshell pounds.

This estimate is somewhat of a surprise as it has been more than 25 years since we have seen an on-cycle this short. The most determining factors in their assessment of this crop centered around drought conditions throughout most of the growing belt as well as stressed trees. We must keep in mind that the 2008/09 harvest was a mediocre on-year producing only 292 million inshell pounds and last year's 2010/11 off-cycle produced, by USDA estimates, anywhere from 258 to 271 million pounds which is significantly larger than any off-year we have seen in recent history. The alternate bearing characteristic of a pecan tree occurs due to the amount of energy used by the trees to produce a crop. Generally the on-cycles produce a large crop and because of the energy used to produce the large crop the subsequent short cycle produces a much shorter crop the following year. But as we have had two crop years that have produced close to the same volume, logically the trees would not be able to produce a bumper crop even if weather conditions were perfect.

So much for logic. At this stage of growth, it is difficult to accurately determine the size of the crop. The pecans are very small and there is always a June "drop" where the trees abort blanks and unhealthy nuts.

USDA will release their final figure for the 2010/11 crop in early July and the next estimate for the upcoming crop will be announced during the Texas Pecan Growers Meeting, July 10-13th. We are hopeful that we will see an increase in the estimate as the nuts continue to grow and become more visible on the trees.

USDA cold storage holdings through May total 171 million inshell equivalent pounds. If we maintain a similar disappearance as last year, we will likely carry out between 50 and 60 million inshell pound equivalent into the 2011/12 harvest.

Listed below are a couple of charts of interest. The first is a chart that shows the variance between the first estimate and the final USDA number for each of the past five on-year cycles. The second is a supply/consumption analysis based on the latest information from USDA.

	1999	2001	2003	2005	2007	2009
Tri State ArkLAMiss Pecan Estimate	335	306	315	287	298	293
USDA Final (July)	406	338	282	280	387	292
USDA Final Variance to Estimate	+71	+32	-33	-7	+89	-1

	2006/07	2007/08	2008/09	2009/10	Est 2010/11	Est 2011/12
USDA Cold Storage C/O (10-31)	127	70	169	100	74	60
US Crop Sizes	206	387	194	292	258	246
MX Imports	70	100	65	120	85	100
Total Supply	403	557	428	512	417	406
Consumption	333	388	328	438	357	

Today, there continues to be considerable interest in both shelled and inshell pecans for immediate shipment to China and other overseas markets and domestic sales are brisk for spot orders. It is likely that pecan halves and most sizes of fancy grade pecan pieces will continue to become more difficult to source as we progress through the busy summer and early fall months.

We will continue to keep you updated as we progress through the growing season. Should you have any questions or wish to discuss the market, please feel free to give me a call at 800-469-6607. Also, please be sure to check out our website at www.youngpecan.com where you will find additional statistics, nutritional and regulatory information. On our site, you can sign up to receive emails automatically as we update statistics and other information.

Cordially,

Helen Watts
Executive Vice President