

MARKET SNAPSHOT

**PEARS**



Dec. 31, 2018

**Executive Summary**

**Drivers** for the pear industry include a larger, good-quality 2018-19 crop, slow movement and increased cost from fire blight mitigation.

- The 2018-19 crop is currently 20.4 million 44-pound boxes, the largest in three years. Packouts are high due to excellent quality from mild growing season temperatures.
- Shipping pace is slower compared to the last several years.
- Despite the positives of a large, good-quality crop, growers who experienced increased costs or decreased tonnage from fire blight will receive thin margins.

**12-Month Profitability Outlook**



Northwest FCS' 12-month profitability index calls for slight profits during the 2018-19 growing season. Growers experienced good crop conditions but sales movement is lethargic and fire blight was severe this season. Pear margins are slim and a slight increase in costs or decrease in tonnage can change a grower's profitability.

**Large Crop, Little Movement**

The 2018-19 Northwest pear crop is a respectable size after three years of small crops. At 20.4 million boxes, the crop is 6.7 percent larger than the five-year average and a 19 percent increase from last year's record small crop.

Movement is down dramatically. Over the last five years 49 percent of the crop, on average, is shipped at this point in the season. So far, only 38.7 percent of this season's crop has shipped. After three years of reduced crops, the industry is likely struggling to adjust marketing for a larger crop. The Bosc crop is a large contributor to the slow movement.

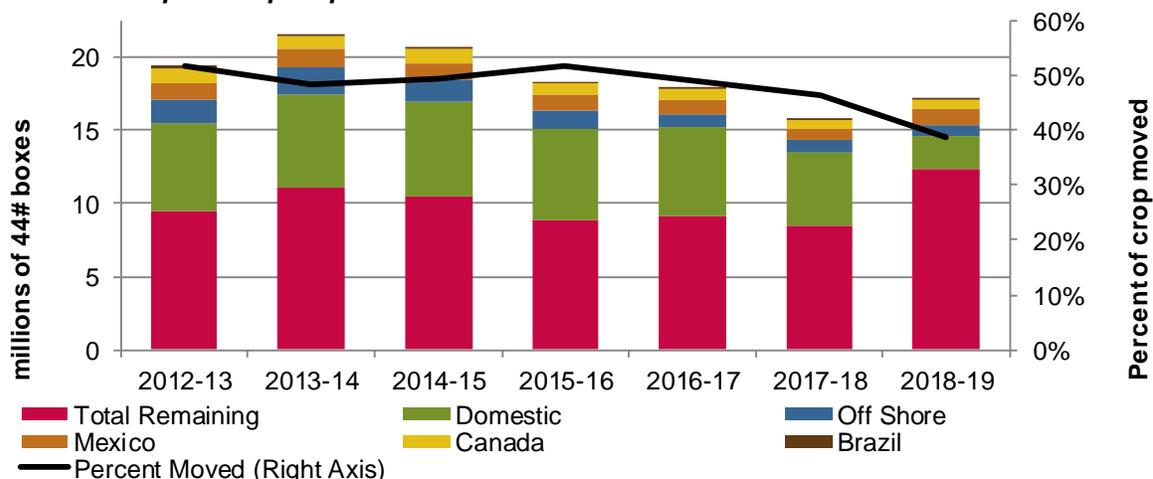
This variety can be hard to move as demand isn't very strong. Although the Bosc crop is twice as big this season compared to last, shipment volume is just slightly more than this time last year.

Reduced consumer consumption is another factor contributing to slower shipments. According to the USDA, consumer demand for pears has shrunk since 2011 as per capita pear consumption has declined. One positive is exports to Mexico are up considerably at 1.1 million boxes this year compared to 823,200 boxes last year at this time. Mexico might be substituting apple imports, which are

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### Northwest fresh pear crop shipments



Source: Fresh Pear Committee, Pear Crop Report. March 9, 2018, and 2018-19 August estimate.

currently receiving tariffs, with pears, which are not subject to these tariffs. Pears might also be attractive to Mexico since prices are low.

### Tight Margins

Pear growers' margins have been thin for the last several years. Therefore, high supply and low demand this season is pressuring prices downward.

### Pear prices

Variety	This week	Last week	Season to date prices
Bosc	\$ 20.94	\$ 22.77	\$ 25.01
Bartlett	\$ 24.54	\$ 25.04	\$ 24.21
D'Anjou	\$ 20.92	\$ 21.19	\$ 22.43

Source: WSTFA, Dec. 11 Growers Bulletin.

Prices are trending down, likely due to slow movements, to around \$20 to \$22 per box. High tonnage and strong packouts are both needed to generate profits. Generally, if a grower harvested 25 bins per acre or more, has good packouts and kept costs low, they will capture positive returns. However, if tonnage was reduced or costs were elevated, growers could see losses.

### Fire Blight

A serious issue this year that increased costs and reduced tonnage for some growers was fire blight. Mitigation costs increased as crews spent valuable hours cutting or removing infected trees. If a grower had to aggressively mitigate the disease, it is likely their tonnage for the year was down and will remain down in future years until trees re-grow to full production.

### Additional Information

Northwest FCS Business Management Center  
[www.northwestfcs.com/Resources/Industry-Insights](http://www.northwestfcs.com/Resources/Industry-Insights)

USA Pears  
[www.usapears.org](http://www.usapears.org)

USDA Agricultural Marketing Service  
[www.ams.usda.gov](http://www.ams.usda.gov)

USDA National Agricultural Statistics Service  
[www.nass.usda.gov](http://www.nass.usda.gov)

Washington State Tree Fruit Association  
[www.wstfa.org](http://www.wstfa.org)

### Learn More

For more information or to share your thoughts and opinions, contact the Business Management Center at 866.552.9193 or [bmc@northwestfcs.com](mailto:bmc@northwestfcs.com).

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