



MARKET SNAPSHOT PEARS

March 31, 2022

Executive Summary

Drivers for the pear industry include a large crop with favorable sizing, demand and pricing.

- A larger crop will extend supply further into the season than previous years.
- Packouts are strong and exports have picked up.
- Quality is good overall and pricing generally strong, but rising input costs may pressure margins.

12-Month Profitability Outlook

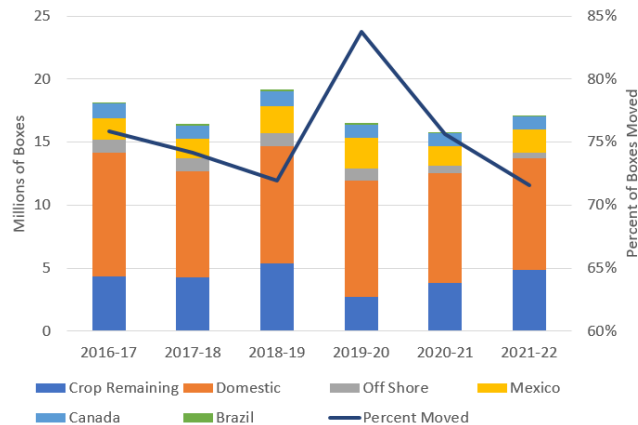


Northwest FCS' 12-month profitability outlook anticipates profits for growers and slight profits for packers. Fruit quality is good overall and demand from both domestic and export markets is strong. Fruit size improved total yield this year and favorable pricing should mitigate rising input costs.

Supply

According to the Washington State Tree Fruit Association March 11 Pear Crop Report, 72% of 2021-22's crop has been moved out of warehouses, with the Bartlett variety fully out and both Bosc and D'Anjou on par with last year in terms of total volume. A bigger crop across all three varieties will enable packers to stretch supply out further into the season than recent years. Overall, quality remains good but there are emerging concerns that last year's heat caused damage to D'Anjous, leading to increased repacking and rejections. Anecdotal evidence suggests that growers are generally not adding acres for pear production.

Historical Northwest Pear Shipments



Source: Fresh Pear Committee, Pear Crop Report 26.

Pear imports were up 2.7% year over year in 2021 to 234 thousand bins, or about 4 million standard box equivalents. Increases from Argentina made up for decreases across most other countries; however, this will likely decrease in 2022 as the World Apple and Pear Association estimates a 6% decline in southern hemisphere production. The dollar has strengthened since January, reducing import prices. But rising shipping costs and delivery times will ensure domestic producers are competitive.

Pear Imports by Country, 2021 Data

Country	Import Value	Bins*	%Change from 2020	\$ / 44lb box
Argentina	\$51,701,144	139,562	13.8%	\$21.73
South Korea	\$26,959,016	24,923	-19.4%	\$63.46
Chile	\$15,228,902	35,277	8.3%	\$25.33
China	\$7,551,288	30,401	-17.5%	\$14.57
Other	\$1,905,046	3,824	-22.8%	\$29.23
Total	\$103,345,396	233,987	2.7%	\$25.91

Source: Census Bureau. *Conversion based on 750 lbs./bin.

Demand

Demand is strong as consumers increasingly view pears as a staple item and pandemic-induced changes in buying habits trend towards greater consumption of fruits and vegetables. Exports (excluding Canada) in 2022 picked up from early season lows and are currently outpacing 2021 levels driven by strong gains in Mexico. Unfortunately, this trend may come under pressure as southern hemisphere producers who ship to Russia, like Argentina and South Africa, seek other markets. The impact to Northwest producers should be minimal and relate primarily to the D’Anjou variety.

Pricing

2021-22 Crop

Season-to-date pricing is flat year over year for Bartlett and Bosc varieties and up 2.3% for D’Anjou. Pricing should remain strong to finish out the season assuming quality and export levels continue to hold.

Season to Date by Variety

Variety	2019-20	2020-21	2021-22	Average
Bartlett	\$26.89	\$31.29	\$31.31	\$29.83
D’Anjou	\$23.36	\$27.68	\$28.32	\$26.45
Bosc	\$27.78	\$30.32	\$30.35	\$29.48

Source: Washington State Tree Fruit Association, Summary Bulletin. March 22, 2021.

Profitability

According to the Bureau of Labor Statistics, agriculture inputs (fertilizer and pesticides) and long-haul trucking are up 47% and 28% year over year (60% and 38% from pre-pandemic levels). Fertilizer costs in particular are at risk for continued price gains because Russia, a major global supplier, recently banned exports. Further, rising H2A visa rates, minimum wages and labor shortages will increase labor costs. Pear producers should be profitable to finish out the season given a large crop, strong consumer demand and willingness to absorb higher prices. Packers should on average be slightly profitable, with those whose throughput is sufficient to achieve economies of scale faring better.

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Additional Information

Northwest FCS Business Management Center
www.northwestfcs.com/Resources/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

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.

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