



MARKET SNAPSHOT

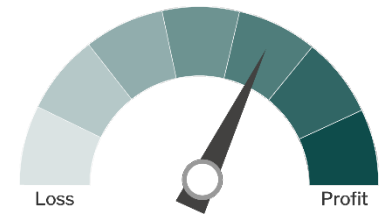
Cherries

March 31, 2024

Executive summary

AgWest Farm Credit's 12-month outlook sees Northwest cherry growers as slightly profitable for the 2024 crop. Drivers include damage from January freeze events, uncertain consumer demand and rising imports from Chile. Conversely, there is a reduced risk of overlapping retail shipments from California, Washington and Oregon and disaster declarations in Washington and Oregon may support growers negatively impacted by weather events for the 2023 crop.

12-Month Profitability Outlook



Industry drivers

Northern orchards damaged by cold weather

Anecdotal reports suggest freeze events in January caused damage to cherry trees and buds in northern Washington and British Columbia. The full extent is not yet clear. Crop insurance should help growers to a degree; however, benefits may be limited given multiple years of below-average returns. Benefits are calculated based on average returns for the previous five years. Lower supply from northern Washington and British Columbia could support prices.

Industry optimistic for 2024, but uncertainties remain

While orchards in northern Washington face winter damage, growers in other regions are cautiously optimistic heading into the 2024 season due to the following:

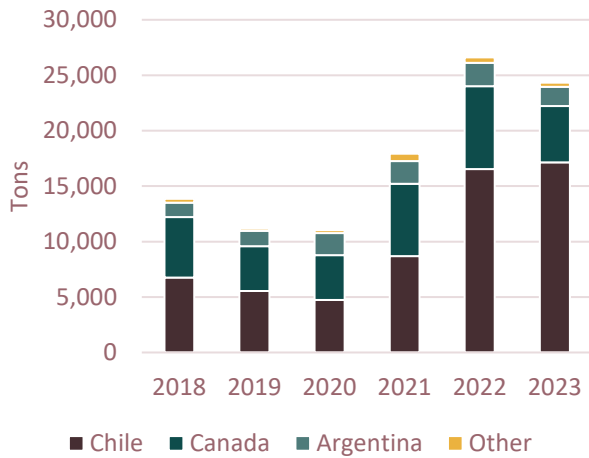
- Anecdotal reports suggest cherry trees are progressing on time for a typical year in California, which means less risk of retail shipments overlapping with those from Washington and Oregon (overlapping shipments rapidly increase supply and lower market prices).
- It remains too early for crop estimates in Washington and Oregon, but early reports and generally typical weather conditions suggest a favorable crop year.
- Reduced supply from northern Washington and British Columbia could foster better prices.

Consumer demand remains uncertain as persistently high inflation may discourage consumers from purchasing luxury food items such as cherries.

Imports from Chile increase

Imports from Chile increased slightly in 2023, which were nearly double the five-year average (see chart below). Chilean cherries do not compete with West Coast producers as they enter the U.S. between November and March. Some speculate increased supply during the offseason may shift consumers' view of cherries from a luxury to a staple food item, which could ultimately increase demand in the long term.

Cherry imports



Source: U.S. Census Bureau.

Disaster declaration for Washington's and Oregon's 2023 cherry crop

Cherry producers throughout eleven counties in Washington and nine counties in Oregon are eligible to apply for U.S. Department of Agriculture loans following disaster declarations in each state. Cool, wet weather during the spring, followed by rapid heating and drought conditions, reduced yields on the 2023 crop.

Profitability

Northwest cherry growers will likely see slightly profitable conditions in 2024. Cold weather damaged orchards in northern Washington and British Columbia, which could support prices. The industry is generally optimistic for the 2024 crop, given limited overlap with California and good growing conditions; however, high inflation remains a challenge and could reduce consumer demand. Rising imports from Chile may acclimate consumers to consuming cherries on a year-round basis. Disaster declarations in Washington and Oregon may help growers who were negatively impacted by weather events on the 2023 crop.

Share your feedback! [Click Here](#) to complete a two-minute survey about this Snapshot.

Additional information

AgWest Business Management Center

www.AgWestFC.com/industry-insights

USDA Agricultural Marketing Service

www.ams.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@AgWestFC.com.

To receive email notifications about Western and global agricultural and economic perspectives, trends, programs, events, webinars and articles, visit www.AgWestFC.com/subscribe or contact the Business Management Center.