Pecan Commodity Workshop

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Assumptions

- **USDA Crop Year: Oct 1 to Sept 30**
  - Data directly relates to Crop Year (2011 data refers to the 2011 crop)

- **FAS Crop Year: Aug 1 to July 31**
  - FAS data relates to the year it is published and **not** the crop year (i.e. 2011 FAS data refers to the 2010 crop)

- Data on these slides correlate to **crop** year and **not** publication date
# A Current State of Affairs

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014 (Est.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Year Carry-Out</td>
<td>175,003,000</td>
<td>171,626,000</td>
</tr>
<tr>
<td>US Crop</td>
<td>266,330,000</td>
<td>275,620,000</td>
</tr>
<tr>
<td>Mexican Imports to US</td>
<td>174,791,000</td>
<td>160,000,000</td>
</tr>
<tr>
<td>Total Supply</td>
<td>616,124,000</td>
<td>607,246,000</td>
</tr>
<tr>
<td>Carry-Out</td>
<td>171,626,000</td>
<td>109,000,000</td>
</tr>
<tr>
<td>Consumption</td>
<td>444,498,000</td>
<td>498,246,000</td>
</tr>
</tbody>
</table>

Note: Figures are expressed in pounds, inshell basis, and do not take into account US Inshell sent to Mexico for shelling. Meats are converted using industry standard 44% yield. 2013 Data Source: USDA NASS & FAS
How Did We Get Here?

- Heavy Spring Rains in the Southeast
- Late Spring Freeze in the Southwest
- High Prices of Competing Nuts (Especially Walnuts)
- Disparity in Pricing of Pecan Pieces and Halves
- Cheap Meats from Mexico
- Cheap Prior-Year Prices on Natives
Domestic Supply

Pounds (Inshell Basis)

Source: USDA National Ag Statistics Service and Foreign Ag Statistics.

**Note: 2012 US Crop Figures are estimates as the USDA did not publish final crop figures**
Mexican Exports to US

Source: Foreign Ag Statistics Service
World Supply

Pounds (Inshell Basis)

Crop Year

South Africa
Mexico
Australia
US Crop
Carry-In
Supply vs Demand

Source: USDA National Ag Statistics Service and Foreign Ag Statistics.

**Note: 2012 US Supply & Consumption Figures are estimates as the USDA did not publish final crop figures.**
Consumption vs. Supply vs. Price

Source: USDA National Ag Statistics Service, Foreign Ag Statistics & Nature’s Finest Foods
**Note: 2012 US Consumption Figures are estimates as the USDA did not publish final crop figures. Prices are approximate January contract prices. (i.e. 2012 Crop prices are from Jan 2013 contracting)
Price of Jr Mammoth Halves vs. Price of Medium Pieces

Crop Year

Price per pound

- $0.00
- $1.00
- $2.00
- $3.00
- $4.00
- $5.00
- $6.00
- $7.00
- $8.00

2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 (est)

Price of Med Pcs
Price of Jr Mam Hvs
US Pecan Exports

Crop Year

Pounds (Inshell Basis)

Source: Foreign Ag Statistics Service
US Pecan exports by country

Source: Foreign Ag Statistics Service
## 2013 Crop Year - US Pecan Exports by Country

<table>
<thead>
<tr>
<th>Country</th>
<th>2012 Crop Year</th>
<th>2013 Crop Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>China (China/HK/Vietnam</td>
<td>99,897,667</td>
<td>70,257,269</td>
</tr>
<tr>
<td>Mexico</td>
<td>28,302,870</td>
<td>32,963,587</td>
</tr>
<tr>
<td>Canada</td>
<td>23,670,473</td>
<td>23,687,326</td>
</tr>
<tr>
<td>Holland</td>
<td>13,335,576</td>
<td>14,282,059</td>
</tr>
<tr>
<td>UK</td>
<td>12,191,063</td>
<td>11,309,645</td>
</tr>
<tr>
<td>Other Countries</td>
<td>23,555,458</td>
<td>25,332,126</td>
</tr>
</tbody>
</table>

Note: Exports are expressed in pounds, inshell basis. Meats were converted assuming industry standard 44% yield.

Source: Foreign Ag Statistics Service
US Pecan Consumption vs. US Pecan Exports

Crop Year

Source: USDA National Ag Statistics Service and Foreign Ag Statistics

**Note: 2012 US Consumption Figures are estimates as the USDA did not publish final crop figures**
Industry Happenings

- Salmonella Prevalence Study
  - Completed 4 year study. Results—Levels on *inshell* pecans at or below levels of salmonella found on *shelled* almonds. Results submitted to FDA

- Tufts University Study
  - Study the impact of pecan consumption on heart disease in overweight people. Further document the high antioxidant levels in pecans & impact on other biomarkers of cardiovascular risk
Industry Happenings

- New Capital Infusion
  - National Pecan Co.
  - Purchases of Harrell Pecan & Tracy Luckey

- Possible Industry Marketing Order
  - American Pecan Board established May 2013
  - 2014-Industry meetings held
  - Jan 2015-Meet with FDA to consider specifics
  - Summer/Fall 2015-Present proposed Marketing order to Industry
  - Early 2016-Industry vote on order
  - Fall 2016-Implement order
Questions!!!