Star-Telegram

Pecan prices fall from their nutty heights

Posted Friday, Nov. 16, 2012

BY BARRY SHLACHTER

barry@star-telegram.com

A late Lunar New Year in China this winter and the easing of the drought in parts of Texas are contributing to lower pecan prices for holiday pie bakers, about \$9.35 for a pound of shelled halves, down from as high as \$11 to \$12.50.

With their New Year falling in mid-February 2013, two weeks later than the year before, Chinese buyers can wait out peak U.S. demand during Thanksgiving and Christmas before placing orders.

In addition, many traders are stuck with holdover stocks for which they overpaid last year, having aggressively bid against one another, said Dan Zedan, an Illinois-based nut broker and industry analyst.

"The Chinese have bought a good many pecans but are more cautious, not pushing the market this year," said Will Easterlin, 34, general manager of Georgia-based Easterlin Pecan Co., a major exporter to Asia. "They need product and want product, but they're price-sensitive. And they still have some pecans from last year with high prices in it."

Meanwhile, a better growing season was welcome news in West Texas, where whole orchards were wiped out by drought.

In Cleburne, grower Bob Walker said even with drip irrigation last year, he didn't have enough water and produced no pecans. This year, his harvest will be about 3,000 pounds from 60 mature trees, and 440 others haven't started producing.

Supermarket prices for unshelled halves have fallen and will likely run \$2 to \$3 less a pound than a year ago.

Since the price of walnuts spiked in 2007, China has dominated the world market, annually buying about 80 million pounds of pecans. The nation's newly affluent middle class is willing to pay \$15 to \$18 a pound for cracked and specially brined nuts as a high-end holiday treat.

Last year, the drought and aggressive buying by China drove prices skyward, forcing U.S. commercial bakers and other food processors to drop or scale back on pecans while many families ate the increase or made do with walnuts.

It compounded a trend of rising prices that have depressed U.S. consumption, which has dropped 20 percent since 2009, Zedan said.

Instead of fudging with fewer nuts or smaller pieces, Texas' Blue Bell Creameries decided to limit the production of butter pecan ice cream a year ago because of tight and costly supplies, spokesman Bill Weiss said.

The "little creamery in Brenham" expects better conditions this winter, Weiss said.

Feverish overbidding during the poor harvest last year has made the Chinese more cautious now, said Zedan, of Nature's Finest Foods. And with a later holiday start, they can afford to hold off until after Thanksgiving to buy their favorite large varieties, Desirable, Pawnee and Stuart.

Texas is expected to collect 55 million pounds, 23 million more than last year, when drought destroyed tens of thousands of trees, said Cindy Wise, executive vice president of the Texas Pecan Growers Association.

Hardest hit was an area of west-central Texas from San Saba to Goldthwaite. Wise says it's far from a record but welcome after last year's disaster.

Nationally, the Agriculture Department has predicted a harvest of 308.9 million pounds, compared with 251.7 million pounds last year. Georgia is the biggest producer, followed by Texas, New Mexico and California.

"Just a good crop," Zedan said. "What's unique is that this was supposed to be the 'off-year' crop -- around 200 million pounds."

And prices, while lower, are still favorable for growers.

"It's a good time to be in the pecan business," said Tommy Thompson, a veteran pecan breeder at the USDA experimental station in College Station who developed the now- ubiquitous early season Pawnee variety. Despite slow Chinese buying and huge inventory, prices are healthy, \$1.50 to \$2.50 a pound wholesale, in shell.

Walker, whose Walker Orchards -- a semiretirement venture begun before he retired as a decorative-plant broker -- sells directly to the public, ships as far as North Carolina through his website.

His shelled pecans, grown without chemical inputs, fetch \$9.50 a pound, cheaper than conventionally grown nuts bought at local supermarkets, he said.

"Last year was bad, really bad, even with a well and irrigation," said another small grower, Danene Knox of Savage Pecans in Weatherford.

"The trees had pecans on them and looked good, but they never filled out."

Knox harvested just about 500 pounds in 2011.

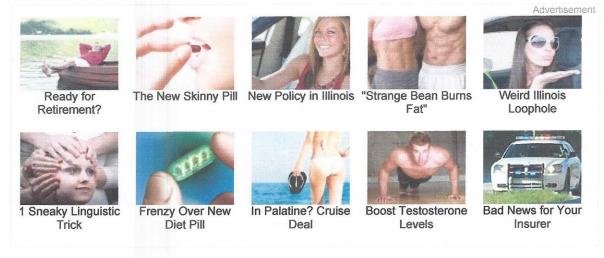
This year, she has shaken down about 4,000 pounds and hopes to collect 600 or 700 more. She is also offering cracking and shelling services, 50 cents to \$1 a pound for people growing their own.

Like Knox, Walker says his niche is the local retail market.

He gets a lot of inquiries from pecan-hungry Chinese buyers, "but I just ignore them."

Barry Shlachter, 817-390-7718

Twitter: @bshlachter



Looking for comments?