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Florida orange crop shrinks

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Florida's orange crop will be 5.7 percent smaller than forecast last month, lower than analysts' estimates, the U.S. government said this morning. California's harvest is expected to be 20 percent lower after a mid-January freeze.

Growers in Florida will produce 132 million boxes of oranges in the season that ends in June, down from 140 million expected last month and 147.9 million boxes harvested last year, the U.S. Department of Agriculture said today in a report. A crop of that size would be the smallest in 17 years.

The forecast was cut due to fewer-than-expected early and midseason oranges, the USDA said. Analysts had expected a cut to about 140 million boxes. Tropicana, the PepsiCo Inc. juice-making unit that buys 40 percent of Florida's oranges, said the smaller crop will mean higher fruit-buying costs.

"The harvest numbers weren't adding up," Fain Shaffer, president of Infinity Trading Corp. in Medford, Ore., said before the release of the report.

Orange-juice futures for May delivery fell 2.1 cents, or 1 percent, to \$2.021 a pound at 10:11 a.m. on the New York Board of Trade. Analysts said the smaller crop was already reflected in prices, which have surged 49 percent in the past year. Futures reached a record close of \$2.0815 on Dec. 8.

Florida, the world's second-biggest grower of oranges behind Brazil, produced 242 million boxes of the fruit during the season ending June 2004. Hurricanes later that year and in 2005 damaged groves and spread disease, reducing the crop last season. Lingering storm damage has also contributed to the smaller crop, some analysts said.

Prospects for a smaller crop prompted Tropicana Products, owned by Purchase, New York-based PepsiCo, and Minute Maid, owned by Atlanta-based Coca-Cola Co., to increase retail orange juice prices in 2006.

The projected yield per-box rose to 1.62 gallons, an increase from 1.58 gallons estimated last month while down from 1.63 gallons last season.

Florida will produce 67 million boxes (3.02 million tons) of early, midseason and navel oranges, down from a forecast of 75 million boxes last month, USDA said. Reduced navel orange production accounts for the entire decline in the Florida forecast, the USDA said.

California will produce 37 million boxes of oranges, down 39 percent from last year and the lowest in eight years, as the result of a freeze in January, the USDA said.

The cold weather in the state's central valley in mid-January caused an estimated \$594 million in losses to the orange crop, according to California Citrus Mutual, a trade group representing 2,000 growers.

Most California oranges are sold as fresh fruit, whereas Florida citrus is mainly processed into juice.