



PTNPA
CONVENTION

2023
San Diego, CA

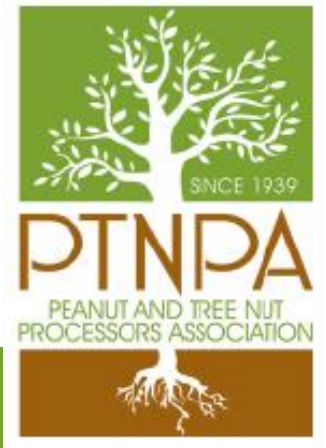
COMMODITY WORKSHOP

PECANS

Daniel J. Zedan | Pecan Grove Farms

Hotel Del Coronado | January 15/16, 2023

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MARKET OVERVIEW - OBJECTIVES



- Supply Situation
- Factors Impacting Pricing
- Industry Initiatives & Marketing Efforts

WORLD SUPPLY



| Source | 2021 CY | 2022 CY (est.) |
|---------------------|--------------------|--------------------|
| US Carry In | 173,329,000 | 146,827,000 |
| Mexico | 283,125,148 | 300,000,000 |
| United States | 255,300,000 | 280,000,000 |
| South Africa | 42,134,315 | 59,524,200 |
| Brazil | 13,227,600 | 13,227,600 |
| China | 8,818,400 | 8,818,400 |
| Australia | 7,519,890 | 6,503,570 |
| Argentina | 4,409,200 | 4,409,200 |
| Others | 7,716,100 | 7,716,100 |
| TOTAL SUPPLY | 795,579,653 | 827,026,070 |

PRODUCT AVAILABLE FOR SALE BY US



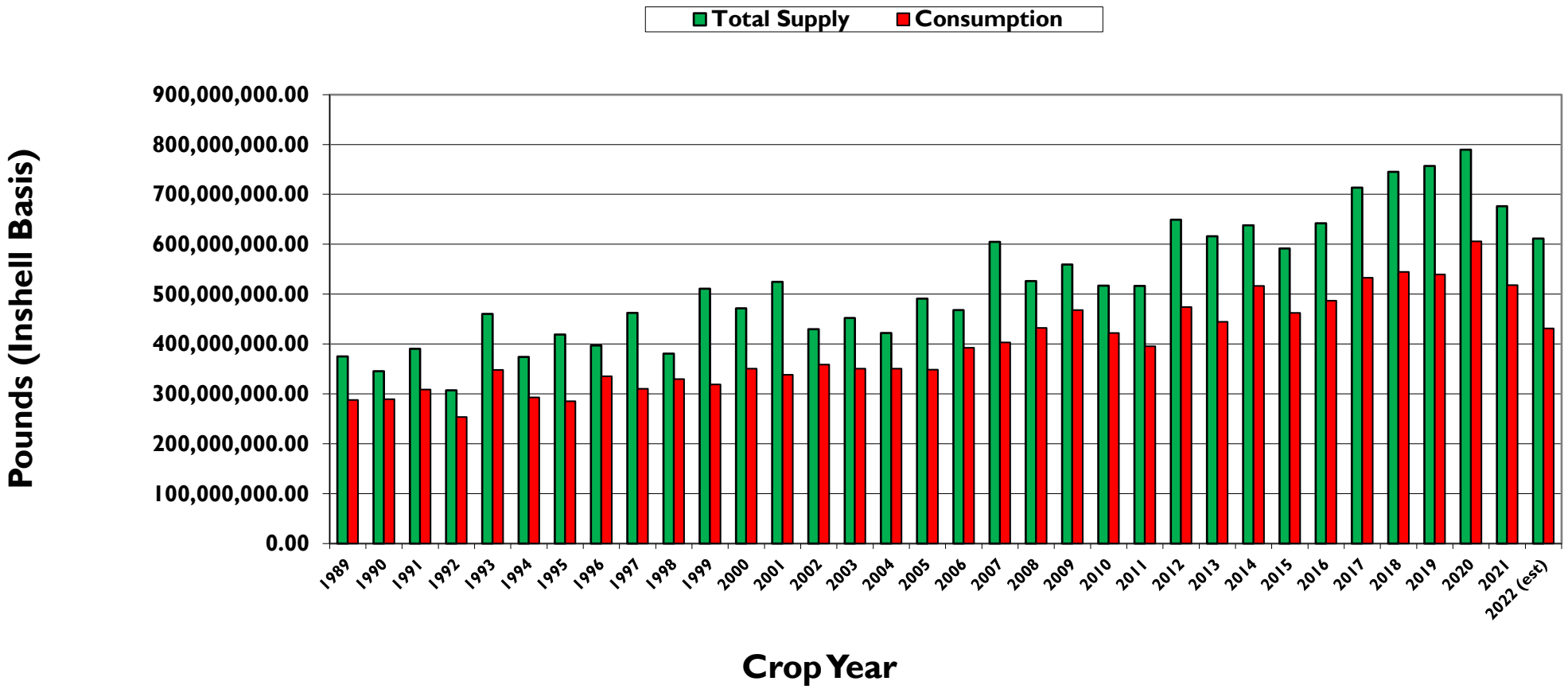
| Source | 2020 CY | 2021 CY | 2022 cy |
|--------------------|--------------------|--------------------|--------------------|
| Carry In | 201,470,000 | 173,329,000 | 146,827,000 |
| US Crop | 305,360,000 | 255,300,000 | 280,000,000 |
| Mexican Imports | <u>256,969,123</u> | <u>232,069,789</u> | <u>172,927,923</u> |
| Total Supply | 763,799,123 | 660,698,789 | 599,754,923 |
| Carry Out | <u>173,329,000</u> | <u>146,827,000</u> | |
| Consumption | 590,470,123 | 513,871,789 | |

Note: Figures are expressed in pounds, inshell basis, and do not take into account US Inshell sent to Mexico for shelling.
Carry-in kernels and Mexican import kernels are converted assuming a 50% yield.

Data Sources: USDA NASS & FAS, USDA Market News & Nature's Finest Foods

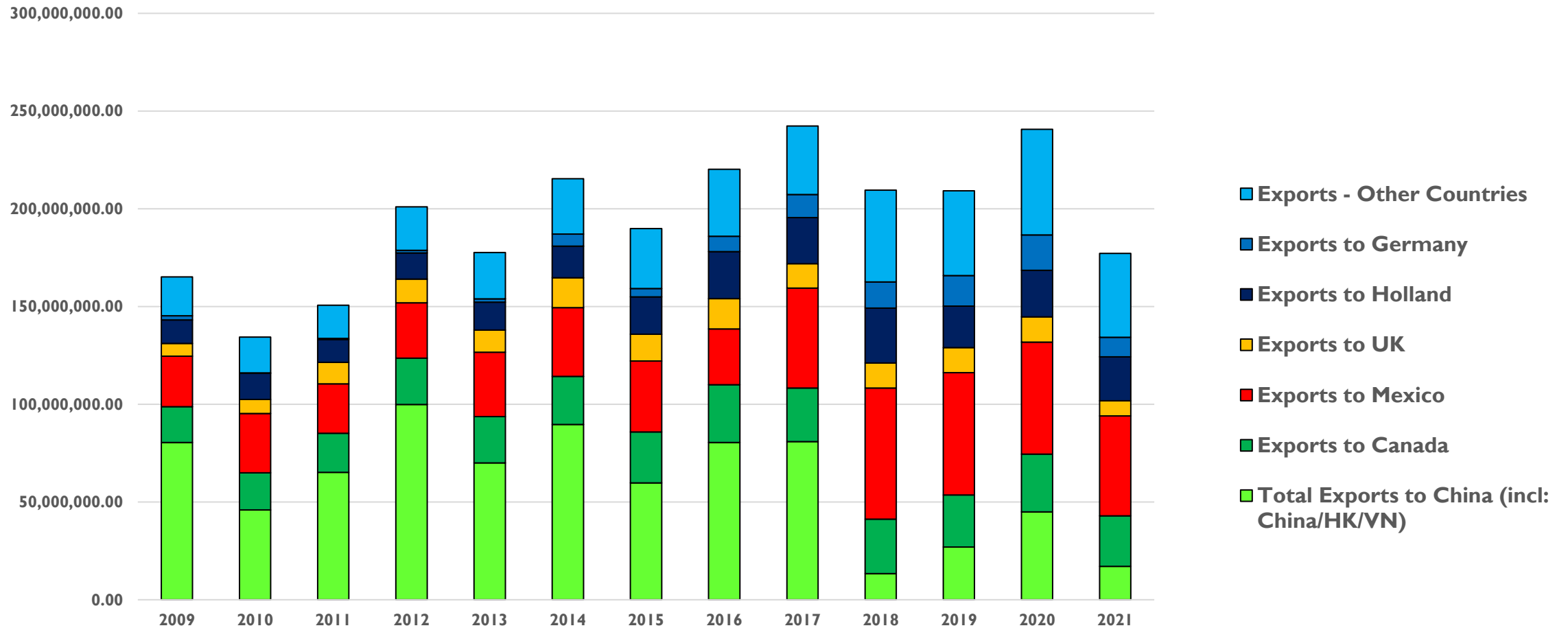
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TOTAL US SUPPLY VS. US CONSUMPTION



Source: USDA NASS, USDA FAS, Nature's Finest Foods

US PECAN EXPORTS



Source: USDA FAS

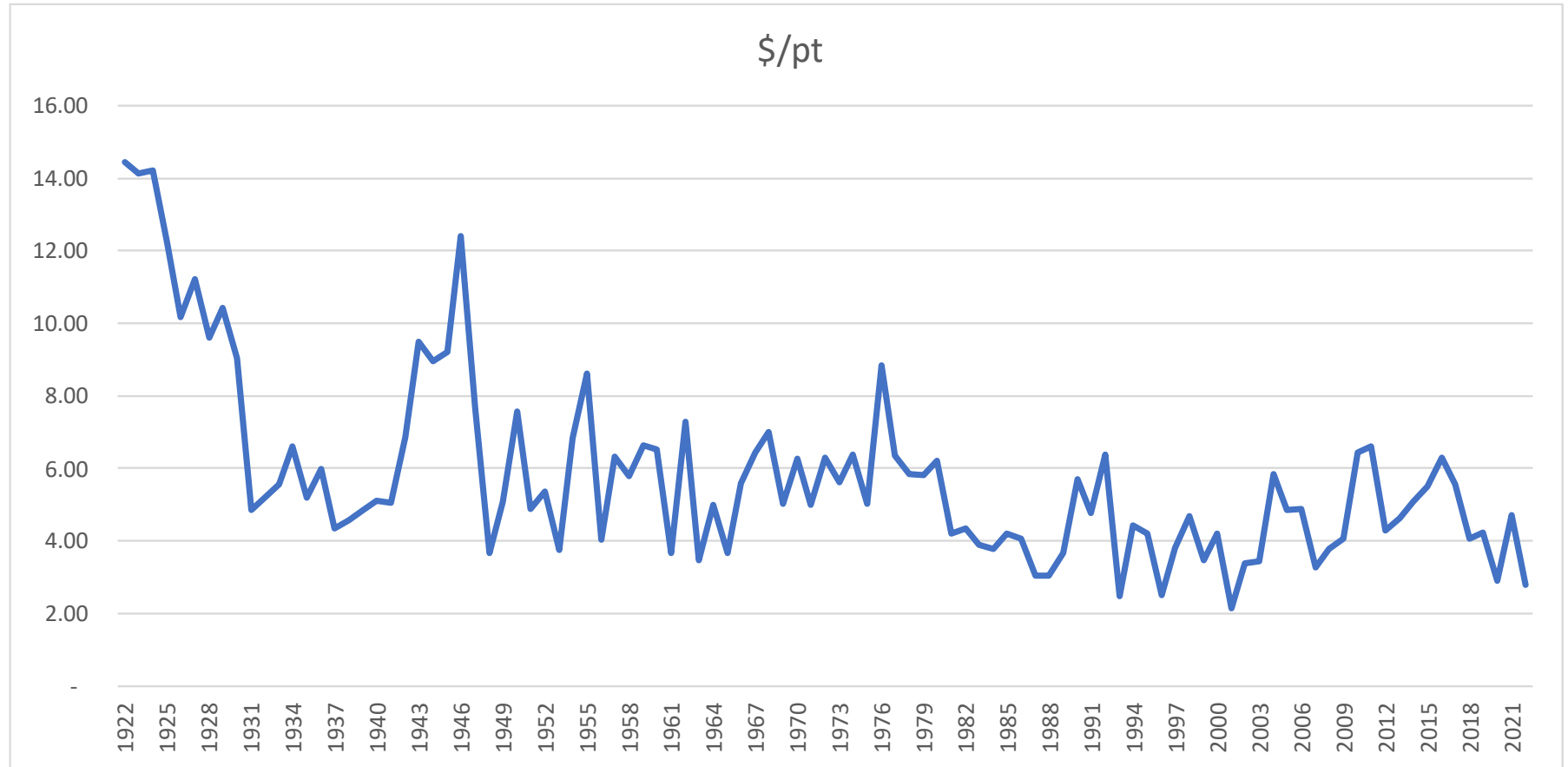
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2022 PRICE IMPACTORS

- Inflation-7.1%+
- Fertilizer costs-up 400+%
- Fuel Costs-up 50%
- Interest rates-up ?%
- Shipping & Supply Chain issues
- COVID
- Trade War with China
- War in Ukraine

HISTORICAL INSHELL PRICES

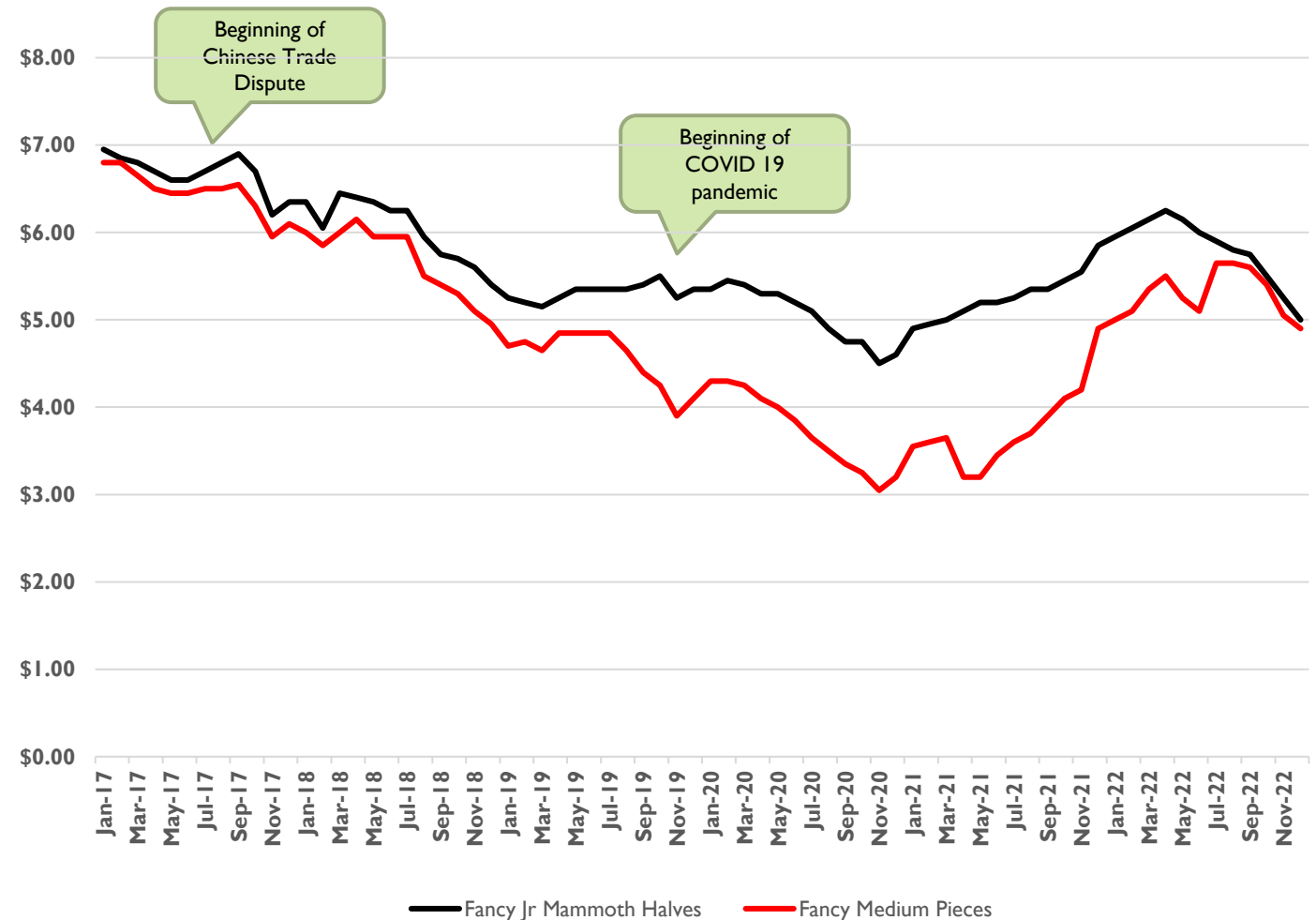
Price Per Point
Inshell Pecans
1922-2022
(adjusted for
inflation)



PRICE OVERVIEW

Comparison of Kernel Prices

Jr Mammoth Halves v Medium Pieces



INDUSTRY INITIATIVES & MARKETING EFFORTS



- The American Pecan Council and the American Pecan Promotion Board
- Differences between the two
- Marketing Efforts
- Revised Standards

DIFFERENCES BETWEEN APC & APPB



- American Pecan Council
 - Only applies to US pecans
 - Grades & Standards
 - Research
 - American Promotion
 - American Crisis Communication
 - Data
 - Compliance authority
 - Board of 17 Members & 17 alternates
 - American growers, shellers & accumulators
- American Pecan Promotion Board
 - Applies to both US & Imported pecans
 - Research
 - Promotion (Generic)
 - Compliance authority
 - Board of 10 growers and 7 importers
No alternates

OPERATIONAL DIFFERENCES

- APC
 - \$.01/lb Improved Inshell, \$.00 for Natives & Substandard
 - Handler pays
 - Handlers handling less than 1,000 lbs/year exempt
 - To reaffirm marketing order, need 2/3 of growers to vote affirmatively or 2/3 of total production to do so
- APPB
 - \$.02/lb for all US or imported inshell (\$.04/lb for kernels)
 - Grower pays
 - Growers producing less than 50,000 lbs/year exempt
 - To reaffirm check-off, 51% of growers and importers must vote affirmatively

INITIATIVES

- Grades & Standards
 - First revision since July 1969 publication
 - Will cover both kernels and inshell
 - Public comment period ended September 7th. Still awaiting publication of final rules
 - After publication, APC to decide whether to make them mandatory

- Marketing
 - Primary focus on EU, specifically UK and Germany
 - China Market-temporarily on hold due to COVID restrictions
 - NPSA/APC joint shelf-life study



QUESTIONS?

