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**The Georgia Economic Issues
Newsletter**

Hurricane Damages and Market Price Trends of the Georgia Fruit and Vegetable Industry

Fruits and vegetables contributed about 10.8 percent of Georgia Farm Gate Value in 2003. Although this over \$1 billion industry is growing at a rapid pace, it embraces multiple problems concerning pest and disease, inadequate and/or expensive labor force, continuous change in technology, financing, legislations/regulations, and marketing. Besides all these numerous handicaps, growers still have to put up with natural disasters.

In the fall season of 2004 (August to October), Georgia has been hit by four hurricanes: Charley, Frances, Jeanne and Ivan. These hurricanes and tropical storms damaged a substantial amount of the estimated 45,000 acres of assorted vegetables crops planted this season. The vegetables mostly affected were peppers, tomatoes, squash, cucumbers, eggplants, sweet corn and snap beans. The total damage was estimated at \$145 million (Minor, 2004). The Georgia pecan and peach industry also suffered significant damage. There were uprooted pecan trees, broken limbs and loss of nuts. The peach trees were uprooted and suffered broken limbs although the fruits were already harvested (Omahen, 2004).

According to Minor (2004; Omahen, 2004), the losses caused by the hurricane damage will eventually create a drastic shortage in the quantity of vegetables and fruits (especially pecans) harvested and sold in the fall production season. Basic economic theory stipulates that when there is scarcity of any given commodity, the prices are bound to increase. This theory therefore ignited the need for this article. The objective of this study was to analyze the price trends for selected fall fruits and vegetables affected by the hurricane. Price data for the affected fall vegetables were collected from the USDA, AMS and other shipping points.

Selected Vegetable Price Trends

Pepper Prices

Price data for the period from May to July in Figure 1 represent spring crop prices while fall crop prices were taken for the period from September to November. As clearly shown in the plots, jumbo green pepper prices for spring 2003 ranged from \$12.18 per 1 1/9 bushel cartons to \$19.43, while they ranged from \$10.21 to \$12.00 in the fall of the same year. On the other hand, large green pepper prices started from \$9.18 up to \$15.43 for the spring 2003 crop and from \$8.87 to \$8.97 for the fall crop. This figure also suggests that pepper prices are usually better for the spring crop than the fall crop.

However, the price situation drastically changed in 2004 cropping period. Jumbo green pepper prices for the spring 2004 crop were relatively lower than the previous year's levels. The spring 2004 prices started from \$8.88 and dropped to \$7.29 per 1 1/9 bushel carton while the prices for large green pepper started from \$7.06 and slightly rose to \$7.93. Incidentally, the prices increased more than four-folds in the fall crop. The jumbo green price per 1 1/9 bushel carton sold for \$32.95 to \$40.46, while the large green peppers sold for \$28.88 to \$36.65.

Squash Prices

In Figure 2, a similar price trend but different pattern is observed for squash. First, the spring crop started in April through June while the fall crop was the same as with green pepper, i.e. September to November. Two varieties, small yellow crookneck and small yellow straight-neck squash, were used in

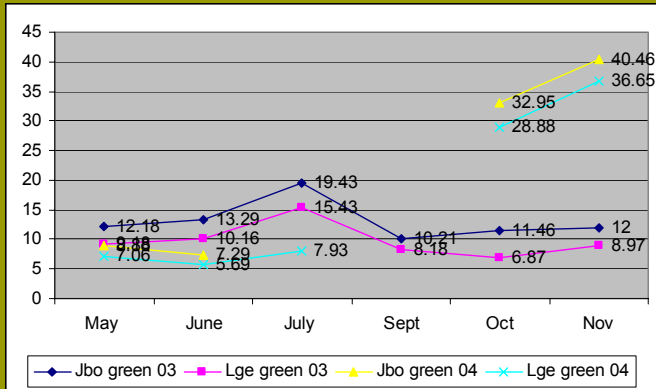
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Figure 1: Georgia Pepper Prices: F.O.B. Shipping Point: 2003-2004

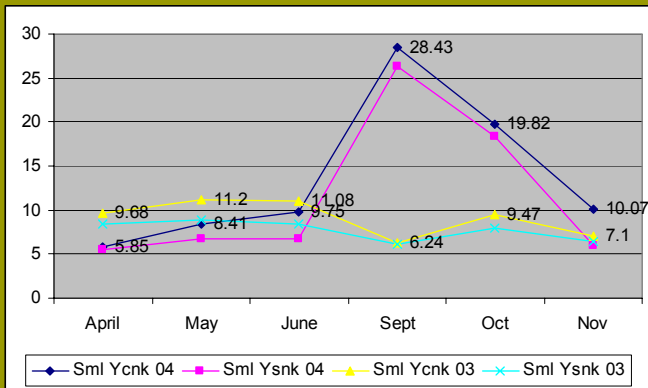


Source: 2004 Sales F.O.B. Shipping Point and Delivered Sales Shipping Point Basis, Thomasville – South Georgia.

this analysis. For the spring 2003 crop, the prices for small yellow crook-neck squash ranged from \$9.68 to \$11.08. The fall 2003 prices for the same product ranged from \$6.24 to \$7.1 per ½ or 5/9 bushel carton. In other words, better prices for small yellow crook-neck squash were obtained during the spring harvest season than the fall season.

Analysis for the 2004 crop period shows a different trend. Prices for small yellow crook-neck and small yellow straight-neck squash vary from \$5.85 to \$9.75 and \$5.48 to \$6.76 for the spring crops, respectively. However, a drastic, unusual jump occurred in the fall crop prices. The small yellow crookneck squash prices started as high as \$28.4 in September and dropped to \$10.07 in November. On the other hand, the small yellow straight-neck squash prices also started as high as \$26.43 and down trended to \$5.95 in November. The starting prices were over four times the levels in 2003.

Figure 2: Georgia Squash Prices: F.O.B. Shipping Point: 2003-2004



Source: 2004 Sales F.O.B. Shipping Point and Delivered Sales Shipping Point Basis, Thomasville – South Georgia.

Sweet Corn Prices

In 2004, spring yellow and white sweet corn prices were relatively lower than 2003. Spring 2004 yellow sweet corn sold for \$5.55 per 4 dozens in May and slightly dropped to \$4.42 in July. In spring 2003, it sold for \$6.10 in May and decreased to \$5.52 in July 2003. Spring 2003 white corn prices were even higher than yellow corn as it started at \$6.68 in May and ended at \$6.49 per 4 dozens in July.

However, fall 2003 prices were relatively lower than the same period in 2004. Figure 3 shows that there were no prices reported for both yellow and white sweet corn in September 2004. Fall prices for white corn jumped to \$13.46 in October and slightly dropped to \$12.12 per 4 dozens in November. The fall price for yellow corn also jumped to \$12.98 in October and decreased to \$10.17 per 4 dozens in November.

Selected Fruit Prices Trend

Pecan Prices

The pecan industry also experienced drastic price fluctuations. Figure 4 shows that the highest prices for improved pecan variety and native and seedling were recorded in 1992 at \$1.54 and \$1.12 per pound, respectively. It also reveals that the average price for all pecans was \$1.45 per pound in the same year.

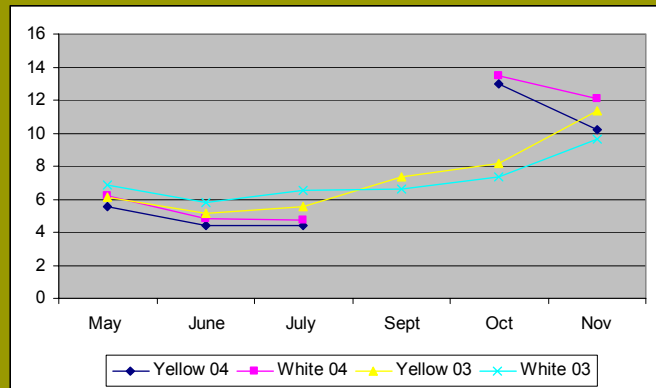
However, Georgia pecan prices for 2004 ranged from \$3.40 to \$3.85 per point or \$1.24 to \$1.91 per pound depending on the variety (see Table 1). This historic price is even higher than the improved variety pecan price of 1992 which sold for \$1.54 per pound.

2005 Prospects for Pecan and Peach Producers

Since pecan is an alternate bearing crop, there is a chance that next year's production will seriously be affected by the spillover effect of

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Figure 3: Georgia Sweet Corn Prices: F.O.B. Shipping Point: 2003-2004



Source: 2004 Sales F.O.B. Shipping Point and Delivered Sales Shipping Point Basis, Thomasville – South Georgia.

More Trade Adjustment Assistance Benefits for Georgia Shrimpers in 2005!!!

The Foreign Agricultural Service of the U.S. Department of Agriculture recently re-certified the petition for further trade adjustment assistance filed by the Georgia Shrimp Association on behalf of shrimpers in the state. It can be recalled that the state's shrimp producers have been accommodated already under the Trade Adjustment Assistance (TAA) program this year after their first petition was approved in November 2003.

The TAA program is specifically designed to provide technical and financial assistance to producers in industries where "the national average price in the most recent marketing year for a commodity is less than 80% of the national average price in the preceding 5 marketing years and that increases in imports of that commodity contributed importantly to the decline in price (USDA-Farm Service Agency)." The most recent petition for Georgia shrimpers was prompted by continued increases in shrimp imports that led to a decline in the average landed price of shrimp in Georgia by 37.7% during the 2003 marketing period. The five-year (1997-2001) base price for the industry was calculated at \$4.424 per pound while the average 2003 price was \$2.760 per pound.

As a result of the approved re-certification, shrimpers who land their catch in Georgia will be eligible to apply for TAA benefits for the fiscal year 2005. Producers are given a 90-day period to file their applications for benefits at their Farm Service Agency County Administrative Office. The 90-day period starts on November 29, 2004 and closes on February 28, 2005. In filing their applications, producers must provide documentation that they produced the approved commodity during the most recent marketing year.

Producers who have filed their applications will then be required to receive technical assistance from the university Extension Service at no cost. Approval and disbursement of TAA cash benefits will not be made unless the eligible producers have obtained the technical assistance requirement. The training requirement must be complied with within 180 days of the petition certification date. For this re-certification approval, the 180 day period ends on May 31, 2005. A team of extension specialists will develop plans to conduct the necessary workshop for eligible producers within that period. Details of these workshops will be disseminated through the county agents as soon as they are finalized.

Cesar L. Escalante
Assistant Extension Professor

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the 2004 hurricane season. Cost of production for most growers will increase as they would have to replace the uprooted trees and increase chemical treatment rates and frequencies for those with broken limbs.

The peach industry will feel the pinch of the uprooted trees and broken in the subsequent years. The cost of production will increase and the quality of next season's crop might be affected. Furthermore, although 2005 is expected to be a good production crop year for peaches, the spillover effect of the hurricanes will definitely have a negative impact on overall production, quality and yield. Assuming these hypotheses are accurate, prices will still remain high but not as high as current prices.

Conclusion

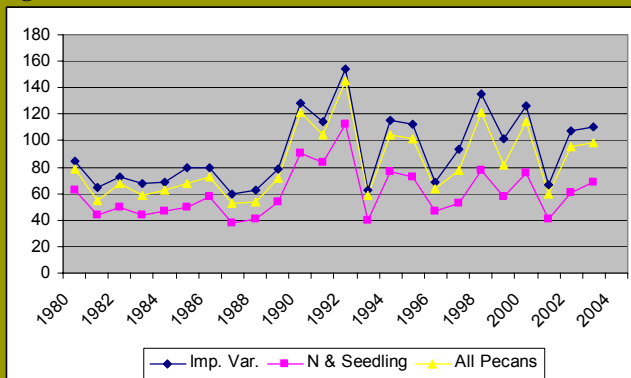
The abrupt increases in the fall prices of some fruits and vegetables were simply due to the shortages caused by hurricane Frances, Ivan, Jeanne and the tropical storm that affected Georgia. Due to the astronomical jump in prices of vegetables this season, growers might be tempted to increase vegetable planted acreage to continuously benefit from the temporary price increase. If that happens, excess production will dampen next season's prices for vegetables. To reduce the shortage dilemma, importation of pecans from our major suppliers such as Mexico will be imperative.

Esendugue Greg Fonsah
Assistant Extension Professor

References:

- Minor, E., (E.G. Fonsah, contributing author) (2004), "Expert says storm will mean erratic vegetable supplies and prices". Associated Press: <http://www.ledger-enquirer.com/mld/ledgerenquirer/news/politics/9892874.htm>
- Thomasville (2004) GA Federal-State: http://www.ams.usda.gov/mnreports/TV_FV140.txt
- Thomasville, South Georgia (2004) "Sales F.O.B. Vegetable Shipping Point and Delivered Sales Shipping Point Basis". USDA/AMS, Federal-State Market News: www.ams.usda.gov/marketnews.htm
- Omahen, S. (E.G. Fonsah, contributing author) (2004) "Storm Uproots trees, downs limbs across state". Georgia Faces: The University of Georgia, College of Agricultural and Environmental Science, September 10. pp. 1-3 <http://georgiafaces.caes.uga.edu/storypage.cfm?storyid=2329>

Figure 4: Pecan Price Trend: 1980 – 2002



Source: 2004 Sales F.O.B. Shipping Point and Delivered Sales Shipping Point Basis, Thomasville – South Georgia.

Table 1: Georgia 2004 Pecan Prices Paid to Growers

Variety	Meat %	Price Per	Price per
Desirable	50 - 51	\$3.60 - \$3.75	\$1.87 - \$1.91
	48 - 49		\$1.73 - \$1.78
	45 - 46		\$1.62 - \$1.73
Stuart	47 - 48	\$3.40 - \$3.85	\$1.74 - \$1.75
	45 - 46		\$1.57 - \$1.68
	43 - 44		\$1.50 - \$1.52
	40 - 42		\$1.24 - \$1.39
Machine Harvested	47 - 48	\$3.50 - \$3.80	\$1.65 - \$1.82

Source: TV_FV140 (2004), Thomasville, Georgia.

For more information, contact your local county extension agent.

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Announcement:

J. W. Fanning Lecture and Awards Ceremony

The title of this year's Fanning Lecture is "Agricultural Policy and the World Trade Organization (WTO)." The lecture will be presented by Joseph Glauber, who has served as Deputy Chief Economist at the U.S. Department of Agriculture since 1992. He served as economic advisor for the Blair House agreements leading to the completion of the Uruguay Round negotiations. He is the author of numerous studies on crop insurance, disaster policy, and U.S. farm policy. Prior to his current position, he was senior staff economist for agriculture, natural resources, and trade for the President's Council of Economic Advisers from 1991 to 1992.

Location and Schedule of Events

Georgia Center for Continuing Education, UGA, Athens, GA

9:30 a.m.	Agricultural Economics Association of Georgia Board Meeting – Executive Conference Room on 2 nd Floor
10: 00 a.m.	Registration and Refreshments – 2 nd Floor Concourse
10:30 a.m.	Fanning Lecture – Rooms K/L Georgia Center
12:00 noon	Lunch and Awards Ceremony – Banquet Area
1:30 p.m.	Adjourn

To register for the luncheon, please contact Jo Anne Norris at telephone no. 706-542-0730 or e-mail address jnorris@agecon.uga.edu.

Registration deadline for the luncheon is January 7, 2005.

Edited by: Cesar L. Escalante, Extension Agricultural Economist

PUTTING KNOWLEDGE TO WORK

The University of Georgia College and Agricultural & Environmental Sciences and Ft. Valley State University, and the U.S. Department of Agriculture and counties of the state cooperating. The Cooperative Extension Service offers educational programs, assistance and materials to all people without regard to race, color, national origin, age, sex or disability.

An equal opportunity/affirmative action organization committed to a diverse work force.

Issued in furtherance of Cooperative Extension, Acts of May 8 and June 30, 1914, the University of Georgia College of Agricultural and Environmental Sciences and Fort Valley State University, and the U.S. Department of Agriculture Cooperating.

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