

INCOME SUPPLEMENT
TO THE
FOURTH ANNUAL REPORT
OF THE
SANTA CLARA COUNTY WALNUT MANAGEMENT STUDY 1953

AGRICULTURAL EXTENSION SERVICE
Room 201 Post Office Bldg.
San Jose, California
November, 1954

Final payments have now been received on the 1953 Walnut Crop so it is possible to complete the annual records and issue this supplement which shows prices received and orchard earnings. The original report shows costs in detail. This supplement contains table 7 which is intended to be attached to the original report which contains 6 tables.

Averages for all orchards in the study in 1953, 1952 and 1951 appear at the bottom of the table. These apply only to these orchards and should not be considered as averages for the county. Averages with income and earnings for high and low cost or profit groups were not prepared this year.

Individual orchard figures are listed in order of management income per acre, which appears in the next to the last column of table 7. With prices and income available, this order is somewhat different than in tables 1 to 5 in the original cost report, in which orchards were listed in order of increasing cost per hundredweight of nuts produced.

The influence of the main profit factors of yield per acre, price per hundredweight, and total cost per acre are well shown by the individual orchard figures. Notice the range from the high management income of \$88.00 an acre to a loss of \$188.00.

Management Income is the amount by which total income exceeds total costs as figured in these records. Since an allowance for the operators management is not included in costs, but interest on the investment is included, we call this earning "management income" instead of profit. It is figured the same way for each orchard whereas profit is an individual matter and may be figured in many ways.

Capital and Management Income is management income plus the interest on investment included in costs. It is the amount by which income exceeds cash costs and depreciation and is more likely to approximate the operator's own profit figure if he includes wages for his own actual work in the orchard as a cost. It appears in the last column in table 7.

Costs and returns per hundredweight of merchantable nuts are shown in table 7 for those orchards selling on a graded basis. The price and cost of merchantable walnuts is a more significant figure for some purposes. It is arrived at by deducting the salvage income from culls and blows from total cost and then figuring this net cost just for the merchantable nuts--the nuts that are of sufficient quality to be marketed as walnuts in the shell. Orchards selling on a grade basis had 85.7% of their nuts merchantable. These brought 22.6¢ per pound and with a cost of 24.6¢ resulted in a loss of .02¢ a pound. Lower yields in 1953 resulted in much higher costs per pound than in the two preceding years.

TABLE 7 MAIN PROFIT FACTORS IN INDIVIDUAL WALNUT ORCHARDS, 1953

| Serial Numer | Yield Total lbs. per A. | Per cent large & med. | Per cent merch- antable | Merchantable walnuts, per cwt. | | | All orchard run walnuts per cwt. | | | Total income per acre | Total cost per acre | Mgt. income per acre | Capital & mgt. income per A. |
|-----------------|----------------------------------|--------------------------------|----------------------------------|-----------------------------------|-------------|----------------|-------------------------------------|-----------------|----------------|--------------------------------|------------------------------|-------------------------------|---------------------------------------|
| | | | | Average price | Net cost | Mgt. income | Average price | Average cost | Mgt. income | | | | |
| 21 | 2,105 | 63.1 | 89.1 | 23.53 | 19.16 | 4.37 | 21.70 | 17.80 | 3.90 | 456.62 | 374.62 | 82.00 | 159.47 |
| 8 | 2,029 | 56.1 | 94.1 | 21.09 | 17.00 | 4.09 | 20.34 | 16.49 | 3.85 | 412.51 | 334.39 | 78.12 | 148.88 |
| 4 | 2,294 | - | - | - | - | - | 23.00 | 20.30 | 2.70 | 527.60 | 465.63 | 61.97 | 134.34 |
| 10 | 2,692 | 68.3 | 94.6 | 24.05 | 23.08 | .97 | 23.13 | 22.22 | .91 | 622.80 | 598.17 | 24.63 | 126.00 |
| 5 | 1,765 | 36.5 | 88.1 | 22.12 | 21.53 | .59 | 20.14 | 19.62 | .52 | 355.58 | 346.38 | 9.20 | 81.57 |
| 12 | 2,020 | 50.9 | 89.3 | 23.08 | 22.98 | .10 | 21.56 | 21.47 | .09 | 435.51 | 433.70 | 1.81 | 90.40 |
| 9 | 2,014 | - | - | - | - | - | 24.00 | 25.46 | -1.46 | 483.51 | 513.04 | -29.53 | 41.66 |
| 16 | 1,379 | 44.1 | 82.7 | 21.61 | 25.18 | -3.57 | 19.36 | 22.31 | -2.95 | 266.87 | 307.58 | -40.71 | 38.03 |
| 2 | 1,903 | 64.6 | 91.1 | 23.83 | 26.26 | -2.43 | 22.35 | 24.56 | -2.21 | 425.28 | 467.40 | -42.12 | 36.45 |
| 17* | 1,289 | 53.0 | 94.9 | 22.97 | 27.41 | -4.44 | 22.25 | 26.46 | -4.21 | 286.88 | 341.18 | -54.30 | 10.31 |
| 7 | 1,514 | 62.6 | 90.1 | 23.82 | 28.54 | -4.72 | 22.10 | 26.35 | -4.25 | 334.57 | 398.96 | -64.39 | .80 |
| 1 | 3,367 | 33.3 | 59.3 | 20.94 | 24.22 | -3.28 | 15.36 | 17.31 | -1.95 | 517.17 | 582.80 | -65.63 | 20.15 |
| 3 | 2,812 | 26.8 | 79.5 | 20.14 | 23.47 | -3.33 | 17.55 | 20.19 | -2.64 | 493.34 | 567.69 | -74.35 | 11.91 |
| 18 | 502 | 45.5 | 85.2 | 21.97 | 55.11 | -33.14 | 19.90 | 48.15 | -28.25 | 99.83 | 241.60 | -141.77 | -92.10 |
| 23 | 887 | 47.3 | 77.7 | 21.32 | 48.74 | -27.42 | 18.60 | 39.90 | -21.30 | 164.95 | 353.83 | -188.88 | -109.13 |
| Av.1953 | 1,959 | 50.3 | 85.7 | 22.57 | 24.60 | -2.03 | 20.76 | 22.22 | -1.46 | 406.54 | 435.19 | -28.65 | 50.23 |
| Av.1952 | 2,574 | 70.6 | 92.1 | 22.29 | 15.87 | 6.42 | 21.40 | 15.46 | 5.94 | 550.74 | 397.80 | 152.94 | 229.40 |
| Av.1951 | 2,326 | 80.5 | 89.5 | 24.22 | 18.20 | 6.02 | 22.80 | 17.42 | 5.38 | 530.40 | 405.13 | 125.27 | 200.35 |

*No. 17 was inadvertently omitted from the average for 1953 so that average covers only the other 14 records.

The year 1953 was one of generally lower yields for the orchards in this study. Size of walnuts was also down as shown by only 50% of the graded nuts making large and medium as compared to 70.6% in 1952 and 80.5 in 1951. Quality as shown by per cent merchantable (all except culls and blows) was also down a little. The two main factors of yield and price both being down in 1953 resulted in considerably lower average income per acre in these orchards. Costs per acre averaged higher so management and capital and management income were considerably reduced in 1953 as compared to the two previous years. The capital and management income of \$50 and acre is the actual profit as most folks without interest on indebtedness would figure it. So 1953 was not a good or profitable year but perhaps 1952 was better than usual or average. Better yields and lower total costs will be essential to adequate earnings even with the best obtainable prices.