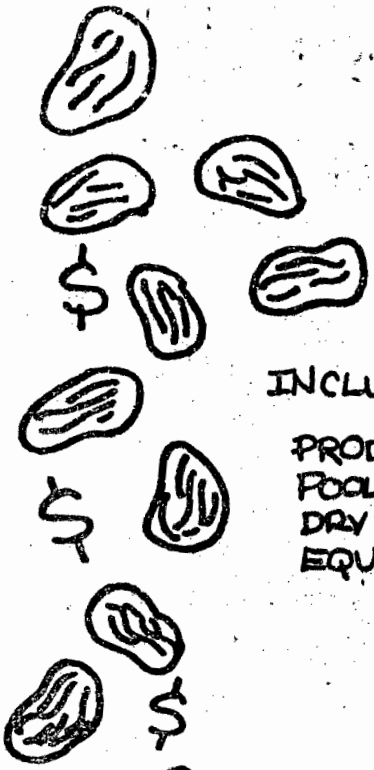
GR-SJ-80-2 San Joaquin Val.

Grapes

# Raisin Price$



INCLUDES:

PRODUCTION TONNAGES
POOLING PERCENTAGES
DRY RATIOS AND YIELD
EQUIVALENT WINERY PRICES

## and Grower Returns

# MARKETING THOMPSON SEEDLESS

The Thompson Seedless variety is widely used in all three major grape marketing segments--raisins, winery and fresh table. Modern cultural practices and competitive markets have eliminated the grower's ability to make a mid-season shift into the table grape market.

However, raisin and wine cultural practices differ only slightly. Mid-season marketing flexibility is thus possible for a large percentage of the Thompson Seedless acreage in the San Joaquin Valley.

The equivalent winery price chart on the next page may help you to decide if you want to sell green or dry.

First: An accurate sugar reading is important. If this is a late season decision then an actual test can be made. Otherwise, you will have to rely on past vineyard performance and current seasonal and crop conditions.

Next: Select your estimated raisin price per ton (see page 6 for explanation). Move across the page to the sugar test that fits your vineyard. The figure shown is the equivalent winery price/green ton.

For example, if the average raisin price is estimated to be $950/ton and you expect to have a sugar test of 20°B, then the winery equivalent price would be $228/ton, i.e. only if the expected winery price was $228/ton would your net returns per acre be equal for raisins or wine.

However, one must keep in mind that it costs a little more to make raisins, but the net returns per acre have historically been greater. It's always more work. Most important, nearly always the making of raisins carries a substantially greater risk.

## EQUIVALENT WINERY PRICE PER TON

| Raisin Price Per Ton | Sugar Test - At Normal Raisin Harvest | | | | | |
|---|---|---|---|---|---|---|
| | 17°B | 18°B | 19°B | 20°B | 21°B | 22°B |
| $700 | 145 | 151 | 158 | 164 | 171 | 177 |
| 750 | 156 | 162 | 170 | 176 | 183 | 191 |
| 800 | 166 | 173 | 181 | 188 | 196 | 204 |
| 850 | 176 | 184 | 193 | 200 | 209 | 217 |
| 900 | 187 | 195 | 204 | 212 | 221 | 230 |
| 950 | 197 | 206 | 216 | 224 | 234 | 246 |
| 1000 | 207 | 217 | 227 | 237 | 246 | 259 |
| 1050 | 218 | 228 | 239 | 249 | 259 | 272 |
| 1100 | 228 | 239 | 250 | 261 | 271 | 285 |
| 1150 | 238 | 250 | 261 | 273 | 284 | 295 |
| 1200 | 249 | 261 | 273 | 285 | 297 | 311 |
| 1250 | 259 | 272 | 284 | 297 | 309 | 324 |
| 1300 | 270 | 283 | 296 | 309 | 322 | 338 |
| 1350 | 280 | 294 | 307 | 321 | 334 | 351 |
| 1400 | 290 | 304 | 319 | 333 | 347 | 361 |

The key management question is....at what point is the difference in net returns per acre enough to justify the added risk and work of making raisins????

For additional production cost information see the U.C. vineyard cost sheets that are available at your local Farm Advisors Office.

## RAISIN DELIVERIES BY VARIETAL TYPES, 1970-79 TONNAGES[1]

| | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Sweatbox Tons | | | | | |
| Natural Seedless | 176,066 | 172,347 | 91,258 | 198,753 | 212,390 | 253,271 | 117,605 | 218,800 | 74,410 | 263,000 |
| Muscats | 1,440 | 1,857 | 712 | 2,200 | 2,704 | 2,039 | 412 | 1,162 | 1,207 | 1,606 |
| Golden Seedless | 11,464 | 17,168 | 9,511 | 16,185 | 13,847 | 17,391 | 14,091 | 15,200 | 8,010 | 19,464 |
| Dipped Seedless | 2 | 212 | 1,004 | 5,357 | 9,634 | 6,885 | 5,731 | 9,137 | 11,994 | 13,998 |
| Zante Currants | 2,972 | 2,178 | 1,107 | 2,059 | 2,424 | 2,801 | 3,371 | 3,300 | 3,308 | 3,354 |
| Other Varieties | 993 | 1,162 | 560 | 1,014 | 1,113 | 1,208 | 714 | | 504 | 1,553 |
| TOTALS | 192,937 | 194,924 | 104,152 | 225,568 | 242,112 | 283,595 | 141,924 | 247,599 | 99,433 | 302,975 |
| | | | | | GROWER RETURNS PER SWEATBOX TON[3] | | | | | |
| Natural Seedless | | | | | | | | | | |
| Free tonnage cash price | $320 | 325 | 500 | 700 | 640 | 647.50 | 1,050 | 840 | 1,600 | 1,150 |
| % free tonnage | 70 | 77 | 100 | 100 | 73 | 60 | 100 | 69 | 100 | 71 |
| Returns on 100%[2] | $278 | 319 | 500 | 700 | 605 | 600 | 1,050 | 856 | 1,600 | 1,150* |
| Dehydrated (All Types) | $363 | 360 | 542 | 758 | 520 | 633 | 1,050 | 836 | 1,300 | 1,150* |
| Muscat | $390 | 400 | 642 | 723 | 529 | 730 | 1,050 | 834 | 1,600 | 1,150* |
| Zante Currants | $230 | 250 | 506 | 723 | 649 | 703 | 1,050 | 803 | 1,600 | 1,150* |

*preliminary estimate

[1]Raisin Administrative Committee Data

[2]Cash seller returns only; does not include grower cooperative data.

[3]California Crop and Livestock Reporting Service Data.

## HIGH SUGAR MEANS MORE MONEY

Fresh fruit maturity, i.e. the sugar in the berry, is commonly known as the percent of soluble solids. This percent is usually expressed as Degree Brix ($^{o}B$). The chart below shows the dry ratio decreasing rapidly as the fresh grapes attain higher sugar levels. Another way to show this important relationship is to compare the pounds of dry raisins that can be made from 1 ton of fresh grapes at different percentages of soluble solids.

All marketable raisins contain about 69% sugar. Therefore:

I. The higher the fresh fruit sugar, the less wt. loss or dry down. Therefore, two vineyards having an equal fresh fruit tonnage/acre but different $^{o}B$ will also have different raisin yields. The vineyard with the higher $^{o}B$ will have the greatest raisin yield.

II. Harvest costs are the single greatest production cost item. These are normally paid on a per tray basis. Heavier trays will result from higher sugar grapes even though the fresh fruit wt. per tray was equal. Therefore, less trays are required to make 1 ton of raisins and so the cost of harvest, turning and rolling, boxing, etc. will be less/ton.

Thompson Seedless - Natural Sun-Dried Raisins

| $^{o}B$ | Dry Ratio | Lbs. raisins from 1 ton of grapes |
|---|---|---|
| 16 | 5.08 | 394 |
| 17 | 4.81 | 416 |
| 18 | 4.57 | 438 |
| 19 | 4.35 | 460 |
| 20 | 4.16 | 481 |
| 21 | 3.98 | 503 |
| 22 | 3.82 | 524 |

## RAISIN MARKETING ORDERS

Raisin marketing orders are authorized by both Federal and California legislation. The California raisin industry initiated both programs in 1949. The Federal Raisin Marketing Order is administered locally under U.S.D.A. supervision. All segments of the industry are represented in this marketing order through their elected representatives.

Part of the Federal Raisin Marketing Order's function is to assist in providing the American consumer with an orderly and regular supply of healthful California raisins. The strict minimum grade standards that help make California raisins prized throughout the world are specified in the marketing order program. In addition, the history of the California raisin industry has been one of tremendous oversupply in some years, followed by disastrously short crops in other years. These wide fluctuations are primarily due to conditions beyond the control of the grower. A typical example was the spring freeze in 1972 that resulted in a loss of more than half of the entire industry's crop. Fall rains during the raisin drying season and fluctuating wine industry grape purchases often aggrevated the industry's supply problems.

Therefore, in order to facilitate a reasonably uniform flow of product year in and year out from the farm to the consumer, the Federal Marketing Order specifies that varying percentages of each season's crop can be sold in the domestic and neighboring export markets. This annual percentage figure is noted in the chart and is commonly known as Free Tonnage. The balance of each year's crop is then assigned to the reserve tonnage pool, some of which may be sold through export channels. The export price is sometimes very low and in some years has even been below the California growers' costs of production. Therefore, the "Cash Seller Returns on 100%" category in the chart shows the actual dollars per ton the grower received after combining the normal price on the "Free Tonnage %" with the price he received for the reserve pool tonnage.

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