



Fruit and Tree Nuts Outlook: July 2024

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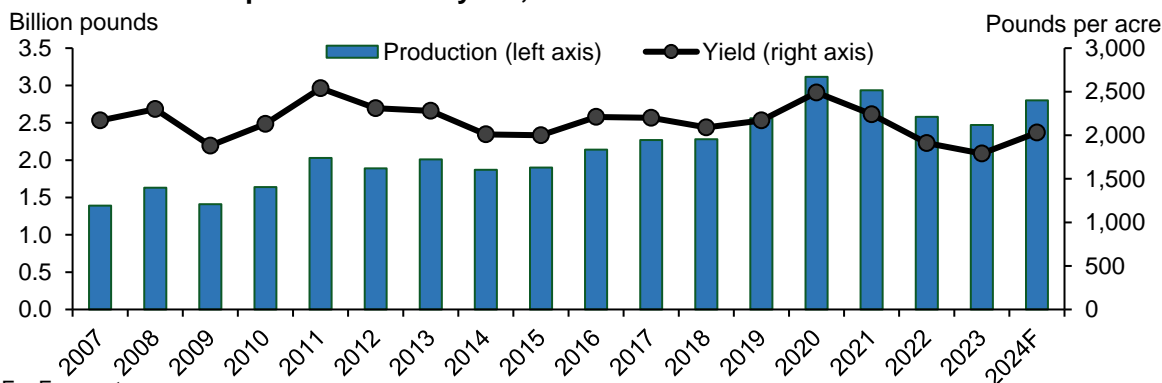
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Almonds Set for Near-Record Production in 2024

The *2024 California Almond Objective Measurement Report* forecasts that 2.8 billion pounds of almonds will be harvested this fall. If so, the 2024 crop would be the third largest on record and 13 percent larger than the crop produced last year. The increase in production is due to a 13-percent year-over-year increase in yield. USDA, National Agricultural Statistics Service (NASS) projects the 2024 almond yield at 2,030 pounds per acre. This yield estimate is higher than the previous two seasons, but close to the 10-year average of 2,111 pounds per acre. Preliminary 2024 almond bearing acreage is unchanged from a year ago. If the bearing acreage estimate is realized, 2024 will mark the first year since 1995 that almond acreage does not increase year-over-year. In part, a slowdown in almond acreage is due to historically low almond prices that have tightened producers' margins.

California almond production and yield, 2007–24F



F = Forecast.

Note: Production is in shelled equivalents.

Source: USDA, Economic Research Service using data from the USDA, National Agricultural Statistics Service *2024 California Almond Objective Measurement Report*.

and winter months. More than 80 percent of fresh watermelon imports have originated in Mexico on average (2021–23). Fresh watermelon import volume was down 6 percent in the first 3 months of 2024. Lower volumes from Mexico (down 20 percent) more than offset higher volumes from Guatemala (up 17 percent), putting upward pressure on prices in the first quarter. In April and May 2024, increased fresh watermelon imports from Mexico pushed year-to-date (January–May) volume up 3.6 percent year-over-year.

Watermelon summer prices lower: Conventional red flesh seedless type watermelon FOB shipping point prices were higher in the first 3 months of 2024 than in early 2023, before dropping in the second quarter as domestic production increased. FOB prices for watermelon were \$165 per 24-inch bin (approximately 35-count) by mid-June, almost half of the January–March average. U.S. advertised retail prices for conventional red flesh seedless watermelons averaged \$7.28 each in the first quarter and \$6.09 each in the second quarter of 2024, both higher than the same periods in 2023. In the first 2 weeks of July, prices fell to \$5.09 each for conventional red flesh seedless watermelon. Retail prices for conventional red flesh seedless miniature watermelons averaged \$4.24 each and \$4.27 each in the first 2 quarters of 2024, before dropping to \$3.30 each by mid-July.

Cantaloupe domestic shipments in 2024: The 2024 domestic cantaloupe season started in Florida in late March, then progressed to other major growing areas in May (Arizona, Georgia, and California’s Imperial Valley) and in June (Southern California, North Carolina, South Carolina, and Indiana). Central California is the largest domestic cantaloupe producing region, accounting for 46 percent of domestic shipment volume on average (2021–23). Shipments from Central California typically begin early July and continue into the fall. Through mid-July, year-to-date domestic shipments were down 4 percent. While shipments were higher from Arizona (up 2 percent) and Georgia (up 16 percent) as of mid-July, Florida volumes ended the 2024 season down 18 percent year-over-year. Shipments from California’s Imperial Valley (May through mid-July) were down 11 percent from the same period last year.

Honeydew domestic shipments in 2024: The domestic honeydew season starts in Arizona and California’s Imperial Valley in May, then shifts to Southern California in June and Central California in July. Through mid-July, year-to-date domestic shipments were 6 percent higher than the same period in 2023. Volumes were up in Arizona (42 percent) and California’s Imperial Valley (up 20 percent).

Tree Nuts Outlook

The USDA, *NASS 2024 California Almond Objective Measurement Report* predicts that approximately 2.8 billion pounds of almonds will be produced in 2024. If so, the 2024 crop would be the third largest on record, smaller than the 3.1 billion pounds produced in 2020 and the 2.9 billion pounds produced in 2021. Almond exports were higher during Aug-May of the 2023/2024 marketing year (August–July), compared to last year. Though a bumper crop in 2024 is expected to put downward pressure on prices, sustained increases in export demand could help offset some of this pressure.

The first NASS forecasts for the 2024 walnut crop will be published this September in the *2024 California Walnut Objective Measurement Report*. However, the California Walnut Board's estimates (published in the *Land IQ 2024 Standing Acreage* report) suggest that walnut acreage will not change much in 2024. Because walnuts require a relatively large number of chill hours, and because the 2023/2024 winter was mild, USDA, ERS economists expect walnut yields to decrease relative to 2023. Decreases in yields should reduce production and may put upward pressure on walnut prices.

Almonds Set for Large Crop in 2024

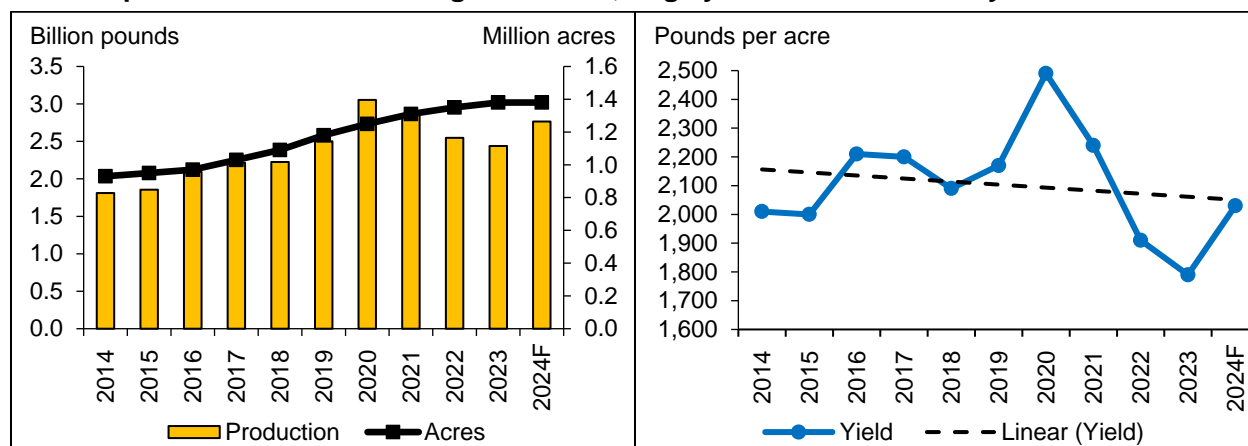
The United States produces approximately 80 percent of the world almond supply and supplies approximately 85 percent of the global export market. Virtually all commercially relevant U.S. almond production takes place in California. Consequently, the size of the California almond crop has both domestic and global implications.

The *NASS 2024 California Almond Objective Measurement Report* forecasts that almond production will reach 2.8 billion pounds this fall (figure 16). If realized, the 2024 crop would be approximately 13 percent larger than the 2023 almond crop (2.47 billion pounds) and 16 percent larger than the 10-year average (2.41 billion pounds).

Increases in the size of the 2024 crop are due to increases in yields, not acreage (which NASS forecasts will be unchanged from 2023). In 2024, NASS forecasts that almonds yields will be approximately 2,030 pounds per acre (figure 16). This estimate is close to the 10-year average yield (2,111 pounds per acre) but is an increase from the 1,910 pounds per acre recorded in 2022 (when California was in a prolonged and severe drought) and the 1,790 pounds per acre recorded in 2023 (when almond pollination was disrupted by storms).

Figure 16

Almond production is forecast higher in 2024, largely due to increases in yields



F=Forecast.

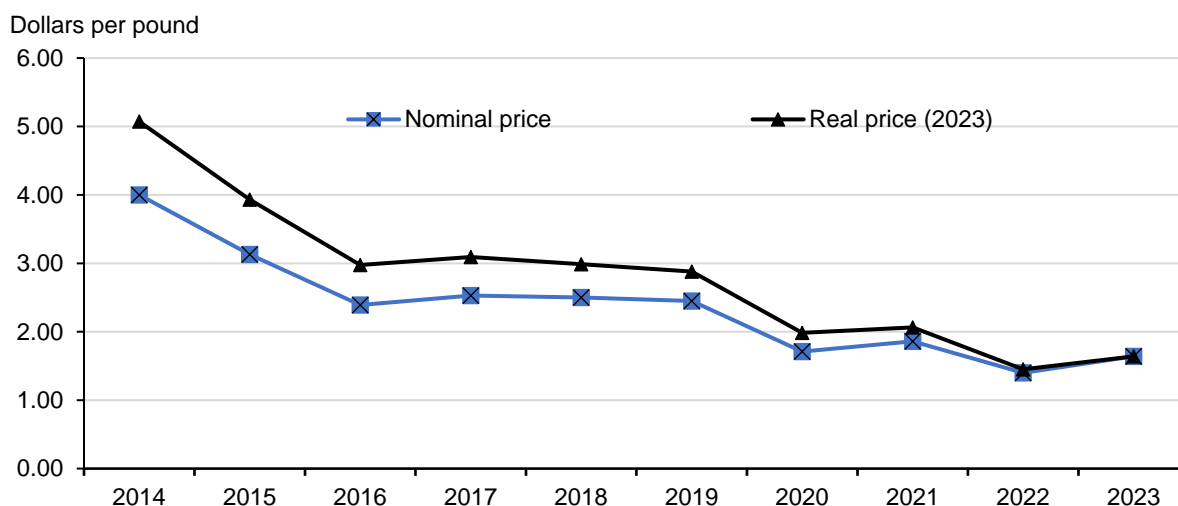
Note: Production and yields are in shelled equivalents.

Source: USDA, Economic Research Service using data from the USDA, National Agricultural Statistics Service.

The preliminary 2024 almond bearing acreage forecast marks the first year since 1995 that acreage does not increase year-over-year. In part, this slowdown is due to historically low almond prices, which have shrunk producers' margins (figure 17).

Figure 17

Nominal and inflation-adjusted almond prices have fallen over the last decade



Note: The implicit price deflator has been rescaled such that the base year is 2023. Prices are in dollars per pound of shelled equivalents. Prices are marketing season average; USDA, NASS defines the marketing season for almonds as August 5 through November 15.

Source: USDA, Economic Research Service using data from the USDA, National Agricultural Statistics Service and the U.S. Department of Labor, Bureau of Labor Statistics, gross domestic product (implicit price deflator), index 2017=100, annual, not seasonally adjusted.

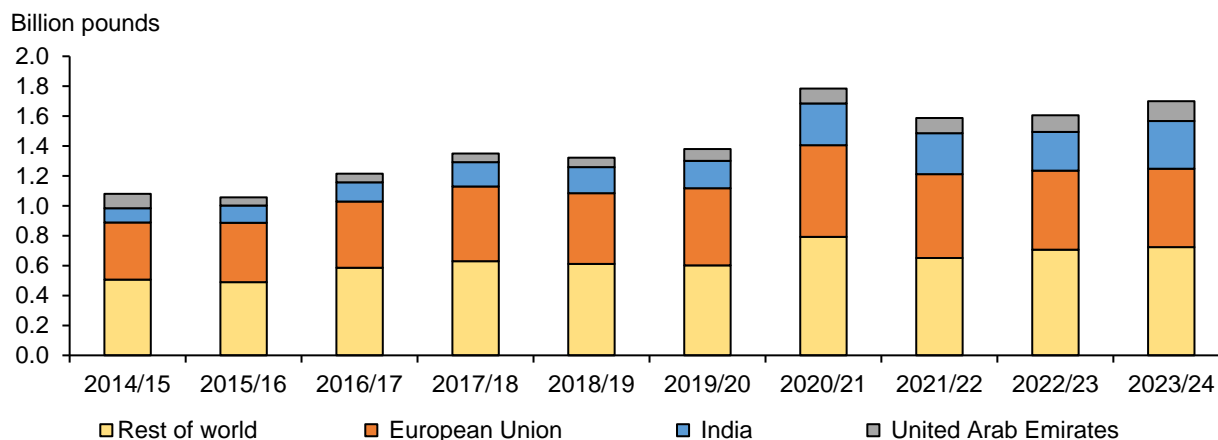
The break-even price for almonds (i.e., the price at which producers cover their costs) depends on growers' input use decisions, input prices, and yields. A 2024 costs and returns study conducted by the UC Davis Department of Agricultural and Resource Economics suggests that the break-even price (for almond growers producing 2,200 pounds per acre) is \$2.00 per pound.

Average almond prices have been below this level since 2020. Though a bumper crop in 2024 is expected to put downward pressure on domestic and global prices for almonds, increases in foreign demand for almonds (for instance, due to ongoing marketing campaigns by the California Almond Board, the relaxation of tariffs, or changes in exchange rates) could help offset some of this downward pressure.

2023/24 year-to-date almond exports second highest on record: Recent trade data indicates that marketing year-to-date (August–May) exports are approximately 1.7 billion pounds (shelled equivalent), 6 percent higher than they were in 2022/23 and 11 percent higher than the 5-year average (figure 18). This increase has been driven by a surge in exports to the United States’ second-largest trade partner, India, which regularly imports over a fifth of U.S. almond exports. Year-to-date exports to India are 23 percent higher than in 2022/23 and 36 percent higher than the 5-year average. Exports to the United Arab Emirates (the United States third largest partner) are 20 percent higher.

Figure 18

Higher year-to-date exports to India have driven increases in total year-to-date exports



Note: These export statistics are partial marketing year totals, reflecting volumes traded from August through May. Export volumes are shelled equivalents. In-shell (HS 802110000) and preserved (HS 2008194000) almond volumes were converted to shelled equivalents using the conversion factors 0.6 and 0.7, respectively.

Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

Increases in exports to India may have been spurred by last summer’s reductions in retaliatory tariffs. In June 2023, India announced that it would remove a 7 rupee per kg (approximately 5 cents per pound) tariff on in-shell almonds, and a 20 rupee per kg (11 cents per pound) tariff on shelled almonds. These tariffs were a small percentage of the total almond price, but their removal appears to have made U.S. almonds substantially more competitive in India.

Historically, increases in net almond exports (exports minus imports) have coincided with decreases in almond inventories. Currently, the Almond Board of California forecasts that

carryout for the 2023/24 marketing season will be 625 million pounds. This would be a 22 percent decrease from 2022/23, and similar to carryout following the record-breaking harvest in 2020/21.

2024 Walnut Production Expected To Fall Following a Record-Breaking 2023

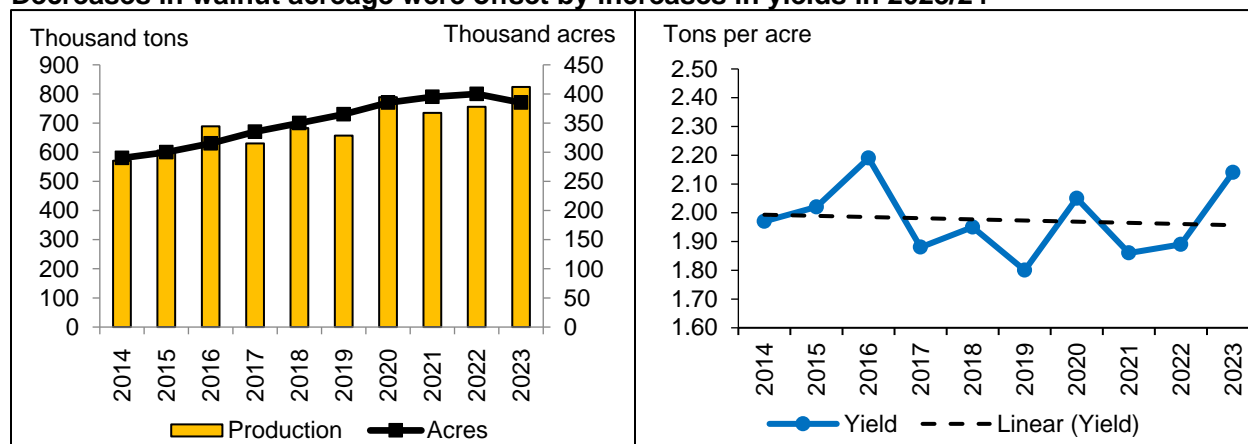
The USDA, NASS *2024 California Walnut Objective Measurement Report* will provide the first authoritative government estimates for this year's walnut crop when it is published on September 4, 2024. In the meantime, information from industry sources can provide useful insight into how walnut acreage, yields, and production will change from 2023 to 2024.

In 2023 and 2024, the California Walnut Board hired Land IQ (a consulting company specializing in remote sensing) to estimate walnut acreage. The *2024 Standing Acreage* report (released April 2024) suggests that 13.5 thousand new walnut acres came into production this season and that 11.7 thousand acres were removed. These changes are expected to result in about a 2,000 acre (0.5 percent) increase in bearing acreage from 2023 to 2024. However, the number of walnut producing acres (which Land IQ calculates by subtracting high stress/abandoned acreage from bearing acreage) could decrease over the course of the growing season as changes in weather and market conditions affect growers' expectations about profits and yields.

Walnut yields depend on many factors, including growers' input use decisions and weather. In 2022/23, cool winter temperatures helped ensure that walnut trees' chill hour requirements were met, and a wet spring provided enough soil moisture to support kernel development. These conditions helped boost walnut yields to 2.14 tons per acre in 2023/24—the second highest yield recorded, lower only than the 2.19 tons per acre produced in 2016 (figure 19). Following a warm winter in water year 2023/24, USDA, ERS economists expect 2024/25 walnut yields to be approximately 2 tons per acre (just above the 5-year average).

Figure 19

Decreases in walnut acreage were offset by increases in yields in 2023/24



Note: Production and yields are in-shell equivalents.

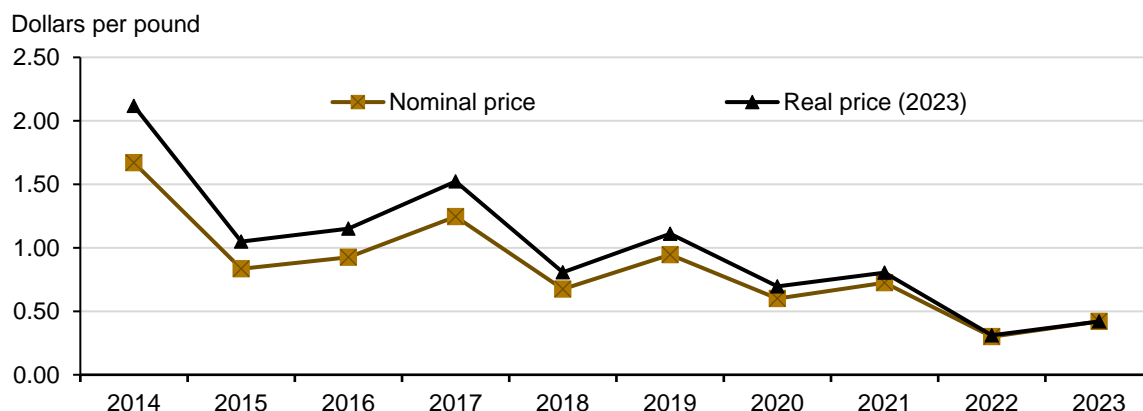
Source: USDA, Economic Research Service using data from the USDA, National Agricultural Statistics Service.

If yields fall to 2 tons per acre and bearing acreage remains steady, then USDA, ERS economists expect 2024/25 walnut production to fall to 770 thousand tons in 2024. This would be a 6 percent decrease from the record-breaking 824 thousand tons produced in 2023.

A decrease in the size of the 2024 crop would put upward pressure on walnut prices. Although it is too early to forecast how prices will change in 2024/25, the USDA, NASS *Noncitrus Fruits and Nuts 2023 Summary* (May 2024) indicates that walnut prices increased in 2023, from 30 cents per pound in 2022 to 42 cents per pound in 2023 (figure 20). Sustained increases in walnut prices will depend on changes in the global supply of walnuts, the quality of domestic production, and how demand for U.S. exports changes in the coming year.

Figure 20

Nominal and inflation-adjusted walnut prices have fallen over the last decade

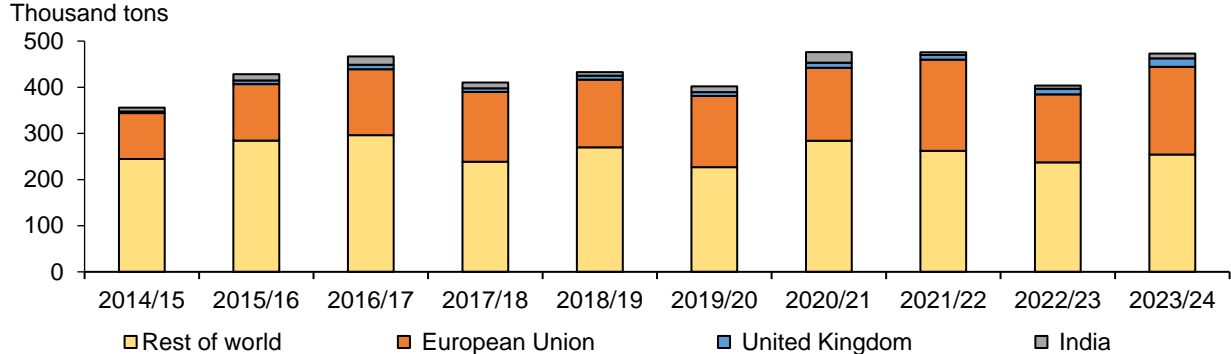


Note: The implicit price deflator has been rescaled such that the base year is 2023. Prices are in dollars per pound of in-shell equivalents. USDA, NASS defines the marketing season for walnuts as September 15 through November 10. Source: USDA, Economic Research Service using data from the USDA, National Agricultural Statistics Service and the U.S. Department of Labor, Bureau of Labor Statistics, gross domestic product (implicit price deflator), index 2017=100, annual, not seasonally adjusted.

Walnuts exports in 2023/24: Unlike in the almond market, U.S. walnut growers account for only 25 percent of global production and 45 percent of global exports by volume. China, Chile, Turkey, and Ukraine account for over half of the export market, though small quantities are also exported by the European Union and Moldova. Recently collected trade data suggests that the marketing year-to-date (September–May) volume of global walnut exports (excluding the United States) are approximately 4 percent lower than the same period last year.

By contrast, the marketing year-to-date volume (in-shell equivalent) of U.S. exports is 17 percent higher than it was in 2022/23 (figure 21). The largest volume increases were in shipments to the European Union which increased by approximately 43 thousand tons (29 percent). Smaller volumes of walnut exports are destined for the United Kingdom and India, but exports to these countries increased by 50 percent and 48 percent, respectively, from 2023 to 2024. Increases in exports to India have been driven by the removal of a 20 percent tariff on in-shell walnuts.

Figure 21
Year-to-date walnut exports in 2023/24 are 17 percent higher than in 2022/23



Note: These export statistics are partial marketing year totals, reflecting volumes traded from September through May. Export volumes are in-shell equivalents. Shelled walnut volumes were converted to in-shell equivalents using conversion factors that varied from 2.4 to 2.5 from 2014/15 to 2023/24.
 Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

Suggested Citation

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