



FARM REPORT

JUNE 2018



MAKING SENSE OF YOUR CITRUS BIN RETURNS

Citrus is an unusual fresh fruit. Central California growers spend the spring tending to the bloom and flowers. The summers are spent growing the crop to size, then the fall is time for the fruit to start to mature and harvest will begin. Although citrus fruits are harvested year round, typically September is considered the beginning of the new production season. Once the fruit is harvested, it is sorted out and packaged at a local facility. A few days later, the grower receives a report that reveals the grade. This is always the most exciting part to me, as this is the ultimate indicator of the results achieved for all the work put in during the past 12 or more months.

The big question that growers ask: "Now, how much money am I going to make?" This is always a loaded question, and one should give careful thought before giving an answer. There are several factors that need to be considered to calculate the most predictable outcome. These are the factors that I consider for Navel and Valencia Oranges:

- BINS
HARVESTED
-
calculate
to
bins
per
acre
- FRESH

PACKED
FRUIT

-

fresh
boxes
packed,
then
juice,
then
waste

■ DIFFERENTIATE
PACKED
FRUIT

-

Export,
Fancy,
Domestic,
Choice

■ DIFFERENTIATE
FRUIT
SIZES

-

large,
medium,
small

■ SALES
POINT
PER
UNIT
BOX

-

FOB's
(amount
of
sale
per
box)

■ EXPENSES

-

harvest
&
hauling,
packing,
materials,
fees,
etc.

I use an Excel spreadsheet and copy my packing report into individual line items. Usually, the salesperson will be able to give an idea of the FOB sales price for each carton based on size and quality. Based on history, the costs associated with harvesting and packing the fruit can be subtracted. Once these computations are done, a very accurate bin return is calculated. Multiply this number by the number of bins, and we know how much money we are going to make on this crop.

FOB's

A common mistake that is made is simply comparing bin returns. Most conversations I have with fellow growers focus are bragging or complaining about how much value they did or did not receive for their fruit. But, we rarely compare notes on how much Export fruit and larger sizes were packed. This is where the separation between good and great groves takes place.

In 2017, the returns for citrus somehow turned very bullish. Most believe it was due to a much smaller navel crop, which marketers could move with ease, and fruit sizes were typically larger than normal. What I noticed was the stark contrast between the sales prices for Export High-Brix quality compared to Domestic Fancy. Here is an actual example from one packing house for mid-season navels:

- Export
Fancy
72's
-
\$22.25
- Export
Choice
72's
-
\$17.65
- Domestic
Fancy
72's
-
\$15.07
- Domestic
Choice
72's
-

\$10.16

Although an orange can be a 72, it is clear than an orange that goes in one box is worth more than double of the same size. This the objective to return as much as possible back to the owner. So naturally, our objective is to grow as much export quality fruit as possible. By the way, this fruit typically gets picked sooner than domestic quality. Fine tuning farming practices can help get closer to this objective.

Navel Orange Stats & Terminology



- 1
Bin:
920
pounds
oranges

- 1
Bin:
23
x
40
pound
cartons

- 1
Bin:
16
Field
Boxes

- 85%
Fresh
Pack:
19.55
x
40
pound
cartons**

- \$\$/Bin
x
Bins
per
acre
=
\$\$

Revenue
per
acre

Typical total mid-season packout

For more information or questions on all things related to citrus, please send me an email to info@neufeldag.com.

Neufeld Ag specializes in farming, consulting, developing citrus and other permanent crops. Let us help you maximize the returns back to your farm.



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