

Arizona Nut Crops

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Young and Mature Pecans





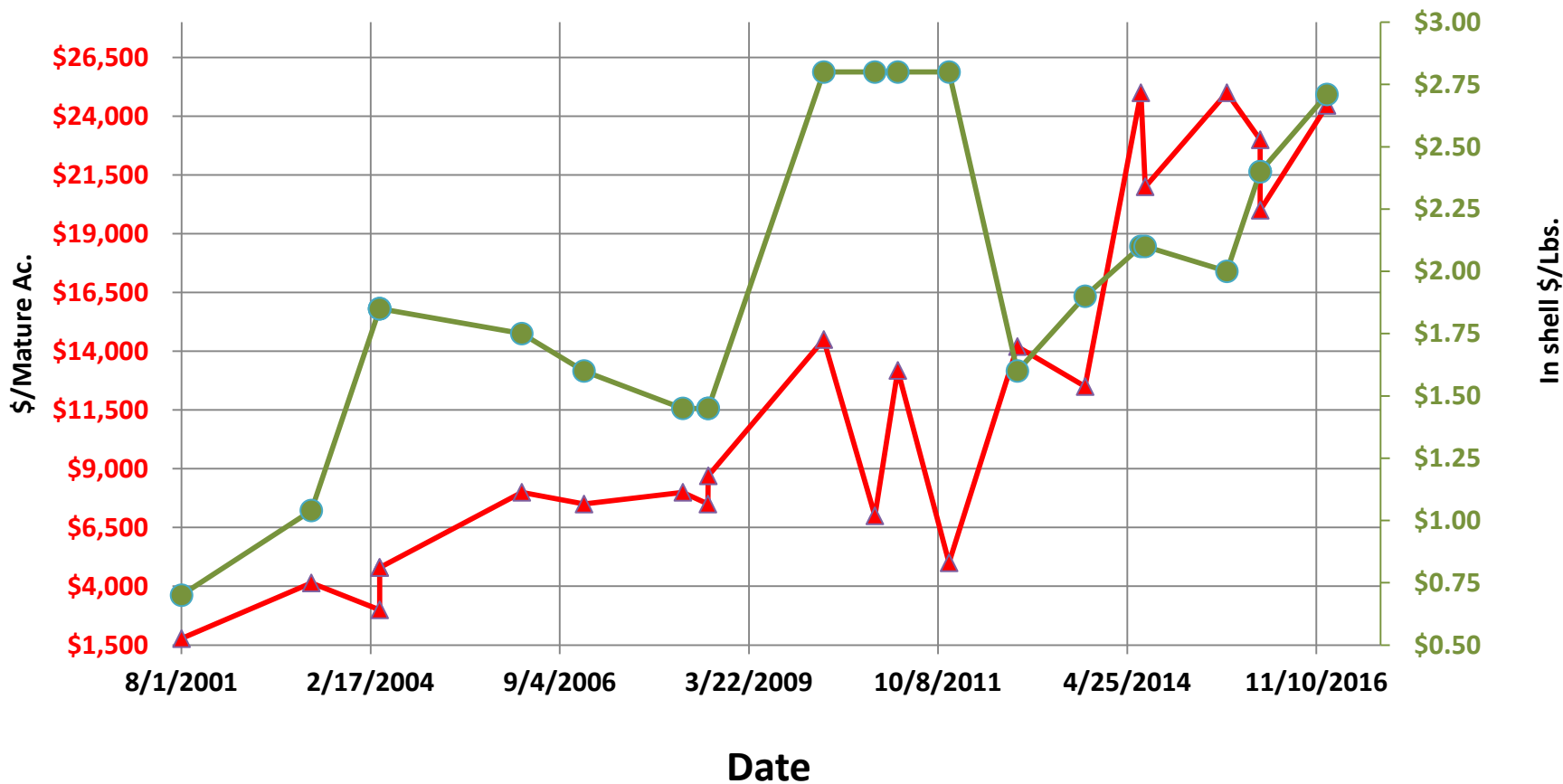
Mature Pistachio Trees



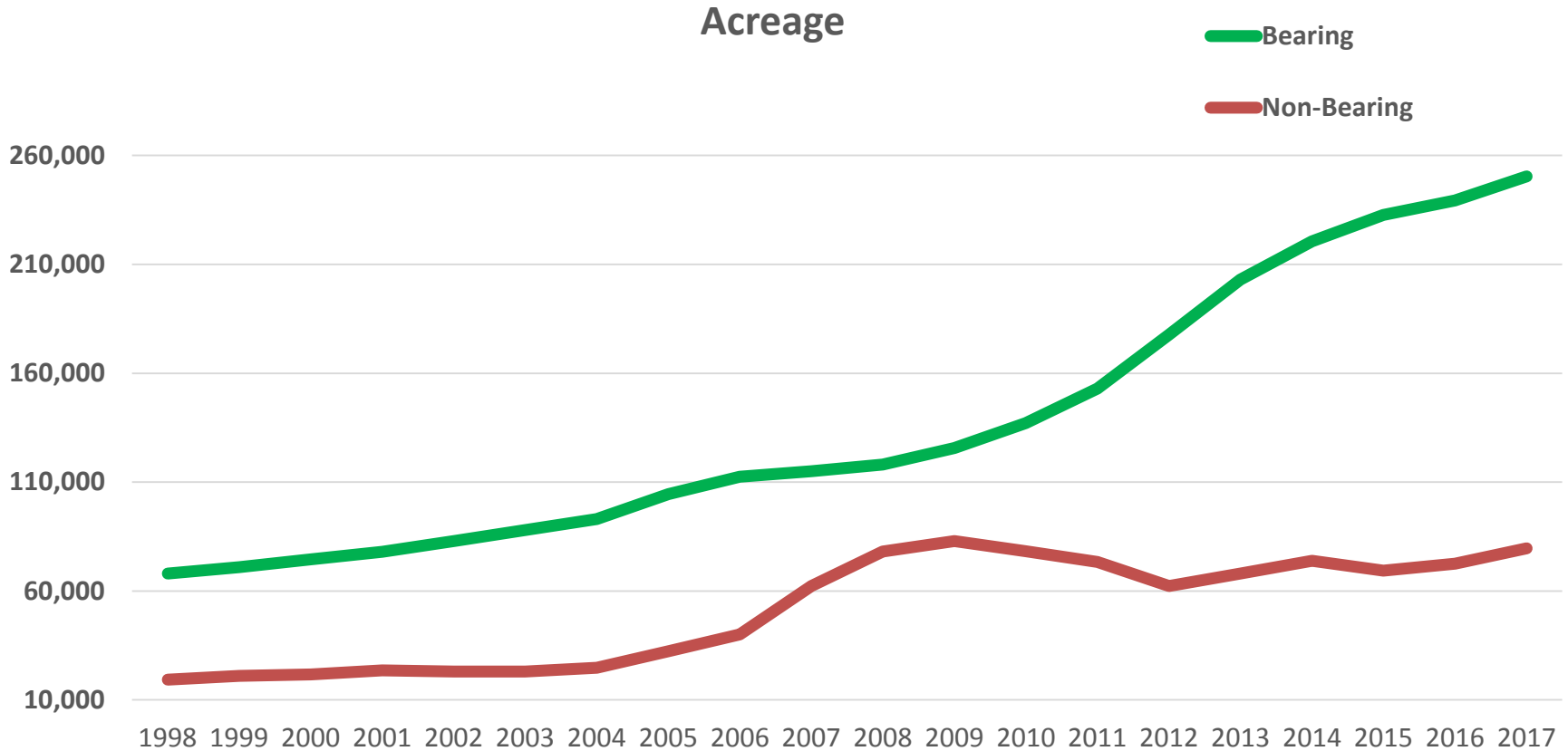
Pecan Sales

\$1.94/pound 14 year average

▲ \$/Mature Ac. ● In shell \$/Lbs.



California Pistachio Acreage

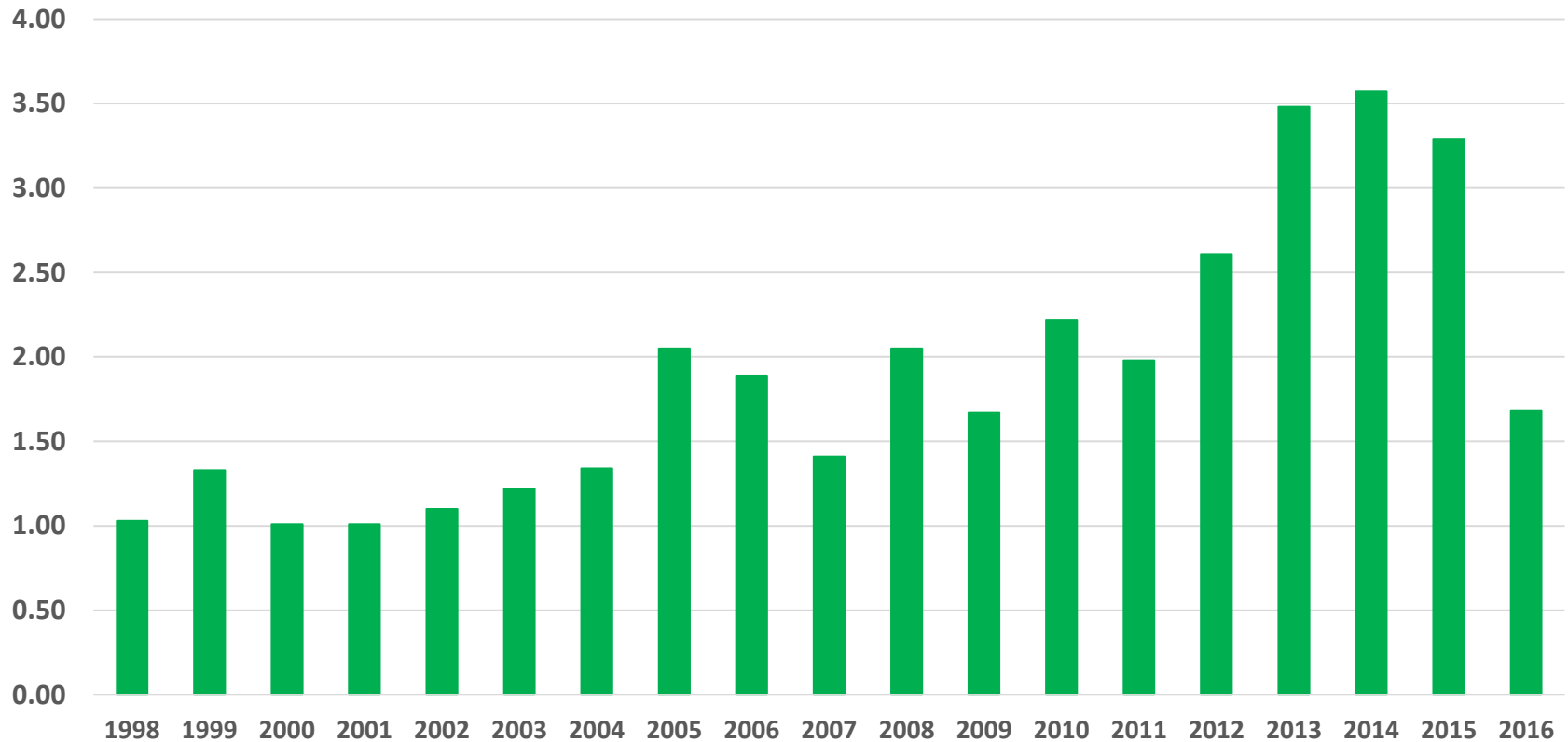


Pistachio

Average Return In-Shell \$/Pound

Average return per lb.

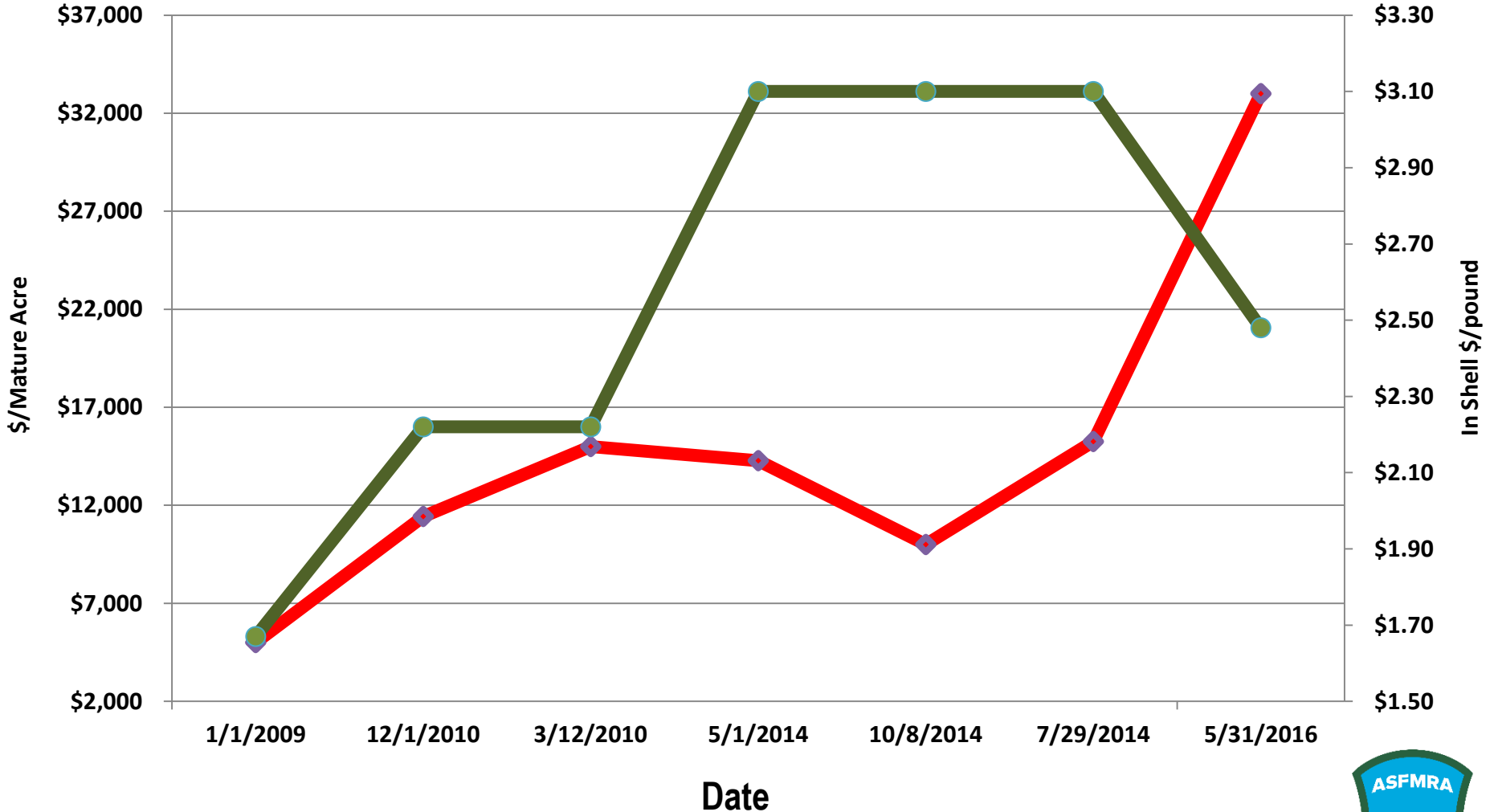
2017 average return
not available



Pistachio Sales

◆ \$/Mature Ac. ● In shell \$/Lbs.

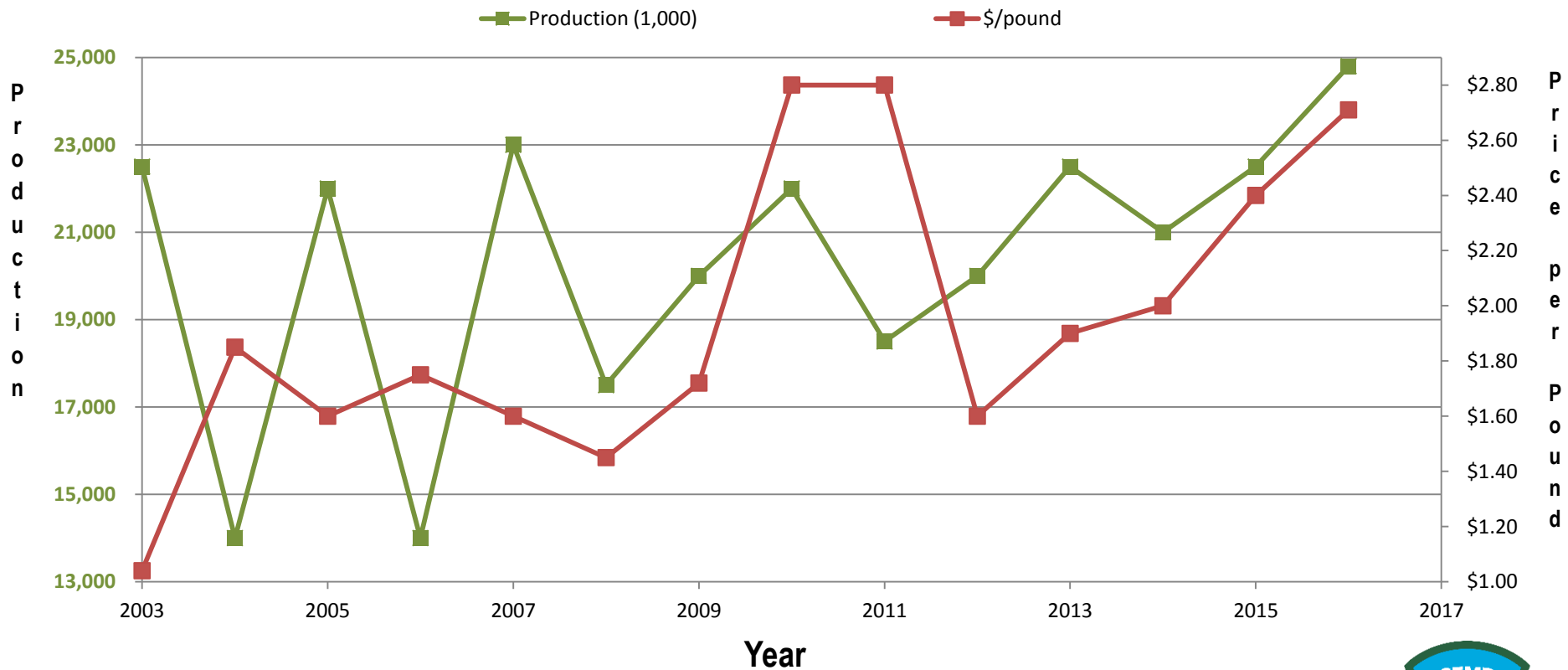
\$2.34/pound 10 year average



Arizona Pecan

Price per Pound & Production per Year

Arizona Pecan Statistics Improved Varieties



Arizona Pecans

- Arizona is the 4th largest producer of Pecans in the US averaging over 20 million pounds per year of utilized production
- This is 1/2 of the production of the 3rd largest producer which is New Mexico. Georgia Produces nearly 50% of total US improved variety nuts
- There are 20,000+- acres of pecans in Arizona with 13,500 acres bearing age



Arizona Pecans

- There will likely be 27,000 to 30,000 planted acres by 2020 with 20k acres bearing
- 1/3 of the plantings are in the Cochise County (Elfrida, Kansas Settlement, San Simon and Bowie) with other plantings noted in Pima, Pinal, Maricopa, Yavapai and Graham Counties
- Most pecans planted 2,500-4,200 feet with good air drainage



Arizona Pecans

- 400-500 accumulated chilling hours in late fall to end of February required, 32-45°F ideal range
- Good mature production averages from 1,800 to 2,500 pounds/acre in-shell with breakeven prices being roughly \$.90 to 1/lb (in-shell). Best orchards may average 2,700+ lbs/acre
- Pecans are alternate bearing. Primary varieties are Westerns and Wichita's, Indian varieties increasing
- Primary challenge: matching up an adequate water supply with other elevation and climactic conditions



Arizona Pistachios

- California is the largest pistachio producing State with 330k acres of which 250.3k acres are bearing
- Arizona has a very limited amount of Pistachio acreage with 2,000+- acres total. Mostly in Cochise County, lesser acreages in Graham & La Paz County (Wenden-Salome)
- Roughly 2,000 acres are mature bearing
- There are several thousand more acres which have been cleared or are in process in Cochise/Graham Counties mainly in the Bowie-San Simon area (Cochise) and Bonita (Graham)



Arizona Pistachios

- Desired climate: similar to Pecans but Pistachios use less water and can tolerate lower quality water. Chilling hours required are reportedly 500+- hours between 32 and 45°F, November-February
- Good mature production exceeds 2,800-3,000 lbs/acre with a breakeven price of \$.70-\$1.00/lb
- Pistachios are alternate bearing similar to pecans
- Same challenges exist for water supply and climate as with pecans



Market Expectations for local Pecans and Pistachios

Continued profitability for the long-term foreseeable future, subject to normal short term cycles. Pistachio plantings primarily in California may eventually put downward pressure on prices. China is a big nut buyer; downturns in that economy place pressure on nut prices. Cyclical commodity prices with 2015 being a down cycle for **pistachio** price at \$2.48/pound, down from \$3.10 in 2014. In 2016 the price dropped further to \$1.68/Lbs. by year end 2016 with record yields in the US (on cycle year). **Pecans** trended up during the same period from \$2.20 to \$2.40/pound, up to \$2.71/Lbs. for 2016 crop.

