

Arizona Nut Crops

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Young and Old Pecans





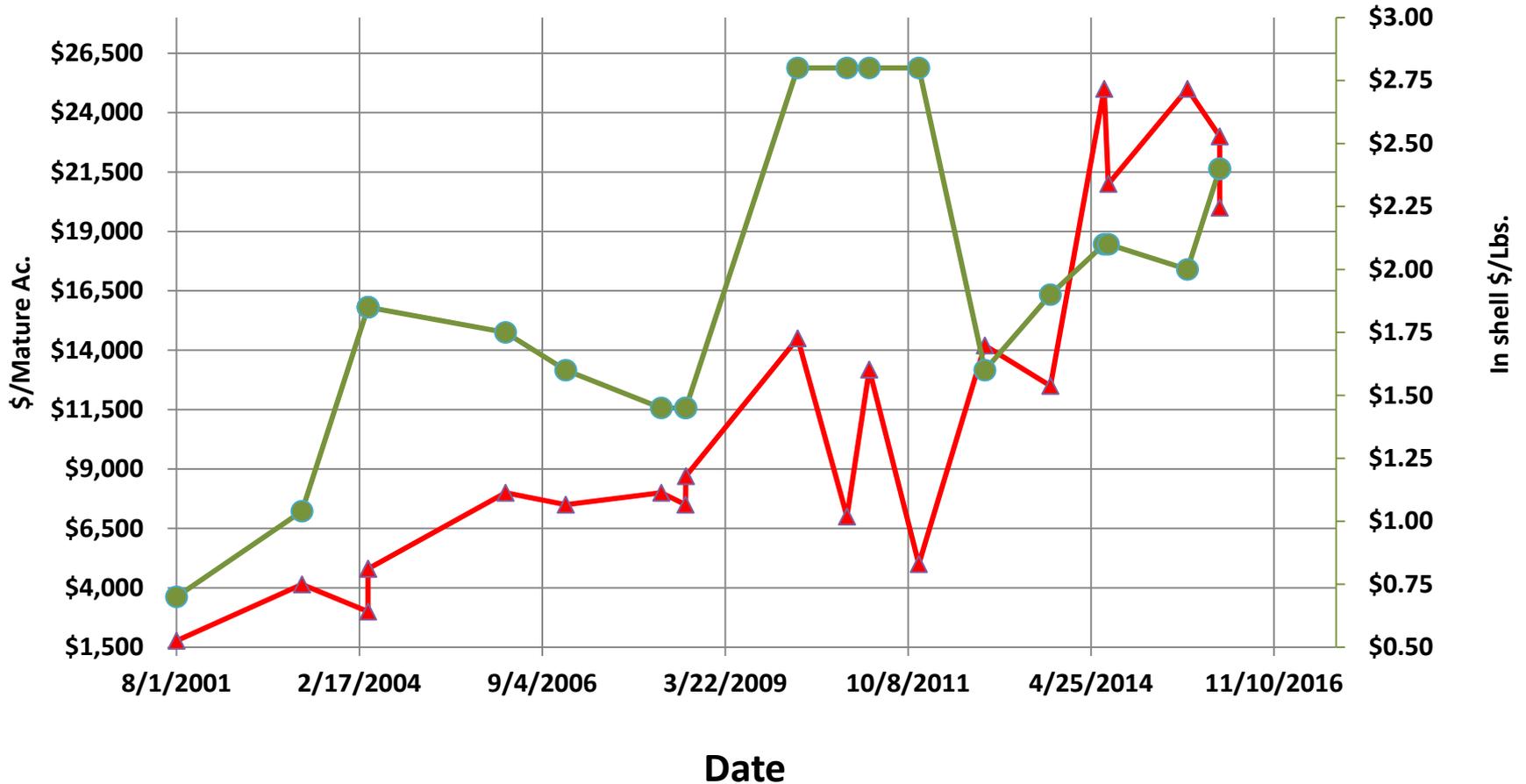
Pistachio Trees



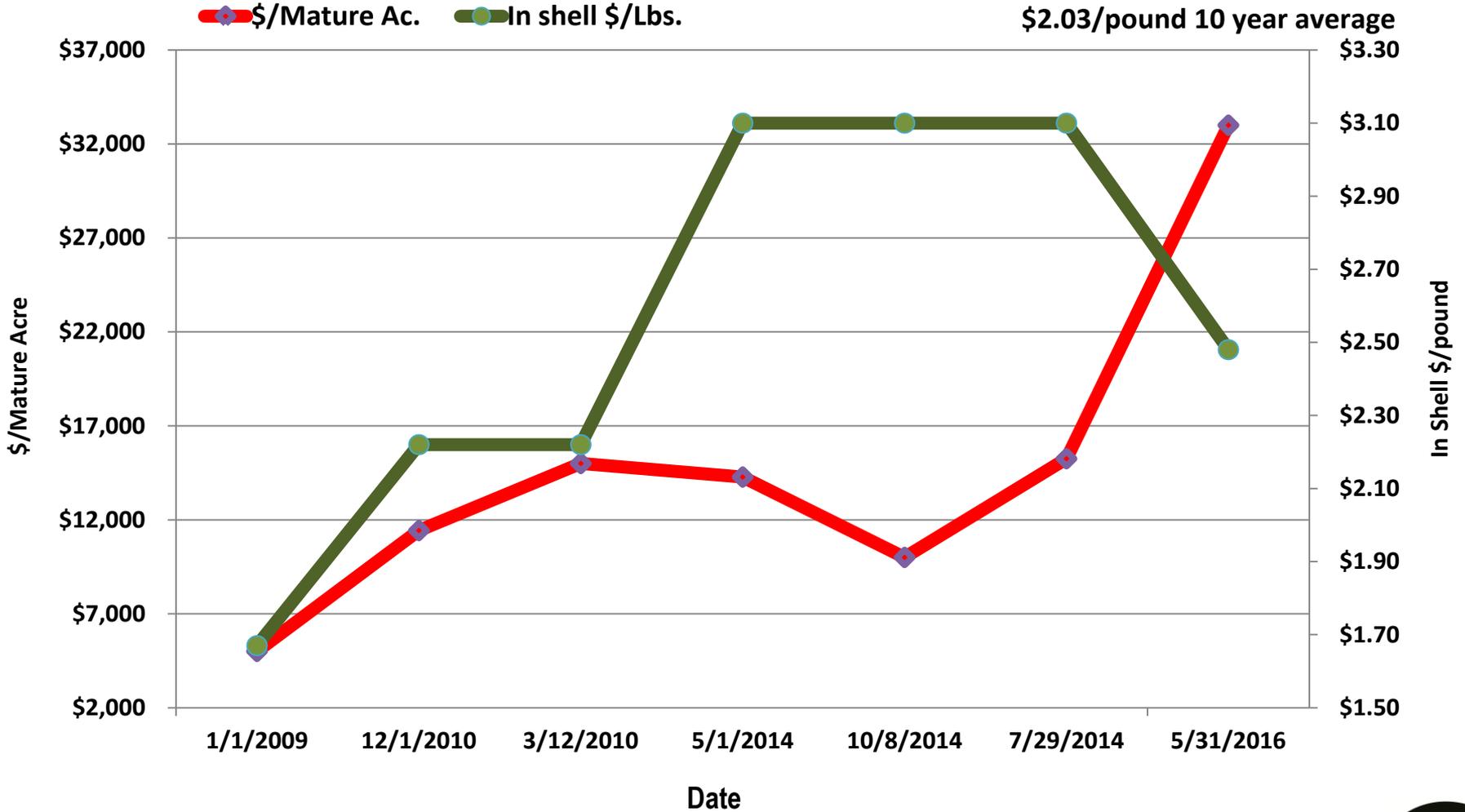
Pecan Sales

\$1.89/pound 13 year average

▲ \$/Mature Ac. ● In shell \$/Lbs.



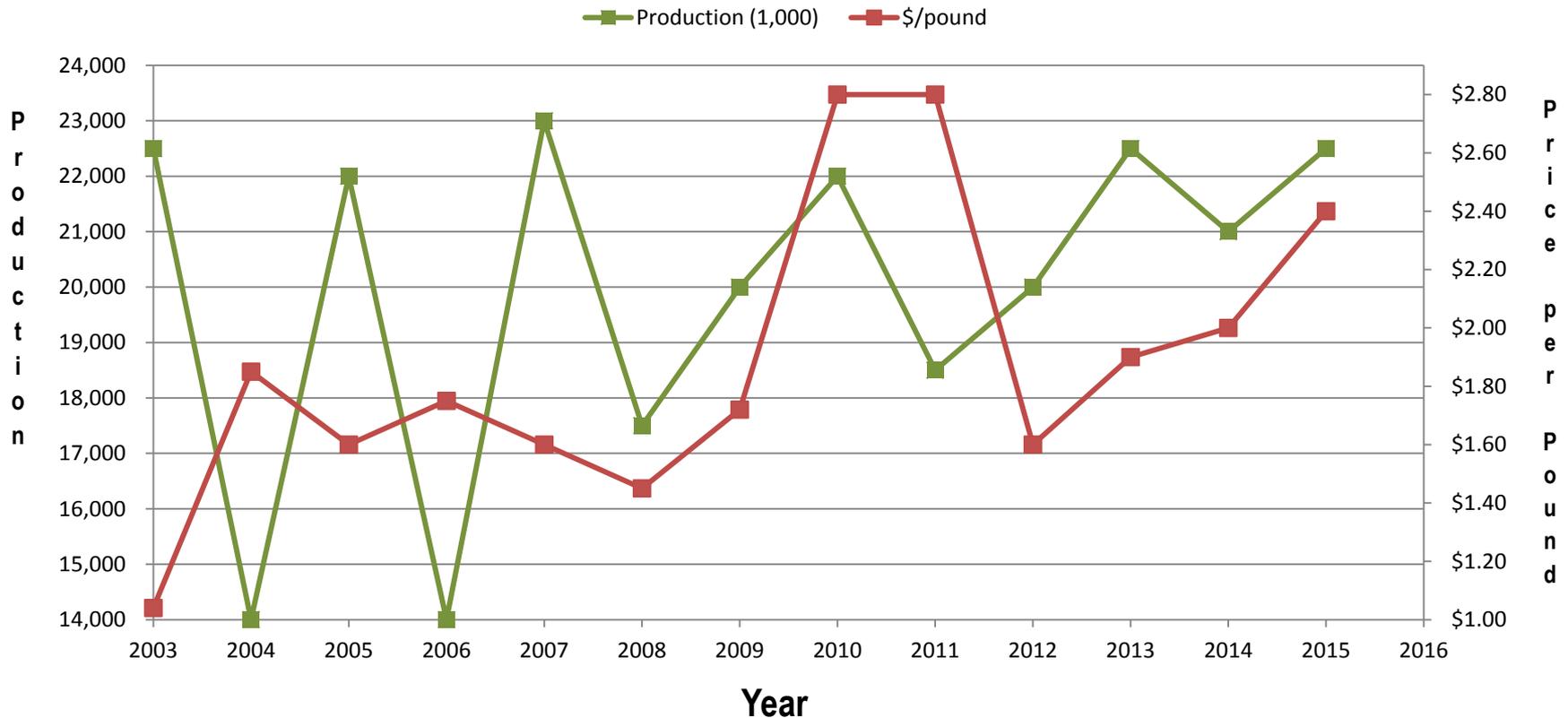
Pistachio Sales



Arizona Pecan

Price per Pound & Production per Year

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
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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 302K acres of which 233K acres are bearing
- Arizona has a very limited amount of Pistachio acreage with 4,300+- acres total. Mostly in Cochise County, lesser acreages in Graham & La Paz County (Wenden-Salome)
- Roughly 1,900 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 foreseeable future. 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. Pecans trended up during the same period from \$2.20 to \$2.40/pound.

