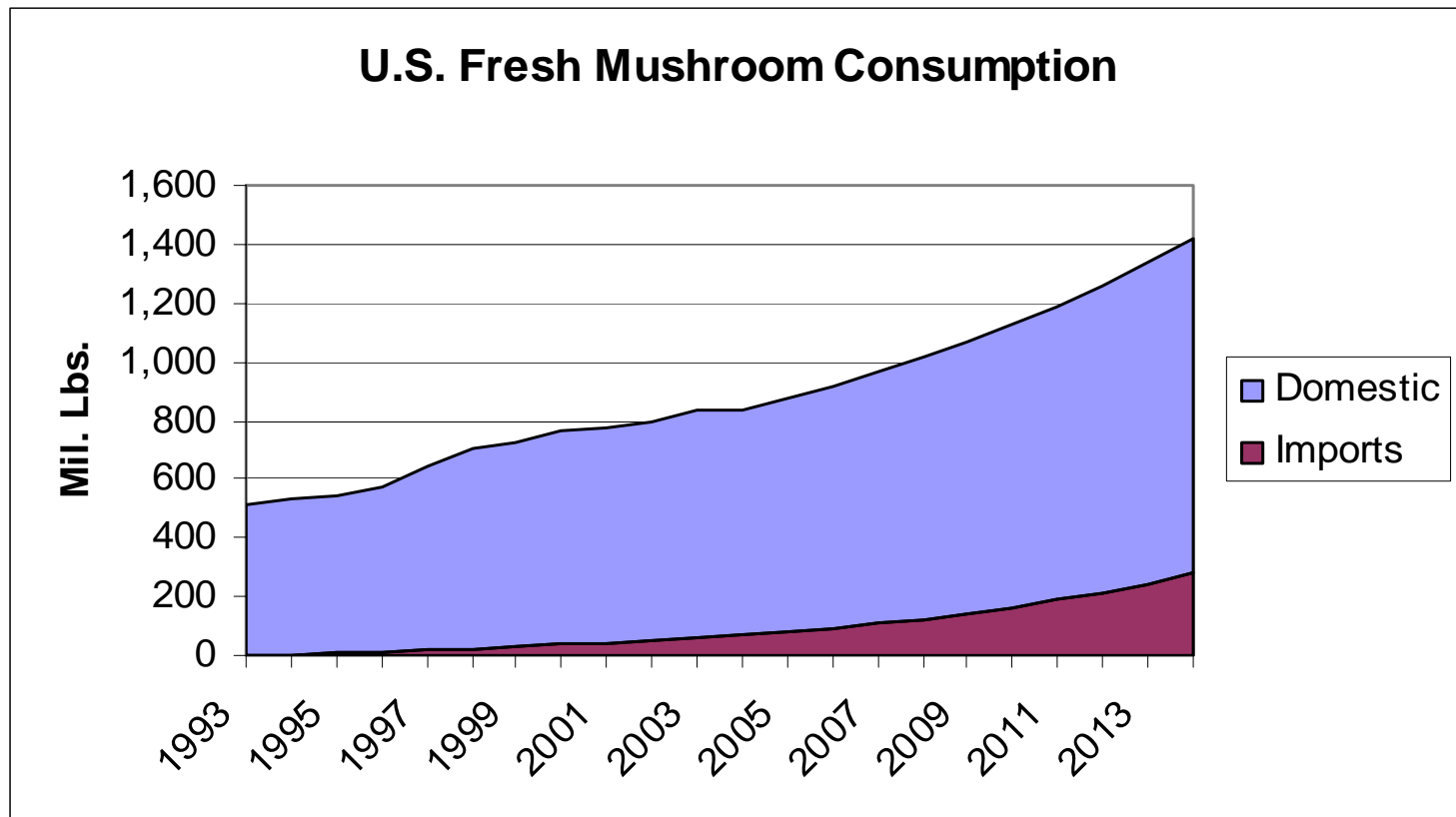




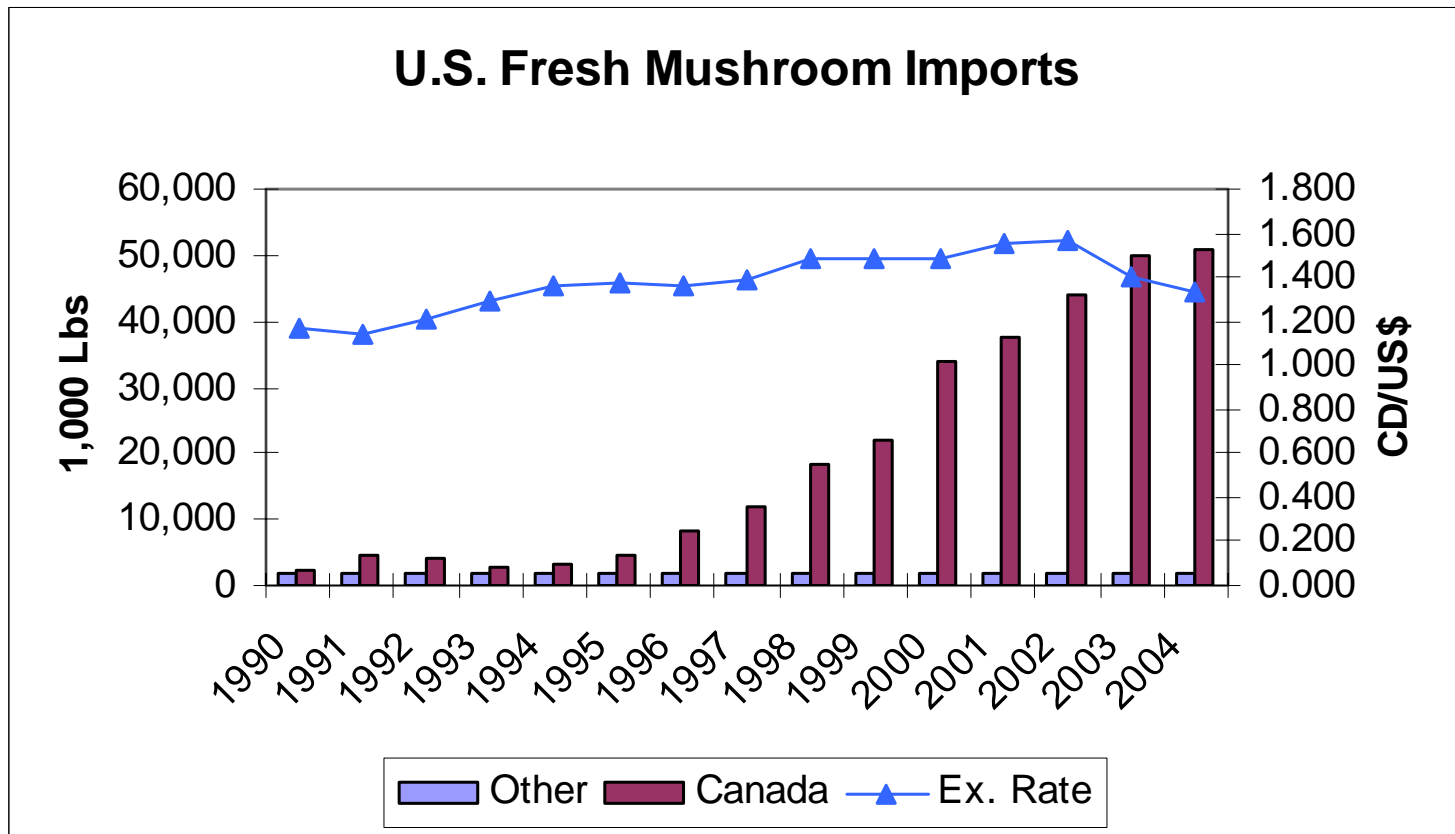
U.S. Fresh Mushroom Market Update with a Focus on Canadian Supplies

Paul M. Patterson, Ph.D.

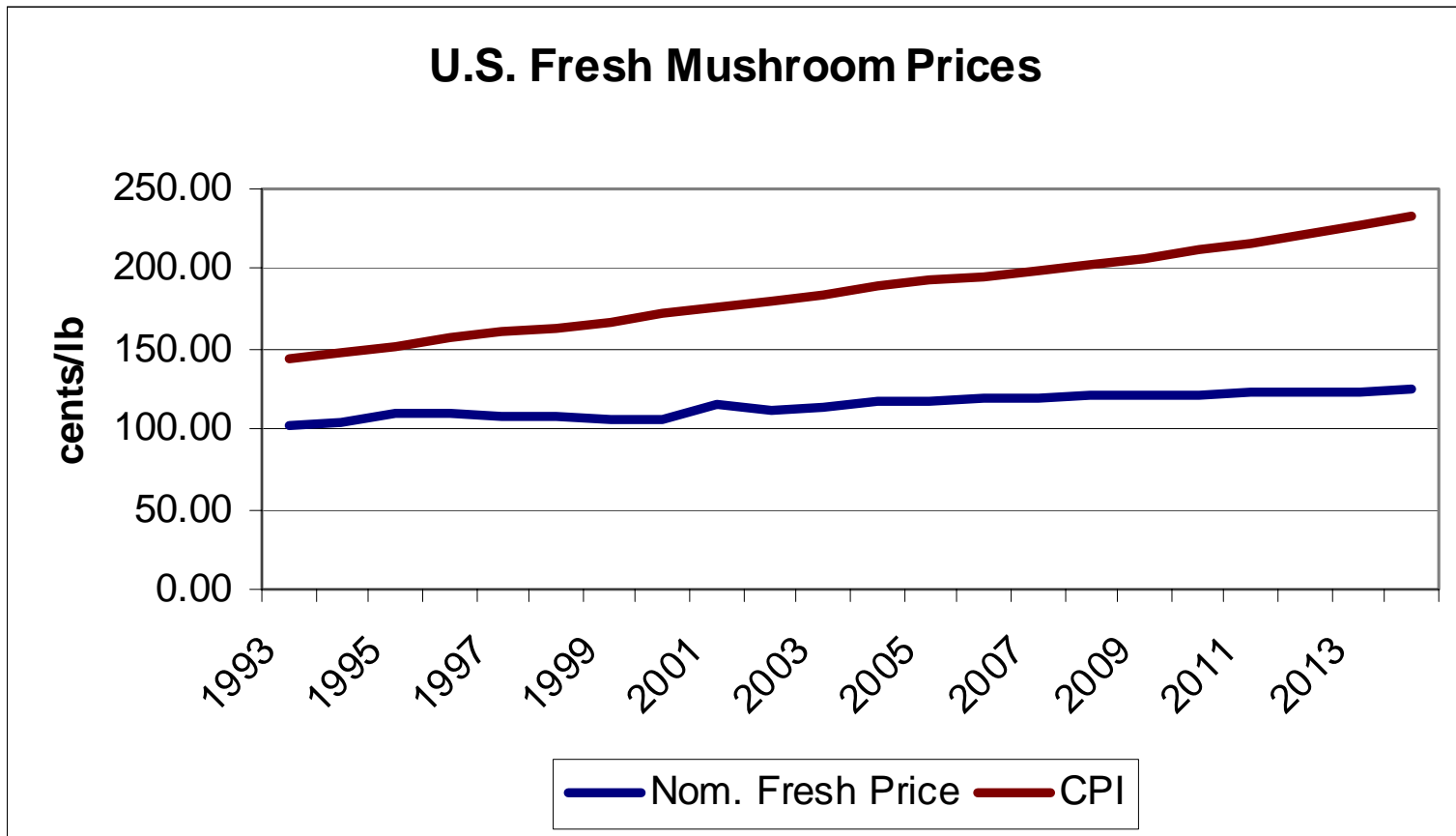
Role of Imports



U.S. Fresh Mushroom Suppliers



Outlook for U.S. Market





Objectives

- Develop better understanding of primary import supplier – Canada
- Improve forecasts for U.S. market
- Evaluate U.S. market outlook under alternative scenarios

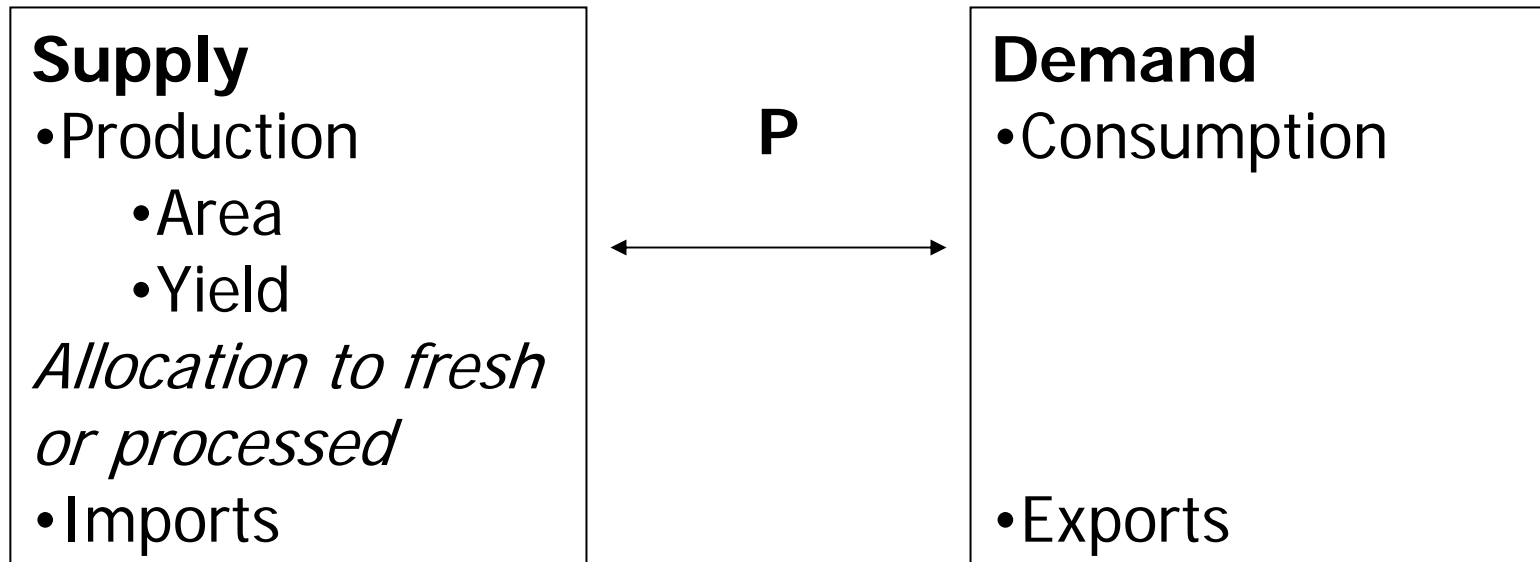


Overview

- Market Equilibrium Models
- Canadian Market
- U.S. Market Outlook
- Market Simulations



Market Equilibrium Models

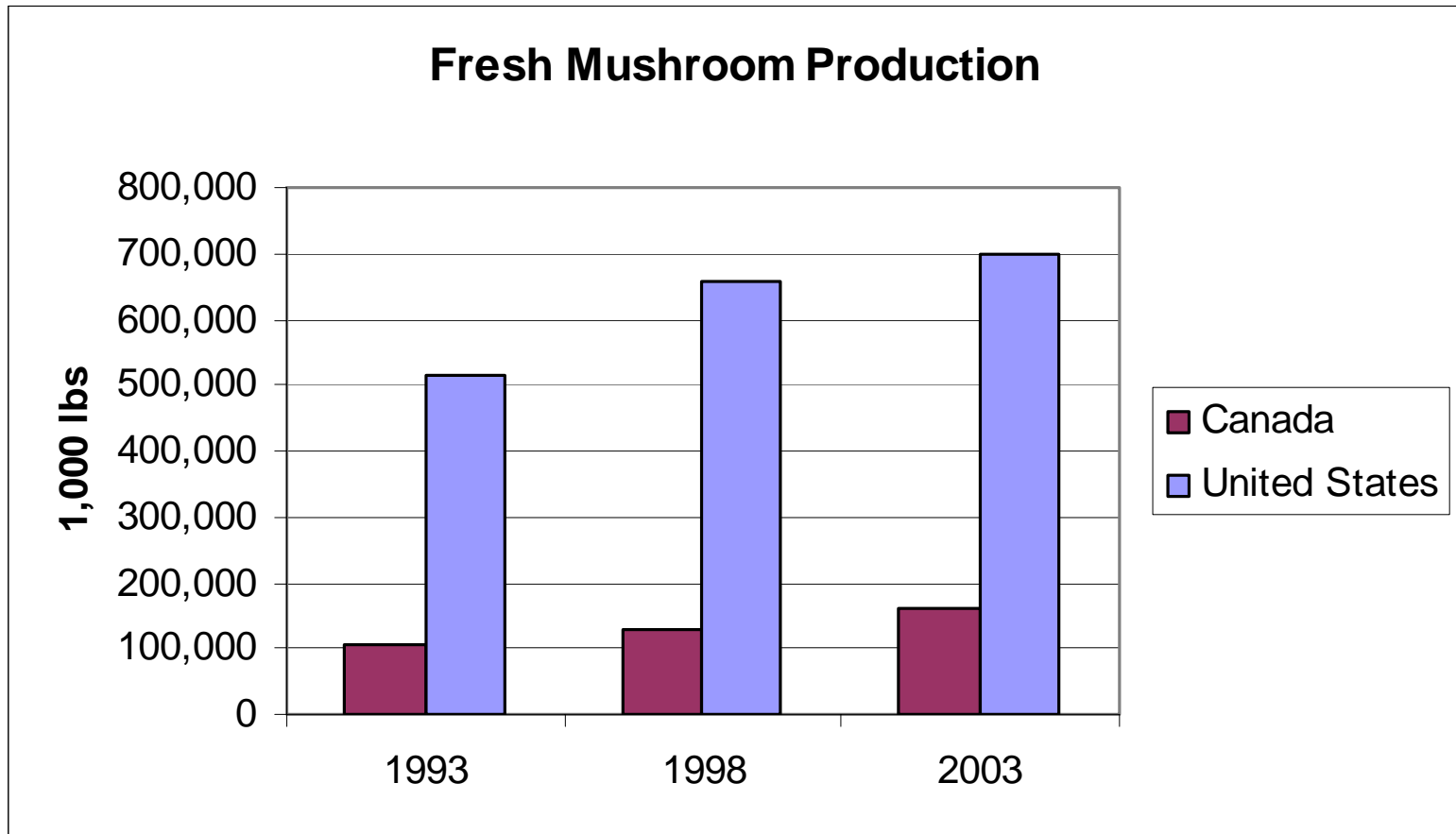




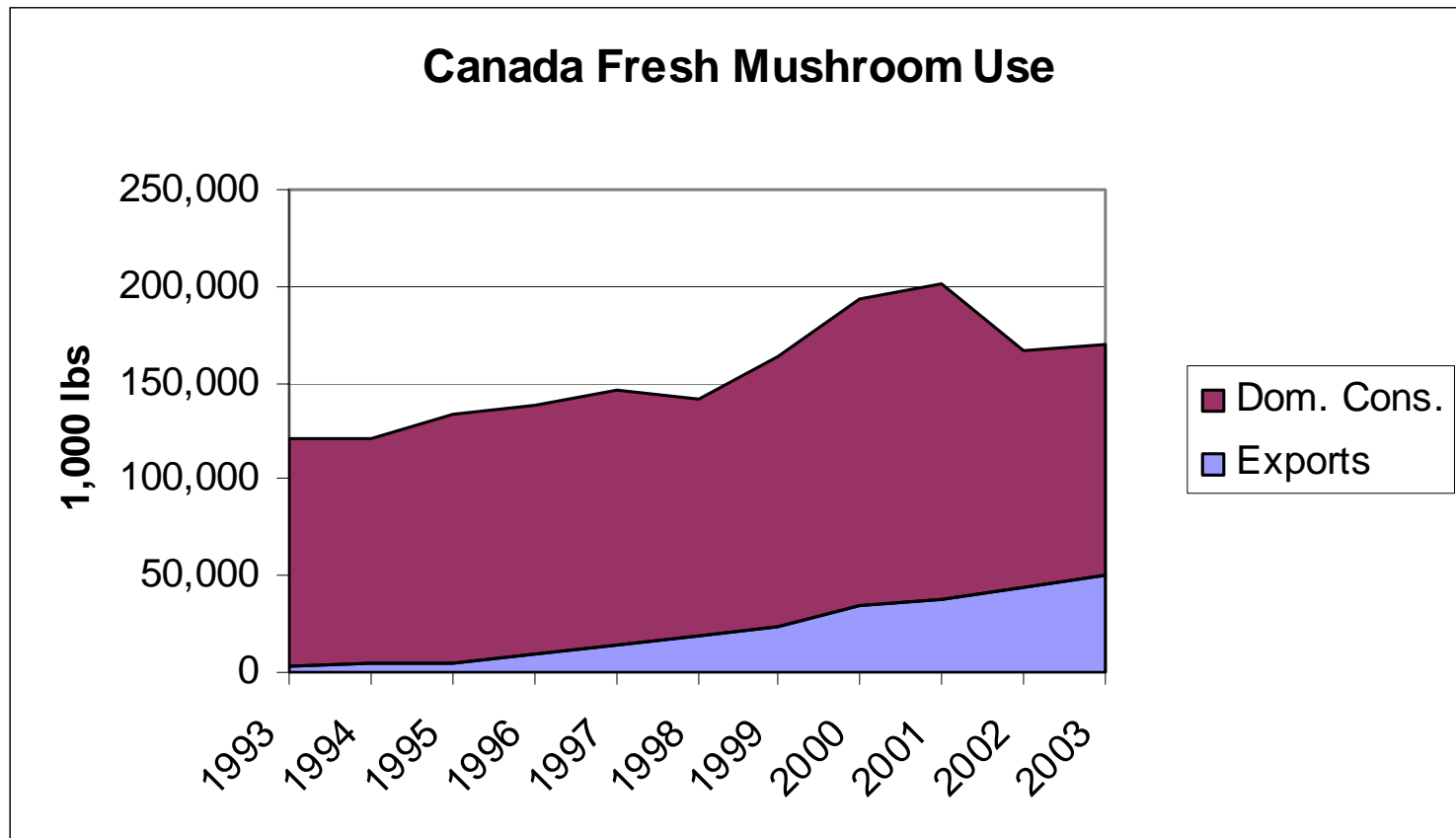
Market Equilibrium Models

- Estimated econometric equations
 - Area, yield, allocation, imports, consumption, exports
 - Account for macroeconomic conditions
- Simulations
 - Supply and demand equilibrium
 - Grower price
 - Forecasts on macroeconomic conditions

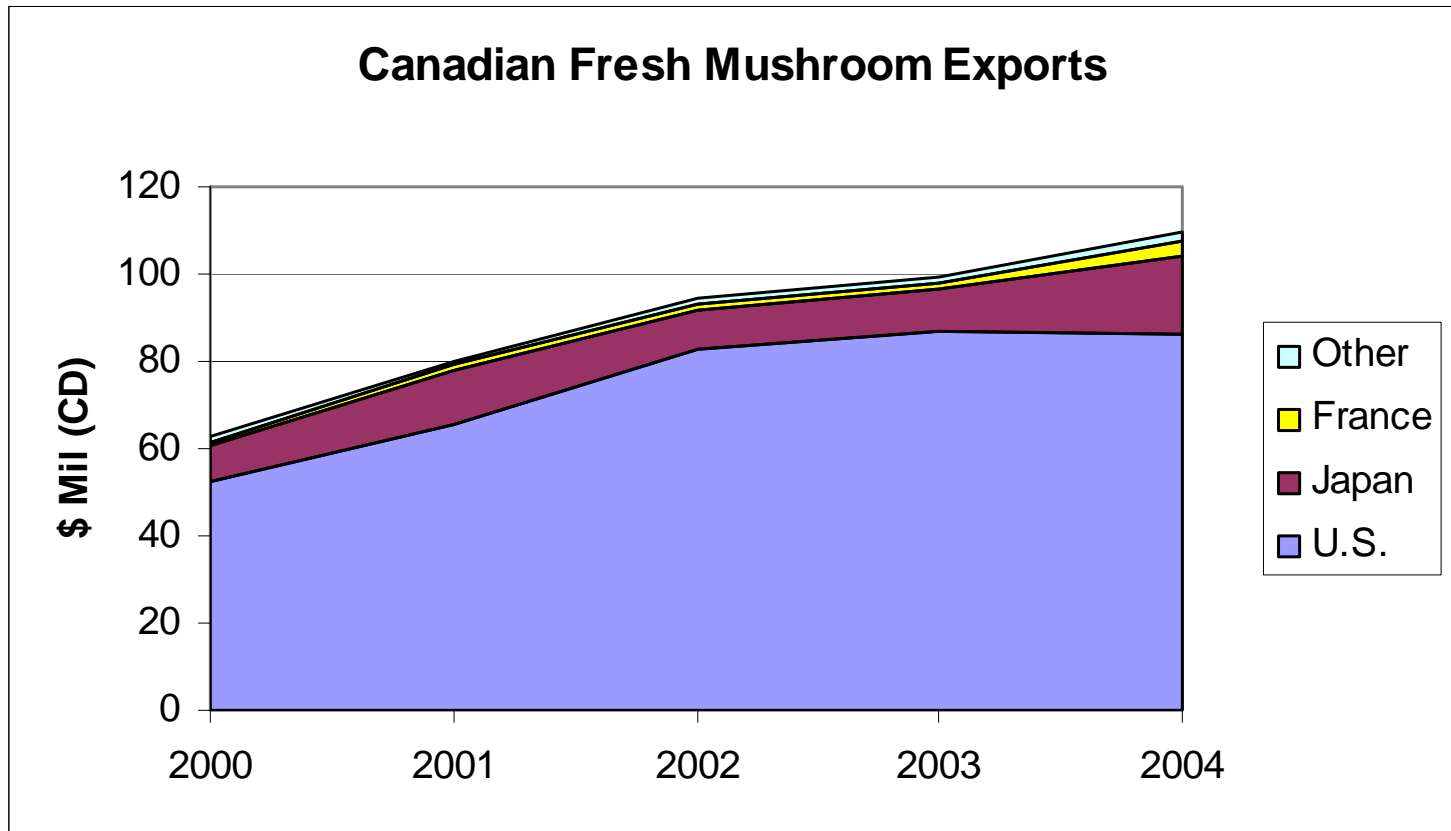
Canadian Mushroom Market



Canada Mushroom Use



Canadian Fresh Mushroom Export Markets

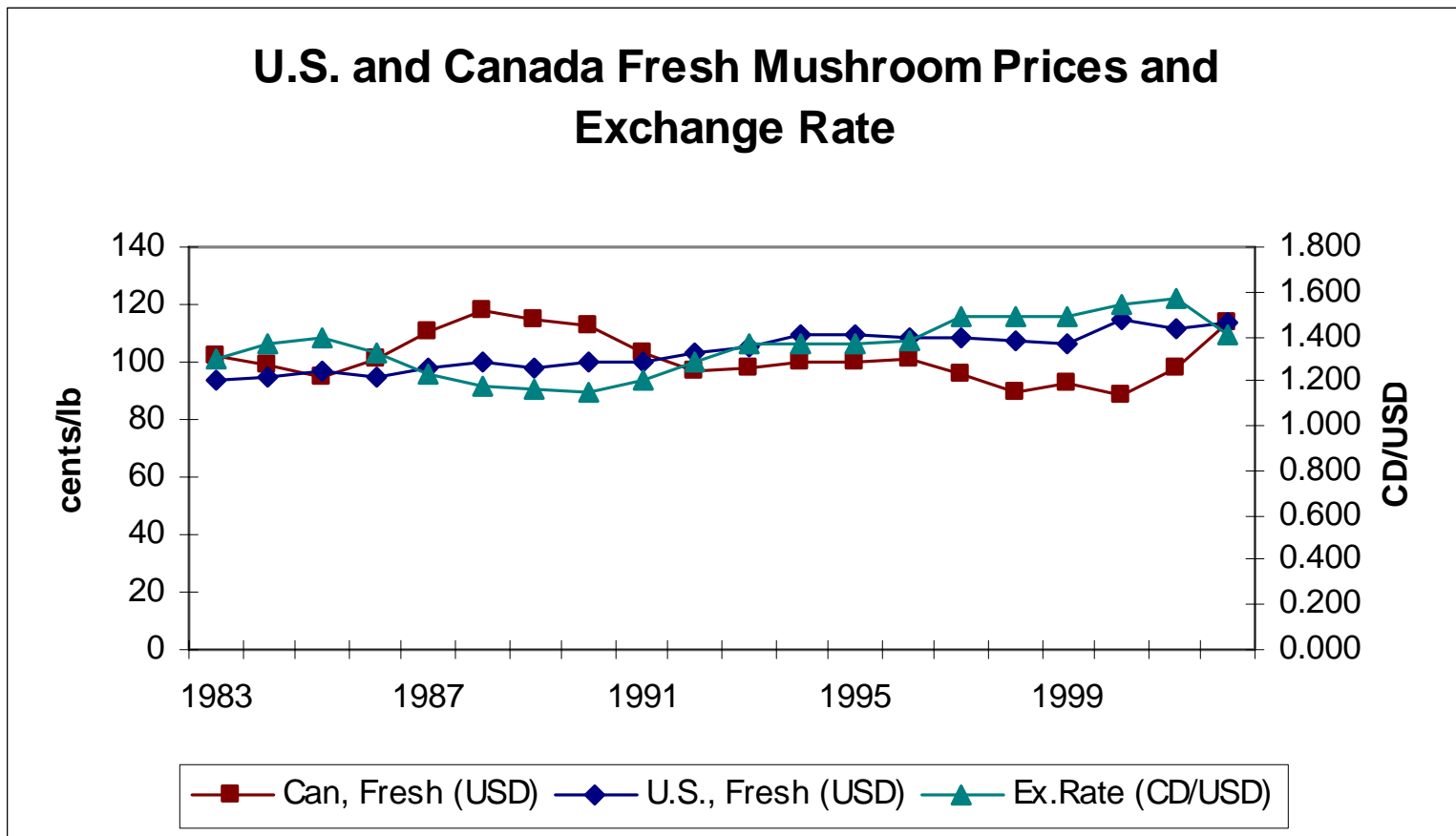




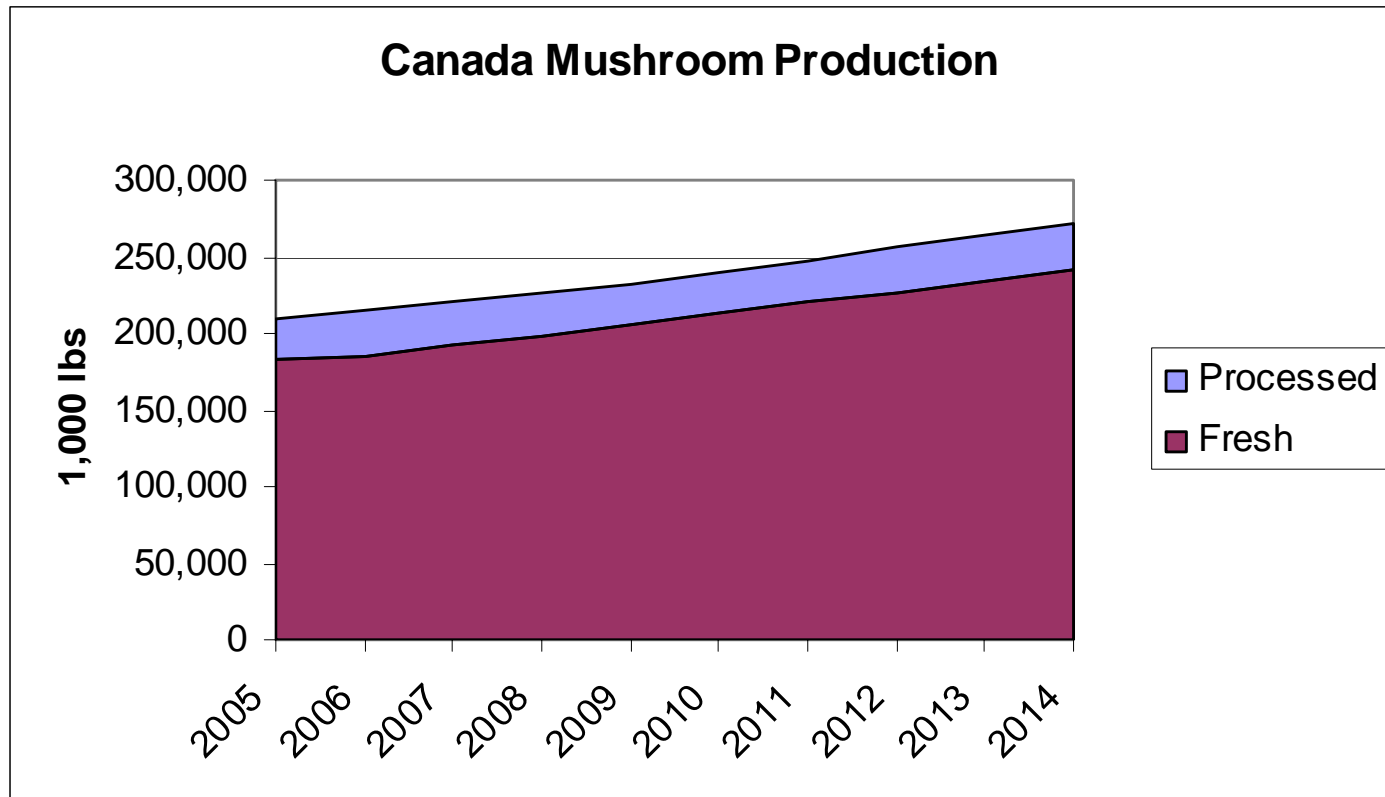
Canadian Fresh Mushroom Exports

- Canada's mushroom exports grew during the 1990's as U.S. dollar appreciated
- Outlook for dollar is for steady depreciation through 2014
- Canada already ceding share of U.S. market to China and Mexico

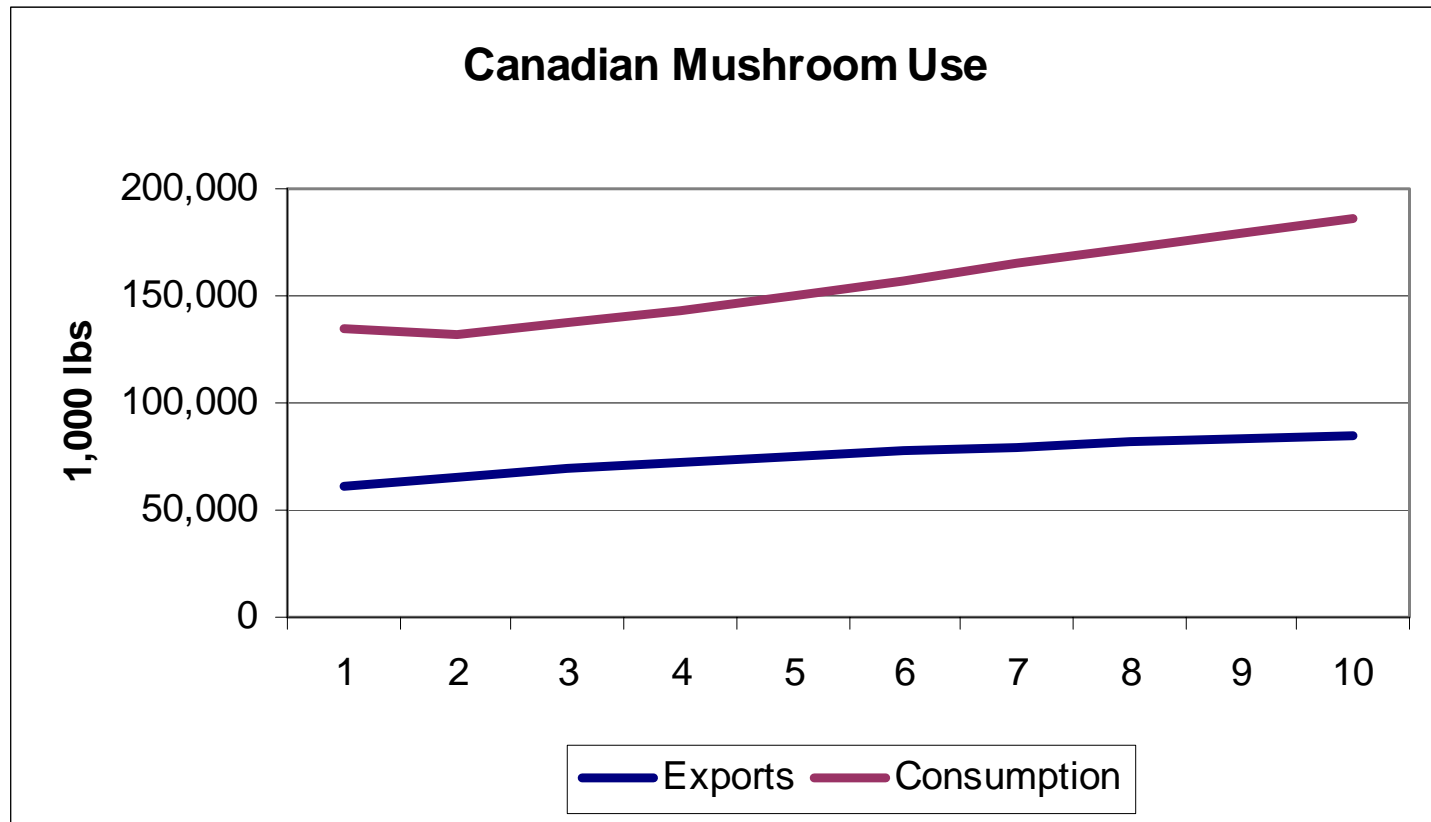
Fresh Mushroom Prices: U.S. and Canada



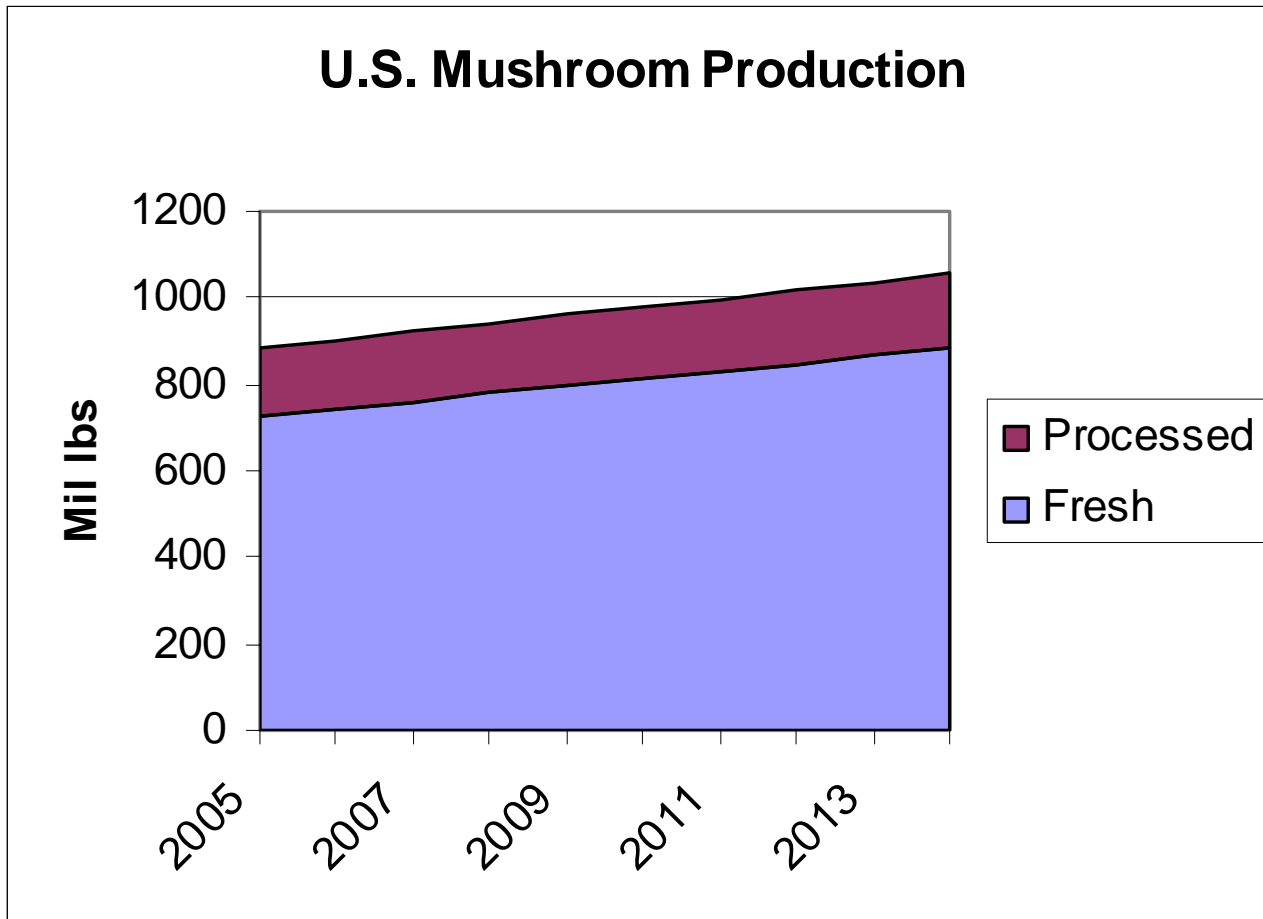
Canada Mushroom Outlook: Production



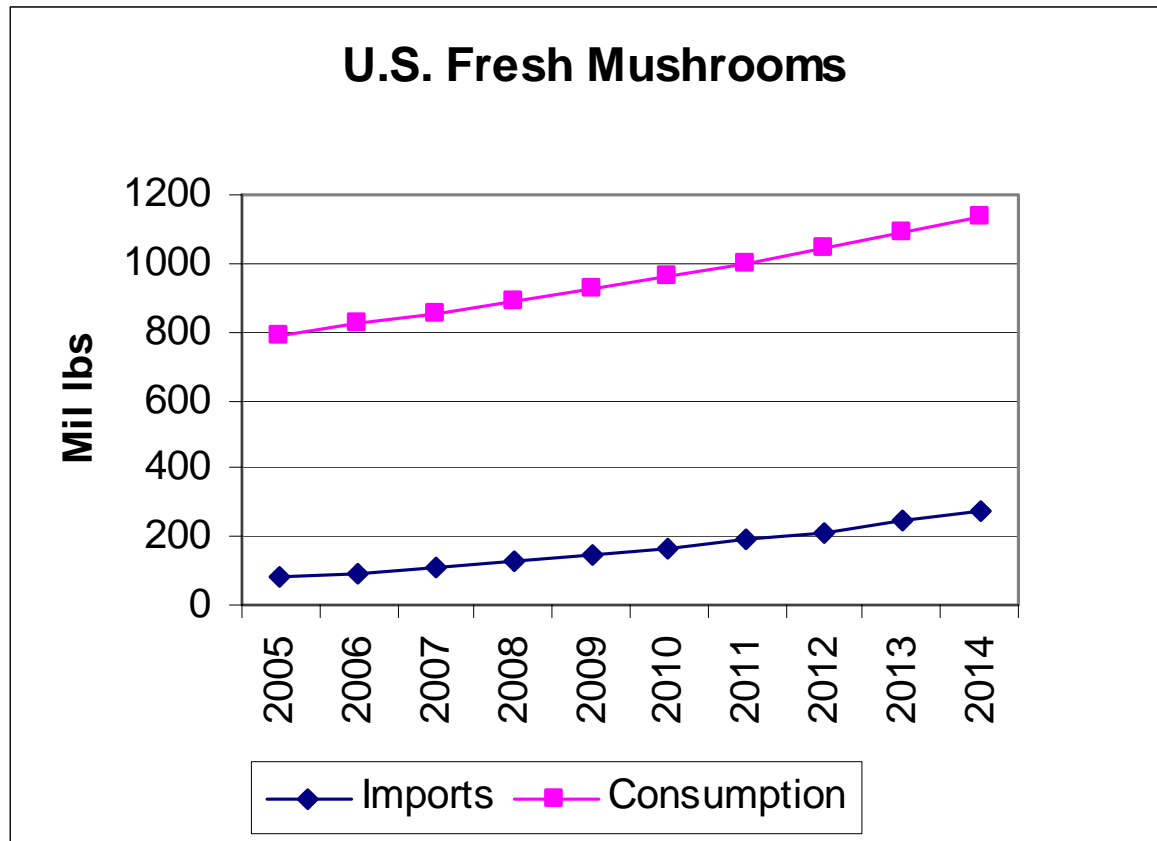
Canada Mushroom Outlook: Fresh Consumption and Exports



U.S. Market Outlook: Production



U.S. Mushroom Outlook: Fresh Consumption and Imports





U.S. Mushroom Outlook: 2005 - 2014

- Per capita consumption will grow from 2.67 to 3.55 lbs
- Import share of domestic consumption will grow from 10% to 24%
- U.S. import growth will outstrip Canada's production growth
 - New market opportunities for other suppliers?
- Grower price (fresh) will grow from \$1.17/lb to \$1.25/lb



U.S. Market Outlook – Alternative Scenarios

- Demand Expansion
 - Boost demand 2% per year
 - Boost demand 12% and hold
- Supply Control
 - Hold total mushroom area and yield to 2003 level
- Demand Expansion & Supply Control
 - Boost demand 12%, hold total mushroom area and yield to 2003 level
- Constant per capita consumption
- Compare to base forecast



Boost Demand 2% per Year

- Fresh price rises by about 2 cents per pound
- Production and imports rise in response to increased price
- Grower revenue increases by between \$17 to \$21 million



Boost Demand 12% and Hold

- Fresh price rises by about 7 cents per pound in early years and by 5 cents in later years
- Imports and fresh production rise
- Grower revenue increases initially by \$73 million initially and by \$63 million in later years



Hold Total Production to 2003 Level

- Still allocation decisions
- Price rises steadily through forecast period; 5 cents per pound to 17 cents per pound
- Domestic consumption falls
- Imports rise throughout
- Grower revenue falls by \$5 million to \$69 million



Boost Demand 12%, Hold Production to 2003 Level

- Price rises steadily; initially by 12 cents per pound, then by 23 cents per pound
- Imports increase
- Domestic consumption falls
- Grower revenue initially higher, but then lower than base case



Constant Per Capita Consumption

... Do nothing at all

- Total domestic consumption grows with U.S. population
- Domestic production holds steady and then declines
- Imports slow
- Grower price and grower revenue fall throughout forecast period ... off the charts

Simulation Summaries

U.S. Fresh Mushroom Market Simulations

