



Impact of California Drought On Grocery Industry

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California Drought Impact

- Could cost agriculture industry \$1.7 billion.
- More than 14,500 workers could lose their jobs.
- 6% of Central Valley irrigated farm land has been fallowed.
- Farmers are projected to replace projected water delivery with groundwater. Estimated cost: \$450 million.



Dairy prices near record high due to drought/export demand

Broccoli +22%

Beef prices are forecasted to increase between 3-4%

Avocados +28%



Tomatoes +19%

Lettuce +34%

Source: Beef prices: USDA; Produce projection: Arizona State University and Nielsen Perishables Group



“The Variables”

- Ongoing Midwest drought (grain, beef, dairy prices)
- Pork disease (pork prices)
- Increasing commodity exports (beef, dairy, poultry)
- Citrus disease in Florida (citrus prices)
- Dry weather in Brazil (coffee prices)



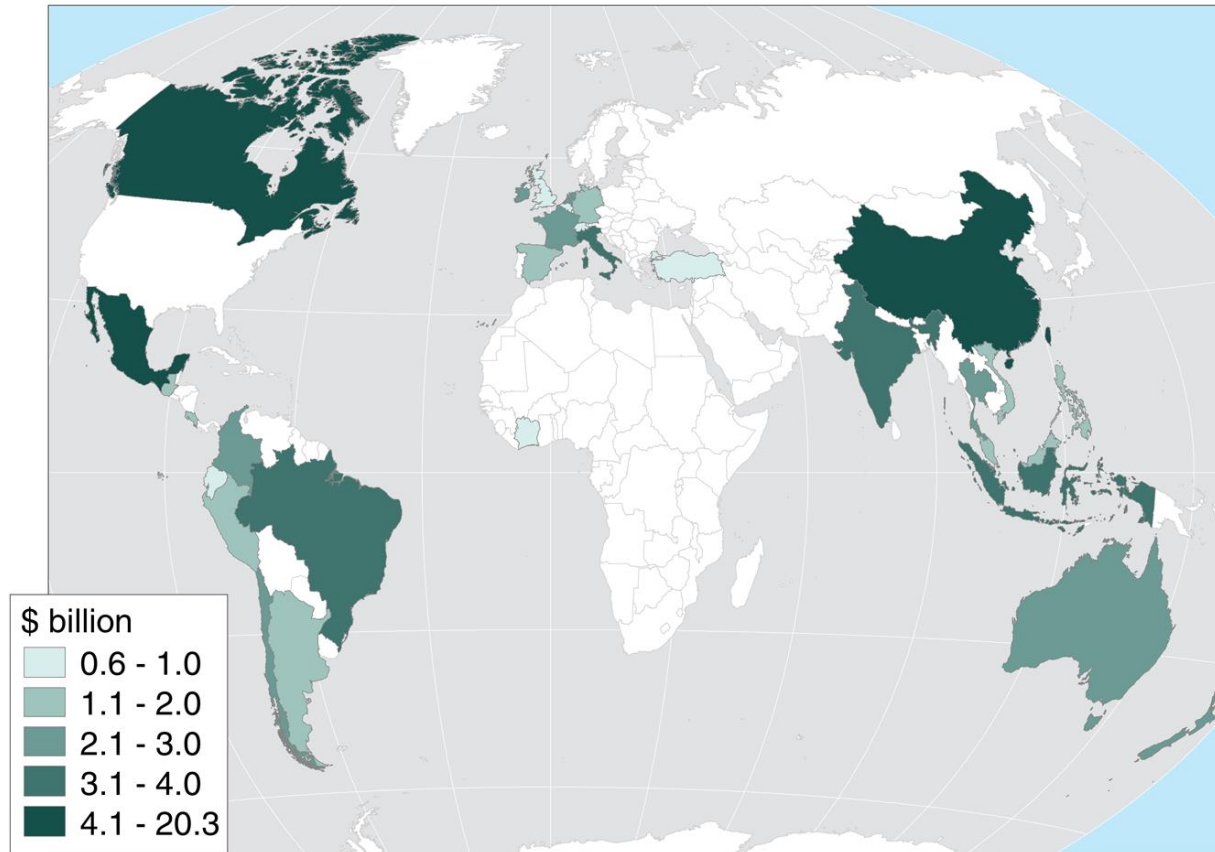
California Grown

(percentage of America's crops grown in California)

- Walnuts 99 percent
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- Pistachios 98 percent
- Broccoli 95 percent
- Tomatoes 90 percent
- Strawberries 92 percent
- Grapes 91 percent
- Lettuce 74 percent

Global Food Distribution System

Top U.S. agricultural import sources, 2011-13 average





What's Next?

