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

Beef prices are forecasted to increase between 3-4%

Broccoli +22%
Avocados +28%
Lettuce +34%
Tomatoes +19%

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

- $ billion
  - 0.6 - 1.0
  - 1.1 - 2.0
  - 2.1 - 3.0
  - 3.1 - 4.0
  - 4.1 - 20.3
What’s Next?