

PROCESSING TOMATO PRODUCTION AND MARKETS IN NORTH AMERICA

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The Morning Star Company
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NORTH AMERICA

- ★ National capital
- City
- - - International boundary
- River

0 300 600 900 km
0 300 600 mi

Lambert Conformal Conic Projection,
standard parallels 37°N and 65°N

North America:

Trends in Consumption & Production of Processed Tomato Products

Consumption

Production

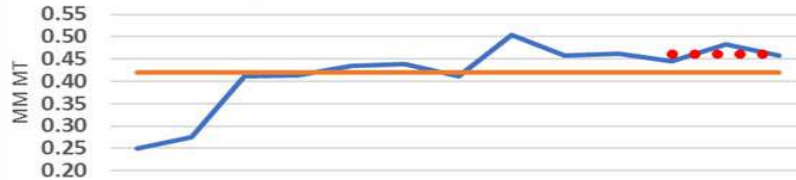
CANADA: Consumption Estimated at 1.07 MM MT



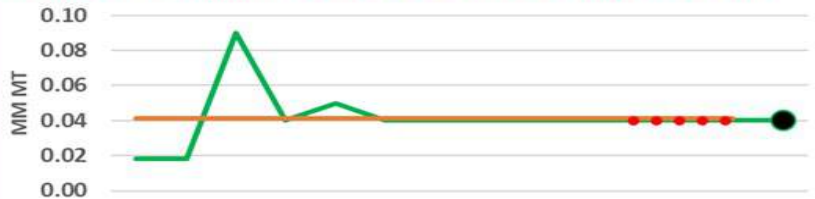
CANADA: Production - 2021 Forecasted at 0.50 MM MT



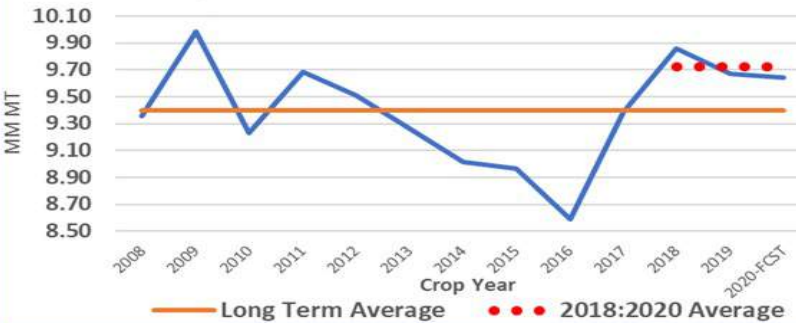
MEXICO: Consumption Estimated at 0.46 MM MT



MEXICO: Production - 2021 Forecasted at 0.04 MM MT



USA: Consumption Estimated at 9.73 MM MT

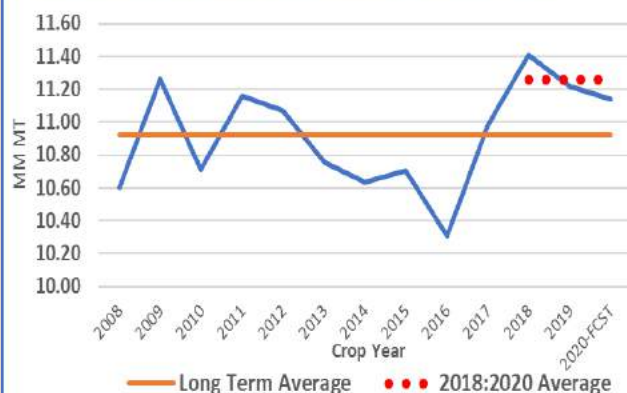


USA: Production - 2021 Forecasted at 10.98 MM MT

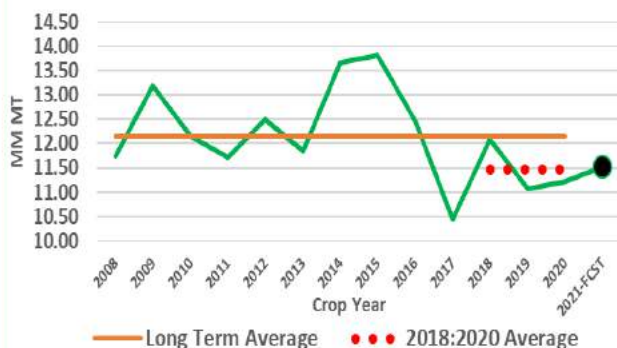


North America: Summary of Trends and Estimates of Current Steady State S&D

NORTH AMERICA: Consumption Estimated at 11.26 MM MT



NORTH AMERICA: Production - 2021 Forecasted at 11.51 MM MT



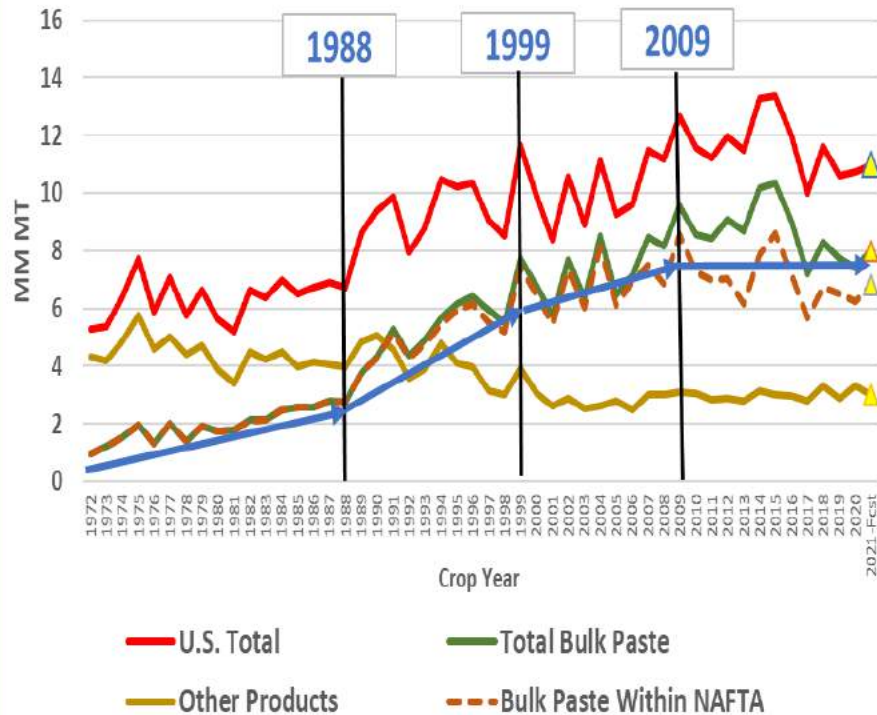
	Canada	Mexico	California	Rest of USA	NAFTA Total
Population (Millions)	38	128	40	290	496
Consumption per Capita (kgs)	28.1	3.6	29.5	29.5	22.7
Consumption (MT x 1000)	1,069	462	1,165	8,561	11,257
Net Exports / (Imports) - Within NAFTA (MT x 1000)	(526)	(367)	964	(70)	0
Net Exports / (Imports) - Outside of NAFTA (MT x 1000)	(102)	(55)	1,353	(433)	764
Net Exports / (Imports) - Within USA (MT x 1000)			7,643	(7,643)	0
Total Required Movement (MT x 1000)	441	40	11,125	414	12,020
2021 Forecast Production (MT x 1000)	497	40	10,523	454	11,514
2021 Estimated Excess / (Deficit) Production (MT x 1000)	57	0	(602)	39	(506)

Estimates based on Crop Years 2018-2020 3 year averages

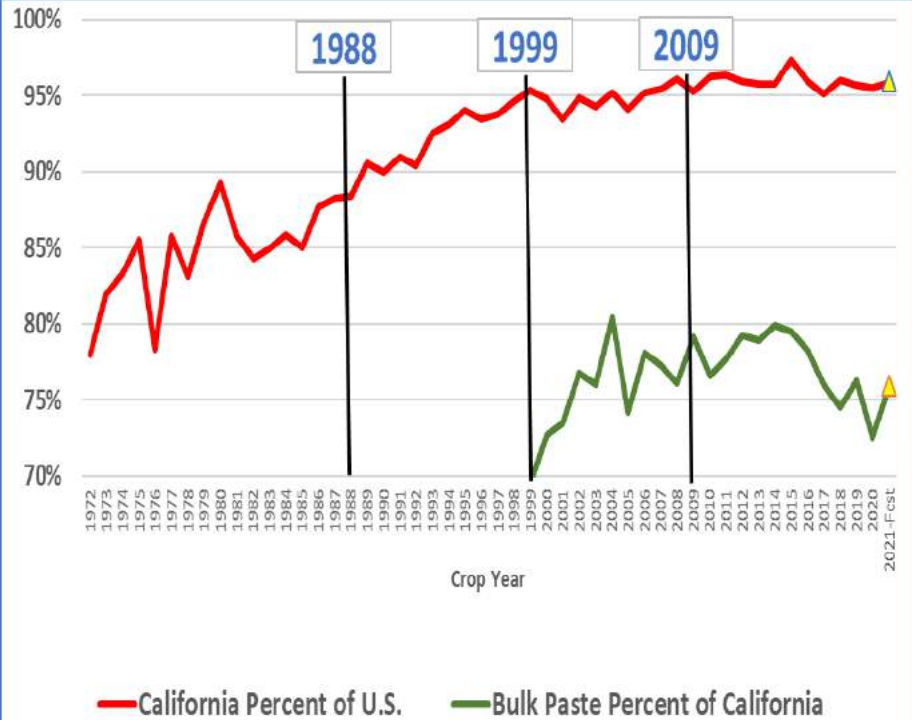
As of June 1, 2021, California's forecasted production will fail to meet its required movement by about 600,000 MT. If this shortfall is unable to be met from existing stocks, crop year 2021 movement would have to decline relative to recent levels

U.S. & California's Role within North America: Trends in Production

U.S. Processing Tomato Production: 1972 to 2021-Fcst

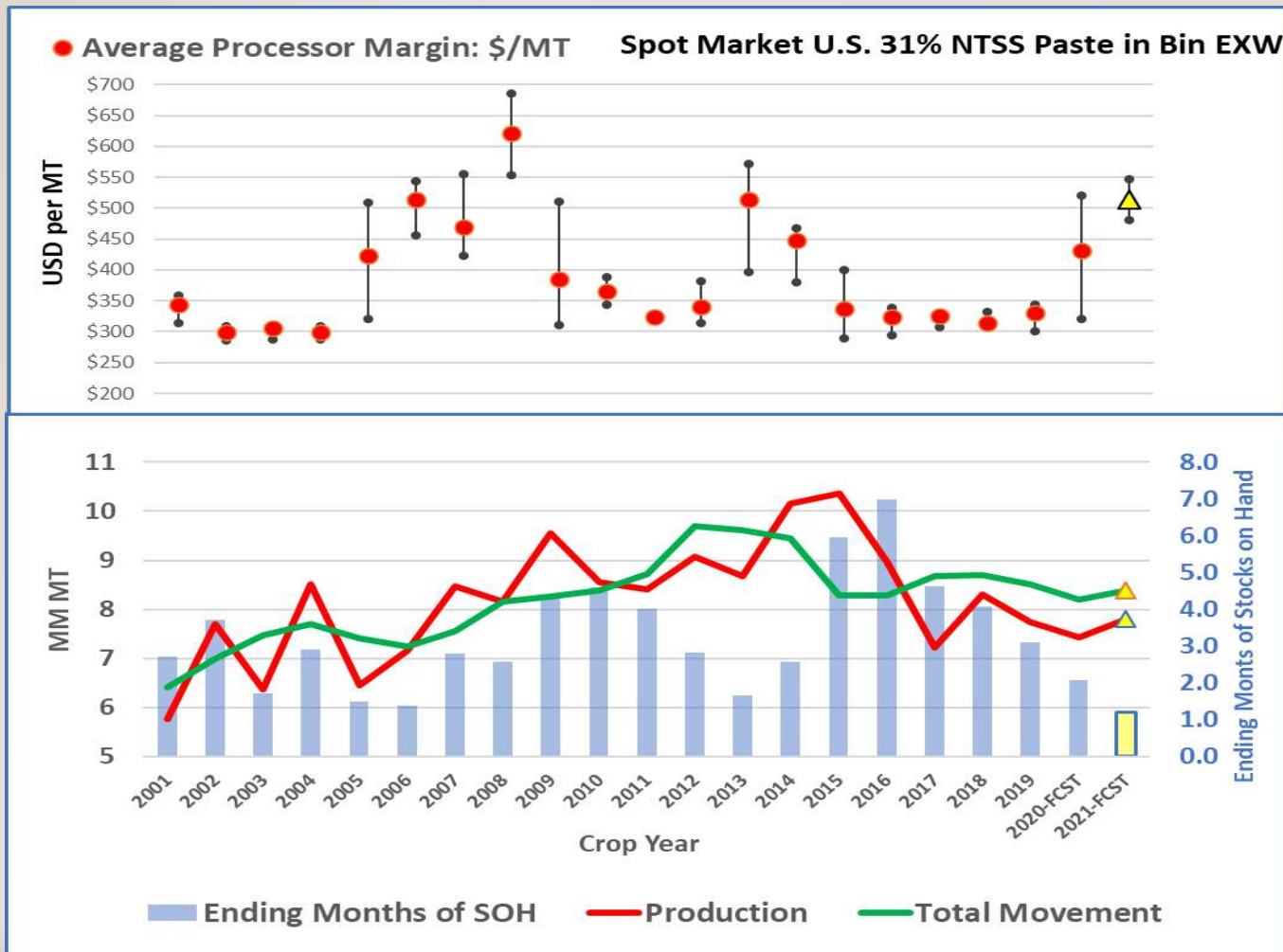


California's Role in U.S. Processing Tomato Production: 1972 to 2021-Fcst

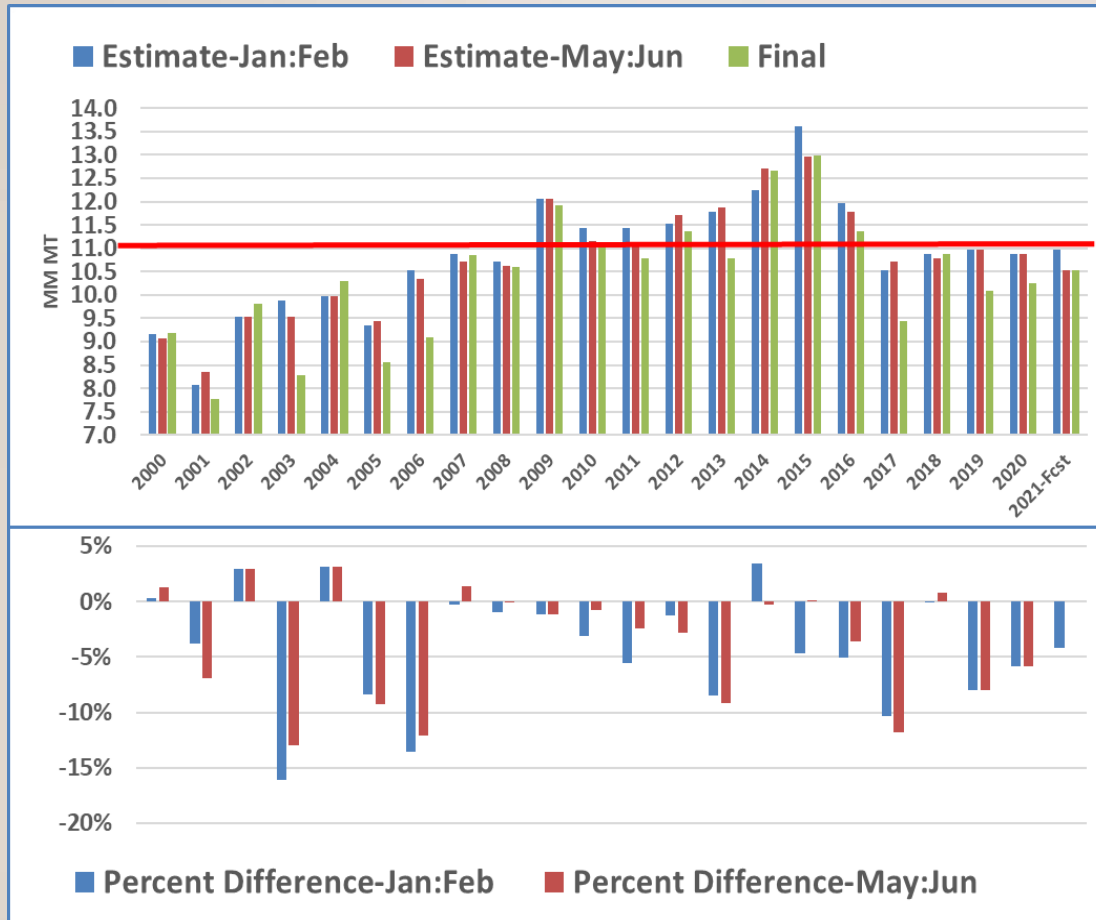


U.S. Bulk Tomato Paste Market

Key Performance Indicators



California Processing Tomato Crop Performance Final Volume vs. USDA NASS Published Intentions

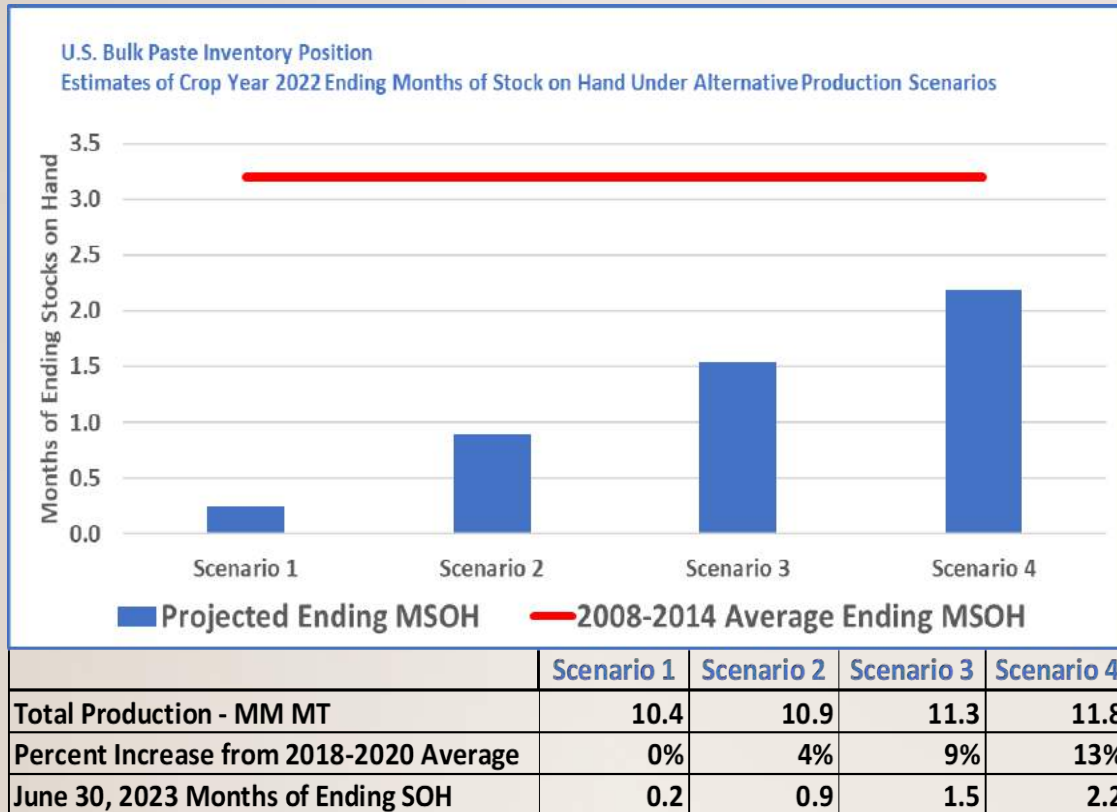


- 80% chance final volumes will be below the Jan:Feb Estimates.
- 76% chance final volumes will be below the May:June Estimates
- Final volumes in the most recent four crop years were below the required steady state movement rate
- 2021 crop year on track to be the 5th consecutive year where initial intentions were not met and final volumes fall below the required steady state movement rate



Outlook for U.S. Crop Year 2022

Estimating Likely Bulk Paste Ending Inventory Positions



- If California production fails to exceed the 2018-2020 average level of output, then 2022 ending bulk paste inventories will be at unprecedented lows.
- Even under optimistic assumptions for 2022 production levels, inventory levels will remain well below historic norms
- Expect the North American bulk paste market to remain extremely tight at least into the 2024 crop year
- These market conditions are not being driven by increased demand. These are supply side issues that California is struggling with.

Data Sources and Acknowledgements

Data Element	Source	Contact Information
Canada & Mexico Historical Production	The World Processing Tomato Council	http://www.wptc.to
U.S. Other than California Historical Production	The World Processing Tomato Council	http://www.wptc.to
California Historical Production	The Processing Tomato Advisory Board	http://ptab.org
Composition of U.S. Processing Tomato Production	The California League of Food Producers	https://clfp.com
U.S. Stocks-on-Hand	The California League of Food Producers	https://clfp.com
North American Trade in Processed Tomato Products	Global Trade Tracker	https://www.globaltradetracker.com
California Processing Tomato Crop Intentions	USDA NASS	https://www.nass.usda.gov
U.S. Spot Market Bulk Paste Processor Margins	Western Consolidated Foods	https://www.westconfoods.com

Special Thanks To:

- Roger Gunning at Red Gold, Inc for providing an updated outlook for the U.S. Midwest 2021 season
- Angela Reimneitz with the Ontario Processing Vegetable Growers Association for providing an updated outlook for the Canadian 2021 season

THANK YOU

**Please address questions, comments, or suggestions to:
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