

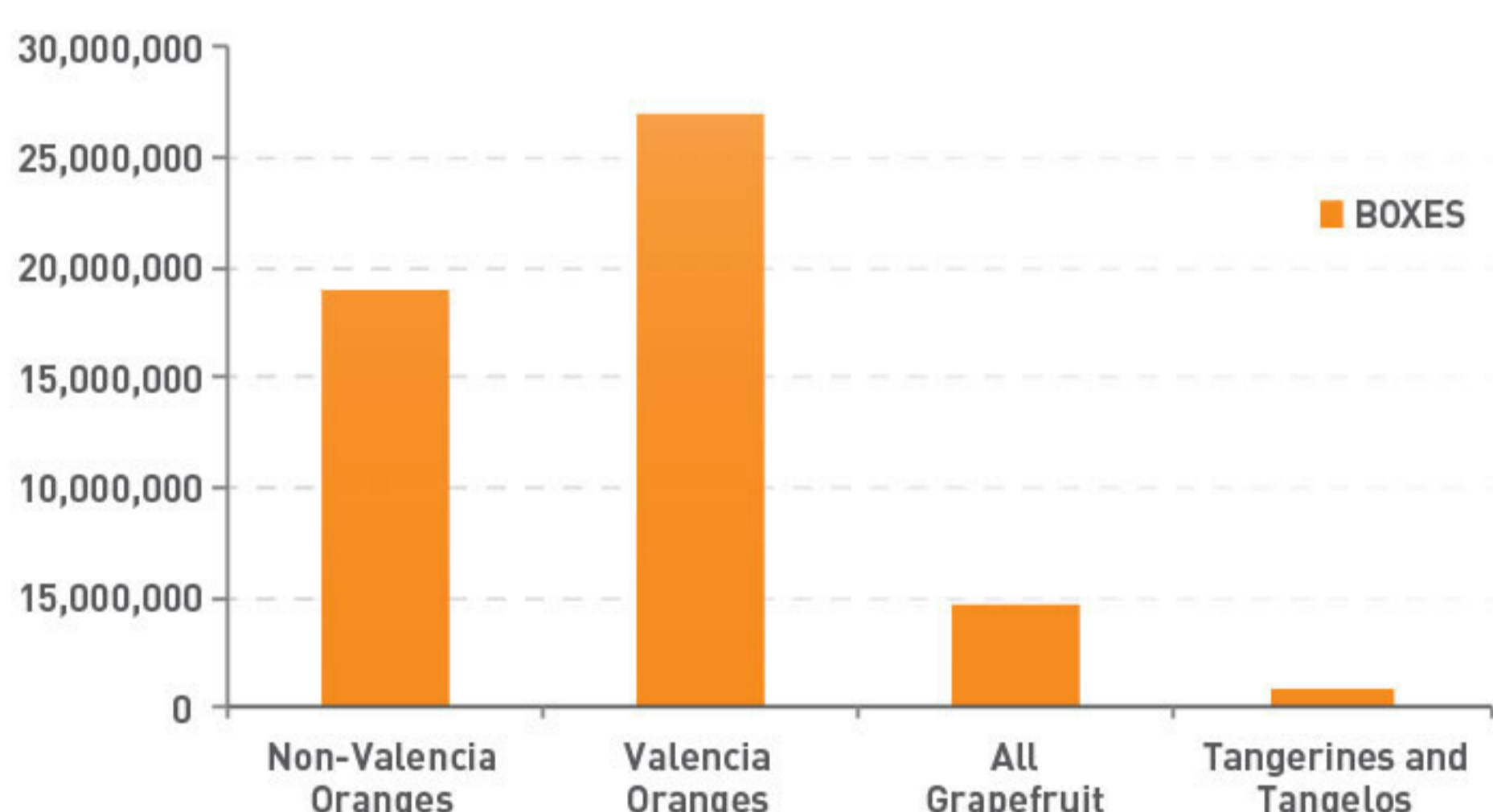


Dear Client,

The 2017 – 2018 Florida all orange forecast was released by the USDA Agricultural Statistics Board on December 12, 2017. Below are some highlighted excerpts from the report.

The USDA December 2017 Florida all orange forecast is 46.0 million boxes, down 4.00 million boxes (8 percent decline) from the November 2017 forecast. If realized, this forecast will be 33 percent less than last season's production and the least since the 1944-1945 season of 42.2 million boxes. The forecast consists of 19.0 million boxes of the non-Valencia oranges (early, midseason, and Navel varieties) and 27.0 million boxes of the Valencia oranges.

FLORIDA ALL ORANGE FORECAST



NON-VALENCIA ORANGES 19.0 MILLION BOXES

The forecast of non-Valencia production is lowered 2.00 million boxes to 19.0 million boxes. Current fruit size is below average and projected to be below average at harvest. Current droppage is above the maximum and is projected to be above the maximum until harvest. The Navel forecast, included in the non-Valencia forecast, is lowered to 500,000 boxes, and is 3 percent of the non-Valencia total. Final Navel size is below average and droppage is well above the maximum.

VALENCIA ORANGES 27.0 MILLION BOXES

The forecast of Valencia production is reduced 2.00 million boxes to 27.0 million boxes. If realized, this will be the smallest Florida Valencia crop since the 1949-1950 season. Current fruit size is below average and is projected to be below average at harvest. Current droppage is above the maximum and projected to be above the maximum at harvest.

ALL GRAPEFRUIT 4.65 MILLION BOXES

The forecast of all grapefruit production is unchanged at 4.65 million boxes. If realized, this forecast will be 40 percent less than last season's production and the least recorded since the 1918-1919 season. The white grapefruit forecast is unchanged at 850,000 boxes. The red grapefruit forecast is unchanged at 3.80 million boxes. Projected fruit size of white grapefruit at harvest is above average while projected droppage is above the maximum. Projected fruit size of red grapefruit at harvest is projected to be above average and droppage is projected to be above the maximum.

TANGERINES AND TANGELOS TOTAL 910,000 BOXES

The forecast for the tangerine and tangelos is reduced 40,000 boxes to 910,000, 44 percent less than last season's production, and down 4 percent from last month. This forecast number includes all certified tangerine and tangelo varieties.

The damage to most Florida citrus groves is a result of pre-harvest fruit drop due to Hurricane Irma's winds and storm-related tree damage.

Additionally, pre-harvest damage makes it even harder for the tree to hang onto the fruit that remained.

Pre-harvest drop had already reached historically high levels by the 2016-17 season because of the fatal bacterial disease citrus greening, which arose in Florida in 2005 and spread to virtually every grove in the next several years. The USDA estimated drop rates last season ranging from 26 percent to 43 percent, depending upon variety.

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Thank you for your continued business and trust in Florida Chemical Company, Inc.

Sincerely,



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