

Conclusions

Historical trends indicate that Florida producers determine the acreage planted to watermelons based on the prices received in previous years. Florida producers have received exceptionally high prices for their product the previous two years. These high prices have led Florida producers to increase their intended planted acreage in 1981 over the planted acreage in 1980 by 20 percent.

This increase in planted acreage combined with the delay in harvesting south Florida watermelons because of the recent freeze will put downward pressure on prices in 1981. An estimate of \$5.00 per hundredweight represents a 16 percent decline in the average Florida price. Florida producers should estimate their cost of production and harvesting and determine the probability of having a profitable harvest (Figure 4). Those producers who are unlikely to receive a price above their estimated production costs should reconsider their intentions before planting.

Finally, Florida producers should be aware of the returns to watermelons in previous years. Producers determine watermelon acreage based on the expected returns. A misconception about the expected returns may be developed if determined solely from prices for previous years. Evidence suggests that

producers have historically determined expected returns based on prices received in the two previous years. Producers should be aware of this cyclical pattern and develop their own outlook information for watermelons with this input considered.

Although producers may be unable to forecast a specific price for their watermelons, they should be able to predict a directional change in price (either up or down from the previous year) based on earlier years returns. This directional change combined with Table 5 could help producers plan their own production intentions more profitably. Careful consideration should be given to the probability of receiving a price above the cost of production. After all, "It costs more not to harvest than it does not to plant."

References

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- [2] Wall, G. Bryan, Daniel S. Tilley, and John J. VanSickle. *Characteristics of the Watermelon Industry.* IFAS Bul. In Press.

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