

# OVERVIEW GLOBAL AVOCADO MARKET

April marks a transition in the supply of avocados. After Chile stops exporting, there is a gap in the market. South Africa and Peru are still unready to meet the huge demand, and this, in combination with the bad weather in Peru, has delayed the supply and made it difficult to find sufficient volumes; therefore, skyrocketing prices have been recorded worldwide.

An importer submitted the following list of seasons and the gaps in the market:

- Spain and Morocco : The Hass season end in week 13-14.
- Kenya: Fruit ready to be ripened is available from half April.
- South Africa: First shipments of Maluma in week 14, and of Hass on week 15.
- Peru: Due to the current climatic disaster, various production areas have been affected and the first harvest has been delayed.
- Colombia: Preparations are underway for their second harvest season, which will become available from week 14. Again, three weeks late.
- Chile: Last shipments are only just arriving.
- Mexico: 30% lower production; they are the main supplier of the US and due to the shortage the fruit remains largely in the domestic market.
- US: They get high prices in the local market, so no exports to Europe.
- Brazil: Harvest starting in late March, but the country remains a small supplier.

## Rain delayed Peruvian supply

Before the country was hit by heavy rains, the prospects for the campaign were really good. What is certain now, in any case, is that there will be a delay because of the damages caused to infrastructure. In a crisis of such magnitude, all efforts concentrate primarily on humanitarian aid.

"The US will have a deficit and there is a good profit to be made in the dollar markets," predicts a Peruvian trader. For the Euro and Pound countries, the impact will be reduced due to the low exchange rate.

Peru had already been on the market for some time, but the peak in the supply has been delayed by the bad weather. There is export potential, because not all production areas have been affected by the rain; however, the damaged infrastructure will remain a challenge.

The price in the Euro countries is expected to increase. The exporter wonders how far the price can rise before consumption drops. "South Africa and Peru will therefore not be affected, as there is sufficient demand in the world," states the trader.

Last year, the export up until week 11 stood at 445 containers. This year, the volume has been 20% lower, with 352 containers. On the bright side, the hard skin of avocados makes them tougher and will allow producers to harvest them later.

### **Mexico keeping avocados for Easter**

Growers are trying to keep some production in order to extend the season. The new campaign won't kick off until June and Easter is an important moment, as the demand for avocados peaks at the major tourist cities. Normally, the avocados supplied here have no export license, but because this volume is small, avocados intended for export are also placed on the domestic market. This results in shortages in the US.

A trader confirmed that they expect shortages in the supply of the fruit. For the current season, production prospects point to 200,000 tonnes, probably barely enough to meet US demand. Besides the US market, exports go also to Japan, Europe, Canada and China. Consequently, shortages are expected over the next three months. This situation is unlikely to change until the new harvest gets going in July.

### **Deficit in US market**

The supply in the US is slow because Mexico is exporting a smaller volume. This results in a tight market. The demand is high. Cinco de Mayo (a Mexican and American holiday) has reached a status similar to that of the Super Bowl. There is worldwide demand for avocados. "The price is high and will remain high," states a trader. The smaller supply of California

avocados is taking a toll on the market. The demand for organic avocados, for which the market depends on Mexico and Peru, is on the rise.

### **Morocco focuses on exports**

A trader tells us that the volumes are smaller than in previous years. There are also smaller calibres available. "The demand in the coming weeks will remain high, especially given the expected gap in the supply after Easter, until the Peruvian production hits the market. In that period, almost no avocados will be left on the European market," predicts the Moroccan trader.

The Moroccan season normally lasts from 15 February to 15 April. This is a period when none of the major producing countries are on the market. The hot summer and cold winter, however, have had some consequences. There are hardly any large sizes available. The main varieties are the Hass and green skinned. Exporting is so lucrative that exporters barely pay attention to the domestic market, with the result that Spanish exporters are aiming to fill this gap.

### **Spain benefits from sky-high price**

With only a month to go before the end of the season, the price of Hass avocados from Malaga has reached a record high level. The price at origin stands at between 2.30 and 3 Euro per kilo, a record for this time of the year. The Lamb Hass and Reed avocados will follow later.

Spanish exporters benefit from the delays affecting avocados in the southern hemisphere. Moreover, the campaign in other countries around the Mediterranean is also passed its peak.

### **Netherlands: Avocado prices even higher due to weather in Peru**

The success of avocados is an 'ongoing story', with structurally high prices this season as a result. Despite the fact that the volume planted worldwide is growing, the market is still easily absorbing the production. Currently, the prices are extremely high everywhere. The supply has been reduced due to the impact of the extreme weather conditions in Peru. Prices for the

packaged product stand at about 18 to 18.50 Euro, which is nearly 1 Euro per piece. Importers state that, at the moment, the most unusual requests are being made, but no one is able to cover the demand. Prospects point to the situation not being resolved until a few weeks from now, as the shortages from Peru can hardly be replaced. This is done by shipping Mexican avocados by air, and the first Brazilian Hass avocados are now also on the market. Chile's campaign has already come to a close and its avocados are not expected to be back on the European market until August. In this transitional period, the gap is partly filled by countries like Colombia and Spain, which have achieved a significant development in recent years, especially Colombia. The lack of rainfall in Africa is leading to the production of smaller avocados, mostly due to the fact that these trees get less rain. A positive development is that the increasing demand for packaged avocados also results in smoother sales for these small sizes.

### **Skyrocketing prices in Belgium**

The Belgian market is feeling the effects of the storm in Peru. The supply is low, so prices have consequently gone up and they are not expected to fall again in the short term. In fact, with Easter around the corner, the prospect is actually that prices will continue to rise. The season in the Mediterranean countries (Spain and Morocco) is coming to an end, and the first significant volumes from South Africa won't be arriving until week 15. Other countries on the market are Mexico, Kenya, Brazil and Colombia. The most cautious forecasts from traders point to the situation becoming normal again around May.

### **Good market in Italy**

Last year, the first batches from Peru hit the market in early March; however, this year's first air shipments are not expected until late March or early April. The last containers from Israel have already arrived and it will take about three weeks before South Africa comes on the market. There is also some supply from other African countries, such as Kenya. These countries are investing in the fruit's export. Other than this, the situation is good, according to a trader. The most demanded of all green avocados is the Pinkerton. Imports from Israel

consist of Ardith and Arad avocados, among other varieties. Peru mainly supplies the Fuerte, Ettinger and Zutano.

Avocados have become immensely popular over the past five to six years and the exotic has earned its own place in the market. The demand increases ahead of the summer. Prices are already high and stand at almost 80 cents per piece.

According to a trader, there are two types of consumers. One of them prefers the harder avocados that ripen more slowly and for those the ideal choice is the Pinkerton. The second group demands a ripe avocado and for those the Hass is the most suitable option.

### **Investment in laser labels in Sweden yet to pay off**

It will take some time before the investment made in laser labels, whose use started only recently, pays off. The volume of avocados featuring such labels is still limited. The organic avocados with this label are regularly sold as conventional because the customers place the fruit in bags and the cashier does not see the laser tag.

The avocado market is growing rapidly. The volume has increased by 15 to 20%. Last year, a historic volume was sold despite the rising prices.

### **China is an import market**

The Asian country imports its avocados from Chile and Mexico, and since 2015 also from Peru. Currently, New Zealand is trying to gain access to the Chinese market. Since 2014, the import volume has increased explosively. That year, imports grew from 32 tonnes to 1,500 tonnes.

Besides the foreign supply, there is also a domestic production in the regions of Yunnan, Guanxi, Sichuan and Hainan. While avocados have been grown since the 20's of the previous century, there is no commercial cultivation; therefore, the quality is too poor; this offers opportunities for exporters in producing countries.

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