

OVERVIEW GLOBAL APPLE MARKET

Now that the end of the European season is fast approaching, traders are looking to the southern hemisphere to purchase their apples. The harvest there has just kicked off and traders are noticing the greater demand from Europe. The question is whether these countries will be able to supply the European market with their apples. WAPA estimates predict a stable volume in the southern hemisphere. Also, these countries see great opportunities in the Asian market, while the market share in Europe has been under pressure in recent years. European traders are also looking for new suppliers. For example, a Swedish trader is importing apples from Ukraine for the first time. Countries that had a normal harvest are in luck this year. This applies to Spanish traders, who make good prices, especially for the Golden Delicious; a variety that was badly hit by frost and hail in other countries.

In the latest figures supplied by WAPA, the total export volume of apples for the southern hemisphere is 1,645,848 tonnes. That is about 20,000 tonnes more than last year. The harvest volume remains stable at around 5.3 million tonnes.

New Zealand opens "exceptional" season

The harvest of the first early varieties has started. The growing conditions are "exceptional." Sufficient rain has fallen in all regions to ensure good irrigation. According to experts, sunlight and heat are also at their best level since 1998. All this is resulting in a qualitatively good harvest, with a slightly larger volume than last year. Germany remains the most important export market for the apples, followed by the United Kingdom, the US and Taiwan. In total, exports go to more than 80 countries.

A lot of investments are being made in new plantings, packing stations and cold storage, reports New Zealand Apples & Pears. The acreage has increased by 3 percent. Traditional varieties like the Braeburn have to leave some room in the market for new varieties like the Jazz, Envy and the Pacific varieties. The demand for these varieties remains good.

In 2005, the Royal Gala and Braeburn still accounted for 77 percent of all exports, but that share has fallen to 40 percent today. This is partly because New Zealand offers a wider range of varieties. In 2005, Asia accounted for 13 percent of the exports. That share has grown sharply in recent years to nearly 50 percent of the volume that is currently being shipped to Asia and the Middle East. According to New Zealand Apples & Pears, that growth has been possible thanks to the economic development in this region.

South Africa: Smaller volume, strong demand from the northern hemisphere

The harvest has already begun. It kicked off in the east of Free State, which accounts for a small part of the South African production, and it continued in Western Cape. The season has been somewhat delayed due to the cool spring and a late flowering period. The first Royal Galas are already being harvested, while for some growers, the picking of the Panorama Golden has already been completed. The prospects are good this early in the season, although sunburn is a challenge. Fruit sizes are expected to be small.

In the first estimates for this season, drawn up by Hortgro, an 8% lower volume is expected. This will entail a production of about 31 million boxes (12.5 kg) for this season. Traders talk about a 5 to 10% fall.

Normally, all cold storage space is booked at this time of the year, but there is still some available this year. It is a consequence of the lower production volume expected. By the end of week 5, 5,500,000 boxes had been exported, especially to African countries and Asia. Traders also see strong demand from the Northern Hemisphere.

Argentina hopes for good season

The Argentinian sector was moving towards a crisis due to the rapidly rising costs in recent years. The sector and the government have therefore joined forces to limit the impact as much as possible. An apple exporter this season hopes to export more to Europe, thereby reducing the negative effects of the crisis in the country. Europe and the US are important destinations for Argentinian top fruit. Moreover, exports are also going to countries like Brazil, Mexico, Canada, Eastern Europe and the Middle and Far East. The domestic market is also absorbing the apples.

India: New Zealand knowledge for growers in the Himalayas

The New Zealand industry has signed an agreement with India to provide support to farmers in the province of Himachal Pradesh. These growers in the north of India grow a number of different products. Apples represent 85% of the production. The New Zealand sector will help growers in these Indian regions to improve their production.

Good market on the US East Coast

The supply on the East Coast is good. A trader says that sales are going according to plan. There is no oversupply and for some varieties the demand is high. The harvest in New York was better than last season. "We have a nice harvest and large sizes, exactly the opposite as last year," says a trader.

For traditional varieties, such as the Empires, McIntosh and Jonagold, the supply and demand are stable. Other varieties, like the Gala Fuji, Honeycrisps and Koru, are seeing increases in the demand. The first imports from New Zealand are being sold for a good price.

Poland: Quality insufficient for distant exports

Traders are having a difficult season because of the frost in the spring and early summer. A trader says that it is a good year for the growers, with high prices and many opportunities to sell the apples. "The market is currently stable, with prices that are twice as high as last year and a supply that is 30% lower," says a trader. "We see a lot of demand from different markets, but the quality is not good enough for long distances, which is why we focus on Europe."

Although the situation is good at the moment, it can change quickly. The Polish apple supply is still sufficient for three to four months. It is difficult to predict how the market will change, because it is difficult to predict how the quality will be when the doors of the cold stores are opened. The Jonagold and Jonagored were the most hit by the frost. The supplies of these varieties will probably run out first. In any case, there will be enough Idared, Gloster, Ligol, Gala and Golden Delicious to fill the gaps.

If the quality of the apples in storage is disappointing when the chambers are opened, it will still not be a tragedy for the growers, argues a trader. "The prices paid are also high, sometimes even comparable to those on the fresh market last year, so the risk that they won't be able to sell the apples is small." For traders, however, it can be a challenging year.

Sweden is looking for new suppliers

Due to the small harvest obtained last year, the prices are high. Importers are looking for alternatives in the southern hemisphere. A trader explains that this year, they are importing from Ukraine for the first time, and he is optimistic about the quality. Besides the traditional Swedish varieties, consumers have a preference for the Gala and Royal Gala. The importer says that the Polish production was disappointing this year, which entailed looking for other suppliers. Ukraine turned out to be a good supplier for a number of varieties, including the Gala, Golden Delicious, Granny Smith, Fuji and Florina.

Dutch apple market will remain tight

As a result of frost damage, the apple supply in the Netherlands, but especially in Belgium, is a lot smaller than in other years. The prices are therefore at a stable high level and the prospect is that there will be a gap ahead of the new harvest. Meanwhile, the first overseas apples are again expected, but that supply will not be enough to fill the gaps in the market. The price of Dutch Elstar (in bulk) on the German wholesale markets increased by 15 cents and reached € 1.45 per kilo in three weeks.

Early end Italian apples

Traders are satisfied with the results achieved in the first half of the sales season. The positive trend predicted at the beginning of the season has been confirmed. A trader describes the market as "exceptional; a season like we have not seen in ten years." That does not mean that some growers don't have to deal with losses. A large cooperative reports a total loss of 25% in volume divided into several varieties: Royal Gala -15%, Red Delicious -26%, Braeburn -34%, Golden Delicious -45%, Fuji -4%, Pink Lady -15%. Other varieties did better. The Granny Smith volume remains stable and the new plantings of Kanzi and Envy are compensating for the losses.

The prices are good, especially in Germany and Italy, where the supply of the main varieties (Golden Delicious and Jonagold) was considerably lower than last year.

Sales are going well and the market was certainly good in the last months of last year. The season is expected to be completed early. On 1 February, there was 33% less in storage than last year. For the Golden Delicious, the stock was actually 50% lower than last year. For the Royal Gala, the end of the season is expected in the first ten days of March, while club varieties like the Kanzi and Pink Lady are expected to be available until the end of April and the beginning of May. The season will be coming to a close one month earlier than usual. The Red Delicious will also be available until May. The Envy will remain in the market until the end of the month and the Ambrosia will still be available for a few weeks. Another trader explains that he has just started selling the Pinova, a variety for the spring months.

Work is currently underway to facilitate the access of exports to the Asian markets, especially India, Sri Lanka and Mongolia. In this regard, the exporters are dealing with shortages on the market. A trader explains that this season, he only has 10% of last year's volume available for export to these markets.

France: Drop in sales due to frost damage

Due to the dramatic cold in the spring of 2017, there was a much higher demand than supply this year, especially in Central and Northern Europe. French growers didn't escape the impact of this frost. Some orchards had never been frozen before and suddenly they did, as reported by a French trader. Since he did not want to deliver a lower quality than in previous years, the trader, who grows some of the products himself, had to dispose of many apples and the volume was lower than planned. If the French harvest is smaller, the trader imports apples from South America. Nevertheless, the question is whether the supply from the southern hemisphere will be large enough to fill the gaps in the European market. A trader expects the volumes to be insufficient.

Spain takes advantage of European market shortages

In a year in which most countries have a smaller apple harvest, those with a normal or larger harvest can take advantage. This has been the case for Spain, which has harvested a normal volume. Spanish growers and traders, especially those who sell the apples in bulk, are receiving considerably higher prices. For the Golden, the prices paid are reaching record levels, but in general, prices are higher, especially for the larger calibres.

In August, when the season started, the price was still at a comparable level to that of the previous year, but in the months that followed, the price rose. The price for the Golden stood at 70 cents per kilo for the class 1 this week, says a trader. The demand for these apples in bulk is quite high, especially in Italy. The apples are packaged in Italy to be sold in the domestic market.

In Spain, normally one of every two apples consumed is imported from Italy. "In a year like this, we can regain some market share," said a trader. The new season is therefore expected to start with an empty stock. "With these prices, growers are rushing to the market."

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