

OVERVIEW GLOBAL ORANGE MARKET

Northern Hemisphere growers are getting ready for the end of the orange season. Sizes in Europe were smaller this season due to a drought in the summer. In Italy, this resulted in a mixed mood on the market. Some growers were satisfied while others called it a moderate season. Prices for Spanish oranges rose sharply partly due to speculation about shortages. Egypt is forging a path into the market and is trying to get a foot in the door of export markets such as Europe and China. This country's citrus can compete with the Spanish supply when it comes to price. The Egyptian government is also investing in the sector to improve the quality of this product. After years of drought, South African growers are looking forward to the start of the season. A more significant volume is being predicted although production is not yet at the level it was before the drought started.

South Africa expecting a good season

The net presented estimates for the coming season are positive, especially for navels. Growers are looking forward to the coming season, even in the region hit by the drought, like Patensie in the Gamtoos Valley in the Eastern Cape, and the Western Cape. After last year's disastrous navel season in the Eastern Cape and a slightly better result in the Western Cape, volumes are back at the 25,6 million boxes-mark. Due to the drought, this is still less than usual. The sizes are also smaller because of the lack of rain.

In Letsitele, in the Limpopo province, the early navel harvesting season is in its second week. All early navels are packed exclusively for the local market. The summer heat means their colour is not perfect. Their acidity levels are also not high enough to ensure a good shelf life.

The estimates for Valencias is slightly lower than last year. At 53,9 million 4kg boxes, this citrus variety makes up the largest part of the South African production. The Limpopo province is getting rain after a dry summer which is beneficial for the Valencia sizes. This province is good for almost a third of the South African production. The season starts in the north in about a month, but the larger volumes are only harvested in week 23.

More demand for Egyptian citrus

The season began at the end of November. The start of the season is determined by the Egyptian government. There was a slight delay to the start due to the slow ripening of oranges early in the season. Demand, however, increased rapidly. The season was well on its way by around Christmas.

Fuel prices increased because of problems in the Egyptian economy and changes in local politics. Labour and packaging costs were also higher. This had a negative effect on orange prices.

The oranges are exported all over the world: the Netherlands, Germany, Romania, Poland, China, Sri Lanka, Bangladesh, and Russia. The Egyptian government recently started a programme to prevent the spread of diseases. They also want to send better quality citrus to market, thereby meeting all the required standards. A trader says the demand is higher this season after the Spanish citrus's suffered due to bad weather. The Northern European markets in particular, such as Ireland, Denmark, and Poland, are demanding more Egyptian citrus.

Spain: growers get high prices

The first half of the season was characterised by the significantly smaller volumes of mandarins and oranges in Valencia. Meanwhile, in Andalusia, the production levels were comparable to the 2016/2017 level. Although the prices in the first half were already high in Spain, speculation over export shortages in the second half of the season, drove them even higher. Harvesting in Andalusia was halted due to excessive rain over the last three weeks. This prevented the European market from being flooded with oranges.

Orange exports have increased over the past few years. The Asian market, in particular, has become an important destination for citrus, especially in the second half of the season. Markets such as China, Hong Kong, Malaysia, Indonesia, Japan, South Korea, Australia, Brazil, and Canada are essential for Spanish exports, says a trader. Compared to last year, exports to China have doubled from 20,000 to 40,000 tonnes.

China has also started to import Egyptian oranges because of their low prices. According to the Spanish trader, Chinese consumers prefer the Spanish oranges. It is only because of their quality that Spanish exporters can compete against their cheaper Egyptian counterpart. These high prices received by growers makes exports difficult.

Italy: a lot of small sizes, mixed mood

The Italian season was characterised by the persistent drought which meant smaller sizes. The blood orange season is drawing to a close. This will be followed by the blond varieties and then, eventually, the import season.

The export season is over, except for a few instances, says a trader. These batches are destined for the Scandinavian and German markets. Prices were disappointing this season. The larger volumes of small sizes meant prices were lower than expected. It was an average blood orange season, the trader says. He is hoping for a few rain showers before the summer begins.

Other traders were pleased with the season. The demand for organic oranges was good, despite the small sizes. The season will end midway through April. Various traders have indicated that the last varieties will be harvested in the coming weeks.

A change in regulations means that orange juice must no longer consist of 12% but 20% juice. These new regulations will probably have a positive impact on countries such as Brazil and Spain, who supply a lot of oranges to the juicing industry. A Sicilian producer fears these new regulations will have negative consequences for Italy. The country grows insufficient volumes of citrus for the processing industry. This means import shares will only increase.

Germany: Egypt is pushing Spain and Morocco out

A small transition is taking place in the German orange market at the moment. This means the Spanish and Moroccan Lane Late and Navelate are being pushed slightly to the backburner. This is in contrast with the Egyptian products which are being traded in large volumes. On the domestic wholesale market prices are fluctuating between EUR8,50 and 10,50. The Egyptian products find themselves in the bottom price segment and the Spanish products in the top. The Egyptians are also bringing more smaller varieties on the market, which are proving very popular.

Oranges are not a firm Easter favourite which will have a slight influence on sales, expects the trader. Sales are stable when it comes to the few Italian Moro and Tarocco blood oranges being traded.

France wants small sizes

There is a lot of activity on the French market, and the demand is high. At one French trader who imports oranges from Portugal, the season will still last until the end of summer. "The current variety will still run to the end of April. Then we will switch to the Valencia Late, which will be on offer for the rest of spring and the whole of summer."

"The Portuguese yield was normal, and so volumes are limited. There is, mainly, a shortage of the smaller sizes. These are in great demand on the French market as they fit perfectly into a juicer. Larger sizes do not fit, so the demand for the smaller sizes keeps growing."

The Netherlands: Good prices for Spanish oranges

Spanish suppliers are asking good money for their oranges at the moment. Sales prices are at around the EUR12-13 level for large sizes. Since many Spanish suppliers ask fixed prices, it is, at present, difficult for players in the free market to compete. The price for Egyptian oranges has also climbed to a EUR9/10 level, although the smaller sizes are somewhat cheaper. Morocco will soon begin supplying the Navel and later, the Valencia-Late. The current cold weather is a significant advantage for the orange market as it stimulates consumption.

California expects early end to the season

This year, The Californian season is expected to end earlier than last year. According to a trader, this is due to the smaller volume. "Both domestic and imported Mandarins are oranges' biggest competitor says the trader. He estimates that Florida and Texas are almost at the end of their seasons.

The sizes will, however, increase toward the end of the season. This can lead to challenges in April. "The number small and medium sizes will increase as the sizes, in general, increase." The trader hopes prices will climb slightly as the supply of small and medium sizes shrinks. In recent weeks, prices have weakened in comparison to historic data. The trader indicated that, "they have have been reasonably high throughout the season." The largest portion of Californian citrus is destined for the domestic market, although exports in South Korea have been increasing in recent weeks.

Australia focuses more on exports

The peak of the Valencia season is in February. Due to a restricted supply, citrus growers got high prices. With this, the market is following the worldwide trend of oranges shortages, mainly occurring in the industry. The Australian branch organisations are encouraging growers to keep looking for export markets. Last year more than \$1 billion's worth of products was exported of which 42% was citrus products. Most of the products were exported to Asia. Navels and other varieties come into season from May, but it is still too early to make any predictions. The government has granted the sector a substantial subsidy to curb the spread of diseases.

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