



GLOBAL MELON MARKET

In the summer months, the consumption of melons and watermelons usually increases. With the summer temperatures of the past few weeks, things should be going fine in the European melon market, but this is actually far from the truth.

The fruit is currently in production in the countries of the northern hemisphere. Spain takes the European market over, but melons are also harvested in Italy and France. The season in both countries had a messy start due to the rain and hail recorded in June, but traders are optimistic about its later development. Further to the north, the mood is not as positive. Dutch traders are dealing with a huge supply of Galia melons and watermelons, and with the start of the summer holidays, the market conditions are not expected to improve in the short term. The mood in Ukraine is also bleak due to the low prices that are being paid.

In the US, the high transport costs are taking a toll on trade. These costs need to be reflected on the price, but if this is too high, the consumer will not buy the product. In Latin America, growers are taking stock of the past season and are cautiously planning the coming harvest. The South African growers who were able to irrigate had a good season. Some growers even have melons in storage that are currently hitting the market, but the prices are disappointing.

Spanish sector expects gap in the supply

After an unusually cold spring with a lot of rain, the melon season in Almeria kicked off with some delay; later followed a heat wave when Murcia was starting with the harvest. Due to the heat, the harvest volume increased, resulting in the current market oversupply. The harvest in Murcia is going fast, so the supply will drop from August. Castile-La Mancha, the next production area, also has a delayed harvest. Moreover, that region planted fewer melons than last year. The sector therefore expects a gap in the supply of two to three weeks, during which the current low prices (around 0.30 Euro per kilo) could rise. Yellow and Galia melons have so far recorded the lowest prices. The Charentais gets the highest price because the various production areas did not overlap.

After several years in which the export of Piel de Sapo melons has been growing, the trend has changed this year. Perhaps the export volume is even lower than last year's. However, the demand from Asia is greater than ever. There is a limited volume of small-sized Piel de Sapo melons available and these



small sizes are the ones used for export. This could be the result of pressure from the Spanish retail on growers to produce sufficiently large calibres for the domestic market.

At the same time, a large breeder is investing in a campaign to introduce the traditional Spanish Piel de Sapo in Northern Europe and boost its consumption. This year, 5,000 melons are being given away in supermarkets via a well-known online retailer in the Netherlands. Campaigns in Germany, France and the United Kingdom will follow. The sector is convinced that more needs to be invested in communication in order for the Piel de Sapo market to grow outside of Spain. Spanish growers claim that the Piel de Sapo as "the tastiest" melon.

Italy: Concerns about prices and supply

The start of the season in Lazio was not good because of the rain and hail recorded last month, says a trader. However, a good harvest is expected for the coming months until mid-October. "We are optimistic and we believe that the season can recover."

In Salento, the largest growing region in Puglia, melons and watermelons are harvested in the summer months. The market usually peaks in July, mainly thanks to tourism; however, this is not currently the case. According to a trader, prices stand below the production cost, and the price war between large retailers is a big threat to the entire sector. Growers look at the development of the seasons in other areas and are somewhat bitter. "Greece had a reasonably positive season, with prices oscillating between 0.20 and 0.24 Euro per kilo, and the results were also positive in Sicily. Meanwhile, Puglia had a dramatic season last year and things don't seem to be getting much better in 2018. "The export markets also offer no solution to this. The price movements there are usually predictable and the market just moves along.

Watermelons are also yielding disappointing results. There is a huge production available, says a trader. As a result, prices are under pressure.

Although the mini-watermelons are becoming increasingly popular, there is still a good market for large sizes. The latter are sold for a nice price of 0.70 Euro per kilo and are mainly bought by stores that sell them already cut.

France: Chaotic start of the season due to bad weather

A southern French grower tells us that the season has had a chaotic start. "We've had bad weather for a month, although things have improved a little in the past three weeks. It's now warm and beautiful outside, and this has a positive impact on the market." Consumers are eating melons again and prices



increased by 20 cents early last week." The bad weather has had an impact on the quality of the melons, but according to the grower, it is not a big issue. "Some are tasty, and some are not as tasty."

The Netherlands: Abundance of watermelons and Galia melons

The Dutch melon market is currently marked by oversupply. "We are asking for 40 cents for the watermelons and getting 30 cents, and there are also a lot of Galias available," says an importer. The full melon range is currently supplied by Murcia. Valencia is shipping watermelons and from next week, La Mancha will also be on the market with yellow and Piel de Sapo melons. Compared to the watermelons and Galias, yellow melons are doing good and the situation of Cantaloupe and Piel de Sapo melons is also acceptable. Since many more Dutch people are going on holiday, the market is not expected to revive any time soon.

Ukraine: Low prices and competition on exports

The season started three weeks ago, which is relatively early. The prices have already been at a critical level since the start of the harvest, as reported by growers. On 12 July, producers from Kherson were paid 0.04 to 0.05 Euro per kilo for their watermelons. According to growers, that price is insufficient to cover the production costs. At the start of the watermelon harvest, prices were 50% lower than in the same period of 2017. In the first three weeks after the start of the campaign, the price was on average 20% lower than in the previous year. In the second week of July, prices were at a comparable level to those of 2017 for the first time.

Low prices are also paid on the wholesale markets. The highest prices have been reached in Lviv and Kiev, with 0.11 to 0.12 Euro per kilo. Lower prices are paid in other wholesale markets (0.06-0.07 Euro/kg). Exports also leave much to be desired this year. Poland is an important buyer, but the competition with Hungarian watermelons is tough. Prices on the Polish wholesale markets reach 0.23 Euro per kilo, which is 10% lower than last year. However, Ukrainian exporters are faced with rising transport costs.

Transport costs shaping mood in US market

Although the supply of melons this season is good, traders on the west coast are feeling the impact of the rising transport costs. In California, traders notice that the supply is shifting from the desert region



to the central part of the State. Due to the high transport costs, the fruit reaches supermarkets at a higher price, but higher retail prices are not good for the product's sales, says a trader. Retail demand is still good, but is under pressure. A trader is pessimistic. He expects little from the market in July, and August is traditionally not as good a month. The growth in the processing and catering industries cannot alleviate that pain. On the east coast, Georgia and Carolina are on the market and the supply is slowly moving further north.

Growth of Chinese sector continues

In general terms, China has had a large fruit harvest this year, and this also seems to be the case for watermelons. The high prices paid last year motivated growers to give the production of melons and watermelons a boost. The favourable weather conditions also stimulate the crop's production. At the moment, the harvest is reaching its peak in Hebei and the northern provinces. The large production areas in the south start harvesting in April, with a peak in May.

Earlier this year, the Chinese import sector signed a strategic agreement with the Vietnamese authorities to increase the import of Vietnamese watermelons for retail. Around 20% of the Vietnamese harvest (1.5 million tonnes) is exported to China. The melons are transported over land and the import season overlaps with the harvest in South China. This often results in a surplus and falling prices. Improved cooperation and distribution can prevent this. More and more growers are buying land in China to increase the supply. The combination of local production and imports guarantee a year-round supply.

Australian melon cultivation is catching up

Australian melon cultivation recovered following the impact of an isolated listeria outbreak which had major consequences for the sector. The sector suffered a loss of 15 million dollars and there were melons left unharvested across the country. Melons rotting on the ground were the result of declining consumer confidence. According to the authorities in Queensland, the demand halved during the crisis. The national authorities offered the sector \$ 100,200 to help it stand up again and to grow in a number of markets, namely Singapore, New Zealand, Japan and Malaysia. North Queensland, the Northern Territory and Kununurra and Canarvon in Western Australia are currently on the market. Hort Innovation's figures show significant export growth in recent years. Between 2015 and 2017, the value



of exports grew from 4.5 million dollars to 8.5 million dollars. However, the volume in 2017 increased by just 3% compared to 2016.

South African growers with access to irrigation had a good season

There is a reasonable supply of watermelons on the market. The Mickylee and Crimson Sweet varieties recorded a "reasonable" price for the winter months in the southern hemisphere. In the supermarkets, these melons cost 1.90 Euro. Consumers usually switch from summer fruits, such as watermelons, to citrus around Easter, explains a grower from Gauteng. From 1 September, the first loose, large watermelons will be on the market again.

In Cape Town, a trader says that there is still supply from a grower from Touwsrivier, Karoo. That grower had sufficient water available and had benefitted from it. He has so many watermelons that it is occasionally difficult to find a market for them.

On a national level, the past season has been good in terms of production. In the Cape region, a smaller crop was expected due to the dry weather, which would result in higher prices. In North Cape, where many growers irrigate with water from the Orange River, the harvest was large, which put the prices under pressure. Growers without irrigation in Limpopo harvested fewer watermelons, but in the areas where irrigation was available, the harvest was larger. According to traders, the quality was excellent.

Latin America takes stock of the campaign

The Latin American countries are mainly on the market during the last and first months of the year. During the summer months in the northern hemisphere, these countries leave their place on the market to other countries.

Costa Rica closed the export season in May with good results. The fruit is said to have had a good colour and a better internal quality than usual. This is partly due to the growers' efforts to grow a better product. Due to the focus on quality, there are opportunities in markets such as Scandinavia, Germany and the United Kingdom.

The Panama season usually runs from November to May. From June, there is too much rain for melon cultivation. Since 2005, watermelon cultivation has been declining in the country. This is due, on the one hand, to developments in the European market, and on the other, to the fact that the melons are not competitive enough. Costa Rica and Brazil, the main competitors, usually have better access to



Europe. Panamanian traders are trying to find contacts in Europe and thus expand their presence there.

Brazil is slowly preparing for the start of the new season in September. During the winter months in the southern hemisphere, the demand on the domestic market falls. The recent rains may have an impact on the preparations for the coming season, including the choice of varieties. The Yellow melon and the Piel de Sapo, which are less sensitive to rain, seem to be chosen more often. The acreage is expected to remain stable, after the good previous season. Melons are still available on the domestic market, although prices were under pressure in the first week of July. The school holidays and the World Cup are mentioned as the cause.

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