

OVERVIEW GLOBAL AVOCADO MARKET

Avocado prices are slowly dropping on the European market. In general, prices are expected to fall sharply in July and August compared to previous months. This is due to the fact that some countries continue to buy smaller volumes than usual because the coronavirus is still having a huge impact. For example, part of the food service in the US is not yet back to its old level. Peru, the world's largest producer, is therefore selling more volumes on the European market. Other production countries and regions are Mexico, Colombia, California, South Africa, Kenya, Tanzania and Uganda. Peru has a strong presence in both China and India. South African companies are currently also sourcing Peruvian avocados to supplement their own volumes, as they've had smaller home-grown volumes than expected. In China, imports are still on the rise; Colombia is perceived as a nice addition to fill the gap between the Chilean and Peruvian seasons. People are also increasingly working on their own production.

Belgium: Low prices for the Hass; Greenskins at their usual price

There is currently a great supply of Hass avocados, as different countries are in production, says a Belgian trader. The demand is at a fairly normal level. As a result, prices for the Hass are quite low and don't differ much from those of the greenskins. The greenskins are currently imported from Peru and South Africa and the supply is normal.

The Netherlands: Large supply of avocados, popularity still on the rise

The European avocado market is currently well supplied. Importers say that there is sufficient supply from Peru and Kenya. There is also a good supply of greenskins from South Africa. These are particularly popular in Eastern Europe, Baltic countries, Italy and Greece. Due to the crop's growing popularity, more and more production areas are being introduced. Kenya, for example, continues to increase its market share, but Tanzania is also shaping up as a potential avocado exporting country, according to an importer. The good thing is that the popularity of avocados is also increasingly strong. June has been named Avocado Month by the World Avocado Organization, resulting in promotions at various supermarket chains worldwide. The number of avocado exporting



countries is also on the rise. For their part, Peruvian, Chilean and also African exporters are increasingly focusing on the Chinese market. There is a lot of potential in China, first of all thanks to its huge population, but also because avocados are still virtually unknown there."

Germany: Slight oversupply leads to pressure on prices

Because of the coronavirus, there have been shifts in the flow of avocado trade. The catering segment fell back sharply, while retail sales notably increased. The avocado market appears to have survived the crisis well and sales have remained virtually stable across the board. However, the limited supply led to significant price increases between April and May. Now the market has returned to somewhat calmer waters, according to an importer.

Despite a somewhat difficult start, things are now going well for the Peruvian supply. Instead of the smaller fruits that were dominant until recently, the most common size now is the 16+. "These combine well with South African goods, which tend to be a bit smaller, which means that there is now balance in the supply," says a trader. Prices have hit a very low level due to some slight oversupply and considerable pressure on prices. "We expect the situation to stabilize again in the coming weeks."

France: Consumption is lagging somewhat despite price pressure on the market

There are large stocks of avocados on the French market due to the import of Peruvian avocados, which have been arriving on the European market in large quantities in recent weeks. As a result, prices have fallen sharply. Despite promotions in supermarkets, consumption in France is lagging somewhat. After all, during the country's lockdown, the prices of avocados were expensive, but now that the fruit is cheaper again, the French still prefer other options. This means that there are now a lot of avocados available on, for example, the Rungis fresh market.

United Kingdom: Low prices due to large volumes from Peru

Large volumes of Peruvian avocados are now arriving on the European market. In week 23, 400 reefers were arriving each week, but this figure has now increased to 600 per week. Due to the large volumes, the market is under pressure and prices are low. This situation is expected to persist for the next 2 to 3 weeks. Northern



Peru is currently still in production with smaller sizes. As the harvest moves to the south of the country, larger sizes will follow. The demand on the British market is strong due to the good weather and promotions from retailers. There are also some volumes from South Africa and Kenya available.

Spain: Successful season for Spanish avocados, despite large volumes and the coronavirus

The Spanish avocado season came to a close in May with large volumes. It has also been an on-year this season. Despite the large volumes (around 80,000 tons) and the coronavirus, the demand for the smallest sizes remained high until the end of the season. Due to the high demand, the season ended earlier with high prices. Growers, traders and retailers consider this Spanish season a great success.

The 2020/2021 campaign will kick off in September with the green varieties and will continue with Hass from the end of October. An off year is expected for the new season, which means that the harvest will be significantly lower. Therefore, Spanish traders and exporters will complement their avocado supply with the production from other countries. Eligible suppliers are Chile and Mexico. Spanish importers are currently getting their avocados from Peru. The volumes from this country have flooded the European market and caused a price drop from early June. According to a Spanish exporter, Europe can normally absorb 10 million kilos of avocados per week, but from early June, 13 to 14 million kilos of avocados have entered the European market.

Italy: Despite the lockdown, sales have continued to increase

Avocado prices are slowly falling on the European market and this also applies to Italy. A slight but steady decline is also expected for the coming months. "The marketing of avocados is growing every year," says a trader in the wholesale market of Milan. "Even during the toughest days of the lockdown, the avocado supply on the market continued to increase significantly. From March 1 to May 31, the volumes grew by 40% compared to the same period last year. The average price on the wholesale market is € 10 / 4kg (imports from South Africa and Peru). Compared to the global trade, production in Italy is a niche. Prices are therefore higher than those of imported avocados (almost double). The most common



varieties are the Hass, Fuerte and Ettinger and the new season starts in Sicily in October.

South Africa: Export figures revised downwards

Avocado exports were initially estimated at 18.5 million 4 kilo boxes, but that estimate has been revised downwards to 16 million boxes. There are two reasons for this. Firstly, greenskin avocado exports to Europe declined at the start of the season due to the continent's lockdown. Inland transport from European ports such as Rotterdam to Eastern Europe (a market where many greenskins are shipped) was also hurdled by the lockdown. The second reason is that the avocados are smaller in size due to the dry weather and heat in the country. This year, several large multinationals in the avocado industry have had to supplement their avocado volumes with fruit from other producing regions, such as Peru.

Two thirds of the current export season have already been completed. Supermarket sales have been going well. From week 21, Peruvian avocados became increasingly present on the European market. The industry is also keeping an eye on consumer behavior, trying to find out whether they prefer avocados that are left to ripen at home or ready-to-eat avocados. In the domestic market, the food service is slowly picking up again, which is giving a boost to the demand for avocados. The average domestic market price is now € 0.62 / kg (ZAR 12.21) and there is an upward trend.

North America: Peru is shipping more avocados to the US

The avocado supply is abundant, to say the least. The avocados currently available on the North American market come mostly from California, Peru and Mexico. The expected yield in California is higher this year than in the 2019 season. "We have 167,375 metric tons (369 million lbs.) of avocados this year, from which we have already harvested 92,986 metric tons (205 million lbs.)," says a grower from California. "We expect to be able to harvest 6,800 tons (15 million lbs.) per week. More avocados are coming from Peru this year. In this country, too, stocks are abundant, and Peru is taking advantage of the fact that Mexico is trying to limit its stocks in order to reduce the price pressure. Many more retailers are promoting Peruvian produce in supermarkets this year. The volumes expected from Mexico are also greater than in the previous season, but the country has only one week left of



harvesting and exporting to the US. After that, the country will be leaving a considerable amount of avocados on the tree.

In terms of demand, prices are currently still stable. During the first four weeks of the lockdown, the coronavirus caused sales to the market to drop from 22,680 tons (50 million lbs.) to 18,144 tons (40 million lbs.) per week. In the weeks that followed, the retail was able to absorb the sales intended for the food service. The latter is currently back to 50% of the original demand for avocados; however, in the coming weeks, more market pressure is expected with the arrival of fruit from Peru and California.

Mexico: Jalisco faces competition from Peru

While Michoacán mainly exports to the US, the growers in Jalisco focus on Canada, Europe and Asia. The season in Jalisco has a short break between March and April, when there is a lower production. The new season started a little later this year, at the end of May instead of mid-May, and the growers are facing difficult market conditions due to the large volumes being shipped from Peru to the same destinations.

Peru: Production continues to increase

The Peruvian season started at the end of April. Peru's core strategy is to expand its production and gain a larger share of the world market, especially in North America and Europe. Large volumes are expected to be exported to the US from mid-June to October. The production continues to grow and at least 90,718 tons of avocados are expected to be shipped to that destination this season.

Colombia: High season to start in September

Colombia is currently in the off-season, with a low production. Growers are preparing for the start of the high season in September. Colombia is working hard to expand in the global market. For the exporters, the impact of the coronavirus on the avocado market is not yet too bad when it comes to the demand and prices.

India: New Zealand and Peru are the main import countries

Avocados have been doing well on the Indian market lately. Peru's first shipment by sea is expected to arrive soon. Thanks to a new E-



commerce sales platform, avocado sales are on the rise on the Indian market. Both prices and the supply are currently stable.

Peru and New Zealand are the two main suppliers on the Indian market. Both countries have a good market share in India, depending on the season. The packaging, degree of ripeness and prices are very different for both origins; consequently, even when both countries are on the market at the same time, they appeal to different kinds of consumers.

China: Avocados from Colombia and the US for the first time this year

The import volume is smaller this year compared to the previous one. This is mainly due to the fact that many avocados are not properly processed due to a lower quality and this has an impact on sales in the local markets. At the moment, most avocados come from Peru and those volumes will increase from mid-July. China also expects the first avocados from California and Colombia this year. The first container from Colombia is expected to arrive on June 29. The importer expects this to be a nice addition to fill the gap between the Chilean and Peruvian seasons. The same importer also planted Hass avocados in Yunnan for the first time this year, which is the first step towards domestic avocado production in China.

Australia: Stable stocks, but a lower supply in the summer

Avocados Australia expects the supply to remain stable in the coming months; however, when the summer harvest arrives, the volumes are expected to be reduced, as growers in the south have few avocados on the trees. The industry continues to promote the fruit's consumption at home as sales to the food service have dried up, despite most Australian states having already introduced less strict measures..

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