OVERVIEW GLOBAL LEMON MARKET

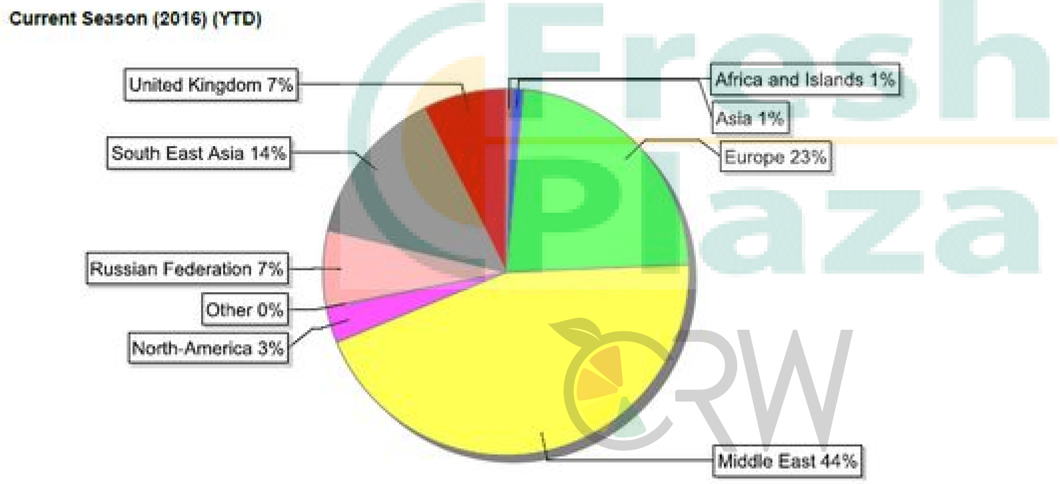
The harvest in Argentina has been delayed, and Europe is feeling the effects of Citrus Black Spot (CBS) restrictions. The measures raised are making life difficult for the South African exporters. The combination of a smaller harvest in Spain and problems with Turkish lemons resulted in an almost empty market and skyrocketing prices. Prices are also good in the US. Right now, California is the only state on the market, and desert regions will follow in autumn. Until that time prices are expected to rise. The Middle East is a good market, in part due to the Ramadan. The market only seems slow in Asia, according to South African exporters, but the reason is not entirely obvious.

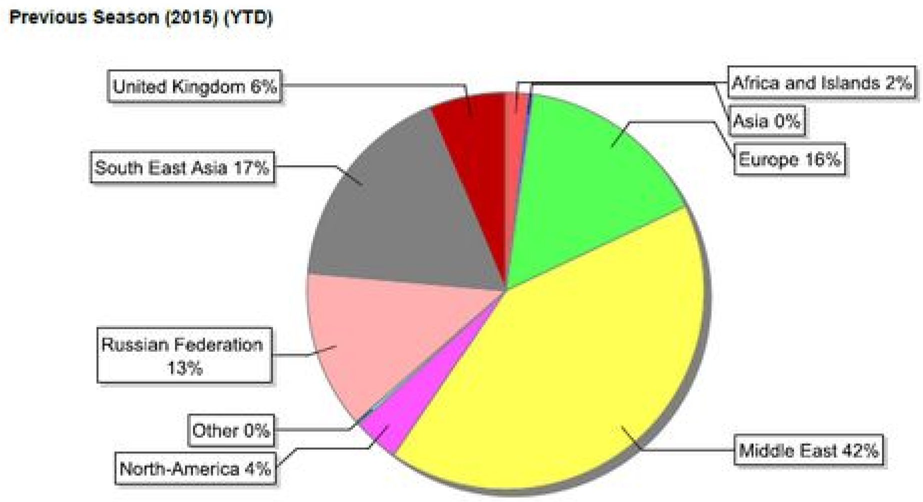
Argentinian supply smaller
The Argentinian harvest is smaller. Due to extreme weather the harvest has been damaged and delayed. The decline is estimated to be 20 per cent. Because of rainfall a large part of the lemons are unsuitable for export. Demand, however, has risen sharply, according to figures, it increased by 30 per cent compared to last year. The Argentinians are mostly profiting from the smaller Spanish harvest, which resulted in prices 15 to 20 per cent higher than last year.

The Middle East, which the Argentinians see as a potential growth market, also has demand for lemons. The trade agreement with the US is in an advanced stage, but not yet finalised. Furthermore, exporters are working on access to China. Europe is currently still the most important market.

South African season ends earlier
The early Ramadan is good for export to the Middle East this year. Demand from those markets was good, South Africa exported a large part of the early harvest to this market. Demand for lemons is good in general, except in China. It is unclear why the Chinese market is difficult for South African lemons. A possible cause could be that the South African season follows the Chinese and American seasons. Quality problems could also play their part.

LEMONS (LE): Current Season vs Previous Season





Source: Agrihub/Citrus Growers Association

The country stopped the export of organic citrus to Europe. Reasons are the EU's CBS measures and the number of interceptions last year. Cultivators can use pesticides against CBS, but that is prohibited in organic cultivation.

At this time, the Sunday's River Valley region in the Eastern Cape is on the market. The harvest is expected to end early this year. The harvest took place unhindered, but if the weather turns, it might still have consequences. It is not a bad year for exporters in general, but it is also not an ideal year, according to one exporter. Sizes are small, and Europe has set strict

CBS measures, but export to Europe still occurs. Because of the restrictions, exporters had had to work differently, and importers in Europe need to take into account that they will not receive the volumes they are expecting. Prices, however, are good, and the sector profits from that. Besides Europe, Russia appears to be a good market. Southeast Asia is a slow market, which has no obvious cause. The Middle East is a stable market with good demand.

Europe in the grip of CBS
The European lemon market is currently overheated. Although there appears to export less lemons due to the CBS measures imposed by the EU the actual export figure from South Africa are up, but the export of organic lemons has stopped completely. Argentina entered the market later and with smaller volumes, combined with high demand and a difficult supply of limes, this results in high prices. According to importers this situation will not change any time soon.

Spain ends season with skyrocketing prices
Three successful seasons have increased the popularity of the lemon cultivation. An increase in the area is expected in the coming years. The season closed with prices skyrocketing over 1.30 euro for the Verna. The harvest of Primofiori was 30 to 40 per cent lower than last year, and for the late Verna even more than 50 per cent lower than last year. Because Turkey also had some problems with its harvest and Argentina entered the market later, prices for Spanish lemons skyrocketed. Due to the smaller harvest, export was 14 per cent lower. Especially the processing industry received far less volume, 100,000 tonnes this season, whereas it received 305,000 tonnes in the previous season.

The harvest is expected to once again be regular next year, and to amount to one million tonnes. This makes Spain second in the world rankings of production, with Argentina taking first place.

Italy invests in extension of the season
According to figures the production in Italy will decrease by 10 per cent. Export rose to 20,000 tonnes in February 2016, which is 5,000 tonnes more than in the previous season. The harvest in Syracuse, Sicily, starts in October and lasts until June. Import from South Africa and Argentina will then start. The strain imported most often is Eureka. To extend the Italian season and to become less dependent on import, cultivators are investing in an expansion of the area. Late strains such as Verdello and early strains such as Femminello and Siracusano will be planted, among other strains. Lemons are sold on the domestic market besides being exported to Austria, Germany, Switzerland, Hungary, the Czech Republic, Slovakia, the UK, Denmark, Finland and Sweden, among other countries.

French market empty
An empty market has resulted in a higher price, but consumers are willing to pay that price for lemons. Currently, lemons are being imported from Argentina, but because the country is still at the start of the season, there were some complaints about quality. The first containers have been received by now, quality could improve later.

British prices stable
The British market is stable with 20 to 25 pound (23-29 euro) per box, depending on size. That is a good price for the citrus. Supply from Argentina is also smaller, and some quality problems have been reported. On the other hand, the UK is importing from Bolivia.

Belgium: Lemons do not touch the ground
Supply in Belgium is so small and demand so high that lemons hardly touch the ground. Last week, prices were around 37 to 38 euro for 18 kilograms, and those prices are expected to rise even higher. Supply from Argentina is small, and the harvest of Spanish Verna lemons was also disappointing.

The Dutch market has good prices
Retail prices of South African lemons are good this season. Whether this situation remains unchanged depends strongly on the volumes still to be sent from South Africa and Argentina in the coming period. South Africa will not send large volumes. This is, in part, a consequence of the CBS measures causing exporters to choose the less risky option of exporting their lemons to regions other than Europe.

Israeli sector in difficulty
The lemon sector has been stagnated for over a decade because of oversupply and a lack of export markets. At the end of the 90s the government lifted price monitoring. Many lemon cultivators brought large volumes onto the domestic market. Export markets disappeared because of this, Spain and Turkey took over Israel's position.

As a result of the government's measure to deregulate prices, cultivators were very successful. The additional earnings were invested in area expansion, and new cultivators entered the market. The area has almost doubled in ten years, mostly by full production. The large supply exceeds local demand, resulting in low prices and decreasing sales for cultivators.

Export is possible in some exceptional situations, because of the smaller harvests in Spain and Turkey, for example, but volumes are small. During the 2015/16 season, 2,500 tonnes were exported, same as in previous years. The only benefit for the cultivators: lemons are available almost year-round, so shortages on the market can be fixed almost instantaneously.

Prices Russia increase by 30 per cent

The peak for lemons is usually in the winter months. Demand is currently stable. The citrus is imported from South Africa, Argentina and Uruguay, who have a stable supply. Prices are about 30 per cent higher than last season. South African lemons are sold at about 33 to 34 dollar per box. The sizes of South African lemons are actually too small for the Russian market, but the Argentinian production is experiencing quality problems due to the weather.

High prices for Californian lemons

The lemon cultivation is centred in Central Coast in California. Prices are good because of this. During the summer months demand for lemons peaks, therefore an increase in price will not be exceptional in the coming weeks. Later in the season, in the autumn, the desert regions of California and Arizona will enter the market. The large supply in autumn will reverse the price rise. The first lemons from these regions could already enter the market in August, but the season will not really start until September or October.

On 7 July boxes of size 75 were sold at between 37 and 38 dollar. A trader says that prices peaked at 45 dollar for the larger sizes. Towards the end of summer, prices could reach 50 dollar.

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