

Market report by Mark Greenberg, CEO Capespan North America

US demand for citrus from South Africa and Chile outstrips supply

Imported Citrus – Easy Peelers:

Chile continues to dominate easy peeler shipments to the US. Through Week 21, Chile has shipped over 8,000 metric tons of clementines to the US East Coast (USEC) representing a 50 percent increase in tonnage shipped over the same period last year. Loadings to the US West Coast (USWC) over the same period were at 3,650 metric tons, down 2.5 percent from last season. In total, Chilean clementine loadings to the US through Week 21 were up 29 percent from last year. In that same period, South Africa has loaded 117,000 cases of easy peelers to the USEC down only slightly from the 122,000 cases shipped over the same period last year.



Peru started early

As we reported two weeks ago, the earliest Peruvian clementine varieties struggled in the USEC market as much of that fruit arrived at a time when domestic and Mediterranean mandarins were still widely available. The Peruvian fruit didn't have the legs to wait for a better market and those that tried (purposefully or not) have not done well. Peruvian satsumas and light volumes of Peruvian clementines are now arriving into a more robust market and Uruguayan clementines will also shortly be making their presence felt.

Imported Citrus – Navel Oranges:

The domestic California navel season on the USEC has wound down, but respectable supplies of imported fruit will not arrive until the third week of June when the first South African bulk vessel arrives at Gloucester City, NJ. Through Week 21, South Africa has loaded 195,000 cases of navel oranges to the USEC including the volumes loaded on the first vessel as well as on earlier departing containers. This total volume is only slightly lower than the 199,000 cases of navel oranges that departed South Africa last year through the same week. This fruit will arrive in a navel orange market that will exhibit conditions that are vastly different than those observed one year ago. Indeed, what may have seemed like a lot of fruit last year will not be enough to satisfy market demand this year.

In Chile, the earliest navel oranges from Coquimbo have been slow to reach the sugar-acid ratio required to meet the standards imposed by the USDA/AMS Marketing Order for Oranges which remains in effect until June 30. As a result, through Week 21 Chile has loaded fewer than 375 metric tons of navel oranges to the US. Loadings from Chile should pick up in the coming weeks. Indeed, fruit that loads in Week 24 and later will enter free of the Marketing Order's proscription. So while Chilean shippers endeavor to meet the Marketing Order's standards even when they are not mandatory, the cost of failing to do so are not so devastating. Accordingly, we can expect Chilean navel orange arrivals to increase dramatically after July 1.

Limited availability of navels

Today on the USEC, on exceedingly light volume, navel oranges are selling at US\$ 30 – 34 on large fruit and US\$ 26 – 28 on small calibers. These peculiarly high prices will persist as only limited volume will become available before the first South African bulk vessel arrives on June 19. The arrival of that vessel will certainly moderate navel pricing to some extent. But with a pipeline to fill, programs to be supplied, a light start to Chilean navel arrivals, and with almost two weeks until the arrival of the next bulk vessel from South Africa, we can expect navel orange prices to remain firm into early July.

Increased prices for easy peelers

Despite the heavier arrival volume from Chile in the aftermath of a protracted California mandarin season, the price of easy peelers has been rising steadily over the last two weeks. For the moment demand is outstripping supply. Much of this is attributable to the fact that domestic navel oranges have virtually vacated the playing field with very light imported navel volumes available to fill the void. The result is that retailers are finding themselves more dependent on easy peelers to fill their citrus needs.

Through Week 22, clementines in a 10 x 3 lbs bag format have been selling at US\$ 38 for sizes 4 and larger. Fixed program prices are running a few dollars lower. Smaller caliber fruit is selling at US\$ 31 – 33 in 10 x 3 lbs. We expect to see the market hold onto these values for at least another week or two until arrival volumes pick up and available supplies more closely match market demand.

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