OVERVIEW GLOBAL LEMON MARKET

After the good market conditions last year, with extremely high prices, the lemon market is now back to normal. Spanish growers see a surplus on the market. South Africa also has good prospects about the harvest. Most eyes are set on the supply from Argentina, as according to exporters in South Africa, it can actually shape the market. Spain saw the competition from this country arrive a few weeks earlier. However, there is strong demand from the industry in the South American country. This results in attractive prices for growers in that segment which make exports less attractive.

South Africa: Greater harvest, competition on the market
In the north of the country, some growers have completed the first harvest, but there are still large volumes to pick and pack in the north and in the Cape. Until week 23, there has been a notable increase in the volume shipped, with 1.1 million boxes of 15 kilos more than last year. That is an increase of 13% (8.8 million boxes, compared to 7.7 million boxes last year). That figure continues to rise and now stands at 10.7 million boxes; a year earlier, it stood at 8.6 million. The latest estimate points to a harvest volume totalling 17.5 million boxes.

Russia is a growth market. The country imported 20,000 tonnes of lemons more from South Africa and Argentina. This has led to surpluses and concerns amongst South African exporters. In the Middle East and Europe, prices are lower than last year due to the supply from Argentina and Spain. Prices in the Far East fluctuate.

Among exporters, there is some reluctance to export to Europe as a result of the CBS interceptions. On the other hand, there are a number of CBS-free and CBS-safe orchards in South Africa that can meet European demand.

Argentina: Big demand from the industry
The season is developing differently compared to the previous one. The main reason for this is the longer Spanish season, which has resulted in a greater availability of Verna lemons. An exporter says that the first containers have already been shipped to Europe. Those first containers arrived about a week ago, although it will still take a week or two for the big volumes to arrive. The focus of the exporters is on Europe; the US seems less interesting. Other destinations for the South American country's exports are Russia, South East Asia and Canada. These markets are preferred because of the Spanish dominance in the European market. The exporter prefers an empty market, and with the Spanish supply in Europe, the situation is not ideal, even though he knows that Spain has big sizes available and there is room for the smaller calibres from Argentina.

Compared with last year, more volumes are available and the quality is improving. However, there is a big demand from the industry, which causes prices to increase rapidly. It is therefore expected that growers will choose to supply the industry, because it is less risky than exports and generates good money.

Mexico: highest prices in Guerrero

A recent report gives an overview of price developments in the Mexican production areas of Colima, Guerrero, Michoacan and Oaxaca. The highest price at origin is paid in the Guerrero region, where growers receive $ 5.87 per kilo. Growers in Oaxaca received the lowest price: $ 4.06 per kilo, while those in the other two regions received prices in between those figures. Colima and Michoacan are the largest production areas. Between January and March, the highest price was recorded in March, with $ 17.69 per kilo paid in the Michoacan region. In Colima, the price paid for a kilo of lemons was about 20 cents lower.

The harvest figures across the different regions give a general overview of the volumes. Michoacan reported a harvest totalling 78,000 tonnes (48%), with this region being, by far, the largest producer. Colima is second with 28,560 tonnes (24%), and Oaxaca (16,040 tonnes, 20%) and Guerrero (2,000 tonnes, 8%) follow.

US: Good market for organic lemons, but tight supply

The supply of organic lemons seems to be getting tight after a period with a good market. That happens annually around this time. "The supply was great this year, especially given that we had a shortage last year," explains a trader of organic lemons. Last year, prices grew and reached up to $ 100 per box, although traders still earned small margins.

Now that the supply of lemons is falling, the price trends are changing. "Between January and March, lemons were cheap; prices began to rise from late April." That rise in prices continued in May. Currently, the lemons cost $ 30 per box. Next week, the price will double and by the end of summer prices may reach between $ 80 and $ 100, according to a trader. The strong demand for lemons is also driving prices up. The trader explains that his lemons come from the south west and west of the country, mostly California and Mexico. Florida has lost ground as a lemon supplier. Perhaps there will be a gap in the supply by the end of summer before imports from Spain arrive.

Russia is overflowing with lemons

A trader describes the situation on the market as "very difficult." According to him, the reason for this is the good profits made last year. Back then, there was a shortage, and importers took advantage of it. "I think many importers hoped that the situation would be the same this year." As a result, the volume currently available in the market is 60% greater than last year. This results in extremely low prices. Prices have been under pressure in recent months. Last month, lemons cost between 110 and 120 rouble per kilo; this month the price has fallen to 70 to 80 rouble, which is well below cost.

According to the importer, the situation has been made worse by the quality problems of Argentinian lemons. "The South African lemons are good. We have a long relationship and the growers send the quality we demand. Unfortunately, this is not the case with Argentinian exporters," a trader complains. According to the importer, 60 to 80% of Argentinian lemons were poor quality, with damage on the peel. He is considering rethinking his relations with Argentinian exporters. The demands of Russian retail are becoming increasingly stricter, making it sometimes impossible to sell Class 2 product.

Dubai: quality below par

A trader tells us that the quality of the fruit that arrives in the country is often below par. He buys South African lemons locally because he only sells a small volume. In general, lemons are not a high-flyer in the range. There is especially demand for South African lemons, which have a better shelf life than the Argentinian. Nevertheless, after a few days in the cooling chamber, the trader affirms that the fruit was already starting to rot.

Israel: prices increase after the harvest period

Just like last year, prices in Israel are high, between 3.50 and 5 Euro at local supermarkets. The domestic production ends in April. In the following months, the fruit supplied comes from storage chambers. During the peak of the harvest season, February-March, the local supply is high and prices are usually about half of those recorded right now. During that period, the demand is also traditionally lower. The lower prices motivate growers to look into exports. Although Israeli lemons are perceived as inferior to the Turkish and Spanish lemons, the fruit can fill the gaps in the supply from those countries. Last season, around 2,000 tonnes of lemons were exported, mainly to Italy and France.

Lemon growing remains a small part of the citrus sector. Of the 20,000 hectares of citrus fruits planted in the country, only 1,700 hectares correspond to lemon trees. It should be noted that lemon trees are planted in many parks and gardens, and these meet some of the demand outside the commercial market.

Prices already under pressure for years in Greece
The market is being flooded with lemons from Italy, Spain, Turkey and Argentina. As a result, the price has been low for years. The country also exports citrus fruits to countries in the region, such as Bulgaria, Macedonia, Montenegro and Albania. "It's important to know what the market demands, as different markets have different requirements," says a trader. He explains that Argentinian lemons have a good reputation when it comes to quality, but that the price is often higher than that of the fruit from neighbouring countries. Argentinian fruit costs about 1.50 Euro per kilo. Turkish lemons are available for 1.15 Euro per kilo and the price of Spanish lemons stands at 75 cents per kilo. Due to the fierce competition, prices are under pressure, even though demand is rising.

Italy closes season with high prices
In the east of Sicily, there is a lot of agitation in the market. Although the production season is nearing its end, the demand is good. There is more demand than supply. The market situation is currently very similar to that of last year. The price for Verdello lemons is very high. There is a tight market, but the first shipments from South Africa have already hit the market. Within a few weeks, the supply of Italian lemons will dry up. The last volumes will be sold in the domestic market, while major retailers will switch to overseas fruit.

"Every two days, lemon prices are changing and at this time they are on the rise," affirms a trader from Cesena. The season for Bianchetto lemons is coming to a close and is followed by the Verdello. That lemon is especially suitable for the industry and less for fresh consumption. The season will still last for about 15 days more. The start of the new season is expected in October.

A growers' organization in the south of the country has planted 50 hectares of Verna lemons. In the coming years, this acreage will be further expanded. In the next four to five years, this should translate into a "significant production."

Spain fears for oversupply became reality
The Spanish sector feared an oversupply of Verna lemons, which is the variety currently on the market. This fear became a reality. The harvest has been twice as great as last year's and competition from other countries has increased. The big harvest in Spain coincides with a good harvest in Argentina and South Africa. In May, the first Argentinian lemons were already available in Russia, even though the first shipment usually arrives in June. Also, Turkey, which is supplying lemons from storage, is exporting some volumes to neighbouring markets.

An additional problem for the Spanish sector is the calibres. A large proportion of lemons fall outside the commercially attractive categories, as a lot of large calibres are available. Without taking those volumes into account, there would be no surplus in markets such as France or Germany. In Eastern Europe, where there is some oversupply, according to exporters, prices play an important role.

The market is quiet, but prices are good. In week 23, it stood at 57 to 67 cents per kilo. There is still a lot of speculation on the field. Traders buy the product to sell it again afterwards. For the next season, an exporter warns that the supply from Spain and South Africa may be much higher, given the expansion of the acreage. Growth in Argentina and Turkey will be more moderate.

The Verna season will end in the coming weeks. The competition of overseas fruit will then increase.

Belgium: no fear of extreme prices
A Belgian importer points out that there are currently both Spanish and overseas lemons on the market. According to him, the Spanish campaign is longer this year, lasting until the end of June/early July. "The quality of Spanish lemons is still good and prices are quite high." He does not expect the price to increase as much as last year. "There is enough supply now, so I do not think this will happen."

The Netherlands: Prospects for South African lemons not fully achieved
The lemon season started a little later, although more has been shipped to Europe than last year in the same period. Prices are currently good, standing at about 23-25 Euro, but they are lower than expected. Those too optimistic prospects had been driven by the good prices of recent years. This trend will have to come to an end sometime, as plantations continue to expand and this should eventually result in a price correction.

Australia sees export market growth

Last year, 3,400 tonnes of lemons were exported. Sales in the international market have risen from $ 1 million in 2012 to $ 8.5 million in 2016. The biggest demand is from Indonesia, which accounts for 68% of the exports. Next in the ranking are Singapore (11%) and the Philippines (6%). In recent years, the supply has been a little tight, resulting in good returns. The acreage is expanding in many areas of the country.

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