

Market report by Mark Greenberg, CEO Capespan North America

South African citrus arrives on US East Coast

Winter weather hit much of Chile late in week 23 and into week 24, bringing with it rain and snow in some regions and cold weather throughout the country. Temperatures as low as -3° C were reported in some citrus producing areas. While the cold temperatures affected some citrus groves, the general view is that the temperature in most areas did not remain low for the sustained period of time that would be likely to cause widespread damage. Over the course of this next week, those growers whose orchards saw low temperatures will monitor their crops for signs of chill damage. But preliminary assessments suggest that the weather had only a light impact on the citrus crop generally.

Through week 24, Chilean clementine loadings to the USA were more than 27% higher than last season over the same period. While shipments to both the USEC and the USWC have grown from last season, the greatest share of that growth has gone to the USWC where Chilean sources have shipped over 5,000 metric tons more than they did through week 24 last season. Through week 24 last season, 66% of all Chilean clementines to the USA through went to the USEC. Only 58% have gone to the USEC this season.

Chilean Clementine Loadings to USA

(Metric Tons)

Week	East Coast			West Coast			Total		
	2018	2017	% Change	2018	2017	% Change	2018	2017	% Change
14	-	-	-	24.1	-	-	24.1	-	-
15	-	169.9	-	24.1	21.6	11.6%	24.1	191.5	-87.4%
16	366.9	559.8	-34.5%	129.6	64.0	102.5%	496.5	623.8	-20.4%
17	479.3	936.3	-48.8%	291.2	151.3	92.5%	770.5	1,087.6	-29.2%
18	813.2	1,268.7	-35.9%	700.0	672.1	4.2%	1,513.2	1,940.8	-22.0%
19	1,563.6	1,786.4	-12.5%	1,505.5	673.0	123.7%	3,069.1	2,459.4	24.8%
20	2,728.0	1,996.2	36.7%	1,725.6	884.1	95.2%	4,453.6	2,880.3	54.6%
21	2,942.7	1,675.4	75.6%	2,182.2	1,132.3	92.7%	5,124.9	2,807.7	82.5%
22	3,831.4	1,894.5	102.2%	2,994.2	1,116.0	168.3%	6,825.6	3,010.5	126.7%
23	1,479.9	3,254.1	-54.5%	1,898.6	1,841.8	3.1%	3,378.5	5,095.9	-33.7%
24	4,119.8	3,151.7	30.7%	2,042.3	1,784.2	14.5%	6,162.1	4,935.9	24.8%
Total	18,324.8	16,693.0	9.8%	13,517.4	8,340.4	62.1%	31,842.2	25,033.4	27.2%

Source: Decofut Fruitline

Peruvian clementines, satsumas and Novas continue to load for the USA with principal focus on the USEC and only light volumes directed to the USWC.

South African easy peelers have been arriving on the USEC in light volumes since late-May with the first major volume arriving in week 24 aboard the bulk vessel m/v Green Chile. The Green Chile's cargo of 1,266 pallets of clementines will be available for sale at the end of week 25. Over the next two weeks South African sources will land another 1,700 pallets of easy peelers on the USEC including 715 pallets that are traveling aboard the second South African bulk vessel of the season, the m/v Pacific Mermaid, which is expected to discharge at Gloucester, NJ late in week 27.

With substantial easy peeler volumes having arrived on the USEC from Chile in weeks 22 and 23, complemented by Peruvian arrivals, the imported soft citrus pipeline appears to be filled and, for the first time this season, there is some fruit available for trading and spot sales.

In week 23 the USEC market was enjoying a stable US\$ 36 - 38 (mostly US\$ 38) price level for transactional sales for standard sizes in a 10 x 3 lbs bag. In week 24, the market stepped down half-a-notch to US\$ 36 - 38 (mostly US\$ 36). Program prices are running lower at US\$ 34 - 36. Increased arrivals are not the only factors affecting soft citrus prices. The moderating price level is also a function of the start of the summer season with tree fruit, table grapes, watermelons and berries from California, and cherries from Washington, grabbing increased retail shelf space and consumer attention.

While we don't expect to see a USEC market meltdown for easy peelers, the reality of increased competition for summer citrus on grocery shelves comes every July. With easy peeler arrivals expected to continue from Chile, Peru, South Africa and Uruguay,

with imported navels about to make their debut, and with summer fruit only just getting started, the transactional market for easy peelers could well soften to US\$ 34 – 36 by the end of week 26.

Navel Oranges:

The imported navel orange season is about to get started in earnest. The first South African bulk vessel for the USEC has arrived and is in the process of completing the discharge and testing of her cargo of 2,200 pallets of navels. A second bulk vessel carrying another 3,772 pallets of navel oranges is expected to discharge in week 27.

Chilean Navel Orange Loadings to USA

(Metric Tons)

Week	East Coast			West Coast			Total		
	2018	2017	% Change	2018	2017	% Change	2018	2017	% Change
20	48.0	-	--	-	-	-	48.0	-	--
21	37.7	318.7	-88.2%	-	48.8	-	37.7	367.5	-89.7%
22	388.3	821.5	-52.7%	-	509.2	-	388.3	1,330.7	-70.8%
23	-	1,954.3		-	879.2	-	-	2,833.5	-100.0%
24	709.0	3,402.7		424.4	1,413.2	-70.0%	1,133.4	4,815.9	-76.5%
Total	1,183.0	6,497	-81.8%	424.4	2,850.4	-85.1%	1,607.4	9,347.6	-82.8%

Source: Decofrut Fruitonline

The Chilean navel orange harvest continues to run well-behind 2017 due to a dry autumn and acid levels that have been slow to drop. But the rain and cool weather of recent days (and referred to earlier in this report) has brought the crop along and, on July 1, free of the strictures of the USDA/AMS Marketing Order For Oranges, Chilean navel shipments will start to ramp up, both to the USEC and USWC.

Late last week, on very light volume, South African navel oranges are selling at US\$ 32 – 34 for large sizes 40's, 48's and 56's and US\$ 28 – 30 (mostly US\$ 28) for 64's, 72's and 88's. Bags in a 9 x 3 lbs configuration are selling at US\$ 28 – 30 (mostly US\$ 30). California Valencia oranges are selling at US\$ 18 – 20 for large sizes and US\$ 22 – 24 on small sizes.

Movement of fresh navels is likely to be moderate over the next two weeks as retailers will be more focused on their displays of California summer fruit in the lead up to the July 4 festivities. But with no California navels left to speak of, retailers will thereafter need to rely on Southern Hemisphere sources for table oranges and movement will pick up markedly.

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