# GLOBAL MARKET OVERVIEW LEMONS

The supply of lemons from South Africa and Argentina, the leading Southern Hemisphere growing countries this time of the year, is lower. This is mainly due to adverse weather and a lot of rain and wind that impacted the lemon harvests. As South Africa's lemons season is starting to come to an end the crop estimate was again revised downward. About 37.9 million 15kg cartons of lemons was projected, it has been reduced to 33.9 million cartons, compared to 35.6 million cartons last year from Southern Africa.

The Sundays River Valley is down by almost 1 million cartons due to strong winds, while the Western Cape town of Citrusdal is down by 100,000 cartons due to flooding. The lemon season in Argentina was impacted by rain and a high disease burden with phytosanitary issues, causing them to not send a lot of fruit to Europe. The packing tempo was much slower with a lot more work going in to ensure good fruit reached the main market of the U.S. A drop of between 15% to 20% has already been seen in Argentina's lemon exports. Egypt's lemon campaign will start in September with up to 25% more volumes than last season expected due to more plantings.

In Europe, a key market for lemon consumption, Italian and especially Spanish lemons were still available late into the season. Buyers switched to sources from the Southern Hemisphere a bit later. Italy reports a good market for lemons. However, growers are worried about the next season and question whether enough water will be available for the next crop. They are also worried about the high temperatures that damaged the trees last season.

In Spain adverse weather conditions has seen the industry body forecast a significant decrease in lemon production for next season. A 20% drop in the Fino variety and 30% in the Verna variety in Murcia, the biggest lemon growing area in Spain is foreseen. This negative forecast comes as the just passed 2023-2024 season proved disastrous for producers, with prices far below production costs, due to an oversupply - around 7 million lemon trees have been planted in the last 8 years with acreage increasing by 36% from 38,363 to 52,119 hectares. In Germany, higher quality South African lemons fetch premium prices over goods from Turkey or Spain. The Netherlands has seen the lemon market change unexpectedly over the past week. It shifted from a slow market with reasonable prices to one with strong demand, high prices, and even limited supply.

Multiple sources are shipping lemons into the U.S. Imported lemons are coming from Mexico which has a good, clean crop. Lemons are also arriving from Chile, Argentina, and Uruguay on the East Coast of the U.S. Domestically, lemons are also shipping from California's District 1 and 2, though with larger size limitations.

**South Africa: Rain and wind lowers lemon harvest volumes**

As the lemon season is coming to an end in South Africa, the Lemon Focus Group of the Citrus Growers' Association of Southern Africa (CGA) has adjusted South Africa's lemon export figures downward.

At the start of the lemon season, the export of 37.9 million 15-kg cartons of lemons was projected. This has been reduced during meetings held throughout the season. The adjustment brings the total estimate for 2024 exports of lemons to 33.9 million cartons, compared to 35.6 million cartons last year from Southern Africa. Adjustments by the Sundays River Valley (down almost 1 million cartons) and the Western Cape (Citrusdal down 100,000 cartons) were the most significant. Strong winds in the Sundays River Valley and flooding in Citrusdal have had an impact on these figures.

An exporter further notes that in Europe, for lemons, the first part of the season was under pressure due to the presence of the Spanish Verna lemon's high fertility, which had a huge production increase this season. In the second half of the season, there is a huge shortage of lemons due to the reduction in the estimate of the South African harvest as well as the reduction in Argentine exports specifically to Europe. Therefore, there is currently good demand for South African lemons and prices are rising.

"In the Middle East and United Kingdom, it is a relatively stable season involving volumes shipped from South Africa and prices are stable but not particularly high. After Canada, relatively large shipments took place in the first part of the season which puts pressure on prices for sales in the market in August but for September and October arrivals we provide a good price due to the lower shipments and earlier end of the South African season. Europe was definitely the market to be in to fetch good prices," the exporter notes.

**Argentina: Rain causes much lower volumes**

Argentina had a lot of rain that impacted citrus and lemon production negatively. The country could not capitalise on exporting more organic lemons to Europe, after it started doing so again last year for the first time in 20 years.

A grower and exporter said, "We had a very difficult year with a lot of rain. Quality was not the same as last year. We mostly exported organic lemons to the U.S. Our exports to Europe were too few. I wanted to do more, but it's a phytosanitary issue this year. This year was a steady but slow season overall. The peak was four weeks ago, with fruit mostly going to the U.S. market. We hope it can return and be a better next year, like it was in 2022."

The Argentinian citrus industry body Federcitrus notes: For lemons, the Argentine harvest for export is already in its final part. Total exports, as expected, have decreased by 20% as of week 31 compared to 2023. With respect to the markets, and always with respect to 2023, to date the US increased by 35%, and the EU fell by 52%, Russia decreased by 22% and the rest of the markets stable in volumes. We expect a relatively short season compared to the previous ones.

"In Argentina, they say growers abandoned around 15,000 hectares of citrus. People don't want to put more money into orchards and incur more losses. We need lower volumes so that the market can stabilise," a grower noted.

**Egypt: Campaign to start in September with higher volumes**

The Egyptian lemon season begins in September. Volumes are expected to be higher than last year, with growers' estimates ranging from a slight increase to over 25% for the most optimistic. But all agree that volumes will be higher due to an increase in acreage. The same problems that affect the whole citrus season, notably the Red Sea crisis, will affect lemons. However, exporters are optimistic. Lemon exports to Asia account for only 10% (last season), which can be mitigated more easily than for oranges. One exporter says: "We expect demand to be strong, given the shortage of lemons in many parts of the world. We know that we will have difficulties in Asia due to the situation in the Red Sea. Transit time to India, for example, has risen from 20 to 90 days, and from 60 to 95 days to China."

He continues, "But the success of the season is still in our hands. The extension and control of shelf life, as well as the development of alternative markets, will be decisive. We are developing new markets in West Africa, such as Senegal, Côte d'Ivoire, and Latin America, such as Brazil and Argentina."

In terms of quality, Egyptian growers expect a balanced distribution of sizes and overall good quality in the Eureka variety, which dominates production. Finally, on the price front, one grower says, "Prices are not yet clear, with a month to go before the start of the campaign. But we can expect the usual trends: slightly high prices at the start of the season, stabilizing thereafter. From what we're seeing from our competitors, in South Africa for example, our prices will be much more competitive." Another exporter said, "I expect season's start prices to be between 13.5$ and 15$ per carton which is 5% more than the same period last season."

As a point of reference, Egyptian lemon exports last season (September 2022 to June 2023) amounted to 105,000 tonnes, valued at 58 million dollars. More than half of this volume was exported to Saudi Arabia. Despite Saudi Arabia's geographical location on the Red Sea, trade between Egypt and Saudi Arabia is not impacted and takes no more than 2 days.

**Italy: Worried about damage hot weather can bring to next lemon crop**

Italian lemons are almost finished and traders are buying them from other countries, such as South Africa. A wholesaler in northern Italy says that the market for Italian lemons has been quite good in recent months. The average price range was between 1 and 1.30 €/kg. The quality has been good on average. In recent days there has been a switch from the 'Bianchetto' type of lemon to the 'Verdello' type, which is not always appreciated as it has less juice. In mid-July, foreign produce was already appearing on the markets: one trader was selling 15-kg boxes of South African lemons at €20 each. Looking ahead, Italian production is worrying. Farmers who have enough water can hope to bring home a nice crop, even though the high temperatures will have a negative effect on water levels, while those who have to buy water from the irrigation consortia are at great risk, with severe rationing already in place.

The 2023/24 season saw a positive trend for winter lemons in northern Sicily, in part thanks to the absence of negative weather events during the winter. The quality of the crop was excellent. However, supermarket prices remained low throughout the season. Only in the latter part of the season, between May and

June, were there minor problems with the fruit due to strong winds. The 2024 summer campaign is expected to be of the usual standard in terms of volume. It is hoped that there will not be a repeat of last summer, when the scorching heat, with temperatures of over 45°C, burnt the fruit on the trees and caused widespread fruit drop. The new batch of Primofiore lemons, which will be harvested at the end of September, is expected to produce a good crop, thanks to the excellent flowering observed so far. One of the critical issues in the Sicilian production sector is the drought and the associated energy costs for pumping water.

As far as organic lemons are concerned, demand in Italy has not been the best, but abroad the product has performed well in Germany and France, where it is appreciated for its organoleptic qualities.

**Spain: Forecasts a significant decrease in lemon production for next season**

A Spanish growers association forecasts a significant decrease in lemon production for the coming season, with a 20% drop in the Fino variety and 30% in the Verna variety in Murcia, the biggest lemon growing area in Spain. This decline is attributed to adverse weather conditions, the limitations and poor quality of irrigation water, the incidence of pests and diseases and the reduction of work in the management of the crop, due to lack of profitability in the previous season.

The 2023-2024 season proved disastrous for growers, with prices far below production costs, due to an oversupply. Around 7 million lemon trees have been planted in the last 8 years. The acreage has grown from 38,363 to 52,119 hectares, which represents a 36% increase.

Next season is expected to mark a return to normality, with prices exceeding estimated costs by 22-28 cents per kg. However, 30-40% of the crop is expected to be unsuitable for export due to pests, aggravated by the limited availability of authorized phytosanitary products.

**Germany: Top quality South African lemons fetch higher prices**

The Spanish Verna season was slowly coming to an end and the lots had already disappeared from some markets. Marketers were able to take advantage of this in some places and increase their demands for South African Eureka. Argentinian imports complemented the supply at some wholesale markets in Germany.

South African lemons are also becoming increasingly popular, according to one importer. Although they are somewhat more expensive than batches from Turkey or Spain, they are of high quality. "Despite the difficult logistics situation due to the adversities in the Red Sea, the first batches arrived at the end of May. The supply of good quality Verna lemons of Spanish origin then dropped off sharply, which was to our advantage. In general, we have noticed that the South African product is becoming increasingly established and is now also increasingly being listed in European food retailers."

**Netherlands: Lemon market changes unexpectedly**

"The lemon market has changed significantly over the past week. It shifted from a slow market with reasonable prices to one with strong demand, high prices, and even limited supply. This shift is contrary to expectations based on export forecasts," reports a Dutch importer. He anticipates a gap as the market transitions to Spanish lemons, although Spain has indicated an earlier start. "The years where we had substantial volumes to sell towards the end of September have gone completely, starting last year. Additionally, I see little Argentine product. This is partly due to differences in price expectations at the start of the season and recent issues with heavy rains and frost."

**North America: Multiple regions shipping lemons into the U.S.**

Imported lemons are coming into the U.S. from several regions at the moment, starting with Mexico which has a good, clean crop. Lemons are also arriving from Chile, Argentina, and Uruguay on the East Coast of the U.S.

Domestically, lemons are also shipping from California's District 1 and 2 though there have been limitations on larger sizes from there. Those larger sizes are also seeing higher FOBs.

As for demand, it's been somewhat slow, likely because consumers are on vacation and not eating at home as much. However, with school starting again, demand should resume to where it's historically been at this time of year.

On Mexican lemons, the FOBs have been a little strong while Chilean imports are about $4/carton cheaper than Mexican product, though the freight costs make them about equal in price. That said, pricing on larger sizes isn't as strong as California pricing on those sizes.

*Next week's topic: Avocados*

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