

GLOBAL MARKET OVERVIEW GRAPEFRUIT

A shift in consumption and demand for grapefruit has taken place in many markets over the past few seasons. Demand for grapefruit is contracting, causing sales to be slower too. This comes at a time when the World Citrus Organisation estimates an increase in production from Southern Hemisphere suppliers with grapefruit production estimated to grow by 11.58% to 532.539 tonnes in total in the 2024 season. South Africa, with an estimate that was revised downwards, is expected to export just under 13.85 million 17kg cartons (a million cartons lower than the initial estimate), but still 4% above last year's red grapefruit exports. Their Star ruby grapefruit has a smaller size distribution this season due to high fruit set. A leading producer of grapefruit in Spain notes that their supply is growing faster than consumption. This is slowing sales, which means they will market the fruit into June, instead of finishing in mid-May as usual. Chile produces and exports a small amount of grapefruit.



In Germany, the switch from European supply to overseas supply is expected in mid-May. For this year, importers mainly expect smaller sized grapefruit from South Africa and Uruguay. In Italy, where producers have already, a decade ago,

given up on growing grapefruit due to it not being economically viable. Grapefruit sales are not very high with stable prices. It is expected to pick up in summer during the busy tourist season as the demand for cocktails increases. In the Netherlands, importers have their eyes on the main supply of grapefruit from South Africa. They encourage suppliers to send good sizes over to Europe to help keep a stable market, while leaving the smaller sizes for the juice industry, that is said to be paying good prices this year. In the US, California's grapefruit production is down. In Southern California, growing conditions have created a lighter crop with experts in the field projecting a production decrease of 35 to 40 percent compared to last year. Florida finished its grapefruit season around late March to early April. Growers are reflecting on what they see as a positive season. From late May until the end of summer, imported grapefruit will be available from different southern hemisphere countries, including South Africa.

South Africa: Estimate revised downwards, but still higher than last year

The Star Ruby crop has a smaller size distribution because of high fruit set this season, and so smaller sizes (counts 55 and smaller) and class 2 fruit are limited in exports at the moment. The export estimate has been adjusted downwards to just under 13.85 million 17kg cartons (a million cartons lower than the initial estimate), but still 4% above last year's red grapefruit exports.

The grapefruit marketing started in week 11 and the aim is to stretch it as long as possible, helped by late areas like Pongola and Nkwalini in KwaZulu-Natal and the Northern Cape. The grapefruit industry has since last year been tightly coordinating their Star Ruby exports, particularly during the peak period between weeks 16 and 22, to avoid the disastrous campaigns of 2021 and 2022 when markets like China were oversupplied coupled with high freight rates, and heavy losses were incurred.

Most South African grapefruit are heading to Rotterdam, just under 1.6 million 17kg cartons so far this season, followed by China (below a million cartons) where the grapefruit market is the inverse of elsewhere in the world: in China tea shops are the biggest buyers of Star Ruby grapefruit, not the fresh market.

The problem for South African grapefruit is that demand, worldwide, is contracting: a country like Japan that used to be South Africa's major grapefruit market in tandem with Florida three decades ago, is third biggest taker now. South Korea pays the best prices for South African grapefruit, but the country is very strict on phytosanitary issues; Korean inspectors are stationed in Durban for the duration of the grapefruit exports to the country.

Taiwan and Italy, sixth and seventh largest grapefruit buyers respectively, are countries that take smaller fruit. Besides exports, the domestic grapefruit juice price is better than usual, competing with local fresh sales.

Spain: Lower demand, slow and longer sales period

The Spanish grapefruit production is 2% above the previous season, with a volume that would be close to 79,600 tons. "The Spanish grapefruit acreage has increased in the last seasons and the volumes will keep growing in the coming years", says one of the most important growers and traders of this citrus fruit in Spain.

"We notice how the supply grows faster than the consumption, which we think it's slowing down the sales. In fact, the market has been quiet during almost the whole season, which will make us end later than usual. Normally, we end finish our campaign around mid-late May but this year we expect to end on the first weeks of June" says the grower.

"The grapefruit campaign is generally very stable, except for the months of January and February, when grapefruit from Greece and Turkey with cheaper prices causes a stagnation in our sales, especially in Eastern European markets, such as Poland," explains an exporter from a company in Seville. Approximately 26,200 tons- will be grown in Andalusia with Seville at the head, where more than 58% of the Andalusian harvest (and almost 20% of the national total) will be produced this season.

The first grapefruit batches from South Africa are starting to arrive in the European markets, but according to the exporters, the volumes are still very limited, with mainly small sizes. "The South African grapefruits are coming later this year, and that will allow us to sell our last batches without clashing".

The prices stay stable at the moment, while growers have to carry out a better sorting of the fruit on the trees as the end of the season approaches.

"After flowering, the fruit has already set on the trees," he continues. "The March rains have been very good and, not only in grapefruit, but in general for all citrus, we can already foresee that if everything goes well next year's crop will be very good in volumes."

Chile: Small amount exported

Chile does not have strong grapefruit production. Very little of their 400,000 tonnes of citrus that is exported annually is grapefruit, with only 600 tonnes sent to markets.

Germany: Switch from Europe to overseas supply expected in mid-May

In 2023, there were extremely large calibers of grapefruit from overseas and fewer normal to small calibers. This year, on the other hand, importers expect more normal to small sizes from South Africa and Uruguay, which is mainly due to the abundant harvest.

The grapefruit harvest has now begun in the early regions of South Africa (Mpumalanga, Limpopo) and the first containers are already on their way to Europe, a German importer says. The switch from Europe to overseas is expected to take place in mid-May. "However, the grapefruit harvest is off to a slow start due to heavy rainfall. At the beginning, the fruits in the middle of the tree are always picked first, as these are the first to colour. In addition, these fruits are also larger on average than those that grow on the outside of the tree. These fruits tend to be smaller, which is why we are expecting more fruits in the 50/55 grading compared to previous years. This will be particularly noticeable on the European sales market from the end of June, as most of the inside fruit is shipped before then and the European markets are mainly focused on the 35/40/45 calibers."

Italy: Sales not high, demand to pick up in summer

At the moment, grapefruit sales in Italian markets are not very high. "It is a niche product whose demand increases significantly in the summer period when tourism increases and with it the demand for special cocktails. But the fresh product has a small customer base," says a wholesaler in northern Italy who sells the product 12 months a year. It comes from Israel, Cyprus, Spain and Egypt. The Spanish product fetches the highest prices because it is considered to be of better quality. On the other hand, there is no grapefruit of Italian origin. As for market trends, the wholesaler says that prices have been between €1.30 and €1.80 per kilo for the past month. The red grapefruit has a lower price than the yellow one, which is more in demand by consumers. The price of the product is quite stable and does not fluctuate much over the 12 months.

A wholesaler from southern Italy adds: "In Europe, the production of grapefruit from the Mediterranean area is coming to an end and the first arrivals of product from the Southern Hemisphere have been recorded. Sales are fairly stable, ranging from €1.00 to €1.20/kg, and the market is expected to be without too many peaks, neither up nor down from the starting price." According to the operator, the processing industry will play a supporting role for the product.

The chairman of a major citrus growers' organization in Sicily says that until about ten years ago there was also grapefruit production in Italy, but it was almost abandoned because it was not economically viable. He says he has also worked with companies in Calabria, a region where production is still small. In this case, the campaign has already ended.

Netherlands: hope for discipline among South African exporters

"A reasonably good grapefruit crop is expected in South Africa, with an emphasis on the smaller sizes (45-55). Fortunately, local juice prices are strong. I hope South African suppliers have the sense to direct the smaller sizes and Class II to the juice industry and send the good sizes to Europe. If that happens, the market should be stable," explains a Dutch citrus importer

United States: California grapefruit production down

Grapefruit harvest in Southern California is starting now. This season, growing conditions have created a lighter crop with experts in the field projecting a production decrease of 35 to 40 percent compared to last year. Expectations for quality, both internally and externally, are good with fruit from the southern growing region available through September or October. In California's Central Valley, harvest started as early as March and production levels in that region are down about 14 percent. Star Ruby is the most popular variety as its flesh has a deep red colour and the juice tastes less bitter compared to other varieties.

On the other side of the country, Florida finished its grapefruit season around late March to early April and growers are reflecting on what they see as a positive season. Demand was good and matched the supply of fruit well, which made for very consistent pricing. Early reports also show more Florida grapefruit coming fall with some younger trees in outdoor groves coming into maturity as well as trees within the Citrus Under Protective Screens (CUPS) program also coming into maturity and producing commercial quantities this year. From late May until the end of summer, import grapefruit will be available from different southern hemisphere countries, including South Africa.

While grapefruit consumption used to show a declining trend, a small positive growth number has been witnessed in recent years. Since last year, grapefruit has been included in the USDA's nutritional value program for schools, food banks, etc. This has helped with the movement. Given that grapefruit demand is very fragile and faces competition from other fruit varieties, California's lower production levels are not expected to have a big impact on pricing.

Next week's topic: Pineapples

Publication date: Fri 10 May 2024

Author: Clayton Swart

© FreshPlaza.com

•