

Global Citrus Scan (2018_16)



Citrus Growers Association (CGA)

OVERVIEW GLOBAL LIME MARKET (FreshPlaza)

At the moment, the situation in the global market is strongly determined by the high prices in the US. Exporters in countries such as Mexico, Guatemala and Colombia prefer this market as a destination for their fruit, as in the US, prices are about twice as high as in the same period last year. This choice on the part of producing countries also has an impact on the European market, but this may actually be good for European traders, as Brazil had been shipping huge volumes to the continent for several weeks, with the consequent fall in prices. The supply from the South American country has now been reduced and prices should therefore recover. Also, the coming weeks will be crucial for Israeli growers, with the weather being able to make or break the coming season.

South African growers obtain good prices

Although growers are able to harvest all year round, the peak of the season is reached in the period from January to May. Every year, the demand and the volume available increase, and in the past four years, this growth has happened really quickly. The catering industry is the most important driver for the rising demand. From June to August, the volume drops, and the turning point is reached again in October.

At the moment, Mpumalanga growers are on the market. The price oscillates between R10 (0.67 Euro) and R15 (1 Euro) per kilo. The limes are usually offered in packs of three kilos. A grower says that the prices at this time of the year are sufficient to cover the production costs. Prices can double during the autumn, and in winter, prices in the southern hemisphere can reach R50 (3.38 Euro) or R60 (4.05 Euro) per kilo.

South African growers focus on the Tahiti and the Bearss lime. According to a large grower based in Mpumalanga, prices on the domestic market are better than export prices. As a result, most of the production is sold on the domestic market. Limes are also imported from Brazil in order to meet the demand by the end of winter.

Mexico takes over from Brazil

The market is currently at the turning point between seasons, as is usually the case in April. The supply from Brazil is falling, while the Mexican volumes are slowly rising. Eventually, the price in the US will fall after a period with high prices. "That always happens in April and we see it happening now," says a trader. In Mexico, the weather seems to be following its usual patterns. Two years ago, prices rose to high levels after strong hurricanes hit the area.

Guatemala benefits from US price spike

The country is starting the campaign when prices in the US are peaking. It is consequently not surprising that exporters are trying to take a piece of that market. These exporters have so far had little regard for the European market, with only a few companies exporting their limes to that continent. Fluctuations in the volume will be caused by the exporters and not by producers says a trader. The season is expected to start a little earlier. Last year, prices stood at an acceptable level throughout the season and the market expects that trend to continue.

US: High prices put pressure on the demand

Given the pressure on the market and the high prices, the demand for this citrus fruit is small. This is expected to change soon, now that the volume available is rising. A trader expects the supply to grow every week and the volume will peak between June and August. Currently, the supply comes from all regions in Mexico, from Veracruz to Michoacán. The volume is stable. The fruit's colour and shelf life are also good, according to a trader. In a few weeks, towards the end of May/beginning of June, the heat will start to play a role and this will become visible in the quality.

At the moment there is supply from Guatemala, Colombia and Peru. That these countries are on the market is a result of the current prices. "These countries are always on the market when the price exceeds 20 dollars," says a trader. This high price is partly a consequence of a good demand. Limes are becoming increasingly popular, although the demand is now falling due to the high price. Calibre 110-150 limes reach \$ 46; the 175-200 cost 38-40 dollars, and the 230-250, 25-26 dollars. These prices are roughly twice as high as in the same period last year, and this has an impact on the market. In the coming weeks, the supply will increase accompanied by a good demand. An importer predicts that there will ultimately be more supply than demand, which is customary. The price will show a downward trend until the end of May.

Israel: Weather to be key factor in the coming weeks

Growers are constantly keeping an eye on the limes at the moment, even though the harvest will still take about two months to start. The weather will be key factor in the coming months and determine the yield and fruit quality. Growers hope for better results than in recent years.

Over the past three years, lime producers have had to face heat waves, which accelerated the ripening of the fruit and caused the supply to peak early in the season. That surplus at the start of the season was accompanied by small calibres. Small limes are usually unsuitable for export and are therefore sold on the domestic market. That resulted in low prices. Moreover, the fruit colour becomes lighter due to the heat, which is also detrimental to its suitability for export. Although there is no difference in quality, many destination markets are ruled by the idea that green limes are better than lighter green ones. On the international market, Israeli limes compete against the Spanish supply and the production from other countries closer to the European market. As a result, Israel risks losing its niche position in that market. Europe and the United Kingdom are the most important export markets. In recent years, the trade there has been good because of the smaller volumes from South America and Mexico. However, it is mainly the Spanish competition that gets in the way of exporters. On the local market, the consumption of limes is not at the same level as that of lemons, which is the result of high prices and relative unfamiliarity. Although the figures are still low, there is an upward trend.

German demand rises with higher temperatures

The majority of the limes on the German market currently come from Brazil and Mexico, although there are still fruits from Egypt, for example. The average (wholesale) price per piece currently stands between 0.20 and 0.23 Euro. Traders consider the current prices normal for this time of the year, also because the supply has remained stable for several weeks. Since the temperature has risen in many parts of Germany this week, the demand for limes has increased considerably. Traders expect the price to fall slightly in the coming period.

France: Supply expected to fall

"In my estimation, the French lime market is growing by 8-10% annually," says a French importer. "You can actually see this happening all over Europe, and I think the demand in France has tripled because of the wonderful weather these days." The trader imports a lot of limes from Brazil. "It rained excessively from October to January. We are usually importing stable volumes from Brazil by mid-December, but this year, the first volumes arrived in France at the beginning of February. According to official figures, the volumes shipped from then on have been between 15 and 20% greater than in previous years, so large volumes have come our way in a relatively short period of time. In any case, the Brazilian volumes are starting to decline and the supply will soon be smaller and go back to normal levels for this time of the year."

"The European import from Mexico is also not free of problems. There has been little Mexican fruit available for almost three months now, and the local prices are high. This has pushed sales prices up in the US, which is the most important consumer of Mexican fruit, and this is why there is very little Mexican fruit on the European market. The limited Brazilian and Mexican volumes are likely to cause prices to rise significantly in Europe in the coming days."

The trader expects Colombian fruit to also become available in France soon. "Colombia, too, has been exporting to the US market rather than to the European market because of the high prices, but now that the Mexican volumes are rising and prices in the US are falling, Colombia is trying to ship to the European market again." What is striking is that there is increasing demand in France for untreated limes. "Both Brazil and Mexico supply limes that are no longer treated after the harvest, and Spain and Morocco also do this, which of course makes their transport much easier." Lemons and limes do not compete with one another on the French market. "Lemons are mainly used for cooking, while limes are a popular cocktail ingredient."

Netherlands: Lime market recovers after bad start

The lime market situation has been very bad in Europe lately. "It all started when the prices dropped sharply in week 7. The reason for this is the fact that between week 4 and week 11, Brazil has been shipping between 20% and 40% more limes than in previous years, and in the first weeks of the year, the consumption of limes in Europe is always significantly lower. Fortunately, the market is now recovering. In recent weeks, the export volumes from Brazil have been lower than in previous years. Mexico is shipping almost nothing to Europe because they currently enjoy very good market conditions, with good prices, in their main sales market: the United States. Also, production is still limited at this time. There are still some older batches of limes in the market at the moment, but they will also be sold in upcoming one to two weeks. Importers expect export volumes from Brazil to remain stable or even fall slightly, and the first volumes of Mexican limes will only start to be shipped in week 17/18, provided that the prices in Europe increase. Otherwise, Mexico will just continue exporting to the United States. With temperatures rising in Europe, the demand should also increase. And with the current export volumes, that will probably result in a price increase. Importers are unsure about whether the prices will actually reach € 10 to 12 Euro, but according to them, getting 6 to 8 Euro is feasible."

China: Rising international demand too small to absorb production surplus

The Anyue region is China's most important lime growing region. The production is increasing annually. For the current season, the USDA predicts a 15% increase in the volume. Although exports continue to rise, that growing export is insufficient to absorb the larger volume. Growers fear losses because the average price is stagnating. The limes are mainly processed; the consumption of fresh limes is small. At this time, imports are arriving from the US. These limes will be available until June. Although the quality is good, the sizes are large and these are less appreciated by the Chinese consumer. With the trade war and the import tariffs that the US and China are setting, it is unclear how the market will develop. South Africa will be hitting this market later in the year.

Australia: Indonesia's most important export market

The peak in the annual supply is reached between January and April. There is currently a large volume available in the market, especially in the northern states. According to the latest Hort Innovation figures, the production and yield of lemons and limes, which are combined in the statistics, have fallen in the year ending in June 2017. Only 1% of lemons and limes are exported. More than half of those go to Indonesia. Imports increased by 21%. Most limes were imported from the US. In the trade year 2016/2017, more than 10,000 tonnes of limes and 31,397 tonnes of lemons were produced in Australia.

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