Global Citrus Scan (2019_20)

(John Edmonds 11 July 2019) Citrus Growers Association (CGA)

"I think it will be a good lemon season for South Africa"

In the Sundays River Valley, San Miguel is about a third of the way through a lemon harvest which was delayed by some weeks due to slow colouring…The lemon crop is peaking at good sizes – 100, 113 – and they're quite happy with the quality, says Andries du Preez, San Miguel country manager…"We're seeing strong demand for lemons from Europe. That's still a good market for us, perhaps more of a focus for us than for other exporters because of San Miguel's strong links with Europe and specifically the area around the Mediterranean Sea…San Miguel's lemons also come from Argentina and Uruguay…Argentina is exporting less this season, because of pressure on quality due to rain. "I think this will be a good season for South African lemons in Europe...Regarding China, Andries notes he's a bit worried about the volume of oranges that have been loaded for that market already…They avoid the Chinese wholesale market as far they can, opting for retailers and other strategic markets…Egypt is tremendously competitive on costs, and every year the overlap between their late varieties and our early varieties…To that effect San Miguel, like many other South African citrus producers, are every year removing some early navel orchards and replacing it either with lucrative late navels like Cambria and Witkrans…or lemons or, of course, soft citrus…For the first time time, San Miguel is marketing the large counts of their Nadorcotts in alliance with ClemenGold in China this season…The United States' soft citrus market is serviced by San Miguel's Peruvian and Uruguyan production…"Our biggest challenge is the problems at the port," he concludes. "We've moved substantial volumes from Port Elizabeth to Durban and Cape Town. The situation is still manageable, although it requires extra costs and careful coordination to continue servicing our clients…
[FreshPlaza.com; 10 July 2019]

"Retailers are switching directly from Spanish Nadorcott to South African Clementines"

…Although lower harvests were expected for many varieties, Gijsbert van Leeuwen of Origin Fruit Direct doesn't fear for shortages on the European market. "The summer holidays aren't the best period for citrus sales anyway, and besides, demand from markets like China, the US and Russia aren't really anything to write home about. When these markets aren't in the picture, Europe is quick to come knocking." "The supply of Star Ruby grapefruit got started very slowly, but larger volumes have now started arriving. Prices were at a high level, but are now rapidly declining, in part due to the warm weather in Europe, which isn't great for the consumption of citrus," says Gijsbert. Sales of South African lemons are mediocre as well. "We recently made the rounds of German supermarkets, and practically all chains are still offering Spanish Verna lemons. The supply of Argentinian lemons is much lower due to rain, because a lot of those lemons aren't suitable for export, but South Africa is expecting to send more Eurekas, and Spain is still working with Verna." "The Clementine season is in full swing…However, supply is selling well, and there's no oversupply. Prices are stable between 12.50 and 14.50 euro," the importer continues. According to him, one trend is a shift towards later varieties. "This year, you could see a lot of retailers directly switching from the Spanish Nadorcott season to the Clementines. Varieties like Satsuma in particular are on the market less and less. The same is true for the first Spanish Satsumas. Customers want better tangerines, and they have good alternatives in Nadorcott, Tango or Orri…Last but not least, the supply of early Navels is decreasing every year…Just like with Satsumas, we're seeing that the market for early Navels is limited. In that period, Valencias from Egypt, Morocco and Spain are on the market, and it's incredibly hard to compete with these, price-wise. Some regions in South Africa have now started with the mid and later Navels as well. These are the better varieties, although it's difficult to earn more for these in Europe. The South African Valencias have now started as well, and it's expected this volume will be slightly lower compared to last year," Gijsbert says. The problems in the South African ports, including Port Elizabeth and Durban, are challenging, but it's also challenging in Cape Town, where wind caused delays.
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South African grapefruit season to end earlier

A very marketable crop of grapefruit, with a size distribution peaking on counts 40 and 45 and a higher percentage of class 1 exports over last year, will end earlier this season, which may cause some markets to run short of fruit. The South African industry's grapefruit focus group notes in a memo that northern growers have switched temporarily to Turkey Valencias in an attempt to stretch the season and that a downward trend in weekly shipping volumes will play out for the rest of the season…In the Chinese wholesale market prices have been on a downward trend, driven by a 30% year-to-date increase in arrivals of Star Ruby when compared to last year…However, the CGA grapefruit focus group predicts that weekly shipments to China/Hong Kong are expected to reduce dramatically from this week onwards, ending with…a reduction of 25%..."We are hoping that the sales tempo in China is maintained over the next few weeks, but that the trade is aware of the fact that volumes will reduce quite sharply and end significantly earlier than in 2018," states the focus group's memo. The rapid growth of class 2 and class P (processing fruit) shipped to China, and the possibility of these ending up on wholesale markets, has been a topic of discussion within the industry…YTD shipping volumes to Korea are also lower compared to last year, 27% less. …"Shipping to Japan has been well co-ordinated in 2019 and after the first five conventional vessels have departed…The situation on the Russian market is "spiralling downward", says the focus group: after initial very high prices and a relatively empty market, there has developed some consumer resistance. This is compounded by high volumes of grapefruit arrivals very close to each other and now the grapefruit price has fallen drastically…The situation on the Russian market could put additional pressure on the European market where sales rates in general are only expected to start improving towards the end of July.
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