Fruit Juice Market - September 2014

OVERVIEW:

The fruit juice market is quiet after the summer which proved poor in continental Europe. Apricot and peach purees as well as pineapple and lemon juice supplies are short but otherwise demand and supply are reported as generally in balance. Continuing severe drought in Brazil is expected to impact on supplies of a number of fruit juices later in 2014 and into 2015.

It is possible that flatter demand is linked to intensely negative publicity surrounding fruit juice consumption. The sector has been caught up in the storm that is ongoing about sugar consumption.

ACEROLA:

Brazil, frozen ss, 6-8 brix, US$1150-1200/mt CFR Rotterdam

Brazil, frozen concentrate, 20-22 brix clear, US$3000-3100/mt FOB Santos

The market is well supplied and consequently, prices have come down.

APRICOT:

China/South Africa, puree, 32 brix, US$1100-1200/mt CFR Holland

European, puree, 32 brix, €1350-1450/mt FCA Rotterdam

While the European crop finished normally, frost damage in Turkey caused a general crop failure. South Africa is now totally sold out. We could see an uplift in prices if demand stays strong particularly in Eastern European.

BANANA:

Ecuador, ss aseptic, 22 brix, US$700-750/mt CFR Holland duty free

Adverse weather conditions in Costa Rica has caused a reduction in supply which has raised prices for banana puree from all origins.

GRAPEFRUIT:

Florida, red, frozen concentrate, ratio 9.5<, 58 brix, US$1800-1900/mt CFR Holland


Florida, white, frozen concentrate, ratio 9.5<, 58 brix, US$3000-3200/mt CFR Rotterdam
The market for white grapefruit juice remains unchanged. It is in short supply due to reduced acreages in production. For red and pink, demand continues to decline faster than the availability of supply. This could lead to yet lower prices for pink and red juices.

GUAVA:

Brazil, white, frozen concentrate pulp, 20 brix US$1200-1300/mt CFR Rotterdam
Brazil, pink, concentrate, frozen pulp, 19 brix US$1100-1250/mt CFR Rotterdam

Regular market for white although the September peak in Brazil seems to be smaller than usual. For pink, smaller crops in Brazil and South Africa seems to be pushing prices up.

LEMON:

Argentina, frozen concentrate, cloudy, 400gpl US$4000-4500/mt CFR Main European Port
Argentina, frozen concentrate, cloudy, 500gpl US$6500-7000/mt CFR Rotterdam
Argentina, frozen concentrate, clear, 500gpl US$6700-7500/mt CFR Rotterdam
Argentina, frozen concentrate, clear, 400gpl US$4500-5000/mt CFR Main European Port

Lemon juice supply is very short due to a severe reduction in the Argentine crop which is down by as much over 60%. The prices above reflect the spot market. European supplies are sold out but more will come onto the market in the next three months. These are the highest prices seen for lemon juice for many years if not ever.

MANGO:

India, Alphonso, aseptic puree, 17 brix, US$1550-1650/mt CFR Rotterdam
India, Totapuri, aseptic concentrate, 28 brix, US$1200-1400/mt CFR Rotterdam
India, Totapuri, aseptic puree, 14-16 brix, US$825-870/mt DDP London
Mexico, Tommy Atkins, aseptic concentrate, 28 brix, US$1300-1400/mt FCA Holland

There are the usual alarming reports from India but this time they could have some validity. Western Alphonso is sold out but some of the mixed varieties are being discounted. The Totapuri crop is finished and less concentrate has been produced. Prices are firming.

The Mexican crop has been sold out and was smaller than expected. Prices are firming here also.

ORANGE:

Brazil, FCOJ, Pera, ratio 14-16, 66 brix, US$2100-2200/mt FCA Holland, bulk
Mexico, FCOJ, Valencia, ratio 22<, 66 brix, US$2350-2450/mt FCA Benelux
Brazil, FCOJ, Low pulp, ratio 22<, 66 brix, US$2350-2450/mt FCA Benelux
Italy, blood FCOJ, 55 brix, €2700-2900/mt EXW Italy
Brazil, NFC, US$/mt FCA Rotterdam duty unpaid

The drought in Brazil and reduced availability of higher ratio juice is putting increased supply risk into this category. Prices are reported to be going in opposite directions based on their ratios.

Both Florida and Brazil are expecting lower crops. In the case of Brazil, we could be looking at the lowest crop for 50 years according to the respected pundit Elizabeth Steiger who expects a crop of only 89 million boxes. The Brazilian drought continues to affect production and even some producers are becoming more pessimistic.

However demand is flat globally, with the important US market continuing to show declines in consumption. Perhaps as a reflection of this outlook, the futures market shows a steady decline during 2014/15.

PASSION FRUIT:

Ecuador, frozen concentrate, 52 brix, US$8500-9500/mt CFR Holland
Ecuador, NFC, 11 brix, US$3500-3750/mt C+F EXW Ecuador
Peru, frozen concentrate, 50 brix, US$10,500-11,000/mt FCA Holland

While supply from both the major origins of Ecuador and Peru is still short, the latest harvest have come in better than expected. Prices are certainly coming down off their mid-year highs but there is still uncertainty surrounding the December harvest due to an El Nino which may impact on it.

PEACH:

Greece, yellow puree, 30-32 brix, €1100-1200/kg EXW Pireus
South Africa, puree, 30-32 brix, US$1500-1700/mt CFR Rotterdam

Supply is short from Greece, Chile and South Africa. Chile and South Africa are now sold out and in Europe, the bad weather has meant less crop coming into the factories. While Eastern European demand is down, prices are likely to firm in the course of the next six months until Southern Hemisphere supply comes back on stream.

PINEAPPLE:

Thailand, Smooth Cayenne, frozen concentrate, 60 brix, US$1650-1750/mt FCA Holland
Thailand, Smooth Cayenne, aseptic concentrate, 60 brix, US$1650-1750/mt CFR Rotterdam
Costa Rica, MD2, aseptic ss, 12 brix, NFC, US700-850/mt DDP London
Brazil, White perola, frozen concentrate, 60 brix, US$/mt FOB Brazil

Prices have risen on the news of poor harvests in the Philippines and in Thailand. These reductions have had the effect of diverting raw product to the canning sector. Demand is still flat particularly in Eastern European markets. However supply is tight but contracts are being fulfilled. Spot sales are commanding these prices shown above. We expect prices to continue to rise as the Thai winter crop are not looking very promising.
POMEGRANATE:

Turkey/Iran, aseptic clarified concentrate, 65 brix, €2700-2900/mt FCA Rotterdam.

Plentiful supply is putting downward pressure on prices. A normal crop is expected in Iran and Turkey starting in October.

Glossary of Incoterms (Pricing conditions)

EXW (EX-Works):

One of the simplest and most basic shipment arrangements places the minimum responsibility on the seller with greater responsibility on the buyer. In an EX-Works transaction, goods are basically made available for pickup at the shipper/seller’s factory or warehouse and ‘delivery’ is accomplished when the merchandise is released to the consignee’s freight forwarder. The buyer is responsible for making arrangements with their forwarder for insurance, export clearance and handling all other paperwork.

FOB (Free On Board):

One of the most commonly used-and misused-terms, FOB means that the shipper/seller uses his freight forwarder to move the merchandise to the port or designated point of origin. Though frequently used to describe inland movement of cargo, FOB specifically refers to ocean or inland waterway transportation of goods. ‘Delivery’ is accomplished when the shipper/seller releases the goods to the buyer’s forwarder. The buyer’s responsibility for insurance and transportation begins at the same moment.

FCA (Free Carrier):

In this type of transaction, the seller is responsible for arranging transportation, but he is acting at the risk and the expense of the buyer. Where in FOB the freight forwarder or carrier is the choice of the buyer, in FCA the seller chooses and works with the freight forwarder or the carrier. ‘Delivery’ is accomplished at a predetermined port or destination point and the buyer is responsible for Insurance.

FAS (Free Alongside Ship)*

In these transactions, the buyer bears all the transportation costs and the risk of loss of goods. FAS requires the shipper/seller to clear goods for export, which is a reversal from past practices. Companies selling on these terms will ordinarily use their freight forwarder to clear the goods for export. ‘Delivery’ is accomplished when the goods are turned over to the Buyers Forwarder for insurance and transportation.

CFR (Cost and Freight):

This term formerly known as CNF (C&F) defines two distinct and separate responsibilities-one is dealing with the actual cost of merchandise “C” and the other ‘F’ refers to the freight charges to a predetermined destination point. It is the shipper/seller’s responsibility to get goods from their door to the port of destination. ‘Delivery’ is accomplished at this time. It is the buyer’s responsibility to cover insurance from the port of origin or port of shipment to buyer’s door. Given that the shipper is responsible for transportation, the shipper also chooses the forwarder.‘Delivery’ as above, is accomplished at the port of destination.

CIF (Cost, Insurance and Freight):

This arrangement similar to CFR, but instead of the buyer insuring the goods for the maritime phase of the voyage, the shipper/seller will insure the merchandise. In this arrangement, the seller usually chooses the forwarder. ‘Delivery’ as above, is accomplished at the port of destination.
CPT (Carriage Paid To):

In CPT transactions the shipper/seller has the same obligations found with CIF, with the addition that the seller has to buy cargo insurance, naming the buyer as the insured while the goods are in transit.

CIP (Carriage and Insurance Paid To):

This term is primarily used for multimodal transport. Because it relies on the carrier's insurance, the shipper/seller is only required to purchase minimum coverage. When this particular agreement is in force, Freight Forwarders often act in effect, as carriers. The buyer's insurance is effective when the goods are turned over to the Forwarder.

DAT (Delivered At Terminal):

This term is used for any type of shipments. The shipper/seller pays for carriage to the terminal, except for costs related to import clearance, and assumes all risks up to the point that the goods are unloaded at the terminal.

DAP (Delivered At Place):

DAP term is used for any type of shipments. The shipper/seller pays for carriage to the named place, except for costs related to import clearance, and assumes all risks prior to the point that the goods are ready for unloading by the buyer.

DDP (Delivered Duty Paid):

DDP term tend to be used in intermodal or courier-type shipments. Whereby, the shipper/seller is responsible for dealing with all the tasks involved in moving goods from the manufacturing plant to the buyer/consignee's door. It is the shipper/seller's responsibility to insure the goods and absorb all costs and risks including the payment of duty and fees.

Methodology:

Prices for Fruit Juices are rarely published and are dependent on quantities, packaging and delivery dates. Most significant quantities are sold on long term contracts where prices are normally not disclosed. For smaller parcels and short term requirements, trading takes place on the 'spot' market where prices are higher but more transparent.