Fruit Juice Market – December 2016

OVERVIEW

The fruit juice market has seen some seismic shifts in the past three months. By far the biggest, is the rise and rise of the price of orange juice concentrate. This flies in the face of continuing falls in consumer demand and consistent adverse media coverage of sugar consumption by relating it to fruit juice.

Meanwhile the world geopolitical situation continues to cause uncertainty in the global food scene. American presidential elections, fallout from Brexit and continuous tension in the Middle East are all giving companies caused to reflect on their investment decisions.

Whether it is a new product launch or increased production facilities, it is an uncertain world at present. On a positive note, your Market Insider is pleased to present this report which, apart from orange juice, shows good consumer growth in most geographic and product sectors. Let’s raise a glass to that at least this Christmas season!

ACEROLA

Brazil, frozen ss, 6-8 brix, US$1150-1200/mt CFR Rotterdam
Brazil, frozen concentrates 20-22 brix clear, US $3000-3100/mt FOB Santos

The market continues to be well supplied and in balance.

APRICOT

Chile and/or Argentina, puree, 32 brix, US$1475-1650/mt CFR
Holland Greece, puree, 30-32 brix, €1450-1550/mt FCA Northern Europe

South African processors have just started production. Supply is slightly below normal so fruit prices are higher than last year. There is strong demand from the canning, jam and fresh market and combined with a stronger Rand, prices for concentrate are expected to be higher than in early 2016. Argentina has lower production due to severe frosts and will be offering at prices slightly above South Africa. China is almost sold out and Greece is empty at the time of writing.
BANANA
Ecuador, ss aseptic, 22 brix, US$650-725/mt CFR Rotterdam

Prices are stable and there is plenty of fresh bananas available for processing.

GRAPEFRUIT
South Africa, white concentrate, 58 brix, ratio 9+, US$2100-2500 CFR Rotterdam
South Africa, white concentrate, 58 brix, ratio 7-9, US$2000-2500 CFR Rotterdam
Mexico, red concentrate, 58 brix, ratio 6-8.5, US$2200-2600, CFR Rotterdam

While sluggish demand is holding back price levels for white grapefruit juice, stronger demand from Japan and the USA has pushed up the price of the red variant. Due to a poor harvest, Mexican producers did not offer white and are almost sold out of red. There are still small parcels of white available from South Africa.

GUAVA
South Africa, pink, concentrate puree, 19 brix US$1150-1250/mt CFR Holland
India, white, concentrate, puree, 20 brix US$1150-1250/mt CFR Rotterdam

For white guava puree, supply from India is reduced by an expected 25% lower harvest. Prices are temporarily up but a return to stable pricing is expected in January 2017. There are very limited supplies of the pink variant just now from South Africa.

LEMON
Argentina, frozen concentrate, cloudy, 500gpl US$3100-3400/mt CFR Rotterdam
Argentina, frozen concentrate, clear, 500gpl US$3700-4000/mt CFR Rotterdam

Since our last report, prices have come down slightly but a number of buyers are not presently covered, due to a shorter crop in Argentina.

The next Argentina harvest will not start until March 2017 but by then the European crop will have become available. Forecasts predict sufficient raw material which will add to further pressure on prices.

MANGO
India, Alphonso, aseptic puree, 17 brix, US$1450-1750/mt CFR Rotterdam
India, Totapuri, aseptic concentrate, 28 brix, US$1150-1300/mt CFR Rotterdam
Mexico, Tommy Atkins, aseptic concentrate, 28 brix, US$1150-1250/mt FCA Holland
Prices for Alphonso have now stabilised as there is plenty of fruit and puree supply available at the time of writing. Totapuri is also experiencing a smaller crop, therefore producers made less puree and prices have risen.

Additionally, demand from the key Middle East markets has reduced. Competition from Latin America made it a difficult year for Indian totapuri producers. Mexico is a game of two halves. The Northern part of the country experienced a normal crop but the South is down by over a third from last season.

The centre, where the biggest part of the national crop is produced, delivered a harvest which was more than 25% lower. Prices have held up also as demand from North America has been strong. There is still some stock available at the time of writing.

**ORANGE**

Brazil, FCOJ, Pera, ratio 14-16, 66 brix, US$2800-30000/mt FCA Holland, bulk

Italy, blood FCOJ, 55 brix, €2400-2600/mt EXW Italy

This sharp and rather unexpected price rise for FCOJ caught many by surprise. Supply in Florida is at a cyclical low and Brazil is predicting 246-250 million boxes with a lower than normal yield. All concentrate production has now finished for the season and NFC production will cease in January 2017.

All Brazilian producers have raised their prices, while Mexico and South Africa have sold out. Prices are likely to remain at these higher levels but demand is still sluggish in all the major markets. Higher prices will not help any recovery in demand.

The Italian blood orange crop is almost sold out. High coloured production is finished and limited supplies of lower colour are still available. Prices are stable principally because buyers are aware of the limited production and book their orders early. Spot sales are rarer with this variant and the next harvest, expected in February 2017 is expected to be a bit lower.

**PASSION FRUIT**

Ecuador, frozen concentrate, 52 brix, US$7200-7650/mt CFR Holland

Bigger suppliers still have stock but smaller ones are sold out as they had to liquidate. Fruit prices are rising and a price rise is widely expected. The market seems covered until the New Year when Peru will start its new season. Ecuador will follow in April 2017. The longer term outlook remains one of limited and erratic supply leading to fluctuating high prices. The outlook with NFC is for lower volumes while concentrate prices are on an up cycle.
PEACH

Greece, yellow puree, 30-32 brix, €1000-1100/kg EXW Pireaus
South Africa, puree, 30-32 brix, US$1000-1100/mt CFR Rotterdam

Prices are stable in the absence of any major news and relate to last season in Europe. The South African crop will be available from January 2017. A good crop is predicted and prices will rise also due to the stronger Rand and lower available stocks.

The European crop was in balance with demand but prices have been kept low by the absence of the Russians in the market, due to the trade embargo imposed by the EU. Production is now sold out.

PINEAPPLE

Thailand, Smooth Cayenne, frozen concentrate, 60 brix, US$2550-2900/mt FCA Holland

Smooth Cayenne, aseptic concentrate, 60 brix, US$2550-2900/mt CFR Rotterdam
Costa Rica, MD2, aseptic ss, 12 brix, NFC, US$950-1150/mt DDP London

Prices have stabilised somewhat since our last report three months ago. Demand has slumped due to the price hikes and lack of consistent quality and availability. The winter crop in Thailand is at its peak at the time of writing.

The Thai industry is beset with problems such as quality, manpower, liquidity and declining demand. Stocks in the main markets are limited. The situation in the Philippines and Indonesia remains poor due to the drought attributed to El Nino.

POMEGRANATE

Turkey/Iran, aseptic clarified concentrate, 65 brix, €2500-3000/mt FCA Rotterdam.

Demand remains strong but prices have dropped due to good harvests and supply in both Turkey and Iran. We have also seen reports of increases in NFC production which is helping to stabilise prices.

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 require 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.

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. Prices quoted in this issue were gathered during Weeks 49, 50 & 51 2016.