Fruit Juice Market – June 2016

OVERVIEW

Although the United Kingdom is not a major fruit juice producer on a global scale, Brexit has affected currencies and business confidence all over the world. The last thing our industry needs is further instability and lower demand for our fine products. It is still too early to foresee where the fruit juice market will be headed, but lower demand in the UK combined with instability in the currency markets, will not serve us well.

It is a very positive sign that the European Union is putting a PR campaign in place to point out the positive benefits of fruit juice and purees. Hopefully this initiative will highlight the issue of the amount of pure juice in many drinks that purport to be ‘healthy’. Some of these contain minimal pure juice but are marketed as offering benefits suggesting that these ‘fruit drinks’ were actually higher in juice content than may be the case.

The effects of El Nino are now subsiding but in South East Asia, fruit production is being decimated by drought. Latin America also is still feeling its effect particularly in the crops from the West Coast such as passion fruit.

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$1500-1650/mt CFR Holland

Greece, puree, 30-32 brix, €1550-1650/mt FOT Northern Europe

The Southern Hemisphere’s production will not resume until December 2016. The supply is now sold out and anybody who needs apricot puree will need to seek supply from Europe.

However, there will be little supply from Europe either, until the end of July 2016. While demand is strong, sellers are holding off issuing prices for this season's supply, as Italy has predicted a significantly lower crop. Stocks are low, and while Greece and Spain expect a normal crop, the position in Turkey is still unclear.

BANANA:

Ecuador, ss aseptic, 22 brix, US$650-700/mt CFR Rotterdam

Since the price rise early in 2015, supply and demand seem to be in balance. Prices are stable and there is plenty of fresh bananas available for processing.
Grapefruit:

South Africa, red, frozen concentrate, ratio 6 - 8.5, 58 brix, US$1100-1300/mt CFR Holland

South Africa, white, frozen concentrate, ratio 7 - 9, 58 brix, US$1800-2000/mt CFR Rotterdam

Caribbean, white, frozen concentrate, ratio 9-, 58 brix, US$2000-2150/mt CFR Rotterdam

Demand has dropped to the point where global supply can meet demand comfortably. However, there are a few exceptions, notably in South Africa where the crop is delayed and is smaller than average. In the case of the red variants, demand is improving and prices are slightly firmer, as it is thought that supply may be limited later this year.

Guava:

South Africa, pink, concentrate puree, 19 brix, US$1200-1350/mt CFR Holland

India, white, concentrate, puree, 20 brix, US$1150-1250/mt CFR Rotterdam

For white guava puree, supply and demand are in balance and prices are stable. For pink guava puree, South African production is dramatically lower. This will be by as much as 45% in the South of the country. This is down to the drought which hit hardest in the South. There is some stock available but fresh fruit is costing 30% more than last season. Alternative limited supply can be sourced from Brazil at slightly higher prices.

Lemon:

Argentina, frozen concentrate, cloudy, 500gpl, US$3000-3400/mt CFR Rotterdam

Argentina, frozen concentrate, clear, 500gpl, US$3600-3800/mt CFR Rotterdam

As we expected in our last report, prices have come down substantially. The season in Argentina has started with a significant amount of rain which makes picking difficult and yields a poor quality for fresh fruit sales.

This situation has in turn resulted in massive quantities of stock coming forward for processing. It appears that a lot of fresh fruit has been discarded as there is insufficient processing capacity. So even as the total crop is the same as last season, prices for lemon juice are in free fall.

Mango:

India, Alphonso, aseptic puree, 17 brix, US$1450-1750/mt CFR Rotterdam

India, Totapuri, aseptic concentrate, 28 brix, US$1300-1450/mt CFR Rotterdam

Mexico, Tommy Atkins, aseptic concentrate, 28 brix, US$1250-1400/mt FCA Holland

Prices for Alphonso have taken a tumble over the past quarter. This is in part caused by slower demand but also by a fall in the price of the fresh fruit. There is plenty of supply available at the time of writing. Totapuri is also experiencing slower demand but a smaller crop is predicted which has any kept price drop in check.
Mexico is a game of two halves. The Northern part of the country is expecting 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, is predicted to be more than 25% lower. Prices are down slightly but this is probably caused by the delay in harvesting and buyers switching to other Latin American origins.

**ORANGE:**

Brazil, FCOJ, Pera, ratio 14-16, 66 brix, US$2000-2300/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 buyers, as well as your Market Insider, by surprise. At the time of writing, there is still a wide gap between asking prices and actual sales volumes, so the price increase has not yet gone through to the consumer.

Supply in Florida is at a cyclical low and the Sao Paulo province in Brazil is predicting a crop of 279.6 million boxes with a lower than normal yield. This will be 5.4% lower than last year. It is thought that now the balance could reverse from excess supply to a higher demand than supply. This still needs to be confirmed but it is unlikely that retailers and consumers will accept more than 10% higher prices.

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.

**PASSION FRUIT:**

Ecuador, frozen concentrate, 52 brix, US$9100-10300/mt CFR Holland

Supply from both the major origins of Ecuador and Peru has tightened up since the middle of 2015. This has raised prices dramatically over the past year as there are virtually no stocks available. Prices have moved up also because yields are below average as well as the quantities. Finally we are seeing reports that suggest that demand is taking a big hit due to the continuing high prices.

**PEACH:**

Greece, yellow puree, 30-32 brix, €1100-1200/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 season is over and processors are still carrying some stocks which will satisfy the market until the European crop comes in at the end of July 2016. The European crop will be very difficult to predict due to extreme and severe weather conditions in the last quarter. The Greeks have not yet issued their new season prices While the Spanish Government has ordered 20000mt of fresh fruit to processing into puree and juice.

**PINEAPPLE:**

Thailand, Smooth Cayenne, frozen concentrate, 60 brix, US$2900-3150/mt FCA Holland

Thailand, Smooth Cayenne, aseptic concentrate, 60 brix, US$2900-3150/mt CFR Rotterdam
Costa Rica, MD2, aseptic ss, 12 brix, NFC, US850-950/mt DDP London

Prices have risen somewhat since our last report three months ago. This stems from the rise in price of fresh fruit which is now at an unprecedented level of Thai Baht14/kg. Packers have to compete for supply and many will only process during June for the present crop. They will then shut their plants for maintenance and restart when the winter crop comes in. 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, €3200-3700/mt FCA Rotterdam.

Demand is increasing and prices have firmed further during the first half of 2016. Pomegranate is now perceived as a super fruit and its juice has become very popular as a result. Globally, demand for both fresh fruit and juice can be expected to grow. We have also seen reports of big increases in NFC production which is helping to increase prices. How this increased demand will affect prices is fairly easy to guess, as availability is continuously reducing. The next harvest will start in October 2016.

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.

**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 26 & 27 2016