Fruit Juice Market – March 2016

OVERVIEW

With only the exceptions of apricot puree, passion fruit juice and pomegranate juice, the fruit juice market seems to be in balance between supply and demand. This is as calm as your Market Insider has seen the fruit juice market for at least the past ten years.

However, beneath this veneer of calm, dark forces are lurking. The most important is the battle of the sugar scares. Some very significant countries are imposing a sugar tax of carbonated soft drinks (CSD’s) and once this mechanism is in place, it will only take a small legislative change to impose similar taxes on fruit juices and purees.

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. Many contain massive amounts of added refined sugar.

The effects of El Nino are still being felt in Latin America and Asia. It is not over yet but due to quieter demand, the impact on prices has been mitigated.

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$1600-1800/mt CFR Holland

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

Things have changed dramatically since our last report. There is a lot of pressure on supply and prices are rising. South Africa produced practically nothing for export while Latin America is down by over 60%. The only availability is from Argentina or Chile but even from here, supplies are very limited. There is no likely improvement foreseen before the European summer crops which can be expected in July/August 2016. Europe is also presently sold out.
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. We do not expect any changes in the foreseeable future.

GRAPEFRUIT

South Africa, red, frozen concentrate, ratio 6 - 8.5, 58 brix, US$1100-1250/mt CFR Holland

South Africa, white, frozen concentrate, ratio 7 - 9, 58 brix, US$2000-2200/mt CFR Rotterdam

Caribbean, white, frozen concentrate, ratio 9<, 58 brix, US$2200-2500/mt CFR Rotterdam

Caribbean prices are relatively stable and stock is still available.

South Africa is pretty much sold out of both varieties but a few parcels are still available at higher prices. There will be the next season’s crop after May 2016, which is not expected to be exceptional even though the drought has affected fruit sizes.

Demand has dropped to the point where global supply can meet demand comfortably.

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 and demand are in balance. Prices are stable.

For pink guava puree, South Africa is sold out and further supply is not expected before April 2016. For the crop in the north, the harvest is expected to be significantly lower than normal, whereas for the south, it is expected to be more or less normal.

Alternative limited supply can be sourced from Brazil at slightly higher prices.

LEMON

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

Argentina, frozen concentrate, clear, 500gpl US$4000-4300/mt CFR Rotterdam

Lemon juice prices fell substantially in the last few months of 2015 but have now stabilised. Pipeline stocks have now been restored to ‘normal’ which is leading to a slowdown in demand. Effectively demand is now reflecting actual consumption which has removed the heat from the demand side.

EU production is limited with Spain sold out and Italy only offering limited quantities at higher prices.
Argentina will be harvesting in April and new season’s supply should be available shortly afterwards. Indications at the time of writing are that there will be approximately 10% more fruit than normal. The recent devaluation in the Argentine currency will help them to improve grower returns.

It would seem as if a normal market will continue throughout the remainder of 2016.

**MANGO**

India, Alphonso, aseptic puree, 17 brix, US$1700-1800/mt CFR Rotterdam

India, Totapuri, aseptic concentrate, 28 brix, US$1350-1450/mt CFR Rotterdam

Mexico, Tommy Atkins, aseptic concentrate, 28 brix, US$1300-1350/mt FCA Holland

Prices for the Alphonso are stable as consumption seems to be reducing and there are ample stocks available from both India and from storage elsewhere. The next crop is due in May and so far, producers are not offering new stock.

Prices for Totapuri concentrate are also stable while the market awaits the new season’s crop in May 2016. Early indications are for a good harvest.

Similarly, prices for Tommy Atkins are also stable even though little stock is available from Mexico and none will be on the market before July 2016. Demand is slow as for other varietal types of mango puree from Latin America

**ORANGE**

Brazil, FCOJ, Pera, ratio 14-16, 66 brix, US$1800-1900/mt FCA Holland, bulk

Italy, blood FCOJ, 55 brix, €2400-2500/mt EXW Italy

Demand is still evaporating fast particularly in the important US market. But at the same time, the Florida forecasts are showing the smallest crop for over 30 years at 74 million boxes.

The situation in Brazil is less confused with reports of a yield of 250-270 boxes to the metric tonne. However it seems clear that while total yield may be lower, that the quality (ratios) will be better. Expectations for the 2016/17 crop are looking good at the time of writing, even though the heat and drought in late 2015 damaged a significant number of trees.

The Italian blood orange crop is reported to be looking promising with the colour returning it its best. Prices have fallen as availability has been restored.

**PASSION FRUIT**

Ecuador, frozen concentrate, 52 brix, US$8500-9900/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 nine months as there are virtually no stocks available.
Prices have moved up also because yields are below average as well as the quantities. El Nino seems to have affected production in most Latin American producer nations. Peru is offering small quantities at the time of writing. Both Ecuador and Brazil will start their harvests in the next few weeks but indications are that supply will be limited by the weather and demand remains surprisingly strong.

PEACH

Greece, yellow puree, 30-32 brix, €1100-1200/kg EXW Pireaus

South Africa, puree, 30-32 brix, US$1000-1100/mt CFR Rotterdam

Greece and other EU producers such as Spain have only limited stocks available until their new harvests in July and August 2016.

South Africa has finished its processing in early 2016. The quantities were normal but due to an appreciating South African Rand, there is no more very low pricing for peach puree available for the time being

PINEAPPLE

Thailand, Smooth Cayenne, frozen concentrate, 60 brix, US$3050-3250/mt FCA Holland

Thailand, Smooth Cayenne, aseptic concentrate, 60 brix, US$3050-3250/mt CFR Rotterdam

Costa Rica, MD2, aseptic ss, 12 brix, NFC, US850-950/mt DDP London

What a difference since our last report! Prices have fallen by over 25% since the end of 2015 and are expected to fall further. Everybody knew that prices of nearly US$4000/mt were never going to last for long.

Thai production is improving and the winter crop is now finished. However, as we have constantly said, demand has been badly affected by the two years of high prices and poor quality. Now this category is paying the price and we can expect further significant prices reductions. This is in spite of poor climate conditions for the summer crops in Asia.

POMEGRANATE

Turkey/Iran, aseptic clarified concentrate, 65 brix, €3200-3700/mt FCA Rotterdam.

Demand is increasing and prices have firmed further during the first quarter 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.
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.

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 10, 11 & 12 2016