

Season Update – MARKETS

July 2005 Report

Harvesting of the Leng navel crop and the majority of non-GA Washington navels is almost complete as we reach the mid-point of the winter navel season. Rain and cold weather disrupted picking during July and this together with the 15-20% increase in volume over - estimates has resulted in the harvest schedule being slightly behind. Quality issues of concern this season include colour, scarring, albedo and sour rot/decay.

Strong competition from good quality well coloured US Valencias, South African navels, as well as South American easy-peelers and more recently local fruits in the Asian markets has adversely affected prices to date.

Other market restrictions that the industry has been faced with include the complete closure of the border between Hong Kong and China and the imposition of a 25% import duty on mandarin exports to Indonesia. Furthermore, compliance with the tough protocol requirements for Japan/Korea and Thailand has also impeded the volume of citrus exported to these markets.

The lack of a juice price for all varieties means that there is no floor price and this has resulted in an oversupply of cheap citrus in most market segments.

Navels

Domestic

After a good start, the market is currently over-supplied during the peak harvesting and processing season. A large volume of second grade fruit and the lack of a juice price, has forced a lower floor price in the market and this is expected to continue until mid August.

Export

The majority of first grade count 113 and larger is destined for the US. The first vessel has arrived and market demand is strong. Fruit from the second charter vessel is expected to be available in week 30 (late July). Demand in Asia is starting to strengthen now that Australian fruit has achieved full colour and with lower volumes of US Valencias available. UK/Europe and the Middle East is oversupplied with South African and other Southern Hemisphere navels and mandarins and Australian fruit is unable to compete on price at present. Market conditions are expected to improve once the bulk of the fruit has been cleared. The Indian sub-continent has shown interest in small size, second grade fruit.

Mandarins

Domestic

Demand for Imperials was strong early in the month but prices are under pressure due to the supply of cheap Ellendales from Queensland. The Minneola tangelo harvest is well underway with the majority of first grade fruit being shipped to the US. Fruit size appears to be smaller than anticipated and a lot more second grade fruit available. Domestic sales into the chains will hopefully increase as maturity improves. The Ellendale harvest in the southern regions is expected to start towards the end of July.

Export

The first sea shipments of Imperials have arrived in Indonesia and demand is reasonable. Unfortunately returns are a lot lower than last season due to the 25% Import duty applicable to all mandarins exported to Indonesia from this season onwards. Other Asian markets are sourcing South African Nova mandarins in preference to Imperials due to lower prices.

Lemons**Domestic**

The demand for large first grade lemons is strong in the retail chains and wholesale market. Smaller sizes and all second grade fruit is struggling to realise viable returns to the grower.

Export

The demand for fruit in Asia and the US is limited due to only gassed fruit being available. However, market demand is expected to improve expect improvement over the next month now that naturally gassed fruit is available.

Grapefruit**Domestic**

The demand for first and second grade white and red varieties is good in the larger size range but red grapefruit is coming under increasing pressure as supply from other areas increases.

Export

The demand for white and red grapefruit is limited.

Tangelos**Domestic**

Slow demand into chains but expect to increase as maturity improves.

Export

USA is the main market with strong demand for this fruit at firm prices.

Source: Australian Horticultural Exports Association (AHEA)