

## **Season Update – Processing**

### **September 2005 Report**

Navel fruit from the 2004/05 season is still being harvested in the Murray Valley and Riverina growing regions. At the same time the 2005/06 Valencia crop has begun and industry sources claim that trucks are arriving at processors with both small new season fruit and large swollen old crop fruit. Industry sources claim it is difficult to pin down how much old season fruit is left in Australia's orchards but agree that there is too much fruit for this time of year and that packing sheds are getting full.

Nevertheless, the Riverland in South Australia is no longer harvesting 2004/05 navels.

Current brix levels for new season Valencia are good at 10 – 12°. However, the ratio, at 7 – 9° is still too low for processors in the Murray Valley and Riverland, where crushing is expected to start in early October. The Riverina region is traditionally five to six weeks behind other areas due to the climate.

#### **Trade**

This season processors are paying between \$180 – 230/tonne for contracted fruit. Due to the huge surplus of Valencia fruit going into the new crop, prices are expected to sink further once current contracts have been delivered. Nevertheless, both sides of the industry are trying to achieve market stability which should prevent contracted prices from dropping too low.

Industry sources estimate that between 70,000 – 80,000t of fruit was contracted by processors at the start of the 2004/05 season. Fixed contracts so far this season are estimated at just 50,000t.

According to processors, growers were encouraged by various bodies last year to hold fruit prices at \$300/t. Juice became very expensive as a result and many end-users opted to import concentrate instead. Processors say it will be a hard slog to get these customers back. In spite of the lower contract prices this season customers are reportedly still concerned about the long term volatility of the market.

“We lost 15 – 20 customers last season. We have asked them to switch back to Australian juice this year but they are reluctant because they fear prices will rocket again in the 2005/06. So negotiations continue,” explained one processor. Concentrate imports remain strong so far this year (see table below) but shipments are expected to tail off next year once the forward contracts fixed last year with Brazil have been delivered.

In terms of retail demand, the high price of fresh/chilled juice on supermarket shelves has encouraged consumers to buy ambient juice, which is made predominantly from imported concentrate. Again, this trend is not expected to alter until the flood of foreign concentrate is stemmed.

### Australian orange juice trade

| <b>Import (tonnes) Jan – Jul</b> | <b>2004</b> | <b>2005</b> |
|----------------------------------|-------------|-------------|
| Orange juice, frozen             | 20,174.36   | 20,919.86   |
| Orange juice, not frozen         | 1,445.462   | 182.763     |
| <b>Export (tonnes) Jan – Jul</b> | <b>2004</b> | <b>2005</b> |
| Orange juice, frozen             | 395.079     | 124.257     |
| Orange juice, not frozen         | 5,958.928   | 7,627.824   |

Source: Stefan Worsley, [www.juicemarket.co.uk](http://www.juicemarket.co.uk)