

season update

This publication has been facilitated by HAL in partnership with Australian Citrus Growers (ACG) and has been funded by the national citrus R&D levy. The Australian Government provides matched funding for all HAL's R&D activities.

PROCESSING – JUNE 2006 REPORT

A severe frost across Australia's southern citrus growing regions may have damaged the early Valencia fruit for next season, 2006/07, say industry sources. Early feedback indicates that the cold snap, which lasted around 10 days in the middle of June, probably had limited effect on the current 2006/07 navel harvest, which has just begun. However, growers state that the Valencia harvest, which will begin in October, is more susceptible to frosts due to the low brix levels. Frosts this early in the year are unusual in the key citrus growing areas.

Meanwhile, the 2005/06 Valencia crop in the Murray Valley and Riverland are all but completed. There is still fruit to be harvested in Riverina region, where the crop is due to wind up at the end of July/early August.

Ratios are steadily coming down and are currently below 15 in all regions. Yields are now around 460 single strength litres/tonne of fruit for most processors. Industry sources state that volumes of Valencia going to concentrate are very limited at present and have particularly decreased during the last two weeks.

Offers for fruit on the spot market are mainly coming from the Riverina region but are hard to pin down. Some industry sources claim that certain processors are willing to pay up to \$150/t. Other sources, meanwhile, state that the bulk of fruit is trading at \$80/t.

Production

During a meeting last month with the Australian Citrus Growers (ACG), Australian Fruit Juice Association (AFJA) and industry representatives the official forecast for the 2006/07 Australian citrus crop was put at 224,000 tonnes, down significantly from the 2005/06 bumper harvest of 297,000 tonnes.

In spite of the predicted 2006/07 decreased Valencia production, some processors state they have been assured by their growers of almost exactly the same volumes delivered to the factory as this season. Industry sources peg the surplus of 2005/06 Valencia at around 20,000 tonnes and therefore expect the lower production during 2006/07 to bring some balance back to the market. Indeed, there is reportedly already more interest in fruit from the spot market due to the recent forecasts.

The meeting last month also saw growers and processors round-the-table to discuss the forthcoming season. However, both sides were apparently keeping their cards close to their chests – a familiar scenario which many in the industry are keen to eliminate.

Overseas

The Brazilian market remains bullish due to the approaching hurricane season in Florida and a general tight supply on the global market, but there is very limited activity at the moment. The big Brazilian processors are in no rush to sell and most buyers, including those from Australia, have covered their needs until at least the end of this year.

There is much talk of the growers in Brazil asking for double the fruit price of last season (\$7.00/box from \$3.50/box), which would have a further bullish impact on frozen concentrated orange juice (FCOJ) prices if it goes ahead. Nevertheless, some of the larger processors own their own orchards and are therefore less exposed to this risk.

Retail

Australian retail sales over the last month have reportedly come down a little, but are still reasonably good given the time of year and the recent cold weather. Bottlers are now in talks with the big retailers for the 2006/07 season and are apparently finding negotiations very difficult. "The two main retailers dominate the market. Your product has to be on their shelves and this puts them in a very strong position," commented one packer.

Source: Stef Worsley, www.juicemarket.co.uk