NEWSLETTER

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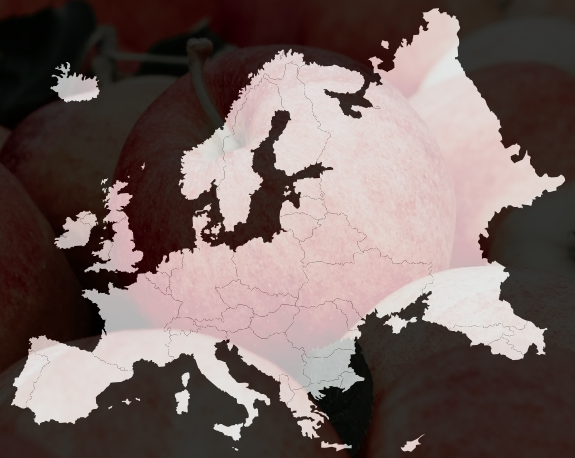
JUICE AND BEVERAGE UNIT

Q3 2019

APPLE CROP – FIRM 2019 SEASON

I Europe:

The 2019/20 apple crop in Poland has commenced in August and the campaign has continued until mid-September. There has been a limited volume of pick out fruits delivered to the smaller factories and the plants are still running the cold-store fruit from the previous season. Fruit pricing is relatively expensive at PLN0.40-0.55/ kg (EUR0.09-0.13/kg). Growing conditions in Poland have been favorable, but frosts have had an impact in some areas which has meant that output in these regions is going to be “noticeably smaller.” It is difficult to get a handle on the volumes expected to be produced from the forthcoming crop. There are indications that output will reach just 3.5 million tons, compared with as much as 5.5 million tons during the 2018/19 crop.

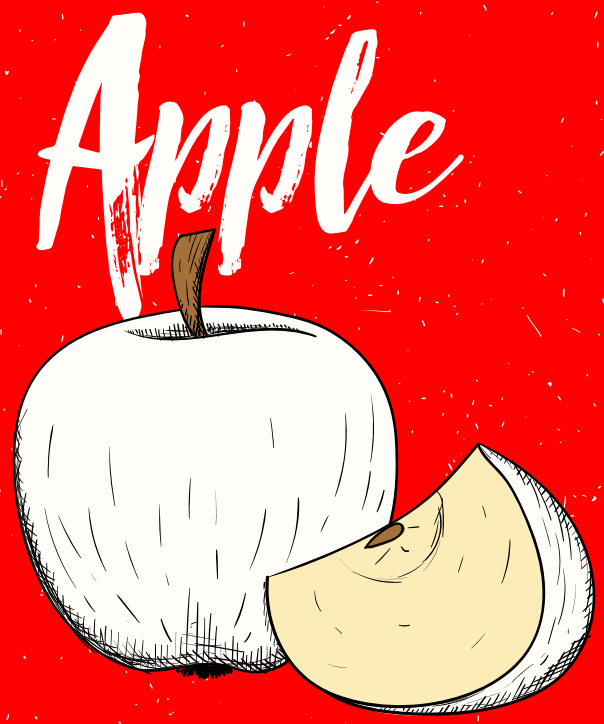


CHINA

The crop in China has already started and analysts expect it to be large at around 40 million tons (fresh), which would lead to lower pricing for juice. Analysts in Europe say they are getting indications for new season supplies from China at USD1100/ton low acid FOB China, compared with USD1000-1300/ton last month. With the lower prices predicted, the industry in China will probably be able to regain its share of the US market and the rest of the world. A shorter crop and high prices in China last season allowed for European exporters to ship to the US. However, the industry in China currently has to deal with a 25% duty on exports to the US which was increased from 10% in March this year.

Pricing

Offers for high acid concentrate out of Poland are at EUR1250/ton 70 brix 3%+ acid ex-factory Poland, compared with EUR1150-1200/ton last month. Lower acid supplies are offered around EUR900-1200/ton 70 brix 2.0-2.5% acid ex-factory, against EUR800-1000/ ton last month. There is no news so far on price levels for new season contracts for concentrate, although analysts suggest that the smaller crops in Poland, Italy and Germany will probably mean that asking prices out of Poland will be higher than EUR1000+/ton throughout the crop. There is also still the possibility that the Polish Government could introduce a minimum price for fruit next season. There are continued concerns over the availability of high acid juice this season. The wild trees in Poland, which produce the high acid apples, are being replaced by cultivated orchards that are geared towards the sweeter apples, suitable for the fresh market. Therefore, the availability of the high acid varieties is going to decrease in the future. Nevertheless, traders say that while there have been concerns over the lack of high acid supplies over the past few years, these concerns have not yet been realized.



THE RISING PINEAPPLE MARKET

Overview:

The main summer crop in Thailand for 2019 is now over and the processing plants will stay closed until supplies from the winter crop come on stream towards the end of September. It is predicted that there will be a marked decrease in production this year with the combined summer and winter crops producing just 1.2 million tons. In a good year, Thailand could produce 2.0-2.2 million tons. There are limited supplies available in Thailand, but trading has been thin over the past month. Most buyers are waiting for concentrate price levels to settle and are not accepting higher prices for the moment.

Pricing:

Raw material prices rose during the recent summer crop and towards the end of the campaign, fruit was changing hands for THB7.00-10.00/ kg. The current price spread for concentrate remains wide, but firm, at USD1300-1600/ton 60/65 brix FOB Thailand – on par with September. Analysts suggest that prices are likely to move higher, but when, and by how much, is difficult to determine. For the moment, there are still stocks sitting in cold stores in Europe, but once these have been absorbed by the market then prices will probably appreciate. This three-year boom then bust production cycle has been common to the pineapple juice market for more than 20 years. For the moment, processors are reluctant to fix any further large, long-term contracts until August, when there will be a clearer picture on the winter crop. Traders say that end-users are not covered that far forward, but that deliveries are being postponed which would indicate that consumption is still subdued.

Meanwhile, there are reports of a drought in Costa Rica which could cut back production there. Offers for NFC pineapple juice out of Costa Rica are pegged at USD550- 800/ton single strength CFR Europe depending on packaging. Supplies of NFC pineapple juice are reportedly limited.

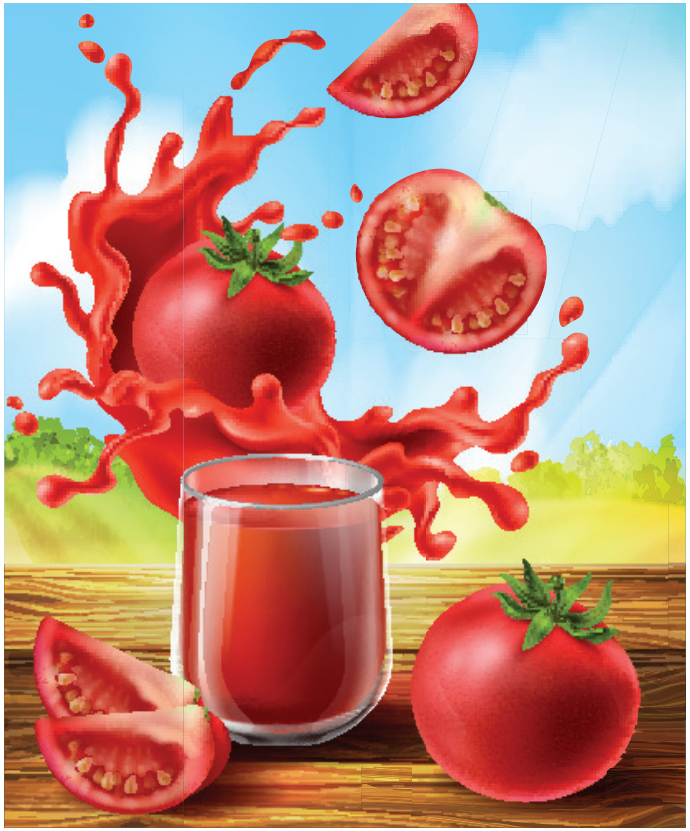
Climate:

Growing conditions have been very hot and dry over the past months. It is probably too late to bring any benefit to the summer crop supplies, say industry sources. It is the monsoon season in Thailand at the moment and while there are no further negative reports on production from the winter crop so far, historically a poor summer crop is followed by a poor winter crop.

Other regions:

There is reportedly lower pricing from producers in Indonesia – all of which are looking to wrestle market share away from Thailand, say analysts, who add that the Thai industry is unlikely to have so much influence on global pricing for pineapple concentrate in the future.

TOMATO PASTE – AN UPDATE ON NEW CROP



The crop has started in Europe and the customers have already started securing the quantities, keeping in mind the prices are moving up because of stock shortage from the last crop. The new crop will be very short or limited.

Below are some of the key reasons for the current jump in prices and the rising demand:

- A number of Spanish factories are in a difficult financial situation and are likely facing bankruptcy.
- Farmers in Portugal were not keen on planting tomatoes this season which makes finding fresh tomatoes for processing a challenge.
- In Italy and Greece, there was a shortage of farms for tomato plantation leasing.
- California has increased their prices of raw material and volatile weather is posing challenge in reference to the new crop.
- The Chinese crop has also started to come on the market. One of the largest companies in China called "Chalkis" has closed down. This year Chinese production is down from 10 million tons in 2010 to now only 4 million.
- Large multinational companies from India and some other Asian companies have approached the European market for immediate shipment (over 20,000 MT) which is a clear indicator that there is not much product available in the market, especially in China.

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