

GLOBAL OVERVIEW LEMONS

Detail Introduction :

With the return of warmer weather to the Northern Hemisphere, the lemon market shows a varied picture across the global markets. The ever-present risk of Citrus Black Spot continues to cast a shadow over the trade of this popular citrus, and some production regions such as Italy, Spain, and Turkey have been affected by cold weather during the growing season, resulting in a lower yield. The Russian invasion of Ukraine continues to cause issues in markets, particularly South Africa, which feels the loss of the Russian market perhaps most severely. Despite this, the outlook is generally positive, as the lower productions have pushed up prices for many markets. As the world recovers from COVID-19, so does the catering industry and the demand for lemons.

The Netherlands: Citrus Black Spot to cause another tense lemon import season

At the moment, one Dutch trader still has Spanish lemons available. "But our most important season is the Argentine Eureka lemon," he says. "Next week or within two weeks, the first containers will be loaded from Argentina. We expect them here in the Netherlands the third or fourth week of May."

There are far fewer Verna's this year in Spain, the typical second season lemon that replaces the Fino de Primofiori there. "There is less than half as many as last year. That creates a lot of room for overseas products. The Verna's will probably run out by mid/late June, while they are normally on the market until August. The lower harvest is a confluence of circumstances, including an off-year and the abundant rain in spring, which affects both volumes and quality."

He believes the Argentinian supply will more than make up for this. "There are too many. Some go to the processing industry, and some to the export market. So, there should be pressure on prices here." Argentina, however, has to contend with hugely high inflation of around 50-60% on an annual basis and currency depreciation. At first glance, this may seem beneficial for exports, but Argentines cannot freely dispose of dollars or euros. Foreign currency obtained through foreign trade must be exchanged for pesos through official channels.

The Citrus Black Spot issue promises to be prevalent again this year. Lemon does not fall under cold treatment, but very strict controls are in place. "Following the suspension of Argentine citrus exports to Europe due to CBS interceptions two seasons ago, trade resumed last year. In the end, it went quite well this year," according to the trader.

He hopes that the arrivals this coming season will not be too delayed and that the presumably large volumes will all find a customer at a reasonable price. "Something unexpected always happens. Last week, for example, there were problems at the port of Durban, so the supply of South African lemons will come to a halt for a while. It will be another exciting year in the overseas season."

Germany: Generally positive season for lemons in Germany

According to reports from the German market, the organoleptic properties of the predominant Spanish Primofiori and the complementary Turkish Enterdonato were mostly convincing. Supply and demand were often in balance so that there were no significant changes in the valuations. Here and there, quotations were slightly higher due to a slightly limited supply. Italian goods, which rounded off the market, became slightly more expensive in Cologne.

The average price for lemons from Italy in calendar week 16 reached 165€ per 100kg. Lemons from Spain were priced at € 147 or € 132 depending on size, while Turkish lemons yielded € 116.

Italy: Positive outlook for lemons despite the reduction in production

In Sicily, the harvest of the yellow Primofiore lemon is in full swing, and it is sold in the main supermarket chains both in Italy and abroad. "We export mainly to Germany, but also the rest of Europe. Later, the demand of the processing industries will also be met," reports a trader.

This year about 50% fewer lemons are being produced in Campania. Consumption is good, and restaurants and retailers are buying up the product. Currently, sales prices are between 0.80 and 1.70 Euro per kilo. Organic lemons do not sell for less than 1 Euro per kilo. With better weather conditions and the approach of summer, consumption is expected to increase, the market will become more lively, and prices will rise. According to data, in the last 12 months ending February 2022, 70.9% of families, or more than 18 million, bought lemons at least once for household consumption. The purchase frequency is also high, averaging 1.5 times per household per year, while the average expenditure per act of purchase is less than €2. The average quantity purchased per act per household is 800 grams of the product.

Spain: Good prices due to lower production

The Spanish Primofiori lemon campaign has ended with good prices due to a lower production this year, worsened by the persistent rains in March and April. Since the war with Russia and Ukraine started, there has been more competition with Turkey as shipments were diverted to the EU. The Verna lemon season, starting now, will reduce around 45% of its harvest compared to that of 2021. Forecasts point to a harvest close to 190,000 tons for 2022. This is due to the bad weather conditions last year, with cold, wind, and excessive rains, which affected flowering and fruit set in some production areas. Furthermore, the unusually abundant and steady rains since March have influenced the sizes of Verna lemons, which are enormous this year. The excess of water has brought an abundance of sizes 1,2 and 3, while the market mainly demands sizes 3,4, and 5. Sizes for medium and small sizes are high, although the market seems reluctant to purchase them. It will be difficult to sell such big lemons this year, especially when South African and Argentinian lemons will not yet reach consistent volume levels on the markets in the coming 2-4 weeks. So far, the average price for lemons ranges from 55 to 65 cents per kilo on the field.

Turkey: Lower production due to weather conditions

Throughout the past season, lemons cultivated in Turkey have had to deal with bad weather hitting r

around the time the product was to be harvested. If growers had anticipated this weather, the harvest would have been done on time. Unfortunately, this was not the case. Demand was rather strong over there was no drop in demand after Christmas, which is usually the case. Since the start of the Russian invasion of Ukraine in February, trade with both these countries has slowed significantly.

South Africa: Loss of the Russian market means a return to price pressure in the Middle East

The average lemon price in South Africa has decreased to R4,15 per kg (0.25 euro), with a slightly high for class 1 lemons. A lemon trader on the municipal market says that seedless lemons are faring better than seeded lemons. There are a lot of lemons available currently on the local market, but they also see a amount of wind damage to lemons.

Rain in parts of Limpopo has impeded lemon harvesting recently, as has the violent strike ongoing in the Eastern Cape's Sundays River Valley, where lemons are currently meant to be packed.

The loss of Russia as an export destination affects lemon exports, with the Middle East taking the share of large amounts of exports, putting the price under pressure (an almost annual occurrence on that market) before South African exporters start sending to Europe.

The lemon crop estimate for this season is 32.3 million 15kg cartons, an increase of 1.3 million cartons compared to 2021.

Young trees beginning to bear fruit in some regions, including the Western Cape and Senwes in Limpopo, contribute to this growth. The Citrus Growers' Association has noted that a cooler summer could result in smaller fruit in some regions, impacting the final number of cartons packed and shipped.

North America: Solid demand for lemons as North American restaurants continue to reopen

Supplies of lemons are moderate at this time. One California-based shipper says most supplies are committed going towards committed programs, which is typical of the winter season. "As domestic supplies wind down, we approach our main crop with heavy volumes beginning in June/July. We're expecting strong volumes of excellent quality again for this summer season," he says. Its production for the summer season comes from Tamaulipas, Mexico, with some fruit from the northern Veracruz and Sonora regions as well.

This looks different compared to last year at this time when the overall supplies of lemons from Mexico were affected by the freeze in February 2021 that affected both Mexico and Texas. "Luckily, most of our supplies were minimally affected, and we were able to fulfill our programs," says the shipper.

Domestically, California is in the latter part of its season and into District 2 fruit. This follows what appears to have been a good season, despite the rains that came in District 1. "Several countries in South America are also getting ready to ship fruit to the U.S. with reports of decent quality and volume. The largest concern with South American supply is ocean logistics," says the shipper, noting that lengthy delays and high shipping costs are expected to continue this season.

The shipper produces mostly Eureka variety lemons, and typically the divide is approximately 40 percent Fancy and 60 percent Choice, a split expected to continue this year. "We tend to peak on smaller sizes

beneficial when domestic and South American crops have heavy rain, as they then peak on larger fruit, says the shipper. "This was the case this past season for California and is expected for the approaching supplies from Argentina."

As for demand, it's solid from both the retail and foodservice sides of the business. "Prices are at premium levels for retail and fair to the food service, allowing both to progress forward despite elevated logistical costs," says the shipper. "Foodservice appears to be much improved after facing many challenges the past few years, and we expect a continued revival in that sector."

As restaurants continue reopening, they expect consumption to fall back in line with past levels and, hopefully, continue to grow. "Consumption from food service is certainly primed for growth as many consumers are eating out and begin attending more public events," he says. "On the retail front, we see continued, increased consumption of organic lemons."

Meanwhile, on pricing, as domestic supplies wind down in California's final district, prices are beginning to come up. "Additionally, ocean freight rate increases from South America are forcing an elevation in prices for upcoming arrivals," says the shipper. "Overall, we expect to see better pricing and more stability from the new supplies, taking into account the logistical advantages of the easier and closer entry to the U.S."

Looking ahead, slightly elevated pricing is anticipated for May. "Prices will likely level off starting in June from Mexico, and South America will be well into their seasons," the trader says.